

**Q Mountain Vista**

P. O. Box 4930

Quartzsite, AZ 85359 RECEIVED



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June 30, 2010

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Arizona Corporation Commission

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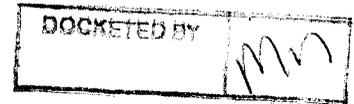
JUL - 6 2010

**Answers to Letter of Deficiency and Data Requests**

**Docket No. W-02518A-10-0227**

**Dated June 18, 2010**

ORIGINAL



**Question 1 Bill Count Revenue:** The bill count revenue does not match the test year metered water.

The bill count, pages 26-31, of the 2010 Rate Application for Water Companies is correct. The bill count was taken from our UB Pro Usage History Report and reconciled with our Billing Register. See Appendix pages 1-6, 2009 monthly Billing Register Summary for breakdown of water charges to customers. Summation of water usage charges are \$16,920.45.

Statement of Income and Expense, page 19, show total operating income of \$49,560. Q Mountain Vista Water Profit and Loss statement (Appendix pages 7 & 8) show water service income of \$20,292.00, water used income of \$32,543.90, establish service income of \$210.00, non-utility income of \$5.50 (fax charges), less sales taxes of \$3,485.54 equals \$49,560. HOWEVER, Water Revenue from our Profit and Loss statement and general ledger (Appendix pages 9-12) are from deposits and entries made to QuickBooks. As payments are received electronic entries are made to the monthly billing register and manually a summary of payments showing water usage revenue and water service revenue is made for deposit and entry into our general ledger.

Because a majority of customers are seasonal, payments for water usage and water service are made in advance. Because the amount of future water usage is unknown, our office manager posts advance payments to water usage as a credit in the billing register and monies are deposited with entries to water used income. When usage is known for a customer that has paid in advance, there is no easy way to make an adjusting entry separating usage and service on the billing register. And no adjusting entry is made manually to deposits. Thus income for water usage is overstated and water service is understated.

**Question 2: Water Company Plant Description - Other Water Sources**

A) Please find enclosed Amended Page 16 of the Compliance Filing Docketed No. W-2518A-09-0076. Q Mountain Vista's water source is the Town of Quartzsite with a capacity of 1500 GPM. We purchased 9,796,000 gallons of water for Test Year Ended 12-31-2009.

B) The approximately 680 LF of 12" mainline, 6" pressure reducing back flow assembly and 6" meter were not included in Q Mountain Vista's plant information page 17 because these plant items are owned by the Town of Quartzsite.

C) Q Mountain Vista water system does not have a chlorinator.

**Question 3: Water Testing Required by ADEQ - MRDL and Lead & Copper**

MRDL is done monthly at the same time and place as our total coliform sample. Our water operator tests for MRDL. There is no additional charge.

Five lead and copper samples are required to be obtained every three years. Q Mountain Vista is scheduled to take five lead and copper samples in July, 2010. Mohave Environmental Laboratory has stated to us that the charge for testing the five samples will be a total of \$240.

#### **Question 4 Proposed Service Line and Meter Installation**

Q Mountain Vista Water is not proposing service line and meter installation charges in our 2010 Rate Application. The developer of our subdivision installed service lines and meters to most of our 244 lots in the late 1980's and 1990's. There are very few lots remaining without meters in place. Our current rates and charges were set by Arizona Corporation Commission Decision No. 57816, April 22, 1992, and did not include service line and meter installation charges. It has been the homeowners/customers desire to operate under this structure without change. Our 2010 Rate Application is a compliance filing by order of the Arizona Corporation Commission Decision No. 71466, dated January 26, 2010, not a request for a change in rate and charge structure.

#### **Question 5 Service Area Map**

A. Q Mountain Vista Water serves two customers outside our subdivision as described in Docket No. W-02518A-02-0787, Notification of Extension of Water Services, dated October 15, 2002, exhibit A and exhibit B.

B. Water Use Data (page 18) includes these two customers in "Number of Customers" column. These two customers usage is also included in the "Gallons Sold" column.

#### **Data Request Question 1 Interconnection with Town of Quartzsite**

A) The approximately 680 LF of 12" mainline, 6" pressure reducing backflow assembly and 6" meter were not included in Q Mountain Vista's plant information page 17 because these plant items are owned by the Town of Quartzsite.

B) The "interconnection plant" was not built on Q Mountain Vista's property.

C) The "interconnection plant" was not built within Q Mountain Vista's CC&N.

D) Please see Appendix Pages 13-26, "Water Supply, Construction, Operation, Maintenance Agreement between The Town of Quartzsite and Q Mountain Mobile Home Park" executed 8/21/09, effective September 1, 2009. Sections pertinent to interconnection plant are Section 2.4 page 15, Section 5.2.1 page 17, Section 5.3.1 page 18, and Section 7 page 22.

#### **Data Request Question 2 Service Lines**

The Q Mountain Vista Water invoice page 8b for checklist item #8 Repairs and Maintenance was for an emergency repair of 4" water main leak and installation of two meters on Desert Drive and one water meter on Comanche. Invoice page 8d was repair of a water leak and installation of a meter at 571 Byrd Lane. Invoice page 8e was for 4" main line repair and repair of meter services. Invoice page 8f was for repair of 4" main line and the installation of one meter on Emerald Street. Invoice page 8g was for repair of 4" main line and a 2" distribution line. Where the five meters were installed, service lines were in place. Where service lines and meters were repaired fittings were leaking, service lines were not being replaced.

## **APPENDIX**

### **Answers to Letter of Deficiency and Data Requests Docket No. W-02518A-10-0227**

Monthly Billing Register Summaries - Year 2009	Pages 1-6
Q Mountain Vista Profit and Loss - Year Ended 12-31-2009	Pages 7, 8
General Ledger - Breakdown of Income: Water Service, Water Used	Pages 9-12
Water Supply, Construction, Operation and Maintenance Agreement Between The Town of Quartzsite and Q Mountain Mobile Home Park	Pages 13-26

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				344.54
Payments:				-4,650.81
New Charges & Credits:				
Water	1,532.72	139.52	1,672.24	
Misc. Debit	0.00	0.00	0.00	
Misc. Credit	0.00	0.00	0.00	
Late Fee	2.28	0.00	2.28	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Service Fee	2,580.00	234.35	2,814.35	
Establish Service	35.00	3.24	38.24	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	4,150.00	377.11	4,527.11	4,527.11
Ending Balance:				220.84
--Meters--      -----Usage-----				
Main :	219		766,220	
Add'l:	0		0	

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-242.10
Payments:				-3,998.99
New Charges & Credits:				
Water	1,266.28	115.22	1,381.50	
Misc. Debit	0.00	0.00	0.00	
Misc. Credit	0.00	0.00	0.00	
Late Fee	3.49	0.00	3.49	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Service Fee	2,580.00	234.35	2,814.35	
Establish Service	0.00	0.00	0.00	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	3,849.77	349.57	4,199.34	4,199.34
Ending Balance:				-41.75
--Meters--      -----Usage-----				
Main :	219		633,140	
Add'l:	0		0	

Appendix Page 1

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-166.12
Payments:				-4,658.36
New Charges & Credits:				
Water	1,311.04	119.35	1,430.39	
Misc. Debit	56.69	0.00	56.69	
Misc. Credit	0.00	0.00	0.00	
Late Fee	2.37	0.00	2.37	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,580.00	234.35	2,814.35	
Establish Service	70.00	6.38	76.38	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	4,020.10	360.08	4,380.18	4,380.18
Ending Balance:				-444.30

--Meters--      -----Usage-----  
Main :            218                    653,112  
Add'l:            0                                    0

+ 2410 Dilley final bill  
1,555.522

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-814.41
Payments:				-6,273.97
New Charges & Credits:				
Water	1,535.81	139.81	1,675.62	
Misc. Debit	0.00	0.00	0.00	
Misc. Credit	0.00	0.00	0.00	
Late Fee	3.92	0.00	3.92	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,604.00	236.53	2,840.53	
Establish Service	140.00	12.76	152.76	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	4,283.73	389.10	4,672.83	4,672.83
Ending Balance:				-2,415.55

--Meters--      -----Usage-----  
Main :            222                    767,905  
Add'l:            0                                    0

Mountain Homeowners Water Co 2

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-2,433.79
Payments:				-5,402.25
New Charges & Credits:				
Water	1,349.93	122.86	1,472.79	
MISC. Debit	128.39	0.00	128.39	
Misc. Credit	-128.39	0.00	-128.39	
Late Fee	2.02	0.00	2.02	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,616.00	237.62	2,853.62	
Establish Service	0.00	0.00	0.00	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	3,967.95	360.48	4,328.43	4,328.43
Ending Balance:				-3,507.61
Main : --Meters--	222	-----Usage-----	674,965	
Add'l:	0		0	

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-3,692.96
Payments:				-4,275.57
New Charges & Credits:				
Water	1,180.68	107.46	1,288.14	
Misc. Debit	0.00	0.00	0.00	
Misc. Credit	0.00	0.00	0.00	
Late Fee	3.63	0.00	3.63	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,616.00	237.62	2,853.62	
Establish Service	0.00	0.00	0.00	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	3,800.31	345.08	4,145.39	4,145.39
Ending Balance:				-3,823.14
Main : --Meters--	222	-----Usage-----	590,339	
Add'l:	0		0	

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Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-4,137.71
Payments:				-3,465.07
New Charges & Credits:	1,526.76	138.94	1,665.70	
Water	0.00	0.00	0.00	
Misc. Debit	0.00	0.00	0.00	
Misc. Credit	3.68	0.00	3.68	
Late Fee	0.00	0.00	0.00	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	2,604.00	236.53	2,840.53	
Service Fee	0.00	0.00	0.00	
Establish Service	0.00	0.00	0.00	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
<b>Total Billed:</b>	<b>4,134.44</b>	<b>375.47</b>	<b>4,509.91</b>	<b>4,509.91</b>
Ending Balance:				-3,092.87

--Meters--      -----Usage-----  
Main :            220                    763,380  
Add'l:            0                                    0

*- 37,010 Error - Leach*  
*726,370*

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-3,186.43
Payments:				-2,818.08
New Charges & Credits:	1,262.94	114.93	1,377.87	
Water	0.00	0.00	0.00	
Misc. Debit	-0.02	0.00	-0.02	
Misc. Credit	2.56	0.00	2.56	
Late Fee	0.00	0.00	0.00	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,592.00	235.44	2,827.44	
Establish Service	0.00	0.00	0.00	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
<b>Total Billed:</b>	<b>3,857.48</b>	<b>350.37</b>	<b>4,207.85</b>	<b>4,207.85</b>
Ending Balance:				-1,796.66

--Meters--      -----Usage-----  
Main :            221                    631,470  
Add'l:            0                                    0

*Appendix Page 4*

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-1,971.34
Payments:				-3,566.55
New Charges & Credits:				
Water	1,387.04	126.23	1,513.27	
Misc. Debit	0.00	0.00	0.00	
Misc. Credit	0.00	0.00	0.00	
Late Fee	0.55	0.00	0.55	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,592.00	235.44	2,827.44	
Establish Service	0.00	0.00	0.00	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	3,979.59	361.67	4,341.26	4,341.26
Ending Balance:				-1,196.63

--Meters--      -----Usage-----  
Main :            221                    693,520  
Add'l:            0                                    0

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-1,196.63
Payments:				-3,359.20
New Charges & Credits:				
Water	1,685.74	153.36	1,839.10	
Misc. Debit	23.79	0.00	23.79	
Misc. Credit	-23.79	0.00	-23.79	
Late Fee	2.19	0.00	2.19	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,604.00	236.53	2,840.53	
Establish Service	35.00	3.19	38.19	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	4,326.93	393.08	4,720.01	4,720.01
Ending Balance:				164.18

--Meters--      -----Usage-----  
Main :            221                    842,870  
Add'l:            0                                    0

Repayments: 1,034,869

- 99,999  
- 97,000

Error - Price  
Error - Summary

Remember Date 5

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				164.18
Payments:				-4,797.06
New Charges & Credits:				
Water	1,410.42	128.45	1,538.87	
Misc. Debit	152.00	0.00	152.00	
Misc. Credit	0.00	0.00	0.00	
Late Fec	2.55	0.00	2.55	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	0.00	0.00	0.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,604.00	236.53	2,840.53	
Establish Service	0.00	0.00	0.00	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	4,168.97	364.98	4,533.95	4,533.95
Ending Balance:				-98.93

--Meters--      -----Usage-----  
Main :            221                    705,209  
Add'l:            0                                    0

-10 Correction - Sick Kenkaya

Transaction Type	Amount	Tax	Total	Billed
Starting Balance:				-613.37
Payments:				-4,150.24
New Charges & Credits:				
Water	1,545.11	140.56	1,685.67	
Misc. Debit	40.00	0.00	40.00	
Misc. Credit	0.00	0.00	0.00	
Late Fee	5.24	0.00	5.24	
Bad Debt	0.00	0.00	0.00	
Deposit Refund	0.00	0.00	0.00	
Reconnect Fee	0.00	0.00	0.00	
Meter Deposit	0.00	0.00	0.00	
Other Deposit	0.00	0.00	0.00	
NSF Check Fee	50.00	0.00	50.00	
Clear Bad Debt	0.00	0.00	0.00	
Service Fee	2,640.00	239.80	2,879.80	
Establish Service	175.00	15.95	190.95	
Est. Service After Hours	0.00	0.00	0.00	
Meter Test	0.00	0.00	0.00	
Meter Reread	0.00	0.00	0.00	
Reestablish Service	0.00	0.00	0.00	
Total Billed:	4,455.35	396.31	4,851.66	4,851.66
Ending Balance:				88.05

--Meters--      -----Usage-----  
Main :            224                    728,256  
Add'l:            0                                    0

+ 44,300 Final Bill to Mac Donald

772,556

Appendix Page 6

1:30 PM  
01/19/10  
Cash Basis

**Q MOUNTAIN VISTA**  
**Profit & Loss**  
January through December 2009

	<u>Jan - Dec 09</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>ESTABLISH SERVICE</b>	210.00
<b>faxes</b>	5.50
<b>Water Service</b>	20,292.00
<b>Water Used</b>	<u>32,543.90</u>
<b>Total Income</b>	53,051.40
<b>Expense</b>	
<b>Bank Service Charges</b>	94.50
<b>CONTRACT LABOR</b>	
<b>Meter Reading</b>	2,685.00
<b>Office</b>	267.00
<b>CONTRACT LABOR - Other</b>	<u>560.00</u>
<b>Total CONTRACT LABOR</b>	3,512.00
<b>Equipment Rental</b>	872.44
<b>Insurance</b>	
<b>Liability Insurance</b>	627.00
<b>Workmans Comp</b>	<u>405.50</u>
<b>Total Insurance</b>	1,032.50
<b>Licenses and Permits</b>	114.25
<b>Maintenance and Repair</b>	
<b>holding tanked pumped</b>	25.00
<b>Maintenance and Repair - Other</b>	<u>4,312.38</u>
<b>Total Maintenance and Repair</b>	4,337.38
<b>Miscellaneous</b>	10.00
<b>Office Supplies</b>	676.92
<b>POSTMASTER</b>	752.39
<b>Pre-payment Refund</b>	97.60
<b>Professional Fees</b>	
<b>Accounting</b>	680.00
<b>Legal Fees</b>	
<b>water</b>	16,302.97
<b>Legal Fees - Other</b>	<u>807.00</u>
<b>Total Legal Fees</b>	17,109.97
<b>Total Professional Fees</b>	17,789.97
<b>Program Expense</b>	425.00
<b>REFUND</b>	-42.54
<b>Repairs</b>	
<b>Supplies and Repairs</b>	<u>846.77</u>
<b>Total Repairs</b>	846.77

Appendix Page 7

1:30 PM  
01/19/10  
Cash Basis

**Q MOUNTAIN VISTA**  
**Profit & Loss**  
January through December 2009

	<u>Jan - Dec 09</u>
Returned Checks	
NSF ITEMS	112.94
<b>Total Returned Checks</b>	<b>112.94</b>
Taxes	
Property	2,303.64
Sales	3,485.54
<b>Total Taxes</b>	<b>5,789.18</b>
Telephone	
Cell Phone	210.35
DSL INTERNET	294.00
Telephone - Other	312.37
<b>Total Telephone</b>	<b>816.72</b>
Testing Water	1,990.00
Utilities	
City Water	19,756.33
Electric Office	353.72
<b>Total Utilities</b>	<b>20,110.05</b>
<b>Total Expense</b>	<b>59,338.07</b>
<b>Net Ordinary Income</b>	<b>-6,286.67</b>
<b>Net Income</b>	<b>-6,286.67</b>

*Appendix Page 8*

Q MOUNTAIN VISTA  
Transaction Detail By Account

January through December 2009

Type	Date	Num	Name	Memo	Clr	Split	Original Amount	Paid Amount	Balance
Water Service									
Deposit	1/6/2009	dep	Water	Deposit		HORIZON C...	348.00	348.00	348.00
Deposit	1/8/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	660.00
Deposit	1/16/2009	dep	Water	Deposit		HORIZON C...	300.00	300.00	960.00
Deposit	1/16/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	1,236.00
Deposit	1/16/2009	dep	Water	Deposit		HORIZON C...	348.00	348.00	1,584.00
Deposit	1/22/2009	dep	Water	Deposit		HORIZON C...	204.00	204.00	1,788.00
Deposit	1/29/2009	dep	Water	Deposit		HORIZON C...	228.00	228.00	2,016.00
Deposit	2/3/2009	dep	Water	Deposit		HORIZON C...	252.00	252.00	2,268.00
Deposit	2/3/2009	dep	Water	Deposit		HORIZON C...	228.00	228.00	2,496.00
Deposit	2/10/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	2,772.00
Deposit	2/10/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	3,048.00
Deposit	2/12/2009	dep	Water	Deposit		HORIZON C...	252.00	252.00	3,300.00
Deposit	2/18/2009	dp	Water	Deposit		HORIZON C...	276.00	276.00	3,576.00
Deposit	3/3/2009	dep	Water	Deposit		HORIZON C...	300.00	300.00	3,876.00
Deposit	3/3/2009	dep	Water	Deposit		HORIZON C...	252.00	252.00	4,128.00
Deposit	3/5/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	4,440.00
Deposit	3/5/2009	dep	Water	Deposit		HORIZON C...	264.00	264.00	4,704.00
Deposit	3/10/2009	dep	Water	Deposit		HORIZON C...	300.00	300.00	5,004.00
Deposit	3/12/2009	dep	Water	Deposit		HORIZON C...	132.00	132.00	5,136.00
Deposit	3/12/2009	dep	Water	Deposit		HORIZON C...	264.00	264.00	5,400.00
Deposit	3/19/2009	dep	Water	Deposit		HORIZON C...	216.00	216.00	5,616.00
Deposit	3/26/2009	dep	Water	Deposit		HORIZON C...	84.00	84.00	5,700.00
Deposit	4/2/2009	dep	Water	Deposit		HORIZON C...	144.00	144.00	5,844.00
Deposit	4/2/2009	dep	Water	Deposit		HORIZON C...	216.00	216.00	6,060.00
Deposit	4/8/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	6,372.00
Deposit	4/8/2009	dep	Water	Deposit		HORIZON C...	264.00	264.00	6,636.00
Deposit	4/9/2009	dep	Water	Deposit		HORIZON C...	192.00	192.00	6,828.00
Deposit	4/16/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	7,104.00
Deposit	4/16/2009	dep	Water	Deposit		HORIZON C...	324.00	324.00	7,428.00
Deposit	4/23/2009	dep	Water	Deposit		HORIZON C...	96.00	96.00	7,524.00
Deposit	5/4/2009	dep	Water	Deposit		HORIZON C...	384.00	384.00	7,908.00
Deposit	5/6/2009	dep	Water	Deposit		HORIZON C...	264.00	264.00	8,172.00
Deposit	5/7/2009	dep	Water	Deposit		HORIZON C...	84.00	84.00	8,256.00
Deposit	5/11/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	8,532.00
Deposit	5/11/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	8,808.00
Deposit	5/13/2009	dep	Water	Deposit		HORIZON C...	264.00	264.00	9,072.00
Deposit	5/19/2009	DEP	Water	Deposit		HORIZON C...	264.00	264.00	9,336.00
Deposit	6/3/2009	dep	Water	Deposit		HORIZON C...	300.00	300.00	9,636.00
Deposit	6/4/2009	DEP	Water	Deposit		HORIZON C...	264.00	264.00	9,900.00
Deposit	6/9/2009	dep	Water	Deposit		HORIZON C...	252.00	252.00	10,152.00
Deposit	6/9/2009	dep	Water	Deposit		HORIZON C...	228.00	228.00	10,380.00
Deposit	6/11/2009	dep	Water	Deposit		HORIZON C...	192.00	192.00	10,572.00
Deposit	6/17/2009	dep	Water	Deposit		HORIZON C...	300.00	300.00	10,872.00
Deposit	6/18/2009	dep	Water	Deposit		HORIZON C...	108.00	108.00	10,980.00
Deposit	6/24/2009	dep	Water	Deposit		HORIZON C...	12.00	12.00	10,992.00
Deposit	6/25/2009	dep	Water	Deposit		HORIZON C...	60.00	60.00	11,052.00
Deposit	7/1/2009	dep	Water	Deposit		HORIZON C...	180.00	180.00	11,232.00
Deposit	7/7/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	11,544.00
Deposit	7/15/2009	dep	Water	Deposit		HORIZON C...	228.00	228.00	11,772.00
Deposit	7/16/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	12,048.00
Deposit	7/22/2009	dep	Water	Deposit		HORIZON C...	288.00	288.00	12,336.00
Deposit	7/22/2009	dep	Water	Deposit		HORIZON C...	192.00	192.00	12,528.00
Deposit	7/30/2009	dep	Water	Deposit		HORIZON C...	60.00	60.00	12,588.00
Deposit	8/6/2009	dep	Water	Deposit		HORIZON C...	372.00	372.00	12,960.00
Deposit	8/12/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	13,272.00
Deposit	8/13/2009	dep	Water	Deposit		HORIZON C...	120.00	120.00	13,392.00
Deposit	8/13/2009	dep	Water	Deposit		HORIZON C...	216.00	216.00	13,608.00
Deposit	8/19/2009	dep	Water	Deposit		HORIZON C...	216.00	216.00	13,824.00
Deposit	8/27/2009	DEP	Water	Deposit		HORIZON C...	108.00	108.00	13,932.00
Deposit	9/1/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	14,208.00
Deposit	9/9/2009	dep	Water	Deposit		HORIZON C...	252.00	252.00	14,460.00
Deposit	9/9/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	14,772.00
Deposit	9/9/2009	dep	Water	Deposit		HORIZON C...	228.00	228.00	15,000.00
Deposit	9/22/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	15,276.00
Deposit	9/23/2009	dep	Water	Deposit		HORIZON C...	168.00	168.00	15,444.00
Deposit	10/7/2009	dep	Water	Deposit		HORIZON C...	288.00	288.00	15,732.00
Deposit	10/7/2009	dep	Water	Deposit		HORIZON C...	156.00	156.00	15,888.00
Deposit	10/22/2009	dep	Water	Deposit		HORIZON C...	324.00	324.00	16,212.00
Deposit	10/22/2009	dep	Water	Deposit		HORIZON C...	360.00	360.00	16,572.00
Deposit	10/22/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	16,884.00
Deposit	11/4/2009	dep	Water	Deposit		HORIZON C...	156.00	156.00	17,040.00
Deposit	11/4/2009	dep	Water	Deposit		HORIZON C...	336.00	336.00	17,376.00
Deposit	11/5/2009	dep	Water	Deposit		HORIZON C...	240.00	240.00	17,616.00
Deposit	11/11/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	17,928.00
Deposit	11/19/2009	dp	Water	Deposit		HORIZON C...	288.00	288.00	18,216.00
Deposit	11/19/2009	dep	Water	Deposit		HORIZON C...	312.00	312.00	18,528.00
Deposit	12/3/2009	dep	Water	Deposit		HORIZON C...	276.00	276.00	18,804.00

*Reminded Page 9*

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Cash Basis

Q MOUNTAIN VISTA  
Transaction Detail By Account

January through December 2009

Type	Date	Num	Name	Memo	Clr	Split	Original Amount	Paid Amount	Balance	
Deposit	12/3/2009	dep	Water	Deposit		HORIZON C...	180.00	180.00	18,984.00	
Deposit	12/10/2009	dep	Water	Deposit		HORIZON C...	288.00	288.00	19,272.00	
Deposit	12/10/2009	dep	Water	Deposit		HORIZON C...	324.00	324.00	19,596.00	
Deposit	12/17/2009	dep	Water	Deposit		HORIZON C...	288.00	288.00	19,884.00	
Deposit	12/17/2009	dep	Water	Deposit		HORIZON C...	288.00	288.00	20,172.00	
Deposit	12/23/2009	dep	Water	Deposit		HORIZON C...	120.00	120.00	20,292.00	
Total Water Service									20,292.00	20,292.00
<b>TOTAL</b>									<b>20,292.00</b>	<b>20,292.00</b>

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03/12/10

Cash Basis

Q MOUNTAIN VISTA  
Transaction Detail By Account

January through December 2009

Type	Date	Num	Name	Memo	Clr	Split	Original Amount	Paid Amount	Balance
Water Used									
Deposit	1/6/2009	dep	Water	Deposit		HORIZON C...	400.51	400.51	400.51
Deposit	1/8/2009	dep	Water	Deposit		HORIZON C...	606.22	606.22	1,006.73
Deposit	1/16/2009	dep	Water	Deposit		HORIZON C...	243.14	243.14	1,249.87
Deposit	1/16/2009	dep	Water	Deposit		HORIZON C...	288.52	288.52	1,538.39
Deposit	1/16/2009	dep	Water	Deposit		HORIZON C...	647.42	647.42	2,185.81
Deposit	1/22/2009	dep	Water	Deposit		HORIZON C...	507.00	507.00	2,692.81
Deposit	1/29/2009	dep	Water	Deposit		HORIZON C...	703.23	703.23	3,396.04
Deposit	2/3/2009	dep	Water	Deposit		HORIZON C...	303.92	303.92	3,699.96
Deposit	2/3/2009	dep	Water	Deposit		HORIZON C...	260.82	260.82	3,960.78
Deposit	2/10/2009	dep	Water	Deposit		HORIZON C...	266.07	266.07	4,226.85
Deposit	2/10/2009	dep	Water	Deposit		HORIZON C...	271.29	271.29	4,498.14
Deposit	2/12/2009	dep	Water	Deposit		HORIZON C...	410.66	410.66	4,908.80
Deposit	2/18/2009	dp	Water	Deposit		HORIZON C...	311.97	311.97	5,220.77
Deposit	3/3/2009	dep	Water	Deposit		HORIZON C...	296.99	296.99	5,517.76
Deposit	3/3/2009	dep	Water	Deposit		HORIZON C...	296.30	296.30	5,814.06
Deposit	3/5/2009	dep	Water	Deposit		HORIZON C...	247.18	247.18	6,061.24
Deposit	3/5/2009	dep	Water	Deposit		HORIZON C...	524.15	524.15	6,585.39
Deposit	3/10/2009	dep	Water	Deposit		HORIZON C...	203.05	203.05	6,788.44
Deposit	3/12/2009	dep	Water	Deposit		HORIZON C...	276.42	276.42	7,064.86
Deposit	3/12/2009	dep	Water	Deposit		HORIZON C...	721.28	721.28	7,786.14
Deposit	3/19/2009	dep	Water	Deposit		HORIZON C...	342.73	342.73	8,128.87
Deposit	3/19/2009	dep	Water	Re-deposit ...		HORIZON C...	43.70	43.70	8,172.57
Deposit	3/26/2009	dep	Water	Deposit		HORIZON C...	345.56	345.56	8,518.13
Deposit	4/2/2009	dep	Water	Deposit		HORIZON C...	861.10	861.10	9,379.23
Deposit	4/2/2009	dep	Water	Deposit		HORIZON C...	677.15	677.15	10,056.38
Deposit	4/8/2009	dep	Water	Deposit		HORIZON C...	841.05	841.05	10,897.43
Deposit	4/8/2009	dep	Water	Deposit		HORIZON C...	465.31	465.31	11,362.74
Deposit	4/9/2009	dep	Water	Deposit		HORIZON C...	205.86	205.86	11,568.60
Deposit	4/16/2009	dep	Water	Deposit		HORIZON C...	435.69	435.69	12,004.29
Deposit	4/16/2009	dep	Water	Deposit		HORIZON C...	356.76	356.76	12,361.05
Deposit	4/23/2009	dep	Water	Deposit		HORIZON C...	418.82	418.82	12,779.87
Deposit	5/4/2009	dep	Water	Deposit		HORIZON C...	630.09	630.09	13,409.96
Deposit	5/6/2009	dep	Water	Deposit		HORIZON C...	278.30	278.30	13,688.26
Deposit	5/7/2009	dep	Water	Deposit		HORIZON C...	105.04	105.04	13,793.30
Deposit	5/11/2009	dep	Water	Deposit		HORIZON C...	811.82	811.82	14,605.12
Deposit	5/11/2009	dep	Water	Deposit		HORIZON C...	525.95	525.95	15,131.07
Deposit	5/13/2009	dep	Water	Deposit		HORIZON C...	656.39	656.39	15,787.46
Deposit	5/19/2009	DEP	Water	Deposit		HORIZON C...	529.04	529.04	16,316.50
Deposit	6/3/2009	dep	Water	Deposit		HORIZON C...	575.06	575.06	16,891.56
Deposit	6/4/2009	DEP	Water	Deposit		HORIZON C...	390.48	390.48	17,282.04
Deposit	6/9/2009	dep	Water	Deposit		HORIZON C...	633.15	633.15	17,915.19
Deposit	6/9/2009	dep	Water	Deposit		HORIZON C...	271.56	271.56	18,186.75
Deposit	6/11/2009	dep	Water	Deposit		HORIZON C...	197.33	197.33	18,384.08
Deposit	6/17/2009	dep	Water	Deposit		HORIZON C...	664.01	664.01	19,048.09
Deposit	6/18/2009	dep	Water	Deposit		HORIZON C...	187.27	187.27	19,235.36
Deposit	6/24/2009	dep	Water	Deposit		HORIZON C...	63.00	63.00	19,298.36
Deposit	6/25/2009	dep	Water	Deposit		HORIZON C...	272.99	272.99	19,571.35
Deposit	7/1/2009	dep	Water	Deposit		HORIZON C...	279.55	279.55	19,850.90
Deposit	7/7/2009	dep	Water	Deposit		HORIZON C...	322.75	322.75	20,173.65
Deposit	7/7/2009	dep	Water	Deposit		HORIZON C...	121.62	121.62	20,295.27
Deposit	7/15/2009	dep	Water	Deposit		HORIZON C...	337.73	337.73	20,633.00
Deposit	7/16/2009	dep	Water	Deposit		HORIZON C...	409.52	409.52	21,042.52
Deposit	7/22/2009	dep	Water	Deposit		HORIZON C...	348.27	348.27	21,390.79
Deposit	7/30/2009	dep	Water	Deposit		HORIZON C...	134.63	134.63	21,525.42
Deposit	8/6/2009	dep	Water	Deposit		HORIZON C...	328.57	328.57	21,853.99
Deposit	8/12/2009	dep	Water	Deposit		HORIZON C...	249.85	249.85	22,103.84
Deposit	8/13/2009	dep	Water	Deposit		HORIZON C...	191.53	191.53	22,295.37
Deposit	8/13/2009	dep	Water	Deposit		HORIZON C...	332.89	332.89	22,628.26
Deposit	8/19/2009	dep	Water	Deposit		HORIZON C...	291.60	291.60	22,919.86
Deposit	8/27/2009	DEP	Water	Deposit		HORIZON C...	204.32	204.32	23,124.18
Deposit	9/1/2009	dep	Water	Deposit		HORIZON C...	351.53	351.53	23,475.71
Deposit	9/9/2009	dep	Water	Deposit		HORIZON C...	152.17	152.17	23,627.88
Deposit	9/9/2009	dep	Water	Deposit		HORIZON C...	335.67	335.67	23,963.55
Deposit	9/9/2009	dep	Water	Deposit		HORIZON C...	403.37	403.37	24,366.92
Deposit	9/22/2009	dep	Water	Deposit		HORIZON C...	339.57	339.57	24,706.49
Deposit	9/23/2009	dep	Water	Deposit		HORIZON C...	271.63	271.63	24,978.12
Deposit	10/7/2009	dep	Water	Deposit		HORIZON C...	457.66	457.66	25,435.78
Deposit	10/7/2009	dep	Water	Deposit		HORIZON C...	179.76	179.76	25,615.54
Deposit	10/22/2009	dep	Water	Deposit		HORIZON C...	378.00	378.00	25,993.54
Deposit	10/22/2009	dep	Water	Deposit		HORIZON C...	253.04	253.04	26,246.58
Deposit	10/22/2009	dep	Water	Deposit		HORIZON C...	448.12	448.12	26,694.70
Deposit	11/4/2009	dep	Water	Deposit		HORIZON C...	270.28	270.28	26,964.98
Deposit	11/4/2009	dep	Water	Deposit		HORIZON C...	863.43	863.43	27,828.41
Deposit	11/5/2009	dep	Water	Deposit		HORIZON C...	225.65	225.65	28,054.06
Deposit	11/11/2009	dep	Water	Deposit		HORIZON C...	551.61	551.61	28,605.67
Deposit	11/19/2009	dp	Water	Deposit		HORIZON C...	679.21	679.21	29,284.88
Deposit	11/19/2009	dep	Water	Deposit		HORIZON C...	352.61	352.61	29,637.49

*Account Balance*

Q MOUNTAIN VISTA  
Transaction Detail By Account

January through December 2009

Type	Date	Num	Name	Memo	Clr	Split	Original Amount	Paid Amount	Balance
Deposit	12/3/2009	dep	Water	Deposit		HORIZON C...	1,019.38	1,019.38	30,656.87
Deposit	12/3/2009	dep	Water	Deposit		HORIZON C...	482.12	482.12	31,138.99
Deposit	12/10/2009	dep	Water	Deposit		HORIZON C...	264.77	264.77	31,403.76
Deposit	12/10/2009	dep	Water	Deposit		HORIZON C...	249.07	249.07	31,652.83
Deposit	12/17/2009	dep	Water	Deposit		HORIZON C...	188.96	188.96	31,841.79
Deposit	12/17/2009	dep	Water	Deposit		HORIZON C...	385.95	385.95	32,227.74
Deposit	12/23/2009	dep	Water	Deposit		HORIZON C...	316.16	316.16	32,543.90
Total Water Used								32,543.90	32,543.90
<b>TOTAL</b>								<b>32,543.90</b>	<b>32,543.90</b>

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Water Supply, Construction, Operation  
and Maintenance Agreement

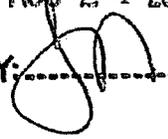
between

The Town of Quartzsite

and

Q Mountain Mobile Home Park

RECEIVED  
AUG 24 2009

BY: 

Contract No.

WATER SUPPLY, CONSTRUCTION,  
OPERATION AND MAINTENANCE AGREEMENT

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WATER SUPPLY, CONSTRUCTION,  
OPERATION AND MAINTENANCE AGREEMENT

1. PARTIES:

The parties to this Agreement (the "Agreement") are the TOWN OF QUARTZSITE, a municipal corporation (hereinafter called "Town"), and Q MOUNTAIN MOBILE HOME PARK, an Arizona non-profit corporation (hereinafter called "Company").

2. RECITALS:

This Agreement is made with reference to the following facts, among others:

- 2.1 Company holds a certificate of convenience and necessity issued by the Arizona Corporation Commission ("Commission") to provide water service to approximately 244 lots in what is commonly referred to as Q Mountain Estates, La Paz County, Arizona;
- 2.2 Until October 2008, Company used its own wells and storage facilities to provide a water supply to customers within its certificated area through a Company owned and operated water distribution system ("Company Water System");
- 2.3 Town owns and operates a water system and provides water service to most of the Town of Quartzite pursuant to Ordinances and policies approved or authorized by the Town's Mayor and Council;
- 2.4 In order to address the emergency situation arising from water quality issues with some of Company's wells by securing an alternative water supply from Town and thereby benefiting Town residents living within Q Mountain Estates, Company, at its sole cost and with Town's consent, constructed and installed extensions of both water systems and installed a six (6) inch meter to measure water delivered to Company by Town, interconnecting the two water systems;
- 2.5 Coincident with interconnecting with the Town's water system and in order to comply with Arizona Department of Environmental Quality ("ADEQ") rules and regulations, Company completely disconnected its wells and storage facilities from Company's distribution system and is now totally dependent upon Town for its water supply, including storage;

- 2.6 In order to address the emergency facing Company, Town is willing to undertake the responsibility of supplying water to meet the water demand of the Company's Water System and performing limited construction, operation and maintenance on Company's water distribution system, subject to the terms and conditions set forth in this Agreement; and
- 2.7 The Town also intends to investigate the feasibility of acquiring and/or assuming full operational responsibility of the Company Water System and believes its experience under this Agreement will help it in making that evaluation.

3. AGREEMENT:

In consideration of the mutual promises and covenants contained herein, including the recitals that are hereby incorporated in the Agreement, the parties agree as follows:

4. EFFECTIVE DATE AND TERM:

This Agreement shall be effective as of the 1<sup>st</sup> day of September, 2009 (the "Effective Date"), shall extend for a term of fifteen (15) years and shall be automatically extended for additional periods of ten (10) years each from each expiration date, unless terminated in accordance with Section 11.

5. OBLIGATIONS OF THE PARTIES:

- 5.1 Under the terms and conditions set forth herein, Company shall retain primary responsibility for:
- 5.1.1 Maintaining and operating Company's water distribution system;
  - 5.1.2 Billing Company customers for water service provided by Company under rates approved by the Commission;
  - 5.1.3 Complying with all regulatory requirements applicable to Company's water distribution system, including without limitation those of the Commission and ADEQ;
  - 5.1.4 Expanding, improving and replacing Company's water distribution system in order to maintain Company's water distribution system in a safe and proper operating condition, consistent with accepted industry practice and custom in the water utility industry in the southwestern region of the United States;

- 5.1.5 Employing staff or contracting with others, including Town under this Agreement, to provide for the performance of the foregoing responsibilities, including a certified operator and performing water testing as required; and
- 5.1.6 Timely payment of all services and costs pursuant to Section 6 hereof.
- 5.2 Under the terms and conditions set forth herein, including its right to bill Company therefore, Town shall be responsible for:
  - 5.2.1 Supplying at the interconnection location (i.e., the Town-owned 6 inch meter) all water required by Company to meet the demand of Company's customers within Company's certificate of convenience and necessity, including any expansions thereof consented to in writing by Town;
  - 5.2.2 If requested by Company, and accepted by Town in Town's discretion, registering the Town's certified operator of record as the certified operator of record for Company and taking water samples (with billing for testing billed directly to Company) and filing reports and advising Company as necessary for Company to comply with the requirements of the ADEQ, excluding water testing performed for Company under the ADEQ's Monitoring Assistance Program ("MAP");
  - 5.2.3 If requested by Company, and accepted by Town in Town's discretion, providing labor and materials in maintaining, replacing, improving and expanding the lines and appurtenances of Company's existing water distribution system within Company's certificated area on either an actual cost basis or on a Fixed-Fee Amount basis as evidenced by the estimate to be provided in accordance with Section 5.2.4. Fixed-Fee Amount projects shall be billed to the Company pursuant to Section 6 without regard to the actual cost of the items specified in Section 6.1.3. Instead, the total Fixed-Fee Amount shall be billed to Company for such project, with no true-up to actual costs; and
  - 5.2.4 Providing Company a detailed estimate of the cost of each job for which it contemplates charging Company under Sections 5.2.3 and securing Company's written authorization prior to commencing the work.

5.3 Under the terms and conditions set forth herein, and in consideration of the monthly charges payable by Company pursuant to Section 6, Town shall also be responsible for:

5.3.1 Maintaining, operating, constructing and reconstructing Town's water supply and distribution system up to and including the water meter at the interconnect location, including all actions a reasonably prudent water utility would take to provide reliable water service to Company and to restore water service to Company if interrupted.

5.4 Town shall be responsible for billing and collecting directly from Town residents residing within Company's certificate of convenience and necessity the Town's Water Capacity Fee imposed by Town on Town residents for the benefits received from the use of the Town's water system to meet the water demands of such Town residents.

5.4.1 Town shall not terminate service to Company or institute collection activities (beyond rebilling) against Company or Company customers in order to collect the Town's Water Capacity Fee or due to the non-payment thereof.

5.4.2 Except as set forth in this subsection, Company shall have no responsibility for the payment of the Town's Capacity Fee, or any similar successor Fee.

5.4.2.1 In the event Town has not acquired Company's Water System within five (5) years from the Effective Date of this Agreement and if at that time 25% or more of the Town's residents located within Company's certificated area are delinquent on Town billings for the Capacity Fee, then Town may request Company and the Company shall within 6 months of receiving the Town's written request file an application with the Commission for approval of rates and charges that will enable Company to pay all delinquent (without penalty or interest) and accruing Capacity Fees. Company shall not be responsible for paying the delinquent (without penalty and interest) and accruing Capacity Fees unless it receives such authorization from the Commission.

5.4.2.2 In no event shall Company be responsible for a Capacity Fee of more than \$750 per lot within Company's certificated area, less any amounts received by Town from Town residents for such lots, payable over 5 years at the rate of \$12.50 per lot commencing with the month following Company receiving authorization from the Commission to assume the obligation and collect rates and charges reflecting the obligation.

5.4.2.3 Town shall maintain a ledger by owner and lot of all Capacity Fees billed and paid by residents within Company's certificated area and shall provide a copy of the ledger to Company monthly in a format acceptable to Company.

5.5 All materials and workmanship provided by Town under this Agreement shall comply with applicable laws, regulations, and codes and be consistent with accepted industry practice and custom in the water utility industry in the southwestern region of the United States.

5.6 In the event easements or rights-of-way are required when Town agrees, at *in* its sole discretion, to extend Company's Water System, Company shall obtain and provide such easements and rights-of-way without cost or expense to Town.

5.7 Town and Company shall cooperatively utilize their respective powers and authorities to facilitate the performance of this Agreement.

6. BILLING AND PAYMENT:

6.1 Town shall endeavor to render bills to Company on or before the fifteenth (15<sup>th</sup>) day of each calendar month for services furnished during the preceding month. In such bills, Town may designate certain items as being estimated due to unavailability of final underlying data, in which event adjustments to the correct amounts, when correct amounts are determined, shall be included in a bill for a subsequent month. Bills shall be calculated as the sum of the following items:

6.1.1 For services provided under Section 5.2.1:

6.1.1.1 A Monthly Base Rate of:

6.1.1.1.1 For the first five (5) years of this Agreement:

\$1,436.50 per month.

6.1.1.1.2 Following the initial five (5) years of this Agreement:

Town's Monthly Base Rate for a 6 inch water meter, as established by Town pursuant to A.R.S. §9-511.01 unless the Town and Company agree in writing that a different negotiated Monthly Base Rate shall apply.

6.1.1.2 A Monthly Commodity Charge for the actual water delivered to Company as measured at the interconnection meter:

6.1.1.2.1 For the first five (5) years of this Agreement:

the first 15,000 gallons - \$1.40 per 1,000 gallons

Above 15,000 gallons - \$1.30 per 1,000 gallons

6.1.1.2.2 Following the initial five (5) years of this Agreement:

The Commodity Charge for service to 6 inch water meters as established by Town pursuant to A.R.S. §9-511.01, unless Town and Company agree in writing that a different negotiated Commodity Charge shall apply.

6.1.2 For services, if any, provided pursuant to Section 5.2.2:

6.1.2.1 A monthly fee for providing a certified operator for Company:

6.1.2.1.1 For the first five (5) years of this Agreement:

\$100

6.1.2.1.2 Following the initial five (5) years of this Agreement:

An amount determined by Town after public notice and hearing, not to exceed an increase of 10% per year following the last adjustment in the monthly rate.

6.1.2.2 The actual cost of water quality test performed or secured by Town on behalf of Company as certified operator for Company.

6.1.2.3 Any other fees or charges paid by Town on behalf of Company as certified operator for Company

6.1.3 For services, if any, provided pursuant to Section 5.2.3:

- 6.1.3.1 Cost of material to Town delivered to the place of installation, which cost shall include purchasing, stores expense, cost of delivery, and applicable loadings;
  - 6.1.3.2 Labor costs, which shall include State worker's compensation, insurance, Federal and State unemployment benefits, and any other costs occasioned by State or Federal laws or regulations, and board and lodging of Town's employees, if any while on Town business, and applicable loadings;
  - 6.1.3.3 Transportation and Equipment usage, which shall be charged on the same basis as Town charges for its own work, including applicable loadings; and
  - 6.1.3.4 Telephone, telegrams, or other expenses made exclusively for the benefit of Company.
- 6.1.4 As used in Section 6.1.3, "Loadings" shall include those standard loadings as the Town charges for its own work, including but not limited to benefits, allowed time, engineering and supervision, administrative and general and those direct loadings referenced elsewhere in this Agreement.
- 6.2 Payment by Company shall be due and payable when rendered and shall be delinquent 25 days after the date of billing. Payment shall be mailed, or may be paid in person, to Town's main office in Quartzsite, Arizona, or at such other offices as Town may from time to time designate. In the event any such billing becomes delinquent, Town may assess a delinquent collection charge as established by Town pursuant to A.R.S. §9-511.01.
- 6.3 In the event any portion of any bill is disputed, the disputed amount shall be paid under protest when due. If the protested portion of the payment is found to be incorrect, Town shall refund to Company any overpayment, including interest at the rate of 1% compounded monthly from the date of payment by Company to the date the refund check is mailed by Town.
- 6.4 In the event Company fails to pay a delinquent bill for water under this Section 6.1, Company's water service may be disconnected after being given notice and

opportunity for hearing and a delinquent turnoff fee charged as permitted in the Town Code.

7. REIMBURSEMENT FOR OVERSIZING: Town required Company to install an oversized 680 feet of 12 inch water line, a back flow device, valves and appurtenant facilities at a cost of \$72,301.50 in order to interconnect with Town's water distribution system. In the event additional properties are connected to Town's system utilizing the 680 feet of 12 inch water line, Town agrees to reimburse Company \$53.16 for every linear foot of pipe added, up to a maximum of \$36,150.00.
8. INDEMNITY; INSURANCE:
  - 8.1 Company shall indemnify and save harmless Town, its agents, representatives, and employees, from any and all claims, demands, suits, actions, proceedings, loss, costs, and damages of every kind and description, including any attorneys' fees and/or litigation expenses, which may be brought or made against Town or incurred by Town on account of injuries or damages to persons (other than Town's employees) or property, which may occur related to Company's water distribution system, by reason of, or arising out of any act or omission by Company, its employees, agents, or representatives, or arising out of Workmen's Compensation Claims, Unemployment Compensation Claims, or Unemployment Disability Compensation Claims of employees of Company or out of claims under similar such laws, except where such liability arises out of the negligence of Town.
  - 8.2 Town shall indemnify and save harmless Company, its agents, representatives, and employees, from any and all claims, demands, suits, actions, proceedings, loss, costs, and damages of every kind and description, including any attorney's fees and/or litigation expenses, which may be brought or made against Company or incurred by Company on account of injuries or damages to persons or property by reason of, or arising out of, any act or omission by Town, its employees, agents or representatives, while working on Company's or Town's distribution system, or arising out of Workmen's Compensation Claims, Unemployment Compensation Claims, or Unemployment Disability Compensation Claims of employees of Town or out of claims under similar such laws, except where such liability arises out of the negligence of Company.

8.3 Each party shall provide and maintain insurance coverages, using forms and insurers reasonably acceptable to the other party for: (a) Commercial General Liability; (b) Automobile Liability (c) Workers' Compensation to statutory limits; and (d) Employer's Liability.

9. LAWS AND REGULATIONS: All work performed hereunder shall be consistent with accepted industry practice and customs in the water utility industry in the southwestern region of the United States and any applicable governmental standards. Both parties shall conduct the performance of their obligations in accordance with all applicable laws and regulations of regulatory authorities having jurisdiction over this Agreement, its subject matter, and the parties' performance of their respective obligations.

10. UNCONTROLLABLE FORCES:

Town shall prosecute the work contemplated hereunder with reasonable dispatch, but shall not be liable for delays or failure to perform under this Agreement occasioned by the inability of suppliers to furnish materials to Town, or by reason of conditions beyond Town's control, including, but not limited to, the following: acts of God, acts of federal, state, or local government, or any agency thereof, compliance with applicable laws, regulations, rules, or orders of any government authority, the enactment, application, or enforcement of any law or regulations which unreasonably restricts the ability to perform the work, strikes, disputes, or labor shortages, energy conditions, or equipment failure.

11. TERMINATION:

11.1 This Agreement may be terminated by either party by:

11.1.1 Notifying the other party in writing at least six (6) months prior to the expiration date of this Agreement or any extension thereof that the Agreement will not be extended, or

11.1.2 By giving the other party at least five (5) year's written notice of its intent to terminate the Agreement.

11.2 In the event of/for by reason of the acquisition of Company's water distribution system by Town Company shall cease to distribute water within its certificated area as a public utility, this Agreement shall cease to be of any force and effect from and after the date when Company ceases to distribute water within Town as a public utility.

11.3 Town may cancel this contract as permitted under A.R.S. § 38-511. The parties expressly acknowledge that Councilman Robert Kelley was significantly involved in initiating, negotiating, securing, drafting or creating this Agreement, and agree that in so doing he was acting on behalf of Company, as a nonsalaried officer of Company which is an Arizona nonprofit corporation and not on behalf of the Town.

12. NOTICE:

All notices provided for in this Agreement shall be mailed or delivered to:

COMPANY:           President  
                          Q MOUNTAIN MOBILE HOME PARK  
                          P.O. BOX 4930  
                          Quartzsite, AZ 85359

TOWN:                Town Clerk  
                          TOWN OF QUARTZSITE  
                          P.O. Box 2812  
                          465 N. Plymouth Ave.  
                          Quartzsite, AZ 85346

Either party may alter the person or address for notice to them by providing written notice of the change to the other party. Notice shall be deemed received upon receipt or upon the fifth (5<sup>th</sup>) business day following deposit stamped and addressed with the United States postal service or an equivalent private carrier. Faxes and facsimiles are acceptable means of providing notice.

13. ASSIGNMENT:

This Agreement shall be binding on, and shall inure for the benefit of the successors and assigns of the Parties, but no assignment shall be binding upon the non-assigning party until approved in writing by an authorized representative. Such approval shall not be unreasonably withheld.

14. GOVERNING LAW:

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Arizona.

15. EFFECT OF THIS AGREEMENT:

If any term of this Agreement directly conflicts with the terms of a Town regulation or ordinance and cannot be reconciled therewith, the terms of this Agreement shall govern.

16. AMENDMENT:

This Agreement represents the entire agreement and understanding of the parties in respect to the subject matter addressed herein. There are no other understandings other than those set forth herein. This Agreement may be amended by the parties, but no amendment shall be binding unless it is reduced to writing and signed by authorized representatives of the parties.

17. DISPUTE RESOLUTION:

Any dispute arising under this Agreement shall be resolved in the manner stated in this Section 17. The party initiating the dispute shall submit a written statement to the other party, stating in detail the basis for the dispute. Thereafter, the parties shall meet to address the matter in dispute within five (5) working days after receipt of the abovementioned written statement. Present at the meeting and throughout the dispute resolution process shall be an authorized representative of each party that can agree to settlement of the dispute without resort to higher authority. If the dispute is not resolved within thirty (30) days after the first meeting – or such extended period as to which the parties may otherwise mutually agree in writing, then either party shall be free to resort to such other means of dispute resolution as is then available to it.

[INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed to be effective as of the day and year first above written.

TOWN OF QUARTZSITE

By Walt Kuntz  
Mayor

ATTEST:

Maureen P. Rorick  
Town Clerk

APPROVED AS TO FORM:

Frank J. Walsh  
Town Attorneys

Q MOUNTAIN MOBILE HOME PARK

By Robert Burns  
Vice-President

ATTEST:

Pamela B. Winslow  
Secretary

1890/agreements/Water Supply\_O\_M Agreement w Quartzsite (execution) 082109