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NEW APPLICATION

ORIGINAL

RECEIVED
WestLand Resources, Inc.

Engineering and Environmental Consultants

2003 DEC 12 A 11:49

Farmer's Water Company

P.O. Box 7

AZ CORP COMMISSION
DOCUMENT CONTROL
Sahuarita, AZ 85629

December 11, 2003

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona

W-01654A-03-0903

Attached is an application by Farmer's Water Company for an extension of Certificate of Convenience and Necessity. The purpose of this application is to expand the area currently served within the CC&N to include property, which is more particularly described in Exhibit C of the Application for an extension.

Sincerely,

Kristen L. Whatley, E.I.T.

Arizona Corporation Commission
DOCKETED

DEC 12 2003

DOCKETED BY

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

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

Farmer's Water Co.

(520) 879-7473

1525 E. Sahuarita
Sahuarita, AZ 85627

mailing address: P.O. Box 7
Sahuarita, AZ 85629

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

Farmer's Water Co. Attn: Warren Culbertson (520) 625-2345
P.O. Box 7
Sahuarita, AZ 85629

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

Warren Culbertson (#04245) and John Miller (#09887)

P.O. Box 7

(520) 625-2345

Sahuarita, AZ 85629

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

Haralson, Miller, Pitt & McNally PC C/O Pat Griffin (520) 792-3836

1 South Church, Suite 900
Tucson, AZ 85701

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) Attachment 1

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

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. Attachment 3

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors. Attachment 4

H. Attach a current balance sheet and profit and loss statement. Attachment 5

I. 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:

Residential:

First Year 20 Second Year 50 Third Year 80 Fourth Year 110
Fifth Year 153

Commercial: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Industrial: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
Fifth Year _____

Irrigation:

First Year 3 Second Year 3 Third Year 3 Fourth Year 3
Fifth Year 3

Other: (specify) N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

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:

Residential:

First Year 1.99 MG Second Year 4.98 MG Third Year 7.96 MG

Fourth Year 10.95 MG Fifth Year 15.23 MG

MG=million gallons

Commercial:

N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial:

N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation:

First Year 30,000 Second Year 30,000 Third Year 30,000

Fourth Year 30,000 Fifth Year 30,000

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

First Year \$4,900 Second Year \$11,200 Third Year \$17,200

Fourth Year \$23,300 Fifth Year \$32,300

- Complete Attachment "D" (Water Use Data Sheet) for the past 13 months

Attachment 6

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

First Year \$12,720 Second Year \$16,600 Third Year \$20,400

Fourth Year \$24,200 Fifth Year \$28,400

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

Attachment 7

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

Line Extension Agreement

L. Estimated starting and completion date of construction of utility facilities:

Starting date 2004 Completion date 2008

M. Attach the following permits:

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

To be late filed upon receipt from Pima County

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

To be late filed upon receipt from ADEQ

3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.)

N/A

4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.)

N/A

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

To be late filed upon receipt from ADWR

- If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

N/A

- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

N/A

Warren E. Culbertson

(Signature of Authorized Representative)

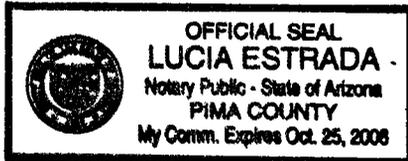
Warren E. Culbertson

(Print or Type Name Here)

Chief Executive officer

(Title)

SUBSCRIBED AND SWORN to before me this 11th day of December, 2003



Lucia Estrada

NOTARY PUBLIC

My Commission Expires 10/25/06

ATTACHMENT 1

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 Secretary of the Arizona Corporation Commission, do hereby certify that

*****FARMERS WATER CO.*****

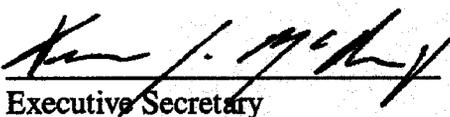
a domestic corporation organized under the laws of the State of Arizona, did incorporate on February 11, 1959.

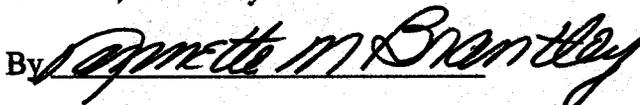
I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject 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 25th Day of November, 2003, A. D.




Executive Secretary

By 

ATTACHMENT 2

**RESOLUTION BY
THE BOARD OF DIRECTORS OF
FARMERS WATER CO.**

November 19, 2003

A Regular Meeting of the Board of Directors of FARMERS WATER CO., pursuant to notice and the by-laws of the Corporation, was held in the Conference Room of Farmers Investment Co. in Sahuarita, Arizona, at 2:00 p.m. on November 19, 2003.

The Directors present at the meeting were:

Richard S. Walden
Warren E. Culbertson
John (Jack) Miller
Heather Triana

Upon motion made by Richard S. Walden and seconded by John (Jack) Miller, and unanimously adopted, Warren E. Culbertson was appointed Chairman of the meeting and Heather Triana was appointed Secretary of the meeting.

Upon motion duly made by Richard S. Walden and seconded by Warren E. Culbertson, and unanimously carried, the following Resolutions were adopted:

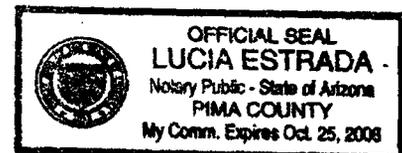
- 1) Resolved that FARMERS WATER CO. is authorized to apply for an Extension of its Certificate of Convenience and Necessity (CC&N) to include all of Section 28, Township 17 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona. EXCEPT THEREFROM the portion of Santa Rita Road traversing a portion of this Section 28, Township 17 South, Range 14 East.
- 2) Resolved that the President and Chief Executive Officer of FARMERS WATER CO. are hereby authorized to execute all necessary documents to consummate the inclusion of the above lands in its CC&N.

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting was adjourned.

*COPY OF AN ORIGINAL (ORIGINAL FILED
IN FARMERS WATER MINUTES BOOK-
OPEN FOR INSPECTION -
November 19, 2003
Notary Public-

Lucia Estrada
Comm. Exp. October 25, 2006

Heather Triana
Heather Triana
Secretary of the Meeting



Approved:

Warren E. Culbertson
Warren E. Culbertson

Approved:

Richard S. Walden
Richard S. Walden

ATTACHMENT 3

Legal Description

Section 28, Township 17 South, Range 14 East, Gila and Salt River Base and Meridian, Pima Count, Arizona, except any portion thereof lying within Corto Road No. 217, as shown in Book 2 of Road Maps at Page 25; also except any portion thereof lying within Santa Rita Road No. 216, as shown in Book 2 of Road Maps at Page 30.

ATTACHMENT 4

ATTACHMENT "B"

PIMA	28	17S	14E
COUNTY	SECTION	TOWNSHIP	RANGE

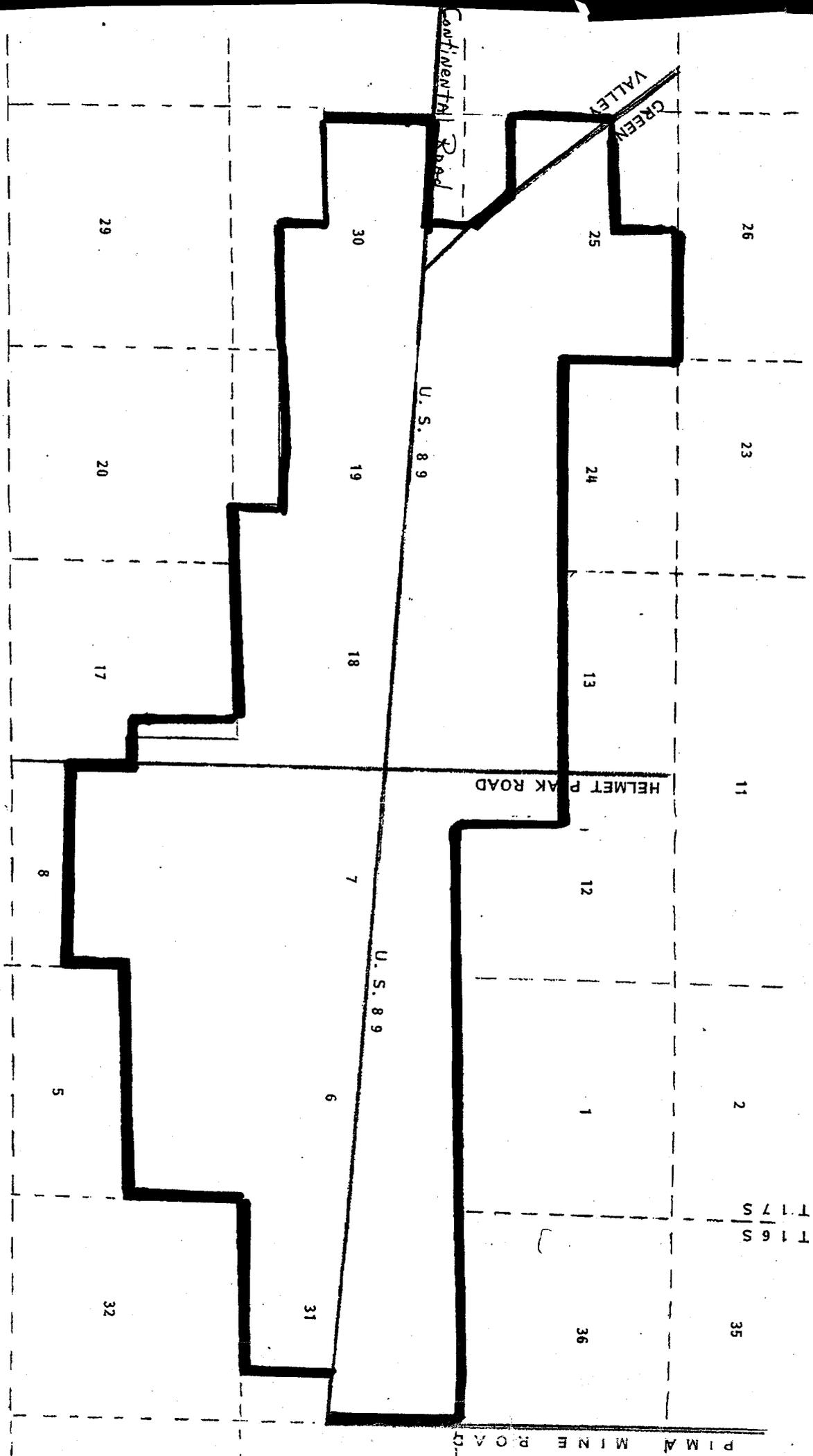
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Type or Print Description Here:

 - Requested Extension Area

 - Existing Certificated Area

FARMERS WATER CO.
 SYSTEM # 41004H
 CERTIFICATED AREA
 (APPROXIMATE)



PIMA MINE ROAD

ATTACHMENT 5

FARMERS WATER CO.

Balance Sheet
October 31, 2003
(Unaudited)

ASSETS

Current Assets:

Cash	(\$40,246.61)
Accounts Receivable	39,011
Due from Affiliated Company	729,867
Prepaid Expenses	4,635
Total Current Assets	<u>733,265</u>

Property and Equipment:

Franchise	6,893
Office Equipment	14,441
Transportation Equipment	19,248
Wells & Distribution Equipment	3,972,386
	<u>4,012,967</u>
Less: Accumulated Depreciation	(1,287,379)
Total Property and Equipment	<u>2,725,588</u>
	<u>\$3,458,854</u>

LIABILITIES AND STOCKHOLDERS' EQUITY / (DEFICIT)

Liabilities:

Accounts Payable	\$16,222
Accrued Liabilities	8,489
Advances in Aid of Constr. - Meter Installs	108,138
Advances in Aid of Construction	3,350,861
Total Liabilities	<u>3,483,710</u>

Stockholders' Equity / (Deficit):

Common Stock	2,500
Excess Paid in Capital	497,500
Retained Earnings -- (Deficit)	(524,856)
Total Stockholders' Equity / (Deficit)	<u>(24,856)</u>
	<u>\$3,458,854</u>

FARMERS WATER CO.

Statement of Operations and Retained Earnings
 For the One Months Ended October 31, 2003
 (Unaudited)

Revenue:	
Water Sales	\$36,386
Service Charges	125
Other Income	162
	<hr/>
	36,673
Cost of Sales:	
Labor & Benefits	12,979
Property Taxes	2,767
Power-Electric	2,831
Pump & Pipeline Maintenance & Supplies	1,913
Laboratory Fees	760
Office Supplies & Other Expense	1,587
Insurance	210
Dues & Subscriptions	638
Legal & Accounting	500
Depreciation & Amortization	9,537
	<hr/>
	33,721
Net Income / (Loss) from Operations	<hr/>
	2,952
Retained Earnings (Deficit), Beginning of Year	<hr/>
	(527,807)
Retained Earnings (Deficit), End of Year	<hr/>
	<u>(\$524,856)</u>

ATTACHMENT 6

ATTACHMENT "D"

WATER USE DATA SHEET

NAME OF COMPANY _____ →	Farmer's Water Company
ADEQ Public Water System No. _____ →	10048

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
11/02	87	2,938
12/02	86	2,490
01/03	88	2,268
02/03	89	2,201
03/03	89	2,013
04/03	89	2,776
05/03	89	2,963
06/03	89	3,457
07/03	89	3,591
08/03	88	3,002
09/03	88	2,248
10/03	88	2,803
11/03	88	2,037

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
17,000	2	55-534922	235 gpm
		55-624001	750 gpm

Other Water Sources in Gallons per Minute →	<u>GPM</u>
Fire Hydrants on System →	Yes No
Total Water Pumped Last 13 Months (Gallons in Thousands) →	34,787

ATTACHMENT 7

OPINION OF PROBABLE CONSTRUCTION COST

Project Name: Section 28 Water System Investigation: **Prepared by:** Will Neese **Date:** 11/17/03
Project No.: 979.01 **Checked by:** CC **Date:** 11/17/03
Location: East of Country Club, North of Santa Rita Rd, Sahuarita, AZ **Client:** New World Homes
Description: New water plant development: Option 2

Item No.	Item Description	Unit	Quantity	Unit Price	Amount	Remarks
ONSITE WATER PLANT						
1	New 200,000 gallon reservoir	L.S.	1	\$100,000.00	\$100,000.00	Includes gravel ring and all coatings
2	Drill, develop, and equip new potable water well	L.S.	1	\$175,000.00	\$175,000.00	200gpm well pump, also includes testing and laboratory analysis
3	On-site Booster station	L.S.	1	\$250,000.00	\$250,000.00	1,105 gpm station and appurtenances. Does not include off-site 3-phase power.
	Subtotal				\$525,000.00	
	25% Engineering Contingencies				\$132,000.00	
	TOTAL				\$657,000.00	



Presidio

ENGINEERING

2302 E. Speedway, Suite #214, Tucson, AZ 85719
(520) 795-7255 voice (520) 795-6747 fax

PRELIMINARY Saharita Highlands OPINION OF PROBABLE CONSTRUCTION COST

Project Title: Saharita Highlands
Job No: 101022-02-0101 Plan No: _____
Subdivision/Location: Sec. 28, T-17-S, R-14-E
Type/Lots: Conservation Subdivision (43,560 S.F.)

Page: 1 of 1
Prepared by: JDW Date: 12/9/03
Checked by: JDW Date: 12/9/03
Owner/Developer: New World Development

Item No.	Item Description	Unit	Quantity	Unit Price	Amount	Location/Remarks
I. PUBLIC WATER						
1	8" C-900 Main	LF	20,000	\$17.00	\$340,000	
2	8" DIP CL-350 Main	LF	200	\$52.00	\$10,400	
3	6" C-900 Main	LF	5,600	\$15.00	\$84,000	
4	6" DIP CL-350 Main	LF	200	\$14.50	\$2,900	
5	8" Valve and Box Cover	EA	25	\$700.00	\$17,500	
6	6" Valve and Box Cover	EA	8	\$440.00	\$3,520	
7	2" Drain Valve Assembly	EA	4	\$430.00	\$1,720	
8	2" ARV	EA	6	\$2,000.00	\$12,000	
9	Fire Hydrants	EA	24	\$1,530.00	\$36,720	
10	3/4" Single Water Service	EA	39	\$500.00	\$19,500	Will vary depending on electric layout.
11	1" Double Water Service	EA	57	\$425.00	\$24,225	Will vary depending on electric layout.
12	Connect to Existing	EA	2	\$790.00	\$1,580	
				Sub-Total	\$554,065	Excludes state sales tax.
				20% Contingencies	\$110,813	
				Total	\$664,878	

Note: See December 9, 2003 cover memo for details and exclusions.



Presidio
ENGINEERING, INC.

2302 E. SPEEDWAY BLVD., SUITE 214, TUCSON, ARIZONA 85719
(520) 795-7255 FAX (520) 795-6747

MEMORANDUM

TO: Kristin Whatley
WestLand Resources

FROM: John D. Wood, P.E. *JDW*

DATE: December 9, 2003

SUBJECT: Preliminary Opinion of Probable Construction Cost for
On-Site Water System at Sahuarita Highlands

COPIES TO: Jack Richter, New World Development w/ attachment
Jim Lynch, Lynch Consulting w/ attachment
Tim D. Birk, P.E., R.L.S., Presidio Engineering w/ attachment
File 101022-02-0101 w/ attachment

In accordance with your request, we have prepared a Preliminary Opinion of Probable Construction Cost for the on-site water system for the Sahuarita Highlands Site.

Please note that this preliminary opinion is based solely upon the lot layout shown on the Tentative Plat and that a Water Plan has not yet been prepared and therefore our opinion may vary from that of the final Water Plan.

In addition, Presidio Engineering has no control over the costs or the price of labor, equipment or materials or over the contractor's method of pricing and that the Preliminary Opinion of Probable Construction Cost attached is made based upon Presidio Engineering's knowledge of the project and experience. Presidio Engineering makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to the bid or actual costs.

Let us know if you have any questions or require any additional information.

Attachment

ATTACHMENT 8

**PUBLIC NOTICE OF AN APPLICATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
BY FARMER'S WATER COMPANY**

Farmer's Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are either currently a customer of Farmer's Water Company or are a property owner in the proposed extension area. If the application is granted, Farmer's Water Company would be the exclusive provider of water service to the proposed area. Farmer's Water Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Tucson at 400 West Congress, North Building, Room 218, and/or at the offices of Farmer's Water Company in Sahuarita at 1525 E. Sahuarita.

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

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 400 West Congress, North Building, Room 218, Tucson, Arizona 85701 or call 1-800-535-0148.