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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2007 FEB 12 P 3: 11

- 1 Jeff Hatch-Miller - Chairman
- 2 William A. Mundell
- 3 Mike Gleason
- 4 Kristin K. Mayes
- 5 Gary Pierce

Arizona Corporation Commission AZ CORP COMMISSION
DOCKETED DOCUMENT CONTROL

FEB 12 2007

DOCKETED BY	nr
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IN THE MATTER OF THE APPLICATION
 OF ARIZONA WATER COMPANY, AN
 ARIZONA CORPORATION, TO EXTEND
 ITS EXISTING CERTIFICATE OF
 CONVENIENCE AND NECESSITY AT
 CASA GRANDE, PINAL COUNTY,
 ARIZONA

DOCKET NO. W-01445A-05-0469

COMPLIANCE FILING

Decision No. 68607, which was entered in this docket on March 23, 2006 (the "Decision"), directed Arizona Water Company, the applicant in this docket, to file certain items as a compliance filing within certain time frames provided in the Decision.

The Company is now filing the following documents relating to Parcel 6 in compliance with the Decision:

1. A Main Extension Agreement dated June 9, 2006 associated with the Martin Valley Offsite Infrastructure (Saddle Creek II Development) attached hereto as Attachment 1.
2. A Certificate of Approval to Construct Water Facilities to install off-site facilities to serve the Saddle Creek II Development, dated August 17, 2006, and attached hereto as Attachment 2.

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3. A Certificate of Assured Water Supply issued by the Arizona Department of Water Resources for the Saddle Creek II Development dated July 26, 2006 and attached hereto as Attachment 3.

RESPECTFULLY SUBMITTED this 12th day of February, 2007.

ARIZONA WATER COMPANY

By: Robert W. Geake

Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

1 Original and thirteen (13) copies of the foregoing filed this 12th day of February 2007
with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, Arizona 85007

5 A copy of the foregoing was mailed this 12th day of February 2007 to:

6 Honorable Amy B. Bjelland
7 Administrative Law Judge
8 Hearing Division
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, AZ 85007

12 Christopher Kempley, Chief Counsel
13 Legal Division
14 Arizona Corporation Commission
15 1200 West Washington Street
Phoenix, Arizona 85007

16 Ernest G. Johnson
17 Director, Utilities Division
18 Arizona Corporation Commission
19 1200 West Washington Street
Phoenix, Arizona 85007

20 Thomas H. Campbell
21 Michael T. Hallam
22 Lewis and Roca
23 40 N. Central Avenue
24 Phoenix, AZ 85004
25 Facsimile 602-734-3841
26 Attorneys for the City of Eloy

27
28

By: Robert W. Gaskie

**AGREEMENT FOR EXTENSION
OF WATER FACILITIES**

This Addendum to Agreement for Extension of Water Facilities (the "Agreement") is made and entered into as of the 9 day of June, 2006 by and between Arizona Water Company ("Company") and Pulte Homes Corp ("Applicant") for the extension of water service and facilities to serve Martin Valley Offsite Infrastructure (the "Subdivision").

The Agreement is hereby modified and amended by mutual agreement of the parties in the following particulars:

1. Section 1 of the Agreement is revised to read as follows:

Applicant will arrange for and bear the cost of the construction of all the mains, fire hydrants, and services for installation of approximately 8,517 LF of 16" and 120 LF of 12" Ductile Iron Pipe w/related fittings and seven fire hydrants, (collectively, the "Water Facilities") in accordance with plans and specifications reviewed and approved by the Company, and in accordance with the Company's current Construction Specifications & Standard Specification Drawings. Upon final acceptance by the Company, Applicant shall thereafter transfer and convey the Water Facilities to the Company by Bill of Sale, together with a perpetual easement for the maintenance thereof, both documents to be prepared and approved by the Company. Applicant shall furnish any document pertaining to ownership and title as may be requested by Company including documents which evidence or confirm transfer of possession to Company, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant. All risk or loss of the water facilities shall be with the Applicant until written acceptance by the Company, or any portions thereof. Applicant shall repair or cause to be repaired promptly, and at no cost to Company, all damage to the Water Facilities caused by Applicant's construction operations until all construction in development for Applicant has been completed. Applicant acknowledges that Company has the right to, and may in the future, connect its existing or future water systems to the Water Facilities.

2. Section 2 of the Agreement is deleted in its entirety.

3. Section 8 of the Agreement is revised to provide that the Applicant shall pay any additional costs incurred as the result of design changes made or caused by any of the persons or entities named therein and shall hold Company harmless therefrom.

4. It is further agreed that the Applicant will advise all contractors asked to bid the construction of the Water Facilities that Applicant will assign to the Company the duty of inspecting the installation of the Water Facilities for compliance with the Company's current Construction Specifications & Standard Specification Drawings, as referenced in Section 1 of this Addendum. If requested by Company, Applicant shall "oversize" the Water Facilities as specified by Company. Company shall reimburse Applicant for the differential in material prices of the oversized pipe and appurtenances, versus the material prices of the pipe and appurtenances as specified by the Company in the approved plans.

The Applicant agrees to require the contractor which will be installing the Water Facilities to arrange for and attend a pre-construction conference with the Company's Division Manager at least two weeks prior to commencing construction of the Water Facilities. Applicant shall obtain from the Company a signed Commencement Notice before construction of the Water Facilities begins. Applicant's contractor shall comply with the Company's inspection and testing requirements for Water Facilities. Applicant shall give Company adequate notice when the Water Facilities are ready for inspection and testing.

The Company specifically reserves the right to withhold final acceptance of the Water Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Company upon inspection and testing. Applicant agrees that it will promptly correct all material defects and deficiencies in construction, materials and workmanship upon request by Company made subsequent to inspection by Company and for one year following Company's written final acceptance of the Water Facilities in accordance with the terms of this Agreement.

Applicant hereby assumes the entire responsibility and liability for injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence or willful acts or omissions of Applicant, its agent, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith. Accordingly, Applicant will indemnify and hold harmless the Company, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage caused by the active or passive negligence or willful acts or omissions of Applicant, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith; and in case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicant's own expense and will pay all judgements rendered therein. In connection therewith, the Applicant shall maintain in full force and effect insurance at no less than the following minimum amounts:

WORKER'S COMPENSATION

In accordance with requirements of the laws of the State of Arizona.

COMPREHENSIVE GENERAL LIABILITY
(Including contractual liability covering death, bodily injury and property damage)

Combined single limit of not less than \$1,000,000 for each occurrence.

AUTOMOTIVE LIABILITY
(Including owned, non-owned and hired vehicles)

Combined single limit of not less than \$1,000,000 for each occurrence.

Such insurance shall name the Company, its officers, agents, and employees as additional insured and be primary for all purposes.

The Company will at all times have the right to require that all of such insurance be placed with insurance companies that are satisfactory to it. The Applicant shall file with the Company a

certificate evidencing that each policy of insurance for the above coverages in the minimum amounts specified has been purchased and is in good standing.

Such certificate shall provide that notice be given to the Company at least thirty (30) days prior to cancellation or material change in the form of such policies or any of them. Such certificates shall be kept on file by the Company and the Company must have current certificates on file, or a certificate must accompany any bid proposal, before that proposal will be accepted by the Company.

It is agreed that the Company is not an agent for Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent for the Company and shall not incur any costs or expenses on behalf of the Company.

5. Applicant shall, within 60 days of operational acceptance of Water Facilities by Company, furnish Company with: (a) copies of all bills, invoices and other statements of expenses incurred by Applicant covering all of the costs of materials, equipment, supplies, construction and installation of the Water Facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Water Facilities; (c) receipts, specifying exact amount of payments in full by Applicant to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities; and, (d) 4-mil mylar "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and showing the locations, materials, sizes and pertinent construction details for Water Facilities.

6. Upon final acceptance, Company will provide water service to the Subdivision in accordance with the rates, charges and conditions set forth in the tariffs of Company as filed with the Arizona Corporation Commission. Those rates are subject to change from time to time upon action by the Commission.

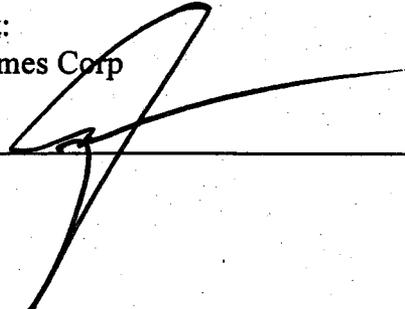
7. Applicant agrees that the completion of the Water Facilities will be timed so as to enable Company to provide water service to the Subdivision as such service is requested.

Except as set forth herein, and except as necessary to give effect hereto, the Agreement remains in full force and effect and is unmodified.

Company:
Arizona Water Company

By: 

Applicant:
Pulte Homes Corp

By: 



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

Page 1 Of 1

ADEQ File No: 20060605	LTF No: 40756
System Name: Az Water Co - C.G.	System Number: 11009
Project Owner: Pulte Homes	
Address: 15111 N. Pima Rd., #100, Scottsdale, AZ 85260	
Project Location: C.G.	County: Pinal
Description: INSTALL AN OFFSITE WATER DISTRIBUTION SYSTEM CONSISTING OF APPROXIMATELY 8522 LF OF 16" DIP AND 87 LF OF 12" DIP TO SERVE SADDLE CREEK II.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 4 continued on page 1 through 1

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

Reviewed by: AQ1

By: _____

Kwame Agyare
Kwame A. Agyare, P.E.
Manager, Drinking Water and
Wastewater Engineering Review
Water Quality Division

8/17/06
Date

cc: File No : 20060605
Regional Office: Central
Owner: Pulte Homes
County Health Department: Pinal
Engineer: M2 Group
Planning and Zoning/Az Corp. Commission
Engineering Review Database - Etr021

ARIZONA DEPARTMENT OF WATER RESOURCES**Office of Assured and Adequate Water Supply**2nd Floor, 3550 N. Central Ave., Phoenix, AZ 85012

Telephone 602 771-8585

Fax 602 771-8689

Janet Napolitano
GovernorHerbert R. Guenther
Director

July 26, 2006

VIA CERTIFIED MAIL

Evan Schube
Cornerstone Saddle Creek
1630 S. Stapley Dr., Suite 223
Mesa, AZ 85204**Re: Certificate of Assured Water Supply
Saddle Creek II
DWR File No. 27-401828.0000**

Dear Mr. Schube:

The Department of Water Resources has determined that the criteria for an Assured Water Supply pursuant to A.R.S. § 45-576 and A.A.C. R12-15-701 *et seq.* have been met, and therefore the Director has decided to issue Assured Water Supply Certificate No. 27-401828.0000. Arizona Water Company - Casa Grande will provide water supply to the lots. The source of supply will be groundwater. Based on current information, the Department has determined that the subdivision's total projected demand is 468.97 acre-feet per year for 144 lots, and the groundwater allowance is 64.72 acre-feet per year. The Certificate is attached. The Department suggests you record your Certificate of Assured Water Supply in the appropriate county recorders office. This will provide you with a permanent public record of the Certificate.

This determination is applicable only to the person or entity specified on the Certificate and for the plat reviewed by the Department. Information used in evaluating this application is available for review in the Department's files. Please contact us if questions arise.

Pursuant to A.R.S. § 41-1092.03, the Department is notifying you that the Director's determination and decision to issue the Certificate is an appealable agency action. You are entitled to appeal this action. If you wish to appeal this action, you must file a written appeal within thirty (30) days from receipt of this letter. I am providing you with a summary of the appeal process and an appeal form, should you elect to pursue this option.

Sincerely,

Douglas W. Dunham, Manager
Office of Assured and Adequate Water SupplyDD/pmn
Enclosures

Page 2

Subdivision Name: Saddle Creek II

File Number: 27-401828.0000

Cliff Neal

CAGR

P.O. Box 43020

Phoenix, AZ 85080-3020

Drew Swieczkowski, Hydrology Division

Pinal AMA Division

**STATE OF ARIZONA
DEPARTMENT OF WATER RESOURCES
CERTIFICATE OF ASSURED WATER SUPPLY**

This is to certify that

Cornerstone Signal Peak LLC, an Arizona limited liability company

has met the requirements of A.R.S. §§ 45-576, 45-579, and the applicable regulations, and

By powers vested in the Director of the Arizona Department of Water Resources by the State of Arizona, and subject to the conditions contained in the applicable regulations,

Is issued this Certificate of Assured Water Supply for

**Saddle Creek II
Section 03 Township 06 South, Range 07 East
GSRB&M Pinal County, Pinal Active Management Area**

Sufficient water of adequate quality will be continuously available to satisfy the water demand of the referenced subdivision for at least one hundred years. The referenced subdivision consists of **144 lots** as described in the preliminary plat on file with the Department, and has an estimated water demand of **468.97 acre-feet per year**. The subdivision will be served groundwater by **Arizona Water Company - Casa Grande**.

This Certificate is invalid as to any entity not named above. A subsequent owner of the referenced property may apply for a new certificate pursuant to A.A.C. R12-15-708, within 90 days of the change of ownership. This Certificate may be assigned pursuant to A.R.S. § 45-579.

Certificate Number: 27-401828.0000



ARIZONA DEPARTMENT OF WATER RESOURCES

Sandra Lahrub Whitney
Assistant Director

7/26/2006
Date