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WILLIAM A. MUNDELL
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MIKE GLEASON
KRISTIN K. MAYES
COMMISSIONERS

MAY 26 2006

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION
OF SPANISH TRAIL WATER CO. AND
SAGUARO WATER CO. TO MODIFY
THEIR EXISTING CERTIFICATES OF
CONVENIENCE AND NECESSITY

) Docket No. W-01816A-06-0177

) AND

) Docket No. W-01790A-06-0177

) **RESPONSE TO LETTER OF
INSUFFICIENCY**

This pleading is filed in response to the letter of Insufficiency dated April 12, 2006, that was sent to the Applicants regarding the application to transfer a portion of Saguaro Water Company's ("Saguaro") certificated area to Spanish Trail Water Company ("STWC"). The responses to the insufficiencies are set forth below in the order they were itemized by the Commission's staff.

- 1. Please submit a drinking water design report which clarifies how water will be provided to the proposed CC&N area.

The current concept water system master plan for STWC is attached as Exhibit 1.1; the concept water system master plan for STWC and Saguaro is attached as Exhibit 1.2. These reports identify existing and future sources, the capacity of those sources, the existing and estimated future demand. The report also discusses the existing transmission mains and the phasing of facilities.

1 **2. Please provide a copy of the Arizona Department of Water Resources**
2 **Designation of Assured Water Supply.**

3 A copy of STWC's Designation of Assured Water Supply from ADWR is attached at
4 **Exhibit 2.** Saguaro is not designated as having an assured water supply.
5

6 **3. Please provide a copy of your proposed curtailment tariff that will apply to the**
7 **area to be served.**

8 Spanish Trail will apply its approved curtailment tariff to the new CC&N area. It is
9 attached as **Exhibit 3.** The STWC tariff is substantially equivalent to the approved
10 curtailment tariff applicable to the same property under Saguaro's approved
11 curtailment tariff.
12

13 **4. Please provide a set of design plans for the proposed water facilities.**

14 Until it can be determined which water company will be serving the subject area, it is
15 impractical to develop design plans for the proposed water facilities. While the
16 specific design plans are not available, they will be prepared in accordance with the
17 concept water system master plans for STWC, as modified in accordance with the
18 Commission's decision in this matter.
19

20 **5. Please provide an estimate of the water construction costs to the applicant**
21 **necessary to serve the proposed CC&N.**

22 Until it can be determined which water company will be serving the subject area,
23 designs for the necessary water facilities are unavailable and thus so are construction
24 cost estimates.
25
26

1 **6. Please provide the most current Arizona Department of Environmental**
2 **Quality compliance report for STWC and SWC.**

3 The current ADEQ compliance report for STWC is attached as **Exhibit 4.1**. The
4 current ADEQ compliance report for SWC is attached as **Exhibit 4.2**.

5
6 **7. Please indicate who will be providing wastewater service in the proposed**
7 **CC&N.**

8 Pima County Wastewater will be providing wastewater service to the proposed transfer
9 area regardless of which water utility provides potable water utility services.

10
11 **8. Please provide a copy of the ADEQ's approval to construct the water facilities**
12 **to serve the proposed CC&N transfer area.**

13 Since it is undetermined which water company will construct these facilities there are
14 no current construction plans and thus no ADEQ construction approvals. If the CC&N
15 area transfer is approved, STWC will begin the process of designing the necessary
16 water facilities.

17
18 **9. Please provide STWC's 2005 financial statements.**

19 A copy of STWC's 2005 draft financial statements are provided as **Exhibit 5**. If an
20 update to the draft is required it will be provided as soon as it is finalized.

21
22 **10. Please provide information on the rates and charges STWC plans to charge in**
23 **the proposed transfer area for water service.**

24 STWC will charge its existing rates for water service in the transfer area. These are
25 attached as **Exhibit 6**.

1 **11. Please provide a copy of the Pima County Franchise agreement that includes**
2 **the proposed transfer area.**

3 An application has been filed with Pima County to extend the franchise of STWC to
4 cover the proposed transfer area.

5 **12. Please explain the relationship between STWC and SWC.**

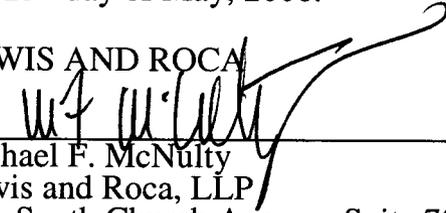
6 Saguaro Water Co is a corporation owned by Donald Diamond (as to 50% of the
7 company) and by WE7 Inc. (as to the remaining 50% of the company.) The president
8 of WE7 Inc. is William Estes. The Spanish Trail Water Company is a corporation
9 owned by Donald Diamond (as to 90% of the company) and by William Este (as to
10 10% of the company.)

11 **13. Please provide a request for service from the property owner or a letter**
12 **showing that the property owner consents to the transfer of the property to**
13 **STWC.**

14 In the original filing for this matter received by the Commission on March 17, 2006.
15 Attached as Exhibit A to that filing was an agreement between Saguaro and STWC
16 transferring the right to serve water in the transfer area. Exhibit 2 to that agreement is
17 the consent of the landowner to have the property transferred to STWC's CC&N and
18 to have water provided by STWC. An additional copy of those materials is provided
19 with this filing as **Exhibit 7.**

20 RESPECTFULLY SUBMITTED this 25th day of May, 2006.

21 LEWIS AND ROCA

22 
23 Michael F. McNulty
24 Lewis and Roca, LLP
25 One South Church Avenue, Suite 700
26 Tucson, Arizona 85701-1611
520-629-4453

Attorneys for Spanish Trail Water Company and
Saguaro Water Company

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ORIGINAL and thirteen (13) copies
of the foregoing delivered via
overnight courier (DHL)
this 25th day of May, 2006, to:

Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

COPY of the foregoing
delivered via U. S. Mail
this 25th day of May, 2006, to:

Spanish Trail Water Company
Camp Lowell Corporate Center
4572 East Camp Lowell Drive
Tucson, AZ 85712

Saguaro Water Company
Camp Lowell Corporate Center
4572 East Camp Lowell Drive
Tucson, AZ 85712

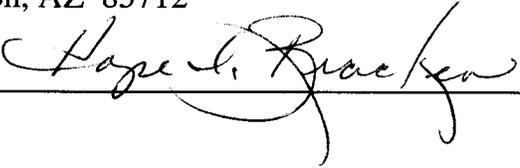


EXHIBIT 1

EXHIBIT "1.1"

**SPANISH TRAIL AND SAGUARO WATER COMPANY
CONCEPT WATER SYSTEM MASTER PLAN**

May, 1997

**Prepared For:
MMLA
800 E. Wetmore Road, Suite 110
Tucson, AZ 85719**

**Prepared By:
WestLand Resources, Inc.
2343 East Broadway Boulevard, Suite 202
Tucson, AZ 85719**

Job #97218-G-002



TABLE OF CONTENTS

SECTION I - INTRODUCTION	3
SECTION II - EXISTING SITE AND FACILITIES	3
SECTION III - WATER SYSTEM REQUIREMENTS	8
A. System Development Area and Land Uses	8
B. Population Projections	8
C. Water System Usage and Peaking Requirements	8
D. Fire Flow Requirements	16
E. System Zone Boundaries	16
F. Water System Design Criteria	17
1. Demand	17
2. Supply	17
3. Storage	17
4. Distribution System	18
SECTION IV - INFRASTRUCTURE SIZING	18
A. Well Systems Analysis	18
B. Reservoir Requirements	19
C. Booster Station Requirements	20
SECTION V - PHASE I INFRASTRUCTURE REQUIREMENTS	
A. Phase I System Requirements	
B. Water Company Integration and Retrofit	

LIST OF TABLES

Table 1. Existing Well Information	6
Table 2. Rocking K - Water Usage Demands	10
Table 3. Water Usage Demands - Spanish Trail and Saguaro Water Company	15
Table 4. Pressure Zone Boundaries	18

LIST OF EXHIBITS

Exhibit 1. Spanish Trail and Saguaro Water Company CC&N	4
Exhibit 2. Existing Well Location Map	7
Exhibit 3. Concept Water System Infrastructure	Map Pocket
Exhibit 4. Rocking K Specific Plan/Concept Water System	9

SECTION I - INTRODUCTION

The Spanish Trail Water Company and the Saguaro Water Company are private water utilities located approximately ½ mile east of the Tucson City limits. The Spanish Trail Water Company's Certificate of Convenience and Necessity (CC&N) encompasses approximately 6400 acres. The Saguaro Water Company's CC&N encompasses approximately 2,400 acres and is located adjacent to and easterly of Spanish Trail Water Company (See Exhibit 1, Spanish Trail and Saguaro Water Companies CC&N).

The Rocking K Amended Specific Plan is located within the Spanish Trail Water Company and the boundaries approximately coincide with the Water Company's CC&N. The Rocking K Specific Plan, as amended, consists of approximately 3878 acres in the Rincon Valley and is generally located south and west of Saguaro National Park. The property straddles Rincon Creek and is located on both sides of Old Spanish Trail.

The Rocking K Specific Plan consists of 4968 residential units, a 400-room resort hotel, approximately 38 acres of commercial area, and 3 (three) 18-hole golf courses. The areas outside the Rocking K Specific Plan consist of several smaller subdivisions, including the Rocking K Ranch Estates (located east of the Rocking K Specific Plan), the Antler Crest subdivision (located south of the Specific Plan), and Rincon Desert Estates, Lazy H Ranch, Caserio Viejo, and Spanish Hills subdivision (located easterly of the project). The remaining area within the Saguaro Water Company is currently undeveloped and is considered to be eventually developed in accordance with the Rincon/Southeast Subregion Land Use Plan.

SECTION II - EXISTING SITE AND FACILITIES

The Spanish Trail Water Company is generally bisected by the Rincon Creek. The properties on both sides of the Rincon Creek generally slope toward the creek and to the northwest. Properties north of the Rincon Creek generally slope upward to the north and those properties south of the Rincon Creek slope upward to the southwest (See Exhibit 3). The elevations within the projects vary from a low elevation of 2892, located adjacent to the Rincon Creek at the northeast corner of the Rocking K Ranch, to a high of over 3400 foot elevation along the north borders of Spanish Trail Water Company.

With the exception of the small isolated subdivisions listed above, the properties within the two water companies are generally undeveloped. The most significant water use anticipated within the water companies is the Rocking K Specific Plan. For the purposes of this report, it was assumed the service areas for the two water companies may be combined and integrated as one water system.

The population projections and water system demands are further defined in order to facilitate additional planning within the water system. The Spanish Trail Water Company includes approximately 10 existing wells

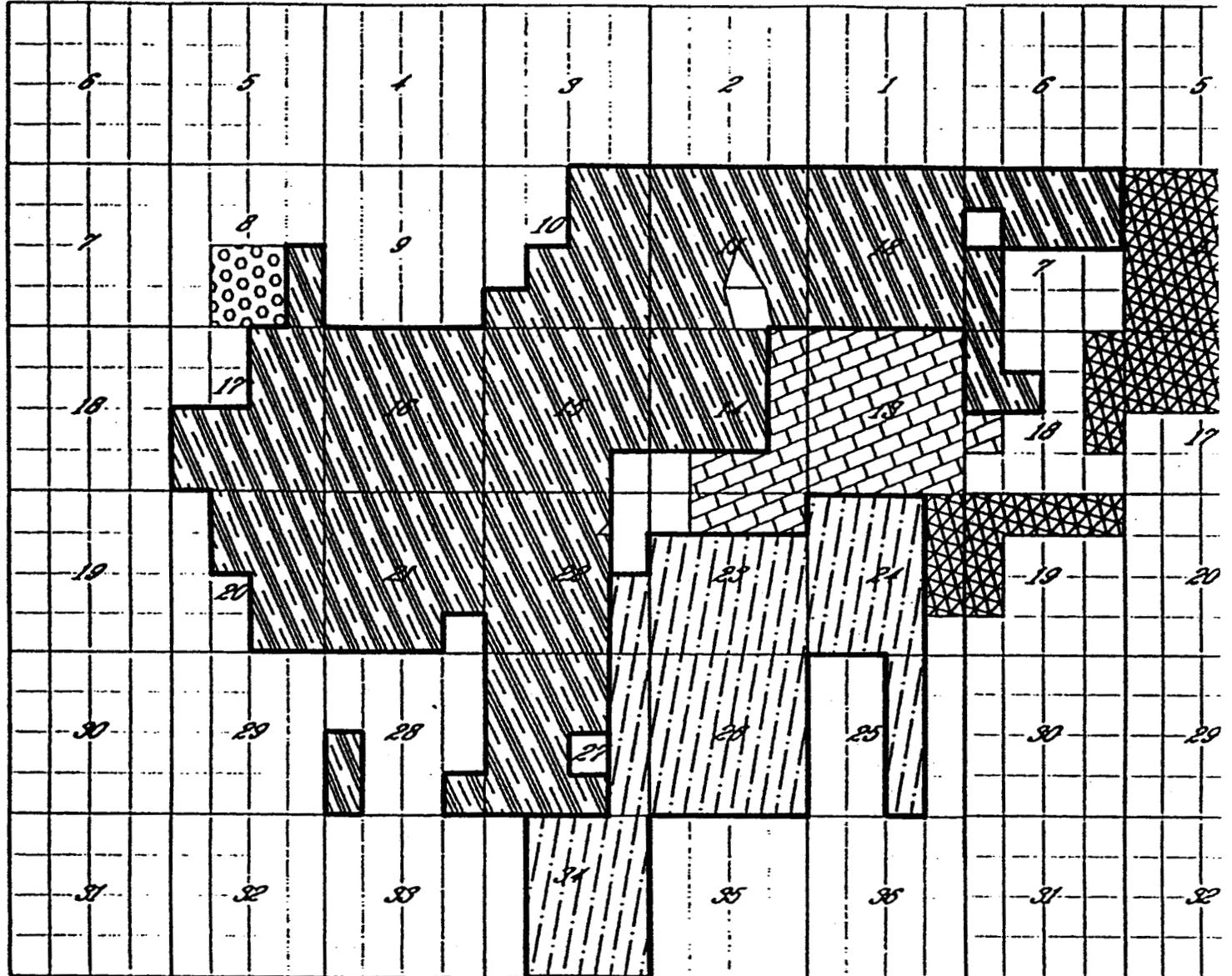
**TABLE 1
EXISTING WELL INFORMATION**

Well #	DWR Designation	Equipped Well Capacity	Potential Well Capacity	Casing Diameter (in.)	Well Depth (ft.)	Water Level (ft.)	Date Drilled	Surface Elevation (Approx.)
1	D (15-16) 17 ACA	525	500	12	--	90	--	2906
2	D (15-16) 17 ADA	320	450	16	--	90	4/15/93	2910
3	D (15-16) 16 BBD	<35	--	8	--	--	--	2920
4	D (15-16) 16 CCB	0	1600	14	--	--	--	2950
5	D (15-16) 16 DBA	0	0	16	400	Dry	--	2935
6	D (15-16) 16 DDD (2 wells)	25 each	25 each	8 (each)	--	--	--	2951
7	D (15-16) 21 AAB	600	1000(?)	12 (?)	--	--	--	2955
8	D (15-16) 22 BBC	<35	--	--	--	--	--	2975
9	D (15-16) 22 ABC	0	0	12	100±	Dry	--	2965
10	D (15-16) 22 ADB	0	--	--	--	--	--	2980
11	D (15-16) 15 DAB	35	35	8	--	--	--	3030
12	D (15-16) 22 DAD	200	200	12	500	186	4/28/94	3085
13	D (15-16) 27 ADA	100	300	10	504	345	9/63	3145

RANGE 16 East

17 East

TOWNSHIP 15 South



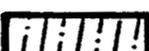
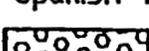
-  U-1619 (2)
Rincon Creek Water Company
-  U-1723 (2)
Rincon Water Company
-  U-1790 (2)
Saguaro Water Company
-  U-1816 (2)
Spanish Trail Water Company
-  U-2381 (1)
Thunderhead Water Company, Inc.

EXHIBIT 1
SPANISH TRAIL &
SAGUARO WATER CO. CC&N

within its certificated area (See Table 1, Existing Well Information, and Exhibit 2, Existing Well Location Map). Wells #1 through 10 are located within the certificated area of Spanish Trail Water Company and include approximately 1500 gallons per minute of existing well capacity. Wells #1 and 2 are integrated into the system which serves the Rocking K Ranch Estates. Approximately 7 homes are served within the lower pressure zone adjacent to Old Spanish Trail, while the remaining 208 homes are located in an upper pressure zone in the southern portion of the site. In addition, the Rincon Valley General Store is also served by the water system.

Well #7 is a 600 gpm well currently served by a diesel engine. Due to the uncertainty of the construction methods for this well meeting ADEQ standards, and the possibility of diesel fuel contamination around the well site, the viability of this well for domestic use is uncertain. The aquifer at the well site appears to be good and an adjacent replacement well may be viable.

Well #4 has an existing 14 inch casing and has been pump-tested to 1600 gpm. The casing is old, and not constructed to meet domestic design criteria. The aquifer at the well site appears to have good potential and is a prime location for an adjacent replacement well.

Within Saguaro Water Company, well #11 has a capacity of approximately 35 gallons per minute, and serves the Caserio Viejo subdivision. This well serves only the current 18 homes within the subdivision, and is isolated from the remainder of the system. Also within Saguaro Water Company, wells #12 and 13 have a total capacity of 300 gpm and are connected to a 6 inch main within Camino Loma Alta. The wells currently serve approximately 50 homes within the Saguaro Water Company. There are higher pressures along the north portion of Camino Loma Alta and lower pressures in the Antler Crest area. Due to these pressure extremes and fire flow requirements, a new reservoir and booster stations is proposed to be built to serve the Antler Crest subdivision.

THUNDERHEAD
WATER CO.

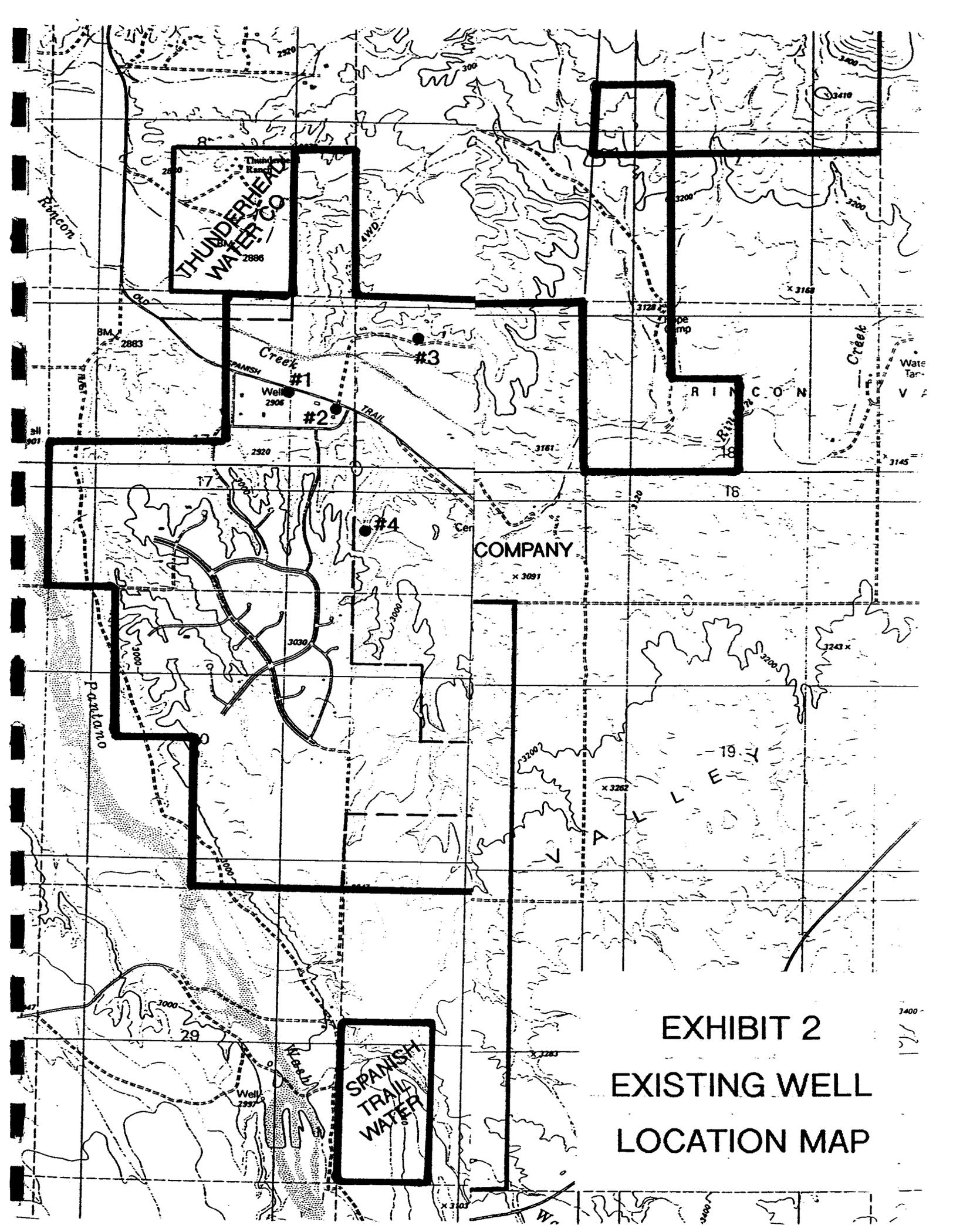
SPANISH
TRAIL
WATER

#1
Well
2906

#3

#4

EXHIBIT 2
EXISTING WELL
LOCATION MAP



SECTION III - WATER SYSTEM REQUIREMENTS

A. SYSTEM DEVELOPMENT AREA AND LAND USES

The Rocking K Specific Plan, as shown within Exhibit 4, consists of land uses ranging from very low density residential to high density residential areas. The Specific Plan also contains commercial areas, open space, natural open space, and major resort classifications. The Spanish Trail Water Company will serve 3 (three) 18-hole golf courses. The first golf course located north of Rincon Creek, the second located between Rincon Creek and Old Spanish Trail, and the third golf course is located south of Old Spanish Trail. The water system requirements outside the Rocking K Specific Plan are based upon existing platted units and future development based upon the Pima County Comprehensive Plan. Areas located within the Saguaro National Park boundaries and the flood plains of the Rincon Creek were not considered to be developed for planning purposes.

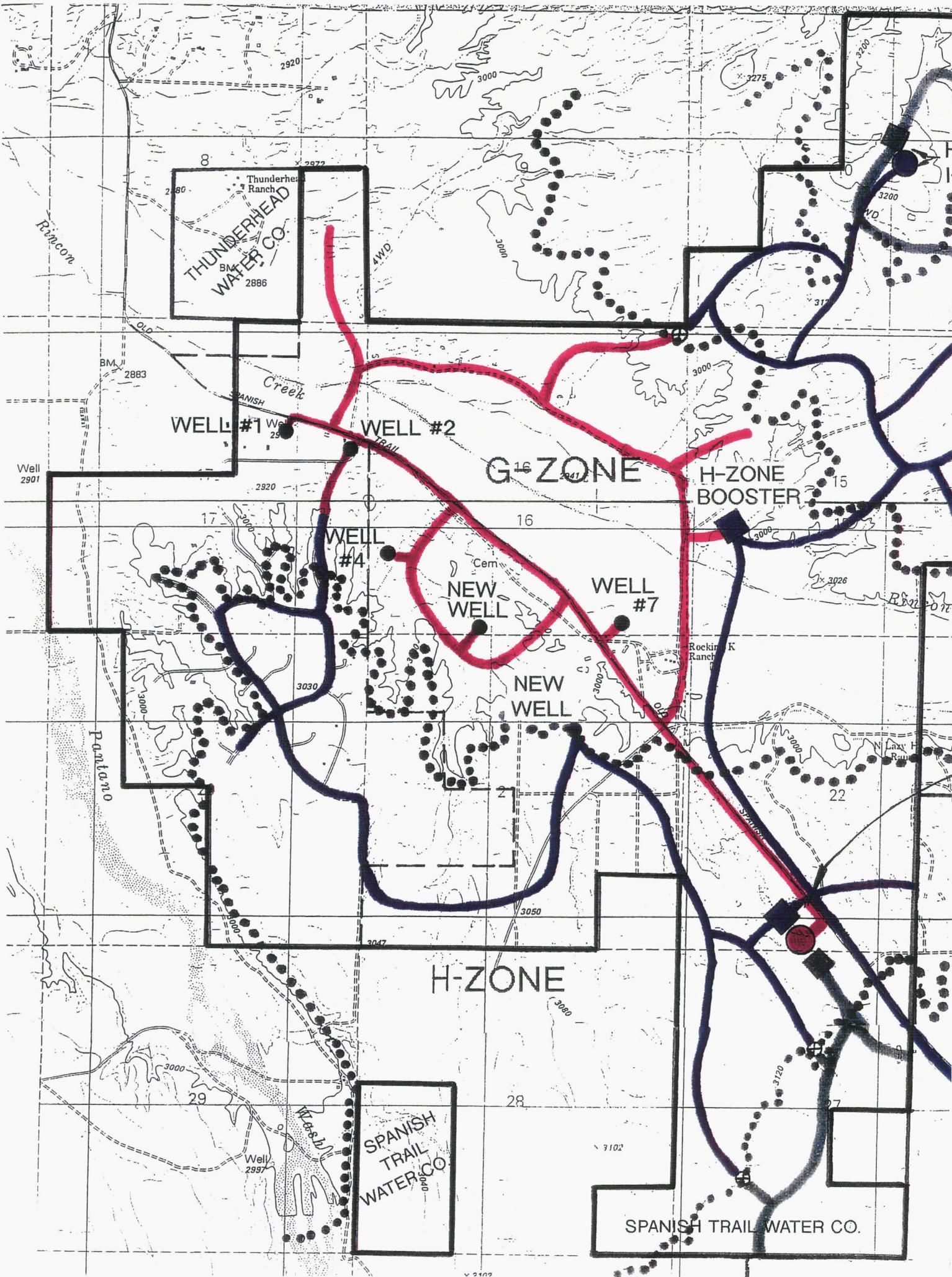
B. POPULATION PROJECTIONS

The Rocking K Land Use Plan specifies the acreage and the projected residential units per parcel. In addition, the land use plan specifies the number of commercial acres and the hotel rooms for the major resort. Projecting approximately 2.4 persons per unit, it is anticipated approximately 11,900 people will eventually live within the Rocking K Specific Plan area. Based upon a total of approximately 6507 units within the two water companies, it is expected over 15,600 people will live within the two water companies at build-out.

C. WATER SYSTEM USAGES AND PEAKING REQUIREMENTS

The water system usages and peaking requirements for the Spanish Trail and Saguaro Water Companies are estimated using 125 gallons per capita per day for residential water usage and approximately 1400 gallons per acre per day for commercial usage. Resort usage was estimated using 260 gallons per room per day. The golf course usage was based upon current DWR requirements, using a maximum of 430 acre feet per year per course.

The water usage requirements as shown within Table 2, Rocking K Water Usage Demands, were derived using the above criteria. The usage summary is based upon using standard design criteria for average daily demands, a peaking factor of 2.0 for peak day demand, and 3.5 for peak hour demand. The Rocking K Specific Plan area, including approximately 4968 units, the commercial areas, the resort, and golf courses, anticipates an average daily demand (ADD) of approximately 2048 gallons per minute, a peak daily demand (PDD) of 4089 gallons per minute, and a peak hour demand (PHD) of approximately 5810 gallons per minute. The anticipated development of both water companies, with a total of approximately 6500 units, anticipates an average daily



8
Thunderhead Ranch
THUNDERHEAD WATER CO.
BM 2886

WELL #1

WELL #2

G-16 ZONE

H-ZONE BOOSTER

WELL #4

NEW WELL

WELL #7

NEW WELL

H-ZONE

SPANISH TRAIL WATER CO.

SPANISH TRAIL WATER CO.

F-ZONE RESERVOIR
F-ZONE BOOSTER

SPANISH TRAIL WATER CO.

RINCON CREEK WATER COMPANY

WELL #11

H-ZONE

G-ZONE RESERVOIR
H-ZONE BOOSTER
I+ZONE BOOSTER

SAGUARO WATER CO.

I+ZONE

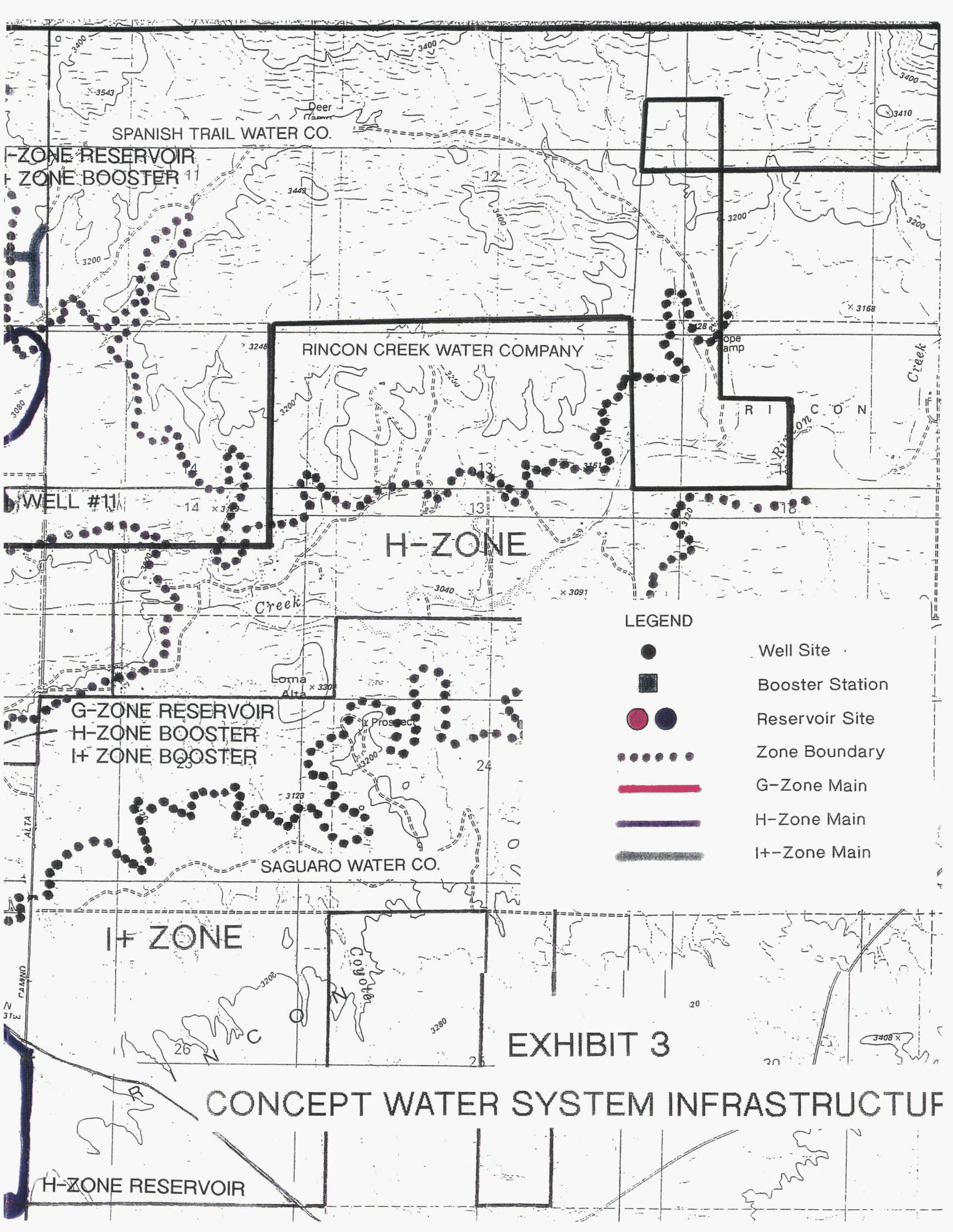
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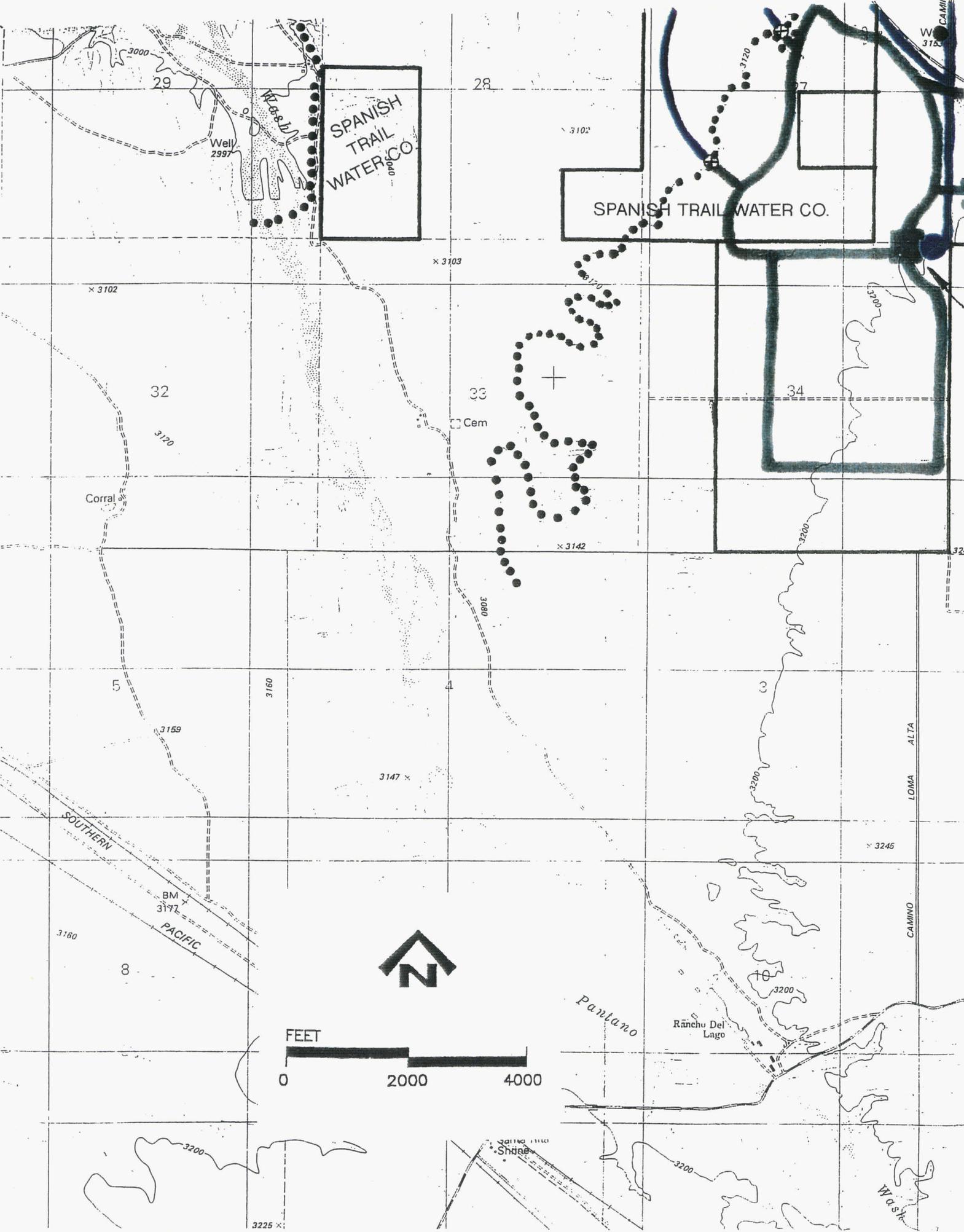
-  Well Site
-  Booster Station
-  Reservoir Site
-  Zone Boundary
-  G-Zone Main
-  H-Zone Main
-  I+Zone Main

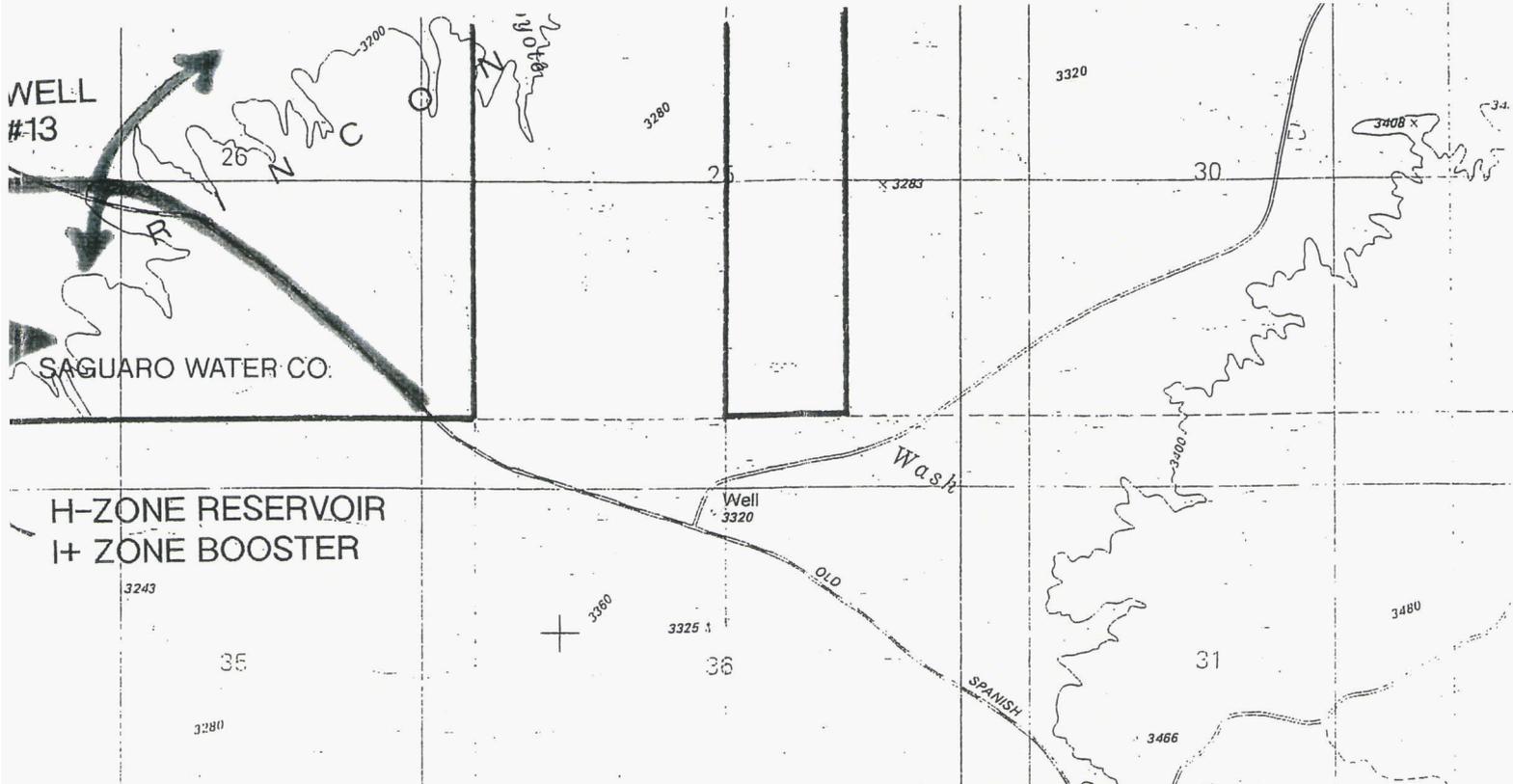
EXHIBIT 3

CONCEPT WATER SYSTEM INFRASTRUCTURE

H-ZONE RESERVOIR







LEGEND

- Well Site
- Booster Station
- Reservoir Site
- Zone Boundary
- G-Zone Main
- H-Zone Main
- I+-Zone Main

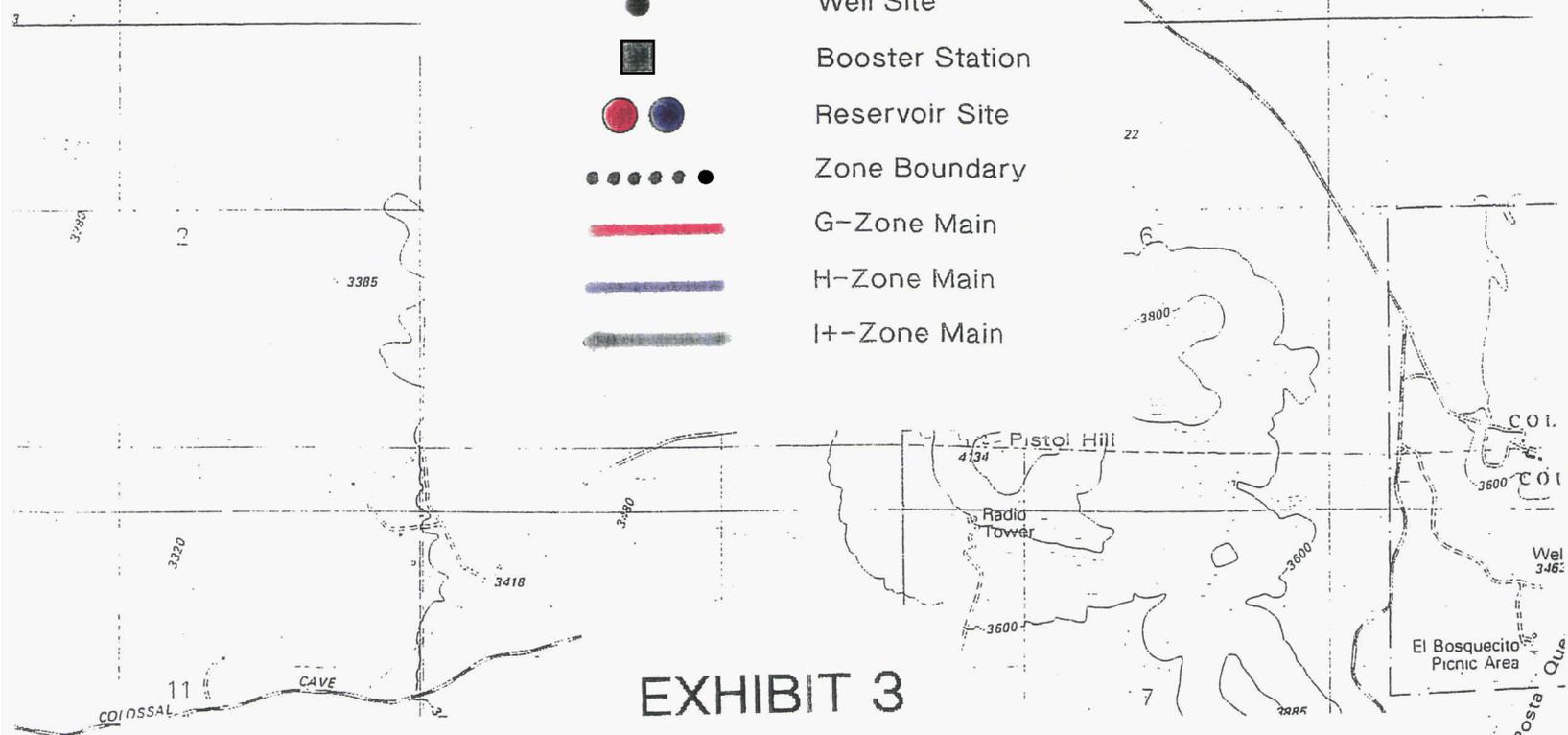


EXHIBIT 3

CONCEPT WATER SYSTEM INFRASTRUCTURE

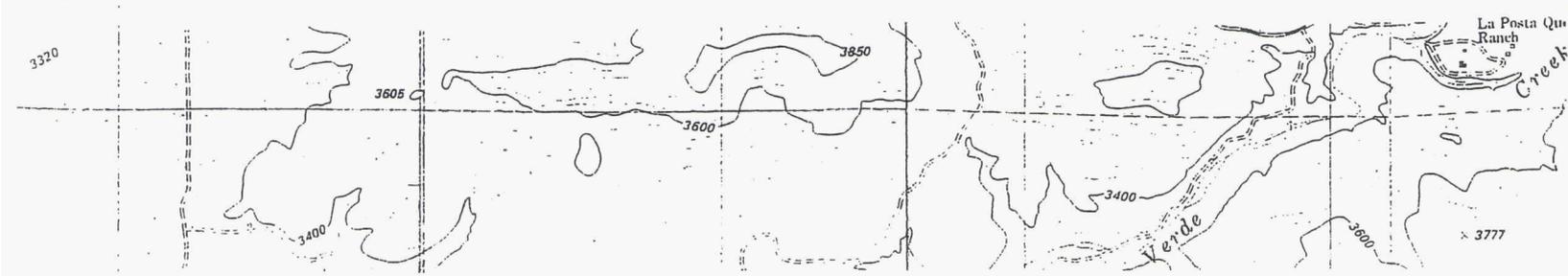


TABLE 2
ROCKING K SPECIFIC PLAN
Water Usage Demands (G-Zone)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
1	VLDR	1	0.2	0.4	0.7
6	LDR	126	26	53	92
7	LDR	27	6	11	20
8	LDR	39	8	16	28
9	LDR	37	8	15	27
10	LDR	41	9	17	30
11	LDR	32	7	13	23
19	LDR	212	44	88	155
20	LDR	80	17	33	58
21	LDR	55	11	23	40
22	LDR	41	9	17	30
26	MDR	143	30	60	104
27	MDR	68	14	28	50
28	MDR	138	29	58	101
29	MDR	24	5	10	18
30	MDR	237	49	99	173
31	MDR	194	40	81	141
32	MDR	112	23	47	82
33	MDR	41	9	17	30
35	MDR	200	42	83	146
38	MDR	40	8	17	29
44	HDR	118	25	49	86
47	C	--	34	69	120
48	C	--	3	7	12
71	MDR	17	4	7	12
Golf Course	OS	--	300	600	600
Sub-Totals		2023	760	1518	2208

TABLE 2 (Cont'd)
ROCKING K SPECIFIC PLAN
Water Usage Demands (H-Zone North)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
2	VLDR	32	7	13	23
3 (1/2)	VLDR	25	5	10	18
5 (1/2)	VLDR	21	4	9	15
12	MDR	28	6	12	20
15	LDR	37	8	15	27
16	LDR	52	11	22	38
17	LDR	29	6	12	21
18	LDR	75	16	31	55
34	MDR	136	28	57	99
Golf Course	OS	—	300	600	600
Sub-Totals		435	391	781	916

TABLE 2 (Cont'd)
ROCKING K SPECIFIC PLAN
Water Usage Demands (H-Zone South)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
23	LDR	42	9	18	31
24	LDR	24	5	10	18
25 (1/3)	LDR	49	10	20	36
36	MDR	222	46	93	162
37	MDR	60	13	25	44
39	MDR	104	22	43	76
40 (2/3)	MDR	563	117	235	411
41 (2/3)	MDR	209	44	87	152
42	MDR	48	10	20	35
43	MHDR	120	25	50	88
45	OCR	440	92	183	321
Golf Course	OS	—	300	600	600
Sub-Totals		1881	693	1384	1974

TABLE 2 (Cont'd)
ROCKING K SPECIFIC PLAN
Water Usage Demands (I⁺-Zone North)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
3 (1/2)	VLDR	24	5	10	18
4	VLDR	10	2	4	7
5	VLDR	21	4	9	15
13	LDR	41	9	17	30
14	LDR	48	10	20	35
46	MR	400 Rooms	72	144	253
Sub-Totals		144	102	204	358

ROCKING K SPECIFIC PLAN
Water Usage Demands (I⁺-Zone South)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
25 (2/3)	LDR	99	21	41	72
40 (1/3)	MDR	281	59	117	205
41 (1/3)	MDR	105	22	44	77
Sub-Totals		485	102	202	354
Project Total		4968	2048	4089	5810

TABLE 3
SPANISH TRAIL AND SAGUARO WATER COMPANY
Water Usage Demands (G-Zone)

Area	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
Rocking K Specific Plan	2023	760	1518	2208
Rocking K Estates	7	2	3	6
Rincon Desert Estates	44	9	18	32
Lazy H Ranch	30	6	13	22
Total	2104	777	1552	2268

SPANISH TRAIL AND SAGUARO WATER COMPANY
Water Usage Demands (H-Zone)

Area	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
Rocking K Specific Plan	2316	1084	2165	2890
Rocking K Estates	200	42	83	146
Caserio Vieja	24	5	10	18
Undeveloped Area	275	57	114	200
Total	2815	1188	2372	3254

TABLE 3 (Cont'd)
SPANISH TRAIL AND SAGUARO WATER COMPANY
Water Usage Demands (I⁺-Zone)

Area	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
Rocking K Specific Plan	629	204	406	712
Antler Crest	145	30	60	106
Spanish Hills	14	3	6	11
Undeveloped Area	800	167	333	583
Total	1588	404	805	1412
<hr/>				
Total Spanish Trail and Saguaro Water Company	6507	2369	4729	6934

demand of 2369 gallons per minute, a peak day demand of 4729 gallons per minute, and a peak hour demand of 6934 gallons per minute. See Table 3, Spanish Trail and Saguaro Water Usage Summary.

D. FIRE FLOW REQUIREMENTS

The Spanish Trail and Saguaro Water Company is located within an area presently serviced by Rincon Valley Fire District. The current policies of Rincon Valley Fire District follow the Uniform Fire Code. The general fire flow requirements for residential homes is 1000 gallons per minute for a two hour duration (unsprinklered). Commercial and industrial facility fire flow requirements are based on the individual facility and will vary due to whether the buildings are sprinklered, the total square footage, building materials, exposure distance, and other factors as determined by the fire department. For the purposes of this report, the residential facilities are assumed to require 1000 gallons per minute, and 1500 gallons per minute for sprinklered resort facilities.

E. SYSTEM ZONE BOUNDARIES

It is the normal policy of a water company to supply water to the customers within the static pressure range of 35 psi to 85 psi. The general design requirement is to divide the property into approximately 100 foot elevation zone boundaries. The location of the zone boundaries are also affected by major geographical features, and property boundaries, and may affect interconnecting water mains within the project.

The major constraint affecting the zone boundaries within the Spanish Trail and Saguaro Water systems is Rincon Creek. Rincon Creek essentially divides the system, and allows a lower pressure zone centering on the creek area, with upper pressure zones continuing up the slopes on both the north and south sides of Rincon Creek. This configuration essentially divides, and sometimes isolates equal pressure zones on each side of the creek.

In addition, the phasing of the project may affect the pressure zones. It is preferable to maintain a single zone within the large phases of the project. In addition, when setting pressure zones, it is preferable to keep individual parcel units in single zones to avoid zone boundaries separating the water systems within the individual parcel.

The final consideration in setting up zone boundaries is the possibility of Tucson Water eventually incorporating the Spanish Trail and Saguaro Water systems into the Tucson Water zone boundary system. Tucson Water facilities are located approximately 3-1/2 miles northeasterly of the Spanish Trail Water Company. The nearest facility includes a 10 million gallon Escalante Reservoir located south of Escalante Road and east of Melponene Way. The Escalante Reservoir consists of a 10 million gallon F-Zone reservoir, and a G- and H-Zone booster station currently under construction.

Based upon the above criteria, the Tucson Water G- and H-Zone boundaries fit well into the land use plan, and allowed a single G-Zone system incorporating both sides of Rincon Creek. The H-Zone system allowed the Phase I Senior Academy to be served by a proposed reservoir currently sited for Antler Crest subdivision. In addition, with a connection of the H-Zone main across Rincon Creek, allows the H-Zone system to serve both the golf course south of Old Spanish Trail and north of Rincon Creek.

A modified I-Zone system, using 155 foot zone boundaries, are proposed for both the resort site within the northern portions of the Rocking K Specific Plan, and the I-Zone areas along the southerly portion of Spanish Trail and Saguaro Water Company. Exhibit 3, Concept Water System Infrastructure, and Exhibit 4, Rocking K Specific Plan/Concept Water System, show the proposed zone boundaries for the two water companies. The zone boundaries are located at 105 foot elevations and designated by the standard letter zone used by Tucson

Water. Table 2, Pressure Zone Boundaries, shows the zone designation, high water elevation, and the elevation boundaries served by each zone.

F. WATER SYSTEM DESIGN CRITERIA

The proposed water system provides elevated storage for the G-Zone and H-Zone water systems. The water system is designed for the ultimate installation of equalizing reservoirs designed to float on each other. The reservoirs are sized to accommodate hourly fluctuations and the demand for fire flow within the zones they serve. Supply for the upper zones is transported from the lower zones as water is produced and boosted to the higher zones at the peak daily rate. The reservoirs are to provide a usable storage volume for the zone served of at least equal to 23% of the peak day use, plus an additional 25% of peak day use for reserve storage. Additional storage volume is provided as required for fire flow.

The I⁺-Zone, located in the northern portion of the resort area and the southern areas near Antler Crest subdivision are to be served by a booster station and hydro-pneumatic tanks. Therefore, the suction-side reservoirs are enlarged to provide daily storage.

The design and construction of the distribution system is to be in accordance with the Arizona Department of Health Service requirements. These standards may use the Tucson Water Department details and specifications as standard design requirements. The proposed transmission and water distribution systems are to be sized and arranged as to minimize line loss and provide the required fire flows. The proposed system design criteria for the Spanish Trail and Saguaro Water Companies are as follows:

1. DEMAND

(a)	Average daily per capita residential water use (gpcd) -	125 gpcd
(b)	Average daily per acre commercial, industrial, institutional water use (gpac) -	1,400 gpac
(c)	Average number of persons per dwelling unit -	2.4
(d)	Ratio of peak day to average day -	2.0
(e)	Ratio of peak hour to average day -	3.5

2. SUPPLY

- (a) Minimum supply from wells and boosters pumping to elevated storage to meet peak day demand.
- (b) Minimum booster capacity to sub-systems without elevated storage to meet peak day demand.

3. STORAGE

- (a) Size to accommodate hourly fluctuations in demand and fire flow. Provide useable storage volume for zone served at least equal to 23 percent of peak day use plus and additional 25 percent of peak day use for reserved storage. Provide additional storage volume if required for fire flow.
- (b) Enlarge suction side reservoirs to provide daily storage for minor sub-system served only with hydro pneumatic tanks.
- (c) Provide valving at reservoir to allow dumping of supply to lower zones if required for fire flow.

4. DISTRIBUTION SYSTEM

- (a) System design and construction to meet City of Tucson Water Department and Arizona Department of Health Services requirements.
- (b) Maximum loss for lines up to and including 8 inches in size to be 8 feet per 1000 feet or less. Head loss for lines over 8 inches in size to be 5 feet per 1000 feet or less, according to pipe size.
- (c) Distribution lines to be sized and arranged to provide required fire flows.
- (d) Water Company pressure zones and zone boundaries are referred by Tucson Water letter designations. The hydraulic gradients have been established at 105-foot elevation differences. The system shall provide a line size valve (normally closed) at all pipelines crossing zones boundaries.
- (e) In accordance with existing City of Tucson Water Department standards, it is also the policy of Spanish Trail and Saguaro Water Companies to supply water at the customer's meter within a static pressure range of 35 to 85 psi. Due to localized topographic conditions, certain locations may receive water pressures slightly less or greater than the above ranges.

**TABLE 4
PRESSURE ZONE BOUNDARIES**

Zone Designation	High Water Elevation	Elevation Boundaries Served
G	3107	2910 - 3015 ⁽¹⁾
H	3212	3015 - 3120
I (plus)	3367	3120 - 3275 ⁽²⁾

- (1) G-Zone will serve down to elevation 2892. Low point of project will require individual pressure reducing valves (PRVs).
- (2) I-Zone boundary modified to 155 foot elevation range. Lower portion of zone will require individual pressure reducing valves (PRVs).

SECTION IV - INFRASTRUCTURE SIZING

A. WELL SYSTEM ANALYSIS

Well production capacity is based upon meeting peak day demand (PDD) when pumping to elevated storage, and meeting peak hour demand (PHD) without elevated storage. The majority of the existing wells are located within the lower portions of the property, adjacent to and southerly of the Rincon Creek area. The majority of the wells are located within the G-Zone system, and are to be pumped to the G-Zone reservoir. Based upon the system configuration, total well production requirements will be based upon meeting the peak daily demand for the project.

The peak daily demand for the Rocking K Specific Plan is approximately 4089 gallons per minute. Therefore, approximately 5 wells, with an average of 800 gallons per minute, will meet the peak daily demand criteria. The design criteria requires meeting peak demand with one well out of service. Therefore the project will require 6 wells, equipped for an average of 800 gallons per minute. It is assumed wells #1 and 2 will be equipped for 500 and 450 gallons per minute respectively, well #4 will be drilled and equipped to approximately 1600 gpm, and well #7 will have a replacement well with a capacity of 800 to 1000 gpm. Two additional 800 gpm wells will be required to serve the built-out system for the Rocking K Specific Plan area.

Wells #12 and 13, serving the Saguaro Company, will be sufficient to serve the existing Saguaro Water Company. If well #13 is re-equipped to provide 300 gallons per minute and an additional 500 gpm well is built, this capacity will provide the PPD for Saguaro Water Company at build-out. This is also assuming the Spanish Trail and Saguaro Water systems will be interconnected to provide reliability for all wells to meet the criteria of one well out of service and meeting peak daily demand.

The Rocking K Ranch project will also include 3 (three) 18-hole golf courses. The golf course water supply is planned to be provided by the domestic water system. It is anticipated an average daily demand of 300 gallons per minute over a 24-hour period will be provided to each golf course, and a peak daily demand of 600 gallons per minute for peak summer months over a 24-hour period. If the golf course lakes require supply during night time hours only, higher peaking demands will therefore be required. A shorter lake filling schedule will require larger wells and/or additional storage be required to provide the higher peaking flows.

B. RESERVOIR REQUIREMENTS

The water system storage requirements are based upon providing a usable storage volume for each zone of at least equal to 23% of peak daily use plus an additional 25% of peak day use for reserve storage. In addition, storage volume for fire flow is based upon a residential requirement of 1000 gallons per minute for a two-hour duration. The reserve storage component is provided for emergency storage in case of a prolonged power outage for the well system. The 25% reserve storage may be eliminated if the wells are equipped with emergency backup systems.

Based upon this criteria, the peak daily demand for the entire G-Zone water system is 1552 gallons per minute, minus 952 gpm for the golf course, is 955 gallons per minute peak daily flow. Therefore, 48% of 1.4 million gallons approximately equals 660,000 gallons of required storage plus 120,000 gallons for fire flow, yields approximately 800,000 gallons storage requirement for the G-Zone system. Exhibit 3 shows one 800,000 gallon storage reservoir located south of and adjacent to Old Spanish Trail, serving the entire G-Zone system. All wells connected within the G-Zone system will be controlled by a telemetry system using level control within the reservoir.

The H-Zone system has a total peak daily demand of 2372 gallons per minute, minus 1200 gpm peak daily usage by the golf course, equals 1172 gallons per minute, peak daily demand. The storage requirement to provide peak daily demand is 945,000 gallons, plus 180,000 gallons to provide 1500 gallons per minute fire flow. The total required storage for the H-Zone system is 1.125 million gallons, or approximately 2 (two) 600,000 gallon reservoirs. The 2 600,000 gallon reservoirs will float the H-Zone system and be connected by a single transmission main. The northern H-Zone reservoir will be located adjacent to the resort site, and the southern reservoir will be located adjacent to Camino Loma Alta, approximately ½ mile south of Old Spanish Trail. The two reservoirs will float on each other, and will be served by two H-Zone booster stations and two wells located along the transmission main. These facilities will also be controlled by telemetry level control from the two reservoirs.

C. BOOSTER STATION REQUIREMENTS

The G-Zone system will not require a booster station for service. The G-Zone system will be provided peak daily supply through the wells and peak hourly flows through the 800,000 gallon storage reservoir. Two H-Zone booster stations will be required, one at the southern G-Zone reservoir, and one G- to H-Zone booster station located north and adjacent to Rincon Creek. The two H-Zone booster stations will supply the peak daily demand to the H- and I-Zone systems. This flow will be approximately 3,200 gallons per minute, subtracting any wells located directly in the H-Zone pipeline. Assuming approximately 800 gpm of well capacity is located in the H-Zone system, a total of 2,400 gallons per minute will need to be boosted through the two booster stations. It is recommended that each booster station have a minimum capacity of 1500 gallons per minute to provide peak daily service.

Two I⁺-Zone booster stations will be required. The booster stations will serve the northern resort parcel, and the southern I-Zone system within Spanish Trail and Saguaro Water Companies. The northern I⁺-Zone will require a minimum peak daily demand of 850 gallons per minute plus 1500 gpm fire flow. The booster station should therefore have a capacity of approximately 2500 gpm. The southern I⁺-Zone booster station should also have capacity to meet peak daily demand plus fire flow. The peak daily demand is estimated to be approximately 805 gpm, with 1000 gpm fire flow. The I⁺-Zone booster station should provide a total of 2000 gallons per minute total capacity for the I-Zone system. For reliability purposes, two I⁺-Zone booster stations may serve the southern I-Zone system. One booster station to be located at the Antler Crest reservoir adjacent to Camino Loma Alta, and a second I-Zone booster station located adjacent to the G-Zone reservoir on Old Spanish Trail. M Each booster station should have a minimum ultimate capacity of 1200 gpm.

8

OLD SPANISH TRAIL

17

20



G-ZONE

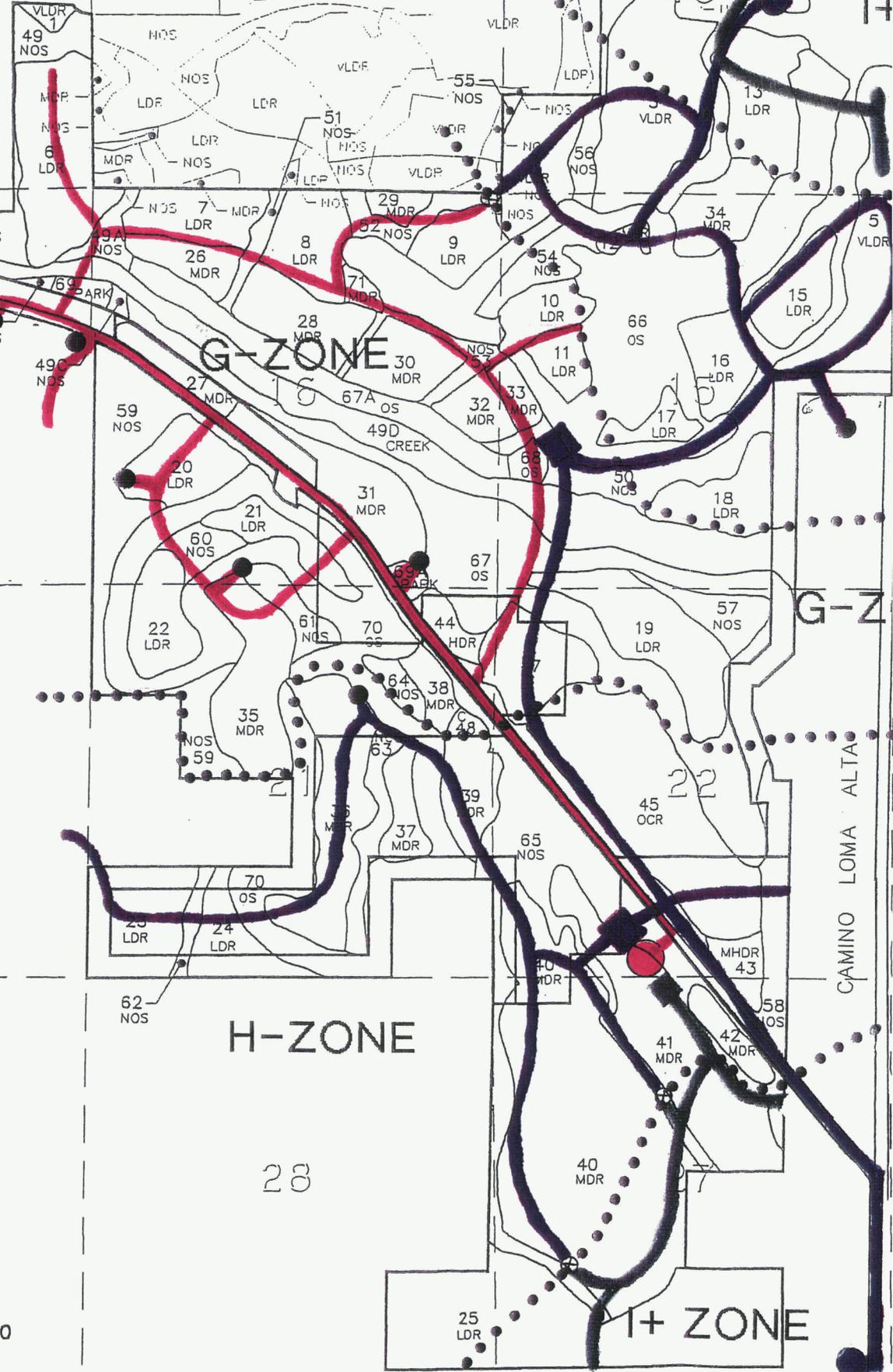
H-ZONE

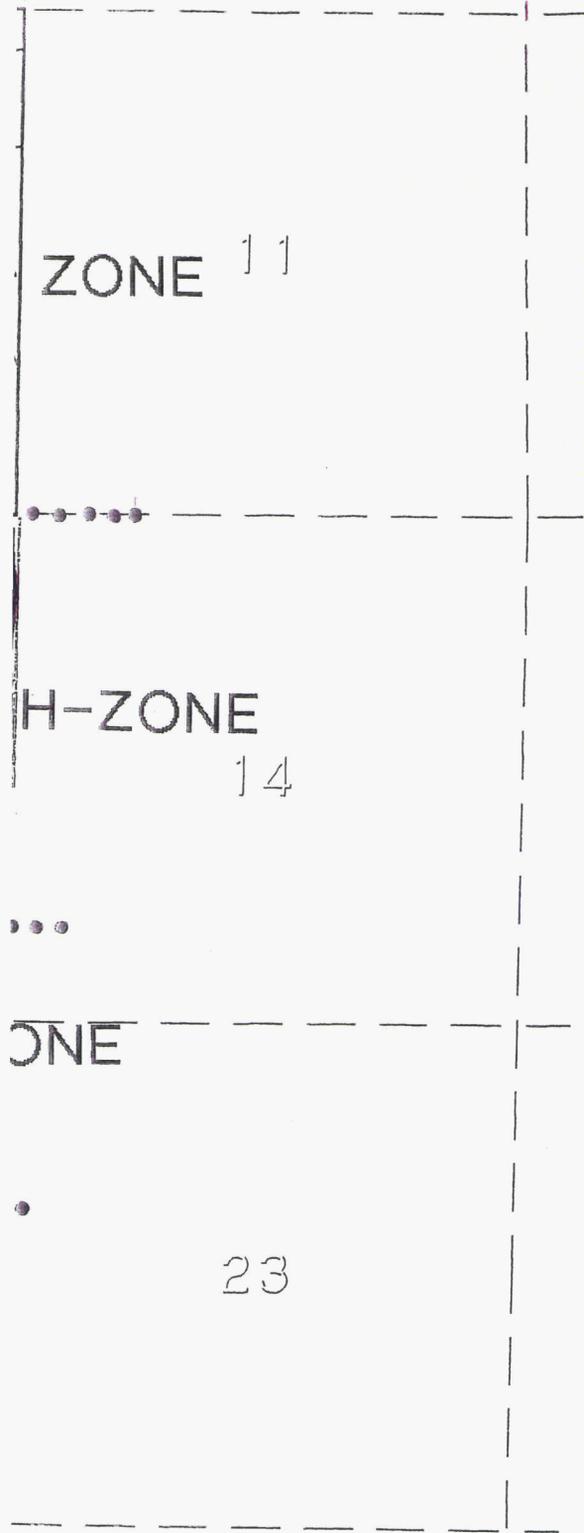
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I+ ZONE

G-Z

CAMINO LOMA ALTA





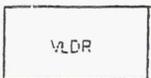
LEGEND



Sites A-D and
Modification Area



Planning Unit
Land Use Designator



Existing Specific Plan
(State Land)

- VLDR Very Low Density Residential
- LDR Low Density Residential
- MDR Medium Density Residential
- MHDR Medium-High Density Residential
- HDR High Density Residential
- OCR Office-Commercial-Residential
- MR Major Resort
- C Commercial
- PARK Park
- OS Open Space (Golf)
- NOS Natural Open Space
- CREEK Rincon Creek
- Well Site
- Booster Station
- ● Reservoir Site
- ● ● ● ● Zone Boundary
- G-Zone Main
- H-Zone Main
- I+-Zone Main

EXHIBIT 4

**ROCKING K SPECIFIC PLAN /
CONCEPT WATER SYSTEM**

EXHIBIT "1.2"

**SPANISH TRAIL WATER COMPANY
CONCEPT WATER SYSTEM
MASTER PLAN**



WestLand Resources, Inc.
Engineering and Environmental Consultants

**SPANISH TRAIL WATER COMPANY
CONCEPT WATER SYSTEM
MASTER PLAN**

Prepared For:

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June, 1997

TABLE OF CONTENTS

SECTION I - INTRODUCTION	3
SECTION II - EXISTING SITE AND FACILITIES	3
SECTION III - WATER SYSTEM REQUIREMENTS	5
A. System Development Area and Land Uses	5
B. Population Projections	5
C. Water System Usage and Peaking Requirements	8
D. Fire Flow Requirements	8
E. System Zone Boundaries	8
F. Water System Design Criteria	13
1. Demand	16
2. Supply	16
3. Storage	16
4. Distribution System	17
SECTION IV - INFRASTRUCTURE SIZING	17
A. Well Systems Analysis	17
B. Reservoir Requirements	18
C. Booster Station Requirements	19

LIST OF TABLES

Table 1. Existing Well Information	6
Table 2. Rocking K - Water Usage Demands	9
Table 3. Water Usage Demands - Spanish Trail Water Company	12
Table 4. Pressure Zone Boundaries	17

LIST OF EXHIBITS

Exhibit 1. Spanish Trail Water Company CC&N	4
Exhibit 2. Existing Well Location Map	7
Exhibit 3. Concept Water System Infrastructure	14
Exhibit 4. Rocking K Specific Plan/Concept Water System	15



SECTION I - INTRODUCTION

The Spanish Trail Water Company is a private water utility located approximately ½ mile east of the Tucson City limits. The Spanish Trail Water Company's Certificate of Convenience and Necessity (CC&N) encompasses approximately 6400 acres. (See Exhibit 1, Spanish Trail Water Company CC&N).

The Rocking K Amended Specific Plan is located within the Spanish Trail Water Company and the boundaries approximately coincide with the Water Company's CC&N. The Rocking K Specific Plan, as amended, consists of approximately 3878 acres in the Rincon Valley and is generally located south and west of Saguaro National Park. The property straddles Rincon Creek and is located on both sides of Old Spanish Trail.

The Rocking K Specific Plan consists of 4968 residential units, a 200-room resort hotel, approximately 38 acres of commercial area, and 3 (three) 18-hole golf courses. The areas outside the Rocking K Specific Plan consist of several smaller subdivisions, including the Rocking K Ranch Estates (located east of the Rocking K Specific Plan), and Caserio Viejo, located adjacent to Well #11.

SECTION II - EXISTING SITE AND FACILITIES

The Spanish Trail Water Company is generally bisected by the Rincon Creek. The properties on both sides of the Rincon Creek generally slope toward the creek and to the northwest. Properties north of the Rincon Creek generally slope upward to the north and those properties south of the Rincon Creek slope upward to the southwest (See Exhibit 2). The elevations within the projects vary from a low elevation of 2892, located adjacent to the Rincon Creek at the northeast corner of the Rocking K Ranch, to a high of over 3400 foot elevation along the north borders of Spanish Trail Water Company.

With the exception of the small isolated subdivisions listed above, the properties within the water service area are generally undeveloped. The most significant water use anticipated within the water companies is the Rocking K Specific Plan.

The population projections and water system demands are further defined in order to facilitate additional planning within the water system. The Spanish Trail Water Company includes approximately 10 existing wells within its certificated area (See Table 1, Existing Well Information, and Exhibit 2, Existing Well Location Map). Wells #1 through #10 are located within the certificated area of Spanish Trail Water Company and total approximately 1500 gallons per minute of existing well capacity. Wells #1 and #2 are integrated into the system which serves the Rocking K Ranch Estates. Approximately 7 homes are served within the lower pressure zone adjacent to Old Spanish Trail, while the remaining 208 homes are located in an upper pressure zone in the southern portion of the site. In addition, the Rincon Valley General Store is also served by the water system.

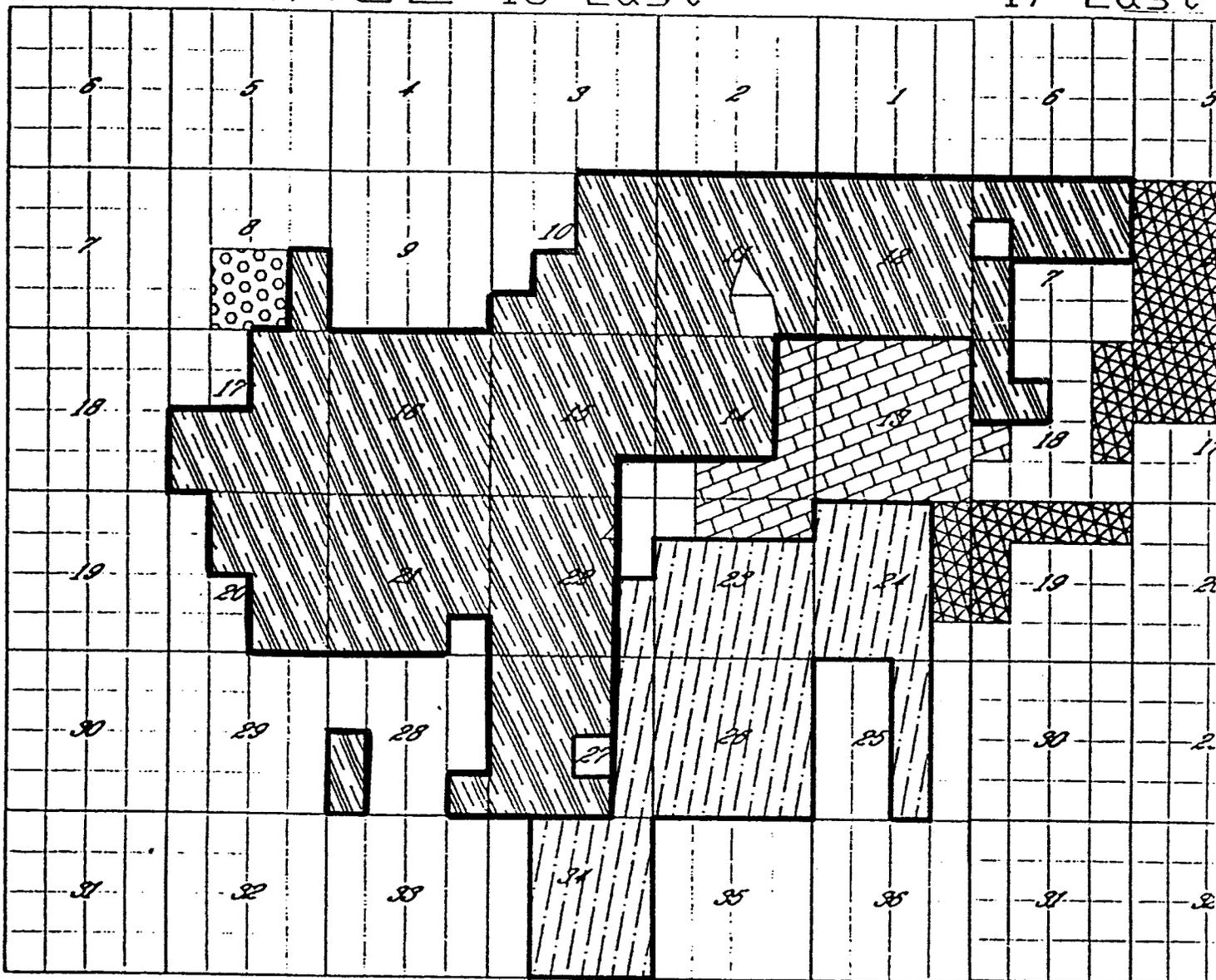
EXHIBIT 1

COUNTY: *Pima*

RANGE 16 East

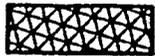
17 East

TOWNSHIP 15 South



U-1619 (2)

Rincon Creek Water Company



U-1723 (2)

Rincon Water Company



U-1790 (2)

Saguaro Water Company



U-1816 (2)

Spanish Trail Water Company



U-2381 (1)

Thunderhead Water Company, Inc.

EXHIBIT 1

SPANISH TRAIL

WATER COMPANY CC&N

Well #7 is a 600 gpm well currently served by a diesel engine. Due to the uncertainty of the construction methods for this well meeting ADEQ standards, and the possibility of diesel fuel contamination around the well site, the viability of this well for domestic use is uncertain. The aquifer at the well site appears to be good and an adjacent replacement well may be viable.

Well #4 has an existing 14 inch casing and has been pump-tested to 1600 gpm. The casing is old, and not constructed to meet domestic design criteria. The capacity of the aquifer at the well site appears to be good, and a potential location for an adjacent replacement well.

Also within the Spanish Trail Water Company, well #11 has a capacity of approximately 35 gallons per minute, and serves the Caserio Viejo subdivision. This well serves only the current 18 homes within the subdivision, and is isolated from the remainder of the system.

SECTION III - WATER SYSTEM REQUIREMENTS

A. SYSTEM DEVELOPMENT AREA AND LAND USES

The Rocking K Specific Plan, as shown within Exhibit 4, consists of land uses ranging from very low density residential to high density residential areas. The Specific Plan also contains commercial areas, open space, natural open space, and major resort classifications. The Spanish Trail Water Company will serve 3 (three) 18-hole golf courses. The first golf course located north of Rincon Creek, the second located between Rincon Creek and Old Spanish Trail, and the third golf course is located south of Old Spanish Trail. The water system requirements outside the Rocking K Specific Plan are based upon existing platted units and future development based upon the Pima County Comprehensive Plan. Areas located within the Saguaro National Park boundaries and the flood plains of the Rincon Creek were not considered to be developed for planning purposes.

B. POPULATION PROJECTIONS

The Rocking K Land Use Plan specifies the acreage and the projected residential units per parcel. In addition, the land use plan specifies the number of commercial acres and the hotel rooms for the major resort. Projecting approximately 2.4 persons per unit, it is anticipated that approximately 11,900 people will eventually live within the Rocking K Specific Plan area. Based upon a total of approximately 5474 units within the water company, it is expected approximately 13,130 people will live within the water company service area at build-out.

TABLE 1
EXISTING WELL INFORMATION

Well #	DWR Designation	Equipped Well Capacity	Potential Well Capacity	Casing Diameter (in.)	Well Depth (ft.)	Water Level (ft.)	Date Drilled	Surface Elevation (Approx.)
1	D (15-16) 17 ACA	525	500	12	--	90	--	2906
2	D (15-16) 17 ADA	320	450	16	--	90	4/15/93	2910
3	D (15-16) 16 BBD	<35	--	8	--	--	--	2920
4	D (15-16) 16 CCB	0	1600	14	--	--	--	2950
5	D (15-16) 16 DBA	0	0	16	400	Dry	--	2935
6	D (15-16) 16 DDD (2 wells)	25 each	25 each	8 (each)	--	--	--	2951
7	D (15-16) 21 AAB	600	1000(?)	12 (?)	--	--	--	2955
8	D (15-16) 22 BBC	<35	--	--	--	--	--	2975
9	D (15-16) 22 ABC	0	0	12	100±	Dry	--	2965
10	D (15-16) 22 ADB	0	--	--	--	--	--	2980
11	D (15-16) 15 DAB	35	35	8	--	--	--	3030

2

EXHIBIT 2

THUNDERHEAD
WATER CO.

Thunder
Ranch

BM
2886

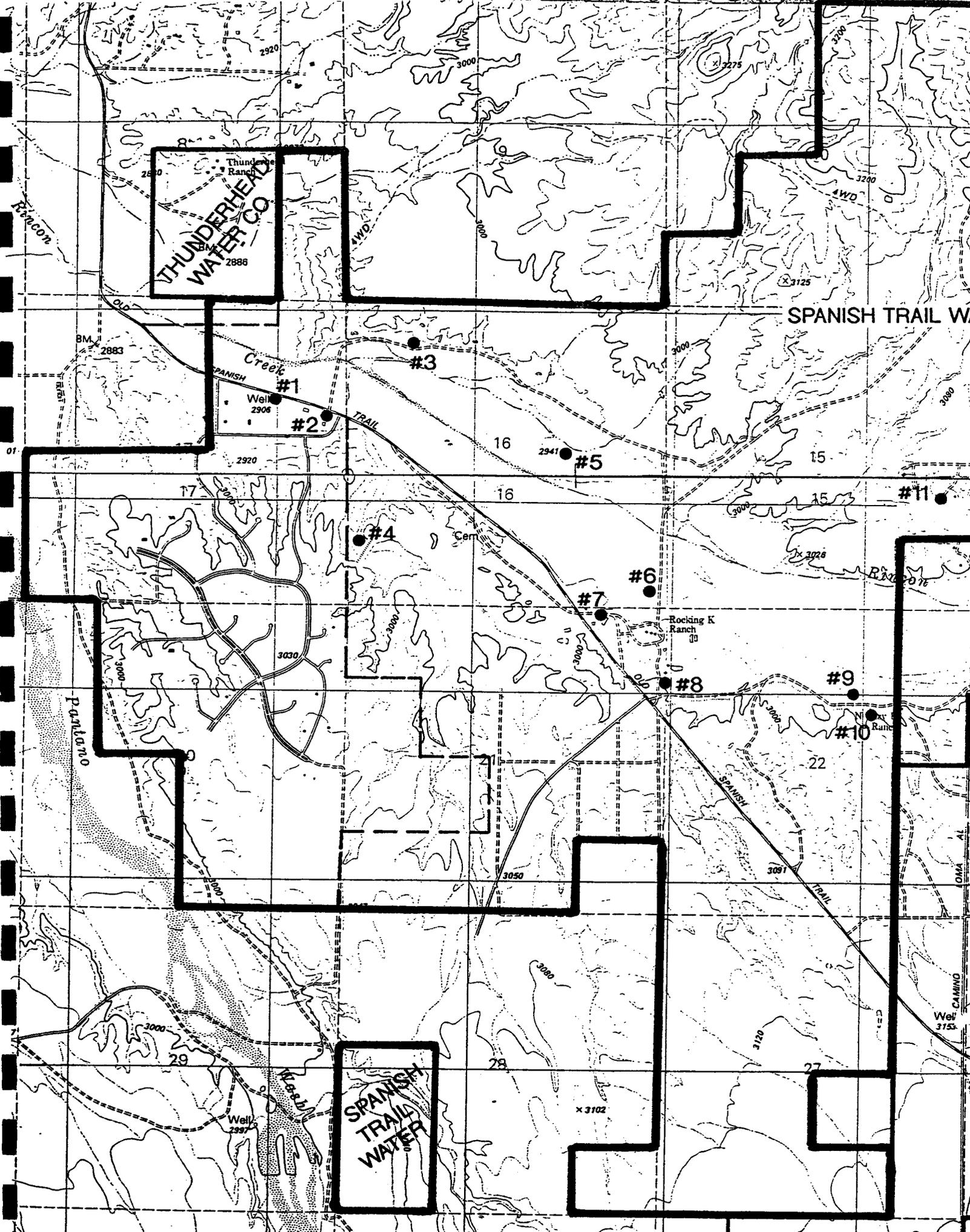
Well
2906

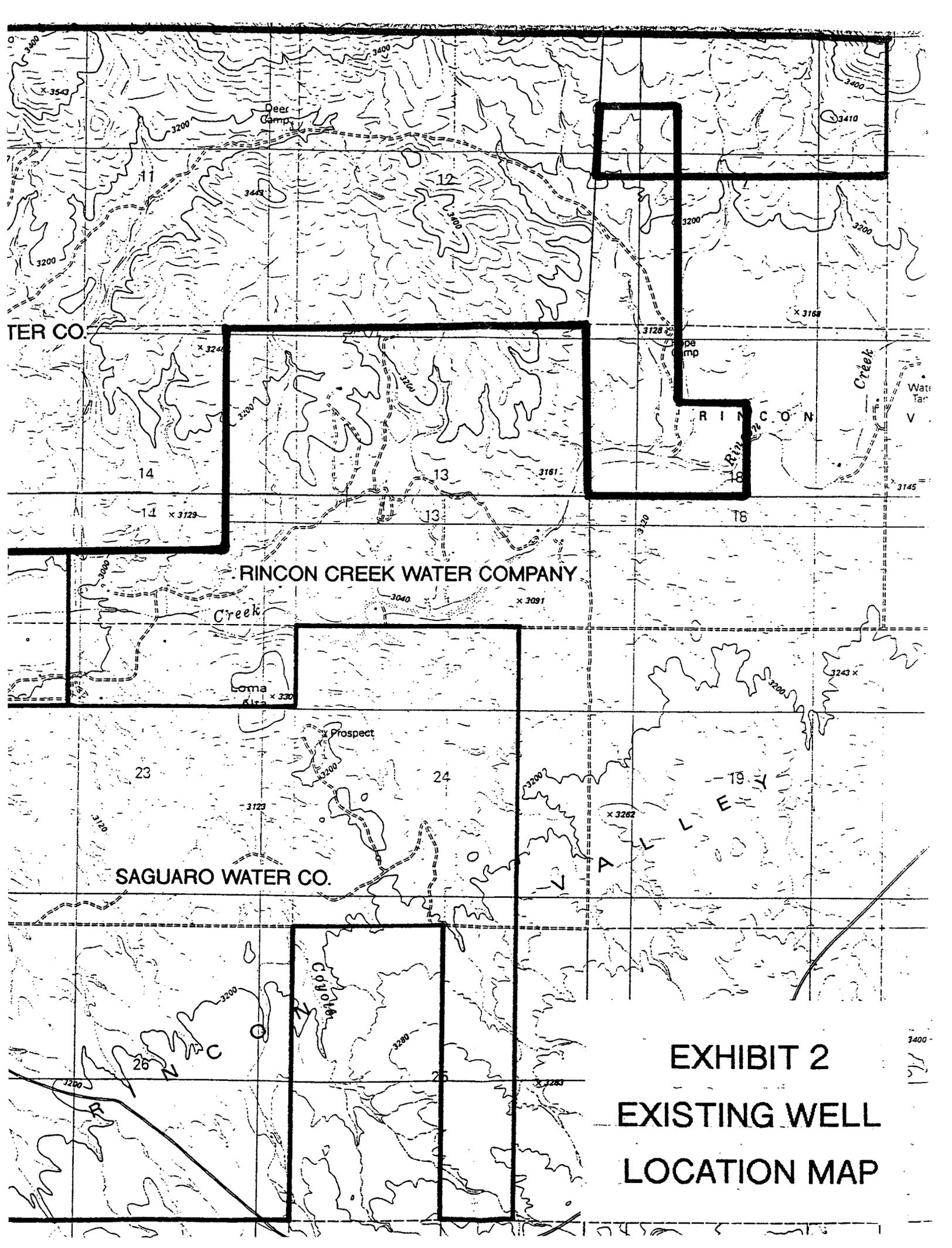
Rocking K
Ranch

SPANISH
TRAIL
WATER

Well
2997

Well
3155





TER CO.

RINCON CREEK WATER COMPANY

SAGUARO WATER CO.

**EXHIBIT 2
EXISTING WELL
LOCATION MAP**

3400

C. WATER SYSTEM USAGES AND PEAKING REQUIREMENTS

The water system usages and peaking requirements for the Spanish Trail Water Company is estimated using 125 gallons per capita per day for residential water usage and approximately 1400 gallons per acre per day for commercial usage. Resort usage was estimated using 260 gallons per room per day. The golf course usage was based upon current DWR requirements, using a maximum of 430 acre feet per year per course.

The water usage requirements as shown within Table 2, Rocking K Water Usage Demands, were derived using the above criteria. The usage summary is based upon using standard design criteria for average daily demands, a peaking factor of 2.0 for peak day demand, and 3.5 for peak hour demand. The Rocking K Specific Plan area, including approximately 4968 units, the commercial areas, the resort, and golf courses, anticipates an average daily demand (ADD) of approximately 2012 gallons per minute, a peak daily demand (PDD) of 4017 gallons per minute, and a peak hour demand (PHD) of approximately 5684 gallons per minute. See Table 3, Spanish Trail Water Usage Summary.

D. FIRE FLOW REQUIREMENTS

The Spanish Trail Water Company is located within an area presently serviced by Rincon Valley Fire District. The current policies of Rincon Valley Fire District follow the Uniform Fire Code. The general fire flow requirements for residential homes is 1000 gallons per minute for a two hour duration (unsprinklered). Commercial facility fire flow requirements are based on the individual facility and will vary due to whether the buildings are sprinklered, the total square footage, building materials, exposure distance, and other factors as determined by the fire department. For the purposes of this report, the residential facilities are assumed to require 1000 gallons per minute, and an estimate of 1500 gallons per minute for sprinklered resort facilities.

E. SYSTEM ZONE BOUNDARIES

It is the normal policy of a water company to supply water to the customers within the static pressure range of 35 psi to 85 psi. The general design requirement is to divide the property into approximately 100 foot elevation zone boundaries. The location of the zone boundaries are also affected by major geographical features and property boundaries, and may affect interconnecting water mains within the project.

The major constraint affecting the zone boundaries within the Spanish Trail Water system is Rincon Creek. Rincon Creek essentially divides the system, and allows a lower pressure zone centering on the creek area, with upper pressure zones continuing up the slopes on both the north and south sides of Rincon Creek. This configuration essentially divides, and sometimes isolates equal pressure zones on each side of the creek.

TABLE 2
ROCKING K SPECIFIC PLAN
Water Usage Demands (G-Zone)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
1	VLDR	1	0.2	0.4	0.7
6	LDR	126	26	53	92
7	LDR	27	6	11	20
8	LDR	39	8	16	28
9	LDR	37	8	15	27
10	LDR	41	9	17	30
11	LDR	32	7	13	23
19	LDR	212	44	88	155
20	LDR	80	17	33	58
21	LDR	55	11	23	40
22	LDR	41	9	17	30
26	MDR	143	30	60	104
27	MDR	68	14	28	50
28	MDR	138	29	58	101
29	MDR	24	5	10	18
30	MDR	237	49	99	173
31	MDR	194	40	81	141
32	MDR	112	23	47	82
33	MDR	41	9	17	30
35	MDR	200	42	83	146
38	MDR	40	8	17	29
44	HDR	118	25	49	86
47	C	--	34	69	120
48	C	--	3	7	12
71	MDR	17	4	7	12
Golf Course	OS	--	300	600	600
Sub-Totals		2023	760	1518	2208

TABLE 2 (Continued)
ROCKING K SPECIFIC PLAN
Water Usage Demands (H-Zone North)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
2	VLDR	32	7	13	23
3 (1/2)	VLDR	25	5	10	18
5 (1/2)	VLDR	21	4	9	15
12	MDR	28	6	12	20
15	LDR	37	8	15	27
16	LDR	52	11	22	38
17	LDR	29	6	12	21
18	LDR	75	16	31	55
34	MDR	136	28	57	99
Golf Course	OS	--	300	600	600
Sub-Totals		435	391	781	916

TABLE 2 (Continued)
ROCKING K SPECIFIC PLAN
Water Usage Demands (H-Zone South)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
23	LDR	42	9	18	31
24	LDR	24	5	10	18
25 (1/3)	LDR	49	10	20	36
36	MDR	222	46	93	162
37	MDR	60	13	25	44
39	MDR	104	22	43	76
40 (2/3)	MDR	563	117	235	411
41 (2/3)	MDR	209	44	87	152
42	MDR	48	10	20	35
43	MHDR	120	25	50	88
45	OCR	440	92	183	321
Golf Course	OS	—	300	600	600
Sub-Totals		1881	693	1384	1974

TABLE 2 (Continued)
ROCKING K SPECIFIC PLAN
Water Usage Demands (I⁺-Zone North)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
3 (1/2)	VLDR	24	5	10	18
4	VLDR	10	2	4	7
5	VLDR	21	4	9	15
13	LDR	41	9	17	30
14	LDR	48	10	20	35
46	MR	200 Rooms	36	72	127
Sub-Totals		144	66	132	232

ROCKING K SPECIFIC PLAN
Water Usage Demands (I⁺-Zone South)

Unit No.	Land Use	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
25 (2/3)	LDR	99	21	41	72
40 (1/3)	MDR	281	59	117	205
41 (1/3)	MDR	105	22	44	77
Sub-Totals		485	102	202	354

Project Total		4968	2012	4017	5684
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TABLE 3
SPANISH TRAIL WATER COMPANY
Water Usage Demands (G-Zone)

Area	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
Rocking K Specific Plan	2023	760	1518	2208
Rocking K Estates	7	2	3	6
Total	2030	762	1521	2214

SPANISH TRAIL WATER COMPANY
Water Usage Demands (H-Zone)

Area	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
Rocking K Specific Plan	2316	1084	2165	2890
Rocking K Estates	200	42	83	146
Caserio Vieja	24	5	10	18
Undeveloped Area	275	57	114	200
Total	2815	1188	2372	3254

TABLE 3 (Continued)
SPANISH TRAIL WATER COMPANY
Water Usage Demands (I⁺-Zone)

Area	# Units	Average Daily Demand (gpm)	Peak Day Demand (gpm)	Peak Hour Demand (gpm)
Rocking K Specific Plan	629	168	334	586
Total	629	168	334	586

Total Spanish Trail Water Company	5474	2118	4227	6054
-----------------------------------	------	------	------	------

In addition, the phasing of the project may affect the pressure zones. It is preferable to maintain a single zone within the large phases of the project. When setting pressure zones, it is preferable to keep individual parcel units in single zones to avoid zone boundaries separating the water systems within the individual parcel.

The final consideration in setting up zone boundaries is the possibility of Tucson Water eventually incorporating the Spanish Trail Water system into the Tucson Water zone boundary system. Tucson Water facilities are located approximately 3-1/2 miles northeasterly of the Spanish Trail Water Company. The nearest facility includes a 10 million gallon Escalante Reservoir located south of Escalante Road and east of Melponene Way. The Escalante Reservoir consists of a 10 million gallon F-Zone reservoir, and G- and H-Zone booster stations currently under construction.

Based upon the above criteria, the Tucson Water G- and H-Zone boundaries fit well into the land use plan, and maintains a single G-Zone system incorporating both sides of Rincon Creek. The H-Zone system allows the Phase I Senior Academy to be served by a proposed reservoir currently sited near the Antler Crest subdivision. In addition, with the connection of the H-Zone main across Rincon Creek, the H-Zone system will serve both water systems south of Old Spanish Trail and north of Rincon Creek.

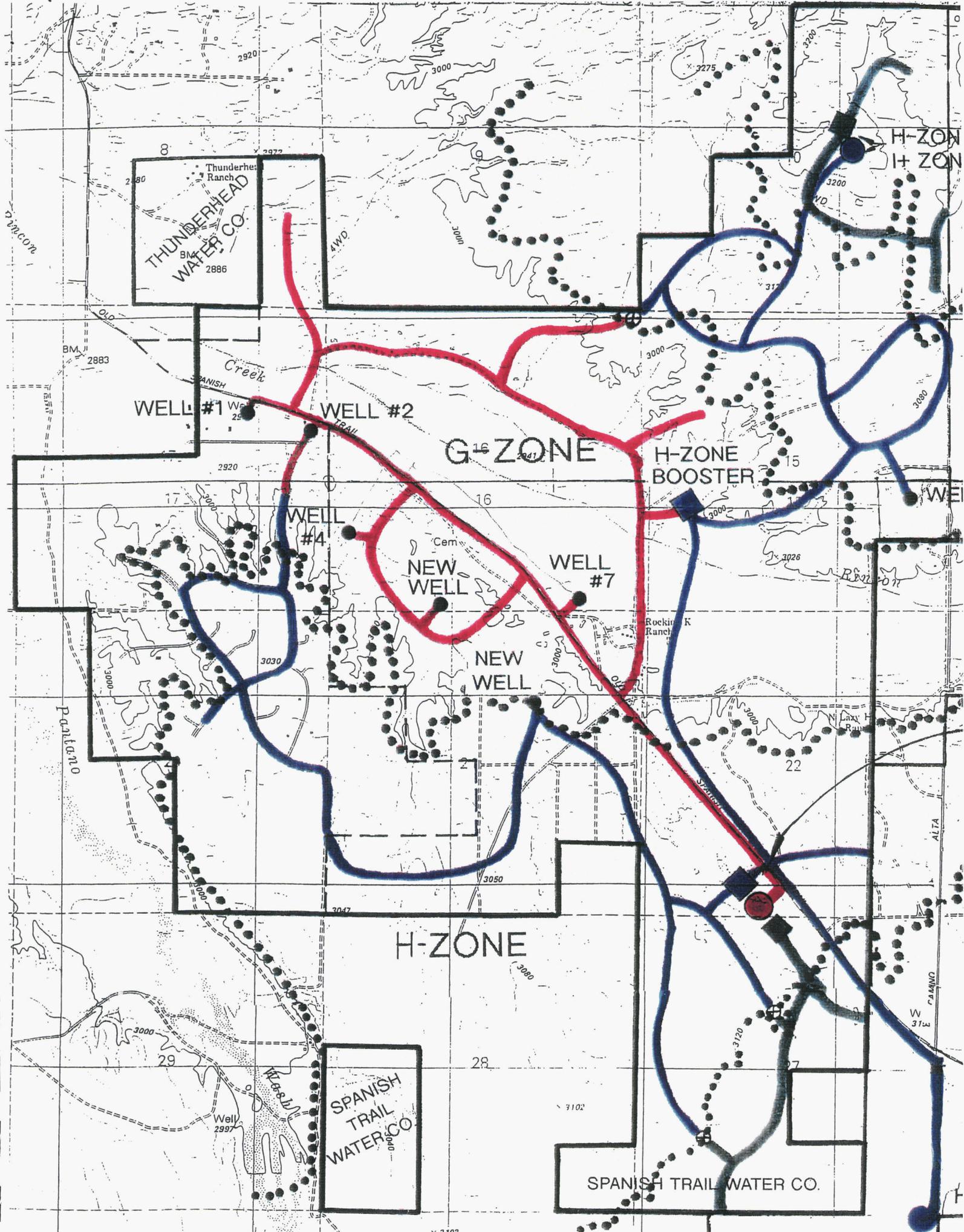
A modified I-Zone system, using 155 foot zone boundaries, is proposed for both the resort site within the northern portions of the Rocking K Specific Plan, and the I-Zone areas along the southerly portion of Spanish Trail Water Company. Exhibit 3, Concept Water System Infrastructure, and Exhibit 4, Rocking K Specific Plan/Concept Water System, show the proposed zone boundaries for the water company service area. The zone boundaries are located at 105 foot elevations and designated by the standard letter zone used by Tucson Water. Table 2, Pressure Zone Boundaries, shows the zone designation, high water elevation, and the elevation boundaries served by each zone.

F. WATER SYSTEM DESIGN CRITERIA

The proposed water system provides elevated storage for the G-Zone and H-Zone water systems. The water system is designed for the ultimate installation of equalizing reservoirs designed to float on each other. The reservoirs are sized to accommodate hourly fluctuations and the demand for fire flow within the zones they serve. Supply for the upper zones is transported from the lower zones as water is produced and boosted to the higher zones at the peak daily rate. The reservoirs are to provide a usable storage volume for the zone served of at least equal to 23% of the peak day use, plus an additional 25% of peak day use for reserve storage. Additional storage volume is provided as required for fire flow.

The I'-Zone, located in the northern portion of the resort area and the southern areas near the Antler Crest subdivision are to be served by a booster station and hydro-pneumatic tanks. Therefore, the suction-side reservoirs are enlarged to provide daily storage.

EXHIBIT 3



8
Thunderhead Ranch
THUNDERHEAD WATER CO.
BM 2886

WELL #1

WELL #2

WELL #4

WELL #7

NEW WELL

NEW WELL

H-ZONE

G-16 ZONE

H-ZONE BOOSTER

H-ZONE
H-ZONE

SPANISH TRAIL WATER CO.

SPANISH TRAIL WATER CO.

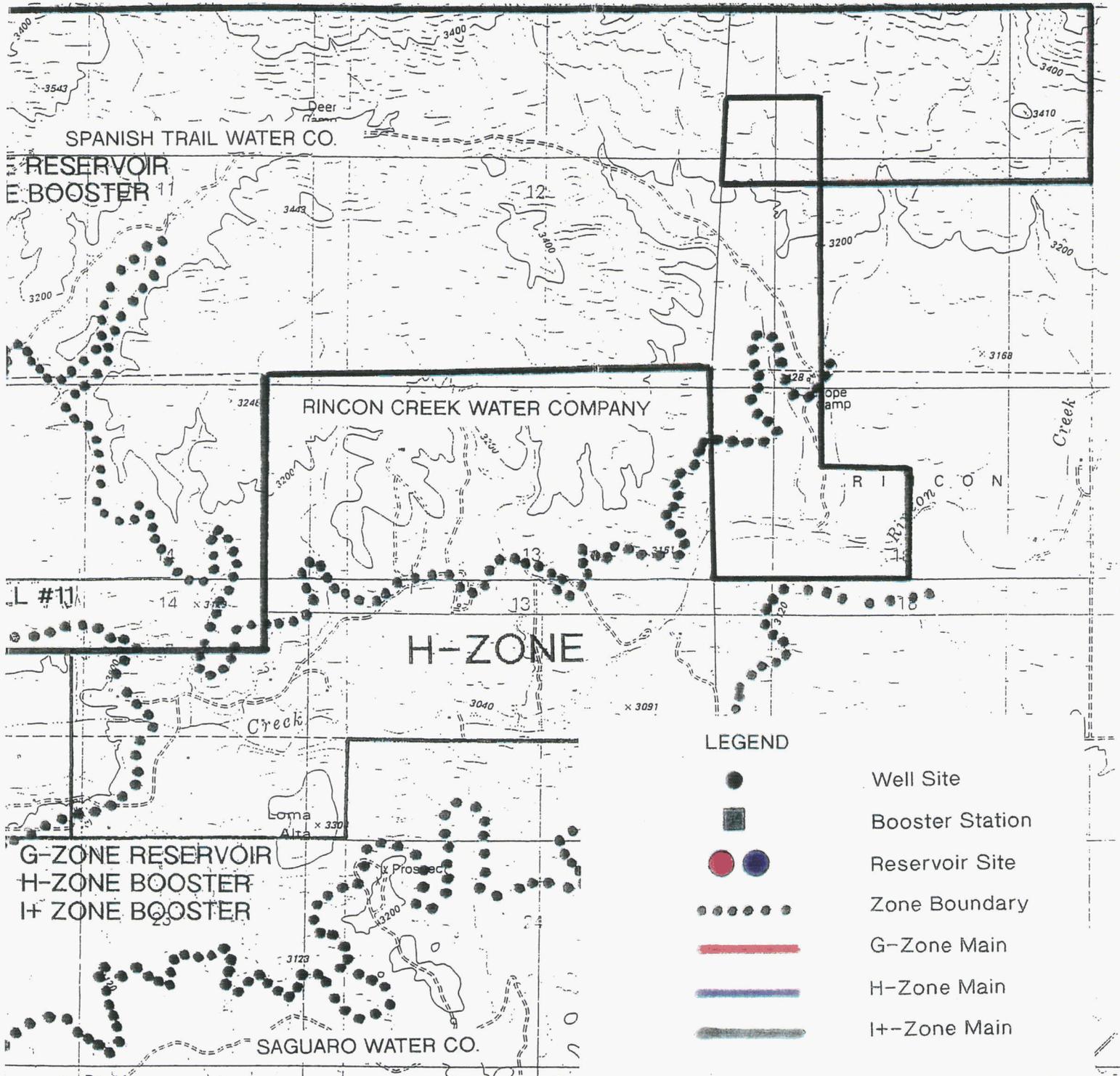


EXHIBIT 3

CONCEPT WATER SYSTEM INFRASTRUCTURE

I+ ZONE RESERVOIR

EXHIBIT 4

8

OLD SPANISH TRAIL

17

20

G-ZONE

H-ZONE

28

I+ ZONE

G-Z

CAMINO LOMA ALTA

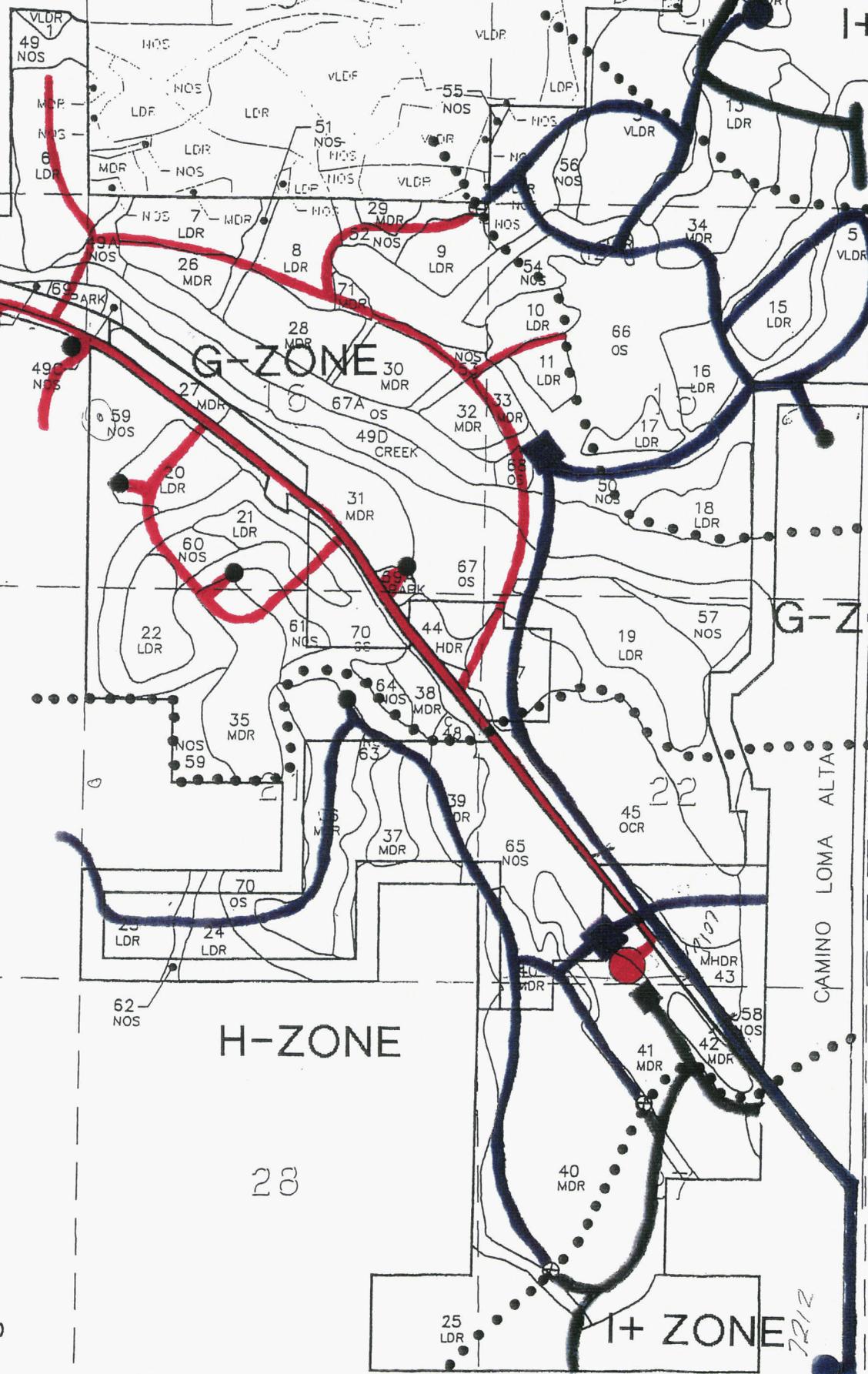
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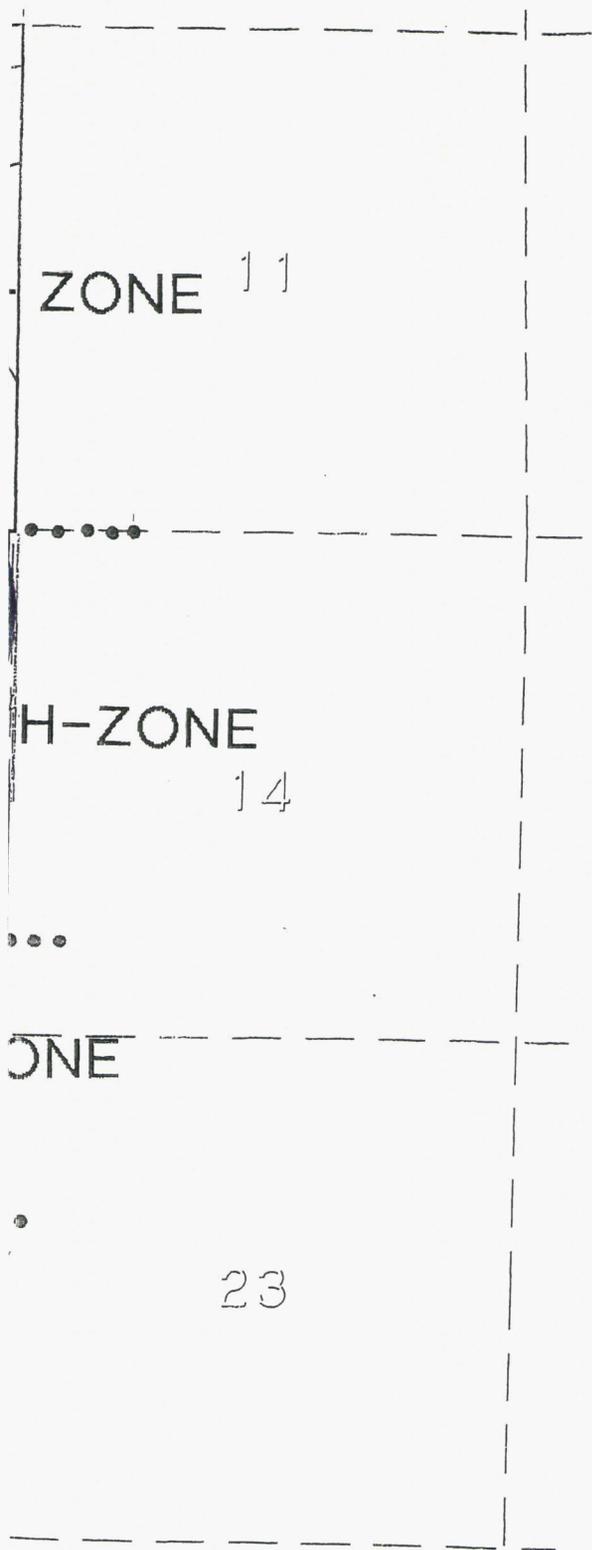


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2000

4000





LEGEND

-  Sites A-D and Modification Area
-  Planning Unit Land Use Designator
-  Existing Specific Plan (State Land)

- VLDR Very Low Density Residential
- LDR Low Density Residential
- MDR Medium Density Residential
- MHDR Medium-High Density Residential
- HDR High Density Residential
- OCR Office-Commercial-Residential
- MR Major Resort
- C Commercial
- PARK Park
- OS Open Space (Golf)
- NOS Natural Open Space
- CREEK Rincon Creek

-  Well Site
-  Booster Station
-  Reservoir Site
-  Zone Boundary
-  G-Zone Main
-  H-Zone Main
-  I+-Zone Main

EXHIBIT 4
ROCKING K SPECIFIC PLAN /
CONCEPT WATER SYSTEM

The design and construction of the distribution system is to be in accordance with the Arizona Department of Health Service requirements. These standards will use the Tucson Water Department details and specifications as standard design requirements. The proposed transmission and water distribution systems are to be sized and arranged as to minimize line loss and provide the required fire flows. The proposed system design criteria for the Spanish Trail Water Company is as follows:

1. DEMAND

- | | | |
|-----|---|------------|
| (a) | Average daily per capita residential water use (gpcd) - | 125 gpcd |
| (b) | Average daily per acre commercial, industrial, institutional water use (gpac) - | 1,400 gpac |
| (c) | Average number of persons per dwelling unit - | 2.4 |
| (d) | Ratio of peak day to average day - | 2.0 |
| (e) | Ratio of peak hour to average day - | 3.5 |

2. SUPPLY

- (a) Minimum supply from wells and boosters pumping to elevated storage to meet peak day demand.
- (b) Minimum booster capacity to sub-systems without elevated storage to meet peak day demand.

3. STORAGE

- (a) Size to accommodate hourly fluctuations in demand and fire flow. Provide useable storage volume for zone served at least equal to 23 percent of peak day use plus and additional 25 percent of peak day use for reserved storage. Provide additional storage volume if required for fire flow.
- (b) Enlarge suction side reservoirs to provide daily storage for minor sub-system served only with hydro pneumatic tanks.
- (c) Provide valving at reservoir to allow dumping of supply to lower zones if required for fire flow.

4. DISTRIBUTION SYSTEM

- (a) System design and construction to meet City of Tucson Water Department and Arizona Department of Health Services requirements.
- (b) Maximum loss for lines up to and including 8 inches in size to be 8 feet per 1000 feet or less. Head loss for lines over 8 inches in size to be 5 feet per 1000 feet or less, according to pipe size.
- (c) Distribution lines to be sized and arranged to provide required fire flows.
- (d) Water Company pressure zones and zone boundaries are referred by Tucson Water letter designations. The hydraulic gradients have been established at 105-foot elevation differences. The system shall provide a line size valve (normally closed) at all pipelines crossing zones boundaries.
- (e) In accordance with existing City of Tucson Water Department standards, it is also the policy of Spanish Trail Water Company to supply water at the customer's meter within a static pressure range of 35 to 85 psi. Due to localized topographic conditions, certain locations may receive water pressures slightly less or greater than the above ranges.

**TABLE 4
PRESSURE ZONE BOUNDARIES**

Zone Designation	High Water Elevation	Elevation Boundaries Served
G	3107	2910 - 3015 ⁽¹⁾
H	3212	3015 - 3120
I (plus)	3367	3120 - 3275 ⁽²⁾

- (1) G-Zone will serve down to elevation 2892. Low point of project will require individual pressure reducing valves (PRVs).
- (2) I-Zone boundary modified to 155 foot elevation range. Lower portion of zone will require individual pressure reducing valves (PRVs).

SECTION IV - INFRASTRUCTURE SIZING

A. WELL SYSTEM ANALYSIS

Well production capacity is based upon meeting peak day demand (PDD) when pumping to elevated storage, and meeting peak hour demand (PHD) without elevated storage. The majority of the existing wells are located within the lower portions of the property, adjacent to and south of the Rincon Creek area. The majority of the

wells are located within the G-Zone system, and are to be pumped to the G-Zone reservoir. Based upon the system configuration, total well production requirements will meet the peak daily demand for the project.

The peak daily demand for the Rocking K Specific Plan is approximately 4017 gallons per minute. Therefore, approximately 5 wells, with an average of 800 gallons per minute, will meet the peak daily demand criteria. The design criteria requires meeting peak demand with one well out of service. Therefore the project will require 6 wells, equipped for an average of 800 gallons per minute. It is assumed wells #1 and 2 will be equipped for 500 and 450 gallons per minute respectively, well #4 will be drilled and equipped to approximately 1600 gpm, and well #7 will have a replacement well with a capacity of 800 to 1000 gpm. Two additional 800 gpm wells will be required to serve the built-out system for the Rocking K Specific Plan area.

The Rocking K Ranch project will include 3 (three) 18-hole golf courses. The golf course water supply is planned to be provided by a separate water distribution system. It is anticipated an average daily demand of 300 gallons per minute over a 24-hour period will be provided to each golf course, and a peak daily demand of 600 gallons per minute for peak summer months over a 24-hour period. If the golf course lakes require supply during night time hours only, higher peaking demands will be required. A shorter lake filling schedule will require larger wells and/or additional storage be required to provide the higher peaking flows.

B. RESERVOIR REQUIREMENTS

The water system storage requirements are based upon providing a usable storage volume for each zone at least equal to 23% of peak daily use plus an additional 25% of peak day use for reserve storage. In addition, the storage volume for fire flow is based upon a residential requirement of 1000 gallons per minute for a two-hour duration. The reserve storage component is provided for emergency storage in case of a prolonged power outage for the well system. The 25% reserve storage may be eliminated if the wells are equipped with emergency backup power systems.

Based upon this criteria, the peak daily demand for the entire G-Zone water system is 1521 gallons per minute, minus 600 gpm for the golf course, is 921 gallons per minute peak daily flow. Therefore, 48% of 1.4 million gallons approximately equals 660,000 gallons of required storage plus 120,000 gallons for fire flow, yields approximately 800,000 gallons storage requirement for the G-Zone system. Exhibit 3 shows one 800,000 gallon storage reservoir located south of and adjacent to Old Spanish Trail, serving the G-Zone system. All wells connected within the G-Zone system will be controlled by a telemetry system using level control within the reservoir.

The H-Zone system has a total peak daily demand of 2372 gallons per minute, minus 1200 gpm peak daily usage by the two golf courses, equals 1172 gallons per minute, peak daily demand. The storage requirement to provide peak daily demand is 945,000 gallons, plus 180,000 gallons to provide 1500 gallons per minute fire

flow. The total required storage for the H-Zone system is 1.125 million gallons, or approximately 2 (two) 600,000 gallon reservoirs. The two (2) 600,000 gallon reservoirs will float the H-Zone system and be connected by a single transmission main. The northern H-Zone reservoir will be located adjacent to the resort site, and the southern reservoir will be located adjacent to Camino Loma Alta, approximately ½ mile south of Old Spanish Trail. The two reservoirs will float on each other, and will be served by two H-Zone booster stations and two wells located along the transmission main. These facilities will also be controlled by telemetry level control from the two reservoirs.

C. BOOSTER STATION REQUIREMENTS

The G-Zone system will not require a booster station for service. The G-Zone system will provide peak daily supply through the wells and peak hourly flows through the 800,000 gallon storage reservoir. Two H-Zone booster stations will be required, one at the southern G-Zone reservoir, and one G- to H-Zone booster station located north and adjacent to Rincon Creek. The two H-Zone booster stations will supply the peak daily demand to the H- and I-Zone systems. This flow will be approximately 3,200 gallons per minute, subtracting any wells located directly in the H-Zone pipeline. Assuming approximately 800 gpm of well capacity is located in the H-Zone system, a total capacity of 2,400 gallons per minute will be required for the two booster stations. It is recommended that each booster station have a minimum capacity of 1500 gallons per minute to provide peak daily service.

Two I⁺-Zone booster stations will be required. The booster stations will serve the northern resort parcel, and the southern I-Zone system within Spanish Trail Water Company. The northern I⁺-Zone will require a minimum peak daily demand of 850 gallons per minute plus 1500 gpm fire flow. The booster station will therefore require a capacity of approximately 2500 gpm. The southern I⁺-Zone booster station will also require capacity to meet peak daily demand plus fire flow. The peak daily demand is estimated to be approximately 805 gpm, with 1000 gpm fire flow. The I⁺-Zone booster station should provide a total of 2000 gallons per minute for the I-Zone system.

EXHIBIT "2"

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DEPARTMENT OF WATER RESOURCES
BEFORE THE DIRECTOR

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

) AWS No. 98-001
) DECISION AND ORDER
) No. 26-000170

On July 18, 1997, the Department of Water Resources (Department) received an application from Spanish Trail Water Company (Spanish Trail) requesting that the Department designate Spanish Trail as having an assured water supply pursuant to A.R.S. § 45-576(E) and A.A.C. R12-15-701 *et seq.*

The Department has previously issued certificates of assured water supply to owners of subdivisions which planned on obtaining service from Spanish Trail. The Department also issued a Letter of Water Availability in 1986 specifying the volume of groundwater available to the water company at that time.

After receiving Spanish Trail's request to obtain a designation of assured water supply, and after reviewing relevant information regarding the designation request, including the Letter of Water Availability, information submitted regarding Spanish Trail's consistency with the management plan and management goal, information provided by the Arizona Department of Environmental Quality regarding the quality of the proposed source of water, and information regarding the Spanish Trail's financial capability to construct the necessary delivery system, treatment works and storage facilities, the Department finds the following:

1. Spanish Trail is a private water company whose operations are regulated by the Arizona Corporation Commission.
2. Spanish Trail has the right to deliver water to its customers located within the boundaries of its Certificate of Convenience and Necessity as indicated on maps on file with the Department.
3. Spanish Trail currently serves one hundred percent groundwater to its residential customers pursuant to its service area right #56-000170.
4. Spanish Trail's current and committed demand for calendar year 1997 is 141 acre-feet.
5. Spanish Trail's total projected demand for the calendar year 2005 is 1,843 acre-feet.
6. Spanish Trail has demonstrated the physical, legal and continuous availability of groundwater

1 in a volume of 1,924 acre-feet per year for a minimum of 100 years, as more fully described
2 in Attachment A. After one hundred years, the depth-to-water under Spanish Trail's service
3 area is projected to be less than 1000 feet below land surface.

4 7. Spanish Trail is regulated as a small provider under the Department's Tucson Active
5 Management Area Second Management Plan and consequently has no current GPCD
6 requirement. Spanish Trail's current GPCD use is 179.

7 8. There are no Water Quality Revolving Fund Sites or sites on the Superfund National Priority
8 List within Spanish Trail's service area.

9 9. The groundwater supply which Spanish Trail intends to provide its customers meets the water
10 quality standards established by the Arizona Department of Environmental Quality.

11 10. In accordance with Arizona Corporation Commission Rules and Regulations, Spanish Trail
12 finances extensions of its distribution system through line extension agreements with owners
13 of new developments. Any owner of a new subdivision served by Spanish Trail must also
14 prove financial capability to construct the necessary water infrastructure to the appropriate
15 platting entity and the Arizona Department of Real Estate pursuant to Titles 9, 11, and 32 of
16 the Arizona Revised Statutes.

17 11. On November 18, 1997, the Central Arizona Groundwater Replenishment District (CAGRD)
18 notified the Department that Spanish Trail has completed the process for becoming a Member
19 Service Area of the CAGRD.

20 12. On February 24, 1995, the Director designated that the CAGRD Plan of Operation is
21 consistent with achieving the management goal of the Tucson Active Management Area. This
22 designation shall terminate on January 1, 2005.

23 13. As of this date, the CAGRD is currently in compliance with its groundwater replenishment
24 obligation for the Tucson Active Management Area.

25
26 **Having reviewed the Findings of Fact, the Department makes the following conclusions of law**
27 **based on information which was either provided to the Department or obtained independently by the**
28 **Department prior to the issuance of this Decision and Order:**

1. The annual volume of water which is physically, continuously, and legally available to Spanish Trail for a minimum of 100 years as prescribed in R12-15-703 exceeds the projected demand for the year 2005.
2. The water supply proposed to be served by Spanish Trail is expected to meet the water quality requirements specified in R12-15-704.
3. Pursuant to A.R.S. § 45-576.01(B), Spanish Trail's projected use of water, as a member service area of the CAGR, is consistent with achieving the management goal of the Tucson Active Management Area.
4. In accordance with R12-15-706, Spanish Trail's proposed use of water is consistent with the Tucson Active Management Area Second Management Plan requirements.
5. Spanish Trail satisfies the financial capability criteria prescribed in R12-15-707.
6. Spanish Trail satisfies all requirements for a designation of an assured water supply.

Having reviewed the Conclusions of Law, the Department hereby issues this Decision and Order designating Spanish Trail as having an assured water supply, subject to the following conditions:

1. The Department reserves the right under R12-15-709 (A) to periodically review and modify the designation as conditions warrant.
2. If the findings of fact or the conclusions of law upon which this designation is based are found to no longer remain valid, the Department reserves the right under R12-15-709 (A) to revoke the designation.
3. The Department's determination that an assured water supply exists for Spanish Trail is based solely on its analysis of the groundwater supplies pledged by Spanish Trail. The analysis does not include any other source of water. If Spanish Trail intends to add another source of water to its designated volume, it must request a review pursuant to R12-15-709(C).
4. Spanish Trail shall annually provide to the Department the following information in the manner prescribed in R12-15-711:
 - a. The estimated future demand of platted, undeveloped lots which are located in Spanish Trail's service area.

- b. The projected volume of water demand at build-out of customers with which Spanish Trail has entered into a notice of intent to serve agreement in the calendar year.
- c. A report regarding the Spanish Trail's compliance with water quality requirements.
- d. The depth-to-static water level of all wells from which Spanish Trail withdrew water during the calendar year.
- e. Any other information required to determine whether to continue Spanish Trail's designated status which is requested by the Director of Water Resources.

IT IS HEREBY ORDERED THAT SPANISH TRAIL WATER COMPANY BE DESIGNATED AS
HAVING AN ASSURED WATER SUPPLY:

DATED this 20th day of January, 1998


RITA P. PEARSON
Director

A copy of the foregoing
Decision and Order mailed
by certified mail this
___ day of _____,
1998, to:

Spanish Trail Water Company
2200 East River Road, Suite 115
Tucson, AZ 85718

Mr. Thomas Lodge
MMLA, Inc.
800 East Wetmore Road, Suite 110
Tucson, AZ 85719

Mr. Michael McNulty
Brown and Bain
One South Church Avenue
Nineteenth Floor
Tucson, Arizona 85701

Mr. Cliff Neal
Central Arizona Project
P.O. Box 43020
Phoenix, AZ 85080

EXHIBIT 2

EXHIBIT "2"

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DEPARTMENT OF WATER RESOURCES
BEFORE THE DIRECTOR

**IN THE MATTER OF THE APPLICATION OF THE
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WATER SUPPLY**

) AWS No. 98-001
) DECISION AND ORDER
) No. 26-000170

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After receiving Spanish Trail's request to obtain a designation of assured water supply, and after reviewing relevant information regarding the designation request, including the Letter of Water Availability, information submitted regarding Spanish Trail's consistency with the management plan and management goal, information provided by the Arizona Department of Environmental Quality regarding the quality of the proposed source of water, and information regarding the Spanish Trail's financial capability to construct the necessary delivery system, treatment works and storage facilities, the Department finds the following:

1. Spanish Trail is a private water company whose operations are regulated by the Arizona Corporation Commission.
2. Spanish Trail has the right to deliver water to its customers located within the boundaries of its Certificate of Convenience and Necessity as indicated on maps on file with the Department.
3. Spanish Trail currently serves one hundred percent groundwater to its residential customers pursuant to its service area right #56-000170.
4. Spanish Trail's current and committed demand for calendar year 1997 is 141 acre-feet.
5. Spanish Trail's total projected demand for the calendar year 2005 is 1,843 acre-feet.
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5 Management Area Second Management Plan and consequently has no current GPCD
6 requirement. Spanish Trail's current GPCD use is 179.

7 8. There are no Water Quality Revolving Fund Sites or sites on the Superfund National Priority
8 List within Spanish Trail's service area.

9 9. The groundwater supply which Spanish Trail intends to provide its customers meets the water
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20 12. On February 24, 1995, the Director designated that the CAGRD Plan of Operation is
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22 designation shall terminate on January 1, 2005.

23 13. As of this date, the CAGRD is currently in compliance with its groundwater replenishment
24 obligation for the Tucson Active Management Area.

25
26 **Having reviewed the Findings of Fact, the Department makes the following conclusions of law**
27 **based on information which was either provided to the Department or obtained independently by the**
28 **Department prior to the issuance of this Decision and Order:**

1. The annual volume of water which is physically, continuously, and legally available to Spanish Trail for a minimum of 100 years as prescribed in R12-15-703 exceeds the projected demand for the year 2005.
2. The water supply proposed to be served by Spanish Trail is expected to meet the water quality requirements specified in R12-15-704.
3. Pursuant to A.R.S. § 45-576.01(B), Spanish Trail's projected use of water, as a member service area of the CAGR, is consistent with achieving the management goal of the Tucson Active Management Area.
4. In accordance with R12-15-706, Spanish Trail's proposed use of water is consistent with the Tucson Active Management Area Second Management Plan requirements.
5. Spanish Trail satisfies the financial capability criteria prescribed in R12-15-707.
6. Spanish Trail satisfies all requirements for a designation of an assured water supply.

Having reviewed the Conclusions of Law, the Department hereby issues this Decision and Order designating Spanish Trail as having an assured water supply, subject to the following conditions:

1. The Department reserves the right under R12-15-709 (A) to periodically review and modify the designation as conditions warrant.
2. If the findings of fact or the conclusions of law upon which this designation is based are found to no longer remain valid, the Department reserves the right under R12-15-709 (A) to revoke the designation.
3. The Department's determination that an assured water supply exists for Spanish Trail is based solely on its analysis of the groundwater supplies pledged by Spanish Trail. The analysis does not include any other source of water. If Spanish Trail intends to add another source of water to its designated volume, it must request a review pursuant to R12-15-709(C).
4. Spanish Trail shall annually provide to the Department the following information in the manner prescribed in R12-15-711:
 - a. The estimated future demand of platted, undeveloped lots which are located in Spanish Trail's service area.

- 1 b. The projected volume of water demand at build-out of customers with which Spanish
2 Trail has entered into a notice of intent to serve agreement in the calendar year.
3 c. A report regarding the Spanish Trail's compliance with water quality requirements.
4 d. The depth-to-static water level of all wells from which Spanish Trail withdrew water
5 during the calendar year.
6 e. Any other information required to determine whether to continue Spanish Trail's
7 designated status which is requested by the Director of Water Resources.
8

9 **IT IS HEREBY ORDERED THAT SPANISH TRAIL WATER COMPANY BE DESIGNATED AS**
10 **HAVING AN ASSURED WATER SUPPLY:**

11 DATED this 20th day of January, 1998


RITA P. PEARSON
Director

14 A copy of the foregoing
15 **Decision and Order** mailed
16 by certified mail this
 ___ day of _____,
1998, to:

17 Spanish Trail Water Company
18 2200 East River Road, Suite 115
 Tucson, AZ 85718

19 Mr. Thomas Lodge
20 MMLA, Inc.
 800 East Wetmore Road, Suite 110
 Tucson, AZ 85719

21 Mr. Michael McNulty
22 Brown and Bain
23 One South Church Avenue
 Nineteenth Floor
 Tucson, Arizona 85701

24 Mr. Cliff Neal
25 Central Arizona Project
26 P.O. Box 43020
 Phoenix, AZ 85080
27
28

EXHIBIT 3

EXHIBIT "3"

TARIFF SCHEDULE

Filed by: Diane Davis

Per A.C.C. Decision

No. 67582 -- (02/15/05)

Title: Curtailment Plan Tariff

Effective: 4.5.05

Date of Original Filing: March 25, 2005

Sheet No: 1 of 4

System: ADEQ Public Water System No. 10-127 (Barn & York Systems)

CURTAILMENT PLAN FOR SPANISH TRAIL WATER COMPANY

ADEQ Public Water System No.: 10-127 (Barn & York Systems)

Spanish Trail Water Company ("Company") is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and where there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operators, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

APPROVED FOR FILING

DECISION #: 67582

406.00

TARIFF SCHEDULE

Filed by: Diane Davis
Title: Curtailment Plan Tariff
Date of Original Filing: March 25, 2005

Per A.C.C. Decision No. 67582 -- (02/15/05)
Effective: 14-5-05

Sheet No: 2 of 4

System: ADEQ Public Water System No. 10-127 (Barn & York Systems)

Restrictions: Under Stage 2, the Company may request the customer to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, Company shall post at least 3 signs per system showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

APPROVED FOR FILING
DECISION #: 67582

TARIFF SCHEDULE

Filed by: Diane Davis
Title: Curtailment Plan Tariff
Date of Original Filing: March 25, 2005

Per A.C.C. Decision No. 67582 -- (02/15/05)
Effective: 4.5.05

Sheet No: 3 of 4

System: ADEQ Public Water System No. 10-127 (Barn & York Systems)

3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a mandatory restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
- ◆ The use of water for dust control or any outdoor cleaning uses is prohibited
- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ The use of construction water is prohibited
- ◆ Restaurant patrons shall be served water only upon request
- ◆ Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

APPROVED FOR FILING

DECISION #: 67582

TARIFF SCHEDULE

Filed by: Diane Davis
Title: Curtailment Plan Tariff
Date of Original Filing: March 25, 2005

Per A.C.C. Decision
Effective: 4-6-05

No. 67582 - (02/15/05)

Sheet No: 4 of 4

System: ADEQ Public Water System No. 10-127 (Barn & York Systems)

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least **3 signs per system** showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4. Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Corporation Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

APPROVED FOR FILING
DECISION #: 67582

EXHIBIT 4

EXHIBIT "4.1"



DEPARTMENT OF ENVIRONMENTAL QUALITY

150 West Congress Street
Tucson, Arizona 85701-1317

Ursula Kramer
Director
September 12, 2005

(520) 740-3340
FAX (520) 882-7709

Spanish Trail Water Co.
4572 E. Camp Lowell Rd.
Tucson, Arizona 85712

Re: Letter of Compliance for Spanish Trail Water Co., Public Water System (10-127)

Dear Water System Owner/Operator:

Enclosed is a copy of an inspection report prepared by our staff concerning the referenced facility. The inspection was performed on September 8, 2005, in accordance with Arizona Revised Statutes (A.R.S.) §49-351 et. seq., and with the Arizona Administrative Code (A.A.C.) R18-4-122.

No violations were observed in the operation or maintenance of this system and any previous violations have been corrected. This report addresses only the operation and maintenance status and the certified operator status of the above referenced water system. This report does not address the system's compliance with respect to the public notice, monitoring, and reporting requirements. Therefore, the system may be out of compliance with respect to requirements not addressed here. For information regarding those areas, please contact the Arizona Department of Environmental Quality at 800-234-3677, ext. 4530.

Although no violations or significant deficiencies were observed, this Department recommends that the following actions be taken with the water system for consistency with the design criteria in Engineering Bulletin No. 10 and other engineering practices that are considered reasonable. Implementation is not mandatory at this time, however, this Department may require all or a portion of these actions to be performed if a related problem develops with the water quality or operation of the water system.

Pima County Department of Environmental Quality appreciates your cooperation in addressing these issues at your earliest convenience and requests that you provide documentation indicating the inspector recommendation items have been corrected.

Sincerely,

James M. Jones
Civil Engineering Assistant
Technical Services Division

cc: Pima County DEQ (file)
ADEQ - Phoenix
yl Technology Karen Hartwell, Certified Operator

Visit our website at: www.deq.pima.gov

PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
Water Quality Program - Technical Services Division
150 W. Congress, Tucson, AZ 85701

NOTICE OF COMPLIANCE - WATER

Facility: Spanish Trail Water Co.

System No.: 10-127

Inspected By: James M. Jones

Date: September 8, 2005

Accompanied By: Karen Hartwell

County: Pima

Recommendations By: James M. Jones

Date: September 8, 2005

Number of POE's/Wells: 3 / 3

System Grade: WD 2

Population: 924

Service Connections: 328

The water system is in compliance with the following ADEQ requirements:

	YES	NO	N/A
1. Certified operator.....Karen Hartwell # 09119 / WD3	[x]	[]	[]
2. Physical Facilities	[x]	[]	[]

This report does not address the system's compliance with respect to the public notice, monitoring, and reporting requirements.

SUMMARY

As a result of the sanitary survey, your water system was found to have no major deficiencies in the operation or maintenance according to the requirements of the Arizona Department of Environmental Quality rules and regulations.

System Description

This is a community water system and consists of 3 wells, 1 storage tank, 3 pressure tanks, 2 booster pumps, and a distribution system.

Spanish Trail Water
2200 E River Road Suite 115
Tucson Az 85718
(520) 577-2616

Consumer Confidence Report

PWS: 10127

June 26, 2005

Introduction

The United States Protection Agency (USEPA) recently finalized a new rule which requires purveyors of drinking water to annually produce a report that addresses the quality of the water they deliver. These consumer confidence reports are designed to provide information to customers to allow them to make personal health based decisions regarding their drinking water consumption. This report provides information on the source of Spanish Trail Water's drinking water, general water quality information, and tables summarizing the analytical tests conducted during 2004. Our goal is to provide you with a safe and dependable supply of drinking water. Spanish Trail's water supply comes from groundwater wells located in the Tucson area, the water is withdrawn from the Tucson Basin aquifer which is in the Santa Cruz River Watershed. Spanish Trail Water currently has 3 wells online.

Water Quality

All sources of drinking water are subject to potential contamination by substances that are naturally occurring or man made. These substances can be microbes, inorganic or organic chemicals and radioactive substances. Certain quantities of some substances are essential to good health, but excessive quantities can be hazardous. Similarly, small quantities of some substances may have no effect on people, but large quantities can be harmful. Drinking water, including bottled water, may be reasonably expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and their potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (800-426-4791)

Questions about this report or your water utility

If you have any questions about your tap water or the information contained in this report, please contact Karen Hartwell at 520-625-1671. You may also contact the USEPA's Safe Drinking Water Hotline (800-426-4791). While we do not hold monthly meetings, you are welcome to call our office with any questions or concerns regarding your water utility.

Spanish Trail Water Company
2200 E River Road Suite 115
Tucson Az 85718
(520) 577-2616

Testing frequency and waivers

Spanish Trail Water Company routinely monitors for constituents in your drinking water according to Federal and State regulations. This table shows the results of our monitoring for the period of January 1st to December 31st, 2004. Testing is conducted on a regular basis that is required by the Federal and State regulations. This table shows the results from the most recent testing event, the date of the last testing is listed in the table. In some instances, Spanish Trail Water Company has applied for and received a monitoring waiver from the Arizona Department of Environmental Quality. Contaminants covered by these monitoring waivers are indicated in the table.

Results show that Spanish Trail Water meets all applicable standards

As water travels over the land or underground, it can pick up substances or contaminants such as microbes, inorganic and organic chemicals, and radioactive substances. All drinking water, including bottled drinking water, may be reasonably expected to contain at least small amounts of some constituents. It's important to remember that the presence of these constituents does not necessarily pose a health risk. The following tables show the substances for which our drinking water is tested, the levels of the substances found, and the levels beyond which the substance is considered unsafe by regulatory agencies such as the USEPA, the Arizona Department of Environmental Quality, the Arizona Department of Health Services, and the Pima County Department of Environmental Quality.

Terms in the tables

In these tables you will find many terms and abbreviations you might not be familiar with. To help you better understand these terms we've provided the following definitions:

Parts per million (ppm) or Milligrams per liter (mg/l) - one part per million corresponds to one minute in two years or a single penny in \$10,000.

Parts per billion (ppb) or Micrograms per liter - one part per billion corresponds to one minute in 2,000 years, or a single penny in \$10,000,000.

Parts per trillion (ppt) or Nanograms per liter (nanograms/l) - one part per trillion corresponds to one minute in 2,000,000 years, or a single penny in \$10,000,000,000.

Picocuries per liter (pCi/L) - picocuries per liter is a measure of the radioactivity in water.

Millirems per year (mrem/yr) - measure of radiation absorbed by the body.

Action Level - the concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.

Maximum Contaminant Level - (mandatory language) The "Maximum Allowed" (MCL) is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal - (mandatory language) The "Goal" (MCLG) is the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

Detected Levels of Constituents

The following table shows the constituents for which Spanish Trail Water had detectable levels. Although the constituents meets or exceeds all Federal and State requirements, we are required to list those constituents separately along with the health effects language for each detected constituent.

Contaminant	Violation Y/N	Date Tested	Level Detected	Date Tested	Level Detected	Date Tested	Level Detected	Unit of Measurement	MCLG	MCL	Likely Sources of Contamination
1. Total Coliform Bacteria	N	07-04	Well 1	1	Well 2	Well 3	0	presence of coliform bacteria in 5% of monthly samples	Naturally present in the environment	AL=1.3	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
TEST RESULTS											
10. Barium	N	2004	0.064	2004	0.048	2004	0.033	ppm	2	2	Discharge of chiling wastes; discharge from metal refineries; erosion of natural deposits
14. Copper	N	2003	.0076					ppm	1.3	AL=1.3	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
16. Fluoride	N	2004	0.13	2004	0.14	2004	0.13	ppm	4	4	Erosion of natural deposits; water addition which promotes strong teeth; discharge from fertilizer and aluminum facilities
17. Lead	N	2003	.0019					ppb	0	AL=15	Corrosion of household plumbing systems; erosion of natural deposits
18. Nitrate (as Nitrogen)	N	2004	1.4	2004	2.8	2004	1.5	ppm	10	10	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits

Microbiological Contaminants:

- (1) Total Coliform. Coliforms are bacteria that are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria may be present. Coliforms were found in more samples than allowed and this was a warning of potential problems.

Inorganic Contaminants:

- (10) Barium. Some people who drink water containing barium in excess of the MCL over many years could experience an increase in their blood pressure.
- (14) Copper. Copper is an essential nutrient, but some people who drink water containing copper in excess of the action level over a relatively short amount of time could experience gastrointestinal distress. Some people who drink water containing copper in excess of the action level over many years could suffer liver or kidney damage.
- (16) Fluoride. Some people who drink water containing fluoride in excess of the MCL over many years could get bone disease, including pain and tenderness of the bones. Children may get mottled teeth.
- (17) Lead. Infants and children who drink water containing lead in excess of the action level could experience delays in their physical or mental development. Children could show slight deficits in attention span and learning abilities. Adults who drink this water over many years could develop kidney problems or high blood pressure.
- (19) Nitrate. Infants below the age of six months who drink water containing nitrate in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.

Non-Detected Levels of Constituents

The following table shows the constituents for which Spanish Trial Water has non-detectable levels.

Inorganic Chemicals

Antimony
Arsenic
Asbestos
Beryllium
Cadmium
Chromium
Mercury (inorganic)
Nitrite (as Nitrogen)
Selenium

Un-Regulated Inorganic Chemicals

Cyanide
Nickel
Sodium
Sulfate
Thallium, Total

Volatile Organic Contaminants

Benzene
Carbon tetrachloride
Chlorobenzene
o-Dichlorobenzene
p-Dichlorobenzene
1,2-Dichloroethane
1,1-Dichloroethylene
cis-1,2-dichloroethylene
trans-1,2-Dichloroethylene
Dichloromethane
1,2-Dichloropropane
Ethylbenzene
Styrene
Tetrachloroethylene
1,2,4-Trichlorobenzene
1,1,1-Trichloroethane
1,1,2-Trichloroethane
Trichloroethylene
TTHM [Total trihalomethanes]
Toluene
Vinyl Chloride
Xylenes

Un-Regulated Volatile Organic Contaminants

1,1,1,2-Tetrachloroethane
1,1,2,2-Tetrachloroethane
1,1-Dichloroethane
1,1-Dichloropropane
1,2,3-Trichloropropane
1,2-Dichloropropane
1,3-Dichloropropane
Bromobenzene
Bromodichloromethane
Bromoform
Bromomethane
Chloroethane
Chloroform
Chloromethane
Dibromomethane
Isopropylbenzene
m-Dichlorobenzene
o-Chlorotoluene
p-Chlorotoluene

Un-Regulated Synthetic Organic Contaminants

3-Hydroxycarbofuran
Aldicarb
Aldicarb Sulfone
Aldicarb Sulfoxide
Aldrin
Butachlor (macheate)
Carbaryl
Dicamba
Dieldrin
Metholachlor
Methomyl
Molinate
Propachlor

Synthetic Organic Contaminants

2,4-D
2,4,5-TP (Silvex)
Acrylamide
Alachlor
Atrazine
Benzo(a)pyrene (PAH)
Carbofuran
Chloroform
Dalapon
Di(2-ethylhexyl) phthalate
Dibromochloropropane
Dinoseb
Diquat
Dioxin [2,3,7,8-TCDD]
Endosulfan
Endrin
Epichlorohydrin
Ethylene dibromide
Glyphosate
Heptachlor
Heptachlor epoxide
Hexachlorobenzene
Hexachlorocyclopentadiene
Lindane
Methoxychlor
Oxamyl [Vydate]
PCBs [Polychlorinated biphenyls]
Pentachlorophenol
Picloram
Simazine
Toxaphene

2

EXHIBIT "4.2"



DEPARTMENT OF ENVIRONMENTAL QUALITY

150 West Congress Street
Tucson, Arizona 85701-1317

Ursula Kramer
Director

(520) 740-3340
FAX (520) 882-7709

October 27, 2005

Saguaro Water Co.
4572 E. Camp Lowell Rd.
Tucson, Arizona 85712

Re: Letter of Compliance for Saguaro Water Co., Public Water System (10-177)

Dear Water System Owner/Operator:

Enclosed is a copy of an inspection report prepared by our staff concerning the referenced facility. The inspection was performed on October 2, 2005, in accordance with Arizona Revised Statutes (A.R.S.) §49-551 et seq., and with the Arizona Administrative Code (A.A.C.) R18-4-122.

No violations were observed in the operation or maintenance of this system and any previous violations have been corrected. This report addresses only the operation and maintenance status and the certified operator status of the above referenced water system. This report does not address the system's compliance with respect to the public notice, monitoring, and reporting requirements. Therefore, the system may be out of compliance with respect to requirements not addressed here. For information regarding those areas, please contact the Arizona Department of Environmental Quality at 800-234-5677, ext. 4530.

SPECIAL NOTICE

In accordance with Arizona Administrative Code R18-5-116, Saguaro Water Co., PWS (10-177) is re-graded to a facility requiring a Certified Water Distribution Grade 3 Operator pursuant to Arizona Administrative Code R18-5-115.

Saguaro Water Co. has one year from the receipt of this notice to ensure that the facility is operated by a Grade 3 onsite operator at or above the appropriate grade for the facility. Failure to obtain a Grade 3 onsite operator within one year is considered a MAJOR VIOLATION.

Please submit compliance documentation to the department within one year from receipt of this Notice.

Although no violations or significant deficiencies were observed, this Department recommends that the following actions be taken with the water system for consistency with the design criteria in Engineering Bulletin No. 10 and other engineering practices that are considered reasonable. Implementation is not mandatory at this time, however, this Department may require all or a portion of these actions to be performed if a related problem develops with the water quality or operation of the water system.

Visit our website at: www.deq.pima.gov

Pima County Department of Environmental Quality appreciates your cooperation in addressing these issues at your earliest convenience and requests that you provide documentation indicating the inspector recommendation items have been corrected.

Sincerely,



James M. Jones
Civil Engineering Assistant
Technical Services Division

cc: Pima County DEQ (file)
ADEQ - Phoenix
yl - Technology Karen Hartwell, Certified Operator

PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY
Water Quality Program - Technical Services Division
150 W. Congress, Tucson, AZ 85701

NOTICE OF COMPLIANCE - WATER

Facility: Saguaro Water Co.	System No.: 10-177
Inspected By: James M. Jones	Date: October 2, 2005
Accompanied By: James W. Gray	County: Pima
Recommendations By: James M. Jones	Date: October 11, 2005
Number of POE's/Wells: 3 / 3	System Grade: WD 3
Population: 1932	Service Connections: 644

The water system is in compliance with the following ADEQ requirements:

	YES	NO	N/A
1. Certified operator..... Karen Hartwell # 09119 / WD 3 [x]	[x]	[]	[]
2. Physical Facilities[x]	[x]	[]	[]

This report does not address the system's compliance with respect to the public notice, monitoring, and reporting requirements.

SUMMARY

As a result of the sanitary survey, your water system was found to have no major deficiencies in the operation or maintenance according to the requirements of the Arizona Department of Environmental Quality rules and regulations.

System Description

This is a community water system and consists of 3 wells, 1 storage tank, 6 pressure tanks, 1 booster station, and a distribution system.

Saguaro Water
2200 E River Road Suite 115
Tucson Az 85718
(520) 577-2616

Consumer Confidence Report

PWS: 10177

June 26, 2005

Introduction

The United States Protection Agency (USEPA) recently finalized a new rule which requires purveyors of drinking water to annually produce a report that addresses the quality of the water they deliver. These consumer confidence reports are designed to provide information to customers to allow them to make personal health based decisions regarding their drinking water consumption. This report provides information on the source of Saguaro Water's drinking water, general water quality information, and tables summarizing the analytical tests conducted during 2004. Our goal is to provide you with a safe and dependable supply of drinking water. Saguaro's water supply comes from groundwater wells located in the Tucson area, the water is withdrawn from the Tucson Basin aquifer which is in the Santa Cruz River Watershed. Saguaro Water currently has 2 wells online.

Water Quality

All sources of drinking water are subject to potential contamination by substances that are naturally occurring or man made. These substances can be microbes, inorganic or organic chemicals and radioactive substances. Certain quantities of some substances are essential to good health, but excessive quantities can be hazardous. Similarly, small quantities of some substances may have no effect on people, but large quantities can be harmful. Drinking water, including bottled water, may be reasonably expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and their potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (800-426-4791)

Questions about this report or your water utility

If you have any questions about your tap water or the information contained in this report, please contact Diane Davis at 520-577-2616. You may also contact the USEPA's Safe Drinking Water Hotline (800-426-4791). While we do not have monthly meetings you are welcome to contact us should you have any questions or concerns regarding the water utility.

Saguaro Water
2200 E River Road Suite 115
Tucson Az 85718
(520) 577-2616

Testing frequency and waivers

Saguaro Water routinely monitors for constituents in your drinking water according to Federal and State regulations. This table shows the results of our monitoring for the period of January 1st to December 31st, 2004. Testing is conducted on a regular basis that is required by the Federal and State regulations. This table shows the results from the most recent testing event, the date of the last testing is listed in the table. In some instances, Saguaro Water has applied for and received a monitoring waiver from the Arizona Department of Environmental Quality. Contaminants covered by these monitoring waivers are indicated in the table.

Results show that Saguaro Water meets all applicable standards

As water travels over the land or underground, it can pick up substances or contaminants such as microbes, inorganic and organic chemicals, and radioactive substances. All drinking water, including bottled drinking water, may be reasonably expected to contain at least small amounts of some constituents. It's important to remember that the presence of these constituents does not necessarily pose a health risk. The following tables show the substances for which our drinking water is tested, the levels of the substances found, and the levels beyond which the substance is considered unsafe by regulatory agencies such as the USEPA, the Arizona Department of Environmental Quality, the Arizona Department of Health Services, and the Pima County Department of Environmental Quality.

Terms in the tables

In these tables you will find many terms and abbreviations you might not be familiar with. To help you better understand these terms we've provided the following definitions:

Parts per million (ppm) or Milligrams per liter (mg/l) - one part per million corresponds to one minute in two years or a single penny in \$10,000.

Parts per billion (ppb) or Micrograms per liter - one part per billion corresponds to one minute in 2,000 years, or a single penny in \$10,000,000.

Parts per trillion (ppt) or Nanograms per liter (nanograms/l) - one part per trillion corresponds to one minute in 2,000,000 years, or a single penny in \$10,000,000,000.

Picocuries per liter (pCi/L) - picocuries per liter is a measure of the radioactivity in water.

Millirems per year (mrem/yr) - measure of radiation absorbed by the body.

Action Level - the concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.

Maximum Contaminant Level - (mandatory language) The "Maximum Allowed" (MCL) is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal - (mandatory language) The "Goal" (MCLG) is the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

Detected Levels of Constituents

The following table shows the constituents for which Saguaro Water had detectable levels. Although the constituents meets or exceeds all Federal and State requirements, we are required to list those constituents separately along with the health effects language for each detected constituent.

TEST RESULTS										
Contaminant	Violation Y/N	Date Tested	Level Exceeded Well 1	Date Tested	Level Detected Well 2	Unit Measurement	MCLD	MCL	Likely Source of Contamination	
Radioactive Contaminants										
5. Alpha emitters										
Inorganic Contaminants										
10. Barium	N	2002	2.4	2002	2.4	pCi/l	0	15	Erosion of natural deposits	
14. Copper	N	2002	0.041	2002	0.030	ppm	2	2	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits	
	N	2003		0.0092		ppm	1.3	AL=1.3	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives	
16. Fluoride	N	2003	0.17	2003	0.13	ppm	4	4	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories	
17. Lead	N	2003		3.9		ppb	0	AL=15	Corrosion of household plumbing systems, erosion of natural deposits	
19. Nitrate (as Nitrogen)	N	2004	1.4	2004	1.6	ppm	10	10	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits	

Radioactive Contaminants:

(5) Alpha emitters. Certain minerals are radioactive and may emit a form of radiation known as alpha radiation. Some people who drink water containing alpha emitters in excess of the MCL over many years may have an increased risk of getting cancer.

Inorganic Contaminants:

- (10) Barium. Some people who drink water containing barium in excess of the MCL over many years could experience an increase in their blood pressure.
- (14) Copper. Copper is an essential nutrient, but some people who drink water containing copper in excess of the action level over a relatively short amount of time could experience gastrointestinal distress. Some people who drink water containing copper in excess of the action level over many years could suffer liver or kidney damage. People with Wilson's Disease should consult their personal doctor.
- (16) Fluoride. Some people who drink water containing fluoride in excess of the MCL over many years could get bone disease, including pain and tenderness of the bones. Children may get mottled teeth.
- (17) Lead. Infants and children who drink water containing lead in excess of the action level could experience delays in their physical or mental development. Children could show slight deficits in attention span and learning abilities. Adults who drink this water over many years could develop kidney problems or high blood pressure.
- (19) Nitrate. Infants below the age of six months who drink water containing nitrate in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.

Non-Detected Levels of Constituents

The following table shows the constituents for which Saguaro Water has non-detectable levels.

Inorganic Chemicals

Antimony
Arsenic
Asbestos
Beryllium
Cadmium
Chromium
Mercury (inorganic)
Nitrite (as Nitrogen)
Selenium

Un-Regulated Inorganic Chemicals

Cyanide
Nickel
Sodium
Sulfate
Thallium, Total

Volatile Organic Contaminants

Benzene
Carbon tetrachloride
Chlorobenzene
o-Dichlorobenzene
p-Dichlorobenzene
1,2-Dichloroethane
1,1-Dichloroethylene
cis-1,2-Dichloroethylene
trans-1,2-Dichloroethylene
Dichloromethane
1,2-Dichloropropane
Ethylbenzene
Styrene
Tetrachloroethylene
1,2,4-Trichlorobenzene
1,1,1-Trichloroethane
1,1,2-Trichloroethane
Trichloroethylene
TTHM (Total trihalomethanes)
Toluene
Vinyl Chloride
Xylenes

Un-Regulated Volatile Organic Contaminants

1,1,1,2-Tetrachloroethane
1,1,2,2-Tetrachloroethane
1,1-Dichloroethane
1,1-Dichloropropane
1,2,3-Trichloropropane
1,2-Dichloropropane
1,3-Dichloropropane
Bromobenzene
Bromodichloromethane
Bromolom
Bromomethane
Chloroethane
Chloroform
Chloromethane
Dibromomethane
Isopropylbenzene
m-Dichlorobenzene
o-Chlorotoluene
p-Chlorotoluene

Un-Regulated Synthetic Organic Contaminants

3-Hydroxycarbofuran
Aldicarb
Aldicarb Sulfone
Aldicarb Sulfoxide
Aldrin
Butachlor (macheate)
Carbaryl
Dicamba
Dieldrin
Metholachlor
Methomyl
Metribuzin
Propachlor

Synthetic Organic Contaminants

2,4-D
2,4,5-TP (Silvex)
Acrylamide
Alachlor
Atrazine
Benzo(a)pyrene (PAH)
Carbofuran
Chlordane
Dalapon
Di(2-ethylhexyl) phthalate
Dibromochloropropane
Dinoseb
Diquat
Dioxin [2,3,7,8-TCDD]
Endosulfan
Endrin
Epichlorohydrin
Ethylene dibromide
Glyphosate
Heptachlor
Heptachlor epoxide
Hexachlorobenzene
Hexachlorocyclopentadiene
Lindane
Methoxychlor
Oxamyl (Vydate)
PCBs [Polychlorinated biphenyls]
Pentachlorophenol
Picloram
Simazine
Toxaphene

EXHIBIT 5

EXHIBIT "5"

MAY-18-06 15:10 FROM-

T-478 P.002/004 F-508

SPANISH TRAIL WATER COMPANY

BALANCE SHEET

DECEMBER 31, 2005
ALL DEPARTMENTS CONSOLIDATED

DRAFT

	-----THIS YEAR-----	-----LAST YEAR-----	VARIANCE -----AMOUNT-----	VARIANCE -----%-----
ASSETS				
CURRENT ASSETS				
CASH	21,244	100,237	(78,992)	0.7
CUSTOMER ACCOUNTS RECEIVABLE	10,666	10,666	0	0.0
DUE FROM RINCON VALLEY HOLDING	219,349	219,349	0	0.0
TOTAL CURRENT ASSETS	251,259	330,252	(78,993)	0.2
PROPERTY AND EQUIPMENT				
LAND-MAGUEY LP #8	12,000	12,000	0	0.0
STRUCTURES AND IMPROVEMENTS	1,594	1,594	0	0.0
WELL AND SPRINGS	54,160	54,160	0	0.0
ELECTRIC PUMPING EQUIPMENT	70,377	70,377	0	0.0
DISTRIBUTIONS RESERVIORS	16,526	16,526	0	0.0
TRANS & DIST MAINS	462,083	462,083	0	0.0
SERVICES	23,532	14,337	9,195	0.6
METERS & METER INSTALLATION	39,357	34,150	5,207	0.1
METERS & INSTALLATION-ASA LOTS	3,751	3,751	0	0.0
CONSTRUCTION IN PROGRESS	236,271	236,271	0	0.0
ACCUMULATED DEPRECIATION	(324,281)	(324,281)	0	0.0
ORGANIZATION	3,394	3,394	0	0.0
ACCUM AMORT-ORGANIZATION COSTS	(1,615)	(1,615)	0	0.0
TOTAL PROPERTY AND EQUIPMENT	597,149	582,747	14,402	0.0
TOTAL ASSETS	848,408	912,999	(64,591)	0.0
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
ACCOUNTS PAY-SAGUARO WATER CO.	28,329	28,329	0	0.0
PROPERTY TAXES PAYABLE	5,928	5,928	0	0.0
SALES TAX PAYABLE	489	489	0	0.0
OTHER LIABILITIES - DIAMOND	100,000	100,000	0	0.0
CUSTOMER SECURITY DEPOSITS	4,826	4,131	695	0.1
METER DEPOSITS	32,779	32,779	0	0.0
ADV. IN AID OF CONSTRUC-(AAIC)	315,597	305,969	9,629	0.0
TOTAL CURRENT LIABILITIES	487,948	477,625	10,323	0.0
EQUITY				
COMMON STOCK	1,000	1,000	0	0.0
ADDITIONAL PAID IN CAPITAL	3,615,222	3,615,222	0	0.0
DISTRIBUTIONS	(535,000)	(535,000)	0	0.0
RETAINED EARNINGS	(2,645,847)	(2,499,387)	(146,460)	0.0

DRAFT

SPANISH TRAIL WATER COMPANY

BALANCE SHEET

DECEMBER 31, 2005
ALL DEPARTMENTS CONSOLIDATED

	-----THIS YEAR-----	-----LAST YEAR-----	VARIANCE -----AMOUNT-----	VARIANCE -----%-----
NET INCOME (LOSS)	(74,915)	(146,461)	71,546	0.4
TOTAL EQUITY	360,460	435,374	(74,914)	0.1
TOTAL LIABILITIES AND EQUITY	848,408	912,999	(64,591)	0.0

MAY-18-06 15:11 FROM-

T-478 P.004/004 F-508

SPANISH TRAIL WATER COMPANY
 INCOME STATEMENT
 ALL DEPARTMENTS CONSOLIDATED

DRAFT

TWELVE MONTHS ENDED DECEMBER 31, 2005

-----THIS YEAR-----LAST YEAR-----VARIANCE-----

	AMOUNT	AMOUNT	AMOUNT
INCOME			
METERED WATER SALES	128,292	121,331	6,961
METERED WATER SALES REIMBURSED	(75)	(5)	(71)
TOTAL INCOME	128,217	121,326	6,891
OPERATING EXPENSES			
PURCHASED WATER	0	28,329	28,329
PURCHASED PUMPING POWER	12,944	12,557	(387)
WATER TESTING	3,025	3,530	505
REPAIRS & MAINTENANCE	17,216	11,084	(6,133)
OFFICE EXPENSE	0	118	118
OUTSIDE SERVICES	47,672	62,259	14,587
GENERAL INSURANCE	963	0	(963)
MISCELLANEOUS OPERATING EXP.	3,687	1,499	(2,188)
CAP WATER FEES	78,962	91,110	12,148
PROPERTY TAX	23,651	11,916	(11,735)
SALES TAX	7,784	7,214	(570)
CAP - ANNUAL TAX	7,221	5,373	(1,848)
BANK CHARGES	26	0	(26)
DEPRECIATION EXPENSE	0	32,798	32,798
TOTAL OPERATING EXPENSES	203,151	267,787	64,636
NET INCOME (LOSS)	(74,914)	(146,461)	71,547

Balance Sheet & Income Statement NET INCOME differ due to rounding

EXHIBIT 6

EXHIBIT "6"

SPANISH TRAIL WATER COMPANY

ORIGINAL

TARIFF SCHEDULE

Per A.C.C. Decision No. 67582 -- (02/15/05)
 Supersedes A.C.C. Decision No. 60468 -- (10/22/97)
 Effective: For all service rendered on or after April 1, 2005

MONTHLY USAGE CHARGE:

5/8" x 3/4"	Meter	\$ 10.00
3/4"	Meter	15.00
1"	Meter	25.00
1 1/2"	Meter	50.00
2"	Meter	80.00
3"	Meter	150.00
4"	Meter	250.00
6"	Meter	500.00

COMMODITY CHARGE:

(Per 1,000 Gallons)		
0 to 6,000 Gallons	\$	1.00
6,001 to 20,000 Gallons		1.75
In excess of 20,000 Gallons		2.65

SERVICE LINE AND METER INSTALLATION CHARGES:
 (refundable pursuant to A.A.C. R14-2-40-5)

5/8" x 3/4"	Meter	\$ 520.00
3/4"	Meter	600.00
1"	Meter	690.00
1 1/2"	Meter	935.00
2"	Meter Turbo	1,595.00
2"	Meter Compound	2,320.00
3"	Meter Turbo	2,275.00
3"	Meter Compound	3,111.00
4"	Meter Turbo	3,520.00
4"	Meter Compound	4,475.00
6"	Meter Turbo	6,275.00
6"	Meter Compound	8,050.00

SERVICE CHARGE:

Establishment	\$	25.00
Establishment (After Hours)		40.00
Reconnection (Delinquent)		25.00
Reconnection (Delinquent) After Hours		25.00
Meter Test (If Correct)		25.00
Deposit		.
Deposit Interest		.
Reestablishment (Within 12 Months)		**
NSF Check		25.00
Deferred Payment		*
Meter Reread (If Correct)		15.00
Late Fee		1.5% per month

APPROVED FOR FILING
 DECISION #: 67582

*Per Commission Rule A.A.C. R-14-2-403(B).

**Months off system times the monthly minimum per Commission Rule A.A.C. R-14-2-403(D).

Exhibit 7

EXHIBIT "7"

Exhibit No. 2

CONSENT

The Property (legally described in Exhibit No. 1 to the Transfer Agreement) is owned by Fidelity National Trust No. 30,096. The undersigned beneficiary of that trust does hereby consent to have the Property transferred from Saguaro Water Company's certificated area to Spanish Trail Water Company's certificated area. In order to avoid the duplication of water supply infrastructure, the owners desire that their real estate holdings be served exclusively by the Spanish Trail Water Company. The owners believe that if the Arizona Corporation Commission agrees to allow this consolidation, that it will result in lower ultimate costs to the customers within the territory, and that the public convenience and necessity will be best served by doing so.

Owner:

FIDELITY NATIONAL TRUST NO. 30096

By: Rocking K Holdings Limited Partnership
Its Sole Beneficiary


By: Diamond Ventures, Inc., General Partner
Its President

2-23-06
Date