

OPEN MEETING ITEM



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COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH



ARIZONA CORPORATION COMMISSION

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DATE: AUGUST 26, 2014
DOCKET NO.: WS-03478A-10-0523

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

ORIGINAL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Jane L. Rodda. The recommendation has been filed in the form of an Opinion and Order on:

FAR WEST WATER & SEWER, INC.
(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:

SEPTEMBER 4, 2014

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:

SEPTEMBER 9, 2014 and SEPTEMBER 10, 2014

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

AUG 26 2014

DOCKETED BY 


JODI JERICHI
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF
FAR WEST WATER & SEWER, INC. FOR
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY FOR SEWER
SERVICE.

DOCKET NO. WS-03478A-10-0523

DECISION NO. _____

OPINION AND ORDER

DATE OF HEARING: August 7, 2014
PLACE OF HEARING: Tucson, Arizona
ADMINISTRATIVE LAW JUDGE: Jane L. Rodda
APPEARANCES: Craig A. Marks, Craig A. Marks, PLC, on behalf
of Far West Water & Sewer, Inc.; and
Robin Mitchell, Staff Attorney, Arizona
Corporation Commission Legal Division, on
behalf of the Utilities Division.

BY THE COMMISSION:

* * * * *

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

FINDINGS OF FACT

Procedural History

1. On December 30, 2010, Far West Water & Sewer Company, Inc. ("Far West" or
"Company") filed an application with the Commission for an extension of its Certificate of
Convenience and Necessity ("CC&N" or "Certificate") to provide sewer service to a commercial
development in Yuma County known as Fortuna Commons. The Fortuna Commons extension area is
described in Exhibit A, attached hereto. Fortuna Commons is a shopping center on about 20 acres

1 located three miles east of the City of Yuma.¹

2 2. By Procedural Order dated March 4, 2011, a procedural schedule was established and
3 a hearing was set for May 5, 2011.

4 3. On April 7, 2011, Far West docketed a copy of the certified mail receipt for the
5 customer notification mailed to the property owner and an affidavit of publication indicating that the
6 public notice of the hearing was published in the *Yuma Sun* on March 18, 2011 and March 25, 2011.

7 4. On April 15, 2011, the Commission's Utilities Division ("Staff") filed its Staff Report,
8 recommending denial of the extension request because the Company's wastewater treatment plants
9 were not in compliance with Arizona Department of Environmental Quality ("ADEQ") regulations or
10 an ADEQ Consent Order, and concerns over the Company's financial and managerial abilities to
11 provide service in its existing service territory.

12 5. On April 20, 2011, Far West filed a "Motion to Suspend the Procedural Schedule and
13 To Continue Hearing," requesting that the procedural schedule be suspended and that the hearing be
14 continued indefinitely.

15 6. By Procedural Order dated April 20, 2011, the procedural schedule was suspended and
16 Far West was directed to file a status report when the treatment plant to serve the development was
17 operational.

18 7. On December 27, 2011, Far West filed a Status Report indicating that Far West had
19 completed a new force main and upgrades to its Section 14 wastewater treatment plant ("WWTP")
20 and that the moratorium on new hook-ups for wastewater customers who would be served by the
21 Palm Shadows and Section 14 WWTPs was lifted.

22 8. On February 2, 2012, Far West filed a Status Report, which indicated that it had made
23 financial arrangements with Zenon Environmental ("Zenon"), and that Zenon had completed all tasks
24 associated with the upgrades at the Section 14 and Del Oro WWTPs.

25 9. No additional filings were made in this docket until a Procedural Order dated January
26 6, 2014, directed Staff to update the status of this matter.

27

28 ¹ Ex S-1 Staff Report at 1-2.

1 10. On February 7, 2014, Staff filed a Response to the January 6, 2014 Procedural Order.
2 The Response indicated that Staff believes that Far West is in total compliance with ADEQ
3 regulations and orders; that the Company still desires to provide sewer service to Fortuna Commons;
4 and that there are still customers in Fortuna Commons who want that service. Staff recommended
5 that the Commission approve Far West's application to extend its CC&N to provide sewer service to
6 Fortuna Commons, subject to the Company charging its authorized rates and charges in the extension
7 area.

8 11. By Procedural Order dated March 18, 2014, a telephonic Procedural Conference
9 convened on April 2, 2014, for the purpose of re-establishing a procedural schedule in this matter. Far
10 West and Staff appeared through counsel. Far West agreed to file supplemental information in the
11 form of pre-filed testimony to update its application. Staff did not believe its Staff Report, as
12 supplemented by its February 7, 2014 Response, required further update.

13 12. By Procedural Order dated April 10, 2014, the matter was set for hearing on June 5,
14 2014.

15 13. On May 23, 2014, Far West filed a Motion to Continue Hearing because notice of the
16 hearing had not been sent as directed in the June 5, 2014 Procedural Order. By Procedural Order
17 dated May 28, 2014, the hearing was continued, and a Procedural Conference was set for June 5,
18 2014.

19 14. On June 5, 2014, the parties appeared through counsel at a Procedural Conference and
20 discussed the timing of the hearing in this matter and the appropriate dissemination of the public
21 notice for the hearing.

22 15. By Procedural Order dated June 6, 2014, the matter was re-set for hearing on August
23 7, 2014, at the Commission's Tucson offices.

24 16. On July 9, 2014, Far West docketed a copy of the certified mail receipt for the notice
25 sent to the property owner in the extension area, and a copy of the public notice from the *Yuma Sun*
26 indicating that the notice of the hearing was published on June 25, 2014.

27 ...

28 ...

1 17. On July 15, 2014, Far West filed the Direct Testimony of Ray L. Jones. Mr. Jones is a
2 licensed Professional Engineer and Certified Operator, and has been hired by Far West as a
3 consultant to provide engineering and regulatory support services.

4 18. On August 1, 2014, Staff filed the Direct Testimony of Blessing Chukwu addressing
5 the issue of whether the negotiated capacity fee in the Sewer Facilities Extension Agreement
6 (“FXA”) between the Fortuna Commons developer and Far West, or the Commission-approved
7 Hook-up Fee should apply to the extension request. Staff agreed that Far West’s sewer CC&N should
8 be extended to the Fortuna Commons development, but recommended that the Commission-approved
9 Hook-up Fee of \$6,000 apply rather than the \$106,488 negotiated charge established in the FXA.
10 Staff states, however, that it would not object to the charge imposed by the FXA if the Fortuna
11 Commons developer provides a letter confirming that the developer is willing and able to pay the
12 negotiated amount.

13 19. On August 5, 2014, Far West filed a letter from Fortuna Commons Investments, LLC,
14 the developer of the Fortuna Commons shopping center, indicating that the Fortuna Commons
15 developer is ready and willing to pay the \$106,488 fee contained in the FXA in order to pay the
16 development’s proportionate share of Far West’s costs of constructing the off-site improvements
17 required to provide sewer service for the development.

18 20. The hearing convened on August 7, 2014, at the Commission’s Tucson office. Mr.
19 Jones testified for Far West, and Ms. Chukwu and Mr. Jian Liu, testified for Staff.

20 **Background**

21 21. Far West is located in Yuma County, Arizona, and provides wastewater service to
22 approximately 7,800 customers and 15,500 water customers.²

23 22. Far West’s current rates were set in Decision No. 74097 (September 23, 2013). In that
24 Decision, the Commission approved a \$3.3 million revenue increase for the sewer division to be
25 phased-in subject to a number of conditions. One of the conditions required Far West to file
26 documentation that it has satisfied fully the terms of all current Consent Orders with ADEQ and any

27
28 ² Decision No. 74097 (September 23, 2013).

1 other remaining ADEQ compliance issues. In May 2014, Far West satisfied the conditions required
2 for full implementation of the rates authorized in Decision No. 74097.³

3 23. In June 2010, Far West entered into a Consent Judgment with ADEQ which required
4 Far West to: (1) expand its Del Oro, Section 14, and Seasons WWTPs; (2) close its Villa del Rey and
5 Villa Royal WWTPs and direct their flows to the upgraded Del Oro plant; and (3) close the Palm
6 Shadows WWTP and direct its flows to the upgraded Section 14 WWTP.⁴

7 24. By the end of 2011, Far West had: (1) completed Phase 1 of the Section 14 WWTP
8 expansion; (2) closed the Palm Shadows WWTP and directed its flow to the Section 14 WWTP; and
9 (3) completed the initial phase of the Del Oro WWTP expansion. As a result of these completed
10 improvements, on December 27, 2011, ADEQ verified that the hook-up moratorium in place since
11 2006 preventing new connections to the Section 14 and Palm Shadows WWTPs was no longer in
12 effect.⁵

13 25. By the end of 2012, Far West had: (1) made progress in decommissioning the closed
14 Palm Shadows WWTP, including emptying and drying all tanks and ponds and testing soils; (2)
15 completed additional work related to Phase 1 improvements at the Del Oro WWTP; and (3) moved
16 decommissioned treatment facilities from the Del Oro WWTP to the Seasons WWTP, and began
17 construction of the Seasons WWTP expansion.⁶

18 26. Mr. Jones testified that in 2013, Far West worked with ADEQ to resolve past
19 noncompliance within the deadlines contained in the Consent Judgment, and that on October 15,
20 2013, the Consent Judgment was replaced by the First Amended Consent Judgment ("Amended
21 Judgment").⁷ Mr. Jones states that with the issuance of the Amended Judgment, Far West resolved all
22 outstanding compliance issues with ADEQ.⁸

23 27. By the end of 2013, Far West had, in accordance with the terms of the Amended
24 Judgment: (1) completed construction of the Phase 1 improvements to the Del Oro WWTP; (2)

25 _____
26 ³ August 7, 2014 Hearing Transcript ("Tr.") at 47-48.

27 ⁴ Ex A-1 Jones Direct at 3.

28 ⁵ *Id.* at 4.

⁶ *Id.* at 3-4.

⁷ *Id.* at 4.

⁸ *Id.*

1 completed construction of the Seasons WWTP, and (3) submitted an Acquifer Protection Permit
 2 (“APP”) Amendment for the Palm Shadows WWTP to allow use of underground tanks for
 3 emergency storage and closure of the percolation ponds.⁹

4 28. In 2014, in accordance with the terms of the Amended Judgment, Far West has: (1)
 5 submitted as-built drawings and Engineer’s Certificate of Completion for the Del Oro WWTP; (2)
 6 submitted an APP application for the Villa Del Rey WWTP; (3) supplemented the APP application
 7 for the Villa Del Rey WWTP as requested by ADEQ; and (4) supplemented the APP Amendment for
 8 the Palm Shadows WWTP as requested by ADEQ. On April 23, 2014, ADEQ issued the requested
 9 Amendment to the APP for Palm Shadows WWTP.¹⁰

10 29. Mr. Jones testified that Far West is currently in full compliance with the terms and
 11 conditions of the Amended Consent Judgment.¹¹

12 30. In addition to the items included in the Amended Judgment, Far West is working to
 13 improve the operations of its Marwood WWTP. The Marwood plant is approved to treat a monthly
 14 average of 340,000 gallons per day. Over the 15 month period prior to March 2014, the highest
 15 average flow for the Marwood plant was 315,000 gallons per day in January 2014. The Marwood
 16 plant was not included in the Consent Judgment or Amended Judgment, and is operating as designed.
 17 The Marwood plant has no means of disposing the effluent except on the Foothills area golf courses,
 18 but the golf courses cannot consistently accept 315,000 gallons of effluent a day without experiencing
 19 operating issues, including pond overflow, ponding on the golf courses and odor emissions.¹²

20 31. The effluent disposal issue at the Marwood plant caused several ADEQ inspections
 21 and the issuance of a Notice of Violation (“NOV”). Mr. Jones testified that Far West responded fully
 22 to the NOV and has applied for an APP Amendment for the Marwood WWTP for construction of
 23 improvements, and is currently negotiating a Consent Order with ADEQ to resolve all compliance
 24 issues to bring Far West into full compliance with ADEQ.¹³

25 ...

26 ⁹ *Id.*

27 ¹⁰ *Id.*

28 ¹¹ *Id.*

¹² Ex A-1 Jones Dir at 5. Tr. at 29.

¹³ Ex A-1 Jones Dir at 6.

1 32. Far West is addressing the effluent disposal problem at the Marwood plant by
 2 working to divert flows to the Section 14 WWTP.¹⁴ In March 2014, Far West re-routed the influent
 3 from Lift Station 27 to the Section 14 WWTP which reduced the Marwood influent by 35,000 to
 4 40,000 gallons a day. Far West is also working to improve the 40th Street Lift Station, and once the
 5 improvements are complete will be able to divert another approximate 35,000 gallons of influent
 6 from Marwood to the Section 14 WWTP.¹⁵ Far West expects the improvements to the 40th Street Lift
 7 Station to be complete by the end of 2014.¹⁶

8 **The Requested Extension Area- Fortuna Commons**

9 33. Fortuna Commons is a commercial development that is located contiguous to Far
 10 West's current CC&N area. The Fortuna Commons project contains a large grocery store, several
 11 restaurants and other commercial businesses.¹⁷ The project is approximately 70-80 percent built-out.
 12 Currently Fortuna Commons is served by a private septic system.

13 34. Fortuna Commons is expected to have average daily flows of 10,200 gallons.¹⁸

14 35. The flows from Fortuna Commons will be treated at Far West's Section 14 WWTP.¹⁹

15 36. Far West asserts that it has sufficient capacity at its Section 14 wastewater treatment
 16 plant to treat the flows from the requested expansion area,²⁰ and that adding the Fortuna Commons
 17 flow to the Section 14 plant will not impact the Marwood plant.²¹

18 37. Fortuna Commons has requested sewer service from Far West, and in November
 19 2010, executed an FXA with Far West. The Fortuna Commons property owner has installed
 20 privately owned sewer lines to allow connection to Far West's facilities as soon as Far West is
 21 authorized to provide sewer service.

22 ...
 23 ...
 24 _____
 25 ¹⁴ Ex A-1 Jones Dir at 5; Tr. at 16.

26 ¹⁵ Tr. at 16.

27 ¹⁶ Tr. at 29-30.

28 ¹⁷ Ex A-1 Jones Dir at 7; Tr. at 11.

¹⁸ Ex A-1 Jones Dir at 8.

¹⁹ Tr. at 12.

²⁰ Ex A-1 Jones Dir at 5; Tr. at 12-13 and 24. The Section 14 WWTP is permitted to treat up to 681,000 gallons per day ("gpd"), and is expandable to 1.2 million gpd. Tr. at 26-27.

²¹ Ex A-1 Jones Dir at 6; Tr. at 17.

1 38. Far West states that the Fortuna Commons temporary septic system has been omitting
2 strong odors.²² Yuma County wants the Fortuna Commons development to hook up to a sewer
3 system as soon as it can.²³

4 39. As part of its FXA, the Fortuna Commons developer agreed to pay a capacity charge
5 of \$106,488 which is intended to fund the developer's proportionate share of Far West's costs of
6 constructing the Off-site Improvements.

7 **Staff's Position**

8 40. In its February 7, 2014 Status Update, Staff explained that in 2011 when it originally
9 recommended denial of the requested CC&N extension, the Company's wastewater treatment plants
10 were not in compliance with ADEQ regulations or an ADEQ Consent Order.²⁴ Now, Staff favors
11 approving the extension request because ADEQ has informed Staff that Far West has entered into the
12 Amended Judgment and is in compliance with that agreement, and that Far West's wastewater
13 treatment plants were not currently "in violation at a level which ADEQ will take an action"²⁵
14 Staff is satisfied with Far West's progress with respect to ADEQ compliance.²⁶ Further, Staff now
15 finds that Far West's financial condition has improved and that it is making progress paying past
16 obligations.²⁷

17 41. Staff believes that extending Far West's CC&N to include the Fortuna Commons
18 development is in the public interest because of the substantial benefits to the public health and
19 welfare that would result from having this commercial development connected to a sewer system
20 rather than a septic system.²⁸

21 42. In Decision No. 74203 (December 3, 2013), the Commission approved an Off-Site
22 Hook-Up Fee (Water) Tariff and an Off-Site Facilities Hook-Up Fee (Wastewater) Tariff for Far
23 West. The Wastewater Hook-Up Fee ("HUF") Tariff provides a \$1,500 HUF for a 4-inch service
24

25 ²² Ex A-1 Jones Dir at 7; Tr. at 12.

26 ²³ Tr. at 12.

27 ²⁴ In 2011, Staff's alternative recommendation was to issue an Order Preliminary pending Far West filing a notice from
ADEQ that the Company is in total compliance with ADEQ regulations.

28 ²⁵ October 25, 2013 letter to John LeSueur from ADEQ attached to Staff's Response to January 7, 2013 Procedural Order.

²⁶ Tr. at 61 and 73.

²⁷ Tr. at 73-74.

²⁸ Tr. at 68.

1 lateral and a \$6,000 HUF for an 8-inch service lateral, for residential, commercial and industrial
2 connections.²⁹

3 43. In Staff's February 7, 2014 Response, Staff recommended that Far West's application
4 to extend its CC&N be approved subject to the condition that it charge its authorized rates and
5 charges in the extension area. Staff believed that Far West should charge the Fortuna Commons
6 developer a HUF of \$6,000 pursuant to Far West's Tariff rather than the \$106,488 provided for in the
7 FXA.

8 44. Far West disagreed with Staff's recommended condition because the FXA, including
9 the negotiated capacity charge, was entered into prior to the adoption of the HUF Tariff and the larger
10 charge is more equitable to residential customers.³⁰

11 45. Ms. Chukwu testified that Staff would not object to the Company charging Fortuna
12 Commons the negotiated amount of \$106,488 rather than the approved HUF Tariff in this case, if Far
13 West could provide a letter from Fortuna Commons that it is willing and able to pay the negotiated
14 amount.³¹ Ms. Chukwu agreed that Far West has complied with Staff's recommendation by
15 obtaining the August 4, 2014 letter from Fortuna Commons Investment LLC.³²

16 Conclusions

17 46. Far West is in compliance with Commission Orders and its ADEQ Amended
18 Judgment; has made satisfactory progress paying down debts as required by the last rate case order;³³
19 and has improved its financial condition since its most recent rate case. Far West has capacity at its
20 Section 14 WWTP to treat the Fortuna Commons influent, and Yuma County wants the Fortuna
21 Commons development to transition from a septic system to a sewer system as soon as possible. A
22 septic system for a commercial development such as Fortuna Commons which includes a grocery
23

24 ²⁹ RV Park HUFs are assessed on a "per space" basis.

25 ³⁰ Tr. at 35-37, 47 and 77. Far West agrees that for any commercial development already within its CC&N, it would
26 impose the approved HUF charges, but for commercial developments outside its CC&N, a capacity charge based on
27 equivalent residential units should be allowed. Tr. at 17-19. Far West is contemplating how best to bring this issue
28 before the Commission and may wait for the next request for it to expand its CC&N. The Company believes that the
current HUF may deter the Company from expanding its CCN to serve new commercial developments outside of its
CC&N. Tr. at 20.

³¹ Ex S-3 at 3.

³² Tr. at 69.

³³ Tr. at 15.

1 store and restaurants is not a good long-term solution for wastewater treatment. Given the totality of
 2 circumstances, including Far West's ADEQ compliance, the need for Fortuna Commons to connect
 3 to a sewer system, Far West's ability to treat the Fortuna Commons wastewater, and Far West's
 4 improved financial condition and strengthened managerial abilities, it is in the public interest to
 5 extend Far West's CC&N to include the Fortuna Commons development as described in Exhibit A,
 6 attached hereto.

7 47. Far West and Fortuna Commons entered into their FXA in 2010 several years prior to
 8 the adoption of the Commission-approved HUF Tariffs. Mr. Jones explained that the \$106,488
 9 capacity charge was calculated using an equivalent residential unit ("ERU") approach³⁴ The FXA
 10 Fee is equitable to Far West's current customers as well as the Fortuna Commons development and is
 11 a reasonable charge for this development.³⁵ In this case, based on the totality of circumstances,
 12 including that the FXA was entered into prior to the adoption of the HUF Tariff, the developer's
 13 agreement to the FXA charge, the extra operational challenges of treating commercial waste from a
 14 grocery store and restaurants, and the reasonableness of the fee based on the ERU method, it is
 15 reasonable to waive the HUF Tariff in this case, and allow Far West to collect \$106,488 from Fortuna
 16 Commons for off-site facilities as a condition of connecting to the Far West system.

CONCLUSIONS OF LAW

17
 18 1. Far West is a public service corporation within the meaning of Article XV of the
 19 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

20 2. The Commission has jurisdiction over Far West and the subject matter of the
 21 application.

22 3. Notice of the application was provided in accordance with law.

23 4. There is a public need and necessity for sewer service in the proposed extension area
 24 as set forth in Exhibit A.

25

26 ³⁴ Tr. at 9-10. The calculation started with the developers' engineer's estimate of flow from the project, which equates to
 27 54.49 equivalent units. Far West has determined that it costs \$1,954 per equivalent residential unit to construct the off-site
 28 facilities. The FXA fee is \$1,954 x 54.49 ERUs. Far West based its fee on the method approved for Litchfield Park
 Service Co. HUF. Tr. at 13.

³⁵ If the HUF had been in place at the time Far West was negotiating with Fortuna Commons, Far West probably would
 have required separate sewer connections for each business in the development. Tr. at 35-56.

1 SERVICE LIST FOR:

FAR WEST WATER & SEWER, INC.

2 DOCKET NO.:

WS-034⁷8A-10-0523

3

4 Mr. Craig Marks
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7 Suite 200-767
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9 1200 West Washington Street
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10 Mr. Steve Olea, Director
11 Utilities Division

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12 1200 West Washington Street
12 Phoenix, Arizona 85007

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EXHIBIT A

LEGAL DESCRIPTION
PARCEL 1

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South $00^{\circ}01'55''$ East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence North $89^{\circ}59'18''$ East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road and the TRUE POINT OF BEGINNING;

Thence North $00^{\circ}01'55''$ West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North $89^{\circ}59'18''$ East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet;

Thence North $00^{\circ}01'55''$ West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North $44^{\circ}59'30''$ East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South $45^{\circ}00'30''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $08^{\circ}27'38''$ an arc distance of 134.66 feet;

Thence South $36^{\circ}32'51''$ East a distance of 12.64 feet to the beginning of a curve concave southwesterly having a radial bearing of South $53^{\circ}27'09''$ West;

Thence southeasterly along said curve, concave southwesterly of radius 100.00 feet through a central angle of $36^{\circ}31'59''$ an arc distance of 63.76 feet;

Thence South $00^{\circ}00'52''$ East a distance of 280.10 feet;

Thence North 89°59'08" East a distance of 186.00 feet;

Thence South 00°00'52" East a distance of 6.67 feet;

Thence North 89°59'08" East a distance of 135.71 feet;

Thence North 00°00'52" West a distance of 32.00 feet;

Thence North 89°59'08" East a distance of 243.50 feet to a point on the East line of the Northwest quarter of the Northwest quarter of said Section 8;

Thence South 00°00'52" East along the East line of the Northwest quarter of the Northwest quarter of said Section 8 distance of 677.33 feet to the southeast corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence South 89°59'18" West along said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 1269.05 feet to the TRUE POINT OF BEGINNING;

Said parcel contains 12.9556 acres, more or less.

**LEGAL DESCRIPTION
PARCEL 2**

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South $00^{\circ}01'55''$ East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence North $89^{\circ}59'18''$ East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North $00^{\circ}01'55''$ West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North $89^{\circ}59'18''$ East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet;

Thence North $00^{\circ}01'55''$ West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North $44^{\circ}59'30''$ East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South $45^{\circ}00'30''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $08^{\circ}27'38''$ an arc distance of 134.66 feet;

Thence South $36^{\circ}32'51''$ East a distance of 12.64 feet to the beginning of a curve concave southwesterly having a radial bearing of South $53^{\circ}27'09''$ West;

Thence southeasterly along said curve, concave southwesterly of radius 100.00 feet through a central angle of $36^{\circ}31'59''$ an arc distance of 63.76 feet;

Thence South $00^{\circ}00'52''$ East a distance of 120.10 feet to the TRUE POINT OF BEGINNING;

08038 parcel 2 legal.doc

DECISION NO. _____

Thence North 89°59'08" East a distance of 82.12 feet;

Thence North 00°00'52" West a distance of 32.00 feet;

Thence North 89°59'08" East a distance of 104.00 feet;

Thence North 00°00'52" West a distance of 59.20 feet;

Thence North 89°59'08" East a distance of 139.33 feet;

Thence North 00°00'52" West a distance of 105.00 feet;

Thence North 89°59'08" East a distance of 32.00 feet;

Thence South 00°00'52" East a distance of 9.00 feet;

Thence North 89°59'08" East a distance of 32.00 feet;

Thence South 00°00'52" East a distance of 32.00 feet;

Thence North 89°59'08" East a distance of 175.76 feet to a point on the East line of the Northwest quarter of the Northwest quarter of said Section 8;

Thence South 00°00'52" East along the East line of the Northwest quarter of the Northwest quarter of said Section 8 distance of 289.86 feet;

Thence South 89°59'08" West a distance of 243.50 feet;

Thence South 00°00'52" East a distance of 32.00 feet;

Thence South 89°59'08" West a distance of 135.71 feet;

Thence North 00°00'52" West a distance of 6.67 feet;

Thence South 89°59'08" West a distance of 186.00 feet;

Thence North 00°00'52" West a distance of 160.00 feet to the TRUE POINT OF BEGINNING;

Said parcel contains 3.2312 acres, more or less.

**LEGAL DESCRIPTION
PARCEL 3**

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South $00^{\circ}01'55''$ East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence North $89^{\circ}59'18''$ East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North $00^{\circ}01'55''$ West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North $89^{\circ}59'18''$ East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet;

Thence North $00^{\circ}01'55''$ West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North $44^{\circ}59'30''$ East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South $45^{\circ}00'30''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $08^{\circ}27'38''$ an arc distance of 134.66 feet to the TRUE POINT OF BEGINNING;

Thence continuing along said South Right-of-Way line of South Frontage Road and said curve, concave southeasterly having a radial bearing of South $36^{\circ}32'51''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $14^{\circ}18'26''$ an arc distance of 227.72 feet;

Thence South $23^{\circ}10'15''$ East a distance of 21.70 feet to the beginning of a curve concave southeasterly having a radial bearing of South $66^{\circ}49'45''$ West;

Thence southeasterly along said curve, concave southwesterly of radius 85.00 feet through a central angle of $23^{\circ}09'23''$ an arc distance of 34.35 feet;

Thence South $00^{\circ}00'52''$ East a distance of 215.83 feet;

Thence South $89^{\circ}59'08''$ West a distance of 104.00 feet;

Thence South $00^{\circ}00'52''$ East a distance of 32.00 feet;

Thence South $89^{\circ}59'08''$ West a distance of 82.12 feet;

Thence North $00^{\circ}00'52''$ West a distance of 120.10 feet to the beginning of a curve concave southwesterly having a radial bearing of South $89^{\circ}59'08''$ West;

Thence northwesterly along said curve, concave southwesterly of radius 100.00 feet through a central angle of $36^{\circ}31'59''$ an arc distance of 63.76 feet;

Thence North $36^{\circ}32'51''$ West a distance of 12.64 feet to a point on the South Right-of-Way line of South Frontage Road and the TRUE POINT OF BEGINNING;

Said parcel contains 1.0589 acres, more or less.

**LEGAL DESCRIPTION
PARCEL 4**

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South $00^{\circ}01'55''$ East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence North $89^{\circ}59'18''$ East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North $00^{\circ}01'55''$ West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North $89^{\circ}59'18''$ East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet;

Thence North $00^{\circ}01'55''$ West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North $44^{\circ}59'30''$ East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South $45^{\circ}00'30''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $22^{\circ}46'04''$ an arc distance of 362.38 feet to the TRUE POINT OF BEGINNING;

Thence continuing along said South Right-of-Way line of South Frontage Road and said curve, concave southeasterly having a radial bearing of South $22^{\circ}14'26''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $10^{\circ}41'45''$ an arc distance of 170.24 feet;

Thence South $06^{\circ}39'25''$ East a distance of 58.60 feet;

Thence South $27^{\circ}31'41''$ East a distance of 37.38 feet;

Thence South $00^{\circ}00'52''$ East a distance of 63.00 feet;

Thence South $89^{\circ}59'08''$ West a distance of 32.00 feet;

Thence South $00^{\circ}00'52''$ East a distance of 105.00 feet;

Thence South $89^{\circ}59'08''$ West a distance of 139.33 feet;

Thence North $00^{\circ}00'52''$ East a distance of 156.63 feet to the beginning of a curve concave southwesterly having a radial bearing of South $89^{\circ}59'08''$ West;

Thence northwesterly along said curve, concave southwesterly of radius 85.00 feet through a central angle of $23^{\circ}09'23''$ an arc distance of 34.35 feet;

Thence North $23^{\circ}10'15''$ West a distance of 21.70 feet to a point on the South Right-of-Way line of South Frontage Road and the TRUE POINT OF BEGINNING;

Said parcel contains 0.8513 acres, more or less.

**LEGAL DESCRIPTION
PARCEL 5**

That portion of the Northwest quarter of Section 8, Township 9 South, Range 21 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona, more particularly described as follows:

Beginning at the northwest corner of said Section 8;

Thence South $00^{\circ}01'55''$ East along the West line of said Section 8 a distance of 1320.09 feet to the southwest corner of the Northwest quarter of the Northwest quarter of said Section 8;

Thence North $89^{\circ}59'18''$ East along the South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 50.00 feet to a point on the East Right-of-Way line of Fortuna Road;

Thence North $00^{\circ}01'55''$ West along said East Right-of-Way line of Fortuna Road parallel with and 50.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 60.00 feet;

Thence North $89^{\circ}59'18''$ East parallel with and 60.00 feet northerly of said South line of the Northwest quarter of the Northwest quarter of said Section 8 a distance of 537.00 feet;

Thence North $00^{\circ}01'55''$ West parallel with and 587.00 feet easterly of the West line of the Northwest quarter of said Section 8 a distance of 815.88 feet to a point on the South Right-of-Way line of South Frontage Road;

Thence North $44^{\circ}59'30''$ East along said South Right-of-Way line of South Frontage Road a distance of 53.77 feet to the beginning of a curve, concave southeasterly having a radial bearing of South $45^{\circ}00'30''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $33^{\circ}27'49''$ an arc distance of 532.62 feet to the TRUE POINT OF BEGINNING;

Thence continuing along said South Right-of-Way line of South Frontage Road and said curve, concave southeasterly having a radial bearing of South $11^{\circ}32'41''$ East;

Thence northeasterly along said curve, concave southeasterly, of radius 911.93 feet through a central angle of $10^{\circ}22'57''$ an arc distance of 165.25 feet;

Thence North 88°50'16" East a distance of 67.80 feet to a point on the East line of the Northwest quarter of the Northwest quarter of said Section 8;

Thence South 00°00'52" East along the East line of the Northwest quarter of the Northwest quarter of said Section 8 distance of 214.94 feet;

Thence South 89°59'08" West a distance of 175.76 feet;

Thence North 00°00'52" West a distance of 32.00 feet;

Thence South 89°59'08" West a distance of 32.00 feet;

Thence North 00°00'52" West a distance of 72.00 feet;

Thence North 27°31'41" West a distance of 37.38 feet;

Thence North 06°39'25" West a distance of 58.60 feet to a point on the South Right-of-Way line of South Frontage Road and the TRUE POINT OF BEGINNING;

Said parcel contains 1.0156 acres, more or less.