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OF COUNSEL TO  
MUNGER CHADWICK, P.L.C.  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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

March 25, 2010

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

Re: Cayetano, Inc. DBA Lakewood Water Company  
Docket No. W-01809A-10-0061

To Whom It May Concern:

Enclosed for filing in the above-referenced docketed proceeding are fourteen (14) copies of (i) an Application and Petition For a Franchise and (ii) suggested form of Franchise, as transmitted to the Clerk of the Santa Cruz County Board of Supervisors by Cayetano, Inc. DBA Lakewood Water Company ("Lakewood") on March 17, 2010.

In Section XII of its currently pending Application for a Certificate of Convenience and Necessity ("CC&N") in Santa Cruz County, Lakewood indicated that it would be filing a franchise request with the Santa Cruz County Board of Supervisors. The attached documents confirm that Lakewood has now in fact submitted such a request. As further indicated in Section XII of its CC&N Application, Lakewood will file a copy of such Franchise as it receives from the Santa Cruz County Board of Supervisors upon Lakewood's receipt of the same.

Please let me know if you require any further information in connection with the above, and thank you for your assistance with regard to this matter.

Sincerely,

Lawrence V. Robertson, Jr.

cc: Melinda Meek, Clerk Santa Cruz County Board of Supervisors  
Cayetano, Inc. DBA Lakewood Water Company

Arizona Corporation Commission  
DOCKETED

MAR 26 2010

DOCKETED BY

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ARIZONA, COLORADO, MONTANA,  
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DISTRICT OF COLUMBIA

OF COUNSEL TO  
MUNGER CHADWICK, P.L.C.

March 17, 2010

Ms. Melinda Meek  
Clerk of the Board of Supervisors  
Santa Cruz County  
2150 North Congress Drive  
Nogales, Arizona 85621

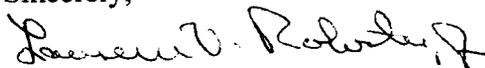
RE: Application and Petition for a Franchise  
(Cayetano, Inc. DBA Lakewood Water Company)

Dear Ms. Meek,

Enclosed for filing with and consideration by the Santa Cruz County Board of Supervisors are (i) the original of an Application and Petition for a Franchise for Cayetano, Inc. DBA Lakewood Water Company, and (ii) a draft of a suggested form of Franchise.

Please advise me if any additional information is required, and also the date and time at which this matter will be considered by the Santa Cruz County Board of Supervisors. In that regard, thank you in advance for your assistance.

Sincerely,



Lawrence V. Robertson, Jr.

cc: Gary Smyth

1 BEFORE THE BOARD OF SUPERVISORS

2 SANTA CRUZ COUNTY, ARIZONA

3  
4 IN THE MATTER OF THE APPLICATION OF CAYETANO,  
5 INC. DBA LAKEWOOD WATER COMPANY, AN ARIZONA  
6 PUBLIC SERVICE CORPORATION, FOR A FRANCHISE TO  
7 USE THE PUBLIC STREETS, ROADS, ALLEYS AND PUBLIC  
8 WAYS OR PLACES NOW OR HEREAFTER ESTABLISHED  
FOR THE PURPOSE OF CONSTRUCTING, OPERATING AND  
MAINTAINING FACILITIES FOR THE PROVISION OF  
WATER SERVICE TO THE PUBLIC

APPLICATION AND  
PETITION FOR A  
FRANCHISE

9 Pursuant to A.R.S. § 40-283, Cayetano, Inc. DBA Lakewood Water Company, an Arizona  
10 public service corporation ("Lakewood") hereby applies and petitions the Board of Supervisors of  
11 the County of Santa Cruz, State of Arizona (the "County") for a public service franchise for a  
12 term of 25 years. The franchise will provide Lakewood with the right and privilege to construct,  
13 operate, and maintain a water distribution system in, upon, along, under, over and across public  
14 streets, roads, alleys and public ways or places now or hereafter established (the "Public Rights-  
15 of-Way") within the County. The franchise will further allow Lakewood to distribute and sell  
16 water to domestic, commercial, industrial and institutional customers and for any and all other  
17 lawful purposes (the "Franchise Purposes").

18 Lakewood has recently filed an Application requesting authority from the Arizona  
19 Corporation Commission (the "ACC") to provide water utility service to a commercial center  
20 proposed to be developed in Santa Cruz County near Amado, Arizona, which will be named the  
21 "Amado Business Park." The ACC previously granted a certificate of convenience and necessity  
22 ("CC&N") to Lakewood in Decision No. 59304 (September 22, 1995). Pursuant to that  
23 authorization, Lakewood is currently providing water service to 302 residential and 5 commercial  
24 customers in an unincorporated portion of Pima County, Arizona, in the community of Amado.

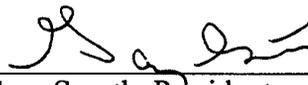
25 As currently planned, there are no public streets within the boundaries of the Amado  
26 Business Park - only private roads. Accordingly, the utility infrastructure to serve this

1 development will be located in, upon, along, under, over and across private roads. However,  
2 Lakewood anticipates that it may have occasion to serve other developments (with public roads)  
3 or connect (using public roads) the utility infrastructure between developments in the County  
4 during the next 25 years, which will require the use of the County's Public Rights-of-Way. For  
5 these reasons, Lakewood requests that the County grant a franchise to Lakewood at this time to  
6 use the Public Rights-of-Way throughout the County. Granting a County-wide franchise at this  
7 time would reduce the amount of times that Lakewood might otherwise need to amend its  
8 franchise over the next 25 years.

9 WHEREFORE, Lakewood hereby respectfully requests that the County issue a franchise  
10 permitting Lakewood to use the Public Rights-of-Way within the County for the Franchise  
11 Purposes. A draft franchise is attached for the County's consideration in this regard.

12 DATED this 10th day of March 2010.

13  
14 CAYETANO, INC. DBA LAKEWOOD WATER COMPANY

15  
16 By   
17 \_\_\_\_\_  
18 Gary Smyth, President

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BEFORE THE BOARD OF SUPERVISORS  
SANTA CRUZ COUNTY, ARIZONA

IN THE MATTER OF THE APPLICATION OF CAYETANO,  
INC. DBA LAKEWOOD WATER COMPANY, AN ARIZONA  
PUBLIC SERVICE CORPORATION, FOR A FRANCHISE TO  
USE THE PUBLIC STREETS, ROADS, ALLEYS AND PUBLIC  
WAYS OR PLACES NOW OR HEREAFTER ESTABLISHED  
FOR THE PURPOSE OF CONSTRUCTING, OPERATING AND  
MAINTAINING FACILITIES FOR THE PROVISION OF  
WATER SERVICE TO THE PUBLIC

FRANCHISE

WHEREAS, Cayetano, Inc. DBA Lakewood Water Company, an Arizona public service corporation ("Franchisee"), has duly and regularly applied and petitioned, pursuant to A.R.S. § 40-283, to the Board of Supervisors of the County of Santa Cruz, State of Arizona (the "County") for the franchise right and privilege to construct, operate and maintain a water distribution system in, upon, along, under, over and across the public streets, roads, alleys and public ways or places now or hereafter established (the "Public Rights-of-Way") within the County for the distribution and sale of water to domestic, commercial, industrial and institutional customers and for any and all other lawful purposes (the "Franchise Purposes"); and,

WHEREAS, Notice of Hearing on said application has been duly given as required by law; and,

WHEREAS, said application was filed with the County on the \_\_\_\_ day of \_\_\_\_\_, 2010, and no petition to the County to deny such franchise was filed or presented according to law, and the County has considered the application for the franchise at a duly called public meeting; and

WHEREAS, it being determined by the County that the grant of this franchise is regular, authorized by law and in the best interests of the County and the inhabitants thereof;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF SANTA CRUZ COUNTY, ARIZONA, as follows:

1           1.       That Franchisee is hereby enfranchised and empowered to use the Public Rights-  
2 of-Way lying within the County for the Franchise Purposes.

3           2.       All rights hereunder are granted under the express condition that the County shall  
4 have the power at any time to impose at its sole discretion such restrictions and limitations and to  
5 make such regulations as to the use of the Public Rights-of-Way by Franchisee, as may be  
6 deemed best for the public safety or welfare.

7           3.       The rights of the County in and to the use of the Public Rights-of-Way shall be  
8 forever paramount and superior to the rights of Franchisee.

9           4.       Franchisee shall bear all expenses made or incurred for the purpose of this  
10 franchise, including damages and compensation for any alteration of the direction, surface, grade  
11 or alignment of any of the Public Rights-of-Way.

12          5.       The expense of lowering, raising or moving pipes or other installations of  
13 Franchisee, or changing locations of installations of Franchisee, made necessary by the County's  
14 decision to change the direction, surface, grade or alignment, etc., of the Public Rights-of-Way  
15 shall be borne by Franchisee unless otherwise provided by law.

16          6.       Nothing in this franchise shall be construed to grant Franchisee an exclusive right  
17 to use the Public Rights-of-Way. Franchisee's facilities shall be constructed and installed so as  
18 not to interfere with the reasonable use of the Public Rights-of-Way by the County. The location  
19 of facilities of Franchisee shall not be a vested interest, and the facilities shall be removed by  
20 Franchisee whenever they restrict or obstruct the operation or location of the Public Rights-of-  
21 Way or County facilities or the use thereof by the public.

22          7.       This franchise and the rights and privileges granted herein shall be saleable,  
23 assignable and transferable by Franchisee, but no sale, assignment or transfer, in whole or in part,  
24 of any of the rights and privileges granted herein shall be effective as against the County until  
25 notice of the same in writing has been given to the County.

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