

ORIGINAL NEW APPLICATION



0000068180

BEFORE THE ARIZONA CORPORATION COMMISSION

2007 MAY 14 A 9:50

Arizona Corporation Commission

DOCKETED

MAY 14 2007

COMMISSIONERS

AZ CORP COMMISSION  
DOCUMENT CONTROL

MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

DOCKETED BY *MLL*

W-01445A-07-0291

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

DOCKET NO. W-01445A-07-

APPLICATION TO EXTEND  
EXISTING CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO  
INCLUDE ADDITIONAL TERRITORY

ARIZONA WATER COMPANY, an Arizona corporation, ("AWC") through its undersigned counsel, presents the following Application to extend its existing Certificate of Convenience and Necessity ("CC&N") for its Casa Grande system. This Application is based on the following:

1. AWC presently holds CC&Ns issued by the Arizona Corporation Commission (the "Commission") in various decisions beginning in 1955 for the purpose of providing water service in the City of Casa Grande and the surrounding area in Pinal County, Arizona.

2. The areas that AWC seeks to add to its CC&N are described in Exhibit 1 and shown in Exhibit 2 hereto. United Engineering Group on behalf of All State

1 Associates of Pinal XIII, L.L.C. and Casa Grande Mt. Ranch L.P., have requested AWC  
2 to provide water service to their properties, known as Shreeve 110 and Casa Grande  
3 Mountain Ranch, respectively, and to include their properties within AWC's CC&N.  
4 Copies of letters from United Engineering Group and Casa Grande Mt. Ranch L.P. are  
5 attached as Exhibit 3.  
6  
7

8 3. AWC presently owns and operates water system facilities in the vicinity of  
9 the areas described in Exhibit 1 that are used to serve existing customers, and will be  
10 used to provide service to future customers.  
11

12 4. AWC estimates the total number of customers to be served in the areas  
13 described in Exhibit 1 will be approximately 50 within five years following the date of the  
14 filing of this Application.  
15

16 5. The names and addresses of the owners of the property described in  
17 Exhibit 1 are shown in Exhibit 4 hereto. AWC will mail the public notice, attached as  
18 Exhibit 5, to those property owners.  
19

20 6. AWC is financially able to construct, operate, and maintain the facilities  
21 necessary to provide service to the areas described in Exhibit 1. AWC's latest financial  
22 statement is attached as Exhibit 6 hereto.  
23  
24

25 7. Portions of the areas described in Exhibit 1 are located within the  
26 municipal boundaries of the City of Casa Grande and the remainder of the areas are  
27

1 located within unincorporated areas of Pinal County. AWC has franchises from the City  
2 of Casa Grande and Pinal County for the areas to which it is proposing to extend its  
3 CC&N. Copies of the franchises are attached as Exhibits 7 and 8 hereto.  
4

5 8. AWC's By-Laws do not require a corporate resolution on behalf of AWC in  
6 conjunction with this Application.  
7

8  
9 9. A certificate of good standing for AWC is attached as Exhibit 9 hereto.  
10

11 10. An updated Water Use Data Sheet for the Casa Grande system is  
12 attached as Exhibit 10 hereto.  
13

14 11. A copy of the most recent compliance status report from the Arizona  
15 Department of Environmental Quality for the Casa Grande system is attached as Exhibit  
16 11 hereto.  
17

18  
19 12. AWC plans to finance the additional utility facilities required to extend  
20 water service to the areas described in Exhibit 1 through advances in aid of construction  
21 and the use of its standard main extension agreement. Copies of the main extension  
22 agreements between AWC and the developers of Shreeve 110 and Casa Grande  
23 Mountain Ranch are attached as Exhibit 12 hereto.  
24

25  
26 13. A copy of AWC's Physical Availability Demonstration ("PAD") for its Casa  
27 Grande system, which was approved by the Arizona Department of Water Resources  
28

1 demonstrating sufficient water supplies to serve the areas described in Exhibit 1, is  
2 attached as Exhibit 13 hereto.

3  
4 14. The City of Casa Grande will provide wastewater treatment service to the  
5 Shreeve 110 and Casa Grande Mountain Ranch developments. AWC is not aware of  
6 any existing or planned high water use amenities such as golf courses or other turf  
7 areas, for the areas described in Exhibit 1.  
8

9  
10 15. Public convenience and necessity will be served by extending AWC's  
11 CC&N to include the areas described in Exhibit 1.  
12

13 16. AWC proposes to utilize its currently authorized Casa Grande system  
14 rates and charges for service to the areas described in Exhibit 1. AWC will continue to  
15 charge these rates until the Commission changes the rates.  
16

17  
18 17. The developers of Shreeve 110 and Casa Grande Mountain Ranch have  
19 already applied for Certificates of Assured Water Supply from the Arizona Department  
20 of Water Resources using AWC's PAD as proof of assured water supply availability.  
21

22 WHEREFORE, AWC respectfully requests that the Commission hold a hearing  
23 on this Application, and enter an order, or, in the alternative, that it enter an order  
24 without the necessity of a hearing, which order shall provide for the following:  
25  
26  
27

1 A. Issuing to AWC a Certificate of Convenience and Necessity for the areas  
2 described in Exhibit 1 hereto.

3  
4 B. Granting such other further and general relief as appropriate in the  
5 premises.  
6

7  
8 RESPECTFULLY SUBMITTED this 14<sup>TH</sup> day of May 2007.

9 ARIZONA WATER COMPANY

10  
11 By: Robert W. Geake

12 Robert W. Geake  
13 Vice President and General Counsel  
14 ARIZONA WATER COMPANY  
15 Post Office Box 29006  
16 Phoenix, Arizona 85038-9006  
17  
18  
19  
20  
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25  
26  
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28

1 Original and thirteen (13) copies of the foregoing filed this 14<sup>TH</sup> day of May 2007 with:

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

6 A copy of the foregoing was mailed this 14<sup>TH</sup> day of May 2007 to:

7 Christopher Kempley, Chief Counsel  
8 Legal Division  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

12 Ernest G. Johnson  
13 Director, Utilities Division  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

17 By: Robert W. Deake

# EXHIBIT 1

CC&N This Application  
Revised

## PARCEL ONE

A parcel of land lying within and being a portion of the Northwest quarter of Section 5, Township 7 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

The Northwest quarter of Section 5, EXCEPT the East half of the East half of the West half of the East half of the Northwest quarter of said Section 5; And EXCEPT the East half of the East half of the Northwest quarter of said Section 5.

## PARCEL TWO

A portion of the Northwest quarter of Section 23, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Northwest corner of said Section 23;  
Thence South 89°36'00" East, along the North line of the Northwest quarter, a distance of 976.00 feet;  
Thence South 14°20'26" East, a distance of 271.53 feet to the True Point of Beginning;  
Thence South 89°36'00" East, a distance of 1594.92 feet;  
Thence South 00°09'56" West, a distance of 1072.26 feet;  
Thence North 89°49'34" West, a distance of 1315.83 feet;  
Thence North 14°20'28" West, a distance of 1114.11 feet to the True Point of Beginning;

Together with:

A portion of Section 23 and Section 14 of Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Northwest corner of said Section 23 also being the Southwest corner of Section 14;  
Thence South 89°36'00" East, along the common line of Sections 23 and 14, a distance of 976.00 feet to the True Point of Beginning;  
Thence South 14°20'26" East, a distance of 271.53 feet;  
Thence South 89°36'00" East, a distance of 1594.92 feet;  
Thence North 00°09'58" East, a distance of 262.60 feet to the North quarter corner of said Section 23, also being the South quarter corner of Section 14;  
Thence North 00°08'37" West, a distance of 651.64 feet;  
Thence North 89°36'00" West, a distance of 1826.65 feet;  
Thence South 14°12'46" East, a distance of 673.39 feet to the True Point of Beginning;

Together with:

A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14;  
Thence South  $00^{\circ}08'37''$  East, along the North-South Mid-Section line, a distance of 3288.53 feet to the True Point of Beginning;  
Thence continuing South  $00^{\circ}08'37''$  East, a distance of 1363.76 feet;  
Thence North  $89^{\circ}36'00''$  West, a distance of 1826.65 feet;  
Thence North  $00^{\circ}01'53''$  West, a distance of 1350.00 feet;  
Thence North  $89^{\circ}58'07''$  East, a distance of 1823.93 feet to the True Point of Beginning;

Together with:

A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14;  
Thence South  $00^{\circ}08'37''$  East, along the North-South Mid-Section line, a distance of 1992.28 feet to the True Point of Beginning;  
Thence continuing South  $00^{\circ}08'37''$  East, a distance of 1296.26 feet;  
Thence South  $89^{\circ}58'07''$  West, a distance of 2334.93 feet;  
Thence North  $00^{\circ}13'18''$  West, a distance of 1314.58 feet;  
Thence South  $89^{\circ}34'57''$  East, a distance of 2336.82 feet to the True Point of Beginning;

Together with:

A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14;  
Thence South  $00^{\circ}08'37''$  East, along the North-South Mid-Section line, a distance of 967.30 feet to the True Point of Beginning;  
Thence continuing South  $00^{\circ}08'37''$  East, a distance of 1024.98 feet;  
Thence North  $89^{\circ}34'57''$  West, a distance of 2336.82 feet;  
Thence North  $00^{\circ}13'18''$  West, a distance of 1025.00 feet;  
Thence South  $89^{\circ}34'57''$  East, a distance of 2338.22 feet to the True Point of Beginning;

Together with:

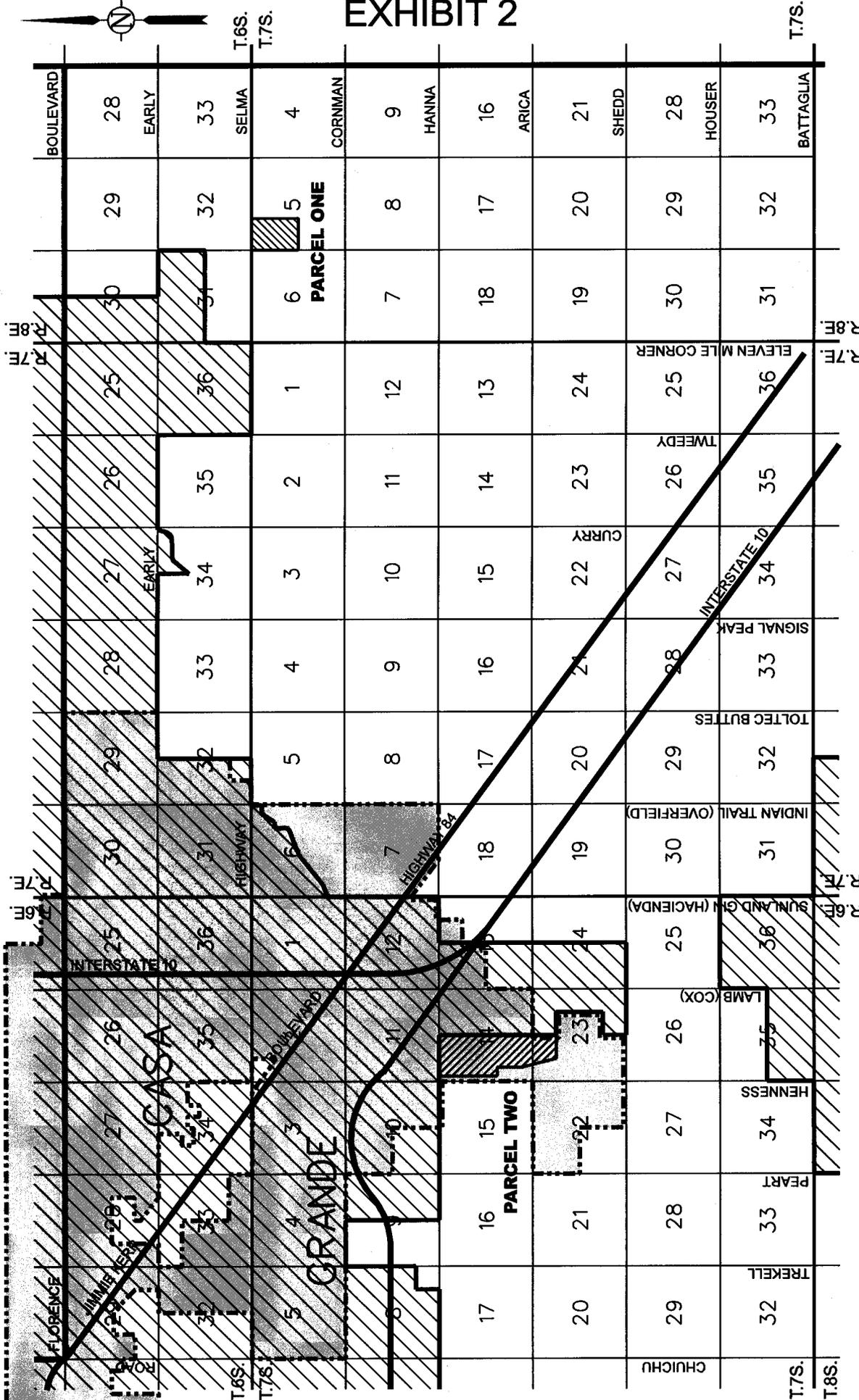
A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14 and the True Point of Beginning;  
Thence South  $00^{\circ}08'37''$  East, along the North-South Mid-Section line, a distance of 967.30 feet;  
Thence North  $89^{\circ}34'57''$  West, a distance of 2338.22 feet;  
Thence North  $00^{\circ}13'17''$  West, a distance of 967.31 feet to a point on the North line of said Section 14;  
Thence South  $89^{\circ}34'57''$  East, along the North line of Section 14, a distance of 2339.54 feet to the True Point of Beginning.

PARCEL THREE

The Northwest quarter of the Northeast quarter of Section 20, Township 8 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

# EXHIBIT 2

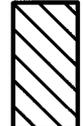


**ARIZONA WATER COMPANY**

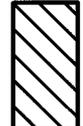
DESCRIPTION:  
CC&N Application to include Portions of Section 23 and 14, T.7S., R.6E.  
and A Portion of Section 5, T.7S., R.8E., G.S.R. & M., Pinal County, Az.

LOCATION:  
CASA GRANDE

DATE: 04.17.2007      SCALE: 1" = 1-1/2 Miles      DRAWN BY: CB

 A Portion Of Present Arizona Water Company CC&N

 Shreeve 110 (110 Acres)

 Casa Grande Mountain Ranch (305.63 Acres)

 A Portion Of The Casa Grande City Limits

EXHIBIT 3

April 13, 2006

Mike Whitehead  
Vice President, Engineering  
Arizona Water Company  
3805 N. Black Canyon Hwy  
Phoenix, AZ 85015

**Re: Request extension of CC&N for *Shreeve 110*, Pinal County, AZ.**

Dear Mr. Whitehead:

United Engineering Group requests that Arizona Water Company file an application for approval to extend its Certificate of Convenience and Necessity in or near Coolidge, Pinal County, Arizona with the Arizona Corporation Commission to include an overall area of 110 acres, which is more accurately described in Attachment 'A' and depicted on the map as Attachment 'B', both attached hereto. Please notify us when you have been issued a Procedural Order on this extension.

Sincerely,



Matthew G. Coffelt  
Project Manager

# **Attachment A**

## **Legal Description**

LEGAL DESCRIPTION

Shreeve 110

Assessor's Tax Parcel Number: 401-48-004E

Legally the site is described as the northwest quarter of section 5, township 7 south, range 8 east of the Gila and Salt River Base and Meridian, Pinal County AZ; except the east half of the east half of the west half of the east half of the northwest quarter of said section 5 and except the east half of the east half of the northwest quarter of said section 5.

**Attachment B**

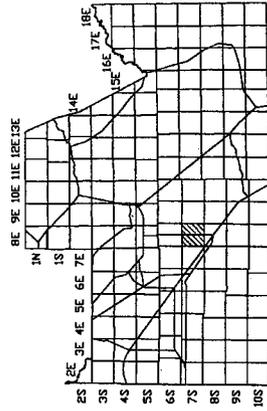
**Parcel Map**

TN.7S RG.8E

401-48-1

THIS MAP IS FOR TAX PURPOSES ONLY.  
THIS OFFICE WILL NOT ASSUME LIABILITY FOR  
REPRESENTATION, MEASUREMENTS OR ACREAGE.

LOCATION MAP



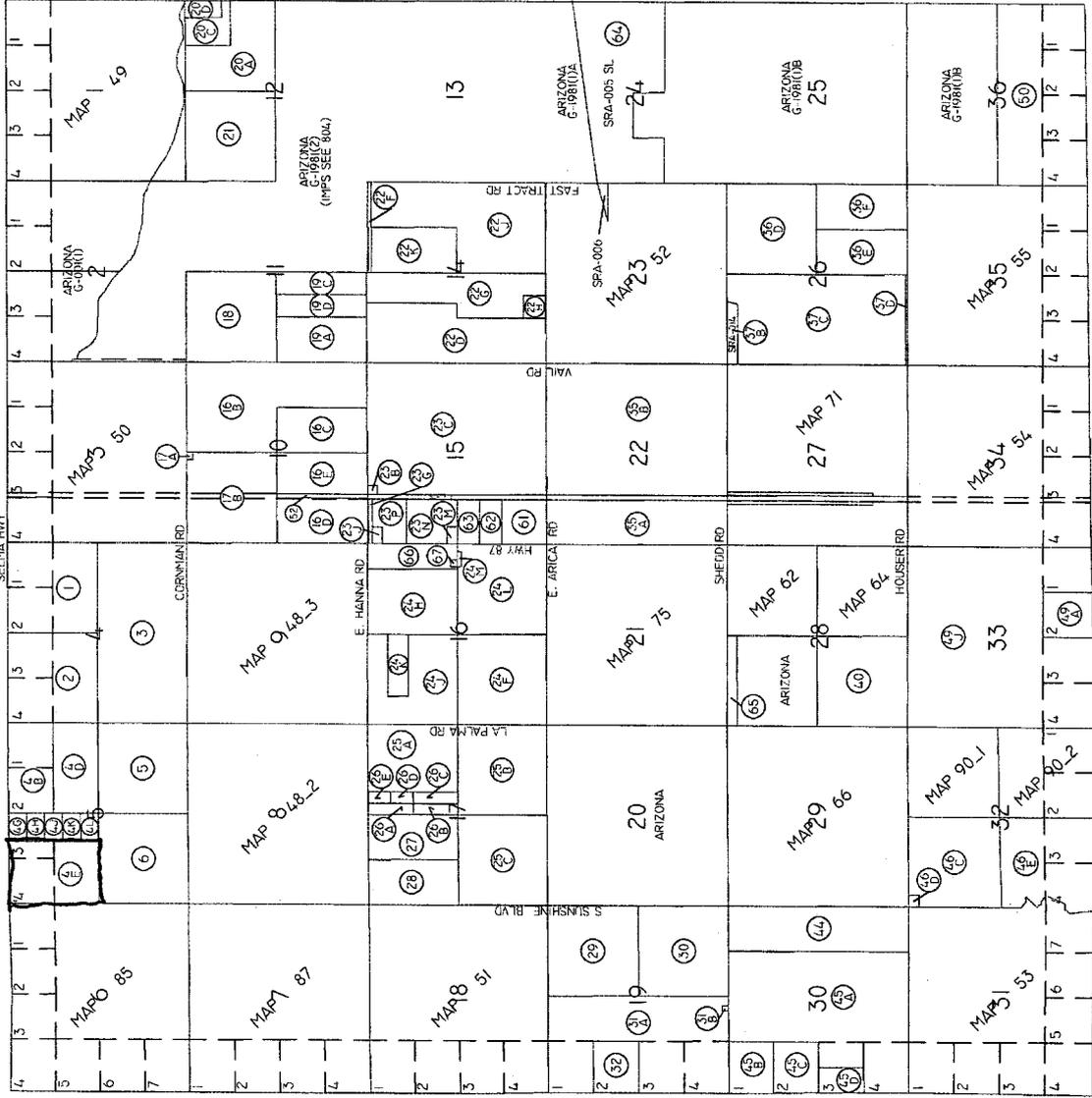
SEE BOOK 402

MAP 401-45

MAP 401-46

MAP 401-47

MAP 401-21



SEE BOOK 400



NOT TO SCALE

10-21-2005

SEE BOOK 411

PINAL COUNTY ASSESSORS MAP

EXHIBIT 3.1

**All State Associates**

660 S. Mill Ave.

Suite 315

Tempe, Arizona 85281

Tel. (480) 314-2010 Fax: (480) 314-2002

February 10, 2006

Mike Whitehead  
Vice President, Engineering  
Arizona Water Company  
3805 N. Black Canyon Hwy  
Phoenix, AZ 85015

**RE: Owner Authorization for All State Associate Properties in Pinal County, AZ**

To Whom It May Concern:

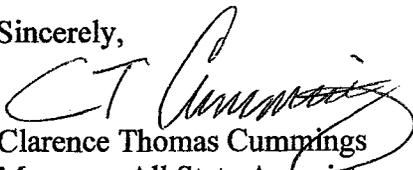
This letter serves to authorize United Engineering Group (UEG) to represent the subject properties in Pinal County, AZ owned by:

- All State Associates of Pinal XIII, L.L.C (a.k.a. Shreeve 110)
- All State Associates of Pinal XI, L.L.C. (a.k.a. Goree 284)

Authorization shall be granted on matters related to these projects. Please route any correspondence through our representing agent, United Engineering Group. If you have any questions, please do not hesitate to contact me.

Thank you for your help in this matter.

Sincerely,

  
Clarence Thomas Cummings  
Manager- All State Associates



## Chasse Real Estate & Financial Group

P.O. Box 15267  
Phoenix, AZ 85060

(602) 952-2200  
Fax (480) 607-9069  
Email: gchasserealty@yahoo.com



October 20, 2006

Mr. William Garfield, President  
Arizona Water Company  
3806 N. Black Canyon Hwy  
Phoenix, Az. 85015

Dear Mr. Garfield:

This letter is in the form of a request to extend Arizona Water Company's CC&N to include approximately 378 acres of land area in Sections 10, 14 & 23, T 7 S, R 6 E (legal description attached). The subject 378 acres are located in the Casa Grande Mt. Range and are currently under the ownership of the City of Casa Grande. Casa Grande Mt. Ranch L.P. has a unilateral option to purchase the property and is the owner of a contiguous 380 acres which are presently within AWC's CC&N. In addition, Casa Grande Mt. Ranch is also the owner of 470 located north of I-8 and west of I-10.

Casa Grande Mt. Ranch L.P. is currently progressing through the entitlement process on the above combined 758 acres with the City of Casa Grande. The 470 acres are zoned for light industrial use and are within AWC's CC&N.

Please let me know if you need additional information. I can be reached at 602-952-2200 or at the above email address.

Sincerely,

George J. Chasse, General Partner  
Casa Grande Mt. Ranch L.P.

Cc: Mr. Jim Thompson, Casa Grande City Manager

LEGAL DESCRIPTION RELEASE PARCEL A

A PORTION OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 7 SOUTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 23; THENCE SOUTH  $89^{\circ}36'00''$  EAST ALONG THE NORTH LINE OF THE NORTHWEST QUARTER A DISTANCE OF 976.00 FEET; THENCE SOUTH  $14^{\circ}20'26''$  EAST A DISTANCE OF 271.53 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH  $89^{\circ}36'00''$  EAST A DISTANCE OF 1594.92 FEET; THENCE SOUTH  $00^{\circ}09'56''$  WEST A DISTANCE OF 1072.26 FEET; THENCE NORTH  $89^{\circ}49'34''$  WEST A DISTANCE OF 1315.83 FEET; THENCE NORTH  $14^{\circ}20'28''$  WEST A DISTANCE OF 1014.11 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 35.92 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87

LEGAL DESCRIPTION RELEASE PARCEL B

A PORTION OF SECTIONS 23 AND SECTION 14 OF TOWNSHIP 7 SOUTH,  
RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN,  
PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS  
FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 23 ALSO  
BEING THE SOUTHWEST CORNER OF SECTION 14; THENCE SOUTH  
89°36'00" EAST ALONG THE COMMON LINES OF SECTION 23 AND 14 A  
DISTANCE OF 976.00 FEET TO THE TRUE POINT OF BEGINNING;  
THENCE SOUTH 14°20'26" EAST A DISTANCE OF 271.53 FEET;  
THENCE SOUTH 89°36'00" EAST A DISTANCE OF 1594.92 FEET;  
THENCE NORTH 00°09'58" EAST A DISTANCE OF 262.60 FEET TO THE  
NORTH QUARTER CORNER OF SAID SECTION 23 ALSO BEING THE SOUTH  
QUARTER CORNER OF SECTION 14; THENCE NORTH 00°08'37" WEST A  
DISTANCE OF 651.64 FEET; THENCE NORTH 89°36'00" WEST A  
DISTANCE OF 1826.65 FEET; THENCE SOUTH 14°12'46" EAST A  
DISTANCE OF 673.39 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 35.920 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87

LEGAL DESCRIPTION RELEASE PARCEL C

A PORTION OF THE WEST HALF OF SECTION 14, TOWNSHIP 7 SOUTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 14; THENCE SOUTH  $00^{\circ}08'37''$  EAST ALONG THE NORTH SOUTH MID-SECTION LINE A DISTANCE OF 3288.53 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH  $00^{\circ}08'37''$  EAST A DISTANCE OF 1363.76 FEET; THENCE NORTH  $89^{\circ}36'00''$  WEST A DISTANCE OF 1826.65 FEET; THENCE NORTH  $00^{\circ}01'53''$  WEST A DISTANCE OF 1350.00 FEET; THENCE NORTH  $89^{\circ}58'07''$  EAST A DISTANCE OF 1823.93 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 56.856 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87

LEGAL DESCRIPTION RELEASE PARCEL D

A PORTION OF THE WEST HALF OF SECTION 14, TOWNSHIP 7 SOUTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 14; THENCE SOUTH  $00^{\circ}08'37''$  EAST ALONG THE NORTH SOUTH MID-SECTION LINE A DISTANCE OF 1992.28 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH  $0^{\circ}08'37''$  EAST A DISTANCE OF 1296.26 FEET; THENCE SOUTH  $89^{\circ}58'07''$  WEST A DISTANCE OF 2334.93 FEET; THENCE NORTH  $00^{\circ}13'18''$  WEST A DISTANCE OF 1314.58 FEET; THENCE SOUTH  $89^{\circ}34'57''$  EAST A DISTANCE OF 2336.82 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 70.000 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87

LEGAL DESCRIPTION RELEASE PARCEL E

A PORTION OF THE WEST HALF OF SECTION 14, TOWNSHIP 7 SOUTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 14; THENCE SOUTH  $00^{\circ}08'37''$  EAST ALONG THE NORTH SOUTH MID-SECTION LINE A DISTANCE OF 967.30 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH  $00^{\circ}08'37''$  EAST A DISTANCE OF 1024.98 FEET; THENCE NORTH  $89^{\circ}34'57''$  WEST A DISTANCE OF 2336.82 FEET; THENCE NORTH  $00^{\circ}13'18''$  WEST A DISTANCE OF 1025.00 FEET; THENCE SOUTH  $89^{\circ}34'57''$  EAST A DISTANCE OF 2338.22 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 55.000 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87

LEGAL DESCRIPTION RELEASE PARCEL F

A PORTION OF THE WEST HALF OF SECTION 14, TOWNSHIP 7 SOUTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 14 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH  $00^{\circ}08'37''$  EAST ALONG THE NORTH SOUTH MID-SECTION LINE A DISTANCE OF 967.30 FEET; THENCE NORTH  $89^{\circ}34'57''$  WEST A DISTANCE OF 2338.22 FEET; THENCE NORTH  $00^{\circ}13'17''$  WEST A DISTANCE OF 967.31 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 14; THENCE SOUTH  $89^{\circ}34'57''$  EAST ALONG THE NORTH LINE OF SECTION 14 A DISTANCE OF 2339.54 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 51.935 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87

LEGAL DESCRIPTION RELEASE PARCEL G

A PORTION OF THE WEST HALF OF SECTION 10, TOWNSHIP 7 SOUTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 10; THENCE NORTH  $00^{\circ}42'13''$  EAST ALONG THE EAST LINE OF SECTION 10 A DISTANCE OF 962.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH  $65^{\circ}22'07''$  WEST A DISTANCE OF 1437.64 FEET; THENCE NORTH  $00^{\circ}00'43''$  WEST A DISTANCE OF 1080.76 FEET; THENCE SOUTH  $89^{\circ}51'56''$  EAST A DISTANCE OF 1327.65 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 10; THENCE SOUTH  $00^{\circ}42'13''$  WEST ALONG THE EAST LINE OF SECTION 10 A DISTANCE OF 1676.95 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 41.764 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87

LEGAL DESCRIPTION RELEASE PARCEL H

A PORTION OF THE EAST HALF OF SECTION 10, TOWNSHIP 7 SOUTH, RANGE 6 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 10; THENCE NORTH  $89^{\circ}51'56''$  WEST ALONG THE EAST WEST MID-SECTION LINE A DISTANCE OF 1327.65 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH  $00^{\circ}00'43''$  EAST A DISTANCE OF 1080.76 FEET; THENCE NORTH  $65^{\circ}22'07''$  WEST A DISTANCE OF 184.51 FEET; THENCE NORTH  $26^{\circ}16'24''$  WEST A DISTANCE OF 1121.24 FEET; THENCE NORTH  $00^{\circ}00'43''$  EAST A DISTANCE OF 973.00 FEET; THENCE NORTH  $77^{\circ}54'45''$  WEST A DISTANCE OF 678.37 FEET TO A POINT ON THE NORTH SOUTH MID-SECTION LINE OF SAID SECTION 10; THENCE NORTH  $00^{\circ}02'10''$  EAST ALONG SAID NORTH SOUTH MID-SECTION LINE A DISTANCE 200.00 FEET; THENCE NORTH  $89^{\circ}59'22''$  EAST A DISTANCE OF 1326.54 FEET; THENCE SOUTH  $00^{\circ}00'43''$  EAST A DISTANCE OF 1316.85 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 33.907 ACRES NET.

D.N.A. INC.  
PROJECT NO. 87-112  
9-21-87.

## EXHIBIT 4

### Property Owners List

401-48-004E  
All State Associates of Pinal XIII, LLC  
21050 North Pima Road  
Scottsdale, Arizona 85255

511-19-006b  
511-19-006C  
511-19-006d  
511-19-006E  
511-19-006F  
511-36-001b  
City of Casa Grande  
300 East 4<sup>th</sup> Street  
Casa Grande, Arizona 85222

EXHIBIT 5

[Date]

«PropertyOwner»

«Address1»

«Address2»

«City» «State» «PostalCode»

PINAL COUNTY ASSESSOR'S PARCEL NO.: «ParcelNumber»

PUBLIC NOTICE OF AN APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND  
NECESSITY BY ARIZONA WATER COMPANY

Arizona Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to provide water utility service to an area in which records indicate that you are a property owner. If the application is granted, Arizona Water Company would be the provider of water utility service to the proposed area. The Commission will require Arizona Water Company to provide this service under rates and charges and terms and conditions established by the Commission. The application is available for inspection during regular business hours at the offices of the Commission at 1200 West Washington Street, Phoenix, Arizona, and at Arizona Water Company, 220 East 2<sup>nd</sup> Street, Casa Grande, Arizona.

If you have questions or concerns about this application, have any objection to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Arizona Corporation Commission at 1200 West Washington St., Phoenix, Arizona 85007 or call 1-800-222-7000.



WILLIAM M. GARFIELD  
President

E-MAIL: [mail@azwater.com](mailto:mail@azwater.com)

EXHIBIT 6

ARIZONA WATER COMPANY  
Comparative Balance Sheet  
at December 31, 2006

ASSETS

	Dec. 31, 2006	Dec. 31, 2005	Increase (Decrease)
<b>UTILITY PLANT</b>			
Gross Utility Plant	\$ 296,591,128	\$ 261,699,119	\$ 34,892,009
Less Accumulated Depreciation	66,048,401	60,859,679	5,188,722
Net Utility Plant	230,542,727	200,839,440	29,703,287
<b>CURRENT ASSETS</b>			
Cash on Hand and in Banks	550,012	343,376	206,636
Investments and Special Deposits	2,703	2,703	0
Accounts Receivable	3,190,521	3,012,258	178,263
Materials and Supplies	197,412	196,151	1,261
Other	363,336	304,635	58,701
Total Current Assets	4,303,984	3,859,123	444,861
<b>DEFERRED DEBITS</b>			
	5,697,508	6,937,064	(1,239,556)
<b>TOTAL</b>	\$ 240,544,219	\$ 211,635,627	\$ 28,908,592

LIABILITIES

<b>CAPITALIZATION</b>			
Common Stock	\$ 2,700,000	\$ 2,700,000	\$ 0
Capital Surplus	9,087,347	9,087,347	0
Retained Earnings	59,600,755	57,263,312	2,337,443
Common Stock Equity	71,388,102	69,050,659	2,337,443
Long-Term Debt	40,000,000	21,400,000	18,600,000
Total Capitalization	111,388,102	90,450,659	20,937,443
<b>CURRENT LIABILITIES</b>			
Notes Payable	7,800,000	9,850,000	(2,050,000)
Accounts Payable	5,855,508	6,015,123	(159,615)
Accrued Expenses	2,170,954	1,942,027	228,927
Other	701,049	639,109	61,940
Total Current Liabilities	16,527,511	18,446,259	(1,918,748)
<b>DEFERRED CREDITS</b>			
Advances for Construction	58,399,810	52,926,158	5,473,652
Contributions in Aid of Construction	28,831,412	25,877,859	2,953,553
Deferred Income Tax	18,094,247	17,641,646	452,601
Other	7,303,137	6,293,046	1,010,091
Total Deferred Credits	112,628,606	102,738,709	9,889,897
<b>TOTAL</b>	\$ 240,544,219	\$ 211,635,627	\$ 28,908,592

DECEMBER 2006

**ARIZONA WATER COMPANY**  
Comparative Statement of Income  
December 31, 2006

	12 MONTHS TO DATE			DECEMBER			12 Months to Date		
	2006	2005		2006	2005		2006	2005	
<b>OPERATING REVENUE</b>	\$ 44,988,677	\$ 42,215,915		\$ 3,615,980	\$ 3,586,104		\$ 44,988,677	\$ 42,215,915	
<b>OPERATING EXPENSES</b>									
Operation and Maintenance	22,546,030	20,433,418		1,985,459	1,732,263		22,546,030	20,433,418	
Depreciation	5,726,476	5,390,675		421,170	498,617		5,726,476	5,390,675	
Taxes Other Than Income Taxes	6,461,580	5,950,274		461,673	478,008		6,461,580	5,950,274	
Income Taxes	3,156,731	2,871,484		(499,339)	(408,072)		3,156,731	2,871,484	
Total Operating Expenses	37,890,817	34,645,851		2,368,963	2,300,816		37,890,817	34,645,851	
<b>OPERATING INCOME</b>	7,097,860	7,570,064		1,247,017	1,285,288		7,097,860	7,570,064	
<b>OTHER (INCOME) AND DEDUCTIONS</b>									
Other (Income) - Net	(256,121)	(25,460)		(27,595)	9,326		(256,121)	(25,460)	
Interest and Amortization on Long-Term Debt	2,343,839	1,815,287		228,319	149,476		2,343,839	1,815,287	
Other Interest	(1,420,567)	122,554		(1,935,980)	38,992		(1,420,567)	122,554	
Other - Net	(35,034)	(444,501)		235,671	(38,639)		(35,034)	(444,501)	
Total Other (Income) and Deductions	632,117	1,467,880		(1,499,585)	159,155		632,117	1,467,880	
<b>NET INCOME</b>	6,465,743	6,102,184		\$ 2,746,602	\$ 1,126,133		\$ 6,465,743	\$ 6,102,184	
Regular Common Dividends	4,128,300	3,966,300							
<b>INCOME RETAINED</b>	\$ 2,337,443	\$ 2,135,884							
Active Services	81,597	77,652							

**EXHIBIT 6**

DECEMBER 2006

**FRANCHISE AGREEMENT**  
**BETWEEN**  
**ARIZONA WATER COMPANY**  
**AND THE**  
**CASA GRANDE, ARIZONA, CITY COUNCIL**

**Section 1. –Grant of Franchise.** There is hereby granted to Arizona Water Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors and assigns (hereinafter called “Grantee”), the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future public streets, avenues, alleys, highways, bridges and other public places in the City of Casa Grande, Pinal County, Arizona, (hereinafter called “Municipality”), water lines, plant and system, including mains, laterals, pumps, manholes, meters, fire hydrants, regulator stations and related equipment, facilities and appurtenances, for the purpose of providing water service for all purposes in Municipality.

**Section 2. Construction and Maintenance in Accordance with Municipality’s Ordinances & Regulations.** All facilities to be constructed and maintained pursuant to the Franchise shall be constructed and maintained in accordance with Municipality’s standards with respect to repairs and maintenance of such public streets, avenues, alleys, highways, and bridges and other public places of Municipality. Prior to construction, Grantee shall apply for a right-of-way work permit in accordance with all existing ordinances and regulations of Municipality and a map showing the location of such facilities shall be submitted to Municipality’s Director of Public Works, or his/her designee. If Grantee does not comply with any Municipal ordinance or regulation governing work in the public streets,

avenues, alleys, highways, and bridges and other public places of the Municipality, Grantee shall, within 30 days after written notice of non-compliance in accordance with Section 12, undertake action to achieve compliance.

**Section 3. Removal or Movement of Facilities.** In the event that facilities constructed pursuant to this Franchise shall at any time be found by Municipality to interfere unduly with Municipality's governmental functions over such public streets, avenues, alleys, highways or bridges or other public places, Grantee hereby agrees that it will, at its own expenses, and within a reasonable time after notice thereof by Municipality, remove or relocate said facilities so as to minimize said interference. In all other instances the costs incurred in relocating facilities shall be borne by and added to the costs of the public or private improvement causing or resulting in such relocation.

**Section 4. Disposal of Unnecessary Rights-of-Way.** In the event Municipality takes action to dispose of unnecessary public roadways in accordance with the provisions of the Arizona Revised Statutes, Municipality shall recognize and preserve each of Grantee's prior rights-of-way, easements, and rights under this Franchise which are affected thereby, as they existed prior to such disposition, by including specific and appropriate language for that purpose in any legal instrument utilized for the purpose of accomplishing such disposition.

**Section 5. Franchise Fee.**

(a) As a further consideration for the franchise hereby granted, Grantee will pay quarterly to Municipality a sum equal to 3% of the gross receipts of Grantee from the sale of all water for residential, commercial and industrial purposes, including connect or reconnect charges, service establishment or reestablishment charges, or other similar charges, within Municipality's corporate limits, as Grantee is notified from time to time by Municipality of the extent of such corporate limits. For the purpose of

verifying the amounts payable hereunder, Grantee's billing records shall be subject to inspection by duly authorized officials or representatives of Municipality, at reasonable times.

(b) Said payment shall be a franchise fee. Said payments shall only be in lieu of any and all permit fees or other fees, charges or exactions whatsoever otherwise assessed by Municipality for the construction and maintenance of Grantee's facilities within public streets, avenues, alleys, highways, and bridges and other public places of the Municipality hereunder or for inspections thereof up to the amount payable under the terms of this Section 5. Furthermore, the amount of such franchise fee may be lawfully and specifically added to customer bills.

(c) Payment as described in the preceding paragraphs shall be payable in quarterly amounts within 30 days after the end of each calendar quarter.

**Section 6. Indemnity.** Grantee shall save Municipality harmless from expenses, claims and liability arising by reason of the exercise of this Franchise by Grantee.

**Section 7. Term.** The right, privilege, and franchise hereby granted shall continue and exist for a period of twenty-five (25) years from the date that the last representative for the parties executes this Agreement(effective date), however, either party may terminate this Franchise on its tenth (10<sup>th</sup>) anniversary by giving written notice of its intention to do so not less than six (6) months before the tenth (10<sup>th</sup>) anniversary. While such notice may or may not result in a renegotiated Franchise, the party giving the notice of termination shall be responsible for the costs of any resulting franchise election to renew this franchise or adopt a new franchise.

**Section 8. Assignability of Franchise by Grantee** The right, privilege and franchise hereby granted may be assigned by Grantee in whole or in part.

**Section 9. – Franchise; Non-Exclusive:** This Franchise is not exclusive, and nothing herein contained shall be construed to prevent Municipality from granting other like or similar grants or privileges to any other person, firm or corporation.

**Section 10. – Conflicting Ordinances:** All ordinances and parts of ordinances in conflict with the provisions hereof are, to the extent applicable to a franchised water public service corporation, are hereby superseded by the terms of this Franchise.

**Section 11. – Independent Provisions:** If any section, paragraph, subdivision, clause, phrase or provision of this Franchise Agreement, other than Section 5, shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this Franchise as a whole or any part of the provisions hereof other than the part so adjudged to be invalid or unconstitutional. If Section 5 shall be adjudged invalid or unconstitutional in whole or in part by a final judgment, this Franchise shall immediately terminate and shall be of no further force or effect.

**Section 12. – Notices:** Any notice required or permitted to be given hereunder shall be in writing, unless otherwise expressly permitted or required, and shall be deemed effective either (i) upon hand delivery to the person then holding the office shown below, or, if such office is vacant or no longer exists, to a person holding a comparable office, or (ii) on the third business day following its deposit with the United States Postal Service, first class and certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) To the City: City Clerk  
City of Casa Grande  
510 East Florence Blvd  
Casa Grande, Arizona 85222

With a copy to: Casa Grande City Attorney  
510 East Florence Blvd  
Casa Grande, Arizona 85222

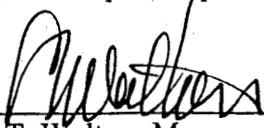
(b) To Arizona Water Company: P.O. Box 29006

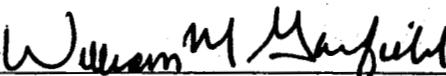
Phoenix, AZ 85038-9006

Section 13. Avowal. We, the undersigned, have executed this document in accordance with the results of the City of Casa Grande Special Election held on September 13th, 2005, on the dates below written.

CITY OF CASA GRANDE, an  
Arizona Municipal Corporation

ARIZONA WATER COMPANY, an  
Arizona Corporation

By   
Charles T. Walton, Mayor

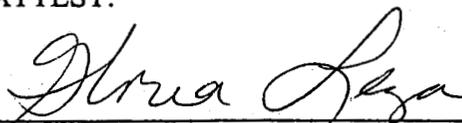
By   
WILLIAM M. GARFIELD  
PRESIDENT

On behalf of the City of Casa Grande

Date: May 18, 2005

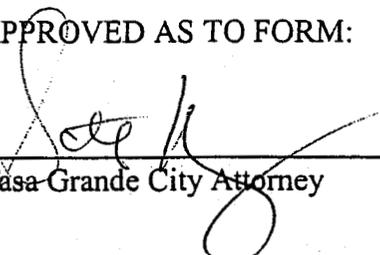
Date: 9-27-2005

ATTEST:

  
Gloria Leija, Casa Grande City Clerk



APPROVED AS TO FORM:

  
Casa Grande City Attorney

State of Arizona )

          maricopa )  
County of Pinal )

) ss  
)

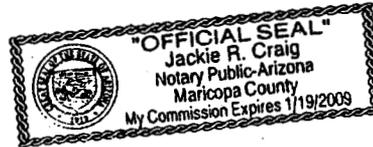
**Arizona Water Company  
Acknowledgment**

On this 27<sup>th</sup> day of September, 2005, William M. Garfield, who acknowledged himself/herself to be the President of Arizona Water Company personally appeared before the undersigned and that he/she, as such officer, being authorized to do so, executed the document in the capacity therein stated and for the purposes therein contained by signing his/her name.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Jackie R. Craig  
Notary Public

My commission expires: 1-19-2009



1268-263

FRANCHISE

BE IT RESOLVED by the Board of Supervisors, County of Pinal, State of Arizona:

THAT WHEREAS, Arizona Water Company, an Arizona corporation, has duly filed and presented its application that it be granted the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all purposes in the County of Pinal, State of Arizona, for a period of twenty-five (25) years; and

WHEREAS, upon the filing of said application, the Board of Supervisors ordered that public notice of the intention of said Board to make such grant be given by publishing a notice in the Florence Reminder & Blade-Tribune, a newspaper of general circulation published in the City of Casa Grande, County of Pinal, State of Arizona, stating that at 10:00 o'clock A.M., on the 4th day of February, 1985, at the Courthouse in the City of Florence, County of Pinal, State of Arizona, was set for the time and place for the consideration of the granting of said right, privilege, and franchise; and

WHEREAS, said application coming on regularly for hearing on the 4th day of February, 1985, and it appearing by the affidavit of Florence Reminder of said newspaper that due and legal notice of said time and place set for the consideration of such action has been published for at least once a week for three weeks prior to the date set for said hearing;

NOW, THEREFORE,

SECTION 1. There is hereby granted to Arizona Water Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors and assigns (hereinafter called "Grantee"), the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all

purposes in the County of Pinal, State of Arizona. Grantee's Application for Franchise is made a part hereof by reference thereto.

SECTION 2. All facilities to be constructed pursuant to this franchise shall be constructed and maintained in accordance with established practices with respect to such streets, avenues, alleys, highways, bridges and public places of the County of Pinal. Prior to such construction, a map showing the location of such facilities shall be submitted to such persons as may be designated by said Board of Supervisors.

SECTION 3. In the event that any lines or related facilities installed or constructed pursuant to this franchise shall at any time be found to interfere unduly with vehicular and pedestrian traffic over such streets, avenues, alleys, highways, bridges, public roads and other public places the Grantee hereby agrees that it will, at its own expense, and within a reasonable time after notice thereof by said Board of Supervisors, remove or relocate said lines, or related facilities so as to minimize said interference. In all other instances the costs incurred in relocating any lines or facilities shall be borne by and added to the cost of the public or private improvement causing or resulting in such relocation.

SECTION 4. In the event that said Board of Supervisors, acting on behalf of the County of Pinal, takes action to dispose of unnecessary public roadways in accordance with the provisions of Arizona Revised Statutes §28-1901, et seq., said Board of Supervisors agrees to recognize and preserve each of the Grantee's prior rights of way or easements and rights under this franchise which are affected thereby, as they existed prior to such disposition, by including specific and appropriate language for that purpose in any legal instrument utilized for the purpose of accomplishing such disposition.

SECTION 5. In case of any disturbance of pavement, sidewalk, driveway or other surfacing, planting or ground cover resulting from Grantee's action pursuant to this franchise, Grantee shall, in a manner entirely satisfactory to said Board of Supervisors and the department having appropriate jurisdiction, replace and restore the paving, sidewalk, driveway, surfacing, planting or ground cover of any street, alley or other public way or place so disturbed in as good condition as it was prior to said disturbance. All such work shall be completed with due diligence.

Further, to avoid duplication of effort and untimely destruction of the street, the Grantee shall coordinate its construction and replacement

plans pursuant to this franchise with said department having appropriate jurisdiction.

SECTION 6. The Grantee shall save the County of Pinal harmless from expenses, claims and liability arising by reason of the exercise of this franchise by Grantee.

SECTION 7. The right, privilege and franchise hereby granted shall continue and exist for a period of twenty-five (25) years from the effective date hereof, and upon approval by said Board of Supervisors and acceptance by the Grantee, this franchise shall be deemed effective as of the date of approval of this Application.

SECTION 8. The right, privilege and franchise hereby granted shall inure to the benefit of, and be binding upon the Grantee, its successors and assigns.

SECTION 9. All resolutions and parts of resolutions in conflict with the provisions hereof are hereby repealed to the extent applicable to a franchised public service corporation.

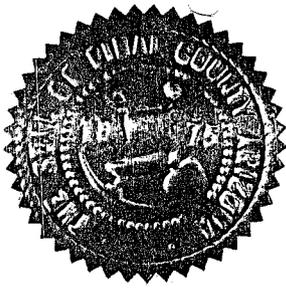
SECTION 10. If any section, paragraph, subdivision, clause, phrase or provision of this resolution shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this resolution as a whole or any part of the provisions hereof other than the part so adjudged to be invalid and unconstitutional.

SECTION 11. Upon the expiration of this franchise, if the Grantee shall not have acquired an extension or renewal thereof and accepted the same, it may continue operating its facilities and system within the County of Pinal until a new franchise can be effected with the County of Pinal.

Upon motion by Supervisor Mathieson,

seconded by Supervisor Weatherly,

the foregoing Resolution granting a Franchise to Arizona Water Company in the County of Pinal, State of Arizona, was duly passed and adopted by the Board of Supervisors, County of Pinal, State of Arizona, at a regular session of said Board held on the 4th day of February, 1985.



1268-266

PINAL COUNTY BOARD OF SUPERVISORS

By James Karam  
Chairman

ATTEST:

Charles A. Guerin  
Clerk of Board of Supervisors

# 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

**\*\*\*ARIZONA WATER COMPANY\*\*\***

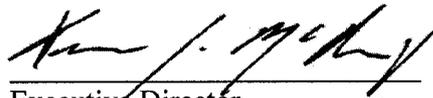
a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 15, 1954.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution 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 20th Day of April, 2007, A. D.



  
Executive Director

Order Number: 137524

**EXHIBIT 10**

**WATER USE DATA SHEET**

<b>NAME OF COMPANY</b> _____ →	<b>ARIZONA WATER COMPANY - Casa Grande</b>
<b>ADEQ Public Water System No.</b> _____ →	<b>11-009</b>

<b>MONTH/YEAR (LAST 13 MONTHS)</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLONS PUMPED</b>	<b>GALLONS PURCHASED</b>
January-07	21,508	292,349	313,184	0
December-06	21,424	332,442	305,977	0
November-06	21,291	351,507	365,961	0
October-06	21,136	342,967	398,911	0
September-06	20,965	401,224	362,188	0
August-06	20,844	386,558	419,403	0
July-06	20,728	462,815	485,525	0
June-06	20,396	433,590	487,459	0
May-06	20,294	315,496	455,678	0
April-06	20,066	282,544	320,179	0
March-06	19,773	267,679	306,065	0
February-06	19,421	261,330	283,961	0
January-06	19,213	269,149	305,254	0

<b>STORAGE TANK CAPACITY (Gallons)</b>	<b>NUMBER OF EACH</b>	<b>ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER</b>	<b>WELL PRODUCTION (Gallons per Minute)</b>
Burgess Peak 2,000,000	1	D(6-6)9bbd - Casa Grande #9	1,000
Casa Grande Mtn 5,000,000	1	D(6-6)21bbc - Casa Grande #10	1,040
Cottonwood 1,000,000	1	D(6-6)23cbb - Casa Grande #19	1,560
Golf Course 115,000	1	D(6-6)22ddd - Singh/Quaid #22	1,000
Indian Hills 100,000	1	D(6-6)22bda - Casa Grande #25	1,320
North Park 650,000	1	D(6-6)21bbb - Cottonwood Lane #14	250
North Park 35,000	1	D(6-6)22bad - Casa Grande #20	1,110
Scott Drive 110,000	1	D(6-6)22baa - Casa Grande #23	1,550
Scott Drive 5,000,000	1	D(6-6)15cdd - Casa Grande #26	1,400
Tierra Grande #1 10,000	1	D(7-6)35ddd - AZ City/Battaglia #28	1,620
Tierra Grande #1 250,000	1	D(6-6)15ccb - Casa Grande #17	850
		D(6-6)22cdc - Casa Grande #21	740
		D(6-6)22cdd - Casa Grande #24	950
		D(6-7)5baa - Lake-in-the-Desert #27	550
		D(6-6)25dcd - Casa Grande #29	1,380
		D(6-6)22ddd Casa Grande #30	1,000
		D(6-6)15cad - Casa Grande #31	1,500
		D(8-6)1ddb - Del Rio #34	1,500

<b>Other Water Sources in Gallons per Minute (Non-Potable CAP Water)</b> _____ →	<b>GPM</b> 1583
<b>Fire Hydrants on System</b> _____ →	<b>YES</b> NO
<b>Total Water Pumped Last 13 Months (Gallons in Thousands)</b> _____ →	<b>4,809,745</b>

**Arizona Department of Environmental Quality**  
**Drinking Water Monitoring and Protection Unit**  
 1110 W. Washington Street, 5415B-1  
 Phoenix, AZ 85007

**Drinking Water Compliance Status Report**

**Public Water System Name:** Arizona Water Co.-Casa Grande

**Public Water System ID #:** 11-009

**Public Water System Type:**  Community  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: 11-23-05

**Administrative Orders:**

Is an ADEQ administrative order in effect?  Yes  No

Comments:

**System information:**

Number of Entry Points to the Distribution System 9 Number of Sources 14

Population Served 62975 Service Connections 19877 Initial Monitoring Year 1993

**Evaluation completed by:** **Jim Puckett**

**Phone:** 602-771-4649 **Date:** 11-2-06

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.



**ARIZONA WATER COMPANY**

**AGREEMENT FOR  
EXTENSION OF  
WATER FACILITIES**

APPLICANT: All State Associates of Pinal XIII, LLC  
 Name  
21050 North Pima Road, Suite 100  
 Address  
Scottsdale, Arizona 85255  
 City and State Zip Code

Contract No. \_\_\_\_\_  
 W.A. No. \_\_\_\_\_

DATE OF AGREEMENT January 30, 2007

CONSTRUCTION START: Approximately 15 days after receiving all material and obtaining all necessary permits and approvals.

PROJECT COMPLETION: Estimated to be within (180) days from the start date.

DATE OF COST ESTIMATE (Attachment "A"): January 30, 2007 WATER SYSTEM: Casa Grande

WATER FACILITIES: Install 7920 LF of 12" DIP and Related Fittings South on Eleven Mile Corner Road to Selma Highway, Then East on Selma Highway to Sunshine as per drawing (Attachment "B").

REFUNDABLE ADVANCE FOR CONSTRUCTION:	<u>Install 7,920 LF of 12" DIP and set One 1" Service Complete</u>	\$	<u>502,207</u>
NON-REFUNDABLE CONTRIBUTION IN AID OF CONSTRUCTION:	_____		_____
	AGREEMENT TOTAL	\$	<u>502,207</u>
	LESS: MAIN EXTENSION DEPOSIT RECEIVED		_____
	BALANCE DUE	\$	<u>502,207</u>

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Applicant named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Applicant, in accordance with the related Cost Estimate, it is agreed as follows:

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Applicant will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the Company. The Total shown above to be paid by the Applicant to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Applicant of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Applicant; conversely, if the actual cost of construction is more than the Total amount paid, the Applicant shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Applicant will only be required to pay five percent (5%) more than the Total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Applicant further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Applicant.
- Refunds of any Advance For Construction shall be made as follows: each year for a period of 10 years the Company shall pay to the Applicant or the Applicant's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide Applicant whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July 1 to June 30 period. *Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable.* Aggregate refunds shall in no event exceed the total of the refundable Advance For Construction received from the Applicant. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the Applicant shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Applicant agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Applicant's subdivision, tract, development, or project.
- The Applicant agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Applicant's subdivision, tract, development, or project involves road construction, all roads and drainage ways will be brought to grade by the Applicant prior to the commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alley or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Applicant shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Applicant agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Applicant or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Applicant. No assignment or transfer of this Agreement by the Applicant shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Applicant, are subject to the Arizona Corporation Commission's "Rules and Regulations" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY  
 Company

All State Associates of Pinal XIII, LLC  
 Applicant

By: [Signature]  
 Title: ENGINEERING TECHNICIAN

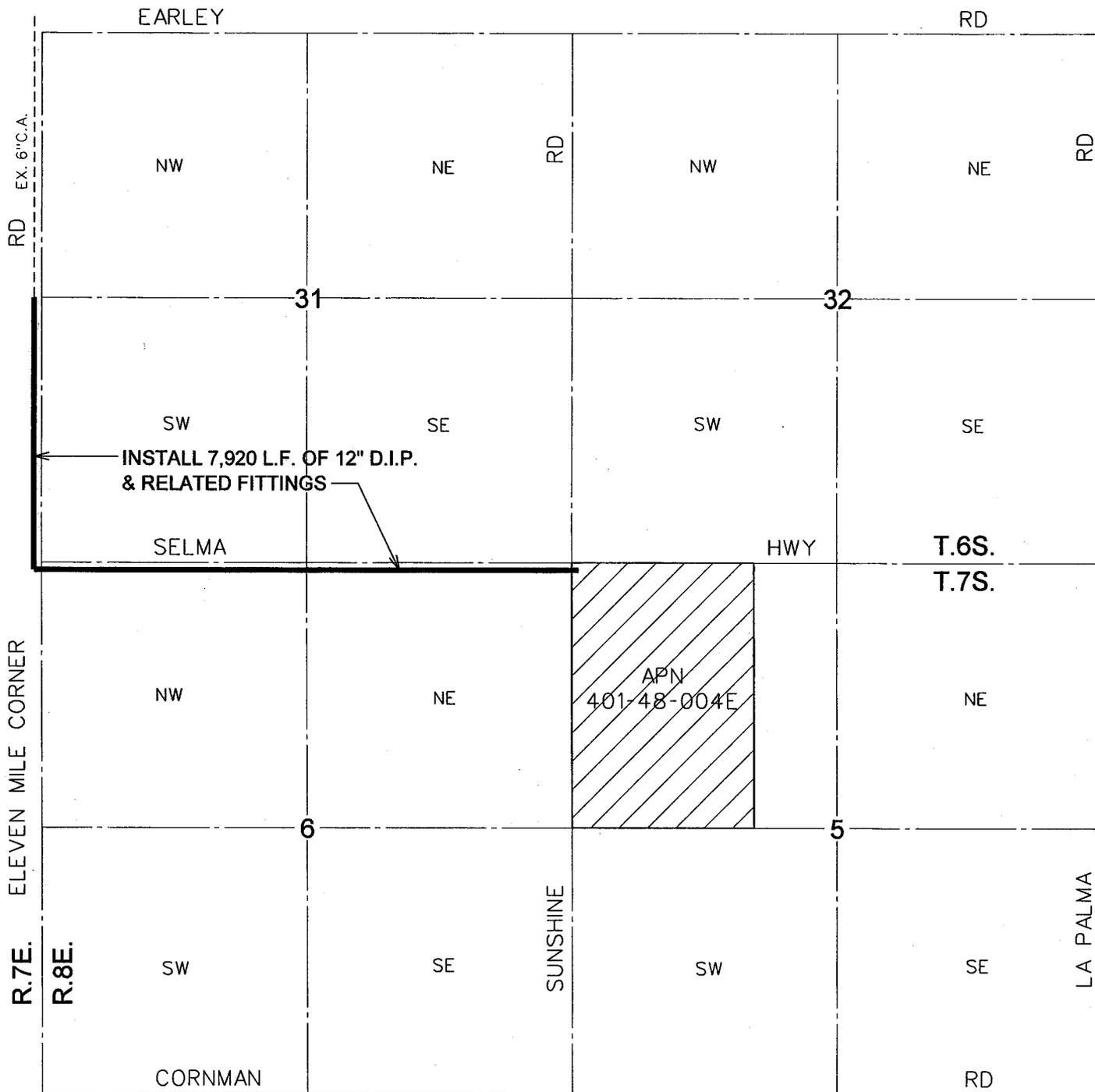
By: [Signature]  
 Title: MANAGER

EXHIBIT 12

<p>NOTE: THIS COST ESTIMATE IS GOOD UNTIL: <b>June 30, 2007</b></p> <p>AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.</p>	<p><b>ARIZONA WATER COMPANY</b></p> <p><b>COST ESTIMATE</b></p>		<p>DATE PREPARED: <b>1/30/2007</b></p> <p><b>Attachment "A"</b></p>	
	<p>PREPARED BY: <b>Charles Briggs</b></p>	<p>SYSTEM: <b>Casa Grande</b></p>		
	<p>PROJECT LOCATION <b>Portions of Sections 31 &amp; 32, T.6S., R.8E., G.S.R.B.&amp;M.</b></p>		<p>DRAWING NO.</p>	
<p>PROJECT DESCRIPTION:</p> <p style="text-align: center;">Install 7,920 LF of 12" DIP and Related Fittings South on Eleven Mile Corner Road to Selma Highway, Then East on Selma Highway to Sunshine.</p>				
<b>MATERIALS &amp; LABOR</b>			<b>ESTIMATED PROJECT COST</b>	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	7,920	12" DIP and Related Fittings	\$ 475,200	
345	1	1" Single Domestic Water Service - Complete	600	
<b>SUBTOTAL - MATERIALS &amp; LABOR</b>			\$ 475,800	\$ -
<b>OVERHEAD</b>			26,407	-
<b>TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST</b>			\$ 502,207	\$ -
<b>TOTAL ESTIMATED PROJECT COST</b>			<b>\$502,207</b>	

Attachment "B"

OFFSITE WATER DISTRIBUTION SYSTEM TO SERVE  
ALL STATE ASSOCIATES OF PINAL XIII, LLC (APN 401-48-004E)





ARIZONA WATER COMPANY

AGREEMENT FOR EXTENSION OF WATER FACILITIES

APPLICANT: Casa Grande Mountain Ranch, LP
Name
PO Box 15267
Address
Phoenix Arizona 85060
City and State Zip Code

Contract No.
W.A. No.

DATE OF AGREEMENT: March 7, 2007

DATE OF COST ESTIMATE: (Attachment "A"): March 7, 2007 WATER SYSTEM: Casa Grande

WATER FACILITIES: Offsite Water Distribution System to serve Casa Grande Mountain Ranch, LP (Parcels A, B, C, D, E, F, G & H) as per drawing (Attachment "B").

Table with 2 columns: Description and Amount. Rows include REFUNDABLE ADVANCE FOR CONSTRUCTION (\$168,766), NON-REFUNDABLE CONTRIBUTION IN AID OF CONSTRUCTION, AGREEMENT TOTAL (\$168,766), LESS: COST OF CONSTRUCTION (158,400), and BALANCE DUE (\$10,366).

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Applicant named above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Applicant, in accordance with the related Cost Estimate, it is agreed as follows: (SEE ADDENDUM, ATTACHED HERETO)

- 1. The Company will construct, or will arrange for the construction of the Water Facilities as described above.
2. The Applicant will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the Company.
3. Refunds of any Advance for Construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Applicant or the Applicant's assignee or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to 10 percent of the total gross annual revenue received by the Company from water sales to each bona fide Applicant whose service line is directly connected to pipelines installed pursuant to this Agreement.
4. All Water Facilities installed under this Agreement shall be the sole property of the Company, and the Applicant shall have no right, title or interest in or to any such facilities.
5. The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
6. The Applicant agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Applicant's subdivision, tract, development, or project.
7. The Applicant agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities.
8. The Applicant agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Applicant or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.
9. This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Applicant. No assignment or transfer of this Agreement by the Applicant shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
10. This Agreement, and all rights and obligations hereunder, including those regarding water service to the Applicant, are subject to the Arizona Corporation Commission's "Rules and Regulations" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY
Company
By: [Signature]
Title: VP - ENGINEERING
AFH

Casa Grande Mountain Ranch, LP
Applicant
By: [Signature]
Title: General Partner

**AGREEMENT FOR EXTENSION  
OF WATER FACILITIES**

This Addendum to Agreement for Extension of Water Facilities (the "Agreement") is made and entered into as of the 7th day of March, 2007, by and between Arizona Water Company ("Company") and Casa Grande Mountain Ranch, LP ("Applicant") for the extension of water service and facilities to serve the Casa Grande Mountain Ranch, LP (Parcels A, B, C, D, E, F, G & H) (the "Subdivision").

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

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

Applicant will arrange for and bear the cost of construction of the offsite water distribution system to serve the Subdivision, which includes approximately 2,640 LF of 12" DIP with related fittings, (collectively, the "Water Facilities") in accordance with plans and specifications reviewed and approved by the Company, and in accordance with the Company's current Construction Specifications & Standard Specification Drawings. Upon final acceptance by the Company, Applicant shall thereafter transfer and convey the Water Facilities to the Company by Bill of Sale, together with a perpetual easement for the maintenance thereof, both documents to be prepared and approved by the Company. Applicant shall furnish any document pertaining to ownership and title as may be requested by Company including documents which evidence or confirm transfer of possession to Company, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant. All risk or loss of the water facilities shall be with the Applicant until written acceptance by the Company, or any portions thereof. Applicant shall repair or cause to be repaired promptly, and at no cost to Company, all damage to the Water Facilities caused by Applicant's construction operations until all construction in development for Applicant has been completed. Applicant acknowledges that Company has the right to, and may in the future; connect its existing or future water systems to the Water Facilities.

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

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

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

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

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

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

*WORKER'S COMPENSATION*

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

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

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

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

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

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

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

EXHIBIT 12

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

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

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

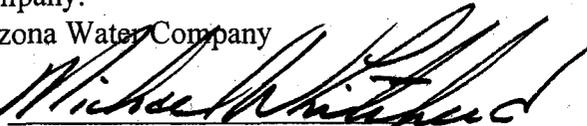
5. Applicant shall, within 60 days of operational acceptance of Water Facilities by Company, furnish Company with: (a) copies of all bills, invoices and other statements of expenses incurred by Applicant covering all of the costs of materials, equipment, supplies, construction and installation of the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

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

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

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

Company:  
Arizona Water Company

By: 

Applicant:  
Casa Grande Mountain Ranch, LP

By:   
General Partner

EXHIBIT 12

NOTE: THIS COST ESTIMATE IS GOOD UNTIL:  <b>NOT APPLICABLE</b>  AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	<h2 style="margin:0;">ARIZONA WATER COMPANY</h2> <h3 style="margin:0;">COST ESTIMATE</h3>	DATE PREPARED: 3/7/2007  Attachment "A"
	PREPARED BY:  John Knobbe	SYSTEM:  Casa Grande
	PROJECT LOCATION  Section 23, T 7 S, R 6 E	DRAWING NO.

PROJECT DESCRIPTION:

Offsite Water Distribution System to serve Casa Grande Mountain Ranch, LP (Parcels A, B, C, D, E, F, G & H) as per drawing attachment "B".

MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	2,640	12" DIP & related fittings	\$ 158,400	
▶ 343	1	Testing & Field Inspection	1,492	
<b>SUBTOTAL - MATERIALS &amp; LABOR</b>			<b>\$ 159,892</b>	<b>\$ -</b>
▶ OVERHEAD			8,874	-
<b>TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST</b>			<b>\$ 168,766</b>	<b>\$ -</b>
<b>TOTAL ESTIMATED PROJECT COST</b>			<b>\$168,766</b>	

- ▶ Funds to be Advanced Prior to Execution of Agreement for Extension of Water Facilities
- ▶ Total funds required \$10,366.00

AFH



## ARIZONA DEPARTMENT OF WATER RESOURCES

## Hydrology Division

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2448

Fax 602 417-2425

JANE DEE HULL  
GovernorJOSEPH C. SMITH  
Director

April 24, 2002

RECEIVED

APR 26 2002

ARIZONA WATER COMPANY  
PHOENIX - EXECUTIVE

Mr. William Garfield  
Arizona Water Company  
3805 North Black Canyon Highway  
Phoenix, Arizona 85015

**RE: Arizona Water Company  
Application for Physical Availability Demonstration #20-400600**

Dear Mr. Garfield:

The Department has completed review of the report entitled *Hydrology Study Report, Pinal AMA, Casa Grande Groundwater Flow Model*, prepared by Clear Creek Associates, August 31, 2001. The area of review has been limited to the Casa Grande (including Arizona City), Coolidge, and Tierra Grande service areas of Arizona Water Company's Pinal County CC&Ns. The model study area is located primarily in the Maricopa-Stanfield and Eloy sub-basins of the Pinal Active Management Area.

In accordance with A.A.C. R-12-15-702(C), it was determined that approximately 57,507 acre-feet per year of groundwater is available for the Casa Grande service area; 13,510 acre-feet per year is available for the Coolidge service area; and 4,786 acre-feet per year is available for the Tierra Grande service area. These quantities represent the amount of groundwater available for new demands within the service area of each system. The groundwater is projected to be physically available for 100 years under A.A.C. R-12-15-703(B) for assured water supply purposes in the respective areas. Currently, the water supply systems are in compliance with water quality standards for the purposes of A.A.C. R-12-15-704. It is the Department's conclusion that, pumping the projected demands for 100 years, will take the depth-to-static water level to approximately the maximum depth allowed by A.A.C. R-12-15-703(B).

The results of the Department's hydrologic review fulfill the requirements of A.A.C. R12-15-702 (C) and can be cited in applications for a Certificates of Assured Water Supply or for Designation of Assured Water Supply. These applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. §45-576 and A.A.C. R-12-15-701 *et. seq.* For further information on these requirements, please contact the Office of Assured and Adequate Water Supply Certification at (602)417-2465. If the Department finds that the groundwater supply is not available because the assumptions and information used in determining the physical availability under the current criteria prove incorrect, the Department will modify the availability of groundwater accordingly.

Page 2  
April 24, 2002  
Mr. William Garfield  
Arizona Water Company  
Application for Physical Availability Demonstration #20-400600

The Department's determination is an appealable agency action. In order to appeal this decision, you must request an appeal within thirty (30) days from receipt of this letter. I have enclosed a summary of the appeals process and an appeal form should you wish to pursue this option.

If you have any questions regarding the physical availability review, please contact me at (602) 417-2448.

Sincerely,



Greg Wallace  
Chief Hydrologist

GW/KM/rd  
202245

cc: Steve Corell, Clear Creek Associates  
Doug Dunham, ADWR  
Dennis Kimberlin, ADWR, Pinal AMA