

ORIGINAL

NEW APPLICATION



0000027394

WATCO
PO Box 1270
Show Low, AZ 85902
(928)537-8739

RECEIVED

2005 SEP -6 P 3:59

Docket Control
Arizona Corporation Commission
1200 W Washington ST
Phoenix, AZ 85007

**AZ CORP COMMISSION
DOCUMENT CONTROL**

August 25, 2005

W-01979A-05-0645

Attached is an application by WATCO for an extension of its Certificate of Convenience and Necessity. We are requesting an extension of our CC&N to include a new area that is not contiguous to our current service area and will be serviced by its own well and storage tank.

Mark Grapp

Arizona Corporation Commission
DOCKETED
SEP 06 2005

DOCKETED BY	
-------------	--

ARIZONA CORPORATION COMMISSION

**APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND
NECESSITY**

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

Watco
PO Box 1270 Show Low, AZ 85902
(928) 537-8739

B. The name, address and telephone number of management contact is:

Mark Grapp
PO Box 1270 Show Low AZ 85902
(928) 537-8739

C. List the name, address and telephone number of the operator certified by the Arizona Department of Environmental Quality:

Mark Grapp
PO Box 1270 Show Low AZ 85902
(928) 537-8739

D. List the name, address and telephone number of the attorney for the Applicant:

N/A

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation)

2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation)

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted.

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors.

H. Attach a current balance sheet and profit and loss statement.

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 12 Second Year 24 Third Year 40 Fourth Year 70
Fifth Year 95

Commercial: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Industrial: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Irrigation: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Other: (specify) N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential:

First Year 454,000 Second Year 1,300,000 Third Year 2,265,000

Fourth Year 4,152,000 Fifth Year 6,266,000

Commercial: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year \$ 2,200 Second Year \$ 6,500 Third Year \$ 11,000

Fourth Year \$ 20,000 Fifth Year \$ 30,000

- Complete Attachment "D" (Water Use Data Sheet) for the past 13 months

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year \$4800 Second Year \$6400 Third Year \$8500
Fourth Year \$11,300 Fifth Year \$15,000

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

\$ 775,528.14

K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Main extension agreement with developer.

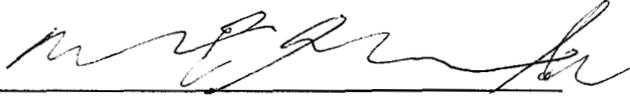
L. Estimated starting and completion date of construction of utility facilities:

Starting date 8-8-05 Completion date 12-15-05

M. Attach the following permits:

1. Franchise from either the City or County for the area requested.
2. Arizona Department of Environmental Quality or designee's approval to construct facilities.
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.)
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.)
5. **(WATER ONLY)** If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources.
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.



(Signature of Authorized Representative)

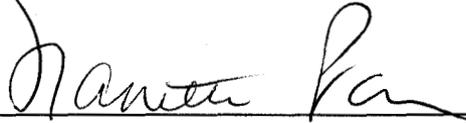
Mark E. Grapp, Sr

(Print or Type Name Here)

President

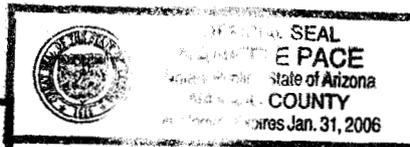
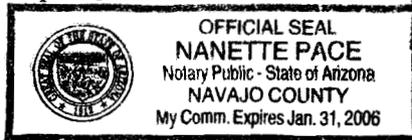
(Title)

SUBSCRIBED AND SWORN to before me this 31 day of August, 2005



NOTARY PUBLIC

My Commission Expires



STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****WATCO, INC.*****

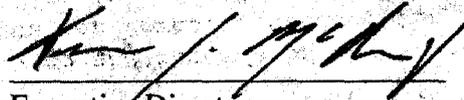
a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 21, 2003.

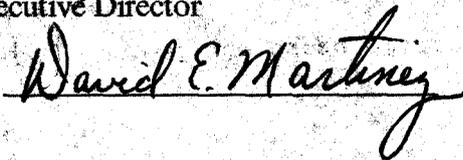
I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 23rd Day of August, 2005, A. D.




Executive Director

By 

A PARCEL OF LAND SITUATED WITHIN SECTIONS 30 AND 31, TOWNSHIP 12 NORTH, RANGE 22 EAST OF THE GILA & SALT RIVER MERIDIAN, NAVAJO COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 31;

THENCE S 00°26'48" W, A DISTANCE OF 4390.29 FEET;
THENCE S 83°18'57" W, A DISTANCE OF 277.69 FEET;
THENCE S 86°59'55" W, A DISTANCE OF 184.18 FEET;
THENCE S 88°20'03" W, A DISTANCE OF 308.05 FEET;
THENCE N 64°08'01" W, A DISTANCE OF 25.26 FEET;
THENCE N 48°48'03" W, A DISTANCE OF 279.24 FEET;
THENCE N 60°40'53" W, A DISTANCE OF 118.51 FEET;
THENCE N 50°21'58" W, A DISTANCE OF 538.48 FEET;
THENCE N 57°34'03" W, A DISTANCE OF 78.35 FEET;
THENCE N 79°18'24" W, A DISTANCE OF 161.94 FEET;
THENCE N 51°47'30" W, A DISTANCE OF 203.39 FEET;
THENCE N 67°00'41" W, A DISTANCE OF 88.19 FEET;
THENCE N 56°04'54" W, A DISTANCE OF 336.04 FEET;
THENCE N 53°22'58" W, A DISTANCE OF 126.16 FEET;
THENCE N 50°19'16" W, A DISTANCE OF 199.60 FEET;
THENCE N 67°55'56" W, A DISTANCE OF 82.51 FEET;
THENCE N 82°58'31" W, A DISTANCE OF 146.46 FEET;
THENCE N 80°22'29" W, A DISTANCE OF 358.43 FEET;
THENCE S 77°47'12" W, A DISTANCE OF 162.81 FEET;
THENCE S 36°52'12" W, A DISTANCE OF 99.89 FEET;
THENCE S 56°48'42" W, A DISTANCE OF 130.88 FEET;
THENCE S 23°02'22" W, A DISTANCE OF 207.32 FEET;
THENCE N 89°49'27" W, A DISTANCE OF 3196.54 FEET;
THENCE N 08°32'35" W, A DISTANCE OF 153.27 FEET;
THENCE N 36°34'29" W, A DISTANCE OF 179.44 FEET;
THENCE N 18°24'04" W, A DISTANCE OF 61.00 FEET;
THENCE N 89°58'07" E, A DISTANCE OF 670.90 FEET;
THENCE N 12°09'50" W, A DISTANCE OF 329.41 FEET;
THENCE N 21°16'25" W, A DISTANCE OF 204.94 FEET;
THENCE N 09°11'29" W, A DISTANCE OF 129.71 FEET;
THENCE N 34°49'51" W, A DISTANCE OF 832.93 FEET;
THENCE N 20°20'22" W, A DISTANCE OF 313.23 FEET;
THENCE N 10°45'32" W, A DISTANCE OF 591.04 FEET;
THENCE N 90°00'00" W, A DISTANCE OF 523.49 FEET;
THENCE N 00°00'00" E, A DISTANCE OF 935.00 FEET;
THENCE S 89°58'59" E, A DISTANCE OF 942.48 FEET;
THENCE N 00°18'36" E, A DISTANCE OF 2007.48 FEET;
THENCE N 85°58'59" W, A DISTANCE OF 437.40 FEET;
THENCE S 03°53'54" E, A DISTANCE OF 466.15 FEET;

THENCE N 13°33'39" W, A DISTANCE OF 275.01 FEET;
THENCE N 00°21'04" E, A DISTANCE OF 179.44 FEET;
THENCE N 15°22'16" E, A DISTANCE OF 130.17 FEET;
THENCE N 09°50'55" E, A DISTANCE OF 20.19 FEET;
THENCE S 78°45'07" E, A DISTANCE OF 394.47 FEET;
THENCE S 69°26'36" E, A DISTANCE OF 46.25 FEET;
THENCE N 00°28'26" W, A DISTANCE OF 466.13 FEET TO A
NON-TANGENT CURVE, THROUGH A CENTRAL ANGLE OF 62°36'46" AND
A RADIUS OF 473.04 FEET;
THENCE ALONG SAID CURVE A DISTANCE OF 516.94 FEET TO A
NON-TANGENT CURVE, THROUGH A CENTRAL ANGLE OF 56°48'51" AND
A RADIUS OF 889.35 FEET;

THENCE ALONG SAID CURVE A DISTANCE OF 881.98 FEET;
THENCE N 22°10'40" E, A DISTANCE OF 70.09 FEET;
THENCE N 06°27'10" E, A DISTANCE OF 129.06 FEET;
THENCE N 64°05'19" E, A DISTANCE OF 60.77 FEET;
THENCE N 20°22'33" E, A DISTANCE OF 93.55 FEET;
THENCE N 11°31'27" E, A DISTANCE OF 232.66 FEET;
THENCE N 06°22'16" E, A DISTANCE OF 66.02 FEET;
THENCE N 90°00'00" E, A DISTANCE OF 1746.83 FEET;
THENCE S 09°04'58" W, A DISTANCE OF 17.30 FEET;
THENCE S 01°21'11" W, A DISTANCE OF 112.47 FEET;
THENCE S 02°44'15" E, A DISTANCE OF 107.73 FEET;
THENCE S 00°08'25" E, A DISTANCE OF 1064.57 FEET;
THENCE S 49°31'55" E, A DISTANCE OF 232.40 FEET;
THENCE S 69°18'42" E, A DISTANCE OF 84.31 FEET;
THENCE S 87°46'18" E, A DISTANCE OF 185.31 FEET;
THENCE S 85°14'39" E, A DISTANCE OF 52.76 FEET;
THENCE N 89°21'00" E, A DISTANCE OF 224.25 FEET;
THENCE S 88°09'38" E, A DISTANCE OF 407.67 FEET;
THENCE N 84°12'48" E, A DISTANCE OF 60.69 FEET;
THENCE S 77°41'54" E, A DISTANCE OF 43.21 FEET;
THENCE S 63°39'13" E, A DISTANCE OF 228.62 FEET;
THENCE S 16°54'41" W, A DISTANCE OF 120.04 FEET;
THENCE S 01°56'09" W, A DISTANCE OF 284.26 FEET;
THENCE S 00°53'05" E, A DISTANCE OF 837.28 FEET;
THENCE S 06°30'11" E, A DISTANCE OF 149.76 FEET;
THENCE S 89°34'45" E, A DISTANCE OF 2649.64 FEET;
THENCE S 00°11'21" W, A DISTANCE OF 1295.83 FEET;
THENCE N 88°13'27" E, A DISTANCE OF 1296.42 FEET TO
THE POINT OF BEGINNING.

SAID PARCEL BEING 888.29 ACRES, MORE OR LESS AND, SUBJECT TO THE FOLLOWING:

ATTACHMENT "B"

NAVAJO	30 1/2 31	12 N	22 E
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
20	29	28	27	26	25
	32	33	34	35	36

Type or Print Description Here:

SEE ATTACHED.

10:35 AM
08/31/05
Cash Basis

Watco, Inc.
Balance Sheet
As of August 31, 2005

	<u>Aug 31, 05</u>
ASSETS	
Current Assets	
Checking/Savings	
131 · Checking	3,283.86
Total Checking/Savings	3,283.86
Other Current Assets	
141 · Customer Accounts Receivable	6,439.00
Total Other Current Assets	6,439.00
Total Current Assets	9,722.86
Fixed Assets	
100 · Fixed Assets	
101 · Utility Plant in Service	
301 · Organization	1,542.00
302 · Franchises	7.00
303 · land and land Rights	27,094.00
304 · Structures and Improvements	9,135.00
307 · Wells and Springs	19,361.00
311 · Pumping Equipment	13,023.00
330 · Distr Reservoirs and Standpipes	59,016.00
331 · Trans & Distr Mains	371,619.00
333 · Services	65,917.69
334 · Meters and Meter Installations	21,199.79
Total 101 · Utility Plant in Service	587,914.48
108 · Accumulated Depreciation - UP	-415,855.00
Total 100 · Fixed Assets	172,059.48
Total Fixed Assets	172,059.48
TOTAL ASSETS	181,782.34
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
235 · Customer Deposits	21,433.00
Total Other Current Liabilities	21,433.00
Total Current Liabilities	21,433.00
Long Term Liabilities	
224 · Other Long-Term Debt	
224.1 · Bourdon Ranch Partners	18,391.44
Total 224 · Other Long-Term Debt	18,391.44
252 · Advances in Aid of Constr	
252.1 · Serv Line & Meter Install Fee	290.00
Total 252 · Advances in Aid of Constr	290.00
Total Long Term Liabilities	18,681.44
Total Liabilities	40,114.44
Equity	
211 · Paid in Capital	2,212.83
215 · Retained Earnings	188,336.00
218 · Proprietary Capital	-52,355.00
Net Income	3,474.07
Total Equity	141,667.90
TOTAL LIABILITIES & EQUITY	181,782.34

10:34 AM

08/31/05

Cash Basis

Watco, Inc.
Profit & Loss
 January through August 2005

	Jan - Aug 05
Ordinary Income/Expense	
Income	
461 · Metered Water Revenue	57,755.93
474 · Other Water Revenues	650.00
Total Income	58,405.93
Expense	
408 · Taxes Other Than Income	
408.11 · Property Taxes	1,607.83
408.2 · Sales Tax Expense	2,619.16
Total 408 · Taxes Other Than Income	4,226.99
601 · Salaries and Wages	30,097.00
615 · Purchased Power	
615.1 · SLE - Purchased Power	4,035.87
615.2 · BR - Purchased Power	1,031.36
Total 615 · Purchased Power	5,067.23
620 · Repairs and Maintenance	1,786.88
621 · Office Supplies and Expense	
621.1 · Postage & Delivery	598.00
621.2 · Telephone Expense	1,279.44
621.3 · Dues & Subscriptions	56.92
621.4 · Utilities	491.17
621.5 · Bank Service Charges	224.42
621.6 · Billing Expense - Software	321.94
621.7 · Billing Expense - Cards	193.25
621.8 · Mileage Reimbursement	2,400.00
621 · Office Supplies and Expense - Other	291.85
Total 621 · Office Supplies and Expense	5,856.99
630 · Outside Services	
630.1 · Engineering Services	422.50
630.2 · Accounting Services	1,498.81
630.3 · Rate Case Expense	55.00
Total 630 · Outside Services	1,976.31
635 · Water Testing	242.00
650 · Transportation Expenses	2,723.91
657 · Insurance - General Liability	2,825.40
Total Expense	54,802.71
Net Ordinary Income	3,603.22
Other Income/Expense	
Other Expense	
431 · Other Interest Expense	
431.1 · Interest on Notes Payable	15.45
431.2 · Customer Deposit Interest	74.28
431 · Other Interest Expense - Other	39.42
Total 431 · Other Interest Expense	129.15
Total Other Expense	129.15
Net Other Income	-129.15
Net Income	3,474.07

ATTACHMENT "D"

WATER USE DATA SHEET

NAME OF COMPANY _____ →	WATCO
ADEQ Public Water System No. _____ →	09027

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
Aug 05	286	2,499
Jul 05	292	1,500
Jun 05	284	1,116
May 05	280	1,195
Apr 05	282	1,865
Mar 05	282	976
Feb 05	279	1,191
Jan 05	282	1,085
Dec 04	280	975
Nov 04	276	1,310
Oct 04	279	1,660
Sep 04	282	2,167
Aug 04	276	2,075

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
100,000	1	55-603156	58
25,000	1	55-506606	31

Other Water Sources in Gallons per Minute →	<u>GPM</u> N/A
Fire Hydrants on System →	<input checked="" type="radio"/> Yes <input type="radio"/> No
Total Water Pumped Last 13 Months (Gallons in Thousands) →	19,614

**PUBLIC NOTICE OF AN APPLICATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
BY WATCO**

WATCO has filed with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either currently a customer of WATCO or are a property owner in the proposed extension area. If the application is granted, WATCO would be the exclusive provide of water service to the proposed area. WATCO will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in [Phoenix at 1200 West Washington Street/Tucson at 400 West Congress, North Building, Room 218], and at WATCO, 340 North 9th Street, Show Low.

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at {1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000/400 West Congress, North Building, Room 218, Tucson, Arizona 85701 or call 1-800-535-0148}.

Watco CC&N Extension items that will be late filed:

- M. 1. Franchise from Navajo County for the area requested. Expected December 1, 2005.
- M. 2. ADEQ approval to construct facilities. Expected March 15, 2006.
- M. 5. Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Water Supply issued from the Arizona Department of Water Resources. Expected April 1, 2006.