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Transcript Exhibit(s)

Docket #(s): W-01809A-10-0061

Exhibit #: A1-A18, 51

Arizona Corporation Commission
DOCKETED

AUG 13 2010

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AZ CORP COMMISSION
DOCKET CONTROL

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**Exhibit A-1
Lisa Sullivan**

**February 19, 2010 CC&N
Application**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



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

P. O. BOX 1448
TUBAC, ARIZONA 85646

(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

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

Arizona Corporation Commission
DOCKETED

FEB 19 2010

DOCKETED BY *nr*

ARIZONA CORPORATION
COMMISSION
DOCKET CONTROL

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NEW APPLICATION

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

Arizona Corporation Commission

COMMISSIONERS

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DOCKETED

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

AZ CORP COMMISSION
DOCKET CONTROL

FEB 19 2010

DOCKETED BY	NR
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W-01809A-10-0061

IN THE MATTER OF THE APPLICATION OF)
 CAYETANO, INC. DBA LAKEWOOD WATER)
 COMPANY FOR A CERTIFICATE OF)
 CONVENIENCE AND NECESSITY TO)
 PROVIDE WATER SERVICE TO AND WITHIN)
 AN UNINCORPORATED AREA IN SANTA)
 CRUZ COUNTY, ARIZONA)

DOCKET NO. W-01809A-10-____
 APPLICATION

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.

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.
27
28

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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.

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

X.

BACKFLOW PREVENTION TARIFF

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

XI.

CURTAILMENT TARIFF

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

XII.

ADDITIONAL APPROVALS

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

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

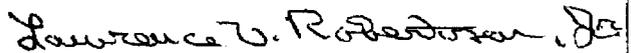
XIV.

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

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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.



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:

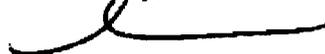
This letter will acknowledge Lakewood Water Company's ("Lakewood Water") receipt of your August 5, 2009 letter requesting that Lakewood Water undertake such actions as may be necessary to enable Lakewood Water to become the lawful provider of water service to the Business Park acreage which CA-TA ENT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

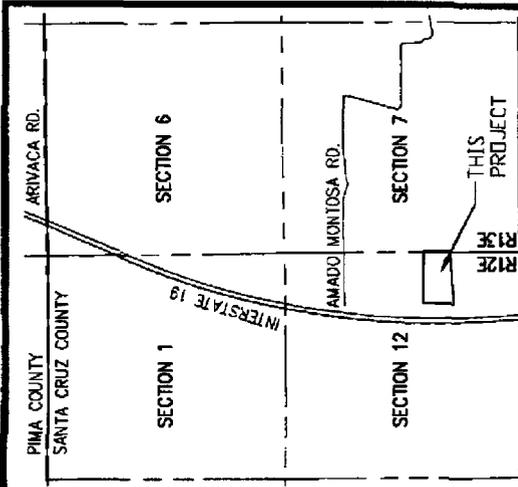
Legal Description:

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

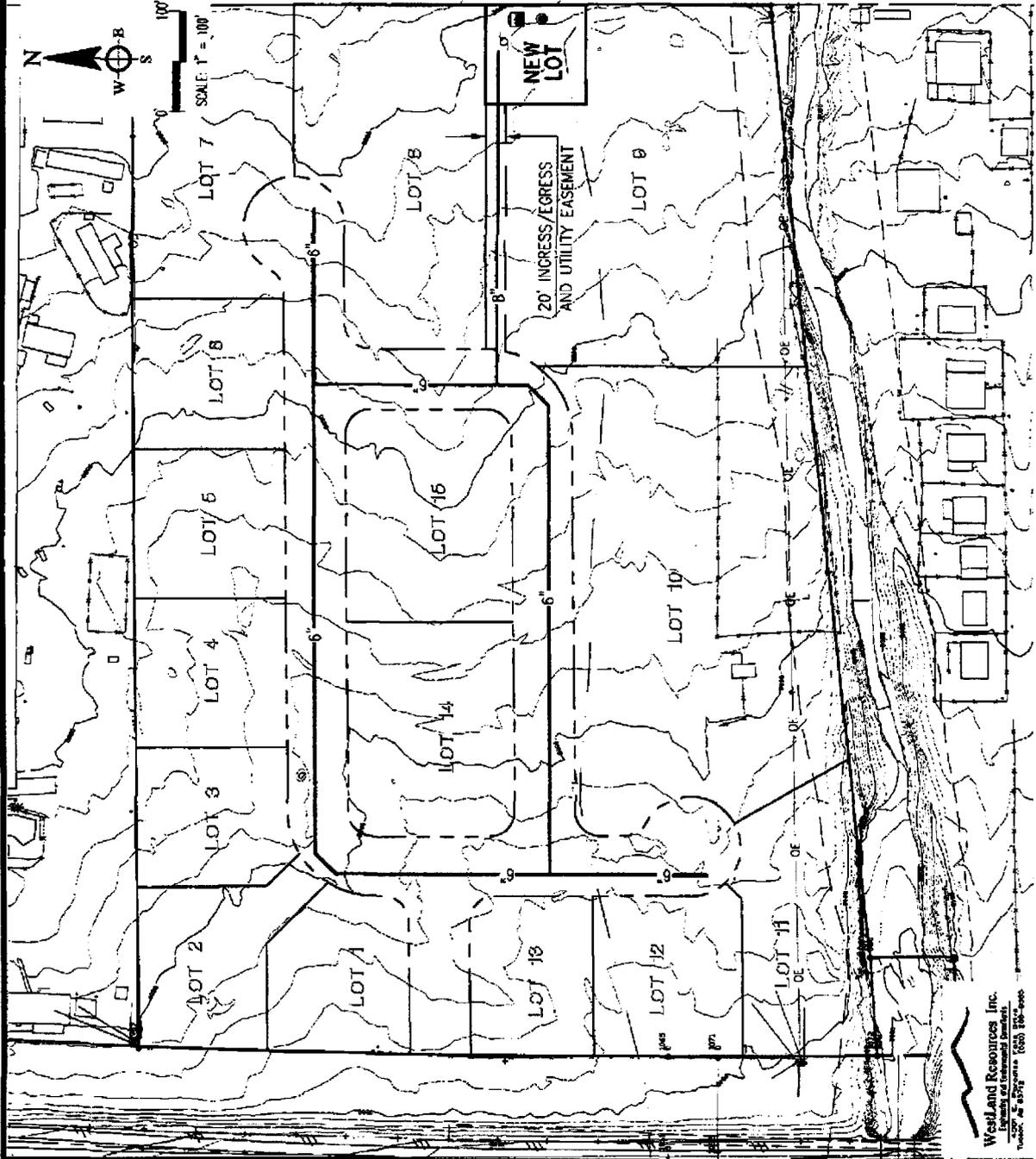
LOCATION MAP

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.
1000 Westland Blvd.
San Jose, CA 95128
Tel: 408.253.8888 Fax: 408.253.8889

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 (gpac)
- 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-_____

Appendix “H”

(Balance Sheet and Income Statement)

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

9:00 AM
02/16/10
Accrual Basis

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	-14,489.81
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	10,059.35
Total Equity	<u>141,915.94</u>
TOTAL LIABILITIES & EQUITY	<u><u>159,502.37</u></u>

9:00 AM
02/16/10
Accrual Basis

Lakewood Water Co.
Profit & Loss
January through December 2009

	<u>Jan - Dec 09</u>
Ordinary Income/Expense	
Income	
Operating Revenues	
400 · Metered Water Sales	101,285.66
474 · Other Water Revenue	2,215.70
Total Operating Revenues	<u>103,501.36</u>
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	1,854.00
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	6,192.23
Total Operating Expenses	<u>78,378.90</u>
403 · Depreciation Expense	13,350.00
409 · Income Tax	2,656.00
Total Expense	<u>93,445.66</u>
Net Ordinary Income	10,055.70
Other Income/Expense	
Other Income	
419 · Interest Income	138.65
Total Other Income	<u>138.65</u>
Other Expense	
427 · Interest Expense	135.00
Total Other Expense	<u>135.00</u>
Net Other Income	<u>3.65</u>
Net Income	<u><u>10,059.35</u></u>

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: 2006 OCT 11 P 3:26
 MINIMUM OR SERVICE CHARGE:

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

AZ CORP COMMISSION DOCUMENT CONTROL

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 #: 68959

ORIGINAL

Utility: Cayetano, Inc., dba Lakewood Water Co. Tariff Sheet No. 3
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		****

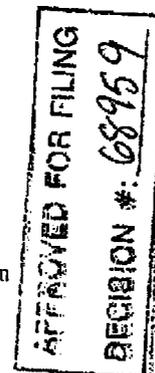
Monthly Service Charge for Fire Sprinkler

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 2 connections	2013 3 connections	2014 5 connections	2015 7 connections	2016 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 7, 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 LLC
 Landmark Title Assurance Agency of Arizona
 as Trustee under Trust No. 18214-T

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

Trust 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.

****FOR OFFICIAL USE ONLY****

Effective Date: _____

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.

****FOR OFFICIAL USE ONLY****

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.

Revised October 21, 2009

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.

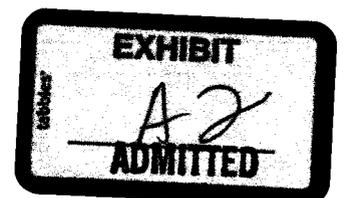
Customers who fail to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply within two (20 working days of receipt of the notice 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.

Revised October 21, 2009

Exhibit A-2
Lisa Sullivan

February 26, 2010
Amended Application

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061



ORIGINAL

**LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW**

P. O. BOX 1448
TUBAC, ARIZONA 85646

(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

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

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

RECEIVED
FEB 26 A 9:20
ARIZONA CORPORATION
COMMISSION
DOCKET CONTROL

February 23, 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 are the original and thirteen (13) copies of an Amended Application ("Application"), together with supporting Appendix "N," 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.

Arizona Corporation Commission

DOCKETED

FEB 26 2010

DOCKETED BY
[Signature]

Sincerely,

Angela R. Trujillo

Angela R. Trujillo

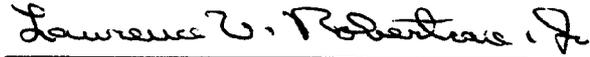
Secretary

Lawrence V. Robertson, Jr.

1 Application in the above-captioned and above-docketed proceeding and (ii) Appendices "A" –
2 "M" to said Application.
3

4 Dated this 23rd of February 2010.
5

6 Respectfully submitted,

7 

8 Lawrence V. Robertson, Jr.
9 Attorney for Cayetano, Inc. DBA Lakewood
Water Company

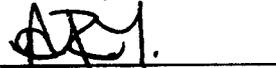
10 The original and thirteen (13) copies of the
11 foregoing Amended Application will be mailed for
12 filing this 23rd day of February 2010 to:

13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Lyn A. Farmer,
18 Chief Administrative Law Judge
19 Hearing Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 Steve Olea, Director
24 Utilities Division
25 Arizona Corporation Commission
26 1200 West Washington Street
27 Phoenix, Arizona 85007

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



Appendix “N”

(February 23, 2010 Email)

**Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-0061**

Lawrence V. Robertson Jr.

From: Blessing Chukwu [BChukwu@azcc.gov]
Sent: Tuesday, February 23, 2010 10:33 AM
To: Lawrence V. Robertson Jr.
Cc: Elijah Abinah; Darron Carlson; Blessing Chukwu; Del Smith
Subject: Cayetano, Inc dbd Lakewood Water Company (10-0061)

Hi, Larry! This is to inform you that after a preliminary review of the above mentioned filing, Staff noted that the requested relief should have been for a CC&N Extension and not a new CC&N. Please amend the application. Thanks! BNC

===== This footnote confirms that this email message has
been scanned to detect malicious content. If you experience problems, please e-mail postmaster@azcc.gov
=====

No virus found in this incoming message.

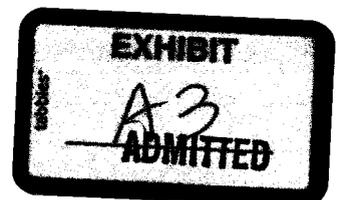
Checked by AVG - www.avg.com

Version: 8.5.435 / Virus Database: 271.1.1/2703 - Release Date: 02/23/10 07:34:00

Exhibit A-3
Lisa Sullivan

**March 9, 2010 Second
Amended Application**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



ORIGINAL

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW

P. O. Box 1448
TUBAC, ARIZONA 85646

(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

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

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

March 5, 2010

Arizona Corporation Commission
DOCKETED

MAR - 9 2010

DOCKETED BY *mm*

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2010 MAR - 9 A 9:10
AZ CORP COMMISSION
DOCKET CONTROL

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 are the original and thirteen (13) copies of a Second Amended Application ("Application"), together with supporting Appendices "O" and "P" 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

Angela R. Trujillo
Secretary

Lawrence V. Robertson, Jr.

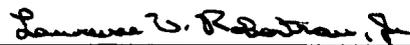
LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

1 Staff also prepared a map of the proposed CC&N extension area using the completed legal
2 description. A copy of the completed legal description is attached to this Second Amended
3 Application as Appendix "O" and is incorporated herein by this reference; and, a copy of the
4 aforesaid map of the requested new CC&N extension area is attached hereto as Appendix "P"
5 and incorporated herein by this reference.

6 With the exception of the changes made in the February 26, 2010 Amended Application
7 and this Second Amended Application, Lakewood adopts and herein incorporates by this
8 reference the entirety of its original its February 19, 2010 Application and Appendices "A"
9 through "M" thereto.

10 Dated this 5th of March 2010.

11 Respectfully submitted,

12 

13 Lawrence V. Robertson, Jr.
14 Lawrence V. Robertson, Jr.
15 Attorney for Cayetano, Inc. DBA Lakewood
16 Water Company

17 The original and thirteen (13) copies of the
18 foregoing Second Amended Application will
19 be mailed for filing this 5th day of March 2010 to:

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

24 Lyn A. Farmer,
25 Chief Administrative Law Judge
26 Hearing Division
27 Arizona Corporation Commission
28 1200 West Washington Street
Phoenix, Arizona 85007

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

1 Janice M. Alward, Chief Legal Counsel
2 Legal Division
3 Arizona Corporation Commission
4 1200 W Washington
5 Phoenix, AZ 85007-2927

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

Appendix “O”

(Revised Amado Business Park Legal Description)

Cayetano, Inc. DBA Lakewood Water Company

CC&N Application

Docket No. W-01809A-10-0061

PARCEL DESCRIPTION

Description based upon the survey depicted in this plan set.

DESCRIPTION of property located on the East side of the East Frontage Road of Interstate 19 in Section 12, Township 20 South, Range 12 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, being a portion of Lot 3 – the fractional Northeast Quarter of the Southeast Quarter of Section 12 – more particularly described as follows:

COMMENCING at a ½" rebar tagged "RLS 32233" at the Southeast corner of said Section 12;

THENCE N 00°23'49" W a distance of 1562.59 feet along the east line of Section 12 to a ½" iron rod tagged "AZ RLS 45856" at the Southeast corner of the parcel being described, said ½" iron rod being the TRUE POINT OF BEGINNING;

THENCE S 84°08'31" W a distance of 962.17 feet to a 1/2" iron rod tagged "AZ RLS 45856", said line passing through a ⅝" iron rod 9.90 feet from its point of commencement;

THENCE N 86°04'28" W a distance of 98.27 feet to a 1/2" iron rod tagged "AZ RLS 45856" on the east line of the East Frontage Road of Interstate 19;

THENCE N 00°27'34" W a distance of 207.24 feet along the east line of the East Frontage Road to a 1/2" iron rod tagged "AZ RLS 45856" at a point of curvature at Station 1490+98.55 of the 1953 Arizona Highway Department Right of Way Layout for the Tucson–Nogales Highway;

THENCE in a northerly direction by a curve concave to the east having a central angle of 02°39'05", a radius of 11,359.17 feet and a length of 525.66 feet along the east line of the East Frontage Road to a point bearing N 89°44'06" E 1.63 feet from a ⅝" iron rod tagged "PE 4670";

THENCE N 89°44'06" E a distance of 1044.53 feet passing through a ⅝" iron pin tagged "PE 4670" to an iron rod tagged "AZ RLS 45856";

THENCE S 00°23'49" E a distance of 632.70 feet along the east line of said Section 12 to the TRUE POINT OF BEGINNING.

The above described parcel contains 16.54 acres more or less.

Appendix “P”

(Revised Amado Business Park Map)

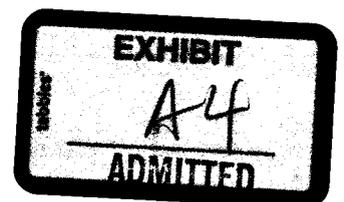
Cayetano, Inc. DBA Lakewood Water Company
CC&N Application
Docket No. W-01809A-10-0061

01		11		13
02		11		14

Exhibit A-4
Lisa Sullivan

CC&N Extension Legal
Descriptions

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061



PARCEL DESCRIPTION

Description based upon the survey depicted in this plan set.

DESCRIPTION of property located on the East side of the East Frontage Road of Interstate 19 in Section 12, Township 20 South, Range 12 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, being a portion of Lot 3 - the fractional Northeast Quarter of the Southeast Quarter of Section 12 - more particularly described as follows:

COMMENCING at a ½" rebar tagged "RLS 32233" at the Southeast corner of said Section 12;

THENCE N 00°23'49" W a distance of 1562.59 feet along the east line of Section 12 to a ½" iron rod tagged "AZ RLS 45856" at the Southeast corner of the parcel being described, said ½" iron rod being the TRUE POINT OF BEGINNING;

THENCE S 84°08'31" W a distance of 962.17 feet to a 1/2" iron rod tagged "AZ RLS 45856", said line passing through a ⅝" iron rod 9.90 feet from its point of commencement;

THENCE N 86°04'28" W a distance of 98.27 feet to a 1/2" iron rod tagged "AZ RLS 45856" on the east line of the East Frontage Road of Interstate 19;

THENCE N 00°27'34" W a distance of 207.24 feet along the east line of the East Frontage Road to a 1/2" iron rod tagged "AZ RLS 45856" at a point of curvature at Station 1490+98.55 of the 1953 Arizona Highway Department Right of Way Layout for the Tucson-Nogales Highway;

THENCE in a northerly direction by a curve concave to the east having a central angle of 02°39'05", a radius of 11,359.17 feet and a length of 525.66 feet along the east line of the East Frontage Road to a point bearing N 89°44'06" E 1.63 feet from a ⅝" iron rod tagged "PE 4670";

THENCE N 89°44'06" E a distance of 1044.53 feet passing through a ⅝" iron pin tagged "PE 4670" to an iron rod tagged "AZ RLS 45856";

THENCE S 00°23'49" E a distance of 632.70 feet along the east line of said Section 12 to the TRUE POINT OF BEGINNING.

The above described parcel contains 16.54 acres more or less.

Exhibit A-5
Lisa Sullivan

CC&N Extension Map

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061



SANTA CRUZ COUNTY

RANGE 12 East

TOWNSHIP 20 South

06	05	04	03	02	01
07	08	09	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


W-01809A (1)
 Lakewood Water Company
 Docket No. W-01809A-10-0061
 Application for Extension

19S12E						19S13E		Farmers Water Company	
06	05	04	03	02	01	06	05		
07	08	09	10	11	12	07			11 12
18	17	16	15	14	13	18	Green Valley DWID		14 13
19	20	21	22	23	24	19			22 23 24
					Viva Development Corporation				
30	29	28	27	26	25	30			27 26 25
31	32	33	34	Lakewood Water Company		31	32	33	34 35 36
PIMA COUNTY									

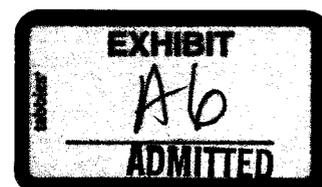
20S12E					
06	05	04	03	02	01
07	08	09	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36
SANTA CRUZ COUNTY					


 Lakewood Water Company
 Docket No. W-01809A-10-0061
 Application for Extension

Exhibit A-6
Lisa Sullivan

**Affidavit of Publication of
Public Notice of Hearing**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



ORIGINAL

RECEIVED

2010 MAY 28 A 9:26

OF COUNSEL TO
MUNGER-CHADWICK PLLC
DOCKET CONTROL

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW

P. O. BOX 1448
TUBAC, ARIZONA 85646

(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

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

May 27, 2010

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

Arizona Corporation Commission
DOCKETED

MAY 28 2010

DOCKETED BY *MLL*

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

To Whom It May Concern:

Pursuant to the April 30, 2010 Procedural Order issued in the above-referenced and docketed proceeding, enclosed for filing are the original and thirteen (13) copies of the Affidavit of Publication ("Affidavit") attesting to publication of the "Public Notice Of Hearing" ("Notice") in the Green Valley News and Sun on May 19, 2010 and May 23, 2010. In addition, and also pursuant to the aforesaid Procedural Order, a copy of the Notice was mailed on May 13, 2010 to each of Lakewood Water Company's customers. The original and thirteen (13) copies of that Notice, and the Affidavit of Mailing attesting to the same, are also enclosed for filing.

Two (2) additional copies of the Affidavits and Notice are included within this mailing. 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 with regard to this matter.

Sincerely,

Angela R. Trujillo

Angela R. Trujillo
Secretary

Lawrence V. Robertson, Jr.

RECEIVED

AFFIDAVIT OF PUBLICATION

2010 MAY 28 A 9:26

STATE OF ARIZONA)
) :SS.
COUNTY OF PIMA)

MARILEE WRIGHT being first duly sworn deposes and says that she is the Public Notices Manager of the **GREEN VALLEY NEWS and SUN**, a newspaper published every Sunday and Wednesday in the County of Pima, State of Arizona, and of general circulation in said County, and that the hereto attached

PUBLIC NOTICE OF HEARING
AUGUST 5, 2010
APPLICATION FOR EXTENSION
DOCKET NO. W-01809A-10-0061

was printed and published in the regular and entire issue of said **GREEN VALLEY NEWS and SUN** for 2 issues; that the first was made on the 19TH day of MAY, 2010 and the last publication thereof was made on the 23RD day of MAY, 2010; that said publication was made on each of the following dates, to-wit:

05/19/10
05/23/10

Request of (L) LAKEWOOD WATER COMPANY

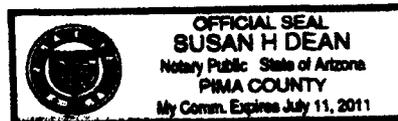
**green valley news
and sun**

By *Marilee Wright*

Subscribed and sworn to before me this 23RD day of MAY, 2010.

Susan H Dean

Notary Public in and for the County of Pima, State of Arizona
My Commission Expires: JULY 11, 2011



PUBLIC NOTICE

**PUBLIC NOTICE OF HEARING
ON THE APPLICATION BY
CAVETANO, INC.
DBA LAKEWOOD WATER
COMPANY
FOR EXTENSION OF ITS
CERTIFICATE OF
CONVENIENCE AND
NECESSITY
DOCKET NO.
W-01809A-10-0081**

On February 19, 2010, Cavetano, Inc., d/b/a Lakewood Water Company ("Company") filed an application with the Arizona Corporation Commission ("Commission") for an extension of its Certificate of Convenience and Necessity. If the application is granted, the Company would be the exclusive provider of water service within the requested extension area, and would be required to provide service on the terms and conditions as established by the Commission.

How You Can View or Obtain a Copy of the Application

The application is available for inspection during regular business hours at the Company's offices at 4010 East Illinois #100, Tucson, Arizona, 85714 and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, and its Tucson offices, 400 West Congress, Suite 218, Tucson, Arizona and on the internet via the Commission website (<http://www.azcc.gov/>) using the e-docket function.

Public Hearing Information

The Commission will hold a hearing on this matter beginning August 5, 2010, at 10:00 a.m., at the Commission's offices, Room 222, 400 West Congress, Tucson, Arizona.

Public comments will be taken at the beginning of the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket No. W-01809A-10-0081 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by email. For a form to use and instructions on how to e-mail comments to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or (520) 628-6550.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than July 9, 2010, and a copy of the motion to the Company or its counsel and to all parties of record. Your motion must contain the following:

1. Your name, address, and telephone number and the name, address and telephone number of any party upon whom service of documents is to be made, if not yourself.
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.).
3. A statement certifying that you have mailed a copy of the motion to intervene to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before July 9, 2010. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned

PUBLIC NOTICE

upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

ADA/ Equal Access Information

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

Pub: Green Valley News & Sun
Date: May 19, 23, 2010*

PUBLIC NOTICE

PUBLIC NOTICE

PUBLIC NOTICE

Exhibit A-7
Lisa Sullivan

**Affidavit of Mailing of Public
Notice of Hearing**

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061



ORIGINAL

RECEIVED

2010 MAY 28 A 9:26

OF COUNSEL TO
MUNGER-CHADWICK P.L.L.C.
DOCKET CONTROL

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW

P. O. BOX 1448
TUBAC, ARIZONA 85646

(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

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

May 27, 2010

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

Arizona Corporation Commission
DOCKETED

MAY 28 2010

DOCKETED BY
M/11/1

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

To Whom It May Concern:

Pursuant to the April 30, 2010 Procedural Order issued in the above-referenced and docketed proceeding, enclosed for filing are the original and thirteen (13) copies of the Affidavit of Publication ("Affidavit") attesting to publication of the "Public Notice Of Hearing" ("Notice") in the Green Valley News and Sun on May 19, 2010 and May 23, 2010. In addition, and also pursuant to the aforesaid Procedural Order, a copy of the Notice was mailed on May 13, 2010 to each of Lakewood Water Company's customers. The original and thirteen (13) copies of that Notice, and the Affidavit of Mailing attesting to the same, are also enclosed for filing.

Two (2) additional copies of the Affidavits and Notice are included within this mailing. 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 with regard to this matter.

Sincerely,



Angela R. Trujillo

Secretary

Lawrence V. Robertson, Jr.

AFFIDAVIT OF MAILING

Lakewood Water Company

PO Box 14858

Tucson, AZ 85732-4858

STATE OF ARIZONA)

) ss. **AFFIDAVIT OF MAILING**

County of Pima)

I, Gary Smyth, being first duly sworn, depose and
(Name of person that mailed letter)

state that I mailed, by regular first class mail, on 5/13/2010, a
(Date of mailing)

copy of the attached Public Notice of Hearing on the Application by Cayetano, Inc.,

dba Lakewood Water Company for Extension of its Certificate of Convenience and

Necessity (Docket No. W-01809A-10-0061) to all 307 Lakewood Water Company

Customers (see attached list).

Dated this 13th day of May, 2010.
(Today's Date)

[Signature]
(Signature)

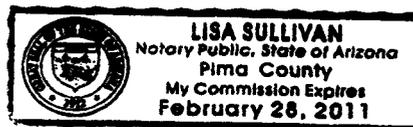
Gary E. Smyth
(Print Name)

SUBSCRIBED AND SWORN TO before me this 13th day of

May, 2010.

Notary Public

2/28/2011
My Commission Expires:



**PUBLIC NOTICE OF HEARING ON THE APPLICATION BY
CAYETANO, INC., DBA LAKEWOOD WATER COMPANY
FOR EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
DOCKET NO. W-01809A-10-0061**

On February 19, 2010, Cayetano, Inc., d/b/a Lakewood Water Company ("Company") filed an application with the Arizona Corporation Commission ("Commission") for an extension of its Certificate of Convenience and Necessity. If the application is granted, the Company would be the exclusive provider of water service within the requested extension area, and would be required to provide service on the terms and conditions as established by the Commission.

How You Can View or Obtain a Copy of the Application

The application is available for inspection during regular business hours at the Company's offices at 4010 East Illinois #100, Tucson, Arizona, 85714 and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, and its Tucson offices, 400 West Congress, Suite 218, Tucson, Arizona and on the internet via the Commission website (www.azcc.gov/) using the e-docket function.

Public Hearing Information

The Commission will hold a hearing on this matter beginning **August 5, 2010, at 10:00 a.m.**, at the Commission's offices, Room 222, 400 West Congress, Tucson, Arizona.

Public comments will be taken at the beginning of the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket No. W-01809A-10-0061 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by email. For a form to use and instructions on how to e-mail comments to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or (520) 628-6550.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than **July 9, 2010**, and a copy of the motion to the Company or its counsel and to all parties of record. Your motion must contain the following:

1. Your name, address, and telephone number and the name, address and telephone number of any party upon whom service of documents is to be made, if not yourself.
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.).
3. A statement certifying that you have mailed a copy of the motion to intervene to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before July 9, 2010. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

ADA/ Equal Access Information

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

**Exhibit A-8
Lisa Sullivan**

**ACC Certificate of Good
Standing**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



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.*****

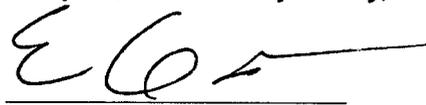
a domestic corporation organized under the laws of the State of Arizona, did incorporate on July 24, 1974.

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 29th Day of July, 2010, A. D.





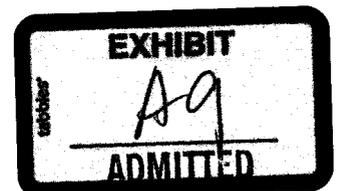
Executive Director

By: _____ 499795

Exhibit A-9
Lisa Sullivan

**Request for Water Service
Correspondence Exchange**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



**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

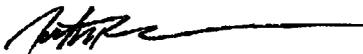
Re: Request for Water Service For
Amado Business Park ("Business Park")

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:

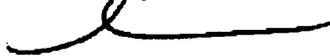
This letter will acknowledge Lakewood Water Company's ("Lakewood Water") receipt of your August 5, 2009 letter requesting that Lakewood Water undertake such actions as may be necessary to enable Lakewood Water to become the lawful provider of water service to the Business Park acreage which CA-TA ENT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

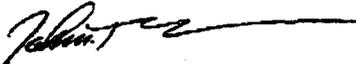
Re: Request For Water Service For Amado Business Park ("Business Park")

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

Exhibit A-10
Lisa Sullivan

Santa Cruz County Franchise

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061





RESOLUTION NO. 2010-08
OF THE BOARD OF SUPERVISORS OF
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 to the public of said application has been duly given as required by law; and,

WHEREAS, said application was filed with the County on the 22nd day of March, 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. That Franchisee is hereby enfranchised and empowered to use the Public Rights-of-Way lying within the County for the Franchise Purposes.
2. All rights hereunder are granted under the express condition that the County shall have the power at any time to impose at its sole discretion such restrictions and limitations and to make such regulations as to the use of the Public Rights-of-Way by Franchisee, as may be deemed best for the public safety or welfare.
3. The rights of the County in and to the use of the Public Rights-of-Way shall be forever paramount and superior to the rights of Franchisee.
4. Franchisee shall bear all expenses made or incurred for the purpose of this franchise, including damages and compensation for any alteration of the direction, surface, grade or alignment of any of the Public Rights-of-Way.
5. The expense of lowering, raising or moving pipes or other installations of Franchisee, or changing locations of installations of Franchisee, made necessary by the County's decision to change the direction, surface, grade or alignment, etc., of the Public Rights-of-Way shall be borne by Franchisee unless otherwise provided by law.
6. Nothing in this franchise shall be construed to grant Franchisee an exclusive right to use the Public Rights-of-Way. Franchisee's facilities shall be constructed and installed so as not to interfere with the reasonable use of the Public Rights-of-Way by the County. The location of facilities of Franchisee shall not be a vested interest, and the facilities shall be removed by Franchisee whenever they restrict or obstruct the operation or location of the Public Rights-of-Way or County facilities or the use thereof by the public.
7. This franchise and the rights and privileges granted herein shall be saleable, assignable and transferable by Franchisee, but no sale, assignment or transfer, in whole or in

part, of any of the rights and privileges granted herein shall be effective as against the County until notice of the same in writing has been given to the County.

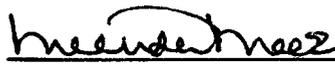
8. Franchisee assumes sole responsibility for the construction, condition, installation and safeguarding of any facility of Franchisee installed in a Public Right-of-Way pursuant to this franchise. Franchisee shall indemnify, hold harmless and defend the County, its officials, agents, servants and employees, from and against all claims for injuries to persons or damages to property due to the construction, condition, installation, location and safeguarding of any facility of Franchisee in a Public Right-of-Way, including the safeguarding of persons using the Public Rights-of-Way from such facilities and activities of Franchisee.

9. This franchise shall not be effective for any purpose until the acceptance of Franchisee is endorsed herein in writing; provided that, after any sale, assignment or transfer of Franchisee's rights hereunder Franchisee shall not be obligated under the terms hereof.

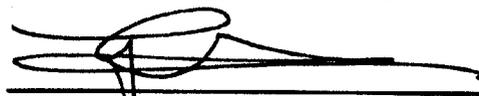
10. This franchise is granted for the term of twenty-five (25) years from the date of the passage and adoption of the same.

PASSED AND ADOPTED on this 28th day of April, 2010.

ATTEST:

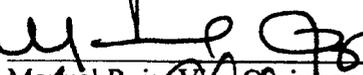

Melinda Meek, Clerk of the Board

Santa Cruz County Board of Supervisors


John Maynard, Chairman

APPROVED AS TO FORM:


Leslie G. Spira, Deputy County Attorney


Manuel Ruiz, Vice Chairman


Rudy Molera, Member

ACCEPTED BY:

CAYETANO, INC. DBA LAKEWOOD WATER
COMPANY, an Arizona public service corporation

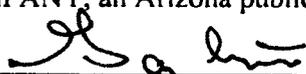
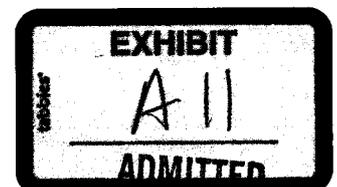
By 
Gary Smyth, President

Exhibit A-11
Lisa Sullivan

**Cross-Connection or
Backflow Prevention Tariff**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



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.

****FOR OFFICIAL USE ONLY****

Effective Date: _____

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.

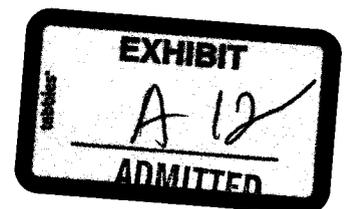
****FOR OFFICIAL USE ONLY****

Effective Date: _____

Exhibit A-12
Lisa Sullivan

Curtailment Plan Tariff

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061



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.

Revised October 21, 2009

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.

Revised October 21, 2009

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.

Revised October 21, 2009

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.

Revised October 21, 2009

TARIFF SCHEDULE

Utility: Cavetano, 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.

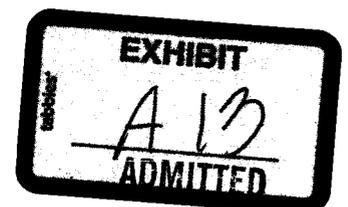
Customers who fail to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply within two (20 working days of receipt of the notice 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.

Revised October 21, 2009

**Exhibit A-13
Lisa Sullivan**

**July 23, 2010 ADWR
Water Withdrawal and Use
Report for 2009**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



ARIZONA DEPARTMENT OF WATER RESOURCES, 3550 NORTH CENTRAL AVENUE, PHOENIX, AZ 85012-2105
ANNUAL WATER WITHDRAWAL AND USE REPORT
PROVIDER SUMMARY 2009

ASCR
 P15
 W

OWNER OF WATER RIGHT

LAKWOOD WATER CO
 P.O. BOX 733
 AMADO AZ 85645-

TYPE OF RIGHT
 SMALL MUNICIPAL PROVIDER

RIGHT / PERMIT NO.
 56-000127.0000

REPORTING PARTY
 56-000127.0000
~~HILL, CHRISTOPHER~~
~~P.O. BOX 733~~
~~AMADO AZ 85645~~

Lisa Sullivan
PO Box 14858
TUCSON, AZ 85732

SANTA CRUZ AMA (520) 761-1814

If any of the information preprinted on this report is incorrect, please make the necessary changes

**PART I WATER, OTHER THAN STORED WATER,
 WITHDRAWN FROM A WELL**

From Box 10 Schedule A attached

$124.69 \times \$ 3.00 = \$ 374.07$
 ACRE - FEET X Withdrawal Fee =

PART II WATER DELIVERED TO OTHER RIGHTS

From Box 10 Schedule D attached

0 ACRE - FEET

PART III WATER RECEIVED FROM OTHER RIGHTS

Total from Schedule E attached

0 ACRE - FEET

PART IV LATE FEES

Complete if filing after March 31. NOTE: A portion of a month after March 31 is counted as a full month

4

1) Enter number of months late
 (Maximum of 6)

$\$ 100$

2) Calculate Late Report Fee
 (\$25.00 X number of months late)

$\$ 149.63$

3) Calculate Late Payment Fee
 (10% X number of months late X
 withdrawal fee calculated in Part I)

PART V TOTAL FEES DUE

Add amounts from Parts I and IV

$\$ 623.70$

Mail or hand deliver this report, together with the appropriate schedules, worksheets and fees to the Arizona Department of Water Resources. If mailed, the report must be postmarked no later than March 31, 2010. If hand delivered, the report must be received by the Department's Records Management Unit or local AMA office no later than 5:00 PM on March 31, 2010

REPORTS FILED AFTER MARCH 31, 2010 ARE SUBJECT TO LATE FEES (A.R.S. § 45-632) AND PAYMENT OF PREVIOUSLY WAIVED MONETARY PENALTIES ASSOCIATED WITH PRIOR GROUNDWATER CODE VIOLATIONS

I hereby certify, under penalty of perjury, that the information contained in this report is, to the best of my knowledge and belief, true, correct and complete.

X *[Signature]* AUTHORIZED SIGNATURE *V.P.* TITLE *6/23/10* DATE
Lisa Sullivan PRINTED NAME *(520) 398-9815* TELEPHONE NUMBER

NOTE: THIS REPORT MUST BE FILED EVEN IF NO WATER WAS DELIVERED PURSUANT TO THIS RIGHT.

WORKSHEET W-1 2009

WATER RIGHT/PERMIT/ BMP
Farm Unit NO. _____

1 DWR WELL REGISTRATION NO	10	40	160	LOCATION		
	Q	Q	Q	Sec	Twp	Rng
	SE	SE	SE	36	19.0S	12.0E
2 TYPE OF MEASURING DEVICE	MAKE / MODEL					
TOTALIZER						
SIZE	UNITS MEASURED					
4 11	Gallons					
INSTALLATION OR OVERHAUL DATE						
replaced 5/12/2009						
3 POWER CO NAME	ACCOUNT NO	POWER METER NO				
TUCSON ELECTRIC POWER	6374765009	SC16-1048				
Enter Total Energy Consumption in Column 6 of Schedule A						
ENERGY CONSUMPTION			UNITS			

4 DOES ENERGY METER SERVE USES OTHER THAN THE WELL PUMP? Yes No

ENTER "Y" OR "N" IN COLUMN 5 OF SCHEDULE A

WATER TOTALIZING METER READINGS		
5 INITIAL	6 ENDING	7 DIFFERENCE
873261	2943268	2,070,007
0	16426900	1,642,6900

IF METER WAS REPLACED DURING THE YEAR, INDICATE BEGINNING AND ENDING READING FOR EACH METER IN THE BOXES ABOVE

8 ACRE FEET	9 BREAKDOWN ESTIMATE

Enter total Acre-feet Shown in 10 in Column 9 of Schedule A

10 TOTAL IN ACRE-FEET	56.76
-----------------------	-------

1 DWR WELL REGISTRATION NO	10	40	160	LOCATION		
	Q	Q	Q	Sec	Twp	Rng
	SE	SE	SE	36	19.0S	12.0E
2 TYPE OF MEASURING DEVICE	MAKE / MODEL					
TOTALIZER						
SIZE	UNITS MEASURED					
4 11	Gallons					
INSTALLATION OR OVERHAUL DATE						
Replaced 5/12/2009						
3 POWER CO NAME	ACCOUNT NO	POWER METER NO				
TUCSON ELECTRIC POWER	7129965009	SC16-2130				
Enter Total Energy Consumption in Column 6 of Schedule A						
ENERGY CONSUMPTION			UNITS			

4 DOES ENERGY METER SERVE USES OTHER THAN THE WELL PUMP? Yes No

ENTER "Y" OR "N" IN COLUMN 5 OF SCHEDULE A

WATER TOTALIZING METER READINGS		
5 INITIAL	6 ENDING	7 DIFFERENCE
24594400	34237000	9,642,600
0	12349300	12,493,300

IF METER WAS REPLACED DURING THE YEAR, INDICATE BEGINNING AND ENDING READING FOR EACH METER IN THE BOXES ABOVE

8 ACRE FEET	9 BREAKDOWN ESTIMATE

Enter total Acre-feet Shown in 10 in Column 9 of Schedule A

10 TOTAL IN ACRE-FEET	67.93
-----------------------	-------

1 DWR WELL REGISTRATION NO	10	40	160	LOCATION		
	Q	Q	Q	Sec	Twp	Rng
2 TYPE OF MEASURING DEVICE	MAKE / MODEL					
SIZE	UNITS MEASURED					
INSTALLATION OR OVERHAUL DATE						
3 POWER CO NAME	ACCOUNT NO	POWER METER NO				
Enter Total Energy Consumption in Column 6 of Schedule A						
ENERGY CONSUMPTION			UNITS			

4 DOES ENERGY METER SERVE USES OTHER THAN THE WELL PUMP? Yes No

ENTER "Y" OR "N" IN COLUMN 5 OF SCHEDULE A

WATER TOTALIZING METER READINGS		
5 INITIAL	6 ENDING	7 DIFFERENCE

IF METER WAS REPLACED DURING THE YEAR, INDICATE BEGINNING AND ENDING READING FOR EACH METER IN THE BOXES ABOVE

8 ACRE FEET	9 BREAKDOWN ESTIMATE

Enter total Acre-feet Shown in 10 in Column 9 of Schedule A

10 TOTAL IN ACRE-FEET	
-----------------------	--

1 DWR WELL REGISTRATION NO	10	40	160	LOCATION		
	Q	Q	Q	Sec	Twp	Rng
2 TYPE OF MEASURING DEVICE	MAKE / MODEL					
SIZE	UNITS MEASURED					
INSTALLATION OR OVERHAUL DATE						
3 POWER CO NAME	ACCOUNT NO	POWER METER NO				
Enter Total Energy Consumption in Column 6 of Schedule A						
ENERGY CONSUMPTION			UNITS			

4 DOES ENERGY METER SERVE USES OTHER THAN THE WELL PUMP? Yes No

ENTER "Y" OR "N" IN COLUMN 5 OF SCHEDULE A

WATER TOTALIZING METER READINGS		
5 INITIAL	6 ENDING	7 DIFFERENCE

IF METER WAS REPLACED DURING THE YEAR, INDICATE BEGINNING AND ENDING READING FOR EACH METER IN THE BOXES ABOVE

8 ACRE FEET	9 BREAKDOWN ESTIMATE

Enter total Acre-feet Shown in 10 in Column 9 of Schedule A

10 TOTAL IN ACRE-FEET	
-----------------------	--

SCHEDULE F-1S

SMALL WATER PROVIDER

ANNUAL REPORT 2009

PROVIDER NAME
 LAKEWOOD WATER CO.

RIGHT/PERMIT NO.

CONTACT NAME: Lisa Sullivan

CONTACT PHONE: (520) 398-9815

Pursuant to the Third Management Plan (TMP) and the Groundwater Code for all Active Management Areas, small municipal water providers (those that supply 250 acre-feet/year or less) are required to supply the following information.

PART 1 - DELIVERIES TO USER GROUPS

Please indicate the total quantity of water delivered (both metered and unmetered) to each of the following user groups for calendar year 2009.

a. Residential - include all uses of water related to service of residences (housing units) including both interior and exterior water use. This should include deliveries to individually metered single family residences, multi-family housing complexes that are on master meters and group quarters (see page two for definition)

Single Family Metered	<u>113.21</u>	acre-feet	Unmetered	<u>0</u>	acre-feet	Total	<u>113.21</u>	acre-feet	Service Connections	<u>296</u>
Multi - Family Metered	<u>3.40</u>	acre-feet	Unmetered	<u>0</u>	acre-feet	Total	<u>3.40</u>	acre-feet	Service Connections	<u>2</u>
Group Quarters Metered	<u>7.74</u>	acre-feet	Unmetered	<u>0</u>	acre-feet	Total	<u>7.74</u>	acre-feet	Service Connections	<u>9</u>
						(a) Total Sum	<u>124.35</u>	acre-feet		

b. Non-residential - include all water delivered for purposes other than residential, including turf-related facilities (item d below) Do not include direct effluent or deliveries to irrigation rights or other service area rights.

Non-residential Metered	<u>0</u>	acre-feet	Unmetered	<u>0</u>	acre-feet	Total Sum	<u>0</u>	acre-feet	Service Connections	<u>—</u>
						(a) + (b)	<u>124.35</u>	acre-feet		

c. Total deliveries (add amounts in a and b above)

d. Turf-related facilities - include all non-effluent water delivered to facilities with ten or more acres of turf. These deliveries should be included in non-residential use (item b above). Please note that a Schedule G-2 must also be submitted for each turf-related facility receiving water from your system in 2009.

0 acre-feet

PROVIDER NAME
 LAKEWOOD WATER CO
 RIGHT/PERMIT NO. []

SCHEDULE F-1S
 SMALL WATER PROVIDER
ANNUAL REPORT 2009

PART 2 - LOST AND UNACCOUNTED FOR WATER

Lost and unaccounted for water is calculated by subtracting total deliveries from water used. Direct effluent and deliveries to irrigation rights or other service areas are not included in calculations.

- a) Total quantity of water used (sum of Part I & Part III less Part II of the Annual Report Summary Page): 124.69 acre-feet
- b) Total metered and unmetered (estimated) deliveries (Part 1c from previous page): 124.35 acre-feet
- c) Lost and unaccounted for water (Part 2a minus 2b above) .34 acre-feet
- d) Percent of lost and unaccounted for water .34 AF / 124.69 AF x 100 = .27 Percent
 lost and unaccounted for water (Part 2c) total used (Part 2a)

PART 3 - HOUSING UNITS SERVED

A housing unit means a group of rooms or a single room occupied as separate living quarters. Housing unit includes a single family home, a patio home, a townhouse, a condominium, an apartment, a permanently setup mobile home or a unit in a multi-family complex. Housing unit does not include a mobile home in an overnight or limited stay mobile home park or a unit in a campground, motel, hotel, or other temporary lodging facility.

a) A single family housing unit means a detached dwelling, including permanently setup mobile homes not in mobile home parks. Indicate net change in single family housing units (*not service connections*) in your service area between July 1, 2008 and July 1, 2009

0 units

b) A multi-family housing unit means a mobile home in a mobile home park and a permanent housing unit having one or more common walls with another housing unit located in a multi-family residential structure, and includes a unit in a duplex, triplex, fourplex, condominium development, townhome development or equivalent complex. Indicate net change in multi-family housing units (*not service connections*) in your service area between July 1, 2008 and July 1, 2009

0 units

c) Group quarters means living quarters occupied by one or more people under care or custody, such as orphanages, nursing homes and prisons, or quarters such as college dormitories, fraternity or sorority houses, nurses dormitories, rooming houses, hotels with permanent residents and congregate housing for the elderly. Indicate net change in multi-family housing units (*not service connections*) in your service area between July 1, 2008 and July 1, 2009

0 units

Please contact your local Active Management Area if you need assistance completing this form

**Exhibit A-14
Lisa Sullivan**

**August 3, 2010
ADWR Compliance Letter**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



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

Water System Name: LAKEWOOD WATER COMPANY

Water System ID #: ADWR #56-000127.0000

Compliance Status:

<i>Requirement</i>	<i>In compliance</i>	<i>Not in Compliance</i>	<i>Not yet determined</i>	<i>Not Applicable</i>
Annual water use reports within AMAs and INAs (if using non-exempt wells)	X			
Annual report for community water systems outside of AMAs				X
Annual assured or adequate water supply reports for designated providers				X
Designation of assured or adequate water supply in good standing for designated providers				X
System water plan	X			
Management plan requirements within AMAs 1) Lost and unaccounted for water <10% of total use for large providers <15% of total use for small providers 2) Annual submittal of updated service area and distribution maps 3) NPCCP requirements are met 4) MNPCCP requirements are met 5) GPCD requirements are met 6) ACP requirements are met 7) Individual user requirements are met	Items 1 & 2			Items 3 through 7
Well permit volumes within AMAs	X			
Type I and II grandfathered right limits within AMAs				
Maintenance of accurate measuring devices within AMAs and INAs	X			
Groundwater transportation restrictions				X
Approval of deliveries of groundwater to other providers within AMAs				X

Comments: As of August 3, 2010, ADWR has determined that Lakewood Water Company (ADWR # 56-

000127.0000) is currently compliant with departmental requirements governing water providers and/or community water systems. If you have any additional questions or concerns regarding this matter please contact Andrew Craddock, Compliance Committee Chair at (602) 771-8615.

Completed by:

Program	Reviewed	Not applicable	Name	Phone	Date
AMA Office	X		Alejandro Barcenas	520-761-1814	3/2/10 Update: 8/3/10
Office of Assured & Adequate Water Supply		X	Rick Obenshain	602-771-8622	3/1/10 Update: 8/3/10
Community Water Planning		X	Kelly Mott Lacroix	520-770-3809	3/1/10 Update: 8/3/10

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

Exhibit A-15
John Thompson

Amado Business Park Plat

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061

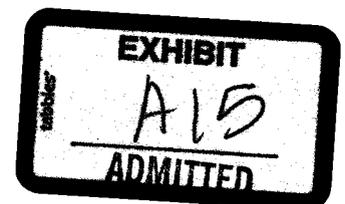


Exhibit A-16
Kristen Whatley

Water Master Plan

August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061



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 PlanApril 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

Exhibit A-17
Kristen Whatley

**Opinion of Probable
Construction Cost**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**

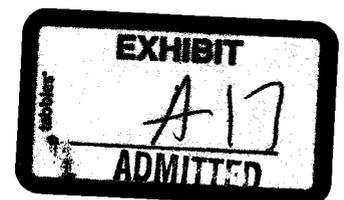
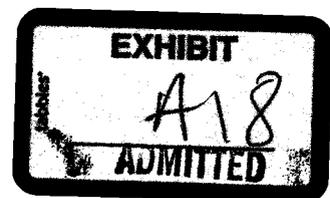


Exhibit A-18
Kristen Whatley

**July 20, 2010 ADWR Letter
Regarding Extension of
Certificate of Assured Water
Supply Application Review
Period**

**August 5, 2010 ACC Hearing
Lakewood Water Company
Docket No. W-01809A-10-0061**



JANICE K. BREWER
Governor



HERBERT R. GUENTHER
Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105
(602) 771-8500

July 20, 2010

Ms. Kristen Whatley, Project Manager
Westland Resources, Inc.
4001 East Paradise Falls Drive
Tucson, Arizona 85712

Re: Amado Business Park, Lots 1-11
Application for a Certificate of Assured Water Supply
DWR # 27-700629.0000

Dear Ms. Whatley:

Per your request, the Department is updating you on the status of your application. At this time the application is incomplete. The application was originally submitted in September 14, 2009. Since that time, there have been several Administrative Completeness Review letters sent to the owner requesting additional information regarding several issues, primarily related to establishing legal availability of the water supply for the proposed development. The items previously requested which remain missing include:

1. Arizona Corporation Commission approval of the extension of the CC&N of Lakewood Water Company.
2. Establishment of a new Service Area for Lakewood Water Company to serve Amado Business Park.

The Department has received the Petition to Establish a New Service Area however it is incomplete. Items needed to complete the establishment of the service area include:

1. Identification of the well or wells to be used to establish the service area.
2. Attachment of the leased Type-2 right to the well or wells to be used to establish the service area.
3. Appropriate permitting of the well or wells to be used to establish the service area including a well impact analysis.

For further information regarding the establishment of the satellite service area contact Scott Miller at 602-771-8604. You should also be aware that the lease on the Type-2 grandfathered water right you identified will expire in January of 2011. If you have not completed the service area establishment process at that time or renewed the lease, you will not have legal authority to pump groundwater. Such an action may cause the Department to take enforcement action which can carry penalties of up to \$10,000 per day per violation.

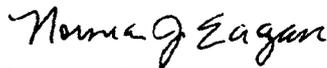
Although you have appropriately demonstrated several of the items needed for an assured water supply including sufficient physical availability, your application remains incomplete at this time until all of the items identified above are submitted. You should also be aware that this incomplete status does not provide you with any priority with regards to other pending applications in the area. Other applications in the area do not have to take your application into account when determining physical availability until the application is complete. Once the application is complete we will initiate the public notice process.

The last letter dated February 4, 2010 signed by John Schneeman was sent to Ms. Rodda with Lawyers Title Agency of Arizona, to address the issues and given 30 days to respond. On February 22, 2010, you sent a letter to Mr. Schneeman requesting another extension to the 30 day timeframe. In your letter you requested to have the timeframe extended from February 22nd to August 2010. The letter did not indicate a specific date in August therefore the Department agrees to grant the extension until August 31, 2010 as a courtesy.

Please be aware the Department has recently made changes on requests for extensions. The Department is no longer granting extensions without a fee. This is part of the new fee package that passed on July 15th. The form is available on our website and the fee for this request is \$250.00. It does not, however, guarantee an extension will be granted. With reduced staffing levels the Department no longer has ability to repeatedly grant extensions. With the Department's limited resources its efforts need to be concentrated on applications that are complete and ready to issue.

If you have any questions, you may contact Doug Dunham, Program Manager at 602-771-8690 or email at dwdunham@azwater.gov or Norma Eagan, File Manager at 602-771-8598 or email at njeagan@azwater.gov.

Sincerely,



Norma J. Eagan
Water Resource Specialist
Recharge and Assured & Adequate
Water Supply Program

Cc: Steve Olea, Arizona Corporation Commission
Scott Miller, Wells, Permits and Groundwater Rights Division

RECEIVED

JUL 1 2010

MEMORANDUM

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

RECEIVED

2010 JUL -1 P 4: 01

AZ CORP COMMISSION
DOCKET CONTROL



TO: Docket Control Center

FROM: Steve M. Olea
Director
Utilities Division

Date: July 1, 2010

RE: STAFF REPORT FOR CAYETANO, INC. DBA LAKEWOOD WATER COMPANY - APPLICATION FOR EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. W-01809A-10-0061)

Attached is the Staff Report for Cayetano, Inc. dba Lakewood, Water Company's application for extension of its existing Certificate of Convenience and Necessity to provide water service. Staff is recommending approval with conditions.

SMO:BNC:kdh

Originator: Blessing Chukwu

Service List for: Cayetano, Inc. dba Lakewood Water Company
Docket No. W-01809A-10-0061

Mr. Lawrence V. Robertson, Jr.
Post Office Box 1448
Tubac, Arizona 85646-1448



STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION



CAYETANO, INC. DBA LAKEWOOD WATER COMPANY

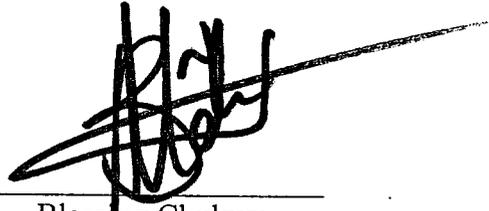
W-01809A-10-0061

APPLICATION FOR EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND NECESSITY

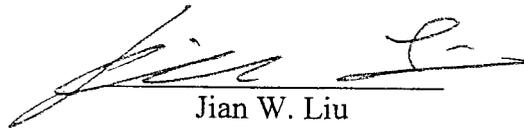
JULY 1, 2010

STAFF ACKNOWLEDGMENT

The Staff Report for Cayetano, Inc. dba Lakewood Water Company (Docket No. W-01809A-10-0061) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. Jian W. Liu was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to be 'Blessing Chukwu', written over a horizontal line.

Blessing Chukwu
Executive Consultant III

A handwritten signature in black ink, appearing to be 'Jian W. Liu', written over a horizontal line.

Jian W. Liu
Utilities Engineer

EXECUTIVE SUMMARY
CAYETANO, INC. DBA LAKEWOOD WATER COMPANY
DOCKET NO. W-01809A-10-0061

On February 19, 2010, Cayetano, Inc. dba Lakewood Water Company ("Lakewood" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for new Certificate of Convenience and Necessity ("CC&N") to provide water service in portions of Santa Cruz County, Arizona. On February 26, 2010, Lakewood filed an Amended Application in response to a suggestion made by the Commission's Utilities Division Staff ("Staff") following its review of Lakewood's original Application. In the Amended Application, Lakewood requested that the Commission grant an extension to Lakewood's existing CC&N, rather than issuing a separate CC&N for the proposed new service area. On March 9, 2010, Lakewood filed a Second Amended Application to correct an incomplete legal description provided with the application. On April 26, 2010, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the Arizona Administrative Code.

Lakewood is an Arizona Corporation, in good standing with the Corporations Division, and engaged in providing water utility service to customers in portions of Pima County, Arizona. According to the Application, the Company is serving 307 residential customers and 3 commercial customers.

By this application, Lakewood is seeking Commission authority to add Amado Business Park (in Santa Cruz County, Arizona) to its certificated area of approximately 485 acres, located in Amado, Pima County, Arizona, Amado Business Park commercial development ("Park") consists of 16.54 acres.

Based on Staff's review and analysis of the application, Staff believes that the proposed water system will have adequate production and storage capacity to serve the proposed CC&N extension area. Staff also believes that the proposed plant facilities for the requested area and their cost estimates totaling \$318,780 are reasonable. However, no "used and useful" determination of the proposed plant facilities was made and no particular treatment should be inferred for rate making or rate base purposes.

Staff recommends the Commission issue an Order Preliminary to Lakewood for extension of its CC&N for water service to portions of Santa Cruz County, Arizona, subject to compliance with the following conditions:

1. To require Lakewood to charge its authorized rates and charges in the extension area.
2. To require Lakewood to file with Docket Control, as a compliance item in this docket no later than December 31, 2010, a copy of the letter or notice issued by ADWR indicating that the Company is in full compliance with ADWR regulations.

3. To require Lakewood to file with Docket Control, as a compliance item in this docket, a copy of the developer's Certificate of Assured Water Supply demonstrating that there is adequate water for the requested area, within four years of the effective date of the order granting the Order Preliminary.
4. To require Lakewood to file with Docket Control, as a compliance item in this docket, a copy of the ATC for Park water system within four years of the effective date of the order granting the Order Preliminary.
5. To require Lakewood to file with Docket Control, as a compliance item in this docket, a copy of Santa Cruz County franchise agreement for the requested area, within four years of the effective date of the order granting the Order Preliminary.
6. That after Lakewood complies with Requirement Nos. 2, 3, 4 and 5; Lakewood shall file a motion in the docket requesting that the Commission grant the CC&N for the requested area. Within 30 days of this filing, and on Staff's verification that Lakewood has satisfied Requirement Nos. 2, 3, 4 and 5, Staff shall prepare and docket a Recommended Order granting the CC&N for the requested area for Commission approval. If Lakewood fails to comply with any one of Requirement Nos. 2, 3, 4, or 5 within the time specified, the Order Preliminary shall be null and void, and Staff shall file a memorandum to close this docket.

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ENGINEERING MAP B

Introduction

On February 19, 2010, Cayetano, Inc. dba Lakewood Water Company ("Lakewood" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for new Certificate of Convenience and Necessity ("CC&N") to provide water service in portions of Santa Cruz County, Arizona.

On February 26, 2010, Lakewood filed an Amended Application in response to a suggestion made by the Commission's Utilities Division Staff ("Staff") following its review of Lakewood's original Application. In the Amended Application, Lakewood requested that the Commission grant an extension to Lakewood's existing CC&N, rather than issuing a separate CC&N for the proposed new service area.

On March 9, 2010, Lakewood filed a Second Amended Application to correct an incomplete legal description provided with the application (the original, application, the Amended Application and the Second Amended Application are collectively referred to as the "Application").

On April 26, 2010, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the Arizona Administrative Code ("A.A.C.") R14-2-402.

Background

Lakewood is an Arizona Corporation, in good standing with the Corporations Division, and engaged in providing water utility service to customers in portions of Pima County, Arizona. The only shareholder of Lakewood is Mr. Gary Smyth, the President. Ms. Lisa Sullivan is the Vice President, Secretary and Treasurer of the Company. Mr. Smyth manages Goodman Water Company and is in the process of acquiring Tierra Linda Homeowners Association, Inc.'s water assets.

According to the Application, the Company is serving 307 residential customers and 3 commercial customers.

By this application, Lakewood is seeking Commission authority to add Amado Business Park (in Santa Cruz County, Arizona) to its certificated area. Amado Business Park commercial development ("Park") consists of 16.54 acres. CA-TA ENT LLC, the developer of Amado Business Park has requested service from Lakewood. The requested area is about 1.5 miles south of the southern boundary of the Company's existing CC&N; and Interstate 19 separates the requested area from the Company's Pima County CC&N service area. The Company's existing CC&N has an area totaling approximately 485 acres and is located in Amado, Arizona, approximately 35 miles south of Tucson, on Interstate 19, Pima County, Arizona.

The Water System

The Company's proposed facilities consists of : one (1) 35 GPM well and appurtenances; one (1) 60,000 gallon storage reservoir; one (1) 850 GPM booster pump station; 8" and 6" transmission mains; and, related distribution facilities. The proposed facilities will be located entirely within the boundaries of the Park; and will require the design and construction of a water system which is physically separate from Lakewood's existing system.

Staff concludes that the proposed water system will have adequate production and storage capacity to serve the proposed CC&N extension area.

Lakewood provided a copy of its water plant expenditure spreadsheet which included cost estimates by major plant component as follows:

1. one (1) new 60,000 gallon storage reservoir	\$80,000
2. one (1) new 35 GPM well and appurtenances	\$20,000
3. one (1) new 850 GPM booster pump station	\$70,000
4. others	\$85,000
	=====
Subtotal	\$255,000
5. 25% Engineering & Contingencies	\$63,750
	=====
Total	\$318,750

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

The Company has not received the Arizona Department of Environmental Quality ("ADEQ") Certificate of Approval to Construct ("ATC") for construction of facilities to serve the requested area. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC for Park water system within four years of the effective date of the order granting the Order Preliminary.

Arizona Department of Environmental Quality Compliance

ADEQ regulates the Company's existing water System under ADEQ Public Water System I.D. No. 10-063. Based on data submitted by the Company, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ report dated May 3, 2010.)

Arizona Department of Water Resources ("ADWR") Compliance

The Company is located in Santa Cruz Active Management Area and is subject to ADWR reporting and conservation requirements. ADWR has determined that Lakewood is not in compliance with departmental requirements governing water providers and/or community water systems. As of April 19, 2010, Lakewood had not filed its 2009 Annual Water Withdrawal and Use Reports, which were due on March 31, 2010.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket no later than December 31, 2010, a copy of the letter or notice issued by ADWR indicating that the Company is in full compliance with ADWR regulations.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the developer's Certificate of Assured Water Supply demonstrating that there is adequate water for the requested area, within four years of the effective date of the order granting the Order Preliminary.

ACC Compliance

According to the Utilities Division's Compliance Section, Lakewood has no outstanding ACC compliance issues.

Curtailment Plan Tariff

The Company has an approved Curtailment Tariff on file with the Commission.

Backflow Prevention Tariff

The Company has an approved Backflow Prevention Tariff on file with the Commission.

Proposed Rates

Lakewood has proposed to provide water utility service to the extension area under its authorized rates and charges.

Franchise

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority, pursuant to Arizona Revised Statute § 40-282.B. If the applicant operates in an unincorporated area, the Applicant has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

Staff recommends that the Company be required to file with Docket Control, as a compliance item in this docket, a copy of Santa Cruz County franchise agreement for the requested area, within four years of the effective date of the order granting the Order Preliminary.

Recommendations

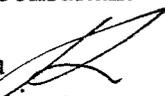
Staff recommends the Commission issue an Order Preliminary to Lakewood for extension of its CC&N for water service to portions of Santa Cruz County, Arizona, subject to compliance with the following conditions:

1. To require Lakewood to charge its authorized rates and charges in the extension area.
2. To require Lakewood to file with Docket Control, as a compliance item in this docket no later than December 31, 2010, a copy of the letter or notice issued by ADWR indicating that the Company is in full compliance with ADWR regulations.
3. To require Lakewood to file with Docket Control, as a compliance item in this docket, a copy of the developer's Certificate of Assured Water Supply demonstrating that there is adequate water for the requested area, within four years of the effective date of the order granting the Order Preliminary.
4. To require Lakewood to file with Docket Control, as a compliance item in this docket, a copy of the ATC for Park water system within four years of the effective date of the order granting the Order Preliminary.
5. To require Lakewood to file with Docket Control, as a compliance item in this docket, a copy of Santa Cruz County franchise agreement for the requested area, within four years of the effective date of the order granting the Order Preliminary.
6. That after Lakewood complies with Requirement Nos. 2, 3, 4 and 5; Lakewood shall file a motion in the docket requesting that the Commission grant the CC&N for the requested area. Within 30 days of this filing, and on Staff's verification that Lakewood has satisfied Requirement Nos. 2, 3, 4 and 5, Staff shall prepare and docket a Recommended Order granting the CC&N for the requested area for Commission Approval. If Lakewood fails to comply with any one of Requirement Nos. 2, 3, 4 or 5 within the time specified, the Order Preliminary shall be null and void, and Staff shall file a memorandum to close this docket.

MEMORANDUM

DATE: June 23, 2010

TO: Blessing Chukwu
Executive Consultant

FROM: Jian W. Liu 
Utilities Engineer

RE: Cayetano, Inc. DBA Lakewood Water Company
Docket No. W-01809A-10-0061 (CC&N Extension – Water)

Introduction

On February 19, 2010, Cayetano, Inc. DBA Lakewood Water Company (“Lakewood”) filed an Application for an Arizona Corporation Commission (“Commission” or “ACC”) Opinion and Order granting Lakewood a new Certificate of Convenience and Necessity (“CC&N”) to provide water service to and within an unincorporated area in Santa Cruz County, Arizona.

On February 26, 2010, Lakewood filed an Amended Application in the above-captioned and above-docketed proceeding in response to a suggestion made by the Commission’s Utilities Division Staff (“Staff”) following its review of Lakewood’s original Application. In its Amended Application, Lakewood requested that the Commission grant an extension to Lakewood’s existing CC&N, rather than issuing a separate CC&N for the proposed new service area.

On March 9, 2010, Lakewood filed the Second Amended Application to correct an incomplete legal description provided with the application (the original application, the Amended Application and the Second Amended Application are collectively referred to as the “Application”).

On April 26, 2010, Staff notified Lakewood that the Application was sufficient under the terms of the Arizona Administrative Code.

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”). The Park acreage, approximately 16.54 acres, 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.

Existing Lakewood Water System

Lakewood serves approximately 310 customers and is located approximately 35 miles south of Tucson on Highway 19 at Amado/Arivaca Junction in Pima County.

The system consists of two wells, two 5,000 gallon pressure tanks, and a distribution system. The wells are located at two separate sites within 200 feet of each other.

Proposed Park Water System

Lakewood provided a copy of an April 21, 2009 Amado Business Park Water Master Plan ("Water Plan") for the Park which was prepared by WestLand Resources, Inc.

Proposed facilities include the following:

- (i) one (1) 35 GPM well and appurtenances;
- (ii) one (1) 60,000 gallon storage reservoir;
- (iii) one (1) 850 GPM booster pump station;
- (iv) 8" and 6" transmission mains; and,
- (v) related distribution facilities.

Proposed facilities will be located entirely within the boundaries of the Park; and will require the design and construction of a water system which is physically separate from Lakewood's existing system.

Staff concludes that the proposed water system will have adequate production and storage capacity to serve the proposed CC&N extension area.

Cost Analysis

Lakewood provided a copy of its water plant expenditure spreadsheet which included cost estimates by major plant component as follows:

1. one (1) new 60,000 gallon storage reservoir	\$80,000
2. one (1) new 35 GPM well and appurtenances	\$20,000
3. one (1) new 850 GPM booster pump station	\$70,000
4. others	\$85,000
Subtotal	\$255,000
5. 25% Engineering & Contingencies	\$63,750
Total	\$318,750

Staff has reviewed the proposed Park water system infrastructure and related costs and finds them to be reasonable and appropriate. However, approval of this CC&N extension application does not imply any particular future treatment for determining the rate base. No

"used and useful" determination of the proposed water plant-in-service was made, and no conclusions should be inferred for rate making or rate base purposes in the future.

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ regulates the existing Lakewood water system under ADEQ Public Water System I.D. No. 10-063. Based on a Compliance Status Report, dated May 3, 2010, the system has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

Approval to Construct

Lakewood has not received its ADEQ Certificate of Approval to Construct ("ATC") for the proposed Park water system. Staff recommends that Lakewood file with Docket Control, as a compliance item in this docket, copies of the ATC for the Park development when received by Lakewood, but in no event later than 2 years after the effective date of the order granting a CC&N or 4 years after granting an Order Preliminary.

Arizona Department of Water Resources ("ADWR") Compliance

The Lakewood service area is located within the Santa Cruz AMA. ADWR has determined that Lakewood is not in compliance with departmental requirements governing water providers and/or community water systems. As of April 19, 2010 Lakewood had not filed its 2009 Annual Water Withdrawal and Use Reports, which were due on March 31, 2010.

Staff recommends that any CC&N extension approved in this proceeding not become effective until Staff receives notice that the Lakewood is in total compliance with ADWR regulations.

Staff recommends that the Lakewood file with Docket Control as a compliance item in this docket a copy of the developer's Certificate of Assured Water Supply demonstrating the availability of adequate water for the requested area, where applicable or when required by statute, within 2 years of the effective date of the order granting a CC&N or 4 years after granting an Order Preliminary.

ACC Compliance

A check of the Utilities Division compliance database indicated that there are currently no delinquent compliance items for Lakewood.¹

¹ Per Compliance Section email dated June 10, 2010.

Curtailment Tariff

Lakewood has an approved Curtailment Tariff on file with the Commission.

Backflow Prevention Tariff

Lakewood has an approved Backflow Prevention Tariff on file with the Commission.

Summary

Conclusions

1. Staff concludes that the proposed Park water system has adequate production and storage capacity to serve proposed CC&N extension area.
2. ADEQ regulates the Lakewood water system under ADEQ Public Water System I.D. No. 10-063. Based on a Compliance Status Report, dated May 3, 2010, the system has no major deficiencies and is delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.
3. The Lakewood service area is located within the Santa Cruz AMA. ADWR has determined that Lakewood is not in compliance with departmental requirements governing water providers and/or community water systems. As of April 19, 2010 Lakewood has not filed their 2009 Annual Water Withdrawal and Use Reports, which was due on March 31, 2010.
4. A check of the Utilities Division compliance database indicated that there are currently no delinquent compliance items for Lakewood.
5. Lakewood has an approved Curtailment Tariff on file with the Commission.
6. Lakewood has an approved Backflow Prevention Tariff on file with the Commission.

Recommendations

1. Staff recommends that Lakewood file with Docket Control, as a compliance item in this docket, copies of ADEQ's ATC for the development when received by Lakewood, but in no event later than 2 years after the effective date of the order granting a CC&N or 4 years after granting an Order Preliminary.
2. Staff recommends that any CC&N extension approved in this proceeding shall not become effective until Staff receives notice that the Lakewood is in total compliance with ADWR regulations.

3. Staff recommends that the Lakewood file with Docket Control as a compliance item in this docket copy of the developer's Certificate of Assured Water Supply demonstrating the availability of adequate water for the requested area, where applicable or when required by statute, within 2 years of the effective date of the order granting a CC&N or 4 years after granting an Order Preliminary.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

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

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: March 12, 2010

RE: **LAKWOOD WATER COMPANY (DOCKET NO. W-01809A-10-0061)**

The area requested by Lakewood for an extension has been plotted with no complications using an amended legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached are copies of the maps for your files.

:bsw

Attachments

cc: Mr. Lawrence Robertson
Ms. Deb Person (Hand Carried)
Mr. Jian Liu

SANTA CRUZ COUNTY

Map No. 14

RANGE 12 East

06	05	04	03	02	01
07	08	09	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

TOWNSHIP 20 South

 W-01809A (1)
 Lakewood Water Company
 Docket No. W-01809A-10-0061
 Application for Extension

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

06	05	19S12E			02	01	19S13E		02	Farmers Water Company				
07	08	09	10	11	12	07			11	12				
18	17	16	15	14	13	18	Green Valley DWID			14	13			
19	20	21	22	23	24	19			22	23	24			
30	29	28	27	26	25	30			27	26	25			
31	32	33	Lakewood Water Company		34				31	32	33	34	35	36
PIMA COUNTY														

06	05	20S12E			02	01
07	08	09	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	
SANTA CRUZ COUNTY						


 Lakewood Water Company
 Docket No. W-01809A-10-0061
 Application for Extension

PARCEL DESCRIPTION

Description based upon the survey depicted in this plan set.

DESCRIPTION of property located on the East side of the East Frontage Road of Interstate 19 in Section 12, Township 20 South, Range 12 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, being a portion of Lot 3 – the fractional Northeast Quarter of the Southeast Quarter of Section 12 – more particularly described as follows:

COMMENCING at a ½" rebar tagged "RLS 32233" at the Southeast corner of said Section 12;

THENCE N 00°23'49" W a distance of 1562.59 feet along the east line of Section 12 to a ½" iron rod tagged "AZ RLS 45856" at the Southeast corner of the parcel being described, said ½" iron rod being the TRUE POINT OF BEGINNING;

THENCE S 84°08'31" W a distance of 962.17 feet to a 1/2" iron rod tagged "AZ RLS 45856", said line passing through a 5/8" iron rod 9.90 feet from its point of commencement;

THENCE N 86°04'28" W a distance of 98.27 feet to a 1/2" iron rod tagged "AZ RLS 45856" on the east line of the East Frontage Road of Interstate 19;

THENCE N 00°27'34" W a distance of 207.24 feet along the east line of the East Frontage Road to a 1/2" iron rod tagged "AZ RLS 45856" at a point of curvature at Station 1490+98.55 of the 1953 Arizona Highway Department Right of Way Layout for the Tucson-Nogales Highway;

THENCE in a northerly direction by a curve concave to the east having a central angle of 02°39'05", a radius of 11,359.17 feet and a length of 525.66 feet along the east line of the East Frontage Road to a point bearing N 89°44'06" E 1.63 feet from a 5/8" iron rod tagged "PE 4670";

THENCE N 89°44'06" E a distance of 1044.53 feet passing through a 5/8" iron pin tagged "PE 4670" to an iron rod tagged "AZ RLS 45856";

THENCE S 00°23'49" E a distance of 632.70 feet along the east line of said Section 12 to the TRUE POINT OF BEGINNING.

The above described parcel contains 16.54 acres more or less.