

NEW APPLICATION
ORIGINAL LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW



P. O. Box 1448
TUBAC, ARIZONA 85646

(520) 398-0411
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OF COUNSEL TO
MUNGER CHADWICK, P.L.C.

ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

February 18, 2010

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

W-01809A-10-0061

Re: Cayetano, Inc. DBA Lakewood Water Company
Docket No. W-01809A-10-_____

To Whom It May Concern:

Enclosed for filing are the original and thirteen (13) copies of an Application for a Certificate of Convenience and Necessity ("Application"), together with supporting Appendices "A" through "M," on behalf of Cayetano, Inc. DBA Lakewood Water Company.

Also enclosed are two (2) additional copies of the Application. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you for your assistance. Please advise me if you have any questions.

Sincerely,

Angela R. Trujillo
Secretary
Lawrence V. Robertson, Jr.

Arizona Corporation Commission
DOCKETED
FEB 19 2010

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ARIZONA CORPORATION
COMMISSION
DOCKET CONTROL

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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

- KRISTIN K. MAYES, Chairman**
- GARY PIERCE**
- PAUL NEWMAN**
- SANDRA D. KENNEDY**
- BOB STUMP**

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W-01809A-10-0061

IN THE MATTER OF THE APPLICATION OF)
 CAYETANO, INC. DBA LAKEWOOD WATER) DOCKET NO. W-01809A-10-____
 COMPANY FOR A CERTIFICATE OF)
 CONVENIENCE AND NECESSITY TO) APPLICATION
 PROVIDE WATER SERVICE TO AND WITHIN)
 AN UNINCORPORATED AREA IN SANTA)
 CRUZ COUNTY, ARIZONA)

LAWRENCE V. ROBERTSON, JR.
 ATTORNEY AT LAW
 P.O. Box 1448
 Tubac, Arizona 85646
 (520) 398-0411

Cayetano, Inc. DBA Lakewood Water Company ("Lakewood"), by and through its undersigned attorney, submits this Application for an Opinion and Order of the Commission granting Lakewood a Certificate of Convenience and Necessity ("CC&N") to provide water service to and within an unincorporated area in Santa Cruz County, Arizona. In support of its Application, Lakewood provides the following information.

I.

IDENTIFICATION OF APPLICANT

Lakewood is an Arizona corporation, and it is in good standing with both the Commission's Utilities and Corporation Divisions. A Certificate of Good Standing attesting to that effect is attached hereto as Appendix "A," and is incorporated herein by this reference. A list of Lakewood's current officers and directors is attached hereto as Appendix "B," and is incorporated herein by this reference.

On September 22, 1995 in Decision No. 59304, the Commission granted Lakewood a CC&N to provide water service in an unincorporated area in Pima County, Arizona in and near the community of Amado. At present, Lakewood provides water service to 307 residential connections and 3 commercial connections within its Pima County CC&N boundaries.

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II.
APPLICANT'S CONTACT PERSONS
AND CONTACT INFORMATION

The names of and contact information for Lakewood's Vice President for information in connection with this Application are as follows:

Lisa Sullivan
Vice President
Lakewood Water Company
4010 East Illinois
Tucson, Arizona 85714

Phone: (520) 398-8719
Fax: (520) 750-9544
Email: Lisa@LakewoodWater.com

The name of and contact information for Lakewood's attorney in connection with this Application are as follows:

Lawrence V. Robertson, Jr.
P. O. Box 1448
Tubac, Arizona 85646-1448

Phone: (520) 398-0411
Fax: (520) 398-0412
Email: Tubaclawyer@aol.com

The name of and contact information for Lakewood's Arizona Department of Environmental Quality ("ADEQ") Certified Operator are as follows:

Christopher Hill
CHW2 Services
P. O. Box 70022
Tucson, Arizona 85737

Phone: (520) 904-0741
Fax: (520) 297-9494
Email: Chh2serve@msn.com
ADEQ Certified Operator No. 0P008883

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III.
DESCRIPTION OF CIRCUMSTANCES
OCCASIONING APPLICATION

Lakewood has received a written request to provide water service to and within a planned commercial development in an unincorporated area in Santa Cruz County, Arizona, to be known as the Amado Business Park ("Park").¹ Lakewood responded in writing to such request therein indicating the terms and conditions under which it would be willing to provide water service to and within the Park. In turn, the developer of the Park responded in writing that Lakewood's terms and conditions were acceptable. Copies of this exchange of correspondence are attached hereto as Appendix "C," and are incorporated herein by this reference. The instant Application is a result of that exchange of correspondence, and the agreement therein reached.

Attached hereto as Appendix "D," and incorporated herein by this reference is a legal description for the acreage of which the Park will be comprised. Attached hereto as Appendix "E," and incorporated herein by this reference is a copy of a map which depicts the currently contemplated manner of development of the Park as a commercial project.

The Park acreage is located approximately 1.5 miles south of the southern boundary of Lakewood's existing CC&N; and, Interstate 19 separates the Park acreage from Lakewood's current Pima County CC&N service area. As a consequence, Lakewood is filing the instant Application for a new CC&N in order to acquire the requisite authorization from the Commission to provide the aforementioned water service to and within the Park.²

IV.
DESCRIPTION OF CONTEMPLATED
WATER SYSTEM FACILITIES

Attached hereto as Appendix "F" and incorporated herein by this reference is a copy of an April 21, 2009 Amado Business Park Water Master Plan ("Water Plan") for the Park, as

¹ No person or entity other than the aforesaid party requesting service owns property within the requested Santa Cruz County CC&N area.

² Lakewood is herein requesting a new CC&N. However, if the Commission would prefer to enlarge Lakewood's existing CC&N in order to serve the Park, such an approach would be equally acceptable to Lakewood.

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1 prepared by WestLand Resources, Inc. ("WestLand Resources"). As may be noted therefrom,
2 the water system facilities proposed to be constructed will be located entirely within the
3 boundaries of the Park; and will require the design and construction of a water system which is
4 physically separate from Lakewood's existing system. WestLand Resources has determined the
5 facilities necessary to serve the Park on the basis of a variety of engineering criteria and
6 operational data. In that regard, the contemplated facilities include the following: (i) one (1) 35
7 GPM well and appurtenances; (ii) one (1) 60,000 gallon storage reservoir; (iii) one (1) 850 GPM
8 booster pump station; (iv) 8" and 6" transmission mains; and (v) related distribution facilities.

9
10 **V.**

11 **ESTIMATED COST OF FINANCING OF**
12 **CONTEMPLATED WATER SYSTEM FACILITIES**

13 Attached hereto as Appendix "G" and incorporated herein by this reference is an April
14 16, 2009 analysis of the estimated cost of construction of the water system facilities
15 contemplated by the Water Plan, as prepared by WestLand Resources. The attached Opinion of
16 Probable Construction Cost is based upon a combination of water industry and construction
17 industry indices, coupled with actual experience to reflect conditions in the Southern Arizona
18 area.

19 In conjunction with the financing of the aforesaid water system facilities, Lakewood
20 currently contemplates that it will use a combination of funds provided by the developer of the
21 Park in the form of an Advance In Aid of Construction, and common equity. In that regard,
22 attached hereto as Appendix "H" and incorporated herein by this reference is a copy of a pro
23 forma Balance Sheet and a pro forma Income Statement reflecting the financial condition of
24 Lakewood as of December 31, 2009. As indicated in Appendix "J" hereto, as discussed in
25 Section VII below, Lakewood anticipates that the provision of water service to the Park will not
26 have a material effect on Lakewood's overall financial condition.
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VI.

PROPOSED RATES AND CHARGES

Lakewood proposes to charge its existing Commission-approved rates and charges for water service in the requested CC&N area. A copy of Lakewood's current rates and charges is attached hereto as Appendix "I" and incorporated herein by this reference.

VII.

**ESTIMATED ANNUAL OPERATING
REVENUES, EXPENSES AND CUSTOMERS**

Attached hereto as Appendix "J" and incorporated herein by this reference is a copy of a schedule depicting, by year for the first five (5) years of operation, the estimated number of customers and associated operating revenues and expenses for Lakewood's operations in the requested Santa Cruz County CC&N area. These estimates have been prepared by Lakewood, and are based upon a combination of (i) the estimated pace of development for and within the Park, as provided by the developer of the Park, (ii) projected operating expenses prepared by Ms. Sullivan of Lakewood, and (iii) Lakewood's current rates and charges for water service.

VIII.

**ESTIMATED SCHEDULE FOR
CONSTRUCTION OF WATER SYSTEM FACILITIES**

As indicated in the Water Plan, the Park will be served by a 35 GPM well located within the boundary of the Park acreage. The currently contemplated well site location is depicted on Appendix "E" hereto. However, before the well can be drilled and developed, it is necessary to first establish a "service area" right of withdrawal pursuant to the Arizona Groundwater Code and applicable regulations of the Arizona Department of Water Resources ("ADWR").³ The developer of the Park is concurrently initiating the process prescribed by ADWR for the

³ The applicable provisions of the Arizona Groundwater Code are at A.R.S. § 45-491 through 45-494.

1 establishment of a "service area" right of withdrawal.⁴ As of this juncture, it is anticipated that
2 the completion of that process will take no more than one (1) year.

3
4 Once the "service area" right of withdrawal has been established, and the contemplated
5 well has been drilled and developed, the developer of the Park will be in a position to proceed
6 with construction of the water system facilities within the Park contemplated by the Water Plan.
7 In that regard, the commencement of construction of the facilities will be in large measure
8 determined by the developer's timeline for developing the Park as a commercial project; and, in
9 turn, that development timeline will be influenced in part by the national and local economy. At
10 present, the developer anticipates that commencement of construction of the water system
11 facilities will occur no later than July 1, 2011; and, completion of construction should occur no
12 later than January 1, 2012. Upon completion of construction of the water system facilities, and
13 Lakewood's inspection and approval of the same, the developer of the Park will convey title to
14 the water system facilities (including the well) to Lakewood. At that point in time, Lakewood
15 will be in a position to provide water service to and within the Park; provided, the Commission
16 has previously issued an Opinion and Order granting the CC&N requested by the instant
17 Application.

18 IX.

19 ANALYSIS OF ASSURED WATER SUPPLY

20 The developer of the Park has previously filed an Application with ADWR for a
21 Certificate of Assured Water Supply ("CAWS Application") for the Park. The CAWS
22 Application has been assigned the designation of DWR No. 27-700629.0000 by ADWR, and it is
23 currently under review by ADWR's Office of Assured and Adequate Water Supply. In that
24 regard, attached hereto as Appendix "K" and incorporated herein by this reference is a copy of
25 the Notice of Intent to Serve form required by ADWR as a part of its certification of assured

26
27 ⁴ In that regard, a Type 2 Water Right Lease Agreement was recently executed between the title company which
28 holds a deed of trust on the Park acreage and a private family trust which owns a Type 2 groundwater right of
withdrawal. The execution of this lease arrangement provided the developer of the Park with access to that Type 2
right of withdrawal required by ADWR, in order to initiate the process for establishing a "service area" right of
withdrawal.

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1 water supply process, which in this instance indicates that the Park intends for Lakewood to be
2 its water provider.

3
4 **X.**

BACKFLOW PREVENTION TARIFF

5 Attached hereto as Appendix "L," and incorporated herein by this reference is a copy of a
6 Backflow Prevention Tariff which Lakewood is hereby requesting be contemporaneously
7 approved by the Commission, in the event that a CC&N is granted in response to the instant
8 Application.

9
10 **XI.**

CURTAILMENT TARIFF

11 Attached hereto as Appendix "M" and incorporated herein by this reference is a copy of a
12 Curtailment Plan Tariff which Lakewood is hereby requesting be contemporaneously approved
13 by the Commission, in the event that a CC&N is granted in response to the instant Application.

14
15 **XII.**

ADDITIONAL APPROVALS

16 Lakewood shortly will be filing an application with the Santa Cruz County Board of
17 Supervisors requesting a franchise to use such public roads and right(s)-of-way which may abut
18 or transect the Park acreage, if any. A copy of the resulting franchise will be filed with the
19 Commission's Docket Control upon Lakewood's receipt of the same.

20 In addition, in the event of a Commission decision granting Lakewood the Santa Cruz
21 County CC&N requested by the instant Application, and in connection with the contemplated
22 subsequent construction of the water system facilities for the Park, Lakewood will file with the
23 Commission copies of the Approval to Construct and the Approval of Construction which are
24 issued by ADEQ.

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XIII.
MISCELLANEOUS

As previously noted, the Park acreage is not located within the municipal boundaries of any city or town, nor is it located within five (5) miles of any such municipal boundary. In addition, there is no water or wastewater service area of any public service corporation, municipality or district within one (1) mile of the Park acreage.

Wastewater service to and within the Park will be provided by means of an on-site system owned by the developer of the Park. Neither the developer nor Lakewood intend to use surface water or reclaimed wastewater to serve the commercial tenants in the Park. Nor, do the developer or Lakewood intend to construct any recharge facilities.

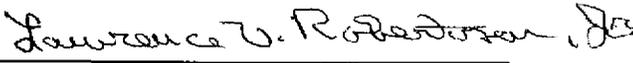
There will not be any parks, recreation areas, golf courses, greenbelts, ornamental lakes or other aesthetic features within the Park.

Lakewood will employ such water conservation measures as prescribed by ADWR's Santa Cruz Active Management Area as may be appropriate for a commercial development of the size and nature of the Park.

XIV.
CONCLUSION

WHEREFORE, and based upon the information set forth in the preceding sections of this Application, and the information contained in Appendices "A" through "M" hereto, Lakewood hereby requests that the Commission issue an Opinion and Order granting Lakewood a CC&N to provide water service to and within the area legally described and graphically depicted in Appendices "D" and "E" hereto.

Dated this 18th of February 2010.

Respectfully submitted,

Lawrence V. Robertson, Jr.
Attorney for Lakewood Water Company

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

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The original and thirteen (13) copies of the foregoing Application will be mailed for filing this 18th day of February 2010 to:

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

Lyn A. Farmer,
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Janice M. Alward, Chief Legal Counsel
Legal Division
Arizona Corporation Commission
1200 W Washington
Phoenix, AZ 85007-2927



Appendix “A”

(Certificate of Good Standing)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****CAYETANO, INC.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on July 24, 1974.

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 18th Day of February, 2010, A. D.



A handwritten signature in black ink, appearing to read "E G Johnson".

Executive Director

By: _____ 438460

Appendix “B”

(List of Officers and Directors)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

LAKWOOD WATER COMPANY

Officers

President – Gary Smyth
Vice President – Lisa Sullivan
Secretary – Lisa Sullivan
Treasurer – Lisa Sullivan

Directors

Gary Smyth
Lisa Sullivan

Appendix “C”

(Request for Service Correspondence Exchange)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

**CA-TA ENT LLC
5811 N. CALLE GRANDEZA
TUCSON, AZ 85718**

August 5, 2009

Lakewood Water Company
P. O. Box 773
Amado, Arizona 85645

Attention: Lisa Sullivan

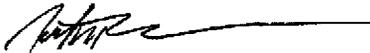
Re: Request for Water Service For
Amado Business Park ("Business Park")

Dear Ms. Sullivan:

CA-TA ENT LLC ("CA-TA") hereby formally requests that Lakewood Water Company ("Lakewood Water") undertake such actions as may be necessary to enable Lakewood Water to become the lawful provider of water service to and within the Amado Business Park ("Business Park") which CA-TA owns in an unincorporated area of Pima County, Arizona. Attached to this letter as Appendix "A" is legal description of the Business Park acreage.

Please advise us in writing if Lakewood Water is interested in becoming the lawfully authorized provider of water service to the Business Park. In that regard, you may use this request for water service in connection with any approvals Lakewood Water must obtain from regulatory or permitting agencies or entities.

Sincerely,



John Thompson
520-577-0776

Lakewood Water Company

PO Box 733

Amado, AZ 85645

Phone (520) 398-9815

Fax (520) 838-8778

August 10, 2009

John Thompson
CA-TA ENT LLC
5811 N. Calle Grandeza
Tucson, Arizona 85719

Re: Request For Water Service For Amado Business Park ("Business Park")

Dear Mr. Thompson:

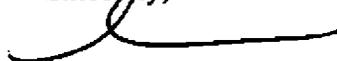
This letter will acknowledge Lakewood Water Company's ("Lakewood Water") receipt of your August 5, 2009 letter requesting that Lakewood Water undertake such actions as may be necessary to enable Lakewood Water to become the lawful provider of water service to the Business Park acreage which CA-TA ENT LLC ("CA-TA") owns.

Lakewood Water is interested in becoming the lawfully authorized provider of water service to the Business Park, and is willing and able to do so, subject to prior receipt of the necessary approvals and authorizations from governmental entities with jurisdiction over Lakewood Water's water provider operations. These will include the receipt of the necessary certificate of convenience and necessity from the Arizona Corporation Commission ("ACC"), and ACC approval of such line extension agreements and off-site facilities agreements, if any, as Lakewood Water may find to be necessary.

In that regard, as a condition to Lakewood Water's willingness to proceed with such actions as may be necessary to obtain the requisite approvals and authorizations, Lakewood Water will require that CA-TA reimburse Lakewood Water for any expenses Lakewood Water may incur in connection with such efforts. Lakewood Water believes that the cost of such activities should not be borne by the ratepayers of its existing certificated service area.

If the foregoing condition is acceptable to CA-TA, please so advise me in writing and Lakewood Water will promptly undertake to obtain the approvals and authorizations necessary to enable it to be the lawful water provider to the Business Park.

Sincerely,



Lakewood Water Company
By: Lisa Sullivan

**CA-TA ENT LLC
5811 N. CALLE GRANDEZA
TUCSON, AZ 85718**

August 12, 2009

Lakewood Water Company
P. O. Box 773
Amado, Arizona 85645

Attention: Lisa Sullivan

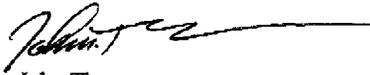
Re: Request For Water Service For Amado Business Park ("Business Park")

Dear Ms. Sullivan:

The condition outlined in your letter of August 10, 2009 to me is acceptable to CA-TA, ENT LLC ("CA-TA"). Accordingly, please proceed with all actions necessary to enable Lakewood Water Company ("Lakewood Water") to become the lawful water provider to the Business Park.

In that regard, please provide me with a copy of all documents filed with such governmental entities from whom the necessary approvals or authorizations are requested by Lakewood Water; and, please provide me with periodic statements of fees and costs incurred by Lakewood Water in connection with its efforts on our behalf, in order that CA-TA may either directly pay the same or reimburse Lakewood Water.

Sincerely,



John Thompson
520-577-0776

Appendix “D”

(Amado Business Park Legal Description)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

CA-TA ENT LLC
5811 N. CALLE GRANDEZA
TUCSON, ARIZONA 85718

Amado Business Park

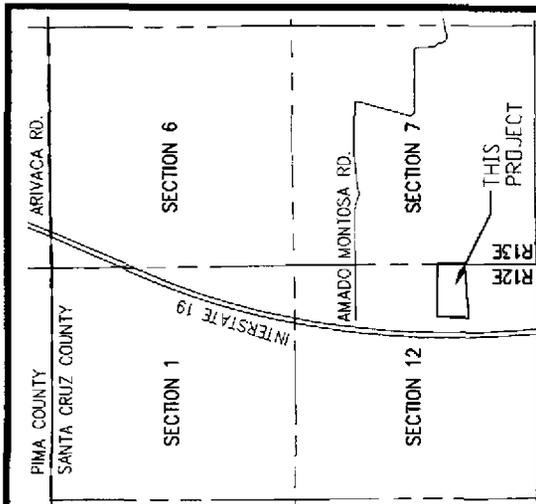
Legal Description:

Portion GLO Subdivision Lot 3, The Fractional Northeast Quarter of the Southeast Quarter of Section 12, Township 20 South, Range 12 East, Gila and Salt River Meridian, Amado, Santa Cruz County Arizona

Appendix “E”

(Amado Business Park Map)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____



SCALE: 2"=1 MILE

LOCATION MAP

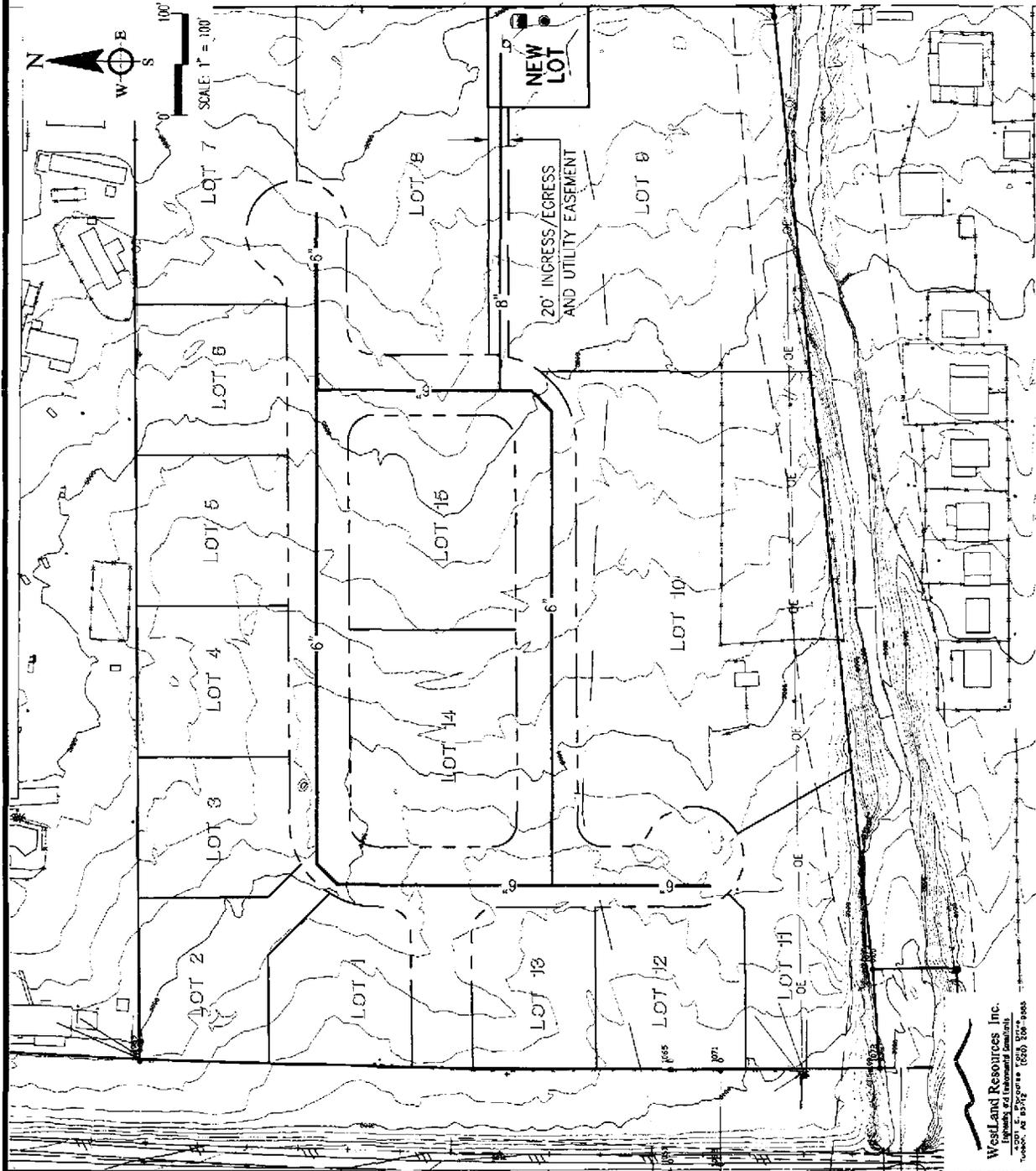
A PORTION OF SECTION 12
T-20-S R-12-E, G&SRM
SANTA CRUZ COUNTY, ARIZONA

LEGEND

- PROPOSED WATER LINES
- ☐ STORAGE TANK
- WELL
- ⊕ BOOSTER STATION

FIGURE 1
AMADO BUSINESS PARK
MASTER PLAN EXHIBIT

APRIL 21, 2009



Westland Resources Inc.
2001 E. Broadway
Phoenix, AZ 85012 (602) 508-9988

Appendix “F”

(Water Master Plan)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

TECHNICAL MEMORANDUM

TO: John Thompson, CA-TA ENT, LLC
FROM: Kara D. Festa, P.E., WestLand Resources, Inc.
DATE: April 21, 2009
CC: Kristen Whatley, WestLand Resources, Inc.
RE: **AMADO BUSINESS PARK WATER MASTER PLAN
WESTLAND PROJECT NO. 1594.01 A 8000**



EXPIRES 3/31/2011

1.0 BACKGROUND

WestLand Resources, Inc. (WestLand) has prepared this water master plan to provide the basic information that will be used for determination of required water system facilities for the Amado Business Park project, and to present a concept for water service for the development. This report includes the water service operational method, water usage projections, and facility sizing. The Amado Business Park property is located in Santa Cruz County, in Township 20 South, Range 12 East, Section 12, as shown on Exhibit 1.

This project is not located within the Certificate of Convenience and Necessity (CC&N) of any existing water company, and the property does not currently have any water infrastructure. CA-TA ENT, LLC has requested service from Lakewood Water Company, which is located north of the development. The Amado Business Park distribution system will be a separate water system from the rest of the Lakewood Water Company water system, and will require a new public water distribution system identification number and approval through the Arizona Department of Environmental Quality (ADEQ).

2.0 WATER SYSTEM REQUIREMENTS

The main goal of this water master plan is to determine the required water system facilities. The required facilities are determined based on a variety of engineering criteria, as well as operational criteria. The water system facilities reviewed include source, reservoirs, booster stations, and pipelines. Peaking demand requirements were used to review the flows that must be delivered to customers, for both source capacity and booster station sizing. Arizona Administrative Code (AAC) reservoir sizing criteria were used to determine reservoir sizing. Pipeline and booster station sizes are determined based on providing peak daily demand (PDD) plus fire flows.

2.1 WATER SYSTEM ZONE BOUNDARIES

Due to the small elevation difference within the property, the property will be designed to be served by one pressurized booster station. During peak hour demand (PHD), the lowest pressure that is allowed within the system is 35 pounds per square inch (psi). During PDD plus fire flow conditions, the pressure must be greater than 20 psi.

Amado Business Park Water Master Plan

April 21, 2009

Page 2

2.2 DEMAND CRITERIA AND WATER DEMANDS

There are approximately 15 acres of commercial development property to be served in the Amado Business Park. The development comprises a total area of approximately 16 acres, however portions of several lots will be used for the septic/leach area, detention basin and water plant site. Based on the planned uses for this business park as shown in Table 1, it is anticipated that the water use will be very low intensity. The planned uses will require little in the way of water demands other than the domestic flows related to employees, and limited outdoor uses. An average demand for the property of approximately 600 gallons per day (gpd) per acre is assumed. This is a lower demand than would typically be used for gross commercial acreage, due to the assumed uses. In order to assure that the water uses remain within the anticipated range, the developer should take care in the types of uses that are ultimately selected for the property. The CC&R's for the development should restrict both types of development and types of outdoor uses including landscaping with low water use vegetation and properly maintained drip irrigation systems.

Table 1: Proposed Use and Estimated Number of Employees by Lot

Lot	Proposed Use	Lot Area (square feet)	Maximum Number of Employees
1	single use buyers e.g. furniture store-distributor, pest control, auto repair, tile & flooring, door & window manufacturer/retail, building material supplier, stone and granite fabricators, beverage wholesale and supply	21,243	6
2		23,408	6
3		20,948	6
4		22,500	6
5		22,500	6
6		22,500	6
7	wastewater system	42,946	-
8	motor pool/RV storage	57,369	2
9	well, storage tank, and retention basin	165,926	-
10	RV storage	113,213	2
11	single use buyer as for lots 1 through 6	33,173	6
12		24,123	6
13		19,506	6
14	contractor office/storage yard	35,272	6
15		34,997	6
TOTAL		659,624	70

Amado Business Park Water Master Plan

April 21, 2009

Page 3

The following usage and peaking criteria will be utilized.

- Average daily water usage for non-residential..... 600 gallons per acre per day (gpad)
- Ratio of average day peak month to average day use 1.5
- Ratio of peak day to average day use..... 2.0
- Ratio of peak hour to average day use..... 3.5

Based on the demand criteria, the average daily demand (ADD) is calculated to 9,900 gpd or approximately 7 gallons per minute (gpm). Accordingly, PDD for the system is 14 gpm and the PHD is 24 gpm. Maximum instantaneous domestic flow for the commercial properties would be based on the actual commercial uses selected, and fixture unit counts for the buildings and cannot be calculated at this time. To estimate maximum instantaneous flow, Table 3 of ADEQ Bulletin No. 10 will be used will be used to project an equivalent residential flow. For an estimate of maximum instantaneous demand for this project, the total volume of water (9,900 gallons) is divided by typical household use (110 gallons per person per day at 2.7 persons per housing unit) to determine an Equivalent Dwelling Unit (EDU) value. For the Amado Business Park this would be approximately 33 units or 81 gpm. For purposes of planning and facility sizing, 80 gpm will be assumed for maximum instantaneous domestic demand.

2.3 FIRE FLOW REQUIREMENTS

The Amado Business Park area is served by the Tubac Fire District. The Tubac Fire District follows the 2003 International Fire Code, supplemented by National Fire Protection Association (NFPA) regulations. For purposes of sizing the fire system facilities, the Fire District will allow the use of certain mitigating factors contained in the NFPA 1142 - "Water Supplies for Suburban and Rural Fire Fighting." Several applicable chapters of this document are attached. To calculate minimum water supply required (NFPA 1142 Chapter 4) the following information must be taken into account. A number of restrictions may apply to the site layout with respect to the layout and buildings, including: a) occupancy hazard, b) type of construction, c) structure dimensions, d) exposures (if any).

It is expected that most of the Amado Business Park will be considered with exposure hazard, where the definition of an exposure hazard is "a structure within 50 feet of another building and 100 square feet or larger in area." For structures with unattached structural exposure hazards, the minimum water supply can be calculated with the following equation:

$$WS_{min} = \frac{VS_{tot} \times CC \times 1.5}{OHC}$$

- Where: WS_{min} = minimum water supply in gallons (gallons)
 VS_{tot} = total volume of structure in cubic feet (ft³)
 OHC = occupancy hazard classification number
 CC = construction classification number

Amado Business Park Water Master Plan

April 21, 2009

Page 4

The final building sizes and occupancy are currently unknown, and the construction of the water system will probably occur before this information is determined for all lots. Therefore, the projected fire system sizing must be estimated based on reasonable restrictions, and eventually the layout and buildings must be designed such that they meet those restrictions, allowing the selected water system sizing to be sufficient for the fire demands. Based on recommendations and discussions with the Tubac Fire Battalion Chief and the developer, it is assumed that the proposed development will maintain a fire flow of 750 gpm for duration of 1 hour. This equates to a volume of 45,000 gallons.

Working backwards from the above equation would mean that the appropriate structural dimensions, type of construction, and occupancy hazards would have to yield a required volume of less than 45,000 gallons. This assumption is based on the general understanding that all buildings will be sprinklered, masonry or tilt-up (Type 1) construction will be utilized, height of buildings will be limited as required to provide appropriate occupancy hazard, sufficient fire spacing will be provided between buildings, and if possible, similar occupancy types will be grouped together at the site.

The proposed tank volume should allow the developer a reasonable amount of flexibility in building size and occupancy, while somewhat limiting volume of storage, to minimize potential for stagnation leading to health and safety concerns in the potable water system.

2.4 SOURCE CRITERIA

The total source requirement for the water system is based on meeting PDD for the entire Amado Business Park area. Typical engineering criteria are to provide sufficient source capacity to allow for the largest well to be out of service and still meet PDD. This would indicate that at least two wells would be provided, or that sufficient alternate source water be available in case of emergency.

The system requires 14 gpm for PDD. Therefore, this system would be able to operate on a 35 gpm exempt well. Either a second well, an emergency interconnect, or other sufficient emergency source are recommended for this project. However, due to the fire flow requirements, the proposed storage volume will provide adequate volume for more than a week of normal domestic use, and therefore only one well is recommended at the site. Also, the main Lakewood Water Company system is approximately 1.5 miles north of this project, and water could be hauled to the site. For the long-term, as Lakewood acquires other customers in the area of the Amado Business Park, the water company should develop an additional well in the southern water system, which will provide additional backup supply for the Amado Business Park.

In order to support the future application for well drilling and the Assured Water Supply application, Clear Creek Associated prepared a Hydrogeologic Data Review of the Amado Business Park area, which is included as Attachment 2. Water quality information is not currently available for the proposed source water, therefore any potential water treatment requirements must be assessed once the new source sampling is acquired for the new well.

Amado Business Park Water Master Plan

April 21, 2009

Page 5

2.5 STORAGE CRITERIA

AAC reservoir sizing criteria require average daily demand of the peak month (ADPM) unless the system has multiple wells. The water system is expected to have one well; therefore, the storage requirement will be peak month ADD plus fire flow capacity (FFC). The storage tank calculation is described below. The final fire flow requirement must be confirmed with the fire department based on the criteria listed in Section 2.3.

Total Storage Capacity in Million Gallons (MG) = ADPM plus FFC where, FFC = Fire Flow Requirement (FFR) x Fire Flow Duration (FFD) in hours x 60.

Total Storage Capacity = 9,900 gpd x 1.5 + 750 gpm x 60 min/hour x 1 hour = 59,850 gallons.

Assuming a useable volume of 60,000 gallons and a tank with a height of 16 feet, the diameter would be approximately 26 feet. Final tank layout and tank dimensions will be determined during final facility design. In order to account for the large fire flow volume and relatively low domestic demand of the project, a chlorination system is recommended for the storage tank, along with a tank mixing system and chlorine residual analyzer to allow the chlorine level to be monitored and automatically adjusted as necessary.

2.6 BOOSTER STATION CRITERIA

Since the property will be served by a booster station and not a floating reservoir, the booster capacity is based on having adequate capacity in the system to provide PHD, PDD plus fire flow, or the maximum instantaneous demand whichever is largest.

The PDD is calculated to be 7 gpm. Maximum instantaneous demand is approximately 60 gpm. The largest sizing is therefore PDD plus fire flow, which results in a booster station requirement of approximately 760 gpm. However, to account for instantaneous demand and adequate domestic production without using larger fire flow pumps, WestLand would recommend providing a small electric jockey pump with a capacity of 60 to 100 gpm, along with one or two larger electric pumps to provide the 750 gpm fire flow, which will slightly oversize the booster station to approximately 850 gpm. The selected booster pump sizes may have to be adjusted slightly during final design, based on the maximum required building sprinkler flow. The booster station will be pressure-controlled based on the pressure within the water system. A gas-powered backup for the fire pumping capacity should be considered for redundancy, and may be required by the fire district as part of negotiations regarding the final fire system configuration for the subdivision.

2.7 DISTRIBUTION SYSTEM CRITERIA

The design criteria for the distribution system is generally to size and arrange the distribution lines to provide the required flows while meeting the ADEQ requirement to maintain 20 psi under all conditions of flow. Velocities should be limited to 5 feet per second (fps) under PDD condition and 10 fps under PDD plus fire

Amado Business Park Water Master Plan

April 21, 2009

Page 6

flow. Pipeline sizes must be designed to maintain adequate pressures throughout the system. Minimum pressures within the zone shall be 35 psi at PHD conditions throughout the system. Pressures of 20 psi must be maintained throughout the zone at PDD plus fire flow conditions.

The anticipated main size for the loop through this development is 6-inch with 8-inch from the booster station to the main loop in the street. For conditions of PDD plus fire flow the velocity is approximately 5 fps in the 8-inch and 9 fps in the 6-inch.

2.8 WATER PLANT SITE CONCEPT LAYOUT AND COST

A concept layout for the water plant site has been prepared based on the sizing criteria in this memo and is attached as Exhibit 2. This plant site is anticipated to include a 60,000 gallon storage tank, 850 gpm booster pump station, 35 gpm well and appurtenances. The final layout of the water plant site will be determined during engineering design of the plant site. An Opinion of Probable Construction Cost (OPCC) for the water plant site is included in Attachment 3.

KDF:emr

Attachments: Exhibit 1. Amado Business Park Master Plan Exhibit
Exhibit 2. Amado Business Park Water Plant Site Concept Layout
Attachment 1. Portions of NFPA 1142
Attachment 2. Clear Creek Associates Hydrogeologic Data Review
Attachment 3. Opinion of Probable Construction Cost

Appendix “G”

(Opinion of Probable Construction Cost)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

OPINION OF PROBABLE CONSTRUCTION COST

Project Name: Amado Business Park Water Master Plan
Project No.: 1594.01 A 8000
Location: Amado, Arizona
Description: Water Plant Site
Prepared by: KDF
Checked by: KDF
Client: CA-TA ENT, Inc.
Date: 4/16/09
Date: 4/16/09

Item No.	Item Description	Unit	Quantity	Unit Price	Amount	Remarks
1	New 60,000-gallon tank and site work	LS	1	\$80,000	\$80,000	
2	New 35-gpm well and pump	LS	1	\$20,000	\$20,000	Assumes 250 foot deep 6-inch well
3	New 850 gpm booster pump station and appurtenances	LS	1	\$70,000	\$70,000	
4	Chlorination and tank mixing system	LS	1	\$25,000	\$25,000	
5	Electrical and controls	LS	1	\$35,000	\$35,000	
6	Site piping	LS	1	\$25,000	\$25,000	Excludes water main and hydrants in subdivision streets, as it is assumed that Dow/ Engineering will provide this cost.
	Subtotal				\$255,000	
	25% Engineering & Contingencies				\$63,750	
	Total				\$318,750	Excludes cost of backup power for fire pump (need to be determined during final negotiations with fire department)

Appendix “H”

(Balance Sheet and Income Statement)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

Lakewood Water Co.
Balance Sheet
As of December 31, 2009

	Dec 31, 09
ASSETS	
Current Assets	
Checking/Savings	
135 · Nat'l Bank Savings	54,906.15
132 · Petty Cash	297.44
134 · National Bank Checking	23,001.50
Total Checking/Savings	78,205.09
Accounts Receivable	
141 · Customer Accounts Receivable	13,025.48
143 · Provision for Uncollectible Acc	-1,859.96
Total Accounts Receivable	11,165.52
Other Current Assets	
151 · Materials and Supplies	450.00
Total Other Current Assets	450.00
Total Current Assets	89,820.61
Fixed Assets	
301 Organization	7,704.00
302 Franchises	94.04
303 Land	37,220.60
Utility Plant In Service	
304 · Structures and Improvements	22,549.91
307 · Wells and Springs	17,078.00
310 · Power Generation Equipment	1,512.00
311 · Pumping Equipment	76,362.06
330 · Dist Res & Standpipes	25,384.86
331 · Trans & Dist Mains	87,931.17
333 · Services	12,025.01
334 · Meters & Installations	28,141.66
339 · Other Plant & Misc Eq	6,366.03
340 · Office Furn & Eqs	15,785.21
341 · Transportation Equipment	1,800.00
343 · Tools & Shop Eq	5,062.21
345 · Power Operated Eq	606.00
Total Utility Plant In Service	300,604.12
108 · Accumulated Depreciation	-254,148.00
121 · Non Utility Property	-21,793.00
Total Fixed Assets	69,681.76
TOTAL ASSETS	159,502.37
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
236.5 · Income Taxes Payable	2,656.00
Accrued Taxes	
236.11 · Muni Tax Payable	3.52
236.1 · Accrued Sales Tax	32.07
Total Accrued Taxes	35.59
235 · Customer Deposits	1,476.90
Total Other Current Liabilities	4,168.49
Total Current Liabilities	4,168.49

9:00 AM
02/16/10
Accrual Basis

Lakewood Water Co.
Balance Sheet
As of December 31, 2009

	<u>Dec 31, 09</u>
Long Term Liabilities	
Deferred Credits	
252 · Advances in Aid of Constr	9,122.91
271 · Contributions in Aid of Const	18,784.84
272 · Accum Amort of CIAC	<u>-14,489.81</u>
Total Deferred Credits	<u>13,417.94</u>
Total Long Term Liabilities	<u>13,417.94</u>
Total Liabilities	17,586.43
Equity	
201 · Capital Stock	15,790.00
211 · Other Paid in Captial	49,210.00
215 · Retained Earnings	66,856.59
Net Income	<u>10,059.35</u>
Total Equity	<u>141,915.94</u>
TOTAL LIABILITIES & EQUITY	<u><u>159,502.37</u></u>

Lakewood Water Co.
Profit & Loss
 January through December 2009

	Jan - Dec 09
Ordinary Income/Expense	
Income	
Operating Revenues	
400 · Metered Water Sales	101,285.66
474 · Other Water Revenue	2,215.70
Total Operating Revenues	103,501.36
Total Income	103,501.36
Expense	
403.1 · Negative Amortization	-939.24
Operating Expenses	
601 · Employee Wages	11,900.00
605 · Bank Service Charges	665.22
615 · Power Purchased for Pumping	7,338.63
618 · Water Quality Testing	2,223.71
619 · Chemicals for Disinfection	166.47
621 · Office Expenses	5,705.67
630 · Outside Services	26,015.00
630.2 · Outside Services - Financial	1,340.00
630.3 · Outside Services - Consulting	5,792.15
640 · Rent - Office	0.00
640.1 · Rent - Other	1,954.00
649 · Small Tools/Minor Equipment	349.00
650 · Transportation expense	1,193.03
655 · General Liability Insurance	1,789.04
656 · Payroll Tax Expense	1,749.48
665 · Regulatory Comm Expense	1,540.03
675 · Misc Expense	2,006.59
680 · Taxes - Other	1,458.65
681 · Property Tax Expense	5,192.23
Total Operating Expenses	78,378.90
403 · Depreciation Expense	13,350.00
409 · Income Tax	2,656.00
Total Expense	93,445.66
Net Ordinary Income	10,055.70
Other Income/Expense	
Other Income	
419 · Interest Income	138.65
Total Other Income	138.65
Other Expense	
427 · Interest Expense	135.00
Total Other Expense	135.00
Net Other Income	3.65
Net Income	10,059.35

Appendix “I”

(Current Rates and Charges)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

ORIGINAL

Lori Miller

Utility: Cayetano Inc. dba Lakewood Water Co. Tariff Sheet No. 1
 Docket No.: W-01809A-05-0930 Page 1
 Telephone No.: 520-297-2186 Decision 68959
 Effective 10/1/06

RECEIVED

MONTHLY USAGE CHARGES:
MINIMUM OR SERVICE CHARGE:

2006 OCT 11 P 3:26

AZ CORP COMMISSION
DOCUMENT CONTROL

5/8" x 3/4" Meter	\$	12.00
3/4 " Meter		18.00
→ 1" Meter		30.00
1 1/2" Meter		60.00
2" Meter		96.00
3" Meter		192.00
4" Meter		300.00
6" Meter		600.00

Gallons included in Monthly Service Charge - 0 -

Commodity Charges: (per 1,000 gallons)

5/8 x 3/4 Inch and 3/4 meters Residential

Tier one from zero to 4,000 gallons	1.00
Tier two from 4,001 gallons to 10,000 gallons	1.40
Tier three all gallons over 10,000 gallons	1.70

5/8 x 3/4 inch Non-Residential

Tier one from zero gallons to 10,000 gallons	1.40
Tier two, all gallons over 10,000 gallons	1.70

3/4 inch Non-Residential

Tier one from zero gallons to 10,000 gallons	1.40
Tier two, all gallons over 10,000 gallons	1.70

→ One inch Non-Residential

Tier one from zero gallons to 10,000 gallons	1.40
Tier two, all gallons over 10,000 gallons	1.70

One and One Half inch Non-Residential

Tier one from zero gallons to 20,000 gallons	1.40
Tier two, all gallons over 20,000 gallons	1.70

Two inch Non-Residential

Tier one from zero gallons to 32,000 gallons	1.40
Tier two, all gallons over 32,000 gallons	1.70

Three inch Non-Residential

Tier one from zero gallons to 64,000 gallons	1.40
Tier two, all gallons over 64,000 gallons	1.70

Four inch Non-Residential

Tier one from zero gallons to 100,000 gallons	1.40
Tier two, all gallons over 100,000 gallons	1.70

Six inch Non-Residential

Tier one from zero gallons to 200,000 gallons	1.40
Tier two, all gallons over 200,000 gallons	1.70

Eight inch Non-Residential

Tier one from zero gallons to 200,000 gallons	1.40
Tier two, all gallons over 200,000 gallons	1.70

APPROVED FOR FILING
 DECISION #: 08959

ORIGINAL

Utility: Cayanano, Inc., dba Lakewood Water Co. Tariff Sheet No. 1
Docket No.: W-01809A-05-0930 Page 2
Telephone No.: 520-297-2186 Decision 68959
Effective 10/1/06

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405

5/8 x 3/4 Inch Meter	\$	480.00
3/4 Inch Meter		560.00
→ 1 Inch Meter		650.00
1 1/2 Inch Meter		895.00
2 Inch Turbine Meter		1,555.00
2 Inch Compound Meter		2,280.00
3 Inch Turbine Meter		2,235.00
3 Inch Compound Meter		3,070.00
4 Inch Turbine Meter		3,440.00
4 Inch Compound Meter		4,395.00
6 Inch Turbine Meter		6,195.00
6 Inch Compound Meter		7,970.00

SERVICE CHARGES:

→ Establishment	\$	25.00
Establishment (After Hours)		40.00
Reconnection (Delinquent)		40.00
Reconnection (After Hours)		50.00
Meter Test (If Correct)		30.00
→ Deposit	*	45.00
Deposit Interest	*	
Reestablishment (Within 12 months)	**	
NSF Check	\$	35.00
Deferred Payment	***	
Meter Re-read, (If correct)	\$	15.00
Late Fee	****	

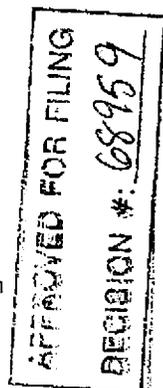
Monthly Service Charge for Fire Sprinkler

4" or Smaller	*****
6"	*****

- * Per Commission rule A.A.C.R14-2-403(B)
- ** Months off system times the monthly minimum. Per Commission rule A.A.C. R14-2-403(D)
- *** Per Commission rule R14-2-409(G)
- **** 1.50 percent per month on the unpaid monthly balance.
- ***** 1.00% of Monthly Minimum for a comparable Sized Meter connection, but no less that \$5.00 per month. The service charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Other Rates and Charges:

In addition to the collection of its regular rates and charges, the Company shall collect from its customers their proportionate share of any privilege, sales or use tax per Commission rule R14-2-409(D) (5).



Appendix “J”

(Estimated Annual Operating Revenues, Expenses
and Customers)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

AMADO BUSINESS PARK
 Projected Revenues and Expenditures
 Years 1 - 5

	2012	2013	2014	2015	2016
	2 connections	3 connections	5 connections	7 connections	11 connections
Meter Installation	\$ 1,300.00	\$ 650.00	\$ 1,300.00	\$ 1,300.00	\$ 2,600.00
Establishment Fees	\$ 50.00	\$ 25.00	\$ 50.00	\$ 50.00	\$ 200.00
Security Deposits	\$ 90.00	\$ 45.00	\$ 90.00	\$ 90.00	\$ 180.00
Base Fee (annualized)	\$ 720.00	\$ 1,080.00	\$ 1,800.00	\$ 2,520.00	\$ 3,960.00
Usage (annualized)	\$ 1,044.96	\$ 1,567.44	\$ 2,612.40	\$ 3,657.36	\$ 5,747.28
Total Projected Revenue	\$ 3,204.96	\$ 3,367.44	\$ 5,852.40	\$ 7,617.36	\$ 12,687.28

Maintenance	\$ 2,600.00	\$ 2,600.00	\$ 2,600.00	\$ 2,600.00	\$ 2,600.00
Electric	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
Meters	\$ 220.00	\$ 110.00	\$ 220.00	\$ 220.00	\$ 440.00
Testing/Compliance	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00	\$ 675.00
Office Expense	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Total Estimated Expenses	\$ 3,995.00	\$ 3,885.00	\$ 3,995.00	\$ 3,995.00	\$ 4,215.00

Assumptions:

- 1" meters
- Total usage of 9900 gpd at build out
- First build out to be Lot 8 in early 2012 per John Thompson
- Projected build out as follows: 2 in 2012, 1 in 2013, 2 in 2014, 2 in 2015, balance in 2016
- Fee structure based on Lakewood Water Tariff from 2006
- Electric fee based on 28 kwh per month for well and 60 gpm booster, estimated high

Appendix “K”

(Notice of Intent to Serve Form)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

**ARIZONA DEPARTMENT OF WATER RESOURCES
 OFFICE OF ASSURED WATER SUPPLY
 3550 NORTH CENTRAL AVE. 2ND FLOOR
 PHOENIX, ARIZONA 85012
 (602) 771-8599
 NOTICE OF INTENT TO SERVE**

Subdivision/Development Name ("Subdivision"): Amado Business Park, Lots 1 Through 17, C.A. "A" (Private Roadways), C.A. "B" (Community Septic System), C.A. "C" (Well Site), and C.A. "D" (Storm Water Detention), being a portion of Glo Subdivision Lot 3 the fractional northeast quarter of the southeast quarter of Section 12, Township 20 South, Range 12 East, Gila and Salt River Meridian, Amado, Santa Cruz County, Arizona

Subdivision Owner ("Owner"): Lawyers Title Agency of Arizona, LLC, an Arizona Limited Liability Company, as Trustee under Trust No. 18214-T

Municipal Provider: Lakewood Water Company

If the Municipal Provider has several divisions, please specify service area in which the Subdivision is located

ADEQ Public Water System Number: TBD Please indicate the number valid for this Subdivision

Municipal Provider Type:

City or Town;

Irrigation District;

Water Improvement District;

Private Water Company Regulated by the Arizona Corporation Commission ("PWC");

Is the Subdivision within the PWC's existing Certificate of Convenience and Necessity ("CC&N")? Yes No

If "No", has an application for an extension of the CC&N been filed? Yes No

If "Yes" date of submittal: _____

Please include a copy of the application for extension and reference as an attachment.

If the Subdivision is not within the PWC's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the Subdivision.

Homeowners' Association ("HOA")

If HOA, please provide the documents that establish the HOA and evidence that the Arizona Corporation Commission ("ACC") has adjudicated the HOA "not for public service," and therefore not subject to regulation by the ACC.

COMPLETE THIS SECTION IF SUBDIVISION IS LOCATED WITHIN AN ACTIVE MANAGEMENT AREA:

ADWR Service Area Right or Irrigation District Number: 5 - Number can be found on ADWR Annual Reports

Is the Subdivision located within the Municipal Provider's existing operating distribution system? Yes No

If no, will the Municipal Provider be establishing a new service area right to serve the Subdivision? Yes No

If yes, what type of right will be used to establish the service area right? Type II Lease

If the Subdivision is not within the Municipal Provider's operating distribution system, the Municipal Provider must begin the process to establish a new or satellite service area right or enter into an agreement with the undersigned Owner to extend water lines to the subdivision before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.

The undersigned Owner and Municipal Provider certify that: (1) They have entered into an agreement whereby the Municipal Provider agrees to provide the Subdivision sufficient water to satisfy the potable non-potable (please check one) water demands of the Subdivision; (2) The aforementioned agreement is binding upon the present and future agents, servants, representatives, successors in interest and assigns of the Municipal Provider and the Owner; and (check which of the following applies):

(a) the Subdivision is within 660' of the Municipal Provider's operating distribution system or,

(b) the undersigned Owner and Municipal Provider have entered into an agreement binding upon the present and future agents, servants, representatives, successors in interest and assigns of the Municipal Provider and the Owner to extend water lines to the subdivision, or

(c) a new service area right will be established to serve the Subdivision (if subdivision is located within an active management area). This Notice of Intent to Serve is conditioned upon the Municipal Provider's receipt of necessary approvals from the relevant regulatory agencies and the Municipal Provider's receipt of all necessary payments.

If the Municipal Provider is a PWC, then the Municipal Provider further certifies that the Subdivision is within the boundaries of its CC&N, or that a formal request has been filed with the ACC to extend the boundaries to include the Subdivision.

Lisa A. Sullivan

Print the name of the Authorized Agent of the Water Provider

Signature of Authorized Agent of Water Provider
 Landmark Title Assurance Agency of Arizona LLC
 as Trustee under Trust _____
 and not otherwise _____

V.P.
Title

9/3/09
Date

Print the name of the Owner or the Owner's Authorized Agent

Signature of Owner or the Owner's Authorized Agent

Drew A. Officer
Title

9/9/09
Date

Appendix “L”

(Backflow Prevention Tariff)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

CROSS-CONNECTION OR BACKFLOW TARIFF

PURPOSE:

The purpose of this tariff is to protect Cayetano, Inc. DBA Lakewood Water Company (“Company”) from the possibility of contamination caused by the backflow of contaminants that may be present on the customer’s premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code (“A.A.C.”) R14-2-405.B.6 and A.A.C. R18-4-215.

REQUIREMENTS:

In compliance with the Rules of the Arizona Corporation Commission (“Commission”) and the Arizona Department of Environmental Quality (“ADEQ”), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and to have installed a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the device within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.

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5. Testing shall be in conformance with the requirements of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests.
6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester; and
 - e. the tester's name and certificate number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

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Effective Date: _____

Appendix “M”

(Curtailment Plan Tariff)

Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-_____

TARIFF SCHEDULE

Utility: Cayetano, Inc. DBA Lakewood Water Company Tariff Sheet No.: Page 1 of 5

Docket No.: W-01809A-10-

Decision No.: _____

Phone No.: (520) 398-8719

Effective: _____

CURTAILMENT PLAN FOR: Cayetano, Inc. DBA Lakewood Water Company (Template 102109)

ADEQ Public Water System No: _____

Cayetano, Inc. DBA Lakewood Water Company ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

TARIFF SCHEDULE

Utility: Cayetano, Inc. DBA Lakewood Water Company Tariff Sheet No.: Page 2 of 5

Docket No.: W-01809A-10-

Decision No.: _____

Phone No.: (520) 398-8719

Effective: _____

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least _____ signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

TARIFF SCHEDULE

Utility: Cayetano, Inc. DBA Lakewood Water Company Tariff Sheet No.: Page 3 of 5

Docket No.: W-01809A-10-

Decision No.: _____

Phone No.: (520) 398-8719

Effective: _____

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least _____ signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

TARIFF SCHEDULE

Utility: Cayetano, Inc. DBA Lakewood Water Company Tariff Sheet No.: Page 4 of 5

Docket No.: W-01809A-10-

Decision No.: _____

Phone No.: (520) 398-8719

Effective: _____

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply with two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Restrictions: Under Stage 4, the Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited.

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pools, spas, fountains, or ornamental ponds is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall serve water only upon request
- Any other water intensive activity shall be prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. The Company is required to notify customers by delivering written notice with each service address, or by United States first class mail to the billing address or at the Company's option both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. The Company shall have posted at least _____ signs showing the curtailment stage. Signs shall be posted at noticeable locations, like the entrance to the major subdivisions served by the Company.
3. The Company shall notify the consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

TARIFF SCHEDULE

Utility: Cayetano, Inc. DBA Lakewood Water Company Tariff Sheet No.: Page 5 of 5

Docket No.: W-01809A-10-

Decision No.: _____

Phone No.: (520) 398-8719

Effective: _____

Under Stage 4, the Company must rely on emergency hauling or must otherwise provide emergency drinking water for its customers.

Customers who fail to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply within two (20 working days of receipt of the notice will result in temporary loss of service until agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees.