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BEFORE THE ARIZONA CORPORATION COMM.....

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2008 FEB -1 P 1:13

ARIZONA CORPORATION COMMISSION
1000 N. CENTRAL AVENUE
PHOENIX, ARIZONA 85004

DOCKET NO. W-02824A-070388

IN THE MATTER OF THE APPLICATION OF ICR
WATER USERS ASSOCIATION, AN ARIZONA
CORPORATION, FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES FOR UTILITY SERVICE

DIRECT
TESTIMONY
OF
DAYNE TAYLOR

INTERVENOR

JANUARY 30, 2008

Arizona Corporation Commission

DOCKETED

FEB -1 2008

DOCKETED BY *VR*

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SUMMARY
ICR WATER USERS ASSOCIATION, INC.
DOCKET NO. W-02824A-07-0388

CONCLUSIONS

1. In general the Company and Talking Rock have not fulfilled the requirements stipulated by the Commission in the January 15, 2002 Decision 64360. Per the Decision, the Company does not have the legal right to provide water to Talking Rock.
2. Talking Rock's failure to convey specific wells to the Company as required by Decision 64360 means that the Company is operating in the Talking Rock subdivision without a legal basis for doing so.
3. The Company has failed to charge the same rate, etc., to each of its customers.
4. If the problem with aerated water is neglected, the test results indicate that the well field can meet domestic demand at Talking Rock at full build-out or demand associated with irrigation of the golf course throughout the year, but the well field cannot meet both demands at all times of the year, or if a well should fail.
5. Domestic demand from the Talking Rock well field does not have priority over golf demands.

RECOMMENDATIONS

1. Assuming that the Company's CC&N continues to include the TRR subdivision and water from the well field continues to be co-mingled and serves the golf course, construction needs, and domestic needs:
 - A. Bring the Company into compliance with Decision 64360 by requiring Talking Rock to immediately transfer ownership of well #1 to the Company.
 - B. Bring the Company into compliance with Decision 64360 by requiring the Company to establish the same rate for water delivery to all customers including the golf course and construction.
 - C. Transfer the most productive well to the Company.
 - D. Resolve the water quantity issue before more Talking Rock phases are approved.
 - E. Resolve the aerated water issue before more Talking Rock phases are approved.
 - F. Establish a higher priority for domestic demand than that for the golf course's irrigation or construction needs.
2. Restructure the water system at Talking Rock into two stand-alone operations.
 - A) Talking Rock Golf Course would supply a stand-alone new facility and take on the responsibility for the golf course water system. The reduction or reallocation of oversized infrastructure will considerably reduce O&M and depreciation obligations to the residential consumers.
 - B) The Company would continue the Talking Rock domestic water service.
3. Because 64360 was not complied with, retract the Commission's extension of the Company's CC&N to include the Talking Rock subdivision.

1 INTRODUCTION AND BACKGROUND

2 **Q. Please state your name, occupation, and place of employment.**

3 A. My name is Dayne Taylor. I retired in 2000 as a Senior Facilities Analyst from
4 Honeywell Satellite Systems Division in Phoenix, AZ.

5
6 **Q. How long were you employed at Honeywell?**

7 A. Through various reorganizations, a total of 29 years.

8
9 **Q. Please list some of your duties and responsibilities.**

10 A. I was responsible for all facilities planning and construction oversight for product
11 development at the engineering and manufacturing level.

12
13 **Q. How are you involved in the local community?**

14 A. I moved into the Inscription Canyon Ranch subdivision in 2001. In December 2007,
15 I started the fourth year of a four-year term on the ICR Sanitary District board.
16 From April 2005 to December 2006 I served as Board Chairman. Also, in an
17 unofficial capacity, I have been involved in various efforts of both the Board of
18 Directors of the ICR Water Users Association (the Company) and the ICR Sanitary
19 District.

20
21 PURPOSE OF TESTIMONY

22 **Q. What is the purpose of your testimony?**

23 A. To bring the Company into compliance with the Arizona Corporation Commission's
24 January 15, 2002 Decision 64360. This would result in the Company possessing a
25 more adequate water supply for the Talking Rock Ranch subdivision than it
26 presently has. It would also require the Company to charge all its customers the
27 same rate for water, including the Talking Rock Ranch golf course and water used
28 for construction at the subdivision. This would, in turn, negate the need for the rate
29 increase the Company is presently asking for. At the present time, because the
30 company is not in compliance with Decision 64360, it has no legal basis for
31 providing water to the Talking Rock Ranch subdivision.

1 TESTIMONY REGARDING WELLS

2 **Q. Why do you feel that the Company is not legally providing water to the**
3 **Talking Rock Ranch subdivision that includes the Talking Rock Golf**
4 **Course?**

5 A. The Company and Harvard (Talking Rock Ranch) have not complied with
6 the requirements stipulated by Decision No. 64360 to approve the extension
7 of the Company's CC&N to include the Talking Rock Ranch subdivision and
8 golf course. In essence these requirements obliged Harvard to transfer
9 ownership of two existing wells to the Company so that the company could
10 meet the domestic needs within the subdivision, and they also required the
11 Company to charge its existing rates to customers in the extended service
12 area. Neither requirement was complied with. Decision 64360 further stated
13 that failure to comply with these requirements would render the approval
14 granted to extend the Company's service area to include the Talking Rock
15 Ranch null and void without further notice from the Commission.

16
17 **Q. Did Harvard transfer the required wells to the Company as specified in**
18 **Decision 64360?**

19 A. No. Harvard was required to transfer an existing well that is currently
20 referred to as Talking Rock Ranch well #1 (No. 55-584177) and an
21 unidentified back-up well also in existence prior to Decision 64360. The
22 transfer was to occur within one year of the date of Decision 64360 (January
23 15, 2002). Not only were the required two wells not transferred to the
24 Company, to date only one well has been transferred, and it is not the
25 correct well. Harvard transferred well No. 55-589660 (PW3, or Talking Rock
26 well #3) instead of well #1. This well was drilled between May 13-15, 2002,
27 four months after the date of Decision 64360 so that it cannot be one of the
28 two wells the Commission required to be transferred. Not only is this the
29 wrong well, but the transfer of ownership did not occur until October 2003,
30 approximately nine months latter than the Commission's required date of
31 January 15, 2003.

1 **Q. Please clarify the well numbers in the Talking Rock Ranch well field.**

2 A. There are three wells in the TRR well field. Wells #1 and #2 are owned by
3 TRR, and well #3 is owned by the Company. I believe the wells are
4 incorrectly identified in the Direct Testimony of Jian W. Lieu under Docket
5 No. W-02824A-07-0388, Engineering Report, Exhibit JWL, page 2, table 3.
6 Well #1 is identified as No. 55-589659, #2 as 55-589660, and #3 as 55-
7 584177.

8
9 Per the Arizona Department of Water Resources groundwater management
10 support section, TRR well #1 should be No. 55-584177 because it was the
11 first well drilled (October 31, 2000). TRR Well #2 No. 55-589659 (PW2) was
12 drilled between March 27 and May 20, 2002 and tested on August 1, 2002.
13 TRR Well #3 No. 55-589660 (PW3) was drilled between May 13 and May
14 15, 2002 and tested on September 12, 2002.

15
16 To summarize, I say JWL well #1 is really ADWR #2, JWL well #2 is really
17 ADWR #3, and JWL well #3 is really ADWR #1. In my testimony I will use
18 the numbering established by the ADWR.

19 See DT Exhibits 1 to 4.

20

21 TESTIMONY REGARDING RATES

22 **Q. Did the Company comply with the requirements in Decision 64360 to**
23 **change its existing rates and charges in the extension area?**

24 A. No. The Company charges much lower rates for water it delivers from its
25 well that is used to irrigate the TRR golf course compared to the rates to its
26 domestic customers throughout its service area. The Company therefore
27 does not treat all its customers equitably.

1 **Q. For the Company, what defines the term customer?**

2 A. Customer: each meter connection [obtaining water from a Company-owned
3 well]. See Response of ICR Water Users Association, Inc., to Arizona
4 Corporation Commission, Staff's Third set of data requests, Docket No. W-
5 02824A-07-0388, September 30, 2007, CM 3.3. Also, in Revised Statutes
6 40-491, the term "Customer" means the person in whose name a utility
7 service is provided.

8

9 **Q. Are you a customer of the Company?**

10 A. Yes. I am a resident living in Inscription Canyon Ranch.

11

12 **Q. What qualifies Talking Rock Ranch Golf Course as a customer of the
13 Company?**

14 A. The Talking Rock Ranch Golf Course has one meter tallying water. This
15 includes water from the Company-owned well #3.

16

17 **Q. In what way is the Company not in compliance with Decision No.
18 64360 regarding rates charged to customers?**

19 A. The Company delivers water from the Company's well #3 through a meter
20 to the Talking Rock Ranch Golf Course; therefore the Talking Rock Ranch
21 Golf Course is a customer of the Company by definition. Per the "Well
22 Agreement," between the Company and Harvard dated February 25, 2003,
23 the tariff for this water is considerably less than that charged to other
24 customers of the Company—about \$0.03 per 1,000 gallons while residential
25 customers presently pay \$2.80 per 1,000 gallons. Decision No. 64360 not
26 only requires that identical rates be charged, but that if they are not, the
27 Commission's approval to extend the Company's CC&N would be null and
28 void without further notice. See DT Exhibits 5 and 6.

1 **Q. Why are these inequitable rates a concern?**

2 A. If all customers were paying the same rate, there would be no need for any
3 increase in water rates. This conclusion is based on the recorded amount of
4 water pumped and delivered to the golf course from Company well #3
5 located in the Talking Rock Ranch well field.

6

7 **Q. Other than the concerns with the Talking Rock Ranch Golf Course, are**
8 **there other inequities in rates?**

9 A. Water supplied by the Company for construction purposes is charged at the
10 golf course rate rather than the domestic customer rate.

11

12 TESTIMONY AGAIN REGARDING WELLS

13 **Q. Was a Talking Rock Ranch well ever transferred to the Company?**

14 A. After Decision No. 64360, Talking Rock Ranch drilled two more wells #2
15 and #3 (No. 55-589659 and No. 55-589660). The well with the lowest
16 capacity, well #3, was transferred to the Company. Well #2, the next lowest
17 producer of the three wells is scheduled to be transferred to the Company
18 on or before the 800 single-family hook-up at the Talking Rock Ranch
19 subdivision.

20

21 **Q. Is the Company well #3 for residential or golf-course use?**

22 A. Well #3 was intended to meet the domestic demand of the first 800
23 residential hookups at the Talking Rock Ranch subdivision, but due to the
24 "Well Agreement," well #3 can also be called upon to supply water for
25 irrigation of the golf course and for new home construction at Talking Rock
26 Ranch. Well #2 can also be called upon for the same purposes after it is
27 transferred to the Company.

1 **Q. What happened to the second well the Company was supposed to**
2 **receive from Talking Rock?**

3 A. It is not possible to identify this well, but in Findings of Fact 20 of Decision
4 64360, Harvard's representative testified that they owned a second well that
5 could be used as a back-up well. There is only one well that is owned by
6 Harvard and that was drilled prior to the date of Decision 64360. This is well
7 No. 55-584177 (TRR well #1) that was also supposed to be transferred to
8 the Company in addition to the back-up well. There are two conflicting
9 statements regarding the back-up well. The first is located in Decision
10 64360 where a second well was supposed to be transferred from Talking
11 Rock to the Company within 365 days. See DT Exhibit 7.

12

13 The second statement is located in the "Well Agreement" where a second
14 well is to be transferred to the Company on or before the 800th hookup.
15 This well is TRR well #2 drilled after Decision 64360 so that it cannot be the
16 back-up well referred to by the Harvard representative. See DT Exhibit 8.

17

18 Talking Rock Ranch kept the first and second wells it drilled (well #1 and
19 well #2). The lowest-yield well #3 was transferred to the Company. The
20 Company has never received the promised back-up well.

21

22 **Q. Regarding water from the Company-owned well, what is the ratio**
23 **going to the 1) Talking Rock Ranch golf course, 2) residences within**
24 **the extension area, and 3) construction?**

25 A. In 2006, the last year for which data is fully available, 16 percent was used
26 for residential or domestic purposes. Eighty-four percent was used for golf
27 course and construction purposes. The vast majority of this water went to
28 the golf course. See DT Exhibit 9.

1 **Q. What are issues with the three wells in the Talking Rock Ranch well**
2 **field?**

3 A. Two issues are 1) reliability of water yield as demand increases, and 2)
4 aerated water. See DT Exhibit 10. These issues directly affect the
5 Company's ability to provide water to the residents of Talking Rock Ranch.
6

Table 2 Storage Tanks for PWS13-303

Capacity Gallons	Quantity (Each)	Location
210,000	1	Magner Drive
300,000	1	Whispering Canyon
Totals: 510,000		

Talking Rock Ranch water system (PWS13-263) consists of three wells, one storage tank, two booster stations and a distribution system, serving approximately 108 customers during the test year of 2006. A system schematic is shown in Figure B-2 with detailed plant facility descriptions as follows:

Table 3 Well Data for PWS13-263

Well Name Or #	ADWR ID No.	Pump HP	Pump GPM	Casing Size & Depth	Meter Size
#1	55-589659	60	425	8" and 275'	6"
#2	55-589660	60	375	8" and 250'	6"
#3	55-584177	30	250	8" and 300'	6"

Note: GPM = gallons per minute.

Table 4 Storage Tanks for PWS13-263

Capacity Gallons	Quantity (Each)	Location
300,000	1	Talking Rock
Totals: 300,000		

PLE
PRC
APP
DEP

A. 1
13

B. TE

C. SG

WEL

F. 5
10

CHEP
G. RE

H. D.

1. OWN

K

NAME

3200

CURREN

Phase

CITY

TELEPE

2. ACTI

DRILL

MODIF

WELL R

FOR A F

MAX. C

DISTAN

3. CON

MONTE

4. TYPE

SURFAC

DIAMET

DOWNI

DIAMET

5. DESI

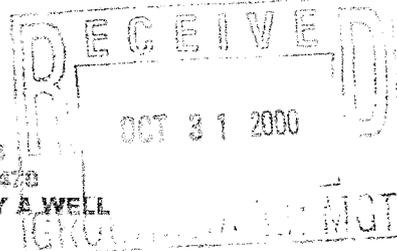
1 STATE

THE LIM

K

14. TYPE

DWR 55-



ARIZONA DEPARTMENT OF WATER RESOURCES
GROUNDWATER MANAGEMENT SUPPORT SECTION
MAIL TO: P. O. BOX 458, PHOENIX, ARIZONA 85001-0458
FOR MORE INFORMATION CALL: MONICA ORTIZ 602-417-2470
NOTICE OF INTENTION TO DRILL, DEEPEN, REPLACE OR MODIFY A WELL

PLEASE COMPLETE ALL ITEMS IN THE BOX BELOW DOWN TO COUNTY OR LOCAL AUTHORITY ENDORSEMENT. IF WATER FROM THE PROPOSED WELL (LISTED BELOW) WILL BE USED FOR DOMESTIC PURPOSES ON A PARCEL OF LAND 20 OR FEWER ACRES, THE APPLICABLE COUNTY OR LOCAL HEALTH AUTHORITY MUST ENDORSE ALL ITEMS IN THE BOX BEFORE SUBMISSION TO THE DEPARTMENT OF WATER RESOURCES. ITEMS C, D, E, AND F MAY BE AVAILABLE FROM YOUR COUNTY ASSESSOR'S OFFICE.

A. Bluegreen West 2373 N. Scottsdale Rd. 2317 Scottsdale AZ 85253
LANDOWNER'S NAME CURRENT MAILING ADDRESS CITY STATE ZIP

B. TELEPHONE NO. 480-609-0317 COUNTY ASSESSOR'S PARCEL ID INFORMATION:

C. WELL LOCATED IN YAVAPAI COUNTY D. 300 2B 01605 E. 29.7
BOOK MAP PARCEL # OF ACRES OFFICIAL SEAL OR STAMP

WELL/LAND LOCATION (MUST BE COMPLETED AS REQUESTED):

F. SW 1/4 NW 1/4 NW 1/4 OF SECTION 17 TOWNSHIP 16 NS RANGE 3 EW
10AC 40AC 160AC COUNTY OR LOCAL AUTHORITY ENDORSEMENT

CHECK ONE:
G. RECOMMEND APPROVAL _____; INSUFFICIENT INFORMATION TO MAKE A DETERMINATION _____; VARIANCE REQUIRED _____ (EXPLANATION ATTACHED)

H. DATE _____ AUTHORIZED SIGNATURE _____ TITLE _____

1. OWNER OF WELL:
Kevin Newell
NAME
3200 N. Central Str. 2100
CURRENT MAILING ADDRESS
Phoenix AZ 85012
CITY STATE ZIP
TELEPHONE NUMBER 602-264-8190

6. LESSEE OF LAND OF WELLSITE:
Same
NAME
CURRENT MAILING ADDRESS
CITY STATE ZIP
TELEPHONE _____

9. PLACE OF USE (LEGAL DESCRIPTION OF LAND):
SW 1/4 NW 1/4 NW 1/4 SECTION 17
10AC 40AC 160AC
TWNSH 16 NS RNG 3 EW

10. TYPE OF WELL (CHECK ONE):
EXEMPT NON-EXEMPT _____

2. ACTION REQUESTED:
DRILL NEW WELL DEEPEN _____
MODIFY _____ REPLACE _____
WELL REGISTRATION NO. 55- _____

7. PRINCIPAL USE OF WATER: (BE SPECIFIC)
Domestic
3. OTHER USES OF WATER: (BE SPECIFIC)
NONE

11. CHECK ONE:
RESIDENTIAL STOCKWATER _____
OTHER _____

FOR A REPLACEMENT WELL PROVIDE:
MAX. CAPACITY OF THE ORIGINAL WELL _____ GALLONS PER MINUTE;
DISTANCE FROM THE ORIGINAL WELL: _____ FEET

12. IS THE PROPOSED WELLSITE WITHIN 100 FEET OF A SEPTIC TANK SYSTEM, SEWER DISPOSAL AREA, LANDFILL, HAZARDOUS MATERIALS OR PETROLEUM STORAGE AREAS AND TANKS?
YES _____ NO

3. CONSTRUCTION WILL START ABOUT:
MONTH 11 YEAR 00
4. TYPE OF CASING FOR PROPOSED WELL:
SURFACE CASING: Steel
DIAMETER: 7" DEPTH: 20'
DOWNHOLE CASING: F 480 PVC
DIAMETER: 4.5" DEPTH: 500'
5. DESIGN PUMP CAPACITY:
162 GALLONS PER MINUTE

FOR DEPARTMENT USE ONLY
REGISTRATION NO. 55-584177 **K**
DATE FILED _____
FILE NO. 13(16-3)17B3C
AMATINA _____
W/S 05 S/B 77
PROCESSED BY SD
DATE MAILED 11-2-00
MID

13. DRILLING FIRM:
Del Rio Drilling
NAME
6645 N Hwy 89
MAILING ADDRESS
Chino Valley AZ 86323
CITY STATE ZIP
520-636-4272
TELEPHONE NO.
1530
DWR LICENSE NUMBER
CS
ROC LICENSE CATEGORY

I STATE THAT THIS NOTICE IS FILED IN COMPLIANCE WITH A.R.S. §45-596, IS COMPLETE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND THAT I UNDERSTAND THE LIMITATIONS AND CONDITIONS SET FORTH ON THE REVERSE SIDE OF THIS FORM.

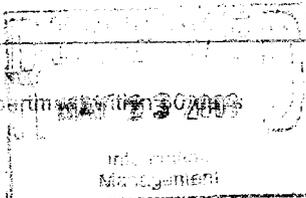
14. TYPE OR PRINT NAME AND TITLE KEVIN NEWELL
15. SIGNATURE OF LANDOWNER/LESSEE OF WELLSITE [Signature]
16. DATE 10.31.00



Arizona Department of Water Resources
 Records Management Section
 500 N. 3rd Street • Phoenix, Arizona 85004
 (602) 417-2405 • (800) 352-8488
 www.water.az.gov

Pump Installation Completion Report

- Review instructions prior to completing form in black or blue ink.
- The registered well owner should file this report with the Department following installation of pump equipment.



WELL REGISTRATION NUMBER
55-589659
 PIN 2

****PLEASE PRINT CLEARLY****

Well Owner		Well Location Address (if any)						
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL Harvard Investments		TOWNSHIP(S) 16 North		RANGE (E/W) 3 West	SECTION 17	160 ACRE NW¼	40 ACRE NW¼	10 ACRE SW¼
MAILING ADDRESS 7600 E. Doubletree Ranch Road, Suite 220		COUNTY ASSESSOR'S PARCEL ID NUMBER (MOST RECENT)						
CITY / STATE / ZIP CODE Scottsdale, Arizona 85258		BOOK 300		MAP 28		PARCEL 016P		
CONTACT PERSON NAME AND TITLE Doug Zuber		COUNTY WHERE WELL IS LOCATED Yavapai						
TELEPHONE NUMBER (480) 348-1118	FAX (480) 348-8976							

SECTION 2: EQUIPMENT INSTALLED	
DATE PUMP INSTALLED 8/1/02	Power Type
Pump Type	CHECK ONE
CHECK ONE	
<input type="checkbox"/> Air Lift	<input type="checkbox"/> Diesel Engine
<input type="checkbox"/> Bucket	<input checked="" type="checkbox"/> Electric Motor
<input type="checkbox"/> Centrifugal	<input type="checkbox"/> Gasoline Engine
<input type="checkbox"/> Jet	<input type="checkbox"/> Hand
<input type="checkbox"/> Piston	<input type="checkbox"/> Natural Gas
<input type="checkbox"/> Rotary	<input type="checkbox"/> Windmill
<input checked="" type="checkbox"/> Submersible	<input type="checkbox"/> Other (please specify):
<input type="checkbox"/> Turbine	
<input type="checkbox"/> Other (please specify):	
RATED PUMP CAPACITY 530 Gallons Per Minute	HORSE POWER RATING OF MOTOR 60

SECTION 3: WELL TEST DATA		
DATE WELL TESTED 8/1/02	CHECK ONE	CHECK ONE
STATIC WATER LEVEL (A) 57.2 Feet Below Land Surface	<input type="checkbox"/> Bailor	<input type="checkbox"/> Air Line
PUMPING WATER LEVEL (B) 148.29 Feet Below Land Surface	<input type="checkbox"/> Bucket - Barrel - Stopwatch	<input checked="" type="checkbox"/> Electric Measuring Line (Sonder)
DRAWDOWN ((B) - (A)) 91.09 Feet Below Land Surface	<input type="checkbox"/> Current	<input type="checkbox"/> Steel Tape
TEST PUMPING RATE 530 Gallons Per Minute	<input type="checkbox"/> Estimated - Air Lift	<input type="checkbox"/> Other (please specify):
DURATION OF PUMP TEST (Minimum 4 Hours) 12 Hours	<input type="checkbox"/> Gauge	
TOTAL PUMPING LIFT Feet	<input checked="" type="checkbox"/> Meter	
FOR FLOWING WELL MEASURED SHUT IN HEAD	<input type="checkbox"/> Orifice	
	<input type="checkbox"/> Volume	
	<input type="checkbox"/> Weir - Furniture	
	<input type="checkbox"/> Other (please specify):	
	<input type="checkbox"/> FT	
	<input type="checkbox"/> PSI	

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief according to A.R.S. § 45-600(B).

SIGNATURE OF WELL OWNER: *[Signature]* DATE: 5.21.03

ANSWERED MAY 23 2003



Arizona Department of Water Resources
 Records Management Section
 500 N. 3rd Street • Phoenix, Arizona 85004
 (602) 417-2405 • (800) 352-8488
 www.water.az.gov

Pump Installation Completion Report

- Review instructions prior to completing form in black or blue ink.
- The registered well owner should file this report with the Department within 30 days following installation of pump equipment.

MAY 23 2003

WELL REGISTRATION NUMBER
 55-589660

PLEASE PRINT CLEARLY

WELL ID		WELL LOCATION ADDRESS (IF ANY)	
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL Harvard Investments		16 North 3 West 17 NW 1/4	
MAILING ADDRESS 7600 E. Doubletree Ranch Road, Suite 220		COUNTY ASSESSOR'S PARCEL ID NUMBER (MOST RECENT)	10 ACRE
CITY / STATE / ZIP CODE Scottsdale, Arizona 85258		BOOK	PARCEL
CONTACT PERSON NAME AND TITLE Doug Zuber		300	016P
TELEPHONE NUMBER (480) 348-1118	FAX (480) 348-8976	COUNTY WHERE WELL IS LOCATED Yavapai	

SECTION 2 EQUIPMENT INSTALLED	
DATE PUMP INSTALLED 9/12/02	Pump Type CHECK ONE <input type="checkbox"/> Air Lift <input type="checkbox"/> Bucket <input type="checkbox"/> Centrifugal <input type="checkbox"/> Jet <input type="checkbox"/> Piston <input type="checkbox"/> Rotary <input checked="" type="checkbox"/> Submersible <input type="checkbox"/> Turbine <input type="checkbox"/> Other (please specify):
RATED PUMP CAPACITY 430 Gallons Per Minute	Pump Type CHECK ONE <input type="checkbox"/> Diesel Engine <input checked="" type="checkbox"/> Electric Motor <input type="checkbox"/> Gasoline Engine <input type="checkbox"/> Hand <input type="checkbox"/> Natural Gas <input type="checkbox"/> Windmill <input type="checkbox"/> Other (please specify):
HORSE POWER RATING OF MOTOR 60	

SECTION 3 PUMP TEST DATA		
DATE WELL TESTED 9/12/02	CHECK ONE <input type="checkbox"/> Bailor <input type="checkbox"/> Bucket - Barrel - Stopwatch <input type="checkbox"/> Current <input type="checkbox"/> Estimated - Air Lift <input type="checkbox"/> Gauge <input checked="" type="checkbox"/> Meter <input type="checkbox"/> Orifice <input type="checkbox"/> Volume <input type="checkbox"/> Weir - Furniture <input type="checkbox"/> Other (please specify):	CHECK ONE <input type="checkbox"/> Air Line <input checked="" type="checkbox"/> Electric Measuring Line (Sounder) <input type="checkbox"/> Steel Tape <input type="checkbox"/> Other (please specify):
STATIC WATER LEVEL (A) 40.44 Feet Below Land Surface		
PUMPING WATER LEVEL (B) 165.62 Feet Below Land Surface		
DRAWDOWN [(B) - (A)] 125.18 Feet Below Land Surface		
TEST PUMPING RATE 430 Gallons Per Minute		
DURATION OF PUMP TEST (Minimum 4 Hours) 24 Hours		
TOTAL PUMPING LIFT Feet		
FOR FLOWING WELL MEASURED SHUT IN HEAD	<input type="checkbox"/> FT <input type="checkbox"/> PSI	

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief according to A.R.S. § 45-600(B).
 SIGNATURE OF WELL OWNER: *[Signature]* DATE: 5.21.03

RESPONSE OF ICR WATER USERS ASSOCIATION, INC.
TO ARIZONA CORPORATION COMMISSION
STAFF'S SECOND SET OF DATA REQUESTS
DOCKET NO. W-02824A-07-0388
August 30, 2007

CM 2.11 **Is the golf course watered with potable or effluent water? Who furnishes this water? What is the cost of this water per 1,000 gallons to ICR and to the golf course?**

Response: Landscaping for the golf course is watered with potable water, and the golf course's lakes are watered with effluent. The potable water is pumped from three wells and delivered through ICR's water system to the golf course pursuant to the Well Agreement. The Well Agreement is enclosed in the response to CM 2.12 and is more particularly described in the response to CM 2.16. The golf course
→ currently pays \$11.59 per acre/foot as a pumping charge for delivering water to the golf course. The rate is adjusted annually per the Well Agreement. The effluent used to water the storage lake is delivered pursuant to a separate contract between ICR Sanitary District (not affiliated with ICR) and the golf course.

Prepared by: Bob Busch
ICR Water Users Association, Inc.
P.O. Box 5669
Chino Valley, AZ 86323

1 Excess of Minimum-
per 1,000 gallons \$2.80 ←
2 Gallons included in minimum 1,000

3 SERVICE LINE AND METER INSTALLATION CHARGES:
4 (Refundable pursuant to A.A.C. R14-2-405)

5	5/8" x 3/4" Meter	\$ 250.00
	3/4" Meter	250.00
	1" Meter	300.00
6	1 1/2" Meter	450.00
	2" Meter	625.00
7	3" Meter	825.00
	4" Meter	1,450.00
8	6" Meter	3,100.00

9 SERVICE CHARGES:

10	Establishment	\$25.00
	Establishment (After Hours)	50.00
	Reestablishment (Within 12 Months)	*
11	Reconnection (Delinquent)	\$20.00
	Meter Test (If Correct)	20.00
12	Meter Re-Read (If Correct)	10.00
	Deposit	**
13	Deposit Interest	***
	NSF Check	\$15.00
14	Deferred Payment (Per Month)	1.50%

15 * Months off system times minimum.
16 ** Per A.A.C. R14-2-403(B)(7).
17 *** Per A.A.C. R14-2-403(B)(3).

18 IT IS FURTHER ORDERED that the rates and charges authorized herein shall be effective for
19 all service rendered on or after September 1, 1995 until otherwise ordered by the Arizona Corporation
20 Commission.

21 IT IS FURTHER ORDERED that ICR Water Users Association shall file a schedule with its tariff
22 for the collection of the proportionate share of any privilege, sales or use tax, in accordance with A.A.C.
23 R14-2-409(D)(5).

24 IT IS FURTHER ORDERED that ICR Water Users Association shall post a \$5,000.00
25 performance bond and file it with the Arizona Corporation Commission on the earlier of 365 days from
26 the effective date of this Decision or the date it provides service to its first customer.

27 IT IS FURTHER ORDERED that the performance bond shall remain in effect until ICR Water
28 Users Association reaches viable operation, as determined by the Arizona Corporation Commission's
Utilities Division Staff, or is sold to another utility or a municipality, at which time ICR Water Users

1 should include in its advance, the wells which it has drilled for the purpose of providing water to the
2 extension area described in Exhibit A to ensure that the utility has adequate water for its customers
3 and to ensure that they are not subject to relying for their water on a third party over which the
4 Commission lacks jurisdiction.

5 35. We believe that this additional condition can be met by amending the Agreement
6 between the parties and we shall require ICR to file a copy of the relevant documents transferring
7 ownership of the wells and related water production facilities to ICR within 365 days of the effective
8 date of this Decision or the approval granted herein shall be rendered null and void without further
9 Order by the Commission.

10 CONCLUSIONS OF LAW

11 1. Applicant is a public service corporation within the meaning of Article XV of the
12 Arizona Constitution and A.R.S. §§ 40-252, 40-281 and 40-282.

13 2. The Commission has jurisdiction over Applicant and of the subject matter of the
14 application.

15 3. Notice of ICR's application as described herein was given in the manner prescribed by
16 law.

17 4. The public convenience and necessity require and the public would benefit by the
18 extension of ICR's Certificate so that its certificated service area includes the area more fully
19 described in Exhibit A.

20 5. Applicant is a fit and proper entity to receive an amended Certificate which
21 encompasses the area more fully described in Exhibit A.

22 6. ICR's application for the extension of its Certificate should be approved as
23 recommended by Staff in Findings of Fact Nos. 30 and 31 and consistent with Findings of Fact Nos.
24 34 and 35 hereinabove.

25 ORDER

26 IT IS THEREFORE ORDERED that the application of ICR Water Users Association, Inc. for
27 an extension of its Certificate of Convenience and Necessity for the operation of water facilities in
28 the area more fully described in Exhibit A be, and is hereby approved, as conditioned herein.

Production Well 3, and Production Well 3 has an estimated production capacity of 430 gpm, assuming pumping for 12 hours per day, independent of Production Well 1 and Production Well 2. Developer has provided to Utility a copy of a letter dated October 31, 2002 summarizing the pump tests run by Southwest Ground-water Consultants, Inc. on Production Well 2 and Production Well 3.

(b) Developer obtained approval to construct the Production Wells from all agencies having regulatory jurisdiction, including Yavapai County Environmental Services Department and Arizona Department of Environmental Quality ("ADEQ"). Developer has caused Production Well 2 and Production Well 3 to be drilled, constructed, installed and equipped at the Wellsite in substantial accordance with the design for the same approved by Yavapai County Environmental Services Department and ADEQ. Utility's engineers have tested and inspected Production Well 2 and Production Well 3. Based on that inspection and testing, Utility has requested several modifications to the equipment installed at the Production Wells as described in that letter to Shephard-Wesnitzer, Inc. from Dava and Associates dated June 19, 2002 (the "Well Modifications").

2. Transfer and Conveyance of Production Well 3. Immediately following the approval of the First Amendment by the Commission or the Commission staff (as necessary) and the approval by the Commission or the Commission staff (as necessary) of this Well Agreement, if such approval is required by the Commission, Developer will transfer and convey Production Well 3 to Utility, including all equipment, pumps, motors, valves, pipes, electrical system, and other appurtenances, by Bill of Sale in form attached as Exhibit "F," and on the terms and conditions stated in paragraph 4. In the Bill of Sale for Production Well 3, Developer will also transfer and convey to Utility the piping, valves and other facilities necessary to connect Production Well 3 to the Off-side Main (such piping, valves and other facilities being referred to herein as the "PW-3 Connection Facilities").

3. Transfer and Conveyance of Production Well 2. On or before the date that Utility provides water service to the 800th single-family residence at the Property, Talking Rock Golf will transfer and convey Production Well 2 to Utility, including all equipment, pumps, motors, valves, pipes, electrical system and other appurtenances, by Bill of Sale in the form attached as Exhibit "F," and on the terms and conditions stated in paragraph 4. In the Bill of Sale for Production Well 2, Talking Rock Golf will also transfer and convey to Utility the piping, valves and other facilities necessary to connect Production Well 2 to the Off-Site Main (such piping, valves and other facilities being referred to herein as the "PW-2 Connection Facilities").

4. Terms and Conditions of Transfer and Conveyance. The transfer and conveyance of Production Well 2 and the transfer and conveyance of Production Well 3 shall each be on the following terms and conditions:

(a) Concurrently with the execution of the Bill of Sale for Production Well 3 and the execution of the Bill of Sale for Production Well 2, as the case may be, Talking Rock Golf will grant an easement to Utility over, under, upon and across the Wellsite, together with an access easement over and across the Wellsite and other property allowing ingress and egress to the Production Well then being conveyed from a public right-of-way, and a pipeline easement, if necessary, for the Off-Site Main or for the PW-3 Connection Facilities and the PW-2 Connection Facilities, in form attached as Exhibit "G" (each, an "Easement"). The Wellsite

DT-9

Talking Rock
Well Agreement - OM&R Costs
2006 True Up

	Well # 3 Gallons Pumped	TRR – Gal Water Sold
January	3,613,000	338,171
February	3,806,000	398,254
March	2,583,000	323,761
April	3,135,000	449,147
May	7,255,000	1,245,403
June	9,608,000	1,459,654
July	7,207,000	1,192,572
August	5,205,000	1,163,820
September	5,007,000	730,088
October	7,231,000	890,474
November	2,794,000	755,662
December	2,941,000	559,384
	<u>60,385,000</u> Total Sold	<u>9,506,390</u>

Difference 50,878,610

Total Pumped 60,385,000

Well Agreement Formula

$$\text{Ratio} = \frac{\text{Well \#3 Pumped} - \text{Sales}}{\text{Well \#3 Pumped}}$$

$$= \frac{60,385,000 - 9,506,390}{60,385,000}$$

Ratio = 0.84257034

TOTAL 2006 Adjusted OM&R Costs for ICRWUA Talking Rock Division **\$60,674.99**

2006 Talking Rock OM&R Share = Ratio x (Total OM&R Costs, Talking Rock)
 = .84257 x \$71645.39 = **\$51,122.95**

Actual Payment Received in 2006
 2006 Talking Rock Payments = \$1,750/mo x 13 pmts = **\$22,750.00**

difference **\$28,372.95**

less other reimbursements from Talking Rock (see stmt) **\$4,859.00**
 Less reclassified expense from 2005. **\$5,668.59**

2005 expense reclassified **\$6,371.99**
 2005 ratio 0.88961
 TRR Share of reclassified expense **\$5,668.59**

Net due from Talking Rock \$17,845.36

Note: Reclassified amount shows on Total Income stmt - Acct 620
 Not split between TRR/IC as (\$6371.99)

Introduction

The Board of Directors of the Inscription Canyon Water Users Association has received complaints from homeowners within the TRR subdivision concerning an unacceptable concentration of air in residential water. In addition productive capacity of the TRR well field has proven to be considerably less than the initial estimate, with that from well 3 being only about 46 percent of the latter. The initial estimate assumed pumpage from each well independent of the other two, while, in fact, pumpage from each well reduces the capacity of the other two by some unknown amount.

The reduced capacity resulted in the need to pump the well field at 80 to 90 percent of its total capacity during the June-July 11, 2007 pre-monsoon season with the water demand mainly associated with the need to irrigate the golf course. During this time, wells 1 and 3 pumped a maximum of 24 hours per day while simultaneous pumpage from well 2 was as high as 15 hours per day. Overall, well 1 averaged 16 hours per day from June-July 11 while well 2 averaged 14.8 and well 3 averaged 23.4 hours per day. Maximum combined daily use of the three wells was 66.4 hours (out of a possible 72 hours) on July 2 and 3, with wells 1 and 3 pumped for 24 hours and well 2 pumped for 15.8 hours. Monitoring of each well's yield indicated a general loss in yield as demand, and therefore well use increased. Loss of well yield, in turn, resulted in a general loss of well field capacity over time.

Without a significant change in its size, water demand for the golf course will remain relatively constant during the pre-monsoon season and demand can only increase as more homes are added to the infrastructure. Given the fact that pumpage from each well reduces the capacity of the other two wells, that combined well field yield decreases with increasing well use, and that seasonal water demand field demand will approach or require simultaneous 24 hour per day pumpage from all three wells, there is a need to identify the maximum capacity of the well field with all wells pumping simultaneously.

In response to this need, a three day test of the TRR well field was conducted from 8:00 am Wednesday October 24, 2007 through 8:00 am Saturday October 27, 2007 with all three wells in the field pumping. Pumping rates and water levels in each well were monitored throughout the test. A semi-quantitative method for monitoring air production from each well was also employed in order to help evaluate the possible source of reported problems with aerated water at TRR households. Water levels were also monitored at TRR well 4, a well installed by Harvard Investments about 450 feet from the well field in 2006. The test was conducted as a joint effort between the ICR Water Users Association (Utility) and Harvard Investments.

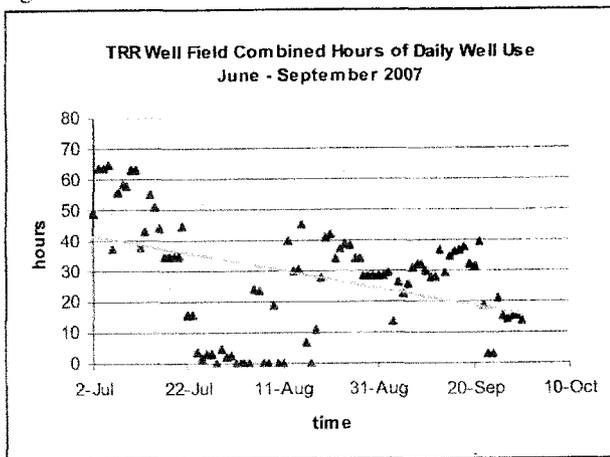
The test had two main purposes. One purpose of the test therefore was to establish the three day yield of the well field with all three wells pumping with the understanding that the short duration of the test combined with other hydrologic issues would not allow the ultimate long-term capacity of the well field to be established with all wells pumping.

The second purpose was to measure air production from each well in order to determine if one or more of the wells represented the source of aerated water. Visual estimates made during the pre-monsoon season had shown that wells 1 and 2 produced significant amounts of air with that from well 1 exceeding that from well 2.

Pre-Test Conditions

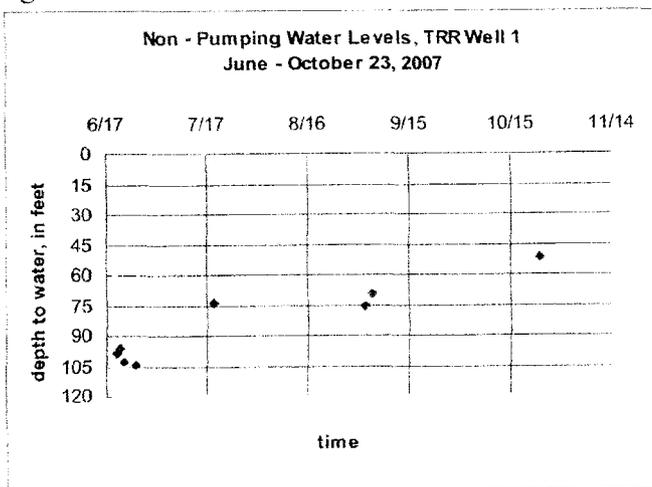
Following the on-set of the monsoon rains in mid-July 2007, water demand from the well field decreased with combined hours of daily well field usage falling from pre- monsoon values (June – July 11) between 50 to just below 70 hours per day to values ranging from zero to about 40 hours per hours per day from mid-July thru September, figure 1.

Figure 1



In response to reduced demand, non-pumping water levels in the well field increased, figure 2.

Figure 2



Combined Yield

Given the decline of yield in individual wells during the test, the combined yield from the three wells generally declined over the test period, falling from about 1,200 gpm at the beginning of the test to 828 gpm at the end. Overall decline in combined yield was about 31 percent, figures 7 and 8.

Figure 7

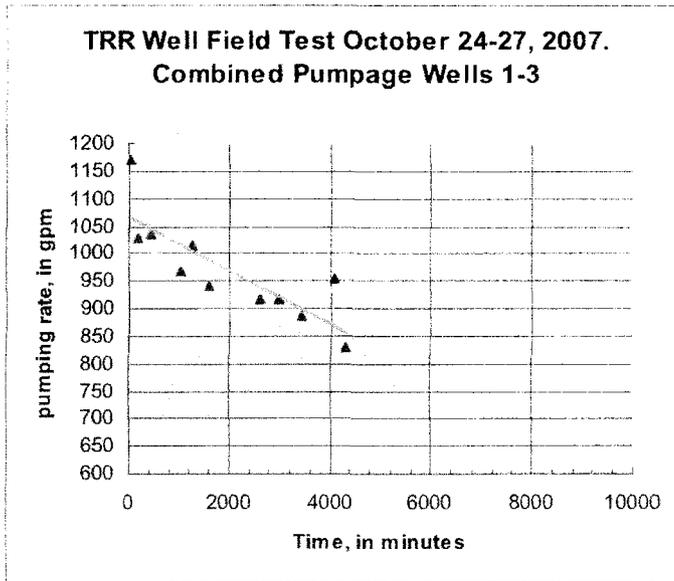
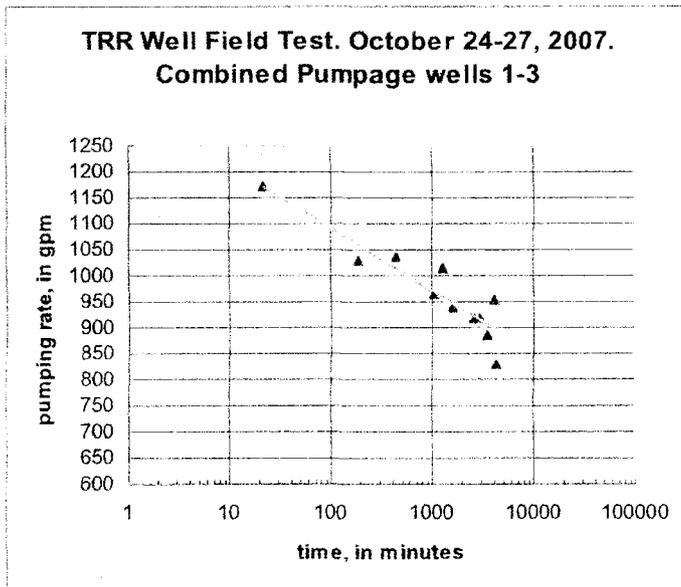


Figure 8



Air Production

A semi-quantitative method for measuring air production from each well as a percent of air per unit volume of water was used at selected times during the three day test in order to help evaluate the possible source and magnitude of reported problems with aerated water at TRR households. Times of measurement and estimated air content in water produced at each well are shown in table 1.

Air production in wells 1 and 3 averaged 1.22 and 2.20 percent per unit volume and was significantly below that in well 2 where the average was 11.27. The average air production from the well field during the test was about 5.3 percent per unit volume. Based on complaints received from homeowners and air present at the pumping station, this is still above an acceptable level.

Table 1. Air Production in Percent of Volume for Selected Times during the October 24- 27, 2007 TRR Well Field Test.

Well 1 time (minutes)	% Air content	Well 2 time (minutes)	% Air content	Well 3 time (minutes)	% Air content
08	0.23	30	0.11	37	0.4
65	0.22	80	3.78	90	0.35
295	2.12	125	5.95	320	1.96
397	2.44	305	12.31	415	1.55
515	2.22	405	8.75	525	2.45
725	2.08	517	10.75	765	2.37
1,190	2.42	755	9.18	1,225	1.98
1,430	0.2	1,230	8.51	1,455	2.35
1,605	0.18	1,418	9.8	1,590	2.89
1,955	0.43	1,578	15.42	1,980	3.5
2,170	0.22	1,585	15.18	2,199	3.04
2,850	0.23	1,940	12.4	2,608	2.71
3,265	2.22	1,970	14.7	2,865	2.5
3,425	1.65	2,180	12.73	3,275	3.2
3,800	1.91	2,590	13.54	3,435	2.02
4,110	1.78	2,885	12.0	3,830	2.34
4,297	0.22	3,255	14.9	4,135	2.4
		3,418	14.89	4,290	1.63
		3,815	14.71		
		4,125	14.17		
		4,277	12.89		
Average	1.22		11.27		2.20