



1 COMMISSIONERS:  
2 Jeff Hatch Miller — Chairman  
3 Marc Spitzer  
4 William A. Mundell  
5 Mike Gleason  
6 Kristin K. Mayes

RECEIVED

Arizona Corporation Commission  
DOCKETED

2005 MAY 31 P 3:17

MAY 31 2005

AZ CORP COMMISSION  
DOCUMENT CONTROL

DOCKETED BY KA

BEFORE THE ARIZONA CORPORATION COMMISSION

6 IN THE MATTER OF THE APPLICATION )  
7 OF ARIZONA WATER COMPANY, AN )  
8 ARIZONA CORPORATION, TO EXTEND )  
9 ITS EXISTING CERTIFICATE OF )  
CONVENIENCE AND NECESSITY AT )  
COOLIDGE, PINAL COUNTY, ARIZONA )

DOCKET NO. W-01445A-05-  
W-01445A-05-0389

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

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

14 1. AWC presently holds Certificates Of Convenience and Necessity issued to it by this  
15 Commission in various decisions beginning in 1955 for the purpose of providing water service in  
16 the City of Coolidge and the surrounding area in Pinal County.

17 2. The areas that AWC seeks to add to its certificated area are described in Exhibit 1  
18 hereto. Much of the area adjacent to the areas described in Exhibit 1 is already certificated to  
19 and served by AWC as shown in Exhibit 3 hereto. Skousen & Highway 87, L.L.C., the owners  
20 and developers of the area identified as Parcel One in Exhibit 1; Robert M. McIntyre, Austin  
21 Greeley, Allen Lorenzi, and Lorensen Land and Cattle, the owners and developers of a portion of  
22 the area identified as Parcel Two in Exhibit 1; and Vail 160, LLC, the owner and developer of  
23 the area identified as Parcel Three in Exhibit 1, have requested AWC to provide water service to  
24 their property and apply to the Commission for authority to include their property within AWC's  
25 certificated area. Copies of letters from Skousen & Highway 87, L.L.C., Mr. McIntyre and Mr.

1 Greeley, and Vail 160, L.L.C. are attached as Exhibit 2 hereto. In addition, AWC presently  
2 owns and operates water system facilities in the vicinity of the areas described in Exhibit 1,  
3 which will be used to provide service to future customers.

4 3. AWC estimates that the total number of customers that may be served in the areas  
5 described in Exhibit 1 will be approximately 100 within five years following the date of the  
6 filing of this Application.

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

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

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

15 7. AWC has a City of Coolidge franchise for the portion of the area for which it is  
16 proposing to extend its Certificate Of Convenience and Necessity and which is located within the  
17 City's municipal boundaries. A copy of the franchise is attached as Exhibit 7 hereto. AWC has  
18 a Pinal County franchise for the remaining area for which it is proposing an extension. A copy  
19 of the franchise is attached as Exhibit 8 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 areas described in Exhibit 1.



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Phoenix, Arizona 85007

By: Robert W. Seale

# **EXHIBIT 1**

CC&N This Application

## **PARCEL ONE**

The Southeast quarter of Section 18 of Township 5 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

## **PARCEL TWO**

The South half of Section 20, Township 5 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

## **PARCEL THREE**

The Southwest quarter of Section 11, Township 6 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

"The Power and Rewards of Vision"

December 17, 2004

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

Re: Extension Of CC&N for Skousen & Highway 87 Property, Coolidge, AZ.

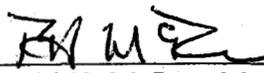
Dear Mr. Whitehead,

Skousen & Highway 87, L.L.C. requests that Arizona Water Company file an application for approval to extend its Certificate of Convenience and Necessity in or near Coolidge, Pinal County, Arizona with the Arizona Corporation Commission to include our property not currently within your certificated service area. The subject property is more accurately described in Attachment A, and depicted on the map as Attachment B, both attached hereto. It is our understanding that one of these parcels may currently be within your approved service area. This request only applies to the non-included parcel.

Please notify us when you have been issued a Procedural Order on this extension.

Sincerely,

**SKOUSEN & HIGHWAY 87, L.L.C.**  
By: RMG Real Estate Services II, L.L.C., its  
Administrator

By:   
Ronald H. McRae, Member

Enclosures

**RECEIVED**  
DEC 21 2004

ARIZONA WATER COMPANY  
PHOENIX ENGINEERING

## EXHIBIT 2

### Attachment A

The property is located north of Vah Ki Inn Rd. and is split into two parcels by Skousen Rd., which runs through the middle of the property. Legally the property is described as The Southwest quarter of Section 17, Township 5 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona; and The Southeast quarter of Section 18, Township 5 South, Range 8 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, assessor parcel numbers 209-17-004 and 209-18-003.

**RECEIVED**  
DEC 21 2004

ARIZONA WATER COMPANY  
PHOENIX - ENGINEERING

26

EXHIBIT 2

ATTACHMENT B

17

W Florence Ave

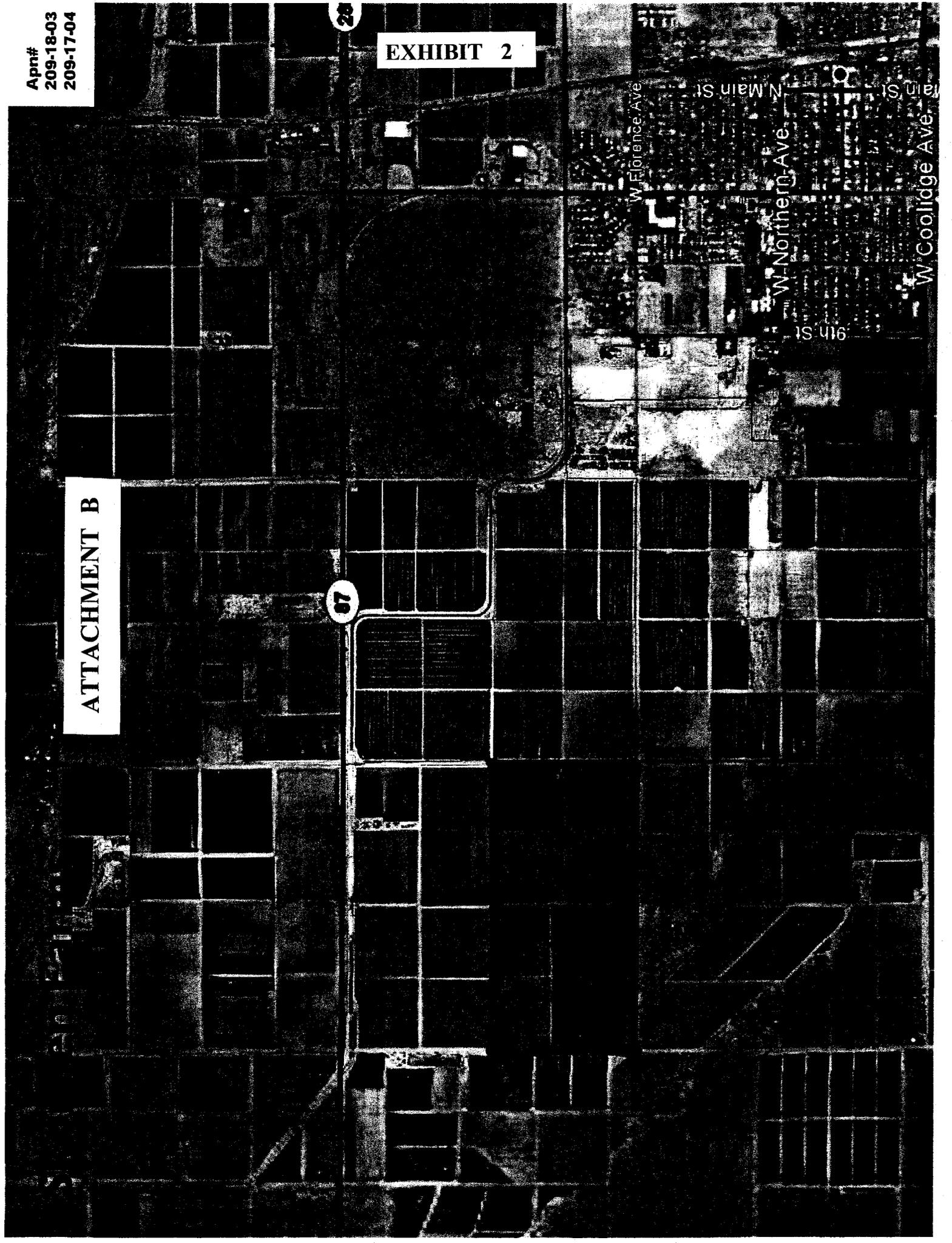
Main St

W Northern Ave

9th St

St

W Coolidge Ave



**Exhibit 2****ATTN: Mike Loggins****November 30, 2004**

I, Robert McIntyre, request to have water service provided by Arizona Water Company. I also understand that it is my responsibility to pay Arizona Water Company to install the necessary water lines needed for this service. Enclosed are survey maps and legal descriptions for this property.

A building permit has been approved and the address has been assigned for parcel 1 of the minor land division for Robert McIntyre. The address for this lot is 10374 E. Graythorn, Coolidge, Arizona, 85228.. Please let me know when invitations for bids will be sent out and how close we are on approval from the ADEQ and the time frame we could receive water service.

Sincerely,



Robert M. McIntyre  
480-251-0327

## **EXHIBIT 2**

### Attachment A

Assessor's parcel 202-28-016A, being a part of the Southwest quarter of Section 20, Township 5 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; According to that Record Of Survey in Book 11, Page 41 of Records, Pinal County, Arizona, and in Fee 2004-074937.

ATTACHMENT B

202-28

SEC. 20 TN.5S RG.9E

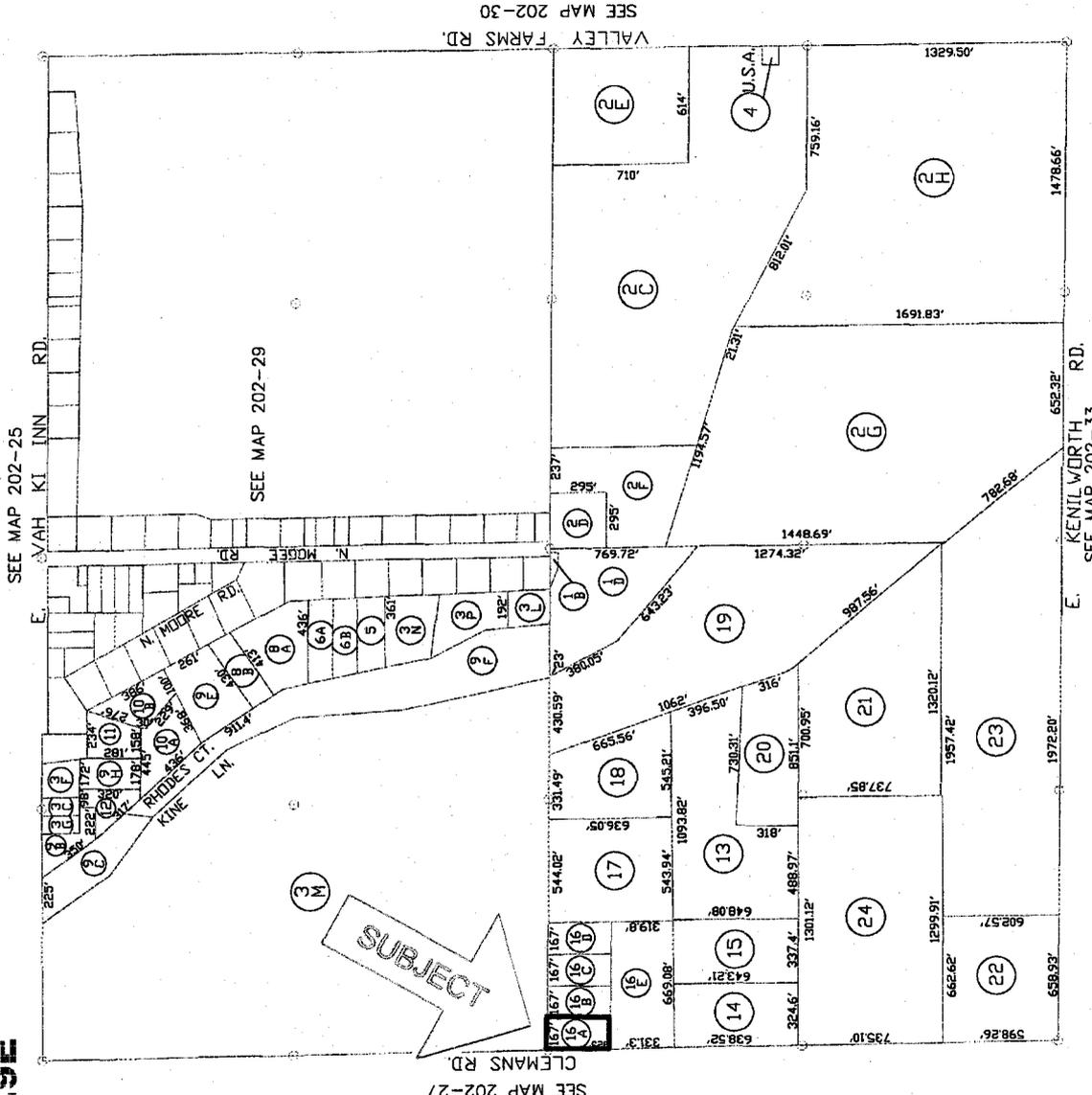
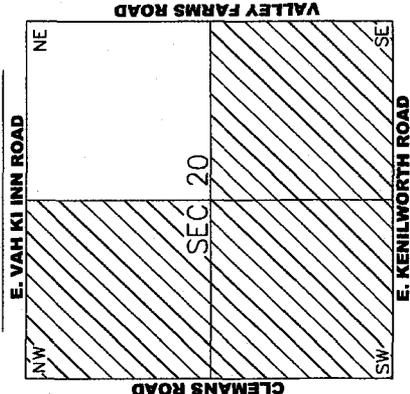
AREA CODE  
2103

SPECIAL DISTRICTS  
16601  
00000

THIS MAP IS FOR TAX PURPOSES ONLY.  
THIS OFFICE WILL NOT ASSUME LIABILITY FOR  
REPRESENTATION, MEASUREMENTS OR ACREAGE.

THE ORIGINAL PLAT OF THIS SUBDIVISION IS  
ON FILE WITH THE PINAL COUNTY RECORDERS  
OFFICE, FOR COMPLETE INFORMATION OF PLAT  
AND CCBAT'S CALL (520) 868-7100.

VICINITY MAP



SCALE: 1" = 600'

3-7-2005

PINAL COUNTY ASSESSORS MAP

SEE MAP 202-25  
E. VAH KI INN RD.

SEE MAP 202-29  
N. MODERE RD.

SEE MAP 202-30  
VALLEY FARMS RD.

E. KENILWORTH RD.  
SEE MAP 202-33

SEE MAP 202-27  
CLEMANS RD.

**Austin Greeley**

December 20, 2004

Mike Loggins:

Dear Mike,

Enclosed is my copy of the legal description along with Survey maps. I'd like to request water service provided by Arizona Water Corporation. I also understand that it is my responsibility to pay AZ Water Co. to install the necessary water lines needed for this service. I would like to request to have CC & N be brought in to my property. Let me know what can be done to expedite the process. I appreciate your help in advance. Happy Holiday!!

Sincerely,

A handwritten signature in cursive script that reads "Austin Greeley". The signature is written in dark ink and is positioned above the typed name and title.

Austin Greeley  
Property Owner

## EXHIBIT 2

### Attachment A

Assessor's parcel 202-28-017, being a part of the Southwest quarter of Section 20, Township 5 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona; According to that Record Of Survey in Book 12, Page 77 of Records, Pinal County, Arizona, and in Fee 2004-103430.

202-28

SEC. 20 TN.5S RG.9E

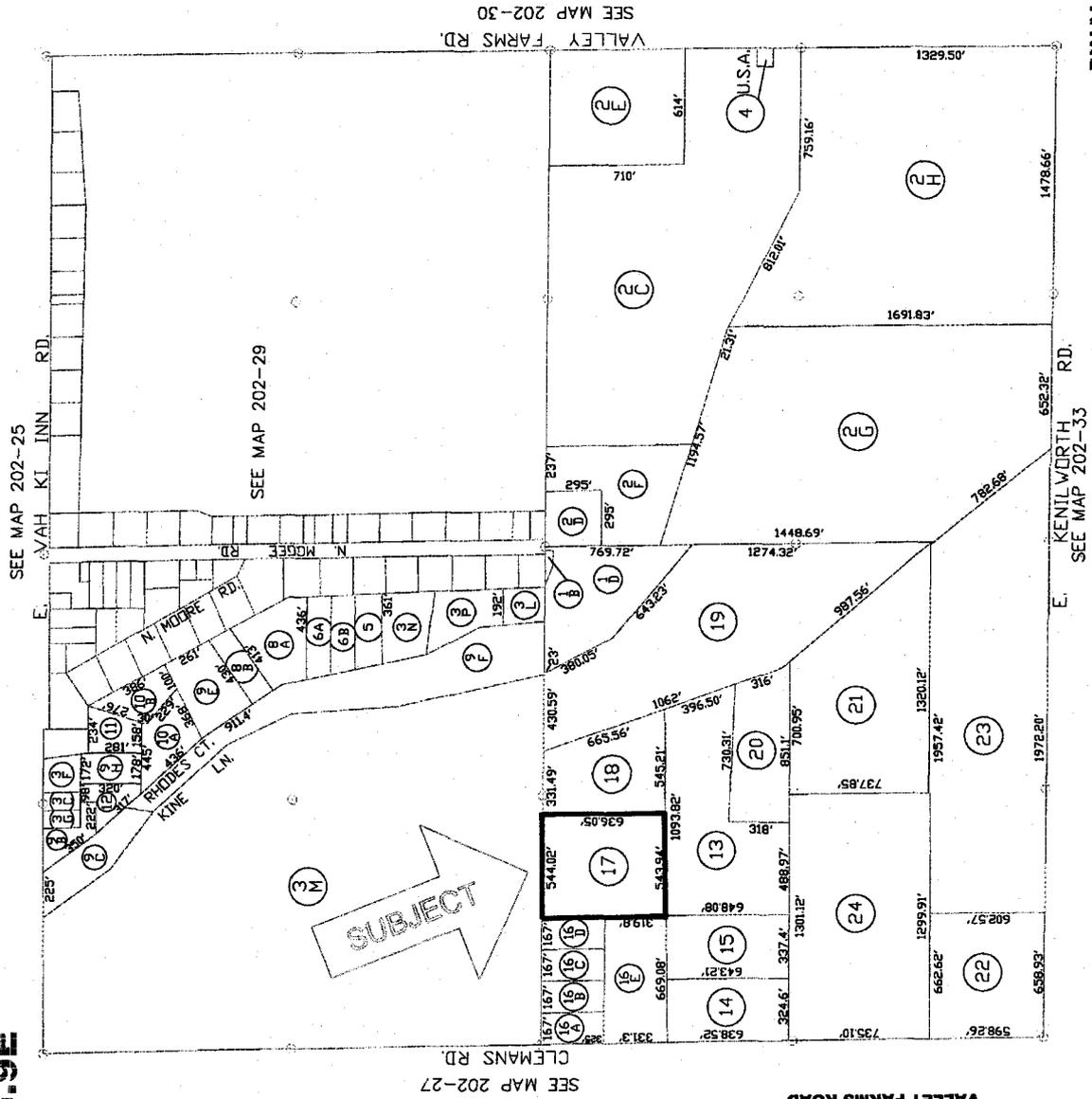
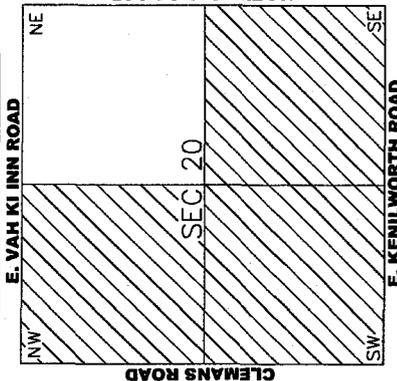
AREA CODE  
2103

SPECIAL DISTRICTS  
16601  
00000

THIS MAP IS FOR TAX PURPOSES ONLY.  
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REPRESENTATION, MEASUREMENTS OR ACREAGE.

THE ORIGINAL PLAT OF THIS SURDIVISION IS  
ON FILE WITH THE PINAL COUNTY RECORDERS  
OFFICE. FOR COMPLETE INFORMATION OF PLAT  
AND CC&R'S CALL (620) 868-7100.

**VICINITY MAP**



SEE MAP 202-27  
SEE MAP 202-29  
SEE MAP 202-30  
SEE MAP 202-33

**EXHIBIT 2  
ATTACHMENT B**

PINAL COUNTY ASSESSORS MAP

**EXHIBIT 2**

**ABL Wealth Management**

7025 N. Scottsdale Ste 115  
S  
Scottsdale AZ 85253

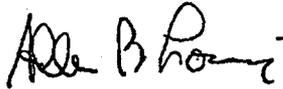
December 20, 2004

Mike Loggins:

Dear Mike,

Enclosed is my copy of the legal description along with Survey maps. I'd like to request water service provided by Arizona Water Corporation. I also understand that it is my responsibility to pay AZ Water Co. to install the necessary water lines needed for this service. I would like to request to have CC & N be brought in to my property. Let me know what can be done to expedite the process. I appreciate your help in advance. Happy Holiday!!

Sincerely,



Allen B. Lorenzi  
Property Owner

## EXHIBIT 2

### Attachment A

Assessor's parcel 202-28-018, being a part of the Southwest quarter of Section 20, Township 5 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona as described in Fee 2004-084042.

202-28

EXHIBIT 2  
ATTACHMENT B

SEC. 20 TN.5S RG.9E

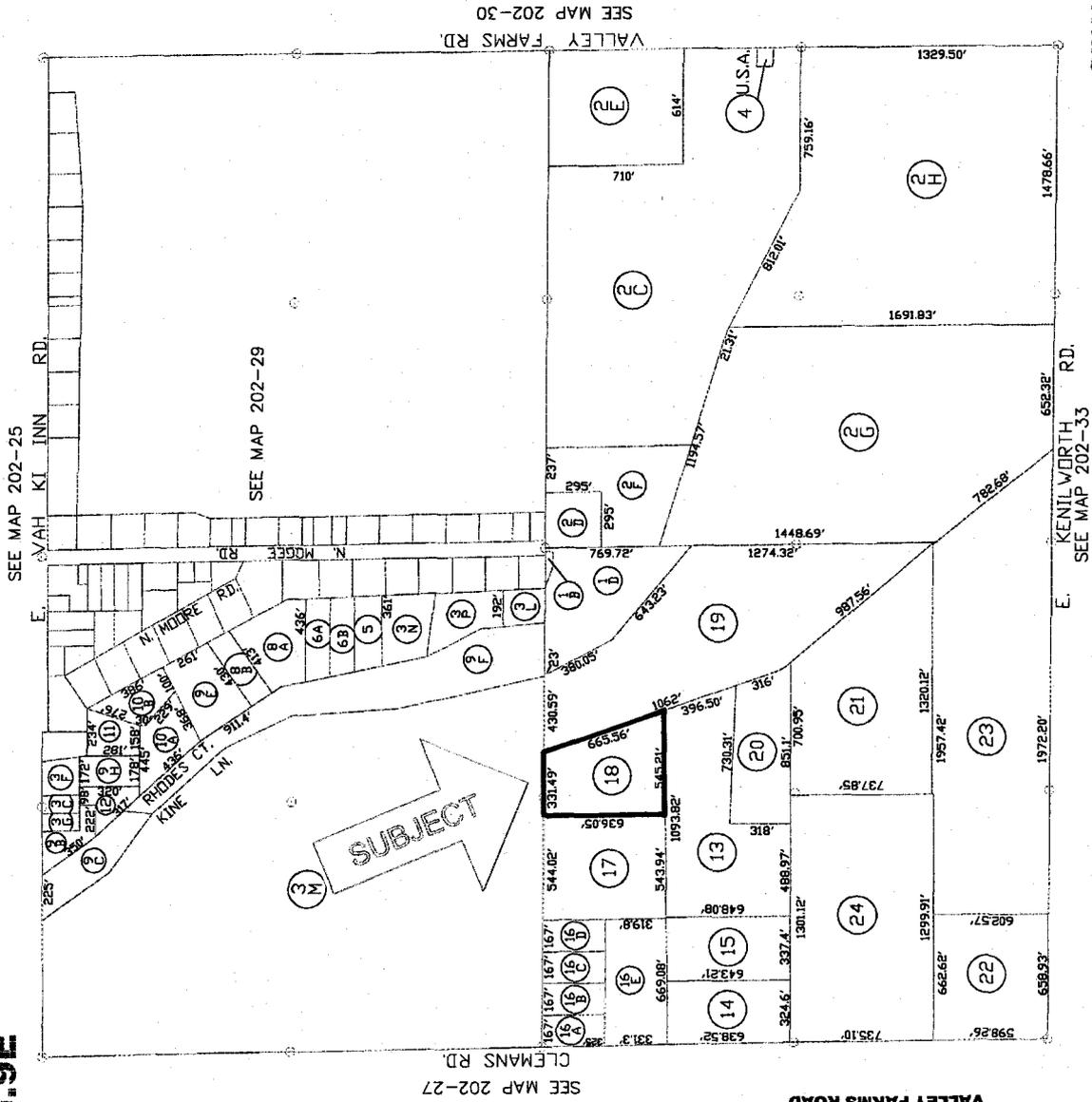
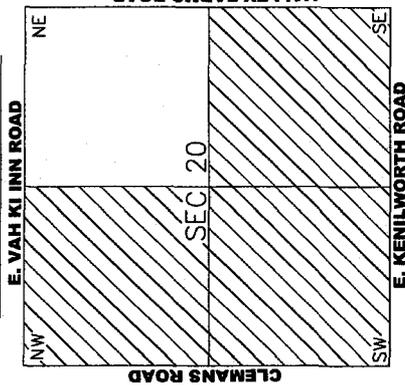
AREA CODE  
2103

SPECIAL DISTRICTS  
16601  
00000

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THE ORIGINAL PLAT OF THIS SUBDIVISION IS  
ON FILE WITH THE PINAL COUNTY RECORDERS  
OFFICE FOR COMPLETE INFORMATION OF PLAT  
AND CCA'S CALL (520) 868-7100.

VICINITY MAP



SCALE: 1" = 600'

3-7-2005

PINAL COUNTY ASSESSORS MAP

Dec 20 04 12:06p

ALLEN LORENZI

EXHIBIT 2

To Arizona Water Corporation:

December 20, 2004

Mike Loggins

Dear Mike:

Enclosed you will find my property's legal description along with Survey maps. I'd like to request water service to be provided by Arizona Water Corporation. I understand that it is the area property owners responsibility to cover the cost of installing the necessary water lines. I would like to request to have CC & N be brought into my property. Let me know anything else needed and how I can help to expedite the process. Thank You!

Sincerely,

*Lorenzen Land & Cattle LLC*  
Kurt Lorensen  
*Kurt Lorensen*

## EXHIBIT 2

### Attachment A

Assessor's parcel 202-28-019, being a part of the Southwest quarter of Section 20, Township 5 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona as described in Fee 2004-012100.

202-28

SEC. 20 TN.5S RG.9E

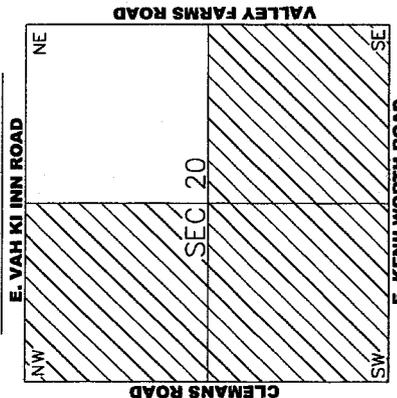
AREA CODE  
2103

SPECIAL DISTRICTS  
16601  
00000

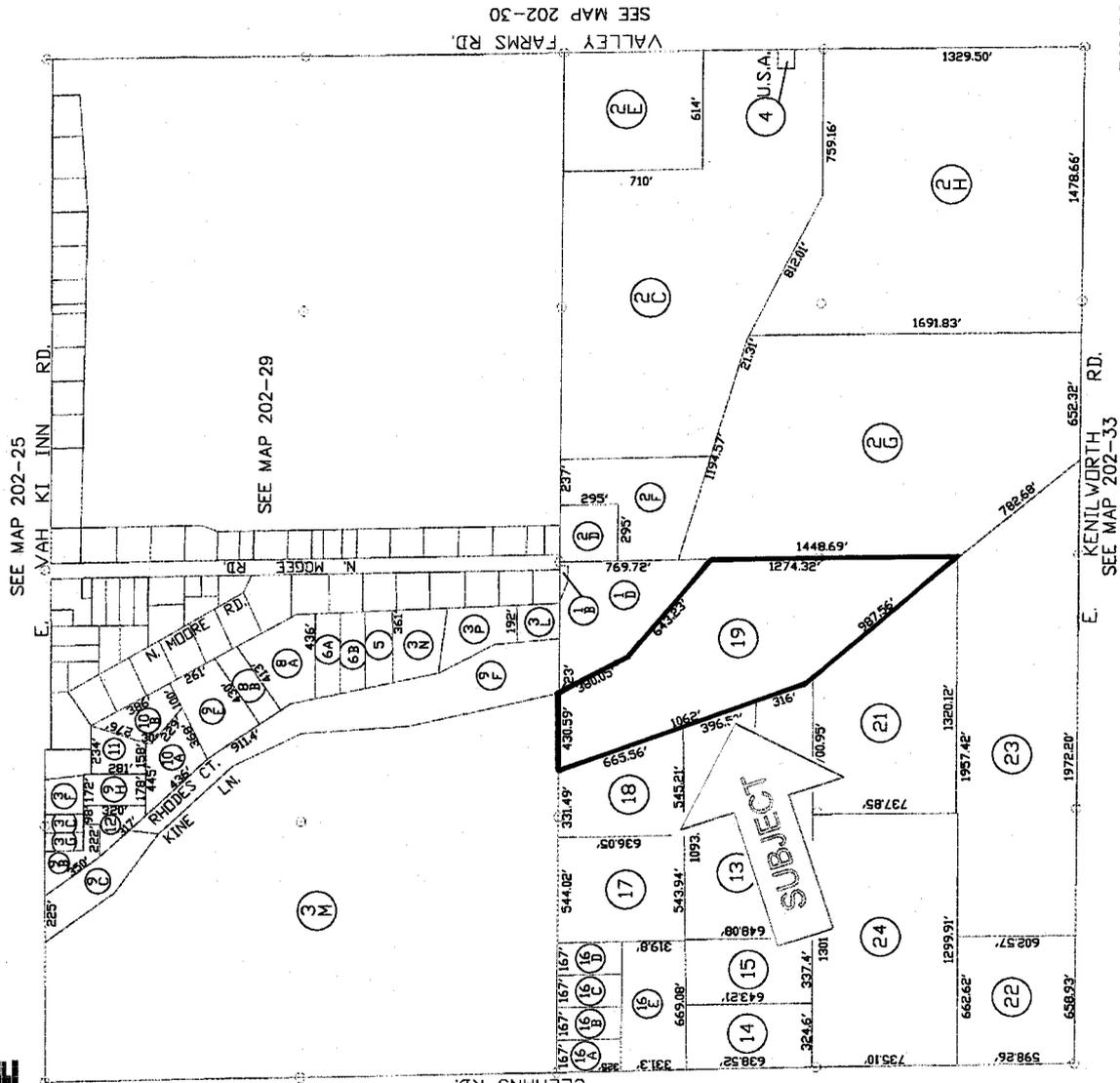
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REPRESENTATION, MEASUREMENTS OR ACREAGE.

THE ORIGINAL PLAT OF THIS SUBDIVISION IS  
ON FILE WITH THE PINAL COUNTY RECORDERS  
OFFICE, FOR COMPLETE INFORMATION OF PLAT  
AND C&A'S CALL (520) 868-7100.

**VICINITY MAP**



SEE MAP 202-27  
CLEMANS RD.



SEE MAP 202-30  
VALLEY FARMS RD.

SEE MAP 202-29

SEE MAP 202-25  
E. VAH KI INN RD.

SEE MAP 202-33  
E. KENILWORTH RD.

ATTACHMENT B

EXHIBIT 2

SCALE 1" = 600'

3-7-2005

PINAL COUNTY ASSESSORS MAP

**Exhibit 2**

VAIL 160, LLC  
5070 NORTH 40<sup>TH</sup> STREET  
SUITE 235  
PHOENIX, ARIZONA 85018

April 6, 2005

Michael J. Whitehead, P.E.  
Vice President – Engineering  
Arizona Water Company  
P.O. Box 29006  
Phoenix, AZ 85038-9006

Re: Extension of CC&N for Vail 160 LLC, Coolidge, AZ

Dear Mr. Whitehead:

Vail 160, LLC requests that Arizona Water Company file an application for approval to extend its Certificate of Convenience and Necessity in or near Coolidge, Pinal, Arizona with the Arizona Corporation Commission to include an overall area of 160 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,

  
Clayton McKnight  
Manager  
Vail 160, LLC

Enclosures

## **EXHIBIT 2**

### **ATTACHMENT A**

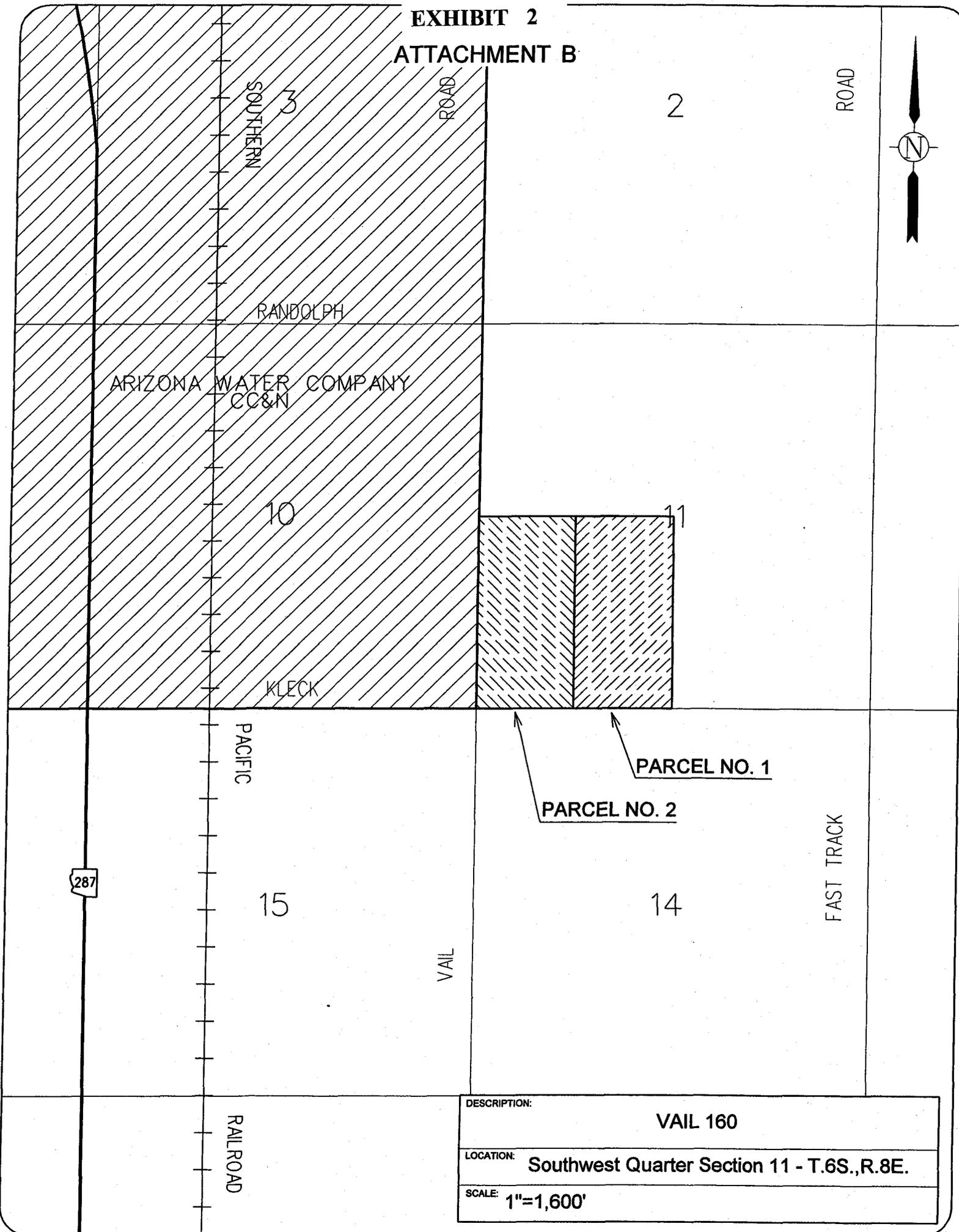
#### **PARCEL NO. 1:**

**The East half of the Southwest quarter of Section 11, Township 6 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.**

#### **PARCEL NO. 2:**

**The West half of the Southwest quarter of Section 11, Township 6 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.**

EXHIBIT 2  
ATTACHMENT B



|              |                                            |
|--------------|--------------------------------------------|
| DESCRIPTION: | VAIL 160                                   |
| LOCATION:    | Southwest Quarter Section 11 - T.6S.,R.8E. |
| SCALE:       | 1"=1,600'                                  |

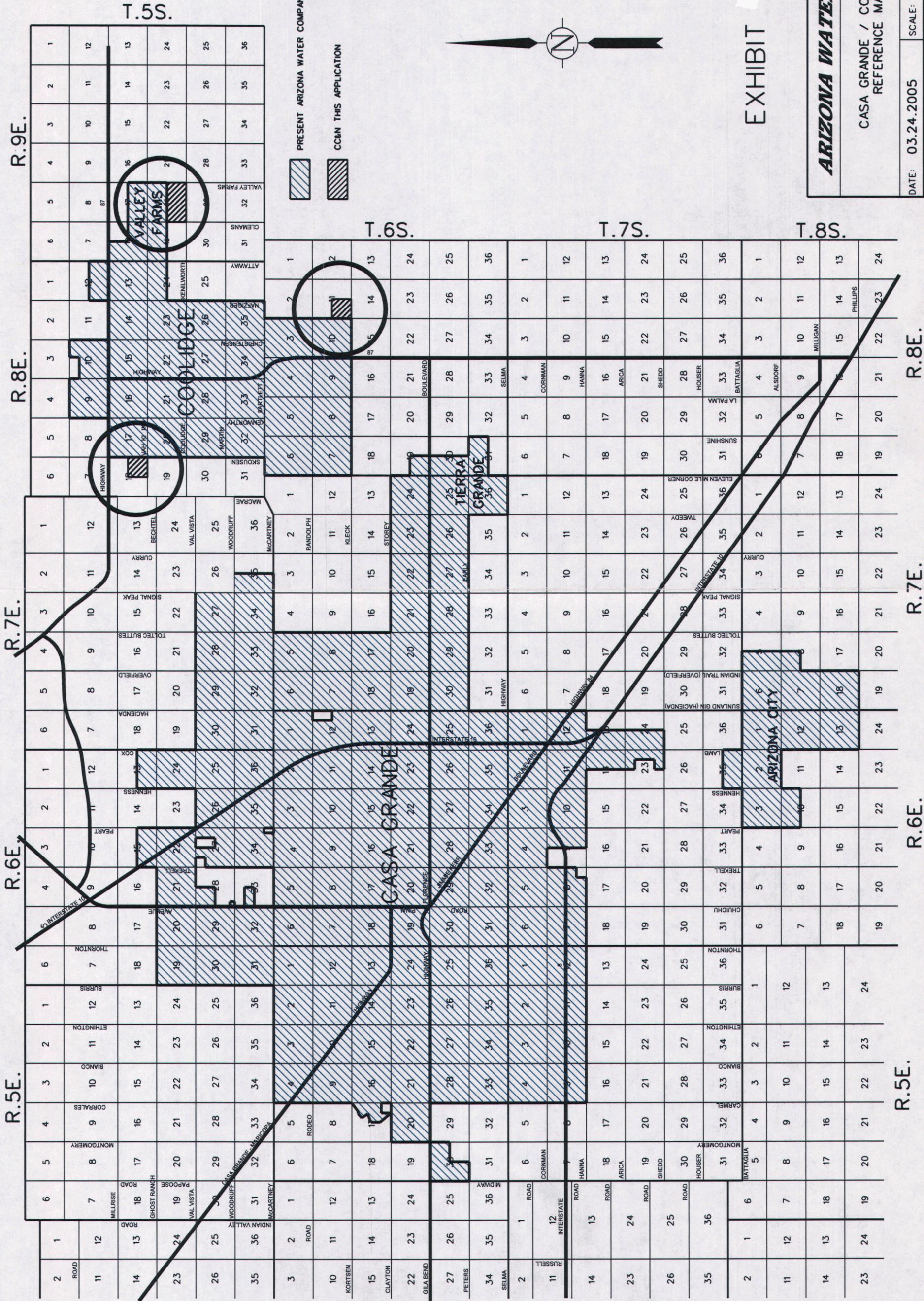


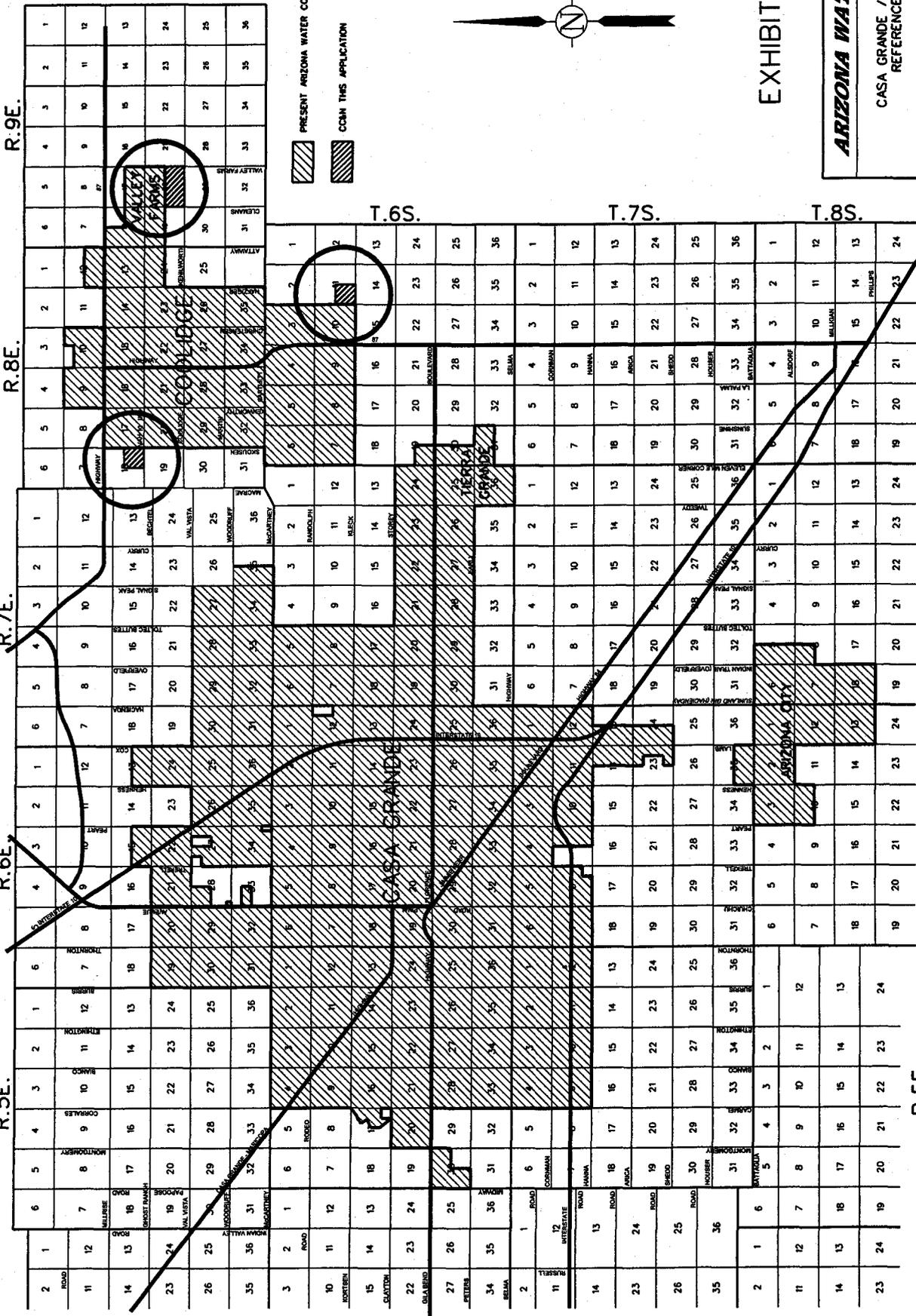
EXHIBIT 3

**ARIZONA WATER COMPANY**

CASA GRANDE / COOLIDGE  
REFERENCE MAP

DATE: 03.24.2005      SCALE: NONE

T.5S.



R.9E.

R.8E.

R.7E.

R.6E.

R.5E.

T.6S.

T.7S.

T.8S.

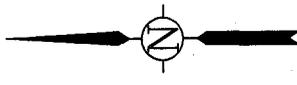
R.8E.

R.7E.

R.6E.

R.5E.

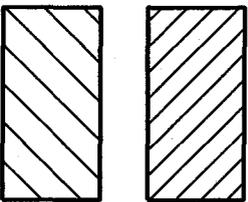
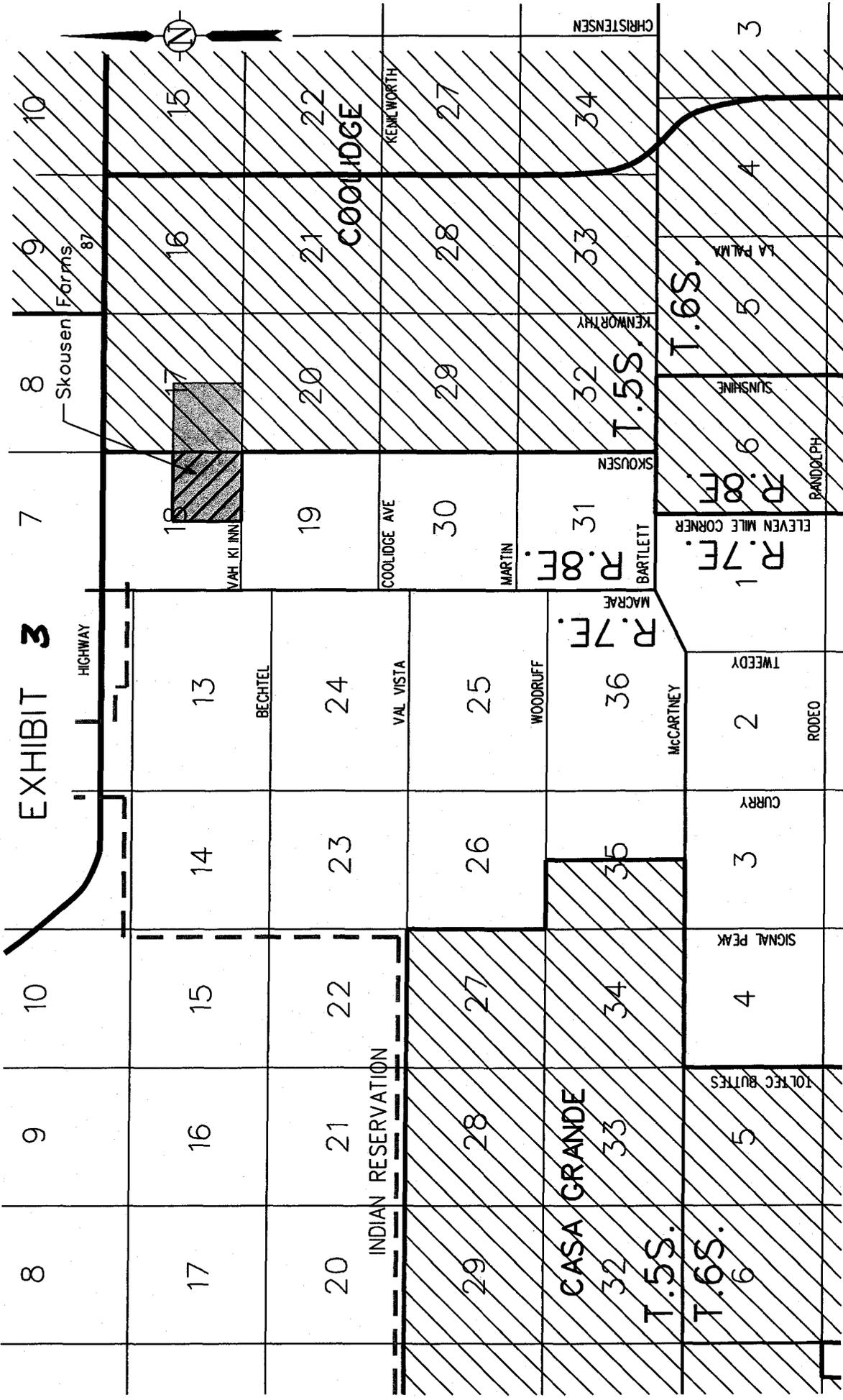
 PRESENT ARIZONA WATER COMPANY CCBM  
 CCBM THIS APPLICATION



# EXHIBIT 3

|                                      |             |
|--------------------------------------|-------------|
| <b>ARIZONA WATER COMPANY</b>         |             |
| CASA GRANDE / COOLIDGE REFERENCE MAP |             |
| DATE: 03.24.2005                     | SCALE: NONE |

# EXHIBIT 3



A Portion Of Arizona  
Water Company CC&N

Skousen Farms



CC&N This Application

## ARIZONA WATER COMPANY

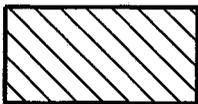
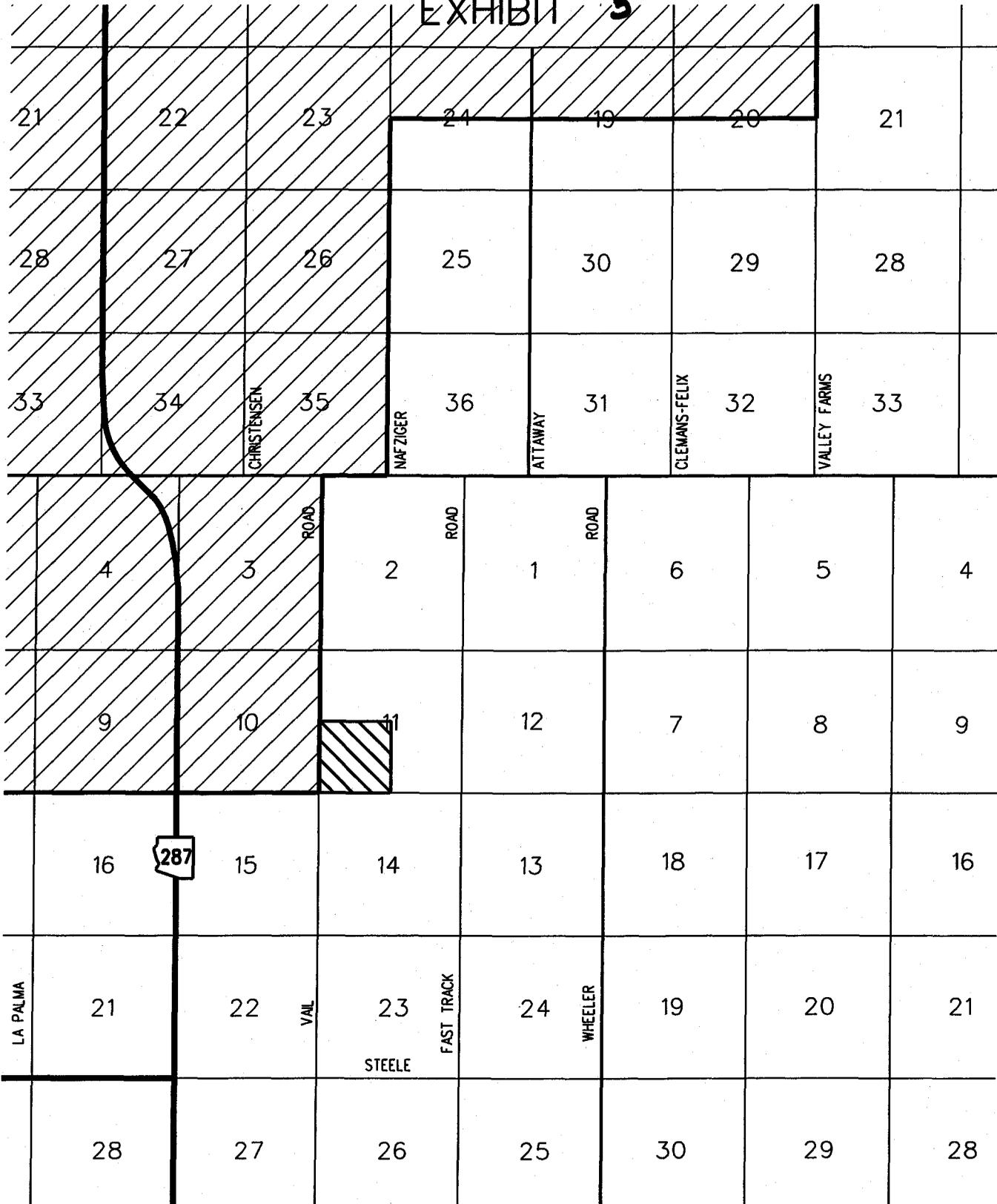
DESCRIPTION:  
Application for CC&N to include a portion of Section 18 of T.5S., R.8E. of  
the GSRB&M, Pinal County, Arizona

LOCATION:  
CASA GRANDE - COOLIDGE AREA

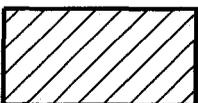
DATE: 03.24.2005      SCALE: 1" = 1 Mile      DRAWN BY: CB



# EXHIBIT 3



CC&N This Application



A Portion Of Arizona Water Company CC&N

## ARIZONA WATER COMPANY

DESCRIPTION:  
Application For CC&N To Include The Southwest quarter of Section 11, T.6S.,R.8E. Of The G.S.R.B. & M., Pinal County, Arizona

LOCATION:  
COOLIDGE, ARIZONA

DATE: 04.07.2005

SCALE: 1" = 1 Mile

DRAWN BY: CB

## EXHIBIT 4

### Property Owners List

#### PARCEL ONE

209-18-003  
SKOUSEN & HIGHWAY 87, LLC  
8800 NORTH GAINES CENTER DRIVE  
SUITE 255  
SCOTTSDALE, ARIZONA 85258

#### PARCEL TWO

202-28-001b  
HOWARD M. & SUSAN B. MABERY  
P.O. BOX 52  
VALLEY FARMS, ARIZONA 85291

202-28-001D  
RICHARD T. & DAWN L. CARPENTER  
P.O. BOX 126  
VALLEY FARMS, ARIZONA 85291

202-28-002C  
202-28-002D  
202-28-002E  
JAMES R. & ELIZABETH A. GRIFFIN  
P.O. BOX 8  
VALLEY FARMS, ARIZONA 85291

202-28-002F  
FLORENCE J. WATSON  
P.O. BOX 8  
VALLEY FARMS, ARIZONA 85291

202-28-002G  
FOREST LAND COMPANY, LLC  
29056 SUMMIT PRAIRIE ROAD  
PRAIRIE CITY, OREGON 97869

202-28-002H  
WALLACE T. & JUNE L. SCHAFER  
42729 WEST JACKRABBIT  
QUEEN CREEK, ARIZONA 85242

202-28-004  
UNITED STATES OF AMERICA

202-28-013  
KENT & REBECCA F. MAHONEY  
39523 NORTH RATTLESNAKE ROAD  
QUEEN CREEK, ARIZONA 85242

202-28-014  
ERNIE B. & OPHELIA GOMEZ  
26532 NORTH GOSSNER ROAD  
QUEEN CREEK, ARIZONA 85242

202-28-015  
BRENT & CYNTHIA BOLEN  
19633 EAST OCOTILLO ROAD  
QUEEN CREEK, ARIZONA 85242

202-28-016  
ROBERT M. & CARRIE R. MCINTYRE  
22629 SOUTH 214<sup>TH</sup>  
QUEEN CREEK, ARIZONA 85242

202-28-017  
AUSTIN GREELY  
1298 IRONWOOD LANE  
COOLIDGE, ARIZONA 85228

202-28-018  
ALLEN & CRYSTAN L. LORENZI  
7541 EAST ORION CIRCLE  
MESA, ARIZONA 85207

202-28-019  
LORENSEN LAND & CATTLE, LLC  
2181 84<sup>TH</sup> AVENUE SW  
SEBEKA, MINNESOTA, 56477

202-28-020  
GERALD D. GRANDI  
ANNA E. FOLEY  
10728 EAST KENILWORTH ROAD  
COOLIDGE, ARIZONA 85228

202-28-021  
202-28-022  
ARCHIE P. JR. & SHERRI L. SHAMP  
2818 16<sup>TH</sup> AVENUE SW  
PINE RIVER, MINNESOTA 56474

202-28-023  
KEITH & PATRICIA D. LANGLEY  
850 GRAND AVENUE  
NYSSA, OREGON 97913  
202-28-024

THE BABBITT FAMILY TRUST  
2566 NORTH MESA DRIVE  
MESA, ARIZONA 85201

**PARCEL THREE**

401-33-002A  
401-33-002B  
VAIL 160, LLC  
5110 NORTH 73<sup>RD</sup> STREET  
SCOTTSDALE, ARIZONA 85250

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»

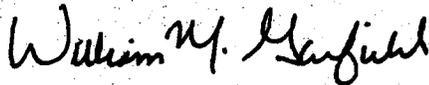
«City» «State» «PostalCode»

PINAL 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, 448 West Central Avenue, Coolidge, Arizona 85228.

If you have questions or concerns about this application, have any objection to its approval, or wish to make a statement in support of it, 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         | 2003         | 2004          | 2003          | 2004              | 2003 |  |
| <b>OPERATING REVENUE</b>             | \$ 40,026,889     | \$ 37,545,304 | \$ 3,001,738 | \$ 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    | 1,402,364    | 18,628,279    | 17,771,987    |                   |      |  |
| Depreciation                         | 4,858,460         | 4,471,079     | 451,765      | 298,869      | 4,858,460     | 4,471,079     |                   |      |  |
| Taxes Other Than Income Taxes        | 5,674,866         | 5,403,268     | 431,433      | 400,685      | 5,674,866     | 5,403,268     |                   |      |  |
| Income Taxes                         | 3,473,252         | 2,745,016     | (73,852)     | (80,381)     | 3,473,252     | 2,745,016     |                   |      |  |
| Total Operating Expenses             | 32,634,857        | 30,391,350    | 2,289,938    | 2,021,537    | 32,634,857    | 30,391,350    |                   |      |  |
| <b>OPERATING INCOME</b>              | 7,392,032         | 7,153,954     | 711,800      | 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)  | (12,482)     | (3,722,496)   | (141,949)     |                   |      |  |
| Interest on Long-Term Debt           | 1,849,383         | 1,886,383     | 152,316      | 155,400      | 1,849,383     | 1,886,383     |                   |      |  |
| Other Interest and Amortization      | (93,956)          | (30,100)      | (8,864)      | (5,453)      | (93,956)      | (30,100)      |                   |      |  |
| Total Other (Income) and Deductions  | (1,967,069)       | 1,714,334     | (3,115,660)  | 137,465      | (1,967,069)   | 1,714,334     |                   |      |  |
| <b>NET INCOME</b>                    | 9,359,101         | 5,439,620     | 3,827,460    | 565,614      | 9,359,101     | 5,439,620     |                   |      |  |
| Regular Common Dividends             | 3,677,400         | 3,269,700     |              |              |               |               |                   |      |  |
| <b>INCOME RETAINED</b>               | \$ 5,681,701      | \$ 2,169,920  |              |              | \$ 9,359,101  | \$ 5,439,620  |                   |      |  |
| Active Services                      | 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<br>(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            | 14,876,768            | 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> |

**EXHIBIT 7**

**ORDINANCE NO. 02-15**

**AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE CITY OF COOLIDGE, PINAL COUNTY, ARIZONA, GRANTING TO ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, ITS SUCCESSORS AND ASSIGNS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE UPON, OVER, ALONG, ACROSS AND UNDER THE STREETS, AVENUES, ALLEYS, HIGHWAYS, BRIDGES AND OTHER PUBLIC PLACES IN THE CITY OF COOLIDGE, ARIZONA, AND FUTURE ADDITIONS THERETO, WATER LINES, TOGETHER WITH ALL NECESSARY OR DESIRABLE APPURTENANCES, FOR THE PURPOSE OF SUPPLYING WATER SERVICES, TO SAID CITY, ITS SUCCESSORS, THE INHABITANTS THEREOF, AND PERSONS AND CORPORATIONS EITHER WITHIN OR BEYOND THE LIMITS THEREOF, FOR ALL PURPOSES, PRESCRIBING CERTAIN RIGHTS, DUTIES, TERMS AND CONDITIONS IN RESPECT THERETO; REPEALING CONFLICTING ORDINANCES; AND DECLARING AN EMERGENCY.**

**BE IT ORDAINED** by the Mayor and Common Council of the City of Coolidge, Pinal County, Arizona, as follows:

**SECTION 1.** There is hereby granted to Arizona Water Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors and assigns (hereinafter called "Grantee"), the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future public streets, avenues, alleys, highways, bridges and other public places in the City of Coolidge, Pinal County, Arizona (hereinafter called "Municipality"), water lines, plant and system, including mains, laterals, pumps, manholes, meters, fire hydrants, regulator stations and related equipment, facilities and appurtenances, for the purpose of providing water service for all purposes in Municipality. Grantee's Application for Franchise is made a part hereof by reference thereto.

All facilities to be constructed and maintained pursuant to this Franchise shall be constructed and maintained in accordance with Municipality's standards with respect to repairs and maintenance of such public streets, avenues, alleys, highways, and bridges and other public places of Municipality.

Grantee shall apply for a right-of-way work permit in accordance with all existing and future ordinances and regulations of Municipality and upon request from Municipality submit for approval a map showing the location of such proposed installation to Municipality's Director of Public Works or Council.

**SECTION 2.** In the event that facilities constructed pursuant to this Franchise shall at any time be found by Municipality to interfere unduly with vehicular

and pedestrian traffic over such public streets, avenues, alleys, highways or bridges or other public places, Grantee hereby agrees that it will, at its own expense, and within a reasonable time after notice thereof by Municipality, remove or relocate said facilities so as to minimize said interference. In all other instances the costs incurred in relocating facilities shall be borne by and added to the costs of the public or private improvement causing or resulting in such relocation.

All facilities installed or constructed pursuant to this Franchise shall be so located or relocated and so constructed as to minimize the interference with traffic or other uses by Municipality over, under or through the public rights-of-way. Those phases of construction of Grantee's facilities relating to traffic control, backfilling, compaction and paving, as well as the location of water lines and related facilities herein provided for shall be subject to Municipality's regulations. Grantee shall keep accurate records of the location of all facilities in the public rights-of-way and furnish them to Municipality upon request in a format that is mutually acceptable to Municipality and Grantee. Grantee shall, upon request from the Municipality, provide the Director of Public Works or Council with corrected drawings showing the actual location of the underground facilities in those cases where the actual location differs significantly from the proposed location.

Grantee shall cause the work associated with any opening or alteration of any public right-of-way, to be completed with due diligence within a reasonably prompt time, and Grantee shall, upon completion of such work, restore the property disturbed to as good condition as it was prior to such opening or alteration. Should Grantee, after notice from Municipality fail to restore the property to such condition, Municipality may make such repairs and Grantee shall be responsible for the actual cost of such work.

If Municipality participates in the cost of relocating Grantee's facilities for any reason, the cost of relocation to Municipality shall not include any upgrade or improvement of Grantee's facilities, as they existed prior to relocation, unless specifically requested by Municipality.

**SECTION 3.** In the event Municipality takes action to dispose of unnecessary public roadways in accordance with the provisions of the Arizona Revised Statutes, Municipality shall recognize and preserve each of Grantee's prior rights-of-way, 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.

**SECTION 4.** As a further consideration for the franchise hereby granted, Grantee will pay quarterly to Municipality a sum equal to 2% of the gross receipts of Grantee from the sale of all water at retail for residential, commercial and industrial purposes within Municipality's corporate limits, as Grantee is notified from time to time by Municipality of the extent of such corporate limits. For the purpose of verifying the amounts payable hereunder, Grantee's billing records shall be subject to inspection by duly authorized officials or representatives of Municipality, at reasonable times.

Said payment shall be a franchise tax and shall not be taken or considered to be in lieu of any tax, license, fee, charge or assessment of Municipality now existing or hereafter levied upon Grantee's business or property, or its successors, provided that Grantee may deduct any tax, license or other exaction paid by it, which is assessed or levied by Municipality exclusively upon public utilities up to the amount payable under the terms of this section, and provided further that the amount of such franchise tax may be lawfully and specifically added to customer bills.

**SECTION 5.** Grantee shall save Municipality harmless from expenses, claims, and liability arising by reason of the exercise of this Franchise by Grantee.

**SECTION 6.** This franchise shall continue and exist for a period of twenty-five (25) years from February 1, 2003; provided, however, that either party may request renegotiation and terminate this Franchise on its tenth anniversary by giving written notice not less than one (1) year before its tenth anniversary. While such notice may or may not result in a renegotiated Franchise, the party giving the notice of termination shall be responsible for the costs of any resulting franchise election.

**SECTION 7.** The right, privilege and franchise hereby granted may be assigned by Grantee in whole or in part.

**SECTION 8.** This grant is not exclusive and nothing herein contained shall be construed to prevent Municipality from granting other like or similar grants or privileges to any other person, firm or corporation.

**SECTION 9.** All ordinances and parts of ordinances in conflict with the provisions hereof are hereby repealed.

**SECTION 10.** If any section, paragraph, subdivision, clause, phrase or provision of this ordinance shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this ordinance as a whole or any part of the provisions hereof other than the part so adjudged to be invalid and unconstitutional.

**SECTION 11.** Municipality reserves the right and power to purchase and condemn the plant and distribution facilities of Grantee within Municipality's corporate limits or any additions thereto, as provided by law.

**SECTION 12.** Upon the expiration or termination of this Franchise, if Grantee shall not have acquired an extension or renewal thereof and accepted the same, it may remove its facilities and system within Municipality or, at its option, may continue operating its facilities and system within Municipality until a new franchise can be effected with Municipality.

PASSED AND ADOPTED BY THE MAYOR AND COMMON COUNCIL OF THE  
CITY OF COOLIDGE, ARIZONA, this 12<sup>th</sup> day of November, 2002.

Wilbur H. Wierthy  
Mayor  
City of Coolidge, Pinal County, Arizona

ATTEST:

Norma Ortiz  
City Clerk  
City of Coolidge, Pinal County, Arizona

APPROVED AS TO FORM:

J. M. Vitzgall  
City Attorney  
City of Coolidge, Pinal County, Arizona

COPY

755253

1268-263

FRANCHISE

BE IT RESOLVED by the Board of Supervisors, County of Pinal, State of Arizona:

THAT WHEREAS, Arizona Water Company, an Arizona corporation, has duly filed and presented its application that it be granted the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all purposes in the County of Pinal, State of Arizona, for a period of twenty-five (25) years; and

WHEREAS, upon the filing of said application, the Board of Supervisors ordered that public notice of the intention of said Board to make such grant be given by publishing a notice in the Florence Reminder & Blade-Tribune newspaper of general circulation published in the City of Casa Grande, County of Pinal, State of Arizona, stating that at 10:00 o'clock A.M. on the 4th day of February, 1985, at the Courthouse in the City of Florence, County of Pinal, State of Arizona, was set for the time and place for the consideration of the granting of said right, privilege, and franchise; and

WHEREAS, said application coming on regularly for hearing on the 4th day of February, 1985, and it appearing by the affidavit of Florence Reminger of said newspaper that due and legal notice of said time and place set for the consideration of such action has been published for at least once a week for three weeks prior to the date set for said hearing;

NOW, THEREFORE,

SECTION 1. There is hereby granted to Arizona Water Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors and assigns (hereinafter called "Grantee"), the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all

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purposes in the County of Pinal, State of Arizona. Grantee's Application for Franchise is made a part hereof by reference thereto.

SECTION 2. All facilities to be constructed pursuant to this franchise shall be constructed and maintained in accordance with established practices with respect to such streets, avenues, alleys, highways, bridges and public places of the County of Pinal. Prior to such construction, a map showing the location of such facilities shall be submitted to such persons as may be designated by said Board of Supervisors.

SECTION 3. In the event that any lines or related facilities installed or constructed pursuant to this franchise shall at any time be found to interfere unduly with vehicular and pedestrian traffic over such streets, avenues, alleys, highways, bridges, public roads and other public places the Grantee hereby agrees that it will, at its own expense, and within a reasonable time after notice thereof by said Board of Supervisors, remove or relocate said lines, or related facilities so as to minimize said interference. In all other instances the costs incurred in relocating any lines or facilities shall be borne by and added to the cost of the public or private improvement causing or resulting in such relocation.

SECTION 4. In the event that said Board of Supervisors, acting on behalf of the County of Pinal, takes action to dispose of unnecessary public roadways in accordance with the provisions of Arizona Revised Statutes §28-1901, et seq., said Board of Supervisors agrees to recognize and preserve each of the 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.

SECTION 5. In case of any disturbance of pavement, sidewalk, driveway or other surfacing, planting or ground cover resulting from Grantee's action pursuant to this franchise, Grantee shall, in a manner entirely satisfactory to said Board of Supervisors and the department having appropriate jurisdiction, replace and restore the paving, sidewalk, driveway, surfacing, planting or ground cover of any street, alley or other public way or place so disturbed in as good condition as it was prior to said disturbance. All such work shall be completed with due diligence.

Further, to avoid duplication of effort and untimely destruction of the street, the Grantee shall coordinate its construction and replacement

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plans pursuant to this franchise with said department having appropriate jurisdiction.

SECTION 6. The Grantee shall save the County of Pinal harmless from expenses, claims and liability arising by reason of the exercise of this franchise by Grantee.

SECTION 7. The right, privilege and franchise hereby granted shall continue and exist for a period of twenty-five (25) years from the effective date hereof, and upon approval by said Board of Supervisors and acceptance by the Grantee, this franchise shall be deemed effective as of the date of approval of this Application.

SECTION 8. The right, privilege and franchise hereby granted shall inure to the benefit of, and be binding upon the Grantee, its successors and assigns.

SECTION 9. All resolutions and parts of resolutions in conflict with the provisions hereof are hereby repealed to the extent applicable to a franchised public service corporation.

SECTION 10. If any section, paragraph, subdivision, clause, phrase or provision of this resolution shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this resolution as a whole or any part of the provisions hereof other than the part so adjudged to be invalid and unconstitutional.

SECTION 11. Upon the expiration of this franchise, if the Grantee shall not have acquired an extension or renewal thereof and accepted the same, it may continue operating its facilities and system within the County of Pinal until a new franchise can be effected with the County of Pinal.

Upon motion by Supervisor Mathieson,

seconded by Supervisor Weatherly,

the foregoing Resolution granting a Franchise to Arizona Water Company in the County of Pinal, State of Arizona, was duly passed and adopted by the Board of Supervisors, County of Pinal, State of Arizona, at a regular session of said Board held on the 4th day of February, 1985.



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PINAL COUNTY BOARD OF SUPERVISORS

By James H. [Signature]  
Chairman

ATTEST:

Charles A. Guerin  
Clerk of Board of Supervisors