

ORIGINAL NEW APPLICATION



0000068176

BEFORE THE ARIZONA CORPORATION COMMISSION
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2007 MAY 17 P 12: 14

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Arizona Corporation Commission

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MAY 17 2007

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IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-07-_____

SW-03575A-07-0300
W-03576A-07-0300

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-07-_____

**APPLICATION FOR EXTENSION
OF CERTIFICATES OF
CONVENIENCE AND NECESSITY**

Santa Cruz Water Company, L.L.C. ("Santa Cruz") and Palo Verde Utilities Company, L.L.C. ("Palo Verde")(collectively "Global Utilities"),¹ apply to the Arizona Corporation Commission ("Commission") for approval of an extension of their respective Certificates of Convenience and Necessity ("CC&Ns") to include the areas (the "Extension Area") set forth on the attached legal descriptions (Exhibit 1). These extensions are necessary at this time to ensure that adequate water and wastewater facilities are in place and that service is available for the residents that will be located within the Extension Area. The Global Utilities are qualified and prepared to provide the necessary facilities and service to the Extension Area. In support of this Application, the Global Utilities state:

¹ Currently, Palo Verde and Santa Cruz have applications to transfer their assets and CC&Ns from LLCs to Corporations in Docket Nos. SW-20445A-06-0155, W-20445A-06-0155, SW-03575A-06-0155 and W-03575A-06-0155. The hearing on those applications took place January 12, 2007. Should the Commission approve those applications, then Global Water – Palo Verde Utilities Company and Global Water – Santa Cruz Water Company (both Arizona "C" Corporations) should replace Palo Verde and Santa Cruz in this application.

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1 1. The Extension Area is poised for development. However, the aquifer in this region
2 has a limited supply capability. Thus, water conservation is imperative in the Extension Area.
3 Groundwater conservation can be achieved through the “triad of conservation”: (1) reusing
4 reclaimed water for non-potable uses such as irrigating landscaping and flushing toilets; (2)
5 recharging excess reclaimed water and surface water into the aquifer to the maximum extent
6 feasible; and (3) where surface water supplies are reasonably available, introducing renewable
7 surface water sources to the maximum feasible extent. The Global Utilities are recognized leaders
8 in water conservation in Arizona, and they have employed the triad of conservation in their service
9 areas. Through the triad of conservation strategy, the Global Utilities have achieved remarkable
10 reductions in average groundwater use as compared to traditional providers in Pinal County.

11 2. The Extension Area is near to the Global Utilities’ existing service area and to
12 planned extensions of that area. CHI Construction Company has received zoning approval and has
13 preliminary plat approval for an approximately 3,800-lot DR Horton Legends development
14 (“Legends”). Legends is approximately 7,000 acres in Pinal County, Arizona, about 6 miles west
15 of Casa Grande. About 1,400 acres (the “Santa Cruz Extension Area”) out of the 7,000 acres are
16 not certificated to any water provider; and about 3,300 acres (the “Palo Verde Extension Area”)
17 out of 7,000 acres are not certificated to any wastewater provider. It is those areas that the Global
18 Utilities are seeking be included within their respective certificated areas. A copy of CHI
19 Construction Company’s (“CHI”) request for service to the Global Utilities is attached as Exhibit
20 2. A map of the Santa Cruz Extension Area is attached as Exhibit 3. A map of the Palo Verde
21 Extension Area is attached as Exhibit 4.

22 3. Global Water Resources, LLC (“Global Parent”) recently acquired the equity of CP
23 Water Company and Francisco Grande Utilities Company. The Global Utilities do not request that
24 the proximity of Francisco Grande and CP be used as a factor in their favor in this case. The
25 material in this paragraph is provided for background information only. Approximately 1,300
26 acres of Legends appears to be within CP Water’s certificated area (water only CC&N).
27 Approximately 3,800 acres of Legends appears to be within Francisco Grande’s certificated area

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1 (water and wastewater CC&Ns). Global Parent will be filing applications to transfer the assets and
2 CC&Ns from CP Water and Francisco Grande to Santa Cruz and Palo Verde respectively in the
3 near future. To the extent that part of Legends area is within the certificated areas of CP Water and
4 Francisco Grande, Legends will receive service from those entities unless and until the transfer is
5 approved. Legends is aware, however, that Global Parent intends to request that the Commission
6 approve the transfer the assets and the CC&Ns of CP Water and Francisco Grande to Santa Cruz
7 and Palo Verde. Legends is supportive of those transfers so that Santa Cruz and Palo Verde would
8 serve the entire development. This is stated in Exhibit 2, which is the CHI's letter requesting
9 service.

10 4. The Global Utilities are Arizona public service corporations authorized to provide
11 service within portions of Pinal County, Arizona. The Global Utilities, or their predecessors,
12 received their CC&Ns from the Commission in Decision No. 61943 (September 17, 1999);
13 Decision No. 66394 (October 6, 2003); Decision No. 67240 (September 23, 2004); Decision No.
14 67830 (May 5, 2005); and Decision No. 68448 (February 2, 2006). In addition, the Global
15 Utilities received an Order Preliminary for the "387 District" areas in Decision No. 68498
16 (February 23, 2006).

17 5. Santa Cruz serves approximately 13,607 water customers.

18 6. Palo Verde serves approximately 13,450 wastewater customers.

19 7. The Santa Cruz Extension Area is comprised of approximately 1,400 acres and the
20 Palo Verde Extension Area is comprised of approximately 3,300 acres. As noted above, the legal
21 description for the Extension Area is shown on Exhibit 1, and a map of the Santa Cruz Extension
22 Area is attached as Exhibit 3, while a map of the Palo Verde Extension Area is attached as Exhibit

23 4.

24 8. The management contact for Santa Cruz and Palo Verde is:

25 Mr. Graham Symmonds
26 Senior Vice President
27 Global Water Management
21410 North 19th Avenue, Suite 201

Phoenix, Arizona 85027.
(623) 580-9600.

9. The operators of record for Santa Cruz and Palo Verde are:

<u>Name of Utility</u>	<u>Certification</u>	<u>Name</u>	<u>Operator ID</u>	<u>Phone Number</u>
Santa Cruz	Treatment	Shawneen Michaud	22374	(623) 580-9600
Santa Cruz	Distribution	Joel Wade	06327	(623) 580-9600
Palo Verde	Treatment	Manny Molina	23232	(623) 580-9600
Palo Verde	Collection	Joel Wade	06327	(623) 580-9600

The Global Utilities' field operations personnel are located at:

Global Water Center
22590 North Powers Parkway
Maricopa, Arizona 85239.
(520) 568-1593.

9. The Global Utilities' attorneys are:

Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

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

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

With a copy to:

Mr. Graham Symmonds
Senior Vice President
Global Water Management
21410 North 19th Avenue, Suite 201
Phoenix, Arizona 85027

10. Certificates of Good Standing for Santa Cruz Water Company and Palo Verde Utilities Company are attached as Exhibits 5 and 6, respectively. The officers of the Santa Cruz

1 Water Company and Palo Verde Utilities Company are: (1) Trevor T. Hill, President; and (2)
2 Cindy Liles, Secretary.

3 11. The customers located in the Extension Area will receive water, wastewater and
4 reclaimed water service subject to Global Utilities' current rates and charges for utility service,
5 which were approved by the Commission in Decision No. 61943 (September 17, 1999).

6 12. Attached as Exhibit 7 is an Engineering Memorandum which discusses the
7 additional facilities planned to serve the Extension Area. Attached to the Engineering
8 Memorandum are diagrams showing the planned facilities for the Extension Area. In addition, the
9 projected costs of facilities to serve the Extension Area for each of the first five years is shown on
10 schedules attached to the Engineering Memorandum.

11 13. Santa Cruz's balance sheet and profit and loss information for the 12-month period
12 ending December 31, 2006 is attached as Exhibit 8. Palo Verde's balance sheet and profit and loss
13 information for the 12-month period ending December 31, 2006 is attached as Exhibit 9.

14 14. Santa Cruz estimates that it will add approximately 200 customers per year for the
15 next five years, or about 16 to 17 customers per month. Palo Verde estimates that it will add about
16 300 customers in the first year, or about 25 customers per month for the first twelve months. For
17 the subsequent four years, Palo Verde estimates that it will add about 200 customers per year or
18 about 16 to 17 customers per month. Accordingly, the estimated numbers of customers for each of
19 the first five years of service in the Extension Area are:

Year	Santa Cruz	Palo Verde
1	200	300
2	400	500
3	600	700
4	800	900
5	1,000	1,100

1 15. Shareholder equity and advances in aid of construction will fund the cost of the
2 construction of facilities needed to serve Extension Area.

3 16. The Global Utilities will need to amend their franchise from Pinal County to serve
4 the Extension Area. The Global Utilities have applied for, and do not anticipate any difficulties in
5 obtaining, such amendment. The amendment to the franchise will be submitted in this docket once
6 obtained.

7 17. Copies of the Arizona Department of Environmental Quality ("ADEQ") approvals
8 to construct facilities in the Extension Area will be provided to the Commission when they are
9 issued.

10 18. The Global Utilities will provide all necessary and required notice. Proof of
11 publication of notice will be filed with the Commission in this docket once a procedural order is
12 issued in this docket. Likewise, once the Commission issues a procedural order specifying the
13 desired form of notice, the Global Utilities will provide the notice to all landowners of record
14 within the Extension Area.

15 19. This Application is in the public interest and should be granted because, among
16 other things, there is a pressing need for consolidated, regionally-designed water, wastewater and
17 reclaimed water service in this area of Pinal County. The Global Utilities are in the best position
18 to extend and provide service to the Extension Area because of the proximity of their existing
19 facilities, the expertise of their personnel and their financial stability. The Global Utilities'
20 existing customers will benefit as the cost of providing water and wastewater service is spread
21 over a larger customer base, as well as through of economies of scale.

22 20. The extension of the CC&Ns is also in the public interest because the Global
23 Utilities are at the forefront of water reclamation and re-use. Palo Verde has instituted a policy
24 requiring every existing and future section of land to construct reclaimed water retention structures
25 (integrated irrigation impoundments) and reclaimed water distribution systems and to provide
26 reclaimed water for all open spaces, schools, homeowner association irrigation and lakes within
27 the Extension Area. In addition, Palo Verde is advancing other re-use opportunities, including:

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1 industrial/commercial/agricultural uses; flush water use in commercial and industrial building;
2 residential re-use; and recharge/recovery.

3 21. Santa Cruz's most recent ADEQ compliance report is attached as Exhibit 10. Palo
4 Verde's most recent ADEQ compliance report is attached as Exhibit 11.

5 WHEREFORE, Santa Cruz and Palo Verde respectfully request that the Commission:

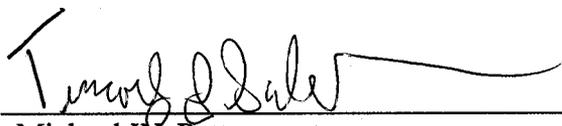
6 A. Schedule a hearing on this Application as soon as possible; and thereafter

7 B. Issue a final order:

- 8 1. finding that it is in the public interest to extend Santa Cruz's CC&N to
9 include the Santa Cruz Extension Area;
- 10 2. finding that it is in the public interest to extend Palo Verde's CC&N to
11 include the Palo Verde Extension Area;
- 12 3. ordering that Santa Cruz's CC&N be extended to include the Santa Cruz
13 Extension Area;
- 14 4. ordering that Palo Verde's CC&N be extended to include the Palo Verde
15 Extension Area; and
- 16 5. granting such other and further relief as may be appropriate under the
17 circumstances herein.

18 RESPECTFULLY SUBMITTED this 17th day of May, 2007.

19 ROSHKA DEWULF & PATTEN, PLC

20
21 By 

22 Michael W. Patten
23 Timothy J. Sabo
24 One Arizona Center
25 400 East Van Buren Street, Suite 800
26 Phoenix, Arizona 85004
27

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1 Original + 15 copies of the foregoing
2 filed this 17th day of May 2007, with:

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed
8 this 17th day of May 2007, to:

9 Lyn A. Farmer, Esq.
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 Christopher C. Kempley, Esq.
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, Arizona 85007

20 Ernest G. Johnson, Esq.
21 Director, Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

25 Debbie Amual
26
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Exhibit	Description
1	Legal Description
2	Request for Service
3	Map of Santa Cruz Extension Area
4	Map of Palo Verde Extension Area
5	Certificate of Good Standing for Santa Cruz Water Company
6	Certificate of Good Standing for Palo Verde Utilities Company
7	Engineering Memorandum (attachments include cost estimates)
8	Santa Cruz financial statements for 2006
9	Palo Verde financial statements for 2006
10	Most recent ADEQ compliance report for Santa Cruz
11	Most recent ADEQ compliance report for Palo Verde

EXHIBIT 1

**GENERAL LEGAL DESCRIPTION
CC&N EXPANSION AREA FOR
SANTA CRUZ WATER COMPANY
PINAL COUNTY, ARIZONA**

TOWNSHIP 6 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE NORTHEAST QUARTER OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE SOUTH 115.5 FEET THEREOF.

PARCEL 2

THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE EAST HALF OF SECTION 5, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THAT PART LYING NORTH OF THE SOUTHERN PACIFIC RAILROAD.

PARCEL 2

THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 200 FEET THEREOF.

PARCEL 3

THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA;

EXCEPT THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 5;
THENCE SOUTH 89 DEGREES 54 MINUTES EAST, ALONG THE NORTH BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 1302.9 FEET;

THENCE SOUTH 1 DEGREES 30 MINUTES 30 SECONDS WEST, ALONG THE EAST BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 287.8 FEET;
THENCE SOUTH 89 DEGREES 59 MINUTES WEST, A DISTANCE OF 1305.8 FEET;
THENCE NORTH 2 DEGREES 03 MINUTES 30 SECONDS EAST, ALONG THE WEST BOUNDARY OF SAID SECTION 5, A DISTANCE OF 290.3 FEET TO THE POINT OF BEGINNING.

PARCEL 4

THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET THEREOF.

PARCEL 5

THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET OF THE EAST HALF OF THE SOUTHWEST QUARTER.

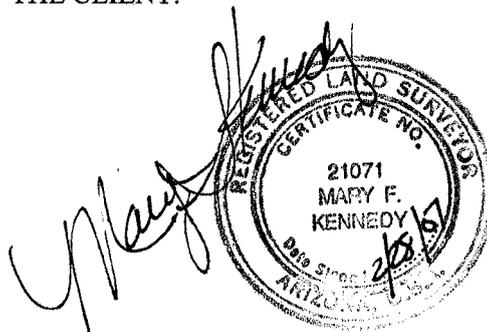
PARCEL 6

THE SOUTHWEST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

CONTAINING APPROXIMATELY 1,494 ACRES, MORE OR LESS.
THIS AREA IS NOT BASED ON A FIELD SURVEY, BUT BASED ON DATA FURNISHED BY THE CLIENT.



**GENERAL LEGAL DESCRIPTION
CC&N EXPANSION AREA FOR
PALO VERDE UTILITIES COMPANY
PINAL COUNTY, ARIZONA**

TOWNSHIP 6 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE EAST HALF OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE SOUTH 115.5 FEET OF THE NORTHEAST QUARTER OF SECTION 1, AND, EXCEPT THE NORTH 140 FEET OF THE SOUTHEAST QUARTER OF SECTION 1.

PARCEL 2

THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE EAST HALF OF SECTION 5, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THAT PART LYING NORTH OF THE SOUTHERN PACIFIC RAILROAD.

PARCEL 2

THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 200 FEET THEREOF.

PARCEL 3

THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA;

EXCEPT THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 5;

THENCE SOUTH 89 DEGREES 54 MINUTES EAST, ALONG THE NORTH BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 1302.9 FEET;
THENCE SOUTH 1 DEGREES 30 MINUTES 30 SECONDS WEST, ALONG THE EAST BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 287.8 FEET;
THENCE SOUTH 89 DEGREES 59 MINUTES WEST, A DISTANCE OF 1305.8 FEET;
THENCE NORTH 2 DEGREES 03 MINUTES 30 SECONDS EAST, ALONG THE WEST BOUNDARY OF SAID SECTION 5, A DISTANCE OF 290.3 FEET TO THE POINT OF BEGINNING.

PARCEL 4

THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET THEREOF.

PARCEL 5

THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET OF THE EAST HALF OF THE SOUTHWEST QUARTER, AND EXCEPT THE NORTH 140 FEET OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 6.

PARCEL 6

ALL OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

ALL OF SECTION 8, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 8

THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 9

THAT PART OF THE NORTHEAST QUARTER LYING WEST AND THAT PART OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE CORNER OF SECTION 8,9, 16 AND 17, TOWNSHIP 6 SOUTH,
RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN;
THENCE SOUTH 89 DEGREES 55 MINUTES 45 SECONDS WEST 238.59 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 65 DEGREES 48 MINUTES 47 SECONDS WEST, 525.30 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 46 DEGREES 41 MINUTES 10 SECONDS WEST, 170.77 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 37 DEGREES 11 MINUTES 12 SECONDS WEST, 174.15 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 31 DEGREES 21 MINUTES 01 SECONDS WEST, 887.35 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF KORTSEN ROAD AND
ESTANQUILLO AVENUE;
THENCE NORTH 62 DEGREES 06 MINUTES 29 SECONDS WEST, 637.15 FEET ALONG
THE CENTER OF ESTANQUILLO AVENUE TO A POINT AT THE CENTER OF THE
INTERSECTION OF ESTANQUILLO AVENUE AND CASTILLO DRIVE;
THENCE SOUTH 23 DEGREES 42 MINUTES 40 SECONDS WEST, 145.87 FEET TO A
POINT ON THE CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 27 DEGREES 45 MINUTES WEST, 152.99 FEET, TO A POINT ON THE
CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 33 DEGREES 04 MINUTES 44 SECONDS WEST, 120.15 FEET TO A
POINT ON THE CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 38 DEGREES 10 MINUTES 58 SECONDS WEST, 208.87 FEET TO A
POINT ON THE CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 44 DEGREES 50 MINUTES 04 SECONDS WEST, 146.78 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF CASTILLO DRIVE AND COCHISE
DRIVE;
THENCE SOUTH 42 DEGREES 59 MINUTES 38 SECONDS EAST, 92.11 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 39 DEGREES 27 MINUTES 53 SECONDS EAST, 174.64 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 34 DEGREES 49 MINUTES 58 SECONDS EAST, 116.33 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 30 DEGREES 45 MINUTES 52 SECONDS EAST, 119.33 FET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 24 DEGREES 30 MINUTES 29 SECONDS EAST, 295.98 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 21 DEGREES 46 MINUTES 30 SECONDS EAST, 156.81 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF COCHISE DIRVE AND FINALY
ROAD;
THENCE SOUTH 68 DEGREES 09 MINUTES 23 SECONDS WEST, 118.50 FEET TO A
POINT ON THE CENTERLINE OF FINALY ROAD;
THENCE SOUTH 65 DEGREES 57 MINUTES 22 SECONDS WEST, 216.74 FEET TO A
POINT ON THE CENTERLINE OF FINALY ROAD;
THENCE SOUTH 61 DEGREES 49 MINUTES 45 SECONDS WEST, 233.69 FEET TO A
POINT ON THE CENTERLINE OF FINALY ROAD;
THENCE SOUTH 59 DEGREES 35 MINUTES 05 SECONDS WEST, 99.97 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF FINALY ROAD AND FIESTA
DRIVE;

THENCE NORTH 34 DEGREES 47 MINUTES 25 SECONDS WEST, 78.57 FEET TO
A POINT ON THE CENTERLINE OF FIESTA DRIVE;
THENCE SOUTH 45 DEGREES 09 MINUTES 29 SECONDS WEST, 81.02 FEET TO THE
CENTER OF SECTION 17.

PARCEL 10

THE NORTHEAST QUARTER AND THE NORTHWEST QUARTER OF SECTION 30,
TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND
MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH HALF OF THE NORTHEAST QUARTER, AND

EXCEPT THE NORTH HALF OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF
THE NORTHEAST QUARTER.

CONTAINING APPROXIMATELY 3,327 ACRES, MORE OR LESS. THIS AREA IS NOT
BASED ON A FIELD SURVEY, BUT BASED ON DATA FURNISHED BY THE CLIENT.



EXHIBIT 2

D·R·HORTON®
America's Builder
Continental Series

February 27, 2007

Ms. Cindy Liles
Senior Vice President and CFO
Global Water Management, LLC
21410 North 19th Avenue, Suite 201
Phoenix AZ 85027

Re: *Request for Water and Wastewater Services*

Dear Ms. Liles:

CHI Construction Company owns approximately 7,000 acres in Pinal County, Arizona, approximately 6 miles west of the central area of the City of Casa Grande. The development is bounded generally by Corrales Road to the east, Maricopa/Casa Grande Highway to the north, Russell Road to the west and ½ mile south of Highway 84 to the south. The legal description for the property is attached as Exhibit A. We have recently annexed a major portion of the development into the City of Casa Grande, received zoning approval and have preliminary plat approval for approximately 3,800 lots.

CHI Construction Company is requesting water and wastewater service for this development. It is our understanding that part of the development is already included in the certificated areas of both CP Water Company and Francisco Grande Utility Company. We are aware that Global Water Resources, LLC recently acquired the equity in both utilities. We are requesting service from CP Water Company and Francisco Grande Utility Company. Should the CC&N's transfer from CP Water Company and Francisco Grande Utility Company to Santa Cruz Water Company and Palo Verde Utilities Company, we are requesting water and wastewater service from Santa Cruz Water Company and Palo Verde Utilities Company.

Approximately 1,400 acres of the 7,000 acres fall within an uncertificated area and has no water provider. The legal description for this area is attached as Exhibit B. We are requesting that this area be included in your next available expansion of service areas for Santa Cruz Water Company. Approximately 3300 acres of the 7000 acres fall within an uncertificated area and has no wastewater provider. The legal description for this area is attached as Exhibit C. We are requesting that this area be included in your next available expansion service area for Palo Verde Utilities Company.

Ms. Cindy Liles
February 27, 2007
Page 2

Please feel free to contact me should you need additional information.

Sincerely,

CHI CONSTRUCTION COMPANY

A handwritten signature in cursive script, appearing to read "Roger Pryor".

Roger Pryor
Vice President

RP/eva

EXHIBIT A
LAND

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Exhibit A

Parcel No. 1:

Lots 1, 2 and 5 and the Southwest quarter of the Northeast quarter of Section 1, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the South 115.5 feet of said Lot 5; and also
Except the South 115.5 feet of the said Southwest quarter of the Northeast.

Parcel No. 2:

Lots 6 and 7 and the West half of the Southeast quarter of Section 1, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 140 feet of said Lot 6; and also
Except the North 140 feet of the said West half of the Southeast quarter.

Parcel No. 3:

Lots 3 and 4 and the West half of the Southeast quarter and the Southwest quarter of Section 12, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except roadway as granted in Deed recorded in Book 69 of Deeds, page 291.

Parcel No. 4:

The Northeast quarter of Section 12, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except all coal and other mineral deposits, as reserved in the Patent.

Parcel No. 5:

Section 13, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except roadway as granted in Deed recorded in Book 69 of Deeds, page 291; and

Except that portion described as follows:

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Commencing at the North quarter corner of said Section 13, said point being a ½" rebar tagged "LS 4399" from which the Northeast closing corner of Section 13 bears North 89°59'50" West, 2556.35 feet, said point being a 2" brass cap on a 2" galvanized pipe marked "LS 4399 C.C. 1978";

Thence along the West line of the Northeast quarter of said Section 13 South 00°10'45" East, 240.00 feet to the TRUE POINT OF BEGINNING;

Thence parallel with and 240.00 feet South of the North line of the Northeast quarter of said Section 13, South 89°59'50" East, 1499.75 feet to a ½" rebar tagged "RLS 35545" for the Northeast corner of this parcel;

Thence South 00°00'10" West, 1610.00 feet to a ½" rebar tagged "RLS 35545" for the Southeast corner of this parcel;

Thence North 89°59'50" West, 2299.75 feet to a ½" rebar tagged "RLS 35545" for the Southwest corner of this parcel;

Thence North 00°00'10" East, 1610 feet to a ½" rebar tagged "RLS 35545" for the Northwest corner of this parcel;

Thence South 89°59'50" East, 800.00 feet to the TRUE POINT OF BEGINNING.

Parcel No. 6:

The Northeast quarter and the Northwest quarter and the Southeast quarter of Section 23, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except all coal and other materials in said Northwest quarter as reserved in the Patent; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, page 272.

Parcel No. 7:

Section 24, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of the Southeast quarter of the Southeast quarter of the Southeast quarter thereof; and

Except all coal and other materials in the West half of said Section 24, as reserved in the Patent; and

Except roadway as granted in Deed recorded in Book 53 of Deeds, pages 253 and 254.

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Parcel No. 8:

The North half of Section 25, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of the Northeast quarter of the Northeast quarter thereof.

Parcel No. 9:

The North half of Section 26, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the West half of the Northwest quarter of the Northwest quarter thereof; and also

Except the North half of the Northwest quarter of the Southwest quarter of the Northwest quarter thereof; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, page 277.

Parcel No. 10:

DELETED

Parcel No. 11:

DELETED

Parcel No. 12:

DELETED

Parcel No. 13:

The East half of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except that part lying North of the Southern Pacific Railroad; and also

Except reservations of the minerals in or under that when mined or extracted therefrom shall be equal in value to one per cent of the net smelter returns on all ores, concentrates and precipitates mined and shipped from said property as reserved in Warranty Deed recorded in Docket 1037, page 454.

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Parcel No. 14:

The East half of the Southwest quarter of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 200 feet thereof.

Parcel No. 15:

The West half of the Southwest quarter of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except that portion described as follows:

Beginning at the West quarter corner of said Section 5;

Thence South 89 degrees 54 minutes East, along the North boundary of said West half of the Southwest quarter of Section 5, a distance of 1302.9 feet;

Thence South 1 degree 30 minutes 30 seconds West, along the East boundary of said West half of the Southwest quarter of Section 5, a distance of 287.8 feet;

Thence South 89 degrees 59 minutes West, a distance of 1305.8 feet;

Thence North 2 degrees 03 minutes 30 seconds East, along the West boundary of said Section 5, a distance of 290.3 feet to the Point of Beginning.

Parcel No. 16:

The Southeast quarter of Section 6, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 300 feet thereof.

Parcel No. 17:

Lots 6 and 7 and the East half of the Southwest quarter of Section 6, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 300 feet of the said East half of the Southwest quarter, and also
Except the North 140 feet of said Lot 6.

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POLICY NO.: PROFORMA-0275

Parcel No. 18:

The Northeast quarter and Lots 1 and 2 and the East half of the Northwest quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Lots 743, 1150, 1151, 1152, 1153, 1154, and 1322 of Desert Carmel Section "R", according to plat recorded in Book 14 of Maps, page 33, records of Pinal County, Arizona; and also

Except streets, alleys and drainage ways abutting said excepted lots.

Parcel No. 19:

Lots 3 and 4 and the East half of the Southwest quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 20:

The Southeast quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Lots 2, 3, 4, 16, 27, 28, 40, 62, 65, 83, 84, 97, 102, 104, 119, 129, 142, 151, 152, 154, 156, 157, 164, 170, and 171, Desert Carmel Section "T", per plat recorded in Book 13 of Maps and plats at page 59, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots; and also

Except Lots 196, 204, 207, 232, 244, 249, 250, 283, 292, 329, 332 and 337, Desert Carmel Section "T", per plat recorded in Book 13 of Maps and plats at page 70, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots; and also

Except Lots 349, 355, 397, 401, 416, 428, 437, 438, 516, 529, 530, 547, 603, 611, 632, 642, 648, and 659, Desert Carmel Section "T", per plat recorded in Book 14 of Maps and plats at page 15, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots.

Parcel No. 21:

The Northeast quarter of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Parcel No. 22:

The West half and the Southeast quarter and the West half of the Northeast quarter and the Southeast quarter of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Candlestick Drive as dedicated on plat of Desert Carmel Section "N", according to Book 14 of Maps, page 11, records of Pinal County, Arizona; and also

Except Lots 139, 163, 194, 240, 247, 302, 395 and 427 of Desert Carmel Section "N", per plat recorded in Book 14 of Maps and plats at page 11, records of Pinal County, Arizona; and also

Except streets, alleys and drainage ways abutting said excepted lots; and also

Except any portion of Parcels 21 and 22 lying within the following described property:

That portion of the East half of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Beginning at the Northeast corner of said Section 8;

Thence South 00 degrees 24 minutes 58 seconds West along the East line of said Section 8, 1327.62 feet to the North sixteenth corner of the Northeast quarter of said Section 8;

Thence North 75 degrees 57 minutes 47 seconds West, a distance of 136.06 feet to the Point of Beginning;

Thence South 6 degrees 30 minutes 00 seconds West, a distance of 220.00 feet to a point;

Thence North 83 degrees 30 minutes 00 seconds West, a distance of 360.00 feet to a point;

Thence North 6 degrees 30 minutes 00 seconds East, a distance of 220.00 feet to a point;

Thence South 83 degrees 30 minutes 00 seconds East, a distance of 360.00 feet to the Point of Beginning.

Parcel No. 23:

The Northwest quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Candlestick Drive as dedicated on plat of Desert Carmel Section "F", according to Book 15 of Maps, page 4, records of Pinal County, Arizona; and also

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POLICY NO.: PROFORMA-0275

Except Lots 79, 502, 503, 505, 506, 553, 592, 595 and 596 of Desert Carmel Section "F", according to Book 15 of Maps, page 4, records of Pinal County, Arizona.

Parcel No. 24:

The Southwest quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 25:

That part of the Northeast quarter lying West and that part of the Northeast quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, lying North of the following described line:

Beginning at the corner of Section 8, 9, 16 and 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, the center of a steel manhole cover;

Thence South 89 degrees 55 minutes 45 seconds West, 238.59 feet, to a point on the centerline of Kortsen Rd.;

Thence South 65 degrees 48 minutes 47 seconds West, 525.30 feet, to a point on the centerline of Kortsen Rd.;

Thence South 46 degrees 41 minutes 10 seconds West, 170.77 feet, to a point on the centerline of Kortsen Rd.;

Thence South 37 degrees 11 minutes 12 seconds West, 174.15 feet, to a point on the centerline of Kortsen Rd.;

Thence South 31 degrees 21 minutes 01 seconds West, 887.35 feet, to a point at the center of the intersection of Kortsen Rd. and Estanquillo Ave.

Set an iron post, 3/4 inch diameter, 18 inches in the ground set flush with the ground;

Thence North 62 degrees 06 minutes 29 seconds West, 637.15 feet along the center of Estanquillo Ave. to a point at the center of the intersection of Estanquillo Ave. and Castillo Dr.

Set an iron post, 3/4 inch diameter, 18 inches in the ground, set flush with the ground;

Thence South 23 degrees 42 minutes 40 seconds West, 145.87 feet, to a point on the centerline of Castillo Dr.;

Thence South 27 degrees 45 minutes West, 152.99 feet, to a point on the centerline of Castillo Dr.;

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Thence South 33 degrees 04 minutes 44 seconds West, 120.15 feet, to a point on the centerline of Castillo Dr.;

Thence South 38 degrees 10 minutes 58 seconds West, 208.87 feet, to a point on the centerline of Castillo Dr.;

Thence South 44 degrees 50 minutes 04 seconds West, 146.78 feet, to a point at the center of the intersection of Castillo Dr. and Cochise Dr.

Set an iron post, 3/4 inch in diameter, 18 inches in the ground, set flush with the ground;

Thence South 42 degrees 59 minutes 38 seconds East, 92.11 feet, to a point on the centerline of Cochise Dr.;

Thence South 39 degrees 27 minutes 53 seconds East, 174.64 feet, to a point on the centerline of Cochise Dr.;

Thence South 34 degrees 49 minutes 58 seconds East, 116.33 feet, to a point on the centerline of Cochise Dr.;

Thence South 30 degrees 45 minutes 52 seconds East 119.33 feet, to a point on the centerline of Cochise Dr.;

Thence South 24 degrees 30 minutes 29 seconds East 295.98 feet, to a point on the centerline of Cochise Dr.;

Thence South 21 degrees 46 minutes 30 seconds East, 156.81 feet, to a point at the center of the intersection of Cochise Dr and Finaly Rd;

Set an iron post, 3/4 inch diameter, 18 inches in the ground, set flush with the ground;

Thence South 68 degrees 09 minutes 23 seconds West, 118.50 feet, to a point on the centerline of Finaly Rd.;

Thence South 65 degrees 57 minutes 22 seconds West, 216.74 feet, to a point on the centerline of Finaly Rd.;

Thence South 61 degrees 49 minutes 45 seconds West, 233.69 feet, to a point on the centerline of Finaly Rd.;

Thence South 59 degrees 35 minutes 05 seconds West, 99.97 feet, to a point at the center of the intersection of Finaly Rd and Fiesta Dr.;

Set an iron post, 3/4 inch diameter, 18 inches in the ground, set flush with the ground;

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Thence North 34 degrees 47 minutes 25 seconds West, 78.57 feet, to a point on the centerline of Fiesta Dr.;

Thence South 45 degrees 09 minutes 29 seconds West, 81.02 feet to the center of Section 17, an iron post, 3/4 inch diameter, 18 inches in the ground, set flush with the ground;

Together with any portions of any lots owned by Grantor herein in the Desert Carmel Subdivisions situated in the Northeast quarter of said Section 17 which extend into the Northwest quarter of Section 17;

Less and excepting from Parcel 25 above all the following:

A. Candlestick Drive as dedicated on plat of Desert Carmel Section "N", per plat recorded in Book 14 of Maps, page 11, records of Pinal County, Arizona;

B. Lot 427, Desert Carmel Section "F", per plat recorded in Book 15 of Maps, page 4, records of Pinal County, Arizona; and

C. Lots 163, 194, 240, 247, 302, 395 and 427, Desert Carmel Section "N", per plat recorded in Book 14 of Maps and plats at page 11, records of Pinal County, Arizona; and

Excepting streets, alleys, drainage ways abutting said excepted lots.

Parcel No. 26:

Section 18, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 27:

Section 19, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of Lot 4; and also

Except the East half of the Southwest quarter of the Southeast quarter; and also

Except the Southeast quarter of the Southeast quarter; and also

Except all minerals and mining rights as reserved in Warranty Deed recorded in Docket 926, page 805.

Parcel No. 28:

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

The Northeast quarter and Lots 1 and 2 and the East half of the Northwest quarter of Section 30,
Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North half of the Northeast quarter of the Northeast quarter; and also

Except the North half of the South half of the Northeast quarter of the Northeast quarter; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, pages 216 and 283.

PARCEL NO. 29:

Lots 503 and 595, Section F, DESERT CARMEL, according to Book 15 of Maps, page 4, records of
Pinal County, Arizona.

PARCEL NO. 30:

Lots 139 and 247, Section N, DESERT CARMEL, according to Book 14 of Maps, page 11, records of
Pinal County, Arizona.

PARCEL NO. 31:

Lots 743, 1150, 1151, 1152, 1153, 1154 and 1322, Section R, DESERT CARMEL, according to Book 14
of Maps, page 33, records of Pinal County, Arizona.

PARCEL NO. 32:

Lots 16, 119 and 142, Section T, DESERT CARMEL, according to Book 13 of Maps, page 59, records of
Pinal County, Arizona.

PARCEL NO. 33:

Lots 196, 207, 232, 244 and 249, Section T, DESERT CARMEL, according to Book 13 of Maps, page
70, records of Pinal County, Arizona.

PARCEL NO. 34:

Lots 349, 530, 547, 603 and 611, Section T, DESERT CARMEL, according to Book 14 of Maps, page
15, records of Pinal County, Arizona.

EXHIBIT B

**GENERAL LEGAL DESCRIPTION
CC&N EXPANSION AREA FOR
SANTA CRUZ WATER COMPANY
PINAL COUNTY, ARIZONA**

TOWNSHIP 6 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE NORTHEAST QUARTER OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE SOUTH 115.5 FEET THEREOF.

PARCEL 2

THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE EAST HALF OF SECTION 5, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THAT PART LYING NORTH OF THE SOUTHERN PACIFIC RAILROAD.

PARCEL 2

THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 200 FEET THEREOF.

PARCEL 3

THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA;

EXCEPT THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 5;
THENCE SOUTH 89 DEGREES 54 MINUTES EAST, ALONG THE NORTH BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 1302.9 FEET;

THENCE SOUTH 1 DEGREES 30 MINUTES 30 SECONDS WEST, ALONG THE EAST BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 287.8 FEET;

THENCE SOUTH 89 DEGREES 59 MINUTES WEST, A DISTANCE OF 1305.8 FEET;
THENCE NORTH 2 DEGREES 03 MINUTES 30 SECONDS EAST, ALONG THE WEST BOUNDARY OF SAID SECTION 5, A DISTANCE OF 290.3 FEET TO THE POINT OF BEGINNING.

PARCEL 4

THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET THEREOF.

PARCEL 5

THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET OF THE EAST HALF OF THE SOUTHWEST QUARTER.

PARCEL 6

THE SOUTHWEST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

CONTAINING APPROXIMATELY 1,494 ACRES, MORE OR LESS.
THIS AREA IS NOT BASED ON A FIELD SURVEY, BUT BASED ON DATA FURNISHED BY THE CLIENT.

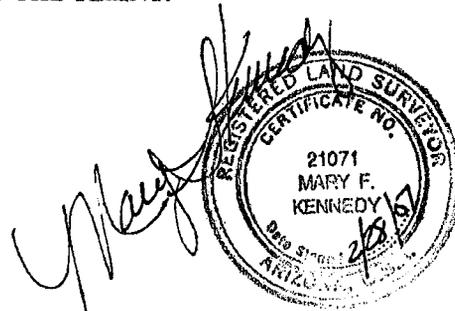


EXHIBIT C

**GENERAL LEGAL DESCRIPTION
CC&N EXPANSION AREA FOR
PALO VERDE UTILITIES COMPANY
PINAL COUNTY, ARIZONA**

TOWNSHIP 6 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE EAST HALF OF SECTION 1, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE SOUTH 115.5 FEET OF THE NORTHEAST QUARTER OF SECTION 1, AND,
EXCEPT THE NORTH 140 FEET OF THE SOUTHEAST QUARTER OF SECTION 1.

PARCEL 2

THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 12, TOWNSHIP 6 SOUTH, RANGE 4 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

TOWNSHIP 6 SOUTH, RANGE 5 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

PARCEL 1

THE EAST HALF OF SECTION 5, TOWNSHIP 6 SOUTH RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THAT PART LYING NORTH OF THE SOUTHERN PACIFIC RAILROAD.

PARCEL 2

THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 200 FEET THEREOF.

PARCEL 3

THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA;

EXCEPT THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 5;

THENCE SOUTH 89 DEGREES 54 MINUTES EAST, ALONG THE NORTH BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 1302.9 FEET;
THENCE SOUTH 1 DEGREES 30 MINUTES 30 SECONDS WEST, ALONG THE EAST BOUNDARY OF SAID WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, A DISTANCE OF 287.8 FEET;
THENCE SOUTH 89 DEGREES 59 MINUTES WEST, A DISTANCE OF 1305.8 FEET;
THENCE NORTH 2 DEGREES 03 MINUTES 30 SECONDS EAST, ALONG THE WEST BOUNDARY OF SAID SECTION 5, A DISTANCE OF 290.3 FEET TO THE POINT OF BEGINNING.

PARCEL 4

THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET THEREOF.

PARCEL 5

THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH 300 FEET OF THE EAST HALF OF THE SOUTHWEST QUARTER, AND EXCEPT THE NORTH 140 FEET OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 6.

PARCEL 6

ALL OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 7

ALL OF SECTION 8, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 8

THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

PARCEL 9

THAT PART OF THE NORTHEAST QUARTER LYING WEST AND THAT PART OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE CORNER OF SECTION 8,9, 16 AND 17, TOWNSHIP 6 SOUTH,
RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN;
THENCE SOUTH 89 DEGREES 55 MINUTES 45 SECONDS WEST 238.59 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 65 DEGREES 48 MINUTES 47 SECONDS WEST, 525.30 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 46 DEGREES 41 MINUTES 10 SECONDS WEST, 170.77 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 37 DEGREES 11 MINUTES 12 SECONDS WEST, 174.15 FEET TO A
POINT ON THE CENTERLINE OF KORTSEN ROAD;
THENCE SOUTH 31 DEGREES 21 MINUTES 01 SECONDS WEST, 887.35 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF KORTSEN ROAD AND
ESTANQUILLO AVENUE;
THENCE NORTH 62 DEGREES 06 MINUTES 29 SECONDS WEST, 637.15 FEET ALONG
THE CENTER OF ESTANQUILLO AVENUE TO A POINT AT THE CENTER OF THE
INTERSECTION OF ESTANQUILLO AVENUE AND CASTILLO DRIVE;
THENCE SOUTH 23 DEGREES 42 MINUTES 40 SECONDS WEST, 145.87 FEET TO A
POINT ON THE CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 27 DEGREES 45 MINUTES WEST, 152.99 FEET, TO A POINT ON THE
CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 33 DEGREES 04 MINUTES 44 SECONDS WEST, 120.15 FEET TO A
POINT ON THE CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 38 DEGREES 10 MINUTES 58 SECONDS WEST, 208.87 FEET TO A
POINT ON THE CENTERLINE OF CASTILLO DRIVE;
THENCE SOUTH 44 DEGREES 50 MINUTES 04 SECONDS WEST, 146.78 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF CASTILLO DRIVE AND COCHISE
DRIVE;
THENCE SOUTH 42 DEGREES 59 MINUTES 38 SECONDS EAST, 92.11 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 39 DEGREES 27 MINUTES 53 SECONDS EAST, 174.64 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 34 DEGREES 49 MINUTES 58 SECONDS EAST, 116.33 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 30 DEGREES 45 MINUTES 52 SECONDS EAST, 119.33 FET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 24 DEGREES 30 MINUTES 29 SECONDS EAST, 295.98 FEET TO A
POINT ON THE CENTERLINE OF COCHISE DRIVE;
THENCE SOUTH 21 DEGREES 46 MINUTES 30 SECONDS EAST, 156.81 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF COCHISE DIRVE AND FINALY
ROAD;
THENCE SOUTH 68 DEGREES 09 MINUTES 23 SECONDS WEST, 118.50 FEET TO A
POINT ON THE CENTERLINE OF FINALY ROAD;
THENCE SOUTH 65 DEGREES 57 MINUTES 22 SECONDS WEST, 216.74 FEET TO A
POINT ON THE CENTERLINE OF FINALY ROAD;
THENCE SOUTH 61 DEGREES 49 MINUTES 45 SECONDS WEST, 233.69 FEET TO A
POINT ON THE CENTERLINE OF FINALY ROAD;
THENCE SOUTH 59 DEGREES 35 MINUTES 05 SECONDS WEST, 99.97 FEET TO A
POINT AT THE CENTER OF THE INTERSECTION OF FINALY ROAD AND FIESTA
DRIVE;

THENCE NORTH 34 DEGREES 47 MINUTES 25 SECONDS WEST, 78.57 FEET TO
A POINT ON THE CENTERLINE OF FIESTA DRIVE;
THENCE SOUTH 45 DEGREES 09 MINUTES 29 SECONDS WEST, 81.02 FEET TO THE
CENTER OF SECTION 17.

PARCEL 10

THE NORTHEAST QUARTER AND THE NORTHWEST QUARTER OF SECTION 30;
TOWNSHIP 6 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER BASE AND
MERIDIAN, PINAL COUNTY, ARIZONA,

EXCEPT THE NORTH HALF OF THE NORTHEAST QUARTER, AND

EXCEPT THE NORTH HALF OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF
THE NORTHEAST QUARTER.

CONTAINING APPROXIMATELY 3,327 ACRES, MORE OR LESS. THIS AREA IS NOT
BASED ON A FIELD SURVEY, BUT BASED ON DATA FURNISHED BY THE CLIENT.

Mary F. Kennedy



EXHIBIT 3



GLOBAL WATER

Santa Cruz Water Company CC&N Extension Legends

ARIZONA
238

ARIZONA
84

T 6S R 4E

T 6S R 5E

T 7S R 4E

T 7S R 5E



CP Water Existing CC&N



Francisco Water & Wastewater Existing CC&N



Legends



Water CC&N Extension (1,494 acres)

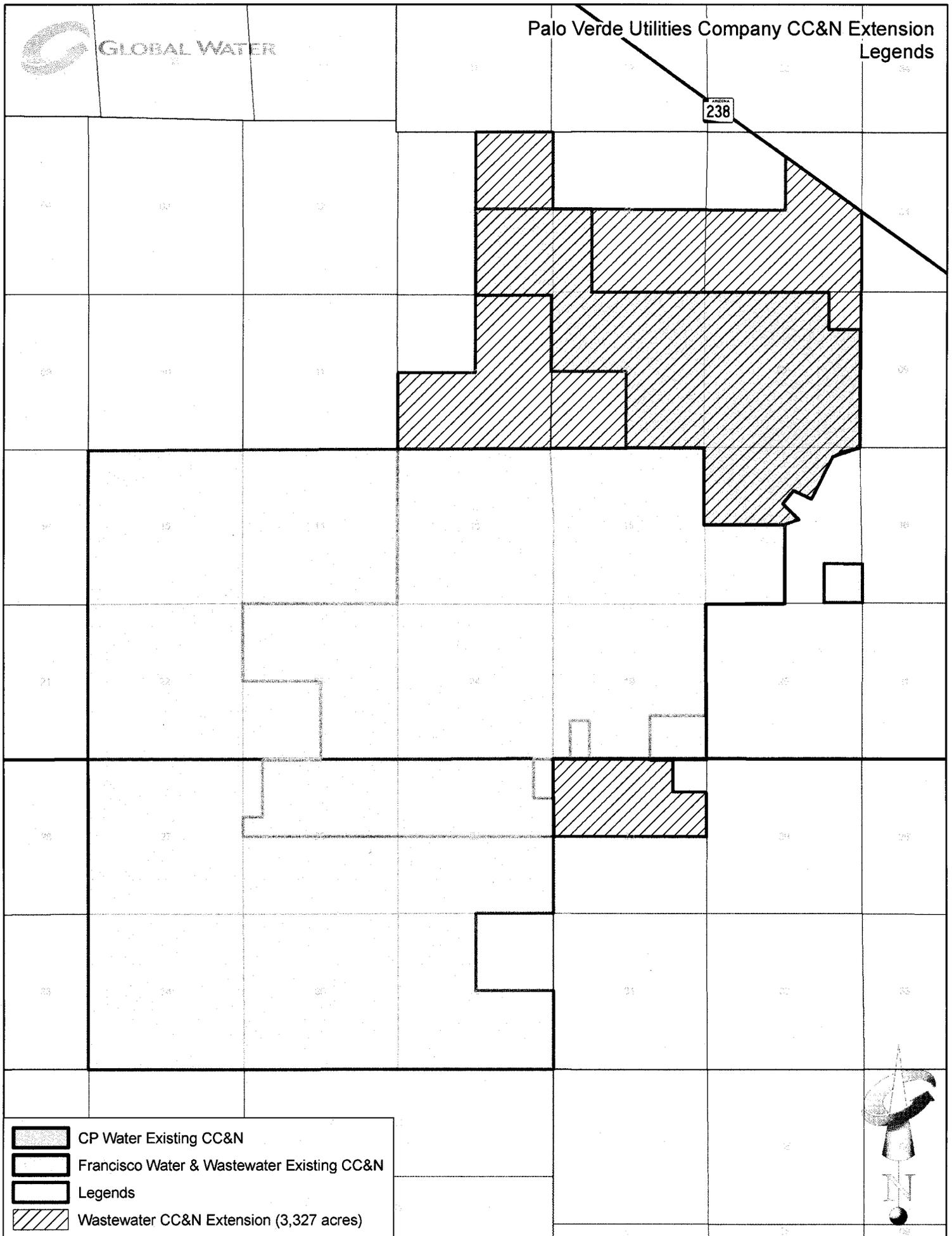


EXHIBIT 4



Palo Verde Utilities Company CC&N Extension Legends

ARIZONA
238



-  CP Water Existing CC&N
-  Francisco Water & Wastewater Existing CC&N
-  Legends
-  Wastewater CC&N Extension (3,327 acres)

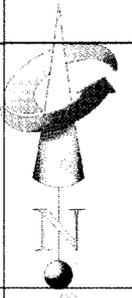


EXHIBIT 5

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

*****SANTA CRUZ WATER COMPANY, LLC*****

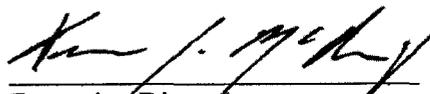
a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 15th day of June 2001.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 16th Day of May, 2007, A. D.




Executive Director

Order Number: 144183

EXHIBIT 6

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

*****PALO VERDE UTILITIES COMPANY, LLC*****

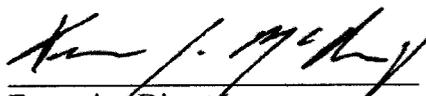
a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 15th day of June 2001.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 16th Day of May, 2007, A. D.




Executive Director

Order Number: 144186

EXHIBIT 7



MEMORANDUM

March 1, 2007

Re: Santa Cruz Water Company
Palo Verde Utilities Company
Water and Wastewater Services CC&N Extension to Serve DR Horton's Legends

This memorandum defines the service requirements of the extension areas required to serve DR Horton's Legends development. On December 31, 2006, Global Water Resources, LLC, purchased the assets of the Francisco Grande Utility Company and CP Water Company, and have filed under docket(s) xxxxxx to transfer these CC&Ns to Santa Cruz Water Company (SCWC) and Palo Verde Utilities Company (PVUC).

The SCWC extension service area includes approximately 1,494 acres in western Pinal County with an estimated 5,229 equivalent dwelling units at buildout. The PVUC extension service area includes approximately 3,327 acres for an estimated 11,645 equivalent dwelling units at buildout. Exhibit 3 ("Drawing Number EXH-01") shows the proposed water and sewer systems that will be constructed to serve Phase 1 of the Legends.

Absorption Rates and Cost Estimates

Table with 4 columns: Year/Buildout, Water DUs, Wastewater DUs, and Cost. Rows include Year 1-5 and Buildout.

Water Production

In order to meet the water demand, new infrastructure will be designed and constructed. There are numerous agricultural wells in the proposed service area that are under consideration for conversion to potable water wells.



Exhibit 6 (“Drawing No.1, Water Segment Responsibility”), was used as the basis to identify the water infrastructure needs for the extension area. Please see the Infrastructure tables for the production calculations and costs of infrastructure for years 1-5, and buildout.

This production capacity will be met through the Global Water Well Rehabilitation Program¹, with the potential to introduce renewable surface water supplies to the area. The proximity of the area to the CAP canal system allows for the potential development of surface water treatment facilities should the service area expand sizably to warrant the investment in surface water treatment.

Wells with arsenic and nitrate levels below the Primary Drinking Water Standards will be given priority, and as necessary, blending will be used to achieve compliance.

Wastewater

Exhibit 7 (“Drawing No.2, Wastewater Segment Responsibility”), was used as the basis to identify the sewer infrastructure needs for the extension area. Please see the Infrastructure tables for the capacity calculations and costs of infrastructure for years 1-5, and buildout. Wastewater will be treated at Campus 1 WRF until such time as the capacity demands in Legends dictate the construction of Campus 7.

Reclaimed Water

Exhibit 7 (“Drawing No.2, Wastewater Segment Responsibility”), was used as the basis to identify the reclaimed water infrastructure needs for the extension area, which replicates the line locations of the sewer. As is Global’s practice in its PVUC and SCWC service areas, reuse and seasonal recharge of excess A+ reclaimed water are integral to the regional plan, and indeed are imperative to sustain and protect our precious water resources. Accordingly, builders will be subject to Global’s land-use Code of Practice in order to maximize direct re-use opportunities. Global Parent’s regulated utilities are aggressively promoting the use of reclaimed water to serve golf courses, open spaces, school fields, homeowner association common areas, and irrigation of residential landscaping. In addition, they are pursuing other industrial, commercial, agricultural, and residential uses for reclaimed water, including for flush water use in commercial and industrial buildings. Excess A+ reclaimed water after reuse will be recharged.

Included in the table of infrastructure is an itemization and costs for the reclaimed water system necessary to serve the CC&N extension area.

The estimated costs for buildout are as follows:

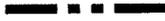
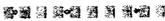
Water Buildout	\$7,510,455
Wastewater Buildout	\$24,027,520
Reclaimed Water Buildout	\$3,129,213

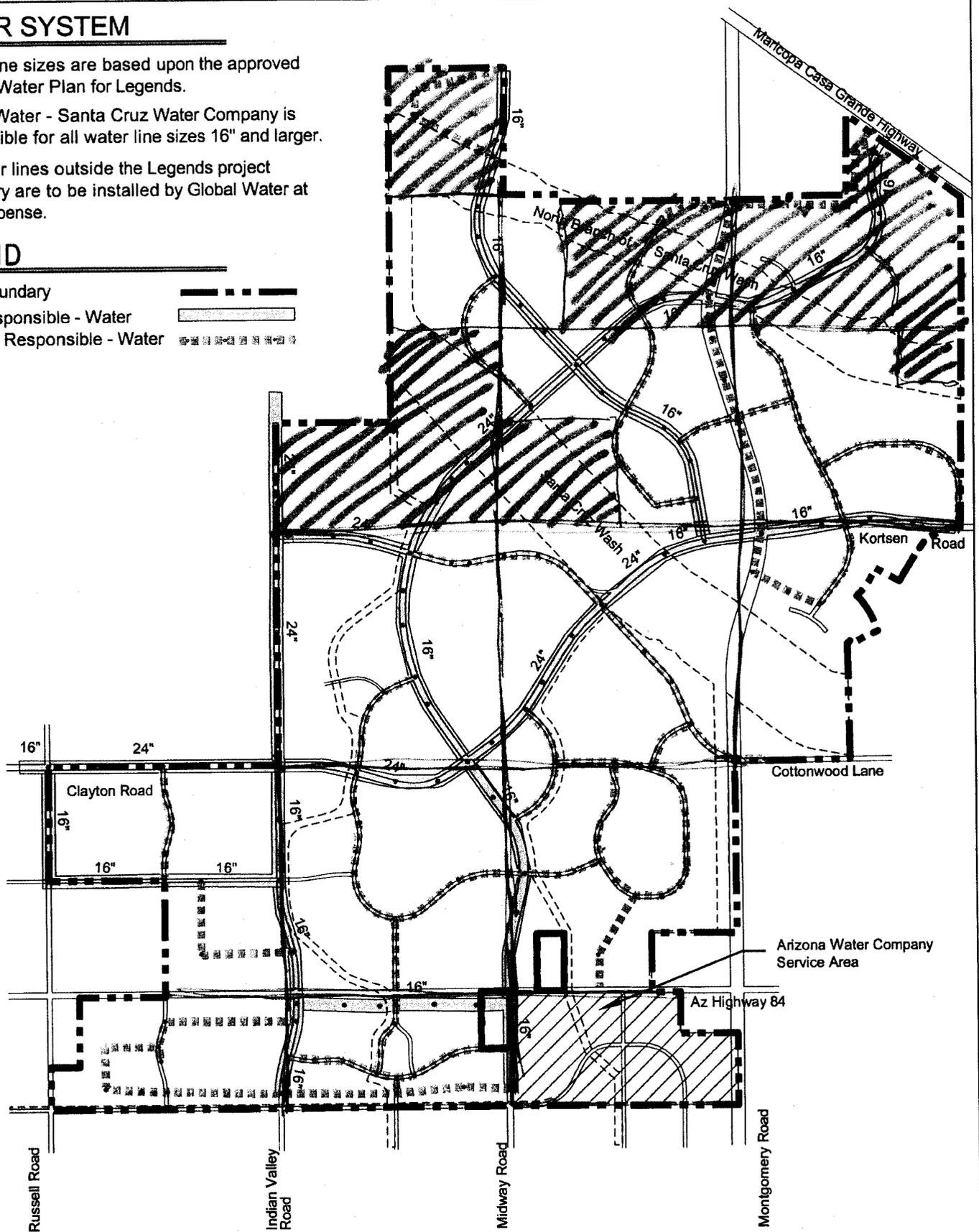
¹ The ACC is aware of our extensive well assessment program in the PVUC North and Southwest existing service areas, most recently seen as supporting information in our approved Southwest extension, decision number 68448, February 2, 2006 and included in the pending South East Service Area expansion presently under consideration (Docket W01445A-06-0199/SW-03575A-05-0926/W-03576A-05-0926). An identical approach will be followed in extension service area.

WATER SYSTEM

1. Water line sizes are based upon the approved Master Water Plan for Legends.
2. Global Water - Santa Cruz Water Company is responsible for all water line sizes 16" and larger.
3. All water lines outside the Legends project boundary are to be installed by Global Water at their expense.

LEGEND

- Project Boundary 
- Global Responsible - Water 
- DR Horton Responsible - Water 



DWG. NO. 1	CMX PROJ: 7128	DATE: OCT-2008	SCALE: 1"=300'
DESIGNED: NS	DRAWING BC/AMP	APPROVED: AP	
REV.			
SHT. 1 OF 2			

LEGENDS
 CASA GRANDE, ARIZONA
 WATER SEGMENT RESPONSIBILITY

	7740 N. 16TH ST. STE. 100
	PHOENIX, AZ 85020
	PHONE: (602) 567-1800
	FAX: (602) 567-1901
www.cmxinc.com	
CHARTERS • PLANNERS • LANDSCAPE ARCHITECTS • SURVEYORS • CONSTRUCTION MANAGERS	

WASTEWATER SYSTEM

1. Wastewater line sizes are based upon the approved Master Wastewater Plan for Legends.
2. Global Water - Palo Verde Utility Company LLC is responsible for all wastewater line sizes 15" and larger.
3. All wastewater lines outside of the Legends project boundary are to be installed by Global Water at their expense.

LEGEND

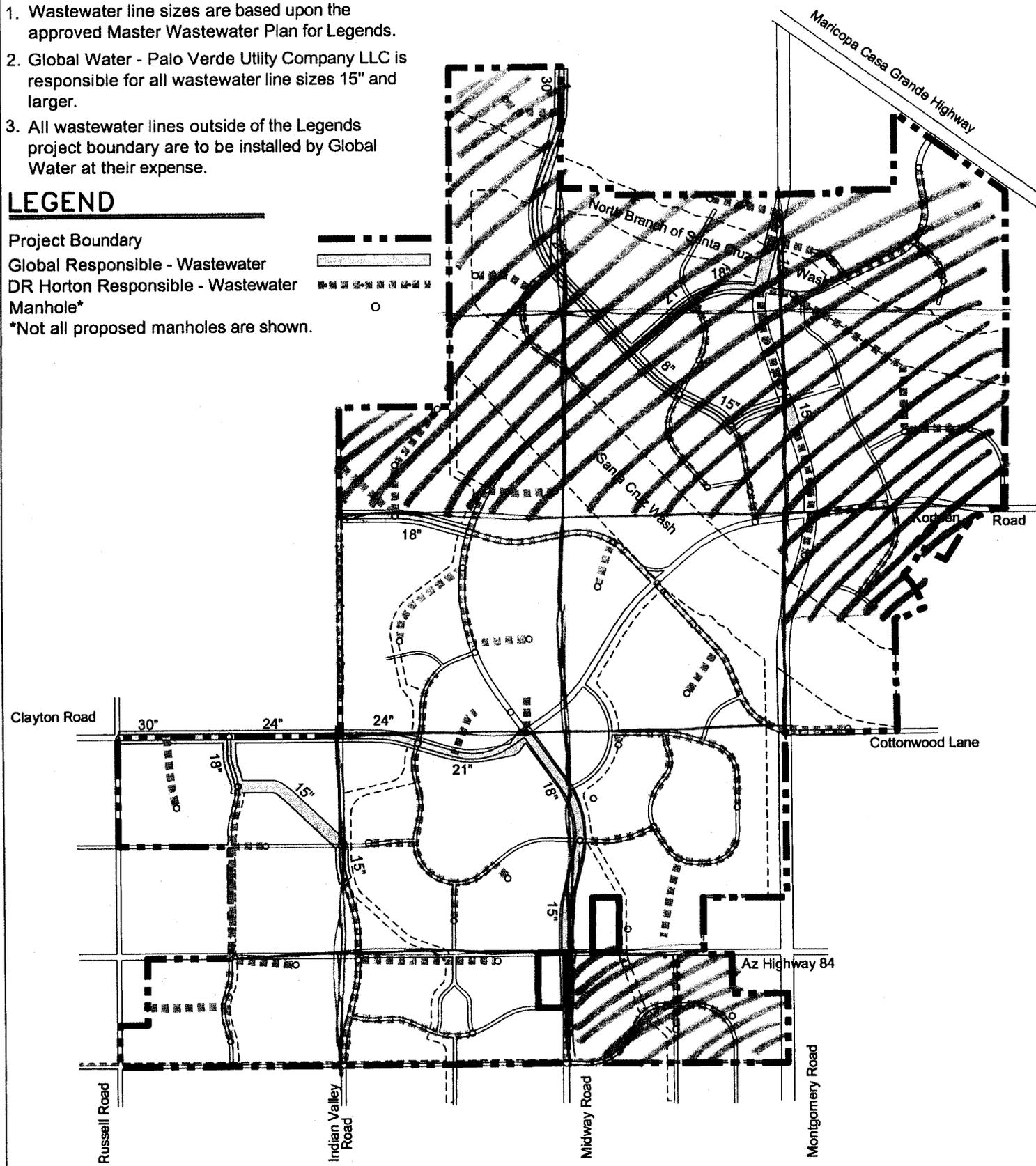
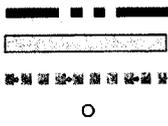
Project Boundary

Global Responsible - Wastewater

DR Horton Responsible - Wastewater

Manhole*

*Not all proposed manholes are shown.



DWG. NO. 2	CMX PROJ: 7128 DESIGNED: NS REV.	DATE: OCT. 2006 DRAWING: BC/AMP	SCALE: 1"=300' APPROVED: AP
SHT. 2 OF 2			

LEGENDS
CASA GRANDE, ARIZONA
WASTEWATER SEGMENT RESPONSIBILITY

7740 N. 16TH ST. STE. 100
PHOENIX, AZ 85020
PHONE: (602) 567-1900
FAX: (602) 567-1901
www.cmxinc.com

ENGINEERS • PLANNERS • LANDSCAPE ARCHITECTS • SURVEYORS • CONSTRUCTION MANAGERS

SCWC and PVUC Legend Extension Year 1	UNIT	UNIT COST	TOTAL
	DUs		200
WATER INFRASTRUCTURE	LF		
16" WATER DISTRIBUTION MAIN	21120	\$58	\$1,224,960
24" WATER DISTRIBUTION MAIN	5280	\$76	\$401,280
WATER PRODUCTION PLANT	MGD		
0.17 gpm/du	0.05		
Develop 1 well total	1	\$250,000	\$250,000
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	0.17		
Provide 0.25 MGD	0.25	\$125,000	\$31,250
WATER STORAGE	MGD		
355 gpd/du peak mo demand =	0.07		
Firm Capacity* =	0.02		
Storage Requirement	0.05		
plus Fire Flow 0.5 MGD	0.5		
Total storage	0.55		
Build 1 MG Storage	1.00	\$2,300,000	\$2,300,000
Buildout Wastewater	DUs		300
SEWER INFRASTRUCTURE	LF		
15" Collection Main	2640	\$85	\$224,400
18" Collection Main	2640	\$95	\$250,800
21" Collection Main	2,640	\$105	\$277,200
27" Collection Main	1320	\$115	\$151,800
30" Collection Main	1,320	\$156	\$205,920
	10,560		
WRF CAPACITY	MGD		
WRF Capacity needed 187 gpd/du	0.1	\$11,000,000	\$617,100
RECLAIMED WATER			
12" Reclaimed Water Main	10,560	\$45	\$475,200
Recharge Wells Assume each at .33 MGD	0		
TOTAL COST			\$6,409,910

Capacity available at PVUC Campus 1 or 7, but cost associated with this capacity is shown

SCWC and PVUC Legend Extension Year 2	UNIT	UNIT COST	TOTAL
	DUs		400
WATER INFRASTRUCTURE	LF		
16" WATER DISTRIBUTION MAIN		\$58	\$0
24" WATER DISTRIBUTION MAIN		\$76	\$0
WATER PRODUCTION PLANT	MGD		
0.17 gpm/du	0.10		
Have enough capacity with Year 1 well	0	\$250,000	\$0
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	0.34		
	0.34	\$125,000	\$41,948
WATER STORAGE	MGD		
355 gpd/du peak mo demand =	0.14		
Firm Capacity* =	0.05		
Storage Requirement	0.09		
Total storage	0.09		
Have enough storage from Year 1	0.00	\$2,300,000	\$0
Buildout Wastewater	DUs		500
SEWER INFRASTRUCTURE	LF		
15" Collection Main		\$85	\$0
18" Collection Main		\$95	\$0
21" Collection Main		\$105	\$0
27" Collection Main		\$115	\$0
30" Collection Main		\$156	\$0
	0		
WRF CAPACITY	MGD		
WRF Capacity needed 187 gpd/du	0.1	\$11,000,000	\$1,028,500
RECLAIMED WATER			
12" Reclaimed Water Main	0	\$45	\$0
Recharge Wells Assume each at .33 MGD	0		
TOTAL COST			\$1,070,448

Capacity available at PVUC Campus 1 or 7, but cost associated with this capacity is shown

SCWC and PVUC Legend Extension Year 3	UNIT	UNIT COST	TOTAL
	DUs		600
WATER INFRASTRUCTURE	LF		
16" WATER DISTRIBUTION MAIN	10,560	\$58	\$612,480
24" WATER DISTRIBUTION MAIN	2,640	\$76	\$200,640
WATER PRODUCTION PLANT	MGD		
0.17 gpm/du	0.15		
Have enough capacity with Year 1 well	0	\$250,000	\$0
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	0.50		
Provide 0.5 MGD	0.5	\$125,000	\$62,828
WATER STORAGE	MGD		
355 gpd/du peak mo demand =	0.21		
Firm Capacity* =	0.07		
Storage Requirement	0.14		
Total storage	0.14		
Have enough capacity with Year 1 storage	0.00	\$2,300,000	\$0
Buildout Wastewater	DUs		700
SEWER INFRASTRUCTURE	LF		
15" Collection Main	2,376	\$85	\$201,960
18" Collection Main	0	\$95	\$0
21" Collection Main	0	\$105	\$0
27" Collection Main	2,640	\$115	\$303,600
30" Collection Main	2,640	\$156	\$411,840
	7,656		
WRF CAPACITY	MGD		
WRF Capacity needed 187 gpd/du	0.1	\$11,000,000	\$1,439,900
RECLAIMED WATER			
12" Reclaimed Water Main	7,656	\$45	\$344,520
Recharge Wells Assume each at .33 MGD; cumulative total reaches 0.3	1	\$350,000	\$350,000
TOTAL COST			\$3,927,768

Capacity available at PVUC Campus 1 or 7, but cost associated with this capacity is shown

SCWC and PVUC Legend Extension Year 4	UNIT	UNIT COST	TOTAL
	DUs		800
WATER INFRASTRUCTURE	LF		
16" WATER DISTRIBUTION MAIN	0	\$58	\$0
24" WATER DISTRIBUTION MAIN	0	\$76	\$0
WATER PRODUCTION PLANT	MGD		
0.17 gpm/du	0.20		
Have enough capacity with Year 1 well	0	\$250,000	\$0
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	0.67		
	0.67	\$125,000	\$83,708
WATER STORAGE	MGD		
355 gpd/du peak mo demand =	0.28		
Firm Capacity* =	0.10		
Storage Requirement	0.19		
Total storage	0.19		
Build 0.75 additional storage	0.75	\$2,300,000	\$1,725,000
Buildout Wastewater	DUs		900
SEWER INFRASTRUCTURE	LF		
15" Collection Main		\$85	\$0
18" Collection Main		\$95	\$0
21" Collection Main		\$105	\$0
27" Collection Main		\$115	\$0
30" Collection Main		\$156	\$0
	0		
WRF CAPACITY	MGD		
WRF Capacity needed 187 gpd/du	0.2	\$11,000,000	\$1,851,300
RECLAIMED WATER			
12" Reclaimed Water Main	0	\$45	\$0
Recharge Wells Assume each at .33 MGD; cumulative total reaches 0.3	1	\$350,000	\$350,000
TOTAL COST			\$4,010,008

Capacity available at PVUC Campus 1 or 7, but cost associated with this capacity is shown

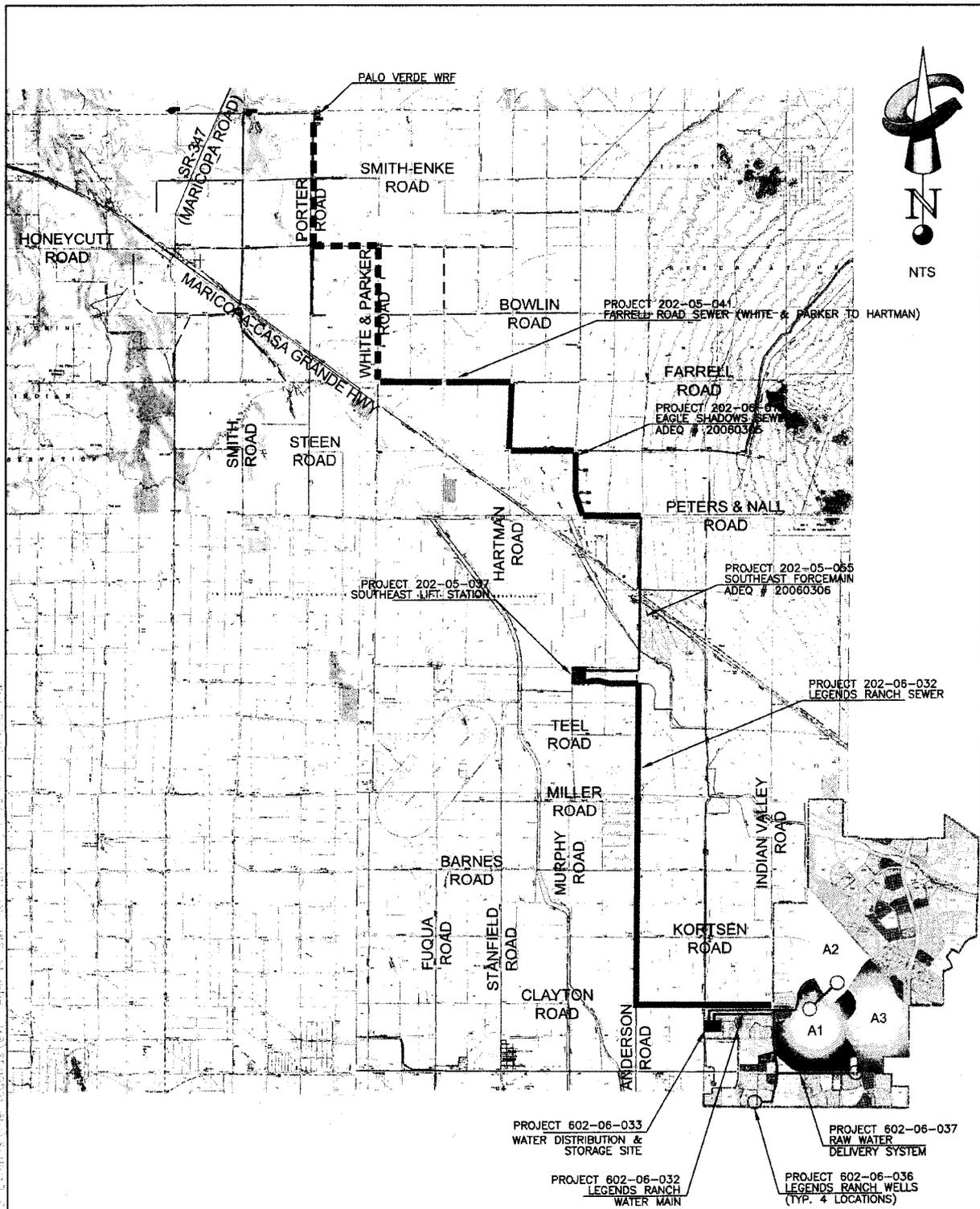
SCWC and PVUC Legend Extension Year 5	UNIT	UNIT COST	TOTAL
	DUs		1000
WATER INFRASTRUCTURE	LF		
16" WATER DISTRIBUTION MAIN	0	\$58	\$0
24" WATER DISTRIBUTION MAIN	0	\$76	\$0
WATER PRODUCTION PLANT	MGD		
0.17 gpm/du	0.24		
Have enough capacity with Year 1 well	0	\$250,000	\$0
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	0.84		
	0.84	\$125,000	\$104,588
WATER STORAGE	MGD		
355 gpd/du peak mo demand =	0.36		
Firm Capacity* =	0.12		
Storage Requirement	0.23		
Total storage	0.23		
Have sufficient Storage	0.00	\$2,300,000	\$0
Buildout Wastewater	DUs		1100
SEWER INFRASTRUCTURE	LF		
15" Collection Main		\$85	\$0
18" Collection Main		\$95	\$0
21" Collection Main		\$105	\$0
27" Collection Main		\$115	\$0
30" Collection Main		\$156	\$0
	0		
WRF CAPACITY	MGD		
WRF Capacity needed 187 gpd/du	0.2	\$11,000,000	\$2,262,700
RECLAIMED WATER			
12" Reclaimed Water Main	0	\$45	\$0
Recharge Wells Assume each at .33 MGD	1	\$350,000	\$218,167
TOTAL COST			\$2,585,454

Capacity available at PVUC Campus 1 or 7, but cost associated with this capacity is shown

SCWC and PVUC Legend Extension Buildout	UNIT	UNIT COST	TOTAL
Buildout	DUs		5229
WATER INFRASTRUCTURE	LF		
16" WATER DISTRIBUTION MAIN	31680	\$58	\$1,837,440
24" WATER DISTRIBUTION MAIN	7920	\$76	\$601,920
WATER PRODUCTION PLANT	MGD		
0.17 gpm/du	1.28		
Develop 2 wells total	2	\$250,000	\$500,000
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	4.37	\$125,000	\$546,095
WATER STORAGE	MGD		
355 gpd/du peak mo demand =	1.86		
Firm Capacity* =	0.64		
Storage Requirement	1.22		
plus Fire Flow 0.5 MGD	0.5		
Total storage	1.75	\$2,300,000	\$4,025,000
Buildout Wastewater	DUs		11645
SEWER INFRASTRUCTURE	LF		
15" Collection Main	5016	\$85	\$426,360
18" Collection Main	2640	\$95	\$250,800
21" Collection Main	2,640	\$105	\$277,200
27" Collection Main	3960	\$115	\$455,400
30" Collection Main	3,960	\$156	\$617,760
	18,216		
WRF CAPACITY	MGD		
WRF Capacity needed 187 gpd/du	2		
Build 2.0 MGD	2.0	\$11,000,000	\$22,000,000
RECLAIMED WATER			
12" Reclaimed Water Main	18,216	\$45	\$819,720
Recharge Wells Assume each at .33 MGD	7	\$350,000	\$2,309,493
TOTAL COST			\$34,667,188

	Water DUs	Wastewater DUs	
Year 1	200	300	\$6,409,910
Year 2	400	500	\$1,070,448
Year 3	600	700	\$3,927,768
Year 4	800	900	\$4,010,008
Year 5	1000	1100	\$2,585,454
Buildout	5229	11645	\$34,667,188

Water Buildout	\$7,510,455
Wastewater Buildout	\$24,027,520
Reclaimed Water Buildout	\$3,129,213



LEGEND

- PROPOSED GRAVITY SEWER
- EXISTING GRAVITY SEWER
- PROPOSED SEWER FORCE MAIN
- PROPOSED RAW WATER
- PROPOSED POTABLE WATER

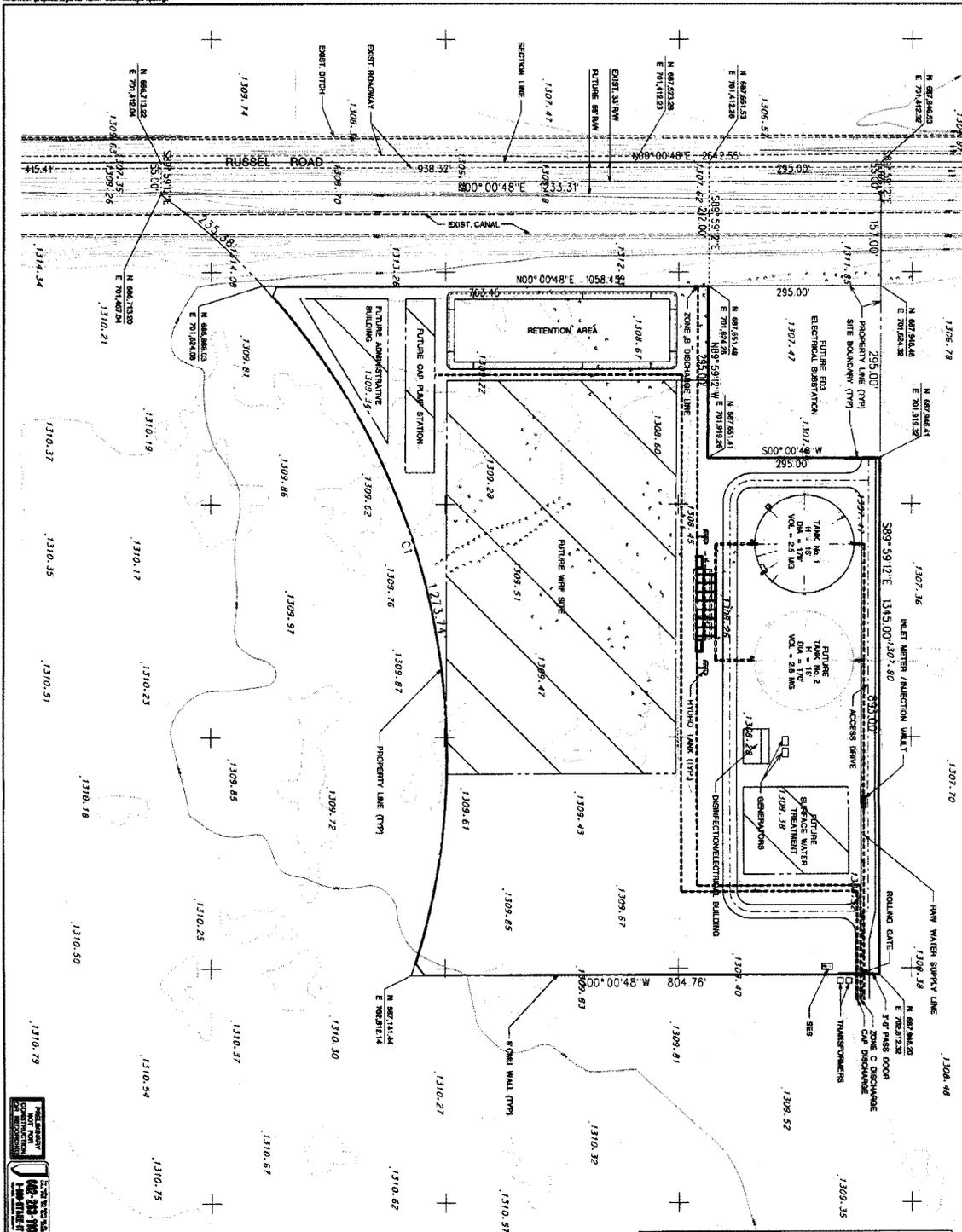
21410 N. 19th Ave. Ste 201 Phoenix, AZ 85027
 Ph: 623.960.8800 Fax: 623.960.8850 www.gwscorpus.com

GLOBAL WATER
 RELIABLE · RENEWABLE · REUSABLE
 21410 N. 19th Ave. Ste 201 Phoenix, AZ 85027
 Ph: 623.960.8800 Fax: 623.960.8850
 www.gwscorpus.com

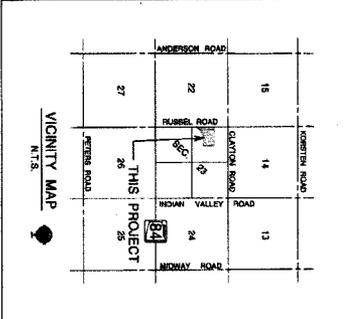
Global Water - Palo Verde Utility Company
Global Water - Santa Cruz Water Company
Legends Ranch CAPEX

Drawn By:	BB	Date:	11/06	Sheet:	1 OF 1
App'vd By:	SL	Date:	11/06	Drawing Number:	
Scale:	NTS				EXH-01

GLOBAL WATER - SANTA CRUZ WATER COMPANY, LLC LEGENDS WATER DISTRIBUTION CENTER PRELIMINARY SITE PLAN



CURVE DATA				
NO.	RADIUS	ARC	DELTA	TANGENT
1	1309.00	1593.18	072°03'00"	872.74
			141°11'53"	5727.50
			24.0° W	



STORM WATER RETENTION CALCULATIONS
 GROSS SITE AREA = 88,360.2 S.F. (2.0 AC. ±)
 VOLUME REQUIRED = 14,884.0 CF
 VOLUME PROVIDED = 14,884.0 CF
 BASH No. 1 = 8,917 CF
 BASH No. 2 = 5,967 CF
 TOTAL VOLUME PROVIDED = 14,884.0 CF

PROJECT NUMBER: 08-001
 SHEET NUMBER: 1100
 DATE: 11/14/08

SCALE: 1" = 50'

GLOBAL WATER
 RELIABLE • RENEWABLE • REUSABLE

NO.	DESCRIPTION	DATE
1	PRELIMINARY CONSTRUCTION	11/14/08
2	REVISED	11/14/08

GLOBAL WATER - SANTA CRUZ WATER COMPANY, LLC
 PINAL COUNTY, AZ.
 PRELIMINARY SITE PLAN
 LEGENDS WATER DISTRIBUTION CENTER

COE & VAN LOO
 4800 NORTH 25TH STREET
 PHOENIX, ARIZONA 85014
 TELEPHONE: (602) 264-6931

EXHIBIT 8

COMPANY NAME: SANTA CRUZ WATER COMPANY

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	46,711	-	46,711
304	Structures and Improvements	414,774	(60,256)	354,518
305	Collection/Impounding Reservoirs	-	-	-
307	Wells and Springs	1,952,158	(100,318)	1,851,840
309	Supply Mains	1,991,453	(75,340)	1,916,113
310	Power Generation Equipment	948	(24)	924
311	Pumping Equipment	3,086,372	(383,226)	2,703,146
320	Water Treatment Equipment	9,593	(1,929)	7,664
330	Distribution Reservoirs and Standpipes	1,367,063	(111,883)	1,255,180
331	Transmission and Distribution Mains	16,788,850	(738,297)	16,050,553
333	Services	1,565,507	(92,760)	1,472,747
334	Meters and Meter Installations	2,605,488	(260,076)	2,345,412
335	Hydrants	1,727,228	(76,242)	1,650,986
336	Backflow Prevention Devices	24,547	(3,872)	20,675
339	Other Plant and Misc. Equipment	103,440	(9,177)	94,263
340	Office Furniture and Equipment	199,657	(74,665)	124,992
341	Transportation Equipment	302,361	(61,777)	240,584
342	Stores Equipment	-	-	-
343	Tools, Shop and Garage Equipment	30,774	(2,381)	28,393
344	Laboratory Equipment	5,964	(1,002)	4,962
345	Power Operated Equipment	-	-	-
346	Communication Equipment	46,576	(12,655)	33,921
347	Miscellaneous Equipment	1,146	(65)	1,081
348	Other Tangible Plant	1,194,752	(94,914)	1,099,838
	TOTALS	33,465,362	(2,160,859)	31,304,503

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME: SANTA CRUZ WATER COMPANY

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	46,711	-	-
304	Structures and Improvements	414,774	3.33%	14,071
305	Collection/Impounding Reservoirs	-	-	-
307	Wells and Springs	1,952,158	3.33%	45,197
309	Supply Mains	1,991,453	2.00%	32,297
310	Power Generation Equipment	948	5.00%	24
311	Pumping Equipment	3,086,372	12.50%	288,223
320	Water Treatment Equipment	9,593	3.33% or 20.00%	301
330	Distribution Reservoirs and Standpipes	1,367,063	2.22% or 5.00%	33,675
331	Transmission and Distribution Mains	16,788,850	2.00%	264,049
333	Services	1,565,507	3.33%	38,789
334	Meters and Meter Installations	2,605,488	8.33%	196,613
335	Hydrants	1,727,228	2.00%	27,240
336	Backflow Prevention Devices	24,547	6.67%	1,689
339	Other Plant and Misc. Equipment	103,440	10.00%	4,828
340	Office Furniture and Equipment	199,657	6.67%	44,031
341	Transportation Equipment	302,361	20.00%	44,144
342	Stores Equipment	-	-	-
343	Tools, Shop and Garage Equipment	30,774	5.00%	1,297
344	Laboratory Equipment	5,964	10.00%	502
345	Power Operated Equipment	-	-	-
346	Communication Equipment	46,576	10.00%	8,241
347	Miscellaneous Equipment	1,146	10.00%	57
348	Other Tangible Plant	1,194,752	10.00%	77,332
	Plus Depreciation on Non-Utility Assets			67,050
	Less: CIAC amortization			-
	TOTALS	33,465,362	-	1,189,650

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME: SANTA CRUZ WATER COMPANY

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 750	\$740
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	655,662	693,653
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	27,570	27,211
173	Accrued Utility Revenue	0	156,985
174	Miscellaneous Current and Accrued Assets	61,264	0
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 745,246	\$878,589
	FIXED ASSETS		
101	Utility Plant in Service	\$ 18,678,398	\$ 33,465,362
103	Property Held for Future Use	0	0
105	Construction Work in Progress	7,465,918	23,369,592
108	Accumulated Depreciation -- Utility Plant	(1,072,511)	(2,160,859)
121	Non-Utility Property	316,541	367,091
122	Accumulated Depreciation -- Non Utility	0	(97,268)
	TOTAL FIXED ASSETS	\$ 25,390,602	\$ 54,943,918
	TOTAL ASSETS	\$ 26,135,851	\$55,822,507

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

COMPANY NAME: SANTA CRUZ WATER COMPANY

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITIES			
231	Accounts Payable	\$ 1,108,614	\$2,029,055
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	983,712	711,020
236	Accrued Taxes	35,041	113,256
237	Accrued Interest	7,083	16,495
241	Miscellaneous Current and Accrued Liabilities	386,725	1,966,572
	TOTAL CURRENT LIABILITIES	\$ 2,521,175	\$4,836,398
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$0	\$0
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$0	\$0
252	Advances in Aid of Construction	7,889,438	14,043,997
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	0	0
272	Less: Amortization of Contributions	0	0
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	\$ 7,889,438	\$14,043,997
	TOTAL LIABILITIES	\$ 10,410,613	\$18,880,395
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 10,605,321	\$27,017,896
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	5,127,362	9,924,216
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	TOTAL CAPITAL	\$ 15,732,683	\$36,942,112
	TOTAL LIABILITIES AND CAPITAL	\$ 26,135,851	\$55,822,507

COMPANY NAME: SANTA CRUZ WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 3,797,565	\$6,649,383
460	Unmetered Water Revenue		
474	Other Water Revenues	1,309,504	1,252,845
	TOTAL REVENUES	\$ 5,107,069	\$7,902,228
	OPERATING EXPENSES		
601	Salaries and Wages	\$0	\$0
610	Purchased Water	49,020	31,200
615	Purchased Power	206,786	360,697
616	Fuel for Power Production	0	3,110
618	Chemicals	14,882	43,291
620	Repairs and Maintenance	31,321	37,324
621	Office Supplies and Expense	3,975	0
630	Outside Services	677,793	1,193,484
635	Water Testing	11,503	27,685
641	Rents	29,992	3,355
650	Transportation Expenses	1,574	0
657	Insurance - General Liability	62,926	0
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense	6,850	0
675	Miscellaneous Expense	82,545	47,685
403	Depreciation Expense	549,585	1,189,650
408	Taxes Other Than Income	15,636	19,746
408.11	Property Taxes	59,392	106,204
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 1,803,780	\$ 3,063,431
	OPERATING INCOME/(LOSS)	\$3,303,289	\$ 4,838,797
	OTHER INCOME/(EXPENSE)		
414	Gain (Loss) from Disposing of Utility Assets	\$ 0	\$ (15,651)
419	Interest and Dividend Income	6,519	0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	0	(22,364)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 6,519	\$ (38,015)
	NET INCOME/(LOSS)	\$ 3,309,808	\$ 4,800,782

EXHIBIT 9

COMPANY NAME: Palo Verde Utilities Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization	-	-	-
352	Franchises	-	-	-
353	Land and Land Rights	186,009	-	186,009
354	Structures and Improvements	16,505,298	(1,266,001)	15,239,297
355	Power Generation Equipment	200,075	(28,816)	171,259
360	Collection Sewers – Force	3,795,714	(311,148)	3,484,566
361	Collection Sewers – Gravity	20,733,558	(729,627)	20,003,931
362	Special Collecting Structures	-	-	-
363	Services to Customers	1,667,222	(68,269)	1,598,953
364	Flow Measuring Devices	23,636	(3,279)	20,357
365	Flow Measuring Installations	-	-	-
370	Receiving Wells	104,852	(19,720)	85,132
371	Pumping Equipment	2,974,267	(369,145)	2,605,122
375	Reuse Transmission & Distribution	6,185,689	(210,797)	5,974,892
380	Treatment and Disposal Equip.	5,264,669	(545,323)	4,719,346
381	Plant Sewers	75,669	(14,361)	61,308
382	Outfall Sewer Lines	353,645	(54,688)	298,957
389	Other Plant and Misc. Equipment	280,627	(29,673)	250,954
390	Office Furniture and Equipment	138,078	(55,061)	83,017
391	Transportation Equipment	161,368	(47,799)	113,569
393	Tools, Shop and Garage Equip.	32,976	(1,388)	31,588
394	Laboratory Equipment	26,137	(3,805)	22,332
395	Power Operated Equipment	4,694	(117)	4,577
396	Communication Equipment	34,718	(9,404)	25,314
397	Miscellaneous Equipment	19,965	(998)	18,967
398	Other Tangible Plant	618,157	(61,086)	557,071
	TOTALS	59,387,023	(3,830,505)	55,556,518

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME: Palo Verde Utilities Company

CALCULATION OF DEPRECIATION EXPENSE

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights	186,009	-	-
354	Structures and Improvements	16,505,298	3.33%	467,318
355	Power Generation Equipment	200,075	5.00%	10,017
360	Collection Sewers – Force	3,795,714	2.00%	60,071
361	Collection Sewers – Gravity	20,733,558	2.00%	328,041
362	Special Collecting Structures	-	-	-
363	Services to Customers	1,667,222	2.00%	24,698
364	Flow Measuring Devices	23,636	10.00%	2,283
365	Flow Measuring Installations	-	-	-
370	Receiving Wells	104,852	3.33%	3,285
371	Pumping Equipment	2,974,267	12.50%	302,630
375	Reuse Transmission & Distribution	6,185,689	2.50%	123,178
380	Treatment and Disposal Equip.	5,264,669	5.00%	249,558
381	Plant Sewers	75,669	5.00%	3,852
382	Outfall Sewer Lines	353,645	3.33%	11,535
389	Other Plant and Misc. Equipment	280,627	6.67%	17,940
390	Office Furniture and Equipment	138,078	6.67% or 20.00%	33,139
391	Transportation Equipment	161,368	20.00%	25,768
393	Tools, Shop and Garage Equip.	32,976	5.00%	996
394	Laboratory Equipment	26,137	10.00%	2,361
395	Power Operated Equipment	4,694	5.00%	117
396	Communication Equipment	34,718	10.00%	4,960
397	Miscellaneous Equipment	19,965	10.00%	998
398	Other Tangible Plant	618,157	10.00%	45,528
	Plus Depreciation on Non-Utility Assets	70,261	-	12,349
	Less: CIAC Amortization	-	-	-
	TOTALS	59,457,284	-	1,730,622

This amount goes on the Comparative Statement of Income and Expense Acct. 403

COMPANY NAME: Palo Verde Utilities Company

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$ -	\$ -
132	Special Deposits	92,732	95,576
135	Temporary Cash Investments		545
141	Customer Accounts Receivable	425,496	736,345
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	26,498	7,258
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 544,726	\$839,723
FIXED ASSETS			
101	Utility Plant in Service	\$ 41,584,987	\$ 59,387,023
103	Property Held for Future Use		
105	Construction Work in Progress	8,050,798	18,058,901
108	Accumulated Depreciation – Utility Plant	(2,123,171)	(3,831,123)
121	Non-Utility Property		70,261
122	Accumulated Depreciation – Non Utility		(18,164)
	TOTAL FIXED ASSETS	\$ 47,512,614	\$ 73,666,897
	TOTAL ASSETS	\$ 48,057,340	\$ 74,506,620

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

COMPANY NAME: Palo Verde Utilities Company

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
CURRENT LIABILITES			
231	Accounts Payable	\$ 2,590,999	\$ 2,290,818
232	Notes Payable (Current Portion)	0	
234	Notes/Accounts Payable to Associated Companies	0	1,175
235	Customer Deposits	0	
236	Accrued Taxes	0	42,609
237	Accrued Interest	0	
241	Miscellaneous Current and Accrued Liabilities	1,295,601	2,562,731
	TOTAL CURRENT LIABILITIES	\$ 3,886,600	\$ 4,897,333
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$	\$
DEFERRED CREDITS			
252	Advances in Aid of Construction	\$ 5,076,085	\$ 10,262,459
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 5,076,085	\$ 10,262,459
	TOTAL LIABILITIES	\$ 8,962,685	\$ 15,159,792
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 38,660,609	\$ 57,901,349
211	Other Paid in Capital		0
215	Retained Earnings	434,046	1,445,479
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 39,094,655	\$ 59,346,828
	TOTAL LIABILITIES AND CAPITAL	\$ 48,057,340	\$ 74,506,620

COMPANY NAME: Palo Verde Utilities Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
521	Flat Rate Revenues	\$ 2,694,696	\$ 4,426,614
522	Measured Revenues	37,607	99,493
536	Other Wastewater Revenues	256,319	253,777
	TOTAL REVENUES	\$ 2,988,622	\$ 4,779,884
	OPERATING EXPENSES		
701	Salaries and Wages	\$	\$
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	140,137	335,060
716	Fuel for Power Production	3,861	8,243
718	Chemicals	22,876	42,473
720	Materials and Supplies	40,889	42,263
731	Contractual Services – Professional	711,807	1,302,854
735	Contractual Services – Testing	29,337	41,919
736	Contractual Services – Other	72,899	75,866
742	Rental of Equipment	29,044	3,397
750	Transportation Expense		0
755	Insurance Expense	61,026	500
765	Regulatory Commission Expense	1,406	0
775	Miscellaneous Expense	135,645	91,099
403	Depreciation Expense	1,036,552	1,730,622
408	Taxes Other Than Income		910
408.11	Property Taxes	51,573	81,161
409	Income Taxes		0
	TOTAL OPERATING EXPENSES	\$ 2,337,051	\$ 3,756,367
	OPERATING INCOME/LOSS	\$ 651,571	\$ 1,023,517
	OTHER INCOME/EXPENSE		
414	Gain/(Loss) from Disposal of Utility Assets	\$ 0	\$ (14,925)
419	Interest and Dividend Income	\$ 1,290	\$ 2,843
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/EXPENSE	\$ 1,290	\$ (12,082)
	NET INCOME/(LOSS)	\$ 652,861	\$ 1,011,436

EXHIBIT 10

Arizona Department of Environmental Quality
Water Quality Compliance Assurance Unit
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007

Drinking Water Compliance Status Report

Public Water System Name: Santa Cruz Water CO.

Public Water System ID #: 11-131

Public Water System Type: CO Non-transient Non-community Transient Non-community

Overall Compliance Status: No Major Deficiencies Major Deficiencies

Monitoring and Reporting Status: No Major Deficiencies Major Deficiencies
Comments:

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies
Comments:

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> approval of construction |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other |

Date of last inspection / sanitary survey: 6-10-02

Administrative Orders:

Is an ADEQ administrative order in effect? Yes No

Comments:

System information:

Number of Points of Entry 1 Number of Sources 2 Population Served 12901

Service Connections 5360 Initial Monitoring Year 2003 Initial MAP Year N/A

Evaluation completed by: Jim Puckett

Phone: 602-771-4649 **Date: 12-30-05**

Based upon 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.

EXHIBIT 11



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

Ref: #FS06-414
March 21, 2006

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Graham Symmonds, Operations Manager
Palo Verde Utilities Company
22601 North 19th Avenue, Suite 210
Phoenix, Arizona 85027

Re: **Annual Compliance Inspection of the Palo Verde Utilities Company Wastewater Treatment Plant (WWTP), ADEQ Inventory No. 105228, Aquifer Protection Permit (APP) No. P105228, Reuse Permit Nos. R105228; R105392; R105393; R105394 and R105395, AZPDES Permit No. AZ0025071-Major, Santa Cruz River Watershed, Inspection ID Nos. 72535, 72543 and 72539**

Dear Mr. Symmonds:

The Water Quality Field Services (WQFSU) of the Arizona Department of Environmental Quality (ADEQ) has enclosed an inspection report regarding the inspection conducted at the above referenced facility on March 8, 2006. The inspection was conducted to determine compliance with Arizona Revised Statute (A.R.S.) Title 49, Chapter 2, Article 3 and Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, and pursuant to the authority in A.R.S. §49-203(B)(1) and A.A.C. R18-9-110 (A).

As indicated in the enclosed "Summary of Inspection," no deficiencies were observed during the inspection and during the review of ADEQ records by WQFSU staff. The inspection found the facility to be in compliance with the respective permits issued by ADEQ. There is a recommendation noted at the end of the report. No ADEQ action will result from this inspection.

ADEQ thanks you for your efforts in protecting the public health and the environment.

Sincerely,

William J. Hare, E.P.S.
Water Quality Field Services Unit

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Annual Inspection of the Palo Verde Utility Company
March 21, 2006

Page 2 of 8

WJH:wjh: O&M2CLIR.LET

cc: Pinal County Health Department
Facility File, Inventory No.105228
WQFSU Reading File
Karen Black, Program and Project Specialist
Wayne Ireland, Community Manager, 20942 No. Province Parkway, Maricopa, AZ
85239

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
 WATER QUALITY DIVISION - WATER QUALITY COMPLIANCE SECTION
 Field Services Unit**

SUMMARY OF INSPECTION - WASTEWATER

Facility: Palo Verde Utilities Company-SBR

Place ID No. 5048

Aquifer Protection Permit (APP) No: P105228

AZPDES Permit No: AZ0025071

Reuse Permit No: R105228, R105392, R105393
 R105394, R105395

Inventory No: 105228

Inspected by: William J. Hare, E.P.S.

Inspection Date: March 8, 2006

Accompanied by: Susan Armijo
 Graham Symmonds

Report Date: March 21, 2006

Start Time: 7:15am

End Time: 11:00am

YES NO N/A UNKNOWN

1. WWTF quality meets the following permit requirements:
 - A. Aquifer Protection Permit
 - B. Reuse Permit
 - C. AZPDES Permit
2. A certified operator is employed by the owner per ADEQ regulations.
3. This system meets permit requirements for operation and maintenance in the APP

X*			
X			
X			
X			
X*			

* The facility had some exceedances for turbidity during the 4th quarter of 2004. However, the exceedances were infrequent and did not meet ADEQ's criteria for SNC.

Facility Description:

The Palo Verde Utilities Company is a wastewater treatment facility that is located two miles north of Maricopa, Arizona in Pinal County. The facility receives wastewater from several communities including the Rancho El Dorado Community which is located on 300 acres of land. Phases I and II of the Rancho El Dorado community have been completed. Several other communities were under construction. On the day of the inspection, about 10,140 single family homes had been substantially completed and were connected to the WWTP.

A 1.0 MGD sequential batch reactor (SBR) commenced operation on January 13, 2004. The facility completed a 2.0 MGD expansion, Phase II, during the Winter of 2005 and currently has a capacity of 3.0 MGD. The Phase II expansion was commissioned on January 9, 2006. The facility consists of the four, 0.75 MGD SBR reactors, double belt sludge press, sand filtration and UV disinfection. Each reactor has a capacity of 0.75 MGD. The headworks and sludge processing components of the facility are covered and have wet air scrubbers. The original SBR reactors were converted to aerobic sludge digesters (ASDs).

Scope of Inspection: This was an annual compliance inspection to determine compliance with the APP, AZPDES and Reuse Permits issued to the facility by ADEQ.

General Information and Growth Projections

The operator informed the inspector that the total build out of the certificate of convenience and necessity (CC&N) area was in the process of being expanded. The referenced expansion includes the area of the 387 Water Improvement District and some additional acreage to the east. The new build out will be 48,000 homes for the expanded service area. Currently, the 387 Water Improvement District is in the "Order of Preliminary" status at the Arizona Corporation Commission and is pending reassignment to the Palo Verde Utility Company. During the 2005 calendar year, the facility grew from 4,027 to 9,528 connections to the sewer. At the time of the inspection, there were 10,140 service connections to the collection system. This includes some 3,400 homes in various phases of construction or pending escrow. Home sales in the area continue to average about 200 homes per month. Phases I and II of the master planned community for Rancho El Dorado have been completed and construction of Phase III has commenced. Construction of the communities of Province, The Villages, Cobblestone and Phase III of Rancho El Dorado is continuing. Flow rates have been averaging about 134 gallons of wastewater per residential hookup. The flow rate at the time of the inspection was 894,000 g.p.d.

Individual APP inspection:

Current Permit Status (Individual APP) LTF No. 34986:

An APP amendment was issued by ADEQ's Water Permits Section on December 1, 2005. The referenced permit amendment increased the flow rate from 3.0 – 9.0 MGD. This permit amendment also added routine groundwater monitoring to the permit. Monitoring tables were incorporated for each phase of increased expansion from 3.0 – 9.0 MGD.

Pre-Inspection File Review

The inspection entailed a review of the self monitoring report forms (SMRFs) Violations Report from January –December of 2005. The SMRFs Violations Report contained some redundant information that was redacted. After the necessary corrections were implemented some exceedances in turbidity and Fecal Coliform, mostly in the 4th quarter of 2005 were noted as listed below. These exceedances are considered minor and did NOT meet ADEQ's criteria for significant non compliance (SNC).

3rd quarter 2005

Daily Average Turbidity – five exceedances of the daily average limit of 2.0 NTU

4th quarter 2005

Fecal Coliform daily monitoring of the effluent– 4 exceedances

Turbidity – 4 exceedances of the daily maximum limit of 5.0 NTU

Daily Average Turbidity – 14 exceedances of the daily average limit of 2.0 NTU

Causes of the turbidity monitoring problems in the SBR reactors:

The parameters in Table 1B in P105228 are required only IF effluent is discharged to the permitted reuse sites that require Class A+ water. This includes the Cobblestone Farms, Province, Villages at Rancho El Dorado, The Duke Golf Course and dust control for the Phase III of the Rancho El Dorado construction site.

The operator noted that during the 4th quarter of 2005, the facility experienced a minor upset in the biomass during a rapid growth rate in the flow rate. At this time, the facility experienced some turbidity excursions and Fecal Coliform exceedances in the APP effluent monitoring. The following factors were reported to be contributing causes in the turbidity and Fecal Coliform exceedances:

- In October 2005, the facility experienced turbidity exceedances as a result of the cleaning activities in the Post Equalization Basin (PEQB).
- In November and December of 2005, the facility experienced increased flows due the rapid growth in the nearby communities. The rapid increase in the flow rate “stressed” the biomass within the SBR reactors.

The facility reported these events to ADEQ both orally and in writing. In addition, the facility instituted the following operational changes.

- The facility continued to conduct increased maintenance on the sand filters.
- The facility utilized chlorine as a stand-by method of dechlorination.
- The operator noted that a substance, “Biofix ADA”, was added to the SBR reactors during December 2005. This additive was able to repair the biomass of the SBR reactors and greatly enhance the sedimentation process.
- The facility also utilized some polymer injection in an effort to enhance the sedimentation process.

The facility reported that commencing January 5, 2006 through February 7, 2006 the new SBR reactors were commissioned. This also “stressed” the biomass. Polymer and Biofix ADA were again utilized to improve the sedimentation process. The operator advised that as of February 7, 2006 to the present time, the turbidity of the effluent has been averaging abuts 0.5 N.T.U. or excellent quality effluent.

The operator noted that about 90% of the effluent generated at the facility is discharged to the

various permitted reuse sites. This was an estimated 182,576,454 million gallons of reclaimed water during the 2005 calendar year.

The inspection did note a shortage of "Caution - Reclaimed Water" signage at the reuse sites including the AZPDES discharge point.

Inspection of the SBR Components:

A site inspection of the WWTP revealed that the various operational components of the SBR were functioning adequately. These included the headworks, sludge processing equipment, SBR reactors and associated blowers and motors, aerobic digester, sand filters and UV system. The headworks is covered and provided with an air scrubber. The inspection noted that the WWTP components were operating very well. This includes the Syneco Systems air scrubber device that treats air from the headworks building. No septic odors were detected in the around the property including the perimeter locations.

Effluent quality was noted to be very good on the day of the inspection with the turbidity at <0.5 NTU. The effluent wetwell was very clear. Total Nitrogen results are usually less than 4.0 mg/L.

Reuse Permit Inspection No. R105393 (Cobblestone Farms), R105394 (Province), R105395 (The Duke Golf Course), R105392 (Villages at Rancho El Dorado), R105228 (Palo Verde Utilities LLC Agricultural Site) Type 2 Reclaimed Water Permits

The facility continues to discharge effluent to several permitted reuse sites permit that have been issued a Type 2 Reclaimed Water General Permits. This includes the Province Community which has Reclaimed Water Permit No. R105394. The Province community has about 20 surface acres of lakes with a build out of 52 acres of lakes. At the time of the inspection, the hydraulic capacity of the Province lakes was near capacity. The facility also discharges reclaimed water the Cobblestone Community (1.2 acres of reuse lakes), The Villages (2 acres of reuse lakes) and the Glenwilde community, which as several acres of reuse lakes. These sites are permitted with the above noted Type 2 Reclaimed Water General Permits.

The inspection included a site tour of the twenty acres of Reuse Lakes at the Province. No foaming, floating solids or other deficiencies were noted. The department had recently received a complaint from a local resident questioning the water quality issues within the manmade lakes. No odors were noted. The inspection did not uncover any violations of the Type 2 Reclaimed Water General Permit, R105394 and associated discharge of effluent to the lake(s).

AZPDES Inspection LTF No. 29852, AZ0025071

The AZPDES Permit is in place and authorizes the discharge of treated effluent into Santa Rosa Wash. The discharges to the wash were intermittent during the Winter months of 2005. During February 2006, the facility discharged to the wash on six days. During the Summer months, no discharges to the wash have occurred. Only 10% of the effluent generated at the WWTP is discharged to the wash. On the day of the inspection, the facility was discharging to the wash. During the 2005 calendar year about 20.761 MGD was discharged to the wash. The discharge

point was inspected and no adverse impacts were noted.

It should be noted that downstream of the permitted outfall, there was a substantial amount of turf planted within the wash. This was reportedly planted by the developer with a 404 permit from the U.S. Army COE. The grass in the wash area appears to impede the flow of water within the stream course. The utility has met with the local homeowners association (HOA) to discuss flow restrictions within the stream course. Some improvements are planned to improve flow within the stream course.

The monitoring data for the AZPDES Permit was reviewed. The results show a 99-100% percent reduction for both the biochemical oxygen demand (BOD) and total suspended solids (TSS). No deficiencies were noted during a review of the discharge monitoring reports for the 2005 calendar year.

This facility generates about 214 tons of dried sludge on an annual basis. The sludge is disposed at the Butterfield Landfill.

The facility utilizes an Isco automatic sampler for AZPDES sampling. The device collects 48 aliquots during a 24 hour period and stores the same in a refrigerated compartment.

Findings and Summary:

The inspection noted that the WWTP had undergone a minor operational upset during the 4th quarter of 2005 and during the commissioning of the new SBR reactors in early 2006. These relatively minor upsets were aggressively treated and the problems were quickly corrected. These minor upsets did not meet ADEQ's criteria for significant non compliance.

The facility appeared well on schedule to meet the growth needs of the service area. Another expansion of the WWTP is anticipated in 2007 which will expand from 3.0 – 6.0 MGD. The inspector found the WWTP to be well operated and well maintained.

Compliance Summary

- 1. Monitoring and Reporting Requirements.** (A) Aquifer Protection Permit Monitoring. Daily effluent monitoring for Fecal Coliform and Turbidity; monthly for Total Nitrogen and the Enteric Virus and quarterly for heavy metals. Volatile organic compounds (VOCs) are to be sampled on a semi-annual basis. The facility experienced numerous turbidity violations during the 4th quarter of 2005. However, the cause of the exceedances has been corrected and the facility was in compliance with turbidity monitoring at the time of the inspection. These exceedances did not meet ADEQ's criteria for SNC and were considered minor. **Rating: Compliance**

(B) AZPDES monitoring is also required including daily flow measurements. Bimonthly monitoring is required for BOD, TSS, pH and chlorine residual. Metals are monitored quarterly. There are numerous other constituents including inorganics, volatile organic compounds (VOCs), base-neutral compounds that are monitored during the 2, 3 and 4th years

of the permit. These are listed in Table 3a-3f. WET testing is required on a quarterly basis. The first month, January 2005, for submission of the discharge monitoring report forms (DMRs) was submitted to ADEQ in a timely manner. **Rating: Compliance**

2. **Operator Certification Requirements.** The WWTF is classified as a Class 3 WWTF and the collection system is classified as a Class 2 Collection System. Jeff Lemley is the operator and holds a Grade 4 WWT and a Grade 4 WWC license issued by ADEQ.
Rating: Compliance.
3. **Operation & Maintenance (O&M) Requirements.** The facility experienced operational problems during the 4th quarter of 2004 regarding P105228. However, the cause of the exceedances has been corrected and the facility was in compliance with turbidity monitoring at the time of the inspection.
Rating: Compliance.

Recommendation:

More signage regarding the use of reclaimed water at the various reuse sites and the AZPDES discharge point, should be placed around the various areas.

END OF REPORT