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ORIGINAL

Arizona Corporation Commission

DOCKETED

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2003 SEP 11 A 10: 59

AZ CORP COMMISSION
DOCUMENT CONTROL

1 H2O, INC.
2 Donald L. Schnepf, President
3 41502 N Schnepf Road
4 Queen Creek, Arizona 85242
5 (480) 491-6971

DOCKETED BY 

BEFORE THE ARIZONA CORPORATION COMISSION

6 IN THE MATTER OF H2O, INC.,
7 EXTENSION OF ITS EXISTING
8 CERTIFICATE OF CONVENIENCE AND
9 NECESSITY.

DOCKET NO. W-02234A-00-0371

10 IN THE MATTER OF THE APPLICATION
11 OF JOHNSON UTILITIES, L.L.C. DBA
12 JOHNSON UTILITIES COMPANY FOR AN
13 EXTENSION OF ITS CERTIFICATE OF
14 CONVENIENCE AND NECESSITY TO
15 PROVIDE WATER AND WASTEWATER
16 SERVICE TO THE PUBLIC IN THE
17 DESCRIBED AREA IN PINAL COUNTY,
18 ARIZONA.

DOCKET NO. WS-02987A-99-0583

DOCKET NO. WS-02987A-00-0618

14 IN THE MATTER OF THE APPLICATION
15 OF DIVERSIFIED WATER UTILITIES,
16 INC. TO EXTEND ITS CERTIFICATE OF
17 CONVENIENCE AND NECESSITY.

DOCKET NO. W-02859A-00-0774

17 IN THE MATTER OF THE APPLICATION
18 OF QUEEN CREEK WATER COMPANY
19 TO EXTEND ITS CERTIFICATE OF
20 CONVENINECE AND NECESSITY

DOCKET NO. W-01395A-00-0784

DECISION NO. 63960 and 64062

H2O, INC. COMPLIANCE

21 In Decision No. 63960 (September 4, 2001) and 64062 (October 4, 2001), the Arizona
22 Corporation Commission ("Commission"), approved the extension of the Certificate of
23 Convenience and Necessity ("Certificate") of H2O, Inc. ("H2O") and the other above-captioned
24 utilities subject to a number of conditions.

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FINDINGS OF FACT/ORDER NO. 158

“H2O to file, within two years of the effective date of this Decision, a copy of developers Certificate of Assured Water Supply (“CAWS”) to be issued by the Arizona Department of Water Resources (“ADWR”) for the respective parcels and sections.”

H2O submits as Attachment ‘A’ hereto and made a part hereof for all purposes, ADWR CAWS No. 27-400833 covering the area within Section 29 (Parcel 15) lying north of the Queen Creek Wash. To date there have been no other CAWS issued by ADWR within the expansion area.

FINDINGS OF FACT/ORDER NO. 159

“H2O to file, within two years of the effective date of this Decision, a copy of its Certificates of Approval to Construct (“CAC”) to be issued by the Arizona Department of Environmental Quality (“ADEQ”) for the extension for the Combs School.”

The Combs School was able to internally satisfy its water supply capacity for the new school facility and therefore to date has not pursued a request for service from H2O as was anticipated. H2O completed the engineering design of the Vineyard (“Gantzel”) Road waterline extension, but without a request for service from anyone in that area has temporarily tabled the waterline construction until request is made (this will most likely come from Gantzel’s portion of the Circle Cross Ranch currently under negotiation with a local Home Builder). ADEQ imposes a requirement that construction of a facility it issues a CAC on must commence within one year of date of issue or it will void.

1 H2O submits Attachment 'B' hereto and made a part hereof for all purposes, copies of
2 ADEQ CAC's for Off-Site Drinking Water Infrastructure and eight (8) On-Site Drinking Water
3 Infrastructure parcels for all of the area within Parcel 15 lying north of the Queen Creek Wash.

4 FINDINGS OF FACT/ORDER NO. 160

5
6 "H2O to file, within two years from the effective date of this Decision, a copy of its
7 franchise from Pinal County for the extension areas represented by the aforementioned parcels
8 and Section 13".

9 H2O submits Attachment 'C' hereto and made a part hereof for all purposes, copy of
10 Pinal County Franchise renewal effective February 17, 1999, which includes Sections 28, 29, 30,
11 31, Township 2 South, Range 8 East, and Section 5 Township 3 South, Range 8 East G&S,
12 RB&M, Pinal County, all within the expansion area. Further, H2O submits as Attachment 'D'
13 hereto and made a part hereof for all purposes, copy of Maricopa County Franchise effective June
14 20, 2001, inclusive of Section 13 Township 2 South, Range 7 East G&S RB&M Maricopa
15 County, said Section is within the expansion area.

16
17 FINDINGS OF FACT/ORDER NO. 161

- 18 1. "H2O to file, with the Commission in this Docket within two years of the
19 effective date of this Decision, a copy of its franchise from Pinal County for the
20 extension of its Certificate for the areas authorized hereinafter";

21
22 H2O submits a Attachment 'C' hereto and made a part hereof for all purposes, copy of
23 Pinal County Franchise renewal effective February 17, 1999, which includes Sections 28, 29, 30,
24 31, Township 2 South, Range 8 East, and Section 5 Township 3 South, Range 8 East G&S,
25 RB&M, Pinal County, all within the expansion area. Further, H2O submits as Attachment 'C'

1 hereto and made a part hereof for all purposes, copy of Maricopa County Franchise effective June
2 20, 2001, inclusive of Section 13 Township 2 South, Range 7 East G&S RB&M Maricopa
3 County, said Section is within the expansion area.

- 4
- 5 2. "H2O file with the Commission in this Docket, within two years of the effective
6 date of this Decision, copies of all Certificates of Approval to Construct ("CAC")
7 and Certificates of Approval of Construction for development in each of the
8 respective approved parcels as authorized hereinafter;"

9 H2O has filed a request for a two-year extension of time to comply with this provision in
10 Decision No. 64062

11 H2O submits the following at this date;

12
13 For Parcel No.:

14 15-Pecan Ranch See Attachment 'B' for CAC's regarding all of the
15 area within Section 29 lying north of the Queen Creek Wash. On-Site and Off-
16 Site Infrastructure is currently under construction. Approvals of Construction will
17 be issued upon completion. We are currently in the process of drafting Line
18 Extension Agreements for all eight (8) parcels totaling 1309 new residential lots
19 which will be submitted for Commission approval for each of the eight (8) parcels
20 within the development.

18 16-Home Place we have none at this date

19 17-Ware Farms H2O has had meetings with property representatives
20 and engineers to discuss design criteria and infrastructure cost estimates
21 Developer has indicated that they are in process of PAD overlay for Preliminary
22 Plat and preliminary On-Site engineering.

22 18-NE ¼ Sec 33 we have none at this date

23 Section 13 Meridian Ranch development has been temporarily
24 placed on hold due to discovery of Native American artifacts within the property
25 and zoning density issues with the Town of Queen Creek due to its proximity to
26 Williams Gateway airport.

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22-Circle Cross

See Attachment 'E'

3. "H2O, to file, within two years of the effective date of this Decision, a request for Certificate review after which Staff, at its discretion, shall perform a physical plant inspection to determine the extent to which development has commenced."

H2O, hereby requests Commission Staff perform a Certificate review pursuant to this Decision No 60462 to determine the extent to which development has commenced.

FINDINGS OF FACT/ORDER NO. 162

"H2O is to file, within 30 days of the anniversary date of the Decision as amended each year for the next two years, documentation from the Arizona Department of Environmental Quality ("ADEQ") indicating that H2O has been in compliance with ADEQ for each year, and that failure to submit this documentation in the Docket or failure to correct any major or minor violation within 90 days from the date of notice of violation would result in the Certificate becoming null and void without further order of the Commission."

On November 6, 2002, H2O filed a request for a retroactive extension of time to comply with Decision No. 63960 as amended in order to file the required ADEQ compliance documentation.

On November 12, 2002, the Commission's Utilities Division ("Staff") filed a response to H2Os, request for a retroactive extension of time in order to comply with Decision No. 63960 as amended. In its response, Staff indicates that it does not oppose the requested extension of time

1 for H2O to file the required ADEQ documentation. During the vast majority of its more than 30
2 year history, H2O has rarely, if ever, been out of compliance with the regulations of ADEQ.

3
4 On November 20, 2002, H2O filed a copy of its documentation from ADEQ dated
5 November 19, 2002, indicating H2O has no major deficiencies and is delivering water, which
6 meets the water quality requirements of ADEQ.

7 The Commission by Procedural Order on December 19th 2002, ordered that the request of
8 H2O for retroactive extension of time to comply with Decision No. 63960 as amended by
9 Decision 64062 to file ADEQ documentation be granted and further, that H2O is found to be in
10 compliance with Decision No. 63690 as amended and its Certificate extended by the
11 aforementioned Decision remains in full force and effect.

12 This being the second year for compliance filing due on September 4, 2003, H2O hereby
13 submits Attachment 'F' hereto and made a part hereof for all purposes, ADEQ Compliance
14 Status Report for PWS ID# 11-060 dated August 28, 2003, indicating no major deficiencies, no
15 major operation and maintenance deficiencies cited during last inspection/sanitary survey and, no
16 ADEQ or US EPA administrative orders in effect.

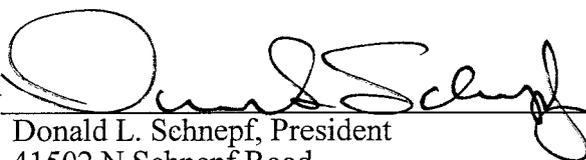
17
18 Based on data submitted by the water system, ADEQ has determined that the H2O water
19 system is currently delivering water that meet water quality standards required by Arizona
20 Administrative Code, Title 18, Chapter 4.

21 H2O feels the aforementioned meets the requirements of conditions contained in
22 Decision No. 63960 (September 4, 2001) and 64062 (October 4, 2001), for approval of extension
23 of the Certificate of H2O. H2O requests the Commission notify H2O of any deficiency it finds
24 in this filing and allows H2O the opportunity to respond.
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RESPECTFULLY SUBMITTED this 11th day of September 2003.

H2O, INC..

By 
Donald L. Schnepf, President
41502 N Schnepf Road
Queen Creek, Arizona 85242
for H2O, Inc.

AN ORIGINAL and thirteen (15) copies
of the foregoing were filed
this 11th day of September 2003 with:

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

By Donald L. Schnepf

ATTACHMENTS

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- A. Arizona Department of Water Resources Certificate of Assured Water Supply No. 27-400833
- B. Arizona Department of Environmental Quality Certificate of Approval to Construct Drinking Water Facilities for Pecan Ranch.
- C. Pinal County Franchise Renewal effective February 17, 1999.
- D. Maricopa County Franchise effective June 20, 2001.
- E. Statement regarding Development in Parcel 22 of the expansion area.
- F. Arizona Department of Environmental Quality Compliance Status Report for PWS ID# 11-060 dated August 28, 2003.

ATTACHMENT 'A'

ARIZONA DEPARTMENT OF WATER RESOURCES

Phoenix Active Management Area
500 North Third Street, Phoenix, Arizona 85004
Telephone 602 417-2465
Fax 602 417-2467



JANE DEE HULL
Governor

JOSEPH C. SMITH
Director

December 20, 2002

Donald L. Schnepf
H2O, Inc.
P. O. Box 40340
Mesa, AZ 85274

Re: Review of Proposed Use of Water – Pecan Creek North Certificate of Assured Water Supply No. 27-400833

Dear Mr. Schnepf:

Enclosed you will find a copy of a Certificate of Assured Water Supply for Pecan Creek North development, a new subdivision in your service area.

As part of the Certificate of Assured Water Supply process for new subdivisions, the Department is required to review the demand of the new development for consistency with the management plan for the applicable active management area. The table shown below is the Phoenix AMA management plan consistency review, based on the information submitted by the applicant.

Provider SMP Final GPCD Target: N/A – (Small Provider, transitioning to Large Provider)

Subdivision Name: Pecan Creek North

No. of Lots	Lot Size (average)	Projected Residential GPCD Rate	Projected Total GPCD*	Projected Total Demand from Municipal Provider
1319	5,899 sq ft	113	180	850.99 af/yr

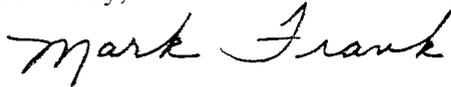
*Projected Total GPCD includes residential, on-site non-residential, lost and unaccounted for water, and construction water for this development.

If it is anticipated that an increase to your overall GPCD rate may occur once you begin service to this development, you may wish to consider implementing additional water conservation programs within your service area or contact the developer of the subdivision to discuss areas in which the projected demand could be decreased.

H2O, Inc. has been noticed that it shall be regulated by the Department as a large provider beginning in calendar year 2002. As explained in the notice, large municipal providers shall be regulated under the Total Gallons Per Capita Per Day (GPCD) Program described in the Third Management Plan, unless the provider has applied for and been accepted for regulation under an alternative program.

If you have any questions about the consistency review or would like additional information regarding the review, please contact Kay McNeely of the Phoenix AMA Office at (602) 417-2465.

Sincerely,

A handwritten signature in cursive script that reads "Mark Frank".

Mark Frank
Phoenix AMA Director

cc: Office of Assured & Adequate Water Supply, ADWR

ATTACHMENT 'B'

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

RECEIVED JAN 29 2003

CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES

Page 1 of 2

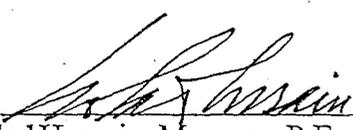
ADEQ FILE NO.: 20020579	LTF No.: 28509
SUPPLYING SYSTEM NAME: H2O Water Company	PUBLIC WATER SYSTEM NO.: 11-060
PROJECT NAME: Pecan Creek North - Offsite Improvements	
PROJECT OWNER: QC Pecan Creek Ranch, LLC	
ADDRESS: 9318 N. 95 th Way, Ste. 201A, Scottsdale, AZ 85258	
LOCATION: South of Ocotillo Rd. Between Gantzel Rd. and Kenworthy Rd.	COUNTY: Pinal
PROJECT DESCRIPTION: Installation of drinking water distribution system offsite improvements for Pecan Creek North Subdivision. Project consists of the installation of 12-inch PVC waterlines on Gantzel Rd. from W. Via De Arboles to Bradstock Way; 12-inch PVC waterlines on Chandler Heights Rd. between Kenworthy Rd. and Gantzel Rd.; 12-inch PVC waterlines on Kenworthy Rd. from Queen Creek Wash to approximately 2,600 feet north of it; and 8-inch PVC waterlines on Cortona Dr. from Chandler heights Rd. to approximately 1,300 feet north of it.	

Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to the Drinking Water Field Engineering and Inspection Unit - Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.

Provisions 3 through 7 are continued on Page 2 of 2 total pages

AH:MAH:mah
20279dbm.31t

By: 
Aolad Hossain, Manager, P.E.
Technical Engineering Unit
Drinking Water Section
Water Quality Division

1/28/03
Date Approved

cc: File No: 20020579, LTF No. 28509
County Health Department: Pinal
Drinking Water Field Engineering/Inspection Unit - Phoenix
Water System: H2O Water Company
Owner: QC Pecan Ranch, LLC
Planning & Zoning: Pinal County
Engineer: Carl H. Bloomfield, P.E.
Engineering Review Database

CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:
ADEQ FILE NO. 20020579: PECAN RANCH NORTH - OFFSITE IMPROVEMENTS
PAGE 1 OF 2: PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department.
5. The water distribution system shall maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow as required by A.A.C. R18-4-502.B.
6. The open end of each air relief pipe from automatic valves shall be extended to at least one foot above grade and shall incorporate pipe elbows to cause the opening, permanently covered with #16 mesh screen, to face downward. The "As-Built" plans shall show air relief valve details.
7. No Approval of Construction (AOC) shall be issued for the waterlines approved herein before H2O water system improvements approved under ADEQ File No. 20000176 are constructed and an AOC has been issued for them by the department.



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 CERTIFICATE OF APPROVAL TO CONSTRUCT
 WATER FACILITIES

RECEIVED JAN 30 2003

Page 1 Of 2

ADEQ File No: 20020580	
System Name: H2o, Inc.	System Number: 11060
Project Owner: Qc Pecan Ranch, Llc	
Address: 9318 N. 95th Way, Ste. 201-A, Scottsdale, AZ 85258	
Project Location: Queen Creek	County: Pinal
Description: WATER DISTRIBUTION SYSTEM TO SERVE 245 LOTS OF PECAN CREEK NORTH PARCEL 1, LOCATED SOUTH OF OCOTILLO ROAD BETWEEN GANTZEL AND KENWORTHY ROADS, PER APPROVED PLANS AND SPECIFICATIONS.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by JD1

By: Aolad Hossain 1/28/03
 Aolad Hossain., P.E., Manager Date
 Technical Engineering Unit
 Water Quality Division

cc: File No : 20020580
 Regional Office: Central
 Owner: Qc Pecan Ranch, Llc
 County Health Department: Pinal
 Engineer: Cmx, L.L.C.
 Planning and Zoning/Az Corp. Commission
 Engineering Review Database - Etr021

**CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES**

ADEQ File No. 20020580

Page 2 of 2 : Provisions, continued

5. Approval of Construction (AOC) for waterlines shall not be issued until AOC is issued for H2O water system improvements under ADEQ File No. 20000176.



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 CERTIFICATE OF APPROVAL TO CONSTRUCT
 WATER FACILITIES

RECEIVED JAN 30 2003

Page 1 Of 2

ADEQ File No: 20020581	
System Name: H2o, Inc.	System Number: 11060
Project Owner: Qc Pecan Ranch, Llc	
Address: 9318 N. 95th Way, Ste. 201-A, Scottsdale, AZ 85258	
Project Location: Queen Creek	County: Pinal
Description: WATER DISTRIBUTION SYSTEM TO SERVE 203 LOTS OF PECAN CREEK NORTH PARCEL 2, LOCATED SOUTH OF OCOTILLO ROAD BETWEEN GANTZEL AND KENWORTHY ROADS, PER APPROVED PLANS AND SPECIFICATIONS.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by JDI

By: Aolad Hossain 1/28/03
 Aolad Hossain, P.E., Manager Date
 Technical Engineering Unit
 Water Quality Division

cc: File No : 20020581
 Regional Office: Central
 Owner: Qc Pecan Ranch, Llc
 County Health Department: Pinal
 Engineer: Cmx, L.L.C.
 Planning and Zoning/Az Corp. Commission
 Engineering Review Database - Etr021

**CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES**

ADEQ File No. 20020581

Page 2 of 2 : Provisions, continued

5. Approval of Construction (AOC) for waterlines shall not be issued until AOC is issued for H₂O water system improvements under ADEQ File No. 20000176.

RECEIVED JAN 29 2003
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES

ADEQ FILE NO.: 20020582	LTF No.: 28525
SUPPLYING SYSTEM NAME: H2O Water Company	PUBLIC WATER SYSTEM NO.: 11-060
PROJECT NAME: Pecan Creek North - Parcel 3 Subdivision Water Distribution System	
PROJECT OWNER: QC Pecan Creek Ranch, LLC	
ADDRESS: 9318 N. 95 th Way, Ste. 201A, Scottsdale, AZ 85258	
LOCATION: NE quadrant of Chandler Heights Rd. and Cortona Dr.	COUNTY: Pinal
PROJECT DESCRIPTION: Installation of drinking water distribution system to serve Pecan Creek North - Parcel 3 Subdivision, lots 1 through 167. Project consists of the approximately 4,341 LF of 8-inch PVC waterline, 2,855 LF of 6-inch PVC waterlines, 14 fire hydrants, and related fittings.	

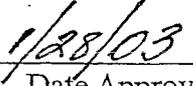
Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to the Drinking Water Field Engineering and Inspection Unit - Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.

Provisions 3 through 7 are continued on Page 2 of 2 total pages

AH:MAH:mah
20282dbm.31t

By: 
Aolad Hossain, Manager, P.E.
Technical Engineering Unit
Drinking Water Section
Water Quality Division


Date Approved

cc: File No: 20020582, LTF No. 28525
County Health Department: Pinal
Drinking Water Field Engineering/Inspection Unit - Phoenix
Water System: H2O Water Company
Owner: QC Pecan Ranch, LLC
Planning & Zoning: Pinal County
Engineer: Carl H. Bloomfield, P.E.
Engineering Review Database

CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:

ADEQ FILE NO. 20020582: PECAN RANCH NORTH - PARCEL 3 SUBDIVISION WATER DISTRIBUTION SYSTEM

PAGE 1 OF 2: PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department.
5. The water distribution system shall maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow as required by A.A.C. R18-4-502.B.
6. The open end of each air relief pipe from automatic valves shall be extended to at least one foot above grade and shall incorporate pipe elbows to cause the opening, permanently covered with #16 mesh screen, to face downward. The "As-Built" plans shall show air relief valve details.
7. No Approval of Construction (AOC) shall be issued for the waterlines approved herein before H2O water system improvements approved under ADEQ File No. 20000176 are constructed and an AOC has been issued for them by the department.



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

Page 1 Of 2

ADEQ File No: 20020583	
System Name: H2O, Inc.	System Number: 11060
Project Owner: Qc Pecan Ranch, Llc	
Address: 9318 N. 95th Way, Ste. 201-A, Scottsdale, AZ 85258	
Project Location: Queen Creek	County: Pinal
Description: WATER DISTRIBUTION SYSTEM TO SERVE 212 LOTS OF PECAN CREEK NORTH PARCEL 4, LOCATED SOUTH OF OCOTILLO ROAD BETWEEN GANTZEL AND KENWORTHY ROADS, PER APPROVED PLANS AND SPECIFICATIONS.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department **may** conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by JD1

By: Aolad Hossain 1/28/03
Aolad Hossain, P.E., Manager Date
Technical Engineering Unit
Water Quality Division

cc: File No: 20020583
Regional Office: Central
Owner: Qc Pecan Ranch, Llc
County Health Department: Pinal
Engineer: Cmx, L.L.C.
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

**CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES**

ADEQ File No. 20020583

Page 2 of 2 : Provisions, continued

5. Approval of Construction (AOC) for waterlines shall not be issued until AOC is issued for H₂O water system improvements under ADEQ File No. 20000176.



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 CERTIFICATE OF APPROVAL TO CONSTRUCT
 WATER FACILITIES**

RECEIVED JAN 29 2003

Page 1 Of 2

ADEQ File No: 20020584	
System Name: H2O Inc.	System Number: 11060
Project Owner: Qc Pecan Ranch, Llc	
Address: 9318 N. 95th Way, Ste. 201-A, Scottsdale, AZ 85258	
Project Location: Queen Creek	County : Pinal
Description: ON-SITE WATER DISTRIBUTION SYSTEM TO SERVICE 111 LOTS IN PECAN CREEK NORTH/PARCEL 5. CONSTRUCT APPROXIMATELY 381 L.F. OF 8" PVC WATERLINE, 4,172 L.F. OF 6" PVC WATERLINE AND RELATED FITTINGS.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department **may** conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by KNS

By: *Aolad Hossain* *1/24/03*
 AOLAD HOSSAIN, P.E., Manager Date
 Technical Engineering Unit
 Water Quality Division

cc: File No : 20020584
 Regional Office: Central
 Owner: Qc Pecan Ranch, Llc
 County Health Department: Pinal
 Engineer: Cmx, L.L.C.
 Planning and Zoning/Az Corp. Commission
 Engineering Review Database - Etr021

**APPROVAL TO CONSTRUCT
WATER FACILITIES
ADEQ FILE NO. 20020584
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. Approval of Construction (AOC) for waterlines shall not be issued until AOC is issued for H₂O water system improvements under ADEQ File No. 20000176.

RECEIVED FEB 14 2003



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

Page 1 Of 2

ADEQ File No: 20020585	
System Name: H2o, Inc.	System Number: 11060
Project Owner: Qc Pecan Ranch, Llc	
Address: 9318 N. 95th Way, Ste. 201-A, Scottsdale, AZ 85258	
Project Location: Queen Creek	County: Pinal
Description: ON-SITE WATER DISTRIBUTION SYSTEM TO SERVICE 114 LOTS IN PECAN CREEK NORTH/PARCEL 6. CONSTRUCT APPROXIMATELY 3,556 L.F. OF 8" PVC WATERLINE AND 2,524 L.F. OF 6" PVC WATERLINE AND RELATED FITTINGS.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin.Code. At the project owner's request, the Department **may** conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by KNS

By:  2/7/03
Aolad Hossain, P.E., Manager Date
Technical Engineering Unit
Water Quality Division

cc: File No: 20020585
Regional Office: Central
Owner: Qc Pecan Ranch, Llc
County Health Department: Pinal
Engineer: Cmx, L.L.C.
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

**APPROVAL TO CONSTRUCT
WATER FACILITIES
ADEQ FILE NO. 20020585
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. Approval of Construction (AOC) for waterlines shall not be issued until AOC is issued for H2O water system improvements under ADEQ File No. 20000176.



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 CERTIFICATE OF APPROVAL TO CONSTRUCT
 WATER FACILITIES**

ADEQ File No: 20020586	
System Name: H2O, Inc.	System Number: 11060
Project Owner: Qc Pecan Ranch, Llc	
Address: 9318 N. 95th Way, Ste. 201-A, Scottsdale, AZ 85258	
Project Location: Queen Creek	County: Pinal
Description: CONSTRUCTION OF WATER LINES TO SERVE 111 LOTS OF PARCEL 7 AT PECAN CREEK NORTH SUBDIVISION.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 6 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by RK1

By: *Aolad Hossain* Date: *1/30/03*
 Aolad Hossain, P.E., Manager
 Technical Engineering Unit
 Water Quality Division

cc: File No : 20020586
 Regional Office: Central
 Owner: Qc Pecan Ranch, Llc
 County Health Department: Pinal
 Engineer: Cmx, L.L.C.
 Planning and Zoning/Az Corp. Commission
 Engineering Review Database - Etr021

**CERTIFICATE OF APPROVAL
WATER FACILITIES
ADEQ FILE NO. 20020586
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. This Approval to Construct is issued to install water lines to serve 111 lots of Parcel 7 at Pecan Creek North Subdivision and is not an Approval to Construct Sanitary Facilities for Subdivision.

6. No Approval of Construction (AOC) shall be issued for the waterlines approved herein before H2O water system improvements approved under ADEQ File No. 20000176 are constructed and an AOC has been issued for them by the department.



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

Page 1 Of 2

ADEQ File No: 20020587	
System Name: H20, Inc.	System Number: 11060
Project Owner: Qc Pecan Ranch, Llc	
Address: 9318 N. 95th Way, Ste. 201-A, Scottsdale, AZ 85258	
Project Location: Queen Creek	County: Pinal
Description: CONSTRUCTION OF WATER LINES TO SERVE 156 LOTS OF PARCEL 8 AT PECAN CREEK NORTH SUBDIVISION.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 6 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 4, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-4-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-4-507(B); such a request must be made in writing in accordance with the time requirements of R18-4-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-4-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-4-507(A), Ariz. Admin. Code.

Reviewed by RK1

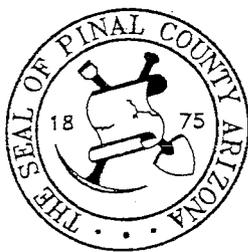
By: Aolad Hossain 1/30/03
Aolad Hossain, P.E., Manager Date
Technical Engineering Unit
Water Quality Division

cc: File No : 20020587
Regional Office: Central
Owner: Qc Pecan Ranch, Llc
County Health Department: Pinal
Engineer: Cmx, L.L.C.
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

**CERTIFICATE OF APPROVAL
WATER FACILITIES
ADEQ FILE NO. 20020587
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. This Approval to Construct is issued to install water lines to serve 156 lots of Parcel 8 at Pecan Creek North Subdivision and is not an Approval to Construct Sanitary Facilities for Subdivision.

6. No Approval of Construction (AOC) shall be issued for the waterlines approved herein before H2O water system improvements approved under ADEQ File No. 20000176 are constructed and an AOC has been issued for them by the department.



District One
Lionel D. Ruiz

District Two
Sandra "Sandie" Smith

District Three
Jimmie B. Kerr

County Manager
Stanley Griffis

Assistant to County Manager
Special Services Division
Jay Bateman

**Pinal County
Board of Supervisors**

Post Office Box 2030-Florence, Arizona 85232
Telephone (520) 868-6200 / 868-6206

January 14, 1999

Richard L. Sallquist
Sallquist & Drummond, P.C.
2525 East Arizona Biltmore Circle
Suite 117
Phoenix, AZ. 85016-2129

Subject: H2O, Inc.
Application for Renewal of
Public Utility Franchise to be
heard at 10:00 A.M. 2/17/99

Dear Mr. Sallquist:

This letter acknowledges receipt of the above referenced application and encloses a copy of the Public Notice.

This letter also advises that I have added 2 sections of land to Exhibit "C": - from Exhibit "A".

Inasmuch as the "Request" is for a "Renewal" - and - Sections 3 and 4 of T3S, R8E are part of the original franchise - I completed the renewal list by adding them to said Exhibit "C" - rather than subtracting them from Exhibit "A".

If, for any reason, this causes a problem, please advise. It seemed to me that no problem should exist in view of franchises not being exclusive - and in view of service area control being with the Arizona Corporation Commission.

Very truly yours,


Jay Bateman, Assistant County Manager
Special Services Division

Enclosures: Public Notice
Map

FILE COPY

Renewal Of The H2O, Inc. Franchise

WHEREAS, H2O, Inc. had received a domestic water franchise from Pinal County to establish and maintain domestic water services on June 4, 1973, (hereinafter "Original Franchise").

WHEREAS, H2O, Inc., a(n) Arizona corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for a renewal of the Original Franchise for the purpose of constructing, operating and maintaining domestic water lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in the Public Notice of the renewal hearing, a copy of which is attached hereto as Exhibit "A" attached hereto.

WHEREAS, upon H2O, Inc.'s filing of an application for this renewal (hereinafter "Application"), the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Application to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Application was set for 10:00 a.m. on February 17, 1999, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said Application having come on regularly for hearing at 10:00 a.m. on February 17, 1999; and it appearing from the affidavit of the publisher of the Florence Reminder-Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder-Blade Tribune published on January 21, 1999, January 28, 1999, and February 4, 1999; and the matter being called for hearing at 10:00 a.m., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to renew an existing franchise under its general police powers in such matters.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this renewal of the Original Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: H2O, Inc., a(n) Arizona corporation, its successors and assigns
- E. Grantee's Facilities: domestic water lines and related appurtenances

Section 2: GRANT

A. Grantor, on February 17, 1999, hereby grants to Grantee, for a period of twenty-five years, this renewed franchise (hereinafter "Renewed Franchise") for the purpose of constructing, operating and maintaining domestic water lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Application (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Renewed Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its public streets, alleys, highways and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing sewers, gutters, or improvements to its public highways, streets and alleys, and for that purpose, to require the Grantee at Grantee's own expense to remove Grantee's facilities to conform thereto and facilitate the same.

C. Reservation of Rights.

(1) County reserves the right to alter and amend the Renewed Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the public streets, alleys and highways as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after due notice to grantee, to modify, amend, alter, change or eliminate any of the provisions of the Renewed Franchise which may become obsolete or impractical; and to impose such additional conditions upon the grantee as may be just and reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after a public hearing, if such is legally required or requested by grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Renewed Franchise herein granted shall expire on February 17, 2024, or upon any prior forfeiture; and upon its termination, Grantee shall cease to exercise under the terms of the Renewed Franchise the privileges herein granted. In the event Grantee desires a renewal of the Renewed Franchise herein granted, or a new franchise for a subsequent period, Grantee shall apply to and open negotiations with County for that purpose at least six (6) months before the expiration of the Renewed Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Renewed Franchise, or any renewal thereof, the grantee shall remove its facilities from the streets, alleys, ways, highways and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six months of such termination, County may deem any property not removed as having been abandoned.

Section 4: REGULATION

Grantee, its successors and assigns shall be subject to reasonable regulations for the maintenance by grantee, its successors and assigns, of such portion of the public streets, alleys and highways used for the purpose of the Renewed Franchise now in force or that may hereafter be enacted and inconsistent herewith.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Prior to the beginning of any construction for installation of domestic water lines and related appurtenances, the Grantee, its successors and assigns will submit a plan of proposed construction to the Pinal County Engineer and will not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee under the Renewed Franchise shall be done in the manner prescribed by County and subject to the supervision of County, and in strict compliance with all laws, ordinances, rules and regulations of federal, state and local governments.

C. No construction, reconstruction, repair, or relocation under the Renewed Franchise shall be commenced until written permits have been obtained from the proper county officials. In any permit so issued, such officials may impose such conditions and regulations as a condition of the granting of the same as are necessary for the purpose of protecting any structures in the highways or streets and for the proper restoration of such highways, streets and structures, and for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Renewed Franchise by grantee shall impose upon County the duty to maintain any public street, alley or highway unless County accepts said public street, alley or highway into the county maintenance system as provided by law.

Section 6: INSPECTION

County shall, if it deems it necessary, have the right to inspect the construction, operation and maintenance of Grantee's facilities to insure the proper performance of the terms of the Renewed Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained so as not to interfere with the use and enjoyment of the public streets, alleys and highways. All of Grantee's Facilities erected by Grantee shall be maintained in a safe, suitable, substantial condition and in good order and repair.

Section 8: EXPANSION

Grantee will, from time to time, during the term of the Renewed Franchise make such enlargements and extensions of its domestic water system as are necessary to adequately provide for the requirements of County and the inhabitants of the Franchise Area; provided that nothing herein shall compel Grantee to expand or enlarge its system beyond the economic and operating limits thereof. Such enlargements and extensions shall be made in accordance with company rules and regulations.

Section 9: RELOCATION

A. During the term of the Renewed Franchise whenever County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any public streets, alleys and highways in the Franchise Area during the term of the Renewed Franchise, then and in such event, Grantee, its successors or assigns, at its own expense, shall promptly, upon reasonable notice, make such changes in the location, structure or alignment of its domestic water lines and related appurtenances as the public officials in charge of such work may deem necessary.

B. After thirty (30) days notice to Grantee, of needed changes or corrections and upon the failure of Grantee, to make such changes set forth in Section 9(A) above or to correct any damage to the right-of-way of any public street, alley or highway within the Franchise Area caused directly or indirectly by Grantee, its agents, successors or assigns, County or its successors shall have the right to make such changes or corrections at the expense of said Grantee, its successors or assigns, and

such expenses shall be due and payable upon written demand by County or its successors to Grantee, its successors or assigns.

Section 10: LIABILITY

A. If any streets, highways, alleys, ways, bridges, sidewalks, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its employees, contractors, subcontractors or agents in the construction, installation, operation and maintenance of Grantee's Facilities under the Renewed Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as soon as practicable and in as good condition as before Grantee's entry and to the satisfaction of County. If Grantee fails to make such restoration and repairs within a reasonable time as determined by County, then County may fix a reasonable time for such restoration and repairs and shall notify Grantee in writing of the restoration and repairs required and the time fixed for the performance thereof. Upon failure of Grantee to comply within the time specified, County may cause proper restoration and repairs to be made, and the expense of such work shall be paid by Grantee upon demand by County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance of Grantee's Facilities under the Renewed Franchise, all physical damage which shall be done to such injured property through any act or omission of Grantee, its employees, contractors, subcontractors or agents arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Renewed Franchise that County shall not and does not by reason of the Renewed Franchise assume any liability of the Grantee whatsoever for injury to persons or damage to property.

Section 11: INDEMNIFICATION

Grantee by its acceptance of the Renewed Franchise agrees for itself, its successors and assigns that throughout the entire term of this franchise, Grantee, its successors and assigns, at its sole cost and expense, shall indemnify, defend, save and hold harmless Pinal County, its elected officers, employees and agents from any and all lawsuits, judgments and claims for injury, death and damage to persons and property, both real and personal, caused by the construction, design, installation, operation or maintenance of any structure, equipment, domestic water lines or related appurtenances by Grantee within the Franchise Area. Indemnified expenses shall include, but not be limited to, litigation and arbitration expenses, and attorneys' fees.

Section 12: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Renewed Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Renewed Franchise is accepted by County. This Renewed Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 13: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Renewed Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Renewed Franchise accepts the validity of the terms and conditions of the Renewed Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Renewed Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Renewed Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Renewed Franchise not expressed therein. Grantee by its acceptance of the Renewed Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Renewed Franchise.

C. Grantee by its acceptance of the Renewed Franchise further acknowledges that it has carefully read the terms and conditions of the Renewed Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. In case of conflict or ambiguity between the Renewed Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

E. The Board's decision concerning its selection and awarding of the Renewed Franchise shall be final.

Section 14: FAILURE TO ENFORCE FRANCHISE

Grantee shall not be excused from complying with any of the terms and conditions of the Renewed Franchise by any failure of County, upon any one or more occasions, to insist upon the Grantee's performance or to seek Grantee's compliance with any one or more of such terms or conditions.

Section 15: COMPLIANCE WITH THE LAW

Grantee shall at all times, conduct its business under the Renewed Franchise in accordance with all federal, state and local laws, rules and regulations, as amended, including any future amendments thereto as may, from time to time, be adopted.

Section 16: INTERPRETATION/GOVERNING LAW

The interpretation and performance of the Renewed Franchise and of the general terms and conditions shall be in accordance with and governed by the laws of the State of Arizona.

Section 17: VENUE

Exclusive venue for any legal action to enforce the provisions, terms and conditions of the Renewed Franchise shall be the Superior Court of the State of Arizona in and for the County of Pinal, Florence, Arizona..

Section 18: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Renewed Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Renewed Franchise, all of which will remain in full force and effect for the term of the Renewed Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE

A. If Grantee fails to comply with any of the provisions of this agreement or defaults in any of its obligations hereunder, except for causes beyond the reasonable control of Grantee; and shall fail within thirty (30) days after written notice from County to commence, and within a reasonable time, complete the correction of such default or noncompliance, County shall have the right to revoke this agreement and all rights of Grantee hereunder. In the event Grantee makes a general assignment or general arrangement for the benefit of creditors; or a trustee or receiver is appointed to take possession of substantially all of Grantee's Facilities within the Franchise Area or of Grantee's interest in this Renewed Franchise, where possession is not restored to Grantee within thirty (30) days; or Grantee's Facilities within the Franchise Area are subject to an attachment, execution or other seizure of substantially all of the Grantee's Facilities within the Franchise Area or this Renewed Franchise, where such seizure is not discharged within thirty (30) days, County may declare the Renewed Franchise, along with the Original Franchise, forfeited and terminated.

B. Nothing herein contained shall limit or restrict any other legal rights that County may possess arising from such violations.

Section 20: REVOCATION OF FRANCHISE

The Renewed Franchise, along with the Original Franchise, may after due notice and hearing, be revoked by County for any of the following reasons:

- A. For false or misleading statements in, or material omissions from the application for and the hearing for the granting of the Renewed Franchise.
- B. For any transfer or assignment of the Renewed Franchise or control thereof without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Renewed Franchise.

Section 21: ASSIGNMENT/TRANSFER

Grantee shall not assign or transfer any interest in the Renewed Franchise without the prior written consent of County. Said Board shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Renewed Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

H2O, Inc.
P.O. Box 40340
Mesa, AZ 85274

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

Section 23: REMEDIES

Rights and remedies reserved to the parties by the Renewed Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of the Renewed Franchise and a waiver thereof at any time shall not affect any other time.

Section 24: RIGHT OF INTERVENTION

County hereby reserves to itself, and Grantee hereby grants to County, the right to intervene in any suit, action or proceeding involving any provision in the Renewed Franchise.

Section 25: BOOKS AND RECORDS

Grantee shall maintain books and records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee will make such books and records available to County upon County's request and without cost to County.

Section 26: AD VALOREM TAXES

Grantee shall pay its ad valorem taxes before they become delinquent. To accomplish this, Grantee shall deposit a sum equal to one-half of the prior years taxes in a separate trust account to pay the current years taxes. Pinal County, through its agents shall have the right to audit the account at any time during normal business hours.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on February 17, 1999.

PINAL COUNTY BOARD OF SUPERVISORS

Sandie Smith, Chairman

ATTEST:

Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

Eric L. Walberg, Deputy County Attorney

ACCEPTANCE OF RENEWED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, H2O, Inc., a(n) Arizona corporation, does hereby accept the February 17, 1999 grant of a Renewed Franchise from Pinal County, Arizona, to construct, operate, and maintain domestic water lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Renewed Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Renewed Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Renewed Franchise recited to have been or to be made by Grantee.

Dated this 17 day of FEBRUARY, 1999.

H2O, Inc.

By: [Signature]

Title: President

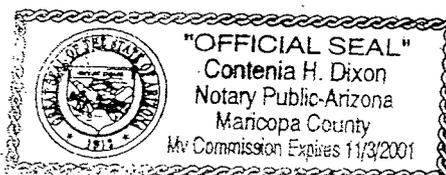
STATE OF ARIZONA)
) ss.
County of)

The foregoing instrument was acknowledged before me this 17th day of February, 1999, by Harold Sledge, President of H2O, INC., a(n) Arizona corporation, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.

[Signature]
Notary Public

My Commission Expires:

Nov 3, 2001



PUBLIC NOTICE

H20, INC

DOMESTIC WATER FRANCHISE RENEWAL

The Pinal County Board of Supervisors hereby gives notice
- that it will conduct a Public Hearing in the Board
Hearing Room - County Administration Building No. One,
Florence, Arizona at 10:00 O'clock A.M. on the 17th day of
February, 1999 to hear any affected persons for or against
the renewal of the Domestic Water Franchise being requested
by the H20, Inc. - covering :

Sections 7, 8, 9, 10, 15, 16, 17, 18, 19, 20,
28, 29, 30, 31, 32 and 33 of T2S, R8E, and

All of Sections 3, 4, 5, 6, 7, and 8 of T3S
R8E. G&SRB&m, Pinal County, Arizona.

Notice is further given that: no prevailing objections or
good cause arising, the Board of Supervisors intends to
grant the requested franchise:

S/Stanley D. Griffis
Stanley D. Griffis, County Manager

Publish: Florence Reminder-Blade Tribune
January 21, 28, Feb. 4, 1999

ATTACHMENT 'D'

BEFORE THE BOARD OF SUPERVISORS

OF

MARICOPA COUNTY, STATE OF ARIZONA

IN THE MATTER OF THE APPLICATION OF)
H2O, Inc.)
_____)

FRANCHISE

FOR A FRANCHISE

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MARICOPA COUNTY, STATE OF ARIZONA, THAT:

WHEREAS, H2O, Inc., hereinafter designated as the Grantee, doing business in Maricopa County, Arizona, bearing date of April 30, 2001, praying for the right, privilege, license to extend the franchise area to construct, maintain and operate a domestic water distribution system, consisting of pipelines, meters, connections and all necessary or useful appurtenances and equipment, for a period not to exceed twenty-five (25) years or for a period of one (1) year after the franchised area or a portion thereof is annexed by a municipality, whichever is shorter, for H2O, Inc., along, upon, under and across public highways, roads, alleys and thoroughfares (excepting State Highways), within that portion of Maricopa County, Arizona, known and described as follows, to-wit:

- Section 13, Township 2 South, Range 7 East, Maricopa County.
- North ½ of the Northeast ¼ of Section 24, Township 2 South, Range 7 East, Maricopa County.
- North ½, Section 26, Township 2 South, Range 7 East, Maricopa County.
- North ½ of the North ½, Section 25, Township 2 South, Range 7 East, Maricopa County.

and not within the confines of any incorporated city or town, and under such restrictions and limitations and upon such terms as the Board of Supervisors may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, and that the Board take such proceedings herein as is provided by laws of the State of Arizona; and

WHEREAS, upon filing said application, the said Board of Supervisors on the 16th day of May, 2001, ordered that public notice of the intention of said Board to make such grants be given by publishing a notice in the official newspaper of Maricopa County, published in the County of Maricopa, State of Arizona, and that 9:00 a.m., on the 20th day of June 2001, at the meeting room of said Board of Supervisors located at 205 West Jefferson Street, in the City of Phoenix, Arizona, be set as the time and place of hearing the said application; and

WHEREAS, the said application coming on regularly for hearing on said day and it appearing by the affidavit of the duly authorized agent of the said time and place set for the consideration of such application has been published for at least once a week for the three-week period prior to said date set forth herein, to-wit:

In the issues of the said newspaper on May 31, June 7, and 14, 2001, and it appearing that no sufficient protest has been filed by the qualified electors of the said County petitioning said Board of Supervisors to deny such license and franchise, and it further appearing the best interests of Maricopa County will be served by the granting of said application and the franchise referred to therein;

NOW, THEREFORE, the Board of Supervisors of Maricopa County, State of Arizona, acting on behalf of said County does hereby grant unto H2O, Inc., doing business in Maricopa County, Arizona, subject to the terms, conditions and limitations hereinafter contained, the right, privilege, license and franchise to construct, maintain and operate a domestic water distribution system consisting of pipe lines, meters, connections, and all necessary equipment, for a period of not-to-exceed twenty-five (25) years or for a period of one (1) year after the franchised area is annexed by a municipality, whichever is shorter, for the supplying of this service along, upon, under and across the pubic highways, roads, alleys and thoroughfares (excepting State highways) within that portion of Maricopa County, Arizona, hereinabove described, under such restrictions and limitations and upon such terms as this Board at any time may provided, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, specifically providing, however, that:

- 1) All rights hereunder are granted under the express condition that the Board of Supervisors of said Maricopa County shall have the power at any time to impose such restrictions and limitations and to make such regulations on such highways, roads, and thoroughfares as may be deemed best for the public safety, health, welfare and convenience.
- 2) All rights hereby granted shall be exercised so as to not interfere or conflict with any easements or rights-of-way heretofore granted by said Board of Supervisors and now in force.
- 3) All rights hereby granted shall be exercised so as not to interfere or conflict with any easement, either public or private, of whatsoever nature, which has been acquired in or to the proper use of said highway, roads, and thoroughfares, or any portion thereof.
- 4) All rights hereby granted shall be exercised so as not to interfere or conflict with or endanger in any way the proper use by the public of said highways, roads, and thoroughfares, or any portion thereof.
- 5) That the said Grantee shall bear all expenses incurred including damages and compensation for the alteration of the course, direction, surface, grade or alignment of any of the said highways, roads and thoroughfares necessarily made by the said grantee for the purpose of this franchise; that said grantee will maintain his equipment from time to time as may be needed, without the necessity of notice from Maricopa County. In the event the said grantee shall fail to make any repairs within ten days from the time same becomes necessary, then Maricopa County may cause the same to be made, and said grantee agrees to pay Maricopa County the cost thereof.

- 6) That all property of the franchise be installed and operated by the said grantee and shall be placed, removed or relocated, initially and throughout the term of this franchise, along, in, over, under and across the said highway, roads and thoroughfares, in such a manner and location as the Board of Supervisors or its duly authorized agents may designate. Such placement, removal or relocation shall be done at the sole expense of the grantee upon a determination by the Board of Supervisors of Maricopa County that such placement, removal or relocation is necessary.

If the grantee fails or refuses to so remove or relocate, Maricopa County may so remove or relocate, at the sole expense of grantee, such expense to include any and all damages and compensation of whatsoever nature arising therefrom.

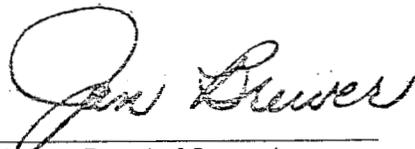
In this section the term "property" includes conduits, pipe, wires, poles, or other structures and appliances used to supply or deal in gas, electricity, lights, water, heat, refrigeration, power, telephones, telegraph, television and other public utilities.

Any finding or determination made by the Board of Supervisors pursuant hereto shall be final and binding upon the grantee whether or not such findings or determinations relates to the requirements of public safety or welfare, the use of public roads or the need for proposed improvements, and whether or not the function to be served by such removal or relocation is of a governmental or proprietary nature.

- 7) That said grantee shall indemnify and save harmless, the said County of Maricopa from all costs, expense and liabilities in connection with the granting of this franchise and exercise of the same by them.
- 8) That the rights of any person claiming to be injured in any manner by the maintenance of said projects and equipment shall not be affected hereby.
- 9) That the terms and conditions of this franchise shall inure to the benefit of, and be binding upon, all the heirs and assigns of the said Grantee.
- 10) That the franchise and privilege herein granted shall not be deemed to be exclusive and the said Board of Supervisors hereby expressly reserves the right and power to grant from time to time similar franchises and privileges over the same territory and highways, roads and thoroughfares.
- 11) This franchise is granted upon the express condition that the Certificate of Convenience and Necessity be procured from the Corporation Commission of the State of Arizona and the Certificate of Assured Water Supply be procured from the Arizona Department of Water Resources and proof thereof submitted to the Board of Supervisors within six months from the date of granting of this franchise; and if such Certificates are not granted within six months from said date, then this franchise to be void, otherwise to be in full force and effect for the time herein specified.
- 12) All materials and construction methods used with the public right-of-way shall conform to the applicable standards, specifications and special provisions currently in effect in Maricopa County.

- 13) The Franchise holder shall obtain a construction permit from the Office of the County Engineer prior to construction of any facilities in the public right-of-way.

DATED this 20th day of June, 2001



Chairman, Board of Supervisors

ATTEST:



Clerk, Board of Supervisors

COUNTY OF MARICOPA

State of Arizona

Office of the Clerk

Board of Supervisors

State of Arizona) ss.
County of Maricopa)

I, Norma Risch, Deputy Clerk of the Board of Supervisors, do hereby certify that the following is a true and correct excerpt from the minutes of the meeting of the Board of Supervisors held on June 20, 2001:

H2O, INC. PUBLIC UTILITY FRANCHISE - APPROVED

This was the time scheduled for hearing on the application filed by H2O, Inc. for a public utility franchise to construct, maintain and operate a domestic water distribution system, consisting of pipelines, meters, connections, and all necessary or useful appurtenances and equipment, for a period of 25 years or for a period of one year after the franchised area or a portion thereof is annexed by a municipality, whichever is shorter, for the transmission and delivery of a water distribution system along, upon, under and across public highways, roads, alleys and thoroughfares (excepting State highways) within that portion of Maricopa County, Arizona, known and described as follows, to-wit:

Section 13, Township 2 South, Range 7 East, Maricopa County.
North ½ of the Northeast ¼ of Section 24, Township 2 South, Range 7 East, Maricopa County.
North ½, Section 26, Township 2 South, Range 7 East, Maricopa County.
North ½ of the North ½, Section 25, Township 2 South, Range 7 East, Maricopa County.

No protests having been received, motion was made by Supervisor Brock, seconded by Supervisor Stapley, and unanimously carried (5-0) to grant the said franchise as applied for and to impose such restrictions and limitations upon said applicant as to the use of such public highways, roads, alleys and thoroughfares as may be deemed best for the public safety and welfare and to include in such franchise the statutory provisions set forth in Title 40, Chapter 2, Article 4, A.R.S., 1956, requiring the grantee of said franchise to pay such expenses, damages and compensations, if any, as may result from the use and operation of said franchise and as in said statute specified.

*IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the County of Maricopa. Done at Phoenix, the County Seat, on the following day:
June 25, 2001*

Jay L. Shapiro, Fennemore Craig
Department of Transportation
File



Norma Risch
Deputy Clerk of the Board of Supervisors

MEETING REGARDING DEVELOPMENT IN EXPANSION AREA

Subject: Circle Cross Ranch
Decision No: 64062 Parcel 22 Exhibit B, page 1
Docket: W-02234-00-0371 Exhibit B, page 1
Date: September 4, 2003
Place: H2O, Office
Addending: Mike Gantzel, Property Owner
Donald Schnepf, H2O
Darel Schnepf, H2O

Mike Gantzel reported on development timeline of property located in the north ½ of Section 31, east of the Union/Southern Pacific Rail Road (part of the Circle Cross Ranch zoning) AKA as the ("Gantzel Home Place").

Mike revealed that he is currently under contract for the 40-acres he owns at the northeast corner of Gantzel Road and Ocotillo Road to a local home builder and that he is in final stages of structuring a contract on his home place, Circle Cross Ranch, (Parcel-22) with the same home builder.

Further, discussion concerning the two (2) water wells that are located within the property indicated that we will be able to enter into an agreement for one or both of these wells as soon as he is assured that his proposed sale is under contract and will close.

Mike indicated that the home builder was prepared to begin the development process as soon as possible on both parcels.

The 40-acre parcel will have to be re-zoned from Suburban Ranch, to Single Family but the Circle Cross Ranch (Parcel-22) is currently zoned for single family with only the PAD overlay remaining to be approved prior to preliminary plat and engineering. Since the Arizona Department of Water Resources will not allow a transfer of the Assured Water Supply Certificate the owner does not intend on filling an application until the developer is locked in to purchase the property at which time they will file a joint application for CAWS.

We anticipate that when the above referenced sale is complete, we will at that time request a CAC from ADEQ to extend the Vineyard (Gantzel) Road mainline extension referenced in Findings of Fact No. 159. in Decision 64062.

ATTACHMENT 'F'

08/28/03

10:22

DEQ 3033 5TH FLOOR CUBE 42 → 94804916739

NO. 483

P02

Arizona Department of Environmental Quality
Drinking Water Compliance Assurance Unit
1110 W. Washington Street, 5415-B
Phoenix, AZ 85007

Compliance Status Report

PWS Name: H2O Water Company

PWS ID #: 11-060

Compliance Status: No Major Deficiencies Major Deficiencies
Comments:

Date of last inspection / sanitary survey: 06/13/01

Major Operation and Maintenance Deficiencies cited during inspection:

None unable to maintain 20psi inadequate storage
 cross connection/backflow problems surface water treatment rule
 treatment deficiencies approval of construction
 certified operator

Administrative Orders:

Is ADEQ administrative order in effect? Yes No
Is US EPA administrative order in effect? Yes No

Comments:

System Information:

Number of Points of Entry 1 Population Served 2,428 Connections Served 1,214
Initial year for Phase II 1993 MAP year 2002

DWCE Evaluation completed by: Jim Puckett

Phone: 602-771-4649 **Date:** 8-28-03

Based on data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.