

**ORIGINAL**

Docket #W-04199A-05-0905  
#W-20435A-05-0905



**RENEWAL OF GRANT OF FRANCHISE TO SONOITA VALLEY  
RECEIVED COMPANY**

**AND**

**2006 JUN -8 A 9:31 EXTENSION OF FRANCHISE AREA  
TO**

**AZ CORP COMMISSION SONOITA VALLEY WATER COMPANY  
DOCUMENT CONTROL AN ARIZONA CORPORATION**

WHEREAS, Sonoita Valley Water Company, an Arizona Corporation, has duly and regularly applied and Petitioned pursuant to ARS 40-283, to the Board of Supervisors to renew its Public Service Franchise to construct, operate, and maintain a water distribution system or plant for domestic, commercial, industrial, and municipal use within the property described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, the purpose of said Franchise is for furnishing water service to the public in general for reasonable compensation and without unjust discrimination, and to lay the necessary mains, lateral and pipelines in the highways, streets and alleys of said property, and all additions thereto, and under and along the public highways, roads and thoroughfares, except State highways, and additions thereto under such limitations and restrictions as the Board of Supervisors may prescribe, and not inconsistent with the law or the order or rules of the Arizona Corporation Commission; and

WHEREAS, Sonoita Valley Water Company held a Grant of Franchise which expired and which needs to be renewed nunc pro tunc as of February 4, 1999; and

WHEREAS, Sonoita Valley Water Company has further requested that its franchise be extended to cover the area previously serviced by a Certificate of Convenience and Necessity (CC & N) issued to the Southern Water Company. The extension area is more particularly described in Exhibit B, attached hereto and incorporated herein; and

WHEREAS, the Arizona Corporation Commission has cancelled the CC & N held by Southern Water Company; and

WHEREAS, Sonoita Valley Water Company has purchased the assets of the bankrupt Southern Water Company and is in the process of having this transfer approved by the Arizona Corporation Commission; and

WHEREAS, it appears that notice of hearing this matter before the Board of Supervisors was duly given as required by law; and

WHEREAS, the Application for Renewal of Grant of Franchise and Extension of the Franchise Area was heard by the Board of Supervisors of Santa Cruz County on April 12, 2006, and no Petition to the Board to deny such privilege and franchise was filed or presented according to law. The Board considered the Application for Renewal of Grant of Franchise and request for Extension of the Franchise Area.

NOW, THEREFORE, it being determined by the Board of Supervisors of Santa Cruz County, Arizona the renewal of Grant of Franchise and Extension of Franchise Area is regular, proper, authorized by law and is in the best interests of Santa Cruz County and the inhabitants thereof;

IT IS HEREBY ORDERED that the SONOITA VALLEY WATER COMPANY, an Arizona corporation, be and is hereby enfranchised and empowered to use all streets, highways, roads and alleys now established, used or dedicated to the public use or which may hereafter be established, used or dedicated to the public use, lying within Santa Cruz County, Arizona, described in Exhibit A attached hereto and incorporated herein, save and except within the confines of any incorporated city or town in Santa Cruz County,

Arizona, for the purpose of installing, constructing, maintaining and operating a water distribution system and all such appurtenances and installations as may be necessary for the purpose of engaging in the business of supplying consumers with water for domestic, commercial, and industrial use.

PROVIDED, HOWEVER, that:

1. All rights hereunder are granted under the express condition that the BOARD OF SUPERVISORS of said Santa Cruz County shall have the power at any time to impose, at its sole discretion such restrictions, limitations, and regulations as to the use of said highways, roads, streets and alleys by SONOITA VALLEY WATER COMPANY, an Arizona corporation, as may be deemed best by the Board of Supervisors for the public safety or welfare. The rights of Santa Cruz County in and to the use of the highways, roads, streets and alleys shall forever be paramount and superior to the rights of the SONOITA VALLEY WATER COMPANY.

2. The said SONOITA VALLEY WATER COMPANY, an Arizona corporation, shall bear all expenses made or incurred for the purpose of this franchise, including damage and compensation for any alteration of the direction, surface, grade or alignment of any of the aforesaid highways, roads, streets and alleys.

3. The said SONOITA VALLEY WATER COMPANY, an Arizona corporation, shall bear all expenses, including damages and compensation, for the moving of any improvements belonging to SONOITA VALLEY WATER COMPANY, an Arizona corporation, made necessary by the Board of Supervisors' determination to surface, grade, align, realign, alter direction, repair, maintain or move the said highways, roads, streets, and public alleys, or any part thereof. It is further expressly understood

that the Sonoita Valley Water Company shall be responsible for any damage or injury resulting to any person or property caused by its use and occupancy under this Franchise and that Santa Cruz County shall not be liable for damages resulting to the water transmission and distribution system and water pipes, mains or water system property resulting from the use and maintenance of the highways, streets, alleys, avenues and public thoroughfares.

4. This franchise is granted nunc pro tunc as of February 4, 1999 for a term of twenty-five (25) years. This franchise and the rights and privileges granted herein shall be salable, assignable and transferable by SONOITA VALLEY WATER COMPANY, a corporation, but no sale, assignment or transfer, in whole or in part of any of the rights and privileges granted herein shall be effective as against Santa Cruz County until notice of the same in writing has been given the Board of Supervisors of Santa Cruz County.

5. This franchise and the privileges granted herein shall not be exclusive, and the Board of Supervisors expressly reserves the right to grant the use of roads, streets and alleys, or any thereof, to any other persons, firms or corporations.

6. This franchise shall not be effective for any purpose until the acceptance of SONOITA VALLEY WATER COMPANY, an Arizona corporation, is endorsed hereon in writing. PROVIDED, that after any sale, assignment or transfer of SONOITA VALLEY WATER COMPANY 'S, rights hereunder, and after approval of such by Santa Cruz County, the said SONOITA VALLEY WATER COMPANY shall not be obligated under the terms hereof.

IT IS FURTHER ORDERED that it being in the best interest of the inhabitants of Santa Cruz County, the Santa Cruz County Board of Supervisors hereby approves the request of Sonoita Valley Water Company to extend its franchise area to that previously serviced by Southern Water Company, more particularly described in Exhibit B attached hereto and incorporated herein, for the same term as the renewal of Grant of Franchise contained herein.

IN WITNESS WHEREOF, the BOARD OF SUPERVISORS of Santa Cruz County, Arizona, has executed this Grant of Franchise and Extension of Franchise this 12<sup>th</sup> day of April, 2006.

BOARD OF SUPERVISORS

By   
Robert Damon, Chairman

  
Manuel Ruiz, Vice Chairman

  
John Maynard, Member

  
Melinda Meek,  
Clerk of the Board of Supervisors

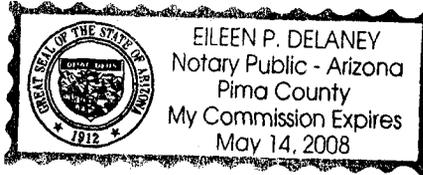
The SONOITA VALLEY WATER COMPANY, a corporation, does hereby  
accept the within and foregoing Franchise this 12 day of May,  
2006.

SONOITA VALLEY WATER COMPANY

By Bonnie O'Connor

Title Sec. Tress.

State of Arizona)  
)  
County of Santa Cruz)



Subscribed and sworn to before me this 12<sup>th</sup> day of May, 2006,  
by BONNIE O'CONNOR, of Sonoita Valley Water  
Company.

Eileen P. Delaney  
Notary Public

My Commission Expires:

## EXHIBIT A

### **Franchise Area Description of Sonoita Valley Water Company**

All of Papago Springs Subdivision No. 1, being more particularly described as all of that portion of Section 31 lying West of a diagonal line commencing at a point 1321 feet East of the Northwest Corner of said Section, running thence South 14 degrees 2 minutes 50 seconds East to a point on the South line of said Section, Township 20 South, Range 17 East, G&SRB&M, Santa Cruz County, Arizona.

## EXHIBIT B

### **Franchise Area Description of Southern Water Company (To become part of the Sonoita Valley Water Company Franchise)**

All that portion of Section 31 lying east of a diagonal line commencing at a point 1321 feet North 80° 15' 20" East from the common section corner of Sections 25 and 36 in Township 20 South, Range 16 East and Sections 30 and 31 Township 20 South, Range 17 East, G&SRB&M, Santa Cruz County, Arizona, thence South 14° 2' 50" East, to a point on the south line of Section 31, approximately 2607.40 feet easterly from the southwest corner of said Section 31 and the Southeast Quarter (SE ¼) of the Southwest Quarter (SW ¼) and the South Half (S ½) of the Southeast Quarter (SE ¼) of Section 30, Township 20 South, Range 17 East, G&SRB&M, Santa Cruz County, Arizona and

the Northeast Quarter of Section 20, T20S, R17E;  
and the Northwest Quarter of the Southeast Quarter of Section 20, T20S, R17E;  
and the Southwest Quarter of Section 20, T20S, R17E;  
and the Northwest Quarter of Section 20, T20S, R17E, South of U.S. Hwy #82;  
and the South Half of Section 19, T20S, R17E, South of U.S. Hwy #82, excluding the Steakout parcel and the Ranch Restaurant parcel;  
and the West 3000 feet more or less of the North Half of Section 30, T20S, R17E;  
and the East Half of the East Half of the Northeast Quarter of Section 25, T20S, R16E.

EXCEPT for the following area which is currently certificated to Sonoita Meadows Property Owners Association, Inc.:

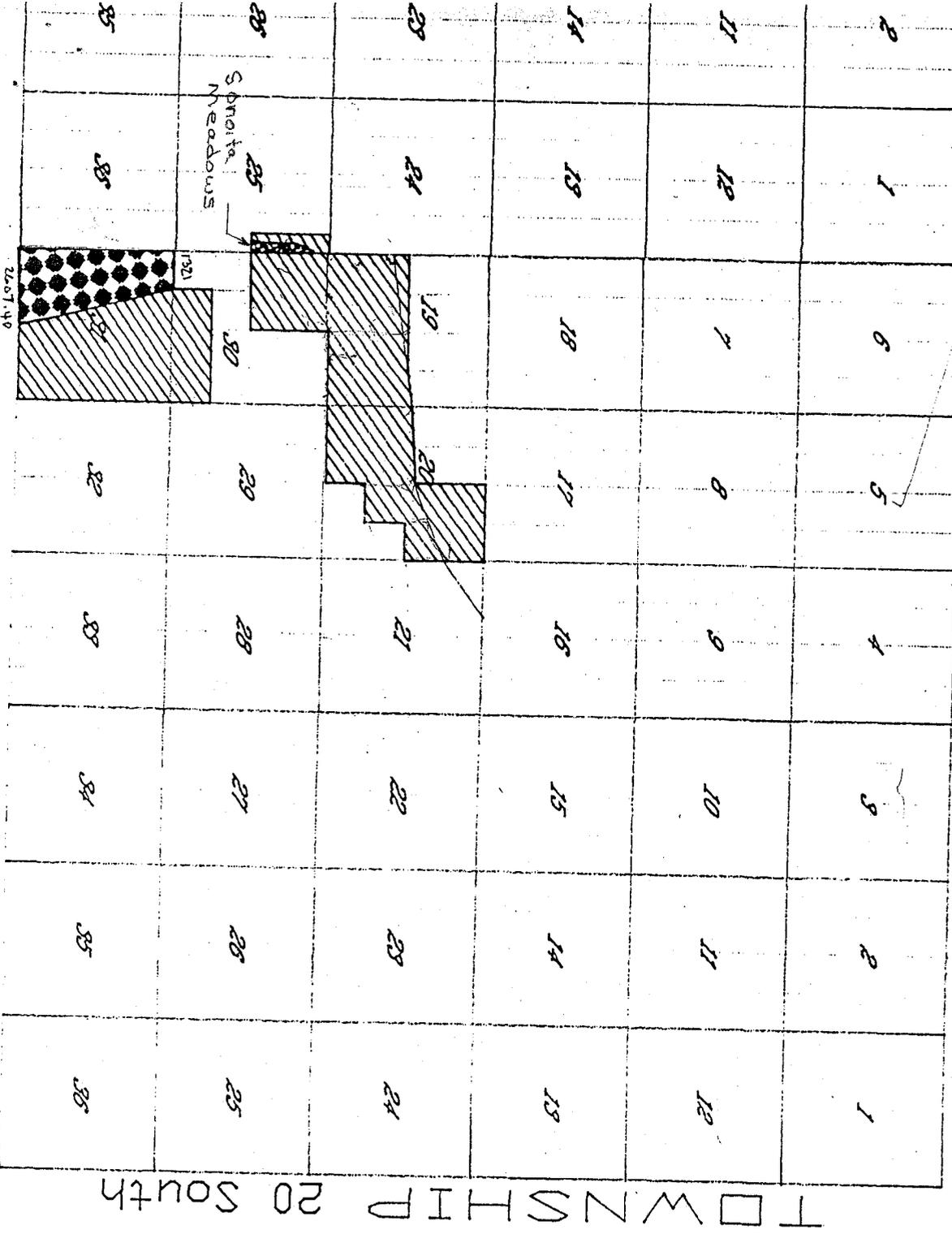
A portion of the East Half of the East Half of Section 25, Township 20 South, Range 16 East, Gila and Salt River Base and Meridian, Santa Cruz County, Arizona, more particularly described as follows:

Beginning at the East ¼ corner of said Section 25, said point being a 1¼ inch round pipe;  
Thence North 89° 47' 33" West, a distance of 431.10 feet;  
Thence North 21° 19' 20" East, a distance of 226.06 feet;  
Thence North 4° 29' 50" East, a distance of 224.58 feet;  
Thence North 0° 58' 42" East, a distance of 631.42. feet;  
Thence North 4° 56' 18" West, a distance of 174.60 feet;  
Thence North 4° 36' 11" West, a distance of 171.05 feet;  
Thence North 11° 20' 41" East, a distance of 146.37 feet;  
Thence North 19° 41' 39" East, a distance of 219.38 feet;  
Thence North 23° 37' 01" East, a distance of 370.35 feet;  
Thence North 89° 50' 00" East, a distance of 92.06 feet to a point on the East line of Section 25;  
Thence South 00° 10' 00" East along the East line of said Section 25, a distance of 2101.48 feet to the Point of Beginning.

Santa Cruz County: Santa Cruz

Map No. 3

RANGE 17 East



U-2262 (1)

Sonoma Valley Water Company,



U-2017 (2)

Southern Water Corporation