

JANICE K. BREWER
Governor



SANDY FABRITZ-WHITNEY
Director

ARIZONA DEPARTMENT of WATER RESOURCES
3550 North Central Avenue, Second Floor
Phoenix, Arizona 85012-2105
602.771.8500
azwater.gov

May 17, 2013

Mr. Rick Coffman, vice-president
Pueblo Del Sol Water Company
4100 Canyon de Flores
Sierra Vista, Arizona 85650

Re: Designation of Adequate Water Supply (DWR No. 40-700705.0000) Pueblo Del Sol Water Company

Dear Mr. Coffman:

I am pleased to inform you that the Department of Water Resources has approved the application for a Designation of Adequate Water Supply for the Pueblo Del Sol Water Company (Pueblo Del Sol). We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of Pueblo Del Sol's responsibilities in maintaining the Designation.

Pueblo Del Sol's status as a designated water provider demonstrates that Pueblo Del Sol is taking a long-term perspective in managing water resources. Pueblo Del Sol's commitment to long term planning represents a major contribution to the State's water management goal.

If you have any questions regarding these documents, please contact me at (602) 771-8615.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew J. Craddock".

Andrew J. Craddock, Manager
Recharge, Assured & Adequate Water Supply Programs

AJC/rbo

cc: via electronic mail:
Robin King, Arizona Department of Real Estate
Linda Taunt, Az. Department of Environmental Quality
Erin Young, R.G. Fluid Solutions
William P. Sullivan, Curtis, Goodwin, Sullivan, Udal & Schwab, P.L.C.

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2 **ARIZONA DEPARTMENT OF WATER RESOURCES**

3 **BEFORE THE DIRECTOR**

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5 **IN THE MATTER OF THE APPLICATION OF PUEBLO**
6 **DEL SOL WATER COMPANY FOR A DESIGNATION AS**
7 **HAVING AN ADEQUATE WATER SUPPLY**
8 _____

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) **AWS No. 2013-004**
)
) **DECISION AND ORDER**
)
) **No. 40-700705.0000**

9 **I. INTRODUCTION**

10 On June 23, 2011, the Arizona Department of Water Resources ("Department") received an
11 application from Pueblo Del Sol Water Company, an Arizona corporation ("Pueblo Del Sol") requesting
12 that the Department designate Pueblo Del Sol as having an adequate water supply pursuant to A.R.S.
13 § 45-108 *et seq.* and A.A.C. R12-15-701 *et seq.* On April 18, 2012 and April 25, 2012, the Department
14 gave public notice of the application pursuant to A.R.S. § 45-108.01. Multiple objections to the
15 application were filed with the Department.

16 After receiving Pueblo Del Sol's application for a designation of adequate water supply, the
17 Department reviewed relevant information regarding the designation request, including the hydrologic
18 study submitted with the application and the hydrologic information on file with the Department for the
19 proposed source of supply. Based on that information, the Department makes the following Findings of
20 Fact, Conclusions of Law and Order of Designation and Conditions of Designation:

21 **II. FINDINGS OF FACT**

22 **A. General**

- 23 1. Pueblo Del Sol is a private water company subject to the jurisdiction of the Arizona Corporation
24 Commission ("ACC").
- 25 2. Pueblo Del Sol provides domestic water service within the boundaries of its certificate of
26 convenience and necessity ("CC&N"), as approved by the ACC.
3. Pueblo Del Sol currently serves water through its distribution system to its customers.

B. Water Demands

4. Pueblo Del Sol's current demand as of calendar year 2010 is 1,430.85 acre-feet per year ("current demand").
5. Pueblo Del Sol's committed demand as of calendar year 2010 is 137.19 acre-feet per year ("committed demand").
6. Pueblo Del Sol's projected demand in 2032 is 3,302.35 acre-feet per year ("2032 projected demand"). The 2032 projected demand does not include the current demand or the committed demand, but does include the demand at build-out of plats reasonably projected to be approved through calendar year 2032.
7. Pueblo Del Sol's annual estimated water demand in 2032, which is the sum of its current demand, committed demand, and 2032 projected demand, is 4,870.39 acre-feet per year ("2032 annual estimated water demand").

C. Groundwater: Physical, Continuous and Legal Availability

8. Pueblo Del Sol has the right to withdraw and deliver groundwater to its customers pursuant to A.R.S. § 45-453.
9. Pueblo Del Sol has demonstrated that after withdrawing 4,870.39 acre-feet per year of groundwater for 100 years, the depth-to-static water level within Pueblo Del Sol's service area is not expected to exceed 650 feet below land surface.
10. Pueblo Del Sol has demonstrated that it has wells of sufficient capacity to satisfy its 2032 annual estimated water demand of 4,870.39 acre-feet per year for at least 100 years.

D. Water Quality

11. Pueblo Del Sol is regulated by the Arizona Department of Environmental Quality ("ADEQ") as a public water system pursuant to A.R.S. § 49-351, *et seq.*

E. Financial Capability

12. Pueblo Del Sol has constructed the necessary delivery, storage and treatment works to satisfy its 2032 annual estimated water demand.

III. CONCLUSIONS OF LAW

Having reviewed the Findings of Fact, the Department makes the following Conclusions of Law:

1. Pueblo Del Sol has demonstrated that 4,870.39 acre-feet per year of groundwater will be physically available, continuously available and legally available for at least 100 years. This volume is sufficient to meet its 2032 annual estimated water demand.
2. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Pueblo Del Sol's annual estimated water demand to be met with groundwater is 4,870.39 acre-feet per year.
3. The water supply served by Pueblo Del Sol will be of adequate quality pursuant to A.A.C. R12-15-719.
4. Pueblo Del Sol has satisfied the financial capability criteria prescribed in A.A.C. R12-15-720.
5. Pueblo Del Sol has satisfied all the requirements for a designation of an adequate water supply.

IV. ORDER OF DESIGNATION AND CONDITIONS OF DESIGNATION

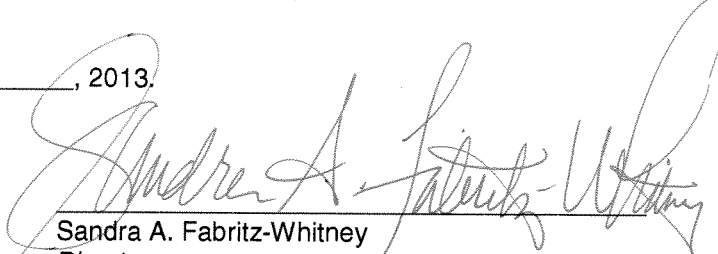
Having reviewed the Findings of Fact and Conclusions of Law, the Department hereby issues this Decision and Order designating Pueblo Del Sol as having an adequate water supply, subject to the following conditions:

1. The Director reserves the right under A.A.C. R12-15-715(C) to periodically review and modify the designation for good cause as conditions warrant.
2. Pursuant to A.A.C. R12-15-715, the Director may, at any time, revoke this designation if the findings of fact or the conclusions of law upon which the designation is based change or are invalid, or if an adequate water supply no longer exists.
3. The Director's determination that an adequate water supply exists for Pueblo Del Sol is based on an analysis of the water supplies pledged by Pueblo Del Sol. Nothing in this Decision and Order limits or reduces Pueblo Del Sol's legal authority to use any water supply in any year.
4. Pueblo Del Sol shall submit an application to modify this decision and order designating Pueblo Del Sol as having an adequate water supply to increase the term of the designation when the sum of Pueblo Del Sol's current demand, committed demand and two year projected demand exceeds 4,870.39 acre-feet per year, or by December 31, 2030, whichever is earlier.
5. Pursuant to A.A.C. R12-15-719, Pueblo Del Sol shall satisfy any state water quality requirements established for its proposed use after the date of this designation.
6. Pueblo Del Sol shall annually provide to the Department the following information for the previous calendar year in the manner prescribed in A.A.C. R12-15-715:

- 1 a. An estimate of the demand of platted, undeveloped lots located in Pueblo Del Sol's
2 service area.
- 3 b. An estimate of the projected demand at build-out for customers with which Pueblo Del
4 Sol has entered into a notice of intent to serve agreement in the preceding calendar
5 year.
- 6 c. A report regarding Pueblo Del Sol's compliance with water quality requirements.
- 7 d. The depth-to-static water level of all wells from which Pueblo Del Sol withdrew water
8 during the previous calendar year.
- 9 e. The total quantity of water from any source withdrawn, diverted, or received by Pueblo
10 Del Sol for its customers' residential and non-residential use during the previous
11 calendar year.
- 12 f. Any other information requested by the Director to determine whether Pueblo Del Sol
13 continues to meet all the requirements necessary to maintain this designation of
14 adequate water supply.

15 **IT IS HEREBY ORDERED THAT PUEBLO DEL SOL WATER COMPANY BE DESIGNATED AS**
16 **HAVING AN ADEQUATE WATER SUPPLY UNTIL DECEMBER 31, 2032.**

17 DATED this 17 day of MAY, 2013.

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19 Sandra A. Fabritz-Whitney
20 Director
21 Arizona Department of Water Resources
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1 A copy of the foregoing
2 **Decision and Order** mailed
3 by certified mail this 17th day
4 of May, 2013, to:

5 Mr. Rick Coffman, vice-president
6 Pueblo Del Sol Water Company
7 4100 Canyon de Flores
8 Sierra Vista, Arizona 85650

Certified Mail No.: 7004 2510 0000 8660 2229

Sent by: R. Orosquin

9 A copy of the foregoing sent by electronic
10 mail this 17th day of May, 2013
11 to:

12 Robin King
13 Arizona Department of Real Estate
14 rking@azre.gov

15 Linda Taunt
16 Arizona Department of Environmental
17 Quality
18 taunt.linda@azdeq.gov

19 Steve Olea
20 Arizona Corporation Commission
21 solea@azcc.gov

22 Erin Young, R.G.
23 Fluid Solutions
24 eyoung@flusol.com