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BEFORE THE ARIZONA CORPORATION COMMISSION

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**COMMISSIONERS**

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

2009 DEC 31 P 2:42  
AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
PALO VERDE UTILITIES COMPANY FOR AN  
EXTENSION OF ITS EXISTING CERTIFICATE  
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-06-0545

IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY FOR AN  
EXTENSION OF ITS EXISTING CERTIFICATE  
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-06-0545

**NOTICE OF FILING  
COMPLIANCE**

Decision No. 70381 (June 13, 2008) requires Global Water – Santa Cruz Water Company (“Santa Cruz”) to file a copy of the amendment to its existing Designation of Assured Water Supply (“DAWS”), indicating that the extension areas approved herein have been included in the Designation on or before June 13, 2010. Accordingly, Global Water - Santa Cruz files the attached Designation of Assured Water Supply (“DAWS”).

RESPECTFULLY SUBMITTED this 31<sup>st</sup> day of December 2009.

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

Arizona Corporation Commission  
**DOCKETED**

DEC 31 2009

DOCKETED BY mn

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Original + 15 copies of the foregoing  
2 filed this 31<sup>st</sup> day of December 2009, with:

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington  
6 Phoenix, Arizona 85007

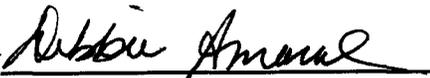
7 Copies of the foregoing hand-delivered/mailed  
8 this 31<sup>st</sup> day of December 2009, to:

9 Lyn A. Farmer, Esq.  
10 Chief Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007

15 Janice Alward, Esq.  
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21 Utilities Division  
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26 Compliance Manager, Utilities Division  
27 Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

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**DEPARTMENT OF WATER RESOURCES  
BEFORE THE DIRECTOR**

**IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY  
FOR A DESIGNATION AS HAVING AN ASSURED  
WATER SUPPLY**

**AWS No. 2007-001  
DECISION AND ORDER  
No. 26-402008.0000**

**I. INTRODUCTION**

On January 24, 2006, the Department of Water Resources (Department) received an application from the Santa Cruz Water Company (Santa Cruz) requesting that the Department modify Santa Cruz's designation of assured water supply pursuant to A.R.S. § 45-576(D) and A.A.C. R12-15-701, *et seq.* On October 27, 2006, the Department determined the application to be complete. On February 1, 2007 and February 8, 2007, the Department gave public notice pursuant to A.R.S. § 45-578 and no objections were filed with the Department.

After receiving Santa Cruz's application to modify its designation of assured water supply, the Department reviewed relevant information regarding the modification request, including: 1) the hydrologic study for the proposed groundwater supply submitted with the application and other information on file with the Department; 2) information regarding Santa Cruz's consistency with the management plan and management goal for the Pinal Active Management Area (AMA); and 3) information regarding Santa Cruz's financial capability to construct the necessary delivery system, treatment works and storage facilities. Based on that information the Department makes the following Findings of Fact, Conclusions of Law, and Order of Designation and Conditions of Designation:

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**II. FINDINGS OF FACT**

1. Santa Cruz is a private water company regulated by the Arizona Corporation Commission (ACC) and is a wholly owned subsidiary of Global Water Resources, LLC (Global).
2. Santa Cruz currently serves water through its distribution system to its customers.
3. On October 24, 2003, Santa Cruz was designated as having an assured water supply in Decision and Order AWS 2003-006, No. 26-400804.0000.
4. On May 4, 2006, the Department issued Decision and Order AWS No. 2006-001, No. 26-401667.0000, modifying Decision and Order AWS 2003-006 and ordering that Santa Cruz's designation as having an assured water supply continue.
5. Santa Cruz has the legal authority to provide water service to its customers located within the geographic area described in its Certificate of Convenience and Necessity (CC&N). See ACC Decision No. 67830, May 5, 2005; ACC Decision No. 68448, Feb. 2, 2006.
6. On March 31, 2005, Global entered into an agreement with Sonoran Utility Services, LLC, the operator of the 387 Domestic Water Improvement District in Pinal County (387 District), in which Global assumed operation of the 387 District.
7. In April 2005, Global interconnected the distribution systems for Santa Cruz and the 387 District.
8. Since April 2005, Santa Cruz has effectively provided water service to the 387 District.
9. On June 15, 2005, Santa Cruz acquired the assets of the 387 District.
10. On June 30, 2005, Santa Cruz applied to the ACC for an extension of its CC&N to provide water service to the public in the area served by the 387 District. (The area sought to be added to Santa Cruz's CC&N is referred to herein as the "387 District area.") Santa Cruz is continuing to pursue that application.

1  
2 **Physical and Continuous Availability of Groundwater: Service Area No. 56-001355.0000**

- 3 11. Santa Cruz has the right to withdraw and deliver groundwater to its customers pursuant to  
4 Service Area Right No. 56-001355.0000 within its current service area (Service Area No.  
5 56-001355.0000).
- 6 12. Santa Cruz's current demand for its Service Area No. 56-001355.0000 as of calendar  
7 year 2006 is 4,278.98 acre-feet per year ("Service Area No. 56-001355.0000 current  
8 demand").
- 9  
10 13. Santa Cruz's committed demand for its Service Area No. 56-001355.0000 as of calendar  
11 year 2006 is 3,228 acre-feet per year (Service Area No. 56-001355.0000 committed  
12 demand). This includes committed demand within the 387 District area.
- 13 14. Santa Cruz's projected demand for its Service Area No. 56-001355.0000 for 2013, the  
14 sixth calendar year from the date of this Decision and Order, is 14,997.78 acre-feet  
15 (Service Area No. 56-001355.0000 2013 projected demand). The Service Area No. 56-  
16 001355.0000 2013 projected demand does not include the Service Area No. 56-  
17 001355.0000 current demand or the Service Area No. 56-001355.0000 committed  
18 demand, but does include the demand at build-out of plats reasonably projected to be  
19 approved through calendar year 2013. The Service Area No. 56-001355.0000 2013  
20 projected demand includes the projected demand within the 387 District area.
- 21  
22 15. Santa Cruz's Service Area No. 56-001355.0000 annual estimated water demand, which is  
23 the sum of the Service Area No. 56-001355.0000 current demand, the Service Area No.  
24 56-001355.0000 committed demand and the Service Area No. 56-001355.0000 2013  
25 projected demand, is 22,504.76 acre-feet per year. (Service Area No. 56-001355.0000  
26 annual estimated water demand.)  
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16. Historic hydrologic information demonstrates that the depth-to-static water level within Santa Cruz's service areas currently ranges from approximately 437 feet to 623 feet below land surface.

17. Santa Cruz demonstrated in a previous application that after one hundred years of withdrawing 25,575.21 acre-feet per year of groundwater within Service Area No. 56-001355.0000, the depth-to-static water level is not expected to exceed 1,100 feet below land surface.

18. Santa Cruz has demonstrated that wells of sufficient capacity are in place to deliver 25,575.21 acre-feet per year of groundwater to its Service Area No. 56-001355.0000.

**Physical and Continuous Availability of Groundwater: Southwest Service Area**

19. Santa Cruz has submitted an Initial Notice of Intent to Establish a New Service Area Right for a separate service area (Southwest Service Area), which was approved by the Department on February 9, 2007. The Initial Notice includes the following information:

- a. Santa Cruz has obtained permits for Well No. 55-612247 and Well No. 55-592236.
- b. Santa Cruz has leased Type 2 Non-Irrigation Grandfathered Right No. 58-109249.0007 for 250 acre-feet per year through December 31, 2008.

20. Santa Cruz's current demand for its Southwest Service Area as of calendar year 2006 is 0 acre-feet per year (Southwest Service Area current demand).

21. Santa Cruz's committed demand for its Southwest Service Area as of calendar year 2006 is 0 acre-feet per year (Southwest Service Area committed demand).

22. Santa Cruz's projected demand for its Southwest Service Area for 2013, the sixth calendar year from the date of this Decision and Order, is 1,474.57 acre-feet (Southwest Service Area 2013 projected demand). The Southwest Service Area 2013 projected

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demand does not include the Southwest Service Area current demand or the Southwest Service Area committed demand, but does include the demand at build-out of plat reasonably projected to be approved through calendar year 2013 within the Southwest Service Area.

- 23. Santa Cruz's Southwest Service Area annual estimated water demand, which is the sum of the Southwest Service Area current demand, Southwest Service Area committed demand and the Southwest Service Area 2013 projected demand, is 1,474.57 acre-feet per year. (Southwest Service Area annual estimated water demand.)
- 24. Historic hydrologic information demonstrates that the depth-to-static water level within Santa Cruz's service areas currently ranges from approximately 437 feet to 623 feet below land surface.
- 25. Santa Cruz has demonstrated that after one hundred years of withdrawing 16,806.90 acre-feet per year of groundwater within the Southwest Service Area, the depth-to-static water level is not expected to exceed 1,100 feet below land surface.
- 26. Santa Cruz has demonstrated that wells of sufficient capacity are in place to deliver 1,474.57 acre-feet per year of groundwater to its Southwest Service Area.

**Consistency with Management Goal**

- 27. As of the date of this Decision and Order, Santa Cruz's groundwater allowance pursuant to A.A.C. R12-15-725(A)(2)(a) is 4,266.1 acre-feet per year, based on the service area population as of October 1, 2007. As of the date of this Decision and Order, Santa Cruz has not yet provided information regarding residential lots within plats recorded prior to October 1, 2007, but not yet served water as of that date, and to which Santa Cruz has commenced water service. The Department will modify Santa Cruz's groundwater

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allowance during the term of the designation as Santa Cruz submits the necessary information.

28. Pursuant to A.A.C. R12-15-725(A)(3), the Director shall add a volume of incidental recharge to Santa Cruz's groundwater allowance each calendar year based on its total water use from any source in the previous calendar year. Santa Cruz's incidental recharge volume for calendar year 2007 is 171.16 acre-feet. The Director will continue to add a volume of incidental recharge to Santa Cruz's groundwater allowance each calendar year, in accordance with A.A.C. R12-15-725(A)(3).

29. As of October 1, 2007, Santa Cruz pledged a total of 8,692.52 acre-feet per year of extinguishment credits to its designation, as shown in Attachment A to this Decision and Order. These extinguishment credits will be calculated according to A.A.C. R12-15-722(E)(3)(a).

30. During the effective period of this Decision and Order, Santa Cruz intends to pledge additional extinguishment credits in support of its designation. Such extinguishment credits shall be calculated according to R12-15-722(E)(2) or R12-15-722(E)(3)(b), as appropriate.

31. The Director previously issued Certificates of Assured Water Supply for subdivisions within the 387 District area. In order to demonstrate that proposed groundwater withdrawals for these subdivisions will be consistent with the management goal for the Pinal AMA, extinguishment credits were pledged to each subdivision. The extinguishment credits pledged to the subdivisions total 1,224.7 acre-feet per year, as shown in Attachment A to this Decision and Order. These extinguishment credits shall be calculated according to R12-15-722(E)(3)(b).

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32. Prior to October 1, 2007, Santa Cruz had a balance of 12,028.86 acre-feet of combined unused extinguishment credits and unused groundwater allowance from previous calendar years.

**Consistency with the Management Plan**

33. Santa Cruz is currently regulated as a large municipal provider under the Municipal Conservation Program in the Third Management Plan for the Pinal AMA (Management Plan). As of the date of this order, Santa Cruz has not been found to be out of compliance with the Third Management Plan.

**Water Quality**

34. Santa Cruz is regulated by ADEQ as a public water system, pursuant to A.R.S. § 49-351, *et seq.*, and is not in significant noncompliance, as of the date of this Decision and Order.

**Financial Capability**

35. In accordance with ACC Rules and Regulations, Santa Cruz finances extensions of its distribution system through equity and by line extension agreements with owners of new developments. Any owner of a new subdivision served by Santa Cruz must prove financial capability to construct the necessary water infrastructure to the appropriate platting entity and the Arizona Department of Real Estate pursuant to Titles 9, 11, and 32 of Arizona Revised Statutes.

**III. CONCLUSIONS OF LAW**

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

1. Santa Cruz has demonstrated that 22,504.76 acre-feet per year of groundwater will be physically available, continuously available and legally available within its Service Area No. 56-001355.0000 for at least 100 years and will be consistent with the management

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goal. See A.A.C. R12-15-716; R12-15-717; R12-15-718; R12-15-722. This volume of groundwater, 22,504.76 acre-feet per year, is equal to Santa Cruz's Service Area No. 56-001355.0000 annual estimated water demand, which is 22,504.76 acre-feet per year. See Attachment B to this Decision and Order.

2. Santa Cruz has demonstrated that 1,474.57 acre-feet per year of groundwater will be physically available, continuously available and legally available within its Southwest Service Area for at least 100 years and will be consistent with the management goal. See A.A.C. R12-15-716; R12-15-717; R12-15-718; R12-15-722. This volume of groundwater, 1,474.57 acre-feet per year, is equal to Santa Cruz's Southwest Service Area annual estimated water demand, which is 1,474.57 acre-feet per year. See Attachment B to this Decision and Order.

3. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Santa Cruz's annual estimated water demand that will be met with groundwater within its Service Area No. 56-001355.0000 is 22,504.76 acre-feet per year, and its annual estimated water demand that will be met with groundwater within its Southwest Service Area is 1,474.57 acre-feet per year.

4. In accordance with the requirements of A.A.C. R12-15-722(E), Santa Cruz has demonstrated that its projected use of groundwater is consistent with the management goal of the Pinal Active Management Area.

5. The water supply served by Santa Cruz will be of adequate quality, pursuant to A.A.C. R12-15-719(A)(1).

6. In accordance with A.A.C. R12-15-721, Santa Cruz meets the standard established for determining consistency with the Management Plan for the Pinal AMA.

7. Santa Cruz has satisfied the financial capability criteria prescribed in A.A.C. R12-15-720.

1  
2 8. Santa Cruz has satisfied all requirements for a designation of assured water supply.

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

4 Having reviewed the Conclusions of Law, the Director hereby issues this Decision and Order  
5 designating Santa Cruz as having an assured water supply, subject to the following conditions:

- 6 1. The Department reserves the right under A.A.C. R12-15-711(C) to periodically review  
7 and modify the designation as conditions warrant.  
8
- 9 2. Pursuant to A.A.C. R12-15-711(F), the Department may revoke this designation if the  
10 findings of fact or the conclusions of law upon which the designation is based change or  
11 are invalid, or if an assured water supply no longer exists.
- 12 3. The Director's determination that an assured water supply exists for Santa Cruz is based  
13 on its review of the water supplies pledged by Santa Cruz.
- 14 4. Santa Cruz shall submit an application to modify this decision and order designating  
15 Santa Cruz as having an assured water supply to increase the term of the designation  
16 when the sum of Santa Cruz's current demand, committed demand and two-year  
17 projected demand for its Service Area No. 56-001355.0000 exceeds 22,504.76 acre-feet  
18 per year, when the sum of Santa Cruz's current demand, committed demand and two-year  
19 projected demand for its Southwest Service Area exceeds 1,474.57, or by January 1,  
20 2012, whichever is earlier.  
21
- 22 5. Pursuant to A.A.C. R12-15-711(F)(3), Santa Cruz shall continue to comply with A.A.C.  
23 Title 18, Chapter 4 after the date of this designation.  
24
- 25 6. Santa Cruz shall notify the Department when the ACC issues any order, including a final  
26 decision and/or order, regarding its CC&N.
- 27 7. This Decision and Order designating Santa Cruz as having an assured water supply shall  
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apply to Santa Cruz's legally authorized service area, including the 387 District area.

8. Santa Cruz shall comply with any applicable requirements in A.R.S. Title 45, Chapter 15.

9. Santa Cruz may pledge additional extinguishment credits to its designation as its service areas develop. If Santa Cruz intends to add extinguishment credits to its groundwater account, it must notify the Department's Office of Assured and Adequate Water Supply to add these credits to its groundwater account.

10. Santa Cruz shall annually provide to the Department the following information in the manner prescribed in A.A.C. R12-15-711(A):

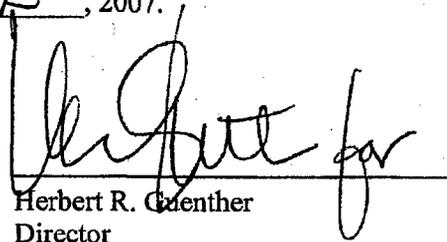
- a. An estimate of the demand of platted, undeveloped lots located within Santa Cruz's Service Area No. 56-001355.0000.
- b. An estimate of the demand at build-out of customers within Santa Cruz's Service Area No. 56-001355.0000 with which Santa Cruz has entered into a notice of intent to serve agreement in the calendar year.
- c. An estimate of the demand of platted, undeveloped lots located within Santa Cruz's Southwest Service Area.
- d. An estimate of the demand at build-out of customers within Santa Cruz's Southwest Service Area with which Santa Cruz has entered into a notice of intent to serve agreement in the calendar year.
- e. A report regarding Santa Cruz's compliance with water quality requirements.
- f. The depth-to-static water level of all wells from which Santa Cruz withdrew water during the calendar year.

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g. Any other information requested by the Director to determine whether to continue Santa Cruz is continuing to meet all the requirements necessary to maintain this designation of assured water supply.

**IT IS HEREBY ORDERED THAT SANTA CRUZ WATER COMPANY BE DESIGNATED AS HAVING AN ASSURED WATER SUPPLY UNTIL DECEMBER 31, 2013.**

DATED this 27<sup>th</sup> day of December, 2007.

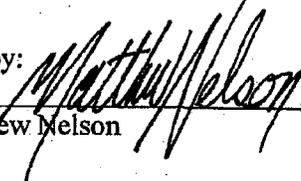


Herbert R. Guenther  
Director  
Arizona Department of Water Resources

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A copy of the foregoing  
**Decision and Order** mailed  
by certified mail this 27<sup>th</sup>  
day of December,  
2007 to the following:

Certified Mail No.  
7006 0810 0004 6002 6352

Sent by:   
Matthew Nelson

Cindy Liles  
Global Water Resources, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

First class mail copies to:  
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Mr. Randy Edmond  
Pinal AMA  
1729 N. Trell Rd., Suite 105  
Casa Grande, Arizona 85222

**ATTACHMENT A: Summary of Santa Cruz Water Company Extinguishment Credits Extinguished and Pledged prior to October 1, 2007**  
 Designation of Assured Water Supply for Santa Cruz Water Company 26-401667.0000

Extinguishment No.	Acre-feet/year	Year Signed	Year Applied	Pledged to:
<b>Santa Cruz Water Company pledged extinguishments:</b>				
58-102952.0003	450.01	2000		2000 26-400360.0000 (Original designation)
58-102952.0008	207.30	2003		2003 26-400804.0000 (Modification of 26-400360.0000)
58-102952.0009	232.60	2003		2003 26-400804.0000 (Modification of 26-400360.0000)
58-102952.0010	42.00	2003		2003 26-400804.0000 (Modification of 26-400360.0000)
58-102952.0012	53.64	2005		2003 26-401667.0000 (Modification of 26-400804.0000)
58-102625.0008	160.50	2005		2005 26-401667.0000 (Modification of 26-400804.0000)
58-150035.0009	360.00	2005		2003 26-401667.0000 (Modification of 26-400804.0000)
58-150035.0007	282.00	2005		2003 26-401667.0000 (Modification of 26-400804.0000)
58-102625.0011	600.15	2005		2003 26-401667.0000 (Modification of 26-400804.0000)
58-111746.0003	204.30	2005		2005 26-400804.0000 (Modification of 26-400360.0000)
58-100025.0009	281.96	2007		2006 26-401667.0000 (Modification of 26-400804.0000)
58-101962.0015	249.00	2007		2006 26-401667.0000 (Modification of 26-400804.0000)
58-111941.0022	370.50	2005		2004 26-401667.0000 (Modification of 26-400804.0000)
58-103658.0005	232.50	2006		2006 26-400804.0000 (Modification of 26-400360.0000)
58-101962.0010	718.50	2006		2005 26-400804.0000 (Modification of 26-400360.0000)
58-150081.0002	309.00	2006		2005 26-400804.0000 (Modification of 26-400360.0000)
58-111746.0002	809.70	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-102626.0006	15.00	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-101962.0014	440.33	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-102342.0032	196.50	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-102662.0015	1,050.08	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-150022.0007	416.70	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-150022.0006	374.25	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-102628.0003	114.00	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-102629.0006	145.50	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-104816.0010	132.00	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-104816.0009	171.00	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
58-102626.0007	73.50	2007		2007 26-401667.0000 (Modification of 26-400804.0000)
<b>TOTAL</b>	<b>8,692.52</b>			

Extinguishment No.	Acre-feet/year	Year Signed	Year Applied	Pledged to:
<b>Extinguishment Credits pledged to the Subdivisions:</b>				
58-102329.0005	329.10	2004		2003 27-401014.0004 (Martopa Meadows - later re-issued as 27-401309.0000)
58-109710.0002	210.31	2004		2004 27-401185.0000 (Smith Farms)
58-103658.0004	84.41	2004		2003 27-401143.0000 (Palo Brea)
58-111841.0016	270.82	2005		2004 27-401726.0000 (Tortosa South)
58-111841.0014	330.08	2005		2004 27-401243.0000 (Tortosa)
<b>Subtotal</b>	<b>1,224.72</b>			
<b>TOTAL</b>	<b>9,917.24</b>			

Attachment B  
 Santa Cruz Water Company Designation Application  
 Water Source and Supply Summary  
 File No. 26-402008.0000

Source	Physical Availability	Capacity	Legal Authority	Consistency with goal	TOTAL (meets all assured water supply requirements)
<b>Groundwater:</b>					
Santa Cruz Water Company main system	25,575.21 af/yr	Available well capacity = 26,502 af/yr	Service Area Right #56-001355.0000	1) Groundwater allowance based on October 1, 2007 service area population = 4,266.1 af/yr <sup>1</sup> 2) Incidental recharge = 171.16 af/yr <sup>1</sup> 3) Extinguishment credits as of October 1, 2007 = 8,692.52 af/yr <sup>2</sup> 4) Extinguishment credits as of October 1, 2007 associated with Certificates of Assured Water Supply in the 387 District = 1,224.7 af/yr <sup>2</sup> 5) Groundwater allowance balance prior to October 1, 2007 = 12,028.86 acre-feet <sup>2</sup>	22,504.76 acre-feet per year
Santa Cruz Water Company southwest service area	16,806.90 af/yr	Available well capacity = 2,903 af/yr	Pending service area right - Initial Notice of Intent approved by the Department February 9, 2007		1,474.57 acre-feet per year

**NOTES:**

<sup>1</sup> Any unused balance after each calendar year shall not be added to the balance of the following calendar year.

<sup>2</sup> Any unused balance after each calendar year shall be added to the balance of the following calendar year.