

NEW APPLICATION



0000045246

POTATO PATCH WATER SERVICE, INC. RECEIVED  
ONE WILDWOOD DRIVE  
PRESCOTT, ARIZONA 86305  
August 20, 2002

2002 SEP -9 A 11: 22

AZ CORP COMMISSION  
DOCUMENT CONTROL

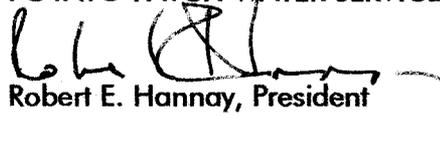
Docket Control  
Arizona Corporation  
1200 West Washington Street  
Phoenix, Arizona 85007

W-01936A-02-0677

Attached is an application by Potato Patch Water Service, Inc. advising you of the sale of the assets of the water company and requesting cancellation of the certificate of convenience and necessity.

We contacted the Corporation Commission at the time of sale and were given incorrect information on standard procedures and requirements, told that the purchaser of the water company, the association of property owners in the service area involved, was in contact with the Commission and in the process of being approved for a category which did not require a CC&N and that we did not have to do anything ourselves.

POTATO PATCH WATER SERVICE, INC.

  
Robert E. Hannay, President

Arizona Corporation Commission  
DOCKETED

SEP 09 2002

DOCKETED BY	
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ARIZONA CORPORATION COMMISSION

APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR  
FOR CANCELLATION OF THE CERTIFICATE OF CONVENIENCE  
AND NECESSITY

WATER AND/OR SEWER

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

POTATO PATCH WATER SERVICE, INC.  
15 HIGHLAND TERRACE, PRESCOTT 86305

B. If doing business under a name other than the Applicant name, specify

C. The Applicant is a:

<input type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input checked="" type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company (LLC)
<input type="checkbox"/> Other (Specify)	

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

NONE

E. List the name, address and telephone number of the management contact:

R. HANNAY

SEE "A"

F. The name, address and telephone number of the Purchaser is:

POTATO PATCH OWNERS CORPORATION

7336 S. HEATHER DRIVE

TEMPE AZ 85283

G. List the name and telephone number of the purchaser's representative.

SUSAN COREY 480 839-0706

H. The Purchaser is a:

<input type="checkbox"/> Municipality	<input type="checkbox"/> Improvement District	<input checked="" type="checkbox"/> Other	OWNERS' ASSOC.
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I. The purpose for the sale and/or cancellation is due to:

Negotiated Sale of Asset  Condemnation  Other

J. Provide a copy of the following documents:

1. Sales or purchase agreement
2. Court order (if condemnation)
3. Corporate Resolution authorizing the liquidation of the assets, if required by the Articles of Incorporation

K. Have all customer security deposits been refunded? Yes  No . If no, mark the block below that describes the proposed disposition of security deposits.

All security deposits will be refunded prior to or at time of closing.

All security deposits ~~will be~~ transferred to the Purchaser for refund pursuant its terms and conditions.

Other (explain).

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L. Are there any refunds due on Main Extension Agreements? Yes  No . If Yes, mark the block below which describes the proposed disposition of the refunds.

Applicant will continue to refund after the transfer. (Explain method of refunding)

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Purchaser will assume the refunding obligations in accordance with the terms of the main extension agreement.

Applicant will make a full refund will be made at closing.

Other (explain).

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M. (WATER ONLY) Are there any refunds due on meter and service line installations?  
Yes  No  If Yes, mark the block below which describes the proposed disposition of  
refunds.

Applicant will continue to refund after the transfer pursuant to Commission Rules.

Purchaser will assume the refunding obligations in accordance with Commission Rules.

Applicant will make a full refund at closing.

Other (explain).

DATED the 3<sup>rd</sup> day of SEPTEMBER, 2002

[Signature]

(Signature of Authorized Representative of Applicant)

ROBERT E. HANNAY

(Type or Print Name Here)

PRESIDENT

(Title)

SUBSCRIBED AND SWORN to before me on this 3<sup>rd</sup> day of September, 2002

[Signature]  
NOTARY PUBLIC

My Commission Expires 11/4/2005

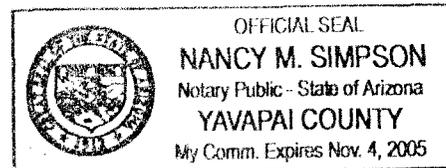


EXHIBIT A

Mineral rights formerly listed as the Yavapai County Assessor's Parcel 202-14-5002, described as Hassayampa, Ranche, Waterfall and Bib Four Mining Patents M.S. 1556 and M.S. 2401, in the Hassayampa District in approximate Sections 25 and 36, Township 12 1/2 North, Range 2 West and Sections 30 and 31, Township 12 1/2 North, Range 1 West, Gila and Salt River Base and Meridian, Yavapai County, Arizona.

EXHIBIT B

Tract A, The Potato Patch Unit 3, according to the plat of record in Book 16 of Maps, page 27, records of Yavapai County, Arizona; except all minerals and mineral rights in the land herein described reserved by previous owners.

The above-described real property and all other property in Centrally Valued Parcel 922-50 140-2 and described as Operating Property are included in this Agreement of Sale.

EXHIBIT C

All the water rights, tanks, pumps, pipelines, valves, standpipes, water meters and all other personal property used in the distribution grid and operation of the water system serving the Potato Patch subdivision, Yavapai County, Arizona, including all available records and computer and other systems used in connection therewith.

10/10/01  
10/10/01  
10/10/01  
10/10/01  
10/10/01

BILL OF SALE

(COPY -  
SIGNED ORIGINAL  
IS IN ESCROW)

KNOW ALL MEN BY THESE PRESENTS:

That Robert E. Hannay, as President of the POTATO PATCH WATER SERVICE, INC., an Arizona corporation, hereinafter termed "Seller," for and in consideration of Ten Dollars and other good and valuable consideration paid by POTATO PATCH OWNERS ASSOCIATION, an Arizona corporation, hereinafter termed "Buyer," does hereby grant, bargain, sell and convey unto Buyer the water tanks, pumps, pipelines, valves, standpipes, water meters and all other personal property used in the distribution grid of the Potato Patch Water system.

Buyer to have and to hold the same forever; and Seller covenants and agrees to and with Buyer to warrant and defend the sale of the said property, goods and chattels against all and every person or persons whosoever claiming or to claim the same.

This Bill of Sale shall be binding upon and inure to the benefit of the parties hereto, their heirs, personal representatives, survivors, successors and assigns.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 2001.

POTATO PATCH WATER SERVICE, INC.

\_\_\_\_\_  
Robert E. Hannay, President

\_\_\_\_\_  
Joanne I. Hannay, Secretary

POTATO PATCH WATER SERVICE, INC.  
ONE WILDOOD DRIVE  
PRESCOTT, ARIZONA 86305  
FAX: (928) 445-2854 • PHOENIX (480) 948-9667  
Tel: (928) 445-1119 • Phoenix (480) 948-5443  
February 14, 2002

## FAX MESSAGE

TO: Lisa Swaim  
Capital Title Agency  
FAX #: 928 776-8282

SUBJECT: Escrow - Sale to Potato Patch Owners Corporation.

Attached is a breakdown of debits and credits due according to our records.

We had forgotten the credits for meter deposits still due to twelve property owners. By our Corporation Commission tariff, new-meter applicants paid a \$400 meter deposit, refundable annually over ten years. Those annual refunds are due March 1, this year totaling \$490. The remaining deposit credits are also listed, totaling \$3,150 after this years refunds.

There are four accounts with payments made ahead of the last billing period, December 31, totaling \$183.52, and five accounts past due as of that date totaling \$359.75.

The net debits and credits on our books total \$3,463.77 to the buyers, assuming no payments are received from customers before the close of escrow February 20. If any are made, the easiest way to handle is by payments from us to the buyers after close of escrow, as provided in our purchase agreement.

According to my calculations, a credit will be due us on close only slightly more than the credit described above due the buyers. Ninety meters for two months @ \$23.74 per month (minimum monthly rate) is \$4,273.20;  $51/59 \times \$4,273.20 = \$3,693.78$  due us for delivered but unbilled water as of February 20. Please check the calculations.

I am faxing a copy of this to John Clark for his financial planning, since it results in a substantially lower closing amount than the one previously given to them. You will want to send him a revised closing cost sheet combining everything.

POTATO PATCH WATER SERVICE, INC.



Robert E. Hannay

Cc: John Clark, fax 602 371-1936



ROBERT E. HANNAY  
4616 E. White Drive  
Paradise Valley, Arizona 85253  
Tel. (480) 948-5443 • Fax (480) 948-9667  
Prescott Tel. (928) 445-1119 • Fax (928) 445-2854  
rhannay@mindspring.com

2-19-02

## FAX MESSAGE

TO: CAPITAL TITLE AGENCY FAX #: 928 776-8282  
LISA SWAIM

SUBJECT: POTATO PATCH - ESCROW 56010642.

IF TAG ESCROW CLOSES 2/20/02, THE  
UNBILLED WATER FIGURE SHOULD BE  
3693.78, NOT 4,273.20. THE LATTER  
FIGURE IS A TWO-MONTH NUMBER, &  
2/20 WOULD BE 57/59 OF THAT.  
OTHERWISE YOUR PRE-AUDIT SHEET  
APPEARS TO BE CORRECT.

Rob E. Hannay, Pres.

CC: JOHN CLARK, 602 371-1936.

1 PAGE



# Capital Title Agency Inc

1101 East Gurley Street,  
Prescott, AZ 86301  
Phone: (928) 776-8200 Fax: (928) 776-8282

## AMENDMENT TO AGREEMENT FOR SALE

TO: Capital Title Agency Inc.  
RE: ESCROW NO. 56010642--LMS  
DATE: February 6, 2002

Previous instructions given you and contained in the Purchase Contract dated October 2, 2001 are hereby amended in the following particulars only:

**WATER USAGE BILLING WILL BE PRORATED AT THE CLOSE OF ESCROW AS A CHARGE TO THE BUYER AND A CREDIT TO THE SELLER AS BUYER WILL BE COLLECTING FROM THE PROPERTY OWNERS FOR JANUARY AND FEBRUARY.**

**BASIS FOR PRORATIONS WILL BE \$23.73 PER MONTH PER ACTIVE METER (90).**

Each of the undersigned states that they have read the foregoing amended instructions and understands and agrees to them. The undersigned also acknowledges receipt of a copy of this amendment.

POTATO PATCH WATER SERVICE INC.

BY:   
ROBERT E. HANNAY, President

POTATO PATCH OWNERS CORPORATION

BY:   
JOHN D. CLARK, President

At the request of Capital Title Agency Inc.

when recorded mail to  
POTATO PATCH OWNERS ASSO.  
7111 N. FIRST STREET  
PHOENIX, AZ 85020

*[Handwritten initials]*

56010642-LMS

Tax Parcel No. 204-14-350

## Warranty Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,

**POTATO PATCH WATER SERVICE INC., an Arizona corporation**

do/does hereby convey to

**POTATO PATCH OWNERS CORPORATION, an Arizona corporation**

the following real property situated in Yavapai, County, Arizona:

Tract A, THE POTATO PATCH, UNIT 3, according to the plat of record in Book 16 of Maps, page 27, records of Yavapai County, Arizona.

EXEPT all minerals and mineral rights in the land herein described reserved by previous owners.

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.

And I or we do warrant the title against all persons whomsoever, subject to the matters set forth above.

February 5, 2002

POTATO PATCH WATER SERVICE INC.

BY *[Signature]*  
ROBERT E. HANNAY, President

STATE OF ARIZONA  
County of Yavapai

} SS

This instrument was acknowledged before me this 10<sup>th</sup> day of February, 2002 by ROBERT E. HANNAY, as President of POTATO PATCH WATER SERVICE INC.

*[Signature]*  
Notary Public

My commission will expire \_\_\_\_\_

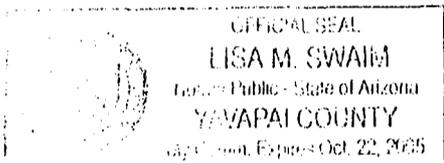




EXHIBIT "A"  
LEGAL DESCRIPTION FOR MINERAL RIGHTS

THE MINERAL INTEREST DESCRIBED AS HASSAYAMPA, RANCHE WATERFALL AND BIG FOUR MINING PATENTS, M.S. 1556 AND M.S. 2401, IN THE HASSAYAMPA DISTRICT IN APPROXIMATE SECTIONS 25 AND 36, TOWNSHIP 12 1/2 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA.