

OPEN MEETING ITEM



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COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

ORIGINAL



ARIZONA CORPORATION COMMISSION

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2011 MAY 25 P 12: 52

AZ CORP COMMISSION
DOCKET CONTROL

DATE: MAY 25, 2011
DOCKET NO.: SW-20769A-10-0469

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Opinion and Order on:

WICKENBURG RANCH WASTEWATER, LLC
(CC&N)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JUNE 3, 2011

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JUNE 21, 2011 and JUNE 22, 2011

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

MAY 25 2011

DOCKETED BY

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

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

DOCKET NO. SW-20769A-10-0469

DECISION NO. _____

OPINION AND ORDER

DATE OF HEARING: May 6, 2011
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE: Sarah N. Harpring
APPEARANCES: Mr. Steve Wene, MOYES SELLERS, LTD, on behalf of Applicant; and
Mr. Wes Van Cleve, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

This case involves Wickenburg Ranch Wastewater, LLC's application for a Certificate of Convenience and Necessity ("CC&N") to provide wastewater utility service to customers in an area approximately five miles north of the Town of Wickenburg, in Yavapai County.

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

Procedural History

1. On November 16, 2010, Wickenburg Ranch Wastewater, LLC ("WRWW") filed with the Arizona Corporation Commission ("Commission") an application for a CC&N to provide wastewater utility service to customers in Yavapai County, Arizona, in an area approximately five

1 miles north of the Town of Wickenburg ("Town") and directly adjacent to State Route 89 and U.S.
2 Highway 93. With the application, WRWW included, *inter alia*, a November 15, 2010, letter
3 notifying Arizona Public Service Company ("APS") of the application; a draft notice letter to be sent
4 to the Town; a copy of the Construction Authorization for Sewage Collection Facilities issued by
5 Yavapai County on June 27, 2008; and a copy of the Arizona Department of Water Resources
6 ("ADWR") Designation of Adequate Water Supply issued to CDC Wickenburg Water, LLC¹ for
7 Wickenburg Ranch Estates on February 11, 2008.

8 2. On November 23, 2010, WRWW filed a copy of the notice letter sent to the Town on
9 November 18, 2010.

10 3. On December 17, 2010, the Commission's Utilities Division ("Staff") issued an
11 Insufficiency Letter stating that the application had not met the sufficiency requirements outlined in
12 Arizona Administrative Code ("A.A.C.") R14-2-602(D) and requesting additional information.

13 4. On December 22, 2010, WRWW filed a Notice of Errata correcting two errors in the
14 legal description set forth in the application.

15 5. On February 9, 2011, WRWW filed a Response to Staff's Letter of Insufficiency,
16 including data responses with a number of attachments.

17 6. On March 10, 2011, Staff issued a Sufficiency Letter stating that the application had
18 met the sufficiency requirements outlined in the A.A.C.

19 7. On March 15, 2011, a Procedural Order was issued scheduling the hearing in this
20 matter for May 6, 2011, and establishing other procedural requirements and deadlines.

21 8. On March 30, 2011, WRWW filed certification that notice of the hearing had been
22 mailed to the Town and to each landowner within the proposed service area, as prescribed in the
23 Procedural Order.

24 9. On April 15, 2011, WRWW filed an Affidavit of Publication showing that notice of
25 the hearing had been published in *The Daily Courier*, a daily newspaper published in the City of
26 Prescott, on March 31, 2011.

27 _____
28 ¹ CDC Wickenburg Water, LLC is now known as Wickenburg Ranch Water, LLC. (Decision No. 70741 (February 12, 2009).) Official notice is taken of Decision No. 70741.

1 10. On April 15, 2011, Staff filed a Request for Extension of Time Regarding Staff
2 Report, stating that Staff needed additional time in which to file the Staff Report in this matter, which
3 was due on April 15, 2011, because of Staff's current workload, and requesting that Staff's filing
4 deadline be extended to April 25, 2011.

5 11. On April 19, 2011, WRWW filed a Response to Staff's Request for Extension of Time
6 Regarding Staff Report, stating that WRWW did not object to Staff's requested extension, provided
7 that WRWW's deadline to respond to the Staff Report was also extended from April 29, 2011, to
8 May 3, 2011.

9 12. On April 20, 2011, a Procedural Order was issued extending to April 25, 2011, Staff's
10 deadline for filing the Staff Report and extending to May 3, 2011, WRWW's deadline to file any
11 objection or response to the Staff Report.

12 13. On April 21, 2011, Staff filed its Staff Report.

13 14. On May 2, 2011, Staff filed an Amended Staff Report.

14 15. On May 3, 2011, WRWW filed Comments on Staff Report, stating that WRWW
15 agreed with all of the statements and recommendations in the Staff Report except one, which is
16 discussed below.

17 16. On May 6, 2011, a full evidentiary hearing was held before a duly authorized
18 Administrative Law Judge of the Commission at the Commission's offices in Phoenix, Arizona.
19 WRWW and Staff appeared through counsel and presented testimony and documentary evidence.
20 WRWW presented the testimony of Tom Warley of M3 Companies, which manages infrastructure
21 design and construction for WRWW and Wickenburg Ranch Water, LLC; Sonn Rowell, Certified
22 Public Accountant with Desert Mountain Analytical Services, who created the financial portion of
23 WRWW's CC&N application; and Peter Chan, Registered Professional Engineer with GHD, who has
24 been hired to serve as the certified operator for WRWW's wastewater treatment facilities. Staff
25 presented the testimony of Katrin Stukov, Staff Utilities Engineer; Gary McMurry, Staff Public
26 Utility Analyst; and Vicki Wallace, Staff Executive Consultant. No members of the public attended
27 to provide comment. WRWW was directed to file, as a late-filed exhibit, within 10 days after the
28 hearing date, a copy of the approval issued by Yavapai County to allow construction of Phase I of the

1 wastewater treatment facilities.

2 17. On May 20, 2011, WRWW filed its late-filed exhibit, a copy of the Zoning Clearance
3 and Building Permit issued on May 10, 2010, by Yavapai County Development Services for the
4 wastewater treatment plant and perimeter fence.

5 **CC&N Service Area**

6 18. WRWW seeks to serve an area projected to include a proposed 2,162-acre master-
7 planned community, known as Wickenburg Ranch Estates (“Wickenburg Ranch”), and a one-acre
8 parcel dedicated to APS for construction of a substation (collectively “the proposed service area”).
9 The land in the proposed service area, other than the APS parcel, is owned by Vanwick, LLC; Van
10 Development Co., Inc.; 5860 Development Inc.; and JVT Investors, LLC (jointly the “Van Tuyl
11 entities”²). The Van Tuyl entities are the developers for Wickenburg Ranch, which is to consist of
12 1,724 single-family home lots, 600 multi-family units, and commercial units. The Van Tuyl entities
13 desire wastewater service for Wickenburg Ranch to be provided by WRWW, which is affiliated with
14 the Van Tuyl entities.³ The certificated water utility for the proposed service area, Wickenburg
15 Ranch Water, LLC, is also affiliated with the Van Tuyl entities.⁴

16 19. The legal description for the proposed service area is attached hereto as Exhibit A and
17 incorporated herein.

18 20. No homes or other buildings have been built yet in Wickenburg Ranch. (Tr. at 10.)
19 Only a golf course has been constructed, and it is being maintained in a very minimal condition and is
20 not open for play. (Tr. at 14.) Ultimately, the golf course will be watered using effluent from
21

22 ² Official notice is taken of Commission Corporations Division records showing the following: Vanwick, LLC has
23 only one member, Larry Van Tuyl, and has as its manager VTWick, Inc., which lists Larry Van Tuyl, trustee, as its only
24 shareholder. Van Development, Inc., a Kansas for-profit corporation, had its authorization to conduct business in Arizona
25 revoked in September 2000 for failure to file an annual report and listed V.T., Inc. as its only shareholder in its last annual
26 report filed in Arizona. V.T., Inc. has only one listed shareholder, Cecil Van Tuyl. 5860 Development Inc. is owned by
27 7575 Development Inc., which lists Larry Van Tuyl, trustee, as its only shareholder. JVT Investors, LLC lists as its only
28 members the Van Tuyl Family Irrevocable Trust, for the benefit of three different individuals (Jessica L. Van Tuyl, Tricia
Ann Van Tuyl, and Vanessa Noel Van Tuyl), with Cecil L. Van Tuyl as trustee, and has as its manager 7575
Development Inc. (See <http://starpas.azcc.gov>.) In addition, Commission Corporations Division records show that either
Larry Van Tuyl or Cecil Van Tuyl has a leadership role (President/CEO, Director) in each of these entities. (See *id.*)
Except for Van Development Co., Inc., the other companies are all in good standing with the Commission’s Corporations
Division. (Ex. S-1 at 1.)

³ WRWW is owned by Vanwick, LLC. (See *id.*)

⁴ See Decision No. 70741 (February 12, 2009) at 6.

1 WRWW. (*Id.*) Until there is sufficient effluent produced, the golf course will be watered using a
2 private well located on the golf course and owned by the Van Tuyl entities, not with any water
3 provided by Wickenburg Ranch Water, LLC. (Decision No. 70741 at 7.)

4 21. WRWW projects having 190 residential customers, 3 commercial customers, and 2
5 effluent customers in the first year of operations and for those numbers to increase to 1,487
6 residential customers, 7 commercial customers,⁵ and 2 effluent customers in the fifth year of
7 operations. (Ex. A-1 at 8-9.)

8 22. M3 Companies recently has been negotiating potential sales of large super pad
9 properties with merchant builders, who have indicated that they would like to have product on the
10 ground available for sale by either late fourth quarter 2012 or first quarter 2013. (Tr. at 15.)

11 23. Yavapai County does not require WRWW to obtain a sewer franchise for the proposed
12 service area because the roads included in the proposed service area are not under County
13 jurisdiction. (Ex. A-1 at Ex. 10.)

14 **Proposed System**

15 24. WRWW intends to complete the wastewater treatment facilities in three Phases, with
16 construction of Phase I to commence in third quarter 2011 and to be completed in second quarter
17 2012. (Ex. A-1 at 6.) The plans for Phase I of the treatment plant have been approved by Yavapai
18 County, and Mr. Chan testified that the owner just needs to give the green light to start the contract to
19 build the treatment plant. (Tr. at 24.) Mr. Warley testified that WRWW expects Phase I of the
20 treatment plant to become operational in late second quarter 2012 or in third quarter 2012, which is
21 the same time frame expected for Wickenburg Ranch Water, LLC to become operational. (Tr. at 10.)

22 25. Phase I of the treatment plant is designed for 100,000 gallons per day ("GPD") and
23 will use an oxic and anoxic treatment system that removes the nutrients from wastewater. (Tr. at 25.)
24 The application describes Phase I as consisting of "an extended aeration package plant with bar
25 screen; influent pump station with pumping equipment; headworks to consist of flow metering and
26 screening; toxic and aeration chambers; aeration supplied using positive displacement blowers;

27 _____
28 ⁵ The commercial customers will include a golf maintenance facility, a golf pro shop, a golf clubhouse, an athletic club, a homeowners' association facility, an equestrian facility, and a fire station. (Ex. A-2 at 7.)

1 clarifier; filtration and UV disinfection; MCC and electrical system; and reuse system.” (Ex. A-1 at
2 6.) The Phase II plant is a 315,000 GPD membrane-bioreactor plant that will use membranes to filter
3 the treated effluent. (Tr. at 25.) Phase III is a mirror image of the Phase II plant. (*Id.*) The
4 application describes Phase I and Phase II as switching “to a MBR process with fine screens,
5 membrane bioreactor and chlorine disinfection.” (Ex. A-1 at 6.) The sewer collection system will
6 consist of a gravity system, low pressure system, a sewer lift station, and a force main system. (Ex.
7 S-1 at 3.)

8 26. Effluent will be disposed of through reuse on the golf course and some landscape
9 amenities, with effluent storage provided by the golf course lake. (Ex. S-1 at 3.) The effluent reuse
10 infrastructure will consist of the lake (reservoir), pump station, and distribution piping. (*Id.*)

11 27. The average projected daily wastewater flows to the wastewater treatment plant for the
12 proposed service area in years one and five are 22,780 GPD and 357,730 GPD, respectively. (Ex. A-
13 2 at 3.) The wastewater treatment plant capacity during the different Phases is significantly greater
14 than the projected flow so as to satisfy Arizona Department of Environmental Quality (“ADEQ”)
15 rules and policies for capacity and ADEQ regional planning requirements. (*Id.*)

16 28. WRWW projects that Phase II construction will start in third quarter 2012 and be
17 completed in second quarter 2013 and that construction of Phase III will commence in first quarter
18 2019 and be completed in third quarter 2019. (Ex. A-1 at 6.)

19 29. WRWW estimates the costs of the constructed wastewater plant at the end of year five
20 (which includes Phases I and II) at \$11,228,886.35. (Ex. A-2 at Att. 3.)

21 30. WRWW has submitted plans for all three Phases of the treatment plant to ADEQ to
22 obtain an Aquifer Protection Permit (“APP”). (Tr. at 26.) WRWW’s APP application is currently in
23 the substantive review process with ADEQ. (Tr. at 27.) Mr. Chan estimates that the APP will be
24 received within the next year. (*Id.*) WRWW has also applied to ADEQ for an Arizona Pollutant
25 Discharge Elimination System (“AZPDES”) permit. (Tr. at 29.) WRWW cannot lawfully operate
26 the treatment plant until after it has obtained both the APP and the AZPDES permit. (*See* Tr. at 30.)

27 31. Ms. Stukov testified that the size of the proposed plant is reasonable and that the
28 technology being proposed is also reasonable and appropriate. (Tr. at 34.) Staff concluded that the

1 proposed wastewater system will have adequate capacity to serve the proposed service area and that
2 the proposed wastewater plant facilities and costs are reasonable and appropriate, although no "used
3 and useful" determination of the plant-in-service was made and no particular future treatment should
4 be inferred for future ratemaking or rate base purposes. (Ex. S-1 at 4.)

5 **Fitness and Properness to Obtain a CC&N; Technical Capabilities and Financial Resources**

6 32. Mr. Warley testified that neither WRWW nor any of its officers, directors, partners, or
7 managers has been involved in any formal or informal complaint proceedings before any state or
8 federal regulatory commission, administrative agency, or law enforcement agency. (Tr. at 12.)

9 33. Mr. Warley also testified that neither WRWW nor any of its officers, directors,
10 partners, or managers has been involved in any civil or criminal investigation or had judgment levied
11 against them by any administrative or regulatory agency or been convicted of any criminal acts
12 within the past 10 years. (Tr. at 12-13.)

13 34. WRWW is in good standing with the Commission's Corporations Division. (Ex. A-2
14 at Att. 1.)

15 35. In April 2009, Chase Bank Vice President and Relationship Manager Bill Snodgrass
16 issued a letter stating that with respect to the financial resources necessary to construct wastewater
17 treatment plant for Wickenburg Ranch, WRWW and its affiliates (the Van Tuyl entities) have access
18 to funds in an amount of not less than \$20 million. (Ex. A-1 at Ex. 10.) Mr. Snodgrass also stated
19 that in the past Chase Bank has participated with Larry Van Tuyl and his related entities in financing
20 \$30 million for development activities and that Chase Bank has had a satisfactory relationship with
21 Mr. Van Tuyl and his related entities for more than 25 years. (*Id.*)

22 36. WRWW's pro forma balance sheet for the end of year one shows current assets of
23 \$27,593; total assets (including plant in service) of \$3,491,884; total liabilities of \$1,283,367
24 (including AIAC of \$1,280,048); and total capital of \$2,208,516. (Ex. A-2 at Att. 8.) For the end of
25 year five, the pro forma balance sheet shows current assets of \$1,921,341; total assets (including
26 plant in service) of \$11,462,647; total liabilities of \$2,723,807 (including AIAC of \$2,637,895); and
27 total capital of \$8,738,839. (Ex. A-2 at Att. 9.)

28 37. M3 Companies' managing partner, William I. Brownlee, is primarily responsible for

1 contract negotiations, feasibility analysis, equity and financing, land and community planning,
 2 entitlements, engineering and development, and legal and accounting activities. (Ex. S-1 at 2.) Mr.
 3 Brownlee has been active in Arizona real estate for more than 20 years and, during that time, has
 4 been involved with the construction of water and wastewater systems necessary to develop property.
 5 (*Id.*) Mr. Brownlee also helped to form and served as a director of the American Ranch Domestic
 6 Water Improvement District. (*Id.*) M3 Companies has been managing Wickenburg Ranch Water,
 7 LLC and its predecessor for more than five years. (*Id.*)

8 38. Mr. Chan is a professional engineer specializing in water and wastewater treatment
 9 systems, with more than 20 years' experience, and helped to design both the wastewater treatment
 10 facilities and the collection facilities that will be constructed at Wickenburg Ranch. (Ex. S-1 at 2-3.)

11 39. Staff determined that WRWW has the financial, technical, and managerial ability to
 12 own and operate a wastewater facility in Arizona. (Ex. S-1.)

13 **Proposed Rates**

14 40. The rates and charges proposed by WRWW and recommended by Staff are as follows:

	<u>WRWW</u>	<u>Staff</u>
	<u>Proposed</u>	<u>Recommended</u>
<u>Minimum Monthly Flat Charge</u>		
17 Residential	\$ 70.00	\$ 70.00
18 Commercial	\$ 70.00	\$ 70.00
<u>Commodity Rate</u>		
(per 1,000 gallons in Metered Water Sales)		
20 Residential	\$ 2.00	\$ 2.00
21 Commercial	\$ 3.50	\$ 3.50
<u>Effluent Sales</u>		
22 Treated Effluent, per 1,000 gallons	\$ 0.86	\$ 0.86
<u>Service Charges</u>		
24 Establishment of Service	\$ 50.00	\$ 50.00
Establishment of Service (After Hours)	\$ 60.00	N/A
25 Re-establishment of Service (w/in 12 mos.)	*	*
Reconnection/Delinquent	\$ 60.00	\$ 60.00
26 Reconnection/Delinquent (After Hours)	\$ 70.00	N/A
27 NSF Check	\$ 25.00	\$ 25.00
Deposit	**	**
28 Deposit Interest	2%	6%

1	Late Payment Penalty (per month on unpaid balance)	(a)	(a)
2	Service Line Connection Charge	\$350.00	\$350.00
	After Hours Service Charge	N/A	\$ 50.00
3	Deferred Payment Plan Finance Charge	N/A	1.5%

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

5 ** Per A.A.C. R14-2-603(B): Residential = two times average bill; Non-residential = 2.5 times average bill

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

7 41. Staff determined that WRWW's projected year-five fair value rate base ("FVRB") is
8 equal to its projected year-five original cost rate base, which is \$6,903,411. (Ex. S-1 at 4, Sched.
9 GTM-1.) We find that WRWW's projected year-five FVRB is \$6,903,411 and that this FVRB
10 should be used to set WRWW's initial rates for service.

11 42. Staff and WRWW agree on projected operating revenues and operating expenses for
12 years one through five. (See Tr. at 16.) For year one, the proposed rates are projected to result in
13 total operating revenue of \$121,396, and the proposed operating expenses for year one are estimated
14 at \$168,397, which would result in an operating loss of \$47,002. (Ex. S-1 at Sched. GTM-1.) For
15 year five, the proposed rates are projected to result in total operating revenue of \$1,509,680, and the
16 proposed operating expenses for year five are estimated at \$883,912, which would result in operating
17 income of \$625,768 and a 9.1 percent rate of return on FVRB. (Ex. S-1 at 5, Sched. GTM-1.)

18 43. Ms. Rowell acknowledged that WRWW's proposed rates are high, but explained that
19 sewer infrastructure is expensive, that the rates must pay for the infrastructure and allow WRWW a
20 fair rate of return by the fifth year, and that the rates are determined by these figures and the projected
21 customer base. (See Tr. at 20.) Ms. Rowell explained that the rates could be lower if the plant were
22 reduced, which would not be appropriate in light of Mr. Chan's determination of the plant needed for
23 the projected development, or if there were greater contributions from the developer, which would
24 impact the proposed capital structure, which currently conforms to Staff's recommendation for
25 capital structure of at least 70 percent equity and only 30 percent advances. (Tr. at 20-21.) Ms.
26 Rowell also indicated that it is preferable to set rates appropriately at the outset, rather than causing
27 rate shock when they must be increased in a subsequent rate case. (See Tr. at 20.)

28 44. Mr. McMurry testified that it is difficult to compare the rates charged by different

1 wastewater utilities because each plant is different, and the rates also depend on the customer base
2 being served, but that the rates are reasonable in light of the projected rate base. (Tr. at 37, 39.) Mr.
3 McMurry further testified that the proposed capital structure is appropriate. (Tr. at 38.) Staff
4 typically recommends that an initial CC&N holder have a capital structure composed of no less than
5 70 percent equity, 0 percent debt, and up to 30 percent combined advances and contributions. (Ex. S-
6 1 at 5.)

7 45. Staff concurs with WRWW's proposed rate design. (Tr. at 39.) However, Staff
8 recommends approval of a different service charge for after-hours service and a different rate for
9 deposit interest. (Ex. S-1 at 5.) Staff stated that rather than adopting specific charges for after-hours
10 establishment of service and after-hours reconnection for a delinquent account, it is more appropriate
11 to apply a separate after-hours service charge in addition to the regular charge for a service provided
12 after hours at the customer's request or for the customer's convenience. (Ex. S-1 at 5-6.) Thus, Staff
13 recommends a separate \$50 after-hours service charge, to be imposed in addition to the regular
14 charge for a service. (Ex. S-1 at 6.) In addition, Staff recommends a six percent interest rate on
15 deposits and a 1.5 percent monthly charge for customer deferred payments, both of which are
16 consistent with the tariffs for most other utilities. (*Id.*)

17 **Staff's Recommendations**

18 46. Staff recommends:

- 19 a. Approval of Staff's recommended rates and charges and, in addition, that
20 WRWW be permitted to collect from its customers a proportionate share of
21 any privilege, sales, or use tax;
- 22 b. That WRWW be required to file with Docket Control, within 15 days after
23 providing service to its first customer, a letter notifying the Commission that it
24 has initiated provision of service;
- 25 c. That WRWW be required to file a rate application no later than three months
26 following the fifth anniversary of the date WRWW begins providing service to
27 its first customer;
- 28 d. That WRWW be required to maintain its books and records in accordance with

1 the National Association of Regulatory Utility Commissioners ("NARUC")
 2 Uniform System of Accounts for Water and Wastewater Utilities;

3 e. That WRWW be required to file with Docket Control, as a compliance item in
 4 this docket, within two years after the effective date of the decision in this
 5 case, a copy of the Aquifer Protection Permit;

6 f. That if WRWW fails to file the copy of the Aquifer Protection Permit within
 7 the timeframe specified, the CC&N be considered null and void after due
 8 process;

9 g. That WRWW use the wastewater depreciation rates by individual NARUC
 10 category as delineated in Table A of Exhibit 2 of the Staff Report;⁶ and

11 h. That WRWW's application be approved subject to the conditions listed above.

12 47. Staff originally recommended that Van Development, Inc. be required to come into
 13 compliance with Commission Corporations Division annual report requirements. (Ex. S-1 at 7.)
 14 Staff withdrew that recommendation, however, after WRWW objected and explained that Van
 15 Development, Inc. merely owns real property in Arizona, with no other business activities, and that
 16 A.R.S. § 10-1501(B)(9) expressly states that owning real property is not transacting business in
 17 Arizona. (Tr. at 44.) Mr. Warley testified that Van Development, Inc. will again obtain authorization
 18 to transact business in Arizona if it expands its activities in Arizona beyond property ownership. (Tr.
 19 at 15.) Because A.R.S. § 10-1501(B)(9) states that owning property, without more, is not transacting
 20 business in Arizona, we find that it was reasonable and appropriate for Staff to drop its
 21 recommendation that Van Development, Inc. be required to file annual reports with the
 22 Commission's Corporations Division.

23 **Resolution**

24 48. Staff's recommendations set forth in Findings of Fact No. 46 are reasonable and
 25 appropriate and should be adopted. Although we would prefer to see rates that are lower than those
 26 proposed by WRWW and recommended by Staff, we recognize that it is necessary and appropriate to

27 _____
 28 ⁶ Staff indicated that WRWW has adopted Staff's typical and customary wastewater depreciation rates. (Ex. S-1 at Ex. 2 at 3.)

1 approve just and reasonable rates that will allow a reasonable return on projected FVRB for the fifth
2 year of operations, rather than approving artificially low rates now and having future customers
3 experience rate shock when they are required to pay rates that will allow a reasonable return.
4 Approving just and reasonable rates now, while there are not yet any houses or customers in
5 Wickenburg Ranch, also puts WRWW's prospective customers on notice as to what their sewer rates
6 will be if they choose to purchase homes or businesses in Wickenburg Ranch.

7 **CONCLUSIONS OF LAW**

8 1. Upon commencing operations, WWRW will be a public service corporation within the
9 meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

10 2. The Commission has jurisdiction over WWRW and the subject matter of the
11 application.

12 3. Notice of the application and the hearing in this matter was given in accordance with
13 the law.

14 4. There is a public need and necessity for wastewater utility services in the proposed
15 service area.

16 5. WRWW is a fit and proper entity to receive a CC&N to provide wastewater utility
17 service in the proposed service area.

18 6. Staff's recommendations are reasonable and should be adopted.

19 7. For purposes of setting WRWW's initial rates for service, WRWW's FVRB is
20 \$6,903,411.

21 8. The rates and charges authorized herein are just and reasonable.

22 **ORDER**

23 IT IS THEREFORE ORDERED that Wickenburg Ranch Wastewater, LLC's application for a
24 Certificate of Convenience and Necessity to provide wastewater service to the area legally described
25 in Exhibit A, attached hereto and incorporated herein, is hereby granted subject to the following
26 ordering paragraphs.

27 ...

28 ...

1 IT IS FURTHER ORDERED that Wickenburg Ranch Wastewater, LLC shall charge the
2 following rates for wastewater service in its service area:

3 **Minimum Monthly Flat Charge**

4 Residential	\$ 70.00
5 Commercial	\$ 70.00

6 **Commodity Rate**

6 (per 1,000 gallons in Metered Water Sales)	
7 Residential	\$ 2.00
8 Commercial	\$ 3.50

9 **Effluent Sales**

9 Treated Effluent, per 1,000 gallons	\$ 0.86
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10 **Service Charges**

11 Establishment of Service	\$ 50.00
12 Re-establishment of Service (w/in 12 mos.)	*
13 Reconnection/Delinquent	\$ 60.00
14 NSF Check	\$ 25.00
15 Deposit	**
16 Deposit Interest	6%
17 Late Payment Penalty (per month on unpaid balance)	(a)
18 Service Line Connection Charge	\$350.00
19 After Hours Service Charge***	\$ 50.00
20 Deferred Payment Plan Finance Charge	1.5%

- 21 * Per A.A.C. R14-2-603(D)(1): Number of months off the system times the monthly minimum.
- 22 ** Per A.A.C. R14-2-603(B): Residential = two times average bill; Non-residential = 2.5 times average bill
- 23 *** After hours service charge is to be paid in addition to regular service charge, when service is provided after hours at customer request or for customer convenience.
- 24 (a) 1.5 percent of the unpaid balance or \$5.00, whichever is greater.

25 Company shall collect from its customers a proportionate share of any privilege, sales, or use tax.

26 IT IS FURTHER ORDERED that Wickenburg Ranch Wastewater, LLC shall, within 30 days
27 after the effective date of this Decision, file with the Commission's Docket Control, as a compliance
28 item in this docket, a tariff consistent with the rates and charges authorized herein.

...

...

1 IT IS FURTHER ORDERED that Wickenburg Ranch Wastewater, LLC shall file with the
2 Commission's Docket Control, in this docket, within 15 days after the date upon which Wickenburg
3 Ranch Wastewater, LLC first provides wastewater utility service to a customer, a letter notifying the
4 Commission that it has initiated provision of service.

5 IT IS FURTHER ORDERED that Wickenburg Ranch Wastewater, LLC shall, no later than
6 three months after the fifth anniversary of the date Wickenburg Ranch Wastewater, LLC first
7 provides wastewater utility service to a customer, file with the Commission's Docket Control an
8 application for a permanent rate case.

9 IT IS FURTHER ORDERED that Wickenburg Ranch Wastewater, LLC shall maintain its
10 books and records in accordance with the National Association of Regulatory Utility Commissioners
11 Uniform System of Accounts for Water and Wastewater Utilities.

12 IT IS FURTHER ORDERED that Wickenburg Ranch Wastewater, LLC shall, within two
13 years after the effective date of this Decision, file with the Commission's Docket Control, as a
14 compliance item in this docket, copies of its Aquifer Protection Permit.

15 IT IS FURTHER ORDERED that if Wickenburg Ranch Wastewater, LLC fails to file copies
16 of its Aquifer Protection Permit with the Commission's Docket Control within the timeframe
17 specified in the preceding ordering paragraph, Wickenburg Ranch Wastewater, LLC's Certificate of
18 Convenience and Necessity shall be considered null and void after due process.

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IT IS FURTHER ORDERED that Wickenburg Ranch Wastewater, LLC shall use the wastewater depreciation rates by individual National Association of Regulatory Utility Commissioners category, as delineated in Table A of Exhibit 2 of the Staff Report filed in this matter.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN _____ COMMISSIONER

COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2011.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR:

WICKENBURG RANCH WASTEWATER, LLC

2 DOCKET NO.:

SW-20769A-10-0469

3

4 Steve Wene
MOYES SELLERS LTD
1850 North Central Avenue, Suite 1100
5 Phoenix, AZ 85004
Attorney for Wickenburg Ranch Wastewater, LLC

6 Janice Alward, Chief Counsel
7 Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
8 Phoenix, AZ 85007

9 Steven M. Olea, Director
Utilities Division
10 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
11 Phoenix, AZ 85007

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EXHIBIT "A"

EXHIBIT 1

Wickenburg Ranch Wastewater, LLC
 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 92 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, Se 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 05 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, L.L.C
 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;

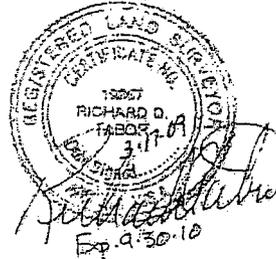
Thence along said Boundary, South 62 degrees 23 minutes 49 seconds West a distance of 135.52 feet (record South 62 degrees 23 minutes 50 seconds West); Thence North 61 degrees 23 minutes 09 seconds West a distance of 972.18 feet (record North 61 degrees 23 minutes 10 seconds West a distance of 972.26 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