

ORIGINAL *Original* **NEW APPLICATION**
ARIZONA CORPORATION COMM



0000027461



W-01344A-05-0647

FINANCING APPLICATION

Tacna Water Management Company

UTILITY NAME

**DOCKET CONTROL
CENTER 1200 W
WASHINGTON STREET
PHOENIX AZ 85007-2927**

**AZ CORP COMMISSION
DOCUMENT CONTROL**

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Index
Tacna Water Management Company
Finance Application

1. The applicant's address of its principal business

Office. Name and address of the person authorized, on behalf of applicant, to
Receive notices and communications regarding the application Attachment A

2. Construction Estimate Attachment B

3. Projections, Assumptions Attachment C

4. Attachment D Amendments, Articles, and Corporate By laws

5. Attachment E New arsenic laws compliance and public
interest require a treatment plant

6. Attachment F compatible with the proper performance by the applicant of service as a
public service corporation and will not impair its ability to perform that service.

5. Agreement with Sun State Environmental Attachment G

8. Balance Sheet and P&L Statement Attachment H

9. Public Notification Attachment I

Attachment A

Attachment A

- 1.1 Name of Applicant: Tacna Water Management Company**
Tacna Water Management Company - Sec 25 - Tsn-8S-Rng 17W, DESC: TRACT: PT NESE New Tacna Town site, Lots 14 15 116 Blk 17, Tacna, Arizona.
- 1.2 Mailing Address and/or Principal Place of Business: 2993 S Arizona Avenue Yuma, Az 85365**
- 1.3 System Identification Number: W-01344A-05-0183**
- 1.4 Designated Contact Person** *(for all matters relating to the submission of this application)*
- Name: Donald Kelland Title: President
Telephone: (928) 341-9885 FAX: (928) 341-0180
Mailing Address: 2993 S Arizona Avenue Yuma Az, 85365
E-Mail Address: N/A
- 1.5 Authorized Representative** *(individual authorized by applicant to execute assistance agreements)*
- Name: Steve Kelland Title: Field Supervisor
Telephone: (928) 246-3487 FAX: (928) 341-0180
Mailing Address: 2100 S 11th Ave Yuma, Az 85364
E-Mail Address: sbkelland@aol.com
- 1.6 Officers of the Organization**

Members Name	Title	Term of Position	Time in Position
Don Kelland	President	1 Yr	25 Yrs
Kay Kelland	Secretary/Treasurer	1 Yr	18 yrs

1.7 Professional Services

A. Billing and Testing: Sun State Environmental

Mailing Address: 1560 South 5th Avenue Yuma Az, 85364

E-Mail Address: www.sunstateenvironmenta.com

Website Address: www.sunstateenvironmenta.com

Telephone: (028) 819-0825 FAX: (928) 819-0826

B. Project Engineer: Dalh Robbins & Associates

Mailing Address: 1560 South 5th Avenue Yuma Az, 85364

E-Mail Address: www.dahlrobins.com

Website Address:

C. Financial Advisor: Sebree Business Partners C/O Rod Sebree

Mailing Address: 3407 W. 27th lane Yuma, Az 85365

E-Mail Address: sebreebp@aol.com

Website Address: N/A

Telephone: (928) 343-1171 (928) 343-1171

D. Legal Counsel: Lawrence Deason

Mailing Address: 24 W 28TH St Ste A Yuma, Az 85364

E-Mail Address: N/A

Website Address: N/A

Telephone: (928) 783-4575 FAX:

Attachment B

Attachment C

TACNA WATER MANAGEMENT COMPANY

ASSUMPTIONS FOR FIVE YEAR PROJECTION

INCOME:

- 2006 is based on \$15.48 a month for 175 customers. The number of customers is based on the current customers of 152 plus 23 homes that are under construction.
- 2007 is based on \$15.48 a month for 225 customers. The number of customers is based on the 175 customers from 2006 plus 50 additional customers from a development that will come on line in 2006 and should be sold out by 2007.
- 2008 is based on \$15.48 a month for 400 customers. The number of customers is based on the 225 from 2007 plus 150 customers from a new development. This development is also scheduled to be completed in 2006, however, we have conservatively put the sell out and construction on this project out until 2008.
- 2009 and 2010 are based on \$15.48 a month for 550 and 750 customer, respectively. The customer numbers are based on the prior years numbers, plus additional customers from developments that are in the works, but have not been approved at this time.

EXPENSES:

- Bank Charges, Environmental Fees, Miscellaneous Expense, Postage and Delivery Expense, Office Expense, Supplies Expense, Professional Fees, Repairs, Bad Debts, Sales Tax Expense and Utilities Expense are based on historical percentages of sales.
- Payroll/Meter Reading, Testing Fees, Ground Maintenance, Property Taxes are based on existing costs plus set increases based on employee needs.
- Waterline Development Costs are based on the project being started in September and completed by October 2005. Costs are broken down between the owner's contribution of \$16,450.75 (25%) and the loan amount of \$49,376.25 (75%). This loan will be interest only (discussed in Proposed Debt Payment) and payments will start the month after funds are disbursed..
- Proposed Debt Payment is based on 7% interest only payments on the initial \$24,688.13 of the loan proceeds taken in September and the \$24,688.12 of the loan proceeds taken in October. Full amortized payments will start on December of 2005. The payment is based on \$65,826 at 7% interest and a 20 year amortization.

Attachment D

FILED

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APPR Mary Baines
DATE APPR 12-11-00
TERM _____
DATE _____

ARTICLES OF AMENDMENT

OF

TACNA WATER COMPANY

(NOW KNOWN AS TACNA WATER MANAGEMENT COMPANY)

1. The name of the corporation is:

TACNA WATER COMPANY

2. Attached hereto as Exhibit A is the text of the amendment to the articles of incorporation.

3. The amendment does not provide for an exchange, reclassification or cancellation of issued shares.

4. The amendment was adopted on the 8th day of December, 2000.

5. The amendment was adopted by the board of directors without shareholder action and shareholder action was not required

IN WITNESS WHEREOF, we have hereunto affixed our signatures this 8th day of December, 2000.

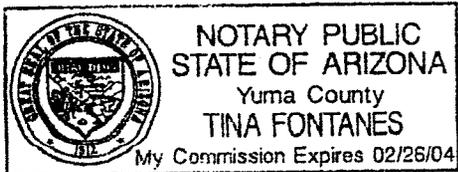
TACNA WATER COMPANY

By

Don Kelland
Don Kelland, President

STATE OF ARIZONA)
) ss.
County of YUMA)

The foregoing instrument was acknowledged before me this 8th day of December, 2000 by Don Kelland.



Tina Fontanes
Notary Public

EXHIBIT "A"

That it is hereby added as a new and additional ARTICLE I the following:

ARTICLE I:

The name of the corporation is TACNA WATER MANAGEMENT COMPANY

AFFIDAVIT OF PUBLICATION
For Corporation Commission

THE YUMA DAILY SUN

2055 ARIZONA AVENUE
YUMA, AZ 85364
PHONE (520) 539-6813 ♦ FAX (520) 539-6810

STATE OF ARIZONA
COUNTY OF YUMA

I, **Lee Knapp**, am authorized by the publisher as agent to make this affidavit of publication. Under oath, I state that the following is true and correct.

The **Yuma Daily Sun**, is a newspaper which is published daily, is of general circulation and is in compliance with the Arizona Revised Statutes §§10-140.34 & 39-201. A & B. (Please note, publication has to be completed within 60 days of filing.) The notice will be/has been published three (3) consecutive times in the newspaper listed above.

DATES OF PUBLICATION

- 1) DECEMBER 30, 2000
- 2) DECEMBER 31, 2000
- 3) JANUARY 1, 2001

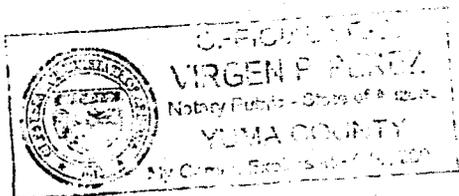
THE NAME OF THE CORPORATION TACNA WATER COMPANY

CORPORATE FILE NUMBER 0241170-9

TYPE OF DOCUMENT ARTICLES OF AMENDMENT

AUTHORIZED SIGNATURE: _____

Lee Knapp



SUBSCRIBED AND SWORN TO BEFORE ME ON THE
1st DAY OF February, 2001

NOTARY SIGNATURE Virgen P. Perez

CERTIFICATE OF DISCLOSURE

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

Tacna Water Company, Inc.
Exact Corporate Name

Check Appropriate Box(es) A or B - Answer C

THE UNDERSIGNED CERTIFIES THAT:

A. [xx]

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, beneficiary 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, 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 statutes in items A.1 through A.3 above, the following information MUST be attached:

- | | |
|---|---|
| 1. Full name and prior name(s) use. | 6. Social Security number. |
| 2. Full birth name. | 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. |
| 3. Present home address. | |
| 4. Prior addresses (for immediate preceding 7-year period.) | |
| 5. Date and location of birth. | |

STATEMENT OF BANKRUPTCY, RECEIVERSHIP OR REVOCATION

C. Has any person serving (a) either by election or appointment as an officer, director, trustee or incorporator or, (b) major stockholder possessing or controlling any proprietary, beneficiary 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 xxx.

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, or (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.

ARTICLES OF INCORPORATION OF
TACNA WATER COMPANY, INC.

RECORDED
STATE OF ARIZONA
APR 9 11 46 AM '92
Arthur Thomas
4-13-92
241170

KNOW ALL MEN BY THESE PRESENTS:

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

ARTICLE I

NAME: The name of the corporation is TACNA WATER COMPANY, INC.

ARTICLE II

PURPOSE: The purpose for which this corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time and specifically, but not in limitation thereof, the business of a water utility company in the State of Arizona.

The corporation shall further have the right to engage in any and all other business of any type whatsoever growing out of, related to, or in any manner whatsoever in connection with any of the items, businesses, relationships, purposes and powers described in these articles.

ARTICLE III

INITIAL BUSINESS: The corporation initially intends to engage in the general business of a water utility company in the State of Arizona.

ARTICLE IV

AUTHORIZED CAPITAL: The corporation shall have the authority to issue 1,000,000 shares of common stock at a par value of \$1 per share.

ARTICLE V

STATUTORY AGENT: The name and address of the initial statutory agent of the corporation is Barton L. Baker, 152 South First Avenue, Yuma, Arizona 85364. The corporate address is 2554 East 24th Street, Yuma, Arizona 85364.

ARTICLE VI

BOARD OF DIRECTORS: The initial Board of Directors shall consist of two directors. The persons who are to serve as directors until the first annual meeting of shareholder, or until their successors are elected and qualify, are:

DON KELLAND	2554 East 24th Street Yuma, Arizona 85364
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KAY KELLAND	2554 East 24th Street Yuma, Arizona 85364
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ARTICLE VII

NUMBER OF DIRECTORS: The number of persons to serve on the Board of Directors shall be fixed by the By-laws.

ARTICLE VIII

INCORPORATORS: The incorporators of the corporation are:

DON KELLAND	KAY KELLAND
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ARTICLE IX

DISTRIBUTION FROM CAPITAL SURPLUS: The Board of Directors of the corporation may, from time to time, distribute on a pro rata basis to its shareholders out of the capital surplus of the

corporation a portion of its assets, in cash or property.

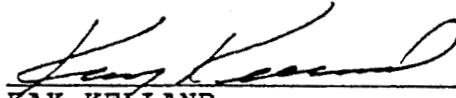
ARTICLE X

REPURCHASE OF SHARES: The Board of Directors of the corporation, may from time to time, cause the corporation to purchase its own shares to the extent of the unreserved and unrestricted earned and capital surplus of the corporation.

IN WITNESS WHEREOF, we have executed these Articles of Incorporation on the 30th day of March, 1992.



DON KELLAND



KAY KELLAND

CONSENT OF STATUTORY AGENT:

I, BARTON L. BAKER, do hereby consent to act as statutory agent for TACNA WATER COMPANY, INC. for service of process and other matters of notice.



BARTON L. BAKER



ARIZONA CORPORATION COMMISSION

April 13, 1992

TACNA WATER COMPANY, INC.

We are pleased to notify you that your Articles of Incorporation were filed on April 8, 1992.

You must publish a copy of your Articles of Incorporation WITHIN SIXTY (60) DAYS from the File Date. The publication must be in a newspaper of general circulation in YUMA County, for three (3) consecutive publications. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, no later than the 15th day of the fourth (4th) month following the close of each fiscal year. Your fiscal year end is December 31, 1992. A preprinted Annual Report Form will be mailed to you during that month.

If you have any questions or need further information, please contact us at (602) 542-3135 or Toll Free (Arizona residents only) at 1-800-345-5819.

Very truly yours,

Esther Thomas

Examiner Technician
Corporations Division
Arizona Corporation Commission

BYLAWS OF
TACNA WATER COMPANY, INC.

SECTION 1: The principal office shall be located in Yuma Arizona, but the corporation may have offices and places of business at such places as may be determined by the Board of Directors; or, the principal place of business may be changed at the discretion of the Board of Directors from time to time.

SECTION 2: A meeting of the stockholders shall be held at the principal office on the second Tuesday in January of each year for the purpose of electing officers and directors, and for the transaction of any other business authorized to be transacted by the stockholders.

SECTION 3: Special meeting of the stockholders for any purpose or purposes may be called by the President, and must be called by him on receipt of the written request of the stockholders of the majority of the stock outstanding and entitled to vote.

SECTION 4: Notice of a special meeting, stating the time and place and purpose or purposes thereof, shall be given to every stockholder at least ten days prior to the meeting.

SECTION 5: At any meeting of the stockholders, the holders of a majority of the shares of stock then entitled to be voted issues and outstanding, shall be a quorum for all purposes.

SECTION 6: At each meeting of the stockholders, every holder of stock then entitled to vote may vote in person or by proxy.

SECTION 7: The property and business of this corporation shall be managed by its Board of Directors consisting of not less

than two (2) nor more than five (5) members in number. The Board of Directors need not be stockholders, and each director shall be elected to serve until his successor shall be elected and shall qualify. Vacancies occurring among the directors may be filled by the Board.

SECTION 8: Immediately after each annual election, the newly elected Directors may meet forthwith at the principal office for the purpose of organization, the election of officers and the transaction of other business if a quorum of the Directors be then present. No prior notice of such meeting shall be required to be given. The time and place of such first meeting may, however, be fixed by written consent of all the directors.

SECTION 9: Regular meetings of the board may be held without notice, at such time and place as shall from time to time be determined by the Board.

SECTION 10: Special meetings of Directors may be called by the President an any time, and must be called upon the written request of two (2) members of the Board.

SECTION 11: Unless waived, notice of special meeting shall be given each Director at least two (2) days prior to the meeting

SECTION 12: At all meetings of the Board, a majority of th Directors shall be necessary and sufficient to constitute a quoru for the transaction of business, and the act of the majority of th Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwis specified by statute, by the Certificate of Incorporation, or b these Bylaws.

SECTION 13: A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 14: No contract or other transaction between this corporation and any other corporation and no act of this corporation shall in no way be affected or invalidated by the fact that any of the directors of the corporation are pecuniarily or otherwise interested in, or are directors or officers of, such other corporation; any director individually, or any firm of which any director may be a member, may be a part to, or may be pecuniarily or otherwise interested in, any contract or transaction of the corporation, provided that the fact that he or such firm so interested shall be disclosed or shall have been known to the Board of Directors or such members thereof as shall be presented at any meeting of the board at which action upon any such contract or transaction shall be taken; and any director of this corporation who is also a director or officer of such other corporation who is also a director or officer of such other corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Board of Directors of the corporation which

shall authorize any such contract or transaction, and may vote thereat to authorize any such contract or transaction, with the like force and effect as if he were not such director or officer of such other corporation or not so interested.

SECTION 15: The executive officers of the corporation shall be a president, vice-president, a treasurer and a secretary, all of whom shall be elected annually by the directors, and shall hold office during the pleasure of the directors. The office of treasurer and secretary may be held by one person, and the same person may hold more than one office. All vacancies occurring among any of the above offices shall be filled by the directors. Any offices may be removed at any time by the affirmative vote of a majority of the directors at a special meeting of the directors called for the purpose.

SECTION 16: The Board shall appoint such other officers and agents with such powers and duties as it shall deem necessary.

SECTION 17: The President shall preside at all meetings of stockholders and directors. He shall, while the directors are not in session, have general management and control of the business and affairs of the corporation.

SECTION 18: The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President, and he shall exercise such other powers and perform such other duties as shall be prescribed by the directors.

SECTION 19: The Treasurer shall have custody of all funds, securities, evidence of indebtedness and other personal property of

the corporation and shall deposit the same in such bank or trust company as shall be designated by the directors or the President. He shall receive and give receipts and acceptances for monies paid in on account of the corporation, and shall pay out of the funds on hand all bills, payrolls, and other just debts of the corporation of whatever nature, upon maturity of the same. He shall enter regularly in books of the corporation, to be kept by him for that purpose, full and accurate accounts of all monies received and paid out by him on account of the corporation, and he shall perform all other duties incidental to the office of Treasurer. The directors may employ a bookkeeper, to keep the corporation books property posted.

SECTION 20: The Secretary shall keep the minutes of all proceedings of the directors and the stockholders. He shall attend to the giving and serving of all notice of the stockholders and directors, or other notices as required by law or by these Bylaws. He shall affix the seal of the corporation to deeds, contracts, and other instruments in writing requiring his seal when duly signed. He shall have charge of the certificate books and stock books and such other books and papers as the Board may direct, and he shall perform all other duties incident to the office of Secretary.

SECTION 21: The salaries of all officers shall be fixed by the Board of Directors and the fact that any officer is a director shall not preclude him from receiving a salary.

SECTION 22: Certificates of stock shall be issued in numerical order, be signed by the President or Vice-President, and

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by the Secretary, and sealed by him with the corporate seal. A record of each certificate issued shall keep on the stub thereof.

SECTION 23: Transfers of stock shall be made only upon the books of the corporation and only by the person named on the certificate or by the attorney, lawfully constituted in writing, and only upon surrender of the certificate thereof. The directors may by resolution make reasonable regulations for the transfer of stock.

SECTION 24: The corporation may treat the holder of record of any share or shares as the owner in fact thereof, and shall not be bound to recognize any equitable or other claim to or interest in any such share or shares on the part of any other person, whether or not it shall have express or other notices thereof, save as expressly provided by law.

SECTION 25: In case of loss or destruction of any certificate of stock, another may be issued in its place upon proof of such loss or destruction or in the giving of a suitable bond of indemnity to the corporation in such sum as the directors may provide, not exceeding double book value of the stock.

SECTION 26: The directors may, from time to time, declare dividends upon the capital stock from the surplus or net profits of the corporation.

SECTION 27: The directors shall provide a suitable corporate seal which shall be in charge of the Secretary and shall be used as authorized by the Bylaws or by the directors.

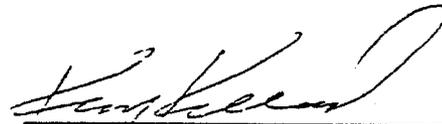
SECTION 28: The fiscal year of the corporation shall begin on the first day of January and end on the last day of December.

SECTION 29: Checks and notes of the corporation shall be signed and checks, notes, drafts, bills of exchange and orders for the payment of money shall be endorsed for collections or deposit in such manner as may be determined by the Board.

SECTION 30: The funds of the corporation shall be deposited in such bank, and checks drawn against such funds shall be signed, in such a manner as may be determined from time to time by the directors.

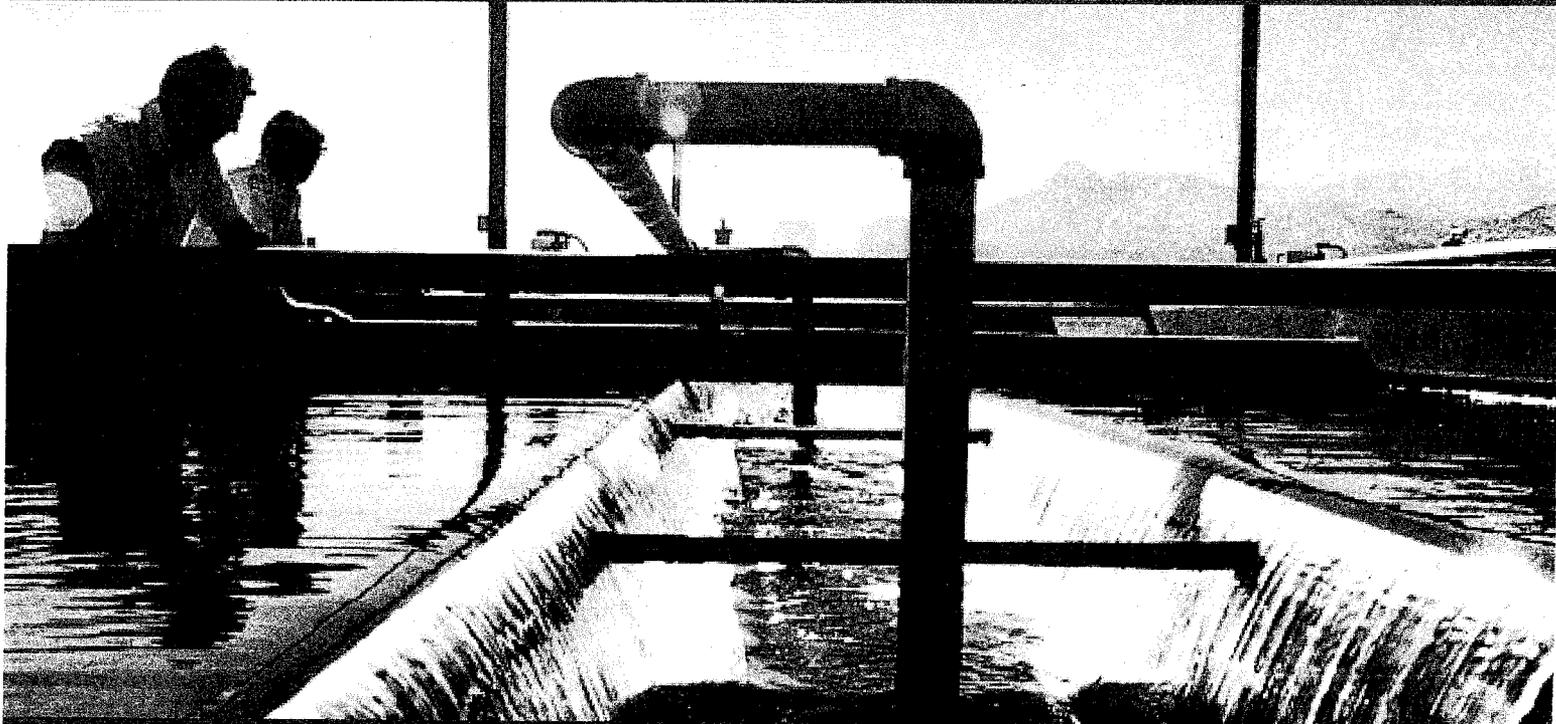
SECTION 31: Any notice to be given by these Bylaws may be given by mailing the same to the person entitled thereof at his address as shown on the corporation's books and such notice shall be deemed to be given at the time of such mailing. Any notice required to be given by these Bylaws may be waived by the person entitled to such notice.

SECTION 32: The stockholders may make, alter, amend and repeal the Bylaws of the corporation at any annual meeting or at a special meeting for the purpose.



Fay Kelland, Secretary

Attachment E



USFilter

MICROFLOC® TRIDENT®

WATER TREATMENT

SYSTEMS.

THE INNOVATION

CONTINUES.

When Microfloc® Trident® technology was first introduced, it represented a significant advance in water and wastewater treatment. Not only did it remove turbidity, suspended solids, color, iron, manganese, odor, taste and parasites such as Giardia lamblia and Cryptosporidium, but it did so at a lower capital cost than conventional systems, in a smaller space and at higher area. Today, more technology systems, at work all across



flow rates per unit than 400 Trident large and small, are North America and the world. Our Trident systems continue to evolve as we constantly strive to find ways to produce even higher quality treated water at higher flow rates per unit area and ways to further reduce installation and operating costs. Our development efforts focus on the three main elements of the Trident system: adsorption, clarification and filtration.

THE ADSORPTION CLARIFIER™ IS A
TWO-IN-ONE TREATMENT PROCESS

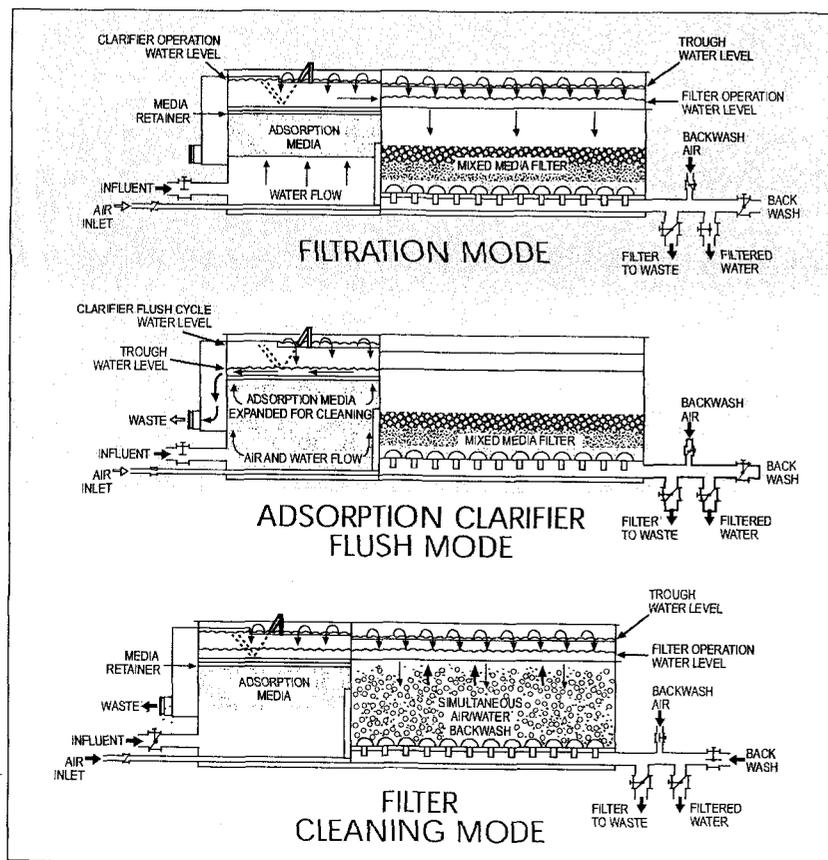
In the first stage of treatment, chemically dosed raw water enters the Adsorption Clarifier, where an upflow treatment process combines flocculation and clarification in a single unit occupying less than 20% of the floor space normally required for these functions in a conventional system.

This space - and cost - saving is made possible in part by the nature and placement of the adsorption media. Conventional clarifier systems and clarifiers with tube settlers or plate settlers, require a larger "footprint" to allow enough time for floc to settle. Instead, the Adsorption Clarifier uses special, naturally buoyant media which is rolled and scarified and held in place by a screen at the top of the clarifier tank. In normal operation, the natural buoyancy of the media and the upward process flow hold the media firmly in place against the top screen.

In many cases, especially if color or algae is the major treatment issue, Trident can use less coagulant and polymer than conventional settling type clarifiers, because with the Trident Adsorption Clarifier it is not necessary to form a settleable floc, which means settling time is not a factor.

If maintenance is required within the Adsorption Clarifier for any reason, access is easy. Just remove a top screen panel and temporarily float the clarifier media onto the filter for the maintenance period.

There are Adsorption Clarifier units designed to operate at flow rates that range from 5 to 15 gpm/ft², generally achieving turbidity removal levels of 75-95%. In pilot studies, Adsorption Clarifier units have performed satisfactorily at rates as high as 25 gpm/ft².



MICROFLOC® TRIDENT® WATER TREATMENT SYSTEMS ARE CHARACTERIZED BY CONTINUOUS IMPROVEMENT

OUR NEW STANDARD IN FILTRATION:

MIXED MEDIA AND THE MICROFLOC®

TRITON™ UNDERDRAIN

From the Adsorption Clarifier™, flow passes through the Trident Mixed Media filtration chamber, after which it is collected by our Microfloc® Triton underdrain. We pioneered Mixed Media technology, which has become the industry filtration standard. Now we have coupled it with our Triton direct retention underdrain, which affords all the benefits of simultaneous air/water backwash while eliminating the need for support gravel.

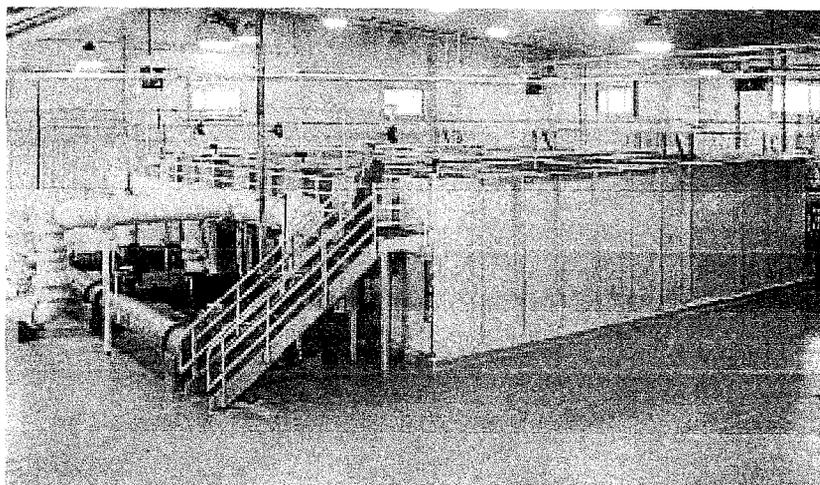
Our Mixed Media filter media design uses three or more granular materials of differing size and specific gravity layered to produce a filter that is coarse near the top of the bed and becomes progressively finer toward the bottom. Process flow is from the top down and solids removal is progressive throughout the entire bed depth. The bottom layer, being very fine, heavy-density media, creates superior quality finished water. Its fine particle and pore sizes are factors which contribute to the bed's excellent ability to resist breakthrough by *Cryptosporidium* and *Giardia lamblia*.

The approach of using progressively finer media from top to bottom is in accord with the filtration theory which holds that the removal efficiency of a filter depends upon the opportunity for particulates to attach to the surfaces of



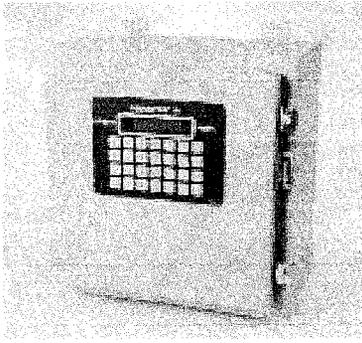
Downflow Mixed Media filtration uses differing materials to produce a filter which becomes progressively finer toward the bottom. Shown above left, as installed and at right, after backwash.

the filtration media grains. Using the Mixed Media design allows placement of a high specific surface area bed in a compact filter area. This "coarse to fine" design with high specific surface area ensures optimum particle capture for production of high-quality drinking water.



A 6 MGD capacity Trident pre-engineered system is installed in Laconia, New Hampshire.

MICROFLOC® AQUARITROL® III CONTROLS
SYSTEM PERFORMANCE



The Aquaritrol III provides continuous control over chemical dosage to maintain a desired level of effluent turbidity even when raw water quality is rapidly changing.

Changes in raw water characteristics and flow rate are automatically detected by our Microfloc® Aquaritrol® III solid state controller, which monitors filter effluent quality and continually evaluates and changes chemical feed to maintain desired (or preset) water quality parameters.

In the raw water version, the Aquaritrol III maintains specified effluent turbidity by controlling chemical dosage up or down based on departures from specified filter effluent turbidity (and, optionally, pH) setpoints and the rate of change in raw water turbidity versus time.

In the streaming current option, continuous monitoring of filter effluent

turbidity permits selection of a streaming current set point that is continually readjusted to allow fast response to changing filter effluent water quality resulting from changes in raw water conditions. The streaming current version is also capable of controlling your Trident system based on filter effluent turbidity or streaming current alone. This redundant control system helps optimize the Aquaritrol III maintenance of preset effluent quality parameters.

Either version of the Microfloc Aquaritrol III can run your Trident system at optimum chemical costs for selected effluent quality parameters.

MICROFLOC® TRIDENT® TECHNOLOGY HAS
BEEN APPLIED TO SYSTEMS UP TO 40 MGD

There are three basic configurations for the Microfloc® Trident® technology, based on required treatment capacity.

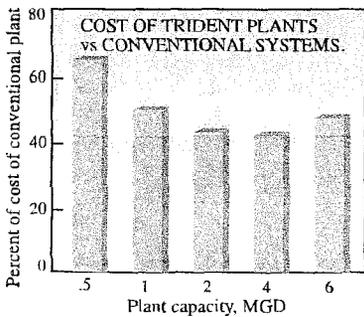
The smallest of these, the Microfloc® Tri-Mite™, is designed for flows from 50 to 700 gpm (0.072 to 1.0 MGD). These units are factory-assembled single tank systems ready to go. They take up limited floor space and are easy to install and operate.

Our modular Microfloc® Trident® systems are used for flows from 350 gpm (0.5 MGD) and up. The largest single steel tank module can treat 2.0 MGD and can be shipped on an ordinary trailer truck. Shipping by truck allows each factory-built module to be sent direct to the job site, which simplifies and shortens on-site construction.

For larger capacities, our Microfloc® Tricon™ design uses prefabricated Trident modules placed in economical concrete basins. Because it is modular, this design can accommodate any system capacity. Tricon can also be custom-designed for your exact needs, even for the largest of treatment capacities, whether you are designing a

new plant or renovating an older one.

Before plant design work begins, we can perform a professional, on-site pilot study with our mobile pilot plant. Based on the findings, we can establish the chemical parameters and design requirements for a Trident system. Among the applications we can evaluate in such a pilot study are turbidity, algae, color, taste and odor removal, *Giardia lamblia* and *Cryptosporidium* removal, and iron and manganese removal. We can also use the pilot plant to assess the feasibility of tertiary wastewater treatment and industrial applications such as pre-treatment to RO, filtration, phosphorus reduction and boiler water pretreatment. We have performed hundreds of pilot studies and have an extensive database. After completion of a pilot study, we can offer a bonded process performance guarantee. In fact, in many cases after reviewing your detailed water analysis, we can design a Trident system and offer this performance guarantee without piloting. Ask us for details.



Compared to conventional treatment systems, the Trident systems can cut capital cost by 50% or more.

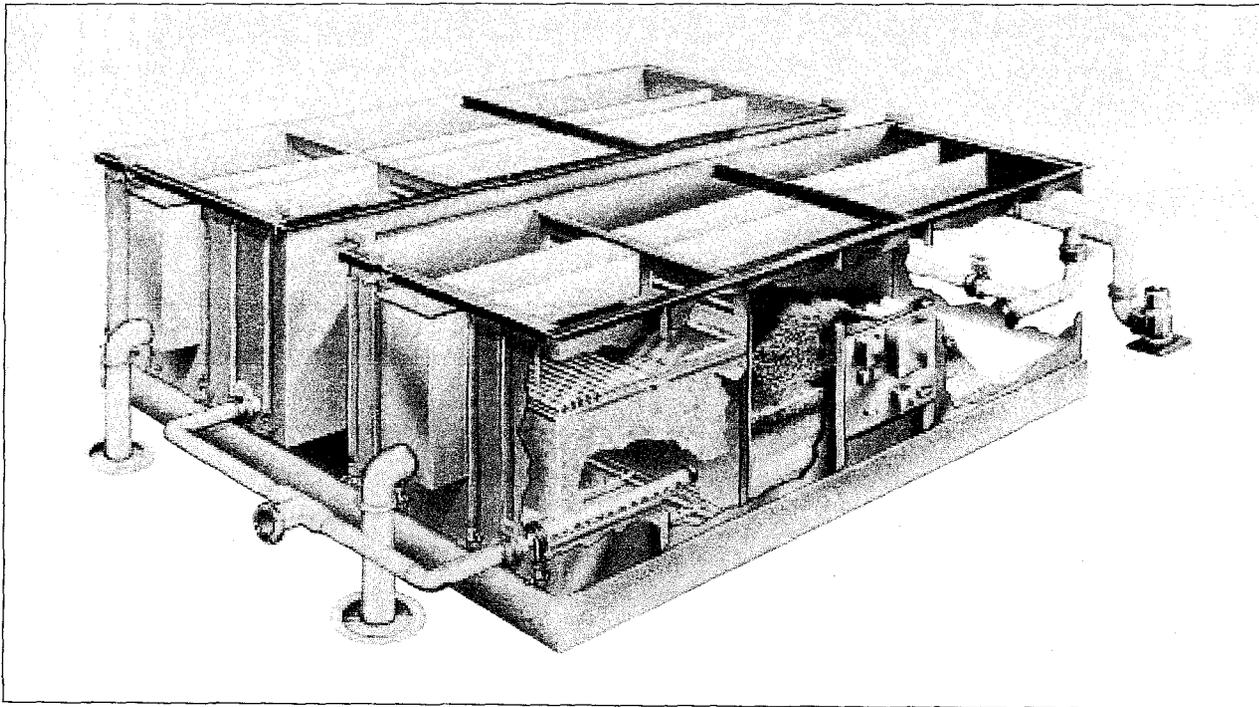
MICROFLOC® TRIDENT™ AND TRIDENT LP

WATER SYSTEMS MEET YOUR NEEDS

COST-EFFECTIVELY

Microfloc® Trident® systems are working in hundreds of water plants across the country, treating source waters with a wide range of influent conditions utilizing a variety of treatment solutions. The combination of our Adsorption Clarifier™ and Mixed Media filter delivers excellent finished water with predictable, cost-effective results. Now, we've further refined the Trident system to reduce its physical size and cost. The Microfloc

Trident LP design offers cost savings while providing all the benefits of a Trident system for moderate quality (up to 30 NTU) raw water sources. Among the features in the new Trident LP line are lower overall tank height, a smaller foot print and incorporation of our Triton™ underdrain to increase the flow collection area and allow direct retention and air/water backwash of the filter media *without* support gravel.



MODEL		TR-100A	TR-210A	TR-420A	TR-840A	TR-100A	TR-210A	TR-420A	TR-840A
Typical Design Flow	GPM*	350	700	1400	2800	350	700	1400	2800
Dimensions (each tank)	Length	10' 1"	14' 5 1/2"	27' 10"	39' 10"	9' 1"	12' 11 1/2"	24' 9"	35' 6"
	Width	6' 11"	8' 11"	8' 11"	11' 11"	6' 11"	8' 11"	8' 11"	11' 11"
	Height	8' 5"	8' 5"	8' 5"	10' 1"	7' 6"	7' 6"	7' 6"	8' 6"

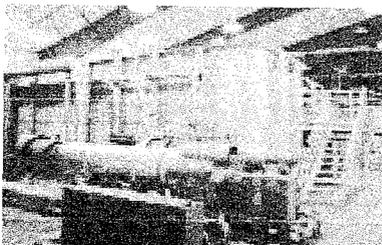
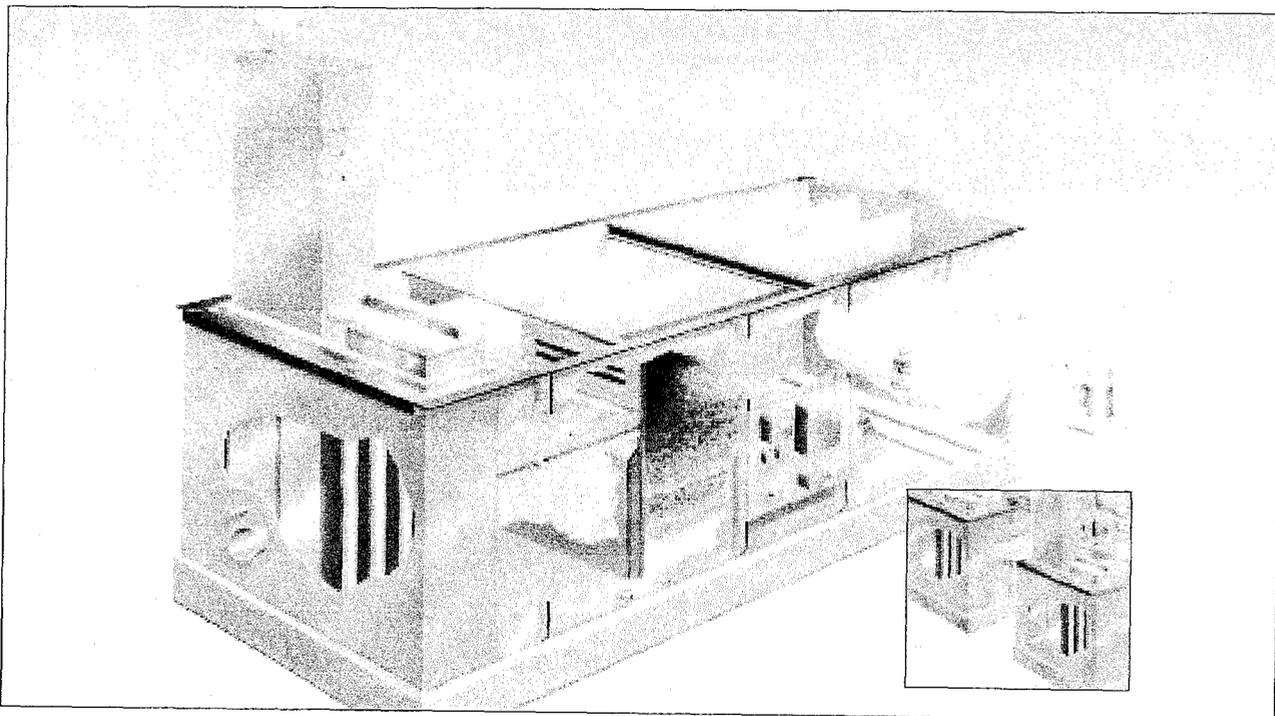
* Design flow is for a two-tank system. Being modular allows us to provide a (1 1/2) TR-210A to treat 1050 gpm with 3 tanks, or a (2) TR-840A for 5,600 gpm, etc.

MICROFLOC® TRIZONE™ PROVIDES
CHLORINE-FREE PEOXIDATION

Our newest innovation, Microfloc® TriZone™, combines Trident technology with ozone in a compact, modular treatment plant. This new system produces quality treated water by using ozone in lieu of chlorine for preoxidation. This approach provides effective control for taste, color, odor, manganese and moderate levels of iron in surface waters. It prevents formation during pretreatment of halogenated compounds, such as trihalomethanes and haloacetic acids, and reduces overall chlorine demand. In

so doing, it makes it easier to comply – now and into the future – with the Disinfection and Disinfection Byproducts Rule which makes chlorine undesirable for many oxidizing applications.

The integrated ozone-Trident combination – only slightly larger than the Trident LP unit alone – also saves space, allows control of all the process functions and, in some cases, improves coagulation. Ozone may also be generated for downstream disinfection.



This Amherst, Massachusetts, facility uses ozone technology in conjunction with Trident plants.

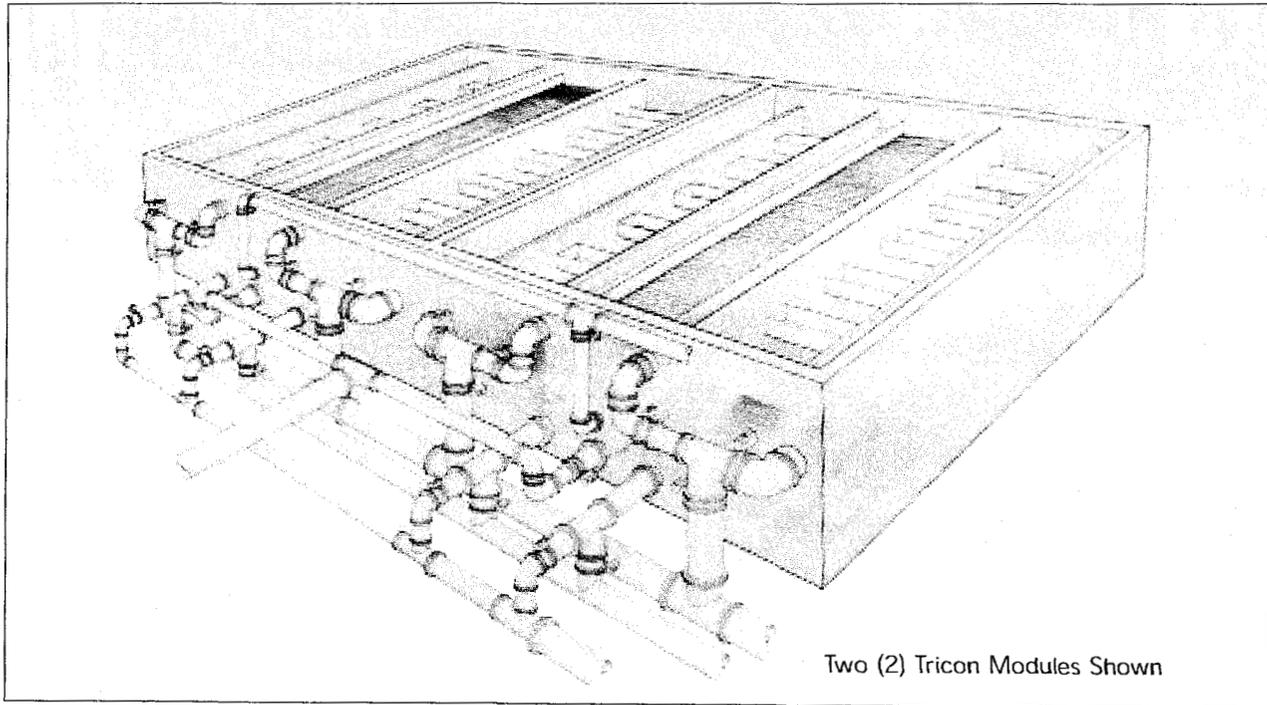
		350	700	1,400	2,800
Typical Design Flow	GPM*	350	700	1,400	2,800
Dimensions (each tank)	Length	10' 11½"	14' 10"	26' 7½"	38' 2½"
	Width	6' 11"	8' 11"	8' 11"	11' 11"
	Height	7' 6"	7' 6"	7' 6"	8' 6"
Ozone System	Capacity Range	0.5-3.0 mg/l	0.5-3.0 mg/l	0.5-3.0 mg/l	0.5-3.0 mg/l
	*Contactor Height	16' 0"	16' 0"	16' 0"	16' 0"

* Design flow is for a two-tank system. Being modular allows us to provide a (1½) TZ-210 to treat 1050 gpm with 3 tanks, or a (2) TZ-840 for 5,600 gpm, etc.

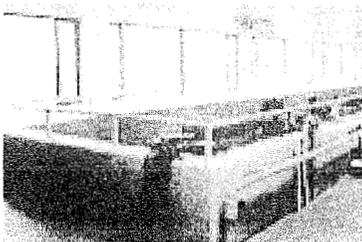
**MICROFLOC® TRICON™ BRINGS TRIDENT®
TECHNOLOGY TO LARGE CAPACITY SYSTEMS**

The same high efficiency that makes our Microfloc® Trident units the choice of hundreds of customers for water systems in the 0.5 to 40 MGD range is available in systems of virtually any size. Called Tricon, it places factory-built Trident internals into concrete basins, producing an extremely effective – and economical

– large capacity system. Stainless steel construction of insert module structural materials provides durability while eliminating costly and complex concrete forming, such as for troughs and headers. We can custom-design a Tricon system to serve your particular site or flow requirements.



Two (2) Tricon Modules Shown



Trident treatment modules are installed in concrete basins to create the Tricon – an economical solution to high-capacity treatment needs.

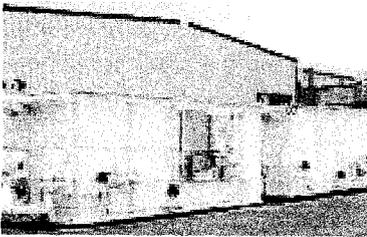
Typical Design Flow	MGD*	3	4	5	6
Overall Dimensions (inside)	Length	20' 5"	27' 2½"	34' 0"	40' 10"
	Width	30' 7½"	30' 7½"	30' 7½"	30' 7½"
	Height	11' 2"	11' 2"	11' 2"	11' 2"
Insert Module	Width	10" 2½"	10" 2½"	10" 2½"	10" 2½"

*Single module design.

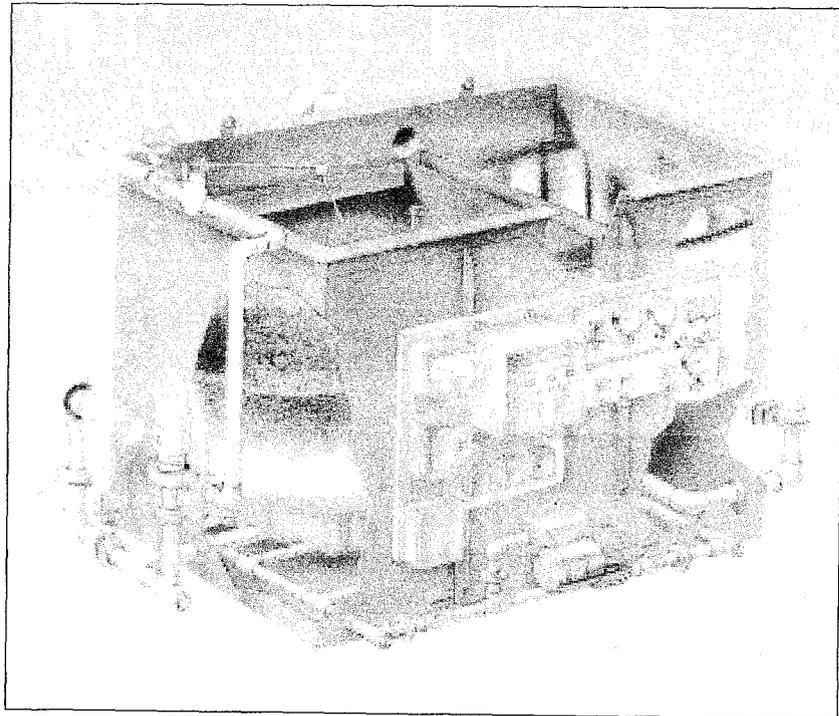
MICROFLOC® TRIMITE™: BIG PLANT
PERFORMANCE IN A SMALL WATER SYSTEM

The Microfloc® Trimite™ is factory assembled. The first stage is the Adsorption Clarifier™, which is designed to generally remove 75% to 95% of the raw water turbidity before sending the flow to the Mixed Media filter for finishing. The Trimite is available in five standard sizes as single units from 50 gpm to 350 gpm (0.072 MGD to 0.5 MGD) and as a two-unit system up to 700 gpm (1.0 MGD) capacity. For flows less than 50 gpm, a

single unit can be operated on an intermittent or reduced flow basis. These systems are perfect for new designs with future expansion in mind. The future additional tank would share the control panel, turbidimeter, blower and backwash pump of the first tank. Options include streaming current monitor coagulation control and filter-to-waste valve and controls for use after filter backwash. Ask us for more details.



Two (2) TM-350 Trimite dual-unit systems are ready for shipment and installation.



Typical Design Flow	GPM*	50	75	100	175	350
Shipping Dimensions	Length	9' 4"	9' 3"	10' 11"	13' 5"	22' 6"
	Width	6' 10"	8' 2"	8' 0"	10' 4"	10' 10"
	Height	9' 0"	9' 1"	8' 11"	9' 4"	9' 4"

*Single tank design

MICROFLOC® TRIDENT® SYSTEMS CAN HANDLE A WIDE RANGE OF APPLICATIONS

The combination of the Adsorption Clarifier™, Mixed Media filtration and gravel-free Triton™ air/water wash under-

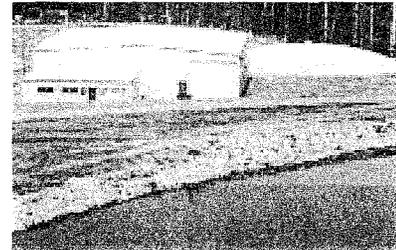
drains produces excellent water quality in a wide variety of applications and system sizes.

TURBIDITY REMOVAL

The Adsorption Clarifier is designed to generally remove 75-95% of the raw water turbidity – a level better than that of many conventional flocculation and settling processes – and Trident commonly produces finished drinking water with turbidity levels of 0.1 to 0.3 NTU, and if desired, can be adjusted to produce turbidity levels less than 0.1 NTU. By removing so much of the solids in the raw water, the Adsorption Clarifier extends the Mixed Media filter's run and increases overall net production.

Trident systems typically use alum and a polymeric flocculant or filter aid. Ferric

salts, sodium aluminate or cationic polymers can also be used as a primary coagulant.



A 4 MGD Trident plant in Georgia produced 0.18 NTU effluent during an influent spike of 820 NTU.

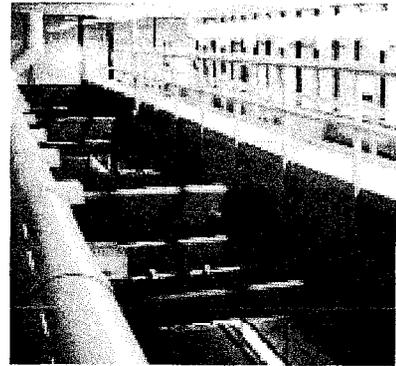
IRON AND MANGANESE REDUCTION

Adsorption clarification of oxidized solids followed by Mixed Media filtration effectively reduces iron and manganese concentrations down to acceptable levels.

In many applications, direct filtration cannot economically treat surface water supplies with higher levels of these minerals because of its short run times. The Adsorption Clarifier removes a large percentage of solids, allowing longer filter runs in iron and manganese reduction applications.

In some iron and manganese reduction applications, the Adsorption Clarifier media must be cleaned periodically to prevent a reduction in its effectiveness that could otherwise occur over time. We have developed and

implemented an effective procedure for use in such instances.



A 9.0 MGD Trident plant in Kokomo, Indiana, reduces iron and manganese levels.

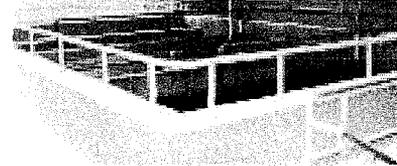
GIARDIA LAMBLIA AND CRYPTOSPORIDIUM REMOVAL

Trident systems use coagulation, clarification and filtration to remove both of these troublesome parasites. Trident pilot studies have demonstrated that

Trident can provide greater than 2.5-log removal, and, in some instances, as high as 4-log removal of *Cryptosporidium* and *Giardia lamblia* size particles.

COLOR REMOVAL

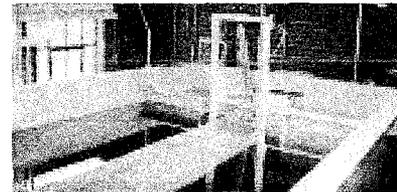
Organic color in surface waters is often caused by humic and fulvic acids which are best removed by precipitation with metal salt coagulants, like alum or ferric salts. The resulting lightweight floc is then quickly removed in the Trident process, which adsorbs and strains lightweight flocs in a rapid, upflow process. Conventional systems depend entirely on a slow, downward settling process.



This Somersworth, N.H., Tricon™ plant treated river water to reduce color levels from an average of 100 color units to less than 5 color units, using only polymers as primary and secondary coagulants.

WASTEWATER REUSE & INDUSTRIAL APPLICATIONS

Reclaiming wastewater by conventional treatment systems is expensive in many applications. The efficiency of the Adsorption Clarifier and Mixed Media filter make tertiary wastewater filtration cost-effective.



By reducing river water's colloidal silica, a Trident system prevents excess plating of silica on turbine blades in a Pennsylvania power plant.

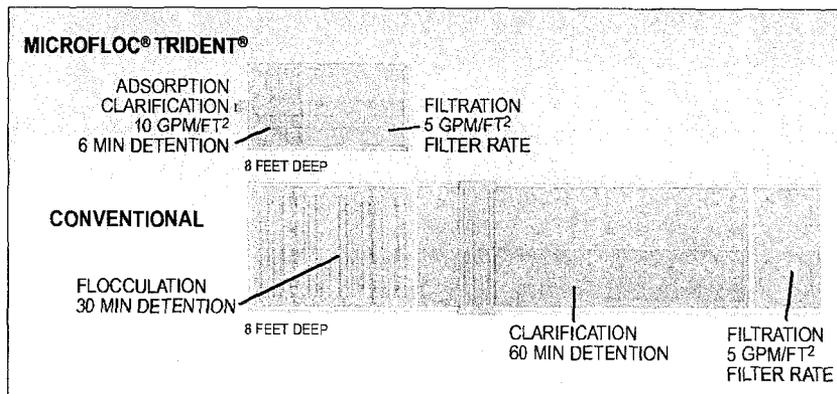
Trident technology can also cost-effectively perform boiler water pretreatment, process water treatment and phosphorus removal by alum precipitation.

MORE TRIDENT SYSTEMS ARE AT WORK THAN EVER BEFORE

When water treatment systems are evaluated for efficiency, adaptability, ease of operation, initial and operating costs, and dependable performance results - Trident systems rise to the top. Look at how water plants incorporating Trident technology have dealt with all kinds of water quality and operating conditions. Ask about our Trident pilot

plant program. Read our case histories describing how we've solved the very problems you may be facing. At the end of the day, we're confident that you'll look to the constantly improving Microfloc Trident family of technologies for high-quality, cost-effective water treatment.

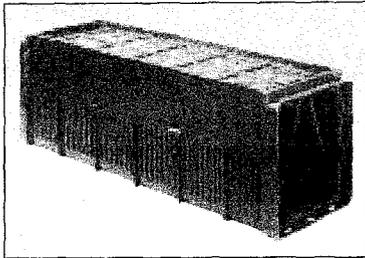
A Trident water system saves 82% of the floor space required by a 0.5 MGD conventional treatment system.



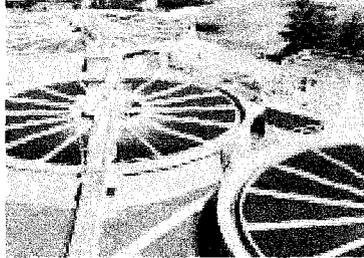
OTHER WATER TREATMENT PRODUCTS

If it's in the water, our engineered processes and equipment can take it out, economically and dependably. Our comprehensive line includes solutions to simple and complex water treatment and conditioning needs, all backed by working installations and years of experience. Our line includes:

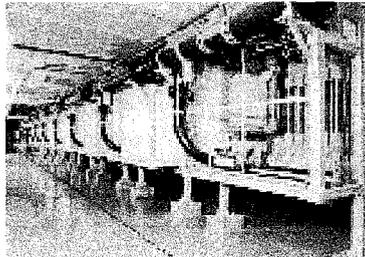
- Adsorption Clarifiers™
- CONTRAFLO® solids contact clarifiers
- SPIRACONE® sludge blanket clarifiers
- Sludge Sucker™ sludge removal system
- Sludge thickeners
- Vertical and horizontal pressure filters
- Aerators
- AERALATER® packaged treatment
- Microfloc® Trident® packaged water treatment
- MULTIWASH® Filtration Process
- Gravity filtration equipment
- MULTICRETE II™ monolithic under-drain system
- ESSD™ filter washtroughs and launder systems
- Memcor CMF Microfiltration System



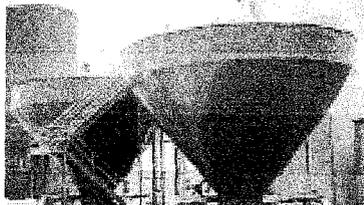
SCUBA underdrain system



CONTRAFLO



Memcor CMF Microfiltration system



SPIRACONE

USFilter products and processes for water and wastewater treatment are protected by patents issued and pending in the United States and other countries.

To find out more about how to put
USFilter to work for you,
contact us at

USFilter

Memcor, Microfloc, and
General Filter Products
600 Arrasmith Trail
Ames, IA 50010
515.232.4121 *phone*
515.232.2571 *fax*

441 Main Street
P.O. Box 36
Sturbridge, MA 01566
508.347.7344 *phone*
508.347.7049 *fax*

1104 Kenilworth Drive
Fifth Floor
Towson, MD 21204
410.307.6540 *phone*
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For more information,
visit our web site at

www.usfilter.com

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Fax: 719.622.5399

☒ USFilter
600 Arrasmith Trail
Ames, IA 50010-9021
Phone: 515.268.8400
Fax: 515.232.2571

TO: Tacna Water Company
2993 So. Arizona Ave.
Yuma, AZ 85364

NO. 05QC2051MFM

DATE January 21, 2005

REFERENCE: **Tacna Water Company Water Treatment Plant**

USFilter proposes to furnish materials, equipment, and technical service, as described below and on the following pages:

OPTION A- 100 gpm Trimite TM-100A

Pricing and any additional information you may require will be provided by our sales representative in your area. The address is:

Misco InterMountain
5339 Monsanto Plaza
Albuquerque, NM 87120

Attn: Dennis Emrie
Phone 505-898-8728

**Tacna Water Company
EQUIPMENT LIST
TRIMITE MODEL TM-100A**

Equipment Supplied by USFilter

One (1) Adsorption Clarifier/Filter Tank: Shipping dimensions of each tank are 10 feet 11 inches long by 8 feet 0 inches wide by 8 feet 11 inches high (10 ft. 11 in. L x 8 ft. 0 in. W x 8 ft. 11 in. H). Shipping weight of each tank is 12,000 lbs. Each tank measures 8 feet 10 inches long by 4 feet 4 inches wide by 7 feet 6 inches high (8 ft. 10 in. L x 4 ft. 4 in. W x 7 ft. 6 in. H). Operating weight of each tank is approximately 21,000 lbs.

NOTE: Tanks are finished as follows:

Interior -- Factory-applied finish protective coating suitable for potable water service.

Exterior -- Factory-applied finish protective coating except for bottom.

Bottom -- Not finished and is to be set in coal tar or asphaltic base mastic compound (applied to concrete base pad by others).

Adsorption Clarifier Media: 10.0 sq.ft. area per tank. Media is 4 feet deep. Approximate shipping weight is 1,520 lbs. per tank. The Adsorption Clarifier media is pre-installed by the manufacturer.

Clarifier Media Retention Screens: Stainless steel screen mesh under aluminum grating.

Mixed Media Filter: materials, 20.0 sq.ft. area per tank. Media consists of 18 in. of Anthracite coal, 9 in. of Silica sand and 3 in. or High Density sand. All quantities shipped include sufficient coverage to provide a 30 in. effective filter depth after installation. Approximate filter media shipping weight is 4,000 lbs. Per tank in 50 and 100 lb. bags on pallets. The Silica sand and High Density sand are pre-installed by the manufacturer.

Direct Retention Media Support: one (1) per tank, stainless steel.

NOTE: Tanks are fully factory assembled with Adsorption Clarifier Media and Mixed Media installed (less Anthracite). Chemical feeds and Anthracite are shipped loose for installation at the jobsite by the contractor.

Air Supply Blower: one (1) per system, for clarifier flushing and filter air wash. 50 scfm output @ 3.25 psi, 3 hp, ODP motor, 115/230 volt, 60 Hz, 1 phase, manufactured by Rotron. Blower includes muffler, pressure relief valve, check valve, blower pressure indicator and pressure switch.

Pumps:

Effluent: one (1) per tank, 100 gpm, 75 ft. TDH, centrifugal, end suction, close coupled, 3 hp, ODP motor, 115/230 volt, 60 HZ, 1 phase, manufactured by Goulds.

Backwash: one (1) per system, 360 gpm, 48 ft. TDH, centrifugal, end suction, close coupled, 10 hp, ODP motor, 460 volt, 60 HZ, 3 phase, manufactured by Goulds.

Automatic Control Valves:

Influent Valve: one (1) per tank, 3 in. butterfly type with electric open/close actuator.

Backwash Valve: one (1) per tank, 3 in. butterfly type with electric open/close actuator.

Effluent Control Valve: one (1) per tank, 2 in. globe type with float operator.

Effluent Valve: one (1) per tank, 3 in. butterfly type with electric open/close actuator.

Filter-to-Waste: one (1) per tank, 3 in. butterfly type with electric open/close actuator.

Air Wash Control Valve: two (2) per tank, for clarifier and filter air wash, 2 in. ball type with electric open/close actuator.

Waste Valve: one (1) per tank, 6 in. butterfly type with electric open/close actuator.

Filter Drain Down Valve: one (1) per tank, 1 in. solenoid valve, 2 way, NC.

Manual Control Valves:

Influent Rate Setting Valve: one (1) per tank, 3 in. with position indication and lever operation.

Backwash Rate Control Valve: one (1) per tank, 3 in. butterfly type with lever operation.

Check Valves:

Clarifier Air Inlet: one (1) per tank, 2 in. for clarifier air.

Filter Air Inlet: one (1) per tank, 2 in. for filter air.

Influent: one (1) per tank, 3 in.

Controls:

Control Panel: one (1) per system consisting of one (1) Hoffman enclosure, NEMA 4, with relays, lights, and switches controlled by a KOYO programmable logic controller. Includes software and controls for coagulant control programming.

Power Panel: one (1) per system consisting of one (1) Hoffman enclosure, NEMA 4, 115/230V, 60 Hz, 1 phase, 3 wire. The power panel consists of:

Motor Starter Protectors & Contactors:

- a) Effluent Pump: one (1) per tank.
- b) Backwash Pump: one (1) per system.
- c) Air Scour Blower: one (1) per system.

Circuit Breakers:

- a) Unit #1 control panel and common, CB-1, one (1) per system
- b) Mixer Outlets, CB-3, one (1) per system

Clarifier Pressure Switch Assembly: one (1) per tank, which includes the following:

Compound Gauge: pressure-vacuum, manufactured by Ashcroft.

Pressure Switch: automatic reset, 0-9 psig, manufactured by ASCO. Two (2) per assembly, flush initiate plus over-pressure shutdown

Filter Pressure Switch Assembly: one (1) per tank, which includes the following:

Compound Gauge: pressure-vacuum, manufactured by Ashcroft.

Vacuum Switch: automatic reset, 30 in. high range, manufactured by ASCO. One (1) per tank, backwash initiate

Blower Pressure Switch Assembly: one (1) per system, which includes the following:

Compound Gauge: pressure-vacuum, manufactured by Ashcroft.

Pressure Switch: automatic reset, 0-9 psig, manufactured by ASCO. One (1) per tank, blower pressure confirmation

Effluent Turbidimeter: one (1), HACH model 1720D with PS-1201 power supply, Aqua-Trend interface with signal output module, installation accessories and 5 feet of 4-conductor cable, HACH Part No. 52001-00.

Formazin Calibration Kit: one (1), HACH Part No. 26596-00.

Calibration Cylinder: two (2), HACH Part No. 44153-00.

2 Conductor Cable: one (1), 250 feet, HACH Part No. 52157-25.

Convenience Outlets: as required for chemical feed pumps and mixers.

Flow Indicator: one (1) per tank, in-line, paddle type, saddle mounting, manufactured by Blue White Industries

Chemical Feed Assemblies:

Aluminum Sulfate (Alum) Feed Assembly: one (1), which includes the following:

Tank: one (1), 100 gallon capacity, FRP with cover.

Chemical Feed Pump: one (1), 108 gpd @ 50 psi, positive displacement diaphragm type, electronic control by the Basic Aquaritrol PLC Program.

Mixer: one (1), clamp mounted, direct drive, 1/4 hp, 115V, 60 Hz, single phase with stainless steel shaft and dual propellers, Model D-14, manufactured by Mixmor.

Caustic Chemical Feed Assembly (Sodium Hydroxide or Soda Ash): one (1), which includes the following:

Tank: one (1), 100 gallon capacity FRP, with cover.

Chemical Feed Pump: one (1), 60 gpd at 100 psi, positive displacement, diaphragm type.

Mixer: one (1), clamp mounted, direct drive, 1/4 hp, 115V, 60 Hz, single phase with stainless steel shaft and dual propellers, Model D-14, manufactured by Mixmor.

Polyelectrolyte Feed Assembly: one (1), which includes the following:

Tank: one (1), 100 gallon FRP, with cover.

Chemical Feed Pump: one (1), per tank, 60 gpd at 100 psi, positive displacement, diaphragm type.

Mixer: one (1), clamp mounted, gear driven, 1/4 hp, 115V, 60 Hz, single phase, with stainless steel shaft and dual propellers, Model G-14, manufactured by Mixmor.

Chemical Disperser: one (1) per system, with support.

Owners Manuals: three (3), complete with installation, operating, and maintenance instructions, drawings, and manufacturers' bulletins.

Technical Direction: three (3) days, for plant startup and operator training in one (1) trip to the jobsite.

NOTE: Availability of equipment components specified may dictate substitutions of equal quality at the discretion of USFilter. All hardware is crated and shipped to the jobsite for assembly by the contractor. Interconnection wiring and piping is not included in the equipment supplied. Chemicals for startup are not included.

Installation of tank is by others

TECHNICAL SERVICE

Technical service will be supplied for equipment check, start-up and instruction of operating personnel, with a maximum of three days at the jobsite in one trip. Any trips to the jobsite in excess of this amount will be furnished to the Purchaser and billed to him at a rate of US\$960 per day for each additional day required, plus travel expenses at cost plus 5%.

It shall be the Purchaser's responsibility to provide for all necessary lubrication of all equipment prior to placing equipment in operation. All equipment must be in operating condition and ready for our Field Service Engineer when called to the project location. Should the purchaser not be ready when the Field Service Engineer is requested, our usual per diem rate of US\$960 per day plus living and travel expenses at cost plus 5%.

CLARIFICATIONS

The equipment offered in this proposal is based on standard USFilter design. Should this offer be accepted it must be understood by the Purchaser that this equipment may not be exactly as shown in the project plans and specifications, if applicable. The firm price quoted applies exclusively to the equipment as herein described. Any changes, substitutions, or modifications, will be subject to repricing.

ITEMS NOT FURNISHED BY USFilter

1. Installation of equipment
2. Supervision of installation
3. Unloading of equipment from delivering carrier
4. Protected storage of equipment at jobsite
5. All interconnecting piping to factory assembled unit.
6. All electrical wiring and conduit beyond the factory assembled unit.
7. Walkways, handrails, stairways and ladders
8. Raw water and service pumps and controls
9. Plant meters
10. Telemetering equipment
11. Level controls
12. Supports for controls
13. Anchor bolts
14. Installation of foundation bolts
15. Waste water drain lines
16. Start-up Chemicals and Lubricants
17. Chemicals, labor and procedures for the disinfection of equipment
18. Plant operating and start-up lubricants
19. Laboratory test equipment
20. Cathodic protection systems
21. Sampling sinks and sampling lines
22. Small pressure water supply piping
23. Overall plant or total system operating instructions
24. All items not specifically listed in this proposal
25. Technical direction unless specifically listed elsewhere in this proposal
26. Taxes

NOTES:

1. On award to USFilter, the Terms and Conditions attached shall be included as a basic part of the purchase order and this order is subject to acceptance and acknowledgment by USFilter.
2. For acceptance, your order must state, "This order is in accordance with USFilter Proposal Number 05QC2051MFM including the stated terms and conditions".
3. We call your attention to the "ACCEPTANCE" statement on the Proposal and Order Form limiting acceptance to 30 days from date of proposal.
4. If Purchaser is a prime contractor on a municipal project, a copy of the payment bond to the Owner must be furnished to USFilter.
5. If Purchaser is a subcontractor on a municipal project and USFilter does not have payment assurance from the prime contractor's payment bond to Owner, we must receive payment assurance by one of the following as you select:
 - a. a payment bond to USFilter,
 - b. a standby letter of credit from your bank conditioned to acceptance of a sight draft in case of nonpayment,
 - c. payment assurance in the form of an agreement with your prime contractor, guaranteeing to underwrite your payment to USFilter.
6. The Purchaser shall provide indoor or covered storage to properly protect the equipment to prevent deterioration of equipment during storage at site.
7. SHOP PAINTING. Motors, gearmotors, grating, and center drives will be painted with manufacturer's standard paint system.
8. Engineer's complete plans and specifications were not available to USFilter for review prior to this proposal issue. Our firm price is based on supplying USFilter standard design details. Price adjustments may be necessary if there are plans and specifications which require alternate design details.
9. (For Trident Systems) The equipment offered in this proposal is protected under U.S. patents 4,743,382, 4,608,181, and 4,547,286. Our price includes rights to use or operate the equipment proposed herein under the above listed patents, when such equipment is purchased from USFilter.

U.S. FILTER WASTEWATER GROUP, INC.
STANDARD TERMS OF SALE

Applicable Terms. These terms govern the purchase and sale of the equipment and related services, if any (collectively, "Equipment"), referred to in Seller's purchase order, quotation, proposal or acknowledgment, as the case may be ("Seller's Documentation"). Whether these terms are included in an offer or an acceptance by Seller, such offer or acceptance is conditioned on Buyer's assent to these terms. Seller rejects all additional or different terms in any of Buyer's forms or documents.

Payment. Buyer shall pay Seller the full purchase price as set forth in Seller's Documentation. Unless Seller's Documentation provides otherwise, freight, storage, insurance and all taxes, duties or other governmental charges relating to the Equipment shall be paid by Buyer. If Seller is required to pay any such charges, Buyer shall immediately reimburse Seller. All payments are due within 30 days after receipt of invoice. Buyer shall be charged the lower of 1 ½% interest per month or the maximum legal rate on all amounts not received by the due date and shall pay all of Seller's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval.

Delivery. Delivery of the Equipment shall be in material compliance with the schedule in Seller's Documentation. Unless Seller's Documentation provides otherwise, Delivery terms are F.O.B. Seller's facility.

Ownership of Materials. All devices, designs (including drawings, plans and specifications), estimates, prices, notes, electronic data and other documents or information prepared or disclosed by Seller, and all related intellectual property rights, shall remain Seller's property. Seller grants Buyer a non-exclusive, non-transferable license to use any such material solely for Buyer's use of the Equipment. Buyer shall not disclose any such material to third parties without Seller's prior written consent.

Changes. Seller shall not implement any changes in the scope of work described in Seller's Documentation unless Buyer and Seller agree in writing to the details of the change and any resulting price, schedule or other contractual modifications. This includes any changes necessitated by a change in applicable law occurring after the effective date of any contract including these terms.

Warranty. Subject to the following sentence, Seller warrants to Buyer that the Equipment shall materially conform to the description in Seller's Documentation and shall be free from defects in material and workmanship. The foregoing warranty shall not apply to any Equipment that is specified or otherwise demanded by Buyer and is not manufactured or selected by Seller, as to which (i) Seller hereby assigns to Buyer, to the extent assignable, any warranties made to Seller and (ii) Seller shall have no other liability to Buyer under warranty, tort or any other legal theory. If Buyer gives Seller prompt written notice of breach of this warranty within 18 months from delivery or 1 year from acceptance, whichever occurs first (the "Warranty Period"), Seller shall, at its sole option and as Buyer's sole remedy, repair or replace the subject parts or refund the purchase price. If Seller determines that any claimed breach is not, in fact, covered by this warranty, Buyer shall pay Seller its then customary charges for any repair or replacement made by Seller. Seller's warranty is conditioned on Buyer's (a) operating and maintaining the Equipment in accordance with Seller's instructions, (b) not making any unauthorized repairs or alterations, and (c) not being in default of any payment obligation to Seller. Seller's warranty does not cover damage caused by chemical action or abrasive material, misuse or improper installation (unless installed by Seller). THE WARRANTIES SET FORTH IN THIS SECTION ARE SELLER'S SOLE AND EXCLUSIVE WARRANTIES AND ARE SUBJECT TO SECTION 10 BELOW. SELLER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.

Indemnity. Seller shall indemnify, defend and hold Buyer harmless from any claim, cause of action or liability incurred by Buyer as a result of third party claims for personal injury, death or damage to tangible property, to the extent caused by Seller's negligence. Seller shall have the sole authority to direct the defense of and settle any indemnified claim. Seller's indemnification is conditioned on Buyer (a) promptly, within the Warranty Period, notifying Seller of any claim, and (b) providing reasonable cooperation in the defense of any claim.

Force Majeure. Neither Seller nor Buyer shall have any liability for any breach (except for breach of payment obligations) caused by extreme weather or other act of God, strike or other labor shortage or disturbance, fire, accident, war or civil disturbance, delay of carriers, failure of normal sources of supply, act of government or any other cause beyond such party's reasonable control.

Cancellation. If Buyer cancels or suspends its order for any reason other than Seller's breach, Buyer shall promptly pay Seller for work performed prior to cancellation or suspension and any other direct costs incurred by Seller as a result of such cancellation or suspension.

0. **LIMITATION OF LIABILITY.** NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY, SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SELLER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE EQUIPMENT SHALL NOT EXCEED THE PURCHASE PRICE PAID FOR THE EQUIPMENT. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY.

1. **Miscellaneous.** If these terms are issued in connection with a government contract, they shall be deemed to include those federal acquisition regulations that are required by law to be included. These terms, together with any quotation, purchase order or acknowledgement issued or signed by the Seller, comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") and supersede any terms contained in Buyer's documents, unless separately signed by Seller. No part of the Agreement may be changed or cancelled except by a written document signed by Seller and Buyer. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement. If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect. Buyer may not assign or permit any other transfer of the Agreement without Seller's prior written consent. The Agreement shall be governed by the laws of the State of Delaware without regard to its conflict of laws provisions.

PROPOSAL AND ORDER FORM

To (Purchaser): Tacna Water Company
2993 So. Arizona Ave
Yuma, AZ 85364

Reference: Option A- 100 gpm Trimate TM-50A

Proposal Date: Jan. 21, 2005

USFilter proposes to furnish materials, equipment and/or technical service in accordance with Proposal Number 05QC2051MFM. Materials, equipment and/or technical service not shown below or on attachments to this proposal are EXCLUDED:

OPTION A-Trimate TM-100A

Technical Service:

The Total Price shown below includes three 8-hour day(s) and one trip to the jobsite. Additional technical service will be billed at the rate of US\$960 per day plus travel and living expenses at cost plus 5%.

Total Price
(Not including duty taxes or use taxes)

This price is firm for 30 days after proposal date. Prices are subject to 1.5% per month escalation if shipments are delayed by purchaser.

Payment Terms: 100% due 30 days after date of invoice. No discounts or retainage is allowed.

Other (specify):

Freight: F.O.B. shipping points, with freight prepaid to the jobsite.
 Other: (Specify) (FOB/CIF Port of _____) (Ex Works)

Shipment(s) Via: Truck

Shipments: Estimated 12 to 14 weeks after receipt of full information and approved drawings when required.

Drawings: Six sets of submittal drawings will be issued approximately 4 to 6 weeks after receipt and approval of purchase order.

Manuals: Six copies of English language owner's manuals are included. Additional manuals will cost \$150 each.

NOTE: Any order resulting from this proposal is subject to the terms and conditions attached. Purchaser's acceptance of this offer is expressly limited to such terms and conditions without change or addition.

PURCHASER:
Name: _____
Address: _____
Accepted by: _____
Title: _____ Date: _____

PRESENTED BY: Misco InterMountain
Signature: _____
Dennis Emrie
Approved by USFilter
By: _____
Date: _____

Attachment F

Attachment F

Managerial Capacity represents the ability of the management structure of the system to conduct its affairs in a manner which enables the system to maintain compliance with all regulatory and infrastructure design requirements. Managerial Capability depends on staffing, organization, accountability, legal policy, administration, and effective linkages.

1. Are the terms of the Officers of the Organization staggered?

Yes No *If "No," please explain below.*

The only active officers are Don Kelland, president, and Kay Kelland, secretary; this is how it will remain for the next year.

2. Has any past or present Officer of the Organization been recalled or is any recall action pending? Yes No *If "Yes," please explain below.*

3. Does the organization have by-laws, rate ordinances, and connection ordinances in place? Yes No *If "No," please explain below.*

The organization has rate ordinances and connection ordinances, however nothing is incorporated into the by-laws. We will incorporate the proper language if required.

4. Do the Officers of the Organization have experience in managing similar organizations? Yes No *If "Yes," describe experience below. If "No," explain intended actions to mitigate this lack of experience.*

The president, Don Kelland has twenty-two years experience operating Tacna Water Company, 30+ years as president of other company's in Yuma Arizona.

The field and system manager, Steve Kelland, has one year in his current position at Tacna Water Company, and has Ten years experience off and on since 1983 with the Tacna Water Company operation.

The Treasurer and secretary, Kay Kelland has 10 years experience in her current position at Tacna Water Company, 18 years of office management experience.

Sunstate Environmental, the Water Treatment Operator (WTO), is an independent contractor that does all our testing.

5. Do the Officers of the Organization have experience in managing similar projects?

Yes No *If "Yes," describe experience below. If "No," explain intended actions to mitigate this lack of experience.*

Don Kelland has owned a construction company for 35+ years, and Tacna Water Company for 22 years. Kay Kelland has 18 years experience in similar projects

6. Who oversees day-to-day management of the system?

- System Manager
 Officer of the Organization
 Other:

Steve Kelland is the field and system manager handles the day-to-day management of Tacna Water Company. Sunstate Environmental is used make collections, connects, disconnects, billing, and testing.

7. Does the Manager, Officer of the Organization or other individual with day-to-day management responsibility have experience in managing similar organizations?

- Yes No *If "Yes," describe experience below. If "No," explain intended actions to mitigate this lack of experience.*

Steve Kelland is the field and system manager. Don Kelland, has managed Tacna Water Company over the last 22 years. More importantly, he has over 35 years of operating corporations and construction companies.

8. Does the Manager, Officer of the Organization or other individual with day-to-day management responsibility have experience in managing similar projects?

- Yes No *If "Yes," describe experience below. If "No," explain intended actions to mitigate this lack of experience.*

Steve Kelland is the field and system manager. Don Kelland, has managed Tacna Water Company over the last 22 years. More importantly, he has over 35 years of operating corporations and construction companies

9. Will there be significant management impacts as the result of the proposed project or any technology associated with the project? Yes No *Explain response below.*

There will not be a significant impact from the project on management. The existing management and ownership has more than enough experience to handle this project or the expansion or new technology that will be required to be included in the construction phase that will follow up on the recommendations of this project.

10. Is there an actual or potential managerial impact on the Applicant because of any current or past litigation? Yes No *If "Yes", describe below.*

Attachment G

Agreement with Sun State Environmental

There is no written contract between Tacna Water Management Company and Sun State Environmental. Our verbal agreement is that Sun State Environmental receive 10% of Total billing not to exceed \$500 per month. If contract with Sun State Environmental is required we will have contract drawn up.

Attachment H

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08/26/05

Accrual Basis

Tacna Water Company
Profit & Loss
January through December 2004

	<u>Jan - Dec 04</u>
Ordinary Income/Expense	
Income	
Sales	27,916.26
Total Income	<u>27,916.26</u>
Expense	
Advertisement	66.52
Bank Service Charges	319.54
BOOKKEEPING	400.00
Deposit Refund	50.00
DONATIONS	125.00
Dues and Subscriptions	196.40
Equipment Rental	240.00
Fees for Testing	2,892.94
FIELD MANAGER	5,300.00
Ground maintenance	453.50
Meters	150.80
Office Supplies	49.00
Postage and Delivery	370.00
rental box	324.00
Repairs	
Building Repairs	2,087.79
Equipment Repairs	6,264.45
Repairs - Other	90.00
Total Repairs	<u>8,442.24</u>
Taxes	
Property	1,623.85
Sales Tax	283.17
Total Taxes	<u>1,907.02</u>
Utilities	995.04
Total Expense	<u>22,282.00</u>
Net Ordinary Income	<u>5,634.26</u>
Net Income	<u><u>5,634.26</u></u>

2:14 PM

08/26/05

Accrual Basis

Tacna Water Company
Balance Sheet
As of December 31, 2004

Dec 31, 04

ASSETS

Current Assets

Checking/Savings
National Bank

35,097.57

Total Checking/Savings

35,097.57

Accounts Receivable
Accounts Receivable

11,522.80

Total Accounts Receivable

11,522.80

Other Current Assets
AR Clearing Account
Parts and Supplies

5,701.59

400.00

Total Other Current Assets

6,101.59

Total Current Assets

52,721.96

Fixed Assets

307 - Wells & Springs
311 - Pumping Equipment
320 - Water Treatment Equipment
331 - Trans & Dist Mains
333 - Equipment - Services
339 - Other Plant & Misc. Equip
Accumulated Depreciation

13,774.00

13,097.00

9,936.00

70,842.00

10,640.00

2,768.00

-121,057.00

Total Fixed Assets

0.00

TOTAL ASSETS

52,721.96

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities
Customer Deposits
Sales Tax Payable

725.00

140.65

Total Other Current Liabilities

865.65

Total Current Liabilities

865.65

Total Liabilities

865.65

Equity

A/R Clearing Account
Loan from Owners
Owners Equity
Owners Loans
PERSONAL
Retained Earnings
Net Income

7,485.44

19,415.28

4,341.57

-25,727.81

-1,401.84

42,109.41

5,634.26

Total Equity

51,856.31

TOTAL LIABILITIES & EQUITY

52,721.96

Attachment I

**PUBLIC NOTICE
OF
AN APPLICATION FOR AN ORDER
AUTHORIZING THE ISSUANCE OF DEBT BY
TACNA WATER MANAGEMENT COMPANY**

Tacna Water Management Company filed an Application with the Arizona Corporation Commission for an order authorizing Applicant to issue \$ 260,268 of Debt. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and the Sunstate Environmental offices in Yuma, Arizona

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Applicant.

The granting of Motions to Intervene shall be governed by A.A.C. RI4-3-I05, except that all Motions to Intervene must be filed on, or before, the 15th day after this notice.