

OPEN MEETING TERM



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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 NOV 28 P 2:22

AZ CORP COMMISSION
DOCKET CONTROL

DATE: NOVEMBER 28, 2011

DOCKET NO.: WS-02676A-11-0134

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Belinda A. Martin. The recommendation has been filed in the form of an Opinion and Order on:

RIO RICO UTILITIES, INC. DBA LIBERTY WATER
(CC&N EXTENSION)

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:

DECEMBER 7, 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:

DECEMBER 13 and 14, 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

NOV 28 2011

DOCKETED BY

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347

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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE - Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION OF
9 RIO RICO UTILITIES, INC. DBA LIBERTY
10 WATER FOR AN EXTENSION OF ITS EXISTING
11 CERTIFICATE OF CONVENIENCE AND
12 NECESSITY TO PROVIDE WATER UTILITY
13 SERVICE IN SANTA CRUZ COUNTY,
14 ARIZONA.

DOCKET NO. WS-02676A-11-0134

DECISION NO. _____

OPINION AND ORDER

11 DATE OF HEARING: August 30, 2011
12 PLACE OF HEARING: Tucson, Arizona
13 ADMINISTRATIVE LAW JUDGE: Belinda A. Martin
14 APPEARANCES: Patrick J. Black, FENNEMORE CRAIG, PC, on behalf
15 of Rio Rico Utilities, Inc. d/b/a Liberty Water; and
16 Bridget Humphrey, Staff Attorney, Legal Division, on
17 behalf of the Utilities Division of the Arizona
18 Corporation Commission.

18 **BY THE COMMISSION:**

19 Having considered the entire record herein and being fully advised in the premises, the
20 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

21 FINDINGS OF FACT

22 PROCEDURAL HISTORY

23 1. On March 25, 2011, Rio Rico Utilities, Inc. d/b/a Liberty Water ("RRUI" or
24 "Company") filed an application for an extension of its existing Certificate of Convenience and
25 Necessity ("CC&N") for the provision of water service to certain unincorporated portions of Santa
26 Cruz County, Arizona ("Application").

27 2. On April 25, 2011, the Commission's Utilities Division Staff ("Staff") notified the
28

1 Company that its Application was not sufficient under the Arizona Administrative Code ("A.A.C.")
2 and provided the Company with Staff's Data Requests.

3 3. On May 17, 2011, the Company filed its responses to Staff's Data Requests.

4 4. On June 3, 2011, the Company filed revised legal descriptions for the properties RRUI
5 wished to have included within its certificated water service areas.

6 5. On June 13, 2011, Staff notified the Company that its Application was sufficient.

7 6. By Procedural Order filed June 21, 2011, the matter was set for hearing on August 30,
8 2011, at the Commission's Tucson offices, and procedural guidelines and deadlines were established.

9 7. On July 28, 2011, RRUI filed a Notice of Errata regarding the legal descriptions for
10 the proposed extension areas.

11 8. On July 29, 2011, RRUI filed an Affidavit of Publication indicating that Notice of the
12 hearing had been published in the *Nogales International* on July 8, 2011. RRUI also filed an
13 Affidavit of Mailing indicating that the Company had mailed Notice of the hearing to the property
14 owners in the projected service areas by first class U.S. mail on July 6, 2011. No comments were
15 received in response to the Notices.

16 9. On August 5, 2011, Staff filed its Staff Report recommending partial approval of the
17 Application, subject to certain conditions.

18 10. On August 18, 2011, RRUI filed its Response to Staff Report, objecting to certain
19 Staff recommendations.

20 11. On August 30, 2011, the hearing in this matter convened before a duly authorized
21 Administrative Law Judge and the parties appeared through counsel. No members of the public were
22 present to provide comment. At the conclusion of the hearing, the matter was taken under
23 advisement pending filing of a late-filed exhibit.

24 12. On September 8, 2011, RRUI filed a late-filed exhibit containing information about
25 the area covered by the Company's Santa Cruz County Franchise Agreement.

26 **DISCUSSION**

27 **Company Background**

28 13. RRUI is an Arizona 'C' corporation in good standing with the Commission's

1 Corporations Division. In Decision No. 58406 (September 3, 1993), the Commission approved a
 2 transfer of Citizens Utilities Company's water and sewer CC&Ns to RRUI. According to RRUI's
 3 witness, Martin Garland, business manager for the Southern Arizona Group of Liberty Water, RRUI
 4 became a wholly-owned subsidiary of Algonquin Power and Utilities Corporation ("Algonquin") in
 5 December 2005. In August 2009, RRUI began doing business as Liberty Water.¹ In addition to
 6 RRUI, Algonquin owns seven other utilities in Arizona.²

7 14. The Company provides water service to approximately 6,700 customers and
 8 wastewater service to approximately 2,200 customers. Water customers who do not get wastewater
 9 service from RRUI utilize septic systems.³ RRUI's water and wastewater divisions are both Class B
 10 public service utilities. The Company's current rates were approved in Decision No. 72059 (January
 11 6, 2011).

12 15. According to Staff, RRUI's existing water system is divided geographically north-to-
 13 south by the Santa Cruz River and the transmission mains traverse the Santa Cruz River to
 14 interconnect the system. RRUI's water supply comes from six wells. Staff notes that because
 15 RRUI's certificated area is very hilly, the water system is divided into seven pressure zones at 150
 16 feet intervals and supported by 26 small pressure tanks and booster stations, in addition to its larger
 17 pumping and storage facilities. Staff concludes that the Company has adequate production and
 18 storage capacity to serve the existing customer base and reasonable growth.

19 16. According to the Application, RRUI received a request for water service for one of the
 20 five parcels comprising the proposed extension area on August 12, 2009, from Windward Partners
 21 XIV, LLC, an Arizona limited liability company ("Windward"). The Company also received
 22 requests for service on September 17, 2008, from John Todd, owner of the remaining four parcels
 23 sought to be included in the extension area.⁴

24 ...

25 ...

26 ¹ Transcript of August 30, 2011, Hearing, at pages 14-15. (Hereinafter, "Tr. at ___")

27 ² Litchfield Park Service Company, Gold Canyon Sewer Company, Black Mountain Sewer Corporation, Entrada Del Oro
 28 Sewer Company, Northern Sunrise Water Company, Inc., Southern Sunrise Water Company, Inc., and Bella Vista Water
 Company. *Decision No. 72059 (January 6, 2011).*

³ Tr. at 15-16.

⁴ Hearing Exhibit A-1, Application Exhibit 1.

1 **The Windward Development**

2 17. Windward's witness was Leo Miller, its project manager for the contemplated
3 development, as well as for other southern Arizona projects.⁵ According to Mr. Miller, Windward is
4 managed by two members, Michael Horowitz, who lives in Texas, and Henry Horowitz, who lives in
5 South Carolina.⁶ There are 11 other members in this LLC.⁷

6 18. Mr. Miller testified that in addition to this residential project, the Horowitzs, through
7 other LLCs, are developing another residential project in Tubac, which is within Arizona-American
8 Water Company's service territory, and they recently completed a 35,000 square foot commercial
9 development, also in Tubac. Other Horowitz LLCs are constructing a medical building in Chandler,
10 as well as projects in a number of other states.⁸

11 19. The parcel for which Windward has requested water service is located just north of
12 Rio Rico, south of Tubac and west of Interstate 19. The parcel consists of approximately 345 acres
13 and will have 79 lots when it is fully developed ("Windward Development"). The planned
14 subdivision is tentatively called Palo Parado.

15 20. The water system infrastructure supporting the Windward Development is expected to
16 be built out over five years and upon completion will consist of transmission mains and related
17 distribution facilities, a 248,000 gallon storage reservoir for storage and fire flow, and upgrades to
18 existing RRUI facilities necessary to support the Windward Development. According to Staff and
19 the Company, the projected total cost of the Windward Development's plant is \$2,755,039.

20 21. RRUI and Windward executed a Waterline Extension Agreement on December 6,
21 2010. Upon completion of the water infrastructure, Windward will transfer the plant to RRUI as an
22 advance in aid of construction.⁹ Mr. Miller testified that in order to finance the construction of the
23 water system facilities, Windward, itself, will fund a large portion of the construction costs, with the
24 remainder of the costs funded through a loan from Wells Fargo Bank.¹⁰

25
26 ⁵ Tr. at 40.

⁶ Tr. at 40-41.

27 ⁷ Hearing Exhibit A-1, Application Exhibit 14.

⁸ Tr. at 40-44.

28 ⁹ Hearing Exhibit A-1, Application Exhibit 11.

¹⁰ Tr. at 44.

1 22. Mr. Miller testified that Windward anticipates that construction of the water
2 infrastructure will begin 12 to 18 months after Commission approval of the CC&N extension.¹¹

3 23. Staff reviewed the proposed water system infrastructure and related costs and found
4 them to be reasonable and appropriate, but Staff noted that no “used and useful” determination of the
5 Windward Development’s proposed plant facilities has been made and, as such, no particular
6 treatment should be inferred for rate-making or rate base purposes.

7 24. Windward submitted an application to the Arizona Department Water Resources
8 (“ADWR”) for a Certificate of Assured Water Supply for the Windward Development and it is
9 currently being reviewed by ADWR’s Office of Assured and Adequate Water Supply.¹²

10 25. Mr. Miller stated that the individual lots will be developed by Windward, home
11 builders and individual lot purchasers.¹³ Under Windward’s Master Water Plan, approximately 45
12 percent of the Windward Development will be preserved as natural open space. Each individual lot
13 has a non-disturbance area of natural or restored natural open space, and landscaped areas require
14 low-water use landscape materials.¹⁴

15 26. According to the Company, because of the hilly terrain in the area, it would not be
16 feasible for RRUI to provide wastewater service to the Windward Development.¹⁵ Additionally, Mr.
17 Garland testified that RRUI’s closest sewer main is approximately two miles away.¹⁶ As such,
18 wastewater service will be through the use of individual septic systems designed for each home and
19 the necessary permits will be obtained from the Santa Cruz County Health Department at the time
20 each home is constructed.¹⁷

21 **The Todd Parcels**

22 27. RRUI also received requests for water service from John Todd who owns four parcels
23 of land in the requested extension area, three of which are administered under trust by Lawyer’s Title
24 and the other is held by the John C. Todd Rev. Trust, all totaling 855 acres (“Todd Parcels”).¹⁸

25 ¹¹ Tr. at 36-37.

26 ¹² Tr. at 30-31; Hearing Exhibit A-1, Application, page 5, and Exhibit 14.

27 ¹³ Tr. at 45.

28 ¹⁴ Tr. at 46-47; Hearing Exhibit A-1, Application, page 5, and Exhibit 15.

¹⁵ Tr. at 16, 39-40.

¹⁶ Tr. at 52.

¹⁷ Tr. at 50-51; Hearing Exhibit A-1, Application, page 5.

¹⁸ Hearing Exhibit A-1, Application Exhibit 1.

1 According to the Company and Windward, Mr. Todd has agreed to provide a 1/4-mile easement
2 across one of the Todd Parcels for placement of the transmission mains necessary to serve the
3 Windward Development. The Company stated that although there are currently no plans to develop
4 the Todd Parcels, they were included in the extension request in order to facilitate the extension of
5 service to the Windward Development.¹⁹

6 28. In its Data Requests, Staff asked the Company to explain why the Todd Parcels should
7 be included in RRUI's certificated area when no development of these four parcels is imminent or
8 projected. According to Staff, RRUI replied that based upon discussions between Windward and Mr.
9 Todd, the decision was made to include the Todd Parcels in the Application for the following
10 reasons:

11 (1) The required main will cross Mr. Todd's property and require an easement; (2)
12 the location of the four [Todd] parcels in relation to [RRUI's] existing CC&N and
13 the requested extension area to include Palo Parado, if granted, would essentially
14 surround Mr. Todd's property, making [RRUI] the logical choice for service once
development occurs; and (3) it would be more economic and efficient for all
parties involved to extend the Company's CC&N in one proceeding rather than in
smaller separate proceedings.²⁰

15 29. Staff noted in its Staff Report that there are no plans to develop the Todd Parcels at
16 this time and, as such, the Application did not provide the information required by A.A.C. R14-2-
17 402(B)(5), regarding the description of the proposed facilities being constructed, the expected
18 revenue and expenses from the service area, a construction timeline or number of customers to be
19 served. Therefore, Staff recommended that the Commission deny extension of RRUI's water service
20 CC&N to the Todd Parcels.

21 30. In its Response to Staff Report, RRUI objected to Staff's recommendation and
22 reiterated its reasons for requesting an extension of its water service CC&N to the Todd Parcels.
23 RRUI stated that the extension would be consistent "with the Commission's policy to encourage
24 operation by regional providers and reducing the number of potential new, smaller water
25 providers."²¹ Nevertheless, RRUI conceded that since there were no concrete development plans for
26 the Todd Parcels, extension of the Company's CC&N to this property would not be consistent with

27 ¹⁹ Tr. at 39; Hearing Exhibit A-1, Application, pages 1-2.

28 ²⁰ Exhibit S-1, Staff Report, page 2.

²¹ Exhibit A-3, Response to Staff Report, page 1.

1 prior Commission Decisions. The Company did not present any further evidence or testimony at
2 hearing supporting its request to include the Todd Parcels in the extension area.

3 31. According to Mr. Miller, although Mr. Todd indicated that he would be disappointed
4 if the Todd Parcels were not included in the CC&N extension at this time, Mr. Todd would still be
5 willing to grant the easement for placement of the transmission main across his property to the
6 Windward Development.²²

7 **Compliance Issues**

8 32. Staff states in its Staff Report that RRUI has not received Arizona Department of
9 Environmental Quality ("ADEQ") Certificates of Approval to Construct the facilities needed to serve
10 the Windward Development.

11 33. RRUI's existing system is regulated by ADEQ under Public Water System I.D. #12-
12 011. Staff states that, based on a Compliance Status Report dated February 24, 2011, the Company's
13 system has no deficiencies and ADEQ has determined that the system is currently delivering water
14 that meets water quality standards required by 40 CFR 141/A.A.C., Title 18, Chapter 4.

15 34. RRUI is located within the Santa Cruz Active Management Area ("AMA") and is
16 subject to AMA reporting and conservation requirements. According to Staff, pursuant to an April
17 28, 2011, ADWR compliance status report, RRUI is in compliance with ADWR requirements
18 governing water providers and/or community water systems.

19 35. Every applicant for a CC&N and/or CC&N extension is required to submit to the
20 Commission evidence showing that the applicant has received the required consent, franchise or
21 permit from the proper authority. If the applicant operates in an unincorporated area, the company
22 must obtain a franchise from the county.

23 36. At hearing, Mr. Garland stated that he was not certain whether the Company's existing
24 Santa Cruz County Franchise Agreement covered the property comprising the requested extension
25 area.²³

26 37. On September 8, 2011, RRUI filed a late-filed exhibit stating that the Company's
27

28 ²² Tr. at 33.

²³ Tr. at 72.

1 current Santa Cruz County Franchise Agreement did not cover the requested extension area. The
2 Company stated that upon Commission approval of its CC&N extension request, it would apply to
3 amend its Santa Cruz County Franchise Agreement to include the appropriate property.

4 38. Staff notes in its Staff Report that in Decision No. 72059, the Commission directed
5 RRUI to submit ten Best Management Practices that substantially conform to the templates available
6 on the Commission's website. According to Staff, the Company submitted its proposed tariff to Staff
7 on June 30, 2011. As of the date of the hearing, Staff was still reviewing RRUI's proposed tariff.

8 39. The Company has an approved Curtailment Tariff and an approved Backflow Tariff
9 on file with the Commission.

10 40. According to Staff, a review of the Commission's Consumer Services database
11 indicates that 30 complaints were filed between January 1, 2008, and April 5, 2011. Staff notes that
12 all customer complaints have been resolved and closed. No opinions were filed regarding the
13 Application.

14 41. Staff states that the proposed rates and charges for the requested extension area are
15 RRUI's current rates and charges established in Decision No. 72059.

16 **Staff Recommendations**

17 42. In its Staff Report, Staff recommends approval of that portion of RRUI's Application
18 regarding extension of the Company's water service CC&N to include the 345-acre Windward
19 Development.

20 43. Staff recommends that RRUI's water service CC&N should not be extended to include
21 the 855 acres comprising the Todd Parcels.

22 44. Staff also recommends that RRUI should file with Docket Control, as a compliance
23 item in this docket, within two years of the effective date of this Decision, a copy of Windward's
24 Certificate of Assured Water Supply demonstrating the availability of adequate water for the
25 Windward Development, where applicable or when required by statute.

26 45. Staff further recommends that RRUI should file with Docket Control, as a compliance
27 item in this docket, within two years of the effective date of this Decision, copies of the Certificates
28 of Approval to Construct for the Windward Development's water system, where applicable or when

1 required by statute.

2 46. At hearing, Staff stated that if RRUI found that the Windward Development is not
3 presently included within RRUI's Santa Cruz County Franchise Agreement, the Company should file
4 with Docket Control, as a compliance item in this docket, within two years of the effective date of
5 this Decision, a copy of the Santa Cruz County Franchise Agreement.²⁴

6 47. Staff further recommends that the Commission's Decision approving an extension of
7 RRUI's CC&N should be considered null and void, after due process, if the Company fails to meet
8 the stated filing requirements within the specified time frames.

9 **Conclusions**

10 48. We find that Staff's recommendation regarding Commission approval of an extension
11 of RRUI's water service CC&N to include the proposed Windward Development is reasonable and
12 shall be adopted.

13 49. The evidence demonstrates that the Company has not provided sufficient information
14 to support an extension of RRUI's water service CC&N to include the Todd Parcels at this time.
15 Accordingly, we find that Staff's recommendation that the Commission should deny Company's
16 request for an extension of its water service CC&N to include the Todd Parcels is reasonable and
17 shall be adopted.

18 50. We further find that Staff's remaining recommendations are reasonable and shall be
19 adopted.

20 **CONCLUSIONS OF LAW**

21 1. RRUI is a public service corporation within the meaning of Article XV of the Arizona
22 Constitution and A.R.S. §§ 40-281 and 40-282.

23 2. The Commission has jurisdiction over RRUI and the subject matter of the Application.

24 3. Notice of the Application was provided in accordance with Arizona law.

25 4. There is a public need and necessity for water service in the area of the proposed
26 Windward Development, as set forth in the legal description attached as Exhibit 'A.'

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28 ²⁴ Tr. at 74.

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IT IS FURTHER ORDERED that this Decision granting the requested CC&N extension for the Windward Development be considered null and void, after due process, should Rio Rico Utilities, Inc. d/b/a Liberty Water fail to meet the above conditions within the times specified.

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: RIO RICO UTILITIES, INC. DBA LIBERTY WATER

2 DOCKET NO.: WS-02676A-11-0134

3 Patrick J. Black
4 FENNEMORE CRAIG, PC
5 3003 North Central Avenue, Suite 2600
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7 Janice Alward, Chief Counsel
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9 ARIZONA CORPORATION COMMISSION
10 1200 West Washington Street
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EXHIBIT A

April 8, 2011
 Psonias 05087-02
 (7WPA058702)

LEGAL DESCRIPTION

A portion of the north one-half of the Luis Maria Baca Land Grant, Float No.3, and lying within theoretical Sections 5, 6, 7 and 8, Township 22 South, Range 13 East, Gila and Salt River Meridian, Santa Cruz County, Arizona, and as monumented in Record of Survey Book 2 at Page 911, records of said Santa Cruz County, described as follows:

BEGINNING at the Seventeen and One-half Mile Marker monument on the west line of said Baca Float No.3 Land Grant as recorded in said Book 2 at Page 911;

THENCE upon the west line of said Land Grant, N 00°21'45" W a distance of 843.79 feet;

THENCE upon the northwesterly boundary line recorded in said Book 2 at Page 911 the following 6 courses and distances:

1) N 38°50'16" E a distance of 438.80 feet;

2) N 37°58'42" E a distance of 382.22 feet;

3) N 37°59'04" E a distance of 592.05 feet;

4) N 25°00'01" E a distance of 170.13 feet;

5) N 25°10'00" E a distance of 655.05 feet;

6) N 26°07'00" E a distance of 310.23 feet to the southwesterly right-of-way of Interstate 19 recorded in A.D.O.T. Plan Drawing No. D-12-T-322 and Docket 206 at Page 571, records of said Santa Cruz County, and lying on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 52°15'30"E;

THENCE upon said southwesterly right-of-way the following 24 courses and distances:

1) Southeasterly upon the arc of said curve, to the left, having a radius of 5924.58 feet and a delta angle of 09°53'19" for an arc length of 1022.52 feet;

2) N 42°22'11" E a distance of 40.00 feet to a point on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 42°29'31" E;

3) Southeasterly upon the arc of said curve, to the left, having a radius of 5884.58 feet and a delta angle of 00°30'29" for an arc length of 52.19 feet;

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- 4) S 48°39'39" E a distance of 152.75 feet;
- 5) S 48°52'32" E a distance of 48.66 feet;
- 6) S 41°05'37" W a distance of 84.89 feet;
- 7) S 48°55'03" E a distance of 249.93 feet;
- 8) S 41°05'22" W a distance of 509.85 feet;
- 9) S 48°52'14" E a distance of 324.76 feet;
- 10) S 89°28'19" E a distance of 230.32 feet;
- 11) N 41°06'12" E a distance of 319.73 feet;
- 12) S 48°54'59" E a distance of 100.06 feet;
- 13) S 48°44'24" E a distance of 100.57 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 41°10'55" W;
- 14) Southeasterly upon the arc of said curve, to the right, having a radius of 7358.44 feet and a delta angle of 01°29'46" for an arc length of 192.14 feet;
- 15) S 42°29'19" W a distance of 54.01 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 42°37'51" W;
- 16) Southeasterly upon the arc of said curve, to the right, having a radius of 7304.44 feet and a delta angle of 01°29'54" for an arc length of 191.01 feet;
- 17) N 44°08'45" E a distance of 64.23 feet to a point on the arc of a non-tangent curve concave southwesterly, from which the radius point bears S 44°04'06" W;
- 18) Southeasterly upon the arc of said curve, to the right, having a radius of 7368.44 feet and a delta angle of 04°03'43" for an arc length of 522.39 feet;
- 19) S 41°51'37" E a distance of 158.26 feet;
- 20) S 47°54'11" W a distance of 35.11 feet;
- 21) S 41°47'01" E a distance of 500.04 feet;
- 22) N 48°50'33" E a distance of 29.28 feet;

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23) S 41°56'53" E a distance of 758.95 feet to a point on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 48°12'00" E;

24) Southeasterly upon the arc of said curve, to the left, having a radius of 11679.16 feet and a delta angle of 00°25'11" for an arc length of 85.56 feet to the most northerly corner of the A.D.O.T. right-of-way parcel recorded in A.D.O.T. Plan Drawing No. D-12-T-342 and Docket 420 at Page 290 and Docket 420 at Page 526, records of said Santa Cruz County;

THENCE upon said right-of-way parcel, S 08°00'59" W a distance of 200.01 feet;

THENCE continue upon said right-of-way parcel, S 42°43'20" E a distance of 204.84 feet;

THENCE continuing upon said right-of-way parcel, N 08°01'12" E a distance of 200.00 feet to the southwesterly right-of-way of Interstate 19 recorded in A.D.O.T. Plan Drawing No. D-12-T-322 and Docket 215 at Page 603, records of said Santa Cruz County, and lying on the arc of a non-tangent curve concave northeasterly, from which the radius point bears N 46°46'31"E;

THENCE southeasterly upon the arc of said curve, to the left, having a radius of 11679.16 feet and a delta angle of 00°17'07" for an arc length of 58.15 feet;

THENCE upon the southeasterly boundary line recorded in said record of survey, Book 2 at Page 911, S 23°22'36" W a distance of 1130.12 feet;

THENCE continue upon said southeasterly boundary line, S 61°40'27" W a distance of 1631.36 feet;

THENCE continue upon said southeasterly boundary line, S 18°59'12" W a distance of 926.23 feet;

THENCE upon the south boundary line recorded in said record of survey, Book 2 at Page 911, N 88°53'53" W a distance of 1476.26 feet;

THENCE upon the westerly boundary line recorded in said record of survey, Book 2 at Page 911, N 14°17'43" E a distance of 1259.04 feet;

THENCE continue upon said westerly boundary line, N 00°35'28" W a distance of 1610.25 feet;

THENCE continue upon said boundary line, N 89°39'23" W a distance of 1359.78 feet to the west line of said Baca Land Grant, Float No. 3;

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THENCE upon said west line, N 00°34'22" W a distance of 1.80 feet;

THENCE continue upon said west line, N 00°18'44" W a distance of 5.14 feet to the closing corner of said Sections 6 and 7 as recorded in said Book 2 at Page 911;

THENCE continuing upon said west line, N 00°22'49" W a distance of 388.41 feet to the POINT OF BEGINNING.

Containing an area of 344.2 Acres, more or less.

See Exhibit B attached hereto and made a part hereof

Prepared By:
Psomas



Expires 3/31/12

Ernest Gomez AZ RLS 27739



SCALE: 1" = 500'

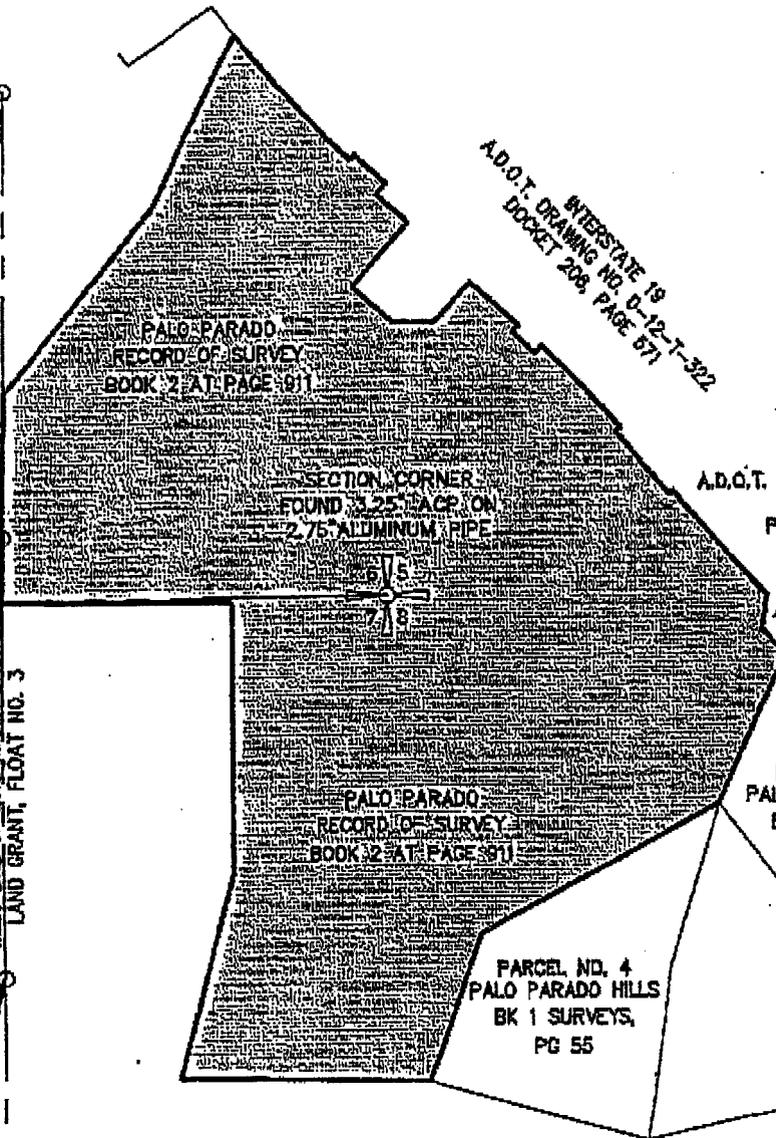
17 MILE MARKER
FOUND 3.75" ACP ON
2.75" ALUMINUM PIPE.

POINT OF BEGINNING
17-1/2 MILE MARKER
FOUND 3.25" ACP ON
2.25" ALUMINUM PIPE.

1/4 CORNER
FOUND 3.25" ACP ON
2.75" ALUMINUM PIPE.

18 MILE MARKER
FOUND 3.25" ACP ON
2.75" ALUMINUM PIPE.

WEST LINE OF LUIS MARIA BACA
LAND GRANT, FLOAT NO. 3



INTERSTATE 19
A.D.O.T. DRAWING NO. D-12-T-392
DOCKET 208, PAGE 571

EXCLUDED PARCEL
A.D.O.T. DRAWING NO. D-12-T-342
DOCKET 420 AT
PAGES 280 AND 528

PALO PARADO HILLS
BK 1 SURVEYS, PG 55

PARCEL NO. 2
PALO PARADO HILLS
BK 1 SURVEYS,
PG 55

PARCEL NO. 4
PALO PARADO HILLS
BK 1 SURVEYS,
PG 55

A PORTION OF THE LUIS MARIA BACA LAND GRANT,
FLOAT NO. 3, AND LYING WITHIN THEORETICAL
SECTIONS 5, 6, 7 & 8, TOWNSHIP 22 SOUTH, RANGE 13 EAST,
GILA & SALT RIVER MERIDIAN, SANTA CRUZ COUNTY, ARIZONA,
AS MONUMENTED IN RECORD OF SURVEY BK. 2 AT PG. 911,
RECORDS OF SAID SANTA CRUZ COUNTY

PSOMAS

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www.psomas.com

05087-D2 (7WPA058702)

DATE: APRIL 2011 • DRAWN BY: EG

DECISION NO. _____