

ORIGINAL



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ROSHKA HEYMAN & DEWULF

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AZ CORP COMMISSION
DOCUMENT CONTROL

August 8, 2005

Arizona Corporation Commission

DOCKETED

AUG 08 2005

DOCKETED BY

Hand-Delivered

Ms. Blessing Chukwu
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: Palo Verde Utilities' Company, L.L.C./Santa Cruz Water Company, L.L.C.
Docket Nos. ~~SW-03575A-05-0470~~/Docket No. W-03576A-05-0470

Dear Ms. Chukwu:

Enclosed is the information that you requested in your July 29, 2005 letter to Palo Verde Utilities Company, L.L.C. and Santa Cruz Water Company, L.L.C. in the above-captioned dockets. We are providing specific responses to the individual requests along with supporting attachments. Many of the attachments are oversized or voluminous so we are not filing the attachments with Docket Control. The attachments enclosed in connection with the specific responses are:

- Exhibit A: 13 month water usage data
- Exhibit B: Engineering Drawings
- Exhibit C: ADEQ Certificate of Approval to Construct Drinking Water Well Facilities
- Exhibit D: CAWS allocations
- Exhibit E: Wastewater disposal report related to the flows for Palo Verde for the last 12 months.
- Exhibit F: Engineering drawings to show how the two wastewater systems will be interconnected.
- Exhibit G: ADEQ support of necessary Section 208 Plan Amendments

ROSHKA HEYMAN & DEWULF

Ms. Blessing Chukwu
August 8, 2005
Page 2

Exhibit H: City of Maricopa's support letter for the assumption of 387 DWID and 387 WWID responsibilities by Global Water Resources

Please contact me if you have any questions.

Sincerely,



Michael W. Patten

MWP:mi

Enclosures

cc: Dorothy Hains, Utilities Division (with all enclosures)

Original and 15 copies
(without voluminous/oversized
enclosures) filed this 8th day of August, 2005
with Docket Control

Response to Engineering Insufficiency Items

1. **Please provide the last 13 month water usage data from Santa Cruz Water system. (Please use the attached water usage data form.)**

Response:

Please See Exhibit A.

2. **Please provide the last 13 month water usage data from 387 Improvement District system. (Please use the attached water usage data form.)**

Response:

The 387 Domestic Water Improvement District ("387 DWID") was employing the Maricopa Meadows Well for the supply of potable water to approximately 9 residences at the time that the well tested above the MCL for nitrate. On 27 April 2005, the Maricopa Meadows Well was isolated from the system and the residences were supplied with bottled water pending an interconnect between the Santa Cruz Water Company ("SCWC") and 387 DWID infrastructures. On 2 May 2005, the interconnect had been installed, tested, flushed and proven and the water supply restored. The total volume of water used in this activity is estimated at 5,700,000 gallons.

As the provision of water from the 387 DWID was protracted (service began in April 2005) and was only serving water to 9 residences the availability of flow data is sparse. It is suspected that the amount of water served by 387 DWID from a potable standpoint was *de minimus* during the brief period it was in operation.

All water supplied by SCWC to 387 DWID customers has been included in Exhibit A.

3. **Please provide a set of engineering drawings to show how the two systems will be connected.**

Response:

Please see Exhibit B. The systems were interconnected during the period of 27 April to 2 May 2005 as a result of the high nitrate level detected in the 387 DWID Maricopa Meadows Well in April. Additional interconnects will be established as noted on the map in Exhibit B.

4. **Please provide water quality data for the 387 Improvement District system well(s).**

Response:

SCWC has no intention of employing the 387 DWID wells in the potable inventory. These wells (Maricopa Groves and Maricopa Meadows) are shallow wells, and both exceed the maximum contaminant level for nitrate (10 mg/L). These wells will continue to provide raw water for construction and irrigation purposes.

5. **Please provide the arsenic levels in 387 Improvement District system well(s)?**

Response:

Please see response to question 4. Although the arsenic levels are below the new MCL for arsenic (10 µg/L), the nitrate levels exceed the current MCL (10 mg/L). SCWC feels these wells are not suited for use in the potable inventory of the utility, but will be used as a source of raw water for construction and irrigation purposes.

6. **Please provide the expected growth rate for the next five years in the 387 Improvement District.**

Response:

SCWC expects that after a brief surge of activity clearing the backlog of permits and applications associated with the failure of the 387 DWID to supply service, the growth rate will settle to approximately 100 units per month. As of May 2005, the 387 DWID had 68 dwelling units active on the system.

7. **Please provide a copy of the Arizona Department of Water Resources ("ADWR") Designation of Assured Water Supply or Certificate of Assured Water Supply for the 387 Improvement District area requested. If none of these are available, please provide a copy of the ADWR's Physical Availability Determination. If a determination of Assured Water Supply has not been obtained from ADWR, please inform Utilities Division staff ("Staff") of the status of the application for that determination.**

Response:

Global Water Resources has had numerous positive discussions and meetings with ADWR staff members with respect to the status of assured water supplies in

the combined SCWC/387 DWID service areas, and the transition of Certificates of Assured Water Supply (“CAWS”) to SCWC’s Designation of Assured Water Supply (“DAWS”).

The 387 DWID assured water supply strategy was based on each developer seeking and obtaining a CAWS from ADWR. As shown in the table below, many of the developments have applied for these CAWS which until the acquisition of the assets of Sonoran Utility Services were being processed by ADWR.

ADWR File Number	Subdivision Name	Application Received By ADWR	Status
27-401014.0000	Maricopa Meadows	07/18/2003	Issued
27-401126.0000	Alterra	10/24/2003	Issued
27-401143.0000	Palo Brea	11/14/2003	Issued
27-401158.0000	Desert Cedars	12/05/2003	Issued
27-401159.0000	Senita Unit 1 and Unit 2	12/05/2003	Issued
27-401185.0000	Smith Farms	12/17/2003	Issued
27-401243.0000	Tortosa	02/11/2004	Issued
27-401309.0000	Maricopa Meadows	03/29/2004	Issued
27-401529.0000	Tortosa - NW	09/29/2004	Pending
27-401589.0000	Alterra North, Lots 103-222 and Alterra South, Lots 386-487	12/01/2004	Issued
27-401591.0000	Maricopa Meadows - Parcel 10 Lots 1-90	12/02/2004	Pending
27-401646.0000	Senita Unit 3	02/22/2005	Pending
27-401657.0000	Alterra South, Lots 1-86, 552-614 & 632-678	03/01/2005	Pending
27-401658.0000	Alterra South, Lots 87-378	03/01/2005	Pending
28-401673.0000	Smith Farms	03/18/2005	Pending

Since the acquisition, ADWR has been working with SCWC to determine the mechanism by which these issued and pending certificates can be subsumed by SCWC’s DAWS. The physical extension of the DAWS is constrained by the “service area” allocated to the provider, and as a result will require formal assent of the CC&N extension to take effect.

At present, SCWC’s DAWS is undergoing amendment to include the properties of the Eastern Expansion Area (Decision 67830, 3 May 2005) which has included the increase of the Physical Availability Demonstration (PAD) from 9,305 ac-ft/year to 20,768 ac-ft/year, with a current, committed and projected demand of 11,236 ac-ft/year. This projected demand includes the 387 DWID commitments. This DAWS amendment completed its public notice period on 26 July 2005 and ADWR is presently preparing the recommended opinion and order.

SCWC expects that its DAWS under amendment as a result of the Eastern Expansion Area (Decision 67830) will be completed by the end of the summer 2005.

- 8. Please provide a copy of the Arizona Department of Environmental Quality's Approval to Construct the water facilities to serve the proposed 387 Improvement District extension area. If the Approval to Construct has not been issued, please inform staff of the application for the Approval to Construct.**

The emergency interconnect between the SCWC infrastructure and the 387 DWID infrastructure occurred as a result of the 387 DWID Maricopa Meadows Well testing above the MCL for nitrate. Immediately on learning that the well was producing water that exceeded the MCL, Global Water initiated a confirmation sequence, coupled with the isolation of the well from service. A subsequent public notice was issued, and the nine residential customers at the time were provided bottled water.

The interconnect, which had been contemplated during the acquisition process, was advanced and installed on 28/29 April 2005. The 387 DWID system was then flushed and tested prior to the water service being returned to normal. The reactivation was completed on 2 May 2005. As the Maricopa Meadows Well has failed to produce water meeting the nitrate MCL (despite rehabilitation efforts aimed at sealing the upper aquifer) SCWC has been serving water to the 387 DWID via this interconnect.

ADEQ staff, including John Calkins who oversaw the compliance reporting activities, and Kwame Agyare who oversaw the engineering aspects, were intimately involved in the execution of this emergency interconnect. Global Water staff met with the Director of Water Quality (Joan Card) several times to brief her on the situation, and to establish that the formal Approval of Construction process would be filed for this interconnect once the as-builts were prepared. SCWC is currently preparing this submission for ADEQ.

SCWC has received an Approval to Construct for the Neely West Blending Plan and Rehabilitation (see Exhibit C).

As mentioned in the original application, SCWC can service the build-out capacity requirements of the 387 DWID with wells identified under the service requirements for the Eastern Expansion: Smith, Vance, Neely West, Neely North, Neely East, Rancho Mirage, and Glennwilde. The new source approval for the Neely North Well has been submitted to ADEQ. On completion of some deepening activities for the Neely East Well, that new source application will also be made.

As part of the eastern expansion areas (Decision 67830) SCWC has entered into a design-build contract with Archer-Western to deploy a new water treatment plant

site in the Rancho Mirage Development. This facility is expected to be operational by 31 July 2006. The two sites (Smith-Enke and Rancho Mirage), plus the existing two 500,000 gallon storage tanks located in the 387 DWID service area will provide enough storage and distribution system capacity to meet the needs of the entire current and proposed service areas.

9. **Please provide any other information which will allow the Commission to analyze and conclude that Santa Cruz has sufficient water production capacity. Or can develop enough drinking water capacity to service the existing and future demands from the proposed 387 Improvement District extension area.**

Response:

A review of the available groundwater allowances and the current and projected demands for SCWC shows that there are enough rights extant today to serve the 387 DWID properties:

Santa Cruz Water Company including issued and pending 387 CAWS/AAWS	
Item	Acre-Feet/Year
Physically available proven	20,768.00
Demand	
Current and committed Demand	8,041.00
Projected demand (2 years projected)	3,195.00
Total current, committed, projected	11,236.00
Allowance	
Current Extinguishment credits	932.00
387 extinguishment credits	992.32
Total Existing Extinguishment Credits	1,924.32
Pending extinguishment credits	1,478.20
Total Available Extinguishment Credits	3,402.52
Current groundwater allowance balance with rollover	7,970.36
Total Groundwater Withdrawal Allowance	11,372.88
Excess Allowance	136.88

As shown in the above table, SCWC maintains an excess groundwater allowance of 136.88 ac-ft/yr.

Extinguishment credits are generated when a grandfathered groundwater right is extinguished. The extinguished right can never be used again; however, the credits generated can be pledged to a Certificate of Assured Water Supply or Designation of Assured Water Supply to help meet the consistency with

management goal requirement. This criterion must be met in order to obtain the Certificate or Designation of Assured Water Supply. Essentially, the credits offset groundwater use by provider.

SCWC is also working with ADWR to ensure that any CAWS allocations and existing extinguishment credits available will be transferred to SCWC's DAWS on extension of the DAWS. This is a new process for ADWR; however, the Director and her staff are committed to ensuring the process will succeed (see Exhibit D). In short, ADWR has committed to allowing the processing of CAWS applications for existing developments, and holding in abeyance the extinguishment of irrigation grandfathered rights ("IGR") pending the expansion of the SCWC DAWS service area.

In addition, SCWC has eliminated any further pledging of extinguishment credits to the CAGR (a process used by CAWS holders to reduce the replenishment obligation on landowners.) Under a DAWS, the replenishment obligation will be dormant.

SCWC requires that all developers transfer ownership of IGRs to the water utility as a condition of service. As a result, the SCWC water rights account increases with each serviced development. In addition, as a service provider, SCWC is entitled to pump ground water up to the Pinal AMA management goal (125 gallons per capita per day). The management goal establishes limits on the withdrawal of groundwater in order to preserve the finite quantity of water and to allow for sustainable municipal and industrial uses.

10. Please provide a copy of the wastewater disposal report related to the flows for Palo Verde for the last 12 months.

Response:

Please see Exhibit E.

11. Please provide a copy of the wastewater disposal report related to the flows for the 387 Improvement District for the last 12 months.

Response:

387 WWID has no history of flows. No wastewater flows has been treated by 387 WWID infrastructure.

All wastewater is presently being pumped and hauled to the PVUC infrastructure for treatment and disposal.

- 12. Please provide a set of engineering drawings to show how the two wastewater systems will be interconnected.**

Response:

Please see Exhibit F.

- 13. Please provide a copy of the approved Central Arizona Association of Governments ("CAAG") Section 208 Plan which includes the proposed 387 Improvement District extension area. If the Section 208 Plan has not been issued, please inform staff of the status of the application for the Section 208 Plan.**

Response:

PVUC and 387 Wastewater Improvement District ("387 WWID") each have valid approved amendments to delineate their respective 208 Water Quality Management Plan service areas. As a result of the acquisition of the assets of Sonoran Utility Services, an opportunity exists to consolidate the Section 208 plan amendments to more accurately reflect the current situation and the planned infrastructure to meet the future requirements. In discussions with CAAG and ADEQ, their preference is to submit a consolidated amendment. PVUC expects this amendment to be submitted in August for possible assent in December 2005, subject to the CAAG committee availability.

ADEQ is fully supportive of the application and has committed to assisting in the consolidation of the Section 208 Plan Amendments (see Exhibit G).

14. Please provide a copy of the construction schedule.

Response:

Projects	Est. Comp. Date
Palo Verde Utilities Company:	
WRF Upgrade from 1.0 MGD to 3.0 MGD	31 Dec 05
Influent Lift Station ¹ (1.0 to 9.0 MGD)	31 Dec 05
Santa Cruz Water Company:	
WTP Upgrade (Smith-Enke)	30 Nov 05
Rancho Mirage WTP	31 Jul 06
Neely West Well Rehabilitation	30 Sep 05
Neely East Well Deepening & Rehab	31 Dec 05
Neely North Well Rehabilitation	30 Nov 05

15. Please provide a copy of the City of Maricopa franchise agreement that includes the proposed 387 Improvement District extension area. If the proposed extension area is outside the corporate city limits of the City of Maricopa, please provide a copy of the Pinal County franchise agreement that includes the proposed extension area. If the franchise agreement(s) has not been issued, please inform Staff of the status of the application for the franchise agreement.

Response:

The proposed service area extension is wholly within the jurisdictional boundary of the City of Maricopa. On completion of the CC&N extension process, a franchise agreement, or other documentation necessary to ensure that service, operations and maintenance may be conducted within City rights of way, easements, etc. Moreover, Maricopa is relatively recently incorporated as a city and is in the process of developing its franchise process.

A letter of full support for the assumption of 387 DWID and 387 WWID responsibilities by Global Water Resources is included as Exhibit H.

¹ The new Influent Lift Station will be located on the PVUC plant site and will allow for the pumping of flows from the collection system to the treatment plant. This facility will replace the existing lift station on the PVUC site.

16. During the July 7th field trip, Palo Verde/Santa Cruz indicated the 387 Improvement District owns a 0.99 MGD wastewater treatment plant that has never been used since it was constructed. The Utilities indicated that the treatment plant will be converted to a surface e water treatment plant for treating CAP water. Please provide the following:

-
- **A copy of engineering design and calculation report for this proposal;**
- **A copy of engineering drawings related to this modification;**
- **The estimated cost of this modification;**
- **The Utilities' plan on the disposal of the wastes (such as sludge, backwash water) from the filter when the modification project is completed;**
- **The proposed construction schedule;**
- **Does the Company plan to file some kind financing application to cover this project's expense in the near future?**
- **Does Santa Cruz have a CAP service agreement?**
- **How much water Santa Cruz is granted to receive from the CAP monthly?**

Response:

The concept of converting the existing 387 WWID water reclamation facility into a surface water treatment facility is part of SCWC long-range planning and is in the very early stages of development. As such, there exist no design drawings or engineering estimates of the costs associated with the conversion. SCWC is in the process of negotiating the acquisition of CAP allocations sufficient to employ surface water as a means to diversify supply in the Maricopa area. This initiative is being advanced with discussion with several entities, including design firms, Maricopa Stanfield Irrigation and Drainage District, water allocation holders, developers etc.

EXHIBIT "A"

WATER USE DATA SHEET

NAME OF COMPANY →	Santa Cruz Water Company
ADEQ Public Water System No. →	11-131

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD ^{1,2} (Thousands)	GALLONS PUMPED ^{2,3,4} (Thousands)	GALLONS PURCHASED
June 04	2710	50,195	91,125	0
July 04	2889	39,899	95,270	0
August 04	3189	170,854	99,808	0
September 04	3365	138,305	77,906	0
October 04	3585	37,256	58,660	0
November 04	3866	79,916	41,228	0
December 04	4105	29,619	33,976	0
January 05	4304	23,419	26,317	0
February 05	4600	25,410	23,642	0
March 05	4867	30,213	43,824	0
April 05 ⁵	5150	69,216	76,273	0
May 05	5465	104,023	99,173	0
June 05	5879	105,329	114,904	0

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
1,500,000 (SCWC)	2	55-612737 (Smith)	1100
500,000 (387 DWID)	2	55-617336 (Vance)	2000
		55-621407 (Neely West)	1980
		55-621408 (Neely North)	2000
		55-621406 (Neely East)	2000
		55-624037 (Glennwilde #1)	1380
		55-509941 (Rancho Mirage)	2800
		Irrigation Wells	
		55-621410 (Porter)	1000
		55-801069 (Cobblestone)	1350

Other Water Sources in Gallons per Minute →	NONE	GPM
Fire Hydrants on System →	Yes	<i>No</i>
Total Water Pumped Last 13 Months (Gallons in Thousands) →	882,106	

¹ Period = mid-month to mid-month

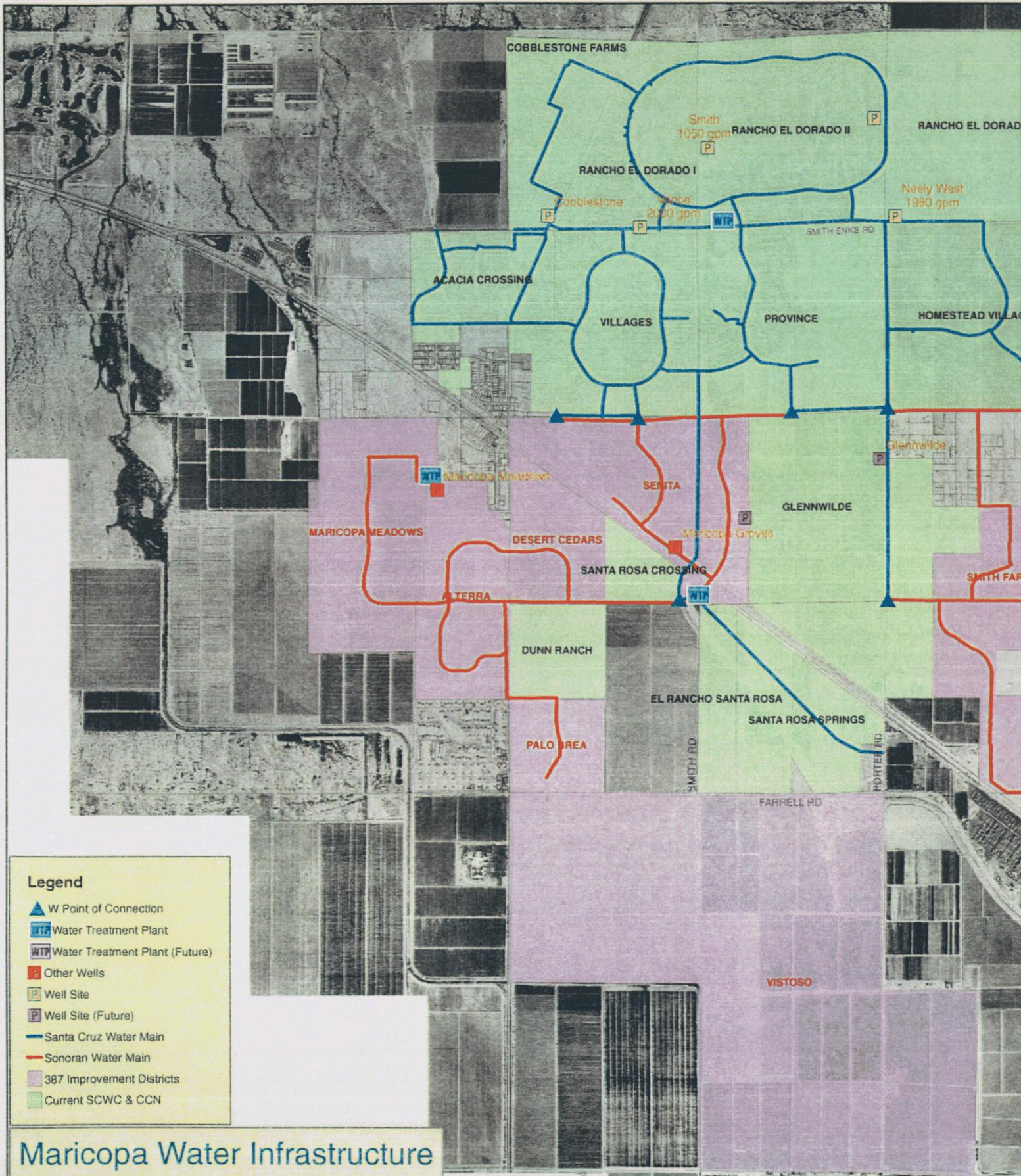
² Does not include water pumped from Maricopa Meadows Irrigation Well or Maricopa Groves Irrigation Well.

³ Includes residential, builder, commercial, HOA/Irrigation, Golf Course. Does not include water pumped for testing purposes to irrigation ditches.

⁴ Period = first to end month

⁵ As of 27 April 2005, SCWC was serving water to the 387 DWID. Initial fill and flush (for nitrate removal) estimated at 5.7 MGal.

EXHIBIT "B"

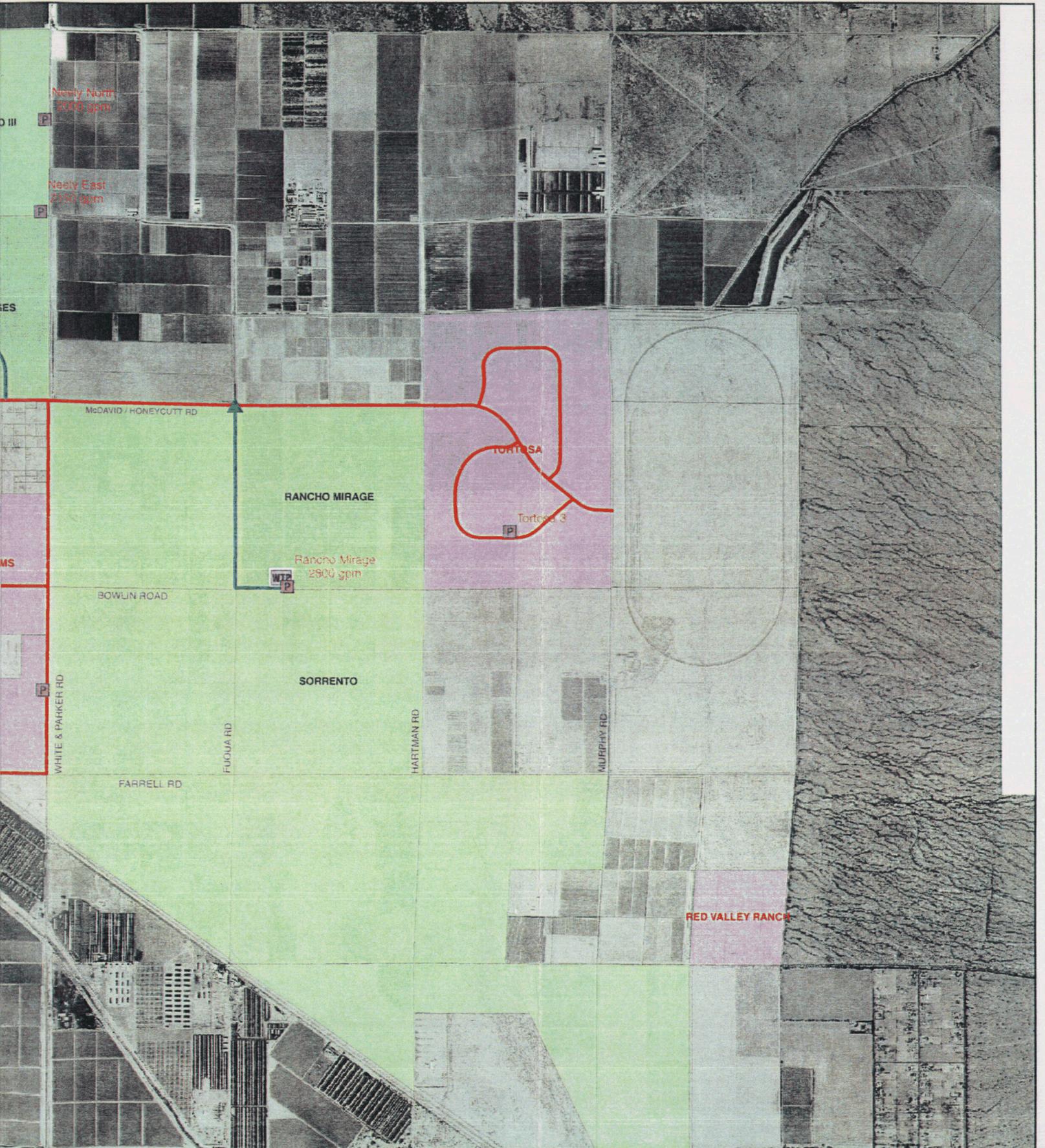


Legend

- W Point of Connection
- Water Treatment Plant
- Water Treatment Plant (Future)
- Other Wells
- Well Site
- Well Site (Future)
- Santa Cruz Water Main
- Sonoran Water Main
- 387 Improvement Districts
- Current SCWC & CCN

Maricopa Water Infrastructure

SYSTEM

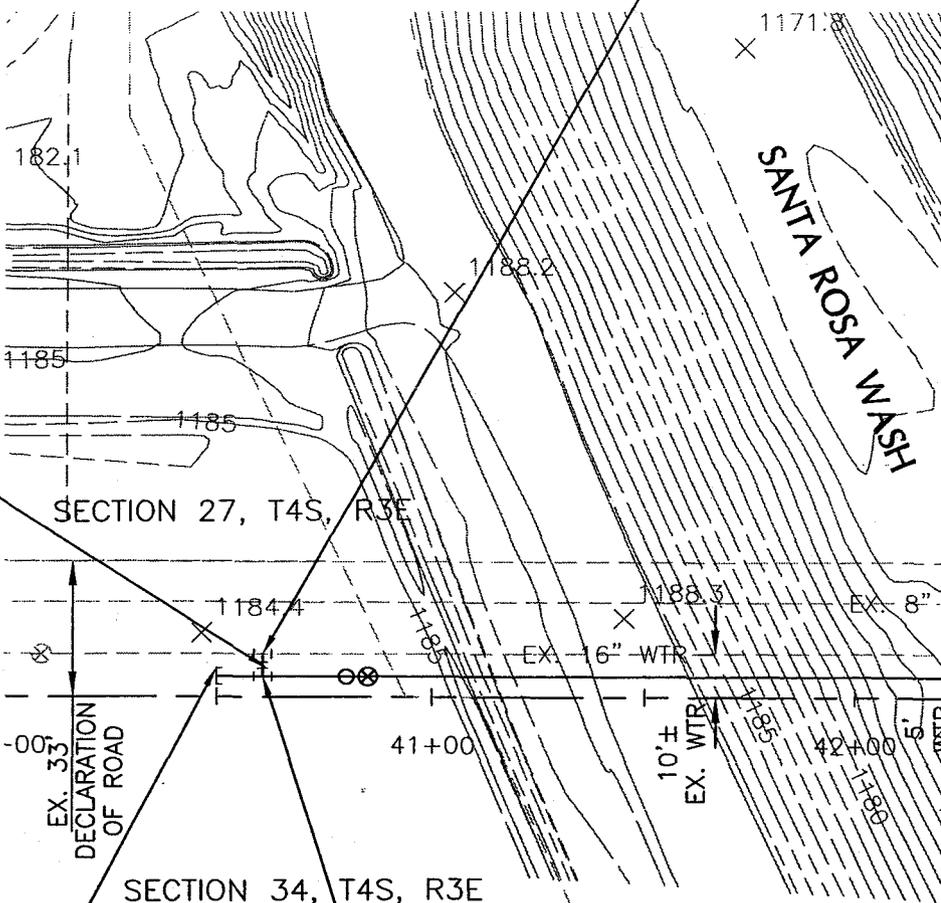


PROPOSED
SANTA ROSA
CROSSING

INSTALL 16" X
WITH RESTRAINTS

6 LF OF 16" D.I.P.

BOWLIN ROAD



SECTION 27, T4S, R3E

SECTION 34, T4S, R3E

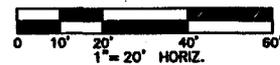
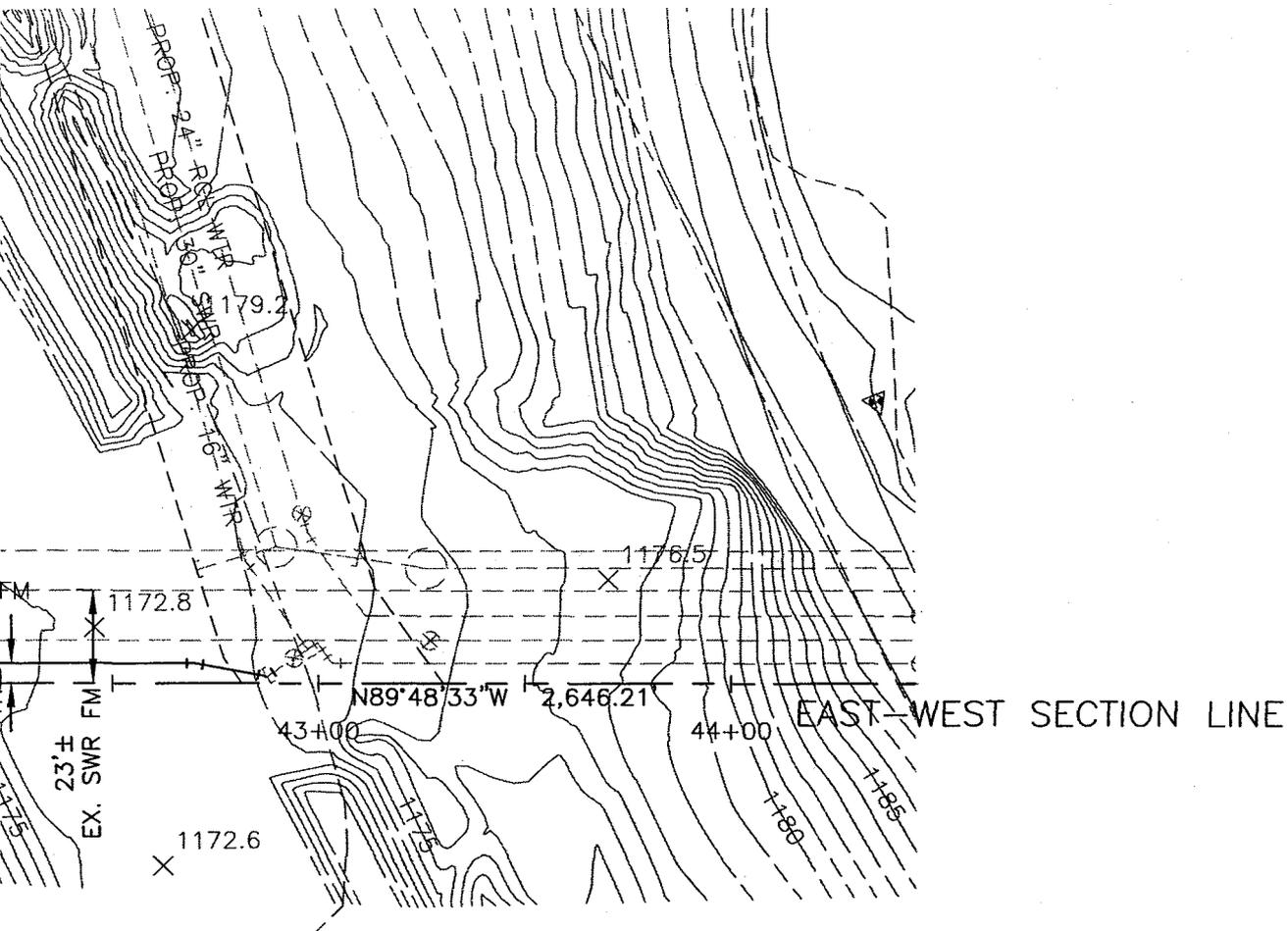
STATE LAND

INSTALL 16" PLUG WITH
2" BLOW-OFF

INSTALL 16" X 16" TEE
WITH RESTRAINTS

XREF: BowlinRdSWRmstr, C494X190, C494X510, C494X610, overall

16" TEE
5



JMI & ASSOCIATES
CONSULTING CIVIL ENGINEERS
4151 NORTH MARSHALL WAY SUITE 12 SCOTTSDALE, AZ 85251 480.945.1400

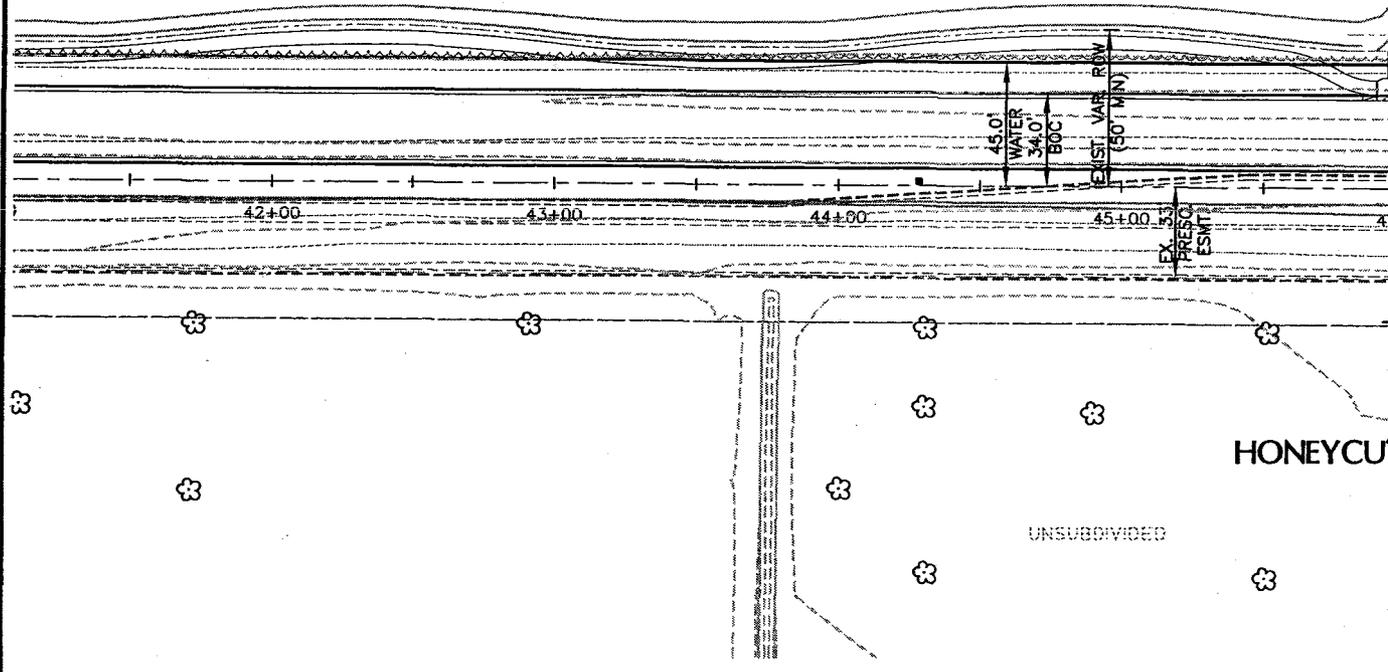
 The leading edge makes you dig.
CALL FOR THE BLUE STAKES
602-263-1100
1-800-STAKE-IT
OUTSIDE MARICOPA COUNTY

DSN:
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DATE: 05/24/05
SCALE
HORZ: 1"=40'
VERT:

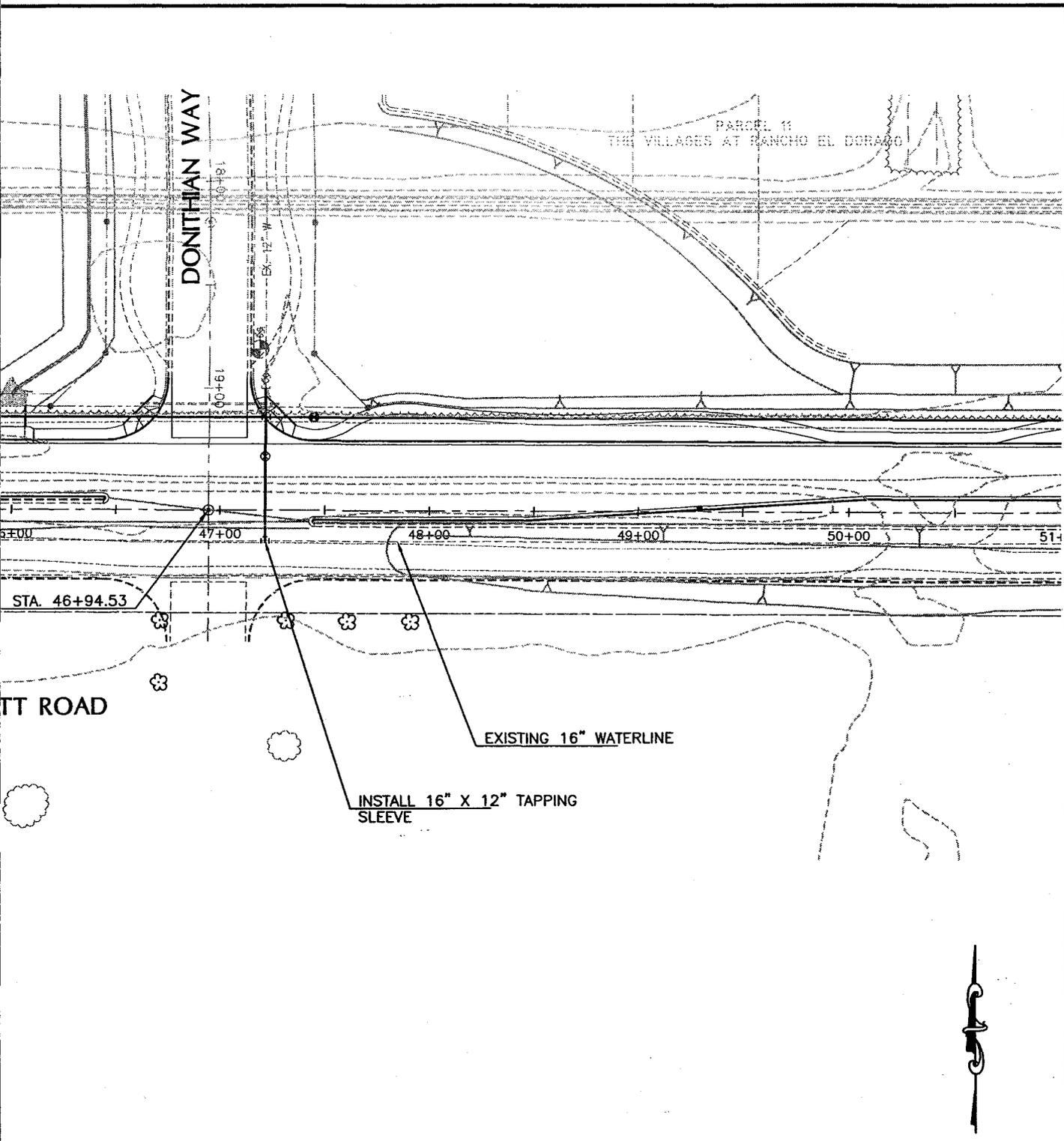
**387 IMPROVEMENT DISTRICT
CONNECTION TO
SANTA CRUZ WATER COMPANY**

JOB#
041940.00
SHEET
1 OF 1

PARCEL 12
THE VILLAGES AT RANCHO EL DORADO



665 TYPICAL ROAD CEMENT ROADWAY REPORT



PARCEL 11
THE VILLAGES AT RANCHO EL DORADO

DONTHIAN WAY

18+00

19+00

47+00

48+00

49+00

50+00

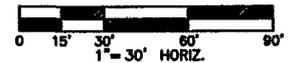
51+00

STA. 46+94.53

TT ROAD

EXISTING 16" WATERLINE

INSTALL 16" X 12" TAPPING SLEEVE



 <p>JMI & ASSOCIATES CONSULTING CIVIL ENGINEERS 4151 NORTH MARSHALL WAY SUITE 12 SCOTTSDALE, AZ 85251 480.945.1400</p>	<p>DSN: CKD: DATE: 06/24/05 SCALE: HORZ: 1"=30' VERT:</p>	<p>387 IMPROVEMENT DISTRICT CONNECTION TO SANTA CRUZ WATER COMPANY</p>	<p>JOB# 04940.00 SHEET 1 OF 1</p>
	<p>The working files before you do CALL FOR THE BLUE STAKES 602-263-7100 1-800-STAKE-IT OUTSIDE UNINCORPORATED</p>		

P:\ELDONADO\387\387 Connection\387 Connection.dwg, 02/20/05 08:59 AM, mabw, 1/30

INSTALL 16" VALVE, BOX & COVER
PER SANTA CRUZ WTR. CO. DTL
OR APPROVED EQUAL. ADJUST PER
MAG STD. DTL 270 & SPEC. 345.

UNSUBDIVIDED

INSTALL 16" X 16" TEE
WITH RESTRAINTS

PARCEL 13B
THE VILLAGES AT RANCHO EL DO

60 LF OF 16" D.I.P.

1173

24+00

25+00

26+00

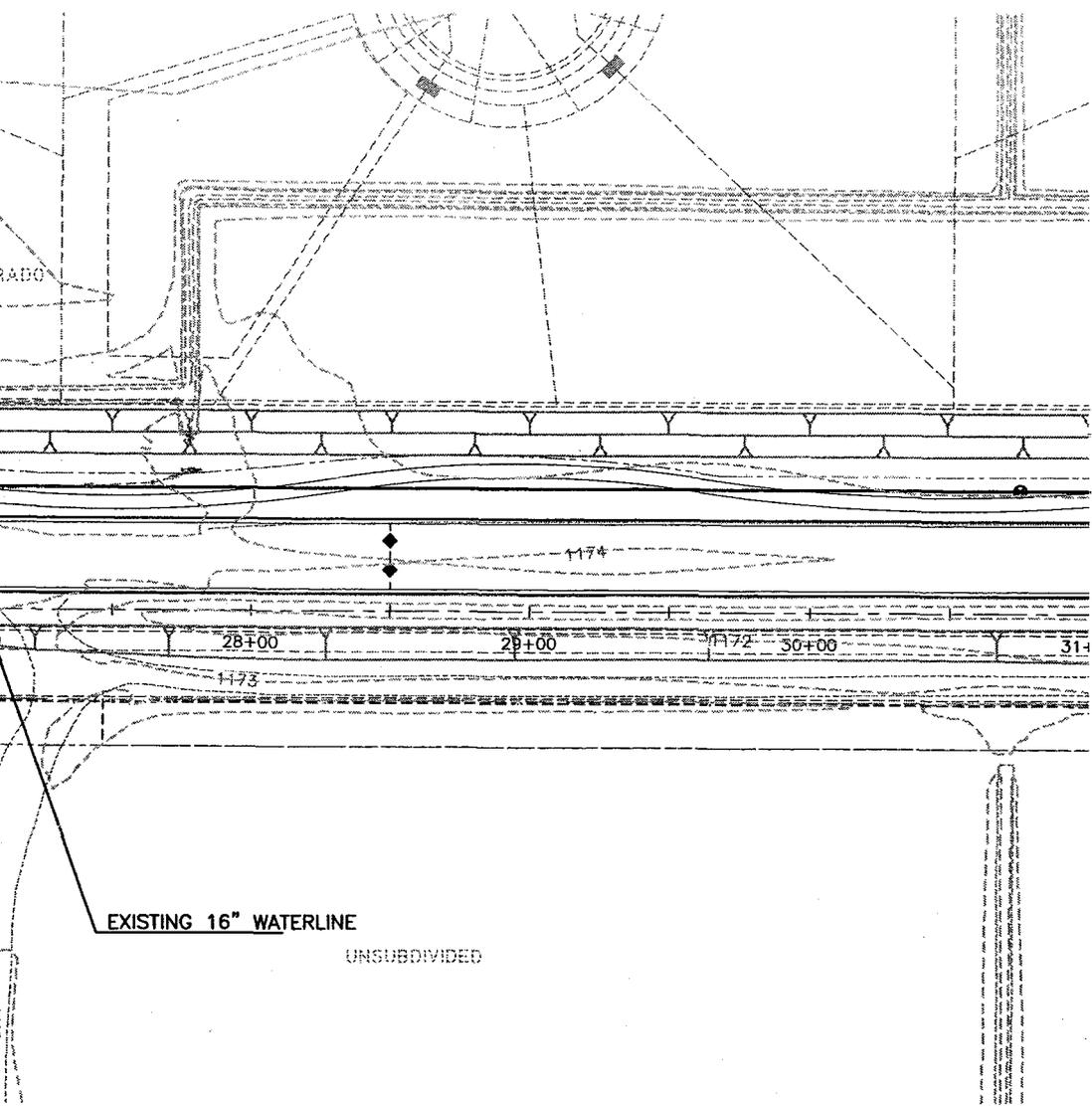
45'
WATER
34.0'
BOC
EXIST. VAR ROW
(50' MIN)
PRES. ESMT.

274+00

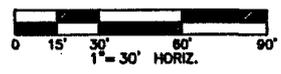
INSTALL 16" PLUG
WITH 2" BLOWOFF

INSTALL 16" X 16" TEE
WITH RESTRAINTS

HONEYCUTT ROAD



EXISTING 16" WATERLINE
UNSUBDIVIDED



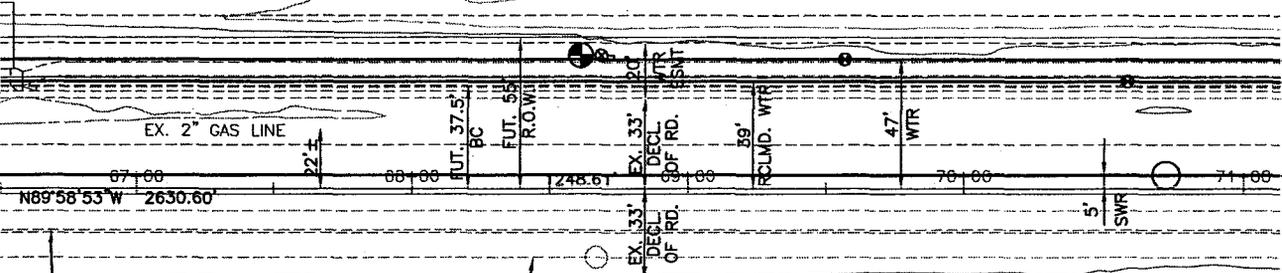
 JMI & ASSOCIATES CONSULTING CIVIL ENGINEERS <small>4151 NORTH MARSHALL WAY SUITE 12 SCOTTSDALE, AZ 85251 480.945.1400</small>	387 IMPROVEMENT DISTRICT CONNECTION TO SANTA CRUZ WATER COMPANY		JOB# 04940.00
	SHEET 1 of 1		


 The working days before you do
CALL FOR THE BLUE STAKES
602-263-1100
1-800-STAKE-IT
OUTSIDE MARICOPA COUNTY

DSN:
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 DATE: 06/24/05
 SCALE
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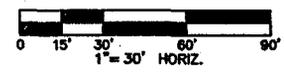
37 38 39 40 41 42 43 44



EXISTING 24" SEWER
BY OTAK, JOB #12529
25' RT

EXISTING 16" WATER
BY CAN-AM
15' RT

BY
S



 <p>JMI & ASSOCIATES CONSULTING CIVIL ENGINEERS 4151 NORTH MARSHALL WAY SUITE 12 SCOTTSDALE, AZ 85251 480.945.1400</p>	<p>DSN: CKD: DATE: 06/24/05 SCALE HORIZ: 1"=30' VERT:</p>	<p>JOB# 04940.00 SHEET 1 OF 1</p>
	<p>387 IMPROVEMENT DISTRICT CONNECTION TO SANTA CRUZ WATER COMPANY</p>	


 See working plans before you dig.
CALL FOR THE BLUE STRIKES
602-263-1100
1-800-STAKE-IT
OUTSIDE MARICOPA COUNTY

P:\ELDON\050605\050605.dwg User:PV\BVR\387 CONNECTIONS\387-connection.dwg 05/20/05 8:28:30 AM, melen, 1:30

EXHIBIT "C"



**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
DRINKING WATER WELL FACILITIES**

Page 1 Of 2

ADEQ File No: 20050467	LTF No: 36576
System Name: Santa Cruz Wtr	System Number: 11131
Project Owner: Santa Cruz Wtr Co	
Address: 22601 N. 19th Ave, #210, Phoenix, AZ 85027	
Project Location: Gilbert	County : Pinal
Description: 1. CONVERTING EXISTING AGRICULTURAL NEELY WEST WELL WITH ADWR #55-621407 TO DOMESTIC USE WITH CAPACITY OF 1,980 GPM; AND 2. BLENDING PLAN OF MAY, 2005 TO BLEND WATERS OF NEELY WEST WELL AND PREVIOUSLY APPROVED SMITH AND VANCE WELLS.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 5 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by: jdl

By: Kwame Agyare 7/20/05
 Kwame A. Agyare, P.E. Date
 Manager, Drinking Water and
 Wastewater Engineering Review
 Water Quality Division

cc: File No : 20050467
 Regional Office: Central
 Owner: Santa Cruz Wtr Co
 County Health Department: Pinal
 Engineer: David Evans & Associates
 Planning and Zoning/Az Corp. Commission
 Engineering Review Database - Etr022

**CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES**

ADEQ File No. 20050467

Page 2 of 2 : Provisions, continued

5. ADEQ approval for a revised blending plan shall be obtained if sources or pumping rates change, pursuant to Arizona Administrative Code (A.A.C.) R18-4-221.B.

EXHIBIT "D"

ARIZONA DEPARTMENT OF WATER RESOURCES
Water Management Division

500 North Third Street, Phoenix, Arizona 85004
Telephone 602 417-2465
Fax 602 417-2467



Janet Napolitano
Governor

Herbert R. Guenther
Director

June 14, 2005

Mr. Trevor Hill
Global Water Resources
22601 N. 19th Avenue, Suite 210
Phoenix, AZ 85027

**Re: Interconnect Arrangement between Santa Cruz Water Company and
387 Domestic Water Improvement District**

Dear Mr. Hill:

The Department has reviewed your letter dated May 13, 2005, regarding Global Water Resources' ("Global") recent acquisition efforts involving the 387 Domestic Water Improvement District and the assets of Sonoran Utility Services, LLC, (collectively, "District") in the Pinal Active Management Area ("AMA"). Your letter addressed several issues. This letter will address the current deliveries of groundwater from the Santa Cruz Water Company's ("SCWC") water distribution system to the District's water distribution system, relative to the Department's policies.

Pursuant to A.R.S. § 45-492(C), a private water company "may contract to supply groundwater to a city, town or private water company in the same active management area if it is consistent with the management plan for the active management area and [A.R.S.] § 45-576 and is approved by the director" of the Department. The Department has issued Substantive Policy Statement GW 37, "Interconnect Contracts or Agreements Between Municipal Water Providers" ("Interconnect Policy") to explain its policies regarding A.R.S. § 45-492(C).

In your May 13 letter, you explain that due to water quality problems with the sole production well for the District, Global established an interconnect between SCWC and the District. The District well may be rehabilitated in a short period of time to serve as a supply well. You have stated that the estimated volume of water to be served to District customers via the interconnect is less than five acre-feet. Additionally, the service areas are within one mile of each other. To the extent that this interconnect is interruptible, the agreement is a "Small Volume Interconnect Contract" as described in our Interconnect Policy, and is deemed to be consistent with the management plan and A.R.S. § 45-576. Therefore, the interruptible interconnect between SCWC and the District related to water quality concerns is consistent with the requirements of A.R.S. § 45-492(C).

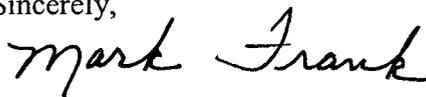
Mr. Trevor Hill
June 14, 2005
Page 2

The Department has also reviewed the Interim Operating and Bulk Water & Wastewater Services Agreement, dated April 14, 2005, ("Agreement") between Global and the District. The Agreement is effective until the closing date of the Purchase Agreement whereby Global will take possession of the District's assets and service area, at which time the two systems will become a single system. Furthermore, the Agreement provides for "unwinding actions" to disconnect the systems, during a period of up to 42 months. Because the Agreement is not an agreement for interruptible service, the Agreement must be reviewed under the criteria for "Large Volume Interconnect Contracts" in the Interconnect Policy. The Department has determined that the Agreement is consistent with the criteria described in the Interconnect Policy, and that the Agreement is consistent with the management plan and A.R.S. § 45-576.

The Department confirms that the interconnect arrangements between SCWC and the District, as you have described them and according to the Agreement you provided, are consistent with the Department's policy governing interconnect agreements, and accordingly the interconnect arrangements are allowed under A.R.S. § 45-492(C). During our meeting on May 6, 2005, the Department informed you that all deliveries to the District must be subtracted from SCWC's designation and reported accordingly on SCWC's annual reports.

The Department is currently reviewing the assured water supply issues related to the interconnect arrangements and pending acquisition of the District. The Department will continue to work with you to address those issues as efficiently as possible.

Sincerely,



Mark Frank
Acting Assistant Director

MF/KS/gw

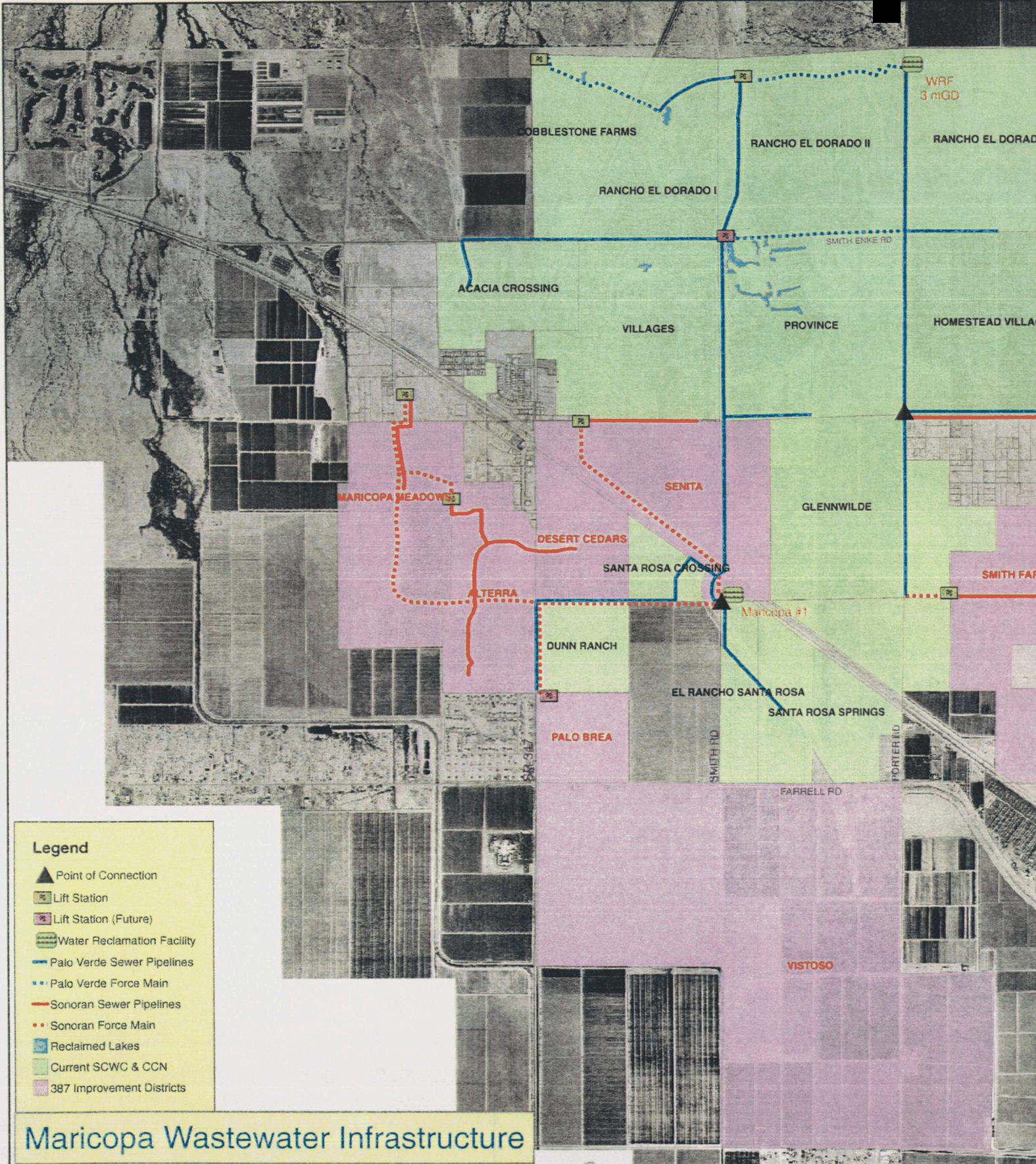
cc: Shilpa Hunter-Patel, Withey Anderson & Morris, PLC
Rob Anderson, Withey Anderson & Morris, PLC
Doug Dunham, OAWS
Joe Singleton, Pinal AMA
Nicole D. Swindle, Legal Division

EXHIBIT "E"

PVUC

	Number of Customers	Average Monthly Flow GPD
Jun-04	2710	207,226
Jul-04	2889	233,406
Aug-04	3189	220,835
Sep-04	3365	231,733
Oct-04	3585	283,345
Nov-04	3866	349,224
Dec-04	4105	381,670
Jan-05	4304	410,671
Feb-05	4600	426,103
Mar-05	4867	424,737
Apr-05	5150	459,424
May-05	5465	486,081
Jun-05	5879	471,149

EXHIBIT "F"

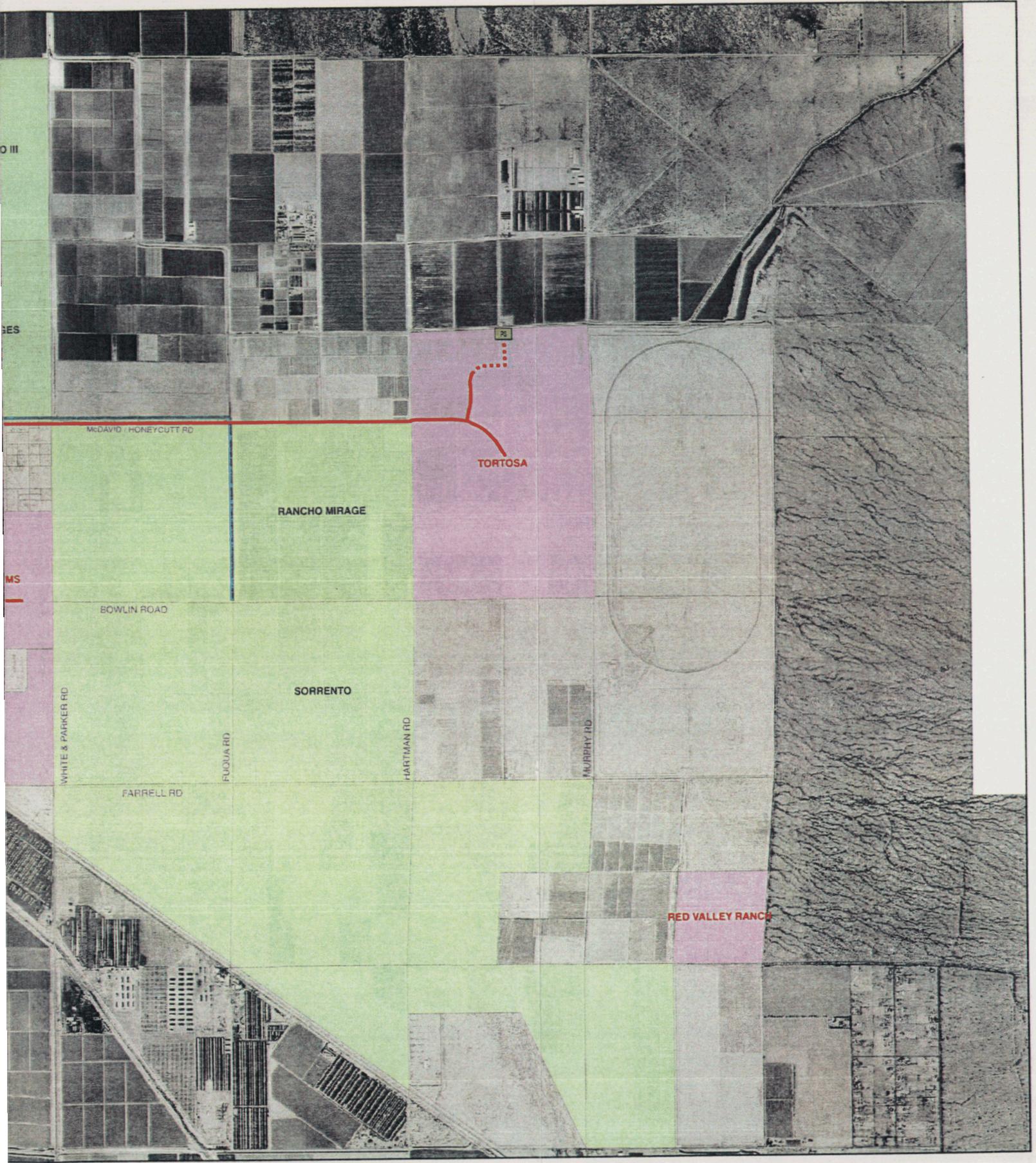


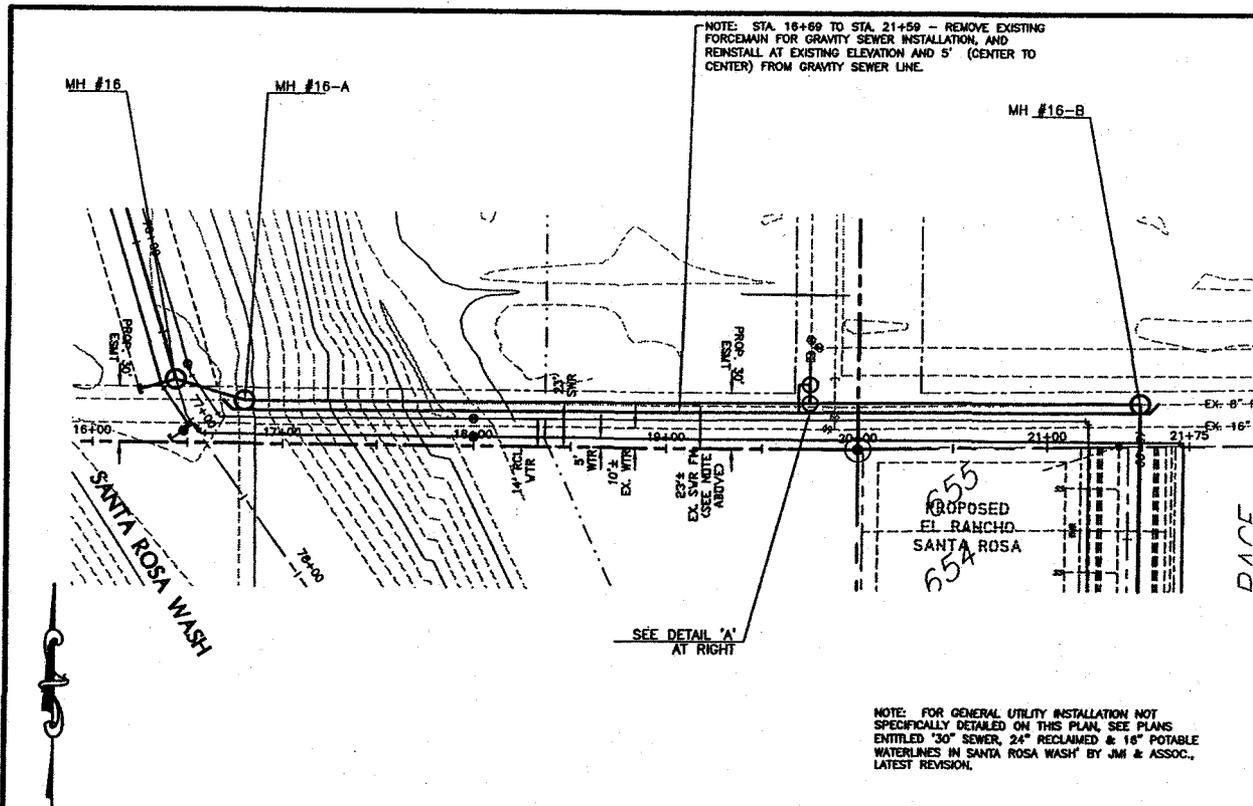
Legend

- ▲ Point of Connection
- ☒ Lift Station
- ☒ Lift Station (Future)
- 🏭 Water Reclamation Facility
- Palo Verde Sewer Pipelines
- ⋯ Palo Verde Force Main
- Sonoran Sewer Pipelines
- ⋯ Sonoran Force Main
- 🌊 Reclaimed Lakes
- 🟩 Current SCWC & CCN
- 🟪 387 Improvement Districts

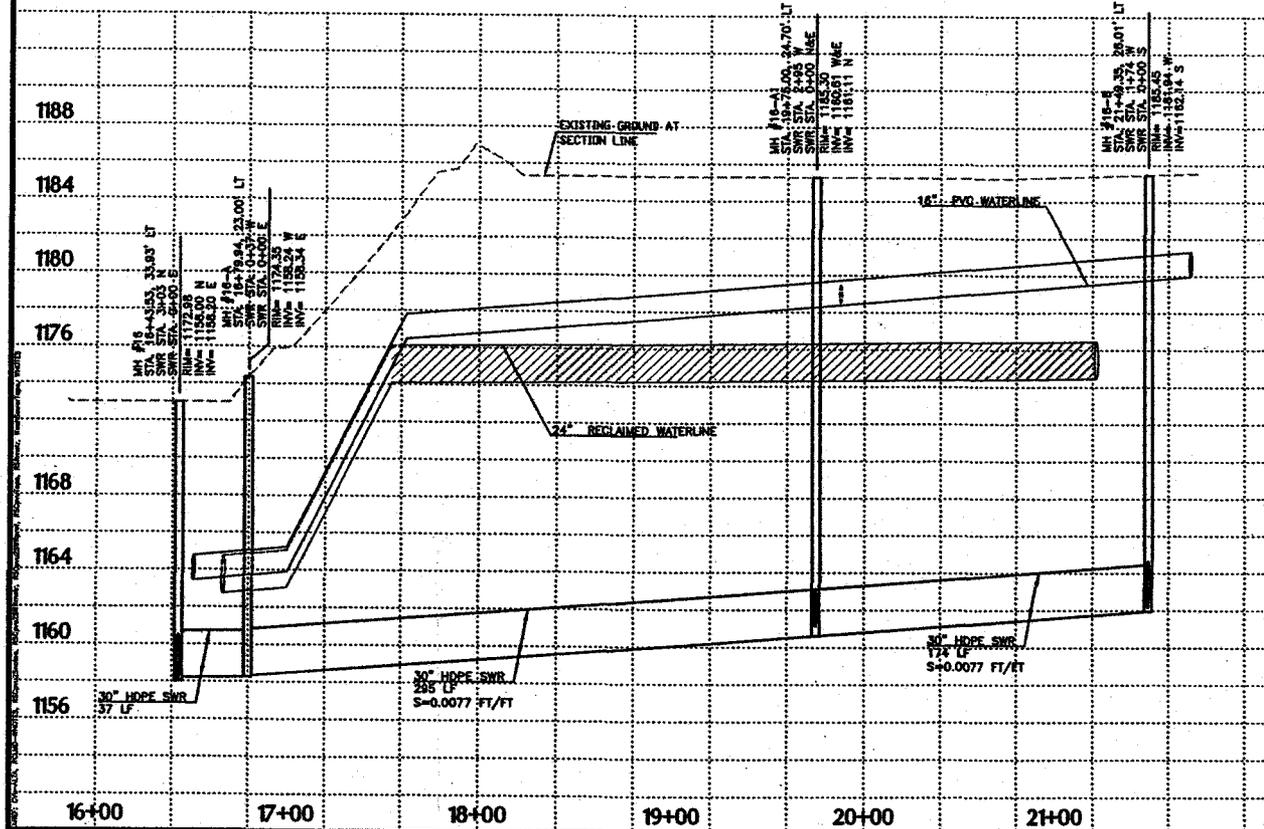
Maricopa Wastewater Infrastructure

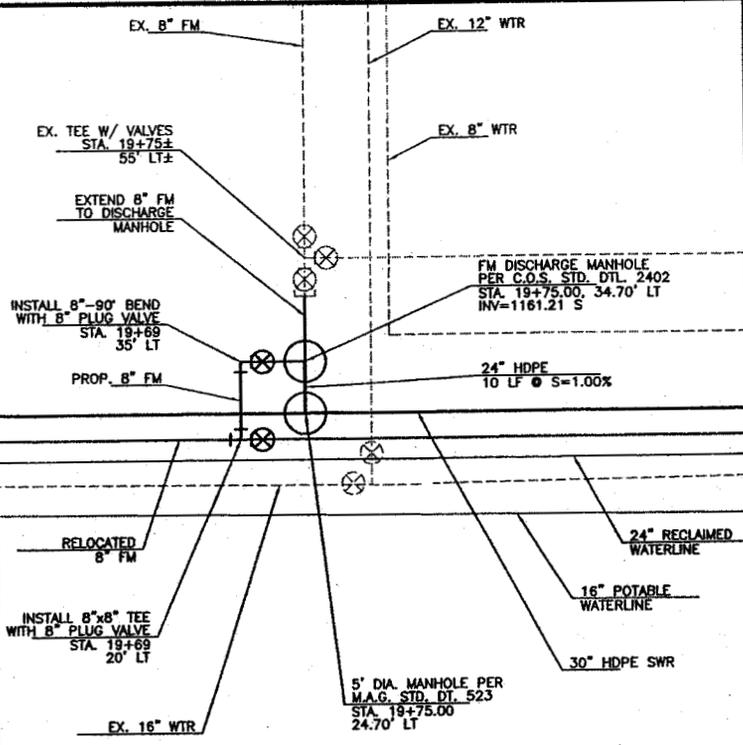
System



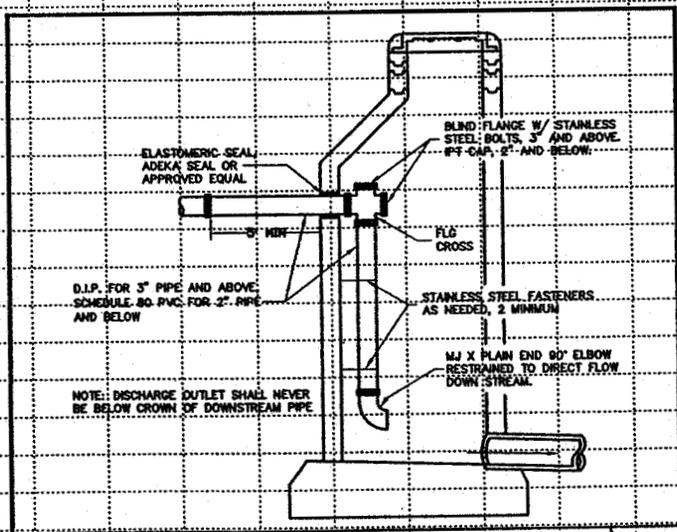


BOWLIN ROAD

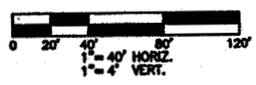




DETAIL 'A'
N.T.S.



Don't working days before you call for the blue stamp
 602-263-1100
 1-800-STAKE-IT
 SERVICE THROUGHOUT ARIZONA



DETAIL NO. 2402	City of Scottsdale Standard Details	FORCE MAIN DISCHARGE MANHOLE	DETAIL NO. 2402
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JMI & ASSOCIATES
 CONSULTING CIVIL ENGINEERS
 408 NORTH MARSHALL WAY SUITE 10 SCOTTSDALE, AZ 85261-6040

DESIGNER DWL	CHECKER DWL	DATE 4/18/05	SCALE HORIZ: 1"=40' VERT: 1"=4'
PROJECT FORCE MAIN - GRAVITY SEWER CONNECTION IN BOWLIN RD. EAST OF SANTA ROSA WASH			JOB NO. 02770.01
			SHEET 1 of 1

PALO VERDE UTILITIES #202-04-005

EXHIBIT "G"



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.adeq.state.az.us



Stephen A. Owens
Director

June 6, 2005

Trevor Hill, President
Global Water Resources, LLC
22601 North 19th Ave., Suite 210
Phoenix, AZ 85027

Dear Mr. Hill:

I am in receipt of your letter of May 24, 2005 regarding the 387 Domestic and Waste Water Improvement Districts and the ongoing activities related to your company's intended acquisition of the assets, and presumably, responsibilities of Sonoran Utility Services, LLC. As you know, the Arizona Department of Environmental Quality ("ADEQ") has little detailed information about your specific arrangements vis-à-vis the Sonoran acquisition, a bulk services agreement, the status and content of relevant applications with the Arizona Corporation Commission, and the interconnections between Global's (through Santa Cruz Water Company and Palo Verde Utilities Company) and Sonoran's water and waste water systems. Nevertheless, I appreciate Global's recent efforts to provide information to ADEQ.

You have asked ADEQ to confirm the bulk services agreement, among other arrangements, as described at our meeting and in other correspondence are "not inconsistent with the policies of the Department." Based on the information you have provided, ADEQ sees no basis for objection to this arrangement at this time. ADEQ implements a water quality permitting program to, among other things, ensure safe drinking water and adequate waste water treatment for the public. ADEQ makes these determinations of safety and adequacy in the context of specific permit applications and compliance actions. Both Global and Sonoran have pending permit applications under review in the Water Quality Division. As you have mentioned, Global is seeking approval from ADEQ for a major expansion of the Rancho El Dorado WWTP, and Sonoran has a pending permit application for the Maricopa #2 WWTP. ADEQ will assess waste water capacity in the context of these applications.

Additionally, you have described a recent interconnection between Santa Cruz Water Company and the 387 District and Global's intent to interconnect the waste water systems of Palo Verde Utilities and the 387 District. ADEQ rules may require that such interconnections receive approvals from ADEQ both prior to and after construction. We look forward to our receipt of detailed information about these interconnections. Please send this detailed information to the attention of the Water Quality Division, Engineering Review Unit.

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

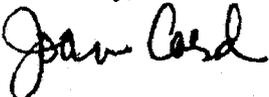
Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Mr. Trevor Hill
June 6, 2005
Page 2

Finally, once the acquisition of Sonoran is executed, or executable, as the case may be, an amendment to the Areawide Water Quality Management Plan, known as the "208 Plan," will be necessary. ADEQ will work with Global and the Central Arizona Association of Governments ("CAAG") to determine the scope of and to facilitate this amendment process.

I appreciate the efforts of Global, Sonoran, and the 387 Districts to ensure a certain future of safe drinking water and adequate waste water treatment in Pinal County--the unprecedented growth and development in this area demands careful attention to these issues.

Sincerely,



Joan Card, Director
Water Quality Division

cc: Maxine Leather, Central Arizona Association of Governments
Terry Doolittle, 387 Waste Water Improvement District
Karen Peters, Squire, Sanders & Dempsey

EXHIBIT "H"



June 27, 2005

Trevor Hill
Global Water Management, LLC
Deer Valley Financial Center
22601 North 19th Avenue
Suite 210
Phoenix, AZ 85027

RE: Application of Santa Cruz Water Company and Palo Verde Utilities Company to serve the area of the 387 Water and Wastewater Improvement Districts

Dear Mr. Hill:

The City of Maricopa has openly supported the conversion of the 387 Districts into an ACC regulated entity on numerous occasions. Briefly:

- On August 17, 2004, the City of Maricopa City Council approved the issuance of a Conditional Use Permit (CUP 04-01) for the Maricopa Wastewater Treatment Plant #1 (a 387 District facility). This was contingent upon the filing of an application no later than February 1, 2005 with the ACC.
- From August 17, 2004 through February 1, 2005, virtually no progress had been made in meeting the filing deadline, much to the dismay of the City of Maricopa.
- On February 2, 2005, the City of Maricopa, pursuant to Council action, issued a letter of support to the ACC relative to docket numbers SW-03575A-04-0767 and W-03576A-04-0767, for extensions of their Certificates of Convenience and Necessity ("CC&Ns") as described in these dockets.
- On March 1, 2005, the City of Maricopa City Council voted to table the question of revoking CUP 04-01, granting additional time for the Districts to return to the Council with a plan to file their application with the ACC. The CUP was not revoked due to the negative impact on homeowners already being served by the Districts. This was the sole reason given that the City Council did not revoke the CUP, and publicly expressed displeasure in the lack of progress in filing the ACC application.
- On April 13, 2005, the 387 District Board of Directors voted to have the Districts file their application by June 1, 2005.
- On May 27, 2005, Global Water and the City of Maricopa met for 4.5 hours to discuss water and wastewater issues and potential avenues to pursue that would result in the greatest benefit to current and future homeowners. The outcome of this meeting and meeting with City staff afterwards was to pursue the option of a public-private partnership (P3).

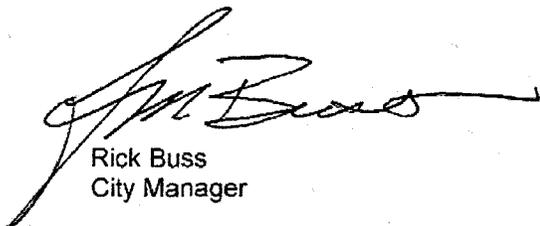


- On June 21, 2005, the City of Maricopa issued a letter of support to CAAG in concurrence to the CAAG 208 Areawide Water Quality Management Plan Amendment, Palo Verde Utilities Company (PVUC), Southwest Water Reclamation Facility, dated June 2005. The City Council was also presented with a draft memorandum of understanding (MOU) at this meeting, with the intent to bring the MOU to the Council for final approval by August 2005.

Clearly, there is a strong track record of the City's desire to have the 387 Districts become an ACC regulated entity. Please consider this letter as affirmation of the City of Maricopa's support of Global Water Resources' referenced application for extension of your Certificate of Convenience and Necessity (CC&N) area to incorporate that area formerly known as the 387 Districts.

If further documentation is required, please do not hesitate to contact me.

Respectfully,



Rick Buss
City Manager