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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

ORIGINAL

IN THE MATTER OF THE
 APPLICATION OF JOHNSON
 UTILITIES, LLC, DOING BUSINESS AS
 JOHNSON UTILITIES COMPANY, FOR
 APPROVAL OF SALE AND TRANSFER
 OF ASSETS AND CONDITIONAL
 CANCELLATION OF ITS
 CERTIFICATE OF CONVENIENCE
 AND NECESSITY.

DOCKET NO. WS-02987A-13-0477

ENGELMAN BERGER, P.C.
 3636 North Central Avenue, Suite 700
 Phoenix, Arizona 85012

DIRECT TESTIMONY OF KARL GEHRING

Arizona Corporation Commission

DOCKETED

MAY 09 2014

DOCKETED BY 

AZ CORP COMMISSION
 DOCKET CONTROL

2014 MAY -9 A 10:50

RECEIVED

1 **I. INTRODUCTION.**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

3 A. My name is Karl Gehring. I have continuously served as the Community Manager for
4 the San Tan Heights Homeowners Association (the "Association") since June 10,
5 2013. My business address is 270 E. Hunt Highway, San Tan Valley, Arizona 85143.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY OTHER PROCEEDINGS
7 BEFORE THE ARIZONA CORPORATION COMMISSION?**

8 A. No.

9 **II. PURPOSE OF TESTIMONY.**

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. In my testimony, I will present documentation from the Association's records of an
12 existing, unresolved claim by the Association against Johnson Utilities and the reasons
13 why the Association believes it would be appropriate for the Corporation Commission
14 to require Johnson Utilities to set aside a cash reserve for this claim until it is resolved
15 or adjudicated.

15 **III. DESCRIPTION OF THE ASSOCIATION.**

16 **Q. PLEASE DESCRIBE THE ASSOCIATION.**

17 A. San Tan Heights is a master planned community currently comprising over 3,200
18 residents. The San Tan Heights master planned community is governed by the
19 Association. The Association's common areas include community parks and
20 substantial greenbelt areas. The Association also manages and maintains two lakes.
21 The Association and its residents receive all of their potable and non-potable water
22 utility service, and wastewater utility service from Johnson Utilities.

23 It is my understanding that the Association and its residents are among Johnson
24 Utilities largest customers for potable and non-potable water service and wastewater
25 service. The terms and conditions of the transfer of Johnson Utilities' assets to the
26 Town of Florence, and the continued, uninterrupted water and sewer service to the
27 Association and its current and future residents is of vital importance to the
Association.

1 **IV. DESCRIPTION OF THE ASSOCIATION'S LAKE DAMAGE CLAIM**
2 **AGAINST JOHNSON UTILITIES.**

3 **Q. PLEASE DESCRIBE THE CAUSE OF THE ASSOCIATION'S LAKE**
4 **DAMAGE CLAIM AGAINST JOHNSON UTILITIES.**

5 A. According to the July 2013 Johnson Utilities' Customer Report attached to my
6 testimony as Exhibit 1 (the "July 2013 Newsletter"), on or about May 10, 2013,
7 Johnson Utilities discharged effluent that exceeded lawful turbidity limits into one of
8 the Association's Lakes (the "Southern Lake," which is made up of two smaller lakes
9 that are connected to one another commonly referred to as the "North and South
10 Lakes"). According to the July 2013 Newsletter, effluent that exceeded lawful
11 turbidity limits continued to be discharged in the South Lake until at least May 13,
12 2013, because of human error by a Johnson Utilities' weekend employee. The July
13 2013 Newsletter also noted that the subject effluent's high turbidity levels "caused the
14 loss of fish in the pond and unpleasant odor." The Southern Lake was required to be
15 drained and dredged because of the unlawful effluent being discharged into it by
16 Johnson Utilities. See attached copies of news articles authored by Wendy Miller of
17 Independent Newsmedia Inc. that is attached to my testimony as Exhibit 2. At the time
18 the lake was drained to clear the excessive turbidity levels, Johnson Utilities'
19 contractor, who was dredging the lake of dead fish and other debris before the lake
20 could be refilled, damaged the liners of the Southern Lake. The Association also
21 incurred damages to lake equipment from this event and consequential damage to
22 landscaping as a result of insufficient available effluent water.

23 **Q. DID JOHNSON UTILITIES AGREE TO REPAIR THE DAMAGE TO THE**
24 **SOUTHERN LAKE'S LINERS?**

25 A Initially, yes. The July 2013 Newsletter stated: "As a courtesy, Johnson has agreed to
26 repair the pond liner." It also assured its readers that "none of the costs of . . .
27 removing the sediment, or repairing the pond liner will be borne by the customers of
Johnson Utilities."

28 **Q. DID JOHNSON UTILITIES ACTUALLY REPAIR THE DAMAGE TO THE**
29 **SOUTHERN LAKE'S LINERS AFTER IT WAS DRAINED TO REMOVE THE**
30 **HIGH TURBIDITY EFFLUENT DISCHARGED INTO THE LAKE BY**
31 **JOHNSON UTILITIES?**

32 A. No, Johnson Utilities did not repair the damage to the Southern Lake. The
33 Association, with a contribution from its insurer, was forced to pay for the repairs to
34 the Southern Lake caused by Johnson Utilities and its contractor as a result of Johnson
35 Utilities' discharge of effluent in excess of lawful environmental requirements over the
36 course of at least 3 days.

1 Q HAS THE SOUTHERN LAKE BEEN REPAIRED?

2 A. Yes, the Association was forced to repair the damage to the Southern Lake because of
3 Johnson Utilities' failure and refusal to repair the damage. See invoice and check
4 attached to my testimony as Exhibit 3.

5 Q DESCRIBE THE NATURE AND AMOUNT OF DAMAGES SUSTAINED BY
6 THE ASSOCIATION RESULTING FROM THE DISCHARGE OF EFFLUENT
7 EXCEEDING LAWFUL REQUIRMENTS INTO THE SOUTHERN LAKE
8 AND THE OTHER RESULTING DAMAGES.

9 A. Prior to having effluent over twenty times the legal limit discharged into it, the
10 Southern Lake and its liners were fully functional. After the discharge and Johnson
11 Utilities' efforts to remediate it, the Southern Lake was empty – except for fish
12 carcasses and smelly bacteria – and the liners were damaged and unusable without
13 substantial repairs. The Association hired Cairo Canal Solutions (“CCS”) at a cost of
14 \$296,769.67 to repair the Southern Lake. See CCS invoice and copy of payment
15 attached to my testimony as Exhibit 3. The Association also incurred other damages
16 including the cost of water testing, replacement of fish, replacement of lake light
17 fixtures, replacement of dead landscaping caused by insufficient available effluent, and
18 wear and tear on the pump for the smaller Northern Lake which was required to run
19 more frequently to offset some of lost Southern Lake effluent irrigation. See
20 exemplary invoices attached to my testimony as Exhibit 4.

21 Q. WHAT ACTION DOES THE ASSOCIATION REQUEST THAT THE
22 COMMISSION TAKE WITH RESPECT TO THIS MATTER?

23 A. The Association requests the Commission to require Johnson Utilities to establish a
24 reserve account in an amount sufficient to cover the Association's claims relating to
25 the direct and consequential damages to the Southern Lake resulting from the
26 discharge of non-conforming effluent into the Southern Lake as described in my
27 testimony.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

EXHIBIT 1

JOHNSON UTILITIES CUSTOMER REPORT:

Hunt Highway



As construction work continues on widening Hunt Highway Phase 1 from Empire Road to Thompson Peak, we have learned that the county has planned to start and pay for phase 2 of the project. This phase will bring the much needed Hunt Highway improvements all the way to Gary Road. We would like to thank our Supervisor Cheryl Chase and the other Supervisors in Pinal County for their help in making this happen.

San Tan Heights HOA Pond Update

Johnson Utilities provides only Class A+ effluent water to the San Tan Heights HOA and Johnson Ranch Golf Course. After a power outage on Friday evening, May 10, 2013, the San Tan water reclamation plant experienced an upset when two out of three blower pumps failed to restart automatically when power was restored. This condition led to high turbidity in the water which resulted in a discharge of effluent that exceeded the turbidity limits. This event should have been corrected on Saturday by the weekend employee whose job is to check the plant and verify that it is operating correctly. Unfortunately, the employee failed to do so. On Monday, May 13, 2012, the weekday operator found the plant in an upset mode and diverted the flow from the San Tan Heights HOA pond to Johnson Utilities' on site recharge facility. The blower pumps were manually reset and the plant quickly returned to its normal operating condition producing A+ effluent. Johnson Utilities also started to immediately pump the effluent water from the

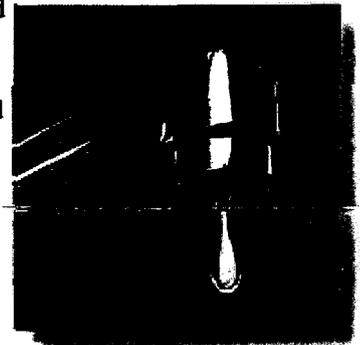
pond back into the San Tan water reclamation plant for reprocessing. There were incorrect reports that raw sewage was discharged into the San Tan Heights HOA



pond. At no time was raw sewage ever discharged into the HOA's pond. The effluent discharged to the pond had been processed at the San Tan wastewater treatment plant, although the effluent was high in turbidity due to the failure of two of three blower pumps to restart following the power outage. The high turbidity caused the loss of fish in the pond and the unpleasant odor. The San Tan Heights HOA pond has remained drained for three reasons. First, at the time of the high turbidity condition, the San Tan Heights HOA already had plans to drain the pond for a construction improvement project. The HOA elected to complete the construction while the pond was drained. Second, since the pond has been in operation, years of sediment collected at the bottom of the pond from storm water runoff, dust storms, and the birds, fish and other wildlife which inhabit the pond. As a courtesy, Johnson Utilities has removed this sediment from the pond. Third, with the sediment removed, the workers observed that the pond liner had deteriorated in places. Again as a courtesy, Johnson has agreed to repair the pond liner. These projects are nearing completion and water should be filling the lakes shortly. None of the costs of reprocessing the turbid effluent, removing the sediment, or repairing the pond liner will be borne by the customers of Johnson Utilities.

Water Pressure

Johnson Utilities has received water pressure complaints in the previous weeks from customers. We have experienced reduced pressure in parts of the system during peak water use times due to the fact that two wells were taken out of service. We have moved water from other water plants within our water system to help with the pressure. We also have construction in progress to connect three existing wells directly to our storage tanks and one new well will be added to the system within the next 30 to 60 days once approved by ADEQ. We anticipate the pressure increasing as each of these construction projects are finished. We understand our customer's desire for us to maintain the pressure above 40 psi at all times, so that landscaping irrigation systems and appliances work optimally. Our current construction projects will assist in this goal when complete.



Johnson Utilities apologizes for any inconvenience these situations have caused for our customers.

EXHIBIT 2

[Print This Page](#)

Update: San Tan Heights residents fear health risks due to problem with effluent

By Wendy Miller
Independent Newsmedia Inc. USA

Last Modified: May 16, 2013 05:26PM

Update: On May 15, Johnson Utilities posted the following message to customers on its website, <http://www.johnsonutilities.com>:

Johnson Utilities continues its work to address a turbidity incident at its San Tan wastewater facility this week. The incident was the source of an unpleasant, but harmless, odor and considerable public interest. The incident began with a partial power failure that has now been remedied. It was erroneously reported that untreated sewage was discharged into the San Tan Homeowners Association pond.

As reported to ADEQ, Johnson Utilities responded to the incident by halting discharge of effluent to the lake and removing the water for reprocessing through the WRP. Johnson is now completely emptying the pond. They will then remain empty until scheduled repairs by the San Tan Heights HOA are completed. The HOA is making changes to the piping connecting their two ponds. Because this work was planned before the turbidity event this week, it has allowed the HOA to take advantage of the drained pond.

The HOA ponds are used for storage of Class A + effluent for irrigation purposes only. There is no connection between the ponds and any drinking water delivery system. Johnson Utilities' only source of drinking water is groundwater.

Earlier today, ADEQ inspected the HOA ponds, the San Tan water reclamation plant (WRP), the only lift station serving the WRP, and a grease interceptor. The lift station was found to be in compliance. The inspection of the grease interceptor showed that it had been pumped and was in good operating condition. Johnson Utilities conducts an annual inspection of grease interceptors to ensure grease is kept out of the sewer system. ADEQ agreed that the heavy sediment that had been exposed today on the bottom of the pond is normal lake sediment caused over the years of runoff, animal waste, dust, and many other sources. This sediment will contain animal fecal material and chemicals from storm water runoff. ADEQ also inspected agency and on-site records, reporting no issues.

The following story was posted to the Independent's website May 15, prior to JU's online message.

Typically in May, the Szatkowski family fills their backyard pool with fresh water in anticipation of the warm weather and fun times ahead. This year, maybe not.

The Szatkowskis live in The Villages, a community in San Tan Heights, along West Hunt Highway near Gary Road in San Tan Valley. On Monday night, Channel 12 News in Phoenix reported sewage had backed up into the lakes flanking the West Hunt Highway entrance to the community.

Tracy Szatkowski considers the spillage a health hazard.

"Absolutely I feel there are health risks," she told the Independent Tuesday, adding her husband was probably going to postpone filling the family pool. "It's scary when you're trying to raise your children in a healthy environment and this happens."

Johnson Utilities, the local water provider and wastewater-treatment company, denied the allegations in a letter to its customers, calling the TV station's coverage "total misrepresentations of the truth."

In its response, which was e-mailed to its customers in San Tan Valley, JU attributed the problem to a power interruption in the multi-step process that treats the effluent so it is clean enough for human contact (read the entire statement below). JU said the odor (which many residents have complained about to the Independent's news partners, www.santanvalley.com and <http://www.kpho.com/video?clipId=8878968&autostart=true>) was caused by the bacteria used in the initial stages of treating the raw waste.

JU trucks drained the lakes on Monday and Tuesday. It will fill the lakes with chlorinated water prior to releasing treated effluent back into the pond, it said in its e-mailed message.

Janet Anderson heard about the incident Monday morning when she turned on her computer.

"There were four or five e-mails about this and I wondered, what the heck is going on?" she told the Independent Wednesday. The San Tan Valley resident has many friends who live in The Villages and she worried for their safety.

"Did you know the water is used to irrigate the grass?" she asked. "What if children run in that grass?"

She is part of a group that is attempting to save the fish and ducks that inhabit the lakes.

"They won't let us go in and get the turtles," she said. "The Johnson Utilities workers (who were cleaning the lakes) said we couldn't go in the water because it's contaminated. But when we (eventually) get the turtles out, the problem is, how do we clean them?"

It's not the first time Johnson Utilities has reported problems with the water.

"There was the E.coli scare about six months ago," Mrs. Szatkowski said.

On Aug. 21-22, JU notified its customers about a suspected problem with its drinking water in its Florence area drinking water and advised customers to use an alternative form of water, such as bottled water, according to a message it issued Aug. 23 to notify the public that the water in Florence and San Tan Valley did not contain harmful bacteria.

"We all bought water at Walmart," Mrs. Szatkowski said.

This week's incident was the first time Mrs. Szatkowski was aware anything like this has happened during her three and a half years living in San Tan Heights. However, she did notice the Johnson Utilities warning lights blinking in the community about two to three weeks ago but never heard what they indicated.

The Independent called Johnson Utilities but has not received a response as of press time.

District 2 Supervisor Cheryl Chase issued this response Tuesday to the situation in San Tan Valley:

"Today my office became aware of an incident that occurred last night in San Tan Heights. Neighbors reported what appeared to be raw sewage in the water features outside the residential community. I am concerned about this issue and have spoken directly with Johnson Utilities in an effort to learn more. The utility company has assured me that raw sewage was not released and they are working with state environmental officials to resolve the problem.

"Regardless of the cause, I expect utilities serving customers in my district to alert me to major problems affecting my constituents. I was not happy to learn of this latest problem from the media," she said.

Pinal County does not have regulatory authority over public utilities, according to Heather Murphy, Pinal County's public information officer. The statutes and rules governing utilities rests with the Arizona Corporation Commission and the Arizona Department of Environmental Quality, she said.

Letter from Johnson Utilities, sent May 14 via e-mail to its customers:

Last night, during the 10:00 o'clock news, Channel 12 grossly misled its viewers and the customers of Johnson Utilities. Channel 12 claimed that "water filled with feces, waste and other synonyms we can't even say on TV" was flowing into the San Tan Heights HOA pond. Further, in the caption to the video posted on AzCentral.com, Channel 12 claimed "San Tan Heights lake filled with sewage after pump malfunction at utility plant." These are total misrepresentations of the truth.

The San Tan Heights HOA receives treated effluent from Johnson Utilities. This treated effluent is the result of a multi-step process which produces class A+ effluent which is clean enough for human contact. However, due to a power interruption, the process which reduces the turbidity (turbidity is the cloudiness or haziness of a fluid caused by individual particles and can reduce the oxygen content of water) was interrupted, thus allowing water into the pond which had a higher than normal turbidity.

It was reported that fish were killed and an odor was caused by chemicals released into the pond. The fact is that fish require oxygen, turbidity limits oxygen and thusly the fish cannot survive these incidents of high turbidity. The odor is caused by the bacteria which are used in the initial stages of treating the raw waste. These bacteria were carried over with the turbid water.

Effluent used for reuse purposes must have a turbidity of less than 2 nephelometric turbidity units (NTU). Therefore, based on the high turbidity, we proceeded with draining the pond by pumping the water back into the plant for retreatment. High turbidity water can also hide pathogens from the disinfection process. Thus, in an abundance of caution, Johnson Utilities will treat the pond with chlorinated water prior to releasing treated effluent back into the pond.

Johnson Utilities' employees are investigating the event to determine the cause and solutions to prevent this from happening in the future.

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ADEQ testing Johnson Utilities water samples from San Tan Heights lakes



Workers washed off hard surfaces while water was being pumped out of the lake May 14 at The Villages in San Tan Heights. (Independent Newspapers/Wendy Miller)

By Wendy Miller
Independent Newsmedia Inc. USA

Updated May 20, 2013

The Arizona Department of Environmental Quality is testing water samples taken from the lakes at the entrance to The Villages, a community in San Tan Heights, along West Hunt Highway near Gary Road in San Tan Valley, Mark Shaffer, communications director for ADEQ, confirmed Thursday night.

On May 13, Channel 12 News in Phoenix reported sewage had backed up into the lakes flanking the West Hunt Highway entrance to the community.

Johnson Utilities, the local water provider and wastewater-treatment company, denied the allegations in a letter to its customers, calling the TV station's coverage "total misrepresentations of the truth."

In its response, which was e-mailed to its customers in San Tan Valley, JU attributed the problem to a power interruption in the multi-step process that treats the effluent so it is clean enough for human contact (read the entire statement below). JU said the odor (which many residents have complained about to the Independent's news partners, www.santanvalley.com and <http://www.kpho.com/video?clipId=8878968&autostart=true>) was caused by the bacteria used in the initial stages of treating the raw waste.

JU trucks drained the lakes on Monday and Tuesday. It planned to fill the lakes with chlorinated water prior to releasing treated effluent back into the pond, it said in its e-mailed message.

The lakes remain empty while ADEQ is investigating the incident, Mr. Shaffer said.

Johnson Utilities called ADEQ Monday afternoon to report higher-than-normal levels of turbidity, Mr. Shaffer said during a phone interview.

Turbidity is the cloudiness or haziness of a fluid caused by individual particles; the particles can reduce the oxygen content of the water, according to a letter from JU to its customers.

The acceptable federal standard for turbidity levels is 5 MPU, Mr. Shaffer explained. The daily reports of turbidity levels kept by Johnson Utilities showed high levels for four consecutive days: 52 MPU on May 11. 108 MPU on May 12, 106 MPU by May 13, and 20 MPU on May 14, Mr. Shaffer said.

"We're looking at some that were more than 20 times the standard," Mr. Shaffer said.

The state agency was unable to test the water for sewage because JU had already pumped 75 percent of the water from the lakes before ADEQ arrived Tuesday, Mr. Shaffer said.

"It minimized what we could do in terms of the integrity of the water," he said.
He said JU was just doing what it was asked to do during an earlier water-related incident.

"That was one of the big points raised in 2008, when there was a problem at the Pecan Creek Wastewater Treatment Plant (in San Tan Valley). They wouldn't pump it out at that time," he said.

In an article published July 9, 2008 in the Queen Creek/San Tan Valley Independent, Johnson Utilities Vice President

Brian Tompsett said the wastewater treatment plant serving the area experienced a sewage backup the weekend of May 18, 2008.

Mr. Tompsett said the system's pumps were not able to function properly because of "debris getting into the pumps."

Until the testing is completed, Mr. Shaffer recommended residents exercise caution and stay away from the area. Some residents in The Villages and neighboring communities are concerned about the safety of the effluent, which is used to water the grass at the community, since last week.

Janet Anderson heard about the incident the morning of Monday, May 13, when she turned on her computer.

"There were four or five e-mails about this and I wondered, what the heck is going on?" she told the Independent Wednesday. The San Tan Valley resident has many friends who live in The Villages and she worried for their safety.

"Did you know the water is used to irrigate the grass?" she asked. "What if children run in that grass?" Villages resident Tracy Szatkowski considers the spillage a health hazard.

"Absolutely I feel there are health risks," she told the Independent May 14, adding her husband was probably going to postpone filling the family pool. "It's scary when you're trying to raise your children in a healthy environment and this happens."

Other problems have been reported about Johnson Utilities water.

"There was the E.coli scare about six months ago," Mrs. Szatkowski said.

On Aug. 21-22, JU notified its customers about a suspected problem with its drinking water in its Florence area drinking water and advised customers to use an alternative form of water, such as bottled water, according to a message it issued Aug. 23 to notify the public that the water in Florence and San Tan Valley did not contain harmful bacteria.

"We all bought water at Walmart," Mrs. Szatkowski said.

This week's incident was the first time Mrs. Szatkowski was aware anything like this has happened during her three and a half years living in San Tan Heights. However, she did notice the Johnson Utilities warning lights blinking in the community about two to three weeks ago but never heard what they indicated.

The Independent called Johnson Utilities twice last week regarding the warning lights and water testing but had not received a response as of press time Friday.

District 2 Supervisor Cheryl Chase issued this response May 14 to the situation in San Tan Valley:

"Today my office became aware of an incident that occurred last night in San Tan Heights. Neighbors reported what appeared to be raw sewage in the water features outside the residential community. I am concerned about this issue and have spoken directly with Johnson Utilities in an effort to learn more. The utility company has assured me that raw sewage was not released and they are working with state environmental officials to resolve the problem.

"Regardless of the cause, I expect utilities serving customers in my district to alert me to major problems affecting my constituents. I was not happy to learn of this latest problem from the media," she said.

Pinal County does not have regulatory authority over public utilities, according to Heather Murphy, Pinal County's public information officer. The statutes and rules governing utilities rests with the Arizona Corporation Commission and the Arizona Department of Environmental Quality, she said.

[Click here](#) to read Johnson Utilities' letters to customers from May 14 and May 15.

Comments

You are encouraged to leave relevant comments but engaging in personal attacks, threats, online bullying or commercial spam will not be allowed. All comments should remain within the bounds of fair play and civility. (You can disagree with others courteously, without being disagreeable.) Feel free to express yourself but keep an open mind toward finding value in what others say. To report abuse or spam, click the X in the upper right corner of the comment box. For more information, please visit our [FAQ page](#).



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EXHIBIT 3

Invoice

Date Invoice

11/1/2013 135

"Innovative Canal Solutions for Today and Beyond"

1630 S. Stapley Dr. Suite 119
Mesa, AZ 85204
480-921-4080 Phone
480-921-4087 Fax

CCS Project # 2013-02

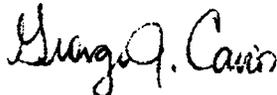
Client

San Tan Heights HOA
270 E. Hunt Highway, Suite 16#317
San Tan Valley, AZ 85143
Attn: Karl Gehring Community Manager

P.O. No.

Description	Amount
South Lake -Prep perimeter shotcrete areas, install geotextile fabric, CCS 1500 liner spray installation, clean up, De Mob	133,128.10
North Lake -Prep perimeter, install geotextile fabric, liner spray installation, clean up, De Mob	142,722.09
Mobilization, Empty Lakes and prep Basin Invert	10,000.00
Tax	10,919.48
Installation by Certified Installation Contractor- 1st Class Foam Roofing and Coating, I.I.C Contractor Lic 262043	

Authorized



Total

\$296,769.67

U.S. Bank Confidential Communication



Requested by: Scott Strong

This check image contains confidential information. If you print this image, please store it in a secure place to avoid unauthorized use of this information. Increased security awareness when discarding or destroying this document is recommended.

Item #1
 Account No.: 151703433533 Check No.: 1159 Sequence No.: 008897987255
 Amount: \$296769.67 Routing No.: 12210515 Date: 12/03/2013

Front:

001159

SAN TAN HEIGHTS
 C/O FIRSTSERVICE RESIDENTIAL
 9000 E PIMA CIR PKWY, STE 300
 SCOTTSDALE, AZ 85258

DATE 11/27/2013 AMOUNT \$296,769.67

PAY: Two Hundred Ninety-Six Thousand Seven Hundred Sixty-Nine and 67/100*****

TO: CAIRO CANAL SOLUTIONS
 THE 1630 S STAPLEY DR
 ORDER STE 119
 OF MESA, AZ 85204

APPROVED SIGNATURE - NOT VALID AFTER 90 DAYS

Back:

WELLS FARGO BANK, N.A.
 1221-0527-64
 4613542660

CAIRO CANAL SOLUTIONS, LLC
 1630 S STAPLEY DR
 STE 119
 MESA, AZ 85204

EXHIBIT 4

Arizona Lake and Pond Management L.L.C.

8328 W. Molly Lane
Peoria, AZ 85383

Phone # 623-293-6866 arizonalake1@yahoo.com
Fax # 623-561-6765

Invoice

Date	Invoice #
1/9/2014	4927

Bill To:
SAN TAN HEIGHTS C/O FIRST SERVICE RESIDENTIAL 9000 East Pima Center Pkwy-Suite 300 Scottsdale AZ 85258

P.O. No.

Quantity	Item	Description	Rate	Amount
1	3	BLUE DYE	60.00	60.00

Thank you for your business.	\$60.00
	\$0.00
	\$60.00



September 20, 2013

Quote# 2242

First Service-San Tan Heights
Hunt Hwy and Village Lane
Queen Creek, AZ 85242
Dana Skoczylas

Ref: Replace Broken Fixtures
Phone: 480-551-4300
Fax: 480-987-8780
Email: dana.skoczylas@fsresidential.com

Thank you for the opportunity to provide you service. Please find for your review and approval the below quote to:

- Replace three (3) broken fixtures throughout different locations around the
- Replace two (2) well lights around lakes

Total parts & Labor \$1,022.07
Sales tax not included
Tax on material and permit costs, if necessary, are not included.

Note: Poles and fixtures have a 6-8 week lead time.

Upon approval, please sign the area indicated and return to DECA Southwest for scheduling. Please do not hesitate to call me with any questions.

50% of final project cost is due upon receipt of signed contract. This deposit is non-refundable if contract is cancelled. Remainder of project will be billed monthly as portions are completed. Payment terms are 30 days net.

Quote valid for 30 days.

Respectfully,

Accepted by,

Joe Rowley
Projects Mgr
joe.rowley@decasw.com

Printed-Name-Title

Signature Date
First Service-San Tan Heights



1404 W. San Pedro Gilbert, AZ 85233 602.437.2700 F: 480.982.4008





We Beautify the World

January 13, 2014

San Tan Heights

Attn: Karl Gehring

Re: Lantana replacements due to lake water being off

We hereby submit the proposal for Lantana replacements due to lake water being off. Included in our bid is all labor and material to complete the said work. This proposal is to be included as an exhibit in any contract.

Our proposal includes the following items:

San Tan Heights - Lantana replacements due to lake water being off

Qty	Unit	Location	Unit Price	Total Price
180	5 Gallon	Lantana	\$26.00	\$4,680.00
			Sub Total:	\$4,680.00
			Sales Tax @ 4.36%:	\$204.05
			Total:	\$4,884.05

CLARIFICATIONS:

- This Proposal **MUST** be made an exhibit in any contract awarded to AAA LANDSCAPE.
- AAA Landscape is not responsible for damage due to poor soil conditions, rodents, vandalism, and/or "ACTS OF NATURE".
- Owner requested increases in the quantities of the unit priced items (if applicable) will be re-priced in accordance with current pricing at the time of the contract change order.

Terms of Contract:

Payment is due upon completion of work. Past due accounts shall be subject to a late charge fee of \$50.00 or 18% annually, whichever is greater. Owner agrees to pay any additional costs and attorney's fees associated with collection of past due amounts.

If you have any questions, please feel free to call.

Sincerely,

Liz Foutz
Director of Client Services

Note: This proposal expires in 30 calendar days. Acceptance of this proposal- The above prices, specifications, and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified.

Authorized Signature: _____ Date of Acceptance: _____

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