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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE PETITION OF
ARIZONA WATER COMPANY FOR
INCREASE OF AREA TO BE SERVED AT
CENTRAL HEIGHTS, ARIZONA

DOCKET NO. W-01445A-14-0305

**NOTICE OF FILING
DIRECT TESTIMONY OF
WILLIAM M. GARFIELD**

Notice is given that ARIZONA WATER COMPANY hereby files the Direct Testimony of
William M. Garfield.

RESPECTFULLY SUBMITTED this 17th day of August, 2015.

ARIZONA WATER COMPANY

By: 

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Arizona Corporation Commission

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1 Original and thirteen (13) copies of the foregoing filed this 17th day of August, 2015, with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
5 Phoenix, Arizona 85007

6 I hereby certify that I have this day served the foregoing documents on all parties of record in this
7 proceeding by delivering a copy thereof in person to:

8 Honorable Dwight D. Nodes
9 Chief Administrative Law Judge
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

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

18 Thomas M. Broderick, Director
19 Utilities Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 I hereby certify that I have this day served the foregoing documents on all parties of record in this
24 proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

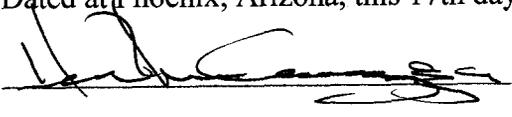
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3 Dated at Phoenix, Arizona, this 17th day of August, 2015.

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ARIZONA WATER COMPANY



Arizona Corporation Commission

Docket No. W-01445A-14-0305

**IN THE MATTER OF THE PETITION OF ARIZONA WATER
COMPANY FOR INCREASE OF AREA TO BE SERVED AT
CENTRAL HEIGHTS, ARIZONA**

Direct Testimony

of

WILLIAM M. GARFIELD

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13 **EXHIBITS**

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15 Letter from U. McFadden, dated December 5, 2000 Exhibit A

16 November 8, 2003 Agreement Exhibit B

17 Letter from Kane Graves, dated April 28, 2010 Exhibit C

18 June 1, 2010 letter from William M. Garfield Exhibit D

19 Commission Records of Notice of Hearing on September 11, 1961 Exhibit E

20 City Directory for City of Globe Exhibit F

21 City Council Meeting Minutes showing Mr. Proctor's participation

22 as City Attorney, dated October 16, 1961 Exhibit G

23 Copies from the Arizona State Archives of the *Arizona Record*, dated September

24 21, 1961 Exhibit H

25 Copies from the Arizona State Archives of the *Arizona Silver Belt* article,

26 dated September 7, 1961 entitled "Miami area water set for hearing"..... Exhibit I

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ARIZONA WATER COMPANY

**Direct Testimony of
William M. Garfield**

I. Introduction and Qualifications

Q. PLEASE STATE YOUR NAME, EMPLOYER AND OCCUPATION.

A. My name is William M. Garfield. I am employed by Arizona Water Company ("Arizona Water" or "Company") as its President and Chief Operating Officer ("COO"). As such, I am responsible for the management and operations of the Company. Each of Arizona Water's officers reports directly to me, and I report directly to Arizona Water's Chief Executive Officer.

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE, EDUCATIONAL BACKGROUND AND PROFESSIONAL AFFILIATIONS.

A. Since joining Arizona Water in 1984, I have held the positions of Engineer, Senior Engineer, Operations Manager, and Vice President of Operations. I currently hold the position of President and COO, which I have held since July 18, 2003.

I completed my undergraduate studies at Southern Illinois University at Carbondale, receiving a Bachelor of Science degree with honors in Thermal and Environmental Engineering. I have taken post-graduate coursework at Arizona State University in Civil Engineering, including courses in hydrology, water and wastewater treatment, and statistics. I am a member of Tau Beta Pi, a national honorary engineering society.

I am a member of the Arizona Water Association, the American Water Works Association ("AWWA"), and I serve on AWWA's Water Meter Standards Committee. I have been active in numerous water industry stakeholder groups involving the Arizona Department of Environmental Quality ("ADEQ"), the Arizona Department of Water Resources ("ADWR") and the Central Arizona

1 Groundwater Replenishment District. I am an ADEQ certified water distribution
2 system and water treatment plant operator. I serve on Arizona Water's Board of
3 Directors, the Board of Directors of the Water Infrastructure Finance Authority of
4 Arizona, the Board of Directors of the Water Utilities Association of Arizona, the
5 Water Resources Research Center's External Advisory Board, and the Board of
6 Directors of the East Valley Partnership. In the past I have served as Chairman
7 of the Water Management Subcommittee of the Pinal Active Management Area
8 Groundwater User Advisory Council. In addition, I have been a member of the
9 Statewide Water Advisory Group, I have served on the Arizona Water Institute's
10 External Advisory Board, and I was a member of the Economic Working Group of
11 the Blue Ribbon Panel on Sustainability, a panel formed to address water
12 sustainability which was jointly chaired by the Arizona Corporation Commission
13 ("Commission"), ADWR and ADEQ.

14 **Q. HAVE YOU PREVIOUSLY TESTIFIED ON BEHALF OF THE COMPANY IN**
15 **ANY PROCEEDINGS BEFORE THE COMMISSION?**

16 A. Yes. In addition to testifying on several Certificate of Convenience and Necessity
17 ("CCN") cases, I have testified in the Company's last seven general rate case
18 proceedings.¹

19 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

20 A. I summarize the scope of Arizona Water Company's service capacity statewide
21 and specifically in the area of Miami and Globe, Arizona, and address the
22 Company's 60 year history of being ready, willing, and able to serve all
23 customers and anyone who needs water service within the entire area of its
24 CCN, which requires the Company to provide service throughout that area. I will
25 also testify about:
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¹ See Docket Nos. W-01445A-00-0962, W-01445A-02-0619, W-01445A-04-0650, W-01445A-08-0440, W-01445A-10-0517, W-01445A-11-0310 and W-01445A-12-0348.

1 1. The importance of the Regulatory Compact the Company has with the
2 Commission, and the importance of upholding the exclusivity of its CCN service
3 area and protecting the Company's operations and financial health.

4 2. The Company's efforts to find the 1961 file concerning the application and
5 petition for the CCN in the Globe/Miami area that is now the subject of this
6 proceeding.

7 3. The Company's understanding of how notice of certificate cases was
8 given in the early 1960s and the evidence in this proceeding that show that the
9 Commission mailed actual notice to Globe through its City Attorney and Globe
10 had constructive notice through its actions with other interested parties
11 throughout the area who received notice.

12 **II. Scope of Company's Service Capabilities.**

13 **Q. CAN YOU EXPLAIN THE COMPANY'S RECORD OF PROVIDING WATER**
14 **SERVICE IN THE STATE OF ARIZONA AND IN THE GLOBE/MIAMI AREA IN**
15 **PARTICULAR?**

16 A. Yes. The Company has provided public utility water service in many areas
17 throughout the State of Arizona since 1955. The Company is divided into three
18 Groups, the Northern, Eastern and Western Groups. The Company's Miami
19 water system now provides water service in areas in and near Globe which are
20 part of the Company's CCN area approved by the Commission. The Miami water
21 system has its own water production, supply, treatment, storage and distribution
22 facilities as independent public water system No. 04-002, though it is one of
23 several separate systems that make up the Company's Eastern Group.

24 **Q. HOW MANY CUSTOMERS DOES THE COMPANY SERVE IN THE**
25 **GLOBE/MIAMI AREA?**

26 A. As of June 30, 2015, the Company served 2,950 customers in the Miami water
27 system. The Miami water system includes the Town of Miami and northern and
28 western portions of Globe up to a boundary line that is the eastern edge of the

1 Company's CCN area as shown on many of the maps that are in the record of
2 this proceeding.

3 **Q. WHAT IS THE COMPANY'S SERVICE CAPACITY WITHIN ITS MIAMI WATER**
4 **SYSTEM?**

5 A. The Company presently operates fifteen water production wells with a combined
6 production capacity of 1.9 million gallons per day ("MGD"), 2.4 million gallons of
7 water storage reservoirs, and 381,125 feet of water mains to serve customers in
8 its Miami water system CCN territory. The Company's 1.9 MGD capacity is more
9 than able to meet current and future peak demands, with the most recent peak
10 day production of 1.3 MGD.

11 **III. The Company Is Ready, Willing and Able To Serve Its Entire CCN Area,**
12 **Including The Areas Globe Now Disputes.**

13 **Q. IS THE COMPANY PREPARED TO PROVIDE PUBLIC WATER UTILITY**
14 **SERVICE IN ALL PARTS OF ITS MIAMI WATER SYSTEM AND CCN AREA,**
15 **INCLUDING AREAS GLOBE NOW DISPUTES?**

16 A. Yes. Through the water production, storage and distribution facilities described
17 above, the Company is ready, willing and able to serve throughout its Miami
18 water system, including within the entirety of the areas that have been described
19 as the "Northern Disputed Area" and "Southern Disputed Area" in these
20 proceedings. The Company has a 60-year track record of providing public utility
21 water service in these communities and elsewhere the Commission has granted
22 the Company a CCN with the exclusive right to provide water service.

23 **IV. It Is Vitally Important For The Commission To Protect Certificated Areas.**

24 **Q. DOES THE COMPANY GOVERN ITSELF CONSISTENT WITH THE SO-**
25 **CALLED "REGULATORY COMPACT?"**

26 A. Yes. The concept behind the "Regulatory Compact" is that in exchange for being
27 granted the exclusive right to provide water utility service to all present and future
28 customers within a defined certificated area, the Company is obligated to provide

1 safe and reliable public utility water service at reasonable rates as set by the
2 Commission to anyone within the CCN who requests water service pursuant to
3 rules and rates established by the Commission. In consideration of the
4 Company's obligation to provide safe and reliable public utility water service
5 throughout its CCN, Arizona law protects the Company from impermissible
6 bypass and service duplication by municipalities like Globe that conflict with the
7 Regulatory Compact and regulatory governance set forth in the Arizona
8 Constitution and in Arizona Law.²

9 **Q. HOW DOES THE COMPANY PERFORM AND FULFILL ITS OBLIGATION**
10 **UNDER THE REGULATORY COMPACT?**

11 A. The Company has committed significant capital and other resources to plan for,
12 design, construct, operate and maintain utility plant infrastructure, including
13 developing extensive water supplies to serve present and future customers in its
14 CCN areas. The Company's stockholders have invested millions of dollars and
15 also incurred millions of dollars of bonded indebtedness expressly approve by
16 the Commission to meet this obligation. The Company would be unable to raise
17 and attract capital if the investments it makes in furtherance of its public service
18 obligations were at risk from municipalities encroaching into its CCN and by-
19 passing it to provide water utility service to the Company's customers, effectively
20 confiscating revenues and stranding its investments. In exchange for having its
21 rates, cost of service, return on investment, and all rules, regulations, terms of
22 service, and tariffs set by the Commission, the Company is protected by law from
23 competition that would effectively strand utility investments and deprive the
24 Company of its investment and lawful revenues.

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² See Article XV of the Arizona Constitution and Arizona Revised Statutes (A.R.S.) § 9-516 (A) and (B).

1 Q. WHY DOES SUCH UNLAWFUL COMPETITION HARM THE COMPANY,
2 RATEPAYERS AND THE PUBLIC?

3 A. Because duplicative, parallel systems cost more than a single system. While
4 public service corporations are subject to the regulatory jurisdiction of the
5 Commission, which must first review, approve, or deny, Company activities,
6 including financial decisions, records and rates, no such oversight exists for
7 municipal systems. The Company would be unable to attract financing and build
8 adequate systems if municipal providers were allowed to encroach into its CCN
9 area, take its prospective customers, strand its investments, and deprive the
10 Company of its lawful right to earn a return on its investments and recover its
11 cost of service. This result would directly conflict with the Regulatory Compact
12 and with Arizona law and public policy as set forth in A.R.S. § 9-516(A).

13 Q. HOW DID THE CONCEPT OF PROTECTION OF PUBLIC SERVICE
14 CORPORATIONS LIKE ARIZONA WATER COMPANY FROM MUNICIPAL
15 COMPETITION EVOLVE IN ARIZONA?

16 A. As I understand it, Arizona law once allowed neighboring municipalities to
17 compete with public service corporations. This practice was affirmed by Arizona
18 Supreme Court decisions in two cases, both entitled City of Tucson v. Polar
19 Water Co., which were issued in 1953 and 1954. The Polar Water cases
20 generally held that a CCN did not protect a public service corporation from
21 neighboring municipalities expanding to provide service within the public service
22 corporation's certificated area. But, the Arizona Legislature responded
23 immediately by enacting Laws 1954, Ch. 105, Sections 1 and 2, which declared:

24 "It is declared to be public policy of this state that where adequate
25 public utility service under authority of law is being rendered in an
26 area, within or without the boundaries of a city or town, a competing
27 service and installation shall not be authorized, instituted, made or
28 carried on by a city or town unless or until that portion of the plant,
system and business of the utility used and useful in rendering such
service in the area in which the city or town seeks to serve, has
been acquired."

1 That 1954 statute, A.R.S. § 16-604(b), became A.R.S. § 9-516(A). That
2 Arizona public policy enacted in State law remains firmly in place today.

3 **Q. DOES THE COMPANY PROVIDE WATER UTILITY SERVICE IN AREAS**
4 **ADJOINING OTHER MUNICIPALITIES AROUND THE STATE?**

5 A. Yes, in many other areas throughout the State, including Mesa, Buckeye,
6 Goodyear, Casa Grande, Apache Junction, and Show Low, among others. We
7 have had very few, if any, problems with municipal encroachment into the
8 Company's CCN territory in these areas, and my experience is that municipalities
9 normally observe and respect the CCN boundaries established by the
10 Commission and also comply with A.R.S. § 9-516(A) and the State's statutorily
11 documented public policy prohibiting such encroachment, poaching, and
12 competition.

13 **Q. DID GLOBE EVER APPROACH ARIZONA WATER COMPANY FOR**
14 **PERMISSION TO SERVE IN THE DISPUTED AREAS?**

15 A. Yes. The City has repeatedly acknowledged the Company's exclusive right to
16 provide water service within the very same CCN areas the City now says it
17 disputes in this matter. In a December 5, 2000 letter to Mr. Udon McSpadden of
18 McSpadden Ford, Globe City Manager Manoj Vyas stated:

19 "Our legal research has found that the City of Globe will not be able
20 to provide water to any parcels of land for the western halves of
21 sections 23 and 26 of Township 1 North, Range 15 East, which
22 includes your property adjoining Highway 60 as well as other
23 undeveloped parcels of land. This finding is based on the Arizona
Water Company's Certificate of Necessity boundaries established
and approved by the Arizona Corporation Commission years ago."³

24 Further, on November 8, 2003, the City and the Company agreed in an
25 Emergency Connections Agreement as follows:

26 A. "The Company is a public service corporation engaged in the
27 business of providing water utility service in the area of Miami and
28

³ See letter from U. McFadden dated December 5, 2000, Exhibit A.

1 Globe included within the Company's certificate of convenience and
2 necessity ("CC&N") issued to the Company by the Arizona
Corporation Commission (the "Commission")."

3 B. "The City provides water service to the areas within the
4 incorporated City limits of Globe *which are not in the Company's*
CC&N."

5 Thus, the City effectively affirmed that the Company, and not the City,
6 would provide water service in the Company's CCN, including CCN areas within
7 Globe, and also recognized that the Commission issued a CCN to the Company
8 both in Miami and in Globe.⁴

9 **Q. HAS THE CITY ACKNOWLEDGED THE EXCLUSIVITY OF THE COMPANY'S**
10 **CCN ON OTHER OCCASIONS?**

11 A. Yes. On April 28, 2010, Globe City Manager Kane Graves requested that the
12 Company allow the City to provide municipal water service to a parcel of land
13 located along U.S. Highway 60 in the Company's CCN.⁵

14 **Q. HOW DID THE COMPANY RESPOND TO THE GLOBE CITY MANAGER'S**
15 **REQUEST?**

16 A. On June 1, 2010, I responded on behalf of the Company, stating that the
17 Company had an existing water main adjacent to the property and was prepared
18 to provide water service to that parcel of land and to all property within the
19 Company's certificated service area. I further stated that the Company was
20 pleased to play an important role in the economic development of the Globe-
21 Cobre Valley area and looked forward to working with the developer of the
22 property, and with other developers in the future, to provide water service to
23 assist in the area's development.⁶

24 **Q. IS THAT STILL THE COMPANY'S POSITION?**

25 A. Very much so. The Company's master plan for this area provides for the
26 Company to construct and operate utility plant facilities to provide adequate
27

28 ⁴ See November 8, 2003 Agreement, Exhibit B.

⁵ See April 28, 2010 letter from Kane Graves, Exhibit C.

⁶ See June 1, 2010 letter from William M. Garfield, Exhibit D.

1 water supplies and pressures to serve all anticipated commercial and other
2 development, including facilities designed to provide water required for
3 firefighting purposes, along U.S. Highway 60 and surrounding areas, and also
4 within the Southern Disputed Area.

5 **V. The City Of Globe Had Notice Of The Company's 1961 CCN Application and**
6 **Petition.**

7 **Q. WHAT STEPS DID THE COMPANY TAKE TO ATTEMPT TO FIND IT'S FILE**
8 **FOR ITS 1961 APPLICATION AND PETITION FOR A CCN IN THE MIAMI**
9 **AREA?**

10 A. We conducted an exhaustive search of our current and archived hard copy and
11 digital files and found that we did not retain files going back that far. We also
12 contacted the law firm of Fennemore Craig, outside counsel who represented the
13 Company when it filed its CCN petition in August, 1961, and that firm could not
14 find its file for this matter either. This is one of the primary problems with the
15 City's Petition, which attempts to modify or amend a Commission Order that has
16 been uncontested and final for over 53 years, since September 20, 1961.

17 **Q. IS THERE ANY DOUBT IN YOUR MIND THAT THE COMMISSION**
18 **FOLLOWED ESTABLISHED POLICIES AND PRACTICES IN PROVIDING**
19 **NOTICE OF THE COMPANY'S CCN PROCEEDING?**

20 A. No doubt at all. My understanding is that in 1961 there were no governing
21 procedural rules or requirements in place that required the Company to give
22 notice of its petition to surrounding municipalities such as Globe. To the
23 contrary, from what we can see in the Commission's records, the Commission
24 policy and practice at that time was for the Secretary of the Commission—not the
25 petitioner—to provide such notice to interested parties, and the records obtained
26 from the Commission's files show that the Secretary of the Commission provided
27 such notice of the Company's petition and the date of the Commission's public
28 hearing.

1 Q. IS THERE ANYTHING YOU SEE IN THE AVAILABLE COMMISSION FILE
2 THAT SHOWS THAT THE COMMISSION MAILED NOTICE OF THE
3 COMPANY'S PETITION TO THE CITY OF GLOBE?

4 A. Yes. The Commission itself released its available files for Docket No. U-1445 as
5 an attachment to its April 29, 2015 Procedural Order. Those files clearly show
6 that the Commission's Secretary, Francis J. Byrnes, mailed the notice of the
7 hearing on the Company's petition (which hearing was set for "9-11-61") to the
8 lengthy list of interested parties and others as set forth on pages 9 and 10 of the
9 Commission's record, which I have attached as Exhibit E.⁷ The tenth entry on
10 the notice shows that the Commission Secretary mailed the notice to Mr. Navor
11 Proctor, who was the City Attorney for Globe at that time in 1961, and also prior
12 to that year.⁸ Therefore, the Commission mailed notice of the Company's petition
13 and public hearing to the City of Globe through its City Attorney, Navor Proctor.

14 Q. ARE THERE OTHER INDICATIONS IN THE HEARING NOTICE THAT
15 REFLECT THAT GLOBE WOULD HAVE KNOWN ABOUT THE COMPANY'S
16 APPLICATION?

17 A. Yes. Louis B. Ellsworth, Sr., a property owner of large areas in and around
18 Globe and owner of the Skyline Drive water system, was also shown on the list of
19 interested parties to whom the Commission Secretary mailed the notice. The
20 City purchased the Skyline Drive water system in 1961, just at the same time as
21 the Company's CCN application for Central Heights and other areas to the west
22 of the City boundaries, including the Northern and Southern Disputed Areas, was
23 pending.⁹ City Attorney Proctor is shown on the Commission Secretary's mailing
24 list on behalf of East Globe Water Company. Pueblo Water Company, another
25 water company later acquired by Globe, is also on the service list. A check of the
26

27 ⁷ See Commission Records of Notice of Hearings on September 11, 1961, Exhibit E.

28 ⁸ See copies of City Directory for City of Globe, Exhibit F; City Council Meeting Minutes showing
Mr. Proctor's participation as City Attorney dated October 16, 1961, Exhibit G.

⁹ See copies from the Arizona State Archives of the *Arizona Record* (a weekly newspaper then serving
Globe) account of these transactions dated September 21, 1961, attached as Exhibit H.

1 Commission files and documents produced in this matter show that neither of
2 these water providers were regulated public service corporations, but maintained
3 areas of service within Globe proper. The *Arizona Silver Belt*, the daily local
4 paper for Globe and Miami, received the Commission Secretary's notice and
5 published a page one article on September 7, 1961 about the Company's CCN
6 Petition and the pending Commission hearing.¹⁰ The Commission records show
7 that the Commission Secretary mailed notice to the Gila County Board of
8 Supervisors, based in Globe, as well as water companies operating within Globe
9 and in other surrounding areas. Based on the lengthy list of interested parties to
10 whom the Commission mailed the notice, it would be unreasonable to conclude
11 that the City of Globe would not have known of the Company's petition and the
12 Commission's pending hearing on that petition.

13 Also, it is clear that Globe's leaders were actively making decisions about
14 which water service areas it wished to acquire and which to ignore, and the City
15 had made the decision to allow Central Heights and its adjoining areas, including
16 the Northern and Southern Disputed Areas, for which the Company was
17 requesting the Commission to expand its CCN, to go to the Company. The City
18 of Globe instead expended its resources to acquire additional service area to the
19 east, inside the City limits, and to shore up its water production facilities east of
20 Globe.¹¹ Mr. Schneider also discusses these utility planning and engineering
21 decisions in his testimony.

22 **Q. WHAT DO YOU MAKE OF THE COPIES OF THE SEPTEMBER 20, 1961**
23 **OPINION AND ORDER WITH A HANDWRITTEN MAILING LIST THAT DOES**
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27 ¹⁰ See copies from the Arizona State Archives of the *Arizona Silver Belt* article dated September 7, 1961
entitled "Miami area water set for hearing", attached as Exhibit I.

28 ¹¹ See "One Man's Opinion" column by John D. Seater, Jr., in the same September 21, 1961 *Arizona Record* newspaper, at page one (Exhibit H), discussing Globe's decisions as to where to expand its water service territory and lamenting Globe's decision not to acquire service area to the west, "which was purchased by a private firm," that private firm being Arizona Water Company.

1 **NOT INCLUDE THE CITY ATTORNEY, MENTIONED BY THE CITY IN ITS**
2 **PETITION?**

3 A. The handwritten list of eight recipients appears to show the parties who were
4 mailed notice of the Commission's September 20, 1961 Opinion and Order, not
5 the notice of the petition and the hearing itself (which the Commission Secretary
6 had already mailed to a much wider list of interested parties and other
7 recipients). Accordingly, these appear to be the parties who attended or
8 requested the Commission to send copies of the final decision. Clearly, all of the
9 contemporaneous sources cited above show that Globe received ample notice of
10 the Company's petition and the Commission's public hearing but decided it had
11 no interest in the areas the Company sought to serve, and chose not to
12 participate in the Commission's duly noticed public hearing concerning the
13 Company's petition. This is consistent with Globe's lack of interest in acquiring
14 the Central Heights Water Company.

15 **Q. DO YOU SEE ANYTHING IN THE COMPANY'S 1961 CCN PETITION THAT**
16 **SUGGESTS THE COMPANY MADE ANY REPRESENTATION ABOUT THE**
17 **STATUS OF WATER UTILITY SERVICE IN THE NORTHERN OR SOUTHERN**
18 **DISPUTED AREAS?**

19 A. No. Globe's Petition appears to rely in part on an allegation that the Company
20 made misrepresentations about no utility providing service to the area, but there
21 is no evidence that the Company made any such representation. In any event,
22 following the Company's extensive research and review of the 1961 CCN
23 Petition, the Company found no evidence that Globe was providing any water
24 service in the Northern or Southern Disputed Areas as of September, 1961. The
25 City has produced no such evidence. The language the City repeatedly cites in
26 its Petition is, instead, a Finding of Fact by the Commission itself contained in the
27 text of the Commission's September 20, 1961 Opinion and Order, which is a
28 contemporaneous finding by the Commission and its Staff, not a representation

1 made by the Company. Based on the evidence produced and available in this
2 proceeding, the Commission was correct that no utility, not even Globe, was
3 providing water utility service to the Northern and Southern Disputed Areas in
4 1961.

5 **Q. ARE YOU AWARE OF ANY EVIDENCE THAT THE COMMISSION MADE A**
6 **"MISTAKE" IN THE WAY IT HANDLED THE COMPANY'S PETITION IN 1961**
7 **OR IN ISSUING THE CCN TO THE COMPANY?**

8 A. No. All of the evidence that has been produced shows that the Commission
9 properly notified the public and the interested parties of the CCN proceeding
10 under the Commission's governing procedures applicable at the time, that Globe
11 received notice through its City Attorney, that the pending petition was actively
12 reported and discussed in the local newspapers, that Globe was considering at
13 the same time where it wanted to expand its water service and where it did not
14 want to venture into water service, and that it chose not to participate in the
15 hearing or attempt to assert that it was able to provide service outside of its City
16 limits in the areas the Company sought to serve. Further, there is no evidence
17 contrary to the Commission's independent finding that no other party was
18 providing public utility water service in the areas for which the Company sought
19 the expansion of its CCN at the time. Another party appeared at the hearing and
20 two sitting Commissioners attended the hearing. There is no evidence that
21 anything other than full due process was accorded to all participants and
22 interested parties. During the more than fifty years since the Commission
23 approved the Company's expanded CCN in 1961, Globe's conduct and
24 statements have been consistent with acknowledging that the Company has the
25 exclusive right to provide water utility service in the Northern and Southern
26 Disputed Areas, which the Commission itself agreed in 1961 were natural
27 extensions from the Company's pre-existing Central Heights CCN.

1 Q. DID THE COMPANY RELY ON THE COMMISSION'S 1961 DECISION, AND
2 BEGIN TO PLAN, DESIGN, AND CONSTRUCT UTILITY PLANT ADDITIONS
3 TO SERVE CUSTOMERS IN THE CCN EXTENSION AREAS?

4 A. Yes, absolutely. Based on the Commission's decision to extend the Company's
5 CCN, the Company began to plan, design and construct utility plant, which
6 required the Company to commit capital and other resources to meet its public
7 utility service obligations in the CCN extension areas. As I testified above, the
8 Company's ongoing master planning process identifies present and future utility
9 plant facilities needed to serve the entire CCN area.

10 Q. DO YOU THINK IT IS CONSISTENT WITH SOUND PUBLIC POLICY AND
11 FAIRNESS FOR A COMPETITIVE WATER PROVIDER TO MAKE A CLAIM 53
12 YEARS AFTER THE COMMISSION APPROVES A CCN THAT A PORTION OF
13 THAT CCN SHOULD BE DELETED OVER A HALF CENTURY LATER ON
14 GROUNDS OF AN ALLEGED "MISTAKE" OF WHICH NO CREDIBLE
15 EVIDENCE HAS BEEN PRODUCED?

16 A. Absolutely not. As stated above and in Mr. Schneider's testimony, there is no
17 evidence that a mistake occurred and no evidence whatsoever that Globe was
18 providing water utility service in the Disputed Areas in September of 1961. There
19 is no evidence that the Company made any misrepresentations to the
20 Commission or to any party about the status of service in 1961. In addition to the
21 fact that the City's claims have proven to be baseless and unsupported by any
22 credible evidence, there comes a point where an unchallenged and long-since
23 final Commission decision and order granting a CCN to a regulated water utility
24 should have the protection that Arizona law provides that its CCN is not subject
25 to attack by a city attempting, after the fact, to justify its unlawful intrusions into
26 the Company's CCN territory for which it has no legal right. Is an A.R.S. § 40-
27 252 challenge appropriate to cure a mistake in a legal description or service
28 condition a year or two after an award of a CCN? In appropriate circumstances,

1 perhaps so. But to employ the rehearing statute 53 years after the Commission
2 issued an order approving the CCN in an effort to end-run the facts that Globe
3 must prove in a proceeding to delete all or part of a CCN is unfair and
4 inappropriate. This case illustrates the very real problems associated with such a
5 procedural "stunt": the parties' files are no longer available, all witnesses are
6 deceased or can't be found, remaining engineering records from more than fifty
7 years ago are sparse, unproven allegations and unsupported conclusions put
8 forth by Globe abound, and the entire case is based on nothing but speculation
9 and faulty and misleading arguments. It is also a very costly and a time-
10 consuming waste of the Commission's and utility's resources to be forced to
11 devote a great deal of their staff's time and attention and a team of outside
12 lawyers to defend against such frivolous claims.

13 **Q. ARE THERE OTHER PUBLIC POLICY REASONS WHY THE COMMISSION**
14 **SHOULD DENY GLOBE'S PETITION TO DELETE THE COMPANY'S CCN**
15 **WITHIN THE DISPUTED AREAS?**

16 A. Yes, because it is patently unjust for a utility, like the Company, to rely upon a
17 Commission decision, and then after 53 years to have its CCN deleted,
18 especially when the City of Globe knew about the Company's application for the
19 CCN extension and the Commission's public hearing in 1961 and during the last
20 53 years leading up to this point—and never once objected to the Company's
21 CCN.

22 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

23 A. Yes.

24
25
26
27
28

EXHIBIT A



CITY OF GLOBE

December 5, 2000

Mr. Udon Mcspadden
McSPADDEN FORD, INC.
 P. O. Box 2749
 Globe, Arizona 85502

Dear Mr. Mcspadden:

This letter is in response to your Letter to the Hon. Mayor Gibson suggesting our coordination of efforts with the State Department of Transportation to provide water and sewer along Highway 60 to take advantage of the window of opportunity which will be available next Summer. I sincerely apologize for our delay in responding back to your letter primarily due to the long time it has taken us to determine the City's opportunity to provide water in the area near your property adjoining the highway.

We are working with the ADOT officials in development of an intergovernmental agreement to include Utility sleeves to cross the highway at various locations to facilitate provision of water and sewer lines to the undeveloped areas of the City. Our legal research has found that the City of Globe will not be able to provide water to any parcels of land for the western halves of sections 23 and 26 of Township 1 North, Range 15 East, which includes your property adjoining Highway 60 as well as other undeveloped parcels of land. This finding is based on the Arizona Water Company's Certificate of Necessity boundaries established and approved by the Arizona Corporation Commission years ago. While we would love to do our best to provide water to all undeveloped areas within the City Limits, we are unable to do so in certain areas such as the one described above.

With respect to the sewer utility services to the undeveloped area, including the one referenced above, we will do our best to minimize conflict with the State's highway improvement project through our advance coordination and agreement. In terms of actual connection to the City's Wastewater Collection System, we work with individual property owners based on their subdivision plats or development plans for non-residential and multi-family residential uses and, through the City's required review and approval process and corresponding meetings, per the existing City policies and procedures, we will identify the needs, availability of the City's sewer system access, and the specific obligations for both the City and the Property Owners.

Please do not hesitate to contact Bill Bennett, our Public Works Director (425-4959) or Joe Carrillo, our Planning & Zoning Director (425-7146 Ext. 19), or me (425-7146 Ext. 25 or Pager No. 1-888-589-0944) at your convenience for any additional information with respect to the sewer utilities for your property or for any other area of interest. Again, we thank you for your interest and suggestions and look forward to working with you as your development plans for your property on Highway 60 progress further.

c: The Hon. Mayor & Council Members
 Mark Kieren, Arizona Water Company

Sincerely,

Manoj Vyas, City Manager

EXHIBIT B

EMERGENCY CONNECTIONS AGREEMENT

This Emergency Connections Agreement (the "Agreement") is made as of the 8th day of November 2003 between the CITY OF GLOBE (the "City"), an Arizona municipal corporation, and ARIZONA WATER COMPANY (the "Company"), an Arizona corporation.

RECITALS

A. The Company is a public service corporation engaged in the business of providing water utility service in the area of Miami and Globe included within the Company's Certificate of Convenience and Necessity ("CC&N") issued to the Company by the Arizona Corporation Commission (the "Commission").

B. The City provides water service to areas within the incorporated city limits of Globe which are not in the Company's CC&N.

C. Neither the Company nor the City is obligated to furnish water for resale or sell water to the other party, and neither the Company nor the City undertake hereby to devote any of its facilities or resources to furnishing or selling water to the other party for resale or emergency purposes on a regular or permanent basis; but the Company and the City desire and are agreeable to using certain existing emergency connections (the "Emergency Connections") to provide water to each other on an emergency basis under the terms and conditions of this Agreement.

Now, therefore, in consideration of the premises, mutual covenants, promises, and conditions set forth in this Agreement, and for other good, valuable, and adequate consideration, the parties agree as follows:

1. The Emergency Connections. The Emergency Connections are installed and located as shown on Exhibit A to this Agreement, which by this reference is incorporated herein. Water delivered pursuant to this Agreement shall be measured and recorded by water meters capable of measuring the expected range of flows within $\pm 3\%$ accuracy.

2. Ownership of the Emergency Connections. The Company owns and agrees to maintain those portions of the Emergency Connections consisting of its water meter and all other facilities necessary to provide emergency service to the point of delivery to the City from the Company's water system. Such facilities were installed previously, and the City agrees to pay the cost of additional facilities, if required, to provide emergency service to the City. The City agrees to reimburse the Company for the cost of any such additional facilities within fifteen (15) days of the date of mailing an invoice therefor.

The City owns and agrees to maintain those portions of the Emergency Connections consisting of its water meter and all other facilities necessary to provide emergency service to the point of delivery to the Company from the City's water system. Such facilities were installed previously, and the Company agrees to pay the cost of additional facilities, if required, to provide emergency service to the Company. The Company agrees to reimburse the City for the cost of any such additional facilities within fifteen (15) days of the date of mailing an invoice therefor.

3. Backflow Prevention. If the Company, the City, the Arizona Department of Environmental Quality, or any other agency having jurisdiction should require the installation of a backflow prevention device, such device, of a type and design acceptable to the Company and the City, shall be installed on the water system of the party receiving emergency service, and maintained in proper operating condition by and at the expense of such party.

4. Maintenance of the Emergency Connections. The City will perform, or arrange for, all necessary maintenance of those portions of the Emergency Connections which the City owns, and the Company will perform, or arrange for, all necessary maintenance of those portions of the Emergency Connections which the Company owns.

5. Delivery of Water. The Emergency Connections will normally be off. The City and the Company agree that either party may request water deliveries from the other party pursuant to this Agreement only in case of temporary emergencies such as a water shortage or failure of or defect in its wells, pumps, or related equipment and facilities, which failure or defect the party requesting emergency service agrees to repair or correct as promptly as possible. Either party may request delivery of water through the Emergency Connections by contacting the other party as follows:

<u>Arizona Water Company</u>	<u>City of Globe</u>
Telephone: (928) 473-4433	Telephone: (928) 425-7146
Fax: (928) 473-2271	Fax: (928) 425-4820
Pager: (928) 473-2514	Pager: (888) 589-0944
Cell Phone: (928) 200-1310	

The party requesting emergency service agrees to advise the party providing emergency service of the date and time that emergency service is to be commenced, the estimated flow rate of water to be delivered, expressed in gallons per minute, and the expected duration of water deliveries needed to satisfy such temporary emergency. The party requesting emergency service will advise the party providing emergency service of the date and time that the party providing emergency service is requested to discontinue such emergency service.

The party providing emergency service will only be responsible for providing such water at such pressures as may be available from time to time within its water system. Water deliveries by the party providing emergency service may, without notice, be limited, curtailed, or terminated by the party providing emergency service if such party determines, in its sole judgment, that conditions within its water system warrant such limitation, curtailment, or termination.

6. Accounting for Water Delivered. The amount of water furnished by the party providing emergency service shall be measured by its water meter which will be read by the party providing emergency service upon the commencement and discontinuance of deliveries and at the end of each month in which water continues to be delivered. The party providing emergency service will bill the party receiving such emergency service monthly for water delivered including any and all applicable sales taxes, with no minimum monthly charge or service charge. All such bills will be computed using a rate of four dollars (\$4.00) per one

thousand gallons delivered. Payment for water delivered shall be made within fifteen (15) days of the date of mailing a bill therefor.

7. **Indemnification.** Neither party shall incur any obligation to the other or to the public or any person or entity as a result of said party's failure or inability to provide emergency service pursuant to this Agreement and each party hereby mutually releases and agrees to indemnify, defend, and hold the other party and their directors, councilmembers, officers, employees, agents and contractors harmless from, and against, any claim, cause of action or any liability, loss, damage or expense, including reasonable attorney's fees, which the party that fails or is unable to provide emergency service may incur or suffer by reason of such failure or inability to provide emergency service pursuant to this Agreement.

With respect to any other claim of loss, action, suit or injury arising under or in connection with this Agreement, each party agrees to indemnify, defend, and hold the other party and their directors, councilmembers, officers, employees, agents and contractors harmless from, and against, any claim, cause of action or any liability, loss, damage or expense, including reasonable attorney's fees, which a party may incur or suffer as a result of any alleged wrongful, willful or negligent act of a party that provides emergency service pursuant to this Agreement.

8. **Continuation of Agreement.** Provided both parties comply with and perform all of the terms and conditions required of them under this Agreement, this Agreement shall remain in effect until terminated by either party hereto upon thirty (30) days' written notice given to the other party. This Agreement may be modified as mutually agreed in writing by the parties hereto.

9. **Removal of Emergency Connections.** Upon termination of this Agreement, the Company may remove all or any part of the facilities comprising its portions of the Emergency Connections. Likewise, upon termination of this Agreement, the City may remove all or any part of the facilities comprising its portions of the Emergency Connections.

10. **Assignment.** Both parties agree that this Agreement and any right arising under or by virtue of this Agreement shall not be assigned or transferred by either party, and this Agreement shall not inure to the benefit of any successor, assignee, or transferee of either party, without the prior written consent of the other party.

11. **Notices.** Written notices, including correspondence and invoices, shall be sent by first-class mail, addressed and delivered as set forth below:

Company:

President
Arizona Water Company
3805 North Black Canyon Highway
P.O. Box 29006
Phoenix, Arizona 85038-9006

ORIGINAL

City:

City of Globe
Attn: City Manager
150 N. Pine St.
Globe, Arizona 85001-2592

12. Attorney Fees. If either party to this Agreement brings suit to enforce or to recover damages for the breach of any term, covenant, or condition contained herein, the prevailing party shall be entitled to an award of attorney's fees in addition to the amount of any judgment and costs.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first written above.

ARIZONA WATER COMPANY
an Arizona corporation

By William M. Garfield
William M. Garfield
President

CITY OF GLOBE
an Arizona municipal corporation

By [Signature]
City Manager

ORIGINAL

EXHIBIT C



City of Globe

150 N. Pine Street
Globe, Arizona 85501

Phone (928) 425-7146 Fax (928) 425-4820 TDD (928) 425-5330

1907

2007

April 28, 2010

Mr. Fred Rios
Arizona Water Company
P. O. Box 2000
Miami, Arizona 85539

Re: Request to Serve a Parcel Within Service Area

Dear Mr. Rios:

We met and discussed the request by the City of Globe that it was agreed that the City be allowed to provide water service to a parcel of land located within the City. Our purpose in making this request is to pursue a Development Agreement whereby the City would acquire real property for municipal purposes. The parcel in question is located within your service area and is approximately 39.37 acres in size, being Gila County Assessor's parcel No. 207-10-003B as shown in the enclosed map.

The shaded portion of the property located within the larger parcel is the parcel which the City intends to acquire. The contemplated use of the remaining parcel is residential and commercial in which the City will also play a crucial role. In addition to ease of administration, we are concerned that Arizona Water Company may not presently have the ability to service the property and meet the fire flow requirements of the International Fire Code, as adopted throughout the City. I am informed that this has been an issue in the past. Part of the proposed Development Agreement is the installation of City water lines to service this parcel in such size to meet the fire flow requirements and facilitate development.

Please bring this request to the attention of the appropriate decision makers and let me know your thoughts as soon as possible. Thank you.

Yours very truly,



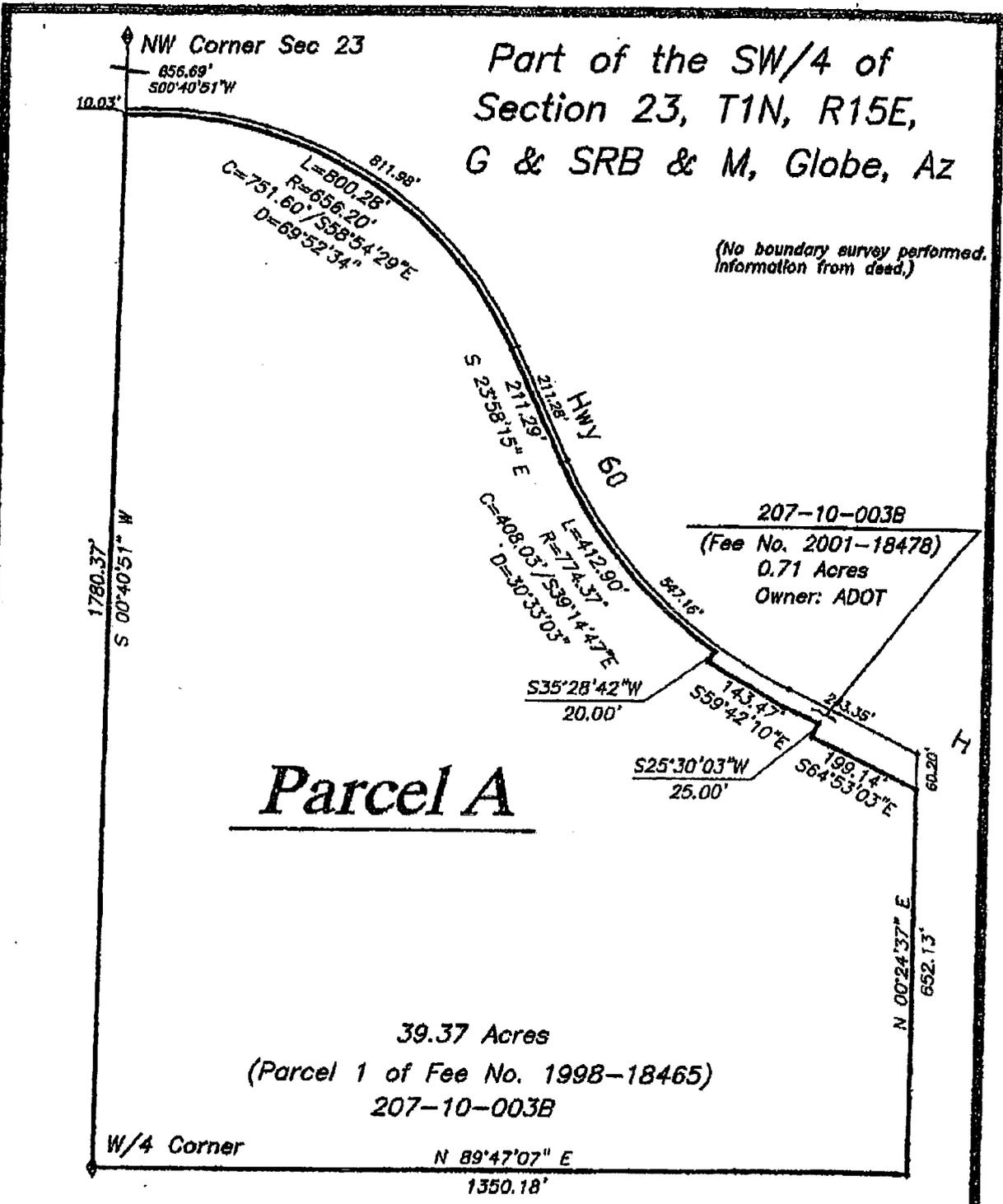
K. Kane Graves
City Manager

cc: Mayor and Council

RECEIVED

MAY 05 2010

ARIZONA WATER CO.
GILBERT



<p>City of Globe 150 N. Pine Street Globe, Az 85501</p>	<p>MoSpadden Property</p> <p style="text-align: center;">Exhibit A</p>	<p>Date: <u>September 2009</u> By: <u>LBH</u></p> <p style="text-align: right;">Sheet <u>1</u> of <u>1</u></p>
--	--	--

SECTION 23
TIN RISE

207-10
1 of 3
CODE 0900
(RES)
UPDATED 04-25-07

SEE MAP 205-01

SEE MAP 207-28 2 of 2

SEE MAP 207-02 1 of 3

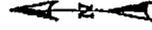
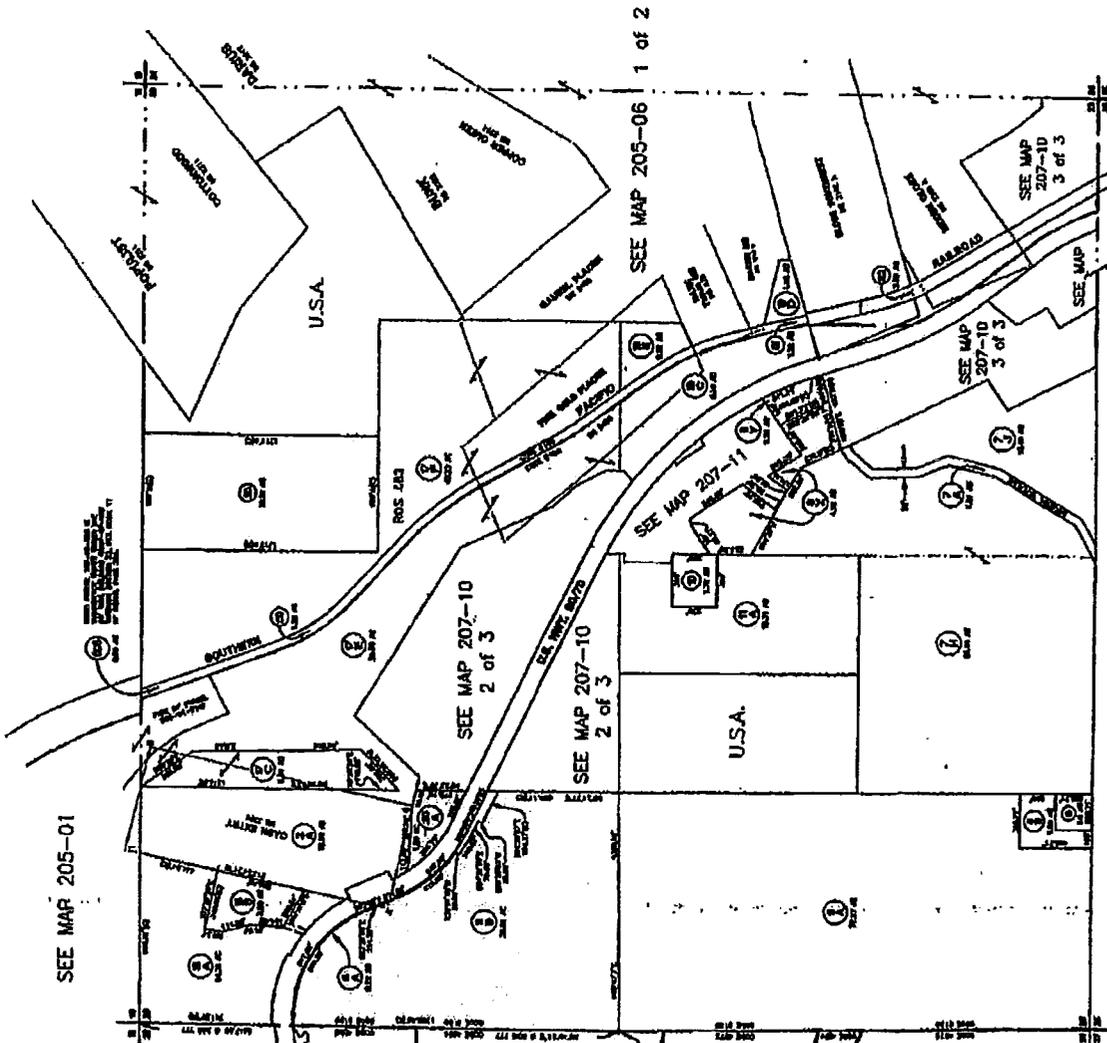
SEE MAP 207-09 1 of 2

SEE MAP 207-09 2 of 2

SEE MAP 205-06 1 of 2

SEE MAP 207-16

SEE MAP 207-15



SCALE = 1" = 400'
(C) = CALCULATED
(R) = RECORDED

FOR INFORMATION ONLY, NO LIABILITY ASSUMED.

GILA COUNTY ASSESSOR

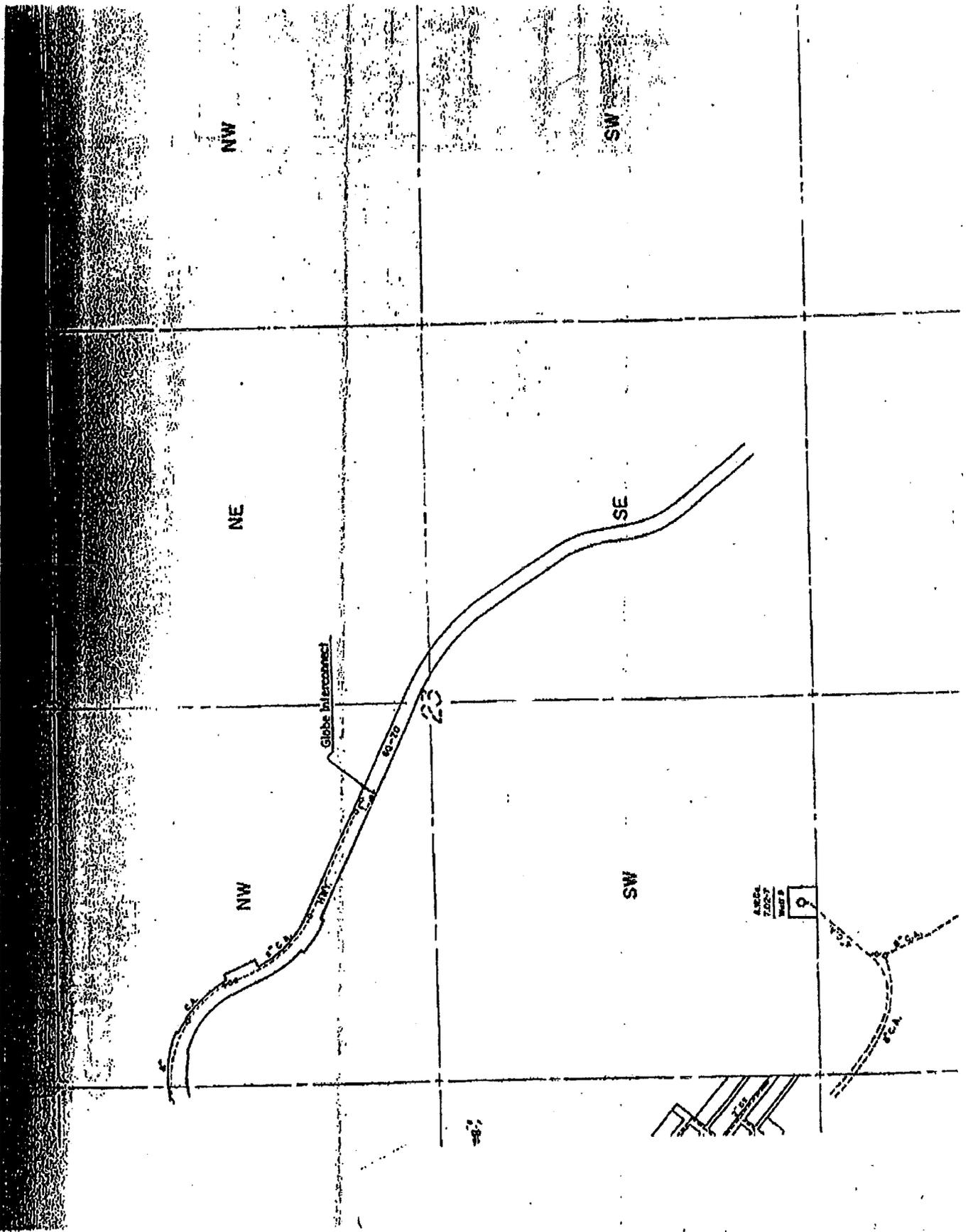


EXHIBIT D

June 1, 2010

Mr. K. Kane Graves, City Manager
City of Globe
150 N. Pine Street
Globe, Arizona 85501

Re: Water Service to Property located within Arizona Water Company's
Certificated Service Area

Dear Mr. Graves:

This letter responds to your April 28, 2010 letter to Freddy Rios, Arizona Water Company's (the "Company") Miami -- San Manuel Division Manager about water service to property (Gila County Assessor's Parcel No. 207-10-003B), which is located within the Company's certificated service area.

Under Arizona law, the Company provides water service, pursuant to the provisions of its tariffs and terms and conditions of service, to all property within its certificated service area, including the property you wrote about.

As you are aware, the Company has an existing water main adjacent to the property. The Company's Engineering Department can meet with the property owner or representatives at their convenience to discuss their development plans, and the Company is confident that its water system will be able to meet their water service needs as the property is developed.

The Company is pleased to play an important role in the economic development of the Globe -- Cobre Valley area, and looks forward to working with the developer of this particular property, and with other developers in the future to assist in the area's development.

Very truly yours,



William M. Garfield
President

lar
cc: Freddy Rios -- Miami Division
Phoenix Staff

E-MAIL: mail@azwater.com

EXHIBIT E

BEFORE THE ARIZONA CORPORATION COMMISSION

UTILITY HEARINGS TO BE HELD BEFORE THE ARIZONA CORPORATION COMMISSION ON MONDAY, SEPTEMBER 11, 1961, AT THE HOUR OF 10:00 O'CLOCK A. M. OF SAID DAY, IN THE COMMISSION HEARING ROOM, CAPITOL ANNEX BUILDING, PHOENIX, ARIZONA.

DOCKET NO.

CASE

U-1798

IN THE MATTER OF THE APPLICATION OF SUNSET WATER COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT, OPERATE AND MAINTAIN A PUBLIC UTILITY WATER SYSTEM IN THE W $\frac{1}{2}$ OF SECTION 18, TOWNSHIP 19 NORTH, RANGE 17 WEST, AND SECTIONS 14, 21, 22, 23, 24 AND 26, TOWNSHIP 19 NORTH, RANGE 18 WEST, G&SRB&M, MOHAVE COUNTY, ARIZONA.

U-1445

IN THE MATTER OF THE PETITION OF ARIZONA WATER COMPANY FOR INCREASE OF AREA TO BE SERVED AT MIAMI, ARIZONA TO INCLUDE BEGINNING AT THE NE CORNER OF SECTION 30, T 1 N, R 15 E; THENCE WESTERLY APPROXIMATELY 3 MILES; THENCE SOUTHERLY APPROXIMATELY 1-1/2 MILES; THENCE WESTERLY APPROXIMATELY 1 MILE; THENCE SOUTHERLY APPROXIMATELY 1/2 MILE; THENCE WESTERLY APPROXIMATELY 1-1/2 MILES TO THE NW CORNER OF SECTION 4, T 1 S, R 14 E; THENCE SOUTHERLY TO THE SW CORNER OF THE NW $\frac{1}{4}$ OF SECTION 9, T 1 S, R 14 E; THENCE EASTERLY TO THE SE CORNER OF THE NE $\frac{1}{4}$ OF SECTION 10, T 1 S, R 14 E; THENCE NORTHERLY TO THE NW CORNER OF SECTION 11, T 1 S, R 14 E; THENCE EASTERLY TO THE SE CORNER OF SECTION 1, T 1 S, R 14 E; THENCE NORTHERLY APPROXIMATELY $\frac{1}{4}$ MILE; thence easterly approximately 1- $\frac{1}{2}$ MILES TO THE SW CORNER OF SECTION 6, T 1 S, R 15 E; THENCE NORTHERLY TO THE POINT OF BEGINNING, ALL G&SRB&M, GILA COUNTY, ARIZONA.

U-1445
Arizona Corporation Commission
DOCKETED

SEP 11 1961

DOCKETED BY

IN THE MATTER OF THE PETITION OF ARIZONA WATER COMPANY FOR INCREASE OF AREA TO BE SERVED AT CENTRAL HEIGHTS, ARIZONA DESCRIBED AS BEGINNING AT THE SE CORNER OF THE SW $\frac{1}{4}$ OF SECTION 26, T 1 N, R 15 E; THENCE WESTERLY TO THE SW CORNER OF THE SE $\frac{1}{4}$ OF THE SW $\frac{1}{4}$, SECTION 28, T 1 N, R 15 E; thence NORTHERLY TO THE NW CORNER OF THE NE $\frac{1}{4}$ OF THE SW $\frac{1}{4}$ SECTION 16, T 1 N, R 15 E; THENCE EASTERLY TO THE NE CORNER OF THE SW $\frac{1}{4}$ SECTION 14, T 1 N, R 15 E; THENCE SOUTHERLY TO THE POINT OF BEGINNING, ALL G&SRB&M, GILA COUNTY, ARIZONA.

U-1445

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO SERVE THE VICINITY OF FLORENCE JUNCTION, ARIZONA DESCRIBED AS BEGINNING AT THE NE CORNER OF SECTION 1, T 2 S, R 10 E; THENCE WESTERLY TO THE NW CORNER OF SECTION 1, T 2 S, R 9 E; SOUTHERLY TO THE SW CORNER OF SECTION 36, T 2 S, R 9 E; THENCE EASTERLY TO THE SE CORNER OF SECTION 36, T 2 S, R 10 E; THENCE NORTHERLY TO THE POINT OF BEGINNING, ALL G&SRB&M, PINAL COUNTY, ARIZONA.

U-1799

IN THE MATTER OF THE APPLICATION OF RAINBOW VALLEY IRRIGATION COMPANY, AN ARIZONA CORPORATION, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO OPERATE A MUTUAL IRRIGATION WATER SYSTEM TO SERVE SECTION 14; NE $\frac{1}{4}$ and E $\frac{1}{2}$ of SE $\frac{1}{4}$ of SECTION 15; SECTION 22; E $\frac{1}{2}$ OF SECTION 23; E $\frac{1}{2}$ OF SECTION 25; W $\frac{1}{2}$ OF SECTION 26; SECTION 27; SE $\frac{1}{4}$ OF SECTION 34 and the SW $\frac{1}{4}$ OF SECTION 35, ALL T 2 S, R 2 W, G&SRB&M, MARICOPA COUNTY, ARIZONA.

UTILITY HEARINGS
PHOENIX, ARIZONA
SEPTEMBER 11, 1961
PAGE 2

DOCKET NO.

CASE

U-1800

IN THE MATTER OF THE APPLICATION OF DOODLEBUG WATER COMPANY, AN ARIZONA NON-PROFIT CORPORATION, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT, OPERATE AND MAINTAIN A MUTUAL WATER SYSTEM FOR THE PURPOSE OF FURNISHING DOMESTIC WATER TO ITS MEMBERS IN OAK CLIFFS SUBDIVISION AND OTHER AREA DESCRIBED AS ALL THAT PORTION OF THE NW $\frac{1}{4}$ NW $\frac{1}{4}$ OF SECTION 19, TOWNSHIP 17 NORTH, RANGE 6 EAST, OF THE G&SRB&M, COCONINO COUNTY, ARIZONA, LYING WEST OF THE CENTER LINE OF OAK CREEK, AND SPECIFICALLY INCLUDING ALL OF OAK CREEK CLIFFS, A SUBDIVISION AS SHOWN BY MAP OF RECORD IN THE OFFICE OF THE COUNTY RECORDER, COCONINO COUNTY, ARIZONA, CASE 1 OF MAPS, MAP 101, AND OF SUCH OTHER PROPERTY NEAR OR ADJACENT THERETO AS MAY BE DESIGNATED BY THE BY LAWS OF THE CORPORATION.

U-1801

IN THE MATTER OF THE APPLICATION OF OVERGAARD WATER COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT, OPERATE AND MAINTAIN A DOMESTIC WATER SYSTEM IN THE AREA DESCRIBED AS ALL OF SECTION 33, T 12 N, R 17 E, EXCEPT THAT PORTION, IF ANY SERVED BY McNARY UTILITIES CO.; THE EAST HALF (E $\frac{1}{2}$) OF SECTION 32, T 12 N, R 17 E, EXCEPT THAT PORTION SERVED BY McNARY UTILITIES CO.; AND THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF SECTION 29, T 12 N, R 17 E, G&SRB&M, NAVAJO COUNTY, ARIZONA.

DATED at Phoenix, Arizona this 31st day of August, 1961.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

FRANCIS J. BYRNES
SECRETARY

Notices mailed to following, for hearing of 9-11-61.

Earl Carroll
Max A. Springer - Box 488 - Peoria
Haurich J. Thiola - Box 488 - Peoria
Mohave County Board of Supervisors - Kingman
Sacramento Valley Water Co. c/o George M. Hill
Walter E. Craig - Arthur Johnson, from Fennemore, Craig, Allen & McClennen
Carl Schmidt - Arizona Water Co.
Arizona Water Co. - Miami
Citizens Utilities Co. Attn: John Gibbs
East Globe Water Co. c/o Navor Proctor
Louis B. Ellsworth, Sr. - Globe
Hagen Const. aka Pueblo Water Co. - Globe
Westover, Mansfield, Westover & Coppie - Box 351 - Yuma, Attn: Mr. Coppie
Yuma County Board of Supr.
Rainbow Valley Irrigation Co- c/o Wm. P. Coppie
Doodiebug Water Company c/o E. V. Staude - Sedona
" " " c/o Marguerite B. Staude - Sedona
" " " c/o L. G. Hauxer - Sedona
James Horbia - Sedona Water Company - Sedona
Coconino County Board of Supervisors - Flagstaff
Oak Creek Heights Water Assoc. c/o Walter Zaharek, Sedona
Favour & Quail - Attn. John M. Favour
League of Ariz. Cities & Towns Attn: John J. DeBolska
E. R. Orth
Hardy Scott
Mark Grumley
Mortis Rozar
Robert W. Pickrell
State Land Dept. - Attn. Louis Duncan
Daniel E. Moore - Bisbee
Buckan S. Vlahovich - Atty. Bisbee
Lloyd W. Golder III - Tucson
Hall & Jones - Attn. Mr. Hall, Mr. Jones- Tucson
Langmade & Langmade
Robert W. DeBelt - Viking Supply Corp. Phoenix
C. C. Childress " " " Tucson
S. H. Ryrle - Arizona Oil Reporter
General Services Administration
Martin T. Farris - A. S. U.
Ralph Painter
Salt River Water Users Assoc. Attn. Robert Moore, Mr. Alexander, F. E. Smith
Bert Smith - Nogales
Merchant, Parkman, Miller & Pitt - Attn. J. Emory Barker - Tucson, Henry R. Merchant
Darnell, Holesapple, McFall & Spaid- Attn. Mr. McFall, Holesapple
Cella & Barr Engineers - Tucson
Laney & Laney Attn. Lynn M. Laney
Rank Raymond, Chief Eng. - Maricopa County Mun. Water Cons. Dist. #1 - Peoria
George L. Ellis
Lewis, Ross, Seville, Besuchamp & Linton Attn. Record Room
Mohave County Miner - Kingman
Arizona Silver Belt - Miami
Gila County Board of Supervisors - Globe
Final " " " - Florence
Maricopa " " " Phoenix
Bur. of Sanitation
James H. Wilson - Atty. Sedona
Arizona News Service - Robert Crighton
John Kendall, Ariz. Mgr. United Press International
E. W. Duhans
A. S. Sposter
Mr. H. W. Wittman - Phoenix
M. D. Droum - Atty. Phoenix
Jennings, Strauss, Salmon & Trask Attn. Charles L. Strauss, Jr., R. Jennings,
C. R. Hoover
Mr. L. H. Bell - Phoenix
Newell Kring c/o Goodyear Farms - Litchfield Park
City of Phoenix - Mayor, City Clerk, City Mgr., City Attorney
Mr. P. B. Kluthe - Kaiser Steel Corp. Denver
Hunter, Bartlett & Penn - Phoenix
Div. of Water & Sewer Attn. Mr. Travel

Hearing notices for 9-11-51 were sent to the following:

Page 2

Frank G. & Rose M. Fowler - National City, Calif.
Snell & Wilmer - Attn. Mr. Wilmer
S. Paul Ferris - Atty. Phoenix
Hampshire Farms, Inc. - Phoenix
C. R. Palmstee, Mayor - Town of Goodyear
Arless Russell, City Clerk - City of Chandler
Cunningham, Carson & Messinger Attn. Ed. Lowry
Juanita W. McCartney - Casa Grande
Virgil W. Chandler - Atty. Phoenix
Helen L. Shaw
Gwynn, Twitty & Siewright Attn. Mr. Siewright
Mr. & Mrs. T. I. Reynolds - Casa Grande
Clarence B. Nystrom - Casa Grande
Mr. Ivan H. Bullock - Phoenix
Mr. & Mrs. Cloud A. Shanhard - Phoenix
Scottsdale Progress Attn. Katy Worth
Southwest Lumber Mills, Inc. - McNary
Don G. Pass - Phoenix
" " - Scottsdale
J. A. Armstrong, Mgr. - McNary Utilities Co. - Phoenix
Zane Farham - Overgaard, Arizona
William Ed Cole - Phoenix
Navajo County Board of Supervisors - Holbrook
Roland Fish - McNary
M. D. M. States Co. - Ph.

EXHIBIT F

GLOBE
and
MIAMI
ARIZONA
Con Survey
DIRECTORY
1960

Mullen-Kille of Arizona

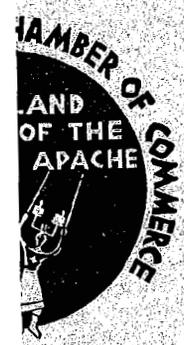


DC

STITUTIONS

GLOBE
CHAMBER OF COMMERCE

GA 5-4495



LE
TOGETHER
GLOBE
PLACE IN
LIVE AND
LIVING

CIVIC INSTITUTIONS

CITY OF GLOBE ARIZONA

MAYOR
A. V. Hardt

CITY COUNCIL

Geo. Larson	Fred Fritz
S. M. Gibson	Wm. Arthur Oates
Tony Chiono	Herbert Bednorz

City Manager	J. E. Phillips
City Clerk	Mary F. Roberts
Police Chief	Rodney J. Weinberg
Fire Chief	Al O. Fritz
City Attorney	Navor Proctor
City Magistrate	Clyde Shute
Water Superintendent	Claude U. House
Street Superintendent	C. S. Collins
Sanitarian	Louis J. Schmerber

POLICE PHONE GA 5-4436

FIRE PHONE GA 5-4431

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-Kille of Arizona

Gilbert Jimmy D (Betty L) @ emp ICC Co h Bandy Hts PO Bx 1125
Gilbert Stephen E (Esther R) 1 @ carp & millwright Van Dyke Constn Co h 200
Cobb (C Hts) RD 1 Bx 79D ΔGA 5-4117
Giles Wiley @ retd h 420 S 4th St
Gillard Ben (Town Mtl Co) res New York NY
Gillespie Leland E (Mary L) 2 @ drill hlpr ICC Co h 250 Cuprite ΔGA 5-4119
Gillespie Mary Ann @ tchr Miami HS h 14 2nd Av (CC Manor) (G) ΔGA 5-2793
Gillespie Noel B (Mary L) 1 mechl eng MC Co, corres sec YMCA Men's Club h 30
Bechtel Tract RD 1 Bx 39H ΔGA 5-6457
Gillespie Rose L (wid Hugh) r 14 2nd Av (CC Manor) ΔGA 5-2793
Gillette Carrie (Mrs S V) ofc sec Miami Insp Hosp r ss Skyline Dr PO Bx 678
ΔGA 5-6276
Gillette John Q (Frances) 2 @ custdn PO h 149 Hopi (Six Shooter Canyon)
ΔGA 5-5385
Gillette Robt L (Martha T) @ linemn Ariz Pub Serv h 1407 E Maple PO Bx 1711
ΔGA 5-4168
Gillette S Vern (Carrie V) @ retd h ss Skyline Dr PO Bx 678 ΔGA 5-6276
Gillette Sterling E (Gertrude) 2 @ retd h 1085 N East ΔGA 5-5624
Gilliland Jim L (Norma) 2 pipe ftr MC Co Copper Cities Div h Little Acres
ΔGA 5-4233
Giono Teresa r South of Globe RD 1 Bx 4F
Giorgio Vito instrument mn State Hwy Dept h Apt 2 323 S Sutherland ΔGA 5-2312
Giorsetti Jos B (Cath) 4 @ prin Noftsger Hill Sch h 127 S 2nd St ΔGA 5-5213
Giovando Bat (Lena) 2 @ lab tech ICC Co h 120 N 2nd St PO Bx 1083 ΔGA 5-4680
Giovando Jerrie student r 120 N 2nd St PO Bx 1083 ΔGA 5-4680
Given Brothers Shoe Co Inc Leon Glenn mgr 152 N Broad ΔGA 5-2311
Givens Franklin L (Norma A) 1 USA r 108 Glendale (C Hts) RD 1 Bx 119 ΔGA 5-4245
Givens Kath J r 108 Glendale (C Hts) RD 1 Bx 119 ΔGA 5-4245
Givens Thos A @ crane opr ICC Co h 108 Glendale (C Hts) RD 1 Bx 119 ΔGA 5-4245
Glenn Leon J (Kathleen B) 2 @ mgr Given Bros h ss Skyline Dr ΔGA 5-4867
Glenn Willard A (Strelsa B) 3 @ dep state mine inspr h 107 Central (C Hts)
ΔGA 5-2616
Globe Advertising Co (Wesley Lillagore) Ice Hse Canyon PO Bx 344 ΔGA 5-5193
GLOBE AUTO PARTS (Fred E Wade) 151 E Sycamore ΔGA 5-2431
GLOBE BATTERY SHOP (V B Allison) L Ezell mgr ss Globe-Miami Hwy PO Bx 1805
(Miami) ΔGA 5-6491
Globe Body Shop (J V Bustamante) 926 N Broad ΔGA 5-5351
Globe Business & Professional Women's Club Mozelle Wood pres meets ea Tues noon
670 E Sycamore
GLOBE CAFE & STEAK HOUSE (Mrs Verda House) "open 24 hours" specializing in
fine food 396 N Broad ΔGA 5-6341
Globe Candy Cottage (R H Stolze) retl confectioners 914 N Broad
Globe Canyon Full Gospel Church Mrs Nona V Montgomery pastor 300 West (C Hts)
PO Bx 1484 ΔGA 5-2808
GLOBE CHAMBER OF COMMERCE Mrs Emma R Wenker mgr Dominion Hotel
PO Bx 2593 (Globe) ΔGA 5-4495
GLOBE—CITY OF
Attorney Navor Proctor 150 W Cedar ΔGA 5-2442
Barn 102 Carico
Cemetery 441 W Hackney
Central Ball Park 421 W Hackney
City Hall 150 W Cedar ΔGA 5-2442
Clerk Mrs Mary F Roberts 150 W Cedar ΔGA 5-2442
Council Geo Larson, Fred Fritz, S M Gibson, W A Oates, Anton Chiono & Herbert
Bednorz mems 150 W Cedar ΔGA 5-2442

EXHIBIT G

30734	Tennessee Corp	1.00	30743	Internal Rev.	1,955.00
30735	Payroll Account	7,136.10	*30743	" " " W/H	456.80
*30735	Payroll Account	1,793.50	*30744	Ariz. St. CASH	778.11
*30736	General Fund	8,000.00	30744	" " "	2,450.32
*30737	Tax Comm. (Sales Tax)	229.92	*30745	Ariz St. Tax. W/H	260.98
*30738	Valley Bank Phoenix	2,166.70	" " " W/H	65.20	
*30739	Wet. Rev. 1958 Rev.	361.25	*30745	" " " W/H	134.73
*30740	Wet. Rep. & Ext.	244.63	*30746	Industrial Comm.	665.25
30741	American Bitumuls	793.20	30746	" " "	
30742	Union Oil CO	442.03		Totals	28,015.04
*30742	" " W	80.32			

MINUTES OF COUNCIL MEETING OF OCTOBER 16, 1961

Meeting was called to order by Mayor Hardt at 7:30 P. M.
The invocation was given by Mrs. Emma Wenker.

The pledge of allegiance to the flag was given.
Roll Call: All answered present except Councilman Larson, who was excused because of illness.

Minutes of the previous meeting were read and approved as read.
Anyone to Address the Council: There was no one present who wished to address the Council.

CORRESPONDENCE: Mayor Hardt read a letter from Mr. Aaron Hunter containing his proposal for the sewer line to Crestline Terrace. Mayor Hardt advised that he and City Manager Phillips had attended a meeting regarding this matter last week. He then gave a review of the negotiations between the interested parties from Crestline and the City Officials; pertinent facts being:

These persons approached the City, the City did not ask them first. The price asked for the present Water System had changed several times, and then no more had been heard regarding this. The number of houses now in the district or to be built in the near future, is uncertain. No one seems willing to advance the necessary amount of money to purchase materials necessary to start construction. Councilman Frits then stated that they must make a definite commitment as to whether they wished to be in the City or out. Councilman Chiono stated that everything necessary should be done to protect the interests of the people who are already citizens of the City. Since no one came forward to discuss the matter further, motion was made by Councilman Bednors, seconded by Councilman Frits, that the matter be tabled until such time as some definite commitment was made by these people. Motion carried and so ordered.

FIRE DEPT: Have been very busy with fire Prevention Week. Have had very excellent cooperation with all citizens on this work.

POLICE DEPT: John Langdon is to replace Nolan Terrill as patrolman; The names of Waylon Mitchell and Chester Jackson were placed before the Council to become Police Reserve members. Motion to accept them was made by Councilman Gibson, seconded by Councilman Chiono. Carried and so ordered.

WATER DEPT: Most work has been routine. Connecting line work has been done on the Ellsworth System, but meter installation etc, is awaiting further reports from the Corporation Comm. This may not be an opinion from the Attorney General on their jurisdiction in the matter.

STREET DEPT: All paving and sealcoating has been completed. Approximately 30% more street improvements have been made this year than in any previous year.

Mr. Watson of the State Health Dept. gave approval for the City to start work on the sewage pond project. Prints of the plans will be sent to him for approval before the work is completed. This is a very large project and will keep the Street crew very busy for some time.

Mr. Erstad, spokesman for Crestline, returned to the Council Chamber and advised the Council that many of the Citizens of that district would sign annexation petition if the City will accept Mr. Hunter's proposal. Mr. Erstad was thanked for his efforts in this matter.

City Manager Phillips was asked to write and thank Mr. Holland of the State Highway, and also the County for the use of their trucks etc., for the work at the sewage pond. This will be done.

City Manager asked approval of the Council, for he and the Mayor, or other members of the Council to continue attending meetings with the State Hiway Commissioners in order to further work on State projects within the City. Motion to this effect was made by Councilman Frits, seconded by Councilman Oates. Motion carried.

NM BUSINESS: Preliminary plans were presented for the High Street Bridge. Motion was made by Councilman Bednors, seconded by Councilman Oates that City Manager Phillips have published Call for Bids on this project. Motion carried. Councilman Bednors thanked all who had worked so hard on this project for the benefit of all the citizens of the City.

FINANCIAL REPORT: Report for first quarter of 1961-62 year presented. All accounts seem to be in good condition. Motion to accept the report was made by Councilman Gibson, seconded by Councilman Oates. Motion carried.

Review was given by City Manager on the Bids on Surplus Trucks, which were opened Friday, Oct. 13th.

Item No. 1.	1941 Ford Dump -- Tie bid -- R. W. Grim & Francis Knuckey	\$25.00
" " 2.	1937 Dodge Dump -- E. W. Grim --	\$20.00
" " 3.	1947 Ford Dump -- F. Knuckey --	\$40.00
" " 4.	1946 Chev. Pickup -- E. W. Brantley	\$26.00

Attorney Procter ruled that since the first item was a tie, the two men should get together and decide by lot, which should receive the truck. Motion to accept amounts as bid for items was made by Councilman Oates, seconded by Councilman Frits. Carried and so ordered. Other bidders were thanked for their interest in the items.

Councilman Oates asked that City Manager and St. Sup't look at the street along W. Oak between Pine and Willow and see if a line could be placed there for pedestrians to walk. This will be looked into and if necessary State Highway will be contacted, as this is a State Route.

It is believed that the State Highway is soon to install signal lights at the Underpass on North Broad St. If and when this is done, they will be asked for the sign, which they promised, which indicated BUSINESS DISTRICT on up Broad Street.

The matter of the Corporation Commission and their report on the Ellsworth Water System was discussed briefly, and Attorney Procter was asked to call the Attorney General and see if he could ascertain just how long it would be before he would issue his opinion on the matter. This Mr. Procter will do and report as soon as possible.

EXHIBIT H

Arizona RECORD

Vol 49—No. 32

Entered at post office as second-class matter under Act of Congress March 3, 1879.

Globe, Arizona

Thursday, September 21, 1961

10¢ a Copy



One Man's Opinion

By John D. Seater, Jr.

Globe's city council took some far-reaching action Monday night that can only spell progress and future growth for Globe.

The council agreed to purchase the Skyline Drive water system from Louis B. Ellsworth, authorized preliminary plans for extending the city's sewer system to Crestline Terrace, and was on its way to solving its nagging sewage disposal plant problem.

Successful negotiation of a dollar-a-year lease with Miami Copper Co. for land necessary for a sewer plant addition pointed the way to settlement of that problem. Action to acquire the necessary land had been stalled for several weeks due to the absence on vacation of Miami Copper executives with whom the negotiations had to be held.

Once the negotiations were under way, city officials reported swift success, and commended Ben Coil, Miami's vice-president and general manager, for his sincere desire to cooperate with the city in the solution of a major problem affecting thousands of people.

Globe's purchase of the Skyline water system will be paid for out of the system's own revenue, and was a wise move in behalf of the city. Several years ago another council refused to have anything to do with purchasing the Central Heights water system which had been offered to the city. Consequently, the system was purchased by a private firm, and the city lost forever an opportunity to add to its general fund from water sales and profits.

With its new, adequate source of water, Globe is in the water business to stay. It is only good business that it make every effort to sell all the water it possibly can. Like sales taxes, water revenues have an important effect on real property tax rates. As more and more water is sold, Globe real property owners can look forward to lower tax rates.

Extension of the city's sewer line to Crestline is also important, both as a preliminary step to eventual annexation and as another source of revenue.

For too many years Globe has all but stood still in the important progress area of growth and expansion. Now, thank God, the city has seven men on the council with the intestinal fortitude willing to brave the barbed insults of a few vociferous individuals more interested in preserving the status quo than in seeing progress. Unfortunately, the approving masses seldom, if ever, let their community leaders know when they do approve. The chronic complainers, the professional aggravers, those with personal axes to grind and the like, are always quick to scream.

The steps taken Monday night by the council will have far-reaching effect on Globe's progress. It's too bad they couldn't have been taken years ago.

Christmas highway okay

The Winkelman-to-Christmas highway will be constructed by next July.

This major breakthrough in Gila County's frustrating road problems was announced this week by District Highway Engineer Roy Holland, who said construction of the much-needed strip of highway has been scheduled for the current budget year.

The project will cost more than \$2 million, Holland estimated. He said work on detailed construction plans is now under way.

The new route will take advantage of abandoned right-of-way, embankments and structures formerly used by the Southern Pacific Railroad Co. Southern Pacific recently abandoned its railroad right-of-way along Gila River Canyon from Christmas to Winkelman.

Holland said a 40-ft.-wide roadway is planned, including a new bridge across the Gila River in Winkelman. The seven-mile stretch of road will run through East Winkelman, then generally along the north bank of the Gila River to tie in with the paved highway near Christmas junction.

"TO THE BOOSTERS of this all-important route, this construction looms as a major breakthrough for commercial, professional, social and recreational travel," Holland told the Record.

"This road will be especially important to our district as a recreational route," Holland said. "It will provide the people of Tucson with a route to the White Mountains.

"IT WILL ALSO serve as an important trade route between southern Gila County and Globe, Miami," Holland said.

The construction—which will replace the historical "Christmas mine trail" with its one-way spans of road—has been delayed, Holland said, because of "the difficulty and great expense of construction on any other route."

TIMING OF THE Christmas-Winkelman highway schedules well with other improvements planned along the route, Holland said.

A 40-ft. highway development has been completed through Mammoth on Highway 77, and a new bridge over the San Pedro River north of Mammoth is near completion, Holland explained. Also, continued improvement of the route into Winkelman is anticipated in the current highway construction budget, he said.

"IF THE PRESENT plan works out, the new highway will tie in with Highway 177 in Winkelman by extending that highway one block eastward in Winkelman," the district engineer said.



On its way -- hurricane relief

Operation Hurricane Carla is in action in Globe this week. Week-long, Globe Lions have been collecting money, old clothes and canned goods to send to the disaster area of Texas. Tonight (Thursday), they will conduct a house-to-house canvass for the stricken fam-

ilies of the area. Other donations can be sent to Frank's Jewel Box at 228 N. 1st, or transportation will be provided. Murry Schein is serving as chairman for the project. Here he and H. F. (Mike) Stock.

City gets land for sewage plant

City Manager Jack Phillips announced this week that Miami Copper Co. will lease land to the city for a new secondary sewage-treatment pond.

Phillips said the copper company has agreed to lease the land for \$1 a year, renewable annually.

THE CITY COUNCIL Monday night authorized Phillips to follow through on final plans and purchasing for the project to bring the controversial sewage plant up to state and county specifications.

Phillips is to authorize City Engineer Earl Sparks to draw final plans for the sewage sys-

tem extension, and purchase a 2500 ft. of 10-inch pipe required.

SPARKS HAS completed preliminary plans for the secondary pond, Phillips said.

These plans were discussed last week with State Health Engineer Eugene W. Phillips said the city will try to use pipe for the project, but the available city will have to use new pipe. Fencing for the pond is another expense, Phillips said, but can be kept down if a barbed-wire fence is used.

AFTER HEARING Monday night councilmen commended Miami Copper Co.'s action and voted to send a letter to Ben Coil, vice-president and general manager, for his cooperation with city securing the land needed.

Two-lady contest looms in school board election

The annual school board election of Globe District 1 will be held from 8 a.m. to 6 p.m. Oct. 3 at Hill Street School.

THERE WILL BE one seat to be filled. Mildred Sowden, the incumbent, plans to seek reelection, and Mrs. Betty Shew has filed petitions to oppose her. The deadline for filing is Saturday.

Other members of the board are Paul Ken-

Notice

The annual meeting of Globe Center, Inc., will be held at 7:30 p.m. Oct. 3, in the Visual Aids Room of Globe High School.

Annual reports will be presented and other business transacted.

Summer's end?

	H	Lo	Prec.
Wednesday	73	66	.02
Thursday	90	56	
Friday	87	64	.06
Saturday	89	60	
Sunday	88	65	
Monday	85	65	
Tuesday	80	53	

Walter Kyle



Skyline water; moves to annex Crestline

Arizona RECORD

Globe, Arizona Thursday, September 21, 1961 10¢ a Copy 22 Pages

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THE CITY COUNCIL Monday night authorized Phillips to follow through on final plans and purchasing for the project to bring the controversial sewage plant up to state and county specifications.

Phillips is to authorize City Engineer Earl Sparks to draw final plans for the sewage system extension, and purchase approximately 2500 ft. of 10-inch pipe required.

SPARKS HAS completed preliminary plans for the secondary pond, Phillips said, and these plans were discussed last week with State Health Engineer Eugene Watson.

Phillips said the city will try to purchase used pipe for the project, but that if none is available the city will have to pay \$4925 for new pipe. Fencing for the pond area will be another expense, Phillips said, but this cost can be kept down if a barbed-wire fence is acceptable.

AFTER HEARING Monday night's report, councilmen commended Miami Copper Co. for its action and voted to send a letter of thanks to Bon Coll, vice-president and general manager, for his cooperation with city officials in securing the land needed.

Two-lady contest looms in school board election

The annual school board election of Globe District 1 will be held from 6 a.m. to 6 p.m. Oct. 3 at Hill Street School.

THERE WILL BE one seat to be filled. Mil-

Notice
The annual meeting of Globe Community Center, Inc. will be held at 6 p.m. Oct. 27 at the Globe Community Center.

In a historic meeting Monday night, the Globe City Council moved toward eventual annexation of two major subdivisions.

The exurban areas involved are Crestline Terrace and Skyline Drive.

IN TWO SEPARATE actions, the council resolved to (1) purchase the Skyline Drive water system from Mr. and Mrs. Louis Ellsworth, Sr., and (2) extend the city sewage system toward Crestline Terrace while negotiating for a lease-purchase of the Crestline water system.

Purchase of the Skyline water system — which must still be approved by the state corporation commission — will give the city 95 new water customers.

PURCHASE PRICE agreed upon was \$36,000. The lease-purchase agreement calls for the city to pay \$5000 in lease money to the Ellsworths, plus 70 per cent of gross revenues from the system until a total of \$31,000 in monthly payments has been reached.

The initial \$6000 will be paid from the city water system's replacement and extension reserve fund, provided for by the 1958 water-bond series.

City Manager Jack Phillips estimated that the water system would pay for itself in five and one-half years.

PHILLIPS SAID Skyline residents — who in the past have paid a flat \$5 per month for water — will pay \$5.08 for the first 3000 gallons each month and 80 cents per thousand over that amount.

Based on an average residential use of 7000 gallons per month, this would hike Skyline residents' average monthly water bill to \$8 or more.

IN ADDITION, each Skyline resident will be charged a \$50 fee for connection and meter installation. Phillips said residents can pay this fee in a lump sum or can pay it in five \$10 monthly installments to be added to their water bills. This \$50 will be a tap charge and not a deposit, Phillips said.

Mayor Bill Hardt said the city wasn't the only party interested in buying the Skyline water system.

"WE KNOW OTHER companies were interested in this water system," Hardt said, "and we felt it was to the advantage of the city to purchase it — both for future growth and for protection of our municipal water system."

"We hope the people in this area will petition for annexation if they feel they'd like to become a part of the city," Hardt added.

THE MOVE TO EXTEND city sewage lines toward Crestline Terrace stemmed from a recent request by Aaron Hunter, developer of a new 40-home addition to the subdivision, and Jones Brothers Developers, Inc., of Mesa, builders of the new Crestline houses.

Waldo Jones, partner in the development firm, said original plans for the addition called for septic-tank sewage for each home, but that County Sanitarian Louis Schmorber and an F.H.A. inspector ruled that the soil in the Crestline area doesn't provide proper percolation for septic tanks.

THE COUNCIL Monday night adopted a three-point policy concerning Crestline Terrace. The city governing body:

1. Authorized City Engineer Earl Sparks to draw plans for the sewage system extension toward Crestline.
2. Went on record as favoring annexation of the area, subject to petitioning by Crestline residents.
3. Authorized City Manager Jack Phillips to negotiate further, and complete negotiations if possible, on a lease-purchase of the Crestline water system.

THE CITY MADE ITS bid to buy the Crestline water system four weeks ago, but city officials haven't agreed on a purchase price with owners of the system.

Should the city follow up the Skyline water system purchase by buying the Crestline system, it would add still another 20 customers to the municipal water rolls, not counting future residents of the 40-home addition.

Summer's end?

	Hi	Lo	Prec.
Wednesday	78	66	.02
Thursday	90	56	
Friday	87	64	.06
Saturday	89	60	
Sunday	86	65	
Monday	85	65	
Tuesday	80	53	

W. Iler Kyle



EXHIBIT I

lated

Zones

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hours of actual duty instead of
10 hours, considering an hour
off for meals.

The appointment of Gonzales
is on a probationary basis, Mayor
L. F. Franco said, and Gonzales
said he understands the basis
of his appointment.

Miami area water set for hearing

Two matters affecting the
Miami area will be discussed
before the Arizona Corporation
Commission at a public hearing
Monday.

Both matters concern peti-
tions of the Arizona Water
Company to increase its area
of service, one in Miami, the
other in Central Heights. Both
matters appear under Docket
No. U-1445.

The hearings are scheduled
for 10 a.m. Monday in the Com-
mission hearing room, Capitol
Annex Building, Phoenix.

George Ihrig, Mountain Dis-
trict Manager for the Arizona
Water Co., said the hearings
are for the purpose of having
rights available to develop new
areas as they may require serv-
ice.

tract with the union. A
was made in July. In August
settlements were made with the
Teamsters and the two Railroad
Brotherhoods. The Electricians,
Machinists, and the
Trades have rejected our settle-
ment proposals.

AFTER A MEETING with
Federal Conciliator William
Halleran, the Electricians' Ne-
gotiating Committee agreed to
resubmit our proposal to their
members, and the Company
agreed to extend acceptance of
the proposal to Sept. 15. A con-
ciliation meeting was scheduled
with the Machinists' Negotiat-
ing Committee on Sept. 5.

Since our proposal has been
accepted by 71.1 per cent of the
employees represented by unions,
we are hopeful that future meet-
ings will bring a satisfactory
conclusion to this year's labor
negotiations.

Think it over...

Teachers are not just people
earning a living; they are the
architects of our future in a
land of freedom and opportu-
nity.

— L. L. ...

Arizona Silver Belt

Miami, Arizona, Thursday, September 7, 1931

104

Wright fails to meet; Sotelo to write new Belt column

Wright failed to appear at the meeting held last night under Act of Congress March 3, 1930.

The meeting was held at the home of Mrs. Wright, 104 N. 1st St. Wright failed to appear at the meeting held last night under Act of Congress March 3, 1930.

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Sotelo to write new Belt column

The Silver Belt is pleased to announce a new sports writer and to introduce his weekly column, "Sports at Sports."

Joe Sotelo, the new columnist, is a teacher at Miami High School. You will find a feature about him elsewhere in this issue. His new column appears in the sports section starting this week.

We welcome Joe, and we're sure you won't mind the late the timely information he writes for you. With football season just around the corner, his "inside the team" reports will be of special interest, and "Sports at Sports" will bring you choice athletics and anecdotes that don't always make the news headlines.

Recorder notes busy August

Transactions in the City Recorder's office during August totaled 639, Doris Parkin, recorder, said. Cash paid to the county treasurer was \$1,027.25.

Weed discloses world's copper

H. C. Weed, vice-president and general manager of International Consolidated Copper Co., his week discussed the status of U. S. copper in relation to the Free World production and the place Arizona occupies in America's total tonnage.

He said inspection ranks fifth in the nation and Arizona's aggregate is equal to 25 per cent of all copper produced in the United States. As a nation, we are both the world's largest user of copper and its greatest producer, he said.

Following is an account of United States, or 75 per cent of production. A company's inspiration surpassed Dodge, Arizona, U.S.A.



New policemen on Miami force

The Town of Miami has a new policeman as of Sept. 1—the first man of Spanish extraction in the history of the Miami Police Department.

Paul Gonzales, 49, was added to the force and went to work on the night shift Friday. Gonzales has been a Miami