Chaparral City
Water Company

12021 N Panorama Drive
Fountain Hills, AZ 85268
Ph: (480) 837-3411
Fax: (480) 837-5310

New neighbor, same great water!

June 2011

Ownership of Chaparral City Water Company transfers to EPCOR Water (USA) Inc.

We are pleased to announce that the ownership of Chaparral City Water Company was recently transferred to EPCOR Water (USA) Inc. from American States Water Inc. This acquisition was announced in 2010 and was approved by the Arizona Corporation Commission in decision #72259, dated April 7, 2011.

With over 100 years of experience, EPCOR is a trusted provider of water and wastewater services to over one million consumers and is a recognized leader in environmental commitment, water quality, and service.

Our top priority remains a commitment to our customers and community beginning with maintaining customer service and water quality.

How does this affect me?

You will continue to access a customer service representative at **1-877-669-3434**.

Our goal is to ensure any changes you experience are minimal. Over the next few months, information will be provided on any customer service enhancements and updates to your bill and the billing process. For example, we're pleased to provide you with a new and improved look to your bill, beginning in September. Stay tuned.

Is there anything I need to do?

We're here to help. We'll give you advance notice of any changes and will walk you through any actions you might need to take with regard to your account.

Information will be provided with your bill, advertised in your local paper, and on our website.

We look forward to getting to know you and becoming an active member of your community. Should you have any questions about this change or your service, please contact us at **1-877-669-3434** or **(480) 837-3411**.

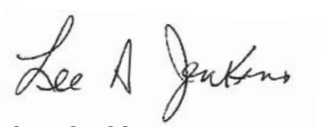
Learn more online!

For information about EPCOR in your area, please visit **epcor.com/chaparral**. We also invite you to visit **epcor.com** to learn more about EPCOR's reputation as a good neighbor in the community.

Continuing our commitment to water quality

Enclosed you will find Chaparral City Water Company's water quality report for the previous year, prepared by American States Water. As part of EPCOR's commitment to transparency and providing safe, clean water we look forward to providing you with a water quality report annually.

Best regards,



Lee Jenkins
Director Operations, Arizona
Chaparral City Water Company

EPCOR

FOUNTAIN HILLS WATER SYSTEM

2011 WATER QUALITY REPORT

Chaparral City
Water Company

Chaparral City
Water Company

Protecting and Preserving Your Drinking Water

We are pleased to present the following 2011 Water Quality Report, which contains information about testing completed in your water system through December 2010.

Chaparral City Water Company (CCWC) has taken seriously its job as the guardian of drinking water quality for our customers. CCWC is regulated by county, state and federal governments, and we are proud to say the quality of your water regularly meets all drinking water standards.

Each week, CCWC's industry professionals take water samples to monitor quality at approved sites at the water source and throughout the distribution system to make sure the water in our system is of high quality and meets standards.

If there is an exceedance of a drinking water standard, the Company is required to notify you quickly and take action to restore normal service.

We also want to take a moment to remind you that everyone must play a role to preserve our limited water resources. Water-use efficiency remains one of the best and least-cost ways to maintain a reliable source of high quality water now and for future generations. Thank you for any steps you may have taken to date and please continue your efforts.

If you have any questions about this report, please call our Customer Service Center at 1-480-837-3411.

Sincerely,

Robert Sprowls
President and Chief Executive Officer
American States Water Company

Paul Schubert
District Manager

About the Company

Every day, well over a million people in the United States depend on the American States Water Company family of companies for the water, wastewater, and electric services that enable their quality of life. American States Water Company is the holding company for Golden State Water Company and American States Utility Services, Inc.

Golden State Water Company is a public utility company regulated by the California Public Utilities Commission (CPUC). Golden State Water engages principally in the reliable delivery of water. We operate 38 separate water systems within 75 communities in 10 counties in the State of California and provide water service to over 1 million people, or 1 out of every 36 Californians. In addition, we provide electric service to over 23,000 customers in the Big Bear recreational area of California.

American States Utility Services, Inc. is our contracted services business. Through its wholly-owned subsidiaries—Fort Bliss Water Services Company, Terrapin Utility Services, Inc., Old Dominion Utility Services, Inc., Old North Utility Services, Inc., and Palmetto State Utility Services, Inc.—American States Utility Services provides full-service contracts to operate and maintain water and wastewater systems on U.S. Army and U.S. Air Force installations in Texas, New Mexico, Maryland, Virginia, North Carolina, and South Carolina.

Glossary of Terms

Maximum Contaminant Level (MCL)
The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the public health goals and maximum contaminant level goals as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste and appearance of drinking water.

Maximum Contaminant Level Goal (MCLG)
The level of contaminant in drinking water below which there is no known or expected risk to health. Maximum contaminant level goals are set by the U.S. Environmental Protection Agency (USEPA).

Maximum Residual Disinfectant Level (MRDL)
The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG)
The level of a drinking water disinfectant below which there is no know or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

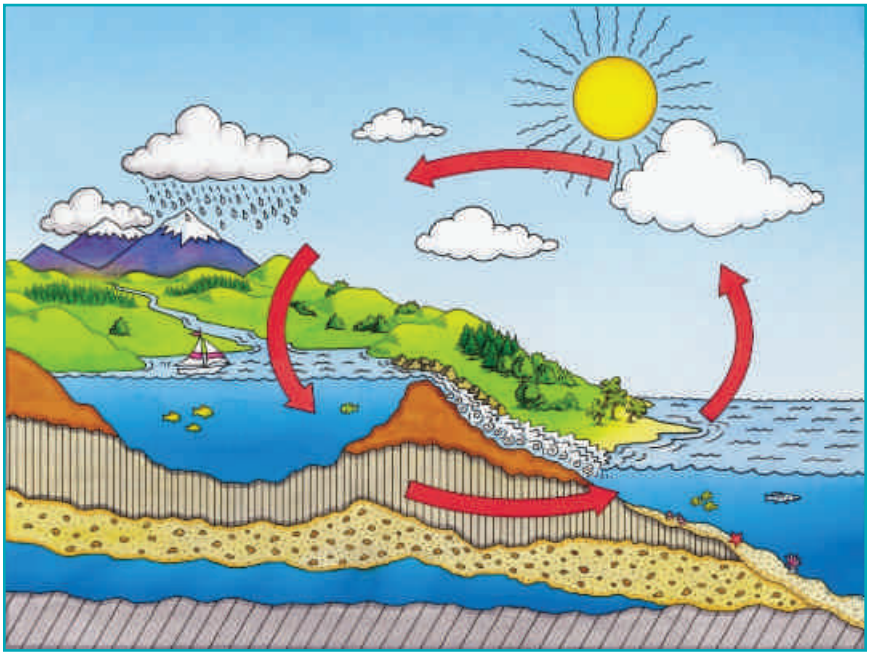
Primary Drinking Water Standard (PDWS)
MCLs and MRDLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

Regulatory Action Level (AL)
The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Treatment Technique (TT)
A required process intended to reduce the level of a contaminant in drinking water.

Where Does My Water Come From?

Water delivered to customers in the Fountain Hills system is a blend of surface and groundwater. The source of the surface water is Lake Pleasant and the Colorado River. The groundwater comes from the lower, middle and upper alluvial aquifers below the city of Fountain Hills.



The Water Cycle:
A continuous process by which water circulates throughout the earth and atmosphere.

For People with Sensitive Immune Systems…

Some people may be more vulnerable to contaminants in the water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly persons and infants can be particularly at risk of infections. These people should seek advice from their healthcare provider about their drinking water.

USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline 1-800- 426-4791.

Risk to Tap and Bottled Water

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily mean water may be a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline 1-800-426-4791.

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the layers in the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animal or human activity.

In order to be certain that tap water is safe to drink, the USEPA and the ADEQ prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. United States Food and Drug Administration (USFDA) and ADEQ regulations also establish limits for contaminants in bottled water that must provide the same protection for public health.

Contaminants in Drinking Water Sources May Include:

- Microbial contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations and wildlife.
- Inorganic contaminants, such as salts and metals, which can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining and farming.
- Pesticides and herbicides, that may come from a variety of sources such as agriculture, urban storm water runoff and residential uses.
- Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff and septic systems.
- Radioactive contaminants, that can be naturally occurring or be the result of oil and gas production and mining activities.

Fountain Hills - Source Water Quality

Primary Standards - Health Based (units)	PRIMARY MCL	MCLG	Range of Detection	Compliance Level	MCL Violation?	Most Recent Sampling Date	Typical Source of Constituent
Turbidity							
Highest single measurement of the Treated Surface Water (NTU)	TT = 1.0	n/a	n/a	0.16	No	2010	Soil runoff
Lowest Percent of all Monthly Readings less than 0.2 NTU (%)	TT = 95	n/a	n/a	100%	No	2010	Soil runoff
Inorganic Constituents							
Arsenic (mg/L)	0.01	n/a	0.002-0.0097	0.0097	No	2010	Erosion of natural deposits; runoff from orchards, glass and electronics production wastes
Barium (mg/L)	2	2	0.015-0.13	0.13	No	2010	Discharges of oil drilling wastes and from metal refineries; erosion of natural deposits
Fluoride (mg/L)	4.0	4	<0.4-1.0	1.0	No	2009	Erosion of natural deposits; water additive that promotes strong teeth; discharge from fertilizer and aluminum factories
Nitrate (as N) (mg/L)	10	10	0.32 - 1.2	1.2	No	2010	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Selenium (mg/L)	0.05	0.03	<0.002 - 0.003	0.003	No	2010	Discharge from petroleum, glass, and metal refineries; erosion of natural deposits; discharge from mines and chemical manufacturers; runoff from livestock lots (feed additive)
Radioactive Constituents							
Gross Alpha Activity (pCi/L)	15	n/a	2.7-6.3	6.3	No	2010	Erosion of natural deposits
Radium 228 (pCi/L)	5	n/a	<0.7-1.9	1.9	No	2010	Decay of natural and manmade deposits
Other Parameters (units)	**MCL**	**MCLG**	**Range of Detection**	**Highest Level**	**MCL Violation?**	**Most Recent Sampling Date**	
Sodium (mg/L)	Not Regulated	n/a	61-93	93	n/a	2010	

Fountain Hills - Distribution System Water Quality

Disinfection Byproducts and Disinfectant Residuals (units)	PRIMARY MCL (MRDL)	MRDLG	Range of Detection	Highest 4-Quarterly Average	MCL Violation?	Most Recent Sampling Date	Typical Source of Constituent
Chlorine [as Cl2] (mg/L)	(4.0)	(4)	0.03-2.2	1.03	No	2010	Drinking water disinfectant added for treatment
HAA5 [Total of five Haloacetic Acids] (mg/L)	0.06	n/a	0.0045-0.039	0.0196	No	2010	Byproduct of drinking water disinfection
TTHMs [Total of four Trihalomethanes] (mg/L)	0.08	n/a	0.026-0.120	0.0709	No	2010	Byproduct of drinking water chlorination
Inorganic Constituents (units)	**ACTION LEVEL**	**MCLG**	**Range of Detection**	**90th % Level**	**Violation?**	**Most Recent Sampling Date**	**Typical Source of Constituent**
Copper (mg/L)	1.3	1.3	0.017-0.044	0.22	No	2009	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
Lead (mg/L)	0.015	0	<0.001 - 0.013	0.0028	No	2009	Internal corrosion of household plumbing systems; discharges from industrial manufacturers; erosion of natural deposits

Laboratory Analyses

Over the years we have taken thousands of water samples in order to determine the presence of any radioactive, biological, inorganic, volatile organic or synthetic organic contaminants in your drinking water. The enclosed table shows only those contaminants that were detected in the water.

Although all the substances listed here are under the Maximum Contaminant Level (MCL), we feel it is important that you know exactly what was detected and how much of these substances were present in the water. Compliance (unless otherwise noted) is based on the average level of concentration being below the MCL. The state allows us to monitor for some contaminants less than once per year because the concentrations do not change frequently. Some of our data, though representative, is more than a year old.

Lead

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. CCWC is responsible for providing high quality drinking water, but cannot control the variety of material used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at http://www.epa.gov/safewater/lead.

Unregulated Contaminant Monitoring

Your water system has sampled for a series of unregulated contaminants. Unregulated contaminants are those that don't yet have a drinking water standard set by the USEPA. The purpose of monitoring for these contaminants is to help EPA decide whether the contaminants should have a standard. As our customers, you have a right to know that this data is available. If you are interested in examining the results, please contact our Customer Service Center at 1-480-837-9522.

Arsenic

Your drinking water meets EPA's standards. EPA's standard balances the current understanding of arsenic's possible health effects against the costs of removing arsenic from drinking water. EPA continues to research the health effects of low levels of arsenic, which is a mineral known to cause cancer in humans at high concentrations and is linked to other health effects such as skin damage and circulatory problems.

Measurements

To ensure the best possible quality, water is sampled and tested consistently throughout the year.

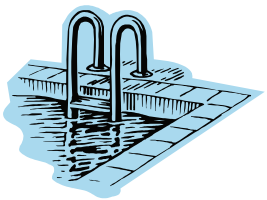
Contaminants are measured in:

- Parts per million (ppm) or milligrams per liter (mg/L).
- Parts per billion (ppb) or micrograms per liter (µg/L).
- Parts per trillion (ppt) or nanograms per liter (ng/L).
- Grains per gallon (grains/gal) – A measurement of water hardness often used for sizing household water softeners. One grain per gallon is equal to 17.1 mg/L of hardness.
- MicroSiemens per centimeter (µS/cm) – A measurement of a solution's ability to conduct electricity.
- Nephelometric Turbidity Units (NTU) – A measurement of the clarity of water. Turbidity in excess of 5 NTU is noticeable to the average person.
- PicoCuries per liter (pCi/L) – A measurement of radioactivity in water.

If this is difficult to imagine, think about these comparisons:

Parts per million:
1 drop in 14 gallons
1 second in 12 days
1 inch in 16 miles

Parts per billion:
1 drop in 14,000 gallons
1 second in 32 years
1 inch in 16,000 miles



Parts per trillion:
1 second in 32,000 years
1 inch in 16 million miles
10 drops in enough water to fill the Rose Bowl

Source Water Assessment

Based on the information currently available on the hydrogeologic settings and the adjacent land uses that are in the specified proximity of the drinking water source(s) of the public water system, ADEQ has given a high risk designation for the degree to which this public water system drinking water source(s) are protected. A designation of high risk indicates there may be additional source water protection measures which can be implemented on the local level. This does not imply that the source water is contaminated nor does it mean that contamination is imminent. Rather, it simply states that land use activities or hydrogeologic conditions exist that make the source water susceptible to possible future contamination.

Cross Connection Control Program

CCWC's Cross Connection Control Program provides a level of certainty that the water in the company's distribution system is protected from possible backflow of contaminated water from commercial or industrial customers' premises. For additional information, visit the cross connection control website at www.aswater.com/xconnect.

If You Have Questions – Contact Us

For information about your water quality or to find out about upcoming opportunities to participate in public meetings, please contact our 24 hour customer call center at 1-480-837-9522.

Este informe contiene información muy importante sobre su agua de beber. Tradúzcalo o hable con alguien que lo entienda bien.

Chaparral City
Water Company
12021 N. Panorama Drive
Fountain Hills, AZ 85268

Golden Rules for Water Conservation

1. End Wasteful Outdoor Water Activities
2. Fix Water Leaks
3. Replace Older Toilets with High-Efficiency Models
4. Be Water-Wise with your Clothes and Dish Washers
5. Make your Showerheads and Faucets Water-Efficient