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AZ CORP COMMISSION
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Transcript Exhibit(s)

Arizona Corporation Commission
DOCKETED

JUL 28 2006

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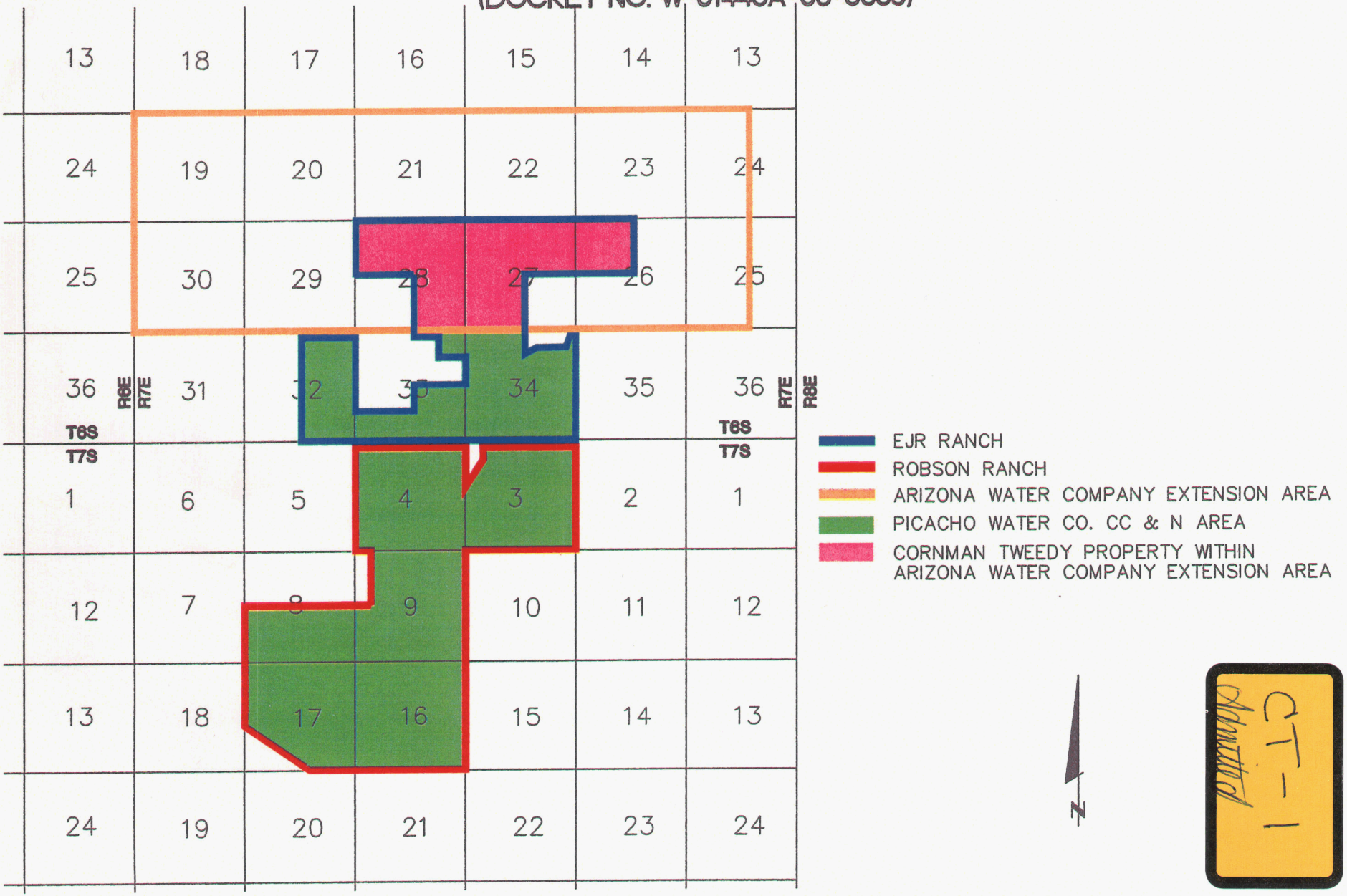
Docket #(s): W-01445A-03-0559

Exhibit #: AWC-4 – AWC-9, Ct-1–20, 3
S-1, S-2

ARIZONA WATER COMPANY CC&N EXTENSION
(DOCKET NO. W-01445A-03-0559)



CT-1
Admitted

CT-2
Admitted

Legal Description

April 11,2005

Parcels of land located in Sections 26, 27 and 28, Township 6 South, Range 7 East, Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

PARCEL 1
Beginning at the North Quarter Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'14"E, a distance of 2,655.73 feet to the Northwest Corner of said Section 26;

THENCE along the North line of said Section 26, N89°50'59"E, a distance of 2,655.02 feet to the North Quarter Corner of said Section 26;

THENCE along the North-South Midsection Line of said Section 26, S00°17'26"W, a distance of 2,675.42 feet to the center of said Section 26;

THENCE along the East-West Midsection Line of said Section 26, N89°57'54"W, a distance of 2,654.88 feet to the West Quarter Corner of said Section 26;

THENCE along the East-West Midsection Line of said Section 27, S89°52'13"W, a distance of 2,657.09 feet to the Center of said Section 27;

THENCE along the North-South Midsection Line of said Section 27, N00°19'09"E, a distance of 2,661.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 14,168,342 square feet or 325.26 acres, more or less.

PARCEL 2
Beginning at the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection Line, N00°34'17"E, a distance of 2680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°4 '26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

Legal Description

April 11,2005

THENCE along the north line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the south line of the southwest quarter of said Section 27, S89°59'00"W, a distance of 2,658.47 feet to the southwest corner of said Section 27;

THENCE along the south line of the southeast quarter of said Section 28, S89°38'30"W, a distance of 2,666.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 28,28 1,191 square feet or 649.25 acres, more or less.

PARCEL 3
Beginning at the Center of said Section 28;

THENCE along the south line of the northwest quarter of said Section 28, S89°47'30"W, a distance of 2,665.39 feet to the west quarter corner of said Section;

THENCE along the west line of the northwest quarter of said Section, N00°55'27"E, a distance of 2,705.65 feet to the northwest corner of said Section;

THENCE along the north line of the northwest quarter of said Section, S89°40'08"E, a distance of 2,648.50 feet to the north quarter corner of said Section;

THENCE along the east line of the northwest quarter of said Section 28, S00°34'17"W, a distance of 2,680.43 feet to the POINT OF BEGINNING.

The above-described parcel contains 7,154,629 square feet or 164.25 acres, more or less.

The aggregate area of the above described three parcels is 49,604,162 square feet or 1,138.76 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed 4-12-05
ARIZONA, U.S.A.

Description No. 499

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AZ CORP COMMISSION
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CT-3
Admitted

April 21, 2004

Arizona Corporation Commission
DOCKETED

APR 22 2004

DOCKETED BY

Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, Arizona 85007

RE: **EXCEPTION TO THE ORDER in the Application of Arizona Water Company to Extend its Certificate of Convenience and Necessity in Casa Grande, Pinal County, Arizona**

DOCKET No. W-01445A-03-0559

Dear Sir or Madam:

The name, address and telephone number of the undersigned are as follows:

Dermer Family Trust
c/o Timothy L. Dermer
6446-75 East Trailridge Circle
Mesa, Arizona 85215
(480) 807-4010

The undersigned owns approximately 640 acres of real property located in Pinal County, Arizona, which are subject to the Application as hereinafter defined ("Dermer Property"). In connection with the foregoing, the undersigned respectively takes exception to the Application of Arizona Water Company to Extend its Certificate of Convenience and Necessity in Casa Grande, Pinal County, Arizona ("Application") for the following reasons:

1. The undersigned has no record of receiving any notice of the Application;

2. Due to the recent illness and death of Mr. John H. Dermer, spouse of the Gloria B. Dermer and principal of the Dermer Family Trust, the undersigned was not aware of the Application filed with the Arizona Corporation Commission on August 12, 2003, nor was the

undersigned familiar with the ramifications and effect of the Application of the Dermer Property; and

3. The undersigned does not desire that the Dermer Property be subject to the extension of the Arizona Water Company Certificate of Convenience and Necessity as set forth in Arizona Corporation Commission Decision No. 66893.

The undersigned hereby respectfully submits this Exception to the Order and certifies that a copy has been mailed to Arizona Water Company at Post Office Box 29006, Phoenix, Arizona 85038

Sincerely,

Dermer Family Trust,
created July 13, 1976

Timothy L. Dermer, Co-Trustee

Gloria B. Dermer, Co-Trustee

cc: Arizona Corporation Commission (hand delivered – 14)
Marc Spitzer, Chairman (hand delivered – 1)
Mike Gleason, Commissioner (hand delivered – 1)
Steve Olea, Assistant Director (hand delivered – 1)
Arizona Water Company (certified mail – I)

K:\Dad\Correspondence\Letters\acc-except-ltr.wpd

CT-4
Admitted

July 5, 2006

Memo To: Jim Poulos

From: JDW

Subject: Net Sales at Casa Grande

Month	Net Sales
August 2005	59
September 2005	129
October 2005	70
November 2005	35
December 2005	0
January 2006	18
February 2006	5
March 2006	24
April 2006	9
May 2006	10
June 2006	2

Total 2005 – 293
Total 2006 – 68

Total Sold To Date - 361

start - 7/11/05
end - 3/28/06

March 29, 2006

CT-5
Submitted

Ms. Donna Hancock, PE
Vice President, General Manager
B&R Engineering, Inc.
9666 E. Riggs Rd, Ste. 118
Sun Lakes, AZ 85248

Re: Resignation

Dear Donna:

Over the past several months, Ken, Donna and I have engaged in conversations regarding my continued employment at B&R Engineering. At the core of these conversations was the fact that the primary job description I was hired to perform, the management of the consultant team for EJR Ranch, had been put on hold and may in fact never emerge again. Given the reasonable expectations for an employee at my salary, I have struggled to find a place within B&R that fits my skill set. Based on this history, I had offered to resign with the request for a period of time to establish my next professional engagement.

Subsequent to these conversations, B&R made me an offer to resign effective March 28, 2006 with one-month severance pay. I have decided to accept this offer, and thereby tender my resignation effective March 28, 2006. I understand that the severance pay will be available within two weeks of receipt of my resignation letter.

As per our discussions, I look forward to continuing our relationship as CTE, my transportation engineering company. I appreciate Ken and your efforts in attempting to find a place for me within B&R, however all parties are in agreement that the best fit for me is as a consultant assisting you with traffic, transportation and special assignments for your development related needs.

Very Truly Yours,

Clark C. Clatanoff, P.E., PTOE
2450 E. Rocky Slope Dr
Phoenix, AZ 85048
602.321.0509

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CT-6
Admitted

Cornman Tweedy 560, LLC
9532 E. Riggs Road
Sun Lakes, AZ 85248

June 26, 2006

Picacho Water Company
95320 E. Riggs Road
Sun Lakes, AZ 85248

Re: Withdrawal of Request for Service

Dear Sirs:

Cornman Tweedy 560, LLC hereby withdrawals its request for water service to the real property located in the east half and the northwest quarter of section 28, the west half and the northeast quarter of section 27 and the northwest quarter of section 26, all in Township 6 South, Range 7 East, Pinal County, Arizona. We have shifted the strategy for the project from development to investment, and there is no need for water service at this time.

Sincerely,

Cornman Tweedy 560, LLC
a Delaware limited liability company

by Arlington Property Management Company
an Arizona Corporation, its Manager

by _____

its Vice President

PicachoWaterCo.withdrawlofrequestforservice

CT-7
Admitted

ORIGINAL 0000059257

Picacho Water Company
9532 E. Riggs Road
Sun Lakes, AZ 85248

June 26, 2006

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re: Docket No. W-03528A-05-0281, Extension of Water CC&N

Dear Docket Control:

Picacho Water Company hereby withdraws its application in Docket No. W-03528A-05-0281 to extend its water CC&N in Pinal County. There is not presently a need for service in the area.

An original and 13 copies submitted.

Sincerely,

Jim Poulos

Docketcontrol.120

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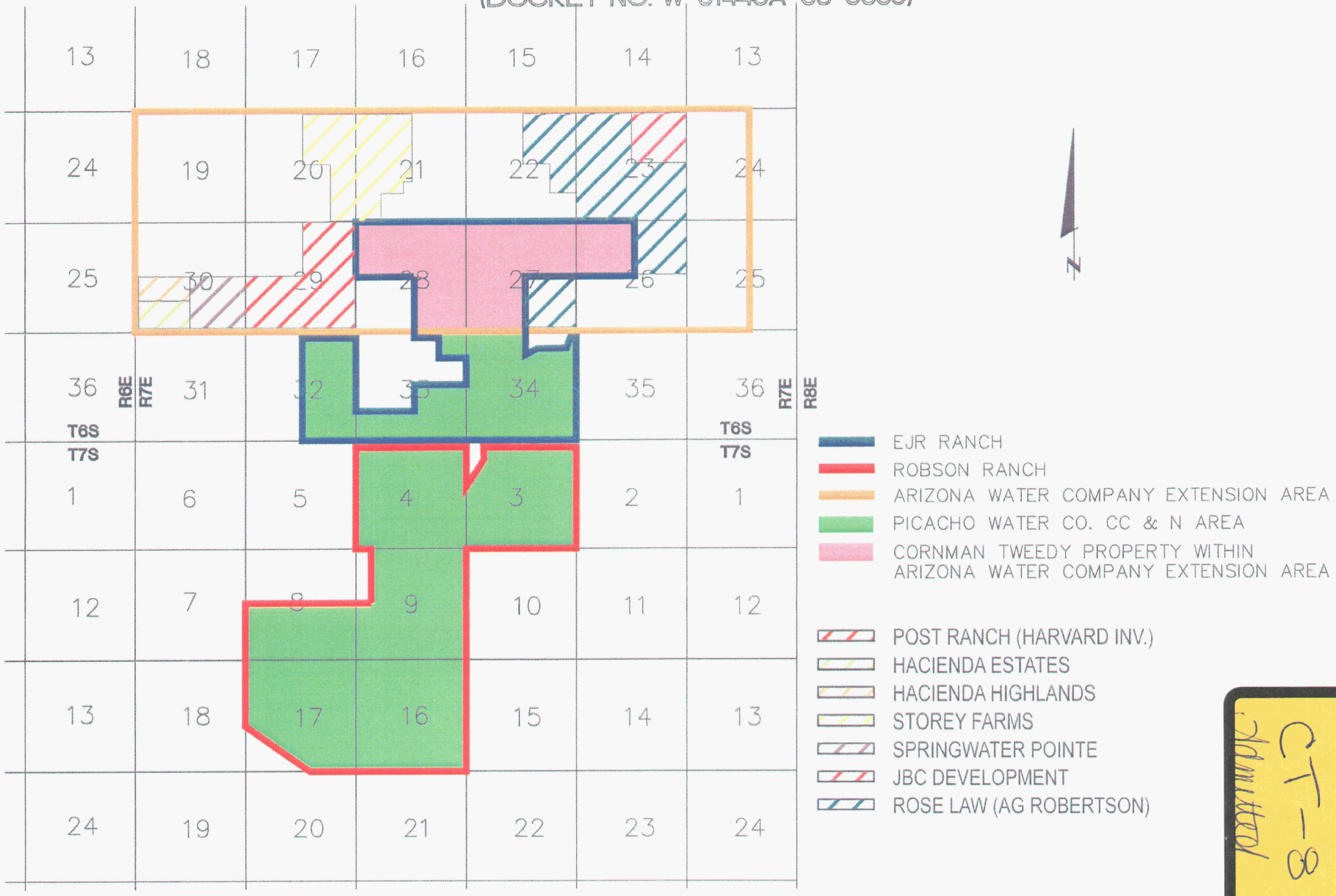
ARIZONA WATER COMPANY CC&N EXTENSION
(DOCKET NO. W-01445A-03-0559)



CT-8
Attached

CT-9
Admitted

BEFORE THE ARIZONA CORPORATION COMMISSION

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2006 JUN 12 P 4:44

AZ CORP COMMISSION
DOCUMENT CONTROL

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE, PINAL COUNTY, ARIZONA	**DOCKET NO. W-01445A-03-0559**

DIRECT TESTIMONY OF JIM POULOS

ON BEHALF OF INTERVENOR

CORNMAN TWEEDY 560, L.L.C.

JUNE 12, 2006

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Jim Poulos. I am Vice President of Cornman Tweedy 560, LLC ("Cornman Tweedy"), the intervenor in this case. I am also an officer of various land acquisition companies, land development companies, construction companies, and public utilities owned or controlled by Edward J. Robson ("Robson"). My business address is 9532 East Riggs Road, Sun Lakes, Arizona 85248.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I have an economics degree with an emphasis in accounting from Claremont McKenna College in Claremont, California. I am a certified public accountant. I have nearly 25 years' business experience, most of which has involved forming, certificating, permitting, constructing, operating and managing water and sewer companies in Arizona. I am the manager of the following public utilities owned or controlled by Robson: Ridgeview Utility Company, SaddleBrooke Utility Company, Picacho Water Company, Picacho Sewer Company, Lago del Oro Water Company, Santa Rosa Water Company, Santa Rosa Utility Company, Mountain Pass Utility Company, Pima Utility Company (water and sewer), and Quail Creek Water Company (collectively, the "Robson Utilities"). I have worked for Robson and his various companies including the Robson Utilities for over 22 years.

Q. PLEASE DESCRIBE ROBSON'S BUSINESS?

A. Robson acquires, develops, and builds homes on real property in Arizona and Texas, and operates various businesses related to the acquisition and development of real property and the construction of homes. In addition, Robson owns or controls water and sewer companies which provide utility service to most of the

master-planned communities developed by Robson, as well as other areas.

Q. PLEASE IDENTIFY ROBSON'S MASTER-PLANNED COMMUNITIES.

A. Since 1972, Robson has developed, or is developing, the following age-restricted master planned communities: Sun Lakes, Sunbird, PebbleCreek, SaddleBrooke, SaddleBrooke Ranch, Quail Creek, Robson Ranch Arizona and Robson Ranch Texas. Cornman Tweedy, a Robson-owned company, owns approximately 2,344 acres in Pinal County which is being held as an investment. This property is referred to in my testimony as EJR Ranch.

Q. PLEASE DESCRIBE CORNMAN TWEEDY'S BUSINESS?

A. Cornman Tweedy was formed for the purpose of assembling by acquisition the real property that comprises EJR Ranch. EJR Ranch is depicted on the cadastral diagram attached to this testimony as Exhibit CT-1.

Q. HOW IS CORNMAN TWEEDY AFFILIATED WITH ROBSON?

A. Cornman Tweedy is one of the entities that is owned or controlled by Robson.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?

A. I am testifying on behalf of Cornman Tweedy.

Q. ARE YOU AUTHORIZED TO TESTIFY ON BEHALF OF CORNMAN TWEEDY?

A. Yes.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE ARIZONA CORPORATION COMMISSION?

A. Yes. I have testified as a witness for the various Robson Utilities in dozens of

proceedings at the Commission, and I have participated in numerous other proceedings at the Commission. My testimony before the Commission is a matter of public record.

Q. HAS CORNMAN TWEEDY BEEN GRANTED INTERVENOR STATUS IN THIS CASE?

A. Yes. On May 19, 2005, Cornman Tweedy filed a request to intervene, and in a Procedural Order dated November 14, 2005, Cornman Tweedy was granted leave to intervene in this proceeding.

Q. HAS CORNMAN TWEEDY'S PARTICIPATION IN THIS CASE BEEN LIMITED IN ANY WAY?

A. Yes. In the Procedural Order dated March 22, 2006, the scope of the hearing in this case was limited to "the circumstances and events that have resulted in Arizona Water not complying with the time periods established in Decision No. 66893." *Procedural Order (Mar. 22, 2006) at p. 6.* The March 22, 2006, Procedural Order further states that "[t]he hearing will not be a reopening of the Decision granting Arizona Water a CC&N and will not address whether a different utility should be providing service to the extension area." *Id.*

Q. IS YOUR TESTIMONY IN THIS CASE LIMITED IN ACCORDANCE WITH THE MARCH 22, 2006 PROCEDURAL ORDER?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?

A. The purpose of my direct testimony is to oppose the request of Arizona Water Company ("AWC") for an extension of the compliance deadlines attached to the

conditional certificate of convenience and necessity ("CC&N") authorized under Arizona Corporation Commission ("Commission") Decision 66893. The extension of the compliance deadlines is not appropriate in light of the changed circumstances that I will describe in my testimony.

Q. WHAT WAS THE PURPOSE OF DECISION 66893?

A. In Decision 66893 issued April 6, 2004, the Commission conditionally approved the extension of AWC's CC&N to include approximately eleven square miles in Township 6 South, Range 7 East, G&SRB&M, in Pinal County, Arizona (the "Conditional Extension Area"). The Conditional Extension Area is depicted on the cadastral diagram attached to this testimony as Exhibit CT-1. In order for the CC&N for the Conditional Extension Area to become permanent, AWC was required to fulfill the following two conditions:

1. AWC shall file a copy of the developer's assured water supply for each respective development within 365 days of Decision 66893; and

2. AWC shall file a main extension agreement associated with the extension area within 365 days of Decision 66893.

If AWC failed to fulfill these two conditions within one year of Decision 66893 (*i.e.*, by April 6, 2005), then Decision 66893 was to be deemed null and void without further order of the Commission.

Q. DID ARIZONA WATER COMPANY FULFILL THE TWO CONDITIONS OF DECISION 66893 WITHIN THE ONE-YEAR DEADLINE?

A. No. AWC failed to fulfill either condition of Decision 66893 within the one-year time period for compliance, and to this day (now more than two years after the date of Decision 66893), has not fulfilled the conditions. Instead, AWC filed a Request

for Additional Time to Comply with Filing Requirement one week prior to the expiration of the deadline for compliance. That request is the subject of this hearing.

Q. DOES CORNMAN TWEEDY OWN PROPERTY WITHIN THE CONDITIONAL EXTENSION AREA?

A. Yes. Cornman Tweedy currently owns approximately 2,344 acres in Pinal County. Of this 2,344 acres, approximately 1,138 acres are located in Sections 26, 27 and 28, Township 6 South, Range 7 East, G&SRB&M, which is within the Conditional Extension Area (the 1,138 acres will be referred to in my testimony as the "Cornman Tweedy Property"). The legal description of the Cornman Tweedy Property is attached to this testimony as Exhibit CT-2. A cadastral diagram depicting the Cornman Tweedy Property is attached to this testimony as Exhibit CT-1. The Cornman Tweedy property is highlighted in pink on Exhibit CT-1.

Q. DECISION 66893 REFERS TO A REQUEST FOR SERVICE FROM CORE GROUP CONSULTANTS, LTD., TO ARIZONA WATER COMPANY FOR WATER SERVICE TO APPROXIMATELY 240 ACRES IDENTIFIED AS FLORENCE COUNTRY ESTATES. WHAT IS THE RELATIONSHIP BETWEEN THIS 240 ACRES AND THE CORNMAN TWEEDY PROPERTY?

A. The 240 acres is included in the Cornman Tweedy Property. Core Group Consultants, Ltd., is an engineering firm which worked for the prior owners of the 240 acres. Cornman Tweedy purchased the 240 acres as part of a 325.26-acre acquisition from Madison Diversified 882 Corp. and HWY 287-Florence Boulevard, Inc., on December 8, 2004.

Q. IS CORNMAN TWEEDY AFFILIATED WITH CORE GROUP

CONSULTANTS, LTD., MADISON DIVERSIFIED 882 CORP., OR HWY 287-FLORENCE BOULEVARD, INC.?

A. No. Cornman Tweedy purchased 325.26 acres from Madison Diversified 882 Corp. and HWY 287-Florence Boulevard, Inc. That is the only link between the entities.

Q. DOES CORE GROUP CONSULTANTS LTD. DO ANY WORK FOR CORNMAN TWEEDY OR ANY ROBSON-AFFILIATED COMPANY?

A. No. I had not heard of Core Group Consultants Ltd. previously.

Q. WHEN DID CORNMAN TWEEDY ACQUIRE THE BALANCE OF THE CORNMAN TWEEDY PROPERTY?

A. Cornman Tweedy purchased 1,854.61 acres from an assignee of the Dermer Family Trust on December 17, 2004. Of the 1,854.61 acres, approximately 649 acres are located within the Conditional Extension Area. In addition, Cornman Tweedy purchased 164.25 acres from HCG Ventures II, LLC, on February 11, 2005, which is located within the Conditional Extension Area. The 649 acres acquired from an assignee of the Dermer Family Trust, plus the 325.26 acres acquired from Madison Diversified 882 Corp. and HWY 287-Florence Boulevard, Inc., plus the 164.25 acres acquired from HCG Ventures II, LLC, comprise the approximately 1,138 acres which is the Cornman Tweedy Property, and which is located within the Conditional Extension Area, as identified on Exhibit CT-1.

Q. DID CORNMAN TWEEDY OWN THE CORNMAN TWEEDY PROPERTY AT THE TIME ARIZONA WATER COMPANY FILED ITS APPLICATION IN DOCKET W-01445A-03-0559?

A. No. AWC filed its application for the extension on August 12, 2003, and Decision

66893 was signed April 6, 2004. Cornman Tweedy acquired the Cornman Tweedy Property in three transactions on December 8, 2004, December 17, 2004, and February 11, 2005. Cornman Tweedy did not participate in this proceeding prior to its filing of a letter with Docket Control dated April 7, 2005. Cornman Tweedy first began negotiations for acquisition of the properties that now comprise the Cornman Tweedy Property in the Spring of 2004, and opened the first escrow on April 4, 2004, which was after the February 17, 2004, hearing in this case.

Q. DOES CORNMAN TWEEDY OWN PROPERTY IN ADDITION TO THE CORNMAN TWEEDY PROPERTY?

A. Yes. Cornman Tweedy owns approximately 1,206 additional acres in Sections 32, 33 and 34, Township 6 South, Range 7 East, G&SRB&M, immediately south of the Cornman Tweedy Property. Thus, Cornman Tweedy owns a total of approximately 2,344 acres which is referred to as EJR Ranch. EJR Ranch is outlined in blue on Exhibit CT-1.

Q. WHAT DOES CORNMAN TWEEDY INTEND TO DO WITH THE CORNMAN TWEEDY PROPERTY?

A. Cornman Tweedy's business plan for the Cornman Tweedy Property has changed 180 degrees since December 2004. Cornman Tweedy bought the Cornman Tweedy Property with the plan of developing the property in a hot real estate market, and Cornman Tweedy started the process of entitling the Cornman Tweedy Property. However, Cornman Tweedy did not anticipate the tremendous appreciation in the value of the Cornman Tweedy Property which occurred after the property was acquired. Because of the unexpected, tremendous appreciation in the value of the Cornman Tweedy Property, the tax implications associated with developing and selling the property dictated a change in the business plan from developing the property to holding the property as an investment. As a result,

Cornman Tweedy ceased further development activities, but allowed pending entitlement activities to continue. There are significant tax benefits to Robson in holding the Cornman Tweedy Property as a long-term investment in order to obtain capital gains treatment on Cornman Tweedy's income taxes. In addition, with home sales slowing, Robson decided to focus on Robson Ranch immediately to the south, which opened for sales in September 2005. Robson currently has approximately 24,000 lots which are being readied for sale, so the Cornman Tweedy Property is not needed for inventory. Due to these circumstances, there are no plans to develop the Cornman Tweedy Property in the near term. The Cornman Tweedy Property has been shelved.

Q. **DOES CORNMAN TWEEDY'S DECISION TO HOLD THE CORNMAN TWEEDY PROPERTY INSTEAD OF DEVELOPING THE PROPERTY CONSTITUTE A MATERIAL CHANGE IN CIRCUMSTANCES THAT AFFECTS THE COMMISSION'S DECISION TO APPROVE OR DENY ARIZONA WATER COMPANY'S REQUESTED EXTENSION OF THE COMPLIANCE DEADLINES UNDER DECISION 66893?**

A. Yes. The Cornman Tweedy Property will not be developed in the near term. Although Core Group Consultants submitted a request for service to AWC for 240 acres (on behalf of the prior owner of the 240 acres), there has never been a request for service on the remaining 898 acres of the Cornman Tweedy Property. In fact, the Dermer Family Trust docketed a letter dated April 21, 2004, stating that the due to the illness and death of Mr. John Dermer, a principal of the Dermer Family Trust, the Dermer Family Trust was not aware of AWC's application, did not receive notice of the application, and did not want the Dermer Family Trust's 649 acres included in the Conditional Extension Area. A copy of the April 21, 2004, Dermer Family Trust letter is attached to this testimony as Exhibit CT-3. In addition, as stated above, Cornman Tweedy has since acquired the 240 acres which

were the subject of Core Group Consultant's request for service, and for the reasons I gave above, Cornman Tweedy does not need or request water service to the property.

Moreover, because development of the Cornman Tweedy Property stopped, there are no efforts underway to obtain a certificate of assured water supply for the property or to prepare subdivision plans for the property, which includes engineering a final plat, preparing paving and grading plans, and engineering the water and sewer utility infrastructure plans for the property (collectively, the "Subdivision Plans"). The Cornman Tweedy Property is being held as an investment with no plans for development at this time. Thus, it is premature for the Cornman Tweedy Property to be included in the CC&N of any utility provider.

Q. HAS CORNMAN TWEEDY OR ANY ENTITY RETAINED BY CORNMAN TWEEDY STARTED WORKING ON ENGINEERING PLANS FOR THE WATER INFRASTRUCTURE THAT WILL SERVE THE CORNMAN TWEEDY PROPERTY?

A. No. Cornman Tweedy is holding the Cornman Tweedy Property as an investment, and has no plans to develop the property at this time. Neither Cornman Tweedy nor any entity retained by Cornman Tweedy is working on engineering design plans for the utility infrastructure. I would also note that without Subdivision Plans, which I have described above, it is impossible to engineer the utility infrastructure to serve the Cornman Tweedy Property. Cornman Tweedy is not preparing Subdivision Plans for the sale of lots on the Cornman Tweedy Property.

Q. CORE GROUP CONSULTANTS PREPARED ENGINEERING PLANS FOR WATER INFRASTRUCTURE TO SERVE FLORENCE COUNTRY ESTATES, WHICH COMPRISED 240 ACRES OF THE CORNMAN TWEEDY PROPERTY. WILL CORNMAN TWEEDY USE THE

ENGINEERING PLANS PREPARED BY CORE GROUP CONSULTANTS?

A. No. Cornman Tweedy is holding the Cornman Tweedy Property as an investment. The ultimate developer of the Cornman Tweedy Property—whoever that may be—may or may not use the engineering plans prepared by Core Group Consultants, depending upon how the 240 acres is subdivided at the time of development. If Robson develops the Cornman Tweedy Property, it is highly unlikely that the Core Group Consultants plans would ever be used, because the 240 acres identified by Core Group Consultants as Florence Country Estates is a one-acre lot product and Robson has not previously developed a one-acre lot product, and because Robson prepares its own engineering plans for its developments.

Q. HAS THE ARIZONA DEPARTMENT OF WATER RESOURCES ISSUED A CERTIFICATE OR CERTIFICATES OF ASSURED WATER SUPPLY FOR ANY PART OF THE CORNMAN TWEEDY PROPERTY?

A. No. Cornman Tweedy is holding the Cornman Tweedy Property as an investment. There are no efforts ongoing to develop the Cornman Tweedy Property, which means that Cornman Tweedy has not applied for a certificate of assured water supply for the property.

Q. HAS CORNMAN TWEEDY OR ANY OTHER ENTITY FILED AN APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY FOR ANY PART OF THE CORNMAN TWEEDY PROPERTY?

A. No. In order to carry out the capital gains tax strategy which I discussed above, Cornman Tweedy is not proceeding with new entitlements because it is an investor with regard to the Cornman Tweedy Property and not a developer. Further, there are unresolved development issues with the Cornman Tweedy Property that prevent the completion of a land plan for purposes of a certificate of assured water

supply. Resolving these development issues would indicate that Cornman Tweedy is a developer and not an investor, which would contradict the change to the investment strategy.

Q. HAS CORNMAN TWEEDY OR ANY AFFILIATED ENTITY APPLIED TO THE ARIZONA DEPARTMENT OF WATER RESOURCES FOR AN ANALYSIS OF ASSURED WATER SUPPLY FOR THE CORNMAN TWEEDY PROPERTY?

A. Yes. As part of the process of entitling EJR Ranch and Robson Ranch, Cornman Tweedy, Sun Lakes-Casa Grande Development, LLC, and several non-affiliated entities made application to the Arizona Department of Water Resources for an Analysis of Assured Water Supply. The analysis performed for Cornman Tweedy, Sun Lakes-Casa Grande Development, LLC and the several non-affiliated entities was conducted for property not only within the Conditional Extension Area but for property outside the Conditional Extension Area, as well as property outside EJR Ranch. An analysis of assured water supply secures the water for the property until it can be developed, which preserves the value of the real property investment. The application process for obtaining a certificate of assured water supply is a different process than the process of receiving an analysis of assured water supply. Neither Cornman Tweedy nor any Robson-affiliated entity within the Conditional Extension Area have commenced the process of obtaining a certificate of assured water supply for the Cornman Tweedy Property.

Q. HAS CORNMAN TWEEDY REQUESTED THAT ARIZONA WATER COMPANY ENTER INTO A LINE EXTENSION AGREEMENT FOR THE CORNMAN TWEEDY PROPERTY?

A. No. As investors holding the Cornman Tweedy Property, Cornman Tweedy has no Subdivision Plans for the property which is prerequisite to a determination of pipe

sizes, locations and costs, which are essential elements of a line extension agreement as required in Arizona Administrative Code R14-2-406. It is premature—and in fact, not possible—to enter into a line extension agreement with any utility provider at this time.

Q. SINCE CORNMAN TWEEDY ACQUIRED THE CORNMAN TWEEDY PROPERTY IN DECEMBER 2004 AND FEBRUARY 2005, HAS ARIZONA WATER COMPANY CONTACTED CORNMAN TWEEDY REGARDING (1) THE EXECUTION OF A LINE EXTENSION AGREEMENT OR (2) THE STATUS OF A CERTIFICATE OF ASSURED WATER SUPPLY FOR THE CORNMAN TWEEDY PROPERTY?

A. From the date that Cornman Tweedy acquired the Cornman Tweedy Property through March 30, 2005, the date that AWC requested an extension to comply with the conditions of Decision 66893, AWC did not contact Cornman Tweedy in any way about the development of the Cornman Tweedy Property, including negotiating main extension agreements and obtaining an assured water supply. It was not until Cornman Tweedy challenged the validity of AWC's CC&N to serve the Conditional Extension Area that AWC initiated any sort of correspondence with Cornman Tweedy. Even still, AWC contacted Cornman Tweedy for the first time about entering into a main extension agreement on June 7, 2006, and only then as a result of a response by Cornman Tweedy to an AWC data request.

Q. DID ANYONE REPRESENTING ARIZONA WATER COMPANY EVER ASK ANY PERSON REPRESENTING CORNMAN TWEEDY WHETHER DEVELOPMENT OF THE CORNMAN TWEEDY PROPERTY WOULD BE DELAYED?

A. No.

Q. DID ANYONE REPRESENTING CORNMAN TWEEDY OR ROBSON COMMUNITIES EVER TELL ANY PERSON REPRESENTING ARIZONA WATER COMPANY THAT DEVELOPMENT OF THE CORNMAN TWEEDY PROPERTY WOULD BE DELAYED?

A. No.

Q. DID ANYONE REPRESENTING CORNMAN TWEEDY EVER ASK ANY PERSON REPRESENTING ARIZONA WATER COMPANY TO REQUEST AN EXTENSION OF THE DEADLINES CONTAINED IN DECISION 66893?

A. No.

Q. HAS CORNMAN TWEEDY REQUESTED WATER SERVICE FROM ANY PROVIDER OTHER THAN ARIZONA WATER COMPANY FOR THE CORNMAN TWEEDY PROPERTY?

A. Yes. Previously, Cornman Tweedy requested water service from Picacho Water Company in a letter dated April 7, 2005. Picacho Water Company has a CC&N to serve the land immediately south of the Conditional Extension Area. The Picacho Water Company CC&N is highlighted in green on Exhibit CT-1. However, as I have already testified, Cornman Tweedy changed its business plan from developing the Cornman Tweedy Property to holding the property as an investment. Cornman Tweedy has no plans to develop the Cornman Tweedy Property.

Q. WHAT IS CORNMAN TWEEDY ASKING THE COMMISSION TO DO IN THIS PROCEEDING?

A. Cornman Tweedy requests that the Commission deny AWC's requested extension

of the deadlines for compliance with Decision 66893 for any property where there is (i) no certificate of assured supply, (ii) no executed main extension agreement, and (iii) no request for service. Specifically, Cornman Tweedy requests that the Commission exclude the Cornman Tweedy Property from AWC's CC&N for the reasons that are stated in my testimony. The legal description for the Cornman Tweedy Property is attached as Exhibit CT-2 to my testimony, and a cadastral map depicting the Cornman Tweedy Property is attached as Exhibit CT-1.

Q. BY DENYING ARIZONA WATER COMPANY'S REQUESTED EXTENSION OF THE DEADLINES FOR COMPLIANCE WITH DECISION 66893, THE EFFECT WILL BE THAT ARIZONA WATER COMPANY'S CC&N COVERING THE CORNMAN TWEEDY PROPERTY BE NULL AND VOID. IS THIS A CONCERN FOR CORNMAN TWEEDY?

A. No. Development of the Cornman Tweedy Property has been shelved. It is premature to consider line extension agreements and certificates of assured water supply until such time as the Cornman Tweedy Property is no longer held as an investment, and I do not know when that may be. Since there is no need for water service on the Cornman Tweedy Property, the nullification of AWC's CC&N for the Cornman Tweedy Property will not negatively impact the property.

Q. HAS CORNMAN TWEEDY ATTEMPTED TO ACHIEVE A SETTLEMENT OF THIS CASE WITH AWC?

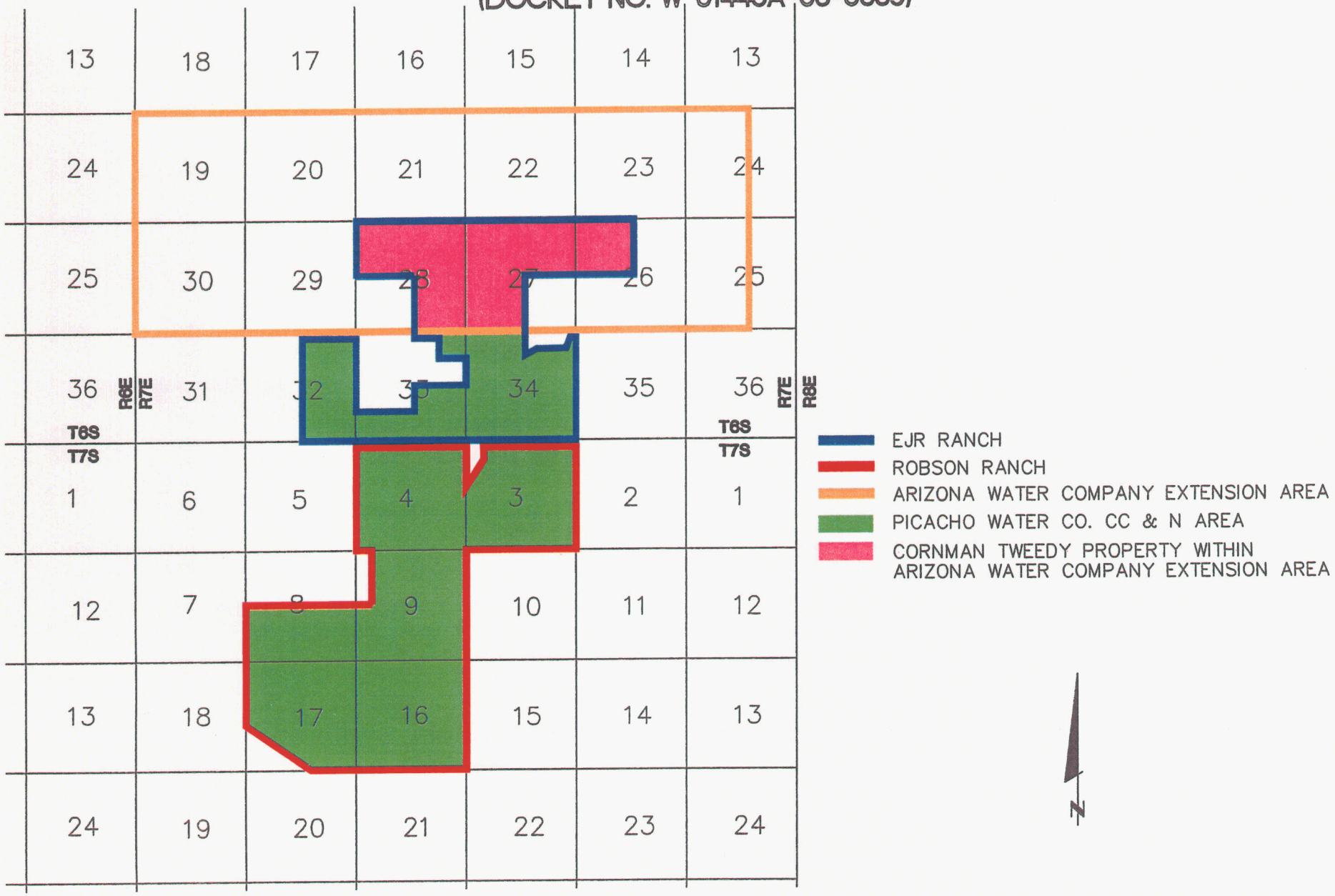
A. Yes. Cornman Tweedy attempted to achieve a settlement with AWC, but AWC has not been willing to engage in meaningful settlement discussions.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, thank you.

CT-1

ARIZONA WATER COMPANY CC&N EXTENSION
(DOCKET NO. W-01445A-03-0559)



CT-2

Legal Description

April 11,2005

Parcels of land located in Sections 26, 27 and 28, Township 6 South, Range 7 East, Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

PARCEL 1
Beginning at the North Quarter Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'14"E, a distance of 2,655.73 feet to the Northwest Corner of said Section 26;

THENCE along the North line of said Section 26, N89°50'59"E, a distance of 2,655.02 feet to the North Quarter Corner of said Section 26;

THENCE along the North-South Midsection Line of said Section 26, S00°17'26"W, a distance of 2,675.42 feet to the center of said Section 26;

THENCE along the East-West Midsection Line of said Section 26, N89°57'54"W, a distance of 2,654.88 feet to the West Quarter Corner of said Section 26;

THENCE along the East-West Midsection Line of said Section 27, S89°52'13"W, a distance of 2,657.09 feet to the Center of said Section 27;

THENCE along the North-South Midsection Line of said Section 27, N00°19'09"E, a distance of 2,661.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 14,168,342 square feet or 325.26 acres, more or less.

PARCEL 2
Beginning at the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection Line, N00°34'17"E, a distance of 2680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°4 '26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

Legal Description

April 11,2005

THENCE along the north line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the south line of the southwest quarter of said Section 27, S89°59'00"W, a distance of 2,658.47 feet to the southwest corner of said Section 27;

THENCE along the south line of the southeast quarter of said Section 28, S89°38'30"W, a distance of 2,666.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 28,28 1,191 square feet or 649.25 acres, more or less.

PARCEL 3
Beginning at the Center of said Section 28;

THENCE along the south line of the northwest quarter of said Section 28, S89°47'30"W, a distance of 2,665.39 feet to the west quarter corner of said Section;

THENCE along the west line of the northwest quarter of said Section, N00°55'27"E, a distance of 2,705.65 feet to the northwest corner of said Section;

THENCE along the north line of the northwest quarter of said Section, S89°40'08"E, a distance of 2,648.50 feet to the north quarter corner of said Section;

THENCE along the east line of the northwest quarter of said Section 28, S00°34'17"W, a distance of 2,680.43 feet to the POINT OF BEGINNING.

The above-described parcel contains 7,154,629 square feet or 164.25 acres, more or less.

The aggregate area of the above described three parcels is 49,604,162 square feet or 1,138.76 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed 4-12-05
ARIZONA, U.S.A.

Description No. 499

CT-3

ORIGINAL

RECEIVED

2004 APR 22 A 10: 38

AZ CORP COMMISSION
DOCUMENT CONTROL

April 21, 2004

Arizona Corporation Commission
DOCKETED

APR 22 2004

DOCKETED BY

Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, Arizona 85007

RE: **EXCEPTION TO THE ORDER in the Application of Arizona Water Company to Extend its Certificate of Convenience and Necessity in Casa Grande, Pinal County, Arizona**

DOCKET No. W-01445A-03-0559

Dear Sir or Madam:

The name, address and telephone number of the undersigned are as follows:

Dermer Family Trust
c/o Timothy L. Dermer
6446-75 East Trailridge Circle
Mesa, Arizona 85215
(480) 807-4010

The undersigned owns approximately 640 acres of real property located in Pinal County, Arizona, which are subject to the Application as hereinafter defined ("Dermer Property"). In connection with the foregoing, the undersigned respectively takes exception to the Application of Arizona Water Company to Extend its Certificate of Convenience and Necessity in Casa Grande, Pinal County, Arizona ("Application") for the following reasons:

1. The undersigned has no record of receiving any notice of the Application;

2. Due to the recent illness and death of Mr. John H. Dermer, spouse of the Gloria B. Dermer and principal of the Dermer Family Trust, the undersigned was not aware of the Application filed with the Arizona Corporation Commission on August 12, 2003, nor was the

undersigned familiar with the ramifications and effect of the Application of the Dermer Property; and

3. The undersigned does not desire that the Dermer Property be subject to the extension of the Arizona Water Company Certificate of Convenience and Necessity as set forth in Arizona Corporation Commission Decision No. 66893.

The undersigned hereby respectfully submits this Exception to the Order and certifies that a copy has been mailed to Arizona Water Company at Post Office Box 29006, Phoenix, Arizona 85038

Sincerely,

Dermer Family Trust,
created July 13, 1976

Timothy L. Dermer, Co-Trustee

Gloria B. Dermer, Co-Trustee

cc: Arizona Corporation Commission (hand delivered – 14)
Marc Spitzer, Chairman (hand delivered – 1)
Mike Gleason, Commissioner (hand delivered – 1)
Steve Olea, Assistant Director (hand delivered – 1)
Arizona Water Company (certified mail – I)

K:\Dad\Correspondence\Letters\acc-except-ltr.wpd

CT-10
Admitted

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE, PINAL COUNTY, ARIZONA	**DOCKET NO. W-01445A-03-0559**

REBUTTAL TESTIMONY OF JIM POULOS

ON BEHALF OF INTERVENOR

CORNMAN TWEEDY 560, L.L.C.

JULY 6, 2006

Q. **PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

A. My name is Jim Poulos. I am Vice President of Cornman Tweedy 560, LLC ("Cornman Tweedy"), the intervenor in this case. I am also an officer of various land acquisition companies, land development companies, construction companies, and public utilities owned or controlled by Edward J. Robson (collectively, "Robson"). My business address is 9532 East Riggs Road, Sun Lakes, Arizona 85248.

Q. **HAVE YOU PREVIOUSLY PROVIDED PRE-FILED DIRECT TESTIMONY IN THIS DOCKET?**

A. Yes. I submitted pre-filed direct testimony on June 12, 2006. I incorporate in this rebuttal testimony my pre-filed direct testimony as though fully set forth herein.

Q. **WHAT ARE THE PURPOSES OF YOUR REBUTTAL TESTIMONY?**

A. First, I would like to further explain Robson's long-standing business model of developing and constructing amentized, age-restricted master planned communities, and how EJR Ranch, of which the Cornman Tweedy Property is a part (as defined later in my testimony), is a departure from that business model. Second, I would like to address certain issues raised by the pre-filed direct testimony of Arizona Water Company ("AWC") witnesses William M. Garfield and Michael J. Whitehead.

Q. **I WOULD LIKE TO BEGIN BY ASKING YOU TO DEFINE CERTAIN TERMS THAT YOU WILL USE IN YOUR REBUTTAL TESTIMONY. WHAT IS THE FLORENCE COUNTRY ESTATES PROPERTY?**

A. The "Florence Country Estates Property" refers to 240 acres that was purchased by Cornman Tweedy on December 8, 2004, as part of a 325.26-acre acquisition from HWY 287-Florence Boulevard, Inc., and Madison Diversified 882 Corp. The Florence Country Estates Property is located within the area that was conditionally certificated to AWC pursuant to Decision 66893 (hereinafter, the "Conditional

Extension Area").

Q. DOES CORNMAN TWEEDY OWN OTHER PROPERTY THAT IS INCLUDED WITHIN THE CONDITIONAL EXTENSION AREA?

A. Yes. Cornman Tweedy purchased 1,854.61 acres from an assignee of the Dermer Family Trust on December 17, 2004. Of that 1,854.61 acres, approximately 649 acres are located within the Conditional Extension Area. In addition, Cornman Tweedy purchased 164.25 acres from HCG Ventures II, LLC, on February 11, 2005, which is located within the Conditional Extension Area. The 649 acres acquired from an assignee of the Dermer Family Trust, plus the 325.26 acres acquired from HWY 287-Florence Boulevard, Inc., and Madison Diversified 882 Corp., plus the 164.25 acres acquired from HCG Ventures II, LLC, comprise the approximately 1,138 acres which is referred to herein as the "Cornman Tweedy Property," which is located within the Conditional Extension Area, as identified on Exhibit CT-1 of my direct testimony. The Cornman Tweedy Property comprises the northern part of a larger parcel of property owned by Cornman Tweedy known as "EJR Ranch." EJR Ranch is depicted on the map that is attached as Exhibit CT-1 of my direct testimony.

Q. PLEASE DESCRIBE ROBSON'S BUSINESS PLAN?

A. Since 1972, Robson has planned, developed and constructed only age-restricted master planned communities with a complete amenity package designed for retirees including golf, arts and crafts, clubhouses, and fitness centers that promote an active adult lifestyle. To date, Robson has sold more than 22,000 homes in these communities. Robson's success and indeed, its very identity, have been tied entirely to this type of active adult development.

Q. HOW DID ROBSON'S BUSINESS MODEL GET STARTED?

A. It started with the creation of a development know as Sun Lakes, the hallmark Robson community. Sun Lakes, which was recently built-out at over 10,000 homes, became the cornerstone of the Robson business model. Today, Robson is

recognized as a premier builder of adult retirement communities.

Q. **WHAT IS ROBSON RANCH?**

A. Robson Ranch is a new amentized, age-restricted master planned community located south of (and contiguous to) the southern boundary of EJR Ranch. Robson Ranch will contain approximately 10,000 homes at full build-out, which will be constructed over the next 20 to 30 years.

Q. **HOW DOES ROBSON RANCH FIT INTO THE ROBSON BUSINESS MODEL?**

A. Robson Ranch opened in 2005, and the project is very strategic to the Robson business plan because it is the successor community to Sun Lakes. It was very important that Robson Ranch open in 2005 because Sun Lakes was built-out in 2005.

Q. **HOW DOES EJR RANCH FIT INTO THE ROBSON BUSINESS MODEL?**

A. EJR Ranch is a complete departure from the Robson business model because it is planned as a conventional (*i.e.*, not age restricted) community including grade schools and parks. Although Robson was already developing Robson Ranch, a unique opportunity presented itself to acquire the adjoining EJR Ranch property in 2004-2005 on very favorable terms. Because of the proximity of Robson Ranch, the decision was made to develop EJR Ranch as a conventional community so as not to compete with Robson Ranch and over-saturate the retirement community market in that area. Unlike Robson Ranch, EJR Ranch is neither an integral part nor a strategic part of the Robson business plan.

Q. **WHAT IS THE STATUS OF EJR RANCH?**

A. Upon acquisition of the EJR Ranch property, various activities were initiated to entitle and develop the property in a hot real estate market. However, the value of the EJR Ranch property increased more than ten-fold during 2005. As a result of this unexpected and tremendous run-up in value, the tax strategy for the property took clear priority over any plans to develop the property. Between December

2005 and the end of first quarter 2006, the strategy shifted from development of EJR Ranch to shutting the project down. In addition to the tax consideration, the other factors that led to this decision included: (1) the real estate market slowed significantly from December 2005 through March 2006; (2) Cornman Tweedy does not have a significant investment in the EJR Ranch property, and therefore, can afford to carry the property indefinitely; (3) Cornman Tweedy would have to make a significant investment to open EJR Ranch (in a declining real estate market), and is unwilling to commit the financial resources at this time; and (4) EJR Ranch is not integral to the Robson business plan. All entitlement and development activities ceased at the end of the first quarter 2006, except for certain limited activities that could reasonably be completed by the end of 2006. However, at the end of 2006, all entitlement and development activities at EJR Ranch will have ceased, and the lights will be turned out.

Q. **WHAT IS THE TAX STRATEGY FOR EJR RANCH?**

A. Cornman Tweedy's strategy is to position EJR Ranch so that it qualifies for capital gains treatment, which will result in significant tax savings. Because development and entitlement activities had commenced on EJR Ranch, Cornman Tweedy's tax advisors recommended that those activities be terminated as soon as possible in 2006, and that EJR Ranch be held without any activity for at least five years in order to lock in capital gains treatment. Cornman Tweedy is following the advice of its tax advisors, and EJR Ranch has been placed in the ice box.

Q. **YOU STATED THAT ANOTHER FACTOR THAT LED TO THE DECISION TO SHUT DOWN DEVELOPMENT OF EJR RANCH WAS THE SLOWING REAL ESTATE MARKET. DO YOU HAVE EVIDENCE OF A SLOWING REAL ESTATE MARKET?**

A. Absolutely. As a developer, Cornman Tweedy follows the real estate market very closely, and is generally aware of the slowing real estate market in Arizona as evidenced by the spate of recent newspaper articles on the subject. To illustrate the

point, Robson sold 293 homes at Robson Ranch in the first four months of the project from August though November, 2005. By comparison, Robson sold only 47 homes in the next four months from December 2005 through March 2006, which highlighted the slowing real estate market. *See* Exhibit CT-4, *Net Sales at Casa Grande.* Moreover, sales at Robson Ranch have totaled only 21 homes in the three months of April, May and June 2006, which further validates the decision to shut down development of EJR Ranch.

Q. YOU STATED THAT CORNMAN TWEEDY HAS SHUT DOWN THE EJR RANCH DEVELOPMENT. SPECIFICALLY, WHAT STEPS HAVE YOU TAKEN TO "SHUT DOWN" THE DEVELOPMENT?

A. First, the project engineer, Clark Clatanoff, who was hired specifically to manage the engineering consultant team that was working on EJR Ranch, was asked to resign in March 2006, concurrent with the shut down of the project. A copy of Mr. Clatanoff's letter of resignation is attached as Exhibit CT-5. In addition, we evaluated all work-in-progress associated with entitlements and other development activities at EJR Ranch to determine which ones would be completed and which ones would not.

Q. WHAT FACTORS DID YOU CONSIDER IN MAKING THE DECISION TO CONTINUE OR DISCONTINUE A PARTICULAR ENTITLEMENT OR DEVELOPMENT ACTIVITY?

A. By far the most important consideration was whether the activity could be completed during 2006 so as not to jeopardize the tax strategy of achieving capital gains treatment for the investment in the EJR Ranch Property. Other factors considered included (1) the size of the investment which had already been made in the particular entitlement or development activity; (2) the amount of additional money needed to complete the entitlement or development activity; and (3) the usefulness of the entitlement or development activity after the five-year holding period.

Q. **HAVE YOU REVIEWED THE DIRECT TESTIMONY OF WILLIAM M. GARFIELD AND ACCOMPANYING EXHIBITS FILED IN THIS DOCKET?**

A. Yes. There are certain misstatements and errors in Mr. Garfield's testimony that I would like to address.

Q. **AT PAGES 10-11 OF HIS DIRECT TESTIMONY, MR. GARFIELD SUPPOSES THAT CORNMAN TWEEDY "SECRETLY" REQUIRED THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO WITHDRAW THEIR APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY ("AWS") FOR THE PROPERTY IN ORDER TO SET UP AN ARGUMENT THAT AWC DID NOT COMPLY WITH THE CONDITIONS OF DECISION NO. 66893. IS THIS TRUE?**

A. No, it is ridiculous. At the time Cornman Tweedy acquired the Florence Country Estates Property from HWY 287-Florence Boulevard, Inc., and Madison Diversified 882, Corp., in late 2004, Cornman Tweedy was unaware that an application for a certificate of AWS had been filed by the sellers. Certainly, neither Cornman Tweedy nor any person or entity affiliated with Cornman Tweedy required or even suggested that the application be withdrawn as a condition of purchasing the Florence Country Estates Property. In fact, the first time that Cornman Tweedy was aware that an application for a certificate of AWS had been filed and then withdrawn by the sellers of the Florence Country Estates Property was when I read the direct testimony of Mr. Garfield.

Q. **DID CORNMAN TWEEDY, OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY, ASK THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO SEND THE E-MAIL DATED OCTOBER 7, 2004, FROM BRIAN CARPENTER TO JENI MARTIN WHICH IS ATTACHED AS EXHIBIT WMG-10 TO MR. GARFIELD'S DIRECT TESTIMONY?**

A. No. In fact the first time I ever saw the e-mail, or knew of its contents, was when it was filed as an exhibit to Mr. Garfield's direct testimony.

Q. AT PAGE 10, LINES 1-6, MR. GARFIELD STATES THAT THE PREVIOUS OWNER OF THE FLORENCE COUNTRY ESTATES PROPERTY WITHDREW ITS APPLICATION FOR A CERTIFICATE OF AWS "ASKING ADWR TO REVOKE ITS APPLICATION AND CLOSE ITS CAWS APPLICATION FILE, CITING THE FACT THAT ROBSON COMMUNITIES WAS BUYING THE DEVELOPMENT AND INTENDED THAT IT, NOT AWC (THE HOLDER OF THE CCN), WAS GOING TO PROVIDE WATER SERVICE THROUGH ONE OF ITS UTILITY AFFILIATES TO THE DEVELOPMENT." IS THIS WHAT THE E-MAIL SAYS?

A. No. The e-mail states only that "Robson will include this land in their maser plan and make their own arrangements for water supply." Nowhere does the e-mail state that Robson would provide water service through one of its utility affiliates as Mr. Garfield states.

Q. WHAT DID THE AUTHOR INTEND BY THE E-MAIL?

A. I don't know. Cornman Tweedy was not the author of the e-mail, and I never saw the e-mail until I read Mr. Garfield's testimony.

Q. DID CORNMAN TWEEDY, OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY, ASK THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO SEND THE LETTER DATED OCTOBER 20, 2004, FROM CORMAC NOLAN TO NORMA COUPAUD WHICH IS ATTACHED AS EXHIBIT WMG-11 TO MR. GARFIELD'S' DIRECT TESTIMONY?

A. No. I have never seen the letter, and was previously unaware of its existence and contents until it was filed as an exhibit to Mr. Garfield's direct testimony. Moreover, I never knew that the sellers had filed an application for a Certificate of

AWS for the Florence Country Estates Property until I read Mr. Garfield's Direct Testimony.

Q. **DID CORNMAN TWEEDY, OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY, ASK THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO SEND THE LETTER DATED OCTOBER 29, 2004, FROM CORMAC NOLAN TO NORMA COUPAUD WHICH IS ATTACHED AS EXHIBIT WMG-12 TO MR. GARFIELD'S' DIRECT TESTIMONY?**

A. No. I have never seen the letter, and was previously unaware of its existence and contents until it was filed as an exhibit to Mr. Garfield's direct testimony. Moreover, to reiterate what I have stated above, I never knew that the sellers had filed an application for a certificate of AWS for the Florence Country Estates Property until I read Mr. Garfield's Direct Testimony.

Q. **DID ANY PERSON AFFILIATED WITH HWY 287-FLORENCE BOULEVARD, INC., OR MADISON DIVERSIFIED 882 CORP. CONSULT WITH CORNMAN TWEEDY OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY BEFORE SUBMITTING THE APPLICATION FOR A CERTIFICATE OF AWS FOR THE FLORENCE COUNTRY ESTATES PROPERTY?**

A. No. Cornman Tweedy had no prior knowledge that the sellers of the Florence Country Estates Property were filing an application for a certificate of AWS for the Florence Country Estates Property. Cornman Tweedy first became aware of the application when it was discussed in Mr. Garfield's direct testimony.

Q. **DID ANY PERSON AFFILIATED WITH HWY 287-FLORENCE BOULEVARD, INC., OR MADISON DIVERSIFIED 882 CORP. CONSULT WITH CORNMAN TWEEDY OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY BEFORE SUBMITTING THE OCTOBER 29, 2004, LETTER TO THE ARIZONA DEPARTMENT OF**

1 **WATER RESOURCES WITHDRAWING THE APPLICATION?**

2 A. No. Cornman Tweedy had no prior knowledge that the sellers of the Florence
3 Country Estates Property were going to withdraw their application for a certificate
4 of AWS. Again, as I stated above, Cornman Tweedy first became aware of the
5 application when it was discussed in Mr. Garfield's direct testimony.

6 **Q. WAS THE WITHDRAWAL OF THE APPLICATION FOR A**
7 **CERTIFICATE OF AWS FOR THE FLORENCE COUNTRY ESTATES**
8 **PROPERTY A CONDITION OF THE SALE TO CORNMAN TWEEDY?**

9 A. No. Cornman Tweedy had no knowledge of the application until it was discussed
10 in Mr. Garfield's Direct Testimony.

11 **Q. WERE THERE ANY "SECRET DEALS' BETWEEN CORNMAN TWEEDY**
12 **AND THE SELLERS OF THE FLORENCE COUNTRY ESTATES**
13 **PROPERTY REGARDING THE WITHDRAWAL OF THE APPLICATION**
14 **FOR A CERTIFICATE OF AWS OR TO OTHERWISE THWART AWC'S**
15 **EFFORTS TO SATISFY THE CONDITIONS SET FORTH IN DECISION**
16 **66893?**

17 A. Absolutely not. I don't know where Mr. Garfield got his information.

18 **Q. HAD CORNMAN TWEEDY BEEN AWARE OF THE APPLICATION FOR**
19 **A CERTIFICATE OF AWS FOR FLORENCE COUNTY ESTATES,**
20 **WOULD CORNMAN TWEEDY HAVE COMPLETED THE**
21 **APPLICATION PROCESS BASED ON THE PLAT CALLING FOR ONE-**
22 **ACRE LOTS FOR THE FLORENCE COUNTRY ESTATES PROPERTY?**

23 A. No. The plan for EJR Ranch is a high density (*i.e.*, 3 plus lots per acre) affordable
24 housing, and the one-acre home sites of the Florence Country Estates development
25 plan do not fit that profile.

26 **Q. MR. GARFIELD STATES ON PAGE 10, LINES 8-12 OF HIS DIRECT**
27 **TESTIMONY THAT ROBSON COMMUNITIES, UNDER ITS**
28 **DEVELOPMENT CALLED EJR RANCH, FILED ITS OWN AWS**

APPLICATION ON OCTOBER 18, 2004, WHICH INCLUDED THE FLORENCE COUNTRY ESTATES PROPERTY. IS MR. GARFIELD'S STATEMENT ACCURATE?

A. It is misleading, and needs clarification. Immediately preceding this portion of his testimony, Mr. Garfield discusses the application for a certificate of AWS filed by the sellers of the Florence Country Estates Property. By stating that EJR Ranch "filed its own assured water supply application on October 18, 2004," it sounds like EJR Ranch filed an application for a certificate of assured water supply. This is not true. EJR Ranch filed an application for an Analysis of AWS, not an application for a Certificate of AWS.

Q. WHAT IS AN ANALYSIS OF AWS?

A. According to Arizona Department of Water Resources' website, an analysis of AWS can be obtained prior to the "certificate" application for the purposes of pre-reviewing a master planned area that is not yet platted. An analysis of AWS is intended for unplatted subdivisions only. If the analysis of AWS is granted, it can be cited in the application for a certificate of AWS if the conditions underlying the analysis remain the same. In this manner, the process for obtaining a certificate of AWS can be expedited. Groundwater shown to be physically available as part of an analysis of AWS is considered by the Arizona Department of Water Resources when making other AWS determinations for 10 years following the application date. Thus, once an analysis of AWS has been obtained, the value of the property is enhanced, and the landowner can then cite the analysis when seeking a certificate at any time during the next 10 years.

Q. WHAT IS REQUIRED IN ORDER TO OBTAIN A CERTIFICATE OF AWS NECESSARY?

A. Whereas an analysis only requires a demonstration of the physical availability of water, based upon general demand factors, a certificate of AWS is based upon a specific plat for specific property. The five elements that must be met in order to

obtain a certificate of AWS are (1) water quality; (2) financial capability; (3) physical and legal availability of water; (4) consistency with the management plan; and (5) consistent with the management goal. The burden for obtaining an analysis of AWS is only one portion of one of the five elements needed to obtain a certificate. In other words, the standard for obtaining an analysis is much lower than the standard for obtaining a certificate.

Q. WHAT WAS THE REASON FOR OBTAINING AN ANALYSIS OF AWS FOR EJR RANCH?

A. As I customarily do with all of the Robson properties, I obtain an analysis of AWS to secure a specific amount of water for the property. By securing this water for the property, the water cannot be used by anyone else for a ten-year period. This affords Robson the flexibility to make decisions regarding the property, such as the decision to table EJR Ranch, for up to ten years while still preserving water for development of the property. That is why I always obtain an analysis of AWS as standard operating procedure when Robson acquires or seeks to acquire property.

Q. MR. GARFIELD ALLEGES AT PAGE 12, LINES 17-21 OF HIS DIRECT TESTIMONY THAT "CORMAN TWEEDY'S WORDS AND ACTIONS REVEAL THAT IT HAS NO INTENTION OF MAKING IT POSSIBLE FOR THE COMPANY TO COMPLY WITH THOSE CONDITIONS, SO THAT THEIR UTILITY ENTITY, PICACHO WATER COMPANY, CAN TAKE THE POSITION THAT IT SHOULD PROVIDE SERVICE WITHIN THE COMPANY'S CC&N." IS THIS TRUE?

A. No. This is not about whether EJR Ranch should be served by Picacho Water Company or AWC. This is about a change in circumstances. As I have previously stated in my testimony, Cornman Tweedy has made a business decision that EJR Ranch, including the Cornman Tweedy Property, will not be developed at this time or in the near future. That is why Cornman Tweedy has not requested water service from AWC, and has withdrawn its request for water service from Picacho

Water Company.

Q. CAN CORNMAN TWEEDY COMPLY WITH THE CONDITIONS SET FORTH IN DECISION 66893 TO (1) ENTER INTO A MAIN EXTENSION AGREEMENT FOR THE CORNMAN TWEEDY PROPERTY AND (2) TO OBTAIN A CERTIFICATE OF AWS FOR THE CORNMAN TWEEDY PROPERTY?

A. No. Cornman Tweedy is not developing the Cornman Tweedy Property or any part of the EJR Ranch Property at this time or in the near future.

Q. IS MR. GARFIELD CORRECT WHEN HE STATES THAT CORNMAN TWEEDY WOULD LIKE ITS AFFILIATE, PICACHO WATER COMPANY, TO PROVIDE WATER SERVICE TO THE CORNMAN TWEEDY PROPERTY?

A. Picacho Water Company filed an application to extend its certificate of convenience and necessity to include the Cornman Tweedy Property on April 14, 2005, in Docket W-03528A-05-0281. At the time the application was filed, Cornman Tweedy believed the conditional CC&N of AWC issued pursuant to Decision 66893 was null and void because AWC had failed to meet the conditions associated with the CC&N. Picacho Water Company's CC&N already included a substantial portion of EJR Ranch, and Cornman Tweedy believed that it made sense to have a single water provider for all of EJR Ranch. In addition, Picacho Water Company has an affiliate—Picacho Sewer Company—which is certificated for all of EJR Ranch. However, given the change in strategy for EJR Ranch, Cornman Tweedy notified Picacho Water Company by letter dated June 26, 2006, that it was withdrawing its request for service to the Cornman Tweedy Property. A copy of the June 26 Cornman Tweedy letter is attached as Exhibit CT-6. In a letter dated June 26, 2006, Picacho Water Company withdrew its application for an extension of its CC&N in docket W-03528A-05-0281. A copy of the June 26 Picacho Water Company letter is attached as Exhibit CT-7. The withdrawal of the

request for service is consistent with Cornman Tweedy's decision to table any further development activities on the Cornman Tweedy Property.

Q. **HAVE YOU REVIEWED THE PRE-FILED DIRECT TESTIMONY AND ACCOMPANYING EXHIBITS OF MICHAEL J. WHITEHEAD IN THIS DOCKET?**

A. Yes.

Q. **MR. WHITEHEAD STATES AT PAGE 4, LINES 2-7 OF HIS DIRECT TESTIMONY THAT "THE ENTIRE PROCESS OF OBTAINING WATER SERVICE, FOR A NON-DEVELOPER OWNED UTILITY LIKE THE COMPANY, IS PRIMARILY DEVELOPER DRIVEN, WITH RESPECT TO WHEN THE COMPANY PROVIDES WATER SERVICE AT THE DEVELOPER'S REQUEST. WITHOUT THE DEVELOPER'S COOPERATION AND INITIATIVE, IT SIMPLY DOES NOT OCCUR, NOR WOULD THE COMPANY HAVE A REASON TO MAKE IT OCCUR BEFORE THE DEVELOPER IS READY." DO YOU AGREE WITH MR. WHITEHEAD'S STATEMENTS?**

A. Yes. I certainly agree that the developer drives the process of obtaining water service for new development, and this is as it should be. In the Staff Report dated June 12, 2006, Staff states that "[t]he basic reason to require a time limit for the submission of both the developer's CAWS and the MXA is to help ensure that there is truly a necessity for the service being requested." Where there is no demonstrated need for utility service, it is not appropriate to extend a CC&N. It is incumbent upon the developer, as AWC points out, to drive the process by obtaining a certificate of AWS and executing a main extension agreement. In this case, Cornman Tweedy has elected for legitimate business reasons not to proceed with development of the Cornman Tweedy Property, or any part of EJR Ranch Property. Thus, there is no need for service.

Q. **MR. WHITEHEAD STATES AT PAGE 13, LINES 26-28, OF HIS DIRECT TESTIMONY THAT "THE AG ROBERTSON REQUEST NEARLY SURROUNDS THE CORNMAN TWEEDY PARCELS, MAKING IT VERY INEFFICIENT AND ILLOGICAL TO HAVE A VIRTUAL ISLAND OF SERVICE TO BE CARVED OUT OF THE COMPANY'S EXISTING CERTIFICATE IN ORDER TO HAVE ANOTHER UTILITY SERVICE CORNMAN TWEEDY'S PROPERTY." DO YOU AGREE WITH MR. WHITEHEAD THAT DELETING THE CORNMAN TWEEDY PROPERTY FROM AWC'S CONDITIONAL EXTENSION AREA WOULD CREATE AN ISLAND THAT WOULD PRESENT FUTURE PROBLEMS?**

A. No. As you can see from the map attached as Exhibit CT-8, the elimination of the Cornman Tweedy Property would not create an island. The Cornman Tweedy Property sits between the existing certificated territory of Picacho Water Company and the remainder of the Conditional Extension Area. In the future, the Cornman Tweedy Property could be served by either AWC or Picacho Water Company.

Q. **WHAT IS CORNMAN TWEEDY ASKING THE COMMISSION TO DO IN THIS PROCEEDING?**

A. Cornman Tweedy requests that the Commission deny AWC's requested extension of the deadlines for compliance with Decision 66893 for any property where there is (i) no certificate of assured supply, (ii) no executed main extension agreement, and (iii) no request for service. Specifically, Cornman Tweedy requests that the Commission exclude the Cornman Tweedy Property from AWC's CC&N for the reasons that are stated in my testimony. The legal description for the Cornman Tweedy Property is attached as Exhibit CT-2 to my Direct Testimony, and a cadastral map depicting the Cornman Tweedy Property is attached as Exhibit CT-1 to my Direct Testimony.

Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes, thank you.

CT-4

July 5, 2006

Memo To: Jim Poulos

From: JDW

Subject: Net Sales at Casa Grande

Month	Net Sales
August 2005	59
September 2005	129
October 2005	70
November 2005	35
December 2005	0
January 2006	18
February 2006	5
March 2006	24
April 2006	9
May 2006	10
June 2006	2

Total 2005 – 293
Total 2006 – 68

Total Sold To Date - 361

CT-5

start - 7/11/05
end - 3/28/06

March 29, 2006

Ms. Donna Hancock, PE
Vice President, General Manager
B&R Engineering, Inc.
9666 E. Riggs Rd, Ste. 118
Sun Lakes, AZ 85248

Re: Resignation

Dear Donna:

Over the past several months, Ken, Donna and I have engaged in conversations regarding my continued employment at B&R Engineering. At the core of these conversations was the fact that the primary job description I was hired to perform, the management of the consultant team for EJR Ranch, had been put on hold and may in fact never emerge again. Given the reasonable expectations for an employee at my salary, I have struggled to find a place within B&R that fits my skill set. Based on this history, I had offered to resign with the request for a period of time to establish my next professional engagement.

Subsequent to these conversations, B&R made me an offer to resign effective March 28, 2006 with one-month severance pay. I have decided to accept this offer, and thereby tender my resignation effective March 28, 2006. I understand that the severance pay will be available within two weeks of receipt of my resignation letter.

As per our discussions, I look forward to continuing our relationship as CTE, my transportation engineering company. I appreciate Ken and your efforts in attempting to find a place for me within B&R, however all parties are in agreement that the best fit for me is as a consultant assisting you with traffic, transportation and special assignments for your development related needs.

Very Truly Yours,

Clark C. Clatanoff, P.E., PTOE
2450 E. Rocky Slope Dr
Phoenix, AZ 85048
602.321.0509

MAR 2006
RECEIVED

CT-6

Cornman Tweedy 560, LLC
9532 E. Riggs Road
Sun Lakes, AZ 85248

June 26, 2006

Picacho Water Company
95320 E. Riggs Road
Sun Lakes, AZ 85248

Re: Withdrawal of Request for Service

Dear Sirs:

Cornman Tweedy 560, LLC hereby withdrawals its request for water service to the real property located in the east half and the northwest quarter of section 28, the west half and the northeast quarter of section 27 and the northwest quarter of section 26, all in Township 6 South, Range 7 East, Pinal County, Arizona. We have shifted the strategy for the project from development to investment, and there is no need for water service at this time.

Sincerely,

Cornman Tweedy 560, LLC
a Delaware limited liability company

by Arlington Property Management Company
an Arizona Corporation, its Manager

by _____

its Vice President

PicachoWaterCo.withdrawlofrequestforservice

CT-7

ORIGINAL 0000059257

Picacho Water Company
9532 E. Riggs Road
Sun Lakes, AZ 85248

June 26, 2006

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re: Docket No. W-03528A-05-0281, Extension of Water CC&N

Dear Docket Control:

Picacho Water Company hereby withdraws its application in Docket No. W-03528A-05-0281 to extend its water CC&N in Pinal County. There is not presently a need for service in the area.

An original and 13 copies submitted.

Sincerely,

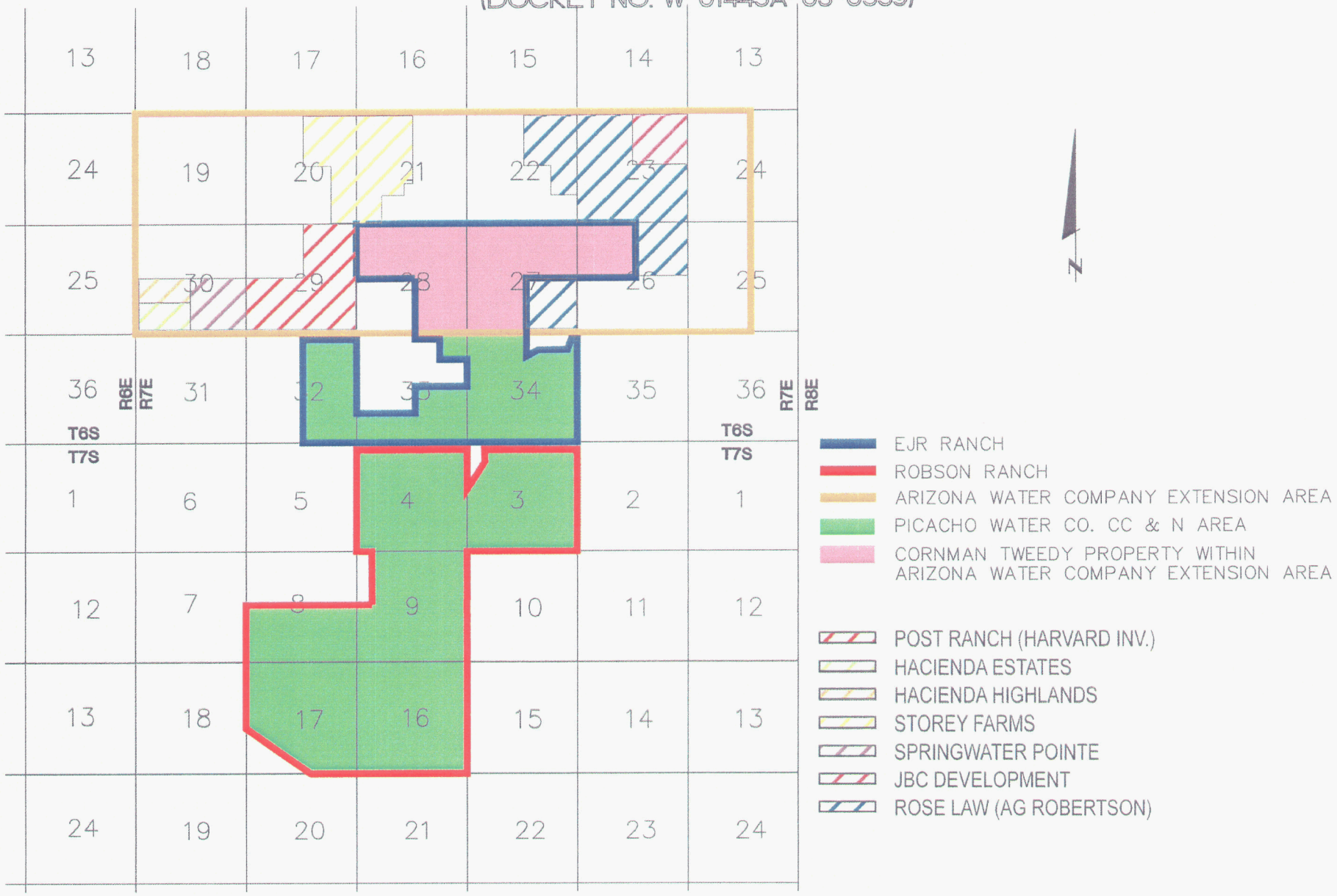
Jim Poulos

Docketcontrol.120

RECEIVED
2006 JUN 26 P 2 44
AZ CORP COMMISSION
DOCUMENT CONTROL

CT-8

ARIZONA WATER COMPANY CC&N EXTENSION
(DOCKET NO. W-01445A-03-0559)



CT-10(A)
Admitted

The following is a black-lined excerpt from the Rebuttal Testimony of Jim Poulos on Behalf of Intervenor Cornman Tweedy 560, LLC, which shows the revisions which Mr. Poulos made verbally to pages 6-10 of his pre-filed testimony at the hearing on July 11, 2006, in Docket W-01445A-03-0559.

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE, PINAL COUNTY, ARIZONA	**DOCKET NO. W-01445A-03-0559**

REBUTTAL TESTIMONY OF JIM POULOS

ON BEHALF OF INTERVENOR

CORNMAN TWEEDY 560, L.L.C.

JULY 6, 2006

Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF WILLIAM M. GARFIELD AND ACCOMPANYING EXHIBITS FILED IN THIS DOCKET?

A. Yes. There are certain misstatements and errors in Mr. Garfield's testimony that I would like to address.

Q. AT PAGES 10-11 OF HIS DIRECT TESTIMONY, MR. GARFIELD SUPPOSES THAT CORNMAN TWEEDY "SECRETLY" REQUIRED THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO WITHDRAW THEIR APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY ("AWS") FOR THE PROPERTY IN ORDER TO SET UP AN ARGUMENT THAT AWC DID NOT COMPLY WITH THE CONDITIONS OF DECISION NO. 66893. IS THIS TRUE?

A. No, it is ridiculous. ~~At the time Cornman Tweedy acquired the Florence Country Estates Property from HWY 287 Florence Boulevard, Inc., and Madison Diversified 882, Corp., in late 2004, Cornman Tweedy was unaware that an application for a certificate of AWS had been filed by the sellers~~. Certainly, neither Cornman Tweedy nor any person or entity affiliated with Cornman Tweedy required or even suggested that the application be withdrawn as a condition of purchasing the Florence Country Estates Property. ~~In fact, the first time that Cornman Tweedy was aware that an application for a certificate of AWS had been filed and then withdrawn by the sellers of the Florence Country Estates Property was when I read the direct testimony of Mr. Garfield~~. Cornman Tweedy did tell Brian Carpenter of HWY-Florence Boulevard, Inc., and Madison Diversified 882 Corp. that he should withdraw the application for a certificate of AWS because Cornman Tweedy was developing its own land plan and the certificate of AWS that had been applied for at Florence Country Estates would be inconsistent with this plan.

Q. DID CORNMAN TWEEDY, OR ANY PERSON OR ENTITY AFFILIATED

WITH CORNMAN TWEEDY, ASK THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO SEND THE E-MAIL DATED OCTOBER 7, 2004, FROM BRIAN CARPENTER TO JENI MARTIN WHICH IS ATTACHED AS EXHIBIT WMG-10 TO MR. GARFIELD'S DIRECT TESTIMONY?

A. No. In fact the first time I ever saw the e-mail~~, or knew of its contents,~~ was when it was filed as an exhibit to Mr. Garfield's direct testimony.

Q. AT PAGE 10, LINES 1-6, MR. GARFIELD STATES THAT THE PREVIOUS OWNER OF THE FLORENCE COUNTRY ESTATES PROPERTY WITHDREW ITS APPLICATION FOR A CERTIFICATE OF AWS "ASKING ADWR TO REVOKE ITS APPLICATION AND CLOSE ITS CAWS APPLICATION FILE, CITING THE FACT THAT ROBSON COMMUNITIES WAS BUYING THE DEVELOPMENT AND INTENDED THAT IT, NOT AWC (THE HOLDER OF THE CCN), WAS GOING TO PROVIDE WATER SERVICE THROUGH ONE OF ITS UTILITY AFFILIATES TO THE DEVELOPMENT." IS THIS WHAT THE E-MAIL SAYS?

A. No. The e-mail states only that "Robson will include this land in their maser plan and make their own arrangements for water supply." Nowhere does the e-mail state that Robson would provide water service through one of its utility affiliates as Mr. Garfield states.

Q. WHAT DID THE AUTHOR INTEND BY THE E-MAIL?

A. I don't know. Cornman Tweedy was not the author of the e-mail, and I never saw the e-mail until I read Mr. Garfield's testimony.

Q. DID CORNMAN TWEEDY, OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY, ASK THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO SEND THE LETTER DATED OCTOBER 20, 2004, FROM CORMAC NOLAN TO NORMA COUPAUD

WHICH IS ATTACHED AS EXHIBIT WMG-11 TO MR. GARFIELD'S' DIRECT TESTIMONY?

A. No. I have never seen the letter, and was previously unaware of its existence ~~and contents~~ until it was filed as an exhibit to Mr. Garfield's direct testimony. ~~Moreover, I never knew that the sellers had filed an application for a Certificate of AWS for the Florence Country Estates Property until I read Mr. Garfield's Direct Testimony.~~

Q. DID CORNMAN TWEEDY, OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY, ASK THE SELLERS OF THE FLORENCE COUNTRY ESTATES PROPERTY TO SEND THE LETTER DATED OCTOBER 29, 2004, FROM CORMAC NOLAN TO NORMA COUPAUD WHICH IS ATTACHED AS EXHIBIT WMG-12 TO MR. GARFIELD'S' DIRECT TESTIMONY?

A. ~~No. I have never seen the letter, and was previously unaware of its existence and contents until it was filed as an exhibit to Mr. Garfield's direct testimony. Moreover, to reiterate what I have stated above, I never knew that the sellers had filed an application for a certificate of AWS for the Florence Country Estates Property until I read Mr. Garfield's Direct Testimony.~~ Yes. Cornman Tweedy did tell Brian Carpenter of HWY-Florence Boulevard, Inc., and Madison Diversified 882 Corp. that he should withdraw the application for a certificate of AWS because Cornman Tweedy was developing its own land plan and the certificate of AWS that had been applied for at Florence Country Estates would be inconsistent with this plan. See Exhibits CT-17, CT-18, CT-19 and CT-20.

Q. DID ANY PERSON AFFILIATED WITH HWY 287-FLORENCE BOULEVARD, INC., OR MADISON DIVERSIFIED 882 CORP. CONSULT WITH CORNMAN TWEEDY OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY BEFORE SUBMITTING THE APPLICATION FOR A CERTIFICATE OF AWS FOR THE FLORENCE

COUNTRY ESTATES PROPERTY?

A. No. Cornman Tweedy had no prior knowledge that the sellers of the Florence Country Estates Property were filing an application for a certificate of AWS for the Florence Country Estates Property. ~~Cornman Tweedy first became aware of the application when it was discussed in Mr. Garfield's direct testimony.~~

Q. DID ANY PERSON AFFILIATED WITH HWY 287-FLORENCE BOULEVARD, INC., OR MADISON DIVERSIFIED 882 CORP. CONSULT WITH CORNMAN TWEEDY OR ANY PERSON OR ENTITY AFFILIATED WITH CORNMAN TWEEDY BEFORE SUBMITTING THE OCTOBER 29, 2004, LETTER TO THE ARIZONA DEPARTMENT OF WATER RESOURCES WITHDRAWING THE APPLICATION?

A. ~~No. Cornman Tweedy had no prior knowledge that the sellers of the Florence Country Estates Property were going to withdraw their application for a certificate of AWS. Again, as I stated above, Cornman Tweedy first became aware of the application when it was discussed in Mr. Garfield's direct testimony.~~ Yes. In an e-mail dated October 21, 2004, from Brian Carpenter of HWY 287-Florence Boulevard, Inc., and Madison Diversified 882 Corp. to Steve Soriano of Cornman Tweedy, Mr. Carpenter stated that he had put the application for a certificate of AWS on hold, that staff at the Arizona Department of Water Resources wanted to know whether to proceed with the application, and asked Cornman Tweedy how to respond to ADWR staff. See Exhibit CT-17.

Q. WAS THE WITHDRAWAL OF THE APPLICATION FOR A CERTIFICATE OF AWS FOR THE FLORENCE COUNTRY ESTATES PROPERTY A CONDITION OF THE SALE TO CORNMAN TWEEDY?

A. No. ~~Cornman Tweedy had no knowledge of the application until it was discussed in Mr. Garfield's Direct Testimony.~~

Q. WERE THERE ANY "SECRET DEALS' BETWEEN CORNMAN TWEEDY AND THE SELLERS OF THE FLORENCE COUNTRY ESTATES

PROPERTY REGARDING THE WITHDRAWAL OF THE APPLICATION FOR A CERTIFICATE OF AWS OR TO OTHERWISE THWART AWC'S EFFORTS TO SATISFY THE CONDITIONS SET FORTH IN DECISION 66893?

A. Absolutely not. ~~I don't know where Mr. Garfield got his information.~~

Q. ~~HAD CORNMAN TWEEDY BEEN AWARE OF THE APPLICATION FOR A CERTIFICATE OF AWS FOR FLORENCE COUNTY ESTATES,~~ WOULD CORNMAN TWEEDY HAVE COMPLETED THE <u>CERTIFICATE OF ASSURED WATER SUPPLY</u> APPLICATION PROCESS BASED ON THE PLAT CALLING FOR ONE-ACRE LOTS FOR THE FLORENCE COUNTRY ESTATES PROPERTY?

A. No. The plan for EJR Ranch is a high density (*i.e.*, 3 plus lots per acre) affordable housing, and the one-acre home sites of the Florence Country Estates development plan do not fit that profile.

Q. MR. GARFIELD STATES ON PAGE 10, LINES 8-12 OF HIS DIRECT TESTIMONY THAT ROBSON COMMUNITIES, UNDER ITS DEVELOPMENT CALLED EJR RANCH, FILED ITS OWN AWS APPLICATION ON OCTOBER 18, 2004, WHICH INCLUDED THE FLORENCE COUNTRY ESTATES PROPERTY. IS MR. GARFIELD'S STATEMENT ACCURATE?

A. It is misleading, and needs clarification. Immediately preceding this portion of his testimony, Mr. Garfield discusses the application for a certificate of AWS filed by the sellers of the Florence Country Estates Property. By stating that EJR Ranch "filed its own assured water supply application on October 18, 2004," it sounds like EJR Ranch filed an application for a certificate of assured water supply. This is not true. EJR Ranch filed an application for an <u>Analysis</u> of AWS, not an application for a <u>Certificate</u> of AWS.

Q. WHAT IS AN ANALYSIS OF AWS?

A. According to Arizona Department of Water Resources' website, an analysis of AWS can be obtained prior to the "certificate" application for the purposes of pre-reviewing a master planned area that is not yet platted. An analysis of AWS is intended for unplatted subdivisions only. If the analysis of AWS is granted, it can be cited in the application for a certificate of AWS if the conditions underlying the analysis remain the same. In this manner, the process for obtaining a certificate of AWS can be expedited. Groundwater shown to be physically available as part of an analysis of AWS is considered by the Arizona Department of Water Resources when making other AWS determinations for 10 years following the application date. Thus, once an analysis of AWS has been obtained, the value of the property is enhanced, and the landowner can then cite the analysis when seeking a certificate at any time during the next 10 years.

Q. WHAT IS REQUIRED IN ORDER TO OBTAIN A CERTIFICATE OF AWS ~~NECESSARY~~?

A. Whereas an analysis only requires a demonstration of the physical availability of water, based upon general demand factors, a certificate of AWS is based upon a specific plat for specific property. The five elements that must be met in order to obtain a certificate of AWS are (1) water quality; (2) financial capability; (3) physical and legal availability of water; (4) consistency with the management plan; and (5) consistent with the management goal. The burden for obtaining an analysis of AWS is only one portion of one of the five elements needed to obtain a certificate. In other words, the standard for obtaining an analysis is much lower than the standard for obtaining a certificate.

Q. WHAT WAS THE REASON FOR OBTAINING AN ANALYSIS OF AWS FOR EJR RANCH?

A. As I customarily do with all of the Robson properties, I obtain an analysis of AWS to secure a specific amount of water for the property. By securing this water for the property, the water cannot be used by anyone else for a ten-year period. This

MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

EA for EGJ

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: June 12, 2006

RE: STAFF REPORT FOR ARIZONA WATER COMPANY – EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. W-01445A-03-0559)

Attached is the Staff Report for Arizona Water Company's application for request for extension of time to comply with decision No. 66893.

EGJ:SMO:tdp

Originator: Steve Olea

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LEGAL DIV.
ARIZ CORPORATION COMMISSION

EXHIBIT
19-1
Identified

FILE COPY

Service List for: Arizona Water Company
Docket No. W-01445A-03-0559

Robert W. Geake
Arizona Water Company
Post Office Box 29006
Phoenix, Arizona 85038

Steven A. Hirsch
Bryan Cave LLP
Two North Central Avenue, Suite 2200
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Jeffrey W. Crockett
SNELL & WILMER
One Arizona Center
Phoenix, Arizona 85004

Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY

DOCKET NO. W-01445A-03-0559

APPLICATION FOR EXTENSION OF CERTIFICATE OF CONVENIENCE & NECESSITY

JUNE 2006

STAFF ACKNOWLEDGMENT

The Staff Report for Arizona Water Company, Docket No. W-01445A-03-0559, was the responsibility of the Staff members listed below. Steve Olea was responsible for the review and analysis of the Company's application.

Steve Olea
Assistant Division Director

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OTHER RELEVANT POLICY ISSUES 2

INTRODUCTION

This Staff Report is being filed in compliance with the Procedural Order issued April 19, 2006. The Procedural Order required the Arizona Corporation Commission ("Commission") Utilities Division Staff ("Staff") to address the following items in this Staff Report:

1. Why such time periods as those required in Decision No. 66893 for Arizona Water Company ("AWC" or "Company") to file the developer's Certificate of Assured Water Supply ("CAWS") and the main extension agreement ("MXA") are recommended by Staff,

2. Why such requirements are included in Commission decisions,

3. How the determination is made by Staff as to how long to recommend for these time periods,

4. How requests for additional time to comply with these time periods are analyzed by Staff, and

5. Any other relevant policy issues that need to be addressed in this proceeding.

WHY STAFF RECOMMENDS SUCH TIME PERIODS

The basic reason to require a time limit for the submission of both the developer's CAWS and the MXA is to help ensure that there is truly a necessity for the service being requested. Staff believes that if service is truly needed, the developer and the utility will at least begin taking steps to have that service provided by obtaining the State required permits within a reasonable amount of time.

Secondly, Staff believes that whenever possible, the Commission should assure that there is actually adequate water available to provide water service. It would serve no public purpose for the Commission to grant a permanent CC&N in an area in which there is insufficient water available to match the need for water. With a CAWS, the Arizona Department of Water Resources ("ADWR") is stating that there is at least a 100 year assured supply of water.

WHY ARE SUCH TIME PERIOD REQUIREMENTS INCLUDED IN COMMISSION DECISIONS

Although Staff cannot speak for the Commissioners, Staff believes that the Commission orders these time limit requirements to do its best to ensure that service is actually needed and provided in a timely manner, and that there is adequate water to provide service to the requested CC&N area.

HOW DOES STAFF DETERMINE THE TIME LIMITS TO RECOMMEND FOR THESE TIME PERIODS

When determining what time periods to recommend for compliance, Staff considers what it believes would be a reasonable time period for the particular issue and the length of time it should take the utility to obtain the permit from a particular government agency. When the original Staff Report was issued for this case, Staff believed one year to be appropriate for obtaining the developer's CAWS and the MXA. However, very recently, Staff has been recommending longer time periods. The reason for this change is that it seems to be taking longer to obtain a CAWS from ADWR and an Approval to Construct ("ATC") from the Arizona Department of Environmental Quality ("ADEQ"). The ATC is necessary in order to obtain approval for an MXA. Staff also considers the fact that if a situation arises that is out of the utility's control, it can submit a request to the Commission asking for additions time to comply.

HOW ARE REQUESTS FOR ADDITIONAL TIME TO COMPLY WITH THESE TIME PERIODS ANALYZED BY STAFF

Staff analyzes requests for extensions of time on a case-by-case basis because the reasons provided by the utilities for such requests are not always the same. However, some of the items that Staff considers include – is the reason for the delay out of the utility's control, how long has it been since the original decision was issued in the case, has the utility previously requested a time extension for the case, and have any circumstances changed since the case was previously analyzed.

OTHER RELEVANT POLICY ISSUES

Staff is presently considering no longer recommending MXAs to be filed as a compliance filing due to the fact that these must be submitted to the Commission (by rule) even if it is not ordered by a Commission decision. Staff would recommend the submission of only the ATC.

In addition, the Commission itself is considering requiring additional documentation to be submitted with all applications for CC&Ns (new or extensions). This additional documentation may or may not require the time periods being discussed in this case to be modified.

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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZ. CORPORATION CO

COMMISSIONERS

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

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

NOTICE OF FILING

Staff of the Arizona Corporation Commission hereby files the Rebuttal Testimony of Steve Olea, Assistant Director Utilities Division, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 5th day of July, 2006.

David Ronald

David M. Ronald
Attorneys, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-6020

EXHIBIT
S-2
Admitted

Original and thirteen (13) copies of the foregoing were filed this 5th day of July, 2006 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing mailed this 5th day of July, 2006 to:

Robert W. Geake, Esq.
ARIZONA WATER COMPANY
P. O. Box 29006
Phoenix, AZ 85038

Steven A. Hirsch, Esq.
BRYAN CAVE LLP
Two North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406

Jeffrey W. Crockett, Esq.
SNELL & WILMER
One Arizona Center
Phoenix, AZ 85004

Shylin Bryg

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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

REBUTTAL

TESTIMONY

OF

STEVE OLEA

ASSISTANT DIRECTOR

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JULY 5, 2006

1 **INTRODUCTION**

2 **Q. What is your name?**

3 A. Steve Olea.

4

5 **Q. Where do you work?**

6 A. The Arizona Corporation Commission.

7

8 **Q. Did you file a Staff Report in this case earlier?**

9 A. Yes.

10

11 **Q. Did you review the direct testimony filed by Arizona Water Company and Cornman**
12 **Tweedy 560, LLC?**

13 A. Yes.

14

15 **Q. Do you have any rebuttal testimony to present in response to the Direct testimony of**
16 **Arizona Water Company and Cornman Tweedy 560, LLC?**

17 A. No.

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Jeff Hatch-Miller - Chairman
William A. Mundell
Marc Spitzer
Mike Gleason
Kristin K. Mayes

EXHIBIT
AWC-1
Admitted

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE, PINAL COUNTY, ARIZONA	**DOCKET NO. W-01445A-03-0559**

Direct Testimony

of

Michael J. Whitehead

ARIZONA WATER COMPANY

Direct Testimony of

Michael J. Whitehead

Q. WHAT ARE YOUR NAME, EMPLOYER AND OCCUPATION?

A. My name is Michael J. Whitehead. I am employed by Arizona Water Company (the "Company") as Vice President — Engineering.

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I was employed by Arizona Water Company in September 1980 as an Engineer. I was promoted to Senior Engineer in 1985, Engineering Manager in 1989, and in 1996 to Vice President - Engineering.

I completed my college degree at Arizona State University and received a B.S.M.E. I became a Certified Professional Engineer in 1985. I am currently a member of the American Water Works Association.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will describe in general the Company's experience in contacts with developers before the Company files an application for a new Certificate of Convenience and Necessity (CCN) or an extension of an existing CCN, and in contacts with developers after a CCN is approved by the Commission (particularly with respect to CCNs with post-hearing conditions). Next, I will describe and summarize the contacts the Company had with the developers in this particular case both before and after the CCN was approved by the Commission in Decision No. 66893, and the Company's efforts to obtain main extension agreements from the developers in this case.

Q. WILL YOU BE SPONSORING ANY EXHIBITS WITH YOUR DIRECT TESTIMONY?

A. Yes. I will be sponsoring the exhibits listed on the attached exhibit list, with the exhibits themselves following the exhibit list in tabbed order. The documents are from the business records and files of the Company and are of the type regularly kept in the course of our business activity as part of our regular practice, or were prepared directly by me or my staff, or are from the files of the ADWR.

Q. WHAT TYPES OF CONTACTS DOES THE COMPANY GENERALLY HAVE WITH DEVELOPERS BEFORE IT FILES A CCN APPLICATION?

A. Generally, before an application is filed, the Company is approached by a developer who owns or controls land in an uncertificated area, usually by telephone, followed by one or more meetings at the Company's offices, to discuss the developer's plans for developing his property and, in particular, determining how the Company can provide water service to the proposed development. The Company usually obtains a letter from the developer requesting water service to the property, although at times the process moves forward without a written request to provide service. Following these further communications, an application for a CCN is prepared and filed. The application usually involves more than one development. Beginning with the initial contact, this process leading to the filing of a CCN application can take a few months, or more than one year. There are usually several contacts occurring at any particular time, and they may be occurring simultaneously in several of the Company's service areas. Some of the contacts end without a CCN application being filed, some seem to end, then resume, and some occur with more than one developer for a particular parcel of land. The developers control the timing and nature of these contacts, as they are the ones developing the areas to be served.

One of the main points to take from this summary is a point made in Mr. Garfield's testimony, and that is, the entire process of obtaining water service, for a non-developer owned utility like the Company, is primarily developer driven, with respect to when the Company provides water service at the developer's request. Without the developer's cooperation and initiative, it simply does not occur, nor would the Company have a reason to make it occur before the developer is ready.

Q. WHAT TYPES OF CONTACTS DOES THE COMPANY GENERALLY HAVE WITH DEVELOPERS AFTER A CCN APPLICATION IS APPROVED?

A. As it is before the CCN is filed, the pace of development is for the most part controlled by the developer. Once the CCN is filed, the contacts the Company has with the developer are usually initiated by the developer, such as for help from the Company in obtaining a certificated of assured water supply (as described in detail in Mr. Garfield's direct testimony), for review of the developer's plans, to provide information the Company needs to make final designs of the water system or for preparation of main extension agreements, and for information to file with the Arizona Department of Environmental Quality and other appropriate agencies. Almost all of these contacts are initiated by the developer, then followed up by the Company as the developer requests or as may be necessary for engineering reasons. Again, the developer controls the development schedule. As with the contacts I described that occur before the CCN application is filed, the amount of contacts with a particular developer and the timing of the contacts vary with each developer, some occurring weekly, some monthly, and some developments take a number of years for completion, with contacts occurring sporadically during that time.

Again, it is not the Company's role to dictate the pace of the developer's efforts, but to be responsive to the water utility needs of the developer.

Q. TURNING TO THE CASE YOU ARE TESTIFYING IN TODAY, CAN YOU SPECIFICALLY DESCRIBE WHERE THE CCN AREA EXTENDED BY DECISION NO. 66893 IS LOCATED, AND WITHIN THAT AREA, WHERE THE POST RANCH AND FLORENCE COUNTRY ESTATES DEVELOPMENTS ARE LOCATED?

A. Yes. These areas are described in a map I had prepared, Exhibit MJW-32. The area included in the extended CCN that is the subject of Decision No. 66893 includes Sections 19, 20, 21, 22, 23, the west ½ of 24, the west ½ of 25, 26, 27, 28, 29 and 30, Township 6 South, Range 7 East, totaling 11 sections. Post Ranch, formerly known as the Harvard Investments project, is located in the south ½ and the northeast ¼ of Section 29. Florence County Estates, formerly known as the Core Group development, which is now controlled by Cornman Tweedy, is located in the northeast ¼ of Section 27 and the northwest ¼ of Section 26.

Q. WHAT IS THE IMPORTANCE OF THESE DEVELOPMENTS AND THEIR LOCATION WITH REGARD TO THE COMPANY'S PINAL VALLEY WATER SYSTEM MASTER PLAN?

A. The Company maintains and regularly amends a Master Plan for its Pinal Valley operations, which includes its Casa Grande, Stanfield, Tierra Grande, Arizona City and Coolidge systems. That Master Plan Map is Exhibit MJW-2. This is an important part of the Company's provision of public utility water service in this area. We are proactively planning our water system based on development needs in this area and the overall engineering plan for construction of storage facilities, transmission mains and other physical plant and property. We are planning in terms of future water supplies, water quality and treatment, fire suppression, and the most

efficient delivery of water to our present and future customers. Developer requests were particularly important to the Company with regard to linking the Casa Grande system with the Tierra Grande system. They provided the means of applying for the necessary extension of the Company's CCN to provide a vital linkage between these two systems along Florence Boulevard, so that the future customers in those sections could be better served in terms of supply, quality and cost. The geographic importance and logic of applying for a CCN extension in this area is apparent from a review of the Pinal Valley Water System Master Plan, referred to above.

Q. DOES THE COMPANY HAVE A CERTIFICATE OF APPROVAL TO CONSTRUCT THE INTERCONNECTION TRANSMISSION MAINS ALONG FLORENCE BOULEVARD FROM THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY TO CONNECT THE TIERRA GRANDE AND CASA GRANDE SYSTEMS?

A. Yes. That Certificate is Exhibit MJW-1 and is dated November 9, 2005.

Q. WHAT IS THE CHRONOLOGY OF CONTACTS THE COMPANY HAD WITH THE DEVELOPERS REGARDING THE CCN FOR THESE DEVELOPMENTS?

A. The following list summarizes the contacts the Company has had with developers before and after the entry of Decision No. 66393:

1. <u>Post Ranch (Harvard Investments):</u>

a. May 24, 2003 – The Company received a request from the developer to extend its CCN into the Post Ranch area. See Exhibit MJW-3.

b. April 27, 2004 – The Company responded to the developer's request for a preliminary cost estimate. See Exhibit MJW-4.

c. April 19, 2005 – Fax to Post Ranch, re: Request for CCN time extension. See Exhibit MJW-5.

d. May 5, 2005 – Plans received from Arcadis for initial plan review. See Exhibit MJW-6.

e. May 9, 2005 – AWC Response to initial plan review. See Exhibit MJW-7.

f. September 15, 2005 – Developer requests for a line extension agreement contract. See Exhibit MJW-8.

g. October 12, 2005 – Line Extension Agreement mailed to developer. See Exhibit MJW-9.

h. October 13, 2005 – The Company responds to second Plan Review. See Exhibit MJW-10.

i. October 4, 2005 – Company receives final plans from Arcadis for final review/approval. See Exhibit MJW-11.

j. October 14, 2005 – Plans conditionally approved by the Company. See Exhibit MJW-12.

k. November 14, 2005 – Receive ADEQ's approval of construction for off-site. See Exhibit MJW-13.

l. December 1, 2005 – resubmitted extension agreements dated October 12, 2005. See Exhibit MJW-14.

m. May 18, 2006 – Revised extension agreement mailed to the developer. See Exhibit MJW-15.

2. <u>Florence Country Estates (Core Group):</u>

a. September 25, 2002 – The Company sends a "will serve" letter to the developer. See Exhibit MJW-16.

b. September 25, 2002 – Preliminary Cost Estimate. See Exhibit MJW-17.

c. June 17, 2003 – Developer sends letter requesting the Company to extend its CCN to serve its development. See Exhibit MJW-18.

d. June 26, 2003 – first plan review response. See Exhibit MJW-19.

e. August 8, 2003 – Core Group request for further plan review. See Exhibit MJW-20.

f. August 19, 2003 – AWC's next response to plan review. See Exhibit MJW-21.

g. September 2, 2003 – AWC's next response to plan review. See Exhibit MJW-22.

h. September 10, 2003 – Company sends fax to Core Group referencing map. See Exhibit MJW-23.

i. September 24, 2003 – Core Group request for additional plan review. See Exhibit MJW-24.

j. September 29, 2003 – Core Group – request to use a different type of water pipe. See Exhibit MJW-25.

k. October 9, 2003 – AWC mailed copy of Extension Agreement to Core Group. See Exhibit MJW-26.

l. October 14, 2003 – Core Group submittal of final water plans to the Company. See Exhibit MJW-27.

m. October 17, 2003 – AWC's approval of water plans including will-serve letter and drinking water service agreement. See Exhibit MJW-28.

n. December 3, 2003 – Fax from DWR with NOI. See Exhibit WMG-4.

o. December 9, 2003 – Fax from DWR with revised NOI. See Exhibit WMG-4.

p. December 11, 2003 – The Company provides NOI. See Exhibit WMG-4.

q. January 8, 2004 – ADEQ's Certificate of Approval to Construct. See Exhibit MJW-29.

r. April 21, 2004 – AWC receives Annual Reporting Agreement from Madison Diversified Corp. See Exhibit MJW-30.

s. May 6, 2004 – Core Group request to revise NOI. See Exhibit WMG-4.

t. May 17, 2004 – The Company completes revision of NOI. See Exhibit WMG-4.

u. May 31, 2004 – Core Group Request to Revise NOI. See Exhibit WMG-4.

v. June 7, 2004 – AWC completes revision of NOI. See Exhibit WMG-4.

August 30, 2004

w. July 22, 2004 – AWC receives, completes and signs Central Arizona Groundwater Replenishment District Member Land Enrollment Application. See Exhibit MJW-31.

In addition, during this entire time period and in some cases afterward, I and the other Company engineers had a series of telephone conversations with either the developers or their representatives including consulting engineers.

Q. WAS THE NATURE OF THE CONTACTS THAT THE COMPANY HAS HAD WITH THE POST RANCH AND FLORENCE COUNTRY ESTATES DEVELOPERS DIFFERENT IN ANY WAY FROM THE CONTACTS THAT THE COMPANY USUALLY HAS WITH DEVELOPERS OF OTHER, SIMILAR PINAL COUNTY PROJECTS?

A. No. As I described above, the contact that the Company has with developers after CCN orders are entered varies in time and frequency with each developer, as the development schedule for each project is unique. It is not unusual at all for the development process to slow down, relatively,

after the CCN is approved, as this can occur for any number of reasons. In this case, the amount of contact that the Company had with each developer, and the timing of the contacts, was not at all unusual.

Q. PLEASE DESCRIBE, IN GENERAL, THE EFFORTS THAT THE COMPANY MAKES AFTER A CCN IS GRANTED TO OBTAIN A MAIN EXTENSION AGREEMENT FROM A DEVELOPER?

A. First of all, a main extension agreement is not usually prepared until the developer is ready to develop and begin construction, and an extension of facilities is required. The Company's process, in general, is to keep in contact with the developer as needed and requested, through telephone calls, meetings, and the like, and to cooperate with the developer and prepare agreements when required and necessary.

Q. TURNING TO THE CASE AT HAND, PLEASE DESCRIBE THE COMPANY'S SPECIFIC ACTIVITIES, SINCE THE ENTRY OF DECISION NO. 66893, TO ENTER INTO A MAIN EXTENSION AGREEMENT WITH THE POST RANCH AND FLORENCE COUNTRY ESTATES DEVELOPERS?

A. The Company's activities relating to main extension agreements for Post Ranch and Florence Country Estates can be summarized as follows:

1. <u>Post Ranch.</u>

   On September 15, 2005 the Company received a request from the developer for a main extension agreement. See Exhibit MJW-8. The agreement was to be for the off-site improvements required to serve the development that included the installation of a 12-inch main from the Company's existing Casa Grande water distribution system along Florence Boulevard to the entrance of Post Ranch.

The Company completed and mailed the agreement on October 12, 2005. See Exhibit MJW-9.

On December 1, 2005 the Company forwarded another copy of the October 12, 2005 agreement to the developer as, apparently, the first agreement was misplaced.

On May 18, 2006 the Company forwarded a revised agreement to the developer. The Company anticipates that the agreement will be executed and returned shortly. See Exhibit MJW-15.

2. Florence Country Estates.

On October 9, 2003 the Company mailed a copy of the Company's standard main extension agreement to Core Group. See Exhibit MJW-26.

The Company has not yet been asked to prepare an agreement for either the off-site or on-site water facilities needed to serve this development.

Q. CONCERNING THE CCN EXPANSION AREA APPROVED IN DECISION NO. 66893, HAS THERE BEEN ANY OTHER ACTIVITY INITIATED BY DEVELOPERS, LANDOWNERS, OR THE COMPANY, CONCERNING THE PROVISION OF WATER SERVICE TO THE AREA?

A. Yes. The Company has been contacted by several developers/landowners concerning an interest in providing water service to their projects/properties. Again, I must emphasize, this type of activity is normal for an area like the expansion area, and it again illustrates that this

process is developer driven for non-developer owned water utilities. As a result of this activity, the Company has:

1. Issued "will serve" letters to some of the developers/landowners.
2. Prepared, and reviewed, several sets of water distribution system plans for certain proposed developments/parcels of land.
3. Had several meetings with certain developers/landowners concerning the provision of water service to their projects/properties.
4. Entered into a main extension agreement with a developer for the extension of water service facilities to his property.

This type of activity, and the Company's response to it, illustrates what a water provider should expect to see after a CCN extension has occurred. Not all development occurs at the same pace; the extension of a CCN and the corresponding plans for, and extension of, water facilities spurs additional interest in development as word of water service availability in the area spreads, resulting in additional land sales, new and revised development plans, etc. A CCN area is filled out over a long period of time, as growth occurs. Moreover, the contacts the Company has received from other developers within the CCN area underscores the wisdom and appropriateness of seeking a coherent CCN extension that logically tracks anticipated areas of development. An experienced and long-term water provider, such as the Company, must anticipate growth and plan for facilities ahead of the actual requests for water service to maximize efficiencies.

Q. CAN YOU SUMMARIZE FOR US THE DEVELOPERS WHO HAVE CONTACTED YOU FOR WATER SERVICE WITHIN THE CCN DESCRIBED IN DECISION NO. 66893?

A. Yes. As is typically the case when an appropriate area is selected for the CCN extension, other developers want to take advantage of the efficiencies that have been gained for water service, and approach the Company to provide that service within that area. Here, the interconnection along Florence Boulevard and the tie-in of the Tierra Grande and Casa Grande systems has brought the full benefit of the Company's water supply and management resources to bear for the benefit of the developers and the ultimate water customers. The CCN map, Exhibit MJW-32, shows the other developers who we have now received inquiries from within the extension area.

JBC Development is in the northeast ¼ of Section 23. They have submitted a cash deposit for the line extension to their development, and the Company has prepared a cost estimate worksheet for that buildout. See Exhibit MJW-33. The Company also has a Certificate of Approval to Construct for the development from ADEQ (Exhibit MJW-34), a main extension agreement with the developer (Exhibit MJW-35) and the Company has prepared plans for construction of the utility facilities. See Exhibit MJW-36.

Next, Storey Farms has requested service from the Company in portions of Sections 20 and 21. See Exhibit MJW-37. The Company has provided Storey Farms with a will-serve letter. Exhibit MJW-38.

Next, AG Robertson as made a request for service for portions of Sections 23, 22, 26 and 27. See Exhibit MJW-39 and CCN Map, Exhibit MJW-32. The AG Robertson request nearly surrounds the Cornman Tweedy parcels, making it very inefficient and illogical to have a virtual island of service to be carved out of the Company's existing certificate in order to

have another utility serve Cornman Tweedy's property (formerly the Florence Country Estates/Core Group parcel).

Next, Springwater Pointe, L.L.C is developing the southeast ¼ of Section 30 and has provided the Company with a preliminary analysis of a distribution system for that development. See Exhibit MJW-40.

Finally, both the Hacienda Estates and Hacienda Highlands developments have contacted the Company for service in the southwest ¼ of Section 30; the developers of Hacienda Highlands have submitted plans for those facilities. See Exhibit MJW-41.

Q. DO YOU OVERSEE THE NEGOTIATION AND EXECUTION OF MAIN EXTENSION AGREEMENTS ON BEHALF OF THE COMPANY?

A. Yes, that is a function of the Engineering Department of the Company.

Q. DO YOU HAVE A FORM MAIN EXTENSION AGREEMENT THAT THE COMPANY USES AS A BASE FOR THE NEGOTIATIONS FOR THESE AGREEMENTS?

A. Yes. An example of our standard form is Exhibit MJW-42. The ownership and management of Cornman Tweedy, a subsidiary of Robson Communities, is well familiar with this form and the Company's policies and procedures regarding main extension agreements. This familiarity is based upon us having negotiated other main extension agreements with Robson entities, an of course we are ready, willing and able to do so for the Cornman Tweedy development in Sections 27 and 26, just as we had been doing for its predecessor, Florence Garden Estates, and as we are doing with developers to the north, south east and west of the Cornman Tweedy parcels in the CCN extension area.

Q. DID THE COMPANY AND CORNMAN TWEEDY SUBMIT DATA REQUESTS TO EACH OTHER?

A. Yes, copies of the text of the responses are attached hereto as Exhibits MJW-43 and MJW-44.

R. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

A. Yes, it does.

BEFORE THE ARIZONA CORPORATION COMMISSION

EXHIBIT
AWC-2
Admitted

COMMISSIONERS

Jeff Hatch-Miller - Chairman
William A. Mundell
Marc Spitzer
Mike Gleason
Kristin K. Mayes

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE, PINAL COUNTY, ARIZONA	**DOCKET NO. W-01445A-03-0559**

Direct Testimony
of
William M. Garfield

ARIZONA WATER COMPANY

Direct Testimony of

William M. Garfield

Q. WHAT ARE YOUR NAME, EMPLOYER AND OCCUPATION?

A. My name is William M. Garfield. I am employed by Arizona Water Company (the "Company") as President.

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE, EDUCATIONAL BACKGROUND AND PROFESSIONAL AFFILIATIONS.

A. Since my initial employment with the Company in February 1984, I have held the positions of Engineer, Senior Engineer, Operations Manager, Vice President of Operations, and currently hold the position of President, which I have held since July 18, 2003.

I completed my undergraduate work at Southern Illinois University at Carbondale and received a Bachelor of Science degree with honors in Thermal and Environmental Engineering. I have taken post-graduate course work at Arizona State University in Civil Engineering, including coursework in hydrology, water and wastewater treatment and statistics. I am a member of Tau Beta Pi, a national honorary engineering society.

I am a member of the American Water Works Association, the Arizona Water and Pollution Control Association and serve on the American Water Works Association's Water Meter Standards Committee. I have been active in numerous water industry stakeholder groups with the Arizona Department of Environmental Quality ("ADEQ"), the Arizona Department of Water Resources ("ADWR") and the Central Arizona Groundwater Replenishment District

("CAGRD"). I serve on the Company's Board of Directors, the Board of Directors of the Water Infrastructure Finance Authority of Arizona, ADEQ's Water Systems Coordinating Council, ADWR's Statewide Water Resource Advisory Group, and the Board of Directors of the Water Utilities Association of Arizona as well as currently serving as WUAA's Vice President. I also serve as Chairman of the Water Management Subcommittee of the Pinal Active Management Area ("Pinal AMA") Groundwater User Advisory Council.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will describe the Company's efforts to comply with the requirement that it file copies of the developers' Certificates of Assured Water supply ("CAWS") for the proposed expansion area within 365 days of the entry of Decision No. 66893. I will conclude my testimony by describing the Company's other contacts with the developers concerning this case after the entry of Decision No. 66893 with regard to CAWS issues.

Q. **WILL YOU BE SPONSORING ANY EXHIBITS WITH YOUR DIRECT TESTIMONY?**

A. Yes. I will be sponsoring the exhibits listed on the attached exhibit list, with the exhibits themselves following the exhibit list in tabbed order. These documents are from the records of ADWR, or are from the business records and files of the Company and are of the type regularly kept in the course of our business activity as part of our regular practice, or were prepared directly by me or our staff.

Q. ARE YOU FAMILIAR WITH THE GENERAL PROCESS THAT A DEVELOPER MUST GO THROUGH TO OBTAIN A CAWS FROM ADWR?

A. Yes, I am. I have become familiar with these requirements through my experience at the Company in working with developers for this purpose, both as an engineer and now as President, and through my many years serving on several committees that were created by, or are associated with, ADWR and

which specifically addressed ADWR's Assured Water Supply Program, a program set up specifically to manage assured water supply requirements.

Q. PLEASE DESCRIBE THE PROCESS THAT A DEVELOPER MUST FOLLOW TO OBTAIN A CAWS?

A. The process is detailed in ADWR's regulations that set out the procedures for obtaining a CAWS. One important thing to keep in mind is that ADWR, the developer, and the water utility each has an important role, and there must be cooperation. Whether or not a developer obtains a CAWS is out of the Company's control--the developer ultimately controls the process. However, the developer cannot obtain a CAWS without the cooperation of the water utility, and the water utility must cooperate with ADWR as well. The municipal jurisdiction that controls the land use process of development, such as approvals of preliminary and final development plats, also has a role in this process. As to two of the developments at issue in this case, those jurisdictions include the City of Casa Grande (Post Ranch) and Pinal County (Florence Country Estates). With that background, the roles of ADWR, the developer, and the water utility can be summarized as follows:

The developer's role starts with the developer making application to ADWR for a CAWS through forms provided by ADWR. The basic requirements for obtaining a CAWS include demonstrating that the developer's subdivision has sufficient supplies of water available to meet the development's full water demands for a term of 100 years, and that such water supplies are continuously, physically and legally available to serve the development. In addition, the developer must prove that water use within the development complies with ADWR's management (i.e., conservation) plan for the active management area within which the development is located. Water use within the development must also comply with ADWR's management goal for the same active management area. The developer and

ADWR staff work to determine the water demand for the development at full buildout. Lastly, the developer must provide some form of financial assurance that the facilities needed to serve the water needs for the development will be constructed, typically in the form of a construction assurance.

ADWR's role is as follows: ADWR reviews the developer's CAWS application for completeness and corresponds with the developer to make sure that all required information is contained within the application. Typically, there is much correspondence during this time period until ADWR determines that the application for a CAWS is administratively complete. ADWR then reviews the application to determine if there are sufficient supplies of water continuously, physically and legally available to serve the development's water needs for 100 years. ADWR also reviews the development's conservation plan to determine if water use within the development complies with the management plan. Typically, the developer submits information to ADWR about the use of low-flow plumbing fixtures and limits placed on water intensive water features, such as turf facilities. ADWR then reviews the application to determine if water use within the development complies with the management goal. In the case of the Pinal AMA, where the Florence Country Estates development is located, ADWR has determined that 125 gallons per capita per day can be used from groundwater, but all water use above this amount must come from a renewable source of water. Typically, a developer will comply with the AMA's management goal through enrollment of the development within the CAGRD. A development with irrigation grandfathered groundwater rights can also meet this requirement by extinguishing such rights and pledging them to the development. The developer must also provide proof of financial capacity to construct the necessary facilities, typically demonstrated through some form of bonding or other financial instrument. Throughout this process, ADWR will also determine if the

development is within the Certificate of Convenience and Necessity ("CCN") of a private water company, and if not, whether or not an application has been filed with the Commission for an extension of the water company's CCN. When ADWR has determined that all of the ADWR's requirements have been met, ADWR will provide public notice about its intent to issue a CAWS for the development. Only when ADWR is satisfied that the requirements have been met, will ADWR provide the public notice.

The water utility's role is as follows: The water company signs a notice of intent to serve ("NOI") for the development. It is not unusual for a water company to sign more than one NOI since the water demands specified within an NOI are subject to change during the course of ADWR's review of each application for a CAWS. Once the final water demands are known for the development, and approved by ADWR, the water company signs a final NOI. If the development is not within the water company's existing CCN, the water company must also make application to the Commission to extend its CCN to serve the development. The CCN approval process typically occurs simultaneously with the developer's CAWS application. For the Company's Casa Grande and Tierra Grande service areas, the Company previously completed a physical availability demonstration demonstrating sufficient water supplies to serve the Florence Country Estates and Post Ranch developments, as well as future projects remaining to be served. Lastly, a water company participates with the developer in executing agreements with the Central Arizona Water Conservation District ("CAWCD"), which oversees the CAGRD, for enrollment of the development within the CAGRD and which requires the water company to report water deliveries to the development. These steps are necessary for the developer to obtain its CAWS, and are part of the ongoing planning process of the Company so that these resources are at hand

when the developer needs them within the Company's current and planned CCN area.

Q. TURNING TO THE SPECIFICS OF THIS CASE, PLEASE DESCRIBE THE EFFORTS THAT THE COMPANY MADE SINCE THE ENTRY OF DECISION NO. 66893 TO ASSIST HARVARD INVESTMENTS TO OBTAIN A CERTIFICATE OF ASSURED WATER SUPPLY?

A. The Company approved one or more NOIs for the Harvard Investment project, now known as Post Ranch. See Exhibit WMG-2. The developer then filed an application for a CAWS with ADWR, listing the Company as the water provider, on November 15, 2005. See Exhibit WMG-1. The developer for Post Ranch retired farmland within the development, extinguished irrigation grandfathered groundwater rights associated with the farmland, and pledged the extinguishment credits to the development, thereby demonstrating compliance with the Pinal AMA management goal, so that the development was not required to enroll within the CAGRD. ADWR approved a CAWS for Post Ranch on February 22, 2006, again listing the Company as the water provider. A copy of that CAWS is provided in this record at Exhibit WMG-3.

Q. WHY, IN YOUR JUDGMENT, DID ADWR WAIT UNTIL FEBRUARY 22, 2006 TO ISSUE THE CAWS FOR THE POST RANCH/HARVARD INVESTMENTS DEVELOPMENT?

A. As far as the Company knows, solely because it took that long for the developer to complete the requirements for obtaining a CAWS. Since the CAWS process lies mostly within the developer's control, the Company is generally not directly involved in the majority of the process. The City of Casa Grande did not sign off on construction assurance for this development until September 26, 2005, and a final NOI for this development was not completed until October 11, 2005, both of which are required for a CAWS. The developer was also required to have

planning and zoning approval from the City of Casa Grande prior to the preliminary plat stage as part of the CAWS process.

Q. IN YOUR EXPERIENCE AND JUDGMENT, IS THE LENGTH OF TIME BETWEEN THE ENTRY OF DECISION NO. 66893 AND THE DATE THAT HARVARD INVESTMENTS OBTAINED ITS CAWS UNUSUAL?

A. No, not at all. As I described above, the process that a developer must go through to obtain a certificate is sometimes long and hard. It is expensive and full of unpredictable twists and turns. In the Company's experience, a developer may sell its property to another entity, transfer the development rights, experience financial difficulties, defer progress based on market conditions or capital conditions, or endure many other complications in its journey to obtain a CAWS, any of which can lengthen the time for doing so. I again want to emphasize that, although the conditions contained in orders such as Decision No. 66893 give the Company the responsibility of filing the CAWS with the Commission when it is obtained by the developer, the Company, in reality, has almost no control over when the CAWS will be issued by ADWR. All that non-developer controlled water utilities like the Company can really do is cooperate with the developer to the best of its ability, and the Company did so here.

Q. PLEASE BRIEFLY DESCRIBE THE COMPANY'S EFFORTS TO ASSIST THE DEVELOPER OF ANOTHER DEVELOPMENT WITHIN THE CCN AREA DESCRIBED IN DECISION NO. 66893, FLORENCE COUNTRY ESTATES, TO OBTAIN A CAWS.

A. The Company also approved one or more NOIs for this development [See WMG-4], executed and recorded an annual reporting agreement between the Company and the developer and the San Carlos Irrigation and Drainage District, and also executed the standard municipal provider reporting agreement with the Central Arizona Water Conservation District, since the development was being enrolled

within the CAGRD. The Company completed all of the requirements for a water provider in the CAWS process for Florence Country Estates.

The developer filed an Application for a CAWS with ADWR on June 9, 2003, listing Arizona Water Company as the water provider. See Exhibit WMG-5. On November 25, 2003, consistent with the discussions he was having with the Company and me at that time, Eric Stephenson of Core Group Consultants, developer of Florence Country Estates, sent a notice to ADWR stating that the Company would be the potable water provider to the development. See Exhibit WMG-6 at p. ADWR000015.

On December 19, 2003, Mr. Stephenson followed up with ADWR confirming that it was still planning for the Company to provide potable water service, and that Core Group was awaiting Commission approval of the Company's application for the extension of its CCN to include the Core Group Property. See Exhibit WMG-7. On May ~~24~~ 20 WM, 2004, Core Group Consultants sent another notice to ADWR revising its application for a CAWS, including a NOI from the Company, confirming that the Company was still the water utility provider for the development. See Exhibit WMG-8 and 9. From the Company's perspective, everything was proceeding fairly normally for the CAWS for the development at this time.

Q. WAS A CAWS EVER ISSUED FOR THE FLORENCE GARDEN ESTATES DEVELOPMENT?

A. No, not to our knowledge.

Q. WHAT IS YOUR UNDERSTANDING AS TO WHY A CAWS HAS NOT YET BEEN ISSUED FOR THE FLORENCE COUNTRY ESTATES DEVELOPMENT?

A. Based on our recent review of the ADWR file on this matter, the original developer of Florence Country Estates suddenly and without notice to the

Company withdrew its application for a CAWS, asking ADWR to revoke its application and close its CAWS application file, citing the fact that Robson Communities was buying the development and intended that it, not Arizona Water Company (the holder of the CCN), was going to provide water service through one of its utility affiliates to the development. These communications are set forth in Exhibits WMG-10 through 12.

Without notice to the Company, Robson Communities, under its development called EJR Ranch, filed its own assured water supply application on October 18, 2004, including Sections 26 and 27 that had been the Florence Country Estates development, listing Arizona Water Company as one of the water providers together with Picacho Water Company. See Exhibit WMG-13.

Core Group Consultants formally withdrew and revoked its application for a CAWS regarding Florence Country Estates on October 29, 2004, rendering it literally impossible for the Company to comply with the portion of the Commission's order in Decision No. 66893 to deliver that particular CAWS to the Commission.

Q. IN YOUR EXPERIENCE AT THE COMPANY IN DEALING WITH APPLICATIONS FOR EXTENSIONS OF CCNS AND RELATED COMMUNICATIONS WITH DEVELOPERS IN ASSISTING THEM TO OBTAIN CAWS, HAS THIS TYPE OF SITUATION OCCURRED IN THE PAST?

A. No, in my experience, it is unprecedented, and it is my hope that it was an anomaly that will not occur again. We have never experienced a parent of a competing water utility buying out property from under a developer (who had requested service from the Company and whose land was included in the Company's CCN), while at the same time the developer and the Company were actively cooperating to complete the CAWS process. To add insult to injury, there

also seems to have been a further imposition upon the selling developer a secret withdrawal of its CAWS application to set up an argument that the Company did not comply with the conditions of Decision No. 66893, then a quick move to the Commission to usurp the Company's CCN on this basis.

Q. OTHER THAN YOUR EFFORTS IN COOPERATING WITH HARVARD INVESTMENTS AND THE FLORENCE COUNTRY ESTATES DEVELOPERS TO HELP THEM TO OBTAIN THEIR CAWS, PLEASE BRIEFLY DESCRIBE OTHER CONTACTS THAT YOU HAD WITH THESE DEVELOPERS CONCERNING THE PROVISION OF WATER UTILITY SERVICE?

A. I have had several discussions with the Post Ranch/Harvard Investment developer up through recent months, but have had no discussions with the Florence Country Estates developer since late 2004. Those communications seemed to have died off since Robson Communities acquired that property.

Q. IN YOUR JUDGMENT, IS THIS LEVEL AND NATURE OF CONTACT UNUSUAL?

A. No, not at all. One of the main thoughts I want to leave with the Commission in this limited proceeding is to emphasize that, when it comes to controlling the pace of development for a development, a project, or a geographical area, and in obtaining some of the important documents concerned with the development, such as certificates of assured water supply, main extension agreements, Arizona Department of Environmental Quality approvals to construct, municipal or county land use approvals, and many other development steps that are crucial to the issuance of the CAWS, the pace of approval is controlled almost exclusively by the developer, not the water utility. This fact definitely affected the Company's ability to comply with Decision No. 66893's post-hearing conditions, as is almost always the case in CCN application cases. It would be one thing if the developers could claim that the absence of a CAWS was solely due to a lack of cooperation or outright opposition of the water utility, but the Company would

never have the motivation to act in such a manner since its mission is to provide the requested service. Here the reasons these CAWS were not issued were one hundred percent outside of the Company's control, despite the Company's consistent cooperation and willingness to assist at every stage of the development process.

Q. HAS THE COMPANY ALWAYS BEEN READY, WILLING, AND ABLE TO WORK WITH CORNMAN TWEEDY AND ROBSON COMMUNITIES TOWARDS RECEIVING ITS CAWS FROM ADWR?

A. Absolutely, and we have expressed that willingness on many occasions since this information came to light to Mr. Jim Poulos, his attorneys, and other representatives of Cornman Tweedy and Robson Communities. They are well familiar with the role the Company plays in that process from other dealings they have had with us. On top of our repeated offers to remain involved as we had with their predecessor, Core Group Consultants, to clarify the issue one hundred percent I sent a letter to Mr. Poulos on June 7, 2006 confirming the Company's eagerness to provide water service to Cornman Tweedy and to comply with the conditions in Decision No. 66893. That letter is Exhibit WMG-14. But Cornman Tweedy's words and actions reveal that it has no intention of making it possible for the Company to comply with those conditions, so that their utility entity, Picacho Water Company, can take the position that it should provide service within the Company's CCN.

Q. DOES THIS COMPLETE YOUR PREPARED DIRECT TESTIMONY?

A. Yes, it does.

BEFORE THE ARIZONA CORPORATION COMMISSION

EXHIBIT
AWC-3
Admitted

COMMISSIONERS

Jeff Hatch-Miller - Chairman
William A. Mundell
Marc Spitzer
Mike Gleason
Kristin K. Mayes

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE, PINAL COUNTY, ARIZONA	**DOCKET NO. W-01445A-03-0559**

Rebuttal Testimony
of
William M. Garfield

ARIZONA WATER COMPANY

Rebuttal Testimony of

William M. Garfield

Q. PLEASE STATE YOUR NAME, EMPLOYER AND OCCUPATION:

A. My name is William M. Garfield. I am employed by Arizona Water Company (the "Company") as President.

Q. ARE YOU THE SAME WILLIAM M. GARFIELD THAT PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS CASE?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS MATTER?

A. The purpose of my rebuttal testimony is to respond to the direct testimony of Jim Poulos on behalf of Cornman Tweedy 560, L.L.C. ("Cornman Tweedy") and to the Staff Report, both filed on June 12, 2006.

I. REBUTTAL TO CORNMAN TWEEDY'S DIRECT TESTIMONY

Q. IN THE TESTIMONY OF CORNMAN TWEEDY VICE PRESIDENT JIM POULOS, HE TESTIFIES THAT, BECAUSE OF "CHANGED CIRCUMSTANCES", THE PROPERTY OWNED BY CORNMAN TWEEDY, WHICH IS IDENTIFIED IN EXHIBITS CT-1 AND CT-2 TO HIS TESTIMONY, SHOULD NOT BE INCLUDED IN THE EXTENSION OF THE COMPANY'S CERTIFICATED AREA ("CCN") THAT WAS APPROVED BY THE

COMMISSION IN DECISION NO. 66893. DO YOU AGREE WITH MR. POULOS?

A. No, I do not. Mr. Poulos now states that Cornman Tweedy is holding for investment purposes the property it purchased from the Core Group. The Core Group had requested service from the Company before the Company filed its CCN application in this case. Mr. Poulos contends that simply because Cornman Tweedy, long after the CCN was granted, has apparently decided to defer development on its property within the Company's CCN, that property should be deleted from the Company's CCN. I completely disagree with this conclusion. As noted at page 3, lines 13-19 of Mr. Poulos's testimony, the scope of the hearing in this case is limited to "the circumstances and events that have resulted in Arizona Water not complying with the time periods established in Decision No. 66893", and the "hearing will not be a reopening of the Decision granting Arizona Water a CC&N". Much of Mr. Poulos's direct testimony goes beyond the limitations set out in the March 22, 2006 procedural order and is irrelevant to the issues in this proceeding. Moreover, his testimony confirms the Company's assertions that it did everything it could do to fulfill the CCN conditions and that Cornman Tweedy's own actions have made it impossible for the Company to complete those conditions at this time.

The Commission decided when it entered Decision No. 66893 on April ~~12~~ 6 WA, 2004 that it was in the public interest to approve an extension of the Company's CCN in this matter, and that there was a need for service to the properties now owned by Cornman Tweedy. Cornman Tweedy, which was not a party in that proceeding, did not participate in this matter until 2005, and has no legal standing now to challenge the Commission's conclusions on these issues. Whether

Cornman Tweedy now plans to develop the property or hold it for investment and development later is completely irrelevant to this proceeding.

In addition, the use that Cornman Tweedy now claims for its property has no bearing on the circumstances and events that resulted in the Company's inability to comply with the post-Decision conditions in Decision No. 66893.

Q. A letter dated April 21, 2004 from the Dermer Family Trust is attached to Mr. Poulos's testimony. Are you familiar with this letter?

A. Yes. After Decision No. 66893 became final on April 12, 2004 the Dermer Family trust sent this letter to the Commission and sent a copy to the Company. In the letter, the Dermer Family trust, which has never been a party to this case, alleged that it owned property within the Company's CCN expansion area and did not receive notice of the hearing held in 2003 on the Company's application.

Q. Did you take any action after the Company received a copy of the letter?

A. Yes. I asked the Company's administrative staff to review the Company's records and they confirmed that a copy of the notice of the 2003 hearing in this matter was mailed to the correct address, that is, the address that was available from the records of the Pinal County Assessor, for the Dermer property. I also confirmed that the notice of hearing sent to the Dermers, which was sent by First Class United States Mail, was never returned to the Company as being undeliverable because of an incorrect address, or for any other reason.

Q. What was your conclusion concerning the notice mailed to the Dermer Property?

A. The Company mailed a notice of the 2003 hearing (properly addressed with first class postage) to the Dermer Family Trust property in compliance with the Commission order that established the procedure for providing notice of the hearing and because the notice was not returned to the Company as undeliverable, the property owner must be deemed to have received it.

Q. Did you receive any oral or written communications from Commission Staff concerning the Dermer letter?

A. Yes. I received a telephone call from Paul Walker, advisor to Commissioner (then Chairman) Marc Spitzer shortly after receiving the Dermer letter.

Q. What was the subject and nature of the telephone call?

A. Mr. Walker asked me my impression of the Dermer letter. I said that the Company sent a notice to the Dermers, the address for the Dermers was correct, that the notice was not returned to the Company, and that there must be another reason why the Dermers were now belatedly objecting to the Company's CCN. Mr. Walker informed me that Mr. Poulos had visited the Commission offices, met with certain ACC Staff and was making inquiries about the Commission's Decision in this matter and the extent of the Company's new CCN. Mr. Walker had some indication that Robson or its affiliates were looking at purchasing property in the same area.

Q. What are your conclusions, based upon your review of Mr. Poulos's testimony, of Cornman Tweedy's cooperation with the Company concerning the Company's ability to file a certificate of assured water supply and main extension agreement for what is now the Cornman Tweedy property?

A. Cornman Tweedy has refused to cooperate with the Company to complete the process of filing the certificate of assured water supply or entering into a main extension agreement. I will point out that Decision No. 66893 instructs the Company to file a copy of a certificate of assured water supply for two developments, as discussed in my testimony - Post Ranch and Florence Country Estates and a main extension agreement for the CCN expansion area. As also discussed in my direct testimony, the cooperation of both developers is required for the Company to comply with the Decision's conditions.

As noted in my direct testimony, the Post Ranch developer has cooperated with the Company, and the Company obtained, in February 2006, the certificate of assured water supply for the Post Ranch development. The Post Ranch developer will soon execute a main extension agreement for the Post Ranch development and the Company will file it with the Commission following its receipt.

In contrast, Mr. Poulos's testimony confirms that Cornman Tweedy never had any intention of cooperating with the Company in the Company's efforts to obtain a certificate of assured water supply or a main extension agreement for the Cornman Tweedy development.

Q. Please describe your efforts to obtain the certificate of assured water supply and the main extension agreement from Cornman Tweedy.

A. I have had several communications with Mr. Poulos since April 2005. In particular, in early April 2005, Mr. Poulos, by telephone, stated that the Company's CCN was (in his opinion) now void and that Cornman Tweedy's sister company, Picacho Water Company, intended to provide water service to the property. The Company also sent a letter to Cornman Tweedy dated June 7, 2006, requesting that it enter into the main extension agreement and complete the assured water supply process. Cornman Tweedy has not responded to this letter. (Exhibit WMG-14)

Q. Did anyone from Cornman Tweedy notify you at that time that they did not need water service for their development?

A. No. In fact, Mr. Poulos seemed very certain that the need for service would expand in the near future, but that Cornman Tweedy intended to have its own subsidiary, Picacho Water Company, take over the Company's CCN and serve the development.

Q. What actions did Cornman Tweedy take which show they need water service for their development?

A. Cornman Tweedy filed an application for an analysis of an assured water supply with the Arizona Department of Water Resources on October 18, 2004, which included the Florence Country Estates development (Exhibit WMG-15). This was a first step in obtaining certificates of assured water supply for a larger development, which Cornman Tweedy intended to develop. That is when

Cornman Tweedy first started to actively undermine the Company's request for an extension of time to comply with conditions in Decision No. 66893.

Cornman Tweedy requested water service from Picacho Water Company (see p. 13 of Mr. Poulos's testimony), on April 7, 2005. It is clear that Cornman Tweedy's intentions have always been to block the Company's efforts to successfully fulfill the conditions of Decision No. 66893. Cornman Tweedy knew that because of Cornman Tweedy's own actions, the Company would be prevented from satisfying those conditions.

Q. **Mr. Poulos testifies that Cornman Tweedy has no present plans to finish the process of obtaining a certificate of assured water supply. However, he also testifies that Cornman Tweedy has obtained an analysis of assured water supply from the Arizona Department of Water Resources for the Cornman Tweedy property that is included in the Company's CCN extension that was approved in Decision No. 66893. What is the significance of an analysis of assured water supply, as compared to a certificate of assured water supply, for the Cornman Tweedy property?**

A. First of all, Cornman Tweedy's decision not to complete the process the Florence Country Estates developer initiated to obtain a certificate of assured water supply for its property again confirms its determination to frustrate the Company's ability to comply with the conditions of Decision No. 66893. Also, Cornman Tweedy failed to inform the Company that it was filing an analysis of assured water supply with the Arizona Department of Water Resources (the "Department"). The Company learned about this filing after reviewing the Arizona Department of Water Resource's records.

Clearly, obtaining an analysis of assured water supply is a significant step toward development and it satisfies Staff's objective, which I will address below, that a water company this is granted a new CCN can show that adequate water is available for a development.

An analysis of assured water supply not only proves that water supplies are adequate (assured) to serve a development which is the subject of such an analysis, but once approved by the Department, essentially locks up or allocates those physical supplies to those developments for at least ten years. Accordingly, the analysis of assured water supply for the Cornman Tweedy property has been approved by the Department, demonstrating adequate supplies for the development (Exhibit WMG-16).

Q. Mr. Poulos testified that the Company "has not been willing to engage in meaningful settlement discussions" with Cornman Tweedy. Do you agree with his assessment?

A. No, I do not. As directed by the Commission, the Company met and conferred with Cornman Tweedy representatives, Mr. Poulos and Peter Gerstman, Vice President and General Counsel, on July 12, 2005 to discuss these issues for approximately two and one-half hours at the Company's office attended by me, other Company officers and the Company's legal counsel. At that meeting, Mr. Poulos and Mr. Gerstman did not waver from their position that plans to develop the property were moving forward and that their subsidiary, Picacho Water Company, not the Company, would be the water provider.

Q. Did Cornman Tweedy discuss the status of the certificate of assured water supply or request a main extension agreement?

A. No. Cornman Tweedy did not discuss the status of the certificate of assured water supply or request a main extension agreement.

Q. During the July 12, 2005 meeting, did anyone with Cornman Tweedy state that no water service was needed for the development or that it had been withdrawn from development?

A. No. To the contrary, they made it clear that Cornman Tweedy acquired the property for the purpose of developing it and was looking to acquire additional properties in the adjacent area for it to develop.

Q. You testified that Cornman Tweedy requested water service from Picacho Water Company. Do you know, or did anyone from Cornman Tweedy explain to you, why they requested water service from Picacho Water Company?

A. It was clear from our discussions that Cornman Tweedy intended for its affiliate, Picacho Water Company, to serve its property.

Q. Did Picacho Water Company, Cornman Tweedy, or anyone else ever object to the extension of the Company's CCN while the Commission was considering the Company's CCN application in this case?

A. No, none of these entities objected or intervened and the Company and the Staff were the only parties. In fact, Cornman Tweedy's predecessor, the developer of Florence Country Estates, actively supported the Company's CCN application.

II. REBUTTAL TO THE STAFF REPORT

Q. What are your comments concerning the Staff Report filed on June 12, 2006?

A. The conditions attached to CCN orders should be as few in number as possible, especially when they relate to matters outside the utility's control. The best procedure, in the Company's view, is for the Staff and the Commission to require as much information as necessary from the CCN applicant during the application and hearing process so that proceedings, such as the one in which we are now engaged, are not necessary. The Staff and the Commission should require the applicant to present the information they believe is necessary to satisfy the showing concerning the public interest but, once that is determined and the CCN is granted, as it was in this case, that should be the end of the inquiry and the conditions should be deemed satisfied.

Even so, if the Commission finds it necessary to continue to condition CCN orders, the Company recommends providing a longer time period (at least two years) to comply with the conditions that the Staff now supports. In addition,

where physical supplies are shown to be adequate such as in an analysis of assured water supply or a demonstration of physical availability, a certificate of assured water supply should not be required. The Company also agrees that it is not necessary to file main extension agreements as CCN conditions, as A.A.C. R14-2-406 already requires such agreements to be filed with the Commission for approval.

Finally, the Company urges the Commission and Staff to acknowledge, both in formulating its recommendations on conditions and on extensions of time to comply with them, that the developer, not the utility, controls the compliance timetable. It is not sound regulatory policy to make a utility responsible for satisfying a condition that it does not control and, in effect, penalize the utility if the developer needs more time or, as in this case, especially where the developer can actively subvert the utility's efforts to fulfill the requirements in the Commission decision granting the CCN extension.

Q. The Staff Report suggests that Staff consider whether any changes in circumstances support the need for an extension of time for a utility to comply with the conditions in a CCN decision. Are there any such changes in circumstances in this case?

A. Yes. The developer, Cornman Tweedy, has refused to cooperate with the Company to satisfy the conditions and has actively sought to interfere with and frustrate the Company's efforts to comply with those conditions. Cornman Tweedy caused the former owner of the Cornman Tweedy property who had requested service from Arizona Water and actively supported the Company's CCN application to withdraw its certificate of assured water supply application

and has failed to respond to the Company about entering into a main extension agreement.

Q. But doesn't Cornman Tweedy stand to benefit by cooperating with the Company to satisfy those conditions as expeditiously as possible?

A. Yes, of course. Having an experienced and reliable water utility like Arizona Water Company authorized to provide service should be very beneficial to Cornman Tweedy and all of the water utility customers ultimately residing in the development. But, in this case, Cornman Tweedy is subverting the Company's efforts to comply with the conditions of the CCN decision in the misguided hope that the Commission will rescind the Company's CCN extension to pave the way for Cornman Tweedy's sister-company, Picacho Water Company, to apply for a CCN to take over the area the Commission already granted to the Company. Clearly, that motive is improper because it is intended to attack a final Commission decision granting the CCN to the Company.

In addition, Mr. Poulos has failed to disclose his true motive – namely, that Cornman Tweedy seeks to have its sister company, Picacho Water Company, provide service to the Cornman Tweedy property.

Q. Are there any other changes in circumstances that would provide support for extending the time for the Company to provide the certificates of assured water supply and main extension agreements?

A. Yes. In reliance on the Commission having granted the Arizona Water Company CCN extension in this case, a number of other landowners and developers have contacted the Company for water utility service to their developments within this CCN. They are: JBC Development, Storey Farms, AG Robertson, Springwater

Pointe, LLC, Hacienda Estates and Hacienda Highlands, as discussed on pages 13-14 of Michael J. Whitehead's direct testimony in this matter.

Q. Does this complete your rebuttal testimony?

A. Yes, it does.

7/11/2006

LTF Report
Assured Program

By: P. Nagel

Department File Number	Application Type	Application Name (Subdivision, Master Plan, Water Company, etc.)	Application Received	1st Incomplete Letter Sent	Applicant's Response to 1st Letter Received	2nd Incomplete Letter Sent	Applicant's Response to 2nd Letter Received	3rd Incomplete Letter Sent	Applicant's Response to 3rd Letter Received	4th Incomplete Letter Sent	Applicant's Response to 4th Letter Received	AMA	Application is a Change of Ownership	Public Comment Period Ends	Licensing Time Frame Days	Application Reviewer
26-400957.0000	Designation of Assured Water Supply	City of Tucson Modification	4/29/2003									Tucson	FALSE	11/5/2003	1112	Virginia Welford
26-401062.0000	Designation of Assured Water Supply	Metropolitan Domestic Water, Modification	9/2/2003	11/26/2003	4/6/2004	1/18/2006	2/1/2006					Tucson	FALSE	3/5/2004	840	Virginia Welford
28-401673.0000	Analysis of Assured Water Supply	Smith Farms	3/18/2005									Pinal	FALSE		423	Alan Dulaney
27-401677.0000	Certificate of Assured Water Supply	Arroyo Verde Estates	3/21/2005	3/30/2005	5/23/2005							Pinal	FALSE	8/11/2005	366	Alan Dulaney
28-401761.0000	Analysis of Assured Water Supply	Rio Rancho Estates	5/11/2005	3/29/2006								Phoenix	FALSE		322	Alan Dulaney
27-401726.0000	Certificate of Assured Water Supply	Tortosa - S	4/7/2005	1/3/2006	4/16/2006							Pinal	FALSE	11/26/2005	300	Alan Dulaney
28-401767.0000	Analysis of Assured Water Supply	Austin Ranch	5/25/2005	2/27/2006								Phoenix	FALSE		278	Alan Dulaney
27-401874.0000	Certificate of Assured Water Supply	Belcara at Pima	9/15/2005	5/10/2006								Phoenix	FALSE	2/17/2006	237	Alan Dulaney
28-401840.0000	Analysis of Assured Water Supply	Swan Southlands Development	8/5/2005	8/24/2005	9/16/2005	3/27/2006	4/28/2006					Tucson	FALSE		228	Virginia Welford
27-401914.0000	Certificate of Assured Water Supply	Apache Farms	10/12/2005									Phoenix	FALSE	5/12/2006	215	Alan Dulaney
27-401924.0000	Certificate of Assured Water Supply	Verona at 11 mile Corner	10/26/2005									Pinal	FALSE		201	Norma Coupaud
27-401858.0000	Certificate of Assured Water Supply	Broadway San Marcos Subdivision	8/25/2005	9/7/2005	11/4/2005	5/10/2006						Phoenix	FALSE		200	Alan Dulaney
27-401935.0000	Certificate of Assured Water Supply	Heartland - Unit 4	11/7/2005									Pinal	FALSE		189	Alan Dulaney
27-401939.0000	Certificate of Assured Water Supply	Skousen Farms	11/9/2005									Pinal	FALSE	3/17/2006	187	N. Coupaud
27-401929.0000	Certificate of Assured Water Supply	'G' Diamond Ranch Preserve	10/31/2005	1/13/2006	1/23/2006							Pinal	FALSE	3/3/2006	186	N. Coupaud
27-401943.0000	Certificate of Assured Water Supply	Elianto Village 1	11/14/2005									Phoenix	FALSE	3/17/2006	182	N. Coupaud
26-401922.0000	Designation of Assured Water Supply	Metropolitan Domestic Water Improvement District - West	10/20/2005	4/19/2006								Tucson	FALSE		181	Diane Kusel
27-401923.0000	Certificate of Assured Water Supply	Perryville Broadway	10/25/2005	2/6/2006	2/17/2006	4/21/2006						Phoenix	FALSE		167	Alan Dulaney
28-401887.0000	Analysis of Assured Water Supply	Broadstone Preserve	9/27/2005	2/9/2006	4/10/2006	5/10/2006						Phoenix	FALSE		165	Pam Nagel
28-401866.0000	Analysis of Assured Water Supply	Cipriani	9/9/2005	1/13/2006	3/13/2006	4/19/2006						Phoenix	FALSE		163	Pam Nagel
27-401867.0000	Certificate of Assured Water Supply	The Ranch at Aliso Springs, Phase II, Lots 26-65	9/9/2005	9/21/2005	9/29/2005	10/18/2005	11/29/2005	12/5/2005	12/12/2005	4/13/2006		Santa Cruz	FALSE		159	Pam Nagel
28-401685.0000	Analysis of Assured Water Supply	Desert Creek	3/25/2005	8/31/2005								Phoenix	FALSE		159	Alan Dulaney
27-401960.0000	Certificate of Assured Water Supply	Sundance Cove II	12/8/2005									Phoenix	FALSE	6/2/2006	158	N. Coupaud
27-401952.0000	Certificate of Assured Water Supply	Lucia at Queen Creek	11/30/2005	2/28/2006	3/13/2006							Phoenix	FALSE	5/5/2006	153	Alan Dulaney
28-401963.0000	Analysis of Assured Water Supply	Mountain Shadows	12/16/2005									Phoenix	FALSE		150	Alan Dulaney
27-401813.0000	Certificate of Assured Water Supply	The Parks, Parcels A, B and D	7/11/2005	9/27/2005	12/15/2005	2/15/2006		4/18/2006				Phoenix	FALSE	9/9/2005	140	Pam Nagel
27-401938.0000	Certificate of Assured Water Supply	Siesta Lago Estates	11/9/2005	2/6/2006	3/30/2006							Phoenix	FALSE	5/5/2006	135	N. Coupaud
28-401962.0000	Analysis of Assured Water Supply	B 2 Ranch	12/9/2005	4/18/2006								Tucson	FALSE		130	Dawne Wilson
27-401950.0000	Certificate of Assured Water Supply	Toll Brothers at Litchfield Park/The Village at Litchfield Park Phase 2	11/30/2005	2/23/2006	2/28/2006	3/20/2006	3/21/2006	4/12/2006				Phoenix	FALSE		127	Pam Nagel
27-401986.0000	Certificate of Assured Water Supply	Lusitano	1/10/2006									Pinal	FALSE	3/1/2006	125	Rick Obenshain
27-401762.0000	Certificate of Assured Water Supply	Rio Rancho Estates North parcels 1, 2 & 5, South, Parcel 6	5/11/2005	9/6/2005								Phoenix	FALSE		118	Alan Dulaney
27-401999.0000	Certificate of Assured Water Supply	Circle Cross Ranch Unit 3	1/19/2006									Phoenix	FALSE	4/28/2006	116	Rick Obenshain
27-401626.0001	Certificate of Assured Water Supply	Westpark Phase 2, Parcel 13 & 14	10/3/2005	10/6/2005	10/25/2005	1/27/2006		4/18/2006	4/28/2006			Phoenix	TRUE	12/16/2005	114	Rick Obenshain
27-401817.0000	Certificate of Assured Water Supply	Vista Del Rey Estates	7/14/2005	7/21/2005	8/15/2005	8/23/2005	1/3/2006	4/12/2006				Pinal	FALSE		114	Pam Nagel
26-402008.0000	Designation of Assured Water Supply	Santa Cruz Water Company (Modification)	1/24/2006									Pinal	FALSE		111	Pam Nagel
27-400810.0002	Certificate of Assured Water Supply	Entrada del Oro Unit 1 Lots 1-93,235-250,257-263,275-283,298-307,323-334&356-360	2/3/2006									Phoenix	TRUE	5/19/2006	101	Norma Coupaud
27-401981.0000	Certificate of Assured Water Supply	Cotton Meadows	1/6/2006	4/17/2006								Phoenix	FALSE	3/31/2006	101	Rick Obenshain
27-402020.0000	Certificate of Assured Water Supply	Mystic Trails	2/6/2006									Pinal	FALSE		98	Rick Obenshain
27-401888.0000	Certificate of Assured Water Supply	White Fence Farms	9/28/2005	10/17/2005		1/30/2006	2/22/2006	3/29/2006	4/6/2006			Phoenix	FALSE	5/5/2006	93	N. Coupaud
27-402024.0000	Certificate of Assured Water Supply	Casa Vista	2/13/2006									Pinal	FALSE		91	Rick Obenshain
27-401975.0000	Certificate of Assured Water Supply	Los Arroyos Resubdivision, Lots 1-145 & 150-167 & Common Areas "A1-A3" & "B1-B2"	12/30/2005	1/30/2006	2/1/2006	2/6/2006	3/20/2006	3/22/2006	3/24/2006			Tucson	FALSE	5/18/2006	90	Dawne Wilson
27-401971.0000	Certificate of Assured Water Supply	Skyline Estates	12/22/2005	2/23/2006	4/19/2006							Phoenix	FALSE	5/19/2006	89	Rick Obenshain
27-401979.0000	Certificate of Assured Water Supply	Meadow View	1/5/2006	4/4/2006								Prescott	FALSE		89	Rick Obenshain
28-401862.0000	Analysis of Assured Water Supply	Lake Pleasant 5000	8/31/2005	9/14/2005	9/26/2005	12/5/2005						Phoenix	FALSE		84	Rick Obenshain
27-401991.0000	Certificate of Assured Water Supply	Tortosa - NE	1/11/2006	4/3/2006								Pinal	FALSE		82	Rick Obenshain
27-402031.0000	Certificate of Assured Water Supply	Verrado, Parcel 2.102	2/22/2006									Phoenix	FALSE	5/12/2006	82	Rick Obenshain
27-402032.0000	Certificate of Assured Water Supply	Verrado, Parcel 2.101	2/22/2006									Phoenix	FALSE	5/12/2006	82	Rick Obenshain
27-402033.0000	Certificate of Assured Water Supply	Verrado, ParceFi 4.625	2/22/2006									Phoenix	FALSE		82	N. Coupaud
27-402034.0000	Certificate of Assured Water Supply	Verrado Parcel 4.502	2/22/2006									Phoenix	FALSE		82	N. Coupaud
27-402035.0000	Certificate of Assured Water Supply	Hastings Farms Parcel G	2/22/2006									Phoenix	FALSE	6/2/2006	82	Rick Obenshain
27-402036.0000	Certificate of Assured Water Supply	Hastings Farms Parcels C, D, E, F, H, I, J, K, L	2/22/2006									Phoenix	FALSE	6/2/2006	82	Rick Obenshain
28-401958.0000	Analysis of Assured Water Supply	Red River	12/8/2005	1/27/2006		3/29/2006	4/13/2006					Pinal	FALSE		82	N. Coupaud
27-401993.0000	Certificate of Assured Water Supply	The Village at Sundance Phase 1,2 & 3	1/13/2006	3/2/2006	4/12/2006							Phoenix	FALSE	5/12/2006	81	Rick Obenshain
27-402039.0000	Certificate of Assured Water Supply	Sandia NW, Parcels A,B,C & K	2/24/2006									Pinal	FALSE		80	N. Coupaud
27-401768.0000	Certificate of Assured Water Supply	Cielo Grande at Desert Hills	5/27/2005	6/27/2005	8/24/2005	9/15/2005	10/12/2005	11/7/2005				Phoenix	FALSE	6/2/2006	79	N. Coupaud
27-401977.0000	Certificate of Assured Water Supply	Elianto Village 4	1/4/2006	3/23/2006								Phoenix	FALSE		78	Rick Obenshain
27-401040.0002	Certificate of Assured Water Supply	Twelve Oaks Estates	2/28/2006									Phoenix	TRUE	5/19/2006	76	N. Coupaud
28-401645.0000	Analysis of Assured Water Supply	Douglas Ranch- Phases 6, 7, 8 & 9	2/18/2005	5/5/2005								Phoenix	FALSE		76	Rick Obenshain
27-402043.0000	Certificate of Assured Water Supply	Copper Falls	3/1/2006									Phoenix	FALSE	6/6/2006	75	Rick Obenshain
27-401878.0000	Certificate of Assured Water Supply	Southwest Desert Estates Two	9/20/2005	9/28/2005	11/8/2005	1/13/2006		4/18/2006				Phoenix	FALSE		74	Pam Nagel
27-401967.0000	Certificate of Assured Water Supply	The Enclave at Tonto Forest Estates	12/19/2005	3/2/2006		5/4/2006						Phoenix	FALSE		73	N. Coupaud
27-401968.0000	Certificate of Assured Water Supply	Rancho Del Rio Estates, Lots 1-185 & Common Areas A & B	12/22/2005	2/21/2006	4/19/2006	4/25/2006						Tucson	FALSE		67	Dawne Wilson
27-402054.0000	Certificate of Assured Water Supply	Mesquite Trails	3/10/2006									Pinal	FALSE	5/12/2006	66	Rick Obenshain
27-402055.0000	Certificate of Assured Water Supply	Desert Views	3/10/2006									Pinal	FALSE		66	N. Coupaud
27-401838.0000	Certificate of Assured Water Supply	Corriente Condominiums	8/3/2005	9/12/2005	10/13/2005	11/7/2005		4/18/2006				Phoenix	FALSE		65	Pam Nagel
27-402030.0000	Certificate of Assured Water Supply	Sonterra	2/21/2006	2/27/2006	3/17/2006							Phoenix	FALSE	5/5/2006	65	Rick Obenshain
27-402056.0000	Certificate of Assured Water Supply	Desert Moon Estates	3/13/2006									Phoenix	FALSE	6/9/2006	63	Scott Miller
27-402051.0000	Certificate of Assured Water Supply	Camelot Condominium	3/8/2006	3/21/2006	3/27/2006							Phoenix	FALSE	5/12/2006	62	Pam Nagel
27-402058.0000	Certificate of Assured Water Supply	Elaine Farms	3/14/2006									Pinal	FALSE		62	Rick Obenshain
27-402059.0000	Certificate of Assured Water Supply	Hastings Farms, Parcels A & B	3/14/2006									Phoenix	FALSE	6/2/2006	62	Rick Obenshain
27-402061.0000	Certificate of Assured Water Supply	Ironwood Crossing Unit 1	3/14/2006									Phoenix	FALSE		62	Pam Nagel
27-401757.0000	Certificate of Assured Water Supply	Silver Canyon Ranch Unit I and Unit II	5/5/2005	6/15/2005	9/16/2005	10/5/2005						Phoenix	FALSE	5/5/2006	60	N. Coupaud
27-402013.0000	Certificate of Assured Water Supply	Coyote Ridge	1/31/2006	2/6/2006	2/9/2006	3/2/2006	4/12/2006					Phoenix	FALSE	5/12/2006	60	Rick Obenshain
27-402069.0000	Certificate of Assured Water Supply	Crystal Vista	3/17/2006									Phoenix	FALSE	6/2/2006	59	N. Coupaud
27-402070.0000	Certificate of Assured Water Supply	Hacienda Highlands	3/20/2006									Pinal	FALSE		56	N. Coupaud
27-402071.0000	Certificate of Assured Water Supply	Hacienda Estates	3/20/2006									Pinal	FALSE		56	N. Coupaud
27-402050.0000	Certificate of Assured Water Supply	Kilburn Terrace Condominiums, Units 1101, 1102, 1103, 2101, 2102, 2103 & 2104	3/6/2006	3/20/2006	4/6/2006							Tucson	FALSE	5/11/2006	53	Dawne Wilson
27-402076.0000	Certificate of Assured Water Supply	EJR Ranch, Phase II	3/23/2006									Pinal	FALSE	5/25/2006	53	Rick Obenshain
27-401994.0000	Certificate of Assured Water Supply	Wingate and Wingate East	1/13/2006	3/3/2006								Phoenix	FALSE		49	Rick Obenshain
27-402057.0000	Certificate of Assured Water Supply	Kilburn Place Condominiums, Units 1101, 1102, 1103, 2101, 2102, 2103 & 2104	3/13/2006	3/23/2006	4/6/2006							Tucson	FALSE	5/18/2006	49	Dawne Wilson
27-401190.0001	Certificate of Assured Water Supply	Sahuarita Highlands, Lots 1-153, Block 1 & Common Areas A, B & C	3/29/2006	4/12/2006	4/13/2006							Tucson	TRUE	4/14/2006	46	Pam Nagel
27-401190.0002	Certificate of Assured Water Supply	Sahuarita Highlands, Lots 1-153, Block 1, Common Areas A, B, & C	3/29/2006	4/12/2006	4/13/2006							Tucson	TRUE	4/14/2006	46	Pam Nagel
27-402085.0000	Certificate of Assured Water Supply	Emperor Estates IV	3/30/2006									Phoenix	FALSE	6/9/2006	46	N. Coupaud
27-402074.0000	Certificate of Assured Water Supply	Presidio Trail, Lots 1-50 & Common Area "A-1" - "A-5" & "B-1"	3/21/2006	5/5/2006								Tucson	FALSE		45	Dawne Wilson
27-401781.0000	Certificate of Assured Water Supply	Canoa Preserve	6/14/2005	7/26/2005								Tucson	FALSE		42	Dawne Wilson
27-402084.0000	Certificate of Assured Water Supply	Martin Valley	3/30/2006	5/10/2006								Pinal	FALSE		41	Pam Nagel
28-400903.0001	Analysis of Assured Water Supply	Belmont	6/30/2005	8/10/2005								Phoenix	FALSE		41	Rick Obenshain
28-402088.0000	Analysis of Assured Water Supply	Las Palmas	4/4/2006									Phoenix	FALSE		41	Rick Obenshain
27-402089.0000	Certificate of Assured Water Supply	Woolf Crossing	4/5/2006									Phoenix	FALSE		40	N. Coupaud
28-401719.0001	Analysis of Assured Water Supply	Sun Valley South	3/29/2006	5/8/2006								Phoenix	FALSE		40	Pam Nagel
27-402064.0000	Certificate of Assured Water Supply	Red Rock Village 2	3/15/2006	4/20/2006								Tucson	FALSE		36	Dawne Wilson
27-402063.0000	Certificate of Assured Water Supply	Red Rock Village 1	3/15/2006	4/19/2006								Tucson	FALSE		35	Dawne Wilson

EXHIBIT
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AWC-4
Admitted

27-401895.0000	Certificate of Assured Water Supply	Mission Royale Phase 2, Parcel C	10/5/2005	11/1/2005	2/1/2006	2/8/2006					Pinal	FALSE	4/6/2006		34 N. Coupaud
27-402093.0000	Certificate of Assured Water Supply	Falcon View	4/11/2006								Phoenix	FALSE			34 Rick Obenshain
28-402079.0000	Analysis of Assured Water Supply	Wintersburg Interchange - Tonopah Market Place	3/24/2006	4/27/2006							Phoenix	FALSE			34 Pam Nagel
27-402096.0000	Certificate of Assured Water Supply	Madera Highlands, Villages 1-10 & 15	4/12/2006								Tucson	FALSE			33 Virginia Welford
27-400452.0004	Certificate of Assured Water Supply	Casa Crossing	4/3/2006	5/5/2006							Pinal	TRUE			32 Pam Nagel
27-402098.0000	Certificate of Assured Water Supply	Camino Seco Village, Lots 1-35 & Common Areas A & B	4/13/2006								Tucson	FALSE			32 Virginia Welford
27-402099.0000	Certificate of Assured Water Supply	Verrado, Parcel 4.421	4/13/2006								Phoenix	FALSE			32 Rick Obenshain
27-402100.0000	Certificate of Assured Water Supply	Verrado, Parcel 4.422	4/13/2006								Phoenix	FALSE			32 Rick Obenshain
27-402101.0000	Certificate of Assured Water Supply	Verrado, Parcel 4.423	4/13/2006								Phoenix	FALSE			32 Rick Obenshain
27-402102.0000	Certificate of Assured Water Supply	VERRADO PARCEL 4.424	4/13/2006								Phoenix	FALSE			32 N. Coupaud
27-402103.0000	Certificate of Assured Water Supply	Verrado Parcel 4.425	4/13/2006								Phoenix	FALSE			32 N. Coupaud
27-402104.0000	Certificate of Assured Water Supply	Verrado Parcel 4.426	4/13/2006								Phoenix	FALSE			32 N. Coupaud
27-402105.0000	Certificate of Assured Water Supply	Verrado, Parcel 4.427	4/13/2006								Phoenix	FALSE			32 N. Coupaud
27-402106.0000	Certificate of Assured Water Supply	Verrado, Parcel 4.428	4/13/2006								Phoenix	FALSE			32 N. Coupaud
27-402107.0000	Certificate of Assured Water Supply	Verrado, Parcel 4.429	4/13/2006								Phoenix	FALSE			32 N. Coupaud
27-402062.0000	Certificate of Assured Water Supply	Red Rock Village 1 Model Complex	3/15/2006	4/14/2006							Tucson	FALSE			30 Dawne Wilson
27-200311.0001	Certificate of Assured Water Supply	Santa Cruz Meadows, Lots 1-239 and Common Areas A,B & C	2/23/2006	3/24/2006							Tucson	TRUE			29 Pam Nagel
27-401849.0000	Certificate of Assured Water Supply	Encanto Vista II	8/2/2005	8/31/2005		3/28/2006					Phoenix	FALSE			29 Alan Dulaney
28-402019.0000	Analysis of Assured Water Supply	Bella Vagare	2/3/2006	3/3/2006							Phoenix	FALSE			28 Rick Obenshain
27-401853.0000	Certificate of Assured Water Supply	Riverwalk	8/24/2005	9/20/2005		4/18/2006					Phoenix	FALSE			27 Pam Nagel
27-402095.0000	Certificate of Assured Water Supply	Trillium - Phase I	4/12/2006	5/9/2006							Phoenix	FALSE			27 Rick Obenshain
27-402109.0000	Certificate of Assured Water Supply	Arcadia; Phase I, Lots 1-40 & Phase II, Lots 41-190	4/18/2006								Tucson	FALSE			27 Dawne Wilson
27-400731.0001	Certificate of Assured Water Supply	Sonoran Ridge Estates Unit 4	4/13/2006	4/19/2006	4/25/2006						Phoenix	TRUE	4/28/2006		26 Pam Nagel
27-402111.0000	Certificate of Assured Water Supply	Granada Villas	4/19/2006								Phoenix	FALSE	6/2/2006		26 Rick Obenshain
27-402112.0000	Certificate of Assured Water Supply	Westwind, parcels 1-A & 1-E	4/19/2006								Phoenix	FALSE			26 Rick Obenshain
27-402115.0000	Certificate of Assured Water Supply	Arroyo Vista	4/19/2006								Phoenix	FALSE			26 Rick Obenshain
28-402052.0000	Analysis of Assured Water Supply	Four-Eleven Estates	3/6/2006	4/3/2006							Phoenix	FALSE			26 Rick Obenshain
28-402113.0000	Analysis of Assured Water Supply	Portico	4/19/2006								Phoenix	FALSE			26 Rick Obenshain
27-402078.0000	Certificate of Assured Water Supply	San Madera	3/27/2006	4/21/2006							Phoenix	FALSE			25 Rick Obenshain
27-402117.0000	Certificate of Assured Water Supply	Paloma Vista	4/20/2006								Phoenix	FALSE	6/6/2006		25 Rick Obenshain
27-402118.0000	Certificate of Assured Water Supply	Kilburn Manor Condominiums, Units 1101,1102,1103,2101,2102,2103 & 2104	4/20/2006								Tucson	FALSE			25 Dawne Wilson
28-402116.0000	Analysis of Assured Water Supply	Cotton Pickin	4/20/2006								Phoenix	FALSE			25 N. Coupaud
27-402087.0000	Certificate of Assured Water Supply	Montana Vista	3/31/2006	4/21/2006							Phoenix	FALSE			21 N. Coupaud
27-402119.0000	Certificate of Assured Water Supply	Kilburn View Condominiums, Units 1101,1102,1103,2101,2102,2103 & 2104	4/24/2006								Tucson	FALSE			21 Dawne Wilson
27-400864.0002	Certificate of Assured Water Supply	Montana Vista	4/25/2006								Phoenix	TRUE	5/11/2006		20 Rick Obenshain
27-402121.0000	Certificate of Assured Water Supply	Austin Ranch West Parcels, 1-6	4/25/2006								Phoenix	FALSE			20 N. Coupaud
27-402123.0000	Certificate of Assured Water Supply	Verrado Parcel 5.502	4/26/2006								Phoenix	FALSE			19 N. Coupaud
27-402124.0000	Certificate of Assured Water Supply	Verrado Parcel 5.503	4/26/2006								Phoenix	FALSE			19 N. Coupaud
27-402125.0000	Certificate of Assured Water Supply	Verrado Parcel 5.505	4/26/2006								Phoenix	FALSE			19 N. Coupaud
27-402126.0000	Certificate of Assured Water Supply	Verrado, Parcel 2.202	4/26/2006								Phoenix	FALSE			19 Rick Obenshain
27-402127.0000	Certificate of Assured Water Supply	Verrado, Parcel 2.203	4/26/2006								Phoenix	FALSE			19 Rick Obenshain
27-402128.0000	Certificate of Assured Water Supply	Verrado, Parcel 2.204	4/26/2006								Phoenix	FALSE			19 Rick Obenshain
27-402129.0000	Certificate of Assured Water Supply	Verrado Parcel 2.205	4/26/2006								Phoenix	FALSE			19 Rick Obenshain
27-402130.0000	Certificate of Assured Water Supply	Verrado Parcel 2.207	4/26/2006								Phoenix	FALSE			19 Rick Obenshain
27-402131.0000	Certificate of Assured Water Supply	Verrado Parcel 2.206	4/26/2006								Phoenix	FALSE			19 N. Coupaud
27-402132.0000	Certificate of Assured Water Supply	Verrado Parcel 2.208	4/26/2006								Phoenix	FALSE			19 N. Coupaud
27-402133.0000	Certificate of Assured Water Supply	Verrado Parcel 2.209	4/26/2006								Phoenix	FALSE			19 N. Coupaud
27-402134.0000	Certificate of Assured Water Supply	Verrado Parcel 2.210	4/26/2006								Phoenix	FALSE			19 N. Coupaud
28-402122.0000	Analysis of Assured Water Supply	Grand Vista	4/26/2006								Phoenix	FALSE			19 N. Coupaud
27-400440.0001	Certificate of Assured Water Supply	Parkman Ranch	4/27/2006								Phoenix	TRUE	5/12/2006		18 N. Coupaud
27-401828.0000	Certificate of Assured Water Supply	Saddle Creek II	7/22/2005	8/1/2005		12/22/2005	4/4/2006	4/12/2006			Pinal	FALSE			18 Pam Nagel
27-402135.0000	Certificate of Assured Water Supply	Springwater Pointe	4/27/2006								Pinal	FALSE			18 Pam Nagel
27-402137.0000	Certificate of Assured Water Supply	Cortina Parcels 12 & 13	4/27/2006								Phoenix	FALSE			18 Pam Nagel
27-402139.0000	Certificate of Assured Water Supply	Casa Villa Subdivision	4/28/2006								Phoenix	FALSE			17
28-401539.0001	Analysis of Assured Water Supply	Festival Ranch	7/27/2005	8/12/2005							Phoenix	FALSE			16 Pam Nagel
27-402083.0000	Certificate of Assured Water Supply	Vista Del Sol at Buckeye	3/29/2006	4/13/2006							Phoenix	FALSE			15 Pam Nagel
27-401890.0000	Certificate of Assured Water Supply	Tuthill Estates	9/30/2005	10/13/2005		1/13/2006		4/18/2006			Phoenix	FALSE			13 Pam Nagel
28-402140.0000	Analysis of Assured Water Supply	Montosa Ranch	5/2/2006								Santa Cruz	FALSE			13 Pam Nagel
27-402142.0000	Certificate of Assured Water Supply	Fitzpatrick Ranch Unit III	5/3/2006								Phoenix	FALSE			12 Pam Nagel
27-401255.0001	Certificate of Assured Water Supply	Idaho Creek Villas	4/18/2006	4/20/2006	5/4/2006	5/12/2006					Phoenix	TRUE	5/19/2006		10 Pam Nagel
27-402143.0000	Certificate of Assured Water Supply	Ventana Ranch	5/5/2006								Phoenix	FALSE			10
27-402068.0000	Certificate of Assured Water Supply	Copper Mountain Business Park	3/16/2006	3/24/2006							Pinal	FALSE			8 Pam Nagel
27-401493.0001	Certificate of Assured Water Supply	Milagro	2/21/2006	2/28/2006		5/2/2006					Phoenix	TRUE	3/8/2006		7 Pam Nagel
27-402029.0000	Certificate of Assured Water Supply	Westwind, Parcels 1-B, 1-C & 1-D	2/17/2006	2/24/2006							Phoenix	FALSE			7 Rick Obenshain
27-400322.0001	Certificate of Assured Water Supply	Camelback Garden Farms, Tract A	3/15/2006	3/21/2006							Phoenix	FALSE			6 Pam Nagel
27-401166.0001	Certificate of Assured Water Supply	Tartesso Unit 1, Parcel 1.6	5/10/2006								Phoenix	TRUE	5/25/2006		5 Pam Nagel
27-401169.0001	Certificate of Assured Water Supply	Tartesso Unit 1, Parcel 1.11	5/10/2006								Phoenix	TRUE	5/25/2006		5 Pam Nagel
27-401587.0002	Certificate of Assured Water Supply	McClellan Meadows	5/10/2006								Pinal	TRUE	5/25/2006		5 Pam Nagel
27-402145.0000	Certificate of Assured Water Supply	Cave Creek Resort and Casitas	5/10/2006								Phoenix	FALSE			5
27-402053.0000	Certificate of Assured Water Supply	Verde Creek	3/9/2006	3/13/2006							Pinal	FALSE			4 N. Coupaud
27-402146.0000	Certificate of Assured Water Supply	Acacia Farms	5/12/2006								Pinal	FALSE			3
27-400399.0003	Certificate of Assured Water Supply	Chaparral Estates Unit 2	2/27/2006	3/1/2006		5/2/2006					Phoenix	TRUE	3/15/2006		2 Pam Nagel
27-402081.0000	Certificate of Assured Water Supply	Black Mountain Estates at Carefree	3/27/2006	3/29/2006							Phoenix	FALSE			2 Pam Nagel
27-400399.0004	Certificate of Assured Water Supply	Chaparral Estates Unit 1	2/28/2006	3/1/2006							Pinal	TRUE	3/15/2006		1 Pam Nagel
27-401715.0000	Certificate of Assured Water Supply	Encanto Vista I	8/2/2005	4/22/2005	8/2/2005	8/24/2005	1/19/2006	3/28/2006			Phoenix	FALSE			-12 Alan R. Dulaney
20-401984.0000	Physical Availability Demonstration	Riverview Water Service Area	1/10/2006								Phoenix	FALSE			
20-401956.0000	Physical Availability Demonstration	Palo Parado Hills	12/7/2005								Santa Cruz	FALSE			

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Hacienda Estates

Owner: Casa Grande 80, LLC

Private Water Company ("PWC") Name: Arizona Water Company – Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307.0000
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11-009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes ___ No
If no, will the PWC be establishing a new service area right to serve the Development? ___ Yes ___ No
If yes, what type of right will be used to establish the service area right _____
If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? X Yes ___ No
If no, has an application for an extension of the CC&N been filed? ___ Yes ___ No
If yes, date of submittal: _____ Approved? ___ Yes ___ No
Please include a copy of the application for extension and reference as an attachment: _____
If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
275	3.0	163	115.50	35.38***	150.88

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service*, and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

Company Representative Signature	Name	Title	Date
	Michael J. Whitehead	Vice President - Engineering	4/3/06
CAWS Applicant Signature	Name	Title	Date
KD			

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ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Hacienda Highlands

Owner: Casa Grande 76, LLC

Private Water Company ("PWC") Name: Arizona Water Company – Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307.0000
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11-009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes ___ No
If no, will the PWC be establishing a new service area right to serve the Development? ___ Yes ___ No
If yes, what type of right will be used to establish the service area right _____
If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? X Yes ___ No
If no, has an application for an extension of the CC&N been filed? ___ Yes ___ No
If yes, date of submittal: _____ Approved? ___ Yes ___ No
Please include a copy of the application for extension and reference as an attachment: _____
If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
266	3.0	163	111.73	33.57***	145.30

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service,* and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

Company Representative Signature	Name	Title	Date
	Michael J. Whitehead	Vice President - Engineering	4/3/06

CAWS Applicant Signature	Name	Title	Date

KD

COPY

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Springwater Pointe

Owner: Springwater Pointe, L.L.C., an Arizona limited liability company

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307.0000
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11-009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes ___ No
If no, will the PWC be establishing a new service area right to serve the Development? ___ Yes ___ No
If yes, what type of right will be used to establish the service area right _____
If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? X Yes ___ No
If no, has an application for an extension of the CC&N been filed? ___ Yes ___ No
If yes, date of submittal: _____ Approved? ___ Yes ___ No
Please include a copy of the application for extension and reference as an attachment: _____
If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
497	2.83	125	196.94	78.34	275.28

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service,* and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

Company Representative Signature	Name	Title	Date
	Mike Loggins	Engineer	6/8/06

CAWS Applicant Signature	Name	Title	Date

val

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0000017290

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED
MAR - 9 2005
DOCKETED BY nr

EXHIBIT
AWC-5
Admitted

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF PICACHO WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE IN PINAL COUNTY, ARIZONA.	DOCKET NO. W-03528A-04-0641
IN THE MATTER OF THE APPLICATION OF PICACHO SEWER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE SEWER SERVICE IN PINAL COUNTY, ARIZONA.	DOCKET NO. SW-03709A-04-0642 DECISION NO. 67670 **OPINION AND ORDER**

DATE OF HEARING: January 19,2005

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Teena Wolfe

APPEARANCES: Mr. Jim Poulos, Vice President and General Manager, on behalf of Picacho Water Company and Picacho Sewer Company; and

Ms. Lisa A. Vandenberg, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On September 2, 2004, Picacho Water Company ("PWC") and Picacho Sewer Company ("PSC") each filed with the Arizona Corporation Commission ("Commission") an application to extend the territory under their existing Certificates of Convenience and Necessity ("CC&Ns").

On November 1, 2004, the Commission's Utilities Division ("Staff") filed letters in each docket indicating that both the above-captioned applications were sufficient.

On November 9, 2004, by Procedural Order, these matters were consolidated for purposes of hearing, and a hearing was scheduled for January 19,2005.

On November 30, 2004, PWC and PSC filed certification that they provided notice of the applications and hearing in accordance with the Commission's Procedural Order.

Also on November 30, 2004, PWC and PSC filed amendments to their CC&N extension applications. The amendments eliminated an area consisting of 563 acres from both PWC's and PSC's extension requests.

On December 30,2004, Staff filed its Staff Report on the applications.

On January 13, 2005, PWC and PSC jointly filed the direct testimony of Jim Poulos in response to the Staff Report.

On January 19, 2005, a full public hearing was convened before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. PWC's and PSC's Vice President and General Manager appeared on their behalf and Staff appeared with counsel. At the conclusion of the hearing, the matter was taken under advisement pending submission of a Recommended Opinion and Order to the Commission.

* * * * * * * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. PWC is an Arizona corporation that was granted authority by the Commission in Decision No. 61266 (November 25, 1998) to provide water utility service to a 3,000 acre age-restricted master planned development called Robson Ranch located south of Casa Grande near I-10 and Toltec Road in Pinal County, Arizona.

2. PSC is an Arizona corporation that was granted authority by the Commission in Decision No. 61994 (October 9, 1999) to provide sewer utility service to the same area granted to PWC in Decision No. 61266.

3. PWC and PSC are affiliated with Robson Communities, Inc. ("Robson"), a developer of master-planned communities in Arizona and in Texas. In association with some of its Arizona developments, Robson Communities has formed and operates Pima Water Company, Pima Sewer Company, Ridgeview Utility Company, Lago Del Oro Water Company, Saddlebrooke Utility

Company, and Quail Creek Water Company, which companies together provide utility services to approximately 40,000 customers in the State of Arizona.

4. On September 2, 2004, PWC and PSC filed applications for extension of their CC&Ns.

5. On November 20, 2004, PWC and PSC each filed amendments to their respective applications eliminating a portion of their requested extension areas. PWC's resulting requested extension area is set forth in Exhibit A, attached hereto and incorporated herein by reference, and PSC's resulting requested extension area is set forth in Exhibit B, attached hereto and incorporated herein by reference.

6. Notice of the applications was provided in accordance with the law.

7. On December 30, 2004, Staff filed its Staff Report recommending conditional approval of the applications following a hearing.

8. PWC and PSC are not currently providing service, but anticipate serving their first permanent customers in their currently certificated territories in the first part of 2006.

9. Robson is now planning to develop an additional project called EJR Ranch in an area adjacent to Robson Ranch. EJR Ranch is being planned as a non age-restricted residential development of approximately 8,000 homes. The owners of the property on which EJR Ranch will be developed have requested service from PWC and PSC. PWC and PSC's witness stated that the companies anticipate providing service to the EJR Ranch area sometime in 2007.

10. The PWC water system currently consists of two equipped wells with a combined capacity of 4,300 gallons/minute, a 1,000,000 gallon storage tank and a pumping station. In addition, PWC has 13 un-equipped wells that can provide a minimum of 1,000 gallons/minute each, for total production capacity of at least 17,300 gallons/minute. Staff estimated the demand for the existing and proposed CC&N territory at build out, and determined that PWC's total production capacity exceeds the projected demand.

11. PWC's two equipped wells have arsenic levels of 3 milligrams per liter ("µg/l") and 17 µg/l. PWC has prepared an arsenic blending plan for these wells that will result in the blended water meeting the United States Environmental Protection Agency's ("EPA's") new Maximum

Sontaminant Level ("MCL") of 10 μg/l for arsenic.

12. At this time, PWC anticipates that in the event its additional wells are high in arsenic and if it cannot meet the EPA's new MCL by blending from those wells, it will utilize a granular ferric hydroxide adsorption process for arsenic removal.

13. Staff concluded that PWC can develop and construct adequate water storage and production to serve its anticipated customer base, and can treat and provide water that will meet the water quality standards required by Title 18, Chapter 4 of the Arizona Administrative Code.

14. The PSC sewer treatment system currently consists of a 250,000 gallon per day sequencing batch reactor facility. PSC holds a Reuse Permit, an Aquifer Protection Permit, and has an approved Central Arizona Association of Governments ("CAAG") § 208 management plan. This original CAAG plan provides for an ultimate wastewater treatment plant capacity of 1.25 million gallons per day ("MGD").

15. Based on the addition of the EJR Ranch to its service territory, PSC plans to expand the existing treatment facility in three additional phases, up to a 4.5 MGD capacity. PSC believes that due to the topography of the additional EJR Ranch service territory, it will probably be economically justifiable to relocate the facility to optimize sewage collecting and pumping costs. PSC plans to relocate the facility by its second expansion phase.

16. PSC provided Staff with a draft copy of the amendment to its Central Arizona Association of Governments ("CAAG") § 208 management plan. Staff evaluated PSC's wastewater planning and design documents and concluded that PSC can design and construct adequate wastewater collection, treatment and disposal facilities to serve the projected customer base.

17. PWC and PSC anticipate internally financing the water and sewer facilities necessary to serve the proposed extension areas with a combination of equity and debt, and may seek authority for long-term capitalization subsequent to start-up of operations.

18. No other municipal or public service corporations provide water or sewer service in the proposed service areas described in Exhibits A and B.

19. There is a public need and necessity for water and sewer service to the requested extension areas.

20. PWC is located within the Pinal Active Management Area ("AMA").

21. Robson, the developer of Robson Ranch, currently holds a Certificate of Assured Water Supply ("CAWS") issued by the Arizona Department of Water Resources ("ADWR').

22. Because PWC and PSC are not yet operational, no historical compliance data is available from the Arizona Department of Environmental Quality ("ADEQ').

23. PWC and PSC have no outstanding compliance issues with the Commission.

24. PWC and PSC have requested a Pinal County franchise for the proposed extension areas. Staff recommends that PWC and PSC be required to file with the Commission copies of the Pinal County franchises within 365 days of this Decision.

25. Staff recommends that PWC and PSC be required to charge their authorized rates and charges in the authorized extension areas.

26. Staff recommends that the Commission approve PWC's application subject to compliance with the following conditions, and that this Decision be considered null and void without further Order should PWC fail to meet the conditions within the time specified:

- that PWC file with Docket Control a backflow prevention tariff and a curtailment tariff within 60 days of any decision in this matter;
- that PWC file with Docket Control a copy of the ADEQ Approval to Construct within 12 months of any decision in this matter;
- that PWC file with Docket Control a report on the arsenic levels of the production wells and associated treatment within 365 days of any decision in this matter;
- that PWC file with Docket Control a copy of its amended or updated Designation of Assured Water Supply within two (2) years of any decision in this matter; and
- that PWC notify the Compliance Manager of the Commission's Utilities Division 30 days prior to initiating service to customers in the proposed service area.

27. Staff recommends that the Commission approve PSC's application subject to compliance with the following conditions, and that this Decision be considered null and void without further Order should PSC fail to meet the conditions within the time specified:

- that PSC file with Docket Control a copy of the CAAG § 208 Plan Amendment approval relating to this CC&N extension within 365 days from the effective date of the final decision in this matter;

- that PSC file with Docket Control a copy of the ADEQ Aquifer Protection Permit with 24 months of any decision in this matter; and
- that PSC notify the Compliance Manager of the Commission's Utilities Division 30 days prior to initiating service to customers in the proposed service area.

28. In the Clarifications to Staff Report PWC and PSC filed on January 13, 2005, PWC and PSC stated that the developer in the proposed extension area will be obtaining a CAWS, and that PWC's CC&N extension should therefore be conditioned on PWC filing a CAWS, not a Designation of Assured Water Supply. Staff did not object.

29. In the Clarifications to Staff Report that PWC and PSC filed on January 13, 2005, PWC requested that it be allowed an additional year beyond Staffs recommended 12 months to file the ADEQ Approval to Construct, and an additional year beyond Staffs recommended two years to file a copy of the developer's CAWS. PSC requested that it be allowed an additional year beyond the 24 months recommended by Staff to file a copy of its ADEQ Aquifer Protection Permit. PWC and PSC stated that they are requesting the additional time for compliance due the time it will take them to receive Planned Area Development approval from Pinal County, which is a necessary step prior to the developer applying for the CAWS from ADWR and PSC applying to ADEQ for the Aquifer Protection Permit.

30. At the hearing, Staffs witness stated that Staff believes that two years is appropriate for this case, but that Staff would be willing to consider extensions in the future if unforeseen circumstances cause a delay in PWC or PSC obtaining the required documentation from ADWR or ADEQ. In the alternative, Staff recommended that if PWC or PSC are granted the requested additional year for compliance with Staffs recommendations in this Decision, that no opportunity for an extension of time for compliance should be granted.

31. According to their witness, PWC and PSC anticipate providing service to the EJR Ranch area sometime in 2007. Based on this expected timeframe for commencing the provision of service, the compliance timeframes recommended by Staff in the Staff Report are reasonable.

32. Staffs recommendations in Findings of Fact Nos. 24 through 27 are reasonable, but in lieu of the recommended condition in Findings of Fact No. 26 that PWC file a copy of its amended or

updated Designation of Assured Water Supply within two years of any decision in this matter, we will require that PWC instead file a copy of the developer's CAWS within two years of this Decision.

CONCLUSIONS OF LAW

1. PWC and PSC are public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-252.

2. The Commission has jurisdiction over PWC and PSC and the subject matter of the applications.

3. Notice of the applications was provided in accordance with the law.

4. There is a public need and necessity for water utility service in the proposed service area described in Exhibit A.

5. There is a public need and necessity for sewer utility service in the proposed service area described in Exhibit B.

6, PWC and PSC are fit and proper entities to receive extensions of the service territory under their CC&Ns.

7. Approval of the requested extensions to PWC's and PSC's service territories as described in Exhibits A and B is in the public interest, subject to PWC's and PSC's compliance with the Staff recommendations set forth in Findings of Fact Nos. 24 through 27, as modified by Findings of Fact No. 32, above.

8. The application to extend PWC's service territory under its CC&N to include the area described in Exhibit A should be granted subject to the conditions set forth in Findings of Fact No. 26, as modified by Findings of Fact No. 32, above.

9. The application to extend PSC's service territory under its CC&N to include the area described in Exhibit B should be granted subject to the conditions set forth in Findings of Fact No. 27 above.

ORDER

IT IS THEREFORE ORDERED that the application of Picacho Water Company to extend the service territory under its existing Certificate of Convenience and Necessity to include the area described in Exhibit A is hereby granted, conditioned upon its timely compliance with the conditions

set forth in Findings of Fact No. 26, as modified by Findings of Fact No. 32, hereinabove.

IT IS FURTHER ORDERED that the application of Picacho Sewer Company to extend th service territory under its existing Certificate of Convenience and Necessity to include the are described in Exhibit B is hereby granted, conditioned upon its timely compliance with the condition set forth in Findings of Fact No. 27 hereinabove.

IT IS FURTHER ORDERED that Picacho Water Company shall charge its authorized rate and charges in the extension area.

IT IS FURTHER ORDERED that Picacho Sewer Company shall charge its authorized rate and charges in the extension area.

IT IS FURTHER ORDERED that Picacho Water Company shall file with the Commission': Docket Control copies of its Pinal County franchise within 365 days of this Decision.

IT IS FURTHER ORDERED that Picacho Sewer Company file with the Commission'! Docket Control copies of its Pinal County franchise within 365 days of this Decision.

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IT IS FURTHER ORDERED that in the event either Picacho Water Company or Picachc Sewer Company requests an extension of time to make any of the compliance filings ordered herein :he Commission's Utilities Division Staff shall docket a formal response to such request within thirty lays of the request.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER COMMISSIONER

COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Co ission to be affixed at the Capitol, in the City of Phoenix, this?"_____ day of March ,2005.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

DISSENT _____

N:mj

SERVICE LIST FOR: PICACHO WATER COMPANY AND PICACHO SEWER COMPANY

DOCKET NOS. W-03528A-04-0641 AND SW-03709A-04-0642

Jim Poulos
Picacho Water Company
Picacho Sewer Company
9532 East Riggs Road
Sun Lakes, AZ 85016

Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Ernest G. Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Legal Description

Robson Ranch Casa Grande
81-Acre Addition

August 31, 2004

A Parcel of land located in Section 3, T.7S., R.7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows;

COMMENCING at the Northwest Corner of said Section 3;

THENCE along the North line of said Section 3, N89°46'32"E, a distance of 1324.88 feetto the POINT OF BEGINNING;

THENCE S00°05'32"W, a distance of 2657.36 feet to the Southwest corner of this parcel;

THENCE N89°34'55"E, a distance of 1334.62 feet to the Southeast corner of this parcel;

THENCE N00°06'38"W, a distance of 2652.78 feet to the North Quarter Corner of said Section 3, also being the Northeast corner of this parcel;

THENCE along the North line of said Section 3, S89°46'32"W, a distance of 1325.21 to the POINT OF BEGINNING.

The above described parcel contains 3,530,926 square feet or 81.06 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

EXHIBIT A

Legal Description

Proposed Addition to Picacho Water Company
(Dermer Parcel)

August 30,2004

A parcel of land located in Sections 27, 28, 32, 33, and 34, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the South Quarter Corner of said Section 32;

THENCE along the North-South Midsection Line of said Section 32, N00°03'00"E, a distance of 2,644.70 feet to the Center Quarter Corner of said Section 32;

THENCE continuing along said North-South Midsection line N00°03'00"E, a distance of 2,660.15 feet to the North Quarter Corner of said Section 32;

THENCE along the North line of said Section 32, S89°54'24"E, a distance of 2,647.58 feet to the Northeast Corner of said Section 32;

THENCE along the East line of said Section 32, S00°03'34"E, a distance of 2,658.61 feet to the East Quarter Corner of said Section 32;

THENCE continuing along said East line, S00°03'11"E, a distance of 1,326.56 feet to the Northwest Corner of the South half of the Southwest Quarter of said Section 33;

THENCE along the North line of said South half, N89°52'39"E, a distance of 2,665.80 feet to the North-South Midsection line of said Section 33;

THENCE along said North-South Midsection line, N00°06'24"E, a distance of 1,331.08 feet to the Center Quarter of said Section 33;

THENCE along the East-West Midsection Line of said Section 33, N89°46'50"E, a distance of 2,666.00 feet to the East Quarter Corner of said Section 33;

THENCE along the East line of said Section 33, N00°06'56"E, a distance of 1,335.46 feet to the Southeast Corner of the Northeast Quarter of the Northeast Quarter of said Section 33;

THENCE S89°42'40"W, a distance of 1,333.11 feet to the Northeast Corner of the Southwest Quarter of the Northeast Quarter of said Section 33;

THENCE N00°06'40"E, a distance of 1,333.85 feet to the Southwest Corner of the East One Half of the Southeast Quarter of said Section 28;

Legal Description

Proposed Addition to Picacho Water Company
(Dermer Parcel) (Cont.')

August 30,2004

THENCE along the South line of said Section 28, S89°38'30"W, a distance of 1,333.23 feet to the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection line, N00°34'17"E, a distance of 2,680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line of said Section 34, S00°12'07"W, a distance of 1,778.63 feet to the southeasterly line of the Florence-Casa Grande Canal, per A.L.T.A. Survey created by B & R Engineering, Inc., Project #919500, Casa Grande 1800 Acres, as evidenced by the southeasterly edge of the southerly dirt access road that abuts said Canal;

THENCE along said Southeasterly line, N40°11'45"E, a distance of 1,111.79 feet to the beginning of a tangent curve, concave to the southeast, having a radius of 285.00 feet;

THENCE northeasterly along the said curve, through a central angle of 45°44'36", an arc distance of 227.54 feet;

THENCE N85°56'21"E, a distance of 100.95 feet;

THENCE N88°25'57"E, a distance of 988.19 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 344.00 feet;

THENCE northeasterly along the said curve, through a central angle of 51°58'23", an arc distance of 312.04 feet;

THENCE N36°27'34"E, a distance of 75.32 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 520.00 feet;

THENCE northeasterly along the said curve, through a central angle of 23°44'47", an arc distance of 215.51 feet;

Legal Description

Proposed Addition to Picacho Water Company
(Dermer Parcel) (Cont.')

August 30, 2004

THENCE N12°42'47"E, a distance of 411.06 feet to the North line of said Section 34;

THENCE along said North line N89°59'00"E, a distance of 169.65 feet to the Northeast Corner of said Section 34;

THENCE along the East line of said Section 34, S00°17'19"W, a distance of 2,660.13 feet to the East Quarter of said Section 34;

THENCE continuing along the East line, S00°17'57"W, a distance of 2,663.47 feet to the Southeast Corner of said Section 34;

THENCE along the South line of said Section 34, S89°47'33"W, a distance of 2,649.98 feet to the South Quarter Corner of said Section 34;

THENCE continuing along said South line S89°46'32"W, a distance of 2,650.08 feet to the Southeast Corner of said Section 33;

THENCE along the South line of said Section 33, S89°58'18"W, a distance of 2,665.94 feet to the South Quarter Corner of said Section 33;

THENCE continuing along said South line, S89°58'28"W, a distance of 2,662.09 feet to the Southeast Corner of said Section 32;

THENCE along the South line of said Section 32, N89°45'32"W, a distance of 2,657.45 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM, that portion of the above described parcel lying in Sections 27 and 28, T6S, R7E.

The above-described parcel contains 52,787,082square feet or 1,205.37acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

Legal Description

Robson Ranch Casa Grande
81-Acre Addition

August 31, 2004

A Parcel of land located in Section 3, T.7S., R.7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows;

COMMENCING at the Northwest Corner of said Section 3;

THENCE along the North line of said Section 3, N89°46'32"E, a distance of 1324.88 feet to the POINT OF BEGINNING;

THENCE S00°05'32"W, a distance of 2657.36 feet to the Southwest corner of this parcel;

THENCE N89°34'55"E, a distance of 1334.62 feet to the Southeast corner of this parcel;

THENCE N00°06'38"W, a distance of 2652.78 feet to the North Quarter Corner of said Section 3, also being the Northeast corner of this parcel;

THENCE along the North line of said Section 3, S89°46'32"W, a distance of 1325.21 to the POINT OF BEGINNING.

The above described parcel contains 3,530,926 square feet or 81.06 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

EXHIBIT B

DECISION NO. 67670

Legal Description

Proposed Addition to Picacho Sewer Company
(Dermer Parcel)

August 30, 2004

A parcel of land located in Sections 27, 28, 32, 33, and 34, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the South Quarter Corner of said Section 32;

THENCE along the North-South Midsection Line of said Section 32, N00°03'00"E, a distance of 2,644.70 feet to the Center Quarter Corner of said Section 32;

THENCE continuing along said North-South Midsection line N00°03'00"E, a distance of 2,660.15 feet to the North Quarter Corner of said Section 32;

THENCE along the North line of said Section 32, S89°54'24"E, a distance of 2,647.58 feet to the Northeast Corner of said Section 32;

THENCE along the East line of said Section 32, S00°03'34"E, a distance of 2,658.61 feet to the East Quarter Corner of said Section 32;

THENCE continuing along said East line, S00°03'11"E, a distance of 1,326.56 feet to the Northwest Corner of the South half of the Southwest Quarter of said Section 33;

THENCE along the North line of said South half, N89°52'39"E, a distance of 2,665.80 feet to the North-South Midsection line of said Section 33;

THENCE along said North-South Midsection line, N00°06'24"E, a distance of 1,331.08 feet to the Center Quarter of said Section 33;

THENCE along the East-West Midsection Line of said Section 33, N89°46'50"E, a distance of 2,666.00 feet to the East Quarter Corner of said Section 33;

THENCE along the East line of said Section 33, N00°06'56"E, a distance of 1,335.46 feet to the Southeast Corner of the Northeast Quarter of the Northeast Quarter of said Section 33;

THENCE S89°42'40"W, a distance of 1,333.11 feet to the Northeast Corner of the Southwest Quarter of the Northeast Quarter of said Section 33;

Legal Description

Proposed Addition to PicachoSewer Company
(Dermer Parcel) (Cont.')

August 30,2004

THENCE along the South line of said Section 28, S89°38'30"W, a distance of 1,333.23 feet to the South Quarter Corner of said Section 28:

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection line, N00°34'17"E, a distance of 2,680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line of said Section 34, S00°12'07"W, a distance of 1,778.63feet to the southeasterly line of the Florence-Casa Grande Canal, per A.L.T.A. Survey created by B & R Engineering, Inc., Project #919500, Casa Grande 1800 Acres, as evidenced by the southeasterly edge of the southerly dirt access road that abuts said Canal;

THENCE along said Southeasterly line, N40°11'45"E, a distance of 1,111.79 feet to the beginning of a tangent curve, concave to the southeast, having a radius of 285.00 feet;

THENCE northeasterly along the said curve, through a central angle of 45°44'36", an arc distance of 227.54 feet;

THENCE N85°56'21"E, a distance of 100.95feet;

THENCE N88°25'57"E, a distance of 988.19 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 344.00 feet;

THENCE northeasterly along the said curve, through a central angle of 51°58'23", an arc distance of 312.04 feet;

THENCE N36°27'34"E, a distance of 75.32 feet to the beginning of a tangent curve, concave to

Legal Description

Proposed Addition to Picacho Sewer Company
(Dermer Parcel) (Cont.')

August 30, 2004

the northwest, having a radius of 520.00 feet;

THENCE northeasterly along the said curve, through a central angle of 23°44'47", an arc distance of 215.51 feet;

THENCE N12°42'47"E, a distance of 411.06 feet to the North line of said Section 34;

THENCE along said North line N89°59'00"E, a distance of 169.65 feet to the Northeast Corner of said Section 34;

THENCE along the East line of said Section 34, S00°17'19"W, a distance of 2,660.13 feet to the East Quarter of said Section 34;

THENCE continuing along the East line, S00°17'57"W, a distance of 2,663.47 feet to the Southeast Corner of said Section 34;

THENCE along the South line of said Section 34, S89°47'33"W, a distance of 2,649.98 feet to the South Quarter Corner of said Section 34;

THENCE continuing along said South line S89°46'32"W, a distance of 2,650.08 feet to the Southeast Corner of said Section 33;

THENCE along the South line of said Section 33, S89°58'18"W, a distance of 2,665.94 feet to the South Quarter Corner of said Section 33;

THENCE continuing along said South line, S89°58'28"W, a distance of 2,662.09 feet to the Southeast Corner of said Section 32;

THENCE along the South line of said Section 32, N89°45'32"W, a distance of 2,657.45 feet to the POINT OF BEGINNING.

The above-described parcel contains 80,787,082 square feet or 1,854.61 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

Description No 448

J:\Heidi\Data\WINWORD\CasaGrande\Legals\Aug-04\Dermer PicachoWtrAdd doc

Legal Description

Madison Diversified

August 30,2004

A parcel of land located in Sections 26 and 27, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the North Quarter Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'14"E, a distance of 2,655.73 feet to the Northwest Corner of said Section 26;

THENCE along the North line of said Section 26, N89°50'59"E, a distance of 2,655.02 feet to the North Quarter Corner of said Section 26;

THENCE along the North-South Midsection Line of said Section 26, S00°17'26"W, a distance of 2,675.42 feet to the Center of said Section 26;

THENCE along the East-West Midsection Line of said Section 26, N89°57'54"W, a distance of 2,654.88 feet to the West Quarter Corner of said Section 26;

THENCE along the East-West Midsection Line of said Section 27, S89°52'13"W, a distance of 2,657.09 feet to the Center of said Section 27;

THENCE along the North-South Midsection Line of said Section 27, N00°19'09"E, a distance of 2,661.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 14,168,341.91 square feet or 325.26 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

Description No. 450

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DECISION NO. 67670

ORIGINAL

0000015155

MEMORANDUM

EXHIBIT
AWC-6
Admitted

30

Arizona Corporation Commission
DOCKETED
DEC 30 2004
DOCKETED BY

TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson EA for EGJ
Director
Utilities Division

Date: December 30, 2004

RE: PICACHO WATER COMPANY AND PICACHO SEWER COMPANY APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER AND WASTEWATER SERVICE IN PINAL COUNTY, ARIZONA (DOCKET NOS. W-03528A-04-0641 AND SW-03709A-04-0642)

Attached is the Staff Report for the above referenced applications. Staff is recommending approval with conditions.

EGJ:JEF:cal

Originator: Jim Fisher

RECEIVED
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AZ CORP COMMISSION
DOCUMENT CONTROL

Service List for: Picacho Water Company and Picacho Sewer Company
Docket Nos. W-03528A-04-0641 and SW-03709A-04-0642

Mr. Jim Poulos
Picacho Water Company
Picacho Sewer Company
9532 East Riggs Road
Sun Lakes, Arizona 85012

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

PICACHO WATER COMPANY
AND
PICACHO SEWER COMPANY

DOCKET NOS. W-03528A-04-0641
AND
SW-03709A-04-0642

APPLICATION FOR AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE
WATER AND WASTEWATER SERVICE
IN PINAL COUNTY, ARIZONA

DECEMBER 30, 2004

STAFF ACKNOWLEDGMENT

The Staff Report for Picacho Water Company and Picacho Sewer Company (Docket Nos. W-03528A-04-00641 and SW-03709A-04-0642) was the responsibility of the Staff members signed below. Jim Fisher was responsible for the review and analysis of the Company's applications. Lyndon Hammon was responsible for the engineering and technical analysis.

Jim Fisher
Executive Consultant

Lyndon Hammon
Utilities Engineer

EXECUTIVE SUMMARY
PICACHO WATER COMPANY
PICACHO SEWER COMPANY
APPLICATION FOR AN EXTENSION OF ITS CC&N
DOCKET NOS. W-03528A-04-0641
SW-03709A-04-0642

On September 2, 2004, Picacho Water Company ("PWC"), and Picacho Sewer Company ("PSC"), collectively ("Picacho" or "Companies"), filed Applications for an Extension of its Certificate of Convenience and Necessity ("CC&N") with the Arizona Corporation Commission ("ACC" or "Commission"). On October 1, 2004, the Commission's Utilities Division Staff ("Staff") informed the Companies that the applications were insufficient for administrative purposes.

On November 1, 2004, Staff informed Picacho that the applications were sufficient for administrative purposes.

Picacho was formed to provide service to Robson Ranch, a 3,000 acreage restricted master planned community located south of Casa Grande, near I-10 and Toltec Road. The Companies obtained the initial CC&N's in Decision Nos. 61266 (November 25, 1998), and 61994 (October 8, 1999).

The subject of this extension application is EJR Ranch, which is a planned area development by Robson Communities. In contrast to the original Robson Ranch, EJR Ranch will not be age restricted and will provide commercial and conventional single family and multi-family housing. The Companies are not currently providing service to the public. Robson Communities intends to offer residential lots for sale in August 2005 and anticipates its first permanent customers in the first quarter of 2006.

Staff recommends that the Commission approve the Picacho Water Company's application for an Extension of its Certificate of Convenience and Necessity in a portion of Pinal County to provide water service, subject to compliance with the following conditions:

1. That the Commission require Picacho Water Company to charge its authorized rates and charges in the extension area.

2. That the Commission require Picacho Water Company to file with Docket Control a backflow prevention and curtailment tariff within 60 days of any decision in this matter.

3. That the Commission require Picacho Water Company to file with Docket Control a copy of the ADEQ Approval to Construct within 12 months of any decision in this matter.

4. That the Commission require Picacho Water Company to file with Docket Control a report on the arsenic levels of the production wells and associated treatment within 365 days of any decision in this matter.

5. That the Commission require Picacho Water Company to file with Docket Control a copy of its amended or updated Designation of an Assured Supply within two (2) years of any decision in this matter.

6. That the Commission require Picacho Water Company to notify the Compliance Manager of the Utilities Division within 30 days of initiating service to customers in the proposed service area.

Staff further recommends that the Commission's Decision granting this Extension of its Certificate of Convenience and Necessity to the Picacho Water Company be considered null and void without further order from the Commission should Picacho Water Company fail to meet Conditions 2, 3, 4, 5 and 6 within the time specified.

Wastewater

Staff recommends that the Commission approve Picacho Sewer Company's application for an Extension of its Certificate of Convenience and Necessity to provide wastewater services, subject to the following conditions:

1. That the Commission require Picacho Sewer Company to charge its authorized rates and charges in the extension area.

2. That the Commission require Picacho Sewer Company to file with Docket Control a copy of the CAAG Plan §208 Amendment approval relating to this CC&N extension, within 365 days from the effective date of the final decision in this matter.

3. That the Commission require Picacho Sewer Company to file with Docket Control a copy of the ADEQ Aquifer Protection Permit within 24 months of any decision in this matter.

4. That the Commission require Picacho Sewer Company to notify the Compliance Manager of the Utilities Division within 30 days of initiating service to customers in the proposed service area.

Staff further recommends that the Commission's Decision granting this Extension of its Certificate of Convenience and Necessity to Picacho Sewer Company be considered null and void without further order from the Commission should Picacho Sewer Company fail to meet Conditions 2, 3 and 4 within the time specified.

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Introduction

On September 2, 2004, Picacho Water Company ("PWC") and Picacho Sewer Company ("PSC"), collectively ("Picacho" or "Companies"), filed Applications for an Extension of its Certificate of Convenience and Necessity ("CC&N") with the Arizona Corporation Commission ("ACC" or "Commission"). On October 1, 2004, the Commission's Utilities Division Staff ("Staff") informed the Companies the applications were insufficient for administrative purposes.

On November 1, 2004, Staff informed Picacho that the applications were sufficient for administrative purposes.

Background

PWC and PSC are Arizona corporations in good standing with the Commission's Corporation Division. Picacho is financially affiliated with Robson Communities. The Robson companies have successfully developed numerous mixed use communities in Arizona and the southwestern United States. The Robson Communities have also formed and retained the ownership of the utility companies that serve developments in Arizona.

Robson affiliated public service companies in Arizona include Lago Del Oro Water Company, Pima Utility, and Saddlebrooke Utility Company. The Robson affiliated companies currently provide service to an estimated 30,000 customers in Arizona.

Picacho obtained the initial CC&N's in Decision Nos. 61266 (November 25, 1998), and 61994 (October 8, 1999). The Companies were formed to provide service to Robson Ranch; a 3,000 acreage restricted master planned community located south of Casa Grande, near I-10 and Toltec Road.

The Companies are not currently providing service to the public. Robson Communities intends to offer residential lots for sale in August 2005 and anticipates its first permanent customers in the first quarter of 2006.

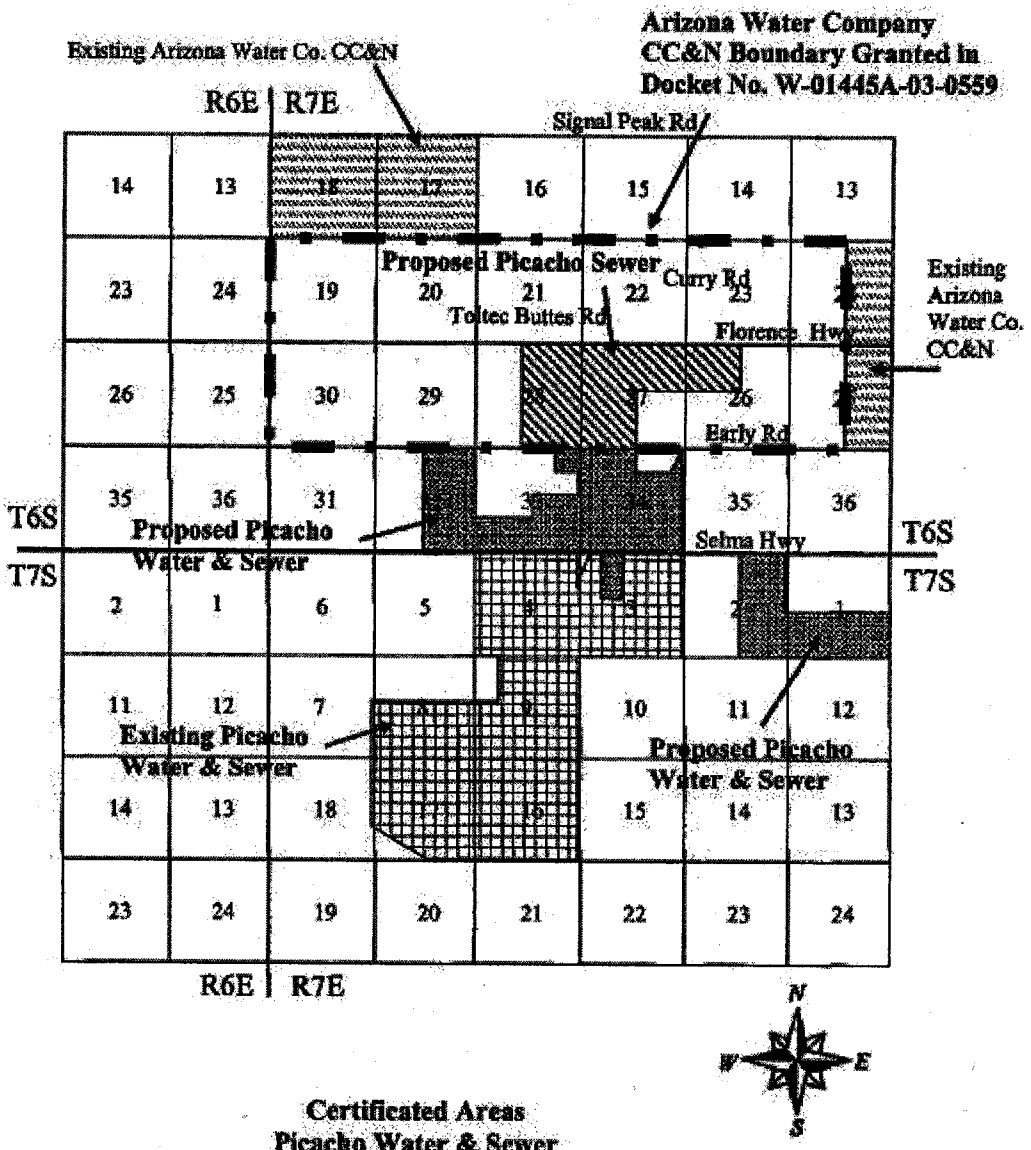
The subject of this extension application is EJR Ranch which is a planned area development. In contrast to the original Robson Ranch, EJR Ranch will not be age restricted and will provide commercial and conventional single family and multi-family housing.

PSC is requesting Commission authority to extend its CC&N to include four adjacent parcels. The parcels are described as 81 acres owned by Robson Ranch, 325 acres known as Madison Diversified, 563 acres know as the JBC property and 1,855 acres known as the Dermer property.

PWC is requesting Commission authority to extend its CC&N to include three adjacent parcels. The parcels are described as 81 acres owned by Robson Ranch, 563 acres known as the JBC property and 1,205 acres known as the Dermer property.

Picacho Water Company, et al.
Docket Nos. W-03528A-04-0641, et al.
Page 2

PWC's request excludes the properties previously certificated to Arizona Water Company as depicted in the map below.



Certificated Areas
Picacho Water & Sewer
Arizona Water
Company

The Water System

The PWC water system currently consists of two equipped wells, a 1,000,000 gallon storage tank and a pumping station. The engineering firm of B&R Engineering is currently designing the major water transmission lines and infrastructure, and the firm of Southwest Groundwater Consultants is preparing a hydrology study for the purpose of obtaining an assured water supply designation for the extension area from the Arizona Department of Water Resources ("ADWR").

Robson Development successfully operates many water and sewer utilities throughout Arizona. Their experience indicates that estimates of 0.3 gal/min-per dwelling unit ("DU") for retirement housing and 0.5 gal/min-DU for conventional family housing are appropriate for predicting water demand, as substantiated by Staff's discovery in previous rate cases.

PWC's two operating wells have a combined capacity of 4,300 gal/min. The Company has an additional 13 un-equipped wells which can provide a minimum of 1,000 gal/min. This represents a production capacity of at least 17,300 gal/min, which is overwhelmingly greater than the projected demand at build out of the community.

Based on this planning information, Staff concludes that PWC can develop and construct adequate water storage and production to serve its anticipated customer base, and can treat and provide water which will meet the water quality standards required by the Arizona Administrative Code, Title 18 Chapter 4.

Arsenic

U. S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter ("µg/l") to 10 µg/l. The date for compliance with the new MCL is January 23, 2006.

The two equipped wells show arsenic concentrations of 3 µg/l and 17 µg/l. The arsenic standard of 10 µg/l can be met from these two wells by blending, and PWC has already prepared an arsenic blending plan. In the event that future wells are high in arsenic and cannot be blended to meet the arsenic standard, PWC anticipates the selection of a granular ferric hydroxide adsorption process for arsenic removal, based on current process economics and technology.

Staff recommends that PWC be required to file a report on the actual arsenic levels of its production wells and associated treatment used within 365 days of any decision in this matter.

ADWR Compliance

PWC is within the Pinal Active Management Area of the Arizona Department of Water Resources. As such, each developer will be required to obtain a "Certificate of Assured Supply",

or as an alternative, PWC may obtain a "Designation of Assured Supply" from ADWR for the entire development.

The Office of Assured and Adequate Water Supply of ADWR manages applications for both the Assured Water Supply program and the Adequate Water Supply program. The Assured Water Supply Program covers subdivisions within Active Management Areas ("AMAs"), while the Adequate Water Supply Program covers developments outside of the AMAs.

Four types of applications are processed in each of the programs: Physical Availability Demonstration ("PAD"), Designation of Assured (or Adequate) Water Supply, Analysis of Assured (or Adequate) Water Supply and either Certificate of Assured Water Supply or Water Adequacy Report.

Both programs are driven by the definition of a subdivision from the Arizona Department of Real Estate ("ADRE") as six or more parcels with at least one parcel having an area less than 36 acres. This definition includes residential or commercial subdivisions, stock cooperatives, condominiums and all lands subdivided as part of a common promotional plan (including golf courses, parks, schools and other amenities). Short-term leases (12 months or less) and subdivisions where all parcels are greater than 36 acres in size do not fall under this definition. If the proposed development does not meet the definition of a subdivision, then neither program applies.

The Assured Water Supply program was created as part of the historic 1980 Groundwater Management Act, and operates within Arizona's five AMAs. Every developer is required to demonstrate an assured water supply that will be physically, legally and continuously available for the next 100 years before the developer can record plats or sell parcels. The ADRE will not issue a public report, which allows the developer to sell lots, without a demonstration of an assured water supply. The developer can prove a 100 year supply by satisfying the requirements to obtain a Certificate of Assured Water Supply or by a written commitment of service from a provider with a Designation of Assured Water Supply.

In order to obtain a Certificate of Assured Water Supply, five criteria must be met:

1. The water supply must be physically, legally and continuously available for the next 100 years.
2. The water must meet water quality standards or be of sufficient quality.
3. The proposed water use must be consistent with the management goal of the AMA.
4. The proposed water use must be consistent with the current management plan of the AMA.
5. The developer must demonstrate the financial capability to construct any necessary water storage, treatment and delivery systems.

PWC has a "Designation of Assured Supply" for the existing CC&N area, and Commission compliance records indicate that a copy of this certificate was filed with the ACC in December 2002.

Southwest Groundwater Consultants have been retained to prepare a hydrology study for the purpose of obtaining an assured water supply designation for the extension area. Therefore, it is recommended that PWC be required to file with the Commission a copy of its amended or updated Designation of an Assured Supply for PWC within two (2) years of the effective date of the final decision and order in this matter.

Special Service Tariffs

A "Cross Connection/Backflow Tariff" gives a private water utility the means and authority to implement a cross connection program as required by Arizona Revised Statutes and Administrative Codes. The cross connection tariff provides for the installation and testing of backflow devices and provides for corrective actions where cross connection hazards exist. Picacho Water Company filed an approved backflow tariff with the ACC in November 1999.

A "Curtailment Plan Tariff" is an effective tool to allow a water company to manage its resources during periods of water shortages due to pump breakdowns, droughts or other unforeseeable events. Since Picacho Water Company does not yet have a curtailment tariff, this application provides an opportune time to prepare and file such a tariff.

Therefore, Staff recommends that the Company file a curtailment tariff within 60 days after the effective date of any decision and order pursuant to this application. The tariff shall be filed within the current docket of record for this water CC&N application (Docket No. W-03528A-04-0641). Staff also recommends that the tariff shall generally conform to the sample tariffs found posted on the Commission's web site (www.cc.state.az.us/utility/water/forms.htm) or available upon request from Commission Staff.

Central Arizona Associations of Governments Section 208 Plan Approval

The Federal Water Pollution Control Act as amended by the Water Quality Act of 1987 ("Clean Water Act") is a commitment by the federal government to the elimination of pollution in the nation's waters. Each state is required, under Section 208 of the Clean Water Act, to develop and implement area-wide water quality management plans for pollution control.

In Arizona, six (6) Councils of Government ("COGs") have been designated by the Governor as "Water Quality Management Planning Agencies" under Section 208, of the Clean Water Act. The Central Arizona Associations of Governments ("CAAG") is designated by the Governor and the Environmental Protection Agency ("EPA") as the area wide water quality management planning agency for Pinal County.

The guidelines for CAAG Plan §208, planning set forth in the Clean Water Act, are fairly broad so that the various water quality issues in different areas of the nation can be addressed appropriately. Each CAAG Plan §208 must identify the water quality management needs in its planning area and provide a program to develop solutions. The CAAG Plan §208 planning

process is an ongoing effort in response to changing water resource issues, regulations, treatment technologies and changing demographics.

On the federal level, the EPA has the responsibility of overseeing the planning efforts necessary to meet the specific requirements of CAAG Plan §208. ADEQ administers both the basin-wide planning and water quality monitoring programs. In addition, ADEQ is responsible for reviewing and enforcing water quality standards for the State. For the CAAG Plan §208 program, the EPA and ADEQ provides guidance in the terms of policy, procedure and review of documents to assure adherence to the requirements of the Clean Water Act.

A major effort of the CAAG Plan §208 is the Point Source Plan. Point Source Planning is primarily directed at compiling the preferred wastewater collection and treatment system for the affected area through the year 2020. Toward that end, the Point Source Plan examines population and wastewater flow projections, wastewater treatment plant siting, treatment methods, effluent disposal, reclaimed water reuse and sludge management.

ADEQ Permits

The objective of a Point Source Plan is to identify the preferred wastewater collection and treatment and effluent reuse or disposal systems for the affected area. The regulatory framework for management of water quality is comprised of permit compliance and monitoring of protected uses. The ADEQ permit framework for point source management consists of three primary elements consisting of the Arizona Pollutant Discharge Elimination System ("AZPDES") the Aquifer Protection Permit ("APP") and the reclaimed water reuse permit program.

The purpose of the AZPDES permit programs is to regulate the quality of point source discharges into the waters of the nation. Based on specific criteria, discharges to rivers, tributaries to the rivers, dry washes and various lakes and canals within the affected area are subject to the AZPDES permit program provisions.

Aquifer Protection Permit

The APP was established by the Environmental Quality Act of 1986 and implemented by rule in 1989. The purpose of the APP program is to protect the groundwater quality and public health from potential environmental risks posed by the facilities that discharge pollutants to the land surface, underlying soil or groundwater that have a potential to reach an aquifer.

The APP permitting requirements are determined based on the type of facility or land use, capacity of the facility and/or the type of discharges that the facility will produce. The most crucial requirements for obtaining an APP are demonstrating that the Best Available Demonstrated Control Technology ("BADCT") will be used to minimize the discharge of pollutants, Aquifer Water Quality Standards will not be violated and that the facility processes the financial and technical capability to comply with the permit conditions.

The Environmental Quality Act requires that all domestic wastewater and disposal facilities requiring an APP use BADCT as part of their wastewater treatment process. The ADEQ adopted BADCT requirements for new sewage treatment facilities. The design review of sewage treatment facilities has been consolidated into the APP application review process. BADCT requirements are defined within the rules which require secondary treatment, removal for new facilities and expansion of existing facilities. The revision of the APP rule took effect January 2001.

The reclaimed water use permit program, established in 1985, allows the reuse of reclaimed water for a variety of applications such as agriculture, urban lakes, golf course irrigation, ponds and industrial uses. Water reclamation plants are required by rules to have a reuse permit for the release of reclaimed water for reuse purposes.

There are two main categories of reclaimed water reuse including direct non-potable reuse and indirect reuse. Direct reuse consists of irrigation and makeup water for urban lakes. Indirect reuse typically involves aquifer recharge and recovery. The indirect reuse of reclaimed water usually involves recharge to an aquifer for storage and future recovery. The reclaimed water is typically allowed to infiltrate through the dry soils above the aquifer allowing additional treatment. Recharge projects using reclaimed water are required to obtain an APP.

PSC Wastewater

The consulting firm of Carollo Engineers developed the CAAG Plan §208 management plan for the Picacho Water Reclamation Plant. This CAAG Plan §208 Plan has been approved and applies only to the original CC&N area of Robson Ranch. The original CAAG Plan §208 identified land use, housing density, service areas, estimated sewage flows, location, capacity, and phasing of the sewage treatment plant, the alignment and size of major sewage interceptors, and the ultimate use and disposal of wastewater effluent.

The original CAAG plan provided for an ultimate wastewater treatment plant capacity of 1.250 million gallons per day ("MGD"). Since this proposed CC&N extension involves additional service area and will require more wastewater treatment capacity, an amendment to the original CAAG Plan §208 will be required. The CAAG amendment is already under preparation and a draft copy of the CAAG Plan §208 plan amendment has been provided to Staff.

At present the PSC has constructed a 250,000 gallon per day sequencing batch reactor (SBR). The facility holds a Reuse Permit and an Aquifer Protection Permit, issued September 2002. The facility will be expanded from 250,000 gallon per day, up to 4.5 MGD in three additional phases (II through IV).

The additional service area, in this application, changes the overall project topography and gradient, and it will probably be economically justifiable to relocate the wastewater treatment plant, in order to optimize sewage collecting and pumping costs. Consequently, PSC

plans to relocate the wastewater treatment plant to the northern part of the service territory, by phase II flows. Effluent disposal will be accomplished by reuse and by rapid infiltration basins.

Based on Robson Communities experience, the sewer utility has estimated sewage flows of 100 gal/day-DU for retirement housing and 320 gal/day-DU for conventional family housing. Staff concludes that the wastewater treatment facility and its service areas are consistent with the approved CAAG Plan §208 Areawide Management Plan. Staff further concludes that PSC can design and construct adequate wastewater collection, treatment and disposal facilities to serve the anticipated customer base.

Staff recommends that the PSC be required to file a copy of CAAG's approval of the §208 Plan Amendment relating to this CC&N extension, within one year from the effective date of the final decision and order relevant to this CC&N application.

Regulatory Compliance

Since the Company is not operational, there is no historical compliance data for PWC or PSC from the Arizona Department of Environmental Quality or the Arizona Department of Water Resources.

A check with the Utilities Division Compliance Section showed no outstanding compliance issues with the Commission.

Proposed Rates

PSC and PWC are proposing to extend service with its currently authorized rates.

Finance of Plant

According to the Company's application, the Company anticipates initially financing the water and wastewater facilities with a combination of equity and debt. According to the Company, internal finance of the required facilities, without advances in aid of construction, or contribution in aid of construction provide a stable and predictable business model. The Company represented that subsequent to start up, once predictable cash flows were derived from operations, the Company would seek regulatory authority for long term capitalization.

County Franchise

On August 25, 2004, PWC and PSC applied to the Pinal County Supervisors for a county franchise for expansion area.

Staff recommends that PWC and PSC be required to file copies of the Pinal County franchise within 365 days of any decision in this matter.

Staff Recommendations

Staff recommends that the Commission approve the Picacho Water Company's application for an Extension of its Certificate of Convenience and Necessity in a portion of Pinal County to provide water service, subject to compliance with the following conditions:

1. That the Commission require Picacho Water Company to charge its authorized rates and charges in the extension area.

2. That the Commission require Picacho Water Company to file with Docket Control a backflow prevention and curtailment tariff within 60 days of any decision in this matter.

3. That the Commission require Picacho Water Company to file with Docket Control a copy of the ADEQ Approval to Construct within 12 months of any decision in this matter.

4. That the Commission require Picacho Water Company to file with Docket Control a report on the arsenic levels of the production wells and associated treatment within 365 days of any decision in this matter.

5. That the Commission require Picacho Water Company to file with Docket Control a copy of its amended or updated Designation of an Assured Supply within two (2) years of any decision in this matter.

6. That the Commission require Picacho Water Company to notify the Compliance Manager of the Utilities Division within 30 days of initiating service to customers in the proposed service area.

Staff further recommends that the Commission's Decision granting this Extension of its Certificate of Convenience and Necessity to the Picacho Water Company be considered null and void without further order from the Commission should Picacho Water Company fail to meet Conditions 2, 3, 4, 5 and 6 within the time specified.

Wastewater

Staff recommends that the Commission approve Picacho Sewer Company's application for an Extension of its Certificate of Convenience and Necessity to provide wastewater services, subject to the following conditions:

1. That the Commission require Picacho Sewer Company to charge its authorized rates and charges in the extension area.

2. That the Commission require Picacho Sewer Company to file with Docket Control a copy of the CAAG Plan §208 Amendment approval relating to this CC&N extension, within 365 days from the effective date of the final decision in this matter.

3. That the Commission require Picacho Sewer Company to file with Docket Control a copy of the ADEQ Aquifer Protection Permit within 24 months of any decision in this matter.

4. That the Commission require Picacho Sewer Company to notify the Compliance Manager of the Utilities Division within 30 days of initiating service to customers in the proposed service area.

Staff further recommends that the Commission's Decision granting this Extension of its Certificate of Convenience and Necessity to Picacho Sewer Company be considered null and void without further order from the Commission should Picacho Sewer Company fail to meet Conditions 2, 3 and 4 within the time specified.

ATTACHMENT A

MEMORANDUM

DATE: November 24, 2004

TO: James E. Fisher

FROM: L. Hammon

RE: Picacho Water Company and Picacho Sewer Company
CC&N Extension To Provide Water and Wastewater
Docket No. W-03528A-04-0641, and
Docket No. SW-03528A-04-0642

I. Introduction

Picacho Water and Sewer Companies (herein also "Company" or "Picacho") were originally formed to provide service to the 3,000 acre Robson Ranch development pursuant to water and sewer certificates of convenience and necessity issued in 1998 and 1999. Robson Ranch is an age restricted, master-planned community located near the city of Casa Grande. Robson Ranch will be opening for sales in August 2005 and anticipates its first permanent customers in the first quarter of 2006.

The subject of this extension application is EJR Ranch which is a planned area development. In contrast to the original Robson Ranch, EJR Ranch will not be age restricted and will provide commercial and conventional single family and multi-family housing. The consulting firm of David Evans & Associates prepared a master plan for the planned area development. The master plan delineates land use and housing densities, road locations, parks and recreational amenities, architectural standards, school locations, utility plant sites, and minimum design standards for utility services. Below is a tabulation of the potential service base for the different water and sewer utilities.

Table 1 – Potential Service Base

	Potential Dwelling Units (DU) at Build Out			
	Robson Ranch (age restricted)	EJR Ranch	sections 1 & 2, T7S,&R7E	Total DU's
	DU in Existing CC&N	Proposed DU,s	Proposed DU,s	
Picacho Sewer	8,000	8,000	1,600	17,600
Picacho Water	8,000	5,000	1,600	14,600
Arizona Water		3,000		3,000

ATTACHMENT A

It is worth noting, that the requested certificated areas for the water and sewer are different. Sections 26, 27, and 28 of T6S, R7E will be divided by different service providers. Arizona Water Company will be providing the water service and the Picacho Sewer Company will be providing the sewer service. Arizona Water Company was granted the water CC&N under Docket No. 1445-03-0559. The Picacho Companies will provide both water and sewer service for sections 1 and 2 of T7S, R7E.

Exhibit 1 delineates the proposed and existing service areas.

II. Water

The water system currently consists of two equipped wells, a 1,000,000 gallon storage tank and a pumping station. The engineering firm of B&R Engineering is currently designing the major water transmission lines and infrastructure, and the firm of Southwest Groundwater Consultants is preparing a hydrology study for the purpose of obtaining an assured water supply designation for the extension area from the Arizona Department of Water Resources (herein also DWR).

Robson Development successfully operates many water and sewer utilities through Arizona. Their experience indicates that estimates of 0.3 gal/min-DU for retirement housing and 0.5 gal/min-DU for conventional family housing are appropriate for predicting water demand. (These estimates correlate with Staff's discovery in previous rate cases.) Therefore, by using the above demand factors and Table 1, the estimated water demand at build out can be calculated as:

$$Q = \frac{(8{,}000\ DU)(.3\ gal)}{(min\text{-}DU)} + \frac{(5{,}000\ DU)(.5\ gal)}{(min\text{-}DU)} + \frac{(1{,}600)(.5\ gal)}{(min\text{-}DU)} = 5{,}700\ \frac{gal}{min}$$

Picacho currently has two operating wells with a combined capacity of 4,300 gal/min. The Company has an additional 13 un-equipped wells which can provide a minimum of 1,000 gal/min. This represents a production capacity of at least 17,300 gal/min, which is overwhelmingly greater than the demand at build out.

Arsenic

The two equipped wells show arsenic concentrations of 3 µg/l and 17 µg/l. The arsenic standard of 10 µg/l can be met from these two wells by blending and the Company has already prepared an arsenic blending plan. In the event that future wells are high in arsenic and cannot be blended to meet the arsenic standard, the Company anticipates the selection of a granular ferric hydroxide adsorption process for arsenic removal, based on current process economics and technology.

Conclusion

Based on this planning information, Staff concluded that the Picacho Water Company can develop and construct adequate water storage and production to serve its anticipated customer base, and can treat and provide water which will meet the water quality standards required by the Arizona Administrative Code, Title 18 Chapter 4.

ATTACHMENT A

III. Wastewater

Wastewater collection and treatment cannot be approached in a fragmented manner. Instead, it demands area wide planning and co-ordination between publicly owned treatment works, cities, sanitary districts, and privately owned wastewater treatment plants. Pursuant to that goal, Section 208 of the Federal Water Pollution Control Act (Public Law 92-500) provided for the preparation of "Certified Areawide Water Quality Management Plans" and the designation of entities to manage sewage treatment facilities and sewage collection systems in the respective planning area. The Central Arizona Association of Governments (CAAG) is the designated water quality planning agency for the requested Certificate of Convenience and Necessity (CC&N) area in this application.

The consulting firm of Carollo Engineers developed the CAAG §208 management Plan for the Picacho Water Reclamation Plant. This CAAG §208 Plan has been approved and applies only to the original CC&N area of Robson Ranch. The original §208 plan identified land use, housing density, service areas, estimated sewage flows, location, capacity, and phasing of the sewage treatment plant, the alignment and size of major sewage interceptors, and the ultimate use and disposal of wastewater effluent. (An interceptor is a large diameter sewage pipe for the transport of wastewater from sewage collection areas.) The original CAAG plan provided for an ultimate wastewater treatment plant capacity of 1.250 MGD. Since this proposed CC&N extension involves additional service area and will require more wastewater treatment capacity, an amendment to this original §208 plan will be required. The CAAG amendment is already under preparation and a draft copy of the §208 plan amendment has been provided to Staff.

At present the Picacho sewer utility has constructed a 250,000 gallon per day sequencing batch reactor (SBR). The facility holds a Reuse Permit and an Aquifer Protection Permit, issued September 2002. The facility will be expanded from 250,000 gallon per day, up to 4.5 MGD (million gallons per day) in three additional phases (II through IV). The additional service area, in this application, changes the overall project topography and gradient, and it will probably be economically justifiable to relocate the wastewater treatment in order to optimize sewage collecting and pumping costs. Consequently the Company plans to relocate the wastewater treatment plant to the northern part of the service territory, by phase II flows. Effluent disposal will be accomplished by reuse and by rapid infiltration basins.

Again, based on Robson Development's experience, the sewer utility has estimated sewage flows of 100 gal/day-DU for retirement housing and 320 gal/day-DU for conventional family housing. Therefore, by using the above flow factors and Table 1, the estimated sewage flows at build out can be calculated as:

$$Q = \left[\frac{(8{,}000\ \text{DU})(100\ \text{gal})}{(\text{day-DU})} + \frac{(8{,}000)(320\ \text{gal})}{(\text{day-DU})} + \frac{(1{,}600)(320\ \text{gal})}{(\text{day-DU})} \right] \left[\frac{\text{MGD}}{(1\text{x}10\text{e}6\ \text{gal})} \right]$$

Q = 3.872 MGD (Okay, less than ultimate capacity of 4.5 MGD)

ATTACHMENT A

After evaluating the wastewater planning and design documents, Engineering Staff, concludes that wastewater treatment facility and its service areas are consistent with the approved and proposed §208 Areawide Management Plan and that Picacho Sewer Company can design and construct adequate wastewater collection, treatment, and disposal facilities to serve the anticipated customer base.

Since the CAAG §208 Plan represents a fundamental authority for the designation of a wastewater service area and a wastewater provider, Staff also recommends that the Picacho Sewer Company shall file a copy of CAAG's approval of the §208 Plan Amendment relating to this CC&N extension, within one year from the effective date of the final decision and order relevant to this CC&N application.

IV. Regulatory Compliance

Since this utility has not yet become operational, there is no historical compliance data for Picacho Water Company or Picacho Sewer Company from the Arizona Department of Environmental Quality or the Arizona Department of Water Resources.

A check with the Utilities Division Compliance Unit showed no outstanding compliance issues with the Arizona Corporation Commission (herein also "ACC").

V. Assured Water Supply

Picacho Water Company is within the Pinal Active Management Area of the Arizona Department of Water Resources. As such, each developer will be required to obtain a "Certificate of Assured Supply", or as an alternative, Picacho Water Company may obtain a "Designation of Assured Supply" from DWR for the entire development.

Picacho Water Company has a "Designation of Assured Supply" for the existing CC&N area, and ACC compliance records indicate that a copy of this certificate was filed with the ACC in December 2002. (Southwest Groundwater Consultants has been retained to prepare a hydrology study for the purpose of obtaining an assured water supply designation for the extension area.) Therefore, it is recommended that Picacho Water Company shall file with the Commission a copy of its amended or updated Designation of an Assured Supply for Picacho Water Company within two years of the effective date of the final decision and order in this matter.

VII. Special Service Tariffs

A **"Cross Connection/Backflow Tariff"** gives a private water utility the means and authority to implement a cross connection program as required by Arizona Revised Statutes and Administrative Codes. The cross connection tariff provides for the installation and testing of backflow devices and provides for corrective actions where cross connection hazards exist. Picacho Water Company filed an approved backflow tariff with the ACC in November 1999.

ATTACHMENT A

A **"Curtailment Plan Tariff"** is an effective tool to allow a water company to manage its resources during periods of water shortages due to pump breakdowns, droughts, or other unforeseeable events. Since Picacho Water Company does not yet have a curtailment tariff, this CC&N application provides an opportune time to prepare and file such a tariff.

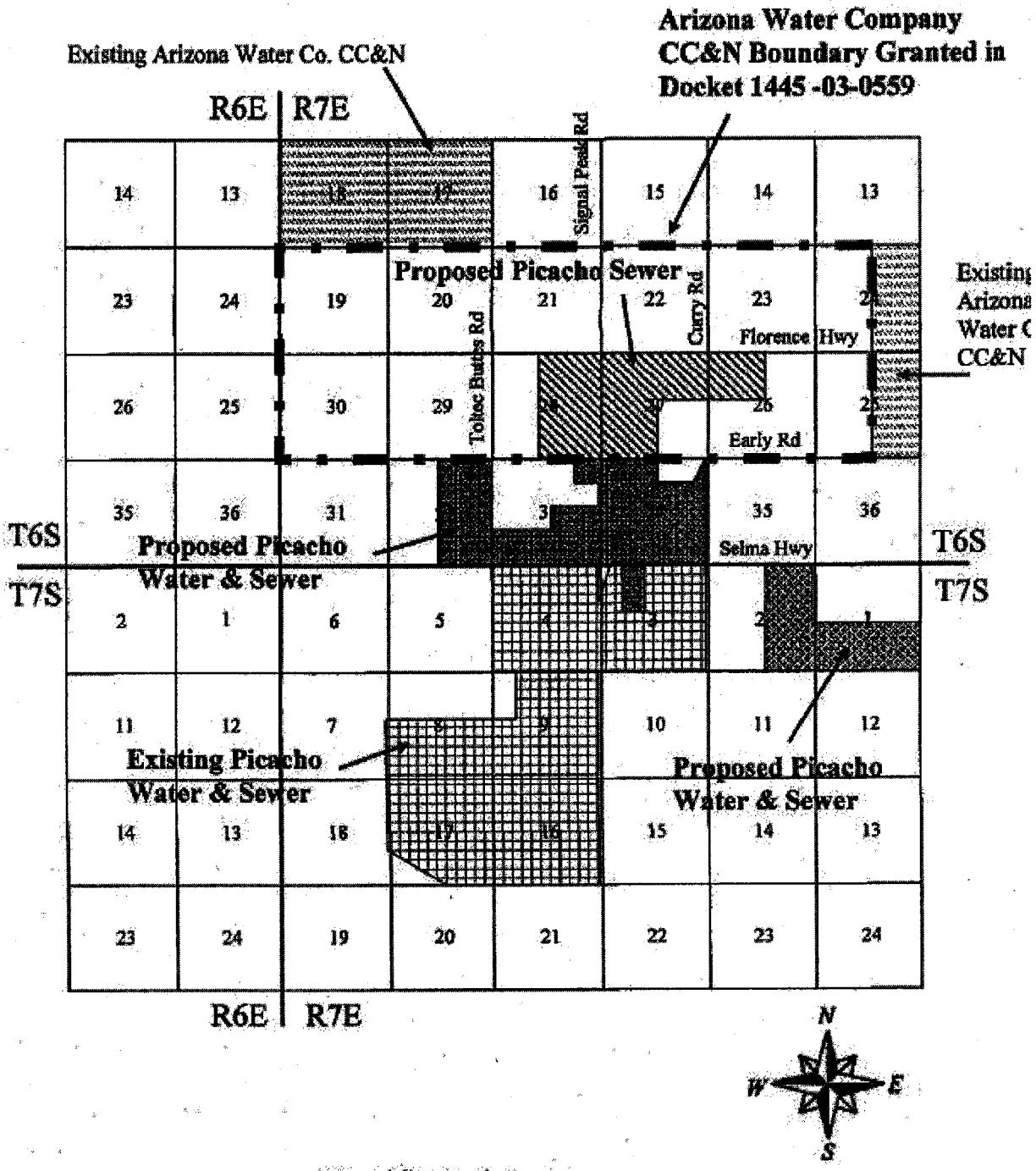
Therefore, Staff recommends that the Company file a curtailment tariff within 60 days after the effective date of any decision and order pursuant to this application. The tariff shall be filed within the current docket of record for this water CC&N application (Docket No. W-03528A-04-0641). Staff also recommends that the tariff shall generally conform to the sample tariffs found posted on the Commission's web site (www.cc.state.az.us/utility/water/forms.htm) or available upon request from Commission Staff.

VIII. Recommendations

1. Staff recommends that the Picacho Sewer Company shall file a copy of CAAG's approval of the §208 Plan Amendment, relating to this CC&N extension, within one year from the effective date of the final decision and order relevant to this CC&N application.

2. Therefore, it is recommended that Picacho Water Company shall file with the Commission a copy of its amended or updated Designation of an Assured Supply for Picacho Water Company within two years of the effective date of the final decision and order in this matter.

3. Staff recommends that the Company shall file a curtailment tariff within 60 days after the effective date of any decision and order pursuant to this application. The tariff shall be filed within the current docket of record for this water CC&N application (Docket No. W-03528A-04-0641). Staff also recommends that the tariff shall generally conform to the sample tariffs found posted on the Commission's web site (www.cc.state.az.us/utility/water/forms.htm) or available upon request from Commission Staff.



Certificated Areas
Picacho Water & Sewer
Arizona Water Company

Exhibit 1

MEMORANDUM

TO: Jim Fisher
Executive Consultant II
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: September 14, 2004

RE: **PICACHO WATER COMPANY (DOCKET NO. W-03528A-04-0641)**

The area requested by Picacho for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached are copies of the maps for your files.

:bsw

Attachments

cc: Docket Control
Mr. Jim Poulos
Ms. Deb Person (Hand Carried)
File

Foreign format file with the ending JPG

EXHIBIT B

Legal Description

Robson Ranch Casa Grande
81-Acre Addition

August 31, 2004

A Parcel of land located in Section 3, T.7S., R.7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows;

COMMENCING at the Northwest Corner of said Section 3;

THENCE along the North line of said Section 3, N89°46'32"E, a distance of 1324.88 feet to the POINT OF BEGINNING;

THENCE S00°05'32"W, a distance of 2657.36 feet to the Southwest corner of this parcel;

THENCE N89°34'55"E, a distance of 1334.62 feet to the Southeast corner of this parcel;

THENCE N00°06'38"W, a distance of 2652.78 feet to the North Quarter Corner of said Section 3, also being the Northeast corner of this parcel;

THENCE along the North line of said Section 3, S89°46'32"W, a distance of 1325.21 to the POINT OF BEGINNING.

The above described parcel contains 3,530,926 square feet or 81.06 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

Description No. 452

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Legal Description

JBC

August 30, 2004

A parcel of land located in Sections 1 and 2, T.7S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the North Quarter Corner of said Section 2;

THENCE along the North line of said Section 2, S89°58'38"E, a distance of 2,655.47 feet to the Northeast Corner of said Section 2;

THENCE along the East line of said Section 2, S00°30'40"E, a distance of 2,665.16 feet to the East Quarter Corner of said Section 2;

THENCE continuing along said East line, S00°31'15"E, a distance of 16.50 feet;

THENCE along a line parallel with and 16.50 feet southerly, measured at right angles from the East-West Midsection Line of said Section 1, N89°31'13"E, a distance of 1,326.35 feet to the West line of the East Half of the Southwest Quarter of said Section 1;

THENCE along said West line, N00°30'47"W, a distance of 16.50 feet to the East-West Midsection Line of said Section 1;

THENCE along said East-West Midsection Line, N89°31'13"E, a distance of 1,326.35 feet to the Center Quarter Corner of said Section 1;

THENCE continuing along said East-West Midsection Line, N89°31'13"E, a distance of 2,624.39 feet to the East Quarter Corner of said Section 1;

THENCE along the East line of said Section 1, S00°11'13"W, a distance of 2,647.38 feet to the Southeast Corner of said Section 1;

THENCE along the South line of said Section 1, S88°57'34"W, a distance of 2,592.51 feet to the South Quarter Corner of said Section 1;

THENCE continuing along said South line, N89°46'47"W, a distance of 2,652.22 feet to the Southwest Corner of said Section 1;

Legal Description

JBC (Cont.)

August 30, 2004

THENCE along the South line of said Section 2, N89°16'50"W, a distance of 1,326.83 feet to the Southwest Corner of the East Half of the Southeast Quarter of said Section 2;

THENCE along the West line of said East Half of the Southeast Quarter, N00°32'22"W, a distance of 2,626.27 feet to the Northwest Corner of the East Half of the Southeast Quarter of said Section 2;

THENCE along the East-West Midsection Line of said Section 2, N89°52'52"W, a distance of 1,327.46 feet to the Center Quarter Corner of said Section 2;

THENCE along the North-South Midsection Line of said Section 2, N00°31'26"W, a distance of 2,660.71 feet to the POINT OF BEGINNING.

Containing 24,526,018.22 square feet or 563.04 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35669
KENNETH A.
MARKS
Date Signed .....
ARIZONA, U.S.A.

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Description No. 449

Legal Description

Proposed Addition to Picacho Water Company
(Dermer Parcel)

August 30, 2004

A parcel of land located in Sections 27, 28, 32, 33, and 34, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the South Quarter Corner of said Section 32;

THENCE along the North-South Midsection Line of said Section 32, N00°03'00"E, a distance of 2,644.70 feet to the Center Quarter Corner of said Section 32;

THENCE continuing along said North-South Midsection line N00°03'00"E, a distance of 2,660.15 feet to the North Quarter Corner of said Section 32;

THENCE along the North line of said Section 32, S89°54'24"E, a distance of 2,647.58 feet to the Northeast Corner of said Section 32;

THENCE along the East line of said Section 32, S00°03'34"E, a distance of 2,658.61 feet to the East Quarter Corner of said Section 32;

THENCE continuing along said East line, S00°03'11"E, a distance of 1,326.56 feet to the Northwest Corner of the South half of the Southwest Quarter of said Section 33;

THENCE along the North line of said South half, N89°52'39"E, a distance of 2,665.80 feet to the North-South Midsection line of said Section 33;

THENCE along said North-South Midsection line, N00°06'24"E, a distance of 1,331.08 feet to the Center Quarter of said Section 33;

THENCE along the East-West Midsection Line of said Section 33, N89°46'50"E, a distance of 2,666.00 feet to the East Quarter Corner of said Section 33;

THENCE along the East line of said Section 33, N00°06'56"E, a distance of 1,335.46 feet to the Southeast Corner of the Northeast Quarter of the Northeast Quarter of said Section 33;

THENCE S89°42'40"W, a distance of 1,333.11 feet to the Northeast Corner of the Southwest Quarter of the Northeast Quarter of said Section 33;

THENCE N00°06'40"E, a distance of 1,333.85 feet to the Southwest Corner of the East One Half of the Southeast Quarter of said Section 28;

Legal Description

Proposed Addition to Picacho Water Company
(Dermer Parcel) (Cont.')

August 30, 2004

THENCE along the South line of said Section 28, S89°38'30"W, a distance of 1,333.23 feet to the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection line, N00°34'17"E, a distance of 2,680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line of said Section 34, S00°12'07"W, a distance of 1,778.63 feet to the southeasterly line of the Florence-Casa Grande Canal, per A.L.T.A. Survey created by B & R Engineering, Inc., Project #919500, Casa Grande 1800 Acres, as evidenced by the southeasterly edge of the southerly dirt access road that abuts said Canal;

THENCE along said Southeasterly line, N40°11'45"E, a distance of 1,111.79 feet to the beginning of a tangent curve, concave to the southeast, having a radius of 285.00 feet;

THENCE northeasterly along the said curve, through a central angle of 45°44'36", an arc distance of 227.54 feet;

THENCE N85°56'21"E, a distance of 100.95 feet;

THENCE N88°25'57"E, a distance of 988.19 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 344.00 feet;

THENCE northeasterly along the said curve, through a central angle of 51°58'23", an arc distance of 312.04 feet;

THENCE N36°27'34"E, a distance of 75.32 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 520.00 feet;

THENCE northeasterly along the said curve, through a central angle of 23°44'47", an arc distance of 215.51 feet;

Legal Description

Proposed Addition to Picacho Water Company
(Dermer Parcel) (Cont.')

August 30, 2004

THENCE N12°42'47"E, a distance of 411.06 feet to the North line of said Section 34;

THENCE along said North line N89°59'00"E, a distance of 169.65 feet to the Northeast Corner of said Section 34;

THENCE along the East line of said Section 34, S00°17'19"W, a distance of 2,660.13 feet to the East Quarter of said Section 34;

THENCE continuing along the East line, S00°17'57"W, a distance of 2,663.47 feet to the Southeast Corner of said Section 34;

THENCE along the South line of said Section 34, S89°47'33"W, a distance of 2,649.98 feet to the South Quarter Corner of said Section 34;

THENCE continuing along said South line S89°46'32"W, a distance of 2,650.08 feet to the Southeast Corner of said Section 33;

THENCE along the South line of said Section 33, S89°58'18"W, a distance of 2,665.94 feet to the South Quarter Corner of said Section 33;

THENCE continuing along said South line, S89°58'28"W, a distance of 2,662.09 feet to the Southeast Corner of said Section 32;

THENCE along the South line of said Section 32, N89°45'32"W, a distance of 2,657.45 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM, that portion of the above described parcel lying in Sections 27 and 28, T6S, R7E.

The above-described parcel contains 52,787,082 square feet or 1,205.37 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

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Description No. 451

MEMORANDUM

TO: Jim Fisher
Executive Consultant II
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: September 15, 2004

RE: **PICACHO SEWER COMPANY (DOCKET NO. W-03709A-04-0642)**

The area requested by Picacho for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached are copies of the maps for your files.

:bsw

Attachments

cc: Docket Control
Mr. Jim Poulos
Ms. Deb Person (Hand Carried)
File

Foreign format file with the ending JPG

EXHIBIT B

Legal Description

Robson Ranch Casa Grande
81-Acre Addition

August 31, 2004

A Parcel of land located in Section 3, T.7S., R.7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows;

COMMENCING at the Northwest Corner of said Section 3;

THENCE along the North line of said Section 3, N89°46'32"E, a distance of 1324.88 feet to the POINT OF BEGINNING;

THENCE S00°05'32"W, a distance of 2657.36 feet to the Southwest corner of this parcel;

THENCE N89°34'55"E, a distance of 1334.62 feet to the Southeast corner of this parcel;

THENCE N00°06'38"W, a distance of 2652.78 feet to the North Quarter Corner of said Section 3, also being the Northeast corner of this parcel;

THENCE along the North line of said Section 3, S89°46'32"W, a distance of 1325.21 to the POINT OF BEGINNING.

The above described parcel contains 3,530,926 square feet or 81.06 acres, more or less.

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Description No. 452

Legal Description

JBC

August 30, 2004

A parcel of land located in Sections 1 and 2, T.7S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the North Quarter Corner of said Section 2;

THENCE along the North line of said Section 2, S89°58'38"E, a distance of 2,655.47 feet to the Northeast Corner of said Section 2;

THENCE along the East line of said Section 2, S00°30'40"E, a distance of 2,665.16 feet to the East Quarter Corner of said Section 2;

THENCE continuing along said East line, S00°31'15"E, a distance of 16.50 feet;

THENCE along a line parallel with and 16.50 feet southerly, measured at right angles from the East-West Midsection Line of said Section 1, N89°31'13"E, a distance of 1,326.35 feet to the West line of the East Half of the Southwest Quarter of said Section 1;

THENCE along said West line, N00°30'47"W, a distance of 16.50 feet to the East-West Midsection Line of said Section 1;

THENCE along said East-West Midsection Line, N89°31'13"E, a distance of 1,326.35 feet to the Center Quarter Corner of said Section 1;

THENCE continuing along said East-West Midsection Line, N89°31'13"E, a distance of 2,624.39 feet to the East Quarter Corner of said Section 1;

THENCE along the East line of said Section 1, S00°11'13"W, a distance of 2,647.38 feet to the Southeast Corner of said Section 1;

THENCE along the South line of said Section 1, S88°57'34"W, a distance of 2,592.51 feet to the South Quarter Corner of said Section 1;

THENCE continuing along said South line, N89°46'47"W, a distance of 2,652.22 feet to the Southwest Corner of said Section 1;

Legal Description

JBC (Cont.')

August 30, 2004

THENCE along the South line of said Section 2, N89°16'50"W, a distance of 1,326.83 feet to the Southwest Corner of the East Half of the Southeast Quarter of said Section 2;

THENCE along the West line of said East Half of the Southeast Quarter, N00°32'22"W, a distance of 2,626.27 feet to the Northwest Corner of the East Half of the Southeast Quarter of said Section 2;

THENCE along the East-West Midsection Line of said Section 2, N89°52'52"W, a distance of 1,327.46 feet to the Center Quarter Corner of said Section 2;

THENCE along the North-South Midsection Line of said Section 2, N00°31'26"W, a distance of 2,660.71 feet to the POINT OF BEGINNING.

Containing 24,526,018.22 square feet or 563.04 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

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Description No. 449

Legal Description

Proposed Addition to Picacho Sewer Company
(Dermer Parcel)

August 30, 2004

A parcel of land located in Sections 27, 28, 32, 33, and 34, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the South Quarter Corner of said Section 32;

THENCE along the North-South Midsection Line of said Section 32, N00°03'00"E, a distance of 2,644.70 feet to the Center Quarter Corner of said Section 32;

THENCE continuing along said North-South Midsection line N00°03'00"E, a distance of 2,660.15 feet to the North Quarter Corner of said Section 32;

THENCE along the North line of said Section 32, S89°54'24"E, a distance of 2,647.58 feet to the Northeast Corner of said Section 32;

THENCE along the East line of said Section 32, S00°03'34"E, a distance of 2,658.61 feet to the East Quarter Corner of said Section 32;

THENCE continuing along said East line, S00°03'11"E, a distance of 1,326.56 feet to the Northwest Corner of the South half of the Southwest Quarter of said Section 33;

THENCE along the North line of said South half, N89°52'39"E, a distance of 2,665.80 feet to the North-South Midsection line of said Section 33;

THENCE along said North-South Midsection line, N00°06'24"E, a distance of 1,331.08 feet to the Center Quarter of said Section 33;

THENCE along the East-West Midsection Line of said Section 33, N89°46'50"E, a distance of 2,666.00 feet to the East Quarter Corner of said Section 33;

THENCE along the East line of said Section 33, N00°06'56"E, a distance of 1,335.46 feet to the Southeast Corner of the Northeast Quarter of the Northeast Quarter of said Section 33;

THENCE S89°42'40"W, a distance of 1,333.11 feet to the Northeast Corner of the Southwest Quarter of the Northeast Quarter of said Section 33;

Legal Description

Proposed Addition to PicachoSewer Company
(Dermer Parcel) (Cont.')

August 30, 2004

THENCE N00°06'40"E, a distance of 1,333.85 feet to the Southwest Corner of the East One Half of the Southeast Quarter of said Section 28;

THENCE along the South line of said Section 28, S89°38'30"W, a distance of 1,333.23 feet to the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection line, N00°34'17"E, a distance of 2,680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line of said Section 34, S00°12'07"W, a distance of 1,778.63 feet to the southeasterly line of the Florence-Casa Grande Canal, per A.L.T.A. Survey created by B & R Engineering, Inc., Project #919500, Casa Grande 1800 Acres, as evidenced by the southeasterly edge of the southerly dirt access road that abuts said Canal;

THENCE along said Southeasterly line, N40°11'45"E, a distance of 1,111.79 feet to the beginning of a tangent curve, concave to the southeast, having a radius of 285.00 feet;

THENCE northeasterly along the said curve, through a central angle of 45°44'36", an arc distance of 227.54 feet;

THENCE N85°56'21"E, a distance of 100.95 feet;

THENCE N88°25'57"E, a distance of 988.19 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 344.00 feet;

THENCE northeasterly along the said curve, through a central angle of 51°58'23", an arc distance of 312.04 feet;

THENCE N36°27'34"E, a distance of 75.32 feet to the beginning of a tangent curve, concave to

Legal Description

Proposed Addition to Picacho Sewer Company
(Dermer Parcel) (Cont.')

August 30, 2004

the northwest, having a radius of 520.00 feet;

THENCE northeasterly along the said curve, through a central angle of 23°44'47", an arc distance of 215.51 feet;

THENCE N12°42'47"E, a distance of 411.06 feet to the North line of said Section 34;

THENCE along said North line N89°59'00"E, a distance of 169.65 feet to the Northeast Corner of said Section 34;

THENCE along the East line of said Section 34, S00°17'19"W, a distance of 2,660.13 feet to the East Quarter of said Section 34;

THENCE continuing along the East line, S00°17'57"W, a distance of 2,663.47 feet to the Southeast Corner of said Section 34;

THENCE along the South line of said Section 34, S89°47'33"W, a distance of 2,649.98 feet to the South Quarter Corner of said Section 34;

THENCE continuing along said South line S89°46'32"W, a distance of 2,650.08 feet to the Southeast Corner of said Section 33;

THENCE along the South line of said Section 33, S89°58'18"W, a distance of 2,665.94 feet to the South Quarter Corner of said Section 33;

THENCE continuing along said South line, S89°58'28"W, a distance of 2,662.09 feet to the Southeast Corner of said Section 32;

THENCE along the South line of said Section 32, N89°45'32"W, a distance of 2,657.45 feet to the POINT OF BEGINNING.

The above-described parcel contains 80,787,082 square feet or 1,854.61 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

Description No. 448

J:\Held\Data\WWORD\CasaGrande\Legals\Aug-04\Dermer Picacho\WrAdd.doc

Legal Description

Madison Diversified

August 30, 2004

A parcel of land located in Sections 26 and 27, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the North Quarter Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'14"E, a distance of 2,655.73 feet to the Northwest Corner of said Section 26;

THENCE along the North line of said Section 26, N89°50'59"E, a distance of 2,655.02 feet to the North Quarter Corner of said Section 26;

THENCE along the North-South Midsection Line of said Section 26, S00°17'26"W, a distance of 2,675.42 feet to the Center of said Section 26;

THENCE along the East-West Midsection Line of said Section 26, N89°57'54"W, a distance of 2,654.88 feet to the West Quarter Corner of said Section 26;

THENCE along the East-West Midsection Line of said Section 27, S89°52'13"W, a distance of 2,657.09 feet to the Center of said Section 27;

THENCE along the North-South Midsection Line of said Section 27, N00°19'09"E, a distance of 2,661.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 14,168,341.91 square feet or 325.26 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
35869
KENNETH A.
MARKS
Date Signed
ARIZONA, U.S.A.

Description No. 450

J:\Field\Data\WINWORD\CasaGrande\Legals\Aug-04\Madison Divers.doc

ORIGINAL

0000035455

Picacho Water Company

9532 East Riggs Rd., Sun Lakes, Arizona 85248

EXHIBIT
AWC-1
Admitted

November 29,2005

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Docket No. W-03528A-04-0641 and SW-03709A-04-0642

Dear Docket Control:

Enclosed is a copy of the developers Certificate of Assured Water Supply (CAWS) that is required to be filed pursuant to Decision No. 67670.

An original and 15 copies submitted.

Sincerely,

Jim Poulos

RECEIVED
2005 NOV 30 A 10: 20
AZ CORP COMMISSION
DOCUMENT CONTROL

JP:rc

Enclosures

Docketcontrol06doc

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

This is to certify that

Sun Lakes-Casa Grande Development, 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

Robson Ranch Unit 60
Section 03, Township 07 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 **255 lots** as described in the preliminary plat on file with the Department, and has an estimated water demand of **79.02 acre-feet per year.** The subdivision will be served **groundwater** by **F'icacho Water Company.**

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: 27-401775.0000

ARIZONA DEPARTMENT OF WATER RESOURCES

Sandra Fabritz-Whitney
Assistant Director

11-18-2005
Date

ORIGINAL

0000052573

50

Picacho Water Company

9532 East Riggs Rd., Sun Lakes, Arizona 85248

EXHIBIT
AWC-8
Admitted

October 11,2005

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Docket Nos: W-03528A-04-0641 and SW-03709A-04-0642

Dear Docket Control:

Enclosed is a copy of Picacho Water Company 's Approval to Construct issued by ADEQ for the extension area. This is required to be filed with Docket Control pursuant to Decision No. 67670.

An original and 15 copies submitted.

Sincerely,

Jim Poulos

RECEIVED
2005 OCT 2 9 10: 44
AZ CORP COMMISSION
DOCUMENT CONTROL

JP:rc

Enclosures

Docketcontrol03.doc

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

ADEQ File No: 20050523	**LTF No:** 36793
System Name: Picacho Water Co	**System Number:** 11135
Project Owner: Picacho Water Co.	
Address: 9532 E. Riggs Rd., Sun Lakes, AZ 85248	
Project Location: Ejr Ranch	**County:** Pinal
Description: PICACHO WATER CO. WATER SUPPLY LINE FROM WATER PLANT NO. 1 TO SELMA HWY. CONSTRUCT APPROXIMATELY 5,114 L.F. OF 20" PVC WATERMAIN ALONG C O R ▼▼ RD. AND 5,354 L.F. OF 16" PVC WATER MAIN ALONG CURRY RD.	

Approval to construct the above-describedfacilities* as *represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject toprovisions 1 through 5 continued onpage 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. **R18-5-507(B), Ariz.** Admin.Code. At the project owner's request, the Department **may** conduct the final inspection required pursuant to **R18-5-507(B);** such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. **R18-5-507(A),** Ariz. Admin. Code.

Reviewed by: KNS

By: _____ 10/6/05

Kwame A. Agyare., P.E., Manager — Date

Manager, Drinking Water and
Wastewater Engineering Review
Water Quality Division

cc: File No : 20050523
Regional Office: Central
Owner: Picacho Water Co.
County Health Department: Pinal
Engineer: B & R Engineering, Inc.
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

APPROVAL TO CONSTRUCT
WATER FACILITIES
ADEQ FILE NO. 20050523
PAGE 2 OF 2: PROVISIONS CONTINUED

5. This certificate voids/supersedes the certificate issued on 9/1/05 due to change in Project Owner and Project Location information.

STATE OF ARIZONA ARIZONA DEPARTMENT OF WATER RESOURCES OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY 500 NORTH THIRD STREET PHOENIX, ARIZONA 85004-3903 (602) 417-2465 Fax: (602) 417-2467	DATE RECEIVED: RECEIVED APR 25 2006 OFFICE OF ASSURED WATER SUPPLY REVISED APPLICATION NO: EJR Ranch Phase II 27-402076.0000

APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY

Read guidelines BEFORE completing application. Please submit three copies of all application materials.

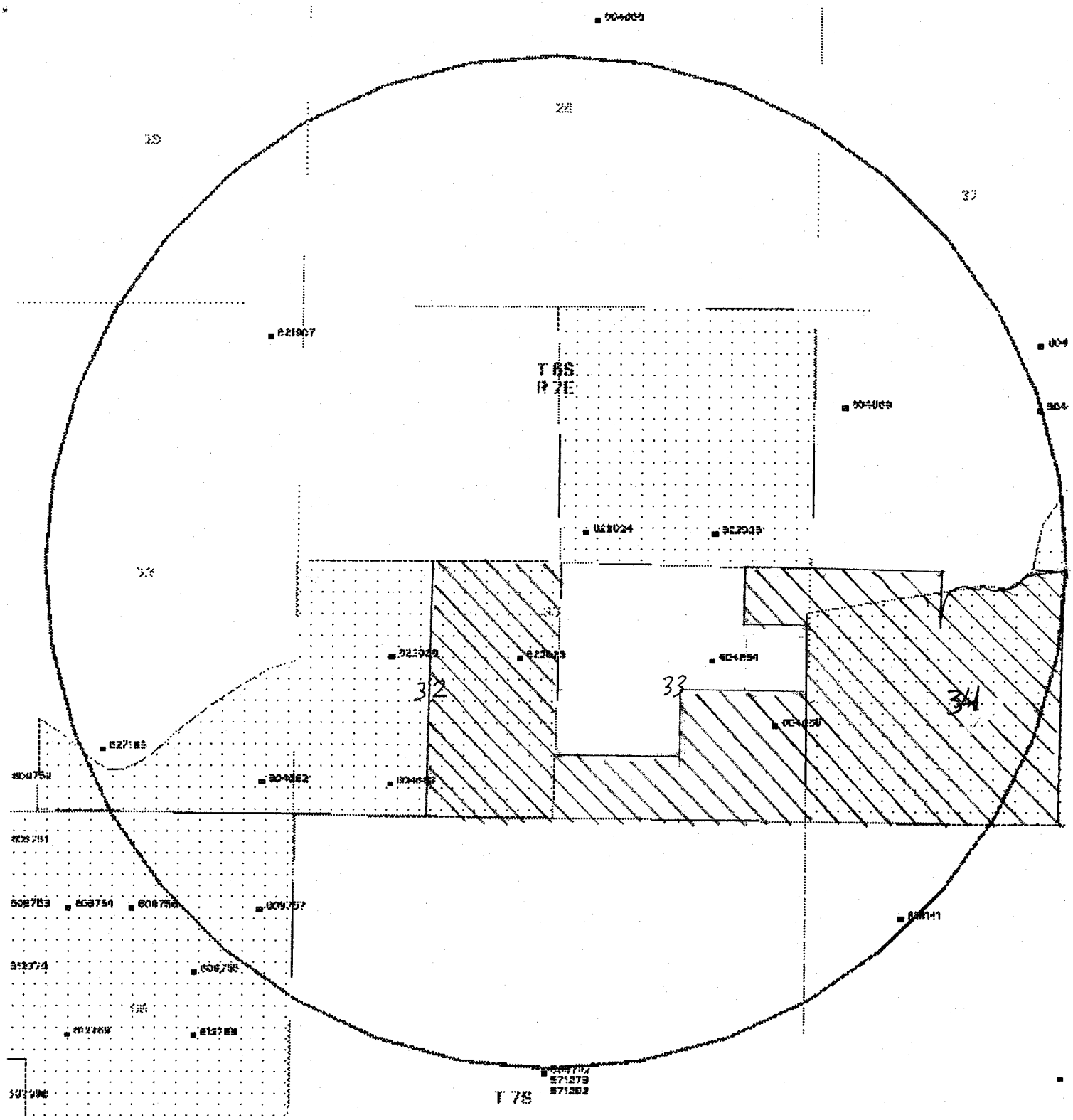
PART A - GENERAL INFORMATION

1. Name of Subdivision: E.J.R. RANCH - PHASE II
2. Owner Name CORNMAN TWEEDY 560, L.L.C. Phone: 480-895-9200 Fax: 480-895-4347
   Must indicate the legal owner of record. This is how the owner name will appear on the public notice and the Certificate of Assured Water Supply.
   Address: 9532 E. RIGGS ROAD, SUN LAKES, AZ 85248
3. Water Provider: PICACHO WATER COMPANY Phone: 480-895-9200 Fax: 480-895-4347
   Address: 9532 E. RIGGS ROAD, SUNLAKES, AZ 85248
4. Consultant Name: NONE Phone: ____ Fax: ____
   Address: ____
5. Primary Contact Name: DONNA HANCOCK Phone: 480-895-0799 Fax: 480-895-5557
   Address: 9666 E. RIGGS ROAD, SUITE 118, SUNLAKES, AZ 85248
   E-Mail Address dhancock@bnrgz.com
6. Location: 6 SOUTH (Township) 7 EAST (Range) 32, 33 & 34 (Section(s)) NONE (City) PINAL (County) PINAL (AMA)
7. Assessors Parcel Number(s): Book SEE Map ATTACHMENT Parcel ____
   Book ____ Map ____ Parcel ____
8. Include **three** copies of the preliminary plat for the subdivision and reference as an attachment: ATTACHED
   Are any changes to this plat expected prior to final approval by the local platting authority? ____ Yes X No
   If "yes," explain: ____
9. If a final plat has been approved and recorded for this subdivision, indicate the year of approval: N/A
10. Has a Certificate of Assured Water Supply previously been issued for this property? ____ Yes X No
    If "yes," please attach a copy of the Certificate. Please indicate why a new Certificate of Assured Water Supply is being applied for: ___Change of Ownership ___Changes to Plat ___Other: ____

PART B - DEMAND ESTIMATE

1. a. Number and size of residential lots (categorize):
   Number of lots: 1546 Size: 5400 +/- SQ FT
   Number of lots: 1780 Size: 6600 +/- SQ FT
   Number of lots: ____ Size: ____ SQ FT
   b. Residential lot acreage (total): 1048.72 Acres
   c. Number of non-residential parcels: 6 Parcels
   d. Non-residential parcel acreage (total): 164.17 Acres

EXHIBIT
AWC-9
Admitted



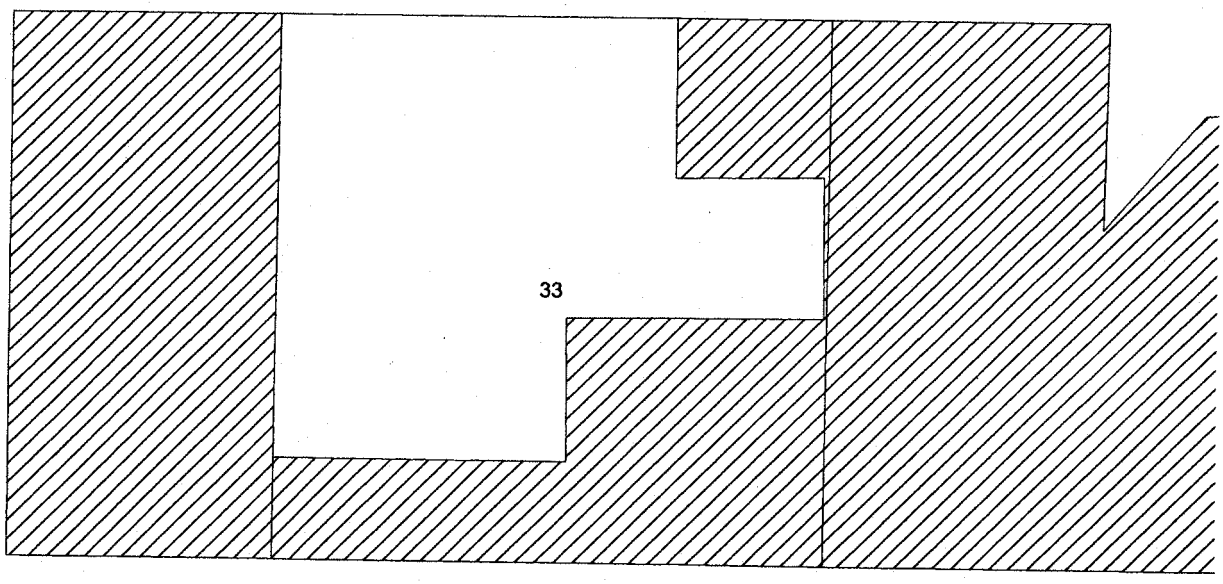
2004 Municipal Water Providers with Wells within 5280 Feet of

Cadastral Location D06007033000

03/28/06

ARIZONA DEPARTMENT OF WATER RESOURCES

EJR Ranch Phase II
27-402076.0000



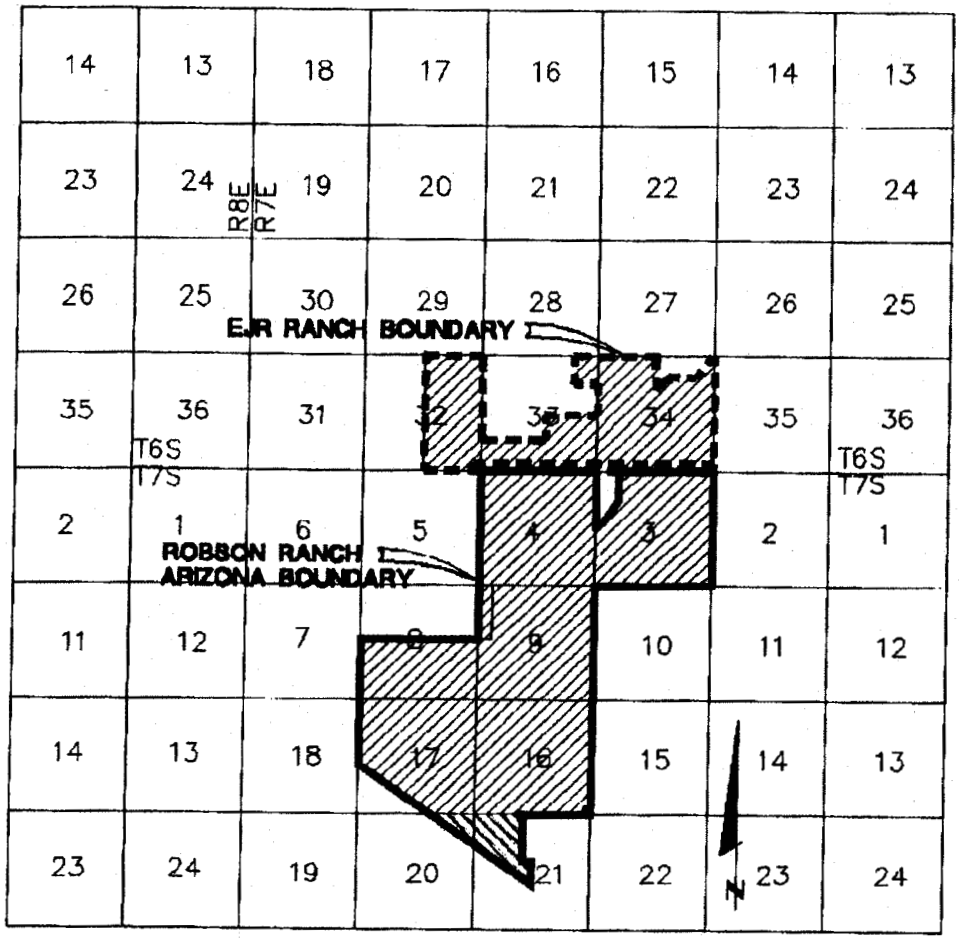
N

Legend

EJR Ranch Phase II section

Picacho Water Co. CC&N 2005

ADWR, OAWS, June 9, 2006



LEGEND

PICACHO WATER CO EXISTING CC & N AREA

PICACHO WATER CO EXPANSION CC & N AREA

ROBSON RANCH ARIZONA BOUNDARY

EJR RANCH BOUNDARY

PICACHO WATER CO CC & N
MARCH, 2006

FIGURE 1

WMG 1

RECEIVED
DATE RECEIVED: NOV 15 2005
OFFICE OF ASSURED WATER SUPPLY

STATE OF ARIZONA
ARIZONA DEPARTMENT OF WATER RESOURCES
OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-3903
(602) 417-2465

27-401944.0000
Post Ranch

APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY

Read guidelines BEFORE completing application. Please submit three copies of all application materials.

PART A - GENERAL INFORMATION

1. Name of Subdivision: Post Ranch
2. Owner Name Harvard Casa Grande Ventures, LLC Phone: (818) 876-9651 Fax: (818) 876-9751
   Must indicate the legal owner of record. This is how the owner name will appear on the public notice and the Certificate of Assured Water Supply.
   Address: 5023 North Parkway Calabasas, Calabasas, California 91302
3. Water Provider: Arizona Water Company – Casa Grande Phone: (602) 240-6860 Fax: (602) 240-6878
   Address: 3805 N. Black Canyon Highway, Phoenix, AZ 85015-5351
4. Consultant Name: Southwest Ground-water Consultants, Inc. (SGC) Phone: (602) 955-5547 Fax: (602) 955-7585
   Address: 3900 East Camelback Road, Suite 200, Phoenix, Arizona 85018
5. Primary Contact Name: ~~SGC (DeAnn Hauver)~~ ANN STWART Phone: (602) ~~955-5547~~ 916-5714 Fax: (602) 955-7585
   Address: 3900 E. Camelback Rd., Ste. 200, Phoenix, AZ 85018-2636
   E-Mail Address dhauver@sgcground-water.com
6. Location: 6S (Township) 7E (Range) 29 (Section(s)) Casa Grande (City) Pinal (County) Pinal (AMA)
7. Assessors Parcel Number(s): Book Attachment I Map _____ Parcel _____
   Book _____ Map _____ Parcel _____
8. Include **three** copies of the preliminary plat for the subdivision and reference as an attachment: Attachment II
   Are any changes to this plat expected prior to final approval by the local platting authority? ____ Yes X No
   If "yes," explain: _____
9. If a final plat has been approved and recorded for this subdivision, indicate the year of approval: _____
10. Has a Certificate of Assured Water Supply previously been issued for this property? ____ Yes X No
    If "yes," please attach a copy of the Certificate. Please indicate why a new Certificate of Assured Water Supply is being applied for: ___Change of Ownership ___Changes to Plat ___Other: _____

PART B - DEMAND ESTIMATE

1. a. Number and size of residential lots (categorize):
   Number of lots: 1,685 Size: 6,850 (avg) SQ FT
   Number of lots: 732 Size: 800 (avg) SQ FT
   Number of lots: ____ Size: ____ SQ FT
   b. Residential lot acreage (total): 340.91 Acres
   c. Number of non-residential parcels: 4 Parcels
   d. Non-residential parcel acreage (total): *Includes Open Space and Rights-of-way 310.04 Acres

EXHIBIT
WMG-1
Admitted

Revised 4/20/01

ADWR000058

2.a. Provide the following residential demand information at build out (refer to guidelines):

	1	2	3	4	5
	Average Persons per Housing Unit	Gallons per Person per Day	Demand per Housing Unit per Year (AF/YR)	Number of Housing Units	Total Expected Demand per Year (AF/YR)
Single family	3.00	125	.042 af/lot/yr	1,685	707.8 af/yr
Multi-family	3.00	125	.042 af/lot/yr	732	307.5 af/yr
				Total Residential Demand	1,015.3 af/yr

b. Indicate the source of the Average Persons per Housing Unit figure(s): DWR Office of Assured Water Supply

c. Indicate the source of the Demand per Housing Unit per Year figure(s): DWR Office of Assured Water Supply

d. If applicable, indicate the total demand per lot for urban irrigation or livestock pasture: N/A af/yr

Is this amount included in the gallons per person per day figure in question B.2.a.? ____ Yes ___ No

If "yes," please see question D.1.c.

3. a. Will there be any water demands within this master plan or subdivision that are not accounted for within the residential water use rates? X Yes ____ No If "yes", please complete the following table:

Non-Residential Water Use Category:	Total Acreage or Sq. Ft.	Demand Factor af/ac or gal/Sq. Ft.	Total demand (AF/YR)
Golf Course or other Turf-Related Facilities:			
Common Areas:			
Schools: elementary school: 15.6 ac: assumed 20% of total area turf landscape, 10% low water using landscape, and student demand assumed .65 students per unit.	1,571 students 3.1 ac 1.6 ac	25 gal/day 4.8 af/ac 1.5 af/ac	43.99 af/yr 14.88 af/yr 2.4 af/yr
Parks: Parcel 5 & Tract 21B (Linear Park) = 14.6 ac 4.7 ac hardscape-playground, benches, grills & tables	2.47 ac 7.43 ac	4.8 af/ac 1.5 af/ac	11.86 af/yr 11.15 af/yr
Landscaping for Retention/Detention Basins: 117.38 ac—54.38 ac hardscape-concrete paths, armadas & tennis court.	3.46 ac 59.54 ac	4.8 af/ac 1.5 af/ac	16.61 af/yr 89.31 af/yr
Rights of Way: 140.16 acres total: landscapable area provided by landscape architect-Hadley Design Group	11.41 ac	1.5 af/ac	17.12 af/yr
Community Centers: Church (parcel 16)	6.7 ac	2.25 af/ac	15.08 af/yr
Commercial: Parcel 12	15.6 ac	2.25 af/ac	35.1 af/yr
Other Non-Residential Water Demand:			
		Total Non-Residential Demand	257.50 af/yr

b. Describe assumptions and source of data used in this table: turf landscape assumed 4.8 af/ac; low water using landscape in tract areas and ROW assumed 1.5 af/ac; commercial and church assumed 2.25 af/ac per City of Tempe Study; information regarding non-residential landscape provided by Michael Bley, Hadley Design Group, landscape architect; construction demand assumed: 10,000 gal/per unit for single family, 5,000 gal/unit for multi-family & 1 gal/sq ft commercial & school: total multi-family units determined assuming 16 units per acre-per Casa Grande PAD for Post Ranch.

4. a. Projected build-out for entire plat: 2011

b. Indicate the estimated amount of lost and unaccounted for water, as a percentage of total deliveries: 10% %

c. Indicate estimated water demand for construction purposes: (0.68 afa) 68.03 af

d. Indicate total expected build-out demand, from all water sources, including construction water and lost and unaccounted for water: 1,400.83 af/yr

PART C - CONSISTENCY WITH MANAGEMENT PLAN

1. Conservation requirements have been prescribed for water providers through the Management Plan for each active management area. The following information is needed to support provider efforts to meet these requirements. **If the proposed subdivision is for 50 or fewer lots, these questions need not be completed.**

   a. List current and proposed conservation ordinances which apply to this subdivision: _____
   Compliance with Pinal AMA Third Management Plan
   If demand estimates rely on restrictions imposed by government ordinance, they must be attached.

   b. Will the subdivision incorporate CC&Rs or other restrictions to limit landscape water use? __ Yes _X_ No
   If demand estimates rely on restrictions imposed by the CC&Rs, they must be attached.

   c. Will landscaping in public rights of way conform to ADWR's Low Water Use Plant List? _X_ Yes __ No

   d. Generally describe any other current or proposed conservation practices, rates, fees, restrictions, policies and devices to be utilized within the subdivision to meet the conservation requirements of the Management Plan.

   If demand estimates rely on these conservation requirements, they must be attached.

   Low water use fixtures and new construction technology

PART D - CONSISTENCY WITH MANAGEMENT GOAL

1. If any groundwater is proposed to be used as the source of water for this subdivision, how will the groundwater use meet the "consistency with management goal" requirement? Please check all that apply. **An applicant for a dry lot subdivision comprised of 20 or fewer lots is exempt from proving consistency with the management goal.**

   __ Enrollment of the subdivision lands in the Central Arizona Groundwater Replenishment District (Phoenix, Tucson and Pinal AMAs **ONLY**)
   A separate application for membership must be filed with the Central Arizona Water Conservation District, and the membership documents **must be executed and recorded before** a Certificate will be issued.

   _X_ Extinguishment of grandfathered groundwater rights dedicated to this subdivision
   Provide evidence and reference the attachment: Attachment II-A

   ___ Dedication of Long-Term Storage Credits (Recharge)
   Provide evidence and reference the attachment: _____

   ___ Exemption for the withdrawal and use of poor quality water pursuant to a remedial action
   Provide evidence that the exemption has been granted by the Director and reference as an attachment: _____

   ___ Exemption for the withdrawal and use of groundwater from an area exempt from conservation requirements due to waterlogging.

PART E - LEGAL AVAILABILITY OF SOURCE WATER

1. a. Method of water distribution: _X_ central distribution system ___ dry lot subdivision (individual wells)
   If water is to be obtained from a water provider, include the attached *"Notice of Intent to Serve"* agreement.

   Notice of Intent will be submitted after AMA demand review. Draft Notice of Intent Attachment III

   b. If served by a central distribution system, is the water provider currently delivering water to residential customers? _X_ Yes ____ No If "no," an appropriate water right must be acquired.

   c. Will more than one provider deliver water of any type to the subdivision? ___ Yes _X_ No
   If "yes," please list the secondary provider: _____

   Type of water to be delivered by secondary provider: __Groundwater ___CAP ___Effluent ___Other: _____

   For what use: ___Urban Irrigation (mini-farm) ___Livestock Grazing ___Other: _____
   A *"Notice of Intent to Serve"* agreement must be submitted for **both** water providers.

2. If the subdivision will be receiving any water pursuant to an exchange agreement, provide a copy of the agreement and reference the attachment: Not Applicable

3. Indicate water sources to be used:

Source of Supply	100 Year Volume (acre feet)	Required Supporting Information (reference any attached documents)
Groundwater	140,083.00 af	Indicate any grandfathered groundwater right or permit number(s) and type(s): irrigation rights-see extinguishment request-attachment II-A
Central Arizona Project Water Directly Delivered		What is the term of the contract?_____ Please attach a copy and reference as an attachment:_____
Surface Water Directly Delivered		Surface water right number(s) and type(s) or water district name:
Effluent Directly Delivered		Name of entity providing effluent:_____ Any related contracts or agreements (attachment):_____
Total 100 Year Volume	140,083.00 af	

PART F - FINANCIAL CAPABILITY

1. Is water service currently available to each lot? __Yes _X_No
If "no," a completed "*Verification of Construction Assurance*" form (attached) must be submitted. Attachment IV
If development is a dry lot subdivision, no financial assurances are required.

2. Will wells, off-site pipelines, storage or treatment facilities be constructed to serve this subdivision? _Yes X No
If "yes," please provide A) A description of the improvements (reference the attachment):_____
B) Evidence of financial capability (reference the attachment):_____
C) Schedule for completion of improvements (reference the attachment):_____

PART G - PHYSICAL AVAILABILITY OF SOURCE WATER

1. If the development consists of more than 20 lots, a comprehensive hydrologic study must be submitted with this application, unless the Department has previously reviewed the hydrologic conditions for this area and has issued a valid Letter of Water Availability, Physical Availability Determination or Analysis of Assured Water Supply. Please indicate the evidence of physical availability and reference as an attachment: Attachment V

___ Water Availability Letter
___ New Hydrologic Study
__ Other, please specify_____
X Physical Availability Determination
___ Subdivision of less than 20 lots

PART H - WATER QUALITY

1. If the subdivision will be served by a provider regulated by the Arizona Department of Environmental Quality, ADWR will request a report to assess the water quality of the proposed supply. It may be necessary for the applicant to provide further information in order for ADWR to determine the quality of the proposed supply. If the proposed subdivision is located within one mile of a Water Quality Assurance Revolving Fund or Superfund site, or if the proposed supply fails to meet safe drinking water quality standards, a contaminant migration analysis must be submitted. Reference either the attached study or a copy of a previous determination of water quality: Attachment VI

PART I – FEES

Please calculate fees by completing the appropriate items below, and include the total fees with your application. Payment may be made by cash, check, or in some cases, by entry in an existing Department fee credit account. Checks should be made payable to the Department of Water Resources. **Failure to enclose the required fees will cause the application to be returned. Fees for certificates of assured water supply are authorized by A.R.S. § 45-113.**

1.	Basic Application fee (includes first 20 lots)		$250.00
2.	Per-lot review fee (for lots in excess of the first 20):		
	Total lots in this application	2,417	
	Less first 20 lots	-20	
	Lots subject to additional review fees	2,397 x $0.50 per lot	$1,198.50
3.	Subtotal (add items #1 and #2) **NOT TO EXCEED $1,000**		$1,000.00
4.	Credit for previously reviewed hydrologic studies for this property (see #F-1 above)	0.20 x Subtotal (#3) $	
5.	Credit for membership in the Central Arizona Groundwater Replenishment District	0.20 x Subtotal (#3) $ 200.00	
6.	Total Credits (add items #4 and #5)		$_____
7.	Public Notice Fee		

Indicate the appropriate AMA and add the associated Public Notice Fee

Phoenix AMA	$ 52.00	
Tucson AMA	$ 225.00	
Pinal AMA	$ 125.00	X
Prescott AMA	$ 75.00	
Santa Cruz AMA	$ 50.00	

8. **TOTAL FEE DUE** (subtract #6 from #3 and add #7) $ 1,125.00

PART J - APPLICATION SIGNATURE

I DO HEREBY certify that the information contained in this application and all information accompanying it is true and correct to the best of my knowledge and belief.

Subdivision Name: Post Ranch

Owner Name (please print or type): Harvard Casa Grande Ventures, LLC

Please attach a copy of the deed or title report as proof of ownership. Attachment VII

Name of Owner's Authorized Agent (please type or print): _____

Title of Owner's Authorized Agent (please type or print): _____

See Attached Signature Block

Signature of Owner or Owner's Authorized Agent

Date

SIGNATURE PAGE ATTACHMENT TO:

Application for a Certificate of Assured Water Supply

HARVARD CASA GRANDE VENTURES, LLC,
a Delaware limited liability company

By: Troxler Residential Ventures XXIII, LLC,
a Delaware limited liability company

By: Troxler Ventures Partners II, Inc.,
a California corporation
its Operating Member

By: _____
Name: Bryan P. Troxler
Its: President

Date: 10/11/05

WMG 2

EXHIBIT

tabbies

WMG-2

Admitted

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Post Ranch

Owner: Harvard Casa Grande Ventures, LLC

Private Water Company Name: Arizona Water Company – Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56-001307.0000
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11-009
(Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system? X Yes ___ No
If no, will the water provider be establishing a new service area right to serve the development? ___ Yes ___ No
If yes, what type of right will be used to establish the service area right ___
If the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)? X Yes ___ No
If no, has an application for an extension of the CC&N been filed? ___ Yes ___ No
If yes, date of submittal: ___ Approved? ___ Yes ___ No
Please include a copy of the application for extension and reference as an attachment: ___
If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (af/yr)	Other Demand (af/yr)	Total Annual Demand (af/yr)
2,417	3.00	172	1,015.3 af/yr	385.53 af/yr	1,400.83 af/yr

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print): ___

Signature of Authorized Agent of Private Water Company	Title	Date
See Attached Signature Page		
Signature of Applicant	Title	Date

SIGNATURE PAGE ATTACHMENT TO:

Notice of Intent to Serve for Private Water Companies

HARVARD CASA GRANDE VENTURES, LLC,
a Delaware limited liability company

By: Troxler Residential Ventures XXIII, LLC,
a Delaware limited liability company

By: Troxler Ventures Partners II, Inc.,
a California corporation
its Operating Member

By: _____
Name: Bryan P. Troxler
Its: President

Date: 10/11/05

A

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 Fabritz-Whitney
Assistant Director

2/22/2006
Date

EXHIBIT
WMG-3
Admitted

ADWR000056

WMG 4

FAX TRANSMITTAL
ARIZONA DEPARTMENT OF WATER RESOURCES

500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
602-417-2465
FAX: 602-417-2467

EXHIBIT
WMG-4
Admitted

TO: MIKE WHITEHEAD

FROM: NORMA COUPAUD

COMPANY: ARIZONA WATER COMPANY

PAGES: 3, including this cover sheet

FAX #: 602-240-6878

DATE: 12-09-03

SUBJECT: NOTICE OF INTENT TO SERVE FORM

___ URGENT X FOR REVIEW ___ PLEASE COMMENT ___ PLEASE REPLY

NOTES/ COMMENTS:

SEE ATTACHED SPREADSHEET. PLEASE CONTACT CORE GROUP CONSULTANTS INC. AT 602-954-7768 WHEN THIS IS SIGNED. THANK YOU.

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2465

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: FLORENCE COUNTRY ESTATES

Owner: HWY 287 - FLORENCE BOULEVARD, INC.

Private Water Company Name: ARIZONA WATER COMPANY – CASA GRANDE

(If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56-_____ ADEQ Public Water System Number:
(Number can be found on ADWR Annual Reports) (Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system?____Yes ____No
If no, will the water provider be establishing a new service area right to serve the development?___Yes ___No
If yes, what type of right will be used to establish the service area right_____*If the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.*

Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)?__Yes __No
If no, has an application for an extension of the CC&N been filed? ____Yes ____No
If yes, date of submittal:_____ Approved? ____Yes ____No
Please include a copy of the application for extension and reference as an attachment:_____
If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (af/yr)	Other Demand (af/yr)	Total Annual Demand (af/yr)
246	3.5	125	120.56		120.56

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print): _____

Signature of Authorized Agent of Private Water Company	Title	Date
Signature of Applicant	Title	Date

CAWS Calculation Worksheet

Florence Country Estates

File Number: 27-400985

Residential Usage					
Category	PPHU	GPCD or per house/day	Demand/HU/YR (af/yr)	No. HU (Lots)	Residential Demand/Yr (af/yr)
Single Family (int)	3.50	125.00	0.49	246.00	[illegible]
Multi-Family (int)		125.00	0.00		[illegible]
Residential Landscape (ext)	1.00	0.00	0.00	246.00	[illegible]
Demand/HU/YR (af/yr)			5.29		
	Square Feet	Acres	Demand Factor (af/yr)		
Average Lot Size	53560.00	1.23			
TMP Model Lot Size	10000.00	0.23			
Large Lot Adjustment	43560.00	1.00			[illegible]
1/2 low water use		0.00	1.50		[illegible]
1/2 turf	43560.00	1.00	4.80	246.00	[illegible]
Total Residential Demand					
					[illegible]
Non-Residential Usage					
Category	Square Feet	Acres	Demand Factor (af/ac)		Non-Residential Demand (af/yr)
Common Area			1.50		[illegible]
Right of Way		0.15	1.50		[illegible]
Golf Course		0.00	Turf Program, Pinal AMA		[illegible]
Community Center		0.00	2.25		[illegible]
Pool		0.00	Muni Program, Pinal AMA		[illegible]
Total Non-Residential Demand					
					[illegible]
Distribution Losses					
	Residential	Non-Residential	Total	Loss Factor %	Distribution Losses (af/yr)
Demand af/yr	1301.36	0.23	1301.58	10.00	130.16
Construction					
	No. of Lots	Demand (gals/lot)	100 yr demand (af)		Construction Demand (af/yr)
	246.00	10000.00	7.55		0.07549
Total Demand Per Year					
Residential Usage af/yr	Non-Residential Usage	Lost & Unaccounted for	Construction	Total Non-Res	Total Demand Per Year (af/yr)
1301.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Residential Usage GPCD					Total Demand GPCD
125		Applicant's Estimate:			
Annual Build-Out Demand		108.00			Basic Groundwater Allowance
[illegible]					[illegible]

Residential by AZ Water
120.56

Large lot delivery by San Carlos Irrigation District
1,311.27
This total includes all nonresidential deliveries + large lot adjustment.

Reviewer: Pam Nagel

12/09/2003

12- 9-03; 2:27PM; ;6024172467 # 3/

FAX TRANSMITTAL
ARIZONA DEPARTMENT OF WATER RESOURCES

500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
602-417-2465
FAX: 602-417-2467

TO: MIKE WHITEHEAD

FROM: NORMA COUPAUD

COMPANY: ARIZONA WATER COMPANY

PAGES: 3, including this cover sheet

FAX#: 602-240-6878

DATE: 12-09-03

SUBJECT: NOTICE OF INTENT TO SERVE FORM

___ URGENT X FOR REVIEW ___ PLEASE COMMENT ___ PLEASE REPLY

NOTES/ COMMENTS:

SEE ATTACHED SPREADSHEET. PLEASE CONTACT CORE GROUP CONSULTANTS INC. AT 602-954-7768 WHEN THIS IS SIGNED. THANK YOU.

Please disregard the first NOI. Refer to the form marked REVISED.

CoreGroup CONSULTANTS

May 6, 2004 PROJECT: 1154

Arizona Water Company
3805 Black Canyon Highway
Phoenix, Arizona
85015-5351

TO: Michael Whitehead

RE: NOTICE OF INTENT FOR FLORENCE COUNTRY ESTATES

Please find the notice of intent that you signed on December 11, 2003. We have since made one revision to the notice. We have added the other owner of Florence Country Estates (owner = Madison Diversified Corp) to the NOI. Could you please initial the NOI, indicating that you have received and accepted this change?

We trust that the above is to your satisfaction, however, should you require additional information please contact the undersigned.

Yours truly,
CORE GROUP CONSULTANTS
Per;

Cormac Nolan, P.E.

File: 1154-LET-009 Arizona Water R0.doc

Encl. NOI

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-973
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-062

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: Hwy 287 - Florence Boulevard, Inc. Y MADISON DIVERSIFIED CORP.

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes No

If no, will the PWC be establishing a new service area right to serve the Development? Yes No
If yes, what type of right will be used to establish the service area right
If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? Yes X No

If no, has an application for an extension of the CC&N been filed? X Yes No
If yes, date of submittal: August 12, 2003 Approved? Yes No
Please include a copy of the application for extension and reference as an attachment:
If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
248	3.5	125	120.56	130.46***	251.02

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service*, and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

Company Representative Signature	Michael J. Whitehead Name	Vice President - Engineering Title	12-11-2003 Date
B Carpenter CAWS Applicant Signature	Brian Carpenter Name	Secretary / Treasurer Title	May 6/2004 Date

VAL

W:\DAILY\WORK\0003\CG\ADWR NOTICE OF INTENT TO SERVE FLORENCE COUNTRY ESTATES\DOC.DOC
REVISED BY AWC
[0939 | 12/11/03]

FILE COPY

[2-28-96 | WMO.DMC]

HWY 287 FLORENCE BOULEVARD INC
MADISON DIVERSIFIED 882 CORP.

CoreGroup CONSULTANTS
3743 North 24th Street, Phoenix, Arizona 85016
TEL (602) 954-7768
FAX (602) 522-9733

TRANSMITTAL

ATTN: Michael Whitehead

FROM: Natasha Reed

COMPANY: Arizona Water Company

PROJECT: 1154 - XMT - 026 Arizona.doc

ADDRESS: 3805 Black Canyon Highway

DATE: May 7, 2004

Phoenix, Arizona 85015-5351

FAX:

PHONE:

RE: NOI Revision

SENT BY: ☑ MAIL ☐ COURIER ☐ BY HAND ☐ PICKUP

ITEM NO.	QTY	DESCRIPTION
1.	1	Letter (1145-LET-009)
2.	1	NOI

NOTE: Please initial NOI and return a copy. Thanks.

SENT BY: N. Reed.

Core Group Consultants

RECEIVED BY:

Please sign and return this transmittal to our office via fax (602) 522-9733 to confirm that you have received the items listed above.

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: Hwy 287 - Florence Boulevard, Inc./ Madison Diversified Corp.

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes ___ No
If no, will the PWC be establishing a new service area right to serve the Development? ___ Yes ___ No
If yes, what type of right will be used to establish the service area right _____
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If yes, date of submittal: August 12, 2003 Approved? ___ Yes ___ No
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246	3.5	125	120.56	130.46***	251.02

***Including 10% Lost & Unaccounted For

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Company Representative Signature	Name	Title	Date
	Michael J. Whitehead	Vice President - Engineering	5-18-2004

CAWS Applicant Signature	Name	Title	Date

KD

K:\AWC DAILY WORK\2004\CG\ADWR NOTICE OF INTENT TO SERVE REVISED FLORENCE COUNTRY ESTATES.DOC

REVISED BY AWC
2-26-99 | WMG:DMC
| 11:24 | 5/17/04

CoreGroup
CONSULTANTS

May 31, 2004

PROJECT: 1154

Arizona Water Company
3805 Black Canyon Highway
Phoenix, Arizona
85015-5351

TO: Michael Whitehead

RE: NOTICE OF INTENT FOR FLORENCE COUNTRY ESTATES

Please find the notice of intent that you signed on December 11, 2003. We have since made another revision to the notice. We have added the other owner of Florence Country Estates (owner = Madison Diversified 882 Corp) to the NOI. The previous revision did not reflect the full owner's name. Could you please initial the NOI, indicating that you have received and accepted this change?

We trust that the above is to your satisfaction, however, should you require additional information please contact the undersigned. Thank you for your patience and cooperation.

Yours truly,
CORE GROUP CONSULTANTS
Per;

Natasha Reed for

Cormac Nolan, P.E.

File: 1154-LET-013 Arizona Water R0.doc

Encl. NOI

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
1216 FOUNTAIN VIEW DRIVE, HOUSTON, TEXAS 77057 • PHONE (713) 780-7144 • FAX: (713) 266-9826

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: Hwy 287 - Florence Boulevard, Inc./ Madison Diversified 882 Corp.

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes ___ No
If no, will the PWC be establishing a new service area right to serve the Development? ___ Yes ___ No
If yes, what type of right will be used to establish the service area right _____
If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? ___ Yes X No
If no, has an application for an extension of the CC&N been filed? X Yes ___ No
If yes, date of submittal: August 12, 2003 Approved? ___ Yes ___ No
Please include a copy of the application for extension and reference as an attachment: _____
If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
246	3.5	125	120.56	130.46***	251.02

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service,* and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

Company Representative Signature	Name	Title	Date
	Michael J. Whitehead	Vice President - Engineering	6/7/04
CAWS Applicant Signature	Name	Title	Date

KD

FILE COPY

K:\AWC DAILY WORK\2004\CG\ADWR NOTICE OF INTENT TO SERVE REVISED FLORENCE COUNTRY ESTATES.DOC

REVISED BY AWC
2-26-99 | WMG:DMC
| 10:03 | 6/7/04

CoreGroup CONSULTANTS
3743 North 24th Street, Phoenix, Arizona 85016
TEL (602) 954-7768
FAX (602) 522-9733

TRANSMITTAL

ATTN: Michael Whitehead

FROM: Natasha Reed

COMPANY: Arizona Water Company

PROJECT: 1154 - XMT - 031 Arizona.doc

ADDRESS: 3805 Black Canyon Highway

DATE: May 31, 2004

Phoenix, Arizona 85015-5351

FAX:

PHONE:

RE: NOI Revision

SENT BY: ☑ MAIL ☐ COURIER ☑ BY HAND ☐ PICKUP

ITEM NO.	QTY	DESCRIPTION
1.	1	Letter (1145-LET-013)
2.	1	NOI

NOTE: Please initial NOI and return a copy. Thanks.

SENT BY: N. Reed

Core Group Consultants

RECEIVED BY:

Please sign and return this transmittal to our office via fax (602) 522-9733 to confirm that you have received the items listed above.

RECEIVED
JUN 05 2004
ARIZONA WATER COMPANY
PHOENIX ENGINEERING

1104

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: Hwy 287 - Florence Boulevard, Inc. + MADISON DIVERSIFIED 882 CORP.

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes No

If no, will the PWC be establishing a new service area right to serve the Development? Yes No

If yes, what type of right will be used to establish the service area right

If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? Yes X No

If no, has an application for an extension of the CC&N been filed? X Yes No

If yes, date of submittal: August 12, 2003 Approved? Yes No

Please include a copy of the application for extension and reference as an attachment:

If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
246	3.5	125	120.56	130.46***	251.02

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service*, and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

[signature]	Michael J. Whitehead	Vice President - Engineering	12-11-2003
Company Representative Signature	Name	Title	Date
B Carpenter	Brian Carpenter	Secretary / Treasurer	May 6/2004
CAWS Applicant Signature	Name	Title	Date

VAL

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HWY 287 FLORENCE BOULEVARD INC
MADISON DIVERSIFIED 882 CORP.

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2465

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: FLORENCE COUNTRY ESTATES REVISED

Owner: HWY 287 - FLORENCE BOULEVARD, INC.

Private Water Company Name: ARIZONA WATER COMPANY - CASA GRANDE

(If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56-_____ ADEQ Public Water System Number:
(Number can be found on ADWR Annual Reports) (Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system?____Yes ____No
If no, will the water provider be establishing a new service area right to serve the development?__Yes __No
If yes, what type of right will be used to establish the service area right_____ *If the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.*

Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)?__Yes __No
If no, has an application for an extension of the CC&N been filed? ____Yes ____No
If yes, date of submittal:_____ Approved? ____Yes ____No
Please include a copy of the application for extension and reference as an attachment:_____
If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (af/yr)	Other Demand (af/yr)	Total Annual Demand (af/yr)
246	3.5	125	120.56	130.46	251.02

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print): _____

Signature of Authorized Agent of Private Water Company	Title	Date
Signature of Applicant	Title	Date

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: Hwy 287 - Florence Boulevard, Inc.

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is locate

ADWR Service Area Right Number: 56-001307
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system?
Yes No
If no, will the PWC be establishing a new service area right to serve the Development? Yes
If yes, what type of right will be used to establish the service area right
If the Development is not served from the existing, or an extension of, the water distribution sys new service area right must be established before a Certificate of Assured Water Supply will be is Please contact your local AMA office for more information on establishing a new service area rig

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? Yes
If no, has an application for an extension of the CC&N been filed? X Yes No
If yes, date of submittal: August 12, 2003 Approved? Yes No
Please include a copy of the application for extension and reference as an attachment:
If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not b issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
246	3.5	125	120.56	130.46***	251.02

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's e CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development an it will provide water service to the Development, subject to the Company's *Terms and Conditions f Provision of Water Service*, and all other applicable Tariffs on file with the Arizona Corporation Comm ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, whic estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all nec approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary pe The Company further certifies that the Development will be served from the existing, or an extension existing water distribution system and, if not, a new service area right will be established using the right specified above. The Company acknowledges that it has reviewed the total estimated water dema this subdivision.

Company Representative Signature	Name	Title	Date
	Michael J. Whitehead	Vice President - Engineering	12-11-

CAWS Applicant Signature	Name	Title	Date

VAL

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ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: See Owner's Page

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes No

If no, will the PWC be establishing a new service area right to serve the Development? Yes No

If yes, what type of right will be used to establish the service area right

If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? Yes X No

If no, has an application for an extension of the CC&N been filed? X Yes No

If yes, date of submittal: August 12, 2003 Approved? Yes No

Please include a copy of the application for extension and reference as an attachment:

If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
246	3.5	125	120.56	130.46***	251.02

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service*, and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

[signature]	Michael J. Whitehead	Vice President - Engineering	12-11-2003
Company Representative Signature	Name	Title	Date
B Carpenter	BRIAN CARPENTER	SECRETARY / TREASURER	02/11/2004
CAWS Applicant Signature	Name	Title	Date
VAL		HWY 287 FLORENCE BUD INC	

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REVISED BY AWC

Signature	Name	Title	Date

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2465

NOTICE OF INTENT TO SERVE UNTREATED WATER BY IRRIGATION DISTRICTS

Subdivision/Development Name: FLORENCE COUNTRY ESTATES

Owner: See Owners Page

Irrigation District Name: SAN CARLOS IRRIGATION & DRAINAGE DISTRICT

ADWR Service Area Right Number: 57- (Number can be found on ADWR Annual Reports)

Is the subdivision to be served within the irrigation district's service area? ___Yes ___No

1	2	3	4	5
Number of Lots	Estimated Demand per Housing Unit Served by Irrigation District	Estimated Residential Demand (af/yr) Served by Irrigation District	Estimated Other Demand (af/yr) Served by Irrigation District	Total Estimated Annual Demand (af/yr) Served by District
246		1180.80	130.46	1311.27

The undersigned irrigation district agrees to provide to the development indicated above an amount of untreated water sufficient to satisfy part of the water demands of the development as estimated above, subject to the law of priority and other applicable laws, including laws relating to the distribution of water in the event of shortage, and the terms and conditions of service imposed by the irrigation district. This Notice of Intent to Serve is conditioned upon the irrigation district's receipt of any necessary approvals from the relevant regulatory agencies and the irrigation district's receipt of all necessary payments. The irrigation district further attests that the development is within the irrigation district's service area and is eligible to receive untreated water deliveries from the irrigation district for Non-Irrigation Use by the subdivision. The irrigation district also acknowledges that it has reviewed the estimated water demand of this subdivision, as listed above, and understands the effect of this demand on its compliance with any applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the irrigation district authorized to sign the agreement:

Irrigation District's Authorized Agent (please type or print): Douglas D Mason

Douglas D Mason — General Manager — 12/17/03

Signature of Authorized Agent of Irrigation District — Title — Date

B Carpenter — SECRETARY/TREASURER — 02/11/2003

Signature of Applicant — Title: HWY 287 FLORENCE BOULEVARD WC — Date

Signature of Optionee/ or Authorized Agent — Title — Date

WMG 5

STATE OF ARIZONA
ARIZONA DEPARTMENT OF WATER RESOURCES
OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-3903
(602) 417-2465
Fax: (602) 417-2467

DATE RECEIVED: RECEIVED JUN - 9 2003 OFFICE OF ASSURED WATER SUPPLY

27-400985
Florence County Estates

APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY

Read guidelines BEFORE completing application. Please submit three copies of all application materials.

ORIGINAL

PART A - GENERAL INFORMATION

1. Name of Subdivision: Florence Country Estates
2. Owner Name: HWY 287 - Florence Boulevard Inc Phone: 1-800-663-8013 Fax: (604) 685-2533
   Must indicate the legal owner of record. This is how the owner name will appear on the public notice and the Certificate of Assured Water Supply.
   Address: c/o Taina Group of Companies #115-988 Beach Avenue Vancouver BC V6Z 2
3. Water Provider: Arizona Water Company Phone: 602 240 6860 Fax: 602 240-6878
   Address: 3805 N. Black Canyon Highway, Phoenix, AZ 85015-5351
4. Consultant Name: Core Group Consultants Phone: 602 778-6876 Fax: 602 522-9733
   Address: 3743 N 24th Street, Phoenix, AZ 85016
5. Primary Contact Name: Cormac Nolan P.E. Phone: 602 778-6876 Fax: 602 522-9733
   Address: 3743 N 24th Street, Phoenix, AZ 85016
   E-Mail Address: CNolan@coregroupconsultants.com
6. Location: T6S R7E 26, 27 (Casa Grande) Pinal Pinal
   Township Range Section(s) City County AMA
7. Assessors Parcel Number(s): Book 401 Map 01 Parcel 00305 063A0
   Book 401 Map 01 Parcel 06SB8
8. Include three copies of the preliminary plat for the subdivision and reference as an attachment: ____
   Are any changes to this plat expected prior to final approval by the local platting authority? ✓ Yes ____ No
   If "yes," explain: There will be minor changes to this plan as the design is finished for Final Plat
9. If a final plat has been approved and recorded for this subdivision, indicate the year of approval: ____
10. Has a Certificate of Assured Water Supply previously been issued for this property? ____ Yes ✓ No
    If "yes," please attach a copy of the Certificate. Please indicate why a new Certificate of Assured Water Supply is being applied for: ___Change of Ownership ___Changes to Plat ___Other: ____

PART B - DEMAND ESTIMATE

1. a. Number and size of residential lots (categorize):
   Number of lots: 246 Size: 54,450 SQ FT
   Number of lots: [illegible] Size: [illegible] SQ FT
   Number of lots: — Size: — SQ FT
   b. Residential lot acreage (total): 312.75 Acres
   c. Number of non-residential parcels: — Parcels
   d. Non-residential parcel acreage (total): — Acres

EXHIBIT
WMG-5
Admitted

Revised —4/20/01

ADWR000002

2. a. Provide the following estimated residential demand information at build out (refer to guidelines):

	1	2	3	4	5
	Average Persons per Housing Unit	Gallons per Person per Day	Demand per Housing Unit per Year (AF/YR)	Number of Housing Units	Total Expected Demand per Year (AF/YR)
Single Family	3.5	125	0.49	246	120.56
Multi-Family				large lot –	1,180.80
				Total Residential Demand	1,301.36

b. Indicate the source of the Average Persons per Housing Unit figure(s): City of Casa Grande Design Standards

c. Indicate the source of the Demand per Housing Unit per Year figure(s): ADWR demand numbers

d. If applicable, indicate the total demand per lot for urban irrigation or livestock pasture: 2.6 af/yr
Is this amount included in the gallons per person per day figure in question B.2.a.? ___Yes ✓No
Will irrigation or livestock water be provided by a secondary provider? ✓Yes ___No
If "yes," please see question D.1.c.

3. a. Will there be any water demands within this master plan or subdivision that are not accounted for within the residential water use rates? _____Yes ✓ No If "yes," please complete the following table.

Non-Residential Water Use Category:	Total Acreage or Sq. Ft.	Demand Factor af/ac or gal/Sq. Ft.	Total Demand (AF/YR)
Golf Course or other Turf-Related Facilities:			
Common Areas:			
Schools:			
Parks:			
Landscaping for Retention/Detention Basins:	N/A		
Rights of Way:			
Community Centers:			
Commercial:			
Other Non-Residential Water Demand:			
		Total Non-Residential Demand	

b. Describe assumptions and source of data used in this table: _____

4. a. Projected build-out year for entire plat: 2005

b. Indicate the estimated amount of lost and unaccounted for water, as a percentage of total deliveries: 10 %

c. Indicate estimated water demand for construction purposes: _____ af

ADWR000003

2. a. Provide the following estimated residential demand information at build out (refer to guidelines):

	1	2	3	4	5
	Average Persons per Housing Unit	Gallons per Person per Day	Demand per Housing Unit per Year (AF/YR)	Number of Housing Units	Total Expected Demand per Year (AF/YR)
Interior Single Family	3.5	57	0.223	246	55.0
exterior ~~Multi-Family~~			0.167	246	41.0
				Total Residential Demand	96.0

b. Indicate the source of the Average Persons per Housing Unit figure(s): City of Casa Grande Design Standards

c. Indicate the source of the Demand per Housing Unit per Year figure(s): ADWR Uniform Demand Numbers

d. If applicable, indicate the total demand per lot for urban irrigation or livestock pasture: 640 af/yr Total 2.6 af/yr per lot
Is this amount included in the gallons per person per day figure in question B.2.a.? ___Yes ✓No
Will irrigation or livestock water be provided by a secondary provider? ✓Yes ___No
If "yes," please see question D.1.c.

3. a. Will there be any water demands within this master plan or subdivision that are not accounted for within the residential water use rates? _____Yes ✓No If "yes," please complete the following table.

Non-Residential Water Use Category:	Total Acreage or Sq. Ft.	Demand Factor af/ac or gal/Sq. Ft.	Total Demand (AF/YR)
Golf Course or other Turf-Related Facilities:			
Common Areas:			
Schools:			
Parks:			
Landscaping for Retention/Detention Basins:			
Rights of Way:			
Community Centers:			
Commercial:			
Other Non-Residential Water Demand:			
		Total Non-Residential Demand	

b. Describe assumptions and source of data used in this table: _____

4. a. Projected build-out year for entire plat: 2005

b. Indicate the estimated amount of lost and unaccounted for water, as a percentage of total deliveries: 8 %

c. Indicate estimated water demand for construction purposes: 7.5 af

d. Indicate total expected build-out demand, from all water sources,

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2465

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: HWY 287- Florence Boulevard, Inc.

Private Water Company Name: Arizona Water Company (Casa Grande Division)

(If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56-_____
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number:
(Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system?____Yes ✓No

If no, will the water provider be establishing a new service area right to serve the development?__Yes __No

If yes, what type of right will be used to establish the service area right_____ *If the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.*

Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)?__Yes ✓No

If no, has an application for an extension of the CC&N been filed? ____Yes ____No

If yes, date of submittal:_____ Approved? ____Yes ____No

Please include a copy of the application for extension and reference as an attachment:_____

If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (af/yr) (Interior)	Other Demand (af/yr) (Exterior)	Total Annual Demand (af/yr)
246	3.5	57	55.0	41.0	96.0

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print): _____

Signature of Authorized Agent of Private Water Company	Title	Date
Signature of Applicant	Title	Date

ADWR000005

including construction water and lost and unaccounted for water: 108 af/yr

PART C - CONSISTENCY WITH MANAGEMENT PLAN

1. Conservation requirements have been prescribed for water providers through the Management Plan for each active management area. The following information is needed to support provider efforts to meet these requirements. **If the proposed subdivision is for 50 or fewer lots, these questions need not be completed.**
   a. List current and proposed conservation ordinances which apply to this subdivision: _____

   If demand estimates rely on restrictions imposed by government ordinance, they must be attached.

   b. Will the subdivision incorporate CC&Rs or other restrictions to limit landscape water use? __ Yes ✓ No
   If demand estimates rely on restrictions imposed by the CC&Rs, they must be attached.

   c. Will landscaping in public rights of way conform to ADWR's Low Water Use Plant List? ✓ Yes __ No

   d. Generally describe any other current or proposed conservation practices, rates, fees, restrictions, policies and devices to be utilized within the subdivision to meet the conservation requirements of the Management Plan. **If demand estimates rely on these conservation requirements, they must be attached.**

PART D - CONSISTENCY WITH MANAGEMENT GOAL

1. If any groundwater is proposed to be used as the source of water for this subdivision, how will the groundwater use meet the "consistency with management goal" requirement? Please check all that apply. **An applicant for a dry lot subdivision comprised of 20 or fewer lots is exempt from proving consistency with the management goal.**

   X Enrollment of the subdivision lands in the Central Arizona Groundwater Replenishment District (Phoenix, Tucson and Pinal AMAs **ONLY**)
   A separate application for membership must be filed with the Central Arizona Water Conservation District, and the membership documents **must be executed and recorded before** a Certificate will be issued.

   __ Extinguishment of grandfathered groundwater rights dedicated to this subdivision
   Provide evidence and reference the attachment: _____

   __ Dedication of Long-Term Storage Credits (Recharge)
   Provide evidence and reference the attachment: _____

   __ Exemption for the withdrawal and use of poor quality water pursuant to a remedial action
   Provide evidence that the exemption has been granted by the Director and reference as an attachment: _____

   __ Exemption for the withdrawal and use of groundwater from an area exempt from conservation requirements due to waterlogging.

PART E - LEGAL AVAILABILITY OF SOURCE WATER

1. a. Method of water distribution: ✓ central distribution system __ dry lot subdivision (individual wells)
   If water is to be obtained from a water provider, include the attached "*Notice of Intent to Serve*" agreement.

   b. If served by a central distribution system, is the water provider currently delivering water to residential customers? ✓ Yes __ No If "no," an appropriate water right must be acquired.

   c. Will more than one provider deliver water of any type to the subdivision? ✓ Yes __ No
   If "yes," please list the secondary provider: San Carlos Irrigation District

   Type of water to be delivered by secondary provider: __ Groundwater __ CAP __ Effluent __ Other: _____

   For what use: ✓ Urban Irrigation(mini-farm) ✓ Livestock Grazing __ Other: _____
   A "*Notice of Intent to Serve*" agreement must be submitted for **both** water providers.

2. If the subdivision will be receiving any water pursuant to an exchange agreement, provide a copy of the agreement

and reference the attachment: See 3 pages of San Carlos I&DD Attachments

3. Indicate water sources to be used: Appendix B

Source of Supply	100 Year Volume (acre feet)	Required Supporting Information (reference any attached documents)
Groundwater		Indicate any grandfathered groundwater right or permit number(s) and type(s):
Central Arizona Project Water Directly Delivered		What is the term of the contract? Please attach a copy and reference as an attachment:
Surface Water Directly Delivered	75,000	Surface water right number(s) and type(s) or water district name: San Carlos IDD
Effluent Directly Delivered		Name of entity providing effluent: Any related contracts or agreements (attachment):
Total 100 Year Volume		

PART F - FINANCIAL CAPABILITY

1. Is water service currently available to each lot? __Yes ✓No
If "no," a completed "*Verification of Construction Assurance*" form (attached) must be submitted.
If development is a dry lot subdivision, no financial assurances are required.

2. Will wells, off-site pipelines, storage or treatment facilities be constructed to serve this subdivision? ✓Yes __No
If "yes," please provide A) A description of the improvements (reference the attachment): See Appendix C
B) Evidence of financial capability (reference the attachment): " " "
C) Schedule for completion of improvements (reference the attachment): " "

PART G - PHYSICAL AVAILABILITY OF SOURCE WATER

1. If the development consists of more than 20 lots, a comprehensive hydrologic study must be submitted with this application, unless the Department has previously reviewed the hydrologic conditions for this area and has issued a valid Letter of Water Availability, Physical Availability Determination or Analysis of Assured Water Supply. Please indicate the evidence of physical availability and reference as an attachment:

__ Water Availability Letter __ Physical Availability Determination
__ New Hydrologic Study __ Subdivision of less than 20 lots
✓ Other, please specify Arizona Water Company mentioned previous hydrologic study has been conducted on this area

PART H - WATER QUALITY

1. If the subdivision will be served by a provider regulated by the Arizona Department of Environmental Quality, ADWR will request a report to assess the water quality of the proposed supply. It may be necessary for the applicant to provide further information in order for ADWR to determine the quality of the proposed supply. If the proposed subdivision is located within one mile of a Water Quality Assurance Revolving Fund or Superfund site, or if the proposed supply fails to meet safe drinking water quality standards, a contaminant migration analysis must be submitted. Reference either the attached study or a copy of a previous determination of water quality:
ADEQ id# 11-009 on 12/11/02 determined no major deficiencies for the water quality

PART I – FEES

Please calculate fees by completing the appropriate items below, and include the total fees with your application. Payment may be made by cash, check, or in some cases, by entry in an existing Department fee credit account. Checks should be made payable to the Department of Water Resources. **Failure to enclose the required fees will cause the application to be returned. Fees for certificates of assured water supply are authorized by A.R.S. § 45-113.**

1.	Basic Application fee (includes first 20 lots)		$250.00
2.	Per-lot review fee (for lots in excess of the first 20):		
	Total lots in this application	246	
	Less first 20 lots	-20	
	Lots subject to additional review fees	226 x $0.50 per lot:	$ 113.00
3.	Subtotal (add items #1 and #2) **NOT TO EXCEED $1,000**		$ 363.00
4.	Credit for previously reviewed hydrologic studies for this property (see #F-1 above)	0.20 x Subtotal (#3) $ 72.60	
5.	Credit for membership in the Central Arizona Groundwater Replenishment District	0.20 x Subtotal (#3) $ _____	290.40
6.	Total Credits (add items #4 and #5)		$ /
7.	Public Notice Fee		
	Indicate the appropriate AMA and add the associated Public Notice Fee		
	Phoenix AMA	$ 52.00 __	
	Tucson AMA	$ 225.00 __	
	Pinal AMA	$ 125.00 ✓	
	Prescott AMA	$ 75.00 __	415.40
	Santa Cruz AMA	$ 50.00 __	
8.	**TOTAL FEE DUE** (subtract #6 from #3 and add #7)		~~$488.00~~

PART J - PUBLIC NOTICE AND APPLICATION SIGNATURE

1. Do you want to request early public notice, pursuant to A.R.S. § 45-578? ____ Yes ____ No
By checking "Yes" for this question, you are certifying that you understand the Department of Water Resources will fulfill your request before its evaluation of the application has been completed. You are requesting public notice be given before the application has been determined to be correct. You are also certifying that you will bear the cost of an additional public notice if necessary. The publication of a public notice does not guarantee issuance of a Certificate of Assured Water Supply. (For more information about public notice, please see the application guidelines.)

I DO HEREBY certify that the information contained in this application and all information accompanying it is true and correct to the best of my knowledge and belief.

Subdivision Name: Florence Country Estates

Owner Name (please print or type): HWY 287 - Florence Boulevard, Inc.

Please attach a copy of the deed or title report as proof of ownership.

Name of Owner's Authorized Agent (please type or print): CORMAC NOLAN P.E.

Title of Owner's Authorized Agent (please type or print): PROJECT ENGINEER

Signature of Owner or Owner's Authorized Agent _____ Date June 5 2003

Appendix A

Water Demand Calculations
Florence Country Estates
Hwy 287 and Curry Road
Pinal County, AZ

	Average People Per House	Gallons Per Person Per Day	Demand Per Housing Unit Per Day (Gallons)	Demand Per Housing Unit (AF/YR)	Number of Housing Units	Total Expected Demand Per Year (AF/YR)
Single Family Ranch	3.5	57	200	0.223	246	54.97
			Demand Per Housing Unit Per Day (Gallons)	Demand Per Housing Unit (AF/YR)	Number of Housing Units	Total Expected Demand Per Year (AF/YR)
Exterior (under 10,000 sq	-	-	149	0.167	246	41.06
Total				**0.390**	**246**	**96.0**

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2465

SUPPLEMENT TO APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY

VERIFICATION OF CONSTRUCTION ASSURANCE FOR A PROPOSED SUBDIVISION

To satisfy one of the requirements for obtaining a Certificate of Assured Water Supply pursuant to A.R.S. § 45-576, a developer must demonstrate financial capability to construct the water delivery system and any required storage or treatment facilities for a proposed subdivision. To fulfill this requirement, the Department will accept confirmation from the local platting authority that construction assurances will be secured prior to the sale of lots in accordance with the requirements of A.R.S. § 9-463.01 (if the platting entity is a city or town) or A.R.S. § 11-806.01 (if the platting entity is a county). This document is to be signed by the appropriate platting authority.

Section One - Subdivision Information (to be completed by applicant)

Subdivision name: Florence Country Estates # of lots: 246

Location by section, township & range: Sec 26-27 T6S R7E County: Pinal

Owner of subdivision: HWY 287 - Florence Boulevard, Inc.

Owner's address: c/o Core Group Consultants
3743 North 24th Street, Phoenix, AZ
85016

Section Two - Verification of Construction Assurance (to be completed by platting authority)

With regard to the referenced subdivision, the below-named platting authority certifies that it has or will receive construction assurances, pursuant to the appropriate statutes, for the following elements of the water delivery system (check as applicable):

- [x] potable delivery system
- [ ] potable storage facilities
- [ ] potable treatment facilities
- [x] off-site pipeline
- [ ] effluent delivery system
- [ ] effluent treatment facilities
- [ ] other-please specify:

Name-Please Print/Type	Signature	Date	Title
D.R. RITTENBACK	D.R. Rittenback	6/5/03	Deputy Director

City/county name: Pinal County Department: PLANNING DEPT.

Address: P.O. BOX 2973 FLORENCE, AZ 85232 Phone #: 480 866 6452

WMG 6

CoreGroup CONSULTANTS

3743 North 24th Street, Phoenix, Arizona 85016
TEL (602) 778-6876 FAX (602) 522-9733

EXHIBIT
WMG-6
Admitted

Fax

To:	Douglas W. Dunham	**From:**	Eric Stephenson
Company:	Office of Assured Water Supply	**Project:**	1154 / 27-400985
Fax:	(602) 417-2467	**Pages:**	3
Phone:	(602) 417-2465	**Date:**	November 25, 2003
Re:	Florence Country Estates	**CC:**	

☐ **Urgent** ☑ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Dear Mr. Dunham,

We received your letter from earlier this month and are close to submitting all of the requested information. I am faxing you a revised Demand Worksheet for your review. I would like to prepare and send out the two *Notice of Intent to Serve* forms to Arizona Water Company and San Carlos Irrigation and Drainage District as soon as possible. Please review the following numbers to ensure that our *Notice of Intent to Serve* forms will be correct for submittal.

Arizona Water Company will be providing potable water to the subdivision. This service will include all Interior Water uses, Exterior water for the 10,000 sq ft surrounding the houses, Public Landscaping Irrigation and all Construction Demands.

San Carlos Irrigation District will be providing irrigation water for the remaining areas of each lot (approximately 1 acre for each of the 246 lots). We are including in our CC&Rs limitations for exterior water use at a proposed ratio of 50% turf and 50% low-water use plants.

	Number of Lots	Persons/ Housing unit	GPCD	Residential Demand (af/yr)	Other Demand (af/yr)	Total Annual Demand (af/yr)
Arizona Water Co	246	3.5	57 (interior) 149(exterior) gallons/lot/d	54.97 41.06	Landscape. 5.95 Lost 10.2 Const. .075	112.3
SCIDD	246	N/A	½ Acre Turf ½ Acre Low Water Use	188.48 603.14	Lost 79.16	870.8
Total	246			887.65	95.38	983.1

1154-FAX-004-ADWR.doc

November 25, 2003

The values in the previous table will be added to each of the Notice of Intent to Serve for the two Private Water Companies. Please verify that these numbers will be acceptable to ADWR.

I also have a few other questions regarding CAGRD and Part E – Legal Availability of source water. Please call me at (602) 778-6876 to give feedback about our demand numbers and answer the couple other questions I have.

Sincerely,

Eric Stephenson E.I.T. (BC)
Core Group Consultants

CoreGroup CONSULTANTS

WMG 7

Date: Dec. 19, 2003
DWR No: 27-400985
Our File No: 1154

EXHIBIT
WMG-7
Admitted

Arizona Department of Water Resources
Office of Assured and Adequate Water Supply
500 North Third Street
Phoenix, Arizona
85007

ATTN: Norma Coupaud

RE: FLORENCE COUNTRY ESTATES
HIGHWAY 287 AND CURRY ROAD, PINAL COUNTY
ASSURED WATER SUPPLY APPLICATION EXTENSION

Dear Madam:

We would like to formally request that our 60 day-time frame to respond to all the points from Douglas Dunham's letter, dated November 5, 2003 be extended. Although we have already responded to several items from his list a few decisions are beyond our control.

For example a decision from the Arizona Corporation Commission will might not be made until February 2004. I have included a letter from the ACC confirming that the Arizona Water Company's CC&N extension application was docketed on August 12, 2003 but they still have several months to complete their review.

I have also contacted Jenny Martin at the CAGRD and they are currently re-working their application process and will not except any new applications until the changes are finalized. We are currently assembling all the required documents for that application.

Thank you for your assistance on this matter, should you require additional information please contact me at (602) 778-6876.

Yours truly,
CORE GROUP CONSULTANTS LTD
Per:

Eric Stephenson, E.I.T. (BC)

ADWR000021

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-0629

CoreGroup CONSULTANTS

WMG 8

May 20, 2004

PROJECT: 1154

Arizona Department of Water Resources
Office of Assured Water Supply
500 North 3rd Street
Phoenix, Arizona 85004

EXHIBIT
WMG-8
Admitted

TO: Norma Coupaud

RE: FLORENCE COUNTRY ESTATES
REVISED APPLICATION

Please find the enclosed revised application for Certificate of Assured Water Supply. The following is included:

- Revised Application for a Certificate of Assured Water Supply
- Revised Owner's Information Sheet
- Notice of Intent for Arizona Water Company – Casa Grande
- Notice of Intent for San Carlos Irrigation and Drainage District
- 3 Copies of Preliminary Plat Drawings

Thank you for all your assistance with this project.

We trust that the above is to your satisfaction, however, should you require additional information please contact the undersigned.

Yours truly,
CORE GROUP CONSULTANTS
Per;

Natasha Reed for

Cormac Nolan, P.E.

File: 1154-LET-012 ADWR R0.doc

Encl. Revised Application for a Certificate of Assured Water Supply
Revised Owner's Information Sheet
Notice of Intent for Arizona Water Company – Casa Grande
Notice of Intent for San Carlos Irrigation and Drainage District
3 Copies of Preliminary Plat Drawings

ADWR000025

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-0629

WMG 9

STATE OF ARIZONA
ARIZONA DEPARTMENT OF WATER RESOURCES
OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-3903
(602) 417-2465
Fax: (602) 417-2467

DATE RECEIVED: RECEIVED MAY 21 2004 OFFICE OF ASSURED WATER SUPPLY

APPLICATION NO: 27-400985

APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY

Read guidelines BEFORE completing application. Please submit three copies of all application materials.

REVISED

PART A - GENERAL INFORMATION

1. Name of Subdivision: **Florence Country Estates**
2. Owner Name: **See Owner's Information Sheet - Attached**

   Must indicate the legal owner of record. This is how the owner name will appear on the public notice and the Certificate of Assured Water Supply.

   Address: **See Owner's Information Sheet - Attached**
3. Water Provider: **Arizona Water Company** **Phone: (602) 240-6860 Fax: (602) 240-6876**

   Address: **3805 North Black Canyon Highways, Phoenix, Arizona 85015-535**
4. Consultant Name: **Core Group Consultants** **Phone: (602) 778-6876 Fax: (602) 522-9733**

   Address: **3743 North 24th Street, Phoenix, Arizona 85016**
5. Primary Contact Name: **Cormac Nolan, P.E. / Natasha Reed** **Phone: (602) 778-6876 Fax: (602) 522-9733**

   Address: **3743 North 24th Street, Phoenix, Arizona 85016**

   E-Mail Address: **cnolan@coregroupconsultants.com**
6. Location: **T6S** (Township) **R7E** (Range) **26, 27** (Section(s)) **(Close to Casa Grande)** (City) **Pinal** (County) **Pinal AMA** (AMA)
7. Assessors Parcel Number(s):

Book 401	Map 01	Parcel 063A0
Book 401	Map 01	Parcel 063B8
Book 401	Map 01	Parcel 06401
Book 401	Map 15	Parcel 00305
Book 401	Map 15	Parcel 00206

8. Include **three** copies of the preliminary plat for the subdivision and reference as an attachment: **YES**

   Are any changes to this plat expected prior to final approval by the local platting authority? _____Yes **X** No

   If "yes," explain:_____
9. If a final plat has been approved and recorded for this subdivision, indicate the year of approval: **NO**
10. Has a Certificate of Assured Water Supply previously been issued for this property? _____Yes **X** No

    If "yes," please attach a copy of the Certificate. Please indicate why a new Certificate of Assured Water Supply is being applied for: ___Change of Ownership ___Changes to Plat ___Other:_____

PART B - DEMAND ESTIMATE

1. a. Number and size of residential lots (categorize): Number of lots: **246** Size: **55,0154** SQ FT
   b. Residential lot acreage (total): **310.91** Acres
   c. Number of non-residential parcels: **2** Parcels
   d. Non-residential parcel acreage (total): **1.765** Acres

EXHIBIT
WMG-9
Admitted

ADWR000026

Revised –4/20/01

Owner's Information Sheet

Florence Country Estates
Pinal County, AZ

May 28, 2004

Applicant's Parcels

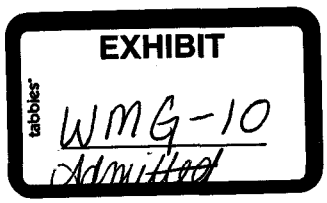
HWY 287 - FLORENCE BOULEVARD INC

Parcel Number:	401-01-063A0
Legal Description:	4.22 AC in NE of SEC. 27-6S-7E
Parcel Number:	401-01-063B8
Legal Description:	75.78 AC in NE of SEC. 27-6S-7E
Parcel Number:	401-15-00305
Legal Description:	158.74 AC in NW of SEC. 26-6S-7E
Parcel Number:	401-15-00206
Legal Description:	1.26 AC in NW of SEC. 26-6S-7E
Owner:	HWY 287 - FLORENCE BOULEVARD INC C/O Taina Group of Companies
Address	988 Beach Avenue - Suite #115 Vancouver BC V6Z 2N9 Canada
Telephone Number:	1-800-663-8013
Legal Entity:	Arizona Corporation

MADISON DIVERSIFIED 882 INC

Parcel Number:	401-01-06401
Legal Description:	80 AC in NE of SEC. 27-6S-7E
Owner:	MADISON DIVERSIFIED 882 CORP C/O Taina Group of Companies
Address	988 Beach Avenue - Suite #115 Vancouver BC V6Z 2N9 Canada
Telephone Number:	1-800-663-8013
Legal Entity:	Arizona Corporation

WMG 10



From: "Jeni Martin" <jmartin@cap-az.com>
To: "Norma Coupaud (E-mail)" <njcoupaud@ADWR.STATE.AZ.US>
Date: 10/7/04 1:20PM
Subject: FW: Florence Country Estates

Here is the response I got from Brian.

Thanks, Jeni

-----Original Message-----
From: Brian Carpenter [mailto:briancarpenter_tainamgt@telus.net]
Sent: Thursday, October 07, 2004 1:35 PM
To: Jeni Martin
Cc: Cormac Nolan
Subject: Re: Florence Country Estates

We have the property under contract to Robson Communities, who are in their Due Dilligence period until Oct 15...If they buy it , we will withdraw our Application, since Robson will include this land in their master plan and make their own arrangements for water supply...We will let you know, when we find out if they are going to buy the land...Thanks for your reminder..

----- Original Message -----
From: Jeni Martin <mailto:jmartin@cap-az.com>
To: Brian Carpenter <mailto:briancarpenter_tainamgt@telus.net>
Cc: Natasha Reed (E-mail) <mailto:natasha_j_reed@hotmail.com>
Sent: Thursday, October 07, 2004 12:59 PM
Subject: RE: Florence Country Estates

Hi Brian -

We still haven't received the two corporate resolutions. As soon as we get them we will send the documents for recording. Please let me know if there is any problem or if you need me to send those to you again.

Thanks, Jeni

-----Original Message-----
From: Brian Carpenter [mailto:briancarpenter_tainamgt@telus.net]
Sent: Wednesday, September 01, 2004 11:46 AM
To: Jeni Martin
Subject: Re: Florence Country Estates

Thanks ..I will get at it..

----- Original Message -----
From: Jeni <mailto:jmartin@cap-az.com> Martin
To: bcarpenter@taina.com
Sent: Wednesday, September 01, 2004 11:15 AM
Subject: Florence Country Estates

Hi Brian,

I hope you are doing good and have enjoyed your summer. I just got the executed documents along with the certified copy of corporate resolution. The resolution was not filled out completely and we need one for each corporation. I have completed one for each owner and have attached them to this email. Please print them out, have them signed and notarized and send me the originals. Also, it doesn't look like we have a complete copy of the by-laws for Madison Diversified 882 Corp. only the first four pages. Please send a complete copy with the original resolutions, or you can fax me the by-laws. I will go ahead and have the Agreements signed by our Board President. Once I receive the resolutions and by-laws, I will send the documents to the recorders office. Please let me know if you have any questions.

Thanks,
Jeni Martin
CAGRD

Central Arizona Project Disclaimer - 9/1/2004

This e-mail message and any files transmitted with it may contain confidential or privileged information intended solely for bcarpenter@taina.com. Any review, use, distribution, or disclosure of this information by others is strictly prohibited. If you are not the intended recipient, or authorized to receive this transmission for the intended recipient, please contact the sender by reply e-mail and delete all copies of this message and any files transmitted with it from your system.

Central Arizona Project Disclaimer - 10/7/2004

This e-mail message and any files transmitted with it may contain confidential or privileged information intended solely for Brian Carpenter, Natasha Reed (E-mail). Any review, use, distribution, or disclosure of this information by others is strictly prohibited. If you are not the intended recipient, or authorized to receive this transmission for the intended recipient, please contact the sender by reply e-mail and delete all copies of this message and any files transmitted with it from your system.

Central Arizona Project Disclaimer - 10/7/2004

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CoreGroup CONSULTANTS

WMG 11

October 20, 2004

PROJECT: 1154

Arizona Department of Water Resources
Office of Assured Water Supply
500 North 3rd Street
Phoenix, Arizona 85004

OCT 20 2004
OFFICE OF ASSURED WATER SUPPLY

TO: Norma Coupaud

RE: FLORENCE COUNTRY ESTATES

Further to your conversation this morning with Natasha Reed, this letter is to notify you that our client, HWY 287 - Florence Boulevard Inc. and Madison Diversified 882 Corp. has instructed us to waive the return of fees in the amount $415.40 regardless of the outcome of this project.

At this time we request a two week hold on our file at which time you will be contacted directly by our client to verify whether they wish to continue or close the file. We understand that failure to respond within two weeks will result in a decision of denial for our application and the file will be closed.

Your continuous support and assistance with our application has been noted and we very much appreciate all your help. Thank you for your time and patience.

Yours truly,
CORE GROUP CONSULTANTS
Per;

EXHIBIT
WMG-11
Admitted

Cormac Nolan, P.E.

File: 1154-LET-018 ADWR R0.doc

cc: Brian Carpenter, HWY 287 - Florence Boulevard Inc. and Madison Diversified 882 Corp

ADWR000037

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-0629

CoreGroup CONSULTANTS

WMG 12

October 29, 2004

PROJECT: 1154

EXHIBIT
WMG-12
Admitted

Arizona Department of Water Resources
Office of Assured Water Supply
500 North 3rd Street
Phoenix, Arizona 85004

TO: Norma Coupaud

RE: FLORENCE COUNTRY ESTATES

Please be advised that we have been instructed by our client, HWY 287 - Florence Boulevard Inc. and Madison Diversified 882 Corp. to revoke the pending application for the certificate of assured water supply regarding Florence Country Estates.

Therefore, this letter is to request that you close our file promptly.

We apologize for any inconvenience this has caused. Again much thanks for your professional dedication to our project.

Yours truly,
CORE GROUP CONSULTANTS
Per,

Cormac Nolan, P.E.

File: 1154-LET-019 ADWR R0.doc

cc: Brian Carpenter, HWY 287 - Florence Boulevard Inc. and Madison Diversified 882 Corp

ADWR000051

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-0629

WMG 13

RECEIVED
OCT 18 2004
OFFICE OF ASSURED WATER SUPPLY

ARIZONA DEPARTMENT OF WATER RESOURCES
OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-3903
(602) 417-2465 FAX (602) 417-2467

DATE RECEIVED:

28-401544.0000
EJR RANCH

APPLICATION FOR AN ANALYSIS OF ASSURED WATER SUPPLY

NOTE: Where insufficient space exists on this form, please submit attachments and reference them on the form.
Refer to application guidelines for assistance in completing this form

IMPORTANT NOTE: This application is intended to be used for master plan communities where one owner will be developing the entire master plan. If six or more parcels, any one of which will be less than 36 acres, will be sold, then you must complete an application for a Certificate of Assured Water Supply.

PART A - GENERAL INFORMATION

1. Name of Development: EJR Ranch
2. Location: 6 S (Township) 7 E (Range) 26,27,28,32,33,&34 (Section(s)) Pinal (County) Pinal (AMA)
   7 S (Township) 7 E (Range) 1 & 2 (Section(s)) Pinal (County) Pinal (AMA)
3. Owner Name: Attachment I Phone: Attachment I
   Address: Attachment I
4. Water Provider: Picacho Water Company and Arizona Water Company Phone: Attachment I
   Address: Attachment I
5. Consultant Name: Southwest Ground-water Consultants, Inc. Phone: (602) 955-5547
   Address: 3900 E. Camelback Rd., Suite 200, Phoenix, AZ 85018-2636
6. Primary Contact: Name: Nathan Miller Phone: (602) 955-5547
   Address: 3900 E. Camelback Rd., Suite 200, Phoenix, AZ 85018-2636

PART B - WATER DEMAND INFORMATION

1. Include a map of the proposed development plan, and reference as an attachment: See Attachment II
2. a. Estimated number of residential lots: 8,099 Lots
   b. Residential lot acreage (total): 1,972 Acres
   c. Non-residential acreage (total): 638 Acres

EXHIBIT
WMG-13
Admitted

3. a. Projected build-out year for entire plat: 2018

b. Indicate total expected demand for each year (through the build-out year only):

Calendar Year	Demand (AF)	Calendar Year	Demand (AF)	Calendar Year	Demand (AF)	Calendar Year	Demand (AF)
1. 2005	402	6. 2010	2,409	11. 2015	4,417	16.	
2. 2006	803	7. 2011	2,811	12. 2016	4,819	17.	
3. 2007	1,205	8. 2012	3,213	13. 2017	5,220	18.	
4. 2008	1,606	9. 2013	3,614	14. 2018	5,622	19.	
5. 2009	2,008	10. 2014	4,016	15.		20.	

4. a. Provide the following residential demand information (refer to guidelines for acceptable methods):

	1	2	3	4	5	6
Category	Average Persons per Housing Unit	Gallons per Person per Day	Demand per Housing Unit per Year (AF/YR)	Number of Housing Units	Total Expected Demand per Year (AF/YR)	100 Year Demand (AF/YR)
Single family	3.0	125	0.42	7,644	3,211	321,100
Multi-family	2.0	125	0.28	455	127	12,700

b. Indicate the source of the "persons per household" figure(s): Pinal AMA staff

c. Indicate the source of the "demand per housing unit" figure(s): ADWR Office of Assured Water Supply

5. a. Will there be any water demands within this master plan or subdivision that are not accounted for within the residential water use rates? Possible non-residential demands include, but are not limited to golf courses, common areas, apartment units, schools, parks, or community centers. X Yes ____ No

If "yes", please provide the following non-residential demand information:

Non-Residential Water Use Category:		Estimated date of completion	Total demand (AF/YR)
Turf-related facilities:			
Other (specify):	Schools, Parks, Open Space, Commercial, Construction, & System Losses	2018	2,284

b. Describe assumptions used in this table: ADWR Pinal AMA Third Management Plan and Office of Assured Water Supply

6. Conservation requirements have been prescribed for water providers through the Management Plan for each active management area. The following information is needed to support provider efforts to meet these requirements.

a. List current and proposed conservation ordinances which apply to this development: Compliance with the Pinal AMA Third Management Plan

b. Will the development incorporate CC&Rs or other restrictions to limit landscape water use? __ Yes X No

c. Will landscaping in public rights of way associated with this development conform to the Department's Low Water Use Plant List? X Yes __ No

d. Describe steps to be taken to limit distribution system losses to those prescribed by the Management Plan: New construction technology

e. Generally describe any other current or proposed conservation practices, rates, fees, restrictions, policies and devices to be utilized within the development to meet the conservation requirements of the Management Plan:

PART C - WATER SUPPLY INFORMATION

1. Will the development be a member land of the Central Arizona Groundwater Replenishment District upon issuance of a Certificate of Assured Water Supply? X Yes __ No

2. a. Method of water distribution: X central distribution system ___ dry lot subdivision (individual wells)

b. If water is to be obtained from a water provider, include a "Notice of Intent to Serve" agreement and reference the attachment: Not yet available, please complete analysis without Notice of Intent to Serve forms

c. If provider's Certificate of Convenience and Necessity (CCN) has been modified to include this development, provide an updated copy of the map showing the CCN boundaries, and reference the attachment: N/A

3. Has a water distribution system been constructed for this development? __ Yes X No

4. a. Generally describe any storage or treatment facilities (for surface water or effluent) which will serve this development. Indicate whether the facilities are planned or existing. If planned, indicate the anticipated completion date(s): N/A

b. For any existing or planned storage or treatment facilities noted in "a" above, provide a statement of capacity certified by a registered professional engineer, and reference as an attachment: N/A

c. If this development will not be a member land of the Central Arizona Groundwater Replenishment District upon issuance of a Certificate of Assured Water Supply, provide evidence that a performance bond has been posted for

the entire cost of any planned facilities indicated in "a" above, and reference as an attachment: N/A

5. Include a map of the central distribution system and any on-site treatment or storage facilities and reference attachment: Not yet available, please complete analysis without distribution system map

6. a. Are any wells proposed to serve the development within one mile of a Water Quality Assurance Revolving Fund or Superfund site or monitor wells associated with such sites? ___ Yes X No

b. Do any supplies proposed for this development fail to meet safe drinking water quality standards?__ Yes X No

c. If the response to either "a" or "b" above is "Yes," provide a study identifying and describing this water and reference the attachment: _____

7. Please indicate sources to be used:

Source of Supply	100 Year Volume (acre feet)	Required Supporting Information (reference any attached documents)
Surface Water Directly Delivered (except CAP or Colorado River Water) *(also include water stored and recovered in the same year, but not long-term storage credits)*		Hydrologic study demonstrating physical availability of water to be diverted (attachment): _____ Surface water right number(s) and type(s) or water district name: _____ Will a demonstration of backup supplies or a drought response plan be submitted? __Yes __No If yes, reference attachment: _____
CAP or Colorado River Water Directly Delivered *(also include water stored and recovered in the same year, but not long-term storage credits)*		Will a demonstration of backup supplies or a drought response plan be submitted? __Yes __No If yes, reference attachment: _____
Effluent Directly Delivered *(also include water stored and recovered in the same year, but not long-term storage credits)*		Name of entity providing effluent: _____ Any related contracts or agreements (attachment): _____
Groundwater *(Do not include storage project credits)*	562,200	Indicate any grandfathered groundwater right or permit number(s) and type(s): _____ Hydrologic study demonstrating physical availability of water to be withdrawn (attachment): Attachment III
Existing Long-Term Storage Credits *(From all sources)*		Long-term storage credit account number: 70-_____ Hydrologic study demonstrating physical availability of water to be recovered from outside of the area of hydrologic impact (attachment): _____
Anticipated Long-Term Storage Credits *(From all sources)*		Water storage permit number: 73-_____ Existing? __Yes __No Water storage permit number: 73-_____ Existing? __Yes __No Hydrologic study demonstrating physical availability of water to be recovered from outside of the area of hydrologic impact (attachment): _____ Evidence of physical, legal and continuous availability of the water to be stored (attachment): _____

8. Indicate if the applicant at this time intends to claim an exemption for the withdrawal and use of:

Poor quality water pursuant to a proposed remedial action: __ Yes X No

Water from an area exempt from conservation requirements due to waterlogging: __ Yes X No

9. If a "Letter of Water Availability" has previously been issued for this property, provide a copy of the document and reference the attachment: N/A

10. If the development will be receiving any water pursuant to an exchange agreement, provide a copy of the agreement and reference the attachment: N/A

11. If grandfathered rights have been extinguished for dedication to this development, provide evidence and reference the attachment: N/A

PART D - FEES

The application fee for an Analysis of Assured Water Supply is $1,000. The payment may be made by cash, check, or in some cases, by entry in an existing Department fee credit account. Checks should be made payable to the Department of Water Resources. **Failure to enclose the required fees will cause the application to be returned.**

Fee for Application for Analysis of Assured Water Supply: $1,000.00

I DO HEREBY certify that the information contained in this application and all information accompanying it is true and correct to the best of my knowledge and belief.

See following signature pages		
Owner Name (Please type or print)	Signature	Date

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

Gloria B. Dermer and Timothy L. Dermer, as Co-Trustees of the Dermer Family Trust, created July 13th, 1976

Name of Owner's Authorized Agent (please type or print): Gloria B. Dermer
Title of Owner's Authorized Agent (please type or print): Trustee

Signature of Owner or Owner's Authorized Agent — Date: 10/08/04

Name of Owner's Authorized Agent (please type or print): Timothy L. Dermer
Title of Owner's Authorized Agent (please type or print): Trustee

Signature of Owner or Owner's Authorized Agent — Date: 10/08/04

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

- HWY 287 FLORENCE BOULEVARD INC
- **Madison Diversified 882 Corporation**

Name of Owner's Authorized Agent (please type or print): BRIAN CARPENTER
Title of Owner's Authorized Agent (please type or print): SECRETARY/TREASURER OF BOTH CORPS.

B Carpenter — Oct 7/2004

Signature of Owner or Owner's Authorized Agent — Date

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

Sun Lakes – Casa Grande Development, L.L.C.

Name of Owner's Authorized Agent (please type or print): Steven Soriano

Title of Owner's Authorized Agent (please type or print): VP of mgr

Signature of Owner or Owner's Authorized Agent

Date 10-7-04

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

Cornman Tweedy 560, L.L.C.

Name of Owner's Authorized Agent (please type or print): Steven Soriano

Title of Owner's Authorized Agent (please type or print): VP & MGR

Signature of Owner or Owner's Authorized Agent

Date 10-7-04

ARIZONA WATER COMPANY

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

EXHIBIT
WMG-14
Admitted

June 7, 2006

Mr. Jim Poulos, Vice President
Robson Communities
9532 East Riggs Road
Sun Lakes, Arizona 85248

Re: Provisional Water Service to EJR Ranch; in re the Application of Arizona Water Company, Arizona Corporation Commission Docket Nos. W-01445A-03-0559 (Arizona Water Company) and W-03528A-05-0281 (Picacho Water Company)

Dear Jim:

For more than two years, Arizona Water Company has held a valid Certificate of Convenience and Necessity to provide water utility service within certain areas now owned by Cornman Tweedy 560, LLC in Sections 26 & 27, T 6S, R7E, Pinal County, Arizona (the "Robson Property"). As you know, Decision No. 66893 provides that Arizona Water Company, as the holder of the Certificate of Convenience and Necessity for this area, is to provide the Commission with a copy of the developers' Certificate of Assured Water Supply and a Line Extension Agreement for the provision of water utility service to this area.

In discussions with you and other Robson Communities representatives since Robson Communities took control of the Robson Property through Cornman Tweedy 560, LLC, our understanding is that Robson Communities and Cornman Tweedy 560, LLC have consistently taken the position that they do not wish Arizona Water Company to serve the Robson Property, and instead desire that another Robson Communities affiliated entity, Picacho Water Company, provide service in this area. Further, Robson Communities and Cornman Tweedy 560, LLC have not provided Arizona Water Company with a copy of a Certificate of Assured Water Supply (if one exists) and have not negotiated and executed a Line Extension Agreement with Arizona Water Company. You have repeated this position concerning water service to us on many different occasions over the past year, in face-to-face meetings and at Commission hearings concerning the docketed matters affecting water service in this area. This position is stated again and again in all of the Robson Communities' and its related entities' filings in the above dockets. Your counsel has argued on virtually every occasion before the Commission that Cornman Tweedy 560, LLC desires Picacho Water Company to be its provider, and that it actively opposes Arizona Water Company's right under its Certificate of Convenience and Necessity.

It is with some surprise, then, that I read in your May 30, 2006 responses to Arizona Water Company's Data Requests, an implication that the only reason that Cornman Tweedy 560, LLC had not entered into negotiations for its execution of a Line Extension Agreement with Arizona Water

Company, was along the lines that "Arizona Water Company never asked us to." (see response to AWC-CMT 1.4). We want to remove any doubt concerning this issue as a matter of record in these proceedings by this letter. Accordingly, please consider this letter a formal request that Cornman Tweedy 560, LLC negotiate and execute a Line Extension Agreement with Arizona Water Company for the provision of public utility water service to the Robson Property. You are already familiar with Arizona Water Company's form of Line Extension Agreement, having entered into such an agreement regarding Robson Communities' Saddlebrook Development, which the Company already serves, and with being otherwise familiar with the many-filed versions of this Agreement throughout Commission dockets. A copy of the Company's proposed form Line Extension Agreement is enclosed, and I again urge you to contact me or our Vice President of Engineering, Mike Whitehead, at the above address and telephone number to make arrangements for the immediate negotiation and execution of the Line Extension Agreement.

As has always been the case, Arizona Water Company stands ready, willing and able to provide service to the Robson Property and all other areas within its CCN issued in Decision No. 66893. If we do not hear from you to commence good faith communications by the close of business on Monday, June 12, 2006, we will assume that Robson Communities and Cornman Tweedy 560, LLC, consistent with the position they have already taken, have no intention of cooperating with Arizona Water Company regarding the conditions set forth in Decision No. 66893, and will continue to assert that the sole reason Arizona Water Company is unable to comply with those provisions of Decision No. 66893 is due to the unilateral actions of Robson Communities and Cornman Tweedy 560, LLC.

Sincerely,

William M. Garfield

William M. Garfield
President

lar

Via Facsimile and U.S. Mail
Enclosure

ARIZONA WATER COMPANY

AGREEMENT FOR EXTENSION OF WATER FACILITES

APPLICANT: _____
Name

_____
Address

_____
City and State, Zip Code

Contract No. _____
W.A. No. _____

DATE OF AGREEMENT _____ WATER SYSTEM: [select system]

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

PROJECT COMPLETION: Estimated to be within _____(_____) days from the start date. DATE OF COST ESTIMATE (Attachment "A"):_____

WATER FACILITIES: as per drawing (Attachment "B").

Refundable Advance for Construction:	$ -
Non-refundable Contribution in Aid of Construction:	$ -
Less: Main Extension Deposit Received	$ -
Total of Required Advance and Contribution (Check #1)	$ -

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

	Number of Meters	Casa Grande In 0.11883 Out 0.06883 Fee	Coolidge In 0.11883 Out 0.06883 Fee	White Tank In 0.08583 Out 0.06583 Fee	CAP Fee
5/8" x 3/4"	0	$208	$150	$500	$ -
1"	0	$208	$150	$500	$ -
2"	0	$1,173	$800	$1,667	$ -
3"	0	$2,347	$1,600	$2,667	$ -
4"	0	$3,667	$2,500	$5,333	$ -
6" or larger	0	$7,333	$5,000	$8,333	$ -
				Subtotal	$ -
Applicable Rate & Tax		0	0	0	Error

Total Non-refundable Hook-Up Fee Due Within 15 Days Upon Approval of this Agreement (Check #2)	#VALUE!
The Project Will Not Be Released to Construction Until the CAP Fee Has Been Paid.	
Total (of Two Checks Payable by Applicant)	#VALUE!

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 services to be performed by the Company and the sums of money to be paid by the Applicant, in accordance with the related Cost Estimate, it is agreed as follows:

1. The Company will construct, or will arrange for the construction of the Water Facilities as described above.
2. The Applicant will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the Company. The Total shown above to be paid by the Applicant to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Applicant of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Applicant; conversely, *if the actual cost of construction is more than the Total amount paid, the Applicant shall pay the difference to the Company within sixty (60) days of receipt of an invoice* from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Applicant will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Applicant further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Applicant.
3. Refunds of any Advance For Construction shall be made as follows: each year for a period of 10 years the Company shall pay to the Applicant or the Applicant's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide Applicant whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August *31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable.* Aggregate refunds shall in no event exceed the total of the refundable Advance For Construction received from the Applicant. No interest shall be paid by the Company on any amounts paid hereunder.
4. All Water Facilities installed under this Agreement shall be the sole property of the Company, and the Applicant shall have no right, title or interest in or to any such facilities.
5. The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
6. The Applicant agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Applicant's subdivision, tract, development, or project.
7. The Applicant agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Applicant's subdivision, tract, development, or project involves road construction, all roads and drainage ways will be brought to grade by the Applicant prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Applicant shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
8. The Applicant agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Applicant or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
9. This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Applicant. No assignment or transfer of this Agreement by the Applicant shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
10. This Agreement, and all rights and obligations hereunder, *including those regarding water service to the Applicant, are subject to the Arizona Corporation Commission's "Rules and Regulations" and the* Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY
Company

By: _____

Title: _____

_____
Applicant

By: _____

Title: _____

WMG-15

ARIZONA DEPARTMENT OF WATER RESOURCES
OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-3903
(602) 417-2465 FAX (602) 417-2467

RECEIVED
DATE RECEIVED: OCT 18 2004
OFFICE OF ASSURED WATER SUPPLY

28-401544.0000
EJR RANCH

APPLICATION FOR AN ANALYSIS OF ASSURED WATER SUPPLY

NOTE: Where insufficient space exists on this form, please submit attachments and reference them on the form. Refer to application guidelines for assistance in completing this form

IMPORTANT NOTE: This application is intended to be used for master plan communities where one owner will be developing the entire master plan. If six or more parcels, any one of which will be less than 36 acres, will be sold, then you must complete an application for a Certificate of Assured Water Supply.

PART A - GENERAL INFORMATION

1. Name of Development: EJR Ranch
2. Location: 6 S (Township) 7 E (Range) 26,27,28,32,33,&34 (Section(s)) Pinal (County) Pinal (AMA)
   7 S (Township) 7 E (Range) 1 & 2 (Section(s)) Pinal (County) Pinal (AMA)
3. Owner Name: Attachment I Phone: Attachment I
   Address: Attachment I
4. Water Provider: Picacho Water Company and Arizona Water Company Phone: Attachment I
   Address: Attachment I
5. Consultant Name: Southwest Ground-water Consultants, Inc. Phone: (602) 955-5547
   Address: 3900 E. Camelback Rd., Suite 200, Phoenix, AZ 85018-2636
6. Primary Contact: Name: Nathan Miller Phone: (602) 955-5547
   Address: 3900 E. Camelback Rd., Suite 200, Phoenix, AZ 85018-2636

PART B - WATER DEMAND INFORMATION

1. Include a map of the proposed development plan, and reference as an attachment: See Attachment II
2. a. Estimated number of residential lots: 8,099 Lots
   b. Residential lot acreage (total): 1,972 Acres
   c. Non-residential acreage (total): 638 Acres

EXHIBIT
WMG-15
Admitted

3. a. Projected build-out year for entire plat: 2018

b. Indicate total expected demand for each year (through the build-out year only):

Calendar Year	Demand (AF)	Calendar Year	Demand (AF)	Calendar Year	Demand (AF)	Calendar Year	Demand (AF)
1. 2005	402	6. 2010	2,409	11. 2015	4,417	16.	
2. 2006	803	7. 2011	2,811	12. 2016	4,819	17.	
3. 2007	1,205	8. 2012	3,213	13. 2017	5,220	18.	
4. 2008	1,606	9. 2013	3,614	14. 2018	5,622	19.	
5. 2009	2,008	10. 2014	4,016	15.		20.	

4. a. Provide the following residential demand information (refer to guidelines for acceptable methods):

	1	2	3	4	5	6
Category	Average Persons per Housing Unit	Gallons per Person per Day	Demand per Housing Unit per Year (AF/YR)	Number of Housing Units	Total Expected Demand per Year (AF/YR)	100 Year Demand (AF/YR)
Single family	3.0	125	0.42	7,644	3,211	321,100
Multi-family	2.0	125	0.28	455	127	12,700

b. Indicate the source of the "persons per household" figure(s): Pinal AMA staff

c. Indicate the source of the "demand per housing unit" figure(s): ADWR Office of Assured Water Supply

5. a. Will there be any water demands within this master plan or subdivision that are not accounted for within the residential water use rates? Possible non-residential demands include, but are not limited to golf courses, common areas, apartment units, schools, parks, or community centers. X Yes _____ No

If "yes", please provide the following non-residential demand information:

Non-Residential Water Use Category:		Estimated date of completion	Total demand (AF/YR)
Turf-related facilities:			
Other (specify):	Schools, Parks, Open Space, Commercial, Construction, & System Losses	2018	2,284

b. Describe assumptions used in this table: ADWR Pinal AMA Third Management Plan and Office of Assured Water Supply

6. Conservation requirements have been prescribed for water providers through the Management Plan for each active management area. The following information is needed to support provider efforts to meet these requirements.

a. List current and proposed conservation ordinances which apply to this development: Compliance with the Pinal AMA Third Management Plan

b. Will the development incorporate CC&Rs or other restrictions to limit landscape water use? __ Yes X No

c. Will landscaping in public rights of way associated with this development conform to the Department's Low Water Use Plant List? X Yes __ No

d. Describe steps to be taken to limit distribution system losses to those prescribed by the Management Plan: New construction technology

e. Generally describe any other current or proposed conservation practices, rates, fees, restrictions, policies and devices to be utilized within the development to meet the conservation requirements of the Management Plan:

PART C - WATER SUPPLY INFORMATION

1. Will the development be a member land of the Central Arizona Groundwater Replenishment District upon issuance of a Certificate of Assured Water Supply? X Yes __ No

2. a. Method of water distribution: X central distribution system __ dry lot subdivision (individual wells)

b. If water is to be obtained from a water provider, include a "Notice of Intent to Serve" agreement and reference the attachment: Not yet available, please complete analysis without Notice of Intent to Serve forms

c. If provider's Certificate of Convenience and Necessity (CCN) has been modified to include this development, provide an updated copy of the map showing the CCN boundaries, and reference the attachment: N/A

3. Has a water distribution system been constructed for this development? __ Yes X No

4. a. Generally describe any storage or treatment facilities (for surface water or effluent) which will serve this development. Indicate whether the facilities are planned or existing. If planned, indicate the anticipated completion date(s): N/A

b. For any existing or planned storage or treatment facilities noted in "a" above, provide a statement of capacity certified by a registered professional engineer, and reference as an attachment: N/A

c. If this development will not be a member land of the Central Arizona Groundwater Replenishment District upon issuance of a Certificate of Assured Water Supply, provide evidence that a performance bond has been posted for

the entire cost of any planned facilities indicated in "a" above, and reference as an attachment: N/A

5. Include a map of the central distribution system and any on-site treatment or storage facilities and reference attachment: Not yet available, please complete analysis without distribution system map

6. a. Are any wells proposed to serve the development within one mile of a Water Quality Assurance Revolving Fund or Superfund site or monitor wells associated with such sites? __ Yes X No

   b. Do any supplies proposed for this development fail to meet safe drinking water quality standards?__ Yes X No

   c. If the response to either "a" or "b" above is "Yes," provide a study identifying and describing this water and reference the attachment: _____

7. Please indicate sources to be used:

Source of Supply	**100 Year Volume (acre feet)**	**Required Supporting Information** *(reference any attached documents)*
Surface Water Directly Delivered (except CAP or Colorado River Water) *(also include water stored and recovered in the same year, but not long-term storage credits)*		Hydrologic study demonstrating physical availability of water to be diverted (attachment): _____ Surface water right number(s) and type(s) or water district name: _____ Will a demonstration of backup supplies or a drought response plan be submitted? _Yes _No If yes, reference attachment: _____
CAP or Colorado River Water Directly Delivered *(also include water stored and recovered in the same year, but not long-term storage credits)*		Will a demonstration of backup supplies or a drought response plan be submitted? _Yes _No If yes, reference attachment: _____
Effluent Directly Delivered *(also include water stored and recovered in the same year, but not long-term storage credits)*		Name of entity providing effluent: _____ Any related contracts or agreements (attachment): _____
Groundwater *(Do not include storage project credits)*	562,200	Indicate any grandfathered groundwater right or permit number(s) and type(s): _____ Hydrologic study demonstrating physical availability of water to be withdrawn (attachment): Attachment III
Existing Long-Term Storage Credits *(From all sources)*		Long-term storage credit account number: 70-_____ Hydrologic study demonstrating physical availability of water to be recovered from outside of the area of hydrologic impact (attachment): _____
Anticipated Long-Term Storage Credits *(From all sources)*		Water storage permit number: 73-_____ Existing? _Yes _No Water storage permit number: 73-_____ Existing? _Yes _No Hydrologic study demonstrating physical availability of water to be recovered from outside of the area of hydrologic impact (attachment): _____ Evidence of physical, legal and continuous availability of the water to be stored (attachment): _____

8. Indicate if the applicant at this time intends to claim an exemption for the withdrawal and use of:

Poor quality water pursuant to a proposed remedial action: __ Yes X No

Water from an area exempt from conservation requirements due to waterlogging: __ Yes X No

9. If a "Letter of Water Availability" has previously been issued for this property, provide a copy of the document and reference the attachment: N/A

10. If the development will be receiving any water pursuant to an exchange agreement, provide a copy of the agreement and reference the attachment: N/A

11. If grandfathered rights have been extinguished for dedication to this development, provide evidence and reference the attachment: N/A

PART D - FEES

The application fee for an Analysis of Assured Water Supply is $1,000. The payment may be made by cash, check, or in some cases, by entry in an existing Department fee credit account. Checks should be made payable to the Department of Water Resources. **Failure to enclose the required fees will cause the application to be returned.**

Fee for Application for Analysis of Assured Water Supply: $1,000.00

I DO HEREBY certify that the information contained in this application and all information accompanying it is true and correct to the best of my knowledge and belief.

See following signature pages		
Owner Name (Please type or print)	Signature	Date

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

Loria B. Dermer and Timothy L. Dermer, as Co-Trustees of the Dermer Family Trust, created July 13th, 1976

Name of Owner's Authorized Agent (please type or print): Gloria B. Dermer
Title of Owner's Authorized Agent (please type or print): Trustee

Signature of Owner or Owner's Authorized Agent — Date: 10/08/04

Name of Owner's Authorized Agent (please type or print): Timothy L. Dermer
Title of Owner's Authorized Agent (please type or print): Trustee

Signature of Owner or Owner's Authorized Agent — Date: 10/08/04

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

- HWY 287 FLORENCE BOULEVARD INC
- **Madison Diversified 882 Corporation**

Name of Owner's Authorized Agent (please type or print): BRIAN CARPENTER
Title of Owner's Authorized Agent (please type or print): SECRETARY/TREASURER OF BOTH CORPS.

B Carpenter — OCT 7/2004
Signature of Owner or Owner's Authorized Agent — Date

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

Sun Lakes – Casa Grande Development, L.L.C.

Name of Owner's Authorized Agent (please type or print): Steven Soriano

Title of Owner's Authorized Agent (please type or print): VP of Mgr

Signature of Owner or Owner's Authorized Agent

10-7-04
Date

Signature Page
Application for an Analysis of Assured Water Supply
EJR Ranch

Cornman Tweedy 560, L.L.C.

Name of Owner's Authorized Agent (please type or print): Steven Soriano

Title of Owner's Authorized Agent (please type or print): VP of MGR

Signature of Owner or Owner's Authorized Agent

Date 10-7-04

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

EXHIBIT
tabbies
WMG-16
Admitted

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

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 (CAGRD).

  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 CAGRD 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

MJW 1

EXHIBIT
MJW-1
Admitted

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT WATER FACILITIES

ADEQ File No: 20050849	**LTF No:** 38082
System Name: Arizona Water Company	**System Number:** 11009
Project Owner: Arizona Water Company	
Address: P.O. Box 29006, Phoenix, AZ 85038	
Project Location: Casa Grande	**County :** Pinal
Description: "TIERRA GRANDE INTERCONNECT" - CONSISTING OF INSTALLING APPROXIMATELY 35,000 FEET OF 16" DI TRANSMISSION MAINS ALONG FLORENCE BLVD. TO CONNECT WATER SYSTEMS OF TIERRA GRANDE AND CASA GRANDE.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 4 continued on page 1 through 1

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin.Code. At the project owner's request, the Department **may** conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by: JD1

By: Kwame Agyare 11/09/05
Kwame A. Agyare., P.E. Date
Manager, Drinking Water and
Wastewater Engineering Review
Water Quality Division

RECEIVED
NOV 14 2005

cc: File No : 20050849
Regional Office: Central
Owner: Arizona Water Company
County Health Department: Pinal
Engineer: Arizona Water Company
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

PINAL VALLEY WATER SYSTEM

MASTER PLAN

EXHIBIT
MJW-2
Admitted

MJW 2

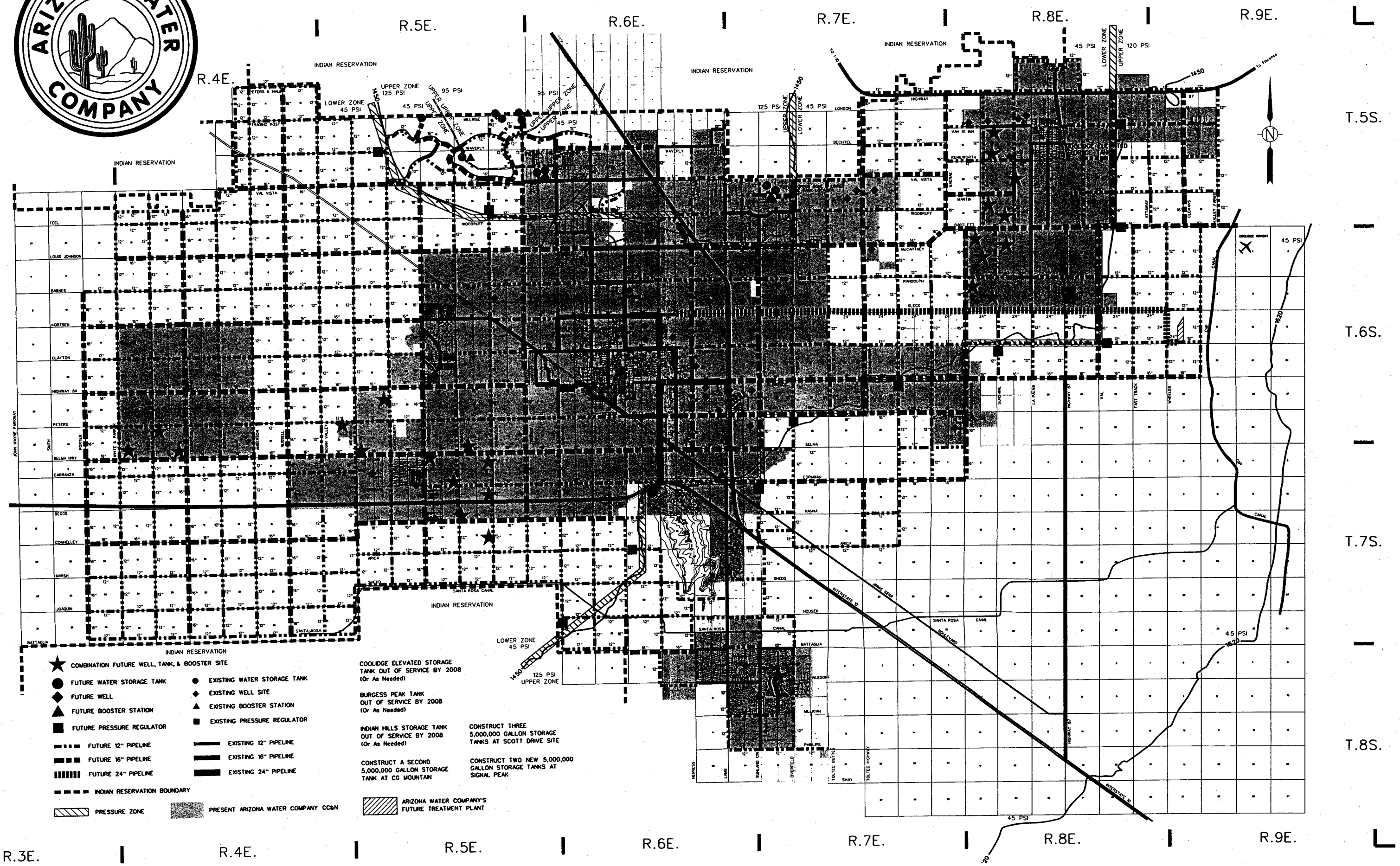


EXHIBIT "2"

7600 E. Doubletree Ranch Rd., Ste. 220
Scott[illegible] Arizona 85258
480 / [illegible]976 Fax
480 / 348.1118 ☎

MJW 3

EXHIBIT
MJW-3
Admitted

HARVARD INVESTMENTS
A HILL COMPANY

RECEIVED
MAY 28 2003
ARIZONA WATER COMPANY
PHOENIX - ENGINEERING

May 24, 2003

Mr. Michael Whitehead, Vice President, Engineering
Arizona Water Company
P. O. Box 29006
Phoenix, Arizona 85038

Re: Expansion of CCN

Dear Mr. Whitehead:

We are acquiring 480 acres in Pinal County on the south side of Highway 287 between Overfield and Toltec Buttes Roads. Specifically, the Northeast Quarter and South Half of Section 29, T6S, R7E of the Gila and Salt River Base and Meridian. We would like Arizona Water Company to provide water service to the property. Please advise as to how we should proceed in this matter. Thank you.

Sincerely,

Christopher J. Cacheris

ARIZONA WATER COMPANY

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

EXHIBIT
MJW-4
Admitted

April 27, 2004

Mr. Jason Hadley
Hadley Design Group
7272 E. Indian School Road Ste #472
Scottsdale, AZ 85251

Re: Post Ranch

Dear Mr. Hadley:

Enclosed is the Preliminary Cost Estimate you requested. The total estimated cost of the above-referenced project is outlined as follows:

A.	$	4,230,279	is a refundable advance in aid of construction
B.		614,087	is a non-refundable contribution
Total	$	4,844,366	

Labor costs are estimated through previous contracts in this area. Material prices are current but are subject to change. If you will notify us when you are ready to proceed, we will obtain a firm bid from a contractor for the installation of the water system.

If you have any questions, please call this office.

Very truly yours,

Mike Loggins
Engineer
engineering@azwater.com

kd

Enclosures

c: Jerry Dexel - CG
AWC Division Manager

Chris Cacheris
Havard Investments
7600 E. Doubletree Ranch Road Ste 220
Scottsdale, AZ 85258

08/22/96
MW:dmc
E-3-9-1

NOTE:
THIS COST ESTIMATE IS BASED ON THE LATEST LABOR AND MATERIAL PRICES AVAILABLE, BUT IT IS PRELIMINARY ONLY AND DOES NOT NECESSARILY REFLECT THE ACTUAL COST OF THIS PROJECT.

ARIZONA WATER COMPANY
PRELIMINARY COST ESTIMATE

DATE PREPARED: 4/27/2004

PREPARED BY: Mike Loggins

SYSTEM: Casa Grande

PROJECT LOCATION: Section 29 - Township 6 South, Range 7 East

DRAWING NO.: Attached

PROJECT DESCRIPTION:

Install a water distribution system to serve Post Ranch.

MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	7,920	Install 16" D.I.P. w/related fittings (Offsite)	$ 326,314	
343	5,280	Install 16" D.I.P. w/related fittings	217,542	
343	16,150	Install 12" D.I.P. w/related fittings	503,897	
343	17,500	Install 8" D.I.P. w/related fittings	493,519	
343	82,200	Install 6" D.I.P. w/related fittings	1,907,129	
345	1,692	Install 3/4 single service	465,300	
346	1,692	Install 5/8" x 3/4" SR meter	74,871	
348	193	Install 6" fire hydrant		579,000
SUBTOTAL - MATERIALS & LABOR			$ 3,988,572	$ 579,000
OVERHEAD			241,707	35,087
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			$ 4,230,279	$ 614,087
TOTAL ESTIMATED PROJECT COST			$4,844,366	

****
*** TX REPORT ***
****

MJW-5

EXHIBIT
MJW-5

TRANSMISSION OK

TX/RX NO	2023	
CONNECTION TEL		4803488976
CONNECTION ID		
ST. TIME	04/19 10:09	
USAGE T	01'39	
PGS. SENT	2	
RESULT	OK	

ARIZONA WATER COMPANY

Email: mail@azwater.com

FAX TRANSMISSION SHEET

To: Mr. Christopher J. Cacheris, Harvard Investments
(480) 348-8976

Date: April 19, 2005

From: Michael J. Whitehead

Pages including this cover sheet: 2

Subject: Post Ranch Request for Extension of Time

The pages that follow may contain sensitive, privileged or confidential information intended solely for the addressee named above. If you receive this message and are not the agent or employee of the addressee, this facsimile communication has been sent in error. Please do not disseminate or copy any of the attached and notify the sender immediately by telephone. Please also return the attached sheet(s) to the sender by mail.

Accompanying this fax is a form letter for the above referenced extension of time.

If acceptable, please type on your letter head, sign, mail to the Commission, and fax Arizona Water Company a copy for our file.

Thank you.

Michael J. Whitehead
Vice President - Engineering
ARIZONA WATER COMPANY
P.O. Box 29006 - Phoenix, AZ 85038-9006
Voice: 602.240.6860 X220 / Fax: 602.240.6878

kd

April 19, 2005

Mr. Ernest G. Johnson
Utilities Division Director
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Docket No. W-01445A-03-0559/Decision No. 66893

Dear Mr. Johnson:

This letter is written in support of Arizona Water Company's March 30, 2005 Request for Additional Time to comply with certain filing requirements in the above-caption docket and order.

Although Harvard Investment's development schedule for Post Ranch (Harvard Investment LLC) has not progressed as rapidly as we had hoped, we will still be developing this project and will still need water service from Arizona Water Company.

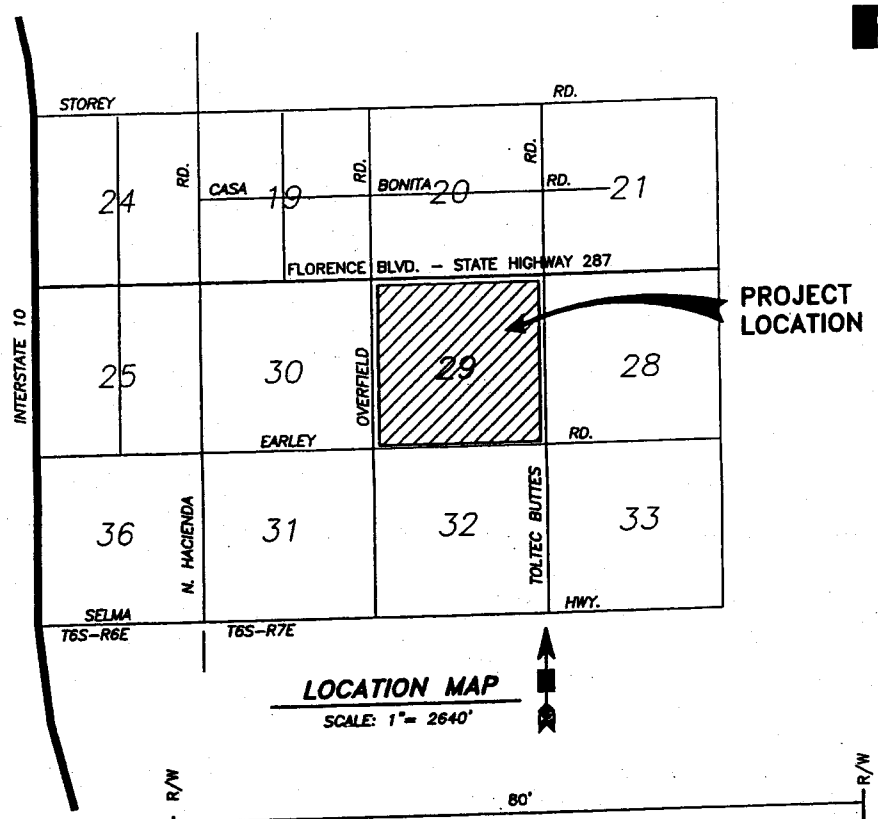
In addition, we want to make it clear that we have never wavered in our desire to receive water service from Arizona Water Company. We believed at the time that the application in this docket was heard, and we still believe that Arizona Water Company is the only municipal provider that is capable of providing adequate service to our development.

If you need additional information, please call me at your earliest convenience.

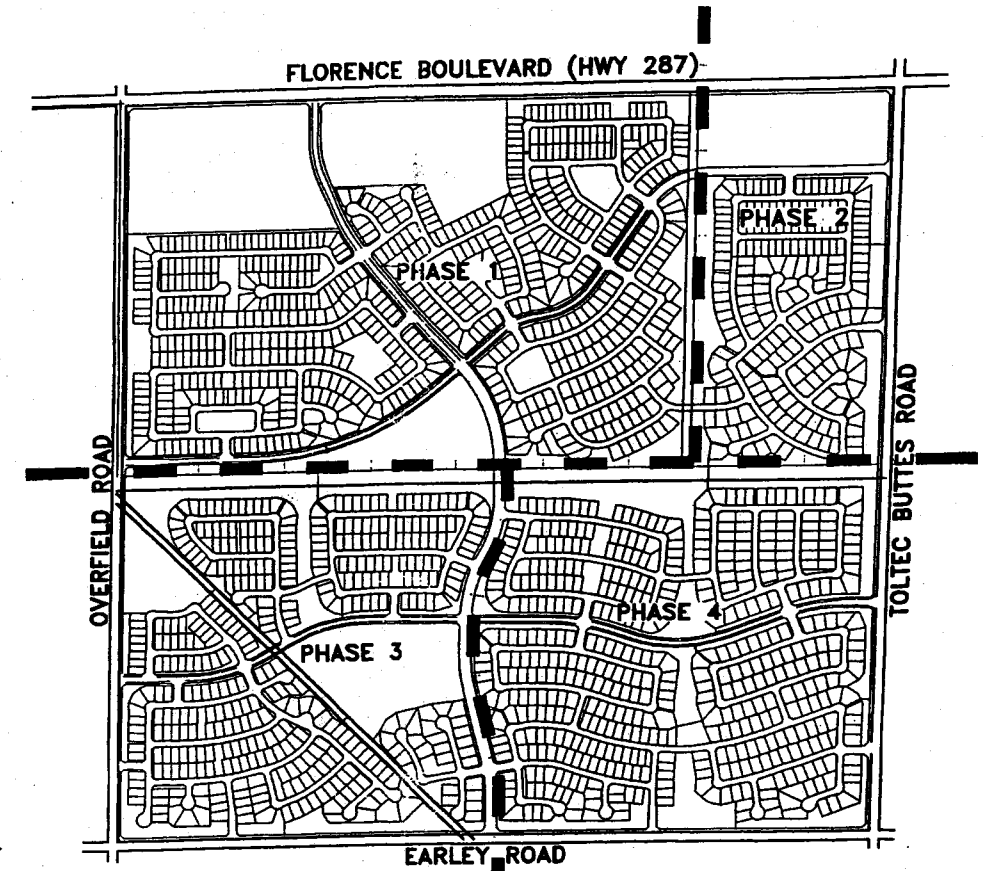
PRELIMINARY PLAT

POST RANCH

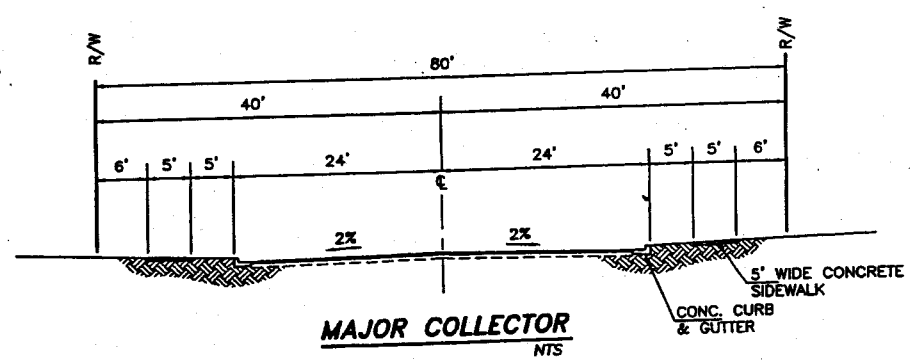
ALL OF SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST,
OF THE GILA AND SALT RIVER MERIDIAN,
PINAL COUNTY, ARIZONA.



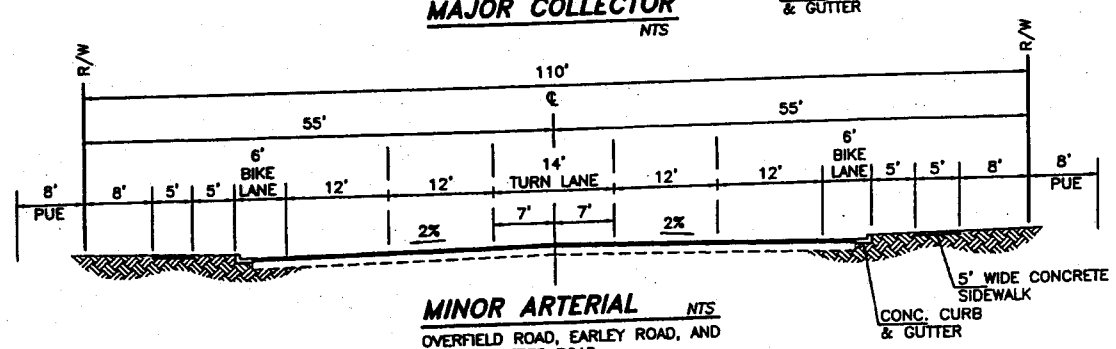
LOCATION MAP
SCALE: 1"= 2640'



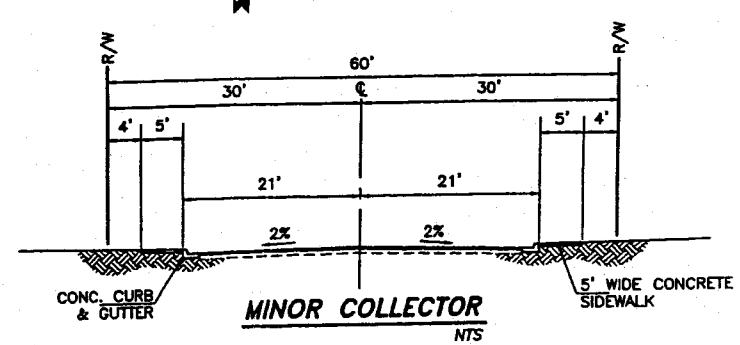
VICINITY MAP
SCALE: 1"= 600'



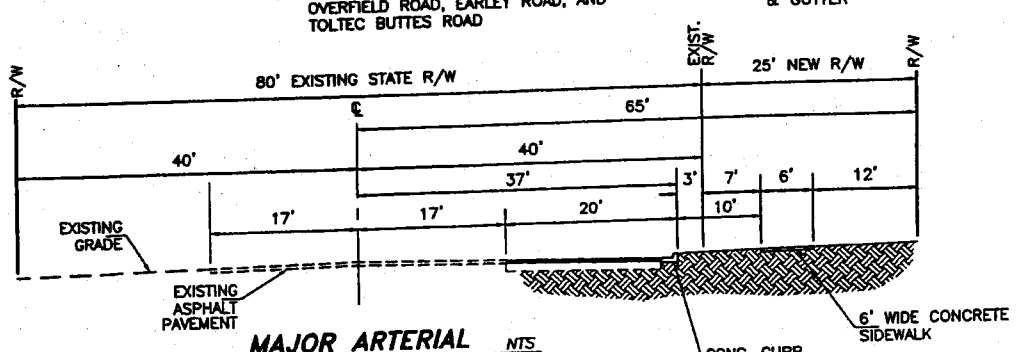
MAJOR COLLECTOR
NTS



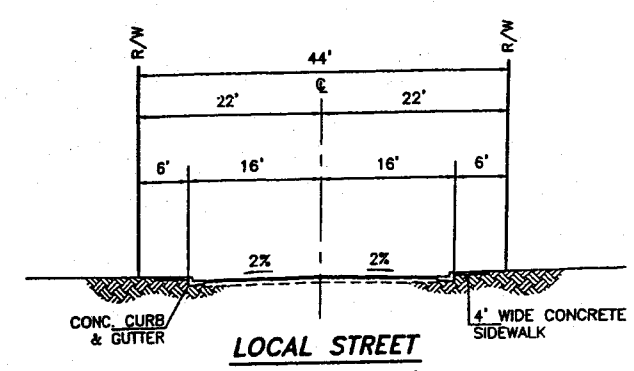
MINOR ARTERIAL
NTS
OVERFIELD ROAD, EARLEY ROAD, AND TOLTEC BUTTES ROAD



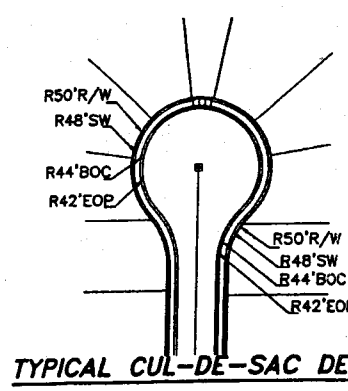
MINOR COLLECTOR
NTS



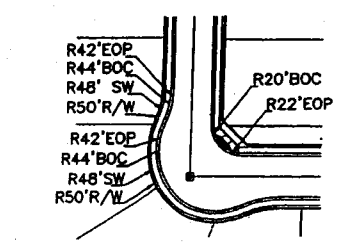
MAJOR ARTERIAL
NTS
FLORENCE BOULEVARD



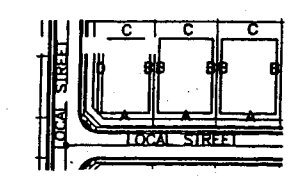
LOCAL STREET
NTS



TYPICAL CUL-DE-SAC DETAIL
NTS



TYPICAL KNUCKLE DETAIL
NTS



TYPICAL LOT DETAIL
NTS

MINIMUM SETBACKS	
	55'/60'/65'
A	15' **
B	5'/10'
C	20'
D	5'(10' *)

(*)= PREFERRED SETBACK
(**)= MINIMUM FRONT LIVABLE-18'-21' STAGGERED FRONT LOADED GARAGES, EVERY 3-4 LOTS

DEVELOPER:

HARVARD INVESTMENTS
17700 N. PACESETTER WAY
SCOTTSDALE, ARIZONA 85255
PHONE: 480-348-1118
CONTACT: CHRISTOPHER CACHERIS

SHEET INDEX:

1. COVER SHEET
2. KEYMAP
3. PARCELS 1, 2, 3, 7, 8 AND 31
4. PARCELS 9, 10, 29a, 29b AND 30
5. PARCELS 3, 4, 5 6, 13, 16, AND 17
6. PARCELS 12, 11, 27, 28 AND 29a
7. PARCELS 13, 14, 15, 18, 19a AND 19b
8. PARCELS 20, 21, 23, 25 AND 26
9. PARCELS 21, 22, 24 AND 25
10. PARCELS 21, 22, 24 AND 25

BENCHMARK:

A ½" IRON PIPE AT THE INTERSECTION OF EARLEY ROAD AND HENNESS ROAD, SAID POINT BEING THE SW CORNER OF SECTION 26, TOWNSHIP 6 SOUTH, RANGE 6 EAST, G.&S.R.M., PINAL COUNTY, ARIZONA. THE PUBLISHED ELEVATION IS 1425.15 FEET ABOVE MEAN SEA LEVEL, CITY OF CASA GRANDE, DATUM AS ESTABLISHED BY THOMAS HOLLENBACH DURING THE MONTH OF FEBRUARY, 1987.

SITE DATA:

GROSS AREA	650.95 AC
NET AREA	512.89 AC
EXISTING ZONING	UR (URBAN RANCH)
PROPOSED ZONING	PAD
RESIDENTIAL	
NUMBER OF LOTS	1680
DENSITY	4.04
TOTAL OPEN SPACE	121.41 AC
MINIMUM LOT AREA	5,750 S.F.
AVERAGE LOT AREA	6,850 S.F.
MAXIMUM STRUCTURE HEIGHT	28'/2 STORY 1
MAXIMUM LOT COVERAGE	50%
RIGHT OF WAY	138.00 AC

GENERAL NOTES:

1. THIS DEVELOPMENT IS LOCATED WITHIN FLOOD ZONE "C" PER FEMA MAP NUMBER 040077 0950C, PANEL 950 OF 1525, DATED AUGUST 15, 1983. ZONE "C" IS DEFINED BY FEMA AS: AREAS OF MINIMAL FLOODING.
2. ALL SANITARY SEWERS SHALL BE CONSTRUCTED AT MINUMUM GRADE BASED ON PIPE SIZE SHOWN ON THE PLANS.

BASIS OF BEARING:

THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 29, T6S, R7E, BEING N89°45'34"W.

LEGAL DESCRIPTION:

SECTION 29, TOWNSHIP 6 SOUTH, RANGE 7 EAST, GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA

UTILITIES:

SEWER	SCOTT BENDER	CITY OF CASA GRANDE	520-421-8623
WATER	JERRY DREXELL	ARIZONA WATER COMPANY	520-836-8785
REFUSE	SCOTT BENDER	CITY OF CASA GRANDE	520-421-8623
ELECTRIC	ANDREW MCBRIDRE	E D-2	520-723-7741
TELEPHONE	GENE BRUMEUL	QWEST	520-426-6743
GAS	BILL WARD	EL PASO GAS	602-438-4429
CATV	TISHA ARTHUR	COX COMMUNICATIONS	623-322-7857
USPS	ROXANNE HILL	CASA GRANDE OFFICE	800-257-8777
HYDRANT LOCATION	CHRIS HERNANDEZ	CASA GRANDE FIRE DEPARTMENT	520-836-7221

1 REVISED TO MATCH PAD DOCUMEMT 9-9-05

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

EXHIBIT
tabbies
MJW-6
Admitted

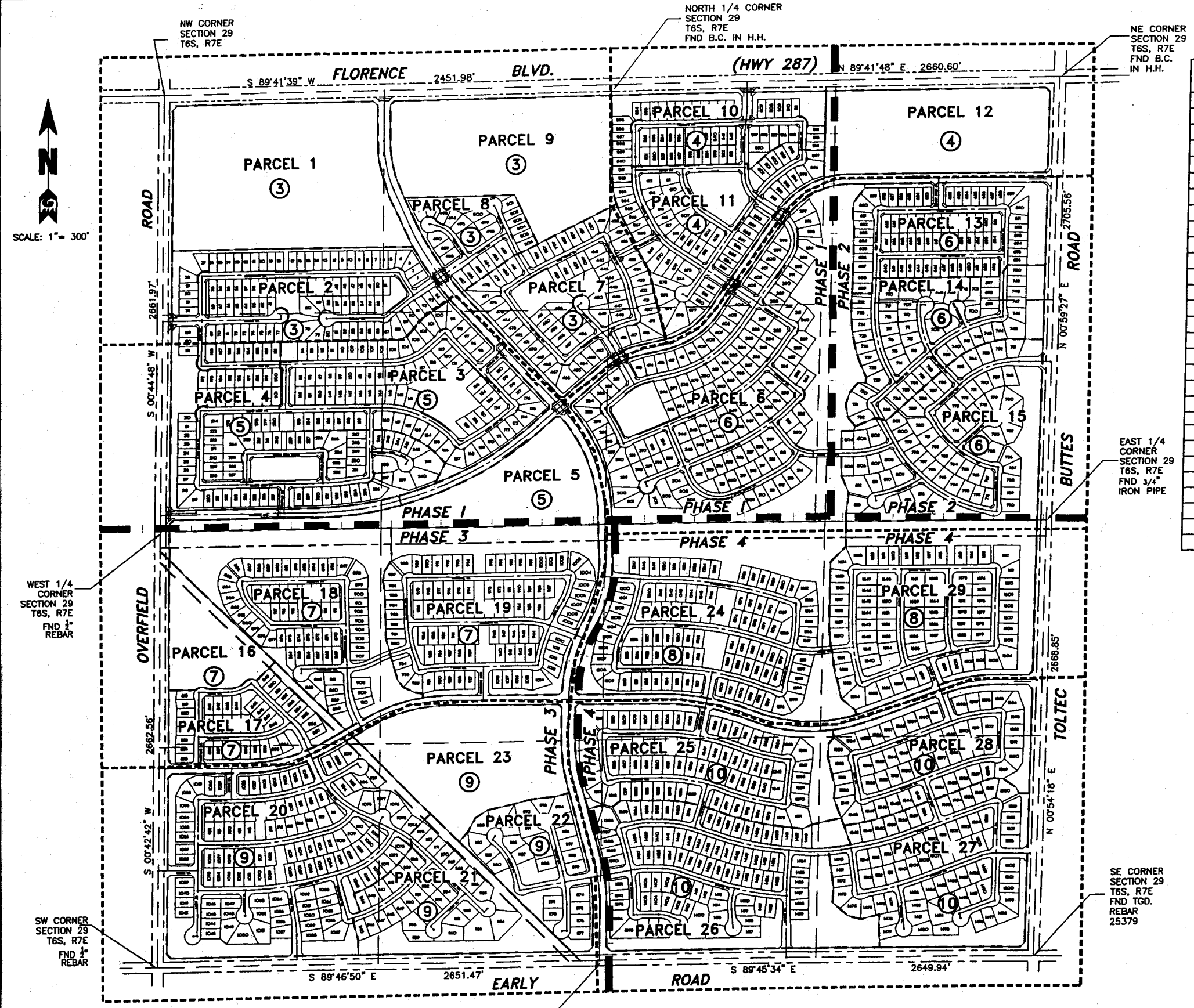
POST RANCH
PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST,
OF THE GILA AND SALT RIVER MERIDIAN,
PINAL COUNTY, ARIZONA

MAY 2005

SHEET 1 OF 10

MJW-6



PARCEL DATA:

PARCEL	PROPOSED USE	LOTS	AREA (ACRES)	AREA (SQ.FT.)	TRACT AREAS (SQ.FT.)	R.O.W. AREA (SQ.FT.)	PHASE
1	COMM / HDR	1	26.1	1,138,055.38	--	37,231.28	1
2	SINGLE FAMILY	94	19.7	859,179.03	139,320.66	172,055.62	1
3	SINGLE FAMILY	86	22.4	974,217.13	167,133.28	232,210.56	1
4	SINGLE FAMILY	100	25.2	1,099,806.60	189,808.50	240,449.99	1
5	PARK SITE	1	12.7	551,634.24	--	106,335.97	1
6	SINGLE FAMILY	132	50.9	2,217,554.49	820,913.88	414,907.98	1
7	SINGLE FAMILY	68	17.4	759,330.01	137,817.43	196,314.01	1
8	SINGLE FAMILY	26	6.5	282,746.96	35,124.80	88,218.54	1
9	HDR	1	19.6	855,274.33	--	24,293.29	1
10	SINGLE FAMILY	56	11.1	482,837.01	103,485.33	85,375.40	1
11	SINGLE FAMILY	60	17.8	776,820.45	121,354.61	214,149.04	1
12	COMMERCIAL	1	15.6	678,773.39	--	40,175.68	2
13	SINGLE FAMILY	74	14.8	644,142.33	84,814.98	143,810.38	2
14	SINGLE FAMILY	54	15.4	671,708.42	71,266.30	124,015.12	2
15	SINGLE FAMILY	67	23.9	1,039,271.80	208,586.07	175,058.71	2
16	CHURCH SITE	1	6.7	291,433.02	--	--	3
17	SINGLE FAMILY	40	10.2	442,166.81	101,056.83	121,952.03	3
18	SINGLE FAMILY	69	21.6	941,799.84	488,537.17	149,616.02	3
19	SINGLE FAMILY	92	24.8	1,081,577.06	348,478.02	259,033.69	3
20	SINGLE FAMILY	119	35.4	1,541,794.73	306,562.64	395,527.25	3
21	SINGLE FAMILY	36	13.9	607,536.52	202,090.53	77,672.56	3
22	SINGLE FAMILY	26	10.2	446,483.74	97,512.49	125,392.66	3
23	SCHOOL SITE	1	15.6	679,588.45	--	62,018.68	4
24	SINGLE FAMILY	103	34.0	1,481,622.93	641,887.55	308,455.87	4
25	SINGLE FAMILY	76	21.3	929,211.93	159,237.40	208,001.33	4
26	SINGLE FAMILY	91	28.3	1,232,807.70	316,125.03	235,964.81	4
27	SINGLE FAMILY	73	22.3	969,402.88	126,340.42	175,021.51	4
28	SINGLE FAMILY	56	16.8	731,813.15	91,737.04	160,378.56	4
29	SINGLE FAMILY	81	26.2	1,142,778.46	329,550.72	224,898.39	4

LEGEND:

- 8" SEWER LINE
- 12" S — 12" SEWER LINE
- 18" S — 18" SEWER LINE
- PARCEL BOUNDARY
- RIGHT-OF-WAY
- PUBLIC AND PRIVATE UTILITY EASEMENT
- PHASE LINE
- 6" W — 6" WATER LINE
- 8" W — 8" WATER LINE
- 12" W — 12" WATER LINE
- 18" W — 16" WATER LINE
- SEWER MANHOLE
- FIRE HYDRANT
- STOP SIGN
- GANG MAILBOX LOCATION
- (5) SHEET NUMBER
- STREET LIGHT
- R/W — RIGHT OF WAY
- SW — SIDEWALK
- EOP — EDGE OF PAVEMENT
- BOC — BACK OF CURB

WATER/SEWER NOTES:

1. ALL SEWER LINE TO BE 8" UNLESS OTHERWISE NOTED ON PLAN.
2. ALL WATER LINE TO BE 6" UNLESS OTHERWISE NOTED ON PLAN

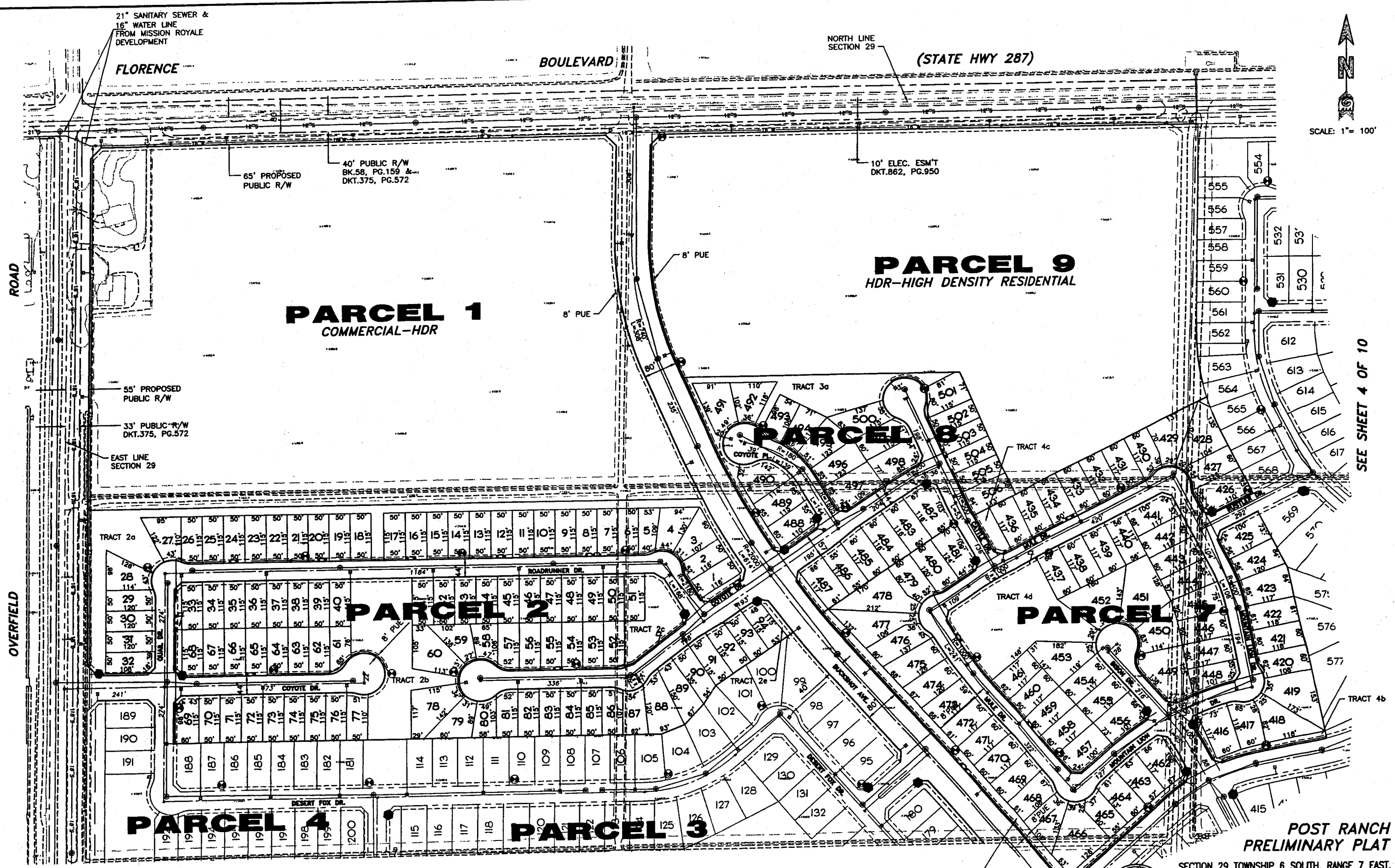
POST RANCH PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA

MAY 2005

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038



POST RANCH PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA

MAY 2005

SHEET 3 OF 10

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

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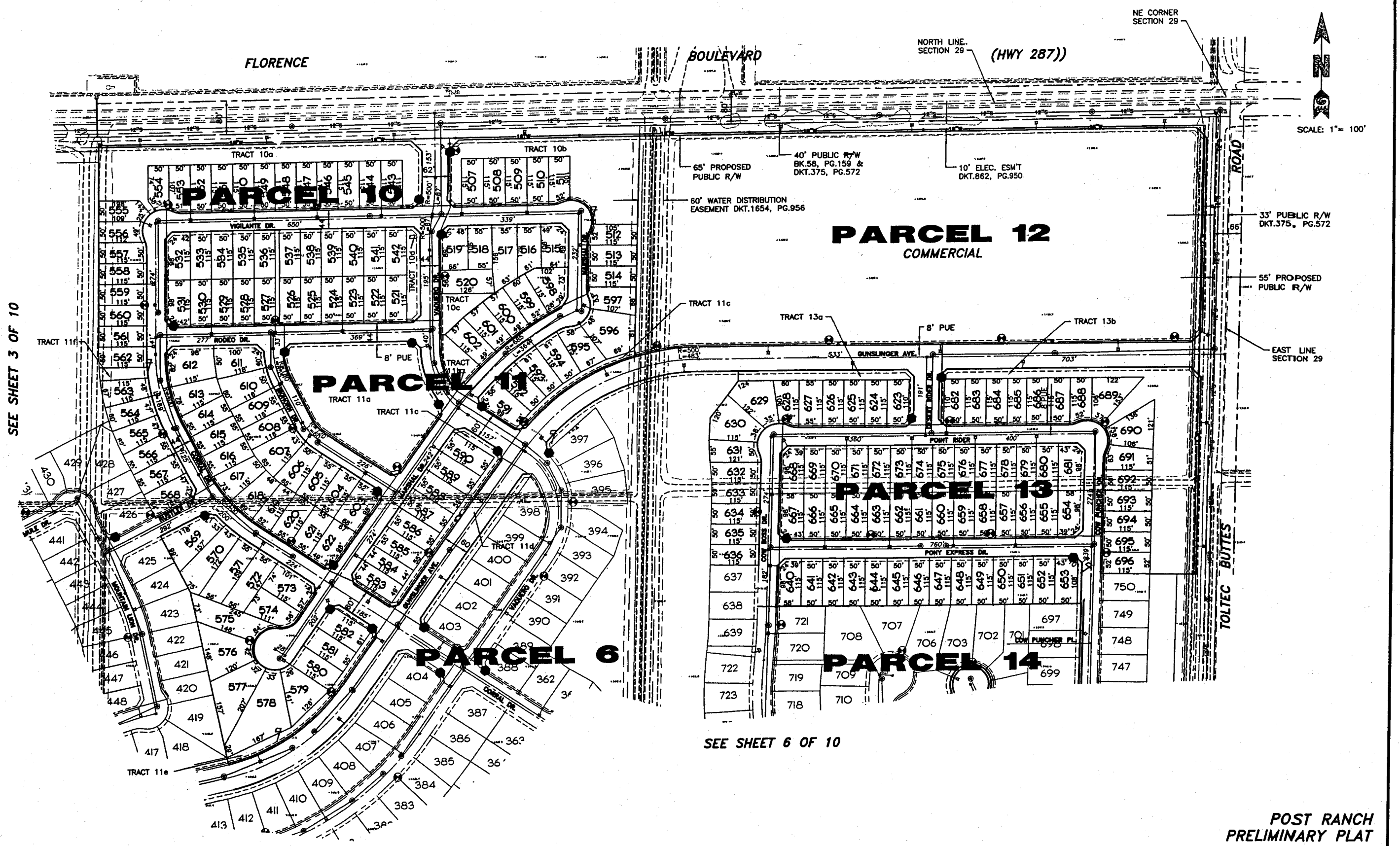

POST RANCH
PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA

MAY 2005

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

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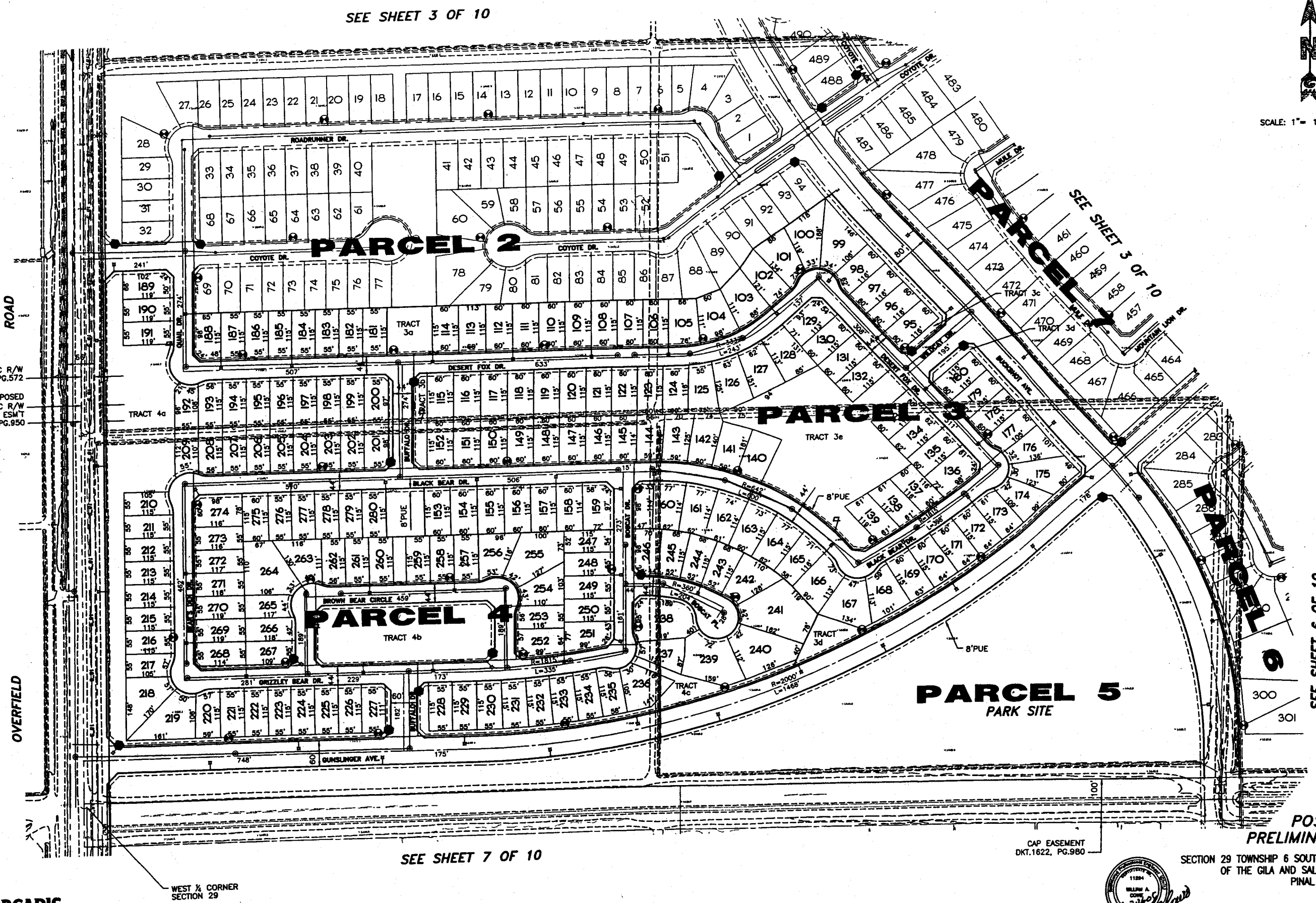

POST RANCH PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA

MAY 2005

SHEET 5 OF 10

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

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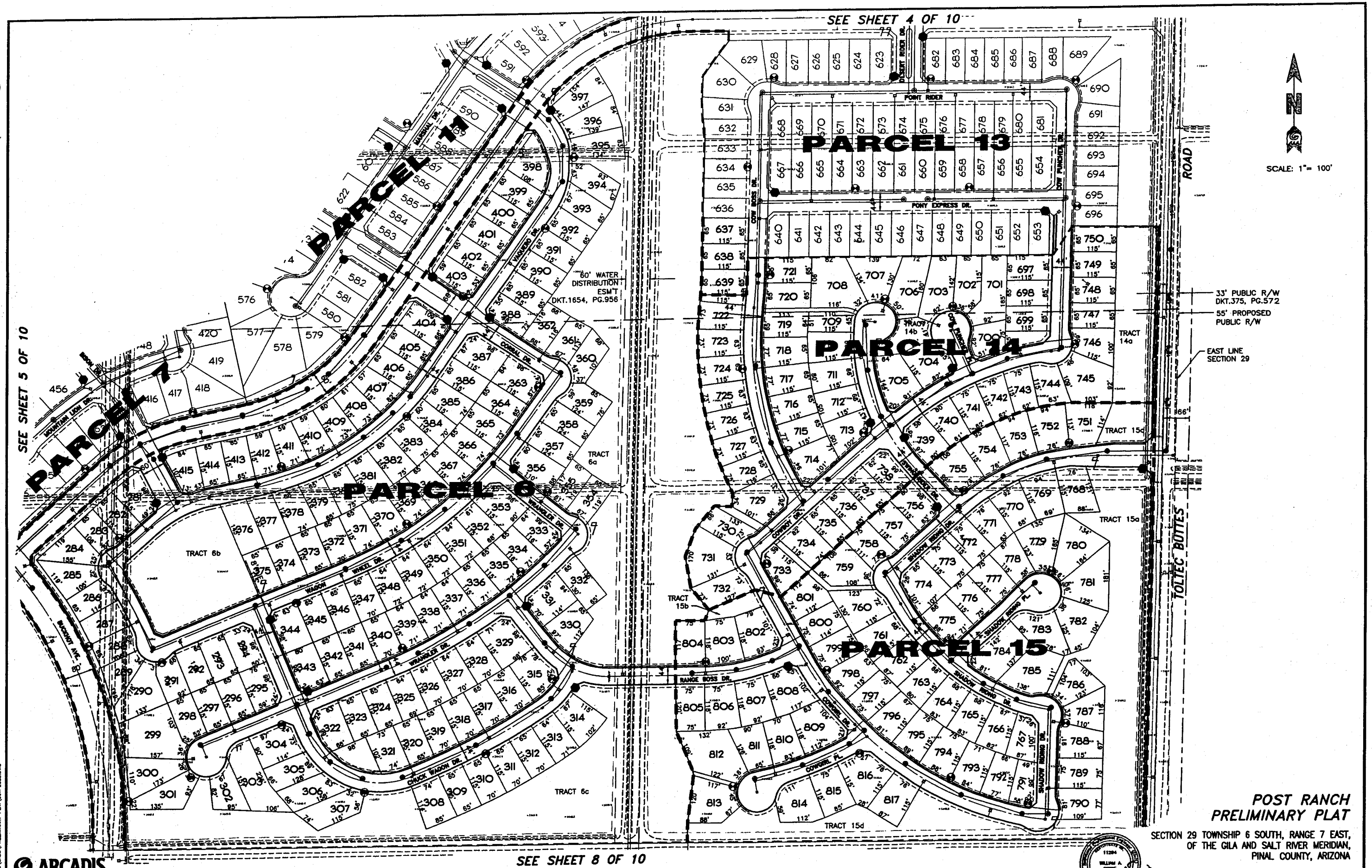

POST RANCH
PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST,
OF THE GILA AND SALT RIVER MERIDIAN,
PINAL COUNTY, ARIZONA

MAY 2005

SHEET 6 OF 10

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

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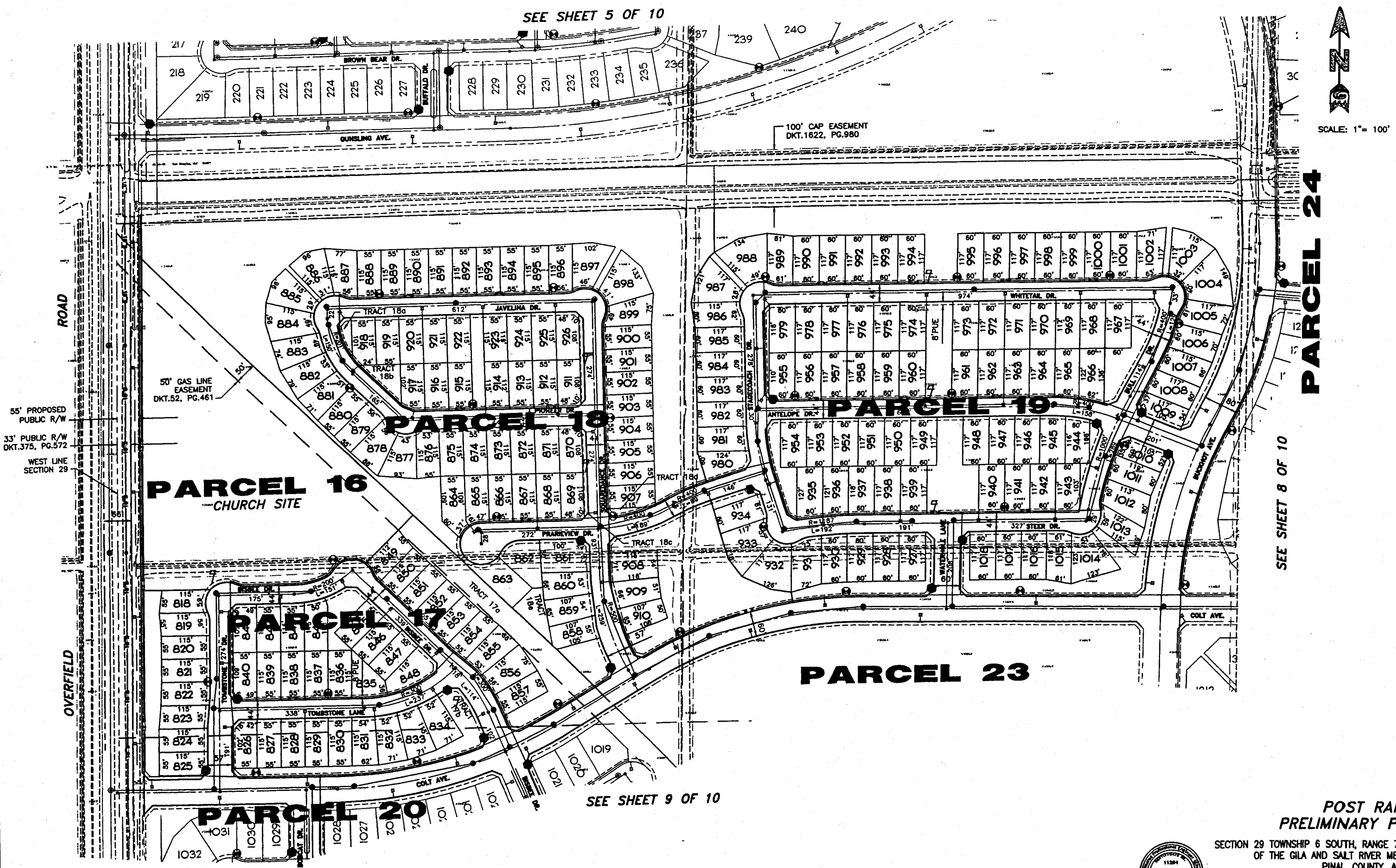

POST RANCH
PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST,
OF THE GILA AND SALT RIVER MERIDIAN,
PINAL COUNTY, ARIZONA

MAY 2005

SHEET 7 OF 10

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

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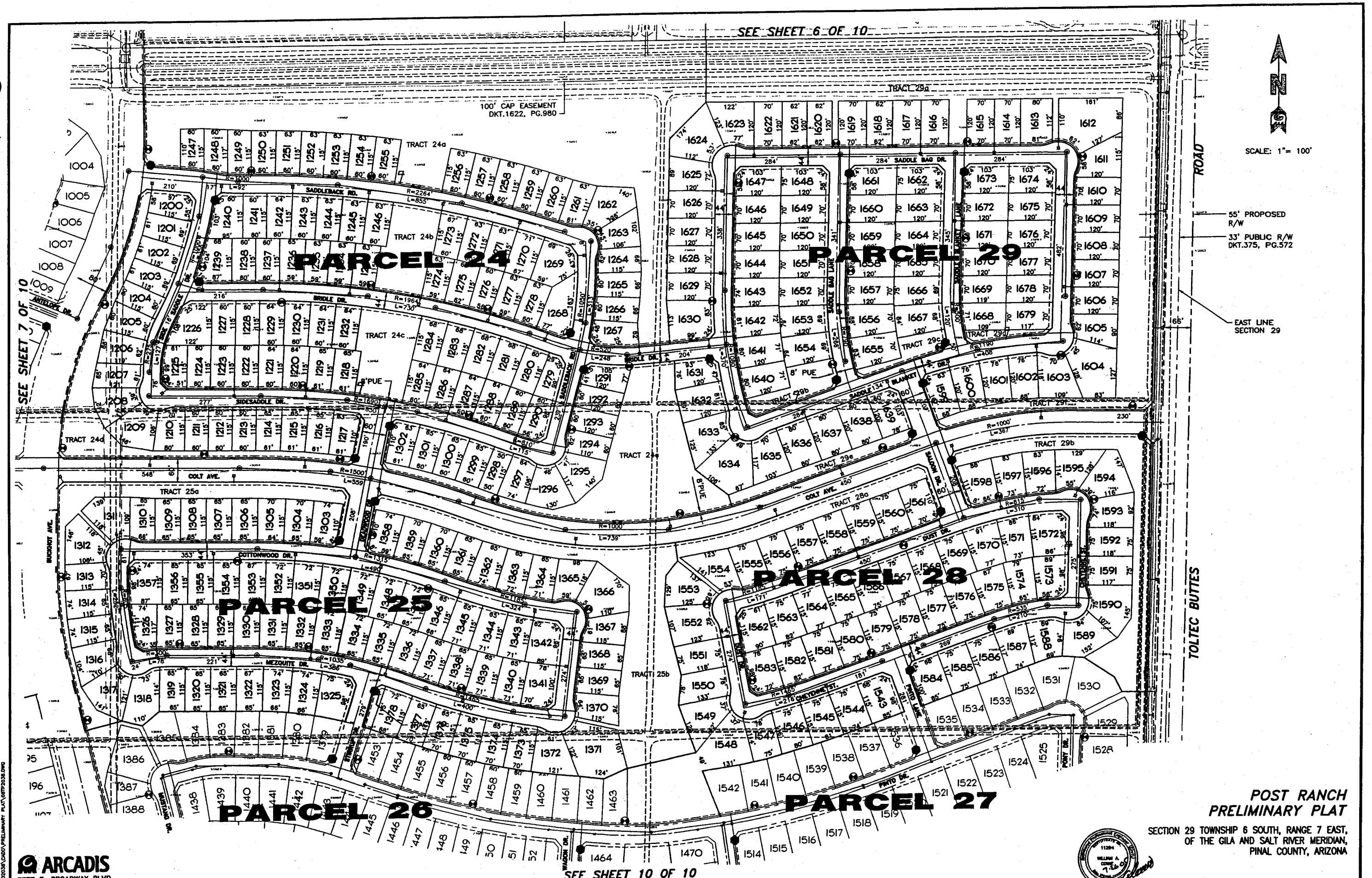

POST RANCH
PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA

MAY 2005

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

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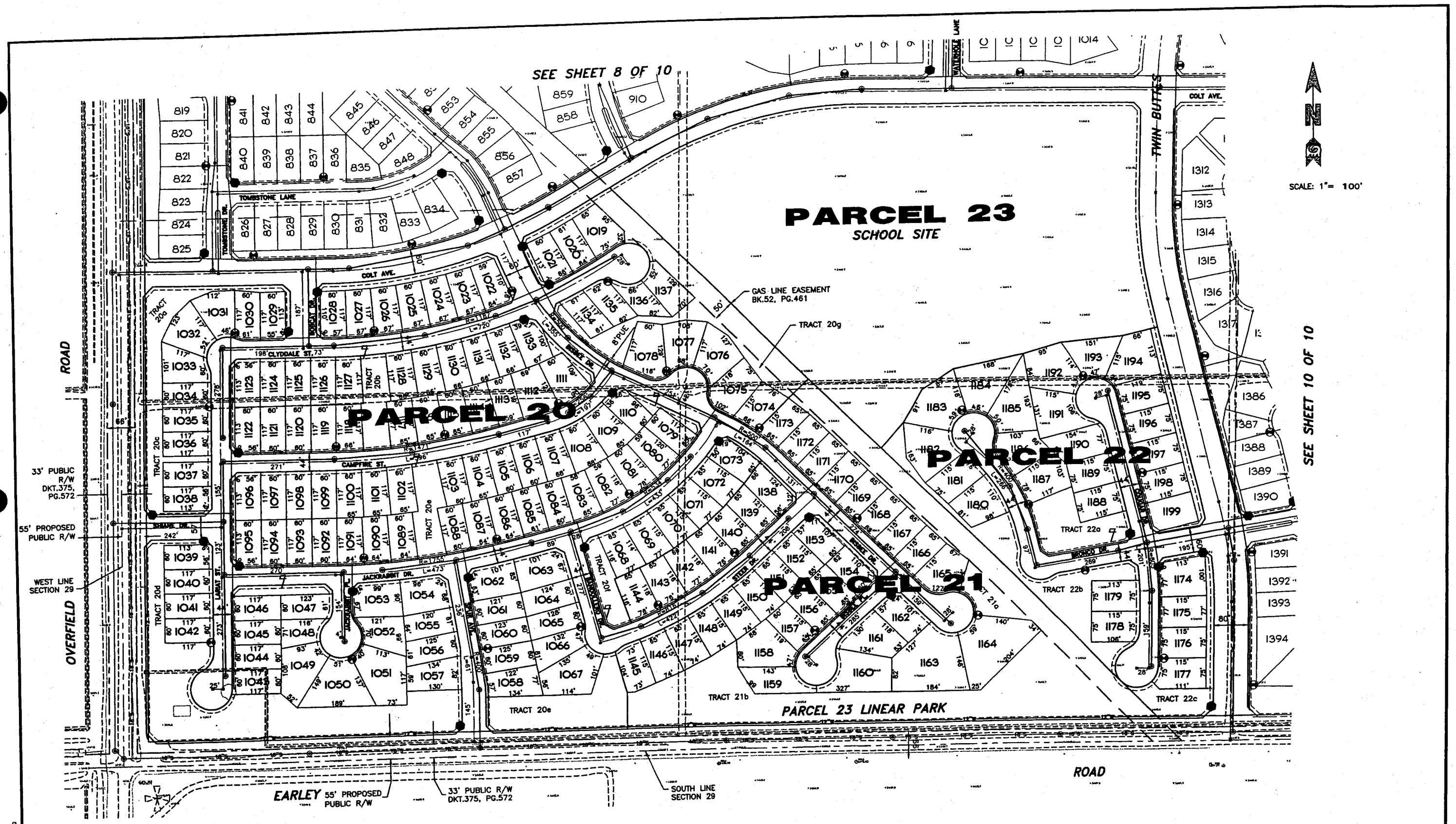

POST RANCH
PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST,
OF THE GILA AND SALT RIVER MERIDIAN,
PINAL COUNTY, ARIZONA

MAY 2005

SHEET 9 OF 10

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

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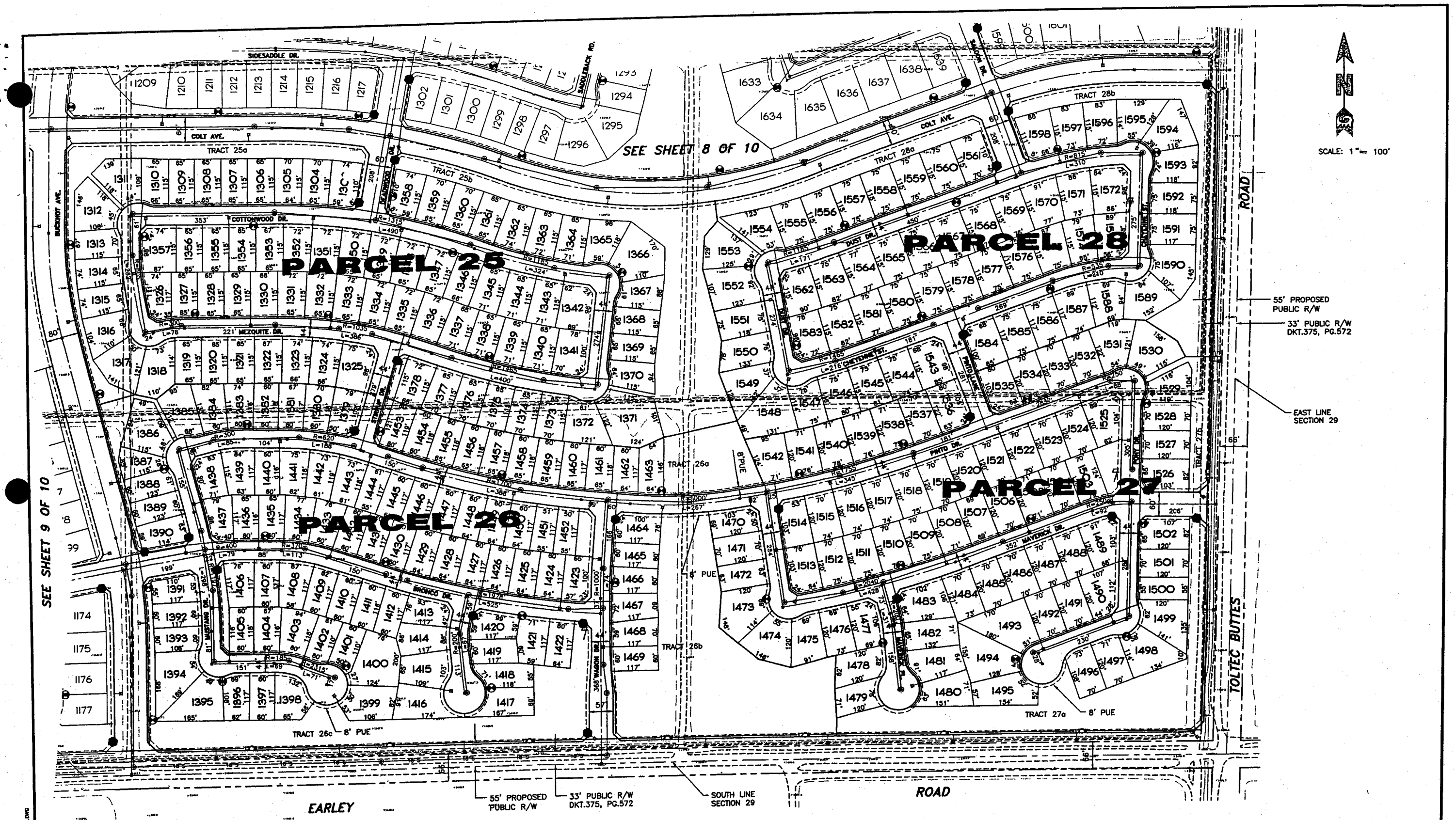

POST RANCH PRELIMINARY PLAT

SECTION 29 TOWNSHIP 6 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA

MAY 2005

SHEET 10 OF 10

ARCADIS
3777 E. BROADWAY BLVD.
SUITE 100
TUCSON, ARIZONA 85716
Tel: 520/903-2393
Fax: 520/903-2395

ARCADIS JOB NO. TU002038

EXHIBIT
MJW-7
Admitted

MJW-7

May 9, 2005

Arden Ranshaw
Arcadis G&M, Inc.
3777 East Broadway Blvd Ste 100
Tucson, AZ 85716

Re: Preliminary Water Plan

Dear Arden:

Enclosed is a copy of your Preliminary Water Plan for **Post Ranch Offsite** located in Casa Grande, with the required changes and comments of Arizona Water Company (the "Company") shown in red.

Please use this letter to guide you in your preparation of the Formal Water Plan. When the plan is completed, please send us one mylar/vellum or the original and one recorded subdivision plat and drawing indicating the location of all other utilities (gas, electric, telephone, cable television, sewer, etc.) as well as paving and profile.

We will then review your plans and, if everything meets with our approval, we will sign the sepia or the original and return it to you for submittal to the plan review section of the appropriate state and/or county health department with a signed *Application for Approval to Construct* and *Water Service Agreement.*

The following items should be understood by the developer:

a. The Formal Water Plan is to be prepared by the developer's consulting engineer following the Company's Design Policy and System Planning criteria (copy attached).

b. The plans and *Application for Approval to Construct* must **both** be approved and signed by the Company prior to submittal to the state and/or county health department.

c. The Company will not participate in the cost of any facilities required for extending service to a new project.

d. Any reports to the Arizona Department of Water Resources ("ADWR"), Real Estate Department, etc., are the responsibility of the developer and/or his agent.

e. Prior to bidding, roads must be prepared to rough grade and waterline locations surveyed and staked by the developer so that the actual waterline locations correspond with the water plan.

f. The funds for the water system addition including any off-site improvements that may be required will be advanced by the developer prior to construction. **The bidding, contracting, installation and inspection will be performed by the Company**.

FILE COPY

g. The developer must obtain a Certificate of Assured Water Supply for the project and furnish a copy of it to the Company before the Company will sign a contract for installation of the water system. If the project is located in an area outside an active management area established by the Arizona Groundwater Code, the developer must submit plans for the water supply for the project and demonstrate the adequacy thereof to the ADWR. The developer must submit a copy of the report received from the ADWR on the developer's plan.

h. The ADWR has adopted its Third Management Plan which establishes mandatory conservation programs. These conservation programs require that all projects must report the size of "turf-related facilities" associated with the proposed project. ("Turf-related watering" means the application of water from any source to grow landscaping plants on the grounds of the turf-related facility and the use of water from any source to fill or refill any bodies of water, including lakes, ponds or lagoons, that are an integral part of the landscaped area of a turf-related facility. Bodies of water used primarily for swimming purposes are not an integral part of the landscaped area of a turf-related facility.) Indicate in the space provided the total area of this proposed project that will be developed as "turf-related facilities."

Total turf-related facilities: _____ acre(s)

All turf-related facilities ten (10) acres or larger in size must be metered separately pursuant to the provisions of the Second Management Plan.

Projected annual water usage: _____ acre feet (non-residential)

i. When the project involves fire hydrants, the legally recognized public fire protection agency that has the responsibility for fire protection will determine the number and location of the fire hydrants, <u>the minimum required fire flow rate (gpm) and flow duration (hours)</u>. The fire protection authority must specify the required fire flow rate and duration.

1. Minimum required fire flow rate: _____ GPM
2. Minimum required fire flow duration: _____ HOURS

_____
(Public Fire Protection Agency)

By: _____

Title: _____

Date: _____

j. The developer must specify, in writing, the date on which the Company will be required to put the project out to bid. Any requirements regarding time constraints, construction completion deadlines, etc., must be noted in the request to bid so that they may be specified in the bid documents. All necessary approvals from regulatory agencies having jurisdiction over project construction must be received prior to bidding. Please note that the estimated time required from the initial invitation to bid to the start of construction can be eight (8) weeks, or longer. This time is dependent on, but not limited to, material procurement, highway permits, contractor mobilization, etc. An option is available to the developer to make payment for materials in advance of construction. If the developer desires to add qualified contractors to Company's bid list for obtaining labor bids for the project, the developer must so inform the Company prior to the date the project is put out to bid and any such contractors must meet the due date of the bid.

k. If this project includes 2" or larger meters or private fire service taps, those services will begin to be billed for monthly service charges immediately after installation. It is the responsibility of the developer or his agent to contact the local office to provide the information needed for monthly billing.

l. The Company will request, in conjunction with providing water service to this proposed project, the Irrigation and Type 1 Non-Irrigation Grandfathered Rights appurtenant to the property to be transferred to the Company.

Indicate in the space provided whether the property that is being proposed for project has appurtenant Irrigation or Type 1 Non-Irrigation Grandfathered Rights:

☐ Yes ☐ No

Please provide the information requested and sign this document where indicated, retain a copy, and return the original to the Company. **This project will not be approved until the Company receives this signed document.**

Very truly yours,

James T. Wilson, P.E.
engineering@azwater.com

kd
Enclosures
bcc: Jerry Dexel - CG

_____
Developer

By:_____

Title: _____

Date:_____

MJW-8

HARVARD INVESTMENTS
A HILL COMPANY

EXHIBIT
MJW-8
Admitted

September 15, 2005

HAND DELIVERY

Mr. Michael J. Whitehead, P.E.
Vice President - Engineering
Arizona Water Company
3805 N. Black Canyon Highway
Phoenix, Arizona 85015

Re: Line Extension Agreement for Post Ranch located at the Southeast Corner of SR 287 and Overfield Road, Casa Grande, Arizona.

Dear Mr. Whitehead:

On April 27, 2004 we received the attached Cost Estimate from Arizona Water Company for Post Ranch. We would like to enter into a Line Extension Agreement for the improvements described in the Estimate (which may need to be updated) as well as for 7,920 linear feet of 16" D.I.P. needed to tie Post Ranch into the existing 12" line at Mission Royale. Development on Post Ranch will likely begin in mid 2006.

Please contact me or our engineer, Bill Cowie (520) 903-2393, if you have questions. We look forward to receiving a draft Agreement(s). Thank you.

Sincerely,

Christopher J. Cacheris

Enclosure

C: Bill Cowie, Arcadis Engineering

RECEIVED
SEP 15 2005
ARIZONA WATER COMPANY
PHOENIX - ENGINEERING

17700 North Pacesetter Way • Scottsdale, Arizona 85255 • 480.348.1118 • Fax 480.348.8976

MJW-9

EXHIBIT
MJW-9
Admitted

October 12, 2005

Mr. Christopher J. Cacheris
Harvard Investments
17700 North Pacesetter Way
Scottsdale, AZ 85255

Re: Off-Site Infrastructure to Serve Parcels 1, 2, 7, 8 and 9 at Post Ranch

Dear Mr. Cacheris:

Enclosed are four copies of an Agreement for Extension of Water Distribution Facilities (the "Agreement") with an Addendum, one copy of the related Cost Estimate and plans applicable to the above-referenced project, and one copy of the rules of the Arizona Corporation Commission and of Arizona Water Company (the "Company") relating to main extension agreements.

After you have read the Agreement, please sign and return all copies to my attention.

If you have comments or questions, contact me at this office. Thank you.

Very truly yours,

Michael Whitehead
Vice President – Engineering

kd
Enclosures
bcc: Jerry Dexel – CG

FILE COPY

ARIZONA WATER COMPANY

AGREEMENT FOR EXTENSION OF WATER FACILITIES

Contract No. _____
W.A. No. _____

CUSTOMER: Harvard Investments
Name

17700 North Pacesetter Way
Address

Scottsdale, AZ 85255
City and State *Zip Code*

DATE OF AGREEMENT: _____

DATE OF COST ESTIMATE: (Attachment "A"): November 12, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Off-Site Infrastructure to Serve Parcels 1, 2, 7, 8 and 9 at Post Ranch as per drawing (Attachment "B").

REFUNDABLE ADVANCE IN AID OF CONSTRUCTION for:	Install 9,250 L.F. of 16 in. D.I.P. and related fittings to serve Parcels 1, 2, 7, 8 and 9 at Post Ranch	$ 474,309
NON-REFUNDABLE CONTRIBUTION for:		
	AGREEMENT TOTAL	$ 474,309
	LESS: COST OF CONSTRUCTION	441,688
	BALANCE DUE	$ 32,621

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: **(SEE ADDENDUM, ATTACHED HERETO)**

1. The Company will construct, or will arrange for the construction of the Water Facilities as described above.
2. The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
3. Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. *Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable.* Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
4. All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
5. The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
6. The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
7. The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
8. The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
9. This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
10. This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY	***HARVARD INVESTMENTS***
Company	Customer
By: _____	By: _____
Title: _____	Title: _____

KD

AGREEMENT FOR EXTENSION OF WATER FACILITIES

This Addendum to Agreement for Extension of Water Facilities (the "Agreement") is made and entered into as of the 12 day of October, 2005 by and between Arizona Water Company ("Company") and Harvard Investments ("Customer") for the extension of water service and facilities to serve Parcels 1, 2, 7, 8 and 9 Offsite Infrastructure at Post Ranch (the "Subdivision").

The Agreement is hereby modified and amended by mutual agreement of the parties in the following particulars:

1. Section 1 of the Agreement is revised to read as follows:

Customer will arrange for and bear the cost of the construction of all the mains, fire hydrants, and services for approximately 9,250 L.F. of 16 in. D.I.P. and related fittings, (collectively, the "Water Facilities") in accordance with plans and specifications reviewed and approved by the Company, and in accordance with the Company's current Construction Specifications & Standard Specification Drawings. Upon final acceptance by the Company, Customer shall thereafter transfer and convey the Water Facilities to the Company by Bill of Sale, together with a perpetual easement for the maintenance thereof, both documents to be prepared and approved by the Company. Customer shall furnish any document pertaining to ownership and title as may be requested by Company including documents which evidence or confirm transfer of possession to Company, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Customer. All risk or loss of the water facilities shall be with the Customer until written acceptance by the Company, or any portions thereof. Customer shall repair or cause to be repaired promptly, and at no cost to Company, all damage to the Water Facilities caused by Customer's construction operations until all construction in development for Customer has been completed. Customer acknowledges that Company has the right to, and may in the future, connect its existing or future water systems to the Water Facilities.

2. Section 2 of the Agreement is deleted in its entirety.

3. Section 8 of the Agreement is revised to provide that the Customer shall pay any additional costs incurred as the result of design changes made or caused by any of the persons or entities named therein and shall hold Company harmless therefrom.

4. It is further agreed that the Customer will advise all contractors asked to bid the construction of the Water Facilities that Customer will assign to the Company the duty of inspecting the installation of the Water Facilities for compliance with the Company's current Construction Specifications & Standard Specification Drawings, as referenced in Section 1 of this Addendum. If requested by Company, Customer shall "oversize" the Water Facilities as specified by Company. Company shall reimburse Developer for the differential in material prices of the oversized pipe and appurtenances, versus the material prices of the pipe and appurtenances as specified by the Company in the approved plans.

The Customer agrees to require the contractor which will be installing the Water Facilities to arrange for and attend a pre-construction conference with the Company's Division Manager at least two weeks prior to commencing construction of the Water Facilities. Customer shall obtain from the Company a signed Commencement Notice before construction of the Water Facilities begins. Developer's contractor shall comply with the Company's inspection and testing requirements for Water Facilities. Developer/contractor shall give Company adequate notice when the Water Facilities are ready for inspection and testing.

The Company specifically reserves the right to withhold final acceptance of the Water Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Company upon inspection and testing. Customer agrees that it will promptly correct all material defects and deficiencies in construction, materials and workmanship upon request by Company made subsequent to inspection by Company and for one year following Company's written final acceptance of the Water Facilities in accordance with the terms of this Agreement.

Customer hereby assumes the entire responsibility and liability for injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence or willful acts or omissions of Customer, its agent, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith. Accordingly, Customer will indemnify and hold harmless the Company, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage caused by the active or passive negligence or willful acts or omissions of Customer, 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, Customer will assume the defense at Customer's own expense and will pay all judgements rendered therein. In connection therewith, the Customer shall maintain in full force and effect insurance at no less than the following minimum amounts:

WORKER'S COMPENSATION	In accordance with requirements of the laws of the State of Arizona.
COMPREHENSIVE GENERAL LIABILITY (Including contractual liability covering death, bodily injury and property damage)	Combined single limit of not less than $1,000,000 for each occurrence.
AUTOMOTIVE LIABILITY (Including owned, non-owned and hired vehicles)	Combined single limit of not less than $1,000,000 for each occurrence.

Such insurance shall name the Company, its officers, agents, and employees as additional insured and be primary for all purposes.

The Company will at all times have the right to require that all of such insurance be placed with insurance companies that are satisfactory to it. The Customer shall file with the Company a certificate evidencing that each policy of insurance for the above coverages in the minimum amounts

specified has been purchased and is in good standing.

Such certificate shall provide that notice be given to the Company at least thirty (30) days prior to cancellation or material change in the form of such policies or any of them. Such certificates shall be kept on file by the Company and the Company must have current certificates on file, or a certificate must accompany any bid proposal, before that proposal will be accepted by the Company.

It is agreed that the Company is not an agent for Customer and shall not incur any costs or expenses on behalf of Customer and that Customer is not an agent for the Company and shall not incur any costs or expenses on behalf of the Company.

5. Customer shall, within 60 days of operational acceptance of Water Facilities by Company, furnish Company with: (a) copies of all bills, invoices and other statements of expenses incurred by Customer covering all of the costs of materials, equipment, supplies, construction and installation of the Water Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Water Facilities; (c) receipts, specifying exact amount of payments in full by Customer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities; and, (d) 4-mil mylar "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, sizes and pertinent construction details for Water Facilities.

6. Upon final acceptance, Company will provide water service to the Subdivision in accordance with the rates, charges and conditions set forth in the tariffs of Company as filed with the Arizona Corporation Commission. Those rates are subject to change from time to time upon action by the Commission.

7. Customer agrees that the completion of the Water Facilities will be timed so as to enable Company to provide water service to the Subdivision as such service is requested.

Except as set forth herein, and except as necessary to give effect hereto, the Agreement remains in full force and effect and is unmodified.

Company: Arizona Water Company	Customer: Harvard Investments
By: _____	By: _____

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: November 12, 2005 AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	**ARIZONA WATER COMPANY** COST ESTIMATE	DATE PREPARED: 11/12/2005 Attachment "A"
	PREPARED BY: Michael Whitehead	SYSTEM: Casa Grande
	PROJECT LOCATION: N½ Section, 25 T.6S., R.6E. & N½ Sections, 29 and 30T. 6S., R.6E.	DRAWING NO. N/A

PROJECT DESCRIPTION:

Install 9,250 L.F. of 16 in. D.I.P. and related fittings along the south side of Florence Blvd from Mission Parkway to Buckshot Avenue (Offsite Infrastructure to serve Parcels 1, 2, 7, 8 and 9 at Post Ranch.

MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	9,250 L.F.	Install 16 in. D.I.P. and related fittings	$ 441,688	
=> 343	Lot	Inspection	5,773	
SUBTOTAL - MATERIALS & LABOR			$ 447,461	$ -
=> OVERHEAD			26,848	-
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			$ 474,309	$ -
TOTAL ESTIMATED PROJECT COST			$474,309	

KD

V. MAIN EXTENSION AGREEMENTS

A. **CONDITIONS GOVERNING MAIN EXTENSIONS.**

1. An applicant for the extension of mains may be required to pay to the Company, as a refundable advance for construction, before construction is commenced, the estimated reasonable cost of all mains, service lines, valves, fittings and meters.
2. In the event that additional facilities are required to provide pressure, storage, or water supply, exclusively for the new water service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future customers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances for construction.
3. The cost of fire hydrants, fire services and fire mains, and the cost of oversizing mains, service lines or reservoirs for fire service purposes shall be paid by the applicant as a contribution in aid of construction before construction is commenced. Except as provided for in paragraph 6, below, such cost shall not be subject to refund.
4. Upon request by a potential applicant for a main extension, the Company will prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the Company to prepare detailed plans, specifications, or cost estimates will be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company will, upon request, make available within forty-five (45) days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts Company construction of the extension, the deposit will be credited to the cost of construction; otherwise, the deposit will be non-refundable. If the extension is to include oversizing of facilities to be done at the Company's expense, appropriate details will be set forth in the plans, specifications and cost estimates.
5. Where the Company requires an applicant to advance funds for a main extension, the Company will furnish the applicant a copy of Section V of these Terms and Conditions and the Commission's rules and regulations governing main extension agreements prior to the applicant's acceptance of the Company's extension agreement.
6. The Company will determine and inform the applicant of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the total amount paid, the Company will refund the difference (including applicable state and federal income taxes) to the applicant; conversely, if the Company's actual cost of construction is more than the total amount paid, the applicant shall pay the difference (including applicable state and federal income taxes) to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the applicant will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
7. The provisions of this section apply only to those applicants who, in the Company's judgment, will be permanent customers of the Company. Applications for temporary service shall be governed by these Terms and Conditions and other Company tariffs concerning temporary service.

B. **REFUNDS.** Refunds of advances for construction made pursuant to this section will be made in accord with the following method:

1. The Company will each year pay to the party making an advance for construction under a main extension agreement, or that party's assignees or other successors in interest where the Company has received written notice and evidence of such assignment or succession, an amount equal to ten (10) percent of the total gross annual revenue from water sales plus applicable state and federal income taxes to each bona fide customer whose service line is connected to distribution mains covered by the main extension agreement, for a period of ten (10) years.
2. Refunds will be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period.
3. A balance remaining at the end of the ten- (10) year period set out shall become non-refundable, in which case the balance not refunded will be entered as a contribution in aid of construction in the accounts of the Company.
4. The aggregate refunds under this section shall in no event exceed the total of the advances for construction plus applicable state and federal income taxes.
5. No interest will be paid by the Company on any amounts advanced for construction.
6. The Company will make no refunds from any revenue received from any other service lines connected to distribution mains leading up to or taking off from the particular main extension covered by the agreement.
7. Amounts advanced for construction of main extensions will be refunded in accord with the Company's tariffs in force and effect on the date the agreement therefor was executed.

C. **ALL AGREEMENTS ARE TO BE IN WRITING.** All main extension agreements entered into under this section will be evidenced by a written statement, and signed by the Company and by the parties advancing or contributing the funds under this section, or by the duly authorized agents of each.

D. **SYSTEM TO BE AS SPECIFIED BY THE COMPANY.**

1. The size, design, type and quality of materials of the system installed under this section, the location in the ground, and the manner of installation will be specified by the Company, and will be in accord with the requirements of the Commission and/or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission and/or other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions shall be a minimum of six (6) inches standard diameter with a working pressure rating of one hundred fifty (150) psig.
2. Single residential customer advances for construction shall not exceed the reasonable cost of construction of a six- (6) inch diameter main extension. For customer advances for other than a single residential customer, the main sizes will conform to the following specifications:
   a. For mains installed along section lines or their equivalent, a minimum diameter of twelve (12) inches will be required.
   b. For mains installed along mid-section lines or their equivalent, a minimum diameter of eight (8) inches will be required.
   c. For all other locations, a minimum diameter of six (6) inches will be required.

E. **COMPANY OWNS ALL FACILITIES.** All pipelines, valves, fittings, wells, tanks, meters, service lines or other facilities installed under this section shall be the sole property of the Company, and parties making advances for and/or contributions in aid of construction under this section shall have no right, title or interest in any such facilities.

F. **MAIN EXTENSIONS WILL BE SCHEDULED PROMPTLY.** The Company will schedule all new requests for main extension agreements, and for water service under main extension agreements, promptly and in the order received.

G. **APPLICANT MAY REQUEST SPECIFIC CONTRACTOR(S) BE ALLOWED TO BID.** An applicant for water service seeking to enter into a main extension agreement may request that the Company include on a list of contractors from whom bids will be solicited, the name(s) of any qualified and bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the Company. If a lower bid is thus obtained or if a bid is obtained at an equal price with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company will meet the terms and conditions of the bid proffered, or enter into a construction contract with the contractor proffering such bid. A performance bond in the total amount of the contract may be required by the Company from the contractor prior to construction.

H. **FILING OF AGREEMENTS.** All agreements under this section will be filed with and approved by the Utilities Division of the Commission along with a Certificate of Approval to Construct, as issued by the Arizona Department of Environmental Quality or its delegated agent.

1. For main extension agreements with individual residential customers, the approval of the Arizona Department of Environmental Quality or its delegated agent will be obtained by the Company and submitted to the Commission.
2. For main extension agreements with other than individual residential customers, approval of the Arizona Department of Environmental Quality or its delegated agent must be obtained by the applicant and submitted by the applicant to the Company which, in turn, will submit such approval to the Commission with the agreement.

R14-2-406. Main extension agreements

A. Each utility entering into a main extension agreement shall comply with the provisions of this rule which specifically defines the conditions governing main extensions.

B. An applicant for the extension of mains may be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, including all valves and fittings.

1. In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
2. Upon request by a potential applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts utility construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
3. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the Commission rules on main extension agreements prior to the applicant's acceptance of the utility's extension agreement.
4. In the event the utility's actual cost of construction is less than the amount advanced by the customer, the utility shall make a refund to the applicant within 30 days after the completion of the construction or utility's receipt of invoices related to that construction.
5. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

C. Minimum written agreement requirements

1. Each main extension agreement shall include the following information:
   a. Name and address of applicant(s)
   b. Proposed service address
   c. Description of requested service
   d. Description and map of the requested line extension
   e. Itemized cost estimate to include materials, labor, and other costs as necessary
   f. Payment terms
   g. A clear and concise explanation of any refunding provisions, if applicable
   h. Utility's estimated start date and completion date for construction of the main extension
2. Each applicant shall be provided with a copy of the written main extension agreement.

D. Refunds of advances made pursuant to this rule shall be made in accord with the following method: the Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, a minimum amount equal to 10% of the total gross annual revenue from water sales to each bona fide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than ten years. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period set out shall become non-refundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company, however, agreements under this general order may provide that any balance of the amount advanced thereunder remaining at the end of the ten year period set out, shall thereafter remain payable in whole or in part and in such manner as set forth in the agreement.

1. The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.

E. Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.

F. The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement.

G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each.

H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:

1. 150 p.s.i. working pressure rating and
2. 6" standard diameter.

However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the six-inch diameter main extension.

I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.

J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.

K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid.

1. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.

L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account dominated as Contributions in Aid of Construction.

M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5).

MJW-10

EXHIBIT
MJW-10
Admitted

October 13, 2005

William A. Cowie, P.E.
Arcadis G&M, Inc.
3777 East Broadway Blvd Ste 100
Tucson, AZ 85716

Re: Preliminary Water Plan

Dear Mr. Cowie:

Enclosed is a copy of your Preliminary Water Plan for Post Ranch Parcels 1 - 15, Phases 1 and 2 located in Casa Grande, with the required changes and comments of Arizona Water Company (the "Company") shown in red.

Please use this letter to guide you in your preparation of the Formal Water Plan. When the plan is completed, please send us one mylar/vellum or the original and one recorded subdivision plat and drawing indicating the location of all other utilities (gas, electric, telephone, cable television, sewer, etc.) as well as paving and profile.

We will then review your plans and, if everything meets with our approval, we will sign the sepia or the original and return it to you for submittal to the plan review section of the appropriate state and/or county health department with a signed *Application for Approval to Construct* and *Water Service Agreement.*

The following items should be understood by the developer:

a. The Formal Water Plan is to be prepared by the developer's consulting engineer following the Company's Design Policy and System Planning criteria (copy attached).

b. The plans and *Application for Approval to Construct* must **both** be approved and signed by the Company prior to submittal to the state and/or county health department.

c. The Company will not participate in the cost of any facilities required for extending service to a new project.

d. Any reports to the Arizona Department of Water Resources ("ADWR"), Real Estate Department, etc., are the responsibility of the developer and/or his agent.

e. Prior to bidding, roads must be prepared to rough grade and waterline locations surveyed and staked by the developer so that the actual waterline locations correspond with the water plan.

f. The funds for the water system addition including any off-site improvements that may be required will be advanced by the developer prior to construction. **The bidding, contracting, installation and inspection will be performed by the Company**.

FILE COPY

g. The developer must obtain a Certificate of Assured Water Supply for the project and furnish a copy of it to the Company before the Company will sign a contract for installation of the water system. If the project is located in an area outside an active management area established by the Arizona Groundwater Code, the developer must submit plans for the water supply for the project and demonstrate the adequacy thereof to the ADWR. The developer must submit a copy of the report received from the ADWR on the developer's plan.

h. The ADWR has adopted its Third Management Plan which establishes mandatory conservation programs. These conservation programs require that all projects must report the size of "turf-related facilities" associated with the proposed project. ("Turf-related watering" means the application of water from any source to grow landscaping plants on the grounds of the turf-related facility and the use of water from any source to fill or refill any bodies of water, including lakes, ponds or lagoons, that are an integral part of the landscaped area of a turf-related facility. Bodies of water used primarily for swimming purposes are not an integral part of the landscaped area of a turf-related facility.) Indicate in the space provided the total area of this proposed project that will be developed as "turf-related facilities."

Total turf-related facilities: _____ acre(s)

All turf-related facilities ten (10) acres or larger in size must be metered separately pursuant to the provisions of the Second Management Plan.

Projected annual water usage: _____ acre feet (non-residential)

i. When the project involves fire hydrants, the legally recognized public fire protection agency that has the responsibility for fire protection will determine the number and location of the fire hydrants, <u>the minimum required fire flow rate (gpm) and flow duration (hours)</u>. The fire protection authority must specify the required fire flow rate and duration.

1. Minimum required fire flow rate: _____ GPM
2. Minimum required fire flow duration: _____ HOURS

_____
(Public Fire Protection Agency)

By: _____

Title: _____

Date: _____

j. The developer must specify, in writing, the date on which the Company will be required to put the project out to bid. Any requirements regarding time constraints, construction completion deadlines, etc., must be noted in the request to bid so that they may be specified in the bid documents. All necessary approvals from regulatory agencies having jurisdiction over project construction must be received prior to bidding. Please note that the estimated time required from the initial invitation to bid to the start of construction can be eight (8) weeks, or longer. This time is dependent on, but not limited to, material procurement, highway permits, contractor mobilization, etc. An option is available to the developer to make payment for materials in advance of construction. If the developer desires to add qualified contractors to Company's bid list for obtaining labor bids for the project, the developer must so inform the Company prior to the date the project is put out to bid and any such contractors must meet the due date of the bid.

k. If this project includes 2" or larger meters or private fire service taps, those services will begin to be billed for monthly service charges immediately after installation. It is the responsibility of the developer or his agent to contact the local office to provide the information needed for monthly billing.

l. The Company will request, in conjunction with providing water service to this proposed project, the Irrigation and Type 1 Non-Irrigation Grandfathered Rights appurtenant to the property to be transferred to the Company.

Indicate in the space provided whether the property that is being proposed for project has appurtenant Irrigation or Type 1 Non-Irrigation Grandfathered Rights:

☐ Yes ☐ No

Please provide the information requested and sign this document where indicated, retain a copy, and return the original to the Company. **This project will not be approved until the Company receives this signed document.**

Very truly yours,

Michael J. Whitehead
Vice President - Engineering
engineering@azwater.com

kd
Enclosures
bcc: Jerry Dexel - CG

_____
Developer

By:_____

Title: _____

Date:_____

MJW-11

ARCADIS

ARCADIS G&M, Inc.
3777 E. Broadway Blvd.
Suite 100
Tucson, Arizona 85716
Tel 520·903·2393
Fax 520·903·2395

EXHIBIT
tabbies
MJW-11
Admitted

TRANSMITTAL

Subject:
Post Ranch Preliminary Plat

Date:
October 4, 2005

From:
Arden Ranshaw
ARCADIS Engineering

Department:
Land Development

ARCADIS Project No.:
TU002038.0001

To:
Mike Whitehead
Arizona Water Company
3805 N Black Canyon Hwy
Phoenix AZ 85015-5351
(602)240-6860

Accepted by:

_____

Enclosed:

(1) Post Ranch Preliminary Plat (36 x 24)
(1) Post Ranch Preliminary Plat (11 x 17)
(1) Post Ranch preliminary Improvement Plans (36 x 24)

M 10/17/05

MJW-12

EXHIBIT
MJW-12
Admitted

October 14, 2005

Arden Ranshaw
Arcadis G&M, Inc.
3777 East Broadway Blvd Ste 100
Tucson, AZ 85716

Re: Offsite Infrastructure to Serve Post Ranch Phase 1

Dear Arden:

Enclosed is a copy of your Formal Water Plan for Offsite Infrastructure to Serve Post Ranch Phase 1 with changes by Arizona Water Company shown in red.

After you note these changes on your Formal Water Plan, return the original Formal Water Plan to this office. The original Formal Water Plan will be reviewed, approved and returned to you, along with a *Water Service Agreement* and an *Application for Approval to Construct*, which you will need when submitting your project to the plan review section of the appropriate state and/or county health department.

Very truly yours,

Michael J. Whitehead
Vice President – Engineering

kd
Enclosures
bcc: Jerry Dexel - CG

FILE COPY

ARCADIS
3777 E. Broadway Blvd.
Suite 100
Tucson Az 85716

Re: Serve Post Ranch Phase I offsite infrastructure to

Dear

Enclosed is a copy of your Formal Water Plan for the above Reference & Project. with changes by Arizona Water Company shown in red.

After you note these changes on your Formal Water Plan, please return the original Formal Water Plan to this office. The original Formal Water Plan will be reviewed, approved and returned to you, along with a *Water Service Agreement* and an *Application for Approval to Construct*, which you will need when submitting your project to the plan review section of the appropriate state and/or county health department.

Very truly yours,

Enclosure
c:

04/29/98
MW:dmc
E-3-6-1

MJW-13

EXHIBIT
MJW-13
Admitted

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT WATER FACILITIES

ADEQ File No: 20050849	**LTF No:** 38082
System Name: Arizona Water Company	**System Number:** 11009
Project Owner: Arizona Water Company	
Address: P.O. Box 29006, Phoenix, AZ 85038	
Project Location: Casa Grande	**County :** Pinal
Description: "TIERRA GRANDE INTERCONNECT" - CONSISTING OF INSTALLING APPROXIMATELY 35,000 FEET OF 16" DI TRANSMISSION MAINS ALONG FLORENCE BLVD. TO CONNECT WATER SYSTEMS OF TIERRA GRANDE AND CASA GRANDE.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 4 .continued on page 1 through 1

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin.Code. At the project owner's request, the Department **may** conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by: JD1

By: Kwame Agyare 11/09/05
Kwame A. Agyare., P.E. Date
Manager, Drinking Water and
Wastewater Engineering Review
Water Quality Division

RECEIVED
NOV 14 2005

cc: File No : 20050849
Regional Office: Central
Owner: Arizona Water Company
County Health Department: Pinal
Engineer: Arizona Water Company
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

X

MJW-14

December 1, 2005

EXHIBIT
MJW-14
Admitted

Mr. Christopher J. Cacheris
Harvard Investments
17700 North Pacesetter Way
Scottsdale, AZ 85255

Re: Off-Site Infrastructure to Serve Parcels 1, 2, 7, 8 and 9 at Post Ranch

Dear Mr. Cacheris:

Enclosed are four copies of an Agreement for Extension of Water Distribution Facilities (the "Agreement") with an Addendum, one copy of the related Cost Estimate and plans applicable to the above-referenced project, and one copy of the rules of the Arizona Corporation Commission and of Arizona Water Company (the "Company") relating to main extension agreements.

After you have read the Agreement, please sign and return all copies to my attention.

If you have comments or questions, contact me at this office. Thank you.

Very truly yours,

Michael Whitehead
Vice President – Engineering

kd
Enclosures

ARIZONA WATER COMPANY

AGREEMENT FOR EXTENSION OF WATER FACILITIES

Contract No. _____
W.A. No. _____

CUSTOMER: Harvard Investments
Name

17700 North Pacesetter Way
Address

Scottsdale, AZ 85255
City and State *Zip Code*

DATE OF AGREEMENT: _____

DATE OF COST ESTIMATE: (Attachment "A"): November 12, 2005 WATER SYSTEM: Casa Grande

WATER FACILITIES: Off-Site Infrastructure to Serve Parcels 1, 2, 7, 8 and 9 at Post Ranch as per drawing (Attachment "B").

REFUNDABLE ADVANCE IN AID OF CONSTRUCTION for:	Install 9,250 L.F. of 16 in. D.I.P. and related fittings to serve Parcels 1, 2, 7, 8 and 9 at Post Ranch	$ 474,309
NON-REFUNDABLE CONTRIBUTION for:		
	AGREEMENT TOTAL	$ 474,309
	LESS: COST OF CONSTRUCTION	441,688
	BALANCE DUE	$ 32,621

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows: **(SEE ADDENDUM, ATTACHED HERETO)**

1. The Company will construct, or will arrange for the construction of the Water Facilities as described above.
2. The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
3. Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. *Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable.* Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
4. All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
5. The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
6. The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
7. The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
8. The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
9. This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
10. This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY	***HARVARD INVESTMENTS***
Company	Customer
By: _____	By: _____
Title: _____	Title: _____

KD

AGREEMENT FOR EXTENSION OF WATER FACILITIES

This Addendum to Agreement for Extension of Water Facilities (the "Agreement") is made and entered into as of the 12 day of October, 2005 by and between Arizona Water Company ("Company") and Harvard Investments ("Customer") for the extension of water service and facilities to serve Parcels 1, 2, 7, 8 and 9 Offsite Infrastructure at Post Ranch (the "Subdivision").

The Agreement is hereby modified and amended by mutual agreement of the parties in the following particulars:

1. Section 1 of the Agreement is revised to read as follows:

Customer will arrange for and bear the cost of the construction of all the mains, fire hydrants, and services for approximately 9,250 L.F. of 16 in. D.I.P. and related fittings, (collectively, the "Water Facilities") in accordance with plans and specifications reviewed and approved by the Company, and in accordance with the Company's current Construction Specifications & Standard Specification Drawings. Upon final acceptance by the Company, Customer shall thereafter transfer and convey the Water Facilities to the Company by Bill of Sale, together with a perpetual easement for the maintenance thereof, both documents to be prepared and approved by the Company. Customer shall furnish any document pertaining to ownership and title as may be requested by Company including documents which evidence or confirm transfer of possession to Company, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Customer. All risk or loss of the water facilities shall be with the Customer until written acceptance by the Company, or any portions thereof. Customer shall repair or cause to be repaired promptly, and at no cost to Company, all damage to the Water Facilities caused by Customer's construction operations until all construction in development for Customer has been completed. Customer acknowledges that Company has the right to, and may in the future, connect its existing or future water systems to the Water Facilities.

2. Section 2 of the Agreement is deleted in its entirety.

3. Section 8 of the Agreement is revised to provide that the Customer shall pay any additional costs incurred as the result of design changes made or caused by any of the persons or entities named therein and shall hold Company harmless therefrom.

4. It is further agreed that the Customer will advise all contractors asked to bid the construction of the Water Facilities that Customer will assign to the Company the duty of inspecting the installation of the Water Facilities for compliance with the Company's current Construction Specifications & Standard Specification Drawings, as referenced in Section 1 of this Addendum. If requested by Company, Customer shall "oversize" the Water Facilities as specified by Company. Company shall reimburse Developer for the differential in material prices of the oversized pipe and appurtenances, versus the material prices of the pipe and appurtenances as specified by the Company in the approved plans.

The Customer agrees to require the contractor which will be installing the Water Facilities to arrange for and attend a pre-construction conference with the Company's Division Manager at least two weeks prior to commencing construction of the Water Facilities. Customer shall obtain from the Company a signed Commencement Notice before construction of the Water Facilities begins. Developer's contractor shall comply with the Company's inspection and testing requirements for Water Facilities. Developer/contractor shall give Company adequate notice when the Water Facilities are ready for inspection and testing.

The Company specifically reserves the right to withhold final acceptance of the Water Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Company upon inspection and testing. Customer agrees that it will promptly correct all material defects and deficiencies in construction, materials and workmanship upon request by Company made subsequent to inspection by Company and for one year following Company's written final acceptance of the Water Facilities in accordance with the terms of this Agreement.

Customer hereby assumes the entire responsibility and liability for injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence or willful acts or omissions of Customer, its agent, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith. Accordingly, Customer will indemnify and hold harmless the Company, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage caused by the active or passive negligence or willful acts or omissions of Customer, 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, Customer will assume the defense at Customer's own expense and will pay all judgements rendered therein. In connection therewith, the Customer shall maintain in full force and effect insurance at no less than the following minimum amounts:

WORKER'S COMPENSATION	In accordance with requirements of the laws of the State of Arizona.
COMPREHENSIVE GENERAL LIABILITY (Including contractual liability covering death, bodily injury and property damage)	Combined single limit of not less than $1,000,000 for each occurrence.
AUTOMOTIVE LIABILITY (Including owned, non-owned and hired vehicles)	Combined single limit of not less than $1,000,000 for each occurrence.

Such insurance shall name the Company, its officers, agents, and employees as additional insured and be primary for all purposes.

The Company will at all times have the right to require that all of such insurance be placed with insurance companies that are satisfactory to it. The Customer shall file with the Company a certificate evidencing that each policy of insurance for the above coverages in the minimum amounts

specified has been purchased and is in good standing.

Such certificate shall provide that notice be given to the Company at least thirty (30) days prior to cancellation or material change in the form of such policies or any of them. Such certificates shall be kept on file by the Company and the Company must have current certificates on file, or a certificate must accompany any bid proposal, before that proposal will be accepted by the Company.

It is agreed that the Company is not an agent for Customer and shall not incur any costs or expenses on behalf of Customer and that Customer is not an agent for the Company and shall not incur any costs or expenses on behalf of the Company.

5. Customer shall, within 60 days of operational acceptance of Water Facilities by Company, furnish Company with: (a) copies of all bills, invoices and other statements of expenses incurred by Customer covering all of the costs of materials, equipment, supplies, construction and installation of the Water Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Water Facilities; (c) receipts, specifying exact amount of payments in full by Customer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities; and, (d) 4-mil mylar "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, sizes and pertinent construction details for Water Facilities.

6. Upon final acceptance, Company will provide water service to the Subdivision in accordance with the rates, charges and conditions set forth in the tariffs of Company as filed with the Arizona Corporation Commission. Those rates are subject to change from time to time upon action by the Commission.

7. Customer agrees that the completion of the Water Facilities will be timed so as to enable Company to provide water service to the Subdivision as such service is requested.

Except as set forth herein, and except as necessary to give effect hereto, the Agreement remains in full force and effect and is unmodified.

Company: Arizona Water Company	Customer: Harvard Investments
By: _____	By: _____

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: November 12, 2005 AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	**ARIZONA WATER COMPANY** COST ESTIMATE	DATE PREPARED: 11/12/2005 Attachment "A"
	PREPARED BY: Michael Whitehead	SYSTEM: Casa Grande
	PROJECT LOCATION: N½ Section, 25 T.6S., R.6E. & N½ Sections, 29 and 30T. 6S., R.6E.	DRAWING NO. N/A

PROJECT DESCRIPTION:

Install 9,250 L.F. of 16 in. D.I.P. and related fittings along the south side of Florence Blvd from Mission Parkway to Buckshot Avenue (Offsite Infrastructure to serve Parcels 1, 2, 7, 8 and 9 at Post Ranch.

MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	9,250 L.F.	Install 16 in. D.I.P. and related fittings	$ 441,688	
=> 343	Lot	Inspection	5,773	
SUBTOTAL - MATERIALS & LABOR			$ 447,461	$ -
=> OVERHEAD			26,848	-
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			$ 474,309	$ -
TOTAL ESTIMATED PROJECT COST			$474,309	

KD

MJW-15

EXHIBIT
MJW-15
Admitted

May 18, 2006

Mr. Christopher J. Cacheris
Harvard Investments
17700 North Pacesetter Way
Scottsdale, AZ 85255

Re: Off-Site Infrastructure to Serve Parcels 1, 2, 7, 8 and 9 at Post Ranch

Dear Mr. Cacheris:

Enclosed are four copies of an Agreement for Extension of Water Distribution Facilities (the "Agreement") with an Addendum, one copy of the related Cost Estimate and plans applicable to the above-referenced project, and one copy of the rules of the Arizona Corporation Commission and of Arizona Water Company (the "Company") relating to main extension agreements.

After you have read the Agreement, please sign and return all copies to my attention.

If you have comments or questions, contact me at this office. Thank you.

Very truly yours,

Mike Loggins
Engineer
engineering@azwater.com

kd
Enclosures
bcc: Jerry Dexel - CG

FILE COPY

K:\1AWC DAILY WORK\2005\CG\POST RANCH HARVARD INVESTMENTS\E-3-39-1.DOC

03/06/06
MJW:kd
E-3-39-1

ARIZONA WATER COMPANY

AGREEMENT FOR EXTENSION OF WATER FACILITIES

APPLICANT: Harvard Investments
Name
17700 North Pacesetter Way
Address
Scottsdale, AZ 85255
City, State, Zip Code

Contract No. _____
W.A. No. _____

DATE OF AGREEMENT May 19, 2006 WATER SYSTEM: Casa Grande

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

PROJECT COMPLETION: Estimated to be within ____ (____) days from the start date. DATE OF COST ESTIMATE (Attachment "A"): November 12, 2005

WATER FACILITIES: Off-Site Infrastructure to Serve Parcels 1, 2, 7, 8 and 9 at Post Ranch as per drawing (Attachment "B").

Refundable Advance for Construction:	Install 9,250 L.F. of 16 in. D.I.P. and related fittings to serve Parcels 1, 2, 7, 8 and 9 at Post Ranch	$ 474,309
Non-refundable Contribution in Aid of Construction:		
	Less: Cost of Construction	$ 441,668
	Total of Required Advance and Contribution (Check #1)	$ 32,621

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

	Number of Meters	Casa Grande In 0.11883 Out 0.06883 Fee	Coolidge In 0.11883 Out 0.06883 Fee	White Tank In 0.08583 Out 0.06583 Fee	CAP Fee
5/8" x 3/4"	0	$208	$150	$500	$ -
1"	0	$208	$150	$500	$ -
2"	0	$1,173	$800	$1,667	$ -
3"	0	$2,347	$1,600	$2,667	$ -
4"	0	$3,667	$2,500	$5,333	$ -
6" or larger	0	$7,333	$5,000	$8,333	$ -
				Subtotal	$ -
Applicable Rate & Tax		0	0	0	$ -

Total Non-refundable Hook-Up Fee Due Within 15 Days After Notification of ACC Approval (Check #2) $ -

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

Total (of Two Checks Payable by Applicant) $ -

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 services to be performed by the Company and the sums of money to be paid by the Applicant, in accordance with the related Cost Estimate, it is agreed as follows: **(SEE ADDENDUM, ATTACHED HERETO)**

1. The Company will construct, or will arrange for the construction of the Water Facilities as described above.
2. The Applicant will pay to the Company **within 60 days from the commencement of construction** the Total shown above, receipt of which is hereby acknowledged by the Company. The Total shown above to be paid by the Applicant to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Applicant of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Applicant; conversely, if the actual cost of construction is more than the Total amount paid, the Applicant shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Applicant will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Applicant further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Applicant.
3. Refunds of any Advance for Construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Applicant or the Applicant's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide Applicant whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable Advance for Construction received from the Applicant. No interest shall be paid by the Company on any amounts paid hereunder.
4. All Water Facilities installed under this Agreement shall be the sole property of the Company, and the Applicant shall have no right, title or interest in or to any such facilities.
5. The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
6. The Applicant agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Applicant's subdivision, tract, development, or project.
7. The Applicant agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Applicant's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Applicant prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Applicant shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
8. The Applicant agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Applicant or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
9. This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Applicant. **This Agreement may be assigned by the Applicant to a subsequent landowner, such as a homebuilder or developer.**
10. This Agreement, and all rights and obligations hereunder, including those regarding water service to the Applicant, are subject to the Arizona Corporation Commission's "Rules and Regulations" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY
Company

By: _____

Title: _____

HARVARD INVESTMENTS
Applicant

By: _____

Title: _____

AGREEMENT FOR EXTENSION OF WATER FACILITIES

This Addendum to Agreement for Extension of Water Facilities (the "Agreement") is made and entered into as of the 18 day of May, 2006 by and between Arizona Water Company ("Company") and Harvard Investments ("Applicant") for the extension of water service and facilities to serve Parcels 1, 2, 7, 8 and 9 Offsite Infrastructure at Post Ranch (the "Subdivision").

The Agreement is hereby modified and amended by mutual agreement of the parties in the following particulars:

1. Section 1 of the Agreement is revised to read as follows:

Applicant will arrange for and bear the cost of the construction of all the mains, fire hydrants, and services for installation of approximately 9,250 L.F. of 16 in. DIP and related fittings, (collectively, the "Water Facilities") in accordance with plans and specifications reviewed and approved by the Company, and in accordance with the Company's current Construction Specifications & Standard Specification Drawings. Upon final acceptance by the Company, Applicant shall thereafter transfer and convey the Water Facilities to the Company by Bill of Sale, together with a perpetual easement for the maintenance thereof, both documents to be prepared and approved by the Company. Applicant shall furnish any document pertaining to ownership and title as may be requested by Company including documents which evidence or confirm transfer of possession to Company, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant. All risk or loss of the water facilities shall be with the Applicant until written acceptance by the Company, or any portions thereof. Applicant shall repair or cause to be repaired promptly, and at no cost to Company, all damage to the Water Facilities caused by Applicant's construction operations until all construction in development for Applicant has been completed. Applicant acknowledges that Company has the right to, and may in the future, connect its existing or future water systems to the Water Facilities.

2. Section 2 of the Agreement is deleted in its entirety.

3. Section 8 of the Agreement is revised to provide that the Applicant shall pay any additional costs incurred as the result of design changes made or caused by any of the persons or entities named therein and shall hold Company harmless therefrom.

4. It is further agreed that the Applicant will advise all contractors asked to bid the construction of the Water Facilities that Applicant will assign to the Company the duty of inspecting the installation of the Water Facilities for compliance with the Company's current Construction Specifications & Standard Specification Drawings, as referenced in Section 1 of this Addendum. If requested by Company, Applicant shall "oversize" the Water Facilities as specified by Company. Company shall reimburse Applicant for the differential in material prices of the oversized pipe and appurtenances, versus the material prices of the pipe and appurtenances as specified by the Company in the approved plans.

The Applicant agrees to require the contractor which will be installing the Water Facilities to arrange for and attend a pre-construction conference with the Company's Division Manager at least two weeks prior to commencing construction of the Water Facilities. Applicant shall obtain from the Company a signed Commencement Notice before construction of the Water Facilities begins. Applicant's contractor shall comply with the Company's inspection and testing requirements for Water Facilities. Applicant shall give Company adequate notice when the Water Facilities are ready for inspection and testing.

The Company specifically reserves the right to withhold final acceptance of the Water Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Company upon inspection and testing. Applicant agrees that it will promptly correct all material defects and deficiencies in construction, materials and workmanship upon request by Company made subsequent to inspection by Company and for one year following Company's written final acceptance of the Water Facilities in accordance with the terms of this Agreement.

Applicant hereby assumes the entire responsibility and liability for injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence or willful acts or omissions of Applicant, its agent, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith. Accordingly, Applicant will indemnify and hold harmless the Company, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage caused by the active or passive negligence or willful acts or omissions of Applicant, 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, Applicant will assume the defense at Applicant's own expense and will pay all judgements rendered therein. In connection therewith, the Applicant shall maintain in full force and effect insurance at no less than the following minimum amounts:

WORKER'S COMPENSATION	In accordance with requirements of the laws of the State of Arizona.
COMPREHENSIVE GENERAL LIABILITY (Including contractual liability covering death, bodily injury and property damage)	Combined single limit of not less than $1,000,000 for each occurrence.
AUTOMOTIVE LIABILITY (Including owned, non-owned and hired vehicles)	Combined single limit of not less than $1,000,000 for each occurrence.

Such insurance shall name the Company, its officers, agents, and employees as additional insured and be primary for all purposes.

The Company will at all times have the right to require that all of such insurance be placed with insurance companies that are satisfactory to it. The Applicant shall file with the Company a

certificate evidencing that each policy of insurance for the above coverages in the minimum amounts specified has been purchased and is in good standing.

Such certificate shall provide that notice be given to the Company at least thirty (30) days prior to cancellation or material change in the form of such policies or any of them. Such certificates shall be kept on file by the Company and the Company must have current certificates on file, or a certificate must accompany any bid proposal, before that proposal will be accepted by the Company.

It is agreed that the Company is not an agent for Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent for the Company and shall not incur any costs or expenses on behalf of the Company.

5. Applicant shall, within 60 days of operational acceptance of Water Facilities by Company, furnish Company with: (a) copies of all bills, invoices and other statements of expenses incurred by Applicant covering all of the costs of materials, equipment, supplies, construction and installation of the Water Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Water Facilities; (c) receipts, specifying exact amount of payments in full by Applicant to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities; and, (d) 4-mil mylar "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, sizes and pertinent construction details for Water Facilities.

6. Upon final acceptance, Company will provide water service to the Subdivision in accordance with the rates, charges and conditions set forth in the tariffs of Company as filed with the Arizona Corporation Commission. Those rates are subject to change from time to time upon action by the Commission.

7. Applicant agrees that the completion of the Water Facilities will be timed so as to enable Company to provide water service to the Subdivision as such service is requested.

Except as set forth herein, and except as necessary to give effect hereto, the Agreement remains in full force and effect and is unmodified.

Company: Arizona Water Company	Applicant: Harvard Investments
By: _____	By: _____

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: November 12, 2005 AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	**ARIZONA WATER COMPANY** COST ESTIMATE	DATE PREPARED: 11/12/2005 Attachment "A"
	PREPARED BY: Michael Whitehead	SYSTEM: Casa Grande
	PROJECT LOCATION: N½ Section, 25 T.6S., R.6E. & N½ Sections, 29 and 30T. 6S., R.6E.	DRAWING NO. N/A

PROJECT DESCRIPTION:

Install 9,250 L.F. of 16 in. D.I.P. and related fittings along the south side of Florence Blvd from Mission Parkway to Buckshot Avenue (Offsite Infrastructure to serve Parcels 1, 2, 7, 8 and 9 at Post Ranch.

MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	9,250 L.F.	Install 16 in. D.I.P. and related fittings	$ 441,688	
=> 343	Lot	Inspection	5,773	
SUBTOTAL - MATERIALS & LABOR			$ 447,461	$ -
=> OVERHEAD			26,848	-
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			$ 474,309	$ -
TOTAL ESTIMATED PROJECT COST			$474,309	

KD

V. MAIN EXTENSION AGREEMENTS

A. **CONDITIONS GOVERNING MAIN EXTENSIONS.**

1. An applicant for the extension of mains may be required to pay to the Company, as a refundable advance for construction, before construction is commenced, the estimated reasonable cost of all mains, service lines, valves, fittings and meters.
2. In the event that additional facilities are required to provide pressure, storage, or water supply, exclusively for the new water service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future customers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances for construction.
3. The cost of fire hydrants, fire services and fire mains, and the cost of oversizing mains, service lines or reservoirs for fire service purposes shall be paid by the applicant as a contribution in aid of construction before construction is commenced. Except as provided for in paragraph 6, below, such cost shall not be subject to refund.
4. Upon request by a potential applicant for a main extension, the Company will prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the Company to prepare detailed plans, specifications, or cost estimates will be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company will, upon request, make available within forty-five (45) days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts Company construction of the extension, the deposit will be credited to the cost of construction; otherwise, the deposit will be non-refundable. If the extension is to include oversizing of facilities to be done at the Company's expense, appropriate details will be set forth in the plans, specifications and cost estimates.
5. Where the Company requires an applicant to advance funds for a main extension, the Company will furnish the applicant a copy of Section V of these Terms and Conditions and the Commission's rules and regulations governing main extension agreements prior to the applicant's acceptance of the Company's extension agreement.
6. The Company will determine and inform the applicant of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the total amount paid, the Company will refund the difference (including applicable state and federal income taxes) to the applicant; conversely, if the Company's actual cost of construction is more than the total amount paid, the applicant shall pay the difference (including applicable state and federal income taxes) to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the applicant will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
7. The provisions of this section apply only to those applicants who, in the Company's judgment, will be permanent customers of the Company. Applications for temporary service shall be governed by these Terms and Conditions and other Company tariffs concerning temporary service.

B. **REFUNDS.** Refunds of advances for construction made pursuant to this section will be made in accord with the following method:

1. The Company will each year pay to the party making an advance for construction under a main extension agreement, or that party's assignees or other successors in interest where the Company has received written notice and evidence of such assignment or succession, an amount equal to ten (10) percent of the total gross annual revenue from water sales plus applicable state and federal income taxes to each bona fide customer whose service line is connected to distribution mains covered by the main extension agreement, for a period of ten (10) years.
2. Refunds will be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period.
3. A balance remaining at the end of the ten- (10) year period set out shall become non-refundable, in which case the balance not refunded will be entered as a contribution in aid of construction in the accounts of the Company.
4. The aggregate refunds under this section shall in no event exceed the total of the advances for construction plus applicable state and federal income taxes.
5. No interest will be paid by the Company on any amounts advanced for construction.
6. The Company will make no refunds from any revenue received from any other service lines connected to distribution mains leading up to or taking off from the particular main extension covered by the agreement.
7. Amounts advanced for construction of main extensions will be refunded in accord with the Company's tariffs in force and effect on the date the agreement therefor was executed.

C. **ALL AGREEMENTS ARE TO BE IN WRITING.** All main extension agreements entered into under this section will be evidenced by a written statement, and signed by the Company and by the parties advancing or contributing the funds under this section, or by the duly authorized agents of each.

D. **SYSTEM TO BE AS SPECIFIED BY THE COMPANY.**

1. The size, design, type and quality of materials of the system installed under this section, the location in the ground, and the manner of installation will be specified by the Company, and will be in accord with the requirements of the Commission and/or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission and/or other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions shall be a minimum of six (6) inches standard diameter with a working pressure rating of one hundred fifty (150) psig.
2. Single residential customer advances for construction shall not exceed the reasonable cost of construction of a six- (6) inch diameter main extension. For customer advances for other than a single residential customer, the main sizes will conform to the following specifications:
   a. For mains installed along section lines or their equivalent, a minimum diameter of twelve (12) inches will be required.
   b. For mains installed along mid-section lines or their equivalent, a minimum diameter of eight (8) inches will be required.
   c. For all other locations, a minimum diameter of six (6) inches will be required.

E. **COMPANY OWNS ALL FACILITIES.** All pipelines, valves, fittings, wells, tanks, meters, service lines or other facilities installed under this section shall be the sole property of the Company, and parties making advances for and/or contributions in aid of construction under this section shall have no right, title or interest in any such facilities.

F. **MAIN EXTENSIONS WILL BE SCHEDULED PROMPTLY.** The Company will schedule all new requests for main extension agreements, and for water service under main extension agreements, promptly and in the order received.

G. **APPLICANT MAY REQUEST SPECIFIC CONTRACTOR(S) BE ALLOWED TO BID.** An applicant for water service seeking to enter into a main extension agreement may request that the Company include on a list of contractors from whom bids will be solicited, the name(s) of any qualified and bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the Company. If a lower bid is thus obtained or if a bid is obtained at an equal price with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company will meet the terms and conditions of the bid proffered, or enter into a construction contract with the contractor proffering such bid. A performance bond in the total amount of the contract may be required by the Company from the contractor prior to construction.

H. **FILING OF AGREEMENTS.** All agreements under this section will be filed with and approved by the Utilities Division of the Commission along with a Certificate of Approval to Construct, as issued by the Arizona Department of Environmental Quality or its delegated agent.

1. For main extension agreements with individual residential customers, the approval of the Arizona Department of Environmental Quality or its delegated agent will be obtained by the Company and submitted to the Commission.
2. For main extension agreements with other than individual residential customers, approval of the Arizona Department of Environmental Quality or its delegated agent must be obtained by the applicant and submitted by the applicant to the Company which, in turn, will submit such approval to the Commission with the agreement.

R14-2-406. Main extension agreements

A. Each utility entering into a main extension agreement shall comply with the provisions of this rule which specifically defines the conditions governing main extensions.

B. An applicant for the extension of mains may be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, including all valves and fittings.

1. In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
2. Upon request by a potential applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts utility construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
3. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the Commission rules on main extension agreements prior to the applicant's acceptance of the utility's extension agreement.
4. In the event the utility's actual cost of construction is less than the amount advanced by the customer, the utility shall make a refund to the applicant within 30 days after the completion of the construction or utility's receipt of invoices related to that construction.
5. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

C. Minimum written agreement requirements

1. Each main extension agreement shall include the following information:
   a. Name and address of applicant(s)
   b. Proposed service address
   c. Description of requested service
   d. Description and map of the requested line extension
   e. Itemized cost estimate to include materials, labor, and other costs as necessary
   f. Payment terms
   g. A clear and concise explanation of any refunding provisions, if applicable
   h. Utility's estimated start date and completion date for construction of the main extension
2. Each applicant shall be provided with a copy of the written main extension agreement.

D. Refunds of advances made pursuant to this rule shall be made in accord with the following method: the Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, a minimum amount equal to 10% of the total gross annual revenue from water sales to each bona fide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than ten years. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period set out shall become non-refundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company, however, agreements under this general order may provide that any balance of the amount advanced thereunder remaining at the end of the ten year period set out, shall thereafter remain payable in whole or in part and in such manner as set forth in the agreement.

1. The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.

E. Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.

F. The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement.

G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each.

H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:

1. 150 p.s.i. working pressure rating and
2. 6" standard diameter.

However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the six-inch diameter main extension.

I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.

J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.

K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid.

1. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.

L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account dominated as Contributions in Aid of Construction.

M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5).

MJW-16

ARIZONA WATER COMPANY

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

EXHIBIT
MJW-16
Admitted

September 25, 2002

Mr. Cormac Nolan, P.E.
Core Group Consultants
3743 N. 27th St.
Phoenix, AZ 85016

Re: 240-Acres Florence Blvd/Curry Road - Casa Grande, AZ

Dear Mr. Nolan:

Arizona Water Company (the "Company") certifies that no part of the above-described property is currently located within its Certificate of Convenience and Necessity ("CC&N") but is adjacent to its CC&N in Casa Grande, Arizona. If these conditions prevail at the time this property is developed and if no other water company includes this property within its CC&N, the Company certifies that it will provide water service to the above-described property in accordance with the Company's tariffs and the Arizona Corporation Commission's rules and regulations. It will be the responsibility of the developer to provide the funds to install the necessary water facilities, and the Company assumes no liability to install those facilities if the funds are not advanced by the developer.

The design of the water distribution system must comply with the Company's standard specifications that are on file at the Arizona Department of Environmental Quality. Both preliminary and final water system designs must be approved by the Company.

It will also be the responsibility of the developer to meet all the requirements of regulatory agencies having jurisdiction over Arizona subdivisions and of Arizona statutes applicable to subdivided or unsubdivided land, including, but not limited to, requirements relating to a Certificate of Assured Water Supply, as set forth in the Arizona Groundwater Management Act, A.R.S. §45-576.

Very truly yours,

James T. Wilson
Engineer
engineering@azwater.com

tmw

FILE COPY

E:\DAILYWRK\2002\CG\3-3 240-ACRES FLORENCE BLVD-CURRY RD-CORE GROUP.DOC

8/22/01
MW:TM
E-3-3-1

1154

MJW-17

ARIZONA WATER COMPANY

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

EXHIBIT
MJW-17
Admitted

September 25, 2002

Mr. Cormac Nolan, P.E.
Core Group Consultants
3743 N. 27th St.
Phoenix, AZ 85016

Re: 240-Acres Florence Blvd/Curry Road - Casa Grande, AZ

Dear Mr. Nolan:

Enclosed is the Preliminary Cost Estimate you requested. The total estimated cost of the above-referenced project is outlined as follows:

A.	$	233,529	is a refundable advance in aid of construction
B.		0	is a non-refundable contribution
Total	$	233,529	

Labor costs are estimated through previous contracts in this area. Material prices are current but are subject to change. The existing distribution system is limited to a maximum of 450 GPM. If you will notify us when you are ready to proceed, we will obtain a firm bid from a contractor for the installation of the water system.

If you have any questions, please call this office.

Very truly yours,

James T. Wilson
Engineer
engineering@azwater.com

tmw
Enclosures

08/22/96
MW:dmc
E-3-9-

E:\DAILYWRK\2002\CG\9-1 240-ACRES FLORENCE BLVD-CURRY RD-CORE GROUP.DOC

MJW-18

CoreGroup CONSULTANTS

EXHIBIT
MJW-18
Admitted

Arizona Water Company
3805 Black Canyon Highway
Phoenix, Arizona
85015-5351

Date: June 17, 2003
Our File: 1154

RECEIVED
JUN 18 2003
ARIZONA WATER COMPANY
PHOENIX - ENGINEERING

Attention: James T. Wilson
Engineer

Dear Sir:

RE: FLORENCE COUNTRY ESTATES
HIGHWAY 287 AND CURRY ROAD
CC&N/LINE EXTENSION APPLICATION

Please find enclosed a copy of our water plans for Florence Country Estates in Pinal County, AZ. These plans contain the designs for the on-site distribution system as well as an off-site water main along Highway 287 that connects with Arizona Water Company's existing 8" water main at Eleven Mile Corner.

At this time we would like to formally apply to have our proposed subdivision brought into Arizona Water Company's service area included within your Certificate of Convenience and Necessity ("CC&N") for Casa Grande, AZ. Additionally we would like to initiate the process of creating a line extension agreement for our proposed off-site water main.

We submitted our application for a Certificate of Assured Water Supply to the Arizona Department of Water Resources last week and have included a copy for your records.

Our client has asked that we use AWWA C-900 PVC pipe for our water mains. We would be grateful is you could review the use of this material instead of ductile iron pipe.

Should you require additional information please contact me at (602) 778-6876.

Yours truly,
CORE GROUP CONSULTANTS LTD
Per;

Eric Stephenson E.I.T. (BC)

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
PHONE (604) 299-0605 • FAX: (604) 299-0629

MJW-19

EXHIBIT
MJW-19
Admitted

June 26, 2003

Mr. Eric Stephenson E.I.T.
Core Group Consultants
3743 N. 24th St.
Phoenix, AZ 85016

Re: Preliminary Water Plan

Dear Mr. Stephenson:

Enclosed is a copy of your Preliminary Water Plan for Florence Country Estates located in Casa Grande, with the required changes and comments of Arizona Water Company (the "Company") shown in red.

Please use this letter to guide you in your preparation of the Formal Water Plan. When the plan is completed, please send us one mylar/vellum or the original and one recorded subdivision plat and drawing indicating the location of all other utilities (gas, electric, telephone, cable television, sewer, etc.) as well as paving and profile.

We will then review your plans and, if everything meets with our approval, we will sign the sepia or the original and return it to you for submittal to the plan review section of the appropriate state and/or county health department with a signed *Application for Approval to Construct* and *Water Service Agreement.*

The following items should be understood by the developer:

a. The Formal Water Plan is to be prepared by the developer's consulting engineer following the Company's Design Policy and System Planning criteria (copy attached).

b. The plans and *Application for Approval to Construct* must **both** be approved and signed by the Company prior to submittal to the state and/or county health department.

c. The Company will not participate in the cost of any facilities required for extending service to a new project.

d. Any reports to the Arizona Department of Water Resources ("ADWR"), Real Estate Department, etc., are the responsibility of the developer and/or his agent.

e. Prior to bidding, roads must be prepared to rough grade and waterline locations surveyed and staked by the developer so that the actual waterline locations correspond with the water plan.

f. The funds for the water system addition including any off-site improvements that may be required will be advanced by the developer prior to construction. **The bidding, contracting, installation and inspection will be performed by the Company**.

g. The developer must obtain a Certificate of Assured Water Supply for the project and furnish a copy of it to the Company before the Company will sign a contract for installation of the water system. If the project is located in an area outside an active management area established by the Arizona Groundwater Code, the developer must submit plans for the water supply for the project and demonstrate the adequacy thereof to the ADWR. The developer must submit a copy of the report received from the ADWR on the developer's plan.

h. The ADWR has adopted its Second Management Plan which establishes mandatory conservation programs. These conservation programs require that all projects must report the size of "turf-related facilities" associated with the proposed project. ("Turf-related watering" means the application of water from any source to grow landscaping plants on the grounds of the turf-related facility and the use of water from any source to fill or refill any bodies of water, including lakes, ponds or lagoons, that are an integral part of the landscaped area of a turf-related facility. Bodies of water used primarily for swimming purposes are not an integral part of the landscaped area of a turf-related facility.) Indicate in the space provided the total area of this proposed project that will be developed as "turf-related facilities."

Total turf-related facilities: _____ acre(s)

All turf-related facilities ten (10) acres or larger in size must be metered separately pursuant to the provisions of the Second Management Plan.

Projected annual water usage: _____ acre feet (non-residential)

i. When the project involves fire hydrants, the legally recognized public fire protection agency that has the responsibility for fire protection will determine the number and location of the fire hydrants, <u>the minimum required fire flow rate (gpm) and flow duration (hours)</u>. The fire protection authority must specify the required fire flow rate and duration.

1. Minimum required fire flow rate: _____ GPM
2. Minimum required fire flow duration: _____ HOURS

_____ _____
(Public Fire Protection Agency)

By: _____

Title: _____

Date: _____

j. The developer must specify, in writing, the date on which the Company will be required to put the project out to bid. Any requirements regarding time constraints, construction completion deadlines, etc., must be noted in the request to bid so that they may be specified in the bid documents. All necessary approvals from regulatory agencies having jurisdiction over project construction must be received prior to bidding. Please note that the estimated time required from the initial invitation to bid to the start of construction can be eight (8) weeks, or longer. This time is dependent on, but not limited to, material procurement, highway permits, contractor mobilization, etc. An option is available to the developer to make payment for materials in advance of construction. If the developer desires to add qualified contractors to Company's bid list for obtaining labor bids for the project, the developer must so inform the Company prior to the date the project is put out to bid and any such contractors must meet the due date of the bid.

k. If this project includes 2" or larger meters or private fire service taps, those services will begin to be billed for monthly service charges immediately after installation. It is the responsibility of the developer or his agent to contact the local office to provide the information needed for monthly billing.

l. The Company will request, in conjunction with providing water service to this proposed project, the Irrigation and Type 1 Non-Irrigation Grandfathered Rights appurtenant to the property to be transferred to the Company.

Indicate in the space provided whether the property that is being proposed for project has appurtenant Irrigation or Type 1 Non-Irrigation Grandfathered Rights:

☐ Yes ☐ No

Please provide the information requested and sign this document where indicated, retain a copy, and return the original to the Company. **This project will not be approved until the Company receives this signed document.**

Very truly yours,

James T. Wilson
Engineer
engineering@azwater.com

al
Enclosures
Preliminary Water Plan Map
Design Policy and System Planning Criteria
ec: Engineering Staff
c: Jerry Dexel - CG

_____
Developer

By:_____

Title: _____

Date:_____

DESIGN POLICY AND SYSTEM PLANNING CRITERIA FOR WATER DISTRIBUTION SYSTEMS

The following guidelines will be used for main extensions or new subdivisions (the "addition(s)") that will be connected to and served from Arizona Water Company's existing water distribution systems:

A. Whenever possible, water mains shall be looped or of circulating configuration.

B. The proposed additions shall be designed, and constructed, to maintain a minimum pressure of 20 p.s.i. at all points in the existing water distribution system and the addition under normal conditions of flow whenever possible and practical.

C. The water distribution system design shall satisfy both of the following design criteria:

1. The water distribution system design for the new addition shall use the peak domestic demand[1] of the system expressed in gallons per minute. For the purpose of water distribution system design and analysis, the peak domestic demand shall be distributed evenly throughout the water system, unless more accurate information is available concerning the actual distribution of water system demand.

2. When the proposed addition is to serve fire flows from the existing distribution system, the water system design will use system demands computed by adding the minimum required fire flows expressed in gallons per minute to the average peak domestic demand[2] of the system expressed in gallons per minute. For the purpose of water distribution design and analysis one fire hydrant will be designed to flow the minimum fire flow requirement within the addition. The analysis will also place the average peak domestic demand distributed evenly throughout the water system, unless more accurate information is available concerning the actual domestic demand distribution.

D. The required fire flows and fire flow duration relating to any new addition will be specified by the local fire authority and reported to the Company on the Company's Form E-3-5 prior to final design and Company approval of the addition.

E. Water storage shall be designed to meet peak domestic demands and fire protection where possible and practical. The water storage design shall be based upon a 24 hour system study, with peak domestic demands and fire flow storage requirements, with the assumption that the largest source of supply is removed from the analysis.

---

[1]Definition—peak domestic demand: This number shall be calculated using available water system peak production records. The peak demand shall be calculated by multiplying the peak daily production by 2.0. The peak per customer demand shall be calculated by dividing the peak demand by the current customer count and expressed as gallons per minute per customer. Where maximum daily production numbers are not available, the peak domestic demand shall be the peak domestic demand as indicated by ADEQ Engineering Bulletin No. 10.

[2]Definition—average peak domestic demand: The number shall be calculated by multiplying the peak domestic demand by 0.30 and expressed as gallons per minute per customer.

CoreGroup CONSULTANTS

MJW-20

Arizona Water Company
3805 Black Canyon Highway
Phoenix, Arizona
85015-5351

Date: August 8, 2003
Our File: 1154

EXHIBIT
MJW-20
Admitted

RECEIVED
AUG 1 1 2003
ARIZONA WATER COMPANY
PHOENIX - ENGINEERING

Attention: James T. Wilson
Engineer

Dear Sir:

RE: FLORENCE COUNTRY ESTATES
HIGHWAY 287 AND CURRY ROAD
WATER DRAWINGS SECOND SUBMISSION

Please find enclosed a copy of our revised water plans for the above noted project. We have changed the material for the 12" water line along Highway 287 to ductile iron pipe, added water easements at the end of the dead-end roads and moved water valves in accordance with your redline comments. Please review these drawings to determine that they meet your requirements.

Should you require additional information please contact me at (602) 778-6876.

Yours truly,
CORE GROUP CONSULTANTS LTD
Per;

Eric Stephenson E.I.T. (BC)

NEED ABC LETTER, DESIGN REPORT,

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-0629

MJW-21

EXHIBIT
MJW-21
Admitted

August 19, 2003

Mr. Eric Stephenson E.I.T.
Core Group Consultants
3743 N. 24th St.
Phoenix, AZ 85016

Re: Preliminary Water Plan

Dear Mr. Stephenson:

Enclosed is a copy of your Preliminary Water Plan for Florence Country Estates located in Casa Grande, with the required changes and comments of Arizona Water Company (the "Company") shown in red.

Please use this letter to guide you in your preparation of the Formal Water Plan. When the plan is completed, please send us one mylar/vellum or the original and one recorded subdivision plat and drawing indicating the location of all other utilities (gas, electric, telephone, cable television, sewer, etc.) as well as paving and profile.

We will then review your plans and, if everything meets with our approval, we will sign the sepia or the original and return it to you for submittal to the plan review section of the appropriate state and/or county health department with a signed *Application for Approval to Construct* and *Water Service Agreement.*

The following items should be understood by the developer:

a. The Formal Water Plan is to be prepared by the developer's consulting engineer following the Company's Design Policy and System Planning criteria (copy attached).

b. The plans and *Application for Approval to Construct* must **both** be approved and signed by the Company prior to submittal to the state and/or county health department.

c. The Company will not participate in the cost of any facilities required for extending service to a new project.

d. Any reports to the Arizona Department of Water Resources ("ADWR"), Real Estate Department, etc., are the responsibility of the developer and/or his agent.

e. Prior to bidding, roads must be prepared to rough grade and waterline locations surveyed and staked by the developer so that the actual waterline locations correspond with the water plan.

f. The funds for the water system addition including any off-site improvements that may be required will be advanced by the developer prior to construction. **The bidding, contracting, installation and inspection will be performed by the Company**.

g. The developer must obtain a Certificate of Assured Water Supply for the project and furnish a copy of it to the Company before the Company will sign a contract for installation of the water system. If the project is located in an area outside an active management area established by the Arizona Groundwater Code, the developer must submit plans for the water supply for the project and demonstrate the adequacy thereof to the ADWR. The developer must submit a copy of the report received from the ADWR on the developer's plan.

h. The ADWR has adopted its Second Management Plan which establishes mandatory conservation programs. These conservation programs require that all projects must report the size of "turf-related facilities" associated with the proposed project. ("Turf-related watering" means the application of water from any source to grow landscaping plants on the grounds of the turf-related facility and the use of water from any source to fill or refill any bodies of water, including lakes, ponds or lagoons, that are an integral part of the landscaped area of a turf-related facility. Bodies of water used primarily for swimming purposes are not an integral part of the landscaped area of a turf-related facility.) Indicate in the space provided the total area of this proposed project that will be developed as "turf-related facilities."

Total turf-related facilities: _____ acre(s)

All turf-related facilities ten (10) acres or larger in size must be metered separately pursuant to the provisions of the Second Management Plan.

Projected annual water usage: _____ acre feet (non-residential)

i. When the project involves fire hydrants, the legally recognized public fire protection agency that has the responsibility for fire protection will determine the number and location of the fire hydrants, <u>the minimum required fire flow rate (gpm) and flow duration (hours)</u>.
The fire protection authority must specify the required fire flow rate and duration.

1. Minimum required fire flow rate: _____ GPM
2. Minimum required fire flow duration: _____ HOURS

_____ _____
(Public Fire Protection Agency)

By: _____

Title: _____

Date: _____

j. The developer must specify, in writing, the date on which the Company will be required to put the project out to bid. Any requirements regarding time constraints, construction completion deadlines, etc., must be noted in the request to bid so that they may be specified in the bid documents. All necessary approvals from regulatory agencies having jurisdiction over project construction must be received prior to bidding. Please note that the estimated time required from the initial invitation to bid to the start of construction can be eight (8) weeks, or longer. This time is dependent on, but not limited to, material procurement, highway permits, contractor mobilization, etc. An option is available to the developer to make payment for materials in advance of construction. If the developer desires to add qualified contractors to Company's bid list for obtaining labor bids for the project, the developer must so inform the Company prior to the date the project is put out to bid and any such contractors must meet the due date of the bid.

k. If this project includes 2" or larger meters or private fire service taps, those services will begin to be billed for monthly service charges immediately after installation. It is the responsibility of the developer or his agent to contact the local office to provide the information needed for monthly billing.

l. The Company will request, in conjunction with providing water service to this proposed project, the Irrigation and Type 1 Non-Irrigation Grandfathered Rights appurtenant to the property to be transferred to the Company.

Indicate in the space provided whether the property that is being proposed for project has appurtenant Irrigation or Type 1 Non-Irrigation Grandfathered Rights:

☐ Yes ☐ No

Please provide the information requested and sign this document where indicated, retain a copy, and return the original to the Company. **This project will not be approved until the Company receives this signed document.**

Very truly yours,

JW

James T. Wilson
Engineer
engineering@azwater.com

ala
Enclosures
Preliminary Water Plan Map
Design Policy and System Planning Criteria
ec: Engineering Staff
c: Jerry Dexel - CG

_____
Developer

By:_____

Title: _____

Date:_____

DESIGN POLICY AND SYSTEM PLANNING CRITERIA FOR WATER DISTRIBUTION SYSTEMS

The following guidelines will be used for main extensions or new subdivisions (the "addition(s)") that will be connected to and served from Arizona Water Company's existing water distribution systems:

A. Whenever possible, water mains shall be looped or of circulating configuration.

B. The proposed additions shall be designed, and constructed, to maintain a minimum pressure of 20 p.s.i. at all points in the existing water distribution system and the addition under normal conditions of flow whenever possible and practical.

C. The water distribution system design shall satisfy both of the following design criteria:

1. The water distribution system design for the new addition shall use the peak domestic demand[1] of the system expressed in gallons per minute. For the purpose of water distribution system design and analysis, the peak domestic demand shall be distributed evenly throughout the water system, unless more accurate information is available concerning the actual distribution of water system demand.

2. When the proposed addition is to serve fire flows from the existing distribution system, the water system design will use system demands computed by adding the minimum required fire flows expressed in gallons per minute to the average peak domestic demand[2] of the system expressed in gallons per minute. For the purpose of water distribution design and analysis one fire hydrant will be designed to flow the minimum fire flow requirement within the addition. The analysis will also place the average peak domestic demand distributed evenly throughout the water system, unless more accurate information is available concerning the actual domestic demand distribution.

D. The required fire flows and fire flow duration relating to any new addition will be specified by the local fire authority and reported to the Company on the Company's Form E-3-5 prior to final design and Company approval of the addition.

E. Water storage shall be designed to meet peak domestic demands and fire protection where possible and practical. The water storage design shall be based upon a 24 hour system study, with peak domestic demands and fire flow storage requirements, with the assumption that the largest source of supply is removed from the analysis.

---

[1]Definition—peak domestic demand: This number shall be calculated using available water system peak production records. The peak demand shall be calculated by multiplying the peak daily production by 2.0. The peak per customer demand shall be calculated by dividing the peak demand by the current customer count and expressed as gallons per minute per customer. Where maximum daily production numbers are not available, the peak domestic demand shall be the peak domestic demand as indicated by ADEQ Engineering Bulletin No. 10.

[2]Definition—average peak domestic demand: The number shall be calculated by multiplying the peak domestic demand by 0.30 and expressed as gallons per minute per customer.

MJW-22

EXHIBIT
MJW-22
Admitted

September 2, 2003

Mr. Eric Stephenson E.I.T.
Core Group Consultants
3743 N. 24th St.
Phoenix, AZ 85016

Re: Preliminary Water Plan

Dear Mr. Stephenson:

Enclosed is a copy of your Preliminary Water Plan for Florence Country Estates located in Casa Grande, with the required changes and comments of Arizona Water Company (the "Company") shown in red.

Please use this letter to guide you in your preparation of the Formal Water Plan. When the plan is completed, please send us one mylar/vellum or the original and one recorded subdivision plat and drawing indicating the location of all other utilities (gas, electric, telephone, cable television, sewer, etc.) as well as paving and profile.

We will then review your plans and, if everything meets with our approval, we will sign the sepia or the original and return it to you for submittal to the plan review section of the appropriate state and/or county health department with a signed *Application for Approval to Construct* and *Water Service Agreement.*

The following items should be understood by the developer:

a. The Formal Water Plan is to be prepared by the developer's consulting engineer following the Company's Design Policy and System Planning criteria (copy attached).

b. The plans and *Application for Approval to Construct* must **both** be approved and signed by the Company prior to submittal to the state and/or county health department.

c. The Company will not participate in the cost of any facilities required for extending service to a new project.

d. Any reports to the Arizona Department of Water Resources ("ADWR"), Real Estate Department, etc., are the responsibility of the developer and/or his agent.

e. Prior to bidding, roads must be prepared to rough grade and waterline locations surveyed and staked by the developer so that the actual waterline locations correspond with the water plan.

f. The funds for the water system addition including any off-site improvements that may be required will be advanced by the developer prior to construction. **The bidding, contracting, installation and inspection will be performed by the Company**.

g. The developer must obtain a Certificate of Assured Water Supply for the project and furnish a copy of it to the Company before the Company will sign a contract for installation of the water system. If the project is located in an area outside an active management area established by the Arizona Groundwater Code, the developer must submit plans for the water supply for the project and demonstrate the adequacy thereof to the ADWR. The developer must submit a copy of the report received from the ADWR on the developer's plan.

h. The ADWR has adopted its Second Management Plan which establishes mandatory conservation programs. These conservation programs require that all projects must report the size of "turf-related facilities" associated with the proposed project. ("Turf-related watering" means the application of water from any source to grow landscaping plants on the grounds of the turf-related facility and the use of water from any source to fill or refill any bodies of water, including lakes, ponds or lagoons, that are an integral part of the landscaped area of a turf-related facility. Bodies of water used primarily for swimming purposes are not an integral part of the landscaped area of a turf-related facility.) Indicate in the space provided the total area of this proposed project that will be developed as "turf-related facilities."

Total turf-related facilities: _____ acre(s)

All turf-related facilities ten (10) acres or larger in size must be metered separately pursuant to the provisions of the Second Management Plan.

Projected annual water usage: _____ acre feet (non-residential)

i. When the project involves fire hydrants, the legally recognized public fire protection agency that has the responsibility for fire protection will determine the number and location of the fire hydrants, the minimum required fire flow rate (gpm) and flow duration (hours). The fire protection authority must specify the required fire flow rate and duration.

1. Minimum required fire flow rate: _____ GPM
2. Minimum required fire flow duration: _____ HOURS

_____ _____
(Public Fire Protection Agency)

By: _____

Title: _____

Date: _____

j. The developer must specify, in writing, the date on which the Company will be required to put the project out to bid. Any requirements regarding time constraints, construction completion deadlines, etc., must be noted in the request to bid so that they may be specified in the bid documents. All necessary approvals from regulatory agencies having jurisdiction over project construction must be received prior to bidding. Please note that the estimated time required from the initial invitation to bid to the start of construction can be eight (8) weeks, or longer. This time is dependent on, but not limited to, material procurement, highway permits, contractor mobilization, etc. An option is available to the developer to make payment for materials in advance of construction. If the developer desires to add qualified contractors to Company's bid list for obtaining labor bids for the project, the developer must so inform the Company prior to the date the project is put out to bid and any such contractors must meet the due date of the bid.

k. If this project includes 2" or larger meters or private fire service taps, those services will begin to be billed for monthly service charges immediately after installation. It is the responsibility of the developer or his agent to contact the local office to provide the information needed for monthly billing.

l. The Company will request, in conjunction with providing water service to this proposed project, the Irrigation and Type 1 Non-Irrigation Grandfathered Rights appurtenant to the property to be transferred to the Company.

Indicate in the space provided whether the property that is being proposed for project has appurtenant Irrigation or Type 1 Non-Irrigation Grandfathered Rights:

☐ Yes ☐ No

Please provide the information requested and sign this document where indicated, retain a copy, and return the original to the Company. **This project will not be approved until the Company receives this signed document.**

Very truly yours,

JW

for James T. Wilson
Engineer
engineering@azwater.com

tmw
Enclosures
Preliminary Water Plan Map
Design Policy and System Planning Criteria
Engineering Staff

_____
Developer

By:_____

Title: _____

Date:_____

DESIGN POLICY AND SYSTEM PLANNING CRITERIA FOR WATER DISTRIBUTION SYSTEMS

The following guidelines will be used for main extensions or new subdivisions (the "addition(s)") that will be connected to and served from Arizona Water Company's existing water distribution systems:

A. Whenever possible, water mains shall be looped or of circulating configuration.

B. The proposed additions shall be designed, and constructed, to maintain a minimum pressure of 20 p.s.i. at all points in the existing water distribution system and the addition under normal conditions of flow whenever possible and practical.

C. The water distribution system design shall satisfy both of the following design criteria:

1. The water distribution system design for the new addition shall use the peak domestic demand[1] of the system expressed in gallons per minute. For the purpose of water distribution system design and analysis, the peak domestic demand shall be distributed evenly throughout the water system, unless more accurate information is available concerning the actual distribution of water system demand.

2. When the proposed addition is to serve fire flows from the existing distribution system, the water system design will use system demands computed by adding the minimum required fire flows expressed in gallons per minute to the average peak domestic demand[2] of the system expressed in gallons per minute. For the purpose of water distribution design and analysis one fire hydrant will be designed to flow the minimum fire flow requirement within the addition. The analysis will also place the average peak domestic demand distributed evenly throughout the water system, unless more accurate information is available concerning the actual domestic demand distribution.

D. The required fire flows and fire flow duration relating to any new addition will be specified by the local fire authority and reported to the Company on the Company's Form E-3-5 prior to final design and Company approval of the addition.

E. Water storage shall be designed to meet peak domestic demands and fire protection where possible and practical. The water storage design shall be based upon a 24 hour system study, with peak domestic demands and fire flow storage requirements, with the assumption that the largest source of supply is removed from the analysis.

---

[1]Definition—peak domestic demand: This number shall be calculated using available water system peak production records. The peak demand shall be calculated by multiplying the peak daily production by 2.0. The peak per customer demand shall be calculated by dividing the peak demand by the current customer count and expressed as gallons per minute per customer. Where maximum daily production numbers are not available, the peak domestic demand shall be the peak domestic demand as indicated by ADEQ Engineering Bulletin No. 10.

[2]Definition—average peak domestic demand: The number shall be calculated by multiplying the peak domestic demand by 0.30 and expressed as gallons per minute per customer.

ARIZONA WATER COMPANY
Phoenix Office: PO Box 29006 - Phoenix, AZ 85038-9006
Voice: 602.240.6860 Fax: 602.240.6878 Email: mail@azwater.com

MJW-23

FAX TRANSMISSION SHEET

To: Eric Stevenson 1-604-299-0629

Date: September 10, 2003

From: James Wilson

Pages including this cover sheet: 2

Subject: Florence Country Estates

The pages that follow may contain sensitive, privileged or confidential information intended solely for the addressee named above. If you receive this message and are not the agent or employee of the addressee, this facsimile communication has been sent in error. Please do not disseminate or copy any of the attached and notify the sender immediately by telephone. Please also return the attached sheet(s) to the sender by mail.

Eric,

Attached is a map showing the location of the parallel 8" line for the above referenced project. If you have any questions please give me a call.

Thanks,

James Wilson

EXHIBIT
MJW-23
Admitted

MJW-24

CoreGroup CONSULTANTS

3743 North 24th Street, Phoenix, Arizona 85016
TEL (602) 954-7768 FAX (602) 522-9733

EXHIBIT
MJW-24
Admitted

TRANSMITTAL

ATTN: James Wilson

FROM: Eric Stephenson

COMPANY: Arizona Water Company

PROJECT: 1154 – XMT- 003

ADDRESS: 3805 N. Black Canyon Hwy

DATE: September 24, 2003

Phoenix, AZ 85015-5351

FAX: (602) 240-6878

PHONE: (602) 240-6860

RECEIVED
SEP 24 2003
ARIZONA WATER COMPANY
PHOENIX - ENGINEERING

RE: Florence Country Estates

SENT BY: ☐ MAIL ☐ COURIER ☐ BY HAND ☐ PICKUP

ITEM NO.	QTY	DESCRIPTION
1.	2	3rd Submission of Florence Country Estate's Water Plans

NOTE:

SENT BY: Core Group Consultants

RECEIVED BY:

Please sign and return this transmittal to our office via fax (602) 522-9733 to confirm that you have received the items listed above.

CoreGroup CONSULTANTS

MJW-25

EXHIBIT
MJW-25
Admitted

September 29, 2003

Arizona Water Company
3805 N. Black Canyon Highway
Phoenix, AZ
85015-5351

Our File # 1154

Attn: Mr. James Wilson

RE: PROPOSED SUBDIVISION – FLORENCE BLVD/CURRROAD
CASA GRANDE, AZ

We write to address the servicing of the above captioned project with water supplied by Arizona Water Company and our most recent design plans.

We received your response to our inquiry regarding water service requirements, dated September 25, 2002 with copy enclosed. This "will serve' letter outlined the scope of work to be 7,920 feet of 12" watermain with the financial obligation totalling $233,529. This represents a new main installed from our site to 11 Mile Corner. We represented this cost to our client, along with the other pertinent development requirements in determining the feasibility and cost projections of the project. Based upon these representations our client purchased the property and has proceeded with development.

We have since completed our improvement plans and submitted the water design to your offices where we were then notified after 1st review that a further 3,000 feet of main would be required and the cost burden would be placed upon the developer, approx $50,000.

Our client has proceeded along with the development plans of the project relying on your representations and they have now substantially changed. I suppose the purpose of my letter is to inquire about cost recovery options (buy-in or later comers opportunity) or materials changes (DI to PVC would save this cost increase alone) etc. that may bridge this unexpected cost burden. Perhaps the construction can be phased as not all of the homes will be built all at once and perhaps this requirement may be placed upon another user. We ask you review this situation in light of the representations made last year to see if we can mitigate this unfortunate situation.

Please feel free to contact me to see if we can work towards a solution.

Thank you very much.

Yours truly,
CORE GROUP CONSULTANTS

Glen Bryson

Glen Bryson, P.Eng.

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-0629

CoreGroup CONSULTANTS

MJW-25

September 29, 2003

Arizona Water Company
3805 N. Black Canyon Highway
Phoenix, AZ
85015-5351

Our File # 1154

Attn: Mr. James Wilson

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Please feel free to contact me to see if we can work towards a solution.

Thank you very much.

Yours truly,
CORE GROUP CONSULTANTS

Glen Bryson

Glen Bryson, P.E.

3743 NORTH 24TH STREET, PHOENIX, ARIZONA 85016 • PHONE (602) 778-6876 • FAX: (602) 522-9733
320 - 8988 FRASERTON COURT, BURNABY, B.C. V5J 5H8 • PHONE (604) 299-0605 • FAX: (604) 299-0629

MJW-26

EXHIBIT
MJW-26
Admitted

October 9, 2003

Mr. Glen Bryson, P.E.
Core Group Consultants
3743 N. 24th St.
Phoenix, AZ 85016

Re: Florence Country Estates

Dear Mr. Bryson:

Enclosed is a copy of an Agreement for Extension of Water Facilities which details the Arizona Water Company ("the Company") refund policy. At this time, the Company has no other cost recovery options however, the Company does have plans to upsize some of the existing mains and facilities in this area as a part of the 2004 budget. This proposed 2004 budget project should increase the flow rates in the area and reduce the amount of pipeline required to serve Florence Country Estates however, the total effect on the water system will not be known until the project is complete sometime in early 2004.

If you have any further questions please contact me at this office.

Very truly yours,

James T. Wilson
Engineer
engineering@azwater.com

ala
Enclosure
ec: Engineering Staff
Jerry Dexel - CG

FILE COPY

ARIZONA WATER COMPANY
Phoenix Office: PO Box 29006 - Phoenix, AZ 85038-9006
Voice: 602.240.6860 Fax: 602.240.6878

AGREEMENT FOR EXTENSION OF WATER FACILITIES

CUSTOMER: _____
Name
_____
Address
_____
City and State *Zip Code*

Contract No. _____
W.A. No. _____

DATE OF AGREEMENT _____

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

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

DATE OF COST ESTIMATE (Attachment "A"):_____ WATER SYSTEM: [select system]

WATER FACILITIES: as per drawing (Attachment "B").

REFUNDABLE ADVANCE
IN AID OF CONSTRUCTION for: _____ $_____

NON-REFUNDABLE CONTRIBUTION for: _____ _____

AGREEMENT TOTAL $_____

LESS: MAIN EXTENSION DEPOSIT RECEIVED _____

BALANCE DUE $_____

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate, it is agreed as follows:

1. The Company will construct, or will arrange for the construction of the Water Facilities as described above.
2. The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
3. Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. *Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable.* Aggregate refunds shall in no event exceed the total of the refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
4. All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
5. The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
6. The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
7. The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
8. The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
9. This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
10. This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY
Company

By: _____

Title: _____

_____
Customer

By: _____

Title: _____

MJW-27

CoreGroup CONSULTANTS
3743 North 24th Street, Phoenix, Arizona 85016
TEL (602) 954-7768
FAX (602) 522-9733

RECEIVED
OCT 15 2003
ARIZONA WATER COMPANY
PHOENIX - ENGINEERING

TRANSMITTAL

ATTN: James Wilson

FROM: Eric Stephenson

COMPANY: Arizona Water Company

PROJECT: 1154 - XMT - 005.doc

ADDRESS: 3805 N. Black Canyon Highway

DATE: October 14, 2003

Phoenix, Arizona 85015-5351

FAX: (602) 240-6878

PHONE: (602) 240-6860

EXHIBIT
MJW-27
Admitted

RE: Water Mylar and Contract

SENT BY: ☐ MAIL ☑ COURIER ☐ BY HAND ☐ PICKUP

ITEM NO.	QTY	DESCRIPTION
1.	1	Water Mylar and Contract

NOTE:

SENT BY: Core Group Consultants

RECEIVED BY:

Please sign and return this transmittal to our office via fax (602) 522-9733 to confirm that you have received the items listed above.

MJW-28

EXHIBIT
MJW-28
Admitted

October 17, 2003

Mr. Eric Stephenson
Core Group Consultants
3743 N. 24th Street
Phoenix, Arizona 85016

Re: Florence Country Estates- Casa Grande

Dear Mr. Stephenson:

Enclosed is the approved Formal Water Plan for Florence Country Estates.

Also enclosed are a *Water Service Agreement* and an *Application for Approval to Construct*, both of which have been signed by Arizona Water Company. These documents will be required by the plan review section of the appropriate state and/or county health department when you submit your project for approval.

Very truly yours,

James T. Wilson
Engineer
engineering@azwater.com

ala
Enclosure
ec: Engineering Staff
Jerry Dexel - CG

04/29/98
MW:dmc
E-3-8-1

\\SERVER\AWC\ENG\TWITWER\DAILYWORK\2003\E-3-8-1 FLORENCE COUNTRY ESTATES..DOC

October 17, 2003

Mr. Eric Stephenson
Core Group Consultants
3743 N. 24th Street
Phoenix, Arizona 85016

Re: Domestic Water Service to Florence Country Estates- Casa Grande

Dear Mr. Stephenson:

No part of the above referenced project is currently located within the Company's Certificate of Convenience and Necessity (CC&N). This project must be brought into the Company's C C&N b efore w ater s ervice c an b e p rovided. It w ill b e t he r esponsibility o f t he developer to provide the funds to install the necessary water facilities, and the Company assumes no liability to install those facilities if the funds are not advanced by the developer.

The design of the water distribution system must comply with the Company's standard specifications that are on file at the Arizona Department of Environmental Quality. Both preliminary and final water system designs must be approved by the Company.

It will also be the responsibility of the developer to meet all the requirements of regulatory agencies having jurisdiction over Arizona subdivisions and of Arizona statutes applicable to subdivided or unsubdivided land, including, but not limited to, requirements relating to a Certificate of Assured Water Supply, as set forth in the Arizona Groundwater Management Act, A.R.S. §45-576.

Very truly yours,

James T. Wilson
Engineer
engineering@azwater.com

ala
Enclosure
ec: Engineering Staff
Jerry Dexel - CG

FILE COPY

04/29/98
MW:dmc
E-3-1-1

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION
3033 N. CENTRAL AVENUE - PHOENIX, ARIZONA 85012

DRINKING WATER SERVICE AGREEMENT

To be completed and signed, where appropriate, and submitted with the APPLICATION FOR APPROVAL OF SANITARY FACILITIES FOR SUBDIVISIONS

DRINKING WATER SERVICE AGREEMENT - An agreement subject to the attached letter which is effective this date has been made between the owners of:

Florence Country Estates
NAME OF SUBDIVISION

and the ARIZONA WATER COMPANY
NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operation of the system:

Date 10/17/03

Name Michael Whitehead
TYPE OR PRINT

SIGNATURE

Title Vice President - Engineering

Address P.O. Box 29006

City Phoenix, AZ 85038-9006

---

j:\WEDR\Applications-DrinkingWater\DrinkingWaterServiceAgreement

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY - WATER QUALITY DIVISION

APPLICATION for APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES

(PLEASE SUBMIT TO THE ADEQ ENGINEERING REVIEW DESK AT 1110 W. WASHINGTON ST., PHOENIX, AZ 85007)

A. PROJECT NAME: Florence Country Estates

B. PROJECT TYPE (Please check all applicable components for the OVERALL PROJECT):

__ New Drinking Water Well or Source
X Water Line and Appurtances
__ Water Treatment Plant
__ Other: _____

C. SYSTEM NAME/PUBLIC WATER SYSTEM NUMBER/OPERATIONAL STATUS:

SYSTEM NAME: Arizona Water Company - Casa Grande SYSTEM NUMBER 1 1 0 0 9

__ New System X Extension to Existing System

D. PROJECT LOCATION (Please provide approximate center. Information is required to accept application):

LATITUDE 3 2 ° 5 2 ' 0 0.0 " N LONGITUDE 1 1 1 ° 3 5 ' 0 0.0 " W

TOWNSHIP 6S RANGE 7E SECTION 27 QUARTER SECTION (CIRCLE) NE SE SW NW

COUNTY Pinal

E. PROJECT DESCRIPTION: Install a water distribution system to serve Florence Country Estates.

	F. PROJECT ENGINEER (PLEASE PRINT):	**G. PROJECT OWNER** (PLEASE PRINT):
NAME	Michael Whitehead	Arizona Water Company
ADDRESS	P.O. Box 29006	P.O. Box 29006
	Phoenix, AZ 85038-9006	Phoenix, AZ 85038-9006
PHONE NO./FAX NO.	602-240-6860 / 602-240-6878	602-240-6860 / 602-240-6878
SIGNATURE/DATE	Michael Whitehead 10-7-03	Michael Whitehead 10-7-03

H. PLAN DOCUMENTS SUBMITTED (PLEASE SEE ADEQ FORM #222, SUBMITTAL GUIDE FOR VARIOUS PROJECT TYPES)
NOTE: INCOMPLETE SUBMITTALS WILL NOT BE LOGGED IN.

J. OWNER/AGENT AGREEMENT AND SCHEDULE: AGREEMENT-The undersigned as Project Owner or as acting Agent for the Project Owner hereby a) grants ADEQ permission to enter the site for inspections; b) authorizes the Project Engineer to prepare and submit plan documents to the ADEQ ENGINEERING REVIEW DESK; and c) agrees to construct the sanitary facilities according to the ADEQ Certificate of Approval and the approved plan documents.

CONSTRUCTION SCHEDULE-Estimated start date: Upon receipt of approval Estimated completion date: W/in 1 year from approval

Michael Whitehead	V.P.- Engineering	Michael Whitehead	10-7-03
TYPE OR PRINT NAME	AFFILIATION	SIGNATURE	DATE

ADEQ COMPLIANCE EVALUATION: ADEQ FILE NO: _____

IN-COMPLIANCE: _____ **LTF NUMBER:** _____

NON-COMPLIANCE: _____

COMMENTS: _____ SITE INSPECTION REQUIRED? __ NO __ YES

IF NECESSARY TO REPRODUCE THIS FORM, DO SO ONLY ON PLAIN WHITE PAPER

MJW-29

EXHIBIT
MJW-29
Admitted

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT WATER FACILITIES

ADEQ File No: 20030575

System Name: Az Water Co - Casa Grande **System Number:** 11009

Project Owner: Az Water Co

Address: P.O. Box 29006, Phoenix, AZ 85038

Project Location: Casa Grande **County :** Pinal

Description: OFF-SITE WATER MAIN EXTENSION AND ON-SITE WATER DISTRIBUTION SYSTEM TO SERVE FLORENCE COUNTRY ESTATES AS PER APPROVED PLANS AND SPECIFICATIONS. THE PROJECT MAY BE CONSTRUCTED IN FOUR PHASES.

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 4 continued on page 1 through 1

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin.Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by JD1

By: Aolad Hossain 1/8/04
Aolad Hossain., P.E., Manager Date
Technical Engineering Unit
Water Quality Division

cc: File No : 20030575
Regional Office: Central
Owner: Az Water Co
County Health Department: Pinal
Engineer: Az Water Co.
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

RECEIVED
JAN 15 2004

MJW-30

#115 - 988 BEACH AVENUE
VANCOUVER, B.C.
V6Z 2N9

CANADA: (604) 685-2551
FAX: (604) 685-2533
TOLL FREE: 800-663-8013

E-MAIL: bcarpenter@taina.com

MADISON DIVERSIFIED CORP.

EXHIBIT
MJW-30
Admitted

To: JAMES WILSON
From: Brian Carpenter –Secretary/Treasurer
Fax: (602) 240-6878
Pages: 10
Re: ANNUAL REPORTING AGMNT
Date: APRIL 21 / 2004

FLORENCE COUNTRY ESTATES.

ATTACHED IS A DRAFT "REPORTING AGREEMENT"

PLS ADVISE CHANGES (IF ANY) OR OK

AND I WILL FORWARD (UPDATED) "ORIGINALS"

TO YOU — AND SAN CARLOS —

FOR SIGNATURE / APPROVAL

THANK YOU

BRIAN CARPENTER
BCARPENTER@TAINA.COM
1800 663 8013

Brian C

(PS ALSO ORIGINAL FAX IS INCLUDED)

#115 - 988 BEACH AVENUE
VANCOUVER, B.C.
V6Z 2N9

CANADA: (604) 685-2551
FAX: (604) 685-2533
TOLL FREE: 800-663-8013

MADISON DIVERSIFIED CORP.

E-MAIL: bcarpenter@taina.com

— ARIZONA WATER COMPANY

To: MICHAEL WHITEHEAD
From: Brian Carpenter - Secretary/Treasurer
Fax: (602) 240-6878
Pages: (CC) CARMAC NOLAN (CC)
Re: ANNUAL REPORTING AGMNT
Date: APRIL 5 / 2004

FLORENCE COUNTRY ESTATES.

- ATTACHED IS A DRAFT CONTRACT BASED ON AN EXAMPLE I RECEIVED FROM CAGRD.
- PLEASE ADVISE IF OK — OR WHAT CHANGES YOU REQUIRE.
- IF OK — I WILL FORWARD 4 "ORIGINALS"
  — CAGRD WILL REQUIRE AN ORIGINAL — (AND ONE TO EACH SIGNING PARTY)

Recording Requested By:
ARIZONA WATER COMPANY

When Recorded, Mail To:
Arizona Water Company
P.O. Box29006
Phoenix, Arizona 85038-9006

ANNUAL REPORTING AGREEMENT

THIS AGREEMENT is entered into by and between Arizona Water Company, an Arizona corporation, hereinafter the "COMPANY," Florence Country Estates Homeowners Association, Inc. an Arizona non-profit corporation, hereinafter the "ASSOCIATION," and San Carlos Irrigation and Drainage District, hereinafter the "DISTRICT."

A. The subdivision known as Florence Country Estates is a planned community as defined in A.R.S. 33-1802 and as described in Exhibit A herein (the "SUBDIVISION"); and

B. The COMPANY is a public service corporation, regulated by and subject to the jurisdiction of the Arizona Corporation Commission which has granted the COMPANY a Certificate of Public Convenience and Necessity which authorizes and requires the COMPANY to provide water service, including service of water for irrigation purposes, within a service area that includes the SUBDIVISION; and

C. The ASSOCIATION is an association as defined in A.R.S. 33-1802.1; and

D. The DISTRICT is an irrigation district as defined in A.R.S. 48-2901, et seq., and a municipal corporation that provides untreated water for irrigation purposes to member land within the DISTRICT's boundaries, and

E. The owners/developers of the SUBDIVISION desire that the SUBDIVISION become a Member Land of the Central Arizona Groundwater Replenishment District (the "CAGRD"); and

F. The Central Arizona Groundwater Replenishment District (the "CAGRD"), in accordance with A.R.S. 48-3775(A), requires the COMPANY to file annual reports with the CAWCD, the Director of the Arizona Department of Water Resources, the Pinal County Tax Assessor and the Pinal County Treasurer (the "Water Delivery Reports") on or before _____of each year related to the Company's groundwater deliveries, after water deliveries to the SUBDIVISION have commenced; and

March 31

G. The ASSOCIATION desires that the COMPANY file annual Water Delivery Reports for the SUBDIVISION which will include any untreated groundwater deliveries to the SUBDIVISION by the DISTRICT; and

H. This AGREEMENT shall be filed as an Amendment Declaration establishing the SUBDIVISION and the ASSOCIATION as defined in A.R.S 33-1802.3.

NOW, THEREFORE, in consideration of the terms, provisions and covenants hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows;

1. The ASSOCIATION agrees to provide all necessary information, in the form of an annual report, to the COMPANY by February 20 of each year, regarding any untreated groundwater deliveries made by the DISTRICT to the SUBDIVISION after the recordation of this AGREEMENT. The ASSOCIATION also agrees to cooperate fully with the COMPANY concerning the COMPANY's preparation and filing of the annual Water Delivery Reports.

2. The DISTRICT agrees to provide all necessary information, in the form of an annual report, to the ASSOCIATION prior to Feb 20 of each year, regarding any untreated groundwater deliveries made by the DISTRICT to the SUBDIVISION after the recordation of this AGREEMENT. The DISTRICT also agrees to cooperate fully with the ASSOCIATION concerning the ASSOCIATION's preparation and provision of the ASSOCIATION's annual report to the COMPANY.

3. The COMPANY agrees to preparation and file the annual Water Delivery Reports in accordance with A.R.S. 48-3775(A), which reports will include any untreated groundwater deliveries made by the DISTRICT to SUBDIVISION reported to the COMPANY by the ASSOCIATION.

4. The COMPANY shall have no obligation to report any deliveries of untreated groundwater made from the DISTRICT to the SUBDIVISION if the ASSOCIATION fails to provide the necessary information to the COMPANY as set forth herein.

5. The ASSOCIATION shall fully indemnify, defend and hold harmless the COMPANY and its directors, agents, officers, employees, and representatives from and against any liability, loss, claim, damage, penalty, violation or expense incurred by the COMPANY directly or indirectly arising in connection with this AGREEMENT to the extent caused by the negligence or misconduct of the ASSOCIATION or from nonperformance of the terms and conditions of this AGREEMENT by the ASSOCIATION.

6. This AGREEMENT may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original. Signature pages may be detached from the counterparts and attached to a single copy of this document to form physically one document.

7. Any notice given in connection with this AGREEMENT must be in writing and must be given by personal delivery, overnight delivery, facsimile, or United States certified or registered mail. Any such notice must be addressed to the appropriate party at the following address(or at any other address as a party hereto may hereafter designate by written notice given as required by this paragraph):

COMPANY

For delivery use:

Arizona Water Company
3805 North Black Canyon Highway
Phoenix, AZ 85015
Attn: VP – Operations

For U.S. Mail use:

Arizona Water Company
P.O. Box 29006
Phoenix, AZ 85038-9006
Attn: Vice President – Operations

For facsimile use:

(602) 240-6878
Attn: Vice President – Operations

ASSOCIATION

For delivery use:

Florence Country Estates Homeowners Association, Inc
115 - 988 Beach Avenue
Vancouver, B.C. V6Z 2N9

For U.S. Mail use:

The same

For facsimile use:

(604) 685-2533

DISTRICT

For delivery use:

San Carlos Irrigation and Drainage District
120 South 3rd
Coolidge , AZ 85228
Attn: District Manager

For U.S. Mail use:

San Carlos Irrigation and Drainage District
P.O. Box 219
Coolidge, AZ 85228
Attn: District Manager

For facsimile use:

(520) 723-7965
Attn: District Manager

For the Purpose of sending annual reports, the reporting party may send such annual reports to the receiving party's U.S. Mail address listed above by the regular mail or by facsimile.

8. This AGREEMENT may be modified, amended or revoked only by the express written agreement of the parties hereto.

IN WITNESS WHEREOF, this AGREEMENT is execute and effective as of the date indicated below.

ASSOCIATION:

Florence Country Estates Homeowners Association, Inc
an Arizona non-profit corporation

By: _____

Name: _____

Its: _____

DISTRICT:

San Carlos Irrigation and Drainage District .
an Arizona irrigation district, as defined in A.R.S. 48-2901, et seq.

By: _____

Name: _____

Its: _____

COMPANY:

Arizona Water Company, an Arizona corporation

By: _____

Name: _____

Its: _____ Dated: _____

PROVINCE OF BRITISH COLUMBIA, CANADA

The foregoing instrument was acknowledged before be on this ____ day of April, 2004 by Brian R Carpenter, the Secretary/Treasurer of Florence Country Estates Homeowners Association ,Inc. on behalf of the Association.

_____
Notary Public

My commission expires:

_____

STATE OF)
)ss.
County of)

The foregoing instrument was acknowledged before be on this ____ day of _____ 2004 by _____, the _____ of the San Carlos Irrigation and Drainage District on behalf of the District.

_____
Notary Public

My commission expires:

_____

STATE OF ARIZONA)
)ss.
County of)

The foregoing instrument was acknowledged before be on this ____ day of _____, 2004 by _____, the _____of the Arizona Water Company, on behalf of the Arizona Water Company.

_____
Notary Public

My commission expires:

_____

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
500 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2460

NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES

Subdivision/Development Name: Florence Country Estates

Owner: See Owner's Page

Private Water Company ("PWC") Name: Arizona Water Company - Casa Grande
(If the water provider has several divisions, please specify in which service area the subdivision is located.)

ADWR Service Area Right Number: 56-001307
(Number can be found on ADWR Annual Reports)

ADEQ Public Water System Number: 11009
(Please indicate the number valid for this subdivision)

Will Development be served from the PWC's existing, or an extension of, the water distribution system? X Yes No

If no, will the PWC be establishing a new service area right to serve the Development? Yes No

If yes, what type of right will be used to establish the service area right

If the Development is not served from the existing, or an extension of, the water distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

Is the Development within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? Yes X No

If no, has an application for an extension of the CC&N been filed? X Yes No

If yes, date of submittal: August 12, 2003 Approved? Yes No

Please include a copy of the application for extension and reference as an attachment:

If the Development is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Development.

1	2	3	4	5	6
Number of Lots	Person per Housing Unit	GPCD	On-Site Residential Demand (af/yr)	On-Site Non-Residential Demand (af/yr)	Total On-Site Demand (af/yr)
246	3.5	125	120.56	130.46***	251.02

***Including 10% Lost & Unaccounted For

Arizona Water Company (the "Company") certifies that the Development is within the Company's existing CC&N or that it has filed an application with the ACC to extend its CC&N to include the Development and that it will provide water service to the Development, subject to the Company's *Terms and Conditions for the Provision of Water Service*, and all other applicable Tariffs on file with the Arizona Corporation Commission ("ACC"), with an amount of water sufficient to satisfy water demands of the Development, which are estimated above. This Notice of Intent to serve is conditioned upon the Company's receipt of all necessary approvals from the ACC and other regulatory agencies and the Company's receipt of all necessary permits. The Company further certifies that the Development will be served from the existing, or an extension of the existing water distribution system and, if not, a new service area right will be established using the water right specified above. The Company acknowledges that it has reviewed the total estimated water demand of this subdivision.

[signature]	Michael J. Whitehead	Vice President - Engineering	12-11-2003
Company Representative Signature	Name	Title	Date
B Carpenter	BRIAN CARPENTER	SECRETARY / TREASURER	02/11/2004
CAWS Applicant Signature	Name	Title	Date
VAL		HWY 287 FLORENCE BVD INC	

W:\DAILY\WORK\[illegible]\ADWR NOTICE OF INTENT TO SERVE FLORENCE COUNTRY ESTATES.DOC.DOC REVISED BY AMG

Signature	Name	Title	Date

ARIZONA DEPARTMENT OF WATER RESOURCES

OFFICE OF ASSURED WATER SUPPLY
800 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
(602) 417-2465

NOTICE OF INTENT TO SERVE UNTREATED WATER BY IRRIGATION DISTRICTS

Subdivision/Development Name: FLORENCE COUNTRY ESTATES

Owner: See Owners Page

Irrigation District Name: SAN CARLOS IRRIGATION & DRAINAGE DISTRICT

ADWR Service Area Right Number: 57- _____ (Number can be found on ADWR Annual Reports)

Is the subdivision to be served within the irrigation district's service area? ___Yes ___No

1	2	3	4	5
Number of Lots	Estimated Demand per Housing Unit Served by Irrigation District	Estimated Residential Demand (af/yr) Served by Irrigation District	Estimated Other Demand (af/yr) Served by Irrigation District	Total Estimated Annual Demand (af/yr) Served by District
246		1180.80	130.46	1311.27

The undersigned irrigation district agrees to provide to the development indicated above an amount of untreated water sufficient to satisfy part of the water demands of the development as estimated above, subject to the law of priority and other applicable laws, including laws relating to the distribution of water in the event of shortage, and the terms and conditions of service imposed by the irrigation district. This Notice of Intent to Serve is conditioned upon the irrigation district's receipt of any necessary approvals from the relevant regulatory agencies and the irrigation district's receipt of all necessary payments. The irrigation district further attests that the development is within the irrigation district's service area and is eligible to receive untreated water deliveries from the irrigation district for Non-Irrigation Use by the subdivision. The irrigation district also acknowledges that it has reviewed the estimated water demand of the subdivision, as listed above, and understands the effect of this demand on its compliance with any applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the irrigation district authorized to sign the agreement:

Irrigation District's Authorized Agent (please type or print): Douglas D Mason

Douglas D Mason — General Manager — 12/17/03

Signature of Authorized Agent of Irrigation District — Title — Date

B Carpenter — SECRETARY/TREASURER — 02/11/2003

Signature of Applicant — Title — Date

HWY 287 & FLORENCE BOULEVARD INC

Signature of Optionee/ or Authorized Agent — Title — Date

ARIZONA WATER COMPANY
Phoenix Office: PO Box 29006 - Phoenix, AZ 85038-9006
Voice: 602.240.6860 Fax: 602.240.6878 Email: mail@azwater.com

FAX TRANSMISSION SHEET

To:	Brian Carpenter 1-604-685-2533	Date:	April 28, 2004
From:	James Wilson	# Pages including this cover sheet:	9
Subject:	Florence Country Estates Annual Reporting Agreement Changes		

The pages that follow may contain sensitive, privileged or confidential information intended solely for the addressee named above. If you receive this message and are not the agent or employee of the addressee, this facsimile communication has been sent in error. Please do not disseminate or copy any of the attached and notify the sender immediately by telephone. Please also return the attached sheet(s) to the sender by mail.

MJW-31

CENTRAL ARIZONA PROJECT

P.O. Box 43020 • Phoenix, Arizona 85080-3020 • 23636 North Seventh Street (85024)
(623) 869-2333 • www.cap-az.com

EXHIBIT
MJW-31
Admitted

July 22, 2004

Ms. Natasha Reed
Core Group
3743 N. 24th St.
Phoenix, AZ 85016

Subject: **CAGRD Member Land Enrollment Application**
Florence Country Estates
CAGRD I.D. 01-25-618

Dear Ms. Reed:

Based on the information provided in the subject application, we have prepared and enclosed the following documents that must be executed and recorded in order to complete the enrollment process.

Declaration of Covenants, Conditions and Restrictions. An original and one duplicate original Declaration of Covenants, Conditions and Restrictions must be signed on behalf of the Declarant(s), including any Beneficiary and/or Optionee(s).

Agreement and Notice of Municipal Provider Reporting Requirements. An original and one duplicate original Agreement and Notice of Municipal Provider Reporting Requirements must be signed on behalf of the Owner(s), including any Beneficiary and/or Optionee(s), and by the Municipal Provider.

Please have all signatures notarized and return the signed and notarized documents to us. We will have the Agreements executed on behalf of the Central Arizona Water Conservation District, and we will record both the Declaration and Agreement in the Pinal County Recorder's office. After recording, we will notify the Arizona Department of Water Resources that the subdivision has completed the process for becoming a member land of the CAGRD, and we will return fully executed copies to you and the Municipal Provider.

If you have any questions, please call Jeni Martin at (623) 869-2243.

Sincerely,

Clifford A. Neal, Manager
Central Arizona Groundwater Replenishment District

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080.02
Enclosures
CERTIFIED MAIL

CERTIFIED COPY OF CORPORATE RESOLUTION
OF

_____
AN ARIZONA CORPORATION MADISON DIVERSIFIED 882 CORP

I, BRIAN CARPENTER, hereby certify that I am the Secretary of HWY 287 FLORENCE BOULEVARD INC, an ~~ARIZONA~~ corporation(s) (the "Corporation"), the custodian of the records of the Corporation; that the following is a full, true and correct copy of a resolution of the board of directors of the Corporation as the same appears in the records of the Corporation: and that the resolutions have not been amended or revoked and are still in full force and effect.

WHEREAS, the Corporation is the owner of a parcel of land which is being subdivided under the name "FLORENCE COUNTRY ESTATES" (the "Property");

WHEREAS, the Corporation must obtain a Certificate of Assured Water Supply issued by the Arizona Department of Water Resources ("DWR") to allow the development, use and enjoyment of the Property. The Corporation has applied to DWR for a Certificate of Assured Water Supply pursuant to Arizona Revised Statutes, Title 45, Chapter 2, Article 9. The Corporation desires to satisfy one requirement for obtaining a Certificate of Assured Water Supply by qualifying the Property as a Member Land in the Central Arizona Groundwater Replenishment District, an operating subdivision of the Central Arizona Water Conservation District. To qualify as a Member Land, the Corporation must satisfy the requirements of Arizona Revised Statutes, Title 48, Chapter 22 (the "Groundwater Replenishment Statutes"). The Groundwater Replenishment Statutes require that the Corporation record a declaration against the Property that complies with A.R.S. § 48-3774.A.5;

WHEREAS, the Corporation deems it to be in its best interest to qualify the Property as a Member Land in the Central Arizona Groundwater Replenishment District;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation is hereby authorized and directed to execute and perform a Declaration of Covenants, Conditions and Restrictions for FLORENCE COUNTRY ESTATES Regarding Membership in the Central Arizona Groundwater Replenishment District (the "Declaration"), and to record the Declaration against the Property;

FURTHER RESOLVED, that the Corporation is authorized and directed to perform such acts and to execute and deliver such instruments, agreements and documents as may be necessary, required or appropriate to qualify the Property as a Member Land in the Central Arizona Groundwater Replenishment District, including without limitation, the execution and performance by the Corporation of an Agreement and Notice of Municipal Provider Reporting Requirements for FLORENCE COUNTRY ESTATES Regarding Membership in the Central Arizona Groundwater Replenishment District (the "Agreement");

FURTHER RESOLVED, that the following officers of the Corporation: X

JAMES.P. LEE (PRESIDENT) — Name/Title
OR
BRIAN.R. CARPENTER (SECRETARY/TREASURER) — Name/Title

be, and each hereby is, acting alone, authorized and directed, in the name of and on behalf of the Corporation, to perform such acts and to execute and deliver such instruments, agreements and documents, including without limitation the Declaration and the Agreement as may be necessary, required or appropriate to carry out the purposes of the herein resolutions; and

FURTHER RESOLVED, that each and every action taken by the Corporation prior to the adoption of the foregoing Resolutions pertinent to qualifying the Property as Member Land in the Central Arizona Groundwater Replenishment District is hereby ratified, approved, confirmed and adopted.

DATED: This 18 day of AUGUST, 2004

B Carpenter, SECRETARY/TREASURER
Name

Province ~~STATE~~ OF BC)
City ~~County~~ of Vancouver) ss.
)

The foregoing instrument was acknowledged before me this 18th day of August, 2004, by Brian Carpenter, the Secretary/Treasurer of Madison Diversified 882 Corp and HWY 287 Florence Boulevard Inc.

Notary Public

My commission expires:
Permanent

Kyle C. Hyndman
McCrea & Associates
Immigration & Citizenship Lawyers
Suite 102-1012 Beach Ave.
Vancouver, B.C. Canada V6E 1T7
Tel. 604-662-8200 Fax 604-662-8225
Commissioner of Oaths and Notary in and for the Province of British Columbia

080.02
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When recorded, return to:
Central Arizona Water
Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater
Replenishment District

AGREEMENT AND NOTICE OF MUNICIPAL PROVIDER REPORTING REQUIREMENTS FOR FLORENCE COUNTRY ESTATES REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT

This Agreement and Notice of Municipal Provider Reporting Requirements for Florence Country Estates Regarding Membership in the Central Arizona Groundwater Replenishment District is made this 18th day of August, 2004, among the CENTRAL ARIZONA WATER CONSERVATION DISTRICT, a political subdivision of the State of Arizona, HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, MADISON DIVERSIFIED 882 CORP., an Arizona corporation, and FLORENCE COUNTRY ESTATES HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation.

RECITALS

A. Owner is the owner of the Property, legally described in Exhibit A attached and incorporated into this Agreement.

B. Owner has applied to the Department for a certificate of assured water supply for the Property pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9. Owner and the Municipal Provider have executed a notice of intent to serve agreement, as required by the Department, whereby the Municipal Provider has agreed to provide water to the Property. Owner and the Irrigation District have executed a notice of intent to serve agreement, as required by the Department, whereby the Irrigation District has agreed to provide water to the Property.

C. The Municipal Provider, Association, and the Irrigation District have executed an annual reporting agreement whereby the Association has agreed to report to the Municipal Provider the amount of Groundwater delivered to each Parcel each year by the Irrigation District.

D. As permitted by Arizona Revised Statutes § 45-576.01(B), Owner desires to satisfy one requirement for obtaining a certificate of assured water supply by qualifying the Property as Member Land pursuant to the Groundwater Replenishment Statute. As Member Land, the Property will be a member of the Central Arizona Groundwater Replenishment District, an operating subdivision of CAWCD.

E. To qualify the Property as Member Land and to permit the delivery of Excess Groundwater to the Property as Member Land, the Groundwater Replenishment Statute requires the Property to be subject to the Declaration.

F. To qualify the Property as Member Land, the Groundwater Replenishment Statute also requires the Municipal Provider to record this Agreement and comply with certain annual reporting requirements in accordance with Arizona Revised Statutes § 48-3774(C).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 "Agreement" means this Agreement and Notice of Municipal Provider Reporting Requirements for FLORENCE COUNTRY ESTATES Regarding Membership in the Central Arizona Groundwater Replenishment District, as amended from time to time.

1.2 "Association" means FLORENCE COUNTRY ESTATES HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation.

1.3 "CAWCD" means the CENTRAL ARIZONA WATER CONSERVATION DISTRICT, a political subdivision of the State of Arizona, and any successor political subdivision.

1.4 "Declaration" means the Declaration of Covenants, Conditions and Restrictions for FLORENCE COUNTRY ESTATES Regarding Membership in the Central Arizona Groundwater Replenishment District recorded by Owner, as declarant, against the Property.

1.5 "Department" means the ARIZONA DEPARTMENT OF WATER RESOURCES, an agency of the State of Arizona, and any successor agency.

1.6 "Director" means the director of the Department.

1.7 "Excess Groundwater" means the amount of Groundwater equal to the amount of Groundwater delivered to the Property by the Municipal Provider and the Irrigation District in a calendar year in excess of the amount of Groundwater that may be used at the Property in that calendar year consistent with the applicable Assured and Adequate Water Supply Rules adopted by the Department for the Pinal Active Management Area pursuant to Arizona Revised Statutes § 45-576(H), subject to the provisions of Paragraph 2.4 herein.

1.8 "Groundwater" is as defined in Arizona Revised Statutes § 45-101(5).

1.9 "Groundwater Replenishment Statute" means Arizona Revised Statutes, Title 48, Chapter 22.

1.10 "Irrigation District" means SAN CARLOS IRRIGATION AND DRAINAGE DISTRICT.

1.11 "Member Land" is as defined in Arizona Revised Statutes § 48-3701(9).

1.12 "Municipal Provider" means ARIZONA WATER COMPANY, an Arizona corporation, and its successors and assigns.

1.13 "Owner" means HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel Nos. 1, 2, 3 and 4, and MADISON DIVERSIFIED 882 CORP., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel No. 5, and their successors and assigns.

1.14 "Parcel" means any portion of the Property now existing or hereafter established for which the tax assessor for the county in which the Property is located has issued a separate tax parcel number. The current tax parcel number for each Parcel is as shown in Exhibit B attached and incorporated into this Agreement.

1.15 "Parcel Replenishment Obligation" means, with respect to any particular Parcel, an amount of Groundwater that is equal to the amount of Groundwater delivered by the Municipal Provider and the Irrigation District to the Parcel in a calendar year multiplied by the percentage that the Excess Groundwater of the Property for that year bears to the total amount of Groundwater delivered by the Municipal Provider and the Irrigation District to the Property during that year.

1.16 "Property" means the real property described in Recital A.

1.17 "Report(s)" means the report(s) required to be prepared by the Municipal Provider in accordance with Arizona Revised Statutes § 48-3775(A) and this Agreement.

ARTICLE 2
REPORTING REQUIREMENTS

2.1 Annual Reports. In accordance with Arizona Revised Statutes § 48-3775(A), on or before March 31 of each year after the recordation of this Agreement, the Municipal Provider shall file a Report with CAWCD, with the Director, and with the tax assessor and treasurer for the county where the Property is located that contains the following information for the preceding calendar year, which is the reporting year.

2.1.1 The amount of Groundwater delivered by the Municipal Provider to each Parcel, identified by the applicable tax parcel number, and the basis for the calculation of the amount of Groundwater delivered.

2.1.2 The amount of Groundwater delivered by the Municipal Provider to the Property, and the basis for the calculation of the amount of Groundwater delivered.

2.1.3 The amount of Groundwater reported by the Association as delivered by the Irrigation District to each Parcel, identified by the applicable tax parcel number, and the basis for the Association's calculation of the amount of Groundwater delivered.

2.1.4 The amount of Groundwater reported by the Association as delivered by the Irrigation District to the Property, and the basis for the Association's calculation of the amount of Groundwater delivered.

2.1.5 The total amount of Groundwater delivered by the Municipal Provider and the Irrigation District to each Parcel, identified by the applicable tax parcel number.

2.1.6. The total amount of Groundwater delivered by the Municipal Provider and the Irrigation District to the Property.

2.1.7 The amount of Excess Groundwater delivered by the Municipal Provider and the Irrigation District to the Property, and the basis for the calculation of the amount of Excess Groundwater delivered.

2.1.8 The Parcel Replenishment Obligation of each Parcel, identified by the applicable tax parcel number.

2.1.9 Such other information as CAWCD may reasonably require.

2.2 Records. In accordance with Arizona Revised Statutes § 48-3775(F), the Municipal Provider shall maintain current and accurate records of the information required to be included in the Reports.

2.3 Form of Reports. In accordance with Arizona Revised Statutes § 48-3777, CAWCD shall determine the form of the Reports to be submitted by the Municipal Provider in order to carry out the purposes of the Groundwater Replenishment Statute.

2.4 Formula for Calculating the Minimum Quantity of Excess Groundwater. A minimum of 2/3 (two-thirds) of the Groundwater delivered to the Property in any year shall be reported as Excess Groundwater delivered to the Property in that year.

ARTICLE 3
ENFORCEMENT POWERS

3.1 Penalty for Failure to Report. If the Municipal Provider fails to timely file a Report as required by CAWCD, CAWCD may assess a penalty in accordance with Arizona Revised Statutes § 48-3775(G). Provided, however, in the event that the Association fails to provide all necessary information to the Municipal Provider as required by the annual reporting agreement between the Municipal Provider, the Association and the Irrigation District, and that failure prevents the Municipal Provider from timely filing a Report as required by CAWCD, CAWCD may assess a penalty in accordance with Arizona Revised Statutes § 48-3775(G) and the Association, and not the Municipal Provider, shall be required to pay all costs associated with the penalty.

3.2 Inspections, Investigations and Audits. The CAWCD has the rights provided under Arizona Revised Statutes § 48-3783 with respect to inspections, investigations and audits.

ARTICLE 4
GENERAL PROVISIONS

4.1 Binding Effect. The provisions of this Agreement inure to the benefit of and bind the respective successors and assigns of the parties hereto, provided that no assignment or transfer of this Agreement or any part or interest herein by the Municipal Provider is valid until approved by CAWCD, which approval may be withheld solely on the basis of CAWCD's determination that assignment would cause the Municipal Provider, Owner, or CAWCD to be out of compliance with the Groundwater Replenishment Statute or unable to meet its obligations under this Agreement or under the Groundwater Replenishment Statute. The Municipal Provider and Owner agree and covenant to CAWCD to execute and record any additional documentation which CAWCD may reasonably require to effectuate the intents and purposes of this Agreement and the Groundwater Replenishment Statute.

4.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties and no understandings or obligations not expressly set forth in this Agreement are binding upon the parties.

4.3 Amendments. This Agreement may be modified, amended or revoked only (i) by the express written agreement of the parties hereto; or (ii) by amendment statutes, rules or regulations or successor statutes, rules or regulations, as contemplated by Paragraph 4.5.

4.4 Interpretation. This Agreement is governed by and must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, including but not limited to the Groundwater Replenishment Statute.

4.5 Rules, Regulations and Successor Statutes. All references in this Agreement to Arizona Revised Statutes include all rules and regulations promulgated by the Department under such statutes and all amendments and successor statutes, rules and regulations to such statutes, rules and regulations.

4.6 Severability. Any determination by any court of competent jurisdiction that any provision of this Agreement is invalid or unenforceable does not affect the validity or enforceability of any other provision of this Agreement.

4.7 Captions. All captions, titles or headings in this Agreement are used for the purpose of reference and convenience only and do not limit, modify or otherwise affect any of the provisions of this Agreement.

4.8 Notices. Except as otherwise required by law, any notice given in connection with this Agreement must be in writing and must be given by personal delivery, overnight delivery, facsimile, or United States certified or registered mail. Any such notice must be addressed to the appropriate party at the following address (or at any other address as a party may hereafter designate by written notice given as required by this paragraph):

CAWCD:

For delivery use: Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, Arizona 85024
Attn: Manager, Groundwater Replenishment District

For U.S. Mail use: Central Arizona Water Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater Replenishment District

Municipal Provider: Arizona Water Company
P.O. Box 29006
Phoenix, Arizona 85038-9006

Owner: Hwy 287 – Florence Boulevard, Inc.
c/o Taina Group of Companies
988 Beach Avenue – Suite #115
Vancouver, BC V6Z 2N9 Canada

Madison Diversified 882 Corp.
c/o Taina Group of Companies
988 Beach Avenue – Suite #115
Vancouver, BC V6Z 2N9 Canada

Association: Florence Country Estates Homeowners Association, Inc.
c/o Taina Group of Companies
988 Beach Avenue – Suite #115
Vancouver, BC V6Z 2N9 Canada

Notice is deemed to have been given on the date on which notice is personally delivered, delivered to an overnight delivery service, transmitted by facsimile, or mailed. Notice is deemed to have been received on the date on which the notice is actually received or delivery is refused.

4.9 Consent to Recording. Owner hereby consents to the recording of this Agreement against the Property.

IN WITNESS WHEREOF, the Parties to this Agreement have executed this Agreement as of the date first set forth above.

CAWCD: CENTRAL ARIZONA WATER CONSERVATION DISTRICT

By: _____
George R. Renner

Its: President

MUNICIPAL PROVIDER: ARIZONA WATER COMPANY, an Arizona corporation

By: William M Garfield
William M. Garfield

Its: President

OWNER: HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation

By: B Carpenter

Its: SECRETARY/TREASURER

OWNER: MADISON DIVERSIFIED 882 CORP., an Arizona corporation

By: B Carpenter

Its: SECRETARY/TREASURER

ASSOCIATION: FLORENCE COUNTRY ESTATES HOMEOWNERS ASSOCIATION, INC., an Arizona non-profit corporation

By: B Carpenter

Its: SECRETARY TREASURER

STATE OF)
) ss.
County of)

The foregoing instrument was acknowledged before me this ____ day of _____, 2004, by George R. Renner, the President of Central Arizona Water Conservation District.

_____
Notary Public

My commission expires:

_____

STATE OF Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 30 day of August, 2004, by William M. Garfield, the President of Arizona Water Company.

Mary C Mure
Notary Public

My commission expires:

9-24-06

OFFICIAL SEAL
MARY C. MURE
NOTARY PUBLIC-Arizona
MARICOPA COUNTY
My Comm. Expires Sept.24, 2006

Province
~~STATE~~ OF BC)
City
~~County~~ of Vancouver) ss.

The foregoing instrument was acknowledged before me this 19th day of August, 2004, by BRIAN CARPENTER, the ~~SECRETARY~~/TREASURER of Hwy 287 - Florence Boulevard, Inc.

Notary Public

My commission expires:

Permanent

Kyle C. Hyndman
McCrea & Associates
Immigration & Citizenship Lawyers
Suite 102-1012 Beach Ave.
Vancouver, B.C. Canada V6E 1T7
Tel. 604-662-8200 Fax 604-662-8225
Commissioner of Oaths and Notary in and for the Province of British Columbia

Province
~~STATE~~ OF BC)
) ss.
City
~~County~~ of Vancouver

The foregoing instrument was acknowledged before me this 18th day of August, 2004, by BRIAN CARPENTER, the SECRETARY/TREASURER of Madison Diversified 882 Corp.

Notary Public

My commission expires:

Permanent

Kyle C. Hyndman
McCrea & Associates
Immigration & Citizenship Lawyers
Suite 102-1012 Beach Ave.
Vancouver, B.C. Canada V6E 1T7
Tel. 604-662-8200 Fax 604-662-8225
Commissioner of Oaths and Notary in and for the Province of British Columbia

Province
~~STATE~~ OF BC)
) ss.
City
~~County~~ of Vancouver

The foregoing instrument was acknowledged before me this 18th day of August, 2004, by BRIAN CARPENTER, the SECRETARY/TREASURER of Florence Country Estates Homeowners Association, Inc.

Notary Public

My commission expires:

Permanent

Kyle C. Hyndman
McCrea & Associates
Immigration & Citizenship Lawyers
Suite 102-1012 Beach Ave.
Vancouver, B.C. Canada V6E 1T7
Tel. 604-662-8200 Fax 604-662-8225
Commissioner of Oaths and Notary in and for the Province of British Columbia

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080.02

EXHIBIT A

PARCEL NO. 1:

The Northwest quarter of Section 26, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

EXCEPT that portion described as follows:

BEGINNING at a point on the West line of the Northwest quarter of said Section 26, from which the Northwest corner thereof bears North (Assumed) 1470.00 feet;

Thence East 260.00 feet;

Thence South 210.00 feet;

Thence West 260.00 feet to the West line of the Northwest quarter of said Section 26;

Thence North along said Northwest quarter 210.00 feet to the POINT OF BEGINNING.

PARCEL NO. 2:

That portion of the Northwest quarter of Section 26, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Beginning at a point on the West line of the Northwest quarter of said Section 26, from which the Northwest corner thereof bears North (Assumed), a distance of 1470.00 feet;

Thence East a distance of 260.00 feet;

Thence South a distance of 210.00 feet;

Thence West 260.00 feet to the West line of the Northwest quarter of said Section 26;

Thence North along said West line of the Northwest quarter a distance of 210.00 feet to the POINT OF BEGINNING.

PARCEL NO. 3:

The East half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Excepting therefrom the following described parcel:

COMMENCING at the Northeast corner of said Section 27;

Thence South 00 degrees 00 minutes 00 seconds East along the East line of said Section 27 a distance of 1185.86 feet to the TRUE POINT OF BEGINNING;

Thence North 86 degrees 10 minutes 29 seconds West a distance of 596.88 feet;

Thence South 01 degrees 48 minutes 51 seconds East a distance of 205.83 feet;

Thence North 87 degrees 06 minutes 51 seconds West a distance of 235.57 feet;

Thence South 02 degrees 34 minutes 11 seconds West a distance of 118.13 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 194.89 feet;

Thence North 47 degrees 09 minutes 24 seconds East a distance of 80.65 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 315.97 feet;

Thence South 85 degrees 53 minutes 47 seconds East a distance of 157.75 feet;

Thence South 75 degrees 54 minutes 14 seconds East a distance of 103.23 feet to a point on the East line of said Section 27;

Thence North 00 degrees 00 minutes 00 seconds East along said East line a distance of 282.37 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 4:

That portion of the East half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona described as follows:

COMMENCING at the Northeast corner of said Section 27;

Thence South 00 degrees 00 minutes 00 seconds East along the East line of said Section 27 a distance of 1185.86 feet to the TRUE POINT OF BEGINNING;
Thence North 86 degrees 10 minutes 29 seconds West a distance of 596.88 feet;

Thence South 01 degrees 48 minutes 51 seconds East a distance of 205.83 feet;

Thence North 87 degrees 06 minutes 51 seconds West a distance of 235.57 feet;

Thence South 02 degrees 34 minutes 11 seconds West a distance of 118.13 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 194.89 feet;

Thence North 47 degrees 009 minutes 24 seconds East a distance of 80.65 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 315.97 feet;

Thence South 85 degrees 53 minutes 47 seconds East a distance of 157.75 feet;

Thence South 75 degrees 54 minutes 14 seconds East a distance of 103.23 feet to a point on the East line of said Section 27;

Thence North 00 degrees 00 minutes 00 seconds East along said East line a distance of 282.37 feet to the TRUE POINT OF BEGINNING

PARCEL NO. 5:

The West half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona.

EXHIBIT B
Tax Parcel Numbers

Tax Assessor Parcel Number	Tax Year	County	AMA
401-01-063A	2004	Pinal	Pinal
401-01-063B	2004	Pinal	Pinal
401-01-064	2004	Pinal	Pinal
401-15-002	2004	Pinal	Pinal
401-15-003	2004	Pinal	Pinal

When recorded, please return to:
Central Arizona Water
Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater
Replenishment District

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR FLORENCE COUNTRY ESTATES REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT

This Declaration of Covenants, Conditions and Restrictions for Florence Country Estates Regarding Membership in the Central Arizona Groundwater Replenishment District is made this 18th day of August, 2004, by HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, and MADISON DIVERSIFIED 882 CORP., an Arizona corporation.

RECITALS

A. Declarant is the owner of the Property, legally described in Exhibit A attached and incorporated into this Declaration.

B. Declarant has applied to the Department for a certificate of assured water supply for the property pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9.

C. As permitted by Arizona Revised Statutes § 45-576.01(B), Declarant desires to satisfy one requirement for obtaining a certificate of assured water supply by qualifying the Property as Member Land pursuant to the Groundwater Replenishment Statute. As Member Land, the Property will be a member of the Central Arizona Groundwater Replenishment District, an operating subdivision of the CAWCD.

D. To qualify the Property as Member Land, the Groundwater Replenishment Statute requires Declarant to subject the Property to this Declaration.

E. To permit the delivery of Excess Groundwater to the Property as Member Land, each Parcel must be subject to the Parcel Replenishment Obligation, the Replenishment Assessment, the Activation Fee and the applicable Replenishment Reserve Fee to be determined by CAWCD.

F. *Qualifying the Property as Member Land and subjecting the Property to the Parcel Replenishment Obligation, the Replenishment Assessment, the Activation Fee and the Replenishment Reserve Fee directly benefits the Property by increasing the potential of the Property to qualify for a certificate of assured water supply issued by the Department pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9, thereby allowing the development, use and enjoyment of the Property.*

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the covenants, conditions and restrictions contained in this Declaration.

ARTICLE 1
DEFINITIONS

1.1 "Activation Fee" means the fee established by CAWCD for the purpose of raising funds to pay a portion of the costs associated with acquisition and development of water supplies and infrastructure necessary for CAWCD to perform its obligations under Article 4 of the Groundwater Replenishment Statute. The Activation Fee is equal to the per-unit fee established by the CAWCD Board of Directors multiplied by the total number of housing units to be constructed within that portion of the Property owned by the Owner.

1.2 "Association" means FLORENCE COUNTRY ESTATES HOMEOWNERS ASSOCIATION INC., an Arizona non-profit corporation.

1.3 "CAWCD" means the CENTRAL ARIZONA WATER CONSERVATION DISTRICT, a political subdivision of the State of Arizona, and any successor political subdivision.

1.4 "Declarant" means HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel Nos. 1, 2, 3 and 4, and MADISON DIVERSIFIED 882 CORP., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel No. 5.

1.5 "Declaration" means this Declaration of Covenants, Conditions and Restrictions for FLORENCE COUNTRY ESTATES Regarding Membership in the Central Arizona Groundwater Replenishment District, as amended from time to time.

1.6 "Department" means the ARIZONA DEPARTMENT OF WATER RESOURCES, an agency of the State of Arizona, and any successor agency.

1.7 "Excess Groundwater" means the amount of Groundwater equal to the amount of Groundwater delivered to the Property by the Municipal Provider and the Irrigation District in a calendar year in excess of the amount of Groundwater that may be used at the Property in that calendar year consistent with the applicable Assured and Adequate Water Supply Rules adopted by the Department for the Pinal Active Management Area pursuant to Arizona Revised Statutes § 45-576(H).

1.8 "Groundwater" is as defined in Arizona Revised Statutes § 45-101(5).

1.9 "Groundwater Replenishment Statute" means Arizona Revised Statutes Title 48, Chapter 22.

1.10 "Irrigation District" means SAN CARLOS IRRIGATION AND DRAINAGE DISTRICT.

1.11 "Member Land" is as defined in Arizona Revised Statutes § 48-3701(9).

1.12 "Municipal Provider" means ARIZONA WATER COMPANY, an Arizona corporation, and its successors and assigns.

1.13 "Owner" means the Person or Persons who individually or collectively own fee title to a Parcel, provided that if fee title to a Parcel is vested in a trustee under a deed of trust under Arizona Revised Statutes Title 33, Chapter 6.1, the owner of the trustor's interest under the deed of trust is deemed to be the "Owner" of that Parcel.

1.14 "Parcel" means any portion of the Property now existing or hereafter established for which the tax assessor for the county in which the Property is located has issued a separate tax parcel number.

1.15 "Parcel Replenishment Obligation" means, with respect to any particular Parcel, an amount of Groundwater that is equal to the amount of Groundwater delivered by the Municipal Provider and the Irrigation District to the Parcel in a calendar year multiplied by the percentage that the Excess Groundwater of the Property for that year bears to the total amount of Groundwater delivered by the Municipal Provider and the Irrigation District to the Property during that year.

1.16 "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.17 "Property" means the real property described in Recital A.

1.18 "Replenishment Assessment" means the annual assessment levied by CAWCD against a Parcel in a calendar year based on the Parcel Replenishment Obligation applicable to that Parcel during that year, including any applicable Replenishment Reserve Charge.

1.19 "Replenishment Reserve Charge" means the charge established annually by CAWCD pursuant to Arizona Revised Statutes § 48-3772(E) and included in the Replenishment Assessment.

1.20 "Replenishment Reserve Fee" means the fee that must be levied by CAWCD pursuant to Arizona Revised Statutes § 48-3774.01. The fee is equal to twice the

Replenishment Reserve Charge multiplied by the total projected annual Excess Groundwater demand for Florence Country Estates as reported by the Department pursuant to Arizona Revised Statutes § 45-578(F).

ARTICLE 2
COVENANT FOR REPLENISHMENT ASSESSMENT

2.1 Replenishment Assessment. Each Parcel is hereby made subject to the Replenishment Assessment based on the Parcel Replenishment Obligation in an amount to be determined by CAWCD as necessary to allow CAWCD to perform its obligations under Article 4 of the Groundwater Replenishment Statute. In computing the Parcel Replenishment Obligation, the amount of Groundwater delivered to a Parcel in a calendar year will be equal to the sum of two figures: (1) the amount of Groundwater delivered to the Parcel by the Municipal Provider, as measured by the Municipal Provider; and (2) the amount of Groundwater delivered to the Parcel by the Irrigation District, as computed by the Association.

2.2 Levy of Replenishment Assessment. CAWCD shall levy the Replenishment Assessment against each Parcel in accordance with Arizona Revised Statutes § 48-3778.

2.3 Interest, Costs and Penalties. If the Replenishment Assessment is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by law.

ARTICLE 3
COVENANT FOR REPLENISHMENT RESERVE FEE

3.1 Replenishment Reserve Fee. Each Parcel that has qualified as a Category 1 member land pursuant to Arizona Revised Statutes § 48-3774.01 is hereby made subject to the Replenishment Reserve Fee based on a pro rata distribution of the total projected annual Excess Groundwater demand for Florence Country Estates as reported by the Department pursuant to Arizona Revised Statutes § 45-578(F).

3.2 Payment of Replenishment Reserve Fee. In accordance with Arizona Revised Statutes § 45-576(C), the Replenishment Reserve Fee must be paid by the Owner to CAWCD prior to the issuance of a public report by the state real estate commissioner authorizing the sale or lease of subdivided lands within that portion of the Property owned by the Owner. With the approval of CAWCD and the Department, long-term storage credits as defined in Arizona Revised Statutes § 45-802.01 may be assigned by the Owner to CAWCD's replenishment reserve subaccount in lieu of paying the Replenishment Reserve Fee.

3.3 Interest, Costs and Penalties. If the Replenishment Reserve Fee is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by law.

3.4 Not Applicable to Category 2 Member Land. This Article 3 shall not apply to those parcels of the Property that have qualified as Category 2 member land pursuant to Arizona Revised Statutes § 48-3774.01.

ARTICLE 4
COVENANT FOR PAYMENT OF ACTIVATION FEE

4.1 Activation Fee. Each subdivision that qualifies as a member land pursuant to Arizona Revised Statutes § 48-3774 is hereby made subject to the Activation Fee.

4.2 Payment of Activation Fee. The Activation Fee must be paid by the Owner to CAWCD prior to the issuance of a public report by the state real estate commissioner authorizing the sale or lease of subdivided lands within that portion of the Property owned by the Owner.

4.3 Interest, Costs and Penalties. If the Activation Fee is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by law.

ARTICLE 5
COVENANT FOR CREATION OF LIEN

5.1 Creation of Lien and Personal Obligation. Declarant, for each Parcel, hereby covenants and agrees, and each Owner (other than Declarant), by becoming the Owner of a Parcel, is deemed to covenant and agree, to pay the Replenishment Assessment, Activation Fee and Replenishment Reserve Fee to CAWCD in accordance with this Declaration and the Groundwater Replenishment Statute. The Replenishment Assessment, together with interest, costs, and penalties as provided by law, constitutes a continuing lien on the Parcel against which such Replenishment Assessment is levied, as provided by Arizona Revised Statutes § 48-3778. A Replenishment Assessment, together with interest, costs and penalties, is also a personal obligation of each Person who was an Owner of a Parcel at the time such Replenishment Assessment came due.

5.2 Remedies for Nonpayment of Replenishment Assessment. In the event of delinquency of any Replenishment Assessment, CAWCD has the rights and remedies provided in Arizona Revised Statutes § 48-3778.

ARTICLE 6
GENERAL PROVISIONS

6.1 Binding Effect. The Property shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any portion of or any interest in the Property, each Owner is bound by all the covenants, conditions and restrictions now or hereafter imposed by this Declaration. The covenants, conditions and restrictions contained in this Declaration run with the land and bind Declarant, all Owners, and all successors and assigns of Declarant or any Owner. Declarant agrees and covenants to

CAWCD to execute and record any additional documentation which CAWCD may reasonably require to effectuate the intents and purposes of this Declaration and the Groundwater Replenishment Statute.

6.2 Amendments. This Declaration may be modified, amended or revoked only (i) by the express written agreement of CAWCD, the Department and the Owners of 67% of the total area of the Property; or (ii) by amendment statutes, rules or regulations or successor statutes, rules or regulations, as contemplated by Paragraph 6.4.

6.3 Interpretation. This Declaration must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, including but not limited to the Groundwater Replenishment Statute.

6.4 Rules, Regulations and Successor Statutes. All references in this Declaration to Arizona Revised Statutes include all rules and regulations promulgated by the Department under such statutes and all amendments and successor statutes, rules and regulations to such statutes, rules and regulations.

6.5 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable does not affect the validity or enforceability of any other provision of this Declaration.

6.6 Captions. All captions, titles or headings in this Declaration are used for the purpose of reference and convenience only and do not limit, modify or otherwise affect any of the provisions of this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

DECLARANT: HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel Nos. 1, 2, 3 and 4.

By: B. Carpenter

Its: SECRETARY / TREASURER

DECLARANT: MADISON DIVERSIFIED 882 CORP., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel No. 5.

By: B Carpenter

Its: SECRETARY / TREASURER

Province ~~STATE~~ OF BC)
) ss.
City ~~County~~ of Vancouver)

The foregoing instrument was acknowledged before me this 18th day of August, 2004, by BRIAN CARPENTER, the SECRETARY/TREASURER of HWY 287 – Florence Boulevard, Inc.

Notary Public

My commission expires:
Permanent

Kyle C. Hyndman
McCree & Associates
Immigration & Citizenship Lawyers
Suite 102-1012 Beach Ave.
Vancouver, B.C. Canada V6E 1T7
Tel. 604-662-8200 Fax 604-662-8225
Commissioner of Oaths and Notary in and for the Province of British Columbia

Province ~~STATE~~ OF BC)
) ss.
City ~~County~~ of)

The foregoing instrument was acknowledged before me this 18th day of August, 2004, by BRIAN CARPENTER, the SECRETARY/TREASURER of Madison Diversified 882 Corp.

Notary Public

My commission expires:
Permanent

080.02
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Kyle C. Hyndman
McCree & Associates
Immigration & Citizenship Lawyers
Suite 102-1012 Beach Ave.
Vancouver, B.C. Canada V6E 1T7
Tel. 604-662-8200 Fax 604-662-8225
Commissioner of Oaths and Notary in and for the Province of British Columbia

EXHIBIT A

PARCEL NO. 1:

The Northwest quarter of Section 26, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

EXCEPT that portion described as follows:

BEGINNING at a point on the West line of the Northwest quarter of said Section 26, from which the Northwest corner thereof bears North (Assumed) 1470.00 feet;

Thence East 260.00 feet;

Thence South 210.00 feet;

Thence West 260.00 feet to the West line of the Northwest quarter of said Section 26;

Thence North along said Northwest quarter 210.00 feet to the POINT OF BEGINNING.

PARCEL NO. 2:

That portion of the Northwest quarter of Section 26, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Beginning at a point on the West line of the Northwest quarter of said Section 26, from which the Northwest corner thereof bears North (Assumed), a distance of 1470.00 feet;

Thence East a distance of 260.00 feet;

Thence South a distance of 210.00 feet;

Thence West 260.00 feet to the West line of the Northwest quarter of said Section 26;

Thence North along said West line of the Northwest quarter a distance of 210.00 feet to the POINT OF BEGINNING.

PARCEL NO. 3:

The East half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Excepting therefrom the following described parcel:

COMMENCING at the Northeast corner of said Section 27;

Thence South 00 degrees 00 minutes 00 seconds East along the East line of said Section 27 a distance of 1185.86 feet to the TRUE POINT OF BEGINNING;

Thence North 86 degrees 10 minutes 29 seconds West a distance of 596.88 feet;

Thence South 01 degrees 48 minutes 51 seconds East a distance of 205.83 feet;

Thence North 87 degrees 06 minutes 51 seconds West a distance of 235.57 feet;

Thence South 02 degrees 34 minutes 11 seconds West a distance of 118.13 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 194.89 feet;

Thence North 47 degrees 09 minutes 24 seconds East a distance of 80.65 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 315.97 feet;

Thence South 85 degrees 53 minutes 47 seconds East a distance of 157.75 feet;

Thence South 75 degrees 54 minutes 14 seconds East a distance of 103.23 feet to a point on the East line of said Section 27;

Thence North 00 degrees 00 minutes 00 seconds East along said East line a distance of 282.37 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 4:

That portion of the East half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona described as follows:

COMMENCING at the Northeast corner of said Section 27;

Thence South 00 degrees 00 minutes 00 seconds East along the East line of said Section 27 a distance of 1185.86 feet to the TRUE POINT OF BEGINNING;

Thence North 86 degrees 10 minutes 29 seconds West a distance of 596.88 feet;

Thence South 01 degrees 48 minutes 51 seconds East a distance of 205.83 feet;

Thence North 87 degrees 06 minutes 51 seconds West a distance of 235.57 feet;

Thence South 02 degrees 34 minutes 11 seconds West a distance of 118.13 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 194.89 feet;

Thence North 47 degrees 009 minutes 24 seconds East a distance of 80.65 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 315.97 feet;

Thence South 85 degrees 53 minutes 47 seconds East a distance of 157.75 feet;

Thence South 75 degrees 54 minutes 14 seconds East a distance of 103.23 feet to a point on the East line of said Section 27;

Thence North 00 degrees 00 minutes 00 seconds East along said East line a distance of 282.37 feet to the TRUE POINT OF BEGINNING

PARCEL NO. 5:

The West half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona.

When recorded, please return to:
Central Arizona Water
Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater
Replenishment District

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR FLORENCE COUNTRY ESTATES REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT

This Declaration of Covenants, Conditions and Restrictions for Florence Country Estates Regarding Membership in the Central Arizona Groundwater Replenishment District is made this 18th day of August, 2004, by HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, and MADISON DIVERSIFIED 882 CORP., an Arizona corporation.

RECITALS

A. Declarant is the owner of the Property, legally described in Exhibit A attached and incorporated into this Declaration.

B. Declarant has applied to the Department for a certificate of assured water supply for the property pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9.

C. As permitted by Arizona Revised Statutes § 45-576.01(B), Declarant desires to satisfy one requirement for obtaining a certificate of assured water supply by qualifying the Property as Member Land pursuant to the Groundwater Replenishment Statute. As Member Land, the Property will be a member of the Central Arizona Groundwater Replenishment District, an operating subdivision of the CAWCD.

D. To qualify the Property as Member Land, the Groundwater Replenishment Statute requires Declarant to subject the Property to this Declaration.

E. To permit the delivery of Excess Groundwater to the Property as Member Land, each Parcel must be subject to the Parcel Replenishment Obligation, the Replenishment Assessment, the Activation Fee and the applicable Replenishment Reserve Fee to be determined by CAWCD.

F. Qualifying the Property as Member Land and subjecting the Property to the Parcel Replenishment Obligation, the Replenishment Assessment, the Activation Fee and the Replenishment Reserve Fee directly benefits the Property by increasing the potential of the Property to qualify for a certificate of assured water supply issued by the Department pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9, thereby allowing the development, use and enjoyment of the Property.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the covenants, conditions and restrictions contained in this Declaration.

ARTICLE 1
DEFINITIONS

1.1 "Activation Fee" means the fee established by CAWCD for the purpose of raising funds to pay a portion of the costs associated with acquisition and development of water supplies and infrastructure necessary for CAWCD to perform its obligations under Article 4 of the Groundwater Replenishment Statute. The Activation Fee is equal to the per-unit fee established by the CAWCD Board of Directors multiplied by the total number of housing units to be constructed within that portion of the Property owned by the Owner.

1.2 "Association" means FLORENCE COUNTRY ESTATES HOMEOWNERS ASSOCIATION INC., an Arizona non-profit corporation.

1.3 "CAWCD" means the CENTRAL ARIZONA WATER CONSERVATION DISTRICT, a political subdivision of the State of Arizona, and any successor political subdivision.

1.4 "Declarant" means HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel Nos. 1, 2, 3 and 4, and MADISON DIVERSIFIED 882 CORP., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel No. 5.

1.5 "Declaration" means this Declaration of Covenants, Conditions and Restrictions for FLORENCE COUNTRY ESTATES Regarding Membership in the Central Arizona Groundwater Replenishment District, as amended from time to time.

1.6 "Department" means the ARIZONA DEPARTMENT OF WATER RESOURCES, an agency of the State of Arizona, and any successor agency.

1.7 "Excess Groundwater" means the amount of Groundwater equal to the amount of Groundwater delivered to the Property by the Municipal Provider and the Irrigation District in a calendar year in excess of the amount of Groundwater that may be used at the Property in that calendar year consistent with the applicable Assured and Adequate Water Supply Rules adopted by the Department for the Pinal Active Management Area pursuant to Arizona Revised Statutes § 45-576(H).

1.8 "Groundwater" is as defined in Arizona Revised Statutes § 45-101(5).

1.9 "Groundwater Replenishment Statute" means Arizona Revised Statutes Title 48, Chapter 22.

1.10 "Irrigation District" means SAN CARLOS IRRIGATION AND DRAINAGE DISTRICT.

1.11 "Member Land" is as defined in Arizona Revised Statutes § 48-3701(9).

1.12 "Municipal Provider" means ARIZONA WATER COMPANY, an Arizona corporation, and its successors and assigns.

1.13 "Owner" means the Person or Persons who individually or collectively own fee title to a Parcel, provided that if fee title to a Parcel is vested in a trustee under a deed of trust under Arizona Revised Statutes Title 33, Chapter 6.1, the owner of the trustor's interest under the deed of trust is deemed to be the "Owner" of that Parcel.

1.14 "Parcel" means any portion of the Property now existing or hereafter established for which the tax assessor for the county in which the Property is located has issued a separate tax parcel number.

1.15 "Parcel Replenishment Obligation" means, with respect to any particular Parcel, an amount of Groundwater that is equal to the amount of Groundwater delivered by the Municipal Provider and the Irrigation District to the Parcel in a calendar year multiplied by the percentage that the Excess Groundwater of the Property for that year bears to the total amount of Groundwater delivered by the Municipal Provider and the Irrigation District to the Property during that year.

1.16 "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.17 "Property" means the real property described in Recital A.

1.18 "Replenishment Assessment" means the annual assessment levied by CAWCD against a Parcel in a calendar year based on the Parcel Replenishment Obligation applicable to that Parcel during that year, including any applicable Replenishment Reserve Charge.

1.19 "Replenishment Reserve Charge" means the charge established annually by CAWCD pursuant to Arizona Revised Statutes § 48-3772(E) and included in the Replenishment Assessment.

1.20 "Replenishment Reserve Fee" means the fee that must be levied by CAWCD pursuant to Arizona Revised Statutes § 48-3774.01. The fee is equal to twice the

Replenishment Reserve Charge multiplied by the total projected annual Excess Groundwater demand for Florence Country Estates as reported by the Department pursuant to Arizona Revised Statutes § 45-578(F).

ARTICLE 2
COVENANT FOR REPLENISHMENT ASSESSMENT

2.1 Replenishment Assessment. Each Parcel is hereby made subject to the Replenishment Assessment based on the Parcel Replenishment Obligation in an amount to be determined by CAWCD as necessary to allow CAWCD to perform its obligations under Article 4 of the Groundwater Replenishment Statute. In computing the Parcel Replenishment Obligation, the amount of Groundwater delivered to a Parcel in a calendar year will be equal to the sum of two figures: (1) the amount of Groundwater delivered to the Parcel by the Municipal Provider, as measured by the Municipal Provider; and (2) the amount of Groundwater delivered to the Parcel by the Irrigation District, as computed by the Association.

2.2 Levy of Replenishment Assessment. CAWCD shall levy the Replenishment Assessment against each Parcel in accordance with Arizona Revised Statutes § 48-3778.

2.3 Interest, Costs and Penalties. If the Replenishment Assessment is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by law.

ARTICLE 3
COVENANT FOR REPLENISHMENT RESERVE FEE

3.1 Replenishment Reserve Fee. Each Parcel that has qualified as a Category 1 member land pursuant to Arizona Revised Statutes § 48-3774.01 is hereby made subject to the Replenishment Reserve Fee based on a pro rata distribution of the total projected annual Excess Groundwater demand for Florence Country Estates as reported by the Department pursuant to Arizona Revised Statutes § 45-578(F).

3.2 Payment of Replenishment Reserve Fee. In accordance with Arizona Revised Statutes § 45-576(C), the Replenishment Reserve Fee must be paid by the Owner to CAWCD prior to the issuance of a public report by the state real estate commissioner authorizing the sale or lease of subdivided lands within that portion of the Property owned by the Owner. With the approval of CAWCD and the Department, long-term storage credits as defined in Arizona Revised Statutes § 45-802.01 may be assigned by the Owner to CAWCD's replenishment reserve subaccount in lieu of paying the Replenishment Reserve Fee.

3.3 Interest, Costs and Penalties. If the Replenishment Reserve Fee is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by law.

3.4 Not Applicable to Category 2 Member Land. This Article 3 shall not apply to those parcels of the Property that have qualified as Category 2 member land pursuant to Arizona Revised Statutes § 48-3774.01.

ARTICLE 4
COVENANT FOR PAYMENT OF ACTIVATION FEE

4.1 Activation Fee. Each subdivision that qualifies as a member land pursuant to Arizona Revised Statutes § 48-3774 is hereby made subject to the Activation Fee.

4.2 Payment of Activation Fee. The Activation Fee must be paid by the Owner to CAWCD prior to the issuance of a public report by the state real estate commissioner authorizing the sale or lease of subdivided lands within that portion of the Property owned by the Owner.

4.3 Interest, Costs and Penalties. If the Activation Fee is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by law.

ARTICLE 5
COVENANT FOR CREATION OF LIEN

5.1 Creation of Lien and Personal Obligation. Declarant, for each Parcel, hereby covenants and agrees, and each Owner (other than Declarant), by becoming the Owner of a Parcel, is deemed to covenant and agree, to pay the Replenishment Assessment, Activation Fee and Replenishment Reserve Fee to CAWCD in accordance with this Declaration and the Groundwater Replenishment Statute. The Replenishment Assessment, together with interest, costs, and penalties as provided by law, constitutes a continuing lien on the Parcel against which such Replenishment Assessment is levied, as provided by Arizona Revised Statutes § 48-3778. A Replenishment Assessment, together with interest, costs and penalties, is also a personal obligation of each Person who was an Owner of a Parcel at the time such Replenishment Assessment came due.

5.2 Remedies for Nonpayment of Replenishment Assessment. In the event of delinquency of any Replenishment Assessment, CAWCD has the rights and remedies provided in Arizona Revised Statutes § 48-3778.

ARTICLE 6
GENERAL PROVISIONS

6.1 Binding Effect. The Property shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any portion of or any interest in the Property, each Owner is bound by all the covenants, conditions and restrictions now or hereafter imposed by this Declaration. The covenants, conditions and restrictions contained in this Declaration run with the land and bind Declarant, all Owners, and all successors and assigns of Declarant or any Owner. Declarant agrees and covenants to

CAWCD to execute and record any additional documentation which CAWCD may reasonably require to effectuate the intents and purposes of this Declaration and the Groundwater Replenishment Statute.

6.2 Amendments. This Declaration may be modified, amended or revoked only (i) by the express written agreement of CAWCD, the Department and the Owners of 67% of the total area of the Property; or (ii) by amendment statutes, rules or regulations or successor statutes, rules or regulations, as contemplated by Paragraph 6.4.

6.3 Interpretation. This Declaration must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, including but not limited to the Groundwater Replenishment Statute.

6.4 Rules, Regulations and Successor Statutes. All references in this Declaration to Arizona Revised Statutes include all rules and regulations promulgated by the Department under such statutes and all amendments and successor statutes, rules and regulations to such statutes, rules and regulations.

6.5 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable does not affect the validity or enforceability of any other provision of this Declaration.

6.6 Captions. All captions, titles or headings in this Declaration are used for the purpose of reference and convenience only and do not limit, modify or otherwise affect any of the provisions of this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

DECLARANT: HWY 287 – FLORENCE BOULEVARD, INC., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel Nos. 1, 2, 3 and 4.

By: B. Carpenter

Its: SECRETARY/TREASURER

DECLARANT: MADISON DIVERSIFIED 882 CORP., an Arizona corporation, as to only that portion of the Property described in Exhibit A as Parcel No. 5.

By: B Carpenter

Its: SECRETARY / TREASURER

Province ~~STATE~~ OF BC)
City ~~County~~ of Vancouver) ss.

The foregoing instrument was acknowledged before me this 8th day of August, 2004, by BRIAN CARPENTER, the SECRETARY/TREASURER of HWY 287 – Florence Boulevard, Inc.

Notary Public

My commission expires:

Permanent

Province ~~STATE~~ OF BC)
City ~~County~~ of Vancouver) ss.

The foregoing instrument was acknowledged before me this 8th day of August, 2004, by BRIAN CARPENTER, the SECRETARY/TREASURER of Madison Diversified 882 Corp.

Notary Public

My commission expires:

Permanent

Kyle C. Hyndman
McCrea & Associates
Immigration & Citizenship Lawyers
Suite 102-1012 Beach Ave.
Vancouver, B.C. Canada V6E 1T7
Tel. 604-682-8200 Fax 604-682-8225
Commissioner of Oaths and Notary in and for the Province of British Columbia

080.02
G:\grd\grd-docs\florencecountryestates.01.25.618.ccr.doc

EXHIBIT A

PARCEL NO. 1:

The Northwest quarter of Section 26, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

EXCEPT that portion described as follows:

BEGINNING at a point on the West line of the Northwest quarter of said Section 26, from which the Northwest corner thereof bears North (Assumed) 1470.00 feet;

Thence East 260.00 feet;

Thence South 210.00 feet;

Thence West 260.00 feet to the West line of the Northwest quarter of said Section 26;

Thence North along said Northwest quarter 210.00 feet to the POINT OF BEGINNING.

PARCEL NO. 2:

That portion of the Northwest quarter of Section 26, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Beginning at a point on the West line of the Northwest quarter of said Section 26, from which the Northwest corner thereof bears North (Assumed), a distance of 1470.00 feet;

Thence East a distance of 260.00 feet;

Thence South a distance of 210.00 feet;

Thence West 260.00 feet to the West line of the Northwest quarter of said Section 26;

Thence North along said West line of the Northwest quarter a distance of 210.00 feet to the POINT OF BEGINNING.

PARCEL NO. 3:

The East half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Excepting therefrom the following described parcel:

COMMENCING at the Northeast corner of said Section 27;

Thence South 00 degrees 00 minutes 00 seconds East along the East line of said Section 27 a distance of 1185.86 feet to the TRUE POINT OF BEGINNING;

Thence North 86 degrees 10 minutes 29 seconds West a distance of 596.88 feet;

Thence South 01 degrees 48 minutes 51 seconds East a distance of 205.83 feet;

Thence North 87 degrees 06 minutes 51 seconds West a distance of 235.57 feet;

Thence South 02 degrees 34 minutes 11 seconds West a distance of 118.13 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 194.89 feet;

Thence North 47 degrees 09 minutes 24 seconds East a distance of 80.65 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 315.97 feet;

Thence South 85 degrees 53 minutes 47 seconds East a distance of 157.75 feet;

Thence South 75 degrees 54 minutes 14 seconds East a distance of 103.23 feet to a point on the East line of said Section 27;

Thence North 00 degrees 00 minutes 00 seconds East along said East line a distance of 282.37 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 4:

That portion of the East half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona described as follows:

COMMENCING at the Northeast corner of said Section 27;

Thence South 00 degrees 00 minutes 00 seconds East along the East line of said Section 27 a distance of 1185.86 feet to the TRUE POINT OF BEGINNING;

Thence North 86 degrees 10 minutes 29 seconds West a distance of 596.88 feet;

Thence South 01 degrees 48 minutes 51 seconds East a distance of 205.83 feet;

Thence North 87 degrees 06 minutes 51 seconds West a distance of 235.57 feet;

Thence South 02 degrees 34 minutes 11 seconds West a distance of 118.13 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 194.89 feet;

Thence North 47 degrees 009 minutes 24 seconds East a distance of 80.65 feet;

Thence South 86 degrees 51 minutes 30 seconds East a distance of 315.97 feet;

Thence South 85 degrees 53 minutes 47 seconds East a distance of 157.75 feet;

Thence South 75 degrees 54 minutes 14 seconds East a distance of 103.23 feet to a point on the East line of said Section 27;

Thence North 00 degrees 00 minutes 00 seconds East along said East line a distance of 282.37 feet to the TRUE POINT OF BEGINNING

PARCEL NO. 5:

The West half of the Northeast quarter of Section 27, Township 6 South, Range 7 East of the Gila and Salt River Meridian, Pinal County, Arizona.

MJW-32

CC&N granted per Decision 66893

FLORENCE COUNTRY ESTATES

POST RANCH (HARVARD INV.)

HACIENDA ESTATES

HACIENDA HIGHLANDS

STOREY FARMS

SPRINGWATER POINTE

JBC DEVELOPMENT

ROSE LAW (AG ROBERTSON)

EXHIBIT
MJW-32
Admitted

ARIZONA WATER COMPANY

DESCRIPTION: DEVELOPMENTS WITHIN ARIZONA WATER COMPANY CASA GRANDE CC&N		
LOCATION: TOWNSHIP 6 SOUTH, RANGE 7 EAST		
DATE: 05.19.2006	SCALE: 1" = 1 Mile	DRAWN BY: CB

ARIZONA WATER COMPANY

RECEIPT FOR MAIN EXTENSION DEPOSIT

APPLICANT: Russ Webb JBC Development

DIVISION: CASA GRANDE

ADDRESS: 4680 East Reins Road Gilbert, AZ 85297

SYSTEM:

PROJECT *(subdivision or legal description)*:

Install 5,280 l.f. of 8" D.I.P. to serve the Webb Property.

EXHIBIT
MJW-33
Admitted

DEPOSIT FOR PREPARATION OF:

- ☒ Detailed Plans
- ☒ Specifications
- ☒ Cost Estimates

DEPOSIT REQUIRED

$450.00

Applicant has [illegible] Arizona Water Comp[illegible] [illegible]led plans, specifications [illegible] [illegible]acilities to provide wat[illegible]

T[illegible] [illegible]d cost o[illegible] [illegible]ty-fiv[illegible] [illegible]s, sp[illegible]

If [illegible] Ag[illegible] A[illegible] no[illegible]

RECEIP[illegible]

ARIZONA WATER COMPANY

By: Mike Loggins

Title: Engineer

ML

MJW-34

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT WATER FACILITIES

EXHIBIT
MJW-34
Admitted

ADEQ File No: 20060065	**LTF No:** 38916
System Name: Az Water Co - C.G.	**System Number:** 11009
Project Owner: Az Water Co	
Address: P.O. Box 29006, Phoenix, AZ 85038	
Project Location: Casa Grande	**County :** Pinal
Description: INSTALL APPROXIMATELY 5680 FEET OF 12" DI PIPES ON STOREY ROAD AND THEN 1000 FEET OF 6" DI PIPES SOUTH IN EASEMENT TO SERVE PROPOSED SPLIT OF PARCEL 1C (JBC DEVELOPMENT).	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 4 continued on page 1 through 1

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin.Code. At the project owner's request, the Department **may** conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by: JD1

By: Kwame Agyare 3/09/06
Kwame A. Agyare., P.E. Date
Manager, Drinking Water and
Wastewater Engineering Review
Water Quality Division

RECEIVED
MAR 20 2006

cc: File No : 20060065
Regional Office: Central
Owner: Az Water Co
County Health Department: Pinal
Engineer: Az Water Co.
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

MJW-35

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 NE¼ 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/rltd fttgs	$ 126,769.00
ıble Contribution in Aid of Construction:		
	Less: Main Extension Deposit	$450.00
Total of Required Advances and Contribution (Check #1)		$ 126,319.00

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

	Casa Grande	Coolidge	White Tank	
	In 0.11883	In 0.11883	In 0.08583	
	Out 0.06883	Out 0.06883	Out 0.06583	
Number of Meters	Fee	Fee	Fee	CAP 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
ıfundable CAP Fee Due Within 15 days After Notification of ACC Approval (Check #2)				$ 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

EXHIBIT
tabbies
MJW-35
Admitted

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

VOID AFTER 60 DAYS

Allison Chambers

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

CONTRACT 3521 WA 2-4080

⑈108823⑈ ⑆122100024⑆ 686568098⑈

MP MF

ARIZONA WATER COMPANY
Company
By: Ray
Title: Gen Opr. Supt.

JBC DEVELOPMENT
Applicant
By:
Title: Member

PRELIMINARY	☐	**ARIZONA WATER COMPANY** COST ESTIMATE WORKSHEET		DATE PREPARED: 3/13/2006
ACTUAL	X	PREPARED BY: Ray Murrieta	SYSTEM: Casa Grande	SHEET 1 OF 1
		PROJECT LOCATION: NE¼ Sec. 23 T.6S., R.7E.		DRAWING NO. CG-987

PROJECT DESCRIPTION:

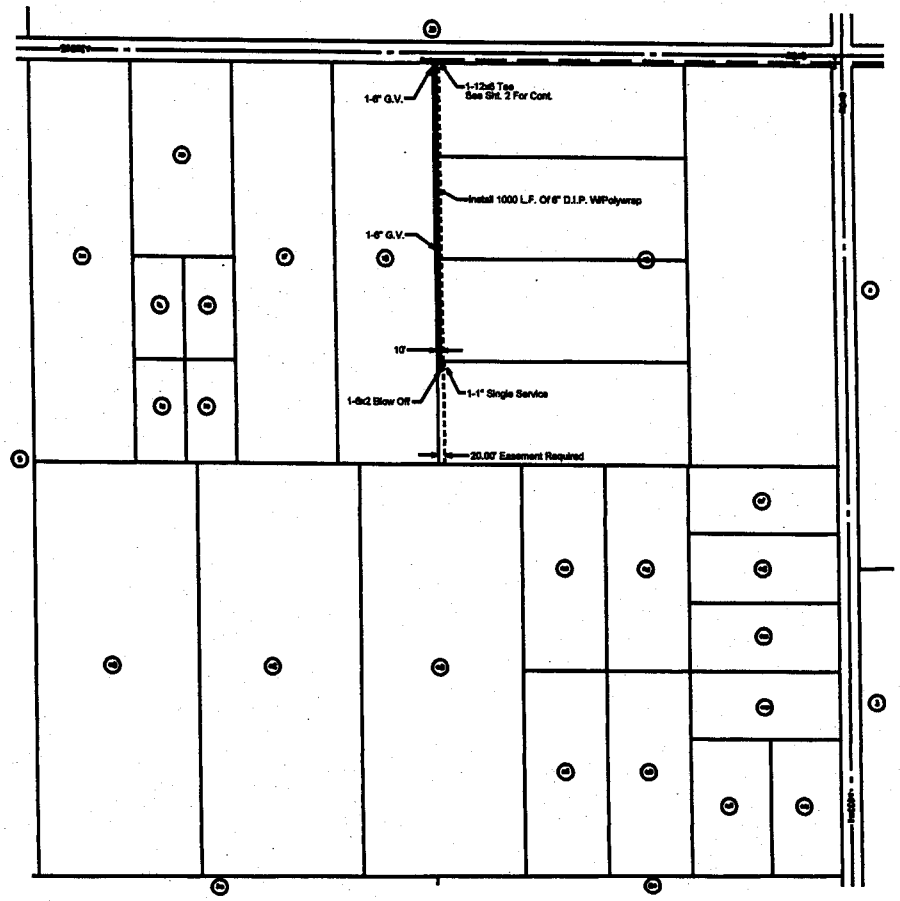
Install approximately 6,680 LF of 6" DIP along Storey Road, west from Eleven Mile Corner Road and south in an easement to serve a proposed split of Parcel 1C known as the JBC Development east of Casa Grande, AZ.

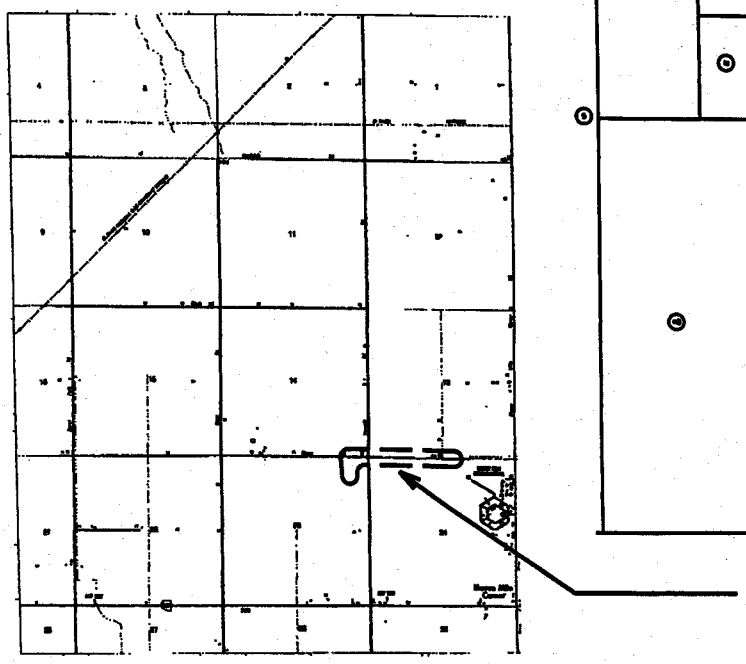
	DESCRIPTION	PLANT PROP ACCT	QUANTITY	UNIT COST	TOTAL
CONTRACT WORK	Tie 6" DIP to existing 8" DIP w/rltd fttgs	343	1	$ 600.00	$ 600
	Install 6" DIP w/polywrap and related fittings	343	5,700	17.50	99,750
	Tax	343	1	1,488.63	1,489
	Bond	343	1	2,993.85	2,994
	SERVICE CONNECTIONS: DOUBLE-LONG	345			
	SERVICE CONNECTIONS: DOUBLE-SHORT	345			
	TAXABLE SERVICE CONNECTIONS COMPLETE: SINGLE-LONG	345	1	500.00	500
	TAXABLE SERVICE CONNECTIONS COMPLETE: SINGLE-SHORT	345			
					$ 105,333
MATERIALS	6" MJ 45° Ells	343	10	$ 75.65	$ 757
	6" Mega Lug	343	20	20.35	407
	SERVICE CONNECTIONS: DOUBLE-LONG	345			
	SERVICE CONNECTIONS: DOUBLE-SHORT	345			
	TAXABLE SERVICE CONNECTIONS: SINGLE-LONG	345			
	TAXABLE SERVICE CONNECTIONS: SINGLE-SHORT	345			
	TAXABLE METERS	346	1	95.52	96
	METERS	346			
TOTAL MATERIALS					$ 1,260
LABOR	TESTING FEE	343	1	$ 2,000.00	2,000
	PERMIT FEE	343	1	3,000.00	3,000
	SURVEY FEE	343	1	4,000.00	4,000
	FIELD INSPECTION	343	1	4,000.00	4,000
	INSTALL SERVICE CONNECTIONS: DOUBLE-LONG	345			
	INSTALL SERVICE CONNECTIONS: DOUBLE-SHORT	345			
	INSTALL TAXABLE SERVICE CONNECTIONS: SINGLE-LONG	345			
	INSTALL TAXABLE SERVICE CONNECTIONS: SINGLE-SHORT	345			
TOTAL LABOR					$ 13,000
SUBTOTAL - CONTRACT WORK, MATERIALS, AND LABOR					$ 119,593
OVERHEAD					7,176
TOTAL	REFUNDABLE PORTION X	NON-REFUNDABLE PORTION ☐		COST ESTIMATE	$ 126,769

RGM

EXHIBIT
MJW-36
Admitted

Install 5680 L.F. Of 12" D.I.P. & 1000 L.F. Of 6" D.I.P. W/Related Fittings Along Storey Road From Eleven Mile Corner Road Past Tweedy Road To Serve The JBC Development At A Proposed Split Of Parcel 1C





ARIZONA WATER COMPANY
3805 N. BLACK CANYON HWY. POST OFFICE BOX 29008
PHOENIX, ARIZONA 85038-9008
(602) 240-6860

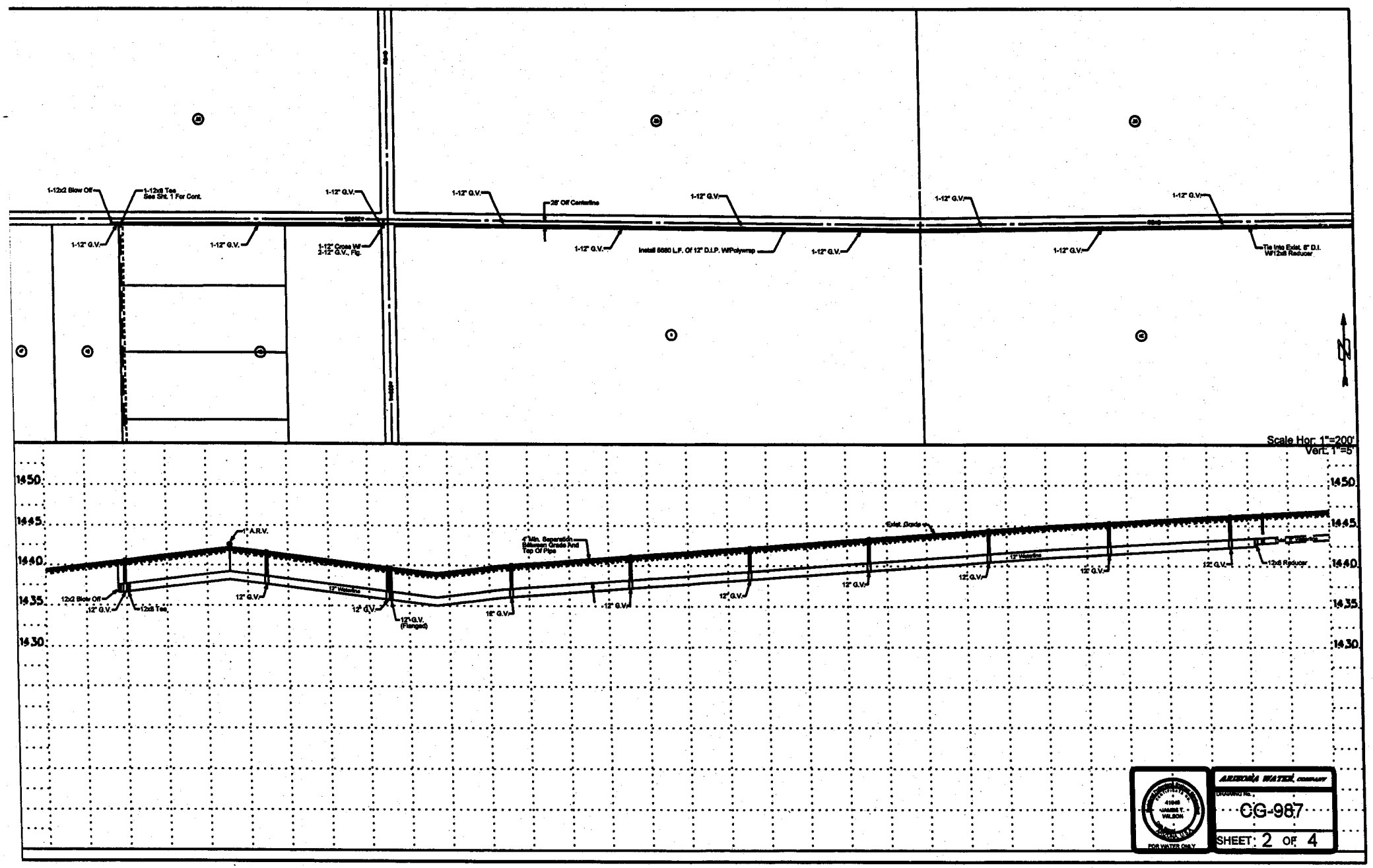
From Eleven Mile Corner Road Past Tweedy Road To Serve The JBC Development At A Proposed Split Of Parcel 1C

CASA GRANDE	
NE 1/4 N 1/2 SEC. 23 24 -T. 6 S., R. 7 E.	
PINAL COUNTY	
1/5/06	HOR. 1"=200' VERT. 1"=5'
	SHEET 1 OF 4

The above installation is to be installed in accordance with the Arizona Water Company standard specifications on file with the Arizona Department of Environmental Quality

FOR WATER ONLY

CG-987


1-12x2 Blow Off
1-12x8 Tee
See Sht. 1 For Cont.
1-12" G.V.
1-12" G.V.
1-12" G.V.
1-12" G.V.
1-12" Cross W/
2-12" G.V., Flg.
1-12" G.V.
28' Off Centerline
1-12" G.V.
1-12" G.V.
Install 5680 L.F. Of 12" D.I.P. W/Polywrap
1-12" G.V.
1-12" G.V.
1-12" G.V.
1-12" G.V.
Tie Into Exist. 8" D.I.
W/12x8 Reducer
N
Scale Hor. 1"=200'
Vert. 1"=5'
1450
1445
1440
1435
1430
1" A.R.V.
4' Min. Separation
Between Grade And
Top Of Pipe
Exist. Grade
12" Waterline
12x2 Blow Off
12" G.V.
12x8 Tee
12" G.V.
12" Waterline
12" G.V.
12" G.V.
(Flanged)
12" G.V.
12" G.V.
12" G.V.
12" G.V.
12" G.V.
12" G.V.
12" G.V.
12x8 Reducer
ARIZONA WATER COMPANY
DRAWING No.
CG-987
SHEET: 2 OF 4
FOR WATER ONLY

CONSTRUCTION SPECIFICATIONS FOR THE INSTALLATION OF WATER DISTRIBUTION SYSTEMS - DUCTILE IRON

DEFINITIONS

A. Company. The words "Company" or "Arizona Water Company" mean Arizona Water Company, and where applicable, any division of Arizona Water Company, whose principal place of business is located at 3805 North Black Canyon Highway, Phoenix, Arizona 85015-5351 (Post Office Box 29006, Phoenix, Arizona 85038-9006).

B. Company's Authorized Representative. The words "Company's Authorized Representative" mean any officer of the Company, and any of the Company's Engineers, any Division Manager of the Company and/or such other personnel designated in writing as the "Company's Authorized Representative" by the President or any Vice President of the Company.

C. Contractor. The word "Contractor" means either an individual or other entity employed to do the work as shown on the Construction Drawings and as specified herein.

D. Construction Drawings. The words "Construction Drawings" mean plans prepared by or on behalf of Arizona Water Company.

E. Contract. The word "Contract" means the written document titled "Proposal/Contract" when such document has been signed by an officer or other authorized representative of both the Contractor and the Company.

CONSTRUCTION SPECIFICATIONS FOR THE INSTALLATION OF WATER DISTRIBUTION SYSTEMS - DUCTILE IRON

1. GENERAL

All work is to be completed in a safe, workmanlike manner and in accordance with these Construction Specifications; any deviation therefrom must be approved in writing by the Company. Installations must conform with the requirements of all governmental regulating agencies and the cost of conforming to such regulations must be included in the unit bid prices. Examples of such regulations, without attempting to be inclusive, are:

a. Special compaction and paving for street crossing.
b. Shoring when required because of the trench depth.
c. Closing a trench in those areas where no open trench is allowed overnight.
d. Barricading and traffic controls required.

2. LOCATION STAKING

Alignment stakes as required in the opinion of the Company shall be furnished by the Company to the Contractor and shall be set by the Company at agreed upon intervals and offsets. Under normal circumstances these will determine the pipeline location five feet (5') into the right-of-way or measured from property pins. Grade stakes will be provided only when the Construction Drawings show a pipeline depth other than covered in these Specifications. It is the responsibility of the Contractor to preserve all survey work.

3. TRENCH EXCAVATION

The trench location is to be determined by the Construction Drawings. [illegible]

4. MATERIALS TO BE PROVIDED BY CONTRACTOR

[illegible]

5. INSTALLATION OF MATERIALS

[illegible]

6. BACKFILL OF WATER LINE TRENCHES

[illegible]

7. HYDROSTATIC TESTING OF COMPLETED PIPELINES

[illegible]

8. STERILIZATION AND FLUSHING OF COMPLETED WATER PIPELINES

[illegible]

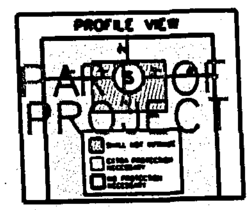
9. NO OTHER UTILITIES ALLOWED IN OR NEAR WATER PIPELINE TRENCHES

[illegible]

10. PROTECTION OF WATER MAINS NEAR SEWERS

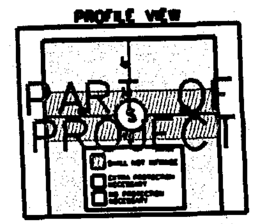
[illegible]

[redacted]



NOT PART OF THIS PROJECT

[redacted]



NOT PART OF THIS PROJECT

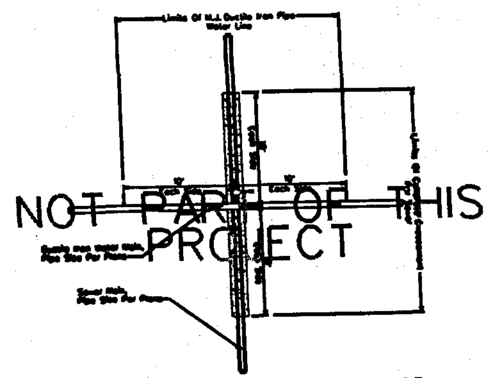
[redacted]

11. COMPACTION

[illegible]

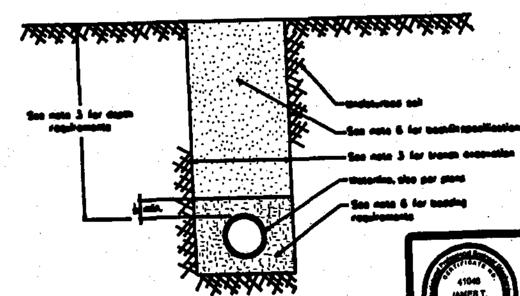
12. WATER MAIN MATERIAL SPECIFICATIONS

[illegible]



NOT PART OF THIS PROJECT

PLAN VIEW OF SEWER CROSSINGS



TYPICAL TRENCH DETAIL

263-1100
1-800-STAKE-IT

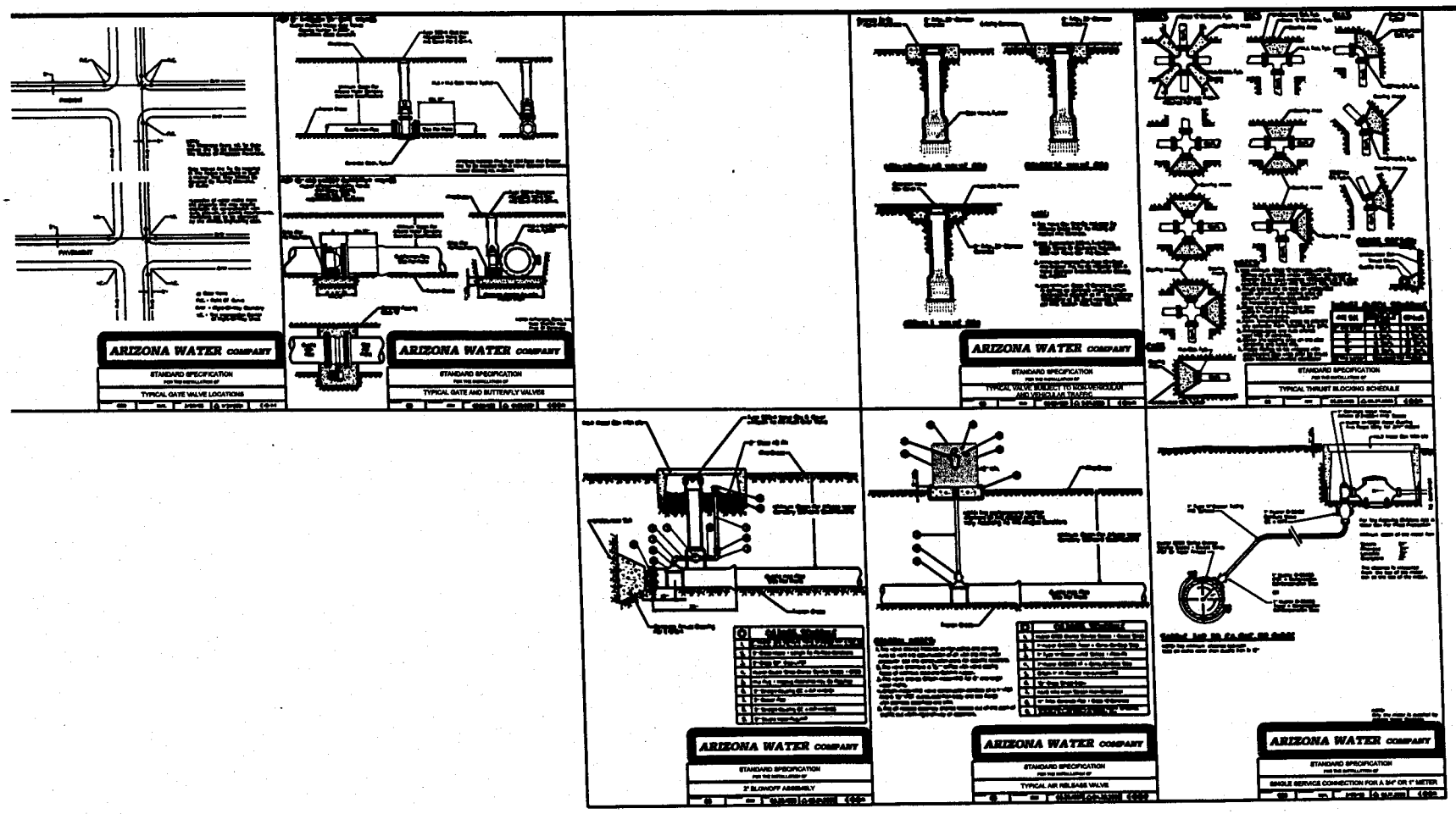
ARIZONA WATER COMPANY

JAMES T. WILSON
41048

FOR WATER ONLY

DRAWING NO.
CG-987

SHEET 3 OF 4



263-1100
1-800-STAKE-IT

ARIZONA WATER COMPANY

DRAWING No.
CG-987

SHEET 4 OF 4

41046
JAMES T. WILSON
ARIZONA, U.S.A.
FOR WATER ONLY

MJW-37

EXHIBIT
MJW-37
Admitted

May 19, 2006

Mr. Michael J. Whitehead
Vice President – Engineering
Arizona Water Company
3805 North Black Canyon Highway
Phoenix, AZ 85015-5351

Re: Storey Farms

Dear Mr. Whitehead:

I am the Consulting Engineer representing Storey Farms Sections 20 and 21, T.6S., R.7E. in Casa Grande, Arizona.

I was inquiring if the project is currently located within the Arizona Water Company's current Certificate of Convenience and Necessity and if the Company is willing to serve Storey Farms.

Very truly yours,

Jack Pence

Jack Pence
Arcadis Engineering

kd
Enclosure
bcc: Jerry Dexel - CG

MJW-38

EXHIBIT

MJW-38

Admitted

May 19, 2006

Jack Pence
Arcadis
8222 South 48th Street Ste 140
Phoenix, AZ 85044

Re: Domestic Water Service to Storey Farms

Dear Mr. Pence:

Arizona Water Company (the "Company") certifies that the above-described property is located within its Certificate of Convenience and Necessity in Casa Grande, Arizona, and that it will provide water service to the property in accordance with the Company's tariffs and the Arizona Corporation Commission's rules and regulations. It will be the responsibility of the developer to provide the funds to install the necessary water facilities, and the Company assumes no liability to install those facilities if the funds are not advanced by the developer.

The design of the water distribution system must comply with the Company's standard specifications that are on file at the Arizona Department of Environmental Quality. Both preliminary and final water system designs must be approved by the Company.

It will also be the responsibility of the developer to meet all the requirements of regulatory agencies having jurisdiction over Arizona subdivisions and of Arizona statutes applicable to subdivided or unsubdivided land, including, but not limited to, requirements relating to a Certificate of Assured Water Supply, as set forth in the Arizona Groundwater Management Act, A.R.S. §45-576.

Very truly yours,

ML

Mike Loggins
Engineer
engineering@azwater.co

#33

kd
bcc: Jerry Dexel - CG

MJW-39

ROSE LAW GROUP pc

COURT S. RICH
7272 E. Indian School Road Suite 360
Scottsdale, AZ 85251
Phone 480.505.3937 Fax 480.505.3925
crich@roselawgroup.com
www.roselawgroup.com

EXHIBIT
MJW-39
Admitted

October 26, 2005

VIA FACSIMILE and MAIL

Mike Whitehead
Arizona Water Company
3805 N. Black Canyon Hwy
Phoenix, AZ 85015

Re: Request for CC&N Expansion

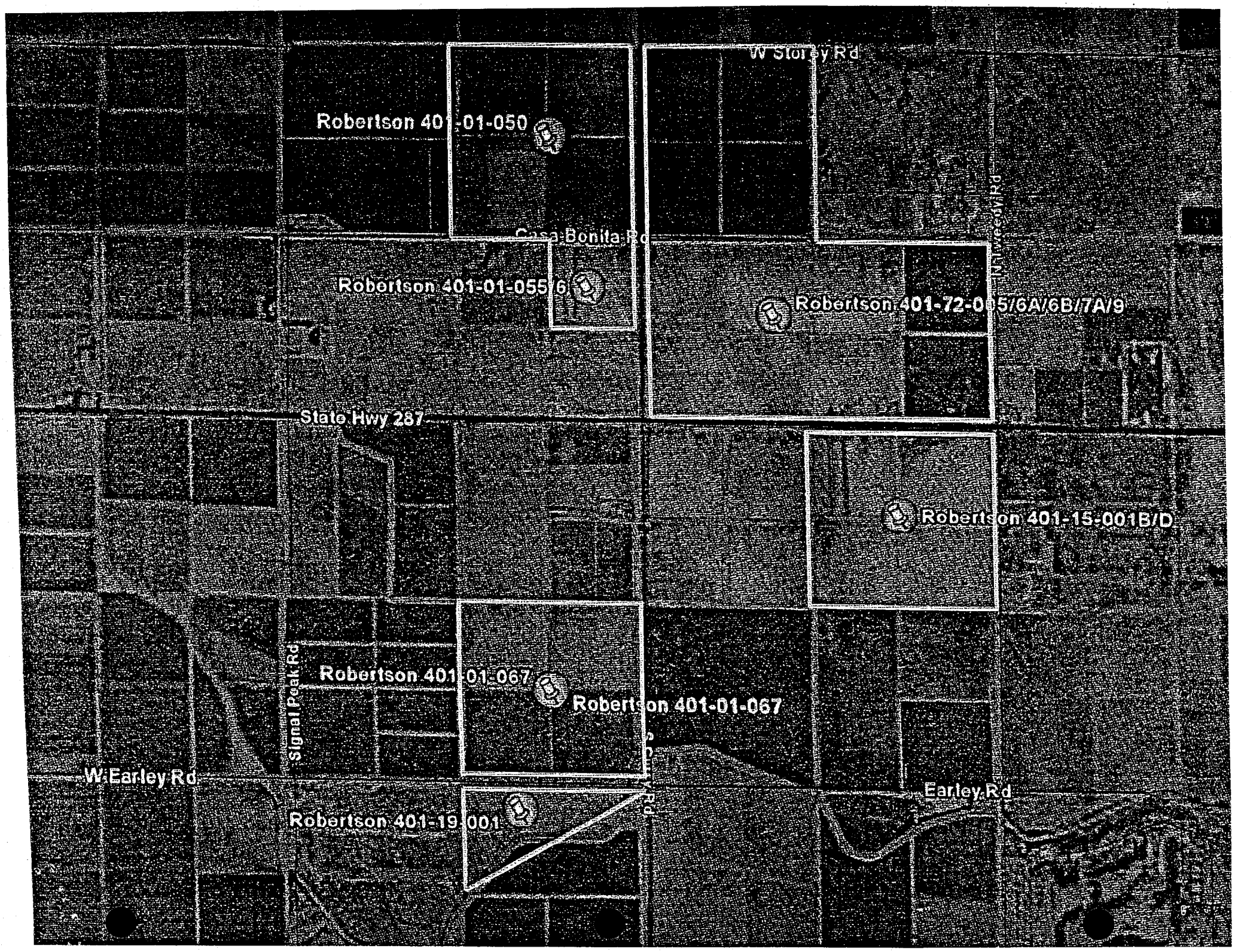
Dear Mike:

Please accept this correspondence as the official request for extension of Arizona Water Company's CC&N certificated area to include the properties depicted in the attached exhibits. We are hopeful that all or most of these properties can be included in Arizona Water Company's next CC&N extension request. Please contact this office to discuss this issue further and let us know if any additional information is required to process this request. While this office represents the landowner on these matters, a letter signed by the landowner will be delivered to your office in the very near future.

Sincerely,

Court S. Rich

RECEIVED
OCT 27 2005
AZ Water Company
Plan - Engineering


W Storey Rd
Robertson 401-01-050
Casa Bonita Rd
Robertson 401-01-055/6
Robertson 401-72-005/6A/6B/7A/9
N Weedy Rd
State Hwy 287
Robertson 401-15-001B/D
Robertson 401-01-067
Robertson 401-01-067
Signal Peak Rd
W Earley Rd
Robertson 401-19-001
Earley Rd

MJW-40

EXHIBIT

MJW-40

Admitted

PRELIMINARY ANALYSIS OF REQUIREMENTS FOR WATER SUPPLY AND DISTRIBUTION FOR SPRINGWATER POINTE CASE GRANDE, AZ

Prepared for:
Springwater Pointe, L.L.C
5108 N. 40th Street; Suite 3
Phoenix, AZ 85018

Prepared by:
Morrison-Maierle, Inc.
80 E. Rio Salado Parkway, Suite 201
Tempe, Arizona 85281
480-517-5800

Jeff Davidson, P.E.

Registered Professional Engineer (Civil)
CERTIFICATE NO.
87279
JEFFREY S.
DAVIDSON
Date Signed 7-29-05
ARIZONA, U.S.A.

July 2005
MMI Project No: 8374.009

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2. Purpose 1
3. Topographic Conditions 1

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2. Demand Calculation 3
3. 100-Year Water Assurance 3
4. Analysis Criteria and Assumptions 4
5. Proposed Water System 4

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Table B.3 – Minimum Water System Standards Summary 4

FIGURES

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Figure 2 – Existing Water System
Figure 3 – Springwater Point Concept Plan

A. INTRODUCTION

1. Project Description

The proposed Springwater Pointe site is located within the City of Casa Grande limits in Pinal County, approximately 5 miles southeast of the central area of the Town of Casa Grande, Arizona. The project consists of 140 acres south of State Route 87 (SR87)/ Florence Boulevard, east of Hacienda Road, and west of Overfield Road. It is comprised of a portion of the Southwest 1/4 of Section 30, Township 6 South, Range 7 East of the Gila Salt River Base and Meridian. See Figure 1. Current land use is agricultural.

The proposed development will include approximately 438 new residential lots plus 120 multi-Family (Town House) residential units. There will be no commercial development. In addition, there will be a minimum of 15% open space and public right-of-way.

2. Purpose

The purpose of this preliminary report is to determine the water supply needed by the proposed Springwater Pointe. This report addresses both the single family and multi-family water supplies needed. The multi-family portion is to be developed as a separate project and is included for planning purposes. Additionally, this report will describe the existing water distribution system surrounding the proposed development and provide a preliminary design for the onsite water system.

3. Topographic Conditions

The total site generally slopes from southeast to northwest and is relatively flat There does not appear to be any offsite drainage affecting this area. Drainage flows are intercepted by the surrounding roads. Drainage issues will be addressed in the technical drainage memorandum prepared by Morrison-Maierle, Inc.

B. WATER SYSTEM MASTER PLAN

1. Existing Water System

The Springwater Pointe development lies within City of Casa Grande water service area. The City of Casa Grande generally is serviced through a series of wells and storage tanks. Preliminary research indicated that a 12-inch line located along Florence Boulevard will be a viable source of water to the project. Potable water for Springwater Pointe will be provided by the Arizona Water Company.

The site lies within the Arizona Water Company service area. The current point of connection is a 12-inch diameter main in Florence Boulevard at Mission Parkway. The developer may need to install appropriately sized main from the connection point to the site following the Florence Boulevard alignment to the site if the Springwater Pointe development precedes the Mission Royale development or the Post Ranch Development. 12-inch, 8-inch and 6-inch lines are the typical minimum requirements within arterial, collector and local streets, respectively, per Arizona Water Company's standards.

Mains may need to be larger depending upon minimum fire flow requirements. Dependent upon project phasing, this project may tie into a proposed 12-inch water main along Hacienda Road or Overfield Road from Florence Boulevard that will be installed for one of two adjacent projects mentioned above.

Final Water reports and plans, meeting the approval of the City Engineer and Arizona Water Company, are required prior to the approval of any Final Subdivision Plats or Major Site Plans for this project.

2. Demand Calculation

The development plan for the proposed site includes 125 acres of single family residential, 15 acres of Town House residential for the Springwater Pointe development. Per past projects and engineering experience, the water system basis of design was established and the demands from the proposed project calculated. A density of 3.3 people per household was used for both single and multi-family residential lots to calculate the total project population. See Table B.1 for the design criteria used for this project.

2. DEMAND CALCULATION Cont.

TABLE B.1 DESIGN CRITERIA	
Capita Per Dwelling Unit	3.3
Max Day Factor	1.8
Peak Hour Factor	3.0
Residential Demand (gallons/capita/day)	125
Fire Flow (gallons/minute)	1500 gpm for 2 hours

The project is anticipated to require a 180, 675 gpd for average daily demand for the single family homes and 49,500 gpd for the multi-family residences (Town Homes) A max day factor of 1.8 is applied to the average demand for maximum daily demand. A peak hour factor of 3.0 is applied to the average demand for peak hour demands. Additionally, a fire flow demand of 1,500 gpm for a duration of 2 hours will be needed. Table B.2. is organized by usage and summarizes the water demands associated with the proposed project.

TABLE B.2 WATER DEMAND SUMMARY

Land Use	Acres	Dwelling Units (DU)	Demand	Avg. Day (gpd)	Max Day (gpd)	Peak Hour (gpd)
Single Family	125	438	125	180,675	325,215	542,025
Town Homes	15	120	125	49,500	89,100	148,500
Total	**140***	**558**		**230,175**	**413,315**	**690,525**

*NOTE: Open space and road rights-of-way are included for this preliminary analysis. Fire flows are not included.

3. 100-Year Water Assurance

The developer will submit an application for certification of assured water supply and provide a 100-year Assured Water Supply Certificate prior to Final Plat recording.

4. Analysis Criteria and Assumptions

The proposed water system criteria are based on past conversations with City of Case Grande and Arizona Water Company personnel. Table B.3 summarizes the recommended minimum standards of design for this project.

TABLE B.3
MINIMUM WATER SYSTEM STANDARDS SUMMARY

Description	Requirement
Water Service Main Line	12-inch
Water Service Sub Line	8-inch
Residential Street Pipe Size	6-inch (minimum)
Service Line Size	1-inch (minimum)
Pipe Material	DIP
Fire Hydrant Spacing	300-foot spacing (maximum)
Maximum Day Residual Pressure	50-80 psi
Maximum Day with Fire Flow Residual Pressure	20 psi (minimum)
Maximum Flow Velocity	< 10 feet/second
Maximum Headloss	< 10 feet/1,000 feet

5. Proposed Water System

The proposed on-site water distribution system will primarily consist of 6-inch to 12-inch water mains. This pipe will be DIP piping throughout the property.

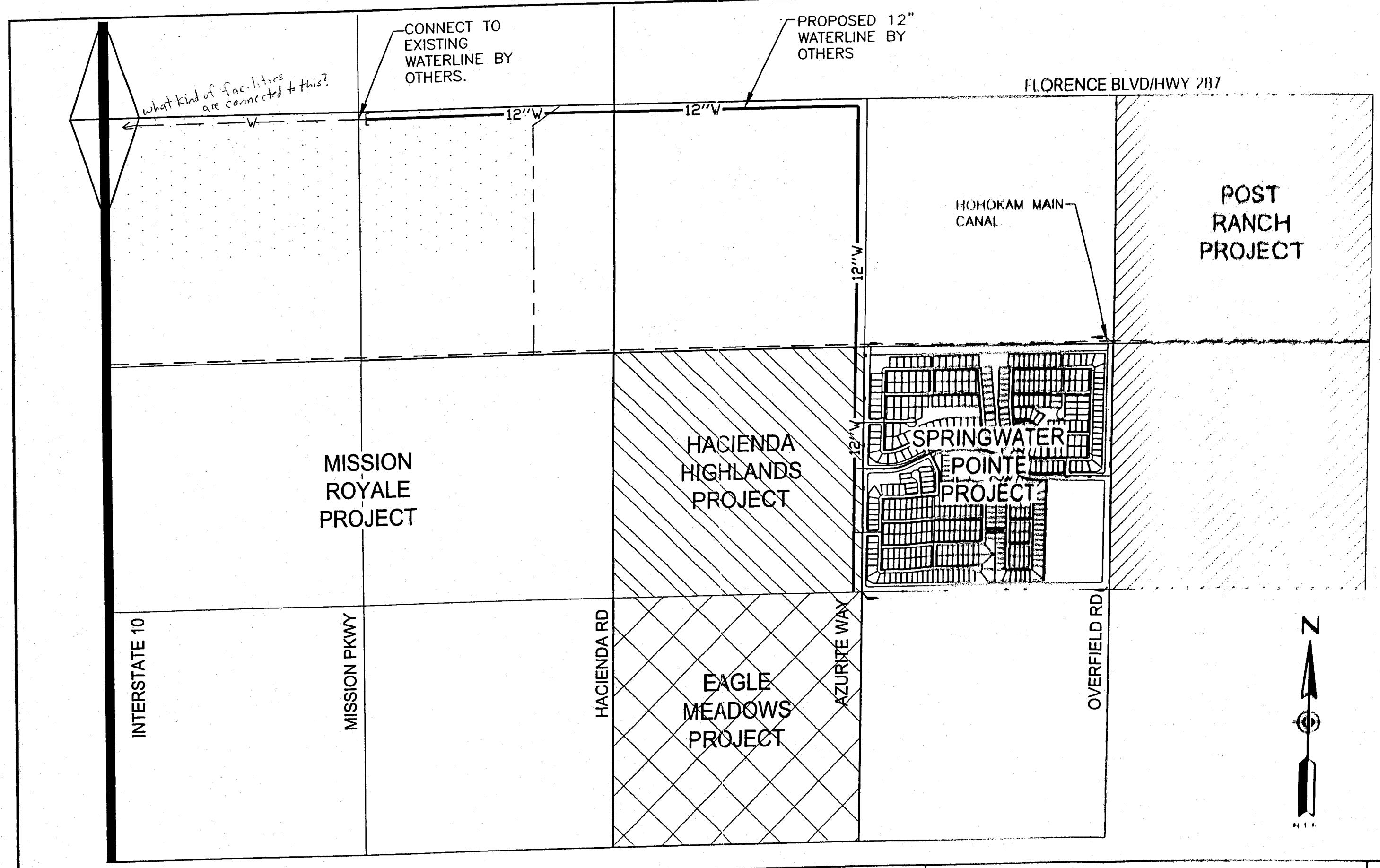
The proposed water system will be able to accommodate maximum day flows and fire flows for the project. Fire hydrants will be spaced every 300 feet maximum to provide adequate fire protection.

A detailed water distribution system analysis needs to be completed to determine facility improvements necessary to support the project. This will include additional modeling to verify minimum pressure and adequate capacity in the existing system. It is anticipated that additional facilities such as wells or tanks will not be required for this project.

C. Conclusion

Springwater Pointe requires approximately 180,675 gpd for an average daily demand. The future multi-family homes will require approximately 49,500 gpd for an average daily demand. The total required average daily demand upon full development of the single family homes and the multi-family homes will be approximately 230,175 gpd. It is anticipated that the onsite improvements will include 6-inch to 12-inch water lines throughout the property. These waterlines will also accommodate fire flows to provide fire protection to the proposed site.

Additional modeling will need to be completed to verify minimum pressures in the existing system and verify the existing 12-inch waterline has adequate capacity to supply Springwater Pointe.



MORRISON MAIERLE, INC.
An Employee-Owned Company

Engineers
Surveyors
Scientists
Planners

80 E. Rio Salado Parkway, Suite 201
Tempe, AZ 85281
Phone: (480) 517-8800
Fax: (480) 517-8801

DRAWN BY: HLL
CHK'D BY: JD
APPR BY: JD
DATE: 10/2005

Casa Grande — Springwater Pointe — Arizona

Figure 2 - Offsite Preliminary Water

PROJECT NO. 8374.009

FIGURE NUMBER
FIG. 2

VERIFY SCALE
THIS PRINT MAY BE REDUCED. USE BELOW INCHES TO VERIFY ORIGINAL DRAWING.
MODIFY SCALE ACCORDINGLY

NO.	DESCRIPTION	DATE	BY
	REVISIONS		

MORRISON MAIERLE, INC.
ENGINEERS
SCIENTISTS
SURVEYORS
PLANNERS
Email: phoenix@mm-m.net
Phone: (480) 517-5800
Fax: (480) 517-5801
80 E. Rio Salado Parkway, Suite 201
Tempe, AZ 85281

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DRAWN BY: BLV
CHKD. BY: JSD
APPR. BY:
DATE: 7/25/05
Q.A. REVIEW
BY:
DATE:

PRELIMINARY WATER DESIGN
OFFSITE UTILITIES
CASA GRANDE AZ
SPRINGWATER POINTE
FIGURE 2

PROJECT NO.
SHEET NUMBER
S-1

ONSITE WATER UTILITIES EXHIBIT

N.T.S

150 75 0 150 300

SCALE: 1" = 150'

VERIFY SCALE
THIS PRINT MAY BE REDUCED OR ENLARGED. MEASURES ONE INCH ON ORIGINAL DRAWING.
WORK TO SCALE ACCORDING

NO.	DESCRIPTION	DATE	BY
	REVISIONS		

MORRISON MAIERLE, INC.
an Arizona Corporation
80 E. Rio Salado Parkway, Suite 201
Tempe, AZ 85281
ENGINEERS
SCIENTISTS
SURVEYORS
PLANNERS
Email: phone@m-m.net
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Fax: (480) 517-5801
© 2005 MORRISON MAIERLE, INC.

DRAWN BY: BLV
CHK'D. BY: JSD
APPR. BY:
DATE: 7/25/05
Q.A. REVIEW
BY:
DATE:

ONSITE WATER
PRELIMINARY UTILITIES DESIGN
SPRINGWATER POINTE
FIGURE 3
AZ

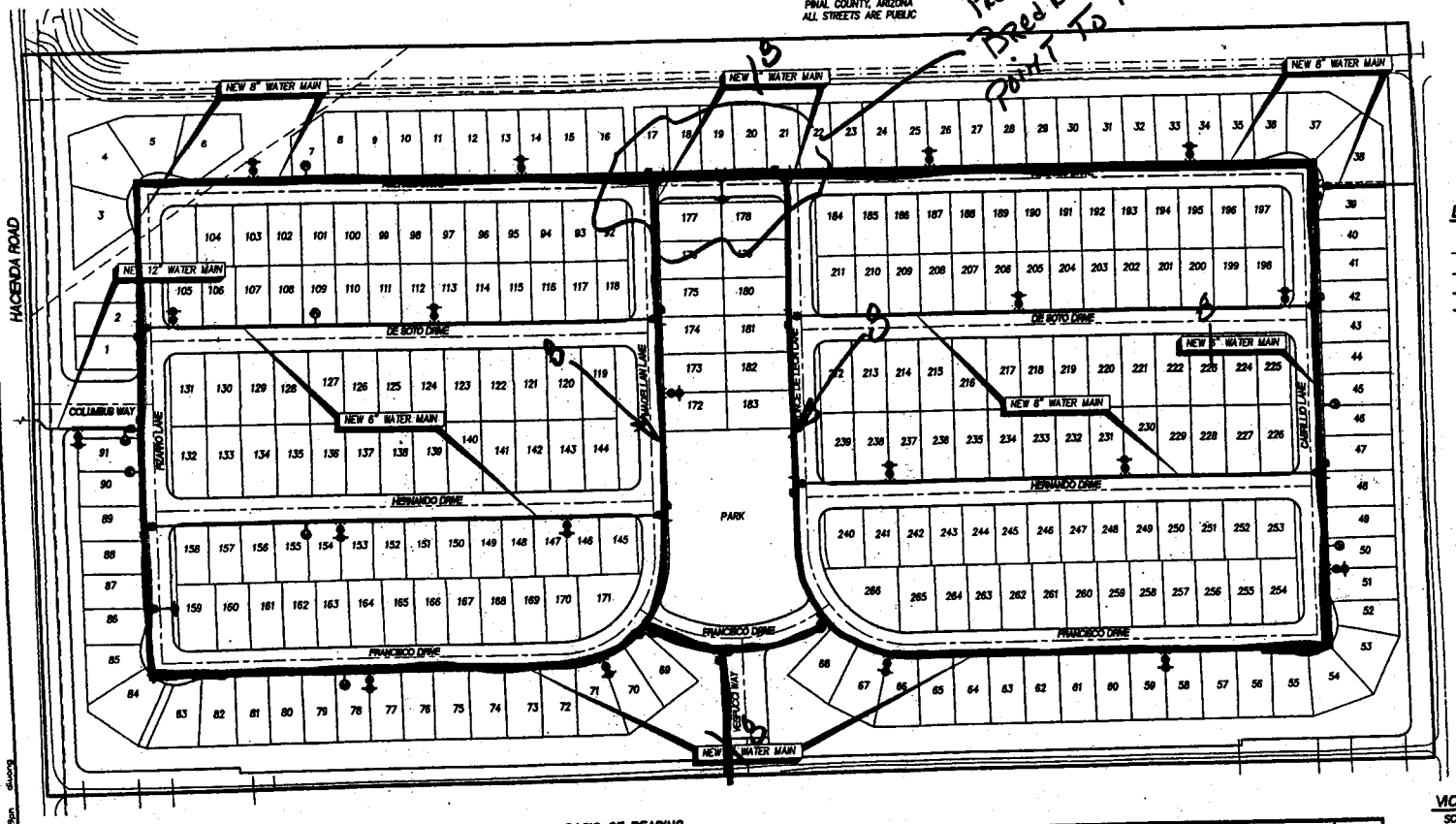
MJW-41

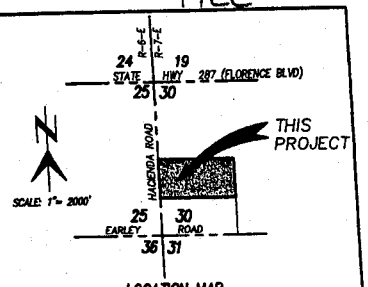
FILE

MASTER WATER DISTRIBUTION PLANS
HACIENDA HIGHLANDS
LOTS 1-266

LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA
ALL STREETS ARE PUBLIC

Provide Bred Loop Point To the North.





LOCATION MAP
LOT 3 AND THE NE QUARTER OF THE SW QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM PINAL COUNTY, ARIZONA

LEGEND

- SURVEY MONUMENT
- NEW SANITARY SEWER, MANHOLE & HCS
- EXISTING SANITARY SEWER & MANHOLE
- NEW DIP WATERLINE & HORIZONTAL BEND
- NEW DIP WATERLINE & VERTICAL BENDS
- PROPOSED VALVE, B&C PER STD. DTL. E-9-2-1
- PROPOSED PRESSURE RELIEF VALVE ASSEMBLY PER STD. DTL. E-9-14-1
- PROPOSED FIRE HYDRANT PER STD. DTL. E-9-6-1
- PROPOSED SINGLE WATER SERVICE PER STD. DTL. E-9-9-1
- PROPOSED SPLIT WATER SERVICE PER STD. DTL. E-9-10-1
- EXISTING WATERLINE & VALVE
- PROPERTY LINE
- STREET CENTERLINE
- EXISTING EASEMENT AS NOTED
- NEW EASEMENT AS NOTED
- EXISTING GAS LINE
- R/W — RIGHT-OF-WAY
- PUE — PUBLIC UTILITY EASEMENT
- DIP — DUCTILE IRON PIPE
- (A) INDICATES DETAIL
- (7) INDICATES SHEET NO.

VICINITY MAP
SCALE: 1"=100'

tabbies

EXHIBIT
MJW-41
Admitted

UTILITIES

SEWER	SCOTT BENDER	CASA GRANDE	(520) 421-8623
WATER	JERRY DREXELL	ARIZONA WATER COMPANY	(520) 836-8765
REFUSE	SCOTT BENDER	CASA GRANDE	(520) 421-8623
ELECTRIC	DALE CASSITY	E D-2	(520) 723-7741
TELEPHONE	GENE BRUMEUL	QWEST	(520) 426-6743
GAS	BILL WARD	EL PASO GAS	(520) 438-4200
CABLE TV	TISHA ARTHUR	COX COMMUNICATIONS	(623) 322-7957
POSTAL SERVICE	ROXANNE HILL	CASA GRANDE OFFICE	(520) 836-7221
HYDRANT LOCATION	CRIS HERNANDEZ	CASA GRANDE FIRE DEPARTMENT	(520) 421-8777

ENGINEER

ENGINEERING AND ENVIRONMENTAL CONSULTANTS, INC.
4625 E. FT. LOWELL ROAD
TUCSON, ARIZONA 85712
ATTN: JOE L. RIOJAS JR., P.E.
TEL: (520) 321-4625
FAX: (520) 321-0333

OWNER/DEVELOPER

CASA GRANDE 76, LLC
C/O THE MYERS GROUP
1630 E. RIVER ROAD, SUITE 122
TUCSON, ARIZONA 85718
(520) 232-8200

SHEET INDEX

SHT 1	COVER SHEET
SHT 2	WATER NOTES
SHT 3-6	PLAN VIEW SHEETS
SHT 7-8	DETAIL SHEETS

BASIS OF BEARING

THE WEST LINE OF THE NW 1/4 OF SECTION 30, ACCORDING TO "FINAL PLAT FOR BLOCK "H" OF MISSION ROYAL", CABINET D AT SLIDE 184, PINAL COUNTY RECORDER. BEARING BEING N 00°26'06" E.

BASIS OF ELEVATION

CITY OF CASA GRANDE BENCHMARK AT, OR NEAR, THE WEST 1/4 CORNER OF SECTION 23, T-6-S, R-7-E. ELEVATION BEING 1410.56

ARIZONA WATER COMPANY
WATER DISTRIBUTION SYSTEM APPROVAL:

ALL WATER MAINS AND APPURTENANCES ARE TO BE INSTALLED AS PER ARIZONA WATER COMPANY'S STANDARD SPECIFICATIONS FOR THE INSTALLATION OF DUCTILE IRON WATER MAINS ON FILE WITH THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY. THIS APPROVAL DOES NOT APPLY TO PRIVATE DISTRIBUTION SYSTEMS ON THE CUSTOMER'S PREMISES. THIS APPROVAL IS VALID FOR A PERIOD OF EIGHTEEN MONTHS FROM THE DATE OF THIS APPROVAL AFTER WHICH TIME THE WATER DISTRIBUTION SYSTEM PLAN(S) ARE SUBJECT TO RE-REVIEW AND APPROVAL.

DATE OF APPROVAL: _____ APPROVED BY: _____

1-800-782-5348

NO.	DATE	REVISION	BY	CK	APPR

REGISTERED PROFESSIONAL ENGINEER (CIVIL) CERTIFICATE NO. 38518 JOE LUIS RIOJAS JR. ARIZONA U.S.A.

eec
civil engineering • land development • land surveying and construction staking • environmental services • land control and drainage • landscape architecture • school consultants • transportation • water and wastewater
Engineering and Environmental Consultants, Inc.
4625 E. FT. LOWELL RD. TUCSON, ARIZONA 85712 Tel: 520-321-4625 • Fax: 520-321-0333 www.eec-inc.com

DESIGNED BY: DRAWN BY: CHECKED BY:

MASTER WATER DISTRIBUTION PLANS
HACIENDA HIGHLANDS
LOTS 1-266
LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA
ALL STREETS ARE PUBLIC

SCALE: NONE | DATE: | EEC JOB NO. 204220.01 | 1/8
DATE: FEBRUARY 2006

D:\204220.01\Cad\water\204220.dwg - Plotted: Mar 09, 2006 - 4:29pm - dlong

CONSTRUCTION SPECIFICATIONS FOR THE INSTALLATION OF WATER DISTRIBUTION SYSTEMS – DUCTILE IRON

1. GENERALLY, ALL WORK IS TO BE COMPLETED IN A SAFE, WORKMANLIKE MANNER AND IN ACCORDANCE WITH THESE CONSTRUCTION SPECIFICATIONS; ANY DEVIATION THEREFROM MUST BE APPROVED IN WRITING BY THE COMPANY. INSTALLATIONS MUST CONFORM WITH THE REQUIREMENTS OF ALL GOVERNMENTAL REGULATING AGENCIES AND THE COST OF CONFORMING TO SUCH REGULATIONS MUST BE INCLUDED IN THE UNIT BID PRICES. EXAMPLES OF SUCH REGULATIONS, WITHOUT ATTEMPTING TO BE INCLUSIVE, ARE: A. SPECIAL COMPACTION AND PAVING FOR STREET CROSSING. B. SHORING WHEN REQUIRED BECAUSE OF THE TRENCH DEPTH. C. CLOSING A TRENCH IN THOSE AREAS WHERE NO OPEN TRENCH IS ALLOWED OVERNIGHT. D. BARRICADING AND TRAFFIC CONTROL AS REQUIRED.

2. LOCATION MARKING ALIGNMENT STAKES AS REQUIRED IN THE OPINION OF THE COMPANY SHALL BE FURNISHED BY THE COMPANY TO THE CONTRACTOR AND SHALL BE SET BY THE COMPANY AT AGREED UPON INTERVALS AND OFFSETS. UNDER NORMAL CIRCUMSTANCES THESE WILL REFERENCE THE PIPELINE LOCATION FIVE FEET (5') INTO THE RIGHT-OF-WAY OR MEASURED FROM PROPERTY PINS. GRADE STAKES WILL BE PROVIDED ONLY WHEN THE CONSTRUCTION DRAWINGS SHOW A PIPELINE DEPTH OTHER THAN COVERED IN THESE SPECIFICATIONS. IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO PRESERVE ALL SURVEY WORK.

3. TRENCH EXCAVATION THE TRENCH LOCATION IS TO BE DETERMINED BY THE CONSTRUCTION DRAWINGS. FOR 8-INCH OR SMALLER PIPE: THE DEPTH OF THE TRENCH PRIOR TO PIPE LAYING SHALL BE SUCH THAT THE FINISHED PIPELINE SHALL HAVE BETWEEN THIRTY-SIX INCHES (36") AND FORTY-TWO INCHES (42") OF COVER OVER THE TOP OF PIPE UNLESS OTHERWISE SPECIFIED ON THE CONSTRUCTION DRAWINGS. FOR 12-INCH AND LARGER PIPE: THE DEPTH OF THE TRENCH PRIOR TO PIPE LAYING SHALL BE SUCH THAT THE FINISHED PIPELINE SHALL HAVE BETWEEN FORTY-EIGHT INCHES (48") AND SIXTY INCHES (60") OF COVER OVER THE TOP OF PIPE UNLESS OTHERWISE SPECIFIED ON THE CONSTRUCTION DRAWINGS. THE WIDTH OF THE TRENCH AT AND BELOW THE LEVEL AT THE TOP OF THE PIPE SHALL BE A MINIMUM OF TWELVE INCHES (12") PLUS THE OUTSIDE DIAMETER OF THE PIPE BARREL AND A MAXIMUM OF TWENTY-FOUR INCHES (24") PLUS THE OUTSIDE DIAMETER OF THE PIPE BARREL. THE BOTTOM OF THE TRENCH SHALL BE ACCURATELY GRADED TO PROVIDE A UNIFORM BEARING FOR EACH LENGTH OF PIPE FOR THE FULL LENGTH OF THE PIPE. IF THE NATIVE MATERIAL ON THE TRENCH BOTTOM CAN BE REASONABLY DUG BY HAND, BELL HOLES SHALL BE DUG FOR THE JOINTS SO THAT THE JOINTS IN NO WAY SUPPORT THE PIPE. WHEN NATIVE MATERIALS SUCH AS ROCK ARE ENCOUNTERED DURING TRENCHING THAT WILL NOT PROVIDE A UNIFORM SUPPORT FOR THE PIPE, THE TRENCH WILL BE OVER-EXCAVATED AN ADDITIONAL SIX INCHES (6") AND SUITABLE BEDDING MATERIAL WILL BE PLACED IN THE TRENCH. BEDDING MATERIAL WILL BE PLACED BY HAND IN FOUR INCH (4") LIFTS AND COMPACTED TO ENSURE UNIFORM COMPACTION AND TO ELIMINATE ANY VOIDS UNDER THE PIPE. WHEN THE SPACE BETWEEN THE PIPE AND TRENCH BOTTOM VARIES, THIS MUST BE BACKFILLED AND COMPACTED IN FOUR INCH (4") LIFTS TO THE MID-SECTION OF THE PIPE. WHENEVER THE TRENCH IS OVER-EXCAVATED FOR WHATEVER REASON, THE TRENCH BOTTOM WILL BE BROUGHT UP TO THE CORRECT DEPTH AT THE CONTRACTOR'S EXPENSE USING EITHER METHOD (A) OR (B) AS FOLLOWS: A. A.B.C. MATERIAL SHALL BE USED AND COMPACTED TO A UNIFORM DENSITY OF NOT LESS THAN 80% OF THE MAXIMUM DENSITY AS DETERMINED BY AASHTO T-99 METHOD A AND T-191. B. NATIVE MATERIAL 100% OF WHICH WILL PASS THROUGH A ONE AND ONE-HALF INCH (1½") SCREEN AND AT LEAST 20% OF WHICH WILL PASS THROUGH NUMBER-8 SCREEN SHALL BE USED AND COMPACTED TO A UNIFORM DENSITY OF NOT LESS THAN 85% OF THE MAXIMUM DENSITY AS DETERMINED BY AASHTO T-99 METHOD A AND T-191.

4. MATERIALS TO BE PROVIDED BY CONTRACTOR UNLESS OTHERWISE SPECIFIED ON THE CONSTRUCTION DRAWING OR IN THE CONTRACT, THE CONTRACTOR WILL SUPPLY ALL OF THE NECESSARY MATERIALS WHICH WILL BECOME A PERMANENT AND INTEGRAL PART OF THE WATER DISTRIBUTION SYSTEM, INCLUDING CONCRETE BLOCKING, ANCHORS, BACKFILL MATERIAL, PAVING MATERIAL AND SUPPLIES USED DURING THE PROSECUTION OF THE WORK. ALL MATERIALS PROVIDED BY THE CONTRACTOR TO CONSTRUCT THE WATER DISTRIBUTION SYSTEM MUST BE NSF STANDARD 61 APPROVED. ALL POTABLE WATER PIPES AND FITTINGS SHALL HAVE NSF-PW SEAL. CONSTRUCTION MATERIALS USED IN THE WATER SYSTEM SHALL BE LEAD FREE AS DEFINED AT AAC R28-4-504 AND R18-1-101. THE CONTRACTOR WILL PROVIDE THE FOLLOWING MATERIALS:

   A. FIRE HYDRANTS: MUELLER SUPER CENTURION 250 FIRE HYDRANT, MEETS ANSI/AWWA C502 STANDARD, MODEL NO. A-421, 4½" MAIN VALVE OPENING, THREE WAY, 6" MECHANICAL JOINT SHOE, 1½" PENTAGON OPERATING NUT, COLOR – YELLOW, DRAIN OPEN, OPEN DIRECTION – LEFT, 4' OR 4'6" BURY DEPENDING ON APPLICATION FOR PUMPER AND HOSE NOZZLE INFORMATION SEE BELOW. (1) 1-4" PUMPER NOZZLE, NST AND 2-2½" HOSE NOZZLES, NST. (THESE LOCATIONS ONLY: AJO, CASA GRANDE, COOLIDGE AND SAN MANUEL.) (2) 1-4½" PUMPER NOZZLE, NST AND 2-2½" HOSE NOZZLES, NST. (THESE LOCATIONS ONLY: APACHE JUNCTION, ARIZONA CITY, LAKESIDE, ORACLE, OVERGAARD, PINEWOOD, RIMROCK, SEDONA, SIERRA VISTA, WHITE TANK AND WINDELMAN.) (3) 1-4½" PUMPER NOZZLE, NST AND 2-2½" HOSE NOZZLES, NPT (BISBEE ONLY.) (4) 1-3" PUMPER NOZZLE GA 6-350 (6 THREADS PER INCH, 3.50 PITCH DIAMETER) AND 2-2½" HOSE NOZZLES, NPT (MIAMI ONY.) (5) 1-3½" PUMPER NOZZLE 6-411 (6 THREADS PER INCH, 4.11 PITCH DIAMETER) AND 2-2½" HOSE NOZZLE, NST (SUPERIOR ONLY).

   B. FITTINGS: MANUFACTURED BY TYLER OR UNION. CROSSES, ELBOWS, TEES, CAP, REDUCER, ADAPTER, PLUG, BLIND FLANGE AND TAPPED FLANGE; DUCTILE IRON, CLASS 350, SSB, CAST IRON CEMENT LINED. (1) FOSTER ADAPTORS FOR MJ, MADE BY INFACT CORPORATION: AVAILABLE IN SIZES 4" TO 16". PART NO. 4"=4FA-BC, 6"=6FA-BC, 8"=8FA-BC, 10"=10FA-BC, 12"=12FA-BC, 16"=16FA-BC.

   C. DETECTOR CHECK VALVE: MUELLER/HERSEY EDC III, IRON BODY, INCLUDING ⅝"x¾" TRIM KIT. TRIM KIT PART NO.: 4"=282080, 6"=282082, 8"=282085, 10"=282496.

   D. GATE VALVES: MUELLER RESILIENT WEDGE GATE VALVES, MEETS AWWA C509 SPECIFICATION, 250 PSIG, NON RISING STEM, PART NO. A-2360, LOW ZINC STEMS, EPOXY COATED INSIDE AND OUTSIDE TO MEET THE NSF 61 RATING. THE BONNET AND STUFFING BOX SHALL HAVE 304 STAINLESS STEEL NUTS/BOLTS.

   E. MEGALUG: MECHANICAL JOINT RESTRAINT MADE OF DUCTILE IRON CONFORMING TO ASTM 536-80, 250 PSI MADE BY EBAA IRON, INC., SERIES 1100 OR EQUAL.

   F. METER BOXES: AVAILABLE FROM U.S. FILTER: (1) CONCRETE BOX WITH A STEEL REGULAR LID, NUMBER 1: TUCSON SPECIFICATION. (2) CONCRETE BOX WITH A STEEL REGULAR LID, NUMBER 2, 3 AND 4: PHOENIX SPECIFICATION.

   G. PIPE, COPPER: TYPE K SOFT COPPER IN 60 OR 100 FOOT COILS.

   H. PIPE, DUCTILE IRON: DUCTILE IRON PIPE, CEMENT LINED, PUSH-ON, CONFORM TO CURRENT ANSI/AWWA SPECIFICATION A21.51/C151, PRESSURE CLASS 350 (SIZES 4" THROUGH 12"), PRESSURE CLASS 250 (SIZES 14" THROUGH 20"), OR PRESSURE CLASS 200 FOR 24" PIPE. VENDORS: (1) PACIFIC STATES CAST IRON PIPE COMPANY (2) GRIFFIN PIPE (3) UNITED STATES PIPE AND FOUNDRY COMPANY (4) AMERICAN DUCTILE IRON PIPE.

   PIPE, PLASTIC: PLASTIC PIPE, C-900 PVC PER ANSI/AWWA C900, DR18, CLASS 150, SIZES 6" THROUGH 12". NSF 61 APPROVED. FURNISHED IN LAYING LENGTHS OF 20'.

   COUPLING: MUELLER, STRAIGHT THREE PART UNION, TESTED TO MEET ANSI/AWWA C800, H15403, 110 CONDUCTIVE COMPRESSION. VIKING JOHNSON BRAND, SOLD BY MUELLER: MAXIFIT STRAIGHT (2"-24"), MAXIFITXTRA STRAIGHT (4"-8") OR MAXISTEP TRANSITION, TESTED TO MEET AWWA/ANSI C.219-91 SPECIFICATIONS CERTIFIED TO ISO 9001:1994.

   STOP, ANGLE METER, BALL: MUELLER, VALVE, B24258, 110 CONDUCTIVE COMPRESSION BY METER SWIVEL NUT, TESTED TO MEET ANSI/AWWA C800, SIZE ¾"x¾"x¾" FOR A ¾" SERVICE OR SIZE 1" FOR A 1" SERVICE. MUELLER, VALVE, B24265, FEMALE PIPE THREAD BY METER SWIVEL NUT, TESTED TO MEET ANSI/AWWA C800, SIZE ¾"x¾"x¾" FOR A ¾" SERVICE OR SIZE 1" FOR A 1" SERVICE. MUELLER, VALVE, H14351, STRAIGHT METER VALVE, FEMALE PIPE THREAD BY METER SWIVEL NUT, TESTED TO MEET ANSI/AWWA C800, SIZE ¾"x¾"x¾" FOR DOUBLE SERVICES.

   STOP, CORP: MUELLER, BALL VALVE, B25008, CC THREAD BY 110 CONDUCTIVE COMPRESSION, TESTED TO MEET ANSI/AWWA C800 SPECIFICATION, SIZES: ¾", 1" AND 2". MUELLER, ORI-CORP VALVE, H15013, CC THREAD BY 110 CONDUCTIVE COMPRESSION, TESTED TO MEET ANSI/AWWA C800 SPECIFICATIONS, SIZE: 2".

   STOP, CURB: MUELLER ORISEAL VALVE, H10291, IRON PIPE THREAD BY IRON PIPE THREAD, QUARTER TURN CHECK, BRASS, TESTED TO 300 PSI WORKING PRESSURE, TESTED TO MEET ANSI/AWWA C800 SPECIFICATION, SIZE: 2".

   TAPPING SADDLE: SMITH BLAIR, CAST BRONZE ASTM-B584 85-5-5-5, DOUBLE STRAP, IRON PIPE THREADS, MODELS 321 AND 323. WASHERS ARE SILICON BRONZE, ASTM-B36. GASKETS ARE GRADE 60 BUNA N, OR MUELLER BRONZE DOUBLE STRAP SERVICE SADDLE, BR 2 B SERIES, CAST BRONZE, ASTM-B585, 85-5-5-5, OR H16084, 200 PSIG, MEETS ANSI/AWWA C800.

   TAPPING SLEEVE: MUELLER H304 STAINLESS STEEL TAPPING SLEEVE, JCM 432 18-8 TYPE 304 STAINLESS STEEL TAPPING SLEEVE, ROMAC "SST" TYPE 304 STAINLESS STEEL TAPPING SLEEVE OR CASCADE-STYLE CST-EX STAINLESS STEEL PRESSURE-RATED TAPPING SLEEVE.

   U-BRANCH: MUELLER, H15363, 1" 110 CONDUCTIVE COMPRESSION BY ¾" MALE, MEETS ANSI/AWWA C800 SPECIFICATIONS, SIZE: 1"x¾"x13½", STRAIGHT LINE.

   VALVE BOXES: VALVE BOX WITH COVER, ADJUSTABLE, TYLER 562-A OR EQUAL, MADE OF CAST IRON.

   VAULTS: UTILITY VAULT COMPANY, CHANDLER, CHANDLER, AZ. (1) 4484-WA CONCRETE VAULT WITH A 3660 ALUMINUM DOUBLE TORSION DOOR WITH A RECESSED PADLOCK HASP, TWO – 18"x24" CENTER KNOCKOUTS. (2) 575-WA CONCRETE VAULT WITH A 4874 ALUMINUM DOUBLE TORSION DOOR WITH A RECESSED PADLOCK HASP, TWO – 18"x24" CENTER KNOCKOUTS AND ADJUSTABLE FRAME. (3) 612-5X-WA CONCRETE VAULT WITH A 4874 ALUMINUM DOUBLE TORSION DOOR WITH A RECESSED PADLOCK HASP, TWO – 18"x24" CENTER KNOCKOUTS.

   YOKES, METER: RELOCATOR TYPE COPPER METER YOKE WITH HORIZONTAL INLET AND OUTLET AND METER THREAD ENDS, H14118, WITH LOCK WING GROUND KEY ANGLE METER STOP, SIZES: 1"x12", ⅝"x¾"x7", ⅝"x¾"x9".

   AIR RELEASE VALVE: CRISPIN MODEL AR10 WITH 1" NPT INLET AND ½" NPT OUTLET, CAST IRON BODY AND TOP FLANGE; WITH A 5/64" ORIFICE WITH STAINLESS STEEL VALVE SEALING FACES AND BUNA-N RUBBER.

   PRESSURE RELIEF VALVE: WATTS 174A, MODEL M, 2" INLET, 2" OUTLET, BRONZE BODY, 30LB. TO 150LB. PRESSURE RANGE.

   POLYETHYLENE ENCASEMENT: FOR ALL PIPELINE AND RELATED FITTINGS INSTALLED, EXCEPT FOR THE COOLIDGE DIVISION. MINIMUM 8 MIL. AND INSTALLED PER AWWA C105/A21.5-93 AND ASTM A-674-89. MANUFACTURED BY THE PACIFIC STATES CAST IRON PIPE COMPANY.

   BUTTERFLY VALVES: MUELLER CATALOG NUMBER 3211, 150 PSI MAXIMUM WORKING PRESSURE. ANSI/AWWA C504 AND NSF61 CERTIFIED. EPOXY INTERIOR/EXTERIOR. SIZES 16" THROUGH 36".

   TAPPING VALVE: MUELLER DOUBLE DISC TAPPING VALVE, CATALOG NUMBER H667, CLASS 125, SIZES 4" THROUGH 24", FLANGE BY MECHANICAL JOINT PER ANSI/AWWA C111. IRON BODY, DOUBLE DISC, NON-RISING STEM. EPOXY COATED INTERIOR/EXTERIOR PER ANSI/AWWA C550 FOR NSF 61 COMPLIANCE. 200 PSI RANGE FOR VALVES 4" TO 12". 150 PSI RANGE FOR VALVES 16" TO 24". THE CONTRACTOR ALSO WILL BE REQUIRED TO PROVIDE THE FOLLOWING MATERIALS, THE COST OF WHICH WILL BE INCLUDED IN ITS UNIT BID PRICE: ALL MATERIAL AND CONCRETE FOR THRUST BLOCKS, OTHER ANCHORS, REINFORCING STEEL; ALL GRAVEL, CRUSHED STONE, A.B.C. EARTH, SAND, OR SCREENED MATERIAL WHICH MAY BE REQUIRED; ALL MATERIAL FOR BRACING AND SHORING TRENCHES AND FOR CONSTRUCTION OF FORMS; ALL BARRICADES AND TRAFFIC CONTROL EQUIPMENT; ALL MATERIAL FOR PAVING REPLACEMENT AND ANY WATER USED FOR COMPACTION OF BACKFILL.

5. INSTALLATION OF MATERIALS.
   ALL MATERIALS ARE TO BE INSTALLED IN ACCORDANCE WITH MANUFACTURERS RECOMMENDATIONS UNLESS OTHERWISE DIRECTED BY THESE SPECIFICATIONS. ALL PIPE, FITTINGS AND VALVES SHALL BE LAID TRUE TO THE LINES, GRADES AND LOCATIONS ESTABLISHED BY THE SPECIFICATIONS AND THE CONSTRUCTION DRAWINGS. THE ENDS AND INSIDE OF THE PIPE SHALL BE THOROUGHLY CLEANED AND INSPECTED FOR DAMAGE. NO DAMAGED MATERIALS SHALL BE INSTALLED IN THE WATER DISTRIBUTION SYSTEM. WHENEVER THE WORK CEASES FOR ANY REASON, ALL OPEN PIPELINE ENDS SHALL BE TIGHTLY PLUGGED BY THE CONTRACTOR. CONCRETE THRUST BLOCKS OF THE SIZES REQUIRED BY THE PLANS AND SPECIFICATIONS ARE TO BE PROVIDED AT ALL VALVES, CHANGES IN DIRECTION OR SIZE; OR AT ANY OTHER POINT WHERE AN UNBALANCED THRUST DUE TO WATER PRESSURE WOULD EXIST. THRUST BLOCKS ARE TO BE FORMED TO PREVENT ANY CONCRETE FROM SPILLING OVER OR INTO A JOINT. TRENCH CURVES AS SHOWN ON THE CONSTRUCTION DRAWINGS MAY BE MADE WITHOUT FITTINGS WHEN USING PIPE UP TO TWELVE INCHES (12") IN DIAMETER, IF THE DEFLECTION OF THE PIPE DOES NOT EXCEED FIVE DEGREES (5°) OR NINETEEN INCHES (19") PER EIGHTEEN FOOT (18') LENGTH OF PIPE. THE MINIMUM RADIUS OF SUCH CURVES WILL BE TWO HUNDRED FIVE FEET (205').

   A. PRIOR TO CONSTRUCTION, THE APPROPRIATE AGENCY(IES) WILL BE NOTIFIED AS REQUIRED BY THE PERMIT(S).

   B. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO UNCOVER ALL EXISTING WATER LINES BEING CONNECTED TO, AND TO VERIFY THE LOCATION, DEPTH AND SIZE OF PIPE BEFORE ANY CONSTRUCTION BEGINS.

   C. ANY CONSTRUCTION PERFORMED WITHOUT THE KNOWLEDGE OF THE DULY AUTHORIZED REPRESENTATIVE IS LIABLE FOR REMOVAL AND REPLACEMENT AT THE CONTRACTOR'S EXPENSE.

   D. ALL FIRE HYDRANTS, FRAMES, COVERS AND VALVE BOXES, ETC SHALL BE ADJUSTED TO FINISHED GRADE PRIOR TO THE PLACING OF ASPHALTIC CONCRETE SURFACE COURSE BY THE CONTRACTOR (WHERE APPLICABLE).

   E. AIR RELEASE VALVES SHALL BE INSTALLED AT WATER SYSTEM HIGH POINTS PER STANDARD DETAIL E-9-8-2.

   F. ALL WATER SERVICES SHALL BE SET A MINIMUM OF TWO FEET (2') ON THE CUSTOMER'S PROPERTY, PREFERABLY WITHIN THE P.U.E. AND NOT WITHIN RIGHT-OF-WAY.

   G. UNLESS OTHERWISE SPECIFIED ON THE CONSTRUCTION DRAWINGS, ALL WATER MAINS SHALL BE INSTALLED FIVE FEET (5') FROM THE PROPERTY LINE INSIDE THE RIGHT-OF-WAY OR EASEMENT.

   H. WATER VALVES SHALL BE SPACED NOT MORE THAN FIVE HUNDRED FEET (500') IN COMMERCIAL DISTRICTS AND NOT MORE THAN EIGHT HUNDRED FEET (800') IN OTHER DISTRICTS. VARIATIONS MAY BE REQUIRED FOR TRANSMISSION MAINS OR SPECIAL APPLICATIONS.

   I. INSTALLATION OF WATERLINE CASING SHALL BE PER STANDARD SPECIFICATION E-9-24-1.

6. BACKFILL OF WATER MAIN TRENCHES BACKFILL OF ANY EXCAVATION SHALL CONFORM TO THE REQUIREMENTS OF ANY OF THE GOVERNMENTAL AGENCIES HAVING JURISDICTION OVER THE LOCATION. IF NO GOVERNMENTAL AGENCY HAVING SUCH JURISDICTION SPECIFIES BACKFILL OR COMPACTION REQUIREMENTS, AND NO SPECIAL REQUIREMENTS ARE SHOWN ON THE CONSTRUCTION DRAWINGS, THE PROCEDURE SET FORTH IN THIS SECTION WILL APPLY FOR WATER LINE TRENCHES. THE BEDDING MATERIAL ABOVE THE PIPE AND BACKFILL MATERIAL SHALL BE COMPACTED TO A MINIMUM OF 70% COMPACTION WITHIN A UTILITY EASEMENT AND 80% COMPACTION WITHIN A RIGHT-OF-WAY AS DETERMINED BY AASHTO T-99 METHOD A AND T-191. IF WATER SETTLING IS USED FOR COMPACTION, IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO PREVENT THE PIPE FROM FLOATING. THE BEDDING MATERIAL SHALL BE EITHER NATIVE MATERIAL, 100% OF WHICH WILL PASS THROUGH A ONE AND ONE-HALF INCH (1½") SCREEN AND AT LEAST 20% OF WHICH WILL PASS THROUGH A NUMBER-8 SCREEN, OR IMPORTED MATERIAL WHICH CONFORMS TO M.A.G. SPECIFICATIONS FOR A.B.C. OR TYPE-B SELECT MATERIALS. BEDDING MATERIAL SHALL BE USED BELOW AND AROUND THE PIPE, AND A MINIMUM OF TWELVE INCHES (12") ABOVE THE PIPE. THE REMAINDER OF THE TRENCH SHALL BE BACKFILLED WITH NATIVE OR IMPORTED MATERIAL WHICH SHALL BE OF SOUND EARTHEN MATERIAL FREE FROM BROKEN CONCRETE, WOOD, BROKEN PAVEMENT, OR OTHER UNSUITABLE SUBSTANCES. EXCEPT AS OTHERWISE SPECIFIED, BACKFILL MAY BE MATERIAL CONTAINING NO PIECES LARGER THAN EIGHT INCHES (8") IN GREATEST DIMENSION. WHERE SETTLEMENT OCCURS, ADDITIONAL BACKFILL MATERIAL SHALL BE PLACED AND COMPACTED AND THE TRENCH SHALL BE BROUGHT TO FINAL GRADE.

7. HYDROSTATIC TESTING OF COMPLETED PIPELINES HYDROSTATIC TESTING OF WATER PIPELINES WILL BE COMPLETED BEFORE THE NEW SYSTEM IS CONNECTED INTO THE EXISTING WATER SYSTEM SO THAT ALL TESTING CAN BE DONE AGAINST ALL NEW MATERIALS. THE COMPLETED SECTION OF WATER PIPELINE TO BE TESTED SHALL BE SLOWLY FILLED WITH WATER WITH CARE BEING TAKEN TO EXPEL ALL AIR FROM THE PIPE. IF NECESSARY, THE PIPE WILL BE TAPPED AT HIGH POINTS TO VENT AIR. THE CONTRACTOR SHALL PROVIDE ALL EQUIPMENT AND LABOR NECESSARY TO ACCOMPLISH THIS TESTING AND THE PRICE SHALL BE INCLUDED IN THE UNIT PRICES. THE CONTRACTOR SHALL NOTIFY THE COMPANY IN ADVANCE OF THE TESTING SO THAT THE COMPANY CAN SCHEDULE A DULY AUTHORIZED REPRESENTATIVE TO BE AT THE SITE DURING TESTING. THE CONTRACTOR, AT ITS OWN EXPENSE, SHALL MAKE ANY NECESSARY REPAIRS TO THE SYSTEM BEING TESTED IN ORDER TO CAUSE THE SECTION BEING TESTED TO MEET THE TEST LIMITS SET BELOW. THE CONTRACTOR MAY REQUEST AUTHORIZATION OF THE COMPANY TO CONNECT THE NEW PIPELINES TO THE EXISTING SYSTEM PRIOR TO COMPLETION OF PRESSURE TESTING WHEN, IN THE COMPANY'S SOLE OPINION AND JUDGMENT, CONDITIONS WARRANT SUCH CONNECTION. THE CONTRACTOR SHALL ASSUME ALL RESPONSIBILITY TO COMPLETE PRESSURE TESTING TO COMPANY'S SPECIFICATIONS AFTER SUCH CONNECTION, INCLUDING, BUT NOT LIMITED TO, ISOLATION OF THE NEW PIPELINES FROM THE EXISTING SYSTEM, IF NECESSARY. CONNECTIONS PRIOR TO COMPLETION OF PRESSURE TESTING SHALL NOT BE MADE UNLESS PRIOR COMPANY AUTHORIZATION HAS BEEN OBTAINED, AND ANY EXTRA EXPENSES RESULTING FROM SUCH CONNECTIONS SHALL BE THE SOLE RESPONSIBILITY OF THE CONTRACTOR. LEAKAGE TESTS WILL BE FOR A PERIOD OF TWO HOURS AT 200 PLUS OR MINUS 5 PSI AT THE POINT OF LOWEST ELEVATION; LEAKAGE MAY NOT EXCEED 0.1 GALLONS PER HOUR PER ONE THOUSAND FEET (1,000') OF PIPE PER INCH OF DIAMETER.

8. STERILIZATION AND FLUSHING OF COMPLETED WATER PIPELINES STERILIZATION AND FLUSHING WILL CONFORM TO RECOMMENDATIONS OF ARIZONA STATE DEPARTMENT OF HEALTH SERVICES ENGINEERING BULLETIN NUMBER 8, LATEST EDITION, OR ANY FUTURE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY BULLETINS.

9. NO OTHER UTILITIES ALLOWED IN OR NEAR WATER PIPELINE TRENCHES NO OTHER UTILITY INSTALLATIONS WILL BE PERMITTED IN THE WATER PIPELINE TRENCH OR WITHIN FIVE FEET (5') OF THE COMPANY'S WATER PIPELINE WHEN RUNNING PARALLEL TO THE WATER PIPELINES.

10. PROTECTION OF WATER MAINS NEAR SEWERS WATER/SEWER LINE(S) SEPARATION SHALL BE IN ACCORDANCE WITH AAC R18-4-502C. WATER LINE(S)/SEPTIC SYSTEMS SEPARATION SHALL BE IN ACCORDANCE WITH AAC R18-9-A312C.

11. COMPACTION WHEN CROSSING EXISTING WATER MAINS A MINIMUM OF 95% COMPACTION IS REQUIRED TO THE BOTTOM OF EXISTING MAINS. ARIZONA WATER COMPANY REQUIRES THAT NO SLURRY BE PERMITTED TO CONTACT EXISTING CEMENT/ASBESTOS OR DUCTILE IRON PIPES. SLURRY MAY BE POURED IN THE BOTTOM OF THE SEWER TRENCH STOPPING THREE INCHES (3") BELOW THE EXISTING WATER MAIN. THE BACKFILL USED AROUND THE MAIN SHOULD BE ABC IN SUFFICIENT DEPTH TO PREVENT SLURRY FROM CONTACTING EXISTING MAIN.

WATER MAIN MATERIAL SPECIFICATIONS DUCTILE IRON PIPE (PUSH-ON TYPE) MINIMUM CLASS 350, CEMENT LINED AND CONFORM TO AWWA C151. ALL MAIN LINE VALVES SHALL CONFORM TO AWWA C500 WITH A MINIMUM WORKING PRESSURE OF 200 PSI. ALL CAST IRON FITTINGS TO BE CEMENT LINED IN ACCORDANCE WITH AWWA C104 AND SHALL CONFORM TO AWWA C110 WITH A MINIMUM WORKING PRESSURE OF 250 PSI. EXCEPT FOR THE COOLIDGE SYSTEM – SEE NOT 4.1 A. MAXIMUM JOINT DEFLECTION FOR 6" MECHANICAL JOINT DUCTILE IRON PIPE IS SEVEN DEGREES, SEVEN MINUTES (7°7') OR TWENTY-SEVEN INCHES (27") PER EIGHTEEN FOOT (18') LENGTH PIPE, FOR A MAXIMUM CURVE OF ONE HUNDRED FORTY FIVE FEET (145'). B. MAXIMUM JOINT DEFLECTION FOR 8" & 12" MECHANICAL JOINT DUCTILE IRON PIPE IS FIVE DEGREES, TWENTY ONE MINUTES (5°21') OR TWENTY INCHES (20") PER EIGHTEEN FOOT (18') LENGTH PIPE, FOR A MAXIMUM CURVE OF ONE HUNDRED NINETY FIVE FEET (195'). C. MAXIMUM JOINT DEFLECTION FOR 6", 8" & 12" PUSH-ON JOINT DUCTILE IRON PIPE IS FIVE DEGREES (5°) OR NINETEEN INCHES (19") PER EIGHTEEN FOOT (18') LENGTH PIPE FOR A MAXIMUM CURVE OF TWO HUNDRED FIVE FEET (205').

~~CITY OF CASA GRANDE~~ WATER MAIN NOTES

1. ALL PROPOSED PUBLIC AND/OR PRIVATE UTILITIES SHALL BE INSTALLED ON THE OPPOSITE SIDE OF RIGHT-OF-WAY FROM THE PROPOSED WATER MAINS WHENEVER POSSIBLE.
2. WATER DISTRIBUTION DESIGN REPORT:
   BY: OLSSON ASSOCIATES, DATED: SEPTEMBER 2005
   JOB NUMBER: #20051209
3. ALL MATERIALS THAT COME INTO CONTACT WITH DRINKING WATER SHALL MEET NSF STANDARD 60 AND 61.
4. ALL WATER MAINS LESS THAN TWELVE INCHES (12") IN DIAMETER ARE TO BE INSTALLED AT A MINIMUM TOP OF PIPE DEPTH OF THIRTY-SIX INCHES (36") BELOW FINISHED GRADE. WATER MAINS TWELVE INCHES (12") IN DIAMETER OR LARGER, SHALL BE INSTALLED AT A MINIMUM TOP OF PIPE DEPTH OF FORTY-EIGHT INCHES (48") BELOW FINISHED GRADE.
5. ALL WATERLINES SHALL BE PRESSURE AND LEAKAGE TESTED IN ACCORDANCE WITH AWWA C-600 SECTION 4, OR M.A.G. SECTION 610.14.
6. ALL NEW FIRE HYDRANTS SHALL HAVE FOUR INCH (4") N.S.T. STEAMER CONNECTIONS.
7. NO OBSTRUCTIONS, (IE: TREES, SHRUBS, UTILITY PEDESTALS, STREETLIGHTS, TRANSFORMERS, J-BOXES, SWITCH CABINETS) SHALL BE PLACED WITH FIVE FEET (5') IN FRONT OF OR TO THE SIDE OF ANY FIRE HYDRANT.
8. ALL ONSITE WATER MAINS SHALL BE WITHIN THE PUBLIC RIGHT-OF-WAY UNLESS OTHERWISE NOTED ON PLANS. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE ARIZONA WATER COMPANY STANDARD DETAILS AND SPECIFICATIONS AND ADEQ/ADWR CURRENT STANDARDS. HOWEVER ALL TRENCH BACKFILL COMPACTION WITHIN THE PUBLIC RIGHT-OF-WAY AND IN ALL PUBLIC EASEMENTS SHALL BE PER CITY OF CASA GRANDE DETAIL AND COMPACTION SPECIFICATIONS.
9. ALL WATER MAINS MUST BE DISINFECTED PER AAC TITLE 18 AND ARIZONA WATER COMPANY STANDARDS.
10. THERE SHALL BE NO SEPTIC SYSTEMS WITHIN ONE HUNDRED FEET (100') OF THE PROPOSED WATER MAIN EXTENSION.
11. WATER PLAN AS-BUILTS: AS BUILT WATER PLANS SHALL BE PREPARED BY THE DESIGN ENGINEER AND SHALL INCLUDE BUT ARE NOT LIMITED TO; ALL HYDRANT BASE ELEVATIONS, HYDRANT LOCATIONS, VALVE BOX LOCATIONS, METER BOX LOCATIONS, AND LANDSCAPE METER LOCATIONS, AND ANY AND ALL DEVIATIONS FROM THE APPROVED PLANS.

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MASTER WATER DISTRIBUTION PLANS
HACIENDA HIGHLANDS
LOTS 1-266
LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM,
PINAL COUNTY, ARIZONA
ALL STREETS ARE PUBLIC

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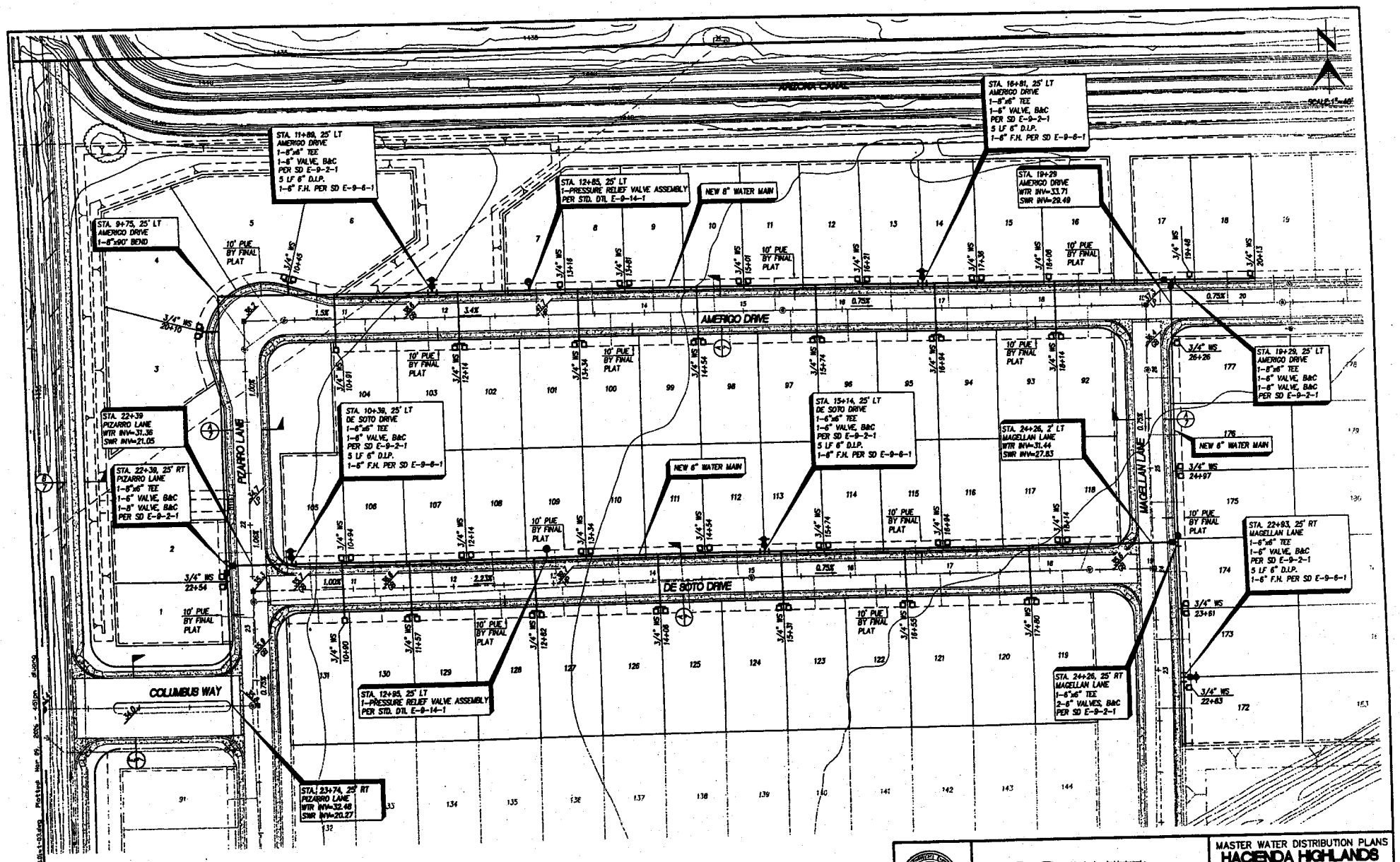

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MASTER WATER DISTRIBUTION PLANS

HACIENDA HIGHLANDS

LOTS 1-206

LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA

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FEBRUARY 2006

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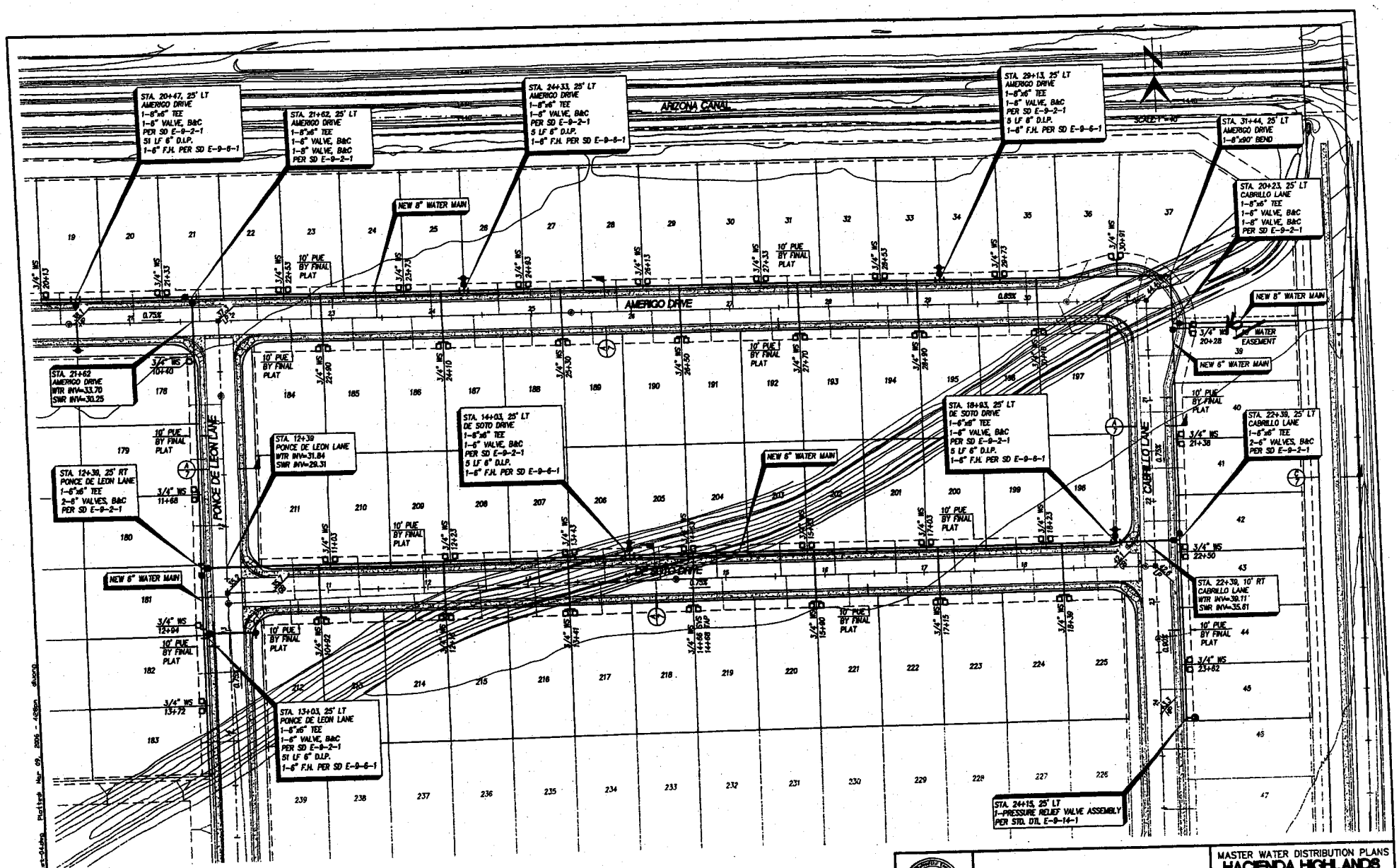

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MASTER WATER DISTRIBUTION PLANS

HACIENDA HIGHLANDS

LOTS 1-286

LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA

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FEBRUARY 2006

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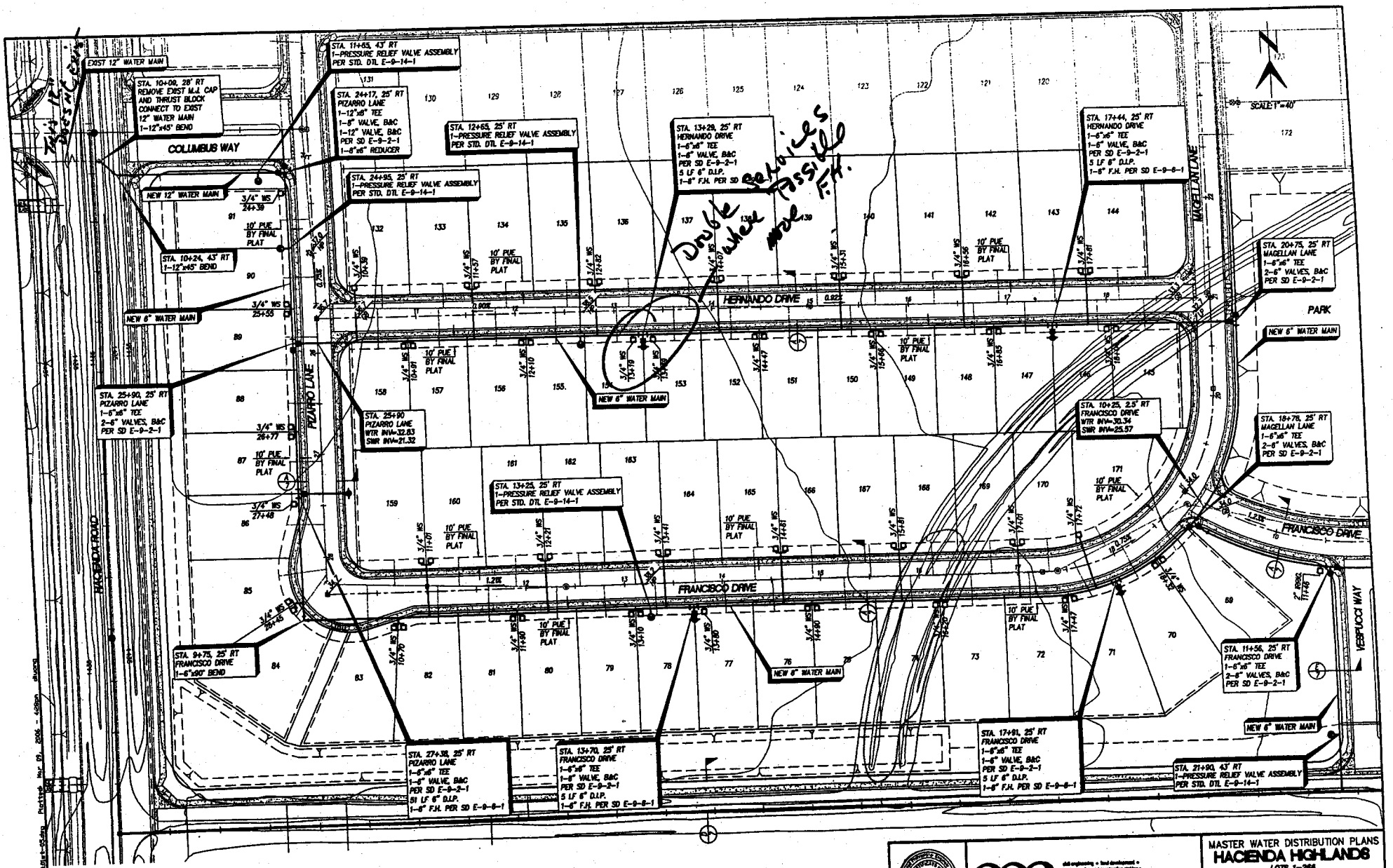

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MASTER WATER DISTRIBUTION PLANS

HACIENDA HIGHLANDS

LOTS 1-266

LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA

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FEBRUARY 2006

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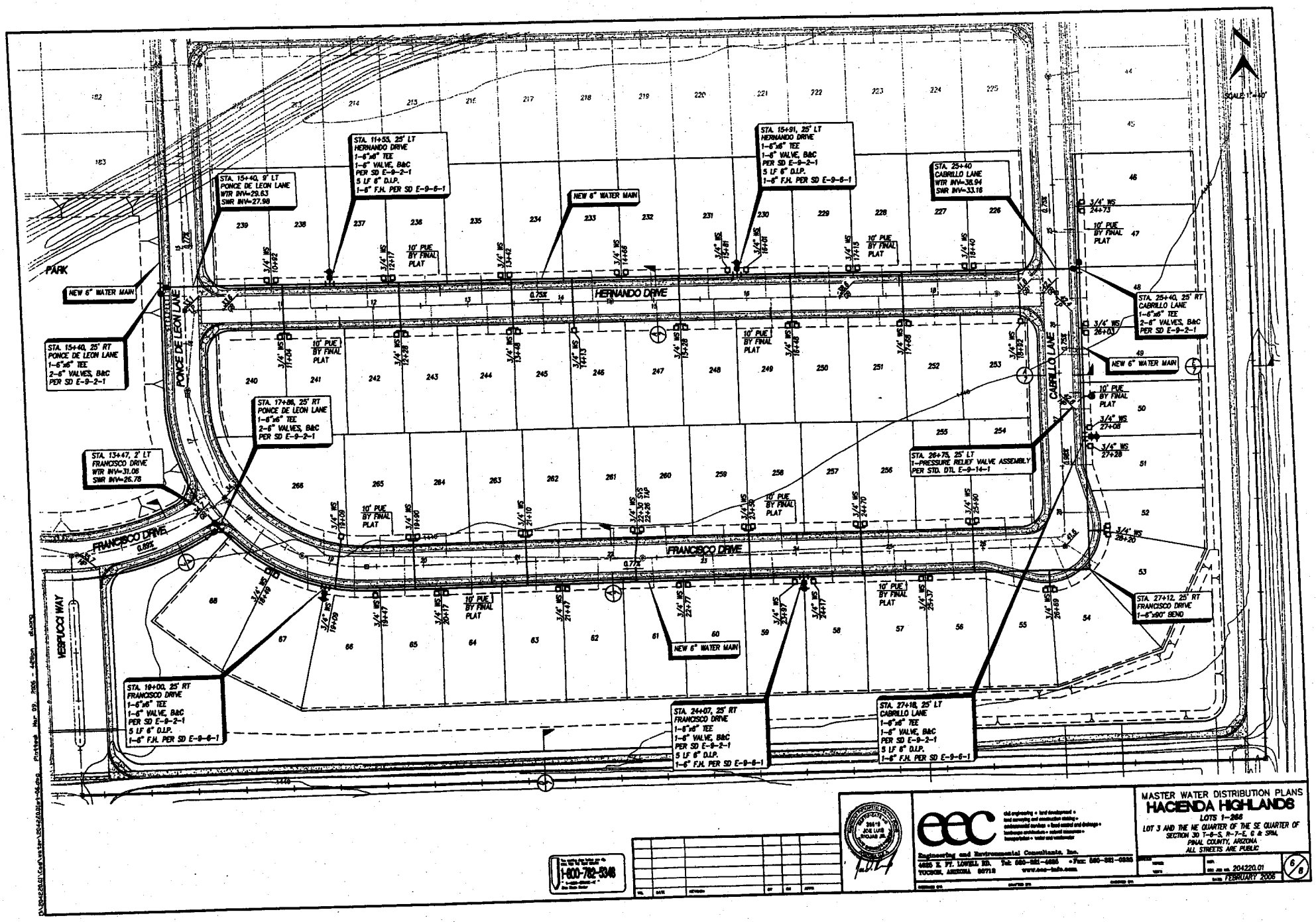

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HACIENDA HIGHLANDS
LOTS 1-266
LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA
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JOB NO. 204220.01
DATE FEBRUARY 2006

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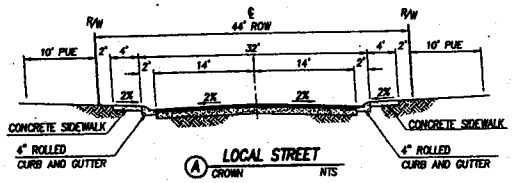

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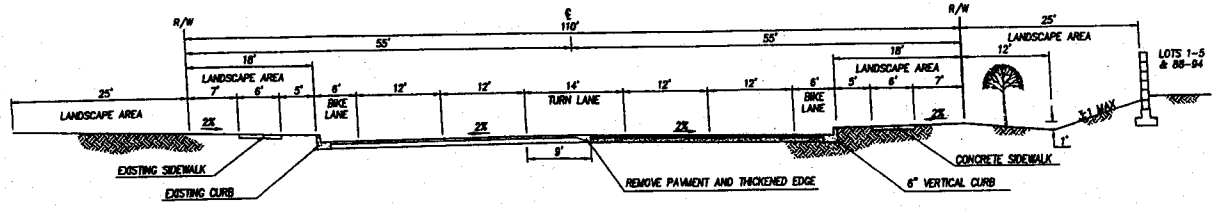

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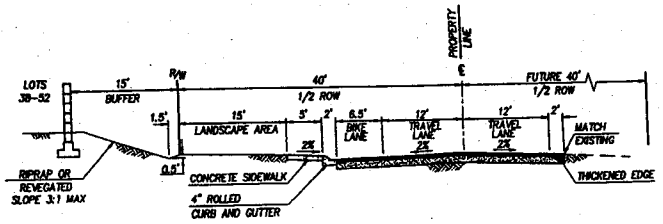
(EARLEY & HACIENDA ROAD) NTS



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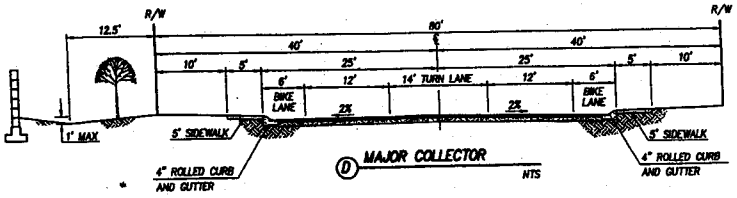

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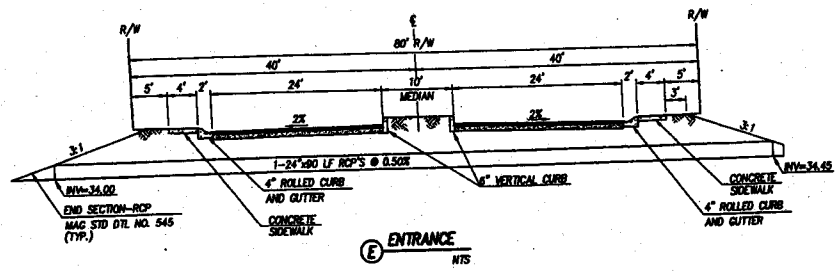
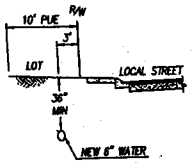


E ENTRANCE
NTS



TYPICAL WATER LOCATION
NTS

1-800-782-5348

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MASTER WATER DISTRIBUTION PLANS
HACIENDA HIGHLANDS
LOTS 1-266
LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-6-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA
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FEBRUARY 2006

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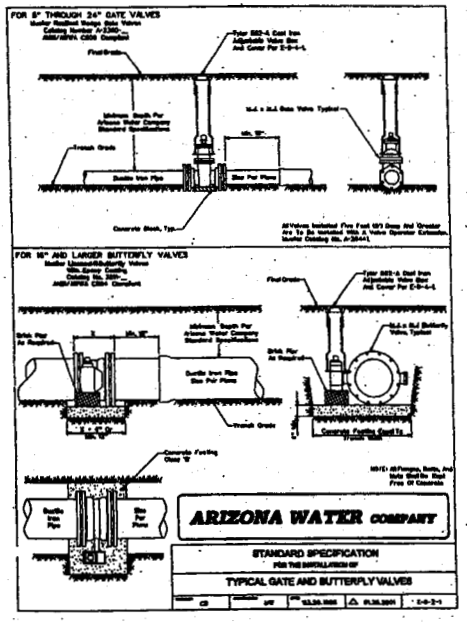

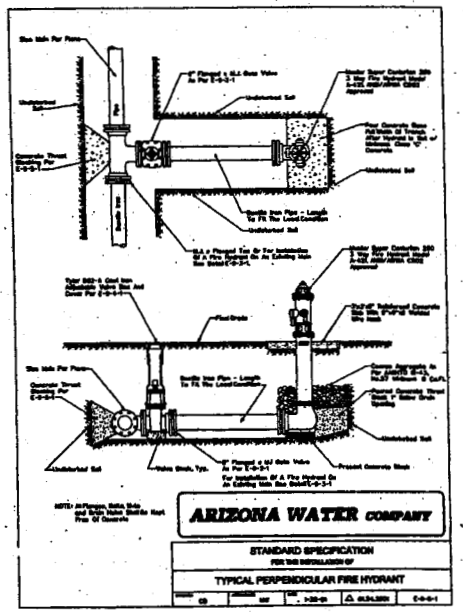

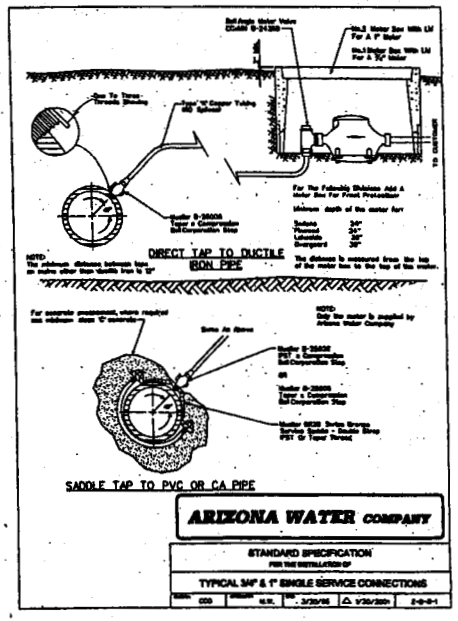

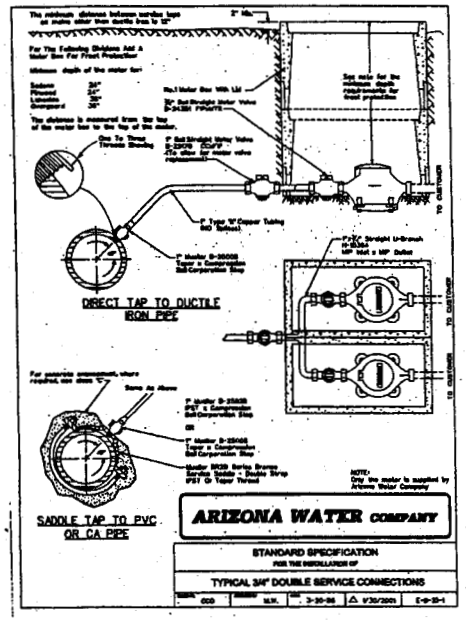

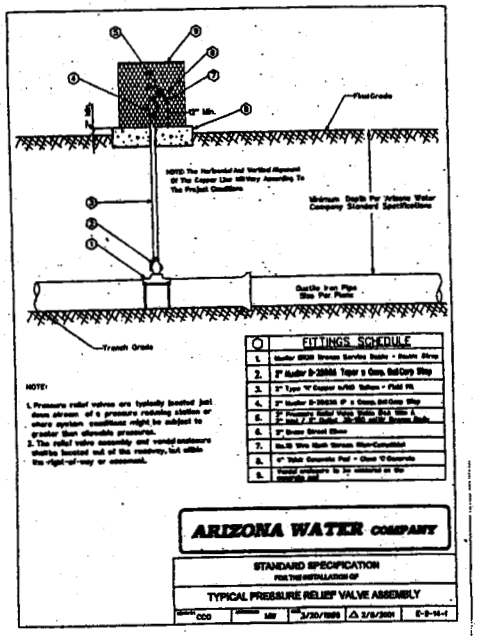

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MASTER WATER DISTRIBUTION PLANS

HACIENDA HIGHLANDS

LOTS 1–266

LOT 3 AND THE NE QUARTER OF THE SE QUARTER OF SECTION 30 T-8-S, R-7-E, G & SRM, PINAL COUNTY, ARIZONA

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JOB NO. 204220.01

DATE FEBRUARY 2006

8/8

MJW-42

ARIZONA WATER COMPANY

AGREEMENT FOR EXTENSION OF WATER FACILITES

APPLICANT: _____
Name

_____
Address

_____
City and State, Zip Code

Contract No. _____
W.A. No. _____

DATE OF AGREEMENT _____ WATER SYSTEM: _____ [select system] _____

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

PROJECT COMPLETION: Estimated to be within _____ (_____) days from the start date. DATE OF COST ESTIMATE (Attachment "A"): _____

WATER FACILITIES: as per drawing (Attachment "B").

Refundable Advance for Construction:	$ -
Non-refundable Contribution in Aid of Construction:	$ -
Less: Main Extension Deposit Received	$ -
Total of Required Advance and Contribution (Check #1)	$ -

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

		Casa Grande	Coolidge	White Tank	
		In 0.11883	In 0.11883	In 0.08583	
		Out 0.06883	Out 0.06883	Out 0.06583	
	Number of Meters	Fee	Fee	Fee	CAP Fee
5/8" x 3/4"	0	$208	$150	$500	$ -
1"	0	$208	$150	$500	$ -
2"	0	$1,173	$800	$1,667	$ -
3"	0	$2,347	$1,600	$2,667	$ -
4"	0	$3,667	$2,500	$5,333	$ -
6" or larger	0	$7,333	$5,000	$8,333	$ -
				Subtotal	$ -
Applicable Rate & Tax		0	0	0	Error

EXHIBIT
tabbies
MJW-42
Admitted

Total Non-refundable Hook-Up Fee Due Within 15 Days Upon Approval of this Agreement (Check #2)	#VALUE!
The Project Will Not Be Released to Construction Until the CAP Fee Has Been Paid.	
Total (of Two Checks Payable by Applicant)	#VALUE!

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 services to be performed by the Company and the sums of money to be paid by the Applicant, in accordance with the related Cost Estimate, it is agreed as follows:

1. The Company will construct, or will arrange for the construction of the Water Facilities as described above.
2. The Applicant will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the Company. The Total shown above to be paid by the Applicant to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Applicant of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Applicant; conversely, if the actual cost of construction is more than the Total amount paid, the Applicant shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Applicant will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Applicant further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Applicant.
3. Refunds of any Advance For Construction shall be made as follows: each year for a period of 10 years the Company shall pay to the Applicant or the Applicant's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide Applicant whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total of the refundable Advance For Construction received from the Applicant. No interest shall be paid by the Company on any amounts paid hereunder.
4. All Water Facilities installed under this Agreement shall be the sole property of the Company, and the Applicant shall have no right, title or interest in or to any such facilities.
5. The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
6. The Applicant agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Applicant's subdivision, tract, development, or project.
7. The Applicant agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Applicant's subdivision, tract, development, or project involves road construction, all roads and drainage ways will be brought to grade by the Applicant prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Applicant shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
8. The Applicant agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Applicant or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
9. This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Applicant. No assignment or transfer of this Agreement by the Applicant shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
10. This Agreement, and all rights and obligations hereunder, including those regarding water service to the Applicant, are subject to the Arizona Corporation Commission's "Rules and Regulations" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY
Company

By: _____

Title: _____

_____
Applicant

By: _____

Title: _____

MJW-43

ARIZONA WATER COMPANY

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

EXHIBIT
tabbies
MJW-43
Admitted

May 22, 2006

VIA HAND DELIVERY

Jeffrey W. Crockett, Esq.
Snell & Wilmer
One Arizona Center
Phoenix, Arizona 85004-2202

Re: Docket No. W-01445A-03-0559

Dear Jeff:

I have enclosed Arizona Water Company's responses to Cornman Tweedy 560 L.L.C.'s Revised First Set of Data Requests in this matter.

If you need additional information, please let me know.

Very truly yours,

Bob Geake

Robert W. Geake
Vice President and General Counsel

lar
Enclosures

Lillian Tangeter
SHW

CORNMAN TWEEDY 560, L.L.C.'S REVISED FIRST SET OF DATA REQUESTS TO ARIZONA WATER COMPANY ARIZONA WATER COMPANY RESPONSE TO DOCKET NO. W-01445A-03-0559 MAY 22, 2006

Data Request CMT1.1

Please provide a copy of all written requests for water service that have been received by Arizona Water Company for any property located within the area described in Exhibit A to Arizona Corporation Commission Decision 66893.

Response to Data Request CMT 1.1

Please see the attached.

Responder(s): Michael J. Whitehead, Vice President - Engineering

Data Request CMT 1.2

Please provide a copy of all "will serve" letters that have been provided by Arizona Water Company to any person or entity that has requested water service from Arizona Water Company within the area described in Exhibit A to Arizona Corporation Commission Decision 66893.

Response to Data Request CMT 1.2

Please see the attached.

Responder(s): Michael J. Whitehead, Vice President - Engineering

CORNMAN TWEEDY 560, L.L.C.'S REVISED FIRST SET OF DATA REQUESTS TO ARIZONA WATER COMPANY ARIZONA WATER COMPANY RESPONSE TO DOCKET NO. W-01445A-03-0559 MAY 22, 2006

Data Request CMT 1.3

Please provide a copy of all main extension agreements that have been executed between Arizona Water Company and any person or entity that has requested water service from Arizona Water Company within the area described in Exhibit A to Arizona Corporation Commission Decision 66893.

Response to Data Request CMT 1.3

Please see the attached.

Responder(s): Michael J. Whitehead, Vice President – Engineering

Data Request CMT 1.4

Please provide a copy of all design plans, diagrams, drawings and master water studies in Arizona Water Company's possession (whether prepared by Arizona Water Company or some other person or entity) which depict or describe any water infrastructure (including but not limited to wells, water storage tanks, booster stations, water transmission mains, service lines, fire hydrants and water treatment facilities) to be constructed within the area described in Exhibit A to Arizona Corporation Commission Decision 66893.

Response to Data Request CMT 1.4

Please see the attached.

Responder(s): Michael J. Whitehead, Vice President - Engineering

CORNMAN TWEEDY 560, L.L.C.'S REVISED FIRST SET OF DATA REQUESTS TO ARIZONA WATER COMPANY ARIZONA WATER COMPANY RESPONSE TO DOCKET NO. W-01445A-03-0559 MAY 22, 2006

Data Request CMT 1.5

Please state whether construction of any water infrastructure (including but not limited to wells, water storage tanks, booster stations, water transmission mains, service lines, fire hydrants and water treatment facilities) has commenced within the area described in Exhibit A to Arizona Corporation Commission Decision 66893. If any such construction has commenced, please provide the date the construction commenced and if completed, the date the construction was completed. If such construction has not been completed, please provide the anticipated date that such construction will be completed.

Response to Data Request CMT 1.5

Construction has not commenced on commenced on any project within the area described as Exhibit A.

However, construction should be completed on the JBC development by August 2006.

Construction for the first phase of Post Ranch, Hacienda Estates, Hacienda Highlands and Spring Water Pointe should be completed by December 31, 2006.

Construction for the first phase of the Rose Law Property should be completed by December 31, 2007.

A construction completion date for the Florence Country Estates project is unknown.

Responder(s): Michael J. Whitehead, Vice President - Engineering

Data Request CMT 1.6

Please provide a copy of any "approvals to construct" for any water infrastructure (including but not limited to wells, water storage tanks, booster stations, water

transmission mains, service lines, fire hydrants and water treatment facilities) to be constructed within the area described in Exhibit A to Arizona Corporation Commission Decision 66893.

Response to Data Request CMT 1.6

Please see the attached.

Responder(s): Michael J. Whitehead, Vice President - Engineering

Data Request CMT 1.7

Please provide a copy of each certificate of assured water supply in the possession of Arizona Water Company for any property located within the area described in Exhibit A to Arizona Corporation Commission Decision 66893.

Response to Data Request CMT 1.7

Please see the attached.

Responder(s): Michael J. Whitehead, Vice President – Engineering; William M. Garfield, President

Data Request CMT 1.8

In its Request for Additional Time to Comply with Filing Requirement dated March 30, 2005, and filed in this docket, Arizona Water Company stated that *"Harvard Investments*

and Core Group Consultants, Ltd., the developers for the expansion areas, have informed the Company that development in the areas they propose to develop will be delayed for another year." With regard to this statement, please answer the following:

(a) Identify the person or persons at Core Group Consultants, Ltd., who informed Arizona Water Company that development in the area to be developed by Core Group Consultants, Ltd., would be delayed for another year.

(b) Identify the person or persons at Arizona Water Company who received the information from Core Group Consultants, Ltd., that development in the area to be developed by Core Group Consultants, Ltd., would be delayed for another year.

(c) Provide a copy of any written communication (including electronic mail and facsimile transmissions) received by Arizona Water Company from the person or persons identified in the response to CMT 1.9(a) above informing Arizona Water Company that development in the area to be developed by Core Group Consultants, Ltd., would be delayed for another year.

(d) If Arizona Water Company did not receive a written communication from the person or persons identified in the response to CMT 1.9(a), please:

(i) State how Arizona Water Company was informed that development in the area to be developed by Core Group Consultants, Ltd., would be delayed for another year *(i.e.,* in a meeting, via a telephone call, etc.);

(ii) State the date that Arizona Water Company was informed that development in the area to be developed by Core Group Consultants, Ltd., would be delayed for another year; and

(iii) Summarize the information communicated to Arizona Water Company.

(e) Identify the person or persons at Harvard Investments who informed Arizona Water Company that development in the area to be developed by Harvard Investments would be delayed for another year.

(f) Identify the person or persons at Arizona Water Company who received the information from Harvard Investments that development in the area to be developed by Harvard Investments would be delayed for another year.

(g) Provide a copy of any written communication (including electronic mail and facsimile transmissions) received by Arizona Water Company from the person or persons identified in the response to CMT 1.9(a) above informing Arizona Water Company that development in the area to be developed by Harvard Investments would be delayed for another year.

(h) If Arizona Water Company did not receive a written communication from the person or persons identified in the response to CMT 1.9(e), please:

(i) State how Arizona Water Company was informed that development in the area to be developed by Harvard Investments would be delayed for another year *(i.e.,* in a meeting, via a telephone call, etc.);

(ii) State the date that Arizona Water Company was informed that development in the area to be developed by Harvard Investments would be delayed for another year; and

(iii) Summarize the information communicated to Arizona Water Company.

Response to Data Request CMT 1.8

a. With respect to CMT 1.8 (a) through (d), concerning communications with the Core Group Consultants, Ltd., before and after the entry of Decision No. 66893, the Company's Engineering Department had various contacts with representatives of the Core Group including submittals of engineering drawings, approvals of such engineering drawings, applications for Approval to Construct with the Arizona Department of Environmental Quality, notices of intent to serve, project demand estimates through the Arizona Department of Water Resources, preparation of engineering cost estimates requested by the developer, and other engineering related drawings. After the entry of the Decision, the Company's President, William M. Garfield,

worked closely with Brian Carpenter, a principal associated with HWY 287 – Florence Boulevard, Inc and Madison Diversified 882 Corp., landowners of the Florence Country Estates development in completing the AGREEMENT AND NOTICE OF MUNICIPAL PROVIDER REPORTING REQUIREMENTS FOR FLORENCE COUNTRY ESTATES REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT, which was submitted to the CAWCD for its signature in September, 2004. In addition, Mr. Garfield also worked closely with Mr. Carpenter in completing an annual reporting agreement, a three way agreement entered into between the Florence Country Estates homeowner's association and the San Carlos Irrigation and Drainage District ("SCIDD"), which was needed to have the Company report deliveries from the Company and SCIDD to the development. Based upon these communications with Mr. Carpenter, the Company believed that with more than adequate physical supplies of groundwater proven to serve the Florence Country Estates development through a Physical Availability Demonstration previously demonstrated for the Tierra Grande and Casa Grande service areas, and with the CAGRD and Annual Reporting Agreements fully executed by the Company, a Certificate of Assured Water Supply was imminent and should have been received within 6 months, based on the Company's professional judgment and experience. Based upon these communications and events, the Company's Engineering Department estimated that the development would need an additional year to complete

its approvals and move into the construction phase, and this was the information upon which the Company's March 30, 2005 Request for Additional Time was based.

b. With respect to CMT 1.8, (e) through (h), concerning Harvard Investments and its Post Ranch development, the information upon which the Company based its request for additional time is similar to that as set forth in its response to sub-sections (a)-(d) above. However, in the case of Harvard Investments, there was more communication, primarily telephonic, than with the Core Group representatives, the communications have continued through 2005 and 2006, and the development of Post Ranch has progressed to the point where a Cerficate of Assured Water Supply has been issued, and the Company believes, based on discussion with Mr. Chris Cacheris from Harvard Investments, that a main extension agreement may also be completed soon. The Company's President, Mr. Garfield, discussed the status of this development with Mr. Cacheris from Harvard Investments, which was proceeding along a similar, but slightly slower timeline than was seen earlier with the Florence Country Estates development. The Post Ranch development proved to move forward more quickly at least to the CAWS approval stage. In the Company's experience, it is not unusual to have a project delayed due to unforeseen circumstances or to move more slowly through the CAWS process.

Responder(s): Michael J. Whitehead, Vice President – Engineering; William M. Garfield, President

CORNMAN TWEEDY 560, L.L.C.'S REVISED FIRST SET OF DATA REQUESTS TO ARIZONA WATER COMPANY ARIZONA WATER COMPANY RESPONSE TO DOCKET NO. W-01445A-03-0559 MAY 22, 2006

Data Request CMT 1.9

Please identify all steps taken by Arizona Water Company through and including the date of this data request to comply with Arizona Corporation Commission Decision No. 66893.

Response to Data Request CMT 1.9

The Company has offered main extension agreements to the Core Group, Harvard Investments, and the other developers named in the response to 1.8, above, who own or control property located within the expansion area identified in Exhibit A to Decision No. 66893. The Company has also executed and provided to the Core Group and Harvard Investments or, at their request, the necessary agencies, Notices of Intent to Serve and Water Provider Agreements to support and aid each developer's efforts to obtain a certificate of assured water supply from the Arizona Department of Water Resources.

The Company has been ready, willing and able to serve all of the area identified in Exhibit A to Decision No. 66893 in which a developer or other customer requests service and satisfies the necessary conditions for obtaining service and has taken the steps set forth in its responses to Data Request 1.8, above, to do so.

Responder(s): Michael J. Whitehead, Vice President – Engineering; William M. Garfield, President

CORNMAN TWEEDY 560, L.L.C.'S REVISED FIRST SET OF DATA REQUESTS TO ARIZONA WATER COMPANY ARIZONA WATER COMPANY RESPONSE TO DOCKET NO. W-01445A-03-0559 MAY 22, 2006

Data Request CMT 1.10

Please provide a copy of any data requests received by Arizona Water Company from the Arizona Corporation Commission in Docket W01445A-03-0559 since March 30, 2005

Response to Data Request CMT 1.10

No such data requests have been received.

Responder(s): William M. Garfield, President

Data Request CMT 1.11

Please provide a copy of the responses of Arizona Water Company to any data requests received from the Arizona Corporation Commission in Docket W-0l445A-03-0559 since March 30, 2005.

Response to Data Request CMT 1.11

See answer to CMT 1.10, above.

Responder(s): William M. Garfield, President

MJW-44

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EXHIBIT
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Jeffrey W. Crockett
602.382.6234
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May 30, 2006

HAND DELIVERED

Rodney W. Ott, Esq.
BRYAN CAVE
One Renaissance Square
Two North Central Avenue, Suite 220
Phoenix, Arizona 85004-4405

Re: Arizona Water Company's First Set of Data Requests to Cornman Tweedy 560, L.L.C. in Docket No. W-01445A-03-0559

Dear Rodney:

Attached are Cornman Tweedy 560, L.L.C.'s Responses to Arizona Water Company's First Set of Data Requests in the above-referenced docket.

Please call me if you have any questions regarding the data responses.

Respectfully yours,

SNELL & WILMER

FOR

Jeffrey W. Crockett

JWC:gdb
Enclosure

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.1 Please provide a copy of all certificates of assured water supply related to any properties owned or controlled by Cornman Tweedy 560, L.L.C. ("Cornman Tweedy") or any Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision No. 66893.

Response: There are no certificates of assured water supply issued for any properties owned or controlled by Cornman Tweedy 560, LLC, or any Robson-affiliated entity within the area described in Exhibit A attached to Decision 66893.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.2 Please describe all efforts made by Cornman Tweedy or any Robson-affiliated entity to obtain a certificate of assured water supply for any properties owned or controlled by Cornman Tweedy 560, L.L.C. or any Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision No. 66893, and provide copies of all documents evidencing such efforts.

Response: As part of the process of entitling the property which comprises EJR Ranch, Cornman Tweedy 560, LLC, Sun Lakes-Casa Grande Development, LLC and several non-affiliated entities made application to the Arizona Department of Water Resources for an Analysis of Assured Water Supply. The analysis performed for Cornman Tweedy 560, LLC, Sun Lakes-Casa Grande Development, LLC and the several non-affiliated entities was conducted for property not only within the area described in Exhibit A attached to ACC Decision No. 66893, but for property outside the defined area as well as property outside EJR Ranch. An analysis of assured water supply is a useful tool in developing property because it provides options to the developer of the property. The application process for obtaining a certificate of assured water supply is a different process than the process of receiving an analysis of assured water supply. Neither Cornman Tweedy 560, LLC, nor any Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision No. 66893 have commenced the process of obtaining a certificate of assured water supply.

Prepared by: Jim Poulos, Vice President
Robson Communities
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ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.3 Please provide copy of any main extension agreement for any properties owned or controlled by Cornman Tweedy or any Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision No. 66893.

Response: There are no main extension agreements for any properties owned or controlled by Cornman Tweedy 560, LLC, or any Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision No. 66893.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.4 Please describe all efforts made by Cornman Tweedy or any Robson-affiliated entity to negotiate and enter into any main extension agreement for any properties owned or controlled by Cornman Tweedy or any Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision No. 66893, and provide copies of all documents evidencing such efforts.

Response: Neither Cornman Tweedy 560, LLC, nor any Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision 66893 has been contacted by AWC regarding the negotiation of a main extension agreement.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.5 Please provide copies of all internal communications between any Robson-affiliated entity and any Robson-affiliated utility concerning the provision of utility services to any properties within the area described in Exhibit A attached to ACC Decision No. 66893.

Response: See the attached request for service from Cornman Tweedy 560, LLC, to Picacho Water Company dated April 7, 2005.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.6 Please provide copies of any communications between any Robson-affiliated entity and any hydrologist, engineer or other consultant concerning obtaining a water supply or for the provision of utility service to any properties owned or controlled by a Robson-affiliated entity within the area described in Exhibit A attached to ACC Decision No. 66893, including any contracts, maps, draft applications, design reports, cost estimates, master plans, and preliminary drawings related to same.

Response: See (i) the attached narrative and (ii) the attached Application of for an Analysis of Assured Water Supply. The narrative was prepared by B&R Engineering, Inc. and the Application of an Analysis of Assured Water Supply was prepared by Southwest Ground-water Consultants, Inc.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.7 Please provide copies of any communications between Cornman Tweedy or any affiliated entity and Core Group Consultants, the Arizona Department of Water Resources, the Arizona Department of Real Estate, the Arizona Department of Environmental Quality, the Central Arizona Groundwater Replenishment District, HWY 287-Florence Boulevard Inc. and Madison Diversified 882 Corp. concerning obtaining a water supply or for the provision of utility services to the Florence Country Estates or any properties within the area described in Exhibit A attached to ACC Decision No. 66893.

Response: See the attached Analysis of Assured Water Supply for EJR Ranch dated March 2, 2005.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.8 Please provide copies of any "approvals to construct" for any utility infrastructure to be constructed within the area described in Exhibit A to ACC Decision No. 66893.

Response: Cornman Tweedy 560, LLC, does not have any approval to construct utility infrastructure within the area described in Exhibit A to ACC Decision No. 66893

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.9 Please provide copies of any requests for utility service received by any Robson-affiliated public service corporation from any non-Robson affiliated entity owning property within the area described in Exhibit A to ACC Decision No. 66893, and any responsive communications, including any "will serve" letters or any refusals to serve.

Response: None.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.10 Please provide copies of all ACC decisions of which Cornman Tweedy or its affiliated entities are aware in which the Commission used language similar or analogous to the "null and void" language in Decision 66893, including any decisions involving Picacho Water Company or any Robson-affiliated public service corporation.

Response: The information requested is publicly available at the Arizona Corporation Commission's Docket Control. For additional information, please refer to the various pleadings and legal memoranda which have been filed in this docket by Cornman Tweedy 560, LLC.

Prepared by: Jim Poulos, Vice President
Robson Communities
9532 East Riggs Rd.
Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.11 Please provide copies of any and all requests by public service companies of which Cornman Tweedy or its affiliated entities are aware in which the public service company requested an extension of time to comply with "null and void" language similar to or analogous to the "null and void" language in Decision No. 66893, including any requests involving Picacho Water Company or any Robson-affiliated public service corporation.

Response: The information requested is publicly available at the Arizona Corporation Commission's Docket Control. For additional information, please refer to the various pleadings and legal memoranda which have been filed in this docket by Cornman Tweedy 560, LLC.

Prepared by: Jim Poulos, Vice President
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ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.12 Please provide copies of all ACC orders or decisions of which Cornman Tweedy or its affiliated entities are aware in which the Commission allowed an extension of time to comply with "null and void" language, including any decisions involving Picacho Water Company or any Robson-affiliated public service company.

Response: The information requested is publicly available at the Arizona Corporation Commission's Docket Control. For additional information, please refer to the various pleadings and legal memoranda which have been filed in this docket by Cornman Tweedy 560, LLC.

Prepared by: Jim Poulos, Vice President
Robson Communities
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ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.13 Please provide copies of all ACC orders or decisions of which Cornman Tweedy or its affiliated entities are aware in which the Commission denied an extension of time to comply with "null and void" language, including any decisions involving Picacho Water Company.

Response: The information requested is publicly available at the Arizona Corporation Commission's Docket Control. For additional information, please refer to the various pleadings and legal memoranda which have been filed in this docket by Cornman Tweedy 560, LLC.

Prepared by: Jim Poulos, Vice President
Robson Communities
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ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.14 Please provide copies of any data requests received by Cornman Tweedy from the Arizona Corporation Commission in Docket W-01445A-03-0559.

Response: Cornman Tweedy 560, LLC, has not received any data requests from the Arizona Corporation Commission in Docket W-01445A-03-0559.

Prepared by: Jim Poulos, Vice President
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Sun Lakes, Arizona 85248

ARIZONA WATER COMPANY'S
FIRST SET OF DATA REQUESTS
TO CORNMAN TWEEDY 560, LLC IN
DOCKET NO. W-01445A-03-0559
MAY 30, 2006

AWC-CMT 1.15 Please provide copies of any responses by Cornman Tweedy to any data requests received from the Arizona Corporation Commission in Docket W-01445A-03-0559.

Response: Cornman Tweedy 560, LLC, has not received any data requests from the Arizona Corporation Commission in Docket W-01445A-03-0559.

Prepared by: Jim Poulos, Vice President
Robson Communities
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