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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

Arizona Corporation Commission
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IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE IN PINAL COUNTY.

DOCKET NO. W-01445A-06-0059

DECISION NO. 69163

OPINION AND ORDER

DATE OF HEARING: May 8, 2006 (Public Comment) and August 3, 2006

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey

APPEARANCES: Robert W. Geake, on behalf of Arizona Water Company, and

Mr. David Ronald, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On February 1, 2006, Arizona Water Company ("AWC" or "Applicant"), filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity ("Certificate" or "CC&N") for its Casa Grande System in Pinal County, Arizona.

On March 3, 2006, Staff filed a Sufficiency Letter in this docket indicating that the Applicant's application has met the sufficiency requirements as outlined in the Arizona Administrative Code.

On March 10, 2006, by Procedural Order, a hearing was scheduled for April 27, 2006.

On March 15, 2006, Staff filed a request to reset the hearing due to witness unavailability. Staff stated in its request that it contacted AWC, and that AWC had no objection to Staff's request.

On March 23, 2006, by Procedural Order, the hearing was rescheduled to commence on May 8, 2006.

On April 3, 2006, Staff filed its Staff Report recommending approval of the application with conditions.

On April 6, 2006, AWC filed a Certificate of Filing Regarding Arizona State Land Trust.

On April 21, 2006, AWC filed its Certificate of Publication.

On May 4, 2006, Patricia J. Robertson filed a letter in this docket requesting that her property be excluded from AWC's proposed extension area.

On May 5, 2006, Ridgeview Utility Company, Picacho Water Company, Lago Del Oro Water Company and Santa Rosa Water Company (collectively "Robson Utilities" or "Robson") filed public comment in this docket.

On May 8, 2006, the hearing was held as scheduled and public comment was taken. At the hearing, the parties agreed that the hearing should be continued to give the Applicant time to respond to the public comment and that further deadlines needed to be set. Also on this date, Global filed public comment in this matter.

On May 11, 2006, by Procedural Order, the hearing was rescheduled to commence on July 10, 2006 and the timeclock was suspended in this matter.

On May 17, 2006, Applicant filed a Motion to Continue the Hearing stating that counsel for Applicant had a scheduling conflict. No objection to the Motion to Continue was filed.

On May 18, 2006, Robson Utilities filed a Motion to Intervene.

On May 30, 2006, AWC filed a Motion in Opposition to Robson Utilities' Motion to Intervene.

On June 5, 2006, Robson Utilities filed a Reply in Support of its Motion to Intervene.

On June 7, 2006, Staff filed an Objection to Robson Utilities' Motion to Intervene.

On June 8, 2006, by Procedural Order, the hearing was rescheduled for August 3, 2006.

On June 12, 2006, Robson Utilities filed a second Reply in Support of its Motion to Intervene, stating among other things that Staff's Objection to their intervention was untimely.

On June 30, 2006, Staff filed a Supplemental Staff Report, which continued to recommend

approval of AWC's CC&N extension with conditions; however, Staff amended its recommendation to excluded Section 35 in the proposed extension area.

On July 7, 2006, by Procedural Order, Robson Utilities' Motion to Intervene was denied.

On August 3, 2006, a full public hearing was convened before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. AWC and Staff appeared through counsel and presented evidence and testimony. No members of the public appeared to give public comment. Pending late-filed exhibits, all matters were taken under advisement at the conclusion of the hearing.

On August 18, 2006, AWC filed a Notice of Post-Hearing Filing of Miscellaneous Information.

* * * * * * * * * *

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

FINDINGS OF FACT

1. Pursuant to authority granted by the Commission, AWC is an Arizona corporation that provides water utility service to approximately 75,000 customers in eight counties in Arizona. AWC was granted its Certificate in Decision No. 28794 (March 1955).

2. AWC is an Arizona Corporation, in good standing with the Commission's Corporation Division.

3. AWC provides water utility service to customers in portions of Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal and Yavapai Counties.[1]

4. On February 1, 2006, AWC filed an application seeking Commission authority to extend its CC&N for its Casa Grande system to include five parcels of land that are contiguous to its current Certificated area. The extension area is more fully described in Exhibit A, attached hereto and incorporated herein by reference. The requested extension area adds approximately 10 square-miles to AWC's existing 138 square-miles of Certificated area in the City of Casa Grande.

[1] AWC is a wholly-owned subsidiary of Utility Investment Company, which is a wholly-owned subsidiary of United Resources, Inc.

5. On April 6, 2006, AWC filed a Certificate of Filing Regarding Arizona State Land Department. In its filing, AWC stated that one of the parcels of land located in the proposed extension area is owned by the Arizona State Land Department ("the Department"). At Staff's request, AWC obtained a letter from the Department stating that they had determined that "it is in the best interest of the State Land Trust land to be included in a certificated area for water delivery." However, the Department stated that it wished to remain neutral on who the water provider would be.

6. On May 4, 2006, Patricia J. Robertson filed a letter in this docket, stating that her property located at Section 35, Range 7 East, Township 6 South, had been included in AWC's application for extension of its CC&N. Ms. Robertson further stated that she had not requested service from AWC and believed that it was inappropriate to include her property within AWC's CC&N at this time.

7. On May 5, 2006, Robson Utilities filed public comment in this docket stating, they opposed AWC's application for an extension of its CC&N because although AWC was requesting a CC&N extension for more than 69,000 acres, they only had requests for service for less than 200 acres. Further, Robson stated that the approval of AWC's application for an extension of its CC&N, where there were not the prerequisite request for service would "violate the Commission's long-followed policy requiring a request for service before a CC&N is extended."

8. On May 8, 2006 Global Water Resources, LLC ("Global") filed public comment in this docket, stating that AWC's application for an extension of its CC&N did not have requests for service for "a substantial part of the proposed extension area." Further, Global stated that it is "concerned that AWC's practice of requesting areas with no requests for service is directly contrary to ACC practice and precedent."

9. Also on May 8, 2006, a full public hearing was convened. Staff and AWC appeared through counsel. Robson appeared to give public comment, which opposed AWC's application to extend its CC&N into areas where they did not have requests for service. Based on the public comment filed in this matter, AWC was directed to file a Response to the public comments and Staff was directed to file a Supplemental Staff Report. Both AWC and Staff agreed to continue the hearing in this matter until further Order of the Commission.

10. On May 11, 2006, by Procedural Order, Staff was directed to file a Supplemental Staff Report addressing the public comments submitted by Robson, Global and Ms. Robertson and addressing AWC's response to the public comments.

11. On May 18, 2006, Robson Utilities filed a Motion to Intervene in this docket, stating that it had a "direct interest in the uniform and equitable application of the Commission's policies, decisions and rules in this case." Robson also stated, that if AWC's application was approved Robson would be forever precluded from providing service within the proposed extension area and the application's approval would set a precedent for granting CC&N's where there are no requests for service.

12. Subsequently, on May 30, 2006 and June 7, 2006, AWC and Staff filed motions in opposition to Robson's Motion to Intervene. AWC asserted that Robson's Motion to Intervene exceeded the scope of motions to intervene, pursuant to the Commission's Procedural Order dated May 11, 2006 and that it would unduly broaden the issues in the case. Staff asserted that allowing Robson to intervene would unduly broaden the issues in the case because Robson had not applied for an extension of its CC&N into the areas that are the subject of this docket, Robson did not have any requests for service in the proposed extension areas, and Staff would have to make a comparison between two competing water companies when AWC was the only company with a pending application. Robson's Motion to Intervene was denied on July 7, 2006, by Procedural Order.

13. On June 16, 2006, AWC filed its Response to Public Comment Letters, stating that both Robson and Global's contention that the Commission has a "long-followed," "long-established," or "policy" of not granting CC&N extensions where there are no requests for service is not supported by a Commission rule, statute or Arizona case law. (See *Response*, pg. 1, lines 26-28 and pg. 2 lines 1-4.) Further, AWC argues that because there is no Commission policy that requires requests for service to "completely match the CC&N area requested, AWC's application follows Commission policy" (See *Response,* pg. 2, lines 14-17). Finally, AWC argued that Global's claims that AWC's application would create an undue burden on Staff should not be given any weight, because "Staff is perfectly capable of performing the task of evaluating the public interest in CC&N cases," and that in this case "the Staff Report . . . carefully and thoroughly evaluated the Company's application and

recommended approval without citing the violation of any Commission policy, or indicating any undue review burden." (See *Response*, pg. 3, lines 1-5)

14. AWC's Response also argued that there are sound policy reasons why companies should not have to have a request for service from every property owner. AWC stated that "it is sound public policy for it to have the flexibility to extend its system into areas that are a natural and logical extension and beneficiary of that growth." And further that, "design and extension cannot be accomplished in the fractured, disorganized and pall mall fashion that would result from the policy that Global and Robson advocate."

15. On June 30, 2006, Staff filed its Supplemental Staff Report, which continued to recommend approval of AWC's application for an extension of its CC&N, articulated nine factors that Staff uses to evaluate initial requests for CC&Ns and for CC&N extensions where there are no requests for service and recommended that Ms. Robertson's property, Section 35, be excluded from AWC's proposed extension area.

16. In its Supplemental Staff Report, Staff addressed Robson and Global's assertion that the Commission has a long standing policy against granting applications for CC&N extension where there were no requests for service. Staff stated that it disagreed with Robson and Global's contention that the Commission has an inflexible, long-standing policy against approving CC&N extensions into areas where there are no request for service. (*Supplemental Staff Report* Pg. 2) Staff further stated that it was concerned that if the Commission adopted a firm policy against approving extensions where there is no request for service (as Global and Robson asserted), "utilities would be motivated to shop for requests for service to reserve areas for planning purposes" and that "would increase costs to the utilities." (*Supplemental Staff Report*, pg. 2)

17. Staff's Supplemental Report also articulated nine factors that it considers in deciding whether to recommend approval of CC&N extensions into areas for which there are no requests for service. Those factors are:

(a) Whether inclusion of the area could reasonably be expected to contribute to operational efficiencies.

(b) Whether exclusion of the area could reasonably be expected to result in operational inefficiencies.

(c) Whether there is a competing application for the area.

(d) Whether a customer in the area requests to be excluded and the nature of the request.

(e) Whether the area is contiguous to the company's current service territory.

(f) Whether the requested area "squares off" the service territory or fills in holes in the service territory.

(g) Whether the company at issue is financially sound.

(h) Whether the company at issue is in compliance with Commission decisions, ADEQ and ADWR.

(i) Other showings by the company at issue that it is in the public interest to approve the extension.

18. On August 18, 2006, AWC filed a Notice of Post-Hearing Filing of Miscellaneous Information, which provided maps, attached hereto and incorporated herein as Exhibit B, illustrating the following:

(a) Areas for which AWC received requests for service for the proposed extension area, with the associated acreage indicated.

(b) An indication, by acreage, of the proposed expansion area for each parcel.

(c) AWC's adjacent certificated area.

Additionally, AWC's late-filed exhibit discussed water amenities within the proposed extension area.

Discussion

19. The requested extension areas are comprised of five parcels of land that are contiguous to various portions of AWC's current service territory in the Casa Grande area. Parcel one is part of a master planned community called Villago, and its initial phases are currently being served by AWC. AWC plans to serve the balance of the Villago development through multiple main extensions from its existing system. According to Staff's Report, AWC anticipates that within the first five years, they will serve 0, 0, 50, 150 and 500 customers, respectively, with approximately 2,000 connections at build out.

20. According to AWC's late-filed exhibit, Parcel One would extend AWC's CC&N by 828 acres and AWC has received requests for service for 793 acres. At hearing, AWC's witness testified that in reference to Parcel One, "it is just a hole within our existing certificated area." (Tr.

Pg. 21 lines 8-9)

21. Parcel Two of the proposed extension area is comprised of 67 acres located on the south side of Interstate 10. According to Staff's Report, this parcel will be served through two main extensions from AWC's existing system. Additionally, Staff reported that AWC anticipates that within the first five years, AWC will serve 0, 0, 20, 50 and 100 customers, respectively and approximately 200 customers at build out. In Parcel Two, AWC has requested to extend its CC&N by 640 acres and AWC has a request for service for 67 acres.

22. Parcel Three of the proposed extension area is comprised of a 160 acre subdivision called Saddle Creek III. AWC proposes to serve this parcel through multiple main extensions from its existing system. AWC anticipates that within the first five years it will serve 0, 0, 100, 300 and 1,000 customers, respectively. At build out, AWC expects to serve about 5,000 customers. AWC's application requests authority to extend its CC&N by 3,430 acres and AWC received a request for service for 920 acres.

23. Parcel Four and Five are proposed subdivisions and AWC expects to serve 1,500 customers in each of the parcels at build out. In Parcel Four, AWC has requested to extend its CC&N by 693 acres and it has a request for service for 53 acres. In Parcel Five, AWC has requested to extend its CC&N by 960 acres and it has requests for service for all 960 acres.

24. At hearing, Staff's witness testified that AWC has taken a request for service and called it a parcel or built an area around it and called it a parcel. Staff's witness further testified that in reviewing AWC's application and request for service Staff did not find "anything egregious". And although there are sections where there are not requests for service, Staff testified, "it is logical that the areas be included in AWC's CC&N because of the location of the land and everything going on around it". (Tr. Pg. 54 lines 7-24)

25. At hearing, Staff witness testified that there are examples in AWC's application where AWC is requesting more land than they have request for service. For example, when looking at Sections 9 and 16 on Map 27, attached hereto as Exhibit C and incorporated herein by reference, although AWC has a request for service for only 920 acres the Company is requesting 3,430 acres in its application. Staff's witness indicated that the granting of more land than AWC had requests for

service in this case was logical because AWC's existing CC&N currently surrounds the requested areas on two sides, there were no competing applications, and recommending granting only the areas where there was a request for service would create an island in the proposed service area. (Tr. Pg. 55, lines 12-19) Staff's witness testified that in looking at Map 27, it was possible that Signal Peak Water Company, Inc. ("Signal Peak") could move down to serve Sections 9 and 16, but that Staff had not received an application from Signal Peak. (Tr. Pg. 55, lines 20-21) Nor did Signal Peak seek intervention in this proceeding or oppose AWC's application.

26. As another example, Staff's witness indicated that on Map 27, the orange area in Section 3 represented an area where AWC had already been approved for an extension of its CC&N. Staff's witness indicated that Section 3 presented a situation where the proposed extension area is surrounded on three sides by AWC's already existing CC&N and again Signal Peak could possibly service the area, but that Signal Peak had not filed an application to do so. (Tr. Pg. 55, lines 22-25 and Pg. 56 line 1) Further, Staff stated that Sections 9, 16 and 3 represented the largest sections in AWC's application where it proposed to include additional land in its CC&N and there was not a matching request for service. (Tr. Pg. 56 lines 3-7)

27. We find Staff's analysis of AWC's application for an extension of its CC&N to be reasonable under the specific facts and circumstances presented in this case. However, we believe it is not in the public interest to grant Parcels 2 and 3 at this time, except for those areas where there is a specific request for service. However, we will grant the extension request for Parcels 2 and 3 only for those areas in which the AWC has received specific requests for service.

28. Regarding Section 35, Staff's Supplemental Staff Report concluded that, "because there is no request for service, no competing application to serve [the extension area] and no showing by AWC that the public interest would not be served by the exclusion of Section 35 in its CC&N" and "whether or not Ms. Robertson's concerns about sewer service are valid . . . Ms. Robertson's request to be excluded should be honored". At hearing, Staff's witness testified that although the request from a property to have his or her property excluded from a CC&N application is one factor that Staff looks at, no one factor is controlling. (Tr. Pg. 50, lines 15-16). Therefore, in this case, Staff recommended that AWC's extension into Section 35, be denied.

29. At hearing, AWC's witness testified that AWC did not agree with Staff's recommendation concerning Section 35. AWC's witness stated that Section 35 is adjacent to AWC's existing water distribution system currently serving its Tierra Grande system and that Section 35 is surrounded on at least two sides by AWC's existing CC&N. (Tr. Pg. 10, lines 8-12) Additionally, AWC's witness testified that AWC is a logical water provider to Section 35 because it was unlikely that anyone else would be willing to provide water service to the area.

30. We find Staff's analysis, with respect to Section 35, reasonable and its recommendation on the issue should be adopted.

31. According to Staff's Report, AWC expects to serve 2,400 new customers within the first five years in the proposed extension areas and 10,200 new customers at total build out.

32. Regarding water amenities in the proposed extension areas, AWC's late filed exhibit, states, in Parcel Three, "developers have not determined at this time if their plans will include any water amenities." (See *Notice* pg. 2, line 9-10). With respect to Parcel Four, AWC states "the developer's plans have not progressed to a stage at which the developer has determined if its development will include any water amenities." (See *Notice* pg. 2, lines 11-15) In Parcel Five, AWC states that "there are no water amenities planned for this development", which is located within Sections 31 and 32 of Parcel Five. (See *Notice* pg. 2, lines 16-23).

33. In recent months, the Commission has become increasingly concerned about the prolonged drought in Central Arizona. Therefore, we believe AWC should be required to conserve groundwater and that AWC should be prohibited from selling groundwater for the purpose of irrigating any future golf courses within the certificated expansion areas or any ornamental lakes or water features located in the common areas of the proposed new developments within the certificated expansion areas.

Water System

34. AWC's existing water system is comprised of 14 wells producing 15,320 gallons per minute ("GPM"), 14.27 million gallons of storage capacity and a distribution system serving 18,895 service connections as of November 2005.

35. According to Staff's Report, based on historical growth rates it is anticipated that the

existing service area could grow to approximately 27,500 connections at the end of five years. Additionally, AWC predicts an additional 2,400 connections for the proposed CC&N extension areas at the end of five years, resulting in a projected total customer base of approximately 29,900 at the end of five years.

36. Staff concluded that based on the existing well production and storage capacities, the system can serve approximately 22,200 service connections.

37. AWC proposes to extend its water system into the requested areas by extension of its distribution system using advances in aid of construction.

38. Staff concluded that AWC's existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required.

39. According to Staff's Report, the Arizona Department of Environmental Quality ("ADEQ"), reported AWC is currently delivering water that meets the water quality standards required by the Arizona Administrative Code.

40. Staff noted that AWC has not filed its ADEQ Certificate of Approval to Construct ("ATC") for facilities needed to serve the requested extension areas; therefore, Staff recommended that AWC be required to docket, as a compliance item, within two years of the effective date of this Order, copies of ADEQ's ATC for facilities needed to serve the requested extension areas.

41. AWC is located in the Pinal Active Management Area ("AMA") and according to Staff's Report is in compliance with AMA requirements.

42. Staff recommends that AWC docket as a compliance item, within two years of the effective date of this order, a copy of the developer's Certificates of Assured Water Supply for the proposed extension areas and where applicable by statute.

43. The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum containment level ("MCL") from 50 micrograms per liter ("µg/l") or parts per billion ("ppb") to 10 µg/l by January 23, 2006. According to Staff's Report, the arsenic MCL in AWC's wells range from 7 ppb to 45 ppb. Staff noted that in Commission Decision No. 67518 (January 20,

2005), the Commission approved an accounting order which would allow AWC to record its arsenic treatment costs for its Western Group. The Casa Grande system is a part of the Western Group.

44. According to Staff's Report, the Utilities Division Compliance Section found no outstanding compliance issues for AWC.

45. AWC has an approved curtailment tariff for "all service areas", which was approved in Commission Decision No. 66235 (January 23, 2004).

46. Staff recommends the Commission grant AWC request for an extension of its CC&N, subject to the following conditions:

(a) That AWC file with Docket Control, as a compliance item in this docket, copies of the ATC for facilities need to serve the requested extension areas issued by ADEQ, within two years from the date of the final Decision in this matter.

(b) That AWC file as a compliance item in this docket, within two years of the effective date of an Order in this matter, copies of the developers' Certificates of Assured Water Supply for the requested areas, where applicable or when required by statute.

(c) That AWC charge its authorized Casa Grande system rates and charges to the customers within the extension area until further Order of the Commission.

(d) That AWC's request to include Section 35 in its CC&N extension be denied.

47. Staff further recommended that the Commission's Decision granting the requested CC&N extension to AWC be considered null and void, after due process, if AWC fails to meet the conditions outlined above, within the specified timeframes.

48. Because an allowance for the property tax expense is included in AWC's rates and will be collected from its customers, the Commission seeks assurances from AWC that any taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has come to the Commission's attention that a number of water companies have been unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers, some for as many as twenty years. It is reasonable, therefore, that as a preventive measure AWC shall annually file, as part of its annual report, an affidavit with the Utilities Division attesting that the company is current in paying its property taxes in Arizona.

CONCLUSIONS OF LAW

1. AWC is a public service corporation within the meaning of Article XV of the Arizona

Constitution and A.R.S. § 40-281 *et seq.*

2. The Commission has jurisdiction over AWC and the subject matter of the application.

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

4. There is a public need and necessity for water utility services in the proposed extension areas. However, we will grant the extension request for Parcel 2 only for those areas in which AWC has received specific requests for service. However, we will grant the extension request for Parcel 3 only for those areas in which AWC has received specific requests for service.

5. AWC is a fit and property entity to receive an extension of its water Certificate which encompasses the areas more fully described in Exhibit A attached hereto.

6. Staff's recommendations in Findings of Fact Nos. 46 and 47 are reasonable and should be adopted. However, we will grant the extension request for Parcels 2 and 3 only for those areas in which AWC has received specific requests for service.

ORDER

IT IS THEREFORE ORDERED that the application of Arizona Water Company for an extension of its Certificate of Convenience and Necessity to provide water utility service in Pinal County and as described in Exhibit A, attached hereto and incorporated herein by reference, with the exception of Section 35, Range 7 East, Township 6 South, and parcels 2 and 3 only for those areas in which Arizona Water Company has received specific request for service is approved subject to the conditions and requirements recommended by Staff and outlined in the following ordering paragraphs.

IT IS FURTHER ORDERED that Arizona Water Company shall charge its existing rates and charges currently on file with the Commission in the extension area, until further Order of the Commission.

IT IS FURTHER ORDERED that Arizona Water Company shall file with Docket Control as a compliance item in this docket, a copy of one Approval to Construct from the Arizona Department of Environmental Quality for the extension facilities within two years of the effective date of this Decision for each of the five parcels approved by this Decision, as shown in Exhibit A.

IT IS FURTHER ORDERED that Arizona Water Company shall file with Docket Control, as

a compliance item in this docket, a copy of one developer's Certificate of Assured Water Supply, where applicable or when required by statute within two years of the effective date of this Decision for each of the five parcels approved by this Decision, as shown in Exhibit A.

IT IS FURTHER ORDERED that if Arizona Water Company fails to comply with the above stated conditions within the required time-frames the Certificate of Convenience and Necessity conditionally granted herein shall become null and void, after due process.

IT IS FURTHER ORDERED that in light of the on-going drought conditions in central Arizona and the need to conserve groundwater, Arizona Water Company is prohibited from selling groundwater for the purpose of irrigating any future golf courses within the certificated expansion areas or any ornamental lakes or water features located in the common areas of the proposed new developments within the certificated expansion areas.

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IT IS FURTHER ORDERED that Arizona Water Company shall annually file as part of its annual report, an affidavit with the Utilities Division attesting that it is current on paying its property taxes in Arizona.

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 Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 5th day of Dec., 2006.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

YBK:mj

SERVICE LIST FOR: ARIZONA WATER COMPANY

DOCKET NO.: W-01445A-06-0059

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EXHIBIT A

CC&N This Application
AMENDED

PARCEL ONE

The Northwest quarter of the Northwest quarter of Section 27; The Southwest quarter and the East half of Section 28; Section 33; The East half of the Southeast quarter of the Southeast quarter of Section 34, all in Township 5 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

EXCEPTING THEREFROM any portion currently certificated to Arizona Water Company.

PARCEL TWO

COMMENCING at the Southeast corner of the Southeast quarter of Section 15 in Township 7 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;
Thence along the Easterly line thereof, North 00 degrees 01 minutes 12 seconds West, 715.86 feet to the intersection of the Northerly line of that certain strip of land, 60.00 feet wide, known as the El Paso Natural Gas Line Easement, the same being the POINT OF BEGINNING;
Thence leaving said Easterly line along said Northerly line, North 61 degrees 02 minutes 29 seconds West, 754.46 feet to a line parallel with and distant 660.00 feet Westerly measured at right angles to said Easterly line;
Thence along said parallel line, North 00 degrees 01 minutes 12 seconds West, 1563.65 feet to a line parallel with and distant 660.00 feet Westerly, measured at right angles to the Easterly line of the Northeast quarter of said Section 15;
Thence along said last mentioned parallel line, North 00 degrees 01 minutes 56 seconds West, 2643.28 feet to the Northerly line of the Northeast quarter of said Section 15;
Thence along said last mentioned Northerly line, North 89 degrees 48 minutes 11 seconds East, 660.00 feet to the Northeast corner of the Northeast quarter of said Section 15;
Thence along the Easterly line thereof, South 00 degrees 01 minutes 56 seconds East, 2645.25 feet to the Northeast corner of the Southeast quarter of said Section 15;
Thence along the Easterly line thereof, South 00 degrees 01 minutes 12 seconds East, 1929.25 feet to the POINT OF BEGINNING;

AND

That portion of the East half of Section 15 in Township 7 South, Range 5 East of the Gila and Salt River Meridian, Pinal County, Arizona, *described as follows:*
Commencing at the Northeast corner of the Northeast quarter of said Section 15;
Thence along the Northerly line thereof South 89 degrees 48 minutes 11 seconds West, 660.00 feet to a line parallel with and distant, 660.00 feet Westerly, measured at right angles to the Easterly line of the Northeast quarter of said Section 15;

Thence along said parallel line South 00 degrees 01 minutes 56 seconds East, 2643.28 feet to a line parallel with and distant, 660.00 feet Westerly, measured at right angles to the Easterly line of the Southeast quarter of said Section 15;
Thence along said last mentioned parallel line South 00 degrees 01 minutes 12 seconds East, 1236.73 feet to the POINT OF BEGINNING;
Thence continuing South 00 degrees 01 minutes 12 seconds East, 361.21 feet to the intersection of the centerline of that certain strip of land, 60.00 feet wide, known as the El Paso Natural Gas Line Easement;
Thence along said centerline North 61 degrees 02 minutes 29 seconds West, 175.00 feet;
Thence leaving said centerline North 28 degrees 57 minutes 31 seconds East, 315.99 feet to the POINT OF BEGINNING.

PARCEL THREE

The Northeast quarter of Section 3; The West half of the East half of Section 10; The Southwest quarter of Section 10; The North half of Section 15; The West half of the Southeast quarter of Section 15; The Southeast quarter of the Southeast quarter of Section 15 in Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL FOUR

BEGINNING at the North quarter corner of Section 34, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Thence S00°12'07"W, coincident with the North-South mid-section line of said Section 34, a distance of 1778.63 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 1111.79 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;

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

Thence S89°59'00"W, coincident with the North line of said Section 34, a distance of 2488.82 feet to the POINT OF BEGINNING.

PARCEL FIVE

Section 31; The West half of Section 32 in Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.