

NEW APPLICATION



0000094525

ORIGINAL

RECEIVED

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2009 MAR 13 P 4: 08  
 AZ CORP COMMISSION  
 DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE APPLICATION  
 9 OF LITCHFIELD PARK SERVICE  
 10 COMPANY, AN ARIZONA  
 11 CORPORATION, FOR AUTHORITY (1)  
 12 TO ISSUE EVIDENCE OF  
 13 INDEBTEDNESS IN AN AMOUNT NOT  
 14 TO EXCEED \$1,170,000 IN  
 15 CONNECTION WITH (A) THE  
 16 CONSTRUCTION OF ONE 200 KW ROOF  
 17 MOUNTED SOLAR GENERATOR  
 18 INFRASTRUCTURE IMPROVEMENTS  
 19 AND (2) TO ENCUMBER ITS REAL  
 20 PROPERTY AND PLANT AS SECURITY  
 21 FOR SUCH INDEBTEDNESS.

W-01427A-09-0120

DOCKET NO. W-01427A-09 \_\_\_\_\_

**APPLICATION (FINANCING)**

Arizona Corporation Commission  
**DOCKETED**

**MAR 13 2009**

DOCKETED BY	<i>nr</i>
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18 Pursuant to A.R.S. §§ 40-285, 40-301 and 40-302, Litchfield Park Service  
 19 Company ("LPSCO" or the "Company"), an Arizona public service corporation, hereby  
 20 applies for authority from the Arizona Corporation Commission ("Commission") to  
 21 (1) issue evidence of indebtedness in an amount not to exceed \$1,170,000 on the terms  
 22 and conditions to be set forth by the Water Infrastructure and Finance Authority  
 23 ("WIFA"), and (2) encumber its real property and utility plant as security for such  
 24 indebtedness. This debt will be incurred for the purpose of constructing one 200 kW roof  
 25 mounted solar generator for the purpose of generating electrical power.

In support of this application, LPSCO states as follows:

1           **A. General Background.**

2           1. The Company is a public service corporation providing water service to  
3 approximately 16,000 customers in Maricopa County, Arizona. The Company's present  
4 rates and charges for utility service were approved by the Commission in Decision  
5 No. 65436 (December 9, 2002).

6           2. LPSCO's business office is located at 12725 W. Indian School Road,  
7 Suite D-101, Avondale, Arizona 85392 and its telephone number is (623) 935-9367 and  
8 its telecopier number is (623) 935-1020. The Company's primary management contact is  
9 Greg Sorensen. Mr. Sorensen is also responsible for overseeing and directing the conduct  
10 of this Application. His telephone and telecopier numbers are (623) 935-9367 and (623)  
11 935-1020, respectively. His email address is Greg.Sorensen@algonquinwater.com. All  
12 discovery, data requests and other requests for information concerning this Application  
13 should be directed to Mr. Sorensen, with a copy to counsel for the Company in this  
14 matter, Jay L. Shapiro (jshapiro@fclaw.com).

15           3. Financial statements for the twelve-month period ending December 31, 2008,  
16 are attached at **Exhibit 1**.

17           **B. Purposes of Financial Transactions.**

18           4. The primary purpose of the long-term debt financing contemplated herein is  
19 to construct one 200 KW solar generator, and associated electrical piping and permits  
20 within Litchfield Park Service Company's Certificated service area. A detailed cost  
21 breakdown for the project is attached at **Exhibit 2**. The water infrastructure  
22 improvements are necessary to aid in lower electrical demands placed on the utility and  
23 further reduce rates while aiding in meeting Arizona Public Service renewable energy  
24 replenishment requirements.

25           **C. Terms and Conditions of Financial Transactions.**

26           5. The Company has applied to WIFA for financing, in large part, because

1 WIFA expects to receive monies from the recent federal stimulus package. Copies of the  
2 Company's WIFA application is attached hereto as **Exhibit 3**. However, the specific,  
3 actual terms of the WIFA financing are not known at this time. LPSCO will supplement  
4 if and when such information becomes available.

5 6. The Company expects that its repayment obligation to WIFA will be secured  
6 by the grant of a security interest in some or all of its real property and its water plant and  
7 system, which property and facilities are yet to be identified.

8 **D. Effects of Financial Transactions.**

9 7. The Company's proforma balance sheet for the period ending December 31,  
10 2008, is attached at **Exhibit 4**. The pro forma balance sheet reflects the impact of the  
11 financing transactions that are the subject of this Application. The pro forma income  
12 statements will be filed as a late filed exhibit to this Application. The loan proceeds will  
13 be issued for lawful purposes, and the execution of the loan agreement with WIFA and the  
14 grant of a security interest in LPSCO's real property, plant and system, and the  
15 undertaking of the obligations set forth therein are within the Company's corporate  
16 powers. A Corporate Resolution authorizing the contemplated transaction has been  
17 completed and is attached at **Exhibit 5**.

18 8. The financial transactions contemplated herein are compatible with sound  
19 financial practices. LPSCO has been urged by the Commissions Chairman to seek WIFA  
20 financing in order to obtain low interest funding for projects that will improve service to  
21 existing rate payers and aid in reducing over-all operating costs (Help Here). LPSCO  
22 agrees that the pursuit of such financing is warranted.

23 9. The approvals sought herein are compatible with the public interest and with  
24 the proper performance of LPSCO's duties as a public service corporation. The proceeds  
25 of the financing will be utilized exclusively to construct one 200 kW solar roof mounted  
26 power generation facility, associated electrical piping, and permits located on the roof of

1 the Airline Reservoir within Litchfield Park Service Company's Certificated service area.  
2 No portion of the proceeds will be used to pay operating expenses. The approvals sought  
3 herein are necessary to ensure the Company's ability to continue to provide safe and  
4 reliable water utility service in compliance with all applicable law and regulation,  
5 including the rules and regulations of ADEQ.

6 10. The financing contemplated herein will not impair the Company's ability to  
7 perform its duties as a public service corporation providing water utility service.

8 11. LPSCO is in the process of providing notice of this application by publishing  
9 notice, in the form provided by the Commission, in a newspaper of general circulation in  
10 the area in which the Company provides service. Proof of publication and a true copy of  
11 the notice as it appeared in the newspaper will be filed with the Commission.

12 12. The Company is submitting this Application at this time due to WIFA  
13 requirements, and shall seasonably provide supplements as additional information  
14 becomes available.

15 Based on the foregoing, Litchfield Park Service Company respectfully requests the  
16 following:

17 A. That the Commission consider this application on an expedited basis,  
18 including the scheduling of a hearing, if necessary, on this matter as soon as practicable;

19 B. That the Commission enter an order approving this Application and  
20 authorizing Litchfield Park Service Company to incur indebtedness in an amount not to  
21 exceed \$1,170,000 and to encumber its real property and utility plant and system to secure  
22 such indebtedness for the purposes described hereinabove; and

23 C. That the Commission authorize Litchfield Park Service Company. to take  
24 such other and further action as may be necessary to effectuate the purposes of this  
25 Application, as may be appropriate under the circumstances herein.

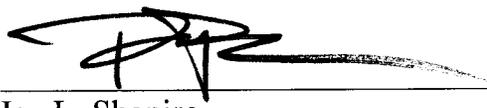
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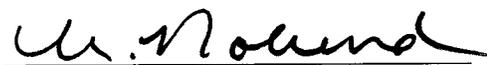
RESPECTFULLY SUBMITTED this 13th day of March, 2009.

FENNEMORE CRAIG, P.C.

By:   
Jay L. Shapiro  
Patrick Black  
Attorneys for Applicant Litchfield Park  
Service Company

ORIGINAL and 15 copies delivered this  
13th day of March, 2009 to:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

By:   
2175654.1/60199.001

# **Exhibit 1**

Litchfield Park Service Company  
Profit and Loss Statement  
For the Year Ended December 31, 2008

2008

**Revenue**

Metered Water Revenues	\$6,753,869
Waste Water Revenues	6,242,608
Effluent Revenues	77,628
Other Revenues	226,028

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**Total Revenue** 13,300,133

**Operating Expenses**

Purchases Water	4,905
Purchased Power	1,557,586
Fuel for Power Production	3,060
Sludge and Removal Expense	221,295
Chemicals	659,735
Materials & Supplies	126,264
Contractual Services - Accounting	15,587
Contractual Services - Testing	69,854
Contractual Services - Other	5,589,970
Contractual Services - Legal	28,203
Equipment Rental	76,318
Rents - Building	23,111
Transportation Expenses	210,130
Insurance - General Liability	103,920
Insurance - Vehicle	4,425
Regulatory Commission Expense	82,152
Miscellaneous Expense	99,361
Bad Debt Expense	46,636
Depreciation & Amortization	2,903,699
Property Taxes	528,213

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**Total Operating Expenses** 12,354,424

Operating Income 945,709

Interest Expense 617,334

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**Total Other Income (Expense)** 617,334

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**Net Profit (Loss)** 328,375

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# **Exhibit 2**

EXHIBIT 2

Litchfield Park Service Company – Solar Project

<u>Budgetary Estimate:</u>	<u>Quantity</u>	<u>Unit</u>	<u>Total Cost</u>
Design	1	1	\$10,000.00
Solar Panels			\$750,000.00
Inverters			\$200,000.00
Electrical Materials			\$50,000.00
Labor	1 ls	1	\$50,000.00
General Conditions	1 ls	1	\$10,000.00
Profit	1 ls	1	\$80,000.00
Contingency	1 ls	1	\$20,000.00
Total Project Cost Including Contingency			\$1,170,000.

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# **Exhibit 3**

DRINKING WATER APPLICATION  
Water Infrastructure Finance Authority of Arizona (WIFA)  
Project Financial Assistance Priority List Application

SECTION 1: APPLICATION INFORMATION

APPLICATION NUMBER: DW-199-2009 | Print

- 1.1 Applicant: Litchfield Park Serice Company Job Title: LPSCO Business Manager
- 1.2 Contact Names: First Matthew Middle Initial: E Last: Garlick
- 1.3 Address: 12725 W. Indian School Rd. Ste. D City: Avondale State: AZ Zip: 85392
- 1.4 Phone: (623)298-3763 Fax: (623) 935-1020 E-Mail: matthew.garlick@algonquinwater.com
- 1.5 County in Which Project is Located: Maricopa
- 1.6 Number of Connections to System: 16000 Population Served by the System: 39,000
- 1.7 Average Monthly Fee (Base + Use): \$17.98
- 1.8 Existing Debt (principal only) Payable by System Users: \$11,685,000.00
- 1.9 Median Household Income: \$56,169.00
- 1.10 ADEQ System Identification Number (PWS #): AZ0407046
- 1.11 Are you ACC Regulated?  Yes  No
- 1.12 Has this project received prior year WIFA funding?  
 No  
 Yes, request is for a multi-year construction project that received assistance in a previous funding cycle  
 Yes, request is to construct a project that received TA funds in a previous funding cycle  
 Yes, request is for additional financial assistance to offset actual costs of justified overruns
- 1.13 Is your company registered with the E-Verify Program?  Yes  No  
*(You will be required to provide proof of participation prior to the execution of a loan or grant agreement.)*

SECTION 2: PROPOSED DRINKING WATER FINANCIAL ASSISTANCE PROJECT

- 2.1 Project Title/Name: Airline Reservoir Solar Project / LPSCO
- 2.2 Type of loan required during this funding cycle?  Design \$15,000.00 and/or  Construction \$1,155,000.00
- 2.3 Briefly summarize below the problem *(Mail or upload any supporting documentation)*

LPSCO currently utilizes approximately \$100,000 dollars per month for water and wastewater power demand. The most recent reservoir site (known as the Airline Reservoir) newly installed has added an additional power costs to LPSCO operations. LPSCO is proposing the installation of a roof mounted 200 Kw solar (PV) generator to reduce operating costs.

2.4 Briefly summarize below the Solution

By adding a Solar power generator we will be able to utilize an ideal location for reducing the power demand thus reducing overall costs to our customer base. In addition, it as green project and it can be done in less than 6 months as well as aid in helping APS meet its renewable energy requirements and reduce the carbon output.

- 2.5 Project Purpose: *(Select only one)*  
 Assist Non-Compliant Systems to Achieve Compliance  
 Assist Compliant Systems to Meet Future Reqmnts  
 Assist Compliant Systems to Maintain Compliance  
 Other Assistance Not Compliance Related

SECTION 3: EXISTING CONDITIONS AND PROJECT BENEFITS

3.1 Select Type(s) of Needs to be Funded

- Planning and Design Only
- Treatment-Nitrate
- Treatment-Organic Chemical(s)
- Treatment-Other
- Storage
- Land Acquisition
- Treatment-Bacteriological
- Treatment-Arsenic
- Treatment-Primary Standard [Metals(s)]
- Transmission and Distribution
- Purchase of System(s)
- Treatment-Surface Water
- Treatment-Radionuclides
- Treatment-DBP
- Source
- Restructuring

3.2 Select Expected Project Benefit(s)

- Compliance - Existing Requirements
- Reduce Public Health Risks
- Compliance - New Requirements
- Expand Service

3.3 Water Quality Improvement

- Proposed project addresses deficiencies identified by ADEQ
- Submitted a complete capacity development plan to ADEQ
- Proposed project includes installing meters to monitor water use

3.4 Consolidation and Regionalization

- Consolidate physical facilities of existing multiple facilities
- Consolidate the operations of existing multiple facilities
- Extending service to existing areas currently served by another facility
- Consolidate the ownership of existing multiple facilities

3.5 System Compliance *\*must mail or upload supporting documents*

- Notice of violations and/or consent orders from regulatory agency \*
- In compliance

SECTION 4: READINESS TO PROCEED INDICATORS

4.1 Debt Authorization *(For more information, see WIFA Debt Authorization Guidance Document)*

- Authorized (mail or upload copy of official governing body debt authorization resolution or election results)
  - Date of Election or Authorization Unknown
  - Scheduled
- If scheduled, enter anticipated election or authorization date: \_\_\_\_\_ [mm/dd/yyyy]

4.2 Project Design *(Select only one)*

- Completed
  - Engineer Selected
  - Date of Completion Unknown
  - Scheduled for Completion
- Enter anticipated completion date: 11/30/2009 [mm/dd/yyyy]

4.3 Applicable Plan and Specification Approvals *(Select only one)*

- Obtained (mail or upload approval notification)
  - Date of Approval Unknown
  - Not Applicable (use textbox below to explain)
  - Scheduled to Obtain Permits
- If scheduled, enter anticipated permit(s) date: 4/30/2009 [mm/dd/yyyy]
- If not applicable, then explain: \_\_\_\_\_

4.4 Project Bids *(Select only one)*

- Solicited Project for Bidding
  - Date of Solicit Unknown
  - Scheduled to Solicit Bid(s)
- If scheduled, enter anticipated bid award date: 7/30/2009 [mm/dd/yyyy]

**SECTION 5: REQUESTED AMOUNT AND CERTIFICATION/APPROVAL**

5.1 Estimated Date WIFA Funding Required: 4/30/2009 [mm/dd/yyyy]

5.2 Estimated Financial Assistance Costs & Funding Source (Soft costs)

Funding Source	Project Costs
Amount Funded Locally:	\$0.00
Amount Requested from WIFA:	\$1,145,000.00
Other Source: <u>Tax Incentive</u>	\$25,000.00
<b>Total Cost:</b>	<b>\$1,170,000.00</b>

5.3 As the Authorized Representative, I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

First Name	Last Name	Title
<u>Matthew</u>	<u>Garlick</u>	<u>LPSCO Business Manager</u>

5.4 Uploaded Supporting Documents

Reference Name	Document Name	Original Name	Date Added
Dunn and Bradstreet	DOC-840001.docx	DW-199-2009-Dunn and Bradstreet.docx	3/12/2009
Census calculation	DOC-840002.pdf	DW-199-2009-LPSCO- Census Calculation.pdf	3/12/2009
Debt Authorization	DOC-840003.pdf	DW - 199-2009-LPSCO Debt Authorization.pdf	3/12/2009

Authorized Signature: Matthew Garlick

Date: March 13<sup>th</sup>, 2009

ADDENDUM TO PPL APPLICATION
Water Infrastructure Finance Authority of Arizona (WIFA)
American Recovery and Reinvestment Act (ARRA)

Community Name: Litchfield Park Serice Company Date: Friday, 03/06/2009 @ 12:48 PM
Project Contact: Matthew Garlick Phone: (623)298-3763
Project ID: DW-199-2009 Email: matthew.garlick@algonquinwater.com
Project Title: Airline Reservoir Solar Project / LPSC

Should this Application be considered for American Recovery and Reinvestment Act funds? [X] Yes [ ] No. If Yes, complete the following questions below. If you have selected 'No', skip to the bottom of this addendum and select submit.

As stated in the cover letter, the purpose of the Act is to provide funds that will stimulate job creation through swift initiation of infrastructure projects. The citation below requires WIFA to provide preference to those purposes.

SECTION 1: PREFERENCE FOR QUICK START

ARRA Sec. 1602. In using funds made available in this Act for infrastructure investment, recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 days after the date of the enactment of this Act. Recipients shall also use grant funds in a manner that maximizes job creation and economic benefit.

1.1 As of February 17, 2009, when will your project be prepared to start construction?
[ ] Already Started [X] Within 60 days [ ] Within 120 days [ ] Within 180 days [ ] Within 365 days

To enter into a loan agreement, organizations must have debt authorization. If you are not sure what this requires for your organization, refer to WIFA's documents "WIFA Debt Authorization Guidance Document" and "Sample Debt Authorization Resolution."

1.2 Do you currently have debt authorization? [ ] Yes [X] No. If no, when will do you plan on receiving debt authorization? Prior to: [ ] March, 3 2009 [ ] March 17, 2009 [ ] April 14, 2009 [X] May 19, 2009 [ ] June 16, 2009 [ ] Other

1.3 After the start of construction, when will construction be completed and/or the final loan disbursement be requested from WIFA?
[ ] Within 6 months [X] Within 1 year [ ] Within 2 years [ ] Within 3 years

SECTION 2: USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS

ARRA Sec. 1605. Use of American Iron, Steel, and Manufactured Goods. (a) None of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. (b) Subsection (a) shall not apply in any case or category of cases in which the head of the Federal department or agency involved finds that--

- applying subsection (a) would be inconsistent with the public interest;
• iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
• inclusion of iron, steel, and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.
• If the head of a Federal department or agency determines that it is necessary to waive the application of subsection (a) based on a finding under subsection (b), the head of the department or agency shall publish in the Federal Register a detailed written justification as to why the provision is being waived.
• This section shall be applied in a manner consistent with United States obligations under international agreements.

2.1 Are you willing to include this "Use of American Iron, Steel, and Manufactured Goods" requirement in your plans and specification documents and provide supporting documentation that you have complied with this requirement? [X] Yes [ ] No
If No, please provide a brief explanation below:

2.2 If you have already solicited bids, was this requirement included? [X] Yes [ ] No. If No, would you be willing to re-bid? [X] Yes [ ] No. If you had to go back out and re-bid, please adjust you answer in Section 1, if necessary.

SECTION 3: WAGE RATE REQUIREMENT

Sec. 1606. Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With

respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code.

3.1 Are you willing to include this "Wage Rate Requirement" in your plans and specification documents and provide supporting documentation that you have complied with this requirement?  Yes  No  
If No, please provide a brief explanation below:

3.2 If you have already solicited bids, was this requirement included?  Yes  No o If No, would you be willing to re-bid?  Yes  No  
o If No, would you be willing to re-bid?  Yes  No  
o If No, would you be willing to re-bid?  Yes  No  
 No If you had to go back out and re-bid, please adjust you answer in Section 1, if necessary.

**SECTION 4: POTENTIAL PROJECT DELAYS**

4.1 To your knowledge, are there any issues such as NEPA compliance, SHPO compliance, Permit requirements, etc, that could possibly delay your project?  Yes  No  
If yes, please explain briefly below:

**SECTION 5: REPORTING REQUIREMENTS**

5.1 Each Calendar quarter during construction, you will be required to provide a report outlining at a minimum the following information:

- Completion status of the project
- Estimated number of jobs created each quarter
- Estimated number of jobs retained since the last quarter

Will you be capable of providing this type of reporting?  Yes  No

5.2 Please estimate the total number of jobs 10 that will be created or retained if this project receives ARRA funding and provide a brief explanation below:

According to the solar contractor, who has indicated that this project will keep approximately 10 individuals employed for several months.

**SECTION 6: GREEN, EFFICIENT, INNOVATIVE PROJECTS**

6.1 Does your project address any of the following: green infrastructure, water or energy efficiency improvements or other environmentally innovative activities?  Yes  No

**6.2 Sustainability Infrastructure Practices**

Percentage of Project

**A. Water Re-Use & Conservation - Project/System**

The use of improved technologies and practices to deliver equal or better services with less water.

- project will generate or utilize reclaimed water for direct re-use
- project will correct water loss issues
- project will enhance water conservation program(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**B. Energy Use & Conservation (Efficiency)**

Includes capital projects that reduce the energy consumption of eligible water quality projects or produce clean energy used by a treatment works

- project will significantly improve system efficiency
- project will employ significant alternative energy sources and/or co-generation efforts
- project will include an Energy Audit

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**C. Green Practices (Green Infrastructure)**

Green Infrastructure includes a wide array of practices at multiple scales that manage wet weather to maintain and restore natural hydrology by infiltrating, evapotranspiring and capturing and using stormwater.

- project will address stormwater through green infrastructure practices

\_\_\_\_\_

**D. Environmentally Innovative Projects**

Projects that demonstrate new and/or innovative approaches to managing water resources in a more sustainable way, including projects that achieve pollution prevention or pollutant removal at the least life-cycle costs, subject to environmental review results. Includes approaches to incorporate green infrastructure into drinking water, stormwater and wastewater utility infrastructure and management.

- project utilizes solid waste reduction alternatives
- project meets EPA "Green Building" practices

\_\_\_\_\_  
5  
\_\_\_\_\_

other: \_\_\_\_\_

6.3 As the Authorized Representative, I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

First Name	Last Name	Title
<u>Matthew</u>	<u>Garlick</u>	<u>LPSCO Business Manager</u>
Authorized Signature: <u><i>Matthew Garlick</i></u>		Date: <u>March 13<sup>th</sup> 2009</u>

This Application Addendum must be printed, signed and returned to WIFA within 5 days of electronic submittal

1. Provide the following information.

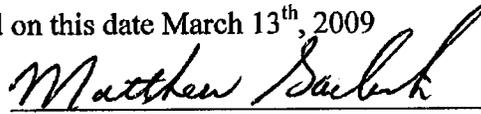
Task	Date
Planning, Design & Specifications Submitted	04/30/09
Approval to Construct	06/30/09
Advertisement for Bids	07/30/09
Construction Commencement	08/30/09
Construction Completion	10/30/09
Initiate Operation	11/30/09

Provide a Certification of the projected start date for actual construction of the project. The Certification should be signed by the person who has the legal authority to represent your facility. Provide any supporting documentation available. If construction does not start on or before the date provided, ARRA funds may be reallocated.

LPSCO is providing this document to certify that construction will start on or before August 30, 2009, pending approval of the Arizona Corporation Commission.

Signed on this date March 13<sup>th</sup>, 2009

By:



Matthew E. Garlick, LPSCO Business Manager

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# **Exhibit 4**

Litchfield Park Service Company  
BALANCE SHEET  
AS AT December 31, 2008

	2008	Ajdustments	2008 Proforma
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash - Operating	\$172,909		\$172,909
Cash - Capacity	15,430		\$15,430
Short Term Investments	1,363,254		\$1,363,254
Reserve Funds / Escrow Account	277,125		\$277,125
Accounts Receivable	1,505,312		\$1,505,312
Prepays	67,864		\$67,864
<b>Total Current Assets</b>	<b>3,401,894</b>		<b>3,401,894</b>
Intercompany	2,009,086		\$2,009,086
<b>Net Property Plant and Equipment</b>	<b>98,887,287</b>	<b>2,900,000</b>	<b>\$101,787,287</b>
<b>Other Assets</b>			
Deferred Costs	348,193		\$348,193
<b>Total Other Assets</b>	<b>348,193</b>		<b>\$348,193</b>
<b>Total Assets</b>	<b>104,646,460</b>	<b>2,900,000</b>	<b>107,546,460</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Liabilities	2,982,386		\$2,982,386
Current Taxes Payable	39,998		\$39,998
Current Portion of Long Term Debt	240,000		\$240,000
<b>Total Current Liabilities</b>	<b>3,262,384</b>		<b>\$3,262,384</b>
<b>Long Term Liabilities</b>			
Third Party Loans	11,039,358	2,900,000	\$13,939,358
Customer Meter Deposits	6,765,227		\$6,765,227
Customer Advances in Aid of Construction	30,085,518		\$30,085,518
Deferred Income Tax	670,974		\$670,974
<b>Total Long Term Liabilities</b>	<b>48,561,077</b>	<b>2,900,000</b>	<b>51,461,077</b>
<b>Total Liabilities</b>	<b>51,823,461</b>	<b>2,900,000</b>	<b>54,723,461</b>
<b>SHAREHOLDERS EQUITY</b>			
Contributed Capital	44,251,964		\$44,251,964
Common Shares	1,518,653		\$1,518,653
<b>Total Contributed Capital</b>	<b>45,770,617</b>		<b>\$45,770,617</b>
<b>Earnings</b>			
Retained Earnings	6,724,007		\$6,724,007
Year to Date Income	328,375		\$328,375
<b>Total Earnings</b>	<b>7,052,382</b>		<b>\$7,052,382</b>
<b>Total Shareholders' Equity</b>	<b>52,822,999</b>		<b>\$52,822,999</b>
<b>Total Liabilities and Equity</b>	<b>104,646,460</b>	<b>2,900,000</b>	<b>107,546,460</b>

# **Exhibit 5**



**ALGONQUIN**  
WATER RESOURCES  
OF AMERICA, INC.

March 12, 2009

TO WHOM IT MAY CONCERN

**RE: Debt Authorization**

Algonquin Water Resources of America ("AWRA"), a Delaware corporation, owns 18 water and wastewater utilities in the States of Arizona, Texas, Missouri and Illinois. The following AWRA owned utilities are making applications to Arizona's Water Infrastructure Finance Authority (WIFA) for loans to finance capital works:

Litchfield Park Service Company (LPSCo), located in Litchfield Park, Avondale, Goodyear and Maricopa County;

Bella Vista Water Co, Inc. located in Sierra Vista and Hereford;

Northern Sunrise Water Company, Inc. located in Whetstone;

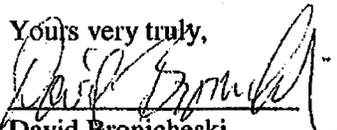
Southern Sunrise Water Company, Inc. located in Hereford;

Rio Rico Utilities Inc., located in Rio Rico; and

Black Mountain Sewer Corporation, located in Carefree and Cave Creek.

Debt Authorization is hereby granted as of this date to these utilities by AWRA, all of which is subject to approval of the Arizona Corporation Commission (ACC). Application to the ACC for approval of the debt will be made by each relevant utility within three (3) weeks of notification by WIFA that its application has been approved. Each utility has no control over the time it will take to receive ACC approval of the debt.

Yours very truly,

  
David Bronicheski  
Chief Financial Officer

  
Robert Dodds  
President

Algonquin Water Services, LLC  
111 W. Wigwam Road  
Suite B  
Litchfield Park, AZ 85340

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