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AZ CORP COMMISSION
DOCKET CONTROL

Transcript Exhibit(s)

Docket #(s): WS-01678A-07-0116

Exhibit #: A1, A2, A3, A4, S1, S2

Arizona Corporation Commission
DOCKETED
SEP 27 2007

DOCKETED BY	<u>NR</u>
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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

201 FEB 23 P 2:07

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

AZ CORP COMMISSION
DOCUMENT CONTROL

8 IN THE MATTER OF THE APPLICATION OF
9 BACA FLOAT WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY FOR
WATER SERVICE.

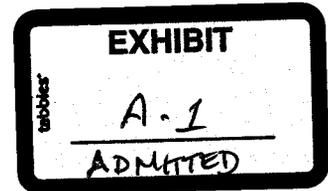
DOCKET NO. W-

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

10 Baca Float Water Company ("Baca Float" or the "Company"), an Arizona public service
11 corporation, hereby applies for an order approving an extension of its existing Certificate of
12 Convenience and Necessity ("CC&N") for water service to include an area within Sections 17
13 and 20, Township 21 South, Range 13 East, Santa Cruz County, Arizona, as more particularly
14 described below. In support of this Application, Baca Float states as follows:

15 1. Baca Float is an existing public service corporation engaged in providing water utility
16 service for public purposes within portions of Santa Cruz County, Arizona. The Company was
17 first granted its CC&N in Decision No. 32233, May 31, 1960. The Company's management
18 contact is:

19 Gary Brasher
20 Baca Float Water Company
21 Two Tubac Road
22 P.O. Box 1536
Tubac, Arizona 85646
Phone: (520) 398-2506
Email: aliso4@aol.com



23 2. Rosalino F. Vega is Baca Float's operator certified by the Arizona Department of
24 Environmental Quality ("ADEQ") to operate the water system. His business address is P.O. Box
25 1536, Tubac, Arizona 85646, and operator number is 02235.

26 3. The name, address, telephone number, facsimile number and e-mail address of the
27 attorneys for Baca Float, upon whom service of all documents is to be made, are:
28

1
2 Jeffrey W. Crockett
3 Kimberly A. Grouse
4 Marcie Montgomery
5 SNELL & WILMER L.L.P.
6 One Arizona Center
7 400 East Van Buren Street
8 Phoenix, Arizona 85004-2202
9 Phone: (602) 382-6000
10 Facsimile: (602) 382-6070
11 E-mail: jcrockett@swlaw.com
12 E-mail: kgrouse@swlaw.com
13 E-mail: mamontgomery@swlaw.com

14 4. All data requests or other requests for information should be directed to Mr. Brasher
15 and his attorneys at the addresses listed above.

16 5. W&M Tenants in Common have requested that Baca Float extend water utility service
17 to their property located within Sections 17 and 20, Township 21 South, Range 13 East. This
18 property is identified as "Tax Parcel 7" on the map attached at Exhibit 1. Copies of these letters
19 of request from the W&M Tenants in Common are attached at Exhibit 2a. Two additional
20 parcels, identified as Parcels "6" and "6B" on Exhibit 1, are also included in this Application.
21 These two tracts are owned by Presidio De Tubac, LLC; a letter requesting water utility service
22 from Presidio De Tubac, LLC is also attached hereto at Exhibit 2b.

23 6. A Certificate of Good Standing for Baca Float is attached at Exhibit 3.

24 7. A copy of Baca Float's Corporate Resolution authorizing the extension is attached at
25 Exhibit 4.

26 8. The area covered by this Application includes approximately 1300 acres and is
27 contiguous to Baca Float's existing CC&N. A map showing the boundaries of the Company's
28 existing CC&N is attached at Exhibit 5. The map attached at Exhibit 1 also illustrates how the
area requested in this Application is contiguous to the Company's existing CC&N.

9. A legal description for the area covered by this Application is attached at Exhibit 6.

10. Baca Float's balance sheet and profit and loss statement for the 12-month period
ending 2005 is attached at Exhibit 7. The Company's year-end 2006 financials have not been
finalized and will be filed with the Commission upon completion.

1 11. A copy of Baca Float's most recent Annual Report (2005) is attached at Exhibit 8.

2 12. The estimated numbers of new customers to be served in each of the first six years of
3 water utility service to the area covered by this Application is as follows:

Year	New Units (Connections)	Residential Customers (2.5 per unit/connection)
1	40	100
2	50	125
3	60	150
4	70	175
5	80	200
6	100	250
Total	400	1000

13 13. The total projected annual water consumption, in gallons, by residential customers in
14 the first six years of water utility service to the area covered by this Application is as follows:

Year	Total Number of Units	Estimated Water Demand (1000 gpd)	10% Lost & Unaccounted (1000 gpd)	Total (1000 gpd)	Total (mg per year)
1	40	10.0	1.0	11.0	4.0
2	90	22.5	2.25	24.75	9.0
3	150	37.5	3.75	41.25	15.1
4	220	55.0	5.5	60.5	22.1
5	300	75.0	7.5	82.5	30.1
6	400	100	10.0	110.0	40.2

25 14. Baca Float's estimated annual operating revenue and operating expenses for the first
26 six years of operation in the new area covered by this Application are as follows:
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Year	Number of Units	Value of New Units	Revenue	Expenses	Net Profit
1	40	\$11,520	\$132,960	\$120,700	\$12,260
2	50	\$14,400	\$147,360	\$124,075	\$23,285
3	60	\$17,280	\$164,640	\$128,125	\$36,515
4	70	\$20,160	\$184,800	\$132,850	\$51,950
5	80	\$23,040	\$207,840	\$138,250	\$69,590
6	100	\$28,800	\$236,640	\$145,000	\$91,640
Total	400	\$115,200	\$236,640	\$145,000	\$91,640

15. The new expenses for plant by year for each of the next six years are as follows:

Year	Plant Cost Projection
1	\$150,000 (40 units x \$3,750)
2	\$187,500 (50 units x \$3,750)
3	\$225,000 (60 units x \$3,750)
4	\$262,500 (70 units x \$3,750)
5	\$420,000 (80 units x \$3,750 + \$120,000 in additional expenses ¹)
6	\$375,000 (100 x \$3,750)
Total	\$1,620,000

The projections set forth immediately above assume that areas served under any order issued pursuant to this Application are contiguous to, and can be served from, Baca Float's existing water service infrastructure.

¹ Assumes drilling, construction and testing of a new production well in year 5.

1 16. The construction of the utility facilities needed to serve the area covered by this
2 Application will be financed primarily by advances in aid of construction and hook-up fees in
3 accordance with Commission regulations and Baca Float's applicable tariffs, as well as pursuant
4 to the terms of any main extension agreement between the Company and Baca Float Land
5 Development Limited Partnership.

6 17. The water facilities needed to serve the area covered by this Application will be
7 constructed as needed to provide service to customers. The estimated starting date for
8 construction of facilities is November 1, 2008, and completion is anticipated by 2014.

9 18. The Development is located within the boundaries of Baca Float's present Santa Cruz
10 County franchise for water.

11 19. ADEQ and the Arizona Department of Water Resources ("ADWR") will issue various
12 approvals to construct concerning facilities to serve the requested extension area, which will be
13 provided to the Commission as soon as they are issued.

14 20. The area covered under this Application is within the Santa Cruz Active Management
15 Area. Baca Float is a designated water provider having a designation of Assured Water Supply; a
16 copy of the Order from the ADWR is attached at Exhibit 9.

17 21. Notice of this Application will be given by publication in a newspaper of general
18 circulation as required by the Commission. Proof of publication will be filed with the
19 Commission.

20 22. This Application is in the public interest and should be granted. There is a present
21 need for water service in the area contiguous to the Company's existing CC&N. Baca Float is in
22 the best position to extend and provide water service to the area covered under this Application,
23 and expansion of service will benefit existing customers by allowing the cost of providing water
24 service to be spread over a larger customer base, as well as achieving greater economies of scale.

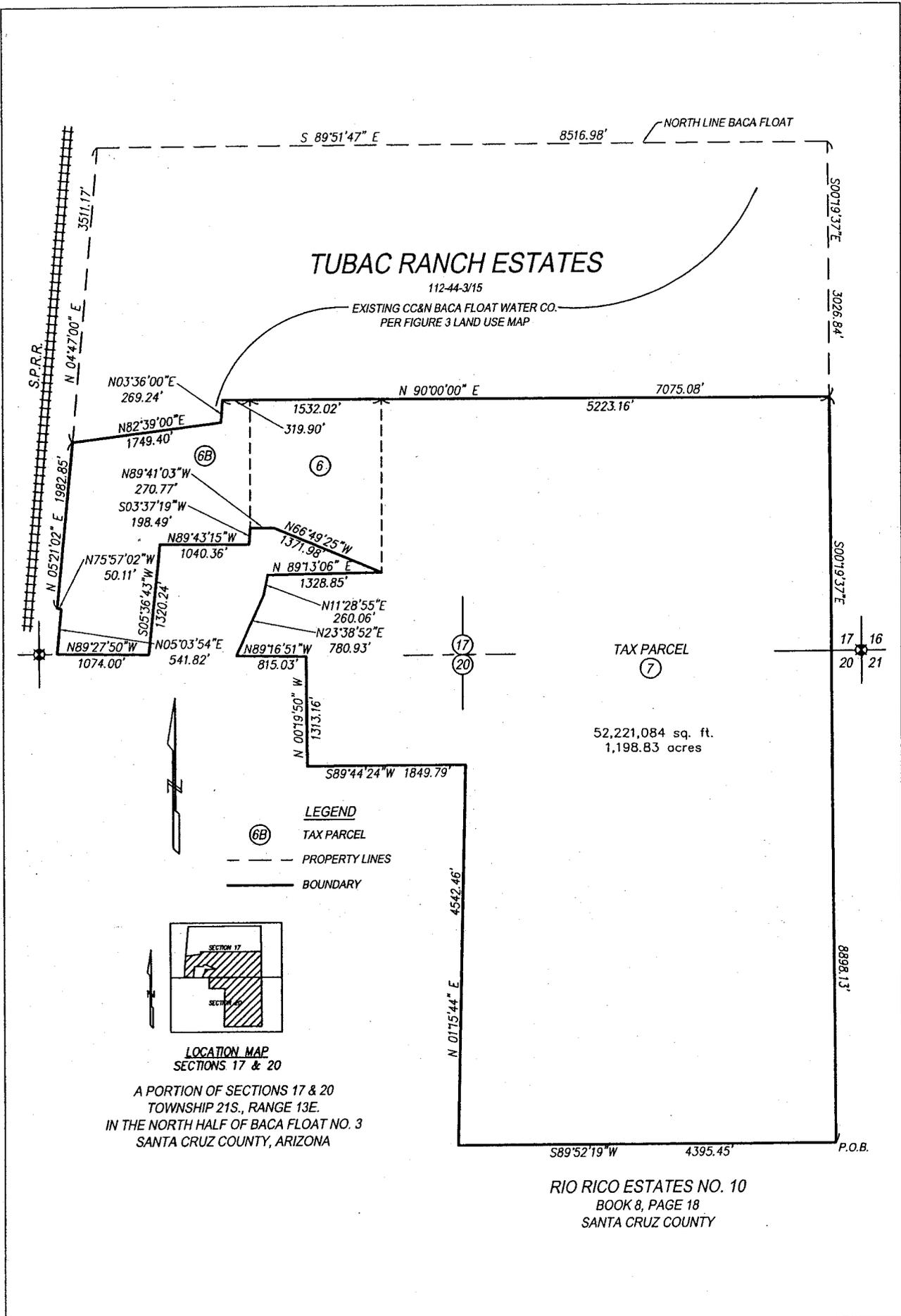
25 23. Baca Float is currently in compliance with all regulatory requirements applicable to its
26 provision of water utility service in Arizona, including all applicable orders, rules and regulations
27 of the Commission, ADEQ and ADWR.

28 WHEREFORE, Baca Float Water Company respectfully requests the following:

LIST OF EXHIBITS

- Exhibit 1:** Map of Baca Float Water Co.'s CC&N extension area
- Exhibit 2a:** Request for water service from W&M Tenants in Common (Jan. 4, 2006)
- Exhibit 2b:** Request for water service from Presidio De Tubac, LLC (Feb. 21, 2007)
- Exhibit 3:** Baca Float Water Co.'s Certificate of Good Standing (Feb. 1, 2006)
- Exhibit 4:** Corporate Resolution of Baca Float Water Co. for extension of its CC&N (Apr. 5, 2006)
- Exhibit 5:** Map of Baca Float Water Co.'s existing CC&N area
- Exhibit 6:** Legal description of Baca Float Water Co.'s CC&N extension area
- Exhibit 7:** Baca Float Water Co.'s balance sheet and profit and loss statement for the twelve (12) month period ending 2005
- Exhibit 8:** Baca Float Water Co.'s 2005 annual report (Feb. 14, 2005)
- Exhibit 9:** ADWR Order and Designation of Assured Water Supply (DWR No. 26-400800.0000) for Baca Float Water Co. (Nov. 18, 2004) and Amendment to Decision and Order No. 26-400800.0000 (Oct. 25, 2005)

Exhibit 1



<p>MORRISON MAIERLE, INC. An Employer-Owned Company</p>	<p>Engineers 8710 N. Thornydale Road, Suite 140 Tucson, AZ 85742 Phone: (520) 972-0600 Fax: (520) 872-9401</p>	<p>DRAWN BY: <u>CEL</u> CHKD. BY: <u>AT</u> APPR. BY: <u>AT</u> DATE: <u>04/09/08</u></p>	<p>PROPOSED BACA FLOOD CC&N AREA FLOOD BOUNDARY LYING SOUTH OF FIGURE 3 LAND USE MAP</p>	<p>PROJECT NO. 8602.001</p>
			<p>TUBAC ARIZONA, SANTA CRUZ COUNTY</p>	<p>FIGURE NUMBER FIG. 1</p>

X:\8602001-Tubac Ranch Est\ACAD\SURVEY\Water_serv_area.dwg Plotted by clyde hammon on Nov/14/2008

Exhibit 2a

W&M Tenants in Common

5013 E. Washington St #100
Phoenix, AZ 85034

January 4, 2006

Mr. Gary Brasher
Baca Float Water Company
Two Tubac Road
PO Box 1536
Tubac, AZ 85646

Dear Mr. Brasher:

The undersigned owner of public record of the real property described on the attached, hereby requests that Baca Float Water company provide water service to the real property, also known as W&M Tenants in Common, which is located in Santa Cruz County, Arizona. The property is located in Township 21 South, Ranch 13 East.

I understand that provision of water service by Baca Float Water Company will be subject to approval of the Arizona Corporation Commission (ACC) and in accordance with the rules and regulations established by the ACC, the Arizona Department of Environmental Quality and other agencies having jurisdiction.

<p>MPS Properties, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>	<p>KAM Properties, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>
<p>Jokake Holdings – Butterfield, LLC, an Arizona limited liability company,</p> <p>by Jokake Holdings, LLC an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>	<p>TPB Properties, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>
<p>CHUBASCO 49, L.L.C., an Arizona limited liability company,</p> <p>By: ESTATES PROPERTY DEVELOPMENT, LTD., an Arizona corporation, its Manager</p> <p>By: _____ James T. Heitel, President</p>	<p>THE BRIAN K. & MARGRIT E. SIEVER TRUST, dated November 1, 1993</p> <p>By: _____ Its: Trustee</p> <p>By: _____ Its: Trustee</p>

<p>MPS Enterprises, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>	
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W&M Tenants in Common

5013 E. Washington St #100
Phoenix, AZ 85034

January 4, 2006

Mr. Gary Brasher
Baca Float Water Company
Two Tubac Road
PO Box 1536
Tubac, AZ 85646

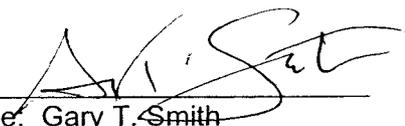
Dear Mr. Brasher:

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MPS Properties, LLC, an Arizona limited liability company By: <u><i>Gary T. Smith</i></u> Name: Gary T. Smith Title: Manager	KAM Properties, LLC, an Arizona limited liability company By: <u><i>Gary T. Smith</i></u> Name: Gary T. Smith Title: Manager
Jokake Holdings – Butterfield, LLC, an Arizona limited liability company, by Jokake Holdings, LLC an Arizona limited liability company By: <u><i>Gary T. Smith</i></u> Name: Gary T. Smith Title: Manager	TPB Properties, LLC, an Arizona limited liability company By: <u><i>Gary T. Smith</i></u> Name: Gary T. Smith Title: Manager
CHUBASCO 49, L.L.C., an Arizona limited liability company, By: ESTATES PROPERTY DEVELOPMENT, LTD., an Arizona corporation, its Manager By: _____ James T. Heitel, President	THE BRIAN K. & MARGRIT E. SIEVER TRUST, dated November 1, 1993 By: <u><i>Brian K. Siever</i></u> Its: Trustee By: <u><i>Margrit E. Siever</i></u> Its: Trustee
MPS Enterprises, LLC, an Arizona limited liability company	

MPS Enterprises, LLC, an Arizona limited liability company

By: 

Name: Gary T. Smith

Title: Manager

W&M Tenants in Common

5013 E. Washington St #100
Phoenix, AZ 85034

January 4, 2006

Mr. Gary Brasher
Baca Float Water Company
Two Tubac Road
PO Box 1536
Tubac, AZ 85646

Dear Mr. Brasher:

The undersigned owner of public record of the real property described on the attached, hereby requests that Baca Float Water company provide water service to the real property, also known as W&M Tenants in Common, which is located in Santa Cruz County, Arizona. The property is located in Township 21 South, Ranch 13 East.

I understand that provision of water service by Baca Float Water Company will be subject to approval of the Arizona Corporation Commission (ACC) and in accordance with the rules and regulations established by the ACC, the Arizona Department of Environmental Quality and other agencies having jurisdiction.

<p>MPS Properties, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>	<p>KAM Properties, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>
<p>Jokake Holdings – Butterfield, LLC, an Arizona limited liability company,</p> <p>by Jokake Holdings, LLC an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>	<p>TPB Properties, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>
<p>CHUBASCO 49, L.L.C., an Arizona limited liability company,</p> <p>By: ESTATES PROPERTY DEVELOPMENT, LTD., an Arizona corporation, its Manager</p> <p>By: _____ James T. Heitel, President</p>	<p>THE BRIAN K. & MARGRIT E. SIEVER TRUST, dated November 1, 1993</p> <p>By: <u>Brian K. Siever</u> Its: Trustee</p> <p>By: <u>Margrit E. Siever</u> Its: Trustee</p>

<p>MPS Enterprises, LLC, an Arizona limited liability company</p> <p>By: _____ Name: Gary T. Smith Title: Manager</p>	
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Exhibit 2b

PRESIDIO DE TUBAC, LLC

February 21, 2007

Gary Brasher
Baca Float Water Company
Two Tubac Road
PO Box 1536
Tubac, AZ 85646

Re: Request for Water Service

Dear Mr. Brasher:

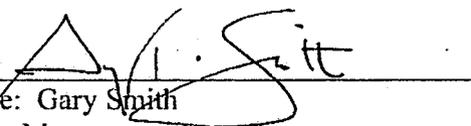
Presidio De Tubac, LLC, an Arizona limited liability company ("Presidio De Tubac"), hereby requests to be included in Baca Float Water Company's next application to extend its certificate of convenience and necessity. Please accept this letter as a request for water service from Presidio De Tubac for its real property generally located in Section 17, Township 21, Range 13 East, which is more accurately described in the attached legal description.

Please contact me if you have any questions. Thank you very much for your prompt consideration of this matter.

Sincerely,

Presidio De Tubac, LLC, an Arizona limited liability company

By: Jokake Holdings, LLC, an Arizona limited liability company, its manager,

By: 
Name: Gary Smith
Title: Manager

LEGAL DESCRIPTION EXHIBIT "A"

PARCEL NO. 1

THAT PORTION OF BACA FLOAT NO. 3 LAND GRANT AND ALL OF TRACTS 1 AND 3 AND PORTIONS OF TRACTS 2 AND 8 OF TUBAC RANCH ESTATES, ACCORDING TO BOOK 1 OF SURVEYS, PAGES 20 AND 21, RECORDS OF SANTA CRUZ COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A LEAD CAPPED PIPE ON THE EAST RIGHT-OF-WAY LINE OF THE TUCSON-NOGALES RAILROAD (SOUTHERN PACIFIC), SAID PIPE BEING THE SOUTHWESTERLY CORNER OF THE WEB RANCH, AS RECORDED IN THE OFFICE OF THE SANTA CRUZ COUNTY RECORDER IN DOCKET 546, PAGE 23.

THENCE NORTH $04^{\circ}51'49''$ EAST ALONG THE EAST RIGHT-OF-WAY LINE OF THE TUCSON-NOGALES RAILROAD, A DISTANCE OF 2,689.26 FEET TO THE NORTHWEST CORNER OF SAID WEB RANCH;

THENCE SOUTH $87^{\circ}06'19''$ EAST ALONG THE NORTH LINE OF SAID WEB RANCH A DISTANCE OF 257.57 FEET TO A ONE INCH LEAD CAPPED PIPE;

THENCE CONTINUING ALONG SAID NORTH LINE SOUTH $87^{\circ}07'43''$ EAST A DISTANCE OF 227.92 FEET TO A ONE INCH LEAD CAPPED PIPE;

THENCE CONTINUING ALONG SAID NORTH LINE NORTH $84^{\circ}28'51''$ EAST A DISTANCE OF 941.65 FEET TO THE NORTHEAST CORNER OF SAID WEB RANCH, ALSO BEING A POINT ON THE WEST LINE OF THAT PORTION OF TRACT 2 OF TUBAC RANCH ESTATES AS CONVEYED TO MPS PROPERTIES, LLC, AN ARIZONA LIMITED LIABILITY COMPANY AND BBF DEVELOPMENT LLC, AN ARIZONA LIMITED LIABILITY COMPANY IN SPECIAL WARRANTY DEED RECORDED IN 2006-09453;

THENCE ALONG SAID WEST LINE THE FOLLOWING COURSES AND DISTANCES;

THENCE SOUTH $06^{\circ}46'43''$ EAST, A DISTANCE OF 120.34 FEET;

THENCE SOUTH $01^{\circ}46'42''$ WEST, A DISTANCE OF 134.67 FEET;

THENCE SOUTH $05^{\circ}27'48''$ WEST, A DISTANCE OF 200.49 FEET;

THENCE ALONG THE SOUTH LINE OF PROPERTY DESCRIBED IN DEED RECORDED IN 2006-09453 NORTH $86^{\circ}49'04''$ EAST A DISTANCE OF 792.66 FEET;

THENCE NORTH $00^{\circ}07'11''$ EAST ALONG THE EAST LINE OF THAT PORTION OF TRACT 2 OF TUBAC RANCH ESTATES AS CONVEYED IN 2006-09453 A DISTANCE OF 437.92 FEET TO A POINT ON THE SOUTH LINE OF TRACT 4 OF TUBAC RANCH ESTATES;

THENCE ALONG THE NORTH LINE OF TRACTS 2 AND 3, ALSO BEING THE NORTH LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO GARY G. TROYER AND LESLIE J. TROYER, HUSBAND AND WIFE BY WARRANTY DEED RECORDED IN DOCKET 662, PAGE 609, THE FOLLOWING COURSES AND DISTANCES:

NORTH 82°08'49" EAST A DISTANCE OF 128.56 FEET;

THENCE SOUTH 87°27'02" EAST 295.89 FEET;

THENCE SOUTH 88°09'30" EAST 908.02 FEET TO THE NORTHEAST CORNER OF TRACT 3;

THENCE SOUTH ALONG THE EAST LINE OF SAID TRACT 3 OF TUBAC RANCH ESTATES SOUTH 00°13'24" EAST A DISTANCE OF 1595.14 FEET TO THE SOUTHEAST CORNER OF SAID TRACT 3. SAID POINT ALSO BEING THE NORTHWEST CORNER OF TRACT 8 OF TUBAC RANCH ESTATES;

THENCE NORTH 90°00'00" EAST ALONG SAID NORTH LINE TRACT 8 A DISTANCE OF 228.48 FEET TO A POINT, SAID POINT BEING THE NORTHEAST CORNER OF THAT PARCEL OF LAND CONVEYED TO GARY G. TROYER AND LESLIE TROYER, HUSBAND AND WIFE BY WARRANTY DEED RECORDED IN DOCKET 654, PAGE 812.

THENCE SOUTH 850.00 FEET TO THE SOUTH LINE OF SAID TRACT 8;

THENCE WEST 228.48 FEET TO THE SOUTHWEST CORNER OF TRACT 8. SAID POINT ALSO BEING THE SOUTHEAST CORNER OF TRACT 1 OF TUBAC RANCH ESTATES;

THENCE CONTINUING ALONG THE SOUTH LINE OF SAID TRACT 1, SOUTH 90°00'00" WEST 152.33 FEET TO THE NORTHEAST CORNER OF PARCEL 2 AS DESCRIBED IN SPECIAL WARRANTY TO GARY G. TROYER AND LESLIE J. TROYER HIS WIFE, RECORDED IN DOCKET 654, PAGE 824;

THENCE SOUTH 00°04'45" WEST ALONG THE EAST LINE OF SAID PARCEL 2 A DISTANCE OF 1859.97 FEET TO THE SOUTHEAST CORNER THEREOF SAID EAST LINE ALSO BEING A COMMON BOUNDARY WITH THAT PARCEL OF LAND CONVEYED TO THE PRESERVE AT TUBAC INC., LLC, AN ARIZONA LIMITED LIABILITY COMPANY IN 2006-10515;

THENCE NORTH 67°05'18" WEST, ALONG THE SOUTH LINE OF SAID PARCEL 2, ALSO BEING THE NORTH LINE OF THAT CERTAIN PROPERTY CONVEYED TO MAYNARD CLARK IN DOCKET 280, PAGE 149, A DISTANCE OF 1,371.59 FEET TO A 1/2 INCH REBAR MARKED 4397;

THENCE WEST A DISTANCE OF 270.92 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 2 AS DESCRIBED IN DOCKET 654, PAGE 824;

THENCE SOUTH 03°22'01" WEST 198.49 TO AN IRON PIN ALSO BEING A POINT ON THE NORTH LINE OF THAT PARCEL OF LAND CONVEYED TO MYRON D. CLARK AND KATHERINE A. CLARK, HUSBAND AND WIFE IN DOCKET 830, PAGE 867;

THENCE WEST, A DISTANCE OF 1040.39 FEET TO AN IRON PIN, SAID PIN ALSO MARKING THE NORTHWEST CORNER OF THE PARCEL OF LAND CONVEYED TO MYRON D. CLARK AND KATHERINE A. CLARK IN DOCKET 830, PAGE 867;

THENCE SOUTH ALONG THE WESTERLY LINE OF SAID CLARK'S LAND, SOUTH $05^{\circ}14'40''$ WEST, A DISTANCE OF 1,319.63 FEET TO THE SOUTHWEST CORNER OF SAID CLARK'S LAND, SAID POINT ALSO BEING ON THE SECTION LINE COMMON BETWEEN SECTION 17 AND SECTION 20, TOWNSHIP 21 SOUTH, RANGE 13 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 17 LIES SOUTH $89^{\circ}22'07''$ EAST A DISTANCE OF 507.81 FEET;

THENCE NORTH $89^{\circ}22'07''$ WEST ALONG THE SOUTH LINE OF SECTION 17 A DISTANCE OF 1073.98 FEET TO AN IRON PIN IN THE EASTERLY LINE OF THE TUCSON-NOGALES RAILROAD (SOUTHERN PACIFIC) RIGHT-OF-WAY;

THENCE NORTH $4^{\circ}43'31''$ EAST ALONG SAID EASTERLY LINE OF THE RAILROAD A DISTANCE OF 541.78 FEET TO AN IRON PIN;

THENCE NORTH $85^{\circ}16'29''$ WEST, A DISTANCE OF 50.02 FEET TO AN IRON PIN;

THENCE NORTH $04^{\circ}43'31''$ EAST, ALONG THE EASTERLY LINE OF THE RAILROAD, A DISTANCE OF 1980.95 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION OF THE BACA FLOAT NO. 3 LAND GRANT IN SANTA CRUZ COUNTY, ARIZONA AND OF TRACT 1, TUBAC RANCH ESTATES, AS SHOWN IN SURVEY RECORDED IN BOOK 1 OF SURVEYS AT PAGES 20 AND 21, RECORDS OF SANTA CRUZ COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A LEAD CAPPED PIPE ON THE EAST RIGHT OF WAY LINE OF THE TUCSON-NOGALES RAILROAD (SOUTHERN PACIFIC), SAID PIPE BEING THE SOUTHWEST CORNER OF WEB RANCH AS DESCRIBED IN PARCEL 2 OF DEED RECORDED IN DOCKET 546 AT PAGE 21, RECORDS OF SANTA CRUZ COUNTY;

THENCE NORTH 04 DEGREES 49 MINUTES 22 SECONDS EAST, ALONG SAID EAST RIGHT OF WAY LINE, A DISTANCE OF 1032.20 FEET;

THENCE NORTH 82 DEGREES 02 MINUTES 05 SECONDS EAST, A DISTANCE OF 1735.49 FEET TO THE EAST LINE OF THE AFOREMENTIONED PARCEL 2;

THENCE SOUTH 20 DEGREES 30 MINUTES 14 SECONDS EAST, ALONG SAID EAST LINE, A DISTANCE OF 113.86 FEET TO A POINT ON SAID LINE, SAID POINT BEING THE NORTHWEST CORNER OF THE AFOREMENTIONED TRACT 1, TUBAC RANCH ESTATES, AND THE TRUE POINT OF BEGINNING;

THENCE LEAVING SAID EAST LINE NORTH 89 DEGREES 50 MINUTES 04 SECONDS WEST, A DISTANCE OF 123.43 FEET;

THENCE SOUTH 03 DEGREES 27 MINUTES 14 SECONDS WEST, A DISTANCE OF 1421.98 FEET;

THENCE SOUTH 86 DEGREES 12 MINUTES 06 SECONDS EAST, A DISTANCE OF 578.69 FEET;

THENCE NORTH 04 DEGREES 57 MINUTES 40 SECONDS EAST, A DISTANCE OF 331.01 FEET;

THENCE NORTH 05 DEGREES 43 MINUTES 43 SECONDS EAST, A DISTANCE OF 273.30 FEET TO THE SOUTH LINE OF SAID TRACT 1 OF TUBAC RANCH ESTATES;

THENCE SOUTH 89 DEGREES 58 MINUTES 52 SECONDS EAST ALONG SAID SOUTH LINE, A DISTANCE OF 1117.87 FEET;

THENCE LEAVING SAID SOUTH LINE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 851.58 FEET TO THE NORTH LINE OF SAID TRACT 1;

THENCE NORTH 89 DEGREES 50 MINUTES 04 SECONDS WEST ALONG SAID NORTH LINE, A DISTANCE OF 1542.10 FEET TO THE TRUE POINT OF BEGINNING

PARCEL NO. 2 (LEASEHOLD PROPERTY)

A PORTION OF THE NORTH HALF OF BACA FLOAT NO. 3 SITUATED IN THE COUNTY OF SANTA CRUZ, ARIZONA DESCRIBED AS FOLLOWS:

THE WEST 9 FEET OF THE FOLLOWING DESCRIBED PARCEL LOCATED IN SECTION 17, TOWNSHIP 21 SOUTH, RANGE 13 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, SANTA CRUZ COUNTY, ARIZONA, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH QUARTER CORNER OF SECTION 17;

THENCE NORTH 89 DEGREES 22 MINUTES 07 SECONDS WEST, A DISTANCE OF 507.81 TO AN IRON PIN;

THENCE NORTH 5 DEGREES 14 MINUTES 40 SECONDS EAST, ALONG AN EXISTING FENCE ROW, A DISTANCE OF 1319. 63 FEET TO AN IRON PIN;

THENCE EAST A DISTANCE OF 1040.39 FEET TO AN IRON PIN;

THENCE NORTH 78 DEGREES 37 MINUTES 33 SECONDS EAST, A DISTANCE OF 108.31 FEET TO AN IRON PIN;

THENCE SOUTH 55 DEGREES 07 MINUTES 28 SECONDS EAST, A DISTANCE OF 185.68 FEET TO AN IRON PIN;

THENCE SOUTH 8 DEGREES 39 MINUTES 23 SECONDS WEST, A DISTANCE OF 273.27 FEET TO AN IRON PIPE;

THENCE SOUTH 11 DEGREES 28 MINUTES 34 SECONDS WEST, A DISTANCE OF 260.05 FEET TO AN IRON PIPE;

THENCE SOUTH 23 DEGREES 36 MINUTES 44 SECONDS WEST, A DISTANCE OF 780.83 FEET TO AN IRON PIPE;

THENCE NORTH 89 DEGREES 22 MINUTES 07 SECONDS WEST, A DISTANCE OF 506.14 FEET TO THE PLACE OF BEGINNING.

Exhibit 3

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

*****BACA FLOAT WATER CO., INC.*****

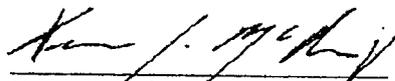
a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 1, 1959.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 1st Day of February, 2006, A. D.




Executive Director

Order Number: 46328

Exhibit 4

**ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS
OF BACA FLOAT WATER CO., INC.
IN LIEU OF SPECIAL MEETING**

~~February~~ ^{April} 5, 2006

Pursuant to Section 10-821 of the Arizona Revised Statutes, the undersigned, being all of the directors of Baca Float Water Co., Inc., an Arizona corporation (the "Corporation"), do hereby unanimously consent to the adoption of the following resolutions without the formality of convening a special meeting of the Board of Directors, for and as the actions of the Corporation, as of the date set forth above:

WHEREAS, the Board of Directors, after careful consideration, has determined that it is in the best interest of the Corporation to submit to the Arizona Corporation Commission, an Application for Extension of Certificate of Convenience and Necessity ("CC&N"), in substantially the form attached to this Unanimous Consent as Exhibit A (the "Application"), pursuant to which the Corporation will provide water service to the additional service area;

WHEREAS, each member of the Board has received and reviewed a draft of the Application;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Corporation approves the terms and conditions of the Application, as set forth in substantially the form attached as Exhibit A hereto, and authorizes, empowers and directs Gary Brasher (the "Designated Officer"), to execute and deliver the Application on behalf of the Corporation;

RESOLVED FURTHER, that the Designated Officer is authorized, in the name and on behalf of this Corporation, to execute and deliver such other and further applications, documents, agreements, or instruments, and to do or cause to be done all such other and further acts and things, as they may deem necessary or appropriate to accomplish the purpose of receiving an Order from the Arizona Corporation Commission granting such Extension of the CC&N;

RESOLVED FURTHER, that any actions taken by the Designated Officer or any of them prior to the adoption of these resolutions which are within the authority conferred be, and they hereby are, ratified, confirmed, and approved.

RESOLVED FURTHER, that this consent may be executed by facsimile and, upon such execution, shall have the same force and affect as an original.

IN WITNESS WHEREOF, this Action by Written Consent has been executed effective as of the date set forth above.

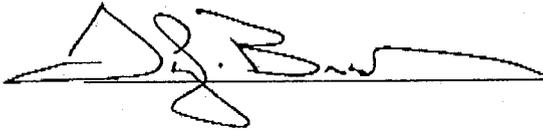
 4-5-06

Exhibit 5

COUNTY: Santa Cruz

RANGE 13 East

TOWNSHIP 21 South

-  WS-1303 (3)
Arizona-American Water Company
-  WS-1678 (1)
Baca Float Water Company, Inc.
-  WS-2676 (6)
Rio Rico Utilities, Inc.
-  W-2419 (2)
Tubac Water Company, Inc.
-  Sewer
-  Sewer

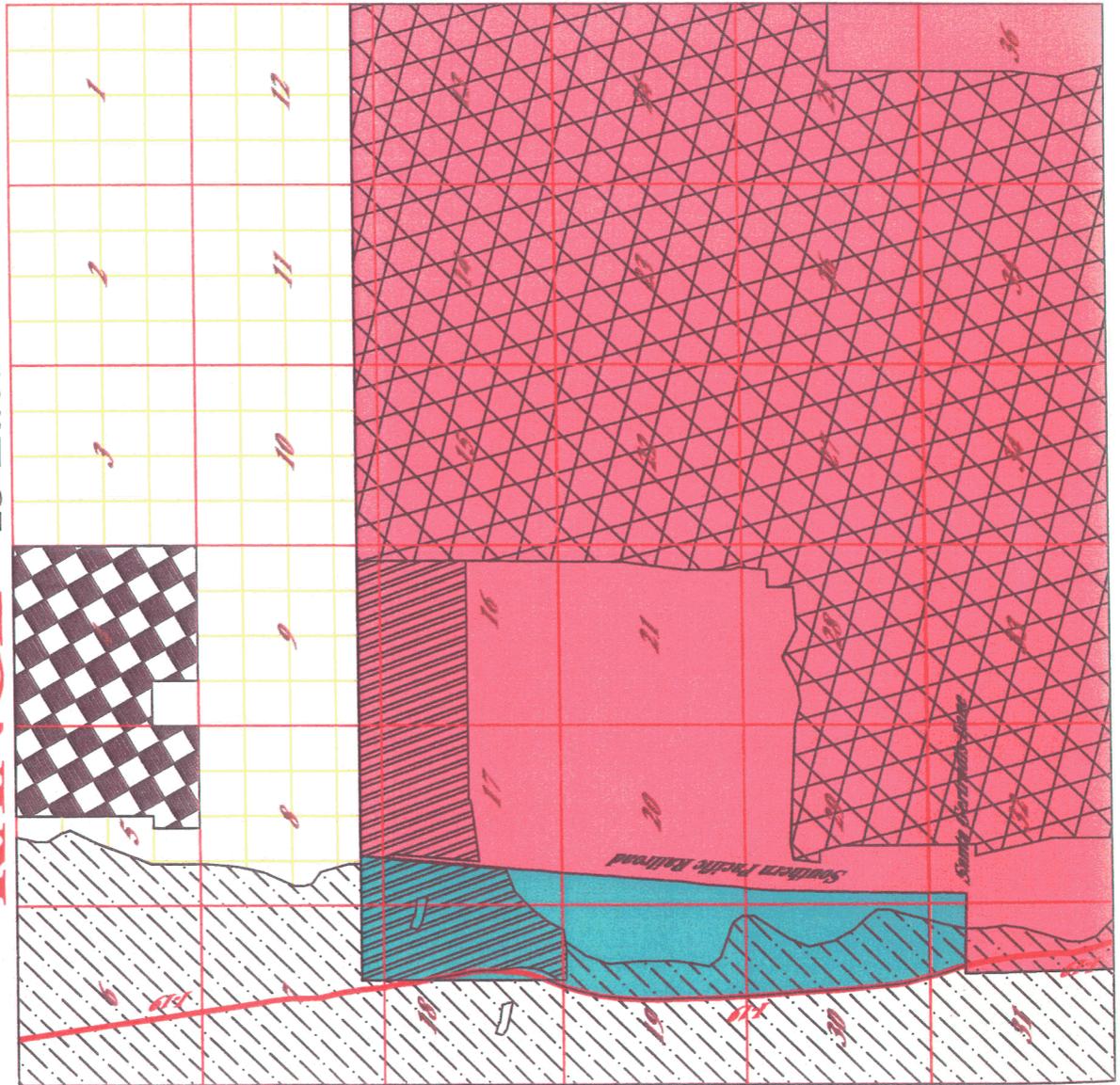


Exhibit 6

That portion of the Baca Float No. 3 Land Grant in Santa Cruz County, Arizona, more particularly described as follows:

Beginning at a point at the South East Corner of Tax Parcel No. 7;

Thence South 89° 52' 19" West along the North line of Rio Rico Estates No.10, as recorded in Book 8, Page 18, Santa Cruz County, Arizona, a distance of 4395.45 feet to a point;

Thence North 01° 15' 44" East, a distance of 4542.46 feet to a point;

Thence South 89° 44' 24" West, a distance of 1849.79 feet to a point;

Thence North 00° 19' 50" West, a distance of 1313.16 feet to a point;

Thence North 89° 16' 51" West, a distance of 815.03 feet; to a point;

Thence North 23° 38' 52" East, a distance of 780.93 feet to a point;

Thence North 11° 28' 55" East, a distance of 260.06 feet to a point;

Thence North 89° 13' 06" East, a distance of 1328.85 feet to a point;

Thence North 66° 49' 25" West, a distance of 1371.98 feet to a point;

Thence North 89° 41' 03" West, a distance of 270.77 feet to a point;

Thence South 03° 37' 19" West, a distance of 198.49 feet to a point;

Thence North 89° 43' 15" West, a distance of 1040.36 feet to a point;

Thence South 05° 36' 43" West, a distance of 1320.24 feet to a point;

Thence North 89° 27' 50" West, a distance of 1074.00 feet to a point;

Thence North 05° 03' 54" East, a distance of 541.82 feet to a point;

Thence North 75° 57' 02" West, a distance of 50.11 feet to a point along the East Right-Of-Way line of the Tucson-Nogales (Southern Pacific) Rail Road;

Thence North 05° 21' 02" East, a distance of 1982.85 feet to a point along the East Right-Of-Way line of the Tucson-Nogales (Southern Pacific) Rail Road, said point also being the South West Corner of Tubac Ranch Estates as recorded in Book 3, Page 15, Santa Cruz County, Arizona;

Thence North 82° 39' 00" East, a distance of 1749.40 feet along the Southerly

Property Line of Tubac Ranch Estates to a point;

Thence North 03° 36' 00" East, a distance of 269.24 feet to a point;

Thence North 90° 00' 00" East, a distance of 7075.09 feet along the Southerly

Property Line of Tubac Ranch Estates to a point along the West Property Line of Tubac

Foothills Ranch as recorded in Book 4 of Maps and Plats, Page 35, Santa Cruz County,

Arizona;

Thence South 00° 19' 37" East, along the aforementioned Property Line a distance of 8898.13

feet to the *True Point of Beginning*.

Subject to all matters of Record Santa Cruz County, Arizona.

Containing 1198.83 acres.

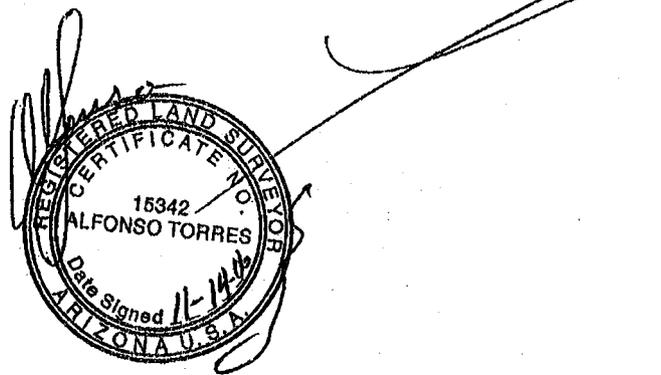


Exhibit 7

7:39 AM

03/07/06

Cash Basis

Baca Float Water Company, Inc.
Profit & Loss
 January through December 2005

	Jan - Dec 05
Ordinary Income/Expense	
Income	
Acctg Credit on Sales Tax	14.24
5700 · Sewer Income	42,892.24
5800 · Water Income	68,962.04
5940 · Hookup Fees	34,351.13
6000 · Misc. Income	-2,267.08
Total Income	143,952.57
Gross Profit	143,952.57
Expense	
Back Flow Inspections	829.29
6010 · Salaries and Wages	121,869.22
6110 · Automobile & Vehicle Expenses	161.91
6125 · Bank Credit Card Processing Fee	15.00
6132 · Casual labor	640.00
6135 · Cleaning	335.00
6137 · Construction Expenses	3,131.37
6138 · Contract Services	1,278.75
6140 · Contributions	1,240.00
6150 · Purchased Power	10,044.39
6155 · Depreciation Expense	1,513.00
6165 · Education - Seminars, etc.	310.00
6168 · Engineering	9,570.00
6170 · Equipment Rental	1,399.92
6172 · Equipment Purchase	814.77
6175 · Fees, Dues & Subscriptions	125.00
6180 · Chemicals	1,473.58
6200 · Repairs and Maintenance	23,959.06
6228 · Landscaping	822.05
6240 · Miscellaneous	1,111.61
6241 · Office Supplies & Expense	1,188.32
6245 · Permits & Fees	1,863.31
6250 · Postage and Delivery	192.86
6300 · Outside Services	61,633.26
6335 · Supplies	5,723.23
6336 · Taxes	14,656.76
6340 · Telephone	2,092.89
6350 · Water Testing	2,318.00
6410 · Rents	-880.00
6500 · Transportation Expenses	502.84
6570 · Insurance - General Liability	12,792.50
6590 · Insurance - Health and Life	1,826.70
Total Expense	284,554.59
Net Ordinary Income	-140,602.02
Other Income/Expense	
Other Income	
7005 · Other Income	5,542.06
Total Other Income	5,542.06
Other Expense	
8900 · Suspense Acct / Temp Clearing	0.00
Total Other Expense	0.00
Net Other Income	5,542.06
Net Income	-135,059.96

7:39 AM
03/07/06
Cash Basis

Baca Float Water Company, Inc.
Balance Sheet
As of December 31, 2005

	<u>Dec 31, 05</u>
ASSETS	
Current Assets	
Checking/Savings	
0300 · Bank of the West 368010930	99,089.86
Total Checking/Savings	<u>99,089.86</u>
Total Current Assets	99,089.86
Fixed Assets	
3010 · Software	2,642.50
3100 · Physical Plant	22,419.15
3200 · Equipment	145,918.92
3250 · A/D Equipment	-4,732.07
3300 · Meters	20,285.09
3350 · A/D Meters	-317.60
3375 · Office FF&E	3,827.13
3400 · Land	2,167.00
3600 · WATER ASSETS	
3605 · Arsenic project	900.00
3610 · Transmission Lines	180,559.34
3620 · Wells	116,345.17
3625 · Well Yard Building	8,248.17
3630 · Storage	70,000.00
Total 3600 · WATER ASSETS	<u>376,052.68</u>
3700 · WASTEWATER ASSETS	
3710 · Septic Tanks, Lines, Etc	336,673.17
3720 · Treatment Plant	264,298.46
3700 · WASTEWATER ASSETS - Other	81,898.65
Total 3700 · WASTEWATER ASSETS	<u>682,870.28</u>
Total Fixed Assets	<u>1,251,133.08</u>
TOTAL ASSETS	<u><u>1,350,222.94</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2200 · Sales Tax Payable	1,826.64
Total Other Current Liabilities	<u>1,826.64</u>
Total Current Liabilities	1,826.64
Long Term Liabilities	
4700 · Advance Aid In Constr - BFLD	494,831.61
4701 · Un-Depreciable Assets	1,054,620.40
Total Long Term Liabilities	<u>1,549,452.01</u>
Total Liabilities	1,551,278.65
Equity	
1110 · Retained Earnings	-328,318.13
3500 · Paid in Capital	247,202.38
3550 · Common Stock	15,120.00
Net Income	-135,059.96
Total Equity	<u>-201,055.71</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,350,222.94</u></u>

Exhibit 8



STATE OF ARIZONA
CORPORATION COMMISSION
CORPORATION ANNUAL REPORT
& CERTIFICATE OF DISCLOSURE

01112630

DUE ON OR BEFORE 04/01/2005

FY04-05

FILING FEE \$45.00

The following information is required by A.R.S. §§10-1622 & 10-11822 for all corporations organized pursuant to Arizona Revised Statutes, Title 10. The Commission's authority to prescribe this form is A.R.S. §§10-121.A & 10-3121.A. YOUR REPORT MUST BE SUBMITTED ON THIS ORIGINAL FORM. Make changes or corrections where necessary. Information for the report should reflect the current status of the corporation. See instructions on page 4 for proper format.

RECEIVED

FEB 14 2005

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

1. -0054428-0
BACA FLOAT WATER CO., INC.
PO BOX 1536
TUBAC, AZ 85646

Business Phone: 526-398-3177 (Business phone is optional)

State of Domicile: ARIZONA Type of Corporation: PROFIT

2. Statutory Agent: JACQUELINE BRASHER Physical Address, if Different:
Mailing Address: PO BOX 1536 Physical Address: 2 TUBAC RD
City, State, Zip: TUBAC, AZ 85646 City, State, Zip: TUBAC, AZ 85646

ACCUSE ONLY

Fee \$45 2/15/05

Penalty \$ _____

Reinstale \$ _____

Expense \$ _____

Resubmit \$ _____

Use this box only if appointing a new Statutory Agent

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below.

I, (individually or We, (corporation or limited liability company) having been designated the new Statutory Agent do hereby consent to this appointment until my removal or resignation pursuant to law.

Signature of new Statutory Agent

Printed Name of new Statutory Agent

3. Secondary Address:

(Foreign Corporations are REQUIRED to complete this section).

4. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation.

- | BUSINESS CORPORATIONS | | NON-PROFIT CORPORATIONS |
|---|--|--|
| <input type="checkbox"/> 1. Accounting | <input type="checkbox"/> 20. Manufacturing | <input type="checkbox"/> 1. Charitable |
| <input type="checkbox"/> 2. Advertising | <input type="checkbox"/> 21. Mining | <input type="checkbox"/> 2. Generalist |
| <input type="checkbox"/> 3. Aerospace | <input type="checkbox"/> 22. Miscellaneous | <input type="checkbox"/> 3. Educational |
| <input type="checkbox"/> 4. Agriculture | <input type="checkbox"/> 23. Pharmaceutical | <input type="checkbox"/> 4. Civic |
| <input type="checkbox"/> 5. Architecture | <input type="checkbox"/> 24. Publishing/Printing | <input type="checkbox"/> 5. Political |
| <input type="checkbox"/> 6. Bank/Finance | <input type="checkbox"/> 25. Ranching/Livestock | <input type="checkbox"/> 6. Religious |
| <input type="checkbox"/> 7. Bar/Restaurant | <input type="checkbox"/> 26. Real Estate | <input type="checkbox"/> 7. Social |
| <input type="checkbox"/> 8. Consulting | <input type="checkbox"/> 27. Retail/Wholesale | <input type="checkbox"/> 8. Literary |
| <input type="checkbox"/> 9. Contract | <input type="checkbox"/> 28. Retail Sales | <input type="checkbox"/> 9. Cultural |
| <input type="checkbox"/> 10. Credit/Collection | <input type="checkbox"/> 29. Scientific Research | <input type="checkbox"/> 10. Athletic |
| <input type="checkbox"/> 11. Education | <input type="checkbox"/> 30. Sports/Recreation Events | <input type="checkbox"/> 11. Science/Research |
| <input type="checkbox"/> 12. Engineering | <input type="checkbox"/> 31. Technology (Computers) | <input type="checkbox"/> 12. Hospital/Health Care |
| <input type="checkbox"/> 13. Entertainment | <input type="checkbox"/> 32. Technology (General) | <input type="checkbox"/> 13. Agricultural |
| <input type="checkbox"/> 14. General Consulting | <input type="checkbox"/> 33. Television/Radio | <input type="checkbox"/> 14. Animal Husbandry |
| <input type="checkbox"/> 15. Health Care | <input type="checkbox"/> 34. Tourism/Conversion Services | <input type="checkbox"/> 15. Homeowner's Association |
| <input type="checkbox"/> 16. Hotel/Hotel | <input type="checkbox"/> 35. Transportation | <input type="checkbox"/> 16. Professional, commercial |
| <input type="checkbox"/> 17. Import/Export | <input checked="" type="checkbox"/> 36. Utility | <input type="checkbox"/> Industrial or trade association |
| <input type="checkbox"/> 18. Insurance | <input type="checkbox"/> 37. Veterinary Medicine/Animal Care | <input type="checkbox"/> 17. Other |
| <input type="checkbox"/> 19. Legal Services | <input type="checkbox"/> 38. Other | |

-0054428-0 BACA FLOAT WATER CO., INC.

Page 2

5. CAPITALIZATION: (Business Corporations and Business Trusts are REQUIRED to complete this section.)

Business trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate. Please Print or Type Clearly.

5a. Please examine the corporation's original Articles of Incorporation for the amount of shares authorized.

0054428-0
Number of Shares/Certificates Authorized 1512 Class A Series Within Class (if any) NONE

5b. Review all corporation amendments to determine if the original number of shares has changed. Examine the corporation's minutes for the number of shares issued.

Number of Shares/Certificates Issued 1512 Class A Series Within Class (if any) NONE

6. SHAREHOLDERS: (Business Corporations and Business Trusts are REQUIRED to complete this section.)

List shareholders holding more than 20% of any class of shares issued by the corporation, or having more than a 20% beneficial interest in the corporation. Please Type or Print Clearly.

Name: BACA FLOAT LAND DEV. Name:
NONE Ltd. PARTNERSHIP - 100% Name:
Name: Name:

7. OFFICERS Please Type or Print Clearly. You Must List at Least One.

Name: GARY P. BRASHER Name: RICHARD M. LOCKWOOD
Title: PRESIDENT Title: SECT'Y - TREASURER
Address: P.O. Box 1536 Address: P.O. Box 1536
Tubac, AZ. 85646 Tubac, AZ. 85646
Date taking office: 9-1-87 Date taking office: 9-1-00

Name: Name:
Title: Title:
Address: Address:
Date taking office: Date taking office:

8. DIRECTORS Please Type or Print Clearly. You Must List at Least One.

Name: GARY P. BRASHER Name: RICHARD M. LOCKWOOD
Address: P.O. Box 1536 Address: P.O. Box 1536
Tubac, AZ. 85646 Tubac, AZ. 85646
Date taking office: 9-1-87 Date taking office: 9-1-00

Name: Name:
Address: Address:
Date taking office: Date taking office:

Please Enter Corporation Name: BACA FLOAT WATER Co. File number 0054428-0 Page 3

9. FINANCIAL DISCLOSURE (A.R.S. §10-11622.A.9)

Nonprofit corporations must attach a financial statement (e.g. income/expense statement, balance sheet including assets, liabilities). All other forms of corporations are exempt from filing a financial disclosure.

9A. MEMBERS (A.R.S. § 10-11622.A.6)

Only Nonprofit Corporations must answer this question.

This corporation **DOES** **DOES NOT** have members.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§10-1622.A.8 & 10-11622.A.7)

Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or person controlling or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been: (Underlined portion pertains to business corporations only)

1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate?
2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding execution of this certificate?
3. Or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding execution of this certificate where such injunction, judgment, decree or permanent order involved the violation of:
 - (a) fraud or registration provisions of the securities laws of that jurisdiction, or
 - (b) the consumer fraud laws of that jurisdiction, or
 - (c) the antitrust or restraint of trade laws of that jurisdiction?

One box must be marked: YES NO

If "YES", the following information must be submitted as an attachment to this report for each person subject to one or more of the actions stated in items 1. through 3. above.

- | | |
|---|---|
| 1. Full name and prior names used. | 5. Date and location of birth. |
| 2. Full birth name. | 6. Social Security Number |
| 3. Present home address. | 7. The nature and description of each conviction or judicial action; the date and location; the court and public agency involved, and the file or cause number of the case. |
| 4. Prior addresses (for immediate preceding 7 year period). | |

11. STATEMENT OF BANKRUPTCY, RECEIVERSHIP or CHARTER REVOCATION (A.R.S. §§10-202.D.2, 10-3202.D.2, 10-1623 & 10-11623)

A) Has the corporation filed a petition for bankruptcy or appointed a receiver? One box must be marked: YES NO

B) Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity OR held or controlled over 20% of the issued and outstanding common shares or 20% of any other proprietary, beneficial or membership interest in any other corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

(Underlined portion pertains to business corporations only)

One box must be marked: YES NO

If "YES" to A and/or B, the following information must be submitted as an attachment to this report for each person subject to the statement above.

1. The names and addresses of each corporation and the person or persons involved. (e.g. officer, director, trustee or major stockholder)
2. The state in which each corporation was a) incorporated b) transacted business.
3. The dates of corporate operation.
4. If any involved person (listed in #1) has been involved in any other bankruptcy proceeding within the past year, the name and address of each corporation.
5. Date, Case number and Court where the bankruptcy was filed or receiver appointed.
6. Name and address of court appointed receiver.

12. SIGNATURES Annual Reports must be signed and dated by at least one duly authorized officer or they will be rejected.

I declare, under penalty of law that all corporate income tax returns required by Title 43 of the Arizona Revised Statutes have been filed with the Arizona Department of Revenue. I further declare under penalty of law that I (we) have examined this report and the certificates, including any attachments, and to the best of my (our) knowledge and belief they are true, correct and complete.

Name Richard M. Lockwood Date 2-11-05

Signature Richard M. Lockwood Signature _____

Title SECY - TREASURER Title _____

(Signator(s) must be duly authorized corporate officer(s) listed in section 7 of this report.)

Annual Report Instruction Sheet - READ ME! PLEASE FOLLOW THESE DIRECTIONS!

Page 4

This is the instruction sheet for the annual reporting process for all corporations doing business in Arizona. Every corporation must submit an annual report once a year. This annual report must be correctly filled out and submitted by the assigned due date or the corporation may be administratively dissolved or have its authority revoked by the State of Arizona. This is the only notice you will receive. According to A.R.S. §10-1622.F, penalties accrue on business corporation annual reports which are submitted late (after the due date). Corporations must use the annual report form prescribed by the Corporation Commission. No other format is allowed.

Please verify the business address and statutory agent and agent address information on page one. Strike out incorrect information. Correct information should be legibly written above or to the side of struck, incorrect information. Complete the remainder of the form - use the corporation's original articles of incorporation, amendment documents and corporate minutes as guides for the stock questions. **IMPORTANT:** The entirety of this document is public record, including addresses called. **Use black or blue ink.**

- Section 1.** All corporations must state their name, address, zip code, domicile state, and type (e.g., nonprofit, business, sole, professional, business trust). Please list a business phone number.
- Section 2.** All corporations must state the name and address of the current Statutory Agent for the corporation. Correct information about the Statutory Agent is vital to the legitimate authority and status of the corporation. The statutory agent must provide both a physical and mailing address. If statutory agent has a P.O. Box, then they must provide a physical description of their street address/location. New Statutory Agents must consent to their appointment by signing the appropriate line. A corporation must amend their records at the Commission anytime the Statutory Agent is changed or whenever the Agent's designated mailing address changes. Do not sign in the space provided, unless you are appointing a new agent.
- Section 3.** Foreign (out-of-state/country) corporations must state their known place of business in this state and in the jurisdiction in which they are incorporated. List the primary address in Section 1, and the secondary address in Section 3.
- Section 4.** All corporations must check the category that best describes the character of their corporation in the applicable business or nonprofit corporation area.
- Section 5.** All business corporations must indicate the number of shares which they have authorized and issued, the class and series. All business trusts must indicate the number of transferable certificates held by trustees.
- Section 6.** All business corporations must indicate the list of applicable shareholders.
- Section 7.** Please list all principal officers. All corporations must have at least one duly authorized officer, with address.
- Section 8.** Please list all directors. All corporations must have at least one director per A.R.S. §§10-603.A & 10-3803.A.
- Section 9.** All Nonprofit corporations must file a financial disclosure statement. Nonprofit corporations meet their obligation by attaching one of the following documents: 1) Their most recent copy of Page 2, Form 99 filed with the Arizona Department of Revenue; OR 2) A copy of the corporation's Charitable Organization Financial Statement as filed with the Arizona Secretary of State pursuant to A.R.S. §44-8552; OR 3) A copy of the corporation's Treasurer's Report/Financial Statement prepared for the current fiscal year; OR 4) A copy of the financial statement prepared for the corporation's members; OR 5) A statement that the corporation conducted no business in Arizona in the past year. All other types of corporations are exempt from filing a financial disclosure. All Nonprofit Corporations must also indicate whether or not the corporation has members.
- Section 10.** All corporations must check either YES or NO in the Certificate of Disclosure. Those who check the "YES" box must supply the attachment required as explained in section 10.
- Section 11.** All corporations must check either YES or NO in the Statement of Bankruptcy, Receivership or Charter Revocation (both A and B). Those who check the "YES" box must supply the attachment required as explained in section 11.
- Section 12.** All corporations must read the declarations in this section. If they have complied, and if they have completed the Annual Report, then the applicable officer(s) listed in section 7 must acknowledge by signing and dating the report. The signature of the officer(s) must be of a duly authorized officer.
- Sign, Date & Mail the Check and Annual Report.** Business corporations must send \$45, Nonprofit corporations \$10. Credit cards are not accepted. Business/profit corporations are subject to penalties if their report is submitted after its assigned due date. Contact the Annual Report section at 602-542-3285 (Phoenix) or 620-628-6560 (Tucson) or by FAX at 602-542-0082 for the penalty amount due.

MAKE CHECK PAYABLE TO:	ARIZONA CORPORATION COMMISSION
NAME OR DELIVER TO:	210 Annual Reports - Corporations Division
	3300 West Washington St. #303 West Congress
	Phoenix, AZ 85007-2929 Tucson, AZ 85701-1347

Seek professional advice from your accountant, attorney, or other knowledgeable source if you need help with any section. The Commission's web site (www.cc.state.az.us) has more general information about annual reports and reporting requirements. The Annual Reports Section of the Corporations Division cannot give legal or tax advice, but you may call them with your other questions regarding this form at (602) 542-3285.

ARCD46
Rev. 01/2005

Exhibit 9

ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply

500 North Third Street, Phoenix, Arizona 85004-3921

Telephone 602 417-2460

Fax 602 417-2423



JANE DEE HULL
Governor

HERB GUENTHER
Director

November 18, 2004

RECEIVED

NOV 19 2004

SNELL & WILMER

Carlos Ronstadt
Snell and Wilmer
One Arizona Center
Phoenix, AZ 85004-2202

Re: Designation of Assured Water Supply (DWR No. 26-400800.0000) Baca Float Water Company

Dear Mr. Ronstadt:

I am pleased to inform you that the Department of Water Resources has approved the application for a Designation of Assured Water Supply for Baca Float Water Company. We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of Baca Float Water Company's responsibilities in maintaining the Designation.

Baca Float's status as a designated water provider demonstrates that Baca Float is taking a long-term perspective in managing water resources.

If you have any questions regarding these documents, please contact me at 417-2465, extension 7311.

Sincerely,

Doug Dunham, Manager
Office of Assured Water Supply

DMD/pmn

cc: Mr. Roy Tanney, Arizona Department of Real Estate
Mr. Alejandro Barcenas, Area Director, Santa Cruz AMA

1 DEPARTMENT OF WATER RESOURCES
2 BEFORE THE DIRECTOR
3
4

5 IN THE MATTER OF THE APPLICATION OF)
6 BACA FLOAT WATER COMPANY, INC.)
7 FOR A DESIGNATION AS HAVING AN ASSURED)
8 WATER SUPPLY)

AWS No. 2004-003
DECISION AND ORDER
No. 26-400800.0000

8 On August 15, 2002, the Department of Water Resources (Department) received an application from
9 Baca Float Water Company, Inc. (Baca Float) requesting that the Department designate Baca Float as having
10 assured water supply pursuant to A.R.S. § 45-576(E) and A.A.C. R12-15-701 *et seq.* for Baca Float's
11 municipal water delivery system. On April 3, 2003 the Department determined the application to be complete.
12 On August 20, 2004 the Department gave public notice pursuant to A.R.S. § 45-578 and no objections were
13 filed with the Department.

14 After receiving Baca Float's request to be designated as having an assured water supply, and after
15 reviewing relevant information regarding the designation request, including: 1) the hydrologic information on
16 file with the Department for the proposed groundwater supply, 2) information submitted regarding Baca Float's
17 consistency with the management plan, 3) information provided by the Arizona Department of Environmental
18 Quality regarding the quality of the proposed sources of water, and 4) information regarding Baca Float's
19 financial capability to construct the necessary delivery system, treatment works and storage facilities, the
20 Department finds the following:

- 21 1. Baca Float is a private water company regulated by the Arizona Corporation Commission.
- 22 2. Baca Float has the legal authority, as granted by the Arizona Corporation Commission, to
23 deliver water to its customers located within the boundaries of its Certificate of
24 Convenience and Necessity as indicated on maps on file with the Department.
- 25 3. Baca Float has the right to withdraw and deliver groundwater to its customers pursuant to
26 service area right No. 56-000020.0000.
- 27 4. Baca Float currently serves groundwater to its customers. Baca Float has indicated that
28 groundwater withdrawals pursuant to this Designation shall be from well registration

number 55-558318 and well registration number 55-558319.

5. Baca Float's current and committed demand is 182 acre-feet per year, as of 2003.
6. Baca Float's total projected demand for the calendar year 2011 is estimated at 333 acre-feet.
7. Baca Float's groundwater supply proven to be physically available is 350 acre-feet per year.
8. Historic hydrologic information demonstrates that groundwater levels in the service area currently range from a few feet to more than 100 feet with a minimal regional decline.
9. After one hundred years of pumping at 350 acre-feet per year, the depth-to-water inside Baca Float's service area is not expected to exceed 1,000 feet below land surface.
10. Baca Float has demonstrated the financial capability to construct the necessary delivery system and storage facilities to satisfy its projected demands through the year 2011.
11. Baca Float has demonstrated the physical, legal and continuous availability of groundwater in an aggregate volume of 350 acre-feet per year for a minimum of 100 years which is greater than Baca Float's projected demand for calendar year 2011 of approximately 333 acre-feet. After one hundred years, the depth-to-water under Baca Float's service area is projected to be less than 1,000 feet below land surface.
12. The water supply that Baca Float intends to provide its customers currently meets all federal and state water quality standards, based on compliance information provided by the Arizona Department of Environmental Quality.

Having reviewed the Findings of Fact, the Department makes the following Conclusions of

Law:

1. An annual volume of 350 acre-feet per year of groundwater was found to be physically, continuously and legally available to Baca Float for a minimum of 100 years as prescribed in A.A.C. R12-15-703. The total volume of those supplies, 350 acre-feet per year, exceeds Baca Float's projected demand of 333 acre-feet for the year 2011.
2. The water supply served by Baca Float currently meets the water quality requirements specified in A.A.C. R12-15-704.
3. In accordance with A.A.C. R12-15-706, Baca Float meets the standard established for

1 determining consistency with the Santa Cruz Active Management Area Third
2 Management Plan.

3 4. Baca Float has satisfied the financial capability criteria prescribed in A.A.C. R12-15-707.

4 7. Baca Float has satisfied all the requirements for a designation of an assured water
5 supply.

6
7 **Having reviewed the Conclusions of Law, the Department hereby issues this Decision and**
8 **Order designating Baca Float as having an assured water supply, subject to the following**
9 **conditions:**

- 10 1. The Department reserves the right under A.A.C. R12-15-709 (A) to periodically review
11 and modify the designation for good cause as conditions warrant.
- 12 2. Pursuant to A.A.C. R12-15-709, the Department may, at any time, review, modify or
13 revoke this designation if the findings of fact or the conclusions of law upon which the
14 designation are based change or are invalid or if an assured water supply no longer
15 exists.
- 16 3. The Department's determination that an assured water supply exists for Baca Float is
17 based on its analysis of the water supplies pledged by Baca Float.
- 18 4. Pursuant to A.A.C. R12-15-704, Baca Float shall satisfy any state water quality
19 requirements established for its proposed use after the date of this designation.
- 20 5. Baca Float shall annually provide to the Department the following information in the
21 manner prescribed in A.A.C. R12-15-711:
- 22 a. The estimated future demand of platted, undeveloped lots located in Baca Float's
23 service area.
 - 24 b. The projected demand at build-out for customers with which Baca Float has
25 entered into a notice of intent to serve agreement in the calendar year.
 - 26 c. A report regarding Baca Float's compliance with water quality requirements.
 - 27 d. The depth-to-static water level of all wells from which Baca Float withdrew water
28 during the calendar year.
 - e. Any other information requested by the Director to determine whether to Baca

1 Float is continuing to meet all the requirements necessary to maintain this
2 designation of assured water supply.

3
4 **IT IS HEREBY ORDERED THAT BACA FLOAT WATER COMPANY, INC. BE DESIGNATED**
5 **AS HAVING AN ASSURED WATER SUPPLY:**

6 DATED this 17TH day of November, 2004

7 
8 Herbert R. Guenther
9 Director
10 Arizona Department of Water Resources
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A copy of the foregoing
Decision and Order was
mailed certified this
18th day of November,
2003, to the following:

Mr. Gary Brasher/Mr. Richard Lockwood
Two Tubac Road
P.O. Box 1536
Tubac, Arizona 85646

Certified No. 7003-3110-0003-3244-9051

Mr. Roy Tanney
Arizona Department of Real Estate
2910 North 44th Street, Suite 100
Phoenix, Arizona 85040

Mr. Carlos Ronstadt
Snell and Wilmer
One Arizona Center
Phoenix, Arizona 85004-2202

Witnessed by: Norma J. Coupard

RECEIVED

OCT 26 2005

SNELL & WILMER

DEPARTMENT OF WATER RESOURCES

BEFORE THE DIRECTOR

IN THE MATTER OF THE APPLICATION OF)
BACA FLOAT WATER COMPANY, INC. FOR)
A DESIGNATION AS HAVING AN ASSURED)
WATER SUPPLY)

AWS No. 2004-003

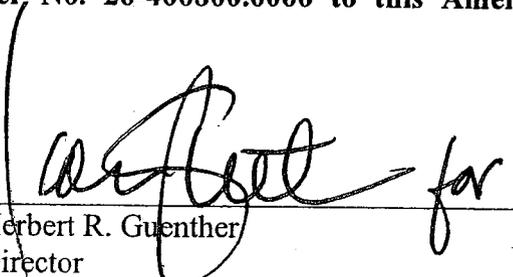
AMENDMENT TO DECISION
AND ORDER NO. 26-400800.0000

On November 17, 2004, the Arizona Department of Water Resources issued Decision and Order No 26-400800.0000, In the Matter of the Application of Baca Float Water Company, Inc. For A Designation as Having an Assured Water Supply. The purpose of this Amendment to Decision and Order is to correct the well registration numbers listed in Paragraph 4, beginning on page 1, line 26 of the Designation ("Paragraph 4). Paragraph 4 should read:

4. Baca Float serves groundwater to its customers. Baca Float has indicated that groundwater withdrawals pursuant to this Designation shall be from well registration number 55-559318 and well registration number 55-559319.

IT IS HEREBY ORDERED AMENDING DECISION AND ORDER NUMBER 26-400800.0000 by deleting Paragraph 4 and inserting Paragraph 4 above. It is further ordered attaching the Decision and Order, No. 26-400800.0000 to this Amendment to Decision and Order for reference.

Dated 24th October, 2005


Herbert R. Guenther
Director
Arizona Department of Water Resources

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A copy of the foregoing Decision and Order was mailed this 25 day of October, 2005 to:

Gary Brasher
Richard Lockwood
Two Tubac Road
P.O. Box 1536
Tubac, Arizona 85646

Roy Tanney
Arizona Department of Real Estate
2910 North 44th Street, Suite 100
Phoenix, Arizona 85040

Carlos Ronstadt, Esq.
Snell & Wilmer, L.L.P.
One Arizona Center
Phoenix, Arizona 85004-2202



H:\AWS\Baca Float\Amended Decision and Order.doc

Snell & Wilmer
L.L.P.
LAW OFFICES

One Arizona Center
Phoenix, AZ 85004-2202
602.382.6000
602.382.6070 (Fax)
www.swlaw.com

Marcie A. Shuman
602.382.6520
mshuman@swlaw.com

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2007 AUG -3 P 3: 51
AZ CORP COMMISSION
DOCKET CONTROL

DENVER
LAS VEGAS
ORANGE COUNTY
PHOENIX
SALT LAKE CITY
TUCSON

August 3, 2007

Ms. Barb Wells
ARIZONA CORPORATION COMMISSION
1200 W. Washington St.
Phoenix, AZ 85007

Re: Baca Float Water Company's Application for an Extension of its Certificate of Convenience and Necessity (Docket No. WS-01678A-07-0116)

Dear Ms. Wells:

Please find the enclosed revised legal description of the proposed CC&N extension for Baca Float Water Company.

If you have any questions or need any additional information, please do not hesitate to contact me at the number.

Very truly yours,
Snell & Wilmer

Marcie A. Shuman

Enclosure
cc: Docket Control (13 copies)
Gary Brasher (via-email)
Marlin Scott
Linda Jaress

27645.0020\SHUMANM\PHX\2030287.1

EXHIBIT
A-2
ADMITTED

Description of Proposed C.C.& N. Area
Within Baca Float No. 3

All that portion of the Baca Float No. 3, as said Baca Float No. 3 is shown on the Official Plat thereof, approved by the U.S. Surveyor General's Office on Nov. 23rd, 1906, described as follows;

Being portions of Protracted Sections 16,17, 20, 21 and 28, Township 21 South, Range 13 East, G. & S.R.B.& M., Santa Cruz County, Arizona, described as follows;

Beginning at the point of intersection of the Section line common to said Sections 17 and 20 with the easterly right-of-way line of the Tucson-Nogales Railroad, from which the one-quarter corner common to said Sections bears South 89°46'59" East, 1583.43 feet, more or less; said point of beginning is further described as being the southwest corner of that certain parcel of land described as the 6th parcel in the Decree of Distribution of the Estate of Pearl E. Clark, recorded in the Office of the Recorder of Santa Cruz County, Arizona, in Docket 160 at Page 554, hereinafter referred to as DR #7 (Deed Reference No. 7) and is further described as being a point on the north line of that certain parcel of land described in the Bargain and Sale Deed from O.J. Bennett and Margaret Bennett to Thomas Casanega, recorded in the Office of said Recorder in Book 5 of Deeds at Page 190, hereinafter referred to as DR # 8;

Thence, from said point of beginning, along the westerly line of said DR #7 and along the easterly right-of-way of said Railroad, the following three (3) courses;

1. **North 04°23'24" East 543.35 feet**, more or less,
2. **North 85°36'36" West 50 feet**, more or less, and
3. **North 04°23'24" East 1980.27 feet**, more or less, to the northwest corner of DR #7; said point is further described as being the southwest corner of that certain parcel of land described as the 4th parcel in the Executor's Deed (Estate of Franklin T. Clark) to Clyde F. Lewis and Marie W. Lewis, recorded in the Office of said Recorder in Book 33 of Deeds at Page 221, hereinafter referred to as DR # 16; said point being also the southwest corner of the parcel described in Tract No. 2 of the "Franchise to: Baca Float Water Co. Inc.", recorded in the Office of said Recorder in Docket 21 at page 419, hereinafter referred to as DR # 14;

Thence, along the line common to DR # 7, DR # 16 and DR # 14, the following three (3) courses;

1. **North 82°04'45" East 1757.27 feet**,

2. **North 02°55'23" East 18.49 feet,**
3. **North 87°47'23" East 73.35 feet** to the southeast corner of said DR # 16, being also a point on the westerly line of that certain parcel of land described in the Deed from Baca Float Ranch, Inc. to E.R. Clark and Pearl E. Clark, recorded in the Office of said Recorder in Book 27 of Deeds at Page 247, hereinafter referred to as DR #2;

Thence, along the line common to DR # 2 and DR # 16, and continuing along the southerly line of DR # 14, **North 07°12'20" East 57.35 feet**, more or less, to the northwest corner of DR # 2, being also the southwesterly corner of that certain parcel of land described in the Deed from Baca Float Ranch, Inc. to Everett S. Sholes, recorded in the Office of said Recorder, in Book 23 of Deeds at Page 39, hereinafter referred to as DR #1, and being also the southwest corner of that certain Record of Survey entitled Tubac Ranch Estates, recorded in the Office of said Recorder in Book 1 of Surveys at Pages 20 & 21, hereinafter referred to as DR #15;

Thence, along the line common to said DR # 2, DR # 1 and DR # 15, and continuing along the southerly line of DR # 14, **North 89°22'04" East 7020.24 feet**, more or less, to the southeast corner of DR # 1, DR # 15 and DR # 14, being also the northeast corner of DR # 2 and being also a point on the westerly line of that certain Record of Survey entitled Tubac Foothills Ranch III, recorded in the Office of said Recorder in Book 2 of Surveys at Page 102,

Thence, along the easterly and southerly lines of DR #2 and along the westerly line of said Tubac Foothills Ranch III, and along the westerly line of that certain Record of Survey entitled Tubac Foothills Ranch I, recorded in the Office of said Recorder in Book 2 of Surveys at Page 64, and along the westerly and northerly lines, of Rio Rico Estates No. 16, the Official Plat of which is recorded in the Office of said Recorder in Book 3 of Maps and Plats at Page 18, the following two (2) courses;

1. **South 00°42'18" East 8726.71 feet**, and
2. **South 89°27'50" West 4390.70 feet**, more or less, to the southwesterly corner of DR # 2, being also the southeasterly corner of that certain parcel of land described in the Deed from the Sheriff of Santa Cruz County, Arizona to The American Exchange National Bank, recorded in the Office of said Recorder in Book 15 of Deeds at Page 506 (known as the Weldon Bailey Parcel), hereinafter referred to as DR #6;

Thence, along the common line between DR # 2 and DR #6, the following four (4) courses;

1. **North 00°51'49" East 4544.91 feet**, more or less,
2. **South 89°20'38" West 1849.83 feet**, more or less,

3. **North 00°43'37" West 1313.16 feet**, more or less, and
4. **North 89°41'48" West 815.09 feet** more or less to the point of beginning of said DR # 2. Said point is further described as being a point on the north line of DR # 8, and is further described as being southeast corner of DR# 7, from which the one-quarter section corner common to said Sections 17 & 20 bears North 89°41'48" West 505.59 feet more or less;

Thence, along the westerly line of said DR # 2, being also the easterly line of said DR # 7, the following two (2) courses,

1. **North 23°15'07" East 781.00 feet**, more or less, and
2. **North 11°05'25" East 260 .31 feet**, more or less to the southwest corner of that certain parcel of land described as "EXCEPT FROM" in the Deed from E.R. and Pearl E. Clark to R.L. and Joyce W. Kettenbach, recorded in the office of said Recorder in Docket 17 at Page 156, hereinafter referred to as DR # 10, being also the southwesterly corner of that certain Parcel of land described in the Deed from Myron Clark to Maynard Clark, recorded in the office of said Recorder in Docket 280 at Page 149, hereinafter referred to as DR # 11;

Thence, along the south line of said DR # 10 and DR #11, **North 88°49'14" East 1328.79 feet**, more or less to the southeast corner of said DR # 10 and DR #11;

Thence, along the northerly line of said DR # 11, **North 67°28'11" West 1371.90 feet**, more or less, to the westerly terminus of that certain course delineated as North 67°05'18" West " in the Special Warranty Deed from Tres Alamos Land & Cattle Co., LLC to Presidio de Tubac, LLC, recorded in the Office of said Recorder in Instrument No. 2006-16413; hereinafter referred to as DR # 12

Thence, along the southerly and easterly lines of said DR # 12, and along the northerly and westerly lines of that certain parcel of land described as the Total Parcel in the Deed from Myron D. Clark to Myron D. Clark and Katherine Clark, recorded in the office of said Recorder in Docket 830 at Page 867, hereinafter referred to as DR # 13, the following four (4) courses;

1. **South 89°39'54" West 270.68 feet**,
2. **South 02°59'42" West 198.63 feet**,
3. **South 89°38'38" West 1040.21 feet**, and
4. **South 04°51'48" West 1319.79 feet**, more or less, to the southwesterly corner of said DR # 13, being also a point on the section line common to Sections 17 and 20, from which the south one-quarter corner common to said Sections 17 and 20 bears South 89°46'59" East 507.84 feet, more or less,

Thence, along the south line of said DR # 7 and along the north line of said DR # 8, and along the section line common to Sections 17 and 20, **North 89°46'59" West 1075.59 feet**, more or less, to the point of beginning.

Containing 1168.30 Acres of land, more or less

July 27, 2007
J.N. 3315-10

BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

COMMISSIONERS

2007 AUG 13 P 1:36

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
BACA FLOAT WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY FOR
WATER SERVICE.

DOCKET NO. WS-01678A-07-0116

NOTICE OF FILING AFFIDAVIT OF
PUBLICATION AND AFFIDAVIT OF
MAILING

In compliance with the July 5, 2007 Procedural Order in this matter, Baca Float Water Company (the "Company") notifies the Arizona Corporation Commission that notice of this proceeding was (1) published in the *Nogales International*, a newspaper of general circulation in the proposed extension area of the Company's service territory, on Tuesday, July 24, 2007, and (2) mailed to each property owner in the proposed extension area on or about July 16, 2007, via first class mail. The Affidavit of Publication is attached as Exhibit A. The Affidavit of Gary Brasher, President of the Company, attesting to the completion of notification to property owners is attached as Exhibit B.

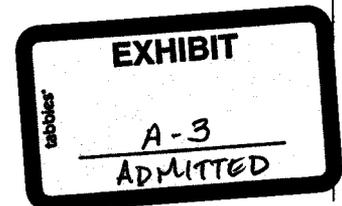
DATED this 13th day of August, 2007.

SNELL & WILMER L.L.P.

By



Jeffrey W. Crockett
Marcie A. Shuman
One Arizona Center
400 E. Van Buren
Phoenix, AZ 85004-2202
Attorneys for Baca Float Water Company



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ORIGINAL and thirteen (13) copies filed
this 13th day of August, 2007 with

Docket Control Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Copies mailed this 13th day of August,
2007 to

Mr. Christopher Kempley, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Mr. Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007



EXHIBIT A

AFFIDAVIT OF PUBLICATION

MANUEL COPPOLA

being first

duly sworn, deposes and says: That (he) (she) is the Agent to the Publisher of the NOGALES INTERNATIONAL newspaper printed and published two days a week in the City of Nogales, County of Santa Cruz, State of Arizona. That the notice, a copy of which is hereto attached, described as follows:

SPPLICAITON BACA
FLOAT WATER COMPANY
DOCKET NO. WS-01678A-07-0116

was printed and published in the regular and entire issue of said NOGALES INTERNATIONAL for 1 issues, that the first was made on the 24th day of JULY 20 07 and the last publication thereof was made on the 24th day of JULY 20 07 that said publication was made on each of the following dates, to wit:

07/24/07

Request of

Nogales International
268 W. View Point, Nogales, AZ 85621, (520) 281-9706

By

Manuel Coppola (signature)

Subscribed sworn to before me this 24th day of JULY 20 07



Maria Medina (signature)
Notary Public in and for the County of Santa Cruz, State of Arizona

My Commission Expires: 12.26.2010

STATE OF ARIZONA

LEGAL NOTICE

PUBLIC NOTICE OF HEARING ON APPLICATION BY BACA FLOAT WATER COMPANY FOR EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY DOCKET NO. WS-01678A-07-0116

On February 23, 2007, Baca Float Water Company ("Company" or "Applicant") filed an application with the Arizona Corporation Commission ("Commission") for an extension of its Certificate of Convenience and Necessity ("Certificate"). If the application is granted, the Company would be the exclusive provider of water service within the requested extension area, and would be required to provide service on the terms and conditions as established by the Commission.

The application is available for inspection during regular business hours at the office of the Commission in Phoenix, at 200 West Washington Street, Phoenix, Arizona, and in Tucson, at 400 West Congress Street, Suite 218, Tucson, Arizona, and at the offices of the Applicant, Two Tubac Road, Tubac, Arizona 85646. The application is also available on the Commission's website, www.azcc.gov, using the Docket link.

The Commission will hold hearing on this matter on September 5, 2007 at 10:00 a.m., or as soon thereafter as is practical, at the Commission's Tucson offices, Room 131, 400 West Congress St., Tucson, Arizona 85701.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. Intervention will be in accordance with A.A.C. 14-3-105, except that all motions to intervene must be filed on or before August 15, 2007. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the company or its counsel and to all parties of record. The motion must, at the minimum, contain the following:

- 1. The name, address, and telephone number of the proposed intervenor and any of any party upon whom service of documents is to be made if different from that of the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer or potential customer of the Applicant, a member or shareholder of the Applicant, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to Applicant, or its counsel and to all parties of record in the case.

The granting of intervention among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the applications. You will not receive any further notice of the proceeding unless you request it. Comments may also be made by writing to the Commission in care of Docket control, 1200 West Washington, Phoenix, Arizona 85007. All correspondence should contain the Docket No. WS-01678A-07-0116.

If you have any questions about this application, you may contact Applicant at (520) 398-2506 or at Applicant's offices at Two Tubac Road, Tubac, Arizona 85646. If you want further information on intervention or have questions on how to file comments, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602/542-3931, E-mail lhogan@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

Req: Snell & Wilmer

EXHIBIT B

AFFIDAVIT OF GARY BRASHER

STATE OF ARIZONA)
) ss.
County of Santa Cruz)

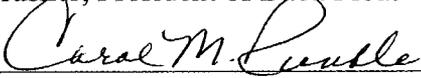
I, Gary Brasher, upon my oath, do swear and attest as follows:

1. I am the President of Baca Float Water Co., Inc.
2. Under my direction, Baca Float Water Co., Inc. filed an application for the extension of its certificate of convenience and necessity to provide water service with the Arizona Corporation Commission (*Docket No. WS-01678A-07-0116*).
3. On or about July 16th, 2007, I caused the attached notice to be mailed to each property owner in the requested extension service area via first class mail.¹

FURTHER AFFIANT SAYETH NOT.


 Gary Brasher, President
 Baca Float Water Co., Inc.

SUBSCRIBED AND SWORN TO BEFORE ME this 24th day of July, 2007, by Gary Brasher, President of Baca Float Water Co., Inc.


 Notary Public

MY COMMISSION EXPIRES:



¹ The attachment contains the text of the notice, and is not an actual copy of the notice that was mailed.

**PUBLIC NOTICE OF HEARING ON APPLICATION BY
BACA FLOAT WATER COMPANY FOR EXTENSION OF
ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
DOCKET NO. WS-01678A-07-0116**

On February 23, 2007, Baca Float Water Company ("Company" or "Applicant") filed an application with the Arizona Corporation Commission ("Commission") for an extension of its Certificate of Convenience and Necessity ("Certificate"). If the application is granted, the Company would be the exclusive provider of water service within the requested extension area, and would be required to provide service on the terms and conditions as established by the Commission.

The application is available for inspection during regular business hours at the office of the Commission in Phoenix, at 1200 West Washington Street, Phoenix, Arizona, and in Tucson, at 400 West Congress Street, Suite 218, Tucson, Arizona, and at the offices of the Applicant, Two Tubac Road, Tubac, Arizona 85646. The application is also available on the commission's website, www.azcc.gov, using the e-Docket link.

The Commission will hold a hearing on this matter on **September 5, 2007 at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's Tucson offices, **Room 131, 400 West Congress St., Tucson, Arizona 85701.**

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. Intervention will be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **August 15, 2007**. Persons desiring to intervene must file a written motion to intervene with the Commission and send such motion to the Company or its counsel and to all parties of record. The motion must, at the minimum, contain the following:

1. The name, address, and telephone number of the proposed intervenor and any of any party upon whom service of documents is to be made if different from that of the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer or potential customer of the Applicant, a member or shareholder of the Applicant, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to Applicant or its counsel and to all parties of record in the case.

The granting of intervention among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the applications. You will not receive any further notice of the proceeding unless you request it. Comments may also be made by writing to the Commission in care of Docket control, 1200 West Washington, Phoenix, Arizona 85007. All correspondence should contain the Docket No. WS-01678A-07-0116.

If you have any questions about this application, you may contact Applicant at (520) 398-2506 or at Applicant's offices at Two Tubac Road, Tubac, Arizona 85646. If you want further information on intervention or have questions on how to file comments, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602/542-3931, E-mail lhogan@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

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

RECEIVED

2007 AUG 27 P 4: 39
AZ CORP COMMISSION
DOCKET CONTROL

8 IN THE MATTER OF THE APPLICATION OF
9 BACA FLOAT WATER COMPANY FOR AN
10 EXTENSION OF ITS EXISTING CERTIFICATE
11 OF CONVENIENCE AND NECESSITY FOR
12 WATER SERVICE.

DOCKET NO. WS-01678A-07-0116
RESPONSE TO STAFF REPORT

13 Baca Float Water Company ("Baca Float or the "Company") files this response to the
14 Arizona Corporation Commission's ("Commission") Utilities Division Staff Report, filed August
15 10, 2007. Staff has recommended approving the extension of Baca Float's certificate of
16 convenience and necessity ("CC&N") subject to several conditions. Baca Float responds to three
17 of Staff's recommended conditions below.

18 1. Filing a Rate Case. Staff recommends that Baca Float file a rate case within one year
19 of the decision in this proceeding. (Staff Report at 3). With the decision in this matter likely
20 being issued by the end of this year, Baca Float would have to file a rate case by the end of 2008,
21 necessitating a 2007 test year. The Company requests that the condition be modified to require a
22 rate case filing within 18 months of the decision date, which would allow a 2008 test year and
23 provide a more realistic financial view of the Company because it would include more of the
24 completed water service infrastructure. Moreover, a 2007 test year filed at the end of 2008 would
25 be stale.

26 2. Filing a Modified Designation of Assured Water Supply. Staff recommends that Baca
27 Float file a copy of a modified Designation of Assured Water Supply ("Designation") from the
28 Arizona Department of Water Resources ("ADWR") that includes the area requested in this
CC&N extension application. (Staff Report at 3). Baca Float requests that this condition be
deleted, because, as explained below, the Designation already covers the Company's service area
and any subsequent extensions thereof.

Snell & Wilmer

LLP
LAW OFFICES
One Arizona Center, 400 E. Van Buren
Phoenix, Arizona 85004-2102
(602) 382-6000

EXHIBIT

tabbles
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ADMITTED

1 Baca Float's Designation demonstrates that Baca Float has a physically, legally and
2 continuously available supply of 350 acre-feet per year of groundwater to use to serve its
3 customers. Under Arizona law, Baca Float's Designation automatically extends to any area that
4 receives water service from Baca Float, or that includes an "operating distribution system" owned
5 by Baca Float. Pursuant to A.R.S. § 45-402(31), the "service area" of a private water company is
6 that area that is actually being served with water, plus additions to that area which contain an
7 "operating distribution system." As the service area expands through the inclusion of additional
8 areas served by the water company's operating distribution system, those additional areas will be
9 automatically served by the company as a designated water provider. (See attached email from
10 N. Swindle, Esq. of ADWR to C. Ronstadt, dated August 27, 2007).

11 At this point, Baca Float estimates that its total water demand for its service area, including
12 the requested extension area in this proceeding, will remain less than the 350 acre-feet per year
13 available under its Designation. Thus, Baca Float is not required to modify its designation. Baca
14 Float is required, under A.R.S. § 45-498, to periodically update its service area maps on file with
15 ADWR so that ADWR remains informed as to the geographic extent of the Company's service
16 area. Baca Float is willing to file in Docket Control a copy of its next update to ADWR regarding
17 the extension of its service area in this proceeding.

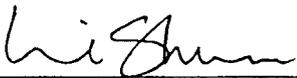
18 3. Filing an Approval of Construction for Storage Tanks with No Time Extension. Staff
19 also recommends that the Company file by May 31, 2008, a copy of the Approval of Construction
20 ("AOC") for the installation of the storage tanks, with no extension allowed. (Staff Report at 3).
21 Baca Float believes that this deadline may not be feasible. With a potential decision issued by the
22 Commission by the end of this year, Baca Float would only have five months or so to obtain the
23 AOC. To date, Baca Float continues to wait for the Arizona Department of Environmental
24 Quality ("ADEQ") to issue its Approval to Construct ("ATC") for the same storage tanks and
25 arsenic removal system, which the Company requested over one year ago. With this regulatory
26 lag, the Company may be only able to demonstrate that it has filed for the AOC by Staff's
27 deadline. The Company requests the Commission to delete its condition of "no extension
28 allowed" and extend the deadline to one year from the decision date.

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Baca Float does not object to the remaining conditions contained in the Staff Report.

DATED this 27th day of August, 2007.

SNELL & WILMER L.L.P.

By 
Jeffrey W. Crockett
Marcie A. Shuman
One Arizona Center
400 E. Van Buren
Phoenix, AZ 85004-2202
Attorneys for Baca Float Water Company

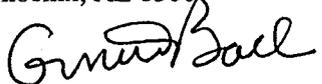
ORIGINAL and thirteen (13) copies filed
this 27th day of August, 2007 with

Docket Control Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Copies mailed this 27th day of August,
2007 to

Mr. Christopher Kempley, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Mr. Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007



2037463.3

Ronstadt, Carlos

From: Nicole Swindle [ndswindle@azwater.gov]
Sent: Monday, August 27, 2007 11:26 AM
To: Ronstadt, Carlos
Cc: J.Scott Miller; Ken Slowinski
Subject: Baca Float Designation

Hi Carlos,

Ken Slowinski passed along your question about the designation of assured water supply for Baca Float Water Company (No. 26-400800.0000).

The current Decision and Order (AWS No. 2004-003) provides that "Baca Float has the legal authority, as granted by the Arizona Corporation Commission, to deliver water to its customers located within the boundaries of its Certificate of Convenience and Necessity as indicated on maps on file with the Department." The designation is intended to cover Baca Float's service area, including any expansions. If the ACC issues an order expanding the boundaries described in the CC&N, the designation would also apply to the service area within the expanded boundaries.

In such a case, Baca Float should notify the Department of the expanded boundaries, preferably by providing a copy of the ACC's Final Decision and Order as well as a new map of the area Baca Float is authorized to serve. However, Baca Float will not be required to modify the designation in order to include the expanded boundaries. If Baca Float's demands increase at a higher rate than anticipated in the designation order and the water supplies described in the order are not sufficient to serve current demand, committed demand, and 2 years' projected demand for at least 100 years, then Baca Float would need to apply for modification of the designation to increase the water supplies.

Please let me know if you have any additional questions.

-- Nicole

Nicole D. Swindle
Deputy Counsel
Arizona Department of Water Resources
Phone: (602) 771-8472
Fax: (602) 771-8683

S-1

FILE COPY

MEMORANDUM

TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

Date: August 10, 2007

RE: STAFF REPORT FOR THE APPLICATION FOR THE APPLICATION OF
BACA FLOAT WATER COMPANY FOR AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO.
WS-01678A-07-0116)

RECEIVED
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LEGAL DIV.
ARIZ. CORPORATION COMMISSION

LEGAL

Attached is the Staff Report for Baca Float Water Company application for approval to extend its Certificate of Convenience and Necessity. Staff recommends approval with conditions.

EGJ:LAJ:kdh

Originator: Linda A. Jaress

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2007 AUG 10 A 10:19
AZ CORP COMMISSION
DOCKET CONTROL

EXHIBIT
S-1
ADMITTED

Service List for: Baca Float Water Company
Docket No. WS-01678A-07-0116

Mr. Jeffrey W. Crockett
Snell & Wilmer L.L.P.
One Arizona Center
400 East Van Buren
Phoenix, Arizona 85004-2202

Mr. Gary Brasher
Baca Float Water Company
Two Tubac Road
Post Office Box 1536
Tubac, Arizona 85646

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

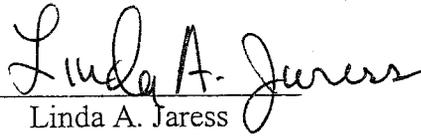
BACA FLOAT WATER COMPANY
DOCKET NO. WS-01678A-07-0116

APPLICATION FOR EXTENSION
OF CERTIFICATE OF
CONVENIENCE & NECESSITY

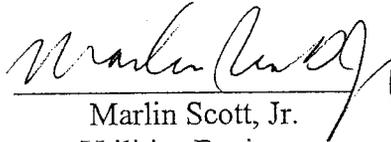
AUGUST 10, 2007

STAFF ACKNOWLEDGMENT

The Staff Report for Baca Float Water Company, Docket No. WS-01678A-07-0116, was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report and Marlin Scott, Jr. prepared the Engineering Report.



Linda A. Jaress
Executive Consultant



Marlin Scott, Jr.
Utilities Engineer

**EXECUTIVE SUMMARY
BACA FLOAT WATER COMPANY
DOCKET NO. WS-01678A-07-0116**

On February 23, 2007, Baca Float Water Company, ("Baca Float" or "Company") filed an application for approval of an extension of its Certificate of Convenience and Necessity. Baca Float serves approximately 271 customers in Tubac, approximately 40 miles south of Tucson. The Company received letters from W&M Tenants in Common and Presidio De Tubac, LLC requesting water service to combined areas totaling approximately 1,300 acres contiguous to Baca Float's existing certificated area.

The Company has some financial issues including a possibly inaccurate Annual Report, an unbalanced capital structure and rates which are stale. Staff is concerned about Baca Float's accounting methods, the reliability of its financial statements and the suitability of its rates. However, Baca Float is in compliance with the Arizona Department of Environmental Quality ("ADEQ"), the Arizona Department of Water Resources ("ADWR") and the Arizona Corporation Commission ("the Commission").

The Company has two wells and a distribution system serving 271 service connections. Staff's Engineering Report, attached as Exhibit 2, indicates that because Baca Float has no storage, the system should currently serve only 185 connections. Baca Float has applied to ADEQ for a Certificate of Approval to Construct ("ATC") three storage tanks with a combined capacity of 160,000 gallons. With the addition of these storage tanks, the system would be capable of serving approximately 800 service connections.

The cost of the proposed facilities to serve the extension area are estimated at \$1.6 million. Staff has reviewed the costs estimated by the Company for plant to serve the extension area in the fifth year of the development of \$1.1 million and found them to be reasonable.

Staff concludes that the Company's proposed water plant's planned production and storage capacities appear to be appropriate and adequate to serve the requested extension area for the first five years and the estimated costs of the plant to serve the extension area reasonable. The Company can reasonably be expected to develop additional production and storage as required.

Staff recommends the Commission order Baca Float to file a rate case within one year of the decision in this case.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the Approval of Construction ("AOC") for the installation of the storage tanks, with no time extension allowed.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation of Assured Water Supply from ADWR that includes the requested area.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

Finally, Staff recommends that the decision approving this extension should be deemed null and void after due process if Baca Float does not comply with the above requirements in the time ordered.

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ATTACHMENT(S)

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Introduction

On February 23, 2007, Baca Float Water Company, ("Baca Float" or "Company") filed an application for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). Baca Float serves approximately 271 customers in Tubac, approximately 40 miles south of Tucson. The Company received letters from W&M Tenants in Common and Presidio De Tubac, LLC requesting water service to combined areas totaling approximately 1,300 acres contiguous to Baca Float's existing certificated area. A map and legal description of the certificated area and the extension area is attached as Exhibit 1. Baca Float estimates the extension area will hold 1,000 residential customers by the end of year 6 of the development. Rio Rico Utilities is the certificated wastewater utility service provider in the extension area.

The Company is a corporation in good standing with the Corporations Division of the Commission and has no outstanding compliance issues in the records of the Compliance Section of the Utilities Division. The extension area is included within the boundaries of Baca Float's present Santa Cruz County franchise for water.

Financial Issues

The Company will finance the facilities needed to serve the extension area primarily by advances in aid of construction and line extension agreements. Baca Float's 2006 Annual Report to the Corporation Commission indicates that due to persistent net losses, its capital structure is comprised of negative equity and over 100 percent contributions and advances. The Annual Report also indicates that Baca Float was profitable in 2006, earning \$21,036 on Metered Revenues of \$85,745 and \$87,585 of Other Water Revenues.

The Annual Report also reflects some financial anomalies. For instance, Salaries and Wages were reported at a level nearly equal to Metered Revenues (\$85,379 compared to \$85,745) and, although 2006 was a profitable year for Baca Float, its retained earnings fell. Baca Float also provides sewer service in some areas and may be combining some of the revenues and expenses for both operations, but not plant, in the same annual report.

Baca Float's current rates have been in effect for at least ten years. Due to all the foregoing, Staff is concerned about Baca Float's accounting methods, the reliability of its financial statements and the suitability of its rates. Staff recommends the Commission order Baca Float to file a rate case within one year of the decision in this case. The rate case will appropriately allocate costs across customer classes, will address growth issues, and will insure that Baca Float's rates recover its costs and a fair return.

Existing and Proposed Utility Plant

Baca Float's water system has no deficiencies on file with the Arizona Department of Environmental Quality ("ADEQ") and ADEQ has determined that this system is currently

delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

Rosalino F. Vega is the Company's certified operator. ADEQ's website indicates that Mr. Vega has valid Grade 1 Water Distribution System Operator and Water Treatment Plant Operator Certifications and Grade 3 Wastewater Collection System Operator and Wastewater Treatment Plant Operator certificates.

The Company has two wells and a distribution system (but no storage) serving 271 service connections. Staff's Engineering Report, attached as Exhibit 2, indicates that because Baca Float has no storage, the system should currently serve only 185 connections. However, Baca Float has applied to ADEQ for a Certificate of Approval to Construct ("ATC") three storage tanks with a combined capacity of 160,000 gallons. With the addition of these storage tanks, the system would be capable of serving approximately 800 service connections.

The costs of the proposed facilities to serve the extension area are estimated at \$1.6 million. Staff has reviewed the costs estimated by the Company for plant to serve the extension area in the fifth year of the development of \$1.1 million and found them to be reasonable.

Staff concludes that the Company's proposed water plant's planned production and storage capacities appear to be appropriate and adequate to serve the requested extension area for the first five years and the estimated costs of the plant to serve the extension area reasonable. The Company can reasonably be expected to develop additional production and storage as required.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Staff also recommends that the Company file with Docket Control, as a compliance item in this docket, within by May 31, 2008, a copy of the AOC for the installation of the storage tanks, with no time extension allowed.

Arsenic

The arsenic levels for Baca Float's two wells are 14 parts per billion ("ppb") and 18 ppb. Based on these levels, in June 2006 the Company applied for an ATC for the installation of an arsenic treatment system. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

Arizona Department of Water Resources Compliance

The Company is located within the Santa Cruz Active Management Area and is in compliance with its reporting and conservation requirements with the Department of Water Resources. The Company holds a Designation of Assured Water Supply ("Designation") for its existing service area.

Staff recommends that the Company update or amend its Designation to include the requested area in this CC&N extension application. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation that includes the requested area.

Recommendations

Staff recommends the Commission order Baca Float to file a rate case within one year of the decision in this case.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the AOC for the installation of the storage tanks, with no time extension allowed.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation from ADWR that includes the requested area.

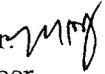
Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

Finally, Staff recommends that the decision approving this extension should be deemed null and void after due process if Baca Float does not comply with the above requirements in the time ordered.

MEMORANDUM

DATE: July 26, 2007

TO: Linda Jaress
Executive Consultant III

FROM: Marlin Scott, Jr. 
Utilities Engineer

RE: Baca Float Water Company
Docket No. WS-01678A-07-0116 (CC&N Extension)

Introduction

Baca Float Water Company ("Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N") for its water system. The requested area will add approximately one square-mile to the Company's existing 1-3/4 square-miles of certificated area. The Company serves the community of Tubac in Santa Cruz County.

CapacityExisting Utility Plant

According to the 2006 Annual Report submitted by the Company, the Company has two wells producing a total of 800 gallons per minute ("GPM"), no storage tank, and a distribution system serving 271 service connections as of December 2006. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 380 connections at the end of five years. The Company has predicted an additional 300 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 680 at the end of five years. Based on the existing two well production and no storage tank capacities, the system can serve approximately 185 service connections.

According to the Company, last year in June 2006, the Company had applied for an Arizona Department of Environmental Quality ("ADEQ") Certificate for Approval to Construct ("ATC") for the installation of three storage tanks; one 80,000 gallon and two 40,000 gallons, for a combined total capacity of 160,000 gallons. This ATC filing is still pending ADEQ approval. With the addition of these storage tanks in the future, the system would be capable of serving approximately 800 service connections.

Proposed Plant Facilities

The Company is proposing to extend its water system into the requested area by extension of its distribution system through advances in aid of construction and the use of main extension agreements. The Company is projecting to serve 40 customers in the first year and 300 customers by the fifth year with estimated costs of \$150,000 and \$1,125,000, respectively. These estimated costs are based on projected unit cost of \$3,750 per customer for the on-site plant facilities.

Staff concludes that the existing system has adequate well production but no storage tanks. However, based on the Company's ADEQ filing for approval to install three storage tanks, the Company will have the capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

ADEQ regulates the water system under ADEQ Public Water System I.D. #12-037. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

Certificates of Approval

The ATC for facilities needed to serve the requested area has not been submitted by the Company. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.

Currently, the Company has no storage tanks, but in June 2006 the Company had applied for ATCs for the installation of three storage tanks. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the Certificate for Approval of Construction ("AOC") for the installation of the storage tanks. This storage is critical; therefore, Staff recommends that no time extension be allowed for this condition.

Arsenic

According to the Company's 2006 Annual Report, the arsenic levels for its two wells are 14 parts per billion ("ppb") and 18 ppb. Based on these levels, in June 2006 the Company applied for an ATC for the installation of an arsenic treatment system. Staff

Linda Jaress
July 26, 2007
Page 3

recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.

Arizona Department of Water Resources ("ADWR") Compliance

Compliance Status

The Company is located within the Santa Cruz Active Management Area ("AMA") and is in compliance with its reporting and conservation requirements.

Designation of Assured Water Supply

The Company holds a Designation of Assured Water Supply ("Designation") for its

Arizona Corporation Commission Compliance

A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.

Curtailment Tariff

The Company does not have an approved curtailment tariff but has indicated its plans to file this tariff under a new docket number. As of this report date, the Company has not done so. Therefore, Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

Backflow Prevention Tariff

The Company has an approved backflow prevention tariff that became effective on January 10, 1997.

Summary

Conclusions

- A. Staff concludes that the existing system has adequate well production but no storage tanks. However, based on the Company's ADEQ filing for approval to install three storage tanks, the Company will have the capacity to serve the

The Company does not have an approved curtailment tariff but has indicated its plans to file this tariff under a new docket number. As of this report date, the Company has not done so. Therefore, Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

Backflow Prevention Tariff

The Company has an approved backflow prevention tariff that became effective on January 10, 1997.

Summary

Conclusions

existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

- B. Based on compliance information submitted by the Company, the Company's system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
- C. The Company is within the Santa Cruz AMA and is in compliance with its reporting and conservation requirements.
- D. A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.
- E. The Company has an approved backflow prevention tariff that became effective on January 10, 1997.

Recommendations

1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for facilities needed to serve the first phase of development in the requested area.
2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, by May 31, 2008, a copy of the AOC for the installation of the storage tanks, with no time extension allowed.
3. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the arsenic treatment system.
4. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation from ADWR that includes the requested area.
5. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 45 days of the effective date of an order in this proceeding, a curtailment tariff for Staff's review and certification.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells *bw*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: August 6, 2007

RE: **BACA FLOAT WATER COMPANY (DOCKET NO. WS-01678A-07-0116)**
REVISED LEGAL DESCRIPTION

The area requested by Baca Float for an extension of water service has been plotted with no complications using a revised legal description, which was docketed on August 3, 2007. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

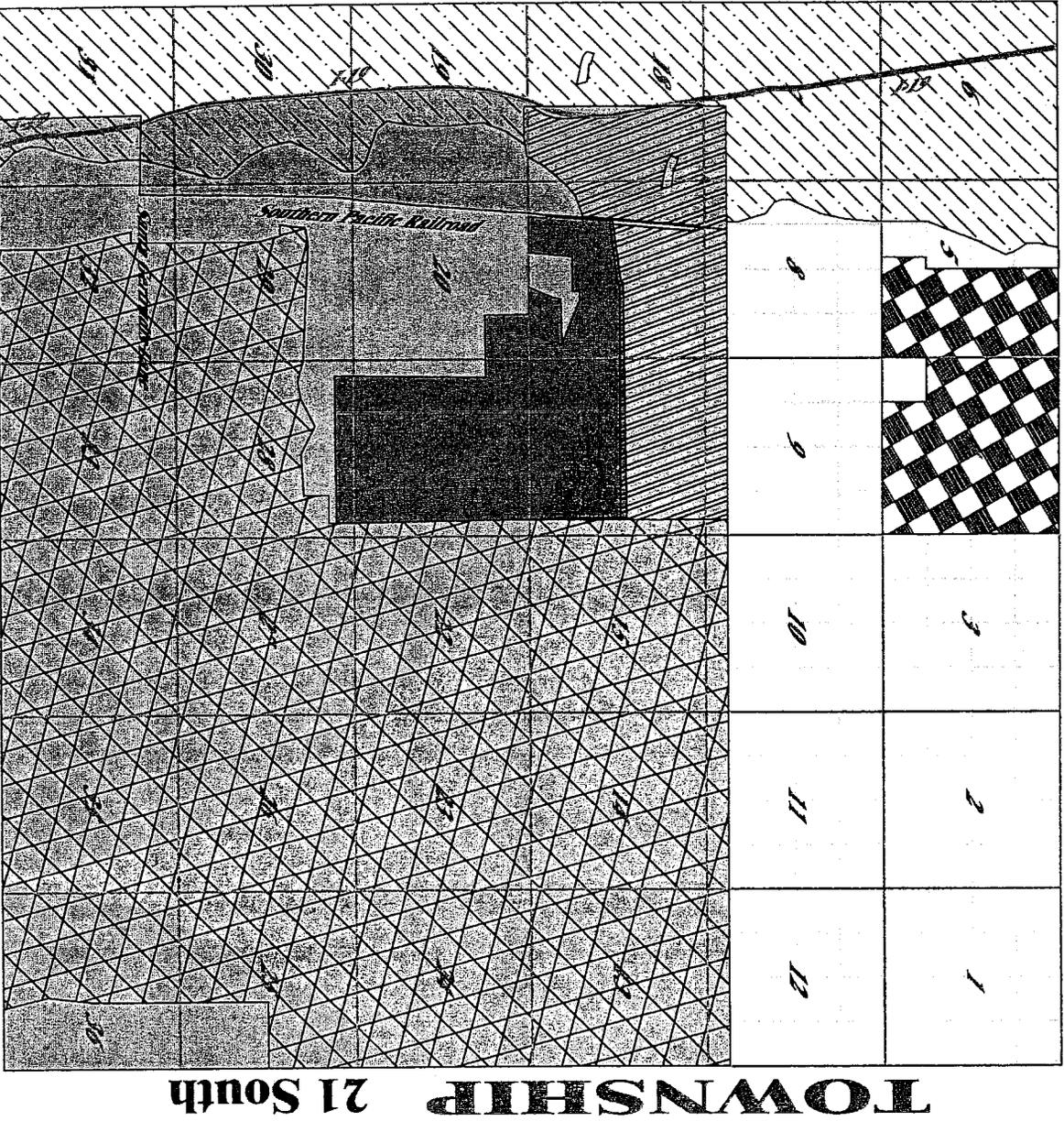
:bsw

Attachments

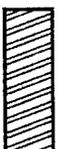
cc: Ms. Marcie Shuman
Ms. Deb Person (Hand Carried)
File

COUNTY Santa Cruz

RANGE 13 East



TOWNSHIP 21 South

-  WS-1303 (3)
Arizona-American Water Company
-  WS-1678 (1)
Baca Float Water Company, Inc.
-  WS-2676 (6)
Rio Rico Utilities, Inc.
-  W-2419 (2)
Tubac Water Company, Inc.
-  (1)
Baca Float Water Company, Inc.
Docket No. WS-01678A-07-0116
Application for Extension for Water
-  Sewer
-  Sewer

Description of Proposed C.C.& N. Area
Within Baca Float No. 3

All that portion of the Baca Float No. 3, as said Baca Float No. 3 is shown on the Official Plat thereof, approved by the U.S. Surveyor General's Office on Nov. 23rd, 1906, described as follows;

Being portions of Protracted Sections 16,17, 20, 21 and 28, Township 21 South, Range 13 East, G. & S.R.B.& M., Santa Cruz County, Arizona, described as follows;

Beginning at the point of intersection of the Section line common to said Sections 17 and 20 with the easterly right-of-way line of the Tucson-Nogales Railroad, from which the one-quarter corner common to said Sections bears South 89°46'59" East, 1583.43 feet, more or less; said point of beginning is further described as being the southwest corner of that certain parcel of land described as the 6th parcel in the Decree of Distribution of the Estate of Pearl E. Clark, recorded in the Office of the Recorder of Santa Cruz County, Arizona, in Docket 160 at Page 554, hereinafter referred to as DR #7 (Deed Reference No. 7) and is further described as being a point on the north line of that certain parcel of land described in the Bargain and Sale Deed from O.J. Bennett and Margaret Bennett to Thomas Casanega, recorded in the Office of said Recorder in Book 5 of Deeds at Page 190, hereinafter referred to as DR # 8;

Thence, from said point of beginning, along the westerly line of said DR #7 and along the easterly right-of-way of said Railroad, the following three (3) courses;

1. **North 04°23'24" East 543.35 feet**, more or less,
2. **North 85°36'36" West 50 feet**, more or less, and
3. **North 04°23'24" East 1980.27 feet**, more or less, to the northwest corner of DR #7; said point is further described as being the southwest corner of that certain parcel of land described as the 4th parcel in the Executor's Deed (Estate of Franklin T. Clark) to Clyde F. Lewis and Marie W. Lewis, recorded in the Office of said Recorder in Book 33 of Deeds at Page 221, hereinafter referred to as DR # 16; said point being also the southwest corner of the parcel described in Tract No. 2 of the "Franchise to: Baca Float Water Co. Inc.", recorded in the Office of said Recorder in Docket 21 at page 419, hereinafter referred to as DR # 14;

Thence, along the line common to DR # 7, DR # 16 and DR # 14, the following three (3) courses;

1. **North 82°04'45" East 1757.27 feet**,

2. **North 02°55'23" East 18.49 feet,**
3. **North 87°47'23" East 73.35 feet** to the southeast corner of said DR # 16, being also a point on the westerly line of that certain parcel of land described in the Deed from Baca Float Ranch, Inc. to E.R. Clark and Pearl E. Clark, recorded in the Office of said Recorder in Book 27 of Deeds at Page 247, hereinafter referred to as DR #2;

Thence, along the line common to DR # 2 and DR # 16, and continuing along the southerly line of DR # 14, **North 07°12'20" East 57.35 feet**, more or less, to the northwest corner of DR # 2, being also the southwesterly corner of that certain parcel of land described in the Deed from Baca Float Ranch, Inc. to Everett S. Sholes, recorded in the Office of said Recorder, in Book 23 of Deeds at Page 39, hereinafter referred to as DR #1, and being also the southwest corner of that certain Record of Survey entitled Tubac Ranch Estates, recorded in the Office of said Recorder in Book 1 of Surveys at Pages 20 & 21, hereinafter referred to as DR #15;

Thence, along the line common to said DR # 2, DR # 1 and DR # 15, and continuing along the southerly line of DR # 14, **North 89°22'04" East 7020.24 feet**, more or less, to the southeast corner of DR # 1, DR # 15 and DR # 14, being also the northeast corner of DR # 2 and being also a point on the westerly line of that certain Record of Survey entitled Tubac Foothills Ranch III, recorded in the Office of said Recorder in Book 2 of Surveys at Page 102,

Thence, along the easterly and southerly lines of DR #2 and along the westerly line of said Tubac Foothills Ranch III, and along the westerly line of that certain Record of Survey entitled Tubac Foothills Ranch I, recorded in the Office of said Recorder in Book 2 of Surveys at Page 64, and along the westerly and northerly lines, of Rio Rico Estates No. 16, the Official Plat of which is recorded in the Office of said Recorder in Book 3 of Maps and Plats at Page 18, the following two (2) courses;

1. **South 00°42'18" East 8726.71 feet**, and
2. **South 89°27'50" West 4390.70 feet**, more or less, to the southwesterly corner of DR # 2, being also the southeasterly corner of that certain parcel of land described in the Deed from the Sheriff of Santa Cruz County, Arizona to The American Exchange National Bank, recorded in the Office of said Recorder in Book 15 of Deeds at Page 506 (known as the Weldon Bailey Parcel), hereinafter referred to as DR #6;

Thence, along the common line between DR # 2 and DR #6, the following four (4) courses;

1. **North 00°51'49" East 4544.91 feet**, more or less,
2. **South 89°20'38" West 1849.83 feet**, more or less,

3. **North 00°43'37" West 1313.16 feet**, more or less, and
4. **North 89°41'48" West 815.09 feet** more or less to the point of beginning of said DR # 2. Said point is further described as being a point on the north line of DR # 8, and is further described as being southeast corner of DR# 7, from which the one-quarter section corner common to said Sections 17 & 20 bears North 89°41'48" West 505.59 feet more or less;

Thence, along the westerly line of said DR # 2, being also the easterly line of said DR # 7, the following two (2) courses,

1. **North 23°15'07" East 781.00 feet**, more or less, and
2. **North 11°05'25" East 260 .31 feet**, more or less to the southwest corner of that certain parcel of land described as "EXCEPT FROM" in the Deed from E.R. and Pearl E. Clark to R.L. and Joyce W. Kettenbach, recorded in the office of said Recorder in Docket 17 at Page 156, hereinafter referred to as DR # 10, being also the southwesterly corner of that certain Parcel of land described in the Deed from Myron Clark to Maynard Clark, recorded in the office of said Recorder in Docket 280 at Page 149, hereinafter referred to as DR # 11;

Thence, along the south line of said DR # 10 and DR #11, **North 88°49'14" East 1328.79 feet**, more or less to the southeast corner of said DR # 10 and DR #11;

Thence, along the northerly line of said DR # 11, **North 67°28'11" West 1371.90 feet**, more or less, to the westerly terminus of that certain course delineated as North 67°05'18" West " in the Special Warranty Deed from Tres Alamos Land & Cattle Co., LLC to Presidio de Tubac, LLC, recorded in the Office of said Recorder in Instrument No. 2006-16413; hereinafter referred to as DR # 12

Thence, along the southerly and easterly lines of said DR # 12, and along the northerly and westerly lines of that certain parcel of land described as the Total Parcel in the Deed from Myron D. Clark to Myron D. Clark and Katherine Clark, recorded in the office of said Recorder in Docket 830 at Page 867, hereinafter referred to as DR # 13, the following four (4) courses;

1. **South 89°39'54" West 270.68 feet**,
2. **South 02°59'42" West 198.63 feet**,
3. **South 89°38'38" West 1040.21 feet**, and
4. **South 04°51'48" West 1319.79 feet**, more or less, to the southwesterly corner of said DR # 13, being also a point on the section line common to Sections 17 and 20, from which the south one-quarter corner common to said Sections 17 and 20 bears South 89°46'59" East 507.84 feet, more or less,

Thence, along the south line of said DR # 7 and along the north line of said DR # 8, and along the section line common to Sections 17 and 20, **North 89°46'59" West 1075.59 feet**, more or less, to the point of beginning.

Containing 1168.30 Acres of land, more or less

July 27, 2007
J.N. 3315-10

**Baca Float Water Company
(07-0116)**

September 5, 2007

Staff's revised recommendations:

ADWR - Designation of Assured Water Supply

1. Staff recommends that the Company update its service area map to include the requested area in this CC&N extension application and file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of such map.
2. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a letter from ADWR indicating that the CC&N extension area is included within the Company's Designation.

ADEQ - Certificate of Approval of Construction ("AOC")

(Staff would accept the Company's request for the one year filing)

3. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within one year of the effective date of an order in this proceeding, a copy of the AOC for the installation of the storage tanks.

Rate Case Filing

4. Staff recommends that the Company file a rate case by May 31, 2009 using a 2008 Test Year.

