

December 2014

Gila County Board of Supervisors  
1400 East Ash Street  
Globe, AZ 85501

TO THE HONORABLE BOARD OF SUPERVISORS:

The Bonita Creek Land and Homeowners Association has provided the Bonita Creek Community water service under the order and rules of the Arizona Corporation Commission for the past 23 years with an existing Certificate of Convenience and Necessity that was transferred from the prior water provider.

The Bonita Creek Land and Homeowners Association petitions your body for acceptance of our application for a 15 year Water Utility Franchise License to maintain and operate the water distribution system within the Certificate area.

It is unclear as to if the Water Franchise was ever transferred to the Bonita Creek Land and Homeowners Association back in 1992, thus the following is an application for a Water Franchise License. Please advise as to if any additional information or documents are requested to support the issuing of a Franchise and how to proceed. We shall look forward to hearing from you.

Sincerely,



WATER DIRECTOR

To: Gila County Board of Supervisors

Application for Water Franchise License

(1) Name, address and telephone contacts of the applicant:

**Bonita Creek Land and Homeowners Association.**

**251 N. Big Al's Run**

**Payson, AZ 85541**

**Betty McRae – President phone: (480) 991-1017 Email bmcrae38@gmail.com**

**Ken Nagy – Water Director phone: (928) 978-7633 Email knagy1955@gmail.com**

**The Bonita Creek Land and Homeowners Association is a corporation formed in October 1990 for the primary purpose of owning and operating the Bonita Creek Water company.**

**See Exhibit A, 2013 annual report filed with the Arizona Corporation Commission.**

(2) Statement of ownership interest with respect to the proposed License:

**A Certificate of Convenience and Necessity was originally issued by the Arizona Corporation Commission to L. Himelstein and M. Bochat, DEA Rancho Bonita Water Company (Decision 29758 on July 18, 1956), was transferred to United Utilities when it acquired the utility (Decision No. 38200, December 9, 1965), transferred to Putnam-Graham Properties when it purchased the assets and changed the utility's name to Bonita Water Company (Decision No. 42274, August 4, 1972) and finally selling all assets and transferring the Certificate to Bonita Creek Land and Homeowner's Association (Decision No. 57390, May 22, 1991) See Exhibit B. ACC Decision No. 57390.**

**The Bonita Creek Land and Homeowner's Association is the sole owner and operator of the Bonita Water Company.**

(3) Financial statements showing ability to complete construction, installation and operate the business:

**Construction and installation is complete. For operational financial balance sheet, see the most recent Annual Report (Utilities / Water) filed for year ending 12/31/2013 with the Arizona Corporation Commission. See Exhibit A**

(4) Map showing service area of water system:

**The legal description of the service area for the Certificate of Convenience and Necessity is contained in the original certificate issued in the ACC Decision 29758. Described as the South Half (S½) of the Southeast Quarter (SE¼) and the Northeast Quarter (NE¼) of the Southeast Quarter (SE¼) of Section 31, and the Northwest Quarter (NW¼) of the Southwest Quarter (SW¼) of Section 32, Township 12 North, Range 11 East Gila County, Arizona. See Exhibit C ACC Decision 29758.** *see exhibit D.*

**Map showing water distribution lines and water system is attached as Exhibit D.**

**The Bonita Creek Water system water supply is from Bonita Creek and does not own or draw any water from wells. The Bonita Creek Water system has always drawn surface water from Bonita Creek since 1956.**

(5) Line extension policy with terms and conditions under which services will be provided:

**The rates are governed by the Arizona Corporation Commission. The ACC Decision 59548 is the current rate schedule for the Bonita Creek Land and Homeowners Association water system.**

**See Exhibit E ACC Decision 59548.**

(6) Proposed construction time schedule:

**The water distribution system is complete. The final phase for the Bonita Creek Unit II Main Line Extension Agreement was approved by the Arizona Corporation Commission on July 30<sup>th</sup> 2012 and was installed under Gila County Right of Way permit P1207-043 in 2012.**

(7) Type and capacity of business operated by the applicant:

**The Bonita Creek Land and Homeowners Association was incorporated for the primary purpose to acquire and operate the Bonita Creek Water Company that was in a non-functional state following the damage done from the Dude fire in the summer of 1990. The Bonita Creek Water Company is a small system that currently services less than 50 customers with a potential maximum number of lots within the area of 150, of which several would likely never request water service. Membership in the Bonita Creek Land and Homeowners Association is strictly voluntary by the each property owner.**

**See Exhibit F Articles of Incorporation**

(8) Description of all previous experience of the applicant in providing service:

**The Bonita Creek Land and Homeowners Association has been successfully operating the water system servicing the Bonita Creek community for 23 years, since 1991. The operation of the water system is in compliance with the Arizona Department of Environmental Quality (ADEQ) which sets the requirements for water systems. The system is operated by contracted operators with ADEQ Grade 2 water operator and water distribution certifications.**

(9) Other details pertinent to the subject matter:

**The Bonita Creek Land and Homeowners Association was granted approval to transfer the water franchise held by Rancho Bonita Water Company to operate the community water system in Bonita Creek by the Gila County Board of Supervisors by Resolution No. 92-2-1 on February 11<sup>th</sup>, 1992.**

**See Exhibit G. Gila County Resolution No. 92-2-1**

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

Bonita Creek Land and Homeowners' Association  
251 Big Al's Run  
Payson, AZ 85541

**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2013
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FOR COMMISSION USE

ANN 04	13
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**COMPANY INFORMATION**

<b>Company Name (Business Name)</b> <u>Bonita Creek Land and Homeowners' Association</u>		
<b>Mailing Address</b> <u>251 Big Al's Run</u>		
<small>Payson</small>	<small>AZ</small>	<small>85541</small>
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<b>623-628-5720</b>		
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>
<b>Email Address</b> <u>justme.3@juno.com</u>		
<b>Local Office Mailing Address</b> <u>SAA</u>		
<small>(Street)</small>		
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<b>602-549-2628- Betty McCrae- President</b>		
<small>Local Office Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>
<b>Email Address</b> <u>bmcrae38@gmail.com</u>		

**MANAGEMENT INFORMATION**

<input type="checkbox"/> <b>Regulatory Contact:</b>			
<input checked="" type="checkbox"/> <b>Management Contact:</b>			
	<u>Ken Nagy</u>	<u>Water Director</u>	
	<small>(Name)</small>	<small>(Title)</small>	
<u>112 N Big Al's Run</u>	<u>Payson</u>	<u>AZ</u>	<u>85541</u>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<b>480-789-0503</b>			
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
<b>Email Address</b> <u>knagy1955@gmail.com</u>			
<b>On Site Manager:</b> <u>Doyle Warner</u>			
	<small>(Name)</small>		
<u>352 N Myrtle Pt. Trl.</u>	<u>Payson</u>	<u>AZ</u>	<u>85541</u>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<b>928-978-5620</b>			
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Cell No. (Include Area Code)</small>	
<b>Email Address</b> <u>doylewarner@yahoo.com</u>			

**Statutory Agent:** Susan Sattelmaier  
(Name)

152 N Big Al's Run Payson AZ 85541  
(Street) (City) (State) (Zip)

623-628-5720  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Attorney:** \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street) (City) (State) (Zip)

\_\_\_\_\_  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**OWNERSHIP INFORMATION**

Check the following box that applies to your company:

Sole Proprietor (S)                       C Corporation (C) (Other than Association/Co-op)

Partnership (P)                               Subchapter S Corporation (Z)

Bankruptcy (B)                                 Association/Co-op (A)

Receivership (R)                               Limited Liability Company

Other (Describe) \_\_\_\_\_

**COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

APACHE                       COCHISE                       COCONINO

GILA                               GRAHAM                       GREENLEE

LA PAZ                               MARICOPA                       MOHAVE

NAVAJO                               PIMA                               PINAL

SANTA CRUZ                       YAVAPAI                       YUMA

STATEWIDE

COMPANY NAME Bonita Creek Land and Homeowners' Association

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	207	207	0
302	Franchises	45,509	885	44,624
303	Land and Land Rights			
304	Structures and Improvements	14,061	14,061	0
307	Wells and Springs			
311	Pumping Equipment	6,034	4,028	2,006
320	Water Treatment Equipment	7,285	6,363	921
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs and Standpipes	1,183	1,132	51
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	2,959	2,324	635
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	245	168	77
340.1	Computers & Software	697	697	0
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	871	648	223
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>79,051</b>	<b>30,306</b>	<b>48,537</b>

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME	Bonita Creek Land and Homeowners' Association
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**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	207	0	0
302	Franchises	45,509	45	179
303	Land and Land Rights			
304	Structures and Improvements	14,061	7	549
307	Wells and Springs			
311	Pumping Equipment	3352	7	235
320	Water Treatment Equipment	6098	5	304
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs and Standpipes	1026	7	72
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	2122	7	149
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	139	7	10
340.1	Computers & Software	697	0	0
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	505	7	35
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>72,973</b>		<b>1533</b>

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

<b>COMPANY NAME</b>	Bonita Creek Land and Homeowners' Association
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**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>	16908	17,783
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$	\$
		16,908	17,783
	<b>FIXED ASSETS</b>	34,351	66,320
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	28,017	30,306
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$	\$
		6,334	36,014
	<b>TOTAL ASSETS</b>	\$23,242	\$66,320

**NOTE:** The Assets on this page should be equal to Total Liabilities and Capital on the following page.

<b>COMPANY NAME</b>	Bonita Creek Land and Homeowners' Association
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**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$	\$
	<b>LONG-TERM DEBT (Over 12 Months)</b>	0	45,509
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>	2,805	1,002
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	22,709	20,057
218	Proprietary Capital (Sole Props and Partnerships)	-2,272	-248
	<b>TOTAL CAPITAL</b>	\$	\$
		23,242	
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$23,242</b>	<b>\$66,320</b>

COMPANY NAME Bonita Creek Land and Homeowners' Association

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 22,337	\$ 23,008
460	Unmetered Water Revenue		6,730
474	Other Water Revenues		545
	<b>TOTAL REVENUES</b>	\$ 22,337	\$ 30,283
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	812	791
618	Chemicals	277	93
620	Repairs and Maintenance	2,193	5,191
621	Office Supplies and Expense	643	166
630	Outside Services	13,528	15,524
635	Water Testing	250	240
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	2,310	2,310
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	1,988	3176
408	Taxes Other Than Income	1,536	1,456
408.11	Property Taxes	1,027	1,036
409	Income Tax	45	50
	<b>TOTAL OPERATING EXPENSES</b>	\$ 24,609	\$ 30,035
	<b>OPERATING INCOME/(LOSS)</b>	\$ -2,272	\$ -248
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$	\$
	<b>NET INCOME/(LOSS)</b>	\$ -2,272	\$ -248



<b>COMPANY NAME</b> Bonita Creek Land and Homeowners' Association
<b>Name of System:</b> <i>BC Water Co</i> <b>ADEQ Public Water System Number:</b> <i>55-030</i>

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
NA						

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Spring Fed Creek	700-1200 acre ft per year	NA

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
2.0	1		
2.0 standby	1		
2" flushing valves	3		
3/4" flushing valves	8		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000 gallons	2		

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME</b> Bonita Creek Land and Homeowners' Association
<b>Name of System:</b> <i>Bonita Water Co</i> <b>ADEQ Public Water System Number:</b> <i>55-030</i>

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC & Steel	5,100
3	PVC & Steel	6,600
4		
5		
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	48
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

**TREATMENT EQUIPMENT:**

1- Chemical purporting pump: 1- Alum Sulfate Sodium hypochlorite; 3-pressure filters (mixed media and sand);

UV filter: HACH turbidity meter 1720C

**STRUCTURES:**

1 10' x 12' shed for storage

1 security fence

1 water treatment plant building with chemical and filter

**OTHER:**

20 5/8 x 3/4 meters- not installed

10 5/8 x 3/4 meters- installed

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME: Bonita Creek Land and Homeowners; Association

Name of System: Bonita Water Co ADEQ Public Water System Number: 55-030

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2013**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	37	48030	51100	
FEBRUARY	38	40960	62500	
MARCH	38	29270	69700	
APRIL	38	42518	90200	
MAY	40	40816	84700	
JUNE	40	69080	87880	
JULY	42	60857	78600	
AUGUST	42	54275	141300	
SEPTEMBER	43	47288	91900	
OCTOBER	43	100330	111500	
NOVEMBER	43	31740	47200	
DECEMBER	43	24530	49300	
TOTALS →		589694	965880	

What is the level of arsenic for each well on your system? NA mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? NA GPM for \_\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
 Yes      ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes       No

If yes, provide the GPCPD amount: \_\_\_\_\_

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

Bonita Creek Water Cooperative System Analysis

Month	Hours	Gallons Pumped	Gallons Sold					Total Customers
Jan-13	41.4	51100	48030	0	0	0	0	37
Feb-13	55.5	62500	40960	0	0	0	0	38
Mar-13	54.5	69700	29270	0	0	0	0	38
Apr-13	72	90200	42518	0	0	0	0	38
May-13	65	84700	40816	0	0	0	0	40
Jun-13	67.6	87880	69080	0	0	0	0	40
Jul-13	64.5	78600	60857	0	0	0	0	42
Aug-13	116.8	141300	54275	0	0	0	0	42
Sep-13	71.3	91900	47288	0	0	0	0	43
Oct-13	95	111500	100330	0	0	0	0	43
Nov-13	43.4	47200	31740	0	0	0	0	43
Dec-13	44.3	49300	24530	0	0	0	0	43
		965880	589694	0	0	0	0	

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**VERIFICATION**

STATE OF Arizona  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) Gila	
NAME (OWNER OR OFFICIAL) TITLE <u>Susan Sattelmayer Treasurer</u>	
COMPANY NAME Bonita Creek Land and Homeowners' Association	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2013

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Susan Sattelmayer

SIGNATURE OF OWNER OR OFFICIAL

623-628-5720

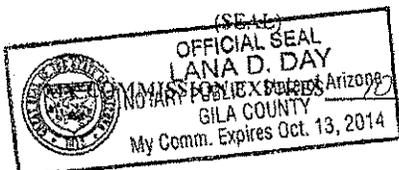
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 17 DAY OF

COUNTY NAME <u>Gila</u>	
MONTH <u>July</u>	YEAR <u>2014</u>



[Signature]

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Bonita Creek Land and Homeowners' Association

YEAR ENDING 12/31/2013

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported 30,282.94  
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 30,282.94  
Estimated or Actual State Tax Liability 50.00

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances NA  
Amount of Gross-Up Tax Collected NA  
Total Grossed-Up Contributions/Advances NA

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Susan Sattelmaier  
SIGNATURE

April 15, 2014  
DATE

Susan Sattelmaier  
PRINTED NAME

Treasurer  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF Arizona

**I, THE UNDERSIGNED  
OF THE**

<small>COUNTY OF (COUNTY NAME)</small>	Gila
<small>NAME (OWNER OR OFFICIAL) TITLE</small>	Susan Sattelmaier, Treasurer
<small>COMPANY NAME</small>	Bonita Creek Land and Homeowners' Association

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
12	31	2013

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2013 WAS:**

<small>Arizona Intrastate Gross Operating Revenues Only (\$)</small>
\$ <u>30,282.94</u>

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 1457.72  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS  DAY OF

<small>COUNTY NAME</small>	
<small>MONTH</small>	.20__

(SEAL)

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES \_\_\_\_\_

ARIZONA DEPARTMENT OF REVENUE  
 CENTRALLY VALUED PROPERTIES SYSTEM  
 STATEMENT OF ORIGINAL COST - PER BALANCE SHEET

PS1221

TAXPAYER NAME	TRANS CODE	TRANS TP	TRANS CL-NUM	TRANS A	TRANS CO AREA	TRANS ACTION CODE	CURRENT YEAR BLDG & STRUCTURES	CURRENT YEAR PERSONAL PROP BLDG & STRUCTURES	PREVIOUS YEAR PERSONAL PROP	PREVIOUS YEAR & CHANGE
BONITA CREEK LAND AND HOMEOWNERS ASSOCIATION JACK HELZER	30		55-030		04	1000	14,256	14,256	20,095	20,095
COUNTY TOTAL					04		14,256	14,256	20,095	20,095
TAXPAYER TOTAL			55-030				14,256	14,256	20,095	20,095

**Bonita Water Company**  
**Balance Sheet**  
 As of December 31, 2013

	Dec 31, 13
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Chase Checking-9041	17,783.37
Total Checking/Savings	17,783.37
Total Current Assets	17,783.37
Fixed Assets	
302 Main Line Extensions	
Less Accum Deprec	-885.00
302 Main Line Extensions - Other	45,508.93
Total 302 Main Line Extensions	44,623.93
304 Structures	
Less Accum Deprec	-14,061.13
304 Structures - Other	14,061.13
Total 304 Structures	0.00
311 Pumping Equipment	
Less Accum Deprec	-4,028.26
311 Pumping Equipment - Other	6,034.06
Total 311 Pumping Equipment	2,005.80
320 Water Treatment	
Less Accum Deprec	-6,363.17
320 Water Treatment - Other	7,284.55
Total 320 Water Treatment	921.38
330 Standpipe	
Less Accum Deprec	-1,132.15
330 Standpipe - Other	1,183.15
Total 330 Standpipe	51.00
334 Meters	
Less Accum Deprec	-2,324.15
334 Meters - Other	2,959.07
Total 334 Meters	634.92
340 Office Equipment	
Less Accum Deprec	-167.55
340 Office Equipment - Other	244.80
Total 340 Office Equipment	77.25
342 Computer Software	
Less Accum Deprec	-696.84
342 Computer Software - Other	696.84
Total 342 Computer Software	0.00
343 Tools	
Less Accum Deprec	-647.75
343 Tools - Other	870.75
Total 343 Tools	223.00
Total Fixed Assets	48,537.28
Other Assets	
301 Organization	207.00
302 Accum Amortization	-207.00
Total Other Assets	0.00
<b>TOTAL ASSETS</b>	<b>66,320.65</b>

BEFORE THE ARIZONA CORPORATION COMMISSION

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MARCIA WEEKS  
CHAIRMAN  
RENZ D. JENNINGS  
COMMISSIONER  
DALE H. MORGAN  
COMMISSIONER

IN THE MATTER OF THE APPLICATION )  
OF PUTMAN-GRAHAM PROPERTIES, dba )  
BONITA WATER COMPANY, TRANSFEROR, )  
AND BONITA CREEK LAND AND HOME- )  
OWNERS'S ASSOCIATION, TRANSFEREE )  
FOR APPROVAL OF THE SALE OF )  
UTILITY ASSETS AND TRANSFER OF THE )  
CERTIFICATE OF CONVENIENCE AND )  
NECESSITY. )

DOCKET NO. U-2195-90-355  
DECISION NO. 57390

ORDER Arizona Corporation Commission  
DOCKETED  
MAY 22 1991

Open Meeting  
May 22, 1991  
Phoenix, Arizona

BY THE COMMISSION:

DOCKETED BY 

FINDINGS OF FACT

1. Pursuant to the authority granted by the Arizona Corporation Commission ("Commission") in Decision No. 29758 (July 18, 1956) Putman-Graham Properties dba Bonita Water Company ("Bonita") holds a Certificate of Public Convenience and Necessity ("Certificate") in order to provide public water utility service in an area northeast of Payson, Gila County, Arizona.<sup>1</sup>

2. In September, 1989 Bonita began the process of selling its assets and transferring its Certificate to United Utilities, Inc.

<sup>1</sup> Although Bonita previously served 47 customers, in the summer of 1990 the "Dude Fire" destroyed all of the residences in the certificated area except one. Bonita's utility plant was also destroyed except for its underground facilities. Under these circumstances, Bonita has elected to withdraw from the utility business. However, some of the landowners have rebuilt their residences and are already receiving service and some will require service in the near future from the system as their homes are rebuilt.

1 ("United"), but with the fire in the summer of 1990, United withdrew  
2 from the transaction.

3 3. On October 3, 1990, the Bonita Creek Land and Homeowner's  
4 Association ("Homeowners"), a non-profit corporation, was  
5 incorporated in Arizona and its board of directors voted to acquire  
6 Bonita's assets.

7 4. Homeowners was formed to promote community awareness in  
8 the Bonita Creek and Bonita Creek Ranch Subdivisions and to acquire  
9 Bonita's assets in order to rebuild the system for the use of the  
10 landowners within Bonita's certificated area.

11 5. On December 11, 1990, Bonita filed an application for  
12 approval of the sale of Bonita's assets and transfer of its  
13 Certificate to Homeowners.

14 6. On February 27, 1991, Bonita conveyed all of its assets  
15 including its Certificate to Homeowners for \$1 and other valuable  
16 consideration.

17 7. Bonita does not have any unrefunded security deposits or  
18 main extension agreements.

19 8. In order to rebuild Bonita's system, Homeowners will be  
20 receiving funds from the Division of Emergency Services of the  
21 Arizona Department of Emergency and Military Affairs.

22 9. On March 26, 1991, notice of the proposed sale was mailed  
23 to each of Bonita's former customers and some inquiries have been  
24 filed concerning the transaction.

25 10. At the present time, Staff is unable to determine the  
26 current net book value of the assets being transferred and will  
27 defer, until the next base rate proceeding, the completion of a  
28

1 plant inventory in order to determine whether an acquisition  
2 adjustment is necessary.

3 11. The Commission in Decision No. 56048 (July 13, 1988)  
4 ordered Bonita: to begin making refunds of \$3,300 which it had  
5 collected for meter and service line installations from a number of  
6 its former customers; and to complete the installation of meters for  
7 the 14 remaining customers who did not have meters at that time  
8 within 10 months of the effective date of that Decision.

9 12. Pursuant to Decision No. 56048, the 14 remaining unmetered  
10 customers' meters were to be financed with a \$10 per month surcharge  
11 for 10 months with said funds to be deposited in a separate bank  
12 account and treated as a refundable advance in accordance with  
13 A.A.C. R14-2-405(B) (2).

14 13. Bonita has failed to comply with Decision No. 56048 by  
15 failing to refund the \$3,300 and by failing to meter the 14 former  
16 customers' residences.

17 14. Staff has recommended that: Homeowners should be required  
18 to complete the installation of the 14 meters by charging a one-time  
19 \$100 fee that should be considered non-refundable in lieu of the 10-  
20 month surcharge; Homeowners should not be required to refund the  
21 \$3,300 that was Bonita's responsibility; Bonita should not be  
22 required to refund the \$3,300 for meter and service line advances  
23 either since these assets have been transferred to Homeowners along  
24 with Bonita's other assets for \$1; the Commission should rescind the  
25 refund requirement ordered in Decision No. 56048; the old customer  
26 and the new customer meter and service line advances should be  
27 treated as contributions thereby avoiding any discrimination;  
28 Homeowners should file a copy of a new county franchise if one is

1 required or a letter or statement from Gila County, Arizona  
2 indicating that no franchise is necessary; Homeowners be ordered to  
3 continue to charge those rates and charges previously authorized for  
4 Bonita in Decision No. 56048 with the exception that any new  
5 customer's payment of \$175.00 for 5/8" x 3/4" meter service be made  
6 non-refundable until further order of the Commission; and that the  
7 application be approved without a hearing.

8 15. Although Staff recommended that Homeowners file an  
9 application for rate review based on metered water usage 24 months  
10 after the effective date of this Decision, due to the fire damage it  
11 appears that a more reasonable approach is to let Homeowners  
12 continue to charge a flat rate and elect when to file for rate  
13 review using metered rates.

#### 14 CONCLUSIONS OF LAW

15 1. Bonita is, and Homeowners will be, a public service  
16 corporation upon the approval of this application within the meaning  
17 of Article XV of the Arizona Constitution and A.R.S. §§ 40-285, 40-  
18 282 and 40-252.

19 2. The Commission has jurisdiction over Bonita and Homeowners  
20 and of the subject matter of the application.

21 3. There is a continuing need for the provision of water  
22 service to the public in Bonita's certificated service area.

23 4. Homeowners is a fit and proper entity to receive Bonita's  
24 assets and Certificate.

25 5. Staff's recommendations as set forth in Finding of Fact  
26 No. 14 are reasonable and should be adopted.

ORDER

1  
2 IT IS THEREFORE ORDERED that the application for approval of  
3 the sale of utility assets and transfer of Certificate of  
4 Convenience and Necessity filed by Putman-Graham Properties dba  
5 Bonita Water Company and Bonita Creek Land and Homeowner's  
6 Association be, and hereby is, granted.

7 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's  
8 Association shall complete the installation of water meters with a  
9 one-time non-refundable charge to new customers of \$100.

10 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's  
11 Association shall not be required to refund the sum of \$3,300.

12 IT IS FURTHER ORDERED Putman-Graham Properties dba as Bonita  
13 Water Company shall be relieved of its obligation to refund the sum  
14 of \$3,300 and that portion of Decision No. 56048 which orders same  
15 be, and is hereby, rescinded.

16 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's  
17 Association shall treat all former and new meter and service line  
18 advances as contributions.

19 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's  
20 Association shall file with the Arizona Corporation Commission  
21 within 180 days of the effective date of this Decision a copy of its  
22 franchise or in the alternative a letter from the Gila County Board  
23 of Supervisors indicating that a franchise is not required.

24 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's  
25 Association shall charge those customers in the area formerly  
26 certificated to Putman-Graham Properties dba Bonita Water Company  
27 the existing filed rates and charges that were established by  
28 Decision No. 56048 with the exception that its 5/8" x 3/4" meter

1 service charge be made non-refundable until further order of the  
2 Arizona Corporation Commission.

3 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's  
4 Association shall maintain its books and records in accordance with  
5 the NARUC Uniform System of Accounts.

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

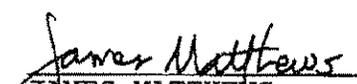
8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

9  
10   
CHAIRMAN

11   
COMMISSIONER

12   
COMMISSIONER

13 IN WITNESS WHEREOF, I, JAMES MATTHEWS, Executive  
14 Secretary of the Arizona Corporation Commission, have  
15 hereunto set my hand and caused the official seal of  
16 the Commission to be affixed at the Capitol, in the  
17 City of Phoenix, this 22 day of May, 1991.

18   
19 JAMES MATTHEWS  
20 EXECUTIVE SECRETARY

21 DISSENT \_\_\_\_\_

22 MES:11.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LOUIS RIMELSTEIN AND MILTON W. BOCHAT, DBA RANCHO BONITA WATER COMPANY, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY AUTHORIZING THE CONSTRUCTION AND OPERATION OF A WATER SYSTEM IN THE AREA DESCRIBED AS THE SOUTH HALF (S $\frac{1}{2}$ ) OF THE SOUTHEAST QUARTER (SE $\frac{1}{4}$ ) AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER (SE $\frac{1}{4}$ ) OF SECTION 31, TOWNSHIP 12 NORTH, RANGE 11 EAST, AND THE NORTHWEST QUARTER (NW $\frac{1}{4}$ ) OF THE SOUTHWEST QUARTER (SW $\frac{1}{4}$ ) OF SECTION 32, TOWNSHIP 12 NORTH, RANGE 11 EAST, G&SRB&M, GILA COUNTY, ARIZONA.

DOCKET NO. U-1503

Arizona Corporation Commission  
RECORDED  
DEC 19 1956  
29,758

OPINION AND ORDER

BY THE COMMISSION:

Notice having been given as provided by law, the above entitled matter came on for hearing before the Commission sitting in Phoenix, Arizona on May 10, 1956.

Applicant was represented by Milton W. Bochat, and there was no appearance in opposition to the granting of the application.

Testimony was presented, both oral and documentary, and from the testimony, records and files in the matter the Commission is of the opinion that applicant has complied with the statutes of Arizona and with the rules and regulations of the Commission for the issuance of a certificate of convenience and necessity.

It further appears that the application does not conflict with any other person or corporation furnishing a service of like character within the area sought to be certificated.

WHEREFORE, IT IS ORDERED that the application be, and it is hereby approved, and this order shall constitute and be a certificate of convenience and necessity as contemplated by the provisions of Section 40-281, A. R. S., authorizing applicant herein to construct, operate and maintain a public water system within the area described as the South Half (S $\frac{1}{2}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) and the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) of Section 31, and the Northwest Quarter (NW $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of Section 32, Township 12 North, Range 11 East, G&SRB&M, Gila County, Arizona, and to furnish a domestic and commercial water service to residents and business establishments therein.

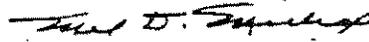
DOCKET NO. U-1993

DECISION NO. 29755

IT IS FURTHER ORDERED that a flat rate of \$5.00 per month per customer is hereby approved for a period of one year from the date of this order, and on or before the expiration of the one year period applicant is to meter the services and submit proposed rates for approval by this Commission. All other rates and charges shall be as set forth in General Order U-4, Rules and Regulations for Domestic Water Companies.

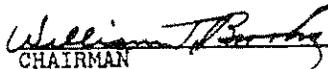
BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

IN WITNESS WHEREOF, I, MEL D. MICHAEL, Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of this Commission to be affixed, at the Capitol in the City of Phoenix, this 18th day of JULY, 1956.



MEL D. MICHAEL  
SECRETARY

By  
Assistant Secretary

  
CHAIRMAN

COMMISSIONER

  
COMMISSIONER



Exhibit E  
Haver

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission  
DOCKETED

RENZ D. JENNINGS  
CHAIRMAN  
MARCIA WEEKS  
COMMISSIONER  
CARL J. KUNASEK  
COMMISSIONER

MAR 13 1996

DOCKETED BY SS

IN THE MATTER OF THE APPLICATION OF  
BONITA CREEK LAND AND HOMEOWNER'S  
ASSOCIATION'S APPLICATION FOR A  
PERMANENT RATE INCREASE

DOCKET NO. U-2195-95-494

DECISION NO. 59548

ORDER

Open Meeting  
March 13, 1996  
Phoenix, Arizona

BY THE COMMISSION:

Bonita Creek Land and Homeowner's Association ("Bonita" or "Applicant") is an Arizona non-profit corporation engaged in the business of providing water utility service to the public in a portion of Gila County, Arizona. On November 7, 1995, the Arizona Corporation Commission ("Commission") received from Bonita an application requesting authority to increase its rates and charges.

On December 7, 1995, the Commission's Utilities Division Staff ("Staff") found Bonita's application sufficient.

On February 5, 1996, Staff filed its Staff Report, recommending an alternative rate schedule be approved without a hearing.

DISCUSSION

Bonita is an Arizona non-profit corporation engaged in the business of providing water utility service to the public in the Bonita Creek and Bonita Creek Ranch subdivisions which are located in Gila County, approximately 25 miles northeast of Payson. Bonita is not located in an active management area. During the test year ended June 30, 1995 ("TY"), Bonita provided water to 25 customers, all of which were served by 5/8" x 1/4" meters. Of the 25 customers, only one resided in the service area on a full-time basis. The remaining 24 customers were either weekend or seasonal residents. As a result, overall water consumption is low. Bonita's pumping facilities are located near the service area along the banks of the Bonita Creek (Applicant's present source of water) and Applicant's business functions are conducted

1 from the homes of various officers of Bonita. Bonita's current rates were approved in Decision No.  
2 56048 (July 13, 1988).

3 Bonita has requested rate relief in order to cover increased costs for contract labor and insurance  
4 coverage on its plant and equipment. Applicant is currently in the process of shifting from an operation  
5 that has relied entirely on voluntary labor, to an operation that involves both volunteers and a contract  
6 operator.

### 7 Background

8 Applicant was organized as an Arizona non-profit corporation in 1990 for the purpose of  
9 acquiring Bonita Water Company ("BWC"), a small water provider that had suffered heavy fire damage  
10 in the "Dude Fire" in the summer of 1990.<sup>1</sup> BWC's Certificate of Convenience and Necessity and  
11 remaining physical assets were formally transferred to Bonita in Decision No. 57390 (May 22, 1991).

12 Prior to the fire, the Commission in Decision No. 56048 had ordered BWC to charge a flat rate  
13 of \$18.00 per month with no limit on the amount of water usage. The Commission also had ordered  
14 BWC to install meters for all remaining unmetered customers within 10 months and to file for new  
15 permanent rates within 24 months. The flat rate was intended to be an interim rate until meters could be  
16 installed and metered rates could be established. Decision No. 56048 also ordered BWC to comply with  
17 several Staff recommendations dealing with accounting and bookkeeping functions. BWC failed to  
18 install the remaining meters by the date ordered. The "Dude" fire occurred just before the deadline for  
19 BWC to file another rate application.

20 After Bonita purchased the assets of BWC, the Commission ordered Applicant to continue using  
21 the same rates and charges that were ordered in Decision No. 56048, with the exception that the \$175  
22 meter installation charge be non-refundable until further order of the Commission. The Commission also  
23 ordered Bonita to complete the installation of water meters by collecting a one-time, non-refundable \$100  
24 charge from new customers. Bonita completed the installation of the water meters in November 1991.

### 25 Contributions in Aid of Construction

26 Bonita's fire-damaged system was rebuilt using \$10,163 in State disaster relief funds. In January

27 \_\_\_\_\_  
28 <sup>1</sup> At the time of the fire, BWC served 47 customers. Only five residences survived the  
blaze.

1 1994, Applicant also suffered losses from a flood. Bonita received \$1,927 in disaster relief funds to  
2 compensate for the flood losses. These disaster relief funds, plus \$700 in meter installation charges  
3 collected after Decision 57390 became effective, represent a total of \$12,790 in gross contributions in  
4 aid of construction ("CIAC") to be amortized and deducted from Applicant's rate base.<sup>2</sup>

#### 5 Compliance

6 Bonita is presently in compliance with all the requirements of Decision No. 57390. Staff believes  
7 that Bonita has made a good faith effort in complying with all but two of the accounting and bookkeeping  
8 functions which BWC was ordered to establish in Decision No. 56048. To comply with the remaining  
9 requirements, Bonita needs to establish separate plant and equipment accounts which identify assets that  
10 meet the definition of used and useful, establish a separate file for all original copies of advances and  
11 contributions in aid of construction contracts, and provide a listing of customer names and meter serial  
12 numbers on the remaining meter installations which were completed in November 1991.

13 Bonita was originally organized as a non-profit organization, however it has never applied for tax-  
14 exempt status with the Internal Revenue Service ("IRS") and is presently paying both federal and state  
15 corporate income taxes. Staff believes that Applicant would not qualify for tax-exempt status at this time  
16 due to the fact that it is collecting homeowner's association dues and performing homeowner's  
17 association duties in addition to providing water services to its members. Staff recommends that  
18 Applicant form a separate corporate entity for its water company operations, and that corporation file for  
19 tax exempt status under Section 501(c)(12) of the Internal Revenue Code.

20 Bonita objected to Staff's recommendation to form a separate corporation, because of the  
21 difficulties in operating two separate organizations on a volunteer basis and the economics of scale gained  
22 by operating the water company as part of the homeowners' association. Bonita indicated that using  
23 volunteer labor for billing, customer service, collection and meter reading saves each of its ratepayers  
24 \$4.17 per month, while the income taxes it pays cost each ratepayer only \$.79 per month.

25 We concur with Applicant that, at this time, ordering Bonita to form a separate corporation to

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26  
27 <sup>2</sup> The majority of Bonita's system was rebuilt with volunteer labor. As a result, Applicant  
28 was able to replace the system for less than the total amount of disaster relief funds received.  
Consequently, Bonita's CIAC is larger than the actual value of its plant and equipment and it therefore  
has a negative Original Cost Rate Base.

1 operate the water company as a tax-exempt organization is not in the best interest of the ratepayers of the  
2 Applicant. We therefore decline to order the Applicant to do so.

3 Revenue Requirement and Rate Design

4 The rates proposed by Applicant and Staff both produce revenues of \$8,340, which is a 51.1  
5 percent increase over TY revenues. The increase in revenues will help to cover the \$4,129 in increased  
6 expenses associated with Applicant's negotiated insurance coverage and contract labor agreement, and  
7 should provide Applicant with an operating income and positive cash flow of \$827.

8 Applicant proposed a rate structure which included a monthly minimum charge of \$21.50  
9 (including 1,000 gallons) and a commodity rate of \$4.50 per thousand gallons in excess of the minimum.  
10 Staff proposed a commodity rate of \$4.25 per thousand gallons, and a monthly minimum of \$19.75,  
11 which would not include any gallons.

12 Over two-thirds of Applicant's monthly bills during the TY were for less than 1,000 gallons, with  
13 nearly half of those for customers who used no water during the billing period. A rate design which  
14 includes no gallons in the minimum monthly charge is reasonable when customers have such low usage.  
15 We therefore concur with Staff's recommended rate design.

16 Staff's proposed service line and meter installation charges, establishment, reconnection and  
17 meter test charges that were lower than those proposed by Applicant. In the case of the service line and  
18 meter installation charges, Staff's proposed charges were the maximum amounts recommended by Staff  
19 Engineering. In the case of the establishment, reconnection and meter test charges, Staff believed that  
20 Applicant's proposed charges were excessive and lowered them to amounts which, in Staff's opinion,  
21 were more in line with the actual costs associated with providing those services to ratepayers. Applicant  
22 provided no cost justification on why its proposed service charges should be higher than normal.  
23 Accordingly, we will approve Staff's proposed charges.

24 \* \* \* \* \*

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

27 ...  
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FINDINGS OF FACT

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1. Applicant is an Arizona non-profit corporation engaged in the business of providing water utility service to the public in a portion of Gila, County, Arizona, pursuant to authority granted by the Commission in Decision No. 29758 (July 18, 1956) and transferred to Bonita in Decision No. 57390.

2. Applicant's present rates and charges for water service were approved in Decision No. 56048.

3. On November 7, 1995, the Commission received from Bonita an application requesting authority to increase its rates and charges.

4. On December 7, 1995, Staff found Bonita's application sufficient.

5. During the TY, Applicant served 25 customers, all of which were served with 5/8" x 3/4" meters.

6. Average and median usage during the TY were 1,895 and 487 gallons per month, respectively.

7. On October 31, 1995, Applicant notified its customers of the proposed rates and charges by first class U.S. mail and, in response thereto, no letters of protest has been received.

8. Staff conducted an investigation of Applicant's proposed rates and charges, and in the Staff Report filed on February 5, 1996, recommended that an alternative rate schedule be approved without a hearing.

9. The rates and charges for Applicant at present, as proposed in the application, and as recommended by the Staff are as follows:

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	<u>Present Rates</u>	<u>Proposed Rates</u>	
		<u>Applicant</u>	<u>Staff</u>
1			
2	<u>MONTHLY USAGE CHARGE:</u>		
3	Unmetered Flat Rate	\$ 0.00	\$ 0.00
4	5/8" x 3/4" Meter	\$ 0.00	\$ 19.75
	3/4" Meter	0.00	19.75
5	1" Meter	0.00	49.38
	1 1/2" Meter	0.00	98.75
6	2" Meter	0.00	158.00
	3" Meter	0.00	296.25
7	4" Meter	0.00	493.75
	5" Meter	0.00	740.63
8	6" Meter	0.00	987.50
9	Gallons included in minimum	-0-	-0-
10	<u>COMMODITY CHARGE</u>		
11	Per 1,000 Gallons	\$ 0.00	\$ 4.25
12	<u>SERVICE LINE AND METER INSTALLATION CHARGES:</u>		
13	5/8" x 3/4" Meter	\$ 175.00	\$ 365.00
	3/4" Meter	220.00	405.00
14	1" Meter	250.00	455.00
	1 1/2" Meter	375.00	668.00
15	2" Meter	500.00	1,080.00
	3" Meter	700.00	1,460.00
16	4" Meter	0.00	2,350.00
	5" Meter	0.00	3,400.00
17	6" Meter	0.00	4,450.00
18	<u>SERVICE CHARGES:</u>		
19	Establishment	\$25.00	\$30.00
	Establishment (After Hours)	30.00	35.00
20	Reconnection (Delinquent)	25.00	30.00
	Meter Test (If Correct)	40.00	40.00
21	Deposit	*	*
	Deposit Interest	*	*
22	Reestablishment	**	**
	(Within 12 Months)	**	**
23	NSF Check	\$10.00	\$15.00
	Meter Reread (If Correct)	\$10.00	\$10.00
24	<u>MONTHLY SERVICE CHARGE</u>		
25	<u>FOR FIRE SPRINKLER:</u>	\$ 0.00	***

26 \* Per Commission Rule A.A.C. R14-2-403(B).  
 27 \*\* Number of months off system times the monthly minimum, per Commission Rule  
 28 A.A.C. R14-2-403(D).

28 ...

1       \*\*\*       1% of monthly minimum for a comparable sized meter connection, but no less than  
2               \$5.00 per month. The service charge for fire sprinklers is only applicable for service  
              lines separate and distinct from the primary water service line.

3           10.     Pursuant to the Staff Report, Applicant's original cost rate base is determined to be  
4     (\$1,081) which is the same as its fair value rate base ("FVRB").

5           11.     Applicant's present rates and charges produced adjusted operating revenues of \$5,520 and  
6     adjusted operating expenses of \$7,327, which resulted in a net operating loss of \$1,807 during the TY.

7           12.     **The rates and charges Applicant proposed would produce operating revenues of \$8,340**  
8     and adjusted operating expenses of \$7,513, resulting in net operating income of \$827.

9           13.     The rates and charges Staff recommended would produce operating revenues of \$8,340  
10    and operating expenses of \$7,513, resulting in net operating income of \$827.

11          14.     Applicant's proposed rate schedule would increase the average monthly customer bill by  
12    41.8 percent, from \$18.00 to \$25.53, and the median monthly customer bill by 19.4 percent, from \$18.00  
13    to \$21.50.

14          15.     Staff's recommended rates would increase the average monthly customer bill by 54.5  
15    percent, from \$18.00 to \$27.80, and the median monthly customer bill by 21.2 percent, from \$18.00 to  
16    \$21.82.

17          16.     The rates and charges proposed by Staff are reasonable.

18          17.     Staff has additionally recommended that:

19           (a)     the Commission rescind the waiver from A.A.C. R14-2-4-5(B)(2) that was  
20               granted in Decision No. 57390 and require Applicant to treat all future  
              service line and meter installation charges as refundable advances in aid  
              of construction;

21           (b)     the Commission rescind the \$100 one-time, non-refundable meter  
22               installation charge ordered by the Commission in Decision No. 57390;

23           (c)     Applicant be ordered to form a separate corporate entity for its water  
24               provider services and apply for recognition of exemption from federal  
              corporate income taxes by the Internal Revenue Service under the  
              provisions of Section 501(c)(12) of the Internal Revenue Code of 1986;

25           (d)     Applicant be ordered to apply for recognition of exemption from state  
26               corporate income taxes by the Arizona Department of Revenue under the  
27               provisions of A.R.S. §43-1201 after it obtains a letter of exemption from  
              the IRS;

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- (e) Applicant be ordered to establish a separate file for all original copies of construction contracts that require advances and/or contributions in aid of construction;
- (f) Applicant be ordered to provide a listing of customer names and meter serial numbers on the remaining meter installations that were ordered by the Commission in Decision No. 56048;
- (g) Applicant be ordered to collect from its customers their proportionate share of any Privilege, Sales or Use Tax as provided for in A.A.C. R14-2-409(D); and
- (h) Applicant be ordered to apply for a rate review within 12 months of the effective date of this Decision.

18. Applicant is in full compliance with the regulations of the Arizona Department of Environmental Quality.

19. Applicant is current on its property and sales tax payments.

CONCLUSIONS OF LAW

1. Applicant is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. Sections 40-250 and 40-251.

2. The Commission has jurisdiction over Applicant and of the subject matter of the application.

3. Notice of the application was provided in the manner prescribed by law.

4. The rates and charges authorized hereinbelow are just and reasonable and should be approved without a hearing.

5. Staff's recommendations, as set forth in Finding of Fact No. 17, are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that Bonita Creek Land and Homeowner's Association is hereby directed to file on or before March 29, 1996 revised rate schedules setting forth the following rates and charges:

...  
...  
...

MONTHLY USAGE CHARGE:

2	5/8" x 3/4" Meter	\$ 19.75
	3/4" Meter	19.75
3	1" Meter	49.38
	1 1/2" Meter	98.75
4	2" Meter	158.00
	3" Meter	296.25
5	4" Meter	493.75
	5" Meter	740.63
6	6" Meter	987.50
7	Gallons included in minimum	-0-

COMMODITY CHARGE

Per 1,000 Gallons \$4.25

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

11	5/8" x 3/4" Meter	\$ 365.00
	3/4" Meter	405.00
12	1" Meter	455.00
	1 1/2" Meter	665.00
13	2" Meter	1,080.00
	3" Meter	1,460.00
14	4" Meter	2,350.00
	5" Meter	3,400.00
15	6" Meter	4,450.00

SERVICE CHARGES:

17	Establishment	\$30.00
	Establishment (After Hours)	35.00
18	Reconnection (Delinquent)	30.00
	Meter Test (If Correct)	40.00
19	Deposit	*
	Deposit Interest (Per Annum)	*
20	Reestablishment (Within 12 Months)	**
	NSF Check	\$15.00
21	Meter Reread (If Correct)	\$10.00

MONTHLY SERVICE CHARGEFOR FIRE SPRINKLER:

\*\*\*

\* Per Commission Rule A.A.C. R14-2-403(B).

\*\* Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-403(D).

\*\*\* 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service provided on and after April 1, 1996.

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IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall notify its customers of the rates and charges authorized hereinabove and the effective date of same by means of an insert in its next regular monthly billing.

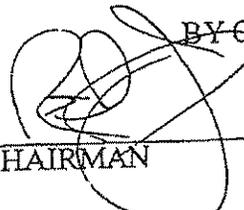
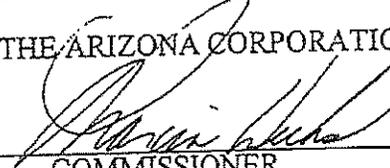
IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association is hereby directed to comply with the Staff recommendations set forth in Finding of Fact No. 17(e)-(h).

IT IS FURTHER ORDERED that the waiver from A.A.C. R14-2-4-5(B)(2) that was granted in Decision No. 57390 is hereby rescinded and Bonita Creek Land and Homeowner's Association is hereby ordered to treat all future service line and meter installation charges as refundable advances in aid of construction.

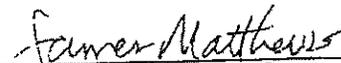
IT IS FURTHER ORDERED that the \$100 one-time, non-refundable meter installation charge ordered in Decision No. 57390 is hereby rescinded.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, JAMES MATTHEWS, Executive Secretary 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 13 day of March, 1996.

  
\_\_\_\_\_  
JAMES MATTHEWS  
EXECUTIVE SECRETARY

DISSENT \_\_\_\_\_  
SSW:kjh

1 SERVICE LIST FOR: BONITA CREEK LAND AND HOMEOWNER'S ASSOCIATION

2 DOCKET NO.: U-2195-95-494

3 Karl Cox  
4 BONITA CREEK LAND AND HOMEOWNER'S  
5 ASSOCIATION  
6 2052 E. Gemini  
7 Tempe, Arizona 85283

8 Paul A. Bullis, Chief Counsel  
9 Legal Division  
10 ARIZONA CORPORATION COMMISSION  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Gary Yaquinto, Director  
14 Utilities Division  
15 ARIZONA CORPORATION COMMISSION  
16 1200 West Washington  
17 Phoenix, Arizona 85007

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Exhibit F

RECEIVED

OCT 03 1990

ARTICLES OF INCORPORATION  
OF

BONITA CREEK LAND AND HOMEOWNER'S ASSOCIATION ARIZONA CORP. COMMISSION

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves together for the purpose of forming a nonprofit corporation under and pursuant to the laws of the State of Arizona, and for that purpose do hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of the corporation shall be Bonita Creek Land and Homeowner's Association.

ARTICLE II

The names and addresses of the incorporators are:

R. C. Meek  
13437 North 16th Place  
Phoenix, AZ 85022

Martha K. Brown  
2164 West Eugie  
Phoenix, AZ 85029

Sandra I. Rose  
1547 West Juanita Circle  
Mesa, AZ 85202

ARTICLE III

The purpose for which this corporation is organized is the transaction of any and all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE IV

The character of affairs which the corporation initially intends to actually conduct in this state is the promotion of

community awareness and cooperation among the property owners within the Bonita Creek and Bonita Creek Ranch Subdivisions (as shown in Exhibit A) of Gila County, Arizona, who elect to become members of the Association, and to represent them in all matters affecting their common interests, including management, maintenance, repair, replacement, administration and operation of common facilities and areas, however such statement shall not limit the character of affairs which the corporation ultimately conducts.

#### ARTICLE V

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purpose set forth in Article IV. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements,) any political campaign on behalf of any candidate for public office.

Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from Federal Income Tax under Section 501(c) of the Internal Revenue Code of 1986, or the corresponding provision of any future United States Internal Revenue Law.

## ARTICLE VI

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of its assets exclusively for the purposes of the corporation in such manner, or to such organizations organized and operated exclusively for the same or similar purposes and as shall at the time qualify as an exempt organization or organizations under Section 501(c) of the Internal Revenue Code of 1986, or the corresponding provision of any future United States Internal Revenue Laws, as the Board of Directors shall determine. Any such assets not disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purpose or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purpose.

## ARTICLE VII

The members, directors and officers of the corporation shall not be individually or personally liable for the debts or other liabilities of the corporation. The private property of the members, directors and officers of the corporation shall be forever exempt from corporate debts or liabilities of any kind whatsoever; provided, however, that the foregoing shall not limit or affect the personal liability owed by a member directly to the corporation; nor shall the foregoing limit or otherwise affect the corporation's recourse against a member's property for any indebtedness owed to the corporation. The officers and directors of the corporation shall be indemnified to the extent allowed by law.

ARTICLE VIII

STATUTORY AGENT: The name and address of the initial statutory agent of the corporation is:

Martha K. Brown  
2164 West Eugie  
Phoenix, AZ 85029

ARTICLE IX

The business and affairs of the corporation shall be conducted by a Board of Directors in accordance with these Articles and the Bylaws. These Articles and the Bylaws may be amended at any time by a vote of the majority of those members present in person or by proxy at a meeting duly called for such purpose. The corporation may have one or more than one class of members and the designation of such class or classes, the manner of election or appointment and the qualifications and rights of the members of each class shall be set forth in the Bylaws. The Board of Directors, who shall serve without compensation for their services to the corporation, shall initially consist of not less than three nor more than nine Directors. The names and addresses of the persons who are to serve as the Directors until until their successors are elected and qualified are:

R. C. Meek  
13437 North 16th Place  
Phoenix, AZ 85022

Don Aleckson  
7740 East Glenrosa  
Scottsdale, AZ 85251

Martha K. Brown  
2164 West Eugie  
Phoenix, AZ 85029

Sandra I. Rose  
1547 West Juanita Circle  
Mesa, AZ 85202

William Artwohl  
7525 North 16th Drive  
Phoenix, AZ 85021

Steve Rose  
1547 West Juanita Circle  
Mesa, AZ 85101

Melissa Moore  
10403 North 38th Street  
Phoenix, AZ 85028

John Johnson  
561 West Enid  
Mesa, AZ 85210

DATED this 13th day of September, 1990.

  
\_\_\_\_\_  
R. C. Meek

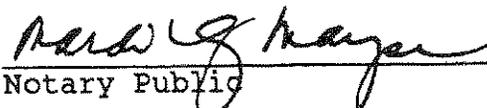
  
\_\_\_\_\_  
Martha K. Brown

  
\_\_\_\_\_  
Sandra I. Rose

STATE OF ARIZONA     )  
                                  ) ss.  
County of Maricopa    )

On this the 13th day of September, 1990, before me, the undersigned Notary Public, appeared Bob Meek, Martha Brown and Sandra Rose, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and seal.

  
\_\_\_\_\_  
Notary Public

My Commission Expires September 23, 1991.

CONSENT TO ACT AS STATUTORY AGENT

I, Martha K. Brown, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed, or resignation is submitted in accordance with the Arizona Revised Statutes.

DATED this 13th day of September, 1990.

  
\_\_\_\_\_  
Statutory Agent's Signature

ARIZONA CORPORATION COMMISSION  
CORPORATIONS DIVISION

Phoenix Address: 1200 West Washington  
Phoenix, Arizona 85007

Tucson Address: 402 West Congress  
Tucson, Arizona 85701

CERTIFICATE OF DISCLOSURE

A.R.S. Sections 10-128 & 10-1084

PLEASE SEE REVERSE SIDE

Bonita Creek Land and Homeowner's Associator

EXACT CORPORATE NAME

CHECK APPROPRIATE BOX(ES) A or B

ANSWER "C"

THE UNDERSIGNED CERTIFY THAT:

- A. No persons serving either by elections or appointment as officers, directors, incorporators and persons controlling, or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:
1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraining the trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate where such injunction, judgment, decree or permanent order:
- (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
  - (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
  - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction.

B. For any person or persons who have been or are subject to one or more of the statements in Items A.1 through A.3 above, the following information MUST be attached:

- 1. Full name and prior name(s) used.
- 2. Full birth name.
- 3. Present home address.
- 4. Prior addresses (for immediate preceding 7-year period).
- 5. Date and location of birth.
- 6. Social Security number.
- 7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

STATEMENT OF BANKRUPTCY, RECEIVERSHIP OR REVOCATION

A.R.S. Sections 10-128.01 and 10-1083

C. Has any person serving (a) either by election or appointment as an officer, director, trustee or incorporator of the corporation or, (b) major stockholder possessing or controlling any proprietary, beneficial or membership interest in the corporation, served in any such capacity, or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked? YES \_\_\_ NO X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

- 1. Name and address of the corporation.
- 2. Full name, including alias and address of each person involved.
- 3. State(s) in which the corporation:
  - (a) Was incorporated.
  - (b) Has transacted business.
- 4. Dates of corporate operation.
- 5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency involved and the file or cause number of the case.

Under penalties of law, the undersigned incorporators/Officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete.

BY [Signature] DATE 9/13/90  
TITLE Treasurer

BY Sandra I Rose DATE 9-13-90  
TITLE Treasurer

BY [Signature] DATE 9-13-90  
TITLE Secretary

BY \_\_\_\_\_ DATE \_\_\_\_\_  
TITLE \_\_\_\_\_

FISCAL DATE: August 31

3145  
Q

Exhibit G  
612491

STATE OF ARIZONA, County of Gila, ss;  
I do hereby certify that the within instrument was filed and recorded at request of Gila County Board of Supervisor

Date Feb. 11, 1992 Time 3:20 P. M., Docket 857 Official Records Page 759  
Records of Gila County, Arizona.

WITNESS my hand and official seal the day and year first above written.

MARY V. DE PAOLI, County Recorder

MICROFILMED

By Mary V. De Paoli Recorder

Gila County Board of Supervisors Compared

R E S O L U T I O N

NO. 92-2-1

WHEREAS, Rancho Bonita Water Company holds a franchise to operate a community water system in Gila County, Arizona; and

WHEREAS, Rancho Bonita Water Company has requested consent to transfer the Franchise to the BONITA CREEK LAND & HOMEOWNERS' ASSOCIATION; and

WHEREAS, information relating to the proposed transfer has been furnished; and

WHEREAS, after consideration of said request and information, it has been determined that it is appropriate to consent to the proposed transfer.

NOW, THEREFORE, BE IT RESOLVED, That the Gila County Board of Supervisors hereby consents, as requested, to the proposed transfer of the Franchise from Rancho Bonita Water Company to the BONITA CREEK LAND & HOMEOWNERS' ASSOCIATION.

PASSED AND ADOPTED this 3rd day of February, 1992, at Globe, Gila County, Arizona.



GILA COUNTY BOARD OF SUPERVISORS

[Signature]  
Chairman

ATTEST:

Rosmary Clark  
Deputy Clerk