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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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May 1, 2008

**HAND DELIVERY**

Kay Kilger  
Arizona Corporation Commission  
Docket Control  
1200 W. Washington  
Phoenix, AZ 85007

Re: Willow Springs Utilities LLC; Application for a Certificate of Convenience and Necessity; Docket No. WS-20432A-05-0874; Decision No. 68963, Compliance Filing

Dear Ms. Kilger:

By Procedural Order dated October 26, 2007, the Commission extended the Compliance Filing date for the Arizona Department of Water Resources Designation of Assured Water Supply to September 21, 2008. Enclosed please find fifteen (15) copies of ADWR Decision and Order No. 26-402225.0000 granting the Designation.

In the event you have any questions regarding these matters, please do not hesitate to call.

Sincerely,

Richard L. Sallquist

Enclosures

cc: Alex Argenta (w/o enclosure)  
Kevin Tarbox (w/o enclosure)  
Patrick Murphy (w/o enclosure)

Arizona Corporation Commission  
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**ARIZONA DEPARTMENT OF WATER RESOURCES**

**Office of Assured and Adequate Water Supply**

3550 North Central Ave., 2<sup>nd</sup> Floor, Phoenix, AZ 85012

Telephone 602 771-8585

Fax 602 771-8689



**JANET NAPOLITANO**  
Governor

**HERB GUENTHER**  
Director

April 15, 2008

Kevin Tarbox  
Willow Springs Utilities, LLC  
1600 E. Hanley Blvd. Suite 124  
Oro Valley, AZ 85737

Re: Designation of Assured Water Supply (DWR No. 26-402225.0000)  
Willow Springs Utilities, LLC

Dear Mr. Tarbox:

I am pleased to inform you that the Department of Water Resources has approved the application for a Designation of Assured Water Supply for Willow Springs Utilities, LLC. We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of Willow Springs Utilities, LLC's responsibilities in maintaining the Designation.

Willow Springs Utilities, LLC's status as a designated water provider demonstrates that Willow Springs is taking a long-term perspective in managing water resources. Willow Springs' commitment to sound water management represents a major contribution to the State's water management goal of achieving safe-yield in the Tucson Active Management Area.

If you have any questions regarding these documents, please contact me at (602) 771-8593.

Sincerely,

*for*  
John Schneeman

Manager

Office of Assured and Adequate Water Supply

JFS/rbo

cc: Mr. Roy Tanney, Arizona Department of Real Estate  
Mr. Cliff Neal, Central Arizona Groundwater Replenishment District  
Ken Seasholes, Director Tucson AMA

1 DEPARTMENT OF WATER RESOURCES  
2 BEFORE THE DIRECTOR

3  
4 IN THE MATTER OF THE APPLICATION OF ) AWS No. 2007-006  
5 WILLOW SPRINGS UTILITIES, LLC FOR A )  
6 DESIGNATION AS HAVING AN ASSURED ) DECISION AND ORDER  
7 WATER SUPPLY ) No. 26-402225.0000  
8

9 I. INTRODUCTION

10 On July 6, 2006, the Department of Water Resources ("Department") received an application from  
11 Willow Springs Utilities, LLC ("Willow Springs"), requesting that the Department designate Willow Springs  
12 as having an assured water supply pursuant to A.R.S. § 45-576, *et seq.*, and A.A.C. R12-15-701, *et seq.*

13 On June 12, 2007 and June 19, 2007, the Department gave public notice pursuant to A.R.S. § 45-578  
14 and no objections were filed with the Department.

15 After receiving Willow Spring's application for a designation of assured water supply, the  
16 Department reviewed relevant information regarding the application, including 1) the hydrologic  
17 information on file with the Department; 2) information regarding Willow Springs' consistency with the  
18 management plan and the management goal for the Tucson Active Management Area ("AMA"); and 3)  
19 information regarding Willow Springs' financial capability to construct the necessary delivery system,  
20 treatment works and storage facilities. Based on that information, the Department makes the following  
21 Findings of Fact, Conclusions of Law, and Order of Designation and Conditions of Designation:

22 II. FINDINGS OF FACT

23 A. General

- 24 1. Willow Springs is a private water company regulated by the Arizona Corporation Commission  
25 ("ACC").

26 B. Water Demands

- 27 2. Willow Springs' current demand in calendar year 2007 is zero acre-feet per year ("current  
28 demand").  
29 3. Willow Springs' committed demand as of calendar year 2007 is zero acre-feet per year  
30 ("committed demand").

- 1 4. Willow Springs' projected demand in 2017 is 2,635 acre-feet per year ("2017 projected demand").  
2 The 2017 projected demand consists of the demand at build-out of plats reasonably projected to  
3 be approved and customers reasonably projected to be added through calendar year 2017. The  
4 2017 projected demand does not include any golf course demand.
- 5 5. Willow Springs' annual estimated water demand in 2017, which is the sum of its current demand,  
6 committed demand and 2017 projected demand, is 2,635 acre-feet per year ("2017 annual  
7 estimated water demand").

8 **C. Groundwater: Physical, Continuous and Legal Availability and Consistency with the**  
9 **Management Goal**

- 10 6. Historic hydrologic information demonstrates that the depth-to-static water level within Willow  
11 Springs' service area is approximately 344 feet below land surface.
- 12 7. Willow Springs has demonstrated that after withdrawing 2,875 acre-feet per year of groundwater  
13 for 100 years, the depth-to-static water level within Willow Spring' service area is not expected to  
14 exceed 1,000 feet below land surface,
- 15 8. Willow Springs has proposed to drill wells with a total capacity of 7,742.4 acre-feet per year.
- 16 9. Willow Springs filed a Notice of Intent to Establish a Service Area Right, No. 56-000381.0000.
- 17 10. Willow Springs has leased 2 acre-feet per year of Type 2 Grandfathered Right No. 58-  
18 101530.0001 to establish the service area right. The lease expires on December 31, 2010. The  
19 lease is of sufficient volume and duration to meet Willow Springs' anticipated water demand until  
20 the service area right is issued. Willow Springs will withdraw the groundwater from Well No. 55-  
21 595278.
- 22 11. On September 21, 2006, in Decision No. 68963, the ACC issued an Opinion and Order ("CCN  
23 Order") granting Willow Springs a Certificate of Convenience and Necessity.
- 24 12. The CCN Order prohibits Willow Springs from delivering groundwater to golf courses.
- 25 13. As a provider that will commence providing water to its customers on or after February 7, 1995,  
26 Willow Springs' groundwater allowance pursuant to A.A.C. R12-15-727(A)(3) is zero acre-feet.
- 27 14. Pursuant to A.A.C. R12-15-727(A)(4), the Director shall add a volume of incidental recharge to  
28 Willow Springs' groundwater allowance each calendar year based on its total water use from any  
29 source in the previous calendar year. Willow Springs' incidental recharge volume for calendar  
30 year 2008 is zero acre-feet.

1 15. Willow Springs is a member service area of the Central Arizona Groundwater Replenishment  
2 District ("CAGRDR"). The Member Service Area Agreement between Willow Springs Utilities, LLC  
3 and the CAGRDR, dated October 22, 2006, ("Agreement") provides that the amount of Excess  
4 Groundwater, as defined in the Agreement, delivered by Willow Springs shall not exceed 2,875  
5 acre-feet per year.

6 16. The Director has made a determination, which has not expired, that the most recent CAGRDR Plan  
7 of Operation is consistent with achieving the management goal of the Tucson AMA.

8 17. As of the date of this decision and order, the CAGRDR is in compliance with its groundwater  
9 replenishment obligation for the Tucson AMA.

10 **D. Consistency with the Management Plan**

11 18. Willow Springs will be regulated as a small municipal provider under the Municipal Conservation  
12 Program in the Third Management Plan for the Tucson AMA ("Management Plan"). As of the  
13 date of this order, Willow Springs has not been found to be out of compliance with the  
14 Management Plan.

15 **E. Water Quality**

16 19. Willow Springs will be regulated by the Arizona Department of Environmental Quality as a public  
17 water system, pursuant to A.R.S. §§ 49-351, *et seq.*

18 **F. Financial Capability**

19 20. The ACC has found Willow Springs to be "fit and proper" to provide water in Opinion and Order,  
20 Decision No. 68963, dated September 21, 2006. This finding incorporates a finding that Willow  
21 Springs has the financial capability to construct adequate delivery, storage and treatment works  
22 to satisfy its estimated water demand.

23 **III. CONCLUSIONS OF LAW**

24 Having reviewed the Findings of Fact, the Department makes the following Conclusions of Law:

25 1. Willow Springs has demonstrated that 2,875 acre-feet per year of groundwater will be physically  
26 available, continuously available and legally available for at least 100 years and will be consistent  
27 with the management goal of the Tucson AMA. See A.A.C. R12-15-716; R12-15-717; R12-15-  
28 718; R12-15-722. This volume exceeds Willow Springs' 2017 annual estimated water demand of  
29 2,635 acre-feet per year. See Attachment A to this Decision and Order.

30 2. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Willow Springs' annual estimated water demand  
that will be met with groundwater is 2,635 acre-feet per year.

- 1 3. The water supply served by Willow Springs will be of adequate quality, pursuant to A.A.C. R12-  
2 15-719.
- 3 4. In accordance with A.A.C. R12-15-721, Willow Springs meets the standard established for  
4 determining consistency with the Management Plan for the Tucson AMA.
- 5 5. Willow Springs has satisfied the financial capability criteria in A.A.C. R12-15-720.
- 6 6. Willow Springs has satisfied all requirements for a designation of assured water supply.

7 **IV. ORDER OF DESIGNATION AND CONDITIONS OF DESIGNATION**

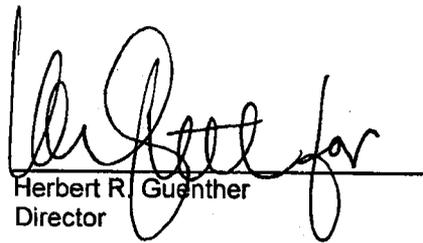
8 Having reviewed the Findings of Fact and Conclusions of Law, the Director hereby issues this Decision  
9 and Order designating Willow Springs Utilities, LLC as having an assured water supply, subject to the  
10 following conditions:

- 11 1. The Director reserves the right under A.A.C. R12-15-711(C) to periodically review and modify the  
12 designation as conditions warrant.
- 13 2. Pursuant to A.A.C. R-12-15-711(F), the Director may revoke this designation if the findings of fact  
14 or the conclusions of law upon which the designation is based change or are invalid, or if an  
15 assured water supply no longer exists.
- 16 3. The Director's determination that an assured water supply exists for Willow Springs is based on  
17 its review of the water supplies pledged by Willow Springs.
- 18 4. Willow Springs shall submit an application to modify this decision and order designating Willow  
19 Springs as having an assured water supply when the sum of Willow Springs' current demand,  
20 committed demand and two-year projected demand exceeds 2,635 acre-feet per year, or by  
21 December 31, 2015, whichever is earlier.
- 22 5. Pursuant to A.A.C. R12-15-719, Willow Springs shall satisfy any state water quality requirements  
23 established for its proposed use after the date of this designation.
- 24 6. Willow Springs shall annually provide to the Department the following information in the manner  
25 prescribed in A.A.C. R12-15-711(A):
  - 26 a. An estimate of the demand of platted, undeveloped lots located in Willow Springs' service  
27 area.
  - 28 b. An estimate of the demand at build-out of customers with which Willow Springs has entered  
29 into a notice of intent to serve agreement in the previous calendar year.
  - 30 c. A report regarding Willow Springs' compliance with water quality requirements.

- 1 d. The depth-to-static water level of all wells from which Willow Springs withdrew water during  
2 the previous calendar year.  
3 e. Any other information requested by the Director to determine whether Willow Springs is  
4 continuing to meet all the requirements necessary to maintain this designation of assured  
5 water supply.  
6

7 **IT IS HEREBY ORDERED THAT WILLOW SPRINGS BE DESIGNATED AS HAVING AN**  
8 **ASSURED WATER SUPPLY UNTIL DECEMBER 31, 2017.**

9  
10 DATED this 15<sup>th</sup> day of April, 2008

11  
12   
13 Herbert R. Guenther  
14 Director

14 A copy of the foregoing  
15 **Decision and Order** mailed  
16 by certified mail this  
17 15<sup>th</sup> day of April,  
18 2008 to the following:

19 Certified Mail No. 7006 081000046002 6390

20 Sent by: R. Guenther

21 Mr. Kevin Tarbox  
22 Willow Springs Utilities, LLC  
23 1600 E. Hanley Blvd, Suite 124  
24 Oro Valley, AZ 85737  
25 First class mail copies to:

26 Mr Roy Tanney  
27 Arizona Department of Real Estate  
28 2910 N. 44<sup>th</sup> Street  
29 Phoenix, AZ 85018

30 Mr. Cliff Neal  
Central Arizona Groundwater Replenishment District  
P.O. Box 43020  
Phoenix, AZ 85080

Mr. Kenneth Seasholes  
Tucson AMA  
400 W. Congress, Suite 518  
Tucson, AZ 85701

**Attachment A**  
**Willow Springs Designation Application**  
**Water Source and Supply Summary**  
**File No. 26-402225.0000**

Source	Approved (af/yr)	Capacity	Legal Authority	Comments
<b>Groundwater:</b>				
Groundwater replenished by CAGR	2,875	Available well capacity = 7742.4 af/yr	Service Area Right #56-000381.0000 (Pending)	Member service area See finding #14 See finding #13
Groundwater Allowance	0			
total	2,875	Limited to projected demand in 2017 of 2,635 acre-feet per year		
<b>TOTAL SUPPLIES</b>	<b>2,875</b>			
<b>7 ANNUAL ESTIMATED WATER DEMAND</b>	<b>2,635</b>			