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BEFORE THE ARIZONA CORPORATE COMMISSION

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COMMISSIONERS

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ARIZONA CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

AUG 13 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF  
DOUBLE DIAMOND UTILITIES, INC. FOR A  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE WATER SERVICE  
AND WASTEWATER SERVICE

Docket No. WS-20543A-07-0435

**MOTION FOR EXTENSION OF  
COMPLIANCE DATES**

Double Diamond Utilities, Inc. ("DDU"), through undersigned counsel, hereby moves to extend five compliance dates initially established in Decision No. 70352 (May 16, 2008). This request arises from the continuing downturn in the economy, particularly in the housing and development markets in Mohave County, that continue to cause delay in the timetable for the development covered by DDU's Certificate of Convenience and Necessity ("CCN"). While DDU is aware that it has made multiple requests for extension of compliance dates for the five items, DDU believes extraordinary circumstances exist to justify an additional extension.

The five compliance items that require extension of the current December 14, 2014 compliance date are: (i) filing of the Approval to Construct for the water system for Phase 1 of the initial phase of The Ranch at White Hills project; (ii) filing of the General Permits for Phase 1 of the initial phase of the wastewater plant for The Ranch at White Hills; (iii) filing of the Aquifer Protection Permit for the wastewater division; (iv) procuring a performance bond or irrevocable sight draft letter of credit in the amount of \$500,000; and (v) retaining a Certified Operator (and related notification to the Commission).

The current compliance date for these five items is December 31, 2014, established in Decision Nos. 73134 (May 1, 2012) (for items (iv) and (v)), and 74042 (August 16, 2013) (for

1 items (i) through (iii)). DDU requests that the deadline for filing these compliance items be  
2 extended:

- 3 • until December 31, 2019, for items (i) through (iii);
- 4 • until December 31, 2019, or until 30 days prior to serving its first customer,  
5 whichever comes first, for item (iv); and
- 6 • until December 31, 2019, or until six months prior to serving its first customer,  
7 whichever comes first, for item (v).

8 Further, DDU believes extraordinary circumstances exist to justify the requested  
9 extensions, as discussed in the following sections. In short, DDU (and its affiliated entities) have  
10 expended approximately \$3,293,774 in drilling wells, have spent substantial time and money  
11 developing centrally-planned water and wastewater systems, obtained Analyses of Adequate Water  
12 Supply from the Arizona Department of Water Resources (“ADWR”), and obtained and  
13 maintained franchise agreements. Further, all of the property master plan approvals for White  
14 Hills remain in place; in addition, all property taxes for the development are up-to-date and  
15 diagramming and platting for the development continues.

16 Finally, DDU submits that a five-year extension is appropriate. As noted, DDU has  
17 substantial investment in fixed assets necessary to provide utility service. Moreover, the  
18 outstanding compliance items will take significant time to complete. For example, obtaining the  
19 Aquifer Protection Permit for DDU will likely take longer than two years to process through the  
20 Arizona Department of Environmental Quality (“ADEQ”).

21 **A. Background**

22 In Decision No. 70352, DDU received a CCN to provide water and wastewater service to  
23 the initial phase of The Ranch at White Hills (“White Hills”), a large master planned community  
24 located between Kingman and Las Vegas. As set forth in the Decision, DDU is a developer-  
25 owned utility that will ultimately serve the entire White Hills development. Leonard Mardian is  
26 the President of DDU. The initial phase constitutes approximately 10% of the overall  
27 development and is located in Section 31, Township 28 North, Range 19 West, in Mohave County.

1 The owner and developer of this parcel is Arizona Acreage, L.L.C. Leonard Mardian is the  
2 manager of Arizona Acreage.

3 The Decision sets forth numerous compliance requirements that were due at various times  
4 from when the Commission issued Decision No. 70352. DDU has met several of those  
5 compliance requirements, including filing its rate tariff, its curtailment tariff, its backflow  
6 prevention tariff and its Water Conservation Plan. The following five items remain that are tied to  
7 development of White Hills commencing: (i) filing of the Approval to Construct for the water  
8 system for Phase 1 of the initial phase of The Ranch at White Hills project; (ii) filing of the  
9 General Permits for Phase 1 of the initial phase of the wastewater plant for The Ranch at White  
10 Hills; (iii) filing of the Aquifer Protection Permit for the wastewater division; (iv) procuring a  
11 performance bond or irrevocable sight draft letter of credit in the amount of \$500,000; and (v)  
12 retaining a Certified Operator (and related notification to the Commission).

13 Construction cannot begin until the permits identified in items (i) through (iii) are obtained;  
14 and it will take significant time after obtaining those permits before the facilities can be  
15 constructed and service commenced. The timing to obtain those permits, however, is dependent  
16 on the real estate market recovering to the point that it makes sense for the White Hills  
17 development to begin.

18 As the Commission is well aware, the real estate markets in Arizona, particularly new  
19 housing developments outside the large metropolitan areas, suffered mightily since the economy  
20 experienced its precipitous downturn. The suffering continues. The White Hills development in  
21 particular had already been delayed due to the past delays in the construction of the Hoover Dam  
22 Bypass bridge. Although Leonard Mardian and the other landowners involved in White Hills still  
23 intend to proceed with the development, common sense and good judgment continue to dictate that  
24 the timeline for the development be pushed back. At this time, the recovery has still not returned  
25 the economy in Mohave County to its status before the downturn occurred. Even so, significant  
26 time, money and planning have been expended towards developing White Hills.

27

1           **B.       Extension of the December 31, 2014 Compliance Dates.**

2           Regarding compliance items (i) through (iii), those items require extensive and expensive  
3 engineering to prepare proposed system designs to ADEQ for approval of the necessary permits to  
4 begin construction. The Commission had previously granted extensions of these items for DDU  
5 first until December 31, 2012 (in Decision No. 72008 (December 10, 2010)) and then until  
6 December 31, 2014 (in Decision No. 74042). Nevertheless, given the current slow pace of the  
7 recovery, the continuing effects of the economic downturn and the delayed development of White  
8 Hills, DDU believes it is still not a prudent time to incur these expenses. Moreover, the overall  
9 plan of the development may be modified to meet the new demands of the recovering markets and  
10 the emerging renewable energy development in the vicinity of White Hills. These changes could  
11 affect the location of large backbone plant, water production and wastewater treatment facilities.  
12 Premature engineering would result in increased and unnecessary costs. DDU is requesting until  
13 December 31, 2019 to file those items with the Commission – as that may be enough time for the  
14 economy to recover and for the White Hills development to commence.

15           Moreover, these compliance items are likely to take significant time to obtain. For  
16 example, in order to obtain the Aquifer Protection Permit, DDU will need to retain engineering  
17 consultants to prepare the application. This application will be specific as to the conditions at  
18 White Hills and current ADEQ requirements. Once completed, DDU will submit the application  
19 to ADEQ for processing. It is likely that this process will take longer than two years.

20           Regarding item (iv), the Commission originally required DDU to procure and file a  
21 performance bond or letter of credit in the amount of \$500,000 by December 31, 2008. The  
22 rationale for requiring the bond, as set forth in Decision No. 70352 (at page 16) is “to ensure that  
23 the applicants would be able to continue operations for a reasonable period of time without a  
24 related entity’s financial support, if necessary.” The Commission granted extension requests for  
25 this item in Decision Nos. 70947 (April 7, 2009) and 73134. The current requirement is that DDU  
26 must file its performance bond or letter of credit to “30 days prior to serving its first customer or  
27 December 31, 2014, whichever comes first.” DDU now requests that the Commission extend this

1 compliance condition to “30 days prior to serving its first customer or December 31, 2019,  
2 whichever comes first.” Extending the bond compliance date will still provide the public benefit  
3 intended by the bond. The same justifications for approving the previous requests apply to this  
4 request. First, there will be no customers receiving service in the near future. Second, given the  
5 current condition of the financial and credit markets, DDU believes that the terms of any bond or  
6 letter of credit will be more palatable in the future compared to now. Finally, not restricting funds  
7 through the bond or letter of credit now will allow DDU to move forward with other permitting  
8 activities necessary to emplace the infrastructure that will ultimately serve the customers.

9       Regarding item (v), DDU believes that it would be premature to retain a Certified Operator  
10 now, given that development will not occur by December 31, 2014. The same justifications for  
11 granting extensions for this condition (in Decision Nos. 70947 and 73134) also apply to this  
12 request. First, retaining a Certified Operator too far in advance of the commencement of operation  
13 does not make sense, particularly in this economy. Second, DDU believes that it will be difficult  
14 to enter into a cost-effective and prudent contract for services that may not be needed for some  
15 considerable time. Third, DDU would prefer to wait until a date closer to the date of operation to  
16 contract with the Operator to better ensure that the Operator will be able to meet its contractual  
17 obligations. Thus, DDU now requests that the Commission extend this compliance condition to  
18 “six months prior to serving its first customer or December 31, 2019, whichever comes first.”

19       It remains clear that it will take time for this area to recover to the point where  
20 development will again occur. Nevertheless, development will come to this area and the  
21 commitment remains to develop White Hills. Attached as Exhibit 1 is the letter from Leonard  
22 Mardian (on behalf of Arizona Acreage, L.L.C.) indicating the continuing desire for both water  
23 and wastewater service from DDU. Nevertheless, White Hills will benefit from the completion of  
24 the Hoover Dam Bypass and the establishment of a major interstate corridor in this area (the future  
25 Interstate 11 using U.S. Highway 93) together with close proximity to major utility facilities  
26 (electric transmission, fiber-optic cable, etc.) in the area. Thus, DDU requests additional time to  
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1 meet the compliance requirements related to the engineering of the substantial backbone plant for  
2 the initial phase of the development.

3 **C. Extraordinary circumstances justify the extensions requested.**

4 DDU believes circumstances leading to its requesting this extension are beyond DDU's  
5 control and through no fault of its own. DDU obviously did not cause the economic downturn and  
6 did not contribute to its exacerbation. DDU is not the entity preventing the recovery from  
7 occurring at a brisker pace. Further, DDU has committed substantial time and effort toward  
8 establishing and building the necessary infrastructure to provide safe, reliable and adequate water  
9 service. Given the costs DDU has incurred and the continued laggard pace of the economic  
10 recovery, the Company believes the following factors show extraordinary circumstances exists to  
11 justify the extension requests for items (i) through (v):

- 12 1. DDU (and its affiliated entities) have spent approximately \$3,293,774 to construct  
13 wells, which is the basis for DDU's centrally-planned water system. A list of the costs  
14 for the specific items, including the wells drills and costs expended for drilling these  
15 wells, is provided as Exhibit 2 to this application. Having a centrally-planned water  
16 system is clearly preferable over each unit having its own standalone well – such as to  
17 implement conservation practices and best ensure efficient use of water. Mohave  
18 County supports the White Hills development, due to the commitments made to  
19 carefully manage the Hualapai Basin and Detrital watersheds – as well as to implement  
20 an organized framework for future water planning throughout the County.
- 21 2. DDU has also expended substantial time to plan for a central wastewater system, which  
22 is preferable over individual septic systems. DDU seeks to avoid the situation of  
23 having to convert septic systems to a centrally-planned wastewater system, the  
24 problems of which are well-documented in Mohave County. DDU is seeking to avoid  
25 the additional costs and burdens by establishing a centrally-planned wastewater system  
26 from the beginning (and avoiding septic altogether), along with having both DDU and  
27 developers involved in the construction of the necessary infrastructure for both

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wastewater and reclaimed water use. DDU still intends to use reclaimed water for assisting in irrigation of parks and golf courses, another benefit of a centrally-planned wastewater system.

3. The developers and landowners obtained letters of adequate water supply from ADWR for White Hills and the combined Mardian Ranch development as follows:

- Detrital Basin approval granted on April 11, 2006.
- Hualupai Basin approval granted on January 8, 2007.

Further, over \$500,000 was spent, separate and apart from well-drilling, to obtain adequate water supply letters. Those approvals give authorizations equating to serving 48,000 homes, and are attached as Exhibit 3 to this request.

4. DDU has obtained and maintained the franchise agreements for water and wastewater service, as well as natural gas, electric, telephone and fiber optic service. All of the agreements, except the fiber-optic service agreement, are effective through 2030.

5. All property master plan approvals have been kept in place and all property taxes are up-to-date for White Hills. By contrast, many other developers in the area have either filed for bankruptcy or lost or sold their properties. The total Mardian Ranch Combined Master Plans have been approved for 60,000 dwelling units, with White Hills, comprising approximately 25,000 dwelling units. White Hills has the strong support of Mohave County; this is due in part to the commitments made to develop in an environmentally sustainable and organized fashion. The development is more attractive as a bedroom community for the metropolitan Las Vegas area, because of its proximity to the future Interstate 11, which will use U.S. Highway 93 in Mohave County as part of the "Canamex Highway" (from Mexico to Canada) and which is now a high priority transportation corridor.

6. Diagramming and platting for the development, including delineating the phases, identifying the locations for water and wastewater infrastructure, and reclaimed water infrastructure, has commenced. Diagrams for the initial phase are attached as Exhibit 4

1 to this request, and demonstrate the significant time, effort and investment made  
2 towards developing White Hills. This also includes finalizing road designs for the  
3 initial phase, and continuing to develop the highway designs for the entire White Hills  
4 and Combined Mardian Ranch development.

5 7. Leonard Mardian remains in contact with residential homebuilders for one or more  
6 sections of land.

7 Put simply, the commitment remains to develop White Hills. Significant investment – in  
8 time, money and effort – continues toward developing White Hills. DDU remains willing and able  
9 to serve White Hills. It is the only entity in the area capable of doing so. There are no other water  
10 or wastewater providers nearby to provide centrally-planned services to this developing  
11 community. Mohave County supports the development. To deny the extensions DDU requests  
12 would be contrary to the public interest.

13 Further, while the real estate market in the area around White Hills has not yet improved to  
14 proceed with development, White Hills remains in compliance with the continuing and ongoing  
15 regulatory requirements. The impacts of the economic downturn are still being felt, the  
16 magnitude and length of which are extraordinary and unprecedented. Even so, the commitment  
17 remains to develop White Hills. These factors justify DDU's request.

18 WHEREFORE, DDU requests that compliance dates for the following five compliance  
19 items in Decision No. 70352, as amended in Decision Nos. 70947, 72008, 73134 and 74042 be  
20 modified as follows:

- 21 1. Permitting the filing of the Approval to Construct for the water system for Phase 1  
22 of the initial phase of The Ranch at White Hills project to occur on or before December 31, 2019;
- 23 2. Permitting the filing of the General Permits for Phase 1 of the initial phase of the  
24 wastewater plant for The Ranch at White Hills to occur on or before December 31, 2019;
- 25 3. Permitting the filing of the Aquifer Protection Permit for the wastewater division to  
26 occur on or before December 31, 2019;

27



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7  
8 By *Jaclyn Howard*  
9

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## **Exhibit-1**

## **The Ranch at White Hills**

July 2, 2014

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85622-0527

RE: Motion for Extension of Time for Compliance – Double Diamond Utilities, Inc.  
Docket No. WS-20543A-07-0435

To whom it may concern,

I am the developer of The Ranch at White Hills (“White Hills”). I am also the manager of the Arizona Acreage, L.L.C. – which is the parcel owner at Section 31, Township 28 North, Range 19 West. The purposes of my letter is to state my continuing intent to develop White Hills and indicate my support for Double Diamond Utilities, Inc.’s (“DDU”) extension request. We continue to need future utility service that DDU will provide.

I understand that DDU ability to serve White Hills is subject to submitting several items to the Arizona Corporation Commission by December 31, 2014. I also understand that this is not DDU’s first extension request and that the Commission required a showing of extraordinary circumstances justifying any additional extension requests. I believe, however, the circumstances warrant an extension request.

On behalf of White Hills, I have made sure all property taxes are paid, and that all requisite master plan approvals have remained in place and up to date. Unlike some other developers, White Hills is a financially-viable project that has not and is not in any danger of filing for bankruptcy. We have invested significant monies in the White Hills development, including securing and continuing to secure the requirements for DDU to serve White Hills. To deny the extension could result in significant financial harm and delays beyond any issues with the recovery. I therefore support DDU’s request to extend the filing deadlines as described in the request that this letter is attached to.

I appreciate your consideration and approval of DDU’s extension request.

Regards,



Leonard Mardian  
The Ranch at White Hills

**4132 So. Rainbow Blvd., PMB #324, Las Vegas, NV 89103 702-499-1010**

## **Exhibit-2**

**SUMMARY OF WELLS 11-8-13**

					Test	Test Draw	
<b>DETRITAL VALLEY WELLS</b>							
					Ground	Pump Rate	Down
	ADWR #	TD	SWL	Elev	GPM	Feet	AMT PAID
14 SE Well	903151	1200	594	2835	240	23.7	162,975.20
7th St Well	207904	1000	545	2805	N/D	N/D	42,514.63
Sec 6 Well #1	208947	1100	638	2860	98	138.7	113,148.73
Sec 30 Well #1	207905	1200	762	3005	185	11.6	118,530.22
White Hills #1 (Upper Aq)	584114	1500	420	2430	231	156	
White Hills #2 (Lower Aq)	204336	1500	276	2430	106	143	266,863.56
Cavco Well	598603	604	460	2509	N/D	N/D	
Sec 31 NE Well	204337	960	622	3640	130	74.5	98,795.32
Sec 29 Well #1	204338	1160	799	3800	N/D	N/D	43,592.46
Cactus Well	592212	530	420	2400	116	23.7	
Sec 13 #1	209954	1100		3470	N/D	N/D	145,999.24
Sec 13 #2 (H-6)	212233	1100	496.2	3290	77	178	116,385.44
Sec 31 NW Well	208949	989	447	3440	230	76.4	105,294.14
Sec 31 SW Well	208948	1000	550	3400	230		96,024.52
VinoSue	209881	800	171	4360	55	265.7	96,566.75
Sec1 (H-7)	213229	1000	383.1	3390	280	42.5	112,338.01
25NC	906637	1000	463.6	3360	50	175	101,866.20
25EC	906709	800	465.6	3450			82,685.96
Sec 31 NC	906790	980	517.8	3520			95,954.62
<b>TOTAL DETRITAL</b>							<b>1,799,525.00</b>
<b>DEVELOPMENT COSTS</b>							
CLEAR CREEK HYDROLOGY							139,225.59
LUIS VEGA CONSULTING							106,029.55
ENGINEERING - CC&N							
S31, T28N, R19W							20,500.00
WATER STUDIES							39,158.37
<b>TOTAL DEVELOPMENT COSTS</b>							<b>304,913.51</b>
<b>EQUIPMENT &amp; WELLS:</b>							
PUMPS & EQUIPMENT							18,587.13
ENGINEERING WATER WELLS							9,059.50
WATER WELLS							152,099.03
SENATOR MTN NORTH WELL							11,100.00
WELL TESTING STUDIES							9,710.77
<b>TOTAL EQUIPMNET &amp; WELLS</b>							<b>200,556.43</b>
<b>HUALAPAI VALLEY WELLS</b>							
					Test	Test Draw	
	ADWR #	TD	SWL	Elev	GPM	Feet	
Eino #1	208803	1500	550	2905	200	8.95	124,198.93
High volume test					450	17	
Pocket Well	208805	1050	560	2820	223	46.3	116,343.37
Kathy Well	208802	714	651	3000	210	35.25	125,835.42
Stockton Hill Well	208801	1000	550	2870	234	59	137,541.69
H-1	212231	1200	414.2	2520	280	29.3	113,870.12
H-2	212232	910	616	2675	220	28.7	163,671.58
H-3	208804	1010	381	2350	256	198	89,877.19
H-4	212229	1190	552.4	2812	222	51.1	127,441.30
H-5	212227	1000	613.4	2920	214	10.6	
Sec3 (H-8) Abandoned	213082			4040	Pending		
<b>TOTAL HUALAPAI</b>							<b>988,779.60</b>
<b>TOTAL ALL COSTS PAID</b>							<b>3,293,774.54</b>

**Exhibit-3**

## ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply  
3550 North Central Avenue, 2<sup>nd</sup> Floor, Phoenix, Arizona 85012  
Telephone (602) 771-8585  
Fax (602) 771-8689



Janet Napolitano  
Governor

Herbert R. Guenther  
Director

### ANALYSIS OF ADEQUATE WATER SUPPLY

April 11, 2006

**File Number:** 23-401774.0000  
**Development:** The Ranch at White Hills  
**Complete Location:** T29N, R19W, Sec. 21, 29 & 33; T28N, R20W, Sec. 23, 25 & 35;  
 T28N, R19W, Sec. 9, 15, 17, 19, 21, 27, 29, 31, 33 & 35; T27 N, R21W, Sec. 13 & 25;  
 T27N, R20W, Sec. 1, 9, 13, 25, 31 & 35; T27 N, R19W, Sec. 1, 3, 9, 11, 13, 15, 19, 21,  
 23, 25, 27, 29, 31, 33 & 35; T25N, R21W, Sec 35; T25 N, R20W, Sec. 3, 5, 7, 9, 11,  
 12, 13, 14, 15, 17, 19, 21 & 23; T25N, R19W, Sec. 6, 8, 18 & 30; T24N, R20W, Sec.  
 13, 33 & 35. Mohave County, Arizona  
**Land Owners:** The Ranch at Temple Bar, LLC, a Nevada limited liability company; Joshua Tree, LLC,  
 a Nevada limited liability company; Arizona Acreage, LLC, a Nevada limited liability  
 company; Arizona Land Development, Inc., a Nevada Corporation; Silver Basin, Inc., a  
 Nevada corporation; Cactus & Stuff, LLC, a Nevada limited liability company;  
 Flannery & Allen LLC, a Nevada limited liability Company; Gateway Lots, LLC, a  
 Nevada limited liability company and Smith Ranch Commercial LLC, a Nevada limited  
 liability company as Owners

The Arizona Department of Water Resources has evaluated the Analysis of Adequate Water Supply application for The Ranch at White Hills pursuant to A.A.C. R12-15-723 and found the application to be complete and correct on March 31, 2006. The proposed development will consist of 20,500 Single-family and 4,500 Multi-family units. There will be a golf course and park areas within the development. The owner has indicated treated effluent will eventually be used to water these non-residential areas. Double Diamond Utilities will serve the master planned community. Conclusions of the review are indicated below based on the adequate water supply criteria referenced in A.R.S. § 45-108 and A.A.C. R12-15-701, 715, 723 *et seq.*

- Physical, Continuous, and Legal Availability of Water for 100 Years**  
 On the basis of the Department's review, the Department has determined that the applicant has demonstrated that 7,573 acre-feet per year of groundwater<sup>1</sup> and 2,734 acre-feet per year of treated effluent projected at build-out will be **physically available**, which exceeds the applicant's projected build-out demands for the development of 7,976 acre-feet per year. The applicant identified Double Diamond Utilities as the possible municipal provider. However, the application did not include a Notice of Intent to Serve form and is not within the service area boundaries of a water provider at this time. Individual Notices of Intent to Serve, evidence of the municipal provider's legal authority to serve the subdivision, and evidence of the wastewater treatment plant capacity will be required for each application for a Water Adequacy Report. **Legal and continuous availability** of the water are not proven at this time.

<sup>1</sup> The projected groundwater demand for this project (7,573 acre-feet per year) combined with the current and committed demand for existing uses and platted but undeveloped lots in the project area (3,472 acre-feet per year) results in a total groundwater demand of 11,045 acre-feet per year or 1,104,500 acre-feet after 100 years.

- **Adequate Water Quality**

The water provider's system has not been established at this time and therefore, applications for Water Adequacy Reports will be required to provide evidence that the water supplies are of adequate quality. This water quality requirement of an Analysis of Adequate Water Supply will be re-evaluated for each application for a Water Adequacy Report.

The term of this Analysis of Adequate Water Supply is ten years from the date of this letter and may be renewed upon request, subject to approval by the Department. Throughout the term of this determination, the Department, when reviewing other requests for adequate water supply in the area, will consider the projected demand of this development. The demand projected for this development assumes that the conservation measures the applicant has identified to the Department will be required for the homes in this development, including the water and energy efficient hot water systems, effluent use requirements for public parks, large turf areas and golf courses, low water use landscaping on the property, and water catchment systems for most of the homes and commercial buildings. Additionally, it must be noted that based upon the limited hydrogeologic data available for the proposed development area, the amount of groundwater that may be physically available to 1,200 feet below land surface for this project may be limited. As additional hydrogeologic data becomes available, applications for Water Adequacy Reports and the determination of physical availability in this analysis may be affected by that additional data.

Prior to obtaining plat approval by the local platting authority and approval of the public report by the Department of Real Estate, a Water Adequacy Report must be obtained for each subdivision plat. The findings of this Analysis of Adequate Water Supply may be used to demonstrate that groundwater and treated effluent supplies are physically available for at least 100 years for purposes of an application for Water Adequacy Report, unless new hydrogeologic data indicates otherwise. Applications for Water Adequacy Reports that follow the Analysis of Adequate Supply will need to reference this letter. This determination may be invalidated if the development plan or other conditions change materially prior to filing for a Water Adequacy Report.

Questions may be directed to the Office of Assured/Adequate Water Supply at (602) 771-8598.



Sandra Fabritz-Whitney, Assistant Director  
Water Management Division

cc: Mohave County Board of Supervisors  
Christine Ballard, Mohave County Planning and Zoning  
Paul Beecher, City of Kingman  
Greg Wallace, Errol Montgomery & Associates (Villages at White Hills)  
Herb Guenther, ADWR  
Joan Card, ADEQ  
Steve Olea, ACC  
Roy Tanney, ADRE

**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**Office of Assured and Adequate Water Supply**  
3550 North Central Avenue, Phoenix, Arizona 85012  
Telephone (602) 771-8500  
Fax (602) 771-8689



Jasot Napolitano  
Governor

Herbert R. Guenther  
Director

January 8, 2007

Kathy Tackett-Hicks  
Project Manager  
Mardian Ranch  
4132 S. Rainbow Blvd, PMB 324  
Las Vegas, NV 89103

**Re: Analysis of Adequate Water Supply**  
**Mardian Ranch (DWR No. 23-402028.0000)**

Dear Ms. Tackett-Hicks:

Enclosed is the Analysis of Adequate Water Supply for Mardian Ranch. Developers proposing subdivisions within the master planned community may refer to this analysis in lieu of a hydrologic study.

If you have questions regarding the contents of this letter or the application in general, please do not hesitate to contact Alan Dulaney at (602) 771-8597.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Dunham".

Douglas W. Dunham, Manager  
Office of Assured Water Supply

DWD/ard  
enclosure

cc: Doug Bartlett  
Clear Creek Associates  
6155 E. Indian School Rod, Suite 200  
Scottsdale, AZ 85251

**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**Office of Assured and Adequate Water Supply**  
3550 North Central Ave., Phoenix, Arizona 85012  
Telephone (602) 771-8585  
Fax (602) 771-8689



Janet Napolitano  
Governor

Herbert R. Guenther  
Director

**ANALYSIS OF ADEQUATE WATER SUPPLY**

January 8, 2007

**File Number:** 23-402028.0000  
**Development:** Mardian Ranch  
**Location:** Township 27 North, Range 18 West, Sections 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25, 29, 31, 33, 35  
Township 27 North, Range 19 West, Sections 1, 13, 25, 35  
Township 28 North, Range 17 West, Sections 7, 19, 21, 29, 31, 33  
Township 28 North, Range 18 West, Sections 13, 23, 25, 31, 33, 35  
Mohave County, Arizona  
**Land Owner:** Arizona Land Development, Inc., a Nevada corporation; Arizona Acreage, LLC, a Nevada limited liability company; Flannery & Allen, LLC, a Nevada limited liability company; Joshua Tree, LLC, a Nevada limited liability company; Pierce Ferry, LLC, a Nevada limited liability company; Red Lake Investment, LLC, a Nevada limited liability company; Section 21, LLC, a Nevada limited liability company; Section 29, LLC, a Nevada limited liability company

The Arizona Department of Water Resources has evaluated the Analysis of Adequate Water Supply application for Mardian Ranch pursuant to A.A.C. R12-15-712. The proposed development includes 23,000 single-family residential lots, commercial development, three golf courses, six schools, parks, and non-irrigated open spaces. The owner has indicated that most non-residential landscaping demand will eventually be met with treated effluent. The water provider that will deliver water to the master-planned development has not yet been established. Conclusions of the review are indicated below based on the adequate water supply criteria referenced in A.R.S. § 45-108 and A.A.C. R12-15-712.

- **Physical, Continuous, and Legal Availability of Water for 100 Years**  
On the basis of the Department's review, the Department has determined that 11,450 acre-feet per year of groundwater will be physically available, and based on that amount of groundwater, 2,491 acre-feet per year of treated effluent will be physically available at build-out. The total amount of water is 13,941 acre-feet per year, which exceeds the annual estimated water demand for the development of 12,778.32 acre-feet per year. The projected physical availability of the effluent is proven, assuming that treatment facilities will be constructed as presented. The development is not located inside of the current service area of any water provider. Therefore, both legal availability and continuous availability of the water are not considered proven at this time. Applications for Water Reports that follow the Analysis of Adequate Supply will need to reference this letter. Individual Notices of Intent to Serve will be required for each application for a Water Report. A review of the progress of completion of the necessary treatment and delivery systems will be conducted for each application for a Water Adequacy Report.

- **Adequate Water Quality**  
This requirement will be evaluated according to the criteria in A.A.C. R12-15-719 at the time an application for a Water Report is filed. Prior to preparing an application for a Water Report, the Office of Assured Water Supply may be contacted for further guidance.
- **Financial Capability of the Owner to Construct the Necessary Distribution System**  
This requirement will be evaluated according to the criteria in A.A.C. R12-15-720 at the time an application for a Water Report is filed. Prior to preparing an application for a Water Report for an individual subdivision plat, the Office of Assured Water Supply may be contacted for further guidance.

The term of this Analysis of Adequate Water Supply is ten years from the date of this letter and may be renewed upon request, subject to approval by the Department. See A.A.C. R12-15-712. Throughout the term of this determination, the annual estimated water demand of this development will be considered when reviewing other requests for adequate water supply in the area. The demand projected for this development assumes that the conservation measures the applicant has identified to the Department will be required for the homes in this development, including the effluent use requirements for public parks, large turf areas and golf courses and low water use landscaping on the property. Additionally, it must be noted that based upon the limited hydrogeologic data available for the proposed development area, the amount of groundwater that may be physically available to 1,200 feet below land surface for this project may be limited. As additional hydrogeologic data becomes available, applications for Water Adequacy Reports and the determination of physical availability in this analysis may be affected by that additional data.

Prior to obtaining plat approval by the local platting authority and approval of the public report by the Department of Real Estate, a Water Report must be obtained for each subdivision plat. The findings of this Analysis of Adequate Water Supply may be used to demonstrate that certain requirements for a Water Report have been met. This determination may be invalidated if the development plan or other conditions change prior to filing for a Water Report.

Questions may be directed to the Office of Assured/Adequate Water Supply at (602) 771-8585.

  
Sandra Fabritz-Whitney, Assistant Director  
Water Management Division

cc: Doug Bartlett, Clear Creek Associates  
Kathy Tackett-Hicks, Mardian Ranch  
Office of Assured and Adequate Water Supply  
Nicole Swindle, Legal Division  
Joan Card, Assistant Director, Arizona Department of Environmental Quality  
Steve Olea, Assistant Director, Arizona Corporation Commission  
Roy Tanney, Assistant Director, Arizona Department of Real Estate

## **Exhibit-4**



Legend

- SECTION LINE
- BOUNDARY LINE
- ROW LINE
- PHASE 1
- PHASE 2
- PHASE 3
- PHASE 4
- PHASE 5

PHASE	SMALL FAMILY	MULTI-FAMILY	TOTAL
1	335	165	500
2	420	80	500
3	500	0	500
4	240	260	500
5	120	380	500
TOTAL	1615	885	2500



Project  
 THE RANCH AT WHITE HILLS  
 DOUBLE DIAMOND UTILITIES  
 CCAN SUPPORT SERVICES  
 MOHAVE COUNTY, AZ U.S.A.

Title  
 EXHIBIT 1.2  
 DEVELOPMENT PHASING  
 SERVICE AREA

Project No.  
 181100501



Sec 29

Sec 32

Sec 30

Sec 25

Sec 36

Sec 1



Legend

- 8" PIPE
- 12" PIPE
- 18" PIPE
- SECTION LINE
- BOUNDARY LINE
- ROW LINE
- PRESSURE ZONE BOUNDARY
- STORAGE
- EXISTING WELL
- TREATMENT
- PUMP
- PV
- POTENTIAL FUTURE WELL



Project: THE RANCH AT WHITE HILLS  
 DOUBLE DIAMOND UTILITIES  
 CCM SUPPORT SERVICES  
 MOHAVE COUNTY, AZ, USA

Title: EXHIBIT 2.1  
 WATER INFRASTRUCTURE  
 SERVICE AREA

Project No. 18B102051



Sec 29

Sec 32



Sec 25

Sec 36

Sec 7

(11-7)

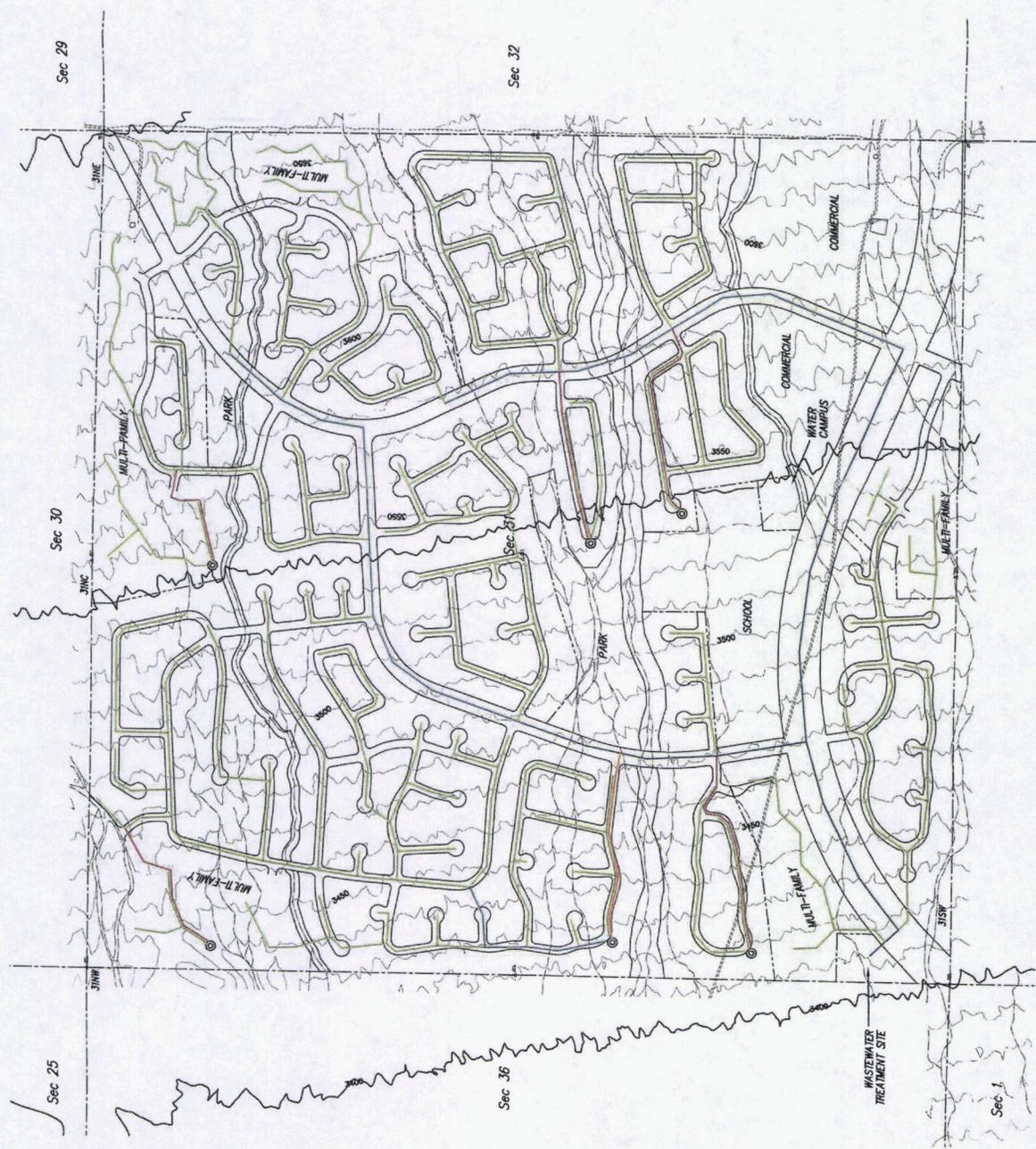


- Legend
- 6" PIPE
  - 12" PIPE
  - 15" PIPE
  - 6" M PIPE
  - 8" M PIPE
  - SECTION LINE
  - BOUNDARY LINE
  - ROW LINE
  - LEFT STATION



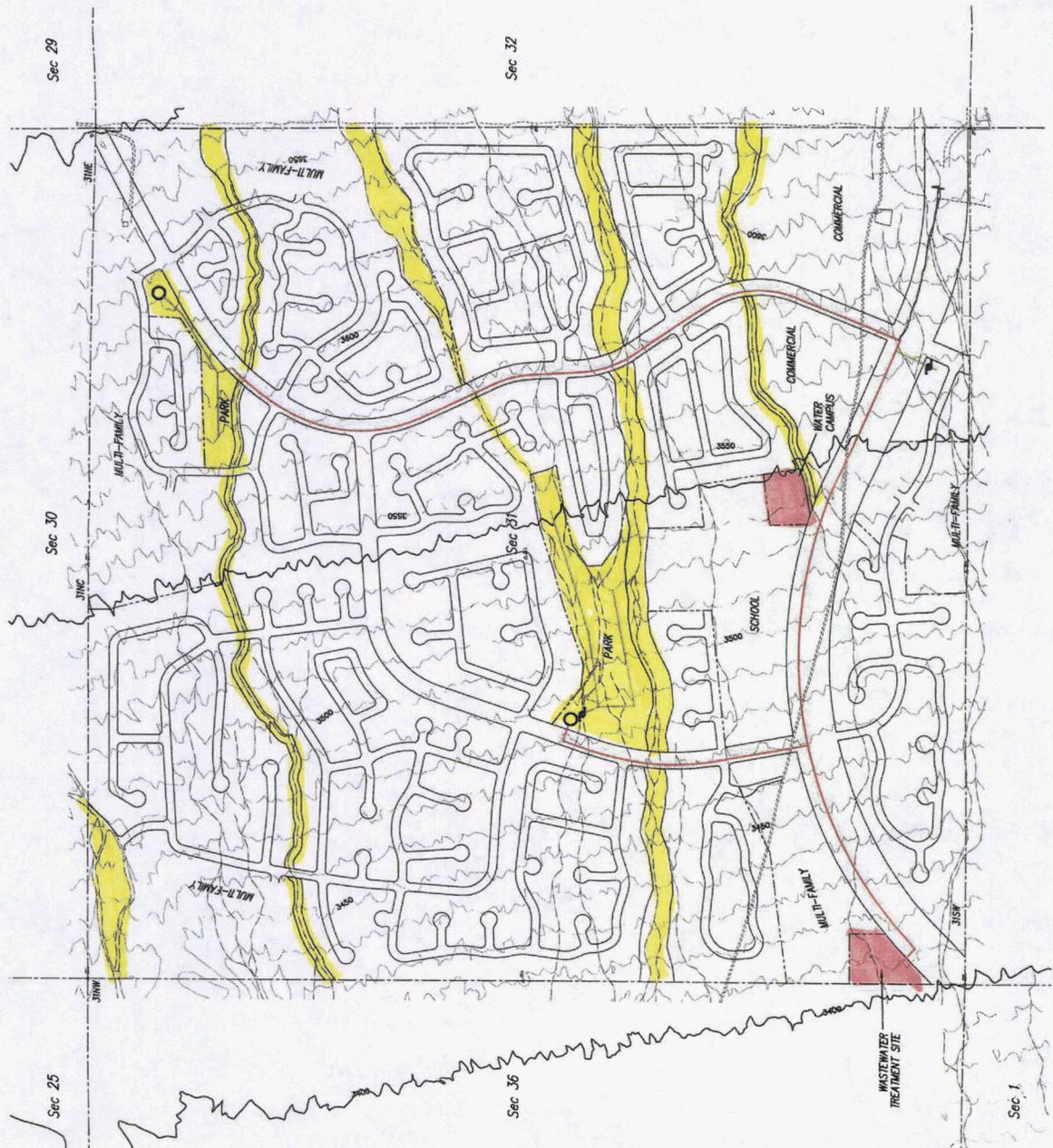
Project  
THE RANCH AT WHITE HILLS  
DOUBLE DIAMOND UTILITIES  
CCAN SUPPORT SERVICES  
MICHAEL COUNTY, AZ U.S.A.

Title  
EXHIBIT 3.1  
WASTEWATER INFRASTRUCTURE  
SERVICE AREA  
Project No.  
18170001





- Legend
- TRANSMISSION PIPE
  - SECTION LINE
  - BOUNDARY LINE
  - ROW LINE
  - DISTRIBUTION PIPE
  - PUMP
  - RECLAIMED STORAGE TANK OR POND



Project  
 THE RANCH AT WHITE HILLS  
 DOUBLE DIAMOND UTILITIES  
 CCM SUPPORT SERVICES  
 MOHAVE COUNTY, AZ, U.S.A.

Title  
 EXHIBIT 4.1  
 RECLAIMED WATER INFRASTRUCTURE  
 SERVICE AREA

Project No.  
 180105691

Scale

