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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS

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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION) DOCKET NO. W-03718A-09-0359
OF SAHUARITA WATER COMPANY.)
LLC FOR A RATE INCREASE.) NOTICE OF FILING PREPARED
) DIRECT TESTIMONY OF RAY L.
) JONES

Sahuarita Water Company, LLC hereby provides notice of filing of the Prepared Direct
Testimony of Ray L. Jones in the above-docketed proceedings.

Dated this 26th day of August 2013.

Respectfully submitted.

Lawrence V. Robertson, Jr.

Lawrence V. Robertson, Jr.
Attorney for Sahuarita Water Company

The original and thirteen (13) copies
of the foregoing will be filed the 26th
day of August 2013 with:

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

A copy of the same served by e-mail
or first class mail that same date to:

Wesley C. Van Cleve
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

AUG 26 2013

DOCKETED BY *MR*

Robert Metli
Munger Chadwick
2398 E. Camelback Road, Suite 240
Phoenix, Arizona 85012

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. BOX 1418
Tucson, Arizona 85704

Direct Testimony of Ray Jones
In Docket No. W-03718A-09-0359

Q.1 Please state your name, business affiliation and business address.

A.1 My name is Ray L. Jones, P.E. My business address is 25213 N. 49th Drive, Phoenix, Arizona 85083. I am the owner and principal of ARICOR Water Solutions LC ("ARICOR"). ARICOR provides a wide range of engineering and regulatory support services to the private utility, municipal utility, and development sectors.

Q.2 Please summarize your professional experience and educational background.

A.2 I have an extensive background in Arizona water and wastewater utility businesses. I began my career as a Staff Engineer with Citizens Utilities Company ("Citizens") at its Sun City office in 1985. I held progressively more responsible positions and ultimately became the Vice President and General Manager for Citizens' Arizona water and wastewater operations in 1998. When Arizona-American Water Company ("Arizona-American") purchased Citizens' water and wastewater operations in 2002, I became Arizona-American's President. In 2004, I left Arizona-American and formed my own consulting firm, ARICOR. I received a Bachelor of Science in Civil Engineering in 1985 from the University of Kansas and a Master of Business Administration in 1991 from Arizona State University. I am a licensed Professional Engineer in Arizona and California and I am a Grade 3 Certified Operator for all four Arizona classifications.

Q.3 What is your experience before the Arizona Corporation Commission?

A.3 In my time with Citizens and Arizona-American, I prepared or assisted in the preparation of multiple filings before the Arizona Corporation Commission ("Commission"), including rate applications and CC&N filings. Since starting

1 ARICOR, I have prepared several filings and assisted in the preparation of several
2 more filings before the Commission, including rate applications and CC&N
3 filings. I have also provided testimony in all of these cases before the
4 Commission. A summary of my regulatory work experience is included in my
5 resume attached hereto as Exhibit SWC-2.
6

7 **Q.4 On whose behalf are you testifying in this proceeding?**

8 A.4 I am testifying on behalf of Sahuarita Water Company, L.L.C. ("Sahuarita" or
9 "Company")
10

11 **Q.5 By way of background to the Settlement Agreement between the**
12 **Commission's Staff and Sahuarita were you retained by Sahuarita to analyze**
13 **its current Off-Site Hook-Up Fees ("HUF") and determine if the current**
14 **HUFs were appropriate and, if not, what increase to Sahuarita's HUFs would**
15 **be appropriate?**

16 A.5 Yes I was retained in August of 2012 evaluate the Company's current HUFs and
17 determine if the HUFs should be increased.
18

19 **Q.6 Please generally describe the nature of the analysis you performed as a part**
20 **of your assignment.**

21 A.6 My analysis included a review and analysis of the Company's financial condition,
22 projected capital expenditures and projected financial condition. In completing
23 my analysis, I performed the following general tasks:

- 24 1. Review of the Company's last rate order from the Commission.
25 2, Review of the Company's 2011 Water System Updated Master Plan
26 dated August 2012 and prepared by Westland Resources, Inc
27 ("Westland").
28 3. Review of backbone infrastructure budgets and cost estimates

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prepared by Westland and the Company.

- 4. Review of customer growth projections prepared by the Company.
- 5. Review of projected levels of CIAC and CIAC amortization prepared by the Company.

Upon completion of the review tasks noted, I prepared an analysis to project the Company's expenditures on off-site plant additions and detail the funding sources for those expenditures. Using this data, I projected the company's rate base related to wells, storage tanks, booster pumping facilities, treatment facilities and transmission mains ("Off-Site Facilities") at varying levels of HUF to assist in determining a recommend HUF for Sahuarita.

Q.7 Did you ultimately conclude as a result of your analysis that Sahuarita's existing HUFs should be increased?

A.7 Yes, I concluded that the HUFs should be increased and recommended new HUFs to Sahuarita.

Q.8 What criteria did you consider in determining your recommend HUFs?

A.8 The HUFs were selected to accurately reflect the cost of constructing Off-Site Facilities needed to provide adequate and reliable service to future customers and to avoid a situation where insufficient HUFs resulted in upward pressure on the amount of required rate relief in future rate cases. This criterion was selected to alleviate any concern that existing customers are being asked to subsidize new growth.

Q.9 Did you prepare a schedule of recommended increased HUFs for the Company to consider?

A.9 Yes, that schedule has been marked for identification as Exhibit SWC-3.

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Q.10 Did the Company accept your recommendations and cause a request for Commission approval of your recommended HUFs to be filed with the Commission?

A.10 Yes, the Company filed a motion to amend Decision No. 62032 (and, if necessary, Decision No. 72177) with the Commission on October 20, 2012. A copy of that request has been marked for identification as Exhibit SWC-4. As may be noted therefrom, the Company's request included financial information I prepared in support of the proposed increases in the Company's HUFs.

Q.11 Did the Commission Staff agree with the revised HUFs you recommended for Sahuarita?

A.11 No they did not. The Commission Staff indicated that the recommended HUFs were in excess of what they could support and recommended HUFs which were lower than my recommendations and at a level that was not acceptable to Sahuarita.

Q.12 Did the Commission Staff and Sahuarita subsequently enter into settlement discussions for the purpose of determining whether or not they could reach agreement on increased HUFs for the Company as of this point in time; and, if so, were the settlement discussions successful?

A.12 Yes. Representatives of the Commission Staff and the Company engaged in settlement discussions during April and May of this year and they were able to reach agreement on the level of HUFs that both parties believe are appropriate as of this point in time for Sahuarita. Exhibit SWC-5 is a copy of the Settlement Agreement that was reached between the Commission Staff and the Company, and that Agreement was executed on May 23, 2013.

1 **Q.13 Does the Settlement Agreement indicate the amount of the Company's HUFs**
2 **which were agreed upon between the Commission Staff and the Company?**

3 A.13 No, that information is reflected in the "Off-Site Hook-Up Fee Table" which is set
4 forth at page 2 of the Tariff Schedule attached to the Settlement Agreement as
5 Exhibit "A."
6

7 **Q.14 How do the revised HUFs compare with Sahuarita's current HUFs?**

8 A.14 A table showing that comparison is set forth in Exhibit SWC-6.
9

10 **Q.15 What is the purpose of the Tariff Schedule that is attached as Exhibit "A" to**
11 **the Settlement Agreement?**

12 A.15 This Tariff Schedule is the means by which the Company would formally
13 implement the agreed upon new amounts for Sahuarita's HUFs, subject to
14 Commission approval as a result of today's hearing. As may be noted therefrom,
15 it contains a statement of the purpose and applicability of the new HUFs and the
16 terms and conditions applicable to Sahuarita's implementation of the same.
17

18 **Q.16 Are the agreed upon HUFs supported by the financial analysis you performed**
19 **on behalf of the Company with respect to possible increases in its current**
20 **HUFs?**

21 A.16 Yes, in fact my analysis supported a higher amount for the new HUFs than has
22 been agreed to by Staff and Sahuarita. However, as a result of the settlement
23 discussions with Commission Staff the Company was willing to agree to the HUFs
24 reflected in the "Off-Site Hook-Up Fee Table" set forth on page 2 of the
25 aforementioned Tariff Schedule.
26

27 **Q.17 Do the Company and you believe that the agreed upon HUFs for Sahuarita**
28 **represent just and reasonable increases?**

1 A.17 Yes, the revised HUFs are based on the cost of constructing needed Off-Site
2 Facilities and are just and reasonable based on the information presented in the
3 Company's filing.
4

5 **Q.18 In your opinion, would approval of the HUFs as proposed in the Settlement**
6 **Agreement be in the public interest?**

7 A.18 Yes. The Company's original request was well reasoned and based on sound
8 analysis. Staff conducted a thorough review of the Company's request through
9 data requests and direct contact with Sahuarita and its representatives. The HUFs
10 agreed to in the Settlement Agreement provide a necessary source of developer
11 provided funds to help finance needed expansions in Sahuarita's Off-Site
12 Facilities. The use of developer provided funds decreases the amount of required
13 rate relief in future rate cases and alleviates concern that existing customers are
14 being asked to subsidize new growth.
15

16 **Q.19 Does that complete your testimony on behalf of the Company in support of**
17 **the Settlement Agreement and the agreed upon increases in the Company's**
18 **existing HUFs?**

19 A.19 Yes it does.
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EXHIBIT SWC-2

ARICOR

Water Solutions

25213 N. 49th Drive
Phoenix, AZ 85083

Ray L. Jones P.E.
Principal

EXPERTISE

Mr. Jones formed ARICOR Water Solutions in 2004. Through ARICOR Water Solutions, Mr. Jones offers a wide range of engineering and financial analysis services to the private and public sectors. Projects include development of regulatory strategies and preparing rate cases, including preparation of rate studies, cost of service studies, financial schedules and testimony for filings before the Arizona Corporation Commission. Services also include consultation on water and wastewater utility formation, management and operations, and valuation, including due diligence analysis, water resources strategy development and water rights valuation. ARICOR Water Solutions provides water, wastewater and water resource master planning, water and wastewater facilities design, and owner representation; including value engineering, program management and construction oversight. Lastly, ARICOR Water Solutions supports water solutions with contract operations and expert witness testimony and litigation support.

EMPLOYMENT HISTORY

- 2002 to 2004 **Arizona-American Water Company**
President
Responsible for leadership of the Arizona business activities of Arizona-American Water Company. Key responsibilities include developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.
- 1998 to 2002 **Citizens Water Resources, Arizona Operations**
Vice President and General Manager
Responsible for leadership of the Arizona regulated and unregulated business activities of Citizens Water Resources. Key responsibilities included developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.
- 1990 to 1998 **Citizens Water Resources, Arizona Operations**
Engineering and Development Services Manager
Responsible for management of a diverse group of business growth related activities. Responsibilities include: marketing of operation and maintenance services (unregulated business growth), management of new development activity (regulated business growth), management of engineering functions (infrastructure planning and construction), management of water resources planning and compliance, management of growth-related regulatory functions (CC&N's and Franchises), and management of capital budgeting functions and capital accounting functions.
- 1985 to 1990 **Citizens Water Resources, Arizona Operations**
Civil Engineer
Responsible for the planning, coordination and supervision of capital expansion and major maintenance and rehabilitation projects as assigned. Responsible for development of capital program for Maricopa County Operations.

EDUCATION

Arizona State University – Master of Business Administration (1991)
University of Kansas – Bachelor of Science in Civil Engineering (1985)

PROFESSIONAL CERTIFICATION

Registered Professional Engineer – Civil Engineering – Arizona
Professional Engineer – Civil Engineering – California
Certified Operator – Wastewater Treatment, Wastewater Collection, Water Treatment, Water Distribution – Arizona

PROFESSIONAL AFFILIATIONS

- Director - Water Utilities Association of Arizona (1998 – 2004)
- Member - American Society of Professional Engineers
- Member - American Water Works Association
- Member - Arizona Water Pollution Control Association
- Member - Water Environment Federation

CIVIC AND COMMUNITY INVOLVEMENT

- Advisory Member - Water Resources Development Commission (2010 – 2012)
- Board of Directors – Greater Maricopa Foreign Trade Zone (2009 – Present)
- Chairman WESTMARC (2008)
- Director and Member of the Executive Committee- WESTMARC (1998 – 2010)
- Co-Chairman, WESTMARC Water Committee (2006 – 2007)
- Chairman-Elect WESTMARC (2007)
- Member – Corporate Contributions Committee, West Valley Fine Arts Council Diamond Ball (Chairman 2005)
- Member – Technical Advisory Committee – Governor’s Water Management Commission (2001)
- Board Member, Manager & Past Chairman – North Valley Little League Softball

REGULATORY EXPERIENCE

Testimony has been provided before the Arizona Corporation Commission in the dockets listed below. Unless otherwise indicated testimony was provided on behalf of the utility.

| Filing Year | Utility(ies) | Filing Type(s) | Docket(s) |
|--------------------|---|---|---|
| 1992 | Sun City West Utilities Company | CC&N Extension (Expansion of Sun City West) | U-2334-92-244 |
| 1993 | Sun City Water Company Sun City Sewer Company | CC&N Extension (Addition of Coyote Lakes) | U-1656-93-060 U-2276-93-060 |
| 1993 | Tubac Valley Water Co., Inc. | CC&N Extension (Various Subdivisions on western border) | U-1595-93-241 |
| 1993 | Sun City West Utilities Company | CC&N Extension (Expansion of Sun City West) | U-2334-93-293 |
| 1995 | Citizens Utilities Company Sun City Water Company Sun City Sewer Company Sun City West Utilities Company Tubac Valley Water Company | Rate-making | E-1032-95-417 U-1656-95-417 U-2276-95-417 U-2334-95-417 U-1595-95-417 |
| 1996 | City Water Company Sun City Sewer Company | CC&N Extension (Acquisition of Youngtown) | U-1656-96-282 U-2276-96-282 |
| 1996 | Citizens Utilities Company | CC&N Extension and Deletion (Realignment of Surprise Bdry.) | E-1032-96-518 |
| 1998 | Sun City Water Company Sun City West Utilities Company | CAP Water Plan and Accounting Order (Sun Cities CAP plan) | W-01656A-98-0577 SW-02334A-98-0577 |

| Filing Year | Utility(ies) | Filing Type(s) | Docket(s) |
|-------------|--|---|---|
| 2000 | Citizens Water Resources Company of Arizona Citizens Water Services Company of Arizona | CC&N Extension and Accounting Order (Anthen Jacka Property and Phoenix Treatment Agreement) | SW-3455-00-1022 SW-3454-00-1022 |
| 2000 | Citizens Communications Company Citizens Water Services Company of Arizona | CC&N Extension and Approval of Hook-Up Fee (Verrado) | W-0132B-00-1043 SW-0354A-00-1043 |
| 2002 | Arizona-American Water Company | Ratemaking | WS-01303A-02-0867 WS-01303A-02-0868 WS-01303A-02-0869 WS-01303A-02-0870 WS-01303A-02-0908 |
| 2004 | Arizona-American Water Company Rancho Cabrillo Water Company Rancho Cabrillo Sewer Company | CC&N Transfer | WS-01303A-04-0089 W-01303A-04-0089 SW-03898A-04-0089 |
| 2004 | Johnson Utilities Company, LLC (Representing Pulte Home Corporation) | CC&N Extension | WS-02987A-04-0288 |
| 2005 | Perkins Mountain Utility Company Perkins Mountain Water Company | New CC&N & Initial Rates | WS-20379A-05-0489 W-20380A-05-0490 |
| 2005 | West End Water Company | CC&N Extension | W-01157A-05-706 |
| 2005 | Arizona-American Water Company | Approvals Associated with Construction of Surface Water Treatment Facility | W-01303A-05-0718 |
| 2006 | Arizona-American Water Company | Ratemaking | WS-01303A-06-0403 |
| 2008 | Sunrise Water Company | Ratemaking | W-02069A-08-0406 |
| 2009 | Baca Float Water Company | Ratemaking | WS-01678A-09-0376 |
| 2009 | Aubrey Water Company | Lost Water Evaluation (Rate Case Compliance) | W-03476A-06-0425 |
| 2009 | White Horse Ranch Owner's Assn. | Ratemaking | W-04161A-09-0471 |
| 2010 | Litchfield Park Service Company | Ratemaking | W-01427A-09-0104 |
| 2010 | Chino Meadows II Water Company | Ratemaking | W-02370A-10-0519 |
| 2011 | Pima Utility Company | Ratemaking | W-021999A-11-0329 WS-02199A-11-0330 |
| 2011 | Tusayan Water Development Association, Inc. (Representing the Town of Tusayan) | Ratemaking | W-02350A-10-0163 |
| 2012 | Valley Utilities Water Company, Inc. | Ratemaking | W-01412A-12-0195 |

| Filing Year | Utility(ies) | Filing Type(s) | Docket(s) |
|--------------------|------------------------------|---------------------------------------|-------------------|
| 2012 | Far West Water & Sewer, Inc. | Ratemaking | WS-03478A-12-0307 |
| 2012 | Sahuarita Water Company, LLC | Amend Off-Site Facilities Hook-Up Fee | W-03718A-09-0359 |
| 2012 | New River Utility Company | Ratemaking | W-01737A-12-0478 |
| 2013 | Far West Water & Sewer, Inc. | New Off-Site Facilities Hook-Up Fees | WS-03478A-13-0200 |
| 2013 | Far West Water & Sewer, Inc. | CC&N Extension | WS-03478A-13-0250 |

July 2013

EXHIBIT SWC-3

Exhibit SWC-3

Sahurarita Water Company, L.L.C.
Company Proposed HUFs

| OFF-SITE HOOK-FEE TABLE | | | |
|--------------------------------|--------------------|--------------------------|---------------------|
| Meter Size | Current Fee | Proposed Increase | Proposed Fee |
| 5/8" x 3/4" | \$350 | \$1,150 | \$1,500 |
| 3/4" | \$420 | \$1,380 | \$1,800 |
| 1" | \$700 | \$2,300 | \$3,000 |
| 1 1/2" | \$1,400 | \$4,600 | \$6,000 |
| 2" | \$2,240 | \$7,360 | \$9,600 |
| 3" | \$4,200 | \$13,800 | \$18,000 |
| 4" | \$7,000 | \$23,000 | \$30,000 |
| 6" or larger | \$14,000 | \$46,000 | \$60,000 |

EXHIBIT SWC-4

ORIGINAL

BEFORE THE ARIZONA CORPORATIC

COMMISSIONERS

Arizona Corporation Commission

AZ CORP. COM. DIVISION
DOCKET CONTROL

GARY PIERCE, Chairman

BOB STUMP

SANDRA D. KENNEDY

PAUL NEWMAN

BRENDA BURNS

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OCT 30 2012
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2012 OCT 30 PM 12 00

IN THE MATTER OF THE JOINT) DOCKET NO. W-02808A-99-0143
APPLICATION OF INTERCHANGE) DOCKET NO. W-03718A-99-0143
WATER COMPANY, INC. AND RANCHO)
SAHUARITA WATER COMPANY, L.L.C.) MOTION PURSUANT TO A.R.S. § 40-
FOR APPROVAL OF THE SALE OF) 252 FOR ORDER ALTERING AND
ASSETS AND TRANSFER OF) AMENDING DECISION NO. 62032
CERTIFICATE OF CONVENIENCE AND) (AND, IF NECESSARY, DECISION NO.
NECESSITY) 72177)

I.

INTRODUCTION

Pursuant to A.A.C. R14-3-106(K) and A.R.S. § 40-252, Sahuarita Water Company, L.L.C. ("SWC")¹ hereby moves for an order from the Commission reopening the above-captioned and above-docketed proceedings ("Subject Proceedings") for the purposes of (i) considering the Application of SWC For Approval of Proposed Amended Off-Site Facilities Hook-Up Fees ("OSF Application"), which is attached hereto as Exhibit "A," and (ii) thereafter issuing an appropriate form of order or decision altering and amending Decision No. 62032 so as to approve the proposed amended Off-Site Facilities Hook-Up Fees ("OSF") which are the subject of the attached OSF Application in replacement for those OSFs which were adopted by the Commission in Decision No. 62032. In support of this Motion, SWC submits the following information.

II.

DISCUSSION

¹ On November 19, 2008, the Commission issued Decision No. 70620 which, inter alia, approved the change in name of Movant from Rancho Sahuarita Water Company, L.L.C. to Sahuarita Water Company, L.L.C.

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ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

1 SWC's existing OSFs were developed by the Commission's Staff and presented in a
 2 Commission Staff Memorandum dated August 20, 1999, which was filed in Docket Nos. W-
 3 02808A-99-0143 and W-03718A-99-0143. The Commission adopted the Commission Staff's
 4 recommendation in that regard in Decision No. 62032, which was issued on November 2, 1999.
 5 Those OSFs are set forth in Table 1 below; and, they have remained unchanged since Decision
 6 No. 62032.²

7 **Table 1**

| OFF-SITE FACILITIES HOOK-UP FEE TABLE | |
|---------------------------------------|------------------|
| <u>Meter Size</u> | <u>Total Fee</u> |
| 5/8" x 3/4" | \$350.00 |
| 3/4" | \$420.00 |
| 1" | \$700.00 |
| 1 1/2" | \$1,400.00 |
| 2" | \$2,240.00 |
| 3" | \$4,200.00 |
| 4" | \$7,000.00 |
| 6" or greater | \$14,000.00 |

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 15 As indicated in the attached OSF Application, SWC is requesting Commission approval
 16 to increase its existing OSFs from those depicted in Table 1 above to those shown in Table 2
 17 below.

18 **Table 2**

| AMENDED OFF-SITE FACILITIES HOOK-UP FEE TABLE | |
|---|------------------|
| <u>Meter Size</u> | <u>Total Fee</u> |
| 5/8" x 3/4" | \$1,500.00 |
| 3/4" | \$1,800.00 |
| 1" | \$3,000.00 |
| 1 1/2" | \$6,000.00 |
| 2" | \$9,600.00 |
| 3" | \$18,000.00 |
| 4" | \$30,000.00 |
| 6" or greater | \$60,000.00 |

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 26 ² SWC's most recent rate case was the subject of Decision No. 72177, which was issued on February 11, 2011.
 27 Neither SWC nor the Commission Staff proposed any change(s) to SWC's existing OSFs at that time, and Decision
 28 No. 72177 does not discuss the subject at all. However, in the event that the Commission should conclude that it is
 necessary to alter and amend Decision No. 72177, in order to lawfully consider and approve the proposed amended
 OSFs which are the subject of this Application, then SWC's Motion is intended to be inclusive of Decision No.
 72177 as well.

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(520) 398-0411

1 The reasons for these proposed OSF increases and the timing thereof are discussed at
2 length in the attached OSF Application, which is incorporated herein by this reference. As noted
3 therein,

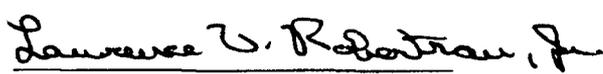
4 "SWC's proposed amendment to its existing OSFs is intended to
5 achieve two principal objectives. First, SWC desires to have in
6 place OSFs which more accurately reflect the cost of constructing
7 wells, storage tanks, booster pumping facilities, treatment facilities
8 and transmission mains ("Off-Site Facilities") in conjunction with
9 the provision of adequate and reliable service to future customers.
10 In so doing, the company intends to remove the basis for any
11 concern that existing customers are being asked to subsidize new
12 growth. Second, by instituting the proposed changes in OSFs at
13 this time, SWC intends to avoid a situation where insufficient
14 OSFs result in upward pressure on the amount of required rate
15 relief in future rate cases, due to overreliance on debt and equity as
16 the means for funding capital improvements." [OSF Application at
17 page 3, lines 8-17]

18 In that regard, inasmuch as the proposed OSF increases are "revenue neutral" in nature vis-à-vis
19 SWC's operating revenues and expenses, SWC believes that the Commission may lawfully
20 consider and approve the same without the necessity of an accompanying application for a
21 general change in the company's rates and charges.

22 **II.**
23 **CONCLUSION**

24 For the reasons discussed above, and the reasons discussed in detail in the attached OSF
25 Application, SWC hereby requests that the Commission issue an order reopening the Subject
26 Proceedings for the purpose of (i) considering the attached OSF Application, and (ii) thereafter
27 issuing an appropriate form of order or decision altering and amending Decision No. 62032 (and,
28 if necessary, Decision No. 72177) so as to approve the proposed OSFs which are the subject of
the attached OSF Application as replacement for those OSF fees which were adopted by the
Commission in Decision No. 62032.

Dated this 25th day of October 2012.


Lawrence V. Robertson, Jr., Of Counsel to
Munger Chadwick, PLC

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

P. O. Box 1448
Tubac, Arizona 85646
Attorney for Sahuarita Water Company, L.L.C.

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The original and thirteen (13) copies of the above Motion will be mailed for filing on the 26th day of October 2012 to:

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

A copy of the above Motion will be emailed/mailed that same date to:

Jane L. Rodda, Administrative Law Judge
Hearing Division
Arizona Corporation Commission
400 West Congress, Suite 218
Tucson, Arizona 85701

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

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

Wesley Van Cleve
Legal Division
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1200 West Washington Street
Phoenix, Arizona 85007

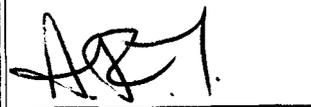


Exhibit “A”

**Sahuarita Water Company
Motion – October 25, 2012
Docket No. W-02808A-99-0143
Docket No. W-03718A-99-0143**

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 **COMMISSIONERS**

- 4 **GARY PIERCE, Chairman**
- 5 **BOB STUMP**
- 6 **SANDRA D. KENNEDY**
- 7 **PAUL NEWMAN**
- 8 **BRENDA BURNS**

9 IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-03718A-12-____
 10 SAHUARITA WATER COMPANY, L.L.C.)
 11 FOR APPROVAL OF PROPOSED AMENDED) **APPLICATION**
 12 OFF-SITE FACILITIES HOOK-UP FEES)

13 By means of this Application, Sahuarita Water Company, LLC (“SWC”), an Arizona
 14 limited liability company, hereby requests that the Commission issue an appropriate form of
 15 order approving an amendment of SWC’s existing Off-Site Facilities Hook-Up Fees (“OSF”) in
 16 the manner more fully described in Section II below. In support of this Application, SWC
 17 submits the following information.

18 **I.**
 19 **BACKGROUND**

20 SWC is an Arizona public service corporation, which has been authorized by the Arizona
 21 Corporation Commission (“Commission”) to provide water service to the public in the vicinity
 22 of Sahuarita, Arizona pursuant to certificates of convenience and necessity issued by the
 23 Commission. At present, SWC provides water service to approximately 5,133 residential, 52
 24 commercial, 142 irrigation, and 3 institutional customer connections. In that regard, the
 25 preponderance of SWC’s current customers are located within the Rancho Sahuarita Master
 26 Planned Community, which is located entirely within SWC’s certificated water service area.

27 SWC’s existing water system infrastructure includes the following facilities: (i) three
 28 wells with an aggregate production capacity of 4,850 gpm; (ii) three storage reservoirs with an
 aggregate storage capacity of 2,550,000 gallons; (iii) two booster stations which provide water to

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1 three pressure zones with an aggregate capacity of 6,800 gpm; (iv) an arsenic treatment facility
2 with an aggregate treatment capacity of 2,000 gpm; (v) and related transmission and distribution
3 mains, meters, service lines, fire hydrants and other water system appurtenances.

4 SWC's existing OSFs were developed by the Commission's Staff and presented in a
5 Commission Staff Memorandum dated August 20, 1999, which was filed in Docket Nos. W-
6 02808A-99-0143 and W-03718A-99-0143. The Commission adopted the Commission Staff's
7 recommendation in that regard in Decision No. 62032, which was issued on November 2, 1999.
8 Those OSFs are set forth in Table 1 below; and, they have remained unchanged since Decision
9 No. 62032.

10 **Table 1**

| OFF-SITE FACILITIES HOOK-UP FEE TABLE | |
|---------------------------------------|------------------|
| <u>Meter Size</u> | <u>Total Fee</u> |
| 5/8" x 3/4" | \$350.00 |
| 3/4" | \$420.00 |
| 1" | \$700.00 |
| 1 1/2" | \$1,400.00 |
| 2" | \$2,240.00 |
| 3" | \$4,200.00 |
| 4" | \$7,000.00 |
| 6" or greater | \$14,000.00 |

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18 **II.**

19 **DISCUSSION OF PROPOSED AMENDMENTS**

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21 **A. SWC Planning Process**

22 As part of its ongoing long-range planning process, SWC retained WestLand Resources,
23 Inc. to update the Water System Master Plan which WestLand had prepared for SWC in 2007.
24 The 2011 Water System Updated Master Plan ("Updated Plan") was completed by WestLand in
25 August 2012. As stated therein, the objective of the Updated Plan was as follows:

26
27 "The objective of the 2011 SWC Master Plan is to address the water infrastructure
28 needs of the existing and future SWC water system. The Master Plan will provide
a planning basis for the present and future operation of the SWC system in a

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manner consistent with the existing facilities, physical constraints, and SWC resources. The Master Plan will also be a key guidance document for SWC to identify the capital components required for both existing and future customers. The infrastructure requirements are developed based on a combination of Federal, State (Arizona Administrative Code Title 18 and Arizona Department of Environmental Quality (ADEQ) requirements), and local (Pima County and Town of Sahuarita) requirements, SWC policies, and standard engineering practices.” [Updated Plan at page 2] [emphasis added]

A copy of the Updated Plan is attached hereto as Appendix “A” and is incorporated herein by this reference.

B. Objectives of Amended OSFs and Underlying Assumptions

SWC’s proposed amendment to its existing OSFs is intended to achieve two principal objectives. First, SWC desires to have in place OSFs which more accurately reflect the cost of constructing wells, storage tanks, booster pumping facilities, treatment facilities and transmission mains (“Off-Site Facilities”) in conjunction with the provision of adequate and reliable service to future customers. In so doing, the company intends to remove the basis for any concern that existing customers are being asked to subsidize new growth. Second, by instituting the proposed changes in OSFs at this time, SWC intends to avoid a situation where insufficient OSFs result in upward pressure on the amount of required rate relief in future rate cases, due to overreliance on debt and equity as the means for funding capital improvements.

In developing the proposed changes in OSFs which are the subject of this Application, SWC has made several threshold assumptions. First, the assumed plant addition horizon or timeline is the 2013-2024 time period, consistent with the projected residential build out of the Rancho Sahuarita Master Planned Community. Second, the assumed cost data for such plant additions is based upon the Updated Plan, as is the nature of the Off-Site Facilities construction to be undertaken during that period of time. In that regard, the assumed plant additions will all be made within the physical boundaries of the Rancho Sahuarita Master Planned Community. Third, an inflation rate of 2% per annum has been assumed. Fourth, the resulting rate base attributed to Off-Site Facilities per equivalent 5/8” residential customer (“Off-Site Rate Base”) should remain generally consistent with the \$1,300 Off-Site Rate Base which may be derived

1 from the rate base established in Decision No. 72177. Finally, the projected funding provided
2 through the amended OSFs should be equal to or less than 50% of the cost of Off-Site Facilities.

3 **C. Proposed Amended OSFs**

4 The OSFs resulting from the aforementioned objectives and assumptions are set forth in
5 the following table:

6 **Table 2**

| AMENDED OFF-SITE FACILITIES HOOK-UP FEE TABLE | |
|--|------------------|
| <u>Meter Size</u> | <u>Total Fee</u> |
| 5/8" x 3/4" | \$1,500.00 |
| 3/4" | \$1,800.00 |
| 1" | \$3,000.00 |
| 1 1/2" | \$6,000.00 |
| 2" | \$9,600.00 |
| 3" | \$18,000.00 |
| 4" | \$30,000.00 |
| 6" or greater | \$60,000.00 |

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14 In connection with the foregoing, attached hereto as Appendix "B" and incorporated
15 herein by this reference are summary schedules covering the 2008 through 2024 time period.
16 Schedule 1 depicts the Off-Site Rate Base per equivalent 5/8" customer. Schedule 2 details
17 cumulative annual funding of Off-Site Facilities by source of funds. Schedule 3 provides a recap
18 of the Off-Site Facilities funding by source of funds with percentages for the 2009-2024 time
19 period and the 2013-2024 time period.

20 The schedules are based on an OSF of \$1,500 for a 5/8" residential customer as proposed
21 herein. This analysis assumes that the \$14,174,203 of Off-Site Facilities projected to be added
22 during the 2013-2014 planning horizon will be funded through a combination of the proposed
23 OSFs and equity or debt.¹ As previously noted, this infrastructure cost estimate is derived from
24 the Updated Plan. In that regard, a summary of WestLand's cost estimate presented in the
25 Updated Plan is attached hereto as Appendix "C" and incorporated herein by this reference.
26 Also attached as Appendix "D," and incorporated herein by this reference, is a spreadsheet

27
28

¹The value of the facilities in 2012 costs before application of the 2.0% inflation factor is \$12,514,320.

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1 providing detail supporting the summary schedules and proposed changes to SWC's current
2 OSFs.

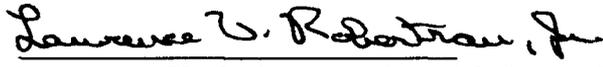
3 **D. Miscellaneous**

4 As further background for this Application, attached hereto as Appendix "E" and
5 incorporated herein by this reference are copies of SWC's Annual Reports for calendar years
6 2009, 2010 and 2011, as filed with the Commission's Utilities Division. In addition, attached
7 hereto as Appendix "F" and incorporated herein by this reference is a copy of a Water Use Data
8 Sheet for SWC for the thirteen (13) months ended September 30, 2012. In that regard, the 2011
9 Annual Report contains SWC's Balance Sheet and Income Statement for the twelve (12) months
10 ended December 31, 2011.

11 **II.**
12 **CONCLUSION**

13 WHEREFORE, SWC hereby requests that the Commission and its Staff make such
14 inquiry as deemed necessary or appropriate in connection with this Application and the relief
15 herein requested, and thereafter enter an appropriate form of order approving the proposed
16 amended OSFs and proposed implementing Tariff, a copy of which is attached hereto as
17 Appendix "G" and incorporated herein by this reference.

18
19 Dated this 25th day of October 2012.

20 
21 Lawrence V. Robertson, Jr., Of Counsel to
22 Munger Chadwick, PLC
23 P. O. Box 1448
24 Tubac, Arizona 85646
25 Attorney for Sahuarita Water Company, L.L.C.

26 The original and thirteen (13) copies of the
27 above Application will be mailed for filing
28 on the 26th day of October 2012 to:

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P.O. Box 1448
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1 Docket Control
2 Arizona Corporation Commission
3 1200 West Washington Street
4 Phoenix, Arizona 85007

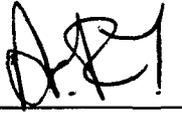
5 A copy of the above Application will
6 be emailed/mailed that same date to:

7 Jane L. Rodda, Administrative Law Judge
8 Hearing Division
9 Arizona Corporation Commission
10 400 West Congress, Suite 218
11 Tucson, Arizona 85701

12 Janice M. Alward, Chief Counsel
13 Legal Division
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Steve Olea, Director
18 Utilities Division
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 Wesley Van Cleve
23 Legal Division
24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27 
28 _____

**Appendix “A”
(2011 Water System
Updated Master Plan)**

**Sahuarita Water Company
Application – October 25, 2012
Docket No. W-03718-09-0359**

**SAHUARITA
WATER COMPANY, LLC**

**2011 WATER SYSTEM
UPDATED MASTER PLAN**

Prepared for:

SAHUARITA WATER COMPANY, LLC
725 W Via Rancho Sahuarita Rd, Bldg #1
Sahuarita, Arizona 85629
(520) 399-1105

Prepared by:


WestLand Resources, Inc.
Engineering and Environmental Consultants

4001 E. Paradise Falls Drive
Tucson, Arizona 85712
(520) 206-9585

AUGUST 2012
Project No. 217.201 A 8000



EXPIRES 9/30/2013

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EXHIBITS

(follow text)

- Exhibit 1. 2011 Master Plan Area and Blocks
- Exhibit 2. Existing Water System Map
- Exhibit 3. Future Water System Map

APPENDICES

(follow text)

Appendix A. Pod Map and June 2011 Absorption Spreadsheet by Sahuarita Water Company
Appendix B. Demand Calculations

LIST OF ACRONYMS

| | |
|----------|---|
| AA | Active Adults |
| ACC | Arizona Administrative Code |
| ADD | Average Daily Demand |
| ADPM | Average Daily Peak Month Demand |
| ADEQ | Arizona Department of Environmental Quality |
| ADWR | Arizona Department of Water Resources |
| | |
| gpad | gallons per acre per day |
| gpcd | gallons per capital per day |
| gpdsf | gallons per day per square foot |
| gpm | gallons per minute |
| gpsd | gallons per student per day |
| | |
| lf | lineal feet |
| LAU | Lost and Unaccounted for Water |
| | |
| MCL | Maximum Contaminant Level |
| MF | Multi-family |
| MG | million gallons |
| MGD | million gallons per day |
| | |
| pbb | parts per billion |
| PDD | Peak-day Demand |
| PHD | Peak-hour Demand |
| pphu | persons per housing unit |
| psi | pounds per square inch |
| | |
| SCADA | Supervisory Control and Data Acquisition |
| SDWA | Safe Drinking Water Act |
| sf | square feet |
| SF | Single-family |
| SUSD | Sahuarita Unified School District |
| SWC | Sahuarita Water Company |
| | |
| UPC | Uniform Plumbing Code |
| | |
| WestLand | WestLand Resources, Inc. |

CHAPTER 1. INTRODUCTION

The Sahuarita Water Company, LLC (SWC) is a private water utility currently located within the Town of Sahuarita, Arizona. The 2011 SWC water system master plan (Master Plan) area includes approximately 3,400 acres located within portions of/or the whole section of Sections 35 and 36, Township 16 South, Range 13 East and Sections 1, 11, 12, 13, 14, and 23, Township 17 South, Range 13 East (*Exhibit 1*). The Master Plan area includes the Rancho Sahuarita Master Planned Community, Rancho Resort and the existing Sahuarita Unified School District (SUSD) main school campus located at Sahuarita Road.

1.1. EXISTING SITE AND FACILITIES

The Master Plan area is located immediately south of the Tohono O'odham Nation San Xavier District and southwest of the City of Tucson City limits. The Master Plan area straddles Interstate-19. The area surrounding the SWC Master Plan area includes the Tohono O'odham Indian reservation to the north, pecan orchards to the east, Asarco Mining Facilities and tailing areas to the west, and residential subdivisions to the south. The nearest water companies to the Master Plan area include the Las Quintas Serenas Water Company, Valle Verde Del Norte Water Company, and Farmers Water Company; these water companies currently serve the area to the south and east of the SWC Master Plan area.

The SWC Master Plan area is relatively flat with no major geologic formations within the site. The land gradually slopes eastward to the Santa Cruz River at approximately a 2 percent of slope. The highest portion of the Master Plan area is located at La Cañada Drive and El Toro Road near the southwest corner with an elevation of approximately 2,920 feet. The lowest area within the Master Plan area is near the northeast corner at an elevation of approximately 2,670 feet.

The SWC water system currently consists of three pressure zones, three groundwater wells, an arsenic treatment plant, three storage reservoirs, and three booster stations. The three pressure zones are named using their highwater elevations of 2,850, 2,950, and 3,050 feet. The 2950 pressure zone includes two non-contiguous areas: the smaller area to the north is referred to as the 2950 North Zone (2950N), and the larger area to the south is referred to as the 2950 Zone.

The three SWC groundwater wells are Well Nos. 14, 18, and 23. All three wells pump to the Arsenic Treatment Plant (WTP #1) via a dedicated raw water transmission main. At WTP #1, a designated portion of the raw well water passes through the arsenic treatment units to remove arsenic. The treated water is then blended with the bypassed water. The blended water is first delivered to the two 2850 Zone storage reservoirs adjacent to the WTP #1 site, and then further distributed to the SWC water distribution system via gravity flow, booster stations, or a combination of both. The existing system configuration, facilities, and capacities are further discussed in Chapter 4.

1.2. OBJECTIVES

The objective of the 2011 SWC Master Plan is to address the water infrastructure needs of the existing and future SWC water system. The Master Plan will provide a planning basis for the present and future operation of the SWC system in a manner consistent with the existing facilities, physical constraints, and SWC resources. The Master Plan will also be a key guidance document for SWC to identify the capital components required for both existing and future customers. The infrastructure requirements are developed based on a combination of Federal, State (Arizona Administrative Code Title 18 and Arizona Department of Environmental Quality (ADEQ) requirements), and local (Pima County and Town of Sahuarita) requirements, SWC policies, and standard engineering practices.

This Master Plan is intended to be a flexible, working document allowing SWC to adjust planning and facilities to meet future conditions. However, this document cannot anticipate every future outcome and, as such, should be reviewed periodically to update the assumptions for population growth, projected demands, and infrastructure requirements. It is recommended that these updates to the Master Plan be provided at three-year intervals, or as appropriate, to allow timely updates to the capital improvement program and funding issues.

1.3. SYSTEM DEVELOPMENT AREA AND LAND USES

The SWC 2011 Master Plan area land uses are based on the June 2011 Absorption Spreadsheets (*Appendix A*), prepared by the Master Plan developer, which were provided to WestLand Resources Inc. (WestLand) by SWC. The Absorption Spreadsheets specify future land uses including residential, regional commercial center, park industrial, public facilities, and open space, and projects the number of residential units and the square footage of commercial/industrial developments anticipated to occur each year. Based on the Absorption Spreadsheets, the buildout of the SWC water system will contain 7,172 single-family (SF) residential units, 1,344 active-adult (AA) residential units, 271 multi-family (MF) residential units, and approximately 3.3 million square feet (sf) of commercial/industrial uses. The buildout of the residential development is planned to occur in 2024. The buildout of the SWC water system will contain approximately 3.4 million sf commercial/industrial buildings, out of which approximately 2.1 million sf are planned to be added by 2034 and approximately 0.8 million sf are anticipated to occur thereafter.

1.4. POPULATION PROJECTIONS

The population projection is based on the number of residential units and assumptions of 2.7 persons per housing unit (pphu) for SF, 1.8 pphu for active-adult AA, and 1.9 pphu for MF. The estimated population for the SWC water system is approximately 12,900 at the end of 2010 and 22,300 at buildout. The population projections are described further in Chapters 4 and 5.

CHAPTER 2. SCOPE AND APPROACH

2.1. DEFINE KEY ISSUES

The development of a master plan requires defining a strategic approach, key issues, and policies early in the planning process. These key issues and policies, and their initial assumptions, are required to design the water system. The policies set within this section will affect the required water system layout, facility sizing, reliability, and costs of the required infrastructure.

2.2. WATER SYSTEM PLANNING HORIZON

The projected planning horizon for the population and water system demands will be buildout. Population projections and demands will be provided for the existing conditions and the buildout condition.

2.3. WATER SOURCE CAPACITY AND QUALITY REQUIREMENTS

The SWC Water System currently relies solely on groundwater supplies for its production water source. It is anticipated that SWC will continue to develop new groundwater well(s) to serve drinking water needs. A water system solely relying on groundwater wells for its source water is typically required to be capable of providing peak day demand (PDD) with the largest well out of service¹. The Master Plan will develop the capacity requirements for wells to meet this requirement.

All source water for public water systems shall meet the federal Safe Drinking Water Act (SDWA) requirements and more stringent state requirements, if any. All new source water will be tested for water quality to determine if treatment is required to meet the current ADEQ water quality requirements.

It is the SWC policy to provide chlorination of its water system and to maintain adequate residual chlorine concentrations throughout the water system. This policy will help alleviate bacteriological contamination that may occur through airborne contamination of reservoirs or stagnant water lines and transmission mains.

2.4. WATER TREATMENT CAPACITY REQUIREMENTS

The SWC existing and future wells typically have arsenic concentration exceeding the maximum contaminant level (MCL) of 10 parts per billion (ppb). Arsenic treatment must be provided to reduce the arsenic level in the drinking water to below 10 ppb. A portion of the water can be bypassed around the treatment unit and blended with the treated water. The treatment objective of the SWC is to have arsenic concentration in the blended water to be equal or less than 8.5 ppb. The arsenic treatment capacity must be capable of producing blended water meeting PDD and the arsenic treatment objective.

¹ Per typical engineering criteria, and Section 3.2.1 of the 10 States Standards - Recommended Standards for Water Works, 2007 Edition.

2.5. STORAGE REQUIREMENTS

Reservoir storage capacity is a highly critical element in the design and operation of water systems. The storage will provide operational flexibility and system reliability. Reservoir storage is used primarily to accommodate hourly fluctuations and demand, PDD fluctuations, fire flow requirements, and emergency reserve storage. Each of these requirements, added together, form the required storage capacity for each zone. Current ADEQ criteria typically require providing average daily peak month demand (ADPM) plus fire flow to be the minimum storage capacity. However, with multiple well systems, the average daily demand (ADD) plus fire flow requirements will be used. Storage capacity may be based on existing consumption and phased as the water system expands. The storage must be provided in the zone where the usage is required or be available to be readily transferred to the zone of use.

The Master Plan should develop future reservoir capacity using floating storage wherever possible. The highest zones may be an exception, as an appropriate reservoir location may not be available. The water surface of the reservoir is set at the high water elevation for the zone, which is generally about 100 feet above the highest home in the zone. This allows the homes within the zone boundary to be served directly from the reservoir by gravity and the system pressure to be regulated by the reservoir elevation. This method provides a highly reliable system with very low pressure fluctuations. The system will also continue to operate during power outages using the remaining water in the reservoir system.

2.6. PRESSURE REQUIREMENTS

Normal working pressure in a distribution system typically should not be less than 40 pounds per square inch (psi). System pressures under peak hour conditions should not drop below 35 psi anywhere within the system. Per ADEQ requirements, the system shall be designed to maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow. In hydraulic analysis, this is generally understood to mean that the minimum residual pressure must be 20 psi for each customer in a fire flow event from any hydrant, during a flow condition of PDD plus fire flow. Typically, the hydraulic analysis is run at a minimum of 25 psi in order to ensure that there is a minimum of 20 psi at any given household. Maximum pressures as high as 100 psi may be allowed in small, low-lying areas not subject to high flow rates and surge pressure. The Uniform Plumbing Code limits the water pressure within the individual property owners' plumbing to a minimum of 15 psi and a maximum of 80 psi in order to protect the customer's piping and fixtures. Regulating the pressure from the meter to the customer is the responsibility of the customer.

2.7. FIRE FLOW REQUIREMENTS

There are generally two considerations to providing adequate fire flow. The first consideration includes offsite requirements such as the volume of fire flow storage available in reservoirs, adequately designed pressure zones, and the size of transmission mains. The second factor is the internal distribution system within the neighborhood, including main sizes, adequate looping, and fire hydrant placement. The Master Plan is intended to develop adequately sized reservoirs, properly designed pressure zones, and water

transmission mains sized to provide fire flow to existing areas, if possible, and to provide adequate fire flow for new development.

Fire flow requirements for homes typically vary from 1,000 to 1,750 gallons per minute (gpm), depending on the size of the home. The typical residential subdivision will have a fire flow requirement of 1,000 gpm for houses under 3,600 square feet and 1,750 gpm for houses 3,600 square feet and above. The standard duration requirement for residential fire flow is two hours. Commercial facility fire flow requirements also vary depending on the square footage of the commercial building, occupancy type, building material type, exposure distance to other buildings, and whether the structure has a sprinkler system. Typical commercial facilities will have fire flow requirements from 1,500 to 2,500 gpm for a two to four-hour duration. Fire flows can be adjusted by the local fire district, if the nature of the system or the rural nature of the area precludes the full fire flow per the International Fire Code. For purposes of the Master Plan, the fire flow requirements are assumed to be the difference for each zone based on different types of non-residential use in each zone. The existing and future fire flow requirements for the SWC water system are described in Chapters 4 and 5, respectively.

2.8. WATER MAIN REQUIREMENTS

The Master Plan should describe a spine water main system that will transport the appropriate volume of source water to the zone in which it is utilized. Spine mains should be sized and arranged to minimize friction-generated line losses, and provide the required fire flows and system redundancy. It is recommended that the policy of SWC is to require or provide looped water transmission and distribution systems for the water main grid system wherever possible. In addition, appropriate valve locations and intervals should be required to isolate small sections of main during breakages and reduce the number of residences out of service.

2.9. SYSTEM UPGRADES

The Master Plan will develop the system design criteria to guide the utility in designing proposed water facilities. The system design criteria will include methods for demand calculations, peaking factors, well supply, arsenic treatment, reservoir storage, booster station capacity requirements, emergency backup systems and distribution system sizing, and water system grid requirements.

The Master Plan will identify infrastructure requirements for the water system at buildout and specify the required new facilities and existing facility upgrades. These facilities will include an additional well, a pre-filter unit at the existing arsenic treatment plant, two new reservoirs at one site, a new booster station, upgrades to the existing booster stations and new spine water main extensions.

CHAPTER 3. ENGINEERING CRITERIA

Based on the information presented in Chapter 2, the system design criteria for the Master Plan are described below in terms of demand, supply, storage, and distribution system assumptions. The criteria presented in this chapter are based on SWC historical water usage during 2007 to 2010 (see Chapter 4 for further discussion) and typical engineering criteria in southern Arizona. The criteria generally follow the ADEQ, Arizona Department of Water Resources (ADWR), and Arizona Administrative Code (AAC) standards.

3.1. DEMAND CRITERIA

- Average daily per capita water usage for single-family residential 75 gpcd
- Average daily per capita water usage for Active Adults residential 68 gpcd
- Average daily per capita water usage for Multi-family residential 58 gpcd
- Irrigation demand (right of way, parks, home owner association (HOA))..... 28 gpcd
- Average daily water use per square foot of commercial, industrial, institutional building area 0.19* gpdsf
- Average number of persons per single-family dwelling unit 2.7 pphu
- Average number of persons per Active Adults dwelling unit 1.8 pphu
- Average number of persons per multi-family dwelling unit 1.9 pphu
- High School Students23 gpcd
- Middle/Elementary School Students20 gpcd
- Ratio of peak-day to average-day use for the entire SWC water system (for source capacity planning)..... 1.6
- Ratio of peak-day to average-day use for each individual zone (for booster capacity planning) 2.0
- Ratio of peak-hour to average-day use..... 3.2
- Ratio of average daily peak month use to average-day use..... 1.3
- Lost and unaccounted for (LAU) water5%

* The 0.19 gpdsf is based on the assumption of 1400 gpd per acre and 17 % building footprint coverage per acre.

gpcd – gallons per capita per day
 gpad – gallons per acre per day
 gpdsf – gallons per day per square foot
 gpcd – gallons per day per student
 pphu – persons per housing unit

3.2. SUPPLY CRITERIA

- Well capacity to meet PDD with the largest well out of service.
- Minimum supply from transfer boosters to elevated (gravity) storage to meet PDD.
- Minimum booster capacity to zones without gravity storage to meet PHD or PDD plus fire flow, whichever is greater.

3.3. ARSENIC TREATMENT CRITERIA

- Arsenic treatment plant capacity to produce blended water meeting PDD and the arsenic treatment objective of 8.5 ppb.

3.4. STORAGE CRITERIA

- Provide storage volume equal to a minimum of ADD.
- Provide additional storage volume required to provide fire flow storage requirements. One fire flow event is assumed to occur for the water system at one time, and therefore only one maximum fire flow storage is accounted for in calculating the total system storage requirement.

3.5. DISTRIBUTION SYSTEM CRITERIA

- System design and construction to meet the SWC, City of Tucson Water Department, and Arizona Department of Health Services requirements.
- Under PDD conditions, for distribution system pipelines 12 inches or less, the velocity shall not exceed 5 feet per second or the headloss shall not exceed 8 feet per 1,000 feet, whichever is more stringent.
- Under PDD plus fire flow conditions, for distribution system pipelines 12 inches or less, the velocity shall not exceed 10 feet per second.
- For transmission mains 16 inches or larger, the velocity shall not exceed 5 feet per second or the headloss shall not exceed 5 feet per 1,000 feet.
- Distribution lines to be sized and arranged to provide required fire flows and to move source water to the zones within which it is utilized.
- The SWC pressure zones and zone boundaries are at 100-foot elevation differences for most of the system.
- Provide a line-size valve, normally closed, or a PRV station at pipelines crossing zone boundaries.
- Water will be generally supplied at the customer's meter within a static pressure range of 43 to 87 psi in 100-foot zones. Due to localized topographic conditions, certain locations may receive water pressure slightly less or greater than the stated range. It is the customer's responsibility to increase or decrease the pressure to meet the Uniform Plumbing Code (UPC) pressure requirements of 15 – 80 psi for the private plumbing.

CHAPTER 4. EXISTING SYSTEM ANALYSIS

4.1. EXISTING SYSTEM OVERVIEW

The SWC water service area is separated into pressure zones with zone boundaries generally located at 100-foot intervals. The high water elevations of the zones are also spaced at approximately 100-foot intervals. Typical static pressure fluctuations within the system will vary from approximately 40 psi at the top of the zone to 87 psi at the bottom of the zone, although pressures will vary with daily demand fluctuations and fire flow conditions. The zone boundaries and high water elevations are shown in *Table 1*. The zone delineation is shown on *Exhibit 2*.

The existing SWC water system is divided into three pressure zones: 2850, 2950, and 3050. The zones are named using their high water elevations. The 2950 pressure zone consists of two non-contiguous areas: a smaller north area and a larger south area. For this Master Plan, the south area is referred to as the 2950, and the north area as 2950North (2950N) Zone.

The 2850 Zone is currently served by gravity from two floating 2850 Zone reservoirs. The two 2850 Zone floating reservoirs have capacities of 1.0 and 1.2 million gallons (MG), respectively. The 2950 Zone and 3050 Zone are currently served by booster stations pumping from the 2850 Zone reservoirs. The 2950N Zone is served by a booster station pumping from the 350,000-gallon forebay storage reservoir at the Booster Station #2 site. The 2950N forebay reservoir is filled by the 2850 Zone distribution system based on the reservoir water level via the control of a solenoid valve.

Table 1. SWC Pressure Zone Boundaries

| Zone | Elevation Boundaries (feet) | Static Pressure (psi) |
|----------------|-----------------------------|-----------------------|
| 2850 | 2650 – 2750 | 87 – 43 |
| 2950 and 2950N | 2730 – 2850 | 95 – 43 |
| 3050 | 2850 – 2950 | 87 – 43 |

The SWC water system currently delivers groundwater from three production wells: Well Nos. 14, 18 and 23. Due to arsenic levels above the MCL in the production wells, all three wells pump water to the arsenic treatment plant via dedicated raw water transmission mains. At the arsenic treatment plant, a portion of the raw well water bypasses the treatment units and then blended with the treated water. The blended water is delivered to the two 2850 Zone reservoirs for storage, from which the water is supplied to the distribution system via gravity, booster station, or a combination of both. *Exhibit 2* shows the existing system infrastructure including wells, reservoirs, booster stations, and transmission and distribution mains.

4.2. EXISTING RESIDENTIAL UNITS AND NON-RESIDENTIAL AREA

4.2.1. Existing Units

Table 2 presents the number of existing units per zone served by the SWC water system. These numbers represents the existing units as of December 2010. Population estimates for the existing system are also presented in *Table 2* based on the population criteria presented in Chapter 3.

Table 2. SWC Existing Residential Units and Population Estimates (by December 2010)

| Zone | Single-Family Units | Active-Adults Units | Multi-Family Units | Total Units | Population |
|--------------|---------------------|---------------------|--------------------|--------------|---------------|
| 2850 Zone | 2,959 | 345 | - | 3,304 | 8,610 |
| 2950 Zone | 646 | - | - | 646 | 1,744 |
| 2950N Zone | 624 | 83 | - | 707 | 1,834 |
| 3050 Zone | - | 371 | - | 371 | 668 |
| TOTAL | 4,229 | 799 | - | 5,028 | 12,857 |

4.2.2. Existing Non-Residential Area

Table 3 shows the existing non-residential acreage totals as of December 2010 based on information provided by SWC.

Table 3. SWC Existing Non-residential Building Areas (as of December 2010)

| Zone | Use | Building Area (Square Feet) |
|--------------|---|-----------------------------|
| 2850 Zone | Main Lake Clubhouse, Lake, Lake Park, and Wastewater Treatment Plant, North Park | 67,000 |
| 2950 Zone | Post Office, Town of Sahuarita Municipal Complex, Fire Department, Sahuarita Water Company, Market Place (1/2 Block 34), Block 45 | 427,989 |
| 2950N Zone | Sonora Clubhouse | 25,000 |
| 3050 Zone | Rancho Resort Clubhouse | 15,000 |
| TOTAL | | 534,989 |

4.3. HISTORICAL WATER USAGE-DEMAND CRITERIA AND PEAKING FACTOR EVALUATION

The SWC historical water usages for 2007 – 2010 were analyzed to derive SWC-specific demand criteria and peaking factors. *Table 4* shows the SWC historical water usage for 2007 – 2010 based on the SWC Supervisory Control and Data Acquisition (SCADA) records.

Table 4. SWC Historical Water Usage (based on SCADA)

| Gallons | System Total | 2850 Zone | 2950 Zone | 3050 Zone | 2950N Zone |
|-----------------------------------|--------------|-------------|-------------|------------|------------|
| 2007 | 470,075,023 | 300,185,788 | 82,199,986 | 48,715,711 | 38,973,537 |
| 2008 | 474,827,942 | 307,016,019 | 89,683,567 | 29,983,582 | 48,144,774 |
| 2009 | 524,994,973 | 323,651,675 | 106,221,000 | 35,340,000 | 59,782,298 |
| 2010 | 521,023,515 | 302,256,277 | 116,820,000 | 34,207,000 | 67,740,238 |
| Acre-feet | | | | | |
| 2007 | 1,443 | 921 | 252 | 150 | 120 |
| 2008 | 1,457 | 942 | 275 | 92 | 148 |
| 2009 | 1,611 | 993 | 326 | 108 | 183 |
| 2010 | 1,599 | 928 | 359 | 105 | 208 |
| Average Daily Demand (gpd) | | | | | |
| 2007 | 1,287,877 | 822,427 | 225,205 | 133,468 | 106,777 |
| 2008 | 1,297,344 | 838,842 | 245,037 | 81,922 | 131,543 |
| 2009 | 1,438,342 | 886,717 | 291,016 | 96,822 | 163,787 |
| 2010 | 1,427,462 | 828,099 | 320,055 | 93,718 | 185,590 |
| Average Daily Demand (gpm) | | | | | |
| 2007 | 894 | 571 | 156 | 93 | 74 |
| 2008 | 901 | 583 | 170 | 57 | 91 |
| 2009 | 999 | 616 | 202 | 67 | 114 |
| 2010 | 991 | 575 | 222 | 65 | 129 |

Table 5 shows the historical peaking ratios of PDD and ADPM to ADD. **Table 6** shows the historical peak day factors for the individual zones. As shown in **Table 5**, the historical water usages indicate the SWC water system as a whole has a historical peak day factor ranging from 1.51-1.54, and a ADPM factor ranging from 1.22 -1.28. **Table 6** indicates the peak day factors for the individual zones ranging from 1.62 to 2.45, much higher than the peak day factor of the entire water system. This is understandable; as the larger the system, the probability of simultaneous water use decreases. The peak day factors for the individual zones also indicate a decreasing trend as the zone systems become larger. For the purpose of this Master Plan, a peak day factor of 1.6 was selected for the entire SWC system for source capacity evaluation, and a peak day factor of 2.0 was selected for the individual zone PDD calculation for booster station capacity evaluation. A peaking factor of 1.3 was selected for the system ADPM and storage capacity evaluation.

Table 5. SWC Water System Peaking Factor Evaluation (based on the SCADA records)

| | System Demands (gallons) | ADD (gpd) | PDD (gpd) | Peak Day Peaking Factor PDD/ADD | ADPM (gpd) | Peak Month Peaking Factor ADPM/ADD |
|------|--------------------------|-----------|-----------|---------------------------------|------------|------------------------------------|
| 2007 | 470,075,023 | 1,287,877 | 1,958,271 | 1.52 | 1,652,193 | 1.28 |
| 2008 | 474,827,942 | 1,297,344 | 1,998,386 | 1.54 | 1,649,945 | 1.27 |
| 2009 | 524,994,973 | 1,438,342 | 2,197,887 | 1.53 | 1,751,926 | 1.22 |
| 2010 | 521,023,515 | 1,427,462 | 2,154,713 | 1.51 | 1,832,772 | 1.28 |

Table 6. SWC Water System Peaking Factor Evaluation (based on the SCADA records)

| | ADD (gpd) | | | | PDD (gpd) | | | | Peaking Factor (PDD/ADD) | | | |
|------|-----------|---------|---------|---------|-----------|---------|---------|---------|--------------------------|------|------|-------|
| | 2850 | 2950 | 3050 | 2950N | 2850 | 2950 | 3050 | 2950N | 2850 | 2950 | 3050 | 2950N |
| 2007 | 822,427 | 225,205 | 133,468 | 106,777 | 1,408,827 | 508,227 | 327,225 | 198,816 | 1.71 | 2.26 | 2.45 | 1.86 |
| 2008 | 838,842 | 245,037 | 81,922 | 131,543 | 1,357,432 | 544,250 | 142,000 | 209,185 | 1.62 | 2.22 | 1.73 | 1.59 |
| 2009 | 886,717 | 291,016 | 96,822 | 163,787 | 1,482,929 | 623,000 | 190,000 | 266,216 | 1.67 | 2.14 | 1.96 | 1.63 |
| 2010 | 828,099 | 320,055 | 93,718 | 185,590 | 1,405,476 | 580,000 | 160,000 | 364,882 | 1.70 | 1.81 | 1.71 | 1.97 |

Table 7 summarizes the residential usage for 2008-2010 for the Rancho Sahuarita and Rancho Resort communities based on the SWC billing records. The Rancho Sahuarita community is mainly comprised of SF residential units, and the Rancho Resort community only contains AA residential units. As seen in **Table 7**, the calculated historical per capita demand ranges from 68 to 72 gpcd for SF and 63 to 68 gpcd for AA. For the purpose of this Master Plan, 75 gpcd was selected for SF demand calculation, and 68 gpcd was selected for AA demand calculation. It is noted that the demand criteria do not account for irrigation demands for common areas, right of way, parks, etc. Based on the historical irrigation demands, the Master Plan utilized 28 gpcd for irrigation demand calculation. The total existing system demands calculated using the above criteria correlate well with the observed existing system demands. Assuming a similar development pattern in the area, future demands are evaluated using the same criteria.

Table 7. Residential GPCD Calculation (Billed)

| | Ranch Sahuarita-SF + AA | | | | | Rancho Resort-AA | | | |
|------|--------------------------------|------------------|------------------|------------|------|--------------------------------|------------------|------------|------|
| | Residential Usage (gallons/yr) | Average SF Units | Average AA Units | Population | GPCD | Residential Usage (gallons/yr) | Average AA Units | Population | GPCD |
| 2008 | 274,466,507 | 3,561 | 428 | 10,386 | 72 | 16,436,560 | 367 | 661 | 68 |
| 2009 | 294,657,833 | 3,901 | 428 | 11,302 | 71 | 16,363,851 | 367 | 661 | 68 |
| 2010 | 300,732,918 | 4,171 | 428 | 12,032 | 68 | 15,461,194 | 371 | 668 | 63 |

Note: demands shown in this table are based on billed water usage, which does not include right of way and common area irrigation and the lost and unaccounted for water.

4.4. EXISTING WELLS

The existing SWC water system consists of three active wells (Well Nos. 14, 18, and 23) with a total capacity of 4,950 gpm or 7.1 MGD per day (MGD). **Table 8** provides a summary of the wells and their information, including ADWR well number, current well capacity and arsenic level, casing diameter, well depth, and date drilled. As seen in **Table 8**, the existing SWC wells have current arsenic concentrations above the arsenic MCL of 10 ppb except for Well No. 18. The arsenic concentration in Well No. 18 was above 10 ppb in the past, but is currently dropped to about 8 ppb.

Table 8. Existing Well Information

| Well Number | ADWR Well No. (55-) | Capacity (gpm) | Capacity (MGD) | Raw Water Arsenic Level (ppb) | Casing Dia. (in) | Well Depth (ft) | Date Drilled |
|--------------|---------------------|----------------|----------------|-------------------------------|------------------|-----------------|--------------|
| Well #14 | 55-611142 | 1,800 | 2.6 | 26 | 24 | 1135 | 10-9-1970 |
| Well #18 | 55-611144 | 1,350 | 1.9 | 8 | 20 | 905 | 4-18-1975 |
| Well #23 | 55-216840 | 1,800 | 2.6 | 11 | 18 | 1080 | 4-15-2008 |
| TOTAL | - | 4,950 | 7.1 | - | - | - | - |

4.5. EXISTING ARSENIC TREATMENT PLANT

The existing SWC water system consists of an arsenic treatment plant (WTP #1) to treat its source water to meet the safe drinking water standards. The WTP #1 arsenic treatment plant is a Layne Christensen facility designed to treat a maximum flow of 2,000 gpm. The arsenic treatment facility consists of two 1,000-gpm treatment trains, each of which includes two 7,000-gallon steel filtration vessels that contain Layne RT adsorption media. The arsenic is adsorbed out of the source water and onto the media. The media, once treatment capacity becomes exhausted, is then removed from the filter vessels and sent to a regeneration facility to remove and dispose of the adsorbed arsenic.

All existing SWC wells currently pump to the WTP #1 arsenic treatment plant via dedicated raw water transmission mains. Depending on the arsenic concentration of each well and the arsenic treatment goal, a calculated volume of source water is automatically directed to the treatment units via SCADA for arsenic removal. The remaining flow bypasses the treatment units. The treated water and the bypass water is then blended and discharged to the adjacent two 2850 Zone floating reservoirs for storage and further delivery to the SWC distribution system.

Table 9 below provides a summary of the current SWC arsenic treatment plant operation schedule when a well is turned on. The existing SWC water system only operates one well at a time.

Table 9. Existing Arsenic Treatment Plant Operation Schedule

| Single Well On | Well Capacity (gpm) | Raw Water Arsenic Level (ppb) | Treated Flow (percent of total flow) | Treated Flow (gpm) | Blended Water Arsenic Level ^{*2} (ppb) |
|----------------|---------------------|-------------------------------|--------------------------------------|--------------------|---|
| Well #14 | 1,800 | 26 | 65% | 1,170 | 8.5 |
| Well #18 | 1,350 | 8 | 18% ^{*1} | 250 | 6.6 |
| Well #23 | 1,800 | 11 | 25% | 450 | 8.5 |

^{*1} Percentage set at 18% for calibration purpose to allow for operation of the control valve.

^{*2} Calculated value assuming zero arsenic level in treated water.

4.6. EXISTING RESERVOIRS AND BOOSTER STATIONS

The existing SWC water system consists of three storage reservoirs: a 1.0 MG and a 1.2 MG 2850 Zone floating reservoir and a 350,000-gallon 2950N Zone forebay reservoir. The 2850 Zone is served by the floating reservoirs via gravity flows. A 2,550-gpm 2950 Zone and a 2,400-gpm 3050 Zone booster station

are located at the 2850 Zone reservoir site and draw suction from the reservoirs. The 2950N Zone is served by a 1,850-gpm booster station that draws suction from the 350,000-gallon forebay reservoir. The 2950N Zone forebay reservoir is filled by the 2850 Zone distribution system based on the reservoir water level via the control of a solenoid valve.

The capacities of the existing SWC reservoirs and booster stations are summarized in *Table 10*. The total booster station capacity within the SWC water system is approximately 4,700 gpm and the total reservoir capacity is 2.55 MG.

Table 10. Existing Reservoir/Booster Summary

| Pressure Zone | Well Capacity (gpm) | Booster Capacity (gpm) | Storage (MG) |
|---------------|---------------------|------------------------|--------------|
| 2850 | 4,950 | - | 2.2 |
| 2950 | - | 2,550 | - |
| 3050 | - | 2,400 | - |
| 2950N | - | 1,850 | 0.35 |
| TOTAL | 4,950 | 6,800 | 2.55 |

4.7. EXISTING SYSTEM DEMANDS

The existing system demands were calculated based on the engineering criteria described in Chapter 3 and the existing residential units and commercial uses as of December 2010 as shown in Section 4.2. *Table 11* provides a summary of the existing system demands for each zone and for the entire water system. The detailed demand calculation is included as *Appendix B*.

Table 11. Existing System Demand (As of December 2010)

| Pressure Zone | SF Units | AA Units | MF Units | Comm. Building Area (sf) | High School Students ^{*2} | K-8 School Students ^{*2} | ADD (gpm) | PDD ^{*1} (gpm) | PHD (gpm) |
|---------------------|--------------|------------|----------|--------------------------|------------------------------------|-----------------------------------|--------------|---------------------------|--------------|
| 2850 | 2,959 | 345 | - | 67,000 | - | - | 657 | 1,314 | 2,102 |
| 2950 | 646 | - | - | 427,989 | 1,400 | 3,500 | 223 | 445 | 712 |
| 3050 | - | 371 | - | 15,000 | - | - | 49 | 98 | 157 |
| 2950N | 624 | 83 | - | 25,000 | - | - | 142 | 284 | 455 |
| Total System | 4,229 | 799 | - | 534,989 | 1,400 | 3,500 | 1,071 | 1,713^{*3} | 3,426 |

^{*1} Peak day demand was calculated using the peak day factor of 2.0 for each individual zone for booster station capacity evaluation.

^{*2} Existing flow was used for the existing school demand calculation.

^{*3} Peak day demand was calculated using the peak day factor of 1.6 for the entire system for source water capacity evaluation.

The usage demands were calculated based on the previous design criteria and are as follows:

$$\text{SF Unit: ADD} = 2.7 \text{ pphu} \times (75+28) \text{ GPCD}/1440/0.95 = 0.203 \text{ gpm/SF unit}$$

$$\text{AA Unit: ADD} = 1.8 \text{ pphu} \times (68+28) \text{ GPCD}/1440/0.95 = 0.126 \text{ gpm/AA unit}$$

$$\text{MF Unit: ADD} = 1.9 \text{ pphu} \times (62+28) \text{ GPCD}/1440/0.95 = 0.119 \text{ gpm/MF unit}$$

Commercial ADD = $0.19 \text{ gpdf} \times 1000 \text{ sf} / 1440 / 0.95 = 0.139 \text{ gpm} / 1,000 \text{ sf building area}$
 (Note: 1440 – minutes/day; 0.95 – a factor due to 5% of lost and unaccounted for water)

4.8. EXISTING SYSTEM FIRE FLOW REQUIREMENTS

Table 12 presents the existing maximum fire flow requirements for each zone.

Table 12. Existing Fire Flow Requirements

| Pressure Zone | Fire Flow Demand (gpm) | Fire Flow Duration (hours) | Total Fire Flow Storage (gallons) |
|---------------|------------------------|----------------------------|-----------------------------------|
| 2850 | 1,500 | 2 | 180,000 |
| 2950 | 2,000 | 4 | 480,000 |
| 3050 | 1,500 | 2 | 180,000 |
| 2950N | 1,500 | 2 | 180,000 |

4.9. EXISTING SYSTEM WELL CAPACITY REQUIREMENTS

Table 13 provides a summary of the existing system requirements for well capacity based on provides PDD with the largest well out of service. The existing well capacity is currently above the existing PDD by approximately 1,400 gpm with the largest well out of service.

Table 13. Existing System Well Capacity Requirements

| Well Capacity Requirement (PDD) (gpm) | Existing Well Capacity (gpm) | Largest Well Capacity (gpm) | Existing Well Capacity less Largest Well (gpm) | Excess Well Capacity w/o Largest Well (gpm) |
|---------------------------------------|------------------------------|-----------------------------|--|---|
| 1,714 | 4,950 | 1800 | 3,150 | 1,436 |

4.10. EXISTING SYSTEM TREATMENT PLANT CAPACITY REQUIREMENTS

The arsenic treatment plant capacity requirement is to provide the blended finish water to meet PDD and the arsenic treatment objective of 8.5 ppb in the blended water. In accordance with the requirements stated in ADEQ Engineering Bulletin No. 10 Chapter 4 Section F, a filtration plant shall be designed to provide at least two filter units and the filters shall be capable of meeting the plant design capacity at the approved filtration rate with the largest filter out of service. The SWC WTP #1 arsenic treatment plant currently consists of two treatment trains, each of which includes two equally-sized pressure filters (vessels) arranged in a lead/lag configuration. With new media in the vessels, the arsenic treatment objective is achieved by the lead filter. As the media in the lead vessel become saturated and arsenic breakthrough occurs, the lag vessel will be switched to assume the lead position and the media in the lead vessel will be replaced without interrupting the treatment process. This design provides flexibility in system operation and meets the treatment plant design criteria of providing design capacity with one largest vessel out of service.

Table 14 provides a summary of the existing arsenic treatment capacity requirement for each well when the well is on. Under the worst case scenario in which Well No. 14 is turned on, the existing arsenic treatment plant has an excess capacity of 830 gpm.

Table 14. Existing Arsenic Treatment Capacity Requirements

| Single Well On | Capacity (gpm) | Raw Water Arsenic Level (ppb) | Arsenic Treatment Objective (ppb) | Required Treated Flow (percent of total flow) | Required Treated Flow (gpm) | Existing Arsenic Treatment Capacity (gpm) | Excess Treatment Capacity (gpm) |
|----------------|----------------|-------------------------------|-----------------------------------|---|-----------------------------|---|---------------------------------|
| Well #14 | 1,800 | 26 | 8.5 | 65% | 1,170 | 2,000 | 830 |
| Well #18 | 1,350 | 8 | 8.5 | 18% | 250 ^{*1} | 2,000 | 1,750 |
| Well #23 | 1,800 | 11 | 8.5 | 25% | 450 | 2,000 | 1,550 |

^{*1} Minimum flow treated due to hydraulics and existing piping configuration.

4.11. EXISTING SYSTEM STORAGE CAPACITY REQUIREMENTS

Table 15 provides a summary of the existing system storage capacity requirements based on providing ADD plus fire flow storage requirements. The existing system has an excess storage of approximately 382,000 gallons among 2850, 2950, and 3050 Zones, and a shortage of approximately 35,000 gallons in the 2950N Zone. No storage capacity upgrades are recommended for the 2950N Zone as additional storage can be supplied from the 2850 Zone system.

Table 15. Existing System Storage Capacity Requirements

| Zone | ADD (gallons) | Fire Flow Requirement (gallons) | Storage capacity Requirement (ADD + FF ^{*1}) (gallons) | Existing Reservoir Capacity (gallons) | Excess (Shortage) Reservoir Capacity (gallons) |
|--------------|------------------|---------------------------------|--|---------------------------------------|--|
| 2850 | 946,989 | 180,000 | 946,989 | 2,200,000 | 381,941 |
| 2950 | 320,587 | 480,000 | 800,587 | | |
| 3050 | 70,483 | 180,000 | 70,483 | | |
| TOTAL | 1,338,059 | 480,000^{*2} | 1,818,059 | 2,200,000 | 381,941 |

^{*1} Assumes one fire flow event for the integrated 2850, 2950, and 3050 Zones; the largest fire flow storage requirement of 480,000 gallons was added to the 2950 Zone storage.

^{*2} indicates maximum fire flow requirement for 2850, 2950, and 3050 Zones.

| | | | | | |
|-------|---------|---------|---------|---------|------------------------|
| 2950N | 204,668 | 180,000 | 384,668 | 350,000 | (34,668) ^{*3} |
|-------|---------|---------|---------|---------|------------------------|

^{*3} No additional storage is recommended for 2950N Zone as the storage shortage can be supplied by 2850 Zone system.

4.12. EXISTING SYSTEM BOOSTER STATION CAPACITY REQUIREMENTS

Table 16 provides a summary of the existing system booster station capacity requirements based on providing PHD or PDD plus fire flow storage requirements, whichever is greater. The PDD of each individual zone is based on the peak day factor of 2.0. As seen **Table 16**, the existing booster capacity of each individual zone exceeds its booster capacity requirements.

Table 16. Existing System Booster Station Capacity Requirements

| Zone | PDD (gpm) | PHD (gpm) | Fire Flow Requirement (gpm) | Booster Requirement (PDD + FF) (gpm) | Existing Booster Capacity (gpm) | Excess (shortage) Booster Capacity (gpm) |
|-------------|----------------------|----------------------|--|---|--|---|
| 2850 | 1,315 | 2,104 | 1,500 | N/A | N/A | N/A |
| 2950 | 445 | 712 | 2,000 | 2,445 | 2,550 | 105 |
| 3050 | 98 | 157 | 1,500 | 1,598 | 2,400 | 802 |
| 2950N | 284 | 455 | 1,500 | 1,784 | 1,850 | 66 |

CHAPTER 5. FUTURE SYSTEM ANALYSIS

5.1. FUTURE RESIDENTIAL UNITS AND NON-RESIDENTIAL AREA

The future buildout residential units and commercial uses are based on the June 2011 Absorption Spreadsheets, prepared by the Master Plan developer, and provided to WestLand by SWC. The Absorption Spreadsheets specify future land uses including residential, regional commercial center, park industrial, public facilities, and open space, and projects the number of residential units and the square footage of commercial/industrial developments anticipated to occur each year.

5.1.1. Future Units

Table 17 presents the number of residential units per zone at buildout and the population projection based on the number of residential units and the population criteria presented in Chapter 3.

Table 17. Buildout Residential Units and Population Projection

| Zone | Single-Family Units | Active-Adults Units | Multi-Family Units | Total Units | Population |
|--------------|---------------------|---------------------|--------------------|--------------|---------------|
| 2850 Zone | 3,013 | 345 | - | 3,358 | 8,756 |
| 2950 Zone | 3,158 | - | 271 | 3,429 | 9,042 |
| 2950N Zone | 1,001 | 83 | - | 1,084 | 2,852 |
| 3050 Zone | - | 916 | - | 916 | 1,649 |
| TOTAL | 7,172 | 1,344 | 271 | 8,787 | 22,299 |

5.1.2. Future Non-Residential Area

Table 18 shows the projected buildout non-residential uses by zone and the estimated building areas.

Table 18. Buildout Non-residential Building Areas

| Zone | Use | Building Area (Square Feet) |
|--------------|--|-----------------------------|
| 2850 Zone | Main Lake Clubhouse, Lake, Lake Park, and Wastewater Treatment Plant, North Park, Future Blocks 7B & 8B | 97,100 |
| 2950 Zone | Post Office, Town of Sahuarita Municipal Complex, Fire Department, Sahuarita Water Company, Market Place (1/2 Blk 34), Future Region 6 Commercial, Offsite O2 & O3, Block 45 | 1,560,989 |
| 2950N Zone | Sonora Clubhouse | 25,000 |
| 3050 Zone | Rancho Resort Clubhouse, Future Region 8 Commercial/industrial, Offsite O1 | 1,742,000 |
| TOTAL | | 3,425,089 |

5.2. FUTURE SYSTEM DEMANDS

The future buildout system demands were calculated based on the buildout of residential units and non-residential building areas presented in Section 5.1 and the demand criteria presented in Chapter 3. *Table 19* summarizes the buildout ADD, PDD, and PHD for each zone and for the water system as a total. Further analyses of all calculations are presented in *Appendix B*.

Table 19. Buildout System Demands

| Pressure Zone | SF Units | AA Units | MF Units | Comm. Building Area (sf) | High School Students ^{*2} | K-8 School Students ^{*2} | ADD (gpm) | PDD ^{*1} (gpm) | PHD (gpm) |
|---------------------|--------------|--------------|------------|--------------------------|------------------------------------|-----------------------------------|--------------|---------------------------|--------------|
| 2850 | 3,013 | 345 | - | 97,100 | - | - | 670 | 1,339 | 2,143 |
| 2950 | 3,158 | - | 271 | 1,560,989 | 1,400 | 4,100 | 930 | 1,860 | 2,976 |
| 3050 | - | 916 | - | 1,742,000 | - | - | 358 | 715 | 1,144 |
| 2950N | 1,001 | 83 | - | 25,000 | - | - | 217 | 435 | 696 |
| Total System | 7,127 | 1,344 | 271 | 3,425,089 | 1,400 | 4,100 | 2,175 | 3,479^{*3} | 6,959 |

^{*1} Peak day demand was calculated using the peak day factor of 2.0 for each individual zone for booster station capacity evaluation.

^{*2} Existing flow was used for the existing schools; the demands of the additional 800 K-8 students were calculated based on 25 gpsd.

^{*3} Peak day demand was calculated using the peak day factor of 1.6 for the entire system for source water capacity evaluation.

5.3. FUTURE SYSTEM SIZING AND PROPOSED FACILITIES

The water system design criteria presented in Chapter 3 were used to develop the future water system capacity requirements for the SWC water system. Future system requirements include the capacity of wells, storage, boosters, and mains to serve future demands. The proposed future system upgrades are shown on *Exhibit 2*, including the location and sizing of a well, expansion of the arsenic treatment plant, reservoirs, a booster station, upgrades of existing booster station pumps and spine mains.

5.3.1. Wells

Well production requirements are based on meeting PDD with the largest well out of service. *Table 20* presents the well capacity requirement at buildout.

Table 20. Buildout Well Capacity Requirements

| Well Capacity Requirement (PDD) (gpm) | Existing Well Capacity (gpm) | Largest Well Capacity (gpm) | Existing Well Capacity w/o Largest Well (gpm) | Excess (Shortage) Well Capacity w/o Largest Well (gpm) | Future Well No. 21 Capacity (gpm) | Excess Future Well Capacity w/o largest well (gpm) |
|---------------------------------------|------------------------------|-----------------------------|---|--|-----------------------------------|--|
| 3,479 | 4,850* | 1800 | 3,050 | (429) | 1000 | 571 |

*Assumes Well No. 14 capacity drops to 1750 gpm and Well No. 18 drops to 1300 gpm due to backpressure created by the arsenic treatment plant and addition of Well No. 21; Well No. 23 capacity remains as 1800 gpm.

In order to serve future demands, Well No. 21 is planned to be drilled to serve the SWC water system. Based on the Exploratory Boring Analysis report by Brown and Caldwell, dated September 6, 2007, Well No. 21 is anticipated to have a capacity of 1,000 gpm. The well will deliver water to the arsenic treatment plant via the existing 24-inch raw water transmission main. A stub-out from the 24-inch raw water transmission main has already been provided for the well connection. With Well No. 21 online, the total well capacity will be approximately 5,850 gpm. To meet the buildout PDD of 3,641 gpm, the wells will need to operate on a 90% duty cycle, when the largest well is out of service.

Another alternative is to drill and equip Well No. 24B. This well is anticipated to have a capacity of 1,800 gpm. With this well online and assuming the largest well out of service, the remaining wells will only need to operate on a 76% duty cycle to meet the buildout PDD. However, the addition of Well No. 24B would require approximately 3,000 feet of 16-inch dedicated raw water transmission main. Based on discussion with SWC, this Master Plan considers Well No. 21 as the preferred alternative for additional well capacity to meet the buildout demand requirements.

5.3.2. Arsenic Treatment Plant

The arsenic treatment capacity requirement is to provide blended finish water to meet PDD and the arsenic treatment objective of 8.5 ppb in the blended water. The following analysis is based on that Well No. 21 is drilled and equipped to meet the SWC system buildout PDD. The Exploratory Boring Analysis report by Brown and Caldwell, dated September 6, 2007, states *“Based on local aquifer characteristics and site-specific data, it is our opinion a well completed at Exploratory Boring No. 21 site, as recommended above, could likely produce up to 1,000 gallons per minute (gpm) with a final arsenic concentration of between 0.005 and 0.008 mg/L”*. As the zonal water quality results contained in the Brown and Caldwell report show that the arsenic levels in groundwater were below 7 ppb from ground surface to the depth of 710 feet, but varied from 16 to 45 ppb from the depth of 790 feet to 1,190 feet, Well No. 21 must be constructed carefully to avoid disturbance of and withdrawal of groundwater from the lower aquifers that contain high levels of arsenic. Based on discussion with SWC, an arsenic concentration of 10 ppb is assumed for Well No. 21 in the following arsenic treatment capacity analysis. Upon completion of Well No. 21, the conclusion presented herein should be reevaluated based on the actual arsenic concentration in Well No. 21 and the system operational conditions at that time.

Table 21 provides the arsenic treatment capacity requirements in various scenarios. As seen in **Table 21**, the existing WTP #1 would have adequate treatment capacity to meet the system PPD at buildout with any one of the wells out of service. Two scenarios that require arsenic treatment capacity larger than 2,000 gpm are also presented in the table – Well Nos. 14, 21 and 23, or Well Nos. 14, 18 and 23 operate simultaneously. These two scenarios can be avoided during system operation and thus would not require additional treatment capacity. As the arsenic levels in the wells may go up or down, the treatment capacity requirement will also change accordingly. It is recommended that SWC keep tracking the arsenic levels and update treatment capacity requirements based on new available information regularly.

In addition, as seen in **Table 21**, many of the scenarios would require Well No. 14 to operate simultaneously with other wells to meet the system buildout PDD requirement. It is understood that the

existing pre-filter (Fil-Trek Model No. S4HFH24-07-60-12F) at WTP #1 site would create too much back pressure to allow such arrangements. It is recommended an additional pre-filter unit be installed at the WTP # 1 site to relieve the back pressures created.

Table 21. Future System Arsenic Treatment Capacity Requirements¹

| Scenarios: Well Out of Service | Wells On | Total Capacity (gpm) | Mixed Raw Water Arsenic Level (ppb) | Arsenic Treatment Objective (ppb) | Percent of Required Treated Flow | Required Treated Flow (gpm) | Existing Capacity (gpm) | Excess (Shortage) Capacity (gpm) |
|--------------------------------------|------------------|----------------------------|--|--|--|--------------------------------------|-------------------------------|---|
| Well #14 | Wells 18, 23, 21 | 4,100 | 10.1 | 8.5 | 15% | 635 | 2,000 | 1,365 |
| Well #18 ^{*2} | Wells 14, 23, 21 | 4,550 | 16.5 | 8.5 | 49% | 2,213 | 2,000 | (213) |
| Well #18 or #21 | Wells 14, 23 | 3,550 | 18.4 | 8.5 | 54% | 1,910 | 2,000 | 90 |
| Well #21 ^{*2} | Wells 14, 18, 23 | 4,850 | 15.8 | 8.5 | 46% | 2,245 | 2,000 | (245) |
| Well #23 | Wells 14, 18, 21 | 4,050 | 16.5 | 8.5 | 49% | 1,967 | 2,000 | 33 |

^{*1} Scenarios in the table only include the ones that meet the system buildout PDD. Arsenic levels in Well Nos. 14, 18 and 23 were based on the current detected levels and were 26, 8.8 and 11 ppb, respectively. Arsenic level in Well No. 21 was assumed to be 10 ppb based on the recommendations in the Exploratory Boring Analysis report by Brown and Caldwell. Arsenic treatment capacity requirements should be updated based on monitored arsenic levels and actual arsenic level in Well No. 21 when the well is completed.

^{*2} Scenarios can be avoided in system operation and thus no additional treatment plant capacity is required.

5.3.3. Future Fire Flow Requirements

Table 22 presents the anticipated fire flow requirement for each zone. The fire flow requirements are based on information provided by SWC.

Table 22. Future Fire Flow Requirements

| Pressure Zone | Fire Flow Demand (gpm) | Fire Flow Duration (hours) | Total Fire Flow Storage (gallons) |
|------------------|---------------------------|-------------------------------|--------------------------------------|
| 2850 | 1,500 | 2 | 180,000 |
| 2950 | 2,000 | 4 | 480,000 |
| 3050 | 2,250 | 4 | 540,000 |
| 2950N | 1,500 | 2 | 180,000 |

5.3.4. Storage

Storage sizing requirements are based on meeting ADD plus fire flow. Table 23 summarizes the storage requirements for the buildout SWC water system. As seen in Table 23, the buildout SWC water system requires an additional 1.2 MG of storage for the integrated 2850, 2950, and 3050 Zones. The 1.2 MG storage is anticipated to be constructed at El Toro Road/La Cañada Drive as two 0.6-MG 2950 Zone floating reservoirs (see Exhibit 3). The reservoirs will float the 2950 Zone and will have a booster station onsite to serve the 3050 Zone. It is estimated the existing system storage capacity will meet the SWC water system storage requirements up to 2015. The 2950N zone will have a storage shortage of

approximately 143,127 gallons at buildout. No storage upgrades are recommended for this zone as additional storage capacity can be augmented from the 2850 Zone system.

Table 23. Buildout Storage Capacity Requirements

| Zone | ADD (gallons) | Fire Flow Requirement (gallons) | Storage capacity Requirement (ADD + FF ^{*1}) (gallons) | Existing Reservoir Capacity (gallons) | Excess (Shortage) Reservoir Capacity (gallons) |
|--------------|------------------|---------------------------------|--|---------------------------------------|--|
| 2850 | 964,190 | 180,000 | 964,190 | 2,200,000 | 1,235,810 |
| 2950 | 1,339,132 | 480,000 | 1,339,132 | - | (1,339,132) |
| 3050 | 515,016 | 540,000 | 1,055,016 | - | (1,055,016) |
| TOTAL | 2,820,358 | 540,000 | 3,360,358 | 2,200,000 | (1,158,337) |

^{*1} Assumes one fire flow event for the integrated 2850, 2950, and 3050 Zones; the largest fire flow storage requirement of 540,000 gallons was added to the 3050 Zone storage.

| | | | | | |
|-------|---------|---------|---------|---------|-----------|
| 2950N | 313,127 | 180,000 | 493,127 | 350,000 | (143,127) |
|-------|---------|---------|---------|---------|-----------|

5.3.5. Booster Stations

For the zones with gravity storage, the booster station facility sizing is based upon conveying the PDD from zones with excess supply capacity to the zones with deficient supply capacity. For the zones without gravity storage, the booster station sizing is based on providing PHD or PDD plus fire flow, whichever is greater.

All of the existing and anticipated future SWC wells are in the 2850 Zone. The water extracted within this zone must be transported through booster stations to the remaining zones in the system. *Table 24* presents the booster station requirement by zones at buildout.

Table 24. Buildout Booster Station Capacity Requirements

| Zone | PDD (gpm) | PHD (gpm) | Fire Flow Requirement (gpm) | Booster Requirement (PDD + FF) (gpm) | Existing Booster Capacity (gpm) | Excess/(shortage) Booster Capacity (gpm) |
|-------|-----------|-----------|-----------------------------|--------------------------------------|---------------------------------|--|
| 2850 | 1,339 | 2,143 | 1,500 | N/A | N/A | N/A |
| 2950 | 1,860 | 2,976 | 2,000 | 1,860 ^{*1} | 2,550 | 690 |
| 3050 | 715 | 1,144 | 2,250 | 2,965 | 2,400 | (565) |
| 2950N | 435 | 696 | 1,500 | 1,935 | 1,850 | (85) |

^{*1} Based on providing PDD as the 2950 Zone floating reservoir should be operational at buildout and provide fire flow.

The 2850 Zone is currently a floating zone and will remain a floating zone. There are no booster station requirements for this zone. The 2950 Zone will be a floating zone upon construction of the new reservoirs at El Toro/La Cañada Drive (*Exhibit 3*), and therefore the booster station capacity requirements will be meet PDD or 1,860 gpm at buildout. The existing 2950 Zone booster station currently has an excess booster capacity of approximately 100-gpm, which can be used for future developments to about mid-2013 (*Appendix A*). As a 2950 Zone floating reservoir would not be needed until 2015, from the standpoint of storage capacity requirements, it is recommended the existing 750-gpm Pump No. 4 at the 2950 Zone booster station be replaced with a 1000-gpm new pump to provide additional booster capacity

up to 2016. By 2016, either one 2950 Zone floating reservoir will be operational or further investigation for booster station capacity upgrades should be conducted.

As seen in *Table 24*, the 3050 Zone will have a booster station capacity requirement of 2,965 gpm at buildout, which will require approximately 600 gpm of additional booster capacity over current capacity. It is recommended that a new 1,500 gpm 3050 Zone booster station be constructed at the new 2950 Zone floating reservoir site. The addition of the new booster station will meet the 3050 Zone booster capacity requirements and will greatly improve the 3050 Zone system reliability by delivering water from the south side of the system to supplement the existing northerly water flow.

Depending on the timing of the developments, it is possible the large-scale commercial developments planned for the 3050 Zone (Region 8) will occur prior to the new 2950 Zone floating reservoir being required due to storage capacity shortage. In this case, it is recommended the new reservoir and new 1,500-gpm 3050 Zone booster station be constructed prior to these commercial developments to provide fire flow and system reliability. The new reservoir will not tie into the 2950 Zone until the developments in the 2950 Zone require the tie-in. At the interim, the new reservoir will be filled by the 3050 Zone system at night and the new booster station will provide water to the 3050 Zone system in the day to provide water circulation through the new reservoir.

The 2950N Zone requires additional 85 gpm booster capacity to meet the buildout demand. The existing 2950N Zone booster station consists of three pumps. The booster station was originally designed to include space for a fourth future pump. A new 250-gpm pump is recommended to be installed at the future pump location to meet the buildout booster capacity requirement and provide system redundancy.

5.3.6. Transmission and Distribution Facilities

Main sizing are based on meeting the maximum velocity and maximum pipe friction loss requirements and maintaining adequate pressure within the system during all flow conditions, especially PHD and PDD plus fire flow conditions.

A number of mains are required in order to provide transport capacity from the 2850 Zone reservoirs to the future 2950 Zone reservoirs, and further to the 2950 Zone distribution system via gravity and to the 3050 Zone system via a booster station. These spine mains will need to be constructed based on development needs. Depending on the timing of the developments, one of the new 2950 zone reservoirs, new 3050 Zone booster station, and 3050 Zone spine mains may occur prior to the 2950 Zone spine mains, as described above in Section 5.3.5. A number of mains are also required to provide additional capacity for fire flow to interior service areas, and improve the looping and layout of the distribution system. *Exhibit 3* shows the sizes and locations of the proposed spine mains. The sizing of these mains should be confirmed through further detailed hydraulic analysis at the design phase of each individual project.

5.3.7. Electrical Improvements

Two major electrical system improvements are required for providing service to the SWC system for build-out conditions. Two power companies currently provide electrical service to SWC, Trico Electric Cooperative (Trico) and Tucson Electric Power (TEP). The electrical service at the 2850-zone reservoir/2950 and 3050-zone booster station is supplied by Trico. This will be changing and new switching gear and transformer will be required to convert the service to TEP.

The future Well No. 21 which is proposed to be located on the western edge of Region 2 will require new underground 3-phase power for service. It has been indicated by TEP, that a new loop from the northeast corner of Region 2 to the northwest corner of Region 4 will be required to provide service to the proposed Well No. 21 as well as provide a need loop for system redundancy.

5.4. PROPOSED FACILITY TIMELINE

The new infrastructure requirements are based on demands for the entire water system for wells and reservoirs, and the demands of the individual zones for booster capacity. Based on the buildout system requirements and the demand estimation by year (*Appendix B*), the proposed facilities, and their anticipated timelines are summarized in the following. *Table 25* presents the proposed facilities and timeline in table format. It is noted the estimated timelines for the SWC system demand calculation and the resulting infrastructure planning are based on the absorption spreadsheets provided by the Master Plan developer. The absorption spreadsheets are based on the best available information at this time and depend heavily on the current economic climate. The timelines provided in this master plan will be continually evaluated and adjusted as needed based on the actual system buildout. All major infrastructure improvements proposed here would, therefore, require additional analysis at the proposed timeline to determine the system requirements and any phasing potential for building an operationally reliable, economically feasible water system.

- A new 1,000-gpm well (Well No. 21) is proposed to meet the buildout system well capacity requirements. Based on the detailed demand calculation by year (*Appendix B*), Well No. 21 will need to be operational by the end of 2021 to meet the well capacity design criteria of providing PDD with the largest well out of service.
- An additional pre-filter unit (Fil-Trek Model No. S4HFH24-07-60-12F) is recommended to be installed at WTP #1 site to allow Well No. 14 to operate simultaneously with other wells. The projected system PDD will exceed 1,800 gpm by 2013, which would require Well No. 14 and Well No. 18 operate simultaneously to meet the PDD in the event of Well No. 23 out of service. Therefore, it is recommended the pre-filter unit be installed by 2013.
- Two 0.6-MG 2950 Zone reservoirs are proposed at El Toro Road/ La Cañada Drive at southwest corner of the 3050 Zone (*Exhibit 3*) to meet the additional 1.2 MG storage capacity requirements at buildout. Two reservoirs rather than one are proposed at this site for the advantages of requiring less upfront capital cost and providing system redundancy in the case one reservoir is

taken offline for maintenance. The first 2950 Zone reservoir is anticipated to be designed and constructed by 2015.

- Pending the 2950 Zone floating reservoir construction schedule (assumes online by 2016), the 750-gpm 2950 Zone Booster Pump No. 4 may be replaced with a 1000-gpm new pump by 2013 to provide additional 250 gpm booster capacity for up to 2016.
- A new 1,500-gpm 3050 Zone booster station is proposed at the new 2950 Zone reservoir site at El Toro Road/La Cañada Drive. It is anticipated this booster station will occur concurrently with the first new 2950 Zone reservoir by 2015.
- A new 250-gpm pump is recommended to be installed at the 2950N Zone booster station by 2012, which has reserved space for a future pump. The addition of the new pump will meet the buildout system booster capacity requirement and provide system redundancy.
- Approximately 6,800 lf of new 12-inch 3050 Zone spine from the new 3050 Zone El Toro booster station to the existing 12-inch main north of West Helmet Peak Road are proposed to provide water to the 3050 Zone from a second source. The construction of this spine main is anticipated to occur concurrently with the new 3050 Zone booster station by 2015.
- Approximately 2,500 lineal feet (lf) of new 16-inch 2950 Zone transmission main along El Toro Road in Region 8, approximately 5,100 lf of new 16-inch 2950 Zone transmission main in Region 7, and approximately 2,800 lf of new 16-inch 2950 Zone transmission main in Region 6 are proposed to convey water from the existing 2950 Zone booster station to the new 2950 Zone reservoir site and further to the distribution system. This alignment will also require Jack and Bore under I-19 for approximately 600 lf of additional transmission main. The transmission mains should be designed and constructed prior to the large-scale developments in Region 7.
- A number of spine mains in the 2950 Zone and the 3050 Zone are proposed to provide adequate hydraulic capacity for PDD plus fire flow conditions and to provide system looping and reliability. These mains are shown in *Exhibit 3* and include approximately 1,100 lf of 16-inch main and 7,100 lf of 12-inch main in the Entrada Del Rio development in Regions 4 and 5, approximately 2,300 lf of 12-inch main in Region 6, approximately 2,800 lf of 12-inch main in Region 7, approximately 3,200 lf of 12-inch main in Region 1, and approximately 10,700 lf of 12-inch main in Region 9. These spine mains are anticipated to occur as the individual developments occur. Hydraulic analysis shall be provided at the design phase of each individual project to confirm the sizing of the proposed mains.

Table 25. Proposed Timeline for Infrastructure

| No. | Project Description | Project Start Date | Remarks |
|-----|---|--------------------|---|
| 1 | New 250-gpm 2950N Zone booster pump (total booster station capacity to 2,100 gpm) | 2012 | Approximately 85 gpm additional booster capacity is required at buildout. The existing booster station consists of reserved space for a future pump. |
| 2 | Upgrade 2950 Zone booster pump No. 4 to 1,000 gpm (total booster station to 2,800 gpm) | 2013 | The additional 250 gpm booster capacity will meet system requirements by 2016. By then, the new 2950 Zone reservoir will be operational or further investigation should be performed for booster capacity upgrades. |
| 3 | New pre-filter unit (Fil-Trek Model No. S4HFH24-07-60-12F) at WPT #1 | 2013 | An additional pre-filter unit is needed to allow multiple wells to operate simultaneously to meet the PDD. |
| 4 | Convert electrical switching gear and transformer at the 2850 zone water plant from Trico to TEP | 2015 | The existing onsite electrical equipment will remain and only the equipment owned by the electrical company will be replaced |
| 5 | Two new 0.6 MG 2950 Zone El Toro reservoirs | 2015 & 2018 | The first 0.6 MG reservoir is recommended prior to the large-scale developments in Region 8. The second 0.6-MG reservoir is anticipated to occur in 2018. |
| 6 | New 1500-gpm 3050 Zone booster station at the 2950 Zone El Toro reservoir site | 2015 or DD | The booster station is recommended prior to the large-scale developments in Region 8. |
| 7 | Approximately 6,800 lf of new 12-inch 3050 Zone main in Region 8 | 2015 or DD | The spine main should occur concurrently with the new 3050 Zone booster station. |
| 8 | Approx. 2,500 lf of new 16-inch 2950 Zone transmission main along El Toro Rd in Region 8, approx. 5,100 lf of new 16-inch transmission main in Region 7, approx. 2,800 lf of new 16-inch transmission main in Region 6, and Jack and Bore under I-19 for approx. 600-lf 16-inch transmission main | DD | The pipeline is anticipated to occur prior to the large-scale developments in Region 7. |
| 9 | Approx. 7,100 lf of 12-inch and approx. 1,100 lf of 16-inch main at the Entrada Del Rio development in Regions 4 and 5 | DD | The pipeline is anticipated to occur as the individual development occurs. |
| 10 | Approx. 2,300 lf of 12-inch main in Region 6 and approx. 2,800 lf of 12-inch main in Region 7, approx. 3,200 lf of 12-inch main in Region 1, and approximately 10,700 lf of 12-inch main in Region 9 | DD | The pipeline is anticipated to occur as the individual development occurs. |
| 11 | Installation of 5,600 LF of underground 3 phase electric between Region 2 and 4 for Well No. 21 and system redundancy | 2021 | The final alignment and equipment for the underground electric will be determined at the time for design. |
| 12 | New 1,000-gpm Well No. 21 | 2021 | The addition of Well No. 21 will meet the buildout system production capacity requirements with approximately 570 gpm in excess with the largest well out of service. |

DD –Development Driven.

¹ Projects typically start when system requirements reach 85% of the existing system capacities. Due to the current economic climate, projects shown here start when the system requirements reach the existing system capacities. All major infrastructure improvements proposed here would require additional analysis at the proposed timeline to determine the system requirements and any phasing potential for building an operationally reliable, economically feasible water system. .

Note: No additional arsenic treatment capacity is required based on the assumptions made through the master planning. Future arsenic levels in the production wells may change and therefore, may alter the treatment requirement. It is recommended that SWC track the arsenic levels and update treatment capacity requirements based on the latest available information. Refer to Section 5.3.2 for additional discussions.

5.5. FACILITY COST TIMELINE

The timeline developed in section 5.4 for installation of infrastructure has been tabulated below and includes the cost of building the proposed infrastructure. Costs have been provided in 2012 dollars and in the inflated value corresponding to the year of implementation with a 2% inflation rate compounded annually.

Table 26. Facility Cost Timeline

| Year | Zone | Val | Treatment | Reservoir | Electrical | Booster Pump | Transmission Main | 2012-2013 | Construction Start/End |
|------|-----------|-----|----------------------|-----------|--|---|--|-------------|------------------------|
| 2012 | 2950 N | | | | | 250 gpm | | \$10,800' | \$10,800 |
| 2013 | 2950 | | | | | Upgrade booster 4 from 750 to 1,000 gpm | | \$21,600' | \$22,032 |
| | N/A | | Pre-treatment filter | | | | | \$42,000 | \$42,840 |
| 2014 | 2950 | | | | | | 7,100 lf of new 12-inch transmission main in Regions 4 & 5 | \$724,200 | \$753,458 |
| | 2950 | | | | | | 1100 lf of new 16-inch transmission main in Regions 4 & 5 | \$165,000 | \$171,666 |
| 2015 | N/A | | | | Switch from Trico to TEP at the 2850-zone reservoir site | | | \$34,300 | \$36,399 |
| | 2950 | | | | | | 2,500 lf of new 16-inch transmission main in Region 8 | \$375,000 | \$397,953 |
| 2015 | 2950 | | | 0.6 MG | | | | \$612,000 | \$649,459 |
| | 3050 | | | | | 1,500 gpm booster station | | \$900,000' | \$955,087 |
| | 3050 | | | | | | 10,000 lf of new 12-inch transmission main in Regions | \$1,020,000 | \$1,082,432 |

| Year | Zone | Well | Flow Rate | Electric | Boiler Pump | Transmission Main | 2008 to 2010 Capital Cost | Cost of Line Year of Implementation |
|------|------|-----------------------|-----------|----------------------------------|--|--|---------------------------|-------------------------------------|
| 2017 | | | | | | 1 & 8 | | |
| | 2950 | | | | | 2,300 lf of new 12-inch transmission main in Region 6 | \$234,600 | \$259,017 |
| | 2950 | | | | | 2,800 lf of new 16-inch transmission main in Region 6 | \$420,000 | \$463,714 |
| 2018 | 2950 | | 0.6 MG | | | | \$540,000 | \$608,128 |
| | 2950 | | | | | 2,800 lf of new 12-inch transmission main in Region 7 | \$285,600 | \$321,632 |
| | 2950 | | | | | 5,100 lf of new 16-inch transmission main in Region 7 | \$765,000 | \$861,514 |
| | 2950 | | | | | 600 lf of new 16-inch Jack and Bore under I-19 in 32" casing | \$612,000 | \$689,211 |
| 2020 | 2950 | | | | 10,700 lf of new 12-inch transmission main in Region 9 | \$1,091,400 | \$1,278,749 | |
| 2021 | N/A | | | New 3 phase underground electric | | \$429,800 | \$513,651 | |
| 2021 | N/A | 1,000 gpm Well No. 21 | | | | \$2,731,020 ¹ | \$3,263,822 | |

| Year | Zone | Well | Treatment | Reservoir | Electrical | SCADA | Other | Construction | Other | Contingency |
|-----------------|------|------|---------------------------------|-----------|------------|-------|-------|--------------|--------------|--------------|
| 2021 | N/A | | 500 gpm Arsenic Treatment Train | | | | | | \$1,500,000 | \$1,792,639 |
| SUBTOTAL | | | | | | | | | \$11,014,320 | \$12,381,564 |
| TOTAL | | | | | | | | | \$12,514,320 | \$14,174,203 |

¹Includes cost of SCADA system improvements.

²Assumes an annual inflation rate of 2% compounded annually.

EXHIBITS

APPENDIX A

**POD MAP
&
JUNE 2011
ABSORPTION
SPREADSHEET
BY
SAHUARITA
WATER
COMPANY**

APPENDIX B

**DEMAND
CALCULATIONS**

Appendix “B”

(Schedules)

Sahuarita Water Company
Application – October 25, 2012
Docket No. W-03718-09-0359

Schedule 1 - Projected Off-Site Rate Base

| Rate Base Data | 2008 - TY | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-----------|----------|----------|----------|----------|----------|----------|----------|
| Rate Base / 5/8" Eq. Cust.@ \$1,500 | \$ 1,257 | \$ 1,451 | \$ 1,421 | \$ 1,363 | \$ 1,291 | \$ 1,173 | \$ 1,184 | \$ 1,445 |
| Three-Year Average RB / 5/8" Eq. Cust. | | \$ | \$ 1,377 | \$ 1,412 | \$ 1,358 | \$ 1,275 | \$ 1,216 | \$ 1,267 |

| Rate Base Data | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Rate Base / 5/8" Eq. Cust.@ \$1,500 | \$ 1,212 | \$ 1,116 | \$ 1,271 | \$ 1,044 | \$ 1,037 | \$ 1,493 | \$ 1,261 | \$ 1,090 | \$ 965 |
| Three-Year Average RB / 5/8" Eq. Cust. | \$ 1,280 | \$ 1,258 | \$ 1,199 | \$ 1,144 | \$ 1,117 | \$ 1,191 | \$ 1,264 | \$ 1,281 | \$ 1,105 |

Schedule 2 - Projected Funding of Off-Site Facilities (Cumulative)

| Funding Source Detail (Cumulative) | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Off-Site Plant Additions | \$ 1,632,243 | \$ 1,924,357 | \$ 1,969,100 | \$ 2,000,245 | \$ 2,075,917 | \$ 3,001,041 | \$ 6,122,371 | \$ 6,122,371 |
| OSF Fee Funded | \$ 34,619 | \$ 130,424 | \$ 150,440 | \$ 203,990 | \$ 520,490 | \$ 905,990 | \$ 1,568,990 | \$ 2,213,990 |
| Debt/Equity Funded | \$ 1,597,624 | \$ 1,793,933 | \$ 1,818,661 | \$ 1,796,256 | \$ 1,555,428 | \$ 2,095,052 | \$ 4,553,382 | \$ 3,908,382 |

| Funding Source Detail (Cumulative) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Off-Site Plant Additions | \$ 6,845,102 | \$ 9,325,587 | \$ 9,325,587 | \$ 10,604,336 | \$ 16,174,448 | \$ 16,174,448 | \$ 16,174,448 | \$ 16,174,448 |
| OSF Fee Funded | \$ 2,812,490 | \$ 3,349,490 | \$ 4,141,490 | \$ 4,702,490 | \$ 5,263,490 | \$ 5,995,490 | \$ 6,512,990 | \$ 6,812,990 |
| Debt/Equity Funded | \$ 4,032,613 | \$ 5,976,098 | \$ 5,184,098 | \$ 5,901,847 | \$ 10,910,959 | \$ 10,178,959 | \$ 9,661,459 | \$ 9,361,459 |

Schedule 3 - Recap of Funding Sources

| Funding Source Summary | 2009 - 2024 | 2013-2024 |
|--------------------------------|---------------|---------------|
| Off-Site Plant Additions | \$ 16,174,448 | \$ 14,174,203 |
| Projected OSF Fee Funding | \$ 6,812,990 | \$ 6,609,000 |
| Required Debt / Equity Funding | \$ 9,361,459 | \$ 7,565,203 |
| | 100% | 100% |
| | 42% | 47% |
| | 58% | 53% |

Appendix “C”

(WestLand’s Cost Estimate)

Sahuarita Water Company
Application – October 25, 2012
Docket No. W-03718-09-0359

Sahurarita Water Company, LLC
 Summary of Off-Site Facilities Cost Estimate
 Off-Site Facilities Hook-Up Fee Filing

Appendix C
 10/9/2012
 Page 1 of 1

| Year | Description | | 2012 Base Cost | Cost During Year of Construction ¹ |
|---------------|------------------------------|--|----------------------|---|
| 2012 | 250 GPM Booster Pump | | \$ 10,800 | \$ 10,800 |
| 2013 | Upgrade Booster Pump | | \$ 21,600 | \$ 22,032 |
| 2013 | Pre-Treatment Filter | | \$ 42,000 | \$ 42,840 |
| 2014 | 12-Inch Transmission Main | | \$ 724,200 | \$ 753,458 |
| 2014 | 16-Inch Transmission Main | | \$ 165,000 | \$ 171,666 |
| 2015 | Trico to TEP | | \$ 34,300 | \$ 36,399 |
| 2015 | 16-Inch Transmission Main | | \$ 375,000 | \$ 397,953 |
| 2015 | .6 MG Reservoir | | \$ 612,000 | \$ 649,459 |
| 2015 | 1,500 gpm Booster Station | | \$ 900,000 | \$ 955,087 |
| 2015 | 12-Inch Transmission Main | | \$ 1,020,000 | \$ 1,082,432 |
| 2016 | None | | | |
| 2017 | 12-Inch Transmission Main | | \$ 234,600 | \$ 259,017 |
| 2017 | 16-Inch Transmission Main | | \$ 420,000 | \$ 463,714 |
| 2018 | .6 MG Reservoir | | \$ 540,000 | \$ 608,128 |
| 2018 | 12-Inch Transmission Main | | \$ 285,600 | \$ 321,632 |
| 2018 | 16-Inch Transmission Main | | \$ 765,000 | \$ 861,514 |
| 2018 | 16-Inch Main w/Jack & Bore | | \$ 612,000 | \$ 689,211 |
| 2019 | None | | | |
| 2020 | 12-Inch Transmission Main | | \$ 1,091,400 | \$ 1,278,749 |
| 2021 | 3 Phase Underground Electric | | \$ 429,800 | \$ 513,651 |
| 2021 | 1,000 GPM Well | | \$ 2,731,020 | \$ 3,263,822 |
| 2021 | Arsenic Treatment Train | | \$ 1,500,000 | \$ 1,792,639 |
| Totals | | | \$ 12,514,320 | \$ 14,174,203 |

¹ Assumes inflation at an annual rate of 2.00%

Appendix “D”
(Spreadsheet Supporting
Proposed Changes to OSFs)

Sahuarita Water Company
Application – October 25, 2012
Docket No. W-03718-09-0359

Assumptions:
 Existing OSF Fee \$ 350.00
 Proposed OSF Fee (Effective 1/1/2013) \$1,500.00

| Plant Data | | 2008 - Test Year | | | | 2009 | | | | | | |
|------------|--------------------------------|-------------------|----------------------|---|---------------------------|--------------------------|---------------|------------------------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | PIS Balance 12/31/08 | PTY Plant Per Decision No. 72177 ¹ | Plant Balance Used for RB | Accumulated Depreciation | Net Plant | Additions ² | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ 13,636 | - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 |
| 304 | Structures and Improvements | 3.33% | 171,671 | 201,801 | 373,472 | 7,678 | 385,794 | 23,835 | 397,307 | 12,833 | 20,511 | 376,796 |
| 307 | Wells and Springs | 3.33% | 548,913 | - | 548,913 | (124,688) | 673,601 | 1,463,988 | 2,012,901 | 42,654 | (82,034) | 2,094,935 |
| 310 | Power Generation Equipment | 5.00% | 335,668 | - | 335,668 | 16,317 | 319,351 | - | 335,668 | 16,783 | 33,100 | 302,568 |
| 311 | Pumping Equipment | 12.50% | 43,912 | - | 43,912 | 9,696 | 34,216 | 102,189 | 146,101 | 11,876 | 21,572 | 124,529 |
| 320 | Water Treatment Equipment | 3.33% | 18,694 | 1,717,112 | 1,735,806 | 1,552 | 1,734,254 | 5,357 | 1,741,163 | 57,892 | 59,444 | 1,681,719 |
| 330 | Distribution Reservoirs and SI | 2.22% | 1,811,998 | - | 1,811,998 | 132,080 | 1,679,918 | 36,874 | 1,848,872 | 40,636 | 172,716 | 1,676,156 |
| 331 | Transmission and Distribution | 2.00% | 3,479,076 | 2,287,624 | 5,746,700 | 556,993 | 5,189,707 | - | 5,746,700 | 114,934 | 671,927 | 5,074,773 |
| Totals | | | \$ 6,423,568 | \$ 4,186,637 | \$ 10,610,105 | \$ 569,628 | \$ 10,010,477 | \$ 1,632,243 | \$ 12,242,348 | \$ 297,608 | \$ 897,236 | \$ 11,345,112 |

¹ Excludes Arsenic Treatment Media and Communications Equipment
² Additions are net of Post Test Year Plant already included in rate base

| CIAC Data | | 2008 - Test Year | | 2009 | |
|-----------|---|------------------|---------|--------------|--------------|
| Account | Description | Balance | Balance | Balance | Balance |
| 271 | CIAC-From OSF Fees | \$ 2,260,753 | \$ - | \$ 2,260,753 | \$ 2,285,372 |
| 271.2 | CIAC-Fire Hydrants | 158,150 | - | 158,150 | 161,200 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,895,351 | - | 1,895,351 | 1,961,644 |
| | Total CIAC | \$ 4,314,254 | \$ - | \$ 4,314,254 | \$ 4,418,216 |
| 271.2 | Less: CIAC for Fire Hydrants | (158,150) | - | (158,150) | (161,200) |
| | Backbone CIAC | \$ 4,156,114 | \$ - | \$ 4,156,114 | \$ 4,257,016 |
| 272 | Less: Accumulated Amortization of CIAC | (251,796) | - | (251,796) | (367,129) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 9,230 | - | 9,230 | 13,395 |
| | Net Off-Site CIAC | \$ 3,913,548 | \$ - | \$ 3,913,548 | \$ 3,903,283 |

| Rate Base Calculation | | 2008 - Test Year | | 2009 | |
|-----------------------|---|-------------------|-------------------|-------------------|-------------------|
| | | Off-Site Balances | Off-Site Balances | Off-Site Balances | Off-Site Balances |
| | Net Off-Site Plant | \$ 10,010,477 | \$ 10,010,477 | \$ 11,345,112 | \$ 11,345,112 |
| | Less: Net Off-Site CIAC | (3,913,548) | (3,913,548) | (3,903,283) | (3,903,283) |
| | Rate Base - Off-Site Facilities | \$ 6,096,929 | \$ 6,096,929 | \$ 7,441,829 | \$ 7,441,829 |
| | # Customers (Actual Counts) | 4,664 | 4,664 | 4,939 | 4,939 |
| | # Customers (Equivalent 5/8" meters) | 4,652 | 4,652 | 5,127 | 5,127 |
| | Off-Site Rate Base Per 5/8" Equivalent Customer | \$ 1,257 | \$ 1,257 | \$ 1,451 | \$ 1,451 |

Saharita Water Company, LLC
Rate Base Calculations - Off-Site Facilities Only
Off-Site Facilities Hook-Up Fee Filing

Assumptions:
Existing OSF Fee \$ 350.00
Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Plant Data | | 2010 | | | | 2011 | | | | | | |
|------------|--------------------------------|-------------------|------------|---------------|--------------|--------------------------|---------------|-----------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 |
| 304 | Structures and Improvements | 3.33% | 2,207 | 399,514 | 13,267 | 30,419 | 369,095 | - | 399,514 | 13,304 | 43,723 | 355,791 |
| 307 | Wells and Springs | 3.33% | 89,952 | 2,102,853 | 68,527 | (13,506) | 2,116,360 | 39,792 | 2,142,645 | 70,698 | 57,181 | 2,085,464 |
| 310 | Power Generation Equipment | 5.00% | - | 335,668 | 16,783 | 49,884 | 285,784 | - | 335,668 | 16,783 | 68,667 | 269,001 |
| 311 | Pumping Equipment | 12.50% | 719 | 146,820 | 18,308 | 39,879 | 106,941 | - | 146,820 | 18,353 | 58,232 | 88,588 |
| 320 | Water Treatment Equipment | 3.33% | 198,380 | 1,839,543 | 61,284 | 92,137 | 1,847,406 | 891 | 1,940,434 | 64,602 | 156,739 | 1,783,695 |
| 330 | Distribution Reservoirs and St | 2.22% | - | 1,848,872 | 41,045 | 213,761 | 1,635,111 | - | 1,848,872 | 41,045 | 254,806 | 1,594,066 |
| 331 | Transmission and Distribution | 2.00% | 856 | 5,747,556 | 114,943 | 786,870 | 4,960,686 | 4,061 | 5,751,617 | 114,992 | 801,861 | 4,849,756 |
| Totals | | | \$ 292,114 | \$ 12,534,462 | \$ 334,157 | \$ 1,231,393 | \$ 11,335,019 | \$ 44,744 | \$ 12,579,206 | \$ 339,786 | \$ 1,539,208 | \$ 11,039,997 |

| CIAC Data | | 2010 | | 2011 | |
|-------------------|---|--------------|--------------|--------------|--------------|
| Account | Description | Balance | Balance | Balance | Balance |
| 271 | CIAC-From OSF Fees | \$ 2,391,177 | \$ 2,391,177 | \$ 2,411,193 | \$ 2,411,193 |
| 271.2 | CIAC-Fire Hydrants | 203,288 | 203,288 | 205,952 | 205,952 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,984,422 | 1,984,422 | 1,984,422 | 1,984,422 |
| Total CIAC | | \$ 4,578,887 | \$ 4,578,887 | \$ 4,601,567 | \$ 4,601,567 |
| 271.2 | Less: CIAC for Fire Hydrants | (203,288) | (203,288) | (205,952) | (205,952) |
| 272 | Backbone CIAC | \$ 4,375,599 | \$ 4,375,599 | \$ 4,395,615 | \$ 4,395,615 |
| 272 | Less: Accumulated Amortization of CIAC | (550,646) | (550,646) | (699,874) | (699,874) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 24,447 | 24,447 | 31,324 | 31,324 |
| Net Off-Site CIAC | | \$ 3,849,400 | \$ 3,849,400 | \$ 3,727,065 | \$ 3,727,065 |

| Rate Base Calculation | | 2010 | | 2011 | |
|---|--|-------------------|-------------------|-------------------|-------------------|
| | | Off-Site Balances | Off-Site Balances | Off-Site Balances | Off-Site Balances |
| Net Off-Site Plant | | \$ 11,335,019 | \$ 11,039,997 | \$ 11,039,997 | \$ 11,039,997 |
| Less: Net Off-Site CIAC | | (3,849,400) | (3,849,400) | (3,727,065) | (3,727,065) |
| Rate Base - Off-Site Facilities | | \$ 7,485,619 | \$ 7,190,597 | \$ 7,312,932 | \$ 7,312,932 |
| # Customers (Actual Counts) | | 5,078 | 5,078 | 5,176 | 5,176 |
| # Customers (Equivalent 5/8" meters) | | 5,266 | 5,266 | 5,365 | 5,365 |
| Off-Site Rate Base Per 5/8" Equivalent Customer | | \$ 1,421 | \$ 1,365 | \$ 1,363 | \$ 1,363 |

Sahararita Water Company, LLC
Rate Base Calculations - Off-Site Facilities Only
Off-Site Facilities Hook-Up Fee Filing

Assumptions:
Existing OSF Fee \$ 350.00
Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Plant Data | | 2012 | | | | 2013 | | | | | | |
|------------|--------------------------------|-------------------|-----------|---------------|--------------|--------------------------|---------------|-----------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 |
| 304 | Structures and Improvements | 3.33% | - | 399,514 | 13,304 | 57,027 | 342,487 | - | 399,514 | 13,304 | 70,330 | 329,184 |
| 307 | Wells and Springs | 3.33% | - | 2,142,645 | 71,350 | 128,531 | 2,014,113 | - | 2,142,645 | 71,350 | 199,881 | 1,942,763 |
| 310 | Power Generation Equipment | 5.00% | - | 335,668 | 16,783 | 83,451 | 252,217 | - | 335,668 | 16,783 | 100,234 | 235,434 |
| 311 | Pumping Equipment | 12.50% | - | 148,820 | 18,353 | 76,584 | 70,236 | 32,832 | 179,652 | 20,405 | 96,989 | 82,663 |
| 320 | Water Treatment Equipment | 3.33% | 895 | 1,941,329 | 64,631 | 221,370 | 1,719,959 | 42,840 | 1,984,169 | 65,360 | 286,730 | 1,697,439 |
| 330 | Distribution Reservoirs and St | 2.22% | - | 1,848,872 | 41,045 | 295,851 | 1,553,021 | - | 1,848,872 | 41,045 | 336,895 | 1,511,976 |
| 331 | Transmission and Distribution | 2.00% | 30,250 | 5,781,867 | 115,335 | 1,017,196 | 4,764,671 | - | 5,781,867 | 115,637 | 1,132,833 | 4,649,034 |
| Totals | | | \$ 31,145 | \$ 12,610,351 | \$ 340,801 | \$ 1,880,008 | \$ 10,730,341 | \$ 75,672 | \$ 12,686,023 | \$ 343,884 | \$ 2,223,893 | \$ 10,462,130 |

| CIAC Data | | 2012 | | 2013 | |
|-------------------|---|--------------|--------------|--------------|--------------|
| Account | Description | Balance | Balance | Balance | Balance |
| 271 | CIAC-From OSF Fees | \$ 2,464,743 | \$ 2,464,743 | \$ 2,781,243 | \$ 2,781,243 |
| 271.2 | CIAC-Fire Hydrants | 205,952 | 205,952 | 205,952 | 205,952 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,984,422 | 1,984,422 | 1,984,422 | 1,984,422 |
| Total CIAC | | \$ 4,655,117 | \$ 4,655,117 | \$ 4,971,617 | \$ 4,971,617 |
| 271.2 | Less: CIAC for Fire Hydrants | (205,952) | (205,952) | (205,952) | (205,952) |
| 272 | Backbone CIAC | \$ 4,449,165 | \$ 4,449,165 | \$ 4,765,665 | \$ 4,765,665 |
| 272 | Less: Accumulated Amortization of CIAC | (879,725) | (879,725) | (1,064,964) | (1,064,964) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 38,921 | 38,921 | 44,117 | 44,117 |
| Net Off-Site CIAC | | \$ 3,608,360 | \$ 3,608,360 | \$ 3,744,818 | \$ 3,744,818 |

| Rate Base Calculation | | 2012 | | 2013 | |
|---|--|-------------------|-------------------|-------------------|-------------------|
| | | Off-Site Balances | Off-Site Balances | Off-Site Balances | Off-Site Balances |
| Net Off-Site Plant | | \$ 10,730,341 | \$ 10,462,130 | \$ 10,462,130 | \$ 10,462,130 |
| Less: Net Off-Site CIAC | | (3,608,360) | (3,744,818) | (3,744,818) | (3,744,818) |
| Rate Base - Off-Site Facilities | | \$ 7,121,981 | \$ 6,717,312 | \$ 6,717,312 | \$ 6,717,312 |
| # Customers (Actual Counts) | | 5,518 | 5,729 | 5,729 | 5,729 |
| # Customers (Equivalent 5/8" meters) | | | | | |
| Off-Site Rate Base Per 5/8" Equivalent Customer | | \$ 1,291 | \$ 1,173 | \$ 1,173 | \$ 1,173 |

Assumptions:
 Existing OSF Fee \$ 350.00
 Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Plant Data | | 2014 | | | | | 2015 | | | | | |
|------------|--------------------------------|-------------------|------------|---------------|--------------|--------------------------|---------------|--------------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 |
| 304 | Structures and Improvements | 3.33% | - | 399,514 | 13,304 | 63,634 | 315,880 | - | 399,514 | 13,304 | 96,938 | 302,576 |
| 307 | Wells and Springs | 3.33% | - | 2,142,645 | 71,350 | 271,231 | 1,871,413 | - | 2,142,645 | 71,350 | 342,581 | 1,800,063 |
| 310 | Power Generation Equipment | 5.00% | - | 335,668 | 16,783 | 117,017 | 218,651 | 36,399 | 372,067 | 17,693 | 134,711 | 237,356 |
| 311 | Pumping Equipment | 12.50% | - | 179,652 | 22,457 | 119,445 | 60,207 | 955,087 | 1,134,739 | 82,149 | 201,595 | 933,144 |
| 320 | Water Treatment Equipment | 3.33% | - | 1,984,169 | 66,073 | 352,802 | 1,631,367 | - | 1,984,169 | 66,073 | 418,875 | 1,565,294 |
| 330 | Distribution Reservoirs and St | 2.22% | - | 184,887,172 | 41,045 | 377,940 | 1,470,931 | 649,459 | 249,833,072 | 48,254 | 426,194 | 2,072,136 |
| 331 | Transmission and Distribution | 2.00% | 925,124 | 6,708,991 | 124,889 | 1,257,722 | 5,449,269 | 1,480,385 | 8,187,376 | 148,944 | 1,406,666 | 6,780,710 |
| Totals | | | \$ 925,124 | \$ 13,611,147 | \$ 355,900 | \$ 2,579,793 | \$ 11,031,354 | \$ 3,121,330 | \$ 16,732,477 | \$ 447,767 | \$ 3,027,560 | \$ 13,704,916 |

| CIAC Data | | 2014 | | | | | 2015 | | | | | |
|-------------------|---|--------------|-----------|-------------|--------------|--------------------------|--------------|-----------|-------------|--------------|--------------------------|--------------|
| Account | Description | Balance | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 271 | CIAC-From OSF Fees | \$ 3,166,743 | - | - | - | - | \$ 3,166,743 | - | - | - | - | \$ 3,166,743 |
| 271.2 | CIAC-Fire Fire Hydrants | 205,952 | - | - | - | - | 205,952 | - | - | - | - | 205,952 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,984,422 | - | - | - | - | 1,984,422 | - | - | - | - | 1,984,422 |
| Total CIAC | | \$ 5,357,117 | - | - | - | - | \$ 5,357,117 | - | - | - | - | \$ 5,357,117 |
| 271.2 | Less: CIAC for Fire Hydrants | (205,952) | - | - | - | - | (205,952) | - | - | - | - | (205,952) |
| Backbone CIAC | | \$ 5,151,165 | - | - | - | - | \$ 5,151,165 | - | - | - | - | \$ 5,151,165 |
| 272 | Less: Accumulated Amortization of CIAC | (1,253,232) | - | - | - | - | (1,253,232) | - | - | - | - | (1,253,232) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 48,180 | - | - | - | - | 48,180 | - | - | - | - | 48,180 |
| Net Off-Site CIAC | | \$ 3,946,113 | - | - | - | - | \$ 3,946,113 | - | - | - | - | \$ 3,946,113 |

| Rate Base Calculation | | 2014 | | | | | 2015 | | | | | |
|---|-------------|---------------|-----------|-------------|--------------|--------------------------|---------------|-----------|-------------|--------------|--------------------------|---------------|
| Account | Description | Balance | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| Net Off-Site Plant | | \$ 11,031,354 | - | - | - | - | \$ 11,031,354 | - | - | - | - | \$ 11,031,354 |
| Less: Net Off-Site CIAC | | (3,946,113) | - | - | - | - | (3,946,113) | - | - | - | - | (3,946,113) |
| Rate Base - Off-Site Facilities | | \$ 7,085,241 | - | - | - | - | \$ 7,085,241 | - | - | - | - | \$ 7,085,241 |
| # Customers (Actual Counts) | | 5,986 | - | - | - | - | 5,986 | - | - | - | - | 5,986 |
| # Customers (Equivalent 5/8" meters) | | 1,184 | - | - | - | - | 1,184 | - | - | - | - | 1,184 |
| Off-Site Rate Base Per 5/8" Equivalent Customer | | \$ 5,986 | - | - | - | - | \$ 5,986 | - | - | - | - | \$ 5,986 |

Saharita Water Company, LLC
 Rate Base Calculations - Off-Site Facilities Only
 Off-Site Facilities Hook-Up Fee Filing

Appendix D
 10/9/2012

Assumptions:
 Existing OSF Fee \$ 350.00
 Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Plant Data | | 2016 | | | | 2017 | | | | | | |
|------------|--------------------------------|-------------------|-----------|---------------|--------------|--------------------------|---------------|------------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 |
| 304 | Structures and Improvements | 3.33% | - | 399,514 | 13,304 | 110,242 | 289,272 | - | 399,514 | 13,304 | 123,546 | 276,968 |
| 307 | Wells and Springs | 3.33% | - | 2,142,645 | 71,350 | 413,931 | 1,728,713 | - | 2,142,645 | 71,350 | 485,281 | 1,657,363 |
| 310 | Power Generation Equipment | 5.00% | - | 372,067 | 18,603 | 153,314 | 218,753 | - | 372,067 | 18,603 | 171,917 | 200,150 |
| 311 | Pumping Equipment | 12.50% | - | 1,134,739 | 141,842 | 343,437 | 791,302 | - | 1,134,739 | 141,842 | 485,280 | 649,459 |
| 320 | Water Treatment Equipment | 3.33% | - | 1,984,169 | 66,073 | 484,948 | 1,499,221 | - | 1,984,169 | 66,073 | 551,021 | 1,433,148 |
| 330 | Distribution Reservoirs and SI | 2.22% | - | 2,498,330.72 | 55,463 | 481,657 | 2,016,673 | - | 2,498,330.72 | 55,463 | 537,120 | 1,961,210 |
| 331 | Transmission and Distribution | 2.00% | - | 8,187,376 | 183,748 | 1,570,413 | 6,616,963 | 722,731 | 8,910,107 | 170,975 | 1,741,388 | 7,168,719 |
| Totals | | | \$ - | \$ 16,732,477 | \$ 530,383 | \$ 3,557,943 | \$ 13,174,534 | \$ 722,731 | \$ 17,455,208 | \$ 537,610 | \$ 4,095,553 | \$ 13,359,654 |

| CIAC Data | | 2016 | | 2017 | |
|-----------|---|--------------|---------|--------------|--------------|
| Account | Description | Balance | Balance | Balance | Balance |
| 271 | CIAC-From OSF Fees | \$ 4,474,743 | \$ - | \$ 4,474,743 | \$ 5,073,243 |
| 271.2 | CIAC-Fire Hydrants | 205,952 | - | 205,952 | 205,952 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,984,422 | - | 1,984,422 | 1,984,422 |
| | Total CIAC | \$ 6,665,117 | \$ - | \$ 6,665,117 | \$ 7,263,617 |
| 271.2 | Less: CIAC for Fire Hydrants | (205,952) | - | (205,952) | (205,952) |
| | Backbone CIAC | \$ 6,459,165 | \$ - | \$ 6,459,165 | \$ 7,057,665 |
| 272 | Less: Accumulated Amortization of CIAC | (1,845,253) | - | (1,845,253) | (1,848,501) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 50,838 | - | 50,838 | 52,412 |
| | Net Off-Site CIAC | \$ 4,664,749 | \$ - | \$ 4,664,749 | \$ 5,261,576 |

| Rate Base Calculation | | 2016 | | 2017 | |
|---|--|-------------------|-------------------|-------------------|-------------------|
| | | Off-Site Balances | Off-Site Balances | Off-Site Balances | Off-Site Balances |
| Net Off-Site Plant | | \$ 13,174,534 | \$ 13,174,534 | \$ 13,359,654 | \$ 13,359,654 |
| Less: Net Off-Site CIAC | | (4,864,749) | (4,864,749) | (5,261,576) | (5,261,576) |
| Rate Base - Off-Site Facilities | | \$ 8,309,784 | \$ 8,309,784 | \$ 8,098,078 | \$ 8,098,078 |
| # Customers (Actual Counts) | | 6,858 | 6,858 | 7,257 | 7,257 |
| # Customers (Equivalent 5/8" meters) | | | | | |
| Off-Site Rate Base Per 5/8" Equivalent Customer | | \$ 1,212 | \$ 1,212 | \$ 1,116 | \$ 1,116 |

Sahurita Water Company, LLC
Rate Base Calculations - Off-Site Facilities Only
Off-Site Facilities Hook-Up Fee Filing

Appendix D
 10/9/2012

Assumptions:
 Existing OSF Fee \$ 350.00
 Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Plant Data | | 2018 | | | | 2019 | | | | | | |
|------------|--------------------------------|-------------------|--------------|---------------|--------------|--------------------------|---------------|-----------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 |
| 304 | Structures and Improvements | 3.33% | - | 399,514 | 13,304 | 136,850 | 262,665 | - | 399,514 | 13,304 | 150,153 | 249,361 |
| 307 | Wells and Springs | 3.33% | - | 2,142,645 | 71,350 | 556,631 | 1,586,013 | - | 2,142,645 | 71,350 | 627,982 | 1,514,663 |
| 310 | Power Generation Equipment | 5.00% | - | 372,067 | 18,603 | 190,521 | 181,546 | - | 372,067 | 18,603 | 209,124 | 162,943 |
| 311 | Pumping Equipment | 12.50% | - | 1,134,739 | 141,842 | 627,122 | 507,617 | - | 1,134,739 | 141,842 | 768,964 | 365,775 |
| 320 | Water Treatment Equipment | 3.33% | - | 1,984,169 | 66,073 | 617,084 | 1,367,075 | - | 1,984,169 | 66,073 | 683,166 | 1,301,002 |
| 330 | Distribution Reservoirs and St | 2.22% | 608,128 | 3106458.72 | 62,213 | 599,333 | 2,507,125 | - | 3106458.72 | 68,963 | 668,297 | 2,438,182 |
| 331 | Transmission and Distribution | 2.00% | 1,872,357 | 10,782,464 | 196,926 | 1,938,314 | 8,844,150 | - | 10,782,464 | 215,649 | 2,153,983 | 8,628,501 |
| Totals | | | \$ 2,480,485 | \$ 19,935,693 | \$ 570,311 | \$ 4,665,865 | \$ 15,269,828 | \$ - | \$ 19,935,693 | \$ 595,795 | \$ 5,261,650 | \$ 14,674,043 |

| CIAC Data | | 2018 | | | | 2019 | | | | | |
|-------------------|---|--------------|-------------|--------------|--------------------------|--------------|-----------|-------------|--------------|--------------------------|--------------|
| Account | Description | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 271 | CIAC-From OSF Fees | \$ 5,610,243 | \$ - | \$ - | \$ - | \$ 5,610,243 | \$ - | \$ - | \$ - | \$ - | \$ 5,610,243 |
| 271.2 | CIAC-Fire Fire Hydrants | 205,952 | - | - | - | 205,952 | - | - | - | - | 205,952 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,984,422 | - | - | - | 1,984,422 | - | - | - | - | 1,984,422 |
| Total CIAC | | \$ 7,800,617 | \$ - | \$ - | \$ - | \$ 7,800,617 | \$ - | \$ - | \$ - | \$ - | \$ 7,800,617 |
| 271.2 | Less: CIAC for Fire Hydrants | (205,952) | - | - | - | (205,952) | - | - | - | - | (205,952) |
| Backbone CIAC | | \$ 7,594,665 | \$ - | \$ - | \$ - | \$ 7,594,665 | \$ - | \$ - | \$ - | \$ - | \$ 7,594,665 |
| 272 | Less: Accumulated Amortization of CIAC | (2,055,967) | - | - | - | (2,055,967) | - | - | - | - | (2,055,967) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 54,282 | - | - | - | 54,282 | - | - | - | - | 54,400 |
| Net Off-Site CIAC | | \$ 5,592,980 | \$ - | \$ - | \$ - | \$ 5,592,980 | \$ - | \$ - | \$ - | \$ - | \$ 5,592,980 |

| Rate Base Calculation | | 2018 | | | | 2019 | | | | | |
|---|-------------|---------------|-------------|--------------|--------------------------|---------------|-----------|-------------|--------------|--------------------------|---------------|
| Account | Description | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| Net Off-Site Plant | | \$ 15,269,828 | \$ - | \$ - | \$ - | \$ 15,269,828 | \$ - | \$ - | \$ - | \$ - | \$ 15,269,828 |
| Less: Net Off-Site CIAC | | (5,592,980) | - | - | - | (5,592,980) | - | - | - | - | (5,592,980) |
| Rate Base - Off-Site Facilities | | \$ 9,676,848 | \$ - | \$ - | \$ - | \$ 9,676,848 | \$ - | \$ - | \$ - | \$ - | \$ 9,676,848 |
| # Customers (Actual Counts) | | 7,615 | - | - | - | 7,615 | - | - | - | - | 7,615 |
| # Customers (Equivalent 5/8" meters) | | 1,271 | - | - | - | 1,271 | - | - | - | - | 1,271 |
| Off-Site Rate Base Per 5/8" Equivalent Customer | | \$ 7,615 | \$ - | \$ - | \$ - | \$ 7,615 | \$ - | \$ - | \$ - | \$ - | \$ 7,615 |

Sahurita Water Company, LLC
Rate Base Calculations - Off-Site Facilities Only
Off-Site Facilities Hook-Up Fee Filing

Assumptions:
Existing OSF Fee \$ 350.00
Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Account | Description | Depreciation Rate | 2020 | | | 2021 | | | | | | |
|---------|--------------------------------|-------------------|--------------|---------------|--------------|--------------------------|---------------|--------------|---------------|--------------|--------------------------|---------------|
| | | | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 | \$ - | \$ - | \$ - | \$ 13,636 | |
| 304 | Structures and Improvements | 3.33% | - | 399,514 | 13,304 | 163,457 | 236,057 | - | 399,514 | 13,304 | 176,761 | |
| 307 | Wells and Springs | 3.33% | - | 2,142,645 | 71,350 | 699,332 | 1,443,313 | 1,828,492 | 3,971,137 | 101,794 | 801,126 | |
| 310 | Power Generation Equipment | 5.00% | - | 372,067 | 18,603 | 227,728 | 144,339 | - | 372,067 | 18,603 | 246,331 | |
| 311 | Pumping Equipment | 12.50% | - | 1,134,739 | 141,842 | 910,807 | 223,932 | 1,435,330 | 2,570,069 | 231,551 | 1,142,357 | |
| 320 | Water Treatment Equipment | 3.33% | - | 1,984,169 | 66,073 | 749,239 | 1,234,930 | 2,305,290 | 4,290,459 | 104,473 | 1,427,712 | |
| 330 | Distribution Reservoirs and St | 2.22% | - | 3106458.72 | 68,963 | 737,260 | 2,369,199 | - | 3106458.72 | 68,963 | 853,712 | |
| 331 | Transmission and Distribution | 2.00% | 1,278,749 | 12,061,213 | 228,437 | 2,382,400 | 9,678,813 | - | 12,061,213 | 241,224 | 806,224 | |
| | Totals | | \$ 1,278,749 | \$ 21,214,442 | \$ 608,573 | \$ 5,870,222 | \$ 15,344,219 | \$ 5,570,112 | \$ 28,784,554 | \$ 779,912 | \$ 6,650,135 | \$ 20,134,419 |

| Account | Description | 2020 | | 2021 | |
|---------|---|--------------|--------------|--------------|--------------|
| | | Balance | Balance | Balance | Balance |
| 271 | CIAC-From OSF Fees | \$ 6,963,243 | \$ - | \$ 6,963,243 | \$ 7,524,243 |
| 271.2 | CIAC-Fire Fire Hydrants | 205,952 | 205,952 | 205,952 | 205,952 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,884,422 | 1,884,422 | 1,884,422 | 1,884,422 |
| | Total CIAC | \$ 9,153,617 | \$ - | \$ 9,153,617 | \$ 9,714,617 |
| 271.2 | Less: CIAC for Fire Hydrants | (205,952) | (205,952) | (205,952) | (205,952) |
| | Backbone CIAC | \$ 6,947,665 | \$ 6,947,665 | \$ 6,947,665 | \$ 9,508,665 |
| 272 | Less: Accumulated Amortization of CIAC | (2,487,754) | (2,487,754) | (2,487,754) | (2,710,259) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 55,973 | 55,973 | 55,973 | 57,458 |
| | Net Off-Site CIAC | \$ 6,515,884 | \$ - | \$ 6,515,884 | \$ 6,855,864 |

| Rate Base Calculation | | 2020 | | 2021 | |
|-----------------------|---|-------------------|-------------------|-------------------|-------------------|
| | | Off-Site Balances | Off-Site Balances | Off-Site Balances | Off-Site Balances |
| | Net Off-Site Plant | \$ 15,344,219 | \$ 15,344,219 | \$ 20,134,419 | \$ 20,134,419 |
| | Less: Net Off-Site CIAC | (6,515,884) | (6,515,884) | (6,855,864) | (6,855,864) |
| | Rate Base - Off-Site Facilities | \$ 8,828,336 | \$ 8,828,336 | \$ 13,278,555 | \$ 13,278,555 |
| | # Customers (Actual Counts) | 8,517 | 8,517 | 8,891 | 8,891 |
| | # Customers (Equivalent 5/8" meters) | 1,037 | 1,037 | 1,493 | 1,493 |
| | Off-Site Rate Base Per 6/8" Equivalent Customer | | | | |

Sahurita Water Company, LLC
Rate Base Calculations - Off-Site Facilities Only
Off-Site Facilities Hook-Up Fee Filing

Assumptions:
Existing OSF Fee \$ 350.00
Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Plant Data | | 2022 | | | | 2023 | | | | | | |
|------------|--------------------------------|-------------------|-----------|---------------|--------------|--------------------------|---------------|-----------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant | Additions | PIS Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 | \$ - | \$ 13,636 | \$ - | \$ - | \$ 13,636 |
| 304 | Structures and Improvements | 3.33% | - | 399,514 | 13,304 | 190,065 | 209,449 | - | 399,514 | 13,304 | 203,369 | 196,145 |
| 307 | Wells and Springs | 3.33% | - | 3,971,137 | 132,239 | 933,365 | 3,037,772 | - | 3,971,137 | 132,239 | 1,065,804 | 2,905,533 |
| 310 | Power Generation Equipment | 5.00% | - | 372,067 | 18,603 | 264,934 | 107,133 | - | 372,067 | 18,603 | 283,538 | 88,529 |
| 311 | Pumping Equipment | 12.50% | - | 2,570,069 | 321,259 | 1,463,616 | 1,106,453 | - | 2,570,069 | 321,259 | 1,784,874 | 765,195 |
| 320 | Water Treatment Equipment | 3.33% | - | 4,280,459 | 142,872 | 996,584 | 3,283,875 | - | 4,280,459 | 142,872 | 1,139,456 | 3,151,003 |
| 330 | Distribution Reservoirs and St | 2.22% | - | 3,106,458.72 | 68,963 | 875,187 | 2,231,272 | - | 3,106,458.72 | 68,963 | 944,150 | 2,162,308 |
| 331 | Transmission and Distribution | 2.00% | - | 12,061,213 | 241,224 | 2,864,848 | 9,196,365 | - | 12,061,213 | 241,224 | 3,106,073 | 8,955,140 |
| Totals | | | \$ - | \$ 26,784,554 | \$ 938,465 | \$ 7,588,599 | \$ 19,195,954 | \$ - | \$ 26,784,554 | \$ 938,465 | \$ 8,527,064 | \$ 19,257,490 |

| CIAC Data | | 2022 | | 2023 | |
|-----------|---|---------------|---------------|---------------|---------------|
| Account | Description | Balance | Balance | Balance | Balance |
| 271 | CIAC-From OSF Fees | \$ 8,296,243 | \$ 8,296,243 | \$ 8,773,743 | \$ 8,773,743 |
| 271.2 | CIAC-Fire Hydrants | 205,952 | 205,952 | 205,952 | 205,952 |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,984,422 | 1,984,422 | 1,984,422 | 1,984,422 |
| | Total CIAC | \$ 10,446,617 | \$ 10,446,617 | \$ 10,964,117 | \$ 10,964,117 |
| 271.2 | Less: CIAC for Fire Hydrants | (205,952) | (205,952) | (205,952) | (205,952) |
| | Backbone CIAC | \$ 10,240,665 | \$ 10,240,665 | \$ 10,758,165 | \$ 10,758,165 |
| 272 | Less: Accumulated Amortization of CIAC | (2,932,764) | (2,932,764) | (3,155,269) | (3,155,269) |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 57,819 | 57,819 | 59,269 | 59,269 |
| | Net Off-Site CIAC | \$ 7,365,719 | \$ 7,365,719 | \$ 7,662,164 | \$ 7,662,164 |

| Rate Base Calculation | | 2022 | | 2023 | |
|-----------------------|---|-------------------|-------------------|-------------------|-------------------|
| | | Off-Site Balances | Off-Site Balances | Off-Site Balances | Off-Site Balances |
| | Net Off-Site Plant | \$ 19,195,954 | \$ 19,195,954 | \$ 18,257,490 | \$ 18,257,490 |
| | Less: Net Off-Site CIAC | (7,365,719) | (7,365,719) | (7,662,164) | (7,662,164) |
| | Rate Base - Off-Site Facilities | \$ 11,830,235 | \$ 11,830,235 | \$ 10,595,326 | \$ 10,595,326 |
| | # Customers (Actual Counts) | 9,379 | 9,379 | 9,724 | 9,724 |
| | # Customers (Equivalent 5/8" meters) | 1,261 | 1,261 | 1,080 | 1,080 |
| | Off-Site Rate Base Per 5/8" Equivalent Customer | \$ 9,379 | \$ 9,379 | \$ 9,724 | \$ 9,724 |

Assumptions:
 Existing OSF Fee \$ 350.00
 Proposed OSF Fee (Effective 1/1/2013) \$ 1,500.00

| Plant Data | | 2024 | | | | | |
|------------|--------------------------------|-------------------|-----------|---------------|--------------|--------------------------|---------------|
| Account | Description | Depreciation Rate | Additions | P19 Balance | Depreciation | Accumulated Depreciation | Net Plant |
| 303 | Land and Land Rights | 0.00% | \$ - | \$ 13,638 | \$ - | \$ - | \$ 13,638 |
| 304 | Structures and Improvements | 3.33% | - | 398,514 | 13,304 | 216,672 | 182,842 |
| 307 | Wells and Springs | 3.33% | - | 3,971,137 | 132,238 | 1,197,843 | 2,773,294 |
| 310 | Power Generation Equipment | 5.00% | - | 372,067 | 18,603 | 302,141 | 69,926 |
| 311 | Pumping Equipment | 12.50% | - | 2,570,069 | 321,259 | 2,106,133 | 463,936 |
| 320 | Water Treatment Equipment | 3.33% | - | 4,290,459 | 142,872 | 1,282,329 | 3,008,130 |
| 330 | Distribution Reservoirs and St | 2.22% | - | 310,645,872 | 68,963 | 1,013,114 | 2,093,345 |
| 331 | Transmission and Distribution | 2.00% | - | 12,061,213 | 241,224 | 3,347,297 | 8,713,916 |
| Totals | | | \$ - | \$ 26,784,554 | \$ 938,465 | \$ 9,465,528 | \$ 17,319,025 |

| CIAC Data | | 2024 | |
|-----------|---|---------------|--|
| Account | Description | Balance | |
| 271 | CIAC-From OSF Fees | \$ 9,073,743 | |
| 271.2 | CIAC-Fire Fire Hydrants | 205,952 | |
| 271.3 | CIAC Reimbursements(WIFA Principal Forgiveness) | 1,984,422 | |
| | Total CIAC | \$ 11,264,117 | |
| 271.2 | Less: CIAC for Fire Hydrants | (205,952) | |
| | Backbone CIAC | \$ 11,058,165 | |
| 272 | Less: Accumulated Amortization of CIAC | (3,377,775) | |
| 272 | Plus: Accumulated Amortization if CIAC - Hydrants | 61,759 | |
| | Net Off-Site CIAC | \$ 7,742,149 | |

| Rate Base Calculation | | 2024 | |
|-----------------------|---|------------------|--|
| | | Off-Site Balance | |
| | Net Off-Site Plant | \$ 17,319,025 | |
| | Less: Net Off-Site CIAC | (7,742,149) | |
| | Rate Base - Off-Site Facilities | \$ 9,576,876 | |
| | # Customers (Actual Counts) | 9,924 | |
| | # Customers (Equivalent 5/8" meters) | | |
| | Off-Site Rate Base Per 5/8" Equivalent Customer | \$ 965 | |

Appendix “E”
(SWC Annual Reports for
2009, 2025 and 2011)

Sahuarita Water Company
Application – October 25, 2012
Docket No. W-03718-09-0359

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03718A

Sahuarita Water Company LLC
4549 E Fort Lowell rd
Tucson, AZ 85712

S

RECEIVED
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT
Water

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2009 |
|----|----|------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 09 |
|--------|----|

4-5-10

COMPANY INFORMATION

Company Name (Business Name) Sahuarita Water Company, LLC

Mailing Address 4549 E Ft Lowell Road
(Street)

Tucson

(City)

Arizona

(State)

85712

(Zip)

520-299-8766

Telephone No. (Include Area Code)

520-529-3137

Fax No. (Include Area Code)

520-730-1446

Cell No. (Include Area Code)

Email Address marian @ranchosahuarita.com

Local Office Mailing Address PO Box 1520

Sahuarita

(City)

Arizona

(State)

85629

(Zip)

520-399-1105

Local Office Telephone No. (Include Area Code)

520-399-1095

Fax No. (Include Area Code)

520-648-2998

Cell No. (Include Area Code)

Email Address msecamans@ ranchosahuarita.com

MANAGEMENT INFORMATION

Regulatory Contact: Mark Seamans President

Management Contact: Mark Seamans President
(Name) (Title)

725 W Via Rancho Sahuarita Sahuarita Arizona 85629
(Street) (City) (State) (Zip)

520-399-1105

Local Office Telephone No. (Include Area Code)

520-399-1095

Fax No. (Include Area Code)

520-248-6998

Cell No. (Include Area Code)

Email Address msecamans@ranchosahuarita.com

On Site Manager: Mark Seamans
(Name)

725 W Via Rancho Sahuarita
(Street)

Sahuarita
(City)

Arizona
(State)

85629
(Zip)

520-399-1105

Local Office Telephone No. (Include Area Code)

520-399-1095

Fax No. (Include Area Code)

520-248-6998

Cell No. (Include Area Code)

Email Address mseamans@ranchosahuarita.com

Statutory Agent: Larry Robertson
(Name)

2247 E Frontage Road, PO Box 1448 Tubac Arizona 85646
(Street) (City) (State) (Zip)

520-398-0411 520-398-0412
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Larry Robertson
(Name)

2247 E Frontage Road, PO Box 1448 Tubac Arizona 85646
(Street) (City) (State) (Zip)

520-398-0411 520-398-0412
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address tubaclawyer@aol.com

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) _____ | |

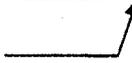
COUNTIES SERVED

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 checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|-----------|--|--------------------|-------------------------------|-----------------------|
| 301 | Organization | 7,541 | 0 | 7,541 |
| 302 | Franchises | 352,403 | 0 | 352,403 |
| 303 | Land and Land Rights | 13,636 | 0 | 13,636 |
| 304 | Structures and Improvements | 397,307 | 31,926 | 365,380 |
| 307 | Wells and Springs | 2,264,383 | 224,069 | 2,040,315 |
| 310 | Power Generation Equipment | 335,668 | 32,955 | 302,713 |
| 311 | Pumping Equipment | 146,101 | 19,076 | 127,025 |
| 320 | Water Treatment Equipment | 1,861,163 | 33,031 | 1,828,132 |
| 330 | Distribution Reservoirs and Standpipes | 1,848,872 | 267,121 | 1,581,751 |
| 331 | Transmission and Distribution Mains | 12,543,571 | 1,064,573 | 11,478,997 |
| 333 | Services | 2,081,553 | 264,084 | 1,817,469 |
| 334 | Meters and Meter Installations | 1,316,420 | 313,243 | 1,003,176 |
| 335 | Hydrants | 675,087 | 58,729 | 616,358 |
| 336 | Backflow Prevention Devices | 816 | 159 | 656 |
| 339 | Other Plant and Misc. Equipment | 0 | 0 | 0 |
| 340 | Office Furniture and Equipment | 293,977 | 51,656 | 242,321 |
| 341 | Transportation Equipment | 146,129 | 105,344 | 40,785 |
| 343 | Tools, Shop and Garage Equipment | 20,430 | 4,670 | 15,760 |
| 344 | Laboratory Equipment | 132 | 30 | 102 |
| 345 | Power Operated Equipment | 0 | 0 | 0 |
| 346 | Communication Equipment | 501,086 | 27,248 | 473,838 |
| 347 | Miscellaneous Equipment | 695 | 202 | 492 |
| 348 | Other Tangible Plant | 963,002 | 155,292 | 807,710 |
| | TOTALS | 25,769,973 | 2,653,410 | 23,116,563 |

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)** |
|-----------|--|-------------------|------------------------------|------------------------------|
| 301 | Organization | 7,541 | 0.00% | 0 |
| 302 | Franchises | 352,403 | 0.00% | 0 |
| 303 | Land and Land Rights | 13,636 | 0.00% | 0 |
| 304 | Structures and Improvements | 397,307 | 3.33% | 9,473 |
| 307 | Wells and Springs | 2,264,383 | 3.33% | 51,029 |
| 310 | Power Generation Equipment | 335,668 | 5.00% | 16,783 |
| 311 | Pumping Equipment | 146,101 | 12.50% | 11,876 |
| 320 | Water Treatment Equipment | 1,861,163 | 3.33% | 31,312 |
| 330 | Distribution Reservoirs and Standpipes | 1,848,872 | 2.22% | 40,636 |
| 331 | Transmission and Distribution Mains | 12,543,571 | 2.00% | 227,061 |
| 333 | Services | 2,081,553 | 3.33% | 69,316 |
| 334 | Meters and Meter Installations | 1,316,420 | 8.33% | 105,739 |
| 335 | Hydrants | 675,087 | 2.00% | 13,471 |
| 336 | Backflow Prevention Devices | 816 | 6.67% | 54 |
| 339 | Other Plant and Misc. Equipment | 0 | 6.67% | 0 |
| 340 | Office Furniture and Equipment | 293,977 | 6.67% | 19,275 |
| 341 | Transportation Equipment | 146,129 | 20.00% | 29,226 |
| 343 | Tools, Shop and Garage Equipment | 20,430 | 5.00% | 857 |
| 344 | Laboratory Equipment | 132 | 10.00% | 13 |
| 345 | Power Operated Equipment | 0 | 5.00% | 0 |
| 346 | Communication Equipment | 501,086 | 10.00% | 25,645 |
| 347 | Miscellaneous Equipment | 695 | 10.00% | 69 |
| 348 | Other Tangible Plant | 963,002 | 10.00% | 96,299 |
| | TOTALS | 25,769,973 | | 748,136 |

Less: Amort of Contributions-in-aid of Construction 4,418,216 2.9031% (128,267)

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403. 619,869

*Full year rate **Half-year convention used to compute depreciation

BALANCE SHEET

| Acct No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|----------|---|------------------------------|------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$5,591,809 | \$5,737,455 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | | |
| 146 | Notes/Receivables from Associated Companies | 19,809 | |
| 151 | Plant Material and Supplies | 103,909 | 57,357 |
| 162 | Prepayments | 2,658 | 5,434 |
| 174 | Miscellaneous Current and Accrued Assets | | 74,220 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$5,718,185 | \$5,874,466 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$19,113,269 | \$25,769,973 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | 1,602,002 | 69,685 |
| 108 | Accumulated Depreciation – Utility Plant | (1,905,271) | (2,653,410) |
| 121 | Non-Utility Property | 70,297 | 71,230 |
| 122 | Accumulated Depreciation – Non Utility | (2,344) | (7,064) |
| | TOTAL FIXED ASSETS | \$18,877,954 | \$23,250,417 |
| | TOTAL ASSETS | \$24,596,138 | \$29,124,884 |

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 | \$23,613 | \$0.00 |
| 232 | Notes Payable (Current Portion) | | 76,279 |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | 96,204 | 103,168 |
| 236 | Accrued Taxes | 14,582 | 12,721 |
| 237 | Accrued Interest | 2,257 | 3,751 |
| 241 | Miscellaneous Current and Accrued Liabilities | 137,086 | 166,924 |
| | TOTAL CURRENT LIABILITIES | \$273,743 | \$362,843 |
| LONG-TERM DEBT (Over 12 Months) | | | |
| 224 | Long-Term Notes and Bonds | | \$2,321,543 |
| DEFERRED CREDITS | | | |
| 251 | Unamortized Premium on Debt | | |
| 252 | Advances in Aid of Construction | 9,334,999 | 9,212,200 |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | 2,436,452 | 4,418,216 |
| 272 | Less: Amortization of Contributions | (238,862) | (367,129) |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$11,532,589 | \$13,263,287 |
| | TOTAL LIABILITIES | \$11,806,333 | \$15,947,673 |
| CAPITAL ACCOUNTS | | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | | |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 12,789,805 | 13,177,211 |
| | TOTAL CAPITAL | \$12,789,805 | \$13,177,211 |
| | TOTAL LIABILITIES AND CAPITAL | \$24,596,138 | \$29,124,884 |

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|-----------|---|--------------------|--------------------|
| 461 | Metered Water Revenue | \$2,030,502 | \$2,175,165 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 157,242 | 145,429 |
| | TOTAL REVENUES | \$2,187,744 | \$2,320,595 |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | | |
| 610 | Purchased Water | 118,875 | 150,214 |
| 615 | Purchased Power | 141,901 | 182,261 |
| 618 | Chemicals | 11,535 | 13,053 |
| 620 | Repairs and Maintenance | 75,423 | 71,667 |
| 621 | Office Supplies and Expense | 30,131 | 20,400 |
| 630 | Outside Services | 730,103 | 747,523 |
| 635 | Water Testing | 8,750 | 11,410 |
| 641 | Rents | 13,195 | 2,445 |
| 650 | Transportation Expenses | 22,358 | 17,955 |
| 657 | Insurance – General Liability | 21,111 | 20,296 |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense – Rate Case | | 22,432 |
| 675 | Miscellaneous Expense | 14,834 | 10,510 |
| 403 | Depreciation Expense | 503,454 | 619,869 |
| 408 | Taxes Other Than Income | 11,602 | 2,561 |
| 408.11 | Property Taxes | 69,226 | 84,968 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$1,772,498 | \$1,977,563 |
| | | | |
| | OPERATING INCOME/(LOSS) | \$415,246 | \$343,032 |
| | | | |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$123,085 | \$34,488 |
| 421 | Non-Utility Income | 9,544 | 49,333 |
| 426 | Miscellaneous Non-Utility Expenses | (4,666) | (12,083) |
| 427 | Interest Expense | (3,904) | (43,838) |
| | TOTAL OTHER INCOME/(EXPENSE) | \$124,059 | \$27,899 |
| | | | |
| | NET INCOME/(LOSS) | \$539,305 | \$370,931 |

COMPANY NAME SAHUARITA WATER COMPANY, LLC

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|--|---------|---------|---------|
| Date Issued | 09/04/09 | | | |
| Source of Loan | WIFA | | | |
| ACC Decision No. | 70984 | | | |
| Reason for Loan | Arsenic Treatment Plant & Associated Mains | | | |
| Dollar Amount Issued | \$4,275,632 | \$ | \$ | \$ |
| Amount Outstanding** | \$418,891 | \$ | \$ | \$ |
| Date of Maturity | 09/01/29 | | | |
| Interest Rate | 4.2% | % | % | % |
| Current Year Interest | \$0.00 | \$ | \$ | \$ |
| Current Year Principle | \$0.00 | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End

\$1,021,249

Meter Deposits Refunded During the Test Year

\$151,374

**Original Loan Amount as of the Closing Date: \$4,694,523.00

The Original Loan Amount consists of the following:

Forgivable Principal Amount: 1,877,810.00

Intended Repayment Amount 2,816,713.00

| | |
|------------------------|--|
| COMPANY NAME | SAHUARITA WATER COMPANY, LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|-----------------|-----------------|--------------------|---------------------|--------------------------|---------------------|--------------|
| 55-611144 ✓ | 300 | 1450 | 905 | 24 | 10 | 1975 |
| 55-216840 | 300 | 1800 | 1080 | 18 | 10 | 2008 |
| 55-562962 ✓ | 3 | 0 (out of service) | 500 | 8 | 1 | 1997 |
| 55-611141 ✓ | (not equipped) | 0 | 982 | 24 | (not equipped) | 1970 |
| 55-611143 ✓ | 300 | 0 (out of service) | 1053 | 24 | 10 | 1974 |
| 55-611145 ✓ | (not equipped) | 0 | 990 | 24 | (not equipped) | 1981 |
| 55-611146 ✓ | (not equipped) | 0 | 975 | 16 | (not equipped) | 1969 |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|--|----------------|--|
| ADWR No. 55-611142 (Leased from Town of Sahuarita) | 1800 | 51,028 |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|----------------------|----------|----------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 10 | 1 | 377 | |
| 25 | 2 | | |
| 30 | 1 | | |
| 40 | 2 | | |
| 50 | 2 | | |
| 75 | 2 | | |
| 100 | 1 | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|----------------------|----------|-----------------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 1,000,000 gallons | 1 | 5,000 gallons | 6 |
| 1,200,000 gallons | 1 | | |
| 350,000 gallons | 1 | | |

| | |
|------------------------|---|
| COMPANY NAME | SAHUARITA WATER COMPANY, LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

| Size (in inches) | Material | Length (in feet) |
|------------------|----------|------------------|
| 2 | | |
| 3 | | |
| 4 | | 5,805 |
| 5 | | |
| 6 | | 26,397 |
| 8 | | 180,974 |
| 10 | | |
| 12 | | 61,970 |
| 16 | | 9,054 |
| 24 | | 7,163 |
| | | |
| | | |
| | | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 5/8 X 3/4 | 4,379 |
| 3/4 | 465 |
| 1 | 104 |
| 1 1/2 | 9 |
| 2 | 70 |
| Comp. 3 | 1 |
| Turbo 3 | 17 |
| Comp. 4 | 1 |
| Turbo 4 | |
| Comp. 6 | |
| Turbo 6 | |
| | |
| | |
| | |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2,000 gpm Arsenic Treatment Plant

STRUCTURES:

Fences, walls, and gates surrounding wells, reservoirs, booster and arsenic treatment plant. Modular office building to house offices.

OTHER:

Two generators – one at Booster Station #1 and one at Booster Station #2.

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|---|---|
| COMPANY NAME SAHUARITA WATER COMPANY, LLC | |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009

| MONTH | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|-----------------|---------------------|-----------------------------|-------------------------------|----------------------------------|
| JANUARY | 4669 | 30,789 | 32,031 | 0 |
| FEBRUARY | 4673 | 34,571 | 35,097 | 0 |
| MARCH | 4694 | 34,069 | 34,845 | 0 |
| APRIL | 4762 | 42,432 | 42,553 | 0 |
| MAY | 4801 | 46,016 | 46,507 | 0 |
| JUNE | 4818 | 55,192 | 55,904 | 0 |
| JULY | 4855 | 48,452 | 50,129 | 0 |
| AUGUST | 4895 | 55,867 | 57,485 | 0 |
| SEPTEMBER | 4920 | 41,421 | 46,062 | 0 |
| OCTOBER | 4951 | 42,213 | 44,263 | 0 |
| NOVEMBER | 4945 | 43,406 | 44,698 | 0 |
| DECEMBER | 4939 | 34,703 | 39,128 | 0 |
| TOTALS → | | 509,132 | 528,702 | 0 |

What is the level of arsenic for each well on your system? _____ mg/l
(If more than one well, please list each separately.) See Attached for Arsenic Level at our centralized Arsenic Treatment Plant

If system has fire hydrants, what is the fire flow requirement? 1750 GPM for 2 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: SAHUARITA WATER COMPANY, LLC | |
| Name of System: | ADEQ Public Water System Number: 10-312 |

UTILITY SHUTOFFS / DISCONNECTS

| MONTH | Termination without Notice R14-2-410.B | Termination with Notice R14-2-410.C | OTHER |
|-----------------|---|--|--------------|
| JANUARY | 0 | 16 | 0 |
| FEBRUARY | 0 | 21 | 0 |
| MARCH | 0 | 42 | 0 |
| APRIL | 0 | 20 | 0 |
| MAY | 0 | 37 | 0 |
| JUNE | 0 | 21 | 0 |
| JULY | 0 | 12 | 0 |
| AUGUST | 0 | 50 | 0 |
| SEPTEMBER | 0 | 30 | 0 |
| OCTOBER | 0 | 36 | 0 |
| NOVEMBER | 0 | 16 | 0 |
| DECEMBER | 0 | 44 | 0 |
| TOTALS → | 0 | 345 | 0 |

OTHER (description):

COMPANY NAME SAHUARITA WATER COMPANY, LLC

YEAR ENDING 12/31/2009

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2009 was: \$ 84,968

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
MAR 11 2010
AZ CORP COMM
Div of Justice

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

| |
|--|
| COUNTY OF (COUNTY NAME) <u>Pima</u> |
| NAME (OWNER OR OFFICIAL) TITLE <u>Marian Homiak, Controller</u> |
| COMPANY NAME <u>Sahuarita 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>2009</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.

Marian Homiak

SIGNATURE OF OWNER OR OFFICIAL.

520-299-8766

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 25th DAY OF

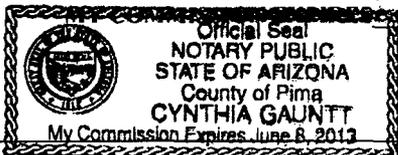
(SEAL)

| | |
|-----------------------|------------------------|
| <u>Cynthia Gauntt</u> | |
| COUNTY NAME | <u>Pima</u> |
| MONTH | <u>3</u> . <u>2010</u> |

Cynthia Gauntt

SIGNATURE OF NOTARY PUBLIC

June 8, 2013



COMPANY NAME SAHUARITA WATER COMPANY, LLC YEAR ENDING 12/31/2009

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (\$1,837,272)
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported \$440,919
Estimated or Actual State Tax Liability _____

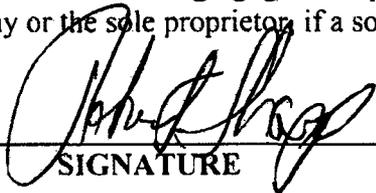
Amount of Grossed-Up Contributions/Advances:

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

3-25-10

DATE

Robert Sharpe

PRINTED NAME

President of Sharpe and Associates, Inc.

TITLE Mgr of Sahuarita Water Collc

RECEIVED
 MAR 18 2010
 ARIZONA CORP COM
 Director Office

VERIFICATION
 AND
 SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF AZ
 I, THE UNDERSIGNED
 OF THE

| | |
|--------------------------------|-------------------------------------|
| COUNTY OF (COUNTY NAME) | Pima |
| NAME (OWNER OR OFFICIAL) TITLE | Marian Homiak, Controller |
| COMPANY NAME | Sahuarita 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 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 (\$) |
| \$ <u> 2,456,389 </u> |

(THE AMOUNT IN BOX ABOVE
 INCLUDES \$ 184,016
 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)

Marian Homiak

 SIGNATURE OF OWNER OR OFFICIAL
520-299-8766

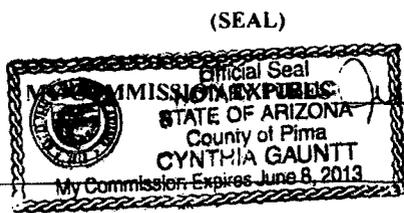
 TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
 A NOTARY PUBLIC IN AND FOR THE COUNTY OF
 THIS 25th DAY OF

| | | |
|-------------|-------------|--------------|
| COUNTY NAME | Pima | |
| MONTH | 3 | .2010 |

Cynthia Gauntt

 SIGNATURE OF NOTARY PUBLIC



June 8, 2013

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
MAY 23 2010
ARIZONA WATER UTILITIES
DIRECTOR UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|-------------------------|
| COUNTY OF (COUNTY NAME) Pima | |
| NAME (OWNER OR OFFICIAL) Marian Homiak | TITLE Controller |
| COMPANY NAME Sahuarita 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 |
| \$ <u>1,895,877</u> |

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 142,059
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Marian Homiak
SIGNATURE OF OWNER OR OFFICIAL

520-299-8766
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

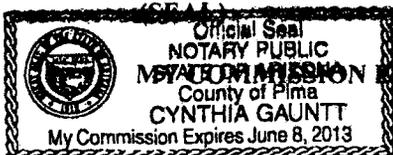
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

25th

DAY OF

| | |
|---|---------------------|
| NOTARY PUBLIC NAME <i>Cynthia Gauntt</i> | |
| COUNTY NAME <i>Pima</i> | |
| MONTH <i>3</i> | YEAR <i>2010</i> |



EXPIRES June 8, 2013 *Cynthia Gauntt*
SIGNATURE OF NOTARY PUBLIC

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORTING FORM**

*** Entry Point to the Distribution System (EDPS) Only ***

PWS ID# _____

PWS Name: Sahuarita Water Company

01/19/2010 11:26 (24 hr clock)
Sample date Sample Time

Paul Martinez
Owner / Contact Person Name

(520) 399-1095
Owner / Contact Fax Number

(520) 399-1105
Owner / Contact Person Phone Number

Sample Type
 Compliance Monitoring

Sample Collection Point
 EPDS # _____

POE #5
Sampling Site ID

| | |
|---|--|
| For MCL or Composite Level Exceedance Original Violation Specimen Number | |
| Sample Type | |
| <input type="checkbox"/> Confirmation | |
| <input type="checkbox"/> Confirmation Composite | |

INORGANIC CHEMICAL ANALYSIS
>>>To be completed by laboratory personnel<<<

| Analysis Method | MCL | Reporting Limit | Contaminant Name | Cont. Code | Analysis Run Date | Result | Exceeds MCL | Exceeds Trigger Limit |
|-----------------|--------|-----------------|------------------|------------|-------------------|---------|--------------------------|-------------------------------------|
| E200.9 | 0.010 | 0.005 | Arsenic | 1005 | 01/26/2010 | 0.0052 | <input type="checkbox"/> | |
| E200.7 | 2 | 1 | Barium | 1010 | 01/26/2010 | <0.050 | <input type="checkbox"/> | |
| E200.7 | 0.005 | 0.0025 | Cadmium | 1015 | 01/26/2010 | <0.0020 | <input type="checkbox"/> | |
| E200.7 | 0.1 | 0.05 | Chromium | 1020 | 01/26/2010 | <0.030 | <input type="checkbox"/> | |
| E300 | 4.0 | 0.5 | Fluoride | 1025 | 01/24/2010 | 0.98 | <input type="checkbox"/> | |
| E245.1 | 0.002 | 0.001 | Mercury | 1035 | 01/25/2010 | <0.0010 | <input type="checkbox"/> | |
| E300 | 10 | 2.5 | Nitrate (as N) | 1040 | 01/20/2010 | 1.3 | <input type="checkbox"/> | (5 mg/L) <input type="checkbox"/> |
| E300 | 1 | 0.25 | Nitrite (as N) | 1041 | 01/20/2010 | <0.10 | <input type="checkbox"/> | (0.5 mg/L) <input type="checkbox"/> |
| E200.9 | 0.05 | 0.025 | Selenium | 1045 | 01/29/2010 | <0.0050 | <input type="checkbox"/> | |
| E200.9 | 0.006 | 0.003 | Antimony | 1074 | 01/30/2010 | <0.0020 | <input type="checkbox"/> | |
| E200.7 | 0.004 | 0.002 | Beryllium | 1075 | 01/26/2010 | <0.0020 | <input type="checkbox"/> | |
| SM4500-CN BE | 0.2 | 0.1 | Cyanide | 1024 | 01/27/2010 | <0.10 | <input type="checkbox"/> | |
| E200.7 | No MCL | 0.05 | Nickel* | 1036 | 01/26/2010 | <0.050 | <input type="checkbox"/> | |
| E200.9 | 0.002 | 0.001 | Thallium | 1085 | 01/31/2010 | <0.0010 | <input type="checkbox"/> | |
| E200.7 | No MCL | 10 | Sodium* | 1052 | 01/26/2010 | 59 | <input type="checkbox"/> | |

>>>> LABORATORY INFORMATION <<<<<
To be completed by laboratory personnel

LabID Number: AZ0066

Specimen Number: 10A0530-01(2I)

Name: Turner Laboratories, Inc.

Printed Name and Phone Number of Lab Contact: Terri L. Garcia, Technical Director

Authorized Signature: *Terri L. Garcia*

Date Public Water System Notified: _____

Comments: _____

All units must be reported in milligrams per liter (mg/L)

* Unregulated Contaminants

DWAR 2IN: Revised 8/2009

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

RECEIVED NOV 17 2009

PIMA COUNTY TAX RECEIPT

RANCHO SAHUARITA WATER CO LLC
MARIAN HOMIAK/CONTROLLER
4549 E FORT LOWELL RD
TUCSON AZ 85712-1108

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2009 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 303 | 06 | 0760 | \$ 12.70 | 11/3/2009 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------|----------|---------------|-----------|---------|
| 10/26/2009 | FIRST HALF | \$12.70 | \$0.00 | \$0.00 | \$12.70 |
| | TOTAL PAID | \$12.70 | \$0.00 | \$0.00 | \$12.70 |

PROPERTY ADDRESS

TAX YEAR 2009 BALANCE DUE

| DESCRIPTION | AMOUNT |
|----------------------|--------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

115 North Church Avenue - Tucson, Arizona 85701-1199 - Phone (520) 740-8341 - Fax (520) 884-4809

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

RECEIVED NOV 17 2009

PIMA COUNTY TAX RECEIPT

SAHUARITA WATER CO LLC
ATTN: MARIAN HOMIAK/CONTROLLER
4549 E FORT LOWELL RD
TUCSON AZ 85712-1108

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2009 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 303 | 06 | 0780 | \$ 12.70 | 11/3/2009 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------|----------|---------------|-----------|---------|
| 10/26/2009 | FIRST HALF | \$12.70 | \$0.00 | \$0.00 | \$12.70 |
| | TOTAL PAID | \$12.70 | \$0.00 | \$0.00 | \$12.70 |

PROPERTY ADDRESS

TAX YEAR 2009 BALANCE DUE

| DESCRIPTION | AMOUNT |
|----------------------|--------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
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PIMA COUNTY TAX RECEIPT RECEIVED NOV 17 2009

SAHUARITA WATER CO LLC
ATTN: MARIAN HOMIAK/CONTROLLER
4549 E FORT LOWELL RD
TUCSON AZ 85712-1108

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2009 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 303 | 06 | 4030 | \$ 12.70 | 11/3/2009 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------|----------|---------------|-----------|---------|
| 10/26/2009 | FIRST HALF | \$12.70 | \$0.00 | \$0.00 | \$12.70 |
| | TOTAL PAID | \$12.70 | \$0.00 | \$0.00 | \$12.70 |

PROPERTY ADDRESS

TAX YEAR 2009 BALANCE DUE

| DESCRIPTION | AMOUNT |
|----------------------|--------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

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Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

RANCHO SAHUARITA WATER CO LLC
PO BOX 1520
SAHUARITA AZ 85629-1009

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2009 REAL ESTATE TAXES

| <u>BOOK</u> | <u>MAP</u> | <u>PARCEL</u> | <u>TOTAL TAX ASSESSED</u> | <u>DATE</u> |
|-------------|------------|---------------|---------------------------|-------------|
| 303 | 06 | 014D | \$ 9.23 | 11/3/2009 |

PAYMENTS

| <u>PAYMENT DATE</u> | <u>DESCRIPTION</u> | <u>TAX PAID</u> | <u>INTEREST PAID</u> | <u>FEES PAID</u> | <u>TOTAL</u> |
|---------------------|--------------------|-----------------|----------------------|------------------|--------------|
| 10/26/2009 | FIRST HALF | \$9.23 | \$0.00 | \$0.00 | \$9.23 |
| | TOTAL PAID | \$9.23 | \$0.00 | \$0.00 | \$9.23 |

PROPERTY ADDRESS

424 W CALLE SEDILLO

TAX YEAR 2009 BALANCE DUE

| <u>DESCRIPTION</u> | <u>AMOUNT</u> |
|----------------------|---------------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

RECEIVED NOV 17 2009

PIMA COUNTY TAX RECEIPT

SAHUARITA WATER CO LLC
ATTN: MARIAN HOMIAK/CONTROLLER
4549 E FORT LOWELL RD
TUCSON AZ 85712-1108

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2009 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 905 | 83 | 0020 | \$ 84,894.84 | 11/3/2009 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------|-------------|---------------|-----------|-------------|
| 10/26/2009 | FULL YEAR | \$84,894.84 | \$0.00 | \$0.00 | \$84,894.84 |
| | TOTAL PAID | \$84,894.84 | \$0.00 | \$0.00 | \$84,894.84 |

PROPERTY ADDRESS

TAX YEAR 2009 BALANCE DUE

| DESCRIPTION | AMOUNT |
|----------------------|--------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

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Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

RANCHO SAHUARITA WATER CO LLC
ATTN: MARIAN HOMIAK/CONTROLLER
4549 E FORT LOWELL RD
TUCSON AZ 85712-1108

RECEIVED NOV 17 2009

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2009 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 303 | 06 | 020B | \$ 12.70 | 11/3/2009 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------|----------|---------------|-----------|---------|
| 10/26/2009 | FIRST HALF | \$12.70 | \$0.00 | \$0.00 | \$12.70 |
| | TOTAL PAID | \$12.70 | \$0.00 | \$0.00 | \$12.70 |

PROPERTY ADDRESS

TAX YEAR 2009 BALANCE DUE

| DESCRIPTION | AMOUNT |
|----------------------|--------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
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PIMA COUNTY TREASURER'S OFFICE

RECEIVED NOV 17 2009

PIMA COUNTY TAX RECEIPT

SAHUARITA WATER CO LLC
ATTN: MARIAN HOMIAK/CONTROLLER
4549 E FORT LOWELL RD
TUCSON AZ 85712-1108

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2009 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 303 | 06 | 074D | \$ 12.70 | 11/3/2009 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------|----------|---------------|-----------|---------|
| 10/26/2009 | FIRST HALF | \$12.70 | \$0.00 | \$0.00 | \$12.70 |
| | TOTAL PAID | \$12.70 | \$0.00 | \$0.00 | \$12.70 |

PROPERTY ADDRESS

TAX YEAR 2009 BALANCE DUE

| DESCRIPTION | AMOUNT |
|----------------------|--------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

115 North Church Avenue - Tucson, Arizona 85701-1199 - Phone (520) 740-8341 - Fax (520) 884-4809

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-03718A
Sahuarita Water Company LLC
4549 East Fort Lowell Road
Tucson, AZ 85712

RECEIVED

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2010 |
|----|----|------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 10 |
|--------|----|

4-19-11

4-20-11

| | | | | |
|-----------------------------------|---------------|-----------------------------------|---------|------------------------------|
| Statutory Agent: | | Lawrence V. Robertson, Jr. | | |
| (Name) | | | | |
| 2247 E Frontage Road | P.O. Box 1448 | Tubac | AZ | 85646 |
| (Street) | | (City) | (State) | (Zip) |
| 520-398-0411 | | 520-398-0412 | | |
| Telephone No. (Include Area Code) | | Fax No. (Include Area Code) | | Cell No. (Include Area Code) |
| Attorney | | Lawrence V. Robertson, Jr. | | |
| (Name) | | | | |
| 2247 E Frontage Road | P.O. Box 1448 | Tubac | AZ | 85646 |
| (Street) | | (City) | (State) | (Zip) |
| 520-398-0411 | | 520-398-0412 | | |
| Telephone No. (Include Area Code) | | Fax No. (Include Area Code) | | Cell No. (Include Area Code) |
| Email Address | | tubaclawyer@aol.com | | |

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 checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|-----------|--------------------------------------|---------------------|-------------------------------|-----------------------|
| 301 | Organization | \$7,541 | \$0 | \$7,541 |
| 302 | Franchises | 352,403 | 0 | 352,403 |
| 303 | Land and Land Rights | 13,636 | 0 | 13,636 |
| 304 | Structures and Improvements | 399,514 | 30,419 | 369,095 |
| 307 | Wells and Springs | 2,102,853 | (13,506) | 2,116,360 |
| 310 | Power Generation Equipment | 335,668 | 49,884 | 285,784 |
| 311 | Pumping Equipment | 146,820 | 39,879 | 106,941 |
| 320 | Water Treatment Equipment | 1,939,543 | 92,137 | 1,847,406 |
| 320.3 | Water Treatment Media | 120,000 | 120,000 | 0 |
| 330 | Distribution Reservoirs & Standpipes | 1,848,872 | 213,761 | 1,635,111 |
| 331 | Transmission and Distribution Mains | 12,679,772 | 1,035,380 | 11,644,392 |
| 333 | Services | 2,120,447 | 259,396 | 1,861,051 |
| 334 | Meters and Meter Installations | 1,349,406 | 638,973 | 710,433 |
| 335 | Hydrants | 677,445 | 38,482 | 638,963 |
| 336 | Backflow Prevention Devices | 816 | 211 | 605 |
| 340 | Office Furniture and Equipment | 305,821 | 79,640 | 226,180 |
| 341 | Transportation Equipment | 146,129 | 146,129 | 0 |
| 343 | Tools, Shop and Garage Equipment | 22,662 | 5,067 | 17,595 |
| 344 | Laboratory Equipment | 132 | 46 | 86 |
| 346 | Communication Equipment | 578,971 | 81,725 | 497,246 |
| 347 | Miscellaneous Equipment | 695 | 243 | 452 |
| 348 | Other Tangible Plant | 963,002 | 247,204 | 715,798 |
| | TOTALS | \$26,112,148 | \$3,065,070 | \$23,047,078 |

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)** |
|-----------|--|---------------------|------------------------------|------------------------------|
| 301 | Organization | \$7,541 | 0.00% | \$0 |
| 302 | Franchises | 352,403 | 0.00% | 0 |
| 303 | Land and Land Rights | 13,636 | 0.00% | 0 |
| 304 | Structures and Improvements | 397,307 | 3.33% | 13,267 |
| 307 | Wells and Springs | 2,102,853 | 3.33% | 68,527 |
| 310 | Power Generation Equipment | 335,668 | 5.00% | 16,783 |
| 311 | Pumping Equipment | 146,820 | 12.50% | 18,308 |
| 320 | Water Treatment Equipment | 1,939,543 | 3.33% | 61,284 |
| 320 | Water Treatment Media | 120,000 | 67.00% | 79,800 |
| 330 | Distribution Reservoirs and Standpipes | 1,848,872 | 2.22% | 41,045 |
| 331 | Transmission and Distribution Mains | 12,679,772 | 2.00% | 251,931 |
| 333 | Services | 2,120,447 | 3.33% | 69,461 |
| 334 | Meters and Meter Installations | 1,349,406 | 8.33% | 111,032 |
| 335 | Hydrants | 677,445 | 2.00% | 13,369 |
| 336 | Backflow Prevention Devices | 816 | 6.67% | 54 |
| 340 | Office Furniture and Equipment | 305,821 | 6.67% | 20,003 |
| 341 | Transportation Equipment | 146,129 | Balance to fully depreciate | 19,513 |
| 343 | Tools, Shop and Garage Equipment | 22,662 | 5.00% | 1,077 |
| 344 | Laboratory Equipment | 132 | 10.00% | 13 |
| 346 | Communication Equipment | 578,971 | 10.00% | 54,003 |
| 347 | Miscellaneous Equipment | 695 | 10.00% | 69 |
| 348 | Other Tangible Plant | 963,002 | 10.00% | 96,300 |
| | TOTALS | \$26,112,148 | | \$935,840 |

Less: Amort of Contributions-In-Aid of Construction 4,578,887 3.5836% (164,089)
 This amount goes on the Comparative Statement of Income and Expense _____ \$771,751
 Acct. No. 403.

*Full year rate **Half-year rate used to compute depreciation

BALANCE SHEET

| Acct No. | ASSETS | BALANCE AT BEGINNING OF YEAR* | BALANCE AT END OF YEAR |
|-----------------------------------|---|-------------------------------|------------------------|
| CURRENT AND ACCRUED ASSETS | | | |
| 131 | Cash | \$5,737,455 | \$6,243,640 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | | |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | 57,357 | 55,076 |
| 162 | Prepayments | 5,434 | 16,879 |
| 174 | Miscellaneous Current and Accrued Assets | 74,220 | 157,954 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$5,874,466 | \$6,473,549 |
| FIXED ASSETS | | | |
| 101 | Utility Plant in Service | \$25,442,408 | \$26,112,148 |
| 103 | Property Held for Future Use | 76,082 | 76,082 |
| 105 | Construction Work in Progress | 69,685 | 65,972 |
| 108 | Accumulated Depreciation – Utility Plant | (2,129,316) | (3,065,069) |
| 121 | Non-Utility Property | 71,230 | 70,792 |
| 122 | Accumulated Depreciation – Non Utility | (7,064) | (11,786) |
| | TOTAL FIXED ASSETS | \$23,525,425 | \$23,248,139 |
| | TOTAL ASSETS | \$29,399,891 | \$29,721,688 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

*Beginning year balances reflect adjustments adopted in Decision #72177.

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR* | BALANCE AT END OF YEAR |
|--|---|-------------------------------|------------------------|
| LIABILITIES | | | |
| CURRENT LIABILITES | | | |
| 231 | Accounts Payable | \$0 | \$0 |
| 232 | Notes Payable (Current Portion) | 76,279 | 98,387 |
| 234 | Notes/Accounts Payable to Associated Companies | | 0 |
| 235 | Customer Deposits | 103,168 | 83,753 |
| 236 | Accrued Taxes | 12,721 | 16,262 |
| 237 | Accrued Interest | 3,751 | 4,590 |
| 241 | Miscellaneous Current and Accrued Liabilities | 166,924 | 244,083 |
| | TOTAL CURRENT LIABILITIES | \$362,843 | \$447,075 |
| LONG-TERM DEBT (Over 12 Months) | | | |
| 224 | Long-Term Notes and Bonds | \$2,321,543 | \$2,647,196 |
| DEFERRED CREDITS | | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | 9,212,200 | 9,118,309 |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | 4,418,216 | 4,578,887 |
| 272 | Less: Amortization of Contributions | (367,129) | (550,646) |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$13,263,287 | \$13,146,550 |
| | TOTAL LIABILITIES | \$15,947,673 | \$16,240,822 |
| CAPITAL ACCOUNTS | | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | | |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 13,452,218 | 13,480,866 |
| | TOTAL CAPITAL | \$13,452,218 | \$13,480,866 |
| | TOTAL LIABILITIES AND CAPITAL | \$29,399,891 | \$29,721,688 |

*Beginning year balances reflect adjustments adopted in Decision #72177.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|-----------|---|--------------------|--------------------|
| 461 | Metered Water Revenue | \$2,175,165 | \$2,272,611 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 145,429 | 145,365 |
| | TOTAL REVENUES | \$2,320,595 | \$2,417,976 |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | | \$ |
| 610 | Purchased Water | 150,214 | 205,028 |
| 615 | Purchased Power | 182,261 | 235,438 |
| 618 | Chemicals | 13,053 | 14,896 |
| 620 | Repairs and Maintenance | 71,667 | 51,339 |
| 621 | Office Supplies and Expense | 20,400 | 23,068 |
| 630 | Outside Services | 747,523 | 818,885 |
| 635 | Water Testing | 11,410 | 5,541 |
| 641 | Rents | 2,445 | 2,030 |
| 650 | Transportation Expenses | 17,955 | 16,371 |
| 657 | Insurance - General Liability | 20,296 | 18,826 |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense - Rate Case | 22,432 | 31,271 |
| 675 | Miscellaneous Expense | 10,510 | 11,772 |
| 403 | Depreciation Expense | 619,869 | 771,751 |
| 408 | Taxes Other Than Income | 2,561 | |
| 408.11 | Property Taxes | 84,968 | 106,884 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$1,977,563 | \$2,313,097 |
| | OPERATING INCOME/(LOSS) | \$343,032 | \$104,878 |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$34,488 | \$4,306 |
| 421 | Non-Utility Income | 49,333 | 48,018 |
| 426 | Miscellaneous Non-Utility Expenses | (12,083) | (8,657) |
| 427 | Interest Expense | (43,838) | (131,176) |
| | TOTAL OTHER INCOME/(EXPENSE) | \$27,899 | \$(87,510) |
| | NET INCOME/(LOSS) | \$370,931 | \$17,368 |

| | |
|------------------------|--|
| COMPANY NAME | SAHUARITA WATER COMPANY LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|------------------------|------------------------|-------------------------|----------------------------|---------------------------------|----------------------------|---------------------|
| 55-611144 | 300 | 1450 | 905 | 24 | 10 | 1975 |
| 55-216840 | 300 | 1800 | 1080 | 18 | 10 | 2008 |
| 55-562962 | (not equipped) | 0 (out of service) | 500 | 8 | (not equipped) | 1997 |
| 55-611141 | (not equipped) | 0 | 982 | 24 | (not equipped) | 1970 |
| 55-611143 | (not equipped) | 0 (out of service) | 1053 | 24 | (not equipped) | 1974 |
| 55-611145 | (not equipped) | 0 | 990 | 24 | (not equipped) | 1981 |
| 55-611146 | (not equipped) | 0 | 975 | 16 | (not equipped) | 1969 |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---|-----------------------|---|
| ADWR No 55-611142 (Leased from Town of Sahuarita) | 1800 | 13,197 |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|----------------------|-----------------|--------------------------|-----------------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 10 | 1 | 391 | |
| 25 | 2 | | |
| 30 | 1 | | |
| 40 | 2 | | |
| 50 | 2 | | |
| 75 | 2 | | |
| 100 | 1 | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|----------------------|-----------------|-----------------------|-----------------|
| Capacity | Quantity | Capacity | Quantity |
| 1,000,000 gallons | 1 | 5,000 gallons | 6 |
| 1,200,000 gallons | 1 | | |
| 350,000 gallons | 1 | | |

| | |
|------------------------|--|
| COMPANY NAME | SAHUARITA WATER COMPANY LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

| MAINS | | |
|-------------------------|-----------------|-------------------------|
| Size (in inches) | Material | Length (in feet) |
| 2 | | |
| 3 | | |
| 4 | | 5,805 |
| 5 | | |
| 6 | | 26,507 |
| 8 | | 189,504 |
| 10 | | |
| 12 | | 61,970 |
| 16 | | 9,054 |
| 24 | | 7,163 |
| | | |
| | | |
| | | |

| CUSTOMER METERS | |
|-------------------------|-----------------|
| Size (in inches) | Quantity |
| 5/8 X 3/4 | 4,496 |
| 3/4 | 527 |
| 1 | 108 |
| 1 1/2 | 10 |
| 2 | 65 |
| Comp. 3 | 1 |
| Turbo 3 | 17 |
| Comp. 4 | 1 |
| Turbo 4 | |
| Comp. 6 | |
| Turbo 6 | |
| | |
| | |
| | |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2,000 gpm Arsenic Treatment Plant

STRUCTURES:

Fences, walls and gates surrounding wells, reservoirs, booster and arsenic treatment plant. Modular office building to house offices.

OTHER:

Two generators: one at Booster Station #1 (400kw) and one at Booster Station #2 (230 kw)

PRV Station #1

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|------------------------|---|
| COMPANY NAME: | SAHUARITA WATER COMPANY LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

| MONTH | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|-----------------|---------------------|--------------------------|----------------------------|-------------------------------|
| JANUARY | 4,976 | | | |
| FEBRUARY | 5,025 | | | |
| MARCH | 5,010 | | | |
| APRIL | 5,026 | | | |
| MAY | 5,036 | | | |
| JUNE | 5,053 | SEE ATTACHED | | |
| JULY | 5,066 | | | |
| AUGUST | 5,075 | | | |
| SEPTEMBER | 5,081 | | | |
| OCTOBER | 5,068 | | | |
| NOVEMBER | 5,060 | | | |
| DECEMBER | 5,078 | | | |
| TOTALS → | | | | |

What is the level of arsenic for each well on your system? _____ mg/l
(If more than one well, please list each separately.) See Attached for Arsenic Level at our centralized Arsenic Treatment Plant

If system has fire hydrants, what is the fire flow requirement? 2,000 GPM for 4 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.

SAHUARITA WATER COMPANY, LLC

WATER USE DATA SHEET

| TYPE OF RIGHT | Gallons Sold (Thousands) | | Gallons Sold (Thousands) | | Gallons Pumped (Thousands) | | Gallons Pumped (Thousands) | | AF Solid | | AF Solid | | AF Pumped | | AF Pumped | | TOTAL PUMPED (AF) |
|---|---------------------------------------|---|---------------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|---------------------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|-------------------|
| | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | Under Right/Permit No. 58-100316.0018 | Under Right/Permit No. 56-000373.0000 | |
| | Type 1 GFR | Large Municipal | Type 1 GFR | Large Municipal | Type 1 GFR | Large Municipal | Type 1 GFR | Large Municipal | Type 1 GFR | Large Municipal | Type 1 GFR | Large Municipal | Type 1 GFR | Large Municipal | Type 1 GFR | Large Municipal | |
| MONTH | | | | | | | | | | | | | | | | | |
| JANUARY | 2,017.02 | 30,320.44 | 452.40 | 32,958.54 | 32,337.45 | 33,410.94 | 6.19 | 93.05 | 99.24 | 1.39 | 101.15 | 99.24 | 1.39 | 101.15 | 99.24 | 1.39 | 102.53 |
| FEBRUARY | 1,987.69 | 28,362.07 | 542.10 | 30,557.60 | 30,349.76 | 31,099.70 | 6.1 | 87.04 | 93.14 | 1.66 | 93.78 | 93.14 | 1.66 | 93.78 | 93.14 | 1.66 | 95.44 |
| MARCH | 2,867.49 | 31,519.57 | 7,796.63 | 29,064.43 | 34,387.06 | 36,361.05 | 8.8 | 96.73 | 105.53 | 22.39 | 89.20 | 105.53 | 22.39 | 89.20 | 105.53 | 22.39 | 111.59 |
| APRIL | 4,793.27 | 38,091.98 | 6,000.09 | 43,089.29 | 42,885.25 | 43,689.38 | 14.71 | 116.9 | 131.61 | 13.46 | 110.50 | 131.61 | 13.46 | 110.50 | 131.61 | 13.46 | 138.00 |
| MAY | 6,249.82 | 38,395.02 | - | 50,270.35 | 44,644.85 | 50,270.35 | 19.18 | 117.83 | 137.01 | 14.65 | 95.41 | 137.01 | 14.65 | 95.41 | 137.01 | 14.65 | 154.27 |
| JUNE | 8,244.03 | 47,381.99 | 2,319.55 | 52,654.41 | 55,626.02 | 54,973.96 | 25.3 | 145.41 | 170.71 | 7.12 | 161.59 | 170.71 | 7.12 | 161.59 | 170.71 | 7.12 | 168.71 |
| JULY | 6,777.70 | 42,754.91 | - | 52,329.78 | 49,532.61 | 52,329.78 | 20.8 | 131.21 | 152.01 | - | 160.59 | 152.01 | - | 160.59 | 152.01 | - | 160.59 |
| AUGUST | 3,353.01 | 40,063.38 | 7,863.86 | 36,693.00 | 43,416.39 | 44,556.86 | 10.29 | 121.95 | 133.24 | 10.29 | 112.61 | 133.24 | 10.29 | 112.61 | 133.24 | 10.29 | 136.74 |
| SEPTEMBER | 4,040.55 | 39,167.29 | 8,542.32 | 35,579.93 | 43,207.84 | 44,122.25 | 12.4 | 120.2 | 132.6 | 12.4 | 109.19 | 132.6 | 12.4 | 109.19 | 132.6 | 12.4 | 135.41 |
| OCTOBER | 4,385.95 | 37,342.52 | 10,670.20 | 36,007.79 | 41,728.48 | 46,677.88 | 13.46 | 114.6 | 128.06 | 13.46 | 110.50 | 128.06 | 13.46 | 110.50 | 128.06 | 13.46 | 143.25 |
| NOVEMBER | 4,773.72 | 39,346.51 | 13,879.15 | 31,088.52 | 44,120.23 | 44,967.67 | 14.65 | 120.75 | 135.4 | 14.65 | 95.41 | 135.4 | 14.65 | 95.41 | 135.4 | 14.65 | 138.00 |
| DECEMBER | 3,414.92 | 33,556.14 | 13,933.94 | 24,393.90 | 36,971.05 | 38,327.85 | 10.48 | 102.98 | 113.46 | 10.48 | 74.86 | 113.46 | 10.48 | 74.86 | 113.46 | 10.48 | 117.62 |
| TOTAL PUMPED | 52,905.17 | 446,301.82 | 66,100.24 | 454,687.53 | 499,206.99 | 520,787.76 | | | | | | | | | | | |
| Water Received From (Delivered To) Other Rights | | | (13,193.71) | 13,193.71 | | | | | | | | | | | | | |
| TOTAL | 52,905.17 | 446,301.82 | 52,905.53 | 467,881.24 | 499,206.99 | 520,787.76 | 162.36 | 1369.65 | 1532.01 | 162.36 | 1435.87 | 1532.01 | 162.36 | 1435.87 | 1532.01 | 162.36 | 1,598.24 |
| | | Reported to ADWR for CAGRD | | Reported to ADWR for CAGRD | Reported to ACC | Reported to ACC | | Reported to ADWR for CAGRD | | | Reported to ADWR for CAGRD | | | Reported to ADWR for CAGRD | | | |
| | | To be used to calculate 2011 CAGRD adjustor fee | | Amount used to calculate fee paid to CAGRD | | | | | | | To be used to calculate 2011 CAGRD adjustor fee | | | Amount used to calculate fee paid to CAGRD | | | |

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORTING FORM
*** Entry Point to the Distribution System (EDPS) Only *****

PWS ID# 10-312

PWS Name: Sahuarita Water Company

12/01/2010 14:20 (24 hr clock)
Sample date Sample Time

Paul Martinez
Owner / Contact Person Name

(520) 399-1095
Owner / Contact Fax Number

(520) 399-1105
Owner / Contact Person Phone Number

Sample Type
 Compliance Monitoring
Sample Collection Point
 EPDS # _____

| | |
|---|--|
| For MCL or Composite Level Exceedance Original Violation Specimen Number | |
| Sample Type | |
| <input type="checkbox"/> Confirmation | |
| <input type="checkbox"/> Confirmation Composite | |

POE #5
Sampling Site ID

INORGANIC CHEMICAL ANALYSIS
>>>To be completed by laboratory personnel<<<

| Analysis Method | MCL | Reporting Limit | Contaminant Name | Cont. Code | Analysis Run Date | Result | Exceeds MCL | Exceeds Trigger Limit |
|-----------------|--------|-----------------|------------------|------------|-------------------|--------|--------------------------|-------------------------------------|
| E200.8 | 0.010 | 0.005 | Arsenic | 1005 | 12/03/2010 | 0.0071 | <input type="checkbox"/> | |
| | 2 | 1 | Barium | 1010 | | | <input type="checkbox"/> | |
| | 0.005 | 0.0025 | Cadmium | 1015 | | | <input type="checkbox"/> | |
| | 0.1 | 0.05 | Chromium | 1020 | | | <input type="checkbox"/> | |
| | 4.0 | 0.5 | Fluoride | 1025 | | | <input type="checkbox"/> | |
| | 0.002 | 0.001 | Mercury | 1035 | | | <input type="checkbox"/> | |
| | 10 | 2.5 | Nitrate (as N) | 1040 | | | <input type="checkbox"/> | (5 mg/L) <input type="checkbox"/> |
| | 1 | 0.25 | Nitrite (as N) | 1041 | | | <input type="checkbox"/> | (0.5 mg/L) <input type="checkbox"/> |
| | 0.05 | 0.025 | Selenium | 1045 | | | <input type="checkbox"/> | |
| | 0.006 | 0.003 | Antimony | 1074 | | | <input type="checkbox"/> | |
| | 0.004 | 0.002 | Beryllium | 1075 | | | <input type="checkbox"/> | |
| | 0.2 | 0.1 | Cyanide | 1024 | | | <input type="checkbox"/> | |
| | No MCL | 0.05 | Nickel* | 1036 | | | <input type="checkbox"/> | |
| | 0.002 | 0.001 | Thallium | 1085 | | | <input type="checkbox"/> | |
| | No MCL | 10 | Sodium* | 1052 | | | <input type="checkbox"/> | |

>>>> LABORATORY INFORMATION <<<<<
To be completed by laboratory personnel

LabID Number: AZ0066
Specimen Number: 10L0091-01(21)
Name: Turner Laboratories, Inc.
Printed Name and Phone Number of Lab Contact: Terri L. Garcia, Technical Director
Authorized Signature: *Terri L. Garcia*
Date Public Water System Notified: _____
Comments: _____

All units must be reported in milligrams per liter (mg/L)

* Unregulated Contaminants

DWAR 2IN: Revised 8/2009

| | |
|------------------------|---|
| COMPANY NAME: | SAHUARITA WATER COMPANY LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

UTILITY SHUTOFFS / DISCONNECTS

| MONTH | Termination without Notice R14-2-410.B | Termination with Notice R14-2-410.C | OTHER |
|-----------------|---|--|--------------|
| JANUARY | 0 | 26 | 0 |
| FEBRUARY | 0 | 37 | 0 |
| MARCH | 0 | 34 | 0 |
| APRIL | 0 | 25 | 0 |
| MAY | 0 | 45 | 0 |
| JUNE | 0 | 20 | 0 |
| JULY | 0 | 26 | 0 |
| AUGUST | 0 | 28 | 0 |
| SEPTEMBER | 0 | 20 | 0 |
| OCTOBER | 0 | 18 | 0 |
| NOVEMBER | 0 | 3 | 0 |
| DECEMBER | 0 | 23 | 0 |
| TOTALS → | 0 | 305 | 0 |

OTHER (description):

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 53,480.69

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
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

| | |
|--------------------------------|-------------------------------------|
| COUNTY OF (COUNTY NAME) | Pima |
| NAME (OWNER OR OFFICIAL) TITLE | Marian Homiak, Controller |
| COMPANY NAME | Sahuarita 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 | 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.

Marian Homiak

SIGNATURE OF OWNER OR OFFICIAL

520-299-8766

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

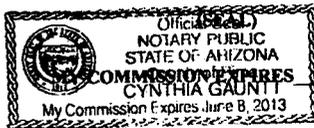
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 11th DAY OF

| | | |
|-------------|--------------|-------------|
| COUNTY NAME | Pima | |
| MONTH | April | 2011 |

Cynthia Gauntt

SIGNATURE OF NOTARY PUBLIC



June 8, 2013

COMPANY NAME SAHUARITA WATER COMPANY, LLC YEAR ENDING 12/31/2010

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (33,653)
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported 101,088
Estimated or Actual State Tax Liability _____

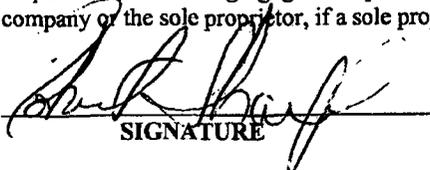
Amount of Grossed-Up Contributions/Advances:

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

4-12-2011
DATE

Robert Sharpe
PRINTED NAME

President of Sharpe and Associates, Inc.
Manager of Sahuarita Water Company, LLC.
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
2011 JUN 11
ACC UTILITIES DIRECTOR

VERIFICATION
STATE OF AZ
I, THE UNDERSIGNED
OF THE

| |
|--|
| COUNTY OF (COUNTY NAME) Pima |
| NAME (OWNER OR OFFICIAL) TITLE Marian Homiak, Controller |
| COMPANY NAME Sahuarita Water Company, LLC |

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>2,567,094</u> |

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 205,964
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)**

Marian Homiak

SIGNATURE OF OWNER OR OFFICIAL
520-299-8766

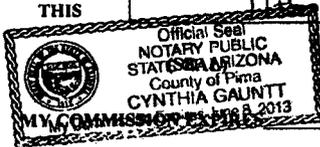
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 11th DAY OF

| | |
|-------------|----------------------------|
| COUNTY NAME | <u>Pima</u> |
| MONTH | <u>April</u> .20 <u>11</u> |



Cynthia Gauntt
June 8, 2013

Cynthia Gauntt

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|-------------------------|
| COUNTY OF (COUNTY NAME) Pima | |
| NAME (OWNER OR OFFICIAL) Marian Horniak | TITLE Controller |
| COMPANY NAME Sahuarita Water Company, LLC | |

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 \$ 1,938,082 |
|--|

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 155,207
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Marian Horniak
SIGNATURE OF OWNER OR OFFICIAL

520-299-8766

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

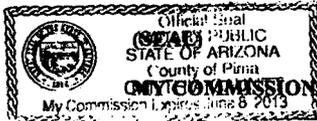
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

11th

DAY OF

| | |
|--------------------------------------|---------------------|
| NOTARY PUBLIC NAME <i>Cynthia</i> | |
| COUNTY NAME <i>Pima</i> | |
| MONTH <i>April</i> | YEAR <i>2011</i> |



MY COMMISSION EXPIRES *June 8, 2013*

Cynthia Dammitt
SIGNATURE OF NOTARY PUBLIC

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-03718A

Sahuarita Water Company, LLC
4549 East Fort Lowell Road
Tucson, AZ 85712

RECEIVED
APR 16 2012
ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2011 |
|----|----|------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 11 |
|--------|----|

4-20-12

COMPANY INFORMATION

| | | | |
|---|-----------------------------|------------------------------|--|
| Company Name (Business Name) <u>Sahuarita Water Company, LLC</u> | | | |
| Mailing Address <u>4549 East Fort Lowell Road</u> | | | |
| (Street) | | | |
| <u>Tucson</u> | <u>Arizona</u> | <u>85712</u> | |
| (City) | (State) | (Zip) | |
| <u>(520) 299-8766</u> | <u>(520) 529-3137</u> | <u>(520) 730-1446</u> | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>marian@ranchosahuarita.com</u> | | | |
| Local Office Mailing Address <u>P.O. Box 1520</u> | | | |
| (Street) | | | |
| <u>Sahuarita</u> | <u>Arizona</u> | <u>85629</u> | |
| (City) | (State) | (Zip) | |
| <u>(520) 399-1105</u> | <u>(520) 399-1095</u> | | |
| 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: <u>Cort Chalfant</u> | | | |
| <input type="checkbox"/> Management Contact: <u>Cort Chalfant</u> <u>President</u> | | | |
| (Name) (Title) | | | |
| <u>4549 East Fort Lowell Road</u> | <u>Tucson</u> | <u>Arizona</u> | <u>85712</u> |
| (Street) | (City) | (State) | (Zip) |
| <u>(520) 399-1105</u> | <u>(520) 399-1095</u> | <u>(520) 275-4496</u> | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>cort@ranchosahuarita.com</u> | | | |
| On Site Manager: <u>Paul Martinez</u> | | | |
| (Name) | | | |
| <u>725 W Via Rancho Sahuarita</u> | <u>Sahuarita</u> | <u>Arizona</u> | <u>85629</u> |
| (Street) | (City) | (State) | (Zip) |
| <u>(520) 399-1105</u> | <u>(520) 399-1095</u> | <u>(520) 440-1037</u> | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Cell No. (Include Area Code) | |
| Email Address <u>paul@sahuaritawater.com</u> | | | |

Statutory Agent: Lawrence V. Robertson, Jr.

(Name)

2247 E. Frontage Rd., P.O. Box 1448
(Street)

Tubac
(City)

Arizona
(State)

85646
(Zip)

(520) 398-0411

(520) 398-0412

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Lawrence V. Robertson, Jr.

2247 E. Frontage Rd., P.O. Box 1448
(Street)

Tubac
(City)

Arizona
(State)

85646
(Zip)

(520) 398-0411

(520) 398-0412

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address tubaclawyer@aol.com

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

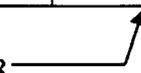
Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <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 checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME SAHUARITA 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 | \$7,541 | 0 | 7,541 |
| 302 | Franchises | 352,403 | 0 | 352,403 |
| 303 | Land and Land Rights | 13,636 | 0 | 13,636 |
| 304 | Structures and Improvements | 399,514 | 43,722 | 355,791 |
| 307 | Wells and Springs | 2,142,645 | 57,181 | 2,085,464 |
| 310 | Power Generation Equipment | 335,668 | 66,667 | 269,001 |
| 311 | Pumping Equipment | 146,820 | 58,232 | 88,588 |
| 320 | Water Treatment Equipment | 1,940,434 | 156,739 | 1,783,695 |
| 320.3 | Water Treatment Media | 120,000 | 120,000 | 0 |
| 330 | Distribution Reservoirs and Standpipes | 1,848,872 | 254,806 | 1,594,066 |
| 331 | Transmission and Distribution Mains | 12,814,621 | 1,290,324 | 11,524,297 |
| 333 | Services | 2,122,747 | 330,045 | 1,792,702 |
| 334 | Meters and Meter Installations | 1,376,061 | 752,488 | 623,573 |
| 335 | Hydrants | 680,045 | 52,057 | 627,988 |
| 336 | Backflow Prevention Devices | 816 | 265 | 550 |
| 340 | Office Furniture and Equipment | 308,598 | 100,131 | 208,467 |
| 341 | Transportation Equipment | 146,129 | 146,129 | 0 |
| 343 | Tools, Shop and Garage Equipment | 24,870 | 6,256 | 18,614 |
| 344 | Laboratory Equipment | 132 | 60 | 72 |
| 346 | Communication Equipment | 571,589 | 131,871 | 439,718 |
| 347 | Miscellaneous Equipment | 695 | 312 | 382 |
| 348 | Other Tangible Plant | 982,695 | 344,489 | 638,207 |
| | TOTALS | 26,336,532 | 3,911,774 | 22,424,757 |

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)** |
|------------------|--|--------------------------|-------------------------------------|-------------------------------------|
| 301 | Organization | \$7,541 | 0.00% | 0 |
| 302 | Franchises | 352,403 | 0.00% | 0 |
| 303 | Land and Land Rights | 13,636 | 0.00% | 0 |
| 304 | Structures and Improvements | 399,514 | 3.33% | 13,304 |
| 307 | Wells and Springs | 2,142,645 | 3.33% | 70,688 |
| 310 | Power Generation Equipment | 335,668 | 5.00% | 16,783 |
| 311 | Pumping Equipment | 146,820 | 12.50% | 18,353 |
| 320 | Water Treatment Equipment | 1,940,434 | 3.33% | 64,602 |
| 320.3 | Water Treatment Media | 120,000 | Fully depreciated | 0 |
| 330 | Distribution Reservoirs and Standpipes | 1,848,872 | 2.22% | 41,045 |
| 331 | Transmission and Distribution Mains | 12,814,621 | 2.00% | 254,944 |
| 333 | Services | 2,122,747 | 3.33% | 70,649 |
| 334 | Meters and Meter Installations | 1,376,061 | 8.33% | 113,516 |
| 335 | Hydrants | 680,045 | 2.00% | 13,575 |
| 336 | Backflow Prevention Devices | 816 | 6.67% | 54 |
| 340 | Office Furniture and Equipment | 308,598 | 6.67% | 20,491 |
| 341 | Transportation Equipment | 146,129 | Fully depreciated | 0 |
| 343 | Tools, Shop and Garage Equipment | 24,870 | 5.00% | 1,188 |
| 344 | Laboratory Equipment | 132 | 10.00% | 13 |
| 346 | Communication Equipment | 571,589 | 10.00% | 57,528 |
| 347 | Miscellaneous Equipment | 695 | 10.00% | 69 |
| 348 | Other Tangible Plant | 982,695 | 10.00% | 97,285 |
| | TOTALS | 26,336,532 | | 854,087 |

Less: Amort of Contributions -In-Aid-of Construction: \$4,601,566 x 3.243% (149,228)
 704,859

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

*Full year rate **Half-year rate used to compute depreciation

BALANCE SHEET

| Acct No. | ASSETS | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|-----------------|---|-------------------------------------|-------------------------------|
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$6,243,640 | \$2,186,020 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | | |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | 55,076 | 51,394 |
| 162 | Prepayments | 16,879 | 7,448 |
| 174 | Miscellaneous Current and Accrued Assets | 157,954 | 231,405 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$6,473,549 | \$2,476,267 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$26,112,148 | \$26,336,532 |
| 103 | Property Held for Future Use | 76,082 | 76,082 |
| 105 | Construction Work in Progress | 65,972 | 56,010 |
| 108 | Accumulated Depreciation – Utility Plant | (3,065,069) | (3,911,774) |
| 121 | Non-Utility Property | 70,792 | 70,792 |
| 122 | Accumulated Depreciation – Non Utility | (11,786) | (16,508) |
| | TOTAL FIXED ASSETS | \$23,248,139 | \$ |
| | TOTAL ASSETS | \$29,721,688 | \$25,087,400 |

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 | \$0 | \$0 |
| 232 | Notes Payable (Current Portion) | 98,387 | 102,600 |
| 234 | Notes/Accounts Payable to Associated Companies | 0 | 0 |
| 235 | Customer Deposits | 83,753 | 60,692 |
| 236 | Accrued Taxes | 16,262 | 23,319 |
| 237 | Accrued Interest | 4,590 | 1,983 |
| 241 | Miscellaneous Current and Accrued Liabilities | 244,083 | 252,911 |
| | TOTAL CURRENT LIABILITIES | \$447,0735 | \$441,505 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$2,647,196 | \$2,544,596 |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | 9,118,309 | 8,780,692 |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | 4,578,887 | 4,601,567 |
| 272 | Less: Amortization of Contributions | (550,646) | (699,874) |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$13,146,550 | \$12,682,385 |
| | TOTAL LIABILITIES | \$16,240,822 | \$15,668,485 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | | |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 13,480,866 | 9,418,914 |
| | TOTAL CAPITAL | \$13,480,866 | \$9,418,914 |
| | TOTAL LIABILITIES AND CAPITAL | \$29,721,688 | \$25,087,400 |

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|------------------|---|--------------------|---------------------|
| 461 | Metered Water Revenue | \$2,272,611 | \$2,887,269 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 145,365 | 126,725 |
| | TOTAL REVENUES | \$2,417,976 | \$3,013,994 |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ | \$ |
| 610 | Purchased Water | 205,028 | 268,482 |
| 615 | Purchased Power | 235,438 | 245,886 |
| 618 | Chemicals | 14,896 | 16,381 |
| 620 | Repairs and Maintenance | 51,339 | 76,467 |
| 621 | Office Supplies and Expense | 23,068 | 18,119 |
| 630 | Outside Services | 818,885 | 774,873 |
| 635 | Water Testing | 5,541 | 3,759 |
| 641 | Rents | 2,030 | 1,916 |
| 650 | Transportation Expenses | 16,371 | 16,717 |
| 657 | Insurance - General Liability | 18,826 | 18,616 |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense - Rate Case | 31,271 | 47,262 |
| 675 | Miscellaneous Expense | 11,772 | 11,264 |
| 403 | Depreciation Expense | 771,751 | 704,859 |
| 408 | Taxes Other Than Income | | |
| 408.11 | Property Taxes | 106,884 | 99,915 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$2,313,097 | \$2,304,517 |
| | | | |
| | OPERATING INCOME/(LOSS) | \$104,878 | \$709,477 |
| | | | |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$4,306 | \$4,896 |
| 421 | Non-Utility Income | 48,018 | 40,680 |
| 426 | Miscellaneous Non-Utility Expenses | (8,657) | (9,679) |
| 427 | Interest Expense | (131,176) | (117,115) |
| | TOTAL OTHER INCOME/(EXPENSE) | \$(87,510) | \$(81,218) |
| | | | |
| | NET INCOME/(LOSS) | \$17,368 | \$628,258 |

COMPANY NAME SAHUARITA WATER COMPANY, LLC

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|--|----------------|----------------|----------------|
| Date Issued | 09/04/2009 | | | |
| Source of Loan | WIFA | | | |
| ACC Decision No. | 70984 | | | |
| Reason for Loan | Arsenic Treatment Plant & Associated Mains | | | |
| Dollar Amount Issued | \$4,694,523** | \$ | \$ | \$ |
| Amount Outstanding | \$2,647,196 | \$ | \$ | \$ |
| Date of Maturity | 09/01/2029 | | | |
| Interest Rate | 4.2% | % | % | % |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End

\$737,473

Meter Deposits Refunded During the Test Year

\$165,551

**The Original Loan Amount consists of the following:

Forgivable Principal Amount: 1,877,810
 Intended Payment Amount 2,816,713

| | |
|------------------------|--|
| COMPANY NAME | SAHUARITA WATER COMPANY, LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|------------------------|------------------------|-------------------------|----------------------------|---------------------------------|----------------------------|---------------------|
| 55-611144 | 300 | 1365 | 905 | 24 | 10 | 1975 |
| 55-216840 | 300 | 1800 | 1080 | 18 | 10 | 2008 |
| 55-562962 | (not equipped) | 0 (out of service) | 500 | 8 | (not equipped) | 1997 |
| 55-611141 | (not equipped) | 0 | 982 | 24 | (not equipped) | 1970 |
| 55-611143 | (not equipped) | 0 (out of service) | 1053 | 24 | (not equipped) | 1974 |
| 55-611145 | (not equipped) | 0 | 990 | 24 | (not equipped) | 1981 |
| 55-611146 | (not equipped) | 0 | 975 | 16 | (not equipped) | 1969 |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|--|-----------------------|---|
| ADWR No. 55-611142 (Leased from Town of Sahuarita) | 1800 | 3,627 |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|----------------------|-----------------|--------------------------|-----------------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 10 | 1 | 395 | |
| 25 | 2 | | |
| 30 | 1 | | |
| 40 | 2 | | |
| 50 | 2 | | |
| 75 | 2 | | |
| 100 | 1 | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|----------------------|-----------------|-----------------------|-----------------|
| Capacity | Quantity | Capacity | Quantity |
| 1,000,000 gallons | 1 | 5,000 gallons | 6 |
| 1,200,000 gallons | 1 | | |
| 350,000 gallons | 1 | | |

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|------------------------|--|
| COMPANY NAME | SAHUARITA WATER COMPANY, LLC |
| Name of System: | ADEQ Public Water System Number: 10-312 |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

| Size (in inches) | Material | Length (in feet) |
|------------------|----------|------------------|
| 2 | | |
| 3 | | |
| 4 | | 5,805 |
| 5 | | |
| 6 | | 26,507 |
| 8 | | 189,504 |
| 10 | | |
| 12 | | 61,970 |
| 16 | | 9,054 |
| 24 | | 7,163 |
| | | |
| | | |
| | | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 5/8 X 3/4 | 4,550 |
| 3/4 | 563 |
| 1 | 109 |
| 1 1/2 | 10 |
| 2 | 66 |
| Comp. 3 | 1 |
| Turbo 3 | 17 |
| Comp. 4 | 1 |
| Turbo 4 | |
| Comp. 6 | |
| Turbo 6 | |
| | |
| | |
| | |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2,000 gpm Arsenic Treatment Plant

STRUCTURES:

Fences, walls and gates surrounding wells, reservoirs, booster and arsenic treatment plant. Modular office building to house offices.

OTHER:

Two (2) generators: One (1) at Booster Station #1 (400 kw) and one (1) at Booster Station #2 (230 kw).

Note: If you are filing for more than one system, please provide separate sheets for each system.

| |
|---|
| COMPANY NAME: SAHUARITA WATER COMPANY, LLC |
| 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 | 5,090 | | | |
| FEBRUARY | 5,094 | | | |
| MARCH | 5,094 | | | |
| APRIL | 5,107 | | | |
| MAY | 5,122 | | | |
| JUNE | 5,139 | SEE ATTACHED | | |
| JULY | 5,155 | | | |
| AUGUST | 5,155 | | | |
| SEPTEMBER | 5,163 | | | |
| OCTOBER | 5,174 | | | |
| NOVEMBER | 5,175 | | | |
| DECEMBER | 5,176 | | | |
| TOTALS → | | | | |

What is the level of arsenic for each well on your system? _____ mg/l
(If more than one well, please list each separately.) See Attached for Arsenic Level at our centralized Arsenic Treatment Plant

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.

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
DRINKING WATER INORGANIC CHEMICAL ANALYSIS REPORTING FORM**

*** Entry Point to the Distribution System (EDPS) Only ***

PWS ID# 10-312

PWS Name: Sahuarita Water Company

12/05/2011 8:00 (24 hr clock)
Sample date Sample Time

Paul Martinez
Owner / Contact Person Name

(520) 399-1095
Owner / Contact Fax Number

(520) 399-1105
Owner / Contact Person Phone Number

Sample Type
 Compliance Monitoring
Sample Collection Point
 EPDS # _____

| | |
|---|--|
| For MCL or Composite Level Exceedance | |
| Original Violation Specimen Number | |
| Sample Type | |
| <input type="checkbox"/> Confirmation | |
| <input type="checkbox"/> Confirmation Composite | |

POE #5
Sampling Site ID

INORGANIC CHEMICAL ANALYSIS
>>>To be completed by laboratory personnel<<<

| Analysis Method | MCL | Reporting Limit | Contaminant Name | Cont. Code | Analysis Run Date | Result | Exceeds MCL | Exceeds Trigger Limit |
|-----------------|--------|-----------------|------------------|------------|-------------------|--------|--------------------------|-------------------------------------|
| E200.8 | 0.010 | 0.005 | Arsenic | 1005 | 12/06/2011 | 0.0077 | <input type="checkbox"/> | |
| | 2 | 1 | Barium | 1010 | | | <input type="checkbox"/> | |
| | 0.005 | 0.0025 | Cadmium | 1015 | | | <input type="checkbox"/> | |
| | 0.1 | 0.05 | Chromium | 1020 | | | <input type="checkbox"/> | |
| | 4.0 | 0.5 | Fluoride | 1025 | | | <input type="checkbox"/> | |
| | 0.002 | 0.001 | Mercury | 1035 | | | <input type="checkbox"/> | |
| | 10 | 2.5 | Nitrate (as N) | 1040 | | | <input type="checkbox"/> | (5 mg/L) <input type="checkbox"/> |
| | 1 | 0.25 | Nitrite (as N) | 1041 | | | <input type="checkbox"/> | (0.5 mg/L) <input type="checkbox"/> |
| | 0.05 | 0.025 | Selenium | 1045 | | | <input type="checkbox"/> | |
| | 0.006 | 0.003 | Antimony | 1074 | | | <input type="checkbox"/> | |
| | 0.004 | 0.002 | Beryllium | 1075 | | | <input type="checkbox"/> | |
| | 0.2 | 0.1 | Cyanide | 1024 | | | <input type="checkbox"/> | |
| | No MCL | 0.05 | Nickel* | 1036 | | | <input type="checkbox"/> | |
| | 0.002 | 0.001 | Thallium | 1085 | | | <input type="checkbox"/> | |
| | No MCL | 10 | Sodium* | 1052 | | | <input type="checkbox"/> | |

>>>> LABORATORY INFORMATION <<<<<
To be completed by laboratory personnel

LabID Number: AZ0066
Specimen Number: 11L0146-01(2I)
Name: Turner Laboratories, Inc.
Printed Name and Phone Number of Lab Contact: Terri L. Garcia, Technical Director
Authorized Signature: *Terri L. Garcia*
Date Public Water System Notified: _____
Comments: _____

All units must be reported in milligrams per liter (mg/L)
* Unregulated Contaminants

TURNER LABORATORIES, INC.
 Tucson, Arizona 85745
 (520) 882-5880
 Fax: (520) 882-9788
 www.turnerlabs.com

CHAIN OF CUSTODY/LABORATORY ANALYSIS REQUEST FORM

TURNER WORK ORDER # 1110146 DATE _____ PAGE _____ OF _____

PROJECT NAME AS Quaterly
 CONTACT NAME Raul Martinez
 COMPANY NAME Sahuarita Water Company
 ADDRESS P.O. Box 1520 Sahuarita, AZ 85629
 PHONE 520-1105 FAX 520-1055
 SAMPLERS SIGNATURE Raul Martinez

| SAMPLE ID | LAB ID | DATE | TIME | SAMPLE MATRIX |
|-----------|--------|---------|------|---------------|
| POC # 5 | | 12-5-08 | 0800 | DW |

| NUMBER OF CONTAINERS | | CIRCLE ANALYSIS REQUESTED AND/OR CHECK THE APPROPRIATE BOX | |
|----------------------|--------------------------|--|--|
| Base Metals | <input type="checkbox"/> | 62/5/270 | |
| Volatile Organics | <input type="checkbox"/> | 62/52/2/3260 | |
| THM's | <input type="checkbox"/> | | |
| HAA5 | <input type="checkbox"/> | | |
| PCB's | <input type="checkbox"/> | 8082 | |
| NO ₂ | <input type="checkbox"/> | 8081 | |
| NO ₃ | <input type="checkbox"/> | | |
| Oil and Grease | <input type="checkbox"/> | Crk. 164A | |
| TCP Analysis | <input type="checkbox"/> | SerVA | |
| TCF | <input type="checkbox"/> | Metals | |
| TCF | <input type="checkbox"/> | Drinking | |
| TCF | <input type="checkbox"/> | NCMB | |
| TCF | <input type="checkbox"/> | Grande Amen | |
| SDVA/INORGANICS | <input type="checkbox"/> | WAD | |
| PRIMARY | <input type="checkbox"/> | | |
| SECONDARY | <input type="checkbox"/> | | |
| ARMY | <input type="checkbox"/> | | |
| PH | <input type="checkbox"/> | | |
| TS | <input type="checkbox"/> | | |
| COD | <input type="checkbox"/> | | |

| | | | |
|---|---|--|--|
| <p>1. RELINQUISHED BY:</p> <p>Signature: <u>Raul Rodriguez</u> Printed Name: <u>Fred Rodriguez</u> Firm: <u>SWC</u> Date/Time: <u>12-5-11 1520</u></p> | <p>2. RECEIVED BY:</p> <p>Signature: <u>Stephen Lusk</u> Printed Name: <u>STEPHEN LUSK</u> Firm: <u>TURNER LABORATORIES, INC.</u> Date/Time: <u>12-5-11 1520</u></p> | <p>3. RELINQUISHED BY:</p> <p>Signature: _____ Printed Name: _____ Firm: _____ Date/Time: _____</p> | <p>4. RECEIVED BY:</p> <p>Signature: _____ Printed Name: _____ Firm: _____ Date/Time: _____</p> |
| <p>TURNAROUND REQUIREMENTS:</p> <p>Standard (approx. 10 days)* Next Day <u>2</u> Day <u>2.5</u> Day Email Preliminary Results To: * Working Days</p> | | <p>REPORT REQUIREMENTS:</p> <p>I. Routine Report II. Report (includes DUP, MS, MSD, as required, may be charged as samples) III. Data Validation Report (includes All Raw Data) Add 10% to Invoice</p> | |
| <p>INVOICE INFORMATION:</p> <p>Account: _____ Y _____ N _____ P.O. # _____ Bill To: _____ Total Containers: _____ Temperature: <u>14</u> <input checked="" type="checkbox"/> Wet Ice <input type="checkbox"/> Blue Ice</p> | | <p>SPECIAL INSTRUCTIONS/COMMENTS:</p> <p>Compliance Analysis: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No ADEQ Forms: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Mail ADEQ Forms: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><u>E-Mail Results ASAP</u></p> | |
| <p>LEGEND</p> <p>DW = DRINKING WATER GW = GROUNDWATER SD = SOLID SG = SLUDGE SL = SOIL ST = STORMWATER WW = WASTEWATER</p> | | <p>SAMPLE RECEIPT:</p> <p>Preservation Confirmation <input checked="" type="checkbox"/> Appropriate Head Space <input type="checkbox"/> Received Within Hold Time <input checked="" type="checkbox"/></p> | |

COMPANY NAME: SAHUARITA WATER COMPANY, LLC

Name of System:

ADEQ Public Water System Number: 10-312

UTILITY SHUTOFFS / DISCONNECTS

| MONTH | Termination without Notice R14-2-410.B | Termination with Notice R14-2-410.C | OTHER |
|------------------|---|--|--------------|
| JANUARY | 0 | 25 | 0 |
| FEBRUARY | 0 | 28 | 0 |
| MARCH | 0 | 16 | 0 |
| APRIL | 0 | 16 | 0 |
| MAY | 0 | 21 | 0 |
| JUNE | 0 | 23 | 0 |
| JULY | 0 | 26 | 0 |
| AUGUST | 0 | 20 | 0 |
| SEPTEMBER | 0 | 27 | 0 |
| OCTOBER | 0 | 23 | 0 |
| NOVEMBER | 0 | 8 | 0 |
| DECEMBER | 0 | 19 | 0 |
| TOTALS → | 0 | 252 | 0 |

OTHER (description):

COMPANY NAME: SAHUARITA WATER COMPANY, LLC YEAR ENDING 12/31/2011

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2011 was: **\$103,395.28**

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 16 2012

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

| |
|--------------------------------|
| COUNTY OF (COUNTY NAME) |
| NAME (OWNER OR OFFICIAL) TITLE |
| COMPANY NAME |

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 | 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

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.

Marcus Homual

SIGNATURE OF OWNER OR OFFICIAL

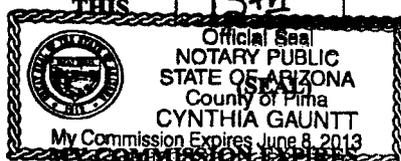
520-299-8766

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

| | | |
|-------------|-------|------|
| COUNTY NAME | Pima | |
| MONTH | April | 2012 |



THIS 15th DAY OF

June 8, 2013

Cynthia Gauntt

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME SAHUARITA WATER COMPANY LLC YEAR ENDING 12/31/2011

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported \$605,802
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported \$731,428
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

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 16 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

| | |
|--------------------------------|-------------------------------------|
| COUNTY OF (COUNTY NAME) | PIMA |
| NAME (OWNER OR OFFICIAL) TITLE | Marian Homiak, Controller |
| COMPANY NAME | Sahuarita 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 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 (\$) |
| \$ 3,222,007 |

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 268,663
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)**

Marian Homiak

SIGNATURE OF OWNER OR OFFICIAL
520-299-8766

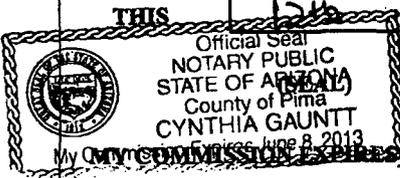
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

| | | |
|-------------|--------------|--------------|
| COUNTY NAME | Pima | |
| MONTH | April | .2012 |

THIS 12th DAY OF



Cynthia Gauntt

SIGNATURE OF NOTARY PUBLIC

June 9, 2013

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 16 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|---------------------------------|
| <small>COUNTY OF (COUNTY NAME)</small> Pima | |
| <small>NAME (OWNER OR OFFICIAL)</small> Marian Homiak | <small>TITLE</small> Controller |
| <small>COMPANY NAME</small> Sahuarita Water Company, LLC | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|----------------------|--------------------|---------------------|
| <small>MONTH</small> | <small>DAY</small> | <small>YEAR</small> |
| 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:

| |
|--|
| <small>ARIZONA INTRASTATE GROSS OPERATING REVENUES</small> |
| \$ <u>2,208,167</u> |

**THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 184,183
IN SALES TAXES BILLED, OR COLLECTED)**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Marian Homiak

SIGNATURE OF OWNER OR OFFICIAL

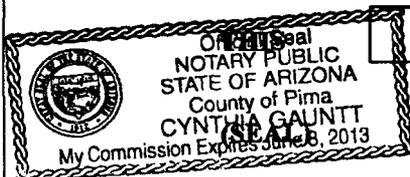
520-299-8766

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

| | |
|-----------------------------------|--------------------------|
| <small>NOTARY PUBLIC NAME</small> | |
| <small>COUNTY NAME</small> Pima | |
| <small>MONTH</small> April | <small>YEAR</small> 2012 |



12th

DAY OF

MY COMMISSION EXPIRES June 8, 2013

Cynthia Gauntt

SIGNATURE OF NOTARY PUBLIC

Appendix “F”
(Water Use Data Sheet for
Thirteen Months Ending
September 30, 2012)

Sahuarita Water Company
Application – October 25, 2012
Docket No. W-03718-09-0359

WATER USE DATA SHEET

| | |
|-------------------------------------|--------------------------|
| NAME OF COMPANY | Sahuarita Water Co., LLC |
| ADEQ Public Water System No. | 10-312 |

| MONTH/YEAR (Last 13 Months) | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED | GALLONS PURCHASED |
|---|------------------------|--|--|----------------------|
| September 2012 | 5,337 | 40,526 | 42,544 | 0 |
| August 2012 | 5,330 | 51,028 | 53,959 | 0 |
| July 2012 | 5,312 | 48,675 | 50,646 | 0 |
| June 2012 | 5,295 | 57,757 | 59,786 | 0 |
| May 2012 | 5,280 | 54,059 | 55,726 | 0 |
| April 2012 | 5,256 | 46,774 | 49,019 | 0 |
| March 2012 | 5,244 | 35,839 | 37,795 | 0 |
| February 2012 | 5,221 | 34,465 | 36,391 | 0 |
| January 2012 | 5,184 | 35,208 | 37,199 | 0 |
| December 2011 | 5,176 | 29,311 | 30,181 | 0 |
| November 2011 | 5,175 | 43,060 | 45,087 | 0 |
| October 2011 | 5,174 | 42,347 | 43,070 | 0 |
| September 2011 | 5,163 | 41,331 | 42,585 | 0 |
| STORAGE TANK CAPACITY (Gallons) | NUMBER OF EACH | ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER | WELL PRODUCTION (Gallons per Minute) | |
| 1,000,000 | 1 | 55-611144 (W-18) | 1,800 | |
| 350,000 | 1 | 55-611142* (W-14) | 1,350 | |
| 1,200,000 | 1 | *Leased from Town of Sahuarita 55-216840 (W-23) | 1,800 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Other Water Sources in Gallons per Minute | | | GPM | 0 |
| Fire Hydrants on System | | | Yes | X No |
| Total Water Pumped Last 13 Months (Gallons in Thousands) | | | 583,988 | |

Appendix “G”

(Tariff)

Sahuarita Water Company
Application – October 25, 2012
Docket No. W-03718-09-0359

| | | | | |
|------------------------------|--|--|-----------|-----|
| | | | SHEET NO. | 6.0 |
| Sahuarita Water Company, LLC | | | | |
| W-02808-12- | | | | |

VI. OFF-SITE FACILITIES HOOK-UP FEE:

Applicable To: In addition to the Meter Installation Charge and requirements for on-site facilities to be installed pursuant to approved main extension agreements, the following Off-Site Facilities Hook-Up Fee is applicable to all new service connections requiring a Main Extension Agreement or requests for service not requiring a main extension agreement located in the Company's Service Area.

Purpose: To equitably apportion the costs of constructing Off-Site Facilities among all new service connections in the Company's Service Area.

Definitions:

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections.

"Company" means Sahuarita Water Company, LLC, and Arizona limited liability company.

"Service Area" means that portion of the Company's Certificate of Convenience and Necessity water utility service area located generally in the Town of Sahuarita, Pima County, Arizona.

"Main Extension Agreement" means any agreement whereby an applicant agrees to advance the costs of the installation of water facilities to Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to Company, which agreement shall require approval of the Arizona Corporation Commission. Same as "line extension agreement".

"Off-Site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Off-Site Facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation, if these facilities are not for the exclusive use of the applicant and will benefit the entire system.

| | | | | |
|--------|----------------|-------------------------------|-----------|----------------|
| ISSUED | | | EFFECTIVE | |
| | Month Day Year | ISSUED BY: | | Month Day Year |
| | | Cortlandt Chalfant, President | | |
| | | 4549 East Fort Lowell Road | | |
| | | Tucson, AZ 85712 | | |
| | | Decision No. | | |

| | | | | |
|------------------------------|--|--|-----------|-----|
| | | | SHEET NO. | 6.1 |
| Sahuarita Water Company, LLC | | | | |
| W-02808-12- | | | | |

OFF-SITE FACILITIES HOOK-UP FEE (continued):

"Service connection" means and includes all service connections for single-family residential or other uses, regardless of meter size.

Off-site Facilities Hook-Up Fee: Each new service connection shall pay the total Off-Site Facilities Hook-Up Fee derived from the following table:

OFF-SITE FACILITIES HOOK-UP FEE TABLE

| <u>Meter Size</u> | <u>Total Fee</u> |
|-------------------|------------------|
| 5/8" X 3/4" | \$ 1,500.00 |
| 3/4" | \$ 1,800.00 |
| 1" | \$ 3,000.00 |
| 1 1/2" | \$ 6,000.00 |
| 2" | \$ 9,600.00 |
| 3" | \$ 18,000.00 |
| 4" | \$ 30,000.00 |
| 6" or greater | \$ 60,000.00 |

Terms and Conditions:

(A) **Time of Payment:**

1. **For those requiring a Main Extension Agreement:** In addition to the amounts to be advanced pursuant to an Arizona Corporation Commission approved main extension agreement, the applicant for new water services shall pay the Company the Off-Site Facilities Hook-Up Fee as determined by meter size and number of connections to be installed pursuant to the main extension agreement. Payment of the Off-Site Facilities Hook-Up Fee shall be made at the time of payment of the main extension agreement or prior to commencement of

| ISSUED | | ISSUED BY: | EFFECTIVE | |
|--------|----------------|-------------------------------|-----------|----------------|
| | Month Day Year | | | Month Day Year |
| | | Cortlandt Chalfant, President | | |
| | | 4549 East Fort Lowell Road | | |
| | | Tucson, AZ 85712 | | |
| | | | | |
| | | Decision No. | | |

| | | | | |
|------------------------------|--|--|-----------|-----|
| | | | SHEET NO. | 6.2 |
| Sahuarita Water Company, LLC | | | | |
| W-02808-12- | | | | |

OFF-SITE FACILITIES HOOK-UP FEE (continued):

construction of the water facilities to be installed by applicant pursuant to the main extension agreement.

2. **For those connecting to an existing main:** In the event that the Applicant is not required to enter into a Main Extension Agreement the Off-Site Facilities Hook-Up Fee shall be paid at the time the meter and service line installation fee is due and payable.

- (B) **Off-Site Facilities Hook-Up Fee Non-refundable:** The amounts collected pursuant to the Off-Site Facilities Hook-Up Fee shall be non-refundable advances in aid of construction.
- (C) **Use of Hook-Up Fees Received:** All funds collected as Off-Site Facilities Hook-Up Fees shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of Off-Site Facilities, including repayment of loans obtained for the installation of Off-Site Facilities. The Company shall record amounts collected under the tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.
- (D) **Disposition of Excess Funds:** After all necessary Off-Site Facilities are constructed utilizing funds collected pursuant to the Off-Site Facilities Hook-Up Fee or the Off-Site Facilities Hook-Up Fee has been terminated by order of the Arizona Corporation Commission (Commission), any funds remaining in the trust account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.
- (E) **Fire Flow Requirements:** In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the Off-Site Facilities Hook-Up Fee and which are contemplated to be constructed using the proceeds of the Off-Site Facilities Hook-Up Fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the Off-Site Facilities Hook-Up Fee.

| ISSUED | | ISSUED BY: | EFFECTIVE | |
|--------|----------------|-------------------------------|-----------|----------------|
| | Month Day Year | | | Month Day Year |
| | | Cortlandt Chalfant, President | | |
| | | 4549 East Fort Lowell Road | | |
| | | Tucson, AZ 85712 | | |
| | | | | |
| | | Decision No. | | |

EXHIBIT SWC-5

ORIGINAL



0000145171

BEFORE THE ARIZONA CORPORATI

RECEIVED

COMMISSIONERS

2013 MAY 29 A 10:05

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

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
SAHUARITA WATER COMPANY, L.L.C.,
FOR A RATE INCREASE.

DOCKET NO. W-03718A-09-0359

**NOTICE OF FILING
SETTLEMENT AGREEMENT
RE: HOOK-UP FEES**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission"), on behalf of the Parties to the Settlement Agreement hereby files a fully executed copy of the Agreement that settles the issue regarding Sahuarita Water Company L.L.C.'s Hook-Up Fees.

RESPECTFULLY SUBMITTED this 29th day of May, 2013.

Wesley C. Van Cleve, 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
29th day of May, 2013, with:

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

Copy of the foregoing mailed this
29th day of May, 2013, to:

Lawrence V. Robertson, Jr.
Attorney at Law
P.O. Box 1448
Tubac, Arizona 85646

Arizona Corporation Commission
DOCKETED

MAY 29 2013

DOCKETED BY

SETTLEMENT AGREEMENT

The purpose of this Settlement Agreement ("Agreement") is to settle the issue regarding modification of Sahuarita Water Company L.L.C.'s ("SWC") Hook Up Fees ("HUF") originally established in Decision No. 62032, Docket No. W-02808A-99-0143, Sale of assets & transfer of CC&N from Interchange Water Company, Inc. to Rancho Sahuarita Water Company L.L.C. (the "Docket" or "Rate Case"). This Agreement is entered into by SWC and Arizona Corporation Commission Utilities Division ("Staff"), the only two parties to this Docket (a "Party", or collectively, the "Parties").

Terms And Conditions

In consideration of the promises and agreements contained herein, the Parties agree that each of the following numbered sections and subsections comprise the Parties' Agreement.

1. Recitals

- 1.1 On October 31, 2012, SWC filed with the Commission a Motion Pursuant to A.R.S. §40-252 for an Order Altering and Amending Decision No. 62032 (and, if Necessary, Decision No. 72177) in Docket No. W-02808A-99-0143 and W-03718A-99-0143.
- 1.2 On February 11, 2013, at an Open Meeting, The Arizona Corporation Commission ("Commission") voted pursuant to A.R.S. §40-252 to reopen Decision No. 72177 and Decision No. 62032 in order to consider the request of SWC to modify its HUF.
- 1.3 The Commission directed the Hearing Division to conduct a Procedural Conference in order to discuss procedures that would allow for the request to be processed and brought for a Commission decision.
- 1.4 No other entity filed to intervene.
- 1.5 A Procedural Order was issued on March 13, 2013, scheduling a Procedural Conference on March 26, 2013 for the purpose of discussing a procedure for considering SWC's request to modify its HUF.
- 1.6 On March 20, 2013, in a joint telephonic conference with the Administrative Law Judge ("ALJ"), counsel for the Company and Staff requested that the March 26, 2013, Procedural Conference be continued approximately 60 days in order to allow the parties to engage in settlement discussion.
- 1.7 This Agreement is a result of the Parties' good faith efforts to settle the issue regarding the modification of SWC's HUF.

- 1.8 The Parties agree and represent on their belief that the terms and conditions of this Agreement will serve the public interest by providing a just and reasonable resolution of SWC's request to modify its HUF. The adoption of this Agreement will further serve the public interest by allowing all parties to obtain greater certainty and avoid the expense, delay, and risk associated with continued protracted litigation.
- 1.9 As further reflected in this Agreement, the Parties acknowledge that under Arizona law the Commission has plenary authority over the determination of fair value and setting of rates.
- 2. Resolution of HUF Modification Issue**
- 2.1 In order to reach a full settlement, the Parties have agreed that SWC's HUF be approved as set forth in the tariff attached as Exhibit A to this Agreement.
- 2.2 In the event that at some future date Staff determines the continued use of the HUF would have a negative effect on SWC's capital structure Staff may seek to modify or eliminate the HUF in SWC's next rate case.
- 3. Commission Approval**
- 3.1 The Parties acknowledge and agree that the determination of SWC's fair value rate base, and establishment of just and reasonable rates thereon, requires Commission approval, and that the Commission will independently consider and evaluate the terms of this Agreement. With respect to approval of this Agreement, the Parties agree as follows:
- (a) To support and defend the Agreement by filing testimony as may be required by the Administrative Law Judge, appearing at any and all hearings, open meetings or other proceedings in the Docket related to the Agreement, and taking any and all other steps reasonably necessary to obtain Commission adoption of the material terms of the Agreement, including, but not limited to, eliciting support from its constituents.
 - (b) To waive all rights to appeal a Commission decision, provided the Commission adopts the material terms of this Agreement.
 - (c) A final, non-appealable Commission order adopting the material terms of this Agreement shall constitute Commission approval of the Agreement for purposes of the Agreement.
 - (d) Consistent with any order of the Commission, but not less than fifteen days after the Commission issues an order in this matter, SWC shall file a compliance tariff for Staff review and approval. Such compliance tariffs, however, will become effective upon the effective date of the Commission's Order in this proceeding.
- 3.2 The Parties further agree that in the event the Commission fails to issue an order adopting all material terms of this Agreement or modifies or adds material terms to this Agreement, any or all of the Parties may withdraw from this Agreement, and such Party

or Parties may pursue their respective remedies at law without prejudice. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Party choosing to withdraw from the Agreement. The Parties agree that this Agreement will not have any binding force or effect until its material terms are adopted as an order of the Commission.

4. Miscellaneous Provisions

4.1 With respect to the Parties' Agreement as set forth herein, the Parties further agree to the following general terms and conditions of their agreement to settle their dispute(s) regarding the Company's request to modify its HUF:

- (a) That each person whose signature appears below is fully authorized and empowered to execute this Agreement.
- (b) That each Party is represented by competent legal counsel and that they understand all of the terms of this Agreement, that it has had an opportunity to participate in the drafting of this Agreement and fully review this Agreement with its counsel before signing, and that it executes this Agreement with full knowledge of the terms of the Agreement.
- (c) Nothing in this Agreement shall be construed as an admission by any of the Parties that any of the positions taken by any Party in this proceeding is unreasonable or unlawful. In addition, acceptance of this Agreement by any of the Parties is without prejudice to any position taken by any party in these proceedings.
- (d) This Agreement represents the Parties' mutual desire to compromise and settle in good faith all disputed issues regarding SWC's request to modify its HUF in a manner consistent with the public interest. The terms and provisions of this Agreement apply solely to and are binding only in the context of the circumstances and those purposes. None of the positions taken in this Agreement by any of the Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.
- (e) All negotiations relating to this Agreement are privileged and confidential. No Party is bound by any position asserted in negotiations, except as expressly stated in this Agreement. The Parties expressly agree that evidence of conduct or statements made in the course of negotiating this Agreement shall not be offered and are not admissible before this Commission, any other regulatory agency, or any court.
- (f) Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable except upon express consent of the Parties.

(g) This Agreement may be executed in counterparts. This Agreement also may be executed electronically or by facsimile.

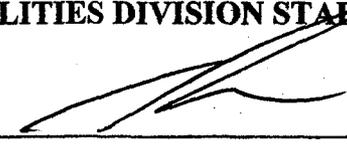
Executed this 29th day of May, 2013.

SAHUARITA WATER COMPANY, L.L.C.

By:  _____

Its: Vice-President of Sharpe & Associates, Inc.,
Manager of Sahuarita Water Company, LLC

**ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION STAFF***

By:  _____

Its: Director _____

EXHIBIT A

TARIFF SCHEDULE

UTILITY: Sahuarita Water Company, L.L.C.
 DOCKET NO. W-03718A-09-0359

DECISION NO. _____
 EFFECTIVE DATE: _____

OFF-SITE HOOK-UP FEE (WATER)

I. Purpose and Applicability

The purpose of the off-site hook-up fees payable to Sahuarita Water Company, L.L.C. (“the Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff undertaken via Main Extension Agreements or requests for service not requiring a Main Extension Agreement. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

“Applicant” means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, and may include Developers and/or Builders of new residential subdivisions and/or commercial and industrial properties.

“Company” means Sahuarita Water Company, L.L.C.

“Main Extension Agreement” means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities necessary to the Company to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as “Water Facilities Agreement” or “Line Extension Agreement.”

“Off-site Facilities” means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

“Service Connection” means and includes all service connections for single-family residential, commercial, industrial or other uses, regardless of meter size.

III. Off-Site Water Hook-up Fee

For each new service connection, the Company shall collect an off-site hook-up fee derived from the following table:

| OFF-SITE HOOK-UP FEE TABLE | | |
|-----------------------------------|--------------------|------------------|
| Meter Size | Size Factor | Total Fee |
| 5/8" x 3/4 " | 1 | \$1,000 |
| 3/4" | 1.5 | \$1,500 |
| 1" | 2.5 | \$2,500 |
| 1-1/2 " | 5 | \$5,000 |
| 2" | 8 | \$8,000 |
| 3" | 16 | \$16,000 |
| 4" | 25 | \$25,000 |
| 6" or larger | 50 | \$50,000 |

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Hook-up Fee: The off-site hook-up fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge).

(B) Use of Off-Site Hook-up Fee: Off-site hook-up fees may only be used to pay for capital items of off-site facilities or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site hook-up fees shall not be used to cover repairs, maintenance, or operational costs.

(C) Time of Payment:

- 1) For those requiring a Main Extension Agreement: In the event that the Applicant is required to enter into a Main Extension Agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements or construct such improvements in order to extend service in accordance with R-14-2-406(B), payment of the hook-up fees required hereunder shall be made by the Applicant no later than 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M).
- 2) For those connecting to an existing main: In the event that the Applicant is not required to enter into a Main Extension Agreement, the hook-up fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant may agree to construction of off-site facilities necessary to serve a particular development by Applicant, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or to actually provide water service to any Applicant in the event that the Applicant has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

(F) Large Subdivision and/or Development Projects: In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

(G) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company as hook-up fees pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction. The Company shall record amounts collected under the tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.

(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Hook-up Fee in Addition to On-site Facilities: The off-site hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fees, or if the off-site hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the Applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up Fee, the Company may require the Applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Hook-Up Fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2015, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

EXHIBIT SWC-6

Exhibit SWC-6

**Sahurarita Water Company, L.L.C.
Existing and Proposed HUFs**

| OFF-SITE HOOK-FEE TABLE | | | |
|--------------------------------|--------------------|----------------------------|-----------------------|
| Meter Size | Current Fee | Settlement Increase | Settlement Fee |
| 5/8" x 3/4" | \$350 | \$650 | \$1,000 |
| 3/4" | \$420 | \$1,080 | \$1,500 |
| 1" | \$700 | \$1,800 | \$2,500 |
| 1 1/2" | \$1,400 | \$3,600 | \$5,000 |
| 2" | \$2,240 | \$5,760 | \$8,000 |
| 3" | \$4,200 | \$11,800 | \$16,000 |
| 4" | \$7,000 | \$18,000 | \$25,000 |
| 6" or larger | \$14,000 | \$36,000 | \$50,000 |