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Transcript Exhibit(s)

Docket #(s): W-01676A-10-0400

Exhibit #: A1-A21, S1

Arizona Corporation Commission

DOCKETED

MAR 28 2011

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AZ CORP COMMISSION
DOCKET CONTROL

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Exhibit A-1
Ron McDonald

**October 4, 2010 Asset Sale
and CC&N Transfer
Application**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



NEW APPLICATION

BEFORE THE ARIZONA CORPORATION

ORIGINAL RECEIVED

Arizona Corporation Commission
DOCKETED

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COMMISSIONERS

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

DOCKETED BY ne

W-01676A-10-0400

IN THE MATTER OF THE APPLICATION OF)
PINEVIEW WATER COMPANY, INC. FOR AN) **DOCKET NO. W-01676A-10-___**
OPINION AND ORDER (i) AUTHORIZING SALE) **APPLICATION**
AND TRANSFER OF WATER SYSTEM ASSETS,)
AND (ii) CANCELLING CERTIFICATE OF)
CONVENIENCE AND NECESSITY.)

Pursuant to A.R.S. § 40-285 and A.R.S. 40-282, Pineview Water Company, Inc. ("Pineview"), by and through its undersigned attorney, submits this Application for an Opinion and Order of the Commission (i) authorizing the sale and transfer of the water system assets of Pineview, and (ii) cancelling the associated certificate of convenience and necessity. In support of its Application, Pineview submits the following information.

I.

BACKGROUND

In late August 2010, representatives of Pineview and the City of Show Low, Arizona ("Show Low"), reached agreement on the substantive provisions of an Asset Purchase and Sale Agreement ("Agreement"). The Agreement was executed by the President of Pineview on August 31, 2010, and by the Mayor of Show Low on September 7, 2010, following unanimous approval of the Agreement by the Show Low City Council on September 7, 2010. The Agreement provides for (i) the sale and transfer of Pineview's water system assets to Show Low, subject to prior approval by the Commission, and (ii) the cancellation of Pineview's associated certificate of convenience and necessity.¹

¹ On December 28, 1959, the Commission issued Decision No. 32007 by means of which the Commission granted Pineview a certificate of convenience and necessity to provide water service. Attached hereto as Appendix "A" and incorporated herein by this reference are copies of portions of previous Commission Decision Nos. 32007, 46942, 50388, and 53733 which, in the aggregate, provide a legal description of Pineview's certificated service area.

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1 Pineview currently provides water service to approximately 1,003 residential and 146
2 commercial customers. At present, a staff of five (5) full-time employees oversees Pineview's
3 water system operations.

4 Show Low currently owns and operates a municipal water utility system, which provides
5 water service to approximately 3,922 residential and 515 commercial customers. At present, a
6 staff of eleven (11) full-time and one (1) part-time employees oversees Show Low's water
7 system operations.

8 As indicated in Appendix "B," Pineview's certificated water service area is congruent to
9 Show Low's municipal water service area; and, in that regard, Pineview's system is in a
10 geographic area in which Show Low desires to establish and expand its presence as a regional
11 water provider. In addition, Show Low has access to means for financing water system
12 infrastructure additions and improvements which are not available to Pineview, and Show Low
13 thus would be in a position to better accommodate future growth in Pineview's certificated water
14 service area without an adverse impact on the level and quality of service Pineview currently
15 provides to its customers. Finally, the owners of Pineview are advanced in years, and desire to
16 relieve themselves of the day-to-day responsibilities of owning and operating a water utility,
17 provided a qualified and appropriate successor-in-interest can be found. In that regard, Pineview
18 believes that Show Low is such a successor-in-interest.

19 Against the above background circumstances, and following arms-length negotiations,
20 duly authorized representatives of Pineview and Show Low executed the Agreement, a copy of
21 which is attached hereto as Appendix "C," and incorporated herein by this reference.

22 **II.**
23 **ANTICIPATED FUTURE OPERATION**
24 **OF PINEVIEW'S WATER SYSTEM**

25 In the event of Commission approval of the Agreement and extinguishment of Pineview's
26 associated certificate of convenience and necessity for its water system, it is anticipated that

27
28 Attached hereto as Appendix "B" and incorporated herein by this reference are copies of maps of Pineview's
certificated service area.

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1 Show Low would commence its ownership and operation of Pineview's water system in as
2 seamless a manner as possible, with the objective of ensuring continuity and quality of water
3 service to Pineview's customers.² In that regard, it is Pineview's understanding that, prior to the
4 actual transfer of water system assets and operating responsibilities as between Pineview and
5 Show Low, Show Low will engage in an outreach program with Pineview's customers for the
6 purpose of introducing itself to such customers. Finally, pursuant to Section 10.5.4 and Section
7 14 of the Agreement, Show Low will assume full responsibility for any obligations of Pineview
8 under any main extension agreements or customer deposits which remain outstanding subsequent
9 to closing of the water system asset transfer transaction.

10 III.

11 PUBLIC INTEREST CONSIDERATION

12 A. Compliance With Applicable Regulatory Requirements.

13 Attached hereto as Appendices "E" and "F" and incorporated herein by this reference, are
14 copies of (i) a Water Provider Compliance Status Report from the Arizona Department of Water
15 Resources ("ADWR") and (ii) a Compliance Status Report from the Arizona Department of
16 Environmental Quality ("ADEQ") attesting to the fact that Pineview's water system is in
17 compliance with the applicable requirements of ADWR and ADEQ, respectively. In addition,
18 Show Low has requested (i) a Water Provider Compliance Status Report, and (ii) a Compliance
19 Status Report from ADWR and ADEQ attesting to the fact that Show Low's municipal water
20 system also is in compliance with their respective regulations. Copies of each of these reports
21 will be filed with the Commission's Docket Control upon receipt as supplements to this
22 Application; and, Appendices "G" and "H" are reserved as "placeholders" for that purpose.
23 Finally, attached hereto as Appendix "I" and incorporated herein by this reference is a Certificate
24

25 ² Attached hereto as Appendix "D" and incorporated herein by this reference are copies of the current rates and
26 charges for water service of Pineview and Show Low for their respective water systems. Following completion of
27 the appraisal and economic analysis provided for in Section 9 of the Agreement, Show Low will be in a position to
28 determine whether or not any change(s) in Pineview's current rates and charges for water service would be
necessary or appropriate following Show Low's acquisition of the Pineview water system. A written description of
Show Low's determination and reasoning in that regard will be filed with the Commission's Docket Control at that
time as a Supplement to this Application; and, such determination will be available to the Commission and its Staff
in advance of the evidentiary hearing on this Application.

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1 of Good Standing from the Commission attesting to the fact that Pineview is in good standing
2 with the Commission.

3 **B. Implementation of ADWR Best Management Practices ("BMP").**

4 On May 3, 2010 the Commission issued its Decision No. 71693 in Pineview's most
5 recent rate case. Therein the Commission directed Pineview to submit at least five (5) ADWR
6 BMPs which Pineview had selected for implementation on Pineview's water system. On June 8,
7 2010, Pineview filed its proposed Public Education Program ("Program") and BMP Tariffs, and
8 requested Commission approval to implement the Program and the five (5) BMP Tariffs
9 proposed by Pineview. On June 14, 2010, the Director of the Commission's Utilities Division
10 issued an Open Meeting Memorandum in which he recommended Commission approval of
11 Pineview's proposed Program and BMP Tariffs; and, on August 10, 2010, the Commission
12 issued its Decision No. 71839 approving the same.

13 Show Low has reviewed both the Commission's Decision No. 71839 and Pineview's
14 approved Program and five (5) BMP Tariffs. While Show Low would not be subject to
15 regulation by the Commission in the event that the proposed transfer of water system assets is
16 approved, Show Low has indicated to Pineview that (i) Show Low intends to either retain the
17 aforesaid water conservation measures or implement similar ones in connection with Show
18 Low's contemplated ownership and acquisition of Pineview's water system; and, (ii) Show Low
19 will confirm such intent during the evidentiary hearing to be conducted in connection with this
20 Application.

21 **C. Measures to Reduce "Water Loss" On Pineview's Water System.**

22 In its Decision No. 71693, the Commission discussed "water loss" which had been
23 observed on Pineview's water system; and, in the Fifth through Ninth Ordering Paragraphs of
24 that decision, the Commission directed Pineview to undertake certain actions to address and
25 correct the "water loss" situation. Attached hereto as Appendix "J" and incorporated herein by
26 this reference is a copy of a summary of actions undertaken by Pineview to date in connection
27
28

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1 with the problem.³ As therein noted, Pineview has obtained a Planning and Design Grant from
2 the Arizona Water Infrastructure Financing Authority to retain Tetra-Tech Engineering ("Tetra-
3 Tech") to provide an engineering estimate of the design and cost of those facilities believed to be
4 necessary to reduce of Pineview's "water loss" to below the 10% level prescribed by the
5 Commission. The report to be received from Tetra-Tech is intended to satisfy that requirement
6 for a "report" prescribed in the Sixth through Eighth Ordering Paragraphs of Decision No.
7 71693; and, Pineview currently anticipates such "report" will be available for submission to the
8 Commission prior to the evidentiary hearing on this Application.

9 In connection with the foregoing, Show Low has been advised as to the existence of the
10 "water loss," and of Pineview's efforts to identify the cause and develop a plan for reducing the
11 same.

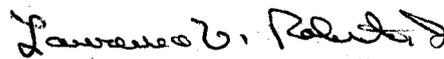
12 IV.
13 CONCLUSION

14 For all of the foregoing reasons, Pineview believes that the issuance of an Opinion and
15 Order by the Commission (i) authorizing the sale and transfer of Pineview's water system assets
16 to Show Low pursuant to the provisions of the Agreement, and (ii) cancelling Pineview's
17 associated certificate of convenience and necessity would be consistent with the public interest.

18 WHEREFORE, Pineview hereby requests that the Commission issue an Opinion and
19 Order (i) authorizing the sale and transfer of Pineview's water system assets to Show Low
20 pursuant to the provisions of the Agreement, and (ii) cancelling Pineview's associated certificate
21 of convenience and necessity.

22
23 Dated this 1st of October 2010.

24 Respectfully submitted,

25 

26 Lawrence V. Robertson, Jr.
27 Attorney for Pineview Water Company, Inc.

28 ³ In that regard, attached hereto as Appendix "K" and incorporated herein by this reference are copies of (i) a 2009
Water Use Data Sheet and (ii) a 2010 to date Water Use Data Sheet for Pineview's water system.

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Original and thirteen (13) copies of the foregoing Application will be mailed for filing this 1st day of October 2010 to:

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

Lyn A. Farmer,
Chief Administrative Law Judge
Hearing Division
~~Arizona Corporation Commission~~
1200 West Washington Street
Phoenix, Arizona 85007

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

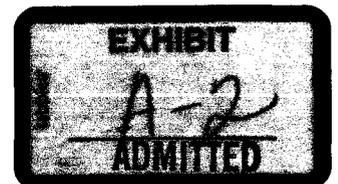
Janice M. Alward, Chief Legal Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



Exhibit A-2
Ron McDonald

**First Amendment of Asset
Purchase and Sale Agreement**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



**FIRST AMENDMENT TO
ASSET PURCHASE AND SALE AGREEMENT**

Between City of Show Low and Pineview Water Company, Inc.

THIS ADDENDUM IS MADE ON THIS 7TH DAY OF DECEMBER, 2010 between the City of Show Low, an Arizona Municipal Corporation, ("Buyer"), and Pineview Water Company, Inc., ("Seller").

WHEREAS, the Seller and the Buyer entered into a Asset Purchase and Sale Agreement on August 31, 2010 for the purchase and sale of Pineview Water Company; and

WHEREAS, the Seller and the Buyer now desire to amend the Contract to allow additional time for the inspection period.

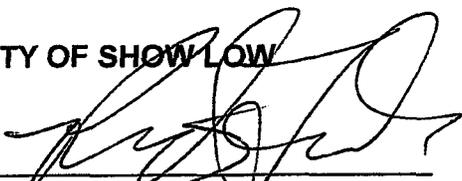
NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

- 1. Section 4.3 of the Agreement is hereby amended to read as follows:

Seller and Buyer agree to extend the Feasibility Period for an additional ninety (90) calendar days to March 6, 2011.

All other provisions of the Contract shall remain as agreed upon on August 31, 2010, unless expressly revised or addressed hereinafter. Any inconsistencies between this Addendum and the Contract shall be controlled by the provisions of this Addendum.

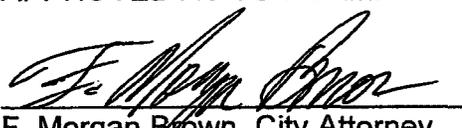
IN WITNESS WHEREOF, the parties have caused this instrument to be executed under their respective seals on the day and year written first above.

CITY OF SHOW LOW


 Rick Fernau, Mayor

ATTEST:


 Ann Kurasaki, City Clerk

APPROVED AS TO FORM:


 F. Morgan Brown, City Attorney

Pineview Water Company, Inc.

By: Katherine L. Sutter

Printed Name: KATHRINE L. SUTTER

Title: President

STATE OF ARIZONA)
County of Navajo)ss

The foregoing instrument was acknowledged before me this 29th day of November, 2010 by Katherine L. Sutter, as President of Pineview Water Company, Inc. known to me to be the person whose name is subscribed to the foregoing instrument.

Tamra Reidhead
Notary Public

My Commission expires: April 9, 2011

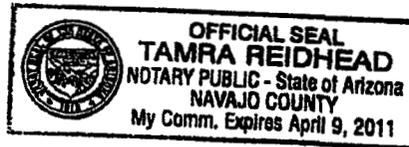
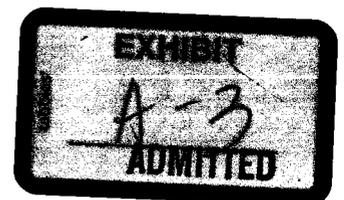


Exhibit A-3
Ron McDonald

**Second Amendment of Asset
Purchase and Sale Agreement**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



**SECOND AMENDMENT
OF
ASSET PURCHASE AND SALE AGREEMENT**

RECITALS

WHEREAS, Pineview Water Company, Inc. ("Seller") and the City of Show Low ("Buyer") have heretofore entered into an Asset Purchase and Sale Agreement ("Agreement"), dated August 31, 2010; and,

WHEREAS, Section 10.2 of the Agreement provides that the transaction which is the subject thereof shall close no later than March 31, 2011; and,

WHEREAS, the transaction which is the subject of the Agreement cannot be closed prior to the Arizona Corporation Commission's approval thereof, which approval is unlikely to be forthcoming by March 31, 2011; and,

WHEREAS, Seller and Buyer continue to be desirous of closing the transaction which is the subject of the Agreement; and,

WHEREAS, Section 10.2 of the Agreement provides that the date for Closing the transaction may be extended by mutual agreement of the parties.

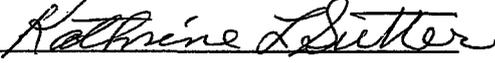
NOW, THEREFORE, as of this 18th day of February 2011, it is agreed as follows:

AGREEMENT

Section 10.2 of the aforesaid August 31, 2010 Asset Purchase and Sale Agreement is amended to provide that the Closing of the transaction which is the subject thereof shall occur no later than June 30, 2011, unless further extended by mutual agreement of Seller and Buyer.

IN WITNESS WHEREOF, the parties have executed this Second Amendment of Asset Purchase and Sale Agreement effective as of the date first set forth above.

CITY OF SHOW LOW
By 
Rick Fernau, Mayor

PINEVIEW WATER COMPANY, INC.
By 
Katherine L. Sutter, President

Attested by: 
Ann Kurasaki, Clerk

Approved as to Form:

F. Morgan Brown

F. Morgan Brown, City Attorney

Approved as to Form:

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.,
Attorney for Pineview Water Company, Inc.

STATE OF ARIZONA)
) ss
County of Navajo)

Acknowledgment. On this 18th day of February, 2011, before me, a notary public, personally appeared: Katherine L. Sutter known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Ann Kurasaki
Notary Public

My commission expires: May 20, 2014



STATE OF ARIZONA)
) ss
County of Navajo)

Acknowledgment. On this 1st day of March, 2011, before me, a notary public, personally appeared: Rick Fernau, Mayor, City of Show Low known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Ann Kurasaki
Notary Public

My commission expires: May 20, 2014

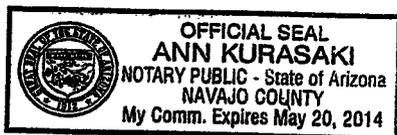
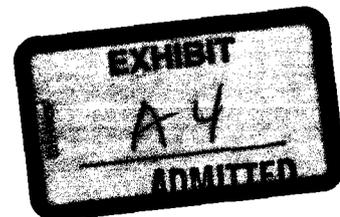


Exhibit A-4
Ron McDonald

**Affidavit of Publication of
Public Notice of Hearing**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



State of Arizona)

Affidavit of Publication

Exhibit 2

)ss.

County of Navajo)

White Mountain Independent

IN THE MATTER OF THE APPLICATION OF PINEVIEW WATER COMPANY, INC. FOR APPROVAL OF THE SALE AND TRANSFER OF ITS ASSETS AND CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY

(Docket No. W-01678A-10-400)

Summary

On October 4, 2010, Pineview Water Company, Inc. ("Pineview" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for approval of the sale and transfer of its water system assets and for cancellation of its Certificate of Convenience and Necessity ("CC&N"). Pineview has reached an agreement to sell and transfer its water system to the City of Show Low, Arizona.

The Commission's Utilities Division Staff ("Staff") is in the process of analyzing the application and has not yet made any recommendations in this matter. The Commission is not bound by the proposals made by Pineview, Staff, or any intervenors. The Commission will determine whether to approve the sale and transfer of assets and CC&N transfer based on the evidence received through an evidentiary hearing in this matter.

If You Are a Pineview Customer

If the sale and transfer of assets and CC&N transfer are approved, the City of Show Low will be the provider of water utility service to your area.

If you have a claim against Pineview such as a claim for refund of a security deposit or service line and meter installation charges or for refund on a main extension agreement, and you have not been contacted by Pineview regarding your claim, you must present your claim to Pineview by February 15, 2011.

How You Can View or Obtain a Copy of the Application and Other Documents

Copies of the application and the other documents filed in this matter are available at Pineview's offices at 5198 Cub Lake Road, Show Low, Arizona 85901; at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours; and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing in this matter beginning on March 15, 2011, at 10:00 a.m., in Hearing Room No. 1 at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket No. W-0 1678A- 10-0400 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800- 222-7000 or 602-542-4251.

About Intervention

Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you desire to intervene, you must file a written motion to intervene with the Commission no later than February 15, 2011. You must send a copy of the motion to intervene to Pineview, or to its counsel, and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of any person upon whom service of documents is to be made, if not yourself;
 2. A short statement of your interest in the proceeding (e.g., a customer of Pineview, etc.); and
 3. A statement certifying that you have mailed a copy of the motion to intervene to Pineview or its counsel, and to all parties of record in the case.
- The granting of motions to intervene shall be governed by A.C.C. R14-3-105, except that all motions to intervene must be filed on or before February 15, 2011. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor's obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/intervent.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the docket for the case.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter and request this document in an alternative format by contacting the ADA Coordinator, Shaylin Bernal, at sbernal@azcc.gov, voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

Published in the White Mountain Independent January 28, 2011 (WMI 5027 N, 1x, 1/28/11)

I, Diane R. Janot being first duly sworn, depose and say: I am the agent of the White Mountain Publishing Company, publisher of the White Mountain Independent, a semi-weekly newspaper of general circulation published at Show Low, County of Navajo, Arizona and that the copy hereto attached is a true copy of the advertisement as published in the White Mountain Independent on the following dates:

January 28, 2011

White Mountain Independent
[Signature]
Sworn to me this day of

January 31, 2011, A.D

[Signature]
Notary Public

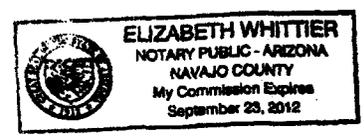


Exhibit A-5
Ron McDonald

**Affidavit of Mailing of Public
Notice of Hearing**

March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400



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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

1 Ronald L. McDonald
2 Pineview Water Company
3 5198 Cub Lake Road
4 Show Low, Arizona 92801
5 Telephone: 928-537-4858
6 General Manager of Pineview Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

6	IN THE MATER OF THE APPLICATION)	DOCKET NO. W-01676A-10-0400
7	OF PINEVIEW WATER COMPANY, INC.)	
8	FOR AN OPINION AND ORDER (i))	
9	AUTHORIZING SALE AND TRANSFER OF)	AFFIDAVIT OF MAILING
	WATER SYSTEM ASSETS, AND (ii))	
	CANCELLING CERTIFICATE OF)	
	CONVENIENCE AND NECESSITY.)	

1. I am Ron McDonald, General Manager of Pineview Water Company. My business address is 5198 Cub Lake Road, Show Low, Arizona 85901.
2. On January 25, 2011, I caused the Notice in the form attached hereto as Exhibit 1 and incorporated herein by reference for all purposes, to be mailed by first class mail, postage prepaid, to all customers receiving service as of January 25, 2011.
3. On January 28, 2011, I caused the Notice in the form attached hereto as Exhibit 2 and incorporated herein by reference for all purposes, to be published in the local newspaper that services our franchise area.
4. Further affiant sayeth naught.

DATED this 1st day of February 2011.

Arizona Corporation Commission

DOCKETED

FEB 2 2011

DOCKETED BY: 

PINEVIEW WATER COMPANY

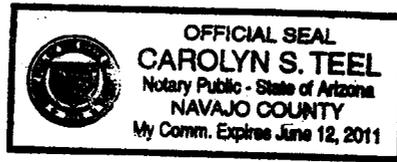
By: Ronald L McDonald
Ron McDonald

The foregoing instrument was acknowledged before me this 1st day of February, 2011,
by Ron McDonald ^{AKA} / Ronald L McDonald

Carolyn S Teel
Notary Public

My Commission Expires:

6/12/2011



IN THE MATTER OF THE APPLICATION OF PINEVIEW WATER COMPANY, INC.
FOR APPROVAL OF THE SALE AND TRANSFER OF ITS ASSETS AND
CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
(Docket No. W-01676A-10-400)

Summary

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If you have a claim against Pineview such as a claim for refund of a security deposit or service line and meter installation charges or for refund on a main extension agreement, and you have not been contacted by Pineview regarding your claim, you must present your claim to Pineview by February 15, 2011.

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Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing in this matter beginning on March 15, 2011, at 10: 00 a.m., in Hearing Room No. 1 at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket No. W-0 1676A- 10-0400 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800- 222-7000 or 602-542-4251.

About Intervention

Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you desire to intervene, you must file a written motion to intervene with the Commission no later than February 15, 2011. You must send a copy of the motion to intervene to Pineview, or to its counsel, and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of any person upon whom service of documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of Pineview, etc.); and

3. A statement certifying that you have mailed a copy of the motion to intervene to Pineview or its counsel, and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before February 15, 2011. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor's obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the docket for the case.

ADA Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter and request this document in an alternative format by contacting the ADA Coordinator, Shaylin Bernal, at sabernal@azcc.gov, voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

Exhibit A-6
Ron McDonald

Pineview Water Company
Certificate of Good Standing

March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400



STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****PINEVIEW WATER COMPANY, INC.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on August 21, 1957.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 4th Day of March, 2011, A. D.





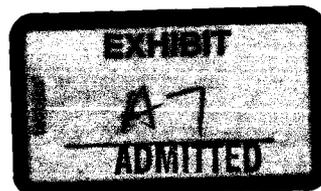
Executive Director

By: _____ 580365

Exhibit A-7
Ron McDonald

Pineview Water Company
Service area Legal
Description

March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400



BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PINE VIEW LAND AND WATER COMPANY, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY AUTHORIZING THE CONSTRUCTION AND OPERATION OF A WATER SYSTEM IN THE HEREINAFTER DESCRIBED TERRITORY IN THE COUNTY OF NAVAJO, ARIZONA.

DOCKET NO. U-1676

DECISION NO. 32007

OPINION AND ORDER

BY THE COMMISSION:

Notice having been given as provided by law, the above entitled matter came on for hearing before the Commission sitting in Tucson, Arizona on November 9, 1959.

Applicant appeared in person in support of his application.

The application was unopposed and in the opinion of the Commission, the application contemplates a service in the public interest.

It further appears that the application does not conflict with any other person or corporation furnishing a service of like character within the area sought to be certificated and that a need and demand has been established and exists for the proposed service supporting a finding of convenience and necessity therefore.

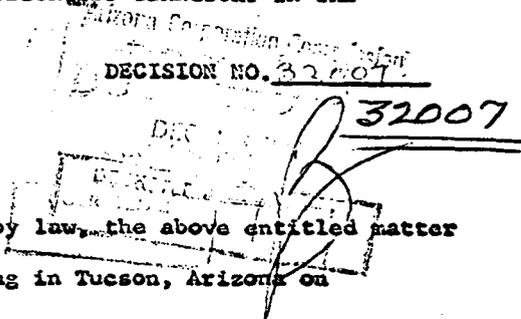
WHEREFORE, IT IS ORDERED that the application be, and it is hereby, approved and this order shall constitute and be a certificate of convenience and necessity as contemplated by the provisions of Section 40-281, A.R.S., authorizing applicant herein to construct, operate and maintain a public water system within the area described as Pine View Summer Homesites, a subdivision of the South Half (S $\frac{1}{2}$) of Northwest Quarter (NW $\frac{1}{4}$) of Southeast Quarter (SE $\frac{1}{4}$) Southeast Quarter (SE $\frac{1}{4}$) of Section 5; the Northeast Quarter (NE $\frac{1}{4}$) of Southeast Quarter (SE $\frac{1}{4}$) of Southeast Quarter (SE $\frac{1}{4}$) of Section 5; the South Half (S $\frac{1}{2}$) of Southeast Quarter (SE $\frac{1}{4}$) of Southeast Quarter (SE $\frac{1}{4}$) of Section 5; the Northeast Quarter (NE $\frac{1}{4}$) of Northeast Quarter (NE $\frac{1}{4}$) of Section 8; All in Township 9 North, Range 22 East, G&SRB&M., Navajo County, Arizona, and to furnish a domestic water service in the area.

The rates and charges which are approved and which shall be charged are:

For homes and cabins a monthly minimum of \$5.00
whether occupied permanently or on seasonal basis.

All other rates and charges shall be in accordance with General Order U-4, Rules and Regulations for Domestic Water Companies, which became effective as of January 15, 1955.

Note check Summary of Case for corrections



1 Pine Meadows Water Company.

2 3. The Commission further concludes that to have two
3 different rate structures within the same certificated area,
4 which will be the result if the Commission approves this transfer,
5 would result in confusion and lead to consumer dissension;
6 therefore, application for a single, consolidated rate hearing
7 should be made to this Commission as soon as it is economically
8 feasible.

9 4. The Commission further concludes that payment for
10 the cost of acquisition of this small domestic water utility
11 from revenues received from the overall operations is just and
12 reasonable under the circumstances.

13 ORDER

14 WHEREFORE, IT IS ORDERED: that the Certificate of
15 Convenience and Necessity presently held by Allan D. Shadron
16 dba Pine Meadows Water Company to construct, operate and maintain
17 a public water system within the territory and area described
18 as:

19 BEGINNING at a point 1089 feet East of the
20 South Quarter corner of Section 9, Township
21 9 North, Range 22 East, G&SRB&M., Navajo County,
22 Arizona; thence North 400 feet; thence West
23 approximately 1012 feet to the West boundary
24 line of Highway R/W; thence Northwesterly along
25 said West boundary line of said Highway R/W
26 approximately 245 feet to the intersection
of the North boundary line of the South half
of the Southwest Quarter of the Southeast
Quarter (S 1/2 SW 1/4 SE 1/4); thence East
approximately 2608.6 feet to the East bound-
ary line of said Section 9; thence South 657.5
feet to the Southeast corner of said Section 9;
thence West along said South section line
1555.8 feet to the point of beginning.

27 ALSO, the W 1/2 SW 1/4 NE 1/4; the W 1/2 NW 1/4
28 SE 1/4; the N 1/2 SW 1/4 SE 1/4; the N 1/2
29 SE 1/4 SE 1/4; the E 1/2 SW 1/4 NE 1/4; the
30 E 1/2 NW 1/4 SE 1/4, all in Section 9,
Township 9 North, Range 22 East, G&SRB&M.,
Navajo County, Arizona, except any portion
thereof lying west of State Highway 173.

31 -

32 -

BEFORE THE ARIZONA CORPORATION COMMISSION

1 BUD TIMS
Chairman
2 JIM WEEKS
Commissioner
3 JOHN AHEARN
Commissioner
4

5 IN THE MATTER OF THE APPLICATION OF)
PINE VIEW LAND & WATER COMPANY, INC.)
6 FOR ADDITIONAL TERRITORY UNDER)
CERTIFICATE OF CONVENIENCE AND)
7 NECESSITY.)
8 -----)

DOCKET NO. U-1676
DECISION NO. 50388
OPINION AND ORDER

9 DATE OF HEARING: September 27, 1979
10 PLACE OF HEARING: Phoenix, Arizona
11 HEARING OFFICER: Nikki A. Chayet
12 APPEARANCES: Colarich & Natoli and Evans, Hammond & Milliken, by
Robert Evans, on behalf of the Applicant
13 Barney Paulsen, Assistant Director, Utilities Division, on
14 behalf of the Arizona Corporation Commission.

15 FINDINGS OF FACT

16 I. Pine View Land & Water Company, Inc. has applied to this Commission for an
17 extension of their certificate of convenience and necessity to cover an area in Navajo County,
18 Arizona described in great length in Exhibit D to their application filed with the Commission.
19 This description has been condensed and simplified to read as follows:

20 The Southeast Quarter (SE ¼) except the North Half (N ½) of
the Northeast Quarter (NE ¼) of the Northwest Quarter (NW ¼)
21 of the Southeast Quarter (SE ¼) and the East Half (E ½) of the
Northeast Quarter (NE ¼) of the Northwest Quarter (NW ¼) of
22 Northwest Quarter (NW ¼) of the Southeast Quarter (SE ¼)
(KVWM Radio) and the Northeast Quarter (NE ¼) East of State
23 Highway 260 all in Section 32, Township 10 North, Range 22 East.
All except the South thirty (30) feet of the West 735.45 feet of
24 the Southwest Quarter (SW ¼) of the Southeast Quarter (SE ¼)
(Ellsworth Heights Water Co. U-1972) of Section 33, Township
25 10 North, Range 22 East. All except the South Half (S ½) of the
Northwest Quarter (NW ¼) of the Northeast Quarter (NE ¼) and
26 the West 735.45 feet of the North Half (N ½) the Northwest
Quarter (NW ¼) of the Northeast Quarter (NE ¼) (Ellsworth
27 Heights Water Co. U-1972) and except the South 450 feet of
the Southwest Quarter (SW ¼) of the Northeast Quarter (NE ¼)
28 of the Southwest Quarter (SW ¼) lying West of the west right of way
line of State Highway 260, of Section 4, Township 9 North,
29 Range 22 East; The East Half (E ½) of Section 5, Township 9 North,
Range 22 East except that area already certificated to Pine View
30 Land & Water Company; the North 234 feet of the Southeast
Quarter (SE ¼) of the Northeast Quarter (NE ¼) and the parcel
31 beginning 708.25 feet East of the Southwest corner Pine View
Summer Homes Unit Two and thence running South 105 feet, thence
32 West 102 feet, thence South 192 feet, thence East 102 feet,

44099

WHEREFORE, IT IS ORDERED: that the certificate of convenience and necessity presently held by Lyal D. Moore and Clara M. Moore to construct, operate and maintain a public utility water system within the area described as:

The West 735.45' of the South 30' of the Southwest quarter of the Southeast quarter of Section 33, Township 10 North, Range 22 East, G&SRB&M, and the South half and the West 735.45' of the North half of the Northwest quarter of the Northeast quarter of Section 4, Township 9 North, Range 22 East, G&SRB&M, Navajo County, Arizona.

be and hereby is transferred to Karren Scott Solomon and Jacqueline W. Solomon dba Ellsworth Heights Water Company.

IT IS FURTHER ORDERED: that the present rate schedule followed by Lyal D. Moore and Clara M. Moore dba Ellsworth Heights Water Company with respect to their presently certificated area shall be employed by Karren Scott Solomon and Jacqueline W. Solomon dba Ellsworth Heights Water Company.

IT IS FURTHER ORDERED: that all services shall be metered at the time of the initial connection.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

Charles H. ...
CHAIRMAN *H. ...* *...*
COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, GEORGE M. DEMPSEY, Secretary of the Arizona Corporation Commission have hereunto set my hand and caused the official seal of the Arizona Corporation Commission to be affixed at the Capitol, in the City of Phoenix, this 1st day of May 1974.

George M. Dempsey
GEORGE M. DEMPSEY
SECRETARY

PARCEL NO. 2:

That part of Section 8, Township 9 North, Range 22 East, of the Gila and Salt River Base and Meridian, Navajo County, Arizona, described as follows:

COMMENCING at the Section corner of Sections 5, 6, 7 and 8;
 THENCE North 89°52'48" East, a distance of 277.10 feet;
 THENCE North 89°49'27" East, a distance of 2350.50 feet;
 THENCE North 89°44'45" East, a distance of 1330.12 feet;
 THENCE South 00°22'33" East, a distance of 1294.89 feet to the POINT OF BEGINNING;
 THENCE South 00°19'04" East, a distance of 213.55 feet;
 THENCE North 89°18'15" East, a distance of 9.06 feet;
 THENCE South 00°39'16" East, a distance of 1082.66 feet to Corner #7 of H.E.S. 207;
 THENCE South 40°51'54" West, a distance of 701.50 feet to Corner #6;
 THENCE South 37°27'00" East, a distance of 1607.20 feet to Corner #5 and a point on the Fort Apache Indian Reservation;
 THENCE North 72°44'14" West, along said Reservation Boundary, a distance of 210.88 feet;
 THENCE North 72°29'47" West, a distance of 65.63 feet;
 THENCE North 77°20'13" West, a distance of 307.08 feet;
 THENCE South 61°24'09" West, a distance of 336.50 feet;
 THENCE North 40°40'14" West, a distance of 663.97 feet;
 THENCE North 05°45'08" West, a distance of 400.51 feet;
 THENCE North 43°30'35" West, a distance of 961.51 feet;
 THENCE North 11°21'33" West, a distance of 481.01 feet;
 THENCE North 15°17'22" West, a distance of 315.37 feet;
 THENCE North 19°28'20" East, a distance of 508.70 feet;
 THENCE North 52°33'55" West, a distance of 417.28 feet;
 THENCE North 89°49'37" East, a distance of 1800.43 feet to the POINT OF BEGINNING.

Legal Description - Page 2

66176

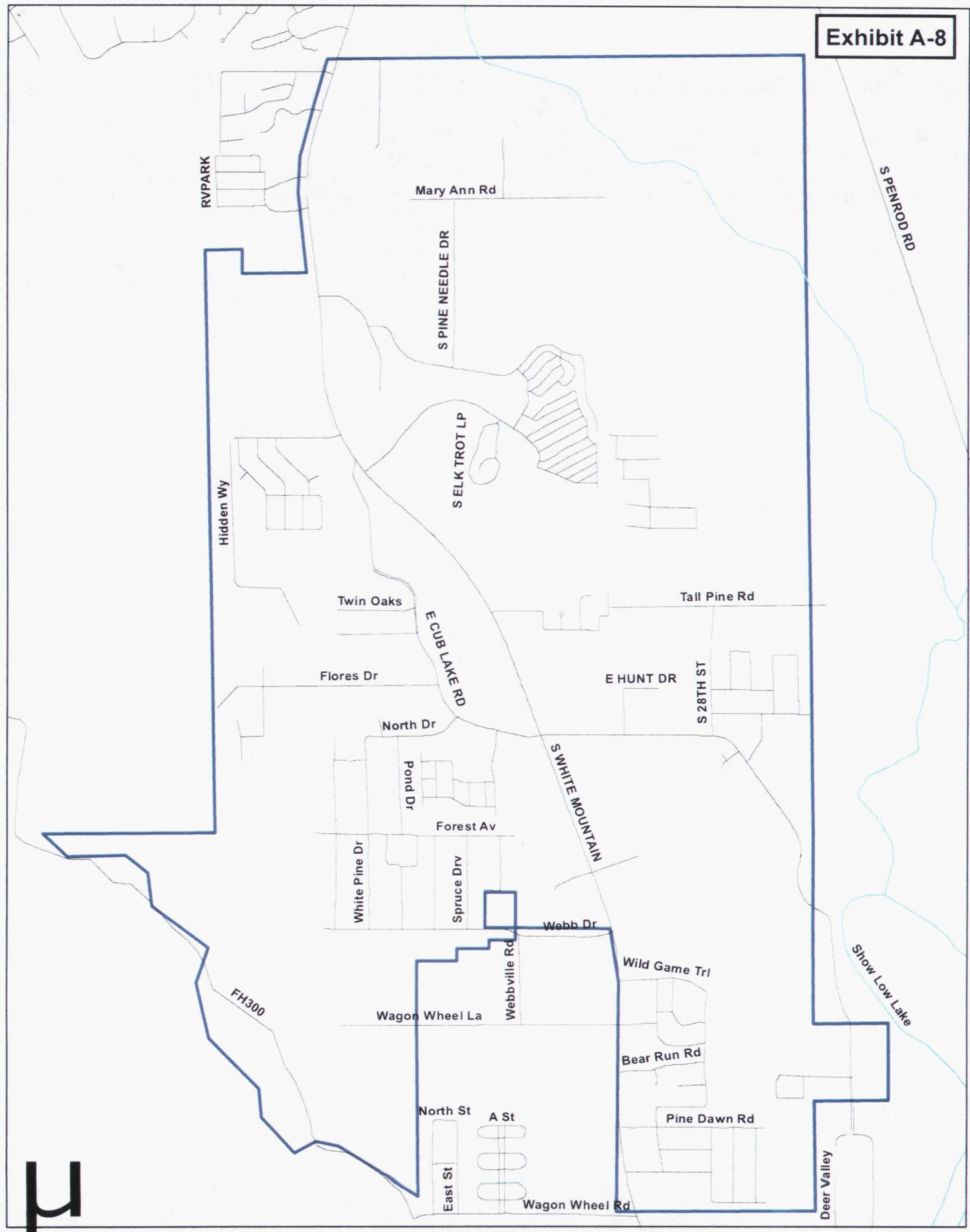
DECISION NO. _____

Exhibit A-8
Ron McDonald

Pineview Water Company
Service area Map

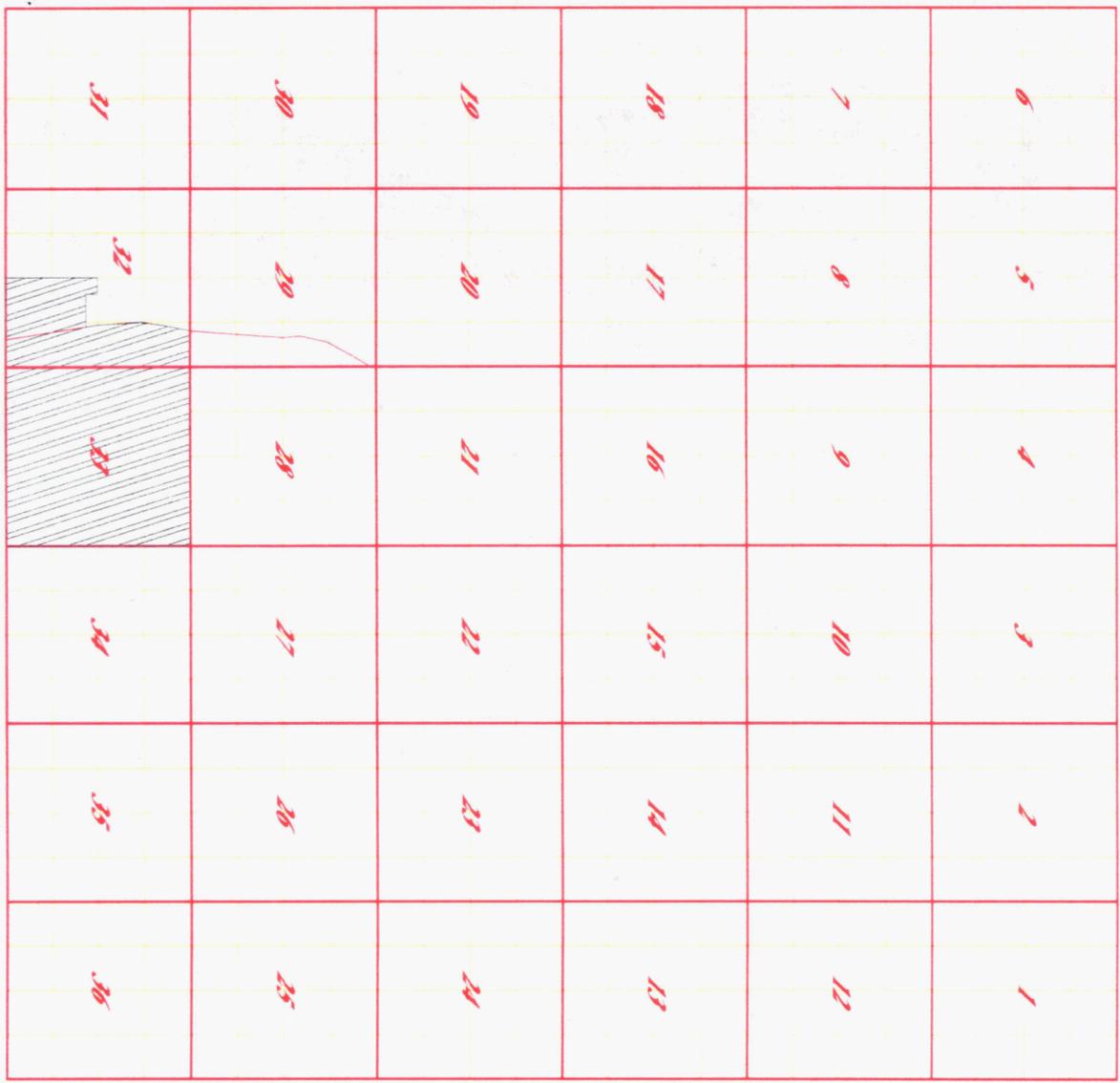
March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400





COCONINO COUNTY Navajo

RANGE 22 East



TOWNSHIP 10 North

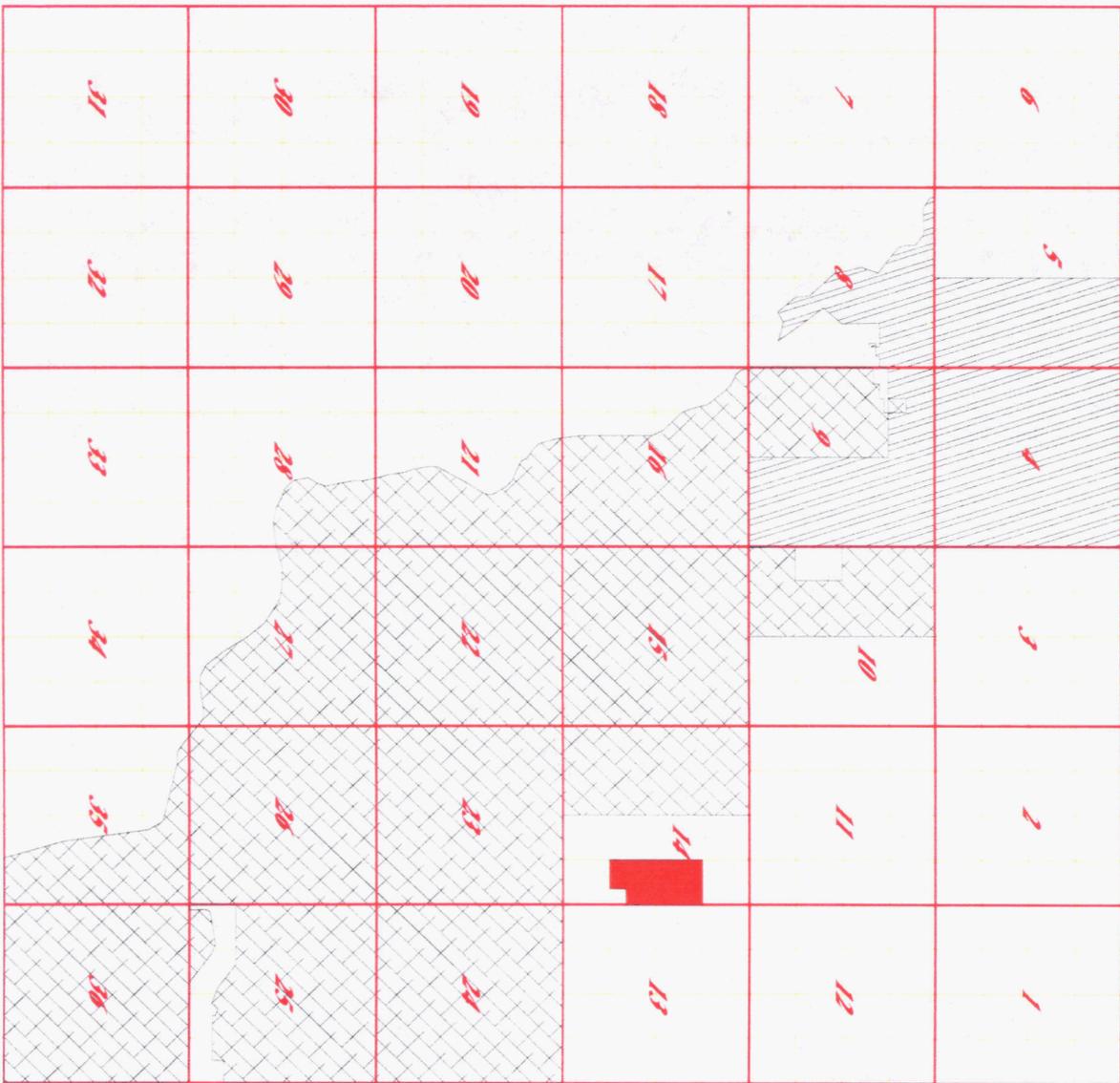


W-1676 (2)

Pineview Water Company

COUNTY: Navajo

RANGE 22 East



TOWNSHIP 9 North

-  W-1445 (6)(3)
Arizona Water Company (Lakeside)
-  W-1676 (2)
Pineview Water Company
-  (1)
Porter Creek Domestic Water Improvement District (Nonjurisdictional)

Exhibit A-9
Ron McDonald

**Pineview Water Company's
Current Rates and Charges**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**





5198 Cub Lake Road
Show Low, AZ 85901
928-537-4858
Fax 928-537-2180

**PUBLIC NOTICE
OF
INCREASES IN RATES & CHARGES**

Dear Pineview Water Company Customer:

At its Open Meeting on April 27, 2010 the Arizona Corporation Commission, in Docket # W-01676A-08-0366, Decision# 71693, authorized and directed Pineview Water Company to implement, effective **May 1, 2010** its new tariff setting forth the following new rates and charges:

MONTHLY USAGE CHARGE:

5/8" X 3/4" Meter	\$ 18.00
3/4" Meter	27.00
1" Meter	45.00
1 1/2" Meter	90.00
2" Meter	144.00
3" Meter	288.00
4" Meter	450.00
6" Meter	900.00
8" Meter	1,440.00
10" Meter	2,070.00
Construction Meter	By Meter Size ****

COMMODITY RATES (Per 1,000 Gallons):

5/8" X 3/4" and 3/4" Meters

1 to 3,000 Gallons	\$2.75
3,001 to 10,000 Gallons	4.00
Over 10,000 Gallons	4.90

1" Meter

1 to 24,000 Gallons	\$4.00
Over 24,000 Gallons	4.90

1 1/2" Meter

1 to 65,000 Gallons	\$4.00
Over 65,000 Gallons	4.90

2" Meter

1 to 113,000 Gallons	\$4.00
Over 113,000 Gallons	4.90

3" Meter

1 to 240,000 Gallons	\$4.00
Over 240,000 Gallons	4.90

4" Meter

1 to 385,000 Gallons	\$4.00
Over 385,000 Gallons	4.90



5198 Cub Lake Road
 Show Low, AZ 85901
 928-537-4858
 Fax 928-537-2180

6" Meter

1 to 795,000 Gallons	\$4.00
Over 795,000 Gallons	4.90

8" Meter

1 to 1,285,000 Gallons	\$4.00
Over 1,285,000 Gallons	4.90

10" Meter

1 to 1,850,000 Gallons	\$4.00
Over 1,850,000 Gallons	4.90

Construction Meter

All Usage, Per 1,000 Gallons	\$4.90
------------------------------	--------

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

	Service Line Charge	Meter Charge	Total Charge
All Meters	\$0.00	\$0.00	\$0.00

SERVICE CHARGES:

Establishment – Regular Hours	\$20.00
Establishment – After Hours	\$35.00
Re-Establishment Fee (Within 12 Mos.)	*
Reconnection of Service – Regular Hours	\$15.00
Reconnection of Service – After Hours	\$30.00
Meter Test – If Correct	\$20.00
Meter Relocation at Customer Request	Cost**
Meter Re-Read – If Correct	\$15.00
NSF Check Charge	\$25.00
Late Charge	1.50%
Deferred Payment Finance Charge (Per Month)	1.50%
Service Call – Regular Hours	No Charge
Service Call – After Hours	\$25.00
Deposit	***
Deposit Interest	6.00%

* Number of months off system times monthly minimum, per Commission rule A.A.C R14-2-403(D).

** Cost Includes Materials, Labor and Overheads.

*** Per Commission rule A.A.C. R14-2-403(B).

**** Construction meter is an individually assigned meter. Attached to a hydrant to provide water for construction purposes.

Exhibit A-10
Ron McDonald

Pineview Water Company's
Water System Assets

March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400

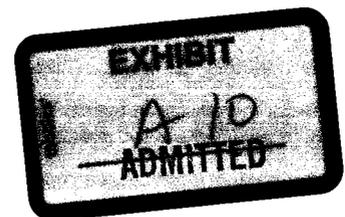


Table A. Company Assets

Acct. No.	Plant-in-Service	Amounts
303	Land & Land Rights	\$ 33,498
304	Structures & Improvements	109,849
307	Wells & Springs	370,717
311	Electric Pumping Equipment	247,594
320	Water Treatment Equipment	4,055
330	Distribution Reservoir & Standpipe	814,624
331	Transmission & Distribution Mains	2,681,328
333	Services	18,612
334	Meters & Meter Installations	239,063
335	Hydrants	181,115
339	Other Plant & Misc. Equipment	77,737
340	Office Furn. & Equipment	50,529
341	Transportation Equipment	63,848
343	Tools, Shop & Garage Equipment	42,557
345	Power Operated Equipment	2,083
347	Miscellaneous Equipment	422
	Total:	\$ 4,937,632

Exhibit A-11
Ron McDonald

Pineview Water Company's
“Water Loss” Investigation
and Remediation Plan (per
Decision No. 71693)

March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400



Steps Pineview Water Company has take to reduce Water Loss

An ADEQ Representative performed an Operation and Maintenance evaluation on August 15, 2007. The ADEQ O. & M. report was received on September 5, 2007. At that time the company had not yet determined the probable source of the excessive water loss. The evaluation included developing a facility schematic and description of the system. It evaluated our site sampling plan, as well as our Emergency Operation, Vulnerability Assessment and Backflow/Cross-Connection Control Plans.

It was not until after the evaluation that the company learned of leaks in the Scotts Pines subdivision's water system.

Through a process of elimination the company is prudently certain that the source of the excess water loss is in the Scotts Pines subdivision's water system. The company has come to this conclusion based on the following:

- The company performed a meter flow test on every meter. Meters found to not be registering accurately were replaced.
- All main lines were walked. Many are in backyard easements or through undeveloped forested areas. All leaks discovered were repaired.
- The company maintains records of estimated water lost prior to the leak being found and repaired.
- The company maintains records of water lost through monthly flushing.
- The company maintains records on adjusted bills due to miss reads.
- The company's construction specifications included mega lug fittings and joint restraints (no glued fittings on main lines). Service lines are brass fittings on poly pipe.
- "Clay Dams" are installed where leaks have been found in areas where cinders were used as backfill by other utilities.

As a result of the above noted process, the company has discovered that leaks located in the Scotts Pines subdivision's water system are the most likely source of the excess water loss.

Therefore, on August 9, 2010, the company obtained a Planning and Design grant from WIFA. The company has contracted with Tetra-Tec Engineering to Plan, Design and provide an Engineer's estimate to replace the water system in the Scott Pine Meadow Subdivision.

Exhibit A-12
Doug Sandstrom

**City of Show Low's Current
Rates and Charges**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**

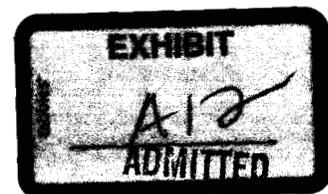
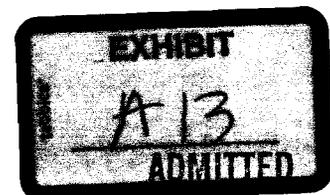


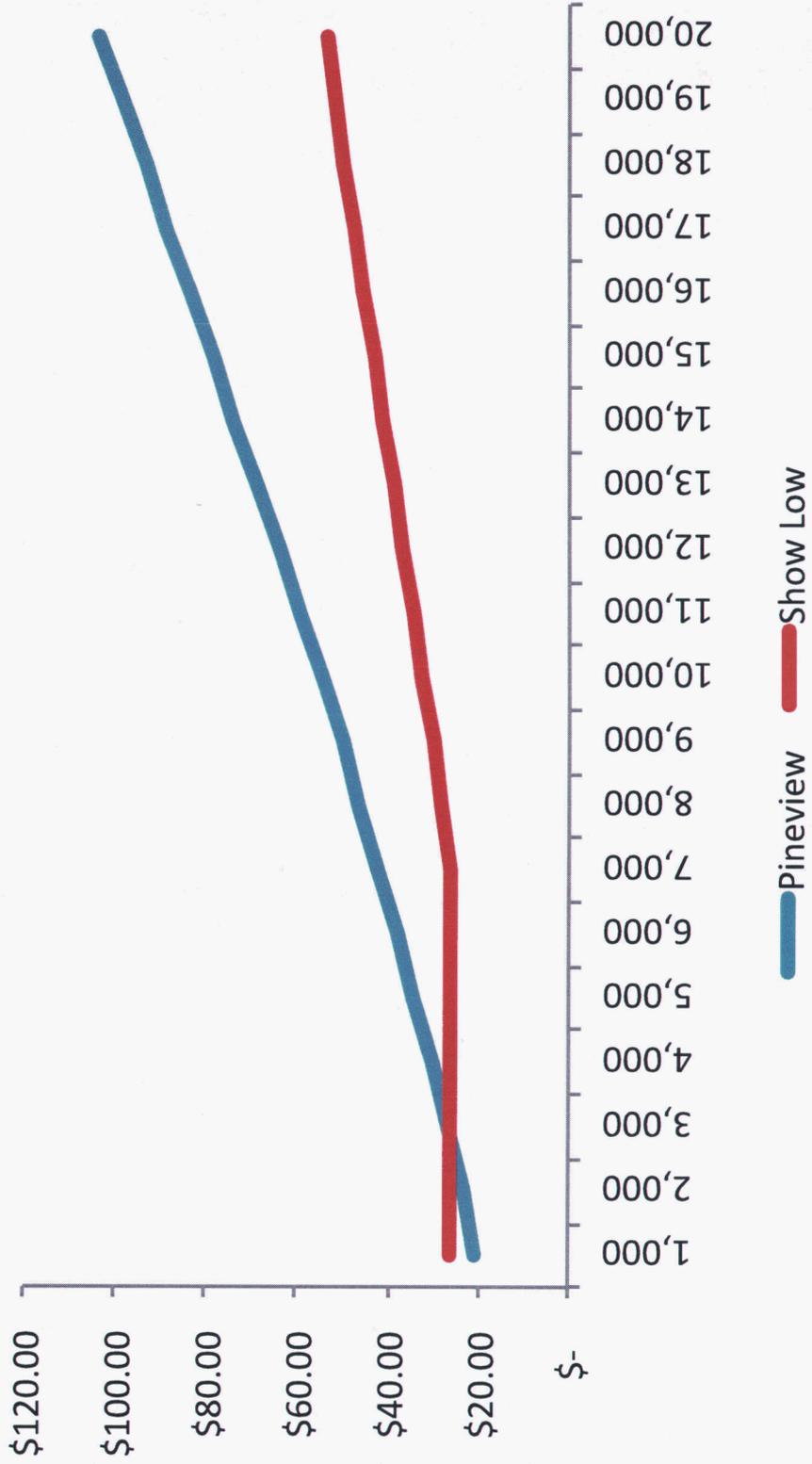
Exhibit A-13
Doug Sandstrom

**Comparative Rate Analysis:
Current / Anticipated Rates**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



Monthly Charge Comparison 5/8" Meters



Pineview vs. Show Low Consolidated Rate Comparison

Gallons	Pineview	Show Low (Current)	
	Current	Inside	Outside *
5/8" Meters			
1,000	\$20.75	\$26.17	\$32.71
2,000	23.50	26.17	32.71
3,000	26.25	26.17	32.71
4,000	30.25	26.17	32.71
5,000	34.25	26.17	32.71
6,000	38.25	26.17	32.71
7,000	42.25	26.17	32.71
8,000	46.25	28.30	35.38
9,000	50.25	30.43	38.04
10,000	54.25	32.56	40.70
11,000	59.15	34.69	43.36
12,000	64.05	36.82	46.03
13,000	68.95	38.95	48.69
14,000	73.85	41.08	51.35
15,000	78.75	43.21	54.01
16,000	83.65	45.34	56.68
17,000	88.55	47.47	59.34
18,000	93.45	49.60	62.00
19,000	98.35	51.73	64.66
20,000	103.25	53.86	67.33

*Outside city limits assumes a 25% premium



State of Arizona Average Outside City Limit Rate Premiums

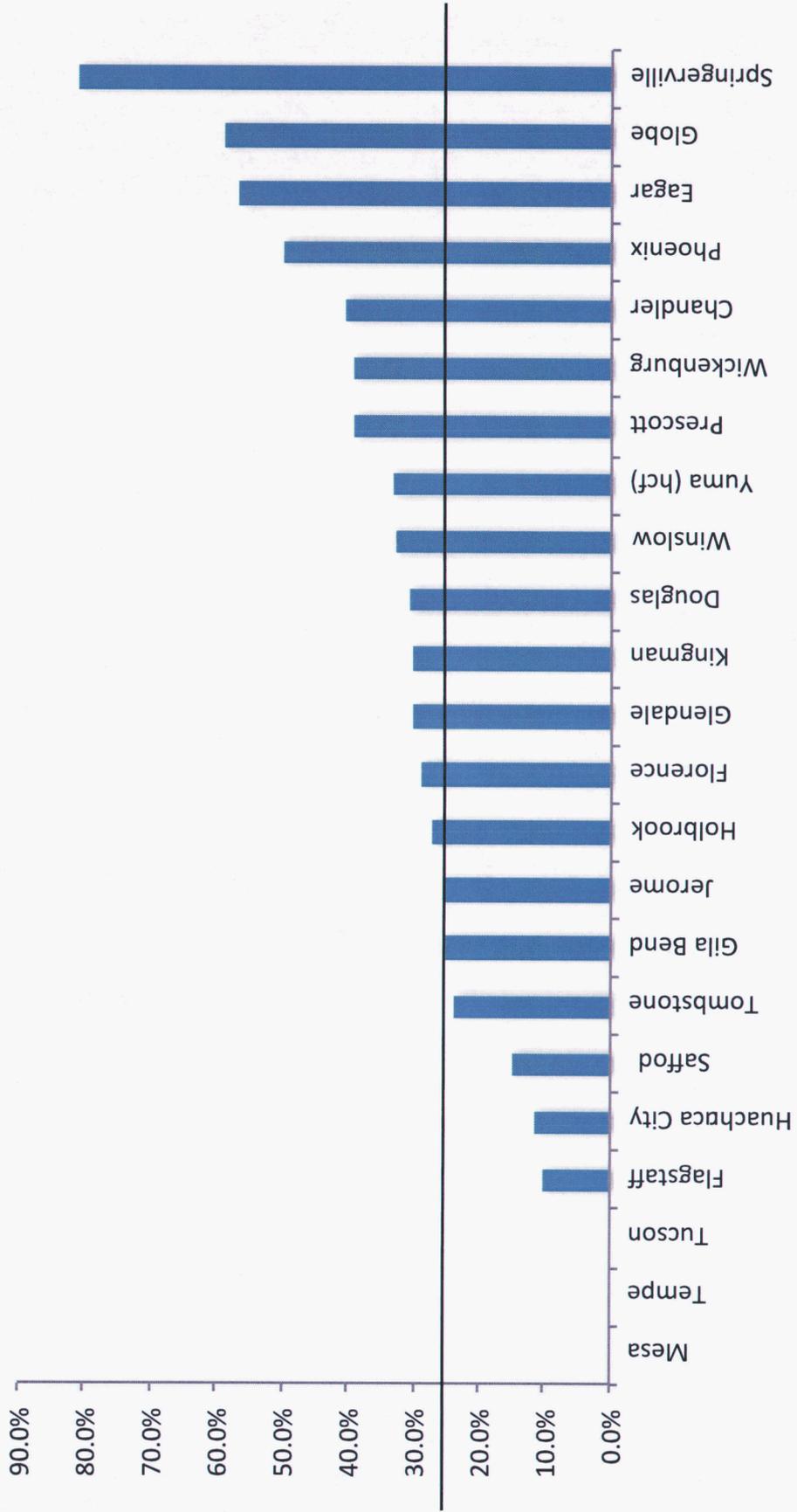


Exhibit A-14
Doug Sandstrom

WIFA Loan Approval

March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400



Loan Resolution 2011-016- City of Show Low
Water Infrastructure Finance Authority of Arizona

Section 1: Resolution

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the "*Authority*") has received from City of Show Low (the "*Local Borrower*") a request for a loan (the "*Loan*"); and

WHEREAS, the Authority has determined that the Local Borrower has met the requirements of Arizona Revised Statutes §49-1201 et seq. (the "*Act*") and the rules promulgated thereunder (the "*Rules*"); and

WHEREAS, the terms and conditions under which a Loan will be made and the obligations of the Local Borrower will be set forth in a loan agreement or bond purchase agreement (the "*Loan Agreement*") to be executed by the Local Borrower and the Authority.

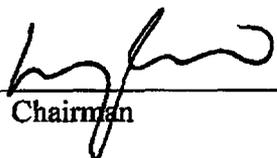
NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Executive Director of the Authority is hereby authorized and directed to execute a Loan Agreement with the Local Borrower to evidence a Loan in accordance with the Act, the Rules, the Local Borrower's applications to the Authority, and the Project Summary detailed in Section 2 of this Loan Resolution.

The Executive Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution and the Loan Agreement and to ensure that the Local Borrower has completed all requirements of the Authority as detailed in Section 3, Section 4, and Section 5 of this Loan Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

Dated: February 16, 2011

By : 
Chairman

Attest: 
Executive Director

Loan Resolution 2011-016- City of Show Low

Water Infrastructure Finance Authority of Arizona

Section 2: Project Summary

DW 039-2011

<u>PL Rank</u>	<u>Funding Cycle</u>	<u>Population Served</u>	<u>Subsidy Rate</u>
35	DW 2011	1131	80%

The City of Show Low will acquire the Pineview Water Company, a privately owned water company with a certificated area which overlaps the City of Show Low municipal boundary in areas. An asset purchase agreement has been approved by the City Council and by the owners of the Pineview Water Company for an approximate purchase price of \$3.2 million. This sale must be approved by the ACC and the agreement is contingent upon that approval. The City is currently working closely with the ACC staff to secure approval on or around March/April 2011.

Once purchased, the existing system will require significant initial improvements to bring the infrastructure into compliance with ACC requirements and to connect the system to the City's distribution system. It is estimated that approximately \$1.6 million of system improvements will be needed to upgrade and connect the Pineview water system.

May 27, 2009 - Board adopted Loan Resolution 2009-041 (Loan #91A120-10) to award \$500,000 to the City of Show Low for a manhole rehabilitation project.

April 28, 2009 - Board awarded TA Grant 860057-09 of \$35,000 for a Wastewater Treatment Plant Expansion Master Plan.

July 21, 2003 - Board awarded TA Grant 88015-04 of \$20,000 for a Well Site Feasibility Study.

No Project Finance Committee Meeting

***Loan Resolution 2011-016- City of Show Low
Water Infrastructure Finance Authority of Arizona***

Section 3: Financial Assistance Terms & Conditions (Section 7.1 of Due Diligence)

Financial Assistance Amount: \$4,800,000

Primary Repayment Source: Revenues

Secondary Repayment Source: None

Loan Term: 20 years

Frequency of Repayment: Semi-Annual

Loan Structure: Standard Governmental

Debt Service Reserve Fund Requirements: Local, No Separate Account

Repair and Replacement Fund Requirements: None

Requirements Prior to Loan Execution:

Require Legal Opinion: Yes

Other: ACC approval of Asset Purchase and Sale of Pineview Water Co. Inc. to the City of Show Low.

Requirements Prior to Construction: No Requirement

Requirement During Construction: No Requirement

Requirements Prior to Final Disbursements: No Requirement

Loan Category: Qualified, Not Pledged

Policy Exceptions: None

Section 4: Technical Terms & Conditions (Section 7.2 of Due Diligence)

Observation Schedule:

Observation 1: upon borrower notification of construction commencement

Final Observation: 80% construction budget dispersal

Withholding Percentage: 10%

***Loan Resolution 2011-016- City of Show Low
Water Infrastructure Finance Authority of Arizona***

Requirements Prior to Loan Execution: No Requirement

Requirements Prior to Construction:

Prior Review and Approval of Construction Bids: Yes

Require Construction Signs: Yes

The Local Borrower shall erect a construction sign displaying information on the Project and the funding sources. The Authority shall provide specifications for such construction signs.

Other: No Requirement

Requirements During Construction:

Prior Review of Changes in Project Scope: No Requirement

Other: No Requirement

Requirements Prior to Final Disbursements:

Require Plan of Operation: No Requirement

Require Final Approval: No Requirement

Other: No Requirement

Policy Exceptions: None

Section 5: Additional Notice & Reporting Requirements (Section 7.3 of Due Diligence)

WIFA to generate Press Release: Yes

Other: Wage Rate Requirements Reporting

Exhibit A-15
Bill Kopp

Pineview/Show Low
Combined Service Area Map

March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400

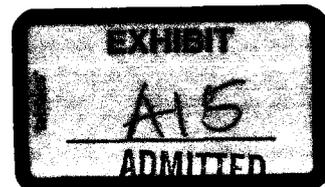
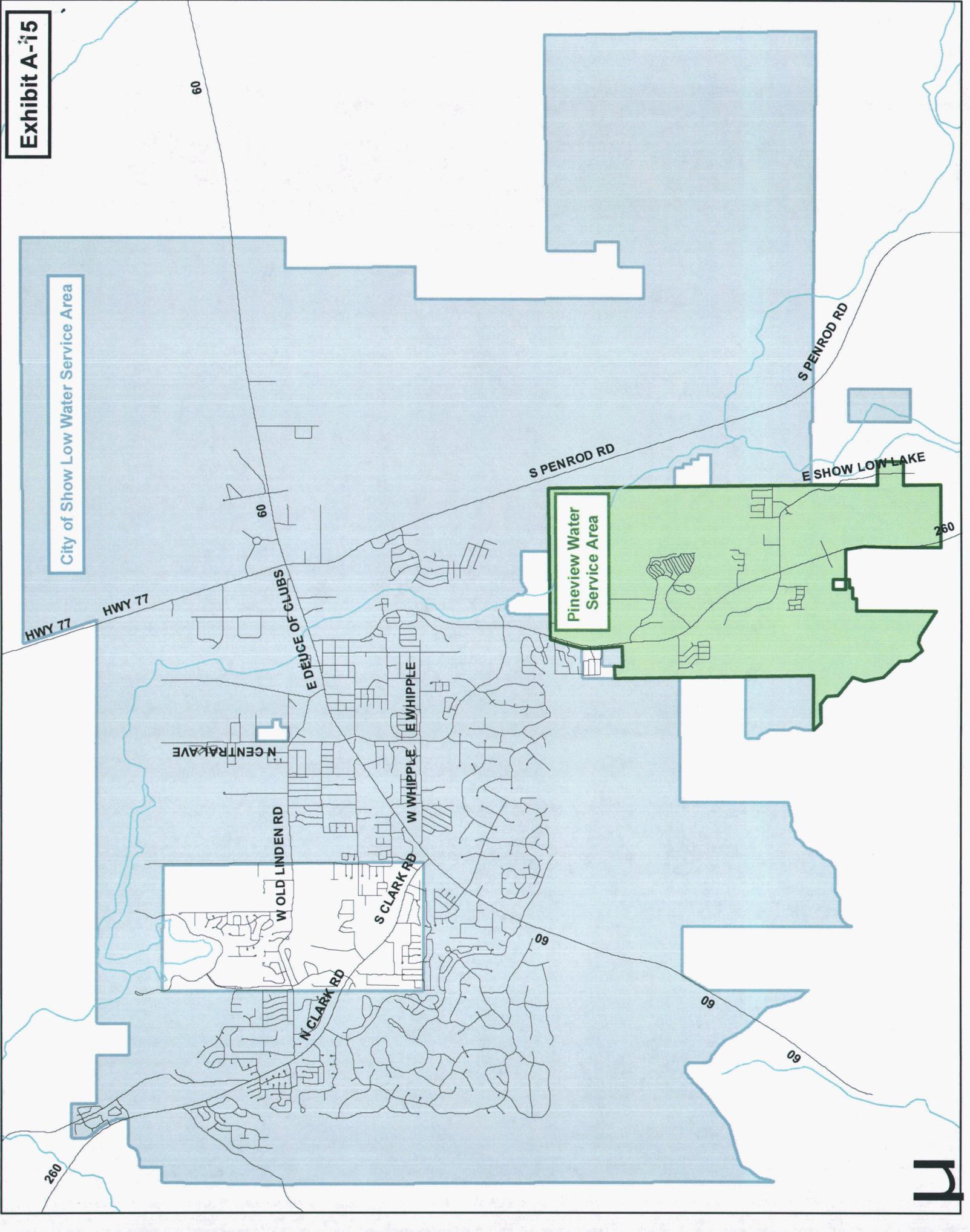


Exhibit A-15



10N22E

06 05 04 03 02 01

07 08 09 10 11 12

18 17 16 15 14 13

SHOW LOW

19 20 21 22 23 24

30 29 28 27 26 25

31 32 33 34 35 36

Pineview
Water
Company

06 05 04 03 02 01

PINETOP-LAKESIDE

07 08 09 10 11 12

18 17 16 15 14 13

Arizona
Water
Company

19 20 21 22 23 24

30 29 28 27 26 25

31 32 33 34 35 36

09N22E

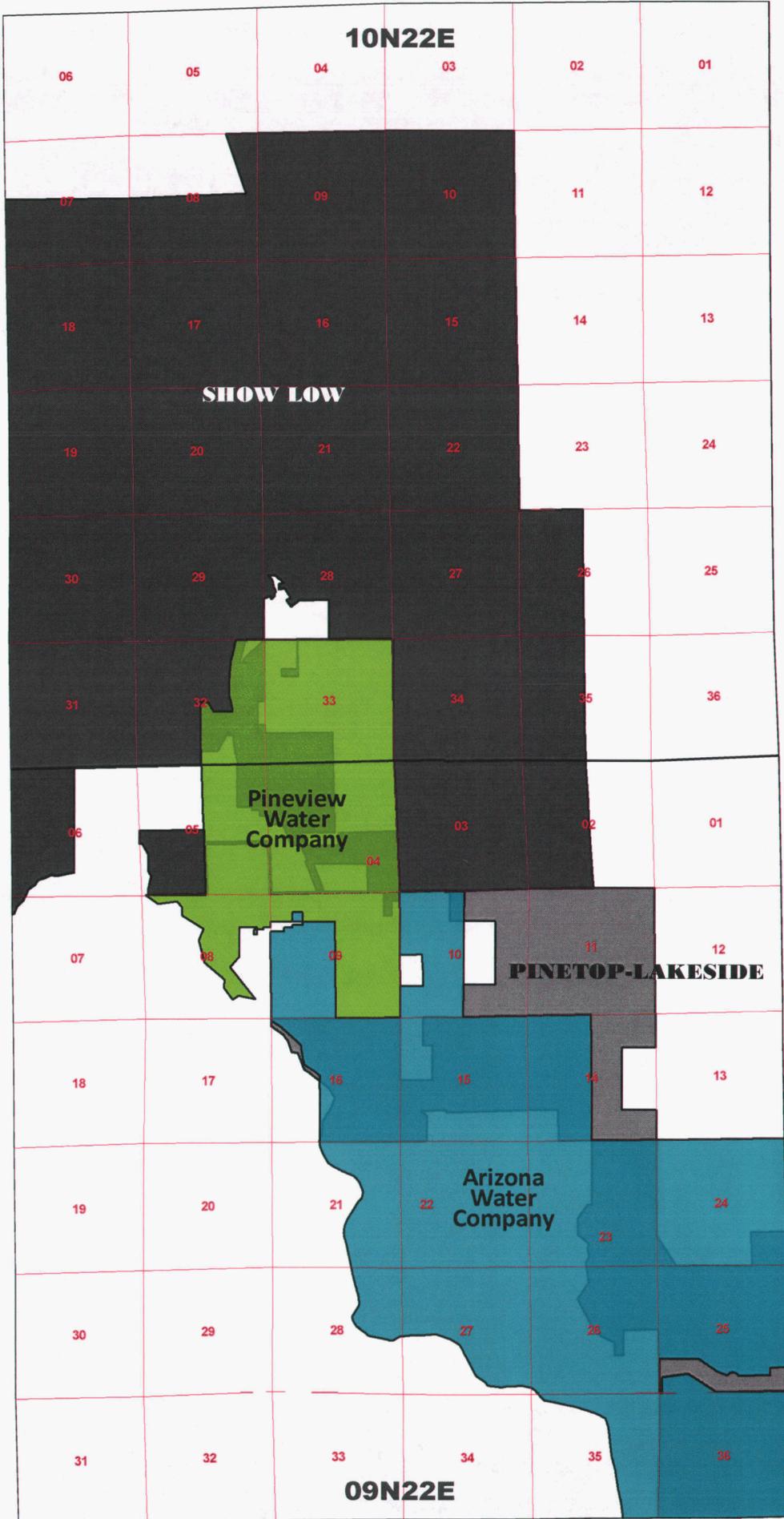
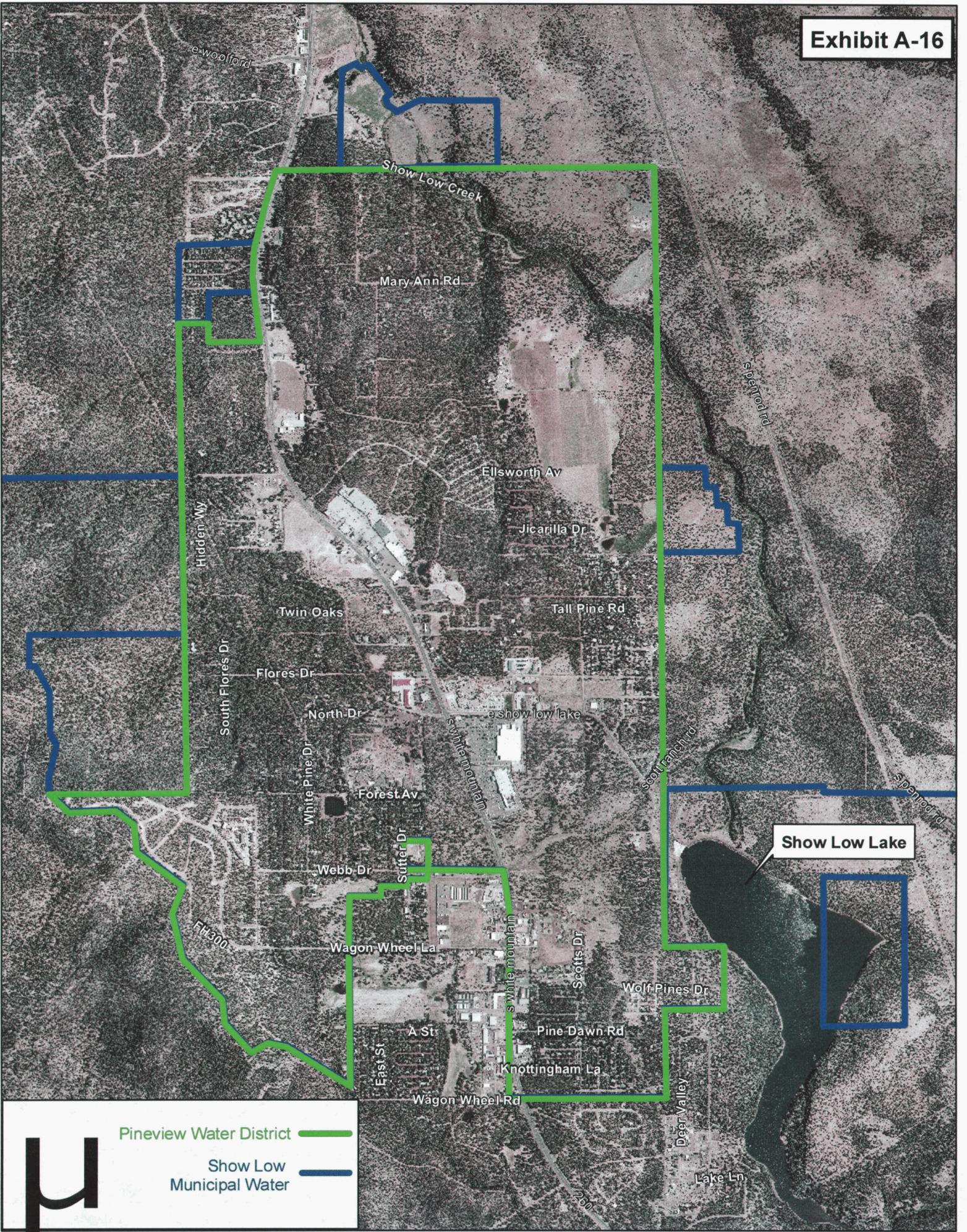


Exhibit A-16
Bill Kopp

**Photo / Map Depicting City of
Show Low's Long-Range
Water Supply Plans**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**





Show Low Lake

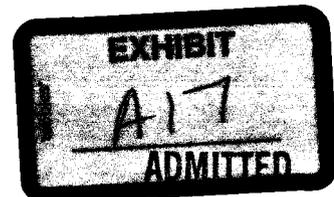
Pineview Water District
Show Low Municipal Water



Exhibit A-17
Bill Kopp

**Map Depicting Pineview
Water Company's and City of
Show Low's Wells, Storage
Reservoirs and
Interconnection Points**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



Detail "B"



Detail "A"



Detail "A"



Detail "B"

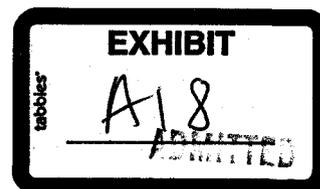


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Exhibit A-18
Bill Kopp

**City of Show Low's
Contemplated Capital
Improvement Program**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



**CAPITAL IMPROVEMENTS PLAN (CIP)
FISCAL YEAR 2012 through 2016**

PUBLIC WORKS & STREETS	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
R & R Program	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,000,000
Sierra Park Trail from Woolford to Sierra Pines Dr.	\$252,000	\$0	\$0	\$0	\$0	\$252,000
Sierra Pines Trl from US 60 to Ridge Crest	\$609,800	\$660,000	\$0	\$0	\$0	\$1,269,800
Sierra Pine Dr from Sierra Pines Trail to Sierra Park	\$0	\$0	\$300,000	\$0	\$0	\$300,000
Scott Ranch Road	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
Stormwater Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Lower power lines Deuce of Clubs and install Lights	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Six Wheeler with Plow and Spreader	\$100,000	\$0	\$0	\$0	\$0	\$100,000
Traffic Signal - 9th and Deuce of Clubs	\$600,000	\$0	\$0	\$0	\$0	\$600,000
Sidewalk Program	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Show Low Heights - Rebuild Rd, Curb & Sidewalk	\$0	\$0	\$0	\$308,000	\$0	\$308,000
43rd Ave (Old HWY 160) Rebuild Road	\$0	\$0	\$0	\$0	\$314,000	\$314,000
Park Valley - Rebuild Roads	\$0	\$0	\$170,000	\$0	\$0	\$170,000
West Wood Subdivision - Rebuild Roads	\$155,000	\$0	\$0	\$0	\$0	\$155,000
Public Works yard - Replace Asphalt	\$0	\$0	\$0	\$0	\$77,000	\$77,000
Show Low Lake Rd from WalMart to Lake - Rebuild	\$264,000	\$0	\$0	\$0	\$0	\$264,000
Sierra Pines - Interior Street Rebuild	\$0	\$0	\$324,000	\$0	\$0	\$324,000
Downtown Pedestrian Enhancements	\$742,400	\$0	\$0	\$0	\$0	\$742,400
Public Works & Street Totals	\$5,473,200	\$1,410,000	\$1,544,000	\$1,058,000	\$1,141,000	\$10,626,200
COMMUNITY SERVICE & CULTURE	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
City Park - Shoulder Repair	\$0	\$0	\$100,000	\$0	\$0	\$100,000
Frontier Park - Soccer Fields	\$0	\$0	\$300,000	\$0	\$0	\$300,000
City Campus Improvements	\$150,000	\$0	\$0	\$0	\$0	\$150,000
Open Space Preservation	\$50,000	\$0	\$50,000	\$0	\$50,000	\$150,000
Cemetery Expansion/Improvements	\$0	\$100,000	\$50,000	\$50,000	\$50,000	\$250,000
Trail - Meadows	\$50,000	\$0	\$0	\$0	\$0	\$50,000
Trail -General	\$0	\$100,000	\$0	\$0	\$100,000	\$200,000
Show Low Lake Improvements	\$0	\$0	\$0	\$0	\$750,000	\$750,000
Show Low Lake Restroom/Cleaning area	\$200,000	\$0	\$0	\$0	\$0	\$200,000
Show Low Lake Restrooms II	\$0	\$75,000	\$0	\$0	\$0	\$75,000
Show Low Lake Restrooms III	\$0	\$0	\$75,000	\$0	\$0	\$75,000
US60 Multi-Use Pathway & Sidewalks	\$802,300	\$0	\$0	\$0	\$0	\$802,300
Maintenance Yard/Shop	\$0	\$0	\$0	\$250,000	\$0	\$250,000

**CAPITAL IMPROVEMENTS PLAN (CIP)
FISCAL YEAR 2012 through 2016**

Aquatics Center	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000
Lights - Sr. Field	\$0	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
Lights - Ponderosa Fields	\$0	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
Lights - Nikolaus Park	\$0	\$0	\$0	\$0	\$800,000	\$0	\$0	\$0	\$800,000
Playground - Ponderosa	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000
Playground - Racquetball Court	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000
Playground - Little League	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
Community Service & Culture Totals	\$1,802,300	\$925,000	\$625,000	\$1,100,000	\$950,000	\$1,100,000	\$950,000	\$950,000	\$5,402,300
PUBLIC TRANSPORTATION									
Accessible Buses - Fleet Expansion	\$0	\$0	\$125,000	\$0	\$125,000	\$0	\$125,000	\$0	\$250,000
Accessible Buses - Fleet Replacement	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$625,000
Show Low Lake Rd Transfer Station	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000
Public Transportation Totals	\$325,000	\$125,000	\$250,000	\$125,000	\$250,000	\$125,000	\$250,000	\$250,000	\$1,075,000
POLICE									
Communication Equipment	\$0	\$0	\$0	\$0	\$250,000	\$0	\$250,000	\$0	\$250,000
Land Acquisition for new building	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Public Safety Complex	\$0	\$0	\$0	\$0	\$600,000	\$0	\$600,000	\$6,000,000	\$6,600,000
Special Response Team truck	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$0	\$300,000
Jail Expansion at existing site	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
Police Facility Remodel	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Police Facility - Repair & enhance parking lots	\$0	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000
Police Dog Pound Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Police Range Improvements	\$0	\$0	\$200,000	\$0	\$200,000	\$0	\$200,000	\$0	\$200,000
Police Totals	\$400,000	\$175,000	\$200,000	\$850,000	\$850,000	\$850,000	\$6,500,000	\$6,500,000	\$7,925,000
WASTEWATER									
General Improvements/Modifications	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000
Wastewater Treatment Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$0	\$2,000,000
Bio Curtain	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000
Bank Stabilization	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000

**CAPITAL IMPROVEMENTS PLAN (CIP)
FISCAL YEAR 2012 through 2016**

Lift Station modifications - Generators	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000
Vactor Dump Station at WWTP on 6th St	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000
N 5th Drive from Old Linden Rd to Cooley	\$93,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$93,000
Manhole Replacement - Torreon	\$188,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$188,000
Manhole Replacement - Sierra Pines	\$0	\$188,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$188,000
Line upgrade (8" to 15") - E Owens to Huning	\$0	\$0	\$112,000	\$0	\$0	\$0	\$0	\$0	\$0	\$112,000
Old City Hall Area	\$325,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$325,000
Sierra Vista Subdivision	\$0	\$245,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$245,000
City Park Area	\$0	\$375,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$375,000
Bagnal Wash	\$0	\$0	\$0	\$0	\$0	\$165,000	\$0	\$0	\$0	\$165,000
Westwood Subdivision	\$0	\$0	\$147,000	\$0	\$0	\$0	\$0	\$0	\$0	\$147,000
McNeil from 4th to 8th	\$0	\$0	\$0	\$0	\$0	\$126,000	\$0	\$0	\$0	\$126,000
10th Place and 9th Place	\$64,250	\$0	\$0	\$0	\$0	\$65,000	\$0	\$0	\$0	\$129,250
5th Place and 6th Place	\$0	\$0	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$350,000
Days Inn	\$0	\$74,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$74,100
Wastewater Totals	\$1,495,250	\$1,182,100	\$909,000	\$300,000	\$2,656,000	\$6,542,350				
WATER										
Improvements	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,000,000
Show Low Heights	\$150,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$400,000
4th Ave from Cooley to Old Linden Rd	\$0	\$67,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,000
Mogollon State Route 260 to 43rd	\$0	\$0	\$0	\$0	\$442,000	\$0	\$0	\$0	\$0	\$442,000
Burke to 11th Pl \$ 10th from Cooley to Old Linden	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000
10th from Cooley to Old Linden Rd	\$39,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,000
New Well	\$0	\$0	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0	\$70,000
Water Treatment Plant	\$0	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000
Mills from Owens to 6th Place	\$0	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$50,000
5th Dr. from Old Linden Rd and McNeil	\$0	\$135,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$135,000
11th Ave from Owens and McNeil	\$0	\$68,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68,000
Fairway Park 43rd way, Cul de sac, circular Loop	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Savage from Central to Sylvester	\$0	\$0	\$207,000	\$0	\$0	\$0	\$0	\$0	\$0	\$207,000
Fairway Park 44th Drive	\$0	\$0	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000
Deuce of Clubs NPC to Central	\$0	\$0	\$72,500	\$0	\$0	\$0	\$0	\$0	\$0	\$72,500
McNeil and 1st Dr	\$0	\$59,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$259,000
Cooley from 11th St to 8th St	\$0	\$0	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$60,000

**CAPITAL IMPROVEMENTS PLAN (CIP)
FISCAL YEAR 2012 through 2016**

Backhoe	\$150,000	\$0	\$0	\$0	\$0	\$0	\$150,000
Scotts Pine Meadow	\$1,200,000	\$0	\$0	\$0	\$0	\$0	\$1,200,000
Pineview - PRV and Connections	\$400,000	\$0	\$0	\$0	\$0	\$0	\$400,000
Pineview Water System	\$0	\$0	\$0	\$500,000	\$0	\$0	\$500,000
Water Totals	\$2,399,000	\$1,079,000	\$1,064,500	\$1,612,000	\$3,150,000	\$9,304,500	
AIRPORT	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total	
Design and Construct Taxiway 18/36	\$350,000	\$400,000	\$2,500,000	\$2,500,000	\$1,000,000	\$6,750,000	
Underground relocation of Powerlines (HWY 77)	\$500,000	\$3,000,000	\$0	\$0	\$0	\$3,500,000	
Construct Wash Facility	\$175,000	\$0	\$0	\$0	\$0	\$175,000	
Rehabilitate Runway 06-24	\$0	\$2,000,000	\$0	\$0	\$0	\$2,000,000	
Construct Apron East of Terminal	\$0	\$0	\$1,350,000	\$850,000	\$0	\$2,200,000	
Mitigate Wildlife - Implement study findings	\$0	\$300,000	\$0	\$0	\$0	\$300,000	
Construct Access road from HWY 60	\$0	\$0	\$0	\$0	\$300,000	\$300,000	
Airport Totals	\$1,025,000	\$5,700,000	\$3,850,000	\$3,350,000	\$1,300,000	\$15,225,000	
CAPITAL IMPROVEMENTS PLAN TOTALS	\$12,919,750	\$10,596,100	\$8,442,500	\$8,395,000	\$15,947,000	\$56,100,350	

Exhibit A-19
Bill Kopp

**Construction Plans & Cost
Estimate to Resolve “Water
Loss” Problem**

**March 15, 2011 ACC Hearing
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



PINEVIEW WATER COMPANY
Scotts Pine Meadow
Engineer's Construction Estimate

Scotts Pine Meadows
Engineers Opinion of Cost
Based on TetraTec Plans received 1/28/11
WCK 1/28/11

	<u>QTY</u>	<u>UNIT</u>	<u>PRICE</u>	<u>TOTAL</u>
Mobilization	1	LS	\$ 25,000	\$ 25,000
8" x 8" Tee	19	EA.	\$ 440	\$ 8,360
8" x 6" Tee	4	EA.	\$ 390	\$ 1,560
6" x 6" Tee	1	EA.	\$ 325	\$ 325
8" x 90° Bend	7	EA.	\$ 330	\$ 2,310
8" x 45° Bend	10	EA.	\$ 285	\$ 2,850
8" x 22.5° Bend	4	EA.	\$ 280	\$ 1,120
8" x 11.25° Bend	7	EA.	\$ 265	\$ 1,855
6" C-900, Class 200, PVC Pipe	1,071	LF	\$ 41	\$ 43,911
8" C-900, Class 200, PVD Pipe	16,582	LF	\$ 45	\$ 746,190
8" Valve, Box, & Cover	65	EA.	\$ 1,250	\$ 81,250
6" Valve, Box, & Cover	7	EA.	\$ 950	\$ 6,650
Double Meter Service	23	EA.	\$ 1,250	\$ 28,750
Single Meter Service	3	EA.	\$ 1,050	\$ 3,150
Reconnect Meter Service	202	EA.	\$ 200	\$ 40,400
Blow Off Device	1	EA.	\$ 1,250	\$ 1,250
Pavement Remove and Replace	210	SY	\$ 60	\$ 12,600
Tapping Sleeve	3	EA.	\$ 1,250	\$ 3,750
Gravel Driveway R&R	35	SY	\$ 30	\$ 1,050
Rock Excavation *	1,000	CY	\$ 100	\$ 100,000
			TOTAL	\$ 1,112,331

* based on 20% trench in rock 2' wide and 4' deep

PINEVIEW WATER COMPANY SCOTTS PINE MEADOW WATER LINE REHABILITATION PROJECT

NOTES & SPECIFICATIONS

WATER

1. All construction methods and materials shall conform to the requirements of AWWA Standard Specifications except where modified by Pineview Water Company Standards and/or Arizona Department of Environmental Quality's rules and regulations.
2. All frames, covers, valve boxes and water meter boxes shall be adjusted to finish grade by the Contractor per City Specifications.
3. AWWA C-900, CLASS 200, PVC Water Pipe shall be used for water distribution lines.
4. A minimum cover of three (3) feet to finished grade shall be maintained over all water lines.
5. All fittings in water distribution lines shall be installed mechanical joint restraints such as MEGA LUGS or equal. The Design Engineer shall provide joint restraint calculations for determining the length of the required restraints. All gate valves shall be installed with concrete blocking per MAG Standard Detail 301.
6. Fire hydrants shall be installed per MAG Standard Detail 360.
7. All PVC pipe must be NSF approved for potable water use.
8. Valves shall meet the requirements set forth in AWWA Specification C-609 for resilient seat gate valves and the requirements of Pineview Water Company.
9. Disinfection of all water lines shall be in accordance with AWWA Specification C-651-92, ADHS Engineering Bulletin No. 8 and the Project Specifications.
10. Water line shall be pressure tested in accordance with the requirements of AWWA C-605. Test Pressure shall be 150 psi for two (2) hrs.
11. Utility marking tape shall be installed over all water mains. It shall be marked "CAUTION - WATER LINE BELOW" and shall be located at least 12" above the pipe. Tape shall be at least three (3) inches wide. A tracer wire shall be installed in the trench and shall surface at all boms.
12. It is the Contractor's responsibility to insure a minimum cover of three (3) feet for all service stubs and fire hydrant lines crossing drainage ditches.
13. A.A.C. R18-4-502 DESIGN: MINIMUM DESIGN CRITERIA

A. A public water system shall be designed using good engineering practices. A public water system which is designed in a manner consistent with the criteria contained in Engineering Bulletin No. 10, "Standards for the Construction of Water Systems," issued by the Arizona Department of Health Services, May 1978 (and no future editions), which is incorporated herein by reference and on file with the Office of the Secretary of State, shall be considered to have been designed using good engineering practices. Other system designs shall be approved if the applicant can demonstrate that the system will function properly and may be operated reliably in compliance with this Chapter. Minimum design criteria which are not subject to modification are listed in this Section.

B. A potable water distribution system shall be designed to maintain and shall maintain a pressure of at least 20 pounds per square inch at ground level at all points in the distribution system under all conditions of flow.

C. Water and sewer mains shall be separated in order to protect public water systems from possible contamination. All distances are measured perpendicularly from the outside of the sewer main to the outside of the water main.

Separation requirements are as follows:

1. A water main shall not be placed:
 - a. Within six (6) feet, horizontal distance, and below two (2) feet, vertical distance, above the top of a sewer main unless extra protection is provided. Extra protection shall consist of constructing the sewer main with mechanical joint ductile iron pipe or with slip-joint ductile iron pipe if joint restraint is provided. Alternate extra protection shall consist of encasing both the water and sewer mains in at least six (6) inches of concrete for at least ten (10) feet beyond the area covered by this subsection (C)(1)(a).
 - b. Within two (2) feet horizontally and two feet below the sewer main.
2. No water pipe shall cross through or come into contact with any part of a sewer manhole. The minimum horizontal separation between water mains and manholes shall be six (6) feet, measured from the center of the manhole.
3. The minimum separation between force mains or pressure sewers and water mains shall be two (2) feet vertically and six (6) feet horizontally under all conditions. Where a sewer force main crosses above or less than six (6) feet below a water line, the sewer main shall be encased in at least six (6) inches of concrete or constructed using mechanical joint ductile iron pipe for ten (10) feet on either side of the water main.
4. The separation requirements do not apply to building, plumbing, or individual house service connections.
5. Sewer mains (gravity, pressure, and force) shall be kept a minimum of 50 feet from wells unless the following conditions are met:
 - a. Water main pipe, pressure tested in place to 50 psi without excessive leakage, is used for gravity sewers at distances greater than 20 feet from water wells; or
 - b. Water main pipe, pressure tested in place to 150 psi without excessive leakage, is used for pressure sewers and force mains at distances greater than 20 feet from water wells. "Excessive leakage" means any amount of leakage which is greater than that permitted under the AWWA Standard applicable to the particular pipe material or valve type.
6. Requests for authorization to use alternate construction techniques, materials, and joints shall be reviewed by the Department, and such requests may be approved on a case-by-case basis.

- D. A water system shall not construct or add to its system a well which is located:
1. Within 50 feet from existing sewers unless the sewer main has been constructed in accordance with Subsection (C)(5)(a) or (b), of this Section;
 2. Within 100 feet of any existing septic tank or subsurface disposal system;
 3. Within 100 feet of a discharge or activity which is required to obtain an Individual Aquifer Protection Permit, pursuant to A.R.S. s.s. 49-241(A through 49-251);
 4. Within 100 feet of an underground storage tank as defined in A.R.S. s.s. 49-1001(17);
 5. Within 100 feet of hazardous waste facilities operated by large quantity generators and treatment, storage, and disposal facilities regulated under the Arizona Hazardous Waste Management Act, A.R.S. s.s. 49-921 et seq.

- E. Construction materials used in a public water system, including residential and nonresidential facilities connected to the public water system, shall comply with NSF Standard 61 and shall be lead free as defined at AAC R18-6-504 and R18-1-101 and according to paragraphs (1) and (2) below. This section shall not apply to leaded joints necessary for the repair of cast iron pipes.
1. When used with respect to solders and flux, "lead free" means containing no more than 0.2 percent (.2%) lead.

GENERAL

1. The Contractor shall be responsible for obtaining any and all necessary permits required by City, County, or State agencies.
2. All applicable local, State and National safety codes and requirements shall be observed at all times during the construction.
3. It shall be the responsibility of the Contractor to locate all underground utilities in advance of construction and observe all possible precautions to avoid any damage to such. The Engineer does not warrant the locations of underground utilities either as shown on or omitted from these drawings.
4. Any question raised relative to the accuracy of improvement installation shall not be raised subsequent to completion of the work unless all survey stakes are maintained intact. Should such stakes not be present and verified as to their origin, no claim for additional compensation for correction shall be presented to any party and such shall be corrected by the Contractor at his expense.
5. It shall be the Contractor's responsibility to properly dispose of all waste or excess materials, including, but not limited to, excess spoil, bedding, piping, concrete, etc.

TRAFFIC CONTROL

1. The Contractor shall be responsible for providing traffic control devices, warning signs and necessary personnel, as outlined in the Contract Documents and Specifications, to protect the general public from hazards created by construction work. NO detours or road closings shall take place without prior approval of Navajo County. Requests for detours or road closings shall be made at least two (2) working days in advance of construction.

PANEL POINT

- PP1 NORTHING EASTING: ELEVATIO
- PP2 NORTHING EASTING: ELEVATIO
- PP3 NORTHING EASTING: ELEVATIO
- PP4 NORTHING EASTING: ELEVATIO
- PP5 NORTHING EASTING: ELEVATIO
- PP6 NORTHING EASTING: ELEVATIO

*SEE SHEET C-1 PANEL POINT M

LEGEND

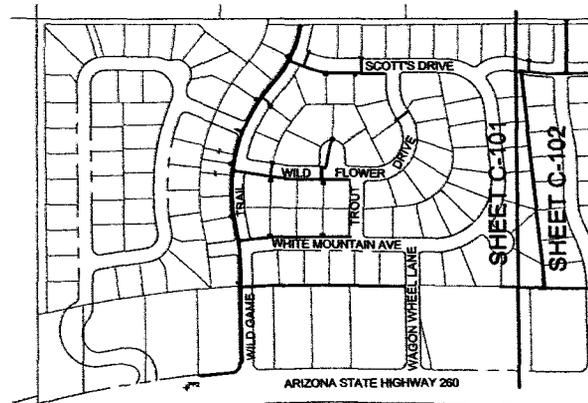
- 8" — PROPOSED 8" WATER LINE
- 6" — PROPOSED 6" WATER LINE
- 8" — EXISTING 8" WATER LINE
- 6" — EXISTING 6" WATER LINE
- 4" — EXISTING 4" WATER LINE
- 3" — EXISTING 3" WATER LINE
- 2" — EXISTING 2" WATER LINE
- SS — EXISTING SEWER MAIN
- G — EXISTING GAS LINE
- EXISTING DRAINAGE CULVERT
- PROPOSED WATER VALVE
- |— PROPOSED BLOW OFF DEVICE
- EXISTING VALVE
- |— EXISTING BLOW OFF DEVICE
- EXISTING SEWER LATERAL
- EXISTING SEWER MANHOLE
- |— EXISTING FIRE HYDRANT

LEGEND CONT.

- |— PROPOSED DOUBLE WATER SERVICE
- |— PROPOSED SINGLE WATER SERVICE
- APPROXIMATE EXISTING WATER METER LOCATION
- PANEL POINT
- BENCHMARK

BENCHMARK

FOUND DAM PLATE
NORTHING: 28620.57
EASTING: 60772.63
ELEVATION: 6563.77
DATE: MAY 83



NOTES:

1. ALL EXISTING PAVEMENT REMOVAL AND REPLACEMENTS SHOULD BE DONE PER MAG STANDARD DETAIL 200 "T TOP" TYPE.
2. ALL PROPOSED WATER SERVICES SHALL BE INSTALLED PER DETAILS ON SHEET C-501. THE HOMEOWNER WILL BE RESPONSIBLE FOR RE-ROUTING THEIR OWN SERVICE LINE TO THE NEW SERVICE LOCATION.
3. WHERE PROPOSED SERVICE LINES ARE NOT SHOWN, A NEW SERVICE LINE SHALL BE INSTALLED AT EACH EXISTING METER SERVICE BOX. THE SERVICE LINE INSTALLATION SHALL BE PER DETAIL ON SHEET C-501. THE INSTALLATION SHOULD INCLUDE EVERYTHING AS SHOWN ON THE DETAIL FROM THE WATER MAIN TO THE CURB STOP. AFTER THE WATER MAIN HAS BEEN TESTED AND FILLED, THE NEW SERVICE LINE SHOULD BE CONNECTED TO THE EXISTING RESETTER. EACH PROPERTY OWNER SHOULD BE OUT OF SERVICE FOR A MAXIMUM OF ONE (1) HOUR.

SHEET II

G-001
C-101 - C-104
C-501

PROJECT

1801 WEST DEUCE OF CLUBS, SUITE 230
 SHOW LOW, ARIZONA 85901
 PHONE: 928.537.7218 FAX: 928.537.8422



TETRA TECH

www.tetrattech.com

NTS:
 2: 28896.03
 61026.84
 N: 6594.33
 2: 26793.68
 58133.07
 N: 6592.46
 2: 25086.05
 60613.44
 N: 6603.06
 2: 25036.46
 58138.36
 N: 6605.19
 2: 23081.93
 61018.56
 N: 6609.58
 2: 23331.36
 58389.68
 N: 6625.45

ESTIMATED QUANTITIES		
ESTIMATED QUANTITIES SHOWN ARE FOR OWNER'S CONVENIENCE ONLY. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO DETERMINE ANY QUANTITIES WHICH MAY AFFECT HIS BID PRICE.		
1	1,071 LF	6" C-900 PVC WATER LINE
2	16,287 LF	8" C-900 PVC WATER LINE
3	255 LF	8" DUCTILE IRON WATER LINE
4	7 EA	6" VALVE, BOX & COVER
5	65 EA	8" VALVE, BOX & COVER
6	3 EA	8"x8" TEE
7	16 EA	6"x8" TEE
8	2 EA	6"x6" TEE
9	9 EA	8"x8" BEND
10	12 EA	8"x45" BEND
11	4 EA	8"x22.50" BEND
12	7 EA	6"x11.25" BEND
13	1 EA	6" to 8" REDUCER
14	3 EA	TAPPING SLEEVE
15	24 EA	DOUBLE SERVICE
16	6 EA	SINGLE SERVICE
17	187 SY	PAVEMENT REMOVE & REPLACE
18	32 SY	DRIVEWAY REMOVE & REPLACE
19	5 EA	WATERSEWER PROTECTION PER MAG STD DTL 404

PROJECT LOCATION:

NAVAJO COUNTY, ARIZONA

CLIENT INFORMATION:

PINEVIEW WATER COMPANY
 5198 CLUB LAKE ROAD
 SHOW LOW, ARIZONA 85901

Tt PROJECT No.:

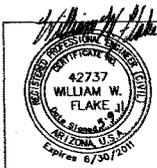
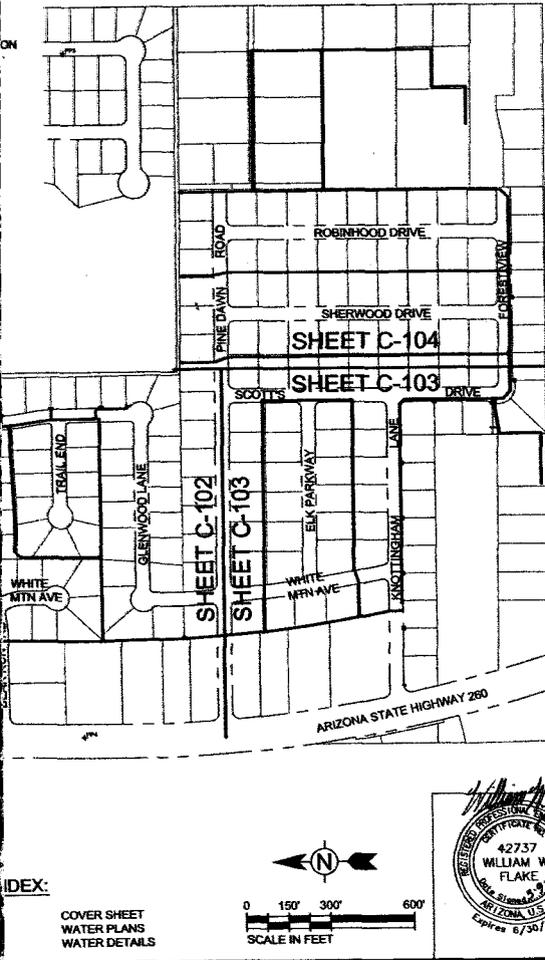
133-24685-10001

CLIENT PROJECT No.:

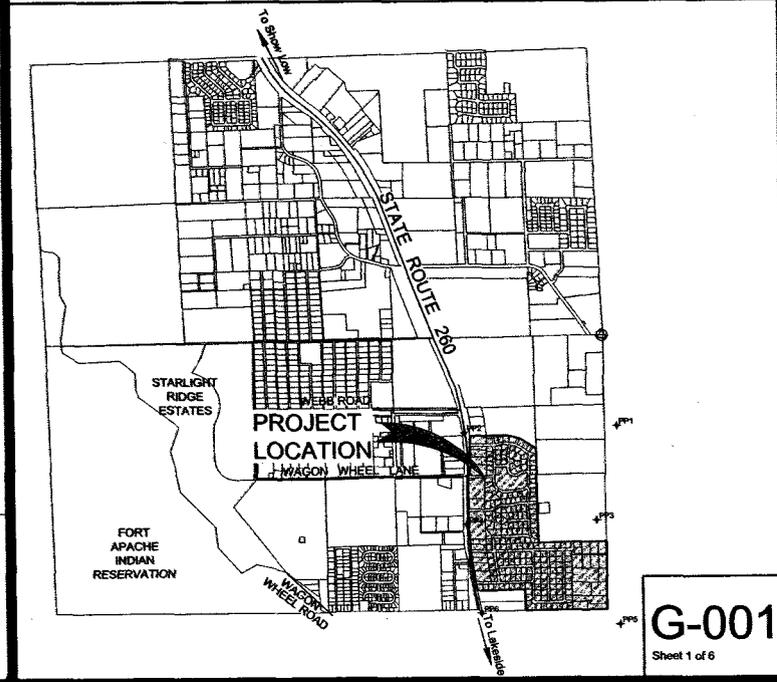
PROJECT DESCRIPTION / NOTES:

A PORTION OF THE EAST 1/2 OF SECTION 9
 TOWNSHIP 9 NORTH, RANGE 22 EAST,
 GILA & SALT RIVER MERIDIAN, NAVAJO COUNTY ARIZONA

ISSUED:



VICINITY MAP

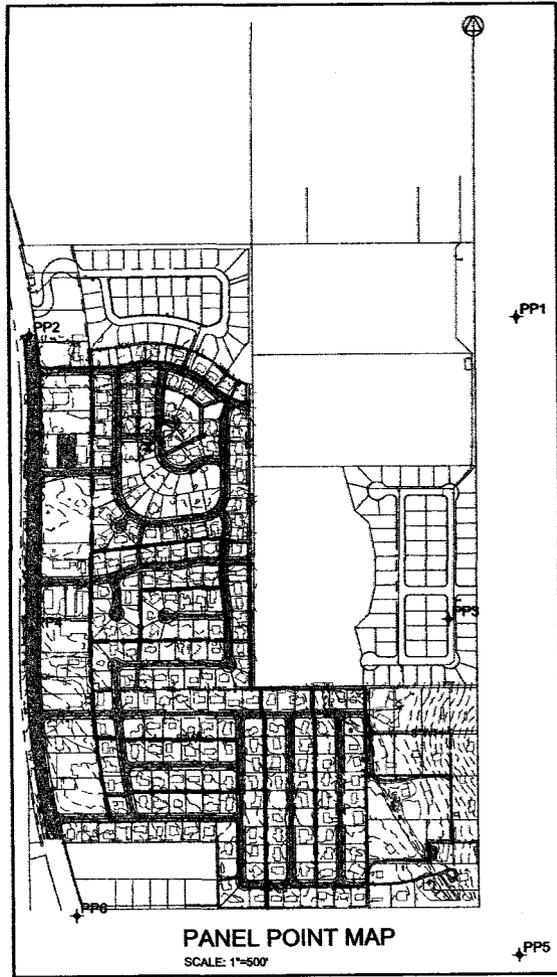


G-001
 Sheet 1 of 6

SCOTT'S PINE MEADOW WATER LINE REHABILITATION PROJECT



ESTIMATED QUANTITIES		
ESTIMATED QUANTITIES SHOWN ARE FOR OWNER'S CONVENIENCE ONLY. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO DETERMINE ANY QUANTITIES WHICH MAY AFFECT HIS BID PRICE.		
1	1205.54 LF	8" C-900 PVC WATER LINE
2	2042.39 LF	8" C-900 PVC WATER LINE
3	7 EA	8" VALVE, BOX & COVER
4	14 EA	8" VALVE, BOX & COVER
5	4 EA	8"x6" TEE
6	1 EA	8"x6" TEE
7	2 EA	6"x6" TEE
8	1 EA	6" to 8" REDUCER
9	4 EA	8"x45" BEND
10	13 EA	DOUBLE SERVICE
11	4 EA	SINGLE SERVICE
12	1 EA	BLOW OFF DEVICE
13	77 SY	PAVEMENT REMOVE & REPLACE

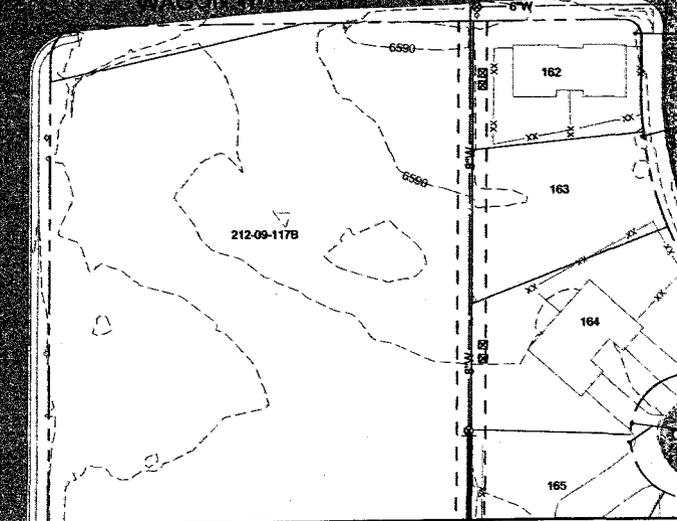
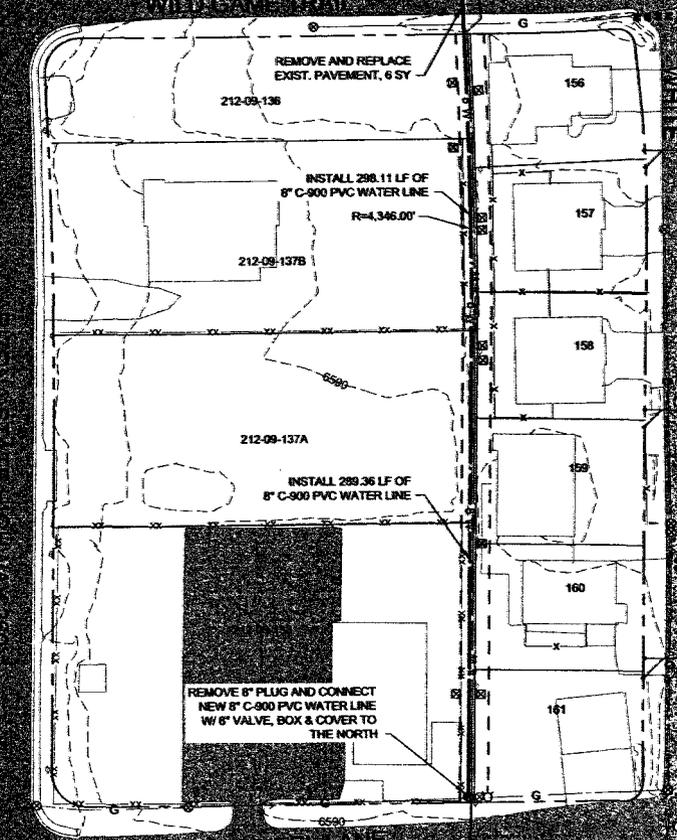
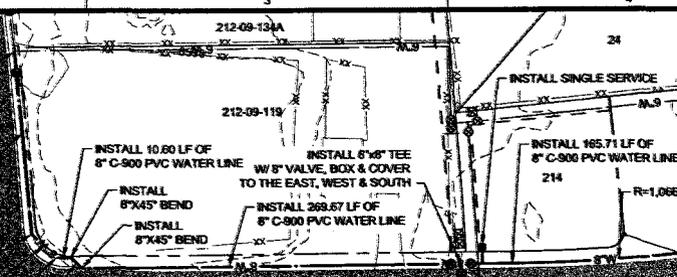


INSTALL 6"x6" TEE
W/ 6" to 8" REDUCER AND
8" VALVE, BOX & COVER
TO THE SOUTH

INSTALL 131.58 LF OF
8" C-900 PVC WATER LINE

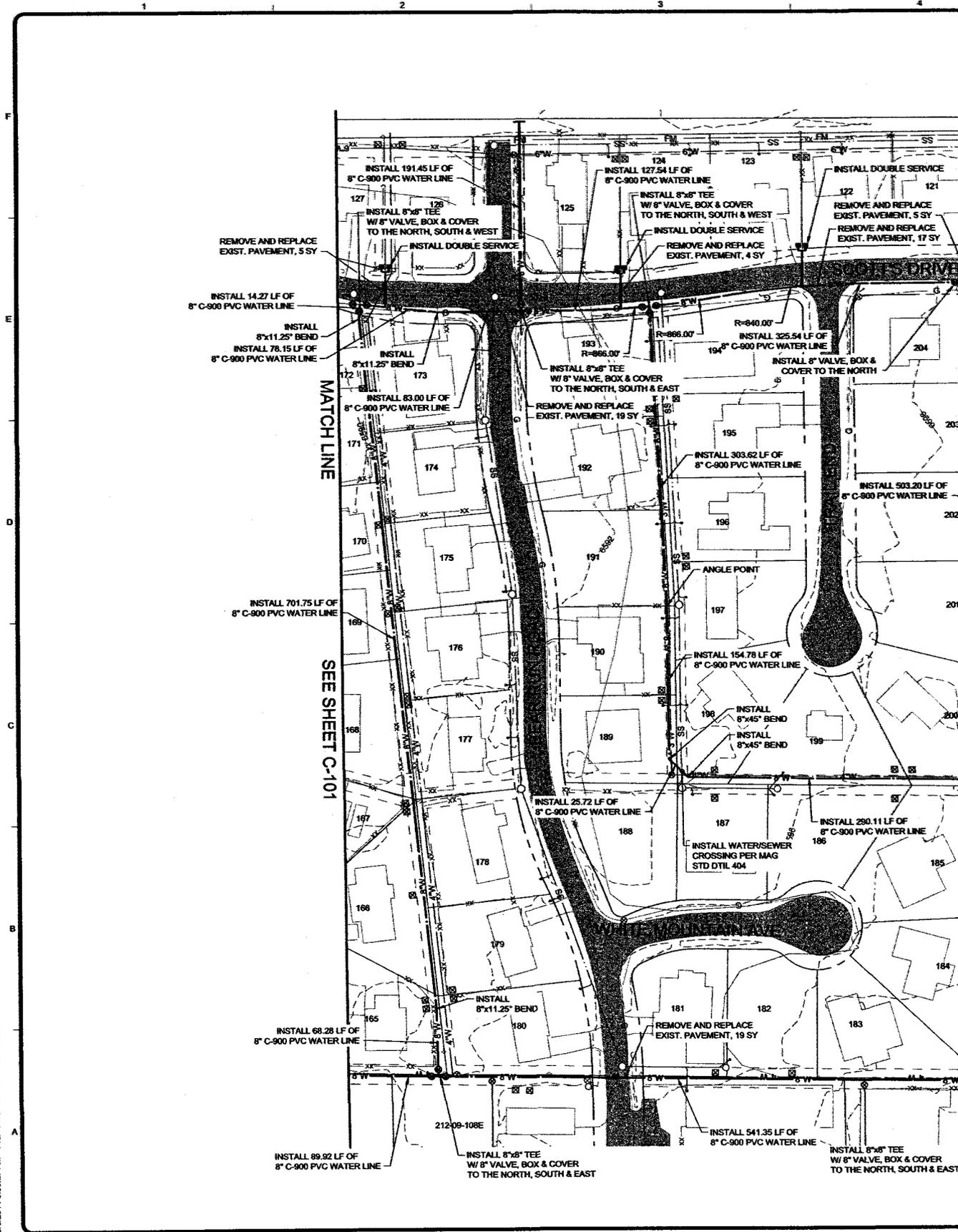
INSTALL
8"x45" BEND
INSTALL 24.12 LF OF
8" C-900 PVC WATER LINE
INSTALL
8"x45" BEND

INSTALL 10.90 LF OF
8" C-900 PVC WATER LINE

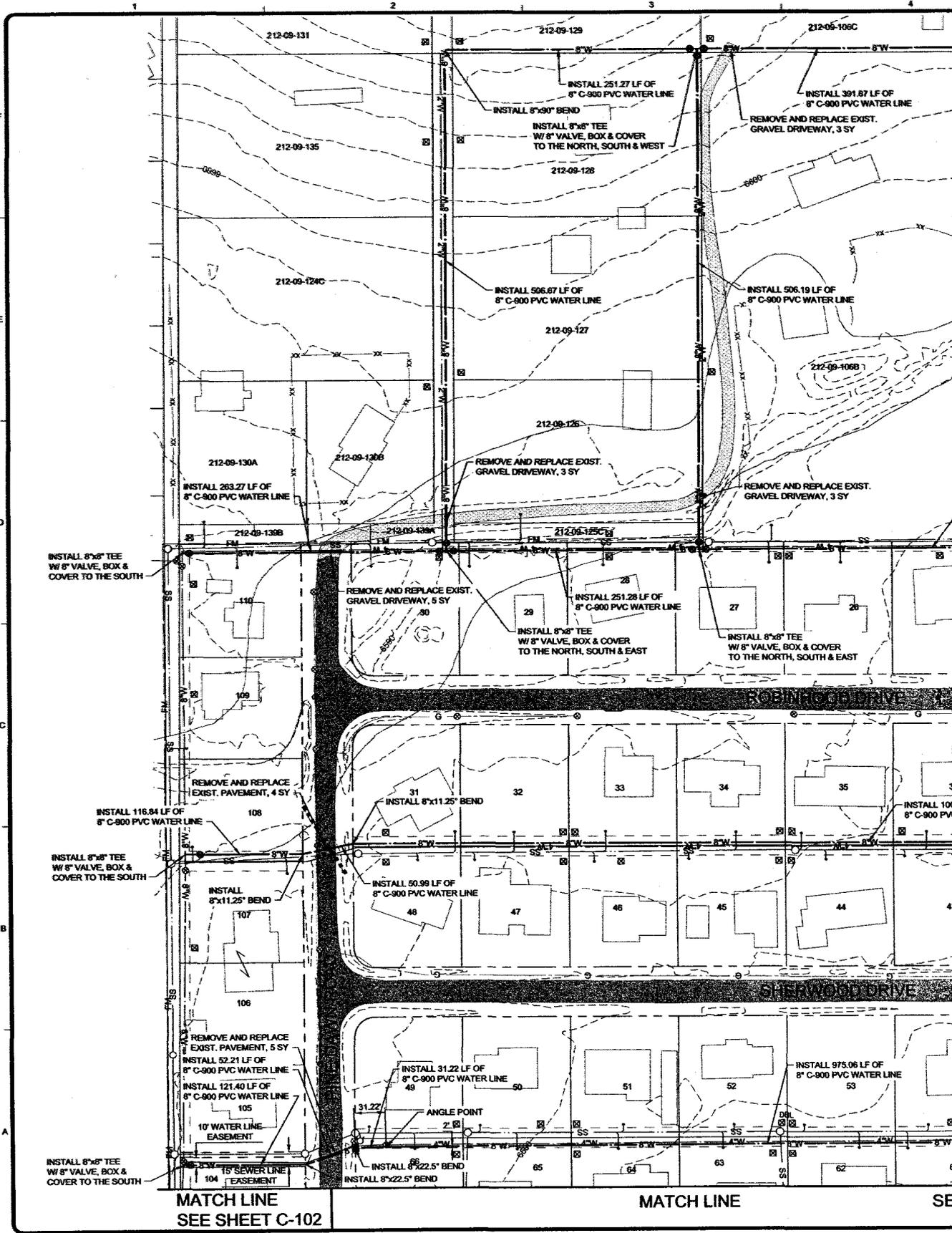


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3/9/2011 9:50:27 AM - P:\24685133-24685-1000\1\CADD\SHSHEET\FILES\C-102-WTRP\PLAN.DWG - PHILLIPS, JASON



3/20/11 9:34:28 AM - P:\24885\13-24885-100\1\CAD\SHSHEETFILES\C-104\HTRPLAN.DWG - PHILLIPS, JASON



MATCH LINE
SEE SHEET C-102

MATCH LINE

SEE SHEET C-103

**Late-Filed
Exhibit A-21**

**Asset Purchase
and Sale Agreement**

**March 16, 2011
Pineview Water Company, Inc.
Docket No. W-01676-10-0400**



Asset Purchase and Sale Agreement

This Asset Purchase and Sale Agreement (the "Agreement"), dated this ~~31st~~ day of ~~August~~, 2010, is entered into by and between PINEVIEW WATER COMPANY, INC. (hereinafter "Seller"), and THE CITY OF SHOW LOW, an Arizona Municipal Corporation (hereinafter "Buyer").

1. Recitals.

- 1.1 Pineview Water Company, Inc. is an Arizona corporation doing business in Navajo County, Arizona, which owns and operates Pineview Water Company, providing public utility water services to approximately 1,175 customers. Seller owns the assets listed as **Exhibit "A"** to this Agreement and desires to sell the same to Buyer. Seller operates as an Arizona public service corporation under a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission on ~~Nov. 4, 1957~~ (Decision No. _____), a copy of which is attached hereto as Exhibit D.
- 1.2 Buyer is an Arizona municipal corporation authorized to provide water service pursuant to A.R.S. § 9-511 and desires to purchase Seller's water system and associated real property from Seller upon the terms and conditions set forth herein.

NOW THEREFORE, the parties hereby agree as follows:

2. Definitions.

- 2.1 The following capitalized words used in this Agreement shall have the meanings set forth below:
 - 2.1.1 **Accounts Receivable:** Any right for the payment to Seller for services or goods provided or rendered prior to the Closing whether or not evidenced by an instrument or chattel paper, arising out of or in any way related to the Business.
 - 2.1.2 **Aid in Construction Agreements:** All ACC-approved main or line extension agreements between Seller and third parties, being those included in **Exhibit "B"** hereto.
 - 2.1.3 **Assets:** Collectively, the Real Property, Goodwill, Improvements, Equipment, Inventory, Contract Rights, Licenses, Certificates, Warranties and Guarantees, and Records owned and used by Seller in connection with the Business, to be sold by Seller and purchased by Buyer pursuant to this Agreement, as described on **Exhibit "A"** hereto; provided, however, Assets shall not include Accounts Receivable and cash on hand or in any bank/brokerage

accounts at Closing. The Assets shall also include all water rights and claims for water rights, whether filed or not, associated with the real property listed in Exhibit H hereto or used to provide water to any of Seller's customers as of the Closing.

- 2.1.4** Assignment and Assumption of Contract Rights: Those certain documents to be given by Seller to Buyer assigning all of its interest in the Contract Rights, and the Buyer's assumption of all obligations under the Contract Rights, and assigning all of Seller's interest in the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable. See exhibit I.
- 2.1.5** Bill of Sale: That certain document to be given by Seller to Buyer conveying all of Seller's interest in and to the Equipment, Inventory and Records, a copy of which is attached hereto as **Exhibit "C"**.
- 2.1.6** Business: The water utility business known as Pineview Water Company ("Pineview") currently owned and operated by Seller and engaged as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area pursuant to the Certificate issued by the Arizona Corporation Commission ("ACC"), and the provision of other related services in connection therewith.
- 2.1.7** Buyer: City of Show Low, a municipal corporation under the laws of the State of Arizona, or its nominee or assign.
- 2.1.8** Certificates: The Certificate of Convenience and Necessity ("CC&N") issued by the ACC in the Decision listed on **Exhibit "D"** hereto, authorizing Seller to engage as a public service corporation in the sale of water for domestic, commercial and other uses in the Certificated Area.
- 2.1.9** Certificated Area: The geographic area set forth on **Exhibit "E"** in which Seller conducts its Business which area is more particularly shown on the map attached hereto as **Exhibit "F"**, which map is for the purpose of showing the boundaries of the Certificated Area, size and extent of water mains and pipes, easements, and any other areas served by the Business.
- 2.1.10** Closing: That point in time when (a) all of Seller's obligations and Buyer's obligations hereunder have been fulfilled; (b) the Escrow Agent has received all required funds and documents from the parties; and (c) the Escrow Agent disburses all of the sale's

proceeds and records the Transfer Instrument as required by this Agreement.

- 2.1.11 **Commitment:** The Commitment for Title Insurance issued by Title Insurer for standard coverage title insurance showing status of title to the Real Property as of the date of the Commitment.
- 2.1.12 **Contract Rights:** The right to have services, goods or Equipment provided to the Business by third persons, including, without limitation, any leases of Equipment by Seller.
- 2.1.13 **Creditors:** Any and all persons or entities to whom Seller owes money, goods or services.
- 2.1.14 **Equipment:** Tangible personal property, whether affixed or not to the Real Property, which has been acquired by or is under lease to Seller for use primarily in the Business, including but not limited to all equipment used in the operation of wells, storage reservoirs, booster stations, transmission mains and distribution systems, office equipment and motor vehicles, as listed in **Exhibit "G"** hereto.
- 2.1.15 **Escrow Agent:** Lawyers Title Agency of Arizona, Inc. 1500 East Woolford, Show Low, AZ 85901.
- 2.1.16 **Feasibility Period:** The period beginning upon the Opening of Escrow and ending five (5) days after obtaining all Regulatory Approvals.
- 2.1.17 **Goodwill:** The goodwill of the Business.
- 2.1.18 **Improvements:** Wells, storage reservoirs, booster stations, transmission mains, and distribution systems, and any other structures or tangible property used by Seller in connection with its water system operations.
- 2.1.19 **Inventory:** Goods that are held by Seller as of the Closing for the treatment of water or otherwise used or consumed in the ordinary course of operating the Business.
- 2.1.20 **License:** Those rights to use the public rights of way of Navajo County, Arizona granted to Seller, which rights are to be transferred to Buyer at Closing.
- 2.1.21 **Opening of Escrow:** The date upon which a fully executed copy of this Agreement is delivered to the Escrow Agent.
- 2.1.22 **Permitted Encumbrances:** All matters of record approved by Buyer

during the Feasibility Period with respect to the Real Property.

- 2.1.23 **Purchase Price:** The Purchase Price for the purchase and sale of the Assets which are the subject of this Agreement shall be Three Million Two Hundred Thousand Dollars (\$3,200,000).
- 2.1.24 **Real Property:** The real property legally described in **Exhibit "H"** hereto, including all well sites, storage reservoirs, booster stations, transmission mains and distribution systems located within the Certificated Area, together with all the rights, easements, licenses and appurtenances pertaining thereto, including without limitation, any right, title and interest of Seller in and to adjacent streets, rights of way, and all Improvements located on or appurtenant thereto which are used by Seller in the Business.
- 2.1.25 **Records:** All of Seller's service agreements, service repair records, water treatment records, hydrology and assured water supply studies and reports (if any), Arizona Department of Water Resources ("ADWR") filings and correspondence, ACC filings and correspondence, Arizona Department of Environmental Quality ("ADEQ") filings and correspondence, customer data base information (including master file information, billing and payment histories, and complaints), meter reading information, and any other documents arising out of or in any way related to the Business of the Assets.
- 2.1.26 **Seller:** Collectively referred to herein, "Seller" is Pineview Water Company, Inc.
- 2.1.27 **Title Insurer:** Lawyers Title Insurance Corporation.
- 2.1.28 **Transfer Instruments:** Those instruments customarily required for the transfer of the Assets, including, but not limited to:
 - 2.1.28.1 Warranty Deed;
 - 2.1.28.2 Assignment of Easements and Property Rights;
 - 2.1.28.3 Assignment of Water Rights and Well Registrations;
 - 2.1.28.4 Affidavit of Value;
 - 2.1.28.5 Foreign Investment in Real Property Tax Act Affidavit;
 - 2.1.28.6 Bill of Sale;
 - 2.1.28.7 Assignment and Assumption of Contract Rights.

- 2.1.29** Warranties and Guarantees: Any and all existing warranties and/or guarantees affecting the Improvements, or any features thereof and any personal property located therein or thereon, and any and all existing Warranties and/or Guarantees affecting the Equipment, which shall be conveyed to Buyer at the Closing.
- 3. Conveyance of Assets.** Subject to the terms, conditions and limitations set forth in this Agreement, on the Closing Date, Seller shall sell, assign, transfer, convey, and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller the Assets.
- 3.1** Post-Closing Payments. With the exception of payments relating to final bills prepared by Seller pursuant to Section 15, all payments received by Seller after Closing shall be assigned to Buyer and shall belong to Buyer and be transmitted to Buyer in a timely manner.
- 3.2** Equipment, Inventory and Records. Seller shall provide on or before the Closing a Bill of Sale conveying all of Seller's right, title and interest in and to the Assets described in Exhibit A, including all Equipment, Inventory and Records, in the form attached hereto as Exhibit "C". Buyer and Seller agree to execute and deliver such other instruments of conveyance and transfer as may be reasonably requested or necessary to convey and transfer to, and vest the Assets in Buyer.
- 3.3** Contract Rights; Goodwill; Licenses, Certificates, Warranties and Guarantees. The Contract Rights shall be assigned by Seller and assumed by Buyer, and the Goodwill, Licenses, Certificates, Warranties and Guarantees that are transferable shall be assigned by Seller to Buyer, at Closing by the execution and delivery by Seller and Buyer of the Assignment and Assumption of Contract Rights. The Assignment and Assumption of Contract Rights shall include a list identifying all Contract Rights assigned to and assumed by Buyer and shall be substantially in the form of Exhibit "I" hereto. Buyer shall not be obligated to assume any contracts not disclosed by Seller prior to Closing and specifically assumed by Buyer, provided, however, Buyer shall assume all Contract Rights associated with conduct of the Business.
- 3.4** Real Property. The Real Property described in Exhibit H shall be conveyed at Closing by the execution and delivery by Seller of the Warranty Deed, together with any required Affidavit of Property Value in the form attached hereto as Exhibit "J", an Assignment of Easements and Property Rights and an Assignment of Water Rights and Well Registrations. The Warranty Deed shall be substantially in the form attached hereto as Exhibit "K"

hereto. On or prior to the expiration of the Feasibility Period, Seller and Buyer shall use good faith efforts to agree in writing on forms of Assignment and Easements and Property Rights and Assignment of Water Rights and Well Registrations. Seller shall deliver the Real Property at Closing to Buyer subject only to Permitted Encumbrances. Within a reasonable time after Closing, Escrow Agent shall furnish the Buyer with the Title Insurer's Standard Owner's Policy of Title Insurance in the amount of Three Million Two Hundred Thousand Dollars (\$3,200,000.00), subject only to Permitted Encumbrances (the "Owner's Title Policy"), or with an ALTA Extended Coverage Owner's Policy if so requested and paid for by Buyer.

- 3.5** Expenses. All expenses attributable to the ownership of the Assets, including but not limited to, real and personal property taxes, shall be prorated and apportioned between Buyer and Seller as of Closing, with Buyer being responsible for all such expenses on and after Closing and Seller being responsible for all such expenses prior to Closing.
- 3.6** Escrow. Buyer and Seller shall each pay an equal share of the escrow fee. All other costs and expenses of closing, including recording fees and charges, are to be allocated between Seller and Buyer according to the custom and practice of Escrow Agent.
- 3.7** Limitations. The purchase of the Assets pursuant hereto shall not constitute a purchase of Seller as a corporate entity by Buyer nor render Buyer a successor-in-interest to Seller as to Seller's corporate identity and status. This Agreement is limited to the purchase and sale of the Assets only and Buyer is not assuming any liabilities of Seller with respect to the Assets or the Business that may exist at any time prior to their transfer hereunder unless otherwise specifically set forth herein. Buyer shall have no obligation of any kind under any contract or obligation assumed by Seller unless disclosed to, and assumed by, Buyer, as provided herein. The provisions of this **Section 3.7** shall survive Closing.

4. Commitment; Information from Seller; Feasibility Period.

- 4.1** Delivery of Materials. Delivery of Commitment. Within five (5) days following the Opening of Escrow, the Escrow Agent shall deliver the Commitment to Buyer and Seller together with legible copies of all documents listed as exceptions therein.
- 4.2** Delivery of Other Information. Within ten (10) business days following the Opening of Escrow, Seller shall deliver to Buyer copies of (a) all employment, service, operations, maintenance and supply contracts

affecting or pertaining to the Real Property, Equipment, Improvements, Inventory or the Business conducted thereon; (b) the Warranties and Guarantees (if any), together with any related insurance policies or binders; (c) all environmental studies and assessments, and regulatory filings and reports concerning the Assets or the Business, including, but not limited to, ADEQ, ADWR and ACC utility and corporate filings; and (d) all similar or relevant information and documentation requested by Buyer or which could reasonably affect or influence Buyer's use of the Assets for the purposes for which they are being acquired.

- 4.3** Feasibility Period. For a period of ninety (90) calendar days beginning upon the Opening of Escrow, Buyer shall have the right to enter upon the Real Property with Buyer's representatives and agents for the purpose of testing, examining and investigating the Assets. Buyer shall have the right during the Feasibility Period to terminate this Agreement if Buyer is dissatisfied, in Buyer's sole and absolute discretion, with the feasibility of the Assets for Buyer's purposes. On or before the expiration of the Feasibility Period, Buyer shall give written notice to Seller and Escrow Agent of its election whether or not to terminate this Agreement. If Buyer elects to terminate this Agreement, Escrow Agent shall return the Earnest Money, all documents deposited in escrow by Buyer to Buyer, and all documents deposited in escrow by Seller to Seller, and this Agreement and the escrow shall terminate. If Buyer elects not to terminate this transaction, the Earnest Money shall become nonrefundable to Buyer. Buyer's failure to timely give written notice of its election to terminate or not terminate this transaction shall be deemed an election by Buyer not to terminate this transaction. Seller agrees during the feasibility period not to attempt to sell or sell the company.

5. Earnest Money and Purchase Price

- 5.1** Earnest Money and Purchase Price. Buyer agrees to pay Seller as the total purchase price for Seller's interest in the Assets, the following sums (the "Purchase Price")

- 5.1.1** Earnest Money. Buyer will deposit the sum of Twelve Thousand Five Hundred Dollars (\$12,500.00) (the "Earnest Money") with the Escrow Agent within three (3) business days after the execution of this Agreement by Buyer and Seller. The Earnest Money shall be placed in an interest bearing account, and all interest accruing thereon shall be deemed to increase, and be a part of, such Earnest Money. The Earnest Money shall be disbursed to Seller at Closing provided that all of Seller's obligations herein have been satisfied.

5.1.2 Final Portion of Purchase Price. The final portion of the Purchase Price to be paid by Buyer to Seller for the Assets is Three Million One Hundred Eighty-Seven Thousand and Five Hundred Dollars (\$3,187,500.00) (the "Final Portion of the Purchase Price"), and shall be paid by Buyer in immediately available United States funds in the form of cash, a confirmed wire transfer of funds or a cashier's or certified check to Escrow Agent on or before Closing for disbursement to Seller, less Seller's share of costs of Closing.

6. Regulatory and Master Water System Approvals and Conditions to Closing. Buyer's and Seller's obligations to proceed with Closing under this Agreement are contingent upon: (i) Seller obtaining such approval of the ACC as may be necessary to complete the sale of the Assets to Buyer and extinguish Seller's Certificate (the "Regulatory Approvals"); (ii) Buyer's receipt of the Commitment; (iii) Seller's execution and delivery of the Transfer Instruments; (iv) Seller's and Buyer's payment of their respective closing costs, proratable amounts or any other amounts required to be paid under this Agreement on or before Closing; and (v) the parties' representations and warranties contained in this Agreement being true and correct in all material respects as of Closing. Buyer shall cooperate in all reasonable respects with Seller's effort to obtain the Regulatory Approvals. If (i) the Regulatory Approvals have not been obtained by March 31, 2011, or (ii) the parties do not extend the date of Closing according to the provisions of **Section 11.2** of this Agreement, then the Earnest Money shall be returned to Buyer, and this Agreement shall terminate.

7. Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer as follows:

- 7.1** Title. Seller is the owner of, and has good and marketable title to, the personal and Real Property that is a part of the Assets to be conveyed hereunder.
- 7.2** Disclosed Agreements. Except for this Agreement, Seller has entered into no agreement currently in effect to sell the Assets.
- 7.3** Sole Owner. After Closing, Buyer will be the sole owner of the water system known as Pineview. No other person or legal entity has any ownership interest in the water system.
- 7.4** ADEQ. To Seller's knowledge, Pineview is in good standing with ADEQ and has filed all reports, water samples and other filings required by state statutes or ADEQ regulations. Seller has not been notified by ADEQ of any pending or other administrative action against or concerning the Assets. Seller shall provide to Buyer all test results submitted to ADEQ and all

correspondence to or from ADEQ within twenty (20) days after escrow is opened in order to allow Buyer to conduct due diligence.

- 7.5** Arizona Corporation Commission. To Seller's knowledge, Pineview is in good standing with the ACC and has filed all reports and other filings required by state statutes or ACC regulations. Seller has not been notified by the ACC of any pending or contemplated investigation or other administrative action against or concerning Pineview. Seller agrees to cooperate with the Buyer and with the ACC in obtaining the Regulatory Approvals.
- 7.6** Taxes. To Seller's knowledge, all income tax, property tax and other tax obligations of Pineview are current. Seller has not been notified by any taxing authority of any pending or contemplated investigations or other administrative action against or concerning Pineview.
- 7.7** Liabilities. To the best of Seller's knowledge, there are no liens, judgments, pending or threatened lawsuits, claims, administrative proceedings or other actions against, or that concern or affect Seller or the Assets that would adversely affect this transaction or the title that Buyer will receive, other than those that have been disclosed in writing to Buyer.
- 7.8** Liens. There are no liens, encumbrances, judgments, security interests, monetary obligations or other matters affecting Pineview, the Assets or its operations that have not been disclosed to Buyer and will be outstanding at the time of Closing, if any, except Permitted Encumbrances and current real estate taxes which are not yet due and payable.
- 7.9** Labor, Materials. All bills and invoices for labor and materials furnished to or on behalf of the Assets which have been incurred by Seller prior to the time of conveyance and transfer to Buyer, if any, will be paid by Seller prior to or at the time of Closing.
- 7.10** Proceedings. To the best of Seller's knowledge, there are no actions or proceedings by any person or governmental entity or any other facts or circumstances, including any causes of action, lawsuits or claims, whether existing or threatened, which might materially and adversely affect the Assets.
- 7.11** No Breach. To the best of Seller's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement will result (either immediately or after the passage of time and/or the giving of notice) in any breach or default by Seller under any agreement or understanding to which Seller is a party or

by which Seller may be bound or which would have an effect upon Seller's ability to fully perform its obligations under this Agreement.

- 7.12 No Bankruptcy.** Seller has not (a) made a general assignment for the benefit of creditors, (b) filed any voluntary petition or suffered the filing of any involuntary petition by Seller's creditors, (c) suffered the appointment of a receiver to take all, or substantially all, of Seller's assets, (d) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (e) admitted in writing its inability to pay its debts as they fall due, and no such action is threatened or contemplated.
- 7.13 Regulations.** To the best of Seller's knowledge, there are currently no violations of any applicable zoning regulation or ordinance or other law, order, ordinance, rule, regulation or requirement, or of any covenant, condition or restriction affecting or relating to the use or occupancy of the Real Property from any governmental agency having jurisdiction over the Assets or from any other person entitled to enforce the same.
- 7.14 Permits.** To the best of Seller's knowledge, Seller has all permits, licenses, authorization and approvals required by law or any governmental agency to conduct the Business.
- 7.15 Condemnation.** To the best of Seller's knowledge, there are no pending or threatened condemnations or eminent domain proceedings to which would affect the Business or Assets.
- 7.16 Creditors.** As of Closing (except for items to be prorated at Closing pursuant to this Agreement), all bills and invoices for goods and services related to or which are a part of the Assets shall be paid; all Creditors shall be paid; all employees (if any) and salaries, wages, bonuses, vacation pay and benefits accrued up to the date of Closing shall be paid; all withholdings, payroll taxes, unemployment insurance, worker's compensation benefits, and all other similar payments shall be paid current to the date of Closing; and no claims by Creditors shall exist which may encumber the Assets.
- 7.17 Organization.** Seller has been duly formed and presently exists as an Arizona public service corporation, and subject to receipt of the Regulatory Approvals, has the full right and authority to enter into this Agreement, to consummate the sale of the Assets contemplated herein and to observe and perform all of its covenants and obligations hereunder. The persons executing this Agreement and any other document required here by have full authority to act on behalf of and to bind the Seller in and to the obligations imposed on it by this Agreement.

- 7.18 Commissions. Seller has made no agreements respecting commissions or brokerage fees in connection herewith. Seller shall indemnify Buyer for any claims of commission through Seller. This indemnification provision shall survive Closing.
- 7.19 Environmental Regulations. To the best of Seller's knowledge, the Assets to be conveyed hereunder are in compliance with all current applicable environmental, health and safety laws and regulations.
- 7.20 Hazardous Materials. Seller has not dumped, buried or released or otherwise disposed of any hazardous materials or environmental pollutants on the Real Property. Seller knows of no dumping, burial, release or other disposal of hazardous materials or other environmental pollutants on the Real Property. Seller is not aware of any environmental problems that may affect the well sites, quality of water or service or delivery of water to Seller's customers.
- 7.21 Independent Advice. Seller has obtained all such independent legal, accounting and other advice as Seller has deemed necessary and appropriate in connection with this transaction. Seller understands that Buyer has no obligation and shall have no liability to Seller for any legal, tax or other consequences to Seller arising out of this transaction other than a breach by Buyer of any provision of this Agreement.
- 7.22 Insurance Coverage. Seller carries, and has for the four (4) years immediately preceding the date of this Agreement carried, what it believes to be a commercially reasonable liability insurance policy on an occurrence basis. Such insurance shall be maintained in full force and effect through Closing.
- 7.23 ACC Filings. To the best of Seller's knowledge, there are no material inaccuracies in the information contained in the latest Annual Report filed by Seller with the Utilities Division of the ACC.
- 7.24 Annual Regulatory Assessments. Seller agrees and acknowledges that it shall be responsible for and pay all accrued and or payable ACC and RUCO Annual Regulatory Assessments due at or prior to Closing.
- 7.25 Sufficiency and Adequacy. To the best of Seller's knowledge, the Real Property to be conveyed pursuant hereto is adequate and sufficient to permit Buyer to operate the Business in its usual and customary manner, and all Improvements located within the Real Property are to be conveyed to Buyer pursuant hereto.
- 7.26 Maintenance of Assets. Seller agrees to maintain the Assets in their current

condition, ordinary wear excepted, to the date of Closing. Furthermore, Seller agrees that, from the effective date of this Agreement through Closing, Seller shall consult with Buyer and take all reasonable steps to ensure that any infrastructure built or approved during such period conforms with Buyer's construction standards. To Seller's knowledge, all of the Assets are installed in a manner that will allow them to function properly and such installation is in compliance with all applicable laws, rules and regulations.

7.27 Accuracy of Representations and Warranties. None of the foregoing representations and warranties of Seller contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except for any breach of such warranties and representations with respect to which Buyer has commenced an action against Seller prior to the expiration of such one (1) year period.

8. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller as follows:

8.1 Authority. Buyer has been duly formed and presently exists as a Municipal Corporation under the laws of the state of Arizona, and the entering into of this Agreement and the performance of Buyer's obligations hereunder have been duly authorized by all proper and necessary official actions, and do not violate any applicable governmental statute, rule, regulation, ordinance, contract or other restriction. All actions required by law for this Agreement to be a valid and binding obligation of Buyer have been taken or will have been taken as of Closing. The person executing this Agreement and any other documents required hereby has full authority to act on behalf of and to bind Buyer in and to the obligations imposed on it by this Agreement.

8.2 Service of Customers. Buyer agrees to provide a continuous adequate and reliable municipal water supply to all individuals and entities served by Pineview, subject to all applicable laws, rules and regulations as well as the payment of all applicable fees by such individuals and entities. Any excess water capacity not needed to satisfy the foregoing service commitment may be used anywhere in Buyer's municipal water system for any lawful purpose.

8.3 Independent Advice. Buyer has obtained all such independent legal, accounting and other advice as Buyer has deemed necessary and appropriate in connection with this transaction. Buyer understands that

Seller has no obligation and shall have no liability to Buyer for any legal, tax or other consequences to Buyer arising out of this transaction other than a breach by Seller of any provision of this agreement.

- 8.4** Inspection. Buyer has inspected the facility and has determined that all of the Assets are installed in a manner that will allow them to function properly and the installation is compliant with all applicable local, state and federal laws, rules and regulations.
- 8.5** Commissions. Buyer has made no agreements respecting commissions or brokerage fees in connection herewith. Buyer shall indemnify Seller for any claims of commission through Buyer. This indemnification provision shall survive Closing.
- 8.6** Seller's access to records. Buyer acknowledges that the records to be transferred to Buyer will contain information that may be needed by Seller from time to time. Buyer therefore agrees that Seller will have the right to reasonable access to such information during regular business hours after Closing, including the right to make copies of such documents as Seller may need.
- 8.7** Accuracy of Representations and Warranties. None of the representations and warranties of Buyer contain any untrue statements of a material fact, or omit or misstate a material fact necessary in order to make the statements contained herein not misleading.

The foregoing representations and warranties shall survive Closing for a period of one (1) year and thereafter shall lapse, except with respect to any breach of such warranties and representations for which Seller has commenced an action against Buyer prior to the expiration of such one (1) year period.

9. Conditions Precedent.

Buyer will need an appraisal and economic analysis before Buyer can proceed to obtain Arizona Water Infrastructure Financing Authority (WIFA) funding to finance the purchase of the Assets at the Purchase Price. Buyer will obtain, at Buyer's expense, an appraisal and economic analysis as soon as possible following execution of this Agreement. Pursuant to Section 4.3 of this Agreement, Buyer shall have the option to terminate this Agreement if the aforesaid appraisal and economic analysis shows that the revenues from the operation of Pineview will not provide for the debt service on the aforesaid WIFA loan. If such termination occurs during the Feasibility Period as provided for in Section 4.3, Buyer will not forfeit the Earnest Money. In the event that the termination occurs outside of the Feasibility Period then, (i) Buyer shall forfeit the Earnest Money to Seller, and (ii) Buyer will be responsible for all costs if it

terminates this Agreement. In the event that Buyer is prepared to proceed to Closing and Seller elects for any reason to withdraw from the transaction, Seller shall reimburse Buyer up to Thirty-Five Thousand Dollars (\$35,000) for actual costs incurred by Buyer in connection with the appraisal and economic analysis contemplated by this Section 9.1.

The City Council for the City of Show Low shall have adopted a resolution approving this agreement no later than _____, 2010.

9.1 The Board of Directors for Seller shall have an adopted a resolution approving this agreement no later than _____, 2010.

10. Conditions to Closing.

10.1 Closing Documents.

10.1.1 Seller's Deposits. Prior to Closing, Seller shall deposit with Escrow Agent for delivery to Buyer the following:

10.1.1.1 The warranty deed required by this Agreement substantially in the form set forth in Exhibit "K" hereto.

10.1.1.2 The form of Certificate re RUCO and ACC Assessments, substantially in the form set forth in **Exhibit "L"** hereto.

10.1.1.3 The general assignment of water rights substantially in the form set forth in Exhibit "M" hereto.

10.1.1.4 Any other documents or instruments required by this Agreement, including Regulatory Approvals.

10.1.1.5 Any other instruments necessary to or reasonably required by Buyer or Escrow Agent to effectuate the transaction contemplated herein.

10.1.2 Buyer's Deposits. Prior to Closing, Buyer shall deposit with Escrow Agent for delivery to Seller the following:

10.1.2.1 The Final Portion of the Purchase Price in immediately available United States funds, pursuant to Section 5.12 above.

10.1.2.2 Any other instruments necessary to or reasonably required by Seller or Escrow Agent to effectuate the transaction contemplated herein.

10.2 The Closing of this transaction shall occur no later than ten (10) business days after obtaining all Regulatory Approvals, but in no event later than

March 31, 2011. Notwithstanding the foregoing, Seller and Buyer may agree to mutually extend the Closing date until such later time by executing and delivering a written instrument to Escrow Agent setting a new date for Closing. The actual date of Closing shall be the date upon which all conditions specified in Section 1.1.10 have been satisfied and shall also be the new date for proration.

- 10.3** Prorations. All current real estate taxes against the Real Property shall be prorated as of 12.01 a.m. on the date of Closing. As a municipal corporation, Buyer is exempt from the payment of real estate taxes. Any errors in the proration resulting in a deficit in the payment of taxes through Closing shall thereafter remain the obligation of Seller. Any delinquent taxes, penalties and interest thereon for the Property shall be paid by Seller on or before Closing.
- 10.4** Assessments. All current assessments, both principal and interest, against the Real Property shall be prorated as of 12.01 a.m. on the date of Closing. Seller shall pay any delinquent amounts on or before Closing.
- 10.5** Other.
- 10.5.1** Seller shall transfer its water utility operations to Buyer as of Closing.
- 10.5.2** Any maintenance contracts for services, supplies or Equipment as listed on Exhibit "N" hereto, as approved by Buyer in writing, shall be prorated as of Closing.
- 10.5.3** Leases for Equipment (including vehicles if any) or premises shall be prorated as of Closing.
- 10.5.4** Any Aid in Construction Agreements held by Seller, refunds of which are not due as of Closing, shall be transferred to Buyer together with the associated future refund responsibility as outlined in Exhibit B.
- 10.5.5** Personal property tax shall be prorated as of Closing. As a municipal corporation, Buyer is exempt from the payment of personal property taxes.
- 10.6** Escrow Agent shall have provided Buyer the Commitment, showing that Seller has good marketable title to the real property being acquired by Buyer and that the property is free and clear of any liens or encumbrances. Any exceptions must be approved by the Buyer in writing. Buyer shall not object to any reservations or exceptions for property taxes and other assessments constituting liens but which are not yet due or delinquent, to

easements for utilities, rights-of-way or drainage, or to covenants, conditions or restrictions, except to the extent that any of the foregoing would unreasonably affect the operation of the water system.

- 10.7** Seller shall have identified, with reasonable accuracy, the location of all water lines that are a part of the water system being acquired. For any and all water lines across or under real property not owned or controlled by Seller as to which Seller has obtained written easements as of Closing, Seller will execute and deliver to Escrow Agent, in a recordable form satisfactory to Buyer, assignments naming Buyer as grantee (together with the easement itself, if it has not been recorded). Seller shall also assign with this Agreement any rights to prescriptive easements that it may have.
- 10.8** Seller shall assign all well registrations and all water rights claims subject to the Little Colorado River Stream Adjudication which are associated with the Assets, if any. Seller agrees to cooperate in good faith, after Closing, in the execution of any additional documents necessary to accomplish the aforesaid assignment of such registrations and claims.
- 10.9** Seller shall provide to Buyer a full and complete list of Seller's customers with addresses and any other documentation needed to enable Buyer to continue to operate the water system and provide ongoing adequate and reliable water service to Seller's customers.
- 10.10** Buyer shall have delivered to Escrow Agent funds for the total purchase price.
- 10.11** Escrow Agent shall cause to be issued or shall be committed to issue on behalf of Title Company a standard owner's policy of title insurance, with liability in the amount of that portion of the purchase price relating to the Real Property, and showing title vested in the Buyer free of encumbrances. Seller shall be responsible for the premium for the standard owner's policy of title insurance.
- 10.12** Seller shall ensure that any lien holder shall release any lien on the Assets.
- 10.13** Seller shall be entitled to all payments from current customers for current or delinquent accounts as of Closing. Buyer is entitled to all payments from customers for current or delinquent accounts after Closing.
- 10.14** Seller shall be responsible for paying all utility bills (electricity, phone, etc.) for usage through Closing.
- 10.15** This transaction shall be approved in writing by the ACC pursuant to A.R.S. 40-285.

11. Indemnification.

- 11.1 By Buyer.** Buyer hereby agrees to indemnify Seller against, and to hold Seller harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses, including without limitation legal fees, court costs and disbursements, incurred by Seller relating to (i) the Assets or Business and arising from acts, occurrences or matters that occur from and after Closing, and (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of Buyer.
- 11.2 By Seller.** Seller hereby agrees to indemnify Buyer against, and to hold Buyer harmless from and against any and all actions, suits, proceedings, demands, assessments, judgments, claims, damages, costs and expenses, including without limitation legal fees, court costs and disbursements, incurred by Buyer relating to (i) the Assets or Business and arising from acts, occurrences, matters or the use and operation of the Assets occur place prior to Closing, or (ii) any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any obligation under this Agreement on the part of the Seller.

12. Risk of Loss.

- 12.1 Prior to Closing.** The risk of loss for damage by fire or other casualty, or the taking by eminent domain, until Closing, shall remain the responsibility of Seller. Upon the occurrence of any material loss within ten (10) business days after notification thereof, Buyer may elect in writing to terminate this Agreement or close the sale. If an election to terminate the Agreement is made, any money on deposit shall be returned to Buyer with accrued interest thereon and this Agreement shall thereupon become null and void. In the alternative, if an election to proceed with Closing is made by Buyer, any insurance proceeds and/or condemnation award in connection with the loss shall be given to Buyer, but there shall be no adjustment to the Purchase Price.
- 12.2 After Closing.** The risk of loss or damage by fire or other casualty, or other taking by eminent domain, shall be assumed by and be the responsibility of Buyer from and after Closing.

13. Default.

13.1 Seller's Default.

- 13.1.1 Non-Monetary Default.** For the purposes of this **Section 14** a "Non-Monetary Default" shall mean the failure of Seller to close this

transaction after Buyer has tendered full performance when that failure is the result of any action by a third party encumbering the Assets, by creating a cloud on the title of Seller's ownership status which is not practicably susceptible to financial satisfaction prior to Closing, and encumbrance which did not exist when the Commitment was received by Buyer.

- 13.1.2** Monetary Default. For the purpose of this **Section 14**, a "Monetary Default" shall mean the failure of Seller to close this transaction after Buyer has tendered full performance, when that failure is a result of a monetary lien or encumbrance upon the Assets, which lien or encumbrance was not disclosed in the Commitment when received by Buyer, and which can be cured by the application of a portion of the Closing proceeds.
- 13.1.3** Seller's Willful Refusal. For the purpose of this **Section 14**, "Seller's Willful Refusal" shall mean the wrongful failure of Seller to close this transaction for reasons within Seller's control, after Buyer has tendered full performance.
- 13.1.4** Remedies. In the event of a default by Seller, Buyer's remedies shall be as follows:
- 13.1.4.1** In the event of a Non-Monetary Default, Buyer shall have ten (10) business days following such default in which to elect in writing to terminate this Agreement or waive the Non-Monetary Default and close this transaction. In the event Buyer elects to terminate this Agreement, this Agreement shall thereupon be null and void and the Earnest Money shall be immediately returned to the Buyer, together with any interest earned thereon. If Buyer elects to waive the Non-Monetary Default and close the transaction, the Closing shall occur within ten (10) business days after Buyer's written notice to close. There shall be no adjustment in the Purchase Price and Buyer shall accept whatever title Seller may be able to convey.
- 13.1.4.2** In the event of a Monetary Default, the Escrow Agent is hereby instructed to withhold from Seller's proceeds from the Closing an amount to be agreed upon by Seller and Buyer to cure the Monetary Default.
- 13.1.4.3** In the event of Seller's Willful Refusal, then Buyer shall be entitled to pursue its legal and equitable remedies as they may

be available at law, including specific performance.

13.2 Buyer's Default. In the event Buyer fails to close this transaction after Seller has tendered full performance and all conditions to Buyer's obligations to close have been satisfied, Seller shall be entitled to immediately receive the Earnest Money from the Escrow Agent as liquidated damages (and not as a penalty) for a portion of its damages incurred as a result of Buyer's default and Seller may in addition pursue all other rights and remedies at law and in equity, including specific performance. The parties specifically agree that the provisions of A.R.S. Section 33-741, et seq. shall not apply to this Agreement.

14. Customer Deposits. Seller shall be responsible for making all customer deposit refunds which become due prior to Closing. Buyer shall be responsible for making all customer deposit refunds which become due subsequent to Closing.

15. Meter Readings and Billings.

15.1 Meter Readings.

15.1.1 Seller shall use its best effort to read all customer meters on the date of Closing, but in any event, all meters will be read within five (5) days after Closing (the "Final Reading").

15.1.2 Seller shall continue to bill in its usual sequence for water usage prior to Closing and may, at its option, delay its usual billing sequence to coincide with the Final Reading.

15.1.3 Seller shall bill for all services provided prior to the Final Reading at Seller's ACC-approved rates and charges. Buyer shall bill for all services provided after the Final Reading at Buyer's rates.

15.1.4 Buyer shall collect all payments for billings for services provided prior to the Final Reading and remit same to Seller within twenty (20) days of receipt thereof. With respect to any amounts billed for Seller's services provided prior to the Final Reading, Buyer shall have no obligation or liability to take any action to effect collection on behalf of Seller, but Seller may, at its option, pursue the collection of its unpaid billings.

16. General.

16.1 Any notice that may be required under this Agreement shall be provided in writing and shall have an effective date as of (i) the date of physical delivery or (ii) five (5) calendar days after mailing or (iii) upon verified receipt of certified mail or registered mail return receipt requested, to the

addresses set forth below or such other addresses as may hereafter be provided by the parties in writing:

City of Show Low
Attn: City Manager
550 N. 9th Place
Show Low, AZ 85901

Pineview Water Company, Inc.
Attn: Katherine or Ernest Sutter
5198 Cub Lake Road
Show Low, AZ 85901

- 16.2** The terms and provisions of this Agreement represent the results of negotiations between Seller and Buyer, each of which as been represented by counsel of its own choosing and none of which have acted under duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and Seller and Buyer hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of the Agreement, including (without limitation) any rule of law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the party whose attorney prepared the executed draft or any earlier draft thereof. The Rule of Strict Construction shall not be used to interpret this Agreement, but rather this Agreement shall be construed to provide each party with the benefit of the bargain it as struck with the other party.
- 16.3** If either party is in default or breach of the terms of this Agreement, including the representations and warranties set forth herein, the other party may seek specific performance of this Agreement, damages, rescission, or any other remedy or relief available in equity or at law.
- 16.4** Each of the parties hereto represents and warrants to each other party hereto that this Agreement has been duly authorized by all necessary action and that this Agreement constitutes and will constitute a binding obligation of each such party.
- 16.5** Each party hereto agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement.
- 16.6** Time is of the essence of this Agreement and each and every provision hereof. However, if any action is required to be taken on a Saturday, Sunday or legal holiday, the action shall be deemed timely taken if it is taken on the next regular business day. Any extension of time granted for the performance of any duty under this Agreement shall not be considered

an extension of time for the performance of any other duty under this Agreement; and, the parties' agreement to any such extension shall be reduced to writing.

- 16.7** All recitals, schedules and exhibits to this Agreement are fully incorporated herein and as though set forth at length herein.
- 16.8** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs and personal representatives. Neither Buyer nor Seller shall assign this Agreement without the express prior written consent of the other party.
- 16.9** This Agreement constitutes the entire agreement between the parties, including any prior oral expressions or statements. This Agreement contains all the agreements and understandings of the parties. It supersedes any prior oral understandings or agreements, and can only be changed or terminated in writing. This Agreement may be amended at any time by mutual agreement of both parties, provided that before any amendment shall be operative, it must be reduced to writing and signed by both parties.
- 16.10** In any suit brought by either party to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.
- 16.11** The validity, construction, and effect of this Agreement shall be governed by the laws of the state of Arizona without regard to conflict of law principles.
- 16.12** The parties agree that any suit, action or proceeding arising out of this agreement may be submitted to the jurisdiction (both personal and subject matter) of the Arizona Superior Court and that proper venue for such suit, action or proceeding shall be Navajo County.
- 16.13** If any one or more of the provisions of this Agreement shall be held invalid or unenforceable, the validity and enforceability of all other provisions of this Agreement shall not be affected.
- 16.14** Pursuant to A.R.S. Section 38-511, Buyer may cancel this Agreement within three (3) years after its execution, without penalty or further obligations, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of Buyer is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of Seller in any capacity or a consultant to Seller with respect to the subject matter of the Agreement.
- 16.15** The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute a part of this

Agreement.

16.16 Each party represents and warrants to the other that it has not engaged or dealt with any broker or any other person who would be entitled to any brokerage commission concerning this sale and purchase of the Assets.

16.17 This Agreement shall not be assignable or otherwise transferable by any party hereto without the prior written consent of the other party, which consent shall not be unreasonably withheld.

16.18 All representations, warranties and covenants shall survive Closing.

17. Covenant as to Conflict of Interest.

(a) Section 38-511, Arizona Revised Statutes, as amended, provides that City may, within three years after its execution, cancel any contract (including this Agreement), without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract (including in the case of this Agreement, Seller) in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City from any other party to the contract arising as a result of the contract.

(b) To the extent applicable under Section 41-440, Arizona Revised Statutes, as amended, Seller shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by Seller of the foregoing shall be deemed a material breach hereof and may result in the termination of the services of Seller. City retains the legal right to randomly inspect the papers and records of Seller to ensure that Seller is complying with the above-mentioned warranty. Seller shall keep such papers and records open for random inspection during normal business hours by Seller. Seller shall cooperate with the random inspections by City including granting City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

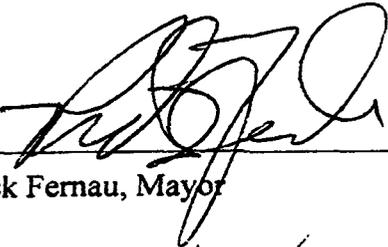
(c) Pursuant to Sections 35-391.06 and 35-393.06, Arizona Revised Statutes, as amended, Seller does and shall not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations"

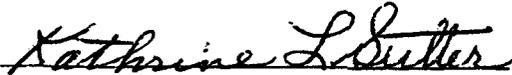
shall have the meanings set forth in Section 35-391 and 35-393, Arizona Revised Statutes, as amended, as applicable. If Buyer determines that Seller submitted a false certification, Buyer may impose remedies as provided by law including terminating the services of Seller.

IN WITNESS WHEREOF, the parties have entered this Agreement effective as of the date first set forth above.

CITY OF SHOW LOW

PINEVIEW WATER COMPANY, INC.

By 
Rick Fernau, Mayor

By 
Katherine L. Sutter, President

Attested by: 
Ann Kurasaki, Clerk

Approved as to Form:

Approved as to Form:


F. Morgan Brown, City Attorney


Lawrence V. Robertson, Jr., Attorney for
Pineview Water Company, Inc.

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STATE OF ARIZONA)
) ss
County of Navajo)

Acknowledgment. On this 31st day of August, 2010, before me, a notary public, personally appeared: Katherine L. Sutter known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Notary Public: Nicole Hudson

My commission expires: June 21, 2014



STATE OF ARIZONA)
) ss
County of Navajo)

Acknowledgment. On this 1th day of September, 2010, before me, a notary public, personally appeared: Rick Fernau, Mayor, City of Show Low known to me or satisfactorily proven to be the person whose name is subscribed to this instrument and acknowledged that he executed the same. If this person's name is subscribed in a representative capacity, it is for the principal named and in the capacity indicated.

Notary Public: Ann Kurasaki

My commission expires: May 20, 2014

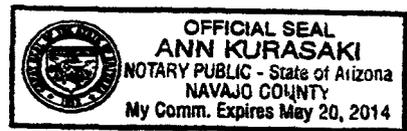


Exhibit A
List of Assets

Exhibit B

Aid in Construction Agreements

Exhibit C

BILL OF SALE

THIS BILL OF SALE ("**Bill of Sale**") is made this ____ day of _____, 2010 by Pineview Water Company, Inc. ("**Seller**"), in favor of The City of Show Low, an Arizona Municipal Corporation ("**Purchaser**").

WITNESSETH:

WHEREAS, Seller and Purchaser entered into that certain Asset Purchase and Sale Agreement dated as of _____, 2010 ("**Contract**") with respect to the sale of certain the Assets identified on Exhibit A to the Contract. Any term with its initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Contract.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Purchaser all of the tangible personal property listed on the attached Exhibit A (the "**Property**").

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Purchaser and Seller.

This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of Arizona.

[Seller]

By: _____
Katherine L. Sutter, President

Exhibit "A" to Bill of Sale

List of Property

Exhibit D
Certificate of Convenience and Necessity

Exhibit E
Certificated Area

Exhibit F
Service Area Map

Exhibit G
List of Equipment

Exhibit H
Description of Real Property

Exhibit I
Assignment and Assumption of Contract Rights

Exhibit J
Affidavit of Property Value

Exhibit K
Warranty Deed

When recorded, please
return to:
City of Show Low
Attn: City Manager
550 N. 9th Place
Show Low, AZ 85901

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That Pineview Water Company, Inc., Grantor, in consideration of the sum of Ten and 00/100 Dollars (\$10.00), and other valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the City of Show Low, an Arizona municipal corporation, Grantee, all right, title, and interest in and to the following described real property and premises situated in Navajo County, Arizona, to-wit:

together with all and singular tenements, improvements, hereditaments, and appurtenances thereon and thereunto belonging or in any wise appertaining, and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said Grantees, their successors and assigns forever, free and clear and discharged of and from all former grants, charges, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature.

SIGNED and DELIVERED this ____ day of _____, 2010.

Exhibit L
Certificate of RUCO and ACC Assessments

Exhibit M
Assignment of Water Rights

When Recorded, Return to:

David A. Brown
Brown & Brown Law Offices, P.C.
Post Office Box 1890
St. Johns, Arizona 85936

ASSIGNMENT OF INTEREST IN WATER RIGHTS

PINEVIEW WATER COMPANY, INC., an Arizona Corporation, (hereinafter referred to as "ASSIGNOR"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HEREBY ASSIGNS AND TRANSFERS TO THE CITY OF SHOW LOW, an Arizona municipal corporation, all right, title and interest in and to the water rights appurtenant to the real property and leasehold estates described in Exhibit "A" and to the water rights used to service any customers of ASSIGNOR. ("the Water Rights").

The Water Rights include all rights, titles and interest in and to (1) all water uses associated with the real property and leasehold estates described in Exhibit "A" and, regardless of whether those water uses were registered with the State of Arizona, certificated in state water right filings, or claimed in *The General Adjudication of the Little Colorado River System and Source*, Apache County Superior Court No. 6417 ("the Adjudication"); (2) all certificates, registrations, claims, affidavits, notices and

Adjudication claims for the water supplies and uses associated with the real property and leasehold estates described in Exhibit "A"; (3) all water uses used or useful in servicing any customers of ASSIGNOR; and (4) all equipment and improvements related to the water sources and uses.

ASSIGNOR has the full legal right and authority to execute this assignment and to transfer all Water Rights described herein.

ASSIGNOR agrees to execute such further documents as may be required to implement the transfer of the Water Rights.

DATED this ____ day of _____, 2010.

Katherine L. Sutter, President, Pineview Water Co.

Inc.

STATE OF ARIZONA)
) ss
COUNTY OF _____)

The foregoing Assignment and Certification was acknowledged before me this ____ day of _____, 2010, by _____.

My commission expires:

Notary Public

Exhibit A-would by Exhibit H to main agreement

Exhibit N
Maintenance Contracts

Preview

- Exhibit A - List of Assets
- Exhibit B - Aid in Construction Agreements
- Exhibit C - Bill of Sale
- Exhibit D - CC & N - W-01717A
- Exhibit E - Certificated Area
- Exhibit F - Map
- Exhibit G - List of Equipment
- Exhibit H - Real Property
- Exhibit I - Assignment of contract rights
- Exhibit J - Affidavit of Property Value
- Exhibit K - Warranty Deed
- Exhibit L - Certificate re: RUCO & ACC Assessments
- Exhibit M - Assignment of Water Rights
- Exhibit N - Maintenance Contracts

Date	Agreement With	Amount	Paid to Date	Expired	Balance	Expiration Date
✓ 10/14/2009	Greg Maggass	9,120.72	-	-	9,120.72	10/12/2019
✓ 7/9/2007	Lowes	180,860.00	3,062.72	-	177,797.28	7/6/2017
✓ 5/17/2007	Lakeside 160 LLC	106,176.78	-	-	106,176.78	5/14/2017
✓ 4/24/2007	Clemax/Selma	9,501.07	207.34	-	9,293.73	4/21/2017
✓ 4/17/2007	Murphy-Saguaro, LLC	33,788.63	43.77	-	33,744.86	4/14/2017
✓ 11/20/2006	S&D Homes	215,164.00	191.78	-	214,972.22	11/17/2016
✓ 9/15/2006	Aiton Construction - <i>JK Mountain</i>	123,420.00	874.82	-	122,545.18	9/12/2016
✓ 6/2/2006	Lakeside 160 LLC	215,164.00	-	-	215,164.00	5/30/2016
✓ 3/21/2006	Pineview Properties, LLC	174,071.00	1,141.75	-	172,929.25	3/18/2016
✓ 12/9/2005	Audra Owens	14,032.90	101.17	-	13,931.73	12/7/2015
✓ 9/15/2005	Bear Cub Properties	46,746.17	5,453.74	-	41,292.43	9/13/2015
✓ 8/31/2005	Leroy Breinholt	8,019.82	211.85	-	7,807.97	8/29/2015
✓ 7/26/2005	Lenonard Frankel Trust	43,192.00	-	-	43,192.00	7/24/2015
✓ 7/19/2005	Evergreen Estates, LLC	34,736.97	522.70	-	34,214.27	7/17/2015
✓ 2/20/2005	T.H.E. investment Group	20,190.93	525.07	-	19,665.86	2/18/2015
✓ 8/27/2004	Lakeside 160 LLC	39,787.23	6,407.41	-	33,379.82	8/25/2014
✓ 1/23/2004	Lakeside 160 LLC	117,000.00	1,205.03	-	115,794.97	1/20/2014
✓ 9/15/2003	Equities SouthWest, LLC - <i>Mountain Park</i>	39,950.82	12,962.15	-	26,988.67	9/12/2013
✓ 7/28/2003	Home Depot	119,568.00	7,845.53	-	111,722.47	7/25/2013
✓ 7/9/2003	Christopher Saylor	6,428.90	547.26	-	5,881.64	7/6/2013
✓ 5/20/2003	Larry Adams	7,100.07	239.73	-	6,860.34	5/17/2013
✓ 5/7/2003	Karen L. Beeler	8,094.39	156.29	-	7,938.10	5/4/2013
✓ 5/1/2001	Wayne A. & Marie Barry	8,350.00	-	-	8,350.00	4/29/2011
✓ 1/30/2001	Tesoro West Coast Company	13,394.64	360.69	-	13,033.95	1/28/2011
✓ 6/27/2001	Silver Wolf Development	33,618.62	4,835.95	-	28,782.67	6/25/2011
✓ 9/8/2000	Bill Gray	1,600.00	168.96	1,431.04	-	9/6/2010
2/1/2000	Joe & Carol Fagan	6,302.41	6,302.41	-	-	1/29/2010
✓ 7/1/2000	Evergreen Estates, LLC	45,646.88	2,745.53	42,901.35	-	6/29/2010
		1,681,026.95	56,113.65	44,332.39	1,580,580.91	

	Expires	Balance
2010	-	1,580,580.91
2011	50,166.62	1,530,414.29
2012	-	1,530,414.29
2013	159,391.22	1,371,023.07
2014	149,174.79	1,221,848.28
2015	160,104.26	1,061,744.02
2016	725,610.65	336,133.37
2017	327,012.65	9,120.72
2018	-	9,120.72
2019	9,120.72	0.00

Exhibit
B

08/10/10

Pine View
Land & Water
Co
11-4-57

Exhibit ??
E-1-157

Minutes 11-4-57
Page 205
+ 256
Book 11

OFFICE OF THE BOARD OF SUPERVISORS OF
NAVAJO COUNTY, HOLBROOK, ARIZONA

NOVEMBER 4 1957

The Board of Supervisors of Navajo County, Arizona, met in regular session at 10:00 o'clock A. M. this 4th day of November, 1957, with Supervisors H. R. McHood, Ben R. Hunt, and Virgil M. Flake present, this being the day and hour set for a hearing on the application of Pine View Land and Water Company, Inc., an Arizona corporation, for a public service franchise to enter upon, to construct, maintain and operate a water distribution system within the Pine View Summer Homesites in Navajo County, Arizona. The Board proceeded thereupon to a consideration of the matter. It appearing to the Board that it is in the public interest that said application be granted, upon motion of Supervisor Virgil M. Flake, seconded by Supervisor Ben R. Hunt and duly carried, Pine View Land and Water Company, Inc., an Arizona corporation, was granted said franchise as follows:

RESOLUTION GRANTING FRANCHISE

WHEREAS, Pine View Land and Water Company, Inc., an Arizona corporation, has heretofore filed its application with this Board for a franchise authorizing it to enter upon all public highways, roads, streets, thoroughfares and alleys located in the Pine View Summer Homesites, a subdivision of the $S\frac{1}{2}$ of $NW\frac{1}{4}$ of $SE\frac{1}{4}SE\frac{1}{4}$ of Section 5; the $NE\frac{1}{4}$ of $SE\frac{1}{4}$ of $SE\frac{1}{4}$ of Section 5; the $S\frac{1}{2}$ of $SE\frac{1}{4}$ of $SE\frac{1}{4}$ of Section 5; the $NE\frac{1}{4}$ of $NE\frac{1}{4}$ of Section 8; all in Township 9 North, Range 22 East, G&SR&M, Navajo County, Arizona, and to construct, maintain and operate a domestic water distribution system, including pipe-lines and all other equipment and facilities useful or necessary in the distribution of domestic water, along, over, upon, under

and across all the public highways, roads, streets, thoroughfares and alleys within the said Pine View Summer Homesites subdivision; and

WHEREAS, said Board of Supervisors, on the ⁶ 7th day of October, 1957, ordered that public notice be given in the manner provided by Section 40-283 Arizona Revised Statutes, of the filing of said application and of the intention of said Board to grant said application and fixed ¹ 10:00 o'clock A. M., on Monday, the 4th day of November 1957, at the regular meeting place of said Board in the Court House in the Town of Holbrook, Arizona, as the time and place for the consideration of said matter; and

WHEREAS, said application coming on regularly for hearing on this ⁸ 4th day of November, 1957, and it appearing from the affidavit of publication of The Holbrook Tribune-News that due and regular notice of said time and place set for the consideration of such action has been published once a week for three (3) consecutive weeks prior to the said date for the hearing, to-wit:

In the issues of the ⁹ 11th day of October, 1957; the 18th day of October, 1957; the 25th day of October, 1957, of said newspaper and the matter being called at 10:00 o'clock A. M., and it appearing that none of the qualified electors of said County has petitioned said Board of Supervisors to deny said petition;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. That this Board of Supervisors of Navajo County, Arizona, acting for and on behalf of said County, does hereby grant unto ¹⁰ Pine View Land and Water Company, Inc.

a corporation, the right, privilege, license and franchise to enter upon all present and future highways, roads, streets, thoroughfares and alleys located in the "Pine View Summer Homesites, a subdivision of the S $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5; the NE $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 5; the S $\frac{1}{2}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 5; the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 8; all in Township 9 North, Range 22 East, "G&SRB&M, Navajo County, Arizona, ¹²four miles south of Show Low, and to construct, operate and maintain a domestic water distribution system along, over, under and across said public highways, roads, streets, thoroughfares and alleys, including pipe-lines and all other equipment and facilities useful or necessary in the distribution of domestic water.

2. This Board of Supervisors hereby reserves the right to impose such reasonable restrictions and limitations in the use of said public highways, roads, streets, thoroughfares and alleys by the ¹³Pine View Land and Water Company, Inc., an Arizona corporation, its successors and assigns, as this Board may deem necessary for the public safety and welfare and which are not inconsistent with law and the orders and rules and regulations of the Arizona Corporation Commission. All pipe-lines and equipment installed or constructed under this franchise shall be in all respects adequate, sufficient and substantial in design and shall be located, installed and maintained so as not to unduly interfere with the use and enjoyment of said highways, roads, streets, thoroughfares and alleys and so as not to endanger life or property.

3. ¹⁴Pine View Land and Water Company, Inc., an Arizona corporation, its successors and assigns, shall bear all expenses, including damage and compensation for any alteration of the direction, surface, grade or

alignment of any of such public highways, roads, streets, thoroughfares and alleys made for the purpose of such franchise, and said corporation, its successors and assigns shall, and do indemnify and save harmless the County of Navajo and the Board of Supervisors thereof from any and all suits, claims, damages and judgments due to the placing, location and maintenance of pipe-lines or equipment upon the public highways, roads, streets, thoroughfares and alleys of said subdivision under the provisions hereof.

4. ¹⁵ Pine View Land and Water Company, Inc., an Arizona corporation, its successors and assigns shall, at their own expense, move and otherwise change any installations or lines constructed or installed under the authority of this franchise when and if the same should become necessary, to the proper use of any County highways or the enlargement or widening thereof.

5. This franchise shall extend to and be binding upon the successors and assigns of the ¹⁶ Pine View Land and Water Company, Inc., an Arizona corporation, and is granted pursuant to and is expressly subject to the provisions of Section 40-283 Arizona Revised Statutes.

Passed and adopted by the Board of Supervisors of the County of Navajo, State of Arizona, this 4th day of November, 1957.


Chairman

ATTEST:


Clerk.

CERTIFICATE OF CLERK

I, Dorothy J. Leavitt, Clerk of the Board of Supervisors of Navajo County, Arizona, do hereby certify that the foregoing excerpt from the minutes of the Board of Supervisors of Navajo County, Arizona, constitutes a true and correct copy of the said minutes insofar as the same relate to the application of the ¹⁷Pine View Land and Water Company, Inc., an Arizona corporation, for a public service franchise for construction of a domestic water distribution system in said County and to the granting of said franchise pursuant to the resolution hereinabove set out, all as appears in Book ¹⁸11 of Minutes, at pages 255 and 256 thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Board of Supervisors of Navajo County, Arizona, this 4th day of November, 1957.

Dorothy J. Leavitt 18

Clerk of the Board of Supervisors
of Navajo County, Arizona.

(Seal)

Affidavit of Publication

State of Arizona,
County of Navajo,

ss.

I, V. P. Richards being duly sworn, depose and say: I am

PUBLIC NOTICE OF INTENT TO GRANT FRANCHISE

PUBLIC NOTICE IS HEREBY GIVEN by the Board of Supervisors of Navajo County, Arizona, that PINE VIEW LAND and WATER COMPANY INC., an Arizona corporation, has made application to this Board for a franchise authorizing it to enter upon, and to construct, maintain and operate a domestic water distribution system, including pipelines and all other equipment and facilities useful or necessary in the distribution of domestic water, along, over, upon, under and across all the public highways, roads, streets, thoroughfares and alleys within the Pine View Summer Homesites, Subdivision of the S½ of NW¼ of SE¼SE¼ of Section 5; the NE¼ of SE¼ of SE¼ of Section 5; the S¼ of SE¼ of SE¼ of Section 5; the NE¼ of NE¼ of Section 8; all in Township 9 North, Range 22 East G&SRB&M Navajo County, Arizona, and that this Board has received and filed the said application and has on the 7th day of October, 1957 by resolution duly resolved that notice be given by this Board in the manner provided by law for the filing of said application and of the intention of this Board to grant such franchise as applied for.

NOTICE IS HEREBY GIVEN that Monday, the 4th day of November, 1957, at 10:00 o'clock A.M. at the regular meeting place of said Board at the County Court House, Town of Holbrook, Arizona; has been fixed as the time and place when said matter will be taken up for consideration and for the granting of said franchise.

This notice is given pursuant to Section 40-283, Arizona Revised Statutes, reference to which, and to other pertinent sections of said Statutes, is hereby made.

Dated this 7th day of October, 1957.

BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA

(SEAL)

By H. R. McHood
Chairman.

First publication Oct. 11, 1957
Last publication Oct. 25, 1957

Publisher of HOLBROOK TRIBUNE-NEWS, a newspaper of general circulation published weekly at Holbrook, County of Navajo and State of Arizona; that the Public Notice Of Intent To Grant Franchise

attached hereto, was published in said Paper, THE HOLBROOK TRIBUNE-NEWS, for three consecutive issues, and said notice was published in the regular and entire issue of every number of the paper during the period of the time of publication and was published in the newspaper proper and not in a supplement, the first publication being dated Oct. 11, 1957, and the last publication being dated Oct. 25, 1957.

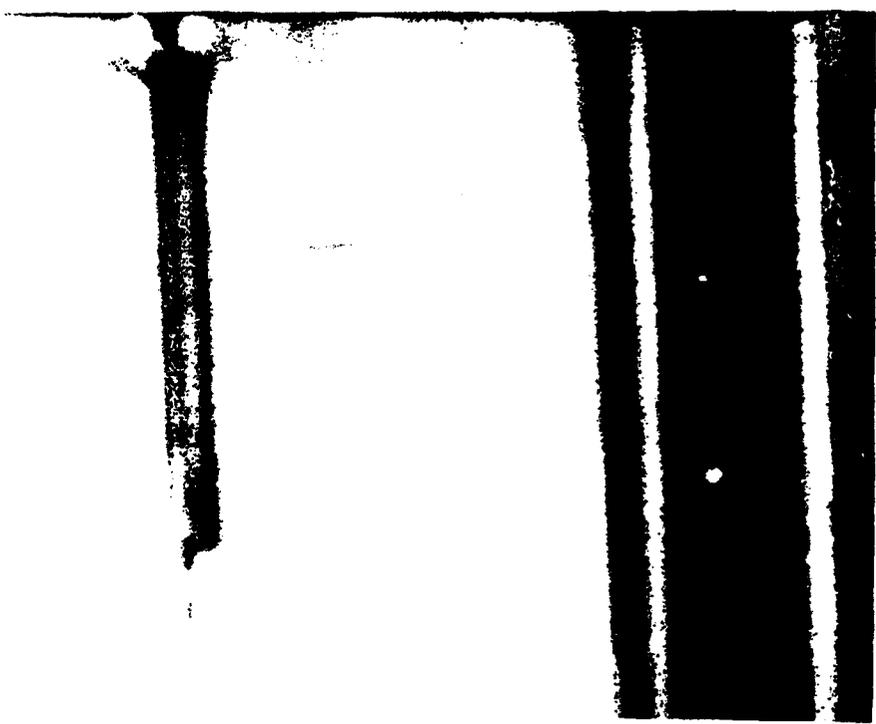
V. P. Richards

SUBSCRIBED AND SWORN TO before me this

25th day of October, 1957

Mary Sandoval
NOTARY PUBLIC

My commission expires 8-11-61



Copy to
Subcommittee
Clean Bill
10-8-57

Public
Oct-11-18-25
Revised
has 4

PUBLIC NOTICE OF INTENT
TO GRANT FRANCHISE

PUBLIC NOTICE IS HEREBY GIVEN by the Board of Supervisors of Navajo County, Arizona, that PINE VIEW LAND and WATER COMPANY, INC., an Arizona corporation, has made application to this Board for a franchise authorizing it to enter upon, and to construct, maintain and operate a domestic water distribution system, including pipe-lines and all other equipment and facilities useful or necessary in the distribution of domestic water, along, over, upon, under and across all the public highways, roads, streets, thoroughfares and alleys within the Pine View Summer Homesites, Subdivision of the S $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5; the NE $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 5; the S $\frac{1}{2}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 5; the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 8; all in Township 9 North, Range 22 East, G&SRB&M, Navajo County, Arizona, and that this Board has received and filed the said application and has on the 7th day of October, 1957, by resolution duly resolved that notice be given by this Board in the manner provided by law for the filing of said application and of the intention of this Board to grant such franchise as applied for.

NOTICE IS HEREBY GIVEN that Monday, the 4th day of November, 1957, at 10:00 o'clock A M. at the regular meeting place of said Board at the County Court House, Town of Holbrook, Arizona, has been fixed as the time and place when said matter will be taken up for consideration and for the granting of said franchise.

This notice is given pursuant to Section 40-283, Arizona Revised Statutes, reference to which, and to other pertinent sections of said Statutes, is hereby made.

DATED this 7th day of October, 1957.

BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA
By H. R. ...
Chairman.

(Seal)

FILE 10-25
Page 25
BANK

BEFORE THE BOARD OF SUPERVISORS OF
NAVAJO COUNTY, ARIZONA

IN THE MATTER OF THE APPLICATION
OF PINE VIEW LAND and WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
PUBLIC SERVICE FRANCHISE IN NAVAJO
COUNTY

APPLICATION

TO THE HONORABLE BOARD OF SUPERVISORS:

PINE VIEW LAND and WATER COMPANY, INC., an Arizona corporation, respectfully petitions the Board of Supervisors of Navajo County, Arizona, for a public service franchise authorizing it to enter upon all public highways, roads, streets, thoroughfares and alleys located in the Pine View Summer Homesites, a subdivision of $S\frac{1}{2}$ of $NW\frac{1}{4}$ of $SE\frac{1}{4}SE\frac{1}{4}$ of Section 5; the $NE\frac{1}{4}$ of $SE\frac{1}{4}$ of $SE\frac{1}{4}$ of Section 5; the $S\frac{1}{2}$ of $SE\frac{1}{4}$ of $SE\frac{1}{4}$ of Section 5; the $NE\frac{1}{4}$ of $NE\frac{1}{4}$ of Section 8; all in Township 9 North, Range 22 East, Gila and Salt River Base and Meridian, Navajo County, Arizona, four miles south of Show Low, and to construct, operate and maintain along, over, under and across said public highways, roads, streets, thoroughfares and alleys, water pipe-lines and distribution systems, including all equipment and facilities necessary or useful in the distribution of water for public use.

Petitioner respectfully represents:

That it is a corporation which owns the land located within the above-mentioned Subdivision and that it desires to serve the persons and public with domestic water service within this area and that it has applied for a certificate of convenience and necessity from the Arizona Corporation Commission.

WHEREFORE, your petitioner respectfully requests the Honorable Board of Supervisors to grant this application for a right and franchise from the County of Navajo, State of Arizona, to enter upon and to construct, maintain and operate a water

pipe-lines and distribution system, including all necessary facilities useful in the distribution of domestic water, along, over, upon, under and across all the public highways, roads, streets, thoroughfares and alleys within the Pine View Summer Homesites Subdivision, under such restrictions and limitations and upon such terms as your Board may provide, not inconsistent with the law and the rules of the Arizona Corporation Commission and that the Board take such proceedings herein as are provided by the laws of the State of Arizona.

DATED at Holbrook, Arizona, this 27th day of September, 1957.

PINE VIEW LAND and WATER COMPANY, INC.

By Henry E. Sutter
President

ATTEST:

Claude M. Knight
Secretary.

STATE OF ARIZONA |
 | ss
COUNTY OF NAVAJO |

Henry E. Sutter, being first duly sworn, deposes and says:

That he is President of the Pine View Land and Water Company, Inc., a corporation, and makes this affidavit for and on behalf of said corporation, being thereunto duly authorized; that he has read the foregoing application and knows the contents thereof; that the matters and things therein set forth are true to the best of his knowledge and belief.

Henry E. Sutter

Subscribed and sworn to before me this 27th day of

October, 1957.

My Comm. Expires: Sept 5-1961.

W. Dean Manning
Notary Public

Affidavit of Publication

State of Arizona,
County of Navajo,

ss.

I, V. P. Richards, being duly sworn, depose and say: I am

PUBLIC NOTICE OF INTENT TO GRANT FRANCHISE

PUBLIC NOTICE IS HEREBY GIVEN by the Board of Supervisors of Navajo County, Arizona, that PINE VIEW LAND and WATER COMPANY INC., an Arizona corporation, has made application to this Board for a franchise authorizing it to enter upon, and to construct, maintain and operate a domestic water distribution system, including pipelines and all other equipment and facilities useful or necessary in the distribution of domestic water, along, over, upon, under and across all the public highways, roads, street, thoroughfares and alleys within the Pine View Summer Homesites, Subdivision of the S $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5; the NE $\frac{1}{4}$ of SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 5; the S $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 5; the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 8; all in Township 9 North, Range 22 East G&SRB&M Navajo County, Arizona, and that this Board has received and filed the said application and has on the 7th day of October, 1957 by resolution duly resolved that notice be given by this Board in the manner provided by law for the filing of said application and of the intention of this Board to grant such franchise as applied for.

NOTICE IS HEREBY GIVEN that Monday, the 4th day of November, 1957, at 10:00 o'clock A.M. at the regular meeting place of said Board at the County Court House, Town of Holbrook, Arizona, has been fixed as the time and place when said matter will be taken up for consideration and for the granting of said franchise. This notice is given pursuant to Section 40-283, Arizona Revised Statutes, reference to which, and to other pertinent sections of said Statutes, is hereby made.

Dated this 7th day of October, 1957.

BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA

(SEAL)

By H. R. McHood
Chairman.

First publication Oct. 11, 1957
Last publication Oct. 25, 1957

Publisher of HOLBROOK TRIBUNE-NEWS, a newspaper of general circulation published weekly at Holbrook, County of Navajo and State of Arizona; that the Public Notice Of Intent To Grant Franchise

attached hereto, was published in said Paper, THE HOLBROOK TRIBUNE-NEWS, for three consecutive issues, and said notice was published in the regular and entire issue of every number of the paper during the period of the time of publication and was published in the newspaper proper and not in a supplement, the first publication being dated Oct. 11, 1957, and the last publication being dated Oct. 25, 1957.

SUBSCRIBED AND SWORN TO before me this

25th day of October, 1957.

Mary Sanloval
NOTARY PUBLIC

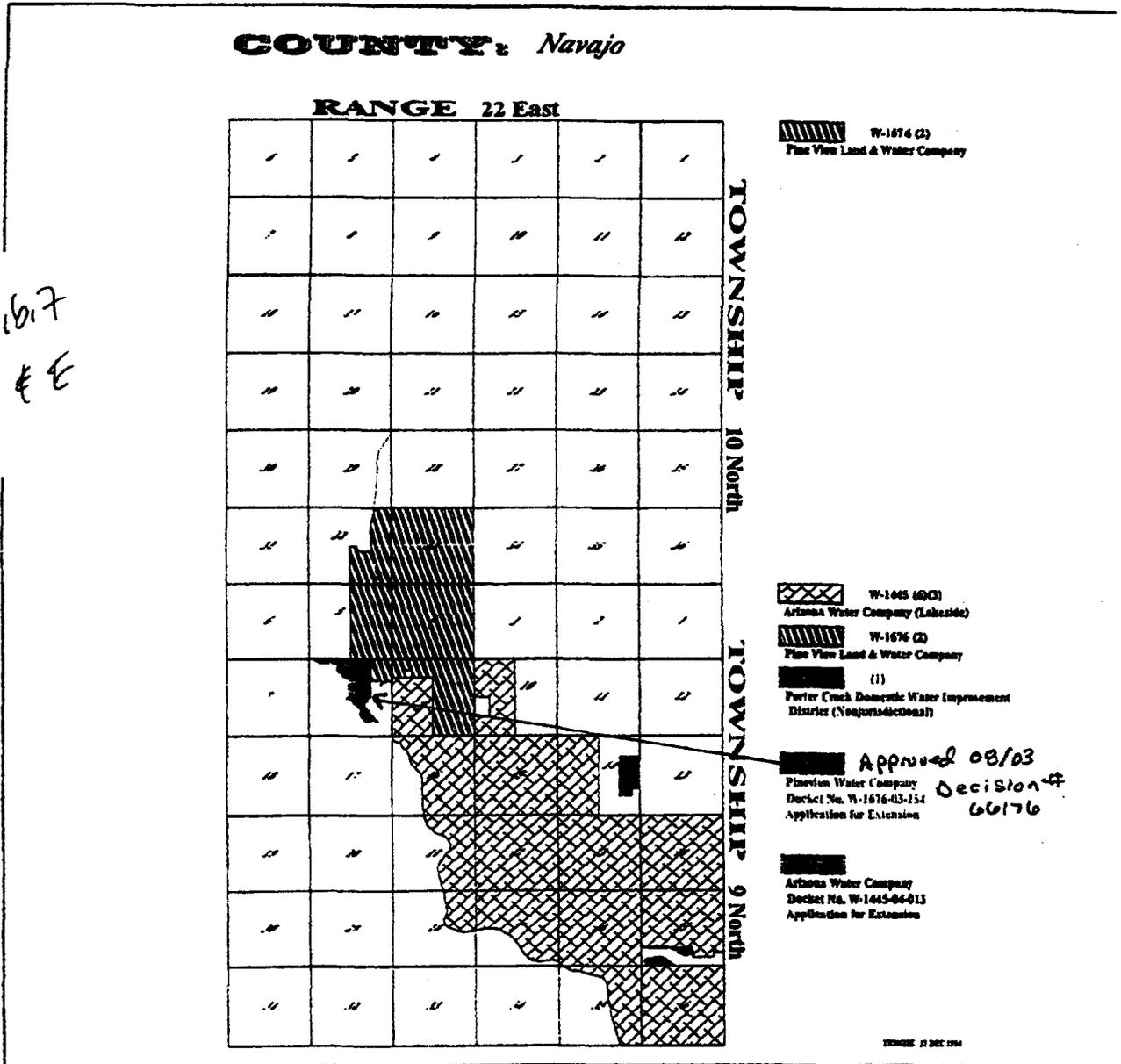
My commission expires 8-11-61

Current Franchise AREA as of
 8-2003

EXHIBIT 1

Pineview' Certificate Service Area

Exhibit
 D & E



Navajo County

Proudly Serving, Continuously Improving Since 1895

Assessor Information 212-05-007F

Parcel/Tax ID	212-05-007F
Tax Year	2011
Site Address	.
Owner Name	PINEVIEW WATER COMPANY INC. HENRY SUTTER/PRESIDENT
Owner Address	5198 CUB LAKE RD SHOW LOW, AZ 85902
Tax Area	3290
Land Value	\$38,018.00
Improvement Value	\$0.00
Full Cash Value	\$38,018.00
Assessed Full Cash Value	\$6,083.00
Limited Value	\$38,018.00
Assessed Limited Value	\$6,083.00
Value Method	Market
Exempt Amount	\$0.00
Exempt Type	
Use Code	0004
Property Use	0004-VL-UNDET-RUR-NONSUBDIVID
Class Code	Vacant
Assessment Ratio	15.000000
Sale Price	
Sale Date	
Instrument Type	
Book	
Page	
Parcel Size	0.78
Township, Range, Section	..
Legal Description	SECTION 8, T9N, R22E; BEG SEC COR SECS 5 6 7 & 8; TH N89DG52'48 E 277.10'TPOB; TH N89DG49'27 E 2350.50'; TH N89DG49'37 E 1330.16'; TH S0DG42'10 E 1345.08'; TH S89DG49'37 W 1800.43'; TH N52DG33'55 W 539.19'; TH N16DG0'51 W 177.88'; TH N0DG51'05 W 281.00'; TH N50DG41'28 W 394.64'; TH S88DG9'59 W 776.31'; TH N58DG0'05 W 372.68'; TH N8DG01'06 W 128.10'TPOB... EXCEPT: BEG N4 COR; TH N89DG49'37 E 1330.95'; TH S0DG22'33 E 9.91'; TH N89DG44'46 W 1330.12'TPOB... OUT OF 212-05-007B..97 ROLL... LESS 27.34 AC TO 007E (PER 03-13788) OUT OF 212-05-007B FOR2004ROLL. LESS 50.05 AC TO 007G (PER 05-22283) OUT OF 212-05-007D FOR2006ROLL.
Property Type	REAL

Exhibit H

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Navajo County
Assessor Office
100 East Center Drive
South Highway 17
P.O. Box 888
Holbrook, AZ 86025

Show Low Office
620 E. Mohave
Show Low, AZ 85901
Tuesday 8:00 am - Noon

Holbrook (928) 524-4306
Show Low (928) 532-3001
Winslow (928) 269-6601
Heber (928) 535-7131
Fav (928) 524-4281

Navajo County

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Assessor Information 212-03-107K

Parcel/Tax ID	212-03-107K
Tax Year	2011
Site Address	0000 00000000
Owner Name	PINEVIEW WATER CO INC.
Owner Address	5198 CUB LAKE ROAD SHOW LOW, AZ 85901
Tax Area	3270
Land Value	\$30,857.00
Improvement Value	\$0.00
Full Cash Value	\$30,857.00
Assessed Full Cash Value	\$6,171.00
Limited Value	\$30,857.00
Assessed Limited Value	\$6,171.00
Value Method	Cost
Exempt Amount	\$0.00
Exempt Type	
Use Code	5500
Property Use	5500-WATER UTIL OPERAT PROP
Class Code	Centrally Value
Assessment Ratio	20.000000
Sale Price	
Sale Date	
Instrument Type	
Book	
Page	
Parcel Size	0.47
Township, Range, Section	...
Legal Description	SECTION 4,T9N,R22E: COM C4 COR SEC 4; TH S88°59'30 E 335.45' TPOB; TH N01°49'35 W 95.41'; TH S89°06'50 E 223.05'; TH S01°49'35 E 95.41'; TH N89°06'50 W 223.05' TPOB. OUT OF 212-03-107F FOR2004ROLL
Property Type	REAL

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Navajo County
Assessor Office
100 East Carter Drive
South Highway 77
P.O. Box 868
Holbrook, AZ 86023

Show Low Office
620 E. McNeil
Show Low, AZ 85901
Tuesday 8:00 am - Noon

Flagstaff (928) 524-4039
Show Low (928) 532-8001
Winslow (928) 285-0301
Heber (928) 525-7101
Fax (928) 524-4251



Navajo County

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Assessor Information 212-03-107P

Parcel/Tax ID	212-03-107P
Tax Year	2011
Site Address	
Owner Name	PINEVIEW WATER CO.
Owner Address	5198 CUB LAKE RD SHOW LOW, AZ 85901
Tax Area	3270
Land Value	\$30,857.00
Improvement Value	\$0.00
Full Cash Value	\$30,857.00
Assessed Full Cash Value	\$6,171.00
Limited Value	\$30,857.00
Assessed Limited Value	\$6,171.00
Value Method	Cost
Exempt Amount	\$0.00
Exempt Type	
Use Code	5500
Property Use	5500-WATER UTIL OPERAT PROP
Class Code	Com Vacant Land
Assessment Ratio	20.000000
Sale Price	
Sale Date	
Instrument Type	
Book	
Page	
Parcel Size	0.47
Township, Range, Section	...
Legal Description	SEC 4, T9N, R22E: COM C4 COR SEC 4; TH S88°59'30 E 670.99'; TH S89°02'39 E 110.49' TPOB; TH N01°49'35 W 95.54'; TH S89°06'50 E 222.36'; TH S01°54'29 E 95.82'; TH N89°02'39 W 222.50' TPOB. OUT OF 212-03-107H FOR 2004 ROLL
Property Type	REAL

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Navajo County
 Assessor Office
 100 East Carter Drive
 South Highway 77
 P.O. Box 866
 Holbrook, AZ 86025

Show Low Office
 620 E. McNeil
 Show Low, AZ 85901
 Tuesday 8:00 am - Noon

Holbrook (928) 524-4288
 Show Low (928) 532-6201
 Winslow (928) 289-6501
 Hedges (928) 555-7111
 Fax (928) 524-4251

Navajo County

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Assessor Information 212-03-107Q

Parcel/Tax ID 212-03-107Q
Tax Year 2011
Site Address .
Owner Name PINEVIEW WATER CO.
Owner Address 5198 CUB LAKE RD SHOW LOW, AZ 85901
Tax Area 3270
Land Value \$30,626.00
Improvement Value \$592.00
Full Cash Value \$31,218.00
Assessed Full Cash Value \$8,243.00
Limited Value \$31,218.00
Assessed Limited Value \$6,243.00
Value Method Cost
Exempt Amount \$0.00
Exempt Type
Use Code 5500
Property Use 5500-WATER UTIL OPERAT PROP
Class Code Centrally Value
Assessment Ratio 20.000000
Sale Price
Sale Date
Instrument Type
Book
Page
Parcel Size 0.46
Township, Range, Section
Legal Description SEC 4, T9N, R22E: COM C4 COR SEC 4; TH S88°59'30 E 558.50' TPOB; TH N01°49'35 W 95.41'; TH S89°06'50 E 222.97'; TH S01°49'35 E 95.54'; TH N89°02'39 W 110.49'; TH N89°06'50 W 112.49' TPOB COMB 212-03-107 L & N TO 107Q FOR2006ROLL
Property Type REAL

Bldg ID	Occupancy	Built As	Quality	Sq Ft	Year	Cash Value
1	Commercial Yard Improvements	Commercial Yard Improvements	Average	1	2007	\$592.00

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Navajo County
 Assessor Office
 100 East Carter Drive
 South Highway 77
 P.O. Box 666
 Holbrook, AZ 86026

Show Low Office
 620 E. McNeal
 Show Low, AZ 85901
 Tuesday 9:00 am - Noon

Holbrook (928) 524-4036
 Show Low (928) 532-6001
 Alinslow (928) 296-9861
 Heber (928) 505-7101
 Fax (928) 524-4201

AFFIDAVIT OF PROPERTY VALU

1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(s)
 Primary Parcel: 212 - 5 - 7 - F
BOOK MAP PARCEL SPLIT LETTER
 Does this sale include any parcels that are being split / divided?
 Check one: Yes No
 How many parcels, other than the Primary Parcel, are included in this sale? 3
 Please list the additional parcels below (no more than four):
 (1) 212-03-107K (3) 212-03-107Q
 (2) 212-03-107P (4) _____

9. **FOR OFFICIAL USE ONLY** *Exhibit J* *ank*
 (a) County of Rec _____
 (b) Docket & Pag _____
 (c) Date of Recor _____
 (d) Fee / Recordi _____
 Validation Codes:
 (a) ASSESSOR _____ (f) DOR _____
ASSESSOR'S USE ONLY
 Verify Primary Parcel in item 1: _____
 Use Code: _____ Full Cash Value: \$ _____

2. SELLER'S NAME AND ADDRESS:
Pineview Water Company, Inc.
5198 Cub Lake Road
Show Low, AZ 85901

3. (a) BUYER'S NAME AND ADDRESS:
City of Show Low, A municipal corporation
550 N. 9th Place
Show Low, AZ 85901
 (b) Are the Buyer and Seller related? Yes No
 If Yes, state relationship: _____

4. ADDRESS OF PROPERTY: _____

5. MAIL TAX BILL TO:
Not Applicable

6. PROPERTY TYPE (for Primary Parcel): **NOTE: Check Only One Box**
 a. Vacant Land f. Commercial or Industrial Use
 b. Single Family Residence g. Agricultural
 c. Condo or Townhouse h. Mobile or Manufactured Home
 d. 2-4 Plex i. Other Use; Specify: _____
 e. Apartment Building

7. RESIDENTIAL BUYER'S USE: If you checked b, c, d or h in Item 6 above, please check one of the following:
 To be occupied by owner or "family member."
 To be rented to someone other than "family member."
 See reverse side for definition of a "family member."

8. NUMBER OF UNITS: _____
 For Apartment Properties, Motels, Hotels, Mobile Home Parks, RV Parks, Mini-Storage Properties, etc.

10. TYPE OF DEED OR INSTRUMENT (Check Only One Box):
 a. Warranty Deed d. Contract or Agreement
 b. Special Warranty Deed e. Quit Claim Deed
 c. Joint Tenancy Deed f. Other: _____

11. SALE PRICE: \$ _____ 3,200,000 00

12. DATE OF SALE (Numeric Digits): 12 / 10
Month Year
 (For example: 03 / 05 for March 2005)

13. DOWN PAYMENT: \$ _____ 12,500 00

14. METHOD OF FINANCING:
 a. Cash (100% of Sale Price)
 b. Exchange or trade
 c. Assumption of existing loan(s)
 d. Seller Loan (Carryback)
 e. New loan(s) from financial institution:
 (1) Conventional
 (2) VA
 (3) FHA
 f. Other financing; Specify: _____

15. PERSONAL PROPERTY (see reverse side for definition):
 (a) Did the Sale Price in Item #11 include Personal Property that impacted the Sale Price by 5% or more? Yes No
 (b) If Yes, provide the dollar amount of the Personal Property:
 \$ _____ 00 AND
 briefly describe the Personal Property: _____

16. PARTIAL INTEREST: If only a partial ownership interest is being sold, briefly describe the partial interest: _____

17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone):
City of Show Low
550 N. 9th Place
Show Low, AZ 85901 Phone (928) 532-4006

18. LEGAL DESCRIPTION (attach copy if necessary): _____

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Signature of Seller/Agent _____
 State of _____, County of _____
 Subscribed and sworn to before me on this _____ day of _____ 20____
 Notary Public _____
 Notary Expiration Date _____
 DOR FORM 82162 (Revised 5/03)

Signature of Buyer/Agent _____
 State of _____, County of _____
 Subscribed and sworn to before me on this _____ day of _____ 20____
 Notary Public _____
 Notary Expiration Date _____

STATUTES AND EXEMPTIONS

A.R.S. §§ 11-1133 and 11-1137(B) require all buyers and sellers of real property or their agents to complete and attest to this Affidavit. Failure to do so constitutes a class 2 misdemeanor and is punishable by law.

The County Assessors and the Department of Revenue use data obtained from the affidavits to develop tables and schedules for the uniform valuation of properties based on fair market value. Data supplied for an individual property will not directly affect the assessment or taxes of that property.

A.R.S. § 11-1134 exempts certain transfers from completion of the Affidavit of Property Value and the \$2.00 filing fee. See the list of exemption codes below. If the transfer meets the criteria for an exemption, do not complete the Affidavit. Instead, please post the Statute Number and Exemption Code on the face of the Deed, in the area beneath the Legal Description. For example, if Exemption Code B3 is applicable, the proper exemption notation would be A.R.S. 11-1134 B3.

Unless exempt, carefully complete the Affidavit, sign, notarize and submit it to the County Recorder.

LIST OF EXEMPTION CODES (A.R.S. § 11-1134)

- A1. A deed that represents the payment in full or forfeiture of a recorded contract for the sale of real property.
- A2. A lease or easement on real property, regardless of the length of the term.
- A3. Sales to or from government: "A deed, patent or contract for the sale or transfer of real property in which an agency or representative of the United States, this state, a county, city or town of this state or any political subdivision of this state is the named grantor, and authorized seller, or purchaser."
- A4. A quitclaim deed to quiet title as described in A.R.S. § 12-1103, subsection B.
- A5. A conveyance of real property that is executed pursuant to a court order.
- A6. A deed to an unpatented mining claim.
- A7. A deed of gift.

- B1. A transfer solely in order to provide or release security for a debt or obligation, including a trustee's deed pursuant to power of sale under a deed of trust.
- B2. A transfer that confirms or corrects a deed that was previously recorded.
- B3. A transfer between husband and wife, or parent and child with only nominal actual consideration for the transfer.
- B4. A transfer of title on a sale for delinquent taxes or assessments.
- B5. A transfer of title on partition.
- B6. A transfer of title pursuant to a merger of corporations.
- B7. A transfer by a subsidiary corporation to its parent corporation for no consideration or nominal consideration or in sole consideration for canceling or surrendering the subsidiary's stock.
- B8. A transfer from a person to a trustee or from a trustee to a trust beneficiary with only nominal consideration for the transfer.
- B9. A transfer of title to and from an intermediary for the purpose of creating a joint tenancy estate or some other form of ownership.
- B10. A transfer from a husband and wife or one of them to both husband and wife to create an estate in community property with right of survivorship.
- B11. A transfer from two or more persons to themselves to create an estate in joint tenancy with right of survivorship.
- B12. A transfer pursuant to a beneficiary deed with only nominal actual consideration for the transfer.

Any instrument describing a transaction exempted by A.R.S. § 11-1134 shall bear a notation thereof on the face of the instrument at the time of recording, indicating the specific exemption that is claimed.

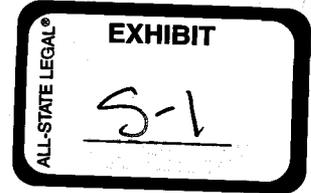
DEFINITION OF FAMILY MEMBER

A.R.S. § 42-12053 provides that a property be classified as rental residential if the owner intends to rent it for more than three months during the next twelve consecutive months to someone other than a family member. "Family member" is defined as:

- a. A natural or adopted son or daughter of the taxpayer or a descendent of either.
- b. The father or mother of the taxpayer or an ancestor of either.
- c. A stepson or stepdaughter or stepparent of the taxpayer.
- d. A son-in-law, daughter-in-law, father-in-law, or mother-in-law of the taxpayer.
- e. A natural or adopted sibling of the taxpayer.

DEFINITION OF PERSONAL PROPERTY

Personal Property is all other property that is not Real Property. In general, it is all property other than land, buildings and other permanent structures. Personal Property can be tangible or intangible. Examples of tangible personal property are furniture, equipment and inventory. Examples in the intangible category are franchises, business licenses, goodwill, and corporate stocks and bonds.



MEMORANDUM

RECEIVED

2011 FEB 15 P 3:22

TO: Docket Control
FROM: Steven M. Olea
Director
Utilities Division

RECEIVED

FEB 15 2011

AZ CORP COMMISSION
DOCKET CONTROL

Date: February 15, 2011

LEGAL DIV
ARIZ. CORPORATION COMMISSION

RE: STAFF REPORT FOR THE APPLICATION OF PINEVIEW WATER COMPANY FOR AN OPINION AND ORDER (I) AUTHORIZING SALE AND TRANSFER OF WATER SYSTEM ASSETS AND (II) CANCELLING CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO: W-01676A-10-0400)

Attached is the Staff Report for the sale and transfer of Pineview Water Company to the City of Show Low and cancellation of its Certificate of Convenience and Necessity. Staff recommends approval with conditions.

EGJ:VW:kdh

Originator: Vicki Wallace

FILE COPY

Service List For: Pineview Water Company, Inc.
Docket No. W-01676-10-0400

Mr. Lawrence V. Robertson Jr.
Post Office Box 1448
Tubac, Arizona 85646

Arizona Reporting Service Inc.
2200 N. Central Ave., Ste. 502
Phoenix, Arizona 85004-1481

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

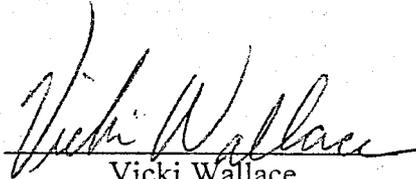
PINEVIEW WATER COMPANY, INC.
DOCKET NO. W-01676-10-0400

TRANSFER AND SALE OF ASSETS OF PINEVIEW WATER COMPANY TO
THE CITY OF SHOW LOW AND CANCELLATION OF PINEVIEW WATER COMPANY'S
CERTIFICATE OF CONVENIENCE AND NECESSITY

FEBRUARY 15, 2011

STAFF ACKNOWLEDGMENT

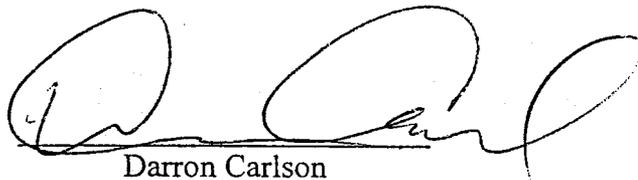
The Staff Report for Pineview Water Company, Docket No. W-01676A-10-0400 was prepared by the Staff members shown below.



Vicki Wallace
Executive Consultant



Marlin Scott, Jr.
Utilities Engineer



Darron Carlson
Public Utilities Analyst Manager

**EXECUTIVE SUMMARY
PINEVIEW WATER COMPANY
DOCKET NO. W-01676A-10-0400**

On October 4, 2010, the Pineview Water Company ("Pineview" or "Company") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of the sale and transfer of water system assets to the City of Show Low ("City" "Show Low") and for the cancellation Pineview's Certificate of Convenience and Necessity to provide water service.

The Purchase and Sale Agreement ("Purchase Agreement" or "Agreement") between Pineview and the City of Show Low was initially executed on August 31, 2010, and finalized on September 7, 2011, following a resolution by the City Council of Show Low.

The City of Show Low has extensive experience owning and operating a municipal water utility and has executed a Purchase Agreement with Pineview for the acquisition. No adverse impacts to customers are anticipated, and in fact, the quality and quantity of water available to customers may improve.

The City has shown its intentions to honor all Pineview's obligations under mainline extension agreements and to assume all existing customer accounts, including customer deposit obligations.

Staff recommends approval of the transfer of the assets of Pineview to Show Low and that the Commission cancel the CC&N of Pineview Water Company with the following conditions:

1. That Pineview file documentation of finalization of the sale of Pineview to the City with the Commission in this docket within 30 days of such finalization.
2. That the City honor all liabilities of Pineview relating to customer deposits, service line and meter installations, and mainline extension agreements.

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INTRODUCTION

On October 4, 2010, the Pineview Water Company ("Pineview" or "Company") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for authorization of the sale and transfer of water system assets to the City of Show Low ("Show Low" or "City") and for the cancellation of Pineview's Certificate of Convenience and Necessity to provide water service.

On November 3, 2010, the ACC Utilities Division ("Staff") filed an Insufficiency Letter indicating that the Company's application did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C."). On November 17, November 19, and December 15, 2010, the Company filed responses to Staff's Insufficiency Letter and provided additional documentation to support its application. On December 20, 2010, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the A.A.C.

On January 6, 2011, the Administrative Law Judge issued a procedural schedule setting a hearing for March 15, 2011.

BACKGROUND

Pineview is an Arizona corporation (Class "C" utility), in good standing with the Commission's Corporation Division, and is certificated to provide water utility services to approximately 1,000 residential and 150 commercial customers in an area just southeast of Show Low, in Navajo County, pursuant to the Commission's Decision No. 32007 issued December 28, 1959. The Company's current rates were set by Decision No. 71693 issued May 3, 2010. The Company currently has five (5) full-time employees overseeing the Company's water system operations. Staff's legal description and maps of the service area are attached as Exhibit 1.

Pineview's certificated service area is contiguous and/or near the City limits on its western, northern and eastern boundaries and encompasses approximately 3 and 3/4 square miles. According to Pineview, its system is in a geographical area in which Show Low desires to establish and expand its presence as a regional water provider.

Pineview and Show Low reached agreement on the substantive provisions of an Asset Purchase and Sale Agreement ("Agreement" or "Purchase Agreement") in August of 2010. The Agreement was executed by the President of Pineview on August 31, 2010, and by the Mayor of Show Low on September 7, 2010, following unanimous approval of the Agreement by the Show Low City Council on September 7, 2010. Show Low also provides wastewater service to the area and indicates that the requested cancellation will have the effect of combining water and wastewater service in one municipal provider. The application indicates that Show Low has access to means for financing of the water system and for infrastructure additions and improvements which are not available to Pineview, and Show Low would be in a better position to accommodate future growth in Pineview's certificated water service area. Also, the current

owners of Pineview are advanced in years and desirous of relieving themselves of the responsibilities of owning and operating a water utility.

Pineview indicates the sale/transfer to Show Low and the cancellation of the CC&N would be in the public interest. Pineview feels that such a transaction would not have an adverse impact on the level and quality of service that the Company currently provides to its customers.

THE ASSET PURCHASE AGREEMENT

As indicated above, a Purchase Agreement between Pineview and Show Low was executed on August 31, 2010. The main provisions of the purchase agreement are as follows:

1. The City is to provide a continuous, adequate and reliable municipal water supply to all individuals and entities served by Pineview.
2. The total price for the purchase and sale of Pineview's assets is \$3,200,000. The Agreement requires Show Low to deposit \$12,500 as Earnest Money with the Escrow Agent and to pay the final portion of \$3,187,500 on or before closing.
3. The closing of the sale will be conditioned upon, among other things, Pineview obtaining regulatory approval from the ACC. If required regulatory approvals have not been obtained by March 31, 2011, or the parties do not extend the date of closing, the provisions of the Agreement will terminate.
4. The closing of the sale will occur no later than 10 business days after obtaining all regulatory approvals, but in no event later than March 31, 2011.
5. Any Aid of Construction Agreements held by Pineview, refunds of which are not due as of closing, will be transferred to Show Low together with the associated future refund responsibility.
6. Pineview will be responsible for making all customer deposit refunds which become due prior to Closing. Show Low is responsible for making all customer deposit refunds which become due subsequent to Closing.
7. The City will obtain a loan from the Water Infrastructure Financing Authority of Arizona ("WIFA") of up to \$4,800,000 to finance the purchase of the assets and anticipated improvements.

THE PINEVIEW WATER SYSTEM

As indicated in Staff's Engineering Report (Exhibit 2), Pineview's existing water system consists of 5 wells (totaling to 553 gallons per minute), 4 storage tanks (totaling to 2,570,000

gallons), 147 fire hydrants, booster systems, and 35.1 miles of water main. The plant-in-service (Company Assets) to be sold to the City can also be found in Exhibit 3. Pineview's water system has adequate well production and storage capacity to serve the existing connections.

According to responses to Staff's inquiry, the City has six Arizona Department of Environmental Quality ("ADEQ") certified operators for water. Three of those certified operators will have direct oversight over the water system obtained from Pineview.

Anticipated improvements (short and long-term) and upgrades to the water system include the following: (1) Scotts Pine Meadow system replacement; (2) interconnections to the City system and elimination of known bottlenecks; (3) upgrading of existing lines to 8-inch polyvinyl chloride ("PVC"); (4) and development of 3 wells.

FINANCIAL ANALYSIS

As indicated in attached Exhibit 3, the acquisition of, and immediate improvements to, the Pineview system by the City will be financed through a loan from WIFA. The City has already adopted a resolution authorizing the submittal of a loan application in an amount not to exceed \$4,800,000 million and subsequently applied to WIFA for that funding. This acquisition has been included as a fundable project in WIFA's 2011 Drinking Water Revolving Fund Project Priority List (DW 039-2011).

The financial information that Staff reviewed was as of October 31, 2010, and the amounts will vary depending on the actual closing date of the purchase agreement. The purchase price of the system is \$3,200,000. The historic net book value of the plant in service is approximately \$3,000,000.

As indicated in the Purchase Agreement referenced above, any future obligations of "aid in construction" agreements will be transferred to the City.

CITY OF SHOW LOW'S ORGANIZATION AND OPERATION

Show Low currently owns and operates a municipal water utility system, which provides water service to approximately 4,000 residential and 515 commercial customers. The City has operated as a water provider since shortly after incorporation in 1953 and employs 11.5 dedicated to the water utility. The City of Show Low Water Utility includes \$20,700,000 of assets as of June 30, 2010, and the City system's budget for the current fiscal year is \$2,200,000.

Show Low is a council-manager form of government. The City Manager is appointed directly by a 7 member City Council, which is elected to 14 year staggered terms. The Public Works Director is directly responsible for the operations of the water department, which is established as an enterprise fund and must run as a self-supporting business. The Finance Director is responsible for all billing and financial matters of the water department.

RATES AND CUSTOMER SERVICE

At the time of filing the application, the Staff was not advised of any anticipated rate changes to Pineview's customers resulting from the transfer to Show Low. According to Pineview, an appraisal and economic analysis was to be performed by the City to determine the need for any rate changes. The application indicates that a written description of Show Low's determination and reasoning in regard to any changes of Pineview's rates and charges would be filed in advance of an evidentiary hearing. As of the date of the preparation of this report, no such filing had been made.

It is Staff's understanding that the acquisition of Pineview by the City will have a positive impact on the current customers of Pineview as well as the current customers of Show Low. The City intends to interconnect these systems into one which is anticipated to increase the overall quality and quantity of water available to all residents. Due to the economies of scale, it is also envisioned that this purchase will lead to increased operational efficiencies.

The Utilities Division Consumer Services' Database indicates that over the last three years, there have been 8 complaints against Pineview regarding issues such as billing disputes, water quality, meter accuracy, and disconnections. All complaints have been resolved.

CUSTOMER NOTICE

As directed by the Procedural Schedule in this docket, Pineview docketed its Affidavit of Mailing customer notice of the sale of Pineview to Show Low on February 2, 2011.

It is Pineview's understanding that prior to the actual transfer of water system assets and operating responsibilities between Pineview and the City, Show Low will engage in an outreach program with Pineview's customers for the purpose of introducing itself to such customers.

COMPLIANCE

ADEQ

In an ADEQ compliance status report dated September 29, 2010, ADEQ reported that the Company's water system, Public Water System #09-022, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4. ADEQ's compliance status report dated October 6, 2010, for the City's water system, Public Water System #09-026, also indicates no major deficiencies and water quality standards are being met.

Arizona Department of Water Resources ("ADWR")

The Company and the City are not located in an ADWR Active Management Areas. According to ADWR compliance status reports dated September 20, 2010 for the Company and

October 15, 2010, for the City, both entities are in compliance with departmental requirements governing water providers and/or community water systems.

ACC

The Engineering Report indicates that as of December 29, 2010, the Company had no delinquent compliance items. However, in Decision No. 71693, the ACC discussed "water loss" and directed Pineview to undertake certain actions to address and correct the "water loss" situation by January 31, 2011. Attached as Exhibit 5 is a copy of a summary of actions taken by Pineview as of the date of the application by Pineview in connection with the problem. Show Low has been advised as to the existence of the "water loss" issues and of Pineview's efforts to identify the cause and develop a plan for reducing the same.

CONCLUSIONS AND RECOMMENDATIONS

The City of Show Low has extensive experience owning and operating a municipal water utility and has executed a purchase agreement with Pineview for the acquisition. No adverse impacts to customers are anticipated, and in fact, the quality and quantity of water available to customers may increase as explained above.

The City has shown its intentions to honor all Pineview's obligations under mainline extension agreements and to assume all existing customer account, including customer deposit obligations.

Staff recommends approval of the transfer of the assets of Pineview to Show Low and that the Commission cancels the CC&N of Pineview Water Company with the following conditions:

1. That Pineview file documentation of finalization of the sale of Pineview to the City with the Commission in this docket within 30 days of such finalization.
2. That the City honor all liabilities of Pineview relating to customer deposits, service line and meter installations, and mainline extension agreements

MEMORANDUM

TO: Vicki Wallace
Executive Consultant
Utilities Division

FROM: Lori H. Miller *LHM*
Programs & Projects Specialist II
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: October 18, 2010

RE: **PINEVIEW WATER COMPANY, INC. (DOCKET NO. W-01676A-10-0400)**

Pineview Water has filed an application to cancel its CC#N. Service will be provided by the City of Show Low.

Attached is a copy of the map for your files.

/lhm

Attachment

cc: Mr. Lawrence V. Robertson, Jr.
Ms. Deb Person (Hand Carried)
Mr. Marlin Scott, Jr.

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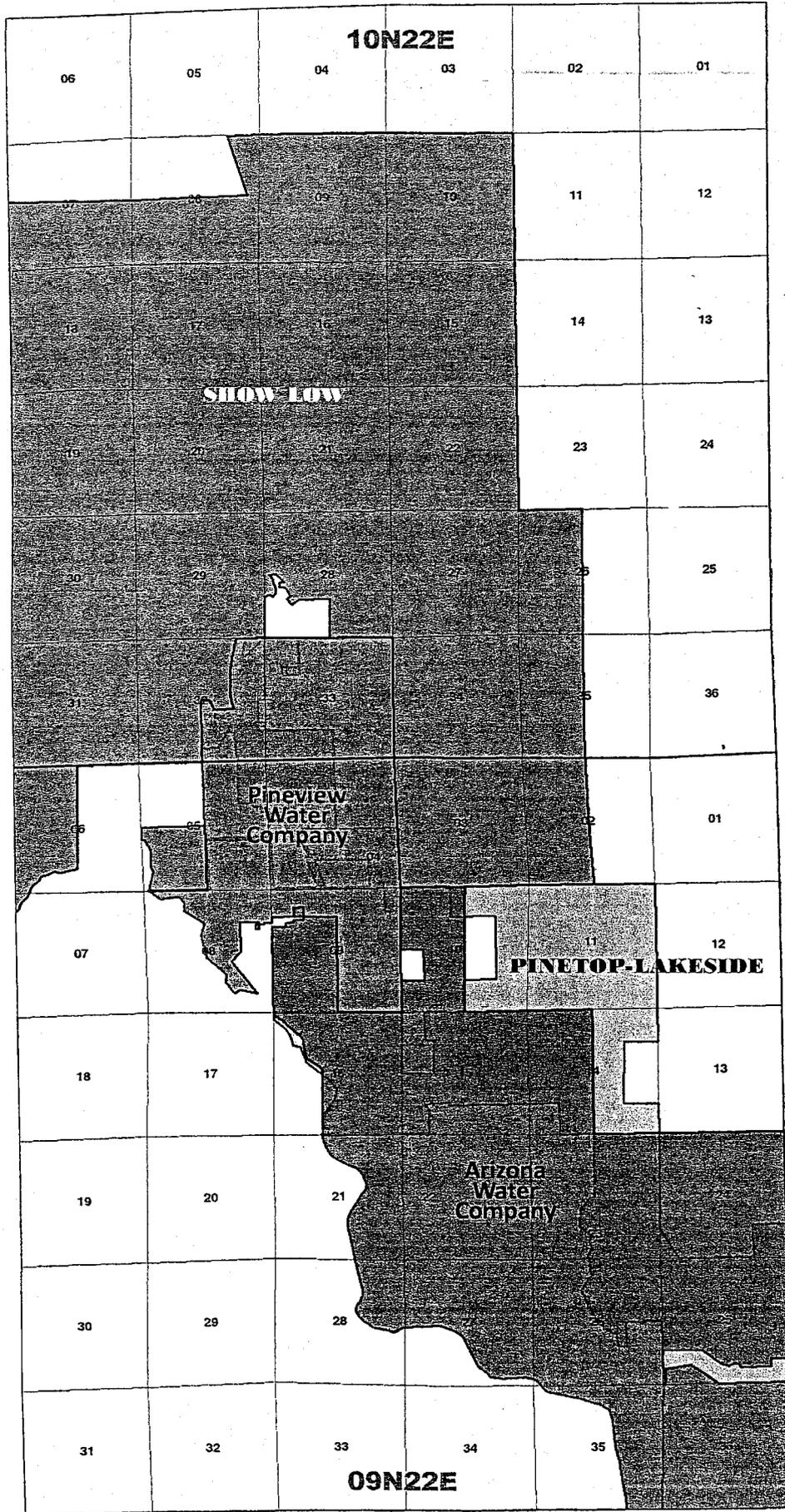
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MEMORANDUM

TO: Vicki Wallace
Executive Consultant
Utilities Division

FROM: Marlin Scott, Jr. *MSJ*
Utilities Engineer
Utilities Division

DATE: January 5, 2011

RE: Engineering Report for Pineview Water Company, Inc.
Docket No. W-01676A-10-0400 (Sale of Assets and Cancellation of CC&N)

Introduction

Pineview Water Company, Inc. ("Company") has filed an application for approval of the sale of its assets and cancellation of its Certificate of Convenience and Necessity ("CC&N") to the City of Show Low ("City"). The Company is located south of Show Low, Navajo County, with a CC&N area covering approximately 3-3/4 square-miles. The Company's CC&N is contiguous and/or near to the City limits on its western, northern and eastern boundaries.

Water System*Operation*

According to the Company's 2009 Annual Report, the Company's water system consists of five wells (totaling to 663 gallons per minute), four storage tanks (totaling to 2,570,000 gallons), 147 fire hydrants, booster systems and 35.1 miles of water main serving approximately 1,190 service connections.

Capacity

The Company's water system has adequate well production and storage capacity to serve its existing service connections.

According to the Company, it is the City's intent to interconnect its water system with the Company's system which would increase the overall quality and quantity of water available to all residents. This interconnection would create economies of scale that would lead to increased operational efficiencies. In addition, the City anticipates various system upgrades and improvements to become an integrated system.

Sale of Assets

In its application, the Company provided the following plant-in-service to be sold to the City:

Table A. Company Assets

Acct. No.	Plant-in-Service	Amounts
303	Land & Land Rights	\$ 33,498
304	Structures & Improvements	109,849
307	Wells & Springs	370,717
311	Electric Pumping Equipment	247,116
320	Water Treatment Equipment	4,055
330	Distribution Reservoir & Standpipe	814,624
331	Transmission & Distribution Mains	2,681,328
333	Services	18,612
334	Meters & Meter Installations	236,006
335	Hydrants	181,115
339	Other Plant & Misc. Equipment	77,737
340	Office Furn. & Equipment	50,528
341	Transportation Equipment	63,848
343	Tools, Shop & Garage Equipment	42,557
345	Power Operated Equipment	2,083
347	Miscellaneous Equipment	422
	Total:	\$ 4,934,095

Arizona Department of Environmental Quality (“ADEQ”) Compliance

Company’s System

In an ADEQ compliance status report, dated September 29, 2010, ADEQ reported the that Company’s water system, Public Water System #09-022, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

City’s System

In an ADEQ compliance status report, dated October 6, 2010, ADEQ reported the that City’s water system, Public Water System #09-026, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

Arizona Corporation Commission ("ACC") Compliance

On December 29, 2010, the Utilities Division Compliance Section indicated that the Company had no delinquent ACC compliance items.

Arizona Department of Water Resources ("ADWR") Compliance

Company's System

The Company is not located in any ADWR Active Management Area. According to an ADWR compliance status report, dated September 20, 2010, ADWR reported that the Company is currently in compliance with departmental requirements governing water providers and/or community water systems.

City's System

The City is not located in any ADWR Active Management Area. According to an ADWR compliance status report, dated October 15, 2010, ADWR reported that the City is currently in compliance with departmental requirements governing water providers and/or community water systems.

Conclusions

Staff concludes that the proposed sale of assets and CC&N cancellation will not have an adverse effect on the Company's customers and their water service.

The Company is in compliance with ADEQ, ACC and ADWR regulations.

The City is in compliance with ADEQ and ADWR regulations.

MEMORANDUM

TO: Vicki Wallace
Executive Consultant
Utilities Division

FROM: Darron W. Carlson
Public Utilities Analyst Manager
Financial and Regulatory Analysis Section
Utilities Division



DATE: February 03, 2011

RE: IN THE MATTER OF THE APPLICATION OF PINEVIEW WATER COMPANY, INC. FOR AN OPINION AND ORDER (i) AUTHORIZING SALE AND TRANSFER OF WATER SYSTEM ASSETS, AND (ii) CANCELLING CERTIFICATE OF CONVENIENCE AND NECESSITY. (DOCKET NO. W-01676A-10-0400)

On October 4, 2010, Pineview Water Company, Inc. ("Pineview") filed an application with the Arizona Corporation Commission seeking authorization to sell and transfer its assets and cancel the associated Certificate of Convenience and Necessity. The purchaser of the system is the City of Show Low ("City"), an Arizona municipality. The City has already applied to the Water Infrastructure Finance Authority of Arizona ("WIFA") for funding of up to \$4.8 million for the purchase of and immediate improvements to Pineview. This acquisition has been included as a fundable project in WIFA's 2011 Drinking Water Revolving Fund Project Priority List (DW 039-2011).

The financial information Staff reviewed was as of October 31, 2010, and amounts will vary depending on the actual closing date of the purchase agreement. The purchase price of the system is \$3.2 million. The historic net book value of the plant in service is approximately \$3.0 million.

Additionally, the purchase agreement (at Section 10.5.4, page 15) transfers any future obligations of "aid in construction" agreements to the City.

Steps Pineview Water Company has take to reduce Water Loss

An ADEQ Representative performed an Operation and Maintenance evaluation on August 15, 2007. The ADEQ O. & M. report was received on September 5, 2007. At that time the company had not yet determined the probable source of the excessive water loss. The evaluation included developing a facility schematic and description of the system. It evaluated our site sampling plan, as well as our Emergency Operation, Vulnerability Assessment and Backflow/Cross-Connection Control Plans.

It was not until after the evaluation that the company learned of leaks in the Scotts Pines subdivision's water system.

Through a process of elimination the company is prudently certain that the source of the excess water loss is in the Scotts Pines subdivision's water system. The company has come to this conclusion based on the following:

- The company performed a meter flow test on every meter. Meters found to not be registering accurately were replaced.
- All main lines were walked. Many are in backyard easements or through undeveloped forested areas. All leaks discovered were repaired.
- The company maintains records of estimated water lost prior to the leak being found and repaired.
- The company maintains records of water lost through monthly flushing.
- The company maintains records on adjusted bills due to miss reads.
- The company's construction specifications included mega lug fittings and joint restraints (no glued fittings on main lines). Service lines are brass fittings on poly pipe.
- "Clay Dams" are installed where leaks have been found in areas where cinders were used as backfill by other utilities.

As a result of the above noted process, the company has discovered that leaks located in the Scotts Pines subdivision's water system are the most likely source of the excess water loss.

Therefore, on August 9, 2010, the company obtained a Planning and Design grant from WIFA. The company has contracted with Tetra-Tec Engineering to Plan, Design and provide an Engineer's estimate to replace the water system in the Scott Pine Meadow Subdivision.