

OPEN MEETING ITEM
ORIGINAL



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22

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



ARIZONA CORPORATION COMMISSION

DATE: October 3, 2005
DOCKET NO: W-03510A-05-0145 et al.
TO ALL PARTIES: W-03510A-05-0145
W-03510A-05-0146

Enclosed please find the recommendation of Administrative Law Judge Yvette Kinsey. The recommendation has been filed in the form of an Opinion and Order on:

CIRCLE CITY WATER COMPANY, LLC
(Hook-Up Fee Tariff/CC&N Extension)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

OCTOBER 12, 2005

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

OCTOBER 18 AND 19, 2005

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

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BRIAN C. McNEIL
EXECUTIVE DIRECTOR

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
7 KRISTIN K. MAYES

8 IN THE MATTER OF THE APPLICATION OF
9 CIRCLE CITY WATER COMPANY, LLC FOR
10 APPROVAL OF A HOOK-UP FEE TARIFF.

DOCKET NO. W-03510A-05-0145

11 IN THE MATTER OF THE APPLICATION OF
12 CIRCLE CITY WATER COMPANY, LLC FOR AN
13 EXTENSION OF ITS EXISTING CERTIFICATE
14 OF CONVENIENCE AND NECESSITY FOR
15 WATER SERVICE.

DOCKET NO. W-03510A-05-0146

DECISION NO. _____

OPINION AND ORDER

16 DATE OF HEARING: July 25, 2005
17 PLACE OF HEARING: Phoenix, Arizona
18 ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey
19 APPEARANCES: Jay Shapiro, FENNEMORE CRAIG, on behalf
20 of Circle City Water Company L.L.C.; and
21 Mr. David Ronald, Staff Attorney, Legal
22 Division, on behalf of the Utilities Division of
23 the Arizona Corporation Commission.

24 **BY THE COMMISSION:**

25 On March 2, 2005, Circle City Water Company, L.L.C. ("Circle City" or "Company") filed
26 an application for an extension of its Certificate of Convenience and Necessity ("CC&N" or
27 "Certificate") with the Arizona Corporation Commission ("Commission") to provide public water
28 service to a development known as Lake Pleasant 5000 in Maricopa County. Also on March 2, 2005,
Circle City filed an application for approval for a Hook-Up Fee Tariff ("Hook-Up Fee") related to the
above referenced project.

On March 14, 2005, Circle City filed a Motion to Consolidate the above-referenced
applications and the request was granted by Procedural Order issued on April 4, 2005.

On March 30, 2005, the Commission's Utilities Division Staff ("Staff") filed a Letter of
Insufficiency in this docket.

1 On April 14, 2005, the Company filed a Notice of Filing Amended Legal Description.

2 On May 5, 2005, Circle City docketed its Response to Staff's Data Request.

3 On May 6, 2005, Staff issued notice that the application had met the sufficiency requirements
4 of A.A.C. R14-2-411(C).

5 On May 11, 2005, a Procedural Order was issued setting a hearing on July 25, 2005 on the
6 application and also setting associated procedural deadlines including the publication of notice of the
7 hearing.

8 On June 28, 2005, Staff filed its Staff Report, recommending approval of the application,
9 subject to certain conditions.

10 On June 28, 2005, the Company filed its Certification of Publication and Proof of Mailing.

11 On July 6, 2005, Circle City filed a Response to Staff's Report, opposing Staff's
12 recommendation that the Company show a "positive impact" on existing customers by the addition of
13 the new water facilities necessary to serve the new CC&N in the Company's next rate case.

14 On July 8, 2005, Gale Graves, a residential customer, filed a Motion to Intervene and her
15 Motion was granted by Procedural Order issued on July 22, 2005.

16 On July 8 and 12, 2005, several existing customers filed letters in this docket.

17 On July 12, 2005, Harry Dame, Fire Chief of Circle City/Morristown Volunteer Fire
18 Department, filed a Motion to Intervene and his Motion was granted by Procedural Order issued on
19 July 20, 2005.

20 On July 19, 2005, Staff docketed a Supplemental Staff Report, recommending approval
21 subject to additional compliance issues.

22 On July 25, 2005, a full public hearing was convened before a duly authorized Administrative
23 Law Judge of the Commission at its offices in Phoenix, Arizona. The Company and Staff appeared
24 with counsel and presented evidence and testimony. Several members of the public appeared and
25 gave public comment. During the hearing, the Company's witness addressed several compliance
26 issues that were raised by Staff. Specifically, Staff believed the Company was in noncompliance
27 with all of the requirements set forth in Decision Nos. 64570, 65221, 58763 and 63982. The parties
28 agreed that the Company would submit a late-filed exhibit demonstrating compliance with the above

1 referenced matters, a late-filed exhibit regarding recent water outages and the Company's
2 Interconnection Agreement. Staff agreed to file a response to both the compliance issues and the
3 water outage analysis. All matters were taken under advisement at the conclusion of the hearing.

4 On August 8, 2005, Circle City filed a Notice of Late-Filed Exhibit which contained a Report
5 on the 2005 Service Interruptions and a revised Water Master Plan for the Lake Pleasant 5000
6 extension area.

7 On August 11, 2005, Circle City filed correspondence directed to Arizona Public Service
8 ("APS") regarding the Company's recent service interruptions.

9 On August 15, 2005, Staff filed its Response to Late-filed Exhibits filed by Circle City.

10 * * * * *

11 Having considered the entire record herein and being fully advised in the premises, the
12 Commission finds, concludes, and orders that:

13 **FINDINGS OF FACT**

14 1. Pursuant to authority granted by the Commission, Circle City is an Arizona
15 Corporation engaged in the business of providing water service to approximately 169 customers
16 within portions of Maricopa County.

17 2. Circle City received is CC&N in Decision No. 31121 (August 15, 1958) as Circle City
18 Development Company. Circle City Development Company was transferred to Consolidated Water
19 Company in 1964 and by Commission Decision No. 51286 (August 8, 1980) transferred to
20 Consolidated Water Co., LTD. In Commission Decision No. 59754 (July 18, 1996), Consolidated
21 Water Company LTD transferred its assets and Certificate of Convenience and Necessity to Brooke
22 Water L.L.C. Brook Water L.L.C. operated the company as the Circle City Division and in
23 Commission Decision No. 60972 (June 16, 1998), the Circle City Division's assets and CC&N were
24 transferred to Circle City Water Company, L.L.C. Circle City is now owned by Brooke Resources
25 L.L.C., the sister company of Brooke Water L.L.C.

26 3. Circle City provides water services for both residential and commercial properties.

27 4. Circle City currently operates under rates effective January 1, 1998 granted in
28 Decision No. 55839.

1 5. On March 2, 2005, the Company filed an application for an extension of its Certificate
2 for water services to include a development known as Lake Pleasant 5000 ("Development"), located
3 in Maricopa County approximately one mile north of the State highway 74 and 211th Avenue.
4 Additionally, the extension area includes 160 acres at the northwest corner of 235th Avenue and Joy
5 Ranch Road in Maricopa County. A legal description of both proposed extension areas is attached
6 hereto and incorporated herein by reference as set forth in Exhibit A.

7 6. Notice of the Application was provided in accordance with the law.

8 7. On June 28, 2005, Staff filed its Staff Report recommending approval of the
9 application subject to certain conditions.

10 8. On July 19, 2005, Staff filed a Supplemental Staff Report again recommending
11 approval of the application, but included additional compliance issues.

12 9. Harvard Investments ("Developer") has requested Circle City extend its water service
13 to approximately 10,000 residential and commercial units in a 5,000 acre planned development. The
14 proposed main extension area is five miles northeast of Circle City's certificated area and is not
15 adjacent to it. The additional 160 acres in the proposed extension area is adjacent at one point to
16 Circle City's certificated area.

17 10. Circle City's existing system is comprised of one well producing 110 gallons per
18 minute, a 50,000 gallon storage tank, a booster system and a distribution system serving 169
19 customers.

20 11. The proposed new water system will be comprised of 11 wells, an 8.0 million gallon
21 per day Central Arizona Project ("CAP") water treatment plant, storage tank capacity totaling 7.6
22 million gallons and a distribution system. The cost of the proposed plant facilities is estimated to be
23 approximately \$55.4 million, consisting of \$30.0 million for off-site facilities and \$25.4 million for
24 on-site facilities.

25 12. Staff believes the proposed cost estimates and plant items are reasonable.

26 13. Several members of the public appeared for the hearing and gave public comment
27 regarding the proposed applications. Generally, the members of the public raised concerns that the
28 water supply may be insufficient to handle the extension area as they had recently experienced low-

1 level water pressure and some water outages.

2 14. Fire chief for the Circle City/Morristown Fire Department, raised concerns that there
3 are no fire hydrants in the existing neighborhoods and there are no plans for fire hydrants in the
4 extension areas. Further, he stated that the water tank capacity was insufficient and an increase in
5 capacity would ensure better fire protection.

6 15. A resident of Circle City and elected official of the Circle City Morristown Fire
7 Department, was also concerned about the sufficiency of the water and recent water outages. She
8 stated her neighborhood had experienced at least five or six service interruptions in the last six
9 months either where there was no water or very little water pressure.

10 16. During the hearing the Company's witness responded to the public comments.
11 Regarding the sufficiency issue he stated that having a good functioning water system with sufficient
12 water supply is the Company's primary concern. He concurred that the Company had recently
13 experienced some low-level water pressure and water outages in recent months. He further testified
14 the Company believed the problem was related to fluctuations in the power service coming into the
15 transformer, which powers the electrical systems and the pumps for the water system. He testified
16 that the Company believed that the variations in power caused the water system to shutdown, but that
17 the system was functioning properly because it was designed to shutdown in the event of power
18 surges. Additionally, the Company's witness stated that the Company was working with APS to
19 determine the source of the problem and that APS had installed a "chart recorder" to record the power
20 fluctuations. The Company agreed to provide the chart recorder data and outage analysis to the
21 Commission as a late-filed exhibit. Staff was ordered to file a Response to the Company's water
22 outage analysis.

23 17. The Company's witness further testified that the Company rented generators, at a cost
24 of \$8,000 for seven or eight days, to maintain service to its customers during the recent outages.
25 However, the witness stated that water companies are not required to have back up generators
26 according to regulations and generally small water companies do not have them because they are not
27 a "useful" expense and the cost is not recoverable.

28 18. The Company's witness stated that existing customers should benefit from an

1 interconnection to the new CC&N water system because of the additional wells, booster pumps,
2 water storage tanks and the connection to the CAP water treatment plant.

3 19. The Company's witness also addressed the fire hydrant issue and stated not having fire
4 hydrants was problematic not only in protecting the Company's infrastructure, but also for the people
5 living in the community. Further, the witness testified the Company does not currently have an
6 approved tariff to provide fire protection and that there would need to be changes made to the
7 infrastructure in order to a make fire protection effective. He stated that the Company was willing to
8 enter into dialogue with the fire department to discuss fire protection in the existing neighborhoods
9 and the extension areas to see if a workable solution could be reached.

10 20. In regards to the storage tank capacity issue, Staff's witness testified that when Staff
11 calculated the storage tank capacity according to Arizona Department of Environmental Quality's
12 ("DEQ") standard it showed that the Company was about 5,000 gallons short in its capacity, instead
13 of the 35,000 gallon shortage that Staff had reported in its Staff Report. Staff's witness concluded
14 that the 5,000 gallon shortage was not significant enough to conclude that the Company did not have
15 adequate storage for its existing customers.

16 21. Staff concluded that the proposed new water system will have adequate production
17 and storage capacity to serve existing customers and new customers in the CC&N extension areas.

18 22. Staff made no "used and useful" determination of the proposed plant facilities and no
19 particular treatment should be inferred for rate making or rate base purposes.

20 23. Staff's Report stated that the Company was delivering water that meets water quality
21 standards for Maricopa County Environmental Services Department. Staff recommended that the
22 Company file with Docket Control its copies of the developer's Certificate of Assured Water Supply
23 for the requested area within 24 months of a Decision in this matter. At the hearing, the Company's
24 witness raised concerns that the Company may not be able to comply with Staff's recommendation
25 because the project is scheduled in phases. Staff proposed modifying the language to read "the
26 Company should file with Docket Control copies of the developer's Certificate of Assured Water
27 Supply, for Phase 1 of the project, where applicable or when required by statute within 24 months of
28 a Decision in this matter." The Company agreed with Staff's modified language.

1 24. Circle City is located within the Phoenix Active Management Area (“ADWR”). Circle
2 City is in compliance with its reporting and conservation requirements according to ADWR.

3 25. According to the Utilities Division Compliance Section there were no outstanding
4 compliance issues for Circle City.

5 26. The U.S. Environmental Protection Agency (“EPA”) has reduced the arsenic MCL in
6 drinking water from 50 micrograms per liter (“ug/l”) or parts per billion (“ppb”) to 10 ug/l by January
7 23, 2006. Staff analyzed Circle City’s arsenic level and concluded that the Company’s arsenic level
8 was 3 ppm and below the EPA’s MCL.

9 27. Circle City does not have a Curtailment Plan Tariff. Staff recommends that Circle
10 City file a Curtailment Plan to manage water shortages due to breakdowns, droughts, or other
11 unforeseen events.

12 28. The Company will provide service to the extension areas at its existing rates and
13 charges on file with the Commission for its existing system.

14 29. Circle City does not have a franchise agreement with Maricopa County for the
15 proposed extension areas. Staff recommends that Circle City file a copy of the County Franchise
16 Agreement for the extension within 365 days of the Decision in this matter.

17 30. On August 8, 2005, Circle City filed a Late-Filed Exhibit that included a Report on the
18 2005 Service Interruptions and a Water Master Plan for the Development. In the Service Interruption
19 report the Company and APS concluded that the power fluctuations were caused by a faulty
20 substation voltage regulator that was operating improperly. According to the Company’s report, APS
21 was redirecting power to the demand area to balance out the fluctuations and that APS had plans to
22 replace the faulty regulator as soon as possible. Both the Company and APS believed that replacing
23 the faulty regulator would correct the low-level water pressure and water outages that were affecting
24 the Company. Additionally, the Company provided the Developer’s Water Master Plan as a late-filed
25 exhibit which showed an anticipated interconnection between the existing water system and the
26 proposed new water system. See Exhibit B attached hereto and incorporated herein by reference.

27 31. In Staff’s Response to the Company’s late-filed exhibits Staff concluded that the
28 Company’s explanation and analysis of the outages and the water master plan for the interconnection

1 between the existing water system and the proposed water facility were reasonable.

2 32. On March 2, 2005, the Company filed an application for approval of a Hook-Up Fee
3 Tariff.

4 33. Staff recommends a \$1,500 hook-up fee for all new 5/8 x 3/4 inch service connections.
5 This hook-up fee will generate approximately \$15 million in capital from Circle City's proposed new
6 service connections or approximately 27 percent of its total anticipated construction costs. Staff
7 reasoned that the \$1,500 hook-up fee should be considered a non-refundable Contribution in Aid of
8 Construction therefore balancing the capital structure of the Company and preventing an overly
9 subsidized private water company. Staff's proposed Hook-Up Fee Tariff is set forth below:

10
11 **OFF-SITE HOOK-UP FEE**

Meter Size	Size Factor	Total Fee
5/8" x 3/4"	1	\$ 1,500.00
3/4"	1.5	\$ 2,250.00
1"	2.5	\$ 3,750.00
1 1/2"	5	\$ 7,500.00
2"	8	\$12,000.00
3"	16	\$24,000.00
4"	25	\$37,500.00
6" or Larger	50	\$75,000.00

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18 34. The Company did not oppose Staff's Hook-Up Fee Tariff.

19 35. Staff recommends approval of the Circle City's application for the extension of its
20 CC&N and approval of its Hook-Up Fee Tariff subject to the following conditions:

- 21
- 22 1. Circle City should file with Docket Control a copy of the Approval to
23 Construct for Phase I of this project within 24 months of a Decision in this
24 matter.
 - 25 2. Circle City should charge its authorized rates and charges in the extension area.
 - 26 3. Circle City should file with Docket Control copies of the developer's
27 Certificate of Assured Water Supply for Phase I of this project where
28 applicable or when required by statute within 24 months of a Decision in this

1 matter.

2 4. Within 45 days of the effective date of the Order issued in this proceeding,
3 Circle City should file a Curtailment Plan Tariff and docket it as a compliance
4 item in this docket for review and certification by Staff.

5 5. The Hook-up fee Tariff should be set at \$1,500 for all new 5/8 x 3/4 service
6 connections, and graduated for larger meter sizes as reflected in Finding of
7 Fact No. 41.

8 6. Circle City should file a copy of the county franchise agreement for the
9 extension area with Docket Control within 365 days of a Decision in this
10 matter.

11 7. Circle City must demonstrate in its next rate case filing that its existing 169
12 customers will be positively impacted by the addition of the new water
13 facilities necessary to serve the new CC&N.

14 8. Circle City must also provide a complete summary of its accounting for CAP
15 M&I capital charges in its next rate case.

16 36. Staff further recommends that the Commission's approval of the extension of the
17 Certificate should be rendered null and void without further Order from the Commission should the
18 Company fail to meet any of the above conditions within the time specified.

19 37. The Company opposed Staff's condition that it must demonstrate in its next rate case
20 filing that its existing 169 customers will be "positively impacted" by the addition of the new water
21 facilities necessary to serve the new CC&N. In its Response, the Company asserted that the public
22 interest standard was met by the affirmative showing of a public need and Staff's analysis that Circle
23 City was a fit and proper entity to provide reliable water utility service at a reasonable rate. At the
24 hearing Staff argued that its recommendation was designed to ensure that existing customers received
25 the same benefits that new customers would experience under the new CC&N. Staff's witness further
26 testified that the Company did not file for new rates for the extension area and therefore Staff wanted
27 some assurance that existing customers were protected.

28 38. In addressing the "positive impact" part of its recommendation, Staff's witness

1 described benefits such a interconnection agreement and improved water quality by installing a CAP
2 water treatment plant as items the Company could point to show a positive impact on existing
3 customers. But Staff's witness noted the benefits should not be limited to those items and that the
4 Company was in the best position to determine what "positive impact" there was on existing
5 customers. The Company argued that the standard Staff should have been proposing was that there
6 was no negative impact on existing customers instead of a positive impact. The Company also argued
7 that there was no Commission rule or statute that supported Staff's recommendation. Staff argued
8 that the public interest is broadly defined and therefore the Company should be ordered to show
9 positive impact at its next rate case.

10 39. Here, existing customers raised concerns that the level of service would decrease as a
11 result of the addition of the extension area. Existing customers reported water outages, low-level
12 water pressure and the lack of fire hydrants in their communities at the present time. The Company's
13 proposed new extension of its CC&N and new water facilities is an opportunity to make positive
14 changes for both existing and new customers by ensuring that there is a balanced level of service for
15 all customers. With the new water facilities existing customers will benefit from the interconnection
16 to a new water system. At the same time the infrastructure is being built the Company has the
17 opportunity to build a system that will provide adequate water storage capacity, fire protection and
18 eliminate the need for back up generators. The Company can also look at issues like redundancy in
19 the system to help avoid water outages. Therefore, in an effort to ensure that existing customers
20 receive a comparable level of service as new customers obtained through the granting of the CC&N
21 extension this order finds that Staff's recommendation that the Company show a "positive impact" on
22 its existing customers at its next rate case is in the public interest and is reasonable.

23 40. Because an allowance for the property tax expense of the Company is included in the
24 Company's rates and will be collected from its customers, the Commission seeks assurances from the
25 Company that any taxes collected from ratepayers have been remitted to the appropriate taxing
26 authority. It has come to the Commission's attention that a number of water companies have been
27 unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers,
28 some for as many as twenty years. It is reasonable, therefore, that as a preventive measure the

1 Company shall annually file, as part of its annual report, an affidavit with the Utilities Division
2 attesting that the company is current in paying its property taxes in Arizona.

3 41. Staff's recommendations in Findings of Fact Nos. 35 and 36 are reasonable.

4 **CONCLUSIONS OF LAW**

5 1. Applicant is a public service corporation within the meaning of Article XV of the
6 Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-252.

7 2. The Commission has jurisdiction over the Company and the subject matter of the
8 application.

9 3. Notice of the application was provided in accordance with the law.

10 4. There is a public need and necessity for water utility service in the proposed service
11 area described in Exhibit A.

12 5. Applicant is a fit and proper entity to receive an extension of its Certificate.

13 6. The application to extend the Certificate for the area described in Exhibit A should be
14 granted subject to the conditions set for in Findings of Fact Nos. 35 and 36 above.

15 **ORDER**

16 IT IS THEREFORE ORDERED that the application of Circle City Water Company, Inc. for
17 an extension of its Certificate of Convenience and Necessity to include the area described in Exhibit
18 A, attached hereto and incorporate herein by reference, is hereby granted subject to compliance with
19 the following ordering paragraphs.

20 IT IS FURTHER ORDERED that Circle City Water Company, Inc. shall charge the
21 customers in the area more fully described in Exhibit A, its existing Maricopa rates and charges until
22 further ordered by the Commission.

23 IT IS FURTHER ORDERED that Circle City Water Company, Inc. shall file with Docket
24 Control copies of the Certificate of Approval to Construct for Phase 1 of the project within 24 months
25 of this Decision.

26 IT IS FURTHER ORDERED that Circle City Water Company, Inc. shall file a copy of the
27 Developer's Assured Water Supply for Phase 1 of this project with the Commission, where
28 applicable or when required by statute within 24 months of this Decision.

1 IT IS FURTHER ORDERED that within 45 of the effective date of this Decision, Circle City
2 Water Company, Inc. shall file a Curtailment Plan Tariff and docket it as a compliance item in this
3 docket for review and certification by Staff.

4 IT IS FURTHER ORDERED that Circle City Water Company, Inc. shall file a copy of the
5 county franchise agreement for the extension area with Docket Control within 365 days of this
6 Decision.

7 IT IS FURTHER ORDERED that if Circle City Water Company, Inc. fails to meet the above
8 conditions within the time specified, this Decision is deemed null and void without further Order of
9 the Arizona Corporation Commission.

10 IT IS FURTHER ORDERED that Circle City Water Company, Inc. shall demonstrate in its
11 next rate case filing that its existing 169 customers have been positively impacted by the addition of
12 the new water facilities necessary to serve the extension area.

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1 IT IS FURTHER ORDERED that Circle City Water Company, Inc. shall charge a Hook-Up
2 Fee of \$1,500 for all new 5/8 x 3/4 service connections and graduated for larger meter sizes as
3 reflected in Findings of Fact No. 33 and the Hook-Up Fee shall be considered a non-refundable
4 Contribution in Aid of Construction.

5 IT IS FURTHER ORDERED that Circle City Water Company, Inc. shall annually file as part
6 of its annual report, an affidavit with the Utilities Division attesting that the Company is current in
7 paying its property taxes in Arizona.

8
9 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

10 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

11
12 _____
CHAIRMAN

COMMISSIONER

13
14
15 _____
COMMISSIONER

COMMISSIONER

COMMISSIONER

16
17 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
18 Director of the Arizona Corporation Commission, have
19 hereunto set my hand and caused the official seal of the
20 Commission to be affixed at the Capitol, in the City of Phoenix,
21 this ____ day of _____, 2005.

22 _____
BRIAN C. McNEIL
EXECUTIVE DIRECTOR

23 DISSENT _____
24

25 DISSENT _____
26
27
28

1 SERVICE LIST FOR:

Circle City Water Company

2 DOCKET NO.:

W-03510A-05-0146 and W-03510A-05-0145

3

4 Jay L. Shapiro
5 Fennemore Craig
6 3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012

7 Gale Graves
8 144 Peretz Circle
Morristown, AZ 85342

9

10 Harry Dame
11 P.O. Box 26
Morristown, Arizona 85342

12 Christopher Kempley, Chief Counsel
13 Legal Division
14 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

15 Ernest Johnson, Director
16 Utilities Division
17 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

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**THE SOUTHEAST QUARTER OF SECTION 28
LEGAL DESCRIPTION**

**THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 6 NORTH, RANGE 3
WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY,
ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**BEGINNING AT THE SOUTHEAST CORNER OF SECTION 28, MONUMENTED BY A
G.L.O. BRASS CAP:**

**THENCE NORTH 89°59'07" WEST ALONG THE SOUTH LINE OF THE SOUTHEAST
QUARTER OF SAID SECTION 28, ALSO BEING THE BASIS OF BEARING, A
DISTANCE OF 2644.53 FEET TO THE SOUTH QUARTER CORNER OF SECTION 28
MONUMENTED BY A G.L.O. BRASS CAP**

**THENCE NORTH 00°01'21" WEST ALONG THE NORTH-SOUTH MID-SECTION LINE
OF SAID SECTION 28 A DISTANCE OF 2639.37 FEET TO THE CENTER OF
SECTION OF SAID SECTION 28, MONUMENTED BY A REBAR WITH RLS 9087 CAP;**

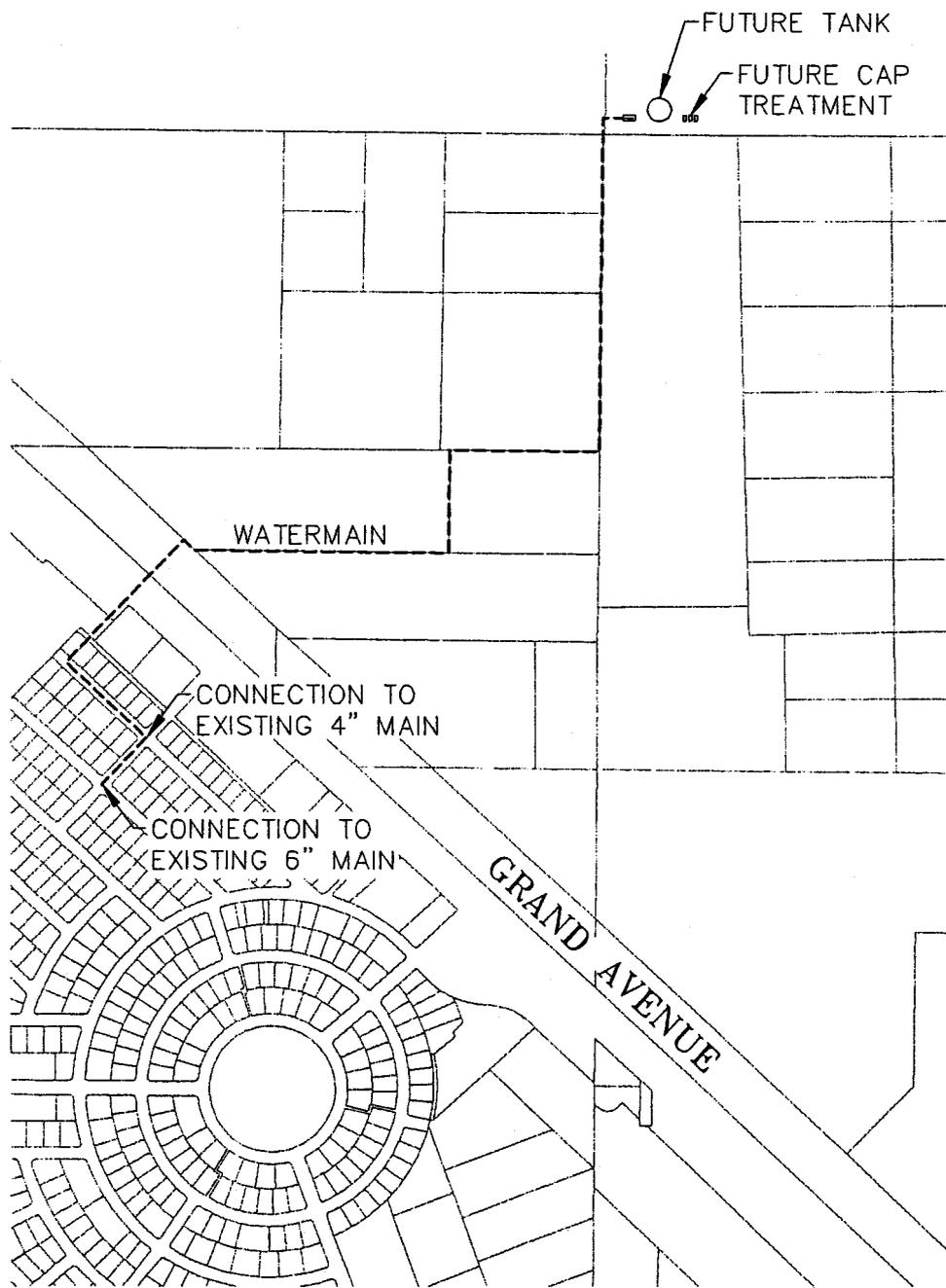
**THENCE NORTH 89°58'37" EAST ALONG THE EAST-WEST MID-SECTION LINE A
DISTANCE OF 2644.57 FEET TO THE EAST QUARTER CORNER OF SECTION 28,
MONUMENTED BY A G.L.O. BRASS CAP;**

**THENCE SOUTH 00°01'17" EAST ALONG THE EAST LINE OF THE SOUTHEAST
QUARTER OF SAID SECTION 28 A DISTANCE OF 2641.11 FEET TO THE
SOUTHEAST CORNER OF SECTION 28, BEING THE POINT OF BEGINNING;**

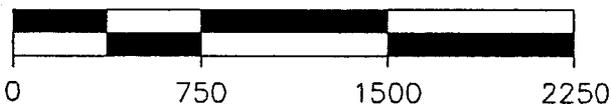
**THE ABOVE DESCRIPTION BASED ON AN A.L.T.A SURVEY BY SOUTHWESTERN
STATES SURVEYING, INC. DATED JUNE 28, 2004, JOB NUMBER 240694.**



LAKE PLEASANT 5,000/CIRCLE CITY INTERCONNECTION EXHIBIT



SCALE: 1" = 750'



RBF
CONSULTING

PLANNING
DESIGN
CONSTRUCTION