

ORIGINAL

NEW APPLICATION



0000040316

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
CHAIRMAN
WILLIAM A. MUNDELL
COMMISSIONER
JEFF HATCH-MILLER
COMMISSIONER
MIKE GLEASON
COMMISSIONER
KRISTIN K. MAYES
COMMISSIONER

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2006 JAN 20 P 4: 48

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR AN EXTENSION OF THE SERVICE AREA UNDER ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER AND SEWER UTILITY SERVICES IN ITS ANTHEM WATER AND ANTHEM WASTEWATER DISTRICTS

Docket No. **WS-01303A-06-0036**

APPLICATION TO EXTEND WATER AND SEWER CC&NS

**ARIZONA-AMERICAN WATER COMPANY'S
APPLICATION TO EXTEND WATER AND SEWER CC&NS
FOR ITS ANTHEM WATER AND ANTHEM SEWER DISTRICTS**

1 Under Ariz. Rev. Stat. § 40-281 and A.A.C. R14-2-402(C), Arizona-American Water
2 Company ("Arizona-American"), submits this application to the Arizona Corporation
3 Commission for an extension of its certificated service territories for its Anthem Water and
4 Anthem Sewer Districts to provide public utility water and sewer service to a new development
5 known as Arroyo Vista in Maricopa County, Arizona. Arizona-American provides the following
6 information in support of this application.

7
8 **1. COMPANY INFORMATION**

9 Arizona-American is an Arizona corporation engaged in the business of providing water
10 and wastewater utility service to customers in its various water and wastewater districts located
11 in portions of Maricopa, Mohave, and Santa Cruz counties in Arizona under authority granted by
12 the Commission. Arizona American is a wholly-owned subsidiary of American Water Works,

1 Inc. Arizona-American's ultimate parent is RWE AG. Among other areas, Arizona-American
2 holds Certificates of Convenience and Necessity to provide water and sewer service to the
3 Anthem community in northern Maricopa County.
4

5 **2. COMPANY'S CONTACT INFORMATION**

6 **2.1. Management**

7
8 Don Breeding
9 Development Services Director
10 19820 N. 7th Street
11 Suite 201
12 Phoenix, AZ 80024
13 (623) 445-2446
14

15 **2.2. Certified Operator**

16
17 Brian Biesemeyer, Arizona Network General Manager
18 15626 N. Del Webb Blvd.
19 Sun City, AZ 85351
20 (623) 815-3125

21 **2.3. Attorney**

22
23 Craig Marks
24 19820 N. 7th Street
25 Suite 201
26 Phoenix, AZ 80024
27 (623) 445-2442
28

29 **3. CERTIFICATE OF GOOD STANDING**

30 Arizona-American's Certificate of Good Standing is already on file with the Arizona
31 Corporation Commission. No corporate resolution is required for this application.
32

33 **4. FINANCIAL INFORMATION**

34 Arizona-American's balance sheet and income statement are on file with the Commission
35 as part of its Annual Report.
36

1 **5. EXHIBIT LIST**

2 Arizona-American's filing includes the following Exhibits:

Exhibit A	Legal Description
Exhibit B	Map Showing Service Area and Parcel to be Added
Exhibit C	Water and Wastewater Line Extension Agreement
Exhibit D	Water Use Data Sheet
Exhibit E	Maricopa County Franchise
Exhibit F	Form of Public Notice
Exhibit G	Landowner Affidavit

3 **6. LEGAL DESCRIPTION**

4 A legal description of the property to be added to the existing CC&Ns is attached as
5 Exhibit A.

6
7 **7. MAP**

8 A map of the property to be added to the existing CC&Ns is attached as Exhibit B.
9

10 **8. DEVELOPMENT DESCRIPTION**

11 The developer is Pulte Home Corporation, a Michigan corporation, with offices at 15111
12 North Pima Road, Suite 101, Scottsdale, Arizona. The developer proposes to develop a 203.48-
13 acre parcel located in Maricopa County east of Interstate 17, south of Circle Mountain Road, and
14 north of Del Webb's Anthem community. Arroyo Vista will have approximately 293 residential
15 units and one commercial parcel (divided into two tracts). The development is immediately
16 adjacent to the Anthem community, which is already included within Arizona-American's
17 certificated service territory. The developer and Arizona-American executed a Line Extension
18 Agreement on December 23, 2005, which is attached as Exhibit C.
19

1 **9. CUSTOMER, CONSUMPTION, AND REVENUE INFORMATION**

2 **9.1. Customer Projections (Cumulative Water and Sewer)**

3

	Year 1	Year 2	Year 3	Year 4	Year 5
Residential	146	293	293	293	293
Commercial	1	2	2	2	2
Industrial	None	None	None	None	None
Irrigation	1	1	1	1	1
Other: Right-of- way	None	None	None	None	None

4

5 **9.2. Consumption Projections (Water)**

6

	Year 1	Year 2	Year 3	Year 4	Year 5
Residential	78 af/yr	158 af/yr	158 af/yr	158 af/yr	158 af/yr
Commercial	25 af/yr	50 af/yr	50 af/yr	50 af/yr	50 af/yr
Industrial	None	None	None	None	None
Irrigation	30 af/yr	30 af/yr	30 af/yr	30 af/yr	30 af/yr
Other	0	0	0	0	0

7

8 **9.3. Revenue and Expense Projections (Water)**

9

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$ 95,509	\$ 191,081	\$ 191,081	\$ 191,081	\$ 191,081
Operating Expense	\$ 20,556	\$ 41,113	\$ 41,113	\$ 41,113	\$ 41,113

10

11 **9.4. Revenue and Expense Projections (Sewer)**

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$ 75,859	\$ 151,719	\$ 151,719	\$ 151,719	\$ 151,719
Operating Expense	\$ 15,842	\$ 31,685	\$ 31,685	\$ 31,685	\$ 31,685

12

1 **10. CONSTRUCTION INFORMATION**

2 Arizona-American estimates that it will cost approximately \$2,380,672 to construct
3 water-utility facilities and \$1,127,980 to construct sewer-utility facilities to serve customers in
4 the CC&N expansion area. As more fully set forth in Exhibit C to the Line Extension
5 Agreement, these facilities will be financed through developer advances and contributions.
6 Arizona-American estimates that construction of these facilities will start during March 2006,
7 and will be completed during March 2007.

8
9 **11. WATER USE DATA SHEET**

10 The water use data sheet is attached as Exhibit D.

11
12 **12. PERMITS**

13 No State or Forest Service lands are included in the requested area. A copy of Arizona-
14 American's current Maricopa County franchise is attached as Exhibit E. Arizona-American will
15 seek to amend the current franchise to include the requested expansion area. Arizona-American
16 will also submit the Approvals to Construct Facilities and Developer's Certificate of Assured
17 Water Supply when they are available. No other permits are necessary to serve the requested
18 area.

19
20 **13. PUBLIC NOTICE**

21 A form of public notice is attached as Exhibit F. An Affidavit indicating the sole
22 landowner's consent is attached at Exhibit G.

23
24 **14. RATES PROPOSED TO BE CHARGED**

25 Arizona-American will apply the authorized rates and charges under the tariffs for its
26 Anthem Water District and Anthem Sewer District, on file with the Commission.

1 **15. REQUEST FOR APPROVAL**

2 As set forth in this application, Arizona-American requests authority to extend its
3 existing certificates of convenience and necessity to provide public utility water and sewer
4 service in the area described on Exhibits A and B.

5
6 DATED January 20, 2006.
7

8 By Craig A. Marks
9 Craig A. Marks
10 19820 N. 7th Street
11 Suite 201
12 Phoenix, Arizona 85024
13 Attorney for Arizona-American Water Company
14

15 **Original** and ten copies filed on
16 January 20, 2006, with:

17
18 Docket Control
19 Arizona Corporation Commission
20 1200 West Washington
21 Phoenix, Arizona 85007
22

23 **Copies** of the foregoing mailed on
24 January 20, 2006, to:

25
26 Legal Division
27 Arizona Corporation Commission
28 1200 West Washington
29 Phoenix, Arizona 85007
30

31 Utilities Division
32 Arizona Corporation Commission
33 1200 West Washington
34 Phoenix, Arizona 85007
35

36 Hearing Division
37 Arizona Corporation Commission
38 1200 West Washington
39 Phoenix, Arizona 85007
40

41 Sheryl A. Sweeney
42 Michele L. Van Quathem
43 Ryley Carlock & Applewhite
44 One North Central Ave., Ste. 1200
45 Phoenix, AZ 85004
46

47 By: Courtney Appelhans
48 Courtney Appelhans
49

A



Hoskin-Ryan Consultants, Inc.
creative engineering solutions

Exhibit A

November 30, 2005

**LEGAL DESCRIPTION FOR
ARROYO VISTA**

That part of the North half of Section 10, Township 6 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the Northeast corner of Section 10, monumented with a G.L.O. brass cap;

Thence South 00 Degrees 00 Minutes 07 Seconds West along the East line of said North half of Section 10, a distance of 2,644.88 feet to the East quarter corner of Section 10, monumented with a G.L.O. brass cap;

Thence South 89 Degrees 59 Minutes 13 Seconds West, along the South line of said North half of Section 10, a distance of 3,556.89 feet to the Easterly Right of Way of Interstate 17, monumented with a ½" rebar with cap LS #12216;

Thence North 05 Degrees 28 Minutes 34 Seconds West, along said Right of Way a distance of 774.64 feet to the beginning of a tangent curve of 22,714.32 foot radius, concave Northeasterly, monumented with an ADOT Right of Way brass cap;

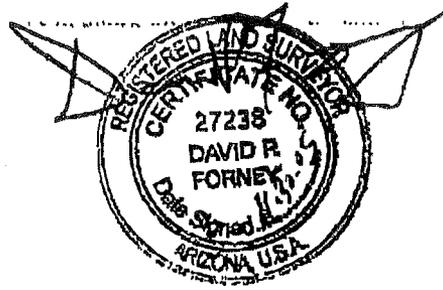
Thence continuing Northwesterly, along said Right of Way and curve, through a central angle of 03 Degrees 02 Minutes 31 Seconds, a distance of 1,206.00 feet to the Southwest corner of Tax A.P.N. 202-22-015A, monumented with a ½" rebar with cap L.S. #12216;

Thence South 90 Degrees 00 Minutes 00 Seconds East, along the South line of Tax A.P.N.'s 202-22-015A, 202-22-015B, 202-22-009U, 202-22-009T, 202-22-009W, AND 202-22-009V, a distance of 1,207.07 feet to the Southeast corner of Tax A.P.N. 202-22-009V, monumented with a ½" rebar with cap L.S. #33315;

Thence North 00 Degrees 00 Minutes 00 Seconds East along the East line of Tax A.P.N.'s 202-22-009v, and 202-22-009X, a distance of 660.34 feet to the North line of said North half of Section 10, monumented with a ¼" rebar;

Thence North 89 Degrees 44 Minutes 33 Seconds East along said North line, a distance of 2,507.10 feet to the Point Of Beginning.

Containing 203.48 Acres, more or less



Page 1 of 1

GA\Projects\05\05-069 Arroyo Vista\Survey\Legals\full boundary.dwg

3003 North Central Avenue, Suite 1500, Phoenix, AZ 85012 | Office: (602) 252.8384 | Fax: (602) 252.8385 | www.hoskinryan.com

Land Planning | Hydrology | Land Development | Civil Infrastructure | Surveying

B

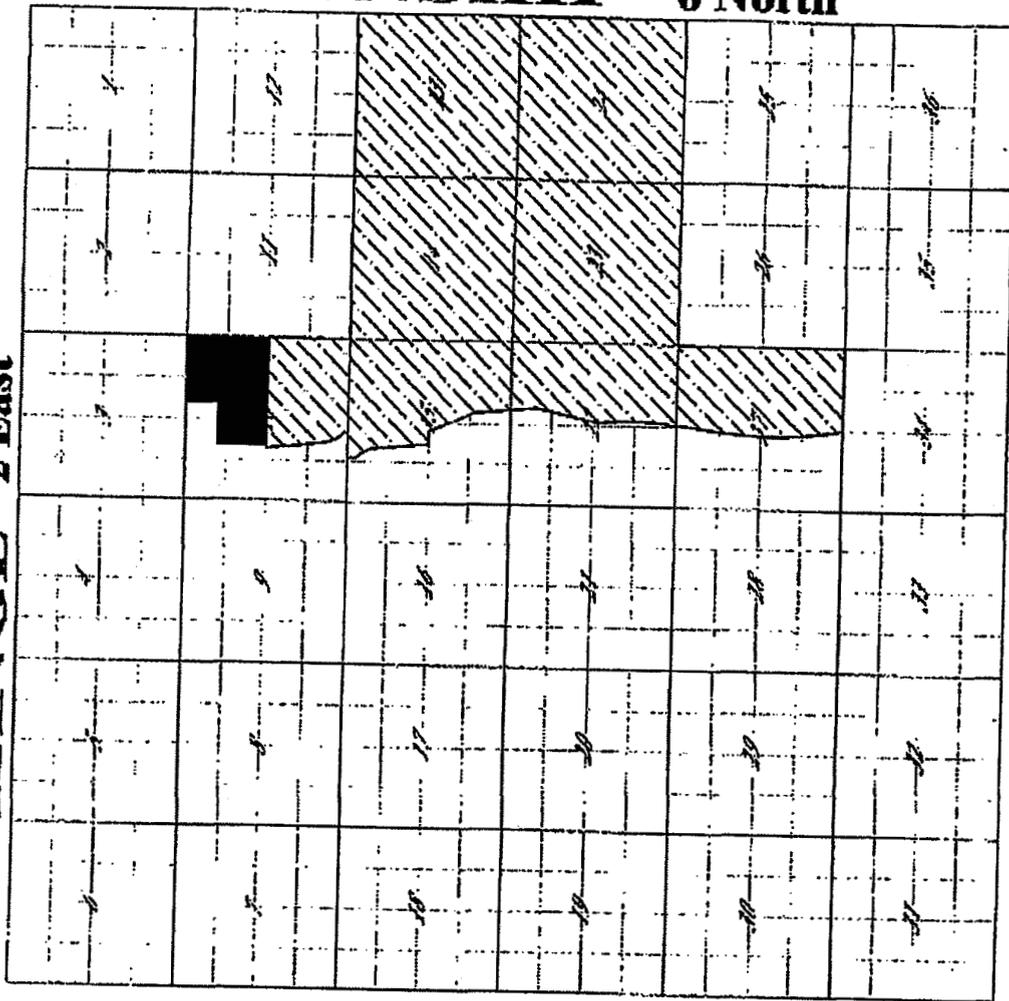
Exhibit G

Map No. 72

COUNTY = Maricopa

RANGE 2 East

TOWNSHIP 6 North



WS-1303 (14)

Arizona-American Water Company



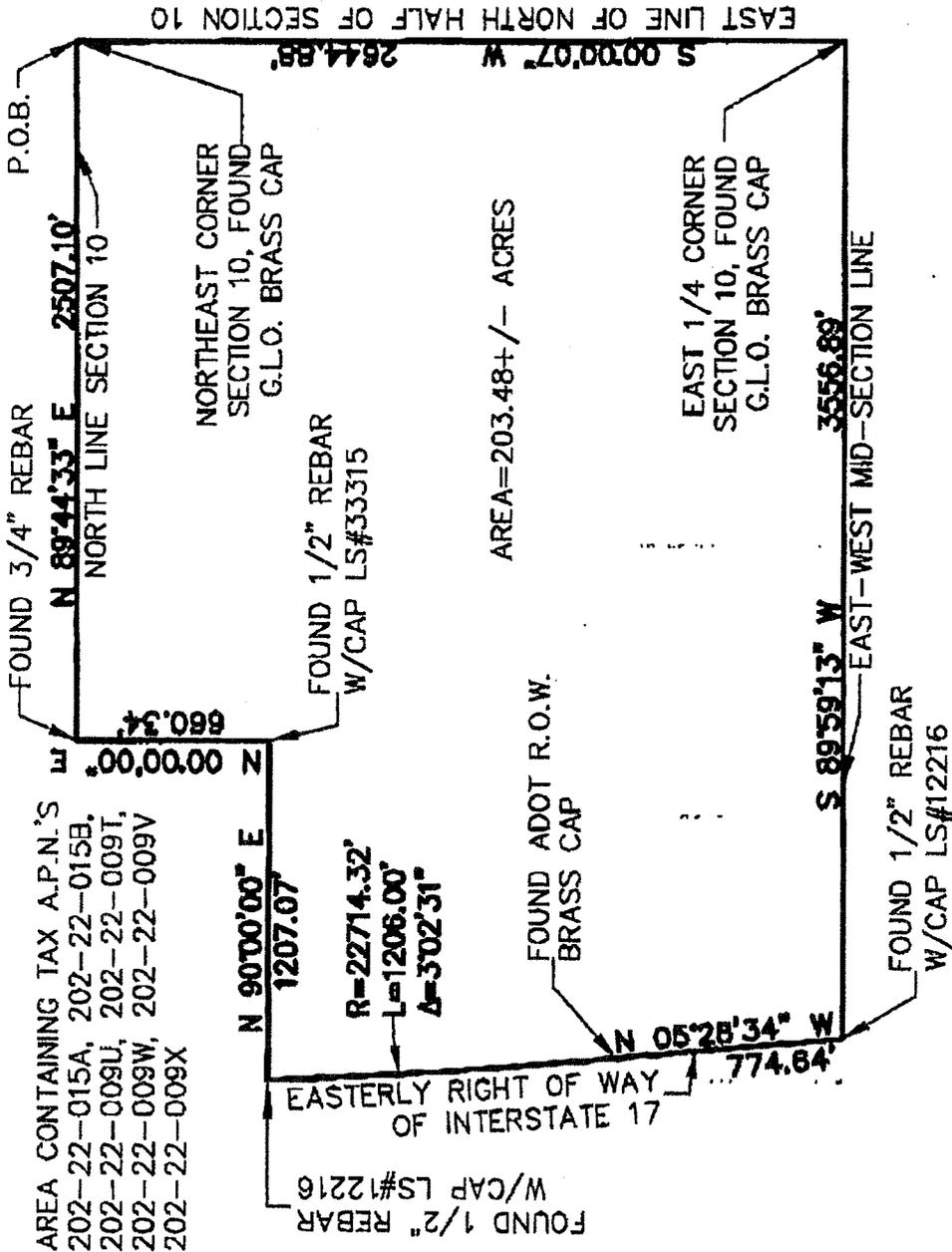
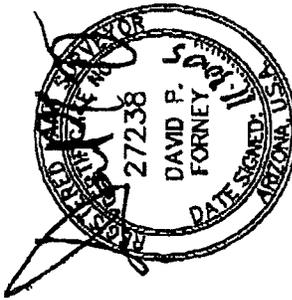
Sewer



Contiguous extension area



N.T.S.



Hoskin Ryan Consultants Inc.
civil engineering solutions

3000 W. Central Avenue, Suite 1500
Phoenix, Arizona 85021-2002
Office: (602) 252-8384 Fax: (602) 252-8385 www.hoskinryan.com

11/30/2005

**EXHIBIT FOR ARROYO VISTA
LEGAL DESCRIPTION
IN
NORTH HALF S.10, T.6N, R.2E**

G:\PROJECTS\05105-069... \BOUNDARY EXHIBIT.DWG

05-069 ARROYO VISTA

C

D

**WATER AND WASTEWATER FACILITIES
LINE EXTENSION AGREEMENT**

This Agreement is made this 23rd day of December, 2005 by and between Arizona-American Water Company, an Arizona corporation, (hereinafter referred to as "Utility"), with offices at 19820 N. 7th Street, Suite 201, Phoenix, Arizona 85024, and Pulte Home Corporation, a Michigan corporation (hereinafter referred to as "Pulte" or "Developer"), with offices at 15111 N. Pima Road, Scottsdale, Arizona 85260. Utility and Developer may be jointly referred to as the "Parties."

RECITALS

WHEREAS, Utility provides public utility water and wastewater services (collectively, the "Utility Services") in portions of Maricopa County, Arizona; and,

WHEREAS, Utility and Developer's wholly-owned subsidiary, Del Webb Corporation, are the successors in interest to the Anthem Agreement (as defined in Article 1, below) which govern Utility's provision of water and wastewater utility services to the Anthem community; and,

WHEREAS, Developer proposes to develop adjacent to the Anthem community a 200-acre parcel with residential units and commercial acreage totaling approximately 441 ERUs, currently known as Arroyo Vista (hereinafter referred to as "Development"), located in a portion of the northeast quarter of Section 10, Township 6 North, Range 2 East of the G&SRB&M, and more particularly described in Exhibit "A" attached hereto; and,

WHEREAS, Section 14.3(a) of the Anthem Agreement provides that if Developer so requests, Utility will serve, customers in any contiguous areas to Anthem that are owned, controlled, or designated by Developer under certain circumstances; and,

WHEREAS, Development is contiguous to Anthem and is owned, controlled, or designated by Developer; and,

WHEREAS, the Parties have agreed upon, as set forth herein, the terms under which Utility will provide service to Development; and,

WHEREAS, Utility is willing to apply to the Arizona Corporation Commission (hereinafter referred to as "Commission") for an expansion of Utility's current Certificate of Convenience and Necessity to include the Development;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereby agree as follows:

AGREEMENT

I. Definitions

1. For the purpose of this Agreement, unless context requires otherwise, these terms are defined as follows:
 - (a) "Agreement" means this Agreement, including all exhibits, amendments, and addenda.
 - (b) "Ak-Chin" means the Ak-Chin Indian Community.
 - (c) "Ak-Chin Water" means the surface water to which Ak-Chin presently holds rights, leased to Webb under the Water Lease, to be delivered to Utility under the conditions in this Agreement.
 - (d) "Anthem" has the meaning ascribed to the term "Project" in the Anthem Agreement.
 - (e) "Anthem Agreement" means the Anthem Agreement for the Villages at Desert Hills Water/Wastewater Infrastructure, as amended by the First Amendment, dated as of May 8, 2000, the Second Amendment, dated as of September 21, 2000, and the Third Amendment, dated as of December 12, 2002.
 - (f) "Capacity Reservation Charge" means the water and wastewater costs (connection fee) established in the Anthem Water District's Tariff.
 - (g) "Collection Facilities" means wastewater collection facilities to be designed, constructed or installed by Developer for the purpose of providing wastewater service to individual lots, housing and/or commercial units within the Development as set forth in Exhibit "C" attached hereto.
 - (h) "Development" means a 200-acre parcel that Developer proposes to develop with residential units and commercial acreage totaling approximately 441 ERUs, currently known as Arroyo Vista.
 - (i) "Distribution Facilities" means water related facilities to be designed, constructed or installed by Developer for the purpose of providing water service to individual lots, housing and/or commercial units within the Development as set forth in Exhibit "B" attached hereto.
 - (j) "ERU" has the same meaning as the term "equivalent dwelling units" in the Master Plan.
 - (k) "Final Acceptance" means Utility's written Final Acceptance of the Distribution Facilities, Collection Facilities, and Off-site Facilities, to be issued after Operational Acceptance, and full completion of such facilities, and after Developer has provided all required submittals pursuant to Paragraph IV.10 and all fees as described in Paragraph IV.4, VII.2, and VII.4 of this Agreement.

(l) "Master Plan" means the approved water and wastewater master plan report, or amended approved water and wastewater master plan report, submitted to Utility by Developer's engineer, showing sizes and approximate locations of Distribution Facilities, Collection Facilities, and Off-site Facilities to be constructed to allow Utility to provide Utility Services to the Development as set forth herein.

(m) "Off-site Facilities" means any wells, storage, pumping, water treatment, wastewater treatment, wastewater pumping, water distribution, wastewater collection, or related facilities and appurtenances designed, constructed, installed, or modified by Developer to serve the Development as described in Paragraph VII.3 and Exhibit "D" of this Agreement.

(n) "Operational Acceptance" means Utility's written Operational Acceptance of the construction of the Distribution Facilities, Collection Facilities, and Off-site Facilities, subject to further inspection by Utility and correction of any outstanding punch list items by Developer.

(o) "Phase" means a specified portion of the Development that is intended to be constructed and developed independently from other portions of the Development as identified in Exhibit "E", but not to be less than 50 homes.

(p) "Water Lease" means that certain Restated Option and Lease Agreement among the Ak-Chin Indian Community, the United States of America, and Del Webb Corporation, effective June 29, 2001 (attached hereto at Exhibit "F").

(q) "Webb" means the Del Webb Corporation, a wholly owned subsidiary of Developer.

2. For purposes of this Agreement, all capitalized terms not defined herein have the meanings ascribed to them in the Anthem Agreement.

II. Authorizations

1. Utility shall on a timely basis take all reasonable steps necessary and use its reasonable best efforts to obtain and renew any authorizations to provide Utility Services to the Development that may be required by law or regulation. These authorizations include but are not limited to certificates of convenience and necessity, operating agreements, franchises, permits and similar authorizations obtained from regulatory agencies and other governmental agencies.

2. Developer shall obtain an Arizona Department of Environmental Quality (ADEQ) Certificate of Approval to Construct and Approval of Construction and all required zoning clearances, construction permits and

similar authorizations from regulatory agencies and other governmental agencies for all facilities to be constructed by Developer hereunder.

3. Utility shall apply for approval of this Agreement with the Commission concurrently with the submission of the Utility's application to extend its Certificate of Convenience and Necessity to include the Development. Notwithstanding Utility's obligations in this Paragraph and in Paragraph 1 above, Developer may, at Developer's expense, hire an attorney and/or consultant acceptable to both Utility and Developer to help prepare Utility's application to extend its Certificate of Convenience and Necessity, and Utility's application to seek expedited approval of this Agreement.

4. Utility's obligations hereunder are contingent upon its ability to obtain any material and significant authorizations more fully described in Paragraphs II.1 and II.3, above. Utility will not be liable to Developer or its contractors and subcontractors for damages if Developer begins construction or authorizes the start of construction before Developer and Utility have obtained the authorizations required hereunder.

III. Master Plan

1. The intent of this Agreement is that Developer shall construct or cause to be constructed for the future use of Utility, in accordance with provisions of this Agreement, all Distribution Facilities, Collection Facilities, and Off-site Facilities as shown on the approved Master Plan, and such other facilities required for Utility to provide Utility Services to the Development.

2. Developer has caused a Master Plan to be prepared for the Development, which shows locations and sizing of all Distribution Facilities, Collection Facilities, and Off-site Facilities required to provide Utility Services to the Development. The Master Plan, and any subsequent amendments, must be approved in writing by Utility. Once the Master Plan and any amendments are approved by Utility, they will be incorporated herein and made a part of this Agreement as if set out in full herein.

3. The Parties currently believe that the existing plans for the Anthem water and wastewater treatment facilities, which were designed to serve more units inside and outside Anthem than will be present at build-out have sufficient capacity for Utility to provide adequate water and wastewater service to the Development without further changes to the facilities. The Parties acknowledge, however, that the Master Plan may be amended if Maricopa County requires an increase in the capacity of either the water or wastewater treatment facilities. If Maricopa County requires such additional capacity, then Utility will pay the costs to construct the required additional water and

wastewater treatment facilities. Utility is currently in the process of upgrading its facilities to serve Anthem, and desires to make any required changes that result directly from Development at the same time in order to save Utility any additional costs that might result if two separate construction events are required. Developer acknowledges that two separate construction events could increase Utility's costs, but does not believe additional changes to the Anthem facilities will be required. In consideration of the potential for increased costs, if Maricopa County requires Utility to construct additional capacity as a direct result of Utility's provision of service to Development, then Developer will reimburse Utility for the portion of the costs of the additional facilities that result from Utility's agreement to delay construction of those facilities until after Maricopa County issues its decision. If the construction is delayed, at Developers request, Developer assumes all responsibility and liability arising from such request. Developer will hold Utility harmless from any and all acts arising from such request. If additional construction is required by the County, then Utility shall, within 60 days of completing the estimate of construction costs, provide Developer with an invoice of the estimated cost differentials, along with supporting documentation. Developer shall have 60 days to provide notice to Utility of any objection to the invoiced amount. Developer shall pay the portion of the invoiced amount within 30 days of its acceptance. In the event the Utility's actual cost differentials are less than the amount advanced by the Developer, the Utility shall refund the excess funds to the Developer within 30 days after the completion of the construction and/or after the receipt of all invoices for the construction. If the actual cost differentials are greater than the amount advanced by the Developer, the Utility shall invoice the Developer for the balance of the Developer's portion of the costs. The Developer shall within 30 days after the receipt of the invoice submit payment to the Utility. Utility shall use its reasonable best efforts to ensure that the completion of the upgrades will be timed to enable Utility to provide water service to the Development as such service is requested.

IV. Distribution, Collection, and Off-site Facilities

1. Developer shall design, construct and install, or cause to be designed, constructed or installed, the Distribution Facilities, Collection Facilities, and Off-site Facilities necessary to provide adequate Utility Services to each Phase as detailed in the Master Plan, or amended Master Plan, prepared by the Developer's engineer and approved by Utility. Developer's estimated schedule of materials, unit quantities, and cost is set forth in Exhibits "B", "C" and "D". Developer shall pay all of the costs of constructing, installing, and connecting the Distribution Facilities, Collection Facilities, and Off-site Facilities including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, necessary permits and approvals, easements, testing, corrections, insurance and

bonds. Developer's costs for the construction and installation of the Distribution Facilities and Collection Facilities shall be considered an advance in aid of construction and are subject to refund in accordance with Article V of this Agreement. Developer's costs for the construction and installation of the Off-site Facilities shall be considered a contribution in aid of construction and not subject to refund by Utility.

2. Developer will schedule completion of the Distribution Facilities, Collection Facilities, and Off-site Facilities so that Utility can provide Utility Services to the Development as such services are requested.

3. If requested by Utility, Developer shall "oversize" the Distribution Facilities, Collection Facilities, and Off-site Facilities as specified by Utility. Utility shall reimburse Developer for the amount by which the material prices of the oversized facilities exceed the actual material prices of these facilities prior to "oversizing". Payment for oversizing will be made by Utility to Developer within 30 days of written notice to Utility after Utility's Final Acceptance of said Distribution Facilities. Notwithstanding the above, this Agreement shall not modify or amend the requirements regarding extensions and connections in the Anthem Agreement, including sections 14.3 and Exhibit J of the Anthem Agreement.

4. Prior to Final Acceptance of the Distribution Facilities, or upon requesting water service, whichever is first, Developer shall submit a cash payment as specified by Utility's then current service and meter installation tariff, for each water meter to be set, as a refundable advance in aid of construction, for meter installations by Utility. Water meters will then be installed and service initiated by Utility upon Developer's request. In addition to the meter installation tariff charges specified, Developer will owe Utility as a contribution in aid of construction, at the time specified in Utilities' tariffs, the Capacity Reservation Charges. Utility will credit against the amount owed by Developer, the cumulative amount of the Off-site Facilities contributed by Developer. To the extent that the amount of Capacity Reservation Charges owed exceeds the amount of the credit for Off-site Facilities contributed by Developer, Developer will pay or cause to be paid the excess amount to Utility as a contribution in aid of construction. Should Developer later construct and contribute additional Off-site Facilities, Utility will refund any Capacity Reservation Charges actually paid up to the amount paid by Developer or the amount of the additional Off-site Facilities, whichever is less.

5. Developer shall obtain, at its cost, which cost shall be part of its advance to Utility, all permits, zoning, easements and other approvals in advance of design and construction of the Distribution Facilities, Collection Facilities, and Off-site Facilities. All plans, specifications, construction and installation of the Distribution Facilities,

Collection Facilities, and Off-site Facilities shall be in accordance with good utility practices, the rules, regulations and requirements of ADEQ, Utility's specifications and details, and the requirements of all other governmental agencies having jurisdiction thereover. Additionally, construction will not commence until all of said plans and specifications have been approved in writing by Utility. Approval by Utility shall not be unreasonably withheld or delayed. Developer will submit said plans and specifications to Utility for review and approval, as well as preliminary plats, final plats, address maps, projected home closings by quarter, and other items reasonably requested by Utility. Utility shall provide written approval of plans or provide review comments within 30 days of receipt by Utility, or the plans will be considered approved. Utility will conduct all reviews, make all comments and revisions, and grant all approvals at its own expense. Unless otherwise agreed, if Developer begins construction of any facilities before all required approvals have been obtained, such construction will be at Developer's sole risk and subject to repair, alteration or reconstruction at Developer's expense as directed by Utility or any regulatory agency. Utility reserves the right to deem plan approval null and void if Developer does not begin construction within one year from the date of the initial plan approval. If Developer has not started construction within one year from the date of the initial plan approval and Utility deems the plan approval null and void, Developer must resubmit plans and specifications for Utility's written approval.

6. Developer shall comply with the inspection and testing requirements of Utility for the Distribution Facilities, Collection Facilities, and Off-site Facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays or unreasonable expense in the ordinary course of construction. For each Phase, Developer shall give Utility adequate notice when any Distribution Facilities, Collection Facilities, or Off-site Facilities under construction are ready for inspection and testing, and Utility shall inspect the same promptly after being so notified. No facility will be placed in service until inspected by Utility, ADEQ has issued its Approval of Construction, and Utility has issued its Operational Acceptance. Said Operational Acceptance shall be issued within 15 days of completion of construction, provided that (a) Developer has made all submittals required in accordance with Paragraph IV.5 hereof, (b) Developer has completed construction and testing of the facilities (excepting final grading and adjustments, roadways and sidewalks under which the facilities are installed), and (c) said submittal and construction are in accordance with reasonable utility standards. Utility specifically reserves the right to withhold Operational Acceptance of any Distribution Facilities, Collection Facilities, or Off-site Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are reasonably satisfactory to

Utility upon inspection and testing. For each Phase, Developer shall promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Utility made subsequent to inspection by Utility and for one year following Utility's written Final Acceptance of the last Distribution Facilities, Collection Facilities, and Off-site Facilities associated with the Phase, in accordance with the terms of this Agreement. Inspection and/or acceptance by Utility will in no way relieve or limit Developer's responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement or for approval of fire protection requirements set forth by the jurisdictional fire agency.

7. Any Distribution Facilities, Collection Facilities, and Off-site Facilities constructed pursuant to this Agreement shall become, upon written Operational Acceptance, and remain the sole property of Utility without the requirement of any written document of transfer to Utility. However, Developer shall furnish any document pertaining to ownership and title as may be requested by Utility, including documents which evidence or confirm transfer of possession to Utility, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Developer. All risk of loss of Distribution Facilities, Collection Facilities, and Off-site Facilities shall be with Developer until written Operational Acceptance by Utility of the Distribution Facilities, Collection Facilities and Off-site Facilities or any portions thereof. Developer shall repair or cause to be repaired promptly, and at no cost to Utility, all damage to the Distribution Facilities, Collection Facilities, and Off-site Facilities caused by construction operations until all construction within Development by or for Developer has been completed and accepted by Utility. Developer acknowledges that Utility has the right to, and may in the future, connect its existing or future water systems to the Distribution Facilities, and its existing or future wastewater systems to the Collection Facilities, except this does not modify or amend any requirements regarding extensions or connections in the Anthem Agreement, including paragraphs 14.3 and Exhibit J of the Anthem Agreement

8. If all or any portion of Developer's advances in aid of construction, whether already paid or to be paid, will constitute taxable income to Utility, Developer will advance funds to Utility in an amount required to gross-up the advance, so that Utility's after-tax benefit will equal what it would be if no taxes were owed.

(a) For advances already made, Developer will remit the required funds to Utility within 30 days after Utility notifies Developer that the advances will likely constitute taxable income.

(b) Utility will notify Developer when Utility determines that future advances will likely constitute taxable income.

(c) Utility's notice will include documentation reasonably necessary to substantiate its liability for income taxes, such as a determination or notification by a governmental authority, amendment to the Internal Revenue Code, a regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter.

(d) If additional funds are paid by Developer under this Paragraph IV.8, these funds will also constitute advances in aid of construction, and are refundable in accordance with Article V.

(e) Developer also indemnifies and holds Utility harmless for, from and against any tax-related interest, fines and penalties assessed against Utility and other costs and expenses incurred by Utility, as a consequence of Developer's late payment of the amounts described above.

(f) The gross-up amount to be paid pursuant to this Paragraph will be calculated as follows:

$$G = A \times R / (1 - R)$$

Where: G = Gross-up amount;

A = Amount of Developer's advances subject to tax; and

R = Percentage tax rate divided by 100.

9. Developer shall, at no cost to Utility, and before commencement of construction, grant or cause to be granted to Utility, perpetual non-exclusive rights-of-way and easements and obtain all necessary zoning and other governmental approvals as required, in a form reasonably satisfactory to Utility's counsel, for any Distribution Facilities, Collection Facilities, and Off-site Facilities constructed pursuant to this Agreement.

10. Developer shall, within 60 days of Operational Acceptance of any Distribution Facilities, Collection Facilities, and Off-site Facilities by Utility, furnish Utility with: (a) copies of all contracts and paid bills, invoices and other statements of expenses incurred by Developer, covering all of the costs of materials, equipment, supplies, construction and installation of the Distribution Facilities, Collection Facilities, and Off-site Facilities, (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Distribution Facilities, Collection Facilities, and Off-site Facilities, (c) receipts, specifying exact amount of payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Distribution Facilities, Collection Facilities, and Off-site Facilities, (d) "as-built" drawings on 4-mil Mylar, certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, and respective sizes, and pertinent construction details for all

Distribution Facilities, Collection Facilities, and Off-site Facilities, and (e) CAD files, in electronic format acceptable to Utility, of the construction drawings and final plat in accordance with Utility's specifications.

V. **Refunds**

1. Refunds of advances in aid of construction of water facilities will be made in accordance with this paragraph.

a). Refund year one will begin on the first July 1 after the date of Operational Acceptance of any phase of the Distribution Facilities and will end on the next June 30. Refund years two through ten will follow from each July 1.

b). For each refund year, refunds will be made based on the cumulative, applicable, advances in aid of construction as of the first day of the refund year. Each refund year, Utility will refund ten percent of Utility's total water revenues from customers in the Development (excluding all gross receipts taxes or sales taxes, and all District, Municipal, County, State or Federally imposed regulatory assessments). For each refund year, Utility will pay a refund to Developer by August 31 (following the June 30 end of a refund year). Refunds will be paid for each of the refund years in which Utility receives revenue, but the total refunds to be paid for Distribution Facilities cannot exceed the total amounts paid by Developer as advances in aid of construction in the Development. Any balance remaining at the end of the ten-year period is nonrefundable. No interest will be paid on any amount of the advances in aid of construction.

2. Refunds of advances in aid of construction of wastewater facilities will be made in accordance with this paragraph.

a). Refund year one will begin on the first July 1 after the first date of Operational Acceptance of any phase of the Collection Facilities and will end on the next June 30. Refund years two through five will follow from each July 1.

b). For each refund year, refunds will be made based on the cumulative, applicable, advances in aid of construction as of the first day of the refund year. Each refund year, Utility will refund five percent of Utility's total wastewater revenues from customers in the Development (excluding all gross receipts taxes or sales taxes, and all District, Municipal, County, State or Federally imposed regulatory assessments). For each refund year, Utility will pay a refund to Developer by August 31 (following the June 30 end of a refund year). Refunds will be paid for each of the refund years in which Utility receives revenue, but the total refunds to be paid for Collection Facilities cannot

exceed the total amounts paid by Developer as advances in aid of construction in the Development. Any balance remaining at the end of the five-year period is nonrefundable. No interest will be paid on any amount of the advances in aid of construction.

VI. Ak-Chin Water

1. Subsections 4.1(b) and 4.2 (c) of the Anthem Agreement are incorporated herein in their entirety by this reference and are applicable to this Development, with the references to "TreatCo" therein intended to refer to Utility in this Agreement.

2. Upon Operational Acceptance of the Distribution Facilities and continuously thereafter, Developer will cause Webb to sell to Utility, and Utility will purchase, all of the Ak-Chin Water required by Utility to provide water service to the Development as set forth in this Agreement, in the amount scheduled for delivery, up to a maximum amount of 238 acre-feet per annum, or such amount as is required by the Arizona Department of Water Resources in order to satisfy Developer's proposed water demands in its assured water supply application whichever is greater (the "Maximum Amount"). The amount of Ak-Chin Water to be sold to Utility each year will be the amount of water set forth in the water delivery schedule submitted by Utility to Developer for that year in accordance with Paragraph VI.3 hereof, not to exceed the Maximum Amount. Developer may request an additional amount of water be added to the water delivery schedule for construction purposes pursuant to Paragraph VI.6 below.

3. Prior to the Ak-Chin Water ordering deadlines set forth in this Section VI.3, and in accordance with the following scheduling procedures, the Parties shall mutually agree on a quantity of Ak-Chin Water to be delivered to Utility for the portion of the first calendar year Ak-Chin Water is required by Utility to provide water service to the Development. On or before September 1 of each year, Utility shall submit to Developer a written water delivery schedule setting forth the amounts of Ak-Chin Water that Utility wishes to purchase during each month of the following year (the "Schedule"). The Schedule shall be accompanied by a preliminary estimate of the amount of Ak-Chin Water required for the succeeding two years. If Utility does not submit a Schedule as required by this Section VI.3 hereof, Utility will be deemed to have elected to purchase the amount of water Utility estimated for use in the following year in Utility's most recent Schedule.

4. Upon Operational Acceptance of the Distribution Facilities and continuously thereafter, Developer will cause the Ak-Chin Water to be delivered to Utility at the turnout structure constructed at the Waddell Canal or the turnout at the Union Hills Water Treatment Plant.

5. Upon delivery of the Ak-Chin Water to Utility at the designated turnout structure, Utility will hold sole rights, title and interest in and to such water. This Agreement is an agreement for the sale of water and is not to be construed, and is not intended, to be an assignment or sublease of any of Webb's rights under the Water Lease.

6. The Ak-Chin Water will be delivered to Utility "as is" without warranty as to the quality thereof, including warranties of merchantability and fitness for a particular purpose. Except as provided in this Agreement, Developer and Webb have no obligation to construct or furnish water treatment facilities or to take any other action to maintain or better the quality of the Ak-Chin Water sold pursuant to this Agreement.

7. Utility shall pay to Developer the Water Use Charges (as that term is defined in the Water Lease) for the Ak-Chin Water to be delivered pursuant to the Schedule and for any other volume of Ak-Chin Water taken by Utility except Construction Water as defined in Paragraph VII.5 below. The payment shall be due and payable 15 days before Webb's payment to the Ak-Chin Indian Community is due and payable. If Utility does not timely pay the Ak-Chin water Use Charges, Webb shall not be obligated to deliver Ak-Chin Water to Utility for the period for which Utility has not paid the Ak-Chin Water Use Charges. Nothing in this Section VI.7 shall be construed to preclude Developer or Webb from recovering damages from Utility caused by Utility's failure to pay Ak-Chin Water Use Charges required by this Paragraph.

8. No later than the date of Utility's Operational Acceptance of the Distribution Facilities associated with the final phase of the Development, Developer will cause Webb to initiate and diligently prosecute the assignment to Utility of the right to receive 238 acre feet of Ak-Chin Water, or the Maximum Amount, per annum under the Water Lease. The Water Lease provides that such an assignment must be approved by Ak-Chin and the Secretary of the Interior. If either Ak-Chin or the Secretary refuses to approve the assignment, Developer and Webb will be relieved of the obligation to assign, or cause the assignment of, the right to receive water under the Water Lease to Utility, but Developer's obligation to sell, or cause the sale of, the Ak-Chin Water as set forth in this Article will continue. Utility will bear all out-of-pocket costs paid by Webb to third parties in securing all approvals required in order to complete the assignment (such as application and permit fees, but excluding any general and administrative expenses or internal costs incurred by Webb in attending to the assignment). Each party will bear its own internal costs of litigation, in either administrative or judicial forums, in connection with securing the approval of the assignment. Webb will have no obligation to commence such litigation. If Ak-Chin, the Secretary of the Interior or any other party commences litigation against Webb regarding the assignment, Developer will promptly notify Utility

in writing. Within ten days after receipt of that notice, Utility will notify Developer in writing of whether Utility intends to assume the defense of the litigation. If Utility assumes that defense, Utility will have the right to conduct any proceedings or negotiations in connection with the litigation, including defense or settlement of any claims and employment of counsel. Regardless of whether Utility assumes the defense of such litigation against Webb regarding the assignment, Utility will indemnify Webb against all claims, damages, costs and expenses (including reasonable attorney's fees and court costs) related to such litigation. Utility will not settle any claims against Webb without Webb's written consent, which will not be unreasonably withheld.

9. A copy of the Water Lease is attached as Exhibit "F".

VII. General Provisions

1. For each Phase, Utility shall, upon Operational Acceptance of the applicable Distribution Facilities, Collection Facilities, and Off-site Facilities, and payment of all fees required hereunder or by the terms of the then current and applicable tariffs of Utility, provide Utility Service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the Commission. Those rates, charges and tariffs are subject to change from time to time upon approval by the Commission. Utility has no obligation to provide Utility Service to the Development until all fees have been paid as provided in this Agreement.

2. Upon execution of this Agreement, Developer will pay to Utility, as an advance in aid of construction, a plan review fee equal to 4.84% of the total costs set forth on Exhibits "B," "C" and "D" to compensate utility for the costs of its coordination, reviews, inspections, testing, and approvals (including all related overhead costs, etc.) incurred by Utility under this Agreement. The 4.84% plan review fee is deemed the final and reconciled cost for these services provided by Utility. Utility will credit toward the plan review fee any previously paid deposits concerning the Distribution Facilities.

3. Developer acknowledges that Utility has informed it that certain Off-site Facilities must be constructed to provide adequate Utility Services to the Development. Utility shall use its reasonable best efforts to ensure that the Operational Acceptance of the Off-site Facilities will be timed to enable Utility to provide water and wastewater service to the Development as such service is requested.

4. Water for construction within the Development shall be made available only in quantities which are in excess of quantities required for service to other customers connected to Utility's existing system. All water is expected to be metered, but if Developer requests to use unmetered water and if approved by Utility, water used for

construction of water and wastewater facilities may be unmetered, in which case Utility will estimate, in accordance with Utility's standard procedures, the amount of unmetered water used and charge Developer for the water.

Estimated and metered water used for the construction of water and wastewater facilities or other facilities within the Development shall be billed by the Utility to Developer at the Utility's then current tariff rate. Utility reserves the right to estimate and bill Developer for all unauthorized unmetered water use for the Development. Utility may terminate this Agreement and water service if unauthorized unmetered water use is continued after Developer receives a notice to cease the use of unauthorized unmetered water.

5. Utility shall use its reasonable best efforts to maintain satisfactory and continuous service, but does not guarantee a continuous supply of water service. Utility shall not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service or any act or failure to act arising out of this Agreement caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in Utility's production, storage, transmission, and distribution facilities.

6. Utility makes no assignment, representation or adequacy of the water utility services it provides for fire protection to the Development in accordance with any requirements of any governmental agency or of any County and any private fire and emergency service providers. Utility will supply only such water at such pressures as may be available as a result of the normal operation of its system, at an amount not less than 20 psi pursuant to A.A.C. R14-2-407.E and Utility shall not be liable for injuries or damage resulting from causes beyond the Utility's control.

7. No Party will be liable to another Party for failure, default or delay in performing any of its obligations under this Agreement, if such failure, default, or delay is the result of any cause or event not within the control of the Party affected, and which, by the exercise of reasonable diligence, such Party is unable to prevent or mitigate (a "Force Majeure Event"). Force Majeure Events include events caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond a Party's control.

8. Developer must abandon all wells within the Development that are not owned or to be owned by Utility in accordance with A.A.C. R12-15-816, the Arizona Department of Water Resources and Utility's rules, standards and specifications for well abandonment. Operational Acceptance of the Distribution Facilities will not be granted prior to the abandonment of all wells identified by Utility and Utility's written approval of all well abandonments.

9. Prior to the commencement of construction of any Distribution Facilities, Collection Facilities, or Off-site Facilities associated with a Phase, Developer shall furnish Utility with appropriate certificates of insurance coverage effective during the period of construction in the following types and amounts:

a) Worker's Compensation Insurance and Occupational Disease Disability Insurance in the benefit amounts required by the laws and regulations of the State of Arizona.

b) Commercial General Liability Insurance, including operations and protective liability coverage, with limits of not less than \$2,000,000 combined single limit for bodily injury (including death) and property damage. When the work to be performed requires blasting, Developer's insurance shall specifically cover that risk. **Utility shall be named as an additional insured.**

c) Comprehensive Automobile Liability Insurance with limits of \$100,000/\$300,000 covering all owned and non-owned automobiles or trucks used by or on behalf of Developer in connection with the work.

10. Each Party (the "Indemnifying Party") shall indemnify and hold the remaining Parties, their officers, directors, agents, and employees harmless from and against any and all claims, damages, costs and expenses, including penalties and assessments, attorneys' fees and court costs, to which they or any of them may be subjected by reason of injury, death, loss, claim, penalty, assessment or damage caused or contributed to by the active or passive negligence of the Indemnifying Party, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith; and in case any suit or other proceeding shall be brought on account thereof, the Indemnifying Party shall assume the defense at the Indemnifying Party's expense and will pay all judgments rendered therein. The foregoing indemnity does not cover any negligent or wrongful acts of the Parties, their officers, directors, agents or employees.

11. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

12. Communications hereunder shall be sent to the Developer addressed as follows:

Pulte Home Corporation
Attn: Land Development Department (Arroyo Vista)
15111 N. Pima Road
Scottsdale, Arizona 85260

or to such other address or addresses as Developer may advise Utility in writing, and to Utility at:

Arizona-American Water Company
Attn: Director, Engineering
19820 N. 7th Street, Suite 201
Phoenix, AZ 85024

or to such other address or addresses as Utility may advise the Developer in writing.

13. Utility is not an agent for Developer and shall not incur any costs or expenses on behalf of Developer and Developer is not an agent for Utility and shall not incur any costs or expenses on behalf of Utility.

14. This Agreement shall be governed by the laws of the State of Arizona, and its performance shall be subject to such approvals of all regulatory agencies with jurisdiction.

15. This Agreement represents the entire understanding between the Parties with respect to the subject matter herein and those which are reasonably related; there are no oral or collateral agreements with respect thereto between the Parties. All changes or amendments to this Agreement must be in writing and signed by the Parties hereto.

16. This Agreement is the product of negotiations between the Parties and no Party is deemed its drafter.

17. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective legal representatives, successors and assigns. Developer may, with Utility's written consent, not to be unreasonably withheld, assign its rights, obligations, and interests to an affiliate of Developer. However, Developer shall not otherwise assign its rights, obligations and interest, in this Agreement without the prior written consent of Utility. Any attempted assignment without Utility's consent shall be void and of no effect.

18. If the Distribution Facilities, Collection Facilities, Off-site Facilities will be designed or constructed in two or more phases, this Agreement applies to all such phases. Utility reserves the right to deem this Agreement null and void if Developer does not begin construction within one year from the date of this Agreement. If Developer has not started construction within one year from the date of this Agreement, Developer may issue a written request to Utility for an extension of this Agreement. Utility's response to said request for extension will not be unreasonably

delayed. If Utility deems the Agreement null and void, Utility will send written notice of cancellation of Agreement to Developer via certified mail to the address shown in Paragraph VII.13.

19. Developer estimates a construction start date of January, 2006 and a construction completion date of March, 2007.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in duplicate originals, as of the day and year first above written.

Arizona-American Water Company,
an Arizona corporation

By: [Signature]
Robert J. Kuta
President

Pulte Home Corporation,
a Michigan corporation

By: [Signature]
Charlie Enoch
Vice President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 23rd day of December, 2005, by Robert J. Kuta, President of Arizona-American Water Company, an Arizona corporation, on behalf of the corporation.

Karan L. Moore
Name
Development Coordinator
Title

My Commission expires:
May 1, 2009



STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 22nd day of December, 2005, by Charlie Enoch, Vice President of Pulte Home Corporation, a Michigan corporation, on behalf of the corporation.

Karan L. Moore
Name
Development Coordinator
Title

My Commission expires:
May 1, 2009

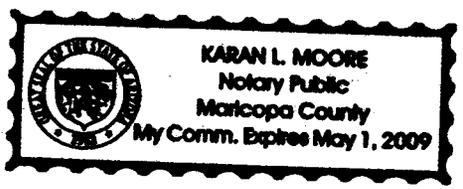




Exhibit A

November 30, 2005

LEGAL DESCRIPTION FOR ARROYO VISTA

That part of the North half of Section 10, Township 6 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the Northeast corner of Section 10, monumented with a G.L.O. brass cap;

Thence South 00 Degrees 00 Minutes 07 Seconds West along the East line of said North half of Section 10, a distance of 2,644.88 feet to the East quarter corner of Section 10, monumented with a G.L.O. brass cap;

Thence South 89 Degrees 59 Minutes 13 Seconds West, along the South line of said North half of Section 10, a distance of 3,556.89 feet to the Easterly Right of Way of Interstate 17, monumented with a 1/2" rebar with cap LS #12216;

Thence North 05 Degrees 28 Minutes 34 Seconds West, along said Right of Way a distance of 774.64 feet to the beginning of a tangent curve of 22,714.32 foot radius, concave Northeasterly, monumented with an ADOT Right of Way brass cap;

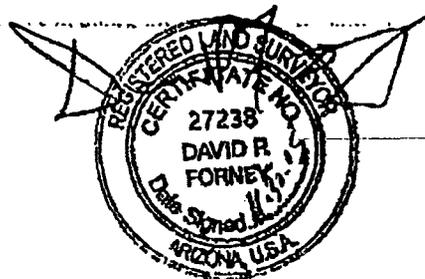
Thence continuing Northwesterly, along said Right of Way and curve, through a central angle of 03 Degrees 02 Minutes 31 Seconds, a distance of 1,206.00 feet to the Southwest corner of Tax A.P.N. 202-22-015A, monumented with a 1/2" rebar with cap L.S. #12216;

Thence South 90 Degrees 00 Minutes 00 Seconds East, along the South line of Tax A.P.N.'s 202-22-015A, 202-22-015B, 202-22-009U, 202-22-009T, 202-22-009W, AND 202-22-009V, a distance of 1,207.07 feet to the Southeast corner of Tax A.P.N. 202-22-009V, monumented with a 1/2" rebar with cap L.S. #33315;

Thence North 00 Degrees 00 Minutes 00 Seconds East along the East line of Tax A.P.N.'s 202-22-009v, and 202-22-009X, a distance of 660.34 feet to the North line of said North half of Section 10, monumented with a 1/4" rebar;

Thence North 89 Degrees 44 Minutes 33 Seconds East along said North line, a distance of 2,507.10 feet to the Point Of Beginning.

Containing 203.48 Acres, more or less



Page 1 of 1

G:\Projects\05\05-069 Arroyo Vista\Survey\Legals\Full boundary.doc

3003 North Central Avenue, Suite 1500, Phoenix, AZ 85012 | Office: (602) 252.8384 | Fax: (602) 252.8385 | www.hoskinryan.com

Land Planning | Hydrology | Land Development | Civil Infrastructure | Surveying

Exhibit A

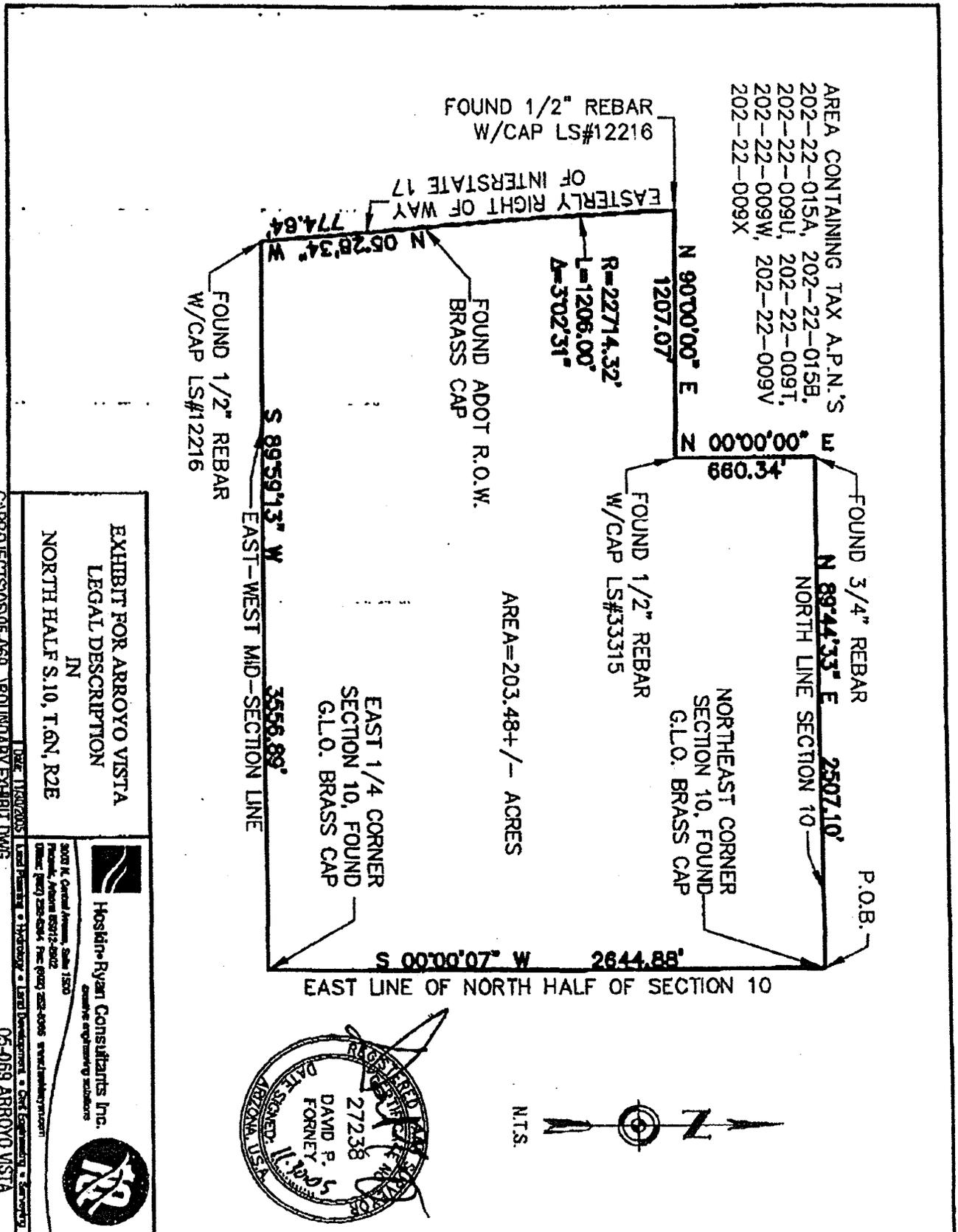


EXHIBIT FOR ARROYO VISTA
 LEGAL DESCRIPTION
 IN
 NORTH HALF S.10, T.6N, R.2E

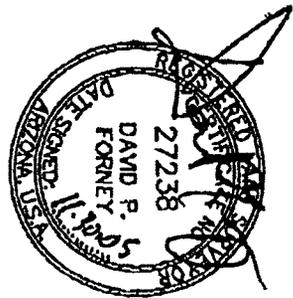
1027 11/20/2005

3000 N. Central Avenue, Suite 1500
 Phoenix, Arizona 85012-6002
 Phone: (602) 228-6944 Fax: (602) 228-6966 www.hoskine-ryan.com

Land Planning • Hydrology • Land Development • Civil Engineering • Surveying

Hoskine-Ryan Consultants Inc.
 creative engineering solutions

05-069 ARROYO VISTA





Hoskin & Ryan Consultants, Inc.
Greater Metropolitan Division
3000 N. Central Avenue, Suite 1500, Phoenix, Arizona 85018-2907
Office: (602) 262-8500 Fax: (602) 262-4815 www.hoskinryan.com

ARROYO VISTA WATER DISTRIBUTION FACILITIES

EXHIBIT B

GAVILAN PKWY/FRONTAGE ROAD

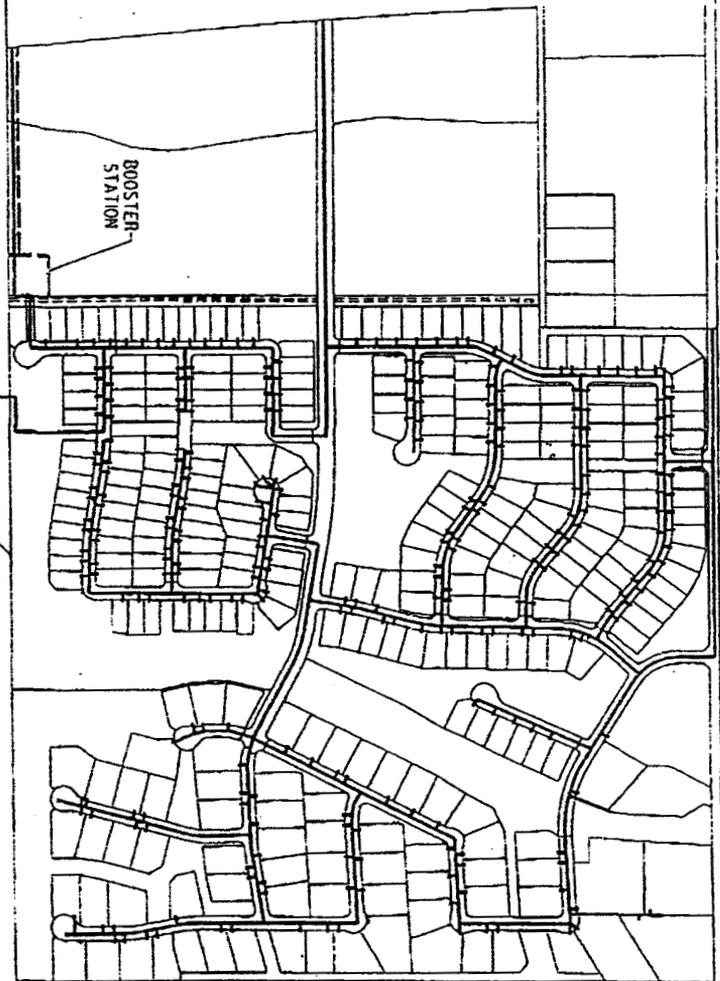


Exhibit B

ENGINEER'S COST ESTIMATE

ARROYO VISTA
MARICOPA COUNTY
Date: 12/8/05

ITEM	UNIT COST	UNIT	QUANTITY	ITEM COST
WATER				
8" PVC water pipe	\$28.00	L.F.	22690	\$635,320
8" Valve, Box & Cover	\$900.00	EA	53	\$47,700
12" PVC water pipe	\$48.00	LF	910	\$43,680
12" Valve, Box & Cover	\$1,400.00	LF	3	\$4,200
3/4" Water Service	\$385.00	EA	291	\$112,035
Water service for landscaping	\$385.00	EA	3	\$1,155
Fire Hydrants Complete	\$3,010.00	EA	36	\$108,360
8"x8" Tees, elbows	\$350.00	EA	37	\$12,950
8"x2" Tapped Cap w/ 2" I.P. Corp Stop/Air release valve	\$2,100.00	EA	2	\$4,200
Pressure reducing valve	\$57,000.00	EA	1	\$57,000
Booster Station and 500,000 gallon storage tank	\$1,250,000.00	EA	1	\$1,250,000
SUBTOTAL				\$2,276,600
10% Contingency				\$104,072
GRAND TOTAL				\$2,380,672

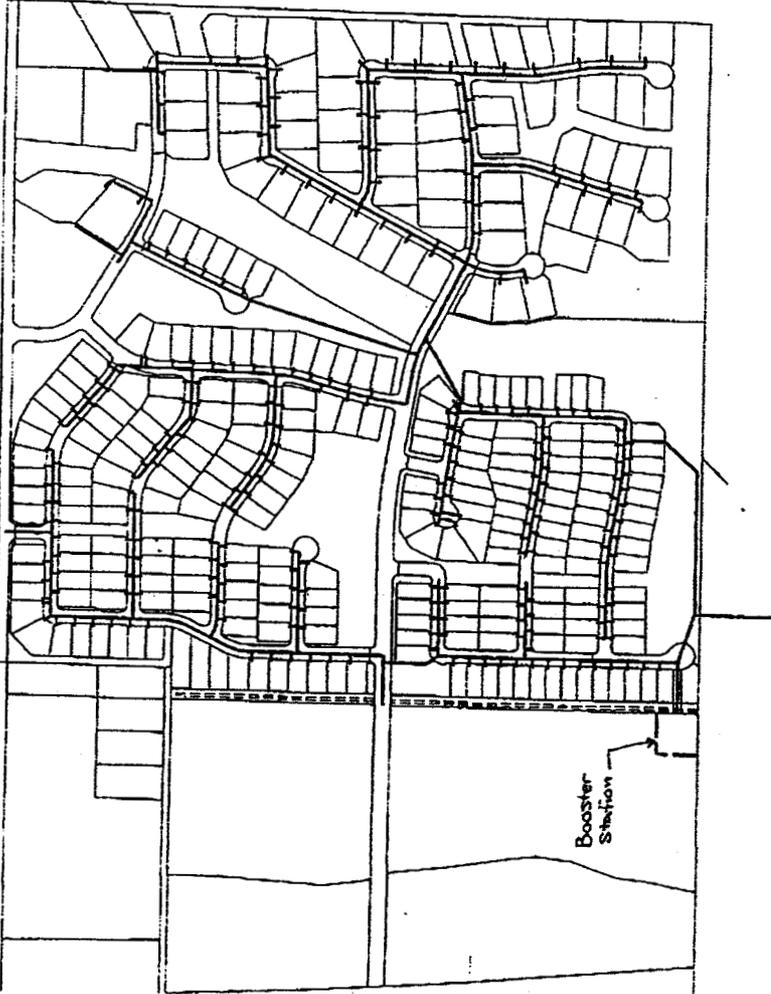
These quantities are based on DEI preliminary plat and are therefore approximate. Final quantities will be determined upon final engineering plans.


SIGNATURE

28279
ARIZONA REGISTRATION NUMBER

12.8.05
DATE





ARROYO VISTA
SEWER COLLECTION FACILITIES

EXHIBIT C

Hoskin • Ryan Consultants Inc.
civil engineering and architecture
3000 N. Central Avenue, Suite 1000, Phoenix, Arizona 85017-2912
Office: (602) 252-8334 Fax: (602) 252-8335 www.hoskin.com

Exhibit C

ENGINEER'S COST ESTIMATE

ARROYO VISTA

MARICOPA COUNTY

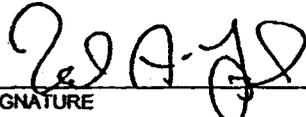
Date: 11/30/05

SEWER

8" Sanitary Sewer < 10' depth	\$25.00	L.F.	3167	\$79,175
8" Sanitary Sewer 10-15' depth	\$31.50	LF	9500	\$299,250
8" Sanitary Sewer 15'-20' depth	\$37.50	LF	5278	\$197,925
8" Sanitary Sewer > 20' depth	\$44.00	LF	3167	\$139,348
4" Sanitary Sewer Taps	\$630.00	EA	291	\$183,330
4" Sanitary Sewer Tap in Manhole	\$630.00	EA	5	\$3,150
5' Manhole 30" Ring & Cover (No Steps)	\$2,590.00	EA	47	\$121,730

SUBTOTAL	\$1,023,908
10% Contingency	\$104,072
GRAND TOTAL	\$1,127,980

These quantities are based on DEI preliminary plat and are therefore approximate. Final quantities and costs will be determined upon final engineering plans.


SIGNATURE

28279
ARIZONA REGISTRATION NUMBER

11-30-05
DATE



**Exhibit D
WATER USE DATA SHEET**

NAME OF COMPANY →	Arizona-American Water Company
PROJECT NAME	
ADEQ Public Water System No. →	Anthem - 04-07-504

MONTH/YEAR (Last 12 Months)	NUMBER OF CUSTOMERS	GALLONS PUMPED PER MONTH (Thousands)
Dec. '04	5,785	92,355
Jan. '05	5,824	83,356
Feb. '05	5,939	69,793
Mar. '05	6,018	94,084
Apr. '05	6,153	123,149
May '05	6,261	142,676
June '05	6,368	155,132
July '05	6,420	168,003
Aug. '05	6,497	153,359
Sept. '05	6,579	157,447
Oct. '05	6,595	163,143
Nov. '05	6,663	138,153
Dec. '05	6,696	125,065

STORAGE TANK CAPACITY (Gallons)	WELL NO	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
1.2 MG	1	55-565983	Out of Service
1.2 MG	2	55-577504	700
1.67 MG	3	55-577505	500
1.67 MG			

Other Water Sources in Gallons per Minute (CAP & City of Phoenix) →	13,755 GPM
Fire Hydrants on System →	Yes
Total Water Pumped Last 12 Months (Gallons in Thousands) →	1,665,715

E

BEFORE THE BOARD OF SUPERVISORS

OF

MARICOPA COUNTY, STATE OF ARIZONA

IN THE MATTER OF THE APPLICATION OF)
)
Citizens Water Services Company)
of Arizona (DistCo))
and)
Citizens Water Resources Company)
of Arizona (TreatCo))
)
)

FRANCHISE

FOR A FRANCHISE

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

WHEREAS, Citizens Water Services Company of Arizona (DistCo) and Citizens Water Resources Company of Arizona (TreatCo) hereinafter designated as the Grantee, doing business in Maricopa County, Arizona, bearing date of April 7, 1999, praying for the right, privilege, license and franchise to construct, maintain and operate (DistCo) 1) a domestic water utility distribution system, consisting of pipelines, meters, service connections and all necessary facilities and equipment, and 2) a wastewater collection utility system consisting of all lines, connections, manholes and necessary equipment and facilities; and (TreatCo) for a public utility franchise to construct, maintain and operate 1) a domestic water treatment facility and distribution system, consisting of a domestic water treatment plant, pipelines, service connections and all necessary facilities and equipment, 2) a wastewater treatment facility and distribution system, consisting of a wastewater treatment plant, all lines, connections, manholes and necessary equipment and facilities, and 3) a non-potable water utility distribution system, consisting of a nine-mile pipeline which will transport water from the Central Arizona Project canal to the TreatCo treatment facility, other pipelines, service connections and all necessary facilities and equipment to serve DistCo., and others in Arizona, 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 Citizens Water Services Company of Arizona (DistCo) and Citizens Water Resources Company of Arizona (TreatCo), along, upon, under and across public highways, roads, alleys and thoroughfares (excepting State Highways), within that portion of Maricopa County, Arizona, known and described as follows, to-wit:

Township 6 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

That portion of the south half of Section 10, Township 6 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying East of the following described line:

BEGINNING at the South quarter corner of said Section 10, thence N 89°57'37" W, 386.41 feet to the TRUE POINT OF BEGINNING;

Thence N 00°02'24" E, 134.86 feet; thence N 36°03'41" W, 347.65 feet; thence N 22°09'46" W, 313.21 feet; thence N 06°10'48" W, 800.06 feet; thence S 84°32'17" W, 16.00 feet; thence N 05° 27'50" W, 500.00 feet; thence N 84°32'13" E, 25.00 feet; thence N 05°27'50" W, 250.00 feet; thence S 84°32'13" W, 25.00 feet; thence N 05°27'50" W, 396.08 feet to a point on the North line of the South half of said Section 10, and the end of this line description;

All of Section 13;

All of Section 14;

All of Section 15, Township 6 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying East of the following described line;

BEGINNING at the South quarter corner of said Section 15, thence N 89°55'32" E, 461.05 feet to the TRUE POINT OF BEGINNING.

Thence N 05°21'40" W, 1,170.24 feet; thence N 22°13'05" W, 1,601.04 feet; thence N 89°57'37" W, 447.67 feet; thence N 05°21'40" W, 1,425.62 feet; thence N 06°30'25" W, 500.10 feet; thence N 24°39'04" W, 211.90 feet; thence N 36°45'24" W, 397.78 feet; thence 00°09'20" E, 210.00 feet to a point on the North line of said Section 15, and the end of this line description;

All of Section 22, Township 6 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying East of the following described line;

BEGINNING at the South quarter corner of said Section 22, thence N 89°51'39" E, 66.53 feet to the TRUE POINT OF BEGINNING;

Thence N 08°33'50" E, 274.43 feet; thence along the arc of a curve to the left, having a radius of 7,843.72 feet, a distance of 1,906.31 feet; thence N 05°21'40" W, 340.28 feet; thence N 12°19'44" E, 1,994.30 feet; thence N 05°21'40" W, 829.76 feet to a point on the North line of said Section 22, and the end of this line description;

All of Section 23;

All of Section 24;

All of Section 27, Township 6 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying East of the following described line;

BEGINNING at the South quarter corner of said Section 27, thence N 89°49'29" W, 9.04 feet to the TRUE POINT OF BEGINNING;

Thence along a non-tangent curve concave to the East with a tangent bearing N 11°35'40" W and a radius of 11,255.16 feet, a distance of 3,959.89 feet through a central angle of 20°09'30"; thence N 08°33'50" E, 1,342.42 feet to a point on the North line of said Section 27, and the end of this line description;

Township 6 North, Range 3 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

All of Section 18;

EXCEPT the Northeast quarter of the Northeast quarter of said Section 18;

All of Section 19.

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 8th day of March, 1999, 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 7th day of April, 1999 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 the said newspaper on March 12, 19, and 26, 1999, 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 Citizens Water Services Company of Arizona (DistCo) and Citizens Water Resources Company of Arizona (TreatCo), 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 (DistCo) 1) a domestic water utility distribution system, consisting of pipelines, meters, service connections and all necessary facilities and equipment, and 2) a wastewater collection utility system consisting of all lines, connections, manholes and necessary equipment and facilities; and (TreatCo) for a public utility franchise to construct, maintain and operate 1) a domestic water treatment facility and distribution system, consisting of a domestic water treatment plant, pipelines, service connections and all necessary facilities and equipment, 2) a wastewater treatment facility and distribution system, consisting of a wastewater treatment plant, all lines, connections, manholes and necessary equipment and facilities, and 3) a non-potable water utility distribution system, consisting of a nine-mile pipeline which will transport water from the Central Arizona Project canal to the TreatCo treatment facility, other pipelines, service connections and all necessary facilities and equipment to serve DistCo., and others in Arizona, for a period of not to exceed twenty-five (25) years or for a period of one (1) year after the franchised area is annexed by a municipality, whichever is shorter, for the supplying of these services along, upon, under and across the public highways, roads, alleys and thoroughfares (excepting State highways) within that portion of Maricopa County, Arizona, hereinabove described, under such restrictions and limitations and upon such terms as this Board at any time may provided, 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 to not 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 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) All rights hereby granted shall be exercised so as not to interfere or conflict with or endanger in any way the proper use by the public of said highways, roads, and thoroughfares, or any portion thereof.
- 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; that said grantee will maintain his equipment from time to time as may be needed, without the necessity of notice from Maricopa County. 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.
- 6) That all property of the franchise be installed and operated by the said grantee and shall be placed, removed or relocated, initially and throughout the term of this franchise, along, in, over, under and across the said highway, roads and thoroughfares, in such a manner and location as the Board of Supervisors or its duly authorized agents may designate. Such placement, removal or relocation shall be done at the sole expense of the grantee upon a determination by the Board of Supervisors of Maricopa County that such placement, removal or relocation is necessary.

If the grantee fails or refuses to so remove or relocate, Maricopa County may so remove or relocate, at the sole expense of grantee, such expense to include any and all damages and compensation of whatsoever nature arising therefrom.

In this section the term "property" includes conduits, pipe, wires, poles, or other structures and appliances used to supply or deal in gas, electricity, lights, water, heat, refrigeration, power, telephones, telegraph, television and other public utilities.

Any finding or determination made by the Board of Supervisors pursuant hereto shall be final and binding upon the grantee whether or not such findings or determinations relates to the requirements of public safety or welfare, the use of public roads or the need for proposed

improvements, and whether or not the function to be served by such removal or relocation is of a governmental or proprietary nature.

- 7) That said grantee shall indemnify and save harmless, the said County of Maricopa from all costs, expense and liabilities in connection with the granting of this franchise and exercise of the same by them.
- 8) That the rights of any person claiming to be injured in any manner by the maintenance of said projects and equipment shall not be affected hereby.
- 9) 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.
- 10) 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.
- 11) This franchise is granted upon the express condition that the Certificate of Convenience and Necessity be procured from the Corporation Commission of the State of Arizona and the Certificate of Assured Water Supply be procured from the Arizona Department of Water Resources and proof thereof submitted to the Board of Supervisors within six months from the date of granting of this franchise; and if such Certificates are not granted within six months from said date, then this franchise to be void, otherwise to be in full force and effect for the time herein specified.
- 12) All materials and construction methods used with the public right-of-way shall conform to the applicable standards, specifications and special provisions currently in effect in Maricopa County.
- 13) The Franchise holder shall obtain a construction permit from the Office of the County Engineer prior to construction of any facilities in the public right-of-way.

DATED this 7th day of April, 1999.


Chairman, Board of Supervisors

ATTEST:


Clerk, Board of Supervisors

F

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

Arizona-American Water Company ("Arizona-American") has filed with the Arizona Corporation Commission ("Commission") applications for authority for extension of its Certificates of Convenience and Necessity to provide water and sewer service to a contiguous area to its Anthem systems to serve the Arroyo Vista subdivision in a portion of the north half of section 10, Township 6 North, Range 2 East, Gila & Salt River Base & Meridian.

If the application is granted, Arizona-American would be the exclusive provider of water and sewer service to the proposed area. Arizona-American will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at Arizona-American at 19280 North Seventh Street, Suite 201, Phoenix, Arizona.

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

Exhibit  F

G

**AFFIDAVIT OF CHARLES ENOCHS
ON BEHALF OF PULTE HOME CORPORATION**

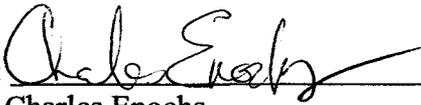
I, Charles Enochs, Vice President of Operations for Pulte Home Corporation, hereby testify to the following:

1. Pulte Home Corporation owns the parcel of land in the north half of Section 10, Township 6 North, Range 2 East, of the Gila & Salt River Base & Meridian that is the subject of Arizona-American Water Company's extension application. See Special Warranty Deed, attached.

2. Pulte Home Corporation plans to develop the site as the "Arroyo Vista" development, and hereby requests that Arizona-American Water Company provide water and sewer service to the Arroyo Vista property pursuant to the terms of the Water and Wastewater Facilities Line Extension Agreement and the Arizona Corporation Commission's requirements.

DATED this 17th day of January, 2006.

PULTE HOME CORPORATION

By: 
Charles Enochs

Its: Vice-President of Operations

STATE OF ARIZONA)
) SS.
COUNTY OF MARICOPA)



Notary Public State of Arizona
Maricopa County
Ben Dutton
Expires August 04, 2008

On this _____ day of January, 2006, before me, the undersigned Notary Public in and for said County and State, personally appeared Charles Enochs, Vice-President of Operations for Pulte Home Corporation, personally known to me or proved to me, and acknowledged that he executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal.


Notary Public

My Commission Expires:

August 2008

~~CONFIDENTIAL~~

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20051675663 11/04/2005 14:52
167941-3-5-1-
ELECTRONIC RECORDING

WHEN RECORDED, RETURN TO:

Steven L. Lisker, Esq.
Lisker & Associates, PLLC
2355 E. Camelback Road, Suite 615
Phoenix, AZ 85016-9040
NCS-1167941
1 of 4

SPECIAL WARRANTY DEED

For the consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations received, AV 203, L.L.C., an Arizona limited liability company ("Grantor"), does hereby convey to PULTE HOME CORPORATION, a Michigan corporation ("Grantee"), the following described real property (the "Property") situated in Maricopa County, Arizona:

See Exhibit A attached hereto and made a part hereof

together with all improvements, buildings, structures and fixtures located thereon; all easements, if any, benefiting the Property; all rights, benefits, privileges and appurtenances pertaining to the Property, including any right, title and interest of Grantor in and to any property lying in or under the bed of any street, alley, road or right-of-way, open or proposed, abutting or adjacent to the Property; the strips, gaps or gores, if any, between the Property and abutting property; all water, water rights, oil, gas or other mineral interests in, on, under or above the Property; and all rights and interests to receive any condemnation awards from any condemnation proceeding pertaining to the Property, sewer rights, water courses, wells, ditches and flumes located on or appurtenant to the Property,

SUBJECT TO: current taxes; patent reservations; all covenants, conditions, restrictions, reservations, easements and declarations or other matters of record; any and all conditions which a physical inspection, or accurate survey, of the Property would reveal; and the applicable zoning and use regulations of any municipality, county, state, or the United States affecting the Property.

Grantor hereby binds itself and its successors to warrant and defend the title, as against all acts of Grantor herein and no other, subject to the matters above set forth

[SIGNATURE ON NEXT PAGE]

IN WITNESS WHEREOF, the Grantor has caused this Special Warranty Deed to be executed this 4th day of November, 2005.

"GRANTOR"

AV 203, L.L.C., an Arizona limited liability company

By: Thomas Tait

Its: Member

STATE OF Arizona)

County of Maricopa)ss.

On this 4th day of November, 2005, before me a Notary Public personally appeared Thomas Tait, the Member of AV 203, L.L.C., an Arizona limited liability company, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged that he (she or they) executed it on behalf of the company.

[Signature]
Notary Public

My Commission Expires:

4-30-07



LINDA J. NYDORF
Notary Public - Arizona
Maricopa County
Expires 04/30/07

Exhibit A to Special Warranty Deed

Legal Description of Property

A PORTION OF THE NORTH HALF OF SECTION 10, TOWNSHIP 6 NORTH, RANGE 2 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 10;

THENCE NORTH 89°44'33" EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 10 A DISTANCE OF 131.55 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE CONTINUE NORTH 89°44'33" EAST ALONG SAID NORTH LINE OF THE NORTHEAST QUARTER, A DISTANCE OF 2,507.10 FEET TO THE NORTHEAST CORNER OF SAID SECTION 10;

THENCE SOUTH 00°00'07" WEST ALONG THE EAST LINE OF SAID NORTHEAST QUARTER, A DISTANCE OF 2644.88 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 10;

THENCE SOUTH 89°59'13" WEST ALONG THE SOUTH LINE OF SAID NORTHEAST QUARTER, A DISTANCE OF 2,624.15 FEET TO A POINT ON THE WEST LINE OF A 40.00 FOOT WIDE ELECTRIC EASEMENT PER DOCKET 1714, PAGE 432 MARICOPA COUNTY RECORDER;

THENCE NORTH 00°05'17" WEST, ALONG THE WEST LINE OF A 40.00 FOOT ELECTRIC EASEMENT WEST, PER DOCKET 1714, PAGE 432 MARICOPA COUNTY RECORDER, A DISTANCE OF 1,973.87 FEET;

THENCE SOUTH 90°00'00" EAST LEAVING SAID ELECTRIC EASEMENT, A DISTANCE OF 120.20 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 660.34 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

EXCEPTING AND RESERVING, HOWEVER, TO THE UNITED STATES ALL THE COAL AND OTHER MINERALS.