



0000016663

SALLQUIST & DRUMMOND, P.C.
ATTORNEYS AT LAW
TEMPE OFFICE
4500 S. LAKESHORE DRIVE
SUITE 339
TEMPE, ARIZONA 85282

ORIGINAL

RICHARD L. SALLQUIST

PHONE (602) 224-9222
FACSIMILE (480) 345-0412
E-MAIL dick@sd-law.com

February 2, 2005

HAND DELIVERY

Colleen Ryan
Arizona Corporation Commission
Docket Control
1200 W. Washington
Phoenix, Arizona 85007

Re: Utility Source, LLC; Docket Nos. WS-04235A-04-0073 & WS-04235-04-0074:
Compliance with Decision No 67446

Dear Ms. Ryan:

Attached are 15 copies each of the following items required by the Subject Decision for completion within thirty days of that Decision:

1. A Performance Bond in the amount of \$250,000.
2. The Company's check in the amount of \$20,000.
3. Copies of deeds transferring all plant to the Company.
4. The Tariff filing transmittal letter to the Utilities Division Director.
5. A copy of the Notice to Customers as approved by the Commission Staff.

An Affidavit of Mailing confirming the mailing to the customers on February 3, 2005 will be docketed with the Commission upon receipt from the Company.

Arizona Corporation Commission
DOCKETED

FEB 02 2005

DOCKETED BY 

36100.00000.111

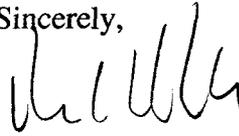
AZ CORP COMMISSION
DOCUMENT CONTROL
2005 FEB -2 P 1:07

RECEIVED

Colleen Ryan
February 2, 2005
Page 2

In the event you have any questions regarding these matters, please do not
hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. Sallquist". The signature is fluid and cursive, with the first name being the most prominent.

Richard L. Sallquist

Enclosures

Cc: Ernest Johnson
Brian Bozzo
Tim Sabo
Lonnie McCleve

Bond No. 0880140

Bond

Know All Men By These Presents, That we, Utility Source, L.L.C., as Principal and Fidelity And Deposit Company of Maryland, A Maryland corporation authorized to do business in the State of Arizona, as Surety are held and firmly bound unto the Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007 in the amount of Two Hundred Fifty Thousand and 00/100 dollars \$250,000.00 lawful money of the United States of America for the payment of which the Principal and Surety are hereby jointly and severally bound.**

Now therefore, if the said Principal, or any assigns of his fails to provide competitive water services so furnished, the said Surety will pay the same to the users of the Principal with the consent of the Arizona Corporation Commission as Trustee, an amount not exceeding the sum hereinabove specified, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

Provided Further, that regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the Surety shall not be liable thereunder for a larger amount, in the aggregate, than the amount of the bond.

Provided Further, that should the Surety so elect, this bond may be cancelled by the Surety as to subsequent liability by giving thirty (30) days notice in writing by certified mail to obligee.

Signed, Sealed and Dated this 1st Day of February, 2005.

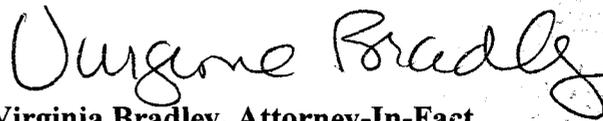
Utility Source, L.L.C.

By:



Fidelity And Deposit Company of Maryland

By:


Virginia Bradley, Attorney-In-Fact

EXTRACT FROM BY-LAWS OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,...and to affix the seal of the Company thereto."

CERTIFICATE

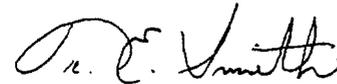
I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company,

this 1st day of February 2005



Assistant Secretary

**Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by PAUL C. ROGERS, Vice President, and L. L. GOUCHER, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint Virginia BRADLEY, of Phoenix, Arizona, its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed, ~~any and all bonds and undertakings~~ and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md, in their own proper persons.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 5th day of January, A.D. 2004.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



L. L. Goucher

L. L. Goucher

Assistant Secretary

Paul C. Rogers

By:

Paul C. Rogers

Vice President

State of Maryland }
City of Baltimore } ss:

On this 5th day of January, A.D. 2004, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came PAUL C. ROGERS, Vice President, and L. L. GOUCHER, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposed and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Dennis R. Hayden

Dennis R. Hayden

Notary Public

My Commission Expires: February 1, 2005

1100

UTILITY SOURCE LLC
721 E. SAN PEDRO AVE.
GILBERT, AZ 85234

91-527-322
1221

DATE 2-2-05

PAY
TO THE
ORDER OF

State of ARIZONA

\$20,000.00

Twenty thousand 00/100

DOLLARS



Security Feature
Included.
Details on Back.



Wells Fargo Bank Arizona, N.A.
1901 S. Gilbert Rd.
Mesa, AZ 85204
www.wellsfargo.com

FOR

ACC

[Handwritten Signature]

⑈001100⑈ ⑆122105278⑆3312412467⑈

When recorded mail to:

WARRANTY DEED

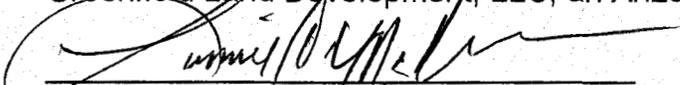
For the consideration of Ten Dollars, and other valuable considerations, **GREENFIELD LAND DEVELOPMENT, LLC, an Arizona limited liability company** hereafter called the Grantor(s), hereby conveys to **UTILITY SOURCE, LLC, an Arizona limited liability company** the following described property situated in Coconino County, Arizona, together with all rights and privileges appurtenant thereto:

SEE ATTACHED EXHIBIT "A"

Subject to current taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor(s) warrants the title against all persons whomsoever.

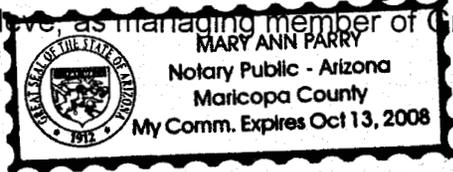
Dated this 27th day of January 2005.

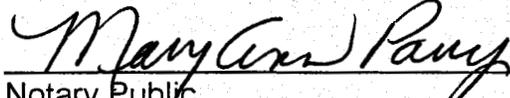
Greenfield Land Development, LLC, an Arizona limited liability company


By: Lonnie McCleve, managing member

STATE OF ARIZONA
COUNTY OF ~~COCONINO~~ MARICOPA

This instrument was acknowledged before me this 27 day of JANUARY, by Lonnie McCleve, as managing member of Greenfield Land Development, LLC.




Notary Public
My commission expires: 10-13-08

EXEMPT B-7

EXHIBIT A
(Utility Source Sewer Plant)

PARCEL 1:

Tract F, Replat of Flagstaff Meadows Unit 1, according to Case 9, Maps 35 – 35C, records of Coconino County, Arizona.

PARCEL 2:

A portion of the Northeast quarter of Section 1, Township 21 North, Range 5 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona, more particularly described as follows;

Beginning at the northeast corner of tract "F", Replat of Flagstaff Meadows Unit 1, according to Case 9, Maps 35 – 35c, and a portion of the Northeast quarter of Section 1, Township 21 North, Range 5 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona;

THENCE North 60°13'33" West along the North line of said Tract "F", a distance of 69.23 feet;

THENCE South 76°23'20" East 66.48 feet;

THENCE South 13°20'29" West 19.01 feet to the POINT OF BEGINNING.

ACCOMMODATION RECORDING INSTRUCTIONS

The following documents are handed to you for recording in the office of the Coconino County Recorder, as an accommodation only. I/We make no demand in connection therewith, and you are relieved of any liability and responsibility as to the condition of title to the property therein described and as to the validity, sufficiency and effect of said documents. Furthermore, I/We specifically acknowledge that you typed the document at our direction, and I/We relieve you of any liability or responsibility in relation to the preparation, validity and effect of said documents. We understand that there is no charge for this service other than recording fees and any other charges incurred by your company. These Accommodation Recording Instructions are to be attached to and recorded with each of the following documents.

INITIALS

Document:	First Party:	Second Party:	Recording Fees:
Total:			\$

Remarks:

When recorded, please mail to:

Signed: _____
 Signed: _____

Received _____

Transnation Title Insurance
Company
 By: _____

When recorded mail to:

WARRANTY DEED

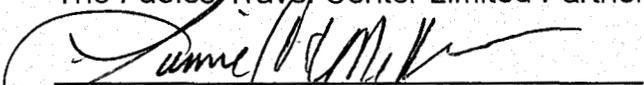
For the consideration of Ten Dollars, and other valuable considerations,
THE FUELCO TRAVEL CENTER LIMITED PARTNERSHIP, an Arizona limited partnership
hereafter called the Grantor(s), hereby conveys to
UTILITY SOURCE, LLC, an Arizona limited liability company
the following described property situated in Coconino County, Arizona, together with all rights and
privileges appurtenant thereto:

SEE ATTACHED EXHIBIT "A"

Subject to current taxes and other assessments, reservations in patents and all easements, rights-of-
way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may
appear of record, the Grantor(s) warrants the title against all persons whomsoever.

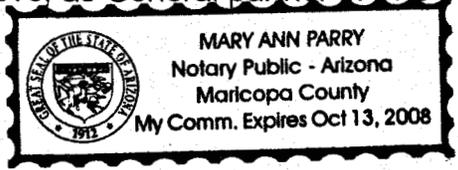
Dated this 27th day of January, 2005.

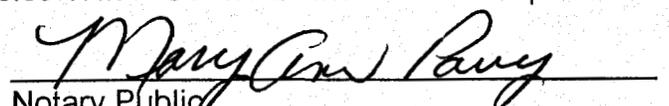
The Fuelco Travel Center Limited Partnership, an Arizona limited partnership


By: Lonnie McCleve, General partner

STATE OF ARIZONA
COUNTY OF ~~COCONINO~~ MARICOPA

This instrument was acknowledged before me this 27 day of JANUARY 2005, by Lonnie
McCleve, as General partner of The Fuelco Travel Center Limited Partnership.




Notary Public
My commission expires: 10-13-05

EXEMPT B-7

EXHIBIT A
(Utility Source Water Parcel)

A portion of the Southwest quarter of Section 36, Township 22 North, Range 5 East, Gila and Salt River Base and Meridian, Coconino County, Arizona, described as follows:

COMMENCING at the Southwest corner of said Section 36;
THENCE North 78° 37' 21" East, a distance of 620.91 feet to the TRUE POINT OF BEGINNING;
THENCE North 07° 48' 54" East, a distance of 210.70 feet;
THENCE South 82° 26' 29" East, a distance of 183.15 feet;
THENCE South 18° 50' 15" West, a distance of 12.65 feet;
THENCE South 15° 14' 56" West, a distance of 82.50 feet;
THENCE South 89° 13' 20" West, a distance of 32.80 feet;
THENCE South 00° 54' 39" West, a distance of 30.02 feet;
THENCE South 21° 03' 14" West, a distance of 47.43 feet;
THENCE South 20° 11' 26" East, a distance of 45.04 feet;
THENCE South 25° 00' 11" West, a distance of 45.81 feet;
THENCE North 60° 11' 06" West, a distance of 75.87 feet;
THENCE North 66° 43' 52" West, a distance of 70.17 feet to the TRUE POINT OF BEGINNING.

ACCOMMODATION RECORDING INSTRUCTIONS

The following documents are handed to you for recording in the office of the Coconino County Recorder, as an accommodation only. I/We make no demand in connection therewith, and you are relieved of any liability and responsibility as to the condition of title to the property therein described and as to the validity, sufficiency and effect of said documents. Furthermore, I/We specifically acknowledge that you typed the document at our direction, and I/We relieve you of any liability or responsibility in relation to the preparation, validity and effect of said documents. We understand that there is no charge for this service other than recording fees and any other charges incurred by your company. These Accommodation Recording Instructions are to be attached to and recorded with each of the following documents.

INITIALS

Document:	First Party:	Second Party:	Recording Fees:
Total:			\$

Remarks:

When recorded, please mail to:

Signed: _____
 Signed: _____

Received _____

Transnation Title Insurance
 Company
 By: _____

When recorded mail to:

GRANT OF EASEMENT

GREENFIELD LAND DEVELOPMENT, LLC, an Arizona limited liability company, the undersigned Grantor, is now the owner of that property described as follows:

TRACTS A, B and C, REPLAT OF FLAGSTAFF MEADOWS UNIT 1, according to Case 9, Maps 35 - 35C, records of Coconino County, Arizona.

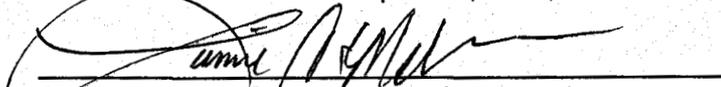
The purpose of this Grant is to dedicate a non-exclusive easement to the UTILITY SOURCE, LLC, an Arizona limited liability company, over said land.

For and in consideration of the mutual benefits accruing to the parties, the undersigned GREENFIELD LAND DEVELOPMENT, LLC, an Arizona limited liability company, does hereby grant, bargain, sell, convey and dedicate the following described easement to the UTILITY SOURCE, LLC, an Arizona limited liability company:

An easement for utilities over TRACTS A, B and C, REPLAT OF FLAGSTAFF MEADOWS UNIT 1, according to Case 9, Maps 35 - 35C, records of Coconino County, Arizona.

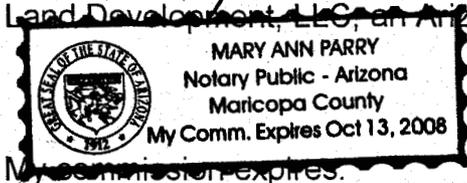
EXECUTED this 27th day of January, 2005.

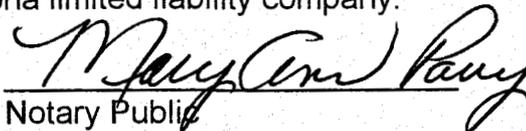
Greenfield Land Development, LLC, an Arizona limited liability company,


By: Lonnie McCleve, managing member

STATE OF ARIZONA
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 27 day of JANUARY, 2005 by Lonnie McCleve, as managing member of Greenfield Land Development, LLC, an Arizona limited liability company.




Notary Public

My commission expires.

ACCOMMODATION RECORDING INSTRUCTIONS

The following documents are handed to you for recording in the office of the Coconino County Recorder, as an accommodation only. I/We make no demand in connection therewith, and you are relieved of any liability and responsibility as to the condition of title to the property therein described and as to the validity, sufficiency and effect of said documents. Furthermore, I/We specifically acknowledge that you typed the document at our direction, and I/We relieve you of any liability or responsibility in relation to the preparation, validity and effect of said documents. We understand that there is no charge for this service other than recording fees and any other charges incurred by your company. These Accommodation Recording Instructions are to be attached to and recorded with each of the following documents.

INITIALS

Document:	First Party:	Second Party:	Recording Fees:
Total:			\$

Remarks:

When recorded, please mail to:

Signed: _____
 Signed: _____

Received _____

Transnation Title Insurance
Company
 By: _____

When recorded mail to:

GRANT OF EASEMENT

GREENFIELD LAND DEVELOPMENT, LLC, an Arizona limited liability company, the undersigned Grantor, is now the owner of that property described as follows:

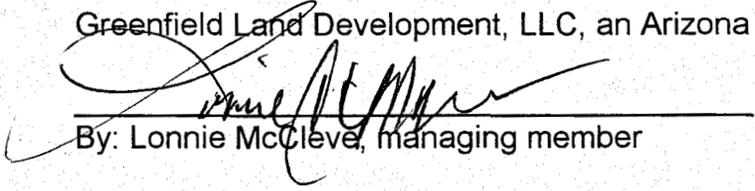
TRACT A, REPLAT OF FLAGSTAFF MEADOWS UNIT 1, according to Case 9, Maps 35 - 35C, records of Coconino County, Arizona.

For and in consideration of the mutual benefits accruing to the parties, the undersigned GREENFIELD LAND DEVELOPMENT, LLC, an Arizona limited liability company, does hereby grant, bargain, sell, convey and dedicate an easement for NON-ACCESS over that portion of said property described in Exhibit A attached hereto, for the benefit of UTILITY SOURCE, LLC, an Arizona limited liability company, its owners, employees and agents and their assigns.

The intent of this easement is to restrict access to said land by the owners of all lots in Replat of Flagstaff Meadows Unit 1, Flagstaff Meadows Unit 2, and Townhomes at Flagstaff Meadows, and by the general public, other than Utility Source, LLC as named above.

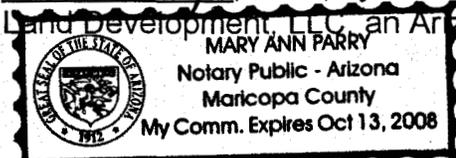
EXECUTED this 27th day of January, 2005.

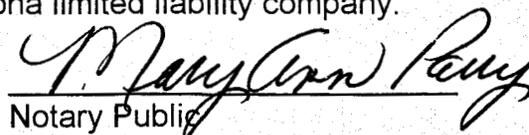
Greenfield Land Development, LLC, an Arizona limited liability company,


By: Lonnie McCleve, managing member

STATE OF ARIZONA
COUNTY OF MARICOPA

The foregoing instrument was acknowledged before me this 27 day of JANUARY, 2005, by Lonnie McCleve, as managing member of Greenfield Land Development, LLC, an Arizona limited liability company.




Notary Public

My commission expires:

EXHIBIT A

An easement for non-access over a portion of TRACT A, REPLAT OF FLAGSTAFF MEADOWS UNIT 1, according to Case 9, Maps 35 – 35C, records of Coconino County, Arizona, located in the Northeast quarter of Section 1, Township 21 North, Range 5 East, Gila and Salt River Base and Meridian, Coconino County, Arizona, described as follows:

BEGINNING at the Northernmost corner of Lot 186, FLAGSTAFF MEADOWS UNIT 2, according to Case 9, Maps 38 – 38B, records of Coconino County, Arizona;

THENCE North $43^{\circ} 51' 25''$ East, a distance of 122.95 feet;

THENCE North $89^{\circ} 29' 43''$ East, a distance of 117.91 feet;

THENCE South $02^{\circ} 12' 13''$ West, a distance of 77.22 feet;

THENCE South $06^{\circ} 31' 21''$ East, a distance of 54.47 feet;

THENCE South $54^{\circ} 01' 09''$ West, a distance of 114.76 feet;

THENCE North $46^{\circ} 08' 35''$ West, a distance of 157.33 feet to the POINT OF BEGINNING.

ACCOMMODATION RECORDING INSTRUCTIONS

The following documents are handed to you for recording in the office of the Coconino County Recorder, as an accommodation only. I/We make no demand in connection therewith, and you are relieved of any liability and responsibility as to the condition of title to the property therein described and as to the validity, sufficiency and effect of said documents. Furthermore, I/We specifically acknowledge that you typed the document at our direction, and I/We relieve you of any liability or responsibility in relation to the preparation, validity and effect of said documents. We understand that there is no charge for this service other than recording fees and any other charges incurred by your company. These Accommodation Recording Instructions are to be attached to and recorded with each of the following documents.

INITIALS

Document:	First Party:	Second Party:	Recording Fees:
Total:			\$

Remarks:

When recorded, please mail to:

Signed: _____
 Signed: _____

Received _____

Transnation Title Insurance
Company
 By: _____

SALLQUIST & DRUMMOND, P.C.
ATTORNEYS AT LAW
TEMPE OFFICE
4500 S. LAKESHORE DRIVE
SUITE 339
TEMPE, ARIZONA 85282

RICHARD L. SALLQUIST

PHONE (602) 224-9222
FACSIMILE (480) 345-0412
E-MAIL dick@sd-law.com

February 2, 2005

HAND DELIVERY

Ernest Johnson, Director
Arizona Corporation Commission
Utilities Division
1200 W. Washington
Phoenix, Arizona 85007

Re: Utility Source, LLC; Docket Nos. WS-04235A-04-0073 & WS-04235-04-0074:
Compliance with Decision No 67446

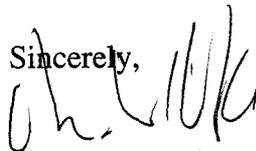
Dear Mr. Johnson:

Attached are 3 copies of the Tariff required by the subject Decision. Please note that this Tariff also contains the required Curtailment and Cross-Connection provisions.

Following your review of this Tariff, we would appreciate receiving an approved copy for distribution to the Company.

In the event you have any questions regarding these matters, please do not hesitate to call.

Sincerely,



Richard L. Sallquist

Enclosures

Cc: Docket Control (15 copies w/o Tariff)
Brian Bozzo
Tim Sabo
Lonnie McCleve

**PLEASE READ
UTILITY SOURCE, LLC**

**IMPORTANT NOTICE REGARDING WATER
AND WASTEWATER RATES**

On January 4, 2005, the Arizona Corporation Commission ("Commission") approved Utility Source, LLC's (the "Company") request to provide water and wastewater service to the Flagstaff Meadows Development. Although the Commission has now authorized the Company to provide those services, the water and wastewater rates currently in effect were not approved by the Commission, because the Company commenced operations without Commission authority. Therefore, the setting of initial rates that support the construction and long-term operations of water and wastewater systems for the planned development occurred without Commission authority. The current rates were artificially set by the Company and may not be sufficient to cover the on-going costs of providing service. Therefore, in an attempt to balance equities between the Company and its customers and to provide adequate notice, the Commission has required the Company to file a rate application by May 1, 2006 that may result in higher rates. Customers will be given notice of that filing when made, which shall include the Commission Staff's estimate of proposed rate levels. You will have an opportunity to be heard before the Commission regarding that application.