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ARIZONA CORPORATION COMMISSION

February 27, 2008

Members of the WIFA Board
Attention: Judy Navarrete, Executive Director
1110 W. Washington, Suite 290
Phoenix, Arizona 85007

RE: USE OF SMALL WATER SYSTEMS FUNDS FOR HACIENDA ACRES WATER
COMPANY SYSTEM REPAIRS AND POINT OF USE PROCUREMENT AND
INSTALLATION

Dear Members of the WIFA Board:

Request

The Arizona Corporation Commission ("ACC") requests that the Water Infrastructure Finance Authority ("WIFA") of Arizona approve grant money to Global Water Resources ("GWR") of up to \$56,750 from monies in the Small Water Systems Fund ("SWSF"). This payment would be to GWR, as the interim manager for Hacienda Acres Water Company ("HAWC"), for Post-vandalism Repair to System and Point of Use ("POU") Procurement and Installation to return the system to proper operation and solve water quality issues with HAWC in Pinal County, Arizona.

Background

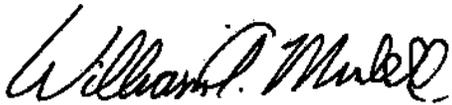
1. GWR began serving as an interim manager for HAWC on August 24, 2007.
2. On August 27, 2007, the HAWC well production and water distribution system were vandalized. This action caused a complete disruption of service to the customers, leaving them without a water supply.
3. While working to complete emergency repairs to the system, GWR provided bottled water for customer use. Subsequent to re-establishing the integrity of the distribution system, GWR hauled potable water to HAWC. The HAWC well system, however, remained isolated because it failed to meet the maximum contaminant level for nitrate.
4. GWR initiated an Alternative Source Program approved by the Arizona Department of Environmental Quality for residents in the HAWC service area. Under this program, potable water is delivered in 5-gallon jugs. The well water is distributed for non-consumptive purposes only. This program continues to operate today.

5. GWR provided status reports and invoices for its repair to the HAWC system. The invoices provided totaled \$40,749.45. GWR has estimated that it will cost approximately \$16,000 to obtain POU program approvals and to purchase and install the POU treatment devices.
6. Post-vandalism repairs to the HAWC system have been completed. The HAWC system is in compliance with ADEQ requirements. The HAWC customers are receiving water that meets ADEQ drinking water standards.
7. We believe that monies available in the SWSF are an appropriate source of funds to cover these expenditures. Without the repairs to the HAWC system, the customers would have continued to receive substandard service and possibly would have had to pay excessive costs for water hauling. Approval of this grant will allow for the recovery of funds expended by GWR to return the system to operation. Providing for the installation of POU treatment devices is expected to enable the HAWC system to achieve compliance with the nitrate maximum contaminant level.

Sincerely,



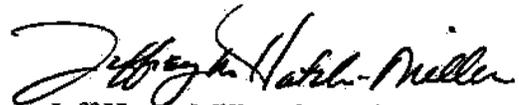
Mike Gleason, Chairman



William A. Mundell, Commissioner



Kristin K. Mayes, Commissioner



Jeff Hatch-Miller, Commissioner



Gary Pierce, Commissioner

Attachment

cc: Dean Miller
Ernest Johnson
Steve Olea
Chris Kempley