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OFFICE O

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P.O. Box 4

8401 W. Monroe St. Peoria, Arizona 85345

T Civil/Risk 623-773-7330

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February 9, 2016

VIA HAND-DELIVERY

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

Arizona Corporation Commission

DOCKETED

FEB 10 2016



Re: Docket No. W-01737A-15-0380
Application for Approval of the Sale of Stock and Cancellation of
Certificate of Necessity

To whom it may concern,

Pursuant to the Commission's Procedural Order dated February 2, 2016,
attached hereto please find a copy of the Stock Purchase Agreement dated October 21,
2015.

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

Sincerely,

**OFFICE OF THE CITY ATTORNEY
CITY OF PEORIA**

Stephen M. Kemp
City Attorney for the City of Peoria

SMK/blg

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is executed and delivered on October 21, 2015, between the City of Peoria, Arizona, an Arizona municipal corporation ("Buyer"), and Robert L. Fletcher and Mary Karen Fletcher, as Trustees of the Robert L. Fletcher and Mary Karen Fletcher Family Trust, created under trust instrument dated July 19, 2002 ("Seller").

WHEREAS, Seller owns all of the issued and outstanding shares of capital stock of New River Utility Company, an Arizona corporation (the "Company");

WHEREAS, the Company is engaged in the business of providing water service to the public within portions of the City of Peoria, Arizona, pursuant to authority granted by the Arizona Corporation Commission in Decision Nos. 33131 (May 24, 1961) and 33354 (August 15, 1961) (the "Business"); and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all of the issued and outstanding shares of capital stock of the Company (the "Shares"), all in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, received to the full satisfaction of each of them, the parties agree as follows:

ARTICLE 1

SALE AND TRANSFER; PURCHASE PRICE; CLOSING

1.1 Delivery of Shares. On the terms and subject to the conditions set forth in this Agreement, Seller shall, on the Closing Date (as defined below), transfer, assign and deliver to Buyer certificates representing the Shares, free and clear of any liens, security interests, encumbrances, adverse claims, and pledges whatsoever (collectively, "Encumbrances").

1.2 Company Assets. Buyer and Seller agree that except for the Excluded Assets (defined below), all assets of the Company used in connection with the Business and necessary for the operation of the Business after the Closing in the same manner as operated immediately prior to the Closing (the "Company Assets") shall be included in the transaction contemplated by this Agreement. The Company Assets include all well permits and well sites used by the Company to withdraw water and serve the customers located within its service area pursuant to applicable law. If after the Closing, any Company Assets are discovered to not be owned by the Company, the Seller shall take any and all actions necessary to transfer such assets to the Company.

1.3 Excluded Assets. The parties agree that certain assets of the Company shall remain the property of Seller or its affiliates and, notwithstanding the structuring of this transaction as a stock purchase, shall not be sold to Buyer as part of the Company as of the Closing (the "Excluded Assets"). Such Excluded Assets are as follows: (a) all motor vehicles; (b) all office furniture; (c) all cash and cash equivalents; and (d) all cell phones. Buyer

acknowledges and agrees that the Company may take, and Seller may cause the Company to take, any and all actions necessary to transfer such Excluded Assets to Seller or its affiliates at or before the Closing (as defined below). Buyer further agrees to cause the Company to take any and all actions necessary after the Closing to transfer such Excluded Assets to Seller or its affiliates.

1.4 Purchase Price.

(a) Purchase Price. Subject to the conditions set forth in this Agreement, at the Closing Buyer shall pay to Seller for the Shares the sum of \$10,000,000 (the "Purchase Price").

(b) Payment of Purchase Price. The Purchase Price shall be paid to Seller at the Closing by wire transfer of immediately available funds.

1.5 Time and Place of Closing. Unless otherwise agreed to by the parties, this transaction shall be closed concurrently with the execution of this Agreement (the "Closing"). The Closing shall take place at the offices of Buyer, 8401 W. Monroe Street, Peoria, AZ 85345, or at such other place as the parties may agree. The date on which the Closing occurs shall be referred to as the "Closing Date."

1.6 Closing Deliveries by Seller. At the Closing, Seller shall deliver to Buyer, all duly executed:

(a) a certificate(s) representing the Shares, duly endorsed or accompanied by appropriate stock powers;

(b) evidence of the release of any Encumbrances on the Shares;

(c) resignations, effective as of the Closing Date, of all officers and directors of the Company;

(d) a certificate of good standing with respect to the Company issued by the Arizona Corporation Commission;

(e) resolutions of the board of directors of the Company authorizing the execution, delivery, and performance of this Agreement and the transactions contemplated hereby;

(f) a current balance sheet of the Company showing that all of the Company's customer deposits have been refunded and that except for any current Liabilities that have arisen in the ordinary course of business, the Company has no Liabilities on its balance sheet;

(g) a schedule of all the outstanding accounts receivable of the Company along with an aging schedule; and

(h) such other separate documents or instruments of sale, assignment, or transfer required by Buyer to consummate the transactions contemplated by this Agreement (the "Transactions").

1.7 Closing Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller, all duly executed (where applicable):

(a) the Purchase Price payable to Seller by wire transfer of immediately available funds;

(b) a certified copy of resolutions of the City Council (or delegation of the City Council) of Buyer authorizing the execution and delivery of this Agreement and the consummation of the Transactions by Buyer; and

(c) such other separate instruments of sale, assignment, or transfer reasonably required by Seller to consummate the Transactions.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as otherwise disclosed in the Disclosure Schedules to this Agreement, Seller makes the representations and warranties set forth in this Article 2 to Buyer. Whenever a representation or warranty herein is qualified as having been made "to the best of Seller's knowledge," such phrase shall mean the knowledge of Robert L. Fletcher, without inquiry.

2.1 Organization; Authority; Capitalization.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Arizona and is duly authorized, qualified and licensed under all laws, regulations, ordinances and orders of public authorities to carry on its businesses in the places and in the manner as presently conducted except for where failure to be so authorized, qualified or licensed would not have a material adverse affect on its business. Copies of the Company's Articles of Incorporation and Bylaws, each as amended, are set forth on Schedule 2.1(a).

(b) Seller has the full legal right, power and authority to enter into this Agreement and to consummate the Transactions. On or before the Closing, all action of Seller necessary to approve the Transactions shall have been taken.

(c) The authorized capitalization of the Company consists of 100,000 shares of common stock, of which 100 Shares are issued and outstanding. All of the Shares are validly issued, fully paid and non-assessable and owned, beneficially and of record, by Seller. Except for liens on the Shares that will be released before or concurrently with the Closing, there are no outstanding rights, warrants, options or agreements with respect to any class of capital stock of the Company, including agreements granting to any person rights to acquire any capital stock or agreements with respect to the voting thereof. Except for the Shares, there are no other outstanding equity securities or other interests of the Company. The Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any of its equity securities or any interests therein or to pay any dividend or make any distribution in respect thereof. The Company has not agreed to register any securities under the Securities Act of 1933, as amended (the "Act"), or under any state securities law. The Company has no subsidiaries and the Company does not control, directly or indirectly, or have any direct or indirect equity participation in, any other person or entity.

2.2 Binding Effect. This Agreement is the valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

2.3 Consents and Approvals; No Violation.

(a) Except as set forth on Schedule 2.3(a), no filing or registration with, and no permit, authorization, consent or approval of, any party, including any federal, state or local court or regulatory agency, or other governmental authority or private arbitral authority (collectively, a "Governmental Authority"), is necessary for the consummation by Seller of the Transactions; provided, however, that Seller makes no representations or warranties as to the effect of the Transactions on any Permits (as defined below) and that Buyer shall be responsible for obtaining all required governmental consents to or approvals of the Transactions.

(b) Except as set forth on Schedule 2.3(b), the execution, delivery and performance of this Agreement, the consummation of the Transactions and the fulfillment of the terms hereof will not: (i) conflict with or result in a breach or violation of the Articles of Incorporation or Bylaws of the Company or the trust agreement of Seller; (ii) conflict with, or result in a material breach under, any document, agreement or other instrument to which the Company is a party, or result in the creation or imposition of any Encumbrance on any properties of the Company; or (iii) violate any law, regulation, judgment, order, injunction or decree of any applicable Governmental Authority applicable to the Company ("Applicable Laws"), except in the case of clauses (ii) and (iii) for breaches, violations, defaults, or Encumbrances as would not result in a material adverse effect on the Company. Buyer acknowledges and agrees, however, that the Transactions will result in the revocation of the Company's status as an S corporation.

2.4 Litigation. Except as set forth on Schedule 2.4, there is no claim, litigation, action, suit or proceeding, formal arbitration, informal arbitration or mediation, administrative, judicial or otherwise (collectively, "Proceedings"), pending or, to the best of Seller's knowledge, threatened against the Company, or against Seller and relating to the Company, before any Governmental Authority that could reasonably be expected to have a material adverse effect on the Company or that would prevent, delay or make illegal the Transactions.

2.5 Taxes. Except as set forth on Schedule 2.5, (a) the Company has filed, or will file, in a timely manner all requisite federal, state, local and other tax returns due for all fiscal periods ended on or before the date hereof and as of the Closing shall have filed in a timely manner all such returns due for all periods ended on or before the Closing Date; (b) no federal, state, local or other tax returns or reports filed by the Company (whether filed prior to, on or after the date hereof) with respect to the Company will result in any taxes, assessments, fees or other governmental charges upon the Company or the Buyer; (c) all federal, state and local taxes due and payable by the Company have been paid; (d) there are no agreements to extend the statutory period for the assessment of any taxes, examinations in progress or claims against the Company for federal, state, local and other taxes (including penalties and interest) for any period or periods prior to and including the date hereof (and as of the Closing Date) and no notice of any claim, whether pending or threatened, for taxes has been received; and (e) there are no liens for taxes on any assets of the Company, except for liens relating to current real property taxes and personal property taxes that are not yet due and payable.

2.6 Personal Property and Other Assets; Water Rights.

(a) Except for the Excluded Assets, each piece of equipment used or for use in the Business and owned by the Company (the "Equipment") is being retained by the Company and transferred to Buyer through its acquisition of the Shares in its "as is" condition.

(b) At the Closing, the Company shall have good and marketable title to its assets (other than the Excluded Assets), free and clear of all debts and Encumbrances. The Company does not lease any of its assets used in the operation of the Business. Schedule 2.6 sets forth a complete and accurate list of all the tangible personal property assets (including Equipment) owned by the Company.

(c) The well sites, buildings, machinery, equipment, and other tangible assets the Company owns, which are necessary for the conduct of the Business as presently conducted, are sufficient to carry on the Business after the Closing. The Company does not own any Type 1 or Type 2 groundwater rights.

(d) The Company has all rights necessary to extract and deliver water to its customers pursuant to applicable law, and the Company has no reason to believe that any such rights will be lost, revoked or compromised or will not be satisfied, except as would not reasonably be expected to have a material adverse effect on the Company and its Business. The Company intends that title to all such rights shall remain vested with the Company upon the Closing.

2.7 Contracts. Seller has made available to Buyer true and correct copies of all of the Company's material written leases, contracts and agreements (the "Contracts"). A list of the Contracts is set forth on Schedule 2.7. To the best of Seller's knowledge, except as set forth on Schedule 2.7: (a) all of the Contracts are in full force and effect; (b) all rent and other payments by Seller or the Company under the Contracts are current and there are no existing defaults by Seller or the Company under the Contracts; and (c) no termination, condition or other event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default or a basis for force majeure or other claim of excusable delay or non-performance under the Contracts. The Company has no active or outstanding line extension agreements.

2.8 Environmental Matters. To the best of Seller's knowledge, except as set forth on Schedule 2.8, as of the date of this Agreement, neither Seller nor the Company has received any written notice regarding the Company or its assets from any Governmental Authority or other third party alleging a violation of any Applicable Laws that relate to health, the environment, or a community's right to know ("Environmental Laws").

2.9 Permits. Set forth on Schedule 2.9 is a complete and accurate list of all permits, licenses, consents and approvals of every kind held by the Company, including permit applications, franchises, and certificates of convenience and necessity (the "Permits"). To the best of Seller's knowledge, except as set forth on Schedule 2.9, all of the Permits are valid, in good standing and in full force and effect. Notwithstanding the foregoing, however, Seller makes no representations or warranties as to the effect of the Transactions on any Permits.

2.10 Financial Information.

(a) True and complete copies of the 2013 and 2014 ACC filings (the "Financial Statements"), are included as Schedule 2.10(a). The Financial Statements were prepared in accordance with the books of account and other financial records of the Company. Buyer acknowledges and agrees that such Financial Statements have been prepared based on the ACC's regulatory requirements and may be different than financial statements prepared on the tax basis or on another accounting basis, and that such Financial Statements may not "fairly present" the financial condition and the results of operations and cash flows of the Company as of the applicable date or for the applicable periods.

(b) Except as disclosed in the Schedule 2.10(b), there are no Liabilities of the Company other than Liabilities (i) reflected or reserved against on the balance sheet dated as of December 31, 2014, and (ii) Liabilities which have arisen after December 31, 2014 in the ordinary course of business. "Liabilities" means any and all debts, liabilities and obligations of the type that are required to be included in a balance sheet prepared in accordance with generally accepted accounting principles, but excludes non-contractual liabilities (such as contingent liabilities arising out of events that occurred before the Closing or arising under any Applicable Law (including any Environmental Law) other than Tax liabilities.

2.11 Absence of Changes. Since December 31, 2014, except as otherwise set forth in Schedule 2.11, the Company has not:

(a) transferred or encumbered any rights, Permits, real or personal property, in each case, used or necessary for the provision of utility service, except in the ordinary course of business.

(b) issued or sold any capital stock, or rights to purchase any such stock or any securities convertible into or exchangeable for such stock;

(c) suffered any damage, destruction or loss (insured or uninsured) materially and adversely affecting its ability to conduct its business or operations;

(d) merged or consolidated with or been acquired by any person, firm or corporation (or agreed to do so);

(e) agreed to any waiver or settlement of any lawsuit or dispute involving it or its properties;

(f) made or authorized any loan or advance to any person;

(g) incurred (or agreed to) any Liability, except current liabilities in the ordinary and usual course of business; or

(h) made (or agreed to) any purchase or lease of capital assets exceeding \$10,000.

2.12 No Guarantees. The Company has not guaranteed or become subject to a similar contingent obligation in respect of the obligations or liabilities of any other person or entity.

2.13 Customer Deposits. As of the Closing, the Company has refunded all of its customer deposits.

2.14 Accounts Receivable. The accounts receivable of the Company as of the Closing Date: (i) represent valid and binding obligations for services actually provided by the Company, enforceable in accordance with their terms, (ii) are not the subject of any action or legal proceeding, and (iii) have arisen in the ordinary course of business. There are no contests, claims, counterclaims, rights of set off or other defenses with respect to such accounts receivable.

2.15 No Other Representations. Seller is not making any representations or warranties, expressed or implied, of any nature whatsoever except as specifically set forth in this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer makes the representations and warranties set forth in this Article 3 to Seller.

3.1 Organization; Authority.

(a) Buyer is a municipal corporation duly incorporated, validly existing and in good standing under the laws of the State of Arizona and is duly authorized, qualified and licensed under all laws, regulations, ordinances and orders of public authorities to carry on its business in the place and the manner as presently conducted, except for where failure to be so authorized, qualified or licensed would not have a material adverse effect on it or its ability to consummate the Transactions.

(b) Buyer has the full legal right, power and authority to enter into this Agreement and to consummate the Transactions. On or before the Closing, all municipal action of Buyer necessary to approve the Transactions shall have been taken.

3.2 Binding Effect. This Agreement is the valid and binding obligation of Buyer, enforceable against it in accordance with its terms.

3.3 Consents and Approvals; No Violation.

(a) No filing or registration with, and no permit, authorization, consent or approval of, any party, including any Governmental Authority, is necessary for the consummation by Buyer of the Transactions.

(b) The execution, delivery and performance of this Agreement, the consummation of the Transactions and the fulfillment of the terms hereof will not: (i) conflict with, or result in a breach or violation of the charter of Buyer; (ii) conflict with, or result in a material breach under, any document, agreement or other instrument to which Buyer is a party, or result in the creation or imposition of any encumbrance on any properties of Buyer; or (iii) violate any Applicable Laws; except in the case of clauses (ii) and (iii) for breaches, violations, defaults, liens, charges or encumbrances as do not and would not result in a material adverse effect on Buyer's ability to consummate the Transactions.

3.4 Litigation. There are no Proceedings, pending or, to the best of Buyer's knowledge, threatened against Buyer before any Governmental Authority that would prevent, delay or make illegal the Transactions.

3.5 Independent Investigation. Buyer has conducted its own independent investigation of the Company, its assets and the Business. Buyer acknowledges that it has had access to Seller's representatives and to any and all real estate, environmental, financial, operational and other documents and information that Buyer has requested or otherwise determined is necessary as part of Buyer's due diligence review of the Company, its assets and the Business, and that it has inspected the same and the Company's assets. Buyer has been provided all information and documentation it has requested and has received answers to all questions asked of Buyer and its representatives and personnel. Buyer acknowledges that, **EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE SCHEDULES HERETO, BUYER, THROUGH ITS ACQUISITION OF THE SHARES, IS ACQUIRING THE COMPANY AND ALL OF ITS ASSETS "AS IS, WHERE IS" AND "WITH ALL FAULTS" AND SELLER HAS NOT MADE, AND SELLER HEREBY EXPRESSLY DISCLAIMS AND NEGATES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE WHATSOEVER, RELATING TO THE COMPANY OR ITS ASSETS (INCLUDING ANY REPRESENTATIONS OR WARRANTIES AS TO ENVIRONMENTAL MATTERS OR ANY IMPLIED OR EXPRESSED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE).**

3.6 Investment. Buyer is acquiring the Shares pursuant to this Agreement for its own account and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Act.

3.7 Buyer's Representations and Warranties. From the date of this Agreement until the Closing Date, except as provided for in or contemplated by this Agreement or except as consented to or approved by Seller in writing, Buyer covenants and agrees that it will not take any action that would make any representation and warranty of Buyer hereunder inaccurate in any material respect at or as of the Closing.

ARTICLE 4

REMEDIES

4.1 Survival; Exclusivity. The representations and warranties contained in this Agreement and the certificates and other documents delivered pursuant to this Agreement shall survive the Closing for 6 months; provided, however, the representations and warranties (and indemnification obligations related thereto) in Section 2.5 shall survive until six months following the expiration of the applicable statute of limitations and the representations and warranties in Section 2.8 shall survive for a period of one year. The covenants and agreements contained in this Agreement and the certificates and other documents delivered pursuant to this Agreement shall survive the Closing to the extent applicable. Such representations, warranties, covenants and agreements contained herein are exclusive, and the parties hereto confirm that they have not relied upon any other representations, warranties, covenants and agreements as an inducement to enter into this Agreement or otherwise.

4.2 Indemnification by Seller. Seller agrees to indemnify and hold harmless Buyer from any and all claims, damages, losses, liabilities, costs and expenses (including settlement costs and any legal, accounting or other expenses for investigating or defending any actions or threatened actions) (collectively, "Losses") reasonably incurred by Buyer in connection with any breach by Seller of any representation or warranty in this Agreement or any breach by Seller of any covenant, agreement or obligation contained in this Agreement or any document contemplated hereby; provided, however, that Seller shall not be liable for the breach of any representation or warranty in this Agreement if Buyer had knowledge before the Closing of facts that would make such representation or warranty untrue.

4.3 Indemnification by Buyer. Buyer agrees to indemnify and hold harmless Seller from any and all Losses reasonably incurred by Seller in connection with any breach by Buyer of any representation or warranty in this Agreement or any breach by Buyer of any covenant, agreement or obligation contained in this Agreement or any document contemplated hereby; provided, however, that Buyer shall not be liable for the breach of any representation or warranty in this Agreement if Seller had knowledge before the Closing of facts that would make such representation or warranty untrue.

4.4 Limitation on Liability. Notwithstanding the other provisions of this Article 4, the indemnification obligations of Buyer and Seller set forth in this Article 4 shall apply only after the aggregate amount of such obligations exceeds \$10,000, at which time the indemnification obligations shall be effective only as to those Losses in excess of such initial \$10,000. Further, the indemnification obligations of Buyer and Seller set forth in this Article 4 shall be limited to an aggregate amount not to exceed \$5,000,000.

4.5 Exclusivity. Indemnification pursuant to this Article 4, as limited by the provisions of this Article 4, shall be the exclusive remedy of the parties with respect to any breach by any party of any representation or warranty in this Agreement.

ARTICLE 5

GENERAL

5.1 Tax Returns. From and after the Closing, Buyer shall not amend any of the Company's federal or state income tax returns for any period ending on or before the Closing Date.

5.2 Further Assurances. Subject to the terms and conditions of this Agreement, at any time and from time to time following the Closing, at Buyer's request (and at the expense of the Buyer but without further consideration), Seller shall execute and deliver to Buyer such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Buyer may reasonably request in order to fully consummate the transactions contemplated by this Agreement and to assist Buyer with actions related to the cancellation of the Company's Certificate of Convenience and Necessity.

5.3 Assignment; Binding Effect; Amendment. This Agreement and the rights of the parties hereunder may not be assigned and shall be binding upon and shall inure to the benefit of the parties hereto and their successors. This Agreement, upon execution and delivery, constitutes

a valid and binding agreement of the parties hereto enforceable in accordance with its terms and may be modified or amended only by a written instrument executed by both of the parties hereto.

5.4 Entire Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement among the parties hereto relating to the subject matter of this Agreement, it being understood that there are no oral representations, understandings or agreements covering the same subject matter as this Agreement. This Agreement supersedes, and cannot be varied, contradicted or supplemented by, evidence of any prior or contemporaneous discussions, correspondence, or oral or written agreements of any kind.

5.5 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

5.6 No Brokers. Seller represents and warrants to Buyer that Seller has had no dealings with any broker or agent so as to entitle such broker or agent to a commission or fee in connection with the transaction described herein. Buyer represents and warrants to Seller that Buyer has had no dealings with any broker or agent so as to entitle such broker or agent to a commission or fee in connection with the transaction described herein. If for any reason a commission or fee shall become due, the party dealing with such agent or broker shall pay such commission or fee, and agrees to indemnify and save harmless the other party from all claims for such commission or fee and from all attorneys' fees, litigation costs and other expenses relating to such claim.

5.7 Expenses of Transaction. Whether or not the transactions herein shall be consummated: (a) Buyer will pay the fees, expenses and disbursements of Buyer and its agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments hereto and all other costs and expenses incurred in the performance and compliance with all conditions to be performed by Buyer under this Agreement; and (b) Seller will pay the fees, expenses and disbursements of Seller and its agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments hereto and all other costs and expenses incurred in the performance and compliance with all conditions to be performed by Seller under this Agreement.

5.8 Notices. All notices or other communications required or permitted hereunder shall be in writing and may be given by depositing the same in United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier, or by delivering the same in person to such party.

If to Seller, addressed to it at:

7837 West Deer Valley Road
Peoria, Arizona 85382
Attn: Robert L. Fletcher

with a copy to:

Fennemore Craig, P.C.
2394 East Camelback Road
Suite 600
Phoenix, AZ 85016
Attn: Norman D. James, Esq.

If to Buyer, addressed to it at:

City of Peoria, Arizona
8401 W. Monroe Street, Room 300
Peoria, AZ 85345
Attn: City Manager

City of Peoria, Arizona
8401 W. Monroe Street, Room 280
Peoria, AZ 85345
Attn: Stephen M. Kemp, Esq., City Attorney

Notice shall be deemed given and effective the day personally delivered with delivery verification, the day after being sent by overnight courier, subject to signature verification, and three business days after the deposit in the U.S. Mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received, if earlier. Any party may change the address for notice by notifying the other parties of such change in accordance with this Section.

5.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arizona, without giving effect to any choice or conflict of law provision or rule (whether of the State of Arizona or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Arizona.

5.10 Jurisdiction; Waiver of Jury Trial. The parties agree that any disputes arising out of or related in any way to this Agreement, including a breach of this Agreement, shall be filed exclusively in the state or federal courts in Maricopa County, Arizona. The parties consent and agree to the jurisdiction of the Arizona courts. Neither party will argue or contend that it is not subject to the jurisdiction of the Arizona courts or that venue in Maricopa County, Arizona, is improper.

5.11 Attorneys' Fees. Should any litigation be commenced under this Agreement, the successful party in such litigation shall be entitled to recover, in addition to such other relief as the court may award, its reasonable attorneys' fees, expert witness fees, litigation related expenses, and court or other costs incurred in such litigation or proceeding. For purposes of this clause, the term "successful party" means the net winner of the dispute, taking into account the claims pursued, the claims on which the pursuing party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other party. If a written settlement offer is rejected and the judgment or award finally obtained is equal to or more favorable to the offeror than an offer made in writing to settle, the offeror is deemed to be the successful party from the date of the offer forward.

5.12 No Waiver. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by the other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of or in any similar breach or default occurring later; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver. The rights and remedies of any party based upon, arising out of or otherwise in respect to any inaccuracy or breach of any representation, warranty, covenant, or agreement, or failure to fulfill any condition shall in no way be limited by the fact that the act, omission, occurrence or other stated facts upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant, or agreement as to which there is no inaccuracy or breach.

5.13 Captions. The headings of this Agreement are inserted for convenience only, and shall not constitute a part of this Agreement or be used to construe or interpret any provision hereof.

5.14 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, it shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable but so as most nearly to retain the intent of the parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

5.15 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, no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute shall be deemed to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "include" or "including" means include or including, without limitation.

5.16 Cancellation. This Agreement is subject to cancellation for conflict of interest without penalty or further obligation as provided by A.R.S. § 38-511.

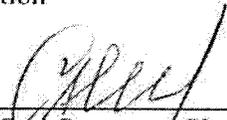
5.17 Acknowledgement. The parties acknowledge and recognize that after the Closing, Buyer may sell and convey all assets of the Company to the City of Peoria, an Arizona municipal corporation authorized to provide water service.

[Signatures Appear on Next Page]

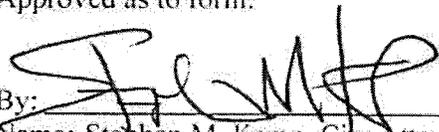
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

BUYER:

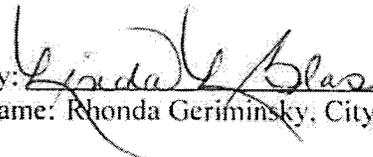
The City of Peoria, an Arizona municipal corporation

By: 
Name: Carl Swenson, City Manager

Approved as to form:

By: 
Name: Stephen M. Kemp, City Attorney

Attestation:

By: 
Name: Rhonda Geriminsky, City Clerk



SELLER:

Robert L. Fletcher and Mary Karen Fletcher,
as Trustees of the Robert L. Fletcher and
Mary Karen Fletcher Family Trust, created
under trust instrument dated July 19, 2002

By: _____
Name: Robert L. Fletcher

By: _____
Name: Mary Karen Fletcher

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

BUYER:

The City of Peoria, an Arizona municipal corporation

By: _____
Name: Carl Swenson, City Manager

Approved as to form:

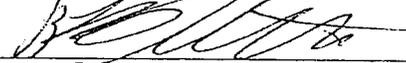
By: _____
Name: Stephen M. Kemp, City Attorney

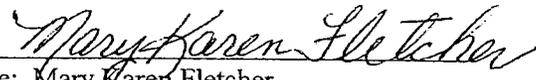
Attestation:

By: _____
Name: Rhonda Geriminsky, City Clerk

SELLER:

Robert L. Fletcher and Mary Karen Fletcher, as Trustees of the Robert L. Fletcher and Mary Karen Fletcher Family Trust, created under trust instrument dated July 19, 2002

By:  _____
Name: Robert L. Fletcher

By:  _____
Name: Mary Karen Fletcher

LIST OF SCHEDULES

Schedule 2.1(a)	--	Articles of Incorporation and Bylaws
Schedule 2.3(a)	--	Consents
Schedule 2.3(b)	--	Conflicts
Schedule 2.4	--	Litigation
Schedule 2.5	--	Taxes
Schedule 2.6	--	Tangible Personal Property and Equipment
Schedule 2.7	--	Contracts
Schedule 2.8	--	Environmental Matters
Schedule 2.9	--	Permits
Schedule 2.10(a)	--	Financial Statements
Schedule 2.10(b)	--	Liabilities
Schedule 2.11	--	Changes

SCHEDULE 2.1(a)
Articles of Incorporation and Bylaws

1. Articles of Incorporation, dated February 20, 1959, as amended by Amendment to Articles of Incorporation, dated May 1, 1962, as amended by Articles of Amendment to Articles of Incorporation, dated December 5, 1979, as amended by Articles of Amendment to the Articles of Incorporation, dated January 20, 2003.

2. New River Utility Company Amended and Restated Bylaws, dated January 1, 2003.

SCHEDULE 2.3(a)
Consents

None.

SCHEDULE 2.3(b)
Conflicts

None.

SCHEDULE 2.4
Litigation

None.

SCHEDULE 2.5
Taxes

None.

SCHEDULE 2.6
Tangible Personal Property and Equipment

Computers

Dell Studio XPS 8100 Computer number 6R8KJM1
Dell HDM Monitor
HP Laser Jet Pro 400, Model M-401dne
HP Pavilion Tower computer
HP Pavilion 23XI Monitor

Meter Reading Equipment

Nomad hand held and Trimble laser light
Docking station
Belt clip with Neptune R900 Belt Clip Receiver
Neptune Advantage 11, handheld wand for meter reading
Neptune Technology Sharp E-Coder for R900 Belt Clip Receiver

Tools and Supplies

Three barrels of food grade drip oil
Three drip oilers
Inventory of new meters
One fire hydrant presume gauge
One hose pressure gauge and hose bib
Two street valve keys
Two water meter keys
One hand crank for 55 gallon drip oil pump
Four fire hydrant meters
Three fire hydrant valve wrenches
One meter fitting wrench
One meter open jaw wrench

Water Deliver Equipment

200 horsepower water pump associated with well 55-805437
150 horsepower water pump associated with well 55-616944
300 horsepower water pump associated with well 55-616945
150 horsepower water pump associated with well 55-616946
300 horsepower water pump associated with well 55-616948
Two 100 horsepower booster pump
Six 25 horsepower booster pumps
447 fire hydrants
Three 1,000,000 gallon storage tanks
Two 1,000 gallon pressure tanks

Three chlorine gas water treatment stations
Four arsenic treatment filters
All the water mains shown in the 2014 Annual Report of New River Utility Company
All of the customer water meters shown in the 2014 Annual Report of New River Utility Company
1,400 feet of cinder block wall
240 feet of chain link fence

Golf Carts

1999 EZGO
1991 Club Car

Other

Digital check scanner TS240
Panasonic dot matrix printer
Super scripts laser printer
OKI Microline 420 9 pin printer
Brother laser printer
NEC Superscript 1260 printer
Charrette five drawer filing cabinet with blueprints for New River Utility franchise
Twenty pieces Sensus, Upper Housing Touch Pad Disc
New River Utility Company operating manual
Wire and adapters for office equipment
Two drawer file cabinets
Back-up disk with billing history
Meter repair tool box with cable cutter and crimpers
20 meter locks
Well log books and pump information manuals

SCHEDULE 2.7
Contracts

1. Agreement, dated March 13, 1990, between the City of Glendale and New River Utility Company.
2. Emergency Interconnect Agreement between the City of Peoria and New River Utility Company dated August 23, 2011.
3. Assignment of Rights and Assumption of Obligations of the Central Arizona Project Municipal and Industrial Water Service Subcontract dated July 12, 2007 between New River Utility Company and the Central Arizona Water Conservation District.

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, III *RLF*
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:

Juergens Behr
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 February, 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.

Law L. Peterson
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 LIMES OF THE
CITY OF GLENDALE

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

{Attached}

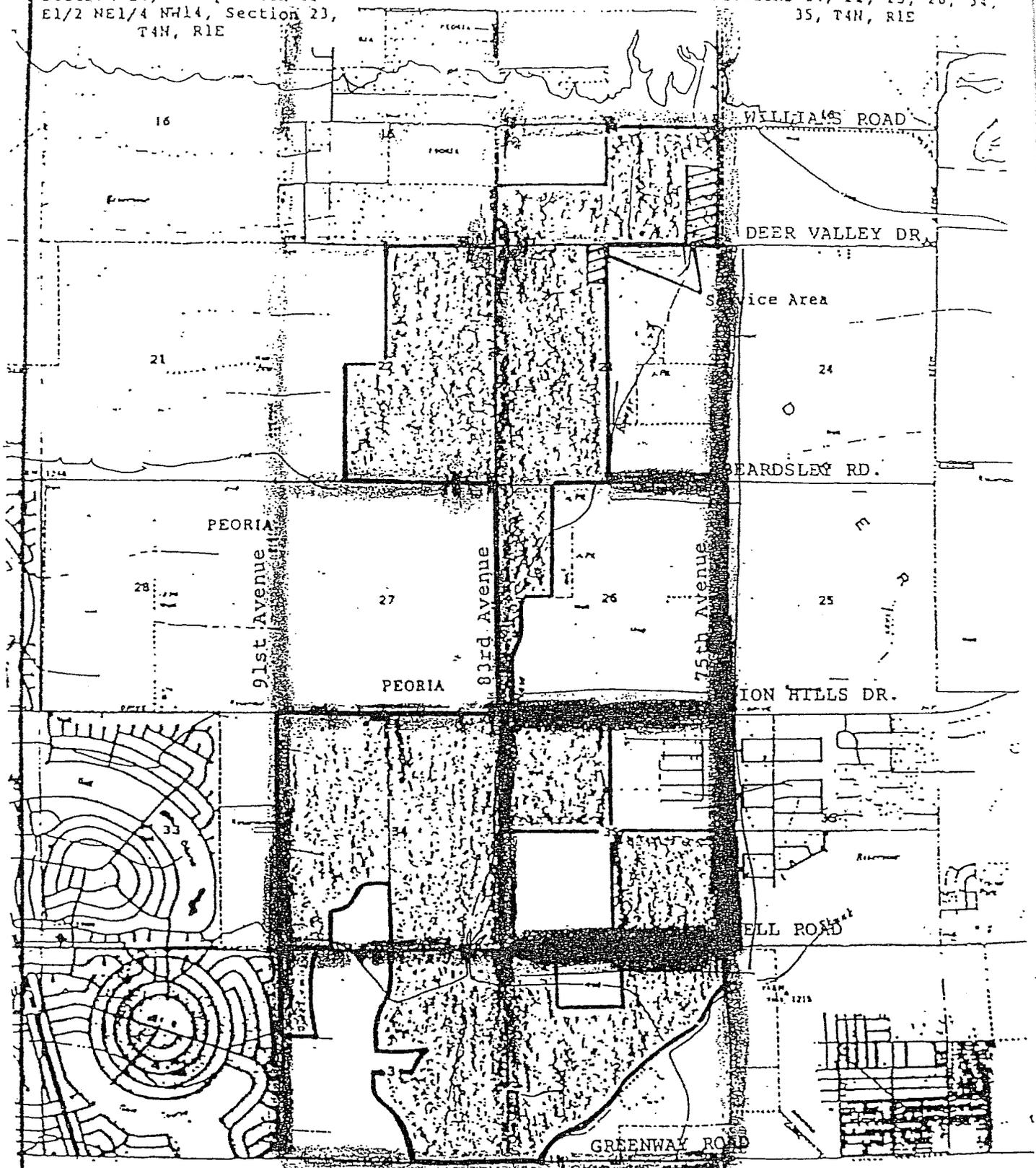
Service Area

SERVICE AREA MAP

CC&N

Portions of E1/2 SE1/4,
Section 14, and portion of
E1/2 NE1/4 NW1/4, 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}

EXH040HJBA-C
CNO011990

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, 1989.

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

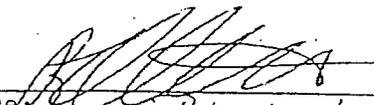
NEW RIVER UTILITY COMPANY, an Arizona corporation and public service corporation (hereinafter "New River"), for valuable consideration, the receipt of which New River acknowledges, hereby assigns to the CITY OF GLENDALE, a municipal corporation and political subdivision of the State of Arizona (hereinafter "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.

DATED this 20th day of March, 1990.

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

By

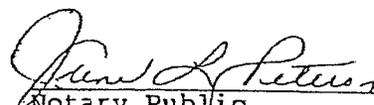

Name: Robert L. Fletcher
Title: Pres

STATE OF ARIZONA)
County of Maricopa) ss
)

SUBSCRIBED AND SWORN TO before me this 2nd day of February, 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.

My Commission Expires:

My Commission Expires Jan. 13, 1991


Notary Public

[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

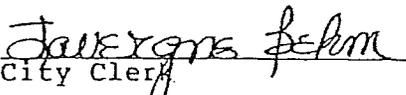
BUYER:

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

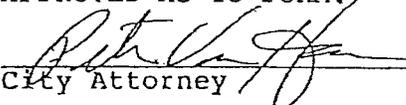
By


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.

DATED this 20th day of March, 1990.

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

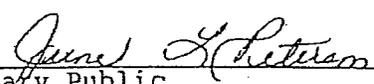
By


Name: ROBERT L FLETCHER
Title: Pres.

STATE OF ARIZONA)
) ss
County of Maricopa)

SUBSCRIBED AND SWORN TO before me this 2nd day of February, 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.

My Commission Expires:


Notary Public

My Commission Expires Jan. 13, 1991

**AGREEMENT BETWEEN THE CITY OF PEORIA
AND NEW RIVER UTILITY COMPANY FOR
A TEMPORARY WATER SERVICE CONNECTION**

THIS AGREEMENT is made this 23rd day of August 2011, between the City of Peoria, a municipal corporation of the State of Arizona ("Peoria"), and New River Utility Company, an Arizona corporation ("Company"), for the purposes and considerations set forth hereinafter.

RECITALS:

A. Company is a public service corporation engaged in furnishing water utility services pursuant to authority granted by the Arizona Corporation Commission. Company's certificated service area is located within Peoria.

B. Company may at times need to shut down one of its existing wells for maintenance or replacement. While the well is shut down, certain Company customers could receive low water pressure.

C. In order to assist in the Company's efforts to provide adequate water pressure during the well shut down, Peoria has agreed to allow Company to connect to Peoria's water system on a temporary basis and at Company's cost.

D. As part of this Agreement, the parties also agree that Company will provide relevant customer information to Peoria for Peoria's wastewater billing purposes.

E. Subject to the conditions set forth in this Agreement, Peoria is willing to provide a temporary water connection to its facilities to Company and Company is willing to pay for such connection. The water connection provided by Peoria to Company shall be limited in scope and duration as further provided in this Agreement.

NOW, THEREFORE, in consideration of the respective rights, privileges and obligations of the parties hereinafter set forth, it is agreed as follows:

AGREEMENTS:

1. Agreement to Furnish Water Connection.

Peoria agrees to provide a water connection to Company's system at a location designated in Appendix "A" ("Connection Point"). The parties may agree in writing to amend Appendix "A" without amending this entire Agreement. Peoria makes no representations or warranties regarding the quality of the water delivered to Company other than the representation that the quality of water delivered to Company at the Connection Point will be of the same general quality of water that Peoria transports and distributes to customers within its municipal water system.

2. Payment for Water Service.

Company agrees to pay Peoria for all water delivered to Company at the Connection Point. The amount paid by Company shall be based on Peoria's rate schedule in effect at the time of water delivery. For the purpose of determining the applicable rate, Company shall be classified as a commercial rate customer. Peoria will waive any base meter charges for any billing period, when no water has been used.

3. Limitation on Service.

The water deliveries provided by Peoria to Company hereunder shall be strictly limited to customers of the Company situated within the Company's Water Service Area. Company shall not extend service to other customers or otherwise utilize water delivered by Peoria to Company hereunder for the purpose of providing water utility service to locations outside of the Company's Water Service Area.

4. Construction of Connection.

Company shall be responsible for and pay all costs associated with the construction of the physical connection to Peoria's water distribution system. The connection shall be made at the Connection Point. In connection with constructing the connection to the Connection Point, Company shall install necessary valves and fittings to allow the connection to be securely closed if necessary. Forty-eight (48) hours prior to connection construction, Company shall notify, in writing, any Peoria customers whose water supply will be interrupted. Peoria will provide a list of customers that will be affected.

5. Engineering Review: Inspection of Construction.

Prior to the commencement of construction of the connection to Peoria's water distribution main, Company shall submit engineering plans and specifications for the connection to Peoria for review and approval. Peoria's representative shall have the right to inspect the construction and installation of said facilities and shall approve said facilities prior to the commencement of water deliveries to Company hereunder.

The Company shall also ensure it receives all regulatory required approvals from Maricopa County and the State of Arizona before water deliveries are made. This includes Approval to Construct and Approval of Construction if required.

6. Company's Distribution System.

Peoria's obligations to Company under this Agreement shall terminate at the Point of Delivery. Company shall be responsible for the construction, operation and maintenance of all water distribution mains and related facilities and improvements necessary to transport and deliver water from the Point of Delivery to customers within the Company's Water Service Area. Peoria shall have no right, title or interest in such water distribution mains and related facilities and improvements.

7. Water Consumption Information.

Company agrees to provide to Peoria water consumption information for Company's customers that are receiving Peoria wastewater service (listed by account holder name and billing address), for Peoria's use in billing for wastewater services. In order for Company to provide this service, Peoria will submit to Company a map or legal description of its wastewater service area and Company will provide consumption data for all of its customers within Peoria's wastewater service area to Peoria. Peoria agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and collections and is not authorized to disclose such information to any other party except as may be required by law. Such information will be provided by Company to Peoria on a monthly basis, as requested by Peoria. Such information will be provided to Peoria within 30 days of the end of the month. The format of the data shall be as mutually agreed to between Peoria and Company. If the Company fails to provide the water usage information as outlined above, Peoria, in its sole discretion, may elect to terminate this Agreement with a 60 day written notice.

8. Term of Agreement.

The Agreement shall be effective on the date on which it has been approved and executed by both parties, as reflected on the signature page below. The Agreement shall thereafter have a term of five years. At the end of the five (5) year period the Agreement will automatically renew on an annual basis unless either Peoria or the Company provides to the other party a notice of intent to terminate this Agreement. The notice shall be in writing and be provided in accordance with Section 9 to the non-noticing party at least six (6) months before the effective date of such termination.

9. Notices.

All notices, claims, requests and demands hereunder shall be in writing and served in person or via certified (return receipt requested) mail, postage prepaid, addressed as follows:

If to Peoria: City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345
Attn: Public Works – Utilities Director

If to Company: New River Utility Company
7939 West Deer Valley Road
Peoria, Arizona 85382
Attn: Robert L. Fletcher, President

10. Conflict of Interest.

This Agreement is subject to cancellation by Peoria pursuant to the provisions of Section 38-511, Arizona Revised Statutes, which provides, in general, that a contract may be canceled within three years after its execution if any person significantly involved in initiating, negotiating, securing, drafting or creating a contract on behalf of Peoria becomes an employee or agent of, or consultant to, the other party to the contract.

11. Indemnification

Each party shall indemnify and agrees to pay, defend and hold harmless the other party from any liability, obligation, action, suit, judgment, fine, award, loss, claim, demand or expense (including reasonable attorneys' fees) arising from any act or omission of the indemnifying party relating to this Agreement.

12. Entire Agreement.

This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof. Any amendment or modification of this Agreement shall be in writing and shall be effective when executed by a duly authorized representative of both parties hereto.

13. Waiver.

The failure of a party at any time to require performance by the other party of any term, condition or provision herein shall not affect the parties' subsequent rights and obligations under such provision. Waiver by either party of a breach of any term, condition herein shall not constitute a waiver of any subsequent breach of such provision or a waiver of such provision itself.

14. Successors and Assigns.

This Agreement shall be binding upon and inure to benefit of the successors and assigns of the parties. However, neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

15. Counterparts.

This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers and agents on the day and year first written above.

CITY OF PEORIA,
an Arizona municipal corporation

NEW RIVER UTILITY COMPANY,
an Arizona corporation

By *Carl Swenson*
Carl Swenson, City Manager

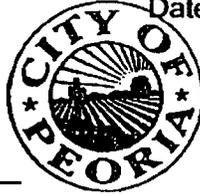
By *Robert L. Fletcher*
Robert L. Fletcher, President

Date: 8/25/11, 2011

Date: 11-30-11, 2011

ATTEST:

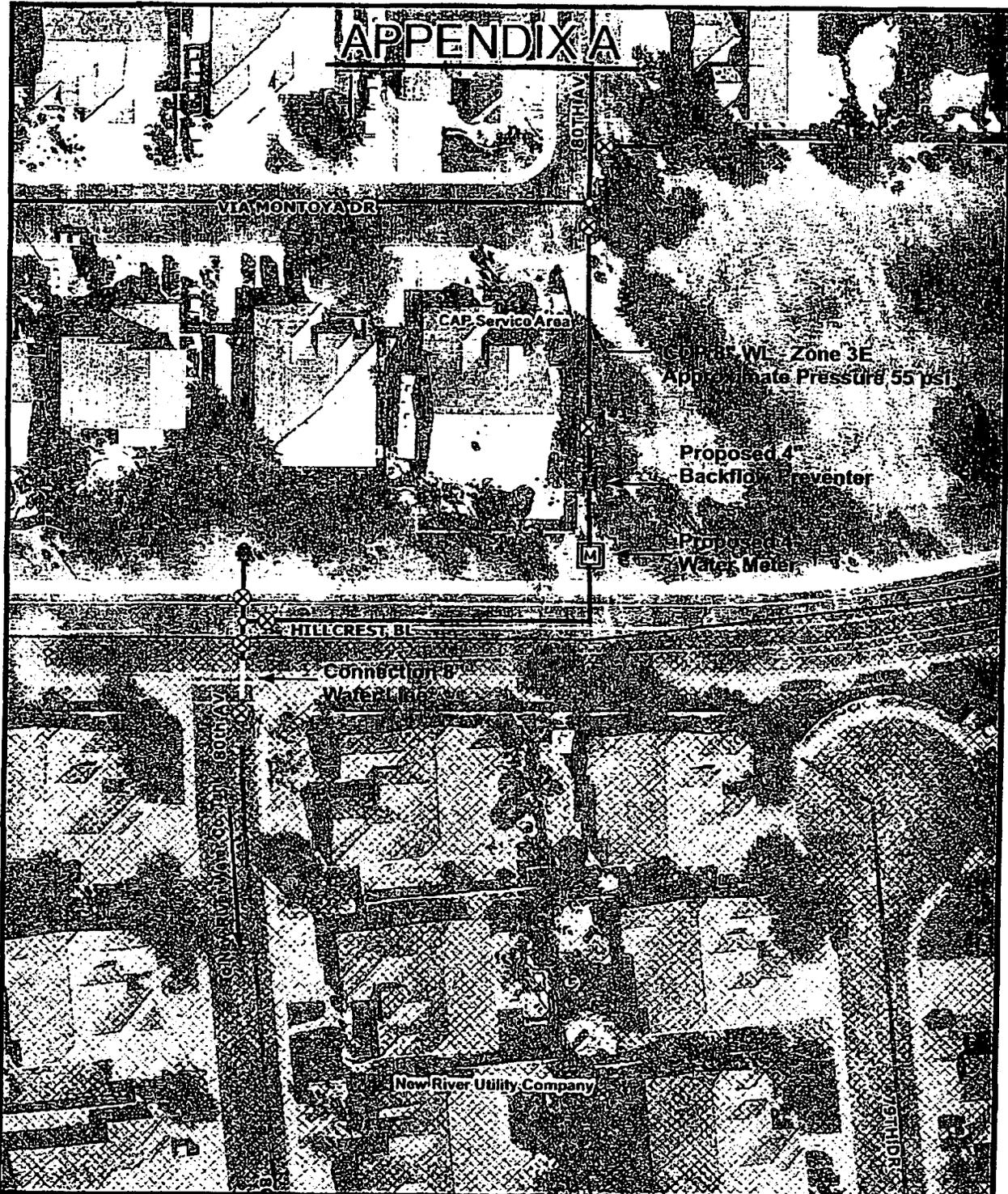
Wanda Nelson
Wanda Nelson, City Clerk



APPROVED AS TO FORM:

Stephen M. Kemp
Stephen M. Kemp, City Attorney

APPENDIX A



Connection to New River Water Company



City of Peoria

Legend

WATER SYSTEMS

SYSTEM OWNER

- City of Peoria
- New River Water Company
-  New River Utility Company



Not to Scale



Note:
This map is a general representation
of the information provided
for reference purposes only.

EXHIBIT 3

New River Utility Company Fact Sheet

**AGREEMENT BETWEEN THE CITY OF PEORIA
AND THE NEW RIVER UTILITY COMPANY FOR
A TEMPORARY WATER SERVICE CONNECTION**

1. Service Area:

- The New River Utility Company provides water services only and does not provide wastewater services. The Service Area is located in the Northern portion of the City, extending from Union Hills Drive and 83rd Avenue on the south to 75th Avenue and Williams Road on the North, with an eastern boundary of the New River and a western boundary that moves between 83rd Avenue to 88th Lane, (see Exhibit 2 of this Council Communication). The City of Peoria provides wastewater service for this entire area.
- The New River Utility Company Service Area is wholly contained within the City limits. It does not serve unincorporated areas of Maricopa County

2. Number of Customers:

In its 2010 Annual Report to the Arizona Corporation Commission, the New River Utility Company indicated that it has 2,841 metered water service connections. The City of Peoria provides wastewater service has the following shared customers with New River Utility Company:

- 2,602 residential customers
- 44 commercial customers
- 9 schools

3. The City of Peoria is the wastewater Provider in the New River Utility Company Service Area.

- The City sets wastewater rates based on the winter water consumption of its customers.

4. System Standards:

- Since 1994, all development within City of Peoria served by the New River Utility Company is required to meet city standards for system construction and for fire flow capacity.

- All system infrastructure is required to meet the requirements of the Maricopa County Environmental Services Division which reviews and permits new construction.

5. Protection or Safeguards for Peoria Water Customers:

- The City of Peoria Water System will be protected by a certified back flow prevention device at the connection site to ensure any water quality issues in the New River Utility Company service area do not impact the City of Peoria Water System.
- The City of Peoria would provide water quality of the same as it delivers to its own customers
- Makes no representation regarding water pressure.
- The City's responsibilities end at the point of connection.
- New River Water Company is responsible for the operation and distribution of water within their system

6. New River Utility Company is responsible to:

- Obtain all regulatory required approvals from Maricopa County and the State of Arizona before water deliveries are made.
- Pay all costs associated with the construction of the physical connection to Peoria's water distribution system
- Pay for water delivered as a commercial rate customer.
- Provide water consumption information to Peoria for Peoria's wastewater billing purposes.

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

THIS AGREEMENT is made and entered into this 12th day of July,
200 7, by and between New River Utility Company ("New River") and the Central Arizona
Water Conservation District ("CAWCD").

RECITALS

- A. On or about October 17, 1984, New River, the United States of America (the "United States"), acting through the Secretary of the Interior, and the CAWCD executed a subcontract for the annual delivery of 2,359 acre-feet of Central Arizona Project ("CAP") municipal and industrial ("M&I") water, entitled "Subcontract Among the United States, the Central Arizona Water Conservation District, and New River Utility Company, Providing for Water Service, Central Arizona Project," Subcontract No. 5-07-30-W0082 (the "Subcontract").
- B. Amendment No. 1 to the Subcontract was entered into on September 27, 1993, reducing the Subcontract entitlement amount to 1,885 acre-feet.

AGREEMENT

1. New River hereby assigns, transfers, and conveys to CAWCD all of New River's annual entitlement to CAP M&I water under the Subcontract.
2. CAWCD agrees to enter into a Supplemental Contract between the United States and CAWCD for Delivery of CAP Water for use in fulfilling the responsibilities of the Central Arizona Groundwater Replenishment District (the "Supplemental Contract").

3. This Agreement shall not become effective unless and until all the following conditions have occurred.

- a. This Agreement has been executed by the parties.
- b. CAWCD and the United States have executed the Supplemental Contract.
- c. This Agreement and related documents have been submitted to the Arizona Department of Water Resources for review as provided in A.R.S. § 45-107D.
- d. CAWCD and the United States have approved this Agreement as evidenced by the signatures of their respective representatives on the attached approval.
- e. CAWCD has paid New River the amounts due under the CAWCD Policy Regarding the Relinquishment and Transfer of CAP M&I Subcontract Allocations.

4. Upon this Agreement becoming effective, all of New River's obligations under the Subcontract are deemed satisfied and the Subcontract shall be terminated and shall be of no further force or effect.

5. To the extent that another entity relieves CAWCD, acting in its capacity as the Central Arizona Groundwater Replenishment District, of its current and future replenishment obligation for Member Lands or Member Service Areas located within the New River service area, as shown on Exhibit A hereto, CAWCD will transfer to that entity an equal amount of entitlement to CAP M&I water, up to 1,885 acre-feet.

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

NEW RIVER UTILITY COMPANY

By: 

Title: President

CENTRAL ARIZONA WATER
CONSERVATION DISTRICT

By: 

President

Attest: 
Secretary

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 approve the foregoing Assignment in accordance with its terms.

Legal Review and Approval

THE UNITED STATES OF AMERICA

By: Katherine Ott Verberg
Field Solicitor
Phoenix, Arizona

By: Sandy Walkowich
Acting Regional Director
Lower Colorado Region
Bureau of Reclamation

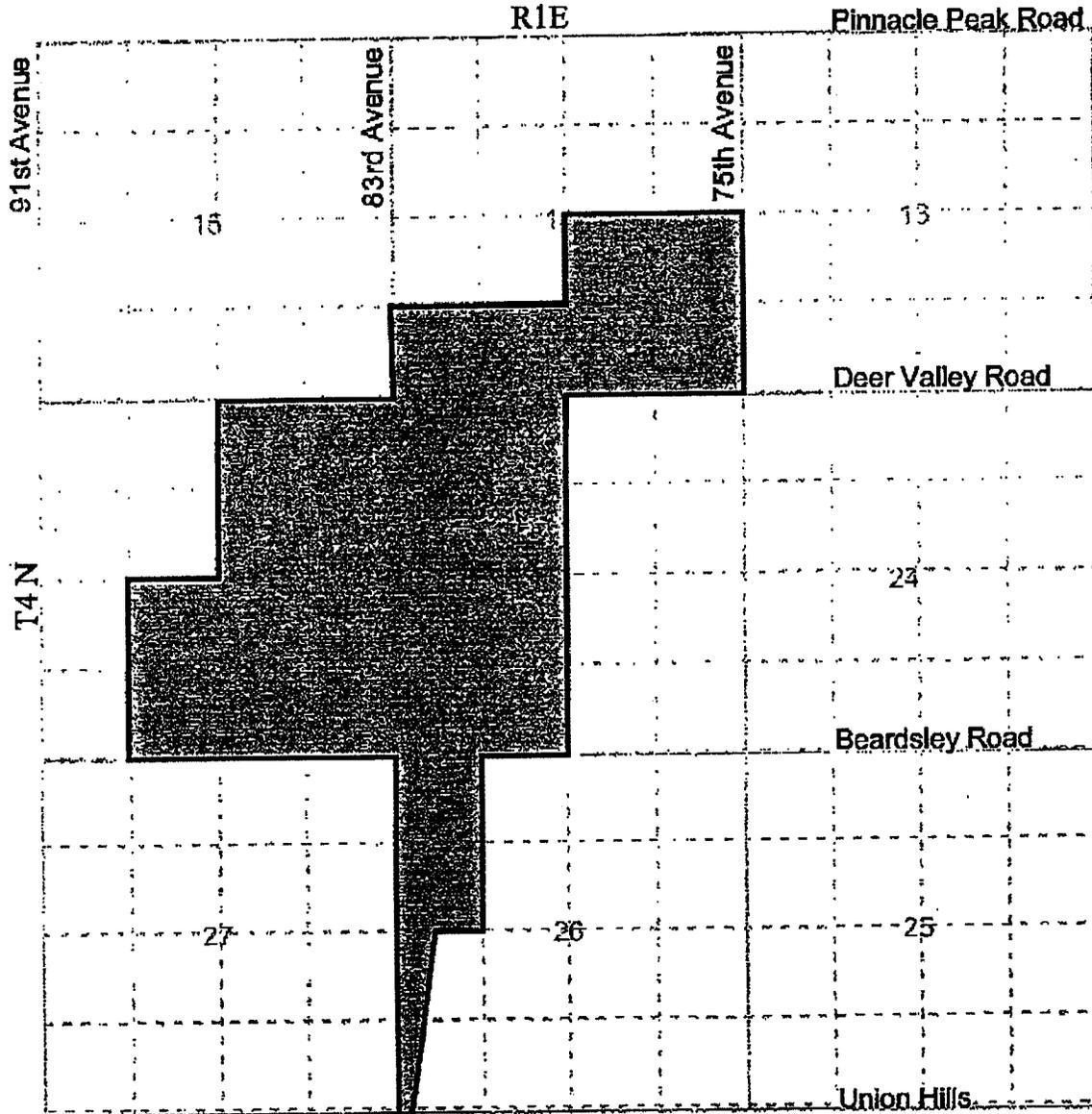
CENTRAL ARIZONA WATER
CONSERVATION DISTRICT

Attest: [Signature]
Secretary

By: [Signature]
President

:sw\javelina\users\sswilson\My Documents\agreement\assignnewriver-grd.wpd

New River Utility Company



SCHEDULE 2.8
Environmental Matters

None.

SCHEDULE 2.9
Permits

1. Letter from Internal Revenue Service to New River Utilities regarding taxpayer identification number 86-0377211.
2. Privilege Tax License, Account Number 12572, issued by the City of Peoria, issued to New River Utility Co., Inc.
3. Permit to Operate, Permit No. 07051, issued by Maricopa County Environmental Services Department, issued to New River Utility Co. Inc.
4. Arizona Department of Water Resources, ADWR # 91-000200.0000 and ADEQ # AZ0407051 issued to New River Utility Company.
5. State of Arizona Transaction Privilege License No. 07557626-L.
6. Opinion and Order, Decision No. 65134, date of hearing June 6, 2003, In the Matter of the Application of New River Utility Company for a Rate Increase; Letter, dated August 30, 2002, from Fennemore Craig, P.C. to the Utilities Division of the Arizona Corporation Commission regarding Decision No. 65143.
7. Large Municipal Provider Service Area Withdrawal Right, Right No. 56-002254.0000, issued to New River Utility Company.
8. Certificate of Grandfathered Groundwater Rights, Certificate No. 58-101897.0002, dated April 10, 1985 issued by the County of Maricopa, State of Arizona Department of Water Resources. Irrigation Right was classified as non-exempt, small right on July 7, 1994. Irrigation Right is less than 10 acres, but not exempt from administrative requirements. Per aerial photographs, the land appears to be developed.
9. Registration of Existing Exempt Well, Registration No. 55-616943, filed June 2, 1982. Record owner is New River Utility Co.
10. Registration of Existing Non-Exempt Well, Registration No. 55-616944, filed June 2, 1982. Record owner is New River Utility Co.
11. Registration of Existing Non-Exempt Well, Registration No. 55-616947, filed June 2, 1982. Record owner is New River Utility Company.
12. Registration of Existing Non-Exempt Well, Registration No. 55-616945, filed June 2, 1982. Record owner is New River Utility Co.
13. Registration of Existing Non-Exempt Well, Registration No. 55-616946, filed June 2, 1982. Record owner is New River Utility Co.

14. Registration of Existing Non-Exempt Well, Registration No. 55-616948, filed June 2, 1982. Record owner is New River Utility Company.
15. Registration of Existing Non-Exempt Well, Registration No. 55-805437-L, filed June 20, 1989. Record owner is New River Utility Company.
16. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29634, filed January 6, 1987. Record owner is New River Utility Company.
17. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29635, filed January 6, 1987. Record owner is New River Utility Company.
18. Statement of Claimant Form for Irrigation Use Lower Gila River Watershed, File No. 39-29636, filed January 6, 1987. Record owner is New River Utility Company.
19. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29636, filed January 6, 1987. Record owner is New River Utility Company.
20. Statement of Claimant Form for Irrigation Use Lower Gila River Watershed, File No. 39-29637, filed January 6, 1987. Record owner is New River Utility Company.
21. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29637, filed January 6, 1987. Record owner is New River Utility Company.
22. Statement of Claimant Form for Other Uses Lower Gila River Watershed, File No. 39-29638, filed January 6, 1987. Record owner is New River Utility Company.
23. The following documents relating to the status of New River Utility Company's Certificate of Convenience and Necessity:
 - (a) Map provided by Lori Miller of the Arizona Corporation Commission's engineering department (new map received June 10, 2015);
 - (b) Arizona Corporation Commission Decision No. 33131 dated May 24, 1961;
 - (c) Arizona Corporation Commission Decision No. 33230 dated July 3, 1961;
 - (d) Arizona Corporation Commission Decision No. 33354 dated August 15, 1961;
 - (e) Arizona Corporation Commission Decision No. 54309 dated January 3, 1985;
 - (f) Arizona Corporation Commission Decision No. 54753 dated October 25, 1985;

- (g) Arizona Corporation Commission Decision No. 54849 dated January 14, 1986;
- (h) Arizona Corporation Commission Decision No. 56858 dated April 4, 1990;
- (i) Arizona Corporation Commission Decision No. 57514 dated August 14, 1991;
- (j) Arizona Corporation Commission Decision No. 58029 dated October 7, 1992;
- (k) Arizona Corporation Commission Decision No. 67164 dated August 10, 2004;
- (l) Arizona Corporation Commission Decision No. 67440 dated December 3, 2004; and
- (m) Arizona Corporation Commission Decision No. 69576 dated May 21, 2007.
- (n) Arizona Corporation Commission Decision No. 74294 dated January 29, 2014, as amended by Arizona Corporation Commission Decision No. 74367 dated February 26, 2014.

SCHEDULE 2.10(a)
Financial Statements

1. Annual Report for the year ending December 31, 2013, filed by New River Utilities Company with the Arizona Corporation Commission Utilities Division.
2. Annual Report for the year ending December 31, 2014, filed by New River Utilities Company with the Arizona Corporation Commission Utilities Division.

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

MAR 05 2014

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2013
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FOR COMMISSION USE

ANN 04	13
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3-5-14

COMPANY INFORMATION

Company Name (Business Name) New River Utility Company Inc

Mailing Address 7939 W. Deer Valley Rd.
(Street)

Peoria Arizona 85382
(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)

Email Address _____

Local Office Mailing Address 7939 W. Deer Valley Rd.
(Street)

Peoria Arizona 85382
(City) (State) (Zip)

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

Email Address _____

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: Bob Fletcher President
(Name) (Title)

7939 W. Deer Valley Rd Peoria Arizona 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)

Email Address _____

On Site Manager: Bob Fletcher
(Name)

7939 W. Deer Valley Rd. Peoria Arizona 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)

Email Address _____

Statutory Agent: R. L. Fletcher
(Name)

7939 W. Deer Valley Rd Peoria Arizona 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 Phoenix Arizona 85012
(Street) (City) (State) (Zip)

602-916-5346 602-916-5346 —
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:

- | | |
|---|---|
| <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 | | |

COMPANY NAME

New River Utility Company Inc

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	24184	117846
307	Wells and Springs	103545	103545	—
311	Pumping Equipment	1824433	1086287	738146
320	Water Treatment Equipment	416172	201021	215151
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26239	22995	3644
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087907	697770	430137
330.2	Pressure Tanks	18086	9161	8925
331	Transmission and Distribution Mains	1338550	749773	588777
333	Services	236325	159373	76952
334	Meters and Meter Installations	159917	74105	85812
335	Hydrants	193193	106676	86517
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31572	5406	26166
340	Office Furniture and Equipment	14519	7826	6693
340.1	Computers & Software	18615	12271	6344
341	Transportation Equipment	63260	11123	52077
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	5749484	3181116	2568368

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

Glenn

COMPANY NAME New River Utility Company Inc

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	75181		
304	Structures and Improvements	142090	2.81	3985
307	Wells and Springs	103545		
311	Pumping Equipment	1824433	5.94	101001
320	Water Treatment Equipment	416172	13.39	55227
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders	26239	33.33	8746
330	Distribution Reservoirs and Standpipes			
330.1	Storage Tanks	1087907	4.11	44740
330.2	Pressure Tanks	18086	4.0	724
331	Transmission and Distribution Mains	1378550	3.93	52642
333	Services	236325	3.99	9422
334	Meters and Meter Installations	159917	3.93	6283
335	Hydrants	193193	4.0	7728
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	31572	6.0	1894
340	Office Furniture and Equipment	14519	2.0	291
340.1	Computers & Software	18615	2.48	462
341	Transportation Equipment	63200	16.78	10607
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	5749484		304292

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

Glenn

COMPANY NAME ^{Utility} New River Company Inc

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS			
131	Cash	\$ 60629	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	75079	64737
146	Notes/Receivables from Associated Companies	1160704	1173467
151	Plant Material and Supplies		
162	Prepayments		2061
174	Miscellaneous Current and Accrued Assets		1827
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 1296422	\$ 1242092
FIXED ASSETS			
101	Utility Plant in Service	\$ 5538214	\$ 5749484
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	2935572	3181116
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 2602692	\$ 2968368
	TOTAL ASSETS	\$ 3899114	\$ 3810460

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

Glenn

COMPANY NAME *New River Utility Company Inc***BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 15764	\$ 21045
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		110000
235	Customer Deposits	25800	23408
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	9367	
	TOTAL CURRENT LIABILITIES	\$ 50931	\$ 154453
	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	(215135)	(50771)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 3948583	\$ 3656007
	TOTAL LIABILITIES AND CAPITAL	\$ 3899114	\$ 3810460

Glenn

7

COMPANY NAME *New River Utility Company Inc*

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1243297	\$ 1153041
460	Unmetered Water Revenue		
474	Other Water Revenues	24799	34429
	TOTAL REVENUES	\$ 1267095	\$ 1187470
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 129190	\$ 134168
610	Purchased Water		
615	Purchased Power	147943	157863
618	Chemicals	1901	2127
620	Repairs and Maintenance	150718	150031
621	Office Supplies and Expense	8252	78091
630	Outside Services	235938	172119
635	Water Testing	61957	67976
641	Rents	20000	54000
650	Transportation Expenses	17399	20383
657	Insurance -- General Liability	7993	10531
659	Insurance - Health and Life		
666	Regulatory Commission Expense -- Rate Case		
675	Miscellaneous Expense	18502	1294
403	Depreciation Expense	255227	304252
408	Taxes Other Than Income	25265	27629
408.11	Property Taxes	70798	58423
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1216583	\$ 1238907
	OPERATING INCOME/(LOSS)	\$ 51112	\$ (51437)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 2457	\$ 2762
421	Non-Utility Income	1148	1206
426	Miscellaneous Non-Utility Expenses	662	
427	Interest Expense		61
	TOTAL OTHER INCOME/(EXPENSE)	\$ 2947	\$ 3907
	NET INCOME/(LOSS)	\$ 54059	\$ (47530)

Glenn

8

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	<i>None</i>	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME

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
#1 55-805437	200	960	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
#6 55-616948	300	1100	1730	16	8	1989

* 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	
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

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

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	2199
3/4	3
1	544
1 1/2	11
2	113
Comp. 3	4
Turbo 3	
Comp. 4	3
Turbo 4	
Comp. 6	4
Turbo 6	
Total	2881

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 Block wall

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 Company Inc
 Name of System: New River Utility ADEQ Public Water System Number: 07051

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2013

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	2,881	33,875,700	34,273,000	
FEBRUARY	2,881	31,073,300	32,073,000	
MARCH	2,881	29,109,078	30,109,000	873,000
APRIL	2,881	41,313,622	42,313,000	2,137,000
MAY	2,881	45,594,600	46,594,000	1,931,000
JUNE	2,881	63,844,400	64,844,000	61,000
JULY	2,881	63,996,920	64,996,000	
AUGUST	2,881	71,446,660	72,446,000	
SEPTEMBER	2,881	54,148,900	55,148,000	
OCTOBER	2,881	54,019,900	55,019,000	
NOVEMBER	2,881	49,515,900	50,515,000	
DECEMBER	2,881	33,126,100	34,012,000	
TOTALS →		571,065,080	582,891,000	4,996,000

What is the level of arsenic for each well on your system? 6-8 mg/l
 (more than one well, please list each separately.)

Does your system have fire hydrants, what is the fire flow requirement? 1500 GPM for 1 hrs

Does your system have 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.

Tracy

COMPANY NAME: *New River Utility Company Inc*
 Name of System: *New River Utility* 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	3	0
FEBRUARY	0	4	0
MARCH	0	5	0
APRIL	0	4	0
MAY	0	9	0
JUNE	0	10	0
JULY	0	13	0
AUGUST	0	7	0
SEPTEMBER	0	9	0
OCTOBER	0	26	0
NOVEMBER	0	13	0
DECEMBER	0	6	0
TOTALS →	0	109	0

OTHER (description):

Tracy
13

COMPANY NAME New River Utility Company Inc YEAR ENDING 12/31/2013

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2013 was: \$ 58,422.68

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 checks from the bank

Bank statement shows checks cleared by the bank

Code 4082 - Property Tax

8363

NEW RIVER UTILITY COMPANY

Maricopa County Treasurer

Date	Type	Reference	Original Amt.	Balance Due	9/9/2013 Discount	Payment
9/9/2013	Bill	200-17-827 5	23.78	23.78		23.78
9/9/2013	Bill	200-17-828 2	23.76	23.76		23.76
9/9/2013	Bill	200-18-001P 2	10.40	10.40		10.40
9/9/2013	Bill	200-18-001Q 1	2,705.56	2,705.56		2,705.56
9/9/2013	Bill	200-18-001R 1	16.80	16.80		16.80
9/9/2013	Bill	200-18-660A 2	74.90	74.90		74.90
9/9/2013	Bill	200-18-670 0	35.96	35.96		35.96
9/9/2013	Bill	200-18-671 7	229.84	229.84		229.84
9/9/2013	Bill	200-16-006D 3	185.74	185.74		185.74
9/9/2013	Bill	200-16-006E 2	92.86	92.86		92.86
9/9/2013	Bill	200-16-010G 3	10.40	10.40		10.40
9/9/2013	Bill	618-21-152 3	6,383.30	6,383.30		6,383.30
9/9/2013	Bill	618-21-156 2	48,629.38	48,629.38		48,629.38
Check Amount						58,422.68

58,422.68

1310 Well Fargo Chec.

Number	Amount	Date	Number	Amount	Date	Number	Amount	Date
2360	53.79	09/09	8350	11,586.10	09/17	8363	58,422.68	09/12
2384	26.89	09/16	8351	17.85	09/06	8364	27.81	09/24
2388	71.72	09/30	8352	5.07	09/10	8365	17.15	09/20
6920	3,880.48	09/19	8353	7,608.36	09/10	8366	899.10	09/13
6922	1,000.00	09/17	8354	171.09	09/09	8367	16.28	09/26
6924	4,040.00	09/17	8355	3,762.31	09/12	8368	1,013.04	09/23
8337	7.55	09/03	8356	11,073.28	09/12	8369	47.14	09/24
8338	14.98	09/09	8357	64.07	09/09	8370	4,963.27	09/23
8341	127.28	09/05	8358	1,711.70	09/11	8371	43.77	09/20
8344	700.00	09/03	8359	1,719.18	09/13	8372	269.22	09/24
8346	402.70	09/05	8360	107.74	09/11	8373	1,284.58	09/19
8347	402.87	09/09	8361	3.09	09/16	8374	3,000.00	09/26
8349	13,610.82	09/17	8362	42.57	09/18	8386	2,775.00	09/27
				Total checks paid				
				\$137,970.53				

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

MAR 05 2014

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

<small>COUNTY OF (COUNTY NAME)</small>	<u>Maricopa</u> , <u>President</u>
<small>NAME (OWNER OR OFFICIAL) TITLE</small>	<u>BL Fletcher</u>
<small>COMPANY NAME</small>	<u>New River Utility Company Inc</u>

AZ CORP COMM
Director - Utilities

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

FOR THE YEAR ENDING

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
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.

BL Fletcher Pres
SIGNATURE OF OWNER OR OFFICIAL

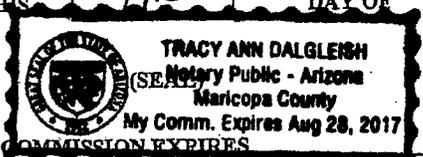
623-561-1848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 17th DAY OF

<small>COUNTY NAME</small>	
<u>MARICOPA</u>	
<small>MONTH</small>	<small>2014</small>
<u>JANUARY</u>	<u>2014</u>



Tracy Ann Dalgleish
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES August 28, 2017

COMPANY NAME New River Utility Company Inc. YEAR ENDING 12/31/2013

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported None
Estimated or Actual Federal Tax Liability None

State Taxable Income Reported None
Estimated or Actual State Tax Liability None

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

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

1-20-14
DATE

RL Fletcher
PRINTED NAME

President
TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

MAR 05 2014

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>B L Fletcher Pres</u>
COMPANY NAME <u>New River Utility Company Inc</u>

DO SAY THAT THIS ANNUAL UTILITY 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

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>1,284,849.91</u>

(THE AMOUNT IN BOX ABOVE INCLUDES \$ 119,039.64 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
623-561-1848
TELEPHONE NUMBER

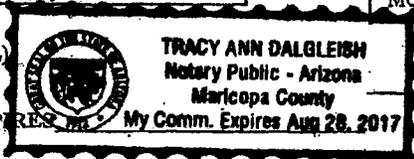
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 17th DAY OF

COUNTY NAME <u>Maricopa</u>
MONTH <u>JANUARY</u> 20 <u>14</u>

(SEAL)



[Signature]
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Aug 28, 2017

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

RECEIVED

MAR 05 2014

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>	TITLE <i>President</i>
COMPANY NAME <i>New River Utility Company Inc</i>	

DO SAY THAT THIS ANNUAL UTILITY 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

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 \$ <u>1,284,849.91</u>

THE AMOUNT IN BOX AT LEFT INCLUDES \$ 119,039.64 IN SALES TAXES BILLED, OR COLLECTED)

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

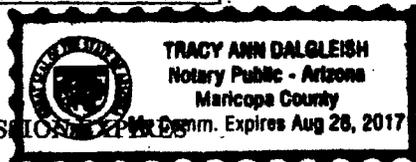
[Signature]
SIGNATURE OF OWNER OR OFFICIAL

623-561-1848
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 17th DAY OF

NOTARY PUBLIC NAME <i>Tracy Ann Dalglish</i>	
COUNTY NAME <i>MARICOPA</i>	
MONTH <i>JANUARY</i>	<i>.2014</i>

(SEAL)



MY COMMISSION EXPIRES Aug 28, 2017

[Signature]
SIGNATURE OF NOTARY PUBLIC

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
----	----	------

FOR COMMISSION USE

ANN 04	14
--------	----

3-3-15

COMPANY INFORMATION

Company Name (Business Name) New River Utility Co Inc

Mailing Address 7939 W. Deer Valley Rd
(Street)
Peoria Ariz. 85382
(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)

Email Address —

Local Office Mailing Address 7939 W. Deer Valley Rd
(Street)
Peoria Ariz. 85382
(City) (State) (Zip)

623-561-1848
Local Customer Service Phone No. (Include Area Code) (1-800 or other long distance Customer Service Phone No.)

Email Address — Website address —

MANAGEMENT INFORMATION

Regulatory Contact:

Management Contact: Bob Fletcher President
(Name) (Title)

7939 W. Deer Valley Rd Peoria Ariz. 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)

Email Address —

On Site Manager: Bob Fletcher
(Name)

7939 W. Deer Valley Rd Peoria Ariz 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)

Email Address —

Statutory Agent: RL Fletcher
 (Name)

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

623-561-1648 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 | | |

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	1288
311	Pumping Equipment	1824433	4.27	77902
320	Water Treatment Equipment	416172	14.29	59453
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	18619	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
5

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	Temporary Cash Investments		
141	Customer Accounts Receivable	64737	92142
146	Notes/Receivables from Associated Companies	1173467	
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	2061	6246
		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	318116	3468822
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 2968368	\$ 2409557
	TOTAL ASSETS	\$ 3810460	\$ 262694

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

Glenn
6

COMPANY NAME

New River Utility FOSC

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	22408	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	(50771)	(1578148)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 31656007	\$ 2585570
	TOTAL LIABILITIES AND CAPITAL	\$ 3810460	\$ 2626594

Glenn

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	3015
620	Repairs and Maintenance	150021	85963
621	Office Supplies and Expense	78051	61447
630	Outside Services	172119	52451
635	Water Testing	67976	69755
641	Rents	54000	54000
650	Transportation Expenses	20383	20168
657	Insurance - General Liability	10521	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	\$ 1132781
	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	200	

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>252.5</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 WPA 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.

TRC 4

COMPANY NAME: *New River Utility Co*
 Name of System: *New River WSA* 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):

Tracy

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	200-18-680A	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			

6470 164 40 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>R. 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

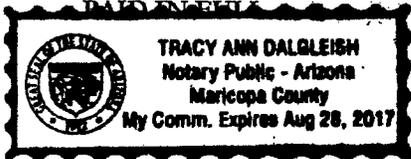
MONTH	DAY	YEAR
12	31	2014

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

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

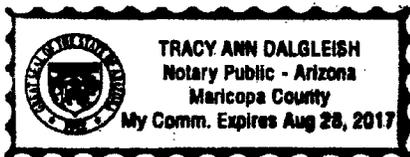
FOR THE YEAR ENDING

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>	TITLE <i>Pres</i>
COMPANY NAME <i>New 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.

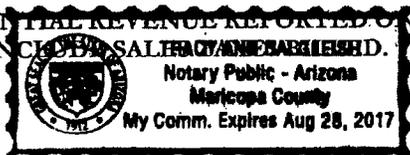
SWORN STATEMENT

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 SALES TAXES BILLED.



[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 Dalgleish</i>	
COUNTY NAME <i>Maricopa</i>	
MONTH <i>February</i>	, 20 <i>15</i>

(SEAL)

MY COMMISSION EXPIRES

[Signature]

SIGNATURE OF NOTARY PUBLIC

SCHEDULE 2.10(b)
Liabilities

None.

SCHEDULE 2.11
Changes

1. The Company installed a new pump for Well #2 in January, 2015.
2. The Company installed new arsenic media in the Company's arsenic filters.