

**ORIGINAL NEW APPLICATION**



**RECEIVED**

1 COMMISSIONERS

2 JEFF HATCH-MILLER - Chairman  
3 WILLIAM A. MUNDELL  
4 MARC SPITZER  
5 MIKE GLEASON  
6 KRISTIN K. MAYES

2005 MAY 27 A 11: 30  
AZ CORP COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission  
**DOCKETED**  
MAY 27 2005

DOCKETED BY

**BEFORE THE ARIZONA CORPORATION COMMISSION**

W-01445A-05-0381

7 IN THE MATTER OF THE APPLICATION )  
8 OF ARIZONA WATER COMPANY, AN )  
9 ARIZONA CORPORATION, TO EXTEND )  
10 ITS EXISTING CERTIFICATE OF )  
11 CONVENIENCE AND NECESSITY AT )  
WHITE TANK, MARICOPA COUNTY, )  
ARIZONA )

DOCKET NO. W-01445A-05-

APPLICATION TO EXTEND  
EXISTING CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO  
INCLUDE ADDITIONAL TERRITORY

12 ARIZONA WATER COMPANY, an Arizona corporation, ("AWC") through its  
13 undersigned counsel, presents the following Application to extend its existing Certificate  
14 of Convenience and Necessity for its White Tank system. This Application is based on  
15 the following:

17 1. AWC presently holds Certificates of Convenience and Necessity issued to it  
18 by the Arizona Corporation Commission (the "Commission") in various decisions  
19 beginning in 1965 for the purpose of providing water service in an unincorporated area  
20 located near the White Tank Mountains in Maricopa County.

22 2. The area that AWC seeks to add to its Certificate Of Convenience and  
23 Necessity is described in Exhibit 1 hereto. Much of the area adjacent to the area  
24 described in Exhibit 1 is already certificated to and served by AWC, as shown in Exhibit  
25 3 hereto. Westpac Development Corp. has submitted a written request to AWC to  
26 provide service to its property and to apply to the Commission for authority to include its  
27 property within AWC's certificated area. A copy of a letter from Westpac is attached as  
28

**ORIGINAL**

1 Exhibit 2 hereto. In addition, AWC presently owns and operates water system facilities  
2 in the vicinity of the area described in Exhibit 1 that are used to serve customers in the  
3 area, and will be used to provide service to future customers.

4 3. AWC estimates that the total number of customers that may be served in  
5 the area described in Exhibit 1 will be approximately 18 within five years following the  
6 date of the filing of this Application.

7  
8 4. A map showing AWC's present certificated area is attached as Exhibit 3 and  
9 the territory to be added by this Application is attached as Exhibit 3 hereto.

10 5. A list of the owners of all of the property described in Exhibit 1 is attached  
11 as Exhibit 4 hereto. Each property owner will be mailed the public notice attached as  
12 Exhibit 5 hereto.

13 6. AWC is financially able to construct, operate, and maintain the facilities  
14 necessary to provide service to the area described in Exhibit 1. AWC's current financial  
15 statement is attached as Exhibit 6 hereto.

16  
17 7. AWC has a Maricopa County Franchise for the area for which it is  
18 proposing to extend its Certificate of Convenience and Necessity. A copy of the  
19 franchise is attached as Exhibit 7 hereto.

20 8. AWC's by-laws do not require a corporate resolution on behalf of AWC in  
21 conjunction with this Application.

22 9. Public convenience and necessity will be served by having AWC extend its  
23 Certificate of Convenience and Necessity to include the area described in Exhibit 1.

24 10. AWC proposes to utilize its currently authorized rates and charges for its  
25 White Tank system for service to the area described in Exhibit 1. AWC will continue to  
26 charge these rates until the Commission changes the rates.  
27

28



## EXHIBIT 1

### CC&N This Application

The Northwest quarter of Section 10, Township 1 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

EXCEPT any portion lying North of the North Right-Of-Way line of the Roosevelt Irrigation District Canal; said line described as follows:

Commencing at the West quarter corner of said Section 10;  
Thence North 00 Degrees 01 Minutes 00 Seconds West, coincident with the West line of said Section 10, a distance of 1294.02 feet to a point on said North Right-Of-Way line and the POINT OF BEGINNING of said described line;  
Thence North 62 Degrees 55 Minutes 36 Seconds East, coincident with said North Right-Of-Way line, a distance of 2939.43 feet to a point on the East line of said Northwest quarter and the TERMINUS of said described line.

EXHIBIT "2"



March 9, 2005

Mike Whitehead  
Vice President, Engineering  
Arizona Water Company  
P.O. Box 29006  
Phoenix, AZ 85038-9006

**RE: Extension of CC&N for Amber Meadows, Maricopa County, AZ**

Dear Mr. Whitehead,

Westpac Development Corp. requests that Arizona Water Company file an application for approval to extend its Certificate of Convenience and Necessity in or near Maricopa County, Arizona with the Arizona Corporation Commission to include an overall area of 108.474 acres, which is more accurately described in Attachment "A" and depicted on the map as Attachment "B", both attached hereto. Please notify us when you have been issued a Procedural Order on this extension.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip Miller", written in a cursive style.

Philip Miller  
Executive Vice President

**RECEIVED**  
MAR 10 2005

ARIZONA WATER COMPANY  
PHOENIX - ENGINEERING

**Attachment A**

**LEGAL DESCRIPTION**

That part of Lots 25 through 46 inclusive, White Tank Citrus Tract, Plat B, according to Book 21 of Maps, Page 28, Records of Maricopa County, Arizona, together with that portion of Jefferson Street abandoned by Road Abandonment (Road File No. 5120) as recorded in Document No. 2000-0024101, Maricopa County Records, together with that part of the Northwest Quarter of Section 10, Township 1 North, Range 2 West of the Gila and Salt River Meridian, Maricopa County, Arizona, being more particularly described as follows:

Commencing at the Aluminum Cap Flush marking the West Quarter Corner of said Section 10, from which the Maricopa County Highway Department Brass Cap in handhole marking the Northwest Corner of said Section 10 bears North 00° 16'35" East, a distance of 2,645.27 feet;

Thence South 89°46'45" East, along the South line of the Northwest Quarter of said Section 10, a distance of 43.00 feet to a point on a line which is parallel with and 43.00 feet Easterly, as measured at right angles, from the West line of the Northwest Quarter of said Section 10, and the True Point of Beginning;

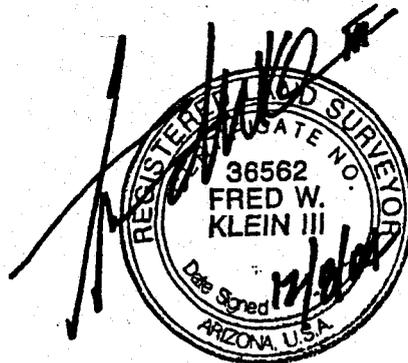
Thence North 00°16'35" East, along said parallel line, a distance of 1,178.47 feet to a point on the Southerly right-of-way line of the Roosevelt Irrigation District Canal as depicted on the plat of said White Tank Citrus Tract, Plat B;

Thence North 64°05'34" East, along said Southerly right-of-way line, a distance of 2,898.04 feet to a point on the East line of the Northwest Quarter of said Section 10;

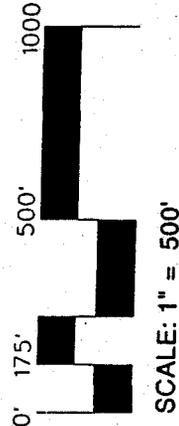
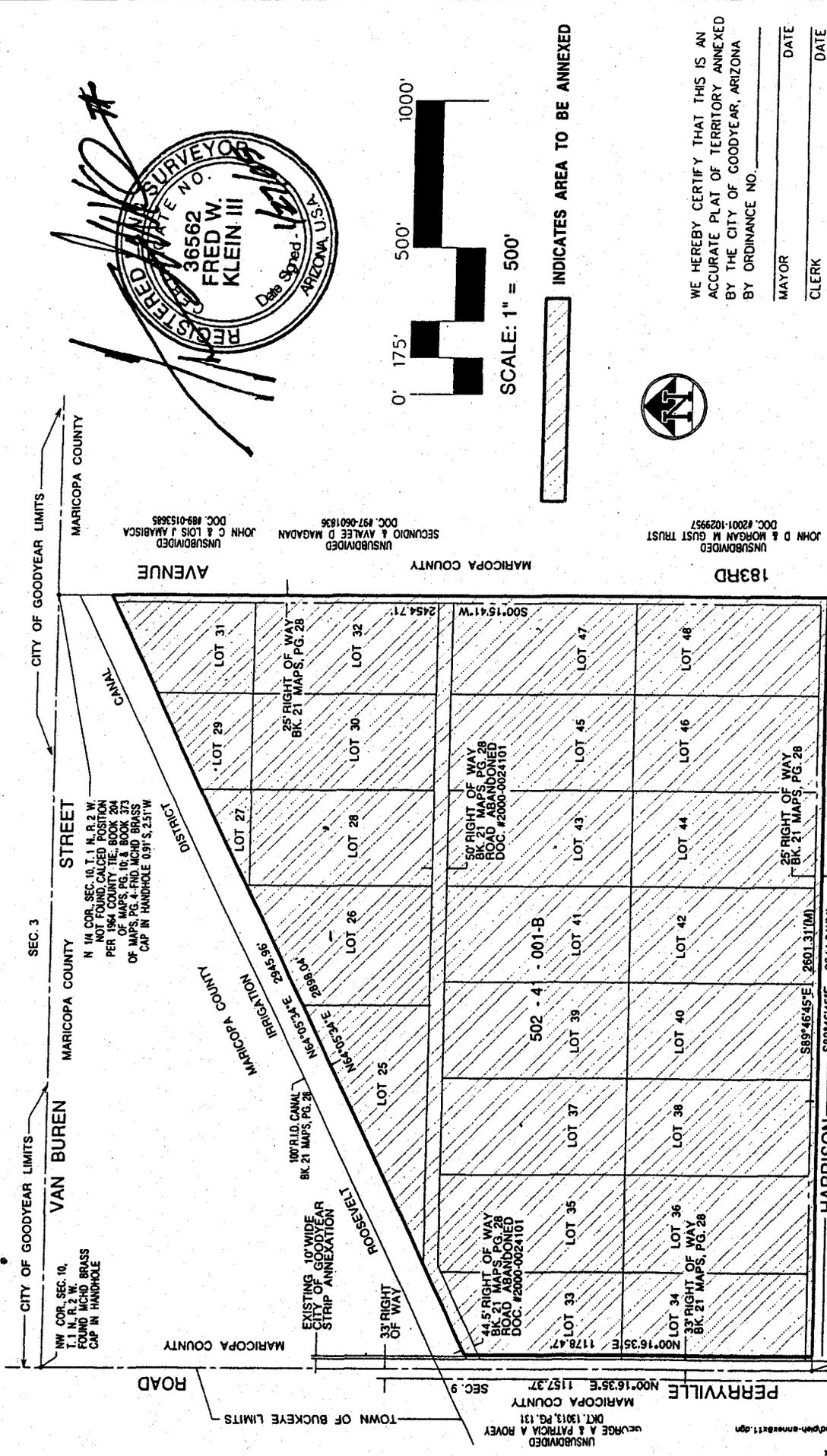
Thence South 00°15'41" West, along said East line, a distance of 2,454.71 feet to the chiseled "X" in a concrete ditch marking the Center of said Section 10;

Thence North 89°46'45" West, along the South line of the Northwest Quarter of said Section 10, a distance of 2,601.31 feet to the True Point of Beginning.

Containing 108.474 Acres, more or less.



**Attachment B**



INDICATES AREA TO BE ANNEXED



WE HEREBY CERTIFY THAT THIS IS AN ACCURATE PLAT OF TERRITORY ANNEXED BY THE CITY OF GOODYEAR, ARIZONA BY ORDINANCE NO. \_\_\_\_\_

MAYOR \_\_\_\_\_ DATE \_\_\_\_\_  
 CLERK \_\_\_\_\_ DATE \_\_\_\_\_

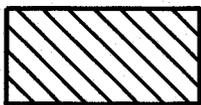
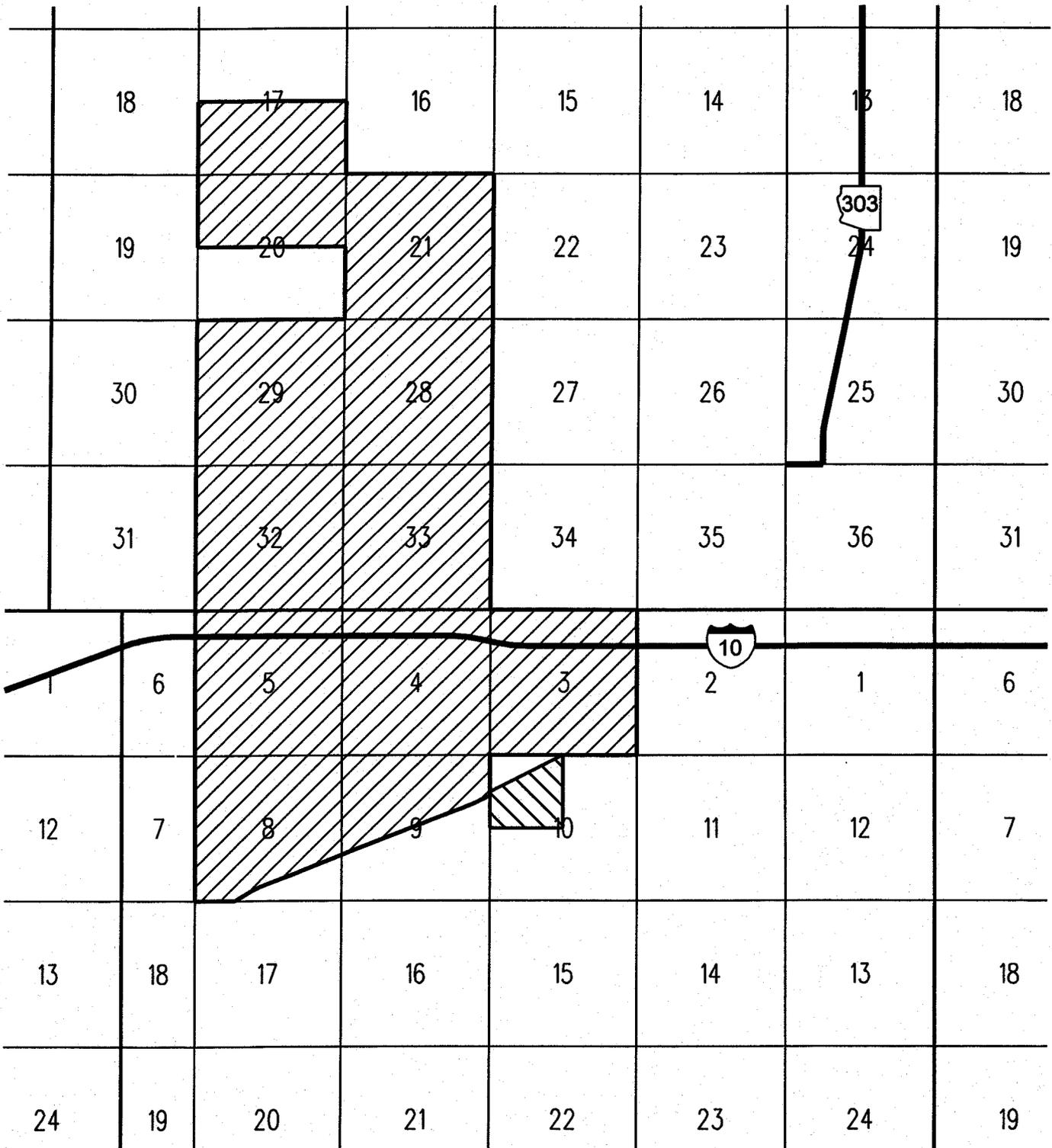
ANNEXATION PLAT MAP  
 CITY OF GOODYEAR, ARIZONA  
 COE & VAN LOO  
 CONSULTANTS INC.  
 4550 N. 12TH STREET  
 PHOENIX ARIZONA  
 1602) 264-6931

JOB# 030103

UNSUBDIVIDED A & PATRICIA A ROVEY DKT. 19013, PG. 131  
 MARICOPA COUNTY  
 SEC. 9  
 NW COR. SEC. 10, T. 1 N., R. 2 W. FOUND MCHD BRASS CAP IN HANDHOLE  
 MARICOPA COUNTY  
 VAN BUREN STREET  
 MARICOPA COUNTY  
 SEC. 3  
 N 1/4 COR. SEC. 10, T. 1 N., R. 2 W. NOT FOUND, CALC'D POSITION PER 1964 COUNTY TIE, BOOK 204 OF MAPS, PG. 10 & BOOK 373 OF MAPS, PG. 4. FND. MCHD BRASS CAP IN HANDHOLE 0.91' S, 2.51' W  
 DISTRICT  
 CANAL  
 MARICOPA COUNTY  
 100' R.I.D. CANAL Bk. 21 MAPS, PG. 28  
 BRIGITON IRRIGATION 245.96  
 MARICOPA COUNTY  
 183RD AVENUE  
 MARICOPA COUNTY  
 JOHN D & MORGAN M GUST TRUST UNSUBDIVIDED DCC. #2001-1029957  
 JOHN C & LOIS J MARRISCA UNSUBDIVIDED DCC. #89-015385  
 SECUNIO & AVALEE D MAGDAN UNSUBDIVIDED DCC. #97-0601836  
 LOT 25 LOT 26 LOT 27 LOT 28 LOT 29 LOT 30 LOT 31  
 25' RIGHT OF WAY Bk. 21 MAPS, PG. 28  
 50' RIGHT OF WAY Bk. 21 MAPS, PG. 28  
 50' RIGHT OF WAY Bk. 21 MAPS, PG. 28  
 44.5' RIGHT OF WAY Bk. 21 MAPS, PG. 28 ROAD ABANDONED DCC. #2000-0024101  
 32' RIGHT OF WAY  
 33' RIGHT OF WAY Bk. 21 MAPS, PG. 28  
 33' RIGHT OF WAY Bk. 21 MAPS, PG. 28  
 502 - 4 - 001-B  
 589°46'45"E 2601.31(M)  
 589°46'45"E 2644.31(M)  
 HARRISON STREET  
 UNSUBDIVIDED PERRYVILLE ACRES DKT. 11811, PG. 303  
 MARICOPA COUNTY  
 KEN & CATHY PARTNERSHIP DCC. #2001-061845A  
 KEN & CATHY PARTNERSHIP DCC. #2001-061845  
 50 SURVALLEY PARKWAY LLC UNSUBDIVIDED DCC. #2003-0065111  
 W 1/4 COR. SEC. 10, T. 1 N., R. 2 W. FOUND 1" I.D. CAP FLUSH FND. COLLTON PICKER SPINDLE 9.00' N, 0.12'E  
 KENNETH M & DEBORAH K TREGSIBOFF TRUST UNSUBDIVIDED DCC. #97-0320474  
 CENTER SEC. 10 FOUND, CIRCLED X IN CONC. DITCH

DATE: Dec. 08, 2004  
 TIME: 10:43:56  
 FILE: n:\030103\land\pgh-annex11.dgn

# EXHIBIT 3



CC&N This Application



Area Covered By Present CC&N

## **ARIZONA WATER COMPANY**

**DESCRIPTION:**

Application for CC&N to include a portion of Section 10, T.1N., R.2W., of the Gila and Salt River Base and Meridian, Maricopa County, Arizona

**LOCATION:**

**WHITE TANK**

**DATE:**

03.24.2005

**SCALE:**

1"=1 Mile

**DRAWN BY:**

CB

## **EXHIBIT 4**

### **Property Owners List**

**502-41-001b  
First American Title Insurance Company  
4801 East Washington  
Suite 100  
Phoenix, Arizona 85034**

EXHIBIT 5

**ARIZONA WATER COMPANY**

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006  
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

[Date]

«PropertyOwner»

«Address1»

«Address2»

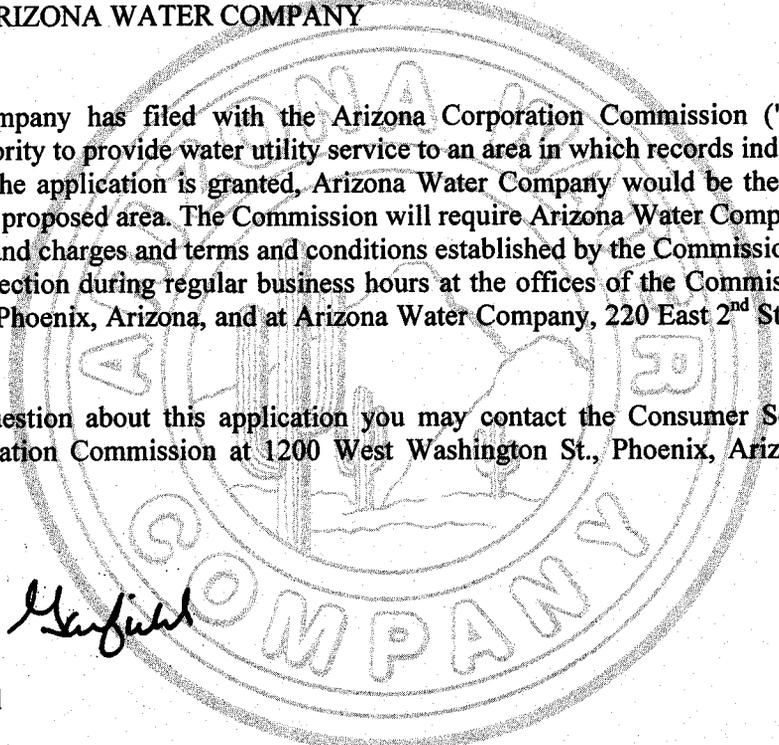
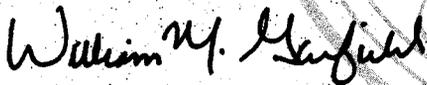
«City» «State» «PostalCode»

MARICOPA COUNTY ASSESSOR'S PARCEL NO.: «ParcelNumber»

**PUBLIC NOTICE OF AN APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND  
NECESSITY BY ARIZONA WATER COMPANY**

Arizona Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to provide water utility service to an area in which records indicate that you are a property owner. If the application is granted, Arizona Water Company would be the provider of water utility service to the proposed area. The Commission will require Arizona Water Company to provide this service under rates and charges and terms and conditions established by the Commission. The application is available for inspection during regular business hours at the offices of the Commission at 1200 West Washington Street, Phoenix, Arizona, and at Arizona Water Company, 220 East 2<sup>nd</sup> Street, Casa Grande, Arizona.

If you have any question about this application you may contact the Consumer Services Section of the Arizona Corporation Commission at 1200 West Washington St., Phoenix, Arizona 85007 or call 1-800-222-7000.



William M. Garfield  
President

E-MAIL: [mail@azwater.com](mailto:mail@azwater.com)

**EXHIBIT 6**

**ARIZONA WATER COMPANY**  
Comparative Statement of Income  
December 31, 2004

	12 MONTHS TO DATE			DECEMBER			12 Months to Date		
	2004	2003	2004	2004	2003	2004	2003	2004	2003
<b>OPERATING REVENUE</b>	\$ 40,026,889	\$ 37,545,304	\$ 3,001,738	\$ 40,026,889	\$ 2,724,616	\$ 40,026,889	\$ 37,545,304		
<b>OPERATING EXPENSES</b>									
Operation and Maintenance	18,628,279	17,771,987	1,480,592	18,628,279	1,402,364	18,628,279	17,771,987		
Depreciation	4,858,460	4,471,079	451,765	4,858,460	298,869	4,858,460	4,471,079		
Taxes Other Than Income Taxes	5,674,866	5,403,268	431,433	5,674,866	400,685	5,674,866	5,403,268		
Income Taxes	3,473,252	2,745,016	(73,852)	3,473,252	(80,381)	3,473,252	2,745,016		
Total Operating Expenses	32,634,857	30,391,350	2,289,938	32,634,857	2,021,537	32,634,857	30,391,350		
<b>OPERATING INCOME</b>	7,392,032	7,153,954	711,800	7,392,032	703,079	7,392,032	7,153,954		
<b>OTHER (INCOME) AND DEDUCTIONS</b>									
Other (Income) - Net	(3,722,496)	(141,949)	(3,259,112)	(3,722,496)	(12,482)	(3,722,496)	(141,949)		
Interest on Long-Term Debt	1,849,383	1,886,383	152,316	1,849,383	155,400	1,849,383	1,886,383		
Other Interest and Amortization	(93,956)	(30,100)	(8,864)	(93,956)	(5,453)	(93,956)	(30,100)		
Total Other (Income) and Deductions	(1,967,069)	1,714,334	(3,115,660)	(1,967,069)	137,465	(1,967,069)	1,714,334		
<b>NET INCOME</b>	9,359,101	5,439,620	3,827,460	9,359,101	565,614	9,359,101	5,439,620		
Regular Common Dividends	3,677,400	3,269,700		3,677,400		3,677,400	3,269,700		
<b>INCOME RETAINED</b>	\$ 5,681,701	\$ 2,169,920		\$ 5,681,701		\$ 5,681,701	\$ 2,169,920		
Active Services	72,835	69,707		72,835		72,835	69,707		

DECEMBER 2004

**EXHIBIT 6**

**ARIZONA WATER COMPANY**  
Comparative Balance Sheet  
at December 31, 2004

**ASSETS**

	Dec. 31, 2004	Dec. 31, 2003	Increase (Decrease)
<b>UTILITY PLANT</b>			
Gross Utility Plant	227,370,461	208,683,343	18,687,118
Less Accumulated Depreciation	56,045,999	51,538,267	4,507,732
Net Utility Plant	<u>171,324,462</u>	<u>157,145,076</u>	<u>14,179,386</u>
<b>CURRENT ASSETS</b>			
Cash on Hand and in Banks	524,566	343,608	180,958
Investments and Special Deposits	2,703	2,703	0
Accounts Receivable	2,560,968	2,474,648	86,320
Materials and Supplies	201,053	204,649	(3,596)
Other	661,171	346,910	314,261
Total Current Assets	<u>3,950,461</u>	<u>3,372,518</u>	<u>577,943</u>
<b>DEFERRED DEBITS</b>			
	6,055,174	6,270,115	(214,941)
<b>TOTAL</b>	<u>\$ 181,330,097</u>	<u>\$ 166,787,709</u>	<u>\$ 14,542,388</u>

**LIABILITIES**

<b>CAPITALIZATION</b>			
Common Stock	2,700,000	2,700,000	0
Capital Surplus	9,087,347	8,970,647	116,700
Retained Earnings	55,127,428	49,445,727	5,681,701
Common Stock Equity	<u>66,914,775</u>	<u>61,116,374</u>	<u>5,798,401</u>
Long-Term Debt	21,800,000	22,200,000	(400,000)
Total Capitalization	<u>88,714,775</u>	<u>83,316,374</u>	<u>5,398,401</u>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	3,813,922	2,675,133	1,138,789
Accrued Expenses	514,933	1,168,007	(653,074)
Other	542,553	452,647	89,906
Total Current Liabilities	<u>4,871,408</u>	<u>4,295,787</u>	<u>575,621</u>
<b>DEFERRED CREDITS</b>			
Advances for Construction	43,105,165	39,053,165	4,052,000
Contributions in Aid of Construction	23,316,962	22,325,304	991,658
Deferred Income Tax	17,581,351	14,876,788	2,704,583
Other	3,740,436	2,920,311	820,125
Total Deferred Credits	<u>87,743,914</u>	<u>79,175,548</u>	<u>8,568,366</u>
<b>TOTAL</b>	<u>\$ 181,330,097</u>	<u>\$ 166,787,709</u>	<u>\$ 14,542,388</u>

**COUNTY OF MARICOPA**  
*State of Arizona*

**Office of the Clerk**

*State of Arizona*            )  
*County of Maricopa*        ) *ss.*

*I, Fran McCarroll, Clerk of the Board of Supervisors do hereby Certify that the attached is a true and correct excerpt from the minutes of the meeting of the Board of Supervisors held August 31, 1998:*

**ARIZONA WATER COMPANY PUBLIC UTILITY FRANCHISE - APPROVED**

This was the time scheduled for hearing on the application filed by Arizona Water Company, for a public utility franchise to construct, maintain and operate a water system, consisting of water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations, and all necessary equipment, for a period not-to-exceed 25 years or for a period of one year after the franchised area or a portion thereof is annexed by a municipality, whichever is shorter, for the purpose of providing water service along, upon, under and across public highways, roads, alleys and thoroughfares (excepting State highways) for all purposes in the County of Maricopa, State of Arizona.

No protests having been received, motion was made by Supervisor Brock, seconded by Supervisor Stapley, and unanimously carried to grant the said franchise as applied for and to impose such restrictions and limitations upon said applicant as to the use of such public highways, roads, alleys and thoroughfares as may be deemed best for the public safety and welfare and to include in such franchise the statutory provisions set forth in Title 40, Chapter 2, Article 4, A.R.S., 1956, requiring the grantee of said franchise to pay such expenses, damages and compensations, if any, as may result from the use and operation of said franchise and as in said statute specified.



*IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the Board of Supervisors. Done at Phoenix, the County Seat, on the following day:  
August 31, 1998*

*Robert W. Geake, Arizona Water Company  
Department of Transportation  
File*

*Clerk of the Board of Supervisors*

BEFORE THE BOARD OF SUPERVISORS  
OF  
MARICOPA COUNTY, STATE OF ARIZONA

IN THE MATTER OF THE APPLICATION OF )  
Arizona Water Company )  
\_\_\_\_\_)  
FOR A FRANCHISE )

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MARICOPA COUNTY, STATE OF ARIZONA, THAT:

WHEREAS, ARIZONA WATER COMPANY hereinafter designated as the Grantee, doing business in Maricopa County, Arizona, has filed its Application, praying for the right, privilege, license and franchise to construct, maintain and operate a water system, consisting of water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations, and all necessary equipment for a period not to exceed twenty-five (25) years or, with respect to any effected portion thereof, for a period of one (1) year after any such portion is annexed by a municipality for ARIZONA WATER COMPANY, along, upon, over, across and under the present and future public highways, roads, alleys, streets, avenues, and thoroughfares (excepting State Highways), within Maricopa County, Arizona, and not within the confines of any incorporated city or town, and under such restrictions and limitations and upon such terms as the Board of Supervisors may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, and that the Board take such proceedings herein as is provided by laws of the State of Arizona; and

WHEREAS, upon filing said application, the said Board of Supervisors on the 20<sup>th</sup> day of May 1998 ordered that public notice of the intention of said Board to make such grants be given by publishing a notice in the official newspaper of Maricopa County, published in the County of Maricopa, State of Arizona, and that 9:00 a.m., on the 17<sup>th</sup> day of June 1998 at the meeting room of said Board of Supervisors located at 205 West Jefferson Street, in the City of Phoenix, Arizona, be set as the time and place of hearing the said application; and

WHEREAS, the said application coming on regularly for hearing on said day and it appearing by the affidavit of the duly authorized agent of the said time and place set for the consideration of such application has been published for at least once a week for the three-week period prior to said date set forth herein, to-wit:

In the issues of said newspaper on June 1, 1998, June 3, 1998, and June 5, 1998, 1998, and it appearing that no sufficient protest has been filed by the qualified electors of the said County petitioning said Board of Supervisors to deny such license and franchise, and it further appearing the best interests of Maricopa County will be served by the granting of said application and the franchise referred to therein;

NOW, THEREFORE, the Board of Supervisors of Maricopa County, State of Arizona, acting on behalf of said County does hereby grant unto ARIZONA WATER COMPANY, doing business in Maricopa County, Arizona, subject to the terms, conditions and limitations hereinafter contained, the right, privilege, license and franchise to construct, maintain and operate a water system,

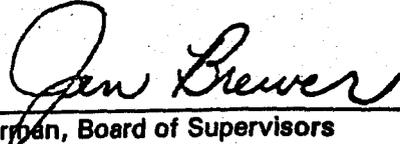
consisting of water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations, and all necessary equipment for a period not to exceed twenty-five (25) years or for a period of one (1) year after the franchised area or a portion thereof is annexed by a municipality, whichever is shorter, for ARIZONA WATER COMPANY, along, upon, over, across and under the present and future public highways, roads, alleys streets, avenues, thoroughfares (excepting State Highways), within Maricopa County, Arizona under such restrictions and limitations and upon such terms as this Board at any time may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, specifically providing, however, that:

- 1) All rights hereunder are granted under the express condition that the Board of Supervisors of said Maricopa County shall have the power at any time to impose such restrictions and limitations and to make such regulations on such highways, roads, and thoroughfares as may be deemed best for the public safety, health, welfare and convenience.
- 2) All rights hereby granted shall be exercised so as not to unreasonably interfere or conflict with any easements or rights-of-way heretofore granted by said Board of Supervisors and now in force.
- 3) All rights hereby granted shall be exercised so as not to unreasonably interfere or conflict with any easement, either public or private, of whatsoever nature, which has been acquired in or to the proper use of said highway, roads, and thoroughfares, or any portion thereof.
- 4) Grantee will maintain its facilities from time to time as may be needed, without the necessity of notice from Maricopa County. All materials and construction methods used with the public rights-of-way shall conform to applicable standards, specifications and special provisions required by law. Prior to construction, a map showing the location of such facilities shall be submitted to such persons as may be designated by Maricopa County's Director of Public Works (hereinafter designated as "Director of Public Works"). In the event the said Grantee shall fail to make any repairs within ten days from the time same becomes necessary, then Maricopa County may cause the same to be made, and said Grantee agrees to pay Maricopa County the cost thereof; provided, however, that Grantee shall receive additional time to make such repairs if Grantee so requests, and the Director of Public Works or his designee approves Grantee's request, which request shall not be unreasonably denied.
- 5) That the said Grantee shall bear all expenses incurred including damages and compensation for the alteration of the course, direction, surface, grade or alignment of any of the said highways, roads and thoroughfares necessarily made by the said Grantee for the purpose of this franchise. In the event that facilities constructed pursuant to this Franchise shall at any time be found by Maricopa County to interfere unduly with vehicular and/or pedestrian traffic over such streets, avenues, alleys, highways or bridges or other public rights-of-way, Grantee hereby agrees that it will, at its own expense, and within thirty (30) days after written notice thereof by Maricopa County, remove or relocate said facilities so as to minimize

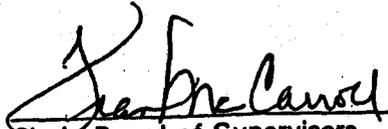
said interference; provided, however, that Grantee shall receive additional time to remove or relocate said facilities if Grantee so requests, and the Director of Public Works approves Grantee's request, which request shall not be unreasonably denied.

- 6) That said Grantee shall indemnify and save harmless Maricopa County from all costs, expense and liability in connection with the granting of this franchise and exercise of the same by Grantee.
- 7) That the rights of any person claiming to be injured in any manner by the maintenance of Grantee's water system shall not be affected hereby.
- 8) That the terms and conditions of this franchise shall inure to the benefit of, and be binding upon, all the heirs and assigns of the said Grantee, and the right, privilege and franchise hereby granted may be assigned by Grantee in whole or in part.
- 9) That the franchise and privilege herein granted shall not be deemed to be exclusive and the said Board of Supervisors hereby expressly reserves the right and power to grant from time to time similar franchises and privileges over the same territory and highways, roads and thoroughfares.
- 10) This franchise is granted upon the express condition that a Certificate of Convenience and Necessity be procured from the Corporation Commission of the State of Arizona for any area which is added to Grantee's certificated area, in addition to the certificated area which Grantee now holds, proof of which has been submitted to the Board of Supervisors. Proof of such additional area shall be submitted to the Board of Supervisors within six months from the date of an order of approval from the Arizona Corporation Commission. In the event Maricopa County takes action to dispose of unnecessary public roadways in accordance with the provisions of Arizona Revised Statutes §28-2902, et seq., Maricopa County shall recognize and preserve each of Grantee's prior rights-of-way or easements and rights under this Franchise which are affected thereby, as they existed prior to such disposition, by including specific and appropriate language for that purpose in any legal instrument utilized for the purpose of accomplishing such disposition.
- 11) Grantee shall obtain necessary permits from Maricopa County prior to construction of any facilities in the public rights-of-way.
- 12) If any section, paragraph, subdivision, clause, phrase or provision of this Franchise shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this Franchise as a whole or any part of the provisions hereof other than the part so adjudged to be invalid and unconstitutional.

DATED this 31<sup>st</sup> day of August 1998.

  
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Chairman, Board of Supervisors

ATTEST:

  
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Clerk, Board of Supervisors