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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

JUL 14 2006

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

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| FILED BY | NR |
|----------|----|

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY FOR
AN EXTENSION OF THE SERVICE
AREA UNDER ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WATER
UTILITY SERVICES

Docket No. W-01445A-03-0559

**CERTIFICATE OF FILING OF
COMPLIANCE ITEMS**

Arizona Water Company (the "Company"), the applicant in this matter, hereby files the following compliance items related to Decision No. 66893, which was entered in this docket on April 6, 2004.

Decision No. 66893, among other things, ordered the Company to file certain information with the Commission, as more particularly described in said Decision.

Accordingly, the Company now presents for filing the following items:

1. A copy of a main extension agreement with JBC Development that was also submitted to the Utilities Division Staff for its review and approval on June 6, 2006. The copy is attached hereto as Attachment A.
2. An Analysis of Assured Water Supply issued by the Arizona Department of Water Resources for EJR Ranch on March 2, 2005. A copy of the Analysis is attached hereto as Attachment B.
3. A copy of a Certificate of Assured Water Supply for Post Ranch development, the development of Harvard Investment Group, as issued by the Arizona Department of Water Resources on February 4, 2006. The copy is attached hereto as Attachment C.

1 4. A copy, attached hereto as Attachment D, of the Company's most recent
2 physical availability demonstration for an area that includes the proposed
3 expansion area in this case.

4 Although the foregoing documents, which demonstrate the Company's
5 compliance with Decision No. 66893, were either admitted as documentary evidence or
6 testified to by the Company's witnesses in the July 10, 2006 and July 11, 2006
7 evidentiary hearings just concluded in this matter, the Company is now formally
8 docketing them with the Commission.

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10 RESPECTFULLY SUBMITTED this 14th day of July 2006.

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ARIZONA WATER COMPANY

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By: Robert W. Geake

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Robert W. Geake
Vice President and General Counsel
Arizona Water Company
P. O. Box 29006
Phoenix, AZ 85038

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And

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Bryan Cave LLP
Steven A. Hirsch
Rodney W. Ott
Two North Central, Suite 2100
Phoenix, AZ 85004-4406
Attorneys for Arizona Water Company

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AN ORIGINAL and thirteen (13) copies of the Foregoing and attachments filed this 14th
25 day of July 2006 with:

26

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

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1 And copies of the foregoing and attachments mailed this 14th day of July 2006 to:

2 Teena Wolfe
3 Administrative Law Judge
4 Hearing Division
5 Arizona Corporation Commission
6 1200 W. Washington
7 Phoenix, AZ 85007

8 David Ronald, Staff Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 W. Washington
12 Phoenix, AZ 85007

13 Jeffrey W. Crockett
14 Snell & Wilmer
15 One Arizona Center
16 400 E. Van Buren
17 Phoenix, AZ 85004-2202
18 Attorneys for Cornman Tweedy 560, LLC

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By: Robert W. Yeake



ARIZONA WATER COMPANY

220 E. 2nd Street
P.O. Box 11030
Casa Grande, AZ. 85230-1030

**AGREEMENT FOR
EXTENSION OF
WATER FACILITIES**

APPLICANT: JBC Development
Name
4680 E. Reins Road
Address
Gilbert, AZ 85297
City and State Zip Code

Contract No. 3521
W.A. No. 2-4080

DATE OF AGREEMENT: March 13, 2006

DATE OF AGREEMENT March 13, 2006

CONSTRUCTION START: Approximately 15 days after receiving all material and obtaining all necessary permits and approvals.

PROJECT COMPLETION: Estimated to be within 60 (sixty) days from the start date.

DATE OF COST ESTIMATE (Attachment "A"): March 13, 2006

WATER SYSTEM: Casa Grande

WATER FACILITIES: Install approximately 5,700LF of 6" ductile iron pipe west from Eleven Mile Corner Road along Storey Road and south in an easement to serve the proposed property split of Parcel 1C, east of Casa Grande, AZ. In a portion of the NE 1/4 Sec. 23 T.6S., R. 7E., ADEQ approval required, easements required.

Advance for Construction: 5,700 LF of 6" ductile iron pipe and 1-1" copper service all w/rld ftgs \$ 126,769.00

able Contribution in Aid of Construction: _____

Less: Main Extension Deposit \$ 450.00

Total of Required Advances and Contribution (Check #1) \$ 126,319.00

ARIZONA PROJECT Hook-Up Fee (CAP Fee) Payable After Agreement Approved by Arizona Corporation Commission (ACC)

| Number of Meters | Casa Grande | | Coolidge | | White Tank | | CAP Fee |
|-----------------------|-------------|---------|----------|---------|------------|---------|-----------|
| | In | Out | In | Out | In | Out | |
| | 0.11883 | 0.06883 | 0.11883 | 0.06883 | 0.08583 | 0.06583 | |
| | | Fee | | Fee | | Fee | |
| | | \$208 | | \$150 | | \$500 | \$ - |
| 1 | | \$208 | | \$150 | | \$500 | \$ 208.00 |
| 0 | | \$1,173 | | \$800 | | \$1,667 | \$ - |
| 0 | | \$2,347 | | \$1,600 | | \$2,667 | \$ - |
| 0 | | \$3,667 | | \$2,500 | | \$5,333 | \$ - |
| 0 | | \$7,333 | | \$5,000 | | \$8,333 | \$ - |
| Subtotal | | | | | | | \$ 208.00 |
| Applicable Rate & Tax | 0.06883 | | 0 | | 0 | | \$ 14.32 |

Available CAP Fee Due Within 15 days of final Notification of ACC Approval (Check #1) \$ 222.32

Will Not Be Released to Construction Until the CAP Fee Has Been Paid.

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation (hereinafter called the "Company"), and the Applicant named above. In consideration of the

THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK IN PAPER. SEE BACK SIDE FOR OTHER SECURITY FEATURES



Title Security Agency of Arizona

P. O. Box 12038
Tucson, Arizona 85732
Branch Escrow Account

BANK ONE, ARIZONA NA
Tucson Commercial Banking Center
2 E Congress
Tucson, AZ
91-2/1221

CHECK NO. **108823**

| DATE | FILE NUMBER | AMOUNT |
|------------|-------------------|-------------|
| 05/31/2006 | 01001435 - 010 LS | \$20,000.00 |

PAY TWENTY THOUSAND DOLLARS and no/100

TO THE ORDER OF ARIZONA WATER COMPANY
220 E 2ND STREET
CASA GRANDE, ARIZONA 85222

VOID AFTER 60 DAYS
Allison Chambers
Allison Chambers

CONTRACT 3521 WA 2-4080

⑈ 108823⑈ ⑆ 122100024⑆ 686568098⑈

ARIZONA WATER COMPANY

Company

By:

Title:

Ray
Gen. Dir. Super.

JBC DEVELOPMENT

Applicant

By:

Title:

Member

ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply

500 North Third Street, Phoenix, Arizona 85004

Telephone (602) 417-2465

Fax (602) 417-2467



JANET NAPOLITANO
Governor

HERB GUENTHER
Director

ANALYSIS OF ASSURED WATER SUPPLY

March 2, 2005

File Number: 28-401544.0000
Development: EJR Ranch
Location: Township 6 South, Range 7 East, Sections 26, 27, 28, 32, 33 & 34, and
 Township 7 South, Range 7 East, Sections 1, 2 & 3
 Pinal County, Arizona
 Pinal AMA
Land Owner: John H. Dermer and Gloria Dermer, Trustees of the Dermer Family Trust, dated July 13, 1976, with Gloria B. Dermer, sole beneficiary; Highway 287-Florence Boulevard Inc., an Arizona corporation; Madison Diversified 882 Corp., an Arizona corporation; Cornman Tweedy 560, LLC, a Delaware limited liability company; and Sun Lakes-Casa Grande Development, LLC, a Delaware limited liability company

The Arizona Department of Water Resources has evaluated the Analysis of Assured Water Supply application for EJR Ranch pursuant to A.A.C. R12-15-712. The proposed development includes 7,644 single-family residential lots, 455 multifamily residential lots and 679 non-residential acres containing commercial and open space areas, schools, and rights-of-way. The water provider has yet to be determined. Conclusions of the review are indicated below based on the assured water supply criteria referenced in A.R.S. § 45-576 and A.A.C. R12-15-701 *et seq.*

- **Physical, Continuous, and Legal Availability of Water for 100 Years**
 On the basis of the hydrologic study submitted and the Department's review, the Department has determined that 5,624 acre-feet per year of groundwater will be physically and continuously available, which equals the projected demands for the development of 5,623.89 acre-feet per year. The legal availability of the water is not proven at this time. The development is not located within any current service area or Certificate of Convenience and Necessity boundary. Applications for Certificates of Assured Water Supply that follow the Analysis of Assured Water Supply will need to provide a detailed plan of how water service will be established. This may include use of Type 1 or Type 2 water rights or recovery of long term storage credits to create a new or satellite service area, or extension of existing service area lines to include the proposed development. Individual Notices of Intent to Serve will be required for each application for a Certificate of Assured Water Supply.
- **Adequate Water Quality**
 Adequate water quality has not been demonstrated at this time. The proposed development lies outside any current service area, therefore, no drinking water compliance data are available. No water quality data was submitted with the application. To provide service in this area, a provider will likely have to construct new wells. The

ADWR000054

Arizona Department of Environmental Quality will require water quality analyses for new source approval for each well. This requirement of an Analysis of Assured Water Supply will be reevaluated for each application for a Certificate of Assured Water Supply.

- **Consistency with Management Plan for the Pinal Active Management Area**
The projected demand for the development is consistent with the Third Management Plan for the Pinal AMA. EJR Ranch will use low water use landscaping and plumbing fixtures will comply with the statewide Low Flow Plumbing Code.
- **Consistency with Management Goal of the Pinal Active Management Area**
The Assured and Adequate Water Supply Rules (A.A.C. § R12-15-705) allocate a volume of groundwater to each new subdivision in an AMA to allow for the phasing in of renewable supplies. This groundwater allowance may be increased by extinguishing irrigation grandfathered groundwater rights (IGFR). Any groundwater delivery in excess of the groundwater allowance must be met through the direct or indirect use of renewable water supplies (surface water or effluent). Options for demonstrating "consistency with management goal" include: 1) direct use of surface water or effluent; 2) recharge and recovery of surface water or effluent; or 3) membership in the Central Arizona Groundwater Replenishment District (CAGRDR).

The application indicates that the proposed development will enroll the lands of the entire development, including the commercial and open space areas, schools, and other non-residential areas, in the CAGRDR to meet this requirement. The membership documents must be executed and recorded before a Certificate of Assured Water Supply will be issued.

Prior to preparing an application for a Certificate of Assured Water Supply for an individual subdivision plat, the Pinal AMA Office or the Office of Assured Water Supply may be contacted for further guidance.

- **Financial Capability of the Owner to Construct the Necessary Distribution System**
Pursuant to A.A.C. R12-15-707, financial capability will be evaluated by the local platting authority as a part of the process for obtaining a Certificate of Assured Water Supply for each subdivision. The application for a Certificate of Assured Water Supply includes a Verification of Construction Assurance for a Proposed Subdivision form. This form should be signed by the appropriate platting entity to provide evidence of financial capability. This requirement of an assured water supply will be evaluated upon application for a Certificate of Assured Water Supply.

The term of this Analysis of Assured Water Supply is ten years from the date of this letter and may be renewed upon request, subject to approval by the Department. Throughout the term of this determination, the projected demand of this development will be considered when reviewing other requests for assured water supply in the area.

Prior to obtaining plat approval by the local platting authority and approval of the public report by the Department of Real Estate, a Certificate of Assured Water Supply must be obtained for each subdivision plat. The findings of this Analysis of Assured Water Supply may be used to demonstrate that certain requirements for a Certificate have been met. This determination may be invalidated if the development plan or other conditions change prior to filing for a Certificate of Assured Water Supply.

Questions may be directed to the Office of Assured Water Supply at (602) 417-2465.

Mark Frank

Mark Frank, Acting Assistant Director
Water Management Division

cc: Randy Edmond, Area Director, Pinal Active Management Area

ADWR000055A

**STATE OF ARIZONA
DEPARTMENT OF WATER RESOURCES
CERTIFICATE OF ASSURED WATER SUPPLY**

This is to certify that

Harvard Casa Grande Ventures, LLC, a Delaware Limited Liability Company

has met the requirements of A.R.S. §§ 45-576, 45-579, and the applicable regulations, and

By powers vested in the Director of the Arizona Department of Water Resources by the State of Arizona, and subject to the conditions contained in the applicable regulations,

Is issued this Certificate of Assured Water Supply for

Post Ranch

**Section 29 Township 06 South, Range 07 East
GSRB&M Pinal County, Pinal Active Management Area**

Sufficient water of adequate quality will be continuously available to satisfy the water demand of the referenced subdivision for at least one hundred years. The referenced subdivision consists of **2417 lots** as described in the preliminary plat on file with the Department, and has an estimated water demand of **1400.91 acre-feet per year**. The subdivision will be served **groundwater** by **Arizona Water Company - Casa Grande**.

This Certificate is invalid as to any entity not named above. A subsequent owner of the referenced property may apply for a new certificate pursuant to A.A.C. R12-15-708, within 90 days of the change of ownership. This Certificate may be assigned pursuant to A.R.S. § 45-579.

Certificate Number: 27-401944.0000



ARIZONA DEPARTMENT OF WATER RESOURCES

Sandra Salerich-Whitney
Assistant Director

2/22/2006
Date

ADWR000056

ATTACHMENT D

ARIZONA DEPARTMENT OF WATER RESOURCES

Hydrology Division

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2448

Fax 602 417-2425

JANE DEE HULL
GovernorJOSEPH C. SMITH
Director

April 24, 2002

Mr. William Garfield
Arizona Water Company
3805 North Black Canyon Highway
Phoenix, Arizona 85015

RE: **Arizona Water Company**
Application for Physical Availability Demonstration #20-400600

Dear Mr. Garfield:

The Department has completed review of the report entitled *Hydrology Study Report, Pinal AMA, Casa Grande Groundwater Flow Model*, prepared by Clear Creek Associates, August 31, 2001. The area of review has been limited to the Casa Grande (including Arizona City), Coolidge, and Tierra Grande service areas of Arizona Water Company's Pinal County CC&Ns. The model study area is located primarily in the Maricopa-Stanfield and Eloy sub-basins of the Pinal Active Management Area.

In accordance with A.A.C. R-12-15-702(C), it was determined that approximately 57,507 acre-feet per year of groundwater is available for the Casa Grande service area; 13,510 acre-feet per year is available for the Coolidge service area; and 4,786 acre-feet per year is available for the Tierra Grande service area. These quantities represent the amount of groundwater available for new demands within the service area of each system. The groundwater is projected to be physically available for 100 years under A.A.C. R-12-15-703(B) for assured water supply purposes in the respective areas. Currently, the water supply systems are in compliance with water quality standards for the purposes of A.A.C. R-12-15-704. It is the Department's conclusion that, pumping the projected demands for 100 years, will take the depth-to-static water level to approximately the maximum depth allowed by A.A.C. R-12-15-703(B).

The results of the Department's hydrologic review fulfill the requirements of A.A.C. R12-15-702 (C) and can be cited in applications for a Certificates of Assured Water Supply or for Designation of Assured Water Supply. These applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. §45-576 and A.A.C. R-12-15-701 *et. seq.* For further information on these requirements, please contact the Office of Assured and Adequate Water Supply Certification at (602)417-2465. **If the Department finds that the groundwater supply is not available because the assumptions and information used in determining the physical availability under the current criteria prove incorrect, the Department will modify the availability of groundwater accordingly.**

Page 2
April 24, 2002
Mr. William Garfield
Arizona Water Company
Application for Physical Availability Demonstration #20-400600

The Department's determination is an appealable agency action. In order to appeal this decision, you must request an appeal within thirty (30) days from receipt of this letter. I have enclosed a summary of the appeals process and an appeal form should you wish to pursue this option.

If you have any questions regarding the physical availability review, please contact me at (602) 417-2448.

Sincerely,



Greg Wallace
Chief Hydrologist

GW/KM/rd
202245

cc: Steve Corell, Clear Creek Associates
Doug Dunham, ADWR
Dennis Kimberlin, ADWR, Pinal AMA