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ACC Docket No: W-03512A-07-0362

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RESOLUTION NO. _____

2007 OCT 23 12:35
AZ CORP COMMISSION
DOCKET CONTROL

A RESOLUTION OF THE PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT, GILA COUNTY ARIZONA SUPPORTING THE PINE WATER COMPANY'S FINANCING APPLICATION PENDING BEFORE THE ARIZONA CORPORATION COMMISSION.

WHEREAS, the Pine Strawberry Water Improvement District is a political subdivision of the State of Arizona created pursuant to A.R.S. §48-909A.6.

WHEREAS, Pine Strawberry Water Improvement District was formed to (a) investigate current and potential sources of water for the Pine and Strawberry Communities as well as the costs associated with maintaining or expanding present and potential sources; (b) formulate a plan or plans for improving present water sources of the Communities (including formulation of a plan or plans for funding such improvements); (c) consult with Federal, State, County and other Local government officials or agencies concerning development of long-term reliable water sources for the Communities; and (d) implement and formulate plans as necessary to provide long-term available water to Communities;

WHEREAS, the Pine Strawberry Water Improvement District, after extensive study, identified the K2 Site, owned by Pine Water Company and located in proximity to a distribution system capable of serving both the Pine and Strawberry communities, as a potentially viable location for a new deep production well;

WHEREAS, the Pine Strawberry Water Improvement District has funds available to drill a deep test well and conduct pump tests but does not have sufficient funds to develop a fully functioning production well;

WHEREAS, the District and Water Company have executed a Joint Well Development Agreement whereby, inter alia: a) the K2 Site is made available for a test well and production well at no cost, b) the Water Company commits to proceed with development of a production well if a the test well demonstrates a sustainable yield of 150 gallons per minute or more, c) water will be available to both the Pine and Strawberry Communities from the production well, d) the test well will be conveyed to the District if the Water Company does not proceed with the development and interconnection of a production well e) the Water Company will grant District a security interest in the K2 Wellsite and the Project and f) the Water Company conditionally agrees to return the District's capital investment, together with a return thereon of six percent (6%) per annum; and

WHEREAS, the Pine Water Company has made application to the Arizona Corporation Commission for authority to issue evidence of indebtedness and to encumber its property.

NOW BE IT RESOLVED THAT the Pine Strawberry Water Improvement District hereby respectfully requests the Arizona Corporation Commission expeditiously approve the Pine Water Company's Application as more fully reflected in Docket No. W-03512A-07-0362 so that the parties may proceed with the implementation of the Joint Well Development

Arizona Corporation Commission
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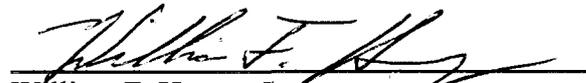
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Agreement and, if successful, provide a new and much needed source of water to the Pine and Strawberry Communities.

DATED this 18th day of October, 2007.



Barbara Hall, Co-Chair



William F. Haney, Secretary