



0000090363

14

**Transcript Exhibit(s)**

Docket #(s): W-02169A-08-0301

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Exhibit #: A1-A8, S1

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Arizona Corporation Commission

**DOCKETED**

NOV 13 2008

DOCKETED BY	
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AZ CORP COMMISSION  
DOCKET CONTROL

2008 NOV 13 P 00

RECEIVED

A-1

1 Richard L. Sallquist (002677)  
Sallquist, Drummond & O'Connor, P.C.  
2 4500 S. Lakeshore Drive  
Suite 339  
3 Tempe, Arizona 85282  
(480) 839-5202

4 Attorneys for Keaton Development Company

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE APPLICATION OF )  
7 KEATON DEVELOPMENT COMPANY FOR )  
AN EXTENSION OF ITS CERTIFICATE OF )  
8 CONVENIENCE AND NECESSITY FOR THE )  
PROVISION OF WATER SERVICE IN )  
9 PORTIONS OF LA PAZ COUNTY, ARIZONA, )

DOCKET NO. W-02169A-08-\_\_\_\_\_

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

11 This Application is substantially in the form prescribed by the Commission.

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

**Keaton Development Company  
P.O. Box 905  
Salome, Arizona 85348  
(928) 859-3982**

15 B. The name, address and telephone number of management contact:

**William Scott, President  
P.O. Box 905  
Salome, Arizona 85348  
(928) 859-3982**

18 C. List the name, address and telephone number of the operator certified by the Arizona  
19 Department of Environmental Quality:

**Joseph V. Fiano  
Water Treatment Operators  
and Environmental Consultants  
14615 N. Fountain Hills Boulevard  
Fountain Hills, Arizona 85268  
(480) 837-6438**



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

2 **Sallquist, Drummond & O'Connor, P.C.**  
3 **Richard L. Sallquist**  
4 **4500 S. Lakeshore Drive**  
5 **Suite 339**  
6 **Tempe, Arizona 85282**  
7 **(480) 839-5202**

8 E. Attach the following exhibits that apply to you:

9 1. Certificate of Good Standing (if corporation)

10 **Please see attached Exhibit A.**

11 2. Corporate Resolution Authorizing this application (if required by the corporation's  
12 Articles of Incorporation)

13 **N/A**

14 F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section  
15 description) or **METES AND BOUNDS** survey. References to parcels and docket will  
16 not be accepted.

17 **Please see attached Exhibit B.**

18 G. Attach a detailed map using the form provided as attachment B. Shade and outline the area  
19 requested. Also indicate present Certificated area using different colors of shading and  
20 outline.

21 **Please see attached Exhibit C.**

22 H. Attach a current balance sheet and profit and loss statement.

23 **Please see attached Exhibit D.**

I. Please provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in  
each of the next five years:

**Please see attached Exhibit E.**

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**Residential:**

First Year \_\_ Second Year \_\_ Third Year  
Fourth Year \_\_ Fifth Year

**Commercial:**

First Year -0- Second Year -0- Third Year -0-  
Fourth Year -0- Fifth Year -0-

**Industrial:**

First Year -0- Second Year -0- Third Year -0-  
Fourth Year -0- Fifth Year -0-

**Irrigation:**

First Year -0- Second Year -0- Third Year -0-  
Fourth Year -0- Fifth Year -0-

**Other: (specify)**

First Year -0- Second Year -0- Third Year -0-  
Fourth Year -0- Fifth Year -0-

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

**Please see attached Exhibit E.**

**Residential Per Customer:**

First Year      Second Year  
Third Year      Fourth Year      Fifth Year

**Commercial:**

First Year      N/A      Second Year \_\_\_\_\_  
Third Year \_\_\_\_\_ Fourth Year \_\_\_\_\_ Fifth Year \_\_\_\_\_

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**Industrial:**

First Year N/A Second Year \_\_\_\_\_ Third Year \_\_\_\_\_

Fourth Year \_\_\_\_\_ Fifth Year \_\_\_\_\_

**Irrigation:**

First Year N/A Second Year \_\_\_\_\_ Third Year \_\_\_\_\_

Fourth Year \_\_\_\_\_ Fifth Year \_\_\_\_\_

**Other: (specify)**

First Year N/A Second Year \_\_\_\_\_ Third Year \_\_\_\_\_

Fourth Year \_\_\_\_\_ Fifth Year \_\_\_\_\_

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

**Please see attached Exhibit E.**

First Year \$ Second Year \$ Third Year \$

Fourth Year \$ Fifth Year \$

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

**Please see attached Exhibit E.**

First Year \$ Second Year \$ Third Year \$

Fourth Year \$ Fifth Year \$

- J. Total estimated cost to construct utility facilities to serve customers in the requested area:

**Please see Exhibit J**

- K. Explain method of financing utility facilities (see paragraph 8 of instructions)

**On-site facilities will be financed by the Developer using line extension agreements that will be submitted to the Commission.**

1 L. Estimated starting and completion date of construction of utility facilities:  
2 Starting date: **Upon ACC Approval** Completion date: **60 Days thereafter**

3 M. Attach the following permits:

4 1. Franchise from either the City or County for the area requested.

5 **To be late filed as Exhibit F.**

6 2. Arizona Department of Environmental Quality or designee's approval to construct  
7 facilities.

8 **Please see attached Exhibit G.**

9 3. Arizona State Land Department approval. **N/A**

10 4. U.S. Forest Service approval. **N/A**

11 5. (WATER ONLY) If the area requested is within an Active Management Area,  
12 attach a copy of either the utility's Designation of an Assured Water Supply or the  
13 developer's Certificate of 100 Year Assured Water Supply issued by the Arizona  
14 Department of Water Resources.

15 **Please see attached application marked as Exhibit H.**

16 If area requested is outside an Active Management Area, attach the developer's  
17 Adequacy Statement issued by the Arizona Department of Water Resources if  
18 applied for by the developer. **N/A**

19 If area requested is outside an Active Management Area and the developer does not  
20 obtain an Adequacy Statement, provide sufficient detailed information to prove that  
21 adequate water exists to provide water to the area requested. **N/A**

22 N. Attached hereto as **Exhibit I** are the Requests for Service from all Property Owners within  
23 the requested Expansion Area.

O. None of the area requested in the Expansion Area is within one mile of another public  
service area or a municipality providing water service.

P. Attached hereto as **Exhibit J** is the Company's Preliminary Engineering Report on the  
facilities needed to serve the Expansion Area.

Q. Wastewater service to the Expansion Area is provided by individual on-site septic tanks.

1 R. There are no golf courses, ornamental lakes, other aesthetic water features, greenbelts, or  
2 parks within the Expansion Area.

3 S. The Company's Back-Flow Prevention and Curtailment Tariffs are on file with the  
4 Commission.

5 T. Attached hereto as **Exhibit K** is an Engineering Data Sheet showing the customer count and  
6 consumption data for the latest 13 month period.

7 U. Attached hereto as **Exhibit L** is a form of Notice to property owners in the Expansion Area.  
8 The signed affidavit of mailing or publication will be late filed as an exhibit.

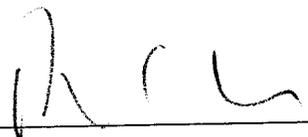
9 **DATED** this 13<sup>th</sup> day of June, 2008.

10 SALLQUIST, DRUMMOND & O'CONNOR, P.C.

11 By   
12 Richard L. Sallquist  
13 4500 S. Lakeshore Drive, Suite 339  
14 Tempe, Arizona 85282  
15 Attorney for Keaton Development Company

16 Original and ten copies of the  
17 foregoing filed this 13 day  
18 of June, 2008, with:

19 Docket Control  
20 Arizona Corporation Commission  
21 1200 West Washington  
22 Phoenix, Arizona 85007

23 

**LIST OF EXHIBITS**

<b><u>EXHIBIT</u></b>	<b><u>DESCRIPTION</u></b>
A.	CERTIFICATE OF GOOD STANDING
B.	LEGAL DESCRIPTION
C.	MAP OF EXISTING AND REQUESTED AREA
D.	2007 FINANCIAL STATEMENTS
E.	CUSTOMER COUNT AND REVENUE/EXPENSE COMPUTATIONS
F.	COUNTY FRANCHISE (Late Filed)
G.	ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY APPROVALS (Late Filed)
H.	APPLICATION FOR CERTIFICATE OF ADEQUATE WATER SUPPLY (Late Filed)
I.	REQUESTS FOR SERVICE
J.	PRELIMINARY ENGINEERING REPORT
K.	ENGINEERING DATA SHEET
L.	FORM OF NOTICE TO PROPERTY OWNERS

# 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

**\*\*\*KEATON DEVELOPMENT COMPANY\*\*\***

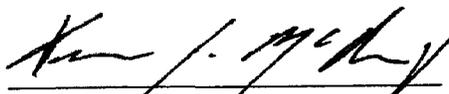
a domestic corporation organized under the laws of the State of Arizona, did incorporate on April 26, 1971.

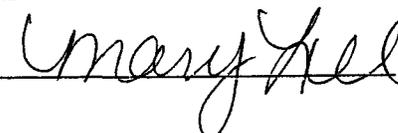
I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, 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, 2007, A. D.



  
Executive Director

By 

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**LEGAL DESCRIPTION**

**(Please see Attached)**

EXHIBIT " \_\_\_\_ "

That portion of the NW 1/4 of Section 20, Township 5 North, Range 13 West, Gila and Salt River Meridian, La Paz County, Arizona, being more particularly described as follows:

Lot 3, Lot 4, and Lot 5 as shown on that Results of Survey on file at Record No. 1999-04542, Official Records of La Paz County, Arizona, and being more particularly described as follows:

BEGINNING at a brass cap in concrete marked "Holmquist RLS25074" at the West 1/4 Corner of said Section 20, said brass cap also being the Southwesterly corner of said Lot 5;

Thence  $N0^{\circ}04'08''W$  along the West line of said NW 1/4 of said Section 20 (Westerly line of said Lot 5 and Lot 4) a distance of 1178.01 feet to an ADOT brass cap in concrete on the Southerly right-of-way line of U.S. Highway 60-70 (Northwesterly corner of said Lot 4);

Thence  $N56^{\circ}24'10''E$  along said right-of-way line (Northerly line of said Lot 5 and Lot 3) a distance of 1277.45 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" (Northerly corner of said Lot 3);

Thence  $S33^{\circ}35'50''E$  along the Northeasterly line of said Lot 3 a distance of 632.12 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598";

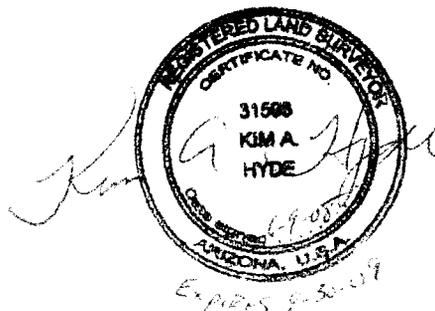
Thence  $S89^{\circ}50'04''E$  continuing along the Northeasterly line of said Lot 3 a distance of 1241.65 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" on the East line of said NW 1/4 of Section 20 (Northeasterly corner of said Lot 3);

Thence  $S0^{\circ}00'51''E$  along the East line of said NW 1/4 of Section 20 (Easterly line of said Lot 3 and Lot 5) a distance of 1355.75 feet to a 1/2" rebar with yellow plastic cap marked "RLS25074" at the Center 1/4 Corner of said Section 20 (Southeasterly corner of said Lot 5);

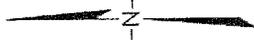
Thence  $N89^{\circ}58'45''W$  along the South line of said NW 1/4 of Section 20 (Southerly line of said Lot 5) a distance of 2654.40 to the POINT OF BEGINNING.

Containing 89.1 acres, more or less.

Basis of Bearings is  $N56^{\circ}24'10''E$  along the Southerly right-of-way line of the Quartzsite-Wickenburg Highway (U.S. 60-70) as shown on the Arizona Highway Department right-of-way plans for Project F-022-1(1), sheet 5 of 46, As-Built, 12-07-61.



BOOK	MAP	PG.
304	69	
TWNS.	RANGE	SEC.
5 N	13 W	20
SECTION DETAIL:		
AREA CODE:	REVISION:	
3001	9/20/05	

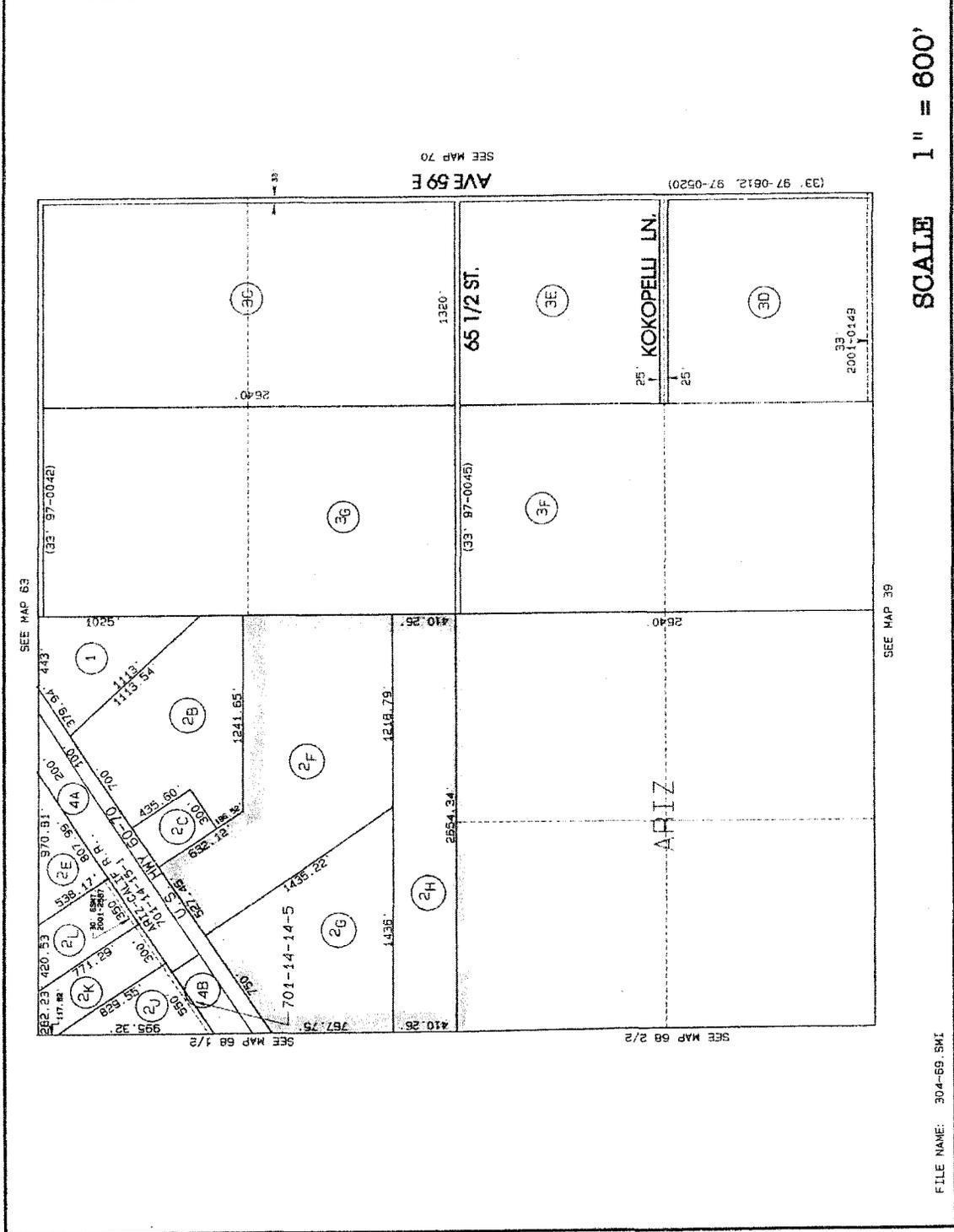


REDUCTIONS  
NOT TO SCALE

**LA PAZ COUNTY  
ASSESSOR**

**GEORGE NAULT**

ASSESSOR PARCEL MAP  
FOR INFORMATION ONLY  
NO LIABILITY ASSUMED

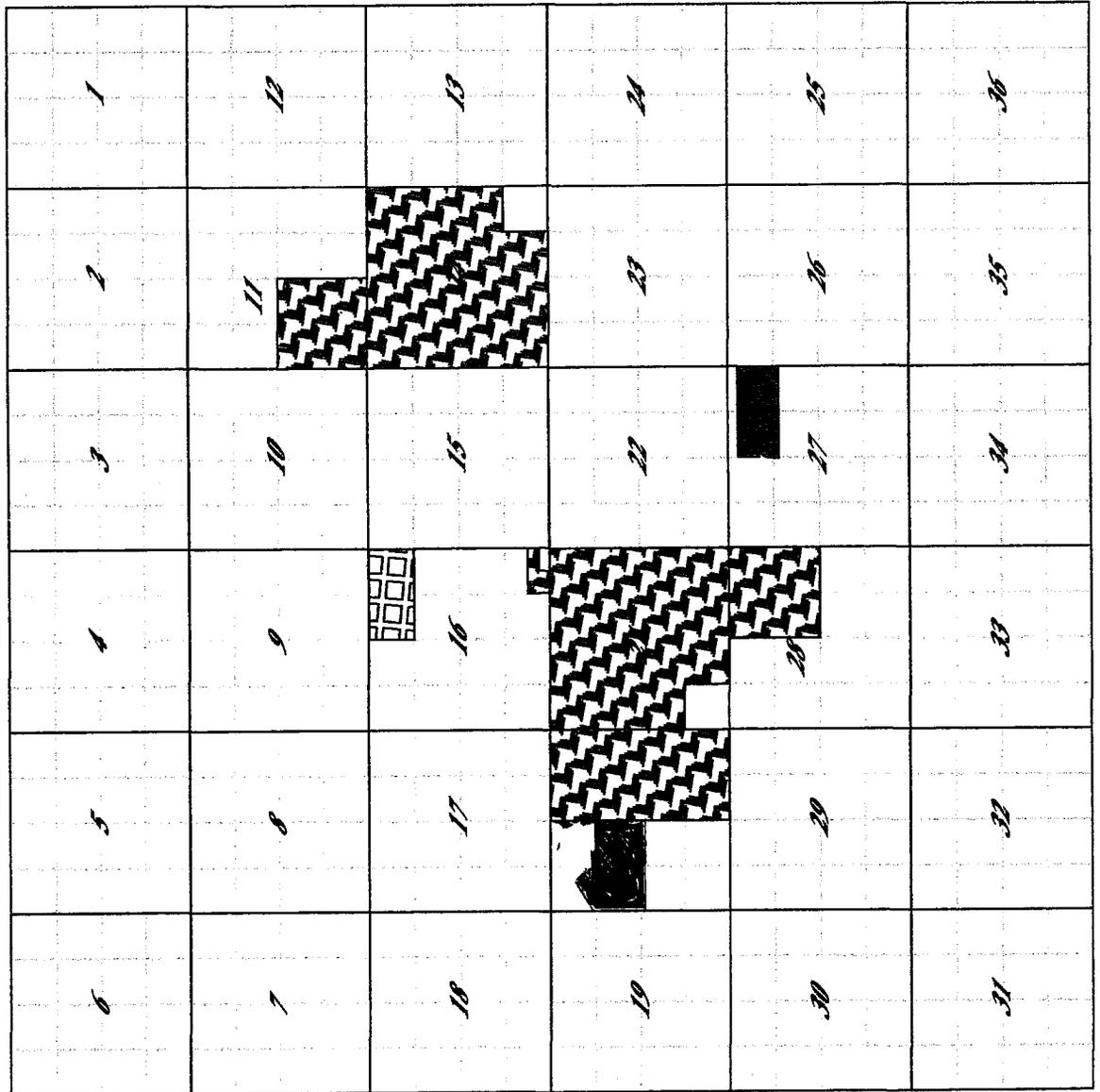


SCALE 1" = 600'

# COUNTY: La Paz

## RANGE 13 West

## TOWNSHIP 5 North



 W-2169 (1)  
Keaton Development Company

 W-1084 (1)  
Salome Water Company

 Keaton Development Company  
Docket No. W-02169A-07-0098  
Amended Application for Extension

 Keaton Development Company  
Docket No. W-02169A-08-0\_\_\_\_  
Filed June 2008

12:23 PM  
06/09/08  
Cash Basis

Keaton Development Company  
Balance Sheet  
As of December 31, 2007

	Dec 31, 07
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 - Bank Accounts	
1002 - Checking NBA 7609	-3,371.40
1010 - Petty Cash	1,773.69
1020 - Checking WF Bank	-11.00
Total 1000 - Bank Accounts	-1,608.71
Total Checking/Savings	-1,608.71
Accounts Receivable	
1200 - Accounts Receivable	-2,742.79
Total Accounts Receivable	-2,742.79
Total Current Assets	-4,351.50
Fixed Assets	
1610 - Land	8,200.00
1620 - Plant & Equipment	
162001 - Power Generating Equipment	25,693.94
162002 - Buildings	35,608.05
162003 - Pumping Eqt & Appurtanances	84,559.36
162004 - Hydrants	26,856.12
162005 - Meters	2,614.75
162006 - Tanks	45,101.67
Total 1620 - Plant & Equipment	220,413.89
1630 - Wells & Springs	
163003 - Well #3	10,000.00
1630 - Wells & Springs - Other	72,495.45
Total 1630 - Wells & Springs	82,495.45
1640 - Water Distribution Lines	
164001 - Spare parts	3,221.93
164002 - Installed Lines	307,356.81
Total 1640 - Water Distribution Lines	310,578.74
1650 - Office Eqt & Furn	4,709.09
1660 - Vehicles	3,000.00
1670 - Organization	1,250.00
1700 - Accumulated Depr	-263,345.85
Total Fixed Assets	364,301.32
Other Assets	
1810 - Loans to/from Officer	107,633.22
Total Other Assets	107,633.22
<b>TOTAL ASSETS</b>	<b>467,583.04</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2200 - Payable to Southridge	18,610.00
2300 - Refundable Customer Deposits	4,771.36
2400 - Payroll Liabilities	
2410 - Federal Withholding	-230.93
2425 - Medicare Withheld	74.84
2400 - Payroll Liabilities - Other	5.00
Total 2400 - Payroll Liabilities	-151.15
Total Other Current Liabilities	23,230.21

12:23 PM  
06/09/08  
Cash Basis

**Keaton Development Company**  
**Balance Sheet**  
As of December 31, 2007

	<u>Dec 31, 07</u>
<b>Total Current Liabilities</b>	23,230.21
<b>Long Term Liabilities</b>	
2800 · N/P - Adv in Aid of Constr	
280002 · Sunshine Acres-Jim Cox	700.00
280003 · PhoenixAtlantic Properties	7,175.00
<b>Total 2800 · N/P - Adv in Aid of Constr</b>	7,875.00
2910 · WIFA Loan Payable	34,938.82
2920 · LaPaz County Back Taxes	16,598.68
2930 · Chapter 11 Payable	68,549.49
<b>Total Long Term Liabilities</b>	127,961.99
<b>Total Liabilities</b>	151,192.20
<b>Equity</b>	
3000 · Opening Bal Equity	252,004.81
3100 · Common Stock	50,000.00
3101 · Paid in Capital	25,000.00
3900 · Retained Earnings	4,761.36
Net Income	-15,375.33
<b>Total Equity</b>	316,390.84
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>467,583.04</u></u>

12:23 PM  
06/09/08  
Cash Basis

Keaton Development Company  
Profit & Loss  
January through December 2007

	Jan - Dec 07
<b>Income</b>	
<b>4010 · Revenues</b>	
401001 · Residential Water Revenues	181,451.84
401002 · Income from Late Fees	599.06
401003 · New Service/Reconnect Fees	3,113.78
401006 · Reimbursed Repairs	792.70
4011 · xLess Sales Tax	-11,919.72
<b>Total 4010 · Revenues</b>	<b>74,037.66</b>
<b>Total Income</b>	<b>174,037.66</b>
<b>Expense</b>	
<b>6010 · Payroll Expenses</b>	
601001 · Casual Labor	684.01
601003 · Officer Salary	9,433.00
601004 · Wages - Hourly	35,883.75
601005 · Payroll tax expense	4,581.00
601006 · Commission - Meter Reading	3,603.75
601007 · Work Comp Insurance	2,665.78
<b>Total 6010 · Payroll Expenses</b>	<b>56,853.29</b>
<b>6110 · Office Expenses</b>	
611001 · Bank Service Charges	919.87
611002 · Supplies	2,734.70
611003 · Postage & Delivery	1,736.10
611005 · Advertising	18.00
611006 · Telephone & Internet	6,146.38
611007 · Dues & Subscriptions	411.97
<b>Total 6110 · Office Expenses</b>	<b>11,967.02</b>
<b>6120 · Auto Expense</b>	
612001 · Fuel	6,142.03
612002 · Tax & License	356.17
612003 · Repairs & Maintenance	7,559.37
612004 · Insurance	914.53
<b>Total 6120 · Auto Expense</b>	<b>13,972.10</b>
<b>6210 · Professional Fees</b>	
621001 · Legal & Other Professional	5,000.00
621002 · Accounting	2,350.00
621003 · Management Fees	27,529.98
<b>Total 6210 · Professional Fees</b>	<b>34,879.98</b>
6310 · Utilities	19,189.97
6330 · Repairs & Maintenance	17,941.26
6340 · Water Testing & Fees	6,604.43
6350 · Mapping & Surveying	150.00
6510 · Insurance	5,218.00
6600 · Property Taxes - Current	10,709.29
6730 · Rental - Equipment	994.25
6810 · Permits/Licenses/Fees/Penalties	470.26
6820 · Interest Expense	
682001 · WIFA Interest	2,101.54
<b>Total 6820 · Interest Expense</b>	<b>2,101.54</b>
6899 · Chapter 11 Quarterly Fees	1,750.00
6901 · Bankruptcy Payments	6,611.60
<b>Total Expense</b>	<b>189,412.99</b>
<b>Net Income</b>	<b>-15,375.33</b>

**KEATON DEVELOPMENT COMPANY**  
**Sunland Estates Development**  
 CC&N Application Revenue and Expense Computation

**Revenue Computation**

Developer/Owner	Tax Parcel Number	Total Lots	2009	2010	2011	2012	2013
Phoenix Atlantic	2G,2H,2F	228					
Total			50	50	50	50	28
Average New Customers during Year			25	75	125	175	214

Year-end Additional Customers

**Rates**

WATER	
Meter Size	5/8 x 3/4
Average Monthly Consumption	7,500
Monthly Minimum	\$ 16.00
Gallons included in Minimum	0
Commodity Charges:	
'0 to 8,000 Gallons	\$ 3.00
'8,001 & Over	\$ 4.25
Average Monthly Bill	\$ 47.88

Annual Water Revenues

\$ 14,363	\$ 43,088	\$ 71,813	\$ 100,538	\$ 122,943
-----------	-----------	-----------	------------	------------

**Expense Computation**

Ratio of Expenses to Revenue Water 91.76%

Annual Water Expenses

\$ 13,179	\$ 39,538	\$ 65,896	\$ 92,254	\$ 112,814
-----------	-----------	-----------	-----------	------------

**EXHIBIT E**

**Request of Real Estate Property annexation to  
Keaton Development Co.'s Water Services Area  
Salome, La Paz County, AZ**

**To:  
KEATON DEVELOPMENT CO  
P.O. BOX 905  
SALOME, AZ 85348**

**Tel. (928) 859-3982  
Fax (928) 859-3984**

To Whom It May Concern:

I request Keaton Development Co. to provide water services to my property.

I understand that my property must be annexed to Keaton's Certificate of Convenience and Necessity and will post the appropriate amount of money for legal and other costs.

My information:

Name: PHOENIX ATLANTIC PROPERTIES L.L.C.

Address: 7349 Via paseo del sur # 515-173

Phone: (480) 905-1076

APN of the property to be annexed: 304-69-002G, 304-69-002H & 304-69-002F

Signature:   
By: Francois Martinet, Manager

Date: 10-10-2007

**EXHIBIT I**

SUNLAND ESTATES  
PRELIMINARY DESIGN REPORT  
FOR  
POTABLE WATER SERVICE  
FROM  
KEATON DEVELOPMENT COMPANY

PREPARED BY  
THE HARCUVAR CO.  
P. O. BOX 70  
SALOME, AZ 85348  
928-859-3647  
[jim@harcuvarco.com](mailto:jim@harcuvarco.com)

CONTENTS  
PARAGRAPHS 1 - 7  
FIGURES 1 - 5

**EXHIBIT J**

## 1.0 INTRODUCTION

Sunland is a 228 lot residential subdivision currently going through the plat approval process in La Paz County. A portion of Sunland is within the Keaton CC&N. The balance will be added to the CC&N. Due to Sunland's distance from Keaton and higher elevation, Keaton's pressure pumps can not supply Sunland without significantly raising distribution system operating pressures to existing customers. Therefore, Sunland will occupy a separate pressure zone. Well and storage improvements will serve existing customers and Sunland. Sunland will be served by separate pressure pumps and pressure tanks, supplied from the common storage tanks and wells.

## 2.0 KEATON'S EXISTING WATER USE

See Figure 1.

## 3.0 SUNLAND PROJECTED WATER USE

Sunland use and demand are projected to be greater than Keaton's existing customers. See Figure 2 for a projection of use and demand for each lot. See Figure 3 for projected use and demand for Sunland at build out. The annual water use for the new lots that are within Keaton's CC&N is projected to be 13.7 mgal/year. The annual water use for those lots proposed to be added to Keaton's CC&N is projected to be 7.1 mgal/year.

## 4.0 SUNLAND PROJECTED & KEATON EXISTING WATER USE & DEMAND

See Figure 3 for projection of water use and demand for Sunland combined with Keaton's existing.

## 5.0 KEATON EXISTING SUPPLY FACILITIES

See Figure 4 for a description of Keaton's existing wells, storage, pressure pumps and pressure tank. These data were provided from a report, funded by WIFA, done for Keaton by Gannett Fleming. Figure 4 also provides projected Keaton system additions required by Sunland at build out.

### 5.1 Wells

At build out the pump in Keaton well 2 will be replaced with a pump that discharges at least 147 gpm.

## 5.2 Storage

Storage requirements were calculated two ways.

(1) (Max day+fire flow volume)-smallest well daily flow-existing storage+equalization and dead storage=new storage. From Figures 3 and 4,  $317,154 - 211,680 - 32,000 + 13,708 = 87,182$  gallons of new storage.

(2) (((max day+fire flow)-smallest well flow)\*60)-existing storage+equalization and dead storage=new storage. From Figures 3 and 4,  $((1,086-147)*60) - 32,000 + 13,708 = 38,048$  gallons new storage.

## 5.3 Pressure Pumps

The pumps were selected to provide a total maximum flow of 1,250 gpm.

## 5.4 Pressure tank

A 10,000 gallon pressure tank was chosen due to the extreme range of flows that will be encountered between minimum day and maximum day plus fire flow.

## 5.5 Distribution System

3,960 feet of main will be needed to connect Sunland to Keaton. An additional 32,000 feet of main will be installed within Sunland.

## 6.0 PROJECTED CONSTRUCTION COSTS

See Figure 5.

## 7.0 WATER QUALITY

The water supply will continue to be wells 2 and 3 for existing customers and Sunland. Therefore, no change in water quality or water treatment construction costs are anticipated.

Keaton Actual Water Use 2007

Month	Pumped gal	Sold gal	Conn.	Pumped gpd	Pumped gpd/conn
1	2,329,860	1,957,870	482	76,598	159
2	2,076,486	1,912,050	490	68,268	139
3	2,280,667	2,036,310	488	74,981	154
4	2,101,465	1,927,940	486	69,089	142
5	2,438,984	2,237,600	496	80,186	162
6	2,431,076	2,236,500	484	79,926	165
7	2,442,300	2,236,500	484	80,295	166
8	1,970,909	1,831,700	484	64,797	134
9	2,632,500	2,282,100	482	86,548	180
10	2,242,500	2,086,500	483	73,726	153
11	2,319,900	2,075,100	484	76,271	158
12	1,873,000	1,700,100	485	61,578	127
Total	27,139,647	24,520,270			
Min	1,873,000	1,700,100	482	61,578	127
Avg	2,261,637	2,043,356	486	74,355	153
Max	2,632,500	2,282,100	496	86,548	180

Figure 1

Sunland Water Use and Demand  
 Water use from ADWR and UofA  
 Occupancy from Keaton

Interior	gpcd	(ADWR)	57			
People / du	(US Census)		2.17			
Interior	gpd/du		124			
Exterior	gpd/du	(ADWR)	178			
	Month	Interior gpd/du	Exterior gpd/du	Total gpd/du	Losses gpd/du	Pumped gpd/du
	1	124	64	188	19	207
	2	96	88	183	18	202
	3	85	147	232	23	256
	4	45	220	265	26	291
	5	42	271	314	31	345
	6	45	273	318	32	350
	7	39	288	328	33	361
	8	16	271	287	29	316
	9	86	205	291	29	320
	10	81	154	235	24	259
	11	111	92	203	20	223
	12	94	62	156	16	172
	Total					
	Min	16	62	156		172
	Avg	72	178	250		275
	Max	124	288	328		361
	Average day in maximum month			328		361
	Maximum day			492		541
	Peak hour			983		1,082

Figure 2

Keaton plus Sunland Projected Water Use and Demand

		Sunland Buildout	Keaton Existing	Total
Lots		228	486	714
Water supply				
Minimum day	gpd	39,228	61,578	100,806
	gpm	27	43	70
Average day	gpd	62,722	74,355	137,078
	gpm	44	52	95
Maximum day	gpd	123,315	133,839	257,154
	gpm	86	93	179
Peak hour	gpd	246,630	267,679	514,309
	gpm	171	186	357
Instantaneous	gpm	268	448	608
Fire Flow	gpm	1,000	0	1,000
Fire Storage	gal	60,000	0	60,000
Fire flow + maximum day	gpm	1,086	93	1,179
	gpd	183,315	133,839	317,154
Operational & dead storage	gal	6,272	7,436	13,708

Figure 3

Keaton Existing Facilities and Sunland Additions

		Existing	Sunland Buildout
Well 1	gpm	0	
	gpd	0	
Well 2	gpm	176	176
	gpd	253,440	253,440
Well 3	gpm	138	147
	gpd	198,720	211,680
Total	gpm	314	
	gpd	452,160	
Total existing storage	gal	32,000	
Pressure pump 1	gpm	260	
Pressure pump 2	gpm	200	
Pressure pump 3	gpm	200	
Pressure pump total	gpm	660	
Pressure tank 1	gal	5,000	
New storage	gal		87,182
Pressure pump 4	gpm		250
Pressure pump 5	gpm		290
Pressure pump 6	gpm		290
Pressure pump 7	gpm		420
Pressure pump total	gpm		1,250
Pressure tank 2	gal		10,000

Figure 4

Keaton Additions Required by Sunland at Buildout	
Estimated Construction Costs	
Within Supply Compound	
Well pump installed	\$10,000
Storage installed	\$175,000
Pressure pumps installed	\$22,000
Pressure tank installed	\$50,000
Sub-total	\$257,000
Off site water main with valves, valve boxes, fittings and fire hydrants	\$120,000
On site water main with valves, valve boxes, fittings and fire hydrants	\$960,000
Total	\$1,337,000

Figure 5

## Dick Sallquist

---

**From:** Keaton Development [keatonwater@msn.com]  
**Sent:** Wednesday, June 11, 2008 9:04 AM  
**To:** Dick Sallquist  
**Subject:** FW: Keaton  
**Attachments:** \_0609082233\_001.pdf

---

From: fmartinet@cox.net  
To: keatonwater@msn.com  
Subject: FW: Keaton  
Date: Mon, 9 Jun 2008 22:36:28 -0700

P.Francois Martinet  
Designated Broker  
Net Land Realty, inc.  
Tel. 480-905-1076  
Fax. 480-905-0976  
Cell. 602-903-0914  
Fmartinet@cox.net

---

**From:** Jim Downing [mailto:jim@harcuvarco.com]  
**Sent:** Monday, June 09, 2008 8:30 AM  
**To:** Francois Martinet  
**Subject:** Keaton

I'm going to send the attached to Keaton's lawyer after you review. The costs is figure 5 are for application purposes only. I also have the new legal description.

James D. Downing, P.E.

THE HARCUVAR COMPANY  
66768 Highway 60  
P.O. Box 70  
Salome, AZ 85348  
Phone: (928) 859 3647  
Fax: (928) 859 3145  
Cell: (602) 531 3910

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It's easy to add contacts from Facebook and other social sites through Windows Live™ Messenger. [Learn How.](#)

Keaton Actual Water Use 2007

Month	Pumped gal	Sold gal	Conn.	Pumped gpd	Pumped gpd/conn
1	2,329,860	1,957,870	482	76,598	159
2	2,076,486	1,912,050	490	68,268	139
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6	2,431,076	2,236,500	484	79,926	165
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12	1,873,000	1,700,100	485	61,578	127
Total	27,139,647	24,520,270			
Min	1,873,000	1,700,100	482	61,578	127
Avg	2,261,637	2,043,356	486	74,355	153
Max	2,632,500	2,282,100	496	86,548	180

Figure 1

1 PUBLIC NOTICE OF HEARING ON APPLICATION FOR AN  
2 EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY  
3 BY KEATON DEVELOPMENT COMPANY

4 Keaton Development Company ("Company"), has filed with the Arizona Corporation  
5 Commission ("Commission") an application for a Certificate of Convenience and Necessity  
6 ("CC&N") to provide water service. Our records indicate that you are either currently a customer of  
7 the Company or a property owner in the proposed extension area. If the application is granted the  
8 Company would be the exclusive provider of water service to the proposed area. The Company  
9 will be required by the Commission to provide these services under the rates and charges and terms  
10 and conditions established by the Commission. The granting of the application would not  
11 necessarily prohibit an individual from providing service to themselves from individually-owned  
12 facilities on their property. The application is available for inspection during regular business hours  
13 at the offices of the Commission in Phoenix at 1200 W. Washington Street, and at the Company's  
14 offices in Salome, Arizona.

15 The Commission will hold a hearing on this matter. As a property owner you may have the  
16 right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing  
17 and make a statement on your own behalf. You may contact the Commission at the address and  
18 telephone number listed below for the date and time of the hearing and for more information on  
19 intervention. You may not receive any further notice of the proceeding unless requested by you.

20 If you have any questions or concerns about this application or have any objections to its  
21 approval, or wish to make a statement in support of it, you may write the Consumer Services  
22 Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-  
23 800-222-7000 or appear at the hearing and make comment.

1 Richard L. Sallquist (002677)  
Sallquist, Drummond & O'Connor, P.C.  
2 4500 S. Lakeshore Drive  
Suite 339  
3 Tempe, Arizona 85282  
(480) 839-5202

4 Attorneys for Keaton Development Company

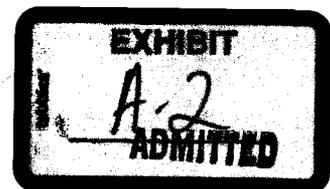
5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE APPLICATION OF )  
7 KEATON DEVELOPMENT COMPANY FOR ) DOCKET NO. W-02169A-08-0301  
AN EXTENSION OF ITS CERTIFICATE OF )  
8 CONVENIENCE AND NECESSITY FOR THE ) **AMENDED APPLICATION**  
PROVISION OF WATER SERVICE IN )  
9 PORTIONS OF LA PAZ COUNTY, ARIZONA, )

10  
11 Keaton Development Company ("Keaton" or the "Company") hereby submits an  
12 amendment to its Certificate of Convenience and Necessity ("CC&N") Extension Application in  
13 the subject Docket, and in support of that Amendment states as follows:

- 14 1. On June 13, 2008, Keaton submitted an Application (the "Application") to extend  
its CC&N.
- 15 2. Subsequent to filing the Application, Keaton received a request from an additional  
16 property owner requesting that its property be included in the extension Application. The Company  
17 has obtained the necessary information regarding that parcel and provides the following revisions to  
18 the Application:

  - 19 A. Exhibit B is hereby replaced with **Revised Exhibit B** and attached hereto, to  
20 add Parcel 2 to the legal description as Page 2 of 2.



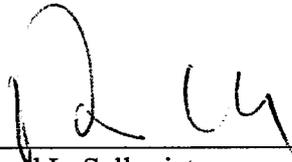
- 1 B. Exhibit C is hereby replaced with **Revised Exhibit C** attached hereto, to  
2 indicate the location of Parcel 2 on the Engineering Division's map dated  
3 June 23, 2008 which was previously filed in this Docket.
- 4 C. Exhibit E is hereby replaced with **Revised Exhibit E** attached hereto, to  
5 show the effect of the additional 73 lots proposed in Parcel 2 on the  
6 Company's revenues and expenses.
- 7 D. Exhibit I is hereby replaced with **Revised Exhibit I**, attached hereto, which  
8 adds Page 2 of 2, the formal Request for Service from the Developer, Laser  
9 Development Partners, LLC, for service to Parcel 2 .
- 10 E. **Exhibit J** is supplemented by stating that the Company has sufficient  
11 capacity to serve the 73 additional lots on Parcel 2, and that the 250-300 feet  
12 of transmission main necessary to serve the parcel, which parcel abuts the  
13 Company's existing CC&N, will be constructed by the Developer under the  
14 Company's standard form Line Extension Agreement.

15 3. All other provisions of the Application are unchanged.

16 WHEREFORE, the Company respectfully requests that the Commission grant the CC&N  
17 for the amended area as set forth in **Revised Exhibit B** hereto.

18 RESPECTFULLY submitted this <sup>3<sup>rd</sup></sup> day of July, 2008.

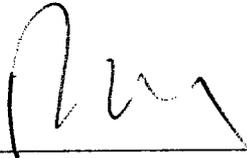
19 SALLQUIST, DRUMMOND & O'CONNOR, P.C.

20  
21 By   
22 Richard L. Sallquist  
23 4500 S. Lakeshore Drive, Suite 339  
Tempe, Arizona 85282  
Attorney for Keaton Development Company

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Original and ten copies of the foregoing filed this 3<sup>rd</sup> day of July, 2008, with:

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



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LIST OF EXHIBITS

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EXHIBIT

DESCRIPTION

REVISED EXHIBIT B.	REVISED LEGAL DESCRIPTION
REVISED EXHIBIT C.	REVISED MAP OF EXISTING AND REQUESTED AREA
REVISED EXHIBIT E.	REVISED CUSTOMER COUNT AND REVENUE/EXPENSE COMPUTATIONS
REVISED EXHIBIT I.	REVISED REQUESTS FOR SERVICE

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**LEGAL DESCRIPTION**

**(Please see Attached)**

## Parcel 1

That portion of the NW 1/4 of Section 20, Township 5 North, Range 13 West, Gila and Salt River Meridian, La Paz County, Arizona, being more particularly described as follows:

Lot 3, Lot 4, and Lot 5 as shown on that Results of Survey on file at Record No. 1999-04542, Official Records of La Paz County, Arizona, and being more particularly described as follows:

BEGINNING at a brass cap in concrete marked "Holmquist RLS25074" at the West 1/4 Corner of said Section 20, said brass cap also being the Southwesterly corner of said Lot 5;

Thence  $N0^{\circ}04'08''W$  along the West line of said NW 1/4 of said Section 20 (Westerly line of said Lot 5 and Lot 4) a distance of 1178.01 feet to an ADOT brass cap in concrete on the Southerly right-of-way line of U.S. Highway 60-70 (Northwesterly corner of said Lot 4);

Thence  $N56^{\circ}24'10''E$  along said right-of-way line (Northerly line of said Lot 5 and Lot 3) a distance of 1277.45 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" (Northerly corner of said Lot 3);

Thence  $S33^{\circ}35'50''E$  along the Northeasterly line of said Lot 3 a distance of 632.12 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598";

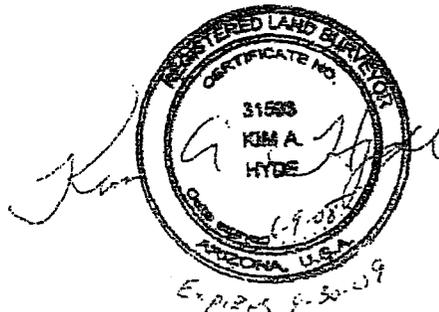
Thence  $S89^{\circ}50'04''E$  continuing along the Northeasterly line of said Lot 3 a distance of 1241.65 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" on the East line of said NW 1/4 of Section 20 (Northeasterly corner of said Lot 3);

Thence  $S0^{\circ}00'51''E$  along the East line of said NW 1/4 of Section 20 (Easterly line of said Lot 3 and Lot 5) a distance of 1355.75 feet to a 1/2" rebar with yellow plastic cap marked "RLS25074" at the Center 1/4 Corner of said Section 20 (Southeasterly corner of said Lot 5);

Thence  $N89^{\circ}58'45''W$  along the South line of said NW 1/4 of Section 20 (Southerly line of said Lot 5) a distance of 2654.40 to the POINT OF BEGINNING.

Containing 89.1 acres, more or less.

Basis of Bearings is  $N56^{\circ}24'10''E$  along the Southerly right-of-way line of the Quartzsite-Wickenburg Highway (U.S. 60-70) as shown on the Arizona Highway Department right-of-way plans for Project F-022-1(1), sheet 5 of 46, As-Built, 12-07-61.



1 **Parcel 2**

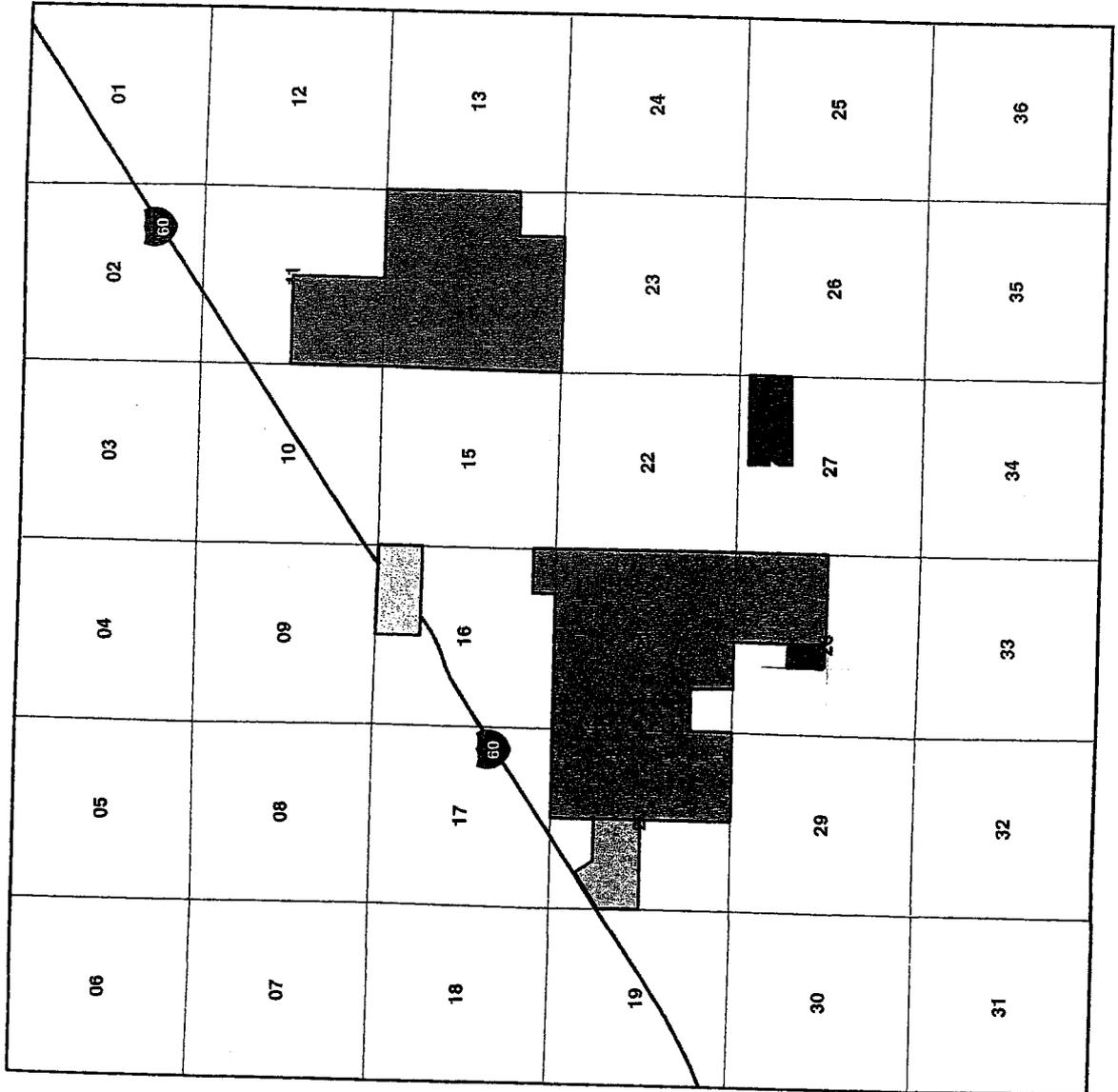
2 LASER Development Partners, LLC  
3 Legal Description

4 The East one-half of the Southeast one-quarter of the Northwest one-quarter of  
5 Section 28, Township 5 North, Range 13 West. G&SRB&M, LaPaz County,  
6 Arizona; EXCEPT the North 33 feet and the East 33 feet thereof.  
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**LA PAZ COUNTY**

**RANGE 13 West**

**TOWNSHIP 5 North**



 W-2169 (1)  
 Keaton Development Company  
 W-1084 (1)  
 Salome Water Company

 (1)  
 Keaton Development Company  
 Docket No. W-02169A-07-0098  
 Application for Extension  
 (1)  
 Keaton Development Company  
 Docket No. W-02169A-08-0301  
 Application for Extension

 (1)  
 Keaton Development Company  
 Docket No. W-02169A-08-0301  
 Application for Extension  
 Amended Application Addition

REVISED EXHIBIT C

**KEATON DEVELOPMENTCOMPANY**  
**Sunland Estates Development**  
 CC&N Application Revenue and Expense Computation

**Revenue Computation**

Developer/Owner	Tax Parcel Number	Total Lots	ANNUAL ABSORPTION				
			2009	2010	2011	2012	2013
Phoenix Atlantic	2G,2H,2F	228		50	50	50	28
LASER Development Partners, LLC		73	15	15	15	14	14
<b>Total</b>		<b>301</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>64</b>	<b>42</b>
Average New Customers during Year			33	90	163	227	280

**Rates**

<b>WATER</b>	
Meter Size	5/8 x 3/4
Average Monthly Consumption	7,500
Monthly Minimum	\$ 16.00
Gallons included in Minimum Commodity Charges:	0
'0 to 8,000 Gallons	\$ 3.00
'8,001 & Over	\$ 4.25
Average Monthly Bill	\$ 47.88

Annual Water Revenues \$ 18,671 \$ 51,705 \$ 93,356 \$ 130,412 \$ 160,860

**Expense Computation**

Ratio of Expenses to Revenue Water 91.76%

Annual Water Expenses \$ 17,133 \$ 47,445 \$ 85,665 \$ 119,667 \$ 147,607

**Request of Real Estate Property annexation to  
Keaton Development Co.'s Water Services Area  
Salome, La Paz County, AZ**

**To:  
KEATON DEVELOPMENT CO  
P.O. BOX 905  
SALOME, AZ 85348**

**Tel. (928) 859-3982  
Fax (928) 859-3984**

To Whom It May Concern:

I request Keaton Development Co. to provide water services to my property.

I understand that my property must be annexed to Keaton's Certificate of Convenience and Necessity and will post the appropriate amount of money for legal and other costs.

My information:

Name: PHOENIX ATLANTIC PROPERTIES L.L.C.

Address: 7349 Via paseo del sur # 515-173

Phone: (480) 905-1076

APN of the property to be annexed: 304-69-002G, 304-69-002H & 304-69-002F

Signature:   
By: Francois Martinet, Manager

Date: 10-10-2007

LASAR DEVELOPMENT PARTNERS, LLC

P.O. Box 908  
Salome, AZ 85348  
602-317-2988

6/20/08

Keaton Development Co.  
PO Box 905  
Salome, AZ 85348

Dear Sirs,

We request Keaton Development Co. provide potable water service to our proposed 73 lot subdivision, located at ( APN 304-87-002F ) (E2 SE4 NW4 Sec 28 T5N R13W) exc Public R/W N 33' and E 33', Salome, AZ.

Sincerely Yours,



William Scott - Manager  
LASAR Development Partners, LLC

el  
A-3

1 Richard L. Sallquist (002677)  
Sallquist, Drummond & O'Connor, P.C.  
2 4500 S. Lakeshore Drive  
Suite 339  
3 Tempe, Arizona 85282  
(480) 839-5202

4 Attorneys for Keaton Development Company

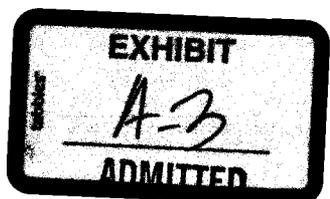
5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6 IN THE MATTER OF THE APPLICATION OF )  
7 KEATON DEVELOPMENT COMPANY FOR ) DOCKET NO. W-02169A-08-0301  
AN EXTENSION OF ITS CERTIFICATE OF )  
8 CONVENIENCE AND NECESSITY FOR THE ) **SECOND AMENDED APPLICATION**  
PROVISION OF WATER SERVICE IN )  
9 PORTIONS OF LA PAZ COUNTY, ARIZONA, )  
)

10 Keaton Development Company ("Keaton" or the "Company") hereby submits a second  
11 amendment to its Certificate of Convenience and Necessity ("CC&N") Extension Application in  
12 the subject Docket, and in support of that Amendment states as follows:

- 13 1. On June 13, 2008, Keaton submitted an Application (the "Application") to extend  
14 its CC&N.
- 15 2. On July 3, 2008, Keaton submitted an Amended Application requesting an  
16 additional parcel containing 73 lots adjacent to its existing CC&N known as the Laser  
17 Development.
- 18 3. On August 1, 2008 the Commission Staff filed an Insufficiency Letter in this docket  
19 requesting a "drinking water design report" and "design plans" for the Laser Development. The  
20 Developer of that project has advised the Company that the requested report and plans will not be  
21 available in the time frame necessary for this Application.

22 ...



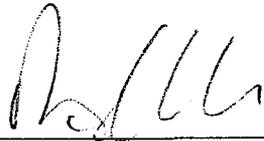
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...

WHEREFORE, the Company respectfully withdraws the amendment as set forth in the July 3, 2008 Amended Application of Keaton, and requests that the Commission grant the CC&N for the originally requested area as set forth in the original June 13, 2008 Application.

RESPECTFULLY submitted this 11<sup>th</sup> day of August, 2008.

SALLQUIST, DRUMMOND & O'CONNOR, P.C.

By   
Richard L. Sallquist  
4500 S. Lakeshore Drive, Suite 339  
Tempe, Arizona 85282  
Attorney for Keaton Development Company

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Original and ten copies of the foregoing filed this 11<sup>th</sup> day of August, 2008, with:

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

Copies of the foregoing Hand Delivered this 11<sup>th</sup> day of August, 2008 to:

Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Legal Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

only

**MEMORANDUM**

9/2

A-4

TO: Alexander Igwe  
Executive Consultant III  
Utilities Division

FROM: Barb Wells  
Information Technology Specialist  
Utilities Division

THRU: Del Smith  
Engineering Supervisor  
Utilities Division

DATE: September 2, 2008

RE: **KEATON DEVELOPMENT COMPANY (DOCKET NO. W-02169A-08-0301)**  
**SECOND AMENDED LEGAL DESCRIPTION**

Keaton Development has submitted an amendment that the area requested in the original application be used rather than the area requested in the first amended application. The legal description requested in the original application is attached and should be used in place of the description submitted with the first amended application.

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

:bsw

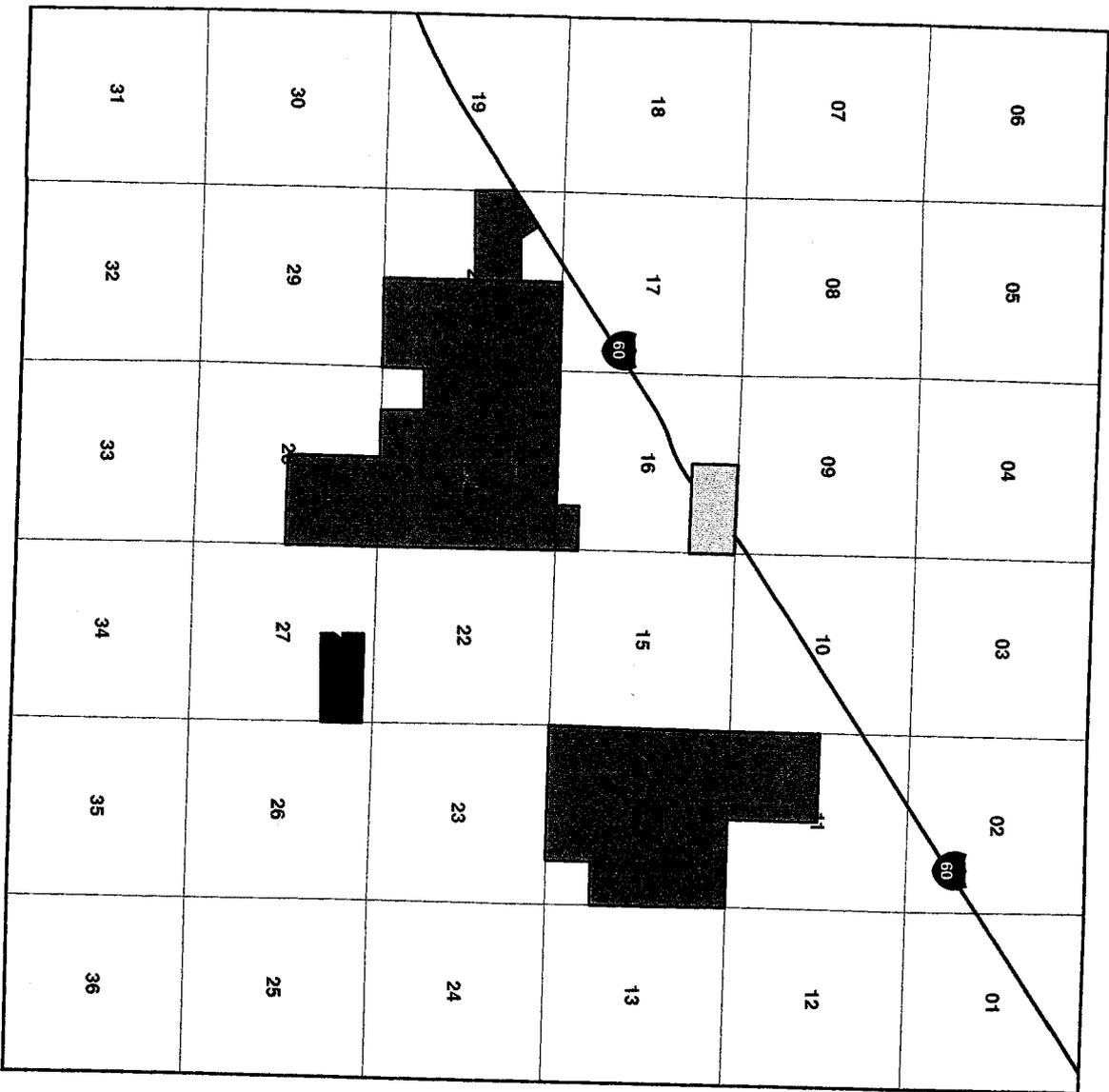
Attachments

cc: Mr. Richard Sallquist  
Ms. Deb Person (Hand Carried)  
Mr. Jian Liu



# LA PAZ COUNTY

## RANGE 13 West



## TOWNSHIP 5 North

Map No. 4

-  W-2169 (1)
-  Keaton Development Company
-  W-1084 (1)
-  Salome Water Company
-  (1)
-  Keaton Development Company
-  Docket No. W-02169A-07-0098
-  Application for Extension
-  (1)
-  Keaton Development Company
-  Docket No. W-02169A-08-0301
-  Application for Extension

Pursuant to ARS § 39-121.03 this map is 'Not for Commercial Use'

EXHIBIT "\_\_\_"

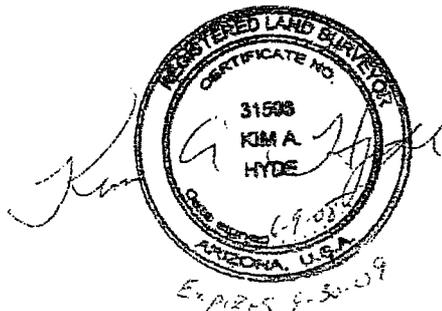
That portion of the NW 1/4 of Section 20, Township 5 North, Range 13 West, Gila and Salt River Meridian, La Paz County, Arizona, being more particularly described as follows:

Lot 3, Lot 4, and Lot 5 as shown on that Results of Survey on file at Record No. 1999-04542, Official Records of La Paz County, Arizona, and being more particularly described as follows:

BEGINNING at a brass cap in concrete marked "Holmquist RLS25074" at the West 1/4 Corner of said Section 20, said brass cap also being the Southwesterly corner of said Lot 5;  
Thence  $N0^{\circ}04'08''W$  along the West line of said NW 1/4 of said Section 20 (Westerly line of said Lot 5 and Lot 4) a distance of 1178.01 feet to an ADOT brass cap in concrete on the Southerly right-of-way line of U.S. Highway 60-70 (Northwesterly corner of said Lot 4);  
Thence  $N56^{\circ}24'10''E$  along said right-of-way line (Northerly line of said Lot 5 and Lot 3) a distance of 1277.45 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" (Northerly corner of said Lot 3);  
Thence  $S33^{\circ}35'50''E$  along the Northeasterly line of said Lot 3 a distance of 632.12 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598";  
Thence  $S89^{\circ}50'04''E$  continuing along the Northeasterly line of said Lot 3 a distance of 1241.65 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" on the East line of said NW 1/4 of Section 20 (Northeasterly corner of said Lot 3);  
Thence  $S0^{\circ}00'51''E$  along the East line of said NW 1/4 of Section 20 (Easterly line of said Lot 3 and Lot 5) a distance of 1355.75 feet to a 1/2" rebar with yellow plastic cap marked "RLS25074" at the Center 1/4 Corner of said Section 20 (Southeasterly corner of said Lot 5);  
Thence  $N89^{\circ}58'45''W$  along the South line of said NW 1/4 of Section 20 (Southerly line of said Lot 5) a distance of 2654.40 to the POINT OF BEGINNING.

Containing 89.1 acres, more or less.

Basis of Bearings is  $N56^{\circ}24'10''E$  along the Southerly right-of-way line of the Quartzsite-Wickenburg Highway (U.S. 60-70) as shown on the Arizona Highway Department right-of-way plans for Project F-022-1(1), sheet 5 of 46, As-Built, 12-07-61.



**ORIGINAL**

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AM

**SALLQUIST, DRUMMOND & O'CONNOR, P.C.**  
ATTORNEYS AT LAW  
TEMPE OFFICE  
4500 S. LAKESHORE DRIVE  
SUITE 339  
TEMPE, ARIZONA 85282

RICHARD L. SALLQUIST

PHONE (480) 839-5202  
FACSIMILE (480) 345-0412  
E-MAIL [dick@sd-law.com](mailto:dick@sd-law.com)

September 25, 2008

Kay Kilger  
Arizona Corporation Commission  
Docket Control  
1200 W. Washington  
Phoenix, AZ 85007

Re: Keaton Development Company-Docket No. W-02169A-08-0301; Affidavits of Mailing and Publication

Dear Ms. Kilger:

The Procedural Order in this matter required Notice to the Property Owners and the public, and certification of said Notice. Attached hereto are 15 copies of each of those Affidavits.

In the event you have any questions regarding these matters, please do not hesitate to call.

Sincerely,

Richard L. Sallquist

Enclosures

cc: Hearing Division  
Legal Division  
Alex Igwe  
Bill Scott

Arizona Corporation Commission  
**DOCKETED**

SEP 26 2008

DOCKETED BY

RECEIVED  
2008 SEP 26 A 10:30  
AZ CORP COMMISSION  
DOCKET CONTROL

**EXHIBIT**  
**A-5**  
**ADMITTED**

**AFFIDAVIT OF PUBLICATION**

**STATE OF ARIZONA**

**COUNTY OF LA PAZ, ss**

*Angelique Van Meter*

**ANGELIQUE VAN METER**

of said county, being duly sworn, deposes and says: that he/she is and at all times herein mentioned was a citizen of the United States, over the age of twenty-one years, and is competent to be a witness on the trial of the above entitled action, and that he/she is not a party to, nor interested in the above entitled matter.

That he/she is the Authorized Agent for the:

**PARKER PIONEER**

(published weekly) and which is a weekly newspaper of general circulation, published and circulated in the said County of La Paz, and is published for the dissemination of local news and intelligence of a general character, and has a bona fide subscription list of paying subscribers, and said newspaper has been established and published in the City of Parker, County of La Paz, State of Arizona, for at least one year before the publication of the first insertion of this notice and said newspaper is not devoted to the interests of, or published for the entertainment of any particular class, professions, trade, calling, race or denomination, or any number thereof.

**PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF KEATON DEVELOPMENT COMPANY FOR APPROVAL OF AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE PROVISION OF WATER SERVICE IN PORTIONS OF LA PAZ COUNTY DOCKET NO. W-02169A-08-0301**

of which the annexed is a printed copy, was published in said newspaper at 1 time(s), commencing on the 17th day of September, 2008 and ending on the 17th day of September, 2008 all above days inclusive, and in the regular and entire issue of said newspaper proper, and not in a supplement and said notice was published therein on the following dates, to-wit:

September 17, 2008

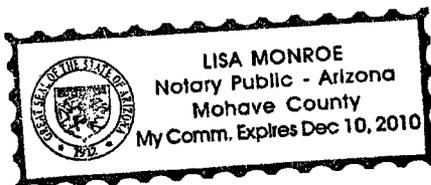
Subscribed and sworn to before me the 17th day of September, 2008.

*[Signature]*

Notary Public in and for the county of La Paz, State of Arizona

December 10, 2010

My Commission Expires:



**PUBLIC NOTICE OF THE HEARING ON  
THE APPLICATION OF KEATON  
DEVELOPMENT COMPANY FOR  
APPROVAL OF AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR THE PROVISION OF  
WATER SERVICE IN PORTIONS OF LA  
PAZ COUNTY**

(Docket No. W-02168A-08-0301)  
On June 13, 2008, Keaton Development Company ("Keaton" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity ("Certificate" or "CC&N") to provide domestic water service in portions of La Paz County, Arizona. The Commission's Utilities Division ("staff") has not yet made a recommendation regarding Keaton's application, and the Commission is not bound by the proposals made by Keaton, Staff, or any intervenors. The Commission will issue a decision regarding Keaton's application following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the application are available at Keaton's offices 86798 Hwy 60, Salome, Arizona 85348 and the Commission's offices at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function.

The Commission will hold a hearing on this matter beginning October 30, 2008, at 10:00 a.m., in Hearing Room #1 at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via email (visit <http://www.azcc.gov/divisions/Utilities/forms/publiccomment.pdf> for instructions) or by mailing a letter referencing Docket Number W-02168A-08-0301 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you would like to intervene, you must file a written motion to intervene with the Commission, and you must send copies of the motion to the Company or its counsel, and to all parties of record in the case. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom documents are to be served in your place, if desired;
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a creditor of the Company, etc.); and
3. A statement certifying that a copy of your motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before October 14, 2008. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any person or entity from appearing at the hearing and making a statement on their own behalf.

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 a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Linda Hogan, E-mail [Lhogan@azcc.gov](mailto:Lhogan@azcc.gov), voice phone number 602/542-3631. Request should be made as early as possible to allow time to arrange the accommodation.  
Publish: September 17, 2008 6108

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Richard L. Sallquist, Esq. (002774)  
SALLQUIST & DRUMMOND, P.C.  
2525 E Arizona Biltmore Circle, Suite 117  
Phoenix, Arizona 85016  
Telephone: (602) 224-9222  
Fax: (602) 224-9366  
Attorneys for Keaton Development Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE )  
APPLICATION OF KEATON )  
DEVELOPMENT COMPANY FOR AN )  
EXTENSION OF ITS CERTIFICATE )  
OF CONVENIENCE AND NECESSITY )  
FOR THE PROVISION OF WATER )  
SERVICE IN PORTIONS OF LA PAZ )  
COUNTY, ARIZONA. )

DOCKET NO. W-02169A-08-0301

**AFFIDAVIT OF MAILING**

STATE OF ARIZONA )  
County of La Paz )

The undersigned being first duly sworn deposes and says as follows:

1. I am William Scott, President of Keaton Development Company. My business address is P.O. Box 905, Salome, Arizona 85348.

2. On or about September 08, 2008, I caused to be deposited in the United States mail, first class certified, postage prepaid, the Procedural Order dated September 4, 2008 to all property owners in the requested area, said notice being in the form attached hereto as Attachment One.

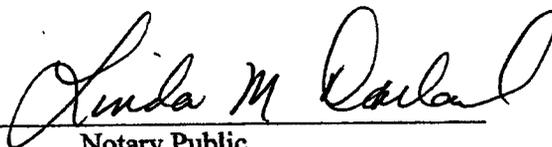
Further affiant sayeth not.

  
\_\_\_\_\_  
William Scott

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SUBSCRIBED AND SWORN to before me this 8 day of September \_\_, 2008, by

William Scott.

  
Notary Public

My Commission Expires:

7-31-11



**KEATON DEVELOPMENT CO**

**P.O. BOX 905**

**66477 65 Th ST.**

**SALOME, AZ 85348**

**Phone 928-859-3982 FAX 928-859-3984**

9/8/2008

Phoenix Atlantic Properties L.L.C.  
7349 Via Paseo Del Sur #515  
Scottsdale, AZ 85258

Sunland Estates Annexation to Keaton Development Co CC&N  
DOCKET NO. W-02169A-08-0301  
PROCEDURAL ORDER

Gentlemen,

Enclosed please find a copy of the referenced document. This letter will serve to satisfy the Order to **"mail to each property owner or property owner representative in the requested extension area a copy of the above notice."**

Also, a copy of the "time clock" for the Order is included. Please note that the Hearing for this matter has been set for Oct. 30, 2008 at 10:00 AM.

Sincerely,



William Scott-Pres.  
Keaton Development Co.

CC: Dick Sallquist-Sallquist, Drummond and O'Connor

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

8 IN THE MATTER OF THE APPLICATION OF  
9 KEATON DEVELOPMENT COMPANY FOR  
10 APPROVAL OF AN EXTENSION OF ITS  
11 CERTIFICATE OF CONVENIENCE AND  
12 NECESSITY FOR THE PROVISION OF  
13 WATER SERVICE IN PORTIONS OF LA PAZ  
14 COUNTY, ARIZONA.

DOCKET NO. W-02169A-08-0301

PROCEDURAL ORDER

11 **BY THE COMMISSION:**

12 On June 13, 2008, Keaton Development Company ("Keaton" or "Applicant") filed with the  
13 Arizona Corporation Commission ("Commission") an application for an extension of its Certificate  
14 of Convenience and Necessity ("Certificate" or "CC&N") to provide domestic water service in  
15 portions of La Paz County, Arizona.

16 On July 3, 2008, Keaton filed an Amended Application.

17 On August 1, 2008, the Commission's Utilities Division ("Staff") filed an Insufficiency Letter  
18 and First Set of Data Requests.

19 On August 12, 2008, Applicant filed a second amended application withdrawing the  
20 amendment set forth in the July 3, 2008, filing.

21 On August 19, 2008, Staff filed a Sufficiency Letter indicating that Keaton's application had  
22 met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

23 On August 20, 2008, Keaton filed a Response to Staff's First Set of Data Request.

24 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern  
25 the preparation and conduct of this proceeding.

26 IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall be held  
27 on **October 30, 2008, at 10:00 a.m.**, or as soon thereafter as is practicable, at the Commission's  
28

1 offices, 1200 West Washington Street, Hearing Room #1, Phoenix, Arizona 85007.

2 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-  
3 105, except that all Motions to Intervene must be filed on or before **October 14, 2008**.

4 IT IS FURTHER ORDERED that **objections to any Motions to Intervene** must be filed no  
5 later than **October 23, 2008**.

6 IT IS FURTHER ORDERED that Keaton shall provide public notice of the hearing in this  
7 matter, in the following form and style, with the heading no less than 10 point bold type and the body  
8 no less than 10 point regular type:

9  
10 **PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF**  
11 **KEATON DEVELOPMENT COMPANY FOR APPROVAL OF AN**  
12 **EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND**  
13 **NECESSITY FOR THE PROVISION OF WATER SERVICE IN**  
14 **PORTIONS OF LA PAZ COUNTY.**  
15 **(Docket No. W-02169A-08-0301)**

16 On June 13, 2008, Keaton Development Company ("Keaton" or "Applicant") filed  
17 with the Arizona Corporation Commission ("Commission") an application for an  
18 extension of its Certificate of Convenience and Necessity ("Certificate" or "CC&N")  
19 to provide domestic water service in portions of La Paz County, Arizona. The  
20 Commission's Utilities Division ("Staff") has not yet made a recommendation  
21 regarding Keaton's application, and the Commission is not bound by the proposals  
22 made by Keaton, Staff, or any intervenors. The Commission will issue a decision  
23 regarding Keaton's application following consideration of testimony and evidence  
24 presented at an evidentiary hearing. Copies of the application are available at  
25 Keaton's offices [insert address] and the Commission's offices at 1200 West  
26 Washington, Phoenix, Arizona, for public inspection during regular business hours and  
27 on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-docket  
28 function.

29 The Commission will hold a hearing on this matter beginning **October 30, 2008, at**  
30 **10:00 a.m.**, in Hearing Room #1 at the Commission's offices, 1200 West Washington,  
31 Phoenix, Arizona. Public comments will be taken on the first day of the hearing.  
32 Written public comments may be submitted via email (visit  
33 [http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf) for instructions) or  
34 by mailing a letter referencing Docket Number W-02169A-08-0301 to: Arizona  
35 Corporation Commission, Consumer Services Section, 1200 West Washington,  
36 Phoenix, AZ 85007. If you require assistance, you may contact the Consumer Services  
37 Section at 1-800-222-7000 or 602-542-4251.

38 The law provides for an open public hearing at which, under appropriate  
39 circumstances, interested parties may intervene. Any person or entity entitled by law  
40 to intervene and having a direct and substantial interest in the matter will be permitted  
41 to intervene. If you would like to intervene, you must file a written motion to  
42 intervene with the Commission, and you must send copies of the motion to the  
43 Company or its counsel, and to all parties of record in the case. Your motion to  
44 intervene must contain the following:

- 1 1. Your name, address, and telephone number, and the name, address, and  
2 telephone number of any party upon whom documents are to be served in your  
3 place, if desired;
- 4 2. A short statement of your interest in the proceeding (e.g., a customer of the  
5 Company, a shareholder of the Company, etc.); and
- 6 3. A statement certifying that a copy of your motion to intervene has been mailed  
7 to the Company or its counsel and to all parties of record in the case.

8 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
9 that all motions to intervene must be filed on or before October 14, 2008. The  
10 granting of intervention, among other things, entitles a party to present sworn evidence  
11 at hearing and to cross-examine other witnesses. However, failure to intervene will  
12 not preclude any person or entity from appearing at the hearing and making a  
13 statement on their own behalf.

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

20 IT IS FURTHER ORDERED that Keaton shall **mail to each property owner or property**  
21 **owner representative** in the requested extension area a copy of the above notice and shall cause the  
22 above notice to be **published in a newspaper of general circulation** in its service territory, with  
23 publication and mailing to be completed no later than **September 26, 2008**.

24 IT IS FURTHER ORDERED that Keaton shall **file certification of mailing and publication**  
25 as soon as practicable after the mailing/publication has been completed, but not later than **October 3,**  
26 **2008**.

27 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and  
28 publication of same, notwithstanding the failure of an individual property owner to read or receive  
the notice.

IT IS FURTHER ORDERED that Staff shall file a **Staff Report** on or before **October 3,**  
**2008**.

IT IS FURTHER ORDERED that any **objections to the Staff Report** shall be filed on or  
before **October 13, 2008**.

IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
Communications) applies to this proceeding as the matter is now set for public hearing.

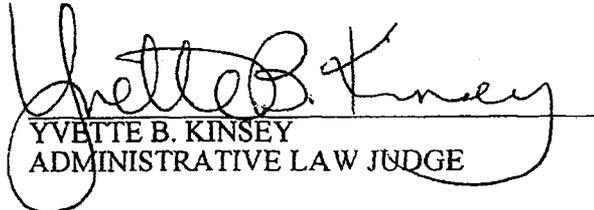
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IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro hac vice*.

IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation to appear at all hearings and procedural conferences, as well as all Open Meetings for which the matter is scheduled for discussion, unless counsel has previously been granted permission to withdraw by the Administrative Law Judge or the Commission.

IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

Dated this 4<sup>th</sup> day of September, 2008.

  
YVETTE B. KINSEY  
ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing mailed/delivered  
this 4th day of September, 2008 to:

2 William Scott, President  
3 KEATON DEVELOPMENT COMPANY  
P.O. Box 905  
4 Salome, Arizona 85348

5 Richard L. Sallquist  
SALLQUIST, DRUMMOND & O'CONNOR, P.C.  
6 4500 South Lakeshore Drive, Suite 3389  
Tempe, Arizona 85282  
7 Attorney for Keaton Development Company

8 Janice Alward, Chief Counsel  
Legal Division  
9 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
10 Phoenix, Arizona 85007

11 Ernest G. Johnson, Director  
Utilities Division  
12 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
13 Phoenix, Arizona 85007

14 ARIZONA REPORTING SERVICE, INC.  
2200 N. Central Ave., Suite 502  
15 Phoenix, Arizona 85004

16  
17 By:   
Debra Broyles  
18 Secretary to Yvette B. Kinsey

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**KEATON DEVELOPMENT COMPANY**  
**CC&N CASE TIME TABLE**  
**Docket No. W-02169A-08-0301**  
**HEARING October 30, 2008 10:00 am**

Letter of Sufficiency	8/19/08
Procedural Order	9/4/08
Judge	Kinsey
Staff Attorney	Torrey
Staff Witness	Igwe, Ortiz, Liu
Staff Report and Testimony	10/3/08
Publish Notice	9/26/08
Mail Notice to Property Owner's	9/26/08
Objections to Staff Report	10/13/08
Motions to Intervene	10/14/08
Affidavit of Publish and Mailing	10/3/08
Objections to Motions to Intervene	10/23/08
Hearing	10/30/08 10:00 am
Last Open Meeting before Time Clock	1/13/09
Time Clock Deadline	1/16/09

## Arizona Department of Water Resources Water Provider Compliance Status Report

**Water System Name: Keaton Development Company**  
(Arizona Corporation Commission Docket No. W-02169A-08-0301)

**Water System ID #:**

**Compliance Status:**

<i>Requirement</i>	<i>In compliance</i>	<i>Not in Compliance</i>	<i>Not yet determined</i>	<i>Not Applicable</i>
Annual water use reports within AMAs and INAs (if using non-exempt wells)				X (Keaton Development Company is not located within any AMA.)
Annual report for community water systems outside of AMAs	X			
Annual assured or adequate water supply reports for designated providers				X (Undesignated Provider)
Designation of assured or adequate water supply in good standing for designated providers				X
System water plan			X Plan received but not yet reviewed	
Management plan requirements within AMAs 1) Lost and unaccounted for water <10% of total use for large providers <15% of total use for small providers 2) Annual submittal of updated service area and distribution maps 3) NPCCP requirements are met 4) GPCD requirements are met 5) ACP requirements are met 6) Individual user requirements are met				X



Well permit volumes within AMAs				X
Type I and II grandfathered right limits within AMAs				X
Maintenance of accurate measuring devices within AMAs and INAs				X
Groundwater transportation restrictions				X
Approval of deliveries of groundwater to other providers within AMAs				X

Comments:

Completed by:

Program	Reviewed	Not applicable	Name	Phone	Date
AMA Office	X	X	Andrew Craddock	602-771-8615	8/18/08
Office of Assured & Adequate Water Supply	X	X	Rick Obenshain	602-771-8622	8/19/08
Community Water Planning	X		Melanie Ford	602-771-8442	8/20/08

*This compliance status report does not guarantee the water availability for this system, nor does it reflect the status of any other water system owned by this utility company.*

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Richard L. Sallquist  
SALLQUIST, DRUMMOND & O'CONNOR, P.C.  
4500 S Lakeshore Drive, Suite 339  
Tempe, Arizona 85282  
Telephone: (480) 839-5202  
Fax: (480) 345-0412  
Attorneys for Keaton Development Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE )  
APPLICATION OF KEATON )  
DEVELOPMENT COMPANY FOR AN )  
EXTENSION OF ITS CERTIFICATE )  
OF CONVENIENCE AND NECESSITY )  
FOR THE PROVISION OF WATER )  
SERVICE IN PORTIONS OF LA PAZ )  
COUNTY, ARIZONA. )

DOCKET NO. W-02169A-08-0301

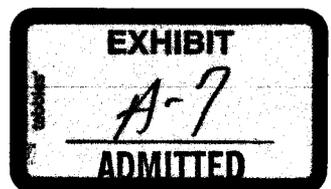
**OBJECTIONS TO STAFF REPORT**

1. On June 13, 2008 Keaton Development Company (the "Company") filed an Application to extend its Certificate of Convenience and Necessity in the subject docket.

2. On October 3, 2008 Staff filed its Staff Report in accordance with the September 4, 2008 Procedural Order.

3. That same Procedural Order allowed Objections to the Staff Report before October 13, 2008..

4. The Company does have one objection to one of Staff's recommendations. Recommendation No. 2 requires the Company to file the Arizona Department of Water Resources ("ADWR") approved Water System Plan on or before December 31, 2008. The Company has submitted that Plan to ADWR, but as of this filing date it has not been "reviewed". The Company can not assure the Commission that the Plan will be reviewed and a Compliance Status Report from ADWR received by the December 31, 2008 due date.





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Original and ten copies of the foregoing filed this 10<sup>th</sup> day of October, 2008, with:

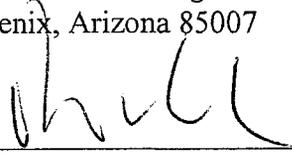
Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Copies of the foregoing Hand Delivered this 10<sup>th</sup> day of October, 2008 to:

Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Legal Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007



---





LEGAL

MEMORANDUM

RECEIVED

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TO: Docket Control

2008 OCT -3 P 1:37

FROM: Ernest G. Johnson  
Director  
Utilities Division

OCT 3 2008

AZ CORP COMMISSION  
DOCKET CONTROL

LEGAL DIV.  
ARIZ CORPORATION COMMISSION

Date: October 03, 2008

RE: STAFF REPORT FOR THE APPLICATION OF KEATON DEVELOPMENT COMPANY, FOR APPROVAL OF AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE PROVISION OF WATER SERVICE IN PORTIONS OF LA PAZ COUNTY, ARIZONA (DOCKET NO. W-02169A-08-0301)

Attached is the Staff Report for the application of Keaton Development Company for Commission authorization to extend its Certificate of Convenience and Necessity in La Paz County, Arizona. Staff recommends an Order Preliminary.

EGJ:AI:red

Originator: Alexander Ibhade Igwe, CPA

Attachment: Original and 13 Copies

FILE COPY



Service List for: Keaton Development Company  
Docket No. W-02169A-08-0301

Mr. William Scott, President  
Keaton Development Company  
PO Box 905  
Salome, Arizona 85348

Mr. Richard Sallquist  
Sallquist, Drummond & O'Connor, P.C.  
4500 South Lakeshore Drive  
Suite 339  
Tempe, Arizona 85282

Arizona Reporting Service, Inc.  
2200 North Central Avenue, Suite 502  
Phoenix, Arizona 85004-1481

Ms. Janice Alward  
Chief Counsel, 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

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

KEATON DEVELOPMENT COMPANY  
DOCKET NO. W-02169A-08-0301

APPLICATION FOR EXTENSION  
OF CERTIFICATE OF  
CONVENIENCE & NECESSITY

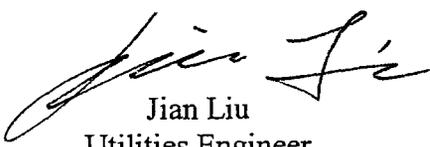
OCTOBER 03, 2008

## STAFF ACKNOWLEDGMENT

The Staff Report for Keaton Development Company, Docket No. W-02169A-08-0301 was the responsibility of the Staff members listed below. Alexander Ihade Igwe was responsible for preparing the Staff Report and Jian Liu prepared the Engineering Report.



Alexander Ihade Igwe, CPA  
Executive Consultant III



Jian Liu  
Utilities Engineer

**EXECUTIVE SUMMARY  
KEATON DEVELOPMENT COMPANY  
AND NECESSITY (DOCKET NO. W-02169A-08-0301)**

On June 13, 2008, Keaton Development Company ("Keaton" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for authorization to extend its water Certificate of Convenience and Necessity ("CC&N") to a portion of La Paz County, Arizona. On July 3, 2008, the Company amended its original application by adding a new property to the requested CC&N extension area. Upon review of Keaton's revised filing, Staff found that the Company did not provide the requisite information for the additional property. On August 1, 2008, Staff issued a letter of insufficiency indicating that the Company's revised application for CC&N extension, did not meet the sufficiency requirements per Arizona Administrative Code Section R14-2-103.B.7. On August 12, 2008, the Company withdrew its amendment, thus eliminating the deficiencies in its application. On August 19, 2008, Staff found the Company's application for CC&N extension to be sufficient.

Keaton's requested CC&N extension area is for a development known as the Sunland Estates. Sunland Estates is adjacent to Keaton's existing CC&N, and has 228 residential lots, measuring 89-acres. The Company states that the developers of Sunland Estates will fund the plant additions necessary to serve it, through main line extension agreements.

Staff's analysis indicates that Keaton has adequate capacity to serve its existing certificated area. Staff found that upon completion of the Company's proposed plant additions, it will have adequate capacity to serve the Sunland Estates.

Staff found that the Company does not currently have Arizona Department of Environmental Quality ("ADEQ") Certificate of Approval to Construct ("ATC") for the Sunland Estate. Further, Arizona Department of Water Resources ("ADWR") has not confirmed that the Company's filed System Water Plan is satisfactory. Finally, Staff found that the Company does not have an ADWR Analysis of Adequate Water indicating if it has Adequate Water Supply to serve the Sunland Estates.

Based on the foregoing, Staff recommends that the Commission grant Keaton an Order Preliminary for its requested CC&N extension, with the following conditions:

1. That the Commission Order require Keaton to file with Docket Control, as a compliance item in this docket, a copy of ADEQ issued ATC for the Sunland Estates, within 3 years of the effective date of an Order Preliminary in this proceeding.
2. That the Company docket as a compliance item in this docket, a copy of ADWR's letter stating whether the Company's System Water Plan is satisfactory, no later than December 31, 2008.
3. That the Company file as a compliance item in this docket, a copy of the ADWR Analysis of Adequate Water Supply or Physical Availability Determination indicating

that it has adequate water supply to serve the requested extension area, within 3 years of the effective date of an Order Preliminary in this proceeding.

4. That after Keaton complies with Requirement Nos, 1, & 3, that the Company shall make a filing stating so. Within 30 days of this filing, Staff shall file a response. The Commission should schedule this item for a vote to grant the Company's requested CC&N, as soon as possible, after Staff's filing that confirms Keaton's compliance with Requirement Nos, 1, & 3. If Keaton does not comply with any one of Requirement Nos, 1, & 3 within the time specified, the Order Preliminary shall be null and void, and this docket shall be closed.

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## **Introduction**

On June 13, 2008, Keaton Development Company ("Keaton" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for authorization to extend its Certificate of Convenience and Necessity ("CC&N") to a development known as Sunland Estates, within La Paz County, Arizona. On July 3, 2008, the Company amended its original application by adding a new property to its requested CC&N extension area. Upon review of Keaton's revised filing, Staff found that the Company did not provide the requisite information for the additional property. On August 1, 2008, Staff issued a letter of insufficiency indicating that the Company's revised application for CC&N extension, did not meet the sufficiency requirements per Arizona Administrative Code Section R14-2-103.B.7. On August 12, 2008, the Company withdrew its amendment, thus eliminating the deficiencies in its application. On August 19, 2008, Staff found the Company's application for CC&N extension to be sufficient.

## **Public Notice**

On September 26, 2008, the Company filed an Affidavit of Mailing with Docket Control, reporting that it mailed the Procedural Order in this docket, dated September 4, 2008, including the related public notice of the hearing, to all property owners on September 8, 2007.

Also, the Company filed an Affidavit of Publication with Docket Control indicating that it has published the prescribed Public Notice in the *Parker Pioneer*, a newspaper of wide circulation in La Paz County, on September 17, 2008.

## **Requested CC&N Extension**

The requested CC&N extension area is comprised of a proposed development known as the Sunland Estates. Sunland Estates is adjacent to Keaton's existing CC&N, and has 228 residential lots, measuring 89-acres.

## **Water Utility System**

Keaton's current water facility consists of two wells, with a combined production capacity of approximately 314 gallons per minute ("GPM"). Also, the system has three storage tanks with total capacity of 48,000-gallons (20,000 gallons, and two 14,000 gallons); and a distribution system serving 502 connections. Staff has determined that the Company's existing water system has adequate capacity to serve its current connections.

## **Proposed Water Plant Facilities**

The Company indicates that the developer of Sunland Estates will install transmission facilities interconnecting the new subdivision to the existing water system. The Company projects that \$1,377,000 of new plant items, comprised of a well pump, storage tank, pressure

pumps, as well as on-site and off-site mains with fire hydrants and related appurtenances, will be required to serve Sunland Estates, at build-out. The proposed capital investments will be funded by Sunland Estates through main line extension agreements. Staff's analysis indicates that upon completion of the proposed plant additions, the Company will have adequate infrastructure to serve its current and proposed CC&N extension areas.

### **Arizona Department of Environmental Quality ("ADEQ") Compliance Section**

ADEQ regulates the Company's Water System under ADEQ Public Water System ("PWS") #15-029. Based on compliance information submitted by the Company, the system has no major deficiencies. ADEQ has determined that the Company's system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ report dated September 19, 2008).

#### *Certificate of Approval to Construct*

The Company has not received ADEQ's Certificate of Approval to Construct ("ATC") for its proposed plant constructions within the Sunland Estates. Staff recommends that the Commission order Keaton to file with Docket Control, as a compliance item in this docket, a copy of the ATC for the Sunland Estates, within 3 years of the effective date of an Order Preliminary in this proceeding.

### **Arizona Department of Water Resources ("ADWR") Compliance**

#### *Compliance Status*

Keaton is not located in any ADWR Active Management Area ("AMA"). Thus, the Company is not subject to AMA reporting and conservation requirements.

#### *Compliance Status – Filing of Annual Water Use Report and System Water Plan per Arizona Revised Statutes § 45-341 to § 45-343*

As of September 17, 2008, Keaton (PWS #15-029) was in compliance with the reporting requirements of *Arizona Revised Statutes* § 45-341 to § 45-343. ADWR is yet to complete its review of the Company's System Water Plan; which includes a Water Supply Plan, Drought Preparedness Plan and Water Conservation Plan. Upon complete review of the Company's System Water Plan, ADWR will issue a letter stating whether or not the plan meets its requirements. Staff recommends that the Company docket as a compliance item in this docket, a copy of ADWR's letter stating whether the Company's System Water Plan is satisfactory, no later than December 31, 2008.

### *Analysis of Adequate Water Supply*

The Company has not demonstrated if it has adequate water supply for the requested CC&N extension. Therefore, Staff recommends that the Company file as a compliance item in this docket, a copy of ADWR's Analysis of Adequate Water Supply or Physical Availability Determination, indicating if it has adequate water supply to serve the requested extension area, within 3 years of the effective date of an Order Preliminary, in this proceeding.

### **Arizona Corporation Commission ("ACC") Compliance**

According to the Utilities Division Compliance Section, the Company has no delinquent compliance issues (Compliance Section Email dated September 17, 2008).

### *Consumer Services Section*

The Company had no complaints, inquiries and opinions in 2005 and 2007. In 2006, the Company had three complaints consisting of two billings and one quality of service issues. As of the time of this report, the 2006 complaints have been resolved and closed.

Staff's review of its data base indicates that the Company has no record of complaints, inquiries and/or opinions, thus far in 2008.

### *Corporation Division*

As of June 26, 2008, the Company was in good standing with the Commissions Corporations Division.

### **Cost Analysis**

The Company estimates that \$1,377,000 of new plant additions will be required to serve the Sunland Estates, at build-out. Staff has reviewed the Company's proposal, and concludes that the plant facilities and related costs estimates are appropriate and reasonable. However, Staff notes that no "Used and Useful" determination was established by this conclusion and that no future ratemaking treatment for the plant items should be inferred from this conclusion.

### **Proposed Rates and Charges**

Staff recommends that the Company serve the requested extension areas under its Commission authorized rates and charges.

### **Conclusions and Recommendations**

Staff finds that Keaton has adequate plant capacity to serve its existing customers. Also, Staff finds that the Company's proposed new plant facilities are adequate to serve the requested

CC&N extension areas. Based on the documented request for service by the Sunland Estates, Staff finds that it is in the public interest to approve the Company's request for CC&N extension.

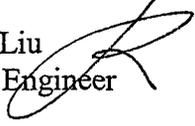
However, Staff found that the Company has not received ADEQ's ATC as well as ADWR's Analysis of Adequate Water Supply for the Sunland Estates. Further, ADWR is yet to issue Keaton with a letter confirming if its filed System Water Plan is satisfactory.

Based on the foregoing, Staff concludes that it is appropriate to recommend that the Commission grant Keaton an Order Preliminary for this CC&N extension, with the following conditions:

1. That the Commission Order requires Keaton to file with Docket Control, as a compliance item in this docket, a copy of the ATC for the Sunland Estates, within 3 years of the effective date of an Order Preliminary in this proceeding.
2. That the Company docket as a compliance item in this docket, a copy of ADWR's letter stating whether the Company's System Water Plan is satisfactory, no later than December 31, 2008.
3. That the Company file as a compliance item in this docket, a copy of ADWR Analysis of Adequate Water Supply or Physical Availability Determination, indicating that it has adequate water supply for the requested extension area, within 3 years of the effective date of an Order Preliminary in this proceeding.
4. That after Keaton complies with Requirement Nos, 1, & 3, that the Company shall make a filing stating so. Within 30 days of this filing, Staff shall file a response. The Commission should schedule this item for a vote to grant the CC&N as soon as possible after Staff's filing that confirms Keaton's compliance with Requirement Nos, 1, & 3. If Keaton does not comply with any one of Requirement Nos, 1, & 3 within the time specified, the Order Preliminary shall be null and void, and this docket shall be closed.

**MEMORANDUM**

TO: Alexander Igwe  
Executive Consultant III

FROM: Jian W. Liu   
Utilities Engineer

DATE: September 22, 2008

RE: KEATON DEVELOPMENT COMPANY, INC.  
DOCKET NO. W-02169A-08-0301 (CC&N EXTENSION)

---

**Introduction**

Keaton Development Company, Inc. ("Keaton" or the "Company") has filed an application for a Certificate of Convenience and Necessity ("CC&N") extension. The Company is located in the Town of Salome in La Paz County, Arizona. The Company's existing CC&N has an area totaling approximately 3 square miles.

The proposed development is an approximately 89-acre parcel ("Sunland, 228 lots"). The development is adjacent to Company's existing CC&N.

**Existing Water System Description**

The facility consists of two wells producing approximately 314 gallons per minute ("GPM"). The system also has three storage tanks (20,000 gallons, and two 14,000 gallons), and a distribution system serving 502 connections.

**Capacity of Existing System**

The existing water system has adequate well production and storage capacity for existing connections.

**Proposed Water System**

The developer will replace a pump at Well No. 2, construct a new storage tank with approximate 90,000 gallons, and install the transmission facilities interconnecting the new subdivision to the existing water system.

Staff concludes that the proposed water system will have adequate infrastructure to serve the proposed development with 228 residential units.

Cost Analysis

The Company submitted the following estimated plant-in-service amounts for the new development, and the developer will pay for these water facilities through a main extension agreement.

	Sunland
WELL PUMP INSTALLED:	\$10,000
STORAGE INSTALLED:	\$175,000
PRESSURE PUMPS INSTALLED	\$22,000
PRESSURE TANK INSTALLED	\$50,000
OFF SITE WATER MAIN WITH FITTINGS AND FIRE HYDRANTS:	\$120,000
ON SITE WATER MAIN WITH FITTINGS AND FIRE HYDRANTS:	\$960,000
<b>TOTAL:</b>	<b>\$1,337,000</b>

Staff has reviewed the proposed plant-in-service and found the plant facilities and cost to be reasonable and appropriate. However, approval of this CC&N extension application does not imply any particular future treatment for determining the rate base. No "used and useful" determination of the proposed plant-in-service was made, and no conclusions should be inferred for rate making or rate base purposes in the future.

**Arizona Department of Environmental Quality ("ADEQ") Compliance**

ADEQ regulates the Company's Water System under ADEQ Public Water System ("PWS") #15-029. Based on compliance information submitted by the Company, the system has no major 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. (ADEQ report dated September 19, 2008).

Certificate of Approval to Construct

The Company has not received its ADEQ Certificate of Approval to Construct ("ATC") for construction of the proposed water facilities for Sunland. Staff recommends that if the Commission grants the CC&N, the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC for the Sunland subdivision within 2 years of the effective date of the order granting the CC&N.

## **Arizona Department of Water Resources (“ADWR”) Compliance**

### Compliance Status

Keaton is not located in any ADWR Active Management Area (“AMA”) and not subject to AMA reporting and conservation requirements.

### Compliance Status – Filing of Annual Water Use Report and System Water Plan per *Arizona Revised Statutes* § 45-341 to § 45-343

As of September 17, 2008, Keaton (PWS #15-029) is in compliance with the reporting requirements of *Arizona Revised Statutes* § 45-341 to § 45-343. Upon completion of its review of the Company’s System Water Plan, which includes a Water Supply Plan, Drought Preparedness Plan and Water Conservation Plan, ADWR will issue a letter stating whether or not the System Water Plan filed meets ADWR requirements. Staff recommends that the Company docket as a compliance item in this docket no later than December 31, 2008, a copy of the letter issued by ADWR indicating that the Company’s System Water Plan meets ADWR requirements.

### Analysis of Adequate Water Supply

The Company has not demonstrated that there is adequate water for the CC&N extension, therefore, Staff recommends that the Company docket, in this docket, a copy of the Analysis of Adequate Water Supply or Physical Availability Determination, indicating that there is adequate water, from ADWR for the requested area prior to a CC&N being issued.

## **Arizona Corporation Commission (“ACC”) Compliance**

According to the Utilities Division Compliance Section, the Company has no delinquent compliance issues (Compliance Section Email dated September 17, 2008).

### **Summary**

### Conclusions

- A. The existing water system has adequate production and storage capacity for existing connections.
- B. Based on compliance information submitted by the Company, the system has no major 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. (ADEQ report dated September 19, 2008).

- C. Keaton is not located in any ADWR Active Management Area and not subject to AMA reporting and conservation requirements. As of September 17, 2008, Keaton (PWS #15-029) is in compliance with the reporting requirements of *Arizona Revised Statutes* § 45-341 to § 45-343.

Recommendations

1. Staff recommends that the Company docket, in this docket, a copy of the Analysis of Adequate Water Supply or Physical Availability Determination, indicating that there is adequate water, from ADWR for the requested area prior to a CC&N being issued.
2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC for the Sunland subdivision within 2 years of the effective date of the order granting the CC&N.
3. Staff recommends that the Company docket as a compliance item in this docket no later than December 31, 2008, a copy of the letter issued by ADWR indicating that the Company's System Water Plan met ADWR requirements.

**MEMORANDUM**

TO: Alexander Igwe  
Executive Consultant III  
Utilities Division

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

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: September 2, 2008

RE: **KEATON DEVELOPMENT COMPANY (DOCKET NO. W-02169A-08-0301)**  
**SECOND AMENDED LEGAL DESCRIPTION**

Keaton Development has submitted an amendment that the area requested in the original application be used rather than the area requested in the first amended application. The legal description requested in the original application is attached and should be used in place of the description submitted with the first amended application.

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

:bsw

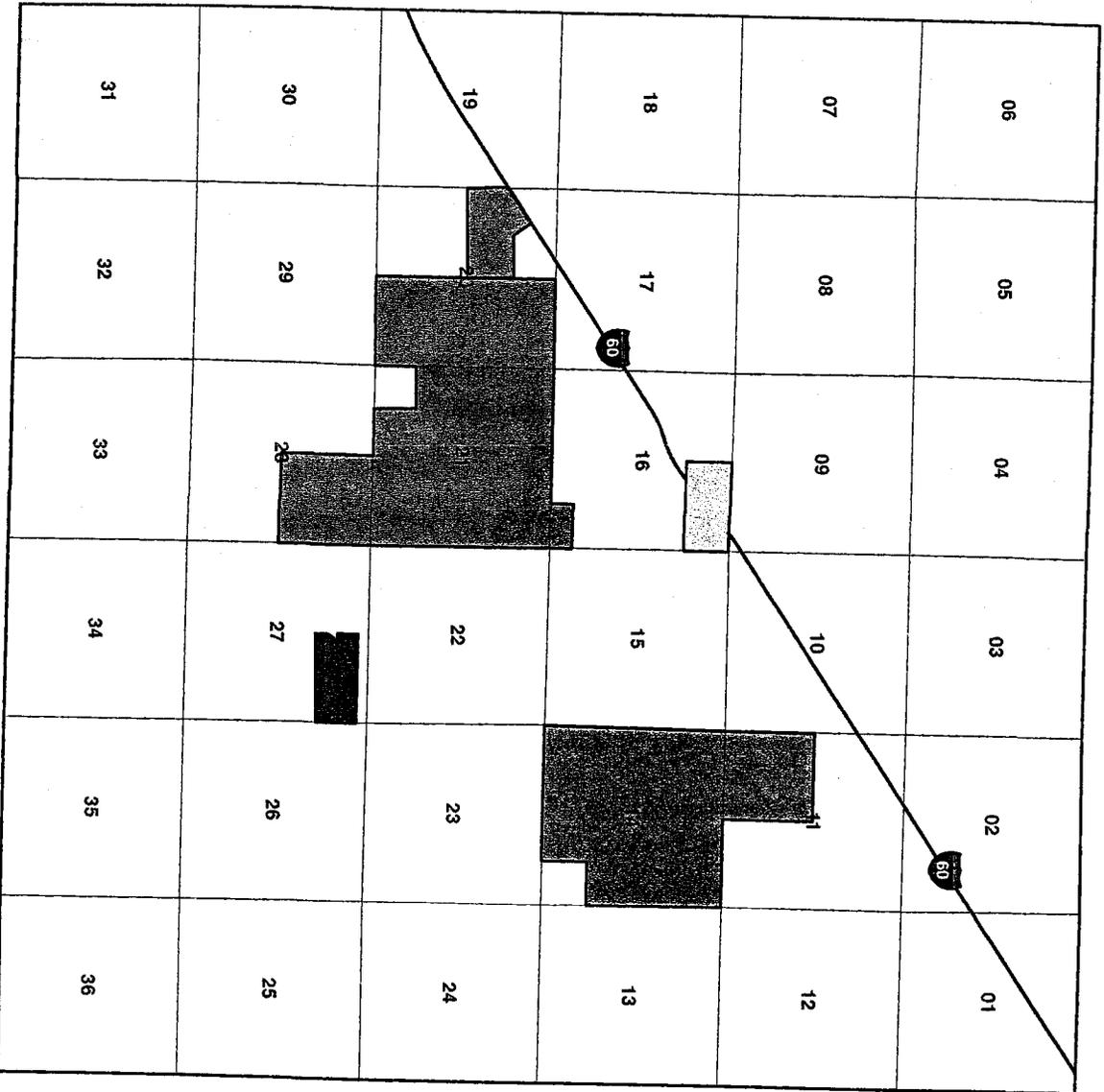
Attachments

cc: Mr. Richard Sallquist  
Ms. Deb Person (Hand Carried)  
Mr. Jian Liu

# LA PAZ COUNTY

Map No. 4

## RANGE 13 West



## TOWNSHIP 5 North



W-2169 (1)

Keaton Development Company



W-1084 (1)

Salome Water Company



(1)

Keaton Development Company  
Docket No. W-02169A-07-0098  
Application for Extension



(1)

Keaton Development Company  
Docket No. W-02169A-08-0301  
Application for Extension

EXHIBIT "\_\_\_"

That portion of the NW 1/4 of Section 20, Township 5 North, Range 13 West, Gila and Salt River Meridian, La Paz County, Arizona, being more particularly described as follows:

Lot 3, Lot 4, and Lot 5 as shown on that Results of Survey on file at Record No. 1999-04542, Official Records of La Paz County, Arizona, and being more particularly described as follows:

BEGINNING at a brass cap in concrete marked "Holmquist RLS25074" at the West 1/4 Corner of said Section 20, said brass cap also being the Southwesterly corner of said Lot 5;

Thence N0°04'08"W along the West line of said NW 1/4 of said Section 20 (Westerly line of said Lot 5 and Lot 4) a distance of 1178.01 feet to an ADOT brass cap in concrete on the Southerly right-of-way line of U.S. Highway 60-70 (Northwesterly corner of said Lot 4);

Thence N56°24'10"E along said right-of-way line (Northerly line of said Lot 5 and Lot 3) a distance of 1277.45 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" (Northerly corner of said Lot 3);

Thence S33°35'50"E along the Northeasterly line of said Lot 3 a distance of 632.12 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598";

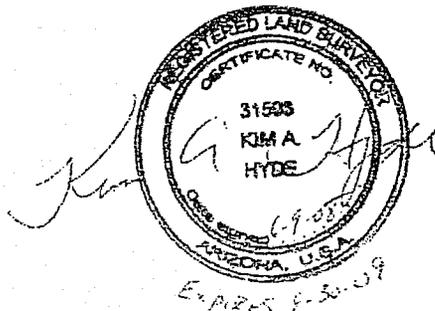
Thence S89°50'04"E continuing along the Northeasterly line of said Lot 3 a distance of 1241.65 feet to a 1/2" rebar with yellow plastic cap marked "TIERRA RLS31598" on the East line of said NW 1/4 of Section 20 (Northeasterly corner of said Lot 3);

Thence S0°00'51"E along the East line of said NW 1/4 of Section 20 (Easterly line of said Lot 3 and Lot 5) a distance of 1355.75 feet to a 1/2" rebar with yellow plastic cap marked "RLS25074" at the Center 1/4 Corner of said Section 20 (Southeasterly corner of said Lot 5);

Thence N89°58'45"W along the South line of said NW 1/4 of Section 20 (Southerly line of said Lot 5) a distance of 2654.40 to the POINT OF BEGINNING.

Containing 89.1 acres, more or less.

Basis of Bearings is N56°24'10"E along the Southerly right-of-way line of the Quartzsite-Wickenburg Highway (U.S. 60-70) as shown on the Arizona Highway Department right-of-way plans for Project F-022-1(1), sheet 5 of 46, As-Built, 12-07-61.



igwe

SALLQUIST, DRUMMOND & O'CONNOR, P.C.

ATTORNEYS AT LAW  
TEMPE OFFICE

4500 S. LAKESHORE DRIVE

SUITE 339

TEMPE, ARIZONA 85282

RECEIVED

7000 SEP 26 A 10:30

AZ CORP COMMISSION  
DOCKET CONTROL

PHONE (480) 839-5202  
FACSIMILE (480) 345-0412  
E-MAIL [dick@sd-law.com](mailto:dick@sd-law.com)

RICHARD L. SALLQUIST

September 25, 2008

RECEIVED

SEP 26 2008

AZ CORP COMMISSION  
Director Utilities

Kay Kilger  
Arizona Corporation Commission  
Docket Control  
1200 W. Washington  
Phoenix, AZ 85007

Re: Keaton Development Company-Docket No. W-02169A-08-0301; Affidavits of Mailing and Publication

Dear Ms. Kilger:

The Procedural Order in this matter required Notice to the Property Owners and the public, and certification of said Notice. Attached hereto are 15 copies of each of those Affidavits.

In the event you have any questions regarding these matters, please do not hesitate to call.

Sincerely,

Richard L. Sallquist

Enclosures

- cc: Hearing Division
- Legal Division
- Alex Igwe
- Bill Scott

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA

COUNTY OF LA PAZ, ss

*Angelique Van Meter*

ANGELIQUE VAN METER

of said county, being duly sworn, deposes and says: that he/she is and at all times herein mentioned was a citizen of the United States, over the age of twenty-one years, and is competent to be a witness on the trial of the above entitled action, and that he/she is not a party to, nor interested in the above entitled matter.

That he/she is the Authorized Agent for the:

PARKER PIONEER

(published weekly) and which is a weekly newspaper of general circulation, published and circulated in the said County of La Paz, and is published for the dissemination of local news and intelligence of a general character, and has a bona fide subscription list of paying subscribers, and said newspaper has been established and published in the City of Parker, County of La Paz, State of Arizona, for at least one year before the publication of the first insertion of this notice and said newspaper is not devoted to the interests of, or published for the entertainment of any particular class, professions, trade, calling, race or denomination, or any number thereof.

PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF KEATON DEVELOPMENT COMPANY FOR APPROVAL OF AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE PROVISION OF WATER SERVICE IN PORTIONS OF LA PAZ COUNTY DOCKET NO. W-02169A-08-0301

of which the annexed is a printed copy, was published in said newspaper at 1 time(s), commencing on the 17th day of September, 2008 and ending on the 17th day of September, 2008 all above days inclusive, and in the regular and entire issue of said newspaper proper, and not in a supplement and said notice was published therein on the following dates, to-wit:

September 17, 2008

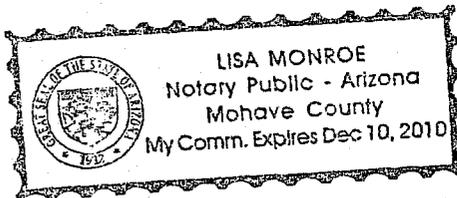
Subscribed and sworn to before me the 17th day of September, 2008.

*[Signature]*

Notary Public in and for the county of La Paz, State of Arizona

December 10, 2010

My Commission Expires:



**PUBLIC NOTICE OF THE HEARING ON  
THE APPLICATION OF KEATON  
DEVELOPMENT COMPANY FOR  
APPROVAL OF AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR THE PROVISION OF  
WATER SERVICE IN PORTIONS OF LA  
PAZ COUNTY.**

**(Docket No. W-02169A-08-0301)**

On June 13, 2008, Keaton Development Company ("Keaton" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity ("Certificate" or "CC&N") to provide domestic water service in portions of La Paz County, Arizona. The Commission's Utilities Division ("staff") has not yet made a recommendation regarding Keaton's application, and the Commission is not bound by the proposals made by Keaton, Staff, or any intervenors. The Commission will issue a decision regarding Keaton's application following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the application are available at Keaton's offices 66788 Hwy 60, Salome, Arizona 85348 and the Commission's offices at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-docket function.

The Commission will hold a hearing on this matter beginning October 30, 2008, at 10:00 a.m., in Hearing Room #1 at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via email (visit [http://www.azcc.gov/divisions/utilities/form/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/form/public_comment.pdf) for instructions) or by mailing a letter referencing Docket Number W-02169A-08-0301 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you would like to intervene, you must file a written motion to intervene with the Commission, and you must send copies of the motion to the Company or its counsel, and to all parties of record in the case. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom documents are to be served in your place, if desired;
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.); and
3. A statement certifying that a copy of your motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before October 14, 2008. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any person or entity from appearing at the hearing and making a statement on their own behalf.

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 a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Linda Hogan, E-mail [Lhogan@azcc.gov](mailto:Lhogan@azcc.gov), voice phone number 602/542-3931. Request should be made as early as possible to allow time to arrange the accommodation.

Publish: September 17, 2008 6108

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Richard L. Sallquist, Esq. (002774)  
SALLQUIST & DRUMMOND, P.C.  
2525 E Arizona Biltmore Circle, Suite 117  
Phoenix, Arizona 85016  
Telephone: (602) 224-9222  
Fax: (602) 224-9366  
Attorneys for Keaton Development Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

DOCKET NO. W-02169A-08-0301

IN THE MATTER OF THE )  
APPLICATION OF KEATON )  
DEVELOPMENT COMPANY FOR AN )  
EXTENSION OF ITS CERTIFICATE )  
OF CONVENIENCE AND NECESSITY )  
FOR THE PROVISION OF WATER )  
SERVICE IN PORTIONS OF LA PAZ )  
COUNTY, ARIZONA. )

**AFFIDAVIT OF MAILING**

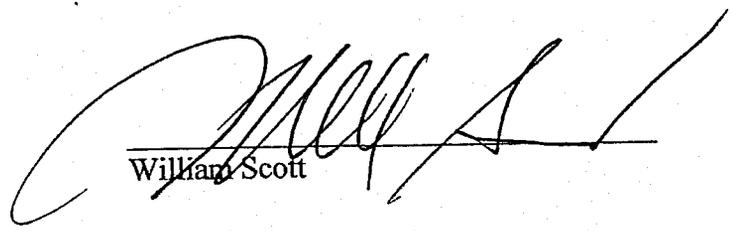
STATE OF ARIZONA )  
County of La Paz )

The undersigned being first duly sworn deposes and says as follows:

1. I am William Scott, President of Keaton Development Company. My business address is P.O. Box 905, Salome, Arizona 85348.

2. On or about September 08, 2008, I caused to be deposited in the United States mail, first class certified, postage prepaid, the Procedural Order dated September 4, 2008 to all property owners in the requested area, said notice being in the form attached hereto as Attachment One.

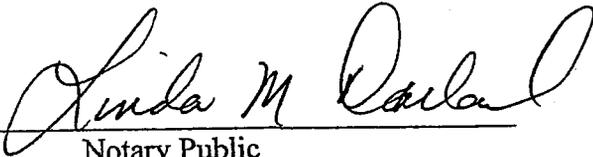
Further affiant sayeth not.

  
\_\_\_\_\_  
William Scott

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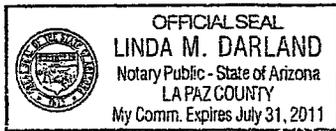
SUBSCRIBED AND SWORN to before me this 8 day of September \_\_, 2008, by

William Scott.

  
Notary Public

My Commission Expires:

7-31-11



**KEATON DEVELOPMENT CO**

**P.O. BOX 905**

**66477 65 Th ST.**

**SALOME, AZ 85348**

**Phone 928-859-3982 FAX 928-859-3984**

9/8/2008

Phoenix Atlantic Properties L.L.C.  
7349 Via Paseo Del Sur #515  
Scottsdale, AZ 85258

Sunland Estates Annexation to Keaton Development Co CC&N  
DOCKET NO. W-02169A-08-0301  
PROCEDURAL ORDER

Gentlemen,

Enclosed please find a copy of the referenced document. This letter will serve to satisfy the Order to **"mail to each property owner or property owner representative in the requested extension area a copy of the above notice."**

Also, a copy of the "time clock" for the Order is included. Please note that the Hearing for this matter has been set for Oct. 30, 2008 at 10:00 AM.

Sincerely,



William Scott-Pres.  
Keaton Development Co.

CC: Dick Sallquist-Sallquist, Drummond and O'Connor

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

8 IN THE MATTER OF THE APPLICATION OF  
9 KEATON DEVELOPMENT COMPANY FOR  
10 APPROVAL OF AN EXTENSION OF ITS  
11 CERTIFICATE OF CONVENIENCE AND  
12 NECESSITY FOR THE PROVISION OF  
13 WATER SERVICE IN PORTIONS OF LA PAZ  
14 COUNTY, ARIZONA.

DOCKET NO. W-02169A-08-0301

PROCEDURAL ORDER

11 **BY THE COMMISSION:**

12 On June 13, 2008, Keaton Development Company ("Keaton" or "Applicant") filed with the  
13 Arizona Corporation Commission ("Commission") an application for an extension of its Certificate  
14 of Convenience and Necessity ("Certificate" or "CC&N") to provide domestic water service in  
15 portions of La Paz County, Arizona.

16 On July 3, 2008, Keaton filed an Amended Application.

17 On August 1, 2008, the Commission's Utilities Division ("Staff") filed an Insufficiency Letter  
18 and First Set of Data Requests.

19 On August 12, 2008, Applicant filed a second amended application withdrawing the  
20 amendment set forth in the July 3, 2008, filing.

21 On August 19, 2008, Staff filed a Sufficiency Letter indicating that Keaton's application had  
22 met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

23 On August 20, 2008, Keaton filed a Response to Staff's First Set of Data Request.

24 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern  
25 the preparation and conduct of this proceeding.

26 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall be held  
27 on **October 30, 2008, at 10:00 a.m.**, or as soon thereafter as is practicable, at the Commission's  
28

1 offices, 1200 West Washington Street, Hearing Room #1, Phoenix, Arizona 85007.

2 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-  
3 105, except that all Motions to Intervene must be filed on or before **October 14, 2008**.

4 IT IS FURTHER ORDERED that objections to any Motions to Intervene must be filed no  
5 later than **October 23, 2008**.

6 IT IS FURTHER ORDERED that Keaton shall provide public notice of the hearing in this  
7 matter, in the following form and style, with the heading no less than 10 point bold type and the body  
8 no less than 10 point regular type:

9  
10 **PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF**  
11 **KEATON DEVELOPMENT COMPANY FOR APPROVAL OF AN**  
12 **EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND**  
**NECESSITY FOR THE PROVISION OF WATER SERVICE IN**  
**PORTIONS OF LA PAZ COUNTY.**  
**(Docket No. W-02169A-08-0301)**

13 On June 13, 2008, Keaton Development Company ("Keaton" or "Applicant") filed  
14 with the Arizona Corporation Commission ("Commission") an application for an  
15 extension of its Certificate of Convenience and Necessity ("Certificate" or "CC&N")  
16 to provide domestic water service in portions of La Paz County, Arizona. The  
17 Commission's Utilities Division ("Staff") has not yet made a recommendation  
18 regarding Keaton's application, and the Commission is not bound by the proposals  
19 made by Keaton, Staff, or any intervenors. The Commission will issue a decision  
regarding Keaton's application following consideration of testimony and evidence  
presented at an evidentiary hearing. Copies of the application are available at  
Keaton's offices [insert address] and the Commission's offices at 1200 West  
Washington, Phoenix, Arizona, for public inspection during regular business hours and  
on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-docket  
function.

20 The Commission will hold a hearing on this matter beginning **October 30, 2008, at**  
21 **10:00 a.m.**, in Hearing Room #1 at the Commission's offices, 1200 West Washington,  
Phoenix, Arizona. Public comments will be taken on the first day of the hearing.  
22 Written public comments may be submitted via email (visit  
[http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf) for instructions) or  
23 by mailing a letter referencing Docket Number W-02169A-08-0301 to: Arizona  
Corporation Commission, Consumer Services Section, 1200 West Washington,  
Phoenix, AZ 85007. If you require assistance, you may contact the Consumer Services  
24 Section at 1-800-222-7000 or 602-542-4251.

25 The law provides for an open public hearing at which, under appropriate  
26 circumstances, interested parties may intervene. Any person or entity entitled by law  
to intervene and having a direct and substantial interest in the matter will be permitted  
27 to intervene. If you would like to intervene, you must file a written motion to  
intervene with the Commission, and you must send copies of the motion to the  
Company or its counsel, and to all parties of record in the case. Your motion to  
28 intervene must contain the following:

- 1 1. Your name, address, and telephone number, and the name, address, and  
2 telephone number of any party upon whom documents are to be served in your  
3 place, if desired;
- 4 2. A short statement of your interest in the proceeding (e.g., a customer of the  
5 Company, a shareholder of the Company, etc.); and
- 6 3. A statement certifying that a copy of your motion to intervene has been mailed  
7 to the Company or its counsel and to all parties of record in the case.

8 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
9 that all motions to intervene must be filed on or before October 14, 2008. The  
10 granting of intervention, among other things, entitles a party to present sworn evidence  
11 at hearing and to cross-examine other witnesses. However, failure to intervene will  
12 not preclude any person or entity from appearing at the hearing and making a  
13 statement on their own behalf.

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

20 IT IS FURTHER ORDERED that Keaton shall mail to each property owner or property  
21 owner representative in the requested extension area a copy of the above notice and shall cause the  
22 above notice to be published in a newspaper of general circulation in its service territory, with  
23 publication and mailing to be completed no later than September 26, 2008.

24 IT IS FURTHER ORDERED that Keaton shall file certification of mailing and publication  
25 as soon as practicable after the mailing/publication has been completed, but not later than October 3,  
26 2008.

27 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and  
28 publication of same, notwithstanding the failure of an individual property owner to read or receive  
the notice.

IT IS FURTHER ORDERED that Staff shall file a Staff Report on or before October 3,  
2008.

IT IS FURTHER ORDERED that any objections to the Staff Report shall be filed on or  
before October 13, 2008.

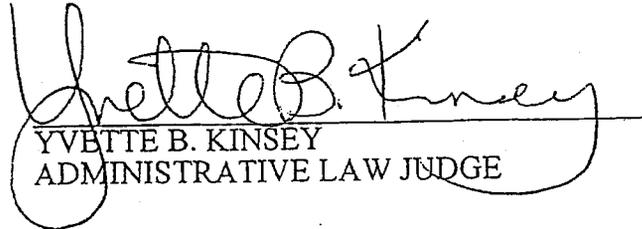
IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
Communications) applies to this proceeding as the matter is now set for public hearing.

1 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
2 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*  
3 *hac vice*.

4 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
5 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
6 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation  
7 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the  
8 matter is scheduled for discussion, unless counsel has previously been granted permission to  
9 withdraw by the Administrative Law Judge or the Commission.

10 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
11 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
12 hearing.

13 Dated this 4<sup>th</sup> day of September, 2008.

14  
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16 YVETTE B. KINSEY  
17 ADMINISTRATIVE LAW JUDGE

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1 Copies of the foregoing mailed/delivered  
2 this 4th day of September, 2008 to:

3 William Scott, President  
4 KEATON DEVELOPMENT COMPANY  
5 P.O. Box 905  
6 Salome, Arizona 85348

7 Richard L. Sallquist  
8 SALLQUIST, DRUMMOND & O'CONNOR, P.C.  
9 4500 South Lakeshore Drive, Suite 3389  
10 Tempe, Arizona 85282  
11 Attorney for Keaton Development Company

12 Janice Alward, Chief Counsel  
13 Legal Division  
14 ARIZONA CORPORATION COMMISSION  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

17 Ernest G. Johnson, Director  
18 Utilities Division  
19 ARIZONA CORPORATION COMMISSION  
20 1200 West Washington Street  
21 Phoenix, Arizona 85007

22 ARIZONA REPORTING SERVICE, INC.  
23 2200 N. Central Ave., Suite 502  
24 Phoenix, Arizona 85004

25 By:   
26 Debra Broyles  
27 Secretary to Yvette B. Kinsey  
28

**KEATON DEVELOPMENT COMPANY**  
**CC&N CASE TIME TABLE**  
**Docket No. W-02169A-08-0301**  
**HEARING October 30, 2008 10:00 am**

Letter of Sufficiency	8/19/08
Procedural Order	9/4/08
Judge	Kinsey
Staff Attorney	Torrey
Staff Witness	Igwe, Ortiz, Liu
Staff Report and Testimony	10/3/08
Publish Notice	9/26/08
Mail Notice to Property Owner's	9/26/08
Objections to Staff Report	10/13/08
Motions to Intervene	10/14/08
Affidavit of Publish and Mailing	10/3/08
Objections to Motions to Intervene	10/23/08
Hearing	10/30/08 10:00 am
Last Open Meeting before Time Clock	1/13/09
Time Clock Deadline	1/16/09