

ORIGINAL



0000124744

MEMORANDUM

TO: Docket Control
FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

Date: April 21, 2011

RE: STAFF REPORT FOR THE APPLICATION OF WICKENBURG RANCH WASTEWATER, AN ARIZONA LIMITED LIABILITY COMPANY, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER SERVICE IN YAVAPAI COUNTY (DOCKET NO: SW-20769A-10-0469)

Attached is the Staff Report for the application of Wickenburg Ranch Wastewater, LLC, for a Certificate of Convenience and Necessity to provide wastewater service. Staff recommends approval, with conditions.

SMO:VW:kdh

Originator: Vicki Wallace

Arizona Corporation Commission
DOCKETED

APR 21 2011

DOCKETED BY 

RECEIVED
2011 APR 21 P 4:15
AZ CORP COMMISSION
DOCKET CONTROL

Service List For: Wickenburg Ranch Wastewater, LLC
Docket No. WS-20769-10-0469

Mr. Steve Wene
MOYES SELLERS LTD
1850 North Central Avenue, Suite 1100
Phoenix, Arizona 85004
Attorney for Wickenburg Ranch Wastewater, LLC

ARIZONA REPORTING SERVICE, INC.
2200 North Central Avenue, Suite 502
Phoenix, Arizona 85004-1481

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

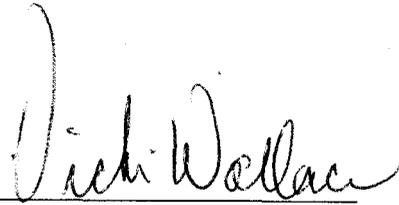
WICKENBURG RANCH WASTEWATER, LLC
DOCKET NO. WS-20769A-10-0469

APPLICATION OF WICKENBURG RANCH WASTEWATER, LLC,
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE WASTEWATER SERVICE IN YAVAPAI COUNTY

APRIL 21, 2011

STAFF ACKNOWLEDGMENT

The Staff Report for Wickenburg Ranch Wastewater, LLC, Docket No. WS-20769A-10-0469 was prepared by the Staff members shown below.



Vicki Wallace
Executive Consultant



Katrin Stukov
Utilities Engineer



Gary T. McMurry
Public Utilities Analyst Manager IV

EXECUTIVE SUMMARY
WICKENBURG RANCH WASTEWATER, LLC
DOCKET NO. SW-20769A-10-0469

On November 16, 2010, Wickenburg Ranch Wastewater LLC (“Wickenburg” or “Company”) filed an application with the Arizona Corporation Commission (“Commission or “ACC”) for a new Certificate of Convenience and Necessity (“CC&N”) to provide wastewater services in Yavapai County, Arizona.

Van Wick, LLC is the sole member and manager of Wickenburg Ranch Wastewater, LLC. Larry Van Tuyl is the sole member of Van Wick, LLC. The land in the proposed service area, other than the APS parcel, is owned by Vanwick, LLC; Van Development Co., Inc.; 5860 Development Inc.; and JVT Investors, LLC (jointly the “Van Tuyl entities”). All of these entities with the exception of Van Development Co., Inc. are in Good Standing with the ACC Corporations Division. According to ACC Corporations Division records, Van Development Co. Inc.’s corporate status was revoked in 2000 for failure to file an annual report.

The Community is planned to consist of 1,724 single family home lots, 600 multi-family units (2,324 housing units total), and commercial units known as Wickenburg Ranch. The commercial customers will include a golf maintenance facility, golf pro shop, golf clubhouse, athletic club, homeowners’ association facility, equestrian facility, and fire station. Wickenburg Ranch Wastewater, LLC, is in good standing with the Corporations Division of the ACC. The Company projects that construction of the wastewater treatment facility will consist of three phases, and projects that construction of the first phase will commence in the third quarter of 2011 and will be completed in the second quarter of 2012. Further, it is anticipated that construction of the second phase will commence in the third quarter of 2012 and will be completed in the second quarter of 2013. The Company also projects that the third phase will commence in the first quarter of 2019 and will be completed in the third quarter of 2019.

Staff concludes that Wickenburg Ranch Wastewater, LLC, has the financial, technical, and managerial ability to own and operate a wastewater facility in Arizona.

Staff concludes that the Company’s proposed wastewater system will have adequate capacity to serve the requested area.

Staff concludes that the proposed wastewater plant facilities and costs are reasonable and appropriate. However, no “used and useful” determination of this plant -in-service was made, and no particular future treatment should be inferred for rate making or rate base purposes in the future.

The Company’s proposed wastewater infrastructure has not been constructed; therefore, compliance status from ADEQ or its delegated agent, the Yavapai County Development Services, is not applicable at this time.

Staff recommends:

- That Van Development, LLC, be brought into compliance with the ACC Corporations Annual Report requirements by the time of the hearing in this matter.
- Approval of Staff's rates and charges as shown on Schedule GTM-4. In addition to collection of its regular rates, the Company may collect from its customers a proportionate share of any privilege, sales or use tax.
- The Company be required to file a letter in Docket Control within 15 days of providing service to its first customer notifying the Commission that it has initiated provision of service.
- The Company be required to file a rate application no later than three months following the fifth anniversary of the date the Company begins providing service to its first customer.
- The Company be required to maintain its books and records in accordance with the NARUC Uniform System of Accounts for Water and Wastewater Utilities.
- The Company be required to file with Docket Control, as a compliance item in this docket, a copy of the Aquifer Protection Permit within (2) two years after the effective date of the decision in this case.
- The Company use the wastewater depreciation rates by individual NARUC category as delineated in Table A of Exhibit 2.
- If times frames not met, null and void after due process.
- Approval of the application subject to the conditions listed above.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
BACKGROUND.....	1
MANAGERIAL AND TECHNICAL CAPABILITY TO PROVIDE REQUESTED SERVICES.....	2
FINANCIAL CAPABILITY TO PROVIDE REQUESTED SERVICES.....	3
WICKENBURG’S PROPOSED WASTEWATER SYSTEM	3
ENGINEERING’S COST ANALYSIS.....	3
WICKENBURG’S FAIR VALUE RATE BASE.....	4
REVENUE AND EXPENSES	5
CAPITAL STRUCTURE	5
RATE DESIGN	5
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (“ADEQ”) COMPLIANCE.....	6
CUSTOMER NOTICE	6
CONCLUSIONS AND RECOMMENDATIONS	7

EXHIBITS

ENGINEERING MAPS.....	1
ENGINEERING SECTION REPORT.....	2
STAFF’S FINANCIAL AND RATE ANALYSIS REPORT	3

INTRODUCTION

On November 16, 2010, Wickenburg Ranch Wastewater LLC (“Wickenburg” or “Company”) filed an application with the Arizona Corporation Commission (“Commission or “ACC”) for a new Certificate of Convenience and Necessity (“CC&N”) to provide wastewater services in Yavapai County, Arizona.

On December 17, 2010, the ACC Utilities Division (“Staff’s”) filed an Insufficiency Letter indicating that the Company’s application did not meet the sufficiency requirements of Arizona Administrative Code (“A.A.C.”) R14-6-402. A copy of the Insufficiency Letter was sent to the Company via U. S. certified mail. In that letter, Staff listed the deficiencies to be cured for administrative purposes.

On February 9, 2011, the Company filed its response to Staff’s Insufficiency Letter and provided additional documentation to support its application. On March 10, 2011, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the A.A.C.

On March 15, 2011, the Procedural Order was issued setting the matter for hearing on May 6, 2011.

BACKGROUND

Wickenburg Ranch Wastewater, LLC, filed with the ACC an application for a CC&N to provide wastewater utility service to customers in Yavapai County, Arizona, in an area approximately 5 miles north of the Town of Wickenburg (“Town”) and directly adjacent to State Route 89 and U.S. Highway 93. Specifically, Wickenburg seeks to serve an area projected to include a proposed 2,162-acre master-planned community, known as Wickenburg Ranch, and a one-acre parcel dedicated to Arizona Public Service Company (“APS”) for construction of a substation (collectively “the proposed service area”). Wickenburg Ranch Wastewater, LLC, is in good standing with the Corporations Division of the ACC.

Van Wick, LLC is the sole member and manager of Wickenburg Ranch Wastewater, LLC. Larry Van Tuyl is the sole member of Van Wick, LLC. The land in the proposed service area, other than the APS parcel, is owned by Vanwick, LLC; Van Development Co., Inc.; 5860 Development Inc.; and JVT Investors, LLC (jointly the “Van Tuyl entities”). All of these entities with the exception of Van Development Co., Inc. are in Good Standing with the ACC Corporations Division. According to ACC Corporations Division records, Van Development Co. Inc., corporate status was revoked in 2000 for failure to file an annual report.

The Community is planned to consist of 1,724 single family home lots, 600 multi-family units (2,324 housing units total), and commercial units. The commercial customers will include a golf maintenance facility, golf pro shop, golf clubhouse, athletic club, homeowners’ association facility, equestrian facility, and fire station. The Company projects that construction of the

wastewater treatment facility will consist of three phases, and projects that construction of the first phase will commence in the third quarter of 2011 and will be completed in the second quarter of 2012. Further, it is anticipated that construction of the second phase will commence in the third quarter of 2012 and will be completed in the second quarter of 2013. The Company also projects that the third phase will commence in the first quarter of 2019 and will be completed in the third quarter of 2019.

A Memorandum of Agreement was entered into between the Van Tuyl entities and APS on August 28, 2009, concerning the one-acre parcel referenced above. The Van Tuyl entities are the developers for Wickenburg Ranch, which is to consist of 1,724 single-family home lots, 600 multi-family units, and commercial units. The Van Tuyl entities desire wastewater service for Wickenburg Ranch to be provided by the Company. Staff's legal description and engineering maps of the service area are attached as Exhibit 1.

MANAGERIAL AND TECHNICAL CAPABILITY TO PROVIDE REQUESTED SERVICES

The Company has advised that M3 Companies, LLC ("M3 Companies") will be the manager of Wickenburg and address all of the administrative and regulatory matters as well as hire qualified people or entities to operate the system. M3 Companies hired GHD, Inc. ("GHD") and has identified Peter Chan as the responsible person to operate the system. Mr. Chan's role as a certified operator is to properly operate the plant to ensure safe, reliable wastewater service that meets all applicable rules and regulations concerning such service. The extent of managerial and technical experience is indicated below.

Managerial Expertise

William I. Brownlee is the managing partner of the M3 companies primarily responsible for contract negotiations, feasibility analysis, equity and financing, land and community planning, entitlements, engineering and development, as well as legal and accounting. Mr. Brownlee has been active in Arizona real estate for more than two decades. During that time, he has been involved with the construction of water and wastewater systems necessary to develop property. Mr. Brownlee has helped form the American Ranch Domestic Water Improvement district and served as a director. Director responsibilities include governing and managing district operations. M3 Companies have been managing Wickenburg Ranch Water, LLC, and its predecessor for more than 5 (five) years.

Technical Expertise

According to the Company, CSA Engineering was recently purchased by GHD Inc. However, the former president of CSA Engineering, Peter Chan, PD (AZ 30677), Certified Operator No. 26138, is GHD Inc.'s Project Manager and remains the proposed certified operator for the Company. Mr. Chan is currently employed as a professional engineer specializing in water and wastewater treatment systems. Mr. Chan has over 20 years experience and has helped

design both the wastewater treatment facilities and collection system that will be constructed at Wickenburg Ranch.

FINANCIAL CAPABILITY TO PROVIDE REQUESTED SERVICES

As indicated in the Background Section above, the Company's application states that the land being developed is owned by Vanwick, LLC, Van Development Co., 5680 Development Inc., and JVT Investors, LLC, collectively known as the "Van Tuyl entities." Van Wick, LLC is the sole member and manager of Wickenburg Ranch Wastewater, LLC. Larry Van Tuyl is the sole member of Van Wick, LLC. A letter dated April 2, 2009, to Yavapai County from a vice president at Chase Bank states that "Wickenburg Ranch Wastewater LLC and its affiliates have access to funds in an amount of not less than \$20,000,000." Based on this representation, Staff concludes that Wickenburg Ranch has sufficient access to capital to fund capital and operating requirements for its requested CC&N area.

WICKENBURG'S PROPOSED WASTEWATER SYSTEM

As indicated in the Staff's Engineering Report, Exhibit 2, the Company is proposing to construct a wastewater reclamation facility ("WRF") sewer collection system and effluent disposal system at a total projected cost of approximately \$11,200,000.

The proposed WRF will be constructed in phases designed to meet the needs of development growth patterns. Initial WRF capacity will be 100,000 gallon per day ("GPD"), and the build-out capacity is projected at 950,000 GPD.

The WRF Phase 1 will consist of a 100,000 GPD extended aeration treatment process, filtration and UV disinfection. The WRF Phase 2 will switch to a membrane bioreactor ("MBR") treatment process. The anticipated completion date for the WRF Phase 1 is June 2012.

The sewer collection system will consist of a gravity system, low pressure system, a sewer lift station and force main system.

Effluent disposal will be accomplished by reuse on the golf course and some landscape amenities. Effluent storage will be provided by the golf course lake (reservoir). Effluent reuse infrastructure will consist of reservoir, pump station and distribution piping.

The Company is projected to serve 190 residential customers and 3 commercial customers in the first (1st) year, and 1,487 residential customers and 7 commercial customers by the fifth (5th) year.

ENGINEERING'S COST ANALYSIS

The Company submitted spreadsheets with a breakdown of the proposed collection, treatment and reuse infrastructure costs for the first five years. Total projected cost for this

period was \$11,228,886. The total projected cost includes Phase 1 and Phase 2 expansion of the WRF which will provide a total capacity of 415,000 GPD. A breakdown of the total projected cost is shown in Exhibit 2.

According to the Company, a combination of equity and advances in aid in construction will fund the cost of the proposed infrastructure needed to service the requested service area. More discussion of this funding is included in Staff's Financial and Rate Analysis Report, Exhibit 3.

Staff has reviewed the proposed wastewater infrastructure along with the breakdown of the Company's total cost estimate and concludes that the proposed plant facility and its associated cost is reasonable and appropriate to serve the requested service area. However, approval of this CC&N application does not imply any particular future treatment for determining the rate base. No "used and useful" determination of the proposed plant-in-service was made, and no conclusions should be inferred for ratemaking or rate base purposes in the future.

WICKENBURG'S FAIR VALUE RATE BASE

Consistent with Commission rules, the Company's filing included the required five-year projections for plant values, operating revenues, operating expenses, and the number of customers. Due to the lack of historical information, Staff used projections and assumptions to establish the initial rates for providing a fair value rate of return. In this proceeding, original cost rate base is the fair value rate base.

As indicated in Staff's Financial and Rate Analysis Report (Appendix 3), Staff reviewed the Company's proposed Plant in Service and has concluded that the proposed facilities and the projected costs are reasonable and appropriate to serve the requested service area. Staff projects \$11,200,000 million of Plant in Service for the wastewater system five years after service is initiated (see Schedule GTM-2 in Appendix 3).

Staff reviewed the Company's projected accumulated depreciation and concurs with the Company's proposed \$1,700,000 million balance at the end of the fifth year of operation (see Schedule GTM-3 in Appendix 3). Staff's recommended depreciation rates are presented in the Staff Engineering Report, Appendix 2, under the Wastewater Depreciation Rate Section.

Staff reviewed the Company's projected advances-in-aid of construction ("AIAC") and concurs with the Company's proposed \$2,600,000 million balance at the end of the fifth year of operation (see Schedule GTM-5 in Exhibit 3). The Company is not proposing any contributions-in-aid-of-construction ("CIAC"), and Staff concurs.

REVENUE AND EXPENSES

The Company developed projections for its operating expenses in support of its proposed initial rates. The Company's proposed rates provide projected year-five operating revenues of \$1,509,680 and matched with projected operating expenses of \$883,912 result in an operating income of \$625,768. Staff reviewed the Company's revenue and expense projections and found them to be reasonable. Staff calculated that a year-five revenue requirement of \$1,509,680 would cover \$883,912 of operating expenses and provide \$625,758 in operating income and a 9.1 percent rate of return on Staff's projected \$6.9 million year-five rate base (see Schedule GTM-1 in Staff's Financial and Analysis Report, Appendix 3).

CAPITAL STRUCTURE

The Company proposes a capital structure of no less than 70.0 percent equity and no more than 30.0 percent combined AIAC and CIAC. The Company anticipates receiving AIAC through collection of a service line connection charge ("SLCC") and \$1,212,498 of advances from the developer in each of the first two years of operations. The Company is not proposing debt issuance or collection of CIAC; accordingly, its capital structure is comprised only of equity and AIAC. Staff typically recommends a capital structure composed of no less than 70 percent equity, 0 percent debt, and up to 30 percent combined AIAC and CIAC for initial CC&Ns. Schedule GTM-6 in Exhibit 3 presents Staff's projected capital structure for the first five years of operation. These projections show the following equity to total capital percentages: year one, 63.00 percent; year two, 72.07 percent; year three, 72.18 percent; year four, 75.34; and year five, 76.29 percent. The remaining capital is comprised of AIAC. Staff concludes that the projected capital structures are reasonable and acceptable.

RATE DESIGN

As previously noted, the Company projects to have 1,487 residential and 7 commercial wastewater customers and 2 effluent customers five years after initiating provision of service. Thus, the Company projects generating revenues primarily from the residential customer class. The Company's proposed wastewater rates consist of a fixed monthly fee and a volumetric charge based on metered water use. Although the Company's proposed volumetric charge is uniform within the residential and commercial customer classes, it is greater for commercial customers than for residential customers. The difference between the commercial and residential volumetric rates recognizes the incremental cost difference typically required for commercial wastewater treatment.

Staff concurs with the Company's proposed rate design for wastewater service. The Company proposed and Staff recommended rates are presented in Schedule GTM-4 of Exhibit 3.

Staff recommends approval of the Company's proposed service charges with three exceptions: Establishment of Service (After Hours); Reconnection/Delinquent (After Hours); and Deposit Interest. Staff agrees that additional compensation for service provided after normal

business hours is appropriate when such service is at the customer's request or for the customer's convenience. Such a tariff compensates the utility for additional expenses incurred from providing after-hours service. However, Staff concludes that it is appropriate to apply an after-hours service charge in addition to the charge for any utility service provided after-hours at the customer's request or for the customer's convenience. Therefore, Staff recommends denial of the Company's requested Establishment (after-hours) and Reconnection (Delinquent) After-Hours charge. Instead, Staff recommends the creation of a separate \$50 after-hours service. For example, under Staff's proposal, the customer would be subject \$50 Establishment fee if it is done during normal business hours, but would pay an additional \$50 after-hours fee if the customer request that the establishment be done after normal business hours. Staff recommends a six percent interest. This is consistent with the deposit interest charges authorized for most other utilities. Staff also recommends a 1.5 percent per month charge for customer deferred payments. This is also consistent with the tariffs approved for most other utilities. See Schedule GTM-4 in Exhibit 3.

As indicated in Staff's Engineering Report, Exhibit 2, the Company requested a Service Line Connection Charge of \$350. Staff has reviewed the proposed charge and found it to be reasonable.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

Compliance Status

The Company's proposed wastewater infrastructure has not been constructed; therefore, compliance status from ADEQ or its delegated agent, the Yavapai County Development Services, is not applicable at this time.

Acquifer Protection Permit ("APP")

The Company has not yet obtained an APP for the proposed wastewater plant facilities from ADEQ. Since the APP represents fundamental authority for the designation of a wastewater service area and a wastewater provider, Staff recommends that the Company file with docket Control, as a compliance item in this docket, a copy of the APP within two years after the effective date of the decision in this case.

CUSTOMER NOTICE

As directed by the Procedural Schedule in this docket, Wickenburg docketed on March 30, 2011, its Certification of Mailing of Public Notice of Hearing to the Town of Wickenburg and each landowner within the proposed CC&N. On March 30, 2011, as required by the ACC's wastewater rules, Wickenburg also advised the Town of Wickenburg at the same time of filing its application with the ACC for a CC&N.

CONCLUSIONS AND RECOMMENDATIONS

Staff concludes that Wickenburg Ranch Wastewater, LLC, has the financial, technical, and managerial ability to own and operate a wastewater facility in Arizona.

Staff concludes that the Company's proposed wastewater system will have adequate capacity to serve the requested area.

Staff concludes that the proposed wastewater plant facilities and costs are reasonable and appropriate. However, no "used and Useful" determination of this plant -in-service was made, and no particular future treatment should be inferred for rate making or rate base purposes in the future.

The Company's proposed wastewater infrastructure has not been constructed; therefore, compliance status from ADEQ or its delegated agent, the Yavapai County Development Services, is not applicable at this time.

Staff recommends:

- That Van Development, LLC, be brought into compliance with the ACC Corporations Annual Report requirements by the time of the hearing in this matter.
- Approval of Staff's rates and charges as shown on Schedule GTM-4. In addition to collection of its regular rates, the Company may collect from its customers a proportionate share of any privilege, sales or use tax.
- The Company be required to file a letter in Docket Control within 15 days of providing service to its first customer notifying the Commission that it has initiated provision of service.
- The Company be required to file a rate application no later than three months following the fifth anniversary of the date the Company begins providing service to its first customer.
- The Company be required to maintain its books and records in accordance with the NARUC Uniform System of Accounts for Water and Wastewater Utilities.
- The Company be required to file with Docket Control, as a compliance item in this docket, a copy of the Acquirer Protection Permit within (2) two years after the effective date of the decision in this case.
- The Company use the wastewater depreciation rates by individual NARUC category as delineated in Table A of Exhibit 2.

Wickenburg Ranch Wastewater, L.L.C.

Docket No. SW-20769A-10-0469

Page 8

- If times frames not met, null and void after due process.
- Approval of the application subject to the conditions listed above.

MEMORANDUM

TO: Vicki Wallace
Executive Consultant III
Utilities Division

FROM: Lon H. Miller
Programs & Projects Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: January 4, 2011

RE: **WICKENBURG RANCH WASTEWATER (DOCKET NO. SW-20769A-10-0469)**
AMENDED LEGAL DESCRIPTION

RECEIVED

JAN 05 2010

MOYES SELLERS

The area requested by Wickenburg for a CC#N for sewer service has been plotted using an amended legal description correcting two minor errors on Page 1-4 of the Company's Exhibit 1, which has been docketed. The remaining pages of the original legal description remain unchanged. The attached legal description includes the corrected page and should be used in place of the original description (in its entirety) submitted with the application.

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

:lhm

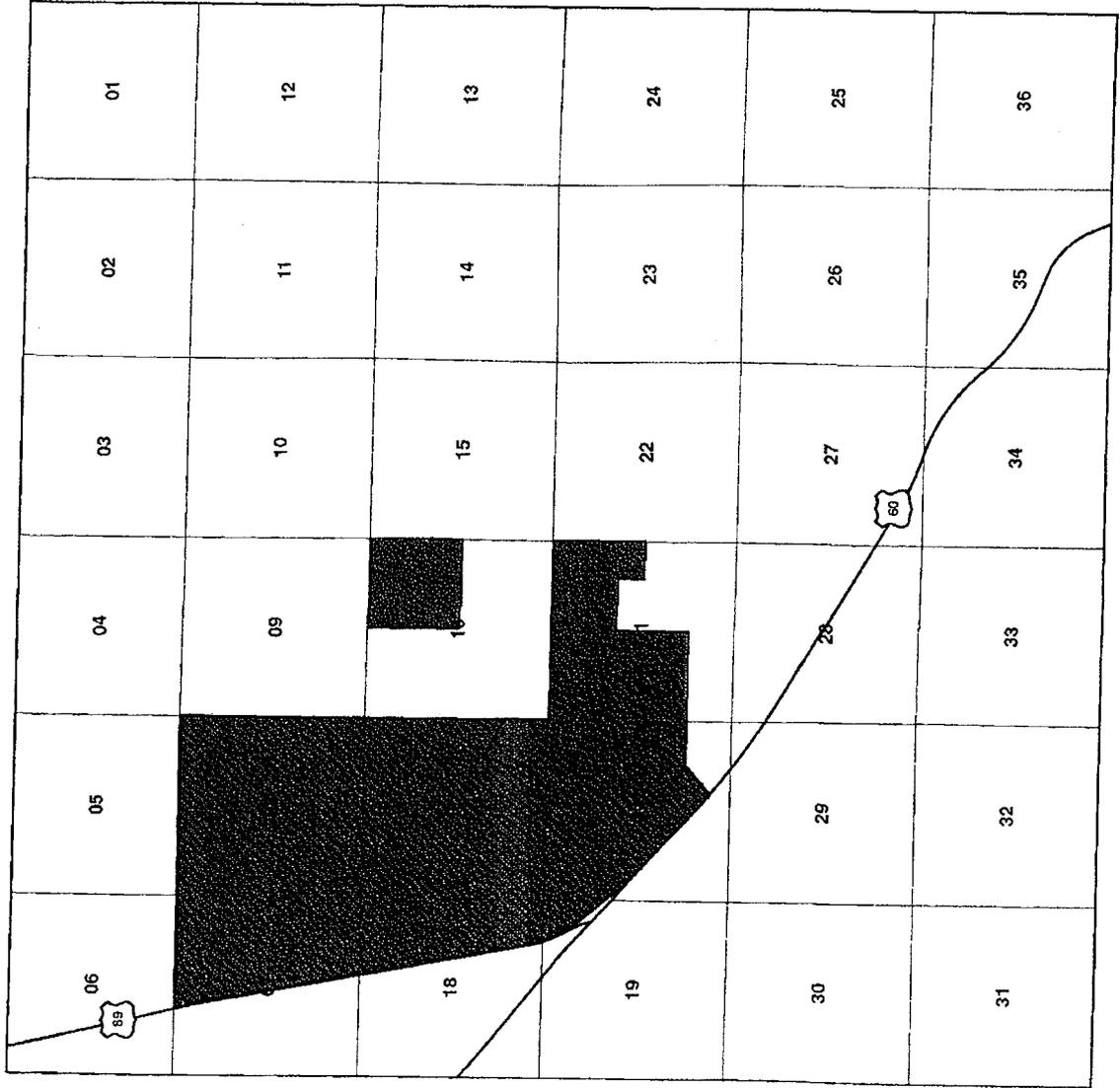
Attachments

cc: Mr. Steve Wene
Ms. Deb Person (Hand Carried)
Ms. Katrin Stukov
File

YAVAPAI COUNTY

RANGE 5 West

TOWNSHIP 8 North




W-03994A (1)
 Wickenburg Ranch Water Company, LLC


(1)
 Wickenburg Ranch Wastewater, LLC
 Docket No. SW-20769A-10-0469
 Application for CC&N

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

EXHIBIT 1

Wickenburg Ranch Wastewater, L.L.C.
Service Area Legal Description
Parcel No 1

All that portion of Sections 7, 8, 17 and 18, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

BEGINNING at the Northeast Corner of said Section 7, point also being the Northwest corner of said Section 8;
Thence North 89 degrees 58 minutes 15 seconds East, 639.21 feet along the North line of said Section 8;
Thence South 17 degrees 27 minutes 50 seconds East, 913.00 feet;
Thence South 20 degrees 28 minutes 12 seconds East, 802.26 feet;
Thence South 39 degrees 20 minutes 49 seconds East, 1119.67 feet;
Thence South 17 degrees 52 minutes 53 seconds East, 402.20 feet;
Thence South 12 degrees 51 minutes 26 seconds West, 249.52 feet;
Thence South 01 degrees 07 minutes 38 seconds West, 411.79 feet;
Thence South 23 degrees 07 minutes 02 seconds East, 236.98 feet;
Thence South 38 degrees 58 minutes 00 seconds East, 329.01 feet;
Thence South 54 degrees 59 minutes 00 seconds East, 1101.16 feet;
Thence South 13 degrees 43 minutes 16 seconds West, 1068.17 feet to a point from which the South Quarter corner of said Section 8 bears North 34 degrees 30 minutes 42 seconds West, 471.28 feet;
Thence North 85 degrees 04 minutes 37 seconds West, 417.23 feet;
Thence North 74 degrees 12 minutes 30 seconds West, 384.82 feet;
Thence North 85 degrees 59 minutes 26 seconds West, 252.71 feet;
Thence South 87 degrees 41 minutes 42 seconds West, 678.82 feet;
~~Thence North 78 degrees 08 minutes 06 seconds West, 799.05 feet;~~
Thence North 69 degrees 14 minutes 01 seconds West, 601.69 feet to a point from which the corner common to said Sections 7, 8, 17 and 18, bears South 50 degrees 33 minutes 43 seconds East, 192.62 feet;
Thence South 06 degrees 07 minutes 06 seconds West, 642.74 feet;
Thence South 23 degrees 44 minutes 04 seconds East, 565.53 feet;
Thence South 05 degrees 31 minutes 57 seconds West, 817.18 feet;
Thence South 11 degrees 54 minutes 27 seconds West, 1042.85 feet;
Thence South 74 degrees 13 minutes 56 seconds West, 437.84 feet;
Thence South 82 degrees 21 minutes 15 seconds West, 62.17 feet;
Thence North 78 degrees 05 minutes 33 seconds West, 964.58 feet to a point on the East right-of-way of United States Highway 89;
Thence North 10 degrees 49 minutes 30 seconds West, 7191.87 feet along the said East right-of-way to a point on a tangent curve concave to the West and having a radius of 11,510.00 feet and a center point which bears South 79 degrees 06 minutes 51 seconds West;

Thence continuing along said curve through a central angle of 02 degrees 43 minutes 45 seconds and an arc length of 548.27 feet;
Thence North 13 degrees 31 minutes 56 seconds West, 496.30 feet along the East right-of-way to a point on the North line of said Section 7;
Thence South 89 degrees 59 minutes 56 seconds East, 925.02 feet along the said North line to the North Quarter corner of said Section 7;
Thence South 89 degrees 56 minutes 00 seconds East, 2368.78 feet to the Northeast corner of said Section 7 and the POINT OF BEGINNING.

EXCEPTING there from that portion of the Southeast quarter of the Northwest (SE ¼, NW ¼) of Section 7, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, conveyed to the State of Arizona in Deed recorded in Book 4159 of Official Records, Page 828, records of Yavapai County, Arizona, described as follows:

COMMENCING at an aluminum cap marking the West quarter corner of said Section 7 from which a rebar marking the East quarter corner of said Section 7 bears South 89 degrees 06 minutes 17 seconds East, 5288.84 feet;
Thence along the East-West mid section line of said Section 7, South 89 degrees 06 minutes 17 seconds East 2483.49 feet to the existing right of way centerline of State Route 89 (Wickenburg-Prescott Highway);
Thence along said existing right of way centerline of State Route 89 North 10 degrees 18 minutes 52 seconds West 144.20 feet;
Thence North 79 degrees 41 minutes 08 seconds East 50.00 feet to the said existing Easterly right of way line of said State Route 89 and the Point of Beginning;
Thence South 55 degrees 18 minutes 52 seconds East 29.70 feet;
Thence South 10 degrees 18 minutes 52 seconds East, 50.00 feet;
Thence South 33 degrees 21 minutes 12 seconds West 30.41 feet to said existing Easterly right of way line of said State Route 89;
Thence along said existing Easterly right of way line of State Route 89, North 10 degrees 18 minutes 52 seconds West 93.00 feet to the Point of Beginning.

AND EXCEPTING that portion of the Southwest quarter of the Southeast quarter (SW ¼, Sc 1/4) of said Section 7, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

COMMENCING at a rebar marking the South quarter corner of said Section 7 from which a marked stone marking the Southeast corner of said Section 7 bears South 89 degrees 32 minutes 23 seconds East 2643.46 feet;
Thence along the South line of said Section 7 South 89 degrees 32 minutes 23 seconds East 347.08 feet to said existing right of way centerline of State Route 89;
Thence along said existing right of way centerline of State Route 89 North 10 degrees 18 minutes 52 seconds West 898.02 feet;
Thence North 79 degrees 41 minutes 08 seconds East 50.00 feet to the existing right of way line State Route 89 and the Point of Beginning;
Thence South 55 degrees 18 minutes 52 seconds East 7.07 feet;
Thence South 10 degrees 18 minutes 52 seconds East 76.00 feet;

Thence South 34 degrees 41 minutes 08 seconds West 7.07 feet to said existing Easterly right of way line of State Route 89;
Thence along said existing Easterly right of way line of State Route 89 North 10 degrees 18 minutes 52 seconds West 86.00 feet to the Point of Beginning;

AND EXCEPTING that portion of the Northwest quarter of the Northeast quarter (NW ¼, NE ¼) of Section 18, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, conveyed to the State of Arizona in Deed recorded in Book 4159 of Official Records, Page 828, records of Yavapai County, Arizona, described as follows:

COMMENCING at a marked stone marking the Northeast corner of said Section 18 from which a rebar marking the North quarter corner of said Section 18 bears North 89 degrees 35 minutes 35 seconds West 2643.46 feet;
Thence along the North line of said Section 18, North 89 degrees 35 minutes 33 seconds West, 2296.38 feet to said existing right of way centerline of State Route 89;
Thence along said existing right of way centerline of said State Route 89, South 10 degrees 18 minutes 52 seconds East 616.98 feet;
Thence North 79 degrees 41 minutes 08 seconds East 50.00 feet to said existing Easterly right of way line of said State Route 89 and the Point of beginning;
Thence South 55 degrees 18 minutes 52 seconds East 24.04 feet;
Thence South 10 degrees 18 minutes 52 seconds East 20.00 feet;
Thence South 34 degrees 41 minutes 08 seconds West 24.04 feet to said existing right of way line of said State Route 89;
Thence along said existing Easterly right of way line of State Route 89, North 10 degrees 18 minutes 52 seconds West 54.00 feet to the Point of Beginning;

AND EXCEPT all minerals and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in Patent from United States of America, recorded in Book 192 of Deeds, Page 423 and in Book 10 of Official Records, Page 406, records of Yavapai County, Arizona.

(Reservoir Site 2008)

AND EXCEPT that portion of the Northwest quarter of said Section 7, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

COMMENCING at the North quarter corner of said Section 7;
Thence North 89 degrees 59 minutes 56 seconds West along the North line of said Northwest quarter a distance of 476.65 feet to the TRUE POINT OF BEGINNING;
Thence South 00 degrees 00 minutes 00 seconds East, leaving said North line a distance of 193.27 feet;
Thence South 75 degrees 41 minutes 21 seconds East a distance of 318.69 feet to a point on a curve the radius of which bears South 45 degrees 19 minutes 13 seconds East a distance of 42.50 feet;

Thence Southerly along the arc of said curve through a central angle of 41 degrees 35 minutes 32 seconds a distance of 30.85 feet;

Thence North 75 degrees 18 minutes 54 seconds West, leaving said curve a distance of 308.93 feet;

Thence South 16 degrees 29 minutes 36 seconds West a distance of 65.66 feet;

Thence South 00 degrees 00 minutes 00 seconds East a distance of 21.39 feet to the TRUE POINT OF BEGINNING;

Thence continuing South 00 degrees 00 minutes 00 seconds East a distance of 224.22 feet;

Thence South 76 degrees 45 minutes 28 seconds West a distance of 141.74 feet;

Thence North 58 degrees 42 minutes 37 seconds West a distance of 98.50 feet;

Thence North 13 degrees 31 minutes 56 seconds West a distance of 211.40 feet;

Thence North 90 degrees 00 minutes 00 seconds East a distance of 271.61 feet, to the TRUE POINT OF BEGINNING.

(Well 4 site 2008)

AND EXCEPT That portion of the Southeast quarter of Section 7, of Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

COMMENCING at the East quarter Corner of said Section 7, from which the Southeast corner of said Section 7, bears South 00 degrees 00 minutes 08 seconds West a distance of 2641.48 feet;

Thence North 89 degrees 06 minutes 17 seconds West along the North line of said Southeast quarter a distance of 2468.03 feet;

Thence South 00 degrees 53 minutes 43 seconds West leaving said North line a distance of 663.59 feet to the TRUE POINT OF BEGINNING;

Thence North 83 degrees 04 minutes 35 seconds East a distance of 76.74 feet, to a point on a curve the radius of which bears South 83 degrees 04 minutes 35 seconds West a distance of 784.00 feet;

Thence Southerly along the arc of said curve through a central angle of 09 degrees 11 minutes 41 seconds a distance of 125.82 feet to a point of tangency;

Thence South 02 degrees 16 minutes 16 seconds West a distance of 28.78 feet;

Thence North 87 degrees 43 minutes 44 seconds West a distance of 52.84 feet;

Thence North 10 degrees 49 minutes 30 seconds West a distance of 145.58 feet to the TRUE POINT OF BEGINNING.

Parcel 1

WR Wastewater, Service Area

5-7-09

Wickenburg Ranch Wastewater, LLC
Service Area Legal Description
Parcel No 2

All that portion of Sections 7, 8, 17, 18, 19, 20 and 21, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

Commencing at the Northwest Corner of said Section 8, point also being the Northeast corner of said Section 7;

Thence North 89 degrees 58 minutes 15 seconds East, 639.21 feet along the North line of said Section 8 to the POINT OF BEGINNING;

Thence continuing North 89 degrees 58 minutes 15 seconds East, 4633.71 feet to the Northeast corner of said Section 8;

Thence South 00 degrees 03 minutes 03 seconds East, 2642.77 feet to the East quarter corner of said Section 8;

Thence South 00 degrees 01 minutes 00 seconds East, 2643.56 feet to the South east corner of said Section 8, point also being the northeast corner of said Section 17;

Thence South 00 degrees 00 minutes 39 seconds East, 3940.42 feet;

Thence North 63 degrees 02 minutes 31 seconds West, 1071.34 feet;

Thence North 20 degrees 06 minutes 58 seconds East, 432.62 feet;

Thence North 42 degrees 25 minutes 18 seconds West, 173.13 feet;

Thence North 07 degrees 17 minutes 47 seconds West, 783.65 feet;

Thence North 05 degrees 50 minutes 06 seconds West, 1558.35 feet;

Thence North 86 degrees 37 minutes 10 seconds West, 2501.12 feet;

Thence South 10 degrees 26 minutes 30 seconds East, 1885.29 feet;

Thence South 12 degrees 35 minutes 38 seconds East, 1051.68 feet;

Thence South 61 degrees 23 minutes 09 seconds East, 972.18 feet;

Thence North 62 degrees 23 minutes 49 seconds East, 135.52 feet;

Thence South 49 degrees 22 minutes 53 seconds East, 66.84 feet;

Thence South 01 degrees 17 minutes 16 seconds East, 176.23 feet;

Thence South 23 degrees 00 minutes 31 seconds West, 142.25 feet;

Thence South 20 degrees 51 minutes 27 seconds West, 70.97 feet;

Thence South 15 degrees 04 minutes 21 seconds West, 231.46 feet;

Thence South 06 degrees 02 minutes 25 seconds West, 150.25 feet;

Thence South 03 degrees 24 minutes 22 seconds East, 175.23 feet;

Thence South 35 degrees 59 minutes 53 seconds East, 291.77 feet;

Thence South 61 degrees 34 minutes 03 seconds East, 135.59 feet;

Thence North 86 degrees 33 minutes 04 seconds East, 303.77 feet;

Thence North 64 degrees 28 minutes 47 seconds East, 159.98 feet;

Thence North 20 degrees 06 minutes 58 seconds East, 540.85 feet;

Thence South 39 degrees 08 minutes 40 seconds East, 821.85 feet;

Thence South 29 degrees 01 minutes 10 seconds West, 1653.95 feet;

Thence South 29 degrees 47 minutes 42 seconds East, 3182.75 feet to a point on the line common to said Sections 20 and 21;

Thence South 89 degrees 58 minutes 04 seconds West, 1096.09 feet;

Thence South 51 degrees 09 minutes 49 seconds West, 1161.14 feet to a point on the East right-of-way of United States Highway 89 and a point on a non-tangent curve to the northeast and having a radius of 21,243.59 feet and a center point which bears North 38 degrees 50 minutes 07 seconds East;
 Thence continuing along said curve through a central angle of 03 degrees 26 minutes 23 seconds and an arc length of 1275.14 feet;
 Thence North 47 degrees 44 minutes 17 seconds West, 2961.13 feet along said right-of-way to a point from which the section corner common to Sections 17, 18, 19 and 20 bears North 03 degrees 37 minutes 04 seconds West, 1875.90 feet;
 Thence North 38 degrees 48 minutes 50 seconds West, 1374.84 feet along said right-of-way to a point on a tangent curve to the Northeast and having a radius of 2810.00 feet and a center point which bears North 51 degrees 09 minutes 42 seconds East;
 Thence continuing along said curve through a central angle of 28 degrees 02 minutes 55 seconds and an arc length of 1375.61 feet;
 Thence North 10 degrees 49 minutes 30 seconds West, 2087.00 feet along said right-of-way;
 Thence South 78 degrees 05 minutes 33 seconds East, 964.58 feet;
 Thence North 82 degrees 21 minutes 15 seconds East, 62.17 feet;
 Thence North 74 degrees 13 minutes 56 seconds East, 437.84 feet to a point from which the East Quarter corner of said Section 18, bears North 44 degrees 24 minutes 42 seconds East, 402.14 feet;
 Thence North 11 degrees 54 minutes 27 seconds East, 1042.85 feet;
 Thence North 05 degrees 31 minutes 57 seconds East, 817.18 feet;
 Thence North 23 degrees 44 minutes 04 seconds West, 565.53 feet;
 Thence North 06 degrees 07 minutes 06 seconds East, 642.74 feet to a point from which the Section corner common to Sections 7, 8, 17 and 18, bears South 50 degrees 33 minutes 43 seconds East, 192.62 feet;
 Thence South 69 degrees 14 minutes 01 seconds East, 601.69 feet;
 Thence South 78 degrees 08 minutes 06 minutes East, 799.05 feet;
 Thence North 87 degrees 41 minutes 42 seconds East, 678.82 feet;
 Thence South 85 degrees 59 minutes 26 seconds East, 252.71 feet;
 Thence South 74 degrees 12 minutes 30 seconds East, 384.82 feet;
 Thence South 85 degrees 04 minutes 37 seconds East, 417.23 feet to a point from which the South Quarter corner of said Section 8, bears North 34 degrees 30 minutes 42 seconds West, 471.28 feet;
 Thence North 13 degrees 43 minutes 16 seconds East, 1068.17 feet;
 Thence North 54 degrees 59 minutes 00 seconds West, 1101.16 feet;
 Thence North 38 degrees 58 minutes 00 seconds West, 329.01 feet;
 Thence North 23 degrees 07 minutes 02 seconds West, 236.98 feet;
 Thence North 01 degrees 07 minutes 38 seconds East, 411.79 feet;
 Thence North 12 degrees 51 minutes 26 seconds East, 249.52 feet;
 Thence North 17 degrees 52 minutes 53 seconds West, 402.20 feet;
 Thence North 39 degrees 20 minutes 49 seconds West, 1119.67 feet;
 Thence North 20 degrees 28 minutes 12 seconds West, 802.26 feet;
 Thence North 17 degrees 27 minutes 50 seconds West, 913.00 feet to the POINT OF BEGINNING.

EXCEPTING there from that portion of the West half of the Southeast quarter (W1/2 SE 1/4) of Section 18, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, conveyed to the State of Arizona in Deed recorded in Book 4159 of Official Records, Page 828, records of Yavapai County, Arizona, described as follows:

COMMENCING at a rebar marking the West quarter corner of said Section 18 being North 89 degrees 29 minutes 14 seconds West 5285.91 feet from the unmonumented East quarter corner of said Section 18 said unmonumented corner being South 00 degrees 33 minutes 47 seconds West 65.85 feet from a stone marked "1/4 W.C." marking the witness monument to said East quarter corner;

Thence along the East-West mid section line of said Section 18 South 89 degrees 29 minutes 14 seconds East 3495.54 feet to said existing right of way centerline of State Route 89;

Thence along said existing right of way centerline of State Route 89 South 10 degrees 18 minutes 52 seconds East 1324.17 feet;

Thence North 79 degrees 41 minutes 08 seconds East 50.00 feet to said existing Easterly right of way line of State Route 89 and the Point of Beginning;

Thence North 34 degrees 41 minutes 08 seconds East 70.71 feet;

Thence North 10 degrees 18 minutes 52 seconds West 97.00 feet;

Thence South 79 degrees 41 minutes 08 seconds West 50.00 feet to said existing Easterly right of way line of State Route 89;

Thence along existing right of way line of State Route 89 South 10 degrees 18 minutes 52 seconds East 147.00 feet to the Point of Beginning;

AND EXCEPTING that portion of the Northeast quarter of the Northeast quarter (NE 1/4 NE 1/4) of Section 19, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, conveyed to the State of Arizona in Deed recorded in Book 4159 of Official Records, Page 828, records of Yavapai County, Arizona, described as follows;

COMMENCING at a 1/2 inch stainless steel rod with an aluminum cap marking the Northeast corner of said Section 19 from which a marked stone marking the North quarter corner of said Section 19 bears North 89 degrees 27 minutes 57 seconds West, 2641.50 feet;

Thence along the North line of said Section 19 North 89 degrees 27 minutes 57 seconds West 1249.77 feet to said existing right of way centerline of State Route 89;

Thence along said existing right of way centerline of State Route 89, from a local tangent bearing of South 10 degrees 18 minutes 52 seconds East, along a curve to the left, having a radius of 2865.00 feet a length of 748.40 feet;

Thence North 55 degrees 53 minutes 23 seconds East 50.00 feet to said Easterly right of way line of said State Route 89 and the Point of Beginning;

Thence North 11 degrees 48 minutes 05 seconds East 37.76 feet;

Thence North 33 degrees 21 minutes 37 seconds West 20.44 feet;

Thence North 79 degrees 36 minutes 45 seconds West, 37.09 feet to said existing Easterly right of way line of State Route 89;

Thence along said existing Easterly right of way line of State Route 89 from a local tangent bearing of South 32 degrees 37 minutes 50 seconds East along a curve to the left having a radius of 2815.00 feet, length of 72.71 feet to the Point of Beginning;

AND EXCEPT all minerals and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in Patent from United States of America, recorded in Book 192 of Deeds, Page 423 and in Book 10 of Official Records, Page 406, records of Yavapai County, Arizona.

(WWTP 2008)

AND EXCEPT That portion of the Southeast quarter of Section 17, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

COMMENCING at the Southeast corner of said Section 17;
Thence North 89 degrees 55 minutes 20 seconds West along the South line of said southeast quarter of Section 17, a distance of 1621.90 feet;
Thence North 00 degrees 04 minutes 40 seconds East leaving said South line a distance of 309.24 feet to the TRUE POINT OF BEGINNING;
Thence South 90 degrees 00 minutes 00 seconds West a distance of 424.78 feet;
Thence North 00 degrees 00 minutes 00 seconds East a distance of 164.42 feet;
Thence North 90 degrees 00 minutes 00 seconds East a distance of 424.78 feet;
Thence South 00 degrees 00 minutes 00 seconds East a distance of 164.42 feet to the TRUE POINT OF BEGINNING.

(Lift Station Site 2008)

AND EXCEPT That portion of the Northeast quarter of Section 20, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

COMMENCING at the East quarter corner of said Section 20;
Thence South 89 degrees 58 minutes 26 seconds West along the South line of said Northeast quarter, a distance of 2352.09 feet;
Thence North 00 degrees 01 minutes 34 seconds West leaving said South line a distance of 680.23 feet to the TRUE POINT OF BEGINNING;
Thence South 87 degrees 44 minutes 44 seconds West distance of 60.00 feet;
Thence North 02 degrees 15 minutes 16 seconds West a distance of 85.00 feet;
Thence North 87 degrees 44 minutes 44 seconds East a distance of 60.00 feet;
Thence South 02 degrees 15 minutes 16 seconds East a distance of 85.00 feet to the TRUE POINT OF BEGINNING.

Parcel 2
WR Wastewater Service Area
3-17-09

Wickenburg Ranch Wastewater, LLC
Service Area Legal Description
Parcel No. 3

All that portion of Section 17, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 17, from which the Northwest corner bears North 00 degrees 02 minutes 17 seconds East a distance of 5281.72 feet; Thence North 33 degrees 08 minutes 10 seconds East a distance of 3560.09 feet to the TRUE POINT OF BEGINNING, said point being on the West boundary of "The Wickenburg Inn Tennis and Guest Ranch" recorded in Book 17 of Maps, Page 18, records of Yavapai County, Arizona;

Thence along said boundary, North 10 degrees 26 minutes 30 seconds West a distance of 1885.29 feet (record North 10 degrees 25 minutes 50 seconds West, 1885.15 feet); Thence South 86 degrees 37 minutes 10 seconds East a distance of 2501.12 feet (record South 86 degrees 37 minutes 21 seconds East a distance of 2501.02 feet); Thence South 05 degrees 50 minutes 06 seconds East a distance of 1558.35 feet (record South 05 degrees 50 minutes 05 seconds East a distance of 1558.42 feet); Thence South 07 degrees 17 minutes 47 seconds East a distance of 783.65 feet (record South 07 degrees 17 minutes 30 seconds East); Thence leaving said boundary, South 42 degrees 25 minutes 18 seconds East a distance of 173.13 feet;

Thence South 20 degrees 06 minutes 58 seconds West a distance of 1979.10 feet; Thence South 64 degrees 28 minutes 47 seconds West a distance of 159.98 feet; Thence South 86 degrees 33 minutes 04 seconds West a distance of 303.77 feet; Thence North 61 degrees 34 minutes 03 seconds West a distance of 135.59 feet; Thence North 35 degrees 59 minutes 53 seconds West a distance of 291.77 feet; Thence North 03 degrees 24 minutes 22 seconds West a distance of 175.23 feet; Thence North 06 degrees 02 minutes 25 seconds East a distance of 150.25 feet; Thence North 15 degrees 04 minutes 21 seconds East a distance of 231.46 feet; Thence North 20 degrees 51 minutes 27 seconds East a distance of 70.97 feet; Thence North 23 degrees 00 minutes 31 seconds East a distance of 142.25 feet; Thence North 01 degrees 17 minutes 17 seconds West a distance of 176.23 feet; Thence North 49 degrees 22 minutes 53 seconds West a distance of 66.84 feet to a point on the South boundary of said Wickenburg Inn Tennis and Guest Ranch;

Thence along said Boundary, South 62 degrees 23 minutes 49 seconds West a distance of 135.52 feet (record South 62 degrees 23 minutes 50 seconds West); Thence North 61 degrees 23 minutes 09 seconds West a distance of 972.18 feet (record North 61 degrees 23 minutes 10 seconds West a distance of 972.26 feet); Thence North 12 degrees 35 minutes 40 seconds West a distance of 1051.68 feet (record North 12 degrees 37 minutes 10 seconds West a distance of 1051.93 feet), to the TRUE POINT OF BEGINNING.

EXCEPT all minerals and all Uranium, Thorium, or any other Materials which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in Patent from United States of America.

(WWTP 2008 Site)

AND EXCEPTING That portion of the Southeast quarter of Section 17, Township 8 North, Range 5 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

COMMENCING at the Southeast corner of said Section 17;
Thence North 89 degrees 55 minutes 20 seconds West along the South line of said southeast quarter of Section 17, a distance of 1621.90 feet;
Thence North 00 degrees 04 minutes 40 seconds East leaving said South line a distance of 309.24 feet to the TRUE POINT OF BEGINNING;
Thence South 90 degrees 00 minutes 00 seconds West a distance of 424.78 feet;
Thence North 00 degrees 00 minutes 00 seconds East a distance of 164.42 feet;
Thence North 90 degrees 00 minutes 00 seconds East a distance of 424.78 feet;
Thence South 00 degrees 00 minutes 00 seconds East a distance of 164.42 feet to the TRUE POINT OF BEGINNING.



Parcel 3
WR Wastewater, Service Area
3-17-09

MEMORANDUM

DATE: March 1, 2011

TO: Vicki Wallace
Executive Consultant

FROM: Katrin Stukov *KCS*
Utilities Engineer

RE: Wickenburg Ranch Wastewater, LLC
Docket No. SW-20769A-10-0469 (CC&N – Wastewater)

Introduction

On November 16, 2010, Wickenburg Ranch Wastewater, LLC (“Company”) submitted an application for a Certificate of Convenience and Necessity (“CC&N”) to provide wastewater service to a proposed 2,162-acres or 3.7 square-mile master-planned development known as Wickenburg Ranch in Yavapai County. The requested area is located north of the Town of Wickenburg, just north of State Route (“SR”) 93 and east of SR 89.

The Wickenburg Ranch Development will be comprised of 2,324 housing units and commercial customers¹ at full build-out.

Company’s Proposed Wastewater System

The Company is proposing to construct a wastewater reclamation facility (“WRF”), sewer collection system and effluent disposal system at a total projected cost of approximately \$11.2 million.

The proposed WRF will be constructed in phases designed to meet the needs of development growth patterns. Initial WRF capacity will be 100,000 gallon per day (“GPD”), and the build-out capacity is projected at 950,000 GPD.

The WRF Phase 1 will consist of a 100,000 GPD extended aeration treatment process, filtration and UV disinfection. The WRF Phase 2 will switch to membrane bioreactor (MBR) treatment process. The anticipated completion date for the WRF Phase 1 is June 2012².

Sewer collection system will consist of a gravity system, low pressure system, a sewer lift station and force main system.

¹ According to the Company, the commercial customers will include golf and equestrian facilities, athletic facilities, homeowner’s association facilities and fire station.

² Per Company response to Letter of Insufficiency (item 6-i) filed February 9, 2011.

Effluent disposal will be accomplished by reuse on the golf course and some landscape amenities. Effluent storage will be provided by the golf course lake (reservoir). Effluent reuse infrastructure will consist of reservoir, pump station and distribution piping.

The Company is projected to serve 190 residential customers and 3 commercial customers in the first year, and 1,487 residential customers and 7 commercial customers by the fifth year.

Cost Analysis

The Company submitted spreadsheets with a breakdown of the proposed collection, treatment and reuse infrastructure costs for the first five years. Total projected cost for this period was \$11,228,886. The total projected cost includes Phase 1 and Phase 2 expansion of the WRF which will provide a total capacity of 415,000 GPD. A breakdown of the total projected cost is tabulated below:

Plant	Cost of Plant Additions by Year ³					
	Year 1	Year 2	Year 3	Year 4	Year 5	Subtotal
WRF Phase 1 100,000 GPD	\$2,215,952 ⁴					\$2,215,952
WRF Phase 2 315,000 GPD		\$5,620,019				\$5,620,019
Collection Sewers	\$672,795	\$260,436		\$125,338		\$1,058,569
Force Main				\$812,000		\$812,000
Sewer lift station				\$420,177		\$420,177
Reuse Reservoir	\$168,000					\$168,000
Reuse Pump Station	\$24,640					\$24,640
Reuse Piping	\$386,629					\$386,629
Services	\$67,550 (300)	\$84,350 (375)	\$101,850 (453)	\$128,100 (569)	\$141,050 (627)	\$522,900 (2,324)
Subtotal	\$3,535,566	\$5,964,805	\$101,850	\$1,485,615	\$141,050	\$11,228,886

According to the Company, a combination of equity and advances in aid of construction will fund the cost of the proposed infrastructure needed to serve the requested extension area.

Staff has reviewed the proposed wastewater infrastructure along with the breakdown of the Company's total cost estimate and concludes that the proposed plant facility and its associated cost is reasonable and appropriate to serve the requested service area. However, approval of this CC&N application does not imply any particular future treatment for determining the rate base. No "used and useful" determination of the proposed plant-in-service

³ Costs include fees for Survey, Engineering and Contingency @ 12 percent.

⁴ The amount includes on-site Influent and Effluent Lift Stations costs.

was made, and no conclusions should be inferred for rate making or rate base purposes in the future.

Service Line Connection Charge

The Company has requested a Service Line Connection Charge of \$350. Staff has reviewed the proposed charge and found it to be reasonable.

Arizona Department of Environmental Quality (“ADEQ”) Compliance

Compliance Status

The Company’s proposed wastewater infrastructure has not been constructed; therefore, compliance status from ADEQ or its delegated agent, the Yavapai County Development Services, is not applicable at this time.

Aquifer Protection Permit (“APP”)

The Company has not yet obtained an APP for the proposed wastewater plant facilities from ADEQ. Since an APP represents fundamental authority for the designation of a wastewater service area and a wastewater provider, Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the APP within two years after the effective date of the decision in this case.

Wastewater Depreciation Rates

The Company has adopted Staff’s typical and customary Wastewater Depreciation Rates. These rates are presented in Table A and it is recommended that the Company use these depreciation rates by individual NARUC category as delineated in the attached Table A.

Summary

Conclusions

1. Staff concludes that the Company’s proposed wastewater system will have adequate capacity to serve the requested area.
2. Staff concludes that the proposed wastewater plant facilities and costs are reasonable and appropriate. However, no "used and useful" determination of this plant-in-service was made, and no particular future treatment should be inferred for rate making or rate base purposes in the future.

3. The Company's proposed wastewater infrastructure has not been constructed therefore, compliance status from ADEQ or its delegated agent, the Yavapai County Development Services, is not applicable at this time.
4. Staff concludes that the proposed Service Line Connection Charge of \$350 is reasonable.

Recommendations

1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the APP within two years after the effective date of the decision in this case.
2. Staff recommends that the Company use the wastewater depreciation rates by individual NARUC category as delineated in the attached Table A.

Table A. Wastewater Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	20	5.00
360	Collection Sewers – Force	50	2.0
361	Collection Sewers- Gravity	50	2.0
362	Special Collecting Structures	50	2.0
363	Services to Customers	50	2.0
364	Flow Measuring Devices	10	10.0
365	Flow Measuring Installations	10	10.00
366	Reuse Services	50	2.00
367	Reuse Meters & Meter Installations	12	8.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	8	12.50
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission & Distribution System	40	2.50
380	Treatment & Disposal Equipment	20	5.0
381	Plant Sewers	20	5.0
382	Outfall Sewer Lines	30	3.33
389	Other Plant & Miscellaneous Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.0
391	Transportation Equipment	5	20.0
392	Stores Equipment	25	4.0
393	Tools, Shop & Garage Equipment	20	5.0
394	Laboratory Equipment	10	10.0
395	Power Operated Equipment	20	5.0
396	Communication Equipment	10	10.0
397	Miscellaneous Equipment	10	10.0
398	Other Tangible Plant	----	----

NOTE: Acct. 398, Other Tangible Plant may vary from 5 percent to 50 percent. The depreciation rate would be set in accordance with the specific capital items in this account.

MEMORANDUM

TO: Vicki Wallace
Executive Consultant III – Utilities Division

FROM: Gary T McMurry *GTM*
Public Utilities Analyst IV – Utilities Division

Date: April 8, 2011

RE: WICKENBURG RANCH WASTEWATER, LLC. APPLICATION FOR NEW
CERTIFICATE OF CONVENIENCE AND NECESSITY
DOCKET NO. SW-20769A-10-0469

Introduction

On November 16, 2010, Wickenburg Ranch Wastewater, LLC. (“Company” or “Wickenburg Ranch”) submitted an application to the Arizona Corporation Commission (“Commission”) for a Certificate of Convenience and Necessity (“CC&N”) to provide public utility wastewater services in Yavapai County, Arizona. On March 10, 2011, the application was determined to have met sufficiency by the Utilities Division of the Arizona Corporation Commission (“Staff”). The application indicates that there are presently no customers receiving wastewater service in the area of the requested CC&N. The Company projects that five years after initiating service it will be providing wastewater service to 1,487 residential and seven commercial customers and to two effluent customers.

Financial Capability to Provide Requested Service

The Company’s application states that the land being developed is owned by Vanwick, LLC, Van Development Co., 5680 Development Inc., and JVT Investors, LLC, collectively known as the “Van Tuyl entities.” Van Wick, LLC is the sole member and manager of Wickenburg Ranch Wastewater, LLC. Larry Van Tuyl is the sole member of Van Wick, LLC. A letter dated April 2, 2009, to Yavapai County from a vice president at Chase Bank states that “Wickenburg Ranch Wastewater LLC and its affiliates have access to funds in an amount of not less than \$20,000,000.” Based on this representation, Staff concludes that Wickenburg Ranch has sufficient access to capital to fund capital and operating requirements for its requested CC&N area.

Fair Value Rate Base

Consistent with Commission rules, the Company’s filing included the required five-year projections for plant values, operating revenues, operating expenses, and the number of customers. Due to the lack of historical information, projections and assumptions necessarily

provide the basis for establishing the initial rates that provide a fair value rate of return. In this proceeding, original cost rate base is the fair value rate base.

Staff reviewed the Company's proposed Plant in Service and has concluded that the proposed facilities and the projected costs are reasonable and appropriate to serve the requested service area. Staff projects \$11.2 million of Plant in Service for the wastewater system five years after service is initiated (see Schedule GTM-2).

Staff reviewed the Company's projected accumulated depreciation and concurs with the Company's proposed \$1.7 million balance at the end of the fifth year of operation (see Schedule GTM-3). Staff's recommended depreciation rates are presented in the Staff Engineering Report.

Staff reviewed the Company's projected advances-in-aid of construction ("AIAC") and concurs with the Company's proposed \$2.6 million balance at the end of the fifth year of operation (see Schedule GTM-5). The Company is not proposing any contributions-in-aid-of-construction ("CIAC"), and Staff concurs.

Revenue and Expenses

The Company developed projections for its operating expenses in support of its proposed initial rates. The Company's proposed rates provide projected year-five operating revenues of \$1,509,680 and matched with projected operating expenses of \$883,912 result in an operating income of \$625,768. Staff reviewed the Company's revenue and expense projections and found them to be reasonable. Staff calculated that a year-five revenue requirement of \$1,509,680 would cover \$883,912 of operating expenses and provide a \$625,758 operating income and a 9.1 percent rate of return on Staff's \$6.9 million year-five projected rate base (see Schedule GTM-1).

Capital Structure

The Company proposes a capital structure of no less than 70.0 percent equity and no more than 30.0 percent combined AIAC and CIAC. The Company anticipates receiving AIAC through collection of a service line connection charge ("SLCC") and \$1,212,498 of advances from the developer in each of the first two years of operations. The Company is not proposing debt issuance or collection of CIAC; accordingly, its capital structure is comprised only of equity and AIAC. Staff typically recommends a capital structure composed of no less than 70 percent equity, 0 percent debt, and up to 30 percent combined AIAC and CIAC for initial CC&Ns. Schedule GTM-6 presents Staff's projected capital structure for the first five years of operation. These projections show the following equity to total capital percentages: year one, 63.00 percent; year two, 72.07 percent; year three, 72.18 percent; year four, 75.34; and year five, 76.29 percent with the remaining capital comprised of AIAC. Staff concludes that the projected capital structures are reasonable and acceptable.

Rate Design

As previously noted, five years after initiating provision of service the Company projects to have 1,487 residential and seven commercial wastewater customers and two effluent customers. Thus, the Company projects to generate revenues primarily from the residential customer class. The Company's proposed wastewater rates consist of a fixed monthly fee and a volumetric charge based on metered water use. The Company's proposed volumetric charge is uniform within the residential and commercial customer classes. However, the volumetric charge is greater for commercial customers than for residential customers. The difference between the commercial and residential volumetric rates recognizes the incremental cost difference typically required for commercial wastewater treatment.

Staff concurs with the Company's proposed rate design for wastewater service. The Company proposed and Staff recommended rates are presented in Schedule GTM-4.

Staff recommends approval of the Company's proposed service charges with three exceptions: Establishment of Service (After Hours); Reconnection/Delinquent (After Hours); and Deposit Interest. Staff agrees that an additional fee for any service provided after normal business hours is appropriate when such service is at the customer's request or for the customer's convenience. Such a tariff compensates the utility for additional costs incurred from providing after-hours service. Therefore, Staff recommends adoption of a separate \$50 After-Hours service charge that is applicable to each service to be performed after normal business hours when done at the customer's request or for the customer's convenience. Under Staff's recommendation, when a service is performed after normal business hours at the request or convenience of the customer, the \$50 After-Hours service is applicable in addition to the authorized standard service charge for that service. For deposit interest Staff recommends a six percent interest rate. This is consistent with the deposit interest charges authorized for most other utilities and rule R14-2-402(b)(3). Staff also recommends a 1.5 percent per month charge for customer deferred payments. This is also consistent with the tariff approved for most other utilities. See Schedule GTM-4.

Recommendations

Staff recommends:

- Approval of Staff's rates and charges as shown on Schedule GTM-4. In addition to collection of its regular rates, the Company may collect from its customers a proportionate share of any privilege, sales or use tax.
- Requiring the Company to file a letter in Docket Control within 15 days of providing service to its first customer notifying the Commission that it has initiated provision of service.

- Requiring the Company to file a rate application no later than three months following the fifth anniversary of the date the Company begins providing service to its first customer.
- Requiring the Company to maintain its books and records in accordance with the NARUC Uniform System of Accounts for Water and Wastewater Utilities.
- Requiring the Company to use the depreciation rates recommended by Staff for wastewater utilities.

WASTEWATER
Staff's Proforma Income Statement and
Original Cost Rate Base

Line No.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1	Operating Revenue:				
2	\$100,552	\$328,505	\$610,157	\$958,931	\$1,367,848
3	\$4,758	\$11,103	\$14,275	\$17,448	\$20,620
4	\$6,436	\$26,988	\$44,066	\$67,196	\$101,062
5	\$9,650	\$12,050	\$14,550	\$18,300	\$20,150
6	\$121,396	\$378,646	\$683,048	\$1,061,875	\$1,509,680
7	Operating Expenses:				
8	91,781	133,077	194,007	281,039	385,314
9	71,275	286,499	431,465	443,138	455,203
10	5,341	8,907	16,563	29,022	43,395
11	0	0	0	0	0
12	\$168,397	\$428,483	\$642,035	\$753,199	\$883,912
13	(\$47,002)	(\$49,836)	\$41,013	\$308,676	\$625,768
14	Number of Customers				
15	190	430	720	1085	1487
16	3	4	5	6	7
18	2	2	2	2	2
18	195	434	725	1,091	1,494
19	Rate Base Calculation				
20	\$3,535,566	\$9,500,371	\$9,602,221	\$11,087,836	\$11,228,886
21	71,275	357,774	789,239	1,232,377	1,687,581
22	1,280,048	2,558,001	2,606,797	2,641,217	2,637,894
23	173	726	1,186	0	0
24	11,621	15,569	22,763	0	0
25	\$2,195,690	\$6,599,439	\$6,227,762	\$7,214,242	\$6,903,411
26	-2.1%	-0.8%	0.7%	4.3%	9.1%

¹ Staff does not recommend a formula method rate base allowance for Power or O&M for Class C utilities.

References:
Schedule CS-2, CS-4

PLANT IN SERVICE - WASTEWATER

Acc't No.	Description	Cost Year One	Additions Year Two	Additions Year Three	Additions Year Four	Additions Year Five	Plant Total Year Five
351	Organization	-	-	-	-	-	-
352	Franchises	-	-	-	-	-	-
353	Land & Land Rights	-	-	-	420,177	-	420,177
354	Structures & Improvements	-	-	-	-	-	-
355	Power Generation Equipment	-	-	-	-	-	-
360	Collection Sewers - Force	-	-	-	812,000	-	812,000
361	Collection Sewers - Gravity	672,795	260,436	-	125,338	-	1,058,569
362	Special Collecting Structures	-	-	-	-	-	-
363	Services to Customers	67,550	84,350	101,850	128,100	141,050	522,900
364	Flow Measuring Devices	-	-	-	-	-	-
365	Flow Measuring Installations	-	-	-	-	-	-
366	Reuse Services	-	-	-	-	-	-
367	Reuse Meters & Meter Installations	-	-	-	-	-	-
370	Receiving Wells	-	-	-	-	-	-
371	Pumping Equipment	24,640	-	-	-	-	24,640
374	Reuse Distribution Reservoirs	168,000	-	-	-	-	168,000
375	Reuse Transmission & Distribution Syst	386,629	-	-	-	-	386,629
380	Treatment & Disposal Equipment	2,215,952	5,620,019	-	-	-	7,835,971
381	Plant Sewers	-	-	-	-	-	-
382	Outfall Sewer Lines	-	-	-	-	-	-
389	Other Plant & Miscellaneous Equipment	-	-	-	-	-	-
390	Office Furniture & Equipment	-	-	-	-	-	-
390.1	Computers & Software	-	-	-	-	-	-
391	Transportation Equipment	-	-	-	-	-	-
392	Stores Equipment	-	-	-	-	-	-
393	Tools, Shop & Garage Equipment	-	-	-	-	-	-
394	Laboratory Equipment	-	-	-	-	-	-
395	Power Operated Equipment	-	-	-	-	-	-
396	Communication Equipment	-	-	-	-	-	-
397	Miscellaneous Equipment	-	-	-	-	-	-
398	Other Tangible Plant	-	-	-	-	-	-
	Totals	\$3,535,566	\$5,964,805	\$101,850	\$1,485,615	\$141,050	\$11,228,886

References:
Schedule CS-4

PLANT IN SERVICE WASTEWATER
Annual Accumulated Depreciation

Acc't No.	Description	Staff's PIS Year 5	Staff's Depr. Rat	1st year Acc. Depr.	2nd year Acc. Depr.	3rd year Acc. Depr.	4th year Acc. Depr.	5th year Acc. Depr.
351	Organization	\$0	0.00%	-	-	-	-	-
352	Franchises	\$0	0.00%	-	-	-	-	-
353	Land & Land Rights	\$420,177	0.00%	-	-	-	-	-
354	Structures & Improvements	\$0	3.33%	-	-	-	-	-
355	Power Generation Equipment	\$0	5.00%	-	-	-	-	-
360	Collection Sewers - Force	\$812,000	2.00%	-	-	-	8,120	24,360
361	Collection Sewers - Gravity	\$1,058,569	2.00%	6,728	22,788	41,453	61,371	82,542
362	Special Collecting Structures	\$0	2.00%	-	-	-	-	-
363	Services to Customers	\$522,900	2.00%	676	2,870	6,927	13,283	22,330
364	Flow Measuring Devices	\$0	10.00%	-	-	-	-	-
365	Flow Measuring Installations	\$0	10.00%	-	-	-	-	-
366	Reuse Services	\$0	2.00%	-	-	-	-	-
367	Reuse Meters & Meter Installations	\$0	8.33%	-	-	-	-	-
370	Receiving Wells	\$0	3.33%	-	-	-	-	-
371	Pumping Equipment	\$24,640	12.50%	1,540	4,620	7,700	10,780	13,860
374	Reuse Distribution Reservoirs	\$168,000	2.50%	2,100	6,300	10,500	14,700	18,900
375	Reuse Transmission & Distribution Syste	\$386,629	2.50%	4,833	14,499	24,164	33,830	43,496
380	Treatment & Disposal Equipment	\$7,835,971	5.00%	55,399	306,697	698,495	1,090,294	1,482,093
381	Plant Sewers	\$0	5.00%	-	-	-	-	-
382	Outfall Sewer Lines	\$0	3.33%	-	-	-	-	-
389	Other Plant & Miscellaneous Equipment	\$0	6.67%	-	-	-	-	-
390	Office Furniture & Equipment	\$0	6.67%	-	-	-	-	-
390.1	Computers & Software	\$0	20.00%	-	-	-	-	-
391	Transportation Equipment	\$0	20.00%	-	-	-	-	-
392	Stores Equipment	\$0	4.00%	-	-	-	-	-
393	Tools, Shop & Garage Equipment	\$0	5.00%	-	-	-	-	-
394	Laboratory Equipment	\$0	10.00%	-	-	-	-	-
395	Power Operated Equipment	\$0	5.00%	-	-	-	-	-
396	Communication Equipment	\$0	10.00%	-	-	-	-	-
397	Miscellaneous Equipment	\$0	10.00%	-	-	-	-	-
398	Other Tangible Plant	\$0	10.00%	-	-	-	-	-
	Totals	\$11,228,886		\$71,275	\$357,774	\$789,239	\$1,232,377	\$1,687,581

References:
Schedule CS-4

RATE DESIGN-WASTEWATER

Line No.		Company Proposed Rates	Staff Recommended Rates
<u>Minimum Monthly Flat Charge</u>			
1	Residential	\$ 70.00	\$ 70.00
2	Commercial	\$ 70.00	\$ 70.00
<u>Commodity Rate¹</u>			
4	Residential (per 1,000 gallons)	\$ 2.00	\$ 2.00
5	Commercial (per 1,000 gallons)	\$ 3.50	\$ 3.50
<u>Effluent Sales</u>			
7	Treated Effluent per 1,000 gallons	\$ 0.86	\$ 0.86
<u>Service Charges</u>			
9	Establishment of Service	\$ 50.00	\$ 50.00
10	Establishment of Service (After Hours)	\$ 60.00	NT
11	Re-establishment of Service (Within 12 months)	*	*
12	Reconnection/Delinquent	\$ 60.00	\$ 60.00
13	Reconnection/Delinquent (After Hours)	\$ 70.00	NT
14	NSF Check	\$ 25.00	\$ 25.00
15	Deposit	**	**
16	Deposit Interest	2%	6%
17	Late Payment Penalty (per month on unpaid balance)	(a)	(a)
18	Service Line Connection Charge	\$ 350.00	\$350.00
19	After Hours Service Charge	NT	\$50.00
20	Deferred Payment Plan Finance Charge	NT	1.5%

¹ Commodity rate applies to metered water sales.

NT = no tariff

* Per A.A.C. R14-2-603 (D) (1), Number of months off the system times the monthly minimum.

** Per A.A.C. R14-2-603(B); Residential - two times average bill, Non-residential - two and one-half times average bill

(a) 1.5 percent of the unpaid balance or \$5.00, whichever is greater.

References:
Schedule CW-4

Wickenburg Ranch Wastewater, LLC
Docket Number SW-20769A-10-0469
Certificate of Convenience & Necessity

Schedule GTM-5

Advances in Aid of Construction

Year	Gross Advances	Cumm. Advances	Refund 10.00%	Net Plant Advances Refunded	Net Advances Balance
1	\$ 1,280,048	\$ 1,280,048	\$ -	\$ -	\$ 1,280,048
2	\$ 1,364,398	\$ 2,644,446	\$ 128,005	\$ 128,005	\$ 2,516,441
3	\$ 253,750	\$ 2,898,196	\$ 264,445	\$ 392,449	\$ 2,505,747
4	\$ 381,850	\$ 3,280,046	\$ 289,820	\$ 682,269	\$ 2,597,777
5	\$ 522,900	\$ 3,802,946	\$ 328,005	\$ 1,010,274	\$ 2,792,672

References:
Schedule CW-4, Application page 8

Advances in Aid of Construction

Year	Developer Advances	SLCC ¹ Advances	Total Advances	Developer Refunds	SLCC Advances	Total Refunds	Cumulative Advances Refunded	Net Advances Balance
1	\$ 1,212,498	\$ 67,550	\$ 1,280,048		\$	\$	\$	1,280,048
2	\$ 1,212,498	\$ 84,350	\$ 2,576,896	\$ 12,140	\$ 6,755	\$ 18,895	\$ 18,895	2,558,001
3	\$ -	\$ 101,850	\$ 2,678,746	\$ 50,004	\$ 21,945	\$ 71,949	\$ 90,844	2,606,797
4	\$ -	\$ 128,100	\$ 2,806,846	\$ 118,309	\$ 47,320	\$ 165,629	\$ 256,473	2,641,217
5	\$ -	\$ 141,050	\$ 2,947,896	\$ 224,497	\$ 85,505	\$ 310,002	\$ 566,475	2,637,894

¹ = Service Line Connection Charge \$350 / connection

Equity- Wastewater

Line	Year 1	Year 2	Year 3	Year 4	Year 5
<u>No.</u> Member Equity	\$2,226,568	\$6,650,260	\$6,721,555	\$7,761,485	\$7,860,220
1 Retained Earnings	(47,002)	(49,836)	41,013	308,676	625,768
2 Total Equity	\$2,179,566	\$6,600,424	\$6,762,568	\$8,070,161	\$8,485,988
3 Liabilities and Deferred Credits	\$ -	\$ -	\$ -	\$ -	\$ -
4 Net Advances in Aid of Construction	1,280,048	2,558,001	2,606,797	2,641,217	2,637,894
5 Long-Term Debt	-	-	-	-	-
6 Total Liabilities and Deferred Credits	-	-	-	-	-
7 Total Equity and Liabiltiy	<u>\$3,459,614</u>	<u>\$9,158,425</u>	<u>\$9,369,365</u>	<u>\$10,711,378</u>	<u>\$11,123,882</u>
8 Equity Percentage	63.00%	72.07%	72.18%	75.34%	76.29%
9 Advances Percentage	37.00%	27.93%	27.82%	24.66%	23.71%
10 Total percentage	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

References:

Attachment C, Insufficieny Item 16