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Arizona Corporation Commission

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AZ CORP COMMISSION  
DOCKET CONTROL

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1 FENNEMORE CRAIG, P.C.  
Patrick J. Black (No. 017141)  
2 3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012  
3 Telephone (602) 916-5000  
4 Attorneys for Payson Water Company

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE COMPLAINT  
7 OF STEVE PRAHIN,

8 Complainant,

9 v.

10 PAYSON WATER COMPANY,

11 Respondent.

DOCKET NO: W-03514A-07-0386

12 IN THE MATTER OF THE COMPLAINT  
13 OF REBECCA SIGETI,

14 Complainant,

15 v.

16 PAYSON WATER COMPANY,

17 Respondent.

DOCKET NO: W-03514A-08-0047

**MOTION FOR ORDER DISMISSING  
COMPLAINTS AND DIRECTING  
PAYSON WATER TO FILE WATER  
SYSTEM IMPROVEMENT PLAN IN  
DOCKET NO. W-03541A-05-0729**

18 Pursuant to Rule 12(b)(6), Ariz. R. Civ. P., Respondent Payson Water Company  
19 (“Payson Water” or “Respondent”) hereby moves to dismiss the above-captioned  
20 complaints.

21 **FACTUAL BACKGROUND**

22 1. Payson Water holds a Certificate of Convenience and Necessity (“CC&N”)  
23 issued by the Arizona Corporation Commission (“Commission”). The CC&N gives  
24 Payson Water the right to provide water utility service to customers in the Payson area of  
25 Gila County, Arizona. On May 5, 2006, in Decision No. 68696 (Docket No. W-03541A-  
26 05-0729), the Commission granted a variance to an existing moratorium on new service

1 connections, and ordered Payson Water to connect the Whispering Pines Fire District and  
2 eight additional new customers, which included Complainant.

3 2. On October 26, 2006, Complainant filed a letter in Docket No. W-03541A-  
4 05-0729 in which he expressed an opinion about the existing moratorium, alleged that  
5 Payson Water was under-utilizing available water in the area, and made representations  
6 about alleged comments made to him in a parking lot. Complainant also requested that  
7 the Commission amend Decision No. 68696 by revising the moratorium to allow three (3)  
8 new connections per month for a full year, and to extend monitoring and reporting  
9 requirements imposed on Payson Water for another twelve (12) months.

10 3. On November 30, 2006, the Commission's hearing division issued a  
11 procedural order requiring Payson Water to submit a written response to Complainant's  
12 October 26, 2006 letter by January 2, 2007. On January 4, 2007, Payson Water filed its  
13 Response.

14 4. In its Response, Payson Water categorically denied Complainant's  
15 allegations concerning parking lot conversations. In addition, Payson Water referred to its  
16 December 26, 2006 report on water supply alternatives for the Geronimo Estates and  
17 Elusive Acres subdivisions in rebutting Complainant's claims of under-utilized water  
18 supplies in the area.

19 5. On June 25, 2007, Complainant filed a formal complaint against Payson  
20 Water. The first few paragraphs of this "formal complaint" refer specifically to matters  
21 already being addressed in Docket No. W-03541A-05-0729 – that a portion of Payson  
22 Water's January 4, 2007 Response was "insulting" to him personally, and that recent data  
23 illustrates that water is being under-utilized in the Geronimo Estates and Elusive Acres  
24 subdivisions. The remainder of the complaint alleges that Respondent utilizes "bullying"  
25 tactics in dealing with customers, and questions whether more should be required to  
26 ensure Payson Water is complying with water quality regulations.

1           6.     On July 20, 2007, Rebecca Sigeti filed a Motion to Intervene in the Prahin  
2 Complaint. On August 3, 2007, James Dunne filed a Motion to Intervene (together with  
3 Prahin, "Complainants"). Both are customers of Payson Water, and expressed concern  
4 that the company was not doing enough (in terms of constructing new plant) to provide  
5 adequate service to existing customers, or to lift the current moratorium for new  
6 customers..

7           7.     On October 16, 2007, a procedural conference was held. During the  
8 procedural conference, Complainants explained that his complaint was about the Payson  
9 Water storage system, and wanted to discuss potential improvements in order to increase  
10 water supply for customers residing in the Geronimo Estates and Elusive Acres  
11 subdivisions. Despite the fact that water supply issues have already been addressed in  
12 Docket No. W-03541A-05-0729, Payson Water nevertheless agreed to hold an  
13 informational meeting with customers to discuss the storage and distribution system.

14           8.     On November 10, 2007, Payson Water held a meeting with customers from  
15 Geronimo Estates and Elusive Acres. The meeting was attended by Commission Staff.  
16 After the meeting, Commission Staff member Bradley Morton filed a memorandum with  
17 Administrative Law Judge Nodes explaining what was discussed at the meeting.  
18 Mr. Morton stated that:

19  
20                   The primary concerns by residents were a request for a new well  
21 and/or the deepening of the Geronimo Well as well as increased storage.  
22 The increased storage would allow it to fill during the week so when  
23 weekend residents come up there would be no outages. They would also  
24 like to see enough well production to allow the Moratorium to be lifted.  
There was a brief public comment session followed by questions and  
answers.

25           9.     On January 20, 2008, Payson Water filed a Motion to Dismiss for Failure to  
26 State a Claim. On January 25, 2008, Complainant Prahin filed a Response to the

1 Company's Motion to Dismiss. In his response, Mr. Prahin raised a number of alleged  
2 improprieties, including alleged violation of the 5<sup>th</sup> Amendment of the United States  
3 Constitution, alleged trespass on private property by the Company, lack of necessary  
4 easements, allegations concerning the Elusive Acres ("EA") well serving more customers  
5 than authorized. Mr. Prahin also raised issues concerning the ownership of the EA Well.

6 10. On May 5, 2008, the Hearing Division issued a procedural order setting a  
7 procedural conference for May 20, 2008. During the May 20<sup>th</sup> procedural conference,  
8 Payson Water once again agreed to meet with the Complainants and other customers to try  
9 and resolve any issues concerning water production and storage issues for the Company,  
10 and was directed to have a presentation concerning same.

11 11. On May 23, 2008, a procedural order was issued consolidating the Prahin  
12 and Sigeti complaints, and also directing Payson Water to meet "as soon as possible" with  
13 Complainants and other water customers to discuss "possible resolution of the production  
14 and storage issues raised in the complaints." The Company was not directed to address  
15 any of the other issues raised by Mr. Prahin in his response to the Motion to Dismiss;  
16 namely, allegations concerning lack of easements, company trespass or well ownership.  
17 That same day, the Parties met to discuss the issues identified in the procedural order.

18 12. During the May 23, 2008 meeting, the Company presented its position  
19 concerning a possible resolution of production and storage issues. Payson Water  
20 indicated that installing a 10,000 gallon water storage tank (refurbished to minimize costs)  
21 would address any immediate concerns. In addition, the Company was looking into  
22 several options to increase water supply. While this particular issue was left unresolved,  
23 further attempts to contact Mr. Prahin and Ms. Sigeti proved unsuccessful. On June 12,  
24 the Company sent letters to Mr. Prahin and Ms. Sigeti requesting further communication.  
25 Instead, the Company later found out that on June 2, 2008, Ms. Sigeti sent a letter as the  
26 HOA President stating that one of the HOA's objectives over the next 6 – 12 months was

1 to "Acquire water rights to the community well and storage tanks in order to supply water  
2 to all lot owners in the Elusive Acres subdivision."

3 13. On June 12, 2008, Mr. Prahin filed his status report on the communication  
4 between Payson Water and the Complainants. He was disappointed by the Company's  
5 presentation, and lacked faith in the data and information provided to the meeting  
6 attendees.

7 14. On June 14, 2008, Ms. Sigeti filed her status report. Ms. Sigeti questioned  
8 whether 10,000 gallons of storage was enough, and criticized Payson Water for "all talk  
9 no action." She also addressed future needs and concern over the existing moratorium on  
10 new customers.

11 15. On June 16, 2008, Mr. Dunne filed his status report. Mr. Dunne expressed  
12 hesitation at the Company's presentation, but in the end requested that the Commission  
13 require Payson Water to invest even a 'tiny' amount of capital into the system.

14 16. On June 20, 2008, Payson Water filed its status report. In the report, the  
15 Company provided a summary of the May 20<sup>th</sup> presentation, its attempts at further  
16 communication with Mr. Prahin and Ms. Sigeti and a summary of the Water System  
17 Improvement Plan, which detailed system upgrades and the timelines involved for  
18 completing the improvements.

19 17. On August 5, 2008, Commission Staff submitted a Staff Report in the  
20 matter. In its report, Staff concluded that: (i) Payson Water's existing system could serve  
21 88 connections, as long as well production did not drop below 22 gallons per minute  
22 during peak demand, and (ii) the Water System Improvement Plan would result in  
23 adequate service to 96 connections if well production did not fall below 24 gpm. As a  
24 result, Staff recommended that the Company increase its production capacity and add at  
25 least 10,000 gallons of storage no later than December 31, 2008, with Approvals of  
26 Construction submitted by January 31, 2009.

1           18.    On August 19, 2008, Payson Water filed a Response to the Staff Report  
2 agreeing with the recommendations contained therein. In its report, the Company  
3 indicated that it had already pursued action recommended by Staff by increasing water  
4 production at the EA Well, and adding an additional 10,000 gallons of water storage as of  
5 July 24, 2008.

6           19.    On August 26, 2008, Ms. Sigeti filed her response to the Staff Report, and  
7 indicated that she was "in agreement" with the plan proposed by Payson Water  
8 concerning the well and storage system, provided the Company meet the timelines  
9 contained therein. She also reiterated her request that the Commission address the area's  
10 future needs. Finally, Ms. Sigeti expressed distrust for the Company.

11          20.    On January 30, 2009, Payson Water filed a status report with the  
12 Commission (corrected on February 3, 2009 by Notice of Errata), stating that the EA and  
13 GE Wells had been refurbished to increase water production, and that the additional  
14 10,000 gallon tank had been installed prior to December 31, 2008.

15          21.    On February 3, 2009, the Hearing Division issued a procedural order  
16 requiring the Complainants and Staff to submit responses to Payson Water's status report  
17 by March 2, 2009, and for the Company to submit a reply by March 16, 2009.

18          22.    On February 26, 2009, Ms. Sigeti filed her response to Payson Water's  
19 status report. In her response, Ms. Sigeti stated that the Company still had not addressed  
20 the following issues: (i) current moratorium and additional meters required by lot owners  
21 and Elusive Acres, (ii) lack of monitoring and shut-off valves, (iii) the connection of the  
22 Elusive Acres system to the Geronimo Estate system, and (iv) lack of easements and well  
23 ownership. She also expressed that if the Company installed the second 10,000 gallon  
24 storage facility, it would resolve the matter to her satisfaction.

25          23.    On February 26, 2009, Mr. Prahin filed his response to the Payson Water  
26 status report. In his response, Mr. Prahin stated his concern that the second 10,000 gallon

1 storage tank had not yet been installed, and that 35,000 gallons was necessary. He also  
2 raised issues in previous filings made concerning allegations over proper easements and  
3 Payson Water's ownership of the EA Well.

4 24. On February 28, 2009, Mr. Dunne submitted his response to the Payson  
5 Water's status report. In general, Mr. Dunne echoed the same complaints by Mr. Prahin  
6 and Ms. Sigeti about lack of storage and need to serve growth. Mr. Dunne did not raise  
7 any issues regarding proper utility easements or EA Well ownership.

8 25. On March 6, 2009, Staff filed its Response to Payson Water's status report.  
9 In its report, Staff recommended installing a second 10,000 gallon water storage tank, and  
10 requiring the Company to file all related AOCs as soon as they were received from  
11 ADEQ.

12 26. In its March 16, 2009 Reply to the Complainants' and Staff's Responses,  
13 Payson Water demonstrated that by Staff and ADEQ's own rules and regulations,  
14 construction and operation of the second 10,000 gallon water storage tank would not be  
15 'used and useful' to existing customers. Despite this showing, the Company stated that it  
16 would immediately construct the second 10,000 gallon storage tank upon a Commission  
17 finding and Order that the installation was needed for existing customers. In addition,  
18 Payson Water stated that it had been providing data to Staff concerning water usage and  
19 supply in order to address the current moratorium - which the Company also contended is  
20 within the exclusive power of the Commission to lift or suspend, not the Company's.

21 27. As a result of Payson Water's March 16, 2009 Reply, the Hearing Division  
22 ordered Staff to file another Response by September 18, 2009 addressing the following  
23 issues: (i) verification of repairs and improvements made by the Company, (ii) current  
24 production capacity of the Company's wells, (iii) whether a second 10,000 storage tank is  
25 needed, (iv) whether the Company has sufficient production and storage to lift the current  
26 moratorium on new connections, and if so, the number of new connections to be served,

1 (v) whether additional production and storage capacity is needed at full build-out, (vi)  
2 whether Staff recommends other improvements, and (vii) any other information relevant  
3 to the matter. All other parties could file Replies by October 9, 2009.

4 28. On September 28, 2009, Staff filed its Response addressing the issues raised  
5 in the procedural order. In its Response, Staff verified the Company's improvements to  
6 water production and storage facilities. Staff also confirmed that with the current water  
7 production of 31.5 GPM and 25,000 gallon storage tank capacity, a second 10,000 gallon  
8 storage tank was not required to meet ADEQ minimums standards. Given the water  
9 production history, Staff noted that it 'should' be installed, but recommended instead that  
10 if the moratorium was lifted, then the second 10,000 gallon tank should be installed and  
11 AOC submitted by April 20, 2010. Staff further concluded that at full build-out, the  
12 Company would need an addition 19 GPM of production, and an additional 28,000  
13 gallons of storage capacity, which could be reduced based on how much increase in water  
14 production the Company could achieve. Staff recommended no other improvements at  
15 the time.

16 29. On October 5, 2009, Mr. Dunne filed his Reply. While Mr. Dunne  
17 generally agreed with Staff's findings, he requested a third party verify the information  
18 already verified by Staff, and provided more detail on process after the moratorium was  
19 lifted.

20 30. On October 7, 2009, Mr. Prahin and Ms. Sigeti filed a joint Reply. Mr.  
21 Prahin and Ms. Sigeti stated that if Staff's recommendations to lift the moratorium and  
22 require the installation of the second 10,000 water storage tank were adopted – including  
23 requiring the Company to provide quarterly reports on the water system, **they would**  
24 **withdraw their complaints**. In their Reply, Mr. Prahin and Ms. Sigeti again raise the  
25 issue of well ownership.

26 31. On October 9, 2009, Payson Water filed its Reply to the Staff Response. In

1 its Reply, the Company reiterated its position concerning the need for a second 10,000  
2 storage facility. It took no position on the moratorium, and requested that with all the  
3 facts now being addressed and recommendations made by Staff and the parties, that the  
4 Commission move towards a final resolution of the matters.

5 32. On November 3, 2010, Payson Water filed copies of the AOCs as  
6 recommended by Staff.

7 33. On June 2, 2011, the Hearing Division issued a procedural order setting a  
8 procedural conference for June 20, 2011. The purpose of the procedural conference was  
9 to discuss whether there was a need for a hearing, potential hearing and filing dates, and  
10 any other potential procedural issues.

11 34. During the June 20, 2011 procedural conference, Payson Water and Staff  
12 indicated their agreement over the issues of lifting the moratorium and installing the  
13 second 10,000 water storage tank, as outlined and recommended in the September 28,  
14 2009 Staff Response. However, Mr. Prahin and Ms. Sigeti once again raised the issue of  
15 well ownership, stating that the Company had not proved to them that it owned legal title  
16 to the well. During the procedural conference, Mr. Prahin went so far as to threaten the  
17 cut off of water supply to Payson Water customers from the EA Well, over which he  
18 claims ownership despite the lack of any evidence supporting his position. As a result of  
19 this specific issue, the Hearing Division ordered the parties to meet and confer regarding  
20 well ownership to try and resolve the matter. In the meantime, Mr. Prahin assured the  
21 Administrative Law Judge that he would not cut service as long as the parties were  
22 moving towards resolution.

23 35. A telephonic conference was held on June 24, 2011. Participating on the  
24 call was Payson Water, members of ACC Staff, Mr. Prahin and Ms, Sigeti. During the  
25 conference, Mr. Prahin and Ms. Sigeti raised issues concerning the a 1989 water line  
26 extension agreement between the developer of Elusive Acres, Mark Boroski, and United

1 Utilities, the predecessor-in-interest to Payson Water. Payson Water also relies on the  
2 water line extension agreement to provide ownership, noting that Section 4 of the agreement  
3 states "All pipe line valves, fittings, wells, meters, tanks or other facilities included under  
4 this Agreement shall be the sole property of the Company [United], and the person  
5 making advances in aid of construction, whether refundable or not, shall have no right,  
6 title or interest in any such facilities." This agreement was approved by the ACC on  
7 August 18, 1989. Staff informed Mr. Prahin and Ms. Sigeti that if they wanted to  
8 challenge the Company's ownership and easement rights, that the proper forum was  
9 Superior Court. Staff also indicated that if Mr. Prahin and Ms. Sigeti were found to be the  
10 legal owners of the well, they could be providing service as a public service corporation  
11 and subject to Commission jurisdiction. Finally, Payson Water informed Mr. Prahin and  
12 Ms. Sigeti that if they tampered with the EA Well and/or disconnected it from the  
13 Company's water system, they would be liable for monetary damages pursuant to A.R.S.  
14 §§ 40-492 and 40-493. Nonetheless, in an effort to avoid costly litigation, the Company  
15 requested an offer of settlement from Mr. Prahin and Ms. Sigeti over well ownership and  
16 easements, noting that the value of the well in 1989 was approximately **\$2,800**. At the  
17 conclusion of the meeting, Mr. Prahin indicated that an offer to resolve the well ownership  
18 matter would be forthcoming.

19 36. On June 27, 2011, the Hearing Division submitted to docket control  
20 communication it had received directly from Ms. Sigeti. In her communication, she tells  
21 ALJ Nodes that she was disappointed with the June 24<sup>th</sup> conference call in that Staff  
22 seemed to side with the Company. She also questioned the Commission's commitment to  
23 protecting the public and working for the people. She also questioned why the issue of  
24 refund payments under the 1989 water line extension agreement was not being addressed  
25 by the Commission in this proceeding.

26 37. On July 1, 2011, Ms. Sigeti sent an email to Mr. Robert Hardcastle of

1 Payson Water notifying him to direct any and all future discussion or communication  
2 regarding well ownership to Mr. Prahin. A copy of the email is attached hereto as **Exhibit**  
3 **1**.

4 38. On July 6, 2011, counsel for Payson Water received a letter from Mr. Prahin  
5 directing him to forward all future correspondence regarding well ownership and  
6 easements to Mr. Prahin. A copy of the letter is attached hereto as **Exhibit 2**. Although  
7 Mr. Prahin does not offer a resolution to the issue concerning well ownership, he provides  
8 a valuation of the EA Well and related land/facilities at **\$301,907.93**. Based on this  
9 valuation, it is clear to Payson Water that the Company will not be able to resolve the well  
10 ownership issue with Mr. Prahin for any reasonable amount of money.

#### 11 **DISCUSSION**

12 39. This Complaint proceeding has been pending at the Commission for over  
13 four (4) years. Although the substantive issues concerning the current moratorium, water  
14 production and storage facilities, as well as adequacy of service, are matters that were  
15 addressed in Commission Docket No. W-03541A-05-0729, the Commission has  
16 nonetheless allowed these matters – particularly as they pertain to the Complainants - to  
17 be addressed in this proceeding.

18 40. Payson Water has agreed to Staff's recommendations to install a second  
19 10,000 gallon water storage tank and lift the current moratorium so that new customers  
20 can connect to the system. Staff has concluded that the Company's current system is  
21 adequate to meet current needs, but that more storage and well production should be  
22 pursued given the water shortage problems the Company has experienced in the past. In  
23 fact, both Mr. Prahin and Ms. Sigeti earlier indicated that approval of Staff's  
24 recommendations in these regards would satisfy their complaints, except over the issue of  
25 well ownership.  
26



1 0729, which will allow the Commission to lift the current moratorium while ensuring  
2 adequate water availability based on facility improvements if it finds such action in the  
3 public interest.

4 B. That the Commission issue and Order dismissing the above-captioned  
5 complaints.

6 C. That the Commission issue any other relief necessary to serve the public  
7 interest.

8 RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of July, 2011

9 FENNEMORE CRAIG, P.C.

10  
11  
12 By   
13 Patrick J. Black  
14 3003 North Central Avenue, Suite 2600  
15 Phoenix, Arizona 85012  
16 Attorneys for Payson Water Company

17 **ORIGINAL** and thirteen (13) copies  
18 of the foregoing filed this 22<sup>nd</sup> day of July, 2011:

19 Docket Control  
20 Arizona Corporation Commission  
21 1200 W. Washington St.  
22 Phoenix, AZ 85007

23 **Copy of the foregoing hand delivered**  
24 This 22<sup>nd</sup> day of July, 2011 to:

25 Dwight Nodes, Assistant Chief Administrative Law Judge  
26 Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

1 Steve Olea, Director  
2 Utilities Division  
3 Arizona Corporation Commission  
4 1200 West Washington Street  
Phoenix, Arizona 85007

5 Bridget Humphrey  
6 Legal Division  
7 Arizona Corporation Commission  
8 1200 West Washington Street  
Phoenix, Arizona 85007

9 **Copy of the foregoing mailed**  
10 this 22<sup>nd</sup> day of July, 2011 to:

11 Steve P. Prahin  
12 HC 7, Box 452  
13 Payson, Arizona 85541

14 Rebecca M. Sigeti  
15 HC7, Box 451  
16 Payson, Arizona 85541

17 James E. Dunne  
18 119 West Third Place  
19 Mesa, Arizona 85201

20   
21 \_\_\_\_\_  
22 2436780.1/073283.0001

23  
24  
25  
26

# **EXHIBIT 1**

---

**From:** Rebecca Sigeti [mailto:sigeti@hughes.net]  
**Sent:** Friday, July 01, 2011 2:39 PM  
**To:** BLACK, PATRICK  
**Subject:** Fwd: On behalf of Steve Prahin

----- Forwarded message -----  
**From:** Rebecca Sigeti <sigeti@hughes.net>  
**Date:** Jul 1, 2011  
**Subject:** On behalf of Steve Prahin  
**To:** rth@brookeutilities.com, pblack@flaw.com

Please be advised from here forward all coorespondence and/or discussion as it relates to land and/or well ownership should be directed to:

Steve P Prahin.

Please remove Lorna Diane Worrell, Rebecca M. Sigeti and/or Paul R Sigeti from any discussion and/or actions related to land and/or well ownership.

Please direct all your items to Steve P Prahin.

Thanks

**EXHIBIT 2**

RECEIVED P. BLACK

JUL 11 2011

ACTION

July 6, 2011

Patrick J. Black  
Fennemore Craig, PC  
3003 North Central Avenue  
Suite #2600  
Phoenix, AZ 85012

Re: Elusive Acres

Dear Mr. Black,

Please be advised in the above referenced property any/all correspondence in this issue should be directed to Steven P. Prahin 488 West Elusive Drive Payson, AZ 85541, Sole Proprietor. I will only respond to counsel for the Company (Brooke Utilities) in this matter.

Please be advised if you haven't done a litigation title search you may be inclined to do so, it will reflect that Mark Boroski never turned over PUE's to United/Brooke Utilities, because they never paid for the PUE's. The PUE that the company thinks they have is no more than a courtesy filing done two months after Mark & Judy Boroski signed power & communication PUE's over to the proper holders, that fulfilled their obligations, unlike what happened with the water. Please also be advised that I have obtained an application from the ACLU in regards to the constitutionality of the matter.

Regards

  
Steven P. Prahin



When Recorded, mail to:  
Steve Prahin  
488 W Elusive Dr  
Payson AZ 85541



**QUIT CLAIM DEED**

**KNOW ALL MEN BY THESE PRESENTS:** that I/we Lorna Diane Worrell  
Paul R. Sigen and a single woman  
Rebecca M Sigen, husband & wife, the undersigned  
Grantor(s), for the consideration of Ten Dollars (\$10) and other valuable considerations,

do hereby release, remise and forever quitclaim unto Steven P Prahin,

a single man, Grantee(s) all  
right, title and interest in that certain property situated in Gila County, Arizona, described  
as follows:

TRACT A, of Elusive Acres, according to the plat of  
record in the office of the County Recorder, of  
Gila County, Arizona recorded in map No. 626.

Exempt From Affidavit per A.R.S. EXEMPT PER ARS11-1134 (4)

IN WITNESS WHEREOF, I/we have hereunto set my/our hand(s) and seal this \_\_\_\_\_  
day of June 28, 2011.

Lorna Diane Worrell  
Print name

Lorna Diane Worrell  
Signature

Paul R. Sigen  
Print name

[Signature]  
Signature

Rebecca M. Sigen

Rebecca M. Sigen

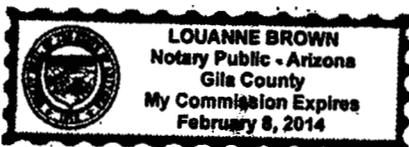
State of Arizona  
County of Gila

Acknowledged before me on June 28, 2011, by Louanne Brown

\_\_\_\_\_ known by me or proven to be the person(s) who  
executed the foregoing instrument.

(seal)

Louanne H Brown  
Notary Public



Elusive Acres

Value of Well & Well Site Equipment & Storage

	Unit	Price	Extended Value	
Well Value	15 GPM	7182	\$107,730.00	(Used Payson town pricing/water development fees)
Storage Tank	15000 Gall	0.61	\$9,150.00	(Used per Gallon Storage Price of \$.61 Cents)
Booster Pump	5 HP	821.84	\$4,107.70	(Used per HP Price of \$821.84)
Building	120 Sq Ft	26.92	\$3,230.40	(Used Pr Sq Ft Price \$26.92)
Distribution Lines	2.02 Miles	12464.65	\$25,178.59	(Used per Mile price \$12464.65)
Land	608	30.03	\$18,258.24	(used pr sq ft Price \$30.03) Well Storage Site
Land	100	30.03	\$3,003.00	(used pr sq ft Price \$30.03) Well Site
Service connections	125	125	\$130,500.00	(Used per connection Price of \$1044)-if no moratorium
Clorinator	1	750	\$750.00	
	Total Value		<b>\$301,907.93</b>	
Income received	96	19.85	\$1,905.60	(per month Income) \$16.00 base plus avg use overage per month 3.85
	12 Months		\$22,867.20	Yearly
Income	11 years		\$251,539.20	1990 - 2011

O&M Costs 11 Years Less O&M \$113,192.64 45% of Income considered O&M

**Net Profit** **\$138,346.56**

Future Use of Water	125	19.85	\$2,481.25	Monthly
			\$29,775.00	Yearly
10 future Use			<b>\$297,750.00</b>	blue Sky
Pricing			\$301,907.93	Minimum
Pricing			\$440,254.49	w/profit 11 years
Pricing			\$738,004.49	w/blue sky