

ORIGINAL

REC'D



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FEB

Arizona Corporation Commission
Utilities Division

56

Dock. # W-01979A-05-0645

Dec # 61657

**WATER FACILITIES
EXTENSION AGREEMENT**

This Agreement is between Silverwell Service Corporation, doing business as Watco, Inc., an Arizona Corporation ("Company"), with offices at P.O. Box 1270, Show Low, Arizona 85902, and Canyon Vista Properties, LLC ("Developer"), with offices at P.O. Box 14580, Scottsdale, Arizona 85261.

Arizona Corporation Commission
DOCKETED

APR 30 2012

RECITALS

DOCKETED BY
Jm

- A. Company is a public service corporation within the meaning of Article 17, Section 2, of the Arizona Constitution, and is authorized to provide potable water service within portions of Navajo County, Arizona, in accordance with a Certificate of Convenience and Necessity ("CC&N") granted by the Arizona Corporation Commission ("Commission").
- B. Company is obligated to provide safe and affordable water service to the public.
- C. Company's water operations are governed by numerous federal and state statutes and regulations, and are subject to regulation by numerous federal and state agencies.
- D. Developer has completed construction of a 56 single-family home lot development known as Canyon Vista Estates ("Development"), legally described in the office of the Navajo County recorder Book 25 of Maps and Plats and Pages 21-23 ("Plat") and mapped in Exhibit A.
- E. Developer has constructed potable water facilities to provide water service to the Development ("Facilities") partially described in Exhibit B. Developer has provided Company oversized improvement plans that describe the Facilities in greater detail. The cost of the Facilities was \$756,608.00, as shown in Exhibit C.
- F. The well, storage, and pumping equipment was built on property owned by Developer and Shumway 75, LLC. The cost of construction of the well, storage and pumping equipment of \$239,512.00 was shared with Developer paying 35% or \$84,179.20, Cedar Vista Property, LLC paying 35% or \$84,179.20 and Shumway 75, LLC paying 30% or \$71,153.60. The construction costs for the well, storage and pumping equipment is attached hereto as Exhibit D. Any main extension agreements between the Company and Cedar Vista or Shumway 75 shall reflect their respective investment in the well, storage and pumping equipment.

RECEIVED

OCT 29 2007

AZ CORP COMM
Director Utilities

RECEIVED
2012 APR 30 P 12:18
AZ CORP COMMISSION
DOCKET CONTROL

AGREEMENT

The parties agree as follows:

1.0 Recitals Incorporated.

1.1 The recitals set forth above and all attached exhibits are hereby expressly incorporated and included as part of this Agreement.

2.0 Developer's Obligations.

2.1 Developer will permanently transfer to Company, or cause to be permanently transferred to Company, at no cost to Company:

2.1.1 Facilities;

2.1.2 Property including Developer's interest in real property, rights-of-ways, easements, fixtures, as well as rights and privileges pertaining to property including access and use, water rights and claims, and utility rights ("Real Property Interests") reasonably required by Company to operate and maintain the Facilities; and

2.1.3 Tract D cited on the Plat, including documentation that the homeowners association referenced in the Plat has no ownership or management interest in, or control of, Tract D.

2.2 Developer will give Company warranty deeds to Real Property Interests where the Facilities well, storage, pumping equipment, and similar Facilities equipment is located free of liens and encumbrances.

2.3 Developer will give Company at no cost, and/or agree that Company can access and use at no cost, easements or rights-of-way where the Facilities water transmission infrastructure is located so Company can operate and maintain those Facilities.

2.3.1 All private easements or rights-of-way are free of physical encroachments, encumbrances, or obstacles and will accommodate heavy equipment used to operate, repair, and maintain Facilities as shown on Exhibit A.

2.4 Developer will assign all warranties of the Facilities to Company and Developer affirms that all warranties of the Facilities will be effective until at least May 31, 2008.

2.5 Developer has provided Company with the following:

2.5.1 Facilities' water master plan prepared by a licensed engineer;

2.5.2 Facilities' plans and specifications prepared by a licensed engineer;

2.5.3 Engineering Design Report if requested by the Commission;

2.5.4 Developer's letter of adequate water supply stating there is adequate water for the Development;

2.5.5 Drinking water source approval;

2.5.6 Applicable Certificates of Approval to Construct for the well and distribution system; and

2.5.7 Applicable Certificates of Approval of Construction for the well and distribution system.

2.6 Upon execution of this Agreement, Developer will pay Company a non-refundable development plan review, inspection, and administration fee of \$2,500.

3.0 Company's General Obligations.

3.1 Upon the effective date of the Agreement, the Company:

3.1.1 Accepts the Facilities and the Real Property Interests; and

3.1.2 After accepting the Facilities and Real Property Interests, Company will operate and maintain the facilities.

3.2 Company will refund 10% of its gross annual revenues derived from water sales to customers served by the Facilities for 10 consecutive refund years.

3.2.1 Refund year 1 will begin on July 1, 2007 and will end on June 30, 2008. Refund years 2 through 10 will each date from July 1 to June 30. Each refund year Company will make annual refund payments to Developer by August 31.

4.0 Simultaneous Execution.

4.1 It is the parties intent that within 30 days of the execution of this Agreement, the Company and Cedar Vista Property, LLC shall enter into an extension agreement with terms consistent with the terms set forth in this Agreement.

5.0 Effective Date of the Agreement.

5.1 The effective date of this Agreement shall be the date this Agreement is executed by both parties.

5.2 Notwithstanding any other provision in this Agreement, Developer understands and agrees that prior to initiating water service Company must receive free and clear title to the real property where wells, storage, pumping equipment, treatment equipment, and similar facilities are located, including Tract D owned by Canyon Vista Property, LLC and Shumway 75, LLC, and all of the potable water system facilities must be free and clear of liens and released by any contractor, subcontractor, or vendor.

6.0 Additional Phases of Development.

6.1 Developer intends to develop a 16-lot subdivision contiguous to Canyon Vista Estates, a copy of the plat for this development is attached as Exhibit E (Canyon Vista Estates, Phase II).

6.2 Developer intends to develop a 5-lot subdivision, a plat of which is attached hereto as Exhibit F.

6.3 Facility plans and specifications for Canyon Vista Phase II and Canyon Vista Phase III shall be prepared by a licensed engineer registered in Arizona.

6.4 Developer will submit plans and specifications to the Company for approval regarding each additional phase. Company will promptly review plans and specifications and issue in writing its review, comments or approval, as appropriate. Any material changes in plans and specifications shall be submitted to Company for approval or comment. The Company shall provide its approval or comment of material changes within ten days of the date of receipt of Developer's request for approval. Developer shall pay Company \$1,000.00 as and for a review and inspection fee for each additional phase.

6.5 Developer and Developer's agents will allow Company to inspect site water utility infrastructure and appurtenances consistent with normal utility practices.

7.0 Assignment.

7.1 Neither Company nor Developer may assign its rights or obligations under this Agreement without the other party's prior written consent. This consent may be withheld only for good cause.

8.0 Binding Agreement.

8.1 This Agreement binds, and inures to the benefit of, the parties, and their respective legal representatives, administrators, executors, agents, successors, and assigns.

9.0 Applicable Law.

9.1 Arizona law governs this Agreement and its performance is subject to regulation by the State of Arizona as well as federal, state, and local regulatory agencies with jurisdiction.

10.0 Waivers.

10.1 Either party may waive any provision of this Agreement intended for its benefit.

10.2 Any waiver must be in writing.

10.3 No waiver of a provision will operate to waive any other provision.

10.4 If either party fails to require the other to perform any term of this Agreement, that failure does not prevent the party from later enforcing that term.

11.0 Communications.

11.1 Communications under this Agreement should be addressed as follows:

Company:

Silverwell Service Corporation/Watco
P.O. Box 1270
Show Low, AZ 85902

Developer:

Canyon Vista Properties, LLC
P.O. Box 4580
Scottsdale, AZ 85261.

11.2 A party changing their address will notify the other party in writing.

12.0 Agents.

12.1 Company is not an agent for Developer and will not incur any costs or expenses on Developer's behalf. Developer is not an agent for Company and will not incur any costs or expenses on Company's behalf.

13.0 Headings.

13.1 The headings in this Agreement are for reference purposes and do not limit or define any provision.

14.0 Further Documentation.

14.1 Each party agrees in good faith to execute any additional documents as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

15.0 Counterparts.

15.1 This Agreement may be executed in counterparts.

16.0 Entire Agreement.

16.1 This Agreement contains the entire understanding among the parties. This Agreement may be amended only by an instrument in writing signed by all parties. All amendments to this Agreement must be in writing and signed by the Parties.

Signed by the parties as of September 12, 2007:

Company
Silverwell Service Corporation

Developer
Canyon Vista Properties, LLC

By: [Signature]
Mark Grapp

By: [Signature]
T. Michael Daggett

Its: President

Its: Managing Member

STATE OF Arizona)
) ss.
County of Navajo)

The foregoing instrument was acknowledged before me on 10/15, 2007 by Mark Grapp, President of Silverwell Service Corporation, doing business as Watco, Inc.

Mariah Tatum
Name
Notary
Title



My Commission expires: 3/20/2009

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me on September 13, 2007 by T. Michael Daggett, Managing Member of Canyon Vista Properties, LLC.

[Signature]
Name
Title

My Commission expires: 4/30/2009

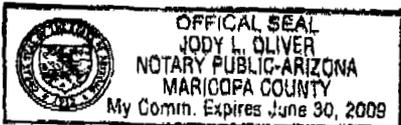
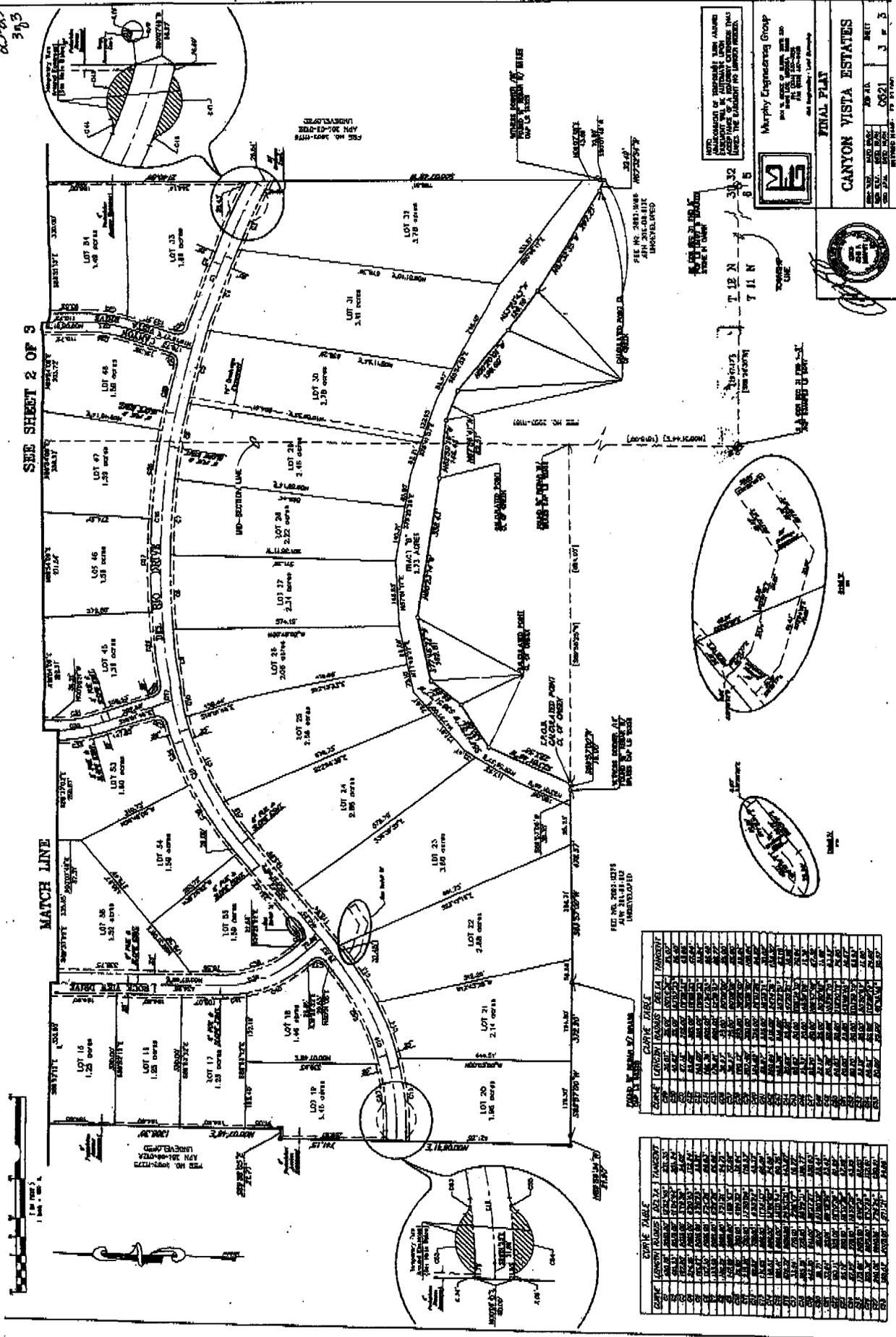


EXHIBIT A

25-43
3/13

SEE SHEET 2 OF 3

MATCH LINE



LOT AREA SUMMARY

LOT NO.	AREA (ACRES)	TOTAL AREA (ACRES)
15	1.25	1.25
16	1.31	2.56
17	1.30	3.86
18	1.46	5.32
19	1.10	6.42
20	1.96	8.38
21	2.14	10.52
22	2.38	12.90
23	3.00	15.90
24	2.86	18.76
25	2.28	21.04
26	2.05	23.09
27	2.32	25.41
28	2.22	27.63
29	2.14	29.77
30	1.70	31.47
31	2.41	33.88
TOTAL	27.88	33.88

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LOT NO.	AREA (ACRES)	TOTAL AREA (ACRES)
15	1.25	1.25
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17	1.30	3.86
18	1.46	5.32
19	1.10	6.42
20	1.96	8.38
21	2.14	10.52
22	2.38	12.90
23	3.00	15.90
24	2.86	18.76
25	2.28	21.04
26	2.05	23.09
27	2.32	25.41
28	2.22	27.63
29	2.14	29.77
30	1.70	31.47
31	2.41	33.88
TOTAL	27.88	33.88

MURPHY ENGINEERING GROUP
 1001 S. GARDEN AVENUE, SUITE 200
 DENVER, CO 80202
 TEL: 303.733.1111
 FAX: 303.733.1112
 www.murphyeng.com

FINAL PLAN

CANYON VISTA ESTATES

DATE: 02/01/2008
 SHEET: 37 OF 38
 PROJECT: CANYON VISTA ESTATES

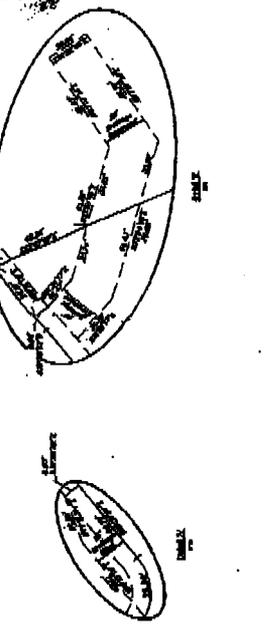
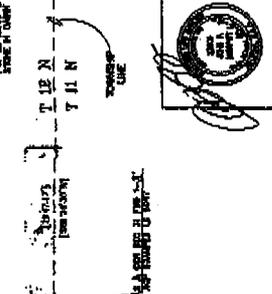


EXHIBIT B

EXHIBIT C

WATER DISTRIBUTION SYSTEM IN CANYON VISTA ESTATES

(Excluding the Water Source Facility)

694 feet of 6-inch water main, 5,830 feet of 8-inch water main and 1,007 feet of 12-inch water main servicing 56 lots (collectively referred to as "Canyon Vista Water Distribution System, as shown on Exhibit A)

A description and itemized cost involved in the construction of the Canyon Vista Water Distribution system which consists of 694 linear feet of 6" distribution main; 5,830 linear feet of 8" distribution main; and 1,007 feet of 12" distribution main is as follows:

Materials	\$428,929.27
Labor	\$34,400.00
Other associated costs:	
Equipment	\$185,000.00
Service line, meter and other	\$24,100.00
TOTAL	\$672,429.27
Canyon vista's allocated share of cost construction of well, storage and pumping equipment	\$84,179.20
Total Construction costs of the Facilities	\$756,608.47

EXHIBIT D

Sierra Pipeline, LLC

January 03, 2005

Re: Well Site Proposal

We propose to furnish all labor, material and equipment needed to construct the following:

<u>Storage Tank:</u> 120,000 gallon, for the sum of:	<u>\$51,631</u>
Off-Load and Equipment	<u>\$500</u>
<u>Pressure Tank:</u> 100 PSI, for the sum of:	<u>\$15,677</u>
Off-Load and Equipment	<u>\$500</u>
<u>1 Fire Pump:</u> 30 H.P., 650 gpm, electrical panel & fuses, for the sum of:	<u>\$5,604</u>
<u>2 Alternate 7.5 Pumps :</u> 1 alternate duplex panel & fuses, for the sum of:	<u>\$5,829</u>
<u>Concrete Work:</u> for pumps, for pressure tank, for storage tank:	<u>\$2,585</u>
<u>Gravel & Ring:</u> for storage tank, ESTIMATED at:	<u>\$4,400</u>
<u>150' X 150' Fence:</u> for the sum of:	<u>\$8,892</u>
<u>Compressor:</u> for the sum of:	<u>\$1,260</u>
<u>Electrical Wiring & Controls:</u> ESTIMATED at:	<u>\$7,000</u>
<u>Liquid Level Site Glass:</u> for the sum of:	<u>\$200</u>
<u>Metal Building:</u> 18' Wide x 24' Long, for the sum of:	<u>\$15,533</u>
<u>Concrete Work:</u> for metal building, for the sum of:	<u>\$2,940</u>
<u>Permit:</u> for construction of metal building, ESTIMATED at:	<u>\$500</u>
<u>Miscellaneous:</u> valves & pressure switch at pressure tank, ESTIMATED:	<u>\$1,500</u>
<u>Floor Drain System:</u> for the sum of:	<u>\$750</u>
<u>Piping/Valves :</u> and installation, ESTIMATED at:	<u>\$23,100</u>
<u>Well Drilling:</u> for the sum of:	<u>\$29,447</u>
<u>Well Pump:</u> for the sum of:	<u>\$15,411</u>
<u>Contingency:</u> for the sum of:	<u>\$5,000</u>
<u>Supervision and Labor for Entire Project:</u> for the sum of:	<u>\$5,000</u>

GRAND TOTAL (includes taxes): \$211,318

If you have any questions, please call Phil Canale @ (520) 620-6770. Thank you.

1110 South Park Avenue * Tucson, Arizona 85719
(520) 620-6770 * Fax (520) 798-3724
ROC Lic. No. 108927-A

Wills Drilling & Pump

1351 South Main St.
 Snowflake, AZ 85937
 Fax: (928) 536-2091
 Phone: (928) 536-4414

Invoice

DATE	INVOICE #
12/14/2004	6366

BILL TO
Canyon Vista job 1

SHIP TO
Shunway rd.

P.O. NO.	TERMS	PROJECT
Otis #1	Due on receipt	

QTY	DESCRIPTION	RATE	AMOUNT
1	State Permit fee	150.00	150.00
20	Ft. of 14" bore hole with 12" surface casing	40.00	800.00T
463	Ft. of 11" bore hole	30.00	13,890.00T
2	11" Bit costs	1,500.00	3,000.00
465	Ft. of 8" steel casing	16.50	7,672.50T
1	Labor to weld & install 8" casing in well	1,950.00	1,950.00T
1	Seal top 20 Ft. of well per State Law	500.00	500.00T
10	Hrs Labor to developed well with surge & bail (ready to set pump)	50.00	500.00
	AZ Sales Tax@ Contractor rate:	3.965%	983.82
P A I D			
10,000.00			
11-22-04			

Thank you for the opportunity to be of service.

Total \$29,446.32

Willis Drilling & Pump

1351 South Main St.
 Snowflake, AZ 85937
 Fax: (928) 536-2091
 Phone: (928) 536-4414

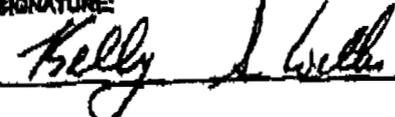
PROPOSAL

DATE	ESTIMATE NO.
12/16/2004	99802

NAME / ADDRESS
Canyon Vista job 1

TERMS	PHONE	FAX	JOBSITE:	
50% deposit	602-717-4096	928-368-8820	Shumway, Az.	
Qty	DESCRIPTION	COST	TOTAL	
1	20-HP 460 V. 3-PH 225 GPM Model 6T-225 pump & motor Berkeley	5,722.00	5,722.00T	
1	20-HP 460 V. 3-PH pumping plant panel	1,285.00	1,285.00T	
360	Ft. of 3" PVC Sod 80 Certa lock drop pipe	7.88	2,836.80T	
380	Ft. of #8-4 submersible pump cable	2.35	893.00T	
1	8" X 3" sanitary well seal	250.00	250.00T	
1	3" Stainless steel Tee	106.00	106.00T	
1	3" Stainless steel check valve with Certa lock adapters	364.00	364.00T	
2	Stainless steel 3" nipples with Certa lock adapters	48.00	96.00T	
1	Labor to install new pump in well	600.00	600.00	
1	Lab. Fees and paper work for water testing to satisfy DEQ	2,800.00	2,800.00	
	Rental fees on generator & fuel cost for testing well to be billed after well is pumped & tested			
	AZ Sales Tax@ Contractor rate	3.965%	458.07	
Thank you for the opportunity to be of service.		TOTAL	\$15,410.87	

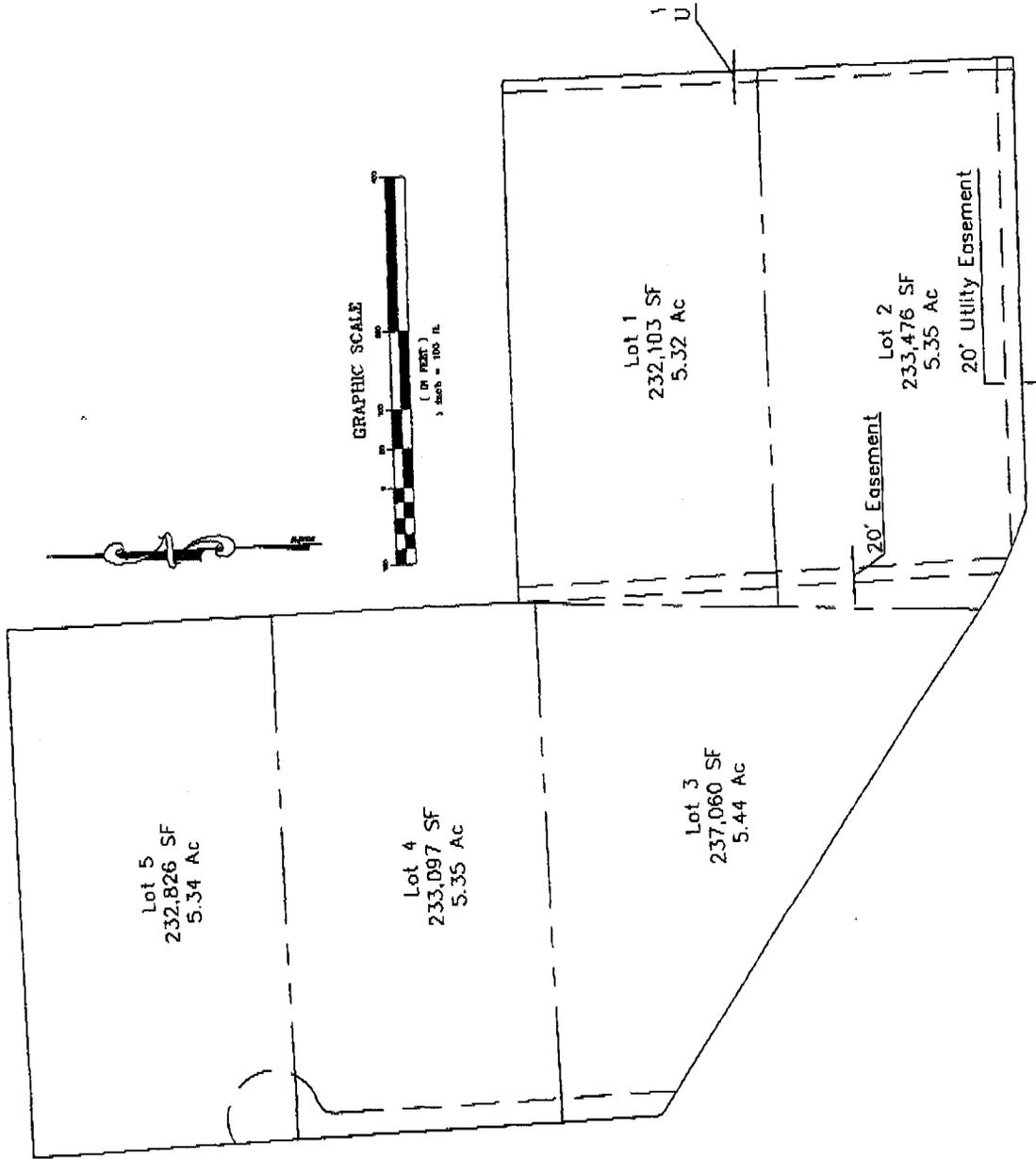
Thank you for considering us for your well and water system needs. We have been in the Snowflake area since 1951. We know our job and we guarantee our work. We would like to do your work for you.

SIGNATURE


DEC-29-04 08:59 AM

EXHIBIT E

EXHIBIT F



Post-it® Fax Note		7671	Date	2/1/07	# of pages ▶
To	ACC		From	Watco, Inc.	
Co./Dept.	Carmel		Co.		
Phone #			Phone #	928-337-8739	
Fax #	602-542-2125		Fax #	928-337-1243	

Post-It® Fax Note	7671	Date	2/1/07	# of pages	▶
To	ACC	From	Waters, Inc.		
Co./Dept.	Carmel	Co.			
Phone #		Phone #	928-537-8739		
Fax #	602-542-2125	Fax #	928-537-1245		