

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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 AZ CORP COMMISSION
 DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JAN 29 2010

DOCKETED BY	<i>MM</i>
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IN THE MATTER OF THE APPLICATION OF
 ARIZONA WATER COMPANY, AN ARIZONA
 CORPORATION, TO EXTEND ITS EXISTING
 CERTIFICATE OF CONVENIENCE AND
 NECESSITY AT CASA GRANDE, PINAL
 COUNTY, ARIZONA

DOCKET NO. W-01445A-07-0291

REQUEST FOR ADDITIONAL TIME FOR
 COMPLIANCE FILING

On June 13, 2008 the Commission entered Decision No. 70379 (the "Decision"), which approved an application filed by Arizona Water Company (the "Company") for an extension of its certificate of convenience and necessity ("CCN") for its Casa Grande system. It also contained the following ordering paragraphs, at page 9, lines 8-18 of the Decision:

IT IS FURTHER ORDERED that Arizona Water Company shall file with Docket Control as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality Approval to Construct of the facilities needed to serve Phase I within each of Parcels One, Two, Four and Five within two years of the effective date of this Decision.

IT IS FURTHER ORDERED that Arizona Water Company shall file with Docket Control, as a compliance item in this docket, a copy of the developer's Certificate of Assured Water Supply for each of Parcels One, Two, Four and Five within two years of the effective date of this Decision.

1 IT IS FURTHER ORDERED that in the event Arizona Water Company fails to comply
2 with the above stated conditions within the required time-frames, the Certificate of Convenience
3 and Necessity conditionally granted herein shall become, after due process, null and void solely
4 as to such Parcel or Parcels for which the conditions remain unsatisfied.
5

6
7 The Company is requesting that the current compliance deadline be extended, as
8 provided below. In support of its request, the Company respectfully provides as follows:
9

10 1. In mid to late 2006, the housing market in Arizona began its current decline.
11

12 2. Before a developer can plat any subdivision within an Active Management Area,
13 the Arizona Department of Water Resources ("ADWR") must have issued a CAWS. The
14 developers, as well as any developer with a subdivision located in any AMA, cannot plat a
15 subdivision without a CAWS, effectively preventing such developer from entering into an
16 MXA or moving forward towards construction.
17

18 3. The ADWR requires proof of water supplies physically available to serve a
19 planned subdivision for a minimum of one hundred years and will not issue a CAWS without
20 such proof.
21

22 4. The Company contracted with Clear Creek Associates, a highly respected
23 professional hydrologic engineering firm to prepare a regional groundwater model for the
24 Company's entire Pinal Valley Water Service Area ("PVWSA"), which includes the extension
25 area, demonstrating sufficient physically available groundwater supplies to serve the PVWSA.
26
27
28

1 5. On November 15, 2007, on the Company's behalf, Clear Creek Associates filed
2 a Physical Availability Demonstration ("PAD") application with ADWR demonstrating more
3 than sufficient groundwater supplies for over one hundred years.
4

5 6. The Company's PAD is critical to allowing the developers in the transfer area to
6 pursue a CAW's, and on December 24, 2009, the Company's PAD was approved by ADWR
7 (see Attachment 1, hereto).
8

9 7. Most economists believe that the current recession ended on or about July-
10 August 2009 (see Attachment 2, hereto).
11

12 8. Housing permits for single family residences issued in Pinal County, Arizona,
13 where parcels in the extension area are located, dropped from an annual peak of 11,371 in 2005
14 to 3,104 in 2008. The numbers of new housing permits continued to drop into 2009 which
15 shows 1,507 permits issued through August 2009, however, over the past couple of months,
16 housing permits have increased in Pinal County with the month of August 2009 showing 258
17 new permits compared with 205 permits in August 2008 (see Attachment 3 hereto).
18

19 Due to the foregoing factors, the Company is now requesting additional time to file the
20 required compliance items for the extension areas in compliance with the Decision. In support
21 of its request, the Company respectfully further provides as follows:
22

23 1. A map of the extension area is attached hereto as Attachment 4.
24

25 a. With respect to the applicable CCN extension area, the Company is requesting
26 that the current compliance deadline, June 13, 2010, be extended for an
27 additional two (2) year period, until June 13, 2012.
28

- 1 b. Letters from owners of parcels in the extension area are attached (see Attachment
2 5) hereto. As noted in each letter, the owners still plan to develop their property
3 and/or still need and desire to receive water service from the Company.
4
- 5 c. While the PAD is not a Certificate of Assured Water Supply, it is a precursor to,
6 and a necessary requirement for obtaining a certificate. Therefore, the Company
7 submits that the PAD, and ADWR's approval if it, constitutes substantial
8 compliance with the Decision's requirement of this post-decision condition,
9 particularly in view of the other matters presented herein in support of the
10 Company's request.
11
- 12 d. On January 20, 2010, the Company filed an application with the Arizona
13 Department of Environmental Quality for an approval to construct facilities to
14 serve parcel 2 of the extension area (see Attachment 7, hereto). The Company
15 believes (but does not know for sure) that the ADEQ will approve the
16 Company's application no later than December 31, 2010.
17
- 18 e. As discussed above, and as the Commission knows, the development and home-
19 building industries in Pinal County essentially bottomed out in late 2008
20 bringing development to a near halt (see Attachment 8 hereto, an Economic
21 Synopsis prepped by the Federal Reserve Bank of St. Louis), a fact over which
22 the Company (and many other water and sewer utilities who have compliance
23 obligations and have had to request CCN compliance extension deadlines) and
24 the Commission obviously have no control, but one which did not exist when the
25 Decision was entered; the Company submits that this economic reality should be
26 an important determinant in the Commission acting favorably on the Company's
27 request, as the continued existence of the Company's CCN for the extension area
28

1 will help to support the now improving development market; conversely, the
2 withdrawal of the CCN would be, the Company submits harmful to the
3 development recovery; indeed the property owner letters attached to this Request
4 confirm the owners' plans to develop their property in reliance on the Company's
5 CCN.

6
7 In view of the foregoing, the Company respectfully requests that the compliance
8 deadline under the Decision for the extension area be extended until June 13, 2012.

9
10 RESPECTFULLY SUBMITTED this 29TH day of January, 2010.

11 ARIZONA WATER COMPANY

12
13 By: Robert Geake
14 Robert W. Geake
15 Vice President and General Counsel
16 ARIZONA WATER COMPANY
17 Post Office Box 29006
18 Phoenix, Arizona 85038-9006
19
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28

1 Original and thirteen (13) copies of the foregoing filed this 29TH day of January, 2010 with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
5 Phoenix, Arizona 85007

6 A copy of the foregoing was hand-delivered this 29TH day of January, 2010 to:

7 Honorable Belinda A. Martin
8 Administrative Law Judge
9 Hearing Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, AZ 85007

13 A copy of the foregoing was mailed this 27TH day of January, 2010 to:

14 Janice Alward, Chief Counsel
15 Legal Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Ernest G. Johnson
20 Director, Utilities Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24
25
26
27
28
By: Robert Seabe

ATTACHMENT 1

JANICE K. BREWER

Governor



HERBERT R. GUENTHER

Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105
(602) 771-8500

Via Certified Mail

December 24, 2009

Mr. William Garfield, President
Arizona Water Company
3805 North Black Canyon Highway
Phoenix, Arizona 85015

**RE: Arizona Water Company Pinal Valley Water Service Area
Pinal County, Arizona (Pinal AMA)
Application for a Physical Availability Determination
ADWR #51-700444.0000**

Dear Mr. Garfield:

The Department has completed its review of your application for a Physical Availability Determination for Arizona Water Company Pinal Valley Service Area. The Department received the application on November 15, 2007. The study area locations are within Township 4 South, Range 8 East, within portion of Section 36; Township 4 South, Range 9 East, Sections 31, 32, 33; Township 5 South, Range 5 East, and portions of Sections 13, 14, 15, 16, 21 to 28 inclusive, 33, 34, 35, 36; Township 5 South, Range 6 East, Sections 13 to 36; Township 5 South, Range 7 East, Sections 12, 13, 14, 23 to 36; Township 5 South, Range 8 East, Sections 1, 2, portions of 3, 5, 6, 7 to 36 inclusive; Township 5 South, Range 9 East, Sections 4 to 10 inclusive, 15 to 22 inclusive, 27 to 36 inclusive; Township 5 South, Range 10 East, Sections 31, 32 & 33; Township 6 South, Range 3 East, Sections 10 to 16 inclusive, 21 to 28 inclusive, 33, 34, 35 & 36; Township 6 South, Range 4 East, Sections 16 to 21 inclusive, 28 to 33 inclusive portion of Sec. 36; Township 6 South, Range 5 East, Sections 1, 2, 3, 4, portion of Sec. 5, 9 to 16 inclusive, east half of Sec. 17 and 20 to 36 inclusive; Township 6 South, Range 6 East, Sections 1 to 36; Township 6 South, Range 7 East, Sections 1 to 36 inclusive; Township 6 South, Range 8 East, Sections 1 to 24 inclusive, 29, 30, 31 & 32; Township 6 South, Range 9 East, Sections 1 to 24 inclusive; Township 6 South, Range 10 East, Sections 5, 6, 7, 8, 17, 18, 19 & 20; Township 7 South, Range 3 East, Sections 1, 2, 3, 10 to 15 inclusive, 22 to 27 inclusive, 34, 35 & 36; Township 7 South, Range 4 East, Sections 1 to 36 inclusive; Township 7 South, Range 5 East, Sections 1 to 24; Township 7 South, Range 6 East, Sections 1 to 36 inclusive; Township 7 South, Range 7 East, Sections 1 to 7 inclusive, north half of Sections 8, 18, 19, 30, 21 & 32; Township 7 South, Range 8 East, Sections 5 & 6; Township 8 South, Range 6 East, Sections 1, 2, 3, 4, 9 to 16 inclusive, 21, 22, 23 & 24; Township 8 South, Range 7 East, Sections 4 to 9 inclusive, 17, 18, 19 & 20 and GSR B&M in Pinal County, Arizona.

In accordance with A.A.C. R12-15-702(D), the Department has determined that a minimum of 98,841 acre-feet per year of groundwater is physically available for 100 years under A.A.C. R12-15-716(B) for assured water supply purposes in the study area. Although you requested a volume of 103, 485 acre-feet, after a review of the hydrologic study and all issued assured water supply determinations in the study area, the Department has concluded that 98,841 acre feet is physically available.

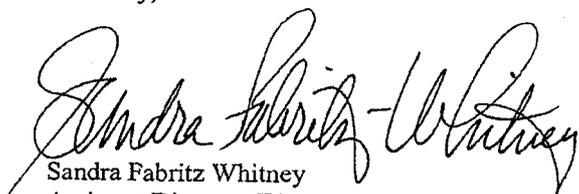
With regard to water quality for the purpose of A.A.C. R12-15-719(A), the provider you select must be regulated by the Arizona Department of Environmental Quality. With regard to water quality for the purpose of A.A.C. R12-15-719(B), the study area is not located within one mile of any known WQARF or Superfund site.

The results of the Department's review fulfill the requirements of R12-15-702(C) and may be cited in applications for determinations of assured water supply. Those applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. § 45-576 and A.A.C. R12-15-701, et seq. For further information on those requirements, please contact the Office of Assured and Adequate Water Supply at (602) 771-8599.

As with all Physical Availability Determinations issued by the Department, changes in conditions or the accuracy of assumptions and information used in demonstrating physical availability may affect the validity of this determination. Changes in the number or locations of wells may impact applicability of this determination to future applications for determinations of assured water supply.

If you have any questions regarding this Physical Availability Determination, please contact the Office of Assured & Adequate Water Supply at (602) 771-8599.

Sincerely,



Sandra Fabritz Whitney
Assistant Director, Water Management

Via electronic mail:

cc: Steve Corell, scorell@clearcreekassociates.com
Clear Creek Associates

Steve Olea, solea@azcc.gov
Arizona Corporation Commission

Linda Taunt, taunt.linda@azdeq.gov
Arizona Department of Environmental Quality

8 REASONS WHY (WE BELIEVE) THE RECESSION IS OVER

We believe the worst recession since the 1930s is over. Signs of recovery are everywhere. It's time for investors to look forward and to stop looking back. In this report, we discuss eight reasons why we believe this recession may be over.

1. Leading economic indicators are positive.

The Conference Board's Index of Leading Economic Indicators, which is designed to anticipate changes in the economy by three to six months, rose 0.6% in July for its fourth consecutive gain. This gauge has an impressive track record of calling turns in the economy. The stock market, another leading economic indicator, has already rebounded 50% from its March lows.

2. Global economies are recovering.

The Organisation for Economic Co-operation and Development's (OECD)¹ composite leading indicators for its member countries recorded their largest increase in June since records began in 1962. For the first time ever, all 33 countries recorded an increase. Japan's economy grew this past quarter for the first time since early last year. Europe also appears to be pulling out of recession, with positive growth reported in the most recent quarters in Germany and France.

3. The job market is improving.

Non-farm payrolls fell by just 247,000 in June, while the unemployment rate eased from 9.5% to 9.4%. The rate of decline in payrolls has been improving since January, when payrolls declined by 741,000. Employment has been a lagging indicator of the economy, improving at the end of or well after every recession in the postwar period.

4. The Federal Reserve's efforts to stabilize the financial system worked.

The massive efforts to slash interest rates and provide trillions in funds to the financial system have succeeded in restoring conditions in the money and corporate credit markets. Corporate America has taken advantage of attractive rates to refinance old debt and fund new acquisitions. Companies issued more than \$800 billion in new bonds during the first seven months of 2009 – nearly a third more than a year earlier. In the money markets, the three-month London interbank offered rate is down to 0.43%, less than one-tenth of where this short-term benchmark stood at the worst of the credit crisis last October.

5. Bank lending is increasing.

Banks' profitability and capitalization have improved, and banks have started lending again. According to the Fed's recent periodic survey of banks, about 30% said, on net, they tightened lending to businesses in May, June and July, but that's down from roughly 40% in April's survey. The percentage of banks that tightened standards on commercial real estate loans dropped 20 percentage points to 45%. For residential real estate, the percentage fell to 20% from a peak of about 75% a year ago. Most banks expected lending standards across all loans would remain tighter than their average levels over the past decade until at least the second half of 2010. However, the improvement in bank lending should be enough to support economic recovery.

6. Expectations for 2010 economic growth continue to improve.

- In a recent *Wall Street Journal* survey, 80% of economists said they believe the recession either has ended or will end by September. In addition, economists continue to upgrade expectations for growth in the rest of 2009 and beyond.
- The top 50 U.S. economists² expect the economy to grow 2.2% in the third quarter, after falling just 1% in the second quarter.
- Economists in August lifted their projection for third-quarter growth by 1.2 percentage points over July's estimate to 2.2%, according to the median of 55 forecasts in a Bloomberg News survey. That is the biggest such boost in surveys dating from May 2003. Forecasts for 2010 were raised to 2.3% from 2.1%.
- The International Monetary Fund said in a recently revised forecast that the world economy will expand 2.5% in 2010, compared with its April projection of 1.9%.

Housing has bottomed.

Sales of existing U.S. homes jumped more than expected in July to the highest level in almost two years, signaling the worst of the housing recession may have passed. Purchases climbed 7.2% to a 5.24 million annual rate, the most since August 2007, the National Association of Realtors said recently. The gain was the biggest since records began in 1999. The S&P/Case-Shiller home price index advanced 2.9% in the second quarter from the previous three months, the first increase since 2006 and the biggest in almost four years. Foreclosure-driven declines in prices, government credits for first-time buyers and near-record-low borrowing costs are expected to continue stoking demand.

Manufacturing is on the rebound.

The Fed said industrial production rose 0.5% in July, the first increase in nine months. European industrial orders increased 3.1% from May, the biggest gain in 19 months, according to the European Union's statistics office. For the first time since January 2008, an index based on a survey of U.S. purchasing managers crossed a threshold indicating factory output grew. Manufacturing activity in China, France and Australia, among other countries, also expanded in August, separate surveys showed. The pace of contraction in Germany and some other nations slowed markedly.

Why Does It Take So Long to Call Recessions "Officially Over"?

The official "scorekeeper" of recessions is the National Bureau of Economic Research (NBER), a private organization in Cambridge, Mass. These folks aren't terribly interested in forecasting turns in the economy. Instead, they focus on making sure their recession start and end dates are absolutely accurate and not subject to future revisions. Robert Hall, who heads the NBER's Business Cycle Dating Committee, recently said it is "more important" this time around for the group to adhere to the principle of not calling an end to the recession until after economic growth has surpassed its previous peak, "which could take 18 months or more to determine." The group took until July 2003, 20 months after the fact and well after stock prices had begun to recover, to declare the last recession had ended.

Don't Bet Against History

Historically, the stock market has performed well once recessions end. The chart below shows the performance of the S&P 500 six and 12 months after postwar recessions ended. While history is not always an accurate guide to the future, it does suggest that investors who are out of the market are betting against a lot of history.

S&P 500 Performance after Postwar Recessions		
Recession End Dates	% Change 6 Months Later	% Change 12 Months Later
10/31/1949	10.97%	19.57%
5/25/1954	18.63	29.98
4/30/1958	17.77	37.12
2/28/1961	7.86	7.51
11/30/1970	15.06	4.49
3/31/1975	6.57	30.63
7/31/1980	1.28	1.82
11/30/1982	15.46	22.18
3/28/1991	3.55	12.14
11/30/2001	-1.66	-10.04
7/31/2009 (est.)	TBD	TBD
Average	9.55%	15.54%

Source: Ned Davis Research. Daily data starting in 1947. Six months measured by 126 market days; 12 months measured by 252 market days.

You Can't Recover If You're Not Invested

There are always risks to the outlook. The recovery could be uneven, or something unforeseen might derail the progress we've made. The stock market could correct at any time for any reason. But these things are unpredictable. Our advice remains the same: Don't base your investment decisions on predictions; base them on investment principles. Focus on the things you can control: the quality of the investments you own and the diversification of your portfolio. Maintain a long-term perspective.

It looks as though the economy is improving, but that doesn't mean you should throw caution to the wind. Instead, sit down with your Edward Jones financial advisor and talk about ways you can take advantage of the improving climate while still managing risk.

And remember, you can't recover if you're not invested.

1 The OECD, located in Paris, spells "organisation" as it's listed.

2 Latest Blue Chip Economic Indicators survey

Information in this report is as of 9/2/09.

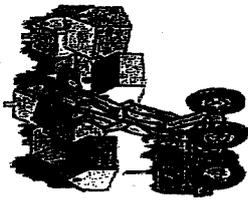
Alan F. Skrainka, CFA
Chief Market Strategist

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Edward Jones
MAKING SENSE OF INVESTING

U.S. Census Bureau

2003 Building Permits



Annual New Privately-Owned Residential Building Permits
Pinal County, Arizona (021)

2003

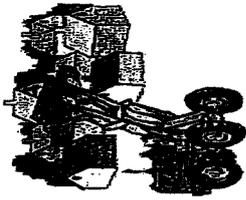
	Item	Estimates with Imputation			Reported only		
		Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/>	Single Family	6,516	6,516	745,654,654	6,516	6,516	745,654,654
<input type="button" value="Browse"/>	Two Family	26	52	3,505,196	26	52	3,505,196
<input type="button" value="Browse"/>	Three and Four Family	23	90	3,493,721	23	90	3,493,721
<input type="button" value="Browse"/>	Five or More Family	21	245	16,449,773	21	245	16,449,773
<input type="button" value="Browse"/>	Total	6,586	6,903	769,103,344	6,586	6,903	769,103,344

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2004 Building Permits



**Annual New Privately-Owned Residential Building Permits
Pinal County, Arizona (021)**

2004

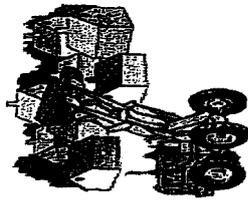
Item	Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	10,041	10,041	1,224,011,137	10,020	10,020	1,221,528,608
<input type="button" value="Browse"/> Two Family	39	78	5,503,011	34	68	4,749,471
<input type="button" value="Browse"/> Three and Four Family	50	194	12,999,364	50	194	12,999,364
<input type="button" value="Browse"/> Five or More Family	9	54	2,848,049	9	54	2,848,049
<input type="button" value="Browse"/> Total	10,139	10,367	1,245,361,561	10,113	10,336	1,242,125,492

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2005 Building Permits



Annual New Privately-Owned Residential Building Permits
Pinal County, Arizona (021)

2005

Go!

Item	Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost
Browse Single Family	11,586	11,586	1,462,499,014	11,371	11,371	1,437,548,073
Browse Two Family	20	40	2,714,607	8	16	1,095,000
Browse Three and Four Family	40	138	10,464,851	33	112	8,782,034
Browse Five or More Family	3	30	1,689,547	1	5	83,000
Browse Total	11,649	11,794	1,477,368,019	11,413	11,504	1,447,508,107

[N/A = Reported data not available for the time period]

Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

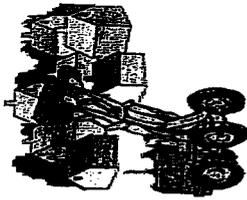
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U.S. Census Bureau

2006 Building Permits



Annual New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

2006

[Go!](#)

	Item	Estimates with Imputation			Reported only		
		Buildings	Units	Construction cost	Buildings	Units	Construction cost
Browse	Single Family	8,470	8,470	1,110,584,637	7,660	7,660	999,219,293
Browse	Two Family	6	12	940,287	6	12	940,287
Browse	Three and Four Family	9	29	1,433,148	3	11	520,164
Browse	Five or More Family	2	41	2,916,615	1	36	2,595,306
Browse	Total	8,487	8,552	1,115,874,687	7,670	7,719	1,003,275,050

[N/A = Reported data not available for the time period]

Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

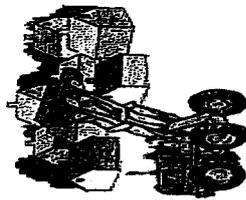
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U.S. Census Bureau

2007 Building Permits



**Annual New Privately-Owned Residential Building Permits
Pinal County, Arizona (021)**

2007

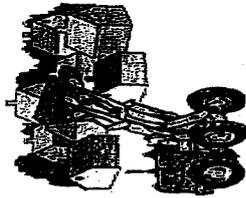
Item	Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	6,221	6,221	772,573,693	6,065	6,065	754,921,701
<input type="button" value="Browse"/> Two Family	6	12	833,450	3	6	439,982
<input type="button" value="Browse"/> Three and Four Family	10	40	2,871,419	7	28	2,146,247
<input type="button" value="Browse"/> Five or More Family	6	30	2,162,754	0	0	0
<input type="button" value="Browse"/> Total	6,243	6,303	778,441,316	6,075	6,099	757,507,930

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2008 Building Permits



Annual New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

2008

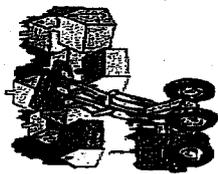
Item	Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	3,014	3,014	370,179,921	3,014	3,014	370,179,921
<input type="button" value="Browse"/> Two Family	1	2	194,441	1	2	194,441
<input type="button" value="Browse"/> Three and Four Family	1	4	239,000	1	4	239,000
<input type="button" value="Browse"/> Five or More Family	0	0	0	0	0	0
<input type="button" value="Browse"/> Total	3,016	3,020	370,613,362	3,016	3,020	370,613,362

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2009 Building Permits



Monthly New Privately-Owned Residential Building Permits
Pinal County, Arizona (021)

August 2009

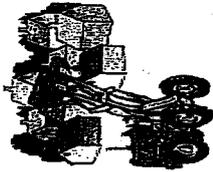
Item	Current Month						Cumulative Year to Date					
	Estimates with Imputation			Reported only			Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	258	258	32,572,616	227	227	28,444,477	1,538	1,538	198,133,203	1,507	1,507	194,005,064
<input type="button" value="Browse"/> Two Family	0	0	0	0	0	0	0	0	0	0	0	0
<input type="button" value="Browse"/> Three and Four Family	0	0	0	0	0	0	0	0	0	0	0	0
<input type="button" value="Browse"/> Five or More Family	0	0	0	0	0	0	0	0	0	0	0	0
<input type="button" value="Browse"/> Total	258	258	32,572,616	227	227	28,444,477	1,538	1,538	198,133,203	1,507	1,507	194,005,064

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2008 Building Permits



Monthly New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

August 2008

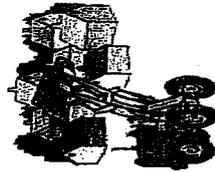
Item	Current Month						Cumulative Year to Date					
	Estimates with Imputation			Reported only			Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	205	205	24,134,704	192	192	22,575,141	2,502	2,502	307,040,285	2,390	2,390	293,975,034
<input type="button" value="Browse"/> Two Family	0	0	0	0	0	0	2	4	325,597	1	2	194,441
<input type="button" value="Browse"/> Three and Four Family	0	0	0	0	0	0	2	7	461,843	1	4	239,000
<input type="button" value="Browse"/> Five or More Family	1	5	360,459	0	0	0	5	25	1,802,295	0	0	0
<input type="button" value="Browse"/> Total	206	210	24,495,163	192	192	22,575,141	2,511	2,538	309,630,020	2,392	2,396	294,408,475

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2007 Building Permits



Monthly New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

August 2007

Item	Current Month						Cumulative Year to Date					
	Estimates with Imputation			Reported only			Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	515	515	51,265,309	498	498	49,286,618	5,009	5,009	598,834,855	4,897	4,897	586,304,182
<input type="button" value="Browse"/> Two Family	0	0	0	0	0	0	6	12	833,450	3	6	439,982
<input type="button" value="Browse"/> Three and Four Family	0	0	0	0	0	0	10	40	2,871,419	7	28	2,146,247
<input type="button" value="Browse"/> Five or More Family	1	5	360,459	0	0	0	3	15	1,081,377	0	0	0
<input type="button" value="Browse"/> Total	516	520	51,625,768	498	498	49,286,618	5,028	5,076	603,621,101	4,907	4,931	588,890,411

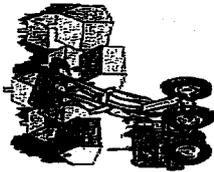
[N/A = Reported data not available for the time period]

Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2006 Building Permits



Monthly New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

August 2006

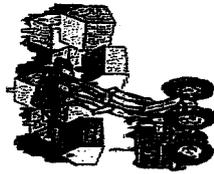
Item	Current Month						Cumulative Year to Date					
	Estimates with Imputation			Reported only			Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	458	458	62,333,682	358	358	48,918,653	5,754	5,754	774,486,637	5,105	5,105	689,310,327
<input type="button" value="Browse"/> Two Family	1	2	150,708	0	0	0	16	32	2,317,076	6	12	940,287
<input type="button" value="Browse"/> Three and Four Family	2	6	309,339	1	3	157,175	14	45	2,472,389	3	11	520,164
<input type="button" value="Browse"/> Five or More Family	0	0	0	0	0	0	1	5	321,309	0	0	0
<input type="button" value="Browse"/> Total	461	466	62,793,729	359	361	49,075,828	5,785	5,836	779,597,411	5,114	5,128	690,770,778

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2005 Building Permits



Monthly New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

August 2005

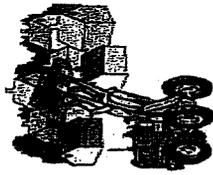
Item	Current Month				Cumulative Year to Date				
	Estimates with Imputation		Reported only		Estimates with Imputation		Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	871	871	109,778,975	759	759	96,206,016	8,237	8,237	1,019,716,092
<input type="button" value="Browse"/> Two Family	1	2	150,708	0	0	0	14	28	1,962,338
<input type="button" value="Browse"/> Three and Four Family	5	17	1,120,262	3	9	532,436	36	124	9,298,620
<input type="button" value="Browse"/> Five or More Family	1	5	263,708	0	0	0	3	30	1,870,255
<input type="button" value="Browse"/> Total	878	895	111,313,653	762	768	96,738,452	8,290	8,419	1,032,847,305
				7,973	8,058	992,305,001			

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2004 Building Permits



Monthly New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

August 2004 Go!

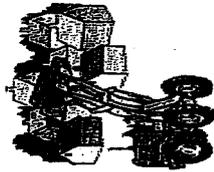
Item	Current Month						Cumulative Year to Date					
	Estimates with Imputation			Reported only			Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/>	713	713	88,048,209	629	629	78,173,643	6,490	6,490	785,990,261	6,315	6,315	765,499,145
<input type="button" value="Browse"/>	2	4	293,708	1	2	143,000	31	62	4,396,445	29	58	4,131,939
<input type="button" value="Browse"/>	3	12	705,000	3	12	705,000	23	87	5,499,845	23	87	5,499,845
<input type="button" value="Browse"/>	1	19	1,275,697	0	0	0	3	39	2,618,536	0	0	0
<input type="button" value="Browse"/>	719	748	90,322,614	633	643	79,021,643	6,547	6,678	798,505,087	6,367	6,460	775,130,929

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas

U.S. Census Bureau

2003 Building Permits



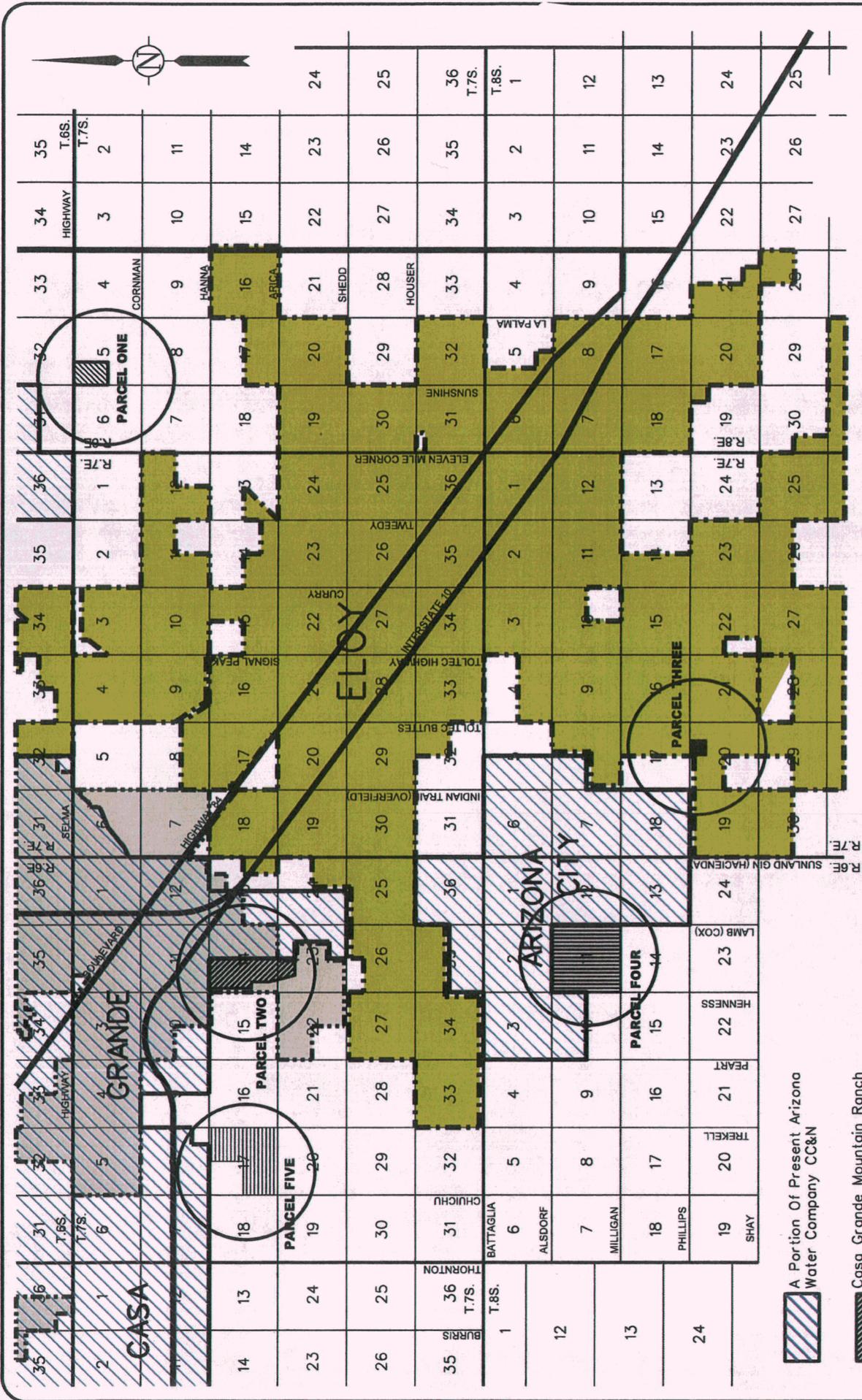
Monthly New Privately-Owned Residential Building Permits Pinal County, Arizona (021)

August 2003

Item	Current Month						Cumulative Year to Date					
	Estimates with Imputation			Reported only			Estimates with Imputation			Reported only		
	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost	Buildings	Units	Construction cost
<input type="button" value="Browse"/> Single Family	648	648	76,049,504	592	592	69,562,801	4,384	4,384	497,863,192	4,105	4,105	465,980,220
<input type="button" value="Browse"/> Two Family	2	4	204,000	2	4	204,000	17	34	2,275,583	17	34	2,275,583
<input type="button" value="Browse"/> Three and Four Family	0	0	0	0	0	0	13	52	1,643,144	13	52	1,643,144
<input type="button" value="Browse"/> Five or More Family	0	0	0	0	0	0	1	20	945,829	0	0	0
<input type="button" value="Browse"/> Total	650	652	76,253,504	594	596	69,766,801	4,415	4,490	502,727,748	4,135	4,191	469,898,947

[N/A = Reported data not available for the time period]
Source: U.S. Bureau of the Census

Building Permit Estimates - U.S., State, and Metropolitan Areas



ARIZONA WATER COMPANY

DESCRIPTION:
CC&N Application to Include Portions in T.7S.,R.8E. T.7S.,R.6E. And T.8S.,R.7E. Of The G.S.R.B.&M. Pinal County, Az.

LOCATION:
CASA GRANDE

DATE: 05.21.2007 **SCALE:** 1"=2 Miles **DRAWN BY:** CB

A Portion Of Present Arizona Water Company CC&N

Casa Grande Mountain Ranch (305.63 Acres) Parcel Two

Shreeve 110 (110 Acres) Parcel One

Levison Property (40 Acres) Parcel Three

A Portion Of The Casa Grande City Limits

Avra Plantation (640 Acres) Parcel Four

Haugen Development (480 Acres) Parcel Five

A Portion Of Eloy City Limits

ATTACHMENT 5

Casa Grande Mountain Ranch Limited Partnership

5740 Via Los Ranchos
Paradise Valley, Arizona 85253

January 8, 2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

Casa Grande Mountain Ranch Limited Partnership is following up with you regarding Pinal County Assessor's Parcel Nos. 511-19-006f, 511-19-006b, 511-19-006c, 511-19-006d, 511-19-006e and 511-36-001b which Casa Grande Mountain Ranch Limited Partnership owns or has an ownership interest in. Casa Grande Mountain Ranch Limited Partnership still needs and desires to receive water service from Arizona Water Company to serve these parcels. Our current plans include development within twenty-four months. If market conditions improve, however, we hope to shorten this timeframe.

Sincerely,

***Casa Grande Mountain Ranch
Limited Partnership***

BY: *George J. Chason*

ITS: *General Partner*

E-MAIL: mail@azwater.com



City of Casa Grande

January 6, 2010

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

The City of Casa Grande is following up with you regarding Pinal County Assessor's Parcel Nos. 511-19-006B, 511-19-006C, 511-19-006D, 511-19-006E, and 511-36-001B which the City of Casa Grande owns. The City of Casa Grande still needs and desires to receive water service from Arizona Water Company to serve these parcels.

Sincerely,

City of Casa Grande

BY: 

James V. Thompson
City Manager



480 Casa Grande – Equestrian, LLC ~ 480 Casa Grande Number 1, LLC ~ 480 Casa Grande Number 2, LLC
c/o Vern Haugen
9701 E. Happy Valley Road, Unit 19
Scottsdale, Arizona 85255

December 14, 2009

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

Dear Mr. Geake:

480 Casa Grande is following up with you regarding Pinal County Assessor's Parcel Nos. 511-19-007a, 511-19-007d, 511-19-007e, 511-19-007f, 511-19-007g which 480 Casa Grande owns. 480 Casa Grande still needs and desires to receive water service from Arizona Water Company to serve these parcels. Our current plans include development within twenty-four months. If market conditions improve, however, we hope to shorten this timeframe. If you have any questions, please feel free to contact me.

Sincerely,
480 Casa Grande – Equestrian, LLC
480 Casa Grande Number 1, LLC
480 Casa Grande Number 2, LLC

BY: _____



ITS: _____

MANAGING MEMBER

December 15, 2009

Arizona Water Company
Attn: Robert W. Geake
3805 N. Black Canyon Highway
Phoenix, AZ 85015

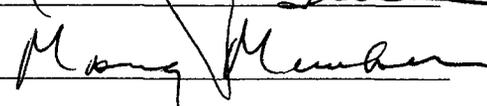
Dear Mr. Geake:

All State Associates of Pinal XIII, LLC is following up with you regarding Pinal County Assessor's Parcel No. 401-48-004E which All State Associates of Pinal XIII, LLC owns. All State Associates still needs and desires to receive water service from Arizona Water Company to serve this parcel. Our current plans include development within twenty-four months. If market conditions improve, however, we hope to shorten this timeframe. If you have any questions, please feel free to contact us.

Sincerely,

All State Associates of Pinal XIII, LLC

By: 

Its: 

PCG/jh



ATTACHMENT 6

ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

January 20, 2010

Engineering Review Desk
Arizona Department of Environmental Quality
1110 W. Washington St., 5th Floor
Phoenix, AZ 850007

Re: Approval to Construct

Dear Engineering Review Desk:

We are submitting for your approval four copies of the construction drawings and a Design Report for the following job:

Work Authorization No.:
Project Name: Arica Road Main Extension
Location: NE¼, Section 23, T.5S., R.7E.
Casa Grande, Arizona

Please return two copies of the approved drawings to our office.

If you have any questions concerning this construction, please contact us at your convenience.

Very truly yours,



Fredrick K. Schneider, P. E.
Vice President - Engineering

afh
Enclosures

E-MAIL: mail@azwater.com



ARIZONA WATER COMPANY

Design Report for ADEQ

W.A. No. and/or Job Name: Arica Road Main Extension

Project Description: Install approximately 2600 l.f. of 12-inch D.I.P. and related fittings along Arica Road.

Reason for Project: The project will serve parcels 511-36-001B, 511-19-006B-F.

Water Pressure Analysis: This project will increase demand on the existing system by 20 GPM peak domestic and 0 GPM for fire flow for a total increase of 20 GPM. Static pressure at the point of connection is 78 psi. The decrease in pressure due to this additional demand and rise in elevation will be 23 psi. The pressure at the point of service will be 55 psi.

No pressure in the system will be less than the ADEQ minimum allowable pressure of 20 psi.

The system has adequate storage in conformance with State and Local requirements.

The system has adequate supply in conformance with State and Local requirements.





ENGINEERING REVIEW SECTION
APPLICATION FOR APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES
 ADEQ/WQD-114DW

INSTRUCTIONS

Please fill out and submit this Application for Approval to Construct Drinking Water Facilities (ATC) to obtain authorization to construct a public drinking water system in accordance with Arizona Administrative Code (A.A.C.) R18-5-505.

GENERAL APPLICATION PROCESS

- Submit this ATC and appropriate supplemental information and forms, which are identified in this form. Please refer for Form 222 (<http://www.azdeq.gov/environ/water/permits/download/222.pdf>) for guidance on what should be submitted with this application and the number of copies. Please see the document entitled Application Submittal Locations (<http://www.azdeq.gov/environ/water/permits/download/appsub.pdf>) to determine where to submit your application (County, City, or ADEQ Regional Office).
- As of December 6, 2008, the following fees are in effect:

Fee Category (R18-14-202)	Fee ^{a, b}
Approval to Construct for a Public Water Distribution System:	
o 150 or fewer service connections	\$900
o 151 to 300 service connections	\$1,400
o 301 to 450 service connections	\$1,900
o 451 to 600 service connections	\$2,400
o 601 to 750 service connections	\$2,900
o Each additional 150 service connections	Add \$500
Water Treatment Plants and Blending Plans (including new source approval if applicable):	
o < 0.1 Million gallons per day (MGD)	\$1,500
o ≥ 0.1 MGD and < 1.0 MGD	\$2,000
o ≥ 1.0 MGD and < 5.0 MGD	\$3,000
o ≥ 5.0 MGD	\$5,000
Well (including new source approval if applicable), each	\$1,250
Storage Tank, each	\$800
Booster Pump, each	\$800
Main Line Extension (for minor water line extensions only)	\$250
Chlorinators/Disinfection Devices, each	\$250
Extension of Time to Construct^c	50% of the application fee, not to exceed \$500
Priority Review Fee^d	Double the Standard Fee

Notes:

- Fees are calculated on a per-unit basis: i.e., a separate fee is assessed for each separate storage tank, booster pump, disinfection device or well.
- Fees for each application type are cumulative; an applicant must pay the total of all pertinent fees.
- Extensions of time to construct are issued pursuant to A.A.C. R18-5-505(E): the Section states that an Approval to Construct becomes void if construction is not commenced within a specific time period, unless the Department grants an extension of time.
- Priority Review projects require Department authorization prior to filing.

- Satisfy any deficiency requests arising from the Department's pre-construction review of the submitted information.
- Receive an "Approval to Construct (ATC)" from the Department authorizing construction of the water distribution system.
- Begin construction of the water system within one year of the signed approval to construct and complete construction within three years from signed Approval to Construct (ATC).



ENGINEERING REVIEW SECTION
APPLICATION FOR APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES
 ADEQ/WQD-114DW

LICENSING TIME FRAMES

Licensing Time Frames are specified by Arizona Department of Environmental Quality in AAC R18-1-525, which limits the number of business days ADEQ can review your project without a penalty. They are:

License Type	Administrative Review	Substantive Review	Overall Time Frame
Approval to Construct drinking water treatment facility, project or well.			
Standard	16	37	53
Complex	16	67	83
Drinking Water New Source Approval			
Standard	16	37	53
Complex	16	67	83
Time Extension Approval			
Standard	16	16	32

HOW TO NAME YOUR PROJECT

Name the project according to one of the following guidelines:

1. If a distribution system serves a specific subdivision, assign the same name "XXX Subdivision."
2. If a distribution system serves a specific facility, assign that name "XXX RV Park" or "...XXX Campground" or "....XXX Shopping Center."
3. If a water main that does not directly service any residences or other facilities but which will enable facilities and their water mains further upstream to connect to a water line extension: "XXX 'Water Line Extension."



ENGINEERING REVIEW SECTION
APPLICATION FOR APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES
 ADEQ/WQD-114DW

GENERAL INFORMATION

1 Project Information Standard review Priority review Time extension (renewal)

Project Name: Arica Road Main Extension

Project Description: Install 2600 LF of 12-inch DIP along Arica Road to serve parcels 511-36-001B & 511-19-006B-F

2 Applicant (Owner or Developer)

Name: Arizona Water Company Phone: 602-240-6860

Title: Owner Firm Name: _____

Mailing Address: PO Box 29006

City: Phoenix State: AZ Zip: 85038

E-mail Address: _____

3 Applicant's Agent, if any (Engineer or Consultant)

Name: James T. Wilson Phone: 602-240-6860

Arizona BTR Registration Number: 41046 Fax: 602-294-2169

Title: Engineer Firm Name: Arizona Water Company

Mailing Address: PO Box 29006

City: Phoenix State: AZ Zip: 85038

E-mail Address: engineering@azwater.com

4 Site Information

County: Pinal Nearest City: Casa Grande

Township: 5S Range: 7E Section: 23 Quarter Section: NE SE SW NW

Latitude: 32 ° 48 ' 23.5 " N Longitude: 111 ° 41 ' 30.6 " W

5 Existing Environmental Permits (Check One)

List any other federal or state environmental permits issued for or needed by the facility, including any related Approvals to Construct (ATCs) or Approvals of Construction (AOCs) that may have previously been authorized and are related to this application (attach additional pages or copies if necessary)

DEPARTMENT USE ONLY		DATE STAMP
File Number		
Fee Paid for this Project		
Check Total		
Date Compliance Status Request Sent		

ENGINEERING REVIEW SECTION
APPLICATION FOR APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES
 ADEQ/WQD-114DW

- C) Design Flow of System.
- | | | | |
|---|-----------|----------------|-----------|
| 1. Average Design Flow (Peak Month) | _____ gpd | _____ gpm | _____ psi |
| 2. Peak Daily Demand Flow | _____ gpd | _____ gpm | _____ psi |
| 3. Required Fire Flow | _____ gpm | _____ duration | _____ psi |
| 4. Fire Flow and Peak Hourly Demand (Total) | _____ gpm | at _____ | psi |

Water Treatment Plant Information **Surface Water** **Well Water**

- A) Please select the capacity of the treatment plant:
- < 0.1 Million gallons per day (MGD)
 - 0.1 to <1.0 MGD
 - 1.0 to <5.0 MGD
 - ≥ 5.0 MGD

B) Indicate the inorganic/organic contaminant(s) for treatment.

Contaminant	Lab Result (ppb)	Technology Used to Treat (Filtration, RO, Absorptive Media, Ion Exchange, etc)	Predicted Final Treatment Value (ppb)

Blending Plan Information

- A) Please select the capacity of the blending plan:
- < 0.1 MGD
 - 0.1 to <1.0 MGD
 - 1.0 to <5.0 MGD
 - ≥ 5.0 MGD

Well Approval Information

- New Source Approval.**
 1. I have attached a copy of the ADWR Notice of Intent to Drill Well (NOI)
 2. ADWR Well # 55- _____
 3. Water test results submitted, or Water test results will be submitted with the AOC application
 4. Capacity Development Application has been submitted
- Existing Well.**
 1. Change of Status Form Included (if Applicable)
 2. ADWR Well # 55- _____

Storage Tank Information

ENGINEERING REVIEW SECTION
APPLICATION FOR APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES
 ADEQ/WQD-114DW

A) Please indicate the following information for the storage tanks associated with this project:

Tank Number	Tank Capacity (gallons)	Material of Construction	Liner Material or Corrosion Protection

Booster Pump Information

A) Please include the details for each booster pump:

Pump Number	Pump Rated Capacity	Horsepower	Manufacturer	Model #

Chlorinator and/or Disinfection System Information

Gas Tablet

ATC Time Frame Extension Information

Original ADEQ File # _____

Priority Review Fee Information

The fees included are double the standard fees for all items for review

11 Construction Quality Drawings (Check Box if Complete)

- a. The engineering plans must be final plans. Plans marked preliminary, not for construction or similar languages will not be reviewed.
- b. Specifications are included in the construction drawings and/or are a separate attachment;
- c. The profiles of all waterlines 10" and greater must be shown on engineering plans.
- d. The plans must include thrust block details, pipe bedding details, blow-off valves (as caps will not be accepted) and air release vales (ARV) are required at all high points.
- e. Backflow in accordance with R-18-4-115

I have provided all the information listed in a. though d. above.

12 Water Distribution System Design Flows (Check Box if Complete)

I have attached documentation of design and fire flows for significant components of the drinking water distribution system and the basis for calculating the design flows.

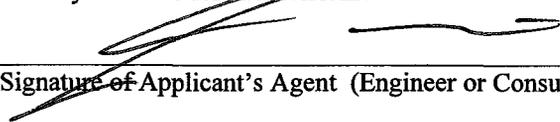
13 Design Report (Check Box if Complete)

ENGINEERING REVIEW SECTION
APPLICATION FOR APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES
ADEQ/WQD-114DW

I have included design documents, including plans, specifications, drawings, reports, and calculations that are signed, dated, and sealed by an Arizona-registered professional engineer. The designer shall use good engineering judgment following engineering standards of practice, and rely on appropriate engineering methods, calculations, and guidance. A design report will describe the proposed construction and basis of design, provide design data and other pertinent information that defines the work to be done, and establishes the adequacy of the design to meet the system demand. A design report provides information such as water pressure of existing waterline, minimum water pressure during fire flow, water capacity required to fulfill overall water needs, etc.

14 Certification Statement (To be completed by the Applicant's Agent in item 3 above)

I, James T. Wilson, certify that this Application for Approval to Construct and all attachments were prepared under my direction or authorization and all information is, to the best of my knowledge, true, accurate and complete. I also certify that the drinking water system described in this form is or will be constructed, designed, and operated in accordance with terms and conditions of the Drinking Water Systems (A.A.C. R18-5-505) and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and Arizona Administrative Code Title 18, Chapter 5 regarding drinking water systems and sanitary facilities for subdivisions.



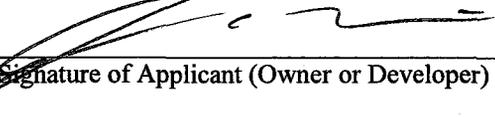
Signature of Applicant's Agent (Engineer or Consultant)

1/20/10

Date

15 Certification Statement (To be completed by the Applicant in item 2 above)

I, James T. Wilson, am aware that there are significant penalties for submitting false information including permit revocation as well as the possibility of fine and imprisonment for knowing violations. I hereby a) grant ADEQ permission to enter the site for inspections; b) authorize the Project Engineer to prepare and submit plan documents to the ADEQ Engineering Review Desk (if entered in item #3); and c) agree to construct the sanitary facilities according to the ADEQ Certificate of Approval and the approved plan documents.



Signature of Applicant (Owner or Developer)

1/20/10

Date

Economic SYNOPSES

short essays and reports on the economic issues of the day

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The Current Recession: How Bad Is It?

Charles S. Gascon, *Senior Research Associate*

On November 28, 2008, the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER) declared that a recession began in the United States in December 2007.¹ This committee defines a recession as “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators.” The U.S. economy has experienced six recessions over the past 40 years. On average these recessions have lasted 10.7

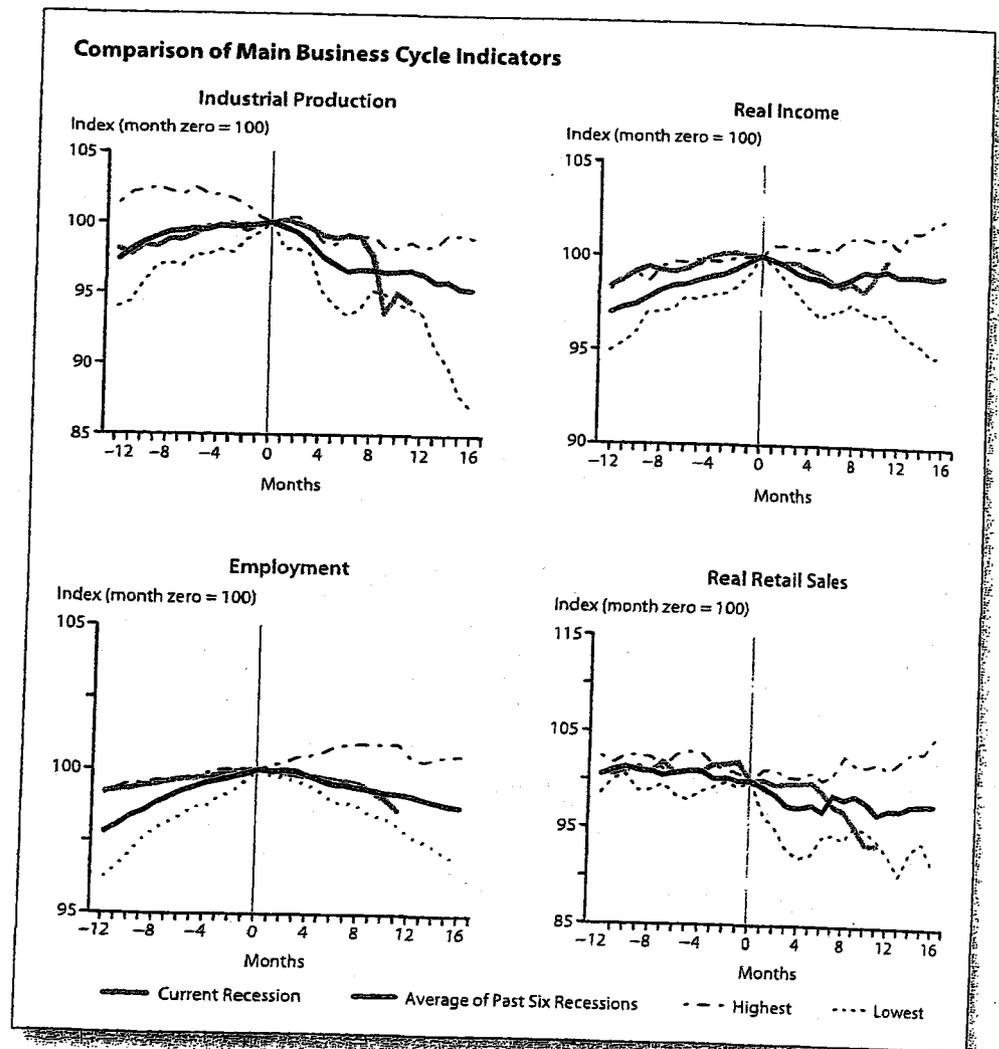
months. The longest recessions—beginning in November 1973 and July 1981—each lasted 16 months. The shortest recession—beginning in January 1980—lasted only six months. Although the end of the current recession is unclear, many economists expect it to extend into mid-2009, a duration of around 18 months.

The most skeptical economists believe that because of the contraction in the housing market and problems in financial markets, the magnitude of the current recession could be the most severe in decades, perhaps comparable to the Great Depression. Although the causes of the current recession may be unique, main recession indicators have moved in a predictable fashion.

In a recession, the severity of the decline is just as relevant as the duration of the recession. These two measures are not independent; a prolonged but shallow recession may have an aggregate impact similar to a short but deep recession.

To compare the current recession with the past six recessions, the chart plots four main economic indicators

“In a recession, the severity of the decline is just as relevant as the duration of the recession.”



used by the NBER: industrial production, real personal income less transfer payments, employment, and real retail sales and food services.² Each series is indexed to 100 at the start of the recession. The horizontal axis indicates the number of months before (negative values) and after (positive values) the start of a recession, where zero indicates the month the NBER determined the economy moved into a recession.³ The black line indicates the averages over the past six recessions,⁴ the blue line data on the most recent recession, and the two dashed lines the highest and lowest values of each series, capturing variability across the past recessions.

Based on these indicators, the current recession has been worse than average; however, the declines are not unprecedented. In the previous recessions, industrial production tended to decline sharply at the business cycle peak; in the current recession, it did not decline sharply until early 2008. In the current recession, real income declines have been significant; at the start of the recession, incomes were above their pre-recession averages but are now slightly below average. Current employment trends are consistent with past recessions, although in recent months employment has

begun to approach its lowest levels. The most disturbing current indicator is the decline in real retail sales. Historically, retail sales have stabilized within months of the beginning of a recession; eleven months into this recession retail sales continue to decline.

Main recession indicators tend to support the claim that this recession could be the most severe in the past 40 years. However, we are still far from another Great Depression. The severities of the declines experienced so far have been consistent with past recessions, and although the length of the current recession could set a record, it will likely be only by a few months. ■

¹ The NBER is a not-for-profit corporation that sponsors economic research and promotes dialog on economic issues. By informal consensus, economists and policymakers accept the Business Cycle Dating Committee's judgment on business cycle turning points. The NBER report is available at wwwdev.nber.org/cycles/dec2008.html.

² Deflated using the Consumer Price Index for All Urban Consumers (1982-84 = 100).

³ According to the NBER, recessions began in December 1969 (lasting 11 months), November 1973 (16), January 1980 (6), July 1981 (16), July 1990 (8), and March 2001 (8).

⁴ Because some recessions were shorter than 16 months, the average is pulled upward toward the end of the sample.