

ORIGINAL NEW APPLICATION



ARIZONA CORPORATION COMMISSION
APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR TRANSFER OF
CERTIFICATE OF CONVENIENCE AND NECESSITY
WATER AND/OR SEWER

Arizona Corporation Commission
DOCKETED
MAR 22 2007

W-02597A-07-0169
W-20541A-07-0169

A. The name, address and telephone number of the Transferor (Company) is:

DOCKETED BY <i>WJN</i>	<i>NW</i>
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Cedar Grove Water Company
Po Box 1270 Show Low AZ 85902
(908) 537-8739

B. If doing business under a name other than the Transferor (Company) name, specify:

N/A

C. The Transferor is a:

<input type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input checked="" type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

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AZ CORP COMMISSION
DOCUMENT CONTROL

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

N/A

E. List the name, address and telephone number of management contact:

Thomas Grapp

Po Box 1270 Show Low AZ 85902

(928) 537-8739

F. The name, address and telephone number of the Transferee (Company) is:

Cedar Grove Water, Inc.

Po Box 1270 Show Low AZ 85902

(928) 537-8739

G. If doing business under a name other than the Transferee (Company) name, specify:

N/A

H. List the name, address and telephone number of the attorney for the Transferee.

N/A

I. List the name, address and telephone number of management contact:

Thomas Grapp

Po Box 1270 Show Low AZ 85902

(928) 537-8739

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

Thomas Grapp

Po Box 1270 Show Low AZ 85902

(928) 537-8739

K.(Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:

Mark Grapp

Po Box 1270 Show Low AZ 85902

(928) 537-8739

L. The Transferee is a:

<input checked="" type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input checked="" type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers
Mark E. Grapp
Barbara L. Grapp

Directors
Mark E. Grapp
Barbara L. Grapp

2. Indicate the number of shares of stock authorized to issue:

100,000

3. If stock has been issued, indicate the number of shares issued and the date of issue:

1,000

April 1, 2003

N. If Transferee is a partnership:

1. List the names of general partners:

N/A

2. List name, address and telephone number of managing partner:

N/A

◆ If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State

O. If Transferee is a sole proprietor, list name, address and telephone number of individual:

N/A

P. Have all customer security deposits been refunded? Yes ___ No . If no, mark the block below which describes the proposed disposition of security deposits.

All security deposits will be refunded at time of closing.

All security deposits will be transferred to the Transferee.

Other (explain).

Q. Are there any refunds due on Main Extension Agreements? Yes No ___. If Yes, mark the block below which describes the proposed disposition of the refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

R. (WATER ONLY) Are there any refunds due on meter and service line installations?
Yes No ___. If Yes, mark the block below that describes the proposed disposition of refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

S. (Transferee) Attach the following exhibit(s):

- N/A 1. Copy of bill of sale, purchase contract or other instrument, which conveys the assets to the transferee.
- ✓ 2. Articles of Incorporation (if corporation)
- ✓ 3. By-Laws (if corporation)
- ✓ 4. Certificate of Good Standing (if corporation)
- N/A 5. Articles of Partnership (if partnership)
- N/A 6. Articles of Organization (if limited liability company)
- N/A 7. Corporate Resolution if required by Articles of Incorporation
- ✓ 8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee.

T. List names and addresses of any other public utility interest Transferee has:

1. N/A

2. N/A

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

_____, 20____.

DATED the 20 day of March, 2007

[Signature]

(Signature of Authorized Representative of Transferor)

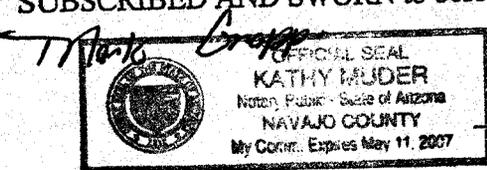
Mark Grapp

(Type Name Here)

Owner

(Title)

SUBSCRIBED AND SWORN to before me on this 20th day of March 2007



[Signature]
NOTARY PUBLIC

My Commission Expires _____

[Signature]

(Signature of Authorized Representative of Transferee)

Mark Grapp

(Type Name Here)

President

(Title)

SUBSCRIBED AND SWORN to before me on this _____ day of _____ 20____

NOTARY PUBLIC

My Commission Expires _____

ATTACHMENT A

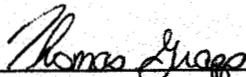
CEDAR GROVE WATER, INC.

PO BOX 1270 SHOW LOW, AZ 85902 • PHONE-928-537-8739 • FAX-928-537-1245

March 20, 2007

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Attached is an application by Cedar Grove Water Company for Application for Sale of Assets and/or Transfer of the Certificate of Convenience and Necessity. The purpose of this application is to transfer the Assets of Cedar Grove Water Company to Cedar Grove Water, Inc.



Thomas Grapp

ATTACHMENT B

**PUBLIC NOTICE OF AN APPLICATION FOR SALE OF ASSETS
AND/OR TRANSFER OF THE CERTIFICATE
OF CONVENIENCE AND NECESSITY
BY CEDAR GROVE WATER COMPANY**

Cedar Grove Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to sell its assets and/or transfer its Certificate of Convenience and Necessity to provide water service to Cedar Grove Water, Inc. If the application is granted, Cedar Grove Water, Inc. would be the exclusive provider of water service to your area. Cedar Grove Water, Inc. is under the jurisdiction of the Commission.

If you have any claims against Cedar Grove Water Company, including claims for refunds of security deposits, service line and meter installations (WATER ONLY) or main extension agreements and you have not already been contacted by the Company, you must present your claim to Cedar Grove Water Company on or before April 30, 2007. Direct your claim(s) to Cedar Grove Water Company, PO Box 1270, Show Low, Arizona 85902.

The Commission will hold a hearing on this matter. As a property owner or customer you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application, have any objections to its approval, or wish to make statement in support of it, you may contact the Consumer Services Section of the Commission at [1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000/400 West Congress, North Building, Room 218, Tucson, Arizona 85701 or call 1-800-535-0148].

ATTACHMENT C

EXPEDITED
AZ CORP COMMISSION
FILED

2003 JUN 25 P 4: 22 ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
CEDAR GROVE, INC.
APPR Teri Little
DATE APPR 6/25/2003
TERM _____
DATE _____ TIME _____ - 1070153-3

Pursuant to the provisions of A.R.S § 10-1005, the undersigned corporation adopts the attached Articles of Amendment to the Articles of Incorporation.

FIRST: The name of the corporation is CEDAR GROVE, INC.

SECOND: By resolution and unanimous consent of the Board of Directors of the Corporation as evidenced hereunder by their signatures, the Articles were amended, changing the name of the corporation to CEDAR GROVE WATER, INC.

DATED: April 1, 2003.

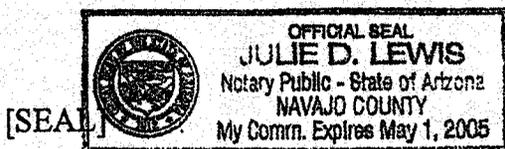
**CEDAR GROVE, INC.,
an Arizona corporation:**

By *Mark E. Grapp, Sr.*
Mark E. Grapp, Sr., Director

By *Barbara Grapp*
Barbara Grapp, Director

STATE OF ARIZONA)
) ss.
County of Navajo)

The foregoing instrument was acknowledged before me on June 23rd, 2003, by Mark E. Grapp, Sr., and Barbara Grapp, Directors of CEDAR GROVE, INC., an Arizona corporation, on behalf of the corporation.



Julie D. Lewis
Notary Public

**ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION
OF CEDAR GROVE, INC.**

Pursuant to the provisions of A.R.S. § 10-1005, the undersigned corporation adopts the attached Articles of Amendment to the Articles of Incorporation.

FIRST: The name of the corporation is CEDAR GROVE, INC.

SECOND: By resolution and unanimous consent of the Board of Directors of the Corporation as evidenced by their signatures, the Articles were amended, Changing the name of the corporation to CEDAR GROVE WATER, INC.

DATED: April 1, 2003.

CEDAR GROVE, INC., an Arizona Corporation

By (signed) Mark E. Grapp, Sr., Director

By (signed) Barbara Grapp, Director

STATE OF ARIZONA / County of Navajo / ss. The foregoing instrument was acknowledged before me on June 23rd, 2003 by Mark E. Grapp, Sr., and Barbara Grapp, Directors of CEDAR GROVE, INC., an Arizona corporation, on behalf of the corporation (seal) (signed) Julie D. Lewis, Notary Public.

[30 July, 6 & 13 Aug]

EXPEDITED
AZ CORP COMMISSION
FILED

2003 MAR 21 P 4: 26

APPR M. Gomez-Bastelo

DATE APPR 3-21-03

TERM _____

DATE _____ TIME _____

ARTICLES OF INCORPORATION
OF
CEDAR GROVE, INC

- 1070153 - 3

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of Arizona; and for that purpose, do hereby adopt Articles of Incorporation as follows:

ARTICLE I.
NAME

The name of the corporation is CEDAR GROVE, INC.

ARTICLE II.
PURPOSE

The purpose for which this corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona as they may be amended from time to time.

ARTICLE III.
INITIAL BUSINESS

The corporation initially intends to provide water service to residential and business organizations as a public utility.

ARTICLE IV.
AUTHORIZED CAPITAL

The corporation shall have the authority to issue 100,000 shares of common stock, non par.

**ARTICLE V.
PREEMPTIVE RIGHTS**

The shareholders, from time to time, of the common stock of this corporation shall have preemptive rights as to the common stock then or thereafter authorized to be issued, including treasury stock, unless they have waived or forfeited their right of preemption. No resolution of the Board of Directors authorizing the issuance of stock to which preemptive rights shall attach may require such rights to be exercised within less than ninety (90) days.

**ARTICLE VI.
STATUTORY AGENT**

The name and address of the initial statutory agent of the corporation is James G. Knollmiller, Attorney at Law, 1745 South Alma School Road, Suite 230, Mesa, Arizona 85210.

**ARTICLE VII.
KNOWN PLACE OF BUSINESS**

The known place of business of the corporation shall be P.O. Box 1270, Show Low, Arizona 85902. The physical address of the business shall be 340 North 9th Street, Show Low, Arizona 85901.

**ARTICLE VIII.
BOARD OF DIRECTORS**

The initial Board of Directors shall consist of two (2) directors, but the number of persons to serve on the Board of Directors thereafter shall be fixed by the Bylaws of the corporation. The persons and their addresses who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and qualified, are:

Mark E. Grapp, Sr.
P.O. Box 1270
Show Low, AZ 85902

Barbara Grapp
P.O. Box 1270
Show Low, AZ 85902

**ARTICLE IX.
INCORPORATORS**

The incorporators of the corporation are:

Mark E. Grapp, Sr.
P.O. Box 1270
Show Low, AZ 85902

Barbara Grapp
P.O. Box 1270
Show Low, AZ 85902

All powers, duties, and responsibilities of the incorporators shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.

**ARTICLE X.
DISTRIBUTIONS FROM CAPITAL SURPLUS**

The Board of Directors of the corporation may, from time to time, distribute on a pro rata basis to its shareholders out of the capital surplus of the corporation, a portion of its assets, in cash or in property.

**ARTICLE XI.
INDEMNIFICATION OF OFFICERS
DIRECTORS, EMPLOYEES, AND AGENTS**

Subject to further provisions adopted in the Bylaws of the corporation, the corporation shall indemnify any person who incurs expenses by reason of the fact that he or she is or was an officer, director, employee, or agent of the corporation. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law and the Bylaws of the corporation.

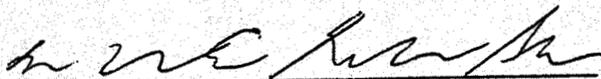
**ARTICLE XII.
LIABILITY OF DIRECTORS**

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under Arizona law.

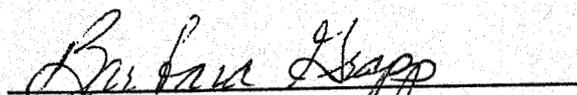
**ARTICLE XIII.
REPURCHASE OF SHARES**

The Board of Directors of the corporation may, from time to time, cause the corporation to purchase its own shares to the extent of the unreserved and unrestricted earned and capital surplus of the corporation.

IN WITNESS WHEREOF, we hereunto affix our signatures this _____ day of January, 2003.

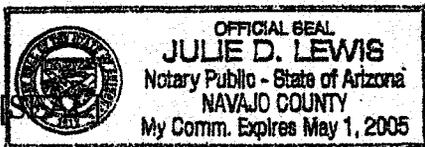


Mark E. Grapp, Sr., Incorporator


Barbara Grapp, Incorporator

STATE OF ARIZONA)
) ss.
County of Navajo)

~~Madh~~ The foregoing Articles of Incorporation were acknowledged before me this 14th day of ~~January~~, 2003.



Julie D Lewis
Notary Public

I, James G. Knollmiller, having been designated to act as Statutory Agent for CEDAR GROVE, INC, hereby consent to act in that capacity until removal or resignation is submitted in accordance with Arizona Revised Statutes.

James G. Knollmiller
James G. Knollmiller, Statutory Agent

ATTACHMENT D

BYLAWS
OF
CEDAR GROVE WATER, INC.

ARTICLE 1
OFFICES AND CORPORATE SEAL

1.1 **Principal Office.** The Corporation shall maintain a principal office in Navajo County, Arizona, at its known place of business as provided for in the Articles of Incorporation.

1.2 **Other Offices.** The Corporation may also maintain offices at such other place or places, either within or without the State of Arizona, as may be designated from time to time by the Board of Directors, and the business of the Corporation may be transacted at such other offices with the same effect as that conducted at the principal office.

1.3 **Corporate Seal.** A corporate seal shall not be a requisite to the validity of any instrument executed by or on behalf of the Corporation, but nevertheless, if in any instance a corporate seal be used, the same shall be, at the pleasure of the Officer affixing the same, either (a) a circle containing the name of the Corporation and the words "Incorporated, 2003, Arizona," or (b) a circle containing the words "Corporate Seal" on the circumference thereof.

ARTICLE 2
SHAREHOLDERS

2.1 **Shareholders' Meetings.** All meetings of Shareholders shall be held at such place as may be fixed from time to time by the Board of Directors, or in the absence of direction by the Board of Directors, by the President or Secretary of the Corporation, either within or without the State of Arizona, as shall be stated in the notice of the meeting or in a duly executed Waiver of Notice thereof.

2.2 **Annual Meetings.** Annual meetings of Shareholders shall be held on the second Thursday in February, if not a legal holiday, and if a legal holiday, then on the next secular day following, or at such other date and time as shall be designated from time to time by the Board of Directors and stated in the Notice of Meeting. At the annual meeting, Shareholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

2.3 **Notice of Annual Meeting.** Written notice of the annual meeting stating the place, date, and hour of the meeting shall be given to each Shareholder of record entitled to vote at such meeting not less than ten (10), nor more than fifty (50) days before the date of the meeting.

2.4 **List of Shareholders.** The Officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of Shareholders, a complete list of the Shareholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address and the number of shares registered in the name of each Shareholder. Such list shall be open to the examination of any Shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, or at the corporate business offices. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Shareholder.

2.5 **Special Meetings of Shareholders.** Special meetings of the Shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of Shareholders owning a majority in amount of the entire capital stock of the Corporation issued, outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

2.6 **Notice of Special Meetings.** Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than fifty (50) days before the date of the meeting to each Shareholder of record entitled to vote at such meeting. Business transacted at any special meeting of Shareholders shall be limited to the purposes stated in the Notice. Shareholders entitled to vote at the meeting shall be determined as of 4:00 o'clock p.m. in the afternoon on the day before Notice of Meeting is sent.

2.7 **Quorum and Adjournment.** The holders of a majority of the shares issued, outstanding, and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the Shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the Shareholders, the Shareholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting to another time or place, without notice other than announcement at the meeting at which adjournment is taken, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if, after the adjournment, a new record date is fixed for the adjourned meeting, a Notice of the adjourned meeting shall be given to each Shareholder of record entitled to vote at the meeting.

2.8 **Majority Required.** When a quorum is present at any meeting, the vote of the holders of a majority of the voting power present, whether in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the Articles of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

2.9 **Voting.** At every meeting of the Shareholders, each Shareholder shall be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such Shareholder, but no proxy shall be voted or acted upon after eleven (11) months from its date, unless the proxy provides for a longer period.

2.10 **Action Without Meeting.** Any action required or permitted to be taken at any annual or special meeting of Shareholders may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of all of the outstanding shares entitled to vote with respect to the subject matter of the action.

2.11 **Waiver of Notice.** Attendance of a Shareholder at a meeting shall constitute waiver of notice of such meeting, except when such attendance at the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Shareholder may waive notice of any annual or special meeting of Shareholders by executing a written Notice of Waiver either before or after the time of the meeting.

ARTICLE 3 DIRECTORS

3.1 **Number.** The number of Directors which shall constitute the whole Board shall be not fewer than one (1), nor more than seven (7). The Directors shall be elected at the annual meeting of the Shareholders, except as provided in Paragraph 3.2 of this Article, and each Director elected shall hold office until his or her successor is elected and qualified. Directors need not be Shareholders.

3.2 **Vacancies.** Vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by the affirmative vote of a majority of the remaining Directors then in office, though not less than a quorum, or by a sole remaining Director, and the Directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced. If there are no Directors in office, then an election of Directors may be held in the manner provided by statute.

3.3 **Powers.** The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts as are not by statute, the Articles of Incorporation, or these Bylaws directed or required to be exercised or done by the Shareholders.

3.4 **Place of Meetings.** The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Arizona.

3.5 **Annual Meetings.** The first meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of Shareholders, and in the same place as the annual meeting of Shareholders, and no notice to the newly elected Directors of such meeting shall be necessary in order legally to hold the meeting, providing a quorum shall be present. In the event such meeting is not held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver by all of the Directors.

3.6 **Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 **Special Meetings.** Special meetings of the Board may be called by the President or the Secretary on one (1) day's notice to each Director, either personally, by mail, by telegram, or by telephone. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

3.8 **Quorum.** A majority of the membership of the Board of Directors shall constitute a quorum and the concurrence of a majority of those present shall be sufficient to conduct the business of the Board, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors then present may adjourn the meeting to another time or place, without notice other than announcement at the meeting, until a quorum shall be present.

3.9 **Action Without Meeting.** Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

3.10 **Compensation.** The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. The amount or rate of such compensation of members of the Board of Directors or of committees shall be established by the Board of Directors and shall be set forth in the minutes of the Board.

3.11 **Waiver of Notice.** Attendance of a Director at a meeting shall constitute waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any Director may waive notice of any annual, regular, or special meeting of Directors by executing a written Notice of Waiver either before or after the time of the meeting.

3.12 **Executive and Other Committees.**

3.12.1 The Board of Directors, by resolution adopted by a majority of the full Board, may designate from among its members an Executive Committee and one or more other committees, each committee to consist of two or more Directors. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member, and the alternate or alternates, if any, designated for such member, of any committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member.

3.12.2 Except as otherwise provided in this section, the Executive Committee shall have and exercise all of the authority of the Board in the management of the business and affairs of the Corporation and any other committee shall have and exercise the authority of the Board to the extent provided in the resolution designating the Committee. The Board of Directors, with or without cause, may dissolve any such committee or remove any member thereof at any time.

3.12.3 Notwithstanding Section 3.12.2, no such committee of the Board shall have the authority of the Board in reference to:

- A. The amendment or repeal of the Bylaws or the adoption of new Bylaws;
- B. The filling of vacancies on the Board of Directors or in any committee of the Board of Directors;
- C. The fixing of compensation of Directors for serving on the Board or on any committee of the Board of Directors; or
- D. The submission to Shareholders of any action that requires Shareholder approval by law.

3.13 **Dividends.** Except as limited by statute and the Articles of Incorporation, the Board of Directors shall have full power to determine whether any, and, if so, what part, of the funds legally available for the payment of dividends shall be declared in dividends and paid to the Shareholders of the Corporation. The Board of Directors may fix a sum which may be set aside or reserved over and above the paid-in capital of the Corporation for working capital or as a reserve for any proper purpose, and from time to time may increase, diminish and vary such fund.

3.14 **Minutes.** The Corporation shall keep minutes of the proceedings of its Board of Directors and committees thereof.

3.15 Director Conflicts of Interest.

3.15.1 No contract or other transaction between the Corporation and one or more of its Directors or any other corporation, firm, association or entity in which one or more of its directors are Directors or Officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such Director or Directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if:

A. The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested Directors; or

B. The fact of such relationship or interest is disclosed or known to the Shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or

C. The contract or transaction is fair and reasonable to the Corporation at the time the contract or transaction is authorized, approved or ratified, in light of the circumstances known to those entitled to vote thereon at that time.

3.15.2 Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

ARTICLE 4 OFFICERS

4.1 Designation of Titles. The Officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary, and a Treasurer. The Board of Directors may also choose a Chairman of the Board, any number of Vice Presidents, and one or more Assistant Secretaries and Assistant Treasurers. Any number of offices may be held by the same person, unless the Articles of Incorporation or these Bylaws otherwise provide.

4.2 Appointment of Officers. The Board of Directors at its first meeting after each annual meeting of Shareholders shall choose a President, a Secretary and a Treasurer, and may choose any number of Vice Presidents and a Chairman of the Board, each of whom shall serve at the pleasure of the Board of Directors. The Board of Directors at any time may appoint such other officers and agents as it shall deem necessary to hold offices at the pleasure of the Board of Directors and to exercise such powers and perform such duties as shall be determined from time to time by the Board.

4.3 **Salaries.** The salaries of the Officers shall be fixed from time to time by the Board of Directors, and no Officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation. The salaries of the Officers, or the rate by which salaries are fixed, shall be set forth in the minutes of the meetings of the Board of Directors.

4.4 **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board of Directors at any time.

4.5 **Chairman of the Board.** The Chairman of the Board, if one shall have been appointed and be serving, shall preside at all meetings of the Board of Directors and shall perform such other duties as from time to time may be assigned to him or her.

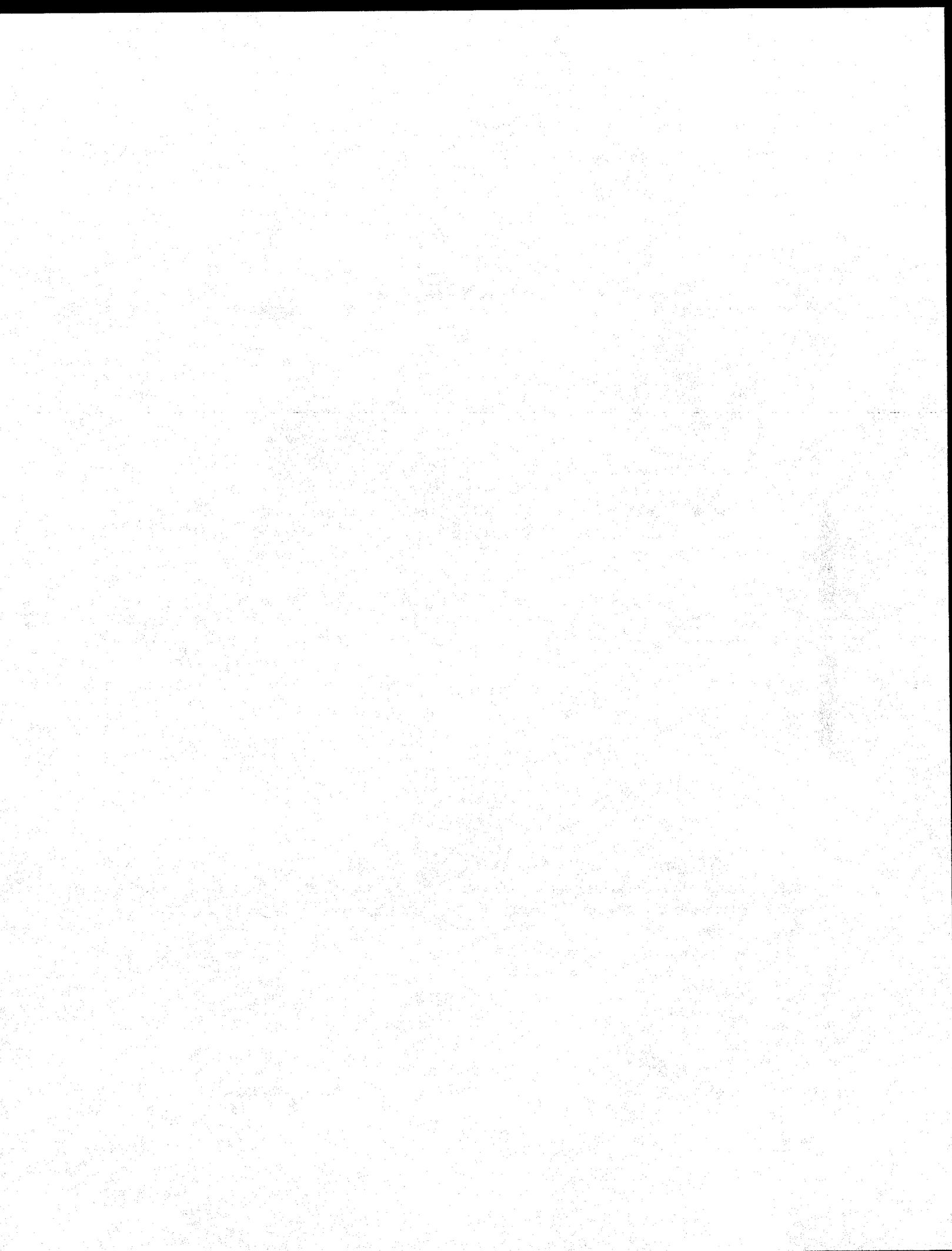
4.6 **President.** The President shall preside at all meetings of Shareholders and, if a Chairman of the Board shall not have been appointed or, having been appointed, shall not be serving or be absent, the President shall preside at all meetings of the Board of Directors. He or she shall sign all deeds and conveyances, all contracts and agreements, and all other instruments requiring execution on behalf of the Corporation, and shall act as operating and directing head of the Corporation, subject to policies established by the Board of Directors.

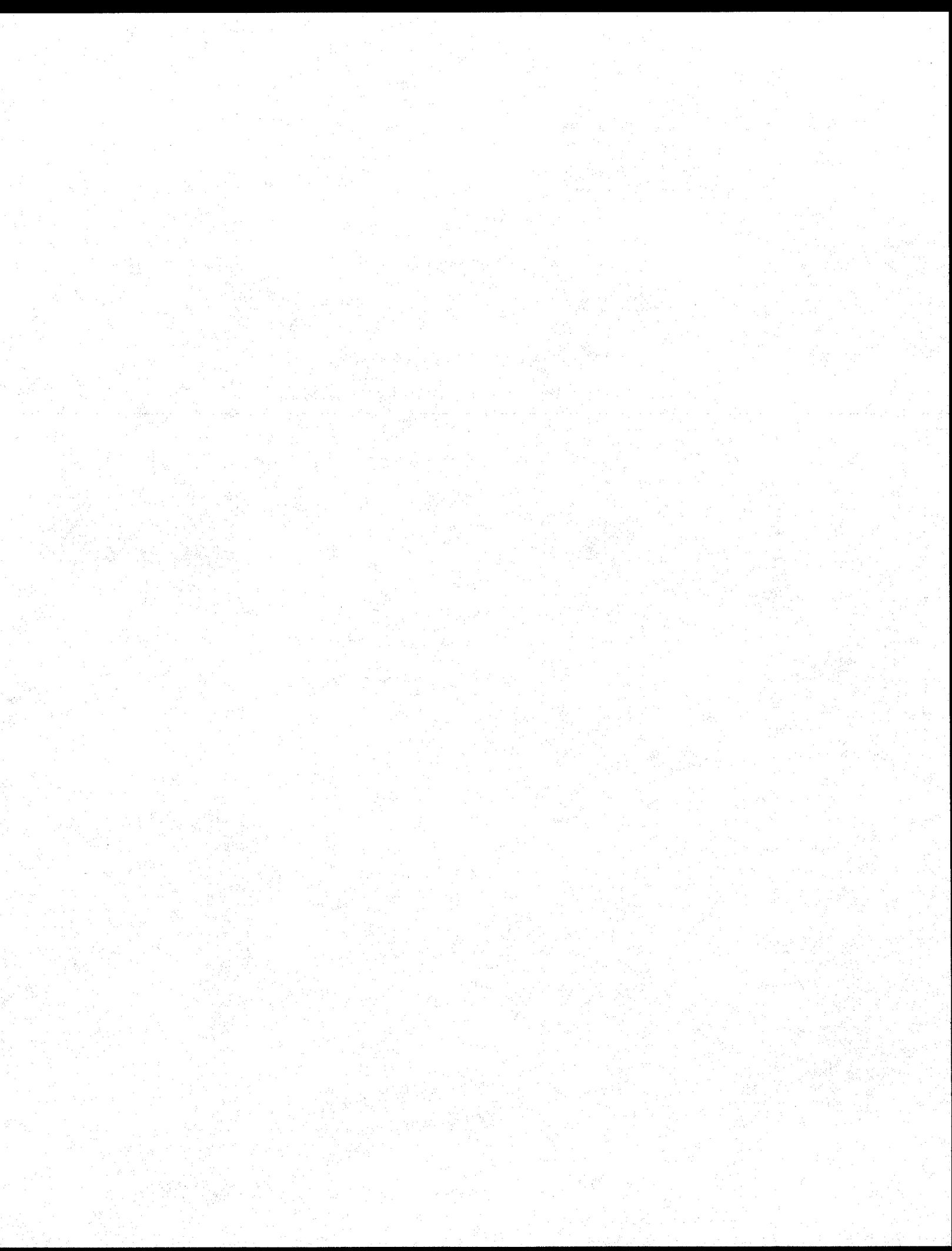
4.7 **Vice President.** There shall be as many Vice Presidents as shall be determined by the Board of Directors from time to time, and they shall perform such duties as from time to time may be assigned to them. Any one of the Vice Presidents, as authorized by the Board, shall have all the powers and perform all the duties of the President in case of the temporary absence of the President, or in case of his or her temporary inability to act. In case of the permanent absence or inability of the President to act, the office shall be declared vacant by the Board of Directors and a successor chosen by the Board.

4.8 **Secretary.** The Secretary shall see that the minutes of all meetings of Shareholders, of the Board of Directors, and of any standing committees are kept. He or she shall be the custodian of the Corporate seal and shall affix it to all proper instruments when deemed advisable by him or her. He or she shall give or cause to be given required notices of all meetings of the Shareholders and of the Board of Directors. He or she shall have charge of all the books and records of the Corporation except the books of account, and in general, shall perform all the duties incident to the office of secretary of a corporation and such other duties as may be assigned to him or her.

4.9 **Treasurer.** The Treasurer shall have general custody of all the funds and securities of the Corporation, except such as may be required by law to be deposited with any state official. He or she shall see to the deposit of the funds of the Corporation in such bank or banks as the Board of Directors may designate. Regular books of account shall be kept under his or her direction and supervision, and he or she shall render financial statements to the President, Directors and Shareholders at proper times. The Treasurer shall have charge of the preparation and filing of such reports, financial statements and returns as may be required by law.

4.10 **Bonds.** The Board of Directors may require any and all Officers, respectively, to give a bond for the faithful performance of their respective duties in such sum as said Board of Directors





ATTACHMENT E

Certificate of Compliance Letter of Good Standing

Cedar Grove Water Company

This Certificate of Compliance is issued pursuant to Arizona Revised Statutes Section 42-1110 and/or Section 43-1151. It certifies that, according to department records, the above named taxpayer has filed and paid all taxes due under Title 42 and Title 43, specifically and only as to the following described tax types and identification/license numbers:

TAX TYPE

Social Security Number

Transaction Privilege Tax License

This certification is made conditionally and is subject to the findings of any subsequent audit.

IDENTIFICATION

000-00-0000

01-004815-5

Issued To:

Cedar Grove Water Company

Attn: Mr. Mark Grapp

340A N. 9th St.

Show Low, AZ 85901

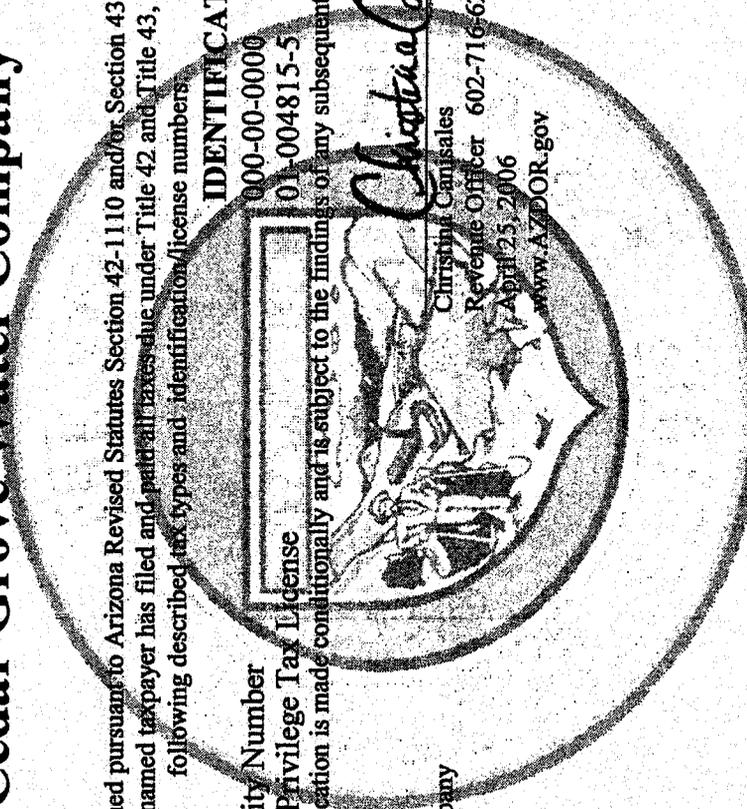
Christina Cevallos

Christina Cevallos

Revenue Officer 602-716-6234

April 25, 2006

www.AZDOR.gov



CEDAR GROVE WATER, INC.

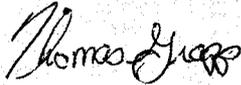
PO BOX 1270 SHOW LOW, AZ 85902 • PHONE-928-537-8739 • FAX-928-537-1245

March 19, 2007

To Whom It May Concern:

Included letter was mailed to Apache County on February 21, 2007. To date, Cedar Grove Water, Inc. (hereinafter referred to as "Company") has received no correspondence from Apache County. Company shall inform Arizona Corporation Commission of any new developments pertaining to this issue. If you have any questions, please contact me via any method mentioned in the header of this letter. Thank you.

Sincerely,



Thomas Grapp

CEDAR GROVE WATER, INC.

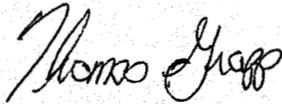
PO BOX 1270 SHOW LOW, AZ 85902 • PHONE-928-537-8739 • FAX-928-537-1245

February 21, 2007

To Whom It May Concern:

Enclosed are the Docket Numbers relating to the Franchise currently held by Mark Grapp, Cedar Grove Water Company. They are as follows: DKT 587 pages 80-86, Book 757 pgs 469-475, Book 771 pages 384-389.1 and Resolution Number 2004-27. Cedar Grove Water Company has been incorporated and would like to request that the Franchise held by Mark Grapp, Cedar Grove Water Company be transferred to Cedar Grove Water, Inc. If this letter is not sufficient to facilitate such a transfer, please contact me by any method mentioned in the header of this letter. Thank you.

Sincerely,



Thomas Grapp