

ORIGINAL



0000073613

**ROSHKA DEWULF & PATTEN**

ROSHKA DEWULF & PATTEN, PLC  
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PHOENIX, ARIZONA 85004  
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FACSIMILE 602-256-6800

RECEIVED

28DE

2007 JUN -4 P 4: 21

AZ CORP COMMISSION  
DOCKET CONTROL

June 4, 2007

Arizona Corporation Commission  
**DOCKETED**

JUN -4 2007

DOCKETED BY	<i>nr</i>
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Ms. Blessing N. Chukwu  
Executive Consultant III  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Avenue  
Phoenix, Arizona 85007

Re: Water Utility of Greater Buckeye – Application for Extension of it Certificate of Convenience and Necessity (CC&N)  
Docket No. W-02451A-06-0792

Dear Ms. Chukwu:

Water Utility of Greater Buckeye, Inc. (“WUGB”) responds to your insufficiency letter dated April 3, 2007 in this docket. I hope that the responses address your concerns and questions. Please let me know if Staff has any further questions.

Very truly yours,

Timothy J. Sabo

TJS:da

cc: Docket Control (Original + 13 copies).  
Ms. Katrin Stukov, Utilities Division  
Lyn Farmer, Chief ALJ, Hearing Division  
Christopher C. Kempley, Esq., Chief Counsel, Legal Division  
Mr. Graham Symmonds, Global Water Management

WATER UTILITY OF GREATER BUCKEYE'S  
RESPONSES TO INSUFFICIENCY LETTER  
DATED APRIL 3, 2007  
DOCKET NO. W-02451A-06-0792

1. Based on the submitted Water Use Data, Staff concludes that WUGB's existing water systems lack adequate storage capacity or well production capacity (or both) to serve the existing customer base. Lack of storage capacity also applies to the Sun Valley water system, the system into which Montana Vista is proposed to be interconnected. Please provide a **report for the existing water systems' improvements**. The report should outline plans to resolve existing water systems capacity inadequacies and include estimated date of completion.

RESPONSE: See attachments.

RESPONDENT: Graham S. Symmonds, SVP  
Regulatory Affairs and Compliance

WATER UTILITY OF GREATER BUCKEYE'S  
RESPONSES TO INSUFFICIENCY LETTER  
DATED APRIL 3, 2007  
DOCKET NO. W-02451A-06-0792

2. Please indicate the **off-site** water main's size that tie-in with the proposed extension.

RESPONSE: See attachments

RESPONDENT: Graham S. Symmonds, SVP  
Regulatory Affairs and Compliance



## Water Utility of Greater Buckeye

### Sonoran Ridge

The Sonoran Ridge Water Distribution Center currently consists of a 150 gpm well pump, a 200,000 gal water storage tank, booster pumps and a large hydropneumatic tank. This site will require a 150 gpm well-site media-based arsenic treatment unit to be in compliance with the arsenic rule. A Special Use Permit has already been obtained for this site. An Approval to Construct will be required for the addition of an arsenic treatment unit to the site. Improvements are scheduled for completion in October 2007.

- Equipment/Engineering: \$270,000
- Permitting: \$2,500

### Sweetwater Unit II

The Sweetwater Unit II Water Distribution Center currently consists of a 40 gpm well pump, 44,000 gal water storage tanks, booster pumps and a large hydropneumatic tank. This system has adequate well capacity to serve 95 customers; there are 93 current customers. Storage requirements based on 2006 average daily peak month usage are approximately 47,100 gallons, and thus this site will require an additional 3,000 gal water storage tank for its 93 existing customers.

An emergency interconnect made earlier in 2007 with the City of Goodyear was activated due to nitrate levels found in Sweetwater II's well water, and the blending plan ATC which includes the additional 5,000 gallon storage tank, was issued on April 20, 2007 (copy attached). The storage tank is currently under construction to be completed in July 2007. Due to the availability of additional water through the interconnect, this system therefore has adequate storage, even without the new tank currently being constructed.

- Equipment/Engineering: \$15,000
- Permitting: \$1,500
- 

### Sun Valley Ranches

The Sun Valley Ranches Water Distribution Center will serve the Montana Vista development being added in this CC&N extension request, and it currently consists of a 300 gpm well pump, a 120,000 gal water storage tank, booster pumps and a large hydropneumatic tank. The existing well capacity is adequate to serve the 386 existing customers, with capacity for 704. Two new booster pumps are currently being installed to assist meeting pressure demands over the summer 2007.

Engineering calculations provided by McBride Engineering Solutions (MES) shows the 120,000 gallon storage facility is less than that required to meet storage regulation AAC R18-5-503.B. MES is under contract to provide engineering design services to expand the storage facility by 80,000 gallons to meet the anticipated needs of the development demands for the next five years, and construction is expected to be complete in mid-2008.

To meet the immediate storage regulation, WUGB will be able to rely on a new 300 gpm well that has been constructed by the developer, 50 Sun Valley Parkway, LLC under an LXA dated 3-9-05, and is in the process of being placed on line. This well is drilled and equipped, however the site currently lacks power to run the well. Additionally, the transmission line to the storage reservoir has not been completed. The LXA clearly states that the developer is responsible for adding storage, additional boosters, pipeline and the new well. To date this has not all been accomplished. WUGT is currently in negotiations with the developer to complete this work.

In the interim, WUGT is immediately establishing a contract to supply a temporary generator to run the well until power can be brought to the site. Additionally, we are working with the developers to finish the waterline as soon as possible. Once the waterline and temporary generator are in place, the Sun Valley Ranches system will be a two well system of sufficient capacity to meet the requirements of AAC R18-5-503.B.

WUGB intends to also add storage for redundancy and to create the opportunity to add fire flow capability to the system.

- Equipment/Engineering: \$160,000
- Permitting: \$2,500

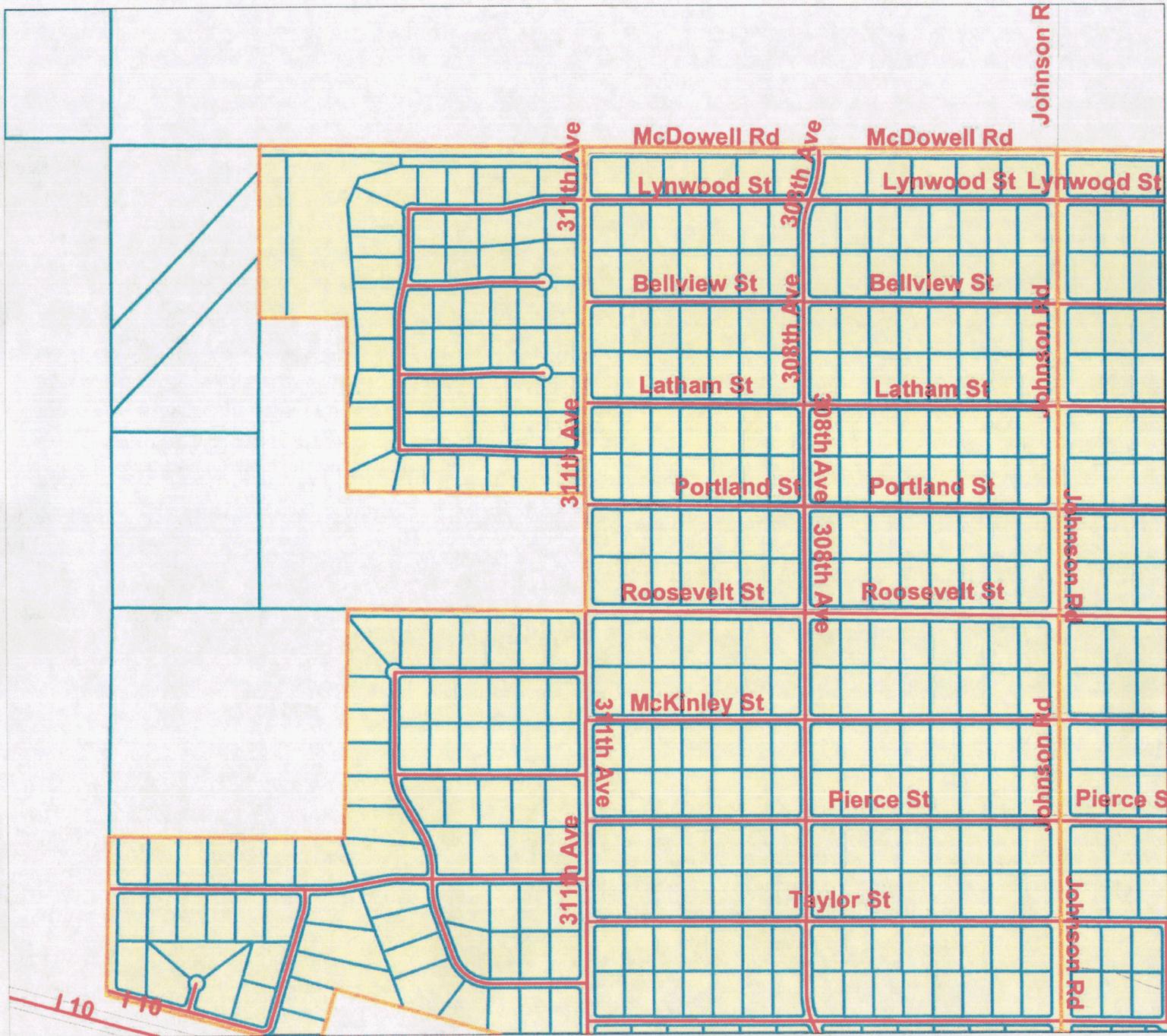
#### Bulfer/Primrose Estates

The Bulfer/Primrose Estates Water Distribution Center currently consists of a 40 gpm well pump, a 140,000 gal water storage tank, and booster pumps. This site currently serves 88 customers and has enough well capacity to serve 92 and storage capacity to serve 270 customers. There are no water quality issues requiring additional treatment. No improvements are required at this time or in the foreseeable future.

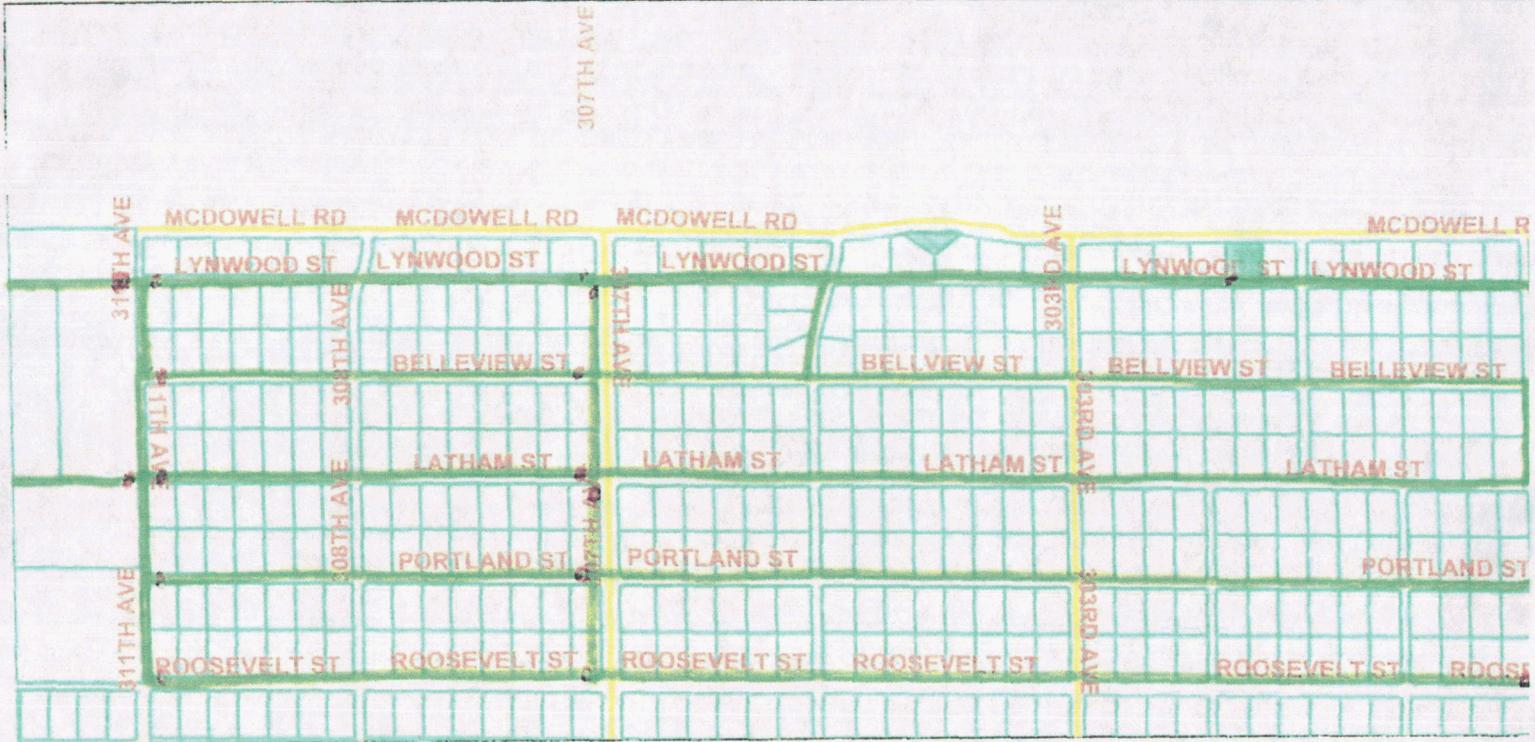
#### Question 2 –

Montana Vista's plans are to connect into the existing 6" lines of Sun Valley Ranch; see "as-built" map in which there are two WUGB existing lines along Lynwood and Latham streets that extend west of 311 Ave. into Montana Vista and an WUGB existing line which runs north and south along 311 Ave. The Montana Vista plans show the access lines to be Lynwood St. and Moreland Rd., located between Latham St. and Portland St.

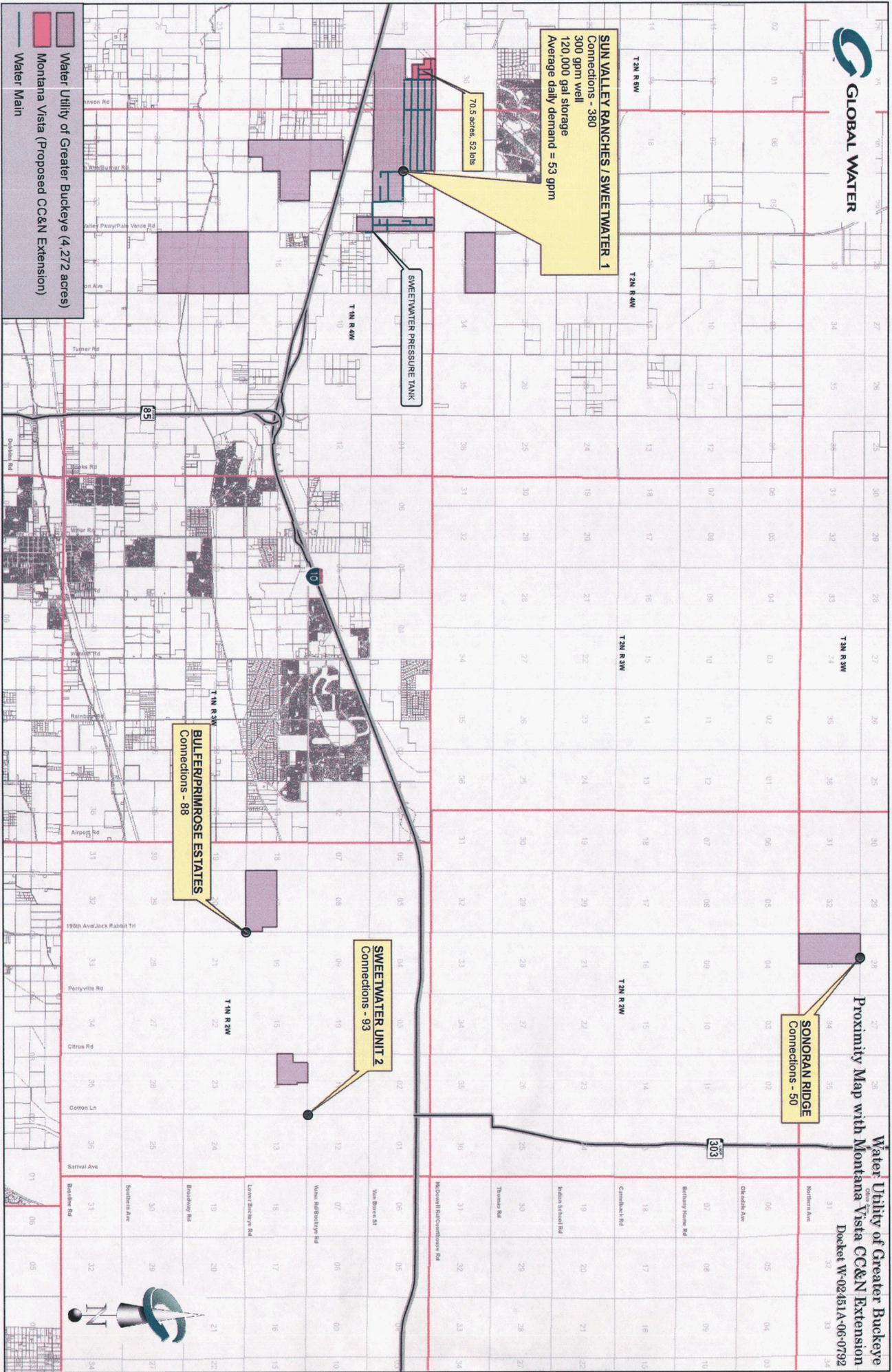
# County Parcels



# Sun Valley Ranch



- VALVES
- MAIN LINES
- WELL SITES



**SUN VALLEY RANCHES / SWEETWATER 1**  
 Connections - 380  
 300 gpm well  
 120,000 gal storage  
 Average daily demand = 53 gpm

70.5 acres, 52 lots

SWEETWATER PRESSURE TANK

**SONORAN RIDGE**  
 Connections - 50

**SWEETWATER UNIT 2**  
 Connections - 93

**BULER/PRIMROSE ESTATES**  
 Connections - 88

- Water Utility of Greater Buckeye (4,272 acres)
- Montana Vista (Proposed CC&N Extension)
- Water Main



Environmental Services Department  
1001 N. Central Avenue, Suite 150  
Phoenix AZ 85004



Water and Waste Management Division  
Water and Wastewater Treatment Program  
(602) 506-6666  
FAX (602) 506-6925

## APPLICATION FOR APPROVAL TO CONSTRUCT WATER AND/OR WASTEWATER TREATMENT/REUSE FACILITIES

1. PROJECT INFORMATION:  Standard review  Expedited review  Phased review  Time extension (approval renewal)

Project Name: Sweetwater Unit 2 Blending Plan Infrastructure

Project Description: This project is being completed in support of the Sweetwater II Backup Waterline Blending Plan approved on July 28, 2000. The project consists of installing a meter for the City of Goodyear's use, a flow control valve for blending, backflow preventer, site meter and copper waterline necessary to connect the blending supply water to the existing system.

**Project Components:** (check the applicable components)

- |                                                              |                                                       |                                                     |                                       |
|--------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|---------------------------------------|
| <input checked="" type="checkbox"/> Treatment Facility/Plant | <input type="checkbox"/> PRV Station                  | <input type="checkbox"/> Recharge/Recovery Facility | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Well                                | <input type="checkbox"/> Pipeline                     | <input type="checkbox"/> Reuse Irrigation System    | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Storage Tank/Reservoir              | <input type="checkbox"/> Disinfection System          | <input type="checkbox"/> Reuse Impoundment/Lake     | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Pump Station                        | <input type="checkbox"/> Odor Control/Facility System | <input type="checkbox"/> Disposal System/Wetland    |                                       |

**Required Permits:** (check each category where a new or modified permit is required)

- |                                                         |                                                           |                                                   |
|---------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------|
| <input type="checkbox"/> ADEQ AZPDES Permit             | <input type="checkbox"/> ADWR U/G Storage Facility Permit | <input type="checkbox"/> POTW Pretreatment Permit |
| <input type="checkbox"/> ADEQ Aquifer Protection Permit | <input type="checkbox"/> ADWR Water Storage Permit        | <input type="checkbox"/> Other: _____             |
| <input type="checkbox"/> ADEQ Reclaimed Water Permit    | <input type="checkbox"/> ADWR Recovery Well Permit        | <input type="checkbox"/> Other: _____             |

2. SYSTEM INFORMATION:

System Type:  Water  Wastewater  Reclaimed Water

System Name: Water Utility of Greater Buckeye

System ID Number: PWS 04-07-129

System Name (Type or Print)

ID (Type or Print)

Owner's Name: Water Utility of Greater Buckeye

Contact Person: Graham Symmonds

Owner's Name (Type or Print)

Contact Person (Type or Print)

3. SITE INFORMATION:

Location: Goodyear

Township: T1N

Range: R2W

Section: 14

Nearest City or Town (Type or Print)

Physical Address: \_\_\_\_\_

Address, City, State, and ZIP Code (Type or Print)

4. DOCUMENTS SUBMITTED WITH THIS APPLICATION: (Check where applicable)

- |                                                       |                                                          |                                                                 |
|-------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------|
| <input type="checkbox"/> Engineering Design Report    | <input type="checkbox"/> Master Plan/Study/Report        | <input type="checkbox"/> Copies of Permits/Certificates         |
| <input type="checkbox"/> Design Drawings              | <input type="checkbox"/> Pilot Testing Plan/Study/Report | <input type="checkbox"/> Recorded Legal Easements/Documents     |
| <input type="checkbox"/> Technical Specifications     | <input type="checkbox"/> Water Quality Analysis Report   | <input type="checkbox"/> Signed Service or Extension Agreements |
| <input type="checkbox"/> Engineering Calculations     | <input type="checkbox"/> Operational Log/Report          | <input type="checkbox"/> Sewer Capacity Letter                  |
| <input type="checkbox"/> Manufacturer's Documentation | <input type="checkbox"/> MAG 208 Certification Report    | <input checked="" type="checkbox"/> Other: <u>Blending Plan</u> |

Environmental Services Department  
 1001 N. Central Avenue, Suite 150  
 Phoenix AZ 85004



Water and Waste Management Division  
 Water and Wastewater Treatment Program  
 (602) 506-6666  
 FAX (602) 506-6925

## APPLICATION FOR APPROVAL TO CONSTRUCT WATER AND/OR WASTEWATER TREATMENT/REUSE FACILITIES

**5. ENGINEER OF PROJECT:**

**Firm Name:** N/A - Project Costs are less than \$12,500 dollars. **Contact Person:** \_\_\_\_\_  
Firm Name (Type or Print) Contact Person (Type or Print)

**Mailing Address:** \_\_\_\_\_  
Address, City, State, and ZIP Code (Type or Print)

**Telephone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_ **E-Mail:** \_\_\_\_\_  
Telephone (Type or Print) Fax (Type or Print) E-mail (Type or Print)

**6. OWNER OF PROJECT:**

**Owner's Name:** Water Utility of Greater Buckeye **Contact Person:** Graham Symmonds  
Owner's Name (Type or Print) Contact Person (Type or Print)

**Mailing Address:** 21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027  
Address, City, State, and ZIP Code (Type or Print)

**Telephone:** 623-518-4000 **Fax:** 623-518-4100 **E-Mail:** \_\_\_\_\_  
Telephone (Type or Print) Fax (Type or Print) E-mail (Type or Print)

**7. PERSON AUTHORIZING PROJECT:**

**Name:** Graham Symmonds **Job Title/Affiliation:** Sr. VP of Operations  
Name (Type or Print) Job Title/Affiliation (Type or Print)

**Signature:** *Graham Symmonds* **Date:** 9 Mar 07  
Signature Date (Type or Print)

**8. CONSTRUCTION AGREEMENT:**

The undersigned hereby agrees to construct the water, wastewater and/or reclaimed water facilities according to the approved plan documents.

**Name:** Contractor has not been selected to date. **Job Title/Affiliation:** \_\_\_\_\_  
Name (Type or Print) Job Title/Affiliation (Type or Print)

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
Signature Date (Type or Print)

**Est. Construction Start Date:** \_\_\_\_\_ **Est. Construction Completion Date:** \_\_\_\_\_  
Date (Type or Print) Date (Type or Print)

**For Internal Use:**

Date Submitted: _____	Project No.: _____	Amount Paid: _____	Review Requested: <input type="checkbox"/> Standard <input type="checkbox"/> Phased
Site Location Code: _____	Reviewer: _____	Fee Codes: _____	<input type="checkbox"/> Expedited <input type="checkbox"/> Renewal

07/28/2000 14:59

NO. 625 502



ENVIRONMENTAL SERVICES  
DEPARTMENT

Albert F. Brown, RS, MPA, Director  
1001 N. Central Ave., Suite 150  
Phoenix, AZ 85004

WATER AND WASTE MANAGEMENT  
DIVISION

John A. Power, P.E., Division Manager  
Dale G. Bodlya, P.E., Civil Engineer  
(602) 506-3964  
TTN (602) 506-3704  
FAX (602) 506-3925

**BLENDING PLAN APPROVAL**

July 28, 2000

J. John Mihlik, President  
Water Utility of Greater Buckeye, Inc.  
3800 North Central Avenue, Suite 500  
Phoenix, Arizona 85012

Re: Sweetwater II Backup Waterline Blending Plan (PWS 04-07-129)

Dear Mr. Mihlik:

I have reviewed the blending plan dated July 5, 2000 (May 19, 2000) for the Sweetwater II well located on 175<sup>th</sup> Avenue just south of Yuma road (PWS 04-07-129). The plan is approved as written, with the stipulation that a flow switch be included to shut down the pump, should the valve supplying water from the City of Goodyear system fail to open. Indicate these changes on the as-built drawings you provide to us. You may implement the plan at your discretion. The monitoring program described in the plan needs to include sampling both the two sources and the blended water. Please monitor the quality of the blended water closely and make whatever changes are necessary to keep the final product in compliance with the Safe Drinking Water Act. Keep me informed of any changes that you make. The changes will become a part of the blending plan after they are approved.

A copy of the approved plan marked APPROVED is attached to this letter and will serve as the approved blending plan.

If you have any questions please contact me at 506-6414 or Dale Bodlya at 506-6670

Sincerely,

*Donald R. Burgess*  
Donald R. Burgess, PE

cc Dale G. Bodlya, PE, MCESD  
Tom Waldbillig, RS, Drinking Water Program Manager  
ADEQ Drinking Water Section

07/28/2000 14:59

NO. 525 223  
2000 905-150

**WATER UTILITY OF GREATER BUCKEYE, INC.**  
3600 NORTH CENTRAL AVENUE, SUITE 500  
PHOENIX, ARIZONA 85012

TEL. 602-224-0711  
FAX 602-224-5435

July 5, 2000  
~~May 19, 2000~~

Mr. Don Burgess  
Maricopa County Environmental Services  
1001 N. Central Avenue, Suite 150  
Phoenix, AZ 85004

Re: Sweetwater II Backup Waterline Blending Plan  
System # 07-129, 175<sup>th</sup> Avenue and Yuma Road

**APPROVED** MARICOPA COUNTY  
*Donna Burgess PE 7/28/00*  
DATE  
ENGINEERING SERVICES DIVISION  
ENVIRONMENTAL SERVICES DEPARTMENT  
*with stipulation that a flow  
switch be added to shut down the  
pump if the valve fails to open.*

Dear Don:

This report is for your approval of a Blending Plan for the well located on 175<sup>th</sup> Avenue just south of Yuma Road. This proposed Blending plan would blend higher quality water into the distribution system for the Sweetwater II water system. Our new waterline will enable the Sweetwater II system to hook up to the Goodyear water system in Cottonflower Unit 1. This will enable Sweetwater II to mix its water with the Goodyear water during the summer months in order to keep the nitrate level below 10ppm.

**BLENDING PLAN**

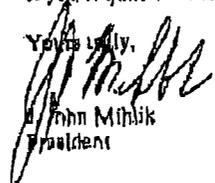
The present well at Sweetwater II has had nitrate readings of 9.3ppm, which is just under the MCL of 10ppm. The City of Goodyear, Cottonflower subdivision will be receiving water from their one million-gallon storage tank located at Lower Buckeye and Jackrabbi Trail. This tank is being filled by water from their 18A and 18B wells. The Goodyear water will have a nitrate reading of 7.8ppm. We will place a 1" water meter just after a 2" electrical gate valve on the waterline coming in from Goodyear. Our well presently pumps at 45 gallons per minute. The water from Goodyear will be controlled to allow a flow of 15 gallons per minute and would only run when our well was running.

This blending of 25% Goodyear water at 7.8ppm nitrates with 75% of our water with 9.5ppm of nitrates should result in blended water having a 9.08ppm nitrates. We would only blend the two sources when and if the nitrates in our water reached 9.5ppm of nitrates. Once the blending started we would monitor the system on a weekly basis to make the blended water remained below the 9.5ppm and to stop the blending if the blended water nitrates fell below 8.6ppm and our water fell below 9.3ppm.

Enclosed you will find a copy of the following:

1. A schematic diagram, which shows the layout of the waterlines, valves, flow meters and direction and amount of flows.
2. Test results for Sweetwater II system for nitrates taken on 4/25/2000.
3. Test results for Sweetwater II system for TOCs taken on 12/09/98.
4. Copy of Blending Plan for Goodyear wells 18A and 18B.
5. Projected contaminant levels that will result from blending.

If you require additional information, please let us know.

Yours truly,  
  
John Mihlik  
President

WATER UTILITY OF GREATER BUCKEYE, INC.  
3800 NORTH CENTRAL AVENUE, SUITE 500  
PHOENIX, ARIZONA 85012  
TEL. 602-224-0711  
FAX 602-224-5455

PROJECTED CONTAMINANT LEVELS FROM BLENDING

WATER FROM SWEETWATER II WITH THE CITY OF GOODYEAR, COTTONFLOWER SYSTEM  
WELLS 18A AND 18B

1.	Number of gallons per minute from Sweetwater II	45
2.	Nitrates in Sweetwater II water at time of blending	9.5ppm
3.	Number of gallons per minute from Cottonflower system	15
4.	Nitrates in Cottonflower water at time of blending	7.8ppm
5.	Number of gallons for one minute flow (45 + 15)	60
6.	Nitrates in blended water $((45*9.5) + (15*7.8))/60 =$	9.08ppm

Notes:

1. Both sources come on and go off at the same time.
2. Goodyear source will be fixed for a flow rate of 15gpm



**Maricopa County**  
Environmental Services Department

**PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT**

**System Name:** Sun Valley Ranch  
**PWS ID#:** 07-195

Type of System: Community Number of POE's: 1 Surface Water: n/a  
Number of Service Connections: 373 Population Served: 1156

Assigned Monitoring Dates - Initial: 1/1/98 Phase II: 1/1/98 Phase V: 1/1/98

Does the water system have a Certified Operator? Yes

Does the system have major treatment plant deficiencies? No  
Please describe: \_\_\_\_\_

Date of last inspection: November 14, 2006

Does the system have major O & M deficiencies? No  
Please describe: \_\_\_\_\_

Does the system have water quality monitoring/reporting deficiencies? No  
Please describe: \_\_\_\_\_

General Public Water System Compliance Status? Compliant

Date of compliance review: 02/07/2007 By: Duncan Wright Initials: \_\_\_\_\_  
Phone: (602) 506-5173

Requested By: \_\_\_\_\_ Fax Number/ Contact: \_\_\_\_\_ Tracking Number: 1247  
Supervisor Initials: GY Date: 1/7/07

**Drinking Water Program**  
**John Kolman, Manager**

1001 N. Central Ave., Suite 150 Phoenix, Arizona 85004-1940 Phone: (602) 506-6666 Fax: (602) 506-6925



**Maricopa County**  
Environmental Services Department

**PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT**

**System Name:** Sweetwater 2  
**PWS ID#:** 07-12

Type of System: Community Number of POE's: 1 Surface Water: No  
Number of Service Connections: 291 Population Served: 94

Assigned Monitoring Dates - Initial: 1/1/95 Phase II: 1/1/95 Phase V: 1/1/98

Does the water system have a Certified Operator? Yes

Does the system have major treatment plant deficiencies? No  
Please describe: \_\_\_\_\_

Date of last inspection: July 8, 2004

Does the system have major O & M deficiencies? No  
Please describe: System installed connection to City of Goodyear on 1/12/07 due to nitrate MCL. System has emergency interim approval; must apply for AOC within 30 days. System is now effectively a consecutive system, serving water from City of Goodyear. Corrections from last inspection have been documented. System must update MSSP and include DBP sampling plan. System has arsenic levels which will exceed the new MCL.

Does the system have water quality monitoring/reporting deficiencies? No  
Please describe: System has Nitrate MCL exceedance but is now serving Goodyear water

General Public Water System Compliance Status? **Substantial Compliance**

Date of compliance review: 02/05/07 By: Mike Mallette Initials: MKM  
Phone: (602) 506-6644

Requested By: ACC  
Fax Number/ Contact: \_\_\_\_\_ Tracking Number: 1249  
Supervisor Initials: GY Date: 2/7/07

**Drinking Water Program**  
**John Kolman, Manager**  
1001 N. Central Ave., Suite 150 Phoenix, Arizona 85004-1940 Phone: (602) 506-6666 Fax: (602) 506-6925



**Maricopa County**  
Environmental Services Department

**PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT**

**System Name:** WUGB - Bulfer Water Co.  
**PWS ID#:** 07-114

**Type of System:** Community **Number of EPDS's:** 1 **Surface Water:** N/A  
**Number of Service Connections:** 84 **Population Served:** 260

**Assigned Monitoring Dates - Initial:** 1/1/95 **Phase II:** 1/1/95 **Phase V:** 1/1/98

**Does the water system have a Certified Operator?** Yes

**Does the system have major treatment plant deficiencies?** N/A  
**Please describe:** \_\_\_\_\_

**Date of last Sanitary Survey:** December 3, 2003

**Does the system have major O & M deficiencies?** Minor  
**Please describe:** This Department has not received documentation of corrective action for noted deficiencies.

**Does the system have water quality monitoring/reporting deficiencies?** No  
**Please describe:** \_\_\_\_\_

**General Public Water System Compliance Status?** Substantial Compliance

**Date of compliance review:** April 10, 2006 **By:** Doug Taylor R.S. **Initials:** \_\_\_\_\_  
**Phone:** (602) 506-6631

**Requested By:** Joyce Goodwin, Paralegal **Fax Number/ Contact:** 602-256-6800 **Tracking Number:** 1113

**Supervisor Initials:** [Signature] **Date:** 4/12/06



**Maricopa County**  
Environmental Services Department

**PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT**

System Name: WUGB - Sonoran Ridge  
PWS ID#: 07-732

Type of System: Community Number of EPDS's: 1 Surface Water: N/A  
Number of Service Connections: 52 Population Served: 151

Assigned Monitoring Dates - Initial: 1/1/04 Phase II: 1/1/04 Phase V: 1/1/04

Does the water system have a Certified Operator? Yes

Does the system have major treatment plant deficiencies? N/A  
Please describe: \_\_\_\_\_

Date of last Sanitary Survey: December 22, 2005

Does the system have major O & M deficiencies? Minor  
Please describe: This Department has not received documentation of corrective action for noted deficiencies during last sanitary survey.

Does the system have water quality monitoring/reporting deficiencies? No  
Please describe: \_\_\_\_\_

General Public Water System Compliance Status? Substantial Compliance

Date of compliance review: April 11, 2006 By: Doug Taylor R.S. Initials: \_\_\_\_\_  
Phone: (602) 508-6631

Requested By: Joyce Goodwin, Paralegal Fax Number/ Contact: 602-256-6800 Tracking Number: 1116

Supervisor Initials: [Signature] Date: 4/12/06



## WATER USE DATA SHEET

<b>NAME OF COMPANY</b> _____	Water Utility of Greater Buckeye, Inc.
<b>ADEQ Public Water System No.</b> _____	Sonoran Ridge System PWS #07-732

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
02/06	55	2,156
03/06	56	4,185
04/06	58	2,981
05/06	57	1,620
06/06	60	1,636
07/06	58	1,100
08/06	58	944
09/06	58	1,873
10/06	58	5,350
11/06	57	3,083
12/06	58	2,641
01/07	58	3,550
02/07	58	3,882
<b>Total</b>		<b>35,001</b>

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
150,000	1	55-572657	300

Other Water Sources in Gallons per Minute _____	GPM	-
Fire Hydrants on System _____	Yes	X    No
Total Water Pumped Last 13 Months (Gallons in Thousands) _____		34,507



## WATER USE DATA SHEET

<b>NAME OF COMPANY</b> _____	Water Utility of Greater Buckeye, Inc.
<b>ADEQ Public Water System No.</b> →	Sweetwater 2 System PWS #07-129

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
02/06	93	796
03/06	93	728
04/06	92	958
05/06	92	1,029
06/06	93	1,460
07/06	91	1,386
08/06	91	1,244
09/06	92	1,039
10/06	91	1,091
11/06	94	845
12/06	91	734
01/07	91	765
02/07	92	701
<b>Total</b>		<b>12,776</b>

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
11,000	4	55-802333	30

Other Water Sources in Gallons per Minute _____	→	GPM	-
Fire Hydrants on System _____	→	Yes	X    No
Total Water Pumped Last 13 Months (Gallons in Thousands) _____	→		14,161



*Talas* Homes

604 West McKellips Road

Suite II

Mesa, AZ 85201

ROC# B-209887

Water Utility of Greater Buckeye, Inc.

Attrn: Tim Wyss

3800 N. Central Ave., Suite 770

Phoenix, AZ 85012

Re: Montana Vista

Dear Tim;

Please consider this as a formal request for Water Utility of Greater Buckeye, Inc. to provide service for the above referenced community. This community consists of 52 lots and 4 tracts.

The parcel numbers associated with this project are: 504-14-002 D, E, F and G.

Sincerely,



Brady Bartlett

President

WATER UTILITY OF GREATER BUCKEYE, INC.  
3800 NORTH CENTRAL AVENUE, SUITE 770  
PHOENIX, ARIZONA 85012  
Phone: (602) 224-0711 FAX (602) 224-5455

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**EXHIBITS**

- Exhibit A - Legal Description of Property
- Exhibit B - Water-Related Facilities Plans for  
Project No. \_\_\_\_\_ Sheet Nos. \_\_\_\_ to \_\_\_\_.
- Exhibit C - Cost Estimate for Water-Related Facilities
- Exhibit D - Company's Special Provisions

WATER UTILITY OF GREATER BUCKEYE, INC.  
3800 NORTH CENTRAL AVENUE, SUITE 770  
PHOENIX, ARIZONA 85012  
Phone: (602) 224-0711 FAX (602) 224-5455

**LINE EXTENSION AGREEMENT**

THIS AGREEMENT, made this 9<sup>TH</sup> day of MARCH, 2005, by and between WATER UTILITY OF GREATER BUCKEYE, INC., an Arizona corporation ("Company") and 50 Sun Valley Parkway, LLC an Arizona limited liability company and Leporidae Investments, LLC, an Arizona limited liability company ("Applicant");

WHEREAS, Company has the Certificate of Convenience and Necessity from the Arizona Corporation Commission ("ACC") to provide water service for the subdivision named West Phoenix Estates Units X, XI and XII. The Applicant owns 96 lots in WPE UNITS XI and XII more specifically described on EXHIBIT A attached hereto and incorporated herein by this reference (the "Property");

WHEREAS, Applicant owns and intends to develop the Property and has requested Company to provide water service to the Property;

WHEREAS, certain Water-Related Facilities must be designed, constructed, installed and connected to Company's system in order to permit Company to deliver adequate water service to the Property;

WHEREAS, Applicant is willing to finance, design, install and construct said Water-Related Facilities, subject to Company's approval of such design and construction.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and as a predicate to the Property receiving water service, the parties hereby agree as follows:

1. Facilities to be Constructed: This Agreement governs the construction, installation and financing of the Water-Related Facilities set forth in those certain engineering plans \_\_\_, dated \_\_\_\_\_, drafted by \_\_\_\_\_ consisting of \_\_\_ pages not attached hereto but incorporated herein by this reference as Exhibit B (the "Plans"), as modified in final engineering plans approved by Company, the ACC, the Arizona Department of Environmental Quality ("ADEQ") or its delegatee and/or such other governmental agency, if any, having authority to review and approve the engineering plans. Such modifications shall be deemed to amend the Plans and are incorporated herein by reference. No other or further amendments shall be permitted without written authorization of Company. The facilities to be constructed pursuant to the Plans are hereinafter referred to as the "Water-Related Facilities". Any additional lines, or water facilities necessary to provide adequate water service to the Property, or any portion thereof, are beyond the scope of this Agreement and will be the subject matter of separate and distinct agreements.

2. Applicant to Construct and Pay: Applicant shall design construct and install the Water-Related Facilities and shall pay all of the costs related thereto and/or arising directly or indirectly from this Agreement or any undertaken in the performance thereof, including, but not limited to, the costs of engineering, computer modeling analysis, materials, labor, transportation, equipment, known or unknown, present or future regulatory fees, special assessments, excise charges, taxes (excluding property taxes) or surcharges, regulatory fees, necessary permits, easements, inspections, administrative overhead, attorney's fees, approvals, testing, correction, insurance and bonds.

3. Time of Payment: Applicant, prior to Company's written acceptance of the Water-Related Facilities, shall pay all costs incurred by Applicant with any third party in the performance of this Agreement. Prior to Company's written acceptance of the Water-Related Facilities, but not later than thirty (30) days after completing construction, Applicant shall pay Company Five Percent (5%) of the total cost of construction, as determined by Paragraph 4 hereof, up to a maximum of Twenty Thousand Dollars (\$20,000.00) as and for Company's cost of engineering, computer modeling analysis, inspection, administrative overhead, and attorneys' fees incurred in connection with this Agreement. All other costs payable by Applicant to Company hereunder shall be due and payable the later of: a) prior to the Company's written acceptance of the Water-Related Facilities, or b) within fifteen (15) days of receiving a bill therefore. Interest shall accrue on any unpaid balance at the rate of 1.5% per month. All sums paid by the Applicant pursuant to this Paragraph 3 and supported by documentation as required by Paragraph 5, shall be deemed advances-in-aid-of-



construction refundable as set forth in Paragraph 6 hereof.

4. Actual Cost Shall Govern: The estimated total cost of the Water-Related Facilities is \_\_\_\_\_ (\$ \_\_\_\_\_) as shown on Exhibit C. Applicant acknowledges the estimate is non-binding and hereby agrees to pay the actual cost of the Water-Related Facilities.

5. Documentation: Applicant shall, as a condition of acceptance of the Water-Related Facilities by Company and not later than sixty (60) days after completing construction, furnish Company with:

a) copies of all bills, invoices and other statements of expenses incurred by Applicant, covering all costs of materials, equipment, supplies, construction and installation of the Water-Related Facilities;

b) lien waivers and releases from contractors, subcontractors and vendors for materials, labor, equipment, supplies and construction included in Water-Related Facilities;

c) receipts, specifying exact amounts or payments in full by Applicant to all contractors, subcontractors or vendors for all materials, equipment, supplies, labor and other costs of construction of the Water-Related Facilities;

d) "as-built" drawings certified as to correctness by an engineer registered in the State of Arizona and approved by Company, and showing the location and respective sizes of Water-Related Facilities; and

e) all easements, bills of sale, deeds and other evidences of ownership, and/or right to operate, maintain, repair and replace the Water-Related Facilities requested by Company.

6. Return of Advance: The cost of construction and installation of Water-Related Facilities advanced by Applicant pursuant to this Agreement and evidenced by invoices furnished to Company pursuant to Paragraph 5 hereof, is subject to refund by Company to Applicant. Company shall make refunds annually on or before August 31, for the preceding July 1, through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts collected as sales taxes, franchise fees and/or any other assessment, fee, tax or charge imposed by a state, federal or local governmental body or pursuant to a cost adjustment mechanism approved by the ACC)

derived from the provision of water served from each customer service line leading up to and taken from water mains installed by Applicant pursuant to this Agreement.

Refunds shall be payable for a period of ten (10) years commencing from the earlier of: 1) the date of Company's acceptance of the Water-Related Facilities, or b) the first day of the month following 180 days from the execution of this Agreement. In no event shall the funds paid hereunder exceed the total amounts paid by Applicant as advances-in-aid-of-construction pursuant to this Agreement. Any balance remaining at the end of the ten (10) year period shall become non-refundable unless the refund period is extended from year to year at the sole option of Company. No interest shall be paid on any amount advanced by Applicant pursuant to this Agreement.

7. Company's Right of First Refusal: Before selling or transferring the refund obligation of Company under this Agreement, Applicant shall first give Company, and its heirs, successors and assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Applicant has received from any third person or persons which Applicant may desire to accept.

8. Governmental Approvals: Prior to purchasing materials for or commencing construction of the Water-Related Facilities, Applicant shall pay for and provide to Company all requisite permits, highway construction permits, zoning and other governmental approvals, as required, and necessary to install, construct and maintain the Water-Related Facilities.

9. Provision and Use of Easements: Applicant shall, at no cost to and in a form acceptable to Company, furnish Company any and all easements and rights-of-way reasonably necessary to insure the proper provision of utility service by Company, as determined in the sole discretion of Company. In addition, Company shall have the right to use any of the existing or future dedications, easements, or recorded rights-of-way on the Property in furtherance of the proper provision of utility service by Company.

10. Provision and Use of Wellsites, Booster Sites and Storage Tank Sites: Applicant agrees, at no cost to and in a form acceptable to Company, to establish and convey to Company the wellsite(s), booster site(s), and storage tank site(s) that Company, in its sole discretion, deems necessary for the location of the Water-Related Facilities. It is understood Company shall have the right to reject any site offered or permit condition which Company and/or Company's engineers, in their sole discretion, do not feel appropriate or suitable for Company's needs and, in such circumstance, Applicant shall be obligated to establish and convey a replacement site therefore suitable to

Company, at no cost to Company. Conveyance of such site(s) must be by warranty deed and free and clear of all liens and encumbrances whatsoever.

11. Obligation to Commence: Applicant shall commence construction of Water-Related Facilities no later than JUNE 30, 2005. Should construction not commence within such period, or such longer period as mutually agreed to in writing or if Applicant fails to pursue completion with reasonable diligence as determined by Company, Company may cancel this Agreement upon ten (10) days written notice to Applicant. In the event the Agreement is canceled, neither party hereto shall have any further obligations to the other hereunder, except that Applicant shall be responsible and pay to Company an amount equal to the costs actually incurred by Company, including, but not limited to, engineering and legal fees and costs incurred in the preparation of this Agreement. Any advances Company has received in excess of the actual costs shall be refunded to Applicant.

12. Company's Right to Stop Work: If Applicant materially fails to perform in accordance with this Agreement, Company, by a written order signed by a duly designated representative of the Company, may order Applicant to stop, and Applicant shall stop construction and installation of the Water-Related Facilities, or any portion thereof, until the cause for such order has been eliminated.

13. Contractor's License: Unless another classification is appropriate, all construction, installation and connection of Water-Related Facilities shall be done by a contractor having a valid contractor's license issued by the State of Arizona Registrar of Contractors encompassing the work to be performed (usually a Class A, A-12 or A-16 license).

14. Construction Standards: The size, design, type and quality of materials shall be in accordance with good utility practices, the requirements of Company (as identified on or before the date of this Agreement or as attached as Exhibit D), the rules, regulations, orders and requirements of the ACC, ADEQ and any other public agency having jurisdiction thereover, including, but not limited to, traffic control, compaction, safety, pavement removal and replacement, sloping, shielding, shoring, OSHA regulations and Arizona Department of Health Services Bulletins No. 8 and No. 10. Additionally, all of said plans and specifications shall meet or exceed the standards and specifications of the Maricopa Association of Governments, and shall be approved in writing by Company before being submitted to ADEQ, or its designee, or the Arizona Corporation Commission ("ACC") for approval. Approval by Company will not be unreasonably withheld or delayed. Water-Related Facilities will be designed and constructed with sufficient capacity to

accommodate the water service requirement of the Property, including fire flow requirements imposed by a governmental entity, without adversely impacting water service to other customers of Company. Upon the request of Company, the Water-Related Facilities or any portion thereof, shall be oversized, provided Company shall be responsible for and pay the incremental increase in costs and expenses related to the oversizing.

15. Inspection and Testing: Applicant shall comply with the inspection and testing requirements of Company and any governmental agency having jurisdiction over the construction, installation and connection of the Water-Related Facilities. Any inspection or testing requirement imposed by Company shall be reasonable and shall not cause Applicant unwarranted delays in the ordinary course of construction. Unless otherwise agreed, Applicant shall notify Company or Company's designated Engineer that Water-Related Facilities are ready for inspection and/or testing, prior to covering or otherwise limiting access to the facility and when inspection or testing is otherwise required. Company, or its designated Engineer shall make an initial inspection of the facility within forty-eight (48) hours after being so notified, excluding weekends and holidays. Inspection or testing by Company shall in no way relieve or limit Applicant's responsibility and liability for construction and installation of Water-Related Facilities in accordance with the terms of this Agreement; provided, however, if Applicant requires or otherwise obtains a performance bond acceptable to Company, Applicant may require Company to proceed solely against the bond to remedy defects and deficiencies in construction, materials and workmanship.

16. Acceptance of Facilities: No Water-Related Facilities will be deemed accepted unless a) accepted in writing by Company or b) documentation of conveyance has been delivered to and accepted by Company. Company shall not unreasonably refuse to accept Water-Related Facilities when offered by Applicant; provided, however, Company has no obligation to accept Water-Related Facilities, or any portion thereof, if a) not constructed in conformance with the Plans, b) determined to be unsatisfactory in any material respect upon inspection or testing, c) not paid for in full, d) liened or encumbered in any way, e) not located on Company property, easement or right-of-way, or f) not supported by proper documentation. Within sixty (60) days of Applicant tendering the facilities for acceptance, Company shall provide written notification of any defects and items left to be completed. Applicant shall promptly correct all defects and complete all items so identified.

17. Temporary Use of Facilities: Applicant irrevocably consents to Company's use of all or any portion of the Water-Related Facilities, without cost to Company, prior to formal acceptance thereof. Any water service provided by Company

to the Property prior to written acceptance of the Water-Related Facilities as provided herein is provided on a temporary basis only, subject to termination on ten (10) days written notice that temporary service will no longer be available until Applicant meets all conditions precedent to acceptance of the Water-Related Facilities.

18. Risk of Loss: All risk of loss shall be with Applicant until written acceptance by Company of the Water-Related Facilities. Applicant shall repair or cause to be repaired promptly, at no cost to Company, all damage to the Water-Related Facilities caused by construction operations until all construction under this Agreement has been completed and accepted in writing by Company.

19. Performance Bond and Labor and Material (Payment) Bond: Upon Company's request, Applicant shall provide Company with Performance and Payment Bonds for 100% of the estimated cost set forth on Exhibit 2. Each Bond shall be executed by a Surety holding a Certificate of Authority to transact surety business in the State of Arizona issued by the Director of the Department of Insurance. The Bond shall be written or countersigned by an authorized representative of the Surety who is either a resident of the State of Arizona or whose principal office is maintained in the State of Arizona. The Bond shall have attached thereto a certified copy of the Power of Attorney for the signing official. The bonding company shall be rated "Best Rated A" or better by the A.M. Best Company and shall be otherwise acceptable to Company.

20. Title to Property in Utility: The Water-Related Facilities constructed pursuant to this Agreement shall become upon acceptance thereof by Company, and shall remain, the sole property of Company without the requirement of any written document of transfer to Company. Applicant shall not have any further right, title, ownership or ownership interest herein whatsoever, except for the right to receive refunds of the particular advance-in-aid-of-construction pursuant to the method hereinafter described. However, 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 of good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Applicant.

21. Warranty: Unless otherwise provided in Exhibit B, Applicant warrants to Company that all materials and equipment furnished under this Agreement will be new, and that the Water-Related Facilities will be of good quality, free from faults and defects. Applicant further guarantees the Water-Related Facilities for a period of two (2) years from the date of their acceptance by Company. Should any portion of the Water-Related

Facilities need replacement or repair within two (2) years from the date of completion due to construction methods or material failure, Applicant shall replace such portion of the Water-Related Facilities at no cost to Company. If Applicant fails within reasonable time to replace or repair any portion of the Water-Related Facilities deemed to be needed, Company may cause said Water-Related Facilities to be replaced or repaired and Applicant agrees to pay all costs incurred therein; provided, however, if Applicant has obtained a performance bond which has been accepted by Company, Applicant may require Company to first proceed against the bond to remedy defects and deficiencies in construction, materials and workmanship. Any portion of the Water-Related Facilities not conforming to the Agreement, including substitutions not properly approved and authorized, may be considered defective. If required by Company, Applicant shall furnish satisfactory evidence as to the kind and quality of materials and equipment used on the Water-Related Facilities.

22. Insurance: Applicant shall secure and maintain until acceptance of the Water-Related Facilities, the following insurance in the name of Applicant, naming Company as additional insured with respect to claims which may arise out of or result from Applicant's acts, operations or negligence or those of its subcontractors, or anyone directly or indirectly employed by any of them including officers, employees, agents or representatives for matters related to this Agreement. The coverage shall be provided on an "occurrence" basis rather than a "claims made" basis, shall be provided without offset against Company's existing insurance and provide for a minimum of thirty (30) days notice to Company prior to cancellation, reduction in coverage or other substantial modification. Applicant shall provide a Certificate of Insurance which sets forth the following minimum amounts and types of coverage:

<u>TYPE OF COVERAGE</u>	<u>AMOUNT NO LESS THAN</u>
Workers' Compensation	Statutory
Employers Workers' Compensation Liability	\$100,000 each accident \$100,000 disease each employee \$500,000 disease aggregate
Commercial General Liability (including contractual liability for this Contract; broad form property damage; completed operations; and explosion, collapse and underground coverage)	\$1,000,000 per occurrence \$2,000,000 aggregate combined single limit



penalties and assessments and attorney's fees to which they or any of them may be subjected by reason of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors in the execution of Applicant's obligations under this Agreement or in connection therewith. 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 judgments rendered therein. The provisions of this Paragraph shall survive termination of this Agreement.

25. Water Service: Upon Applicant complying fully with this Agreement, including receiving Company's written acceptance of the Water-Related Facilities, and obtaining all requisite governmental approvals to sell lots within the Property, Company agrees to offer domestic water service to the Property. Water service shall be offered in accordance with Company's Articles of Incorporation, By-laws, rules and regulations, and under the tariffs and rules and regulations approved by the ACC, as amended from time to time. This Agreement shall not preclude Company from requiring applications for water service to be executed and complied with prior to the actual delivery of water service to individual lots within the Property.

Applicant is requesting retail potable water service to the Property for domestic use only. **Company does not hereby agree to furnish water for industrial, lake, irrigation, golf course or any other non-domestic purpose, but may do so if so agreed by separate agreement. COMPANY EXPRESSLY DISCLAIMS ANY RESPONSIBILITY OR OBLIGATION TO PROVIDE WATER AT A SPECIFIC PRESSURE OR GALLONS-PER-MINUTE FLOW RATE AT ANY FIRE STANDPIPE, OR FIRE HYDRANT, OR FOR FIRE PROTECTION SERVICE. IN THE EVENT FIRE PROTECTION SERVICE IS INTERRUPTED, IRREGULAR, DEFECTIVE, OR FAILS FROM CAUSES BEYOND THE COMPANY'S CONTROL OR THROUGH ORDINARY NEGLIGENCE OF ITS EMPLOYEES, SERVANTS OR AGENTS, THE COMPANY WILL NOT BE LIABLE FOR ANY INJURIES OR DAMAGES ARISING THEREFROM.**

Company shall have no obligation whatsoever to provide service to the Property or any portion thereof, unless and until: Applicant has paid the full cost of the Water-Related Facilities as required hereunder; Applicant has secured all governmental approvals required hereunder or as a condition to the sale and/or occupancy of the subdivided lots; construction of the Water-Related Facilities has been completed and accepted in writing by Company; and Applicant has paid all fees, charges, and deposits authorized to be charged by the ACC including, but not limited to, meter and service lines which are not a part of the Water Related Facilities covered by this Agreement.

26. Conservation Requirement: To the extent Applicant contracts for or constructs residences or other water consuming facilities on the Property, Applicant shall make its best efforts to ensure that construction of said residences and facilities incorporates the latest technologies in water conservation consistent with the economic investment therein and limits water using features. Applicant shall take all steps necessary, including restricting outside lawns and vegetation through recorded covenants, conditions and restrictions, to limit total water usage on the Property, and on individual lots and facilities within the Property a) to levels at or below the gallons per capita per day standard recognized by the Arizona Department of Water Resources for Company and b) in accordance with any other water use standard applicable to Company and set by law, regulation, order or tariff.

27. Non-Agents: It is agreed that 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 of Company and shall not incur any costs or expenses on behalf of Company.

28. Communication: Communications hereunder shall be sent to Applicant addressed as follows:

Mr. Steven Cross  
50 Sun Valley Parkway, L.L.C.  
Leporidae Investments. L.L.C.  
21 East 6<sup>th</sup> St., Suite 501  
Tempe, AZ 85281  
480-446-8025

with a faxed copy to: (480) 446-8024

or to such other addresses or addressees as Applicant may advise Company in writing, and to Company at:

Water Utility of Greater Buckeye, Inc.  
3800 North Central Avenue, Suite 770  
Phoenix, Arizona 85012  
ATTN: J. John Mihlik, President

with a faxed copy to: (602) 224-0711

or to such other addresses or addressees as Company may advise Applicant in writing.

29. Assignability: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns and either party may record the Agreement with the County Recorder's office in the county where the Property is located. However, Applicant shall not assign its rights, obligations and interest

in this Agreement without the prior written consent of Company and any attempted assignment without such consent shall be void and of no effect.

30. Rights and Remedies: The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available at law or equity. No action or failure to act by Company or Applicant shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any action or failure to act constitute an approval of or acquiescence in any breach, except as may be specifically agreed in writing.

31. Litigation: Should litigation be necessary to enforce any term or provision of this Agreement, or to collect any damage claimed or portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid to the prevailing party. Nothing herein shall preclude non-binding arbitration if the parties so elect in the event of a dispute hereunder.

32. Entire Agreement/Time of the Essence/Waiver: This Agreement sets forth the full and entire agreement of the parties and it may only be altered, amended or supplemented in writing. This Agreement shall be governed by the laws of the State of Arizona. Time is of the essence in performing all obligations hereunder. Waiver of a breach of any term, condition or covenant of this Agreement by any party shall be limited to the particular instance and shall not be deemed to waive future breaches of the other party of the same or other terms, conditions or covenants.

33. Counterparts: This Agreement may be executed in any number of counterparts, and all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

34. Effective Date: This Agreement shall have no force or effect whatsoever and shall not be binding upon Company or Applicant until such time as it is executed by all parties and actually approved by the ACC and/or the Utilities Division thereof.

35. Authority to Execute: Each party warrants and represents that it has lawful authority to execute this Agreement and to perform all acts required hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

WATER UTILITY GREATER BUCKEYE, INC. 50 Sun Valley Parkway, L.L.C.  
, an Arizona Corporation an Arizona Limited Liability Company

By: Doug Mihlik

Leporidae Investments, L.L.C.  
an Arizona Limited Liability Company

By: J. John Mihlik  
J. John Mihlik, President

By: Doug Mihlik

ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF Maricopa )

On this 16th day of March, 2005, before me, the undersigned, a Notary Public, personally appeared J. John Mihlik who acknowledged himself to be the President of Water Utility of Greater Buckeye, Inc., an Arizona corporation and that he as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

My Commission Expires:

Christina Van Goethem

Notary Public



CHRISTINA VAN GOETHEM  
Notary Public - Arizona  
Maricopa County  
Expires 10/31/06

[Handwritten mark]

STATE OF ARIZONA     )  
                                  ) ss.  
COUNTY OF Maricopa    )

On this 9<sup>TH</sup> day of MARCH, 2005, before me, the undersigned, a Notary Public, personally appeared DOUG R. MCINTOSH who acknowledged himself to be the MEMBER of 50 SUN VALLEY PARKWAY, L.L.C., an Arizona corporation, and that he as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

My Commission Expires: 08/01/07

Steven Shaw Cross

Notary Public



*[Handwritten signature]*

STATE OF ARIZONA     )  
                                  ) ss.  
COUNTY OF Maricopa    )

On this 9<sup>TH</sup> day of MARCH, 2005, before me, the undersigned, a Notary Public, personally appeared DOUG R. MCINTOSH who acknowledged himself to be the MEMBER of LEOPORIDAE INVESTMENTS, an Arizona corporation, and that he as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

My Commission Expires: 08/01/07

Steven Shaw Cross

Notary Public



*[Handwritten signature]*

## Exhibit A

## Phoenix Estates-Unimproved Lots-February 16, 2005

Lot	Parcel #	Number	Location	Lot Count	Deed #	Date on Deed
468	504-15-194	30634	McKinley Street	1	30633150	5/19/2003 50 Sun Valley Parkway, L.L.C.
470	504-15-196	30606	McKinley Street	2	21122681	10/28/2002 50 Sun Valley Parkway, L.L.C.
471	504-15-197	30536	McKinley Street	3	21122681	10/28/2002 50 Sun Valley Parkway, L.L.C.
472	504-15-198	30522	McKinley Street	4	50025857	1/6/2005 Leporidae
473	504-15-199	30504	McKinley Street	5	21122681	10/28/2002 50 Sun Valley Parkway, L.L.C.
482	504-15-208	30444	McKinley Street	6	30922074	7/14/2003 50 Sun Valley Parkway, L.L.C.
483	504-15-209	30434	McKinley Street	7	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
484	504-15-210	30420	McKinley Street	8	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
485	504-15-211	30404	McKinley Street	9	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
486	504-15-212	30346	McKinley Street	10	21122681	10/28/2002 50 Sun Valley Parkway, L.L.C.
487	504-15-213	30334	McKinley Street	11	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
488	504-15-214	30318	McKinley Street	12	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
489	504-15-215	30304	McKinley Street	13	21122680	10/28/2002 50 Sun Valley Parkway, L.L.C.
491	504-15-217	30619	McKinley Street	14		Leporidae
493	504-15-219	30535	McKinley Street	15	21122681	10/28/2002 50 Sun Valley Parkway, L.L.C.
495	504-15-221	30505	McKinley Street	16	21122681	10/28/2002 50 Sun Valley Parkway, L.L.C.
502	504-15-228	30445	McKinley Street	17	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
503	504-15-229	30433	McKinley Street	18	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
504	504-15-230	30419	McKinley Street	19	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
505	504-15-231	30405	McKinley Street	20	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
506	504-15-232	30347	McKinley Street	21	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
507	504-15-233	30333	McKinley Street	22	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
508	504-15-234	30317	McKinley Street	23	20873504	8/27/2002 50 Sun Valley Parkway, L.L.C.
510	504-15-236	30446	Pierce Street	24	30633150	5/19/2003 50 Sun Valley Parkway, L.L.C.
511	504-15-237	30432	Pierce Street	25	40212893	11/12/2004 50 Sun Valley Parkway, L.L.C.
512	504-15-238	30418	Pierce Street	26	41324628	3/2/2004 50 Sun Valley Parkway, L.L.C.
513	504-15-239	30406	Pierce Street	27	40212893	3/2/2004 50 Sun Valley Parkway, L.L.C.
514	504-15-240	30348	Pierce Street	28	41345636	11/14/2004
516	504-15-242	30320	Pierce Street	29	40212893	3/2/2004 50 Sun Valley Parkway, L.L.C.
517	504-15-243	30306	Pierce Street	30	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
715	504-15-442	30250	McKinley Street	31	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
716	504-15-443	30238	McKinley Street	32	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
725	504-15-452	30138	McKinley Street	33	40212893	3/2/2004 50 Sun Valley Parkway, L.L.C.
726	504-15-453	30124	McKinley Street	34	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
727	504-15-454	30110	McKinley Street	35	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
728	504-15-454	30040	McKinley Street	36	41511789	12/23/2004
730	504-15-457	30012	McKinley Street	37	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
735	504-15-462	29950	McKinley Street	38	50048380	1/12/2005 Leporidae
736	504-15-463	29936	McKinley Street	39	40212893	3/2/2004 50 Sun Valley Parkway, L.L.C.
737	504-15-464	29922	McKinley Street	40	21237394	11/21/2002 50 Sun Valley Parkway, L.L.C.
740	504-15-467	30235	McKinley Street	41	30909572	7/11/2003 50 Sun Valley Parkway, L.L.C.
741	504-15-468	30221	McKinley Street	42	30633150	5/19/2003 50 Sun Valley Parkway, L.L.C.
742	504-15-469	30207	McKinley Street	43	30633150	5/19/2003 50 Sun Valley Parkway, L.L.C.
743	504-15-470	30246	Pierce Street	44	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
744	504-15-471	30232	Pierce Street	45	21126681	10/28/2002 50 Sun Valley Parkway, L.L.C.
745	504-15-472	30218	Pierce Street	46	40212893	3/2/2004 50 Sun Valley Parkway, L.L.C.
746	504-15-473	30204	Pierce Street	47	40212893	3/2/2004 50 Sun Valley Parkway, L.L.C.

## EXHIBIT A

WEST PHOENIX ESTAES UNITS XI AND XII LOTS IN AIAC

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748	504-15-475	30125	McKinley Street	48	21126681	10/28/2002	50 Sun Valley Parkway, L.L.C.
750	504-15-477	30041	McKinley Street	49	21126681	10/28/2002	50 Sun Valley Parkway, L.L.C.
751	504-15-478	30027	McKinley Street	50	21126681	10/28/2002	50 Sun Valley Parkway, L.L.C.
752	504-15-479	30013	McKinley Street	51	21126681	10/28/2002	50 Sun Valley Parkway, L.L.C.
753	504-15-480	30134	Pierce Street	52	21126681	10/28/2002	50 Sun Valley Parkway, L.L.C.
754	504-15-481	30120	Pierce Street	53	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
755	504-15-482	30106	Pierce Street	54	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
756	504-15-483	30036	Pierce Street	55	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
757	504-15-484	30022	Pierce Street	56	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
758	504-15-485	30008	Pierce Street	57	41511792	12/23/2004	
759	504-15-486	29949	McKinley Street	58	30950157	7/18/2003	50 Sun Valley Parkway, L.L.C.
760	504-15-487	29935	McKinley Street	59	21126681	10/28/2002	50 Sun Valley Parkway, L.L.C.
761	504-15-488	29921	McKinley Street	60	21126681	10/28/2002	50 Sun Valley Parkway, L.L.C.
764	504-15-491	29934	Pierce Street	61	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
765	504-15-492	29920	Pierce Street	62	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
766	504-15-493	29906	Pierce Street	63	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
770	504-15-497	30203	Pierce Street	64	31130197	8/18/2003	50 Sun Valley Parkway, L.L.C.
777	504-15-504	30107	Pierce Street	65	21122681	10/28/2002	50 Sun Valley Parkway, L.L.C.
778	504-15-505	30037	Pierce Street	66	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
780	504-15-507	30009	Pierce Street	67	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
783	504-15-510	30108	Taylor Street	68	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
784	504-15-511	30034	Taylor Street	69	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
785	504-15-512	30020	Taylor Street	70	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
786	504-15-513	30006	Taylor Street	71	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
788	504-15-515	29933	Pierce Street	72	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
789	504-15-516	29919	Pierce Street	73	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
790	504-15-517	29905	Pierce Street	74	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
791	504-15-518	29952	Taylor Street	75	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
792	504-15-519	29938	Taylor Street	76	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
793	504-15-520	29924	Taylor Street	77	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
794	504-15-521	29910	Taylor Street	78	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
806	504-15-533	30033	Taylor Street	79	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
807	504-15-534	30019	Taylor Street	80	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
808	504-15-535	30005	Taylor Street	81	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
812	504-15-539	30038	Melvin Street	82	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
813	504-15-540	30024	Melvin Street	83	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
814	504-15-541	30010	Melvin Street	84	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
815	504-15-542	29951	Taylor Street	85	20873504	12/2/2004	
816	504-15-543	29937	Taylor Street	86	41414658	8/27/2002	50 Sun Valley Parkway, L.L.C.
817	504-15-544	29923	Taylor Street	87	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
818	504-15-545	29909	Taylor Street	88	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
819	504-15-546	29950	Melvin Street	89	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
820	504-15-547	29936	Melvin Street	90	50144327	2/3/2005	
821	504-15-548	29922	Melvin Street	91	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
822	504-15-549	29908	Melvin Street	92	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
831	504-15-558	30021	Melvin Street	93	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
832	504-15-559	30007	Melvin Street	94	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
833	504-15-560	29949	Melvin Street	95	20873504	8/27/2002	50 Sun Valley Parkway, L.L.C.
836	504-15-563	29907	Melvin Street	96	20978748	9/24/2002	50 Sun Valley Parkway, L.L.C.

**Exhibit D**

Water Utility of Greater Buckeye, Inc.  
Company Special Provisions

Applicant is required to upgrade the water facilities as follows:

1. Activate a second well for the system, which requires the following:
  - 1.1 Equip the well located on the tract designated as Wellsite on the plat for West Phoenix Estates, Unit XI
  - 1.2 Test pump the well so as to make sure the well can produce 300 gallons per minute and obtain clean samples for the lab analysis.
  - 1.3 Obtain the new source approval from the Arizona Department of Environmental Quality.
  - 1.4 If required install a water treatment system to reduce the Arsenic level to below 10ppb as required by the new regulations, which go into effect on January 23, 2006.
2. Build a pipeline from the well on the Wellsite in West Phoenix Unit XI west along McDowell and then south on 305 Avenue to Lynwood Street and connect into the distribution system to the storage tank on lot 591 West Phoenix Estates Unit XII.
3. Install three phase, 480 volt electrical power to the new well on the wellsite in WPE Unit XI.
4. Fence the wellsite tract in WPE XI.
5. If necessary according to the flow analysis to be performed by Applicant's engineer upgrade or add new pumps to the booster station on lot 591 in WPE Unit XII to provide the Applicant lots with sufficient pressure to handle fire flow to the lots at peak use time.
6. If necessary according to the flow analysis to be performed by Applicant's engineer, increase the storage facility on lot 591 WPE Unit XII to provide for fire flow and peak use demands.
7. Install and connect the pipelines, valves and fire hydrants to the lots and to the water facilities as drafted by the Applicant's engineer and approved by the various governmental agencies and WUGB.
8. Add a transfer switch to the control panel on Lot 591, WPE unit XII so that a portable generator may be connected in an emergency situation.

