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2013 JUL 15 P 3:22

AZ CORP COMMISSION
DOCKET CONTROL

Transcript Exhibit(s)

Docket #(s): W-04254A-12-0204

W-04254A-12-0205

W-04254A-12-0206

W-04254A-12-0207

W-04254A-11-0323

W-04254A-08-0361

W-04254A-08-0362

Arizona Corporation Commission

DOCKETED

JUL 15 2013

DOCKETED BY NR

Exhibit #: C1, C2, C5, C6, C8-C21, C22, C23, C25-C36, C39, C41, C41A, C43, C45-

C54, C59A, C60

PART 1 OF 4. FOR PART 2 PLEASE SEE BARCODE 00000146933, FOR PART 3 SEE

BARCODE 0000146934, FOR PART 4 SEE BARCODE 0000146935



Arizona Court Reporters Association

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www.az-reporting.com



Marta T. Hetzer
Administrator/Owner

Suite 502
2200 North Central Avenue
Phoenix, AZ 85004-1481
MAIN (602) 274-9944
FAX (602) 277-4264

To: Docket Control

Date: July 15, 2013

Re: Montezuma Rimrock Water / Rates
W-04254A-12-0204, et al.
Volumes I through V, Concluded
June 20, 21, 24, 25, and 26, 2013

STATUS OF ORIGINAL EXHIBITS

FILED WITH DOCKET CONTROL

Applicant (A Exhibits)

A-1 through A-13, A-15 through A-28, A-34,
A-43 through A-45, A-52 through A-56

Complainant (C Exhibits)

C-1, C-2, C-5, C-6, C-8 through C-20, C-22, C-23, C-25
through C-36, C-39, C-41, C-41a, C-43, C-45 through
C-54, C-59A, C-60, C-63, C-64, C-66, C-67, C-69, C-70,
C-71, C-74 through C-78, C-80, C-81, C-83 through C-85,
C-87 through C-90, C-92 through C-99, C-101 through C-
103, C-105 through C-107, C-109 through C-111, C-113

Staff (S Exhibits)

S-1 through S-4

EXHIBITS RETURNED TO PARTIES

Applicant (A Exhibits)

A-14 Not offered

Complainant (C Exhibits)

C-3	Not utilized
C-4	Not offered
C-7	Not offered
C-21	Not utilized
C-24	Not utilized
C-37	Not admitted
C-38	Not utilized
C-42	Not utilized
C-44	Not utilized
C-55	Not utilized
C-56	Not offered
C-57	Not offered
C-58	Not utilized
C-59	Not utilized
C-61	Not offered
C-62	Not offered
C-65	Not utilized
C-68	Not utilized
C-72	Not utilized
C-73	Not offered

Complainant Continued (C Exhibits)

C-79	Not utilized
C-82	Not utilized
C-86	Not utilized
C-91	Not utilized
C-100	Not utilized
C-104	Not utilized
C-108	Not utilized
C-112	Not utilized

EXHIBITS NOT UTILIZED
Not given to the court reporter

Applicant (A Exhibits)

A-29 through A-33
A-35 through A-42
A-46 through A-51

Complainant (C Exhibits)

C-40

LATE-FILED EXHIBITS

Staff (S Exhibits)

S-5

Copy to:

Ms. Sarah N. Harpring, Administrative Law Judge
Mr. Todd C. Wiley, Applicant
Mr. John E. Dougherty, III, Intervenor/Complainant
Mr. Charles Hains, Staff

C-Ex 1



Yavapai County Development Services Department

500 S. Marina Street, Prescott, AZ. 86303/10 S. 6th Street, Cottonwood, AZ. 86326
(928) 771-3214 - (928) 639-8151

NOTICE OF VIOLATION

CASE #: V32009001136 APN #: 405-25-517 SUPERVISOR DISTRICT: 3 ZONING DISTRICT: R1L-10

DEFENDANT: MONTEZUMA RIMROCK WATER CO.
MAILING: P.O. BOX 10
ADDRESS: RIMROCK, AZ 86335
PHONE:

BUSINESS: BUSINESS & ADDRESS: BUSINESS PHONE:

SITUS ADDRESS: 4645 E. TIEMANN RD CITY: COTTONWOOD STATE: AZ ZIP: 86326

RENTAL OPTION: RENTER OR LEASEES NAME & ADDRESS: TELEPHONE:

VACANT LAND: X OWNER OCCUPIED: UNOCCUPIED/ABANDONED STRUCTURE:

The undersigned certifies that the Defendant named herein ON MONTH 10 DAY 7 YEAR 2009 COMMITTED A VIOLATION(S) OF THE YAVAPAI COUNTY ZONING ORDINANCE OR OTHER COUNTY ORDINANCES OR CODES AS LISTED BELOW: CIVIL PENALTIES MAY BE SET IN ACCORDANCE WITH STATE LAW FOR VIOLATIONS OF THE PLANNING AND ZONING ORDINANCE (A.R.S §11-808(D)) AND A.R.S. §11-888 FOR VIOLATIONS OF THE BUILDING CODES.

Yavapai County Planning & Zoning Ordinance Section(s)

- Sec. 400 - Non-Permitted use or Disallowed Use
- Sec. 664 - Outside Storage

I HEREBY CERTIFY THAT I HAVE REASONABLE GROUNDS TO BELIEVE AND DO BELIEVE THAT THE PERSON NAMED IN THE COMPLAINT COMMITTED THE VIOLATION(S) DESCRIBED ABOVE. IF THE ABOVE VIOLATIONS ARE RESOLVED BY: 12/7/2009. THE BELOW SCHEDULED HEARING WILL BE CANCELLED. TO DISCUSS REMEDIES CONTACT THE SPECIALIST.

SPECIALIST SIGNATURE *Jeanne Grossmayer*

YOU MUST APPEAR BEFORE THE HEARING OFFICER AT THE: YAVAPAI COUNTY ADMINISTRATIVE BUILDING
SUPERVISOR'S BOARD RM 1ST FLOOR
1015 MAR STREET, PRESCOTT, AZ 86305

ON THE DATE AND TIME INDICATED BELOW:

NOTE: THE DEFENDANT OR THE DEFENDANT'S ATTORNEY MUST NOTIFY THE HEARING OFFICE IN WRITING AT LEAST 10 DAYS BEFORE HEARING THAT THE DEFENDANT WILL BE REPRESENTED BY AN ATTORNEY.

MONTH 12 DAY 11 YEAR 2009 TIME: 9:00 AM

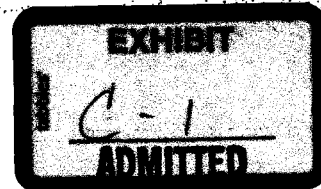
I CERTIFY THAT I HAVE SERVED THE COMPLAINT AND SUMMONS ALONG WITH THE HEARING OFFICER RULES OF PROCEDURE OUTLINING THE DEFENDANT'S RIGHTS AND RESPONSIBILITIES AND SANCTIONS AND FINES THAT MAY BE IMPOSED AND THAT SERVICE WAS DONE BY:

- Personal Service Certified Mail Service by Sheriff Deputy Property Posted

Signature *Jeanne Grossmayer*

Date: 12/7/09

Jeanne Grossmayer
Printed Name



C-Ex2

YAVAPAI COUNTY DEVELOPMENT SERVICES

RECEIPT

DATE 12-14-09 No. 055460

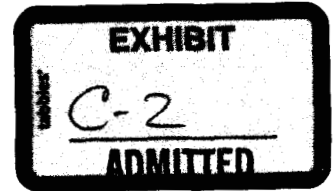
RECEIVED FROM Monterezuma Rimrock Water Co \$ 600⁰⁰

APP Well #4 DOLLARS

FOR RENT
 FOR Use Permit

ACCOUNT		<input type="checkbox"/> CASH	
PAYMENT		<input type="checkbox"/> MONEY ORDER	FROM _____ TO _____
BAL. DUE		<input type="checkbox"/> CHECK	
		<input type="checkbox"/> CREDIT CARD	BY _____

1182



C-EX-5

EXHIBIT
C-5
ADMITTED

ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-3331 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

August 5, 2004

RECEIVED

AUG 09 2004

AZ CORPORATION COMMISSIO
DIRECTOR OF UTILITIES

Mr. Jim Fisher
Executive Consultant
Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, AZ 85007

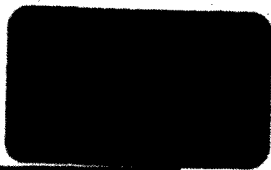
Re: Montezuma Estates Property Owners' Association

Dear Mr. Fisher:

Arizona Water Company (the "Company") met with representatives of the Montezuma Estates Property Owners' Association (the "Association") in April 1999 concerning a potential sale of the Association's water system to the Company. In conducting its due diligence, the Company tested both of the Association's wells. The test results showed that the arsenic level in the main supply well exceeded 50 parts per billion ("PPB"), the maximum contaminant level ("MCL") for arsenic at that time. The Company's notes showed the main supply well was equipped for 88 gallons per minute ("GPM") and the smaller supply well was equipped for 16 GPM.

The Company contemplated interconnecting the Montezuma Estates water system with the Company's Rimrock water system. At that time it was likely that the Association's main supply well would need to be removed from service because of the high arsenic level. The Company informed the Association by letter dated April 21, 1999 (copy enclosed), that the Company would like to renew discussions with the Association on the possibility of the Company providing water service to Montezuma Estates when additional water supplies became available in the Company's Rimrock water system. As you can see from the attached map, the Association's water system is immediately adjacent to the Company's Rimrock water system and is much smaller in comparison.

Since April 21, 1999, the Company has developed a new water supply well for Rimrock, which is equipped for 350 GPM. More importantly, the Company has received approval from the Arizona Corporation Commission for an arsenic cost recovery mechanism. This allows the Company to move forward with the construction of arsenic treatment plants for its Rimrock water system to restore Rimrock Well #4 to service, which has an equipped capacity of 100 GPM.



E-MAIL: mail@azwater.com



ARIZONA WATER COMPANY

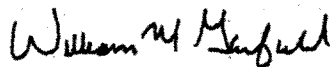
To: Jim Fisher - Arizona Corporation Commission
Re: Montezuma Estates Property Owners' Association

August 5, 2004
Page 2

The Company now has adequate capacity to interconnect the Montezuma Estates water system with its Rimrock water system and provide reliable water service not only to its Rimrock customers, but to all of the Montezuma Estates customers as well. In addition, the Company's ongoing arsenic treatment plant construction will achieve compliance with the new arsenic MCL of 10 PPB well before the January 23, 2006 deadline. The Company is interested in pursuing the acquisition of the Montezuma Estates water system if the Association is also interested.

If you have any questions on this matter, please call me.

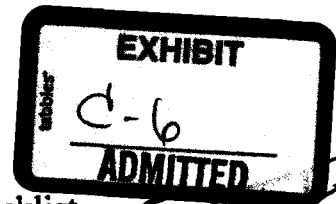
Very truly yours,



William M. Garfield
President

mcm
Enclosures

C - Ex 6



Environmental Review Checklist

CATX

Community Name: Montezuma Rimrock Water Company LLC

Project Contact: Patricia Olsen Phone Number: 928-300-3291 Date: 10/6/09

Project Title: Arsenic Treatment System Installation

Please fill out the following checklist to the best of your ability. The information below will aid in determining the necessary environmental review requirements for the proposed project.

- | | Yes | No | NA | |
|----|-------------------------------------|-------------------------------------|-------------------------------------|--|
| 1. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The project is directed towards rehabilitation of existing facilities, functional replacement of equipment, or the construction of new ancillary facilities adjacent or appurtenant to existing facilities which do not affect the degree of treatment or capacity of the existing facility. |
| 2. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The project is for minor upgrading or minor expansion (<i>minor - less than 30%</i>) of existing treatment works, collection or distribution systems. |
| 3. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project is in an unsewered community where on-site technologies are proposed. (<i>Clean Water Projects only</i>) |
| 4. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The project will create a new, or relocate an existing, discharge to surface or ground waters. |
| 5. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The project will result in substantial increases in the volume of discharge or the loading of pollutants from an existing source or from new facilities to receiving waters. |
| 6. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The project is known or expected to have a significant effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local or private actions. |
| 7. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The project is known or expected to directly or indirectly affect cultural resources, habitat of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands and aquifer recharge zones: or other resource areas. |
| 8. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The project is known or expected to cause significant public controversy. |
| 9. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The project is known or expected not to be cost effective. |

Please fax the Environmental Review Checklist to WIFA at: (602) 364-1327

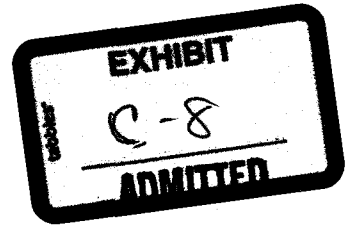
C-Ex8

CONTRACTS AND INFORMATION

DOCKET NO. W-04254A-08-0361

DOCKET NO. W-04254A-08-0362

ORIGINAL



Arizona Corporation Commission
DOCKETED

MAR 19 2012



RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2012 MAR 19 PM 3 54

CenturyLink Webmail

voepel@q.com

± Font Size -

Cancer in the Neighborhood

From : voepel@q.com

Mon, Mar 19, 2012 11:35 AM

Subject : Cancer in the Neighborhood

To : Patsy Olsen <patsy@montezumawater.com>

To Whom It May Concern:

This January, 2012, I was diagnosed with breast cancer. Since then I have had a lumpectomy and will soon begin Chemo Therapy since it was a fast-growing, high-risk cancer. Of course, one of the first questions you ask yourself is why me? I don't drink or smoke, and am careful to eat healthy foods. Since there is a known issue of high arsenic content in our drinking water, that is a real concern. We have been waiting for an arsenic treatment system for our water for a couple of years now, and we are still waiting. I am angry to think my life-threatening cancer could have been avoided if the arsenic treatment had been put in when it was first mandated by Federal Government Guidelines and supposed to be installed. John Dougherty and Ivo Buddeke (who also has cancer) have somehow been holding up the progress of the treatment system for years now. Why are they doing this to us?

The cancer rates in this neighborhood are startling. Our friend Al, on Towers Road has cancer. Three people on Bentley Rd. were diagnosed with cancer, two have died. Another woman on Kramer also has breast cancer, Don on Tieman has cancer and me, on Goldmine Rd. These are just the cases that I am aware of. I would say something strange is going on here. What does it take to get an arsenic treatment system installed here! How many people have to suffer and die before something is done!

Would you please do what you can to help us in this matter.

Sincerely and respectfully,


Karlene Voepel

Statement to the Arizona Corporation Commission

Gregory S. Olsen, Hydrologist

September 21, 2011

Re: Montezuma Rimrock Water Company, LLC and intervener John Dougherty

MRWC's impact on Montezuma Well

Many fallacies have been purported by Mr. Dougherty, who is a journalist by profession, not a scientist. One fallacy is that MRWC's new well (#4) will increase impact to the natural feature, Montezuma Well. This is false because MRWC's water demand on the aquifer does not change as a result of the well. All well #4 does is distribute the identical pumping demand between wells #1 and #4, rather than the entire demand coming solely from Well #1.

Another fallacy is that MRWC's well #4 will negatively impact Montezuma Well. A recent exhaustive study by the U.S. Geological Survey, (OF 2011- 1063 - Water and Rock Geochemistry, Geologic Cross Sections, Geochemical Modeling, and Groundwater Flow Modeling for Identifying the Source of Groundwater to Montezuma Well, a Natural Spring in Central Arizona, R. H. Johnson, DeWitt, E., Wirt, L., Arnold, R.L., and Horton, J.D., <http://pubs.usgs.gov/of/2011/1063/>) has concluded that the formation of Montezuma Well is due to a basalt dyke (e.g., vertical "wall" of dense volcanic extrusive rock) forcing deep groundwater from the Supai formation to discharge and the subsequent precipitation and deposition of carbonate minerals. This dyke forms an extremely effective barrier between the source of water to Montezuma Well (originating from the northern Beaver Creek watershed), and the aquifer that the MRWC wells penetrate, south of the dyke. The truth is that the presence of the basalt dyke identified by USGS is about the best geological scenario imaginable, and affords Montezuma Well an irrefutable measure of protection from the MRWC wells.

Costs to MRWC Customers Due to Mr. Dougherty's intervention:

Financial Costs to MRWC customers –

Mr. Dougherty's interference (frankly badgering of not harassment and threatening of Staff) with WIFA, resulted the decision that an EIS would be required. An EIS, if pursued, would have cost MRWC and therefore its customers nearly \$100,000 additional expense to a project whose cost was only \$160,000. This would have increased the arsenic surcharge to customers a proportional amount, which they should not have to bear.

Because of the cost-prohibitive expenses (i.e., EIS) required to pursue low interest WIFA financing, MRWC must now secure private financing, which will cost substantially more in interest. Unfortunately, this increase cost is now inevitably going to be borne by the MRWC customers. These increased costs to


MRWC customers are a direct ramification of Mr. Dougherty's relentless harassment of State and Local Agencies.

Cost to the Health and Wellbeing of MRWC Customers -

Mr. Dougherty's intervention has had an even higher cost to MRWC customers than money, that is, their health and wellbeing. Mr. Dougherty's relentless efforts have delayed implementing the arsenic treatment project for two years.

The Natural Resources Defense Council (NRDC) has calculated arsenic risk based on National Academy of Sciences' 1999 risk estimates (<http://www.nrdc.org/water/drinking/qarsenic.asp>). At the former drinking water of 50 ppb (parts per billion) arsenic, the lifetime risk is calculated to be 1 in 100 chance for developing cancer (1%). At the new arsenic standard of 10 ppb, the risk decreases to 1 in 500 (0.2%). Therefore, on the basis of the approximate 450 people who use MRWC's water, the cumulative harm to MRWC's customers caused by the two year delay is equivalent to one persons' risk of developing cancer having increased from 12% to 58%.

This is a real and tangible measure of harm due solely to Mr. Dougherty's intervention. As a father of three children who lived and used this water daily for three years, I find it unacceptable that one or two people, who are not even MRWC customers, can be allowed to put our children at risk. Mr. Dougherty is directly culpable for causing someone's chance for cancer to increase to better than 50/50. The completely unnecessary delays in providing MRWC's customers with clean potable water must stop, and before more harm is done.

X  9-21-11

Gregory S. Olsen
Hydrologist

WATER SERVICES AGREEMENT

THIS WATER SERVICES AGREEMENT ("Agreement"), entered into as of the latest of the dates shown opposite the signatures of the Parties to this Agreement, is made by and between Patricia D. Olsen ("Olsen"), a Certified Operator (#20172) and Montezuma Rimrock Company LLC, an Arizona Corporation ("Company") (Patricia Olsen and Company are sometimes hereinafter referred to collectively as the "Parties" and individually as "Party").

RECITALS

A. Company's Wells No. 1 and No. 4 currently produce groundwater containing arsenic ("the Contaminant") in excess of 10 micrograms per liter. The wells are located on real property depicted on *Exhibit "A"*: attached hereto.

B. Olsen represents that it possesses the requisite skill, expertise, technology, and solutions to install Facilities (described in *Exhibit "B"* attached hereto) to treat groundwater containing the Contaminant (the "Facilities"), so as to enable Company to supply water from the Wells No. 1 and No. 4 that will not exceed 9 micrograms per liter of the Contaminant.

C. Olsen represents that it has the requisite skill, expertise, and qualifications to properly operate the Facilities consistent with prudent water utility operating standards, practices and procedures, and all applicable regulatory requirements.

D. This Agreement sets forth the terms and conditions under which Olsen will construct, install, maintain and own the Facilities to treat water produced from the Wells and properly dispose of all waste derived therefrom.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

1. Treatment

1.1 Facilities

1.1(a) Olsen shall install, maintain and own the Facilities to treat the water produced by the Wells as provided in this Agreement.

1.1(b) The Facilities shall be capable of treating 150 gallons per minutes of water from Wells No. 1 and No. 4, as specified in the facility description in Exhibit B.

1.1 (c) The Facilities shall be capable of operating at a maximum operating pressure of 150 psig.

1.1 (d) On the Start-up Date, as defined in Section 7, Olsen shall operate the Facilities consistent with prudent water utility operating standards, practices and procedures, and all applicable regulatory requirements.

2. Term

2.1 Duration of Agreement. This Agreement shall commence on the date the Parties enter into this Agreement and shall continue for a period of 20 years from the Start-up Date (the "Term") unless this Agreement is earlier terminated pursuant to Section 15 below. At the end of the Term, Company shall have the option to purchase the Facilities for cash to be paid within thirty days from the expiration of the Term. Such option shall be exercised by notice given by Company to Olsen no later than sixty days prior to expiration of the Term.

2.2 Term Year. As used herein a "Term Year" is a period of twelve (12) months commencing on the Start-up Date, and ending on the day immediately preceding the anniversary of the Start-up Date.

3. Construction, and Installation of the Facilities

3.1 Olsen's Obligations. Olsen shall construct and install the Facilities in accordance with generally accepted engineering standards so as to reduce the Contaminant from the wells to comply with the water quality specification as defined in Section 4 below. Olsen shall perform all services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of Arizona and in compliance with all applicable federal, state and local statutes, laws, regulations, codes and local ordinances (collectively "Laws"). Provided Company first installs the improvements described in Section 3.2 of this Agreement that are required for operation of the Facilities, Olsen shall install the Facilities and cause them to be ready for performance testing no later than sixty (60) days thereafter. Olsen shall be responsible for all costs and expenses necessary to construct, and install the Facilities to treat the water produced by the wells to comply with the water quality specification. Olsen will perform all necessary water tests and other tests and investigations in connection with construction and installation of the Facilities. Olsen may store equipment or materials on Company's real property where Well No. 1 is located during installation of the Facilities, provided that such storage does not interfere with Company's operations and complies with all laws. The risk of loss of all stored equipment and materials and work in progress shall remain with Olsen and Olsen agrees to remove all such equipment and materials no later than thirty (30) days after the Start-up Date. Olsen agrees that Company shall not be required to provide any security for stored equipment and materials and work in progress in addition to the current fencing around the well site.

3.2 Company's Obligations. Company shall provide Olsen with: (a) all water quality data Company has for the influent water which Olsen reasonably requests as necessary for the construction, and installation of the Facilities; (b) all construction information the Company has concerning the well that Olsen reasonably requests as necessary for Olsen to design the

connection of the Facilities to the Well and from the Facilities to Company's water distribution system; (c) all external electrical equipment required to operate the Facilities (the capital cost of acquisition and installation of such equipment to be born solely by Company; (d) the license described in section 17 hereof; (e) directly or indirectly, all electrical powered required by Olsen to install the Facilities ; (f) the real property on which Olsen will install the Facilities, as depicted on Exhibit A; and (g), after issuance of ADEQ's Approval of Construction to use water treated by the Facilities, Company's written notice of acceptance of the Facilities. Olsen shall not proceed with any work which is or could be affected by discrepancies, omissions or inaccuracies in the data provided by Company or obtained independently by Olsen until all such discrepancies, omission, or inaccuracies have been resolved by written Agreement of the parties and no change order or extra cost reimbursement for the affected work will be permitted without such Agreement of the parties.

3.3 Verification rights. Each party shall have the right to verify, at its own expense, the amount and quality of the water entering and exiting the Facilities and to conduct independent testing thereof. Olsen shall monitor the operation of the Facilities to assure proper operation and performance of the Facilities and advise Company of the results of the monitoring.

4. Water Quality. After Olsen's installation of the Facilities, the Facilities shall reduce the level of the contaminant in the water produced by the Well connected to the Facilities to comply with the Treated Water Arsenic Limitation in Exhibit "C" attached hereto (the "Water Quality Specification"). No less frequently than annually, Company shall provide Olsen with annual reports describing influent water quality. Company shall bear the cost of complying with changes in water quality standards that require reduction of the contaminant to levels less than the water quality Specification.

5. Payments. Company shall pay Olsen the fees and charges set forth in Section 7 below for all water produced by Company and treated by the Facilities which complies with the Water Quality Specification irrespective of whether such water complies with water quality standards for constituents other than the Contaminant.

6. Measurement. Water treated pursuant to this Agreement which complies with the Water Quality Specification shall be measured each month by Olsen at the point of connection between Company's water distribution system and the Facilities. The Parties shall be bound by the measurements of the water meter at such point.

7. Treatment fees. Beginning on the later of: (a) the date that ADEQ gives Company an Approval of Construction to use the water treated by the Facilities, or (b) the date that the Facilities continuously and consistently treat water that complies with the Water Quality Specification for seven (7) consecutive days shall be called the Start-up Date. The parties shall execute a supplement to this Agreement specifying and acknowledging the Start-up Date, and Company shall commence paying the following treatment fees to Olsen:

7.1 Monthly Standby Fee. A standby fee of one thousand five hundred dollars (\$1,500) per month representing recovery of the cost of constructing the Facilities (the "Monthly Standby Fee").

7.2 Per Acre Foot Treatment Fee. For each acre foot of water treated by the Facilities that complies with the Water Quality Specification, measured as provided in section 6 above, a treatment fee representing four categories of operating and maintenance cost categorized as : (i) media replacement or regeneration costs; (ii) media replacement or regeneration service costs; and (iii) waste media or regeneration disposal costs; and (iv) other operation and maintenance costs totaling four hundred dollars (\$400.00) per acre foot (the "Per Acre Foot Treatment fee"). The four categories of costs making up the Per Acre Foot Treatment Fee are shown in *Exhibit "G"*.

7.3 Additional Treatment Fee. Company intends to deliver for processing and treatment at the Facilities up to forty-two (42) acre feet per year of water from the wells in each Term year (the "Base Quantity"). If: (a) Company delivers more than the Base Quantity for processing and treatment in any Term Year, and (b) the Facilities treat more than the Base Quantity in any Term Year, then the additional Treatment Fee for each such acre foot in excess of the Base Quantity that complies with the Water Quality Specification shall be four hundred dollars (\$400.00) per acre foot in such Term Year (the "Additional Treatment Fee"). The four categories of costs making up the additional Treatment Fee are show in *Exhibit "G"*.

7.4 Adjustment for Increase of Influent Arsenic Concentration. The Per Acre Foot Treatment Fee and Additional Treatment Fee are based on the Influent Arsenic Concentration in Exhibit D attached hereto. If, after the Start-up Date, the Influent Arsenic Concentration increases above the level in Exhibit D, the Per Acre Foot Treatment Fee and Additional Treatment Fee shall be adjusted if Olsen reasonably demonstrates to Company that Olsen has experienced higher treatment costs caused solely by such increase in Influent Arsenic Concentration.

7.5 Adjustment for Changes in Water Quality Specification. The Per Are Foot Treatment Fee and the Additional Treatment Fee are based in part on the Water Quality Specification. If the Water Quality Specification is changed during the Term, the Per Acre Foot Treatment Fee and the Additional Treatment Fee shall be adjusted if Olsen reasonably demonstrates to Company that Olsen has experienced higher or lower treatment costs caused solely by such change.

7.6 Adjustment for CPI . The Per Acre Foot Treatment Fee and the Additional Treatment Fee shall be adjusted by Olsen in its invoices to Company no sooner than the first day of any month that is at least twelve (12) months beyond the Start-up Date, and on the first day of such month in any Term Year thereafter, by the percentage change, if any, reflected in the consumer price index published by the United States Department of Labor, Bureau of Labor Statistics for all Urban Consumers, all Cities Index ("CPI-U") for the twelve (12) months preceding such change.

7.8 Suspension of Payments. Company shall be entitled to suspend the payment of all treatment fees (including the Monthly Standby Fee, which will be prorated during any month in

which a suspension of payments occurs) for a period of time starting with any day during which the Facilities fail to treat water from Well No. 1 and Well No. 4 to comply with the Water Quality Specification, and continuing until such time as the Facilities again treat water from Wells No. 1 and No. 4 to comply with the Water Quality Specification all as verified to Company's satisfaction by water quality testing procedures. Notwithstanding the provisions of Section 20.5 of this Agreement, Olsen agrees that, upon notice from Company that the Facilities have failed to treat water from the well to comply with the Water Quality Specification, Olsen will immediately take all action necessary to promptly remedy such failure.

8. Invoices. Olsen shall invoice Company within ten (10) days of the last day of the month beginning with the month of the Start-up Date. The invoice shall be substantially in the form provided in *Exhibit "E"* hereto and shall state the amount of water treated during that month, measured in accordance with Section 6 above, multiplied by the Per Acre Foot Treatment Fee and the Additional Treatment Fee, if applicable. Within thirty (30) days following Company's receipt of such invoice, Company shall, less Company's deduction for any amount of such invoice that is the subject of a dispute as set forth in Section 9(a), below, make payment to Olsen at the address on the invoice. Company and Olsen shall cooperate to effect meter reading, billing, and payments to maximize efficiency.

9. Delinquent Payments. Any invoice under this Agreement that is not paid within thirty (30) days after Company's receipt thereof shall bear interest at the lesser of twelve percent (12%) per annum or at the maximum rate permitted by law, from the date due until payment is received by Olsen. If Company fails to pay Olsen for water treated in accordance with this Agreement within one hundred twenty (120) days after receipt of the invoice, Olsen may terminate this Agreement, shut down or remove the Facilities, and receive a lump sum payment from Company of the present value of the remaining Monthly Standby Fees that would otherwise be owed to Olsen had the Agreement been completed through the Term; provided, however, that if a bona fide dispute exists between Company and Olsen, then Olsen shall not terminate this Agreement so long as: (a) Company has paid the undisputed portion of any amount due, and (b) the Parties are negotiating in good faith, are submitting to arbitration, or taking legal action to resolve the dispute.

10. Operation, Maintenance, and Repairs.

10.1 Operation. On and after the Start-up Date Olsen shall be solely responsible for operating the Facilities as required by law and in accordance with the permits (as defined in Section 12 below). The ongoing electrical usage costs, including any electrical costs related to the pumps or booster stations shall be borne by Company. Olsen shall be responsible for all other operating costs of the Facilities, including without limitation, salt to treat water from Well No. 1 and Well No. 4 and disposal of brine and other waste as set forth in section 10.4 below, but excluding any cost or expense relating to Company's operating or managerial personnel or related overhead.

10.2 Maintenance and Repairs. Olsen shall be solely responsible for, and, at its sole expense, shall promptly and diligently perform according to industry standards, all maintenance, repairs, and replacements as necessary to maintain the Facilities in good condition.

10.3 Third-Party Contracts. At its option, Olsen may contract with third parties to perform routine operational activities and maintenance of the Facilities under Olsen's direction supervision. If Olsen desires to enter into such a contract with Company, then, as a condition thereto and in recognition of the proprietary nature of the Facilities, Company agrees to execute Olsen's standard confidentiality and non-disclosure Agreement subject to Company's right to first review and propose revisions to said Agreement. Company shall allow Olsen's third party contractor reasonable access to the Facilities only after (a) adequate advance notice thereof to Company from Olsen, and (b) Company's issuance of written consent thereto.

10.4 Waste. Olsen shall be solely responsible at its sole expense, for properly and lawfully disposing of brine and all other waste incidental to the operation of the Facilities, including, but not limited to, the disposal of all hazardous waste (as defined under all applicable federal, state and local statutes and/or regulations) associated with or derived from the treatment of water from Wells No. 1 and No. 4 under this Agreement, such disposal to be in compliance with all applicable laws. Olsen shall defend Company (through counsel approved by Company) in any criminal, civil or administrative proceeding and indemnify Company against and hold it harmless from all claims, demands, penalties, fines, liabilities, losses and costs (including without limitation attorneys, paralegals' and experts' fees and costs (collectively, "Claims") arising out of or related to Olsen's acts or omissions or the acts or mission of Olsen's agents, contractors and/or employees in the handling, transportation or disposal of such brine and other waste including, but not limited to, the disposal of all hazardous waste (as defined under all applicable federal, state and local statutes and/or regulations) associated with or derived from the treatment of water from Wells No. 1 and No. 4 under this Agreement. Olsen may request assistance from others in such disposal and shall be responsible for the acts or omissions of all such others, including, but not limited to its contractors, agents and employees.

11. Security; Insurance.

11.1 Facilities. Olsen agrees that the only security Company shall be obligated to provide for the Facilities is the current fencing around the well site.

11.2 Insurance

11.2.1 Coverage by Company. Company shall maintain at its sole expense, commercial general liability insurance with limits of not less than \$500,00 per occurrence and in the aggregate.

11.2.2 Coverage by Olsen. With respect to Olsen's activities under this Agreement, Olsen shall maintain or cause to be maintained, and shall provide or cause to be provided, with

evidence thereof to Company, property insurance coverage for the Facilities in an amount equal to or exceeding the replacement costs thereof.

12. Permits and Authorizations. Olsen and Company shall cooperate and use good faith efforts to obtain all permits, consents, entitlements, and approvals required under any of the Laws as of the Start-up Date, including without limitation any and all environmental permits (collectively the "Permits") necessary to enable Olsen to construct, install, maintain, own and, before the Start-up Date and during any suspension period under paragraph 7.8 above, operate the Facilities to treat water produced from Wells No. 1 and No. 4 to comply with the Water Quality Specification. Accordingly, Olsen and Company shall (a) jointly pursue, and support each other in obtaining, the permits necessary to initiate timely installation and operation of the facilities; (b) make timely application for such Permit, except for the Application for Approval of Construction which Olsen shall prepare and file with the Arizona Department of Environmental Quality, with Company's cooperation and support, as necessary, and (c) cooperate with each other in implementing the terms of this Agreement and achieving its objectives. All costs and expenses of the activities required under this section 12 shall be the responsibility of Olsen. Any permit, consent, entitlement, or approval necessary to operate the Facilities shall be issued in Company's name.

13. Time for Performance. Subject to Sections 14 and 19.18 below, Olsen and Company shall perform their respective obligations under this Agreement in a diligent, prompt, timely and professional manner and in accordance with the performance schedule attached hereto as *Exhibit "F"*.

14. Early Termination

14.1 Company's Termination Options.

14.1.1 Failure to Obtain Permits. If for any reason other than a delay caused by Company or by a force majeure event (as defined in section 19.18 below) if all requisite permits have not been secured and Olsen has not been able to install the Facilities to treat the water so that it complies with the Water Quality Specification within sixty (60 days) after the last day of the performance schedule (the "Performance Deadline") , then Company, at its option, upon written notice to Olsen may terminate this Agreement and Company and Olsen shall each have no further responsibilities to the other party under this Agreement and each shall bears its own expenditures and out of pocket costs incurred up to then in connection with this Agreement.

14.1.2 Change in Water Quality Specification. If, before the issuance of the permits, a Water Quality Specification lower than as set forth in Exhibit C is required for any reason not caused by Company, Company at its option, upon written notice to Olsen may terminate this Agreement, and Company and Olsen shall each have no further responsibilities to the other Party under this Agreement and each shall bear its own expenditures and out of pocket costs incurred up to then in connection with this Agreement.

15. Expiration of Agreement. Upon expiration of this Agreement, Company shall purchase from Olsen the Facilities for the sum of one dollar (\$1.00), provided Company has not exercised its option to purchase the Facilities in accordance with the terms in accordance with the terms Paragraph 2(2.1). Olsen shall coordinate the final purchase Company.

16. License to Enter. Effective with the Parties' execution of this Agreement, Company gives Olsen license for permission to use Company's property as mutually agreed to be necessary to install and maintain the Facilities. If Olsen so requests, the license shall be formalized by a separate written instrument consistent with the scope of the license set forth above and in Company's customary form. Such license can only be revoked upon termination of this Agreement.

17. Representations and Warranties.

17.1 Representations and Warranties of Company. Company makes the following representations, warranties, and covenants to Olsen:

17.1.1 Power and Authority to Execute and Perform this Agreement. Company has the right, power, and authority to enter into this Agreement and perform its obligations hereunder, and the person executing this Agreement on behalf of Company has the right, power, and authority to do so.

17.1.2 Enforceability. This Agreement constitutes a legal, valid, and binding obligation of Company, enforceable against Company in accordance with its terms.

17.1.3 Operational Capabilities. Upon completion of installation of the Facilities and for the Term of this Agreement, Olsen will maintain its certification (#20172) so as to properly operate the Facilities in an efficient manner and deliver water to the Facilities for treatment.

17.2 Representation of Warranties of Olsen. Olsen makes the following representations, warranties, and covenants to Company:

17.2.1 Power and Authority to Execute and Perform this Agreement. Olsen has the right, power, and authority under this Agreement to perform its obligations hereunder, and the person executing this Agreement on behalf of Olsen has the right, power, and authority to do so.

17.2.2 Enforceability. This Agreement constitutes a legal, valid, and binding obligation of Olsen, enforceable against Olsen in accordance with its terms.

17.2.4 No Conflict. The execution, delivery, and performance of this Agreement by Olsen will not breach or constitute a default under, or grounds for the acceleration of maturity of, any Agreement, indenture, or undertaking or other instrument to which Olsen is a party or by which Olsen or any of its property may be bound or affected and does not constitute a breach or default under any law, regulation, ruling, or court order.

18. Taxes. Olsen shall not be liable for taxes and governmental charges of any kind whatsoever that may at any time be assessed or levied against, or with respect to, the use, possession, occupation, and/or ownership of any property, or part thereof, involved in the implementation of this Agreement (including, but not limited to, Wells No. 1 and No. 4, the Facilities, and the real property where Well No. 1 and No. 4 and the Facilities are located and where Olsen will have a license to enter pursuant to section 17 above), or any and all general or special taxes, fees, assessment, and/or charges made by any governmental body for any improvement made to such property, or part thereof, and/or for any services or activities performed hereunder. If Olsen is assessed any such taxes, fees, assessments, or charges, said sums shall either be paid by Company within thirty days after receipt of an invoice therefor from Olsen, or, at its option, Company may contest any such assessment in the manner Company deems appropriate, provided that Company will remain ultimately responsible for the payment of any such assessments.

19. Miscellaneous Provisions.

19.1 Further Assurances. At any time and from time to time after the date hereof, the Parties agree to take such actions and to execute and deliver such documents as the other Party may reasonably request to effectuate the purposes of this Agreement.

19.2 Assignment. Neither Party shall assign any right, interest, or obligations under this Agreement without the prior written consent of the other Party. This Agreement and all provisions hereof shall be binding upon, and insure to the benefit of, the Parties and their respective heirs, successors, legal representatives, and assigns.

19.3 Amendment. Except as otherwise provided in this Agreement, neither this Agreement nor any provision hereof may be waived, modified, amended, discharged, or terminated except by an instrument in writing signed by both parties, and then only to the extend set for in such instrument.

19.4 Entire Agreement. This Agreement and the Agreements provided for herein constitute the entire understanding between the Parties with respect to the matters set forth herein, and they supercede all prior or contemporaneous understandings or Agreements between the Parties with respect to the subject matter hereof, whether oral or written.

19.5 Notices. Any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon either Party in connection with this Agreement shall be in writing. Such notice shall be personally served. Such notices shall be addressed to the Party to whom such notice is to be given at the Party's address or sent in accordance with this section.

If to Olsen:

Patricia Olsen
P.O. Box 10
Rimrock, AZ 86335

928-300-3291

If to Company:

Montezuma Rimrock Water Company LLLC
P.O. Box 10
Rimrock, AZ 86335

19.6 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with the laws of the State of Arizona, without given effect to any choice-of-law or conflict of law rule or principle that would result in the application of any other laws.

19.7 Headings. Headings, title, and captions are for convenience only and shall not constitute a portion of this Agreement or be used for the interpretation thereof.

19.8 Cumulative Rights; Waiver. The rights created under this Agreement, or by law or equity, shall be cumulative and may be exercised at any time and from time to time. No failure by either party to exercise and no delay in exercising any rights, shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by any Party preclude any other or future exercise thereof or the exercise of any other right. Any waiver of any provision or of any breach of any provision of this Agreement must be in writing and any waiver by any party of any breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of any party to insist upon strict adherence to any term of the Agreement on one or more occasions shall not be considered or construed or deemed a waiver of any provision or any breach of any provision of this Agreement or deprive that Party of the right thereafter to insist upon strict adherence to that term or provision or any other term or provision of this Agreement. No delay or omission on the part of any Party in exercising any right under this Agreement shall operate as a waiver of any such right or any other right under this Agreement.

19.9 Liberal Construction. This Agreement constitutes a fully-negotiated agreement among commercially sophisticated Parties, each assisted by legal counsel, and the terms of this agreement shall not be construed or interpreted for or against any Party because that Party or its legal representative drafted or prepared such provision.

19.10 Severability. If any provision of this Agreement is invalid, illegal, or unenforceable, such provision shall be deemed to be severed or deleted from this Agreement and the balance of this Agreement shall remain in full force and effect notwithstanding such invalidity, illegality, or unenforceability.

19.11 Good Faith and Fair Dealing. The Parties acknowledge and agree that the performances required by the provisions of this Agreement shall be undertaken in good faith, and with each of the parties dealing fairly with each other.

19.12. No Third-Party Beneficiaries. Subject to section 19.2 above, this Agreement does not create, and shall not be construed to create, any rights enforceable by any person, partnership, corporation, joint venture, limited liability Company or other form of organization or association of any kind that is not a Party, except to the extent that a Party's rights may be enforced by a parent company or a subsidiary of such Party.

19.13 Counterparts; Facsimile Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto except for having an additional signature page executed by any other Party. Each Party agrees that each other Party may rely upon the facsimile signature of any Party on this Agreement as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement as fully as if this Agreement contained the original ink signature of the Party supplying a facsimile signature.

19.14 Time of the Essence. Time is of the essence, of each and every provision of this Agreement. Unless business days are expressly provided for, all reference to "days" herein shall refer to consecutive calendar days. If any date or time period provided or in this Agreement is or ends on a Saturday, Sunday or federal, state, or legal holiday, then such date automatically shall be extended to the next day which is not a Saturday, Sunday, or federal, state, or legal holiday.

19.15 Number and gender. As used herein, and as the circumstances require, the plural term shall include the singular, the singular shall include the plural, the neuter term shall include the masculine and feminine genders, the masculine term shall include the neuter and the feminine genders, and the feminine term shall include the neuter and the masculine genres.

19.16 Disputes.

19.16.1 Arbitration. Any dispute or controversy arising out of, under, or in connection with, or in relation to, this Agreement and/or any amendments thereto, or the breach thereof, which is not resolved informally by prior mutual Agreement of the Parties, shall be submitted to arbitration in accordance with the procedures set forth in the Arizona Uniform Arbitration Act (ARS 12-1501, *et seq.*), unless otherwise waived and/or modified in writing by the parties. The cost of such arbitration shall be paid by the Parties equally; however, the prevailing Party in the arbitration shall be entitled to reimbursement of its attorneys fees and other costs and expenses incurred in connection therewith.

19.16.2. Attorneys Fees. If a dispute arises which is not resolved by arbitration pursuant to Section 19.16.1 above, and any party reasonably retains counsel for the purpose of enforcing any provision of this Agreement, including without limitation the institution of any action or proceeding to enforce any provision of this Agreement, or to recover damages if otherwise available hereunder, or to obtain injunctive or other relief by reason of any alleged

breach of any provision of this Agreement, or for a declaration based on demonstrated necessity of such Party's rights or obligations under this Agreement, or for any other judicial or equitable remedy, then if the matter is settled by judicial or quasi-judicial determination, the prevailing party shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing Party for all costs and expenses incurred including, without limitation, all attorneys' fees and costs for services rendered to the prevailing Party and any attorneys' fees and costs incurred in enforcing any judgment or order entered. The prevailing Party shall be as determined by the court in the initial or any subsequent proceeding.

19.17 Governing Law. The validity, interpretation, and enforcement of this Agreement shall be governed by the laws of the State of Arizona.

19.18 Force Majeure. If any performance other than the payment of money due hereunder) of this agreement is prevented, delayed, or made impracticable due to drought, flood, fire, earthquake, or other natural disaster, strike, insufficiency of electrical power or fuel, civil rioting, terrorist attack, war or military conflict, inability of Olsen to obtain all necessary permits or approvals (including any and all environmental approvals), or if the cost of complying with environmental or safe drinking water requirements renders such performance economically impractical (collectively a "Force Majeure Event"), then such performance (except for the payment of money due hereunder) of this Agreement shall be excused for the period of prevention, delay, or impracticability resulting from the Force Majeure Event.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the last date below written.

Dated: 3/16/12

Dated: 3/16/12

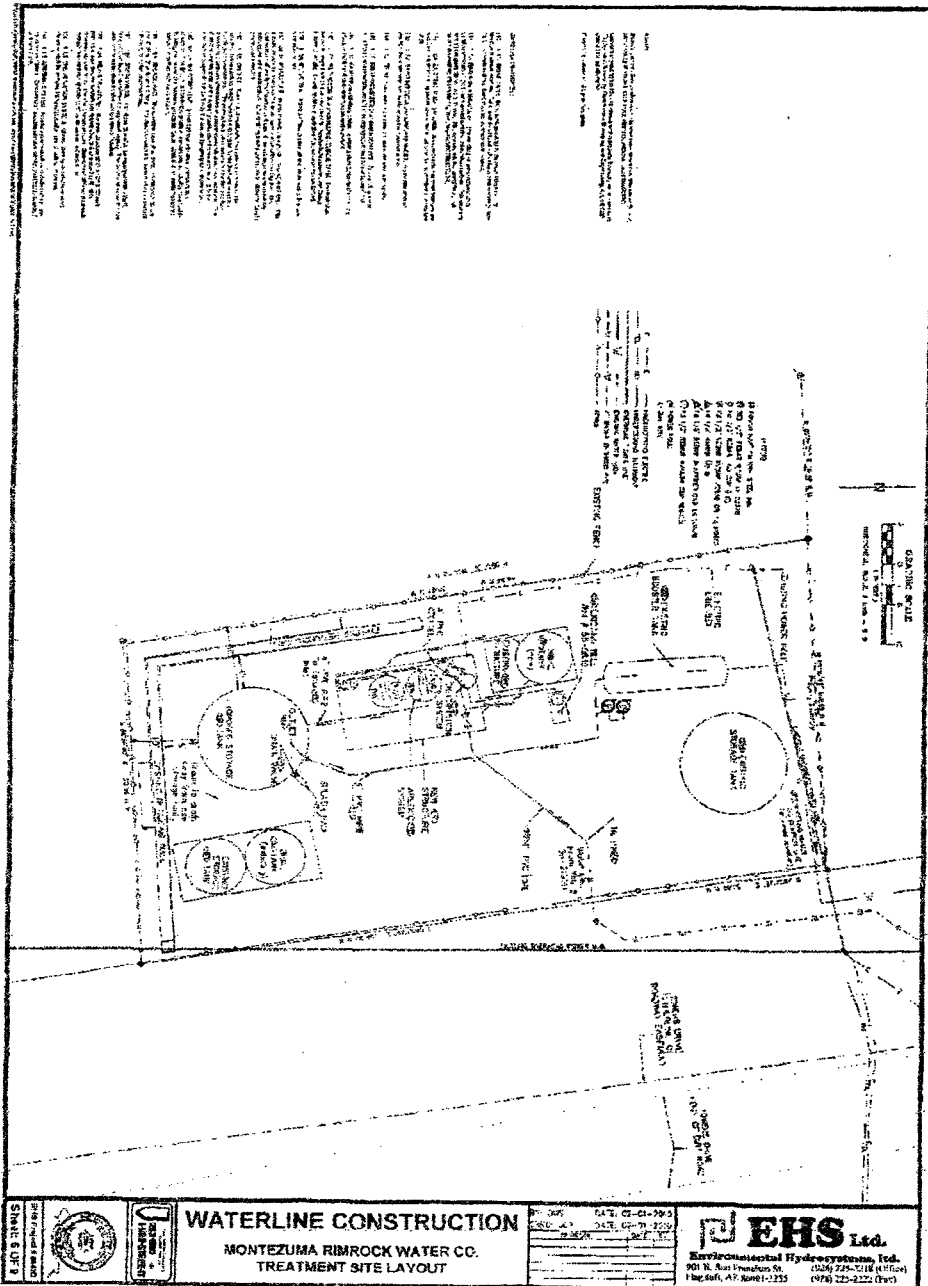
Olsen

By: 

Montezuma Rimrock Water Company LLC

By: 

EXHIBIT "A"



1. The purpose of this drawing is to show the location and layout of the waterline construction at the Montezuma Rimrock Water Co. Treatment Site. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves. The drawing is a plan view of the site and is not to scale.

2. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

3. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

4. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

5. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

6. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

7. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

8. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

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10. The drawing is based on the site plan provided by the Montezuma Rimrock Water Co. The drawing is a plan view of the site and is not to scale. The drawing shows the location of the waterline, the location of the tanks, and the location of the pumps. The drawing also shows the location of the piping and the location of the valves.

EXHIBIT "B"

**Montezuma Rimrock Water Company, LLC
Wells No. 1 and No. 4
Arsenic Removal Facilities**

Description of Facilities

- **Treatment Module (150 gpm capacity)**
 - 2 bed configuration
 - Internal media system

- **Pre-Treatment filter system**
 - Bag filters
 - Inlet, outlet, filter header system

- **Waste storage tanks**
 - 1 polypro tank
 - 3" Waste discharge system

EXHIBIT "C"

**Montezuma Water Company
Wells No. 1 and No. 4
Arsenic Treatment Facility
Water Quality Specification**

Treated Water Arsenic Concentration: Not greater than 9 micrograms per liter

EXHIBIT "D"

Montezuma Rimrock Water Company

Wells No. 1 and No. 4

Arsenic Removal Facility

Influent Arsenic Concentration

Influent Arsenic Concentration: Not greater than 45 micrograms per liter.

EXHIBIT "E"

INVOICE			INV. #XXXXXXX
Patricia Olsen P.O. Box 10 Rimrock, AZ 86335 928-300-3291			
BILL TO: Montezuma Rimrock Water Company P.O. Box 10 Rimrock, AZ 86335		SERVICE ADDRESS: Well No. 1 Rimrock, AZ	
PO/Contract Number: Invoice Date: 3/25/2012 Billing Cycle: 3/30/2012 - 4/30/2012 Days of Service: 31	Previous Meter Reading: Current Meter Reading: Total Flow (gallons): Total Flow (Acre-ft):	3/30/12 12:00AM 4/30/12 12:00AM	0.0 0.0 0.0 0.00000
Previous Charges and Credits:	Amount of Previous Bill Payment Received		\$0.00 \$0.00
New Charges and Credits:	Standby Fee: Treatment Fee:	\$0.00/ month \$0.00 /acre-ft x 0.0 acre-ft	\$0.00 \$0.00

Total Due	\$0.00
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Please Remit to:

Patricia Olsen

P.O. Box 10

Rimrock, AZ 86335

EXHIBIT "F"

**Montezuma Rimrock Water Company
Well No. 1 and No. 4
Arsenic Removal Facility**

Performance Schedule

- **Week 1**
 - Company begins on-site and off-site preparation
 - Olsen begins unit assemble

- **Week 6**
 - Company completes on-site and off-site preparations
 - Olsen begins on-site mobilization

- **Week 8**
 - Olsen begins installation of Arsenic Removal Facility

- **Week 10**
 - Olsen completes installation of Arsenic Removal Facility
 - Olsen begins startup tests
 - Olsen completes startup tests
 - Arsenic Removal Facility ready for permitting

EXHIBIT "G"

PER ACRE FOOT TREATMENT FEE

CATEGORY	%	Fee Per Acre Foot
Media Replacement or Regeneration Costs		
Media Replacement or Regeneration Service Costs		
Waste Media Regeneration Disposal Costs		
Other Operation and Maintenance Costs		
<u>TOTAL</u>		

ADDITIONAL TREATMENT FEE

CATEGORY	%	Fee Per Acre Foot
Media Replacement or Regeneration Costs		
Media Replacement or Regeneration Service Costs		
Waste Media Regeneration Disposal Costs		
Other Operation and Maintenance Costs		
<u>TOTAL</u>		

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number >
Full Legal Name and Place of Business of Lessee > PATRICIA D. OLSEN > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001		Place of incorporation or organization or, if an individual, location of principal residence. > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001
Quantity Equipment Leased	Description, Model #, Catalog #, Serial #, or other Identification > 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET.	
Equipment Location if Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335	
Terms >	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 342.09	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other Specify:
	Terms of Lease > 36	No. of Payments > 36
	Advanced Payment/Security Deposit > \$ 734.46	

TERMS AND CONDITIONS OF LEASE

- LEASE.** Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the "Equipment").
- ACCEPTANCE OF EQUIPMENT.** Lessee agrees to inspect the Equipment and to execute an Acknowledgment and Acceptance of Equipment by Lessee notice, as provided by Lessor, after the Equipment has been delivered and after Lessee is satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial number or other identifying data with regard to the Equipment.
- DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR.** Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.
- ASSIGNMENT BY LESSEE PROHIBITED.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- COMMENCEMENT; RENTAL PAYMENTS; INTERIM RENTALS.** This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified. Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

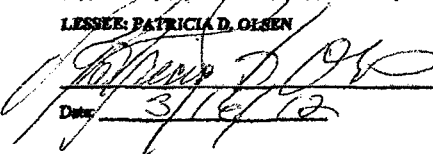
LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.


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- SECURITY DEPOSIT.** As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section shown as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.
- LIMITED PREARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code, and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
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- USE.** Lessee shall use the Equipment in a careful manner, make as necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.
- OWNERSHIP; PERSONALTY.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.

LESSEE ACKNOWLEDGEMENTS. Lessee acknowledges the following: (a) Lessor's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation () /partnership () /individual () ; (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: PATRICIA D. OLSEN

LESSOR: NILE RIVER LEASING, L.L.C.


 Date: 3/16/12


 Date: 3-16-2012

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number >
Full Legal Name and Place of Business of Lessee > PATRICIA D. OLSEN > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001		Place of Incorporation or organization or, if an individual, location of principal residence. > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001
Quantity Equipment Leased	Description, Model #, Catalog #, Serial #, or other Identification > 1 - ARSENIC REMOVAL WATER TREATMENT SYSTEM TANKS, PIPING COMPONENTS, ENGINEERING, START-UP ETC.	
Equipment Location If Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335	
Terms	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 1,058.18	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other Specify:
	Terms of Lease > 60	No. of Payments > 60
	Advanced Payment/Security Deposit > \$ 2,271.92	

TERMS AND CONDITIONS OF LEASE

- LEASE.** Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the "Equipment").
- ACCEPTANCE OF EQUIPMENT.** Lessee agrees to inspect the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Lessee notation, as provided by Lessor, after the Equipment has been delivered and after Lessee is satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial numbers or other identifying data with regard to the Equipment.
- DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR.** Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.
- ASSIGNMENT BY LESSEE PROHIBITED.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT, OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- COMMENCEMENT; RENTAL PAYMENTS; INTERIM RENTALS.** This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified. Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

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LESSEE: PATRICIA D. OLSEN

LESSOR: NILE RIVER LEASING, L.L.C.

Date: 3/16/12

Date: 3/16/2012

3824-0



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

Contract for:

Arsenic Treatment System

With

Patricia Olsen

Owner/Operator of

Montezuma Rimrock Water Company, LLC



Kevlor Design Group, LLC

430 Fitzgerald Place - Atlanta, Georgia 30349

Proposal ID: KDG012712

January 27, 2012

Patricia Olsen (928-300-3291)
Montezuma Rimrock Water Co. LLC
P.O. Box 10
Rimrock, AZ 86335

Dear Patricia,

Kevlor Design Group, LLC is involved in water treatment and automation projects throughout the U.S.A. With years of experience we offer solutions for arsenic removal, chemical metering, and system integration.

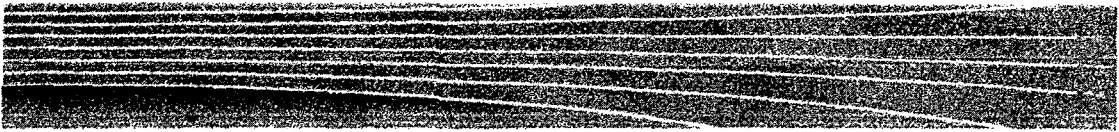
Products & Services

Our products and services are built around filtration technologies along with manufacturing state of the art equipment for water processing. Our objective is focused on performance and continuous improvement. This makes us a company of trust, which is where we build our relationship with customers.

Contact Kevlor for your next water treatment project. Call us at 770-653-5174 to get your project flowing.

Sincerely,

Kelvin Duffy
President



Kevlor Design Group, LLC

430 Fitzgerald Place · Atlanta, Georgia 30349

TOTAL PROJECT COST: \$46,000.00

TERMS AND CONDITIONS

Down Payment	Due at signing of contract	\$ 23,000
ADEQ Permit Fee	Due at signing of contract	\$ N/A
Engineering	Due at signing of contract	\$ N/A
Media payment	Due at System Delivery	\$ 16,280
Final Payment	Due upon System Hookup	\$

Protected Pricing – This pricing is valid through 02/28/2012

Transportation Liability – Kevlor is responsible for transportation and any damage during the delivery process. FOB is to Well Site.



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

Kevlor Design Group, LLC is pleased to present this contract to Patricia Olsen owner/operator of Montezuma Rimrock Water Company, LLC for arsenic removal at well #1, 4599 E. Goldmine Rd., Rimrock, AZ 86335.

Our arsenic removal system utilizes the Bayoxide Granular Ferric E33 arsenic removal media. This treatment technology provides the highest capacity in wide range of water conditions with superior kinetics, and no wastewater discharge requirement. We have based this pricing on information provided to us by Patricia Olsen, Manager of Montezuma Rimrock Water Company, LLC.

Proposal No. KDG012712

Contents

Equipment Description

System Design

- Media Cost (___ cu. Ft)**

Design Criteria

Ancillary Services

- Installation/Start-up**
- Equipment Warranty**
- Site Building**

Service Provided by Patricia Olsen

Total Project Cost

Terms and Conditions

Contract Acceptance

ADEQ Required Testing

*Any or all additional local, state, or federal fees, taxes, or permits are the responsibility of Montezuma Rimrock Water Company LLC.



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

ASSUMPTIONS

We have based this information upon your well running intermittently 24 hours a day, 365 days per year.

EQUIPMENT DESCRIPTION

Kevlor will design and manufacture the arsenic removal system using 2 fiberglass vessels size 48" x 72" height. The vessels are NSF/ANSI certified for drinking water applications and will include all internal parts (bottom hub, laterals etc). The vessels will also be design with a 6-inch diameter flange on top and bottom for plumbing connections. A small stainless steel enclosure will be the operator interface for monitoring the flow readings and totalizing.

The valves will be 2" butterfly valves with easy operating levers for opening and closing the valves for water direction.

Plumbing and construction will be done on-site using schedule 80 PVC piping for inlet and outlet connections. In-line check valves, ball valves, and diaphragm valves will be used for flow control.

SYSTEM DESIGN

Maximum Flow Design – 150 GPM

Pre-treatment – The pre-treatment system will be a manual bag filtration system.

Blending System – If blended, treated water delivery must go to a storage tank.

Chlorination – Chlorination is required for these arsenic removal systems.

Media Disclosure – This system is designed to operate with Bayoxide E33 approved media only. The total amount of media to be loaded is: 74 cubic feet. The media cost is \$220.00 per cuft plus shipping. Any other media usage voids the equipment warranty.

Equipment Sizing – The system sizing is based on well volume (gpm) information provided by Montezuma Rimrock Water Company LLC and the local P.E.



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

ADEQ REQUIRED TESTING				
WELL #	DATE	RESULTS	DATE	NOTES
DAY 1				KEEP AT SITE
DAY 2				KEEP AT SITE
DAY 3				KEEP AT SITE
DAY 4				KEEP AT SITE
DAY 5				KEEP AT SITE
DAY 6				KEEP AT SITE
DAY 7				KEEP AT SITE
WEEK 2				KEEP AT SITE
WEEK 3				KEEP AT SITE
WEEK 4				KEEP AT SITE
MONTH 1				KEEP AT SITE
QUARTER 1				KEEP AT SITE
QUARTER 2				KEEP AT SITE



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

ALL TESTS MUST BE BY A 3RD PARTY LAB



Kevlor Design Group, LLC

430 Fitzgerald Place • Atlanta, Georgia 30349

CONTRACT ACCEPTANCE FORM

I, Patricia Olsen, accept the terms and conditions of the stated proposal No: KDG012712 from Kevlor Design Group, LLC.

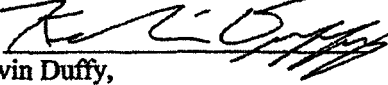
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I, Patricia Olsen, am authorized to enter into this legally binding contracted for arsenic removal.

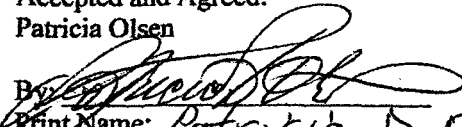
If this proposal is in accordance with your request, please indicate your acceptance by signing in the space below. We are prepared to process this order upon receipt.

If you have any questions, please contact me at (770) 653-5174.

Kevlor Design Group, LLC
kduffy@kevlordesigngroup.com

By: 
Kelvin Duffy,
President
Date: January 27, 2012

Accepted and Agreed:
Patricia Olsen

By: 
Print Name: Patricia D. Olsen
Title: Manager
Date: 2/28/12

C-Ex9

ORIGINAL


Docket No. W-04254A-08-0361

Docket No. W-04254A-08-0362

EXHIBIT
C-9
ADMITTED

Arizona Corporation Commission
DOCKETED

FEB 21 2012

DOCKETED BY 

RECEIVED
2012 FEB 21 P 3:18
AZ CORP COMMISSION
DOCKET CONTROL



Kevlor Design Group, LLC

430 Fitzgerald Place ~ Atlanta, Georgia 30349

Proposal ID: KDG012712

January 27, 2012

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President



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Contract for:

Arsenic Treatment System

With

Patricia Olsen

Owner/Operator of

Montezuma Rimrock Water Company, LLC



Kevlor Design Group, LLC

430 Fitzgerald Place • Atlanta, Georgia 30349

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Proposal No. KDG012712

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Equipment Description

System Design

- Media Cost (___ cu. Ft)**

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Ancillary Services

- Installation/Start-up**
- Equipment Warranty**
- Site Building**

Service Provided by Patricia Olsen

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Kevlor Design Group, LLC

430 Fitzgerald Place - Atlanta, Georgia 30349

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Kevlor Design Group, LLC

430 Fitzgerald Place • Atlanta, Georgia 30349

DESIGN CRITERIA	
	WELL LOCATION #1
TANK SIZE	48"X72"
NUMBER OF TANKS	2
PIPE SIZE	3" Inlet/Outlet Header
MEDIA bed depth	35
GPM/Sq.Ft per Tank	6.4
EMPTY BED CONTACT TIME	3 MINUTES
CUBIC FEET MEDIA PER TANK	37
TOTAL WELL HEAD FLOW	150 GPM
REQUIRED PSI @ WELL	50
TREATED FLOW	150
BY-PASS FLOW	0



Kevlor Design Group, LLC

430 Fitzgerald Place - Atlanta, Georgia 30349

ANCILLARY SERVICES PROVIDED

Engineering – Provided by Customer

Installation and Start Up – This service includes installation of the arsenic removal system up to the wellhead. Kevlor will also provide tie-ins with shut-off valves, manual by-pass valves, and coupling spools or tees. **COMPLETION DATE SHALL BE BY MUTAL AGREEMENT.**

Initial Backwash – Kevlor requires a letter from Patricia Olsen, (owner/operation of Montezuma Rimrock Water Company LLC) allowing initial backwash to flow into any of the following areas of the grounds: agriculture, irrigation, pasture, or directly into sewer in Arizona.

Equipment Warranty – Unconditional for system manufacturers defects only, including all parts, labor and travel time, for one (1) year from the date of ADEQ Approval of Construction. Extended Warranty is available at an additional charge. Service charge of \$95.00 per hour with a minimum of 4 hours will be charged for any non-warranty work.

Site Building – Equipment must be covered and protected from UV rays and insulated from extreme temperatures (<35 degrees F. and >105 degrees F.) in order for the warranty to remind in effect. Shelter must have a minimum two (2) feet of clearance from top of System tank.

SERVICES PROVIDED BY PATRICIA OLSEN

Customer Requirements: To provide cement pad for equipment according to the engineering specs and 110 volt Single Phase Power to pad. (Either 110 Volt Outlet or Disconnect Box)



Kevlor Design Group, LLC

430 Fitzgerald Place • Atlanta, Georgia 30349

TOTAL PROJECT COST: \$46,000.00

TERMS AND CONDITIONS

Down Payment	Due at signing of contract	\$ 23,000
ADEQ Permit Fee	Due at signing of contract	\$ N/A
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I, Patricia Olsen, am authorized to enter into this legally binding contracted for arsenic removal.

If this proposal is in accordance with your request, please indicate your acceptance by signing in the space below. We are prepared to process this order upon receipt.

If you have any questions, please contact me at (770) 653-5174.

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kduffy@kevlordesigngroup.com

By: _____
Kelvin Duffy,
President
Date: January 27, 2012

Accepted and Agreed:
Montezuma Rimrock Water Co.

By: _____
Print Name: _____
Title: _____
Date: _____



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Kevlor Design Group, LLC

430 Fitzgerald Place • Atlanta, Georgia 30349

ALL TESTS MUST BE BY A 3RD PARTY LAB

WATER SERVICES AGREEMENT

THIS WATER SERVICES AGREEMENT ("Agreement"), entered into as of the latest of the dates shown opposite the signatures of the Parties to this Agreement, is made by and between Patricia D. Olsen ("Olsen"), a Certified Operator (#20172) and Montezuma Rimrock Company LLC, an Arizona Corporation ("Company") (Patricia Olsen and Company are sometimes hereinafter referred to collectively as the "Parties" and individually as "Party").

RECITALS

A. Company's Wells No. 1 and No. 4 currently produce groundwater containing arsenic ("the Contaminant") in excess of 10 micrograms per liter. The wells are located on real property depicted on *Exhibit "A"*: attached hereto.

B. Olsen represents that it possesses the requisite skill, expertise, technology, and solutions to install Facilities (described in *Exhibit "B"* attached hereto) to treat groundwater containing the Contaminant (the "Facilities"), so as to enable Company to supply water from the Wells No. 1 and No. 4 that will not exceed 9 micrograms per liter of the Contaminant.

C. Olsen represents that it has the requisite skill, expertise, and qualifications to properly operate the Facilities consistent with prudent water utility operating standards, practices and procedures, and all applicable regulatory requirements.

D. This Agreement sets forth the terms and conditions under which Olsen will construct, install, maintain and own the Facilities to treat water produced from the Wells and properly dispose of all waste derived therefrom.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

1. Treatment

1.1 Facilities

1.1(a) Olsen shall install, maintain and own the Facilities to treat the water produced by the Wells as provided in this Agreement.

1.1(b) The Facilities shall be capable of treating 150 gallons per minutes of water from Wells No. 1 and No. 4, as specified in the facility description in Exhibit B.

1.1 (c) The Facilities shall be capable of operating at a maximum operating pressure of 150 psig.

1.1 (d) On the Start-up Date, as defined in Section 7, Olsen shall operate the Facilities consistent with prudent water utility operating standards, practices and procedures, and all applicable regulatory requirements.

2. Term

2.1 Duration of Agreement. This Agreement shall commence on the date the Parties enter into this Agreement and shall continue for a period of 20 years from the Start-up Date (the "Term") unless this Agreement is earlier terminated pursuant to Section 15 below. At the end of the Term, Company shall have the option to purchase the Facilities for cash to be paid within thirty days from the expiration of the Term. Such option shall be exercised by notice given by Company to Olsen no later than sixty days prior to expiration of the Term.

2.2 Term Year. As used herein a "Term Year" is a period of twelve (12) months commencing on the Start-up Date, and ending on the day immediately preceding the anniversary of the Start-up Date.

3. Construction, and Installation of the Facilities

3.1 Olsen's Obligations. Olsen shall construct and install the Facilities in accordance with generally accepted engineering standards so as to reduce the Contaminant from the wells to comply with the water quality specification as defined in Section 4 below. Olsen shall perform all services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of Arizona and in compliance with all applicable federal, state and local statutes, laws, regulations, codes and local ordinances (collectively "Laws"). Provided Company first installs the improvements described in Section 3.2 of this Agreement that are required for operation of the Facilities, Olsen shall install the Facilities and cause them to be ready for performance testing no later than sixty (60) days thereafter. Olsen shall be responsible for all costs and expenses necessary to construct, and install the Facilities to treat the water produced by the wells to comply with the water quality specification. Olsen will perform all necessary water tests and other tests and investigations in connection with construction and installation of the Facilities. Olsen may store equipment or materials on Company's real property where Well No. 1 is located during installation of the Facilities, provided that such storage does not interfere with Company's operations and complies with all laws. The risk of loss of all stored equipment and materials and work in progress shall remain with Olsen and Olsen agrees to remove all such equipment and materials no later than thirty (30) days after the Start-up Date. Olsen agrees that Company shall not be required to provide any security for stored equipment and materials and work in progress in addition to the current fencing around the well site.

3.2 Company's Obligations. Company shall provide Olsen with: (a) all water quality data Company has for the influent water which Olsen reasonably requests as necessary for the construction, and installation of the Facilities; (b) all construction information the Company has concerning the well that Olsen reasonably requests as necessary for Olsen to design the

connection of the Facilities to the Well and from the Facilities to Company's water distribution system; (c) all external electrical equipment required to operate the Facilities (the capital cost of acquisition and installation of such equipment to be born solely by Company; (d) the license described in section 17 hereof; (e) directly or indirectly, all electrical powered required by Olsen to install the Facilities ; (f) the real property on which Olsen will install the Facilities, as depicted on Exhibit A; and (g), after issuance of ADEQ's Approval of Construction to use water treated by the Facilities, Company's written notice of acceptance of the Facilities. Olsen shall not proceed with any work which is or could be affected by discrepancies, omissions or inaccuracies in the data provided by Company or obtained independently by Olsen until all such discrepancies, omission, or inaccuracies have been resolved by written Agreement of the parties and no change order or extra cost reimbursement for the affected work will be permitted without such Agreement of the parties.

3.3 Verification rights. Each party shall have the right to verify, at its own expense, the amount and quality of the water entering and exiting the Facilities and to conduct independent testing thereof. Olsen shall monitor the operation of the Facilities to assure proper operation and performance of the Facilities and advise Company of the results of the monitoring.

4. Water Quality. After Olsen's installation of the Facilities, the Facilities shall reduce the level of the contaminant in the water produced by the Well connected to the Facilities to comply with the Treated Water Arsenic Limitation in *Exhibit "C"* attached hereto (the "Water Quality Specification"). No less frequently than annually, Company shall provide Olsen with annual reports describing influent water quality. Company shall bear the cost of complying with changes in water quality standards that require reduction of the contaminant to levels less than the water quality Specification.

5. Payments. Company shall pay Olsen the fees and charges set forth in Section 7 below for all water produced by Company and treated by the Facilities which complies with the Water Quality Specification irrespective of whether such water complies with water quality standards for constituents other than the Contaminant.

6. Measurement. Water treated pursuant to this Agreement which complies with the Water Quality Specification shall be measured each month by Olsen at the point of connection between Company's water distribution system and the Facilities. The Parties shall be bound by the measurements of the water meter at such point.

7. Treatment fees. Beginning on the later of: (a) the date that ADEQ gives Company an Approval of Construction to use the water treated by the Facilities, or (b) the date that the Facilities continuously and consistently treat water that complies with the Water Quality Specification for seven (7) consecutive days shall be called the Start-up Date. The parties shall execute a supplement to this Agreement specifying and acknowledging the Start-up Date, and Company shall commence paying the following treatment fees to Olsen:

7.1 Monthly Standby Fee. A standby fee of one thousand five hundred dollars (\$1,500) per month representing recovery of the cost of constructing the Facilities (the "Monthly Standby Fee").

7.2 Per Acre Foot Treatment Fee. For each acre foot of water treated by the Facilities that complies with the Water Quality Specification, measured as provided in section 6 above, a treatment fee representing four categories of operating and maintenance cost categorized as : (i) media replacement or regeneration costs; (ii) media replacement or regeneration service costs; and (iii) waste media or regeneration disposal costs; and (iv) other operation and maintenance costs totaling four hundred dollars (\$400.00) per acre foot (the "Per Acre Foot Treatment fee"). The four categories of costs making up the Per Acre Foot Treatment Fee are shown in *Exhibit "G"*.

7.3 Additional Treatment Fee. Company intends to deliver for processing and treatment at the Facilities up to forty-two (42) acre feet per year of water from the wells in each Term year (the "Base Quantity"). If: (a) Company delivers more than the Base Quantity for processing and treatment in any Term Year, and (b) the Facilities treat more than the Base Quantity in any Term Year, then the additional Treatment Fee for each such acre foot in excess of the Base Quantity that complies with the Water Quality Specification shall be four hundred dollars (\$400.00) per acre foot in such Term Year (the "Additional Treatment Fee"). The four categories of costs making up the additional Treatment Fee are show in *Exhibit "G"*.

7.4 Adjustment for Increase of Influent Arsenic Concentration. The Per Acre Foot Treatment Fee and Additional Treatment Fee are based on the Influent Arsenic Concentration in Exhibit D attached hereto. If, after the Start-up Date, the Influent Arsenic Concentration increases above the level in Exhibit D, the Per Acre Foot Treatment Fee and Additional Treatment Fee shall be adjusted if Olsen reasonably demonstrates to Company that Olsen has experienced higher treatment costs caused solely by such increase in Influent Arsenic Concentration.

7.5 Adjustment for Changes in Water Quality Specification. The Per Are Foot Treatment Fee and the Additional Treatment Fee are based in part on the Water Quality Specification. If the Water Quality Specification is changed during the Term, the Per Acre Foot Treatment Fee and the *Additional Treatment Fee* shall be adjusted if Olsen reasonably demonstrates to Company that Olsen has experienced higher or lower treatment costs caused solely by such change.

7.6 Adjustment for CPI . The Per Acre Foot Treatment Fee and the Additional Treatment Fee shall be adjusted by Olsen in its invoices to Company no sooner than the first day of any month that is at least twelve (12) months beyond the Start-up Date, and on the first day of such month in any Term Year thereafter, by the percentage change, if any, reflected in the consumer price index published by the United States Department of Labor, Bureau of Labor Statistics for all Urban Consumers, all Cities Index ("CPI-U") for the twelve (12) months preceding such change.

7.8 Suspension of Payments. Company shall be entitled to suspend the payment of all treatment fees (including the Monthly Standby Fee, which will be prorated during any month in

which a suspension of payments occurs) for a period of time starting with any day during which the Facilities fail to treat water from Well No. 1 and Well No. 4 to comply with the Water Quality Specification, and continuing until such time as the Facilities again treat water from Wells No. 1 and No. 4 to comply with the Water Quality Specification all as verified to Company's satisfaction by water quality testing procedures. Notwithstanding the provisions of Section 20.5 of this Agreement, Olsen agrees that, upon notice from Company that the Facilities have failed to treat water from the well to comply with the Water Quality Specification, Olsen will immediately take all action necessary to promptly remedy such failure.

8. Invoices. Olsen shall invoice Company within ten (10) days of the last day of the month beginning with the month of the Start-up Date. The invoice shall be substantially in the form provided in *Exhibit "E"* hereto and shall state the amount of water treated during that month, measured in accordance with Section 6 above, multiplied by the Per Acre Foot Treatment Fee and the Additional Treatment Fee, if applicable. Within thirty (30) days following Company's receipt of such invoice, Company shall, less Company's deduction for any amount of such invoice that is the subject of a dispute as set forth in Section 9(a), below, make payment to Olsen at the address on the invoice. Company and Olsen shall cooperate to effect meter reading, billing, and payments to maximize efficiency.

9. Delinquent Payments. Any invoice under this Agreement that is not paid within thirty (30) days after Company's receipt thereof shall bear interest at the lesser of twelve percent (12%) per annum or at the maximum rate permitted by law, from the date due until payment is received by Olsen. If Company fails to pay Olsen for water treated in accordance with this Agreement within one hundred twenty (120) days after receipt of the invoice, Olsen may terminate this Agreement, shut down or remove the Facilities, and receive a lump sum payment from Company of the present value of the remaining Monthly Standby Fees that would otherwise be owed to Olsen had the Agreement been completed through the Term; provided, however, that if a bona fide dispute exists between Company and Olsen, then Olsen shall not terminate this Agreement so long as: (a) Company has paid the undisputed portion of any amount due, and (b) the Parties are negotiating in good faith, are submitting to arbitration, or taking legal action to resolve the dispute.

10. Operation, Maintenance, and Repairs.

10.1 Operation. On and after the Start-up Date Olsen shall be solely responsible for operating the Facilities as required by law and in accordance with the permits (as defined in Section 12 below). The ongoing electrical usage costs, including any electrical costs related to the pumps or booster stations shall be borne by Company. Olsen shall be responsible for all other operating costs of the Facilities, including without limitation, salt to treat water from Well No. 1 and Well No. 4 and disposal of brine and other waste as set forth in section 10.4 below, but excluding any cost or expense relating to Company's operating or managerial personnel or related overhead.

10.2 Maintenance and Repairs. Olsen shall be solely responsible for, and, at its sole expense, shall promptly and diligently perform according to industry standards, all maintenance, repairs, and replacements as necessary to maintain the Facilities in good condition.

10.3 Third-Party Contracts. At its option, Olsen may contract with third parties to perform routine operational activities and maintenance of the Facilities under Olsen's direction supervision. If Olsen desires to enter into such a contract with Company, then, as a condition thereto and in recognition of the proprietary nature of the Facilities, Company agrees to execute Olsen's standard confidentiality and non-disclosure Agreement subject to Company's right to first review and propose revisions to said Agreement. Company shall allow Olsen's third party contractor reasonable access to the Facilities only after (a) adequate advance notice thereof to Company from Olsen, and (b) Company's issuance of written consent thereto.

10.4 Waste. Olsen shall be solely responsible at its sole expense, for properly and lawfully disposing of brine and all other waste incidental to the operation of the Facilities, including, but not limited to, the disposal of all hazardous waste (as defined under all applicable federal, state and local statutes and/or regulations) associated with or derived from the treatment of water from Wells No. 1 and No. 4 under this Agreement, such disposal to be in compliance with all applicable laws. Olsen shall defend Company (through counsel approved by Company) in any criminal, civil or administrative proceeding and indemnify Company against and hold it harmless from all claims, demands, penalties, fines, liabilities, losses and costs (including without limitation attorneys, paralegals' and experts' fees and costs (collectively, "Claims") arising out of or related to Olsen's acts or omissions or the acts or mission of Olsen's agents, contractors and/or employees in the handling, transportation or disposal of such brine and other waste including, but not limited to, the disposal of all hazardous waste (as defined under all applicable federal, state and local statutes and/or regulations) associated with or derived from the treatment of water from Wells No. 1 and No. 4 under this Agreement. Olsen may request assistance from others in such disposal and shall be responsible for the acts or omissions of all such others, including, but not limited to its contractors, agents and employees.

11. Security; Insurance.

11.1 Facilities. Olsen agrees that the only security Company shall be obligated to provide for the Facilities is the current fencing around the well site.

11.2 Insurance

11.2.1 Coverage by Company. Company shall maintain at its sole expense, commercial general liability insurance with limits of not less than \$500,00 per occurrence and in the aggregate.

11.2.2 Coverage by Olsen. With respect to Olsen's activities under this Agreement, Olsen shall maintain or cause to be maintained, and shall provide or cause to be provided, with

evidence thereof to Company, property insurance coverage for the Facilities in an amount equal to or exceeding the replacement costs thereof.

12. Permits and Authorizations. Olsen and Company shall cooperate and use good faith efforts to obtain all permits, consents, entitlements, and approvals required under any of the Laws as of the Start-up Date, including without limitation any and all environmental permits (collectively the "Permits") necessary to enable Olsen to construct, install, maintain, own and, before the Start-up Date and during any suspension period under paragraph 7.8 above, operate the Facilities to treat water produced from Wells No. 1 and No. 4 to comply with the Water Quality Specification. Accordingly, Olsen and Company shall (a) jointly pursue, and support each other in obtaining, the permits necessary to initiate timely installation and operation of the facilities; (b) make timely application for such Permit, except for the Application for Approval of Construction which Olsen shall prepare and file with the Arizona Department of Environmental Quality, with Company's cooperation and support, as necessary, and (c) cooperate with each other in implementing the terms of this Agreement and achieving its objectives. All costs and expenses of the activities required under this section 12 shall be the responsibility of Olsen. Any permit, consent, entitlement, or approval necessary to operate the Facilities shall be issued in Company's name.

13. Time for Performance. Subject to Sections 14 and 19.18 below, Olsen and Company shall perform their respective obligations under this Agreement in a diligent, prompt, timely and professional manner and in accordance with the performance schedule attached hereto as *Exhibit "F"*.

14. Early Termination

14.1 Company's Termination Options.

14.1.1 Failure to Obtain Permits. If for any reason other than a delay caused by Company or by a force majeure event (as defined in section 19.18 below) if all requisite permits have not been secured and Olsen has not been able to install the Facilities to treat the water so that it complies with the Water Quality Specification within sixty (60 days) after the last day of the performance schedule (the "Performance Deadline") , then Company, at its option, upon written notice to Olsen may terminate this Agreement and Company and Olsen shall each have no further responsibilities to the other party under this Agreement and each shall bears its own expenditures and out of pocket costs incurred up to then in connection with this Agreement.

14.1.2 Change in Water Quality Specification. If, before the issuance of the permits, a Water Quality Specification lower than as set forth in Exhibit C is required for any reason not caused by Company, Company at its option, upon written notice to Olsen may terminate this Agreement, and Company and Olsen shall each have no further responsibilities to the other Party under this Agreement and each shall bear its own expenditures and out of pocket costs incurred up to then in connection with this Agreement.

15. Expiration of Agreement. Upon expiration of this Agreement, Company shall purchase from Olsen the Facilities for the sum of one dollar (\$1.00), provided Company has not exercised its option to purchase the Facilities in accordance with the terms in accordance with the terms Paragraph 2(2.1). Olsen shall coordinate the final purchase Company.

16. License to Enter. Effective with the Parties' execution of this Agreement, Company gives Olsen license for permission to use Company's property as mutually agreed to be necessary to install and maintain the Facilities. If Olsen so requests, the license shall be formalized by a separate written instrument consistent with the scope of the license set forth above and in Company's customary form. Such license can only be revoked upon termination of this Agreement.

17. Representations and Warranties.

17.1 Representations and Warranties of Company. Company makes the following representations, warranties, and covenants to Olsen:

17.1.1 Power and Authority to Execute and Perform this Agreement. Company has the right, power, and authority to enter into this Agreement and perform its obligations hereunder, and the person executing this Agreement on behalf of Company has the right, power, and authority to do so.

17.1.2 Enforceability. This Agreement constitutes a legal, valid, and binding obligation of Company, enforceable against Company in accordance with its terms.

17.1.3 Operational Capabilities. Upon completion of installation of the Facilities and for the Term of this Agreement, Olsen will maintain its certification (#20172) so as to properly operate the Facilities in an efficient manner and deliver water to the Facilities for treatment.

17.2 Representation of Warranties of Olsen. Olsen makes the following representations, warranties, and covenants to Company:

17.2.1 Power and Authority to Execute and Perform this Agreement. Olsen has the right, power, and authority under this Agreement to perform its obligations hereunder, and the person executing this Agreement on behalf of Olsen has the right, power, and authority to do so.

17.2.2 Enforceability. This Agreement constitutes a legal, valid, and binding obligation of Olsen, enforceable against Olsen in accordance with its terms.

17.2.4 No Conflict. The execution, delivery, and performance of this Agreement by Olsen will not breach or constitute a default under, or grounds for the acceleration of maturity of, any Agreement, indenture, or undertaking or other instrument to which Olsen is a party or by which Olsen or any of its property may be bound or affected and does not constitute a breach or default under any law, regulation, ruling, or court order.

18. Taxes. Olsen shall not be liable for taxes and governmental charges of any kind whatsoever that may at any time be assessed or levied against, or with respect to, the use, possession, occupation, and/or ownership of any property, or part thereof, involved in the implementation of this Agreement (including, but not limited to, Wells No. 1 and No. 4, the Facilities, and the real property where Well No. 1 and No. 4 and the Facilities are located and where Olsen will have a license to enter pursuant to section 17 above), or any and all general or special taxes, fees, assessment, and/or charges made by any governmental body for any improvement made to such property, or part thereof, and/or for any services or activities performed hereunder. If Olsen is assessed any such taxes, fees, assessments, or charges, said sums shall either be paid by Company within thirty days after receipt of an invoice therefor from Olsen, or, at its option, Company may contest any such assessment in the manner Company deems appropriate, provided that Company will remain ultimately responsible for the payment of any such assessments.

19. Miscellaneous Provisions.

19.1 Further Assurances. At any time and from time to time after the date hereof, the Parties agree to take such actions and to execute and deliver such documents as the other Party may reasonably request to effectuate the purposes of this Agreement.

19.2 Assignment. Neither Party shall assign any right, interest, or obligations under this Agreement without the prior written consent of the other Party. This Agreement and all provisions hereof shall be binding upon, and insure to the benefit of, the Parties and their respective heirs, successors, legal representatives, and assigns.

19.3 Amendment. Except as otherwise provided in this Agreement, neither this Agreement nor any provision hereof may be waived, modified, amended, discharged, or terminated except by an instrument in writing signed by both parties, and then only to the extent set for in such instrument.

19.4 Entire Agreement. This Agreement and the Agreements provided for herein constitute the entire understanding between the Parties with respect to the matters set forth herein, and they supercede all prior or contemporaneous understandings or Agreements between the Parties with respect to the subject matter hereof, whether oral or written.

19.5 Notices. Any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon either Party in connection with this Agreement shall be in writing. Such notice shall be personally served. Such notices shall be addressed to the Party to whom such notice is to be given at the Party's address or sent in accordance with this section.

If to Olsen:

Patricia Olsen
P.O. Box 10
Rimrock, AZ 86335

928-300-3291

If to Company:

Montezuma Rimrock Water Company LLLC
P.O. Box 10
Rimrock, AZ 86335

19.6 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with the laws of the State of Arizona, without given effect to any choice-of-law or conflict of law rule or principle that would result in the application of any other laws.

19.7 Headings. Headings, title, and captions are for convenience only and shall not constitute a portion of this Agreement or be used for the interpretation thereof.

19.8 Cumulative Rights; Waiver. The rights created under this Agreement, or by law or equity, shall be cumulative and may be exercised at any time and from time to time. No failure by either party to exercise and no delay in exercising any rights, shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by any Party preclude any other or future exercise thereof or the exercise of any other right. Any waiver of any provision or of any breach of any provision of this Agreement must be in writing and any waiver by any party of any breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of any party to insist upon strict adherence to any term of the Agreement on one or more occasions shall not be considered or construed or deemed a waiver of any provision or any breach of any provision of this Agreement or deprive that Party of the right thereafter to insist upon strict adherence to that term or provision or any other term or provision of this Agreement. No delay or omission on the part of any Party in exercising any right under this Agreement shall operate as a waiver of any such right or any other right under this Agreement.

19.9 Liberal Construction. This Agreement constitutes a fully-negotiated agreement among commercially sophisticated Parties, each assisted by legal counsel, and the terms of this agreement shall not be construed or interpreted for or against any Party because that Party or its legal representative drafted or prepared such provision.

19.10 Severability. If any provision of this Agreement is invalid, illegal, or unenforceable, such provision shall be deemed to be severed or deleted from this Agreement and the balance of this Agreement shall remain in full force and effect notwithstanding such invalidity, illegality, or unenforceability.

19.11 Good Faith and Fair Dealing. The Parties acknowledge and agree that the performances required by the provisions of this Agreement shall be undertaken in good faith, and with each of the parties dealing fairly with each other.

19.12. No Third-Party Beneficiaries. Subject to section 19.2 above, this Agreement does not create, and shall not be construed to create, any rights enforceable by any person, partnership, corporation, joint venture, limited liability Company or other form of organization or association of any kind that is not a Party, except to the extent that a Party's rights may be enforced by a parent company or a subsidiary of such Party.

19.13 Counterparts; Facsimile Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto except for having an additional signature page executed by any other Party. Each Party agrees that each other Party may rely upon the facsimile signature of any Party on this Agreement as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement as fully as if this Agreement contained the original ink signature of the Party supplying a facsimile signature.

19.14 Time of the Essence. Time is of the essence, of each and every provision of this Agreement. Unless business days are expressly provided for, all reference to "days" herein shall refer to consecutive calendar days. If any date or time period provided or in this Agreement is or ends on a Saturday, Sunday or federal, state, or legal holiday, then such date automatically shall be extended to the next day which is not a Saturday, Sunday, or federal, state, or legal holiday.

19.15 Number and gender. As used herein, and as the circumstances require, the plural term shall include the singular, the singular shall include the plural, the neuter term shall include the masculine and feminine genders, the masculine term shall include the neuter and the feminine genders, and the feminine term shall include the neuter and the masculine genres.

19.16 Disputes.

19.16.1 Arbitration. Any dispute or controversy arising out of, under, or in connection with, or in relation to, this Agreement and/or any amendments thereto, or the breach thereof, which is not resolved informally by prior mutual Agreement of the Parties, shall be submitted to arbitration in accordance with the procedures set forth in the Arizona Uniform Arbitration Act (ARS 12-1501, *et seq.*), unless otherwise waived and/or modified in writing by the parties. The cost of such arbitration shall be paid by the Parties equally; however, the prevailing Party in the arbitration shall be entitled to reimbursement of its attorneys fees and other costs and expenses incurred in connection therewith.

19.16.2. Attorneys Fees. If a dispute arises which is not resolved by arbitration pursuant to Section 19.16.1 above, and any party reasonably retains counsel for the purpose of enforcing any provision of this Agreement, including without limitation the institution of any action or proceeding to enforce any provision of this Agreement, or to recover damages if otherwise available hereunder, or to obtain injunctive or other relief by reason of any alleged

breach of any provision of this Agreement, or for a declaration based on demonstrated necessity of such Party's rights or obligations under this Agreement, or for any other judicial or equitable remedy, then if the matter is settled by judicial or quasi-judicial determination, the prevailing party shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing Party for all costs and expenses incurred including, without limitation, all attorneys' fees and costs for services rendered to the prevailing Party and any attorneys' fees and costs incurred in enforcing any judgment or order entered. The prevailing Party shall be as determined by the court in the initial or any subsequent proceeding.

19.17 Governing Law. The validity, interpretation, and enforcement of this Agreement shall be governed by the laws of the State of Arizona.

19.18 Force Majeure. If any performance other than the payment of money due hereunder) of this agreement is prevented, delayed, or made impracticable due to drought, flood, fire, earthquake, or other natural disaster, strike, insufficiency of electrical power or fuel, civil rioting, terrorist attack, war or military conflict, inability of Olsen to obtain all necessary permits or approvals (including any and all environmental approvals), or if the cost of complying with environmental or safe drinking water requirements renders such performance economically impractical (collectively a "Force Majeure Event"), then such performance (except for the payment of money due hereunder) of this Agreement shall be excused for the period of prevention, delay, or impracticability resulting from the Force Majeure Event.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the last date below written.

Dated: _____

Olsen

By: _____

Dated: _____

Montezuma Rimrock Water Company LLC

By: _____

EXHIBIT "B"

Montezuma Rimrock Water Company, LLC

Wells No. 1 and No. 4

Arsenic Removal Facilities

Description of Facilities

- **Treatment Module (150 gpm capacity)**
 - 2 bed configuration
 - Internal media system

- **Pre-Treatment filter system**
 - Bag filters
 - Inlet, outlet, filter header system

- **Waste storage tanks**
 - 1 polypro tank
 - 3" Waste discharge system

EXHIBIT "C"

**Montezuma Water Company
Wells No. 1 and No. 4
Arsenic Treatment Facility
Water Quality Specification**

Treated Water Arsenic Concentration: Not greater than 9 micrograms per liter

EXHIBIT "D"

Montezuma Rimrock Water Company

Wells No. 1 and No. 4

Arsenic Removal Facility

Influent Arsenic Concentration

Influent Arsenic Concentration: Not greater than 45 micrograms per liter.

EXHIBIT "E"

INVOICE			INV. #XXXXXXX
Patricia Olsen P.O. Box 10 Rimrock, AZ 86335 928-300-3291			
BILL TO: Montezuma Rimrock Water Company P.O. Box 10 Rimrock, AZ 86335		SERVICE ADDRESS: Well No. 1 Rimrock, AZ	
PO/Contract Number: Invoice Date: 3/25/2012 Billing Cycle: 3/30/2012 - 4/30/2012 Days of Service: 31	Previous Meter Reading: Current Meter Reading: Total Flow (gallons): Total Flow (Acre-ft):	3/30/12 12:00AM 4/30/12 12:00AM	0.0 0.0 0.0 0.00000
Previous Charges and Credits:	Amount of Previous Bill Payment Received		\$0.00 \$0.00
New Charges and Credits:	Standby Fee: Treatment Fee:	\$0.00/ month \$0.00 /acre-ft x 0.0 acre-ft	\$0.00 \$0.00

Total Due	\$0.00
------------------	---------------

Please Remit to:

Patricia Olsen

P.O. Box 10

Rimrock, AZ 86335

EXHIBIT "F"

**Montezuma Rimrock Water Company
Well No. 1 and No. 4
Arsenic Removal Facility**

Performance Schedule

- **Week 1**
 - Company begins on-site and off-site preparation
 - Olsen begins unit assemble

- **Week 6**
 - Company completes on-site and off-site preparations
 - Olsen begins on-site mobilization

- **Week 8**
 - Olsen begins installation of Arsenic Removal Facility

- **Week 10**
 - Olsen completes installation of Arsenic Removal Facility
 - Olsen begins startup tests
 - Olsen completes startup tests
 - Arsenic Removal Facility ready for permitting

EXHIBIT "G"

PER ACRE FOOT TREATMENT FEE

CATEGORY	%	Fee Per Acre Foot
Media Replacement or Regeneration Costs		
Media Replacement or Regeneration Service Costs		
Waste Media Regeneration Disposal Costs		
Other Operation and Maintenance Costs		
<u>TOTAL</u>		

ADDITIONAL TREATMENT FEE

CATEGORY	%	Fee Per Acre Foot
Media Replacement or Regeneration Costs		
Media Replacement or Regeneration Service Costs		
Waste Media Regeneration Disposal Costs		
Other Operation and Maintenance Costs		
<u>TOTAL</u>		

LEASE AGREEMENT

For internal use only.

LEASE #: _____

LESSEE

BILLING ADDRESS: _____
 COUNTY: _____

VENDOR/SUPPLIER

PRIVATE PARTY SELL _____

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed) new used

SEE EQUIPMENT LIST

EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.

ADDRESS: _____

SCHEDULE OF LEASE PAYMENTS

Lease Term (Months)	Number of Payments	Amount of Each Lease Payment			Number Prepayment(s)	Administrative Fee.	Security Deposit	Initial Amount Due	Option Price/ Guaranteed Purchase
		Rental	Tax	Total Payment					

Payment Due Date: 1st 15th Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice.

THIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE:

LESSOR: FINANCIAL PACIFIC LEASING, LLC

X _____
 AND INDIVIDUALLY

By _____
 (Signature Only)

 (Date)

 (Title)

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED

Lessor hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment").

1. **ENTIRE AGREEMENT.** This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

CONTINUED ON FOLLOWING PAGES

2. **LESSEE REPRESENTATIONS.** Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.

3. **STATUTORY FINANCE LEASE.** Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance Lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. **ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT.** LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

5. **APPLICABLE LAW AND VENUE.** ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.

6. **NO WARRANTY.** Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee waives any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to, Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

7. **TERM.** The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the Inspection/Verification Certificate.

8. **END OF TERM OPTIONS.** If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation of warranty whatsoever.

9. **LEASE PAYMENT; SECURITY DEPOSIT.** The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance Date. Lessee shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lessee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

10. **LATE CHARGES AND COLLECTION CHARGES.** A late charge of 10% of the total monthly lease payment, or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Lessee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.

11. **LOCATION AND USE OF EQUIPMENT.** Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

12. **SURRENDER OF EQUIPMENT.** At the expiration of the term of this lease, or upon demand by Lessor pursuant to Paragraph 19 of this Lease or in the event of an option price pursuant to paragraph 8 of this Lease, Lessee at its expense shall return the Equipment in proper working order, condition and repair by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. **WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES; ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.**

13. **NOTICES.** Services of all notices under this agreement shall be sufficient if given personally or mailed to Lessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4568, Federal Way, WA 98063, or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

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intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any part thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same, with like property of the same or greater value; provided, however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease, less the net amount of the recovery; if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease payments herein provided.

15. INSURANCE: Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify, including liability insurance, with limits not less than \$500,000 unless Lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days' prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute, regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fail to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefore. Should Lessee fail to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate.

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

a) An event of default shall occur if:

- (1) Lessee fails to pay any Lease installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fail to perform or observe any covenant, condition or obligation to be performed or observed by it hereunder and such failure continues uncured for fifteen (15) days;
- (3) Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is named in, or the Equipment becomes subjected to a suit for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or sublet the Equipment or any item thereof without first obtaining Lessor's consent;
- (7) Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the Lessor.

b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:

- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
- (2) Cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same; whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (i) Retain the Equipment and all lease payments made hereunder; or
 - (ii) Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less 10% to cover Lessor's internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be paid to whosoever may be lawfully entitled to receive the same; or
 - (iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges,

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charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or

- (iv) Lease the Equipment, or any portion thereof, for such period, rental, and to such persons as Lessor shall select, and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lessee to Lessor hereunder, with Lessee remaining responsible for any deficiency. It is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.
- (3) No remedy hereon conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's failure to demand punctual performance or any obligation of Lessee shall not be deemed a waiver (A) of any such right or remedy, or (B) the requirement of punctual performance, or (C) of any subsequent breach or default on the part of Lessee.

19. ATTORNEY'S FEES AND EXPENSE. In the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorney's fee, however incurred; in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred on appeal or in connection with a bankruptcy proceeding.

20. OPERATION, MAINTENANCE AND REPAIR. Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment in proper working condition, using as a guide the maintenance program described in the owner's manual, if any, for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.

21. TAXES. Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, renting, sale, possession or use thereof, whether the same be assessed to Lessor or Lessee, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment. If the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund or Lessee shall remit the entire difference.

22. LESSOR'S ASSIGNMENT. Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lease. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights hereunder, the term "Lessor" shall be deemed to include, or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.

23. TITLE; LESSEE'S INTEREST; GRANT OF SECURITY INTEREST. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all times be severable and removable there from by Lessor, free of any right, title, claim or interest of the property owner and of Lessee except as herein provided. In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the Leased Property and all proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to, Lessee's obligations under this Lease and under any other agreement with Lessor.

24. LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

25. FINANCIAL STATEMENTS; CREDIT REPORTS. Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and perspective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.

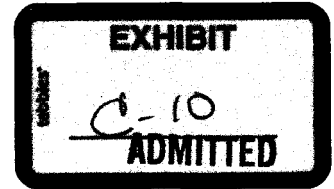
26. MISCELLANEOUS. Lessee will not change or remove any insignia or lettering on the Equipment and shall conspicuously identify each item of the Equipment by suitable lettering thereto to indicate Lessor's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessees, modify, extend, or change any one of the terms hereof without consent or knowledge of the others; without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible, and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sums payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lease.

CONTINUED ON FOLLOWING PAGES

C Ex 10

Charles Hains

From: Marlin Scott Jr
Sent: Tuesday, June 04, 2013 10:21 AM
To: Charles Hains
Subject: FW: MRWC - Data request for rate case 12-0207
Attachments: Scan0170.pdf



...sending #7 for DR1.....

From: Patricia Olsen [patsy@montezumawater.com]
Sent: Thursday, December 13, 2012 4:47 PM
To: Marlin Scott Jr
Subject: Re: MRWC - Data request for rate case 12-0207

Marlin,

This is what I received from ADEQ this afternoon regarding the sample results thus far.

*Patricia Olsen, President
Montezuma Rimrock Water Co. LLC
P.O. Box 10, Rimrock, AZ 86335
928-592-9211
<http://www.montezumawater.com/>*

From: Marlin Scott Jr <MScottJr@azcc.gov>
To: "patsy@montezumawater.com" <patsy@montezumawater.com>
Cc: Gerald Becker <GBecker@azcc.gov>
Sent: Thursday, December 13, 2012 12:54 PM
Subject: MRWC - Data request for rate case 12-0207

Patsy,
Could you please provide me the following:

1. A copy of the sample result showing the arsenic level after treatment.
2. In relation to the Yavapai County judgment dated 11-13-12, MRWC was to remove all structures from the Well 4 property by 12-20-12. What is MRWC's response and/or next step related to this judgment?
3. According to your amended schedule, Page 12, that was docketed on 11-5-12, MRWC reported the following:
 - a. Acct. No. 305 - \$1,700
 - b. Acct. No. 309 - \$368

It is Staff's position that these accounts, 305 and 309, are related to surface water plants and therefore should be reclassified. To reclassify into the proper accounts, Staff needs to review the actual invoices. Although you provided so many invoices, Staff cannot match these invoices. Therefore, could you please provide copies of these invoices.

4. According to your amended filing on October 25, 2012, MRWC filed a lease agreement for the arsenic treatment building. Staff does not see a lease agreement nor the cost of the arsenic treatment system reported in this rate case docket, 12-0207. Although in the October 9, 2012 filing, MRWC reported in the Plant Summary Section a \$46,000 amount in Acct. 320.1 – Water Treatment Plant on the 2012 plant addition sheet, but it is not clear to Staff if the \$46,000 is for the arsenic treatment system. Please clarify and provide the lease agreement and/or invoices for the arsenic treatment system.

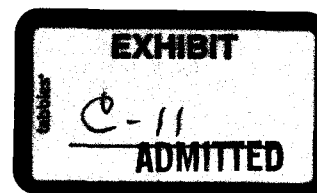
Thanks.
Marlin

This footnote confirms that this email message has been scanned to detect malicious content. If you experience problems, please e-mail postmaster@azcc.gov

C-Ex 11

Charles Hains

From: Marlin Scott Jr
Sent: Tuesday, June 04, 2013 10:29 AM
To: Charles Hains
Subject: FW: MRWC - Data request for rate case 12-0207
Attachments: Scan0172.pdf; Scan0173.pdf



.....sending #10..

From: Patricia Olsen [patsy@montezumawater.com]
Sent: Sunday, December 23, 2012 9:09 PM
To: Marlin Scott Jr
Subject: Re: MRWC - Data request for rate case 12-0207

Marlin,

#4. One lease agreement is for the building. The other is for the arsenic treatment system which doesn't state arsenic treatment system. I included the docketed lease agreements. The second lease agreement with financial pacific is for the arsenic treatment system. The building is \$8,000.00. The arsenic treatment system was \$38,000.00. I included the contract with Kevlor and the purchase order that I had to submit to Kevlor.

#3. I am waiting for my accountant to reply to this.

*Patricia Olsen, President
Montezuma Rimrock Water Co. LLC
P.O. Box 10, Rimrock, AZ 86335
928-592-9211
<http://www.montezumawater.com/>*

From: Marlin Scott Jr <MScottJr@azcc.gov>
To: "patsy@montezumawater.com" <patsy@montezumawater.com>
Cc: Gerald Becker <GBecker@azcc.gov>
Sent: Thursday, December 13, 2012 12:54 PM
Subject: MRWC - Data request for rate case 12-0207

Patsy,
Could you please provide me the following:

1. A copy of the sample result showing the arsenic level after treatment.
2. In relation to the Yavapai County judgment dated 11-13-12, MRWC was to remove all structures from the Well 4 property by 12-20-12. What is MRWC's response and/or next step related to this judgment?
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It is Staff's position that these accounts, 305 and 309, are related to surface water plants and therefore should be reclassified. To reclassify into the proper accounts, Staff needs to review the actual invoices. Although you provided so many invoices, Staff cannot match these invoices. Therefore, could you please provide copies of these invoices.

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Thanks.
Marlin

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Purchase Order

PO: POMRWC022012

To:
 Kevlor Design Group, LLC
 430 Fitzgerald Place
 Atlanta, GA 30349

Order Date:	2/20/2012
Quote No.	

Order No:

BILL TO:
Patricia D. Olsen P.O. Box 10 Rimrock, AZ 86335 928-592-9211
Attn: patsy@montezumawater.com

SHIP TO:
Montezuma Rimrock Water Co, LLC 4599 E. Goldmine Rd. Rimrock, AZ 86335
Phone: 928-592-9211

Date Required	F.O.B.	Terms	Date
3/15/2012	Ground	Lease	

Customer Part	DESCRIPTION	Cost	Qty	Extension
	150 gpm Arsenic Treatment System and 10'X20'X10' Building	\$46,000.00	1	\$46,000.00
Thank You! Patricia Olsen				\$46,000.00

Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

Contract for:


Arsenic Treatment System

With

Patricia Olsen

Owner/Operator of

Montezuma Rimrock Water Company, LLC



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

Proposal ID: KDU012712

January 27, 2012

Patricia Olsen (928-300-3291)
Montezuma Rimrock Water Co. LLC
P.O. Box 10
Rimrock, AZ 86335

Dear Patricia,

Kevlor Design Group, LLC is involved in water treatment and automation projects throughout the U.S.A. With years of experience we offer solutions for arsenic removal, chemical metering, and system integration.

Products & Services

Our products and services are built around filtration technologies along with manufacturing state of the art equipment for water processing. Our objective is focused on performance and continuous improvement. This makes us a company of trust, which is where we build our relationship with customers.

Contact Kevlor for your next water treatment project. Call us at 770-653-5174 to get your project flowing.

Sincerely,

Kelvin Duffy
President



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

Kevlor Design Group, LLC is pleased to present this contract to Patricia Olsen owner/operator of Montezuma Rimrock Water Company, LLC for arsenic removal at well #1, 4599 E. Goldmine Rd., Rimrock, AZ 86335

Our arsenic removal system utilizes the Bayoxide Granular Ferric E33 arsenic removal media. This treatment technology provides the highest capacity in wide range of water conditions with superior kinetics, and no wastewater discharge requirement. We have based this pricing on information provided to us by Patricia Olsen, Manager of Montezuma Rimrock Water Company, LLC.

Proposal No. KDG012712

Contents

Equipment Description

System Design

Media Cost (___ cu. Ft)

Design Criteria

Ancillary Services

Installation/Start-up

Equipment Warranty

Site Building

Service Provided by Patricia Olsen


Total Project Cost

Terms and Conditions

Contract Acceptance

ADEQ Required Testing

*Any or all additional local, state, or federal fees, taxes, or permits are the responsibility of Montezuma Rimrock Water Company LLC.



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

CONTRACT ACCEPTANCE FORM

I, Patricia Olsen, accept the terms and conditions of the stated proposal No: KDG012712 from Kevlor Design Group, LLC.

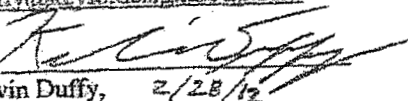
I, Patricia Olsen, understand all statement and warranted both written and implied and further agree to follow items as outlined in the operational manual which pertain to all original manufacturers of equipment.

I, Patricia Olsen, am authorized to enter into this legally binding contracted for arsenic removal.

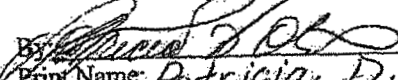
If this proposal is in accordance with your request, please indicate your acceptance by signing in the space below. We are prepared to process this order upon receipt.

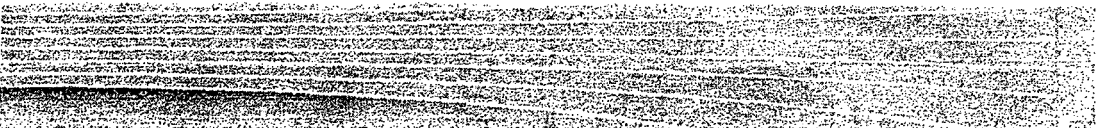
If you have any questions, please contact me at (770) 653-5174.

Kevlor Design Group, LLC
kduffy@kevlordesigngroup.com

By: 
Kelvin Duffy, 2/28/12
President
Date: January 27, 2012

Accepted and Agreed:
Montezuma Rimrock Water Co.

By: 
Print Name: Patricia D. Olsen
Title: _____
Date: 2/20/12



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349


TOTAL PROJECT COST: \$46,000.00

TERMS AND CONDITIONS

Down Payment	Due at signing of contract	\$ 23,000
ADEQ Permit Fee	Due at signing of contract	\$ N/A
Engineering	Due at signing of contract	\$ N/A
Media payment	Due at System Delivery	\$ 16,280
Final Payment	Due upon System Hookup	\$

Protected Pricing – This pricing is valid through 02/28/2012

Transportation Liability – Kevlor is responsible for transportation and any damage during the delivery process. FOB is to Well Site.



Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

TOTAL PROJECT COST: \$46,000.00

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Kevlor Design Group, LLC

430 Fitzgerald Place Atlanta, Georgia 30349

ADEQ REQUIRED TESTING				
WELL #	DATE	RESULTS	DATE	NOTES
DAY 1				KEEP AT SITE
DAY 2				KEEP AT SITE
DAY 3				KEEP AT SITE
DAY 4				KEEP AT SITE
DAY 5				KEEP AT SITE
DAY 6				KEEP AT SITE
DAY 7				KEEP AT SITE
WEEK 2				KEEP AT SITE
WEEK 3				KEEP AT SITE
WEEK 4				KEEP AT SITE
MONTH 1				KEEP AT SITE
QUARTER 1				KEEP AT SITE
QUARTER 2				KEEP AT SITE

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

2012 OCT 25 P 4:51

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
INSTALL A WATER LINE FROM THE WELL ON
TIEMANN TO WELL NO. 1 ON TOWERS

DOCKET NO. W-04254A-12-0204

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
PURCHASE THE WELL NO. 4 SITE AND THE
COMPANY VEHICLE

DOCKET NO. W-04254A-12-0205

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING FOR AN
8,000 GALLON HYDRO-PNEUMATIC TANK

DOCKET NO. W-04254A-12-0206

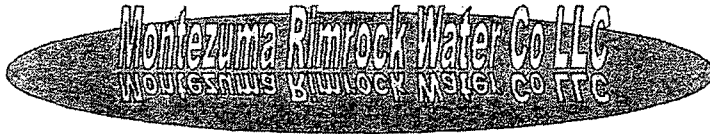
IN THE MATTER OF THE RATE APPLICATION
OF MONTEZUMA RIMROCK WATER COMPANY,
LLC.

DOCKET NO. W-04254A-12-0207

Insufficiency Submittals & Amendments

Montezuma Rimrock Water Company LLC hereby submits the insufficiencies and amendments
to its Rate Case Application.

Patricia D. Olsen

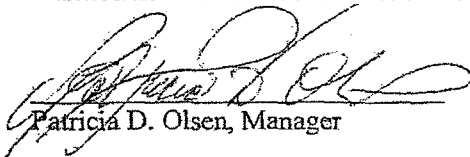


P.O. Box 10
Rimrock, AZ 86335
928-592-9211

October 20, 2012

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona

Attached are the Statements in Support of Rate Request, Current and Proposed Rates and Charges, and the Narrative Description of Application for Rate Adjustment. These attached notices were mailed via First Class U.S. Mail on October 12, 2012.

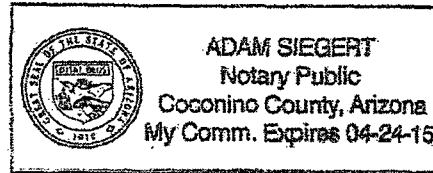

Patricia D. Olsen, Manager

DATED the 20th day of October, 20 12

SUBSCRIBED AND SWORN to before me on this 20th day of October, 20 12


NOTARY PUBLIC

My Commission Expires 04/24/15



STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Montezuma Rimrock Water Company LLC (the "Company") is required to submit a Rate Case Application per Decision No. 71317. The information contained in this application is based upon a twelve-month Test Year ending 12/31/11 (mm/dd/yy). The Company had total operating revenues of \$ 101,276, served 202 metered and 0 un-metered (from page 19) customers, and sold 12769 thousand gallons of water during the Test Year. (from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 76,800. This equates to a rate increase of ~\$32.00 per customer per month.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 178,076.

The Company is current on all property taxes. [X] YES [] NO

The Company is current on all sales taxes. [X] YES [] NO (Please see checklist item 2 on page 1.)

The Company currently has a Curtailment Plan Tariff on file with the Commission. [X] YES [] NO

The Company currently has a Backflow Prevention Tariff on file with the Commission. [X] YES [] NO

The Company will notify its customers of its application for a rate adjustment on 11/1/12 (mm/dd/yy). A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. MRWC will file the notice once the mailing has been distributed.

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

Company Name: Montezuma Rimrock Water Company LLC	Test Year Ended: 2011
--	-----------------------

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: Residential Commercial Industrial
 Irrigation All Other, specify _____

MINIMUM OR SERVICE CHARGES	CURRENT RATES		PROPOSED RATES	
	\$	GALLONS	\$	GALLONS
5/8" x 3/4" Meter	27.25	for 0	57.25	for 0
3/4" Meter	40.88	for 0	70.88	for 0
1" Meter	68.13	for 0	98.13	for 0
1-1/2" Meter	136.25	for 0	166.25	for 0
2" Meter	218.00	for 0	238.00	for 0
3" Meter	436.00	for 0	466.00	for 0
4" Meter	681.00	for 0	711.00	for 0
6" Meter	1362.50	for 0	1392.50	for 0

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
FLAT RATE

Current Rates		Proposed Rates	
Rate	Gallons	Rate	Gallons
\$ 1.50	Up to 4000__	\$ 2.00	Up to 4000__
\$ 2.50	4001 to 10000__	\$ 3.00	4001 to 10000__
\$ 4.00	Over 10000__	\$ 4.50	Over 10000__
\$	Per Month	\$	Per Month

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

Efforts made to encourage conservation of water through the proposed rate design or through other means

Please explain:

MRWC has a public service announcement which periodically airs on the local radio station and a conservation sign located at Kramer Dr. and Beaver Creek Road in Rimrock.

Other factors

Please explain:

Per Decision 71317, MRWC was required to submit a Rate Case Application to ACC by May 31, 2012.

Attach additional pages as necessary.

Other factors – JD Legal Surcharge

Please explain:

Addition of Legal Fees Surcharge to customers. MRWC is requesting a surcharge designated JD Legal Surcharge. MRWC seeks a legal fee surcharge for cost recovery pertaining to legal fees due to John Dougherty and his intervention since January, 2010. MRWC has incurred legal fees in order to protect itself from John Dougherty and his threat, "I make no bones about attacking their company. I want it to be shut down." John Dougherty has harassed, made false allegations, and filed charges against MRWC in order to prevent it from moving forward in the construction of its arsenic treatment system and the ability to provide an alternative source of water. John Dougherty has consistently abused regulatory agencies in efforts to destroy a Hispanic woman owned business. Total legal fees with respect to the intervention of John Dougherty amounts to \$47298.09 over a three year period. MRWC is seeking a surcharge of \$6.57 per month per customer for legal fees. Included on the following pages are the invoices and statements with respect to the legal fees incurred.

LEASE AGREEMENT

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lesse Number >			
Full Legal Name and Place of Business of Lessee > MONTEZUMA RIMROCK WATER COMPANY LLC > PO BOX 10 > RIMROCK, AZ 86335		Place of incorporation or organization or, if an individual, location of principal residence. > ARIZONA			
Quantity	Description, Model #, Catalog #, Serial #, or other Identification				
Equipment Leased	> 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET				
Equipment Location if Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335				
Terms	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 342.09	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other Specify:	Terms of Lease > 36	No. of Payments > 36	Advanced Payment/Security Deposit > \$ 734.46

TERMS AND CONDITIONS OF LEASE

- LEASE. Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the "Equipment").
- ACCEPTANCE OF EQUIPMENT. Lessee agrees to inspect the Equipment and to execute an Acknowledgment and Acceptance of Equipment by Lessee notice, as provided by Lessor, after the Equipment has been delivered and after Lessee it satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial numbers or other identifying data with regard to the Equipment.
- DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.
- ASSIGNMENT BY LESSEE PROHIBITED. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- COMMENCEMENT; RENTAL PAYMENTS; INTERIM RENTALS. This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessor's receipt of invoice from Lessor. The rental period under this Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified. Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

6. CHOICE OF LAW. This Lease shall not be effective until signed by Lessor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.

7. SECURITY DEPOSIT. As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section shown as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

8. LIMITED PREARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code; and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

9. LOCATION. The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above; and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.

10. USE. Lessee shall use the Equipment in a careful manner, make as necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.

11. OWNERSHIP; PERSONALTY. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.

LESSEE ACKNOWLEDGEMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation, () partnership () individual (); (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: NILE RIVER LEASING, L.L.C.

Date: 3/22/12

Date: 3/22/12

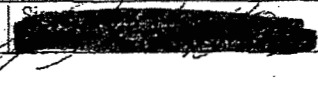
3824-0

12. **SURRENDER.** By this Lease, Lessee acquires no ownership rights in the Equipment, and has no option to purchase same unless said option is incorporated herein by an attached Rider. Upon the expiration or earlier termination or cancellation of this Lease, or in the event of a default under Paragraph 20 hereof, Lessee, at its expense, shall return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify.
13. **RENEWAL.** As the expiration of the Lease, Lessee shall return the Equipment in accordance with Paragraph 12 hereof. At Lessor's option, this Lease may be continued on a month-to-month basis until 30 days after Lessee returns the Equipment to Lessor. In the event the Lease is so continued, Lessee shall pay to Lessor rentals in the same periodic amounts as is indicated under the section entitled Amount of Each Payment above.
14. **LOSS AND DAMAGE.** Lessee shall at all times after signing the Lease bear the entire risk loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay rent or to comply with any other obligation under this Lease, in the event of damage to any part of the Equipment. Lessee shall immediately place the same in good repair at Lessee's expense. If Lessor determines that any part of the Equipment is lost, stolen, destroyed, or damaged beyond repair, Lessee shall, at Lessee's option, do one of the following: (a) Replace the same with like equipment in good repair, acceptable to Lessor, or (b) Pay Lessor in cash the following: (i) all amounts due by Lessee to Lessor under this Lease up to the date of the loss; (ii) the accelerated balance of the total amounts due for the remaining term of this Lease attributable to said item, discounted to present value at a discount rate of 6% as of the date of loss; and (iii) the Lessor's estimate as of the time the Lease was entered into of Lessor's residual interest in the Equipment, discounted to present value at a discount rate of 6%, as of the date of loss. Upon Lessor's receipt of payment as set forth above, Lessee shall be entitled to receive title to the Equipment without any warranties. Insurance proceeds are used to fully comply with this subparagraph, the balance of any such proceeds shall go to Lessee to compensate for loss of use of the Equipment for the remaining term of the Lease.
15. **INSURANCE; LIENS; TAXES.** Lessee shall provide and maintain insurances against loss, theft, damage, or destruction of the Equipment in an amount not less than the full replacement value of the Equipment, with loss payable to the Lessor. Lessee also shall provide and maintain comprehensive general all-risk liability insurance, including but not limited to product liability coverage, insuring Lessor and Lessee, with a severability of interest endorsement, or its equivalent, against any and all loss or liability for all damages, either to persons or property or otherwise, which might result in or happen in connection with the condition, use, or operation of the Equipment, with such limits and an insurer satisfactory to Lessor. Each policy shall expressly provide that said insurance as to Lessor and its assigns shall not be invalidated by any act, omission, or neglect of Lessee and cannot be canceled without 30 days prior written notice to Lessor. As to each policy Lessee shall furnish to Lessor a certificate of insurance from the insurer, which certificate shall evidence the insurance coverage required by the paragraph. Lessor shall have no obligation to ascertain the existence of or provide any insurance coverage for the Equipment or for Lessee's benefit, if Lessee fails to provide the insurance. Lessor will have the right, but no obligation, to have such insurance protecting Lessor and at Lessee's expense. Such placement will result in an increase in Lessee's periodic payments, the increase being attributed to Lessor's costs of obtaining such insurance and any customary charges or fees of Lessor's or its designee associated with such insurance.
- Lessee shall keep the Equipment free and clear of all debts, liens, and encumbrances. Lessee shall pay all charges and taxes (local, state, and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment; excluding, however, all taxes on or measured by Lessor's net income. If Lessee fails to pay said charges or taxes, Lessor shall have the right, but shall not be obligated, to pay such charges or taxes. In that event, Lessor shall notify Lessee of such payment and Lessee shall repay to Lessor the cost thereof within 15 days after such notice is mailed to Lessee.
16. **INDEMNITY.** Lessee shall indemnify Lessor against any claims, actions, damages or liabilities, including all attorney fees incurred out of or connected with the Equipment, without limitation. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee waives any immunity Lessee may have under any industrial insurance act, with regard to indemnification of Lessor.
17. **ASSIGNMENT BY LESSOR.** Any assignee of Lessor shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee shall recognize and hereby consents to any assignment of the Lease by Lessor, and shall not assert against the assignee any defense, counterclaim, or setoff that Lessee may have against Lessor. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, devisees, personal representatives, survivors, successors in interest, and assigns of the parties hereto.
18. **SERVICE CHARGES; INTEREST.** If Lessee shall fail to make any payment required by the Lease within 10 days of the due date thereof, Lessee shall pay to Lessor a service charge of 10% of the amount due per month, minimum 25.00 for each month that the payment remains delinquent. In addition, Lessee shall pay to Lessor any actual additional expenses incurred by Lessor in collection efforts, including but not limited to long-distance telephone charges and travel expenses. Lessee shall pay to Lessor interest on any delinquent payment or amount due under this Lease from the due date thereof until paid, at the lesser of the maximum rate of interest allowed by law or 24% per annum.
19. **TIME OF ESSENCE.** Time is of the essence of the Lease, and the provision shall not be impliedly waived by the acceptance on occasion of late or defective performance.
20. **DEFAULT.** Lessee shall be in default if: (a) Lessee shall fail to make any payment due under the terms of this Lease for a period of 10 days from the due date thereof; or (b) Lessee shall fail to observe, keep or perform any other provision of the Lease, and such failure shall continue for a period of 10 days; or (c) Lessee has made any misleading or false statement in connection with application for or performance of the Lease; or (d) The Equipment or any part thereof shall be subject to any lien, levy, seizure, assignment, transfer, bulk transfer encumbrance, application, attachment, execution, sublease, or sale without prior written consent of Lessor, or if Lessee shall abandon the Equipment or permit any other entity or person to use the Equipment without the prior written consent of Lessor; or (e) Lessee dies or ceases to exist; or (f) Lessee defaults on any other agreement it has with Lessor; or (g) Any guarantor of the Lease defaults on any obligation to Lessor; or any to the above listed events of default occur with respect to any guarantor or any such guarantor files or has filed against its petition under the bankruptcy laws.
21. **REMEDIES.** If Lessee is in default, Lessor, with or without notice to Lessee, shall have the right to exercise any one or more of the following remedies, concurrently or separately, and without any election of remedies being deemed to have been made: (a) Lessor may enter upon Lessee's premises and, without any court order or other process of law, may repossess and remove the Equipment, or render the Equipment unusable without removal, either with or without notice to Lessee. Lessee hereby waives any trespass or right of action for damages by reason of such entry, removal or disabling. Any such repossession shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing; (b) Lessor may require Lessee, at its expense, to return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify; (c) Lessor may cancel or terminate this Lease and may retain any and all prior payments paid by Lessee; (d) Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice or demand to Lessee; (e) Lessor may re-lease the Equipment, without notice to Lessee, to any third party, upon such terms and conditions as Lessor alone shall determine, or may sell the Equipment, without notice to Lessee, at private or public sale, at which sale Lessor may be the purchaser with respect to any exercise of Lessor of its right to recover and/or dispose of any Equipment or other collateral securing Lessee's obligations under this Lease, Lessee acknowledges and agrees as follows: (i) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean-up or otherwise prepare the Equipment or any other collateral for disposition, (ii) Lessor may comply with any applicable state or federal law requirements in connection with any disposition of the Equipment or other collateral, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any disposition of such Equipment and/or other collateral; (f) Lessor may sue for and recover from Lessee the sum of all unpaid rents and other payments due under the Lease then accrued, all accelerated future payments due under the Lease, reduced to their present value using a discount rate of 6%, as of the date of default, plus Lessor's estimate at the time the Lessee was entered into of Lessor's residual interest in the Equipment, reduced to present value at a discount rate of 6%, as of the date of default, less the net proceeds of disposition, if any, of the Equipment; (g) To pursue any other remedy available at law, by statute or equity.
- No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein, or by law or by equity provided or permitted, but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law or equity or by statute or otherwise, and may be enforced concurrently, therewith or from time to time. No single or partial exercise by Lessor of any right or remedy hereunder shall preclude any other or further exercise of any other right of remedy.
22. **MULTIPLE LESSEES.** Lessor may, with the consent of any one of the Lessees hereunder, modify, extend, or change any of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessee and each of them are jointly and severally responsible and liable to Lessor under the Lease.
23. **EXPENSE OF ENFORCEMENT.** In the event of any legal action with respect to the Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including attorney fees incurred at the trial level, including action in bankruptcy court on appeal or review, or incurred without action, suits or proceedings, together with all costs and expenses incurred in pursuit thereof.
24. **ENTIRE AGREEMENT; NO ORAL MODIFICATIONS; NO WAIVER.** This instrument constitutes the entire agreement between Lessor and Lessee. No provision of the Lease shall be modified or rescinded unless in writing signed by a representative of Lessor. Waiver by Lessor of any provision hereof in one instance shall not constitute waiver as to any other instance.
25. **SEVERABILITY.** This Lease is intended to constitute a valid and enforceable legal instrument, and no provision of this Lease that may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect.

CERTIFICATE OF AUTHORITY

The undersigned, being the duly elected MEMBER of the Company named in the foregoing Lease, hereby certifies that: (a) PATRICIA D. OLSEN, in his/her capacity as MANAGING MEMBER of the Company, is authorized by the Bylaws or other organizational documents of the Company, or by a resolution duly adopted or other authorization properly given by the Board of Directors, the Managers, the Managing Member(s) or the Managing Partner(s) of the Company, as applicable, in accordance with the Bylaws or other organizational documents of the Company, to negotiate execute and deliver on behalf and in the name of this Company, the Commercial Lease, (b) that such authorization has not been revoked and continues in full force and effect, (c) that the execution of such documents by such officer shall be conclusive evidence of his/her approval thereof and (d) this Lease and such other documents constitute legal and binding obligations of the Company. IN WITNESS WHEREOF, I have affixed my name as MEMBER of the Company on the date set forth below.

Printed Name
>PATRICIA D. OLSEN



Date
3/22/12

DELIVERY AND ACCEPTANCE CERTIFICATE

Re: MONTEZUMA RIMROCK WATER COMPANY LLC

Lease No.:

To Lessor: NILE RIVER LEASING, L.L.C.

All of the items referred to in the above-referenced Lease have been delivered to and have been received by the undersigned. All installation or other work necessary prior to the use thereof has been completed. Said equipment has been examined and/or tested and is in good operating order and condition, and is in all respects satisfactory to the undersigned and is as represented. Said equipment has been accepted by the undersigned and complies with all terms of the Lease.

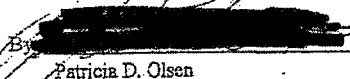
In the future, even if the equipment fails to perform as expected or represented, we will continue to honor the above-referenced Lease by continuing to make our periodic payments in the normal course of business, and we will look solely to the seller or manufacturer for the performance of all covenants and warranties. In addition, we agree to indemnify and hold harmless and defend the Lessor from such nonperformance of all the aforementioned equipment.

We acknowledge the Lessor is neither the manufacturer, distributor, or seller of all the equipment and has no control, knowledge, or familiarity with the conditioning, capacity, functioning, or other characteristics of the equipment.

NOTICE TO THE LESSEE: DO NOT SIGN THIS ACCEPTANCE UNTIL THE EQUIPMENT HAS BEEN DELIVERED, ASSEMBLED, INSTALLED AND ACCEPTED BY YOU AS SATISFACTORY IN ALL RESPECTS. PAYMENT TO THE SUPPLIER WILL NOT BE MADE UNTIL THIS NOTICE IS SIGNED AND RETURNED TO THE LESSOR.

EQUIPMENT: 1 - ARSENIC BUILDING PLANT - BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

By:  Title: MANAGING MEMBER Date: 5/10/2012
Patricia D. Olsen

PHONE# (928) 592-9211 CELL# (928) 300-3291

EMAIL: Patsy @ MontezumaWater.com

I hereby authorize _____ (title) to verbally verify my/our acceptance of the above-referenced equipment in my absence.

PHONE# () _____

LEASE AGREEMENT

For Internal use only.
 This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collateral Agent for the Secured Parties

LEASE #: 796680.001

LESSEE:
 MONTEZUMA RIMROCK WATER COMPANY LLC
 BILLING ADDRESS:
 PO BOX 10
 RIMROCK, AZ 86335
 COUNTY: YAVAPAI

VENDOR/SUPPLIER:
 KEVLOR DESIGN GROUP, LLC
 430 FITZGERALD PLACE
 ATLANTA, GA 30348

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed) new used

SEE EQUIPMENT LIST

EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.
 ADDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335

SCHEDULE OF LEASE PAYMENTS

Lease Term (Months)	Number of Payments	Amount of Each Lease Payment			Number Prepayment(s)	Administrative Fee	Security Deposit	Initial Amount Due	Option Price/Guaranteed Purchase
		Rental	Tax	Total Payment					
60	60	\$1,059.18	\$77.78	\$1,135.96	2	\$420.00	\$0.00	\$2,691.92	\$1.08

Payment Due Date 1st 15th
 Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice.

THIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

 PATRICIA D. OLBEN, MEMBER AND INDIVIDUALLY

LESSOR: FINANCIAL PACIFIC LEASING, LLC

 By _____
 (Signature Only)

 (Title)

5/2/2012

 (Date)

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED.

Lessor, hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment").

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

CONTINUED ON FOLLOWING PAGES

2. LESSEE REPRESENTATIONS. Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.

3. STATUTORY FINANCE LEASE. Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance Lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT. LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

6. APPLICABLE LAW AND VENUE. ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.

6. NO WARRANTY. Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee waives any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to: Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter, conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

7. TERM. The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the Inspection/Verification Certificate.

8. END OF TERM OPTIONS. If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation or warranty whatsoever.

9. LEASE PAYMENT; SECURITY DEPOSIT. The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance Date. Lessee shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lessee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental, and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessor has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

10. LATE CHARGES AND COLLECTION CHARGES. A late charge of 10% of the total monthly lease payment, or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Lessee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.

11. LOCATION AND USE OF EQUIPMENT. Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

12. SURRENDER OF EQUIPMENT. At the expiration of the term of this lease, or upon demand by Lessor pursuant to Paragraph 10 of this Lease, or in the event of an option price pursuant to paragraph 8 of this Lease, Lessee at its expense shall return the Equipment in proper working order condition and repair by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES, ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.

13. NOTICES. Services of all notices under this agreement shall be sufficient if given personally or mailed to Lessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4568, Federal Way, WA 98003, or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

CONTINUED ON FOLLOWING PAGES

intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any part thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same, with like property of the same or greater value, provided, however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease payments herein provided.

15. INSURANCE. Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify including liability insurance, with limits not less than \$500,000, unless Lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days' prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fail to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation, without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. Should Lessee fail to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. The parties agree that any claim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party under this Agreement will, upon demand by either party, be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington; provided however, such agreement does not authorize class arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims arising under this Agreement.

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

a) An event of default shall occur if:

- (1) Lessee fails to pay any Lease installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fail to perform or observe any covenant, condition, or obligation to be performed or observed by it hereunder and such failure continues unperformed for fifteen (15) days;
- (3) Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors; or is named in, or the Equipment becomes subjected to a suit for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or subject the Equipment or any item thereof without first obtaining Lessor's consent;
- (7) Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the Lessor.

b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:

- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
- (2) Cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand on legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (i) Retain the Equipment and all lease payments made hereunder, or
 - (ii) Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less 10% to cover Lessor's internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be

paid to whomever may be lawfully entitled to receive the same; or

(iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or

(iv) Lease the Equipment for any portion thereof, for such period, rental, and to such persons as Lessor shall select, and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lessee to Lessor hereunder, with Lessee remaining responsible for any deficiency; it is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.

(3) No remedy hereon conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's failure to demand punctual performance or any obligation of Lessee shall not be deemed a waiver (A) of any such right or remedy, or (B) the requirement of punctual performance; or (C) of any subsequent breach or default on the part of Lessee.

18. ATTORNEY'S FEES AND EXPENSE. In the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorney's fee, however incurred, in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred on appeal or in connection with a bankruptcy proceeding.

20. OPERATION, MAINTENANCE AND REPAIR. Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment in proper working condition, using as a guide the maintenance program described in the owner's manual, if any, for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.

21. TAXES. Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, rental, sale, possession or use thereof, whether the same be assessed to Lessor or Lessee, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment; if the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund to Lessee the entire difference.

22. LESSOR'S ASSIGNMENT. Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lease. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.

23. TITLE; LESSEE'S INTEREST; GRANT OF SECURITY INTEREST. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to be deemed a fixture in order that the Equipment shall at all times be severable and removable therefrom by Lessor, free of any right, title, claim or interest of the property owner and of Lessee, except as herein provided. In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the leased property and all proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to, Lessee's obligations under this Lease and under any other agreement with Lessor.

24. LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

25. FINANCIAL STATEMENTS; CREDIT REPORTS. Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.

26. MISCELLANEOUS. Lessee will not change or remove any insignia or lettering on the Equipment and shall conspicuously identify each item of the Equipment by suitable lettering, taping or indicate Lessor's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessees, modify, extend, or change any one of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sums payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lease.

C-Ex 12

ORIGINAL

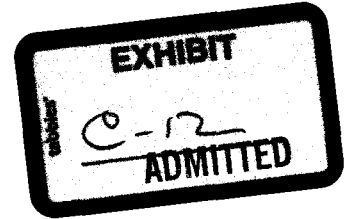
RECEIVED
BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2012 OCT 25 P 4: 51

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

ARIZONA CORP COMMISSION
DOCKET CONTROL



IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
INSTALL A WATER LINE FROM THE WELL ON
TIEMANN TO WELL NO. 1 ON TOWERS

DOCKET NO. W-04254A-12-0204

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
PURCHASE THE WELL NO. 4 SITE AND THE
COMPANY VEHICLE

DOCKET NO. W-04254A-12-0205

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING FOR AN
8,000 GALLON HYDRO-PNEUMATIC TANK

DOCKET NO. W-04254A-12-0206

IN THE MATTER OF THE RATE APPLICATION
OF MONTEZUMA RIMROCK WATER COMPANY,
LLC.

DOCKET NO. W-04254A-12-0207

Insufficiency Submittals & Amendments

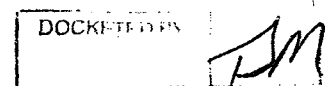
Montezuma Rimrock Water Company LLC hereby submits the insufficiencies and amendments to its Rate Case Application.

Patricia D. Olsen

Arizona Corporation Commission

DOCKETED

OCT 25 2012



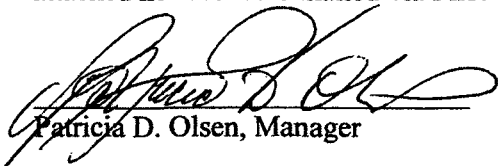


P.O. Box 10
Rimrock, AZ 86335
928-592-9211

October 20, 2012

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona

Attached are the Statements in Support of Rate Request, Current and Proposed Rates and Charges, and the Narrative Description of Application for Rate Adjustment. These attached notices were mailed via First Class U.S. Mail on October 12, 2012.

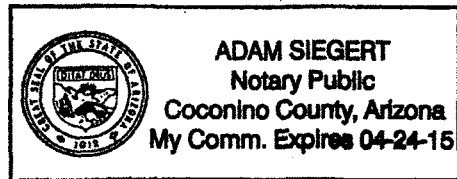

Patricia D. Olsen, Manager

DATED the 20th day of October, 20 12

SUBSCRIBED AND SWORN to before me on this 20th day of October, 20 12


NOTARY PUBLIC

My Commission Expires 04/24/15



Company Name: Montezuma Rimrock Water Company LLC	Test Year Ended: 2011
--	-----------------------

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: Residential Commercial Industrial
 Irrigation All Other, specify _____

CURRENT RATES

PROPOSED RATES

MINIMUM OR SERVICE CHARGES	\$ GALLONS	\$ GALLONS
5/8" x 3/4" Meter	27.25 for 0	57.25 for 0
3/4" Meter	40.88 for 0	70.88 for 0
1" Meter	68.13 for 0	98.13 for 0
1-1/2" Meter	136.25 for 0	166.25 for 0
2" Meter	218.00 for 0	238.00 for 0
3" Meter	436.00 for 0	466.00 for 0
4" Meter	681.00 for 0	711.00 for 0
6" Meter	1362.50 for 0	1392.50 for 0

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
FLAT RATE

Current Rates

Proposed Rates

Current Rates		Proposed Rates	
Rate	Gallons	Rate	Gallons
\$ 1.50	Up to 4000__	\$ 2.00	Up to 4000__
\$ 2.50	4001 to 10000__	\$ 3.00	4001 to 10000__
\$ 4.00	Over _10000__	\$ 4.50	Over _10000__
\$	Per Month	\$	Per Month

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Montezuma Rimrock Water Company LLC (the "Company") is required to submit a Rate Case Application per Decision No. 71317. The information contained in this application is based upon a twelve-month Test Year ending 12/31/11 (mm/dd/yy). The Company had total operating revenues of \$ 101,276, served 202 metered and 0 un-metered (from page 19) customers, and sold 12769 thousand gallons of water during the Test Year. (from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 76,800. This equates to a rate increase of ~\$32.00 per customer per month.

Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 178,076.

The Company is current on all property taxes. YES NO

The Company is current on all sales taxes. YES NO
(Please see checklist item 2 on page 1.)

The Company currently has a Curtailment Plan Tariff on file with the Commission YES NO

The Company currently has a Backflow Prevention Tariff on file with the Commission. YES NO

The Company will notify its customers of its application for a rate adjustment on 11/1/12 (mm/dd/yy). **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. MRWC will file the notice once the mailing has been distributed.**

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

Efforts made to encourage conservation of water through the proposed rate design or through other means

Please explain:

MRWC has a public service announcement which periodically airs on the local radio station and a conservation sign located at Kramer Dr. and Beaver Creek Road in Rimrock.

Other factors

Please explain:

Per Decision 71317, MRWC was required to submit a Rate Case Application to ACC by May 31, 2012.

Attach additional pages as necessary.

Other factors – JD Legal Surcharge

Please explain:

Addition of Legal Fees Surcharge to customers. MRWC is requesting a surcharge designated JD Legal Surcharge. MRWC seeks a legal fee surcharge for cost recovery pertaining to legal fees due to John Dougherty and his intervention since January, 2010. MRWC has incurred legal fees in order to protect itself from John Dougherty and his threat, "I make no bones about attacking their company. I want it to be shut down." John Dougherty has harassed, made false allegations, and filed charges against MRWC in order to prevent it from moving forward in the construction of its arsenic treatment system and the ability to provide an alternative source of water. John Dougherty has consistently abused regulatory agencies in efforts to destroy a Hispanic woman owned business. Total legal fees with respect to the intervention of John Dougherty amounts to \$47298.09 over a three year period. MRWC is seeking a surcharge of \$6.57 per month per customer for legal fees. Included on the following pages are the invoices and statements with respect to the legal fees incurred.

LEASE AGREEMENT

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number >			
Full Legal Name and Place of Business of Lessee > MONTEZUMA RIMROCK WATER COMPANY LLC > PO BOX 10 > RIMROCK, AZ 86335			Place of incorporation or organization or, if an individual, location of principal residence. > > ARIZONA		
Quantity	Description, Model #, Catalog #, Serial #, or other Identification				
Equipment Leased	> 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET				
Equipment Location if Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335				
Terms	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 342.09	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other Specify:	Terms of Lease > 36	No. of Payments > 36	Advanced Payment/Security Deposit > \$ 734.46

TERMS AND CONDITIONS OF LEASE

1. **LEASE.** Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the "Equipment").

2. **ACCEPTANCE OF EQUIPMENT.** Lessee agrees to inspect the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Lessee notice, as provided by Lessor, after the Equipment has been delivered and after Lessee it satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial numbers or other identifying data with regard to the Equipment.

3. **DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES.** THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.

4. **ASSIGNMENT BY LESSEE PROHIBITED.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

5. **COMMENCEMENT; RENTAL PAYMENTS; INTERIM RENTALS.** This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date, in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified. Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

6. **CHOICE OF LAW.** This Lease shall not be effective until signed by Lessor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.

7. **SECURITY DEPOSIT.** As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section shown as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

8. **LIMITED PREARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code; and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

9. **LOCATION.** The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.

10. **USE.** Lessee shall use the Equipment in a careful manner, make as necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.

11. **OWNERSHIP; PERSONALTY.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.

LESSEE ACKNOWLEDGEMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation () partnership () individual (); (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: NILE RIVER LEASING, L.L.C.

Date: 3/22/12

Date: 3/23/12

3824-0

12. **SURRENDER.** By this Lease, Lessee acquires no ownership rights in the Equipment, and has no option to purchase same unless said option is incorporated herein by an attached Rider. Upon the expiration or earlier termination or cancellation of this Lease, or in the event of a default under Paragraph 20 hereof, Lessee, at its expense, shall return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify.

13. **RENEWAL.** As the expiration of the Lease, Lessee shall return the Equipment in accordance with Paragraph 12 hereof. At Lessor's option, this Lease may be continued on a month-to-month basis until 30 days after Lessee returns the Equipment to Lessor. In the event the Lease is so continued, Lessee shall pay to Lessor rentals in the same periodic amounts as is indicated under the section entitled Amount of Each Payment above.

14. **LOSS AND DAMAGE.** Lessee shall at all times after signing the Lease bear the entire risk loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay rent or to comply with any other obligation under this Lease, in the event of damage to any part of the Equipment, Lessee shall immediately place the same in good repair as Lessee's expense. If Lessor determines that any part of the Equipment is lost, stolen, destroyed, or damaged beyond repair, Lessee shall, at Lessee's option, do one of the following: (a) Replace the same with like equipment in good repair, acceptable to Lessor; or (b) Pay Lessor in cash the following: (i) all amounts due by Lessee to Lessor under this Lease up to the date of the loss; (ii) the accelerated balance of the total amounts due for the remaining term of this Lease attributable to said item; discounted to present value at a discount rate of 6% as of the date of loss; and (iii) the Lessor's estimate as of the time the Lease was entered into of Lessor's residual interest in the Equipment, discounted to present value at a discount rate of 6%, as of the date of loss. Upon Lessor's receipt of payment as set forth above, Lessee shall be entitled to receive title to the Equipment without any warranties. If insurance proceeds are used to fully comply with this subparagraph, the balance of any such proceeds shall go to Lessee to compensate for loss of use of the Equipment for the remaining term of the Lease.

15. **INSURANCE; LIENS; TAXES.** Lessee shall provide and maintain insurance against loss, theft, damage, or destruction of the Equipment in an amount not less than the full replacement value of the Equipment, with loss payable to the Lessor. Lessee also shall provide and maintain comprehensive general all-risk liability insurance, including but not limited to product liability coverage, insuring Lessor and Lessee, with a severability of interest endorsement, or its equivalent, against any and all loss or liability for all damages, either to persons or property or otherwise, which might result in or happen in connection with the condition, use, or operation of the Equipment, with such limits and an insurer satisfactory to Lessor. Each policy shall expressly provide that said insurance as to Lessor and its assigns shall not be invalidated by any act, omission, or neglect of Lessee and cannot be canceled without 30 days prior written notice to Lessor. As to each policy Lessee shall furnish to Lessor a certificate of insurance from the insurer, which certificate shall evidence the insurance coverage required by the paragraph. Lessor shall have no obligation to ascertain the existence of or provide any insurance coverage for the Equipment or for Lessee's benefit, if Lessee fails to provide the insurance. Lessor will have the right, but no obligation, to have such insurance protecting Lessor and at Lessee's expense. Such placement will result in an increase in Lessee's periodic payments, the increase being attributed to Lessor's costs of obtaining such insurance and any customary charges or fees of Lessor's or its designee associated with such insurance.

Lessee shall keep the Equipment free and clear of all liens, liens, and encumbrances. Lessee shall pay all charges and taxes (local, state, and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment; excluding, however, all taxes on or measured by Lessor's net income. If Lessee fails to pay said charges or taxes, Lessor shall have the right, but shall not be obligated, to pay such charges or taxes. In that event, Lessor shall notify Lessee of such payment and Lessee shall repay to Lessor the cost thereof within 15 days after such notice is mailed to Lessee.

16. **INDEMNITY.** Lessee shall indemnify Lessor against any claims, actions, damages or liabilities, including all attorney fees incurred out of or connected with the Equipment, without limitation. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee waives any immunity Lessee may have under any industrial insurance act, with regard to indemnification of Lessor.

17. **ASSIGNMENT BY LESSOR.** Any assignee of Lessor shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee shall recognize and hereby consents to any assignment of the Lease by Lessor, and shall not assert against the assignee any defense, counterclaim, or setoff that Lessee may have against Lessor. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, devisees, personal representatives, survivors, successors in interest, and assigns of the parties hereto.

18. **SERVICE CHARGES; INTEREST.** If Lessee shall fail to make any payment required by the Lease within 10 days of the due date thereof, Lessee shall pay to Lessor a service charge of 10% of the amount due per month, minimum 25.00 for each month that the payment remains delinquent. In addition, Lessee shall pay to Lessor any actual additional expenses incurred by Lessor in collection efforts, including but not limited to long-distance telephone charges and travel expenses. Lessee shall pay to Lessor interest on any delinquent payment or amount due under this Lease from the due date thereof until paid, at the lesser of the maximum rate of interest allowed by law or 24% per annum.

19. **TIME OF ESSENCE.** Time is of the essence of the Lease, and the provision shall not be impliedly waived by the acceptance on occasion of late or defective performance.

20. **DEFAULT.** Lessee shall be in default if: (a) Lessee shall fail to make any payment due under the terms of this Lease for a period of 10 days from the due date thereof; or (b) Lessee shall fail to observe, keep or perform any other provision of the Lease, and such failure shall continue for a period of 10 days; or (c) Lessee has made any misleading or false statement in connection with application for or performance of the Lease; or (d) The Equipment or any part thereof shall be subject to any lien, levy, seizure, assignment, transfer, bulk transfer encumbrance, application, attachment, execution, sublease, or sale without prior written consent of Lessor, or if Lessee shall abandon the Equipment or permit any other entity or person to use the Equipment without the prior written consent of Lessor; or (e) Lessee dies or ceases to exist; or (f) Lessee defaults on any other agreement it has with Lessor; or (g) Any guarantor of the Lease defaults on any obligation to Lessor; or any to the above listed events of default occur with respect to any guarantor or any such guarantor files or has filed against it a petition under the bankruptcy laws.

21. **REMEDIES:** If Lessee is in default, Lessor, with or without notice to Lessee, shall have the right to exercise any one or more of the following remedies, concurrently or separately, and without any election of remedies being deemed to have been made: (a) Lessor may enter upon Lessee's premises and, without any court order or other process of law, may repossess and remove the Equipment, or render the Equipment unusable without removal, either with or without notice to Lessee. Lessee hereby waives any trespass or right of action for damages by reason of such entry, removal or disabling. Any such repossession shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing; (b) Lessor may require Lessee, at its expense, to return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify; (c) Lessor may cancel or terminate this Lease and may retain any and all prior payments paid by Lessee; (d) Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice or demand to Lessee; (e) Lessor may re-lease the Equipment, without notice to Lessee, to any third party, upon such terms and conditions as Lessor alone shall determine, or may sell the Equipment, without notice to Lessee, at private or public sale, at which sale Lessor may be the purchaser with respect to any exercise of Lessor of its right to recover and/or dispose of any Equipment or other collateral securing Lessee's obligations under this Lease, Lessee acknowledges and agrees as follows: (i) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean-up or otherwise prepare the Equipment or any other collateral for disposition, (ii) Lessor may comply with any applicable state or federal law requirements in connection with any disposition of the Equipment or other collateral, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any disposition of such Equipment and/or other collateral; (f) Lessor may sue for and recover from Lessee the sum of all unpaid rents and other payments due under the Lease then accrued, all accelerated future payments due under the Lease, reduced to their present value using a discount rate of 6%, as of the date of default, plus Lessor's estimate at the time the Lessee was entered into of Lessor's residual interest in the Equipment, reduced to present value at a discount rate of 6%, as of the date of default, less the net proceeds of disposition, if any, of the Equipment; (g) To pursue any other remedy available at law, by statute or equity.

No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein, or by law or by equity provided or permitted, but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law or equity or by statute or otherwise, and may be enforced concurrently, therewith or from time to time. No single or partial exercise by Lessor of any right or remedy hereunder shall preclude any other or further exercise of any other right or remedy.

22. **MULTIPLE LESSEES.** Lessor may, with the consent of any one of the Lessees hereunder, modify, extend, or change any of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under the Lease.

23. **EXPENSE OF ENFORCEMENT.** In the event of any legal action with respect to the Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including attorney fees incurred at the trial level, including action in bankruptcy court on appeal or review, or incurred without action, suits or proceedings, together with all costs and expenses incurred in pursuit thereof.

24. **ENTIRE AGREEMENT; NO ORAL MODIFICATIONS; NO WAIVER.** This instrument constitutes the entire agreement between Lessor and Lessee. No provision of the Lease shall be modified or rescinded unless in writing signed by a representative of Lessor. Waiver by Lessor of any provision hereof in one instance shall not constitute waiver as to any other instance.

25. **SEVERABILITY.** This Lease is intended to constitute a valid and enforceable legal instrument, and no provision of this Lease that may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect.

CERTIFICATE OF AUTHORITY

The undersigned, being the duly elected MEMBER of the Company named in the foregoing Lease, hereby certifies that: (a) PATRICIA D. OLSEN, in his/her capacity as MANAGING MEMBER of the Company, is authorized by the Bylaws or other organizational documents of the Company, or by a resolution duly adopted or other authorization properly given by the Board of Directors, the Managers, the Managing Member(s) or the Managing Partner(s) of the Company, as applicable, in accordance with the Bylaws or other organizational documents of the Company, to negotiate execute and deliver on behalf and in the name of this Company, the Commercial Lease, (b) that such authorization has not been revoked and continues in full force and effect, (c) that the execution of such documents by such officer shall be conclusive evidence of his/her approval thereof and (d) this Lease and such other documents constitute legal and binding obligations of the Company. IN WITNESS WHEREOF, I have affixed my name as MEMBER of the Company on the date set forth below.

Printed Name

>PATRICIA D. OLSEN

Date

3/22/12

DELIVERY AND ACCEPTANCE CERTIFICATE

Re: MONTEZUMA RIMROCK WATER COMPANY LLC

Lease No.:

To Lessor: NILE RIVER LEASING, L.L.C.

All of the items referred to in the above-referenced Lease have been delivered to and have been received by the undersigned. All installation or other work necessary prior to the use thereof has been completed. Said equipment has been examined and/or tested and is in good operating order and condition, and is in all respects satisfactory to the undersigned and is as represented. Said equipment has been accepted by the undersigned and complies with all terms of the Lease.

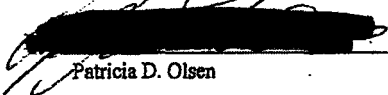
In the future, even if the equipment fails to perform as expected or represented, we will continue to honor the above-referenced Lease by continuing to make our periodic payments in the normal course of business, and we will look solely to the seller or manufacturer for the performance of all covenants and warranties. In addition, we agree to indemnify and hold harmless and defend the Lessor from such nonperformance of all the aforementioned equipment.

We acknowledge the Lessor is neither the manufacturer, distributor, or seller of all the equipment and has no control, knowledge, or familiarity with the conditioning, capacity, functioning, or other characteristics of the equipment.

NOTICE TO THE LESSEE: DO NOT SIGN THIS ACCEPTANCE UNTIL THE EQUIPMENT HAS BEEN DELIVERED, ASSEMBLED, INSTALLED AND ACCEPTED BY YOU AS SATISFACTORY IN ALL RESPECTS. PAYMENT TO THE SUPPLIER WILL NOT BE MADE UNTIL THIS NOTICE IS SIGNED AND RETURNED TO THE LESSOR.

EQUIPMENT: 1 - ARSENIC BUILDING PLANT - BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION -
SIZE: 10 X 20 X 10.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC


Patricia D. Olsen

Title: MANAGING MEMBER

Date: 5/10/2012

PHONE # (928) 592-9211 CELL # (928) 300-3291

EMAIL: Patsy @ MontezumaWater.com

I hereby authorize _____ (title) to verbally
verify my/our acceptance of the above-referenced equipment in my absence.

PHONE # () _____

LEASE AGREEMENT

For Internal Use Only.

This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collateral Agent for the Secured Parties

LEASE #: 796680.001

LESSEE

MONTEZUMA RIMROCK WATER COMPANY LLC
 BILLING ADDRESS:
 PO BOX 10
 RIMROCK, AZ 86335
 COUNTY: YAVAPAI

VENDOR/SUPPLIER

KEVLOR DESIGN GROUP, LLC
 430 FITZGERALD PLACE
 ATLANTA, GA 30348

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed) new used

SEE EQUIPMENT LIST

EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.

ADDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335

SCHEDULE OF LEASE PAYMENTS

Lease Term (Months)	Number of Payments	Amount of Each Lease Payment			Number Prepayment(s)	Administrative Fee	Security Deposit	Initial Amount Due	Option Price/Guaranteed Purchase
		Rental	Tax	Total Payment					
60	60	\$1,058.18	\$77.78	\$1,135.96	2	\$420.00	\$0.00	\$2,691.92	\$1.00

Payment Due Date 1st 15th Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice.

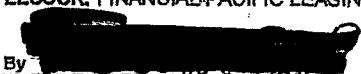
THIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: FINANCIAL PACIFIC LEASING, LLC


 PATRICIA D. OLSEN, MEMBER AND INDIVIDUALLY

By 
 (Signature Only)

5/2/2012
 (Date)


 (Title)

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED.

Lessor, hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment").

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

CONTINUED ON FOLLOWING PAGES

2. **LESSEE REPRESENTATIONS.** Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.

3. **STATUTORY FINANCE LEASE.** Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. **ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT.** LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

5. **APPLICABLE LAW AND VENUE.** ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.

6. **NO WARRANTY.** Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee waives any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to, Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter, conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

7. **TERM.** The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the Inspection/Verification Certificate.

8. **END OF TERM OPTIONS.** If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation or warranty whatsoever.

9. **LEASE PAYMENT; SECURITY DEPOSIT.** The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance Date. Lessee shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lessee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

10. **LATE CHARGES AND COLLECTION CHARGES.** A late charge of 10% of the total monthly lease payment, or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Lessee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.

11. **LOCATION AND USE OF EQUIPMENT.** Lessee shall keep the equipment at the location designated in this Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

12. **SURRENDER OF EQUIPMENT.** At the expiration of the term of this lease, or upon demand by Lessor pursuant to Paragraph 19 of this Lease or in the event of an option price pursuant to paragraph 8 of this Lease, Lessee at its expense shall return the Equipment in proper working order, condition and repair by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. **WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES, ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.**

13. **NOTICES.** Services of all notices under this agreement shall be sufficient if given personally or mailed to Lessor at 3456 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4668, Federal Way, WA 98003; or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

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Intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any part thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same with like property of the same or greater value provided, however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease payments herein provided.

15. INSURANCE. Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify, including liability insurance, with limits not less than \$500,000 unless Lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days' prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fail to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation, without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefore. Should Lessee fail to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. The parties agree that any claim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party under this Agreement will, upon demand by either party, be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington; provided however, such agreement does not authorize class arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims arising under this Agreement.

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (a) he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

a) An event of default shall occur if:

- (1) Lessee fails to pay any Lease installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fail to perform or observe any covenant, condition, or obligation to be performed or observed by it hereunder and such failure continues uncorrected for fifteen (15) days;
- (3) Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is named in, or the Equipment becomes subjected to a suit for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or subject the Equipment or any item thereof, without first obtaining Lessor's consent;
- (7) Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the Lessor.

b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:

- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
- (2) Cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (i) Retain the Equipment and all lease payments made hereunder, or
 - (ii) Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less 10% to cover Lessor's internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be

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paid to whosoever may be lawfully entitled to receive the same; or

(iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or

(iv) Lease the Equipment for any portion thereof, for such period, rental, and to such persons as Lessor shall select, and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lessee to Lessor hereunder, with Lessee remaining responsible for any deficiency. It is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.

(3) No remedy herein contained upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided; but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's failure to demand punctual performance or any obligation of Lessee shall not be deemed a waiver (A) of any such right or remedy, or (B) the requirement of punctual performance; or (C) of any subsequent breach or default on the part of Lessee.

19. ATTORNEY'S FEES AND EXPENSE. In the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorney's fee, however incurred, in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred on appeal or in connection with a bankruptcy proceeding.

20. OPERATION, MAINTENANCE AND REPAIR. Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment in proper working condition, using as a guide the maintenance program described in the owner's manual, if any, for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.

21. TAXES. Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, renting, sale, possession or use thereof, whether the same be assessed to Lessor or Lessee, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment. If the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund or Lessee shall remit the entire difference.

22. LESSOR ASSIGNMENT. Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lease. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.

23. TITLE; LESSEE'S INTEREST; GRANT OF SECURITY INTEREST. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all times be severable and removable therefrom by Lessor, free of any right, title, claim or interest of the property owner and of Lessee except as herein provided. In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the leased property and all proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to, Lessee's obligations under this Lease and under any other agreement with Lessor.

24. LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

25. FINANCIAL STATEMENTS; CREDIT REPORTS. Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.

26. MISCELLANEOUS. Lessee will not change or remove any insignia or lettering on the Equipment and shall conspicuously identify each item of the Equipment by suitable lettering, the date to indicate Lessor's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors, as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessees, modify, extend, or change any one of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessee and each of them are jointly and severally responsible and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sum payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lease.

CONTINUED ON FOLLOWING PAGES

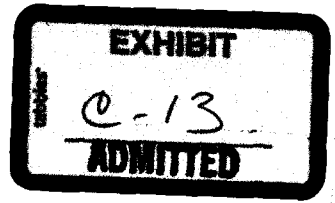
C-EX13

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP- Chairman
GARY PIERCE
BOB BURNS
SUSAN BITTER SMITH
BRENDA BURNS



JOHN E. DOUGHERTY,
COMPLAINANT

DOCKET NO. W-04254A-11-0323

VS.

APPLICATION FOR ADMINISTRATIVE
SUBPOENA DUCES TECUM

MONTEZUMA RIMROCK WATER
COMPANY, LLC,
RESPONDANT

John E. Dougherty, Complainant, requests the issuance of a subpoena duces tecum to Financial Pacific Leasing, LLC pursuant to A.R.S. §§ 40-241, 40-244, A.A.C. R14-3-109, and Ariz. R. Civ. P. 30 and 45 in connection with Discovery in the above-captioned action. Please make the requested records available no later than March 15, 2013.

DATED this 13th day of February, 2013.

John E. Dougherty
PO Box 501
Rimrock, AZ 86335
602-710-4089
Jd.investigativemedia@gmail.com

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP- Chairman
GARY PIERCE
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BRENDA BURNS

JOHN E. DOUGHERTY,
COMPLAINANT

DOCKET NO. W-04254A-11-0323

VS.

MONTEZUMA RIMROCK WATER
COMPANY, LLC,
RESPONDANT

**ADMINISTRATIVE
SUBPOENA DUCES TECUM**

TO: Financial Pacific Leasing, LLC
3455 S. 44th Way
#300
Federal Way, WA 98011

Arizona Statutory Agent:
CT Corporation System
2390 E. Camelback Road
Phoenix, AZ 85016

YOU ARE HEREBY COMMANDED, pursuant to A.R.S. §§ 40-241, 40-244, A.A.C. R14-3-109 and Ariz. R. Civ. P. 30 and 45 to produce for inspection and copying the following records for ongoing discovery in the above-captioned action before the Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007 by March 15, 2013.

I. The complete lease agreement identified in a May 9, 2012 Uniform Commercial Code filing at the Arizona Secretary of State (attached) identified as Lease No. 001-0796680-001, dated April 3, 2012, between Financial Pacific and Montezuma Rimrock Water Company.

II. The complete lease agreement identified in Arizona Corporation Commission records dated Oct. 25, 2012 in Docket W-4254A-12-0204 as to having been entered into between Financial Pacific and Montezuma Rimrock Water Company dated May 2, 2012. (attached).

III. All communications between Financial Pacific and Montezuma Rimrock Water Water Company in connection with all proposed and executed lease agreement(s) between

I

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, Executive Assistant to the Executive Director, voice phone number 602-542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

1 Financial Pacific and Montezuma Rimrock Water Company between January 1, 2012
2 through February 13, 2013.

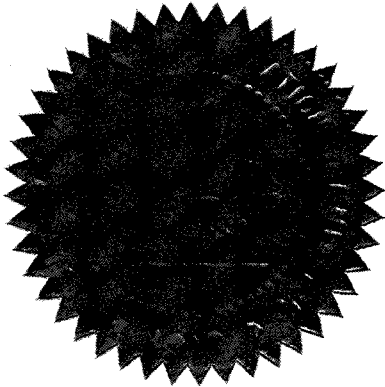
3 YOU HAVE BEEN SUBPOENED BY:

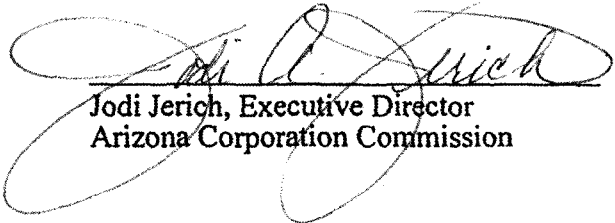
4 JOHN E. DOUGHERTY
5 Complainant
6 Docket W-4254A-11-0323
7 PO BOX 501
8 RIMROCK, AZ 86335
9 602-710-4089
10 Jd.investigativemedia@gmail.com

11 PLEASE MAKE ALL RECORDS AVAILABLE TO COMPLAINANT AT THE ABOVE
12 MAILING ADDRESS.

13 DISOBEDIENCE OF THIS SUBPOENA constitutes contempt of the Arizona Corporation
14 Commission and may subject you to further proceedings and penalties under law, pursuant to A.R.S.
15 § 40-424.

16 Given under by hand the seal of the Arizona Corporation Commission this 14th day
17 of February, 2013



18 
19 Jodi Jerich, Executive Director
20 Arizona Corporation Commission

27 Persons with a disability may request a reasonable accommodation such as a sign language
28 interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal,
Executive Assistant to the Executive Director, voice phone number 602-542-3931, e-mail
sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the
accommodation.

K

201216919180

SECRETARY OF STATE

2012 MAY -9 AM 11:33

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
Phone: (800) 331-3282 Fax: (818) 662-4141

B. SEND ACKNOWLEDGEMENT TO: (Name and Address) 11250 FINANCIAL PACI

CT Lien Solutions 32694128
P.O. Box 29071
Glendale, CA 91209-9071 AZAZ

FILED 10:15AM 000002 #3320
LETICIA
P000250
UCC 1/1/15P COLL \$9.00
CHECK \$9.00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
MONTEZUMA RIMROCK WATER COMPANY LLC

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
4599 E GOLDMINE RD RIMROCK AZ 86335 USA

1d. SEE INSTRUCTIONS ADDL INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any
LLC AZ L10787594 NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADDL INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any
 NONE

3. SECURED PARTY'S NAME (or NAME OF TOTAL ASSIGNEE OF ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
Wells Fargo Capital Finance, LLC

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
P.O. BOX 4568 FEDERAL WAY WA 98001 USA

4. This FINANCING STATEMENT covers the following collateral:

All equipment and other personal property, now or hereafter the subject of that certain Lease Agreement, relating to Lease 001-0796680-001, dated 04/03/2012, between the Secured Party as Lessor and Debtor as Lessee, together with all attachments, additions, accessories, substitutions and replacements thereto, and any and all insurance and other proceeds of the foregoing.

5. ALTERNATIVE DESIGNATION (if applicable) LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA
32694128 MONTEZUMA RIMROCK WATER COMPANY LLJ6680-001

FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02) Prepared by CT Lien Solutions, P.O. Box 29071, Glendale, CA 91209-9071 Tel (800) 331-3282

FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME		
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS

32694128-AZ-0

11250 FINANCIAL PACI

File with: Arizona 001-0796680-001 MONTEZUMA RIMROCK WATER COMPANY LL

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME			
OR			
11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
11d. SEE INSTRUCTION	ADOL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION
			11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P's NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME Financial Pacific Leasing, LLC			
OR			
12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS P.O. BOX 4568		CITY FEDERAL WAY	STATE POSTAL CODE COUNTRY WA 98063-4568

13. This FINANCING STATEMENT covers timber to be cut or as-extracted collateral or is filed as a future filing.

14. Description of real estate:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.
Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction
- Filed in connection with a Public-Finance Transaction

FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) (REV. 05/21/09)

Prepared by CT Lien Solutions, P.O. Box 28071
Glendale, CA 91209-8071 Tel (800) 331-3282



ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

2012 OCT 25 P 4: 51

- GARY PIERCE - Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

ARIZONA CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
INSTALL A WATER LINE FROM THE WELL ON
TIEMANN TO WELL NO. 1 ON TOWERS

DOCKET NO. W-04254A-12-0204

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
PURCHASE THE WELL NO. 4 SITE AND THE
COMPANY VEHICLE

DOCKET NO. W-04254A-12-0205

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING FOR AN
8,000 GALLON HYDRO-PNEUMATIC TANK

DOCKET NO. W-04254A-12-0206

IN THE MATTER OF THE RATE APPLICATION
OF MONTEZUMA RIMROCK WATER COMPANY,
LLC.

DOCKET NO. W-04254A-12-0207

Insufficiency Submittals & Amendments

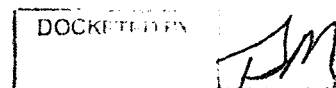
Montezuma Rimrock Water Company LLC hereby submits the insufficiencies and amendments to its Rate Case Application.

Patricia D. Olsen

Arizona Corporation Commission

DOCKETED

OCT 25 2012



LEASE AGREEMENT

For internal use only.
This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collateral Agent for the Secured Parties

LEASE #: 796680.001

LESSEE
MONTEZUMA RIMROCK WATER COMPANY LLC
BILLING ADDRESS:
PO BOX 10
RIMROCK, AZ 86335
COUNTY: YAVAPAI

VENDOR/SUPPLIER
KEVLOR DESIGN GROUP, LLC
430 FITZGERALD PLACE
ATLANTA, GA 30349

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed) new used

SEE EQUIPMENT LIST

EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.
ADDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335

SCHEDULE OF LEASE PAYMENTS

Lease Term (Months)	Number of Payments	Amount of Each Lease Payment			Number Prepayment(s)	Administrative Fee	Security Deposit	Initial Amount Due	Option Price/Guaranteed Purchase
		Rental	Tax	Total Payment					
60	60	\$1,058.18	\$77.78	\$1,135.96	2	\$420.00	\$0.00	\$2,691.92	\$1.00

Payment Due Date: 1st 15th
 Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice.

THIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: FINANCIAL PACIFIC LEASING, LLC

PATRICIA D. OLSEN, MEMBER AND INDIVIDUALLY

By
 (Signature Only)

5/2/2012
 (Date)

(Title)

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED

Lessor, hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment").

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

CONTINUED ON FOLLOWING PAGES

2. **LESSEE REPRESENTATIONS.** Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.

3. **STATUTORY FINANCE LEASE.** Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. **ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT.** LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

6. **APPLICABLE LAW AND VENUE.** ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.

6. **NO WARRANTY.** Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee waives any and all rights and remedies conferred by UCC: 2A-508 through 2A-522, including, but not limited to, Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statute or otherwise, that may require Lessor to spill, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

7. **TERM.** The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the Inspection/Verification Certificate.

8. **END OF TERM OPTIONS.** If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation of warranty whatsoever.

9. **LEASE PAYMENT; SECURITY DEPOSIT.** The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date (immediately following the Equipment Acceptance Date). Lessee shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lessee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

10. **LATE CHARGES AND COLLECTION CHARGES.** A late charge of 10% of the total monthly lease payment, or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Lessee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.

11. **LOCATION AND USE OF EQUIPMENT.** Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

12. **SURRENDER OF EQUIPMENT.** At the expiration of the term of this lease, or upon demand by Lessor pursuant to Paragraph 19 of this Lease or in the event of an option price pursuant to paragraph 8 of this Lease, Lessee at its expense shall return the Equipment in proper working order, condition and repair, by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. **WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES, ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.**

13. **NOTICES.** Services of all notices under this agreement shall be sufficient if given personally or mailed to Lessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4668, Federal Way, WA 98003, or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

CONTINUED ON FOLLOWING PAGES

Intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any part thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same, with like property of the same or greater value provided, however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease; less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease payments herein provided.

15. INSURANCE. Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify, including liability insurance, with limits not less than \$500,000, unless Lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days' prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fail to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation, without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefore. Should Lessee fail to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. The parties agree that any claim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party under this Agreement will, upon demand by either party, be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington; provided however, such agreement does not authorize class arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims arising under this Agreement.

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

a) An event of default shall occur if:

- (1) Lessee fails to pay any Lease installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fail to perform or observe any covenant, condition or obligation to be performed or observed by it hereunder and such failure continues uncorrected for fifteen (15) days;
- (3) Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is named in, or the Equipment becomes subjected to a suit for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon, under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or subject the Equipment or any item thereof without first obtaining Lessor's consent;
- (7) Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the Lessor.

b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:

- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
- (2) Cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (i) Retain the Equipment and all lease payments made hereunder; or
 - (ii) Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less 10% to cover Lessor's internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment; reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be

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- paid to whosoever may be lawfully entitled to receive the same; or
- (iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or
 - (iv) Lease the Equipment for any portion thereof, for such period, rental, and to such persons as Lessor shall select, and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lessee to Lessor hereunder, with Lessee remaining responsible for any deficiency. It is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.
- (3) No remedy hereon conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided; but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's failure to demand punctual performance or any obligation of Lessee shall not be deemed a waiver (A) of any such right or remedy, or (B) the requirement of punctual performance; or (C) of any subsequent breach or default on the part of Lessee.

18. **ATTORNEY'S FEES AND EXPENSE.** In the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorney's fee, however incurred, in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred in appeal or in connection with a bankruptcy proceeding.

20. **OPERATION, MAINTENANCE AND REPAIR.** Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment in proper working condition, using as a guide the maintenance program described in the owner's manual, if any, for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.

21. **TAXES.** Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, renting, sale, possession or use thereof, whether the same be assessed to Lessor or Lessee, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment. If the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund or Lessee shall remit the entire difference.

22. **LESSOR'S ASSIGNMENT.** Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lease. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.

23. **TITLE; LESSEE'S INTEREST; GRANT OF SECURITY INTEREST.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all times be severable and removable therefrom by Lessor, free of any right, title, claim or interest of the property owner and of Lessee except as herein provided. In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the leased Property and all proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to, Lessee's obligations under this Lease and under any other agreement with Lessor.

24. **LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

25. **FINANCIAL STATEMENTS; CREDIT REPORTS.** Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.

26. **MISCELLANEOUS.** Lessee will not change or remove any insignia or lettering on the Equipment and shall conspicuously identify each item of the Equipment by suitable lettering, taping or indicia to indicate Lessor's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessees, modify, extend, or change any one of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sums payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lease.

3455 S. 344th Way, Suite 300 Federal Way, WA 98001

Post Office Box 4568 Federal Way, WA 98063-4568

253.568.6000

Facsimile 253.568.2222

E-mail: finpac@finpac.com

www.finpac.com



March 22, 2013

John E. Dougherty
PO BOX 501
Rimrock, AZ 86335

Re: Docket No. W-04254A-11-0323 / Montezuma Rimrock Water Company, LLC

Mr. Dougherty,

Enclosed is the complete lease agreement for contract number 001-0796680-001. Please note the verbiage on our UCC states the agreement was dated April 3, 2012, however this is the date the agreement was booked. As you can see on page 5 of the agreement, the lease was actually dated March 22, 2012. The front page of the agreement has a typed date of 4/2/12. It is our policy to use the date on the confirm call to fill in any date fields left blank at the time of signing. I have included a copy of the confirm call for your reference.

The enclosed lease agreement is the only lease agreement we have on file for Montezuma Rimrock Water Company. The agreement you provided with a typed date of 5/2/2012 appears to be an unauthorized modified version of the original. We did not type the date of 5/2/2012 on this agreement. The lease you sent me is also missing page 5 of the agreement.

I have also included one email and attachment that was sent to Patricia regarding the insurance requirements.

Thank you,

A handwritten signature in black ink that reads "Dawn Pearce".

Dawn Pearce
Legal Department
253-568-6141
dpearce@finpac.com

LEASE AGREEMENT

For internal use only.

This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collateral Agent for the Secured Parties

LEASE #: 796689-001

LESSEE

MONTEZUMA RIMROCK WATER COMPANY LLC
 BILLING ADDRESS:
 PO BOX 10
 RIMROCK, AZ 86335
 COUNTY: YAVAPAI

VENDOR/SUPPLIER

KEVLOR DESIGN GROUP, LLC
 430 FITZGERALD PLACE
 ATLANTA, GA 30349

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed) new used

SEE EQUIPMENT LIST

EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.

ADDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335

SCHEDULE OF LEASE PAYMENTS

Lease Term (Months)	Number of Payments	Amount of Each Lease Payment			Number Prepayment(s)	Administrative Fee	Security Deposit	Initial Amount Due	Option Price/ Guaranteed Purchase
		Rental	Tax	Total Payment					
60	60	\$1,058.18	\$77.78	\$1,135.96	2	\$420.00	\$0.00	\$2,691.92	\$1.00

Payment Due Date 1st 15th Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice.

4/15/2012

THIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

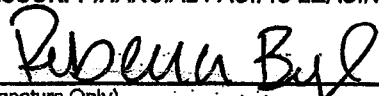
THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: FINANCIAL-PACIFIC LEASING, LLC



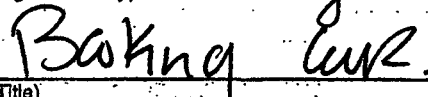
 PATRICIA D. OLSEN, MEMBER AND INDIVIDUALLY

By 

 (Signature Only)

4/22/2012

 (Date)



 (Title)

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED

Lessor, hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment").

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

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2. **LESSEE REPRESENTATIONS.** Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.

3. **STATUTORY FINANCE LEASE.** Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance Lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. **ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT.** LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

5. **APPLICABLE LAW AND VENUE.** ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.

6. **NO WARRANTY.** Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee waives any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to: Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

7. **TERM.** The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the Inspection/Verification Certificate.

8. **END OF TERM OPTIONS.** If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation or warranty whatsoever.

9. **LEASE PAYMENT; SECURITY DEPOSIT.** The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance Date. Lessee shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lessee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

10. **LATE CHARGES AND COLLECTION CHARGES.** A late charge of 10% of the total monthly lease payment, or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Lessee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.

11. **LOCATION AND USE OF EQUIPMENT.** Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

12. **SURRENDER OF EQUIPMENT.** At the expiration of the term of this lease, or upon demand by Lessor pursuant to Paragraph 19 of this Lease or in the event of an option price pursuant to paragraph 8 of this Lease, Lessee at its expense shall return the Equipment in proper working order, condition and repair, by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. **WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.**

13. **NOTICES.** Services of all notices under this agreement shall be sufficient if given personally or mailed to Lessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4698, Federal Way, WA 98003; or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

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Intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any part thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same, with like property of the same or greater value provided, however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease payments herein provided.

15. INSURANCE. Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify, including liability insurance, with limits not less than \$500,000, unless Lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days' prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fail to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation, without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefore. Should Lessee fail to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. The parties agree that any claim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party under this Agreement will, upon demand by either party, be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington; provided however, such agreement does not authorize class arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims arising under this Agreement.

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

a) An event of default shall occur if:

- (1) Lessee fails to pay any Lease installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fail to perform or observe any covenant, condition or obligation to be performed or observed by it hereunder and such failure continues unincured for fifteen (15) days;
- (3) Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is named in, or the Equipment becomes subjected to a suit for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or sublet the Equipment or any item thereof, without first obtaining Lessor's consent;
- (7) Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the Lessor.

b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:

- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
- (2) Cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (i) Retain the Equipment and all lease payments made hereunder, or
 - (ii) Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less 10% to cover Lessor's internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be

CONTINUED ON FOLLOWING PAGES

paid to whosoever may be lawfully entitled to receive the same; or

(iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or

(iv) Lease the Equipment or any portion thereof, for such period, rental, and to such persons as Lessor shall select, and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lessee to Lessor hereunder, with Lessee remaining responsible for any deficiency. It is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.

(3) No remedy hereon conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided; but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's failure to demand punctual performance or any obligation of Lessee shall not be deemed a waiver (A) of any such right or remedy, or (B) the requirement of punctual performance, or (C) of any subsequent breach or default on the part of Lessee.

19. ATTORNEY'S FEES AND EXPENSE. In the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorney's fee, however incurred, in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred on appeal or in connection with a bankruptcy proceeding.

20. OPERATION, MAINTENANCE AND REPAIR. Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment in proper working condition, using as a guide the maintenance program described in the owner's manual, if any, for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.

21. TAXES. Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, renting, sale, possession or use thereof, whether the same be assessed to Lessor or Lessee, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment. If the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund or Lessee shall remit the entire difference.

22. LESSOR'S ASSIGNMENT. Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lease. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.

23. TITLE; LESSEE'S INTEREST; GRANT OF SECURITY INTEREST. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all times be severable and removable therefrom by Lessor, free of any right, title, claim or interest of the property owner and of Lessee except as herein provided. In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the Leased Property and all proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to, Lessee's obligations under this Lease and under any other agreement with Lessor.

24. LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee; this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

25. FINANCIAL STATEMENTS; CREDIT REPORTS. Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.

26. MISCELLANEOUS. Lessee will not change or remove any insignia or lettering on the Equipment and shall conspicuously identify each item of the Equipment by suitable lettering thereto to indicate Lessor's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessees, modify, extend, or change any one of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sums payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lease.

GUARANTEE

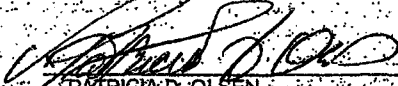
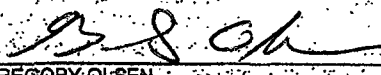
To induce Lessor to enter into a Lease with or otherwise extend financial accommodations to MONTEZUMA RIMROCK WATER COMPANY LLC ("Lessee"), the undersigned Guarantor unconditionally guarantees to Lessor the prompt payment when due of all Lessee's obligations to Lessor. Lessor shall not be required to proceed against the Lessee or the Equipment or enforce any other remedy before proceeding against the undersigned. The undersigned waives notice of acceptance hereof and all other notices or demand of any kind to which the undersigned may be entitled. The undersigned consents to any extensions or modifications granted to Lessee and the release and/or compromise of any obligations of Lessee or any other obligors and guarantors or any collateral therefore without notice and without in any way releasing the undersigned from his or her obligations hereunder. Guarantor waives any right to require Lessor to apply payments in a certain manner and acknowledges that Lessor may apply payments received in the fashion most advantageous to Lessor. Furthermore, Guarantor waives any and all claims against Lessee, by subrogation or otherwise, until such time as Lessee's obligations to Lessor are fully and finally satisfied. This is a continuing guarantee and shall not be discharged, impaired or affected by death of the undersigned or the existence or nonexistence of Lessee as a legal entity. This continuing Guarantee shall bind the heirs, administrators, representatives, successors, and assigns of the undersigned and may be enforced by or for the benefit of any assignee or successor of Lessor.

The provisions of the Guarantee shall extend to and apply to all the obligations of Lessee to Lessor, now existing or hereafter made, incurred or created, however arising, and whether set forth in separate agreements, schedules, applications, orders or collateral documents. The execution of this Lease Guarantee shall not extinguish, release or waive any existing obligations, promises, or guarantees of Guarantor for the benefit of Lessor. The undersigned agrees to pay a reasonable attorney's fee, and all other costs and expenses incurred by Lessor or its successors or assigns in the enforcement of the Guarantee, whether or not a lawsuit is started.

The undersigned personal guarantor consents to Financial Pacific Leasing, LLC obtaining a consumer credit report on the undersigned from time to time in the credit evaluation and review process.

Law Which Applies, THIS AGREEMENT IS GOVERNED BY WASHINGTON LAW. EACH GUARANTOR CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THIS GUARANTEE AND AGREES THAT ALL LAWSUITS COMMENCED BY A GUARANTOR AGAINST LESSOR MUST BE FILED IN SUCH COURTS, AT LESSOR'S SOLE OPTION, VENUE (LOCATION) FOR ANY PROCEEDING SHALL LIE IN KING COUNTY, STATE OF WASHINGTON. EACH GUARANTOR WAIVES THE RIGHT TO A JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING PROPER JURISDICTION.

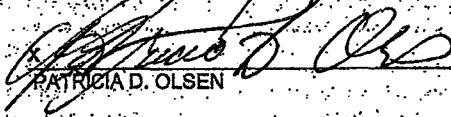
This Guarantee and each of its provisions may be waived or modified only by record signed by Lessor. Lessor's waiver of any right to demand performance hereunder shall not be a waiver of any subsequent or other right to demand performance hereunder, if any provision of this Guarantee shall be determined to be unenforceable, then such provision shall be severed from this Guarantee without affecting any other provision of the Guarantee which shall remain fully enforceable.

 _____ PATRICIA D. OLSEN	(No Title)	X	 _____ GREGORY OLSEN	(No Title)
Date <u>3/22/12</u> Social Security # <u>[REDACTED]</u>			Date <u>3/22/12</u> Social Security # <u>[REDACTED]</u>	
Home Phone # <u>928-300-3291</u>			Home Phone # <u>928-607-2244</u>	
X	(No Title)	X	(No Title)	(No Title)
Date _____ Social Security # _____			Date _____ Social Security # _____	
Home Phone # _____			Home Phone # _____	

DELIVERY AND ACCEPTANCE AUTHORIZATION

Lessee's signature authorizes Lessor to verify by phone with a representative of Lessee the date the Equipment was accepted by the Lessee; the Equipment description, including the serial numbers; the schedule of lease payments; that all necessary installation has been completed; that the Equipment has been examined by Lessee and is in good operating order and condition and is in all respects satisfactory to Lessee and that Equipment is accepted by Lessee for all purposes under the Lease. This information will be recorded on an Inspection/Verification Certificate, a copy of which will be forwarded to Lessee upon completion by Lessor. Lessee hereby authorizes Lessor to either insert or correct the Lessor and/or Vendor name(s), Equipment description, Equipment location and schedule of Lease payments. Lessee hereby authorizes Lessor to make payment to the Vendor upon completion of the Inspection/Verification Certificate.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

 _____ PATRICIA D. OLSEN	MEMBER AND INDIVIDUALLY	Date <u>3/22/12</u>
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EQUIPMENT LIST

1 - ARSENIC REMOVAL WATER TREATMENT SYSTEM
TANKS, PIPING COMPONENTS, ENGINEERING, START-UP ETC. S/N: KDG012712

AN ELECTRONIC VERSION OF THIS DOCUMENT SHALL BE CONSIDERED AN ORIGINAL

LESSOR: FINANCIAL PACIFIC LEASING, LLC

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

BY:

Rebecca Bayl

BY:

Patricia D. Olsen

ITS:

Banking Corp.

ITS:

PATRICIA D. OLSEN

MEMBER AND INDIVIDUALLY

DATE:

4/02/2012

DATE:

4/2/2012

FINANCIAL PACIFIC LEASING, LLC
Verification Certificate - Pre-Funding/Vendor's Location

Billing

Lease #: **796680-001** Lessee Name: **MONTEZUMA RIMROCK WATER COMPANY LLC**
Date: **04-02-12** Time: **2:32 PM**
Billing Address: **PO BOX 10 RIMROCK AZ 86335**
Home Address: **2126 S TOMBAUGH WAY FLAGSTAFF AZ 86001**
Equipment Location: **4599 E GOLDMINE RD RIMROCK AZ 86335**
County: **YAVAPAI**
Verification Contact: **PATRICIA** % of ownership: **100.00** SS # [REDACTED] DOB [REDACTED]
Business Phone: **928-592-9211** Fax: **928-213-0320** Email: **PATSY@MONTEZUMAWATER.COM**
Home Phone: **928-300-3291** Other #'s:
Federal ID #: [REDACTED] A/P Contact and Title:
Entity: **FPL**

Is this a new business?: **No** If yes, what is the Lessee's business start date:
How long at this location?

Equipment

- Lessee has verified the vendor(s) of the leased equipment as **KEVLOR DESIGN GROUP**.
How did you select/find the vendor? **REFERRED**.
The vendor representative is **KELVIN**.
 - Please verbally confirm that you have requested we pay the vendor(s) in advance of delivery and installation of the equipment.
- You also agree to:
- Accept the equipment at the Vendor's place of business and take full responsibility for the equipment from this point.
 - All of the equipment covered by the Lease Agreement has been received, installed and is operating satisfactorily. Lessee has not been instructed to inform FPL that all of the leased equipment is in the Lessee's possession when in fact it is not. The equipment received was confirmed as **WATER TREATMENT SYSTEM**. On what date was the equipment delivered? **50% PREFUND** Is the equipment new or used? **New**
 - Lessee has authorized FPL to make payment to the Vendor(s) of this transaction. Does the vendor owe you any money from this transaction? **No** What other agreements has the vendor made with you regarding this lease or equipment? **N/A**
Have you or any other owner of this business previously owned any of this equipment? **No**
 - Commence the lease and begin making payments even though you may not have the equipment when your payments are due.
 - Settle all claims regarding the equipment directly with the vendor.
 - The estimated date of delivery of the equipment is **2012-05-08**
 - Lessee has been notified this is a lease rather than a loan.

Invoicing

- Lessee acknowledges that this lease has been assigned to FPL by **N/A**.
And all future lease payments will be paid to FPL.
- Lessee has been informed the lease payments are due on the **15TH** of each month. Lessee has been informed that this lease commences on **04-15-12** and next payment due is **05-15-12**.
- Lessee has been given an explanation of billing and interim rental formula. Interim rental / pro rata is \$ **423.24**. (Monthly payment divided by 30 days = \$ **35.27** per day multiplied by **12** days). Lessee has been provided an explanation of billing and informed that invoices will be sent out APPROXIMATELY **17** prior to each due date. Lessee has been advised they will receive a letter with detailed information regarding Personal Property Taxes associated with this equipment.
- Lessee has been advised that payments may be made online at fastpay.finpac.com, Customer Resource Center, Fastpay with no fee assessed!

- ✓ Lessee was offered to participate in Automatic Payment Transfer Program and advised no written notice will be forwarded. Lessee was informed to view monthly invoices for Automatic Payment Transfers by going to fastpay.finpac.com to register. **Declined**
- ✓ Lessee has been informed that they are required to maintain property insurance on the leased equipment. They understand they will receive a letter requesting insurance verification from our insurance monitoring company and that they must verify the required coverage within 30 days or they will be automatically billed for the insurance fees: forward certificates to fax number (305) 506-0094 or call (888) 423-6722.
- ✓ The Lessee has been informed that the following fees will be billed on the first invoice. N/A in the amount of 0.00
- ✓ Split Pro Rata over the next 3 months in the amount of 141.08

Verification completed by: CINDY GROVER

Title: FC2

Final Verification

Final verification completed on 6/26 at 7:23 with Patricia
SSN [REDACTED] DOB [REDACTED] Delivery date of equipment June 16
Are you satisfied with equipment _____
Final verification completed by: Cindy G Title: FC II

Verified the following with the lessee:

Dawn Pearce

From: Cindy L. Trainor
Sent: Thursday, March 07, 2013 2:42 PM
To: Dawn Pearce
Subject: FW: IMPORTANT NOTICE REGARDING INSURANCE
Attachments: IMPORTANT NOTICE REGARDING INSURANCE.doc

Dug deep in the archives. Thank you

*Cindy Trainor, CSR
Financial Pacific Leasing LLC
Ph. (800) 447-7107 ext 103
Fax (253)-568-2222*



800.447.7107



Ability is what you are capable of doing. Motivation determines what you do.
Attitude determines how well you do it.

This message contains information which Financial Pacific feels is confidential and privileged and intended for the use of the addressee and employees of the addressee's company. Do not distribute, copy or disclose the message or the information contained in the message to anyone outside your company.

From: Cindy L. Trainor
Sent: Monday, July 30, 2012 3:14 PM
To: 'patsyolsen@live.com'
Subject: IMPORTANT NOTICE REGARDING INSURANCE

Arsenic Removal water system \$39,000.00

Thank you

*Cindy Trainor, CSR
Financial Pacific Leasing LLC
Ph. (800) 447-7107 ext 103
Fax (253)-568-2222*



800.447.7107

Coming together is a beginning; keeping together is progress; working together is success.
~ Henry Ford

This message contains information which Financial Pacific feels is confidential and privileged and intended for the use of the addressee and employees of the addressee's company. Do not distribute, copy or disclose the message or the information contained in the message to anyone outside your company.

IMPORTANT NOTICE REGARDING INSURANCE

Thank you for choosing Financial Pacific Leasing for your new lease. We appreciate your business and want our business relationship to be satisfactory to you during the term of this lease.

We would like to take this opportunity to remind you that under the terms of your agreement you are required to maintain property insurance on the equipment. Insuring the equipment is important because if the equipment that is critical to your business is ever lost, stolen, destroyed, or damaged, there must be an efficient means to replace the equipment and minimize the impact to your business.

You will receive a letter offering to purchase insurance through our equipment insurance manager, "Assurant Solutions" (Lease Insurance)

The insurance charge will be conveniently added to your monthly invoice. In addition to fire, theft, and other perils normally covered under a commercial property policy, our policy also covers **power surge** and **flood**, and there is **no deductible** for losses over \$100.

If you wish to use your own property insurance on the Equipment, please have your insurance agent provide a certificate of insurance ctrainor@finpac.com or Fax (253-568-2222) with the following information:

1. **Contract number**
2. **Loss Payee** endorsement on your equipment insurance naming

**Financial Pacific Leasing, LLC, ISAOA (its' Successors and/or Assigns)
c/o ABIC Lease Ins Svcs 5th fl
P.O. Box 979283
Miami, FL 33197-9283**

3. Name of insurance company
4. Policy number
5. Effective and/or expiration dates of coverage
6. **Property insurance coverage**
7. **Special form contents coverage (includes theft)**

We appreciate your assistance in assuring that the equipment is properly insured. If you have any questions regarding this information, please call Lease Insurance at 800-447-7107 EXT 103 fax# 253-568-2222 .

K

201216919180

SECRETARY OF STATE

2012 MAY -9 AM 11:33

UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional) Phone: (800) 331-3282 Fax: (818) 662-4141	
B. SEND ACKNOWLEDGEMENT TO: (Name and Address)	11250 FINANCIAL PACI
CT Lien Solutions P.O. Box 29071 Glendale, CA 91209-9071	32694128 AZAZ

FILED 10:15AM 000002 #320
 Leticia
 P-000280
 UCC 1/18/12 COLL \$9.00
 CHECK \$9.00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME MONTEZUMA RIMROCK WATER COMPANY LLC				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 4599 E GOLDMINE RD		CITY RIMROCK	STATE AZ	POSTAL CODE 86335
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION LLC	1f. JURISDICTION OF ORGANIZATION AZ	1g. ORGANIZATIONAL ID #, if any L10787594 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME Wells Fargo Capital Finance, LLC				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS P.O. BOX 4568		CITY FEDERAL WAY	STATE WA	POSTAL CODE 98001

4. This FINANCING STATEMENT covers the following collateral:

All equipment and other personal property, now or hereafter the subject of that certain Lease Agreement, relating to Lease 001-0796680-001, dated 04/03/2012, between the Secured Party as Lessor and Debtor as Lessee, together with all attachments, additions, accessories, substitutions and replacements thereto, and any and all insurance and other proceeds of the foregoing.

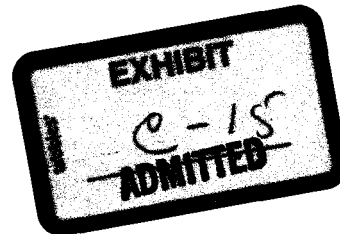
5. ALTERNATIVE DESIGNATION (if applicable)	<input checked="" type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2	

8. OPTIONAL FILER REFERENCE DATA
32694128 MONTEZUMA RIMROCK WATER COMPANY LL6680-001

FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

Prepared by CT Lien Solutions, P.O. Box 29071, Glendale, CA 91209-9071 Tel (800) 331-3282

UNOFFICIAL DATA - Fileno: 1691918 CheckDigit: 0 Seqno: 1 Page: 1



FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME		
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS

32694128-AZ-0

11250 FINANCIAL PACI

File with: Arizona 001-0796680-001 MONTEZUMA RIMROCK WATER COMPANY LL

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
11d. SEE INSTRUCTION	ADDL INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P's NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME Financial Pacific Leasing, LLC				
OR				
12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS P.O. BOX 4568		CITY FEDERAL WAY	STATE WA	POSTAL CODE COUNTRY 98063-4568

13. This FINANCING STATEMENT covers timber to be cut or as-extracted collateral or is filed as a fixture filing.

14. Description of real estate:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.
Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.
 Debtor is a TRANSMITTING UTILITY
 Filed in connection with a Manufactured-Home Transaction
 Filed in connection with a Public-Finance Transaction

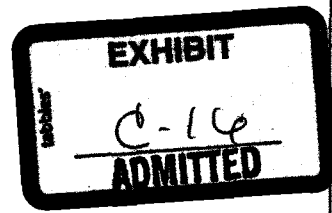
(C-EX16)

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP-Chairman
GARY PIERCE
BOB BURNS
SUSAN BITTER SMITH
BRENDA BURNS



JOHN E. DOUGHERTY,
COMPLAINANT

DOCKET NO. W-04254A-11-0323

VS.

APPLICATION FOR ADMINISTRATIVE
SUBPOENA DUCES TECUM

MONTEZUMA RIMROCK WATER
COMPANY, LLC,
RESPONDANT

John E. Dougherty, Complainant, requests the issuance of a subpoena duces tecum to Nile River Leasing, LLC pursuant to A.R.S. §§ 40-241, 40-244, A.A.C. R14-3-109, and Ariz. R. Civ. P. 30 and 45 in connection with Discovery in the above-captioned action. Please make the requested records available no later than March 15, 2013.

DATED this 13th day of February, 2013.

A handwritten signature in black ink, appearing to read "John E. Dougherty".

John E. Dougherty
PO Box 501
Rimrock, AZ 86335
602-710-4089
Jd.investigativemedia@gmail.com

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP-Chairman
GARY PIERCE
BOB BURNS
SUSAN BITTER SMITH
BRENDA BURNS

JOHN E. DOUGHERTY,
COMPLAINANT

DOCKET NO. W-04254A-11-0323

VS.

MONTEZUMA RIMROCK WATER
COMPANY, LLC,
RESPONDANT

**ADMINISTRATIVE
SUBPOENA DUCES TECUM**

TO: Nile River Leasing, LLC
Statutory Agent:
John Torbenson
9526 N. 46th Street
Phoenix, AZ 85028

YOU ARE HEREBY COMMANDED, pursuant to A.R.S. §§ 40-241, 40-244, A.A.C. R14-3-109 and Ariz. R. Civ. P. 30 and 45 to produce for inspection and copying the following records for ongoing discovery in the above-captioned action before the Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007 by March 15, 2013.

I. The complete lease agreement between Nile River and Patricia D. Olsen dated March 16, 2012 for an Arsenic Treatment Building.

II. The complete lease agreement between Nile River and Patricia D. Olsen dated March 16, 2012 for an Arsenic Removal Water Treatment System, tanks, piping components, engineering, startup etc.

III. The complete lease agreement between Nile River and Montezuma Rimrock Water Company dated on or about March 22, 2012 for an Arsenic Building Plant.

IV. The complete lease agreement that corresponds to the Aug. 31, 2012 UCC filing No. 201217035832 at the Arizona Secretary of State identifying a lease between Nile River Leasing as secured party and Montezuma Rimrock Water Company for an Arsenic Building Plant. (Attached)

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, Executive Assistant to the Executive Director, voice phone number 602-542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

1
2 V. All communications between Nile River and its associated affiliates including, but not
3 limited to, Odyssey Equipment Financing Company, with Montezuma Rimrock Water
4 Company and its representatives, including, but not limited to, Patricia D. Olsen, from
5 October 1, 2011 through February 13, 2013.

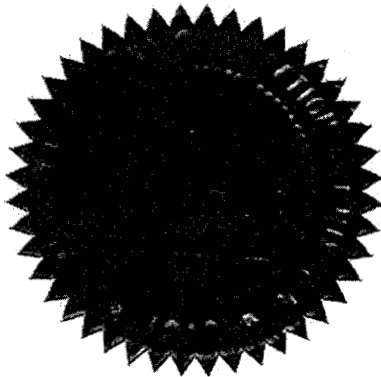
6 YOU HAVE BEEN SUBPOENED BY:

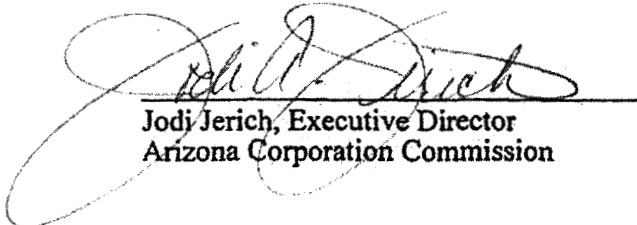
7 JOHN E. DOUGHERTY
8 Complainant
9 Docket W-4254A-11-0323
10 PO BOX 501
11 RIMROCK, AZ 86335
12 602-710-4089
13 Jd.investigativemedia@gmail.com

14 PLEASE MAKE ALL RECORDS AVAILABLE TO COMPLAINANT AT THE ABOVE
15 MAILING ADDRESS.

16 DISOBEDIENCE OF THIS SUBPOENA constitutes contempt of the Arizona Corporation
17 Commission and may subject you to further proceedings and penalties under law, pursuant to A.R.S.
18 § 40-424.

19 Given under by hand the seal of the Arizona Corporation Commission this 14th day
20 of February, 2013.



27 
28 Jodi Jerich, Executive Director
Arizona Corporation Commission

29 Persons with a disability may request a reasonable accommodation such as a sign language
30 interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal,
31 Executive Assistant to the Executive Director, voice phone number 602-542-3931, e-mail
32 sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the
33 accommodation.

201217035832

SECRETARY OF STATE

2012 AUG 31 PM 12:10

FILED

08/31/2012 12:36PM 000002 #4532

ALYSSA

F000250

UCC 1/DISP COLL \$9.00

CHECK \$9.00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
ROBIN RICHARDS - 480-607-6800

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
**ODYSSEY EQUIPMENT FINANCING COMPANY
 8655 E. VIA DE VENTURE, STE. E-130
 SCOTTSDALE, AZ 85258**

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
MONTEZUMA RIMROCK WATER COMPANY LLC

OR
 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
PO BOX 10 RIMROCK AZ 86335 USA

14. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1a. TYPE OF ORGANIZATION 1b. JURISDICTION OF ORGANIZATION 1c. ORGANIZATIONAL ID #, if any
LLC ARIZONA NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR
 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2a. TYPE OF ORGANIZATION 2b. JURISDICTION OF ORGANIZATION 2c. ORGANIZATIONAL ID #, if any
 NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
NILE RIVER LEASING, L.L.C.

OR
 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
9526 N. 46TH ST. PHOENIX AZ 85028 USA

4. This FINANCING STATEMENT covers the following collateral:

1 - ARSENIC BUILDING PLANT
BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET

5. ALTERNATIVE DESIGNATION (if applicable): LESSOR/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILEE SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (or record) (or recorded) in the REAL ESTATE RECORDS. Attach Acknowledgment. If appropriate. (ADDITIONAL FEE) (Check to require SEARCH REPORT(s) on Debtor(s) (All Debtors Debtor 1 Debtor 2))

8. OPTIONAL FILER REFERENCE DATA

FILING OFFICE COPY - UCC FINANCING STATEMENT (FORM UCC1) (REV. 08/22/02) International Association of Commercial Administrators (IACA)

201217035832

SECRETARY OF STATE

2012 AUG 31 PM 12:10

FILED

08/31/2012 12:36PM 000002 #4532

ALYSSA

P000250

UCC 1/DISP COLL \$9.00

CHECK \$9.00

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

ROBIN RICHARDS - 480-607-6800

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

ODYSSEY EQUIPMENT FINANCING COMPANY
8655 E. VIA DE VENTURE, STE. E-130
SCOTTSDALE, AZ 85258

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only 200 debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
OR 1b. INDIVIDUAL'S LAST NAME
MONTEZUMA RIMROCK WATER COMPANY LLC

1c. MAILING ADDRESS
PO BOX 10

1d. JURISDICTION OF ORGANIZATION
1e. ORGANIZATIONAL ID #, if any
RIMROCK **AZ** **86335** **USA**

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only 200 debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME
OR 2b. INDIVIDUAL'S LAST NAME

2c. MAILING ADDRESS
CITY

2d. JURISDICTION OF ORGANIZATION
2e. ORGANIZATIONAL ID #, if any

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE if ASSIGNOR S/P) - insert only 200 secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
OR 3b. INDIVIDUAL'S LAST NAME
NILE RIVER LEASING, L.L.C.

3c. MAILING ADDRESS
9526 N. 46TH ST.

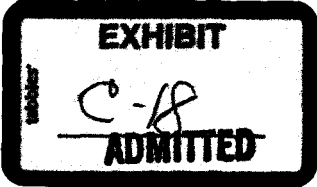
3d. JURISDICTION OF ORGANIZATION
PHOENIX **AZ** **85028** **USA**

4. THE FINANCING STATEMENT covers the following collateral:
1 - ARSENIC BUILDING PLANT
BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET

EXHIBIT
C-17
ADMITTED

5. ALTERNATIVE DESIGNATION (if applicable) [] LESSOR/LESSOR [] CONSIGNEE/CONSIGNOR [] BALDOR/BALOR [] SELLER/BUYER [] AG. LIEN [] NON-UCC FILING []
6. [] THIS FINANCING STATEMENT is to be filed for record (for recording) in the REAL PROPERTY RECORDS of the State of Arizona []
7. CHECK TO REQUEST SEARCH REPORT (fill on Debtor's regional) []
8. OPTIONAL FILER REFERENCE DATA []

FILING OFFICE COPY - UCC FINANCING STATEMENT (FORM UCC1) (REV. 08/22/02) International Association of Commercial Administrators (IACA)



Affidavit of John Torbenson

I am a member of Nile River Leasing, LLC, which was incorporated in Arizona in 2007.

Nile River leases equipment and buildings to businesses. Nile River does not enter into lease agreements with individuals. I am the only person authorized to sign lease agreements on behalf of Nile River.

I have reviewed the attached documents of two purported lease agreements dated March 16, 2012 between Mrs. Patricia Olsen, 2126 S. Tombaugh Way, Flagstaff, AZ, lessee, and Nile River, lessor. One agreement is for an arsenic treatment building and the other agreement is for arsenic removal water treatment system.

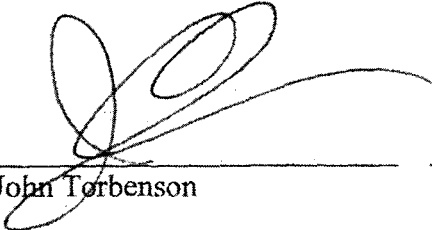
Nile River did not enter into, or sign, either of the two lease agreements dated March 16, 2012 with Mrs. Patricia Olsen, as lessee.

My administrative assistant, Robin L. Richards, is not authorized to sign lease agreements on behalf of Nile River. I am very familiar with Ms. Richards' signature.

The signature on behalf of Nile River on both of the March 16, 2012 leases attached to this affidavit appears to be "Robin Richards". The signature on both of the March 16, 2012 lease agreements is not the signature of Robin L. Richards.

I declare to the best of my knowledge and belief, the information herein is true, correct and complete.

Executed this 7 Day of March, 2013

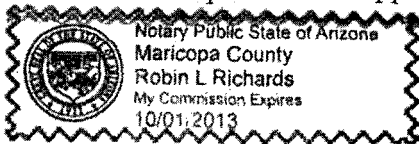


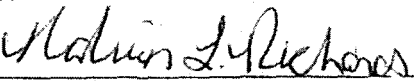
 John Torbenson 3/7/13
Date

State of Arizona)
)ss,
 County of Maricopa)

Subscribed and affirmed before me this 7th Day of March, 2013 by

John Torbenson, proved to me on the basis of satisfactory evidence to be the person who appeared before me.





 Notary Public 3/7/13
Date

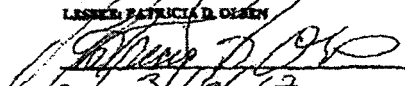
My Commission Expires: 10/1/2013

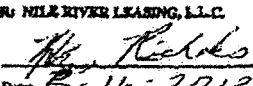
Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number >
FBI Legal Name and Place of Business of Lessee > PATRICIA D. OLSEN > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001		Place of Incorporation or organization or, if an individual, location of principal residence. > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001
Quantity Equipment Leased	Description, Model #, Catalog #, Serial #, or other Identification > 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET.	
Equipment Location if Different	> 4999 E. GOLDMINE RD., RIMROCK, AZ 86035	
Terms	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 342.09	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other Specify:
	Terms of Lease > 36	No. of Payments > 36
		Advanced Payment/Security Deposit > \$ 734.46

TERMS AND CONDITIONS OF LEASE

- LEASE.** Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or added thereto (hereinafter referred to as the "Equipment").
 - ACCEPTANCE OF EQUIPMENT.** Lessee agrees to inspect the Equipment and to execute an Acknowledgment and Receipt of Equipment by Lessee, as provided by Lessor, after the Equipment has been delivered and after Lessee is notified that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to inspect the Lease serial number or other identifying data with regard to the Equipment.
 - DISCLAIMER OF WARRANTIES AND LIMITATION OF REMEDY. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR.** Lessee acknowledges and agrees by its signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or recreational purposes; (e) LESSOR SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.
 - ASSIGNMENT BY LESSEE PROHIBITED.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
 - COMMENCEMENT, RENTAL PAYMENTS, INTEREST RENTALS.** This Lease shall commence upon the written acceptance hereby by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedule hereto and any extension thereof. Rental payments shall be in the amount and frequency as set forth on the face of this Lease or any Schedule hereto. In addition to regular rentals, Lessee shall pay to Lessor interest rent for the use of the Equipment prior to the due date of the first payment. Interest rent shall be in an amount equal to 15% of the monthly rental, multiplied by the number of days elapsing between commencement of the Lease and the due date of the first payment. The commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment, shall be set forth on the face of this Lease and shall be payable upon Lessor's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been amended or otherwise modified. Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within thirty (30) days after Lessee signs this Lease.
- THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.**
- LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL, IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.
- CHOICE OF LAW.** This Lease shall not be effective until signed by Lessor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.
 - SECURITY DEPOSIT.** As security for the prompt and complete payment of the amounts due under this Lease, and Lessor's complete performance of all its obligations under this Lease; and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section above as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor notifies in writing to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.
 - LIMITED REARRANGED AMENDMENTS, SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendments shall be incorporated in a letter from Lessor to Lessee, and within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessor's behalf any document Lessor deems necessary to protect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code, and (ii) Lessor may sign, ratify or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
 - LOCATION.** The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.
 - USE.** Lessee shall use the Equipment in a lawful manner, make all necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.
 - OWNERSHIP, PERSONALITY.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.

LESSEE ACKNOWLEDGMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation () Partnership () Individual () (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: PATRICIA D. OLSEN

 Date: 3/16/12

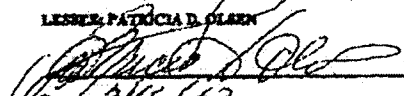
LESSOR: NILE RIVER LEASING, L.L.C.

 Date: 3-16-2012

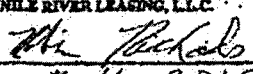
Lessor: NILE RIVER LEASING, L.L.C. 9326 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number >
Full Legal Name and Place of Business of Lessee > PATRICIA D. OLSEN > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001		Place of Incorporation or organization or, if an individual, location of principal residence. > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001
Quantity Equipment Leased	Description, Model #, Catalog #, Serial #, or other identification > 1 - ARSENIC REMOVAL WATER TREATMENT SYSTEM TANKS, PIPING COMPONENTS, ENGINEERING, START-UP ETC.	
Equipment Location, if Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335	
Terms	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 1,058.18	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other Specify:
	Terms of Lease > 60	No. of Payments > 60
	Advanced Payment/Security Deposit > \$ 2,271.92	

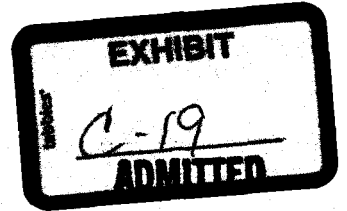
TERMS AND CONDITIONS OF LEASE

- LEASE. Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the "Equipment").
 - ACCEPTANCE OF EQUIPMENT. Lessee agrees to inspect the Equipment and to execute an Acknowledgment and Acceptance of Equipment by Lessee notice, as provided by Lessor, after the Equipment has been delivered and after Lessee is satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial numbers or other identifying data with regard to the Equipment.
 - DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.
 - ASSIGNMENT BY LESSEE PROHIBITED. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT, OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
 - COMMENCEMENT; RENTAL PAYMENTS; INTERIM RENTALS. This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full payments and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto, and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date to which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof, or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified. Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within sixty (60) days after Lessee signs this Lease.
- THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.**
- LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.
- CHOICE OF LAW. This Lease shall not be effective until signed by Lessor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.
 - SECURITY DEPOSIT. As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section above as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full amount set forth above. On the expiration or earlier termination or satisfaction of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.
 - LIMITED PREARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendments shall be incorporated in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease hereto as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code, and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
 - LOCATION. The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.
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LESSEE ACKNOWLEDGMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation, partnership, or individual; (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: PATRICIA D. OLSEN

 Date: 3/16/12

LESSOR: NILE RIVER LEASING, L.L.C.

 Date: 3/16/2012



Affidavit of Robin L. Richards

I am employed as the administrative assistant for Nile River Leasing, LLC.

I have been employed by Nile River since 11/20/2006. I work directly with Nile River member John Torbenson.

I am not authorized to sign lease agreements on behalf of Nile River.

I have reviewed the attached documents of two purported lease agreements dated March 16, 2012 between Mrs. Patricia Olsen, 2126 S. Tombaugh Way, Flagstaff, AZ, lessee, and Nile River, lessor. One agreement is for an arsenic treatment building and the other agreement is for an arsenic removal water treatment system.

I did not sign the two March 16, 2012 lease agreements on behalf of Nile River.

The signature that appears to be "Robin Richards", on behalf of Nile River, on both of the March 16, 2012 lease agreements, is not my signature.

I declare to the best of my knowledge and belief, the information herein is true, correct and complete.

Executed this 8th Day of March, 2013

Robin L. Richards 3/8/13
Robin L. Richards Date

State of Arizona)
)ss
County of Maricopa)

Subscribed and affirmed before me this 8 Day of March, 2013 by

Robin L. Richards, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Carla D. Miller 3/8/13
Notary Public Date



My Commission Expires: 3/29/15

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number			
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Quantity	Description, Model #, Catalog #, Serial #, or other Identification				
Equipment Leased	> 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET				
Equipment Location if Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335				
Terms	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 342.09	Eq. Identify <input checked="" type="checkbox"/> Other <input type="checkbox"/> Specify:	Term of Lease > 36	No. of Payments > 36	Advanced Payment/Security Deposit > \$ 734.46

TERMS AND CONDITIONS OF LEASE

1. **LEASE.** Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or added thereto (hereinafter referred to as the "Equipment").

2. **ACCEPTANCE OF EQUIPMENT.** Lessee agrees to inspect the Equipment and to execute an Acknowledgment and Acceptance of Equipment by Lessee notation, as provided by Lessor, after the Equipment has been delivered and after Lessee has verified that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to inspect in this Lease serial numbers or other identifying data with respect to the Equipment.

3. **DECLARATION OF WARRANTIES AND CLAIMS LIMITATION OF REMEDY. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR.** Lessee acknowledges and agrees by its signature below: (a) LESSOR MAKES NO WARRANTIES, EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OR THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which has been presented to Lessee and found to be in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSOR SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNIFORMITY OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.

4. **ASSIGNMENT BY LESSEE PROHIBITED.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

5. **COMMENCEMENT, RENTAL PAYMENTS: INTERIM RENTALS.** This Lease shall commence upon the written acceptance hereof by Lessee and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any attachments hereto. Rental payments shall be in the amount and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rental for the use of the Equipment prior to the due date of the first payment. Interim rental shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rental shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedules hereto unless such Lease or Schedule has been amended or otherwise modified. Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELANLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IF AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

6. **CHOICE OF LAW.** This Lease shall not be effective until signed by Lessor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.

7. **SECURITY DEPOSIT.** As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section above as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor notifies to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore and security deposit to the full amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

8. **LIMITED REARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendments shall be described in a letter from Lessor to Lessee, and within 15 days after the date of such letter Lessee objects in writing to Lessor, the Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign, ratify or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

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10. **USE.** Lessee shall use the Equipment in a careful manner, make all necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.

11. **OWNERSHIP, PERSONALITY.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.

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LESSEE: PATRICIA D. OLSEN

LESSOR: NILE RIVER LEASING, L.L.C.

Patricia D. Olsen
Date: 3/16/12

Ms. Richards
Date: 3-16-2012

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PEORNDL, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number >
Full Legal Name and Place of Business of Lessee > PATRICIA D. OLSEN > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001		Place of Incorporation or organization or, if an individual, location of principal residence. > 2126 S. TOMBAUGH WAY > FLAGSTAFF, AZ 86001
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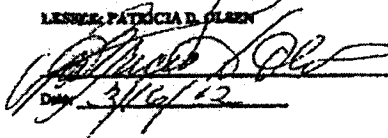
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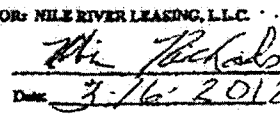
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LESSEE: PATRICIA D. OLSEN

 Date: 3/16/12

LESSOR: NILE RIVER LEASING, L.L.C.

 Date: 3-16-2012

C-EX 20

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ. 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number > 61001
Full Legal Name and Place of Business of Lessee > MONTEZUMA RIMROCK WATER COMPANY LLC > PO BOX 10 > RIMROCK, AZ 86335		Place of incorporation or organization or, if an individual, location of principal residence. > ARIZONA
Quantity Equipment Leased	Description, Model #, Catalog #, Serial #, or other Identification > 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET	
Equipment Location if Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335	
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- LEASE.** Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the "Equipment").
 - ACCEPTANCE OF EQUIPMENT.** Lessee agrees to inspect the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Lessee notice, as provided by Lessor, after the Equipment has been delivered and after Lessee is satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial numbers or other identifying data with regard to the Equipment.
 - DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES.** THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.
 - ASSIGNMENT BY LESSEE PROHIBITED.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR FLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
 - COMMENCEMENT; RENTAL PAYMENTS; INTERIM RENTALS.** This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified, Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.
- THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.**
- LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.
- CHOICE OF LAW.** This Lease shall not be effective until signed by Lessor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.
 - SECURITY DEPOSIT.** As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section above as "Security Deposit" in the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.
 - LIMITED PREARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code; and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
 - LOCATION.** The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.
 - USE.** Lessee shall use the Equipment in a careful manner, make as necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.
 - OWNERSHIP; PERSONALTY.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.
- LESSEE ACKNOWLEDGEMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation () partnership () individual (); (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

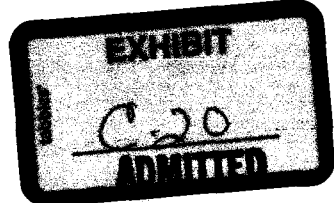
LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: NILE RIVER LEASING, L.L.C.

[Signature]
 Date: 3/22/12

[Signature]
 Date: 3/22/12

3824-0

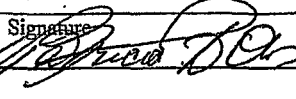


12. **SURRENDER.** By this Lease, Lessee acquires no ownership rights in the Equipment, and has no option to purchase same unless said option is incorporated herein by an attached Rider. Upon the expiration or earlier termination or cancellation of this Lease, or in the event of a default under Paragraph 20 hereof, Lessee, at its expense, shall return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify.
13. **RENEWAL.** As the expiration of the Lease, Lessee shall return the Equipment in accordance with Paragraph 12 hereof. At Lessor's option, this Lease may be continued on a month-to-month basis until 30 days after Lessee returns the Equipment to Lessor. In the event the Lease is so continued, Lessee shall pay to Lessor rentals in the same periodic amounts as is indicated under the section entitled Amount of Each Payment above.
14. **LOSS AND DAMAGE.** Lessee shall at all times after signing the Lease bear the entire risk loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay rent or to comply with any other obligation under this Lease, in the event of damage to any part of the Equipment, Lessee shall immediately place the same in good repair as Lessee's expense. If Lessor determines that any part of the Equipment is lost, stolen, destroyed, or damaged beyond repair, Lessee shall, at Lessee's option, do one of the following: (a) Replace the same with like equipment in good repair, acceptable to Lessor; or (b) Pay Lessor in cash the following: (i) all amounts due by Lessee to Lessor under this Lease up to the date of the loss; (ii) the accelerated balance of the total amounts due for the remaining term of this Lease attributable to said item, discounted to present value at a discount rate of 6% as of the date of loss; and (iii) the Lessor's estimate as of the time the Lease was entered into of Lessor's residual interest in the Equipment, discounted to present value at a discount rate of 6%, as of the date of loss. Upon Lessor's receipt of payment as set forth above, Lessee shall be entitled to receive title to the Equipment without any warranties. If insurance proceeds are used to fully comply with this subparagraph, the balance of any such proceeds shall go to Lessee to compensate for loss of use of the Equipment for the remaining term of the Lease.
15. **INSURANCE; LIENS; TAXES.** Lessee shall provide and maintain insurance against loss, theft, damage, or destruction of the Equipment in an amount not less than the full replacement value of the Equipment, with loss payable to the Lessor. Lessee also shall provide and maintain comprehensive general all-risk liability insurance, including but not limited to product liability coverage, insuring Lessor and Lessee, with a severability of interest endorsement, or its equivalent, against any and all loss or liability for all damages, either to persons or property or otherwise, which might result in or happen in connection with the condition, use, or operation of the Equipment, with such limits and an insurer satisfactory to Lessor. Each policy shall expressly provide that said insurance as to Lessor and its assigns shall not be invalidated by any act, omission, or neglect of Lessee and cannot be canceled without 30 days prior written notice to Lessor. As to each policy Lessee shall furnish to Lessor a certificate of insurance from the insurer, which certificate shall evidence the insurance coverage required by the paragraph Lessor shall have no obligation to ascertain the existence of or provide any insurance coverage for the Equipment or for Lessee's benefit, if Lessee fails to provide the insurance, Lessor will have the right, but no obligation, to have such insurance protecting Lessor and at Lessee's expense. Such placement will result in an increase in Lessee's periodic payments, the increase being attributed to Lessor's costs of obtaining such insurance and any customary charges or fees of Lessor's or its designee associated with such insurance.
- Lessee shall keep the Equipment free and clear of all liens, liens, and encumbrances. Lessee shall pay all charges and taxes (local, state, and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment; excluding, however, all taxes on or measured by Lessor's net income. If Lessee fails to pay said charges or taxes, Lessor shall have the right, but shall not be obligated, to pay such charges or taxes. In that event, Lessor shall notify Lessee of such payment and Lessee shall repay to Lessor the cost thereof within 15 days after such notice is mailed to Lessee.
16. **INDEMNITY.** Lessee shall indemnify Lessor against any claims, actions, damages or liabilities, including all attorney fees incurred out-of or connected with the Equipment, without limitation. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee waives any immunity Lessee may have under any industrial insurance act, with regard to indemnification of Lessor.
17. **ASSIGNMENT BY LESSOR.** Any assignee of Lessor shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee shall recognize and hereby consents to any assignment of the Lease by Lessor, and shall not assert against the assignee any defense, counterclaim, or setoff that Lessee may have against Lessor. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, devisees, personal representatives, survivors, successors in interest, and assigns of the parties hereto.
18. **SERVICE CHARGES; INTEREST.** If Lessee shall fail to make any payment required by the Lease within 10 days of the due date thereof, Lessee shall pay to Lessor a service charge of 10% of the amount due per month, minimum 25.00 for each month that the payment remains delinquent. In addition, Lessee shall pay to Lessor any actual additional expenses incurred by Lessor in collection efforts, including but not limited to long-distance telephone charges and travel expenses. Lessee shall pay to Lessor interest on any delinquent payment or amount due under this Lease from the due date thereof until paid, at the lesser of the maximum rate of interest allowed by law or 24% per annum.
19. **TIME OF ESSENCE.** Time is of the essence of the Lease, and the provision shall not be impliedly waived by the acceptance on occasion of late or defective performance.
20. **DEFAULT.** Lessee shall be in default if (a) Lessee shall fail to make any payment due under the terms of this Lease for a period of 10 days from the due date thereof; or (b) Lessee shall fail to observe, keep or perform any other provision of the Lease, and such failure shall continue for a period of 10 days; or (c) Lessee has made any misleading or false statement in connection with application for or performance of the Lease; or (d) The Equipment or any part thereof shall be subject to any lien, levy, seizure, assignment, transfer, bulk transfer encumbrance, application, attachment, execution, sublease, or sale without prior written consent of Lessor, or if Lessee shall abandon the Equipment or permit any other equity or person to use the Equipment without the prior written consent of Lessor; or (e) Lessee dies or ceases to exist; or (f) Lessee defaults on any other agreement it has with Lessor; or (g) Any guarantor of the Lease defaults on any obligation to Lessor; or any to the above listed events of default occur with respect to any guarantor or any such guarantor files or has filed against it a petition under the bankruptcy laws.
21. **REMEDIES:** If Lessee is in default, Lessor, with or without notice to Lessee, shall have the right to exercise any one or more of the following remedies, concurrently or separately, and without any election of remedies being deemed to have been made: (a) Lessor may enter upon Lessee's premises and, without any court order or other process of law, may repossess and remove the Equipment, or render the Equipment unusable without removal, either with or without notice to Lessee. Lessee hereby waives any trespass or right of action for damages by reason of such entry, removal or disabling. Any such repossession shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing; (b) Lessor may require Lessee, at its expense, to return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify; (c) Lessor may cancel or terminate this Lease and may retain any and all prior payments paid by Lessee; (d) Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice or demand to Lessee; (e) Lessor may re-lease the Equipment, without notice to Lessee, to any third party, upon such terms and conditions as Lessor alone shall determine, or may sell the Equipment, without notice to Lessee, at private or public sale, at which sale Lessor may be the purchaser with respect to any exercise of Lessor of its right to recover and/or dispose of any Equipment or other collateral securing Lessee's obligations under this Lease, Lessee acknowledges and agrees as follows: (1) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean-up or otherwise prepare the Equipment or any other collateral for disposition; (2) Lessor may comply with any applicable state or federal law requirements in connection with any disposition of the Equipment or other collateral, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any disposition of such Equipment and/or other collateral; (3) Lessor may sue for and recover from Lessee the sum of all unpaid rents and other payments due under the Lease then accrued, all accelerated future payments due under the Lease, reduced to their present value using a discount rate of 6%, as of the date of default, plus Lessor's estimate at the time the Lessee was entered into of Lessor's residual interest in the Equipment, reduced to present value at a discount rate of 6%, as of the date of default, less the net proceeds of disposition, if any, of the Equipment; (g) To pursue any other remedy available at law, by statute or equity.
- No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein, or by law or by equity provided or permitted, but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law or equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time. No single or partial exercise by Lessor of any right or remedy hereunder shall preclude any other or further exercise of any other right or remedy.
22. **MULTIPLE LESSEES.** Lessor may, with the consent of any one of the Lessees hereunder, modify, extend, or change any of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessee and each of them are jointly and severally responsible and liable to Lessor under the Lease.
23. **EXPENSE OF ENFORCEMENT.** In the event of any legal action with respect to the Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including attorney fees incurred at the trial level, including action in bankruptcy court on appeal or review, or incurred without action, suits or proceedings, together with all costs and expenses incurred in pursuit thereof.
24. **ENTIRE AGREEMENT; NO ORAL MODIFICATIONS; NO WAIVER.** This instrument constitutes the entire agreement between Lessor and Lessee. No provision of the Lease shall be modified or rescinded unless in writing signed by a representative of Lessor. Waiver by Lessor of any provision hereof in one instance shall not constitute waiver as to any other instance.
25. **SEVERABILITY.** This Lease is intended to constitute a valid and enforceable legal instrument, and no provision of this Lease that may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect.

CERTIFICATE OF AUTHORITY

The undersigned, being the duly elected MEMBER of the Company named in the foregoing Lease, hereby certifies that: (a) PATRICIA D. OLSEN, in his/her capacity as MANAGING MEMBER of the Company, is authorized by the Bylaws or other organizational documents of the Company, or by a resolution duly adopted or other authorization properly given by the Board of Directors, the Managers, the Managing Member(s) or the Managing Partner(s) of the Company, as applicable, in accordance with the Bylaws or other organizational documents of the Company, to negotiate execute and deliver on behalf and in the name of this Company, the Commercial Lease, (b) that such authorization has not been revoked and continues in full force and effect, (c) that the execution of such documents by such officer shall be conclusive evidence of his/her approval thereof and (d) this Lease and such other documents constitute legal and binding obligations of the Company. IN WITNESS WHEREOF, I have affixed my name as MEMBER of the Company on the date set forth below.

Printed Name
 >PATRICIA D. OLSEN

Signature


Date
 3/22/12

DELIVERY AND ACCEPTANCE CERTIFICATE

Re: MONTEZUMA RIMROCK WATER COMPANY LLC

Lease No.: 61001

To Lessor: NILE RIVER LEASING, L.L.C.

All of the items referred to in the above-referenced Lease have been delivered to and have been received by the undersigned. All installation or other work necessary prior to the use thereof has been completed. Said equipment has been examined and/or tested and is in good operating order and condition, and is in all respects satisfactory to the undersigned and is as represented. Said equipment has been accepted by the undersigned and complies with all terms of the Lease.

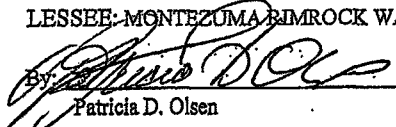
In the future, even if the equipment fails to perform as expected or represented, we will continue to honor the above-referenced Lease by continuing to make our periodic payments in the normal course of business, and we will look solely to the seller or manufacturer for the performance of all covenants and warranties. In addition, we agree to indemnify and hold harmless and defend the Lessor from such nonperformance of all the aforementioned equipment.

We acknowledge the Lessor is neither the manufacturer, distributor, or seller of all the equipment and has no control, knowledge, or familiarity with the conditioning, capacity, functioning, or other characteristics of the equipment.

NOTICE TO THE LESSEE: DO NOT SIGN THIS ACCEPTANCE UNTIL THE EQUIPMENT HAS BEEN DELIVERED, ASSEMBLED, INSTALLED AND ACCEPTED BY YOU AS SATISFACTORY IN ALL RESPECTS. PAYMENT TO THE SUPPLIER WILL NOT BE MADE UNTIL THIS NOTICE IS SIGNED AND RETURNED TO THE LESSOR.

EQUIPMENT: 1 -- ARSENIC BUILDING PLANT -- BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION -- SIZE: 10 X 20 X 10.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

By:  Title: MANAGING MEMBER Date: 5/10/2012
Patricia D. Olsen

PHONE # (928) 592-9211 CELL # (928) 300-3291

EMAIL: Patsy @ MontezumaWater.com

I hereby authorize _____ (title) to verbally verify my/our acceptance of the above-referenced equipment in my absence.

PHONE # () _____

RIDER NO. 2

To and part of Lease Agreement dated as of the 22 day of March, 2012 (the "Lease"), between NILE RIVER LEASING, L.L.C., its successors and assigns ("Lessor"), and MONTEZUMA RIMROCK WATER COMPANY LLC ("Lessee").

Provided that no Default or Event of Default has then occurred, Lessee shall have the option to purchase, upon the expiration of the original term of this Lease ("Termination Date"), all but not less than all of the Equipment upon the following terms and conditions: If Lessee desires to exercise this option it shall give Lessor written notice of its election to purchase at least thirty (30) days and not more than ninety (90) days before the Termination Date set forth in the Lease. On the Termination Date, Lessee shall pay to Lessor in cash any Rent due on that date plus the purchase price for the Equipment so purchased, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to \$ 1.00 together with all taxes and charges upon sale. Lessor and Lessee agree that the purchase price represents a reasonable prediction of the Fair Market Value of the Equipment at the time the option is exercisable.

NILE RIVER LEASING, L.L.C.
Lessor

MONTEZUMA RIMROCK WATER COMPANY LLC
Lessee

By: _____

Name: _____
Title: _____

By: _____

Name: PATRICIA D. OLSEN
Title: MANAGING MEMBER

C-EX 22

LEASE AGREEMENT

For Internal use only.
This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collateral Agent for the Secured Parties

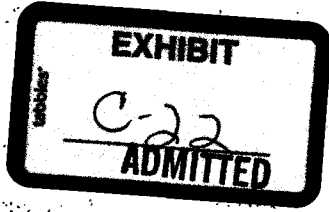
LEASE #: 796680.001

LESSEE
MONTEZUMA RIMROCK WATER COMPANY LLC
BILLING ADDRESS:
PO BOX 10
RIMROCK, AZ 86335
COUNTY: YAVAPAI

VENDOR/SUPPLIER
KEVLOR DESIGN GROUP, LLC
430 FITZGERALD PLACE
ATLANTA, GA 30349

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed) new used

SEE EQUIPMENT LIST



EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.
ADDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335

SCHEDULE OF LEASE PAYMENTS

Lease Term (Months)	Number of Payments	Amount of Each Lease Payment			Number Prepayment(s)	Administrative Fee	Security Deposit	Initial Amount Due	Option Price/Guaranteed Purchase
		Rental	Tax	Total Payment					
60	60	\$1,058.18	\$77.78	\$1,135.96	2	\$420.00	\$0.00	\$2,691.92	\$1.00

Payment Due Date 1st 15th Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice.

4/15/2012
THIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: FINANCIAL PACIFIC LEASING, LLC

PATRICIA D. OLSEN, MEMBER AND INDIVIDUALLY

By
(Signature Only)

4/12/2012
(Date)

Baking Cur
(Title)

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED.

Lessor, hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment");

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

CONTINUED ON FOLLOWING PAGES

2. **LESSEE REPRESENTATIONS.** Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way affect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.

3. **STATUTORY FINANCE LEASE.** Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. **ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT.** LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

5. **APPLICABLE LAW AND VENUE.** ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.

6. **NO WARRANTY.** Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee waives any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to, Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

7. **TERM.** The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the Inspection/Verification Certificate.

8. **END OF TERM OPTIONS.** If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation of warranty whatsoever.

9. **LEASE PAYMENT; SECURITY DEPOSIT.** The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance Date. Lessee shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lessee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

10. **LATE CHARGES AND COLLECTION CHARGES.** A late charge of 10% of the total monthly lease payment, or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Lessee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.

11. **LOCATION AND USE OF EQUIPMENT.** Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

12. **SURRENDER OF EQUIPMENT.** At the expiration of the term of this lease, or upon demand by Lessor pursuant to Paragraph 19 of this Lease or in the event of an option price pursuant to paragraph 8 of this Lease, Lessee at its expense shall return the Equipment in proper working order, condition and repair, by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. **WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES, ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.**

13. **NOTICES.** Services of all notices under this agreement shall be sufficient if given personally or mailed to Lessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4568, Federal Way, WA 98003, or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

CONTINUED ON FOLLOWING PAGES

Intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any part thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same, with like property of the same or greater value; provided, however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease payments herein provided.

15. INSURANCE. Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify, including liability insurance, with limits not less than \$500,000 unless Lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days' prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fail to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefore. Should Lessee fail to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. The parties agree that any claim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party under this Agreement will, upon demand by either party, be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington; provided however, such agreement does not authorize class arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims arising under this Agreement.

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

a) An event of default shall occur if:

- (1) Lessee fails to pay any Lease installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fail to perform or observe any covenant, condition or obligation to be performed or observed by it hereunder and such failure continues uncured for fifteen (15) days;
- (3) Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is named in, or the Equipment becomes subjected to a suit for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or subject the Equipment or any item thereof without first obtaining Lessor's consent;
- (7) Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the Lessor.

b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:

- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
- (2) Cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (i) Retain the Equipment and all lease payments made hereunder, or
 - (ii) Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less 10% to cover Lessor's internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be

paid to whosoever may be lawfully entitled to receive the same; or

(iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or

(iv) Lease the Equipment, or any portion thereof, for such period, rental, and to such persons as Lessor shall select; and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lessee to Lessor hereunder, with Lessee remaining responsible for any deficiency. It is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.

(3) No remedy hereon conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided; but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's failure to demand punctual performance or any obligation of Lessee shall not be deemed a waiver (A) of any such right or remedy, or (B) the requirement of punctual performance, or (C) of any subsequent breach or default on the part of Lessee.

19. ATTORNEY'S FEES AND EXPENSE. In the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorney's fee, however incurred, in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred on appeal or in connection with a bankruptcy proceeding.

20. OPERATION, MAINTENANCE AND REPAIR. Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment to proper working condition, using as a guide the maintenance program described in the owner's manual, if any; for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.

21. TAXES. Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, sale, possession or use thereof, whether the same be assessed to Lessor or Lessee, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment. If the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund or Lessee shall remit the entire difference.

22. LESSOR'S ASSIGNMENT. Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lease. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.

23. TITLE; LESSEE'S INTEREST; GRANT OF SECURITY INTEREST. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all times be severable and removable therefrom by Lessor, free of any right, title, claim or interest of the property owner and of Lessee except as herein provided. In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the Leased Property and all proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to, Lessee's obligations under this Lease and under any other agreement with Lessor.

24. LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee; this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

25. FINANCIAL STATEMENTS; CREDIT REPORTS. Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.

26. MISCELLANEOUS. Lessee will not change or remove any insignia or lettering on the Equipment and shall conspicuously identify each item of the Equipment by suitable lettering thereto to indicate Lessor's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessees, modify, extend, or change any one of the terms hereof without consent or knowledge of the others; without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sums payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lease.

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GUARANTEE

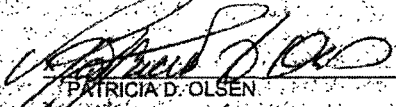
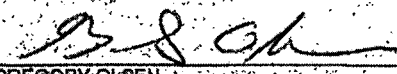
To induce Lessor to enter into a Lease with or otherwise extend financial accommodations to MONTEZUMA RIMROCK WATER COMPANY LLC ("Lessee"), the undersigned Guarantor unconditionally guarantees to Lessor the prompt payment when due of all Lessee's obligations to Lessor. Lessor shall not be required to proceed against the Lessee or the Equipment or enforce any other remedy before proceeding against the undersigned. The undersigned waives notice of acceptance hereof and all other notices or demand of any kind to which the undersigned may be entitled. The undersigned consents to any extensions or modifications granted to Lessee and the release and/or compromise of any obligations of Lessee or any other obligors and guarantors or any collateral thereto without notice and without in any way releasing the undersigned from his or her obligations hereunder. Guarantor waives any right to require Lessor to apply payments in a certain manner and acknowledges that Lessor may apply payments received in the fashion most advantageous to Lessor. Furthermore, Guarantor waives any and all claims against Lessee, by subrogation or otherwise, until such time as Lessee's obligations to Lessor are fully and finally satisfied. This is a continuing guarantee and shall not be discharged, impaired or affected by death of the undersigned or the existence or nonexistence of Lessee as a legal entity. This continuing Guarantee shall bind the heirs, administrators, representatives, successors, and assigns of the undersigned and may be enforced by or for the benefit of any assignee or successor of Lessor.

The provisions of the Guarantee shall extend to and apply to all the obligations of Lessee to Lessor, now existing or hereafter made, incurred or created, however arising, and whether set forth in separate agreements, schedules, applications, orders or collateral documents. The execution of this Lease Guarantee shall not extinguish, release or waive any existing obligations, promises, or guarantees of Guarantor for the benefit of Lessor. The undersigned agrees to pay a reasonable attorney's fee, and all other costs and expenses incurred by Lessor or its successors or assigns in the enforcement of the Guarantee, whether or not a lawsuit is started.

The undersigned personal guarantor consents to Financial Pacific Leasing, LLC obtaining a consumer credit report on the undersigned from time to time in the credit evaluation and review process.

Law Which Applies, THIS AGREEMENT IS GOVERNED BY WASHINGTON LAW. EACH GUARANTOR CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THIS GUARANTEE AND AGREES THAT ALL LAWSUITS COMMENCED BY A GUARANTOR AGAINST LESSOR MUST BE FILED IN SUCH COURTS, AT LESSOR'S SOLE OPTION, VENUE (LOCATION) FOR ANY PROCEEDING SHALL LIE IN KING COUNTY, STATE OF WASHINGTON. EACH GUARANTOR WAIVES THE RIGHT TO A JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING PROPER JURISDICTION.

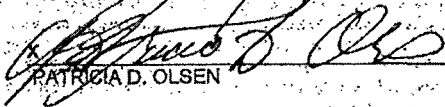
This Guarantee and each of its provisions may be waived or modified only by record signed by Lessor. Lessor's waiver of any right to demand performance hereunder shall not be a waiver of any subsequent or other right to demand performance hereunder. If any provision of this Guarantee shall be determined to be unenforceable, then such provision shall be severed from this Guarantee without affecting any other provision of the Guarantee which shall remain fully enforceable.

 PATRICIA D. OLSEN	(No Title)	X	 GREGORY OLSEN	(No Title)
Date: 3/22/12	Social Security # [REDACTED]		Date: 3/22/12	Social Security # [REDACTED]
Home Phone # 928-800-3291			Home Phone # 928-607-2244	
X	(No Title)	X	(No Title)	
Date _____	Social Security # _____		Date _____	Social Security # _____
Home Phone # _____			Home Phone # _____	

DELIVERY AND ACCEPTANCE AUTHORIZATION

Lessee's signature authorizes Lessor to verify by phone with a representative of Lessee the date the Equipment was accepted by the Lessee; the Equipment description, including the serial numbers; the schedule of lease payments; that all necessary installation has been completed; that the Equipment has been examined by Lessee and is in good operating order and condition and is in all respects satisfactory to Lessee and that Equipment is accepted by Lessee for all purposes under the Lease. This information will be recorded on an Inspection/Verification Certificate, a copy of which will be forwarded to Lessee upon completion by Lessor. Lessee hereby authorizes Lessor to either insert or correct the Lessor and/or Vendor name(s), Equipment description, Equipment location and schedule of Lease payments. Lessee hereby authorizes Lessor to make payment to the Vendor upon completion of the Inspection/Verification Certificate.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

 PATRICIA D. OLSEN	MEMBER AND INDIVIDUALLY	Date: 3/22/12
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C-EX 23

EXHIBIT
C-23
ADMITTED

ORIGINAL

1 Douglas C. Fitzpatrick
2 49 Bell Rock Plaza
3 Sedona, Arizona 86351
4 (928) 284-2190
5 Bar ID #005152
6 fitzlaw@sedona.net
7 Attorney for applicant, Montezuma Rimrock
8 Water Company, LLC.

RECEIVED

2011 DEC - 1 A 9 54

Arizona Corporation Commission
DOCKETED

DEC - 7 2011

DOCKETED BY [Signature]

AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

8	IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. W-04254A-08-0361
9	MONTEZUMA RIMROCK WATER)	
10	COMPANY, LLC FOR APPROVAL OF A)	DOCKET NO. W-04254A-08-0362
11	RATE INCREASE.)	
12	IN THE MATTER OF THE APPLICATION OF)	INTERIM REPORT OF
13	MONTEZUMA RIMROCK WATER)	MONTEZUMA RIMROCK
14	COMPANY, LLC FOR APPROVAL OF A)	WATER COMPANY, LLC
	FINANCING APPLICATION)	

15 This Interim Report of the Company is submitted pursuant to Judge Sarah Harpring's
16 Procedural Order dated November 9, 2011.

17 1. Regarding the Gecom lease. The Company has not yet received the written lease
18 from Gecom, notwithstanding Patricia Olsen's recent calls and e-mails prompting Gecom to
19 provide same. Appended hereto are several e-mail exchanges between and among the Company,
20 Gecom and Odyssey Equipment Financing Company [OEFC] which will, the Company
21 believes, provide financing for the lease payments.

22 According to an e-mail dated November 17, 2011 from John Torbenson of OEFC, the
23 lease will require the payment of \$30K over 60 months at \$810 per month. A charge of \$7K for
24 "the building" will be paid over 48 months at \$275 per month. Construction is in process for
25 building the plant. Associated with the operation of the arsenic treatment plant will be the
26 payment of \$500 per month by the Company into a reserve account for "media changeouts" or
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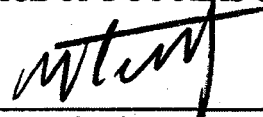
filters which will need to be replaced at regular intervals.

The Company anticipates that the lease with Gecom will be entered by Patricia Olsen, personally, who will sublease the system to the Company. Payment to Gecom or OEFC will be made with Ms. Olsen's personal funds. Because the Company has not yet had access to the primary lease agreement proposed by Gecom or prepared the sublease between Patricia Olsen and the Company, it is not in a position to offer meaningful analysis as to whether either lease is or should be characterized as a capital lease or an operating lease. The Company respectfully requests an extension of the December 9, 2011 deadline to submit such analysis.

2. Regarding the need for modification of Decision No. 71317. The Company believes that there is no longer a need to pursue modification of Decision No. 71317, that this matter may be brought to a close and the docket retained solely for ongoing compliance filings by the Company.

DATED this 6th day of December, 2011.

LAW OFFICE OF DOUGLAS C. FITZPATRICK

By 
Douglas C. Fitzpatrick
Attorney for Montezuma Rimrock Water
Company, LLC

COPY of the foregoing mailed
this 6th day of, December, 2011,
to:

Darak R. Eaddy
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

- 1 John Dougherty
- 2 PO Box 501
- 3 Rimrock, Arizona 86335

- 4 Patricia D. Olsen
- 5 Montezuma Rimrock Water
- 6 Company, LLC
- 7 PO Box 10
- 8 4615 E. Goldmine Road
- 9 Rimrock, Arizona 86335

- 10 Janice M. Alward
- 11 Chief, Legal Division
- 12 Arizona Corporation Commission
- 13 Legal Division
- 14 1200 West Washington Street
- 15 Phoenix, Arizona 85007

- 16 Steven M. Olea
- 17 Director, Utilities Division
- 18 Arizona Corporation Commission
- 19 Legal Division
- 20 1200 West Washington Street
- 21 Phoenix, Arizona 85007

22 
23 _____
24 Douglas C. Fitzpatrick

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- 28

Doug Fitzpatrick

From: Patricia Olsen [patsy@montezumawater.com]
Sent: Tuesday, November 29, 2011 9:28 PM
To: fitzlaw@sedona.net
Subject: Fw: financing

*Patricia Olsen, President
Montezuma Rimrock Water Co. LLC
P.O. Box 10, Rimrock, AZ 86335
928-592-9211
www.MontezumaWater.com*

----- Forwarded Message -----
From: Robin L. Richards <robin@oefc.net>
To: patsy@montezumawater.com
Sent: Tuesday, November 29, 2011 4:17 PM
Subject: FW: financing

Hi Patricia,

John is out of town this week, but I am following up on his emails. John followed up with an email to Wayne in regards to the invoices we need and so far we have not received anything back. I will follow up again in the morning.

Thank you,

**Robin L. Richards
Leasing Administrator**

**ODYSSEY EQUIPMENT FINANCING CO.
8655 E. Via de Ventura, Ste. E-130
Scottsdale, AZ 85258
480-607-6800 Ext. 3
Fax: 480-607-6868**

From: Patricia Olsen [mailto:patsy@montezumawater.com]
Sent: Tuesday, November 29, 2011 4:05 PM
To: John Torbenson
Subject: Re: financing

Dear Mr. Torbenson,
I haven't heard from you regarding the lease. Is there any other information you need from me? Do you have any idea when the lease agreement will take place?
Thank you,

*Patricia Olsen, President
Montezuma Rimrock Water Co. LLC*

11/30/2011

P.O. Box 10, Rimrock, AZ 86335
928-592-9211
www.MontezumaWater.com

From: John Torbenson <john@oefc.net>
To: 'Patricia Olsen' <patsy@montezumawater.com>
Sent: Thursday, November 17, 2011 12:22 PM
Subject: RE: financing

Ok I will get the invoices and make up the docs to email to you to sign and return

John Torbenson - President
ODYSSEY EQUIPMENT FINANCING

8655 E. Via de Ventura, Ste. E-130
Scottsdale, AZ 85258

480-607-6800 #1
Toll Free 1-888-607-6800
Fax 480-607-6868

Cell 602 739 1845

Financing Equipment Nationwide for 40+ Years

www.oefc.net

From: Patricia Olsen [<mailto:patsy@montezumawater.com>]
Sent: Thursday, November 17, 2011 11:05 AM
To: John Torbenson
Subject: Re: financing

Dear Mr. Torbenson,
I am willing to move forward on this project. Let me know what you need me to do on my end. Thank you for your assistance on this matter.

Sincerely,

Patricia Olsen, President
Montezuma Rimrock Water Co. LLC
P.O. Box 10, Rimrock, AZ 86335
928-592-9211
www.MontezumaWater.com

From: John Torbenson <john@oefc.net>
To: 'Patricia Olsen' <patsy@montezumawater.com>
Sent: Thursday, November 17, 2011 8:29 AM
Subject: RE: financing

Ok, on the 30K we have 60 months, \$810 a month, \$1.00 lease residual
On the 7K for the building 48 months at \$275 a month, \$1.00 lease residual
So you're into the total 37K for \$1085 a month, and we only need the first and last payment in advance. NO down payment
Let me know if we can help.

11/30/2011

John Torbenson - President
ODYSSEY EQUIPMENT FINANCING

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Scottsdale, AZ 85258

480-607-6800 #1
Toll Free 1-888-607-6800
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Cell 602 739 1845
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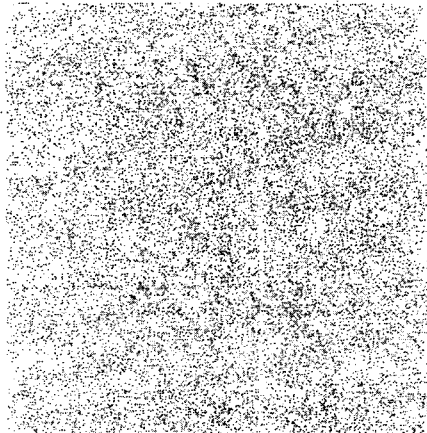
Financing Equipment Nationwide for 40+ Years

From: Patricia Olsen [mailto:patsy@montezumawater.com]
Sent: Wednesday, November 16, 2011 8:45 PM
To: John Torbenson
Subject: Re: financing

Dear Mr. Torbenson,
No, I did not receive any information. Could you please send me the information via e-mail? I would like to know what the terms are.
Thank you,

Patricia Olsen, President
Montezuma Rimrock Water Co. LLC
P.O. Box 10, Rimrock, AZ 86335
928-592-9211
www.MontezumaWater.com

From: John Torbenson <john@oefc.net>
To: patsy@montezumawater.com
Sent: Wednesday, November 16, 2011 11:53 AM
Subject: financing



Pat,
Did you get all the info on the 30K financing for the water machine and 7K metal building?

11/30/2011

John Torbenson - President

ODYSSEY EQUIPMENT FINANCING

8655 E. Via de Ventura, Ste. E-130
Scottsdale, AZ 85258

480-607-6800 #1

Toll Free 1-888-607-6800

Fax 480-607-6868

Cell 602 739 1845

Financing Equipment Nationwide for 40+ Years

www.oefc.net

Doug Fitzpatrick

From: Patricia Olsen [mrwcpat@gmail.com]
Sent: Tuesday, November 22, 2011 1:33 PM
To: fitzlaw@sedona.net
Subject: Fwd: [FWD: Fw: Lease Applicaiton]

----- Forwarded message -----

From: <wayneselness@gecomwatersolutions.com>
Date: Fri, Nov 4, 2011 at 7:57 AM
Subject: RE: [FWD: Fw: Lease Applicaiton]
To: Patricia Olsen <mrwcpat@gmail.com>

Patricia,
I talked to Eric too. He needed clarification on the equipment. Let's hope he can get it done for you. I told him that the equipment was \$40K.

Wayne Selness
CEO, GEcom Water Solutions, Inc.
C#- 602.509.1133
F#- 480.649.6129

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----- Original Message -----
Subject: Re: [FWD: Fw: Lease Applicaiton]

11/22/2011

From: Patricia Olsen <mrwcpat@gmail.com>
Date: Thu, November 03, 2011 10:07 pm
To: wayneselness@gecomwatersolutions.com

Hi Wayne,
Eric called me again today but I told him that I had sent the information. I sent him the information again today.

On Mon, Oct 31, 2011 at 2:53 PM, <wayneselness@gecomwatersolutions.com> wrote:

Can you get this info to Eric asap? Thanks,

Wayne Selness
CEO, GEcom Water Solutions, Inc.
C#- 602.509.1133
F#- 480.649.6129

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----- Original Message -----

Subject: Fw: Lease Applicaiton
From: "Eric Sandquist" <esandquist@pwli.com>
Date: Tue, October 04, 2011 2:21 pm
To: <wayneselness@gecomwatersolutions.com>

Subject: Fw: Lease Applicaiton

Subject: Lease Applicaiton

Wayne....Nice talking with you this afternoon.....Attached is our application.....Have your customer fill out...sign and return.....We will need copies of there last two years federal taxes....and three months bank statements....Have them contact me with any questions.....

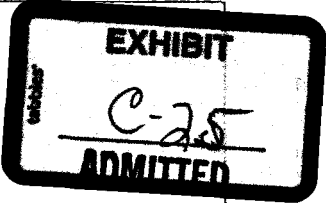
11/22/2011

Eric B. Sandquist
Park Western Leasing, Inc
1400 E. Southern Ave.
Suite 1025
Tempe, Az. 85282
480-831-6002
480-831-1267 fax
480-831-6286 direct line
esandquist@pwli.com (email address)

11/22/2011

C-EX25

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

Montezuma Rimrock Water Company LLC
3031 E. Beaver Creek Rd.
Rimrock, AZ 86335

W-04251A

RECEIVED

APR 16 2013

ACC UTILITIES DIRECTOR

ANNUAL REPORT

Water

FOR YEAR ENDING

12	31	2012
----	----	------

4-18-13

COMPANY INFORMATION

Company Name (Business Name) Montezuma Rimrock Water Company LLC

Mailing Address 3031 E. Beaver Creek Rd.
(Street)

Rimrock AZ 86335
(City) (State) (Zip)

928-592-9211 928-300-3291
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address Patsy@MontezumaWater.com

Local Office Mailing Address _____
(Street)

(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: Patricia D. Olsen Manager
(Name) (Title)

3031 E. Beaver Creek Rd., Rimrock, AZ 86335
(Street) (City) (State) (Zip)

928-592-9211 928-300-3291
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address Patsy@MontezumaWater.com

On Site Manager: Patricia D. Olsen
(Name)

3031 E. Beaver Creek Rd. Rimrock AZ 86335
(Street) (City) (State) (Zip)

928-592-9211 928-300-3291
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address Patsy@MontezumaWater.com

Statutory Agent: Patricia D. Olsen
(Name)

3031 E. Beaver Creek Rd. Rimrock AZ 86335
(Street) (City) (State) (Zip)

928-592-9211 928-300-3291
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Fennemore Craig Todd Wiley
(Name)

2394 E. Camelback Road, Suite 600 Phoenix AZ 85016
(Street) (City) (State) (Zip)

(602) 916-5337 (602) 916-5537 (602) 329-0006
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address TWiley@FCLaw.com

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input checked="" type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input checked="" type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME: MONTEZUMA RIMROCK WATER COMPANY LLC

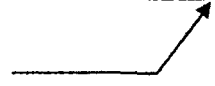
UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
305	Collection & Impound	1700	170	1530
309	Supply Mains	1096	143	953
303	Land and Land Rights	37000		
304	Structures and Improvements	38596	17790	20806
307	Wells and Springs	84265	40159	44106
311	Pumping Equipment	40304	34661	5643
320	Water Treatment Equipment	52993	16507	36486
330	Distribution Reservoirs and Standpipes	31028	14365	16663
331	Transmission and Distribution Mains	188664	56935	131729
333	Services	11415	10089	1326
334	Meters and Meter Installations	50730	30734	19996
335	Hydrants	11264	3572	7692
336	Backflow Prevention Devices	72	72	0
339	Other Plant and Misc. Equipment	11061	7065	3996
340	Office Furniture and Equipment 340.0	3009	1397	1613
	340.1	1239	1239	0
341	Transportation Equipment	11180	11180	0
343	Tools, Shop and Garage Equipment	14766	12475	2290
310	Power Generating	1054	942	112
345	Power Operated Equipment	1848	1848	0
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	593,284	261,343	300,941

This amount goes on the Balance Sheet Acct. No. 108 

304	Structures and Improvements		38596	3.33	140
307	Wells and Springs		84265	3.33	2567
311	Pumping Equipment		40304	12.50	5039
320	Water Treatment Equipment		52993	20.00	9966
330	Distribution Reservoirs and Standpipes		31028	2.22	693
331	Transmission and Distribution Mains		188664	2.00	64
333	Services		11415	3.33	40
334	Meters and Meter Installations		50703	8.33	241
335	Hydrants		11264	2.00	257
336	Backflow Prevention Devices		72	6.67	0
339	Other Plant and Misc. Equipment		11061	6.67	40
340	Office Furniture and Equipment	340.0	3009	6.67	198
		340.1	1239	20.00	0
341	Transportation Equipment		11180	20.00	524
343	Tools, Shop and Garage Equipment		14766	5.00	736
310	Power Generating Equipment		1054	5.00	53
345	Power Operated Equipment		1848	5.00	0
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTALS		593,284		20,623

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.



COMPANY NAME: MONTEZUMA RIMROCK WATER COMPANY LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
305	Collection & Impound	1700	2.50	43
309	Supply Mains	1096	2.00	22

COMPANY NAME: MONTEZUMA RIMROCK WATER COMPANY LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
305	Collection & Impound	1700	170	1530
309	Supply Mains	1096	143	953
303	Land and Land Rights	37000		
304	Structures and Improvements	38596	17790	20806
307	Wells and Springs	84265	40159	44106
311	Pumping Equipment	40304	34661	5643
320	Water Treatment Equipment	52993	16507	36486
330	Distribution Reservoirs and Standpipes	31028	14365	16663
331	Transmission and Distribution Mains	188664	56935	131729
333	Services	11415	10089	1326
334	Meters and Meter Installations	50730	30734	19996
335	Hydrants	11264	3572	7692
336	Backflow Prevention Devices	72	72	0
339	Other Plant and Misc. Equipment	11061	7065	3996
340	Office Furniture and Equipment 340.0	3009	1397	1613
	340.1	1239	1239	0
341	Transportation Equipment	11180	11180	0
343	Tools, Shop and Garage Equipment	14766	12475	2290
310	Power Generating	1054	942	112
345	Power Operated Equipment	1848	1848	0
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	593,284	261,343	300,941

This amount goes on the Balance Sheet Acct. No. 108 

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
305	Collection & Impound	1700	2.50	43
309	Supply Mains	1096	2.00	22
303	Land and Land Rights	37000	0	0
304	Structures and Improvements	38596	3.33	140
307	Wells and Springs	84265	3.33	2567
311	Pumping Equipment	40304	12.50	5039
320	Water Treatment Equipment	52993	20.00	9966
330	Distribution Reservoirs and Standpipes	31028	2.22	693
331	Transmission and Distribution Mains	188664	2.00	64
333	Services	11415	3.33	40
334	Meters and Meter Installations	50703	8.33	241
335	Hydrants	11264	2.00	257
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310	Power Generating Equipment	1054	5.00	53
345	Power Operated Equipment	1848	5.00	0
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	593,284		20,623

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1894	\$ 706
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 2,271	\$ 1,083
	FIXED ASSETS		
101	Utility Plant in Service	\$ 547,477	\$ 593,284
103	Property Held for Future Use		
105	Construction Work in Progress	155	155
108	Accumulated Depreciation – Utility Plant	<234,721>	<255,344>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 312,911	\$ 338,095
	TOTAL ASSETS	\$ 315,182	\$ 339,178

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$ 2210
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	32163	31779
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 32,163	\$ 31,779
	LONG-TERM DEBT (Over 12 Months)	17,728	78,110
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	30986	31186
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	257,742	257,743
272	Less: Amortization of Contributions	<36,891>	<45,771>
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 251,837	\$ 243,158
	TOTAL LIABILITIES	\$ 301,726	\$ 355,257
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	11,901	<15,640>
218	Proprietary Capital (Sole Props and Partnerships)	1,555	<439>
	TOTAL CAPITAL	\$ 13,456	\$ <16,079>
	TOTAL LIABILITIES AND CAPITAL	\$ 315,182	\$ 339,178

COMPANY NAME: MONTEZUMA RIMROCK WATER COMPANY LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 101,276	\$ 110,129
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 0
610	Purchased Water	686	480
615	Purchased Power	6,064	7,167
618	Chemicals	711	572
620	Repairs and Maintenance	8,047	11,560
621	Office Supplies and Expense	13,160	14,917
630	Outside Services	15,890	38,814
635	Water Testing	1,000	2,875
641	Rents	7,983	8,000
650	Transportation Expenses	9,352	10,463
657	Insurance – General Liability	4,948	2,476
659	Insurance - Health and Life	1,597	1,981
666	Regulatory Commission Expense – Rate Case	886	2,200
675	Miscellaneous Expense	2,477	1,044
403	Depreciation Expense	7,367	11,743
408	Taxes Other Than Income	10,271	8,634
408.11	Property Taxes	3,098	
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 93,537	\$ 120,846
	OPERATING INCOME/(LOSS)	\$ 7,739	\$ <12,927>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		<230>
427	Interest Expense	<2,773>	<9886>
	TOTAL OTHER INCOME/(EXPENSE)	\$ <2,773>	\$
	NET INCOME/(LOSS)	\$ 4,946	\$ <23,043>

COMPANY NAME: MONTEZUMA RIMROCK WATER COMPANY LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4	LOAN #5
Date Issued					
Source of Loan					
ACC Decision No.					
Reason for Loan	Asset Purchase	Asset Purchase	Asset Purchase	Lease Purchase	Lease Purchase
Dollar Amount Issued	\$ 15,000	\$ 21,377	\$ 11,180	\$ 37,208	7,697
Amount Outstanding	\$ 12791	\$ 26,857	\$ 586	\$ 32,377	5,872
Date of Maturity				June 2017	June 2015
Interest Rate	3.0%	%	%	28%	35%
Current Year Interest	\$ 372.55	\$	\$	\$ 6,529	1,646
Current Year Principle	\$	\$	\$10,594	\$ 4,830	1,825

Meter Deposit Balance at Test Year End \$ 20,145

Meter Deposits Refunded During the Test Year \$0

COMPANY NAME: MONTEZUMA RIMROCK WATER COMPANY LLC

**Name of System: MONTEZUMA RIMROCK WATER COMPANY LLC ADEQ Public Water System
Number: 13-071**

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	35	350	4	2	2004
55-621604	0					1976
55-621605	5	55	365	6	2	1994
55-213141	15	150	400	8	3	2006

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	4	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2,000	2
5,200	2	8,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC

Name of System: MRWC

ADEQ Public Water System Number: 13-071

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	733
3		
4	PVC	16700
5		
6	PVC	13233
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	202
3/4	12
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

 2 hypochlorinators , 150 gpm arsenic treatment system

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC

Name of System: MRWC

ADEQ Public Water System Number: 13071

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	212	934	949	
FEBRUARY	210	834	926	
MARCH	206	893	1212	
APRIL	205	1259	1351	
MAY	207	1113	1395	
JUNE	208	1419	1519	
JULY	208	1076	1358	
AUGUST	210	1023	1322	
SEPTEMBER	210	1114	1154	
OCTOBER	214	1017	1020	
NOVEMBER	212	865	980	
DECEMBER	209	823	980	
TOTALS →		12370	14166	

What is the level of arsenic for each well on your system? 1.0, 35, 26__mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500_GPM for __1__ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC

Name of System: MRWC

ADEQ Public Water System Number: 13-071

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY		3	
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST		4	
SEPTEMBER			
OCTOBER		12	
NOVEMBER		9	
DECEMBER			
TOTALS →		28	

OTHER (description):

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2012

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 2,210

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2012

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____ <23,043> _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____ <23,043> _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

4/15/13

PRINTED NAME

TITLE

Patricia D. Olsen

Manager

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 16 2013

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Patricia D. Olsen, Manager</u>
COMPANY NAME	<u>Montezuma Rimrock Water Company LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2012 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>116,553</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 6,424 IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

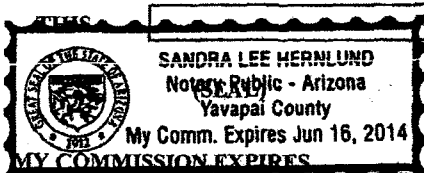
Patricia D. Olsen
SIGNATURE OF OWNER OR OFFICIAL

928-592-9211
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	<u>Yavapai</u>
MONTH	<u>April</u> 20 <u>13</u>



12th DAY OF

Sandra Lee HERNLUND
SIGNATURE OF NOTARY PUBLIC

6/16/2014

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 16 2013
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>Yavapai</i>	
NAME (OWNER OR OFFICIAL) <i>Patricia D. Olson</i>	TITLE <i>Manager</i>
COMPANY NAME <i>Montezuma Rimrock Water Company LLC</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2012 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES <i>\$ 116,553</i>
--

THE AMOUNT IN BOX AT LEFT INCLUDES \$ *6,424* IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

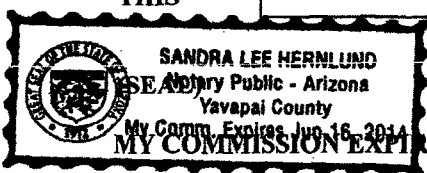
Patricia D. Olson
SIGNATURE OF OWNER OR OFFICIAL

928-592-9211
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 12th DAY OF

NOTARY PUBLIC NAME <i>Sandra Lee Herlund</i>	
COUNTY NAME <i>YAVAPAI</i>	
MONTH <i>April</i>	YEAR <i>2013</i>



Sandra Lee Herlund
SIGNATURE OF NOTARY PUBLIC

C-EX26

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

EXHIBIT
C-26
ADMITTED

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-04254A

Montezuma Rimrock Water Company LLC
P.O. Box 10
Rimrock, AZ 86335

RECEIVED
APR 13 2012
ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2011
----	----	------

FOR COMMISSION USE

ANN 04	11
--------	----

4-17-12

COMPANY INFORMATION

Company Name (Business Name) <u>Montezuma Rimrock Water Company LLC</u>		
Mailing Address <u>P.O. Box 10</u>		
<u>Rimrock</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>86335</u> <small>(Zip)</small>
<u>928-592-9211</u> <small>Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u>928-300-3291</u> <small>Cell No. (Include Area Code)</small>
Email Address <u>Patsy@MontezumaWater.com</u>		
Local Office Mailing Address <u>P.O. Box 10</u>		
<u>Rimrock,</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>86335</u> <small>(Zip)</small>
<u></u> <small>Local Office Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u></u> <small>Cell No. (Include Area Code)</small>
Email Address _____		

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:		
<input checked="" type="checkbox"/> Management Contact: <u>Patricia D. Olsen</u> <u>Manager</u>		
<u></u> <small>(Name)</small>	<u></u> <small>(Title)</small>	
<u>P.O. Box 10</u> <small>(Street)</small>	<u>Rimrock,</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small> <u>86335</u> <small>(Zip)</small>
<u>928-592-9211</u> <small>Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u>928-300-3291</u> <small>Cell No. (Include Area Code)</small>
Email Address <u>Patsy@MontezumaWater.com</u>		
On Site Manager: <u>Patricia Olsen</u>		
<u></u> <small>(Name)</small>		
<u>P.O. Box 10</u> <small>(Street)</small>	<u>Rimrock,</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small> <u>86335</u> <small>(Zip)</small>
<u>928-592-9211</u> <small>Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u>928-300-3291</u> <small>Cell No. (Include Area Code)</small>
Email Address <u>Patsy@MontezumaWater.com</u>		

Statutory Agent: <u>Patricia Olsen</u>			
(Name)			
<u>P.O. Box 10</u>	<u>Rimrock,</u>	<u>AZ</u>	<u>86335</u>
(Street)	(City)	(State)	(Zip)
<u>928-592-9211</u>		<u>928-300-3291</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Attorney: <u>Fennemore Craig/Law Office of Doug Fitzpatrick</u>			
(Name)			
<u>3003 N. Central Ave. #2600</u>	<u>Phoenix,</u>	<u>AZ</u>	<u>85012</u>
(Street)	(City)	(State)	(Zip)
<u>602-916-5487</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input checked="" type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME Montezuma Rimrock Water Company LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301 305	Organization Collection & Imp.	1700	128	1573
302 309	Franchises Supply Mains	1096	120	975
303	Land and Land Rights	37000	0	37000
304	Structures and Improvements	38596	17650	20946
307	Wells and Springs	84265	37592	46673
311	Pumping Equipment	40104	29622	10482
320	Water Treatment Equipment	7386	6542	844
330	Distribution Reservoirs and Standpipes	31028	13673	17355
331	Transmission and Distribution Mains	188664	56871	131794
333	Services	11415	10049	1366
334	Meters and Meter Installations	50730	30493	20237
335	Hydrants	11264	3314	7950
336	Backflow Prevention Devices	72	72	0
339	Other Plant and Misc. Equipment	11061	7025	4037
340	Office Furniture and Equipment	4248	2438	1810
341	Transportation Equipment	11180	10656	524
343	Tools, Shop and Garage Equipment	14766	11739	3027
344	Laboratory Equipment			
345	Power Operated Equipment	1848	1848	0
346 310	Communication Equipment Power Gen.	1054	889	165
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	547478	240721	306767

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME Montezuma Rimrock Water Company LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301 305	Organization Collection & Impound	1700	2.5	43
302 309	Branches Supply Mains	1096	2.0	22
303	Land and Land Rights	37000	N/A	
304	Structures and Improvements	38596	3.33	140
307	Wells and Springs	84265	3.33	2567
311	Pumping Equipment	40104	12.50	5014
320	Water Treatment Equipment	7386	20.00	1477
330	Distribution Reservoirs and Standpipes	31028	2.22	693
331	Transmission and Distribution Mains	188664	2.0	64
333	Services	11415	3.33	40
334	Meters and Meter Installations	50730	8.33	241
335	Hydrants	11264	2.0	225
336	Backflow Prevention Devices	72	6.67	53
339	Other Plant and Misc. Equipment	11061	6.67	40
340	Office Furniture and Equipment	2903	6.77	198
		340.0		
341	Transportation Equipment	1239	20.0	0
		340.1		
343	Tools, Shop and Garage Equipment	11180	20.0	2198
344	Laboratory Equipment	14766	5.0	736
345	Power Operated Equipment			
346	Communication Equipment	1848	5.0	48
	Power Generator	1054	5.0	53
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	547478		13853

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1514	\$ 1894
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1891	\$ 2271
	FIXED ASSETS		
101	Utility Plant in Service	\$ 529342	\$ 547477
103	Property Held for Future Use		
105	Construction Work in Progress		155
108	Accumulated Depreciation – Utility Plant	<220868>	<234721>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 306474	\$ 312911
	TOTAL ASSETS	\$ 310365	\$ 315182

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME Montezuma Rimrock Water Company LLC

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 2000	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	26855	32163
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 27055	\$ 32163
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 28611	\$ 17728
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	28575	30986
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	252556	257742
272	Less: Amortization of Contributions	<73388>	<36891>
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 207743	\$ 251837
	TOTAL LIABILITIES	\$ 263209	\$ 301726
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	4712	11901
218	Proprietary Capital (Sole Props and Partnerships)	40444	1555
	TOTAL CAPITAL	\$ 45156	\$ 13456
	TOTAL LIABILITIES AND CAPITAL	\$ 310365	\$ 315182

COMPANY NAME Montezuma Rimrock Water Company LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 101961	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 101961	\$ 101276
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 14802	\$
610	Purchased Water	994	686
615	Purchased Power	6600	6064
618	Chemicals	610	711
620	Repairs and Maintenance	19490	8047
621	Office Supplies and Expense	9620	13160
630	Outside Services	7132	15890
635	Water Testing	2675	1000
641	Rents	5800	7983
650	Transportation Expenses	9279	9352
657	Insurance – General Liability	5897	4948
659	Insurance - Health and Life	3902	1597
666	Regulatory Commission Expense – Rate Case	1870	886
675	Miscellaneous Expense	2675	2477
403	Depreciation Expense	10935	7367
408	Taxes Other Than Income	9020	10291
408.11	Property Taxes	3484	3098
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 114785	\$ 93537
	OPERATING INCOME/(LOSS)	\$ <12824>	\$ 7739
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	<292>	
427	Interest Expense	<2244>	<2773>
	TOTAL OTHER INCOME/(EXPENSE)	\$ <2536>	\$ <2773>
	NET INCOME/(LOSS)	\$ <15360>	\$ 4946

COMPANY NAME Montezuma Rimrock Water Company LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	7/1/11	8/30/11		
Source of Loan				
ACC Decision No.				
Reason for Loan	Equip. Purch Asset Purchase			
Dollar Amount Issued	\$ 15000	\$ 21377	\$	\$
Amount Outstanding	\$ 12418	\$ 11324	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$ 2582	\$ 2800	\$	\$

Meter Deposit Balance at Test Year End	\$ 20145
Meter Deposits Refunded During the Test Year	\$ 1527

COMPANY NAME Montezuma Rimrock Water Company LLC
Name of System: Montezuma Rimrock Water Co. ADEC Public Water System Number: 13-071

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	15	350	4	2	2004
55-621604	0					1976
55-621605	5	55	365	6	2	1994
55-213141	15	150	400	8	3	2006

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	4	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2,000	2
5,200	2	8,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Montezuma Rimrock Water Company LLC		
Name of System: MRWC	ADEQ Public Water System Number:	13-071

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	733
3		
4	PVC	16700
5		
6	PVC	13233
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	202
3/4	12
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:
2 hypochlorinators

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	200	1089	1095	
FEBRUARY	207	853	987	
MARCH	203	868	898	
APRIL	205	989	1174	
MAY	201	1153	1184	
JUNE	205	1607	1645	
JULY	201	1140	1140	
AUGUST	207	1108	1151	
SEPTEMBER	206	1326	1492	
OCTOBER	211	883	930	
NOVEMBER	208	967	968	
DECEMBER	210	786	916	
TOTALS →		<u>12,769</u>		

What is the level of arsenic for each well on your system? 30, 36, 26 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC		
Name of System:	MRWC	ADEQ Public Water System Number: 13-071

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY		1	
MARCH			
APRIL		1	
MAY		1	
JUNE		1	
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER		5	
DECEMBER		3	
TOTALS →		12	

OTHER (description):

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2011

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2011 was: \$ 4234.65

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED
APR 13 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Yavapai County</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Patricia D. Olsen Manager</u>
COMPANY NAME	<u>Montezuma Rimrock Water Company LLC</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

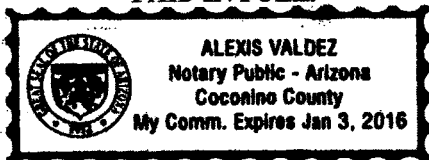
MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2011</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL
928-300-3291

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 12th DAY OF

COUNTY NAME	<u>Coconino</u>	
MONTH	<u>April</u>	<u>2012</u>

(SEAL)

MY COMMISSION EXPIRES 1-3-2016

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2011

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>4948</u>
Estimated or Actual Federal Tax Liability	<u>700</u>
State Taxable Income Reported	<u>4948</u>
Estimated or Actual State Tax Liability	<u>75</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	_____
Amount of Gross-Up Tax Collected	_____
Total Grossed-Up Contributions/Advances	_____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4-12-12

DATE

Patricia D. Olsen

PRINTED NAME

Manager

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 13 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Patricia D. Olsen Manager</u>
COMPANY NAME <u>Montezuma Rimrock Water Company LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2011

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2011 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ <u>101276</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 7010.31 IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

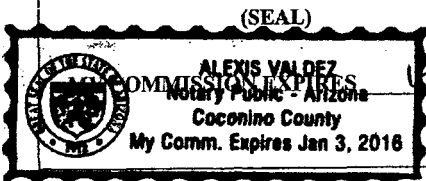
Patricia D. Olsen
SIGNATURE OF OWNER OR OFFICIAL
928-592-9211
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 12th DAY OF

COUNTY NAME <u>Coconino</u>
MONTH <u>April</u> . <u>2012</u>



3-2016

Alexis Valdez
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 13 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yavapai	
NAME (OWNER OR OFFICIAL) Patricia D. Olsen	TITLE Manager
COMPANY NAME Montezuma Rimrock Water Company LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2011

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

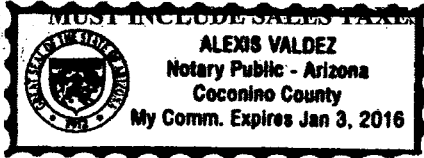
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2011 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 101276
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 7010.31
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.



Patricia D. Olsen
SIGNATURE OF OWNER OR OFFICIAL
928-592-9211
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

12th

DAY OF April

NOTARY PUBLIC NAME Alexis Valdez	
COUNTY NAME Coconino	
MONTH 4-12	YEAR 2012

(SEAL)

MY COMMISSION EXPIRES

1-3-2016

Alexis Valdez
SIGNATURE OF NOTARY PUBLIC

C-EX 27

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

EXHIBIT
C-27
ADMITTED

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-04254A

Montezuma Rimrock Water Company LLC
P.O. Box 10
Rimrock, AZ 86335

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
----	----	------

FOR COMMISSION USE

ANN 04	10
--------	----

4-14-11

COMPANY INFORMATION

Company Name (Business Name) <u>Montezuma Rimrock Water Company, LLC</u>		
Mailing Address <u>P.O. Box 10</u>		
<u>Rimrock</u> (City)	<u>AZ</u> (State)	<u>86335</u> (Zip)
<u>928-592-9211</u> Telephone No. (Include Area Code)	<u>928-213-0320</u> Fax No. (Include Area Code)	<u>928-300-3291</u> Cell No. (Include Area Code)
Email Address <u>patsy@montezumawater.com</u>		
Local Office Mailing Address _____		
_____ (City)	_____ (State)	_____ (Zip)
_____ Local Office Telephone No. (Include Area Code)	_____ Fax No. (Include Area Code)	_____ Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>Patricia Olsen</u> <u>Manager</u>			
	<u>(Name)</u>		<u>(Title)</u>
<u>P.O. Box 10</u> (Street)	<u>Rimrock</u> (City)	<u>AZ</u> (State)	<u>86335</u> (Zip)
<u>928-592-9211</u> Telephone No. (Include Area Code)	<u>928-213-0320</u> Fax No. (Include Area Code)	<u>928-300-3291</u> Cell No. (Include Area Code)	
Email Address <u>patsy@MontezumaWater.com</u>			
On Site Manager: <u>Patricia Olsen</u>			
	<u>(Name)</u>		
<u>same as above</u> (Street)	<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
_____ Telephone No. (Include Area Code)	_____ Fax No. (Include Area Code)	_____ Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: Patricia D. Olsen			
(Name)			
P.O. Box 10	Rimrock	AZ	86335
(Street)	(City)	(State)	(Zip)
928-592-9211	928-213-0320	928-300-3291	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Attorney: _____			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input checked="" type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME Montezuma Rimrock Water Company, LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	XXXXXXXXXX Collection & Impound Reservoirs	1700	85	161
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	36997	17510	19487
307	Wells and Springs	84265	35025	49250
311	Pumping Equipment	25104	24608	496
320	Water Treatment Equipment	8740	5065	3675
330	Distribution Reservoirs and Standpipes	31028	12980	18048
331	Transmission and Distribution Mains	186564	56806	129758
333	Services	11415	10008	1407
334	Meters and Meter Installations	50197	30252	19945
335	Hydrants	11264	3089	8175
336	Backflow Prevention Devices	72	19	53
339	Other Plant and Misc. Equipment	11061	6984	4077
340	Office Furniture and Equipment	4142	2240	1902
341 & 349	Transportation Equipment	11180	2458	8722
343	Tools, Shop and Garage Equipment	14615	11003	3612
344	Laboratory Equipment			
345	Power Operated Equipment	1848	1800	48
346 309	Communication Equipment Supply Mains	1096	98	998
347 319	Miscellaneous Equipment Power Gen. Equip	1054	836	218
348	Other Tangible Plant			
	TOTALS	527,342	220,868	306,474

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME Montezuma Rimrock Water Company LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
305	Organization Collection & Impound Reservoirs	1700	2.5	43
302	Franchises			
303	Land and Land Rights	35000	N/A	0
304	Structures and Improvements	36997	3.33	1234
307	Wells and Springs	84265	3.33	2808
311	Pumping Equipment	25104	12.50	3138
320	Water Treatment Equipment	8704	20.00	1748
330	Distribution Reservoirs and Standpipes	31028	2.22	689
331	Transmission and Distribution Mains	186564	2.00	3732
333	Services			
		11415	3.33	380
334	Meters and Meter Installations	50197	8.33	4183
335	Hydrants	11264	2.00	225
336	Backflow Prevention Devices	72	6.67	5
339	Other Plant and Misc. Equipment	11061	6.67	738
340	Office Furniture and Equipment	2903	6.67	194
		340.1	20.00	238
341	Transportation Equipment	11180	20	2198
343	Tools, Shop and Garage Equipment	14615	5.0	731
344	Laboratory Equipment			
345	Power Operated Equipment	1848	5.0	92
309	XXXXXXXXXXXXXXXXXXXX Supply Mains	1096	2.0	22
310	XXXXXXXXXXXXXXXXXXXX Power Generating Equipment	1054	5.0	53
348	Other Tangible Plant			
	TOTALS	527,342		22,451

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME Montezuma Rimrock Water Company, LLC

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 14946	\$ 1514
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	6584	0
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 21907	\$ 1891
	FIXED ASSETS		
101	Utility Plant in Service	\$ 469030	\$ 529342
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	<195,883>	<220868>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 273,147	\$ 306,474
	TOTAL ASSETS	\$ 295,053	\$ 310,365

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 1909	\$ 2000
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	19341	26855
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 21250	\$ 27055
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$ 28611
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	65327	28575
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	281777	252556
272	Less: Amortization of Contributions	<72508>	<73388>
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 274596	\$ 207743
	TOTAL LIABILITIES	\$ 295846	\$ 263209
	CAPITAL ACCOUNTS		
201	Common Stock Issued 2007 Rate Case Adjustments	\$ <106,946>	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<2552>	4712
218	Proprietary Capital (Sole Props and Partnerships)	108705	40444
	TOTAL CAPITAL	\$ <793>	\$ 45156
	TOTAL LIABILITIES AND CAPITAL	\$ 295,053	\$ 310,365

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 103,346	\$ 101,961
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 103,346	\$ 101,961
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 27,141	\$ 14,802
610	Purchased Water	1,029	994
615	Purchased Power	7,086	6,600
618	Chemicals	175	610
620	Repairs and Maintenance	5,590	19,490
621	Office Supplies and Expense	10,546	9,620
630	Outside Services	817	7,132
635	Water Testing	2,118	2,675
641	Rents	4,950	5,800
650	Transportation Expenses	8,654	9,279
657	Insurance – General Liability	00	5,897
659	Insurance - Health and Life	4,435	3,902
666	Regulatory Commission Expense – Rate Case	2,615	1,870
675	Miscellaneous Expense	3,540	2,675
403	Depreciation Expense	7,109	10,935
408	Taxes Other Than Income	6,775	9,020
408.11	Property Taxes	3,075	3,484
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 95,654	\$ 114,785
	OPERATING INCOME/(LOSS)	\$ 7,692	\$ <12,824>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 31	\$ 0
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	<731>	<292>
427	Interest Expense	0	<2,244>
	TOTAL OTHER INCOME/(EXPENSE)	\$ <700>	\$ <2,536>
	NET INCOME/(LOSS)	\$ 6,992	\$ <15,360>

COMPANY NAME Montezuma Rimrock Water Company LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 20,372

Meter Deposits Refunded During the Test Year \$ 3,189

COMPANY NAME Montezuma Rimrock Water Company LLC
Name of System: MRWC ADEQ Public Water System Number: 13071

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	15	350	4	2	2004
55-621604	0	0	0	0	0	1976
55-621605	5	55	unknown	6	2	1994
55-213141	15	150	400	8	3	2006

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	4	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2,000	2
5,200	2		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Montezuma Rimrock Water Company LLC		
Name of System: MRWC	ADEQ Public Water System Number: 13-071	

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	733
3		
4	PVC	16,700
5		
6	PVC	13,233
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	202
3/4	12
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2 hypochlorinators

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC	
Name of System: MRWC	ADEQ Public Water System Number: 13-071

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	210	819	819	0
FEBRUARY	212	981	1,155	0
MARCH	211	823	919	0
APRIL	208	1,031	1,084	0
MAY	204	1,237	1,285	0
JUNE	209	1,437	1,479	0
JULY	209	1,522	1,522	0
AUGUST	206	1,096	1,096	0
SEPTEMBER	203	1,457	1,503	0
OCTOBER	206	978	1,033	0
NOVEMBER	207	897	897	0
DECEMBER	203	791	791	0
TOTALS →		13069		

What is the level of arsenic for each well on your system? 35, 36, 26 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC	
Name of System: MRWC	ADEQ Public Water System Number: 13-071

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY			
MARCH		1	
APRIL			
MAY		1	
JUNE			
JULY		2	
AUGUST		1	
SEPTEMBER		1	
OCTOBER		2	
NOVEMBER		2	
DECEMBER		1	
TOTALS →		11	

OTHER (description):

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2010

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 3484.57

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

<small>COUNTY OF (COUNTY NAME)</small> Yavapai
<small>NAME (OWNER OR OFFICIAL) TITLE</small> Patricia D. Olsen, Manager
<small>COMPANY NAME</small> Montezuma Rimrock Water Company LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

928-300-3291

TELEPHONE NUMBER

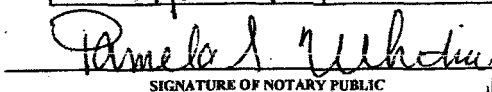
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 14 DAY OF

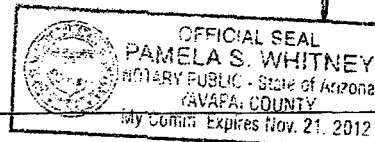
(SEAL)

<small>COUNTY NAME</small> YAVAPAI
<small>MONTH</small> April <small>YEAR</small> 2011



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 11-21-2012



COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2010

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported <13,107>
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported <13,107>
Estimated or Actual State Tax Liability _____

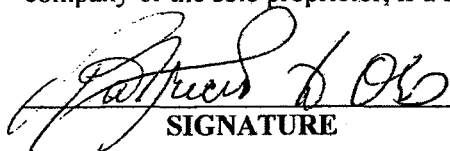
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4-14-11

DATE

Patricia D. Olsen

PRINTED NAME

Manager

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Patricia D. Olsen, Manager</u>
COMPANY NAME <u>Montezuma Rimrock Water Company LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ <u>101,961</u>
--

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 9,020 IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Patricia D. Olsen
SIGNATURE OF OWNER OR OFFICIAL
928-300-3291
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

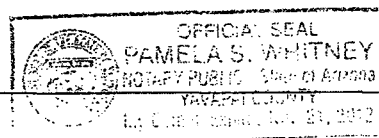
THIS 14 DAY OF

(SEAL)

MY COMMISSION EXPIRES 11-21-2012

COUNTY NAME <u>Yavapai</u>
MONTH <u>April</u> .20 <u>11</u>

Pamela S. Whitney
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

COUNTY OF (COUNTY NAME) Yavapai	
NAME (OWNER OR OFFICIAL) Patricia D. Olsen	TITLE Manager
COMPANY NAME Montezuma Rimrock Water Company, LLC	

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 101,961

**THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 9,020
IN SALES TAXES BILLED, OR COLLECTED)**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Patricia D. Olsen

SIGNATURE OF OWNER OR OFFICIAL

928-300-3291

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 14 **DAY OF**

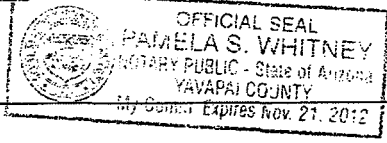
NOTARY PUBLIC NAME Pamela S. Whitney	
COUNTY NAME YAVAPAI	
MONTH April	2011

(SEAL)

MY COMMISSION EXPIRES

Pamela S. Whitney

SIGNATURE OF NOTARY PUBLIC



C-EX 28

*Notice of
Categorical Exemption*



To All Interested Agencies and Public Groups:

Pursuant to the Arizona Administrative Code, Title 18, Chapter 15 Water Infrastructure Finance Authority, for projects to be funded by the Drinking Water Revolving Fund (DWRP), it has been determined that the proposed action identified below may be exempted from formal environmental review requirements:

City: Rimrock County: Yavapai
Project Title: Arsenic Facility Installation
Project Location: Along Bentley Drive and 4615 E. Goldmine Road, Rimrock, AZ
Project Number: DW 088-2010

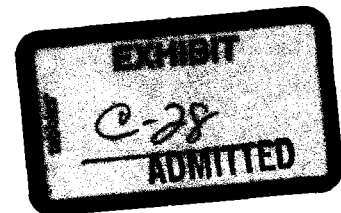
Montezuma Rimrock Water Company, LLC proposes to construct an arsenic treatment system at well #1 to treat water from well #1 and well #4. The wells will be interconnected with 2,500 feet of transmission main. The Company will acquire and install an arsenic adsorption treatment system.

This project qualifies for a CATEGORICAL EXEMPTION in accordance with the requirements of A.A.C. R18-15-107, as amended. The proposed project will not impact the environment either by itself or in combination with other projects, and the environmental information provided has met statutory intent of the federal National Environmental Policy Act (NEPA) environmental review requirements.

The exclusion shall be revoked if new documentation shows that: (1) the proposed action no longer meets the criteria for exemption; (2) the project may have serious environmental effects; or, (3) Federal, State, local, or tribal laws are being, or, may be violated by implementation of the project.

Sara Konrad, Environmental Program Specialist
Water Infrastructure Finance Authority
1110 West Washington Street, Suite 290
Phoenix, AZ 85007
(602) 364-1319
skonrad@azwifa.gov

ISSUANCE DATE: November 11, 2009



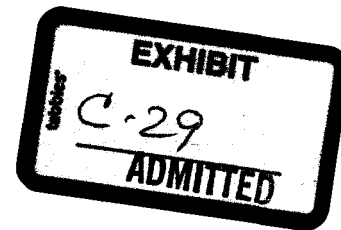
C - EX 29



4561 East McDowell Road
Phoenix, AZ 85008 Phone: 602-454-0402
Fax: 602-454-0403

November 18, 2010

Sara Konrad
Environmental Program Supervisor
WIFA
1110 W. Washington, Suite 290
Phoenix, AZ 85007



Re: Environmental Review and Recommendations
Montezuma Rimrock Water Company
Arsenic Facility Installation
Environmental Information Document

Ms. Konrad:

We have reviewed the Environmental Information Document (EID) prepared by the Montezuma Rimrock Water Company (MRWC), and the comments on the EID from the Arizona Game and Fish Department (AGFD) and the National Park Service (NPS). Our summary of findings and recommendations are based on compliance with the National Environmental Policy Act (NEPA), the US Environmental Protection Agency's interpretation of the requirements set forth by the Council on Environmental Quality under 40 CFR Part 6, Arizona Administrative Code R18-15-107, and other federal, state, and local laws and regulations. This letter includes an overall recommendation for the level (e.g., CE, EA, EIS) of NEPA study needed to authorize the project by the Water Infrastructure and Finance Authority based on resource considerations, and the overall context and intensity of potential impacts to these resources.

As described in Chapters 1 and 2 of the EID, the project would provide infrastructure to supply water meeting EPA's Safe Drinking Water standards. A Notice of Violation for "distribution of water in excess of MCL for an inorganic chemical" was issued to the MRWC on December 17, 2008. Subsequently, the MRWC was placed under a consent order to provide water that contains 10 µg/l or less arsenic. To accomplish this, an arsenic treatment facility is proposed along with the pipelines to connect Well Numbers 1 and 4 to this facility.

Potential impacts attributed to the use of Well Number 4 are the primary subject of concern for the NPS and the AGFD as conveyed by their written responses. Both agencies agree with the need to provide safe drinking water to local residents. The NPS provided a comparison scenario to illustrate their concern for the analysis of potential regional groundwater level decline that was presented in the EID. Again, the NPS concern with the groundwater level decline analysis appears to be primarily targeted at the inclusion of Well Number 4 in to the MRWC's operating system. The NPS also provides specific comments relative to the inadequacy of the EID's analysis presented in Chapter 4.

The analysis provided by the MRWC in Chapter 4 of the EID does not fully address the requirements set forth in Arizona Administrative Code R18-15-107. Section E4 of that code specifically states in reference to conducting a comparative analysis of feasible alternatives that "*the comparison shall focus*

on the beneficial and adverse consequences, both direct and indirect, on the existing environment, the future environment..." Chapter 4 of the EID is solely focused on the potential impacts of the proposed action and does not contain any discussion of either the Point of Use Reverse Osmosis Alternative or the No Action Alternative. Chapter 4 of the EID also fails to discuss the potential indirect or cumulative impacts of the proposed action.

Concerns with specific sections of Chapter 4 are:

- 4.1- Comments on regional groundwater as stated by NPS
- 4.6- AGFD states concerns for indirect/secondary and cumulative impacts that could impact potential wetlands and riparian areas located along Wet Beaver Creek. A discussion of these considerations is not included.
- 4.7- Surveys for cultural resources and compliance with Section 106 of the National Historic Preservation Act have not been completed; therefore, potential impacts cannot be assessed.
- 4.8- Indirect/secondary and cumulative impacts relative to regional groundwater decline and impacts to habitat and species in and along Wet Beaver Creek are not addressed. AGFD has also stated these concerns..
- 4.9- Surface water discussion relates solely to construction-related impacts and does not address potential indirect impact concerns as stated by NPS and AGFD.

We find that the EID and proposed action as presented illustrate that potential resource impacts primarily associated with the connection and future operation of Well Number 4 could be significant. As a result, we recommend that WIFA consider completing an Environmental Impact Statement.

As an alternative, WIFA could recommend that the MRWC amend their application to not include Well Number 4 in their current or future operations if this would still meet the needs of the MRWC customers. Additionally, MRWC could attempt to locate another well that would not negatively impact the regional groundwater, Montezuma's Well, or Wet Beaver Creek. In any case, WIFA should require the completion of the required cultural resource surveys and report, and insure that individual sections of the EID fully address the intent of Arizona Administrative Code R18-15-107.

Sincerely,

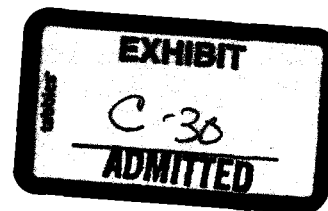


Mike Shirley
Vice President
AZTEC Engineering, Arizona LLC

C-EX 30

Sara Konrad

From: Jonathan Bernreuter
Sent: Monday, February 01, 2010 9:12 AM
To: Judy Navarrete; Sandy Sutton; Sara Konrad
Subject: RE: Montezuma Rimrock Water Company



The short off the cuff answers go like this:

1. We were unaware of the county level issues at the time of the application, but we can wait to execute the loan (for a year) until the Yavapai County compliance is resolved.
2. The Consent Order for arsenic signed or not is an ADEQ issue. We, as we often do, were just moving forward to commit funds towards a solution to their arsenic compliance issue.
3. Regarding the environmental review, we just acknowledge that in fact there are more issues to investigate than were first presented, which triggers the EID. We can think of this as the system working, public comment was made and we will require the EA (EID to be filled out and FONSI issued with 30 day public notice). At the end we thank Mr. Dougherty for his public service.

My two cents,

Jon

-----Original Message-----

From: Judy Navarrete
Sent: Saturday, January 30, 2010 12:41 PM
To: Sandy Sutton; 'skonrad@azwifamgov'; 'maf@azdeq.gov'; 'lcl@azdeq.gov'; Jonathan Bernreuter
Subject: Fw: Montezuma Rimrock Water Company

Please read and let me know your thoughts on the issues

----- Original Message -----

From: John Dougherty <jd.investigativemedia@gmail.com>
To: Judy Navarrete
Sent: Fri Jan 29 19:58:54 2010
Subject: Montezuma Rimrock Water Company

Dear Judy:

Thanks for meeting today. After reviewing the documents I have several concerns about this loan moving forward.

1. MRWC's does not have a use permit needed to operate a commercial business in a residential area. The Yavapai Planning and Zoning Commission postponed its decision at its Jan. 20 meeting until February. The Yavapai County Supervisors will not review the matter at the earliest until March. WIFA loan documents require the company to be in full compliance with county regulations. The company is not in compliance at this time.
2. MRWC has not signed a Consent Order stemming from their Dec. 2008 NOV on arsenic violation. ADEQ threatened to issue a Compliance Order in late November, but the file indicates nothing has happened. How can WIFA issue a loan to a company that refuses to sign an ADEQ consent decree?

2/25/2010

I also have significant concerns related to the Notice of Categorical Exemption Issued on Nov. 11, 2009 by WIFA Sara Konrad.

The exemption is for construction of an arsenic treatment system at well #1 to treat water from well No. 1 and No. 4. The wells will be interconnected with 2,500 feet of transmission main that will be placed in the right-of-way of Bentley Drive.

The Environmental Review Checklist appears to have been filled out by Patricia Olsen of MRWC.

Several of the answers do not appear to be fully truthful.

Item 1. The applicant checked "yes".

However, other records submitted by the company to the ACC and ADEQ indicate that adding Well #4 will add "capacity" to the existing facility allowing it to expand water production to serve twice as many customers. .

Item 2. Contrary to MRWC's assertion, addition of Well #4 will have significant impact on the company allowing it to double its service area. Well #4 clearly is not a "minor" expansion of its "collection" system.

Item 7. The applicant ignores the immediate proximity of Montezuma Well National Monument, which is a federally-operated park under Department of Interior jurisdiction. Well #4 lies within 400 feet of the western boundary of the monument. Excessive ground water pumping at this location could directly or indirectly impact an environmentally important, federally-controlled natural resource area. No effort whatsoever has been made to determine possible impact on this important cultural resource.

In addition, Well No. 4 is also within 400 feet of Wet Beaver Creek. USGS records show that the ground water has fallen nearly 40 feet in the last 10 years as this area has experienced rapid growth. The MRWC supplies 200 customers and states it hopes to double this to more than 400 in the future. Well No. 4 is a 400-foot deep and has the capacity to pump 700 gallons per minute. This well will pose a direct threat to surface flows in Wet Beaver Creek, which includes critical habitat for endangered Southwest Willow Flycatcher.

Item 8. The applicant said the project was not expected to cause significant public controversy. However, the applicant attempted to expand a commercial business in a residential area without going through the proper public notice.

If MRWC had properly sought public input prior to upgrading a residential well and installing a high-capacity, commercial well without an ADEQ permit of certificate to construct in this area, it would have generated significant public opposition. Nearly all the homeowners in the immediate area surrounding Well #4 have private, shallow wells, and will be negatively impacted by full operation of Well #4.

In addition, the applicant states in a Nov. 6 email to Ms. Konrad that Bentley Drive, where the pipeline will be constructed, is not in the FEMA floodplain. I question that assertion. My house at 5225 N. Bentley Drive is a considered a high risk flood area by FEMA. In addition, Yavapai County Development Services requires structures to be elevated at least 1 foot above grade in this area because of sheet flooding from School House Wash, that lies about 400 feet east of the well site. Neighbors have all experienced sheet flooding in this neighborhood because of high flows down School House Wash. I urge WIFA to contact Yavapai County Flood Control District at (FloodStatusVerde@co.yavapai.az.us) and provide the parcel number 405-25-517 where Well No. 4 is located to determine if it is in fact outside the FEMA flood plain.

In conclusion, I request WIFA to reopen its investigation to determine whether MRWC should be issued a categorical exemption from NEPA.

I also request that, based on readily available public information, that WIFA postpone closing its loan with the MWRC and conduct a new underwriting process that is open to the public review and comment.

Sincerely,

John Dougherty
InvestigativeMedia.com
602-710-9433

2/25/2010

Sara Konrad

From: Jonathan Bernreuter
Sent: Monday, February 01, 2010 10:00 AM
To: Judy Navarrete; Sandy Sutton; Sara Konrad
Subject: RE: Montezuma Rimrock Water Company

|| citizens
complaint ||

Correct, if in fact this is more than a Categorical Exemption which it would now appear to be, then we need to send out the Environmental Information Document to be completed. EPA policy has always been that an SRF loan cannot be executed until the FONSI is issued and there has been an opportunity for public comment. This is not the same as taking a project to our Board and getting a loan resolution.

From: Judy Navarrete
Sent: Monday, February 01, 2010 9:54 AM
To: Jonathan Bernreuter; Sandy Sutton; Sara Konrad
Subject: RE: Montezuma Rimrock Water Company

So this means that the loan cannot be closed before the FONSI is issued?

From: Jonathan Bernreuter
Sent: Monday, February 01, 2010 9:12 AM
To: Judy Navarrete; Sandy Sutton; Sara Konrad
Subject: RE: Montezuma Rimrock Water Company

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2/2/2010

To: Judy Navarrete
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Subject: Montezuma Rimrock Water Company

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2/2/2010

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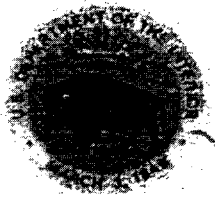
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Sincerely,

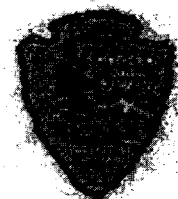
John Dougherty
InvestigativeMedia.com
602-710-9433

C-EX31

W-04254A-11-0296



United States Department of the Interior
NATIONAL PARK SERVICE
Montezuma Castle and Tuzigoot National Monuments
Post Office Box 719
577 S. Main Street
Camp Verde, Arizona 86322



IN REPLY TO:
N3041

September 16, 2011

Ernest G. Johnson
Executive Director
Arizona Corporation Commission
1200 W. Washington Street
Phoenix AZ 85007

EXHIBIT
C-31
ADMITTED

RECEIVED
2011 SEP 19 P 2 26
AZ CORP COMMISSION
DOCKET CONTROL

Dear Mr. Johnson,

It has come to our attention that Montezuma Rimrock Water Company (MRWC) is asking the Arizona Corporation Commission (ACC) for an emergency rate increase in order to acquire an institution loan to privately fund the arsenic treatment facility. In February 2010, I was contacted by MRWC owner Patsy Olsen about her need to complete an Environmental Information Document (EID). Subsequently, I talked to Sara Konrad, Environmental Program Supervisor, Water Infrastructure and Finance Authority (WIFA), who informed me that Ms. Olsen was required to prepare an EID.

WIFA uses the EID to initiate the National Environmental Policy Act to identify the proposed project's environmental consequences and measures that will be taken to reduce negative impacts. The EID requirements are intended to document the environmental effects of proposed drinking water and wastewater infrastructure projects. When the EID is in compliance with WIFA's regulations, the agency will adopt it as the project's Environmental Assessment to support the request for funding and determine a finding only when the document indicates that there will be no significant impacts on the environment. If there is doubt, WIFA will require an Environmental Impact Statement (EIS).

On November 8, 2010, the National Park Service provided comments to WIFA on MRWC's environmental information document about the arsenic facility installation (see attachment). WIFA had the EID reviewed by an independent engineering firm and the Environmental Protection Agency. Both recommended that an EIS be done. WIFA agreed with the findings and required an EIS for funding the grant. As a consequence, MRWC chose another means to seek funds for the project.

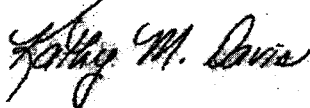
The position of the National Park Service is that the project requires an EIS to properly identify and analyze the environmental effects of the proposed well, and detail mitigation measures if needed. As stated in our November 2010 letter to WIFA, we believe that people need safe

potable water. Our concerns for the project are with the cumulative effects of the new well. The MRWC's EID did not use accurate numbers to show the current situation on the regional groundwater. Data we obtained from US Geological Survey and our domestic well showed twice the annual decline, i.e., 5.0 feet compared to 2.55 feet in the EID document. The location of MRWC Well #4 is close to Wet Beaver Creek and would affect local groundwater and surface creek flows.

Furthermore, with that level of decline in groundwater levels, we are anticipating that the commercial wells would also need to be drilled deeper to access groundwater than was analyzed. If the well was drilled deeper into the lower unit of the regional aquifer with rock units of the Paleozoic section, we anticipate that this could affect the unique water feature in Montezuma Well (unit of Montezuma Castle National Monument).

We request that the Arizona Corporation Commission hold an evidentiary hearing on MRWC's emergency rate increase request. For the protection of the environment and a comprehensive understanding of cumulative effects, we urge that Montezuma Rimrock Water Company be required to complete an Environmental Impact Statement as a condition of funding the project.

Sincerely,



Kathy M. Davis
Superintendent

Copies of the foregoing documents mailed and emailed this 21 day of September, 2011, to:

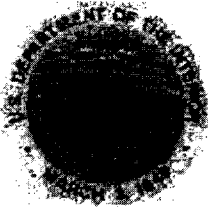
Steven M. Oleg, Director
Utilities Division
Az CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Janice Alward, Chief Counsel
Legal Division
Az CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

John Dougherty
P.O. Box 501
Rimrock, AZ 86335
Jd.investigations@gmail.com

Douglas C. Fitzpatrick, ESQ
49 Bell Rock Plaza
Sedona, AZ 86351
Attorney for Montezuma Rimrock Water Co.
fitzlaw@sedona.net

Patricia Olsen
MONTEZUMA RIMROCK WATER
PO Box 10
Rimrock, AZ 86335
patsy@montezumawater.com



United States Department of the Interior

NATIONAL PARK SERVICE

Montezuma Castle and Tuzigoot National Monuments

527 S. Main St.

PO Box 219

Camp Verde, AZ 86322



IN REPLY REFER TO:
N3041

Sara Konrad
Environmental Program Supervisor
1110 West Washington, Suite 290
Phoenix, Arizona 85007

November 8, 2010

Dear Ms. Konrad,

Thank you for the opportunity to comment on the "Environmental Information Document Arsenic Facility Installation, Montezuma Rimrock Water Company, LLC."

We have enclosed our comments, which are from four different people: two from national monument staff, one from our Washington Office Water Resources Division, and one from a private groundwater hydrologist consultant that we contracted to review the document.

The National Park Service believes that people need safe potable water. We do have concerns about the project in particular with the cumulative effects of the new well: the numbers that were used as the regional groundwater annual decline of 2.55 feet in the document do not match our own numbers which show a regional groundwater annual decline of 5.0 feet (nearly twice their number). Because of this difference, we do not think that the analyses done by the document accurately relates the impacts to groundwater declines in the region.

Furthermore, with that level of decline in groundwater levels, we are anticipating that the commercial wells would also need to be drilled deeper to access groundwater than was analyzed. If the wells drilled deeper into the lower unit of the regional aquifer with rock units of the Paleozoic section, we anticipate that this could directly affect Montezuma Well proper.

If you have any questions, please do not hesitate to contact me (928-567-5276 x 223) or Sharon Kim, Chief of Natural Resources (928-649-6195 x 226).

Sincerely,

Kathy Davis
Superintendent

Enclosures

Paul Christensen, Hydrologist
NPS - Washington Office Water Resources Division
Comments for EID

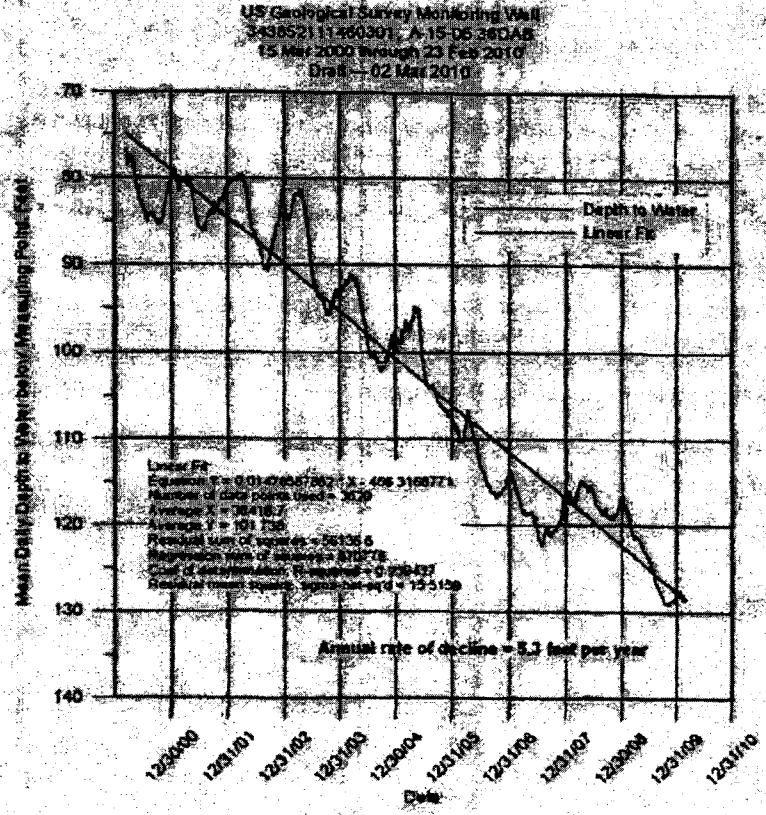
2.1 REGIONAL AQUIFER

p. 7, bottom of 1st paragraph: The USGS has prepared an abstract regarding the occurrence of arsenic in groundwater in the AEI project area. This abstract may be useful in preparing the report's discussion of arsenic. Here is the URL:

http://gsa.confex.com/gsa/2009AM/finalprogram/abstract_161469.htm

2.2 REGIONAL DECLINE IN GROUND-WATER LEVELS

pp. 7-8: The groundwater levels of the upper unit of the regional aquifer is declining about 5.3 feet per year in the area of the AEI project. See graph below.



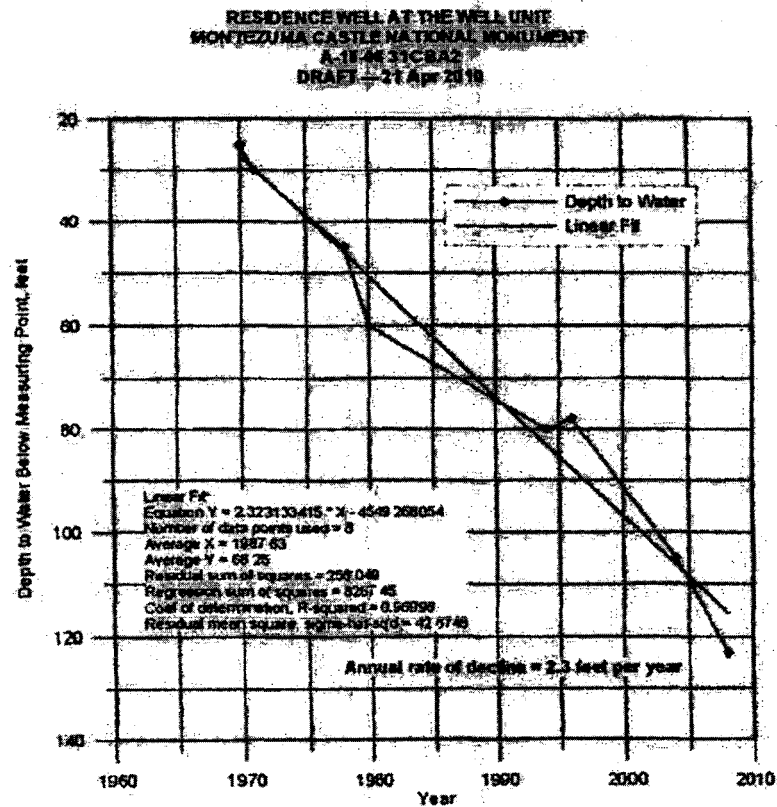
Paul Christensen, Hydrologist
NPS Washington Office Water Resources Division

Water levels from this US Geological Survey monitoring well were not included in Figure 4 of the report. This well is located about 1,250 feet northeast of MRWC Well No. 4, about 850 feet southeast of MRWC Well No. 1, and about 2,400 feet south-southeast of MRWC wells No. 2 and No 3.

Paul Christensen, Hydrologist
NPS Washington Office Water Resources Division

pp. 8-9. 2.3 MONTEZUMA WELL NATIONAL MONUMENT AND BEAVER CREEK

P. 8, 1st paragraph. At the Residence Well within the Well unit of Montezuma Castle National Monument, water levels have been declining about 2.3 feet per year. See graph below.



The Residence Well is located about 2,800 feet east-northeast of Well No. 4. This well provides water to the Well Unit.

P. 8, 2nd paragraph. Change "in the regional aquifer" to read "in the upper part of the regional aquifer."

P. 8, 3rd paragraph, 3rd sentence. Citation does not appear correct.

P. 8, 3rd paragraph, last sentence. Change "in the regional aquifer" to read "in the upper part of the regional aquifer." Complete the citation and add source to references.

Paul Christensen, Hydrologist
NPS Washington Office Water Resources Division

Recommend adding a paragraph that describes the source of water to Montezuma Well. Sources of information:

http://esa.confex.com/esa/2009AM/finalprogram/abstract_161469.htm. Noted above.

<http://nwa.confex.com/nwa/2008gws/techprogram/P4872.HTM>.

Groundwater flow, geology and geochemistry of Montezuma Well, a natural spring at Montezuma Castle National Monument, Central Arizona

Raymond H. Johnson, U.S. Geological Survey, Denver

Wednesday, May 12, 12:10 PM

University of Arizona,

College of Agriculture and Life Sciences

School of Natural Resources and Environment, Room 353

Abstract

The U.S. Geological Survey is assisting the National Park Service with a geologic and geochemical study to better understand the source(s) of groundwater to Montezuma Well (a natural spring) in Montezuma Castle National Monument, central Arizona. The first objective of this research is to identify travel paths for groundwater supplying Montezuma Well and the surrounding region on the basis of chemical and isotopic analyses of groundwater samples and rock samples. Isotopic and chemical data are being used as naturally-occurring tracers of recharge source areas and water-rock interactions. The second objective is to develop a conceptual hydrogeologic framework model that identifies the principal stratigraphic and structural features that serve as constraints or conduits for groundwater movement for the region surrounding Montezuma Well. This framework will integrate available geologic, geophysical, hydrological, and geochemical data. The results of this study indicate how a unique combination of geology and geochemistry has created Montezuma Well, and the added understanding of the groundwater flow system will assist the National Park Service in protecting this important natural feature in the future.

The majority of groundwater recharge occurs in the topographically high area of the Mogollon Rim with elevations greater than 7,000 feet (determined using oxygen and deuterium isotopes); whereas, the elevation of the water surface at Montezuma Well is 3,560 feet. Recharge through the Mogollon Rim follows fractures in the cover basalt and the underlying Permian sandstones and then flows rapidly through the karstic Redwall Limestone at depth (determined using strontium isotopes, tritium, and C-14 data). Geologic inferences from a magnetic map of the area indicate the presence of a basalt dike underneath Montezuma Well that affects groundwater flow and geochemistry. This basalt dike appears to be a barrier for regional groundwater flow and a locus for a component of deep-seated groundwater flowing upward along bedrock fractures. This forces the groundwater flowing at depth (< 750 feet) to the surface, resulting in groundwater discharge at Montezuma Well (conceptualized with simple groundwater flow modeling). This fracture system appears to contribute a small amount of brine related to volcanic degassing (confirmed using helium isotopes). This brine contains carbon dioxide, salts, and trace elements such as arsenic, which mixes with water in the main groundwater system (depths < 750 feet) during discharge.

Paul Christensen, Hydrologist
NPS Washington Office, Water Resources Division

The isotopic signatures and geochemistry of the groundwater in Montezuma Well appear to be consistent with waters that have evolved from recharge at the Mogollan Rim, are influenced by rock/water interaction along the flowpath, and mix with a small portion of deep brines. The groundwater in Montezuma Well is quite different from the shallow groundwaters in the immediate area (source < 300 feet) indicating that the Well is probably protected from the extensive shallow groundwater resource development in the area. However, any future use of groundwater from the deeper Redwall Limestone aquifer upgradient from Montezuma Well could influence the groundwater supplying the Well.

2.5 MRWMC GROUND-WATER DEMAND

p. 10, 4th paragraph. Please add to the text a table showing the values used for parameters in THWELLS and where these values were found.

Kathy Davis, Superintendent, Montezuma Castle
Comments for EID

1. The NEPA process used: This is being used differently from my experience with NEPA. All alternatives considered should be compared with environmental and social criteria. The EA should go out for public review before the FONSI is sent out.
2. Number of customers served: Number is currently 206 mostly domestic households, but with 462 lots available number that can potentially be 668. See Subsection 2.5 MRWC Groundwater Demand (page 9-11) discussion to determine whether impact is accurately described with potential customers. What pumping rate used? Other than domestic households? MRWC could get more customers beyond 668 or another company may buy MRWC and pump more. See references to customer numbers on pages... Page 2 para 2; page 9 to 11.
3. Regional upper and lower aquifer: 2.1 Regional Aquifer discussion states "an upper and lower unit of the regional aquifer exists beneath the MRWC. (Page 6, para 1)" One of our concerns is that the upper aquifer would not meet long time water demands so Well #4 would be drilled deeper into the Red Wall, which may be connected to Montezuma Well. Also a production well in the upper aquifer will continue local drawdown and thus affect Beaver Creek. The next sub section 2.2 Regional Decline in Ground Water Levels states downward trends in ground water. (Page 7, para 2).
4. Comparison of water level elevations: Page 8, para 4. Understand comments about Beaver Creek elevation compared to AFI. What is "near" AFI project?
5. Arizona Water Company well: Page 9, para 3 has discussion of AWC wells, including one that is closer to Montezuma Well. Is this the one on hill? See Figure 5.
6. Alternatives: Discuss 3.0 Alternatives to the Proposed Project (Pages 12-18). All alternatives considered should be described and compared, not just the two that are being dismissed. Other alternatives could include 1) drill MRWC existing wells deeper and 2) that another water company serves the customers and does not use Well #4. For 3.1.2 POI-RO there is discussion about RO process producing waste water and triple the amount of water pumped? Is this true for RO?
7. Environmental consequences: 4.0 Environmental Consequences of the AFI is an inadequate assessment since it looks at the AFI facility and not the cumulative and indirect effects. In 4.1 Ground Water the statement that AFI will not increase use of ground water is untrue since getting AFI facility to treat arsenic will allow more water to be pumped for more customers. We question the projected 100-year drop of 2 feet from pumping. (Page 19, para 1 to 3). In 4.4 Land Use - Formally Classified Lands the Coconino National Forest, US Forest Service is missing from the list (Page 21, para 1). In 4.6 Wetlands the statement that AFI will have no direct effect on wetlands... there is strong potential for cumulative effects due to ground water drawdown on Beaver Creek, etc. (Page 21, para 2 to 4). In 4.8 Sensitive Biological Resources should the National Park Service data have be referenced? The Environmental Review Tool was queried for potential "indirect" effects of the AFI project. What were the indirect effects? (Page 24 to 25). In 4.9 Surface Water the EID does not make the connection between surface, creek flow, and groundwater drawdown.
8. NPS Environmental Screening Form: Let's compare the NPS listed resource effects to consider with those in the EID.
9. Reference citations missing: 1) Page 8, para 4, line 11... (1997); 2) Page 10, para 5, line 4... (van der Heijde 1996), 3) Page 22, para 3, line 4... Claycomb-Rockwell Associates study in 1999.

Sharon Kim, Chief of Natural Resources at Montezuma Castle
Comments for EID

Several issues here related to the commercial well use:

- 1) Effect to the Montezuma Well proper
- 2) Effect to Montezuma Well residence wells
- 3) Effect to the Wet Beaver Creek riparian corridor

Pg. 8, 1st paragraph under Section 2.3—"The 2.55 ft of annual decline in the regional water table has not occurred in Montezuma Well National Monument (Montezuma Well)"—not a true statement—our residence well within Montezuma Well National Monument has shown an annual rate of decline of 2.25 feet per year, with a range of 1.8 and 3.4 feet per year over 10 year averaging periods.

Pg. 8, 1st paragraph under Section 2.3—"NPS, 2007" citation is off a general information PUBLIC WEBSITE (see attached next page), but cited as though it is scientific data. See Reference section (pg 35).

Pg. 8, 2nd paragraph under Section 2.3—Is this paragraph drawing inference from the website's general information referred to in the previous comment?

Pg. 8, 3rd paragraph under Section 2.3—USGS 2007 does not have a citation in the Reference section (pg 35). Possibly Konieczki and Leake that I referred to??

Pg. 21, Section 4.11—An employee who lives directly next to an AFI for a different water company in Rimrock indicated that there is a high level of noise associated with operations. In particular, he stated that there is extensive traffic noise that occurs intermittently at various hours across a 24-hour period (day and night). If this type of noise from the other AFI plant is similar to the AFI plant proposed here, it is likely that this will affect wildlife movement in the area, especially if the noise is sporadic and unpredictable in nature. Montezuma Well National Monument provides excellent habitat for wildlife including mountain lions, deer, foxes, and coyotes, and this type of noise could disrupt their activity patterns. Furthermore, depending on the intensity of the noise level, this could also impact visitor enjoyment at Montezuma Well National Monument, especially in the Pasture area.

REFERENCES:

Konieczki and Leake, 1997. Hydrogeology and Water Chemistry of Montezuma Well in Montezuma Castle National Monument and Surrounding Area, Arizona. U.S. Geological Survey. Water Resources Investigations Report 97-4156.

National Park Service
U.S. Department of the Interior



Montezuma Castle National Monument Exploring Montezuma Well

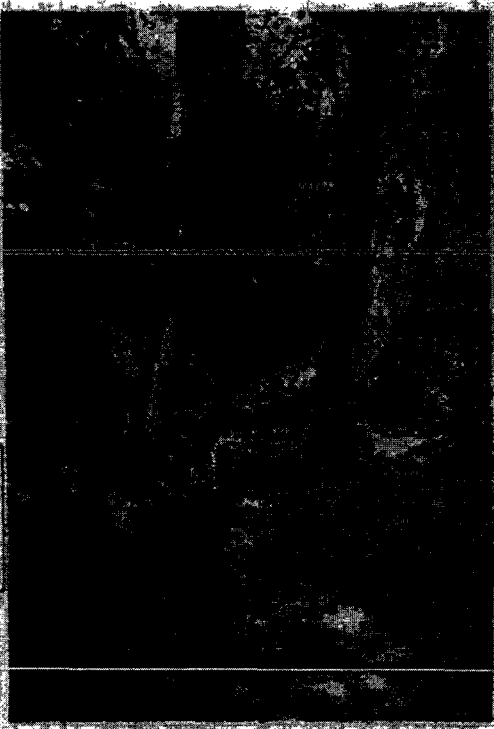


Cliff dwellings are perched along the rim of Montezuma Well.

The legacy of the Sinagua culture surrounds you during a visit to Montezuma Well. From cliff dwellings perched along the rim to large pueblo ruins and an ancient pit house, the variety of these archaeological sites is a testament to the ingenuity of these people.

Take your time as you explore the trails at Montezuma Well and discover the tranquility of a site still considered sacred by many local tribes. The shaded forest along the trail near the swallower ruin and the outlet provides welcome relief from the unrelenting Arizona sunshine. The temperature difference at the outlet can be up to 20 degrees cooler than along the rim of the Well, making it easy to imagine the people of the Sinagua culture spending the hot summer days in this tranquil setting.

The constant supply of warm, 74 degree water was the life blood of the people who made their home here. Over 1.5 million gallons of water flows into the Well every day, a rate that has not fluctuated measurably despite recent droughts throughout the state of Arizona. This water enters a "swallower" near the end of the trail into the Well and flows through over 150 feet of limestone before re-emerging from the outlet into an irrigation ditch on the other side. Sections of this ditch date back over 1,000 years. The value of this



From an analysis of the EID by John Ward, R.G. (Independent Groundwater Consultant Contracted by NPS)

Comments on Regional Conditions

The report describes the regional aquifer as consisting of the Verde Formation, underlying basalts, and the Paleozoic Supai Formation and Redwall Limestone. The report states that the basalts form a confining unit between the overlying Verde Formation and underlying Paleozoic rocks, and that water supply wells in the area have not penetrated those Paleozoic rocks. Furthermore (in the Tiemann Well aquifer test description), it is stated that the thickness of the Verde Formation is 1,800 feet.

The presumed source of water to Montezuma Well (and Soda Spring) is from the Paleozoic rocks, so the report concludes that water supply wells are not obtaining their water from the same aquifer that is supplying water to these features. The observation that groundwater levels in the Verde Formation aquifer have declined an average of 2-3 feet per year, while the discharge from Montezuma Well has not declined, is evidence used to support the contention that the Verde Formation aquifer and the lower Paleozoic Aquifer are hydrologically separate.

Similarly, the report contends that since the difference between the water table elevation in the Verde Formation and the stream surface elevation in Wet Beaver Creek is more than 100 feet, any additional induced leakage from the creek to the aquifer due to pumping would be very small. This description is based primarily on early work in the area, and is broadly correct, although in this area the hydrogeologic conditions need to be looked at more closely:

- The Verde Formation is much thinner in this area, and is probably dry beneath much or all of the Well Unit. Therefore, the aquifer in the Verde Formation is bounded to the east and north. Indicative of the bounded nature of the aquifer are the records showing water level declines of up to 5 feet per year. (The report concludes that water levels have declined 2-1/2 feet per year, but they did not include records from two wells: A-15-5-36 DAB, and A-15-6-31 CBA2 [the new residence well] which show these greater rates of water level declines.)
- The Tiemann well aquifer test results indicated a much higher transmissivity, and the well had a much higher specific capacity (pumping rate divided by drawdown) than other wells in the area (for comparison, test results on the new residence well indicated a transmissivity less than one-hundredth of the Tiemann well). Although the Tiemann well aquifer test results showed high aquifer productivity, long term performance of this well will probably be impacted by these aquifer boundaries and areas of much lower transmissivity, which will result in much greater than predicted drawdowns in the well, lower well yields, or both.
- The simulation of 100-year drawdown extent from Tiemann Well pumping is based on the Tiemann Well aquifer test results, and did not include effects of aquifer boundaries or other test results, nor were the effects of the significant regional water level declines (more than 100 feet in some wells) accounted for. These effects would distort the cone of depression around the pumping well making drawdown greater in some areas, and probably less in other areas, than indicated by the simple analysis presented in the report.
- The conclusion that Montezuma Well will not be impacted by this pumping is based on the assumption that no pumping will occur from the rock units that are the source of water to Montezuma Well. Although current pumping has induced nearly 100 feet of water level declines at the new residence well, it is true that no significant change in discharge from Montezuma Well has been noted. However, two facts need to be considered: 1) water level declines are continuing, and even

From an analysis of the EID by John Ward, R.G. (Independent Groundwater Consultant Contracted by NPS)

accelerating, 2) water supply wells do tap into the Paleozoic rocks. These conditions will continue into the future, strongly indicating that discharge at Montezuma Well will eventually be adversely impacted by groundwater pumping.

- Wet Beaver Creek gains water from groundwater discharge upstream of Montezuma Well. The creek loses water to the groundwater system downstream of the Well. This is a natural occurrence, although the current and past regional groundwater declines have likely induced greater rates of losses from the Creek. The difference between the stream level and groundwater level at the Tiemann Well may be much less than 100 feet in the vicinity of Beaver Creek. If this is true, then the hydrologic connection may be greater than indicated in the report.

General Comments

The [EID] report should be updated using newer published information by the USGS, which includes the regional geophysics and the new groundwater geochemistry. Geologic maps of the area show truncation of the Verde Formation near the northeastern edge of Montezuma Well, which provides indication of aquifer boundaries, at least in this area. These should be reviewed and used to revise the discussion of the lateral extent of the aquifer in the Verde Formation.

The Tiemann Well aquifer test results should be critically evaluated in context with other test results, and with the significant declines in water levels from existing pumping. Cumulative effects from all pumping should be considered.

Several wells in the area tap the Paleozoic rocks (eg., the new residence well, the ADOT well near the I-17 rest stop, possibly even the Tiemann well). Available well logs should be reviewed and those wells should be identified. The amount of groundwater pumping from the deeper Paleozoic rocks should be tabulated. A map of regional cumulative groundwater level declines should be prepared. This should be compared to groundwater pumping.

The report should include a discussion of the gaining and losing reaches of Wet Beaver Creek. The Arizona Game and Fish letter regarding additional stream losses that could occur from pumping is a legitimate concern. The head differences between the stream and the groundwater in the vicinity of the stream should be mapped, and those areas hydrologically connected to the groundwater system should be identified. Both cumulative and individual effects of pumping on stream capture should be calculated.

The National Park Service's level of concern for this project is justified. The projected pumping from a well this close to the Park boundary may cause additional increases in water level declines in the new residence well, and eventually, adversely impact discharge from Montezuma Well.

C-EX 32

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

M

W-04254A
Montezuma Rimrock Water Company, LLC
P.O. Box 10
Rimrock, AZ 86335

RECEIVED

APR 14 2010

AZ CORP COMM
Director Utilities

ANNUAL REPORT
Water

EXHIBIT
C-32
ADMITTED

FOR YEAR ENDING

12	31	2009
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FOR COMMISSION USE

ANN 04	09
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4-19-10 *Chm*

COMPANY INFORMATION

Company Name (Business Name) <u>Montezuma Rimrock Water Company LLC</u>			
Mailing Address <u>P.O. Box 10</u> (Street)			
<u>Rimrock,</u> (City)	<u>AZ</u> (State)	<u>86335</u> (Zip)	
<u>928-592-9211</u> Telephone No. (Include Area Code)	<u>928-592-9211</u> Fax No. (Include Area Code)	<u>928-300-3291</u> Cell No. (Include Area Code)	
Email Address <u>patsy@montezumawater.com</u>			
Local Office Mailing Address <u>P.O. Box 10</u> (Street)			
<u>Rimrock,</u> (City)	<u>AZ</u> (State)	<u>86335</u> (Zip)	
<u>928-592-9211</u> Local Office Telephone No. (Include Area Code)	<u>928-592-9211</u> Fax No. (Include Area Code)	<u>928-300-3291</u> Cell No. (Include Area Code)	
Email Address <u>patsy@montezumawater.com</u>			

MANAGEMENT INFORMATION

Management Contact: <u>Patricia D. Olsen</u> <u>Manager</u> (Name) (Title)			
<u>P.O. Box 10</u> (Street)	<u>Rimrock</u> (City)	<u>AZ</u> (State)	<u>86335</u> (Zip)
<u>928-592-9211</u> Telephone No. (Include Area Code)	<u>928-592-9211</u> Fax No. (Include Area Code)	<u>928-300-3291</u> Cell No. (Include Area Code)	
Email Address <u>patsy@montezumawater.com</u>			
On Site Manager: <u>Patricia Olsen</u> (Name)			
<u>same as above</u> (Street)	<u>same as above</u> (City)	<u>same as above</u> (State)	<u>same as above</u> (Zip)
<u>same as above</u> Telephone No. (Include Area Code)	<u>same as above</u> Fax No. (Include Area Code)	<u>same as above</u> Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: _____
 (Name)

 (Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: _____
 (Name)

 (Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input checked="" type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME Montezuma Rimrock Water company LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	751	0	751
304	Structures and Improvements	36123	17110	19014
307	Wells and Springs	82511	35723	46788
311	Pumping Equipment	22771	5730	17041
320	Water Treatment Equipment	3746	2830	915
330	Distribution Reservoirs and Standpipes	31028	12991	18037
331	Transmission and Distribution Mains	186564	50179	136386
333	Services	10765	10396	369
334	Meters and Meter Installations	49461	31936	17525
335	Hydrants	11264	3577	7687
336	Backflow Prevention Devices	72	29	43
339	Other Plant and Misc. Equipment	12808	7602	1298
340	Office Furniture and Equipment	3914	2616	1298
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	14212	12278	1844
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	1848	1848	0
346 309	Communication Equipment	228	95	133
347 310	Miscellaneous Equipment	1054	942	112
348	Other Tangible Plant	0	0	0
	TOTALS	469,030	195,883	273,147

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Montezuma Rimrock Water company LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0	0	
302	Franchises	0	0	
303	Land and Land Rights	751	0	
304	Structures and Improvements	36123	3.33%	1203
307	Wells and Springs	82511	3.33%	2748
311	Pumping Equipment	22771	12.50%	2846
320	Water Treatment Equipment	3746	20.00%	749
330	Distribution Reservoirs and Standpipes	31028	2.22%	689
331	Transmission and Distribution Mains	186564	2.07%	3731
333	Services	10765	3.33%	355
334	Meters and Meter Installations	49461	8.33%	4120
335	Hydrants	11264	2.00%	225
336	Backflow Prevention Devices	72	6.67%	5
339	Other Plant and Misc. Equipment	12808	6.67%	854
340	Office Furniture and Equipment	3914	Avg rate 10.89%	426
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	14122	5.07%	706
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	1848	5.00%	2
348 309	Communication Equipment	228	2.00%	5
348 310	Miscellaneous Equipment	1054	5.00%	53
348	Other Tangible Plant	0	0	
	TOTALS	469030		18718

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME Montezuma Rimrock Water company LLC

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 24,860	\$ 14,946
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	0	6,584
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 25,237	\$ 18,957
	FIXED ASSETS		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use	234,649	469030
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	< 56323 >	<195883 >
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 178,326	\$ 273,147
	TOTAL ASSETS	\$ 203,563	\$ 295,053

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME Montezuma Rimrock Water Company LLC

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITES			
231	Accounts Payable	\$ 0	\$ 1909
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	7712	19341
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	976	
	TOTAL CURRENT LIABILITIES	\$ 8689	\$ 21,250
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$	\$
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	29511	65327
255	Accumulated Deferred Investment Tax Credits	104771	281777
271	Contributions in Aid of Construction		<72508>
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 113,460	\$ 274,596
	TOTAL LIABILITIES	\$ 142,971	\$ 295,846
CAPITAL ACCOUNTS			
201	Common Stock Issued 2007 Rate Case Adjustments	\$ 0	\$ <106,946>
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<47376>	<2552>
218	Proprietary Capital (Sole Props and Partnerships)	107,968	108,705
	TOTAL CAPITAL	\$ 60,592	\$ <793>
	TOTAL LIABILITIES AND CAPITAL	\$ 203,563	\$ 295,053

COMPANY NAME Montezuma Rimrock Water Company LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 99082	\$ 103346
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 99082	\$ 103346
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 23525	\$ 27141
610	Purchased Water	1009	1029
615	Purchased Power	7047	7086
618	Chemicals	611	175
620	Repairs and Maintenance	2592	5590
621	Office Supplies and Expense	12594	10546
630	Outside Services	4074	817
635	Water Testing	1912	2118
641	Rents	5200	4950
650	Transportation Expenses	12586	8654
657	Insurance - General Liability	0	
659	Insurance - Health and Life	4535	4435
666	Regulatory Commission Expense - Rate Case	1169	2614
675	Miscellaneous Expense	1785	3540
403	Depreciation Expense	12462	7109
408	Taxes Other Than Income	6690	6775
408.11	Property Taxes	3045	3075
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 100836	\$ 95654
	OPERATING INCOME/(LOSS)	\$ <1,754>	\$ 7692
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 13	\$ 31
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	<544>	<731>
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ <531>	\$ <700>
	NET INCOME/(LOSS)	\$ <2285>	\$ 6991

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 24,111
Meter Deposits Refunded During the Test Year	\$ 3,047

COMPANY NAME Montezuma Rimrock Water Company LLC
Name of System: Montezuma Rimrock Water Company Public Water System Number: 13-071

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	15	350	4	2	2004
55-621604	0	0	350	4	0	1976
55-621605	5	55	unknown	6	2	1994
55-213141	0	150	400	8	3	2006

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	4	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2000	2
5,200	2		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME

Name of System:

ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	733
3		
4	PVC	16,700
5		
6	PVC	13,233
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	202
3/4	12
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2 hypochlorinators

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	Montezuma Rimrock Water Company LLC		
Name of System:	MRWC	ADEQ Public Water System Number:	13-071

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	205	847	908	0
FEBRUARY	204	954	1051	0
MARCH	201	1006	1081	0
APRIL	203	1041	1115	0
MAY	204	1239	1310	0
JUNE	207	1454	1551	0
JULY	207	1464	1639	0
AUGUST	205	1230	1254	0
SEPTEMBER	208	1465	1525	0
OCTOBER	206	1386	1482	0
NOVEMBER	210	905	981	0
DECEMBER	209	927	989	0
TOTALS →		13,918	14,886	0

What is the level of arsenic for each well on your system? 35, 36, 26 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Montezuma Rimrock Water Company LLC		
Name of System:	MRWC	ADEQ Public Water System Number:	13-071

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY			
MARCH		1	
APRIL		1	
MAY		0	
JUNE		1	
JULY		1	
AUGUST		0	
SEPTEMBER		0	
OCTOBER		0	
NOVEMBER		0	
DECEMBER		1	
TOTALS →		5	

OTHER (description):

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2009

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2009 was: \$ 3,075

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2009

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

8-9-10
DATE

Patricia D. Olsen
PRINTED NAME

Manager
TITLE

RECEIVED

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

APR 24 2010

ARIZONA CORP COMM Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

Form with fields: COUNTY OF (COUNTY NAME) Yavapai, NAME (OWNER OR OFFICIAL) Patricia D. Olsen, COMPANY NAME Montezuma Rimrock Water Company LLC

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

Table with columns: MONTH (12), DAY (31), YEAR (2009)

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2009 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ 103,346

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 6,595 IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

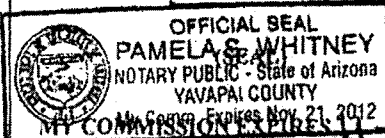
Signature of Patricia D. Olsen, SIGNATURE OF OWNER OR OFFICIAL, 928-300-3291, TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9th DAY OF

Form with fields: COUNTY NAME Yavapai, MONTH April, 2010



Signature of Pamela S. Whitney, SIGNATURE OF NOTARY PUBLIC

RECEIVED

VERIFICATION AND SWORN STATEMENT Taxes

APR 14 2010

REGULATORY COMM Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED OF THE

Form with fields: COUNTY OF (COUNTY NAME) Yavapai, NAME (OWNER OR OFFICIAL) TITLE Patricia D. Oisen, COMPANY NAME Montezuma Rimrock Water Company LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

Table with columns: MONTH 12, DAY 31, YEAR 2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

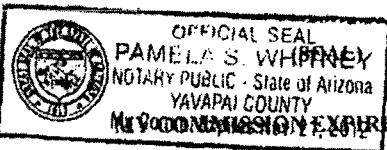
Signature of Patricia D. Oisen, SIGNATURE OF OWNER OR OFFICIAL, 928-592-9211, TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9 DAY OF

Form with fields: COUNTY NAME Yavapai, MONTH April, 2010



Signature of Pamela S. Whitney, SIGNATURE OF NOTARY PUBLIC

My Commission Expires 11-21-2012

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

APR 14 2010

ARIZONA CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yavapai	
NAME (OWNER OR OFFICIAL) Patricia Olsen	TITLE Manager
COMPANY NAME Montezuma Rimrock Water Company LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2009 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 103346
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 6595
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Patricia Olsen
SIGNATURE OF OWNER OR OFFICIAL

928-592-9211

TELEPHONE NUMBER

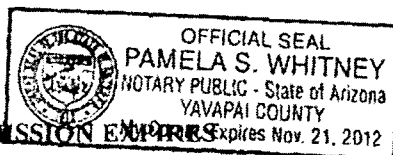
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9 DAY OF

NOTARY PUBLIC NAME Pamela S. Whitney	
COUNTY NAME Yavapai	
MONTH April	2010

(SEAL)



MY COMMISSION EXPIRES

11-21-2012

Pamela S. Whitney
SIGNATURE OF NOTARY PUBLIC

National Bank

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View Transaction

Use this screen to view a cleared transaction.

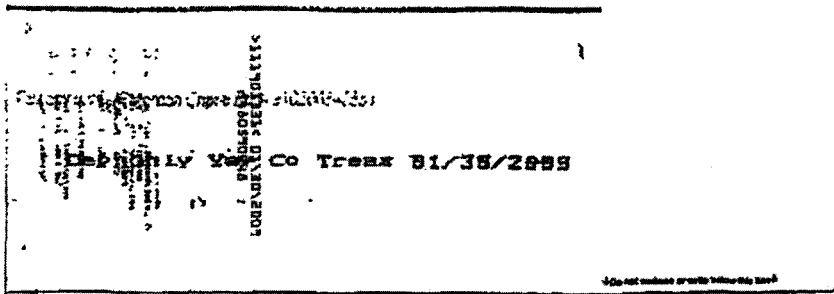
Transaction Information

Description: CHECK
Account: Basic Business Checking - xxx-xx329-7
Transaction: Check
Customer 2158
Reference ID:
Date Cleared: 02/02/2009
Amount: \$ 122.99

Date Initiated: 02/02/2009
FI Reference 20090203024321118357
ID:

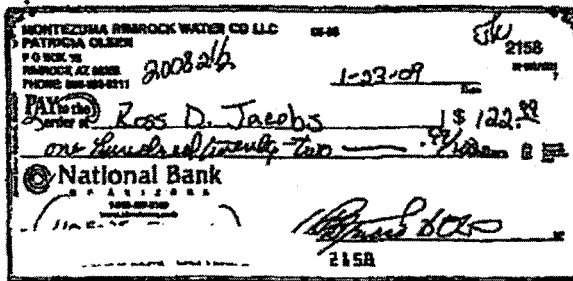
We are pleased to offer your check images online. In order to maintain this service, there is scheduled maintenance every Saturday at 11:00 PM MT (10:00 PM PT) and on the last day of each month at 7:00 PM MT (6:00 PM PT). During this time, which typically lasts about six hours, your images may not be available. We apologize for the inconvenience this may cause.

Transaction Image



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0213012009
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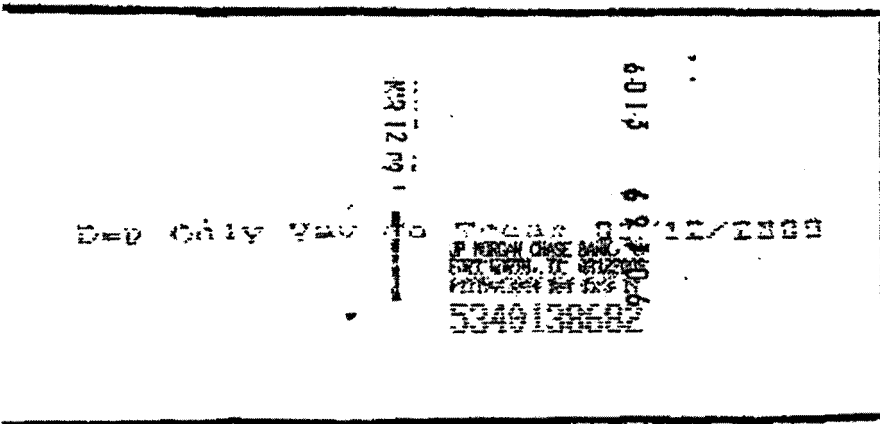
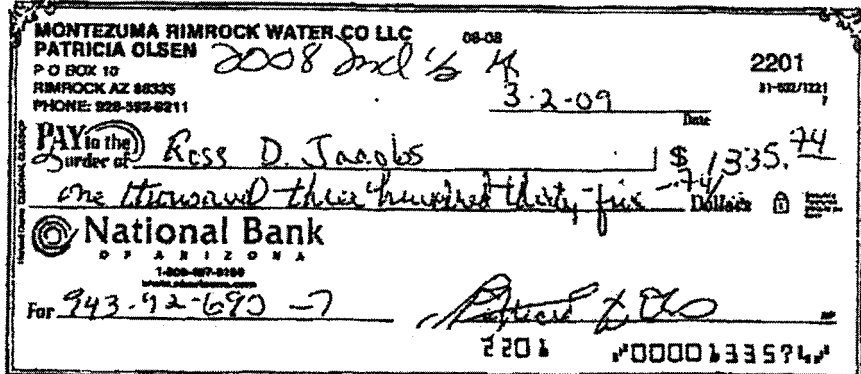
Transaction Information

Description: CHECK
Account: Basic Business Checking - xxx-xx329-7
Transaction: Check
Customer 2201
Reference ID:
Date Cleared: 03/13/2009
Amount: \$ 1,335.74

Date Initiated: 03/13/2009
FI Reference 20090314034824211868
ID:

We are pleased to offer your check images online. In order to maintain this service, there is scheduled maintenance every Saturday at 11:00 PM MT (10:00 PM PT) and on the last day of each month at 7:00 PM MT (6:00 PM PT). During this time, which typically lasts about six hours, your images may not be available. We apologize for the inconvenience this may cause.

Transaction Image



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Yavapai County Treasurer

Ross D. Jacobs
Treasurer

1015 Fair Street
Prescott, Arizona 86305
www.co.yavapai.az.us
Prescott (928)771-3233
Cottonwood (928)639-8123
Fax (928)771-3390

Sara L. Davis
Chief Deputy

Pg: 1

TAX RECEIPT

Paid by: MONTEZUMA RIMROCK WATER CO LLC

PO BOX 10
RIMROCK, AZ 86335

JR

CNTR BATCH: 1401838
Payment Date: 10/29/2009
Interest Date: 10/28/2009
Printed by: C95001

Property I.D.		Amount	CHECK NUMBER: — 2440
405-25-51702	2009 TAXES	174.28	
	TOTL	174.28 *	
943-92-69007	2009 TAXES	1,291.58	
	TOTL	1,291.58 *	
	TOTAL PAID	1,465.86	

C-EX 33

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-04254A

m

Montezuma Rimrock Water Company LLC
P.O. Box 10
Rimrock, AZ 86335

RECEIVED
APR 13 2009
ARIZONA CORP COMMISSION
Director, Utilities

ANNUAL REPORT
WATER

FOR YEAR ENDING

12 31 2008

EXHIBIT
C-33
ADMITTED

FOR COMMISSION USE

ANN 04 08

PROCESSED BY:

4-13-09

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Montezuma Rimrock Water Company LLC</u>			
Mailing Address <u>P.O. Box 10</u>			
(Street)			
<u>Rimrock,</u>	<u>AZ</u>	<u>86335</u>	
(City)	(State)	(Zip)	
<u>928-592-9211</u>	<u>928-592-9211</u>	<u>928-300-3291</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>patsy@montezumawater.com</u>			
Local Office Mailing Address <u>P.O. Box 10</u>			
(Street)			
<u>Rimrock,</u>	<u>AZ</u>	<u>86335</u>	
(City)	(State)	(Zip)	
<u>928-592-9211</u>	<u>928-592-9211</u>	<u>928-300-3291</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>patsy@montezumawater.com</u>			

MANAGEMENT INFORMATION

Management Contact:		<u>Patricia D. Olsen</u>	<u>Manager</u>
		(Name)	(Title)
<u>P.O. Box 10</u>	<u>Rimrock</u>	<u>AZ</u>	<u>86335</u>
(Street)	(City)	(State)	(Zip)
<u>928-592-9211</u>	<u>928-592-9211</u>	<u>928-300-3291</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>patsy@montezumawater.com</u>			
On Site Manager:		<u>Patricia Olsen</u>	
		(Name)	
		<u>same as above</u>	
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S)

C Corporation (C) (Other than Association/Co-op)

Partnership (P)

Subchapter S Corporation (Z)

Bankruptcy (B)

Association/Co-op (A)

Receivership (R)

Limited Liability Company

Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

APACHE

COCHISE

COCONINO

GILA

GRAHAM

GREENLEE

LA PAZ

MARICOPA

MOHAVE

NAVAJO

PIMA

PINAL

SANTA CRUZ

YAVAPAI

YUMA

STATEWIDE

COMPANY NAME Montezuma Rimrock Water Company LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0		
302	Franchises	0		
303	Land and Land Rights	9259	0	9259
304	Structures and Improvements	18728	3853	14875
307	Wells and Springs	46386	7925	38461
311	Pumping Equipment	16793	6054	10739
320	Water Treatment Equipment	1608	505	1103
330	Distribution Reservoirs and Standpipes	12284	2990	9294
331	Transmission and Distribution Mains	42652	11497	31156
333	Services	10847	2440	8406
334	Meters and Meter Installations	27439	6437	21002
335	Hydrants	11264	788	10475
336	Backflow Prevention Devices	72	5	67
339	Other Plant and Misc. Equipment	6970	1584	5386
340	Office Furniture and Equipment	1894	489	1405
341	Transportation Equipment	12000	8400	3600
343	Tools, Shop and Garage Equipment	13322	2750	10573
344	Laboratory Equipment	0		
345	Power Operated Equipment	1848	442	1406
346 398	XXXXXXXXXXXXXXXXXXXX Supply Communication Equipment Mains	228	21	207
347 310	XXXXXXXXXXXXXXXXXXXX Miscellaneous Equipment Power Gen.	1054	211	843
348	Other Tangible Plant	0		
	TOTALS	234,649	56,391	178,258

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Montezuma Rimrock Water Company LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0		
302	Franchises	0		
303	Land and Land Rights	9,259	0	0
304	Structures and Improvements	18,728	3.33	624
307	Wells and Springs	46,386	3.33	1,546
311	Pumping Equipment	16,793	12.50	2,099
320	Water Treatment Equipment	1,608	5.0	80
330	Distribution Reservoirs and Standpipes	12,284	3.61	443
331	Transmission and Distribution Mains	42,652	2.0	853
333	Services	10,847	3.33	362
334	Meters and Meter Installations	27,439	8.33	2,287
335	Hydrants	11,264	2.0	225
336	Backflow Prevention Devices	72	6.67	5
339	Other Plant and Misc. Equipment	6,970	6.67	465
340	Office Furniture and Equipment	1,894	6.67	252
341	Transportation Equipment	12,000	20.0	2,400
343	Tools, Shop and Garage Equipment	13,322	5.0	666
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	1,848	5.0	92
346 309	Communication Equipment Supply Mains	228	2.0	9
347 310	Miscellaneous Equipment Power Generation	1,054	5.0	53
348	Other Tangible Plant			
	TOTALS	234,649		12,462

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME Montezuma Rimrock Water Company LLC

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 48,332	\$ 24,860
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 48,709	\$ 25,237
	FIXED ASSETS		
101	Utility Plant in Service	\$ 222,243	\$ 234,649
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	<43,929>	<56,323>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 178,314	\$ 178,326
	TOTAL ASSETS	\$ 227,023	\$ 203,563

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Montezuma Rimrock Water Company LLC

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	10,321	7,712
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	650	976
	TOTAL CURRENT LIABILITIES	\$ 10,971	\$ 8,689
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	29,605	29,511
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	114,281	104,711
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 143,866	\$ 113,460
	TOTAL LIABILITIES	\$ 154,856	\$ 142,971
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<37,724>	<47,376>
218	Proprietary Capital (Sole Props and Partnerships)	109,891	107,968
	TOTAL CAPITAL	\$ 72,167	\$ 60,592
	TOTAL LIABILITIES AND CAPITAL	\$ 227,023	\$ 203,563

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 91,904	\$ 94,934
460	Unmetered Water Revenue		
474	Other Water Revenues	4,361	4,148
	TOTAL REVENUES	\$ 96,265	\$ 99,082
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 8,516	\$ 23,525
610	Purchased Water	697	1,009
615	Purchased Power	5,559	7,047
618	Chemicals	802	611
620	Repairs and Maintenance	14,449	2,592
621	Office Supplies and Expense	11,372	12,592
630	Outside Services	16,664	4,074
635	Water Testing	2,709	1,912
641	Rents	5,500	5,200
650	Transportation Expenses	10,507	12,586
657	Insurance – General Liability	4,420	2,973
659	Insurance - Health and Life	-0-	1,562
666	Regulatory Commission Expense – Rate Case	1,545	1,169
675	Miscellaneous Expense	1,549	1,785
403	Depreciation Expense	11,578	12,462
408	Taxes Other Than Income	5,981	6,690
408.11	Property Taxes	3,216	3,045
409	Income Tax	-0-	-0-
	TOTAL OPERATING EXPENSES	\$ 104,464	\$ 100,836
	OPERATING INCOME/(LOSS)	\$ <8,199>	\$ <1,754>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 75	\$ 13
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	<702>	<544>
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ <627>	\$ <531>
	NET INCOME/(LOSS)	\$ <8,826>	\$ <2,285>

COMPANY NAME Montezuma Rimrock Water Company LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate		%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 24,758

Meter Deposits Refunded During the Test Year \$ 3,097

COMPANY NAME Montezuma Rimrock Water Company LLC

Name of System: Montezuma Rimrock Water Company LLC **ADEQ Public Water System Number:** 13-071

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	15	350	4	2	2004
55-621604	0	0	350	4	0	1976
55-621605	5	55	unknown	6	2	1994
55-213141	0	150	400	8	3	2006

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	4	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2000	2
5,200	2		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME

Name of System:

ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	733
3		
4	PVC	16,700
5		
6	PVC	13,233
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	202
3/4	12
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2 hypochlorinators

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC
Name of System: Montezuma Rimrock Water Company Public Water System Number: 13-071

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	204	948	993	0
FEBRUARY	206	789	843	0
MARCH	202	862	927	0
APRIL	209	1418	1466	0
MAY	204	1243	1327	0
JUNE	211	1171	1273	0
JULY	207	1343	1384	0
AUGUST	207	1102	1174	0
SEPTEMBER	207	1372	1387	0
OCTOBER	203	1068	1135	0
NOVEMBER	206	1084	1188	0
DECEMBER	199	852	875	0
TOTALS →		13,252	13,972	0

What is the level of arsenic for each well on your system? 35/40 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? ___ GPM for ___ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (x) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company LLC

Name of System: Montezuma Rimrock ~~WADEQ~~ **Public Water System Number:** 13-071

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST		1	
SEPTEMBER		2	
OCTOBER		3	
NOVEMBER		4	
DECEMBER			
TOTALS →		10	

OTHER (description):

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2008

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2008 was: \$ 3,044.65

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Patricia D. Olsen, Manager</u>
COMPANY NAME <u>Montezuma Rimrock Water Company LLC</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING


MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2008</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



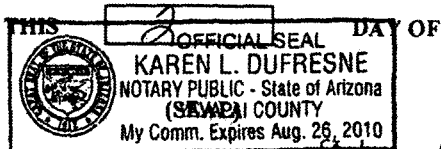
SIGNATURE OF OWNER OR OFFICIAL
928-592-9211

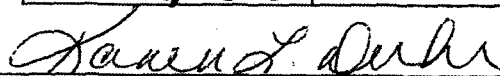
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME <u>Yavapai</u>
MONTH <u>April</u> <u>2009</u>





SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 8/26/2010

COMPANY NAME Montezuma Rimrock Water Company LLC YEAR ENDING 12/31/2008

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____ 0
Estimated or Actual Federal Tax Liability _____ 0

State Taxable Income Reported _____ 0
Estimated or Actual State Tax Liability _____ 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4-2-09

DATE

Patricia D. Olsen

PRINTED NAME

Manager

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

APR 09 2009
AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Patricia D. Olsen, Manager</u>
MONTH <u>Yavapai</u> <u>Rimrock Water Company LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

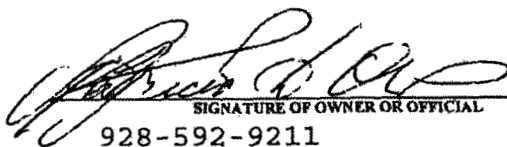
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2008 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) \$ <u>98,509</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 6033.53
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
928-592-9211

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

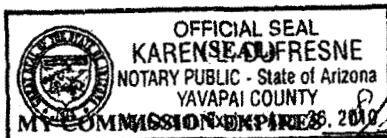
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

2

DAY OF

COUNTY NAME <u>Yavapai</u>
MONTH <u>April</u> <u>2009</u>





SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED

APR 4 2009

ARIZONA CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yavapai	
NAME OF OWNER (OR OFFICIAL) Olsen	TITLE Manager
COMPANY NAME Montezuma Rimrock Water Company LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2008

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2008 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 98,509
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 6033.53
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

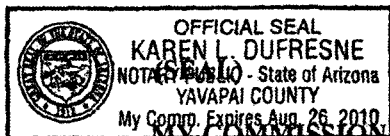
[Signature]
SIGNATURE OF OWNER OR OFFICIAL
928-592-9211
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 2 DAY OF

NOTARY PUBLIC NAME KAREN L. DUFRESNE	
COUNTY NAME Yavapai	
MONTH April	2009



MY COMMISSION EXPIRES

8/26/2010

[Signature]
SIGNATURE OF NOTARY PUBLIC

Yavapai County Treasurer

Loss D. Jacobs
Treasurer

1015 Fair Street
Prescott, Arizona 86305
www.co.yavapai.az.us
Prescott (928)771-3233
Cottonwood (928)639-8123
Fax (928)771-3390

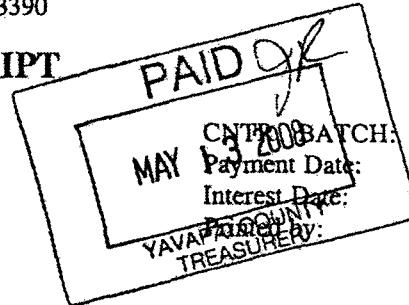
Sara L. Davis
Chief Deputy

Pg: 1

TAX RECEIPT

Paid by: MONTEZUMA RIMROCK WATER CO., LLC
PATRICIA D OLSEN/MANAGER

P O BOX 10
RIMROCK, AZ 86335



1338125
5/13/2008
5/13/2008
C95001

Property I.D.

Amount

CHECK NUMBER: --- 2085

943-92-69007	2007 TAXES	1,433.00
	2007 INT/FEE	19.10
	TOTL	1,452.10 *
	TOTAL PAID	1,452.10



Messages Admin Help Log Out

National Bank

ACCOUNTS Balances PAYMENTS Activity TRANSFERS eStatements SERVICES Search

View Transaction

Use this screen to view a cleared transaction.

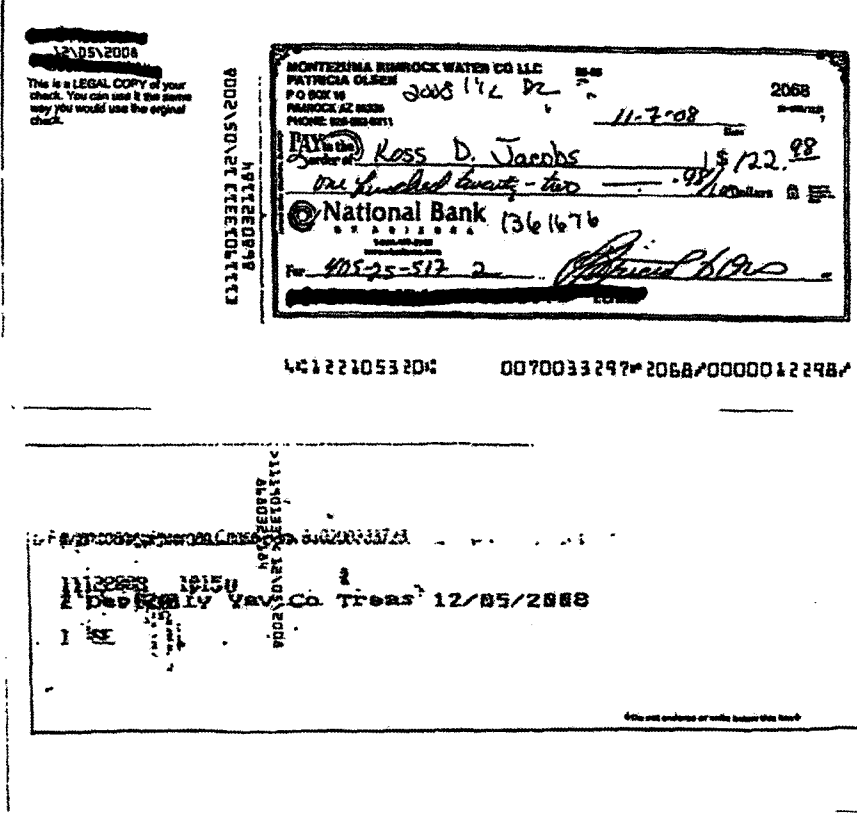
Transaction Information

Description: CHECK
Account: Basic Business Checking - xxx-xx329-7
Transaction: Check
Customer 2068
Reference ID:
Date Cleared: 12/08/2008
Amount: \$ 122.98

Date Initiated: 12/08/2008
FI Reference ID: [Redacted]

We are pleased to offer your check images online. In order to maintain this service, there is scheduled maintenance every Saturday at 11:00 PM MT (10:00 PM PT) and on the last day of each month at 7:00 PM MT (6:00 PM PT). During this time, which typically lasts about six hours, your images may not be available. We apologize for the inconvenience this may cause.

Transaction Image



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ACCOUNTS PAYMENTS TRANSFERS SERVICES
Balances Activity eStatements Search

View Transaction

Use this screen to view a cleared transaction.

Transaction Information

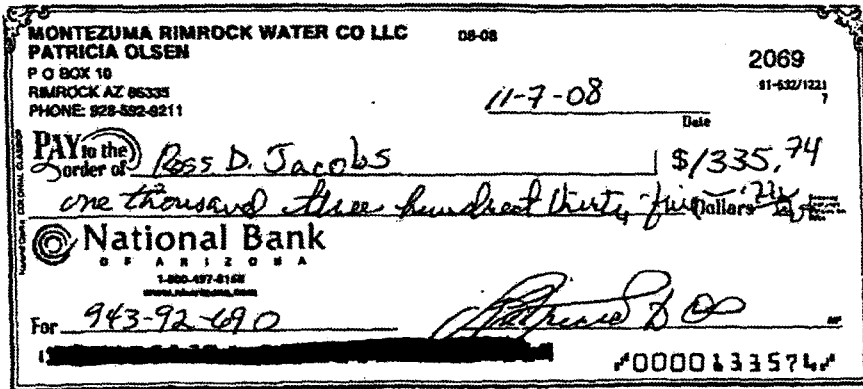
Description: CHECK
Account: Basic Business Checking - xxx
Transaction: Check
Customer 2069
Reference ID:
Date Cleared: 11/13/2008
Amount: \$ 1,335.74

Date Initiated: 11/13/2008
FI Reference ID:

We are pleased to offer your check images online. In order to maintain this service, there is scheduled maintenance every Saturday at 11:00 PM MT (10:00 PM PT) and on the last day of each month at 7:00 PM MT (6:00 PM PT). During this time, which typically lasts about six hours, your images may not be available. We apologize for the inconvenience this may cause.

Transaction Image

11122205 1015 CREDITED TO PAUCE AEG
3439849027 0242 118 1119913312 PAY. PLEV.
1 1119913312 JPMORGAN CHASE BANK NA
5340398700 FT WORTH, TX



CHECK

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C-EX 34

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-04254A

M

Montezuma Rimrock Water Company LLC
P.O. Box 10
Rimrock, AZ 86335

RECEIVED

ARIZONA CORP COM
UTILITIES

EXHIBIT
C-34
ADMITTED

ANNUAL REPORT

FOR YEAR ENDING

12 31 2007

FOR COMMISSION USE

ANN 04 07

PROCESSED BY:

4-15-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Montezuma Rimrock Water Company, LLC</u>		
Mailing Address <u>P.O. Box 10</u> <small>(Street)</small>		
<u>Rimrock</u> <small>(City)</small>	<u>Arizona</u> <small>(State)</small>	<u>86335</u> <small>(Zip)</small>
<u>928-592-9211</u> <small>Telephone No. (Include Area Code)</small>	<u>928-592-9211</u> <small>Fax No. (Include Area Code)</small>	<u>928-300-3291</u> <small>Cell No. (Include Area Code)</small>
Email Address <u>patsy@montezumawater.com</u>		
Local Office Mailing Address _____ <small>(Street)</small>		
_____ <small>(City)</small>	_____ <small>(State)</small>	_____ <small>(Zip)</small>
_____ <small>Local Office Telephone No. (Include Area Code)</small>	_____ <small>Fax No. (Include Area Code)</small>	_____ <small>Cell No. (Include Area Code)</small>
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Patricia D. Olsen</u>		<u>Manager</u>	
<small>(Name)</small>		<small>(Title)</small>	
<u>P.O. Box 10</u> <small>(Street)</small>	<u>Rimrock</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>86335</u> <small>(Zip)</small>
<u>928-592-9211</u> <small>Telephone No. (Include Area Code)</small>	<u>928-592-9211</u> <small>Fax No. (Include Area Code)</small>	<u>928-300-3291</u> <small>Cell No. (Include Area Code)</small>	
Email Address <u>patsy@montezumawater.com</u>			
On Site Manager: <u>Patricia Olsen</u>			
<small>(Name)</small>			
<u>P.O. Box 10</u> <small>(Street)</small>	<u>Rimrock</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>86335</u> <small>(Zip)</small>
<u>928-592-9211</u> <small>Telephone No. (Include Area Code)</small>	<u>928-592-9211</u> <small>Fax No. (Include Area Code)</small>	<u>928-300-3291</u> <small>Cell No. (Include Area Code)</small>	
Email Address <u>patsy@montezumawater.com</u>			

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: _____
 _____ (Name)
 _____ (Street) _____ (City) _____ (State) _____ (Zip)
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: _____
 _____ (Name)
 _____ (Street) _____ (City) _____ (State) _____ (Zip)
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input checked="" type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME Montezuma Rimrock Water Company, LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0	0	
302	Franchises	0	0	
303	Land and Land Rights	9259	0	9259
304	Structures and Improvements	17400	3229	14171
307	Wells and Springs	39152	6306	31397
311	Pumping Equipment	16793	3955	12838
320	Water Treatment Equipment	1608	424	1183
330	Distribution Reservoirs and Standpipes	12284	2547	9737
331	Transmission and Distribution Mains	42652	10643	32009
333	Services	10847	2079	8768
334	Meters and Meter Installations	25293	4151	21142
335	Hydrants	11264	563	10701
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	6690	1119	5571
340	Office Furniture and Equipment	1841	236	1605
341	Transportation Equipment	12000	6000	6000
343	Tools, Shop and Garage Equipment	12481	2084	10397
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	1399	350	1049
346 309	XXXXXXXXXXXXXXXXXXXX Supply Mains	228	11	217
347 310	XXXXXXXXXXXXXXXXXXXX Power Generating	1054	158	896
348	Other Tangible Plant	0	0	0
	TOTALS	222,243	43,929	178,314

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Montezuma Rimrock Water Company, LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	9259	0	0
304	Structures and Improvements	17400	9.46%	1646
307	Wells and Springs	39152	9.81%	3842
311	Pumping Equipment	16793	9.85%	1654
320	Water Treatment Equipment	1608	12.03%	193
330	Distribution Reservoirs and Standpipes	12284	9.95%	1222
331	Transmission and Distribution Mains	42652	10.00%	4264
333	Services	10847	10.28%	1115
334	Meters and Meter Installations	25293	8.48%	2144
335	Hydrants	11264	5.00%	563
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	6690	9.68%	647
340	Office Furniture and Equipment	1841	7.33%	135
341	Transportation Equipment	12000	20.00%	2400
343	Tools, Shop and Garage Equipment	12481	9.32%	1164
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	1399	10.00%	140
346 30	XXXXXXXXXXXXXXX Supply Mains	228	5.00%	11
347 31	XXXXXXXXXXXXXXX Power Generating	1054	10.00%	105
348	Other Tangible Plant	0	0	0
	TOTALS	222,243		21,248

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME Montezuma Rimrock Water Company, LLC

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 0	\$ 0
134	Working Funds	32,745	48,332
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 33,122	\$ 48,709
	FIXED ASSETS		
101	Utility Plant in Service	\$ 193,380	\$ 222,243
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	<22,681>	<43,929>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 170,699	\$ 178,314
	TOTAL ASSETS	\$ 203,821	\$ 227,023

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME Montezuma Rimrock Water Company, LLC

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	6,169	10,321
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		650
	TOTAL CURRENT LIABILITIES	\$ 6,169	\$ 10,971
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	22,400	29,605
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	78,421	114,281
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 100,821	\$ 143,866
	TOTAL LIABILITIES	\$ 106,990	\$ 154,856
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<13,413>	<37,724>
218	Proprietary Capital (Sole Props and Partnerships)	110,244	109,891
	TOTAL CAPITAL	\$ 96,831	\$ 72,167
	TOTAL LIABILITIES AND CAPITAL	\$ 203,821	\$ 227,023

COMPANY NAME Montezuma Rimrock Water Company, LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue	95,228	90,490
474	Other Water Revenues	400	560
	TOTAL REVENUES	\$ 95,628	\$ 91,050
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 8,516
610	Purchased Water	307	697
615	Purchased Power	5,417	5,559
618	Chemicals	383	802
620	Repairs and Maintenance	15,729	14,449
621	Office Supplies and Expense	12,039	11,372
630	Outside Services	19,262	16,664
635	Water Testing	2,991	2,709
641	Rents	319	5,500
650	Transportation Expenses	12,870	10,507
657	Insurance – General Liability	4,120	4,420
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense – Rate Case	0	1,545
675	Miscellaneous Expense	1,739	1,549
403	Depreciation Expense	16,267	21,248
408	Taxes Other Than Income	6,255	5,981
408.11	Property Taxes	3,270	3,216
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 100,969	\$ 114,134
	OPERATING INCOME/(LOSS)	\$ <5,341>	\$ <23,684>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 67	\$ 75
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	<624>	<702>
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ <557>	\$ <624>
	NET INCOME/(LOSS)	\$ <5,898>	\$ <24,311>

COMPANY NAME Montezuma Rimrock Water Company, LLC

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 27,855

Meter Deposits Refunded During the Test Year \$ 2,180

COMPANY NAME	Montezuma Rimrock Water Company, LLC		
Name of System:	Montezuma Rimrock Water Company, LLC	ADFO Public Water System Number:	13-071

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	15	350	4	2	2004
55-621604	0	0	350	4	0	1976
55-621605	5	55		6	2	1994
55-213141	0	700	400	8	0	2006

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	4	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2000	
5,200	2		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Montezuma Rimrock Water Company, LLC
Name of System: Montezuma Rimrock Water Company, LLC ADEQ Public Water System Number: 13-071

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	197
3/4	11
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2 hypochlorinators

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Company, LLC
Name of System: Montezuma Rimrock Water Company Water System Number: 13-071

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	198	772	907	
FEBRUARY	201	768	813	
MARCH	201	832	958	
APRIL	202	1018	1168	
MAY	208	1500	1512	
JUNE	206	1316	1341	
JULY	212	1561	1674	
AUGUST	213	1217	1236	
SEPTEMBER	218	1542	1583	
OCTOBER	218	1522	1569	
NOVEMBER	211	1083	1123	
DECEMBER	206	1108	1125	
TOTALS →		14,239	15,009	

What is the level of arsenic for each well on your system? 30, 35 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Montezuma Rimrock Water Company, LLC YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 3,215.65

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

RECEIVED

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Patricia Olsen</u>
COMPANY NAME	<u>Montezuma Rimrock Water Company, LLC</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

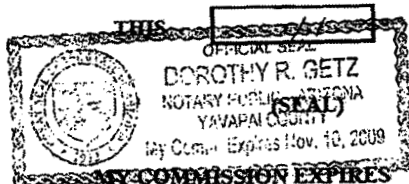

SIGNATURE OF OWNER OR OFFICIAL

928-592-9211

TELEPHONE NUMBER

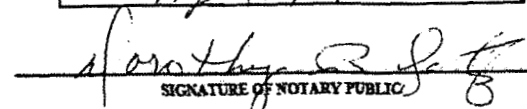
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF

COUNTY NAME	<u>YAVAPAI</u>	
MONTH	<u>April</u>	<u>2008</u>


SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Montezuma Rimrock Water Company, LLC YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported <34,223>
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported <34,223>
Estimated or Actual State Tax Liability 0

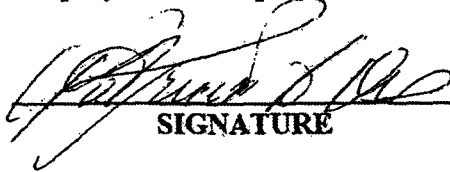
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4/1/08

DATE

Patricia D. Olsen

PRINTED NAME

Manager

TITLE

RECEIVED

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Patricia D. Olsen, Manager</u>
MONTH YEAR <u>Rimrock Water Company, LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>91,050</u>

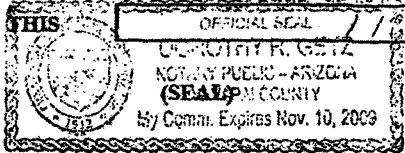
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 5,861.93
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Patricia D. Olsen
SIGNATURE OF OWNER OR OFFICIAL
928-592-9211
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS OFFICIAL SEAL 11 DAY OF

 MY COMMISSION EXPIRES 11-10-09

COUNTY NAME <u>YAVAPAI</u>
MONTH <u>April</u> YEAR <u>2008</u>

Dorothy R. Getz
SIGNATURE OF NOTARY PUBLIC

DOROTHY R. GETZ
NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)		Yavapai
NAME (OWNER OR OFFICIAL)	Patricia Olsen	TITLE Manager
COMPANY NAME Montezuma Rimrock Water Company, LLC		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 91,050

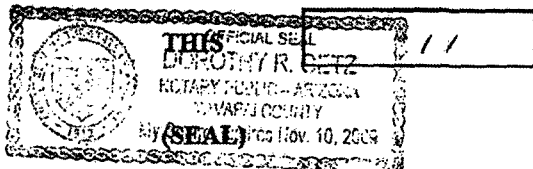
THE AMOUNT IN BOX AT LEFT INCLUDES \$ 5,861.93 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**

Patricia Olsen
SIGNATURE OF OWNER OR OFFICIAL
928-592-9211
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF

NOTARY PUBLIC NAME Dorothy R. Getz	
COUNTY NAME YAVAPAI	
MONTH April	YEAR 2008

MY COMMISSION EXPIRES

11-10-09

X *Dorothy R. Getz*
SIGNATURE OF NOTARY PUBLIC

Chase Online

BUS CLASSIC W/INT (...8169)

Check Number: 1873

Post Date: 10/2007

Amount of Check: N/A

MONTEZUMA RIMROCK WATER CO LLC 06-04 91-241
1221
643458189 1873

PATRICIA OLSEN
P.O. BOX 10 PH. 928-592-9211
RIMROCK, AZ 86335

DATE 10-6-07

PAY TO THE ORDER OF Ross D. Jacobs \$ 104.72

one hundred four 72/100 DOLLARS

CHASE
JPMorgan Chase Bank, N.A.
Phoenix, Arizona 85073
www.Chase.com

MEMO 405-25-517 *[Signature]*

⑆340499725⑆

Handwritten note: 405-25-517

Need help printing or saving this check?

⑆340499725⑆ 1015 CREDITED TO PAYEE AEG
 2 8218 109 >111901331< PHX RLBX
 ⑆4052551702⑆ JPMORGAN CHASE BANK NA
 1 1115311 20658264 FT WORTH, TX
 4340499725

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Chase Online

[Click here to close this window.](#)

My Accounts > Account Activity > Check Details

Check Details

[Print](#) [Help with this page](#)

BUS CLASSIC W/INT (...8169)

Check Number: 1779

Post Date: 06/25/2007

Amount of Check: \$1,677.07

 [Front](#) [Enlarge/Reduce Check Image](#)

MONTEZUMA RIMROCK WATER CO LLC 08-04 91-241 1221 12966841779
 PATRICIA OLSEN 043458189
 P.O. BOX 10 PH. 928-592-9211 RIMROCK, AZ 86335 DATE 6-22-07

FAY TO THE ORDER OF Ross D. Jacobs \$ 1677.07
one thousand six hundred seventy-seven and 07/100ths
 CHASE 2006 D12 9439564009
 JPMorgan Chase Bank, N.A. Phoenix, Arizona 85073 www.Chase.com
 MEMO Taxes [Signature]

Need help printing or saving this check?

 [Back](#) [Enlarge/Reduce Check Image](#)

FOR DEPOSIT ONLY
 YAVAPAI COUNTY TREASURER

[Microprint area with a large blacked-out redaction]

Need help printing or saving this check?

Chase Online

Click here to close this window.

My Accounts > Account Activity > Check Details

Check Details

Print Help with this page

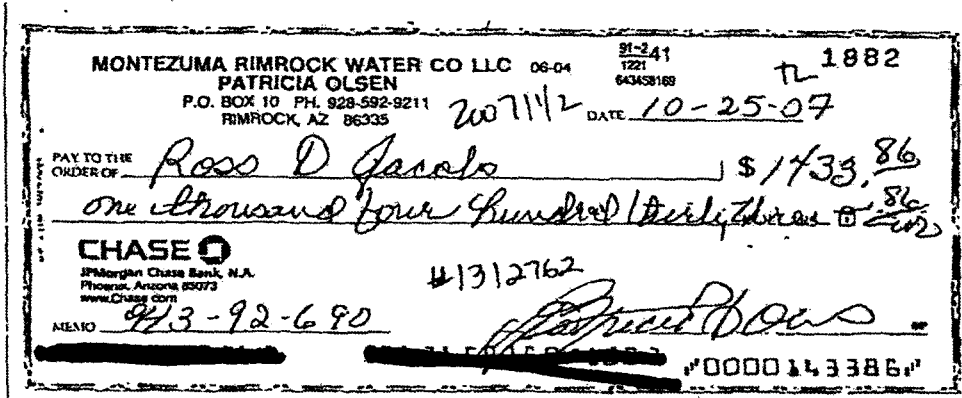
BUS CLASSIC W/INT (...8169)

Check Number: 1882

Post Date: 11/19/2007

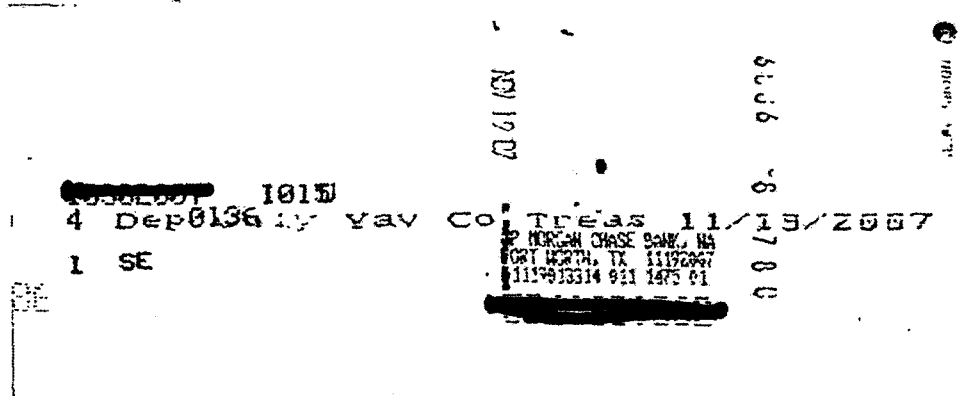
Amount of Check: \$1,433.86

Front Enlarge/Reduce Check Image



Need help printing or saving this check?

Back Enlarge/Reduce Check Image



Need help printing or saving this check?

C-EX35

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

<p>W-04254A Montezuma Rimrock Water Company, L.L.C. PO Box 10 Rimrock, AZ 86335</p>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">m</div>
--	---

EXHIBIT

C-35

ADMITTED

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN 04	06
--------	----

PROCESSED BY: A-1307RF

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Montezuma Rimrock Water Co LLC</u>		
Mailing Address <u>P.O. Box 10</u>		
<u>Rimrock</u> (City)	<u>AZ</u> (State)	<u>86335</u> (Zip)
<u>928-592-9211</u> Telephone No. (Include Area Code)	<u>same</u> Fax No. (Include Area Code)	<u>928-300-3291</u> Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>P.O. Box 10</u>		
<u>Rimrock</u> (City)	<u>AZ</u> (State)	<u>86335</u> (Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Patricia Olsen</u>		
(Name)		
<u>P.O. Box 10</u> (Street)	<u>Rimrock</u> (City)	<u>AZ</u> (State)
<u>928-592-9211</u> Telephone No. (Include Area Code)	<u>928-592-9211</u> Fax No. (Include Area Code)	<u>86335</u> (Zip)
<u>928-300-3291</u> Pager/Cell No. (Include Area Code)		
Email Address _____		
On Site Manager: <u>Patsy Olsen</u>		
(Name)		
<u>4615 E. Goldmine Rd.</u> (Street)	<u>Rimrock</u> (City)	<u>AZ</u> (State)
<u>928-592-9211</u> Telephone No. (Include Area Code)	<u>928-592-9211</u> Fax No. (Include Area Code)	<u>86335</u> (Zip)
<u>928-300-3291</u> Pager/Cell No. (Include Area Code)		
Email Address _____		

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent:			
	(Name)		
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney:			
	(Name)		
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input checked="" type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input checked="" type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME

MONTEZUMA RIMROCK WATER CO. LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	9,259	0	9,259
304	Structures and Improvements	15,515	1,584	13,931
307	Wells and Springs	37,703	2,537	35,166
311	Pumping Equipment	16,300	2,301	13,999
320	Water Treatment Equipment	819	231	588
330	Distribution Reservoirs and Standpipes	12,168	1,324	10,844
331	Transmission and Distribution Mains	43,706	6,381	37,325
333	Services	9,725	964	8,761
334	Meters and Meter Installations	17,447	2,006	15,441
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	5,661	472	5,189
340	Office Furniture and Equipment	875	101	774
341	Transportation Equipment	12,000	3,600	8,400
343	Tools, Shop and Garage Equipment	10,803	920	9,883
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	1,399	210	1,189
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	TOTALS	193,380	22,631	170,749

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME *MONTEZUMA RIMROCK WATER CO, LLC*

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	9,259	0	0
304	Structures and Improvements	15,515	7.60%	1,180
307	Wells and Springs	37,703	5.86%	2,211
311	Pumping Equipment	16,300	9.56%	1,558
320	Water Treatment Equipment	819	18.8%	154
330	Distribution Reservoirs and Standpipes	12,168	7.94%	966
331	Transmission and Distribution Mains	43,706	9.80%	4,283
333	Services	9,725	7.68%	747
334	Meters and Meter Installations	17,447	8.62%	1,441
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	5,661	6.80%	385
340	Office Furniture and Equipment	875	8.26%	72
341	Transportation Equipment	12,000	20%	2,400
343	Tools, Shop and Garage Equipment	10,803	6.76%	730
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	1,399	10%	140
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	TOTALS	193,380		16,267

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

*USED 10% FOR PRIOR YEAR ASSETS, USED MID-YEAR CONVENTION
AND 10YR LIFE FOR 2006 ASSET ADDITIONS, EXCEPT FOR ACCT 341
USED 20% AND 5 YEAR LIFE*

COMPANY NAME MONTEZUMA RIMROCK WATER CO, LLC

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$ 671	\$ 0
134	Working Funds	40,845	32,745
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	377	377
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 41,893	\$ 33,122
FIXED ASSETS			
101	Utility Plant in Service	\$ 123,981	\$ 193,380
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	<6336>	<22,681>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 118,204	\$ 170,699
	TOTAL ASSETS	\$ 160,097	\$ 203,821

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME *MONTEZUMA RIM ROCK WATER CO, LLC*

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	<i>2,230</i>	<i>6,169</i>
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ <i>2,230</i>	\$ <i>6,169</i>
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	<i>7,800</i>	<i>22,400</i>
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	<i>42,000</i>	<i>78,421</i>
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ <i>49,800</i>	\$ <i>100,821</i>
	TOTAL LIABILITIES	\$ <i>52,030</i>	\$ <i>106,990</i>
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<i>(9,436)</i>	<i>(13,413)</i>
218	Proprietary Capital (Sole Props and Partnerships)	<i>117,503</i>	<i>110,244</i>
	TOTAL CAPITAL	\$ <i>108,067</i>	\$ <i>96,831</i>
	TOTAL LIABILITIES AND CAPITAL	\$ <i>160,097</i>	\$ <i>203,821</i>

COMPANY NAME MONTEZUMA RIMROCK WATER CO., LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue	47,982	95,228
474	Other Water Revenues	2,364	400
	TOTAL REVENUES	\$ 50,286	\$ 95,628
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 0
610	Purchased Water	0	307
615	Purchased Power	2,909	5,417
618	Chemicals	211	383
620	Repairs and Maintenance	25,131	15,729
621	Office Supplies and Expense	3,589	12,039
630	Outside Services	3,615	19,262
635	Water Testing	530	2,991
641	Rents	0	319
650	Transportation Expenses	5,028	12,870
657	Insurance - General Liability	3,390	4,120
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	2,634	1,739
403	Depreciation Expense	61,366	116,267
408	Taxes Other Than Income	0	6,255
408.11	Property Taxes	61,326	31,270
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 59,749	\$ 100,969
	OPERATING INCOME/(LOSS)	\$ (9,463)	\$ (5,341)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 27	\$ 67
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(624)
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 27	\$ (557)
	NET INCOME/(LOSS)	\$ (9,436)	\$ (5,898)

COMPANY NAME *Montezuma Rimrock Water Co, LLC*

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME: Montezuma Rimrock Water Company LLC

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	15	350	4	2	2004
55-621604	0	0	350	4	0	1976
55-621605	5	55		6	2	1994
55-213141	0	700	400	8	0	2006

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	3	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2000	2
5,200	2		

COMPANY NAME	<i>Monterezuma Rimrock Water Co. LLC</i>
Name of System	ADEQ Public Water System Number (if applicable) <i>13-071</i>

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	<i>198</i>
3/4	<i>2</i>
1	<i>1</i>
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2 hypochlorinators

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Montezuma Rimrock Water Co. LLC
 Name of System: _____ ADEQ Public Water System Number (if applicable) 13-071

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)	
JANUARY	74	792	957		
FEBRUARY	73	894	1,040		
MARCH	82	880	880	0	
APRIL	86	960	1,136		
MAY	193	1,062	1,199		
JUNE	190	1,578	1,588		
JULY	193	1,163	1,216		
AUGUST	193	1,151	1,247		
SEPTEMBER	192	1,021	1,165		
OCTOBER	198	1,028	1,212		
NOVEMBER	198	1,027	1,079		
DECEMBER	198	888	944		
TOTALS →		12,444	13,663		

What is the level of arsenic for each well on your system? 30, 35 mg/l
 (If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Montezuma Rimrock Water Co LLC YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 3,270.

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why.

Yavapai County Treasurer

Ross D. Jacobs
Treasurer


1015 Fair Street
Prescott, Arizona 86305
www.co.yavapai.az.us
Prescott (928)771-3233
Cottonwood (928)639-8123
Fax (928)771-3390

Sara L. Davis
Chief Deputy

TAX RECEIPT

Paid by: MONTEZUMA RIMROCK WATER CO., LLC
PETER O SANCHEZ/PRESIDENT

P O BOX 592
RIMROCK, AZ 86335


MAIL BATCH: 1246221
Payment Date: 4/28/2006
Interest Date: 4/27/2006
Printed by: C95001
DUPLICATE Printed: 4/10/2007

Property I.D.

Amount

CHECK NUMBER: ---

943-92-69007	2005 TAXES	1,403.07
	2005 REFUND	.05
	TOTL	1,403.12 *

Prescott AZ 86305-1807
 1015 Fair Street
 Yavapai County Treasurer
 Ross D. Jacobs

check # 1505
10-1-06
5018

Penalty for late payment is 16% per year prorated monthly as of the 1st day of the month for payments postmarked after 5:00 P.M. (ARS 42-18052 and ARS 42-18053)

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.

405-25-517 2 0114194

MONTEZUMA RIMROCK WATER CO LLC

TO PAY 2ND HALF
 PAY 52.83
 Ross D. Jacobs
 Yavapai County Treasurer
 1015 Fair Street
 Prescott AZ 86305-1807

DETACH AND RETURN WITH PAYMENT

2006 SECOND HALF PAYMENT COUPON

Payment in U.S. FUNDS ONLY

2006 PROPERTY TAX NOTICE ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	PRIMARY PROPERTY TAX	
405-25-517 2	2690	6.5163	3.3273		57.74	
					LESS STATE AID TO EDUCATION	0.00
					NET PRIMARY PROPERTY TAX	57.74
					SECONDARY PROPERTY TAX	47.92
					SPECIAL DISTRICT TAX	0.00
					TOTAL TAX DUE	105.66

AGREEMENT	JURISDICTION	2006 TAXES	2005 TAXES
0114194	02000 YAVAPAI COUNTY	14.67	11.93
	05028 BEAVER CREEK SD #28	37.61	37.05
	08150 COMMUNITY COLLEGE	15.94	13.16
	11213 MONTEZUMA-RIMROCK FD	31.82	23.32
	11900 FIRE DISTRICT ASSIST	1.29	1.00
	14900 YAVAPAI COUNTY LIBRA	1.47	1.13
	15001 YAVAPAI FLOOD CONTRO	2.86	2.06
	02001 STATE SCHOOL TAX EQU	0.00	3.05
	TOTALS	105.66	92.70

This is the only notice you will receive.

Ross D. Jacobs
 Yavapai County Treasurer
 1015 Fair Street
 Prescott AZ 86305-1807

**THIS IS A
 CALENDAR YEAR
 TAX NOTICE**

405-25-517 2
 0043874 01 AV 0.293 **AUTO T5 0 0796 86335-001010

MONTEZUMA RIMROCK WATER CO LLC
 PO BOX 10
 RIMROCK AZ 86335-0010

PAYMENT INSTRUCTIONS
 To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than 5:00 P.M. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than 5:00 P.M. To pay taxes for the full year if the entire amount billed exceeds \$100, send the 1st half coupon with your payment postmarked no later than 5:00 P.M. Delinquent interest will be waived.

Ross D. Jacobs
 Yavapai County Treasurer
 1015 Fair Street
 Prescott AZ 86305-1807

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PARCEL NUMBER

Yavapai County Treasurer

Ross D. Jacobs
Treasurer

1015 Fair Street
Prescott, Arizona 86305
www.co.yavapai.az.us
Prescott (928)771-3233
Cottonwood (928)639-8123
Fax (928)771-3390

Sara L. Davis
Chief Deputy

TAX RECEIPT

PAID
JK
OCT 10 2006

Paid by: MONTEZUMA RIMROCK WATER CO., LLC
PATRICIA D OLSEN
P O BOX 10
RIMROCK, AZ 86335

MAR BATCH: 1258381
Payment Date: 10/06/2006
Interest Date: 10/05/2006
Printed by: C95001
DUPLICATE Printed: 4/10/2007

Property I.D.		Amount
943-92-69007	2006 TAXES	1,633.51
	TOTL	1,633.51 *

CHECK NUMBER: ---

Chase Online

[Click here to close this window.](#)

Check Details

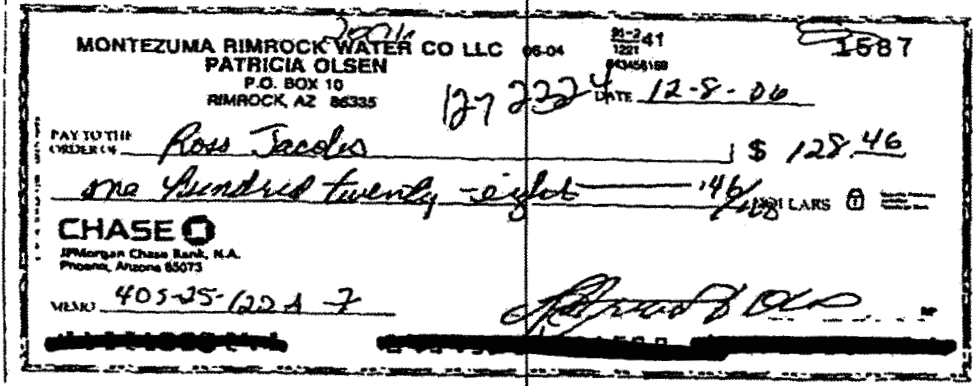
BUS CLASSIC W/INT (...8169)

Check Number: 1587

Post Date: 12/13/2006

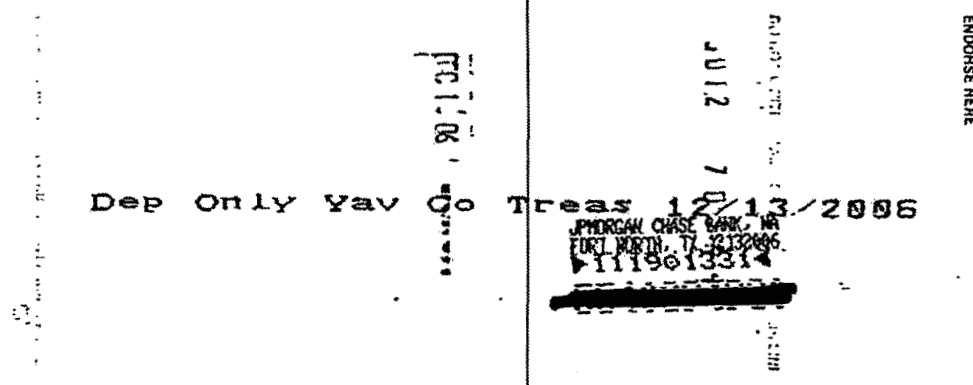
Amount of Check: \$128.46

 [Front Enlarge/Reduce Check Image](#)



Need help printing or saving this check?

 [Back Enlarge/Reduce Check Image](#)



Need help printing or saving this check?

COMPANY NAME MONTEZUMA RIMROCK WATER CO., LLC YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (5898)
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported (5898)
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/7/07
DATE

Patricia D. Olsen
PRINTED NAME

Manager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	Yavapai	
NAME (OWNER OR OFFICIAL)	Patricia Olsen	TITLE Manager
COMPANY NAME	Montezuma Rimrock Water Co, LLC	

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 101,663.67

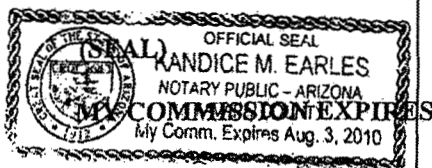
THE AMOUNT IN BOX AT LEFT INCLUDES \$ 6,156.00 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

Patricia Olsen
SIGNATURE OF OWNER OR OFFICIAL
928-300-3291
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 11 DAY OF

NOTARY PUBLIC NAME	Kandice M. Earles	
COUNTY NAME	Yavapai	
MONTH	April	2007



Kandice M. Earles
SIGNATURE OF NOTARY PUBLIC

Aug 3, 2010

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OR (COUNTY NAME) <i>Yavapai</i>
NAME (OWNER OR OFFICIAL) TITLE <i>Montezuma Pimicck Water Co LLC Patricia Olsen, Manager</i>
COMPANY NAME <i>Montezuma Pimicck Water Co LLC</i>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ 2,508 101,663.67

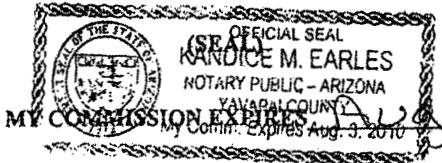
(THE AMOUNT IN BOX ABOVE INCLUDES \$ 6,156.00 IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Patricia Olsen
SIGNATURE OF OWNER OR OFFICIAL
928-330-3291
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 11 DAY OF

COUNTY NAME	<i>Yavapai</i>
MONTH	<i>April</i>
	<i>.2007</i>



Kandice M. Earles
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Yavapai
NAME (OWNER OR OFFICIAL) TITLE	Patricia Olsen, Manager
COMPANY NAME	Montezuma Rimrock Water Collc

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Patricia Olsen

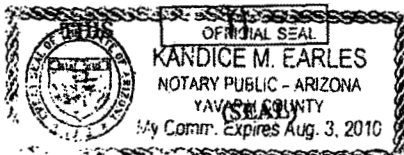
SIGNATURE OF OWNER OR OFFICIAL
428-300-3291

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME	Yavapai
MONTH	April .2007



MY COMMISSION EXPIRES Aug 3, 2010

Kandice M. Earles

SIGNATURE OF NOTARY PUBLIC

C-EX 36

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-04254A

m

Montezuma Rimrock Water Company LLC

P.O. Box 10

Rimrock, AZ 86335

RECEIVED

APR 14 2006

Z Corporation Commission
Director of Utilities

ANNUAL REPORT

EXHIBIT
C-36
ADMITTED

FOR YEAR ENDING

12	31	2005
----	----	------

entered
4-14-06
RF

FOR COMMISSION USE
ANN04 05

COMPANY INFORMATION

Company Name (Business Name) _____ <u>Montezuma Rimrock Water Company LLC</u> _____		
Mailing Address _____ <u>4599 E. Goldmine Rd.</u> _____		
_____ <u>Rimrock,</u> _____	_____ <u>AZ</u> _____	_____ <u>86335</u> _____
(City)	(State)	(Zip)
_____ <u>928-592-9211</u> _____	_____ <u>928-226-0278</u> _____	_____ <u>928-300-3291</u> _____
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address _____ <u>P.O. Box 10</u> _____		
_____ <u>Rimrock,</u> _____	_____ <u>AZ</u> _____	_____ <u>86335</u> _____
(City)	(State)	(Zip)
_____ <u>same as above</u> _____		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: _____ <u>Patricia D. Olsen</u> _____		
	(Name)	_____ <u>Manager</u> _____
		(Title)
_____ <u>2126 S. Tombaugh Way</u> _____	_____ <u>Flagstaff</u> _____	_____ <u>AZ</u> _____ <u>86335</u> _____
(Street)	(City)	(State) (Zip)
_____ <u>928-592-9211</u> _____	_____ <u>928-226-0278</u> _____	_____ <u>928-300-3291</u> _____
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
On Site Manager: _____ <u>Patricia Olsen</u> _____		
	(Name)	
_____ <u>2126 S. Tombaugh Way</u> _____	_____ <u>Flagstaff,</u> _____	_____ <u>AZ</u> _____ <u>86001</u> _____
(Street)	(City)	(State) (Zip)
_____ _____	_____ _____	_____ _____
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

X Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input checked="" type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

MONTEZUMA RIMROCK WATER CO., LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	9,259	0	9,259
304	Structures and Improvements	8,082	404	7,678
307	Wells and Springs	6,529	326	6,203
311	Pumping Equipment	14,864	743	14,121
320	Water Treatment Equipment	1,531	77	1,455
330	Distribution Reservoirs and Standpipes	7,162	358	6,804
331	Transmission and Distribution Mains	41,969	2,098	39,871
333	Services	4,336	217	4,119
334	Meters and Meter Installations	11,304	525	10,739
335	Hydrants	—	—	—
336	Backflow Prevention Devices	—	—	—
339	Other Plant and Misc. Equipment	1,741	87	1,654
340	Office Furniture and Equipment	589	29	560
341	Transportation Equipment	12,000	1,200	10,800
343	Tools, Shop and Garage Equipment	3,804	190	3,613
344	Laboratory Equipment	—	—	—
345	Power Operated Equipment	1,399	70	1,329
346	Communication Equipment	—	—	—
347	Miscellaneous Equipment	—	—	—
348	Other Tangible Plant	—	—	—
	TOTALS	124,570	6,366	118,204

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME MONTEZUMA RIMROCK WATER CO., LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	9259	0	0
304	Structures and Improvements	8082	5%	404
307	Wells and Springs	6529	5%	326
311	Pumping Equipment	14864	5%	743
320	Water Treatment Equipment	1531	5%	77
330	Distribution Reservoirs and Standpipes	7162	5%	358
331	Transmission and Distribution Mains	41969	5%	2098
333	Services	4336	5%	217
334	Meters and Meter Installations	11304	5%	565
335	Hydrants	—	—	—
336	Backflow Prevention Devices	—	—	—
339	Other Plant and Misc. Equipment	1741	5%	87
340	Office Furniture and Equipment	589	5%	29
341	Transportation Equipment	12000	10%	1200
343	Tools, Shop and Garage Equipment	3804	5%	190
344	Laboratory Equipment	—	—	—
345	Power Operated Equipment	1399	5%	70
346	Communication Equipment	—	—	—
347	Miscellaneous Equipment	—	—	—
348	Other Tangible Plant	—	—	—
	TOTALS	124,570		6366

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

*USED MID-YEAR CONVENTION, 10 YEAR LIFE
ANNUAL RATE IS 10%, EXCEPT FOR
ACCT# 341 = 20% AND 5 YEAR LIFE*

COMPANY NAME MONTEZUMA RIMROCK WATER CO, LLC

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 0	\$ 671
134	Working Funds	0	40845
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	0	0
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	377
162	Prepayments	0	
174	Miscellaneous Current and Accrued Assets	0	
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 0	\$ 41893
	FIXED ASSETS		
101	Utility Plant in Service	\$ 0	\$ 123,981
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	0	(6,336)
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	TOTAL FIXED ASSETS	\$ 0	\$ 118204
	TOTAL ASSETS	\$ 0	\$ 160097

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME *MONTEZUMA RIMROCK WATER CO, LLC*

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITIES			
231	Accounts Payable	\$ 0	\$
232	Notes Payable (Current Portion)	0	
234	Notes/Accounts Payable to Associated Companies	0	
235	Customer Deposits	0	2,230
236	Accrued Taxes	0	
237	Accrued Interest	0	
241	Miscellaneous Current and Accrued Liabilities	0	
	TOTAL CURRENT LIABILITIES	\$ 0	\$ 2,230
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$ 0	\$
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$ 0	\$
252	Advances in Aid of Construction	0	7,800
255	Accumulated Deferred Investment Tax Credits	0	
271	Contributions in Aid of Construction	0	42,000
272	Less: Amortization of Contributions	0	
281	Accumulated Deferred Income Tax	0	
	TOTAL DEFERRED CREDITS	\$ 0	\$ 49,800
	TOTAL LIABILITIES	\$ 0	\$ 52,030
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 0	\$
211	Paid in Capital in Excess of Par Value	0	
215	Retained Earnings	0	(9436)
218	Proprietary Capital (Sole Props and Partnerships)	0	117,503
	TOTAL CAPITAL	\$ 0	\$ 108,067
	TOTAL LIABILITIES AND CAPITAL	\$ 0	\$ 160,097

COMPANY NAME MONTEZUMA RIMROCK WATER CO., LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 0	\$
460	Unmetered Water Revenue	0	47,982
474	Other Water Revenues	0	2,304
	TOTAL REVENUES	\$ 0	\$ 50,286
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 0
610	Purchased Water	0	0
615	Purchased Power	0	2909
618	Chemicals	0	211
620	Repairs and Maintenance	0	25131
621	Office Supplies and Expense	0	3589
630	Outside Services	0	3615
635	Water Testing	0	550
641	Rents	0	0
650	Transportation Expenses	0	5028
657	Insurance - General Liability	0	3390
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	0	2634
403	Depreciation Expense	0	0346
408	Taxes Other Than Income	0	0
408.11	Property Taxes	0	6326
409	Income Tax	0	
	TOTAL OPERATING EXPENSES	\$ 0	\$ 59749
	OPERATING INCOME/(LOSS)	\$ 0	\$ (9463)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 27
421	Non-Utility Income	0	
426	Miscellaneous Non-Utility Expenses	0	
427	Interest Expense	0	
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 27
	NET INCOME/(LOSS)	\$ 0	\$ (9436)

COMPANY NAME Montezuma Rimrock Water Company LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 8883.71

Meter Deposits Refunded During the Test Year \$ 0

COMPANY NAME: Montezuma Rimrock Water Company LLC

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-202458	3	15	350	4	2	2004
55-621604	0	0	350	4	0	1976
55-621605	5	55		6	2	1994

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	3	
5.0	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	2000	2

COMPANY NAME Montezuma Rimrock Water Company LLC

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	157
3/4	2
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

_____ 2 hypochlorinators

STRUCTURES:

OTHER:

COMPANY NAME: Montezuma Rimrock Water Company LLC

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY	139	1,270,326	1,183,500
AUGUST	143	1,061,004	1,116,400
SEPTEMBER	155	888,962	966,600
OCTOBER	157	992,525	1,016,500
NOVEMBER	158	786,629	810,000
DECEMBER	160	848,490	855,600
TOTAL			5,948,600

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 33, 35 mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME MONTEZUMA RIMROCK WATER CO., LLC YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 6,326

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED
APR 14 2006
Z Corporation Commission
Director of Utilities

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) Yavapai
NAME (OWNER OR OFFICIAL) TITLE Patricia D. Olsen, Manager
COMPANY NAME Montezuma Rimrock Water Company LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Patricia D. Olsen

SIGNATURE OF OWNER OR OFFICIAL

928-300-3291

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 12th DAY OF April

COUNTY NAME	<u>Cocconino</u>
MONTH	<u>April</u>
	<u>2006</u>

NOTARY PUBLIC - STATE OF ARIZONA
BERNICE TUNNEY
MY COMMISSION EXPIRES 07/27/07



Bernice Tunney
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME MONTEZUMA RIMROCK WATER CO, LLC YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/12/06
DATE

Patricia D. Olsen
PRINTED NAME

Manager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

APR 14 2006

Z Corporation Commission
Director of Audits

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Yavapai
NAME (OWNER OR OFFICIAL) TITLE Patricia D. Olsen, Manager
COMPANY NAME Montezuma Rimrock Water Company LLC

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$) <u>\$ 50,286.14</u>
--

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 4,323.04 IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Patricia D. Olsen

SIGNATURE OF OWNER OR OFFICIAL
928-300-3291

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

12th
OFFICIAL SEAL

DAY OF

COUNTY NAME	<u>Cochise</u>
MONTH	<u>April</u> 20 <u>06</u>



BERNICE TUNNEY
NOTARY PUBLIC - STATE OF ARIZONA
COCHISE COUNTY

MY COMMISSION EXPIRES July 27, 2007

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED
APR 14 2006
Z Corporation Commission
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>	
NAME (OWNER OR OFFICIAL) <u>Patricia D. Olson</u>	TITLE <u>Manager</u>
COMPANY NAME <u>Montezuma Rimrock Water Company LLC</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2005</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES <u>\$ 50,286.14</u>
--

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 4,325.04 IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

928-300-3291
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 24th DAY OF**

NOTARY PUBLIC NAME <u>Bernice Tunney</u>
COUNTY NAME <u>Cochise</u>
MONTH <u>April</u> .20 <u>06</u>

OFFICIAL SEAL
BERNICE TUNNEY
NOTARY PUBLIC - STATE OF ARIZONA
COCHISE COUNTY
MY COMMISSION EXPIRES 7/07
My commission expires July 27, 2007.

X 
SIGNATURE OF NOTARY PUBLIC

C-EX 39

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE - CHAIRMAN
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER
COMPANY, LLC FOR APPROVAL OF A
RATE INCREASE.

DOCKET NO. W-04254A-08-0361

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER
COMPANY, LLC FOR APPROVAL OF A
FINANCING APPLICATION.

DOCKET NO. W-04254A-08-0362

STAFF'S NOTICE OF FILING INFORMAL
COMPLAINT REPORT

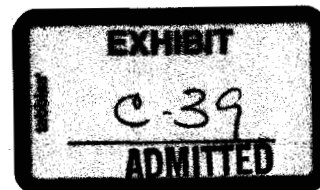
During the July 22, 2011 procedural conference in the above captioned matter, discussion took place regarding the issue of Montezuma Rimrock Water Company, LLC ("Montezuma" or "Company") mischarging an arsenic surcharge. Staff hereby provides notice of filing a copy of the informal complaint report generated by Staff's Consumer Services Section relating to the matter as Attachment A.

RESPECTFULLY SUBMITTED this 25th day of July, 2011.

Charles H. Hains
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies of
the foregoing filed this 25th day of
July, 2011, with:

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



1 Copy of the foregoing mailed this
2 25th day of July, 2011, to:

3 Patricia D. Olsen, Manager
4 MONTEZUMA RIMROCK WATER COMPANY
5 P.O. Box 10
6 Rimrock, Arizona 86335

7 Douglas C. Fitzpatrick
8 Attorney for Montezuma Rimrock Water Company
9 49 Bell Rock Plaza
10 Sedona, Arizona 86351

11 John Dougherty
12 P.O. Box 501
13 Rimrock, Arizona 86335

14 Roseann Osorio

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ATTACHMENT A

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: (602) 542-2406

Fax: (602) 542-2129

Priority: Respond Within Five Days

Inquiry No.: 2011 - 94591

Date: 4/15/2011

Complaint Description: 08F Arsenic
N/A Not Applicable

Complaint By: First: Ronnie Last: Garcia

Account Name: Ronnie Garcia

Home: (602) [REDACTED]

Street: [REDACTED]

Work:

City: [REDACTED]

CBR:

State: AZ Zip: [REDACTED]

Is:

Utility Company: Montezuma ** Rimrock Water Company, L.L.C.

Division: Water

Contact Name: Patsy Olsen

Contact Phone: (928) 592-9211

Nature of Complaint:

Customer is calling to question if the Commission has in fact authorized MRWC to charge an arsenic surcharge to customer's? Per customer, he received the following letter with his bill a week ago and is just trying to confirm that the Commission has allowed this. In addition, customer states that his bill does reflect an arsenic surcharge in the amount of \$15.00.

4/15/11 FAX RECEIVED FROM CUSTOMER - LETTER TO CUSTOMER'S, DATED 4/1/11

Montezuma Rimrock Water Co. LLC
P.O Box 10
Rimrock, AZ 86336
928-592-9211

April 1, 2011

Dear Customer:

As you may be aware, MRWC has been in the process of seeking funding for the Arsenic Treatment Facility (ATF) installation. Since the bids for the project were received in 2009, MRWC must rebid the construction. Construction is scheduled to commence in May, 2011.

We all look forward to this project moving forward. However, with the installation and work required, it also incorporates changes to the system. These changes affect the system and the customers in several areas:

1. This will require that the system will be taken down in order to implement the final installation of the treatment facility. MRWC will do its best to send letters to its customers to inform them of scheduled interruptions in service. However, there may also be times when MRWC will encounter unforeseen short interruptions in service. MRWC appreciates your patience and assistance in helping us to monitor these interruptions. If there is an interruption in your service, MRWC requests that the customers notify us immediately. Please call our office

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

at 928-592-9211. This will help us ascertain and assist with the area and nature of the interruption.

2. Along with the ATF project, charges are incurred on your billing statement. You will notice on your billing statement the arsenic surcharge line item. Especially during these challenging economic times, MRWC realizes the financial burden the arsenic surcharge will place on its customers. However, MRWC received approval from the Arizona Corporation Commission (ACC) to begin the arsenic surcharge in October, 2009 and chose not to begin implementing it in 2009. In order to proceed with the ATF, MRWC must now begin implementing the surcharge as approved by ACC.

3. During construction, road access will be interrupted in the areas of Bentley, Goldmine and Tiemann. We ask for your patience as this part of the construction process progresses.

QUESTIONS TO MRWC:

PURSUANT TO ACC DECISION NO 71317, MRWC WAS ORDERED TO FILE AN APPLICATION WITH THE COMMISSION FOR THE SURCHARGE, PLEASE SEE BELOW:

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall file the following with the Commission's Docket Control, as compliance items in this Docket, within 60 days after executing the documents finalizing the Water Infrastructure Finance Authority of Arizona loan:

(1) an arsenic remediation surcharge application requesting approval of a surcharge that will provide the funds needed to enable Montezuma Rimrock Water Company, LLC to meet its principal and interest obligations on the loan, and (2) copies of each executed loan document or agreement setting forth the terms of the financing obtained.

PLEASE ADVISE THE COMMISSION WHEN AND HOW THIS APPLICATION WAS FILED? WAS THE APPLICATION FILED IN DOCKET NO. W-04254A-08-0361? IF NOT, PLEASE PROVIDE THE APPLICABLE DOCKET NO? DID THE COMMISSION ISSUE A DECISION FOR THE SURCHARGE? IF SO, ON WHAT DATE AND WHAT IS THE DECISION NO?

DID MRWC START BILLING CUSTOMERS AN ARSENIC SURCHARGE? IF SO, ON WHAT DATE AND HOW WAS THE AMOUNT OF THE SURCHARGE DETERMINED?

D

End of Complaint

Utilities' Response:

4/22/11 Email from Montezuma Rimrock:

From: Patricia Olsen [mailto:patsy@montezumawater.com]
Sent: Friday, April 22, 2011 6:27 AM
To: Guadalupe Ortiz
Subject: Re: ACC Complaints: Garcia, Ronnie - Complaint No. 94591

Ms. Ortiz,
Attached is my response. If there are any questions, please do not hesitate to contact me.

Patricia Olsen, Manager
Montezuma Rimrock Water Co. LLC
P.O. Box 10
Rimrock, AZ 86335
928-592-9211

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

ATTACHED - UTILITY RESPONSE:

Montezuma Rimrock Water Company LLC does not meet the EPA's drinking water quality standards. It exceeds the arsenic levels of 10 ppb. MRWC's current arsenic levels range between 30 and 40 ppb.

MRWC currently has a consent order from ADEQ to install an Arsenic Treatment Facility (ATF) by June 7, 2011.

MRWC applied for a WIFA loan in the amount of \$165,000.00 for its ATF. A citizen complaint required that MRWC conduct an Environmental Information Document (EID). MRWC complied and submitted its EID. AZTEC Consultants conducted a review of the EID and recommended an EIS be submitted. According to WIFA, an EIS could possibly take a year or more to conduct and cost an additional \$100,000 to \$200,000. MRWC contacted WIFA to oppose the review conducted by AZTEC. MRWC feels that the issues considered were invalid. The National Park Service complains that its residence wells will be impacted by pumping its wells. Residence wells are not cultural resources and should therefore not be considered in the review by AZTEC Consultants. Montezuma Well, a cultural resource, has been verified by USGS that no impact will occur to Montezuma Well from the current wells in the area which are shallower than 750 feet. MRWC's wells are 400 feet or less. However, WIFA is allowing the residence wells to be included in the AZTEC review and would not allow MRWC to write a response to the review conducted by AZTEC Consulting.

In order to construct the ATF, MRWC submitted its request for construction to ADEQ. MRWC had received an Approval to Construct (ATC) from ADEQ. This ATC is valid for one year. If construction has not begun within one year, MRWC must resubmit plans and pay additional fees. On April 18, 2011, MRWC began construction of its pipeline in order to keep its ATC current. MRWC also requested an extension from ADEQ on its consent order from ADEQ and has not received a response from ADEQ at this time.

The WIFA funding is no longer an option due to the additional time and expense its customers would incur. In January 2011, MRWC requested an amendment to Decision No. 71317 allowing it to seek funding elsewhere. To date, MRWC has received no documentation or information that it would be allowed to seek funding from a private lending institution.

MRWC contacted four private lending institutions. During these difficult economic times, private lending institutions are reluctant to provide funding. MRWC received a letter from one of the institutions stating MRWC could not meet the debt service of the loan. MRWC contacted the institution to discuss the matter. This left MRWC in a position that it must provide evidence to the institution that it could meet the debt service by implementing the arsenic surcharge. MRWC believed it was authorized to implement the surcharge based on Decision No. 71317 which was approved in October, 2009. MRWC implemented the arsenic surcharge on its April 1st, 2011, billing statement in order to provide the documentation to the private lending institution that it would be able to meet the debt service of the loan. MRWC has not entered into an agreement or signed any contracts with any private lending institutions incurring debt for the \$165,000 for the ATF. MRWC will refund the arsenic surcharge and include a letter of explanation to its customers in the next billing statement that will be issued on May 1, 2011.

End of Response

Investigator's Comments and Disposition:

4/15/11 Emailed to MRWC.

4/18/11 @4:21pm Called Patsy Olsen at MRWC, advised that the Company must immediately stop charging this surcharge as the Commission has not issued the Company approval to do so, which is required pursuant to Decision #71317. Ms. Olsen was under the impression that the Commission did authorize the Company's ability to assess a surcharge for the arsenic plant. Per Ms. Olsen, the Company was unable to obtain a loan from WIFA due to a complaint from John Doherty. The Company filed a letter with the Commission in January 2011 requesting an amendment to the Decision to allow MRWC to obtain funding from a private financial institution.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Ms. Olsen further explained that since that time she has been in contact with Brian Bozzo, in the Compliance Dept and Marlin Scott in the Engineering Dept. Ms. Olsen has questioned the status of this matter and was instructed by Brian to seek funding from a bank and when she finds a bank that will lend the necessary funds to have the information ready to present to the Commissioners when this matter is scheduled for Open Meeting. Ms. Olsen went to four different banks and was denied by all of them. Ms. Olsen then applied with M&I Bank and was told that if she could prove the Company had a Cost of Service debt, M&I Bank would loan MRWC the money. In order for MRWC to prove they had a Cost of Service debt they had to bill their customer's this surcharge.

Ms. Olsen is very frustrated with Commission Staff for not taking any action on this matter. MRWC's deadline is in June 2011 and the Company is desperately in need of the Commission addressing this matter.

Ms. Olsen says that she has no problem issuing a refund for the surcharge but if the Commission does not handle this in a timely manner she will be unable to provide potable drinking water to her customer's.

I advised Ms. Olsen that I would speak to Staff about this situation and follow up with her tomorrow.

4/19/11 @8AM - Advised Steve Olea of the Company's situation and questioned what the next step is? Per Steve, Staff has done what it needs to do by filing the Status Report. It is now up to the Commissioners to put this on an OM agenda. MRWC needs to start calling the Commissioner's offices. Steve advised me to give the Company the telephone numbers for all Commissioners. Company does need to refund money collected thru the surcharge as a credit on its customer's next bill. Since this is the first time the surcharge has been billed, the Company does not have to refund with interest.

4/19/11 @8:53am Called Ms. Olsen, advised of information from Steve Olea and instructed Ms. Olsen to call the office of the Chairman and all Commissioners. Ms. Olsen requested that I leave the telephone numbers on her voicemail as she is currently in the field. Ms. Olsen will call each office to request action on this matter when she returns to the office.

4/19/11 @8:59am Left Message - Called Ms. Olsen, provided the telephone number for Chairman Pierce, Commissioner's Newman, Stump, Kennedy and Burns offices.

4/19/11 @4:27pm Called Patsy Olsen at MRWC, advised that she will need to send a letter to her customer's explaining the surcharge that was billed and the credit they will see on their next bills. I further advised Patsy, that the Commission would like to review the letter prior to her sending it to customers. Patsy said that she may not be able to send the letter to the Commission until early next week as she will be in the field most of this week. Customer bills will not be sent out until May 1st.

I questioned if Patsy called any of the Commissioner offices? Patsy stated that before she could, she received a call from Steve Olea, Del Smith and Marlin. Per Patsy, Commissioner Burns is going to put this on an Open Meeting agenda and Staff called to question if Patsy would be able to attend. Patsy confirmed with Staff that she would attend if this matter is scheduled for Open Meeting. Per Patsy, it was difficult for her to pay full attention to what Staff was saying during the conference call as John Dougherty was screaming and yelling at her in the background and trying to threaten her.

4/21/11 @11:07am Called Patsy Olsen at MRWC, advised that Staff is working on a public filing concerning MRWC and questioned status of her response to the customer complaint. Per Patsy, she will work on it and have it to the Commission by tomorrow.

4/22/11 @10:34am - Left msg on voicemail, advising customer of the utility's response. I further advised the customer of the credit and letter of explanation that the Company will be sending to customers in May concerning the arsenic surcharge. Left my name, number and welcomed the customer to call me if he has any further questions or concerns related to this matter. CLOSED

End of Comments

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Date Completed: 4/22/2011

Inquiry No. 2011 - 94591



C-Exhibit 41



FACILITY MEETING SUMMARY

DATE: April 26, 2012 TIME: 10-11:30 LOCATION: ADEQ - Phoenix, AZ

PUPOSE OF MEETING: Discuss status of arsenic treatment system at Montezuma Rimrock Water Co

NAME OF FACILITY: Arizona Department of Environmental Quality (ADEQ) and Arizona Corporation Commission (ACC)

ADDRESS OF FACILITY: Phoenix, AZ

PRIMARY WQD SECTION: Water Quality Compliance Section UNIT: Enforcement Unit

ATTENDEES:

Name	Affiliation	Phone
1. Patricia Olsen P.O.	Montezuma Rimrock Water Co	
2. Mindi Cross MC	ADEQ	(602) 771-2209
3. Marcia Colquitt MR	ADEQ	771-4651
4. Vivian Burns V/B	ADEQ	771-4608
5. Nancy Scott NS	ACC	542-0743
6. Marlin Scott MR	ACC	542-7262
7. Jeff Michlik JM	ACC	364-2034

PURPOSE of meeting
KEY SUMMARY/AGREEMENTS/EXPECTATIONS:

Discuss Consent Order requirements and Amendment - Status of Arsenic Treatment Sigs?

ADEQ: What is your Next Step -? MmCross - What's Next?

P. Olsen - What do you want me to do -? MRR

M. Colquitt - Do you need Well # 4? / B: Need 150 gpm

What alternative do you have / Permit 50 gpm?

if can't put well on-line -?

P.D. Prob. would lose pressure if well # 4 doesn't go online.

NEEDS pressure for future Crestones -

MRR = Montezuma Rim Rock Water Co. Page 1

ATS = ARSENIC Treatment Sys.

ADED - Must install treatment -

MER - Have appealed ^{and} Yavapai Cty for permit.

ACC - Timeline for law suit? Hearing Next week - ^{to est.} court date.

P. Olson - No option details to use.

ADED - sent Admin NOU - Penalties can be kicked in

Admin NOU - Photo MRR on Notice - ADED - Grant MRR

Copy of the Admin NOU. Ms. O. said she has not received

Certified copy

ACC - What is law suit w/ Yavapai Cty? MRR - ^{appealing} ~~expiration of~~ ^{For 50' setback.} ~~canceling~~ permit for well # 4.

Cty wants MRR to get permission from customer -

for the set-back. MRR - ^{County} contends ~~others~~ have rec. permits w/ less than 50' setback -

ACC - What is NEEDED for MRR to be able to use ~~the~~ well #4

MRR - Can install arsenic sys, but cant use treated water yet.

ADED - R U moving forward w/ installation of the ATS?

MRR - Submitted ^{letter} from installer - Does Not want to give copy of letter. ^{letter says can install by June 7, 2012, Yavapai.}

ADED - what is backup plan - MRR - Win suit against Cty.

ACC - is only option to use ^{the} sys that uses 150 gpm?

MRR ^{well 150 gpm} If ~~can't~~ ^{well} approved will need to install ^{Booster pumps} 4 Booster pumps.

ADED - If Need to Make changes in ^{sys} ~~cap~~ - NO New ATC / ^{If NO} Extensive charges. add changes on ATC.

ADEQ - Clarification - Can use existing well with booster systems if needed ~~to~~ → Can then use Arsenic Test

MRR - City considers #4 as a New Well - It is a replacement well.

MRR - Plan B - Add Booster Pumps to support A.T.S.

MRR - If B. Pumps used - Modify or New ATC? How long to get approval?

ADEQ - Can you meet June 7 deadline? MRR - YES.

ADEQ - We have received complaints about not being able to get alt. water. MRR - Says she is available and will give customers water if they call.

MRR - Says all customers get 40 psi.

*UB → Contact Ms Olsen each time we receive a complaint so she can handle the complaint.

MRR - would like a written report on the complaint.

MRR - "Will feed well #4 into storage tank backwash"

ADEQ - Reminder - Consent order was signed - and compliance is past due. MRR "yes"

MRR - Using well #4 to irrigate vegetation.
(now)

MRR - Does MRR need to wait for the ADC before using the New Well?

ADEQ - Will over-see ADC - Approval process.

MRR - Is continued monthly sampling for Arsenic at TRS.

~~ADP~~ - Continue ~~sampling~~ sampling at RO ^{and} Spring
art water until AOC is issued -

ACC - Customer base? MRP ~~220~~

* ADEQ to check & see if using Well #4 for
backwash is a problem. Need modifications, etc.

* ADED ENGINEERING Sect Mgrs to follow up if feed back
is necessary

* ADED - Check w/ Eng Review Sect - Re
Fire Protection.

C-41A



Meeting Agenda

April 26, 2012

Montezuma Rimrock Water Co

1. Effective date of Amendment #1 to Consent Order
 - Completion date for the installation and operation of the arsenic treatment system
2. Administrative Notice of Violation issued
 - 30 days to come into compliance

June 2, 2011

June 7, 2011

April 11, 2012

Original order was effective 2010
Amendment entered due April 2012
is well special use

3. Status, contracts for arsenic treatment system, and completion date for installation and operation of the arsenic treatment system

- what are the plans?

Complain people are not calling

is well necessary for arsenic treatment need 100 Gpm for arsenic treatment

approved system
- contract to install

lawsuit against the County

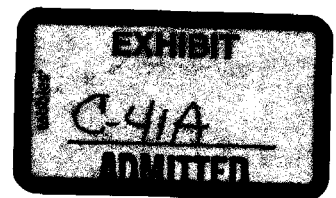
time frame / judge will set a hearing

4. Alternate water supply issues
5. Next steps and action items

AOC approval how long will it take to approve.

Attendees:

- Patricia Olsen, Owner Montezuma Rimrock Water Co
- Mindi Cross, ADEQ Water Quality Compliance Section Manager
- Marcia Colquitt, ADEQ Water Quality Enforcement Unit Manager
- Vivian Burns, ADEQ Water Quality Enforcement Case Manager
- Nancy Scott, ACC Accounting Section Advisor
- Marlin Scott, ACC Engineering Staff
- Jeff Michlik, ACC Accounting Staff



- lawsuit against the County
 - had an extension
 - file an extension to be renewed
 - lawsuit against
 - well site - meets 100ft set back
 - County has rules are more stringent 50ft wli
 - refusing to put well wli 50ft and its only 20ft.
 - appealing - County would restore
 - new well versus replacement well

- neighbor wants lots of money
 - she has money to pursue lawsuit against County
 - would not provide a copy of letter to us

fiberglass tanks versus steel tanks

□ what needs

- file an appeal
- can use well while filing appeal
- Arsenic is designed
- moving forward with installation of arsenic treatment
- installation could be June 7, 2012
- if cannot use arsenic treatment plant well

□ contends to she can use wells

□ understood she agreed to a penalty.



Meeting Agenda

April 26, 2012

Montezuma Rimrock Water Co

1. Effective date of Amendment #1 to Consent Order
 - Completion date for the installation and operation of the arsenic treatment system

June 2, 2011

June 7, 2011

(3-4 mo.)
2,000 gal.

150 gpm design

100 = for backwash
50 = for customer

2. Administrative Notice of Violation issued
 - 30 days to come into compliance

no cross connection

April 11, 2012

tank: fiberglass vs steel

hope to use well during appeal

Backwash tank

3. Status, contracts for arsenic treatment system, and completion date for installation and operation of the arsenic treatment system

Kevlor Design < MAY 10, 2012
April 20, 2012
June 7, 2012

4. Alternate water supply issues

Tremman → replacement well

Records available
cell phone #

5. Next steps and action items

complaints to be forwarded to Patsey

Attendees:

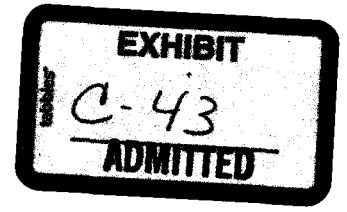
- Patricia Olsen, Owner Montezuma Rimrock Water Co
- Mindi Cross, ADEQ Water Quality Compliance Section Manager
- Marcia Colquitt, ADEQ Water Quality Enforcement Unit Manager
- Vivian Burns, ADEQ Water Quality Enforcement Case Manager
- Nancy Scott, ACC Accounting Section Advisor
- Marlin Scott, ACC Engineering Staff
- Jeff Michlik, ACC Accounting Staff



C-EX 43

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMM.



COMMISSIONERS

- GARY PIERCE - Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

WIFA Loan Request Withdrawal

W-04254A-08-0362

DOCKET NO. W-04254A-08-0361
DECISION NO. 71317

Montezuma Rimrock Water Company LLC hereby requests the withdrawal of its WIFA loan request and the submittal requirements.

Patricia D. Olsen

Arizona Corporation Commission
DOCKETED
 DEC 04 2012
 DOCKETED BY

RECEIVED
 2012 DEC -4 A 11:30
 ARIZONA CORPORATION COMMISSION
 DOCKET CONTROL

Montezuma Rimrock Water Co LLC

**P.O. Box 10
Rimrock, AZ 86335
928-592-9211**

December 3, 2012

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

RE: Docket No. W-04254A-08-0361
Decision No. 71317

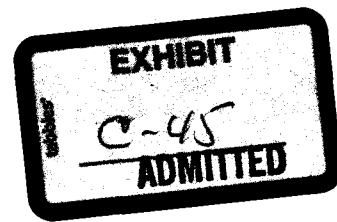
Montezuma Rimrock Water Company (MRWC) is not seeking WIFA loan funding for its arsenic treatment system at this time. MRWC obtained a lease to which a copy was filed on October 26, 2012 Docket No. W-04254A-12-0204. MRWC hereby requests to remove the compliance item regarding WIFA funding document submittals requirement.

Patricia D. Olsen

C-EX 45

Print

~~Print~~
From: Patricia Olsen (patsy@montezumawater.com)
To: hrd@azdeq.gov;
Date: Mon, November 30, 2009 3:31:25 PM
Cc: csc@azdeq.gov;
Subject: Montezuma Rimrock Water Company LLC



November 30, 2009

Henry R. Darwin
Arizona Department of Environmental Quality
1110 W. Washington St.
Phoenix, AZ 85007

Dear Mr. Darwin,

I own and operate Montezuma Rimrock Water Company, LLC (MRWC). I purchased the water company in July of 2005. When this water company was purchased, it had no arsenic treatment system in place. Originally, the prior owners submitted a plan to ADEQ for the installation of POU units in each home due to the small number of customers. When it was purchased, the water company had approximately 123 customers. Within two years, the customer base grew unexpectedly to over 200 customers. This required MRWC to reevaluate the original POU plan and seek a centralized form of treatment.

MRWC is a company which is regulated by the Arizona Corporation Commission (ACC) and is unable to incur long term debt without their approval. MRWC did not receive approval to seek WIFA funding until October 21, 2009 from ACC. MRWC must now wait until December 16, 2009 to receive approval from WIFA. MRWC has no resources to move forward with the arsenic treatment system until WIFA releases funds which is not scheduled until after December 16, 2009 and will expeditiously as possible install its arsenic treatment system. Operation of the arsenic treatment system is expected to begin April 30, 2009. MRWC's progress is and has been based on government agencies and their progress. MRWC has been making every effort to comply but is powerless to affect the speed of regulatory agencies.

MRWC received a draft consent order from ADEQ regarding the arsenic exceedence and subsequently requested a meeting with Ms. Vivian Burns. In a recent meeting with Ms. Burns, MRWC stated that it agreed with the consent order with the exception of the alternative drinking water provision. MRWC also informed Ms. Burns that it plans to have its arsenic treatment system installed and operating by April 30, 2009. MRWC asked Ms. Burns how long it had to sign the consent order and Ms. Burns stated that MRWC had until December 31, 2009. In the consent order it states that within 15 days of the signing of the consent order, MRWC must provide an alternative drinking water source to its customers. On November 23, 2009, MRWC received an email from Ms. Burns stating that MRWC must provide an alternative drinking water supply for its customers by December 1st, 2009. At this time, MRWC is unaware of any other water companies within the Verde Valley that must provide an alternative drinking water supply to its customers by December 1st. The City of Cottonwood, Big Park Water Company, and Pine Valley Water Company have not received orders to provide an alternative drinking water supply to its customers by December 1st. Although the City of Cottonwood is overseen by EPA, Ms. Burns in her email states, "I can't comment on the EPA ruling(s)." Although Big Park Water Company has some arsenic treatment systems in place, it still is serving many of its customers untreated water.

MRWC contacted Ms. Corrine Li from Region 9 of the EPA to seek a waiver in providing an alternative drinking water source. Ms. Li stated that the EPA would expect that ADEQ would provide a "level playing field with all companies". Ms. Li also stated that "with arsenic levels of 30-35, they do not expect there to be long term health effects."

MRWC is unable to provide an alternative drinking water source within the requested time frame for the following reasons:

1. Providing an alternative drinking water supply to its 480 customers each day would create a financial hardship on the company.
2. MRWC currently has no facilities to handle drive up water customer distribution.
3. To provide drive up water customer distribution would require that MRWC submit an Approval to Construct to ADEQ in order to restructure its water treatment facility. An ATC from ADEQ requires approximately 6 weeks.
4. Having to provide a temporary water situation will hinder a permanent solution.

MRWC has informed and communicated with Ms. Burns on the following:

- MRWC has been working with its engineers, Environmental Hydro-Systems
- MRWC has been working with ACC and received approval on October 21, 2009
- MRWC has been working with WIFA and anticipates financial assistance in December, 2009
- MRWC has been providing the quarterly monitoring although in the consent order Ms. Burns states it has not.

MRWC does not feel that ADEQ is providing a "level playing field" in this matter. MRWC can find no evidence of aggressive action that has been taken with local water companies such as The City of Cottonwood, Big Park Water Company and Pine Valley Water Company. MRWC understands that there are companies that have not made their applications to ACC and WIFA. Furthermore, although MRWC has been doing its best, it does not feel that it should have been subjected to off the cuff, unprofessional and derogatory comments made to Ms. Olsen by Ms. Burns. Ms. Burns stated to Ms. Olsen, "You must be sleeping with the guys over at the Arizona Corporation Commission for them to be so helpful to you."

MRWC requests that it be given until May 30, 2009 to install and begin operation of its intended arsenic treatment system. It is also requesting that the demand for the providing of alternative drinking water to its customers be removed. MRWC also requests an apology from ADEQ for the insulting comment made by ADEQ staff.

Sincerely,

Patricia D. Olsen
Montezuma Rimrock Water Company LLC

Cc: Cynthia Campbell

*Patricia D. Olsen, President
Montezuma Rimrock Water Co. LLC
P.O. Box 10
Rimrock, AZ 86335*

C-EX 46



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov

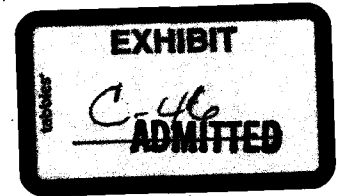


Stephen A. Owens
Director

April 11, 2012

CERTIFIED MAIL
Return Receipt Requested

Patricia D. Olsen
Montezuma Rimrock Water Co, LLC
P.O. Box 10
Rimrock, Arizona 86335-0010



Subject: Administrative Notice of Violation, Public Water System #13-071
Montezuma Rimrock Water Co, LLC - Case # 130760

Dear Mr. Olsen:

The attached **Administrative Notice of Violation** ("NOV") is an informal compliance assurance tool used by the Arizona Department of Environmental Quality ("ADEQ") to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an administrative order issued by ADEQ has occurred. It describes the facts known to ADEQ at the time of issuance and cites the provision(s) of the order that ADEQ believes the party has violated. The NOV in no way changes obligations or time frames specified within the administrative order.

An NOV does not constitute an appealable agency action. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes **formal enforcement action**: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected. Although the NOV states that ADEQ will agree to extend the NOV time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment, for violations(s) of an administrative order, ADEQ will agree to extend the time frames in the context of civil consent judgment only.

ADEQ reserves the right to take a formal enforcement action, such as filing a civil lawsuit or revoking/suspending an associated permit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of an NOV nor its failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

Sincerely,

Marcia Colquitt, Manager
Water Quality Enforcement Unit

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

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

Montezuma Rimrock Water Co.

April 11, 2012

Page 2 of 2

Enclosure:

Amendment #1 to Consent Order DW-36-10 (Effective date June 2, 2011)

Cc:

Vivian Burns, ADEQ Water Quality Enforcement Unit

Vivian Adams, ADEQ Drinking Water Section

Steve Olea

Utilities Division

Arizona Corporation Commission

1200 W. Washington St.

Phoenix, AZ 85007-2996

Yavapai County Community Health Services

Robert Resendes, Director

1090 Commerce Drive

Prescott, AZ 86305



Janice K. Brewer
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.azdeq.gov



Henry R. Darwin
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 130760

April 11, 2012

Montezuma Rimrock Water Co LLC
Attention: Patricia D. Olsen
PO Box 10
Rimrock, AZ 86335-0010

Subject: Montezuma Rimrock Water Co, Place ID 19794
LAT: 34d, 39', 1" N LNG: 111d, 46', 9" W

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Montezuma Rimrock Water Co LLC as the owner/operator of Montezuma Rimrock Water Co has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during a file review completed on April 09, 2012.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. Administrative Order DW-36-10 - Section III (C)

Notwithstanding the disposition of finding, MRWC [Montezuma Rimrock Water Company] shall complete construction of the approved arsenic treatment system and submit an administratively complete application for an Approval of Construction (AOC) for the treatment system described in Section III (B) [of Consent Order DW-36-10] no later than April 7, 2012.

Amendment #1 to Consent Order DW-36-10 became effective June 2, 2011. The Amendment requires MRWC to complete installation of an arsenic treatment system and submit an administratively complete application for an Approval of Construction (AOC) for the treatment system no later than April 7, 2012. To date, MRWC has not submitted an AOC for the installation of an arsenic treatment system.

II. DOCUMENTING COMPLIANCE

1. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or submit to ADEQ all required information to complete the application for the AOC for the arsenic treatment system.
2. Within 7 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or contact Vivian Burns, ADEQ Water Quality Enforcement Case

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

Printed on recycled paper

Manager, at (602) 771-4608 to schedule a meeting with ADEQ.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:


Arizona Department of Environmental Quality, Attention: Vivian J. Burns, Water Quality Compliance Enforcement Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

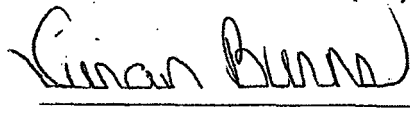
1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact Vivian J. Burns at (602) 771-4608.



Marcia R. Colquitt, Manager
Water Quality Compliance Enforcement Unit



Vivian J. Burns
Water Quality Compliance Enforcement Unit

C-EX 47

EXHIBIT
C-47
ADMITTED

YAVAPAI COUNTY DEVELOPMENT SERVICES
1020 Commerce Drive
Prescott, AZ 86305
(928) 771-3214

COUNTY OF YAVAPAI
Plaintiff

vs

MONTEZUMA RIMROCK WATER CO
Defendant(s)

CASE NO. V32012000758

ORDER FOR
REDUCTION OF
CIVIL PENALTIES
APN: 405-25-517

DISTRICT: 3

Having received a request for reconsideration of the Civil Penalties in the JUDGMENT dated November 12, 2013 and good case showing the CIVIL PENALTY has been reduced to \$5000.00 from the \$10,000.00 owing. The total amount due is \$5000.00. Payment must be made within 30 days from the date of the signed Order or it will revert back to the \$10,000.00 and will be turned over to collections. Payment must be made to:

Yavapai County Development Services
1120 Commerce Dr
Prescott, AZ 86305

Dated: 5/13/13


CHARLES HASTINGS
HEARING OFFICER

FENNEMORE GRIG
DAWN MEIDINGER
MONTEZUMA RIMROCK WATER CO
2394 E. CAMELBACK RRD SUITE 600
PHOENIX, AZ 85016


Hearing Clerk

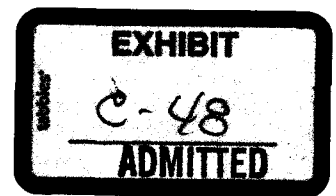
C-Exhibit 48

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS



ARIZONA CORPORATION COMMISSION

ERNEST G. JOHNSON
Executive Director



April 25, 2012

Todd C. Wiley
FENNEMORE CRAIG, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012

Sent via U.S. Mail & E-mail to:
patsy@montezumawater.com
twiley@fclaw.com

Patricia D. Olsen, Manager
MONTEZUMA RIMROCK WATER
COMPANY, L.L.C.
Post Office Box 10
Rimrock, Arizona 86335

Re: Staff's Third Set of Data Requests to Montezuma Rimrock Water Company, LLC
Docket No. W-04254A-08-0361 et al.

Dear Mr. Wiley and Ms. Olsen:

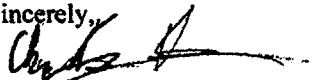
Please treat this as Staff's Third Set of Data Requests to Montezuma Rimrock Water Company, in the above-referenced matter. For purposes of this data request set, the words "Company," "you," and "your" refer to Montezuma Rimrock Water Company, and any representative, including every person and/or entity acting with, under the control of, or on behalf of Montezuma Rimrock Water Company. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses. Please respond within ten (10) calendar days of your receipt of the copy of this letter. However, if you require additional time, please let us know.

Please provide one hard copy as well as searchable PDF, DOC or EXCEL files (via email or electronic media) of the requested data directly to each of the following addressees via overnight delivery services to:

- (1) Jeffery Michlik, Utilities Division, Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. jmichlik@azcc.gov
- (2) Charles H. Hains, Attorney, Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. chains@azcc.gov

Sincerely,


Charles H. Hains, Attorney
Legal Division
(602) 542-3402

CHH:rbo
Enclosures
cc: Jeffery Michlik

**ARIZONA CORPORATION COMMISSION
STAFF'S THIRD SET OF DATA REQUESTS
REGARDING THE PROCEDURAL ORDER OF
MONTEZUMA RIMROCK WATER COMPANY
DOCKET NOS. W-04254A-08-0361 AND W-04254A-08-0362
APRIL 25, 2012**

Subject: All information responses should ONLY be provided in searchable PDF, DOC or EXCEL files via email or electronic media.

Accounting Data Requests

- JMM 3.1** **Total Contract Price** – Please provide the total contract price to Ms. Olsen for the Arsenic Treatment Facility, including all design, permitting, construction and acquisition costs.
- JMM 3.2** **Nile River Lease Agreements** – Do the Terms and Conditions that were provided comprise the entirety of the lease agreements for the Arsenic Building Plant (“Building”) and the Arsenic Removal Water Treatment System (“Treatment System”)? If not, please provide copies of the entire lease agreements.
- JMM 3.3** **Nile River Lease Agreements** – State whether Ms. Olsen considers the lease agreements to be operating leases or capital leases. Are either or both of the agreements considered to be “lease to own” agreements?
- JMM 3.4** **Nile River Lease Agreements** – Does title to the respective leased property transfer to Ms. Olsen after the term of the lease expires (36 months for the Building and 60 months for the Treatment System)?
- JMM 3.5** **Nile River Building Lease Agreement** – Please confirm that the total cost of the Building is \$12,315.24 (i.e., \$342.09 x 36). Otherwise, state the actual total cost of the Building and describe how that amount was determined. Please explain how this piece fits into the total contract price from JMM 3-1 above.
- JMM 3.6** **Nile River Treatment System Lease Agreement** – Please confirm that the total cost of the Treatment System is \$63,490.80 (i.e., \$1,058.18 x 60). Otherwise, state the actual total cost of the Treatment System and describe how that amount was determined. Please explain how this piece fits into the total contract price from JMM 3-1 above.

**ARIZONA CORPORATION COMMISSION
STAFF'S THIRD SET OF DATA REQUESTS
REGARDING THE PROCEDURAL ORDER OF
MONTEZUMA RIMROCK WATER COMPANY
DOCKET NOS. W-04254A-08-0361 AND W-04254A-08-0362
APRIL 25, 2012**

Subject: All information responses should ONLY be provided in searchable PDF, DOC or EXCEL files via email or electronic media.

JMM 3.7 Kevlor Design Group – Please explain how the project costs of \$46,000.00 from the Kevlor Design Group relate to the Nile River Lease Agreements? If the \$46,000 is separate from the lease agreements, please explain how this piece fits into the total contract price from JMM 3-1 above.

JMM 3.8 Water Services Agreement – Please confirm that the total cost for the monthly standby fee is \$360,000 (i.e., \$1,500 x 240). Otherwise, state the actual total monthly standby fee to be collected over the term of the lease and describe how this amount was determined.

JMM 3.9 Water Services Agreement – Please answer the following:

- a. Is the monthly standby fee structured as an ordinary annuity or an annuity due; i.e., are payments due at the end or the beginning of each month?
- b. What is the incremental borrowing rate of the lessee (the rate that would have been incurred to borrow the funds necessary to purchase the assets with a secured loan with payment terms similar to the payment schedule in the lease) or the percentage return on investment assumed by Ms. Olsen?
- c. What is the amount of executory costs (e.g., insurance, maintenance, and taxes) included in the monthly payments?
- d. Are the executory costs paid by Ms. Olsen or by Montezuma Rimrock Water Company?
- e. What are the residual values of the Building and Treatment System at the end of each lease?
- f. If there are residual values, are the values guaranteed or not guaranteed?



C-EX49

John Dougherty <jd.investigativemedia@gmail.com>

Montezuma Rimrock Water Company's lease agreement with Financial Pacific

6 messages

John Dougherty <jd.investigativemedia@gmail.com>

Thu, May 16, 2013 at 10:14 AM

To: Pfruge@finpac.com, Dawn Pearce <dpearce@finpac.com>

Dear Peter and Dawn,

I have attached Montezuma Rimrock Water Company's response to my motion for partial summary judgment, my motion for partial summary judgment and supporting statement of facts.

I want to bring to your particular attention MRWC's assertions in its response concerning alleged actions by Financial Pacific in connection with MRWC's lease agreement for arsenic treatment facilities.

On Page 7, Paragraph C, The Company addresses the Financial Pacific lease.

The Company claims that Financial Pacific provided MRWC copies of identical lease agreements with one dated April 2, 2012 and the other dated May 2, 2012. The company also states that "representatives of Financial Pacific advised Ms. Olsen that the agreement could be dated in April or May."

Beginning on Page 14, Ms. Olsen provides a sworn "Declaration". Ms. Olsen addresses issues related to Financial Pacific in Paragraph 13 and 14. She states that Odyssey Financial provided her a copy of an undated Financial Pacific Lease, which she signed.

Olsen then states:

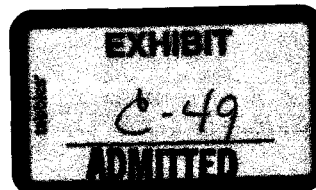
"Subsequently, I spoke with a representative of Financial Pacific and was advised that it would take 30-60 days to finalize the agreement. As a result, Financial Pacific provided MRWC with two copies of the lease agreements dated April 2, 2012 and May 2, 2012. Representatives of Financial Pacific advised Ms. Olsen that the agreement could be dated in April or May."

Ms. Olsen's statement conflicts with the March 7, 2013 letter I received from Dawn in response to the Arizona Corporation Commission subpoena. Dawn's letter states, in part:

"The enclosed lease agreement is the only lease agreement we have on file for Montezuma Rimrock Water Company. The agreement you provided with a typed date of 5/2/2012 appears to be an unauthorized modified version of the original. We did not type the date of 5/2/2012 on this agreement. The lease you sent me is also missing page 5 of the agreement."

I would appreciate a statement from Financial Pacific concerning MRWC's assertions to addresses the following:

1. What role did Odyssey Financial have in providing copies of the Financial Pacific lease to MRWC? What was Odyssey's role in the lease agreement?
2. What is Financial Pacific's response to Ms. Olsen's assertion that Financial Pacific provided MRWC with copies of the lease agreements dated April 2, 2012 and May 2, 2012?
3. What is Financial Pacific's response to Ms. Olsen's assertion that representatives of the company told her the agreement could be dated in April and May?



And, of course, I would welcome any further explanations and details from Financial Pacific that definitely describe the circumstance surrounding the lease agreement.




There is an evidentiary hearing scheduled for June 20 on this matter, as well as a general rate case hearing. I would like to avoid the time and expense related to issuing a subpoena for Financial Pacific to testify at the hearing. Hopefully, this can be avoided through correspondence and disclosures.

Thank you for your prompt attention.

Sincerely,

John Dougherty
InvestigativeMedia.com
602-710-4089

3 attachments

-  **Resp to MO for PSJ.pdf**
998K
-  **jd mtn summary judgment.pdf**
436K
-  **JD SOF.pdf**
3414K

Dawn Pearce <dpearce@finpac.com>

Thu, May 30, 2013 at 9:47 AM

To: John Dougherty <jd.investigativemedia@gmail.com>, Peter Fruge <pfruge@finpac.com>

John,

Please see answers to your questions below in red. I have worked with several people in my office to ensure that these answers are correct. I do not have any additional information to provide you other than what has been provided below.

Thank you,

Dawn Pearce

Paralegal

Financial Pacific Leasing, LLC

3455 S 344th Way, Suite 300

Federal Way, WA 98001

253-568-6141

253-568-2222 (fax)

From: John Dougherty [mailto:jd.investigativemedia@gmail.com]
Sent: Thursday, May 16, 2013 10:15 AM
To: Peter Fruge; Dawn Pearce
Subject: Montezuma Rimrock Water Company's lease agreement with Financial Pacific

Dear Peter and Dawn,

I have attached Montezuma Rimrock Water Company's response to my motion for partial summary judgment, my motion for partial summary judgment and supporting statement of facts.

I want to bring to your particular attention MRWC's assertions in its response concerning alleged actions by Financial Pacific in connection with MRWC's lease agreement for arsenic treatment facilities.

On Page 7, Paragraph C, The Company addresses the Financial Pacific lease.

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Beginning on Page 14, Ms. Olsen provides a sworn "Declaration". Ms. Olsen addresses issues related to Financial Pacific in Paragraph 13 and 14. She states that Odyssey Financial provided her a copy of an undated Financial Pacific Lease, which she signed.

Olsen then states:

"Subsequently, I spoke with a representative of Financial Pacific and was advised that it would take 30-60 days to finalize the agreement. As a result, Financial Pacific provided MRWC with two copies of the lease agreements dated April 2, 2012 and May 2, 2012. Representatives of Financial Pacific advised Ms. Olsen that the agreement could be dated in April or May."

Ms. Olsen's statement conflicts with the March 7, 2013 letter I received from Dawn in response to the Arizona Corporation Commission subpoena. Dawn's letter states, in part:

"The enclosed lease agreement is the only lease agreement we have on file for Montezuma Rimrock Water Company. The agreement you provided with a typed date of 5/2/2012 appears to be an unauthorized modified version of the original. We did not type the date of 5/2/2012 on this agreement. The lease you sent me is also missing page 5 of the agreement."

I would appreciate a statement from Financial Pacific concerning MRWC's assertions to addresses the following:

1. What role did Odyssey Financial have in providing copies of the Financial Pacific lease to MRWC? What was Odyssey's role in the lease agreement?

Odyssey Financial is a broker, they commenced the lease using our documents. They then assigned the lease to us, Financial Pacific Leasing. When they sent the documents to us they came over without any typed dates. Financial Pacific completed the confirm call in house and used the date of the confirm call to fill in the blank date fields on the documents.

2. What is Financial Pacific's response to Ms. Olsen's assertion that Financial Pacific provided MRWC with copies of the lease agreements dated April 2, 2012 and May 2, 2012?

As stated previously we only provided one lease agreement to our customer. The agreements dated April 2, 2012 is the true and correct copy of the lease. Please see attached document. Any document other than the attached document is an unauthorized modified version of the original lease.

3. What is Financial Pacific's response to Ms. Olsen's assertion that representatives of the company told her the agreement could be dated in April and May?

This is not a true statement.


And, of course, I would welcome any further explanations and details from Financial Pacific that definitely describe the circumstance surrounding the lease agreement.

There is an evidentiary hearing scheduled for June 20 on this matter, as well as a general rate case hearing. I would like to avoid the time and expense related to issuing a subpoena for Financial Pacific to testify at the hearing. Hopefully, this can be avoided through correspondence and disclosures.

Thank you for your prompt attention.

Sincerely,

John Dougherty
InvestigativeMedia.com
602-710-4089

 Lease.pdf
1185K

John Dougherty <jd.investigativemedia@gmail.com>
To: Dawn Pearce <dpearce@finpac.com>

Thu, May 30, 2013 at 10:01 AM

Dawn,

Thank you for the response.

As stated in MRWC's response to my motion for partial summary judgment, the company is going to fight admission of the letter you sent in March. If that's the case, I may need you or someone from Financial Pacific to testify in order to enter the letter and other details into evidence.

I will seek permission from the Administrative Law Judge to have this testimony, if required, to be done

telephonically or via Skype video link.

The evidentiary hearing is scheduled for June 20 at the Arizona Corporation Commission before Judge Sarah Harpring.

Here is the link to the docket: <https://edocket.azcc.gov/Default.aspx?SEARCH=W-04254A-12-0207>.

Who is your statutory agent in agent?

Thanks again for your prompt response.

John Dougherty

[Quoted text hidden]

--

John Dougherty
InvestigativeMedia.com
602-710-4089

Dawn Pearce <dpearce@finpac.com>
To: John Dougherty <jd.investigativemedia@gmail.com>

Thu, May 30, 2013 at 10:35 AM

CT Corporation System.

Thank you,

Dawn Pearce

Paralegal

Financial Pacific Leasing, LLC

3455 S 344th Way, Suite 300

Federal Way, WA 98001

253-568-6141

253-568-2222 (fax)

From: John Dougherty [mailto:jd.investigativemedia@gmail.com]

Sent: Thursday, May 30, 2013 10:02 AM

To: Dawn Pearce

Subject: Re: Montezuma Rimrock Water Company's lease agreement with Financial Pacific

[Quoted text hidden]

John Dougherty <jd.investigativemedia@gmail.com>
To: Dawn Pearce <dpearce@finpac.com>

Fri, May 31, 2013 at 6:01 PM

Dawn, One option to avoiding a subpoena and the cost and time to attend the June 20th hearing in person is for Financial Pacific to file "direct testimony" in the case.

This would essentially involve Financial Pacific answering a series of questions concerning the lease with MRWC, most of which you have already provided via emails and the March 22, 2013 letter and attachments. This should be a sworn and notarized statement.

I will prepare a series of questions for Financial Pacific to answer.

Please let me know if the company is willing to do this as soon as possible as deadlines for filing such testimony are fast approaching.

Thank you,

John
602-710-4089
[Quoted text hidden]

Dawn Pearce <dpearce@finpac.com>
To: John Dougherty <jd.investigativemedia@gmail.com>

Mon, Jun 3, 2013 at 1:18 PM

John,

I have run this by our attorney and he doesn't understand why this is necessary. He asked that you call him at 602-234-7834. His name is John Sinodis.

Thank you,

Dawn Pearce
Paralegal
Financial Pacific Leasing, LLC
3455 S 344th Way, Suite 300
Federal Way, WA 98001
253-568-6141
253-568-2222 (fax)

From: John Dougherty [mailto:jd.investigativemedia@gmail.com]

Sent: Friday, May 31, 2013 6:01 PM

[Quoted text hidden]

[Quoted text hidden]

C-EX 50

EXHIBIT
C-50
ADMITTED



Yavapai County Sheriff's Office

Deputy Report for Incident 12-015988

Nature: Citizen Dispute
Location: E31

Address: 4615 E GOLDMINE RD
Rimrock AZ 86335

Offense Codes: CDIS
Received By: Schwartz, C How Received: T Agency: YCSO
Responding Officers: Harper, K
Responsible Officer: Harper, K Disposition: CNA 05/16/12
When Reported: 18:27:04 05/16/12 Occurred Between: 18:00:00 05/16/12 and 18:26:12 05/16/12

Assigned To: Detail: Date Assigned: **/**/**
Status: Status Date: **/**/** Due Date: **/**/**

Complainant: 389313
Last: OLSON
DOB: [REDACTED]
Race: W

First: PATRICIA
Dr Lic: [REDACTED]
Sex: F
Phone: (928)592-9211

Mid:
Address: 4615 E. GOLDMINE RD.
City: Rimrock, AZ 86335

Offense Codes

Reported: DCON Disorderly Conduct
Additional Offense: CDIS Citizen Dispute

Observed: CDIS Citizen Dispute

Circumstances

LT13 Highway/Road/Alley
EVID Evidence Booked

Responding Officers:
Harper, K

Unit:
E29

Responsible Officer: Harper, K
Received By: Schwartz, C
How Received: T Telephone

Agency: YCSO
Last Radio Log: 20:24:22 05/16/12 CMPLT
Clearance: CRD Cleared by Responding Deputy

When Reported: 18:27:04 05/16/12
Judicial Status:
Misc Entry: 2679

Disposition: CNA Date: 05/16/12
Occurred between: 18:00:00 05/16/12
and: 18:26:12 05/16/12

Modus Operandi:

Description :

Method :

Involvements

Date	Type	Description

Narrative

Investigation Narrative

Synopsis:

Patricia Olsen and John Dougherty are involved in a long standing dispute, and Patricia has obtained an Injunction against Harassment against John. Today, Patricia saw John near her business property and she ran to confront him in the roadway. She stood in the roadway as he rode his motorcycle towards her and stopped. She yelled a profanity at him, and pointed in his face. He then drove forward and Patricia alleged that his motorcycle struck her body.

An investigation determined that the motorcycle did not collide with Patricia. It appeared that Patricia was possibly illegally blocking the roadway and both parties were told to seek civil remedies.

Vehicle Involved: Black 2003 BMW motorcycle Az/5MCR8Z
VIN: WB101B2A83ZE48438
R/O: John E Dougherty

Involved Person #1: Olsen, Patricia W/F [REDACTED]
4615 E. Goldmine Rd, Rimrock, Az 86335

Involved Person #2: Dougherty, John E W/M [REDACTED]
5225 Bentley Drive, Rimrock, Az 86335

Evidence Impounded: (1) Audio CD recording of 2nd phone call and the entire investigation reference the motorcycle

(1) CD of Digital Photographs

Measurements:

McBride Road -- approximately 13.0 feet wide (a dirt road which varies in width)

John's motorcycle pulled up to the edge of the drive to the Water Company property 188.0 feet south of the reference point (the McBride Rd/GoldMine Rd street sign pole)

Patricia stood in the roadway 93.0 feet south of the reference point

Patricia was 6.0 feet from the west curb line in my estimation based on what she showed me originally. She disputed that and showed me a point (after dark) that was 4.5 feet from the west curb line

Related D.R.: #12-015962 (reported violation of Injunction against harassment)

Narrative:

On 5-16-2012, at approximately 1730hrs, I spoke at length with Patricia Olsen on the telephone reference a reported violation of an Injunction against Harassment that Patricia had against John Dougherty.

Patricia called YCSO dispatch to report that her lawyer received an e-mail today advising that John had viewed construction equipment at Patricia's Water Company business at 4599 E. Goldmine Road.

I called Patricia back and she told me about the e-mail her lawyer received. She alleged to me that this meant that John had been on her property. Patricia then told me that she had actually seen John on the property at the time he was there yesterday around two o'clock. She said, however, that she did not call the police yesterday because the Sheriff's Department doesn't take any action (she then gave me a couple of examples).

I listened to Patricia's account of what had happened and also reviewed

the Injunction listed in the police computer. I pointed out that it prevented John from going directly on Patricia's property and she said that it said he had to be "25 feet" away from the property. I saw that there were no measurements anywhere in the Injunction and reiterated that to Patricia. She then said that each Deputy had complained about the same thing, but Patricia said the Judge specifically told her it was 25 feet.

I asked Patricia some very specific questions about where she had seen John on her property and her answers seemed somewhat evasive. At one point she said that she had "snuck" up on him and hid behind a bush while he was 10 feet away. I pointed out to her how close that was and questioned whether someone could be within 10 feet of someone and not have them know.

I asked her what she was alleging as the crime and she said that he had violated the order. I learned from Patricia that he had never seen her and did not know that she was inside the house. Patricia did allege that she had been outside throughout the day, and felt that John had been watching her, but she admitted she had not seen John. After speaking with Patricia, I told her that the only possible violation of the Injunction might be whether or not he had been on her property.

Patricia alleged that he had actually been on her property and I decided to ask her questions to determine where he had been, etc.

As I asked specific questions about where John had been, I pointed out several times that nothing in the Injunction seemed to prevent him from doing what he was doing. This seemed to irritate Patricia, but she listened patiently and asked many questions. I finally told Patricia that I would be driving out to her location to have her walk me through the exact movements John had made. I hung up and went and prepared to call a victim reference a stolen credit card I had recovered.

Instead, I received another call from Patricia and I recorded this call on my audio recorder. Patricia sounded calmer and said that she wanted to change her mind on reporting the violation of the Injunction. She and I talked at length again about how the Injunction could be possibly modified by the judge to include distances, roadways, etc. that could make it more effective. I did tell Patricia several times that the Judge, however, might not decide to enact any of the changes she would ask for.

Patricia got off the phone and I called my victim from another incident. When I got off the phone, Sgt. Williams advised me of a new call that Patricia had made to dispatch alleging a traffic offense. He asked that I drive out and contact her and investigate the incident.

Motorcycle Incident Investigation:

I arrived at 4615 E. Goldmine and contacted Patricia. There was an older female and a male and female couple also there. Everyone seemed rather excited and I listened as Patricia told me what had happened.

Patricia told me that shortly after she got off the phone with me, she was telling her houseguests what I had said reference amending the Injunction. She said that Barbara Anna Brunner happened to be near the rear window of the house (which looks out, and up the hill to where the Water Company business property is located).

Barbara exclaimed that John was near the Water Company on McBride Road (a private property roadway that appears to be a regular roadway, only narrower).

Patricia said that she went to the window, saw it was John on a motorcycle and that he had driven "up to my gate on my wall site" (this was later found to be untrue, based on the definite tire marks found on the roadway).

Patricia told me that she walked out of her house and up towards the Water Company property and she saw John turn his motorcycle around. She said

that he rode his motorcycle directly towards her (the roadway is 13 feet wide and the only way out is to go back towards Goldmine Road). Patricia said that when John stopped she yelled at him, "You leave me the fuck alone! Do you hear me?! You leave me the fuck alone!"

Patricia demonstrated to me as she said these words that she had her right hand in the air in front of her, with her index finger pointed at him and "poking" the air as she spoke to add emphasis to her words.

Patricia said that was when John accelerated his motorcycle and hit her body on the right side. She pointed to her body and said that his handlebar hit her on her right side just above the waist line, and that his black saddlebag hit her on the outside of her right thigh.

Patricia then told me that Barbara saw what had happened. I spoke with Barbara who said that she had some medical issues and couldn't get outside right away. She said that she did see him on the motorcycle and could identify that as being him riding on the roadway.

I then learned that "Diane" (who did not come outside) had also seen the incident. Barbara (at my request) went inside and asked Diane if she saw the motorcycle actually hit Patricia. Diane told Barbara that she saw him get "very close".

I examined the roadway then and asked if McBride was actually a private drive (it looked like a street, or roadway, including street sign and stop sign). Patricia said that it was a private road. I then examined the signage and found that nothing indicated that it was a private road, or that people were not welcome to drive on it. I had Patricia walk me to the point on the roadway where the incident had happened and I took numerous photographs of the roadway (I later returned and took measurements, also).

Based on this, I quickly concluded that John had not violated the Injunction by simply driving on that road. I also concluded that it appeared, at least initially, that Patricia had ran from a place of safety in her house, outside to be in the direct path of John who would have to go directly to where she was at, in order to leave the area.

Further, I could see the marks in the dirt where he had driven, and it appeared that he had driven straight, at least prior and after the area where Patricia had been standing (I couldn't see the continuation of the marks right where Patricia had been) and made sure that he stayed away from driving on her property.

As I returned to the group, the man who was standing there loudly said that John must be arrested. I asked him why he would say that, since I didn't really see a violation, even if his motorcycle had hit Patricia. The man loudly said that there was an Injunction against John.

I pointed out to everyone there (who all seemed to have the same opinion that John was not allowed to be anywhere near this area) that I had seen the Injunction in the computer and that he was really not prohibited from doing very much. I pointed out he could be in the area.

I then listened several times as Patricia repeated the story and became irritated when I said that she had caused John to stop in the roadway. I learned that she felt he should have simply driven to the far right side of the roadway and driven on past her. I felt that this would place him in a position where he might actually hit her and I told her that I felt he was safer by stopping.

Eventually, Patricia's husband drove up and he was quite angry, even before making any contact with me. He asked immediately if I was going to be doing an investigation, and make an arrest, and pointed out that he was going to be calling the Department of Justice if things weren't done to his liking.

At one point, Patricia's husband (believed to possibly be Gregory Olsen) said that if the Injunction wasn't going to be effective in keeping John away

from the home, then he was going to drive to John's house and yell at him from the street. I pointed out there was a difference between exercising a person's ability to move about freely, and causing a disorderly conduct by yelling. I suggested that he not go over there, but told him that I wasn't preventing him from going there. He then drove off and I later saw him in front of John's house.

I did then go over to John's house and spoke with him about the incident. He told me what had happened, and said that he was at the location to take some photographs of two new tanks that had just been installed. He said that he had just filed a motion with the Arizona Corporation Commission to get a restraining order against "Wall Site #1" (possibly filed as recently as 5 hours before this incident).

He said that he saw Patricia come running around the corner of her house towards him, and said that he had only been there in front of the drive for 30 seconds. He said that because she has an Injunction against him, he didn't want trouble and he turned his motorcycle to the left and made a u-turn. He said that as he finished his turn, she was right there in front of him, blocking the road. He said that he did not want to drive past her, because she might jump in front of him and say that he had hit her.

Instead, he said that he still had his motorcycle helmet on, his wind visor down and he said that he pulled up to where she was standing and he stopped. John said that Patricia immediately yelled that he had better "fucking" stop bothering her "you son of a bitch!" and John said that he remained completely quiet.

He then rode forward, leaning his body to the right to stay away from her and he continued on home. I then told him that she was making the allegation that he had struck her with his motorcycle and he appeared to be genuinely surprised, but then said that she would say something like that because she liked to stir up trouble.

I then went and examined the BMW motorcycle that John had been riding. I asked him to get the keys so he could unlock the steering column and sit on the bike and show me how it looked as it would have looked when he stopped in front of Patricia.

I immediately noticed that the left rear view mirror stuck out at least 2 to 4 inches farther than the handlebar. I examined the back of the mirror, which would have been the part that would have struck Patricia. I saw that the entire mirror, and metal assembly holding the mirror and attaching it to the handlebar was very dusty, dirty and covered in raised bugs. It was easy to see that nothing had been disturbed on the back of the mirror. In addition, it did not appear that anything had been disturbed where the arm holding the mirror met with the handlebar -- indicating that the mirror had not been pushed towards the body of the motorcycle, and then pushed back into its original place. It appeared to me that the mirror had not had any contact with anything in a considerable amount of time, if ever.

I took photographs of the motorcycle. I then stood in the position that Patricia had shown me she had been standing. I saw that to impact me in the places she had shown me, that I had to turn almost completely away from the motorcycle, in order for it to impact me on the middle right side of my body. In fact, I was essentially walking away from the motorcycle in order to line the parts of the handlebar, etc. with the middle right side of my body.

Based on this, I concluded that the incident did not occur as Patricia said it did. I then gave John my card, with the report number on it, and advised him that he might consider getting an Injunction against the Olsens, in order to prevent what was happening at the time (Mr. Olsen had parked his car on the street almost in front of John's house. He had then sat himself down on a power transformer in front. He was making statements (talking, not yelling) about past problems between the two of them which John simply ignored).

I then returned to Goldmine Road and began taking measurements. I saw that Patricia was out in the darkness with a tape measure and saw that she had

determined that when John was riding on McBride Road that he was 13 feet from her property line. Because of this, she felt he was in violation of the Injunction. I pointed out that there was no "25 foot" indicator in the order and again suggested that she go to the court in the morning and speak to Judge Dwyer (I believe was the name of the Judge) about amending the order.

I gave Patricia my card with the report number on it, and suggested that I take photographs of her injuries. We went inside the front door of her house and I took a photograph of the right side of her waist area. She told me that although that area had hurt earlier, she could not find any marks. I also did not see any marks.

I then took a photograph of her lower right thigh area. I definitely saw what appeared to be a small fresh bruise on the side of her right thigh, although there was no way to tell what caused it. I took two photographs and then prepared to leave.

Patricia asked me what was going to happen with the investigation and I told her that I didn't believe that she was struck by the motorcycle in the manner that she had said. I also had pointed out repeatedly to her earlier that I believed that she had possibly committed a crime by blocking a thoroughfare (I was unsure, however, since this was a private drive if the Title 13-2906A statute was applicable in this situation).

I told her that I would document everything, including the photos and the audio recordings. I told her that she could consider getting an injury attorney to assist her if she felt that was necessary.

I then concluded my investigation and left the area.

This report is for informational purposes only.

Date, Time, Reporting Officer:
Thu May 17 00:37:51 MST 2012
Deputy K. Harper, L8999

Report Approved:
Tue May 22 22:44:48 MST 2012
Sgt. D.E. Williams, #2679

Responsible LEO:

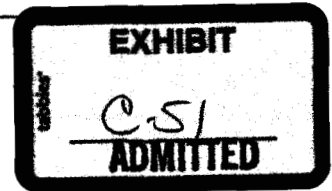
Approved by:

Date

C-EX 51

Mindi Cross

From: Vivian J. Burns
Sent: Tuesday, April 17, 2012 12:44 PM
To: Marcia R. Colquitt; Mindi Cross
Subject: FYI



ACC representatives who will attend the
Montezuma RR meeting
April 26, 2012, plus the pre meeting April
17:

Charles Haines 542-6026
(Attorney - will be the main contact)

**(Charles is not available for the April 17 meeting, Nancy
Scott will fill him in)**

Marlin Scott 542-7272
(Engineer)

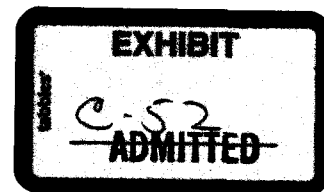
Jeff 364-2034
(Accountant? Looking at proposed leases
for the arsenic treatment)

Nancy Scott 542-0742
(Attorney finance section)

C-EX 52

Charles Hains

From: Steven Olea
Sent: Tuesday, May 01, 2012 11:48 AM
To: Charles Hains
Subject: FW: Montezuma Rimrock Water Company Use Permit Revocation
Attachments: MRWC well 4 UP revokation letter copy.doc



FYI

From: Michael A. Fulton [<mailto:Fulton.Michael@azdeq.gov>]
Sent: Tuesday, May 01, 2012 11:22 AM
To: Steven Olea
Subject: FW: Montezuma Rimrock Water Company Use Permit Revocation

FYI

Mike

From: John Dougherty [<mailto:jd.investigativemedia@gmail.com>]
Sent: Tuesday, May 01, 2012 10:52 AM
To: Vivian J. Burns
Cc: Michael A. Fulton
Subject: Montezuma Rimrock Water Company Use Permit Revocation

Ms. Burns:

On April 10, 2012, Yavapai County Development Services revoked MRWC's commercial use permit for Well #4. As of this date, MRWC has no legal right to operate any business operations from Well #4. This means the company cannot use Well #4 to "water trees" or to "feed Well #4 into storage for backwash", as MRWC stated according to the notes of the April 26, 2012 conference between ADEQ and the Company.

I urge ADEQ to contact Yavapai County Development Services Director Steve Mauk at 928-771-3216 for additional information, particularly since ADEQ intends to "check to see if using Well#4 for backwash is a problem."

The notes of the April 26, 2012 meeting between ADEQ and MRWC also indicate that MRWC states it will arsenic treatment plant installed by June 7, 2012. The ACC has not yet approved a financing plan for the construction of the arsenic treatment plant. The Company remains under the Oct. 2009 ACC Decision No. 71317 that required it to use the WIFA loan to pay for the ATF. As of this date, no alternative plan has been approved.

The Company is also required to submit a new rate case by May 31, 2012, according to Decision No. 71317.

Once again, I strongly urge the ACC to take meaningful enforcement action against MRWC for its failure to provide safe drinking water to the community and its violation of the Consent Order. This includes filing a civil action and/or entering into a Compliance Agreement that includes significant penalties and notice to the ACC that the company is in violation of state laws.

John Dougherty
InvestigativeMedia.com
602-710-4089

C-Ex 53



John Dougherty <jd.investigativemedia@gmail.com>

Water Services Agreement

1 message

John Dougherty <jd.investigativemedia@gmail.com>
To: "WILEY, TODD" <TWILEY@fclaw.com>
Cc: Charles Hains <CHains@azcc.gov>

Tue, Jun 5, 2012 at 12:48 PM

Dear Mr. Wiley,

I'm following up on your statement at the April 30, 2012 procedural conference that Montezuma Rimrock would be submitting a new Water Services Agreement.

As of this date, nothing has been filed in the 0361/0362 docket. In addition, I saw no mention of such an agreement in the Company's latest filings under four new dockets.

W-04254A-12-0204, W-04254A-12-0205, W-04254A-12-0206 are all financing applications, none of which address the Water Services Agreement.

Nor does the Company's application for a rate increase under Docket W-04254A-12-0207 address the Water Services Agreement or even mention how the Arsenic Treatment Facility will be financed.

I would like to discuss this issue as soon as possible in order to avoid filing a Motion to Compel.

Thank you,

John Dougherty
InvestigativeMedia.com
602-710-4089



Todd Wiley Contact:

Sent email on June 5

Left Voice mail on June 6 at 9:45 a.m.

Todd called back on June: It's on my desk; just haven't gotten to it. There is really nothing to compel. We'll file it shortly.

C - Ex 54

ORIGINAL

BEFORE THE CORPORATION COMMISSION

Commissioners
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL
2012 MAY 25 AM 9:40
Arizona Corporation Commission
DOCKETED
MAY 25 2012

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER
COMPANY, LLC FOR APPROVAL OF A
RATE INCREASE

DOCKETED BY J.M.

DOCKET NO. W-04254A-08-0361

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF A FINANCING
APPLICATION

DOCKET NO. W-04254A-08-0362

Information RE: Injunction

BY THE INTERVENER:

On May 23, 2012, Verde Valley Justice Court Judge Joan Dwyer dismissed the Injunction Against Harassment Order Ms. Patricia Olsen, owner of Montezuma Rimrock, obtained against Intervener because Ms. Olsen had "abused" the injunction.

Dated this 25th Day of May, 2012

John E. Dougherty
John E. Dougherty
Intervener

EXHIBIT
C-54
ADMITTED

Copies of the foregoing mailed
This 25th Day of May Mailed to:

Todd C. Wiley
Fennemore Craig, PC
3003 N. Central Ave.
Suite 2600
Phoenix, AZ 85012

Patricia D. Olsen, Manager
MONTEZUMA RIMROCK WATER COMPANY, LLC
P.O. Box 10
Rimrock, AZ 86335

Verde Valley Justice Court

10 South 6th Street, Cottonwood, AZ 86326

Phone (928) 639-5820

PATRICIA OLSEN Plaintiff Birth Date: <u>09/02/1961</u> v. JOHN E. DOUGHERTY III Defendant	CV201203222 Case No.	HEARING ORDER <input type="checkbox"/> Order of Protection <input checked="" type="checkbox"/> Injunction Against Harassment <input type="checkbox"/> Injunction Against Workplace Harassment Issued Date: <u>05/11/2011</u>
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Prior to hearing:

The requested relief is denied. Date requested: / / .

Based on request, this matter is set for hearing:

Date: MAY 23, 2012 Location: 10 South 6th Street, Cottonwood, AZ 86326

Time: 9:00 AM

***** Parties are to present testimony and evidence whether the Court should continue, revoke or modify the protective order listed above. No written statements. *****

The Court cancels the hearing set for / / (Date).

On Plaintiff's motion, the Court dismisses the protective order listed above.

At time of hearing:

Plaintiff: Appeared Failed to Appear but did not have Notice Failed to Appear but had Notice

Defendant: Appeared Failed to Appear but did not have Notice Failed to Appear but had Notice

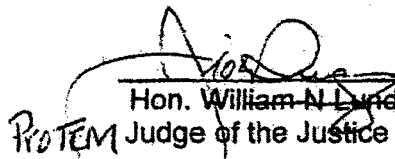
The hearing previously set is canceled.

The Court dismisses the protective order listed above.

The protective order listed above remains in effect. Brady applies.

As attached, the Court modifies the protective order listed above. Brady applies.

5/23/12
Date


Hon. William N. Lundy, *JOAN Dwyer*
Judge of the Justice Court

CERTIFICATE OF TRANSMITTAL

Copy mailed/delivered to: - Plaintiff - Defendant - Sheriff - Faxed Dated/Clerk: 5/23/12 SF

C-EX-59A

Michael P. McGill, SBN 024169
Deputy County Attorney
Attorney for STATE OF ARIZONA
ycao@co.yavapai.az.us

FILED

MAR 08 2012

VERDE VALLEY JUSTICE COURT

VERDE VALLEY JUSTICE COURT, YAVAPAI COUNTY
STATE OF ARIZONA

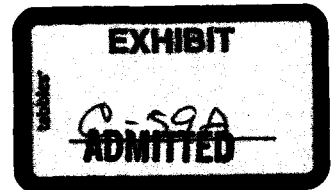
STATE OF ARIZONA,)
Plaintiff,)
vs.)
JOHN EDWARD DOUGHERTY,)
Defendant.)

No.: CR201107714

MOTION TO DISMISS
& ORDER

Pursuant to Rule 16.6(a) of the Arizona Rules of Criminal Procedure, the State of Arizona, by and through the Yavapai County Attorney Sheila S. Polk and her Deputy undersigned, respectfully moves that the above-captioned cause, in its entirety, be dismissed without prejudice for the reason that:

- _____ There is insufficient evidence with which to proceed with the case.
- _____ Defendant has provided proof of liability insurance.
- _____ Defendant has obtained a valid driver's license.
- _____ Defendant has completed a domestic violence counseling program.
- _____ Defendant has completed a drug education and counseling program.
- X Other: **Because of the ongoing civil matter pending before the AZ. Corp. Commission, the defendant acting pro se is justified in contacting the victim and her attorney regarding matters pending in front of the ACC. Accordingly, the state cannot prove the charge beyond a reasonable doubt.**



The State has complied with A.R.S. § 13-4419, Victim's Bill of Rights, when appropriate. The State does not dismiss this matter to seek a tactical advantage or to avoid any violation of Rule 8, but rather for good cause.

Respectfully submitted this 8th day of March, 2012

SHEILA S. POLK
Yavapai County Attorney

Copies mailed/delivered on 3/6/12 to:

- Defendant
- Defense Counsel
- Yavapai County Victim Witness

Michael P. McGill
Deputy County Attorney

By: MPM

Based upon the foregoing motion to dismiss filed by the State, and good cause appearing therefore,

IT IS HEREBY ORDERED that the complaint herein be dismissed without prejudice in the interests of justice. It does not readily appear that the State gained any tactical advantage by dismissing this matter.

IT IS FURTHER ORDERED that any bond posted in this matter be exonerated.

Dated this 3/8 day of 3/8 2012.

William N. Lundy, Justice of the Peace

Copies mailed/delivered on 3-9-12 to:

- Yavapai County Attorney
- Defendant
- Yavapai County Victim Witness
- Defense Counsel (Suskin)

C-EX 60

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

Arizona Corporation Commission

DOCKETED

2012 JAN -4 A 9:42

JAN 4 2012

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY
[Signature]

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COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER
COMPANY, LLC FOR APPROVAL OF A
RATE INCREASE.

DOCKET NO. W-04254A-08-0361

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER
COMPANY, LLC FOR APPROVAL OF A
FINANCING APPLICATION.

DOCKET NO. W-04254A-08-0362

PROCEDURAL ORDER

BY THE COMMISSION:

On October 30, 2009, the Commission issued Decision No. 71317, establishing permanent rates for Montezuma Rimrock Water Company, LLC ("Montezuma Rimrock") and authorizing Montezuma Rimrock to incur long-term debt in the form of a Water Infrastructure Finance Authority of Arizona ("WIFA") loan in an amount up to \$165,000, for the purpose of completing an arsenic treatment project as described in the decision. *Inter alia*, Montezuma Rimrock was also ordered to make a number of compliance filings.

On April 27, 2011, in response to a request filed by Montezuma Rimrock, the Commission voted at the Commission's Staff Open Meeting to reopen Decision No. 71317 pursuant to A.R.S. § 40-252 to determine whether to modify the decision concerning financing approval and related provisions. The Commission directed the Hearing Division to schedule a procedural conference to discuss the process for the A.R.S. § 40-252 proceeding. Montezuma Rimrock attended the Staff Open Meeting via teleconference, and John Dougherty attended in person.

In this docket since that time, Mr. Dougherty has been granted intervention, several procedural conferences have been held, numerous Procedural Orders have been issued, and numerous party filings (mostly related to motions) have been made.

The most recent Procedural Order, issued on November 9, 2011, required Montezuma Rimrock to make a filing, by December 9, 2011, to include the following: (1) an explanation of the

EXHIBIT
C-60
[Signature]

1 material terms of the intended lease for arsenic treatment facilities and, if possible, a copy of the
2 lease; (2) an explanation of the source and ownership of the funds that will be used to make the lease
3 payments; (3) an analysis of whether the lease is properly characterized as a capital lease or an
4 operating lease under applicable accounting standards; and (4) an explanation of Montezuma
5 Rimrock's intentions related to pursuing modification of Decision No. 71317. The Procedural Order
6 further required Staff and Mr. Dougherty to file by December 23, 2011, any responses to Montezuma
7 Rimrock's filing; denied several motions filed by Mr. Dougherty; and held in abeyance several
8 motions related to discovery.

9 On December 5, 2011, Kathy Davis, Superintendent, U.S. Department of the Interior,
10 National Park Service, Montezuma Castle and Tuzigoot National Monuments, filed a comment letter
11 urging the Commission to "hold an evidentiary hearing on [Montezuma Rimrock's] request for an
12 operating lease to fund the arsenic treatment facility" and to require Montezuma Rimrock to
13 "complete an Environmental Impact Statement as a condition of funding the project."

14 On December 7, 2011, Montezuma Rimrock filed the Interim Report of Montezuma Rimrock
15 Water Company, LLC ("Interim Report"), stating that Montezuma Rimrock has not yet received the
16 written lease from GEcom; that Montezuma Rimrock believes that Odyssey Equipment Financing
17 Company ("OEFC") will provide financing for the lease payments; that the lease will require
18 payment of \$30,000 over 60 months at \$810 per month; that the \$7,000 charge for "the building" will
19 be paid for over 48 months at \$275 per month; that construction for the plant is in process; that
20 Montezuma Rimrock will be paying \$500 per month in to a reserve account for media changeouts or
21 filters; that Ms. Olsen personally will be entering into the lease with GEcom and will be subleasing
22 the system to Montezuma Rimrock; that payment to GEcom or OEFC will be made with Ms. Olsen's
23 personal funds; that Montezuma Rimrock is not yet in a position to offer meaningful analysis as to
24 whether the lease is or should be characterized as a capital lease or an operating lease; that
25 Montezuma Rimrock requests an unspecified extension of the deadline to submit such analysis; and
26 that Montezuma Rimrock believes that there is no longer a need to pursue modification of Decision
27 No. 71317 and, thus, that this matter may be brought to a close and the docket retained solely for
28 ongoing compliance filings. Montezuma Rimrock included several e-mails between Ms. Olsen and

1 Gecom and OEFC personnel.

2 On December 15, 2011, Mr. Dougherty filed a Response to Interim Report of Montezuma
3 Rimrock Water Co., LLC; Motion to Deny Extension of Deadline; Motion for Evidentiary Hearing
4 (“Dougherty Response to Interim Report”). Mr. Dougherty asserted therein that the proposed lease,
5 as described by Montezuma Rimrock, would be very expensive and would require Commission
6 approval as a “capital” lease; that Montezuma Rimrock is trying to “slip past” the Commission other
7 arsenic treatment expenses that have already been incurred or will be incurred and that Montezuma
8 Rimrock will try to shift to ratepayers; that Montezuma Rimrock is acting in bad faith in that it has
9 begun construction after stating that it would not do so without Commission approval; that Ms.
10 Olsen’s proposed dual role as the lessee of the arsenic treatment equipment and building and the
11 lessor of the same to Montezuma Rimrock is fraught with potential for abuse; and that Montezuma
12 Rimrock is insolvent. In addition, Mr. Dougherty moved the Commission to deny Montezuma
13 Rimrock’s request for an extension beyond December 9, 2011, to file its lease financing plan and
14 analysis of whether the lease is an operating lease or a capital lease; moved the Commission to
15 schedule an evidentiary hearing to consider Montezuma Rimrock’s “final financing plan, its apparent
16 insolvency, and whether to revoke [its] Certificate of Convenience and Necessity”; and asserted that
17 it would be premature to close this docket and that it would be in the best interest of ratepayers and
18 the public to keep the docket open until Montezuma Rimrock’s “final financing plan” is approved or
19 disapproved.

20 On December 22, 2011, Mr. Dougherty made a filing including the text of an online petition
21 urging the Commission to require an EIS, along with a list of names asserted to be 1,072 online
22 petition signatures.

23 Montezuma Rimrock and Staff have not filed responses to the Dougherty Response to Interim
24 Report. In addition, Staff has not filed a response to the Interim Report.

25 While the Commission appreciates Montezuma Rimrock’s recognizing that it should seek
26 leave before failing to comply with a deadline in a Procedural Order, the Commission also recognizes
27 that denying a requested extension of time, when a party apparently is unable to comply with the
28 Procedural Order in any event, would be futile. Thus, no action will be taken either on Montezuma

1 Rimrock's request for an extension of time or on Mr. Dougherty's motion to deny the requested
2 extension of time. Instead, Montezuma Rimrock will be required to explain the current status of the
3 negotiations for or completion of the lease agreement/s for the arsenic treatment plant and building at
4 a procedural conference to be held on January 18, 2011, jointly with the procedural conference
5 already scheduled in the Dougherty Complaint Docket.¹ In addition, Montezuma Rimrock will be
6 required to file copies of any and all written lease documents as soon as such documents come into
7 Montezuma Rimrock's possession and to provide the other parties courtesy copies of those
8 documents through electronic mail.

9 Once the written lease documents are available to all of the parties, the parties will be required
10 to provide their individual analyses of whether each lease involved is properly categorized as a
11 capital lease or an operating lease; of whether Commission approval is required for each lease; of
12 whether this docket should remain open for consideration of whether to modify Decision No. 71317
13 under A.R.S. § 40-252 concerning financing approval and related provisions; and of whether an
14 evidentiary hearing should be held for such consideration. If the lease documents are made available
15 to the parties at least 24 hours in advance of the procedural conference, the parties will be required to
16 make every effort to prepare such analyses to present at the procedural conference. If the lease
17 documents are not made available to the parties at least 24 hours in advance of the procedural
18 conference, Montezuma Rimrock will be required to identify a date by which the lease documents
19 will be made available, and a deadline for filing the parties' analyses or a date for another procedural
20 conference will then be set.

21 Because the terms of the lease/s are not yet known, and it is unclear when those terms will be
22 known, it would be premature at this time to schedule an evidentiary hearing, as requested by Mr.
23 Dougherty. Thus, Mr. Dougherty's Motion for an Evidentiary Hearing will be denied at this time.

24 IT IS THEREFORE ORDERED that a **procedural conference** is hereby scheduled in this
25 docket, to be held on **January 18, 2012, at 10:00 a.m.**, in Hearing Room No. 2 at the Commission's
26 offices at 1200 West Washington, Phoenix, Arizona, jointly with the procedural conference already
27

28 ¹ The Dougherty Complaint Docket is Docket No. 04254A-11-0323.

1 scheduled in the Dougherty Complaint Docket.

2 IT IS FURTHER ORDERED that at the procedural conference, Montezuma Rimrock shall
3 explain the current status of the negotiations for or completion of the lease agreement/s for the
4 arsenic treatment plant and building.

5 IT IS FURTHER ORDERED that Montezuma Rimrock shall file copies of any and all written
6 lease documents for the arsenic treatment plant and building as soon as such documents come into
7 Montezuma Rimrock's possession and shall provide courtesy copies of those documents to Mr.
8 Dougherty and Staff through electronic mail.

9 IT IS FURTHER ORDERED that if the lease documents are made available to the parties at
10 least 24 hours in advance of the January 18, 2012, procedural conference, the parties shall make
11 every effort to prepare the following analyses and to present the analyses at the procedural
12 conference: (1) whether each lease involved is properly categorized as a capital lease or an operating
13 lease; (2) whether Commission approval is required for each lease; (3) whether this docket should
14 remain open for consideration of whether to modify Decision No. 71317 under A.R.S. § 40-252
15 concerning financing approval and related provisions; and (4) whether an evidentiary hearing should
16 be held for such consideration.

17 IT IS FURTHER ORDERED that if the lease documents are not made available to the parties
18 at least 24 hours in advance of the procedural conference, Montezuma Rimrock shall, at the
19 procedural conference, identify a date by which the lease documents will be made available.

20 IT IS FURTHER ORDERED that the Dougherty Motion for an Evidentiary Hearing is denied
21 at this time.

22 ...

23 ...

24 ...

25 ...


26 ...

27 ...

28 ...

1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
2 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
3 hearing.

4 DATED this 4th day of January, 2012.

5
6
7
8
9 
10 SARAH N. HARPRING
11 ADMINISTRATIVE LAW JUDGE

12
13 Copies of the foregoing mailed and e-mailed
14 this 4th day of January, 2012, to:

15 Douglas C. Fitzpatrick
16 LAW OFFICE OF DOUGLAS C. FITZPATRICK
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