

ORIGINAL

New River Utility Company



0000168031

c/o City of Peoria
Office of The City Attorney
P.O. Box 4038, Peoria, Arizona 85380-4038
T Civil/Risk 623-773-7330
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2015 DEC 30 P 3:47

December 29, 2015

AZ CORP COMMISSION
DOCKET CONTROL

VIA HAND-DELIVERY

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

Arizona Corporation Commission

DOCKETED

DEC 30 2015

DOCKETED BY	<i>WJ</i>
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Re: Docket No. W-01737A-15-0380
Letter of Insufficiency dated December 15, 2015 - Application for
Approval of the Sale of Stock and Cancellation of Certificate of Necessity

Dear Ms. Chukwu,

This letter serves as New River Utility Company's ("NRUC") response to your correspondence referenced above wherein you list several insufficiencies NRUC's application. Items 1 through 12 of your letter are individually addressed below as follows:

- 1. Are there any refunds due on Main Extension Agreements? If yes, please describe the proposed disposition of the refunds.**

There are no refunds due on Main Extension Agreements. At the time of execution of the Asset Purchase Agreement between NRUC and the City there were no outstanding main extension agreements.

- 2. Documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service.**

The requested data is reflected in New River's Utility Company's 2014 Annual Report that was filed with the Arizona Corporation Commission on February 25, 2015 as evidenced in Exhibit 1 attached hereto.

- 3. In Exhibit C, the Assignment and Assumption Agreement and Consent that has been or will be executed concerning the transaction, a reference was made to "the City of Glendale" pertaining to "certain Agreement dated March 13, 1990, (the "Agreement"), as evidenced in Exhibit '54' attached hereto." Please provide a copy of the referenced Agreement. Also, please confirm whether or not the Agreement pertains to the City of Glendale and/or the City of Peoria.**

A copy of the March 13, 1990 agreement is attached as Exhibit 2. The agreement pertains to the City of Glendale. The Agreement provided for New River to have access to a turnout from Glendale's Pyramid Peak Water Treatment Plant for the possible future delivery of Central Arizona Project allocated water. However, after execution of this Agreement, NRUC let such Central Arizona Project allocated water lapse to the Central Arizona Groundwater Replenishment District and never beneficially used, treated or delivered any Central Arizona Project allocated water.

4. A description of the effect that the proposed transaction will have upon the utility's services.

The proposed transaction will result in provision of water service by the City of Peoria to the current New River Utility Company customers. Service to the existing New River Utility Company customers will not be interrupted. The addition of the New River Utility Company customers and facilities will have no impact on the City of Peoria's larger utility operations. Utility services will improve due to the economy of scale achieved from having the City being able to promptly address problems as well as having the ability to interconnect and support pressures within the NRUC system

5. The method by which the proposed transaction is to be financed.

The acquisition of the stock of the New River Utility Company by the City of Peoria is financed by a loan from the Water Infrastructure Finance Authority of Arizona. The Asset Purchase Agreement envisions no additional charges beyond the cost of the acquisition of the stock of NRUC

6. A description of the effect that the proposed transaction will have upon any other utility.

There are no anticipated effects on any other utility due to this transaction. This will provide additional areas where the City will border two other private utilities; Rose Valley Water Company and Sunrise Water Company and would make emergency interconnection easier, should such need ever arise.

7. The number of customers to be affected by the proposed transaction.

2,882 New River Utility Company customer connections will be served by the City of Peoria as a result of this transaction.

8. A description of the effect that the proposed transaction will have upon customers.

The effect of this transaction on the customers will be positive. Customers of New River Utility Company will experience an increased level of responsive and available customer service and will benefit from increased qualified operator oversight of the water system. Customers of New River Utility Company are currently City of Peoria sewer and solid waste customers. The acquisition of New River Utility Company by the City of Peoria will allow water bills to be consolidated with the sewer/solid waste bills. Customers will be able to take advantage of city options such as automatic bill payment and electronic check. Additionally, concerns expressed by some customers of New River Utility Company regarding lower than desired water pressure will be resolved by incorporation of the smaller New River Utility Company system into the City of Peoria's immediately adjacent and robust production and distribution system.

9. **Has there been any changes in the Company's plant facilities described in the Company's 2014 Annual Report? Please explain.**

Yes. Well No. 2 had a pump bowl and motor replaced. Well No. 3 was disconnected from the system due to nitrate issues. Well No. 4 has been temporarily taken out of service pending assessment due to observed declining production. Additionally, all New River Utility Company fire hydrants have been painted and chlorination equipment has been serviced by City of Peoria's operations staff.

10. **Is any of the wells or storage tanks listed in the Company's plant facilities described in the Company's 2014 Annual Report not in service? Please explain.**

As described in the response to Question 9, above, Well No. 3 was disconnected from the system and Well No. 4 was removed from service in 2014. All other wells and storage tanks described in the 2014 Annual Report are currently in service.

11. **There is no Gallons Pumped information in the Water Use data described in the Company's 2014 Annual Report. Please provide Gallons Pumped data for 2014.**

See attached Exhibit 3 for 2014 monthly Gallons Pumped. In 2014, New River Utility Company also purchased water from the City of Peoria as an additional source of supply. Monthly water purchase information is included in Exhibit 2 as "Gallons Purchased".

12. **Please check the number of total Gallons Sold (571,065,080) for discrepancies and provide the correct number.**

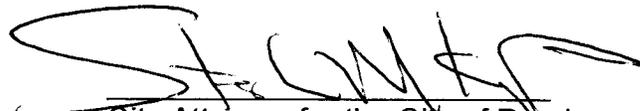
See attached Exhibit 3 for corrected monthly 2014 Gallons Sold.

I believe we have answered your questions and addressed any and all insufficiencies as set forth above. The purchase of New River Utility Company's water system infrastructure by the City of Peoria would greatly benefit the customers of NRUC's service area by providing those customers with a higher level of customer service, as well as an improved level of water delivery and quality.

Please feel free to contact me at 623-773-7331 should you have any further questions or concerns.

Sincerely,

Stephen M. Kemp



City Attorney for the City of Peoria

SMK/blg

EXHIBIT 1

Statutory Agent: RL Fletcher
 (Name)

7939 W. Deer Valley Rd Peoria AZ 85382
 (Street) (City) (State) (Zip)

623-561-1848 623-561-5831 602-859-3496
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: Norm James
 (Name)

3003 N. Central Ave Phx. AZ 85012
 (Street) (City) (State) (Zip)

602-916-5346 602-916-5546 —
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address T

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

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

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-01737A

New River Utility Company, Inc.
7939 W. Deer Valley Rd.
Peoria, AZ 85382

RECEIVED
FEB 25 2015
ACC UTILITIES DIRECTOR

Please click here if pre-printed Company name on this form is not your current Company name or dba name is not included.

Please list current Company name including dba here:

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2014
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FOR COMMISSION USE

ANN 04	14
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3-3-15

COMPANY INFORMATION

Company Name (Business Name) <u>New River Utility Co Inc</u>		
Mailing Address <u>7939 W. Deer Valley Rd</u>		
<u>Peoria</u> (City)	<u>Ariz.</u> (State)	<u>85382</u> (Zip)
<u>623-561-1848</u> Telephone No. (Include Area Code)	<u>623-561-5831</u> Fax No. (Include Area Code)	<u>602-859-3496</u> Cell No. (Include Area Code)
Email Address <u>—</u>		
Local Office Mailing Address <u>7939 W. Deer Valley Rd</u>		
<u>Peoria</u> (City)	<u>Ariz.</u> (State)	<u>85382</u> (Zip)
<u>623-561-1848</u> Local Customer Service Phone No. (Include Area Code)	<u>—</u> (1-800 or other long distance Customer Service Phone No.)	
Email Address <u>—</u>	Website address <u>—</u>	

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:		
<input checked="" type="checkbox"/> Management Contact: <u>Bob Fletcher</u>		
		<u>President</u> (Title)
<u>7939 W. Deer Valley Rd</u> (Street)	<u>Peoria</u> (City)	<u>Ariz.</u> (State)
<u>85382</u> (Zip)		
<u>623-561-1848</u> Telephone No. (Include Area Code)	<u>623-561-5831</u> Fax No. (Include Area Code)	<u>602-859-3496</u> Cell No. (Include Area Code)
Email Address <u>—</u>		
On Site Manager: <u>Bob Fletcher</u>		
		(Name)
<u>7939 W. Deer Valley Rd</u> (Street)	<u>Peoria</u> (City)	<u>Ariz.</u> (State)
<u>85382</u> (Zip)		
<u>623-561-1848</u> Telephone No. (Include Area Code)	<u>623-561-5831</u> Fax No. (Include Area Code)	<u>602-859-3496</u> Cell No. (Include Area Code)
Email Address <u>—</u>		

COMPANY NAME

New River Utility Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	75181		75181
304	Structures and Improvements	142030	28269	113761
307	Wells and Springs	173088	104833	68255
311	Pumping Equipment	1824433	1114189	710244
320	Water Treatment Equipment	416172	260474	155698
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26239	26239	-
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087907	702510	385397
330.2	Pressure Tanks	18086	9884	8202
331	Transmission and Distribution Mains	1338550	802415	536135
333	Services	236325	168795	67530
334	Meters and Meter Installations	191620	83905	107715
335	Hydrants	193193	114404	78789
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31572	7467	24105
340	Office Furniture and Equipment	14519	8291	6228
340.1	Computers & Software	18615	13646	4969
341	Transportation Equipment	90849	23501	67348
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	5878379	3468822	2409557

This amount goes on the Balance Sheet Acct No. 108

Glenn

COMPANY NAME New River Utility Co Inc

WATER UTILITY CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1 x 2)
301	Organization			
302	Franchises			
303	Land and Land Rights	75181	-	-
304	Structures and Improvements	142030	2.88	4084
307	Wells and Springs	172088	.74	1283
311	Pumping Equipment	1824433	4.27	77902
320	Water Treatment Equipment	416172	14.29	59459
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26279	13.89	3644
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087907	4.11	44740
330.2	Pressure Tanks	18086	4.0	723
331	Transmission and Distribution Mains	1338550	3.93	52642
333	Services	236325	3.99	9422
334	Meters and Meter Installations	191620	5.11	9799
335	Hydrants	193193	4.0	7728
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31572	6.53	2061
340	Office Furniture and Equipment	14519	3.21	466
340.1	Computers & Software	18615	7.39	1376
341	Transportation Equipment	90849	18.4	16712
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	SUBTOTAL			
	LESS CIAC Amortization			
	TOTALS *	5878379	4.97	292040

*This amount goes on the Comparative Statement of Income and Expense Acct. No. 403

Glenn
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COMPANY NAME New River Utility Co Inc

WATER UTILITY BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$	\$ 116783
134	Working Funds		
135	Tempotary Cash Investments		
141	Customer Accounts Receivable	64737	92142
146	Notes/Receivables from Associated Companies	1173467	
151	Plant Material and Supplies		
162	Prepayments	2061	6246
174	Miscellaneous Current and Accrued Assets	1827	1966
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1242092	\$ 217037
FIXED ASSETS			
101	Utility Plant in Service	\$ 5749484	\$ 5878379
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	3181116	3468822
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 2569368	\$ 2409557
	TOTAL ASSETS	\$ 3810460	\$ 2626944

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

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6

COMPANY NAME New River Utility Co Inc

WATER UTILITY BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
LIABILITIES			
CURRENT LIABILITIES			
231	Accounts Payable	\$ 21045	\$ 11211
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	110000	
235	Customer Deposits	23408	1705
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		12108
	TOTAL CURRENT LIABILITIES	\$ 154453	\$ 41024
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$	\$
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	4163618	4163618
215	Retained Earnings	(507711)	(1578148)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 31656007	\$ 2585570
	TOTAL LIABILITIES AND CAPITAL	\$ 3810460	\$ 2626594

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COMPANY NAME New River Utility Co Inc

WATER UTILITY COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1153041	\$ 1482802
460	Unmetered Water Revenue		
474	Other Water Revenues	34429	46283
	TOTAL REVENUES	\$ 1187470	\$ 1529085
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 134168	\$ 141973
610	Purchased Water		89884
615	Purchased Power	157863	173966
618	Chemicals	2127	3019
620	Repairs and Maintenance	150021	85963
621	Office Supplies and Expense	78091	61447
630	Outside Services	172119	52451
635	Water Testing	67976	69755
641	Rents	54000	54000
650	Transportation Expenses	20383	20168
657	Insurance - General Liability	10921	7563
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	1294	
403	Depreciation Expense	304292	292040
408	Taxes Other Than Income	27689	27669
408.11	Property Taxes	98423	57291
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1238907	\$ 1132791
	OPERATING INCOME/(LOSS)	\$ (51437)	\$ 396304
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 2762	\$
421	Non-Utility Income	1206	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	61	206
	TOTAL OTHER INCOME/(EXPENSE)	\$ 3907	\$ (206)
	NET INCOME/(LOSS)	\$ (47930)	\$ 396098

Glenn

COMPANY NAME	New River Utility Co. Inc		
Name of System:	New River Utility Co. Inc	ADEQ Public Water System Number:	07051

WATER UTILITY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
1 55-805437	200	900	1268	20"	8"	1980
2 55-616944	150	400	1262	20-16"	6	1952
3 55-616945	300	1100	1650	16"	8"	1958
4 55-616946	150	400	1300	16"	6	1983
5 55-616948	300	1100	1730	16	8	1983

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
City of Peoria	400	

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100	2	447	
25	6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000,000	3	1000	2

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

COMPANY NAME	<i>New River Utility</i>	
Name of System:	<i>New River Utility</i>	ADEQ Public Water System Number: <i>07051</i>

WATER UTILITY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	<i>PVC</i>	<i>41,136</i>
8	<i>PVC</i>	<i>119,371</i>
10	<i>PVC</i>	<i>10,949</i>
12	<i>PVC</i>	<i>11,667</i>
<i>16"</i>	<i>DIP</i>	<i>52</i>
<i>12"</i>	<i>DIP</i>	<i>16,629</i>
<i>10"</i>	<i>DIP</i>	<i>29</i>
<i>8"</i>	<i>DIP</i>	<i>11,981</i>
<i>6"</i>	<i>DIP</i>	<i>2525</i>

CUSTOMER METERS

Size (in inches)	Quantity
<i>5/8 X 3/4</i>	<i>2199</i>
<i>3/4</i>	<i>3</i>
<i>1</i>	<i>544</i>
<i>1 1/2</i>	<i>11</i>
<i>2</i>	<i>113</i>
<i>Comp. 3</i>	<i>4</i>
<i>Turbo 3</i>	
<i>Comp. 4</i>	<i>3</i>
<i>Turbo 4</i>	
<i>Comp. 6</i>	<i>4</i>
<i>Turbo 6</i>	

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

TREATMENT EQUIPMENT:

3 - Chlorine Gas Stations

4 - Arsenic Treatment Filters

STRUCTURES:

1400 Ft Blockwall

240 Ft Chain Link

OTHER:

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

COMPANY NAME: New River Utility Co
 Name of System: New River Utility ADEQ Public Water System Number: 07051

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2014

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	2,881	35,440,700		
FEBRUARY	2,881	28,983,300		
MARCH	2,881	36,870,805		
APRIL	2,881	48,268,100		
MAY	2,881	43,443,700		
JUNE	2,881	61,940,000		
JULY	2,882	68,765,000		
AUGUST	2,882	58,550,934		
SEPTEMBER	2,882	50,103,000		
OCTOBER	2,882	42,486,000		
NOVEMBER	2,882	43,256,000		
DECEMBER	2,882	39,765,000		
TOTALS →		571,065,080		

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? _____ GPM for _____ hrs

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

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.

TBC 4

COMPANY NAME: *New River Utility Co*
 Name of System: *New River WPA* ADEQ Public Water System Number: *07051*

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	0	12	0
FEBRUARY	0	16	0
MARCH	0	24	0
APRIL	0	25	0
MAY	0	37	0
JUNE	0	33	0
JULY	0	25	0
AUGUST	0	30	0
SEPTEMBER	0	11	0
OCTOBER	0	12	0
NOVEMBER	0	21	0
DECEMBER	0	36	0
TOTALS →	0	282	0

OTHER (description):

COMPANY NAME New River Utility Co YEAR ENDING 12/31/2014

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2014 was: \$ 57,291.24

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. _____
NRU does not get copies of cancelled cancelled
checks. The bank statement shows The Property
Tax check cleared the bank

Maricopa County Treasurer				9/19/2014		
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
9/19/2014	Bill	200-18-001Q	2,549.10	2,549.10		2,549.10
9/19/2014	Bill	200-18-001R	16.34	16.34		16.34
9/19/2014	Bill	200-16-006D	206.48	206.48		206.48
9/19/2014	Bill	200-16-006E	112.24	112.24		112.24
9/19/2014	Bill	200-16-010G	10.22	10.22		10.22
9/19/2014	Bill	618-21-152	6,117.00	6,117.00		6,117.00
9/19/2014	Bill	618-21-156	47,856.68	47,856.68		47,856.68
9/19/2014	Bill	200-18-660A	76.20	76.20		76.20
9/19/2014	Bill	200-18-670	37.24	37.24		37.24
9/19/2014	Bill	200-18-671	258.08	258.08		258.08
9/19/2014	Bill	200-17-827	25.84	25.84		25.84
9/19/2014	Bill	200-17-828	25.82	25.82		25.82
Check Amount						57,291.24

Checks paid

Number.	Amount	Date	Number	Amount	Date	Number	Amount	Date
8550	18.64	09/30	8866	28.27	09/10	8886	177.20	09/30
8829*	33.23	09/02	8867	27.68	09/10	8887	107.74	09/22
8831*	28.78	09/05	8868	5,630.80	09/10	8888	813.58	09/24
8841*	796.16	09/02	8870*	24.50	09/18	8889	200.00	09/22
8844*	2.41	09/02	8871	1,468.50	09/12	8890	57,291.24	09/26
8849*	82.05	09/02	8872	61.58	09/25	8891	10.92	09/29
8852*	1,658.28	09/02	8873	12.84	09/17	8893*	15.03	09/29
8854*	1,866.00	09/02	8874	11,966.87	09/18	8898*	5.55	09/29
8855	271.62	09/02	8875	14.06	09/22	8900*	85.00	09/25
8857*	4.19	09/02	8876	6,009.68	09/23	8901	45.00	09/30
8858	11.47	09/08	8879*	29.79	09/22	8905*	40.00	09/29
8859	492.00	09/09	8880	14.06	09/23	8907*	6,123.26	09/29
8860	420.12	09/05	8881	37.74	09/19	8908	65.00	09/24
8861	25.91	09/12	8882	1,000.00	09/16	8909	109.06	09/25
8862	95.00	09/08	8883	44.38	09/24	8910	3,000.00	09/26
8863	16,913.66	09/11	8884	1,717.45	09/22	8913*	1,098.90	09/26
8865*	5.97	09/22	8885	193.02	09/22			
\$120,184.19			Total checks paid					

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

FEB 25 2015

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>RL Fletcher</u>
COMPANY NAME	<u>New River Utility Co Inc</u>

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

FOR THE YEAR ENDING

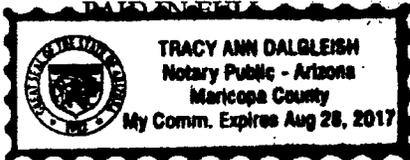
MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2014</u>

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]
SIGNATURE OF OWNER OR OFFICIAL
623-561-1848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 20th DAY OF

COUNTY NAME	<u>Maricopa</u>	
MONTH	<u>February</u>	<u>2015</u>

(SEAL)

[Signature]
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES _____

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

FEB 25 2015

AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<i>Maricopa</i>
NAME (OWNER OR OFFICIAL) TITLE	<i>RLF Fletcher Pres</i>
COMPANY NAME	<i>New River Utility Co Inc</i>

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

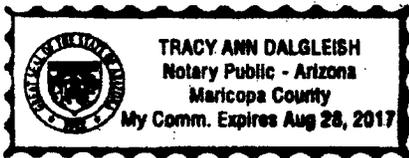
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

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

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 2014 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>1,836,895.17</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 149,715.17 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]

SIGNATURE OF OWNER OR OFFICIAL
623-561-2848

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 20th DAY OF

COUNTY NAME	<i>Maricopa</i>	
MONTH	<i>February</i>	<i>2015</i>

(SEAL)

[Signature]

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES August 28, 2017

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
FEB 25 2015
AZ CORP COMM
Director - Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <i>Maricopa</i>		
NAME (OWNER OR OFFICIAL) <i>R L Fletcher</i>	<i>Ver River Utility Co</i>	TITLE <i>Pres</i>
COMPANY NAME <i>Ver River Utility Co</i>		

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2014

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.

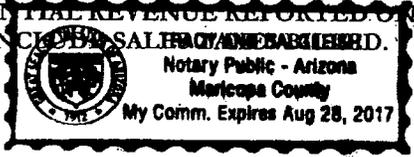
SWORN STATEMENT

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 2014 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>1,836,895.17</u>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 149,715.17 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALVAGE/REBATE/CHRD.



[Signature]
SIGNATURE OF OWNER OR OFFICIAL

623 561 2848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS *20th* DAY OF

NOTARY PUBLIC NAME <i>Tracy Ann Dalglish</i>	
COUNTY NAME <i>Maricopa</i>	
MONTH <i>February</i>	20 <i>15</i>

(SEAL)

MY COMMISSION EXPIRES

[Signature]
SIGNATURE OF NOTARY PUBLIC

EXHIBIT 2

C 2615

COPY

AGREEMENT

THIS AGREEMENT is entered into this 13th day of March, 1990, between the CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona (hereinafter "City"), and NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation (hereinafter "New River").

WHEREAS, New River is the holder of a Certificate of Convenience and Necessity, issued by the Arizona Corporation Commission, which grants New River the exclusive right to provide public utility service, and, specifically, the provision of potable water for drinking water, household, commercial and industrial purposes, within certain geographical areas of Maricopa County, Arizona (hereinafter the "certificated area");

WHEREAS, a portion of the certificated area of New River lies within the incorporated limits of the City (hereinafter the "Glendale certificated area"), which portion is located within Section 35, Township 4 North, Range 1 East, G&SRB&M (hereinafter "Section 35") and is shown on the map attached hereto as Exhibit "A";

WHEREAS, New River has a water delivery subcontract with the United States Department of Interior and the Central Arizona Water Conservation District ("CAWCD") for a supply of Central Arizona Project Municipal and Industrial water (hereinafter the "CAP Subcontract") in the total amount of 2,359 acre-feet per year, but does not currently have the facilities with

which to take delivery of, treat and deliver its CAP water to customers within its certificated area;

WHEREAS, the City owns and operates a municipal water delivery system within the City and wishes to provide water service to the public throughout Section 35, including the Glendale certificated area and the City holds the powers of eminent domain to acquire New River's Glendale certificated area, the related portion of New River's rights under its CAP Subcontract, any water rights held by New River within the Glendale certificated area, and the related portion of its franchise, for such purposes;

WHEREAS, New River has no installed water system or facilities in Section 35 or in the immediate vicinity of Section 35;

WHEREAS, on March 7, 1989, the City Council of the City adopted an ordinance authorizing the acquisition of the Glendale certificated area, and all tangible and intangible utility property and water rights related thereto, which ordinance is attached hereto as Exhibit "B";

WHEREAS, the parties are in agreement on the terms of transfer of a portion of the tangible and intangible properties of New River to the City, as they are located within or associated with the Glendale certificated area in lieu of a condemnation action which would be brought by the City in the absence of this Agreement having been reached with New River;

WHEREAS, the City has an operating water treatment plant, turnout facilities and distribution works for the City's CAP water, with future plans to either increase the capacity of the City's existing CAP water treatment plant or to build another such plant, and related facilities; and

WHEREAS, New River desires to contract with the City, pursuant to which contract the City would take delivery of, treat and deliver New River's CAP water which is available to New River under its CAP Subcontract, at the City's cost of treatment, as hereinafter described, and with participation by New River in the capital costs of treatment facilities to be expanded or constructed, owned and operated by the City, a portion of which treatment facilities would be used to treat New River's CAP water as mentioned above, and the City is willing to provide such service to New River so long as the capital costs of such treatment facilities associated with the treatment of New River's CAP water are borne by New River and so long as New River pays the City's costs, as hereinafter described, of treating New River's CAP water;

NOW, THEREFORE, IT IS AGREED as follows:

I. DELETION OF GLENDALE CERTIFICATED AREA, TRANSFER OF UTILITY PLANT AND PROPERTY AND RELATED MATTERS.

A. Contemporaneously with the execution of this Agreement by both parties hereto, New River shall execute the assignment attached hereto as Exhibit "C", and shall, within sixty days of the date of the execution of this Agreement and Exhibit "C", file with the Arizona Corporation Commission ("the

Commission") an application seeking the approval of the assignment attached hereto as Exhibit "C", and seeking the Commission's approval of all other aspects of this Agreement and the Exhibits hereto which require its approval.

B. Contemporaneously with the execution of this Agreement by both parties hereto, New River shall execute an assignment, in the form of Exhibit "D" hereto, assigning to the City all of New River's rights to 100 acre-feet of the water available to New River under its CAP Subcontract, and an assignment, quit-claim deed, and bill of sale, in the form of Exhibit "E" hereto, transferring to the City all of New River's right, title and interest in any water rights and tangible and intangible utility property within the Glendale certificated area, except for New River's Maricopa County franchise within the right-of-way of 83rd Avenue, on the western border of the Glendale certificated area. The assignment evidenced by Exhibit "D" shall not be effective until it has been approved by the United States ("the U.S."), the CAWCD, and, if necessary, the Commission, and New River shall make application to CAWCD, the U.S., and the Commission for all required approvals within sixty days of the execution of this Agreement. The assignment, quit-claim deed, and bill of sale evidenced by Exhibit "E" shall not be effective until this Agreement and Exhibit "E" have been approved by the Commission.

C. New River represents to the City that, as of the date first written above, there are no charges, liens, or encum-

branches against the Glendale certificated area or against any of the property to be assigned or transferred hereunder. New River represents to the City that it has not provided water service in Section 35 and that it has no facilities or properties in that portion of Section 35 outside the Glendale certificated area. New River covenants that it will do no act between the date first written above and the date Exhibits "C", "D" and "E" are in effect which would cause a charge, lien, or encumbrance to be placed upon the property described in Exhibits "C", "D" or "E". New River represents, further, that it is in good standing with the Commission, that it has filed with the Commission all reports required to be filed by New River, that there are no proceedings pending before the Commission for the revocation of New River's certificate of convenience and necessity, and that it has executed a subcontract for M&I water service from the CAP, which subcontract has been validated by a decree of the Superior Court which is final and from which no appeals can now be taken.

D. New River shall execute such additional documents as may be necessary to effect the assignments and transfers described in Article I.B. hereof and shall prosecute the application described in Article I.A. hereof diligently and at its own expense. New River shall make all reasonable efforts in obtaining the approval of the CAWCD and the U.S. of the assignment evidenced by Exhibit "D" hereto. The City shall cooperate with New River in prosecuting the application and in effecting the assignment and transfer described in Article I.B. hereof.

New River shall support any application made by the City for a franchise from Maricopa County within the right-of-way of 83rd Avenue, on the western border of the Glendale certificated area, provided, however, that New River shall not be required to support, and may oppose, any such application if the granting of the application would have the effect of revoking the franchise to such area currently held by New River.

E. From and after the date Exhibits "C", "D" and "E" are effective and the Commission has approved this Agreement and all Exhibits hereto requiring its approval, New River acknowledges the right of the City to be the sole provider of public water service within the Glendale certificated area and within Section 35.

II. TREATMENT AND DELIVERY OF CAP WATER.

A. Definitions. For purposes of this Article II, New River's CAP water entitlement means that amount of water to which New River is entitled under its CAP Subcontract, less the amount of its CAP water allocation to be transferred to the City under Article I.B. hereof and with respect to which New River has given the notice or notices provided for in paragraph B.5.a. of this Article II (hereinafter "New River's CAP entitlement" or "allocation").

B. Capital Charges and Related Matters

1. New River agrees to pay to the City a Capital Charge to be utilized by the City to fund the construction of such additional CAP water treatment plant capacity as is neces-

sary for the City to treat New River's CAP allocation. Such additional capacity may be included in the capacity of a new CAP water treatment plant or in an expansion of the City's existing CAP water treatment plant, whichever option the City, in its discretion, elects. The Capital Charge to be paid by New River to the City shall be that amount of money which is equal to the City's costs in arranging to treat New River's CAP allocation under whichever of the following options the City elects:

a. In the event the City elects to build a new CAP water treatment plant in order to treat New River's CAP allocation, New River shall pay a Capital Charge which is in the proportion that the capacity required to treat its CAP entitlement bears to the total capacity of the new CAP water treatment plant. The Capital Charge shall be determined by adding all of the capital costs of the new plant and multiplying the sum thereby obtained by the ratio of the new plant's capacity attributable to the treatment of New River's CAP allocation to the total treatment capacity of the new plant. For purposes of this paragraph, the term "capital costs" shall mean land costs, engineering, design, and technical studies costs, contract amounts for the construction of the new plant, overhead charges, including legal services and project administration by the City (provided that overhead charges shall in no event exceed 15% of the contract amount for the construction of the new plant), and all other costs reasonably incurred by the City in connection with the construction of the new plant. "Capital costs" may also

include costs for rights-of-way, if any, associated with the construction of the new CAP water treatment plant, but shall not include the costs described in Paragraph II.B.1.c. of this Article II.

b. In the event the City elects to expand the City's existing CAP water treatment plant in order to treat New River's CAP allocation, New River shall pay a Capital Charge which is equal to the capital costs of constructing the treatment capacity to be used for the treatment of New River's CAP allocation in the expanded portion of the existing CAP water treatment plant, plus a share of the land costs, design and engineering costs, and other infrastructure costs previously incurred by the City in anticipation of a future expansion of the plant, if any, which share shall be in the proportion that the capacity included in the expansion to be used to treat New River's CAP allocation bears to the total capacity of the plant after the expansion has been concluded. For purposes of this paragraph, the term "capital costs" shall mean the engineering, design, and technical studies costs, contract amounts for the construction of the additional capacity required for the treatment of New River's CAP allocation, overhead charges, including legal services and project administration by the City (provided that overhead charges shall in no event exceed 15% of such contract amount), and all other costs reasonably incurred by the City in connection with the expansion of the plant in order to treat New River's CAP allocation. "Capital costs" may also include costs for rights-

of-way, if any, associated with the construction of the expansion of the existing CAP water treatment plant, but shall not include the costs described in Paragraph II.B.1.c. of this Article II.

c. The cost of any transmission facilities, including rights-of-way, from the City's treatment plant used to treat New River's CAP allocation to the Delivery Point, as defined in paragraph II.B.4. of this Article II, shall not be included in any way in determining the amount of the Capital Charge to be paid by New River to the City.

d. The Capital Charge under paragraphs B.1.a. and B.1.b. of this Article II may include a reasonable amount for contingencies, not to exceed ten percent (10%) of the total Capital Charge payable by New River, exclusive of the amount for contingencies, which amount shall be held at interest in a contingency fund ("Contingency Fund") and which amount, plus all interest earnings thereon, shall be refunded to New River to the extent such amount is not expended in the construction of the new plant or in the expansion of the existing plant, as the case may be. No expenditure shall be made from the Contingency Fund by the City without giving New River written notice of such expenditure at least 14 working days prior to the making of such expenditure. New River shall have the right to protest the making of such expenditure, and the City, after receipt of such a protest, shall have the right to make such expenditure or to refrain from making such expenditure; provided, however, that New River shall have the right to recover the amount of the

expenditure taken from the Contingency Fund, plus interest, in an action in which New River demonstrates that the expenditure was not appropriately charged to or made from the Contingency Fund. No expenditure shall be made from the Contingency Fund unless the City also makes an expenditure for the same contingency, and any expenditure from the Contingency Fund shall be in the same proportion to the total contingency expenditure that New River's capacity in the new or expanded treatment plant bears to the total capacity of the new or expanded treatment plant. In the event New River's capacity is equal to 100% of the capacity of the new or expanded treatment plant, the City shall not be required to make an expenditure for the contingency. For purposes of this Agreement, the Contingency Fund may be used to cover extra costs of construction attributable to reasonable unanticipated conditions or circumstances which are necessary in order to complete construction of the new or expanded plant, provided such extra costs are not a result of the City's negligence.

2. The City shall provide to New River, in the notice required by paragraph II.B.5. of this Article II, a detailed itemization of the Capital Charge to be paid by New River, showing all components of such Capital Charge and how all components were calculated and determined. The City shall also provide, if requested by New River, all underlying documentation, calculations and other information necessary to show clearly the bases for each component of the Capital Charge. If New River

disputes all or any part of the City's calculation of the Capital Charge, the parties agree to negotiate in good faith to attempt to arrive at a mutually acceptable calculation. If a mutually acceptable calculation cannot be reached, each party shall have available all legal and equitable recourse allowed by law; provided, however, that the City shall have no obligation to enter into contracts or cause the project to be constructed until such dispute is resolved and the Capital Charge is paid by New River.

3. a. The City agrees, within a reasonable time after the Notification Date referred to below, and payment by New River of the Capital Charge, to cause to be constructed the new CAP water treatment plant or an expansion to the City's existing CAP water treatment plant (the "Project") in sufficient capacity and designed so as to permit the City to take delivery of New River's CAP allocation from the works of the CAP, treat such water and deliver it to New River, through a metered connection at the Delivery Point. The determination of the timing of construction of the Project will be made by the City, exercising good-faith discretion and in consideration, among other factors, of the plans the City may then have to expand its existing CAP water treatment plant or build another such plant, the timing of such plans and the economies which can be realized by combining such plans with the Project to be funded by New River.

b. Upon completion and operational acceptance of the Project by the City (the "Completion Date"), the

City shall take delivery of, treat and deliver to the Delivery Point New River's CAP entitlement under the pertinent provisions of New River's CAP Contract and all applicable rules, regulations and operational orders of the U.S., CAWCD and DWR, for which New River shall pay the Water Delivery Charge provided for in paragraph C. of this Article II, in addition to the Capital Charge.

c. The Project shall be constructed under City control as a public works contract.

d. The Project shall be owned absolutely by the City and New River shall have no interest therein. New River's rights under this Agreement are in the nature of a contractual right for the treatment and delivery of New River's CAP allocation.

4. The Delivery Point shall be in or on the west side of the intersection of 75th Avenue and Deer Valley Road, Glendale, Arizona, at which point the City shall, at New River's expense, install a meter. New River shall have the right to observe the installation and calibration of the meter, and the right upon reasonable notice to inspect the meter and to request and observe any recalibration thereof. The City shall keep accurate records of all water deliveries through the meter, which records New River may inspect during business hours. The meter shall be installed at New River's request, and shall be installed not less than thirty days prior to the delivery of water through the Delivery Point, provided New River shall first have made such changes to its system, including the addition of a storage tank,

if necessary, as the City may reasonably require for the efficient operation of the City's own system up to the Delivery Point.

5. a. The Notification Date shall be that date on which New River delivers to the City written notification of its readiness to proceed with the Project, make payment of the Capital Charge and accept delivery of its CAP entitlement. In selecting the Notification Date, New River shall give due consideration to the time needed to acquire land and rights-of-way (if necessary), to design and engineer the Project, to complete the public bidding and other requirements for public works projects, and construct the Project, and to any plans or desire the City may have to include in the overall Project additional capacity beyond that needed for treatment and delivery of New River's CAP entitlement. To the greatest extent possible, New River shall consult with the City on the choice of the Notification Date and provide the City notice of New River's plans and needs in this respect, in advance of the Notification Date.

b. New River shall include in the notice provided for in this paragraph B.5 a statement of the number of acre-feet of its CAP water which it desires the City to treat and deliver, which number of acre-feet may be less than the total number of acre-feet remaining after the assignment described in paragraph B. of Article I of this Agreement becomes effective; provided, however, that New River may give the notice provided in paragraph B.5.a. of this Article II only once unless otherwise

agreed between New River and the City. Within six months of its receipt of New River's notice, the City shall estimate the Capital Charge which New River must pay in order to be entitled to the treatment of its CAP allocation hereunder and shall, within such period, in writing, notify New River of the estimated amount of the Capital Charge. The period within which the City must give the notice herein required shall be extended for six months if the City determines in good faith that it will be unable to commence the expansion of the existing treatment plant or the construction of the new plant by a date six months after its receipt of New River's notice pursuant to paragraph B.5.a. of this Article II. The estimate to be included in the City's notice shall include supporting calculations, documentation and information sufficient to permit New River to ascertain how the estimated Capital Charge was determined.

c. Within six months of its receipt of the notice from the City, New River shall advance to the City the amount specified in the notice; provided, however, that such six month period shall be extended by the amount of time required to resolve any dispute as to the amount of the estimate and by the amount of time required to obtain any Commission approval necessary either to finance or to advance the amount specified in the notice, or both; and, provided, further, that during the period of any such extension, the City shall have no obligation to proceed with the construction of the plant expansion or a new plant.

d. In the event the amount advanced by New River pursuant to the City's notice is insufficient to pay the Capital Charge actually incurred by the City, New River shall pay the difference to the City prior to being entitled to the delivery of treated water through the Delivery Point. In the event the amount advanced by New River is greater than the amount of the Capital Charge paid by the City, the City shall refund the difference to New River within sixty days of the Completion Date.

e. Nothing in this paragraph or in this Agreement shall be construed as requiring or obligating New River to give the notices described in this paragraph, which New River is free to elect not to give, or to make the payments described herein, without first having obtained all approvals the Commission may require; provided, however, that if New River shall not have given the notification provided in this Paragraph on or before December 31, 2010, New River shall have no further rights or obligations under this Agreement.

C. Water Treatment and Delivery.

1. Provided New River shall first have complied with the applicable requirements of paragraph B. of this Article II, and conditioned upon New River's payment to the City of the Delivery Charge herein provided for, the City, during the period commencing on the Completion Date and extending to the end of the term of New River's CAP subcontract, shall treat New River's CAP allocation and shall deliver treated CAP water to the Delivery Point. The right to treatment and delivery of its

CAP allocation herein provided for shall be renewable by New River for the period of time covered by any renewal or extension of New River's CAP subcontract upon such terms and conditions as the City and New River may agree.

2. The Water Delivery Charge to be paid by New River to the City shall be calculated by the City to cover, as nearly as can be computed, the actual or reasonably estimated cost to the City of taking delivery of, treating, and delivering to New River at the Delivery Point New River's CAP entitlement. The Water Delivery Charge will include, but not necessarily be limited to the following: a proportionate share (based upon the proportion of the capacity for which New River has paid a capital charge to the total capacity of the treatment plant) of all direct operating expenses, costs for plant maintenance, routine repair and equipment replacement, power charges, and a reasonable amount for plant overhead and administration by the City. The City will modify the Water Delivery Charge from time to time as significant changes in the cost components of the Water Delivery Charge occur. At the request of New River (and in no event more frequently than twice per year), the City will review the Water Delivery Charge calculations to determine in good faith whether significant changes have occurred in the cost components to justify a modification of the Water Deliver Charge. The City shall provide New River with information showing the manner in which the Water Delivery Charge was calculated, all of the components of the Charge and the bases of such components. In no

event shall the Water Delivery charge include costs associated with transmission facilities from the treatment plant to the Delivery Point.

3. New River will be billed by the City on a monthly basis for the current Water Delivery Charge, which shall be due and payable upon presentation. All Water Delivery Charges which remain unpaid for more than thirty (30) days after presentation to New River, shall bear interest at the rate of one percent (1%) per month, until paid. Fractions of a month shall be considered to constitute a full month for purpose of computing interest. If two or more billings of Water Delivery Charges remain unpaid in excess of thirty (30) days each, at the City's option the City may stop taking delivery of, treating and delivering water to New River under this Agreement until such billings and any applicable interest is paid in full; or the City may thereafter require New River to maintain an advance deposit of not less than two months' nor more than six months' average Water Delivery Charges, calculated on the basis of the current per acre-foot Water Delivery Charge multiplied by the total amount of capacity for which New River has paid a Capital Charge to the City; or both. New River agrees to pay to the City, in addition to interest as provided above, reasonable attorneys' fees and costs or expenses incurred for collection of any Water Delivery Charges which remain unpaid for thirty (30) days or more from presentation to New River, regardless of whether suit is filed.

4. If any improvements, upgrades, repairs, or modifications ("extraordinary work"), beyond those which may already be covered by the calculation of the Water Delivery Charge, are required to be made to the plant, including all pipes and other facilities used by the City to take delivery of New River's CAP entitlement, whether by reason of functional or physical depletion, obsolescence or wear, government regulation or change in applicable laws, requirements of good engineering and/or operational practices, or other cause (except for the negligence of the City or its employees), New River agrees to pay to the City its proportionate share of the cost of such extraordinary work, including all cost components of the type included in calculation of the Capital Charge as incurred by the City for the extraordinary work, whether performed by City employees or independent contractors. Payment shall be made by New River to the City for New River's share of the cost of such extraordinary work within thirty (30) days of receipt of written notice thereof by the City. The interest, attorneys' fees and collections costs and expenses provisions pertaining to unpaid Water Delivery Charges shall apply to New River's share of the cost of such extraordinary work. In addition, the City may require New River to pay in advance an estimate of New River's share of the cost of the extraordinary work, with any excess amount paid to be refunded to New River and any deficiency to be billed and collected by the City under the above provisions for payment of the cost of extraordinary work. New River's share of the cost of extra-

ordinary work shall be calculated in the proportion that the capacity used for providing water deliveries to New River under this Agreement bears to the total capacity of the affected plant or other facility.

5. The City shall take all reasonable steps to treat the water delivered to New River to potable quality in accordance with the public drinking water standards in effect for the City's delivery of water to its own customers. The City shall have no responsibility or liability to treat or deliver water to New River of a quality in excess of such standards or for adverse water quality impacts from causes or factors beyond the ability of the City to reasonably control. The City shall supply periodic chemical analysis reports of the quality of the water supplied to New River under this Agreement. The City bears no responsibility for water quality beyond the Delivery Point.

6. The City shall have no responsibility or liability for any interruption or failure to deliver water to New River resulting from causes or factors beyond the ability of the City to reasonably control and New River shall defend, save, hold harmless and indemnify the City for all claims, damages and expenses which may arise therefrom, regardless by whom made.

III. GENERAL PROVISIONS.

A. New River shall, at or prior to the execution of this Agreement on its behalf, have taken all steps necessary to authorize its officers to execute the Agreement and hereby warrants and represents that such steps have been taken and that

this Agreement is binding upon it as a lawful contract of New River, subject to such approval hereof by the Commission as may be required by law.

B. The City shall, at or prior to the execution of this Agreement on its behalf, have taken all steps necessary to authorize its officers to execute the Agreement and hereby warrants and represents that such steps have been taken and that this Agreement is binding upon it as a lawful contract of the City, subject to the condition that the Commission approve New River's execution of this Agreement, if necessary.

C. No officer, official or agent of the City or New River has the power to amend, modify or alter this Agreement or waive any of its provisions or conditions or to bind the City or New River by making any promise or representation not contained herein, except as may be expressly authorized by the Glendale City Council or New River's Board of Directors by appropriate written instrument.

D. The City shall have no obligation to spend public funds under this Agreement, except as may, in the discretion of the Glendale City Council, be appropriated according to law.

E. This Agreement is subject to all applicable provisions of law and regulations, including the Charter and Code of the City of Glendale, as may be amended from time to time hereafter.

F. This Agreement shall not be assigned or transferred by either party without the advance written consent of the

other party, which consent shall not be unreasonably withheld but shall be binding upon the parties' successors in the event such consent is obtained.

G. This Agreement contains all of the promises made and terms and conditions of the agreement between the parties and supersedes all prior negotiations, representations or agreements, either oral or written.

H. Time is of the essence in the performance of all obligations under this Agreement.

I. The interpretation and enforcement of this Agreement shall be governed by the law of the State of Arizona.

J. No waiver of any provision of or a default under this Agreement shall affect the right of either party thereafter to enforce said provision or to exercise any right or remedy in the event of any other default, whether or not of the same or similar nature.

K. The City shall be absolved from liability for any act, omission, or circumstance occasioned by any cause whatsoever not within the control of the City and which the City could not, by reasonable diligence, have avoided. Such acts, omissions, or circumstances, however, shall not relieve the City of liability in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch and to give notice and full particulars of the same in writing to New River as soon as possible after the occurrence of the cause relied on. The requirement that any

force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes, labor controversies or other disputes by acceding to the demands of the opposing party or parties, or any otherwise unreasonable action by the City.

L. No non-party to this Agreement shall be deemed to be nor is intended to be a third-party beneficiary of this Agreement or any part hereof.

M. It is the intention of the parties that the provisions of this Agreement are severable and if any provision shall be declared invalid by the valid judgment or decree of any court of competent jurisdiction, such invalidity shall not affect the remaining provisions.

N. This Agreement shall inure to the benefit of and be binding upon the parties and their permitted successors, representatives, heirs and assigns.

O. This Agreement may be executed in any number of counterparts and in that event, each signed copy shall be an original, but all such counterparts shall constitute one and the same Agreement.

P. This Agreement is the product of negotiation between the parties, with both parties represented by legal counsel and shall not be interpreted for or against the party drafting the Agreement, but shall be interpreted according to the fair meaning of its terms.

Q. Any notice, report, or demand required or permitted by any provision of this Agreement shall be served and

deemed to be sufficiently given for all purposes, effective as of the first attempted delivery thereof, by certified mail, postage and charges prepaid, as follows:

(1) If to the City, to:

CITY MANAGER
CITY OF GLENDALE
5850 West Glendale Avenue
Glendale, Arizona 85301

With copies to:

CITY ATTORNEY
CITY OF GLENDALE
5850 West Glendale Avenue
Glendale, Arizona 85301

DEPUTY CITY MANAGER-PUBLIC WORKS
CITY OF GLENDALE
5850 West Glendale Avenue
Glendale, Arizona 85301

or to any other address or addresses as may be designated in writing from time to time by the City.

(2) If to New River, to:

NEW RIVER UTILITY COMPANY
c/o R. Les Fletcher, II^{2LF}
2601 North 32nd Avenue
Phoenix, Arizona 85009

With copy to:

RYLEY, CARLOCK & APPLEWHITE
2600 The Arizona Bank Building
101 North First Avenue
Phoenix, Arizona 85003
Attention: Michael J. Brophy

or to any other address or addresses as may be designated in writing from time to time by New River.

R. In the event it is necessary for any one of the parties hereto to bring any action to enforce any of the terms

and covenants of this Agreement, it is agreed that the prevailing party shall be entitled to recover against the other party its reasonable attorneys' fees and costs incurred.

S. Articles I and III of this Agreement shall be effective on the date this Agreement has been executed by both parties hereto. Article II of this Agreement shall be effective on the date the Commission approves this Agreement and Exhibits "C" and "D" hereto or determines its approval is not necessary.

EXECUTED as of the date first written above.

CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona

By Martin Vanacore
Name: _____
Title: CITY MANAGER

ATTEST:

Juergene Behm
City Clerk

APPROVED AS TO FORM:

Peter Kraft
City Attorney

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED AND SWORN to before me this 2nd day
of September, 1990, by Robert L. Fletcher,
President of NEW RIVER UTILITY COMPANY, an Arizona
corporation and public service corporation, on behalf of said
corporation and public service corporation.

Gene L. Helstrom
Notary Public

My Commission Expires:

My Commission Expires Jan. 13, 1991

[EXHIBIT "A"]

MAP OF NEW RIVER UTILITY COMPANY'S
CERTIFICATED AREA
LYING WITHIN THE INCORPORATED LIMITES OF THE
CITY OF GLENDALE

Section 35, Township 4 North, Range 1 East,
G&SRB&M

{Attached}

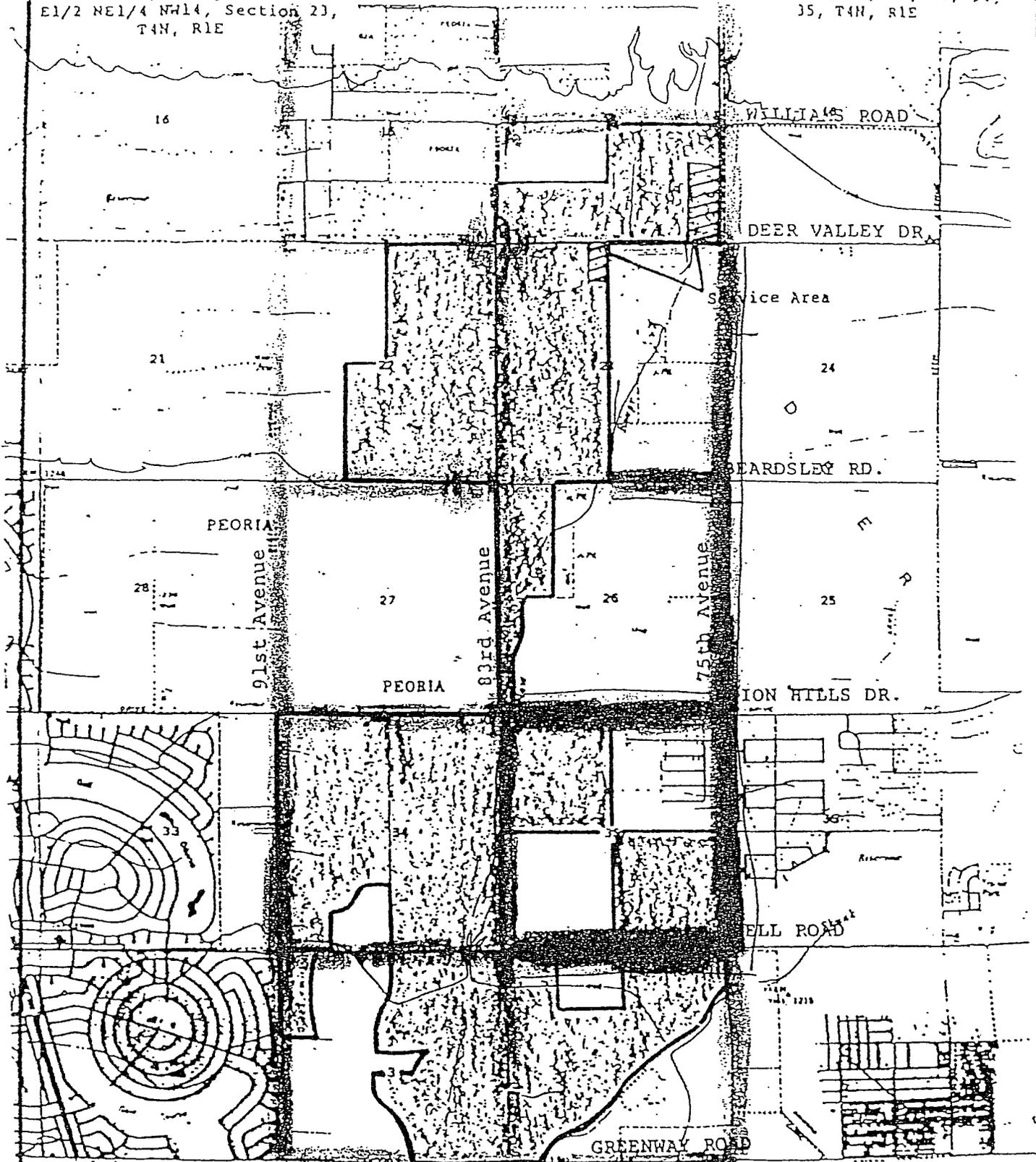
Service Area

SERVICE AREA MAP

CC&N

Portions of E1/2 SE1/4,
Section 14, and portion of
E1/2 NE1/4 NW14, Section 23,
T4N, R1E

Portions of
Sections 2 and 3, T3N, R1E
Sections 14, 22, 23, 26, 34,
35, T4N, R1E



*Shaded-outlined area is the approximate certificated area of the water company.

GLENDALE

PEORIA

COUNTY

[EXHIBIT "B"]

ORDINANCE OF THE CITY OF GLENDALE

{Attached}

EXH040MJBA-C
CRN011990

ORDINANCE NO. 1592 NEW SERIES

AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, DECLARING A PUBLIC NEED AND NECESSITY AND AUTHORIZING AND DIRECTING THE CITY MANAGER AND CITY ATTORNEY TO ACQUIRE ALL OF THE RIGHTS, TITLE AND INTEREST IN THE REAL AND PERSONAL PROPERTY, SYSTEM, PLANT, CERTIFICATES OF CONVENIENCE AND NECESSITY, FRANCHISES, RIGHTS AND OTHER PROPERTY OF NEW RIVER UTILITY COMPANY WITHIN A CERTAIN DESCRIBED AREA OF MARICOPA COUNTY, ARIZONA, FOR THE REASON THAT SAID PROPERTY MUST BE ACQUIRED BY THE CITY IN ORDER FOR THE CITY TO ADEQUATELY SERVE AND SUPPLY WATER AND AS A MATTER OF PUBLIC NEED AND NECESSITY; AND DECLARING AN EMERGENCY.

WHEREAS, the Council of the City of Glendale has determined that it is a matter of public need and necessity to acquire all of the rights, title and interest in all the real property, personal property, system, plant, certificates of convenience and necessity, franchises, rights and other property of NEW RIVER UTILITY COMPANY, an Arizona corporation, within that certain described area of Maricopa County, State of Arizona, as listed in the attached Exhibit A, including all rights that said NEW RIVER UTILITY COMPANY may have to construct, operate and maintain a public water system within the area described in the attached Exhibit A, in order for the City to adequately serve and supply water to customers within and/or without its corporate boundaries and to extend and expand the City's water supply system; and

WHEREAS, the Council of the City of Glendale declares that upon such acquisition, the City intends to utilize such property to furnish water to customers within and/or without its corporate boundaries, which use the Council hereby declares to be a public use.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLENDALE as follows:

SECTION 1. That it is deemed necessary and essential as a matter of public necessity and public welfare that the City of Glendale acquire, by gift, purchase or by condemnation, through the power of eminent domain, all of the rights, title and interest in all of the physical properties and assets presently owned or used by NEW RIVER UTILITY COMPANY and comprised in its water supply and distribution system, whether within or without the corporate limits of the City of Glendale, within the area described in attached Exhibit A which is incorporated herein by this reference.

SECTION 2. That the City Manager and the City Attorney are hereby authorized and directed to acquire, by gift, purchase or by condemnation, through the power of eminent domain, all of the rights, title and interest in all the real property, if any; personal property,

if any; system, if any; wells, if any; plant, if any; equipment, if any; certificates of convenience and necessity, if any; franchises, if any; rights and other property, if any; of NEW RIVER UTILITY COMPANY, an Arizona corporation, within that certain described area of Maricopa County, State of Arizona, as described in the attached Exhibit A, including any right said NEW RIVER UTILITY COMPANY may have to construct, operate and maintain a public water system within the area described in the attached Exhibit A, and to do all things necessary to acquire title to and possession of said property under the power of eminent domain for the City of Glendale.

SECTION 3. That the duly authorized disbursing officers of the City of Glendale be, and they are hereby authorized and directed to pay all sums necessary to acquire the above-described plant and property as well as all recording, escrow closing costs and other costs necessary for the acquisition of said plant and property.

SECTION 4. Whereas the immediate operation of the provisions of this Ordinance is necessary for the preservation of the public peace, health, and safety of the City of Glendale, an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage, adoption, and approval by the Mayor and Council of the City of Glendale, and it is hereby exempt from the referendum provisions of the Constitution and the laws of the State of Arizona.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Glendale, Maricopa County, Arizona, this 7th day of March, 1939.

GEORGE R. RENNER
M A Y O R

ATTEST:

LAVERGNE BEHM
City Clerk

(SEAL)

APPROVED AS TO FORM:

PETER VAN HAREN
City Attorney

REVIEWED BY:

MARTIN VANACOUR
City Manager

EXHIBIT "A"

The Northwest Quarter and the
Southeast Quarter of Section
35, Township 4 North, Range 1
East, G&SRB&M, Maricopa County,
Arizona.

[Exhibit "C"]

ASSIGNMENT

NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation (hereinafter "New River"), for valuable consideration, the receipt of which New River acknowledges, hereby assigns to the CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona (hereinafter "City"), without warranty other than as set forth in Article I.C. of the Agreement to which this Exhibit "C" is attached, and except as therein provided, "as is", all of its right, title and interest in and to that portion of the Certificate of Convenience and Necessity which has been issued by the Arizona Corporation Commission ("Commission") to New River, which is located within Section 35, Township 4 North, Range 1 East, Gila and Salt River Base and Meridian, and which is shown on the map attached hereto as Exhibit "A", which Exhibit "A" is hereby made a part hereof.

This Assignment shall not be effective until the Agreement to which this Assignment is attached as Exhibit "C" has been approved by the Commission, to the extent that such Agreement requires the Commission's approval, and this Assignment has been approved by the Commission.

[EXHIBIT "D"]

ASSIGNMENT OF RIGHTS UNDER CAP CONTRACT

{Form to be Attached}

ASSIGNMENT OF RIGHTS
AND ASSUMPTION OF OBLIGATIONS OF
CENTRAL ARIZONA PROJECT
MUNICIPAL AND INDUSTRIAL WATER SERVICE SUBCONTRACT

THIS AGREEMENT is made and entered into this 13th day of March, 1990, by and between THE NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation (the "Seller"), and THE CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona (the "Buyer").

R E C I T A L S

WHEREAS, the Seller is the owner of a certificate of convenience and necessity issued by the Arizona Corporation Commission ("the Commission") to provide water utility service in certain portions of Maricopa County ("the certificated area"); and

WHEREAS, a portion of the Seller's certificated area lies within the incorporated limits of the Buyer (hereinafter the "Glendale certificated area"), which portion is located within Section 35, Township 4 North, Range 1 East, G&SRB&M, and is shown on the map attached hereto as Exhibit "A"; and

WHEREAS, on or about March 29, 1985, the Seller, the United States of America, acting through the Secretary of the Interior, and the Central Arizona Water Conservation District ("CAWCD"), entered into a subcontract for the delivery of water from the Central Arizona Project in the amount of 2,359 acre-feet per

year, entitled "Subcontract Among the United States, the Central Arizona Water Conservation District, and the New River Utility Company Providing for Water Service, Central Arizona Project, Subcontract No. 5-07-30-W0082 (the "Subcontract"); and

WHEREAS, on or about March 13, 1990, the Buyer has entered into a contract with the Seller to acquire all of the assets of or related to the Glendale certificated area through a negotiated sale pursuant to a written agreement (the "Sale Agreement") which was entered into under threat of eminent domain and in lieu thereof; and

WHEREAS, the Sale Agreement provides that it is the intention of the Buyer and the Seller that the Seller's right in and to 100 acre-feet of Central Arizona Project Water under the Subcontract be transferred to the Buyer; and

WHEREAS, Article 6.7 of the Subcontract provides that the provisions of the Subcontract shall apply to and bind the successors and assigns of the parties to the Subcontract, but that no assignment of any portion of the Subcontract will be valid until approved by the United States; and

WHEREAS, application is being made to the Commission for approval of the sale of the assets of the Seller within the Glendale certificated area; and

WHEREAS, in accordance with the terms and conditions of the Sale Agreement, the assets of or related to the Glendale certificated area will be transferred to the Buyer and the Certificate of Convenience and Necessity related to the Glendale

certificated area previously held by the Seller will be terminated; and

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. The Seller hereby assigns, transfers, and conveys to the Buyer all of its rights, title, interest and obligations under the Subcontract in and to 100 acre-feet of Central Arizona Project Water and retains all other of its rights and obligations under the Subcontract.

2. The Buyer has read the Subcontract, knows the contents and requirements thereof, and accepts the assignment of 100 acre-feet of Central Arizona Project Water under the Subcontract and agrees to be bound by all terms and conditions of the Subcontract pertaining to the 100 acre-feet of Central Arizona Project water hereby assigned.

3. This instrument shall not be effective until all required approvals have been secured from the Commission, the United States, and the CAWCD.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

SELLER:

NEW RIVER UTILITY COMPANY, an
Arizona corporation and public
service corporation

By


Name: ROBERT L. FLETCHER
Title: Pres.

ATTEST:


Corporate Secretary

BUYER:

CITY OF GLENDALE, a municipal
corporation and political sub-
division of the State of Arizona

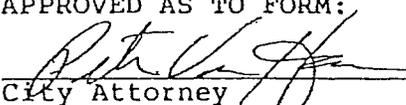
By


Name: _____
Title: CITY MANAGER

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney

APPROVAL

The undersigned, pursuant to Article 6.7 of the Subcontract, on behalf of the United States of America, acting through the Secretary of Interior, and the Central Arizona Water Conservation District hereby approves the foregoing Agreement in accordance with its terms.

Legal Review and Approval: THE UNITED STATES OF AMERICA

By _____
Field Solicitor
Phoenix, Arizona

By _____
Regional Director
Lower Colorado Region
Bureau of Reclamation

CENTRAL ARIZONA WATER CONSERVATION
DISTRICT

By _____
President

ATTEST:

Secretary

[EXHIBIT "E"]

ASSIGNMENT, QUIT-CLAIM DEED, AND
BILL OF SALE

NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation, for valuable consideration the receipt of which New River acknowledges, hereby assigns, without warranty other than as set forth in Article I.C. of the Agreement to which this Exhibit "E" is attached, and, except as provided in the Agreement, quit-claims and sells "as is" all of its right, title and interest in and to any water rights and any tangible and intangible utility property within Section 35, Township 4 North, Range 1 East, Gila and Salt River Base Meridian, to the CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona.

This Assignment, Quit-Claim Deed, and Bill of Sale shall not be effective until the Agreement to which this instrument is attached as Exhibit "E" has been approved by the Arizona Corporation Commission (the "Commission"), to the extent that such Agreement requires the Commission's approval, and this Assignment, Quit-Claim Deed, and Bill of Sale has been approved by the Commission.

EXHIBIT 3

Exhibit 2

New River Utility Company

2014 Water Data			
Sold, Pumped, and Purchased			
Month	Sold (1,000 gals.)	Pumped (1,000 gals.)	Purchased (1,000 gals.)
January	35,441	48,923	
February	28,983	24,531	
March	36,871	48,173	
April	48,303	49,577	
May	43,452	68,727	
June	61,943	48,104	12,443
July	68,765	86,396	
August	58,551	55,124	
September	50,103	41,144	
October	42,486	54,408	22,672
November	43,256	45,259	
December	39,780	30,824	
Total (1,000 gals.)	557,934	601,190	35,115