

NEW APPLICATION

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8 Attorneys for Liberty Utilities (Bella Vista Water) Corp.

BEFORE THE ARIZONA CORPORATION COMMISSION

12 IN THE MATTER OF THE JOINT
13 APPLICATION OF LIBERTY UTILITIES
(BELLA VISTA WATER) CORP. AND
14 HEART CAB CO., INC. D/B/A SULGER
WATER COMPANY #2 FOR APPROVAL
15 OF (1) THE SALE OF HEART CAB CO.,
INC. D/B/A SULGER WATER
16 COMPANY'S ASSETS TO LIBERTY
UTILITIES (BELLA VISTA WATER) CORP.
17 AND (2) THE TRANSFER OF HEART CAB
CO., INC. D/B/A SULGER WATER
18 COMPANY'S CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
19 LIBERTY UTILITIES (BELLA VISTA
WATER) CORP.

DOCKET NO: W-02465A-20-
W-02355A-20-

JOINT APPLICATION

21 Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista") and Heart Cab
22 Co., Inc. d/b/a Sulger Water Company #2 ("Sulger") jointly request Arizona Corporation
23 Commission ("Commission") approval of the sale of Sulger's assets to Liberty Bella
24 Vista, including transfer of Sulger's Certificate of Convenience and Necessity ("CC&N")
25 to Liberty Bella Vista pursuant to A.R.S. §40-285 and Arizona Administrative Code R14-
26 2-402. Approval of this Joint Application is in the public interest because Liberty Bella

1 Vista is an established water utility with the technical, financial, and managerial expertise
2 needed to operate Sulger. Liberty Bella Vista is in close proximity to Sulger, and Liberty
3 Bella Vista will be able to readily operate the Sulger system through existing staff as part
4 of the Liberty Bella Vista system. The acquisition of Sulger by Liberty Bella Vista could
5 also result in a rate reduction for Sulger customers if the Commission approves charging
6 Liberty Bella Vista's existing rates when Sulger's customers become Liberty Bella Vista's
7 customers.

8 **I. Introduction.**

9 In support of this Joint Application, Liberty Bella Vista and Sulger state the
10 following:

11 1. Sulger is a public service corporation duly organized and existing under the
12 laws of the State of Arizona. Sulger holds a CC&N authorizing the provision of water
13 utility service in certain portions of Cochise County, Arizona pursuant to Decision Nos.
14 50157 (August 13, 1979) and 56522 (June 21, 1989).

15 2. Sulger is a small "mom-and-pop" type, Class "E" water utility with only
16 25 residential customers. Sulger does not have any employees, access to capital financing
17 for improvements to utility facilities, or access to sufficient resources to keep up with the
18 various regulatory requirements, or even to file a rate case.

19 3. Sulger's last rate case was approximately ten years ago and required
20 significant assistance from Commission Staff.¹ Sulger is not financially viable and is not
21 readily able to continue the necessary maintenance or make any capital improvements to
22 serve its customers. As such, Sulger is a troubled small water utility that fits the paradigm
23 for the Commission policy to encourage consolidation of smaller utilities into larger
24 utilities like Liberty Utilities.

25
26 ¹ See Decision No. 72052 (January 6, 2011).

1 4. Liberty Bella Vista is a public service corporation duly organized and
2 existing under the laws of the State of Arizona. Liberty Bella Vista is wholly owned by
3 Liberty Utilities (Sub) Corp., the holding company for seven regulated utilities in Arizona
4 and three regulated utilities in Texas providing service to approximately 80,000 customers
5 in Arizona and Texas.²

6 5. Liberty Bella Vista holds a CC&N authorizing the provision of water utility
7 service in certain portions of Cochise County, Arizona pursuant to Decision Nos. 28866
8 (April 18, 1955) and 74257 (January 7, 2014). Liberty Bella Vista's present rates and
9 charges for utility service were approved by the Commission in Decision No. 75809
10 (November 21, 2016) based on a test year ending December 31, 2014. Liberty Bella Vista
11 is a Class B utility currently providing water service to approximately 11,000 customers.

12 **II. Joint Application.**

13 6. Transferor Information:

14 a. Sulger's legal name and mailing address are:

15 Tom and Amie Sulger
16 Heart Cab Co., Inc d/b/a Sulger Water Company #2
17 2567 N. Calle Segundo
 Huachuca City, Arizona 85616

18 b. Sulger's management contact information is the same as is set forth
19 above. All data requests for information to Sulger should be directed to Liberty Bella
20 Vista's attorneys listed in paragraph 7(b), with a copy to Mr. and Mrs. Sulger at the
21 physical address provided in paragraph 6(a).

22 7. Transferee Information:

23 a. The legal name of Liberty Bella Vista, and its local address:

24

25 ² Liberty Utilities (Litchfield Park Water & Sewer) Corp., Liberty Utilities (Bella Vista Water) Corp.,
26 Liberty Utilities (Gold Canyon Sewer) Corp., Liberty Utilities (Black Mountain Sewer) Corp., Liberty
 Utilities (Rio Rico Water & Sewer) Corp., Liberty Utilities (Cordes Lakes Water) Corp., and Liberty
 Utilities (Entrada del Oro Sewer) Corp.

1 Liberty Utilities (Bella Vista Water) Corp.
2 4055 Campus Dr.
3 Sierra Vista, AZ 85635

4 b. Liberty Bella Vista's attorneys for this Joint Application are as
5 follows:

6 Jay L. Shapiro
7 Shapiro Law Firm, P.C.
8 1819 E. Morten Avenue, Suite 280
9 Phoenix, AZ 85020
10 (602) 559-9576
11 jay@shapslawaz.com

12 Shilpa Hunter-Patel, Director of Legal Services
13 Liberty Utilities
14 12725 W. Indian School Rd.
15 Avondale, AZ 85392
16 (623) 298-3770
17 Shilpa.Hunter-Patel@libertyutilities.com

18 All case filings, correspondence, data requests and/or other requests for information
19 should be emailed to Mr. Shapiro and Ms. Hunter-Patel, as well as to Leticia Washington
20 at Leticia.Washington@libertyutilities.com and Whitney Birk at
21 whitney@shapslawaz.com.

22 c. The management contact for Liberty Bella Vista is Chris Krygier,
23 Director of Operations for Liberty Utilities, 14222 W. McDowell Rd, Goodyear,
24 AZ 85395, (623) 240-2068.

25 d. Liberty Bella Vista's currently employed operator certified by
26 ADEQ for is Adolfo Garcia, 4055 Campus Drive, Sierra Vista, AZ 85635, (520) 417-4465
– Operator ID No. 021890.

e. The names, titles and mailing addresses of all of Liberty Bella Vista's
officers and directors are provided in Exhibit 1 attached to this Joint Application.

1 f. A copy of Liberty Bella Vista's Certificate of Good Standing is
2 attached as Exhibit 2.

3 8. On February 13, 2020, Liberty Bella Vista and Sulger's shareholders, Tom
4 and Amie Sulger, executed an Asset Purchase Agreement for the transfer of the necessary,
5 used and useful water utility assets of Sulger. A fully executed copy of the Asset
6 Purchase Agreement between Liberty Bella Vista and Sulger is attached as Exhibit 3.

7 9. The assets are listed on Schedule 2.1(b) of the Asset Purchase Agreement.
8 Closing of the transaction is contingent on approval of this application by the
9 Commission.³

10 10. A legal description of the current Sulger CC&N is attached as Exhibit 4.

11 11. A map showing Liberty Bella Vista's CC&N and the CC&N to be
12 transferred is attached as Exhibit 5.

13 12. Liberty Bella Vista will pay \$10,000.00 cash for the transaction purchase
14 price. Liberty Bella Vista does not need financing to acquire the assets of Sulger.

15 13. Liberty Bella Vista's current tariffs are attached as Exhibit 6.

16 14. Sulger currently serves approximately 25 customers and has not shown any
17 significant growth in recent years. Liberty Bella Vista is not currently aware of any new
18 planned developments that are imminent within Sulger service territory nor does it
19 currently anticipate any significant growth over the next five years in the Sulger system.
20 There are no customer growth projections or any resulting projected financial information.

21 15. Sulger plans to refund before closing any customer security deposits for
22 customers in the CC&N to be transferred. Furthermore, Sulger is transferring to Liberty
23 Bella Vista two advance in aid of construction agreements which will require refunds on
24
25

26 ³ See Section 7.1(b) of Asset Purchase Agreement attached as Exhibit 3.

1 main extension agreements or refunds due on meter and service line installations for any
2 customer within the CC&N to be transferred.

3 16. Current customers of Liberty Bella Vista will not incur any immediate
4 impacts from acquisition of Sulger's assets and consolidation of its CC&N with Liberty
5 Bella Vista's CC&N.

6 17. Liberty Bella Vista will provide notice of this Joint Application to all Sulger
7 customers (as well as to its Liberty Bella Vista customers) by mail. A copy of the notice
8 will also be posted on Liberty Bella Vista's website, www.libertyutilities.com.

9 18. The notarized signature of Matthew Garlick, President of Arizona/Texas,
10 Liberty Utilities, signing on behalf of its subsidiary Liberty Bella Vista, is attached as
11 Exhibit 7.

12 19. A board resolution approving the purchase of the Sulger by Liberty Bella
13 Vista is attached as Exhibit 8.

14 **III. Benefits of the Transaction – the Public Interest.**

15 20. In Decision No. 75626, the Commission adopted policies designed to
16 support the acquisition of small water utilities such as Sulger. Specifically, the
17 Commission adopted the following policy statement:

18 We wish to encourage the consolidation of small water
19 utilities through acquisition because this can result in real
20 benefits to small utilities' customers. Many small utilities
21 lack the financial resources or access to capital needed for
22 capital improvements. Allowing such companies to be
23 consolidated into larger companies or combined with other
24 systems of smaller companies can solve such problems.⁴

25 21. The Commission also adopted the following policy statement:

26 It has essentially become a truism in Arizona that
consolidation of small water utilities is desirable. While we
do not believe that consolidation is a panacea, there can be no

⁴ Decision No. 75626, Attachment No. 1 at 16-17 (Policy Statement No. 4 Water Utility Acquisition Process).

doubt that in some circumstances consolidating small systems into larger entities will have real benefits for customers. Consolidating systems can allow for greater and less expensive access to capital, more professional management, an ability to diversify against business risks and flexibility with rate design. The Commission Staff, RUCO and other customer advocates, industry representatives and the Commission itself have all stated that consolidation in the water industry is desirable.⁵

22. Liberty Bella Vista seeks to acquire the assets of Sulger and consolidate Sulger's assets and customers into the Liberty Bella Vista water system and the Commission's policies clearly support the conclusion that such a transaction is in the public interest. This transaction squarely fits the paradigm for application of the Commission's policies encouraging the acquisition of small, troubled water companies, particularly given the benefits Liberty Bella Vista can provide.

23. That this transaction is in the public interest is further demonstrated by the potential for a rate decrease to the current Sulger customers because Liberty Bella Vista's rates are lower than Sulger's rates.⁶ By way of illustration, a Sulger customer using 10,000 gallons of water (5/8" meter) in a month will pay \$57.40 under Sulger's existing rates compared to \$41.29 under Liberty Bella Vista's current tariffed rates.⁷ Moreover, eligible Sulger customers may benefit from Liberty Bella Vista's low-income program, which Sulger does not currently offer.

24. Liberty Bella Vista also has extensive technical, managerial, and financial capability to ensure safe, reliable, and high quality service and to ensure compliance with all applicable regulations that simply does not exist today for Sulger and its customers.

WHEREFORE, Liberty Bella Vista and Sulger respectfully request that the Commission approve this Joint Application and issue an order authorizing:

⁵ *Id.* at 17 (Policy Statement No. 5 Consolidation of Small Water Utilities).

⁶ *See* Rate Comparison attached as Exhibit 9.

⁷ Based on current monthly and commodity rates.

1 (1) The sale of Sulger's assets to Liberty Bella Vista, including transfer of
2 Sulger's CC&N so that is merged into Liberty Bella Vista's CC&N pursuant to A.R.S.
3 § 40-285 and A.A.C. R14-2-402;

4 (2) Liberty Bella Vista to charge Sulger customers under current Liberty Bella
5 Vista rates; and

6 (3) Any additional relief as the Commission deems just and proper.

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1 RESPECTFULLY SUBMITTED this 19th day of February, 2020.

2 SHAPIRO LAW FIRM, P.C.

3
4 By: _____

5 Jay L. Shapiro
6 1819 E. Morten Avenue, Suite 280
7 Phoenix, Arizona 85020
8 jay@shaplawaz.com
9 whitney@shaplawaz.com

10 and

11 LIBERTY UTILITIES

12 Shilpa Hunter-Patel
13 Director of Legal Services
14 12725 W. Indian School Rd, Suite D-101
15 Avondale, Arizona 85392
16 Shilpa.Hunter-Patel@LibertyUtilities.com

17 HEART CAB CO., INC. D/B/A SULGER
18 WATER COMPANY #2

19
20 By: _____

21 Tom Sulger
22 2567 N. Calle Segundo
23 Huachuca City, Arizona 85616
24
25
26

1 **ORIGINAL** eFiled
2 this 19th day of February, 2020, with:

3 Docket Control
4 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

5 **COPY** of the foregoing was emailed
6 this 19th day of February, 2020, to:

7 Robin Mitchell, Director & Chief Counsel
8 Legal Division
9 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007
LegalDiv@azcc.gov
utildivservicebyemail@azcc.gov

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11 By: 
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Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 1

1 **EXHIBIT 1**

2
3 **CORPORATE INFORMATION**

4
5 **Proper Name:** Liberty Utilities (Bella Vista Water) Corp.

6 **Address:** 12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

7 **Corporate Structure:** For-profit Chapter "C" Corporation

8 **Officers:** Matthew Garlick, President
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

10 Todd Wiley, Treasurer and Secretary
11 12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

12 **Directors:** Ian Robertson, Director
13 354 Davis Road
Oakville, ON L6J 2X1
14
15 David Pasieka
354 Davis Road
Oakville, ON L6J 2X1
16
17 Dr. Brian J. Brady
37850 De Portola Road
Temecula, CA 92592
18
19 Virginia L. Grebbien
913 Encanada Drive
La Habra Heights, CA 90631
20
21 Clifford A. Neal
525 W. Willow Avenue
Phoenix, AZ 85029
22
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25
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Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 2

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

I, the undersigned Executive Director of the Arizona Corporation Commission, do hereby certify that:

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

ACC file number: 01272800

was incorporated under the laws of the State of Arizona on 12/18/1979;

That all annual reports owed to date by said corporation have been filed or delivered for filing, and all annual filing fees owed to date have been paid; and

That, according to the records of the Arizona Corporation Commission, said corporation is in good standing in the State of Arizona as of the date this Certificate is issued.

This Certificate relates only to the legal existence of the above named entity as of the date this Certificate is issued, and is not an endorsement, recommendation, or approval of the entity's condition, business activities, affairs, or practices.

IN WITNESS WHEREOF, I have hereunto set my hand, affixed the official seal of the Arizona Corporation Commission, and issued this Certificate on this date: **02/14/2020**



A handwritten signature in black ink, reading "Matthew Neubert", written over a horizontal line.

Matthew Neubert, Executive Director

Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 3

ASSET PURCHASE AGREEMENT

BETWEEN

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

AND

HEART CAB CO., INC. D/B/A SULGER WATER COMPANY #2, ARIZONA

DATED AS OF FEBRUARY 13, 2020

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EXHIBITS

Exhibit A	Form of Assignment and Assumption Agreement
Exhibit B	Form of Bill of Sale
Exhibit C	Form of Franchise Agreement

DISCLOSURE SCHEDULE

Section 1.1	Knowledge of Seller
Section 4.3	No Conflicts; Consents
Section 4.8	Title to Purchased Assets
Section 4.9	Condition and Sufficiency of the Purchased Assets; System Map
Section 4.10	Real Property
Section 4.12	Legal Proceedings; Governmental Orders
Section 4.13	Compliance with Laws; Permits
Section 4.14	Environmental Matters

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made and entered into as of the 13th day of February, 2020 (the "Effective Date"), by and between Liberty Utilities (Bella Vista Water) Corp., an Arizona corporation ("Buyer"), and Heart Cab Co., Inc. d/b/a Sulger Water Company #2, an Arizona corporation ("Seller"). Buyer and Seller are sometimes referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, Seller owns and operates a water distribution system, and certain other related assets, located in and around the geographic area of Cochise County near Huachuca City, Arizona, as depicted on the System Map (as defined in Section 1) and more fully described in Section 2.1 (the "System");

WHEREAS, the System operates under a Certificate of Convenience and Necessity (a "CC&N") issued by the Arizona Corporation Commission (the "Commission"), which authorizes the owners of the System to provide water service within a defined portion of Cochise County, Arizona; and

WHEREAS, Seller desires to sell and assign to Buyer, and Buyer desires to purchase and assume from Seller, the assets comprising the System on the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements and the conditions set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

For purposes of this Agreement, the following terms used herein will have the following meaning when used with initial capitalization, whether singular or plural:

"Accounts Payable" has the meaning set forth in Section 2.5(b).

"Accounts Receivable" has the meaning set forth in Section 2.2(c).

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” has the meaning set forth in the preamble hereto.

“Applicable Law” means all Laws that apply to or relate to the Parties, the System, the Purchased Assets, this Agreement or the rights, responsibilities and obligations arising from the transaction made the subject of this Agreement.

“Assigned Contracts” has the meaning set forth in Section 2.1(e).

“Assignment and Assumption Agreement” means the Assignment and Assumption Agreement in the form of Exhibit A attached hereto.

“Bill of Sale” means the Bill of Sale in the form of Exhibit B attached hereto.

“Books and Records” has the meaning set forth in Section 2.1(g).

“Business Day” means any day other than a Saturday or Sunday or any day on which banks in New York City, New York or Toronto, Ontario are authorized or required by Law to be closed.

“Buyer” has the meaning set forth in the preamble hereto.

“Buyer Closing Certificate” has the meaning set forth in Section 7.3.

“Buyer Indemnitees” has the meaning set forth in Section 8.2.

“Closing” has the meaning set forth in Section 3.1.

“Closing Date” has the meaning set forth in Section 3.1.

“Contract” means any contract, lease, deed, mortgage, license, instrument, note, commitment, undertaking, indenture, joint venture and all other agreements, commitments and legally binding arrangements, whether written or oral.

“Cure Notice” has the meaning set forth in Section 6.9.

“Customer Information” has the meaning set forth in Section 2.1(d).

“Direct Claim” has the meaning set forth in Section 8.4(c).

“Disclosure Schedule” means the Disclosure Schedule delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement.

“Distribution Facilities” has the meaning set forth in Section 2.1(b).

“Easements” means all easements, rights of way, permits and licenses, whether or not of record, used or held for use by Seller in the operation of the System.

“Effective Date” has the meaning set forth in the preamble hereto.

“Encumbrance” means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“Environment” means all forms of plant and animal life, natural resources, soil, sediments, land, ground, surface and subsurface strata (whether above or below water), water (including, without limitation, territorial, coastal, and inland surface waters, groundwater, streams, and water in drains), air (including, ambient, workplace, outdoor and indoor air), soil vapor, and or any other environmental medium, and “Environmental” shall be construed as pertaining to the “Environment.”

“Environmental Claim” means any Action, Governmental Order, lien, fine, penalty, or, as to each, any notice of a proposed violation or any settlement or judgment arising therefrom, by or from any Person alleging in any manner liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, testing, sampling, assessing, monitoring, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from an Environmental Condition.

“Environmental Condition” means a condition or circumstance resulting from one or more related actions, omissions, or events that exists or may exist which (a) relates to the actual or potential presence, Release of, or exposure to, any Hazardous Substance; or (b) is or is alleged to be an actual or potential violation or in non-compliance with applicable Environmental Law or term or condition of any Environmental Permit or any required Governmental Order, or which is subject to remedy under Environmental Law; or (c) which is or is alleged to be damaging or to pose an actual or potential threat to the Environment, property, natural resources, human health, welfare, or safety.

“Environmental Law” means any and every Law pertaining to, regulating, relating to or imposing liability, standards or obligations of conduct) concerning pollution, contaminants, or pathogens, or protection of health, safety (including the health and safety of workers under the U.S. Occupational Safety and Health Act of 1970 (29 U.S.C. §§ 651 *et seq.*)), flora and fauna, the Environment or protection, allocation, use, preservation, or control of the quantity or quality of natural resources, including without limitation (a) any Law relating to any actual or threatened Release, manufacture, processing, distribution, use, treatment, storage, transport, or handling of any Hazardous Substance, (b) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 *et seq.*) (“CERCLA”), the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 *et seq.*); the Clean Air Act (42 U.S.C. §§ 7401 *et seq.*); the Clean Water Act (33 U.S.C. §§ 1251 *et seq.*) the Toxic Substances Control Act (15 U.S.C. §§ 2601 *et seq.*); the Emergency Planning and Community Right to Know Act (42 U.S.C. §§ 11001 *et seq.*); the Oil Pollution Act of 1990 (33 U.S.C. §§ 2701 *et seq.*); and the Hazardous Materials Transportation Uniform Safety Act (49 U.S.C. §§ 5101 *et seq.*), the National Environmental Policy Act (42 U.S.C. §§ 4321 *et seq.*), the Migratory Bird Treaty Act (16 U.S.C. §§ 701 *et seq.*), the Bald and Golden Eagle

Protection Act (16 U.S.C. §§ 668 *et seq.*) and the Endangered Species Act of 1973 (16 U.S.C. §§ 1531 *et seq.*) with any amendments or reauthorization thereto or thereof, and any and all regulations promulgated thereunder, and all analogous state and local counterparts or equivalents; (c) any Law relating to maximum contaminant levels for drinking water distributed by public water systems and criteria, procedures, and treatment techniques for ensuring compliance with such levels, including but not limited to the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* and any and all regulations promulgated thereunder, and all analogous state and local counterparts or equivalents, including but not limited to the Arizona Safe Drinking Water Act; (d) any other state, county, municipal, local or other statute, law, ordinance or regulation which may relate to or deal with human health or the environment or dangerous toxic or hazardous substances, all as may be from time to time amended; and (e) all Environmental Permits issued under such Law.

“Environmental Notice” means any directive, notice of violation or infraction, or notice respecting any Environmental Claim, whether in written or oral form.

“Environmental Permit” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to any Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder.

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Liabilities” has the meaning set forth in Section 2.5.

“Franchise Agreement” means that certain Franchise Agreement, as shown in Exhibit C, and to be executed as of Closing by and between Seller and Buyer.

“GAAP” means generally accepted accounting principles for financial reporting in the United States.

“Good Utility Practice” means those practices, methods and acts which: (a) when engaged in are commonly used in engineering and operations to operate water distribution equipment and associated mechanical and other facilities lawfully and with safety, reliability, efficiency and expedition or (b) in the exercise of reasonable judgment considering the facts known when engaged in, could have been expected to achieve the desired result consistent with Applicable Law, safety, reliability, efficiency and expedition. Good Utility Practice is not limited to the optimum practice, method or act, but rather a spectrum of possible practices, methods or acts.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“Governmental Order” means any consent, approval, order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Hazardous Substance” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under any Environmental Law, including but not limited to any hazardous waste as defined by 42 U.S.C. § 6903(5), hazardous substance as defined by 42 U.S.C. § 9601(14), hazardous material as defined by 49 U.S.C. § 5102(2), toxic pollutant as listed pursuant to 33 U.S.C. § 1317, or pollutant or contaminant as defined in 42 U.S.C. § 9601(33); and (b) any petroleum or petroleum-derived products including but not limited to any oil as defined by 33 U.S.C. § 2701(23), radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, polychlorinated biphenyls, or constituents that are regulated, controlled or restricted under any Environmental Law or by any Governmental Authority, or which may cause, contribute to or result in an Environmental Claim.

“Indemnified Party” has the meaning set forth in Section 8.4.

“Indemnifying Party” has the meaning set forth in Section 8.4.

“Interim Balance Sheet” has the meaning set forth in Section 4.4.

“Interim Balance Sheet Date” has the meaning set forth in Section 4.4.

“Interim Financial Statements” has the meaning set forth in Section 4.4.

“Inventory” has the meaning set forth in Section 2.1(c).

“Knowledge of Seller” or “Seller’s Knowledge” or any other similar knowledge qualification, means the actual or constructive knowledge of the individuals listed in Section 1.1-KS of the Disclosure Schedule, after due inquiry.¹

“Law” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority, including the Environmental Laws.

“Leased Real Property” has the meaning set forth in Section 4.10.

“Liability” or “Liabilities” means any financial liability, legal liability, obligation, judgment or fine of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

¹ Knowledge group to be discussed; Buyer would expect to include all representatives, individuals, employees, managers, owners, and/or operators of Seller’s System.

“Losses” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided, however, that “Losses” shall not include punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.

“Material Adverse Effect” means a material adverse change in the Purchased Assets, Liabilities, financial condition, operating results, customer, employee or supplier relations, business condition or prospects of Seller affecting or related to the Purchased Assets, System Customers or the System.

“Material Defect” means a defect identified by Buyer necessary to be cured in order to operate the Purchased Assets in accordance with all Applicable Law and Buyer’s standards.

“Objections” has the meaning set forth in Section 6.9.

“Opinion of Counsel” has the meaning set forth in Section 7.2.

“Ordinary Course of Operations” means an action taken by or on behalf of Seller shall be deemed to have been taken in the “Ordinary Course of Operations” if, and only if:

(a) such action is recurring in nature, is consistent in nature, scope and magnitude with the past practices of Seller and is taken in the ordinary course of the normal day-to-day operations of the System;

(b) such action is taken in accordance with Good Utility Practice;

(c) such action is not required to be authorized by the board of alderman, mayor, chief executive, or chairman of Seller or other governing, managing, or administrative body thereof, or any committee thereof, and does not require any other separate or special authorization of any nature; and

(d) such action is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other water systems operated by municipalities, water authorities, utility boards or other non-investor-owned water systems in Arizona.

“Outside Date” has the meaning set forth in Section 9.1(b).

“Owned Real Property” has the meaning set forth in Section 4.10.

“Parties” and “Party” have the meanings set forth in the preamble hereto.

“Permits” means all permits, licenses, franchises, approvals, consents, authorizations, registrations, certificates, variances, waivers, and similar rights obtained, or required to be obtained, from Governmental Authorities.

“Permitted Encumbrances” has the meaning set forth in Section 4.8.

“Permitted Exceptions” has the meaning set forth in Section 6.9.

“Person” means an individual, partnership, a corporation, an association, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization, an inter-local cooperative, a Governmental Authority, or any department, agency or political subdivision thereof or any other entity.

“Plans” shall mean all employee benefit plans (as that term is defined in ERISA) together with any other employee benefit plans, retirement plans, savings plans or other similar plans maintained by Seller.

“Purchase Price” has the meaning set forth in Section 2.6.

“Purchased Assets” has the meaning set forth in Section 2.1.

“Real Property” has the meaning set forth in Section 2.1(a).

“Real Property Transfer Agreements” means, collectively, general warranty deeds, assignments of leases, and grants or assignments of easements, as applicable, and all other documents reasonably necessary to transfer and/or assign Real Property from the Seller to the Buyer, in a recordable form agreed upon by Seller and Buyer.

“Release” means any release, spilling, leaking, pumping, pouring, emitting, depositing, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to disperse or migrate into or through the Environment.

“Representatives” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Returns” has the meaning set forth in Section 4.16.

“Seller” has the meaning set forth in the preamble hereto.

“Seller Closing Certificate” has the meaning set forth in Section 7.2(l).

“Seller Secretary Certificate” has the meaning set forth in Section 7.2(m).

“Seller Indemnitees” has the meaning set forth in Section 8.3.

“Survey” has the meaning set forth in Section 6.9(a).

“System” has the meaning set forth in the Recitals hereto.

“System Customers” means those customers receiving service from Seller utilizing the System on or before the Transfer Time.

“System Map” means that certain aerial map created by Gilbert Technical Services, describing and depicting the layout of the System including the water lines, hydrants, valves, wells, sample stations and water towers.

“Taxes” means all taxes, charges, fees, levies or other assessments, including, without limitation, all net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, social security, unemployment, excise, estimated, severance, stamp, occupation, property or other taxes, customs duties, fees assessments or charges of any kind whatsoever, including, without limitation, all interests and penalties thereon and additions to tax or additional amounts imposed by any taxing authority.

“Third Party Claim” has the meaning set forth in Section 8.4.

“Title and Survey Review Period” has the meaning set forth in Section 6.9(c).

“Title Commitment” has the meaning set forth in Section 6.9(b).

“Title Documents” has the meaning set forth in Section 6.9(b).

“Transfer Taxes” has the meaning set forth in Section 6.7.

“Transfer Time” has the meaning set forth in Section 3.3.

“Transaction Documents” means this Agreement, the Bill of Sale, the Assignment and Assumption Agreement, the Real Property Transfer Agreements, the Franchise Agreement, and the other agreements, instruments and documents required to be delivered at the Closing.

“WARN Act” means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses, all as may be from time to time amended.

ARTICLE II PURCHASE AND SALE

2.1 Purchase and Sale of Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, transfer, convey, assign and deliver to Buyer, and Buyer shall purchase from Seller, free and clear of all Encumbrances other than Permitted Encumbrances, all of Seller’s right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible, wherever located (other than Excluded Assets) which relate to, or are used or held for use in connection with, the System (the “Purchased Assets”), including without limitation the following:

(a) the Owned Real Property, Leased Real Property, Easements, and other interests in real property (together with the improvements and fixtures thereon) used or held for use by Seller in the operation of the System (collectively, the “Real Property”);

(b) the System and all related and appurtenant facilities, equipment, and personal property currently used by Seller for delivery of services to the System Customers,

including the distribution system described in the System Map and those assets set forth on Schedule 2.1(b) (collectively, the “Distribution Facilities”);

(c) all of the inventory, and supplies used or held for use in connection with the System (collectively, the “Inventory”);

(d) all customer-related information owned by or otherwise controlled by Seller and used in connection with the System, including, without limitation, all customer lists, billing history, rate classifications and revenue calculations (collectively, the “Customer Information”);

(e) all Contracts set forth on Schedule 2.1(e) (the “Assigned Contracts”);

(f) all Permits, including Environmental Permits, set forth on Schedule 4.13(b);

(g) all of Seller’s records and other documents, instruments and information relating to the System and the Purchased Assets (collectively, the “Books and Records”) and the System Map, provided Seller may retain copies of the Books and Records;

(h) all of Seller’s rights, claims, and causes of action relating to the Purchased Assets; and

(i) customer deposits;

(j) accounts or notes receivable held by Seller arising out of operation of the System, and any security, claim, remedy or other right related to any of the foregoing (the “Accounts Receivable”).

2.2 Additional Real Property. Notwithstanding anything to the contrary in this Agreement, Seller expressly agrees to obtain and transfer to Buyer any real property, easements, or leasehold interests associated with, related to, or upon which any System Facilities, including any wells, storage tanks or distribution lines, are located and for which Seller does not hold clear title to at the time of this Agreement.

2.3 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, the following assets of Seller related to the System (collectively, the “Excluded Assets”) are not part of the sale and purchase contemplated hereunder and shall remain the property of Seller after the Closing:

(a) cash;

(b) Contracts that are not Assigned Contracts (the “Excluded Contracts”); and

(c) the assets, properties and rights specifically set forth on Schedule 2.2(e).

2.4 Sale Free of Encumbrances. The Purchased Assets shall be as of the Closing free and clear of all Encumbrances, other than Permitted Encumbrances.

2.5 Assumed Liabilities. Subject to the terms and conditions set forth herein, Buyer shall assume and agree to pay, perform and discharge only the following Liabilities of Seller (collectively, the “Assumed Liabilities”), and no other Liabilities:

(a) all Liabilities in respect of the Assigned Contracts but only to the extent that such Liabilities thereunder are required to be performed after the Closing Date, were incurred in the ordinary course of business and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Seller on or prior to the Closing; and

(b) those Liabilities of Seller specifically set forth on Schedule 2.4(b).

2.6 Excluded Liabilities. Notwithstanding the provisions of Section 2.4 or any other provision in this Agreement to the contrary, Buyer shall not assume and shall not be responsible to pay, perform or discharge any Liabilities of Seller of any kind or nature whatsoever other than the Assumed Liabilities (the “Excluded Liabilities”). Seller shall pay and satisfy in due course all Excluded Liabilities which it is obligated to pay and satisfy. Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) any Liabilities of Seller arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, and the transactions contemplated hereby;

(b) any Liabilities associated with trade accounts payable of Seller to third parties in connection with the System, whether or not reflected on the Interim Balance Sheet (the “Accounts Payable”);

(c) any Liability for (i) Taxes of Seller or relating to the System, the Purchased Assets or the Assumed Liabilities for any pre-Closing period; (ii) Taxes that arise out of the consummation of the transactions contemplated hereby that are the responsibility of Seller pursuant to Section 6.7; or (iii) other Taxes of Seller or the System of any kind or description that become a Liability of Buyer under any common law doctrine, transferee or successor liability, or otherwise by operation of contract or Law);

(d) any Liabilities relating to or arising out of the Excluded Assets;

(e) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the operation of the System or the Purchased Assets to the extent such Action relates to such operation on or prior to the Closing Date;;

(f) any Liabilities of Seller arising under or in connection with any Plan providing benefits to any present or former employee of Seller;

(g) any Liabilities of Seller to any present or former employees, officers, directors, retirees, independent contractors or consultants of Seller, including, without limitation, any Liabilities associated with any claims for wages or other benefits, bonuses, accrued vacation, workers’ compensation, severance, retention, termination or other payments;

(h) any Environmental Claims or other Liabilities under any Environmental Law, to the extent arising out of or relating to facts, circumstances or conditions existing on or prior to the Closing or otherwise to the extent arising out of any actions or omissions of Seller;

(i) any Liabilities under the Excluded Contracts or any other Contracts (i) which are not validly and effectively assigned to Buyer pursuant to this Agreement; (ii) which do not conform to the representations and warranties with respect thereto contained in this Agreement; or (iii) to the extent such Liabilities arise out of or relate to a breach by Seller of such Contracts prior to Closing;

(j) any Liabilities associated with debt, loans or credit facilities of Seller and/or the System; and

(k) any Liabilities arising out of, in respect of or in connection with the failure by Seller to comply with any Law or Governmental Order.

2.7 Purchase Price. The aggregate purchase price for the Purchased Assets shall be ten thousand Dollars (\$10,000.00) (the "Purchase Price"), plus the assumption of the Assumed Liabilities. The Purchase Price shall be paid as follows:

(a) To the extent necessary to allow conveyance of the Purchased Assets free of Encumbrances as provided in Section 2.3, at the Closing to the persons entitled thereto; and

(b) The balance of the Purchase Price at the Closing by wire transfer of immediately available funds to an account designated in writing by Seller to Buyer, with such notification provided no later than two (2) Business Days prior to the Closing Date.

ARTICLE III CLOSING

3.1 Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement (the "Closing") shall take place electronically under the supervision of the Title Company or other escrow agent acceptable to the Parties, on the third Business Day after all of the conditions to Closing set forth in Article VII are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or at such other time, date or place as Seller and Buyer may mutually agree upon in writing. The date on which the Closing is to occur is herein referred to as the "Closing Date".

3.2 Closing Deliverables.

(a) At the Closing, Seller will execute (where applicable) and deliver to Buyer the following:

- i. the Bill of Sale;
- ii. the Assignment and Assumption Agreement;

- Contracts;
- iii. any consents necessary for valid assignment of the Assigned
 - iv. any Real Property Transfer Agreements;
 - v. the Franchise Agreement;
 - vi. the Opinion of Counsel;
 - vii. the Seller Closing Certificate;
 - viii. the Seller Secretary Certificate; and
 - ix. such other certificates, documents and instruments of sale, transfer, conveyance and assignment as Buyer may reasonably request.

(b) At the Closing, Buyer will execute (where applicable) and deliver to Seller the following:

- i. the Purchase Price, paid in accordance with Section 2.6;
- ii. the Assignment and Assumption Agreement;
- iii. any Real Property Transfer Agreements;
- iv. the Franchise Agreement; and
- v. the Buyer Closing Certificate.

3.3 Transfer of Customers. Seller shall relinquish water distribution service to all of its residents at 11:59 p.m. on the Closing Date (the “Transfer Time”), unless the Parties otherwise agree in writing, in accordance with this Agreement. Seller shall be obligated to continue to provide service and entitled to receive payment from the sale and delivery of utility service up to the Transfer Time and Buyer shall have the authority and the obligation to provide utility service to the System Customers and shall be entitled to receive payment from any System Customer for service from and after 11:59 p.m. on the Closing Date, unless otherwise agreed to by the Parties in writing. From and after the Transfer Time, service to the System Customers shall be provided by Buyer in accordance with the terms and conditions of all applicable tariffs and schedules.

3.4 Separation and Transfer. The Parties agree upon the following procedures for transferring possession and operation of the Purchased Assets:

(a) Unless the Parties otherwise agree in writing, Seller shall read its meters before the Closing Date and issue a final billing to its customers for any services used prior to the final meter read. Seller shall provide the final meter reads to Buyer at the Closing. To the extent that there are any missing meter reads or any adjustments required to any meter reads, Buyer and Seller agree to cooperate to promptly estimate or otherwise resolve such meter reads.

(b) Immediately upon the Transfer Time, Buyer shall be responsible for the reliable provision of water distribution service to, and all billings and collections from, the System Customers and for any and all maintenance obligations of the Purchased Assets.

(c) For a period of ninety (90) days after the Closing Date, Buyer agrees to deliver to Seller the full amount of any payments received by or on behalf of Buyer (including but not limited to negotiable instruments, which shall be endorsed to the order of Seller) with respect to any and all Accounts Receivable, within thirty (30) days following the end of the calendar month in which such receipt occurs. In the case of the receipt by Buyer of any payment from any obligor of both Seller and Buyer then, unless otherwise specified by such obligor, such payment shall be applied first to amounts owed to Seller with the excess, if any, retained by Buyer. In the event that, subsequent to the Closing, Seller receives any payments from any obligor with respect to an account receivable of Buyer for any period after the Closing Date, then Seller shall, within thirty (30) days following the end of the calendar month in which such receipt occurs, remit the full amount of such payment to Buyer. In the case of the receipt by Seller of any payment from any obligor of both Seller and Buyer then, unless otherwise specified by such obligor, such payment shall be applied first to amounts owed to Seller with the excess, if any, remitted to Buyer. No Party shall be obligated to take affirmative action or expend any funds to collect any accounts receivable of any other Party.

(d) All revenues and expenses arising from the System, including, without limitation, prepaid expenses, ad valorem and property taxes and assessments, and power and utilities charges shall be prorated between Seller and Buyer in accordance with GAAP to reflect the principle that Seller shall be entitled to all revenue and be responsible for all expenses arising from the System through the Transfer Time and Buyer shall be entitled to all revenue and be responsible for all expenses arising from the System after the Transfer Time. All amounts that are then determinable shall be settled at Closing. Amounts not settled at Closing shall be settled as soon as practicable thereafter.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this Article IV are true and correct as of the date hereof:

4.1 Organization and Qualification of Seller. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the state of Arizona and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to conduct the operations of the System as currently conducted. Seller is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the ownership of the Purchased Assets or the operation of the System as currently conducted makes such licensing or qualification necessary.

4.2 Authority of Seller. Seller has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Seller is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, subject to the approvals identified in Section 4.3 of this Agreement. The execution and

delivery by Seller of this Agreement and any other Transaction Document to which Seller is a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate or governmental action on the part of Seller (subject to the limitations referenced above). This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms. When each other Transaction Document to which Seller is or will be a party has been duly executed and delivered by Seller (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Seller enforceable against it in accordance with its terms.

4.3 No Conflicts; Consents.

(a) The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other charter or organizational documents of Seller; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Seller, the System or the Purchased Assets; (c) except as set forth in Section 4.3(a) of the Disclosure Schedule, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract or Permit to which Seller is a party or by which Seller or the System is bound or to which any of the Purchased Assets are subject (including any Assigned Contract); or (d) result in the creation or imposition of any Encumbrance on the Purchased Assets.

(b) Except as set forth in Section 4.3(b) of the Disclosure Schedule, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority or under Seller's charter or organizational documents is required by or with respect to Seller in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

4.4 Financial Statements. Seller has delivered to Buyer unaudited balance sheets of Seller as of December 31 in each of the fiscal years ending December 31, 2017 through 2018, and the related audited statements of income and changes in cash flows for each of the fiscal years then ended.

4.5 Undisclosed Liabilities. Seller has no Liabilities with respect to the System, except (a) those which are adequately reflected or reserved against in the Interim Financial Statements, and (b) those which have been incurred in the Ordinary Course of Operations since the Interim Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

4.6 Absence of Certain Changes, Events and Conditions. Since the Interim Balance Sheet Date:

(a) there has not been any event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) Seller has not subjected the Purchased Assets to any Encumbrance, entered into any Contract with respect to the System or Purchased Assets outside the Ordinary Course of Operations or taken any other action or entered into any other transaction with respect to the System or Purchased Assets other than in the Ordinary Course of Operations and in accordance with regular past custom and practice.

4.7 Contracts and Commitments. Prior to the date of this Agreement, Buyer has been supplied with a true and correct copy of (i) each unique material written agreement, Contract or commitment which relates to or arises from the System or the Purchased Assets, and (ii) the form of each of its standard form written agreements or Contracts which relates to or arises from the System or the Purchased Assets, and a list of the names, billing addresses and service addresses of each counterparty to a standard form written agreement or Contract, together with all amendments, waivers or other changes thereto.

4.8 Title to Purchased Assets. Seller has good and valid title to, or a valid leasehold interest in, all of the Purchased Assets. All such Purchased Assets (including leasehold interests) are free and clear of Encumbrances except for the following (those items identified in subparagraphs (a) through (c) only, the “Permitted Encumbrances”):

(a) liens for Taxes not yet due and payable;

(b) mechanics’, carriers’, workmen’s, repairmen’s or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the System or the Purchased Assets;

(c) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the System or the Purchased Assets, which do not prohibit or interfere with the current operation of any Real Property and which do not render title to any Real Property unmarketable; or

(d) those Encumbrances set forth in Section 4.8 of the Disclosure Schedule.

4.9 Condition and Sufficiency of the Purchased Assets; System Map.

(a) To the Knowledge of Seller, except as set forth in Section 4.9(a) of the Disclosure Schedule, the Distribution Facilities and other items of tangible personal property included in the Purchased Assets are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such Distribution Facilities or other items of tangible personal property is in need of maintenance or repairs

except for ordinary, routine maintenance and repairs that are not material in nature or cost. The Purchased Assets are sufficient for the continued conduct of the operations of the System after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the operations of the System as currently conducted. None of the Excluded Assets are material to the System.

(b) Except as set forth in Section 4.9(b) of the Disclosure Schedule, the System Map accurately describes and depicts the layout of the System including the water lines, hydrants, valves, wells, sample stations and water towers.

4.10 Real Property.

(a) Section 4.10(a) of the Disclosure Schedule sets forth each parcel, if any, of real property owned by Seller and used in or necessary for the conduct of the operations of the System as currently conducted (together with all buildings, fixtures, structures and improvements situated thereon and all easements, rights-of-way and other rights and privileges appurtenant thereto, collectively, the “Owned Real Property”). With respect to each parcel of Owned Real Property listed on Section 4.10(a) of the Disclosure Schedule:

i. Seller has good and marketable fee simple title, free and clear of all Encumbrances, except for (A) Permitted Encumbrances, and (B) those Encumbrances set forth on Section 4.10(a)(i) of the Disclosure Schedule;

ii. except as set forth on Section 4.10(a)(ii) of the Disclosure Schedule, Seller has not leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof; and

iii. except as set forth on Section 4.10(a)(iii) of the Disclosure Schedule, there are no unrecorded outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein.

(b) Section 4.10(b) of the Disclosure Schedule sets forth each parcel of real property, if any, leased by Seller and used in or necessary for the conduct of the operations of the System as currently conducted (together with all rights, title and interest of Seller in and to leasehold improvements relating thereto, including, but not limited to, security deposits, reserves or prepaid rents paid in connection therewith, collectively, the “Leased Real Property”), and a true and complete list of any leases, subleases, licenses, concessions and other agreements (whether written or oral), including all amendments, extensions, renewals, guaranties and other agreements with respect thereto, pursuant to which Seller holds any Leased Real Property (collectively, the “Leases”). With respect to each Lease listed on Section 4.10(b) of the Disclosure Schedule:

i. such Lease is valid, binding, enforceable and in full force and effect, and Seller enjoys peaceful and undisturbed possession of the Leased Real Property;

ii. Seller is not in breach or default under such Lease, and no event has occurred or circumstance exists which, with the delivery of notice, passage of time or both,

would constitute such a breach or default, and Seller has paid all rent due and payable under such Lease;

iii. Seller has not received nor given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by Seller under any of the Leases and, to the Knowledge of Seller, no other party is in default thereof, and no party to any Lease has exercised any termination rights with respect thereto;

iv. Seller has not subleased, assigned or otherwise granted to any Person the right to use or occupy such Leased Real Property or any portion thereof; and

v. Seller has not pledged, mortgaged or otherwise granted an Encumbrance on its leasehold interest in any Leased Real Property.

(c) Section 4.10(c) of the Disclosure Schedule sets forth each Easement (other than Easements appurtenance to Owned Real Property and transferred with such Owned Real Property), if any, used in or necessary for the conduct of the operations of the System as currently conducted, and there are no Easements used in or necessary to the operations of the System except those listed on Section 4.10(c) of the Disclosure Schedule. With respect to the Easements listed on Section 4.10(c) of the Disclosure Schedule:

i. Seller owns or possesses all Easements necessary to conduct the operations of the System as now being conducted, without any known conflict with the rights of others;

ii. Seller is in compliance with the terms and conditions of all Easements; and

iii. Seller has not received nor given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by the grantor or any other party under any of the Easements and, to the Knowledge of Seller, no other party is in default thereof, and no party to any Easement has exercised any termination rights with respect thereto.

(d) Seller has not received any written notice of (i) violations of building codes and/or zoning ordinances or other governmental or regulatory Laws affecting the Real Property, (ii) existing, pending or threatened condemnation proceedings affecting the Real Property, or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which could reasonably be expected to adversely affect the ability to operate the System as currently operated.

(e) The Real Property listed on Section 4.10(a) of the Disclosure Schedule, Section 4.10(b) of the Disclosure Schedule, and Section 4.10(c) of the Disclosure Schedule, constitutes all of the real property and real property rights necessary to conduct the operation of the System as currently conducted.

4.11 Inventory. Seller's Inventory consists of items of a quality and quantity usable and salable in the Ordinary Course of Operations.

4.12 Legal Proceedings; Governmental Orders.

(a) Except as set forth on Section 4.12(a) of the Disclosure Schedule, there are no notices of proposed violation, reports, audits or investigations (in each case, issued, undertaken, pending or to Seller's knowledge, threatened) by any Governmental Authority, or Actions pending or, to Seller's Knowledge, threatened against or by Seller (i) relating to or affecting the System, the Purchased Assets or the Assumed Liabilities; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) Except as set forth on Section 4.12(b) of the Disclosure Schedule, there are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the System. Seller is in compliance with the terms of each Governmental Order set forth on Section 4.12(b) of the Disclosure Schedule, and no event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such Governmental Order.

4.13 Compliance with Laws; Permits.

(a) Except as set forth on Section 4.13(a) of the Disclosure Schedule, Seller has complied, and is now complying, with all Laws applicable to the conduct of the operations of the System as currently conducted or the ownership and use of the Purchased Assets.

(b) Except as set forth on Section 4.13(b) of the Disclosure Schedule, all Permits (including Environmental Permits) required for Seller to conduct the operations of the System as currently conducted or for the ownership and use of the Purchased Assets have been obtained by Seller and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Section 4.13(b) of the Disclosure Schedule lists all current Permits (including Environmental Permits) issued to Seller which are related to the conduct of the operations of the System as currently conducted or the ownership and use of the Purchased Assets, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 4.13(b) of the Disclosure Schedule.

4.14 Environmental Matters.

(a) Seller and the operations of Seller with respect to the System and the Purchased Assets are currently and have been in compliance with all Environmental Laws.

(b) Seller and the operations of Seller with respect to the System and the Purchased Assets are in material compliance with all Environmental Permits (each of which is disclosed on Section 4.13(b) of the Disclosure Schedule) necessary for the conduct of the operations of the System as currently conducted or the ownership, lease, operation or use of the Purchased Assets and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Seller through the Closing Date in accordance with Environmental Law; and Seller is not aware of any condition, event or circumstance that might

result in noncompliance with any Environmental Permit or prevent or impede, after the Closing Date, the conduct of the operations of the System as currently conducted or the ownership, lease, operation or use of the Purchased Assets.

(c) Except as set forth on Section 4.14(c) of the Disclosure Schedule, Seller has not received from any Person any (i) Environmental Notice or Environmental Claim with respect to the System, the Purchased Assets, or the Real Property; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(d) To the Knowledge of Seller, no expenditure will be required at the time of Closing in order for Buyer to comply with any Environmental Law in effect at the Transfer Time in connection with the operation or continued operation of the System or the ownership or use of the Purchased Assets in a manner consistent with current operation thereof by Seller, except for any permit, transfer, registration, or similar fees associated with the required approvals set forth in Section 5.3(b).

(e) The Real Property listed on Section 4.10(a) of the Disclosure Schedule, Section 4.10(b) of the Disclosure Schedule, and Section 4.10(c) of the Disclosure Schedule has never been listed on the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or on or in any other list, schedule, law, inventory of record of hazardous or solid waste sites maintained by any Governmental Authority.

(f) Any real property owned, leased, or otherwise controlled by the Seller not listed in Section 4.10(a) of the Disclosure Schedule, Section 4.10(b) of the Disclosure Schedule, or Section 4.10(c) of the Disclosure Schedule and used in to operate the System as currently operated or granted to Buyer through the Franchise Agreement has never been listed on the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or on or in any other list, schedule, law, inventory or record of hazardous or solid waste sites maintained by any Government Authority.

4.15 Employee Benefit Plans. The acquisition of the Purchased Assets and the operation of the System by Buyer following the Closing will not result in any Liabilities (pursuant to ERISA, any federal or state employee benefit or retirement laws or otherwise) to Buyer or otherwise resulting from any Plans maintained (or required to be maintained) by Seller.

4.16 Tax Matters. Seller has duly filed all Tax returns required to be filed by it in respect of any Taxes ("Returns"), and all Taxes owed by Seller shown thereon with respect to the Purchased Assets and the System have been paid. All Returns filed by Seller with respect to the Purchased Assets and the System are accurate in all material respects. There are no Encumbrances with respect to Taxes upon any of the Purchased Assets. All Taxes owed by Seller as a result of its ownership of the System and the Purchased Assets have been paid. The acquisition and operation of the System by Buyer will not result in any Taxes being levied upon Buyer that are due from or owing by Seller.

4.17 Insurance; Risk of Loss. Seller has in full force and effect insurance policies with reputable insurance carrier(s), insuring against such hazards, risks and insurable Liabilities to any

persons and/or property, including the System, Distribution Facilities, Purchased Assets, and Real Property, to the extent and in the manner customary for Persons in similar businesses similarly situated. Seller shall bear the risk of loss or damage to the Purchased Assets prior to the Transfer Time.

4.18 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller.

4.19 Disclosure. No representation or warranty by Seller in this Agreement and no statement contained in the Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article V are true and correct as of the date hereof:

5.1 Organization of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Arizona.

5.2 Authority of Buyer. Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each other Transaction Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

5.3 No Conflicts; Consents.

(a) The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other organizational documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c)

require the consent, notice or other action by any Person under any Contract to which Buyer is a party.

(b) Except for approval of the Commission, including the grant to Buyer of a certificate of convenience and necessity and approval of rates with respect to the System, no consent, authorization, order, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Transaction Documents and the performance of its obligations and the consummation of the transactions contemplated hereby and thereby, including but not limited to operating the System and owning, leasing, operating, or using the Purchased Assets.

(c) As stated in Article VII herein, this Agreement is contingent upon Buyer submitting and obtaining required approvals under A.R.S. § 40-285 from the Commission without material change to the terms and conditions set forth herein.

5.4 Legal Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

5.5 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

5.6 Sufficiency of Funds. Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

ARTICLE VI COVENANTS

6.1 Conduct of Business Prior to the Closing. From the date of this Agreement until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Seller shall (i) operate the System in the Ordinary Course of Operations consistent with past practice; and (ii) use reasonable best efforts to maintain and preserve intact the System and its operations and to preserve the rights, franchises, goodwill and relationships of the employees, customers, suppliers, regulators and others having relationships with the System. Without limiting the foregoing, from the date hereof until the Closing Date, Seller shall:

(a) maintain the System and the Purchased Assets in the Ordinary Course of Operations but in any event consistent with Good Utility Practices and Applicable Law, including but not limited to, maintenance, repair, replacement or changes to the Purchased Assets;

(b) pay or otherwise satisfy in the Ordinary Course of Operations all of its Liabilities and obligations;

(c) confer with Buyer prior to implementing operational decisions of a material nature;

(d) respond within five (5) Business Days to reasonable inquiries of Buyer concerning the status of the System, operations and finances;

(e) keep in full force and effect, without amendment, all material rights relating to the System;

(f) comply with all Applicable Law and contractual obligations applicable to the operations of the System;

(g) continue in full force and effect the System's insurance coverage;

(h) cooperate with Buyer and assist Buyer in identifying and obtaining any consents, authorizations, orders, approvals, Permits, Governmental Orders, declarations or filings with, or notices to, all Governmental Authorities required by Buyer to operate the System and own the Purchased Assets from and after the Closing, including without limitation, the approval of the Commission of the transactions contemplated in this Agreement without material change to the terms and conditions set forth herein, and either transferring existing governmental authorizations of Seller to Buyer, where permissible, or obtaining new governmental authorizations for Buyer;

(i) upon request from time to time, execute and deliver all documents, make all truthful oaths, testify in any legal or administrative proceedings and do all other acts that may be reasonably necessary or desirable in the opinion of Buyer to consummate the contemplated transactions, all without further consideration;

(j) maintain all books and records of Seller relating to the System in the Ordinary Course of Operations, including, without limitation, all maps, service line locations and customer records;

(k) complete all construction work on any new distribution facilities such that no work will be in progress at Closing or at the Transfer Time and pay any and all outstanding invoices related to such work prior to Closing;

(l) give Buyer prompt notice of any event or condition of any kind learned by Seller between the Effective Date of this Agreement and the Closing pertaining to and adversely affecting the Purchased Assets, excepting events or conditions affecting the water distribution business generally;

(m) maintain or increase (and never decrease) utility rates for System Customers; and

(n) perform all of its obligations under all Assigned Contracts.

6.2 Access to Information and Investigation. From the date of this Agreement until the Closing:

(a) Seller shall (i) afford Buyer and its Representatives full and free access to and the right to inspect all of the System, the Purchased Assets, and other documents and data related to the System; (ii) furnish Buyer and its Representatives with such financial, operating and other data and information related to the System as Buyer or any of its Representatives may reasonably request; and (iii) instruct the Representatives of Seller to cooperate with Buyer in its investigation.

(b) Without limiting the foregoing, Buyer shall have the right to enter upon Seller's property to conduct physical inspections and testing of the Distribution Facilities, surveys, environmental assessments and sampling, site analysis, engineering studies, and other investigations it deems reasonably necessary with respect to the System and the Purchased Assets.

(c) Any investigation pursuant to this Section 6.2 shall be conducted in such manner as not to interfere unreasonably with the conduct of the operations of the System or any other business of Seller. No investigation by Buyer or other information received by Buyer shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement.

6.3 No Solicitation of Other Bids. Seller shall not directly or indirectly solicit, initiate, encourage or entertain any inquiries or proposals from, discuss or negotiate with, provide any nonpublic information to, or consider the merits of any inquiries or proposals from any Person (other than Buyer) relating to any transactions involving the Purchased Assets or the System, except as otherwise required by law. Seller shall notify Buyer of any such inquiry or proposal within twenty-four (24) hours of receipt or awareness of the same by Seller. Such notification shall include the name of the proposing Person and the details of the transaction, including price, terms and conditions to close.

6.4 Notice of Certain Events.

(a) From the date of this Agreement until the Closing, Seller shall promptly notify Buyer in writing if it becomes aware of:

i. any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Seller hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.2;

ii. any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

iii. any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

iv. any Action commenced or, to Seller's Knowledge, threatened against, relating to or involving or otherwise affecting the System, the Purchased Assets or the Assumed Liabilities that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.13 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer's receipt of information pursuant to this Section 6.4 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement and shall not be deemed to amend or supplement the Schedules to this Agreement.

6.5 Employees. Prior to the Closing, Seller will either terminate or reassign the employment of all of its employees and independent contractors in connection with the System, at its sole risk and expense. Seller shall bear any and all obligations and liability under the WARN Act resulting from employment losses pursuant to this Section 6.5. Buyer may, but will not be obligated to, offer employment to any of Seller's former or current employees but will not assume any employee-related Liabilities; however, the Buyer will notify the Seller prior to the Closing and prior to Seller's termination or reassignment which of the Seller's employees connected with the System that the Buyer intends to offer employment, with the understanding that such decisions regarding Buyer's hiring of employees will not be legally binding.

6.6 Governmental Approvals and Consents.

(a) Each party hereto shall (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of its Affiliates; and (ii) cooperate fully with the other party and its Affiliates and otherwise use reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders, approvals, Permits, Governmental Orders, declarations or filings with, or notices to, all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the other Transaction Documents and the performance of its obligations and the consummation of the transactions contemplated hereby and thereby, including but not limited to operating the System and owning, leasing, operating, or using the Purchased Assets. The form and timing of any filing, submission or other action under this Section 6.6 shall be determined by the party required to obtain the relevant governmental approval or consent, in such party's reasonable discretion.

(b) The parties acknowledge that the transactions contemplated by this Agreement are subject to the jurisdiction of the Commission. Each party hereto shall fully cooperate with the other with respect to, and shall keep the other apprised of, matters relating to the regulatory approval of the Commission of the transactions contemplated in this Agreement, and shall use commercially reasonable efforts to obtain, as soon as possible after the date of this Agreement, such approval. Without limiting the generality of the foregoing, Buyer shall prepare and file with the Commission, within 90 days after the date of this Agreement, an application seeking approval of the acquisition. At least 5 business days prior

to filing such application, Buyer shall deliver a draft application to Seller for review. Buyer shall bear the cost of such filing (if any), but each party shall pay the fees of its attorneys and other advisors in connection with such filing.

(c) Seller and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 4.3(a) of the Disclosure Schedule and Section 5.3(a).

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between Seller or Buyer with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(e) Notwithstanding the foregoing, nothing in this Section 6.6 shall require, or be construed to require, Buyer or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Buyer or any of its Affiliates, or to consent to dispose of any part of or make changes to the System; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to Buyer of the transactions contemplated by this Agreement and the other Transaction Documents; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

6.7 Taxes and Transfer or Assignment Cost. Any sales, transfer, purchase, use, or similar tax or fees (other than capital gains tax) that may be payable by reason of the sale of all or a portion of the Purchased Assets ("Transfer Taxes") shall be borne by the Party who is liable for such tax under the law. Seller shall pay the cost for the transfer or assignment to Buyer for any license, permit, right-of-way, easement or other similar right that may be required by any third party (it being understood this sentence does not obligate Seller to pay costs associated with Buyer's regulatory approval under Section 5.3(b) or the transfer of Permits set forth on Section 4.13(b) of the Disclosure Schedule).

6.8 Procurement of Easements and Rights-of-Way. Seller agrees to use its best efforts to assist Buyer, and its successors and assigns, in the necessary procurement or acquisition of easements or rights-of-way within the corporate areas of Seller, as it exists or may hereafter exist,

if such easements or rights-of-way are necessary and prudent for the supply of utility service to System Customers.

6.9 Title and Survey.

(a) Survey. For any Real Property listed on Section 4.10(a) of the Disclosure Schedule, Section 4.10(b) of the Disclosure Schedule, or Section 4.10(c) of the Disclosure Schedule, within ten (10) days after the Voter Approval Date, Seller shall cause to be delivered to Buyer, Seller's most current as-built land title surveys of the Real Property. Seller shall, at Seller's sole cost and expense, as soon as reasonably possible, but not later than thirty (30) days following the Voter Approval Date, cause to be delivered to Buyer current as-built ALTA/NSPS surveys of any Owned Real Property, certified to Buyer and the Title Company. All surveys described in this paragraph are hereinafter referred to as the "Surveys".

(b) Title Commitment. For any Real Property listed on Section 4.10(a) of the Disclosure Schedule, Section 4.10(b) of the Disclosure Schedule, or Section 4.10(c) of the Disclosure Schedule, within thirty (30) days after the Voter Approval Date, Seller, at Seller's sole cost and expense, shall furnish to Buyer current commitments (the "Title Commitments") for the issuance of one or more Owner's Policies of Title Insurance with respect to the Owned Real Property and Easements, and Leasehold Policies of Title Insurance with respect to the Leased Real Property, insuring that Buyer holds good and marketable fee simple title to the Owned Real Property, valid and insurable easement interests in the Easements, and valid and insurable leasehold interests in the Leased Real Property to be sold to Buyer, together with legible copies of all documents (the "Title Documents") constituting exceptions to Seller's title as reflected in the Title Commitments, including legible copies of the current plats, if any, filed in the map and plat records. The Surveys and the Title Commitments shall form the basis for the legal descriptions of the Real Property.

(c) Title and Survey Review. For any Survey or Title Commitment delivered to Buyer as a result of (a) or (b) above:

i. Buyer shall have a period of thirty (30) days (the "Title and Survey Review Period") after receipt of both the updated Surveys and the Title Commitments, with legible copies of the Title Documents referenced in the Title Commitments, to review the Title Commitments and Surveys and to provide notice in writing to Seller as to any matters therein to which Buyer objects (the "Objections"). If Buyer fails to provide such notice prior to the expiration of the Title and Survey Review Period, Buyer shall be deemed to have approved and accepted title and survey and all matters set forth in the Title Documents shall be deemed permitted exceptions (referred to as "Permitted Exceptions"), and Buyer shall accept title to the Real Property subject to such Permitted Exceptions.

ii. If Buyer notifies Seller in writing of any Objections prior to the expiration of the Title and Survey Review Period, Seller shall then have a period of fifteen (15) days after its receipt of such notice to (i) use its reasonable efforts to cure the Objections, or (ii) to notify Buyer in writing of any Objections Seller cannot or will not cure (the "Cure Notice"). If Seller fails to deliver a Cure Notice in accordance herewith, Seller shall be deemed to accept the obligation to cure the Objections prior to Closing.

iii. Upon Buyer's receipt of the Cure Notice, Buyer shall have until Closing to either (i) terminate this Agreement by written notice to Seller, with neither Party being thereafter obligated to the other, except as to those provisions that expressly survive hereunder, or (ii) waive the Objections by written notice to Seller and proceed to Closing with all uncured Objections constituting Permitted Exceptions.

iv. Notwithstanding anything contained herein to the contrary, Seller may not, at any time after the Effective Date, place any encumbrances and/or restrictions on the Real Property without the prior written consent of Buyer.

(d) Title Policy. For any Real Property listed in Section 4.10(a) of the Disclosure Schedule, Section 4.10(b) of the Disclosure Schedule, or Section 4.10(c) of the Disclosure Schedule, on or before the Closing Date, Seller shall furnish Buyer, at Seller's cost and expense (excluding any additional premium for the survey exception deletion), with an Owner's Policy of Title Insurance (the "Title Policy") issued through the Title Company on the standard form in use in the State of Arizona from a title insurance underwriter reasonably acceptable to Buyer, insuring good, marketable and indefeasible fee title to the Owned Real Property, valid and insurable easement interests in the Easements, and valid and insurable leasehold interests in the Leasehold Real Property to be granted to Buyer, subject only to the Permitted Exceptions. The parties hereby specifically agree that the Title Policies shall be issued with all "standard exceptions" being deleted therefrom. The "standard exceptions" to be deleted shall include the mechanic's lien exception and the unsettled taxes exception.

6.10 Due Diligence Review. Without in any way limiting the scope of the due diligence review by Buyer, Seller shall deliver to Buyer, within fifteen (15) days after the Effective Date, at Seller's sole cost and expense, the following:

(a) Copies of the deeds and other instruments (as recorded) by which Seller acquired each parcel of Owned Real Property (if any), and copies of all title insurance policies, opinions, abstracts and surveys in the possession of Seller with respect to such parcels.

(b) A listing of all easements or similar instruments under which Seller is the grantee where the easement or real property right evidenced is utilized in any manner by Seller for the placement, maintenance, repair, operation or improvement of the System.

(c) Copies of all environmental reports and investigations that Seller owns, has obtained, or has ordered with respect to the System, the Purchased Assets or the Real Property.

(d) A complete inventory of all tangible personal property owned or leased by Seller and used in connection with the System;

(e) Copies of any reports or other correspondence related to the condition of property utilized in respect of the business carried on by the System;

(f) Copies of all certificates of occupancy and other governmental licenses or approvals relating to any portion of the System, including any necessary distribution system operating permits and all other Permits;

(g) Copies of any service records or bills for repairs to any part of the System for the prior three (3) years;

(h) Copies of all warranties relating to the System; and

(i) Sufficient documentation to support the book value of the Purchased Assets.

6.11 Transition and Non-Disparagement.

(a) Seller will not take any action that is designed or intended to have the effect of discouraging any lessor, customer, supplier or other business associate of Seller from maintaining the same business relationships with Buyer after the Closing as it maintained with Seller prior to the Closing. Seller will refer all inquiries or requests relating to the System or the Purchased Assets (or any portion thereof) to Buyer from and after the Closing.

(b) Seller will cooperate with Buyer to transition the Purchased Assets to Buyer including facilitating deployment of water distribution facilities and equipment that are, in Buyer's sole discretion, necessary and convenient to aid in increasing the Purchased Assets' compatibility with Buyer's existing distribution system.

(c) For a period of five (5) years after the Closing, neither Party will disparage in any manner the other Party or its Representatives, the Purchased Assets, the System, the business conducted by the other Party using the Purchased Assets, or any of the products, services or business practices of the other Party.

6.12 Further Assurances. Following the Closing, each of the Parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

**ARTICLE VII
CONDITIONS TO CLOSING**

7.1 Conditions to Obligations of All Parties. The obligations of each Party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The transfer of purchased assets and CC&N (and any other approvals contemplated by this Agreement) shall have been approved by the Commission.

7.2 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) the representations and warranties of Seller contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all material respects on and as of the date hereof and on and as of the Closing Date.

(b) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) No Action shall have been commenced or threatened (i) involving any challenge to, or seeking damages or other relief in connection with, the Municipal Election or any of the transactions contemplated by this Agreement, or (ii) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions or otherwise interfering with any of the transactions contemplated by this Agreement.

(d) Buyer shall have received all consents, authorizations, orders, approvals, certificates of convenience and necessity, Permits, Governmental Orders, declarations or filings with, or notices to, the Governmental Authorities referred to in Section 5.3(b), in each case final, non-appealable, and in form and substance satisfactory to Buyer in its sole discretion, and no such consent, authorization, order or approval shall have been revoked.

(e) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(f) The results of Buyer's investigation of the System and the Purchased Assets, including as to any Material Defect, Environmental Condition or Liability, shall have been received by Buyer and shall be satisfactory in all respects to Buyer in its sole discretion.

(g) Buyer shall have received all Permits that are necessary for it to conduct the operations of the System as of the Closing Date, and such Permits shall be satisfactory in all respects to Buyer in its sole discretion.

(h) For any Real Property listed in Section 4.10(a) of the Disclosure Schedule, Section 4.10(b) of the Disclosure Schedule, or Section 4.10(c) of the Disclosure Schedule, Buyer shall have received (at Seller's expense) one or more Title Policies with respect to each parcel of Owned Real Property, Easement, and Leasehold Real Property issued by a nationally recognized title insurance company acceptable to Buyer, written as of the Closing Date, insuring Buyer in such amounts and together with such endorsements, and otherwise in such form, as Buyer shall require. Such Title Policies shall insure fee simple title to each Owned Real Property, free and clear of all Encumbrances other than Permitted Encumbrances and those listed on Section 4.10(a)(i) of the Disclosure Schedule, valid and insurable easement interests in each Easement, free and clear of all Encumbrances other than Permitted

Encumbrances and those listed on Section 4.10(c) of the Disclosure Schedule, and valid and insurable leasehold interests in the Leased Real Property, free and clear of all Encumbrances other than Permitted Encumbrances and those listed on Section 4.10(b) of the Disclosure Schedule. Buyer shall have received (at Seller's expense) appropriately certified ALTA/NSPS Land Title Surveys showing no Encumbrances other than the Permitted Encumbrances and those listed on Section 4.10(a)(i) of the Disclosure Schedule, and otherwise in form and substance satisfactory to Buyer, for each of the Owned Real Properties.

(i) For any Additional Real Property, pursuant to Section 2.2, Seller shall have obtained clear and valid title, free of all encumbrances, and Seller shall transfer to Buyer such Additional Real Property as part of the Purchased Assets transferred under this Agreement.

(j) Evidence of remediation and resolution of all matters reflected, or required to be reflected, on Section 4.13 of the Disclosure Schedule or Section 4.14 of the Disclosure Schedule shall have been received and be satisfactory in all respects to Buyer in its sole discretion.

(k) Buyer shall have received a favorable opinion of Seller's counsel, in form and substance acceptable to Buyer, as to Seller's corporate status, power and action, enforceability, no conflicts, consents and approvals, and such other matters as Buyer shall reasonably request (the "Opinion of Counsel").

(l) Buyer shall have received written evidence acceptable to Buyer indicating that the Purchased Assets have been, or upon payment as contemplated by Section 2.6 will be, discharged and released from all Encumbrances other than Permitted Encumbrances.

(m) Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Seller, that each of the conditions set forth in Section 7.2(a) and Section 7.2(b) have been satisfied (the "Seller Closing Certificate").

(n) Buyer shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer, such as a City Clerk) of Seller (the "Seller Secretary Certificate") (i) certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors (or equivalent body) of Seller authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, and (ii) certifying the names and signatures of the officers of Seller authorized to sign this Agreement, the Transaction Documents and the other documents to be delivered hereunder and thereunder.

(o) Seller shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement (including an affidavit of non-foreign status if determined to be necessary).

7.3 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) the representations and warranties of Buyer contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all material respects on and as of the date hereof and on and as of the Closing Date.

(b) Buyer shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) Seller shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 4.3(b) of the Disclosure Schedule, in each case final, non-appealable, and in form and substance reasonably satisfactory to Seller, and no such consent, authorization, order or approval shall have been revoked.

(d) Buyer shall have delivered the Purchase Price in accordance with Section 2.6, subject only to the Closing.

(e) Seller shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied (the "Buyer Closing Certificate").

ARTICLE VIII INDEMNIFICATION

8.1 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing indefinitely. All covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein.

8.2 Indemnification by Seller. Subject to the other terms and conditions of this Article VIII, Seller shall indemnify and defend each of Buyer and its Affiliates and their respective Representatives (collectively, the "Buyer Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement, the other Transaction Documents or in any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement, the other Transaction Documents or any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement;

(c) any Excluded Asset or any Excluded Liability; or

(d) any Third Party Claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Seller or the System (other than Assumed Liabilities) conducted, existing or arising on or prior to the Closing Date.

8.3 Indemnification by Buyer. Subject to the other terms and conditions of this Article VIII, Buyer shall indemnify and defend each of Seller and its Affiliates and their respective Representatives (collectively, the “Seller Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement;

(c) any Assumed Liability; or

(d) any Third Party Claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Buyer or the System conducted or arising after the Closing Date.

8.4 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the “Indemnified Party”, and the party against whom such claims are asserted under this Article VIII is referred to as the “Indemnifying Party”.

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a Party to this Agreement or an Affiliate of a Party to this Agreement or a Representative of the foregoing (a “Third Party Claim”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except to the extent that the Indemnifying Party forfeits any rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and indicate an estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by

giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; provided, that if the Indemnifying Party is Seller, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (i) is asserted directly by or on behalf of a Person that is a System Customer, or (ii) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.4(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, provided, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 8.4(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 8.4(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.4(b), it shall not agree to any settlement without the written

consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except to the extent that the Indemnifying Party forfeits any rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and indicate an estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its Representatives to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Indemnified Party’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its Representatives may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

8.5 Payments. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article VIII, the Indemnifying Party shall satisfy its obligations within forty-five (45) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds.

8.6 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for tax purposes, unless otherwise required by Law.

8.7 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party’s right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party’s waiver of any condition set forth in Section 7.2 or Section 7.3, as the case may be.

8.8 Exclusive Remedies. Subject to Section 10.12, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or intentional misconduct on the part of a Party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject

matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.8 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent, criminal or intentional misconduct.

ARTICLE IX TERMINATION

9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Seller and Buyer;

(b) by Buyer by written notice to Seller if:

i. Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by Seller within thirty (30) days of Seller's receipt of written notice of such breach from Buyer; or

ii. any of the conditions set forth in Section 7.1 or Section 7.2 shall not have been, or if it becomes apparent that any of such conditions will not be fulfilled, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by Seller by written notice to Buyer if:

i. Seller is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by Buyer within thirty (30) days of Buyer's receipt of written notice of such breach from Seller; or

ii. any of the conditions set forth in Section 7.1 or Section 7.3 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, unless such failure shall be due to the failure of Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

(d) by Buyer or Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

9.2 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any Party except:

(a) as set forth in this Article IX and Article X hereof; and

(b) that nothing herein shall relieve any Party hereto from liability for any breach of any provision hereof.

ARTICLE X MISCELLANEOUS

10.1 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

10.2 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); or (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested). Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.2):

Notices to Buyer:	Liberty Utilities (Bella Vista Water) Corp. c/o Liberty Utilities Attn: Matthew Garlick President
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With a copy (which shall not constitute notice) to:	Liberty Utilities (Bella Vista Water) Corp. c/o Liberty Utilities Attn: Shilpa Hunter-Patel Director of Legal Services
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Notices to Seller:	Heart Cab Co., Inc. d/b/a Sulger Water Company #2 Attn: Tom and Amie Sulger 2567 N. Calle Segundo Huachuca City, AZ 85616
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With a copy (which shall not constitute notice) to: Tom and Amie Sulger

10.3 Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (i) to Articles, Sections, Schedules and Exhibits mean the Articles and Sections of, and Schedules and Exhibits attached to, this Agreement; (ii) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (iii) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

10.4 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

10.5 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

10.6 Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Schedules (other than an exception expressly set forth as such in the Schedules), the statements in the body of this Agreement will control.

10.7 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided, however, that prior to the Closing Date, Buyer may, without the prior written consent of Seller, assign all or any portion of its rights under this Agreement to one or more of its Affiliates. No assignment shall relieve the assigning party of any of its obligations hereunder.

10.8 No Third-party Beneficiaries. Except as provided in Article VIII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.9 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) 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).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF ARIZONA IN EACH CASE IN OR FOR POLK COUNTY, ARIZONA, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND

ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.10(c).

10.11 Limitation of Remedies. UNDER NO CIRCUMSTANCES (SAVE FOR FRAUD) SHALL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, EXEMPLARY, PUNITIVE, SPECIAL, INDIRECT OR INCIDENTAL DAMAGES, LOST PROFITS OR ECONOMIC LOSSES ARISING OUT OF ANY CLAIM, DEMAND, OR ACTION BROUGHT WITH RESPECT TO THIS AGREEMENT.

10.12 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

10.13 Attorneys' Fees. Except as and to the extent stated otherwise in this Agreement, if a Party commences an action against the other Party because of a breach by that Party of its obligations under this Agreement or any documents executed in consummation of the transactions contemplated by this Agreement, the prevailing Party in any such action shall be entitled to recover from the losing Party its expenses, including reasonable attorneys' fees, incurred in connection with the prosecution or defense of such action, and any appeal thereof.

10.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature pages follow.]

IN WITNESS WHEREOF, the Parties have executed this Asset Purchase Agreement as of the date first written above.

SELLER:

**HEART CAB CO., INC. D/B/A SULGER
WATER COMPANY #2**

By: Thomas Sulger
Title: President
Date: 2/13/2020

By: Amie Sulger
Title: Vice President
Date: 2/13/2020

By: Timothy P. Sulger
Title: Secretary
Date: 2/13/2020

Heart Cab Co., Inc. d/b/a Sulger Water Company #2 Signature Page to Asset Purchase Agreement

IN WITNESS WHEREOF, the Parties have signed this Asset Purchase Agreement as of the date first written above.

BUYER:

**LIBERTY UTILITIES (BELLA VISTA
WATER) CORP.**

By: Matthew Galka
Title: President
Date: Feb. 13th, 2020

By: Robert C. W. S. S.
Title: Sec. / Treasury
Date: Feb. 13th, 2020

Schedule 2.1(b)

Certain Distribution Facilities

- Northeast Well (55-809117)
 - Enclosed within a fence approximately 40' by 45'.
 - Within a 16' wide easement.
 - Wellhead and pump on a concrete pad
 - Electrical power supply, meter and switchbox
 - Hydrotank (or tank) capacity is approximately 5,000 gallons. This is partially within the 50' wide easement and partially on Lot 19.
- Water line 4" PVC
 - North from Well 55-809117. Distance is 450 feet approximately.
 - East from Well 55-809117. Length is approximately 5000 ft. This line in the 50' wide easement. This line has multiple valves. Ingress- Egress Easement for Electric Telephone and Water. On Book Page 73
 - Continues South on the West end of Section 6. About a quarter mile in length (1,320' by scaling). Pipe is located East of the intended easement which is recorded as a 20' wide Telephone and water easement on Book 3 page 76. (1985). Only the North half of this line is adjacent to the easement or in the easement. The South half has no easement.
 - Continues East approximately 600'. No known Easement.
 - Continues Northeast for approximately 60 feet. Then turns North to the well for another 60'. No known Easement.
- South West Well (55-809118). Easement Unknown.
 - Enclosed within a fence approximately 44' by 23'.
 - Wellhead and pump on a concrete pad
 - Shed (9' by 12')
 - Electrical power supply, meter and switchbox
- 25 water meters

- All other water lines not reflected above
- Any other valves, fittings, infrastructure or office equipment used in the provision of water service

Schedule 2.1(e)

Assigned Contracts

None

Schedule 2.2(e)

Certain Excluded Assets

None

Schedule 2.4(b)

Certain Assumed Liabilities

1. Advance in Aid of Construction agreement with Sierra Enterprises, LLC dated January 4, 2019 - \$720
2. Advance in Aid of Construction agreement with Robert Mainord and Linda Poris dated January 14, 2020 - \$720

Exhibit A

Form of Assignment and Assumption Agreement

None.

Exhibit B

Form of Bill of Sale

None.

Exhibit C

Form of Franchise Agreement

None.

Disclosure Schedule 1.1

Knowledge of Seller

None.

Disclosure Schedule 4.3

No Conflicts; Consents

None.

Disclosure Schedule 4.8

Title to Purchased Assets

None.

Disclosure Schedule 4.9

Condition and Sufficiency of the Purchased Assets; System Map

None.

Disclosure Schedule 4.10

Real Property

All real property reflected in Schedule 2.1(b); otherwise none.

Disclosure Schedule 4.12

Legal Proceedings; Governmental Orders

None.

Disclosure Schedule 4.13

Compliance with Laws; Permits

None.

Disclosure Schedule 4.14

Environmental Matters

None.

Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 4

1 the area sought to be certificated.

2 CONCLUSIONS OF LAW

3 1. The Arizona Revised Statutes gives the Arizona Corpora-
4 tion Commission the power to regulate and supervise public service
5 corporations; determine and prescribe rates; rules and practices of
6 said corporations and require said corporations to obtain a Certifi-
7 cate of Convenience and Necessity.

8 2. A.R.S. Sec. 40-302 requires a public service corporation
9 to obtain Commission authorization before entering into any long-term
10 obligation of indebtedness.

11 ORDER

12 WHEREFORE, IT IS ORDERED, that Heart Cab Co., Inc., an
13 Arizona corporation, d/b/a Sulger Water Company No. 2, be and is
14 hereby granted a Certificate of Convenience and Necessity to con-
15 struct and operate a domestic water company in the area described
16 as:

17 All of Section 6, Township 20 South, Range 20 East,
18 G&SRB&M.

19 and

20 IT IS FURTHER ORDERED, that unless and until ordered other-
21 wise by this Commission, Applicant shall charge the following monthly
22 water rates:

23 5/8" meter \$9.95 minimum for the first 2,000
24 gallons or less, plus \$1.50 per
25 1,000 gallons thereafter.

26 1" meter \$9.95 minimum for the first 2,000
27 gallons or less, plus \$1.50 per
28 1,000 gallons thereafter.

29 1-1/2" meter \$9.95 minimum for the first 2,000
30 gallons or less, plus \$1.50 per
31 1,000 gallons thereafter.

1 Mr. Sulger.

2 6. Because of certain legal actions, the sale and purchase of said
3 assets was not consummated until October, 1988.

4 7. The District is now serving the area sought to be deleted.

5 CONCLUSIONS OF LAW

6 1. Heart Cab Co., Inc., d/b/a Sulger Water Company No. 2 is a public
7 service corporation within the meaning of Article XV of the Arizona
8 Constitution and A.R.S. §40-285.

9 2. The Commission has jurisdiction over the Applicant and of the
10 subject matter of the application.

11 3. The deletion of the hereinafter specified area from the certificate
12 of convenience and necessity of the Applicant is in the public interest.

13 ORDER

14 IT IS THEREFORE ORDERED that the application of Heart Cab Co., Inc., for
15 the deletion of the following described portion of its certificate of
16 convenience and necessity be, and same hereby is, granted.

17 The west half (W 1/2) of the southeast quarter (SE 1/4) of the
18 southeast quarter (SE 1/4) and the southwest quarter (SW 1/4) of the
19 southeast quarter (SE 1/4) and the southeast quarter (SE 1/4) of the
20 southwest quarter (SW 1/4) of Section 6, Township 20 South, Range 20
21 East G & SRB & M, Cochise County, Arizona.

22 . . .
23 . . .
24 . . .
25 . . .
26 . . .
27 . . .
28 . . .

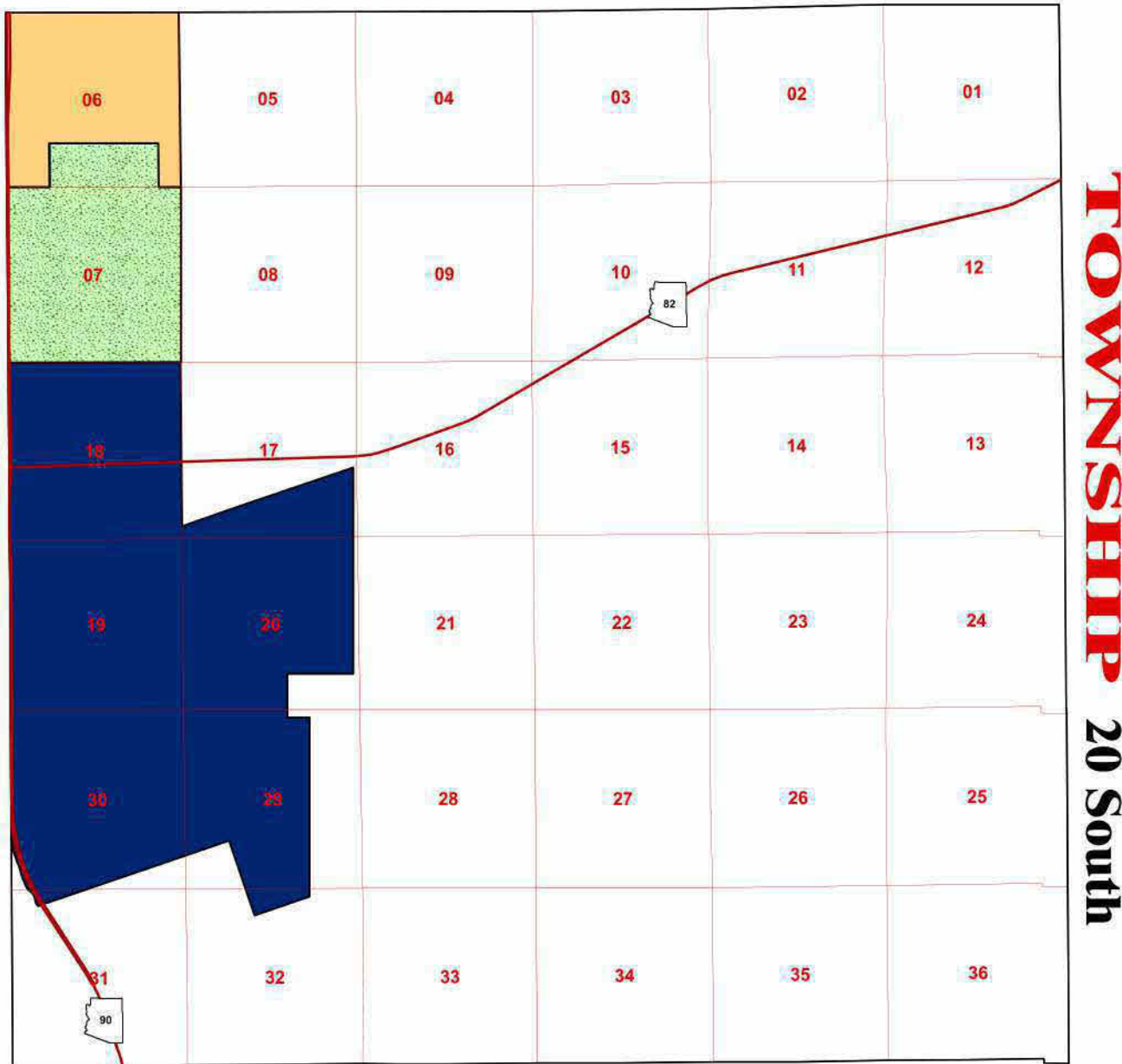
Liberty Bella Vista & Sulger
Joint Application



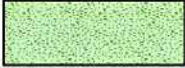
EXHIBIT 5

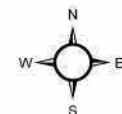
COCHISE COUNTY

Map No. 24

RANGE 20 East



-  W-02465A (10)
Bella Vista Water Company, Inc.
-  W-02355A (1)
Sulgar Water Company #2
-  (2)
Whetstone Water Improvement District
(Nonjurisdictional)



Prepared by:
Arizona Corporation Commission
Utilities Division
Engineering Section/GIS Mapping
602-542-4251

TR20S20E 07 APR 2011

Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 6

TABLE OF CONTENTS

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Applies to all service areas
PART ONE
STATEMENT OF CHARGES

I. RATES

In Decision No. _____, issued _____, the Commission approved the following rates and charges effective November 1, 2016:

A. Monthly Usage Charges

<u>Meter Size (All Classes)</u>	<u>Charge¹</u>
5/8" x 3/4" Meter	\$ 16.89
3/4" Meter	25.34
1" Meter	42.23
1 1/2" Meter	84.45
2" Meter	135.12
3" Meter	270.24
4" Meter	422.25
6" Meter	844.50
8" Meter	1,351.20
10" Meter	1,942.35
12" Meter	3,631.35
Fire Lines up to 8 inch (R14-2-408.B)	Per Rule*
Fire Lines 10 inch (R14-2-408.B)	Per Rule*
Fire Lines 12 inch (R14-2-408.B)	Per Rule*

* Note 1: 2% of the equivalent monthly meter size or \$10 whichever is greater for all meter sizes.

¹ Low Income Tariff – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

Issued: October 31, 2016

ISSUED BY:

Matthew Garlick, President
 Liberty Utilities (Bella Vista Water) Corp.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392
 Decision No. XXXXX

Effective: November 1, 2016

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

B. Commodity Rates

The rate for use in addition to the minimum stated above shall be at the following rates per 1,000 gallons:

<u>Meter Size</u>	<u>Consumption</u>	<u>Charge²</u>
5/8" x 3/4" Meter – Residential	0 to 4,000 gallons	\$1.84
	4,001 to 10,000 gallons	2.84
	Over 10,000 gallons	3.59
5/8" x 3/4" Meter – Commercial	0 to 4,000 gallons	2.84
	Over 4,000 gallons	3.59
3/4" Meter – Residential	0 to 4,000 gallons	1.84
	4,001 to 10,000 gallons	2.84
	Over 10,000 gallons	3.59
3/4" Meter – Commercial	0 to 4,000 gallons	2.84
	Over 4,000 gallons	3.59
1" Meter – All Classes (except standpipe)	0 to 10,000 gallons	2.84
	Over 10,000 gallons	3.59
1 1/2" Meter – All Classes (except standpipe)	0 to 26,000 gallons	2.84
	Over 26,000 gallons	3.59
2" Meter – All Classes (except standpipe)	0 to 45,000 gallons	2.84
	Over 45,000 gallons	3.59
3" Meter – All Classes (except standpipe)	0 to 98,000 gallons	2.84
	Over 98,000 gallons	3.59

² Low Income Tariff – A 15% discount is available on monthly minimum and commodity charges to qualified residential customers meeting the low income qualifications.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
 Liberty Utilities (Bella Vista Water) Corp.
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APPROVED FOR FILING

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PART ONE
STATEMENT OF CHARGES

<u>Meter Size</u>	<u>Consumption</u>	<u>Charge</u>
4" Meter – All Classes (except standpipe)	0 to 158,000 gallons	\$2.84
	Over 158,000 gallons	3.59
6" Meter – All Classes (except standpipe)	0 to 327,000 gallons	2.84
	Over 327,000 gallons	3.59
8" Meter – All Classes (except standpipe)	0 to 584,000 gallons	2.84
	Over 584,000 gallons	3.59
10" Meter – All Classes (except standpipe)	0 to 870,000 gallons	2.84
	Over 870,000 gallons	3.59
12" Meter – All Classes (except standpipe)	0 to 1,500,000 gallons	2.84
	Over 1,500,000 gallons	3.59
Standpipe (hydrant, bulk)	All gallons	3.59

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
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Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

C. Service Line and Meter Installation Charges
 (Refundable pursuant to A.A.C. R14-2-405)

<u>Meter Size</u>	<u>Service Line</u>	<u>Meter</u>	<u>Total</u>
5/8 x 3/4" Meter	At Cost	At Cost	At Cost
3/4" Meter	At Cost	At Cost	At Cost
1" Meter	At Cost	At Cost	At Cost
1 1/2" Meter	At Cost	At Cost	At Cost
2" Meter/Turbine	At Cost	At Cost	At Cost
2" Meter/Compound	At Cost	At Cost	At Cost
3" Meter/Turbine	At Cost	At Cost	At Cost
3" Meter/Compound	At Cost	At Cost	At Cost
4" Meter/Turbine	At Cost	At Cost	At Cost
4" Meter/Compound	At Cost	At Cost	At Cost
6" Meter/Turbine	At Cost	At Cost	At Cost
6" Meter/Compound	At Cost	At Cost	At Cost
8" Meter & Larger	At Cost	At Cost	At Cost

Issued: October 31, 2016

ISSUED BY:

Matthew Garlick, President
 Liberty Utilities (Bella Vista Water) Corp.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392
 Decision No. XXXXX

Effective: November 1, 2016

APPROVED FOR FILING
 DECISION #: 75809

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

D. Service Charges

<u>Service</u>	<u>Charge</u>
Establishment	\$25.00
Re-Establishment (within 12 months)	(a)
Re-Connection (Delinquent)	\$20.00
Meter Test (if correct)	30.00
Meter Re-Read (if correct)	20.00
Deposit	(c)
Deposit Interest	6.00% (c)
NSF Check	\$10.00
Late Payment Penalty	1.5% per month
Deferred Payment (A.A.C. R14-2-409.G)	1.5% per month
After Hours Service Charge (d)	\$50.00
Moving meter at customer request (A.A.C. R14-2-405.B)	At Cost
Off-site Facilities Hook-Up Fee	Per Hook-Up Fee Tariff

- (a) Minimum charge times number of full months off the system per A.A.C. R14-2-403(D).
- (b) Intentionally left blank.
- (c) Per Commission Rule A.A.C. R14-2-403(B):
 Residential - two times the average bill.
 Commercial - two and one-half times the average bill.
- (d) At customer's request. No charge for service during normal working hours.

Issued: October 31, 2016

Effective: November 1, 2016

ISSUED BY:

Matthew Garlick, President
 Liberty Utilities (Bella Vista Water) Corp.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392
 Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas
PART ONE
STATEMENT OF CHARGES

II. TAXES AND ASSESSMENTS

In addition to the collection of regular rates, the Company will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, per Commission Rule 14-2-409(D)(5).

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

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Liberty Utilities (Bella Vista Water) Corp.
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Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

I. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead not to exceed 10%. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
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Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS

II. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY LIMITATIONS

The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants or fire sprinkler service. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

III. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company's procedures, unless specific Commission Order(s) provide otherwise.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

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DECISION #: 75809

Applies to all service areas

PART THREE

CROSS-CONNECTION OR BACKFLOW TARIFF

PURPOSE.

The purpose of this tariff is to protect Liberty Utilities (Bella Vista Water) Corp. ("Company") from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow prevention assemblies pursuant to the provisions of Arizona Administrative Code (A.A.C.) R14-2-405.B.6 and A.A.C. R18-4-215.

REQUIREMENTS.

In compliance with the rules and regulations of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and install a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. Any backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.
3. Subject to the provision of A.A.C. R14-2-407 and 410 and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why she or he cannot install the device within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.
5. Testing shall be in conformance with the requirement of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests. The Company may also require the customer to pay for repairs to a backflow-prevention assembly.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXXX

APPROVED FOR FILING
DECISION #: 75809

Applies to all service areas

PART THREE

CROSS-CONNECTION OR BACKFLOW TARIFF

6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
- a. assembly identification number and description;
 - b. location;
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester; and
 - e. the tester's name and certification number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested before service is restored.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
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Decision No. XXXXX

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DECISION #: 75809

Applies to all service areas
PART FOUR
CURTAILMENT PLAN FOR
LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

Bella Vista City
ADEQ Public Water System Number: 02-010

Bella Vista South
ADEQ Public Water System Number: 02-007

Northern Sunrise (Coronado/Sierra Sunset)
ADEQ Public Water System Number: 02-013

Northern Sunrise (Mustang/Crystal)
ADEQ Public Water System Number: 02-054

Southern Sunrise (Cochise)
ADEQ Public Water System Number: 02-011

Southern Sunrise (Miracle Valley)
ADEQ Public Water System Number: 02-023

Liberty Utilities (Bella Vista Water) Corp. ("Company") is authorized to curtail water service to all customers within its certified area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION # 75809

Applies to all service areas
PART FOUR
CURTAILMENT PLAN FOR
LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customer to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least two (2) signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75859

Applies to all service areas
PART FOUR
CURTAILMENT PLAN FOR
LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least two (2) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

Issued: October 31, 2016

Effective: November 1, 2016

ISSUED BY:

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 15809

Applies to all service areas
PART FOUR
CURTAILMENT PLAN FOR
LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas

**PART FIVE
HOOK UP FEES****LIBERTY UTILITIES (BELLA VISTA WATER) CORP.
WATER HOOK-UP FEE TARIFF****I. Purpose and Applicability**

The purpose of the off-site hook-up fees payable to Liberty Utilities (Bella Vista Water) Corp. ("Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections undertaken via Main Extension Agreements, or requests for service not requiring a Main Extension Agreement entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, and may include Developers and/or Builders of new residential subdivisions and/or non-residential properties.

"Company" means Liberty Utilities (Bella Vista Water) Corp.

"Main Extension Agreement" means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities necessary to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfers ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

"Service Connection" means and includes all service connections for single-family residential, commercial, industrial or other uses, regardless of meter size.

Issued: October 31, 2016

Effective: November 1, 2016

ISSUED BY:

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas

PART FIVE
HOOK UP FEES**III. Water Hook-up Fee**

For each new service connection, the Company shall collect an Off-Site Hook-Up Fee derived from the following table:

OFF-SITE WATER HOOK-UP FEE TABLE		
<u>Meter Size</u>	<u>Size Factor</u>	<u>Total Fee</u>
5/8" x 3/4"	1	\$1,600
3/4"	1.5	\$2,400
1"	2.5	\$4,000
1-1/2"	5	\$8,000
2"	8	\$12,800
3"	16	\$25,600
4"	25	\$40,000
6" or larger	50	\$80,000

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per parcel, service connection, or lot within a subdivision. If a development or subdivision is upsized by Applicant, Builder and/or Developer after assessment of Hook-Up fee by Company, Company may charge additional hook-up fees for such upsizing or expansion by Applicant based on the fee table above.

(B) Use of Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site hook-up fees shall not be used to cover repairs, maintenance, or operational costs. The Company shall record amounts collected under this tariff as CIAC; however, such amounts shall not be deducted from rate base until such amounts have been expended for plant.

(C) Time of Payment:

- 1) For those requiring a Main Extension Agreement: In the event that the person or entity that will be constructing improvements ("Applicant", "Developer" or "Builder") is otherwise required to enter into a Main Extension Agreement, whereby the Applicant, Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the Hook-Up Fees

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas

PART FIVE
HOOK UP FEES

- 2) required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M), or as otherwise mutually agreement between Applicant and Company.
- 3) For those connecting to an existing main: In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the Hook-Up Fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.
- (D) Off-Site Facilities Construction By Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.
- (E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.
- (F) Large Subdivision Projects: In the event that the Applicant, Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's, Developer's or Builder's construction schedule and water service requirements.
- (G) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company as Hook-Up Fees pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction ("CIAC").
- (H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate unaffiliated third-party interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING
DECISION #: 75609

Applies to all service areas

PART FIVE
HOOK UP FEES

(I) Off-Site Hook-up Fee in Addition to On-site Facilities: The off-site hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fees, or if the off-site hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the unaffiliated third-party interest bearing bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up Fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Hook-Up Fee status report each January to Docket Control for the prior twelve (12) month period, beginning January 2017, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

ORIGINAL

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

Sheet No. _____

DOCKET NO. W-02465A-15-0367, et al.

Cancelling Sheet No. _____

Applies to all service areas

**ALTERNATE RATES FOR WATER (ARW)
SURCHARGE**

APPLICABILITY

Applicable to all customers of the Company not participating in the Alternate Rates for Water (ARW) program, through which residential water service for domestic use is rendered to low income households where the customer meets all the ARW program qualifications and special conditions of the ARW rate schedule.

TERRITORY

Within all customer service areas served by the Company.

RATES

A surcharge of \$0.03 will be applied each month to the bills of non-participating customers for recovery of the costs (discounts, direct costs, and carrying charges) associated with the ARW program. The surcharge is the amount resulting from dividing the total program costs by the number of bills issued to non-participating customers in the past 12-month tracking period.

Issued: January 31, 2019

Effective: February 1, 2019

ISSUED BY:

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. 75809 (November 21, 2016)

APPROVED FOR FILING
DECISION #: 75809

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

Sheet No.

DOCKET NO. W-02465A-15-0367, et al.

Cancelling Sheet No.

Applies to all service areas

**ALTERNATE RATES FOR WATER AND WASTEWATER (ARWW)
SURCHARGE**

APPLICABILITY

Applicable to all customers of the Company not participating in the Alternate Rates for Water and Wastewater (ARWW) program, through which residential water and wastewater service for domestic use is rendered to low income households where the customer meets all the ARWW program qualifications and special conditions of the ARWW rate schedule.

TERRITORY

Within all customer service areas served by the Company.

RATES

Water Division

A surcharge of \$0.25 will be applied each month to the bills of non-participating water division customers for recovery of the costs (discounts, direct costs, and carrying charges) associated with the ARWW program. The surcharge is the amount resulting from dividing the total program costs by the number of bills issued to non-participating water division customers in the past 12-month tracking period.

Wastewater Division

A surcharge of \$0.70 will be applied each month to the bills of non-participating wastewater division customers for recovery of the costs (discounts, direct costs, and carrying charges) associated with the ARWW program. The surcharge is the amount resulting from dividing the total program costs by the number of bills issued to non-participating wastewater division customers in the past 12-month tracking period.

Issued: January 31, 2019

Effective: February 1, 2019

ISSUED BY:

Matthew Garlick, President
Liberty Utilities (Rio Rico Water & Sewer) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. 75809 (November 21, 2016)

APPROVED FOR FILING
DECISION #: 75809

Applies to all service areas

PART SIX

ALTERNATE RATES FOR WATER (ARW)

DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

APPLICABILITY

Applicable to residential water service for domestic use rendered to low-income households where the customer meets all the program qualifications and special conditions of this rate schedule.

TERRITORY

Within all customer service areas served by Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista" or "Company").

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. Liberty Bella Vista bill must be in your name and the address must be your primary residence or you must be a tenant receiving water service by a sub-metered system.
2. You may not be claimed as a dependent on another person's tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every two (2) years, or sooner, if requested.
5. You must recertify each year by submitting a declaration attesting to your continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare / food stamp cards.
6. You must notify Liberty Bella Vista within thirty (30) days if you become ineligible for ARW.
7. Your total gross annual income of all persons living in your household cannot exceed the income levels below:

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas
PART SIX
ALTERNATE RATES FOR WATER (ARW)
DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

Effective: January 25, 2016

<u>No. of Person in Household</u>	<u>Total Gross Annual Income</u>
1	\$17,820
2	24,030
3	30,240
4	36,450
5	42,660
6	48,870

For each additional person residing in the household, add \$6,240

For the purpose of the program the “gross household income” means all money and non cash benefits, available for living expenses, from all sources, both taxable and non taxable, before deductions for all people who live in your home. This includes, but is not limited to:

Wages or salaries	Social Security, SSI, SSP	Rental or royalty income
Interest or dividends from:	Scholarships, grants, or other aid	Profit from self-employment
Savings account, stocks or bonds	used for living expenses	(IRS form Schedule C, Line 29)
Unemployment benefits	Disability payments	Worker's Compensation
TANF (AFDC)	Food Stamps	Child Support
Pensions	Insurance settlements	Spousal Support
Gifts		

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
 Liberty Utilities (Bella Vista Water) Corp.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392
 Decision No. XXXXX

APPROVED FOR FILING
 DECISION #: 75809

Applies to all service areas
PART SIX
ALTERNATE RATES FOR WATER
DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

SPECIAL CONDITIONS

1. Application and Eligibility Declaration: An application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every two (2) years.
2. Recertification: A customer enrolled in the ARW program must, each year, recertify by submitting a declaration attesting to continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare / food stamp cards.
3. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Liberty Bella Vista.
4. Verification: Information provided by the applicant is subject to verification by Liberty Bella Vista. Refusal or failure of a customer to provide documentation of eligibility acceptable to Liberty Bella Vista, upon request by Liberty Bella Vista, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify Liberty Bella Vista if there is a change of eligibility status.
6. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
7. Master-metered: A reduction will be calculated in the bill of master-metered customers who have sub-metered tenants that meet the income eligibility criteria, so an equivalent discount (15%) can be passed through to eligible customer(s).
8. Participation Cap: The ARW program is limited to 2,400 customers. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation cap has been met.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING**DECISION #:** 75809

Applies to all service areas

PART SIX

ALTERNATE RATES FOR WATER

DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

RECOVERY OF COST OF LOW INCOME TARIFF AND CUSTOMER SURCHARGE

Under the terms of Company's Alternate Rates for Water (ARW) Domestic Service, qualifying low-income customers receive a 15 percent discount applied to the Company's regular filed tariff rates for water service. The cost of the ARW tariff shall be recovered by Company from a monthly low income tariff surcharge on all residential and non-residential water customers who are not participating in the ARW program. Specifically, Company is entitled to seek recovery of direct costs (*i.e.*, those costs directly associated with the program, and would not be incurred in the absence of the program). Company shall account for those direct costs separately from other operating costs.

Company shall be entitled to implement a monthly low income tariff surcharge on non-participating residential and non-residential water customers as follows.

- For customers participating in ARW, the Company shall maintain a separate balancing account for water customers detailing the beginning and ending balance of the cumulative unrecovered program costs each month.
- Company's authorized rate of return shall be applied monthly to the average of the beginning balance of the cumulative unrecovered program costs for water service and included in the beginning balances for the following month.
- Using the separate balancing account for water customers, Company shall calculate a monthly surcharge for water customers. The water surcharge shall be calculated as follows:

(Ending Balance for Low-Income Tariff Balancing Account including amortized carrying costs during recovery period/ Active water and wastewater connections at year end)/12

- The ending balance in the balancing account shall equal the beginning balancing plus discounts allowed on bills for the twelve month tracking period, plus direct program costs incurred in the twelve month period plus carrying charges less surcharge fees billed in the twelve month tracking period.
- Company shall implement a monthly water surcharge for the ARW program for each twelve month period of the ARW Program. Company shall calculate the monthly water surcharge each year based on the active number of water connections as of December 31 of the prior year. Company shall file notice of the water surcharge, along with a report on the ARW Program, with the Arizona Corporation Commission on or before January 31 and the surcharges shall be implemented on customer bills in February of each year with the recovery period ending in January of the following year.

Issued: October 31, 2016

Effective: November 1, 2016

ISSUED BY:

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 15809

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

Sheet No. 11.4

DOCKET NO. W-02465A-15-0367, et al.

Cancelling Sheet No. _____

**Application for
Alternate Rates for Water (ARW)**

To qualify for Liberty Bella Vista ARW please check (✓) all that apply:

- ☐ I am a Liberty Bella Vista residential customer and the Liberty Bella Vista account is in my name.
- ☐ I am a sub-metered tenant within the Liberty Bella Vista service area.
- ☐ My household income is at or below the income level in the listing below.

Household Size	Total Gross Annual Income from All Sources
1	\$17,820
2	\$24,030
3	\$30,240
4	\$36,450
5	\$42,660
6	\$48,870

For each additional person residing in the household, add \$6,240.

The definition of "gross household income" (before taxes) is all money and non cash benefits available for living expenses from all sources, both taxable and non taxable, before deductions, including expenses, for all people who live in your home. **This includes, but is not limited to the following (please check (✓) all that apply):**

- | | |
|--|--|
| <input type="checkbox"/> Wages, salaries or profit from self-employment | <input type="checkbox"/> Social Security, SSI or SSP |
| <input type="checkbox"/> Disability and/or Workers' Compensation payments | <input type="checkbox"/> Food Stamps |
| <input type="checkbox"/> Insurance and/or legal settlements | <input type="checkbox"/> TANF (AFDC) |
| <input type="checkbox"/> Pensions | <input type="checkbox"/> Veterans Affairs benefits |
| <input type="checkbox"/> Spousal and/or child support | <input type="checkbox"/> Unemployment benefits |
| <input type="checkbox"/> Scholarships, grants, or other aid used for living | <input type="checkbox"/> Rental and/or royalty income |
| <input type="checkbox"/> Interest/dividends from: savings, stocks, bonds, or retirement accounts | <input type="checkbox"/> Cash, gifts and/or other income |

Please print the following information. **Incomplete information will delay your discount.** The name used to apply for the discount must be the same as the name on the Liberty Bella Vista statement.

PLEASE PRINT LEGIBLY											
Liberty Bella Vista Account Number (As shown on statement)											
Total No. of persons living in household:				Household's Total Gross Annual Income: \$				Contact Phone Number			
Name as shown on Liberty Bella Vista statement											
Liberty Bella Vista Service Address											
City				State				Zip Code			

Please attach one of the items listed as proof of income for eligibility verification: Copy of tax return from prior year, or copy of W2 from prior year, or copy of welfare / food stamp cards.

By signing below, I certify under penalty of perjury that this information is true and correct under the laws of the State of Arizona. I will provide proof of income and I will notify Liberty Bella Vista of any changes that affect my eligibility. I understand that if I receive the discount without meeting the qualifications for it, I may be required to pay back the discount I received.

Customer Signature _____

Date _____

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

ORIGINAL

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

Sheet No. 11.5

DOCKET NO. W-02465A-15-0367, *et al.*

Cancelling Sheet No. ____

Note: An Application for ARW must be submitted every two years. A Declaration of Eligibility must be submitted annually for verification. Please allow 30-45 days for processing.

Office Use Only: Date Verified _____ Verified By _____ Expires _____

Issued: October 31, 2016

Effective: November 1, 2016

ISSUED BY:

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Declaration of Eligibility Alternate Rates for Water (ARW)

To recertify enrollment in the ARW Program please fill out the following attesting to continuing eligibility:

PLEASE PRINT LEGIBLY													
Name as shown on Liberty Utilities (Bella Vista Water) Corp. statement													
Liberty Bella Vista Account Number (As shown on statement)													
Liberty Bella Vista Service Address													
City				State				Zip Code					
Contact Phone Number								Work Phone Number					

I,

Your Name (Please Print)

Last submitted an Application for Alternative Rates (ARW) on

(dd/mm/yyyy)

and hereby confirm my eligibility for the year ending

(dd/mm/yyyy)

Please attach one of the items listed below as proof of income for eligibility verification:

Copy of tax return from prior year,
or copy of W2 form from prior year,
or copy of welfare / food stamp cards.

By signing below, I certify under penalty of perjury that this information is true and correct under the laws of the State of Arizona. I will provide proof of income and I will notify Liberty Bella Vista of any changes that affect my eligibility. I understand that if I receive the discount without meeting the qualifications for it, I may be required to pay back the discount I received.

Customer Signature

Date

Note: An Application for ARW must be submitted every two years. A Declaration of Eligibility must be submitted annually for verification.

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING
DECISION #: 75809

Liberty Utilities (Bella Vista Water) Corp. Alternate Rates for Water (ARW)

Applicability

Applicable to residential water service for domestic use rendered to low-income households where the customer meets all the Program Qualifications and Special Conditions of this rate schedule.

Territory

Within all customer service areas served by Liberty Utilities (Bella Vista Water) Corp.

Discount

Fifteen percent (15%) discount applied to the regular filed tariff. The discount will be applied to the customer's total bill before any adjustments and application of any other taxes, credit, penalties or fees.

Program Qualifications

- The Liberty Bella Vista account must be in your name and the address must be your primary residence in our service area or you must be a tenant receiving water service by a sub-metered system.
- You may not be claimed as a dependent on another person's tax return.
- You must reapply each time you move residences.
- You must renew your application once every two (2) years or sooner if requested.
- You must recertify each year by submitting a declaration attesting to your continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare/food stamp cards.
- You must notify Liberty Bella Vista within thirty (30) days if you become ineligible for ARW.
- Your total gross annual income of all persons living in your household cannot exceed the income levels provided on the application.

Special Conditions

- You must fill out and sign the ARW Application completely. Incomplete information will delay your discount. You must reapply every two (2) years.
- You must recertify your enrollment in the ARW annually by submitting a Declaration of Eligibility and providing one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare/food stamp cards.
- Customers shall be billed on this schedule commencing with the next regularly scheduled billing period that follows the receipt and approval of the application by Liberty Bella Vista.
- Documentation of your gross annual income must be provided to Liberty Bella Vista for verification of eligibility for ARW. Refusal or failure to provide documentation of acceptable eligibility to Liberty Bella Vista shall result in removal from this rate schedule.
- It is the customer's responsibility to notify Liberty Bella Vista if there is a change in eligibility status.
- You may be re-billed for any periods of ineligibility under the applicable rate schedule.
- Master-metered customers who have sub-metered tenants will receive a reduction in the billing. Sub-metered tenants must qualify and meet the income eligibility criteria so an equivalent discount (15%) can be passed through to eligible customer(s).
- The ARW program is limited to 2,400 customers.

How to Submit Completed ARW Application and/or Declaration of Eligibility

Mail, Fax or Email your ARW Application and Declaration of Eligibility to:

Liberty Utilities (Bella Vista Water) Corp.

4055 Campus Drive

Sierra Vista, AZ 85635

Fax: 520-469-6680

Email: customerservicesierravista@libertyutilities.com

Issued: October 31, 2016

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. XXXXX

APPROVED FOR FILING

DECISION #: 75809

Applies to all service areas
PART SEVEN
PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM

I. GENERAL DESCRIPTION.

This document is the Plan of Administration ("POA") for the Purchased Power Adjustment Mechanism ("PPAM") for Liberty Utilities (Bella Vista Water) Corp. ("Liberty Bella Vista" or "Company") approved by the Arizona Corporation Commission ("Commission") in Decision No. 75809 on November 21, 2016. The PPAM allows Liberty Bella Vista to pass through to its customers the increase or decrease in purchased power costs that result from a rate change for any Commission-regulated electric service provider supplying retail electric service to the Company.

II. PPAM RELATED FILINGS.

A. Within 60 days of the effective date of a Commission Decision authorizing a rate change in the approved tariffs for any Commission-regulated electric service provider supplying retail electric service to the Company, the Company shall file with Docket Control an analysis of the actual impact on the energy portion of the Company's electric service costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company's purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, the Company will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company's control and how much is due to a change in the amount of power that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company's calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company's purchased power costs and any conservation or power-shifting measures employed by the Company.

F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

Issued: February 9, 2017

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
Liberty Utilities (Bella Vista Water) Corp.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Decision No. 75809 (November 21, 2016)

APPROVED FOR FILING

DECISION #75809

Applies to all service areas

PART SEVEN**PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM****III. APPLICATION TO WATER CUSTOMERS.**

A. The increase or decrease in purchased power costs that are due to changes in rates at the Company's water facilities will be allocated on a per capita basis.

B. See the following example:

<i>Test Year</i>			<i>Current Year</i>	
Purchased Power Rate	\$0.0800	→	Purchased Power Rate	\$0.1000
Kilowatt Hours Used	1,250,000		Kilowatt Hours Used	1,250,000
Purchased Power Expense	\$100,000		Purchased Power Expense	\$125,000

<i>Pass Through Calculation</i>	
Current Year Purchased Power Expense	\$125,000
Test Year Purchased Power Expense	\$100,000
Increase in Purchased Power Expense Due to Rate Increase	\$25,000

<i>PPAM Charge on Sample Customer Bill</i>	
Increase in Purchased Power Expense Due to Rate Increase	\$25,000
Number of Water Customers	20,000
PPAM Charge on Sample Customer Bill	\$1.25

Issued: February 9, 2017

ISSUED BY:

Effective: November 1, 2016

Matthew Garlick, President
 Liberty Utilities (Bella Vista Water) Corp.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392
 Decision No. 75809 (November 21, 2016)

APPROVED FOR FILING

DECISION #: 75809

Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 7

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Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 8

LIBERTY UTILITIES (BELLA VISTA WATER) CORP.

**STATEMENT OF UNANIMOUS WRITTEN CONSENT TO ACTION TAKEN IN LIEU
OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS**

February 12, 2020

In lieu of a special meeting of the Board of Directors of Liberty Utilities (Bella Vista Water) Corp., an Arizona corporation (the "Corporation"), the undersigned, being all of the duly elected directors of the Corporation (the "Board"), acting in accordance with the authority contained in Arizona Revised Statutes §10-821, hereby adopt the following resolutions as actions of the Board, with the same force and effect as if such resolutions had been duly adopted at a meeting of the Board.

ASSET PURCHASE AGREEMENT

WHEREAS the Corporation deems it to be in the best interests of the Corporation to enter into a certain Asset Purchase Agreement between the Corporation and Heart Cab Company, Inc., d/b/a Sulger Water Company #2 ("**Sulger Water**"), substantially in the form attached hereto as Exhibit A (the "**Asset Purchase Agreement**"), pursuant to which the Corporation will purchase water services to customers in an unincorporated portion of Cochise County near Huachuca City, Arizona, which provides services to approximately 24 metered customers.

RESOLVED THAT the Corporation is authorized to apply to the Arizona Corporation Commission seeking approval to acquire the assets of Sulger Water (the "**Application**") to be filed with the Arizona Corporation Commission for approval to have existing Sulger Water customers to become customers of the Corporation, including being subject to the Corporations rates and charges;

FURTHER RESOLVED that the Corporation is hereby authorized to enter into any and all transaction documents necessary to effectuate the Asset Purchase Agreement and Application.

FURTHER RESOLVED that any officers or directors of the Corporation (each an "**Authorized Officer**") be, and each of them hereby is, authorized and empowered in all respects to execute and deliver the Asset Purchase Agreement, as conclusively evidenced by the signature of any two such Authorized Officers, including all exhibits and schedules attached thereto, in the name and on behalf of the Corporation with such additions, deletions or changes therein (including, without limitation, any additions, deletions or changes to any schedules or exhibits thereto) as the Authorized Officers executing same shall approve;

FURTHER RESOLVED that any Authorized Officer be, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Corporation, to do, and to cause any and all of the Corporation's counsel and advisors to do, any and all such additional acts, deeds and things, which may be or may become necessary, desirable or appropriate to effectuate the purposes of the foregoing Resolutions, and to incur and pay all such fees and expenses as they shall in their good faith and judgment determine to be necessary, desirable or advisable to carry out fully the intent and purposes of the foregoing Resolutions and the payment of any such fees and expenses

or the doing of by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor and the approval of the expenses so paid, the filings so made and the actions so taken;

FURTHER RESOLVED that the Authorized Officer be, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation, to take or cause to be taken any and all actions necessary or appropriate to effectuate the foregoing resolutions and to otherwise carry out the purposes and intent of the foregoing resolutions.

IN WITNESS WHEREOF, the undersigned, being all of the Directors of the Corporation, have executed this Statement of Unanimous Written Consent as of the date first written above.

By: 
Name: Ian Robertson
Title: Director

By: 
Name: Johnny Johnston
Title: Director

By: 
Name: Brian J. Brady
Title: Director

By: 
Name: Virginia L. Grebbien
Title: Director

By: 
Name: Clifford A. Neal
Title: Director

Liberty Bella Vista & Sulger
Joint Application

EXHIBIT 9

RATE COMPARISON

Bella Vista

Docket No. W-02465A-15-0367

Decision No. 75809

Monthly Usage Charges

5/8" & 3/4" Meter	\$ 16.89
3/4" Meter	\$ 25.34
1" Meter	\$ 42.23
1 1/2" Meter	\$ 84.45
2" Meter	\$ 135.12
3" Meter	\$ 270.24
4" Meter	\$ 422.25
6" Meter	\$ 844.50
8" Meter	\$ 1,351.20
10" Meter	\$ 1,942.35
12" Meter	\$ 3,631.35

Commodity Charges - Per 1,000 Gal

Meter Size	Consumption	Charge
5/8" x 3/4" Meter - Residential	0 to 4,000 gal	1.84
	4,001 to 10,000 gal	2.84
5/8" x 3/4" Meter - Commercial	Over 10,000 gal	3.59
3/4" Meter - Commercial	0 to 4,000 gal	2.84
	Over 4,000 gal	3.59
1" Meter - All Classes (except standpipe)	0 to 4,000 gal	2.84
	Over 4,000 gal	3.59
1 1/2" Meter - All Classes (except standpipe)	0 to 10,000 gal	2.84
	Over 10,000 gal	3.59
2" Meter - All Classes (except standpipe)	0 to 26,000 gal	2.84
	Over 26,000 gal	3.59
3" Meter - All Classes (except standpipe)	0 to 45,000 gal	2.84
	Over 45,000 gal	3.59
4" Meter - All Classes (except standpipe)	0 to 98,000 gal	2.84
	Over 98,000 gal	3.59
6" Meter - All Classes (except standpipe)	0 to 158,000 gal	2.84
	Over 158,000 gal	3.59
8" Meter - All Classes (except standpipe)	0 to 327,000 gal	2.84
	Over 327,000 gal	3.59
10" Meter - All Classes (except standpipe)	0 to 584,000 gal	2.84
	Over 584,000 gal	3.59
12" Meter - All Classes (except standpipe)	0 to 870,000 gal	2.84
	Over 870,000 gal	3.59
	0 to 1,500,000 gal	2.84
	Over 1,500,000 gal	3.59

Sulger Water Company #2

Docket Nos. W-02355A-09-0275, W-02355A-10-0330

Decision No. 72052

Monthly Usage Charges

5/8" & 3/4" Meter	\$ 31.00
3/4" Meter	\$ 46.50
1" Meter	\$ 77.50
1 1/2" Meter	\$ 155.00
2" Meter	\$ 248.00
3" Meter	\$ 496.00
4" Meter	\$ 775.00
6" Meter	\$ 1,550.00
8" Meter	N/A
10" Meter	N/A
12" Meter	N/A

Commodity Charges - Per 1,000 Gal

Meter Size	Consumption	Charge
5/8" x 3/4" Meter - Residential	0 to 3,000 gal	1.80
	3,001 to 10,000 gal	3.00
5/8" x 3/4" Meter - Industrial & Commercial	Over 10,000 gal	4.54
1" Meter - Residential, Industrial, & Commercial	0 to 10,000 gal	3.00
	Over 10,000 gal	4.54
1 1/2" Meter - Residential, Industrial, & Commercial	0 to 28,000 gal	3.00
	Over 28,000 gal	4.54
2" Meter - Residential, Industrial, & Commercial	0 to 75,000 gal	3.00
	Over 75,000 gal	4.54
3" Meter - Residential, Industrial, & Commercial	0 to 130,000 gal	3.00
	Over 130,000 gal	4.54
4" Meter - Residential, Industrial, & Commercial	0 to 290,000 gal	3.00
	Over 290,000 gal	4.54
6" Meter - Residential, Industrial, & Commercial	0 to 450,000 gal	3.00
	Over 450,000 gal	4.54
	0 to 1,500,000 gal	3.00
	Over 1,500,000 gal	4.54

Variance
\$ (14.11)
\$ (21.16)
\$ (35.27)
\$ (70.55)
\$ (112.88)
\$ (225.76)
\$ (352.75)
\$ (705.50)
\$ 1,351.20
\$ 1,942.35
\$ 3,631.35

BILL ANALYSIS

Bella Vista

Sulger Water Company #2

5/8" x 3/4" Meter and 3/4" Meter - Residential

5/8" x 3/4" Meter and 3/4" Meter - Residential

4,000 gal	\$ 16.89	Monthly Charge
	\$ 7.36	Commodity Charge
	<u>\$ 24.25</u>	Total Bill (excluding taxes and fees)
7,000 gal	\$ 16.89	Monthly Charge
	\$ 15.88	Commodity Charge
	<u>\$ 32.77</u>	Total Bill (excluding taxes and fees)
10,000 gal	\$ 16.89	Monthly Charge
	\$ 24.40	Commodity Charge
	<u>\$ 41.29</u>	Total Bill (excluding taxes and fees)
15,000 gal	\$ 16.89	Monthly Charge
	\$ 42.34	Commodity Charge
	<u>\$ 59.23</u>	Total Bill (excluding taxes and fees)

4,000 gal	\$ 31.00	Monthly Charge
	\$ 8.40	Commodity Charge
	<u>\$ 39.40</u>	Total Bill (excluding taxes and fees)
7,000 gal	\$ 31.00	Monthly Charge
	\$ 17.40	Commodity Charge
	<u>\$ 48.40</u>	Total Bill (excluding taxes and fees)
10,000 gal	\$ 31.00	Monthly Charge
	\$ 26.40	Commodity Charge
	<u>\$ 57.40</u>	Total Bill (excluding taxes and fees)
15,000 gal	\$ 31.00	Monthly Charge
	\$ 49.09	Commodity Charge
	<u>\$ 80.09</u>	Total Bill (excluding taxes and fees)