

**ORIGINAL NEW APPLICATION**



0000076132

**BEFORE THE ARIZONA CORPORATION**

RECEIVED

Arizona Corporation Commission

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AUG 20 2007

**COMMISSIONERS**

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GARY PIERCE

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AZ CORP. OPERATIONS  
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IN THE MATTER OF THE JOINT  
APPLICATION OF CP WATER COMPANY  
AND FRANCISCO GRANDE UTILITIES  
COMPANY TO TRANSFER THEIR  
CERTIFICATES OF CONVENIENCE AND  
NECESSITY AND ASSETS TO PALO  
VERDE UTILITIES COMPANY AND  
SANTA CRUZ WATER COMPANY

**WS-01775A-07-0485**

**SW-03575A-07-0485**

**W-02442A-07-0485**

**W-03576A-07-0485**

**APPLICATION**

Francisco Grande Utilities Company ("Francisco Grande") and CP Water Company ("CP") request approval to transfer their Certificates of Convenience and Necessity ("CC&N") and their assets to Palo Verde Utilities Company ("Palo Verde") and Santa Cruz Water Company ("Santa Cruz"). Francisco Grande, CP, Palo Verde and Santa Cruz (collectively, the "Global Utilities") are each ultimately owned by Global Water Resources, LLC ("Global Parent"). The Global Utilities specifically request that the Commission:

- (1) Transfer Francisco Grande's wastewater CC&N to Palo Verde;
- (2) Transfer Francisco Grande's water CC&N to Santa Cruz;
- (3) Transfer CP's water CC&N to Santa Cruz;
- (4) Transfer Francisco Grande's wastewater assets, if any, to Palo Verde;
- (5) Transfer Francisco Grande's water assets, if any, to Santa Cruz;
- (6) Transfer CP's assets, if any, to Santa Cruz; and
- (7) Grant any other necessary approvals.

Approval of this application will allow the Global Utilities to achieve economies of scale and improved efficiencies that will benefit present and future customers. In addition, the public interest will be served because the Global Utilities can take optimum advantage of opportunities

1 for conservation, regional planning and integrated services to benefit customers. In support of this  
2 Application, the Global Utilities state as follows:

3 **I. The Transfers will Promote Groundwater Conservation.**

4 1. Santa Cruz and Palo Verde promote groundwater conservation through their “triad  
5 of conservation” strategy: (1) reusing reclaimed water for non-potable uses such as irrigating  
6 landscaping and flushing toilets; (2) recharging excess reclaimed water and surface water into the  
7 aquifer to the maximum extent feasible; and (3) where surface water supplies are reasonably  
8 available, introducing renewable surface water sources to the maximum feasible extent. Santa  
9 Cruz and Palo Verde are recognized leaders in water conservation in Arizona, and they have  
10 employed the triad of conservation in their service areas. Through the triad of conservation  
11 strategy, Santa Cruz and Palo Verde have achieved remarkable reductions in average groundwater  
12 use as compared to traditional providers in Pinal County. Approving these transfers will allow  
13 Santa Cruz and Palo Verde to deploy their triad strategy in the existing Francisco Grand and CP  
14 CC&N areas. The transfers will also help the Global Utilities promote the use of renewable  
15 surface water and recharge.

16 2. An example of the triad strategy is the new Global Water Center in Maricopa. This  
17 building uses reclaimed water to flush all toilets and urinals, reducing by 80% the water demand of  
18 a normal commercial building. The building is also the first LEED (Leadership in Energy and  
19 Environmental Design) utility facility in Pinal County and it is believed to be the first commercial  
20 building in Arizona to use reclaimed water to flush toilets and urinals. The Global Utilities  
21 continue to urge local business and developers to dual-plumb buildings in accordance with the  
22 triad strategy.

23 3. Palo Verde instituted a policy requiring every existing and future section of land to  
24 employ recycled water to the greatest extent possible. As a result, common area irrigation  
25 (homeowner association open space, schools, parks etc) is accomplished using a renewable supply:  
26 recycled water. To deploy this use, integrated irrigation impoundments are located throughout the  
27 community, acting as a distributed storage mechanism for diurnal and seasonal flow variations.

1 The transfers will further the goals of constructing infrastructure to encourage and implement  
2 reclaimed water distribution and reuse. In addition, Francisco Grande's existing CC&N territory  
3 will benefit from future strides in other reuse opportunities, including other industrial, commercial,  
4 and agricultural uses, flush water use in commercial and industrial building, residential reuse, and  
5 recharge and recovery. Because Francisco Grande's certificated area is in proximity to Palo  
6 Verde's existing and planned certificated territory, the combined certificated area can benefit from  
7 operational synergies, economies of scale and from regional planning for Water Reclamation  
8 Facilities ("WRFs") and use of reclaimed water throughout the area. Palo Verde has a regional,  
9 consolidated Section 208 Water Quality Management Plan amendment that has been approved by  
10 all relevant agencies. This plan is based on a regional approach to water reclamation and includes  
11 the Francisco Grande certificated area. As a result, future development potential in the Francisco  
12 Grande service area can now be more effectively tied to Palo Verde's regional planning activities.

13 4. Santa Cruz and Palo Verde work closely together as "integrated" utilities to  
14 promote the use of reclaimed water, implement the triad strategy, and promote groundwater  
15 conservation. Francisco Grande's and CP's water certificated areas are in proximity to Santa  
16 Cruz's current and planned certificated territory. Transferring the water CC&Ns and assets of  
17 Francisco Grande and CP to Santa Cruz will allow Santa Cruz to work with Palo Verde as  
18 integrated utilities to promote groundwater conservation.

19 **II. The Transfers will Promote Efficiency and Economies of Scale.**

20 5. The proximity of the Francisco Grande and CP CC&N territories to those of Palo  
21 Verde and Santa Cruz presents the opportunity for present and future customers within those  
22 territories to benefit from operational synergies, economies of scale, and from regional planning  
23 for surface water treatment facilities planned to serve the area.

24 6. Approving the requested transfers will allow for economies of scale because the  
25 cost of providing water and wastewater service can be spread across a larger customer base, and  
26 because more efficient regional-size facilities can be used. As described above, there is a pressing  
27 need for consolidated, regionally-designed water, wastewater and reclaimed water service in these

1 service territories. The transfers will enhance regional planning of integrated water, wastewater,  
2 and reclaimed water services.

3 7. In addition, consolidation is in the public interest so Santa Cruz and Palo Verde can  
4 provide integrated water, wastewater, and reclaimed water service to the entire DR Horton  
5 Legends Development (“Legends”). Legends comprises approximately 7,000 acres in Pinal  
6 County, Arizona, about 6 miles west of Casa Grande. Currently, approximately 1,300 acres of  
7 Legends is within CP Water’s certificated area, and approximately 3,800 acres of Legends is  
8 within Francisco Grande’s certificated area. Santa Cruz and Palo Verde have separately applied to  
9 extend their CC&Ns to include the uncertificated areas of Legends.<sup>1</sup> The transfers will allow  
10 Santa Cruz and Palo Verde to provide integrated water, wastewater and reclaimed water services  
11 for the entire development.<sup>2</sup> Customers would benefit from the economies of scale achieved. In  
12 addition, it should be less confusing for customers to have a single water utility and a single  
13 wastewater utility for the entire development. The entire development will also benefit from  
14 regional planning for reclaimed water, recharge, and surface water. A letter from CHI  
15 Construction Company, the owner of the Legends property, in support of this Application is  
16 attached as Exhibit 1.

17 **III. Description of the Applicants.**

18 8. Palo Verde is an Arizona limited liability company. Palo Verde provides  
19 wastewater service within portions of Pinal County, Arizona. Palo Verde serves approximately  
20 14,294 customers. A copy of Palo Verde’s Certificate of Good Standing is attached as Exhibit 2.

21 9. Santa Cruz is an Arizona limited liability company. Santa Cruz provides water  
22 service within portions of Pinal County, Arizona. Santa Cruz serves approximately 14,480  
23 customers. A copy of Santa Cruz’s Certificate of Good Standing is attached as Exhibit 3.

24 10. Palo Verde and Santa Cruz received their CC&Ns from the Commission in  
25 Decision No. 61943 (September 17, 1999); Decision No. 66394 (October 6, 2003); Decision No.

26 \_\_\_\_\_  
27 <sup>1</sup> Docket No. SW-03575A-07-0300 et al.

<sup>2</sup> Except for a small portion where Arizona Water Company holds a water CC&N.

1           10. Palo Verde and Santa Cruz received their CC&Ns from the Commission in  
2 Decision No. 61943 (September 17, 1999); Decision No. 66394 (October 6, 2003); Decision No.  
3 67240 (September 23, 2004); Decision No. 67830 (May 5, 2005); and Decision No. 68448  
4 (February 2, 2006). In addition, Palo Verde and Santa Cruz received an Order Preliminary for the  
5 “387 District” areas in Decision No. 68498 (February 23, 2006).<sup>3</sup>

6           11. CP is an Arizona corporation. CP provides water service within parts of Pinal  
7 County, Arizona. CP received a CC&N in Decision No. 54089 (June 25, 1984). CP currently  
8 serves 17 customers. A copy of CP’s Certificate of Good Standing is attached as Exhibit 4.

9           12. Francisco Grande is an Arizona corporation. The CC&N for Francisco Grande was  
10 originally granted in Decision No. 47711 (March 3, 1977). Since that time, small portions of  
11 Francisco Grande’s water CC&N area have been transferred to Arizona Water Company.  
12 Francisco Grande’s Certificate of Good Standing is attached as Exhibit 5. Francisco Grande  
13 currently has no customers.<sup>4</sup>

14           13. The Global Utilities’ offices are located at 21410 North 19<sup>th</sup> Avenue, Suite 201,  
15 Phoenix, Arizona 85027. The main phone number for the Global Utilities is (623) 580-9600.  
16 Trevor T. Hill is the President of each of the Global Utilities, and Cindy Liles is the secretary of  
17 each of the Global Utilities.

18           14. On January 16, 2007, the Global Utilities filed Acquisition Schedules with the  
19 Commission describing its acquisition of the equity of both Francisco Grande and CP Water.  
20 Global Parent made this filing in compliance with Decision No. 67830 (Docket Nos. SW-03575A-  
21

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22  
23 <sup>3</sup> Currently, Palo Verde and Santa Cruz have applications to transfer their assets and CC&Ns from LLCs to  
24 Corporations in Docket Nos. SW-20445A-06-0155, W-20445A-06-0155, SW-03575A-06-0155 and W-03575A-06-  
25 0155. The hearing on those applications took place January 12, 2007. Should the Commission approve those  
26 applications, then Global Water – Palo Verde Utilities Company and Global Water – Santa Cruz Water Company  
27 (both Arizona “C” Corporations) should replace Palo Verde and Santa Cruz in this application. For the status of the  
“Order Preliminary” for the 387 District areas, see Docket No. SW-03575A-07-0305.

<sup>4</sup> Francisco Grande’s annual reports do show one customer, the Francisco Grande Resort, which is owned by the former owner of Francisco Grande. However, it appears that the facilities used to serve the Resort were actually owned by the Resort, not the utility company.

1 04-0767 and W-03576A-04-767). That schedule describes that Global Water, Inc., a wholly owned  
 2 subsidiary of Global Parent, acquired the equity in both Francisco Grande and CP Water.<sup>5</sup> The  
 3 main address for both Global Parent and Global Water, Inc. is 21410 North 19<sup>th</sup> Avenue, Suite  
 4 201, Phoenix, Arizona 85027. Their main phone number is (623) 580-9600.

5 15. The Global Utilities' CC&N areas are described on maps and legal descriptions  
 6 already on file with the Commission. A map showing proximity of the Palo Verde to Francisco  
 7 Grande is attached as Exhibit 6. A map showing the proximity of Santa Cruz to Francisco Grande  
 8 and CP is attached as Exhibit 7.

9 16. The management contact for the Global Utilities is:

10 Mr. Graham Symmonds  
 11 Senior Vice President  
 12 Global Water Management  
 13 21410 North 19<sup>th</sup> Avenue, Suite 201  
 14 Phoenix, Arizona 85027.  
 15 (623) 580-9600.

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

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

20 Palo Verde's and Santa Cruz's field operations and maintenance personnel are located at:

21 Global Water Center  
 22 22590 North Powers Parkway  
 23 Maricopa, AZ 85239  
 24 (520) 568-1593.

25  
 26  
 27 <sup>5</sup> Global Water – Palo Verde Utilities Company and Global Water – Santa Cruz Water Company are also wholly owned subsidiaries of Global Water, Inc.

1           18.    The Global Utilities' attorneys are:  
2  
3           Michael W. Patten  
4           Timothy J. Sabo  
5           Roshka DeWulf & Patten, PLC  
6           One Arizona Center  
7           400 East Van Buren Street, Suite 800  
8           Phoenix, Arizona 85004  
9  
10           (602) 256-6100

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

12           Michael W. Patten  
13           Timothy J. Sabo  
14           Roshka DeWulf & Patten, PLC  
15           One Arizona Center  
16           400 East Van Buren Street, Suite 800  
17           Phoenix, Arizona 85004

18           With a copy to:

19           Mr. Graham Symmonds  
20           Senior Vice President  
21           Global Water Management  
22           21410 North 19<sup>th</sup> Avenue, Suite 201  
23           Phoenix, Arizona 85027

24           19.    Francisco Grande's and CP's rates were established in their original CC&N orders  
25           in 1977 and 1984. Those rates are identical to the rates of a predecessor company (Giant Utility  
26           Company) from the 1960s, and have not been changed since that time. The Global Utilities  
27           request that from and after the Commission's order in this docket, all new customers located in the  
            current certificated area for Francisco Grande and CP receive water, wastewater and reclaimed  
            water service subject to Palo Verde's and Santa Cruz's current rates and charges for utility service,  
            approved by the Commission in Decision No. 61943 (September 17, 1999) and as set forth in Palo  
            Verde's and Santa Cruz's tariffs on file with the Commission. However, the Global Utilities  
            request that existing CP customers receive water service at their current rates until the  
            Commission approves new rates for Palo Verde and Santa Cruz. In sum, Global Utilities request  
            the following regarding rates:

- 1 (1) That Palo Verde's current tariff rates for wastewater and reclaimed water  
2 service shall apply in the area transferred from Francisco Grande;  
3 (2) That Santa Cruz's current tariff rates for water service shall apply in the area  
4 transferred from Francisco Grande;  
5 (3) That Santa Cruz's current tariff rates for water service shall apply to all new  
6 customers (after the date of the final order in this case) in the area  
7 transferred from CP;  
8 (4) That all existing customers of CP (at the date of the final order in this case)  
9 shall continue to receive water service at the current tariff rate for CP until  
10 the Commission approves new rates for Santa Cruz in a rate case;

11 20. The Global Utilities' balance sheets and income statements are attached as follows:

12	Santa Cruz	Exhibit 8
13	Palo Verde	Exhibit 9
14	Francisco Grande	Exhibit 10 <sup>6</sup>
15	CP	Exhibit 11

16 21. The Global Utilities will provide all necessary and required notice. Proof of  
17 publication of notice will be filed with the Commission in this docket once a procedural order is  
18 issued in this docket. Likewise, once the Commission issues a procedural order specifying the  
19 desired form of notice, the Global Utilities will provide the notice to all current customers of  
20 Francisco Grande and CP.

21 22. Francisco Grande is authorized to issue up to 1,000 shares in common stock.  
22 Francisco Grande issued 10 shares of common stock, which Global Water, Inc. now possesses. CP  
23 Water is currently authorized to issue up to 10,000 shares in common stock. CP Water issued 10  
24 shares of common stock, which Global Water, Inc. now possesses.

25  
26 \_\_\_\_\_  
27 <sup>6</sup> The Francisco Grande and CP financial statements are for calendar year 2006. These utilities were not acquired until the very end of 2006, and Global Parent is not attesting to the accuracy of those financial statements, which are provided for informational purposes only.

1           23.     All security deposits, if any, held by Francisco Grande and CP Water will be  
2 transferred to Palo Verde and Santa Cruz. In addition, Palo Verde and Santa Cruz will assume the  
3 refunding obligations, if any, of Francisco Grande for main extension agreements, and any meter  
4 and service line installations. Likewise, Santa Cruz will assume the refunding obligations, if any,  
5 of CP Water for main extension agreements, and any meter and service line installations.

6           24.     Applicants propose to obtain new or transferred franchises for the current Francisco  
7 Grande and CP certificated areas within 365 days of the effective date of the Commission Decision  
8 approving this application.

9           WHEREFORE, the Global Utilities respectfully request that the Commission:

10          A.     Issue a procedural order scheduling a hearing on this Application as soon as  
11 possible; and thereafter

12          B.     Issue a final order:

- 13           (1)     Transferring Francisco Grande's wastewater CC&N to Palo Verde;
- 14           (2)     Transferring Francisco Grande's water CC&N to Santa Cruz;
- 15           (3)     Transferring CP's water CC&N to Santa Cruz;
- 16           (4)     Transferring Francisco Grande's wastewater assets, if any, to Palo Verde;
- 17           (5)     Transferring Francisco Grande's water assets, if any, to Santa Cruz;
- 18           (6)     Transferring CP's assets, if any, to Santa Cruz;
- 19           (7)     Ordering that Palo Verde's current tariff rates for wastewater and reclaimed  
20 water service shall apply in the area transferred from Francisco Grande;
- 21           (8)     Ordering that Santa Cruz's current tariff rates for water service shall apply  
22 in the area transferred from Francisco Grande;
- 23           (9)     Ordering that Santa Cruz's current tariff rates for water service shall apply  
24 to all new customers (after the date of the final order in this case) in the area  
25 transferred from CP;
- 26
- 27

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
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TELEPHONE NO 602-256-6100  
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- (10) Ordering that all existing customers of CP (at the date of the final order in this case) shall continue to receive water service at the current tariff rate for CP until the Commission approves new rates for Santa Cruz in a rate case;
- (11) Finding that the transfers described in this Application are in the public interest;
- (12) Granting this Application;
- (13) Granting any other necessary approvals.

RESPECTFULLY SUBMITTED this 20<sup>th</sup> day of August 2007.

ROSHKA DEWULF & PATTEN, PLC

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

Original + 21 copies of the foregoing filed this 20<sup>th</sup> day of August 2007, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

Copies of the foregoing hand-delivered/mailed this 20<sup>th</sup> day of August 2007, to:

Lyn A. Farmer, Esq.  
Chief Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Christopher C. Kempley, Esq.  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
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Phoenix, Arizona 85007

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Ernest G. Johnson, Esq.  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007



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**INDEX TO EXHIBITS**

	<u>Exhibit</u>	<u>Description</u>
1		
2		
3	1.	Letter of support from CHI Construction
4	2.	Palo Verde Certificate of Good Standing
5	3.	Santa Cruz Certificate of Good Standing
6	4.	CP Certificate of Good Standing
7	5.	Francisco Grande Certificate of Good Standing
8	6.	Palo Verde / Francisco Grande Proximity Map
9	7.	Santa Cruz / Francisco Grande / CP Proximity Map
10	8.	Santa Cruz 2006 Income Statement and Balance Sheet
11	9.	Palo Verde 2006 Income Statement and Balance Sheet
12	10	Francisco Grande 2006 Income Statement and Balance Sheet
13	11.	CP 2006 Income Statement and Balance Sheet
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# EXHIBIT

"1"

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**D·R·HORTON®**  
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February 27, 2007

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

Re: *Request for Water and Wastewater Services*

Dear Ms. Liles:

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

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

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

Ms. Cindy Liles  
February 27, 2007  
Page 2

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

Sincerely,

CHI CONSTRUCTION COMPANY

A handwritten signature in black ink, appearing to read "Roger Pryor". The signature is written in a cursive, flowing style.

Roger Pryor  
Vice President

RP/eva

# EXHIBIT

"2"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

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

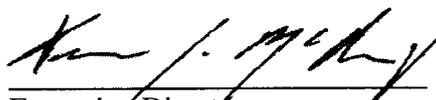
a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 15th day of June 2001.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 17th Day of August, 2007, A. D.



  
Executive Director

Order Number: 166970

# EXHIBIT

"3"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

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

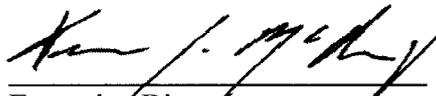
a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 15th day of June 2001.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 17th Day of August, 2007, A. D.



  
Executive Director

Order Number: 166973

# EXHIBIT

"4"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

**\*\*\*CP WATER COMPANY\*\*\***

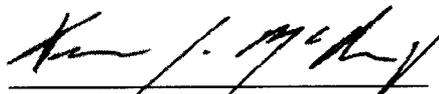
a domestic corporation organized under the laws of the State of Arizona, did incorporate on May 31, 1984.

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

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



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 17th Day of August, 2007, A. D.

  
Executive Director

Order Number: 166978

# EXHIBIT

"5"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

**\*\*\*FRANCISCO GRANDE UTILITIES COMPANY\*\*\***

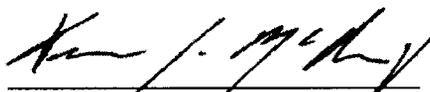
a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 29, 2002.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 17th Day of August, 2007, A. D.



  
Executive Director

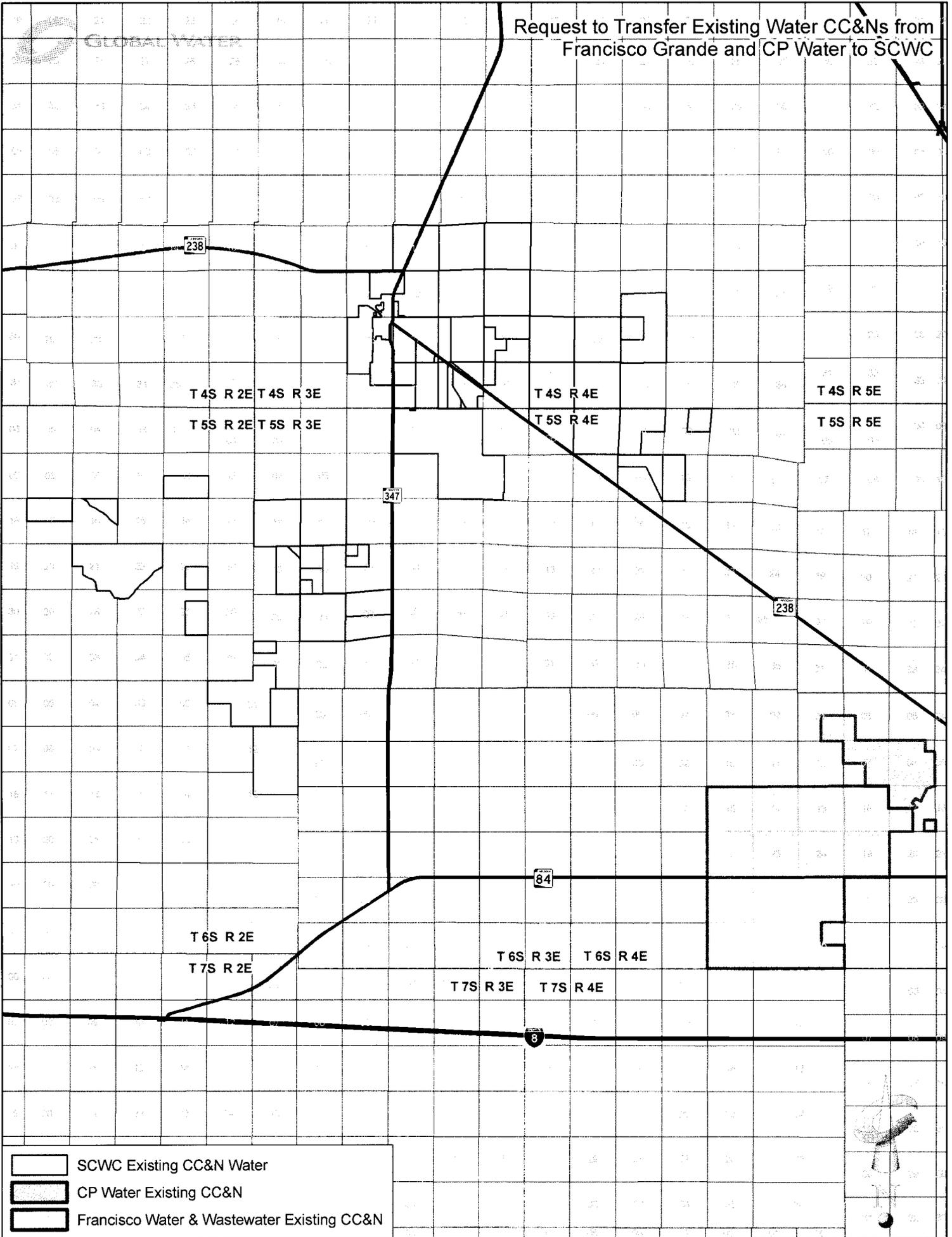
Order Number: 166984

# EXHIBIT

"6"



# Request to Transfer Existing Water CC&Ns from Francisco Grande and CP Water to SCWC



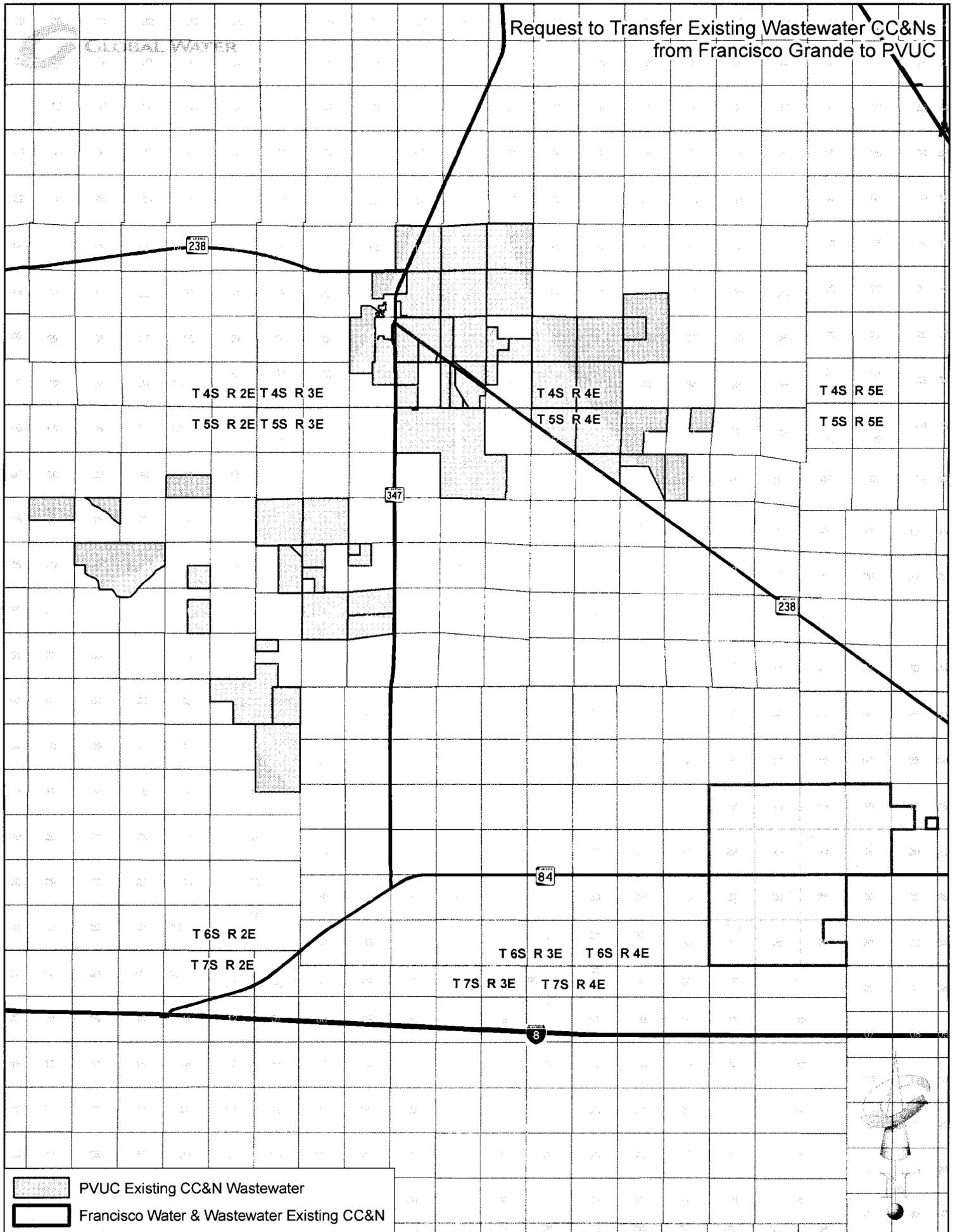
- SCWC Existing CC&N Water
- CP Water Existing CC&N
- Francisco Water & Wastewater Existing CC&N

# EXHIBIT

"7"



# Request to Transfer Existing Wastewater CC&Ns from Francisco Grande to PVUC



"8"

COMPANY NAME: SANTA CRUZ WATER COMPANY

**UTILITY PLANT IN SERVICE**

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

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

COMPANY NAME: SANTA CRUZ WATER COMPANY

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

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

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

COMPANY NAME: SANTA CRUZ WATER COMPANY

**BALANCE SHEET**

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

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

COMPANY NAME: SANTA CRUZ WATER COMPANY

**BALANCE SHEET (CONTINUED)**

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

COMPANY NAME: SANTA CRUZ WATER COMPANY

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

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

"9"

COMPANY NAME: Palo Verde Utilities Company

**UTILITY PLANT IN SERVICE**

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

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

**COMPANY NAME: Palo Verde Utilities Company**

**CALCULATION OF DEPRECIATION EXPENSE**

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

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

**COMPANY NAME: Palo Verde Utilities Company**

**BALANCE SHEET**

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

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

COMPANY NAME: Palo Verde Utilities Company

**BALANCE SHEET (CONTINUED)**

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

**COMPANY NAME: Palo Verde Utilities Company**

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

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

# EXHIBIT

"10"

Apr. 16, 2007 11:43AM

No. 9221 P. 1

<b>COMPANY NAME</b> <i>Francisco Grande Utilities Company</i>
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**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ -0-	\$ -0-
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 48,770	\$ 48,770
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility	48,770	48,770
	<b>TOTAL FIXED ASSETS</b>	\$ -0-	\$ -0-
	<b>TOTAL ASSETS</b>	\$ -0-	\$ -0-

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

COMPANY NAME Francisco Grande Utilities Company

**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
<b>CURRENT LIABILITES</b>			
231	Accounts Payable	\$ 15,686	\$ 15,686
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 15,686</b>	<b>\$ 15,686</b>
<b>LONG-TERM DEBT (Over 12-Months)</b>			
224	Long-Term Notes and Bonds	\$	\$
<b>DEFERRED CREDITS</b>			
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$</b>	<b>\$</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 15,686</b>	<b>\$ 15,686</b>
<b>CAPITAL ACCOUNTS</b>			
201	Common Stock Issued	\$ 10	\$ 10
211	Paid in Capital in Excess of Par Value	13,738	13,738
215	Retained Earnings	(29,434)	(29,434)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$ (15,686)</b>	<b>\$ (15,686)</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

COMPANY NAME *Francisco Grande Utilities Company*

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ -0-	\$ -0-
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$ -0-	\$ -0-
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ -0-	\$ -0-
	<b>OPERATING INCOME/(LOSS)</b>	\$ -0-	\$ -0-
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ -0-	\$ -0-
	<b>NET INCOME/(LOSS)</b>	\$ -0-	\$ -0-

# EXHIBIT

"11"

COMPANY NAME

CP Water Company

**BALANCE SHEET**

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 0	\$ 0
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 0	\$ 0
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 0	\$ 0
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 0	\$ 0
	<b>TOTAL ASSETS</b>	\$ 0	\$ 0

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

COMPANY NAME

CP Water Company

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$	\$
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 5000	\$ 5000
211	Paid in Capital in Excess of Par Value	88890	93887
215	Retained Earnings	(93890)	(98,887)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 0	\$ 0
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 0	\$ 0

COMPANY NAME

CP Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1866	\$ 1936
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$ 1866	\$ 1936
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 5293	\$ 5101
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services	1841	1832
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 7134	\$ 6933
	<b>OPERATING INCOME/(LOSS)</b>	\$ <5268>	\$ <4997>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ 0	\$ 0
	<b>NET INCOME/(LOSS)</b>	\$ <5268>	\$ <4997>

COMPANY NAME

CP Water

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ \_\_\_\_\_

Meter Deposits Refunded During the Test Year

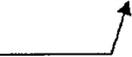
\$ \_\_\_\_\_

COMPANY NAME

CP Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>			

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

COMPANY NAME

CP Water Company

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>			

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