



CITY CLERK ORIGINAL

C-8207
10/23/2012
MXA # 3451
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DISTRICT # 7F
W S W&S

MAIN EXTENSION AGREEMENT

This MAIN EXTENSION AGREEMENT (this "Agreement") is made and entered into as of the 29th day of October, 2012 ("Effective Date") by and between EPCOR Water Arizona Inc, an Arizona corporation ("Utility"), and City of Glendale, an Arizona municipal corporation ("City").

RECITALS

- A The Federal Government has declared public water systems, including Utility's, to be critical infrastructure essential to the continued operation of the government and the nation.
- B Utility's water operations are governed by numerous federal and state statutes and regulations, and are subject to regulation by numerous federal and state agencies
- C Utility is a public service corporation within the meaning of Article 15, Section 2, of the Arizona Constitution and is authorized to provide potable water ("Utility Service") within portions of Maricopa County, Arizona, in accordance with a Certificate of Convenience and Necessity (the "CC&N") granted by order of the Arizona Corporation Commission (the "Commission")
- D In connection with providing the Utility Service, Utility owns, operates and maintains an existing public water system adjacent to City's boundaries.
- E City is required to provide water service for irrigation along a portion of the Northern Parkway in Maricopa County (the "Irrigation Services"), but City does not have the water production or delivery infrastructure required to provide the Irrigation Services.
- F City has requested that Utility provide water service to City to enable City to provide the Irrigation Services
- G Pursuant to Arizona Administrative Code § R14-2-406 (Exhibit D), Utility is permitted to require customers requesting new water service to pay for the required water system infrastructure improvements required for that new service
- H In order for Utility to provide the requested water service to City, an extension to Utility's existing water system will be required, and Utility has no plans, and is under no obligations imposed by the Commission, as of the date of this Agreement to fund or construct that extension
- I City, being obligated to provide the Irrigation Services, has determined that its construction of the necessary extension to Utility's water delivery infrastructure to enable Utility to deliver water to City for the Irrigation Services at a delivery point within the CC&N, constitutes a public purpose
- J City has the authority, without infringing on Utility's rights as a public service corporation, to construct the necessary water production and delivery infrastructure to produce and deliver the water required by City for the provision of the Irrigation Services. The construction of such a "stand alone system" would require City to, among other things, acquire the necessary water rights and construct the necessary infrastructure to produce, transport and deliver the irrigation water. Following such construction, City would be required to own, operate, maintain and, when appropriate, replace the components of such infrastructure.
- K City has determined that it is in the best interests of City and its residents that, instead of building a "stand alone water system" for the Irrigation Services, City construct the

extension to Utility's public utility water system to render that system capable of delivering the desired water to City at a delivery point within the CC&N.

- L Pursuant to this Agreement, City will be required to obtain Utility's approval of City's plans for the construction by City of the required extension to Utility's water system, and, following City's construction of that extension, Utility will assume the ongoing ownership, operation and maintenance of the extension.
- M Utility and City must obtain certain regulatory approvals before the contemplated extension to Utility's water delivery system can be constructed by City

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the parties, each intending to be legally bound by this Agreement, hereby agree as follows:

- 1 DEFINITIONS: In addition to terms defined elsewhere in this Agreement, the following terms shall be defined as follows:
 - 1.1 "ADEQ" means Arizona Department of Environmental Quality.
 - 1.2 "City Authorizations" means, collectively, all of the zoning clearances, construction permits and similar authorizations from regulatory agencies and other governmental agencies required by law or regulation for City's construction and installation of the Main Extensions
 - 1.3 "Days" means calendar days.
 - 1.4 "Main Extensions" means the pipelines, valves, hydrants, meters, services and other related water distribution appurtenances, as set forth in **Exhibits A and B**, necessary for Utility to deliver water to City, at a delivery point within the CC&N, for its provision of the Irrigation Services.
 - 1.5 "Final Acceptance" means Utility's written final acceptance of the Main Extensions. For the avoidance of doubt, Utility's Final Acceptance can only be evidenced by Utility's written notice to that effect and will not be deemed to have occurred or be inferred by any circumstances
 - 1.6 "Utility Authorizations" means, collectively, all of the authorizations that may be required by law or regulation for Utility to deliver water to City for its provision of the Irrigation Services, including, without limitation, certificates of convenience and necessity, operating agreements, franchises, permits and similar authorizations obtained from regulatory agencies and other governmental agencies, and, if Utility is required to design and construct any water infrastructure in connection with its delivery of water to City for its provision of the Irrigation Services, all of the zoning clearances, construction permits and similar authorizations from regulatory agencies and other governmental agencies required by law or regulation for such design and construction by Utility
- 2 AUTHORIZATIONS AND WATER RIGHTS
 - 2.1 Utility shall on a timely basis take all commercially reasonable steps necessary and use commercially reasonable efforts to obtain and renew all of the Utility Authorizations.

- 2.2 City shall on a timely basis take all commercially reasonable steps necessary and use all commercially reasonable efforts to obtain and renew all of the City Authorizations
- 2.3 Utility's obligations hereunder are contingent upon its ability to obtain all of the Utility Authorizations and upon City obtaining all of the City Authorizations. Utility will not be liable to City or its contractors and subcontractors for damages or any refunds or reimbursements if City begins construction, or authorizes the start of construction, of any of the Main Extensions before all items identified in Paragraph 5.2 are satisfied.
- 2.4 Water utility services provided by Utility to City to enable City to provide the Irrigation Services will be provided outside of this Agreement and pursuant to Utility's applicable rate tariff and the Commission's applicable rules and regulations

3 MAIN EXTENSIONS

- 3.1 City will design, construct and install, or cause to be designed, constructed or installed, the Main Extensions as approved by Utility in accordance with the terms of this Agreement.
- 3.2 City's estimated schedule of materials, unit quantities, and costs are set forth in **Exhibit B**. City will pay all of the costs of permitting, constructing, installing, and connecting the Main Extensions including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, permits and approvals, easements, testing, corrections, insurance and bonds. City's costs, as evidenced in accordance with the terms of this Agreement, for the construction and installation of the Main Extensions shall be considered an advance in aid of construction, and shall be subject to refund in accordance with Paragraphs 7.1 and 7.2.
- 3.3 City agrees that the completion of the Main Extensions will be timed so as to enable Utility to deliver water to City for its provision of the Irrigation Services as such service is required. City understands and agrees that Utility's delivery of water to City for its provision of the Irrigation Services is conditioned upon Utility's Final Acceptance of all portions of the Main Extensions to be used in connection with such services.
- 3.4 City and Utility acknowledge and agree that the primary purpose for City's construction of the extension to Utility's water delivery system is to enable Utility to provide water to City for City's provision of the Irrigation Services. Utility confirms to City that, in being required to construct the required extension to Utility's water system, City is being held to the same requirements as other new customers of Utility requesting water service that requires an extension of Utility's existing water delivery system. To the extent that the extension to be constructed by City results in an improvement to Utility's water delivery system, that improvement will be unavoidable and will be incidental to the primary purpose of that extension.

4 PLAN REVIEW AND APPROVAL

- 4.1 City will submit the following items to Utility for its review and approval:
 - 4.1.1 Plans and specifications for the Main Extensions,
 - 4.1.2 Estimated number and size of meters and services, including landscape, that will be required for Utility's delivery of water to City at a delivery point within the CC&N for its provision of the Irrigation Services; and

4 1.3 Other items reasonably requested by Utility.

4 2 Utility will review the plans and specifications for the Main Extensions. Utility will promptly approve the plans and specifications in writing, or provide City written review comments indicating items that need to be corrected or modified. Utility will not unreasonably withhold or delay its approval. If the plans and specifications are not approved by Utility, City will correct or modify the plans and specifications to address Utility's review comments and resubmit the plans and specifications for Utility's review and approval.

5 CONSTRUCTION REQUIREMENTS

5 1 With respect to the Main Extensions, City estimates a construction start date of Jan. 15, 2013 and a construction completion date of March 15, 2013.

5 2 City will not commence construction of the Main Extensions until the following conditions are satisfied

5 2.1 Utility has approved the plans and specifications in accordance with Section 4 of this Agreement;

5 2.2 This Agreement is approved by the Utilities Division of the Commission,

5 2.3 Utility has obtained all required Utility Authorizations;

5 2.4 City has obtained, at its cost, which cost shall be part of its advance to Utility, all of the City Authorizations and other permits, zoning, easements and other approvals that are required by applicable law in advance of City's design and construction of the Main Extensions,

5 2.5 City has furnished Utility with a copy of the selected contractor's itemized construction bid for Main Extensions,

5 2.6 City has furnished Utility with a copy of the selected contractor's safety plan or safety manual; and

5 2.7 City has furnished Utility with appropriate certificates of insurance coverage of City and each of its contractor's coverage effective during the period of construction in the types and amounts as shown in **Exhibit C**

5 3 All plans, specifications, construction and installation of the Main Extensions shall be in accordance with good utility and engineering practices, the rules, regulations and requirements of ADEQ, Utility's specifications and details, and the requirements of all other governmental agencies having jurisdiction over the Main Extensions or Utility's delivery of water to City

5 4 If City begins construction of any of the Main Extensions before all of the conditions set forth in Paragraph 5 2 are satisfied, such construction will be at City's sole risk and subject to repair, alteration or reconstruction at City's expense as directed by Utility or any regulatory agency. Utility reserves the right to deem its plan approval null and void if City does not begin construction of the Main Extensions within one year after the date of Utility's initial plan approval. If City has not started construction of the Main Extensions within one year after the date of Utility's initial plan approval and Utility deems the plan approval null and void, City must resubmit

plans and specifications for Utility's written approval.

- 5.5 No portion of the Main Extensions will be used by Utility to deliver water to City until Final Acceptance of such portion has occurred. Utility specifically reserves the right to withhold Final Acceptance of all or any portion of the Main Extensions unless such facilities have been constructed in accordance with the terms of this Agreement and are reasonably satisfactory to Utility upon inspection and testing.
- 5.6 City will comply with Utility's inspection and testing requirements for the Main Extensions, provided however, that Utility furnishes that information to City during the planning and engineering phase of the project. Once construction begins, Utility shall be responsible for all engineering and construction changes and costs required by its failure to timely provide its testing and inspection requirements. City will provide Utility two business days' prior notice when the Main Extensions are under construction, and when any portion of the Main Extensions are ready for inspection and testing. Utility will then promptly inspect and test the Main Extensions to determine if such Main Extensions have been constructed in accordance with the approved plans and specifications. As a result of Utility's inspection and testing, Utility may provide written notification to City of punch list items that require correction and City agrees to promptly correct all defects and deficiencies in construction, materials and workmanship.

6 FINAL ACCEPTANCE

- 6.1 Utility will notify City of Utility's Final Acceptance of all or the applicable portion of the Main Extensions (which will be a condition precedent to Utility's use of the Main Extensions to provide water service to City) within ten (10) days after the satisfaction of all of the following conditions.
 - 6.1.1 City has corrected all punch list items identified by Utility,
 - 6.1.2 City has paid all fees required by this Agreement and by the terms of Utility's then-current and applicable tariffs applicable to Utility's delivery of water to City for its provision of the Irrigation Services;
 - 6.1.3 Any required Approval of Construction has been issued by the applicable regulatory body having jurisdiction of the Main Extensions;
 - 6.1.4 City has delivered to Utility all of the following:
 - 6.1.4.1 Copies of all contracts and paid bills, invoices and other statements of expenses incurred by City, covering all of the costs of permitting, design, construction and installation of the Main Extensions,
 - 6.1.4.2 Lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Main Extensions;
 - 6.1.4.3 Receipts or copies of checks, specifying exact amount of payments in full by City to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Main Extensions,
 - 6.1.4.4 Three sets of "as-built" drawings on full-size bond paper and one set on 11" x 17" paper, certified as to correctness by an engineer registered in the State of Arizona and showing the locations,

materials, and respective sizes, and pertinent construction details for all Main Extensions;

6.1.4.5 CAD files and PDF files of the signed and sealed "as-built" drawings and plat map on CD, in accordance with Utility's specifications; and

6.1.5 City has constructed the Main Extensions completely within Public Rights-of-Way and obtained all necessary zoning and other governmental approvals as required, each in a form and with substance reasonably satisfactory to Utility's legal counsel, for Utility's ownership, operation, maintenance and replacement of the Main Extensions, including adequate access from public roadways.

6.2 Concurrently with Utility's Final Acceptance of any of the Main Extensions, City shall deliver to Utility a fully executed Bill of Sale (Exhibit F), in a form and with substance reasonably satisfactory to Utility's legal counsel, evidencing the conveyance of the Main Extensions to Utility, and such Main Extensions shall become, and shall thereafter remain, as between Utility and City, the sole property of Utility. City represents and warrants to Utility that, at the time of such transfer, Utility will receive good and marketable title to the conveyed Main Extensions, free and clear of any and all liens, claims, mortgages or other encumbrances. All risk of loss of the Main Extensions shall be with City until title to such Main Extensions is transferred to Utility in accordance with the terms of this Agreement.

6.3 City shall be liable for damage resulting solely from Utility's inability to accurately mark the location of any of the Main Extensions due to any inaccuracies in City's "as built" drawings for those Main Extensions.

6.4 For one year after Utility's written Final Acceptance of any Main Extension, City will, upon Utility's reasonable request, promptly correct any and all defects and deficiencies in construction, materials and workmanship in that Main Extension discovered by Utility.

6.5 Neither Utility's inspection nor acceptance of Main Extensions relieves or limits City's responsibilities and liabilities to the Utility under this Agreement.

7 FEES AND REFUNDS.

7.1 Effective upon Final Acceptance, the City's costs and fees that are defined under this Agreement and the Utility's then-current tariffs to be refundable advances-in-aid-of-construction, will be refunded by Utility in accordance with Arizona Administrative Code Sec R14-2-406.(D) in force and effect on the Effective Date. A copy of the Arizona regulation is attached as **Exhibit D**. Any fees that are defined as contributions-in-aid-of-construction are non-refundable. For refundable advances-in-aid-of-construction, the amount to be refunded annually shall be ten percent (10%) of Utility's total gross revenues (excluding all gross receipts taxes, sales taxes and district, municipal, county, state and federally imposed regulatory assessments) derived from the provision of water service to each bona fide consumer (including City) whose service line is connected to the Main Extensions. Refunds shall be payable for a period of ten (10) years from the date of Final Acceptance of the Main Extensions, but in no event shall the refunds paid to City, together with the aggregate of payments made to City pursuant to Paragraph 7.2, below, exceed the total amounts paid by City as advances-in-aid-of-construction. Any unrefunded balance of such advances remaining at the end of the applicable

refund period shall become non-refundable. No interest shall be paid on any amount advanced by City.

7.2 New connections in Utility's Agua Fria Water District are currently subject to a Water Facilities Hook-Up Fee (the "Hook-Up Fee"), as authorized by tariff approved by the Commission from time to time. Pursuant to this Agreement, Utility will account for and reimburse a portion of the Hook-Up Fees received from new connections within the area (the "Reimbursement Area") defined by Mountain View Road on the north, State Route 303 on the west, Northern Avenue alignment on the south, and 159th Avenue (alignment) on the east, as described in **Exhibit E**, as follows:

7.2.1 On or before the last day of the first quarter of each year, Utility will provide a statement to City of the total Hook-Up Fees received during the previous calendar year for new connections within the Reimbursement Area, together with reasonable supporting documentation. At the same time, Utility will issue a check to City equal to one-half of the total amount of the offset-eligible component of the Hook-Up Fees shown on the statement.

7.2.2 The "offset-eligible" component of the Hook-Up Fees is referred to as "Component A" of the Hook-Up Fees as described in Utility's tariff for Utility's Agua Fria Water District. Utility's obligation under this paragraph 7.2 continues each calendar year until one of the following three events occur, whichever occurs first:

7.2.2.1 City has been paid, from "Component A" of the Hook-Up Fees, an amount equal to one-half of the total cost of the Main Extensions, as determined based upon copies of contracts, paid bills, invoices and other statements of expenses provided by City and reviewed and approved by Utility pursuant to the terms of subparagraphs 6.1.4.1 and 6.1.4.3;

7.2.2.2 City has been paid, from "Component A" of the Hook-Up Fees and pursuant to Paragraph 7.1, above, an aggregate amount equal to the total cost of the Main Extensions, as determined based upon copies of contracts, paid bills, invoices and other statements of expenses provided by City and reviewed and approved by Utility pursuant to the terms of subparagraphs 6.1.4.1 and 6.1.4.3; or

7.2.2.3 The expiration of the calendar quarter ending on December 31, 2032, with the last reimbursement payment being made on or before March 31, 2033.

7.3 Upon execution of this Agreement and City's receipt of invoice from Utility, City will pay to Utility a construction administration fee equal to \$6,500 plus 5% of the total costs of the Main Extensions as estimated by City's engineer and a line-testing water fee for the estimated amount of water used for testing of the Main Extensions, both as shown in **Exhibit B**. The construction administration fee compensates Utility for the cost of its administration, coordination, reviews, inspections, testing and approval incurred by Utility in connection with the design, construction, installation and connection of the Main Extensions. The line-testing water fee compensates Utility for the cost, at the then-current tariff irrigation service rate, for the water used during testing of the Main Extensions, i.e. flushing, chlorination, and filling. The construction administration fee is a non-refundable contribution-in-aid-of-construction. The line testing water fee is a non-refundable cost for the water.

7.4 City will pay in accordance with the terms of Utility's then-current tariffs, all applicable fees as specified in those tariffs, including, if applicable, a hook-up fee,

for all water meters based on the estimated quantity and size to be installed for Utility's delivery of water to City for its provision of the Irrigation Services. Unless otherwise provided in an applicable tariff, any meter installation fee is considered an advance-in-aid-of-construction and any hook-up fee is considered a non-refundable contribution-in-aid-of-construction. The Parties understand the fees paid by City pursuant to this Paragraph 7.4 will be based on the estimated quantity and size of water meters to be installed. Utility may from time to time perform audits to confirm quantity and size of meters actually installed. The audit may result in a true-up payment occurring from Utility to City because of overpayment or by City to Utility because of underpayment, evidenced by statement from Utility to City.

- 7.5 If Utility determines that all or any portion of City's advances-in-aid-of-construction under this Agreement constitute taxable income to Utility as of the date of this Agreement or at the time Utility actually receives such advance, City will advance funds to Utility equal to the income taxes incurred by Utility as a result of any applicable Internal Revenue Service ("IRS") or Arizona Department of Revenue ("ADR") determination. Such funds shall be paid to Utility within thirty (30) days following Utility's notification to City that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code or the Arizona Revised Statutes, any regulation promulgated by the IRS or the ADR, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate Utility's liability for income taxes resulting from City's advances-in-aid-of-construction under this Agreement.

8 GENERAL PROVISIONS

- 8.1 Utility shall, upon Final Acceptance and City's payment of all fees required under this Agreement or by the terms of any then-current and applicable tariffs approved by the Utilities Division of the Commission, begin to deliver water to City for its provision of the Irrigation Services, which water delivery by Utility will be outside the scope of this Agreement. For the avoidance of doubt, none of Utility's deliveries of water to City for its provision of the Irrigation Services will be provided under this Agreement, although certain activities of the parties under this Agreement are conditions precedent to Utility's delivery of that water. Such rates, charges and tariffs are subject to change from time to time upon approval by the Utilities Division of the Commission. Utility has no obligation to deliver water to City for its provision of the Irrigation Services until such Final Acceptance has occurred and all applicable tariff fees have been paid in full by City.
- 8.2 City acknowledges that Utility has the right to, and may in the future, connect its existing or future water systems to the Main Extensions.
- 8.3 Unless the Commission issues a final order to the contrary, Utility will not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service or any act or failure to act arising out of this Agreement caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in Utility's production, storage, transmission, distribution, collection, and other related facilities. The foregoing is not intended, and shall not be interpreted, to limit Utility's obligations as a public service corporation under applicable Arizona law or to limit City's right to

seek recourse before the Commission for issues relating to Utility provision of, or failure to provide, water service to City

- 8.4 Utility does not provide fire protection services and does not warrant, guarantee or represent that any water utility services it provides will comply with any fire-protection requirements of any governmental agency, or of any county, municipal, or private fire protection providers. Utility will allow public and private fire protection providers to use water from its system for fire-fighting purposes, provided that Utility's normal system demands are first met and water system pressure is not decreased to less than 20 pounds per square inch.
- 8.5 City will defend, indemnify and hold harmless Utility, its officers, directors, agents, and employees from and against any and all claims, damages, judgments, fines, penalties, assessments, costs and expenses, including attorneys' fees and court costs, to which they or any of them may be subjected by reason of injury, death, loss, claim, penalty, assessment or damage caused or contributed to by the active or passive negligence or willful misconduct of City, its agents, servants, employees, contractors or subcontractors in the execution of, or failure to execute, City's obligations under this Agreement; provided, however, that City shall not be required to indemnify Utility to the extent of any negligent or wrongful acts of Utility, its officers, directors, agents or employees.
- 8.6 Utility will defend, indemnify and hold harmless City, its officials, agents, and employees from and against any and all claims, damages, judgments, fines, penalties, assessments, costs and expenses, including attorneys' fees and court costs, to which they or any of them may be subjected by reason of injury, death, loss, claim, penalty, assessment or damage caused or contributed to by the active or passive negligence or willful misconduct of Utility, its agents, servants, employees, contractors or subcontractors in the execution of, or failure to execute, Utility's obligations under this Agreement; provided, however, that Utility shall not be required to indemnify City to the extent of any negligent or wrongful acts of City, its officials, agents or employees.
- 8.7 The failure of either party to this Agreement to enforce any of the provisions of this Agreement or the waiver by either party of any of its rights under this Agreement in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.
- 8.8 Communications under or relating to this Agreement shall be sent to City addressed as follows:

Robert J Darr
Transportation Manager
5800 West Glenn Drive, Suite 315
Glendale, Arizona 85301

With copies to:

City Manager
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

City Attorney
City of Glendale
5850 West Glendale Avenue
Glendale, Arizona 85301

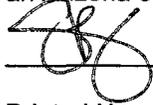
Or to such other address or addresses as City may advise Utility in writing, and to Utility at.

EPCOR Water Arizona Inc
Attn Director of Engineering
2355 West Pinnacle Peak Road, Suite 300
Phoenix, Arizona 85027

- 8.9 Nothing in this Agreement shall at any time be construed so as to create a relationship of employer and employee, partnership, principal and agent, or joint venturer as between Utility and City or to authorize or enable either party to incur any costs or expenses on behalf of the other party. City shall be solely responsible for the means, methods, techniques, sequences and procedures it utilizes in connection with the design, construction and installation of the Main Extensions.
- 8.10 This Agreement is governed by and construed in accordance with the laws of the State of Arizona, without giving effect to its conflicts of laws provisions, and its performance shall be subject to regulation by Arizona and federal regulatory agencies with jurisdiction. This Agreement shall be of no force or effect unless and until it is approved by the Utilities Division of the Commission. Utility shall submit it to the Utilities Division of the Commission promptly upon its execution by both of City and Utility.
- 8.11 This Agreement represents the entire understanding between the parties with respect to its subject matter, superseding all prior communications, understandings and agreements of or between the parties with respect to such subject matter. There are no oral or collateral agreements between the parties with respect to such subject matter. All changes or amendments to, and any termination of, this Agreement must be in writing and signed by Utility and City.
- 8.12 This Agreement shall be binding upon and inure to the benefit of Utility and City and their respective legal representatives, successors and assigns. City or Utility shall not assign its rights, obligations or interest in this Agreement without the prior written consent of the other party, and any attempted assignment without such consent shall be void and of no effect. There are no third-party beneficiaries under this Agreement.
- 8.13 Utility reserves the right to deem this Agreement null and void if City does not begin construction of the Main Extensions within one year after the Effective Date of this Agreement. If City has not started such construction within one year after the date of this Agreement, City may issue a written request to Utility for an extension of this Agreement. Utility's response to any such request for extension will not be unreasonably delayed, but will be within Utility's sole discretion. If Utility deems the Agreement null and void, Utility will provide written notice of cancellation of this Agreement to City.
- 8.14 All agreements with the City are subject to cancellation for conflicts of interest under the provision of A.R.S. § 38-511.
- 8.15 Utility certifies under A.R.S. §§ 35-391 *et seq.* and 35-393 *et seq.*, that it does not have, and during the term of this Agreement will not have, "scrutinized" business operations, as defined in the preceding statutory sections, in the countries of Sudan or Iran.

[Signatures follow (next two pages)]

EPCOR Water Arizona Inc
an Arizona corporation



Printed Name: Shawn Bradford

Title: Director of Operations

Date: 10/29/12

Acknowledgment – EPCOR Water Arizona Inc

STATE OF Arizona)
County of Maricopa) ss

The foregoing instrument was acknowledged before me on October 29, 2012 by
Shawn Bradford [EPCOR Representative], Director of Operations [Title
of EPCOR Representative] of EPCOR Water Arizona Inc , an Arizona corporation, on behalf of the
corporation.

Signature: Karan L Moore

My Commission expires: July 1, 2013

Seal:



City of Glendale
an Arizona municipal corporation

Horatio Skeete

Printed Name: Horatio Skeete

Title: Acting City Manager

Date: 10/24/12

APPROVED AS TO FORM:

[Signature]

City Attorney

ATTEST:

[Signature]
City Clerk (Seal)

LIST OF REQUIRED EXHIBITS
(all exhibits are to be 8-1/2" x 11")

- EXHIBIT A - Map of Main Extensions

- EXHIBIT B - Line Item Descriptions of Main Extensions and Cost Estimates
(Prepared and stamped by engineer showing materials, units and unit costs, estimated amount of construction water and the corresponding cost of the construction water, and the number of meters by size)

- EXHIBIT C - Certificate of Insurance Requirements
(ACORD Certificate of Insurance Sample Form)

- EXHIBIT D - Arizona Administrative Code § R14-2-406 D

- EXHIBIT E - Map of Reimbursement Area

- EXHIBIT F - [Form of] Bill of Sale

EXHIBIT A
MAP OF MAIN EXTENSION

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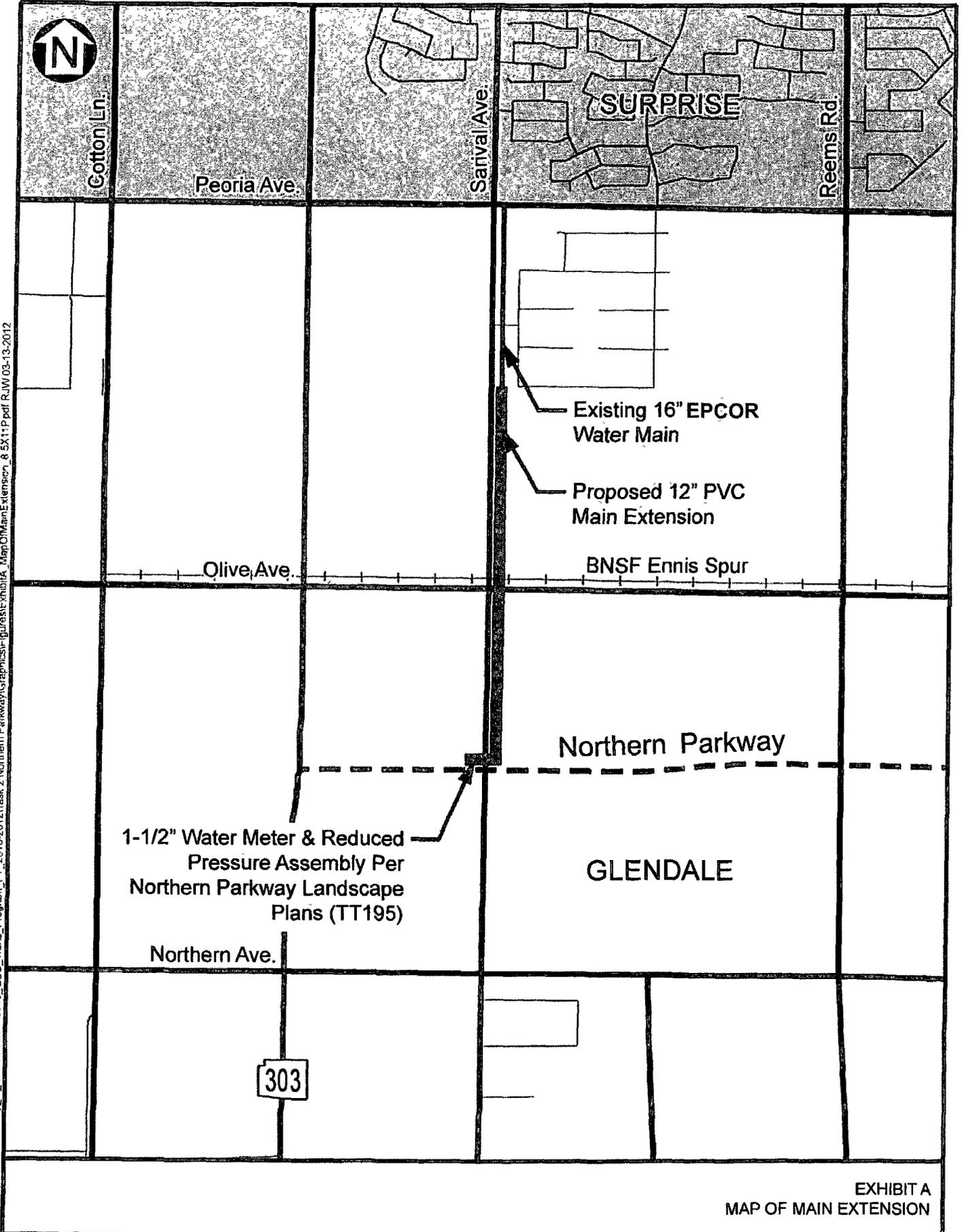


EXHIBIT A
MAP OF MAIN EXTENSION

EXHIBIT B
LINE ITEM DESCRIPTIONS OF MAIN EXTENSION
AND COST ESTIMATE

111204- EPCOR WATER SARIVAL AVENUE WATERLINE- MOUNTAIN VIEW TO NORTHERN PARKWAY

BID ITEM	ITEM DESCRIPTION	QTY.	UNIT	UNIT COST	ITEM TOTAL
1	MOBILIZATION	1	LS	\$25,000.00	\$25,000.00
2	CONSTRUCTION SURVEYING	1	LS	\$10,000.00	\$10,000.00
3	PAVEMENT REMOVAL AND REPLACEMENT PER SARIVAL AVENUE STRUCTURAL SECTION AND MAG STD DETAIL 200-1 "T-TOP" TRENCH	85	SY	\$60.00	\$5,100.00
4	PAVEMENT REMOVAL AND REPLACEMENT PER MARICOPA EDGE DETAIL	843	SY	\$50.00	\$42,150.00
5	PAVEMENT REMOVAL AND REPLACEMENT PER MAG DET 200, TYPE A, WITH 1/2 SACK CLSM	61	SY	\$60.00	\$3,660.00
6	INSTALL 12" C-900 DR 18 PVC WATERLINE PIPE	4186	LF	\$45.00	\$188,370.00
7	INSTALL 12" DUCTILE IRON PIPE	317	LF	\$85.00	\$26,945.00
8	INSTALL 16" X 12" REDUCER	1	EA	\$2,500.00	\$2,500.00
9	INSTALL 12" GATE VALVE, BOX AND COVER WITH DEBRIS CAP	10	EA	\$2,500.00	\$25,000.00
10	INSTALL 1.5" WATER SERVICE	1	EA	\$2,000.00	\$2,000.00
11	JACK AND BORE (INCLUDES STEEL CASING, 12 DIP AND SPACERS, COMPLETE IN PLACE)	205	LF	\$150.00	\$30,750.00
12	INSTALL BLOW-OFF	1	EA	\$2,000.00	\$2,000.00
13	REMOVE EXISTING BLOW-OFF	1	EA	\$500.00	\$500.00
14	TRAFFIC CONTROL	1	LS	\$20,000.00	\$20,000.00
15	ALLOWANCE FOR CONSTRUCTION CONTINGENCY	1	LS	\$30,000.00	\$30,000.00
					\$413,975.00



Exp: 9-30-2012

Premise #
 Account #
 Customer #

DATE: 05/24/12
 PREPARED BY: Roger Miles
 DATE OF OPERATIONAL APPROVAL: _____

**Arizona-American Water Company
 Construction Water Used for Water Line**

Project Name: City of Glendale Sarival Waterline Extension **Task Order #**
Total Water Used for Water Line Construction 389,536 gallons

Table 1 - Determination of Water Used for Water Line Trench Compaction										
Description of Project	Double Services	Single Services	Hydrants	Line Size (dia.) and Length (LF)						Total
				6"	8"	10"	12"	16"	18"	
	0							0	0	0
		1			0		4,503		0	4,536
*Total (LF)	0	33	0	0	0	0	4,503	0	0	4,536
Factor (gal/LF)	19.90	19.90	19.90	19.90	19.90	19.90	27.60	43.24	55.56	
Water for Water Line Trench Compaction, gal	0	657	0	0	0	0	124,283	0	0	124,939

*Double services were assumed to have an average length of 33 feet with two services in common trench. The number of double services to be entered in the spreadsheet shall equal the number of single services in double service (two per trench) configuration. Fire hydrants were assumed to have an average run of 6-inch pipe of 18 feet.

Table 2 - Determination of Water Used for Water Line Filling/Disinfection/Flushing									
Item	Hydrants	6"	8"	10"	12"	16"	18"	Total	
**Linear Feet of Water Line by Pipe Diameter			0		4,503				4,503
Volume Factor (gal/LF)	1.469	1.469	2.611	4.081	5.876	10.445	13.220		
Water Required for Filling Water Line, gal	0	0	0	0	26,460	0	0		26,460
Water Required for Flushing (3 X Line Volume)	Number of Flushings=			3					238,137
Total Water Required Filling and Flushing, gal									264,596

**Volume of water to fill service lines was considered negligible and omitted from calculations.

Table 3 - Misc Unmetered Water	
Enter Description of Misc Water (Example: 5 tankers @ 2,000 gal)	Total
Total Misc Unmetered Water, gal	0

Table 4 - Water Credit for Water Line Filling/Flushing Water (Table 2) Used for Trench Compaction (Table 1)	
Table 2 Water Used for Water Line Compaction?	Table 2 Water Used for Sewer Line Compaction?
n	n
Water Credit	(0)

Table 5 - Total Water Used for Water Line Trench Compaction and Filling	
Total of Tables 1, 2, and 3 Less Table 4	Gallons of Water Used
	389,536
Cost	0.002728 \$1,063

EXHIBIT C

CERTIFICATE OF INSURANCE COVERAGE REQUIREMENTS

ACORD CERTIFICATE OF INSURANCE				ISSUE DATE:	
PRODUCER VENDOR'S INSURANCE BROKER AND ADDRESS		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
INSURED VENDOR/CONTRACTOR/TRADE I.A, I.B. Address		COMPANIES AFFORDING COVERAGE			
		COMPANY LETTER A. ABC INSURANCE COMPANY			
		COMPANY LETTER B. XXX INSURANCE COMPANY			
		COMPANY LETTER C. YYY INSURANCE COMPANY			
		COMPANY LETTER D.			
		COMPANY LETTER E			
COVERAGES THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A.	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT. <input checked="" type="checkbox"/> PER PROJECT AGG. <input checked="" type="checkbox"/> CGL FORM #	CGL1234	1/1/2012	1/1/2013	GENERAL AGGREGATE PRODUCTS-COMP/OP AGG. \$ 1,000,000 PERSONAL & ADV. INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one Fire) \$ 1,000,000 MED. EXPENSE (Any one person) \$ 300,000 \$ 10,000
A.	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> COMP DED \$500 <input checked="" type="checkbox"/> NON-OWNED AUTOS	AL5678	1/1/2012	1/1/2013	COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per Person) BODILY INJURY (Per Accident) \$ PROPERTY DAMAGE \$ \$
B.	EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	XS 9876	1/1/2012	1/1/2013	EACH OCCURRENCE AGGREGATE \$9,000,000 \$9,000,000
A	WORKER'S COMPENSATION AND EMPLOYERS LIABILITY	WC 5432	1/1/2012	1/1/2013	<input checked="" type="checkbox"/> STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
	OTHER				Personal Property \$250,000 Deductible:
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS (Reference Project Location or Contract No.) Certificate holder is included as Additional Insured, except for workers compensation, with respect to liability arising out of the named insured's operations as required by written contract. Any coverage afforded to the Additional Insured shall apply as primary and not excess to any other insurance or self insurance available to Additional Insured. Waiver of Subrogation shall apply to all Insurance.					
CERTIFICATE HOLDER EPCOR Water Arizona, Inc. 2355 West Pinnacle Peak Road, Suite 300 Phoenix, AZ 85027			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE HEREOF, THE ISSUING COMPANY WILL MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, AUTHORIZED REPRESENTATIVE		
ACORD 25-S (7/90)			ACORD CORPORATION 1990		

EXHIBIT D

ARIZONA ADMINISTRATIVE CODE § R14-2-406.D

Corporation Commission – Fixed Utilities

1. Each utility shall transmit to affected customers by the most economic means available a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-405. Service connections and establishments

- A. Priority and timing of service establishments
 1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service connection and/or establishment.
 2. Service establishments shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the five working day limitation
 3. When the utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the service establishment to the satisfaction of both parties.
 4. Each utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours, unless another time-frame is mutually acceptable to the utility and the customer.
 5. Service establishments shall be made only by qualified utility service personnel.
 6. For the purposes of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install or read a meter or turn the service on.
- B. Service lines
 1. An applicant for service shall be responsible for the cost of installing all customer piping up to the meter.
 2. An applicant for service shall pay to the utility as a refundable advance in aid of construction the sum as set forth in the utility's tariff for each size service and meter. Except where the refundable advances in aid of construction for meters and service lines have been included in refundable advances in aid of construction for line extensions and thus are refundable pursuant to main extension contracts approved by the Commission, each advance in aid of construction for a service line or meter shall be repaid by the utility by an annual credit of 1/10 of the amount received, said credit to be applied upon the water bill rendered in November of each year until fully paid, for each service and meter for which the advance was made, and said credit to commence the month of November for all such advances received during the preceding calendar year
 3. Where service is being provided for the first time, the customer shall provide and maintain a private cutoff valve within 18 inches of the meter on the customer's side of the meter, and the utility shall provide a like valve on the utility's side of such meter.
 4. The Company may install its meter at the property line or, at the Company's option, on the customer's property in a location mutually agreed upon.
 5. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his

expense all piping necessary for relocating the meter and the utility may make a charge for moving the meter and/or service line.

6. The customer's lines or piping must be installed in such a manner as to prevent cross-connection or backflow.
 7. Each utility shall file a tariff for service and meter installations for Commission review and approval.
- C. Easements and rights-of-way
 1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
 2. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (B) effective September 28, 1982 (Supp. 82-5).

R14-2-406. Main extension agreements

- A. Each utility entering into a main extension agreement shall comply with the provisions of this rule which specifically defines the conditions governing main extensions.
- B. An applicant for the extension of mains may be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, including all valves and fittings.
 1. In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
 2. Upon request by a potential applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts utility construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
 3. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the Commission rules on main extension agreements prior to the applicant's acceptance of the utility's extension agreement.

Corporation Commission – Fixed Utilities

- 4 In the event the utility's actual cost of construction is less than the amount advanced by the customer, the utility shall make a refund to the applicant within 30 days after the completion of the construction or utility's receipt of invoices related to that construction.
- 5 The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.
- C. Minimum written agreement requirements**
1. Each main extension agreement shall include the following information:
 - a. Name and address of applicant(s)
 - b. Proposed service address
 - c. Description of requested service
 - d. Description and map of the requested line extension
 - e. Itemized cost estimate to include materials, labor, and other costs as necessary
 - f. Payment terms
 - g. A clear and concise explanation of any refunding provisions, if applicable
 - h. Utility's estimated start date and completion date for construction of the main extension
 2. Each applicant shall be provided with a copy of the written main extension agreement.
- D. Refunds of advances made pursuant to this rule shall be made in accord with the following method: the Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, a minimum amount equal to 10% of the total gross annual revenue from water sales to each bona fide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than 10 years. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period set out shall become non-refundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company, however, agreements under this general order may provide that any balance of the amount advanced thereunder remaining at the end of the 10 year period set out, shall thereafter remain payable in whole or in part and in such manner as is set forth in the agreement. The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.**
- E. Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.**
- F. The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement**
- G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each**
- H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:**
1. 150 p.s.i. working pressure rating and
 2. 6" standard diameter.
- However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the 6-inch diameter main extension.
- I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.**
- J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.**
- K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.**
- L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account dominated as Contributions in Aid of Construction.**
- M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.**
- Historical Note**
- Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).
- R14-2-407. Provision of service**
- A. Utility responsibility. Each utility shall be responsible for providing potable water to the customer's point of delivery.**
- B. Customer responsibility**
1. Each customer shall be responsible for maintaining all facilities on the customer's side of the point of delivery in

EXHIBIT E

MAP OF REIMBURSEMENT AREA



Cotton Ln.

Peoria Ave.

Sarival Ave.

Reems Rd.

Olive Ave.

Northern Parkway

Northern Ave.

303

EXHIBIT E
MAP OF REIMBURSEMENT AREA

P:\TRANSPORTATION\City of Glendale\2445519_GOB Trns. Program FY 2010-2012\Task 2 Northern Parkway\Graphics\Figures\Exhibit E_MapOfReimbursementArea_8.5X11P.pdf RJW 03-18-2012

EXHIBIT F
[Form of]
BILL OF SALE

[Form of]

BILL OF SALE

This **BILL OF SALE**, dated the _____ day of _____, 2012.

WITNESSETH

That **City of Glendale, an Arizona municipal corporation**, hereinafter called the **Seller**, for good and valuable consideration, hereby sells, conveys assigns and transfers to **EPCOR Water Arizona Inc., an Arizona corporation** (the “**Company**”), the following property (the “**Property**”):

The Public Water System installed for the development referred to by the Company as **Sarival Waterline Extension** located in Maricopa County, Arizona, in the Agua Fria Water District distribution system of the Company, and consisting of the following items:

331300	4,186 LF	12-Inch C-900 CL 235 PVC Main	[\$AMOUNT]
331300	317 LF	12-Inch Ductile Iron Pipe CL 50	\$
331300	12 EA	12-Inch Gate Valve w/Valve Box	\$
331100	1 EA	2-Inch Blow-Off Valve	\$
333000	1 EA	1 1/2-Inch Copper Service w/1 1/2-Inch Meters	\$

THE TOTAL SELLER’S COST FOR THE INSTALLATION OF THE ABOVE MENTIONED ITEMS IS \$(TOTAL AMOUNT OF ITEMS ABOVE), NOT INCLUDING ANY CHARGES FOR THE COMPANY’S OVERHEADS.

The above-mentioned quantities of the above-listed items may vary, and this Bill of Sale will cover any plus or minus on the quantities as shown above to the actual field measurements and counts within the entire development mentioned above, and as shown on the approved AS-BUILT DRAWING on file with the Company, located at 2355 West Pinnacle Peak Road, Suite 300, Phoenix, Arizona.

Bill of Sale/Sarival Waterline Extension

Seller hereby warrants the Property free from defects in material and workmanship for a period of one (1) year from and after the date of acceptance by the Company of the Property. Seller warrants and hereby covenants at its sole cost and expense to defend the Company's title to the Property against all lawful claims and demands of all persons or entities that may now exist or that may have accrued as of the date of this Bill of Sale. Seller agrees to indemnify, protect, defend and hold the Company free and harmless from and against any and all liabilities, obligations, damages, causes of action, judgments, costs and expenses (including reasonable attorneys' fees) that the Company may incur or suffer in connection with any breach by Seller of the preceding warranties and covenants.

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the Company and Seller. This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the date first written above and Company, through its authorized representative, hereby accepts the Sarival Waterline Extension as set forth in Section 6.4 of the Main Extension Agreement.

By: [ENTITY'S LEGAL NAME]

By: _____
Name and Title

Date

Print: _____
Name and Title

By: EPCOR Water Arizona Inc.,
an Arizona corporation

By: _____
Name and Title

Date

Print: _____
Name and Title

STATE OF)
) ss.
COUNTY OF)

On _____, 20___, before me, the undersigned Notary Public, personally appeared _____, () personally known to me, or, () proved to me on the basis of satisfactory evidence to be the person(s) whose name is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

By: _____
Notary Public Signature

(Seal)