

NEW APPLICATION

W-02593A-15-0340



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ORIGINAL

RECEIVED
 2015 SEP 28 P 3:41
 AZ CORP COMMISSION
 DOCKET CONTROL

ARIZONA CORPORATION COMMISSION
APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR TRANSFER OF
CERTIFICATE OF CONVENIENCE AND NECESSITY
WATER AND/OR SEWER

Arizona Corporation Commission

DOCKETED

SEP 28 2015

W-02593A-15-0340

A. The name, address and telephone number of the Transferor (Company) is:

DOCKETED BY	<i>[Signature]</i>
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ARROYO WATER COMPANY, INC

1400 N Beeline Highway, Payson, Arizona 85541

(928)-474-1766

B. If doing business under a name other than the Transfer (Company) name, specify:

N/A

C. The Transfer is a:

Corporation: <input type="checkbox"/> "C", <input checked="" type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
Sole Proprietorship	Limited Liability Company
<input type="checkbox"/> Other (Specify)	

D. List the name, address and telephone number of the attorney for the Transferor.

N/A

E. List the name, address and telephone number of management contact:

Michael R. Armstead

211 W Saddle Ln, Payson, Arizona 85541

(928)-951-4000

F. The name, address and telephone number of the Transferee (Company) is:

MANAGEMENT SYSTEMS, LLC

211 W Saddle Ln, Payson, Arizona 85541

(928)-951-4000

G. If doing business under a name other than the Transferee (Company) name, specify:

N/A

H. List the name, address and telephone number of the attorney for the Transferee.

N/A

I. List the name, address and telephone number of management contact:

Michael R. Armstead

211 W Saddle Ln, Payson, Arizona 85541

(928)-951-4000

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

Michael R. Armstead

211 W Saddle Ln, Payson, Arizona 85541

(928)-951-4000

K.(Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:

Dean L. Shaffer

605 W Arabian Way, Payson, Arizona 85541

(928)-978-2286

L. The Transferee is a:

<input type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers

Directors

N/A

N/A

2. Indicate the number of shares of stock authorized to issue:

1,000

3. If stock has been issued, indicate the number of shares issued and the date of issue:

1,000 Shares on 1st day of July 2015

N. If Transferee is a partnership:

1. List the names of general partners:

Michael R. Armstead

2. List name, address and telephone number of managing partner:

Michael R. Armstead

211 W Saddle Ln, Payson, Arizona 85541

(928)-951-4000

- If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State N/A

O. If Transferee is a sole proprietor, list name, address and telephone number of individual:

N/A

P. Have all customer security deposits been refunded? Yes ___ No X. If no, mark the block below which describes the proposed disposition of security deposits.

___ All security deposits will be refunded at time of closing.

X All security deposits will be transferred to the Transferee.

___ Other (explain).

Q. Are there any refunds due on Main Extension Agreements? Yes ___ No X. If Yes, mark the block below which describes the proposed disposition of the refunds.

___ Transferor will continue to refund after the transfer.

___ Transferee will assume the refunding obligations.

___ A full refund will be made at closing by Transferor.

___ Other (explain).

R. (WATER ONLY) Are there any refunds due on meter and service line installations?

Yes ___ No X. If Yes, mark the block below that describes the proposed disposition of refunds.

___ Transferor will continue to refund after the transfer.

___ Transferee will assume the refunding obligations.

___ A full refund will be made at closing by Transferor.

___ Other (explain).

S. (Transferee) Attach the following exhibit(s):

1. Copy of bill of sale, purchase contract or other instrument, which conveys the assets to the transferee.
2. Articles of Incorporation (if corporation)
3. By-Laws (if corporation)
4. Certificate of Good Standing (if corporation)
5. Articles of Partnership (if partnership)
6. Articles of Organization (if limited liability company)
7. Corporate Resolution if required by Articles of Incorporation
8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee.

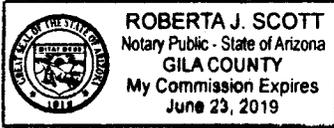
T. List names and addresses of any other public utility interest Transferee has:

1. _____ N/A _____
2. _____

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

_____ July 13 _____, 20 15 _____.

DATED the _____ day of _____, 20____



[Signature]
(Signature of Authorized Representative of Transferor)

ARROYER WATER COMPANY, INC

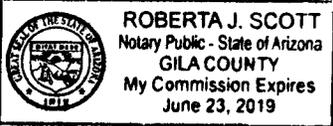
Kacy J. Parker, CEO

SUBSCRIBED AND SWORN to before me on this 8th day of July 2015

[Signature]

NOTARY PUBLIC

My Commission Expires June 23, 2019



[Signature]
(Signature of Authorized Representative of Transferee)

MANAGEMENT SYSTEMS, LLC

Michael R. Armstead, Managing Member

SUBSCRIBED AND SWORN to before me on this 8th day of July 2015

[Signature]

NOTARY PUBLIC

My Commission Expires June 23, 2019

ATTACHMENT "A"

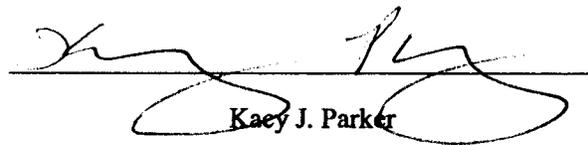
ARROYER WATER COMPANY, INC

1400 N Beeline Highway
Payson, Arizona 85541

July 7, 2015

Docket Control
Arizona Corporation Commission
1200 W Washington St
Phoenix, Arizona 85007

Attached is an application by ARROYO WATER COMPANY, INC for approval of sale and transfer of certificate of convenience and necessity. The purpose of this application is to approve the sale and transfer the certificate of convenience and necessity.


Kaey J. Parker

ATTACHMENT "B"

EXAMPLE ONLY

PUBLIC NOTICE OF AN APPLICATION FOR SALE OF ASSETS

AND/OR TRANSFER OF THE CERTIFICATE

OF CONVENIENCE AND NECESSITY

BY ARROYO WATER COMPANY, INC

ARROYO WATER COMPANY, INC has filed with the Arizona Corporation Commission ("Commission") an application for authority to sell its assets and/or transfer its Certificate of Convenience and Necessity to provide Water service to MANAGEMENT SYSTEMS, LLC. If the application is granted, MANAGEMENT SYSTEMS, LLC would be the exclusive provider of Water service to your area. MANAGEMENT SYSTEMS, LLC is under the jurisdiction of the Commission.

If you have any claims against ARROYO WATER COMPANY, INC, including claims for refunds of security deposits, service line and meter installations (WATER ONLY) or main extension agreements and you have not already been contacted by the Company, you must present your claim to ARROYO WATER COMPANY, INC on or before August 3, 2015. Direct your claim(s) to ARROYO WATER COMPANY, INC. 1400 N Beeline Highway. Payson, Arizona 85541 (928)-474-1766

The Commission will hold a hearing on this matter. As a property owner or customer you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application, have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at [1200 West Washington Street, Phoenix, Arizona 85007 or call 1 800-222-7000/400 West Congress, North Building, Room 218, Tucson, Arizona 85701 or call 1 800-535-0148].

AZ CORPORATION COMMISSION
FILED

AZ Corp. Commission



04888566

JAN 23 2015

FILE NO. 1978770-9

ARTICLES OF ORGANIZATION
Read the Instructions **LO101**

1. **ENTITY TYPE** - check only one to indicate the type of entity being formed:
- LIMITED LIABILITY COMPANY**
(entity name must contain the words "Limited Liability Company" or "LLC")
- PROFESSIONAL LIMITED LIABILITY COMPANY**
(entity name must contain the words "Professional Limited Liability Company" or "PLLC")
2. **ENTITY NAME** - see Instructions **LO101** for full naming requirements - give the exact name of the LLC:
MANAGEMENT SYSTEMS LLC
3. **PROFESSIONAL LIMITED LIABILITY COMPANY SERVICES** - If and only if professional LLC is checked in number 1 above, describe the professional services that the professional LLC will provide (examples: law firm, accounting, medical):

4. **STATUTORY AGENT for service of process** - see Instructions **LO101**

<p>4.1 REQUIRED - give the name (can be an Arizona resident or an Arizona-registered entity) and physical or street address (not a P.O. Box) in Arizona of the statutory agent:</p> <p><u>DOLLY AMSTAD</u></p>		<p>4.2 OPTIONAL - mailing address in Arizona of Statutory Agent (can be a P.O. Box):</p>	
<p>Member (optional)</p> <p><u>211 W SADDLE LANE</u></p>		<p>Member (optional)</p>	
<p>Address 1</p>		<p>Address 1</p>	
<p>Address 2 (optional)</p> <p><u>P.O. Box</u></p>	<p>AZ</p> <p>State</p>	<p>City</p> <p><u>95541</u></p>	<p>Address 2 (optional)</p> <p>AZ</p> <p>State</p>

4.3 **REQUIRED** - the Statutory Agent Acceptance form M002 must be submitted along with these Articles of Organization.

5. **ARIZONA KNOWN PLACE OF BUSINESS ADDRESS:**

- 5.1 Is the Arizona known place of business address the same as the street address of the statutory agent? Yes - go to number 6 and continue No - go to number 5.2 and continue
- 5.2 If you answered "No" to number 5.1, give the physical or street address (not a P.O. Box) of the known place of business of the LLC in Arizona:

<p>Member (optional)</p>	
<p>Address 1</p>	
<p>Address 2 (optional)</p>	
<p>City</p> <p><u>U.S.A.</u></p>	<p>AZ</p> <p>State</p>

LA0002
Rev. 2014

Arizona Corporation Commission - Corporation Division
Form 1.001

6. **DURATION** - If the duration or life period of the LLC is perpetual (forever), then skip this section and continue to number 7 or number 8. Otherwise, check only one box below and fill in the corresponding blank:

- The LLC's life period will end on the date: _____ (enter a date)
- The LLC's life period will end upon the occurrence of the events (describe an event): _____

COMPLETE NUMBER 7 OR NUMBER 8 - NOT BOTH.

7. **MANAGER-MANAGED LLC** - see *Instructions 1010* - check this box if management of the LLC will be vested in a manager or managers (meaning one or more managers will run the company) and complete and attach **ONLY** the **Manager Structure Attachment form 1040**. (Both members and managers will be listed on the Manager Structure Attachment.) **The filing will be rejected if it is submitted without the attachment.**

8. **MEMBER-MANAGED LLC** - see *Instructions 1010* - check this box if management of the LLC will be reserved to the members (meaning all members will run the company together if there is no operating agreement stating otherwise), and complete and attach **ONLY** the **Member Structure Attachment form 1041**. (All members will be listed on the Member Structure Attachment.) **The filing will be rejected if it is submitted without the attachment.**

9. **ORGANIZERS and SIGNATURES** - the individual or pre-existing entity submitting this document is the Organizer - list the name of the Organizer below. If the Organizer is an individual, that individual must sign below. If the Organizer is a pre-existing entity, provide the signature of the individual acting for that entity, then print the individual's name.

The person signing below declares and certifies under penalty of perjury that the information herein is true and correct, and is submitted in compliance with Arizona law.

Organizer: Michael MASTRO

Michael Mastro 1-21-15
Signature Date

Printed Name (if different than Organizer)

Filing Fee: \$50.00 (regular processing) Expedited processing - add \$15.00 to filing fee. All fees are non-refundable - see instructions.	MAIL: Arizona Corporation Commission Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-1100
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Please be advised that A.C.C. errors reflect only the minimum penalties required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.
 All documents filed with the Arizona Corporation Commission are public records and are open for public inspection.
 If you have questions after reading the instructions, please call 602-542-6000 or (outside Arizona only) 800-352-6811.

LPA.FCC
 Form 2004

Arizona Corporation Commission - Corporation Division
 Form 2004

DO NOT WRITE ABOVE THIS LINE (RESERVED FOR AZCC USE ONLY)

MANAGER STRUCTURE ATTACHMENT

1. **ENTITY NAME** - give the exact name of the LLC (Foreign LLCs - give name in domestic state or country):
MANAGEMENT SYSTEMS LLC.
2. **A.C.C. FILE NUMBER** (if known):
 Find the A.C.C. file number on the upper left of all filed documents or on our website at: <http://www.azcc.gov/online/onlinehelp.asp>
3. **MANAGERS / MEMBERS** - give the name and address of each and every manager and list all members who own 20% or more of the profits or capital of the LLC. Use one block per person. Members who own less than 20% may also be listed, but it is not required. Check the appropriate box or boxes below each person listed - do not check both member boxes. If more space is needed, use another Manager Structure Attachment form.

<p>1</p> <p>Name: <u>MICHAEL BRANSPAN</u></p> <p>Address 1: <u>28 W. SHOOK LANE</u></p> <p>Address 2 (optional): <u>AZ 8554</u></p> <p>City: <u>PHOENIX</u> State or Territory: <u>AZ</u> Zip: <u>8554</u></p> <p>Capacity: <input checked="" type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member</p> <p>Name: _____</p> <p>Address 1: _____</p> <p>Address 2 (optional): _____</p> <p>City: _____ State or Territory: _____ Zip: _____</p> <p>Capacity: <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member</p> <p>Name: _____</p> <p>Address 1: _____</p> <p>Address 2 (optional): _____</p> <p>City: _____ State or Territory: _____ Zip: _____</p> <p>Capacity: <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member</p>	<p>2</p> <p>Name: _____</p> <p>Address 1: _____</p> <p>Address 2 (optional): _____</p> <p>City: _____ State or Territory: _____ Zip: _____</p> <p>Capacity: <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member</p> <p>Name: _____</p> <p>Address 1: _____</p> <p>Address 2 (optional): _____</p> <p>City: _____ State or Territory: _____ Zip: _____</p> <p>Capacity: <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member</p> <p>Name: _____</p> <p>Address 1: _____</p> <p>Address 2 (optional): _____</p> <p>City: _____ State or Territory: _____ Zip: _____</p> <p>Capacity: <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member</p>
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L19122 Rev. 2/14

AZCC Corporate Database - Corporate Division Page 1 of 1

DO NOT SIGN BELOW THIS LINE; SIGNATURE FOR THE DIRECTOR.

STATUTORY AGENT ACCEPTANCE

Please read Instructions 100121

1. **ENTITY NAME** - give the exact name in Arizona of the corporation or LLC that has appointed the Statutory Agent (this must match exactly the name as listed on the document appointing the statutory agent, e.g., Articles of Organization or Article of Incorporation):

Macquellan CAT SYSTEMS LLC

2. **STATUTORY AGENT NAME** - give the exact name of the Statutory Agent appointed by the entity listed in number 1 above (this will be either an individual or an entity). **NOTE** - the name must match exactly the statutory agent name as listed in the documents that appoints the statutory agent (e.g. Articles of Incorporation or Articles of Organization), including any middle initial or suffix:

Dolly Ann Stapp

3. **STATUTORY AGENT SIGNATURE:**

By the signature appearing below, the individual or entity named in number 2 above accepts the appointment as statutory agent for the entity named in number 1 above, and acknowledges that the appointment is effective until the appointing entity replaces the statutory agent or the statutory agent resigns, whichever occurs first.

The person signing below declares and certifies under penalty of perjury that the information contained within this document together with any attachments is true and correct, and is submitted in compliance with Arizona law.

Dolly Ann Stapp Dolly Ann Stapp 6-26-15

REQUIRED - check only one:

<input checked="" type="checkbox"/> Individual as statutory agent: I am signing on behalf of myself as the individual (natural person) named as statutory agent.	<input type="checkbox"/> Entity as statutory agent: I am signing on behalf of the entity named as statutory agent, and I am authorized to act for that entity.
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Filing Fee: none (regular processing) Expedited processing - not available. All fees are non-refundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100
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Forms on website and A.C.C. forms reflect only the minimum payments required by statute. You should seek professional counsel for more details that may apply to the particular needs of your business.
All documents filed with the Arizona Corporation Commission are public records and are open for public inspection.
If you have questions after reading the Instructions, please call 602-542-4100 or (within Arizona only) 800-542-3643.

ARIZONA
Form 10004

Arizona Corporation Commission - Corporate Filings Section
Page 1 of 1

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (the "Agreement") made and entered into this 1st day of July, 2015 (the "Execution Date"),

BETWEEN:

Kacy j Parker of 1400 N Beeline Highway, Payson, Arizona 85541
(the "Seller")

OF THE FIRST PART

and

MANAGEMENT SYSTEMS, LLC_ of 211 W Saddle Lane, Payson, Arizona 85541
(the "Purchaser")

OF THE SECOND PART

BACKGROUND:

- A. The Seller is the owner of record of 1,000 A shares (the "Shares") of ARROYO WATER COMPANY, INC. (the "Corporation") that the Seller wishes to sell.
- B. The Seller desires to sell the Shares to the Purchaser and the Purchaser desires to purchase the Shares from the Seller.

IN CONSIDERATION OF and as a condition of the parties entering into this Agreement and other valuable consideration, the receipt and sufficiency of which consideration is acknowledged, the parties to this Agreement agree as follows:

Purchase and Sale

- 1. Except as otherwise provided in this Agreement, all monetary amounts referred to in this Agreement are in USD (US Dollars).

KJP



2. The Seller agrees to sell and the Purchaser agrees to purchase all the rights, title, interest, and property of the Seller in the Shares for an aggregate purchase price of \$1,000.00 (the "Purchase Price").
3. A fixed sum of \$1,000.00 will be payable on closing of this Agreement.
4. All payments will be in the form of certified check, wire transfer, or bank draft of immediately available funds. In the case of a direct wire transfer the Seller will give notice to the Purchaser of the bank account particulars at least 5 business days prior to the Closing Date.

Representations and Warranties of the Seller

5. The Seller warrants and represents to the Purchaser as follows:
 - a. The Seller would not be recognized as an issuer, insider, affiliate, or associate of the Corporation as defined or recognized under applicable securities laws and regulations.
 - b. Except as provided in the incorporating documents of the Corporation or as indicated on the face of the certificates for the Shares, the Purchaser would not be prevented or restricted in any way from re-selling the Shares in the future.
 - c. The Seller is the owner in clear title of the Shares and the Shares are free of any lien, encumbrance, security interests, charges, mortgages, pledges, or adverse claim or other restriction that would prevent the transfer of clear title to the Purchaser.
 - d. The Seller is not bound by any agreement that would prevent any transactions connected with this Agreement.
 - e. There is no legal action or suit pending against any party, to the knowledge of the Seller, that would materially affect this Agreement.

Representations and Warranties of the Purchaser

6. The Purchaser warrants and represents to the Seller as follows:
 - a. The Purchaser would not be recognized as an issuer, insider, affiliate, or associate of the Corporation as defined or recognized under applicable securities laws and regulations.
 - b. The Purchaser is not bound by any agreement that would prevent any transactions connected with this Agreement.
 - c. There is no legal action or suit pending against any party, to the knowledge of the Purchaser, that would materially affect this Agreement.

KJP

(initials)

Closing

7. The closing of the purchase and sale of the Shares (the "Closing") will take place on July 1, 2015 (the "Closing Date") at the offices of the Seller or at such other time and place as the Seller and the Purchaser mutually agree. At Closing and upon the Purchaser paying the Purchase Price in full to the Seller, the Seller will deliver to the Purchaser duly executed transfers of the Shares.

Expenses

8. All parties agree to pay all their own costs and expenses in connection with this Agreement.

Finder's Fees

9. No party to this Agreement will pay any type of finder's fee to any other party to this Agreement or to any other individual in connection to this Agreement.
10. All parties to this Agreement warrant and represent that no investment banker or broker or other intermediary has facilitated the transaction contemplated by this Agreement and is entitled to a fee or commission in connection with said transaction. All parties to this Agreement indemnify and hold harmless all other parties to this Agreement in connection with any claims for brokerage fees or other commissions that may be made by any party pertaining to this Agreement.

Dividends

11. Any dividends earned by the Shares and payable before the Closing of this Agreement will belong to the Seller and any dividends earned by the Shares and payable after the Closing of this Agreement will belong to the Purchaser.
12. Any rights to vote attached to the Shares will belong to the Seller before the Closing and will belong to the Purchaser after the Closing.

Governing Law

13. The Purchaser and the Seller submit to the jurisdiction of the courts of the State of Arizona for the enforcement of this Agreement or any arbitration award or decision arising from this Agreement. This Agreement will be enforced or construed according to the laws of the State of Arizona.

KJP

Additional Clauses

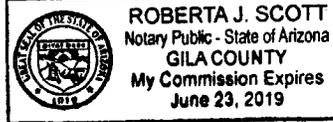
14. NOTICE OF RESIGNATION

The undersigned are either officers or members of the board of directors of ARROYO WATER COMPANY, INC., an Arizona corporation, (the "Company"). The undersigned do hereby resign from any of the
aforementioned positions that may be held by them in the Company, effective this 1 day of July, 2015. This Notice of Resignation may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute done and the same instrument.

Company: Arroyo Water Co Inc

Date: 07-01-15

Kacy J. Parker
Kacy J. Parker: President / CEO.



Roberta J. Scott

15. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence.

16. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the terms of this Agreement.

17. A. A debt of 14,000 dollars to the department of revenue or Gila County treasure has ben divulged by seller and excepted by buyer .

B. L.A.P contracting will have first right of refusal known as R.O.R. for any future line extinctions and general construction excavating work.

KJP

CM

Miscellaneous

18. Time is of the essence in this Agreement.
19. This Agreement may be executed in counterparts. Facsimile signatures are binding and are considered to be original signatures.
20. All warrants and representations of the Seller and the Purchaser connected with this Agreement will survive the Closing.
21. This Agreement will not be assigned either in whole or in part by any party to this Agreement without the written consent of the other party.
22. Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine gender include the feminine gender and vice versa. Words in the neuter gender include the masculine gender and the feminine gender and vice versa.
23. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.
24. This Agreement contains the entire agreement between the parties. All negotiations and understandings have been included in this Agreement. Statements or representations which may have been made by any party to this Agreement in the negotiation stages of this Agreement may in some way be inconsistent with this final written Agreement. All such statements are declared to be of no value in this Agreement. Only the written terms of this Agreement will bind the parties.
25. This Agreement and the terms and conditions contained in this Agreement apply to and are binding upon the Seller and the Purchaser and their respective successors, assigns, executors, administrators, beneficiaries, and representatives.
26. Any notices or delivery required here will be deemed completed when hand-delivered, delivered by agent, or seven (7) days after being placed in the post, postage prepaid, to the parties at the

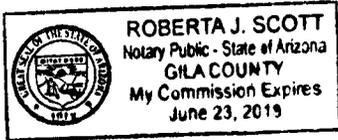


RJP

addresses contained in this Agreement or as the parties may later designate in writing.

- 27. All of the rights, remedies and benefits provided by this Agreement will be cumulative and will not be exclusive of any other such rights, remedies and benefits allowed by law.

IN WITNESS WHEREOF the Seller and Purchaser have duly affixed their signatures under hand and seal on this 1st day of July, 2015.



Roberta J. Scott

Kacy j Parker
Kacy j Parker (Seller)

MANAGEMENT SYSTEMS, LLC_ (Purchaser)

Per: *Michael C. Stone* (SEAL)

KJP

(Seal)

CC&N TRANSFER

ARROYO WATER COMPANY, INC.

Mr. Michael Armstead
C/O Management Systems, LLC
211 W. Saddle Lane
Payson, Arizona 85541
Sept. 25, 2015

COMMISSIONERS
SUSAN BITTER SMITH- Chairman
BOB STUMP
ROBERT L. BURNS
DOUG LITTLE
TOM FORESE



JODI JERICH
Executive Director

ARIZONA CORPORATION COMMISSION

August 10, 2015

CERTIFIED MAIL

Mr. Michael Armstead

C/o Management Systems, Inc.
211 W. Saddle Lane
Payson, Arizona 85541

RE: IN THE MATTER OF THE APPLICATION OF KACY J. PARKER d/b/a JAKE'S CORNER WATER SYSTEMS FOR APPROVAL OF THE SALE OF ASSETS AND TRANSFER OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY TO MANAGEMENT SYSTEMS, INC. - DOCKET NO. W-04249A-15-0260 AND DOCKET NO. W-20935A-15-0260

INSUFFICIENCY LETTER

Dear Mr. Armstead:

As indicated in my e-mail to you on July 28, 2015, the Arizona Corporation Commission's ("ACC") Utilities Division received the above-mentioned application docketed on July 10, 2015 for the sale and transfer of Kacy J. Parker d/b/a *ARROYO WATER CO.*

This letter is to inform you that Staff has completed its initial review of the application, and the following information is needed in order for the application to meet the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.") R14-2-402 (ACC Water Rules):

1. Provide a description of utility property to be transferred, and complete the attached Water Company Plant Description Sheet
2. Complete the attached Water Use Data Sheet.
3. Provide the status of the well meter installation of the Company.
4. Provide the status of the storage tank installation of the Company.
5. Describe in detail the Transferee's prior experience in running a small water company, organizational structure, and financial condition.
6. Describe the effect of the proposed transaction upon the service of the Company and any benefits that will be realized by customers if the proposed transfer is approved.

7. Provide the current number of customers to be affected by the proposed transaction.
8. Describe in what respect, if any, the proposed transaction will have on any other utility.
9. Provide documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, and income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's plant in service.
10. Will the acquiring entity charge the same rates as is currently charged by the Company and is there any anticipated future plan to request an increase in rates?
11. Identify any and all mechanics, tax or other liens that have been assessed against Jake's Corner or the acquiring entity or their owners/operators.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0818 or e-mail at vwallace@azcc.gov.

Sincerely,



Vicki Wallace
Executive Consultant
Attachments

Cc: Docket Control
Del Smith
Katrin Stukov
Mary Rimback
Dwight Nodes

Arroyo Water Company Inc.
Management Systems, Inc.
Mr. Michael Armstead

RE: INSUFFICIENCY LETTER

ARROYO WATER COMPANY
MICHAEL ARMSTEAD
C/O MANAGEMENT SYSTEMS, INC.
211 W. SADDLE LANE, PAYSON AZ. 85541

AZ. CORP. COMMISSION:

1) **Arroyo Water Company, Inc. consists of 120 meters (customers).**

- **The well site: 2,000 gallons pressure tank**
- **11,000 gal. storage tank**
- **1 well: 61' with 19" casing**
- **90 GPM with 2 well pumps in same hole**
- **1 – 15 hp booster motor**
- **2 – 5 hp booster motors**
- **No structure on site**
- **Fenced yard, chain link**
- **Located: Tonto Basin, Pumpkin Center Village area**

2) The Water Use Data Sheet: **SEE ATTACHED COPY.**

3) The status of the well meter installation of the Company: **N/A**

4) Provide the status of the storage tank installation of the Company: **N/A**

5) Describe in detail the Transferees prior experience in running a small water company, organizational structure, and financial condition. **SEE ATTACHED COPY.**

6) Describe the effect of the proposed transaction upon the service of the Company and any benefits that will be realized by customers if the proposed transfer is approved.

Answer: The entire system would be brought into compliance, with higher quality service, dependability, safety, little or no outages, violations would be rectified to remain in good standing, planning and future growth for the company.

7) **There is 120 customers with Arroyo Water Co. that would be affected by the proposed transaction.**

8) **This transaction would not affect any other utility.**

9) **See the attached Annual Financial Report for 2014.**

10) **Yes, the system needs emergency rate increase, see attached.**

11) **No liens have been found, please see the "Lien Report" attached.**

Company Name: ARROYO WATER	Test Year Ended: DEC 2014
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WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-805 621	5 + 3	90	61'	19'		1996

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS

Horsepower	Quantity
5	1
5	1

FIRE HYDRANTS

Quantity Standard	Quantity Other

STORAGE TANKS

Capacity	Quantity
11,000	1

PRESSURE TANKS

Capacity	Quantity
2500	1

Company Name: ARROYO WATER	Test Year Ended: DEC 2014
-----------------------------------	----------------------------------

WATER COMPANY PLANT DESCRIPTION CONTINUED

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	21,000
3	PVC	6,200
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	122
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

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

TREATMENT EQUIPMENT: N/A

STRUCTURES: FENCE AROUND WELL SITE, CHAIN LINK

OTHER: N/A

WATER USE DATA SHEET

NAME OF COMPANY	ARROYO WATER CO
ADEQ Public Water System Number:	

MONTH/YEAR (12 Months of Test Year)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)
1. 1 - 11 - 2014	108	365346	
2. 2 - 14 - 2014	123	516761	
3. 3 - 14 - 2014	124	690004	
4. 4 - 17 - 2014	124	695473	
5. 5 - 1 - 2014	124	834507	
6. 6 - 1 - 2014	124	965317	
7. 7 - 10 - 2014	124	1,451,502	
8. 8 - 8 - 2014	124	250,055	
9. 9 - 4 - 2014	125	891196	
10. 10 - 9 - 2014	122	993018	
11. 11 - 7 - 2014	122	704146	
12. 12 - 11 - 2014	122	566246	
TOTAL	<i>NIA</i>	8,923,571	

Is the water utility located in an ADWR Active Management Area ("AMA")?

YES NO

Does the Company have an ADWR gallons per capita day ("GPCD") requirement?

YES NO

If Yes, please provide the GPCD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact the Engineering Supervisor at 602-542-7277.

"Gallons pumped cannot equal or be less than the gallons sold"

Transferee's Detailed Experience:

Michael Armstead:

Mike has had 9 years in the Utility management and Operations industry as an operator in charge of public water system, United Utilities, E&R Water, Pine Oaks, also Operations and Maintained USFS Roosevelt Lake, water and waste water treatment plants, Chaparral H2O (Show Low) Santa Fe Rail Road, Belmont in Seligman. Laguna Est. water systems, Show Low water systems, Munds Park waste water facility, Overgaard water systems, management contracts with the Title: Field Superintendent in charge of day to day maintenance and operators operations, planning and budgeting.

Scope of work included, from source to customer, chemical analysis, hydraulics, operations, bookkeeping and service work, certified in 3 different methodologies, multiple tube, co-elert brilliant green and presence absence, 4 years lab tech.

From 1988 to 1997.

Arroyo Water Company Inc.
Mr. Michael Armstead
C/O Management Systems Inc.
211 W. Saddle Lane
Payson, AZ 85541

Emergency Rate Case

Arroyo Water Company is "insolvent" and is now in an emergency condition, due to insufficient revenue to operate at a compliance level.

The water distribution system needs multiple repairs from years without proper maintenance and operations, due to lack of operating capital. The water company's distribution system is dipping below minimum operating pressures, currently below 20 PSI at peak demand.

The storage tank is under sized and leaking badly, currently inadequate at 11,000 gal storage tank that does not meet DEQ compliance, needs to have a 50,000 gal storage tank to meet current standards. A second source of water needs to be developed with additional storage to meet DEQ compliance.

Additional emergency needs: meter replacements and water line extensions, hydraulic and mechanical issues that need electrical system upgrades.

The current revenue stream is unable to support property taxes much less current repairs.

There is serious doubt that the system can continue to maintain operations without sustaining any major break downs and/or failures.

Arroyo Water Company is failing with its current rate base of revenue and cannot cover minimum operating expenses, placing the company in an "insolvent" state because it cannot afford to do any maintenance or repairs needed to operate at a compliant level.

Please consider this emergency rate as Arroyo Water Company is currently in an extreme situation.

Thank you,


Michael Armstead

Date: Sept-25-2015

Delinquent Tax Notice

Parcel: 92073300
 Tax Amount Due: \$15,912.52
 Payment Due By: 09/30/2015

Check this box for address correction, and make changes below.

Please Return this Portion with your Payment

Account Number: R036389
 ARROYO WATER COMPANY INC
 299 N SNIDER WAY STE B
 1400 N BEELINE HWY
 PAYSON AZ 85541

Lien - Certified Funds Required

Make checks payable to:
 Gila County Treasurer
 P.O. Box 1093
 Globe, AZ 85502

THIS WILL BE YOUR ONLY NOTICE OF DELINQUENCY

Michael R. Armstead
 President/ Ceo
 Arroyo Water Company
 P. O. Box 3077
 Payson, Az. 85541

Account Number: R036389
 Parcel: 92073300
 Lien ID: 10033932, 11034888, 12036088, 13037221, 2014-02787, 2015-05177

Gila County Treasurer
 P.O. Box 1093
 Globe, AZ 85502

Assessed To:
 ARROYO WATER COMPANY INC
 299 N SNIDER WAY STE B
 1400 N BEELINE HWY
 PAYSON AZ 85541

Legal Description

Situs Address

TOTAL VALUE OF OPERATING PROPERTY

Year	Charges	Interest	Penalty	Payments	Balance
2008	\$1,679.71	\$1,491.61	-	-	\$3,171.32
2009	\$1,486.74	\$1,082.94	-	-	\$2,569.68
2010	\$1,413.09	\$804.44	-	-	\$2,217.53
2011	\$1,525.93	\$626.58	-	-	\$2,152.51
2012	\$1,725.24	\$434.53	-	-	\$2,159.77
2013	\$1,791.45	\$166.27	-	-	\$1,957.72
2014	\$1,521.68	\$162.31	-	-	\$1,683.99

Grand Total Due as of 09/30/2015

\$15,912.52

The real property described above has delinquent taxes for the year/s and amount/s listed. If there are prior years taxes due, payment must be in the form of a Cashier's Check or Money Order. If your payment is mailed after September 29, 2015; please contact the Gila County Treasurer's Office (928) 402-8702 or 8703 for updated payment information.

If you have already submitted payment for these taxes please disregard this notice.

Please return tax payment stub and include your account number on your check.

ARIZONA CORPORATION
COMMISSION UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-04286A
KACY PARKER
ARROYO WATER CO.
PO BOX 3077
PAYSON AZ 85547

ANNUAL REPORT
Water

FOR YEAR ENDING

| 12 | 31 | 2014 |

FOR COMMISSION USE

| ANN 04 | 13 |

COMPANY INFORMATION

Company Name (Business Name) <u>Arroyo Water Company</u>		
Mailing Address <u>P.O. Box 3077</u> <small>(Street)</small>		
<u>Payson</u> <small>(City)</small>	<u>Arizona</u> <small>(State)</small>	<u>85541</u> <small>(Zip)</small>
<u>928-363-0032</u> <small>Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u></u> <small>Cell No. (Include Area Code)</small>
Email Address _____		
Local Office Mailing Address _____ <small>(Street)</small>		
<u></u> <small>(City)</small>	<u></u> <small>(State)</small>	<u></u> <small>(Zip)</small>
<u></u> <small>Local Office Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u></u> <small>Cell No. (Include Area Code)</small>
Email Address _____		

MANAGEMENT INFORMATION

DRegulatory Contact:			
D Management Contact: <u>Michael Armstead / Kacy Parker</u> <u>CEO</u> <small>(Name) (Title)</small>			
<u>211 W. Saddle Lane</u> <small>(Street)</small>	<u>Payson</u> <small>(City)</small>	<u>Arizona</u> <small>(State)</small>	<u>85541</u> <small>(Zip)</small>
<u>928-363-0032</u> <small>Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u></u> <small>Cell No. (Include Area Code)</small>	
Email Address _____			
On Site Manager: <u>Michael Armstead</u> <small>(Name)</small>			
<u>211 W. Saddle Lane</u> <small>(Street)</small>	<u>Payson</u> <small>(City)</small>	<u>Arizona</u> <small>(State)</small>	<u>85541</u> <small>(Zip)</small>
<u>928-363-0032</u> <small>Telephone No. (Include Area Code)</small>	<u></u> <small>Fax No. (Include Area Code)</small>	<u></u> <small>Cell No. (Include Area Code)</small>	
Email Address _____			

Statutory Agent:

Michael Armstead

(Name)

211 W. Saddle Lane

(Street)

Payson

(City)

Arizona

(State)

85541

(Zip)

928-363-0032

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: N/A

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S)

C Corporation (C) (Other than Association/Co-op)

Partnership (P)

Subchapter S Corporation (Z)

Bankruptcy (B)

Association/Co-op (A)

Receivership (R)

Limited Liability Company

Other (Describe)

COUNTIES SERVED

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

APACHE

COCHISE

COCONINO

GILA

GRAHAM

GREENLEE

LA PAZ

MARICOPA

MOHAVE

NAVAJO

PIMA

PINAL

SANTA CRUZ

YAVAPAI

YUMA

STATEWIDE

COMPANY NAME _____

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (C less AD)
301	Organization	40,000	22,856.00	17,144.00
302	Franchises	0		
303	Land and Land Rights			
304	Structures and Improvements	5,000		5,000
307	Wells and Springs	75,000		75,000
311	Pumping Equipment	10,000		10,000
320	Water Treatment Equipment	0		0
320.1	Water Treatment Plants	N/A		N/A
320.2	Solution Chemical Feeders	N/A		N/A
330	Distribution Reservoirs and Standpipes	N/A		N/A
330.1	Storage Tanks	N/A		N/A
330.2	Pressure Tanks	N/A		N/A
331	Transmission and Distribution Mains	N/A		N/A
333	Services	N/A		N/A
334	Meters and Meter Installations	32,850		32,850
335	Hydrants	N/A		N/A
336	Backflow Prevention Devices	3,000		3,000
339	Other Plant and Misc. Equipment	1550.00		1550.00
340	Office Furniture and Equipment	1500.00		1500.00
340.1	Computers & Software	N/A		N/A
341	Transportation Equipment	42,000	11,610.00	42,000.00
343	Tools, Shop and Garage Equipment	8,000.00		8,000.00
344	Laboratory Equipment	N/A		N/A
345	Power Operated Equipment	N/A		N/A
346	Communication Equipment	N/A		N/A
347	Miscellaneous Equipment	N/A		N/A
348	Other Tangible Plant	N/A		N/A
	TOTALS	218,900.00	34,466.00	184,434.00

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	40,000.00		40,000.00
302	Franchises	0		
303	Land and Land Rights	0		
304	Structures and Improvements	5,000.00		5,000.00
307	Wells and Springs	7,500.00		7,500.00
311	Pumping Equipment	10,000.00		10,000.00
320	Water Treatment Equipment	0		0
321	Water Treatment Plants	N/A		N/A
322	Solution Chemical Feeders	N/A		N/A
330	Distribution Reservoirs and Standpipes	N/A		N/A
331	Storage Tanks	N/A		N/A
332	Pressure Tanks	N/A		N/A
331	Transmission and Distribution Mains	N/A		N/A
333	Services	N/A		N/A
334	Meters and Meter Installations	32,850.00		32,850.00
335	Hydrants	N/A		N/A
336	Backflow Prevention Devices	3,000.00		3,000.00
339	Other Plant and Misc. Equipment	1,550.00		1,550.00
340	Office Furniture and Equipment	1,500.00		1,500.00
340.1	Computers & Software	N/A		N/A
341	Transportation Equipment	3,600.00		3,600.00
343	Tools, Shop and Garage Equipment	8,000.00		8,000.00
344	Laboratory Equipment	N/A		N/A
345	Power Operated Equipment	N/A		N/A
346	Communication Equipment	N/A		N/A
347	Miscellaneous Equipment	0		0
348	Other Tangible Plant	0		0
	TOTALS	113,000.00		113,000.00
This amount goes on the Comparative Statement of Income and Expense Acct.		N		

COMPANY NAME **Arroyo Water Company**

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 2,601.00	\$ 1898.00
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	7465.00	1167.00
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 10,066.00	\$ 3,065.00
	FIXED ASSETS		
101	Utility Plant in Service	\$ 193,298.00	\$ 184,434.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	25,602.00	34,466.00
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 218,900.00	\$ 218,900.00
	TOTAL ASSETS	\$ 228,966.00	\$ 221,965.00

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

COMPANY NAME Arroyo Water Company

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITES			
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	320.00	240.00
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 320.00	\$ 240.00
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$ 0	\$ 0
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction		
255	Accmnlated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 0	\$ 0
	TOTAL LIABILITIES	\$	\$
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 1,000.00	\$ 1,000.00
211	Paid in Capital in Excess of Par Value	227,646.00	220,725.00
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 228,646.00	\$ 221,725.00
	TOTAL LIABILITIES AND CAPITAL	\$ 228,966.00	\$ 221,965.00

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 16,816.00	\$ 45,528.48
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 16,816.00	\$ 45,528.48
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 5,200.00	\$ 1,700.00
610	Purchased Water		
615	Purchased Power	4,921.00	5,402.62
618	Chemicals		100.00
620	Repairs and Maintenance	863.00	10,268.46
621	Office Supplies and Expense	2,807.00	920.00
630	Outside Services		4,746.00
635	Water Testing	600.00	3,600.00
641	Rents		15,000.00
650	Transportation Expenses	4,135.00	3,728.14
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	495.00	1,488.58
403	Depreciation Expense		
408	Taxes Other Than Income	645.00	2,947.42
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 19,666.00	\$ 52,317.87
	OPERATING INCOME/(LOSS)	\$ < 2,850.00 >	\$ < 6,789.39 >
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ < 2,850.00 >	\$ < 6,789.39 >

COMPANY NAME	Arroyo Water Company
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-805-621	5 + 3	90	61'	19"		1996

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (!!DID)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS		
Horsepower	Quantity	Quantity Standard	Quantity Other	Other
5	1			
5	1			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
11,000	1	2,500	1

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

COMPANY NAME	Arroyo Water Company
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION {CONTINUED}

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	2,000.00
3	PVC	6,200.00
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	120
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

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

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Fence surrounding wellsite - chain link

OTHER:

Operation company provides equipment and materials, such as, backhoe, trenchers, generators, etc..

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

COMPANY NAME:	Arroyo Water Company
Name of System:	ADEQ Public Water System Number:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 20 3

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	102			
FEBRUARY	102	389,590.00		
MARCH	102	229,580.00		
APRIL	102	268,870.00		
MAY	102	509,770.00		
JUNE	102	677,770.00		
JULY	102	859,910.00		
AUGUST	102	1,146,870.00		
SEPTEMBER	102	873,570.00		
OCTOBER	102	941,220.00		
NOVEMBER	102	822,110.00		
DECEMBER	102	729,180.00		
TOTALS		8,752,790.00		

What is the level of arsenic for each well on your system? _____ mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No N/A

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

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

COMPANY NAME: **Arroyo Water Company**
 Name of System: _____ ADEQ Public Water System Number: _____

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS -----+			

OTHER (description):

COMPANY NAME Arroyo Water Company

YEAR ENDING 12/31/2013

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2013 was: \$ 0 +.---

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why ----- 1-----

VERIFICATION
AND
SWORN STATEMENT
Taxes

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	GILHA
NAME (OWNER OR OFFICIAL) TITLE	KACI J PARKER
COMPANY NAME	ARROYO WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO
THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2013

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS,
PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY
EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND
CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE
PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY
MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE,
INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT
AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND
PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS _____ DAY OF

(SEAL)

MY COMMISSION EXPIRES _____

SIGNATURE OF NOTARY PUBLIC

COUNTY NAME	_____
MONTH	20

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

9-28-15
DATE

Kacy Parker
PRINTED NAME

dwnr
TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Gila</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>TRACY J PARSON</u> <u>OWNER</u>
COMPANY NAME	<u>ARROYO WATER COMPANY</u>

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

FOR THE YEAR ENDING

MO. 11 DAY 1

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND I DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF

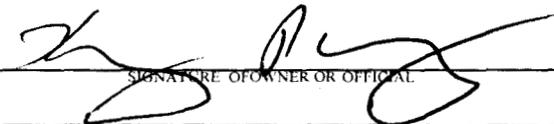
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2013 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>45,528.00</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 2,947.42 IN SALES TAXES BILLED, OR COLLECTED)

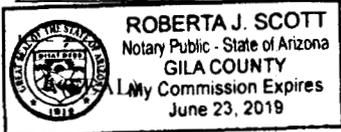
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)


SIGNATURE OF OWNER OR OFFICIAL
TELEPHONE NUMBER _____

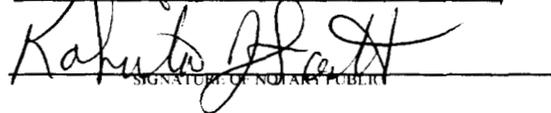
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF Gila DAY OF 28th

THIS



COUNTY NAME	<u>Gila</u>
MONTH	<u>September 1</u> .20 <u>15</u>


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES June 23 2019

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>GILA</i>	
NAME (OWNER OR OFFICIAL) <i>TRACY J PARKER</i>	TITLE <i>OWNER</i>
COMPANY NAME <i>ARMYO WATER COMPANY</i>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING MONTH DAY YEAR |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND I DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2013 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES <i>\$ 45,528.00</i>
--

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

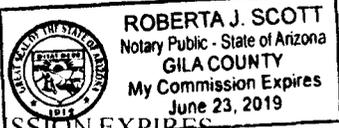
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

[Handwritten Signature]
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 28th DAY OF

NOTARY PUBLIC NAME <i>Roberta J Scott</i>
COUNTY NAME <i>Gila</i>
MONTH <i>September 28, 2015</i>

(SEAL) 
MY COMMISSION EXPIRES

[Handwritten Signature]
SIGNATURE OF NOTARY PUBLIC