

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

1
2 **COMMISSIONERS**
3 **JEFF HATCH-MILLER, CHAIRMAN**
4 **WILLIAM A. MUNDELL**
5 **MARK SPITZER**
6 **MIKE GLEASON**
7 **KRISTIN K. MAYES**

2005 OCT 12 P 3:37

AZ CORP COMMISSION
DOCUMENT CONTROL

8 APPLICATION OF WILLOW VALLEY
9 WATER COMPANY, INC., AN
10 ARIZONA CORPORATION, FOR AN
11 EXTENSION OF ITS CERTIFICATE
12 OF CONVENIENCE AND NECESSITY
13 IN MOHAVE COUNTY, ARIZONA

DOCKET NO. W-1732A-05-0532

FILING OF SUPPLEMENTAL
INFORMATION

14 Willow Valley Water Company, Inc. ("WVWC"), by and through its attorneys
15 undersigned, hereby provides the following supplemental information for the above
16 referenced matter in response to Staff's August 23, 2005 Insufficiency Letter and to make
17 minor corrections to the legal description of the Extension Area.

18 **A. Introduction and Background**

19 By its Application, WVWC seeks Commission recognition that its certificated
20 area encompasses approximately 48.53 acres of accretion lands (the "Extension Area").
21 WVWC already has extended water service to much of the Extension Area in the ordinary
22 course of business pursuant to A.R.S. § 40-281 (B) (and prior to realizing the accretion lands
23 were not within the area specifically described by Commission Decisions). It is
24 impracticable for any other water provider to extend service to the Extension Area as the
25 area is bounded by the Fort Mohave Indian Reservation, the Colorado River and WVWC's
26 certificated area. Moreover, the only lands within the Extension Area that remain to be
27 developed are owned by a single entity, McKellips Land Corporation.

1 McKellips Land Corporation has recently requested water service for the final
2 residential subdivision to be developed within the Extension Area (Tract No. 4134C)
3 consisting of 24 residential lots. The landowner/developer indicates that the remaining
4 undeveloped area (approximately 14 acres) would not be suitable for residential
5 subdivisions. Instead, it will be developed as open space, commercial purposes and possibly
6 a few individual residential lots.

7
8 It will further the public interest to grant WVWC's application and recognize
9 the entire Extension Area as certificated to WVWC.

10
11 **B. Response to Insufficiency Letter**

12 1. The Application contained two letters from the Arizona Department of
13 Water Resources dealing with Willow Valley Estates tracts 4134-A and 4134-B referencing
14 a total of 56 lots, a portion of which are located within the extension area. The developer has
15 not yet secured an ADWR determination of adequacy regarding tract 4134-C which will
16 contain 24 residential lots (rather than the 27 lots referenced in the application).

17
18 2. The Mohave County franchise has not yet been issued. The request for
19 the Application was filed on September 16, 2005 together with the application fee of \$500.

20 A copy of the Application is attached as Exhibit J.¹

21
22 3. The public water system serving the extension area is Public Water
23 System ("PWS") No. 08-040 called King Street System. Please note however, that PWS No.
24 08-040 is now interconnected with PWS No. 08-034. WVWC is working with ADEQ to
25

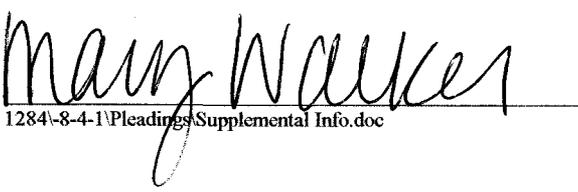
26
27 ¹ Exhibits A-I are attached to the original Application, this Supplement includes Exhibit J and a Revised
28 Exhibit A.

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PROOF AND CERTIFICATE OF MAILING

I hereby certify that on this 12th day of October, 2005, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and thirteen (13) copies of the above to:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007


1284-8-4-1\Pleadings\Supplemental Info.doc

REVISED

EXHIBIT A

REVISED EXHIBIT "A"
(consisting of Parcels A, B, and C)

Legal Description

Page 1 of 1

PARCEL "A":

All that portion of the abandoned channel of the Colorado River, as it existed immediately prior to re-channelization, that lies South of the North line of fractional Section 21, T18N, R22W, G. &S. R. B. &M., Mohave County, Arizona, and that lies East of the Easterly dredging right of way line of the present channel of the Colorado River, approximately described as follows:

COMMENCING at the Northeast Corner of said fractional Section 21;
thence S 76° 17' 28" W, along the North line of said fractional Section 21, 2796 feet more or less to the point of beginning, said point being a point on a meander line of the left descending bank of said abandoned channel;
thence S 42° 51' W 250 feet to a point;
thence S 57° 39' W 390 feet to a point;
thence S 78° 45' W 260 feet to a point;
thence S 60° 44' W 200 feet to a point;
thence S 65° 57' W 477 feet to a point;
thence S 39° 51' W 260 feet to a point;
thence S 45° 43' W 390 feet to a point on the Easterly dredging right of way line of said present channel;
thence Northerly along said right of way line, which is a curve to the right, having a tangent that bears N 02° 52' 39" E from the last described point, a radius of 7190.90 feet and a central angle of 6° 17' 40", 790 feet to a point on the North line of said fractional Section 21;
thence N 76 ° 17' 28" E along the North line of said fractional Section 21, 1778 feet to the true point of beginning. Containing 13.60 Acres more or less.

PARCEL "B":

All that portion of the abandoned channel of the Colorado River, as it existed immediately prior to re-channelization, that lies South of the North line and a Westerly prolongation thereof, of fractional Section 21, T18N, R22W, G. &S. R. B. &M., Mohave County, Arizona, and that is bounded on the East by the Easterly dredging right of way line of the present channel of the Colorado River and is bounded on the South and East by the left descending bank of the abandoned channel of the Colorado River as it existed immediately prior to dredging, and is bounded on the West by the left descending bank of the present normal-flow channel of the Colorado River, approximately described as follows:

COMMENCING at the Northeast Corner of said fractional Section 21;
thence S 76° 17' 28" W, along the North line of said fractional Section 21, 4574.36 feet to a point, said point being the intersection of the North line of said fractional Section 21 and said Easterly dredging right of way line of the present channel of the Colorado River and the Point of Beginning;
thence Southerly along said right of way line, which is a curve to the left having a tangent that bears S 09° 10' 19" W from the last described point, a radius of 7190.90 feet and a central angle of 6° 17' 40", 790 feet to a point, said point being a point on a meander line of the left descending bank of said abandoned channel;
thence along a meander line of said abandoned channel S 44° 59' W 579 feet to a point;

REVISED EXHIBIT "A"
(consisting of Parcels A, B, and C)

Legal Description

Page 2 of 2

thence along a meander line of said abandoned channel S 16° 00' W 418 feet to a point, said point being on a Westerly prolongation of the South riparian Section line of fractional Section 21 as established by the United States Bureau of Land Management and also being a point on a meander line of the left descending bank of the present normal-flow channel of the Colorado River;

thence along said left bank of the present normal-flow channel N 01° 30' E 680 feet to a point;

thence N 10° 02' E 200 feet to a point;

thence N 01° 26' E 220 feet to a point;

thence N 13° 29' E 410 feet to a point, said point being on a Westerly prolongation of the North line of said fractional Section 21;

thence along the North line of said fractional Section 21 and a Westerly prolongation thereof N 76° 17' 28" E 480 feet to the true point of beginning. Containing 11.43 Acres more or less.

PARCEL "C":

All of that portion of the alluvium lands of the Colorado River lying West of and adjoining fractional Section 21, T18N, R22W, G. & S. R. B.&M., Mohave County, Arizona, bounded on the Northwest by the meander lines of the left descending bank of said River immediately prior to the re-channelization, bounded on the Northeast by the 1905 GLO Meander line, and bounded on the South by a line that is the South riparian section line and follows an existing line of occupation. Said boundaries being approximately described as follows:

Beginning at the South quarter corner of said Section 21;

thence South 89°50'52" West, a distance of 540.84 feet more or less to the point of beginning, said point being the BLM Brass Cap Monument marking the Meander Corner on the South line of said Section 21;

thence S 82° 18' 43" W 1512.93 feet to a 1 inch iron pipe tagged RLS 5576, said 1 inch iron pipe being on the Easterly prolongation of an existing fence;

thence along said fence S 80° 24' 40" W 421.67 feet to a 1 inch iron pipe tagged RLS 5576, and the Westerly termination of said fence;

thence continuing S 80° 24' 40" W 16 feet more or less to a point on the meander line of the left descending bank of the Colorado River immediately prior to the re-channelization, said point also being the most Southerly Corner of Parcel 2 of that certain Judgment filed January 30, 1976, at Pages 47-49 of Book 391 of Official Records of said Mohave County, Arizona;

thence along said meander line N 16° 00' E 418 feet;

thence N 44° 59' E 579 feet to a point on the Easterly dredging right of way line of the present channel, said point also being the most Southerly Corner of Parcel 1 of the before mentioned Judgment;

thence N 45° 43' E 390 feet to a point on the 1905 GLO Meander line shown on the Plat as N 53° 00' W 21.40 chains;

thence along said GLO Meander line S 53° 00' E 1387 feet, more or less, to the point of Beginning. Containing 23.5 acres more or less.

EXHIBIT J

**FRANCHISE AGREEMENT
and
FRANCHISE
for
PUBLIC SERVICE CORPORATIONS**

Date of Franchise:

Term of Franchise: 25 years

Renewal Date Option:

This is a Franchise Agreement between the County of Mohave, State of Arizona, and Willow Valley Water Company, authorizing the location, construction, maintenance and operation of Willow Valley Water Company within the unincorporated areas of Mohave County. This Franchise specifically grants to Willow Valley Water Company the privilege of using the Public Rights-of-Way and Easements of Mohave County in accordance with established policies, practices, and procedures of Mohave County and its several departments.

RECITALS

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to protect the health, safety and welfare of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to assure that Public Rights-of-Way and Easements of Mohave County are used in a responsible manner consistent with the best interests of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors strives to authorize the use of the Public Rights-of-Way and Easements of Mohave County in a uniform manner among all users; and

WHEREAS, the Mohave County Board of Supervisors deems this form of Franchise Agreement and Franchise to be fair, reasonable and appropriate for Public Service Corporations;

NOW, THEREFORE, the Mohave County Board of Supervisors and Willow Valley Water Company do hereby state, promise and agree as follows:

SECTION 1. DEFINITIONS.

As used in this Franchise Agreement and Franchise, the following terms have been agreed to have the meanings indicated:

A. "Agreement" means this Franchise Agreement and Franchise.

- B. "Area of Jurisdiction" means that part of Mohave County for which this Franchise is granted.
- C. "Board" means the Mohave County Board of Supervisors.
- D. "County" means Mohave County, Arizona.
- E. "Emergency" means any occurrence that may arise without prior notice to Franchisee.
- F. "Franchise" means this Franchise Agreement and Franchise.
- G. "Franchisee" means Willow Valley Water Company.
- H. "Franchising Authority" means the Mohave County Board of Supervisors.
- I. "Franchise Property" means all materials, equipment, and facilities of Franchisee located, constructed, maintained, and/or operated in the Public Rights-of-Way and Easements of Mohave County pursuant to the terms and conditions of this Franchise Agreement and Franchise.
- J. "Gross Annual Receipts" means any compensation derived from any Subscriber or User in payment for delivery of a product or services from Franchisee. This meaning shall not include any taxes collected by Franchisee and transmitted to a governmental agency, and it shall not include any amounts collected by Franchisee by virtue of the Franchise Fee provisions of this Franchise.
- K. "Intergovernmental Agreement" means the joint exercise of powers authorized by Title 11, Chapter 7, Article 3 of Arizona Revised Statutes.
- L. "Public Rights-of-Way and Easements" means that real property located within unincorporated areas of Mohave County within which the Mohave County Board of Supervisors has the power and authority to grant a Franchise.
- M. "Rights-of-Way and Easements" shall mean the surface of, the space above, and the space below the Public Rights-of-Way and Easements reasonably necessary to construct, operate, and maintain the Franchise Property.
- N. "Service Area" means the unincorporated areas of Mohave County in which the Franchisee delivers the service for which this Franchise is granted.
- O. "Subscriber or User" means any person or entity receiving, for any purpose, the services of the Franchisee.

Section 2. GRANTING OF FRANCHISE.

A non-exclusive Franchise is hereby granted to Franchisee for the purpose of locating, constructing, and maintaining Franchise Property in the unincorporated area of Mohave County. This Franchise shall include the authority, privilege, and power to construct, operate, and maintain all necessary Franchise Property in, over, under, across, and upon the Public Rights-of-Way and Easements consistent with the terms and conditions of this Franchise.

Section 3. TERM OF FRANCHISE.

This Franchise shall be for an initial term of twenty five (25) years beginning on the date of Board approval. This term may be extended only by reapplication and grant of an extension. Application for an extension shall be submitted to the Board no sooner than three hundred sixty-five (365) days, nor later than one hundred twenty (120) days, prior to the expiration date of this Franchise.

Section 4. TERMS AND CONDITIONS.

This Franchise shall be subject to the following conditions:

A. This Franchise shall not be deemed to limit the authority of the Board to include other conditions or restrictions which may be necessary for the protection of the health, safety and welfare of the residents of the County and/or for the efficient administration of the Rights-of-Way and Easements in general.

B. This Franchise is non-exclusive.

C. The Board has granted this Franchise in reliance upon the Franchisee's business skill, reputation, financial capacity, and character. Accordingly, this Franchise and/or any interest hereunder, shall not be assigned, transferred, conveyed, or otherwise encumbered without the express written consent of the Board. Failure of performance by the Franchisee of any of the terms and conditions of this Franchise may be cause for termination of this Franchise pursuant to Section 16 of this Agreement.

D. No privilege or exemption shall be granted or inferred unless specifically set forth in this Franchise.

E. Any privilege claimed under this Franchise by the Franchisee in any Right-of-Way or Easement shall be subordinated to any prior lawful occupancy of the Right-of-Way or Easement.

F. Prior to commencing any activity authorized by this Franchise, the Franchisee shall submit plans and specifications for such activity to the County Public Works Director for approval; provided, however, whenever Franchisee is required to undertake emergency activities required to protect the health, safety and welfare of the public and/or the safety and reliability of the Franchise Property, Franchisee shall notify the County Public Works Director not later than twenty four (24) hours after notice of the emergency; and provided further, however, should such emergency present an immediate threat or danger to the health, safety and welfare of the public, Franchisee shall notify the County Manager or the County Public Works Director or the County Emergency Services Coordinator or the Chairman of the Board within one (1) hour of notice of the emergency.

G. Any failure of the Board, or its agents, to promptly enforce compliance of the terms and/or conditions of this Franchise shall not be deemed a waiver of such terms and/or conditions.

H. The Franchisee shall have no recourse against the Board or its agents for any loss, cost, expense, or damage arising out of any term, condition or enforcement of this Franchise.

I. The Franchisee shall be subject to all County rules, regulations and/or specifications pertaining to the use of Public Rights-of-Way and Easements which may be adopted from time to time by the Board.

J. Prior to the grant of this Franchise by the Board, and annually thereafter, Franchisee shall submit to the Board a complete financial statement that reflects the current financial status of the Franchisee and a list of names and addresses of proprietors, owners, or beneficial shareholders who hold more than a ten percent (10%) interest in the corporation, organization, or regulated entity.

SECTION 5. RECORDS TO BE KEPT AND MAINTAINED; REPORTS; INSPECTION OF RECORDS.

A. Franchisee shall prepare and furnish to the Board, or its agents, such reports and records of its operations, affairs, transactions and/or property as the Board deems necessary or appropriate for the enforcement of performance by the Franchisee according to the terms and conditions of this Franchise.

B. Franchisee shall keep and maintain within the County, and make available for County inspection upon reasonable request, full and complete plans and records showing the exact location of all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements.

C. Franchisee shall file with the County Public Works Director, on or before the 31st day of December of each year, a map and/or a set of plans showing all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements current as of the immediately preceding November 30th.

D. Franchisee shall keep its Franchise Property in good operating condition, and Franchisee shall cause all customer complaints to be duly investigated and, where the circumstances warrant,

corrected within a reasonable period of time. Records reflecting such complaints, and the time and manner in which they are resolved, shall be maintained by the Franchisee for at least one (1) year and shall be made available for inspection by the Board or its agents upon reasonable request.

SECTION 6. INSTALLATION STANDARDS.

A. Franchisee shall be responsible for meeting all County, State, Federal, and local installation standards.

B. Any other provision of this Franchise notwithstanding, all installations of Franchise Property shall be made in a safe and workmanlike manner and maintained in good condition at all times. Except for the conduct of normal construction and repair activities, all such installations of Franchise Property shall be approximately placed so as not to interfere in any manner with the rights of the public or individual property owners and shall not interfere with the use of public property by the public and shall not obstruct or impede traffic. The Board reserves the right of regulation of the erection and construction of any Franchise Property, by Franchisee and its agents or employees, and to designate where such Franchise Property shall be placed. Franchisee agrees to make changes in its plans, specifications and/or Franchise Property to conform with all requirements of the Board.

C. Franchisee shall be responsible for obtaining all necessary licenses, certificates, permits and approvals from all government authorities having jurisdiction over the activities to be conducted under this Franchise.

SECTION 7. UNDERGROUND LINES.

Franchisee shall, at its own expense, place its lines underground in areas which it serves where telephone and electric power lines are, or are required to be, underground.

SECTION 8. LOCATION OF FRANCHISE PROPERTY.

Franchise Property shall be constructed or installed in Public Rights-of-Way and Easements of the County only at such locations and in such manner as shall be approved by the Board or its agents. Construction or installation of Franchise Property shall be in accordance with all Federal, State, and County laws and regulations.

SECTION 9. REPAIR OF ROADS, STREETS, RIGHTS-OF-WAY AND EASEMENTS.

Franchisee shall, at its own expense, promptly repair and restore any and all roads, streets, sidewalks or other public and/or private property altered, damaged, or destroyed by Franchisee in exercising the privileges granted herein to Franchisee.

SECTION 10. FAILURE TO PERFORM AS REQUIRED IN SECTION 9 ABOVE.

A. Upon failure of Franchisee, and its agent or employees, to complete any work required by this Franchise, the Board or its agents may notify Franchisee of non-compliance by registered mail. Franchisee shall have fourteen (14) days from the receipt of the notice to complete the repairs or to enter into an agreement with the Board and/or its agents for the completion of the repairs.

B. If, in the opinion of the County Director of Public Works and/or the County Manager, the failure to repair or complete construction presents a serious and immediate danger to the public health, safety and welfare, they, separately or together, may take immediate action to mitigate the damage. All costs associated with such actions will be the sole responsibility of Franchisee, and Franchisee shall reimburse the County for such costs within thirty (30) days after receipt of an itemized bill.

SECTION 11. REMOVAL AND ABANDONMENT OF FRANCHISE PROPERTY.

A. In the event the use of any Franchise Property is discontinued for a continuous period of twelve (12) months and Franchisee is unable to reasonably demonstrate the usefulness of such Franchise Property for future use, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

B. In the event Franchise Property is installed in violation of any requirements of this Franchise, and Franchisee fails to take reasonable measures to cure such violation within thirty (30) days after written notice of such violation, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

C. Franchise Property to be abandoned in place shall be abandoned in accordance with applicable law. Upon abandonment of Franchise Property in place, Franchisee shall submit to the Board an instrument satisfactory to the Board transferring the ownership of such Franchise Property to the County.

SECTION 12. CHANGES REQUIRED BY PUBLIC IMPROVEMENTS.

Franchisee shall, at its own expense, protect, support, temporarily disconnect, relocate in the same street, alley or public place, any Franchise Property when required by the Board or its agents by reason of County public improvements; provided, however, Franchisee shall have the right to abandon Franchise Property as provided in Section 11 above.

SECTION 13. INDEMNIFICATION OF COUNTY.

Franchisee shall defend the County against all claims for injury to any person or property caused by the negligence of Franchisee, its agents and/or employees, in the construction or operation

of Franchise Property, and, in the event of a determination of liability, shall indemnify the County, the Board, its agents and/or employees. More particularly, Franchisee, its successors and assigns, does hereby agree to indemnify and hold harmless the County, the Board and/or its agents and employees, from any and all liability, claim, demand or judgment arising out of any injury to any person or property as a result of a violation or failure on the part of Franchisee, its successors and assigns, to observe their proper duty or because of negligence in whole or in part arising out of the construction, repair, extension, maintenance, or operation of Franchise Property of any kind or character used in connection with this Franchise.

SECTION 14. LIABILITY INSURANCE REQUIRED.

Franchisee agrees that, at all times during the existence of this Franchise, Franchisee will carry a minimum of \$1,000,000 in excess liability insurance on a combined single limit basis above any permitted self-insured retention. Self-insured retention shall be permitted so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. The insurance coverage required by this Section shall be provided by one or more insurers permitted under Title 20 or Arizona Revised Statutes to transact insurance business. Further, Franchisee shall provide, to the Clerk of the Board of Mohave County, a Certificate of Insurance naming the County, the Board and/or its agents and employees as additional insured. The Certificate will provide for notification to the Clerk of the Board of Mohave County prior to any change in said policy, or cancellation of said policy, for any reason including nonpayment of premiums.

SECTION 15. FRANCHISE FEE.

A. Franchisee shall pay to the County an annual Franchise Fee in an amount equal to two percent (2%) of Franchisee's Gross Annual Receipts derived from the operation of Franchise Property so long as the Board shall have the authority to levy a Franchise Fee. Further, Franchisee shall not be required to pay to the County any other Franchise fee or Permit fee in connection with this Franchise. There shall be no offsets for any other taxes or assessments, i.e., sales tax, fuel tax, personal property tax, general ad valorem property tax, special assessments for local improvements or any other tax or assessment not directly related to the use of the Public Rights-of-Way and Easements that may be required of Franchisee by any governmental agency.

B. The annual Franchise Fee shall be paid no later than the first (1st) day of May following each calendar year during the term of this Franchise. All such payments shall be made to the Mohave County Finance Department, P.O. Box 7000, Kingman, Arizona 86402-7000. So long as the Board shall have the authority to levy a Franchise Fee, failure to pay such Franchise Fee by the first (1st) day of May following the calendar year is a material breach of this Franchise Agreement and is subject to the termination provisions of Section 16 hereinafter.

C. The Board shall have the right to inspect and audit all Franchisee's books and records which may be necessary in determining Franchisee's Gross Annual Receipts derived from the use of

the Public Rights-of-Way and Easements and the right of audit and re-computation of any amount paid under this Section; provided, however, that the right of re-computation shall be limited to the two (2) calendar years immediately preceding the initiation of any such audit. Financial statements required by this Franchise Agreement for each calendar year shall be submitted annually on or before April 15 of each year. No acceptance of any payment shall be construed as a release or accord and satisfaction of any claim the County may have for further or additional sums payable under this Section or for the performance of any obligation under this Franchise Agreement.

D. The percentage of Gross Annual Receipts set forth in this Section and the insurance requirements set forth in Section 14 above shall be subject to reevaluation by the Board every fifth year of this Franchise; provided, however, that no reevaluation shall occur so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. If reevaluation of the amounts due under this Section or the insurance requirements set forth in Section 14 above should result in a dispute between the parties, the dispute shall be presented to a neutral Arbitration Board for decision and settlement. The Arbitration Board shall consist of either one person mutually acceptable to the parties to this Franchise Agreement or to the American Arbitration Association. In the event of arbitration, the parties shall each pay their individual costs for such arbitration. The standard procedures and policies of arbitration shall apply in all cases.

SECTION 16. TERMINATION.

A. This Franchise Agreement and Franchise may be terminated by the mutual consent of the Board and the Franchisee evidenced by a writing.

B. This Franchise Agreement and Franchise, and all rights granted hereunder, may be terminated by the Board upon any breach of the terms and conditions hereof by Franchisee and Franchisee's failure to undertake reasonable measures to cure such breach within thirty (30) days subsequent to Franchisee's receipt of written notice of such breach. Written notice shall be by registered mail.

SECTION 17. OTHER PROVISIONS.

Franchise shall keep a copy of its current Tariffs applicable to Subscribers or Users in Mohave County on file with the Clerk of the Board of Mohave County.

SECTION 18. RESERVATION OF POWERS.

A. There is hereby reserved to the Board every right and power which is required to be reserved and Franchisee, by its acceptance of this Franchise, agrees to be bound thereby and to comply with any action or requirements of the Board in its exercise of any such right of power enacted or established.

B. Neither the granting of this Franchise nor any of the provisions contained herein shall be construed to prevent the Board from granting any identical, or similar, Franchise to any person or corporation other than Franchisee.

SECTION 19. SEVERABILITY.

In the event any provision of this Agreement is rendered inoperative by virtue of the entry of a final judgment of a Court of competent jurisdiction, such event shall not affect any other provision of this Agreement that can be given effect without such inoperative provision and, for this purpose, the provisions of this Agreement are hereby declared to be severable.

SECTION 20. OFFICIAL NOTICES.

Notices concerning this Franchise Agreement and Franchise shall be sent to:

FOR THE COUNTY:

Clerk of the Board
Mohave County
P.O. Box 7000
Kingman, AZ 86402-7000
928-753-0731

FOR FRANCHISEE:

West Maricopa Combine
John Mihlik
3800 N. Central Avenue, Suite 770
Phoenix, AZ 85012
Phone: 602-224-0711
Fax: 602- 224-5455
E-mail: wmcjohn@qwest.net

WITH A COPY TO:

William P. Sullivan
Attorney for Willow Valley Water Company
2712 N. 7th Street
Phoenix, Arizona 85006
Phone: 602-393-1700
Fax: 602-393-1703
E-mail: wsullivan@cgsuslaw.com

SECTION 21. EFFECTIVE DATE.

This Franchise shall take effect upon the date of approval by the Board.

Approved by the Mohave County Board of Supervisors this _____ day of _____,
2005.

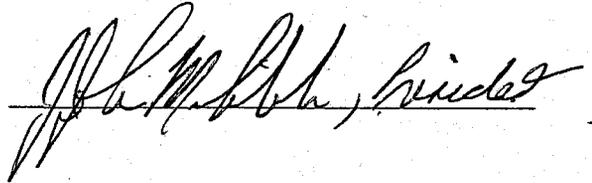
For the Board:

Chairman of the Board

Approved as to form:

County Attorney

Accepted for Franchisee:



ATTEST:

Clerk of the Board

**FRANCHISE AGREEMENT BETWEEN MOHAVE COUNTY AND WILLOW VALLEY WATER
COMPANY**

**ATTACHMENT "A"
LEGAL DESCRIPTION**

AS THIS AGREEMENT SUPERSEDES ANY PREVIOUS FRANCHISE AGREEMENTS, THIS LEGAL INCLUDES AREAS PREVIOUSLY APPROVED BY THE BOARD OF SUPERVISORS AND ANY ANNEXATION AREAS THAT ARE REQUESTED (IF ANY)

EXHIBIT "A"

Legal Description

PARCEL "A"

All that portion of the abandoned channel of the Colorado River, as it existed immediately prior to re-channelization, that lies South of the North line of fractional Section 21, T18N, R22W, G. & S. R. B. & M., Mohave County, Arizona, and that lies East of the Easterly dredging right of way line of the present channel of the Colorado River, approximately described as follows:

COMMENCING at the Northeast Corner of said fractional Section 21; thence S 76° 17' 28" W, along the North line of said fractional Section 21, 2796 feet more or less to the point of beginning, said point being a point on a meander line of the left descending bank of said abandoned channel;
thence S 42° 51' W 250 feet to a point;
thence S 57° 39' W 390 feet to a point;
thence S 78° 45' W 260 feet to a point;
thence S 60° 44' W 200 feet to a point;
thence S 65° 57' W 477 feet to a point;
thence S 39° 51' W 260 feet to a point;
thence S 45° 43' W 390 feet to a point on the Easterly dredging right of way line of said present channel;
thence Northerly along said right of way line, which is a curve to the right, having a tangent that bears N 02° 52' 39" E from the last described point, a radius of 7190.90 feet and a central angle of 6° 17' 40", 790 feet to a point on the North line of said fractional Section 21;
thence N 76° 17' 28" E along the North line of said fractional Section 21, 1778 feet to the true point of beginning.

Containing 13.60 Acres more or less;

PARCEL "B"

All that portion of the abandoned channel of the Colorado River, as it existed immediately prior to re-channelization, that lies South of the North line and a Westerly prolongation thereof, of fractional Section 21, T18N, R22W, G. & S. R. B. & M., Mohave County, Arizona, and that is bounded on the East by the Easterly dredging right of way line of the present channel of the Colorado River and is bounded on the South and East by the left descending bank of the abandoned channel of the Colorado River as it existed immediately prior to dredging, and is bounded on the West by the left descending bank of the present normal-flow channel of the Colorado River, approximately described as follows:

COMMENCING at the Northeast Corner of said fractional Section 21; thence S 76° 17' 28" W, along the North line of said fractional Section 21, 4574.36 feet to a point, said point being the intersection of the North line of said fractional Section 21 and said Easterly dredging right of way line of the present channel of the Colorado River;
thence Southerly along said right of way line, which is a curve to the left having a tangent

that bears S 09° 10' 19" W from the last described point, a radius of 7190.90 feet and a central angle of 6° 17' 40", 790 feet to a point, said point being a point on a meander line of the left descending bank of said abandoned channel;
thence along a meander line of said abandoned channel S 44° 59' W 579 feet to a point;
thence along a meander line of said abandoned channel S 16° 00' W 418 feet to a point, said point being on a Westerly prolongation of the South riparian Section line of fractional Section 21 as established by the United States Bureau of Land Management and also being a point on a meander line of the left descending bank of the present normal-flow channel of the Colorado River;
thence along said left bank of the present normal-flow channel
N 01° 30' E 680 feet to a point;
thence N 10° 02' E 200 feet to a point;
thence N 01° 26' E 220 feet to a point;
thence N 13° 29' E 410 feet to a point, said point being on a Westerly prolongation of the North line of said fractional Section 21;
thence along the North line of said fractional Section 21 and a Westerly prolongation thereof N 76° 17' 28" E 480 feet to the true point of beginning.

Containing 11.43 Acres more or less.

PARCEL "C"

All of that portion of the alluvium lands of the Colorado River lying West of and adjoining fractional Section 21, T18N, R22W, G. & S. R. B. & M., Mohave County, Arizona, bounded on the Northwest by the meander lines of the left descending bank of said River immediately prior to the re-channelization, bounded on the Northeast by the 1905 GLO Meander line, and bounded on the South by a line that is the South riparian section line and follows an existing line of occupation. Said boundaries being approximately described as follows:

Beginning at the BLM Brass Cap Monument marking the Meander Corner on the South line of said Section 21; thence S 82° 18' 43" W 1512.93 feet to a 1 inch iron pipe tagged RLS 5576, said 1 inch iron pipe being on the Easterly prolongation of an existing fence; thence along said fence S 80° 24' 40" W 421.67 feet to a 1 inch iron pipe tagged RLS 5576, and the Westerly termination of said fence; thence continuing S 80° 24' 40" W 16 feet more or less to a point on the meander line of the left descending bank of the Colorado River immediately prior to the re-channelization, said point also being the most Southerly Corner of Parcel 2 of that certain Judgment filed January 30, 1976, at Pages 47-49 of Book 391 of Official Records of said Mohave County, Arizona; thence along said meander line N 16° 00' E 418 feet; thence N 44° 59' E 579 feet to a point on the Easterly dredging right of way line of the present channel, said point also being the most Southerly Corner of Parcel 1 of the before mentioned Judgment; thence N 45° 43' E 390 feet to a point on the 1905 GLO Meander line shown on the Plat as N 53° 00' W 21.40 chains; thence along said GLO Meander line S 53° 00' E to the point of Beginning.

Containing 23.5 acres more or less.