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BEFORE THE ARIZONA CORPORATI

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Arizona Corporation Commission

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COMMISSIONERS

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

2014 DEC 18 P 3:45

AZ CORP COMMISSION  
DOCKET CONTROL

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IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY IN THE CITY OF CASA GRANDE AND IN PINAL COUNTY, ARIZONA.

Docket No. W-01445A-06-0199

ORIGINAL

IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-05-0926

IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY FOR AN EXTENSION FO ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-07-0300

IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-07-0300

ARIZONA WATER COMPANY, AN ARIZONA CORPORATION,

COMPLAINANT,

vs.

Docket No. W-01445A-06-0200  
Docket No. SW-20445A-06-0200  
Docket No. W-20446A-06-0200  
Docket No. W-03576A-06-0200  
Docket No. SW-03575A-06-0200

GLOBAL WATER RESOURCES, LLC, A FOREIGN LIMITED LIABILITY COMPANY; GLOBAL WATER RESOURCES, INC., A DELAWARE CORPORATION; GLOBAL WATER MANAGEMENT, LLC, A FOREIGN LIMITED LIABILITY COMPANY; SANTA

Global Water Utilities'  
Motion for Extension of Time

1 CRUZ WATER COMPANY, LLC, AN  
2 ARIZONA LIMITED LIABILITY  
3 CORPORATION; PALO VERDE UTILITIES  
4 COMPANY, LLC, AN ARIZONA LIMITED  
5 LIABILITY CORPORATION; GLOBAL  
6 WATER – PALO VERDE UTILITIES  
7 COMPANY, AN ARIZONA CORPORATION;  
8 JOHN AND JANE DOES I-20; ABC ENTITIES I-  
9 XX,

10 RESPONDENTS.

11 IN THE MATTER OF THE JOINT  
12 APPLICATION OF CP WATER COMPANY  
13 AND FRANCISCO GRANDE UTILITIES  
14 COMPANY TO TRANSFER THEIR  
15 CERTIFICATES OF CONVENIENCE AND  
16 NECESSITY AND ASSETS TO PALO VERDE  
17 UTILITIES COMPANY AND SANTA CRUZ  
18 WATER COMPANY.

Docket No. WS-01775A-07-0485  
Docket No. SW-03575A-07-0485  
Docket No. W-02442A-07-0485  
Docket No. W-03576A-07-0485

**Global Water Utilities’  
Motion for Extension of Time**

19 Global Water – Palo Verde Utilities Company (“Palo Verde”), Global Water – Santa Cruz  
20 Water Company (“Santa Cruz”) and CP Water Company (collectively, the “Global Water  
21 Utilities”) request that the Commission extend certain compliance deadlines set in Decision No.  
22 73146 (May 1, 2012), which are due on December 31, 2014. The compliance items are:

- 23 1) Santa Cruz to file an Approval to Construct (“ATC”) issued by the Arizona  
24 Department of Environmental Quality (“ADEQ”) for “the wells, mains, storage tank,  
25 and booster pump station installed to serve the first parcel in the requested extension  
26 area”<sup>1</sup>. Regarding this item, Santa Cruz is concurrently filing the ATC for the first well  
27 in the extension area<sup>2</sup>, and Santa Cruz requests an extension of time for the remaining  
requirements, that is, the mains, storage tank and booster pump station;

<sup>1</sup> Decision No. 73146 (May 1, 2012) at page 49, lines 20-23.

<sup>2</sup> If for any reason Staff does not find that this ATC meets the requirement, Santa Cruz also requests an extension for the well ATC.

- 1           2) Santa Cruz to file documentation from the Arizona Department of Water Resources
- 2            ("ADWR") approving an extension of Santa Cruz's Designation of Assured Water
- 3            Supply ("DAWS") for the CC&N extension area granted to Santa Cruz in this docket<sup>3</sup>;
- 4           3) Santa Cruz to file documentation from ADWR that Santa Cruz's DAWS has been
- 5            modified to include the area transferred to Santa Cruz by CP Water Company<sup>4</sup>;
- 6           4) Palo Verde to file an ATC from ADEQ for "the sewer mains that serve the first parcel
- 7            in the approved extension area"<sup>5</sup>.

8   **I. Approvals to Construct.**

9           Santa Cruz has obtained, and is concurrently filing, an ATC for a well to serve a portion of  
10          its North Service Area that was part of the extension area granted to Santa Cruz in this matter.  
11          Santa Cruz and Palo Verde have not yet obtained ATCs for the remaining infrastructure for the  
12          CC&N extension areas in this docket. These CC&N cases were filed before the real estate market  
13          crash in 2008, and due to the market slowdown, infrastructure in these areas is not yet needed.  
14          The extension areas in this case granted to Santa Cruz and Palo Verde include large areas added to  
15          the Southeast Service Area of the Global Water Utilities, as well as several small parcels added to  
16          the North Service Area. The Southeast Zone continues to see development interest, and as the  
17          market slowly improves, the Global Water Utilities anticipate that service will be needed in this  
18          area within the next five years. Accordingly, the Global Water Utilities request an extension of  
19          time to file the ATCs until December 31, 2019.

20   **II. DAWS.**

21           Santa Cruz's DAWS was first issued on 2007, and was extended in 2013. Santa Cruz's  
22          original DAWS order<sup>6</sup> is attached as Exhibit 1 and Santa Cruz's most recent DAWS order<sup>7</sup> is  
23          attached as Exhibit 2.

24          \_\_\_\_\_  
25          <sup>3</sup> Decision No. 73146 (May 1, 2012) at page 49, lines 24 to 27.  
26          <sup>4</sup> Decision No. 73146 (May 1, 2012) at page 49, line 28 to page 50, line 3.  
27          <sup>5</sup> Decision No. 73146 (May 1, 2012) at page 50, lines 4 to 6.  
            <sup>6</sup> AWS No. 2007-001, No. 26-402008.0000, issued December 27, 2007.  
            <sup>7</sup> AWS No. 2013-001, No. 86-402008.0001, issued March 12, 2013.

1 The certificated area granted to Santa Cruz in this docket is largely comprised of Santa  
2 Cruz's Southeast Service Area, together with a smaller area in Santa Cruz's North Service Area.  
3 Santa Cruz filed the application leading to its most recent DAWS on December 22, 2011, which is  
4 before the Commission issued its decision in this case, but over two years after the hearing in this  
5 docket. For water companies, ADWR will typically not extend a DAWS for a new service area  
6 until the ACC has granted CC&N, because ADWR relies on the CC&N to satisfy the "legal  
7 availability" requirement for a DAWS.<sup>8</sup> Thus, because the CC&N extension in this case had not  
8 yet been issued when the DAWS application was filed, the extension area granted to Santa Cruz in  
9 this docket was not included in the DAWS application filed in 2011 and granted in 2013.

10 In its most recent DAWS order, Santa Cruz was found to have 22,914.12 acre-feet per year  
11 of assured water supply for its North and Southwest Service Areas.<sup>9</sup> For comparison, in 2013  
12 Santa Cruz used 6,963.34 acre-feet, and Santa Cruz projects total water use of 7,248 acre feet for  
13 2014. Assuming a three percent annual growth rate from 2014 forward, Santa Cruz's projected  
14 usage for 2020 is 9,083 acre feet. This is well within Santa Cruz's already established assured  
15 water supply of 22,914.12 acre feet. The total assured water supply will increase in the future  
16 through extinguishment of Irrigation Grandfathered Rights (IGRs) as developers move forward  
17 with developing various undeveloped properties with associated IGRs.

18 Thus, Santa Cruz believes it will be able to demonstrate an assured water supply for the  
19 extension areas granted in this docket. However, Santa Cruz has not yet requested a new  
20 extension to its DAWS because it received its most recent DAWS in 2013, and obtaining a DAWS  
21 is an expensive and time-consuming process.

22 For the reasons described above, Santa Cruz anticipates that ADWR will ultimately  
23 include the extension area granted to Santa Cruz in this case in its next DAWS update. Santa Cruz  
24 anticipates filing its next application to update its DAWS in 2016, and anticipates an ADWR order  
25

26 \_\_\_\_\_  
<sup>8</sup> See Arizona Administrative Code R12-15-718(C).

27 <sup>9</sup> ADWR AWS 2013-001, Conclusion of Law No. 1, and Attachment B.

1 by 2018. To allow for unanticipated contingencies, Santa Cruz requests an extension of the  
2 DAWS requirements until December 31, 2019.

3 **III. Requests for Service.**

4 In June 2009, the extension areas granted to the Global Water Utilities in this docket  
5 included over 60 parcels. The extension area for the Global Water Utilities' Southeast Service  
6 Area alone contained 58 parcels.<sup>10</sup> Additional parcels were included in the North Service Area.<sup>11</sup>  
7 Over five years later, it is likely that the number of parcels has only grown as parcels have been  
8 sold and divided.

9 Locating and contacting all of these landowners would be extremely administratively  
10 burdensome. Thus, the Global Water Utilities should not be required to obtain new request for  
11 service.

12 There is Commission precedent supporting approving an extension of time without  
13 additional requests for service when the effort would not be worth the benefit. In Decision No.  
14 73878 (May 8, 2013), the Commission approved an motion for extension of time where the Global  
15 Utilities had not provided request for service. The Global Utilities' motion for extension of time  
16 explained that there were at least 47 parcels in the extension area in that docket.<sup>12</sup> In contrast,  
17 there are even more parcels included in this docket.

18 Moreover, in this case, the Commission granted the Global Utilities substantial areas with  
19 no requests for service, indeed even areas that the Global Utilities did not request.<sup>13</sup> The  
20 Commission extended the CC&Ns of the Global Utilities and Arizona Water to numerous parcels  
21 without request for service.<sup>14</sup> For the Global Utilities, the Commission explained that "[w]e...

22  
23 <sup>10</sup> See Exhibit G-4 (map) and G-27 (parcel summary) admitted during the June 2009 hearing; see  
24 also Global's Late-Filed Exhibit submitted on June 30, 2009 (updated summary and map). A  
copy of Exhibit G-27 is included as Exhibit B to Decision No. 73146.

25 <sup>11</sup> See Decision No. 73146 at Exhibit F.

26 <sup>12</sup> Docket 06-0545, motion for extension of time filed December 31, 2012.

27 <sup>13</sup> Compare Exhibit G-4 from the June 2009 hearing to Amended Exhibit F to Decision No. 73146.

<sup>14</sup> Decision No. 73146 at Findings of Fact Nos. 125-138. See also Findings of Facts Nos. 73-88  
for background on the request for service issues in this case.

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1 also find it appropriate to fill in areas around which the Global Utilities received requests for  
2 service, in order to create more logical boundaries as illustrated in Amended Exhibit F attached  
3 hereto.”<sup>15</sup> Thus, requiring requests for service for a motion for extension of time would be  
4 inconsistent with the rationale of the decision in this case.

5 **IV. Conclusion.**

6 The Decision in this case arose after Arizona Water and the Global Utilities settled a  
7 number of hotly contested CC&N cases that were consolidated in these dockets. Although this  
8 case has been lengthy and complex, ultimately the voluntary resolution of these highly  
9 controversial matters was in the public interest.

10 This is the Global Utilities’ first motion for extension of time in this docket. The Global  
11 Utilities request that they be granted extensions of time as follows:

- 12 • To file water and wastewater ATCs, extension until December 31, 2019;
- 13 • To file DAWS for the extension areas granted to Santa Cruz in this case, and for  
14 the area transferred to Santa Cruz from CP, extension until December 31, 2019;

15  
16 RESPECTFULLY SUBMITTED this 18<sup>th</sup> day of December 2014.

17 ROSHKA DEWULF & PATTEN, PLC

18  
19 By Timothy J. Sabo  
20 Michael W. Patten  
21 Timothy J. Sabo  
22 One Arizona Center  
23 400 East Van Buren Street, Suite 800  
24 Phoenix, Arizona 85004  
25 Attorneys for the Global Utilities  
26

27 <sup>15</sup> Decision No. 73146 at pages 44-45, Finding of Fact No. 137.

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- 1 Original + 13 copies of the foregoing  
2 filed this 10<sup>th</sup> day of December, 2014 with:
- 3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington  
6 Phoenix, Arizona 85007
- 7 Copies of the foregoing hand-delivered/mailed  
8 This 10<sup>th</sup> day of December 2014 to:
- 9 Dwight D. Nodes, Esq.  
10 Assistant Chief Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007
- 15 Janice Alward, Esq.  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington  
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- 20 Steve Olea  
21 Director, Utilities Division  
22 Arizona Corporation Commission  
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14 By *Jacquelyn Howard*  
15  
16  
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18  
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20  
21  
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23  
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26  
27

## **Exhibit-1**

**ARIZONA DEPARTMENT OF WATER RESOURCES**

**Office of Assured and Adequate Water Supply**

3550 North Central Ave., 2<sup>nd</sup> Floor, Phoenix, AZ 85012

Telephone 602 771-8585

Fax 602 771-8689



JANET NAPOLITANO  
Governor

HERB GUENTHER  
Director

December 27, 2007

Cindy Liles  
Global Water Resources  
21410 N 10<sup>th</sup> Ave, Ste 201  
Phoenix, AZ 85027

Re: Designation of Assured Water Supply (DWR No. 26-402008) Santa Cruz Water Company

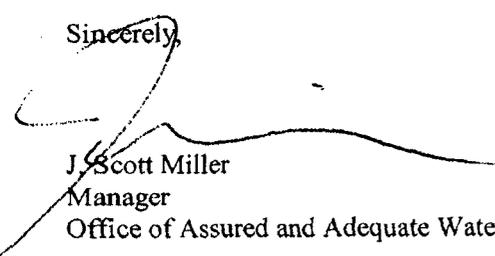
Dear Ms. Liles:

I am pleased to inform you that the Department of Water Resources has approved the application for a Designation of Assured Water Supply for Santa Cruz Water Co. We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of the Santa Cruz Water Company's responsibilities in maintaining the Designation.

The Santa Cruz Water Company's status as a designated water provider demonstrates that the Santa Cruz Water Company is taking a long-term perspective in managing water resources. The Santa Cruz Water Company's commitment to sound water management represents a major contribution to the State's water management goal of achieving safe-yield in the Pinal Active Management Area.

If you have any questions regarding these documents, please contact me at (602) 771-8604.

Sincerely,

  
J. Scott Miller  
Manager  
Office of Assured and Adequate Water Supply

cc: Mr. Roy Tanney, Arizona Department of Real Estate  
Mr. Cliff Neal, Central Arizona Groundwater Replenishment District  
Phoenix AMA Director

1  
2 **DEPARTMENT OF WATER RESOURCES**  
3 **BEFORE THE DIRECTOR**  
4

5  
6 **IN THE MATTER OF THE APPLICATION OF ) AWS No. 2007-001**  
7 **SANTA CRUZ WATER COMPANY )**  
8 **FOR A DESIGNATION AS HAVING AN ASSURED ) DECISION AND ORDER**  
9 **WATER SUPPLY )**  
10 **\_\_\_\_\_ )**  
11 **No. 26-402008.0000**

12 **I. INTRODUCTION**

13 On January 24, 2006, the Department of Water Resources (Department) received an  
14 application from the Santa Cruz Water Company (Santa Cruz) requesting that the Department  
15 modify Santa Cruz's designation of assured water supply pursuant to A.R.S. § 45-576(D) and  
16 A.A.C. R12-15-701, *et seq.* On October 27, 2006, the Department determined the application to  
17 be complete. On February 1, 2007 and February 8, 2007, the Department gave public notice  
18 pursuant to A.R.S. § 45-578 and no objections were filed with the Department.

19 After receiving Santa Cruz's application to modify its designation of assured water  
20 supply, the Department reviewed relevant information regarding the modification request,  
21 including: 1) the hydrologic study for the proposed groundwater supply submitted with the  
22 application and other information on file with the Department; 2) information regarding Santa  
23 Cruz's consistency with the management plan and management goal for the Pinal Active  
24 Management Area (AMA); and 3) information regarding Santa Cruz's financial capability to  
25 construct the necessary delivery system, treatment works and storage facilities. Based on that  
26 information the Department makes the following Findings of Fact, Conclusions of Law, and  
27 Order of Designation and Conditions of Designation:  
28

1  
2 **II. FINDINGS OF FACT**

- 3 1. Santa Cruz is a private water company regulated by the Arizona Corporation Commission  
4 (ACC) and is a wholly owned subsidiary of Global Water Resources, LLC (Global).  
5 2. Santa Cruz currently serves water through its distribution system to its customers.  
6 3. On October 24, 2003, Santa Cruz was designated as having an assured water supply in  
7 Decision and Order AWS 2003-006, No. 26-400804.0000.  
8 4. On May 4, 2006, the Department issued Decision and Order AWS No. 2006-001, No. 26-  
9 401667.0000, modifying Decision and Order AWS 2003-006 and ordering that Santa  
10 Cruz's designation as having an assured water supply continue.  
11 5. Santa Cruz has the legal authority to provide water service to its customers located within  
12 the geographic area described in its Certificate of Convenience and Necessity (CC&N).  
13 See ACC Decision No. 67830, May 5, 2005; ACC Decision No. 68448, Feb. 2, 2006.  
14 6. On March 31, 2005, Global entered into an agreement with Sonoran Utility Services,  
15 LLC, the operator of the 387 Domestic Water Improvement District in Pinal County (387  
16 District), in which Global assumed operation of the 387 District.  
17 7. In April 2005, Global interconnected the distribution systems for Santa Cruz and the 387  
18 District.  
19 8. Since April 2005, Santa Cruz has effectively provided water service to the 387 District.  
20 9. On June 15, 2005, Santa Cruz acquired the assets of the 387 District.  
21 10. On June 30, 2005, Santa Cruz applied to the ACC for an extension of its CC&N to  
22 provide water service to the public in the area served by the 387 District. (The area  
23 sought to be added to Santa Cruz's CC&N is referred to herein as the "387 District  
24 area.") Santa Cruz is continuing to pursue that application.  
25  
26  
27  
28

1  
2 **Physical and Continuous Availability of Groundwater: Service Area No. 56-001355.0000**

- 3 11. Santa Cruz has the right to withdraw and deliver groundwater to its customers pursuant to  
4 Service Area Right No. 56-001355.0000 within its current service area (Service Area No.  
5 56-001355.0000).
- 6 12. Santa Cruz's current demand for its Service Area No. 56-001355.0000 as of calendar  
7 year 2006 is 4,278.98 acre-feet per year ("Service Area No. 56-001355.0000 current  
8 demand").
- 9  
10 13. Santa Cruz's committed demand for its Service Area No. 56-001355.0000 as of calendar  
11 year 2006 is 3,228 acre-feet per year (Service Area No. 56-001355.0000 committed  
12 demand). This includes committed demand within the 387 District area.
- 13 14. Santa Cruz's projected demand for its Service Area No. 56-001355.0000 for 2013, the  
14 sixth calendar year from the date of this Decision and Order, is 14,997.78 acre-feet  
15 (Service Area No. 56-001355.0000 2013 projected demand). The Service Area No. 56-  
16 001355.0000 2013 projected demand does not include the Service Area No. 56-  
17 001355.0000 current demand or the Service Area No. 56-001355.0000 committed  
18 demand, but does include the demand at build-out of plats reasonably projected to be  
19 approved through calendar year 2013. The Service Area No. 56-001355.0000 2013  
20 projected demand includes the projected demand within the 387 District area.
- 21  
22 15. Santa Cruz's Service Area No. 56-001355.0000 annual estimated water demand, which is  
23 the sum of the Service Area No. 56-001355.0000 current demand, the Service Area No.  
24 56-001355.0000 committed demand and the Service Area No. 56-001355.0000 2013  
25 projected demand, is 22,504.76 acre-feet per year. (Service Area No. 56-001355.0000  
26 annual estimated water demand.)  
27  
28

1  
2 16. Historic hydrologic information demonstrates that the depth-to-static water level within  
3 Santa Cruz's service areas currently ranges from approximately 437 feet to 623 feet  
4 below land surface.

5 17. Santa Cruz demonstrated in a previous application that after one hundred years of  
6 withdrawing 25,575.21 acre-feet per year of groundwater within Service Area No. 56-  
7 001355.0000, the depth-to-static water level is not expected to exceed 1,100 feet below  
8 land surface.

9  
10 18. Santa Cruz has demonstrated that wells of sufficient capacity are in place to deliver  
11 25,575.21 acre-feet per year of groundwater to its Service Area No. 56-001355.0000.

12 **Physical and Continuous Availability of Groundwater: Southwest Service Area**

13 19. Santa Cruz has submitted an Initial Notice of Intent to Establish a New Service Area  
14 Right for a separate service area (Southwest Service Area), which was approved by the  
15 Department on February 9, 2007. The Initial Notice includes the following information:

- 16 a. Santa Cruz has obtained permits for Well No. 55-612247 and Well No. 55-592236.  
17  
18 b. Santa Cruz has leased Type 2 Non-Irrigation Grandfathered Right No. 58-  
19 109249.0007 for 250 acre-feet per year through December 31, 2008.

20 20. Santa Cruz's current demand for its Southwest Service Area as of calendar year 2006 is 0  
21 acre-feet per year (Southwest Service Area current demand).

22 21. Santa Cruz's committed demand for its Southwest Service Area as of calendar year 2006  
23 is 0 acre-feet per year (Southwest Service Area committed demand).

24  
25 22. Santa Cruz's projected demand for its Southwest Service Area for 2013, the sixth  
26 calendar year from the date of this Decision and Order, is 1,474.57 acre-feet (Southwest  
27 Service Area 2013 projected demand). The Southwest Service Area 2013 projected  
28

1  
2 demand does not include the Southwest Service Area current demand or the Southwest  
3 Service Area committed demand, but does include the demand at build-out of plat  
4 reasonably projected to be approved through calendar year 2013 within the Southwest  
5 Service Area.

6 23. Santa Cruz's Southwest Service Area annual estimated water demand, which is the sum  
7 of the Southwest Service Area current demand, Southwest Service Area committed  
8 demand and the Southwest Service Area 2013 projected demand, is 1,474.57 acre-feet  
9 per year. (Southwest Service Area annual estimated water demand.)  
10

11 24. Historic hydrologic information demonstrates that the depth-to-static water level within  
12 Santa Cruz's service areas currently ranges from approximately 437 feet to 623 feet  
13 below land surface.

14 25. Santa Cruz has demonstrated that after one hundred years of withdrawing 16,806.90 acre-  
15 feet per year of groundwater within the Southwest Service Area, the depth-to-static water  
16 level is not expected to exceed 1,100 feet below land surface.  
17

18 26. Santa Cruz has demonstrated that wells of sufficient capacity are in place to deliver  
19 1,474.57 acre-feet per year of groundwater to its Southwest Service Area.

20 **Consistency with Management Goal**

21 27. As of the date of this Decision and Order, Santa Cruz's groundwater allowance pursuant  
22 to A.A.C. R12-15-725(A)(2)(a) is 4,266.1 acre-feet per year, based on the service area  
23 population as of October 1, 2007. As of the date of this Decision and Order, Santa Cruz  
24 has not yet provided information regarding residential lots within plats recorded prior to  
25 October 1, 2007, but not yet served water as of that date, and to which Santa Cruz has  
26 commenced water service. The Department will modify Santa Cruz's groundwater  
27  
28

1  
2 allowance during the term of the designation as Santa Cruz submits the necessary  
3 information.

4 28. Pursuant to A.A.C. R12-15-725(A)(3), the Director shall add a volume of incidental  
5 recharge to Santa Cruz's groundwater allowance each calendar year based on its total  
6 water use from any source in the previous calendar year. Santa Cruz's incidental  
7 recharge volume for calendar year 2007 is 171.16 acre-feet. The Director will continue  
8 to add a volume of incidental recharge to Santa Cruz's groundwater allowance each  
9 calendar year, in accordance with A.A.C. R12-15-725(A)(3).  
10

11 29. As of October 1, 2007, Santa Cruz pledged a total of 8,692.52 acre-feet per year of  
12 extinguishment credits to its designation, as shown in Attachment A to this Decision and  
13 Order. These extinguishment credits will be calculated according to A.A.C. R12-15-  
14 722(E)(3)(a).  
15

16 30. During the effective period of this Decision and Order, Santa Cruz intends to pledge  
17 additional extinguishment credits in support of its designation. Such extinguishment  
18 credits shall be calculated according to R12-15-722(E)(2) or R12-15-722(E)(3)(b), as  
19 appropriate.  
20

21 31. The Director previously issued Certificates of Assured Water Supply for subdivisions  
22 within the 387 District area. In order to demonstrate that proposed groundwater  
23 withdrawals for these subdivisions will be consistent with the management goal for the  
24 Pinal AMA, extinguishment credits were pledged to each subdivision. The  
25 extinguishment credits pledged to the subdivisions total 1,224.7 acre-feet per year, as  
26 shown in Attachment A to this Decision and Order. These extinguishment credits shall  
27 be calculated according to R12-15-722(E)(3)(b).  
28

1  
2 32. Prior to October 1, 2007, Santa Cruz had a balance of 12,028.86 acre-feet of combined  
3 unused extinguishment credits and unused groundwater allowance from previous  
4 calendar years.

5 **Consistency with the Management Plan**

6 33. Santa Cruz is currently regulated as a large municipal provider under the Municipal  
7 Conservation Program in the Third Management Plan for the Pinal AMA (Management  
8 Plan). As of the date of this order, Santa Cruz has not been found to be out of  
9 compliance with the Third Management Plan.  
10

11 **Water Quality**

12 34. Santa Cruz is regulated by ADEQ as a public water system, pursuant to A.R.S. § 49-351,  
13 *et seq.*, and is not in significant noncompliance, as of the date of this Decision and Order.  
14

15 **Financial Capability**

16 35. In accordance with ACC Rules and Regulations, Santa Cruz finances extensions of its  
17 distribution system through equity and by line extension agreements with owners of new  
18 developments. Any owner of a new subdivision served by Santa Cruz must prove  
19 financial capability to construct the necessary water infrastructure to the appropriate  
20 platting entity and the Arizona Department of Real Estate pursuant to Titles 9, 11, and 32  
21 of Arizona Revised Statutes.  
22

23 **III. CONCLUSIONS OF LAW**

24 Having reviewed the Findings of Fact, the Department makes the following Conclusions of Law:

- 25 1. Santa Cruz has demonstrated that 22,504.76 acre-feet per year of groundwater will be  
26 physically available, continuously available and legally available within its Service Area  
27 No. 56-001355.0000 for at least 100 years and will be consistent with the management  
28

1  
2 goal. See A.A.C. R12-15-716; R12-15-717; R12-15-718; R12-15-722. This volume of  
3 groundwater, 22,504.76 acre-feet per year, is equal to Santa Cruz's Service Area No. 56-  
4 001355.0000 annual estimated water demand, which is 22,504.76 acre-feet per year. See  
5 Attachment B to this Decision and Order.

6 2. Santa Cruz has demonstrated that 1,474.57 acre-feet per year of groundwater will be  
7 physically available, continuously available and legally available within its Southwest  
8 Service Area for at least 100 years and will be consistent with the management goal. See  
9 A.A.C. R12-15-716; R12-15-717; R12-15-718; R12-15-722. This volume of  
10 groundwater, 1,474.57 acre-feet per year, is equal to Santa Cruz's Southwest Service  
11 Area annual estimated water demand, which is 1,474.57 acre-feet per year. See  
12 Attachment B to this Decision and Order.

13 3. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Santa Cruz's annual estimated water  
14 demand that will be met with groundwater within its Service Area No. 56-001355.0000 is  
15 22,504.76 acre-feet per year, and its annual estimated water demand that will be met with  
16 groundwater within its Southwest Service Area is 1,474.57 acre-feet per year.

17 4. In accordance with the requirements of A.A.C. R12-15-722(E), Santa Cruz has  
18 demonstrated that its projected use of groundwater is consistent with the management  
19 goal of the Pinal Active Management Area.

20 5. The water supply served by Santa Cruz will be of adequate quality, pursuant to A.A.C.  
21 R12-15-719(A)(1).

22 6. In accordance with A.A.C. R12-15-721, Santa Cruz meets the standard established for  
23 determining consistency with the Management Plan for the Pinal AMA.

24 7. Santa Cruz has satisfied the financial capability criteria prescribed in A.A.C. R12-15-720.  
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1  
2 8. Santa Cruz has satisfied all requirements for a designation of assured water supply.

3 **IV. ORDER OF DESIGNATION AND CONDITIONS OF DESIGNATION**

4 Having reviewed the Conclusions of Law, the Director hereby issues this Decision and Order  
5 designating Santa Cruz as having an assured water supply, subject to the following conditions:

- 6 1. The Department reserves the right under A.A.C. R12-15-711(C) to periodically review  
7 and modify the designation as conditions warrant.  
8  
9 2. Pursuant to A.A.C. R12-15-711(F), the Department may revoke this designation if the  
10 findings of fact or the conclusions of law upon which the designation is based change or  
11 are invalid, or if an assured water supply no longer exists.  
12  
13 3. The Director's determination that an assured water supply exists for Santa Cruz is based  
14 on its review of the water supplies pledged by Santa Cruz.  
15  
16 4. Santa Cruz shall submit an application to modify this decision and order designating  
17 Santa Cruz as having an assured water supply to increase the term of the designation  
18 when the sum of Santa Cruz's current demand, committed demand and two-year  
19 projected demand for its Service Area No. 56-001355.0000 exceeds 22,504.76 acre-feet  
20 per year, when the sum of Santa Cruz's current demand, committed demand and two-year  
21 projected demand for its Southwest Service Area exceeds 1,474.57, or by January 1,  
22 2012, whichever is earlier.  
23  
24 5. Pursuant to A.A.C. R12-15-711(F)(3), Santa Cruz shall continue to comply with A.A.C.  
25 Title 18, Chapter 4 after the date of this designation.  
26  
27 6. Santa Cruz shall notify the Department when the ACC issues any order, including a final  
28 decision and/or order, regarding its CC&N.  
7. This Decision and Order designating Santa Cruz as having an assured water supply shall

1  
2 apply to Santa Cruz's legally authorized service area, including the 387 District area.

3 8. Santa Cruz shall comply with any applicable requirements in A.R.S. Title 45, Chapter 15.

4 9. Santa Cruz may pledge additional extinguishment credits to its designation as its service  
5 areas develop. If Santa Cruz intends to add extinguishment credits to its groundwater  
6 account, it must notify the Department's Office of Assured and Adequate Water Supply  
7 to add these credits to its groundwater account.

8  
9 10. Santa Cruz shall annually provide to the Department the following information in the  
10 manner prescribed in A.A.C. R12-15-711(A):

11 a. An estimate of the demand of platted, undeveloped lots located within Santa  
12 Cruz's Service Area No. 56-001355.0000.

13 b. An estimate of the demand at build-out of customers within Santa Cruz's Service  
14 Area No. 56-001355.0000 with which Santa Cruz has entered into a notice of  
15 intent to serve agreement in the calendar year.

16 c. An estimate of the demand of platted, undeveloped lots located within Santa  
17 Cruz's Southwest Service Area.

18 d. An estimate of the demand at build-out of customers within Santa Cruz's  
19 Southwest Service Area with which Santa Cruz has entered into a notice of intent  
20 to serve agreement in the calendar year.

21 e. A report regarding Santa Cruz's compliance with water quality requirements.

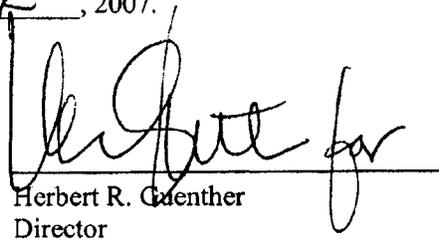
22 f. The depth-to-static water level of all wells from which Santa Cruz withdrew water  
23 during the calendar year.  
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g. Any other information requested by the Director to determine whether to continue Santa Cruz is continuing to meet all the requirements necessary to maintain this designation of assured water supply.

**IT IS HEREBY ORDERED THAT SANTA CRUZ WATER COMPANY BE DESIGNATED AS HAVING AN ASSURED WATER SUPPLY UNTIL DECEMBER 31, 2013.**

DATED this 27<sup>th</sup> day of DECEMBER, 2007.

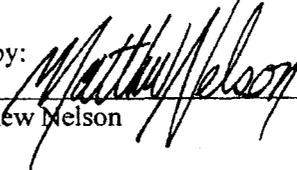


Herbert R. Gaenther  
Director  
Arizona Department of Water Resources

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A copy of the foregoing  
**Decision and Order** mailed  
by certified mail this 27<sup>th</sup>  
day of December,  
2007 to the following:

Certified Mail No.  
7006 0810 0004 6002 6352

Sent by:   
Matthew Nelson

Cindy Liles  
Global Water Resources, LLC  
21410 North 19<sup>th</sup> Avenue, Suite 201  
Phoenix, Arizona 85027

First class mail copies to:

Clear Creek Associates  
6155 E. Indian School Rd., Ste 200  
Scottsdale, AZ 85251-5499

Michael J. Pearce, Esq.  
Maguire and Pearce, P.L.L.C.  
2999 N. 44<sup>th</sup> St., Suite 630  
Phoenix, AZ 85018

Mr. Roy Tanney  
Arizona Department of Real Estate  
2910 N. 44th Street  
Phoenix, Arizona 85018

Mr. Randy Edmond  
Pinal AMA  
1729 N. Trekell Rd., Suite 105  
Casa Grande, Arizona 85222

**ATTACHMENT A: Summary of Santa Cruz Water Company Extinguishment Credits Extinguished and Pledged prior to October 1, 2007**  
 Designation of Assured Water Supply for Santa Cruz Water Company 26-401667.0000

Extinguishment No.	Acre-feet/year	Year Signed	Year Applied	Pledged to:
<b>Santa Cruz Water Company pledged extinguishments:</b>				
58-102952.0003	450.01	2000	2000	2000 26-400360.0000 (Original designation)
58-102952.0008	207.30	2003	2003	2003 26-400804.0000 (Modification of 26-400360.0000)
58-102952.0009	232.60	2003	2003	2003 26-400804.0000 (Modification of 26-400360.0000)
58-102952.0010	42.00	2003	2003	2003 26-400804.0000 (Modification of 26-400360.0000)
58-102952.0012	53.64	2005	2005	2003 26-401667.0000 (Modification of 26-400804.0000)
58-102625.0008	160.50	2005	2005	2005 26-401667.0000 (Modification of 26-400804.0000)
58-150035.0009	380.00	2005	2005	2003 26-401667.0000 (Modification of 26-400804.0000)
58-150035.0007	282.00	2005	2005	2003 26-401667.0000 (Modification of 26-400804.0000)
58-102625.0011	600.15	2005	2005	2003 26-401667.0000 (Modification of 26-400804.0000)
58-111746.0003	204.30	2005	2005	2005 26-400804.0000 (Modification of 26-400360.0000)
58-100025.0009	281.96	2007	2007	2006 26-401667.0000 (Modification of 26-400804.0000)
58-101962.0015	249.00	2005	2005	2006 26-401667.0000 (Modification of 26-400804.0000)
58-111941.0022	370.50	2005	2005	2004 26-401667.0000 (Modification of 26-400804.0000)
58-103658.0005	232.50	2006	2006	2006 26-400804.0000 (Modification of 26-400360.0000)
58-101962.0010	718.50	2006	2006	2005 26-400804.0000 (Modification of 26-400360.0000)
58-150081.0002	309.00	2006	2006	2005 26-400804.0000 (Modification of 26-400360.0000)
58-111746.0002	809.70	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-102626.0006	15.00	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-101962.0014	440.33	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-102342.0032	196.50	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-102952.0015	1,050.08	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-150022.0007	416.70	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-150022.0006	374.25	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-102628.0003	114.00	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-102629.0006	145.50	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-104816.0010	132.00	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-104816.0009	171.00	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
58-102626.0007	73.50	2007	2007	2007 26-401667.0000 (Modification of 26-400804.0000)
<b>TOTAL</b>	<b>8,692.52</b>			
<b>Extinguishment Credits pledged to the Subdivisions:</b>				
58-102329.0005	329.10	2004	2004	2003 27-401014.0004 (Mancopa Meadows - later re-issued as 27-401309.0000)
58-109710.0002	210.31	2004	2004	2004 27-401185.0000 (Smith Farms)
58-103658.0004	84.41	2004	2004	2003 27-401143.0000 (Palo Brea)
58-111941.0016	270.82	2005	2005	2004 27-401726.0000 (Tortosa South)
58-111941.0014	330.08	2005	2005	2004 27-401243.0000 (Tortosa)
<b>Subtotal</b>	<b>1,224.72</b>			
<b>TOTAL</b>	<b>9,917.24</b>			

Attachment B  
**Santa Cruz Water Company Designation Application**  
**Water Source and Supply Summary**  
 File No. 26-402008.0000

Source	Physical Availability	Capacity	Legal Authority	Consistency with goal	TOTAL (meets all assured water supply requirements)
<i>Groundwater:</i> Santa Cruz Water Company main system	25,575.21 af/yr	Available well capacity = 26,502 af/yr	Service Area Right #56-001355.0000	1) Groundwater allowance based on October 1, 2007 service area population = 4,266.1 af/yr <sup>1</sup> 2) Incidental recharge = 171.16 af/yr <sup>1</sup> 3) Extinguishment credits as of October 1, 2007 = 8,692.52 af/yr <sup>2</sup> 4) Extinguishment credits as of October 1, 2007 associated with Certificates of Assured Water Supply in the 387 District = 1,224.7 af/yr <sup>2</sup> 5) Groundwater allowance balance prior to October 1, 2007 = 12,028.86 acre-feet <sup>2</sup>	22,504.76 acre-feet per year
Santa Cruz Water Company southwest service area	16,806.90 af/yr	Available well capacity = 2,903 af/yr	Pending service area right – Initial Notice of Intent approved by the Department February 9, 2007		1,474.57 acre-feet per year

NOTES:

<sup>1</sup> Any unused balance after each calendar year shall not be added to the balance of the following calendar year.

<sup>2</sup> Any unused balance after each calendar year shall be added to the balance of the following calendar year.

## **Exhibit-2**

JANICE K. BREWER

Governor



SANDRA A. FABRITZ-WHITNEY

Director

**ARIZONA DEPARTMENT OF WATER RESOURCES**

3550 North Central Avenue, Second Floor  
PHOENIX, ARIZONA 85012-2105  
(602) 771-8500

**Via Certified Mail**

March 12, 2013

Mr. Ron Fleming  
Santa Cruz Water Co., LLC  
21410 N 19<sup>th</sup> Ave, Suite 201  
Phoenix, AZ 85027

Re: Modification of a Designation of Assured Water Supply (DWR No. 86-402008.0001) Santa Cruz Water Company, LLC

Dear Mr. Fleming:

I am pleased to inform you that the Department of Water Resources has approved the application for a Modification of a Designation of Assured Water Supply for Santa Cruz Water Co., LLC.

We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of Santa Cruz Water Co's responsibilities in maintaining the Designation.

Santa Cruz Water Co's status as a designated water provider demonstrates that it is taking a long-term perspective in managing water resources. Santa Cruz Water Co's commitment to sound water management represents a major contribution to the State's water management goals in the Pinal Active Management Area.

If you have any questions regarding these documents, please contact me at (602) 771-8615.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andrew J. Craddock".

Andrew J. Craddock, Manager  
Recharge, Assured & Adequate Water Supply Programs

AJC/rbo

cc: Via electronic mail:

Susan Armijo, Global Water Resources, LLC  
Robin King, Arizona Department of Real Estate  
Jeff Tannler, Active Management Area Director  
Steve Olea, Arizona Corporation Commission

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**ARIZONA DEPARTMENT OF WATER RESOURCES**

**BEFORE THE DIRECTOR**

**IN THE MATTER OF THE APPLICATION OF SANTA CRUZ )  
WATER COMPANY, LLC FOR A MODIFICATION OF ITS ) AWS No. 2013- 001  
DESIGNATION AS HAVING AN ASSURED WATER )  
SUPPLY ) DECISION AND ORDER  
 )  
 ) No. 86-402008.0001**

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**I. INTRODUCTION**

On December 22, 2011, the Arizona Department of Water Resources ("Department") received an application from Santa Cruz Water Company, LLC ("Santa Cruz") requesting that the Department modify Santa Cruz's designation of assured water supply pursuant to A.R.S. § 45-576 *et seq.* and A.A.C. R12-15-701 *et seq.* On July 11, 2012 and July 18, 2012, the Department gave public notice of the application pursuant to A.R.S. § 45-578 and no objections to the application were filed with the Department.

After receiving Santa Cruz's application to modify its designation of assured water supply, the Department reviewed relevant information regarding the modification request, including: 1) hydrologic information on file with the Department; 2) information regarding Santa Cruz's consistency with the management plan and the management goal of the Pinal Active Management Area ("Pinal AMA"); and 3) information regarding Santa Cruz's financial capability to construct the necessary delivery system, treatment works and storage facilities. Based on that information, the Department makes the following Findings of Fact, Conclusions of Law and Order of Designation and Conditions of Designation:

**II. FINDINGS OF FACT**

**A. General**

1. Santa Cruz is a private water company subject to the jurisdiction of the Arizona Corporation Commission ("ACC") and is a wholly owned subsidiary of Global Water Resources, LLC

1 ("Global"). Santa Cruz provides domestic water service within the territorial boundaries of its  
2 Certificate of Convenience and Necessity ("CC&N"), as approved by the ACC.

- 3 2. Santa Cruz is currently designated as having an assured water supply pursuant to Decision and  
4 Order AWS 2007-001, No. 26-402008.0000.

5 **B. Water Demands**

- 6 3. The current demand for Santa Cruz's North Service Area as of calendar year 2011 is 5,379.18  
7 acre-feet per year.

- 8 4. The committed demand for Santa Cruz's North Service Area as of calendar year 2011 is 2,770  
9 acre-feet per year.

- 10 5. The projected demand for Santa Cruz's North Service Area in 2032 is 13,290.37 acre-feet per  
11 year. The North Service Area projected demand does not include the current demand or the  
12 committed demand described above, but does include the demand at build-out of plats  
13 reasonably projected to be approved through calendar year 2032.

- 14 6. The annual estimated water demand for Santa Cruz's North Service Area in the year 2032 is  
15 21,439.55 acre-feet per year ("2032 North Service Area annual estimated water demand").

- 16 7. The current demand for Santa Cruz's Southwest Service Area as of calendar year 2011 is 0.00  
17 acre-feet per year.

- 18 8. The committed demand for Santa Cruz's Southwest Service Area as of calendar year 2011 is  
19 194.00 acre-feet per year.

- 20 9. The projected demand for Santa Cruz's Southwest Service Area in 2032 is 1,280.57 acre-feet  
21 per year. The Southwest Service Area projected demand does not include the current demand  
22 or the committed demand described above, but does include the demand at build-out of plats  
23 reasonably projected to be approved through calendar year 2032.

- 24 10. The annual estimated water demand for Santa Cruz's Southwest Service Area in the year 2032  
25 is 1,474.57 acre-feet per year ("2032 Southwest Service Area annual estimated water  
26 demand").

11. The annual estimated water demand for both service areas in the year 2032 is 22,914.12 acre-  
feet per year ("total 2032 annual estimated water demand").

**C. Groundwater: Physical, Continuous and Legal Availability: North Service Area**

12. Santa Cruz has the right to withdraw and deliver groundwater to its customers in the North Service Area pursuant to service area right No. 56-001355.0000.
13. Historic hydrologic information demonstrates that depth-to-static water levels within the North Service Area currently average 213 feet below land surface.
14. Santa Cruz demonstrated in a prior hydrologic study that after withdrawing 25,575 acre-feet per year of groundwater within the North Service Area for 100 years, the depth-to-static water level within Santa Cruz's North Service Area is not expected to exceed 1,100 feet below land surface.
15. Santa Cruz has demonstrated that it has wells of sufficient capacity to withdraw 26,550 acre-feet per year of groundwater for at least 100 years.
16. Santa Cruz has demonstrated the physical, legal and continuous availability of 25,575 acre-feet per year of groundwater within its North Service Area.

**D. Groundwater: Physical, Continuous and Legal Availability: Southwest Service Area**

17. Santa Cruz has the right to withdraw and deliver groundwater to its customers in the Southwest Service Area pursuant to service area right No. 56-001361.0000.
18. Historic hydrologic information demonstrates that depth-to-static water levels within the Southwest Service Area currently average 393 feet below land surface.
19. In a prior hydrologic study, Santa Cruz has demonstrated that after withdrawing 16,807 acre-feet per year of groundwater within the Southwest Service Area for 100 years, the depth-to-static water level within Santa Cruz's Southwest Service Area is not expected to exceed 1,100 feet below land surface.
20. Santa Cruz has demonstrated that it has wells of sufficient capacity to withdraw 2,903 acre-feet per year of groundwater for at least 100 years.
21. Santa Cruz has demonstrated the physical, legal and continuous availability of 2,903 acre-feet per year of groundwater within its Southwest Service Area.

**E. Groundwater: Consistency with Management Goal**

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22. Santa Cruz's groundwater allowance for both its North Service Area and its Southwest Service Area pursuant to A.A.C. R12-15-725(A)(2)(a) is a total of 6,481.29 acre-feet per year. This allowance is renewed annually, but any unused portion does not carry over to the following year.
23. Pursuant to A.A.C. R12-15-725(A)(3), the Director shall add a volume of incidental recharge to Santa Cruz's groundwater allowance each calendar year based on its total water use from any source in the previous calendar year.
24. Based on its reported water use within its service areas for calendar year 2011, Santa Cruz's incidental recharge volume for calendar year 2012 is 215.17 acre-feet.
25. If Santa Cruz delivers a total of 22,323.32 acre-feet to both of its service areas in calendar year 2031, its incidental recharge volume for calendar year 2032 will be 892.93 acre-feet (2032 incidental recharge volume).
26. As of October 1, 2007, Santa Cruz pledged a total of 9,917.24 acre-feet per year of extinguishment credits, which carry over to the following year, to its designation, as shown in Attachment A to this Decision and Order. This volume includes 1,224.72 acre-feet per year of extinguishment credits originally pledged to certificates of assured water supply for subdivisions that are now served by Santa Cruz.
27. As of the date of this Decision and Order, the balance of Santa Cruz's current groundwater allowance is 59,025.51 acre-feet or an average of 590.26 acre-feet per year (average existing balance).
28. The sum of Santa Cruz's groundwater allowance, 2032 incidental recharge volume, extinguishment credits, and average existing balance is 17,881.72 acre-feet per year. This volume of groundwater will be consistent with the management goal of the Pinal Active Management Area (AMA) for 100 years.
29. During the effective period of this Decision and Order, Santa Cruz may pledge additional extinguishment credits in support of its designation. Such extinguishment credits shall be calculated according to R12-15-722(E)(2) or R12-15-722(E)(3)(b), as appropriate.

**F. Consistency with the Management Plan**

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30. Santa Cruz is currently regulated as a large municipal provider under the Municipal Conservation Program in the Third Management Plan for the Pinal AMA ("Management Plan"). As of the date the application was filed, Santa Cruz has not been found to be out of compliance with the Management Plan.

**G. Effluent: Physical, Continuous and Legal Availability**

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31. A Memorandum of Understanding (MOU) was executed between Santa Cruz and Palo Verde Utilities Company, LLC (Palo Verde) on December 1, 2006, providing that Palo Verde will treat and deliver effluent to Santa Cruz's North Service Area.

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32. Palo Verde holds Aquifer Protection Permit (APP), No.105228 issued by Arizona Department of Environmental Quality (ADEQ). The treatment works have a maximum permitted capacity of 9 million gallons per day (MGD), equating to 10,078 acre-feet per year. Palo Verde's APP is a "phased permit" that allows for expansion of the treatment works as the population increases. The current capacity of the treatment works is 3 MGD, or 3,358 acre-feet of effluent per year. Palo Verde anticipates construction of the next phase (Phase III) will commence in the year 2013, increasing capacity to 6 MGD, or 6,716 acre-feet per year.

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33. In 2011, Palo Verde treated and delivered 2,300.36 acre-feet of effluent to Santa Cruz's North Service Area for non-potable uses. In the year 2032, Palo Verde is projected to treat and deliver 5,131.87 acre-feet per year of effluent to Santa Cruz's North Service Area for non-potable uses.

**H. Water Quality**

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34. Santa Cruz is regulated by the Arizona Department of Environmental Quality as a public water system pursuant to A.R.S. § 49-351, *et seq.*

**I. Financial Capability**

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35. Santa Cruz has constructed some of the necessary delivery system and storage facilities to satisfy its expected water demand in the year 2032.

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36. Santa Cruz has entered into development agreements which require developers to construct additional infrastructure and then transfer ownership of the infrastructure to Santa Cruz. These

1 developments consist of line extension agreements and Infrastructure & Construction Finance  
2 Agreements as allowed by the ACC.

3 **III. CONCLUSIONS OF LAW**

4 Having reviewed the Findings of Fact, the Department makes the following Conclusions of Law:

- 5 1. Santa Cruz has demonstrated that 16,307.68 acre-feet per year of groundwater in its North  
6 Service Area, 1,474.57 acre-feet per year of groundwater in its Southwest Service area and  
7 5,131.87 acre-feet per year of treated effluent will be physically, continuously and legally  
8 available for at least 100 years and that the proposed groundwater use will be consistent with  
9 the management goal of the Pinal AMA. The sum of these volumes, 22,914.12 acre-feet per  
10 year, equals the total 2032 annual estimated water demand of 22,914.12 acre-feet per year.  
11 *See* Attachment B to this Decision and Order.
- 12 2. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Santa Cruz's annual estimated water demand to  
13 be met with groundwater in its North Service Area is 16,307.68 acre-feet per year.
- 14 3. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Santa Cruz's annual estimated water demand to  
15 be met with groundwater in its Southwest Service Area is 1,474.57 acre-feet per year.
- 16 4. In accordance with A.A.C. R12-15-722, Santa Cruz has demonstrated that its projected use of  
17 groundwater is consistent with the management goal of the Pinal AMA.
- 18 5. The water supply served by Santa Cruz will be of adequate quality pursuant to A.A.C. R12-15-  
19 719.
- 20 6. In accordance with A.A.C. R12-15-721, Santa Cruz meets the standard established for  
21 determining consistency with the Management Plan for the Pinal AMA.
- 22 7. Santa Cruz has satisfied the financial capability criteria prescribed in A.A.C. R12-15-720.
- 23 8. Santa Cruz has satisfied all the requirements for a designation of an assured water supply.

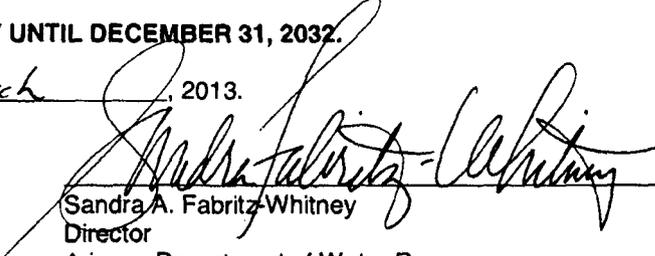
24 **IV. ORDER OF DESIGNATION AND CONDITIONS OF DESIGNATION**

25 Having reviewed the Findings of Fact and Conclusions of Law, the Department hereby issues  
26 this Decision and Order designating Santa Cruz as having an assured water supply, subject to the  
following conditions:

1. The Director reserves the right under A.A.C. R12-15-711(C) to periodically review and modify the designation for good cause as conditions warrant.
2. Pursuant to A.A.C. R12-15-711(F), the Director may, at any time revoke this designation if the findings of fact or the conclusions of law upon which the designation is based change or are invalid, or if an assured water supply no longer exists.
3. The Director's determination that an assured water supply exists for Santa Cruz is based on its analysis of the water supplies pledged by Santa Cruz. Nothing in this Decision and Order limits or reduces Santa Cruz's legal authority to use any water supply in any year.
4. Santa Cruz shall submit an application to modify this decision and order designating Santa Cruz as having an assured water supply to increase the term of the designation when the sum of Santa Cruz's current demand, committed demand and two years of projected demand exceeds 22,914.12 acre-feet per year, or by December 31, 2030, whichever is earlier.
5. Pursuant to A.A.C. R12-15-719, Santa Cruz shall satisfy any state water quality requirements established for its proposed use after the date of this designation.
6. Santa Cruz shall annually provide to the Department the following information for the previous calendar year in the manner prescribed in A.A.C. R12-15-711(A):
  - a. Reported separately for each service area, an estimate of the demand of platted, undeveloped lots.
  - b. Reported separately for each service area, an estimate of the projected demand at build-out for customers with which Santa Cruz has entered into a notice of intent to serve agreement in the preceding calendar year.
  - c. A report regarding Santa Cruz's compliance with water quality requirements for each Public Water System (PWS).
  - d. The depth-to-static water level of all wells from which Santa Cruz withdrew water during the previous calendar year.
  - e. Any other information requested by the Director to determine whether Santa Cruz continues to meet all the requirements necessary to maintain this designation of assured water supply.

1 IT IS HEREBY ORDERED THAT SANTA CRUZ WATER COMPANY, LLC BE DESIGNATED AS  
2 HAVING AN ASSURED WATER SUPPLY UNTIL DECEMBER 31, 2032.

3 DATED this 12<sup>th</sup> day of March, 2013.

4   
5 Sandra A. Fabritz-Whitney  
6 Director  
7 Arizona Department of Water Resources

8 A copy of the foregoing  
9 **Decision and Order** mailed  
10 by certified mail this 13<sup>th</sup> day  
11 of March, 2013, to:

12 Ron Fleming  
13 General Manager  
14 Global Water Resources  
15 21410 N. 19<sup>th</sup> Ave. Suite 201  
16 Phoenix, AZ 85027

Certified Mail No.: 7004 2510 0000 8660 2083

Sent by: R. Obenshain

17 A copy of the foregoing sent  
18 via electronic mail this 13<sup>th</sup> day  
19 of March, 2013, to:

20 Susan Armijo  
21 Global Water Resources

22 Robin King  
23 Arizona Department of Real Estate

24 Steve Olea  
25 Director, Utilities Division  
26 Arizona Corporation Commission

27 Jeff Tannler  
28 Statewide Active Management Area  
29 Director  
30 Pinal Active Management Area

**ATTACHMENT A: Summary of Santa Cruz Water Company Extinguishment Credits Extinguished and Pledged prior to October 1, 2007**  
 Modification of Designation of Assured Water Supply for Santa Cruz Water Company 86-402088.0001

Extinguishment No.	Acres/Year	Year Signed	Year Applied	Pledged to:
<b>Santa Cruz Water Company pledged extinguishments:</b>				
58-102952.0003	450.01	2000	2000	26-400360.0000 (Original designation)
58-102952.0008	207.30	2003	2003	26-400804.0000 (Modification of 26-400360.0000)
58-102952.0009	232.60	2003	2003	26-400804.0000 (Modification of 26-400360.0000)
58-102952.0010	42.00	2003	2003	26-400804.0000 (Modification of 26-400360.0000)
58-102952.0012	53.64	2005	2005	26-401667.0000 (Modification of 26-400804.0000)
58-102625.0008	180.50	2005	2005	26-401667.0000 (Modification of 26-400804.0000)
58-150035.0009	360.00	2005	2005	26-401667.0000 (Modification of 26-400804.0000)
58-150035.0007	282.00	2005	2005	26-401667.0000 (Modification of 26-400804.0000)
58-102625.0011	600.15	2005	2005	26-401667.0000 (Modification of 26-400804.0000)
58-11746.0003	204.30	2005	2005	26-400804.0000 (Modification of 26-400804.0000)
58-100025.0009	281.96	2005	2005	26-401667.0000 (Modification of 26-400804.0000)
58-101962.0015	249.00	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-111941.0022	370.50	2006	2006	26-401667.0000 (Modification of 26-400804.0000)
58-103658.0005	232.50	2006	2006	26-400804.0000 (Modification of 26-400360.0000)
58-150081.0002	718.50	2006	2006	26-400804.0000 (Modification of 26-400360.0000)
58-11746.0002	309.00	2006	2006	26-401667.0000 (Modification of 26-400804.0000)
58-102626.0006	809.70	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-101962.0014	15.00	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-102342.0032	440.33	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-150022.0007	196.50	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-102952.0015	1,050.08	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-150022.0006	416.70	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-102626.0003	374.25	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-102629.0006	114.00	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-104816.0010	145.50	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-104816.0009	132.00	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
58-102626.0007	171.00	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
	73.50	2007	2007	26-401667.0000 (Modification of 26-400804.0000)
<b>TOTAL</b>	<b>8,692.52</b>			

**Extinguishment Credits pledged to the Subdivisions:**

58-102329.0005	329.10	2004	2003	27-401014.0004 (Maricopa Meadows - later re-issued as 27-401309.0000)
58-109710.0002	210.31	2004	2004	27-401185.0000 (Smith Farms)
58-103658.0004	84.41	2004	2004	27-401143.0000 (Palo Verde)
58-111941.0016	270.82	2005	2004	27-401726.0000 (Tortosa South)
58-111941.0014	390.08	2005	2004	27-401243.0000 (Tortosa)
<b>Subtotal</b>	<b>1,224.72</b>			

**TOTAL 9,917.24**

Attachment B  
 Santa Cruz Water Company Designation Application-2012 Modification  
 Water Source and Supply Summary  
 File No. 86-402008.0001

Source	Physical Availability	Well Capacity	Legal Authority	Consistency with AMA Goal	TOTAL (meets all assured water supply requirements)
<b>Groundwater:</b>					
Santa Cruz Water Company North service area	25,575 af/yr	Available well capacity = 26,550 af/yr	Service Area Right: #56-001355.0000	1) Groundwater allowance based on October 1, 2007 service area population = 6,481.29 af/yr <sup>1</sup> 2) Incidental recharge = 215.17 af/yr <sup>1</sup> (year 2011) 3) Incidental recharge = 892.93 af/yr <sup>2</sup> (year 2032)	16,307.68 acre-feet per year
Santa Cruz Water Company southwest service area	16,807 af/yr	Available well capacity = 2,903 af/yr	Service Area Right: #56-001361.0000	3) Extinguishment credits as of October 1, 2007 = 8,692.52 af/yr <sup>2</sup> (See Attachment A) 4) Extinguishment credits as of October 1, 2007 associated with Certificates of Assured Water Supply in the 387 District 1,224.72 af/yr <sup>2</sup> (See Attachment A) 5) Groundwater allowance balance = 59,025.51, acre-feet, (590.26 acre-feet annual avg.) <sup>2</sup> (inc. unused GW balance&Ext. Credits)	1,474.57 acre-feet per year
<b>Effluent:</b>	2,300.36 af/yr (year 2011)		MOU between SCWC & Palo Verde Utilities	na	5,131.87 acre-feet per year (see Section G of D&O)

Total:  
per year

17,881.72

22,914.12 acre-feet

**NOTES:**

<sup>1</sup> Any unused balance after each calendar year shall not be added to the balance of the following calendar year.

<sup>2</sup> Any unused balance after each calendar year shall be added to the balance of the following calendar year.