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NEW APPLICATION

ORIGINAL

ARIZONA CORPORATION COMMISSION

RECEIVED

2005 OCT -4 P 3:40

APPLICATION FOR A CERTIFICATE OF CONVENIENCE & NECESSITY EXTENSION

TO PROVIDE WATER OR SEWER SERVICE IN THE STATE OF ARIZONA

ARIZONA CORPORATION COMMISSION
DOCUMENT CONTROL

DOCKET NO. W-01395A-00-0784

A. The name, address and telephone number of the Applicant is:

Queen Creek Water Co. (480) 987-3240
P.O. Box 366
Queen Creek, AZ 85242

B. The name, address and telephone number of management contact is:

Paul T. Gardner (480) 987-3240 x12
P.O. Box 366
Queen Creek, AZ 85242

C. List the name, address and telephone number of the operator certified by the Arizona Department of Environmental Quality:

Gerald Beeler (480) 987-9821
18426 E. Cloud Rd. Operator #05807
Queen Creek, AZ 85242

D. List the name, address and telephone number of the attorney for the Applicant:

Charles A. Bischoff - Jordan & Bischoff, P.L.C.
4201 N. 24th St., Ste #300 (602) 955-0019
Phoenix, AZ 85016

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) [Attached as Exhibit A]
2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) [Not Applicable]

F. Attach a legal description of the area requested by either CADASTRAL (quarter section description) or Metes and Bounds survey. References to parcels and docket numbers will not be accepted. [Attached as Exhibit B]

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present Certificated area using different colors. [Attached as Exhibit C]

H. Attach a current balance sheet and profit and loss statement. [Attached as Exhibit D]

I. Please provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 25 Second Year 100 Third Year 300
Fourth Year 650 Fifth Year 1200

Commercial:

First Year -0- Second Year 2 Third Year 2
Fourth Year 2 Fifth Year 2

Industrial:

First Year -0- Second Year 1 Third Year 1
Fourth Year 1 Fifth Year 1

Irrigation:

First Year -0- Second Year -0- Third Year -0-
Fourth Year -0- Fifth Year -0-

Other: (specify)

First Year -0- Second Year -0- Third Year -0-
Fourth Year -0- Fifth Year -0-

2. (Water Only) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential:

First Year 266,125 Second Year 1,064,500 Third Year 3,193,500
Fourth Year 6,919,250 Fifth Year 12,774,000

Commercial:

First Year -0- Second Year 32,000 Third Year 32,000
Fourth Year 32,000 Fifth Year 32,000

Industrial:

First Year -0- Second Year 23,000 Third Year 23,000
Fourth Year 23,000 Fifth Year 23,000

Irrigation:

First Year -0- Second Year -0- Third Year -0-
Fourth Year -0- Fifth Year -0-

Other: (specify)

First Year -0- Second Year -0- Third Year -0-
Fourth Year -0- Fifth Year -0-

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year 8,284.00 Second Year 27,814.00 Third Year 79,894.00
Fourth Year 171,034.00 Fifth Year 314,254.00

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year 2,933.00 Second Year 12,108.00 Third Year 35,570.00
Fourth Year 76,628.00 Fifth Year 141,149.00

- J. Total estimated cost to construct utility facilities to serve customers in the requested area:
1,200,000.00

- K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Main Line Extension Agreements & Off-site Facilities Hook-up Fees.

- L. Estimated starting and completion date of construction of utility facilities:

Starting date Dec, 2000 Completion date Dec, 2003 - for all utilities
Construction of storage & booster pump stations to be completed 4/2001

M. Attach the following permits:

1. Franchise from either the City or County for the area requested. [**Application attached as Exhibit E**]
2. Arizona Department of Environmental Quality or designee's approval to construct facilities. [**Not Applicable at this time**]
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) [**Not Applicable**]
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) [**Not Applicable**]
5. (Water Only) If the area requested is within an Active Management Area, attach a copy of either the utility's Designation of an Assured Water Supply or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources. [**See Exhibit F**]

If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources is applied for by the developer.

If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

N. Requests for service. [**Attached as Exhibit G**]

O. Water Use Data Sheet [**Attached as Exhibit H**]

P. Map of Master Plan (current and future facilities) [**Attached as Exhibit I**]

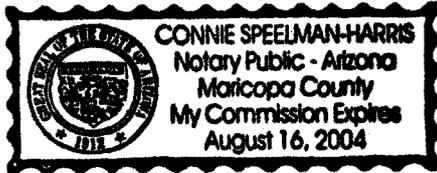
Paul T. Gardner
Paul T. Gardner
PRESIDENT
Title

State of Arizona)
)ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 3rd day of October, 2000 by Paul T. Gardner personally known unto me.

Connie Speelman-Harris

NOTARY



A

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

To all to whom these presents shall come, greeting:

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

*****QUEEN CREEK WATER COMPANY*****

a domestic corporation organized under the laws of the state of Arizona, did incorporate on February 15, 1973.

I further certify that this corporation has filed all affidavits and annual reports and paid all filing fees required to date and, therefore, is in good standing in this state.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 10th day of July, 2000, A. D.



[Signature]
Executive Secretary

BY: *[Signature]*

B

EXHIBIT B

Pinal County
Gila and Salt River Base and Meridian

Sections 28, 29, 31, and 33, T2S, R8E

cc&n\cc&n.exb

C

RANGE 8 East

TOWNSHIP 2 South

Current CC&N
CC&N Application

Township 3S

RANGE 7 East



Range 6 E
T2S

14

25

D

EXHIBIT D

QUEEN CREEK WATER COMPANY, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 1999

QUEEN CREEK WATER COMPANY, INC.

BALANCE SHEETS

DECEMBER 31, 1999 AND 1998

| | <u>1999</u> | <u>1998</u> |
|-------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| UTILITY PLANT | \$ 4,783,666 | \$ 3,631,186 |
| Accumulated Depreciation | <u>(1,068,931)</u> | <u>(952,668)</u> |
| Net utility plant | <u>3,714,735</u> | <u>2,678,518</u> |
| CURRENT ASSETS | | |
| Cash | 58,073 | 104,210 |
| Cash - Hook-up fees | 82,828 | 17,154 |
| Cash - Fire flow fees | 14,858 | - |
| Inventory | 355 | - |
| Accounts receivable | 104,493 | 102,094 |
| Prepaid expenses | <u>17,563</u> | <u>10,626</u> |
| Total current assets | <u>278,170</u> | <u>234,084</u> |
| OTHER ASSETS | | |
| Construction work in progress | <u>291,037</u> | <u>254,457</u> |
| | <u>\$ 4,283,942</u> | <u>\$ 3,167,059</u> |
| | ===== | ===== |

See accompanying notes and accountant's report.

QUEEN CREEK WATER COMPANY, INC.

BALANCE SHEETS (Continued)

DECEMBER 31, 1999 AND 1998

CAPITALIZATION AND LIABILITIES

| | <u>1999</u> | <u>1998</u> |
|--|---------------------|---------------------|
| CAPITALIZATION | | |
| Shareholders' equity (deficit) | | |
| Common stock - no par value | | |
| 1,000,000 shares authorized; | | |
| 12,000 shares issued | \$ 3,000 | \$ 3,000 |
| 11,165 shares outstanding | | |
| Treasury stock | (112,725) | (112,725) |
| Additional paid in capital | 408,000 | 408,000 |
| Accumulated deficit | <u>4,054</u> | <u>(66,338)</u> |
| | 302,329 | 231,937 |
| Contributions in aid of construction, Net of amortization | <u>967,880</u> | <u>748,230</u> |
| Total capitalization | <u>1,270,209</u> | <u>980,167</u> |
| CURRENT LIABILITIES | | |
| Accounts payable | 122,888 | 69,681 |
| Sales taxes payable | 5,599 | 4,031 |
| Accrued payroll and payroll taxes | 41,134 | 30,519 |
| Income taxes payable | 1,253 | 11,699 |
| Unclaimed property | 147 | - |
| Customer security deposits | <u>57,390</u> | <u>44,195</u> |
| Total current liabilities | <u>228,411</u> | <u>160,125</u> |
| LONG-TERM DEBT | <u>378,185</u> | <u>227,301</u> |
| DEFERRED INCOME TAXES PAYABLE | <u>37,604</u> | <u>42,983</u> |
| DEFERRED CREDITS | | |
| Advances in aid of construction | 2,155,009 | 1,609,751 |
| Meter deposits | <u>214,524</u> | <u>146,732</u> |
| Total deferred credits | <u>2,369,533</u> | <u>1,756,483</u> |
| | <u>\$ 4,283,942</u> | <u>\$ 3,167,059</u> |
| | ===== | ===== |

See accompanying notes and accountant's report.

QUEEN CREEK WATER COMPANY, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS (DEFICIT)

YEARS ENDED DECEMBER 31, 1999 AND 1998

| | <u>1999</u> | <u>1998</u> |
|------------------------------------|------------------|------------------|
| WATER REVENUES | | |
| Residential | \$ 970,521 | \$ 732,984 |
| Commercial | 53,998 | 33,003 |
| Irrigation | 90,368 | 40,314 |
| Other water revenues | <u>17,173</u> | <u>13,483</u> |
| Total revenue | 1,132,060 | 819,784 |
| OPERATING EXPENSES | <u>1,054,306</u> | <u>752,921</u> |
| INCOME FROM OPERATIONS | 77,754 | 66,863 |
| OTHER REVENUE (EXPENSE) | | |
| Interest income | 2,392 | 1,041 |
| Other income | 28,864 | 10,942 |
| Interest expense | <u>(23,743)</u> | <u>(1,410)</u> |
| INCOME BEFORE TAXES | 85,267 | 77,436 |
| Provision for income taxes | <u>(14,875)</u> | <u>(8,774)</u> |
| NET INCOME | 70,392 | 68,662 |
| BEGINNING ACCUMULATED DEFICIT | <u>(66,338)</u> | <u>(135,000)</u> |
| ENDING RETAINED EARNINGS (DEFICIT) | \$ 4,054 | \$ (66,338) |
| | ===== | ===== |

See accompanying notes and accountant's report.

E

EXHIBIT E

BEFORE THE BOARD OF SUPERVISORS

OF

PINAL COUNTY, STATE OF ARIZONA

In the matter of the Application)
)
 of) APPLICATION FOR A PUBLIC
) SERVICE FRANCHISE
QUEEN CREEK WATER COMPANY)
)
 _____)

TO THE HONORABLE BOARD OF SUPERVISORS:

Queen Creek Water Company, an Arizona public service corporation ("Applicant"), doing business in Pinal County, State of Arizona, hereby petitions your body for a Public Service Franchise to construct, maintain and operate

- (A) A domestic water distribution system, consisting of pipe lines, meters, connections, and all necessary equipment, and
- (B) An irrigation water distribution system consisting of pipe lines, ditches gates and all necessary equipment

To serve the residents of

Sections 28, 29, 31, and 33, Township 2 South, Range 8 East, G&SRB&M, Pinal County, Arizona;

Applicant has made application to the Arizona Corporation Commission for a Certificate of Public Convenience and Necessity to exercise the functions of a public utility to furnish the service described above to persons living within the area described above, subject to the laws of the State of Arizona. If granted franchise, the petitioner proposes to engage in and carry on the business as described above and all other things necessary for performing this service to the public in the area.

II.

Applicant is financially able to undertake installation of performance of this service within the area for which this franchise is requested.

III.

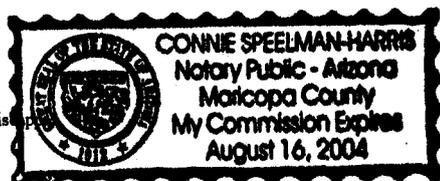
By reason of the facts already stated herein, and because this service is not now available to persons now living, or who may live, within the said area hereinbefore described and because of the further fact that services promptly supplied to waiting customers and prospective applicants will do much to develop and improve the area described, Applicant respectfully petitions your Honorable Board of Supervisors to grant this application for a franchise from the County of Pinal, State of Arizona, to construct, maintain and operate the aforementioned utility for a period to be determined at the hearing on this application along, upon, under and across public highways, roads, alleys, and thoroughfares (excepting State highways) within that portion of Pinal County hereinbefore described and not within the confines of any incorporated city or town and under such restrictions and limitations and under such terms as this Board may provide, not inconsistent with law and order and rules of the Arizona Corporation Commission and that this Board take such proceedings herein as are provided by the laws of the State of Arizona.

DATED at Queen Creek, Arizona, this 3rd day of October, 2000.

NAME: QUEEN CREEK WATER COMPANY
ADDRESS: P.O. Box 366
Queen Creek, Arizona 85242

By Paul T. Gardner
Paul T. Gardner
Its President

SUBSCRIBED AND SWORN to before me this 3rd day of October, 2000.



Connie Speelman-Harris
Notary Public

F

EXHIBIT F

In 1988 Water Resources Associates, a water supply consultant, prepared a hydrology study to demonstrate the availability of an assured water supply in the Company's certificated area. The hydrology study was submitted to and reviewed by the Arizona Department of Water Resources ("ADWR"). Based on that review and ADWR's applicable criteria, ADWR stated in a letter to Water Resources Associates that there are 22,500 acre feet/year of groundwater available for development within the Company's certificated area. The letter from ADWR also states that the hydrology study "satisfies the requirements of A.R.S. 45-577(B) and may be cited in lieu of the hydrologic study requirement in assured water supply applications when individual developers in the Queen Creek Water Company's certificated area are ready to file applications for Certificates of Assured Water Supply at appropriate times." A copy of ADWR's letter dated July 13, 1988, is attached.

As of February 7, 1995, a developer requiring a certificate of assured water supply must meet application requirements set out at A.A.C. R-12-15-702. In the case of a developer proposing to develop land in or near the Company's certificated area, the developer may cite ADWR's findings regarding the above-referenced hydrology study, enroll his proposed development in the Groundwater Replenishment District ("GRD") pursuant to A.R.S. 45-576.01-.02, and establish that the developers lands are located in the Company's CC&N. See A.A.C. R12-15-702(a)(i)(t).

Several property owners in Sections 28, 29, 31 and 33, Township 2 South, Range 8 East G. & S. R. B. & M., Pinal County, Arizona have developed master plans pending annexation into the Company's CC&N. Following incorporation into the Company's CC&N, these property owners will file requests for certificates of assured water supply with ADWR.



ARIZONA
DEPARTMENT
OF WATER
RESOURCES

Rose Mofford, Governor
C. Laurence Unser,
Acting Director

991 Virginia Avenue
Phoenix, Arizona 85004

July 13, 1988

Mr. Steve Noel
Water Resources Associates
3033 North 44th Street, Ste. 228
Phoenix, Arizona 85018

Re: Queen Creek Water Company

Dear Mr. Noel:

The Department has reviewed the hydrology report dated July 5, 1988, entitled "Historic Water Use - Queen Creek Water Company Franchise Area" which has supplemented the previous report dated March 22, 1988. The information submitted demonstrates that future withdrawals for developments within the certificated area of the Queen Creek Water Company not exceeding 22,500 acre-feet/year should maintain the historic impact of agricultural withdrawals on the principal aquifer which resulted in long term declines of the water level at an average rate of more than 5 feet per year.

We understand that the report was submitted for review as to the sufficiency of the hydrologic work and that the report was not a request for a finding of an assured water supply. Accordingly, the Department has limited its review to hydrologic issues, and this approval does not in fact represent a finding of an assured water supply.

However, the report satisfies the requirements of A.R.S. 45-577 (B) and may be cited in lieu of the hydrologic study requirement in assured water supply applications when individual developers in the Queen Creek Water Company's certificated area are ready to file applications for Certificates of Assured Water Supply at appropriate times.

It must be recognized that this review is based on current criteria that allow continued overdraft, and that as the Phoenix AMA moves toward a safe yield goal which must be achieved by the year 2025, criteria for demonstration of assured water supplies will be modified. Consequently, each application for assured water supply determination will be evaluated at the time of application in accordance with the applicable criteria.

All applications for certificates of assured water supply must demonstrate consistency with the Management Plan and management goal of the Phoenix AMA.

Finally, if the Department finds that the water supply determined at this time is not available to the water company, either because the criteria for determining a water supply are modified or because the assumptions used in determining a water supply under the current criteria prove incorrect, the Department will modify the above mentioned limit accordingly.

If you have any questions regarding our review of the report, please do not hesitate to contact Steven Szyproski at 255-1586.

Sincerely,

A handwritten signature in cursive script that reads "Greg Wallace".

Greg Wallace
Chief Hydrologist

rb

G

EXHIBIT G

Gantzel Family Trust
21 W Combs Road
Queen Creek, AZ
85242

Gantzel Family Trust

October 4, 2000

Arizona Corporation Commission

Ladies and Gentlemen;

My family owns approximately 320 acres on the southwest corner of Combs and Vineyard Roads. The property is in the South-half of Section Thirty One, Township Two South, Range Eight East, Pinal County, Arizona.

We are in an area that we think could be developed in the near future if water and sewer can be provided. Johnson Utilities has applied to the Commission to take our property into it's service area, which we are comfortable with, and provide both sewer and water.

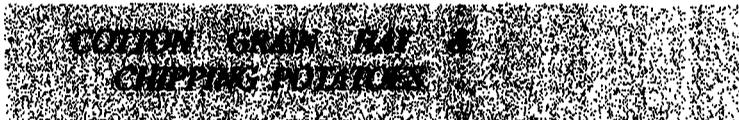
We understand other water companies have applied, including Queen Creek Water Company, however we are requesting that Johnson Utilities be granted approval to take us into their service area. If this is not possible our second choice would be Queen Creek Water Company because they have a Facility directly across Combs Road from our property.

As long time land owners in the area we would hope the Commission would respect our requests.

Sincerely,


Mike Gantzel

Producers of:



Vistoso Partners, LLC
1121 W. Warner Road Suite #109
Tempe, AZ 85284
(602) 831-2000
Fax (602) 893-1604

October 4, 2000

Mr. Paul Gardner
President
Queen Creek Water Company
22036 S. Ellsworth Road
Queen Creek, AZ 85242

RE: Water Service at Ware Farms

Mr. Gardner:

I am writing on behalf of Pantano Development Limited Partnership, an Arizona Limited Partnership, to request that in the event Johnson Utilities is unable to serve Pantano's property due to regulatory issues, that Queen Creek Water Company serve water to the property.

Pantano's property includes 480 acres at the S.E.C. of Kenworthy and Combs road.

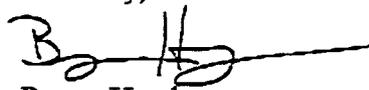
Pantano would prefer to deal with one utility company that will be able to provide water and sewer services for the development (thus, Johnson Utilities).

However, If Johnson Utilities is not going to be the water and sewer provider, we would like to see Queen Creek Water as the Water provider, and Johnson Utilities as the Sewer provider.

Queen Creek Water has been a great company to work with on the Victoria and Pecan projects, (600 plus acres) and we feel comfortable with your company's ability and willingness to work through issues in a fair manner.

Thank you for your consideration of this request.

Sincerely,



Byron Handy
On behalf of,
Pantano Development Limited Partnership

cc: Ms. Petra Schadeberg - Pantano Development

H

EXHIBIT H

WATER USE DATA SHEET

| | |
|---------------------------------------|---------------------------|
| NAME OF COMPANY → | Queen Creek Water Company |
| ADEQ Public Water System No. → | 07-033 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) |
|--------------------------------|---------------------|--------------------------|
| September, 1999 | 1924 | 38,603 |
| October, 1999 | 1947 | 44,445 |
| November, 1999 | 1975 | 39,589 |
| December, 1999 | 2001 | 27,690 |
| January, 2000 | 2036 | 34,668 |
| February, 2000 | 2082 | 28,434 |
| March, 2000 | 2100 | 24,622 |
| April, 2000 | 2121 | 38,128 |
| May, 2000 | 2139 | 65,794 |
| June, 2000 | 2159 | 62,078 |
| July, 2000 | 2183 | 77,256 |
| August, 2000 | 2224 | 60,043 |
| September, 2000 | 2246 | 53,825 |

| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) |
|------------------------------------|----------------|--|---|
| 40,000 | 2 | 55-609475 | 1200 |
| 100,000 | 2 | 55-613585 | 1000 |
| 50,000 | 1 | 55-628275 | 1200 |
| 700,000* | 1 | 55-612288 | 1000 |
| 400,000* | 1 | | |
| ** | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

| | |
|---|---|
| Other Water Sources in Gallons per Minute → | GPM *** |
| Fire Hydrants on System → | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Total Water Pumped Last 13 Months (Gallons in Thousands) → | 595,175 |

*Elevated Storage

**the following tanks, which we currently own, will be installed & operating in 2001 (1) 100,000/ (1) 20,000/ (1) 270,000.

***currently in process of connecting to Town Of Gilbert for temporary/emergency supply @ 2,000 gallons per minute - See Exhibit H-1 attached.

EXHIBIT H-1

--- Draft No. 1 ---

**AGREEMENT BETWEEN THE TOWN OF GILBERT, ARIZONA
AND THE QUEEN CREEK WATER COMPANY
CONCERNING SERVICE AREA BOUNDARY CHANGES**

This agreement between the Town of Gilbert and Queen Creek Water Company concerning service area boundary changes is entered into this _____ day of _____, 2000 by and between the parties.

WHEREAS, the Seville Development will encompass portions of the Town of Gilbert and Queen Creek Water Company service areas; and,

WHEREAS, efficient delivery of water and other utility services is not possible for the Seville Development with two providers; and

WHEREAS, the Town of Gilbert and the Queen Creek Water Company have mutually concluded that the Town of Gilbert should provide water and other utility services for the Seville Development;

NOW, THEREFORE, for and in consideration of the terms and conditions of this Agreement, the parties agree as follows:

1. Extinguishment of Service Rights. The Queen Creek Water Company will take necessary actions with the Arizona Corporation Commission to amend its certificated area to exclude the area described in the attached Exhibit A and Town agrees to provide domestic water service to such area upon approval of such amendment.

2. Temporary Domestic Water Service. The Town of Gilbert will provide temporary domestic water service for a development to be constructed on the east side of Power Road approximately one-half mile north of Queen Creek Road. The service will be a twelve-inch (12") tap and will serve up to five hundred (500) homes. Service will begin in the first quarter of 2001 and end in the first quarter of 2003.

3. Installation Costs. The Queen Creek Water Company pay the cost of installing the interconnect described in paragraph two (2) including piping, valving, metering, etc. as required to meet local and state standards.

4. Water Costs. When the interconnect is operational, the Town of Gilbert will sell water to the Queen Creek Water Company at the Town's domestic water prices, as same may be adjusted from time to time by the Gilbert Town Council.

5. Authorized Representatives; Notices. The individuals named below are authorized and directed to act as the designated representatives for the respective parties and shall serve as the primary contact person for such Parties. The designation of the addressee or the address listed below may be changed by notice given in the same manner as provided in this Section. Any notice, demand, or request concerning the Agreement shall be in writing and delivered in person, or sent by first class mail, postage prepaid to:

For Gilbert: Town Manager
Town of Gilbert
1025 S. Gilbert Road
Gilbert, Arizona 85296

For Queen Creek Water Company: President
Queen Creek Water Company
22036 S. Ellsworth Road
P.O. Box 366
Queen Creek, Arizona 84242

6. Modification or Amendment. No modification or amendment of this Agreement shall be effective unless in writing and signed by the parties. The Exhibits may be modified without changing any language in the Agreement.

7. Term of this Agreement.

7.1 This agreement shall become effective upon appropriate approval and execution by the authorized representatives of both parties, delivery of a fully executed original to each party, and filing with the County Recorder.

7.2 This agreement shall remain in effect until March 31, 2003. The Agreement may be terminated earlier by unanimous consent of both parties.

8. Signature Clause. The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the party for whom they sign and that no further action or approvals are necessary before execution of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective the date first written above.

ATTEST:

TOWN OF GILBERT

By _____
Town Clerk

By _____
Town Manager

Determined to be in proper form and
within the powers and authority granted
under the laws of the State of Arizona to
the Town of Gilbert.

By _____
Martinez & Curtis, P.C.
Town Attorneys

ATTEST

QUEEN CREEK WATER COMPANY

By _____

By _____
President

Determined to be in proper form and
within the powers and authority granted
under the laws of the State of Arizona to
the Queen Creek Water Company.

By _____

QUEEN CREEK WATER COMPANY SERVICE AREA

WITHIN SEVILLE

LEGAL DESCRIPTION

A portion of the East half of Section 25, Township 2 South, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the North quarter corner of said Section 25;

Thence North 87 degrees 26 minutes 55 seconds East, along the North section line of said Section 25, a distance of 1,985.60 feet;

Thence South 00 degrees 13 minutes 37 seconds East, a distance of 2,673.12 feet;

Thence South 88 degrees 08 minutes 24 seconds West, a distance of 1,303.17 feet;

Thence South 00 degrees 02 minutes 42 seconds East, a distance of 1,373.86 feet;

Thence South 88 degrees 29 minutes 09 seconds West, a distance of 676.62 feet to a point on the North-South mid section line of said Section 25;

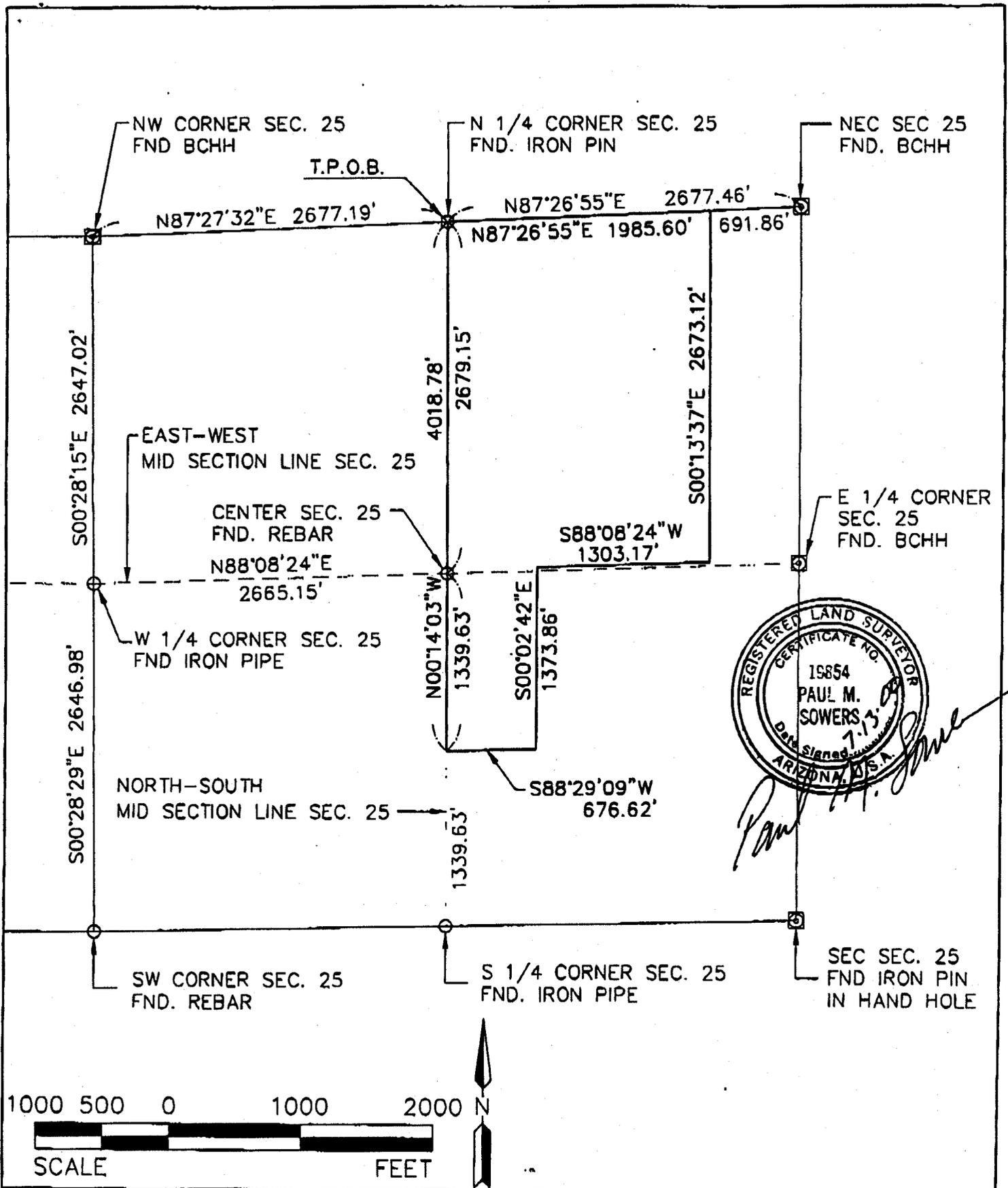
Thence North 00 degrees 14 minutes 03 seconds West, along the North-South mid section line of said Section 25, a distance of 1,339.63 feet to the center point of said Section 25;

Thence continuing North 00 degrees 14 minutes 03 seconds West along the North-South mid section line of said Section 25, a distance of 2,679.15 feet to the POINT OF BEGINNING.

Said parcel contains 6,210,149.4728 square feet or 142.5654 acres, more or less.

Prepared by CMX Group, Inc.
Project 5946A
July 13, 2000





| | | |
|---|---|--------------------------|
|  CMX GROUP INC. 1515 E. MISSOURI, #115 PHOENIX, AZ 85014 PH (602)279-8436 FAX (602)265-1191 | QUEEN CREEK WATER CO. SERVICE AREA | CMX JOB NO. 5946A |
| | SEVILLE | DATE: 07-13-00 |
| | CHANDLER HTS. RD. & HIGLEY RD GILBERT, ARIZONA | SCALE: 1"=1000' |
| | | DRAWN BY: BI |
| | | CHECKED BY: SKK |

I

EXHIBIT I

OVERSIZED MAP

TO REVIEW SEE DOCKET SUPERVISOR

**DOCKET
W-01395A-00-0784**

**DECISION
63960**