

ORIGINAL - NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

**COMMISSIONERS DOCKETED**

2006 OCT 16 P 3: 58 P 3: 58

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KRISTIN K. MAYES

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BARRY WONG

W-01212A-06-0666

W-02451A-06-0666

IN THE MATTER OF THE JOINT APPLICATION OF WATER UTILITY OF GREATER BUCKEYE, INC. AND VALENCIA WATER COMPANY, INC. TO TRANSFER THE ASSETS, INCLUDING THE CERTIFICATES OF CONVENIENCE AND NECESSITY, OF WATER UTILITY OF GREATER BUCKEYE, INC. TO VALENCIA WATER COMPANY.

Docket No. W-01212A-06-\_\_\_\_\_

Docket No. W-02451A-06-\_\_\_\_\_

**APPLICATION**

Valencia Water Company, Inc. ("Valencia") and Water Utility of Greater Buckeye, Inc. ("Buckeye")(collectively, the "Applicants") request approval to transfer Buckeye's assets, including its Certificates of Convenience and Necessity ("CC&Ns"), to Valencia.

Consolidating Buckeye into Valencia will allow their ultimate parent, Global Water Resources, LLC ("Global") to achieve economies of scale and improved efficiencies that will benefit customers of both systems. In addition, the public interest will be served because Global Water can take optimum advantage of projects like the Hassayampa River Recharge Project as well as other opportunities for conservation, regional planning and integrated services to benefit Buckeye's and Valencia's customers. In support of this Application, Valencia and Buckeye state as follows:

**I. Consolidation will promote groundwater conservation and efficiency.**

1. Global promotes groundwater conservation through its "triad of conservation" strategy. This strategy involves: (1) reusing reclaimed water; (2) using renewable surface water; and (3) re-charging excess water into the aquifer. Consolidating Buckeye into Valencia will enable Global to further pursue this strategy. In particular, consolidation will help Global promote

1 the use of renewable surface water and re-charge though the Hassayampa River Recharge Project  
2 and a related pipeline.

3 2. Consolidation of Buckeye into Valencia will provide economies of scale and  
4 improved efficiencies. Global is completing the construction of the Hassayampa River Recharge  
5 Project. This project will allow for Central Arizona Project ("CAP") water to flow into the  
6 Hassayampa River as soon as the first quarter of 2007. Water would enter the Hassayampa River  
7 at an approximate rate of 3,000 acre-feet per month. This recharge facility is also part of a  
8 managed underground storage facility to recharge 25,000 acre-feet per year of Colorado River  
9 water from the CAP aqueduct over a twenty-year period. A copy of the approval from the Arizona  
10 Department of Water Resources ("ADWR") for the storage facility is attached as Exhibit 1.

11 3. The next step is to construct a pipeline from the recovery well fields (twelve miles  
12 south of the recharge site) into the Valencia system. With the anticipated growth expected for the  
13 Valencia system, this "Pipeline to the Future" or "PTTF" will provide a new water source that will  
14 benefit both existing and new customers. Consolidating Buckeye into Valencia best ensures that  
15 customers of both Buckeye and Valencia reap the benefits of the recharge project and the PTTF. A  
16 copy of the cost analysis to build the PTTF and a map depicting the proposed pipeline route is  
17 attached as Exhibit 2.

18 4. Water from the recovery fields delivered through the PTTF is expected to be of  
19 high quality. This water will not have to be treated for arsenic, fluoride, nitrate or Total Dissolved  
20 Solids ("TDS"). This will result in significant savings for Buckeye and Valencia customers in  
21 plumbing costs as well as no need for additional arsenic treatment.

22 5. Buckeye's service territory is in close proximity to Valencia's service territory,  
23 enhancing the ability for both systems to benefit from operational synergies and economies of  
24 scale from the Hassayampa River Recharge Project and the PTTF.

25 6. Moreover, consolidation of Buckeye into Valencia will allow for other improved  
26 efficiencies and economies of scale, because the cost of providing water can be spread across a  
27 larger customer base. There is a pressing need for consolidated, regionally-designed renewable

1 water and wastewater service in western Maricopa County. The Hassayampa River Recharge  
2 Project and PTF are examples of Global's efforts to ensure that sustainable growth can occur in  
3 western Maricopa County. Consolidating these two entities improves Global's ability to promote  
4 groundwater conservation through the triad of conservation. In addition, consolidation will  
5 enhance regional planning of integrated water, wastewater, and reclaimed water services.

6 **II. Description of the Applicants.**

7 7. Valencia is an Arizona corporation authorized to provide water service in and  
8 around the City of Buckeye, Maricopa County, Arizona. Valencia serves approximately 3,889  
9 customers.

10 8. Buckeye is an Arizona corporation authorized to provide water service in and  
11 around the City of Buckeye, Maricopa County, Arizona. Buckeye serves approximately 606  
12 customers.

13 9. Valencia's and Buckeye's offices are located at 21410 North 19<sup>th</sup> Avenue, Suite  
14 201, Phoenix, Arizona 85027. The main phone number for both water utilities is (623) 580-9600.  
15 The Applicants' officers and directors are shown on Exhibit 3.

16 10. West Maricopa Combine, Inc. ("West Maricopa") is the immediate parent company  
17 for Valencia and Buckeye, as well as Willow Water Company, Water Utility of Greater Tonopah  
18 Inc., and Water Utility of Northern Scottsdale, Inc. West Maricopa's office address and phone  
19 number is the same as for Valencia and Buckeye. Its officers and directors are shown on Exhibit 3.

20 11. On July 11, 2006, Global announced one of its subsidiaries acquired 100 percent of  
21 the stock of West Maricopa. Global is a recognized leader in water reclamation and reuse,  
22 committed to reducing groundwater demand through heavy investment in conservation measures  
23 and renewable surface water supplies. Global is also committed to the integrated water, wastewater  
24 and reclaimed water systems and is now the ultimate parent of Buckeye and Valencia. Global's  
25 main address is 21410 North 19<sup>th</sup> Avenue, Suite 201, Phoenix, Arizona 85027. Its main phone  
26 number is (623) 580-9600. Global's regulated subsidiaries serve more than 30,000 customers in  
27 Arizona.

1           12.   Valencia's and Buckeye's CC&N areas are described on maps and legal  
2 descriptions already on file with the Commission. A map showing proximity of the two systems is  
3 attached as Exhibit 4.

4           13.   The management contact for Valencia and Buckeye is:

5                   Mr. Graham Symmonds  
6                   Senior Vice President  
7                   Global Water Management  
8                   22601 North 19<sup>th</sup> Avenue, Suite 210  
9                   Phoenix, Arizona 85027.  
10                  (623) 580-9600.

11           14.   The On-Site Manager for both Valencia and Buckeye is Robert Garcia. The  
12 Applicants' field operations and management personnel are located at 201 East Coronado Street,  
13 Buckeye, Arizona 85326. (623) 386-4252. Mr. Garcia is also the certified ADEQ operator for both  
14 Valencia and Buckeye. Mr. Garcia holds a Level 4 certificate from ADEQ in water treatment and  
15 distribution, as well as wastewater treatment and collection. His ADEQ certified operator number  
16 is 03993.

17           15.   The Applicants' attorneys are:

18                   Michael W. Patten  
19                   Timothy J. Sabo  
20                   Roshka DeWulf & Patten, PLC  
21                   One Arizona Center  
22                   400 East Van Buren Street, Suite 800  
23                   Phoenix, Arizona 85004  
24                   (602) 256-6100

25           All data requests or other requests for information should be directed to:

26                   Michael W. Patten  
27                   Timothy J. Sabo  
28                   Roshka DeWulf & Patten, PLC  
29                   One Arizona Center  
30                   400 East Van Buren Street, Suite 800  
31                   Phoenix, Arizona 85004

1 With a copy to:

2 Mr. Graham Symmonds  
3 Senior Vice President  
4 Global Water Management  
22601 North 19<sup>th</sup> Avenue, Suite 210  
Phoenix, Arizona 85027

5 15. Certificates of Good Standing for both Valencia and Buckeye are attached as  
6 Exhibits 5 and 6 respectively

7 16. Applicants propose that the existing rates and charges remain in effect as shown on  
8 applicable tariffs on file with the Commission. In other words, customers of Buckeye would still  
9 pay existing rates in effect for Buckeye. Valencia would essentially have two divisions.

10 17. The Applicants' balance sheets and income statements for the 12-month period  
11 ending December 31, 2005, are attached as Exhibits 7 and 8 respectively.

12 18. All necessary and required notice will be provided by the Applicants. Proof of  
13 publication of any such notice will be filed with the Commission in this docket.

14 19. Valencia is authorized to issue up to 1,000,000 shares in common stock. Valencia  
15 issued 35,057 shares of common stock on August 10, 1972, which West Maricopa now possesses.  
16 Buckeye currently is authorized to issue up to 100,000 shares of Class A (voting) Common Stock  
17 and 900,000 shares of Class B (non-voting) Common Stock. Buckeye issued 10,000 shares of  
18 Class A stock on August 1, 1983, and 3,500 additional shares of Class A stock on August 1, 1988.  
19 West Maricopa owns all of Buckeye's stock.

20 20. All security deposits held by Buckeye will be transferred to Valencia. Valencia will  
21 assume any refunding obligations of Buckeye for main extension agreements, and any meter and  
22 service line installations.

23 22. Applicants propose to obtain approval to transfer Buckeye's franchise to Valencia  
24 within 365 days of the effective date of the Commission Decision approving this application.

25 23. Valencia's Water Use Data Sheet is attached as Exhibit 9.

26 24. Buckeye's Water Use Data Sheet is attached as Exhibit 10.

27

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 WHEREFORE, Valencia and Buckeye respectfully request that the Commission:

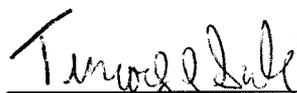
2 A. Schedule a hearing on this Application as soon as possible; and thereafter

3 B. Issue a final order:

- 4 1. finding that it is in the public interest to transfer Buckeye's assets, including  
5 its CC&N, to Valencia;
- 6 2. ordering that Buckeye's assets and its CC&N be transferred to Valencia;
- 7 3. granting such other and further relief as may be appropriate under the  
8 circumstances herein.

9 RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of October 2006.

11 ROSHKWA DEWULF & PATTEN, PLC

12 By   
13 Michael W. Patten  
14 Timothy J. Sabo  
15 One Arizona Center  
16 400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

17 Original + 15 copies of the foregoing  
18 filed this 16<sup>th</sup> day of October 2006, with:

19 Docket Control  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington  
Phoenix, Arizona 85007

22 Copies of the foregoing hand-delivered/mailed  
this 16<sup>th</sup> day of October 2006, to:

23 Lyn A. Farmer, Esq.  
24 Chief Administrative Law Judge  
25 Hearing Division  
26 Arizona Corporation Commission  
27 1200 West Washington  
Phoenix, Arizona 85007

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Christopher C. Kempley, Esq.  
2 Chief Counsel, Legal Division  
3 Arizona Corporation Commission  
4 1200 West Washington  
5 Phoenix, Arizona 85007

6 Ernest G. Johnson, Esq.  
7 Director, Utilities Division  
8 Arizona Corporation Commission  
9 1200 West Washington  
10 Phoenix, Arizona 85007

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**INDEX TO EXHIBITS**

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<u>Exhibit</u>	<u>Description</u>
1.	ADWR Recharge Permit
2.	Cost Analysis and Map
3.	List of Officers and Directors of West Maricopa, Buckeye, and Valencia
4.	Map
5.	Valencia's Certificate of Good Standing
6.	Buckeye's Certificate of Good Standing
7.	Valencia's Balance Sheet and Income Statement
8.	Buckeye's Balance Sheet and Income Statement
9.	Valencia's Water Use Data Sheet
10.	Buckeye's Water Use Data Sheet

# EXHIBIT

"1"

**ARIZONA DEPARTMENT OF WATER RESOURCES**

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2465

Fax 602 417-2467



**JANE DEE HULL**  
Governor

**RITA PEARSON  
MAGUIRE**  
Director

May 11, 2001

Mr. John Mihlik  
3800 N. Central Ave., Ste. 500  
Phoenix, AZ 85012

Re: West Maricopa Combine, Inc. Underground Storage Facility (USF) Permit #71-578112  
Water Utility of Greater Tonopah, Inc. Water Storage (WS) Permit #73-578112.0200  
Water Utility of Greater Buckeye, Inc. Water Storage (WS) Permit #73-578112.0100

Dear Mr. Mihlik:

Enclosed are the final USF Permit #71-578112 and WS Permits #73-578112.0200 and #73-578112.0100 as referenced above.

Please be aware that in accordance with condition number 7.i. of the USF permit, a pre-recharge inspection of the site must be arranged thirty days prior to the commencement of recharge. Please contact Lisa Gregory at (602) 417-2465 to make this arrangement. Please also contact Lisa Gregory or me, if you have any questions regarding the issuance of these permits.

Sincerely,

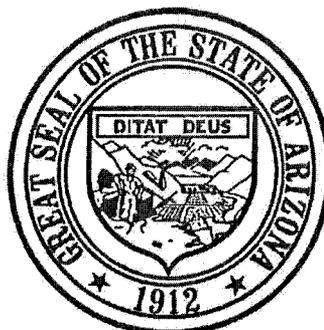
A handwritten signature in cursive script that reads "Virginia O'Connell".

Virginia O'Connell  
Water Resources Specialist

Enclosures

cc: Patrick Schiffer, Legal  
Drew Swieczkowski, Hydrology  
Evelyn Allegretto, Phoenix AMA  
Jim DuBois, ADEQ  
Bill Sullivan, Martinez & Curtis

PERMIT 71-578112



**ARIZONA DEPARTMENT OF WATER RESOURCES**

**UNDERGROUND STORAGE FACILITY PERMIT**

**MANAGED**

PERMIT NO. 71-578112

STATE OF ARIZONA        )ss.  
                                  )  
COUNTY OF MARICOPA    )

This is to certify that I have determined that Application No. 71- 578112 meets the requirements of Arizona Revised Statutes Title 45, Chapter 3.1, Article 2, for a Managed Underground Storage Facility Permit. The Director hereby grants authority to the West Maricopa Combine, Inc. to operate a managed underground storage facility, subject to the following limitations and conditions:

**Permit Limitations**

Permittee:

West Maricopa Combine, Inc.  
3800 North Central Avenue, Suite 500  
Phoenix, Arizona 85012

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Active Management Area: Phoenix AMA

Subbasin: Lower Hassayampa

Location of Facility: Hassayampa River streambed extending from the SW ¼ of Section 36, Township 4 North, Range 5 West, GSRB&M to the SE ¼ of Section 14, Township 3 North, Range 5 West, GSRB&M. The facility includes a pipeline located in the S ½ of Section 36, Township 4 North, Range 5 West, GSRB&M, extending from a Central Arizona Project Canal turnout to the streambed portion of the facility.

Maximum Storage at Facility: 25,000 acre-feet per annum

Source Water to be Stored: Central Arizona Project

Effective Date: Date of Signature of This Permit

Expiration Date: May 31, 2021

**Permit Conditions**

1. The facility shall be constructed and operated as specified in the, Revised Hydrologic Report for Managed Underground Storage Facility dated November, 1999, (which is hereinafter referred to as "hydrologic report") which is incorporated in and made a part of this permit.
2. The permittee shall provide all monitoring data in the form of quarterly and/or annual reports as required below:
  - a. The permittee shall provide all monitoring data for the first four years of the project in the form of **quarterly** reports which shall be submitted to the Arizona Department of Water Resources (ADWR) within forty-five (45) days of the completed quarterly reporting period. **The permittee shall send two (2) copies of all quarterly data reports to the Groundwater Management Support Section, Arizona Department of Water Resources, 500 North Third Street, Phoenix, Arizona 85004.**
  - b. Pursuant to A.R.S. § 45-875.01 the permittee shall submit an **annual** data report to the ADWR no later than March 31 following the end of each completed annual reporting period. The first reporting period shall be from the issuance date of this permit through December 31, 2001. Subsequent reporting periods shall be January 1 through December 31. The fourth quarter data report may be combined with the annual data report. **The permittee shall send two (2) copies of all annual data reports to the Records Management Unit, Arizona Department of Water Resources, 500 North Third Street, Phoenix, Arizona 85004.**

The **annual** reports shall include a descriptive summary and analysis of the facility utilizing a narrative description, hydrographs, tables and maps. A description of the operation of the facility, total volume of water stored at the facility since the project inception, and any adverse impacts to surrounding land or other water users shall be provided.

3. The **quarterly** and **annual** reports shall include all monitoring data pursuant to this permit and as described in the permittee's hydrologic report. Any Deviation from the approved monitoring plan as outlined in this permit shall be documented in the above reports. Approval from ADWR and ADEQ for the monitoring plan deviation and a narrative detailing the change must be included. The reports shall include a minimum of, but not limited to, the following:

a. Water Level(s):

The report shall contain the water level data gathered and reported in accordance with **Tables 1 and 2**. The water level data shall be presented using tables and/or hydrographs and shall indicate at a minimum, but not limited to, the following: unique well/piezometer identification, ADWR well registration number, cadastral location, measurement date, measuring point description, height of measuring point above (or below) land surface, pumping status of the measured well and any nearby wells, and the water level measurement in 1) feet above mean sea level and 2) feet below land surface.

b. Water Quantity:

The report shall contain the water quantity data for the recharge facility in accordance with **Table 3**. The water quantity data shall be compiled and presented in monthly summaries including, at a minimum, but not limited to: the month, daily volume of water discharged to the managed recharge facility in acre-feet, wetted area of the facility in acres, and the maximum length of surface flow. The water discharge information shall be compiled daily and aggregated for the month.

c. Water Quality (Groundwater):

The permittee shall report groundwater quality data gathered in accordance with **Tables 4, 6, and 7**.

d. Water Quality (Source Water):

i. The permittee shall report source water quality data gathered in accordance with **Table 5**.

ii. The permittee shall report, quarterly, source water quality data gathered in accordance with **Table 5** for the CAP water sampled at the Little Harquahala Pumping Plant.

e. Alert Level Exceedance(s):

i. The permittee shall summarize any water level exceedance in accordance with permit

**condition 5.a.**

- ii. The permittee shall summarize the exceedance of any and all flow meter accuracy requirements and/or failures according to **permit condition 5.b.**
- iii. The permittee shall summarize the exceedance of any Aquifer Water Quality Standard or any Aquifer Water Quality Alert Level in accordance with **permit conditions 5.c. and 5.d.**
- iii. The permittee shall report any storm flows that occur at the facility in accordance with **permit condition 5.e.**

4. **Monitoring Provisions:**

- a. Monitoring for water level, water quantity, and water quality shall be performed in accordance with **Tables 1, 2, 3, 4, 5, 6, and 7.**

Any well information, such as, ADWR Registration Number, well elevation, well depth, and screened interval shall be submitted before the start of recharge operations.

- b. The permittee shall measure water levels, at a minimum, to within an accuracy of one-tenth (0.1) of a foot for the wells listed in **Tables 1 and 2.**
- c. Surveyed well head elevations for the monitor wells listed in **Tables 1 and 2** shall be obtained before the commencement of recharge activities.
- d. The pressure transducers listed in **Table 1** shall be calibrated quarterly using a steel tape, electrical sounder, or any other ADWR approved method.
- e. The water quality monitor wells listed in **Table 4** shall be sampled for water quality in accordance with standard ADEQ QA/QC sampling protocols.
- f. Dedicated pumps shall be placed in the water quality monitor wells listed in **Table 4** so that the pumping depth is no more than twenty (20) feet below the static water table at the time of well construction.
- g. The water quality of the source water shall be sampled **monthly** from the **Little Harquahala Pumping Plant.**
- h. The Permittee shall use aerial photographs of the recharge facility to determine surface flow and wetted area twice a year during the first four years of operation, annually for the remainder of the project.
- i. The Permittee shall calculate transpiration using aerial photographs and site visits to estimate the area of the riparian zone and a representative transpiration rate for that area. The methodology for calculation of transpiration shall be submitted to ADWR for approval in the first quarterly report.

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- j. The Permittee shall conduct site visits once every two weeks for the first four years of operation and monthly for the remainder of the project to assist in estimating the wetted area of the channel. The width and total length in feet of the surface flow within the boundaries of the recharge facility shall be reported.
- k. The Permittee shall conduct site visits once every two weeks to determine the extent of livestock watering for the first two years of the recharge permit.

If livestock watering is determined to be a significant component of water loss at the recharge facility and annual loss shall be estimated based on an average number of cattle and an average daily watering rate per animal.

- l. Data from the Morristown stream gage on the Hassyampa River shall be examined daily, using the USGS internet site. When surface flows of 500 cfs or greater are recorded, daily site visits shall be conducted immediately upstream of the recharge facility to determine if surface water flow is entering the recharge facility.
  - i. When there is surface water flow immediately upstream of the recharge facility recharge activities shall terminate. Recharge activities may resume once surface water flow has ceased immediately upstream of the recharge facility. The date and time interval in which the recharge facility is non-operational shall be recorded and reported to ADWR.
  - ii. Recharge activities shall be stopped when natural runoff from the watershed surrounding the recharge facility enters into the Hassyampa River channel and the defined managed recharge facility.

5. Alert Levels and Contingencies:

- a. For the monitor wells and piezometers listed in **Tables 1 and 2** the water level shall not rise within twenty (20) feet of the land surface. If the water level rises to within twenty (20) feet below land surface, ADWR shall be notified within 48 hours of the exceedance and the following actions shall be implemented:
  - i. A report shall be submitted including at a minimum, but not limited to, the details of the exceedance as to the amount, date, duration, an explanation of the method(s) used to correct the exceedance, and a determination of any unreasonable harm to the land owners or other water users caused by the water level exceedance.
  - ii. Project inflow shall be reduced and daily monitoring shall continue in order to determine if water levels stabilize.
  - iii. If water levels remain above the action criteria after two weeks, recharge rates shall be stopped until water levels drop to 20 feet below land surface.
- b. The monitoring equipment listed in **Tables 1, 2, and 3** shall continue to function and

accurately quantify flow and water level conditions pursuant to A.R.S. § 45-872.01.

If the measuring devices listed in **Tables 1 and 3** fail to perform their designated function (A.A.C. R12-15-905 and 906) for more than 72 hours ADWR shall be notified in writing within seven (7) calendar days. The permittee shall report at a minimum, but not limited to, the monitoring point, type of measuring device, date of the malfunction, amount of time the device failed to properly operate, and an explanation of the method(s) used to correct the failure. When the device is a flowmeter, an estimate of the amount of flow and an explanation of the method(s) used to calculate the estimated amount of flow shall be reported.

- c. The source water delivered to the facility shall meet the Aquifer Water Quality Standards (AWQS) of the State of Arizona, established in A.A.C. R18-11-405 and A.A.C. R18-11-406 except for turbidity and bacteria.

Water quality reports documenting any exceedance shall be submitted both to the ADWR and the ADEQ within five (5) days upon receipt of those reports by the permittee. For CAP source water sampling, an alert level shall be set at the numeric Aquifer Water Quality Standards (NAWQS) MCLs for metals, VOCs, herbicides and pesticides. If a constituent is detected above the alert level, a confirmatory sample shall be obtained within 30 days of receipt of the laboratory results. If results are confirmed, the ADWR and ADEQ shall be notified immediately upon receipt of confirmatory results for mutual consideration of possible contingency actions including: 1) additional confirmatory sampling, 2) analysis to determine the probable source of contaminant, and 3) reduction or curtailment of recharge water until the constituent of concern drops below the alert level. The report shall include at a minimum, but not limited to, the sampling point identification, the constituent, concentration of the constituent(s), date of the exceedance, and results as reported by the laboratory.

- d. Groundwater sampled at the monitor wells listed in **Table 4** shall meet the NAWQS of the State of Arizona, established in A.A.C. R18-11-406 for those constituents listed in **Tables 6 and 7**.

- i. The water quality monitoring wells listed in **Table 4** shall be sampled prior to recharge for the constituents listed in **Tables 6 and 7**. If any constituent exceeds the NAWQ standard, three additional monthly samples shall be collected. Alert levels will be set for such constituents based upon a mean plus two standard deviations of the ambient data.
- ii. If a chemical constituent exceeds any Alert Level listed in **Table 4** and a second sample confirms the exceedance, the permittee shall analyze water quality and water level data and a report shall be prepared to assess the potential for unreasonable harm to nearby groundwater users. The report shall assess the following: 1) the probable cause of the Alert Level exceedance, 2) the potential for unreasonable harm to nearby water users resulting from the exceedance, and 3) additional contingency actions for approval by the ADWR and ADEQ, if it is determined that operation of the facility resulted in the exceedance. The report shall also include at a minimum, but not limited to, the sampling point identification, the constituent, concentration of the constituent(s), date of the exceedance, and results as reported by the laboratory.

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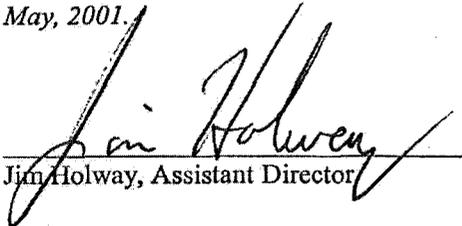
- iii. If the NAWQS are not met, then upon direction by ADWR and ADEQ, installation of additional monitor wells down gradient of the point of detection may be required.
- e. Surface Water Flow:
  - i. If surface water flow reaches within a **quarter mile** of the downstream boundary of the recharge facility, the discharge volume shall be decreased to ensure the flows do not leave the facility.
  - ii. If surface water flow reaches beyond the end of the facility, discharge into the facility shall be terminated to ensure that flows do not leave the facility. If flows regularly leave the facility ADWR shall require this permit to be modified.
- 6. Operational Provisions:
  - a. Evaporation Calculation Method:

Evaporation at the site shall be estimated on an annual basis using the methods of Cooley (1970) utilizing the maximum evaporation rating curve.
  - b. The permittee shall not operate the underground storage facility until permittee obtains written consent from all owners of the streambed in which the facility is located, or a court judgment declaring permittee's right to use the streambed for its facility.
- 7. General Provisions:
  - a. Water entering the facility shall be measured in a manner consistent with the requirements and specifications for water measuring devices adopted pursuant to A.R.S. § 45-872.01.
  - b. In accordance with A.R.S. § 45-814.01(G), the Director may modify the conditions of this permit, depending upon the type of water stored at the facility and upon other circumstances.
  - c. The facility shall continue to meet the requirements of A.R.S. § 45-811.01 during operation of the facility.
  - d. No waters other than those waters specified under the permit limitations are authorized for recharge at this facility.
  - e. The issuance of this permit does not waive compliance with any federal, state, county or local government statutes, rules or permits.
  - f. Any changes in the design, operation, and/or monitoring of the facility shall be submitted to the ADWR for approval prior to implementation.
  - g. The facility shall be operated only in conjunction with the applicable Water Storage Permit(s) subject to the conditions set forth within those permit(s).

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- h. The Director may terminate this permit if permittee does not substantially complete construction of the facility within five years after the effective date of the permit. The Director may, for good cause shown, justify an extension beyond the five year period.
  - i. The permittee shall contact ADWR thirty days prior to the commencement of recharge to arrange a pre-recharge inspection of the site.
  - j. No water may be stored underground at the permitted facility without first obtaining a Water Storage Permit and no stored water may be recovered without a Recovery Well Permit. Further, recovery outside the are of impact of the stored water will be permissible only if the recovery is consistent with the management plan and achievement of management goal for the Phoenix AMA. The current management plan consistency requirements for recovery outside the area of impact of the stored water include proof that the water was stored in a location or manner so as to contribute to the groundwater supplies that are currently being used or could be used in the future.
8. If the permittee changes its Arizona statutory agent during the term of this permit, the permittee shall notify ADWR of the name and address of the new agent within 30 days of the change.

Witness my hand and seal of office this 11<sup>th</sup> day of  
May, 2001.

  
Jim Holway, Assistant Director

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Table 1  
Water Level Monitoring  
(Monitor Wells)

Monitor Point	ADWR Registration Number	Location	Well Depth (feet b/s)	Screened Interval (feet b/s)	Measuring Device	Monitoring Frequency	Reporting Frequency 1st 4 years next 16 years	Alert Water Level (feet b/s)
MW 1	*	B(4-5) 36bab	180	130-170	pressure transducer	daily	quarterly annual	20
MW 2	*	B(3-5) 1acd	180	130-170	pressure transducer	daily	quarterly annual	20
MW 3	*	B(3-5) 11dbb	180	130-170	pressure transducer	daily	quarterly annual	20

\* The permittee shall submit to ADWR the ADWR Well Registration Numbers and other pertinent data before the commencement of recharge activities. The final total depth and screen interval for the monitoring wells shall be determined in the field during installation. The screen interval shall cover the span through the site specific depth to water plus and minus 20 feet with the total depth set five feet below the screen interval. The information will be inserted into this table at that time. Any change that occurs in the design of the facility may require a modification of the permit.

1 The monthly median of the data shall be reported to ADWR as specified in this table.

PERMIT 71-578112

Table 2  
Water Level Monitoring  
(Piezometers)

Well Identifier	ADWR Registration Number	Location	Depth (feet bls)	Screened Interval (feet bls)	Well Design	Measuring Device	Water Level Monitoring Frequency <sup>1</sup>	Reporting Frequency 1st 4 years next 16 years	Alert Water Level (feet bls)
PZ 1	*	B(4-5) 36bab	70	30-60	Figure 7-2. <sup>2</sup>	sounder	twice a month	quarterly annual	20
PZ 2	*	B(3-5) 1acd	70	30-60	Figure 7-2. <sup>2</sup>	sounder	twice a month	quarterly annual	20
PZ 3	*	B(3-5) 11dbb	70	30-60	Figure 7-2. <sup>2</sup>	sounder	twice a month	quarterly annual	20

\* The permittee shall submit to ADWR the ADWR Well Registration Numbers and other pertinent data before the commencement of recharge activities. Lithologic and hydrologic information gathered during the installation of the associated monitoring well will determine the final total depth and screen interval of the piezometer. The information will be inserted into this table at that time. Any change that occurs in the design of the facility will require a modification of the permit.

<sup>1</sup> The data shall be compiled by month and reported to ADWR as specified in this table.

<sup>2</sup> This figure is in Revised Hydrologic Report for Managed Underground Storage Facility dated November, 1999

Table 3.  
Facility Monitoring

Monitor Point	Measuring Equipment	Parameter	Location	Measurement Device	Monitoring Frequency next 16 years		Reporting Frequency next 16 years	
					1st 4 years	daily <sup>2</sup>	1st 4 years	quarterly
*	Flowmeter	Source Water Inflow	Figure 6. <sup>1</sup>	Flowmeter	daily <sup>2</sup>	quarterly	annually	
On the facility	Aerial Photographs	Wetted Area	N/A	Aerial Photographs	twice a year	quarterly	annually	
On the facility	Aerial Photographs	Surface Flow	N/A	Aerial Photographs	twice a year	twice a year	annually	
On the facility	Site Visit	Wetted Area	N/A	Site Visit	twice a month	quarterly	annually	

\* The flow meter does not have a separate identifier.

<sup>1</sup> This figure is in Revised Hydrologic Report for Managed Underground Storage Facility dated November, 1999.

<sup>2</sup> The data shall be totaled by month and reported to ADWR as specified in this table.

Table 4  
Groundwater Quality Monitoring

Monitor Point	ADWR Registration Number	Location	Depth (feet b/s)	Screened Interval (feet b/s)	Monitoring Frequency first 2 years	Monitoring Frequency next 18 years	Alert Level
MW 1	*	B(4-5) 36bab	180	130-170	quarterly	twice a year	Table 5 & 6
MW 2	*	B(3-5) 1acd	180	130-170	twice a year	annually	Table 5 & 6
MW 3	*	B(3-5) 11dbb	180	130-170	twice a year	annually	Table 5 & 6

\* The permittee shall submit to ADWR the ADWR Well Registration Numbers and other pertinent data before the commencement of recharge activities. The information will be inserted into this table at that time. Any change that occurs in the design of the facility will require a modification of the permit.

Table 5  
Source Water Quality Monitoring

Analyte	EPA Analysis Method <sup>1</sup>	NAWQS (mg/L)	Sampling Frequency	Reporting Frequency
<b>Field</b>				
pH	field/150.1	NA <sup>2</sup>	quarterly	quarterly
Specific Conductance	field	NA <sup>2</sup>	quarterly	quarterly
Temperature	field	NA <sup>2</sup>	quarterly	quarterly
<b>Inorganic Chemicals</b>				
Alkalinity	310.1	NA <sup>2</sup>	quarterly	quarterly
Chloride	300	NA <sup>2</sup>	quarterly	quarterly
Fluoride	300	4.0	quarterly	quarterly
Nitrate (as N)	300	10.0	quarterly	quarterly
Sodium	200.7	NA <sup>2</sup>	quarterly	quarterly
Sulfate	300	NA <sup>2</sup>	quarterly	quarterly
Total Dissolved Solids (TDS)	160.1	NA <sup>2</sup>	quarterly	quarterly
<b>Trace Metals</b>				
Antimony	200.9	0.006	quarterly	quarterly
Arsenic	200.9	0.05	quarterly	quarterly
Barium	200.7	2.0	quarterly	quarterly
Beryllium	200.7	0.004	quarterly	quarterly
Cadmium	200.7	0.005	quarterly	quarterly
Calcium	200.7	NA <sup>2</sup>	quarterly	quarterly
Chromium	200.7	0.1	quarterly	quarterly
Copper	200.7	NA <sup>2</sup>	quarterly	quarterly
Iron	200.7	NA <sup>2</sup>	quarterly	quarterly
Lead	200.9	0.050	quarterly	quarterly
Magnesium	200.7	NA <sup>2</sup>	quarterly	quarterly
Manganese	200.7	NA <sup>2</sup>	quarterly	quarterly
Mercury	245.1	0.002	quarterly	quarterly
Nickel	200.9	0.14	quarterly	quarterly
Selenium	200.9	0.05	quarterly	quarterly
Silver	200.7	NA <sup>2</sup>	quarterly	quarterly
Thallium	200.7	0.002	quarterly	quarterly
Zinc	200.7	5.0	quarterly	quarterly

<sup>1</sup> Permittee may use any EPA or State of Arizona approved analysis method for the purpose of measuring a NAWQS or Alert Level (AL) required under this permit as long as the method provides a detection limit

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which is lower than the NAWQS or AL specified in this Table for the parameter in question, and otherwise accurately quantifies the concentration of the parameter listed. ADWR reserves the right to determine adequacy of laboratory results based upon the achieved detection limit.

<sup>2</sup> Not Applicable

**Table 6**  
**Groundwater Quality Monitoring**  
**(Inorganics)**

Analyte	EPA Analysis Method <sup>1</sup>	NAWQS (mg/L)	NAWQS Alert Level	Sampling Frequency	Reporting Frequency
<b>Field</b>					
pH	field/150.1	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Specific Conductance	field	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Temperature	field	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
<b>Inorganic Chemicals</b>					
Alkalinity	310.1	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Chloride	300	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Fluoride	300	4.0	3.2	quarterly	quarterly
Nitrate (as N)	300	10.0	8.0	quarterly	quarterly
Sodium	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Sulfate	300	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Total Dissolved Solids (TDS)	160.1	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
<b>Trace Metals</b>					
Antimony	200.9	0.006	0.0048	quarterly	quarterly
Arsenic	200.9	0.05	0.04	quarterly	quarterly
Calcium	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Barium	200.7	2.0	1.6	quarterly	quarterly
Beryllium	200.7	0.004	0.0032	quarterly	quarterly
Cadmium	200.7	0.005	0.004	quarterly	quarterly
Chromium	200.7	0.1	0.08	quarterly	quarterly
Copper	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Iron	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Lead	200.9	0.05	0.04	Quarterly	quarterly
Magnesium	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Manganese	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Mercury	245.1	0.002	0.0016	quarterly	quarterly
Nickel	200.9	0.1	0.08	quarterly	quarterly
Selenium	200.9	0.05	0.04	quarterly	quarterly

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Analyte	EPA Analysis Method <sup>1</sup>	NAWQS (mg/L)	NAWQS Alert Level	Sampling Frequency	Reporting Frequency
Silver	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly
Thallium	200.7	0.002	0.0019	quarterly	quarterly
Zinc	200.7	NA <sup>2</sup>	NA <sup>2</sup>	quarterly	quarterly

<sup>1</sup> Permittee may use any EPA or State of Arizona approved analysis method for the purpose of measuring a NAWQS or Alert Level (AL) required under this permit as long as the method provides a detection limit which is lower than the NAWQS or AL specified in this Table for the parameter in question, and otherwise accurately quantifies the concentration of the parameter listed. ADWR reserves the right to determine adequacy of laboratory results based upon the achieved detection limit.

<sup>2</sup> Not Applicable

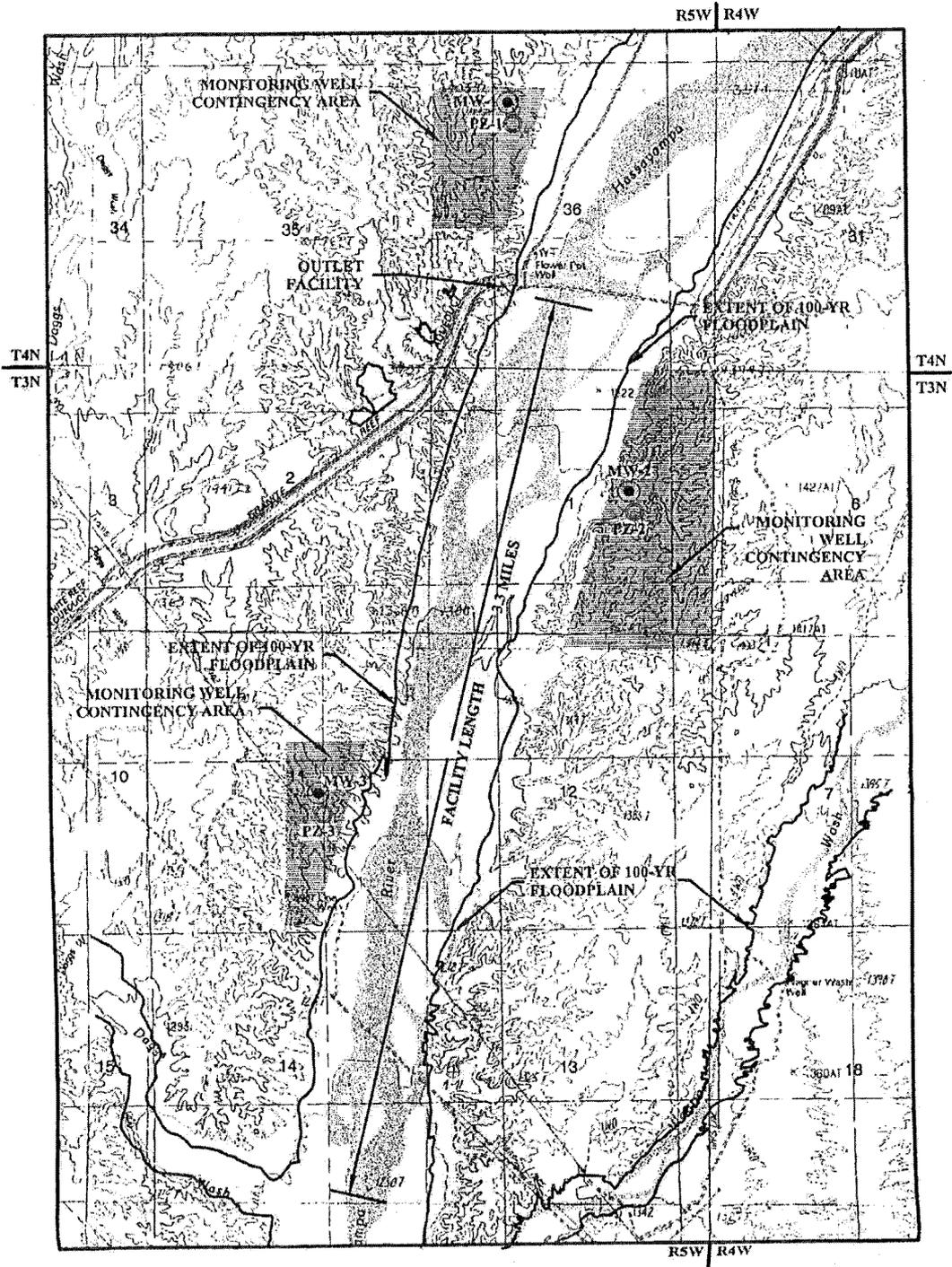
**Table 7**  
**Groundwater Water Quality Monitoring**  
**(Organics)**

Analytes	Analysis Method <sup>1</sup>	NAWQS (mg/L)	NAWQS Alert Level	Sampling Frequency	Reporting Frequency
<b>Organic Chemicals*</b>					
Benzene	524.2	0.005	0.004	once	once
Carbon Tetrachloride		0.005	0.004	once	once
o-Dichlorobenzene (o-DCB)	524.2	0.6	0.48	once	once
p-Dichlorobenzene (p-DCB)	524.2	0.075	0.06	once	once
1,2-Dichloroethane (1,2-DCP)	524.2	0.005	0.004	once	once
1,1-Dichloroethylene (1,1-DCP)	524.2	0.007	0.0056	once	once
cis-1,2-Dichloroethylene (cis-1,2-DCE)	524.2	0.07	0.056	once	once
trans-1,2-Dichloroethylene (trans-1,2-DCE)	524.2	0.1	0.08	once	once
1,2-Dichloropropane (1,2-DCP)	524.2	0.005	0.004	once	once
Ethylbenzene (ETB)	524.2	0.7	0.56	once	once
Styrene	524.2	0.1	0.08	once	once
Tetrachloroethylene (PCA or TET)	524.2	0.005	0.004	once	once
Toluene (TOL)	524.2	1.0	0.8	once	once
1,2,4-Trichlorobenzene	524.2	0.07	0.56	once	once
1,1,1-Trichloroethane (1,1,1-TCA)	524.2	0.2	0.16	once	once
1,1,2-Trichloroethane (1,1,2-TCA)	524.2	0.005	0.004	once	once
Trichloroethylene (TCE)	524.2	0.005	0.004	once	once
Total Trihalomethanes (TTHM)	524.2	0.1	0.08	once	once
Vinyl Chloride (VC)	524.2	0.002	0.0016	once	once

PERMIT 71-578112

Xylenes (XY)	524.2	10.0	8.0	once	once
<b>Herbicides and Pesticides</b>					
Chlordane	508	0.002	0.0016	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Dalapon	515.1	0.2	0.16	quarterly <sup>2</sup>	quarterly <sup>2</sup>
2,4- Dichlorophenoxyacetic Acid (2,4-D)	515.1	0.07	0.056	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Dinoseb (DNBP)	515.1	0.007	0.0056	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Endrin	508	0.002	0.0016	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Heptachlor	508	0.0004	0.00032	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Heptachlor Epoxide	508	0.0002	0.00016	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Lindane	508	0.0002	0.00016	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Methoxychlor	508	0.04	0.032	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Petachlorophenol	515.1	0.001	0.0008	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Picloram	515.1	0.5	0.4	quarterly <sup>2</sup>	quarterly <sup>2</sup>
Silvex 2-(2,4,5-Trichlorophenoxy)propionic Acid	515.1	0.05	0.04	quarterly <sup>2</sup>	quarterly <sup>2</sup>

- \* Organic parameters shall be sampled only once if not detected.
- <sup>1</sup> Permittee may use any EPA or State of Arizona approved analysis method for the purpose of measuring a NAWQS or Alert Level (AL) required under this permit as long as the method provides a detection limit below which is lower than the NAWQS or AL specified in this Table for the parameter in question, and otherwise accurately quantifies the concentration of the parameter listed. ADWR reserves the right to determine adequacy of laboratory results based upon the achieved detection limit.
- <sup>2</sup> After one year of operating the facility with no observable adverse water quality impacts, the permittee may request a reduction in constituents sampled for, sampling frequency, or reporting frequency.



WEST MARICOPA COMBINE, INC. - HASSAYAMPA RIVER RECHARGE PROJECT

**HUITT-ZOLIARS**  
 Huitt-Zoliars, Inc. Engineering  
 742 N. 24TH Street, Suite 100, Phoenix, AZ 85016  
 Phone: (602) 952-9123 Fax: (602) 952-0124

DES	DVP
DRAW	DVP
CHK	FKD
DATE	11/01/99
	05-1022-01

FACILITY AND MONITORING WELL LOCATION MAP

FIGURE 2

# EXHIBIT

"2"

Capital Costs Worksheet  
Water Utility of Greater Buckeye Only  
4,400 ac-ft/yr

Pipeline to the Future - Capital and Operations Costs Worksheet  
Valencia and Water Utility of Greater Buckeye Only

<b>Wells</b>			
<i>Capital Cost Estimate</i>			
Item Description	Units	Unit Price (\$)	Extension (\$)
Wells <sup>(1) (2)</sup>	3	\$400,000	\$1,200,000
Power and Control	3	\$90,000	\$270,000
Permits	3	\$2,500	\$7,500
Power Service to Site	3	\$40,000	\$120,000
Sub-Total			\$1,597,500
15% Contingency			\$239,625
15% Engineering & Admin			\$239,625
Sub-Total			\$2,076,750
Well Site Land	3	\$20,000	\$60,000
Well Budget Estimate			\$2,136,750

Footnotes: 1) Assume 300 hp @ 750 ft TDH and wire to water efficiency = 65% and Yield = 1000 gpm each.  
2) Normal operating conditions requires 3 of 3 wells in operation per day to meet average demands est at 4,400 ac-ft/yr

<b>Well Head Piping (New Wells)</b>			
<i>Capital Cost Estimate</i>			
Item Description <sup>(1)</sup>	Units (ft)	Unit Price (\$)	Extension (\$)
Reach 1 at 12"	10520	\$45	\$473,400
Reach 2 at 14"	2640	\$55	\$145,200
Reach 3 at 12"	200	\$45	\$9,000
Sub-Total			\$627,600
15% Contingency			\$94,140
15% Engineering & Admin.			\$94,140
Piping from wells to storage estimate			\$815,880

Footnotes: (1) Reaches 1 through 3 are assumed in County ROW but out of pavement  
Well 3 to be located at Future Storage tank site on Bruener & Van Buren

<b>Well Head Piping (Existing Wells)</b>			
<i>Capital Cost Estimate</i>			
Item Description <sup>(1)</sup>	Units (ft)	Unit Price (\$)	Extension (\$)
Reach 1 W. Well to E. Well	7920 8-inch dia	\$35	\$277,200
Reach 2 E. Well to future stg.	6600 12-inch dia	\$45	\$297,000
Sub-Total			\$574,200
15% Contingency			\$86,130
15% Engineering & Admin.			\$86,130
Piping from wells to storage estimate			\$746,460

Capital Costs Worksheet  
Water Utility of Greater Buckeye Only  
4,400 ac-ft/yr

<b>Storage at Well Field</b>			
<b>Capital Cost Estimate</b>			
	Units	Unit Price (\$)	Extension (\$)
1 Million Gallon Day Tank <sup>(1)(2)</sup>	267900 lb	\$0.70 \$/lb	\$187,530
Booster Station Pumps <sup>(3) (4)</sup>	5	\$40,000	\$200,000
Power and Control	1	\$270,000	\$270,000
Power Service to Site	1	\$40,000	\$40,000
Yard Piping	1	\$125,000	\$125,000
Disinfection Facility <sup>(5)</sup>	1	\$75,000	\$75,000
Site Security <sup>(6)</sup>	1	\$75,000	\$75,000
Sub-Total			\$972,530
15% Contingency			\$145,880
15% Engineering & Admin.			\$145,880
Storage Site Land	1.4 acres	\$20,000	\$28,000
WMC Storage Facility <sup>(7)</sup>			\$1,292,289
Footnotes:	1) 6 hours storage day tank 2) Recirculation pump on tank 400 gpm @ 20ft, 3 hp 3) Four pumps to meet peak conditions plus one standby 4) Pumps each move 2,226 gpm at 150 ft TDH and 65% efficiency 5) Assumes 10 kva power plus chlorine costs 6) 900 ft of wall at \$50/ft plus security lighting and landscaping 7) Storage site at Bruner and Van Buren Alignment		

<b>Transmission Main to RID at Palo Verde Road</b>			
<b>Capital Cost Estimate</b>			
Item Description	Units (ft)	Unit Price (\$)	Extension (\$)
16-inch Transmission <sup>(1)</sup>	16,871	\$60.00	\$1,012,260
Misc Fittings and Appurtenance	16,871	\$20	\$337,420
Butterfly Valves @ 1-mile interv.	4	\$8,000	\$32,000
Pavement	5,000	\$45	\$225,000
MCFC Crossing	150	\$500	\$75,000
Interstate 10-Crossing	300	\$500	\$150,000
Sub-Total			\$1,831,680
15% Contingency			\$274,752
15% Engineering & Admin			\$274,752
Transmission to RID Estimate			\$2,381,184
Footnotes:	1) Installation out of pavement to County Standards		

<b>Transmission Main from PaloVerde along RID to Miller Road</b>			
<b>Capital Cost Estimate</b>			
Item Description	Units (ft)	Unit Price (\$)	Extension (\$)
24-inch Transmission <sup>(1)</sup>	31,680	\$96	\$3,041,280
Misc Fittings & Appurtenance	31,680	\$20	\$633,600
Butterfly Valves	7	\$13,000	\$91,000
Pavement	800	\$45	\$36,000
Sub-Total			\$3,801,880
15% Contingency			\$570,282
15% Engineering & Admin			\$570,282
Transmission to Miller Road Estimate			\$4,942,444
Footnotes:	1) Installation meets Buckeye & County standards at road crossings		

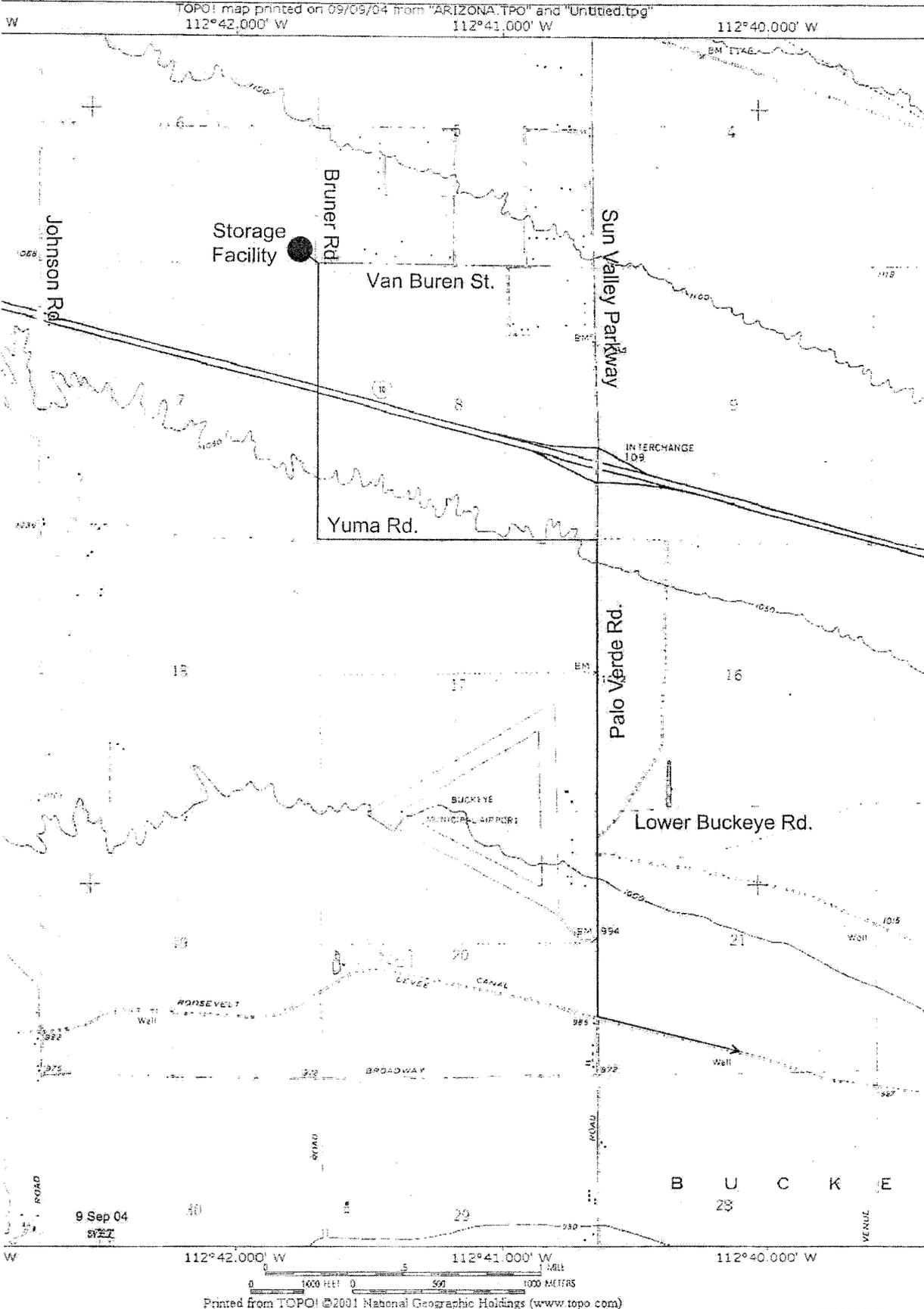
Capital Costs Worksheet  
 Water Utility of Greater Buckeye Only  
 4,400 ac-ft/yr

<u>Summary of WMC Assets</u>	Total Project	Current Project
Wells	\$2,136,750	Portion may be required to meet current demands
Well Head Piping, New Wells	\$815,880	Portion may be required to meet current demands
Well Head Piping, Existing Wells	\$746,460	\$746,460
WMC Storage	\$1,292,289	
Transmission to RID	\$2,381,184	\$2,381,184
Transmission to Miller Rd	\$4,942,444	
<b>Total Capital Cost Estimate</b>	<b>\$12,315,007</b>	<b>\$3,127,644</b>

Summary of Cost to Serve Water Utility of West Buckeye Only

Rehab Existing Wells	\$300,000
Well Piping	\$746,460
Transmission to RID	\$2,381,184
<b>Total Estimated Cost</b>	<b>\$3,427,644</b>

# OVERVIEW OF PROJECTED BRUNER ROAD PIPELINE ROUTE



# EXHIBIT

"3"

**EXHIBIT 3**

**Valencia Water Company**

Officers

Trevor Hill – President

Cindy Liles – Secretary/Treasurer

Directors

Trevor Hill

Cindy Liles

**Water Utility of Greater Buckeye**

Officers

Trevor Hill – President

Cindy Liles – Secretary/Treasurer

Directors

Trevor Hill

Cindy Liles

**West Maricopa Combine, Inc.**

Officers

Trevor Hill – President

Cindy Liles – Secretary/Treasurer

Directors

Trevor Hill

Cindy Liles

# EXHIBIT

"4"



# EXHIBIT

"5"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, **Brian C. McNeil**, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*VALENCIA WATER COMPANY, INC.\*\*\***

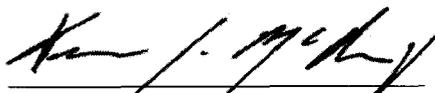
a domestic corporation organized under the laws of the State of Arizona, did incorporate on August 10, 1972.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 13th Day of October, 2006, A. D.



  
Executive Director

Order Number: 96412

# EXHIBIT

"6"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*WATER UTILITY OF GREATER BUCKEYE, INC.\*\*\***

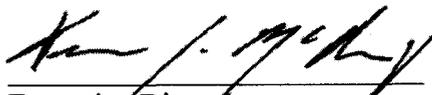
a domestic corporation organized under the laws of the State of Arizona, did incorporate on October 17, 1983.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 13th Day of October, 2006, A. D.



  
Executive Director

Order Number: 96414

# EXHIBIT

"7"

COMPANY NAME

Valencia Water Company, Inc.

**BALANCE SHEET**

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 444,859	\$ 1,307,699
134	Working Funds		
135	Temporary Cash Investments	35,336	35,894
141	Customer Accounts Receivable	104,401	211,036
146	Notes/Receivables from Associated Companies	590,944	268,383
151	Plant Material and Supplies	29,243	94,828
162	Prepayments	5,755	2,900
174	Miscellaneous Current and Accrued Assets	16,382	331,845
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 1,226,919	\$ 2,252,585
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 5,738,959	\$ 10,476,771
103	Property Held for Future Use		
105	Construction Work in Progress	1,003,764	1,972,535
108	Accumulated Depreciation – Utility Plant	(765,814)	(960,340)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 5,976,910	\$ 11,488,966
	<b>TOTAL ASSETS</b>	\$ 7,203,829	\$ 13,741,551

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME

Valencia Water Company, Inc.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 0	\$ 131,625
232	Notes Payable (Current Portion)	51,137	23,699
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	30,600	87,300
236	Accrued Taxes	21,406	29,612
237	Accrued Interest	888	888
241	Miscellaneous Current and Accrued Liabilities	51,871	231,823
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 155,902	\$ 504,946
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 304,596	\$ 192,238
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	5,144,402	11,344,191
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	448,550	448,550
272	Less: Amortization of Contributions	(40,216)	(53,673)
281	Accumulated Deferred Income Tax	52,864	0
	<b>TOTAL DEFERRED CREDITS</b>	\$ 5,605,600	\$ 11,739,068
	<b>TOTAL LIABILITIES</b>	\$ 6,066,098	\$ 12,436,253
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 35,057	\$ 35,057
211	Paid in Capital in Excess of Par Value	370,282	370,282
215	Retained Earnings	732,391	899,959
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 1,137,730	\$ 1,305,298
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 7,203,829	\$ 13,741,551

COMPANY NAME

Valencia Water Company, Inc.

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 869,955	\$ 1,409,798
460	Unmetered Water Revenue		
474	Other Water Revenues	103,087	235,162
	<b>TOTAL REVENUES</b>	\$ 973,043	\$ 1,644,961
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 117,045	\$ 263,780
610	Purchased Water		
615	Purchased Power	86,133	124,692
618	Chemicals		
620	Repairs and Maintenance	19,187	27,218
621	Office Supplies and Expense	36,210	65,916
630	Outside Services	268,491	389,668
635	Water Testing	13,255	26,741
641	Rents	6,791	19,175
650	Transportation Expenses	45,552	63,697
657	Insurance - General Liability	13,262	19,484
659	Insurance - Health and Life	15,946	33,236
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	15,869	19,435
403	Depreciation Expense	94,004	181,070
408	Taxes Other Than Income	12,367	26,637
408.11	Property Taxes	32,618	41,037
409	Income Tax	68,709	173,540
	<b>TOTAL OPERATING EXPENSES</b>	\$ 845,438	\$ 1,475,326
	<b>OPERATING INCOME/(LOSS)</b>	\$ 127,604	\$ 169,635
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 4,222	\$ 13,121
421	Non-Utility Income	5,160	4,770
426	Miscellaneous Non-Utility Expenses	(442)	(442)
427	Interest Expense	(15,204)	(19,516)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (6,265)	\$ (2,067)
	<b>NET INCOME/(LOSS)</b>	\$ 121,339	\$ 167,568

# EXHIBIT

"8"

COMPANY NAME

Water Utility of Greater Buckeye, Inc.

**BALANCE SHEET**

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 6,159	\$ 5,979
134	Working Funds		
135	Temporary Cash Investments	1,364	2,226
141	Customer Accounts Receivable	9,742	17,831
146	Notes/Receivables from Associated Companies	159,247	212,522
151	Plant Material and Supplies		
162	Prepayments	2,345	500
174	Miscellaneous Current and Accrued Assets	147,573	143,600
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 326,430	\$ 382,658
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 1,533,475	\$ 1,573,222
103	Property Held for Future Use		
105	Construction Work in Progress	0	1,300
108	Accumulated Depreciation – Utility Plant	(543,390)	(619,340)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 990,085	\$ 955,183
	<b>TOTAL ASSETS</b>	\$ 1,316,515	\$ 1,337,840

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME

Water Utility of Greater Buckeye, Inc.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 0	\$ 2,913
232	Notes Payable (Current Portion)	4,848	5,190
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	10,140	12,360
236	Accrued Taxes	6,752	8,263
237	Accrued Interest	169	169
241	Miscellaneous Current and Accrued Liabilities	0	13,707
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 21,909</b>	<b>\$ 42,603</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 89,920	\$ 84,736
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1,165,515	762,531
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		407,979
272	Less: Amortization of Contributions		(10,199)
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 1,165,515</b>	<b>\$ 1,160,311</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 1,277,344</b>	<b>\$ 1,287,651</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 13,500	\$ 13,500
211	Paid in Capital in Excess of Par Value	496,848	496,848
215	Retained Earnings	(471,178)	(460,156)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$ 39,170</b>	<b>\$ 50,192</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 1,316,515</b>	<b>\$ 1,337,840</b>

COMPANY NAME

Water Utility of Greater Buckeye, Inc.

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 255,937	\$ 288,929
460	Unmetered Water Revenue		
474	Other Water Revenues	10,075	6,888
	<b>TOTAL REVENUES</b>	\$ 266,011	\$ 295,817
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 48,023	\$ 55,828
610	Purchased Water		
615	Purchased Power	18,916	20,803
618	Chemicals		
620	Repairs and Maintenance	1,422	6,468
621	Office Supplies and Expense	3,283	3,309
630	Outside Services	67,683	76,932
635	Water Testing	2,649	5,221
641	Rents	1,323	2,882
650	Transportation Expenses		
657	Insurance - General Liability	4,456	3,492
659	Insurance - Health and Life	5,348	6,723
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	3,669	5,237
403	Depreciation Expense	72,775	65,750
408	Taxes Other Than Income	4,619	5,405
408.11	Property Taxes	11,471	12,879
409	Income Tax	7,132	10,000
	<b>TOTAL OPERATING EXPENSES</b>	\$ 252,769	\$ 280,929
	<b>OPERATING INCOME/(LOSS)</b>	\$ 13,242	\$ 14,888
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	4,965	7,211
426	Miscellaneous Non-Utility Expenses	(4,770)	(4,770)
427	Interest Expense	(5,904)	(6,311)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (5,709)	\$ (3,870)
	<b>NET INCOME/(LOSS)</b>	\$ 7,533	\$ 11,018

# EXHIBIT

"9"

## WATER USE DATA SHEET

<b>NAME OF COMPANY</b> —————▶	Valencia Water Company, Inc.
<b>ADEQ Public Water System No.</b> —▶	PWS #07-078

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
09/05	2,956	37,899
10/05	3,096	23,809
11/05	3,265	27,820
12/05	3,330	21,588
01/06	3,438	19,358
02/06	3,495	20,606
03/06	3,576	25,661
04/06	3,571	24,997
05/06	3,626	33,722
06/06	3,735	56,679
07/06	3,739	57,070
08/06	3,850	43,078
09/06	3,889	45,874
<b>Total</b>		<b>438,161</b>

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
785,000	1	55-607657 - 4th Central	220
500,000	2	55-607656 - 4th Baseline #1	80
190,000	1	55-577508 - 4th Baseline #2	600
180,000	1	55-607658 - 7th Alarcon #1	80
100,000	3	55-599950 - 7th Alarcon #2	250
50,000	3	55-202400 - Bales School	300
40,000	1	55-201055 - Riata West #1	425
		55-202399 - Riata West #2	525
		55-203651 - Evergreen #1	300
		55-203650 - Evergreen #2	700
		55-205450 - Evergreen #3	450
		55-599204 - Blue Hills #1	110
		55-592220 - Blue Hills #2	350

Other Water Sources in Gallons per Minute —————▶	<b>GPM</b>	-
Fire Hydrants on System —————▶	<b>Yes</b>	X <b>No</b>
<b>Total Water Pumped Last 13 Months (Gallons in Thousands)</b> —▶		469,293

EXHIBIT

"10"

## WATER USE DATA SHEET

<b>NAME OF COMPANY</b> —————>	Water Utility of Greater Buckeye, Inc.
<b>ADEQ Public Water System No.</b> —>	Bulfer/Primrose System PWS #07-114

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
09/05	87	962
10/05	88	901
11/05	87	872
12/05	88	760
01/06	87	732
02/06	89	761
03/06	88	695
04/06	87	930
05/06	88	987
06/06	87	1,199
07/06	87	1,404
08/06	89	1,054
09/06	88	959
<b>Total</b>		<b>12,216</b>

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
140,000	1	55-618513	40

Other Water Sources in Gallons per Minute —————>	GPM	-
Fire Hydrants on System —————>	Yes	X    No
Total Water Pumped Last 13 Months (Gallons in Thousands) —————>		12,947

## WATER USE DATA SHEET

<b>NAME OF COMPANY</b> —————▶	Water Utility of Greater Buckeye, Inc.
<b>ADEQ Public Water System No.</b> —▶	Sonoran Ridge System PWS #07-732

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
09/05	47	328
10/05	48	369
11/05	52	313
12/05	52	2,622
01/06	53	960
02/06	55	2,156
03/06	56	4,185
04/06	58	2,981
05/06	57	1,620
06/06	60	1,636
07/06	58	1,100
08/06	58	944
09/06	58	1,873
<b>Total</b>		<b>21,087</b>

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
200,000	1	55-572657	150

Other Water Sources in Gallons per Minute —————▶	GPM	-
Fire Hydrants on System —————▶	Yes	X    No
Total Water Pumped Last 13 Months (Gallons in Thousands) —▶		20,856

## WATER USE DATA SHEET

<b>NAME OF COMPANY</b> —————>	Water Utility of Greater Buckeye, Inc.
<b>ADEQ Public Water System No.</b> —————>	Sun Valley/Sweetwater 1 System PWS #07-195

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
09/05	340	3,212
10/05	341	3,062
11/05	347	2,645
12/05	346	2,539
01/06	346	2,567
02/06	348	2,420
03/06	353	2,404
04/06	358	3,424
05/06	367	3,253
06/06	373	5,235
07/06	372	5,897
08/06	368	4,789
09/06	368	3,925
<b>Total</b>		<b>45,372</b>

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
200,000	1	55-800947	300
5,000	3	55-802328	30

Other Water Sources in Gallons per Minute —————>	GPM	-
Fire Hydrants on System —————>	Yes	X    No
Total Water Pumped Last 13 Months (Gallons in Thousands) —————>		50,958

## WATER USE DATA SHEET

<b>NAME OF COMPANY</b> —————▶	Water Utility of Greater Buckeye, Inc.
<b>ADEQ Public Water System No.</b> —▶	Sweetwater 2 System PWS #07-129

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
09/05	92	1,120
10/05	92	1,046
11/05	93	835
12/05	92	855
01/06	91	842
02/06	93	796
03/06	93	728
04/06	92	958
05/06	92	1,029
06/06	93	1,460
07/06	91	1,386
08/06	91	1,244
09/06	92	1,039
<b>Total</b>		<b>13,338</b>

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
11,000	4	55-802333	40

<b>Other Water Sources in Gallons per Minute</b> —————▶	<b>GPM</b> -
<b>Fire Hydrants on System</b> —————▶	<b>Yes</b> X <b>No</b>
<b>Total Water Pumped Last 13 Months (Gallons in Thousands)</b> —▶	<b>15,100</b>

Water Utility of Greater Buckeye  
Water Usage Schedule  
 9/30/2006

	Bulfer/Primrose		Sonoran Ridge		Sun Valley/SW 1		Sweetwater 2		Total	
	Meters Sold	Pumped	Meters	Sold	Meters	Sold	Meters	Sold	Meters	Sold
9/05	87	962	47	328	340	3,212	92	1,120	566	5,622
10/05	88	901	48	369	341	3,062	92	1,046	569	5,378
11/05	87	872	52	313	347	2,645	93	835	579	4,665
12/05	88	760	52	2,622	346	2,539	92	855	578	6,776
1/06	87	732	53	960	346	2,567	91	842	577	5,101
2/06	89	761	55	2,156	348	2,420	93	796	585	6,133
3/06	88	695	56	4,185	353	2,404	93	728	590	8,012
4/06	87	930	58	2,981	358	3,424	92	958	595	8,293
5/06	88	987	57	1,620	367	3,253	92	1,029	604	6,889
6/06	87	1,199	60	1,636	373	5,235	93	1,460	613	9,530
7/06	87	1,404	58	1,100	372	5,897	91	1,386	608	9,787
8/06	89	1,054	58	944	368	4,789	91	1,244	606	8,031
9/06	88	959	58	1,873	368	3,925	92	1,039	606	7,796
<b>Total</b>	<b>88</b>	<b>12,216</b>	<b>58</b>	<b>21,087</b>	<b>368</b>	<b>45,372</b>	<b>92</b>	<b>13,338</b>	<b>606</b>	<b>92,013</b>

7.9%