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Transcript Exhibit(s)

SW-04316A-05-0371

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AZ CORP COMMISSION
DOCUMENT CONTROL



BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION DOCUMENT CONTROL

- COMMISSIONERS:
- JEFF HATCH-MILLER - CHAIRMAN
- MARC SPITZER, CHAIRMAN
- WILLIAM A. MUNDELL
- JEFF HATCH-MILLER
- MIKE GLEASON

IN THE MATTER OF THE APPLICATION OF ENTRADA DEL ORO SEWER COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WASTEWATER SERVICE.

Docket No. SW 04316A-05-0371

APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY

Entrada Del Oro Sewer Company ("Applicant"), an Arizona corporation, hereby applies for an Order approving a Certificate of Convenience and Necessity ("CC&N") for wastewater service to include an area encompassing the development known as Entrada Del Oro ("Development"). In support of this Application, Applicant states as follows:

- Applicant is a corporation formed for the purpose of providing wastewater utility service, within portions of Pinal County, Arizona. Initially, Applicant seeks authority to provide service to the Entrada Del Oro development located in Pinal County approximately 4 miles east of Gold Canyon.
- The area covered by this Application includes approximately 452 acres, and will include approximately 1132 residential units and one elementary school site.
- The owners of the property within the Entrada Del Oro development have requested that Applicant provide wastewater utility service to the Development. Copies of the requests for service are attached hereto as Exhibit 1. Arizona Water Company already possesses a certificate of convenience and necessity to provide water service in the Development.
- Attached as Exhibit 2 is the Commission's standard form application for a CC&N to provide wastewater service.

KOSKA HEYMAN & DEWULF, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 5. Applicant's attorneys is:
2
3 Michael W. Patten
4 Roshka Heyman & DeWulf, PLC
5 One Arizona Center,
6 400 East Van Buren Street
7 Phoenix, Arizona 85004.

8 6. Pertinent excerpts of the CAAG §208 Plan for wastewater service to Entrada Del
9 Oro is attached hereto as Exhibit 3.

10 7. An Aquifer Protection Permit has been issued for a 3 MGD wastewater treatment
11 plant to serve the Development, a copy of which will be late filed. That plant is located within the
12 Development and has sufficient capacity to serve the entire Entrada Del Oro development at build
13 out.

14 8. An AZPDES permit also has been issued related to the treatment plant, a copy of
15 which is attached as Exhibit 4.

16 9. The wastewater facilities needed to serve the area covered by this Application will
17 be constructed as needed to provide service to customers. The developer of the Entrada Del Oro
18 development is aware of the Commission's general preference for regionalization of wastewater
19 service. The developers contacted other potential wastewater treatment providers in the general
20 Gold Canyon vicinity. However, due the desires of Pinal County and CAAG, as reflected in the
21 208 Plan, the developers were left with no option other than the creation of the Applicant and the
22 pursuit of this CC&N. Moreover, due to the developers' efforts in seeking a regional solution, time
23 is now of the essence in order to meet contractual obligations to the homebuilders in Phase I of the
24 Development.

25 10. Notice of this Application will be given by publication in a newspaper of general
26 circulation as required by the Commission. Proof of publication will be filed with the Commission

27 11. Applicant maintains that this Application is in the public interest and should be
 granted. There is an imminent need for wastewater service in the Development. Given the CAAG
 208 Plan and the policies of Pinal County, Applicant is effectively the only option to provide
 wastewater service to the Development.

KOSKA HEYMAN & DEWULF, PLLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET • SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

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WHEREFORE, Applicant respectfully requests the following:

A. That the Commission proceed to consider and act upon this Application as timely as possible and to schedule a hearing, if necessary, on this matter;

B. That upon completion of said hearing that the Commission enter an Order approving the issuance of the requested Certificate of Convenience to provide wastewater to the Entrada Del Oro development.

C. That the Commission grant such other and further relief as may be appropriate under the circumstances herein.

RESPECTFULLY SUBMITTED this 24th day of May, 2005.

By 
Michael W. Patten
ROSHKA HEYMAN & DEWULF, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

Original and 13 copies of the foregoing filed this 24th day of May, 2005 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Copies of the foregoing hand-delivered/mailed this 24th day of May, 2005

Steve Olea
Assistant Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

By 

EXHIBIT

1

PHASE 2 LEGAL DESCRIPTION

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, and more particularly described as follows:

Commencing at Center of section 30;

Thence South 00 degrees 54 minutes 12 seconds West, 203.70 feet;
Thence North 75 degrees 35 minutes 58 seconds West, 342.74 feet to the POINT OF BEGINNING;

Thence North 75 degrees 35 minutes 58 seconds West, 70.00 feet;
Thence South 14 degrees 24 minutes 02 seconds West, 96.09 feet;
Thence North 75 degrees 35 minutes 58 seconds West, 170.00 feet;
Thence South 14 degrees 24 minutes 02 seconds West, 20.25 feet;
Thence North 85 degrees 56 minutes 27 seconds West, 339.09 feet to the beginning of a curve, concave Northeast, having a radius of 1140.00 feet;
Thence Northwesterly 494.47 feet along the arc of said curve to the right through a central angle of 24 degrees 51 minutes 06 seconds;
Thence North 61 degrees 05 minutes 22 seconds West, 92.65 feet;
Thence North 54 degrees 42 minutes 03 seconds West, 85.27 feet;
Thence North 35 degrees 17 minutes 57 seconds East, 79.61 feet;
Thence North 23 degrees 22 minutes 34 seconds East, 953.29 feet;
Thence North 11 degrees 07 minutes 34 seconds East, 83.35 feet;
Thence North 38 degrees 07 minutes 49 seconds East, 124.64 feet;
thence South 83 degrees 20 minutes 41 seconds East, 10.39 feet to the beginning of a non-tangent curve, concave Southeast, from which the radius point bears South 83 degrees 20 minutes 41 seconds East a distance of 50.00 feet;
Thence Northeasterly 96.78 feet along the arc of said curve to the right through a central angle of 110 degrees 53 minutes 50 seconds;
Thence on a non-tangent line North 38 degrees 07 minutes 49 seconds East, 115.85 feet;
Thence South 51 degrees 52 minutes 11 seconds East, 309.32 feet;
Thence South 13 degrees 29 minutes 08 seconds East, 130.85 feet;
Thence South 70 degrees 45 minutes 37 seconds East, 252.15 feet;
Thence South 69 degrees 01 minutes 31 seconds East, 50.00 feet;
Thence North 21 degrees 40 minutes 06 seconds East, 16.40 feet;
thence South 68 degrees 19 minutes 54 seconds East, 189.90 feet to the beginning of a non-tangent curve, concave Southeast, from which the radius point bears South 68 degrees 19 minutes 54 seconds East a distance of 1165.00 feet;
Thence Southwesterly 386.97 feet along the arc of said curve to the left through a central angle of 19 degrees 01 minutes 53 seconds to a point of reverse curvature of a curve having a radius of 2000.00 feet;
Thence Southwesterly 410.64 feet along the arc of said curve to the right through a central angle of 11 degrees 45 minutes 50 seconds;
Thence South 14 degrees 24 minutes 02 seconds West, 202.93 feet to the POINT OF BEGINNING.

Containing 31.324 acres, more or less, and being subject to easements of record.

PRELIMINARY
NOT FOR
CONSTRUCTION OR
RECORDING

LEGAL DESCRIPTION # 1

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, and more particularly described as follows:

Commencing at West Quarter Corner of Section 30;

Thence North 0 degrees 51 minutes 18 seconds East, 1320.57 feet;
Thence South 89 degrees 04 minutes 37 seconds East, 513.47 feet to the POINT OF BEGINNING;

Thence South 89 degrees 04 minutes 37 seconds East, 1080.19 feet;
Thence South 25 degrees 12 minutes 36 seconds West, 277.93 feet;
Thence North 64 degrees 47 minutes 24 seconds West, 120.00 feet;
Thence North 62 degrees 39 minutes 37 seconds West, 282.95 feet to the beginning of a curve, concave Southwest, having a radius of 745.00 feet;

Thence Northwesterly 407.38 feet along the arc of said curve to the left through a central angle of 31 degrees 19 minutes 51 seconds;
Thence South 86 degrees 00 minutes 33 seconds West, 200.57 feet to the beginning of a non-tangent curve, concave Southwest, from which the radius point bears South 69 degrees 58 minutes 45 seconds West a distance of 1025.00 feet;
Thence Northwesterly 21.74 feet along the arc of said curve to the left through a central angle of 1 degrees 12 minutes 56 seconds to the POINT OF BEGINNING.

containing 1.979 acres, more or less, and being subject to easements of record.

PRELIMINARY
NOT FOR
CONSTRUCTION OR
RECORDING

LEGAL DESCRIPTION NO. 2

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, and more particularly described as follows:

Commencing at center of section 30;

Thence North 0 degrees 56 minutes 24 seconds East, 1143.49 feet to the POINT OF BEGINNING;

The beginning of a non-tangent curve, concave Southeast, from which the radius point bears South 52 degrees 14 minutes 19 seconds East a distance of 1165.00 feet;

Thence Southwesterly 327.22 feet along the arc of said curve to the left through a central angle of 16 degrees 05 minutes 35 seconds;

Thence on a non-tangent line North 68 degrees 19 minutes 54 seconds West, 189.90 feet;

Thence South 21 degrees 40 minutes 06 seconds West, 16.40 feet;

Thence North 69 degrees 01 minutes 31 seconds West, 50.00 feet;

Thence North 70 degrees 45 minutes 37 seconds West, 252.15 feet;

Thence North 13 degrees 29 minutes 08 seconds West, 130.85 feet;

Thence North 51 degrees 52 minutes 11 seconds West, 309.32 feet;

Thence South 89 degrees 04 minutes 37 seconds East, 905.80 feet;

Thence South 00 degrees 56 minutes 24 seconds West, 176.26 feet to the POINT OF BEGINNING.

containing 5.985 acres, more or less, and being subject to easements of record.

**PRELIMINARY
NOT FOR
CONSTRUCTION OR
RECORDING**

LEGAL DESCRIPTION NO. 3

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, and more particularly described as follows:

Commencing at center of section 30;

Thence North 00 degrees 56 minutes 24 seconds East, 69.44 feet to the POINT OF BEGINNING;

The beginning of a non-tangent curve, concave Northeast, from which the radius point bears North 20 degrees 40 minutes 59 seconds West a distance of 55.00 feet;

Thence Northwesterly 66.35 feet along the arc of said curve to the right through a central angle of 69 degrees 07 minutes 08 seconds;

Thence on a non-tangent line South 48 degrees 26 minutes 09 seconds West, 30.28 feet;

thence North 76 degrees 33 minutes 48 seconds West, 120.00 feet to the beginning of a non-tangent curve, concave Northwest, from which the radius point bears North 76 degrees 33 minutes 48 seconds West a distance of 2080.00 feet;

Thence Northeasterly 392.07 feet along the arc of said curve to the left through a central angle of 10 degrees 48 minutes 00 seconds to a point of reverse curvature of a curve having a radius of 1085.00 feet;

Thence Northeasterly 549.91 feet along the arc of said curve to the right through a central angle of 29 degrees 02 minutes 21 seconds;

Thence on a non-tangent line South 0 degrees 56 minutes 24 seconds West, 930.37 feet to the POINT OF BEGINNING.

containing 2.786 acres, more or less, and being subject to easements of record.

EXHIBIT A

Legal Description

The South half of the Northeast quarter of Section 30, Township 1 South, Range 10 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT all gas, oil, metals and mineral rights as reserved to the United States of America as disclosed in Patent.

EXHIBIT A

Order Number: 261065

LEGAL DESCRIPTION

Parcel No. 1:

The North half of the Northeast quarter of Section 30, Township 1 South, Range 10 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT all gas, oil, metals and mineral rights reserved by the United States of America as disclosed by the Patent from the State of Arizona; and

EXCEPT 1/16th of all oil, gas, and other hydrocarbon substances, helium or other substances of a gaseous nature, coal, metals, minerals, fossils and fertilizers of every name and description together with all uranium and thorium and except all materials which may be essential to production of fissionable material as reserved in Arizona Revised Statutes.

Parcel No. 2:

Lot 1 and the Northeast quarter of the Northwest quarter of Section 30, Township 1 South, Range 10 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT all gas, oil, metals and mineral rights reserved by the United States of America as disclosed by the Patent from the State of Arizona; and

EXCEPT 1/16th of all oil, gas, and other hydrocarbon substances, helium or other substances of a gaseous nature, coal, metals, minerals, fossils and fertilizers of every name and description together with all uranium and thorium and except all materials which may be essential to production of fissionable material as reserved in Arizona Revised Statutes.

LEGAL DESCRIPTION

“Entrada del Oro Unit 1” located in a portion of the west half of Section 30, Township 1 South, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, as recorded in Pinal County records on 2/17/05, in Cabinet E, Slide 171, as Fee No. 2005-016692.

EXHIBIT

2

ARIZONA CORPORATION COMMISSION

APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant (Company) is:

Entrada Del Oro Sewer Company

5010 E. Shea Boulevard, Suite A-216

Scottsdale, Arizona 85254

B. If doing business (d.b.a.) under a name other than the Applicant (Company) name listed above, specify:

N/A

C. List the name, address and telephone number of the management contact:

Chuck Kennedy, President/Secretary, Entrada Del Oro Sewer Company

5010 E. Shea Boulevard, Suite A-216

Scottsdale, Arizona 85254

D. List the name, address and telephone number of the attorney for the Applicant:

Michael Patten, Roshka Heyman & DeWulf, PLC

One Arizona Center, 400 East Van Buren Street, Suite 800

Phoenix, ARizona 85004 (602) 256-6100

E. List the name, address and telephone number of the operator certified by the Arizona Department of Environmental Quality:

Paul and Kris Hendricks dba EUSI

4501 W. Tierra Buena Lane, Glendale, Arizona 85306

Office/Fax: (602) 548-4135

F. List the name, address and telephone number of the on-site manager of the utility:

Paul and Kris Hendricks dba EUSI

4501 W. Tierra Buena Lane, Glendale, Arizona 85306

G. The Applicant is a:

<input checked="" type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input checked="" type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company (LLC)
<input type="checkbox"/> Other (Specify)	

H. If Applicant is a corporation:

1. List names of Officers and Directors:

Officers	Directors
<u>Chuck Kennedy</u>	<u>Chuck Kennedy</u>
<u>Ali Razi</u>	<u>Ali Razi</u>
	<u>Babak Razi</u>

2. Attach a copy of the corporation's "Certificate of Good Standing" issued by the Corporation's Division of the Arizona Corporation Commission. See attached "Item 2"

3. Attach a copy of the Articles of Incorporation. See attached "Item 3"

4. Attach a copy of the corporation's By-Laws. See attached "Item 4"

5. If a for-profit corporation, indicate the number of shares of stock authorized for issue: 1,000

6. If stock has been issued, indicate the number of shares issued and date of issue:

1,000 shares issued March 2, 2005

H. If the Applicant is a partnership:

1. List the names of the general partners:

N/A

2. List the name, address and telephone number of the managing partners:

N/A

3. Attach a copy of the Partnership's Articles of Partnership.

- If the Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" filed with the Arizona Secretary of State.

J. If the Applicant is a sole proprietor, list the name, address and telephone number of the proprietor:

N/A

K. If the Applicant is a Limited Liability Company:

I. List the names of managers:

N/A

L. List the names and addresses of any other public utility interest, which the applicant may have:

N/A

M. Attach a description of the area requested using CADASTRAL (quarter section description) or Metes and Bounds survey. References to parcels and docket numbers will not be accepted. See attached "Item M"

N. Attach a detailed map using the form provided as Attachment "B". Shade and outline the area requested. Also, indicate any other utility within the general area using different colors. See attached "Item N"

O. Attach financial information in a format similar to Attachment "C". See attached "Item O"

P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use additional sheets if necessary):

The onsite Collection System in Phase 1 of the development is being installed and contributed by Engle Homes, the Phase 1 homebuilder. It is anticipated that Collection Systems in future phases of the development also will be installed and contributed homebuilders. The treatment facility, building, walls, landscaping, force main and other improvements are being funded by cash resources of Entrada Del Oro Sewer Co.

Q. Estimated starting and completion dates of construction of utility facilities:

Starting date 6/1/05 Completion 2/1/06

R. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless the Utilities Division, prior to the filing of this application, approves another form. See attached "Item R"

S. Attach the following permits:

1. The franchise from either the City or County for the area requested. See attached "Item S-1". Draft attached. Franchise license to be late filed by July 31, 2005.
2. The Arizona Department of Environmental Quality (or its designee's) approval to construct facilities. See attached "Item S-2"
3. The Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources, whichever applies.
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources, if applied for by the developer.
 - If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detail to prove that adequate water exists to provide water to the area requested.
6. Provide a copy of your estimated property taxes. This may be obtained by contacting the Arizona Department of Revenue, Division of Property Valuation and Equalization. You must provide them with a five (5) year projection of the original cost of the plant, depreciation expense, the location of the property and the school district. See attached "Item O"; "Entrada Del Oro WW1 Proforma Income Statements, ACC Form CS-2"

T. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in each of the first five years of operation: Please see attached "Item T"

Residential:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____
 Fifth Year _____

Commercial: (school site)

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Industrial:

First Year N/A Second Year N/A Third Year N/A Fourth Year N/A

Fifth Year N/A

Irrigation:

First Year N/A Second Year N/A Third Year N/A Fourth Year N/A
Fifth Year N/A

2. Indicate the projected annual water consumption or sewerage treatment, in gallons, for each of the customer classes for each of the first five years of operation: See attachment "Item T"

Residential:

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Commercial: (school site)

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Industrial:

First Year N/A Second Year N/A Third Year N/A Fourth Year N/A

Fifth Year N/A

Irrigation:

First Year N/A Second Year N/A Third Year N/A Fourth Year N/A

Fifth Year N/A

3. Indicate the total estimated annual operating revenue for each of the first five years of operation:
See attached "Item T"

Residential:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Commercial: (school site)

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial:

First Year N/A _____ Second Year N/A _____ Third Year N/A _____

Fourth Year N/A _____ Fifth Year N/A _____

Irrigation:

First Year N/A _____ Second Year N/A _____ Third Year N/A _____

Fourth Year N/A _____ Fifth Year N/A _____

4. Indicate the total estimated annual operating expenses for each of the first five years of operation: See attached "Item T"

Residential:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Commercial: (school site)

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial:

First Year N/A Second Year N/A Third Year N/A

Fourth Year N/A Fifth Year N/A

Irrigation:

First Year N/A Second Year N/A Third Year N/A

Fourth Year N/A Fifth Year N/A

5. Attach an itemized list of the major components of the water or sewer system (see Attachment C-3). See attached "Item T-5"

6. Indicate the total estimated cost to construct utility facilities:

See attached "Item O" - Entrada Del Oro WWTP Proforma Utility Plant-In-Service First year, ACC Form CS-4

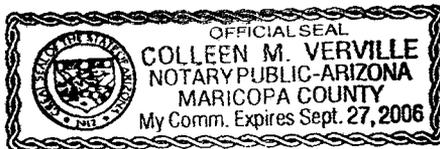


(Signature of Authorized Representative)

Chuck Kennedy
(Type or Print Name Here)

President/Secretary
(Title)

SUBSCRIBED AND SWORN to before me this 19th day of May, 2005



Colleen M. Verville
NOTARY PUBLIC

My Commission Expires 9/27/2006

ITEM 2

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****ENTRADA DEL ORO SEWER COMPANY*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 2, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 20th Day of May, 2005, A. D.




EXECUTIVE SECRETARY

BY: 

ITEM 3

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MAR 02 2005

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

ARTICLES OF INCORPORATION
OF
ENTRADA DEL ORO SEWER COMPANY

1. **Name.** The name of the corporation is:

ENTRADA DEL ORO SEWER COMPANY (the "Corporation").

2. **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.

3. **Initial Business.** The Corporation initially intends to conduct the business of owning and operating a sewer company and any other 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.

4. **Authorized Capital.** The Corporation shall have the authority to issue one thousand (1,000) shares of common stock, no par value per share.

5. **Statutory Agent.** The name and address of the initial statutory agent of the Corporation is:

Chuck Kennedy
5010 East Shea Boulevard
Suite A-216
Scottsdale, Arizona 85254

6. **Mailing Address.** The mailing address of the Corporation is:

5010 East Shea Boulevard
Suite A-216
Scottsdale, Arizona 85254

7. **Initial Directors.** The initial Board of Directors shall consist of three (3) Directors. The names and addresses of the persons who shall serve as the Directors until the first annual meeting of the shareholders or until their successors are elected and qualified are:

<u>Name</u>	<u>Address</u>
Ali Razi	5010 East Shea Boulevard Suite A-216 Scottsdale, Arizona 85254

Babak Razi

5010 East Shea Boulevard
Suite A-216
Scottsdale, Arizona 85254

Chuck Kennedy

5010 East Shea Boulevard
Suite A-216
Scottsdale, Arizona 85254

The number of Directors may be increased or decreased from time to time in the manner provided in the Bylaws of the Corporation.

8. **Incorporator.** The name and address of the incorporator are:

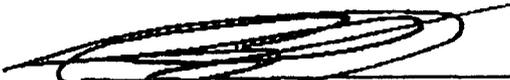
Chuck Kennedy
5010 East Shea Boulevard
Suite A-216
Scottsdale, Arizona 85254

9. **Director Liability.** To the fullest extent permitted by the Arizona Revised Statutes as the same exist or may be hereafter amended, no Director of the Corporation shall be liable to the Corporation or its shareholders for monetary damages for any action taken or any failure to take any action as a Director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or failure to act of a Director of the Corporation occurring prior to such repeal, amendment or modification.

10. **Indemnification.** To the fullest extent permitted by the Arizona Revised Statutes as the same exist or may be hereafter amended, the Corporation shall indemnify and advance expenses to any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer, Director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other entity. The foregoing indemnification and advancement of expenses shall be mandatory in all circumstances in which the same are permitted by law. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any matter giving rise to indemnification and advancement of expenses occurring prior to such repeal, amendment or modification.

DATED: March 2, 2005.

SOLE INCORPORATOR:



CHUCK KENNEDY

**ACCEPTANCE OF APPOINTMENT
BY STATUTORY AGENT**

Pursuant to the provisions of Section 10-501 of the Arizona Revised Statutes, the undersigned hereby acknowledges and accepts the appointment as statutory agent of Entrada Del Oro Sewer Company, effective this 2nd day of March, 2005.

A handwritten signature in black ink, appearing to read "CHUCK KENNEDY", is written over a horizontal line.

CHUCK KENNEDY

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress
Tucson, Arizona 85701-1347

PROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. §10-202.D

ENTRADA DEL ORO SEWER COMPANY
EXACT CORPORATE NAME

A. Has any person serving either by election or appointment as officer, director, trustee, incorporator and persons controlling or holding over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. 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. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein 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?

Yes _____ No XX

B. IF YES, the following information MUST be attached:

- | | |
|---|--|
| 1. Full name, prior name(s) and aliases, if used. | 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. | |

C. Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held or controlled over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any other corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

Yes _____ No XX

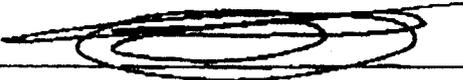
IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

- | | |
|---|---|
| 1. Name and address of the corporation. | 3. State(s) in which the corporation: |
| 2. Full name (including aliases) and address of each person involved. | (a) Was incorporated. (b) Has transacted business. |
| | 4. Dates of corporate operation. |
| | 5. Date and case number of Bankruptcy or date of revocation/administrative dissolution. |

D. The fiscal year end adopted by the corporation is DECEMBER 31.

Under penalties of law, the undersigned incorporator(s)/officer(s) declare(s) that I(we) have examined this Certificate, including any attachments, and to the best of my(our) knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY _____
PRINT NAME _____
TITLE _____ DATE _____

BY  _____
PRINT NAME CHUCK KENNEDY
INCORPORATOR AND
TITLE PRESIDENT DATE 03/02/2005

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days, any person becomes an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by at least one duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

ITEM 4

**BYLAWS
OF
ENTRADA DEL ORO SEWER COMPANY**

(As Adopted March 2, 2005)

1. OFFICES

1.1 Registered Office. The registered office of Entrada Del Oro Sewer Company (the "Corporation") in the State of Arizona shall be in Maricopa County, Arizona.

1.2 Other Offices. The Corporation also may have offices at such other places both within and without the State of Arizona as the Board of Directors may from time to time determine or the business of the Corporation may require.

2. SHAREHOLDERS

2.1 Shareholder Meetings.

(a) Time and Place of Meetings. Meetings of the shareholders of this Corporation (the "Shareholders") shall be held at a date, time and place, either within or without the State of Arizona, as determined by the Board of Directors and stated in the notices or waivers of notice of such meetings.

(b) Annual Meeting. Annual meetings of Shareholders shall be held on the second Tuesday in May of each year, commencing 2005. At the annual meeting, Shareholders shall elect a Board of Directors and transact such other business as properly may be brought before the annual meeting. If for any reason any annual meeting is not held on the date set forth above, a deferred annual meeting may thereafter be called and held in lieu thereof, at which the same Proceedings (including the election of directors) may be conducted. The failure to hold an annual meeting during the period set forth above shall not affect the validity of any corporate action.

(c) Special Meetings. Special meetings of the Shareholders for any purpose or purposes may be called at any time only by the President, or the Board of Directors pursuant to a resolution approved by a majority of the whole Board of Directors, or at the request in writing of Shareholders owning at least 25% of the Corporation's capital stock issued, outstanding and entitled to vote. Business transacted at any special meeting of the Shareholders shall be limited to the purposes stated in the notice of such meeting.

(d) Notice of Meetings. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, written notice of each meeting of the Shareholders shall be given not less than ten days nor more than sixty days before the date of such meeting to each Shareholder entitled to vote thereat, directed to such Shareholder's address as it appears upon the books of the Corporation, such notice to specify the place, date, hour and purpose or purposes of

such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mails, postage prepaid, addressed to the Shareholder at his address as it appears on the stock ledger of the Corporation. When a meeting of the Shareholders is adjourned to another time and/or place, notice need not be given of such adjourned meeting if the time and place thereof are announced at the meeting of the Shareholders at which the adjournment is taken, unless the adjournment is for more than thirty days or unless after the adjournment a new record date is fixed for such adjourned meeting, in which event a notice of such adjourned meeting shall be given to each Shareholder of record entitled to vote thereat. Notice of the time, place and purpose of any meeting of the Shareholders may be waived in writing either before or after such meeting and will be waived by any Shareholder by such Shareholder's attendance thereat in person or by proxy. Any Shareholder so waiving notice of such a meeting shall be bound by the Proceedings of any such meeting in all respects as if due notice thereof had been given.

(e) Quorum. Except as otherwise required by law, the Articles of Incorporation or these Bylaws, the holders of not less than a majority of the shares of the Corporation's capital stock issued, outstanding and entitled to vote at any meeting of the Shareholders, present in person or by proxy, shall constitute a quorum and the affirmative vote of the majority of the shareholders present at a meeting at which a quorum is present shall be deemed the act of the Shareholders. If a quorum shall fail to attend any meeting of the Shareholders, the presiding officer of such meeting may adjourn such meeting from time to time to another place, date or time, without notice other than announcement at such meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting of the Shareholders as originally noticed. The foregoing notwithstanding, if a notice of any adjourned special meeting of the Shareholders is sent to all Shareholders entitled to vote thereat which states that such adjourned special meeting will be held with those present in person or by proxy constituting a quorum, then, except as otherwise required by law, those present at such adjourned special meeting of the Shareholders shall constitute a quorum and all matters shall be determined by a majority of the votes cast at such special meeting.

2.2 Determination of Shareholders Entitled to Notice and to Vote. To determine the Shareholders entitled to notice of any meeting of the Shareholders or to vote thereat, the Board of Directors may fix in advance a record date as provided in Section 7.1 below, or if no record date is fixed by the Board of Directors, a record date shall be determined as of 4:00 p.m. on the day before notice is sent.

2.3 Voting.

(a) Except as otherwise required by law, the Articles of Incorporation or these Bylaws, each Shareholder present in person or by proxy at a meeting of the Shareholders shall be entitled to one vote for each full share of the Corporation's voting stock registered in the name of such Shareholder at the time fixed by the Board of Directors or by law at the record date of the determination of Shareholders entitled to vote at such meeting.

(b) Every Shareholder entitled to vote at a meeting of the Shareholders may do so either (i) in person or (ii) by one or more agents authorized by a written proxy executed by the person or such Shareholder's duly authorized agent, whether by manual signature,

typewriting, telegraphic transmission or otherwise as permitted by law. No proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

(c) Voting may be by voice or by ballot as the presiding officer of the meeting of the Shareholders shall determine. On a vote by ballot, each ballot shall be signed by the Shareholder voting, or by such Shareholder's proxy, and shall state the number of shares voted.

(d) In advance of or at any meeting of the Shareholders, the President may appoint one or more persons as inspectors of election (the "Inspectors") to act at such meeting. Such Inspectors shall take charge of the ballots at such meeting. After the balloting on any question, the Inspectors shall count the ballots cast and make a written report to the secretary of such meeting of the results. Subject to the direction of the chairman of the meeting, the duties of such Inspectors may further include without limitation: determining the number of shares outstanding and the voting power of each; the shares represented at the meeting; the existence of a quorum; the authenticity, validity, and effect of proxies; receiving votes, ballots, or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes of consents and determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election or vote with fairness to all Shareholders. An Inspector need not be a Shareholder and any officer of the Corporation may be an Inspector on any question other than a vote for or against such officer's election to any position with the Corporation or on any other questions in which such officer may be directly interested. If there are three or more Inspectors, the determination, report or certificate of a majority of such Inspectors shall be effective as if unanimously made by all Inspectors.

2.4 List of Shareholders. The officer who has charge of the Corporation's stock ledger shall prepare and make available, at least ten days before every meeting of Shareholders, a complete list of the Shareholders entitled to vote thereat, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each such Shareholder. Such list shall be open to the examination of any Shareholder, for any purpose germane to such meeting, either at a place within the city where such meeting is to be held and which place shall be specified in the notice of such meeting, or, if not so specified, at the place where such meeting is to be held. The list also shall be produced and kept at the time and place of the meeting of the Shareholders during the whole time thereof, and may be inspected by any Shareholder who is present.

2.5 Action by Consent of Shareholders. A resolution in writing, signed by the Shareholders, representing all of those shares entitled to vote shall be deemed to be the action of the Shareholders to the effect therein expressed with the same force and effect as if the same had been duly passed by the same vote at a duly convened meeting, and it shall be the duty of the Secretary of the Corporation to record such resolution in the Corporation's minute book under its proper date.

2.6 Conduct of Meetings. The chairman of the meeting shall have full and complete authority to determine the agenda, to set the procedures and order the conduct of meetings, all as deemed appropriate by such person in his sole discretion with due regard to the orderly conduct of business.

2.7 Notice of Agenda Matters. If a Shareholder wishes to present to the President an item for consideration as an agenda item for a meeting of Shareholders, he must give timely notice to the Secretary of the Corporation and give a brief description of the business desired to be brought before the meeting. To be timely, a Shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than sixty days nor more than ninety days prior to the meeting; provided, however, that in the event that less than seventy days' notice or prior public disclosure of the date of the meeting is given or made to Shareholders, notice by the Shareholder to be timely must be so received not later than the close of business on the fifteenth day following the date on which such notice of the date of the meeting was mailed or such public disclosure was made and provided further that any other time period necessary to comply with federal proxy solicitation rules or other regulations shall be deemed to be timely.

2.8 Meetings by Alternative Communications. The Board of Directors may permit any or all of the Shareholders to participate in any annual or special meeting of Shareholders or conduct the meeting through use of any means of communication by which all of the Shareholders participating may simultaneously hear each other during the meeting. If the board elects to permit participation by such means of communication, the notice of the meeting shall specify how a Shareholder may participate in the meeting by such means of communication. The participation may be limited by the Board of Directors to specified locations or means of communication. A Shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

3. BOARD OF DIRECTORS

3.1 General Powers. Unless otherwise restricted by law, the Articles of Incorporation or these Bylaws as to action which shall be authorized or approved by the Shareholders, and subject to the duties of directors as prescribed by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by, the Board of Directors.

3.2 Election of Directors.

(a) Number, Qualification and Term of Office. Subject to the requirements of applicable law, the Board of Directors may from time to time determine the number of directors. Until the Board of Directors shall otherwise determine, the number of Directors shall be that number comprising the initial Board of Directors as set forth in the Articles of Incorporation. Each director shall hold office until his successor is elected, or until his death, or until his earlier resignation or removal in the manner hereinafter provided. Directors need not be Shareholders and may succeed themselves.

(b) Resignation. Any director may resign from the Board of Directors at any time by giving written notice to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or if the time when such resignation shall become effective shall not be so specified, then such resignation shall take effect immediately upon its receipt by the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(c) Nomination of Directors. Candidates for director of the Corporation shall be nominated only either by:

(i) the Board of Directors or a committee appointed by the Board of Directors, or

(ii) nomination at any Shareholders meeting by or on behalf of any Shareholder entitled to vote thereat; provided, that written notice of such Shareholder's intent to make such nomination or nominations shall have been given, either by personal delivery or by United States mails, postage prepaid, to the Secretary of the Corporation not later than (1) with respect to an election to be held at an annual meeting of the Shareholders, twenty days in advance of such annual meeting, and (2) with respect to an election to be held at a special meeting of the Shareholders for the election of directors, the close of business on the fifteenth day following the date on which notice of such special meeting is first given to the Shareholders entitled to vote thereat. Each such notice by a Shareholder shall set forth: (1) the name and address of the (A) Shareholder who intends to make the nomination and (B) person or persons to be nominated; (2) a representation that the Shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (3) a description of all arrangements or understandings between the Shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Shareholder; (4) such other information regarding each nominee proposed by such Shareholder as is reasonably requested by the Board of Directors; and (5) the manually signed consent of each nominee to serve as a director of the Corporation if so elected. The presiding officer of the meeting of the Shareholders may refuse to acknowledge the nominee of any person not made in compliance with the foregoing procedure.

(d) Vacancies. Vacancies and new directorships resulting from an increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by the sole remaining director. Directors so chosen shall hold office until their successors are duly elected at the annual meeting and qualified. If no directors are in office, an election may be held as provided by statute.

3.3 Meetings of the Board of Directors.

(a) Regular Meetings. Regular meetings of the Board of Directors shall be held without call at the following times:

(i) at such times as the Board of Directors shall from time to time by resolution determine; and

(ii) within a reasonable time prior to any special meeting of the Shareholders and immediately following the adjournment of any annual or special meeting of the Shareholders.

Notice of all such regular meetings hereby is dispensed with.

(b) Special Meetings. Special meetings of the Board of Directors may be called by the President or the Board of Directors pursuant to a resolution approved by a majority of the whole Board of Directors. Notice of the time and place of special meetings of the Board of Directors shall be given by the Secretary or an Assistant Secretary of the Corporation, or by any other officer authorized by the Board of Directors. Such notice shall be given to each director personally or by mail, messenger, telephone or telegraph at such director's business or residence address. Notice by mail shall be deposited in the United States mails, postage prepaid, not later than the fifth day prior to the date fixed for such special meeting. Notice by telephone or telegraph shall be sent, and notice given personally or by messenger shall be delivered, at least twenty-four hours prior to the time set for such special meeting. Notice of a special meeting of the Board of Directors need not contain a statement of the purpose of such special meeting.

(c) Adjourned Meetings. A majority of directors present at any regular or special meeting of the Board of Directors or any committee thereof, whether or not constituting a quorum, may adjourn any meeting from time to time until a quorum is present or otherwise. Notice of the time and place of holding any adjourned meeting shall not be required if the time and place are fixed at the meeting adjourned.

(d) Place of Meetings. Meetings of the Board of Directors, both regular and special, may be held either within or without the State of Arizona.

(e) Participation by Telephone. Members of the Board of Directors or any committee may participate in any meeting of the Board of Directors or committee through the use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another, and such participation shall constitute presence in person at such meeting.

(f) Quorum. At all meetings of the Board of Directors or any committee thereof, a majority of the total number of directors of the entire then authorized Board of Directors or such committee shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any such meeting at which there is a quorum shall be the act of the Board of Directors or any committee, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. A meeting of the Board of Directors or any committee at which a quorum initially is present may continue to transact business notwithstanding the withdrawal of directors so long as any action is approved by at least a majority of the required quorum for such meeting.

(g) Waiver of Notice. The transactions of any meeting of the Board of Directors or any committee, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of

notice, or a consent to hold such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

3.4 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors at any meeting or at any meeting of a committee may be taken without a meeting if all members of the Board of Directors or such committee consent in writing and the writing or writings are filed with the minutes of the Proceedings of the Board of Directors or such committee.

3.5 Compensation of Directors. Unless otherwise restricted by law, the Articles of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees of the Board of Directors may be allowed like compensation for attending committee meetings.

3.6 Committees of the Board.

(a) Committees. The Board of Directors may, by resolution adopted by a majority of the Board of Directors, designate one or more committees of the Board of Directors, each committee to consist of one or more directors. Each such committee, to the extent permitted by law, the Articles of Incorporation and these Bylaws, shall have and may exercise such of the powers of the Board of Directors in the management and affairs of the Corporation as may be prescribed by the resolutions creating such committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. The Board of Directors shall have the power, at any time for any reason, to change the members of any such committee, to fill vacancies, and to discontinue any such committee.

(b) Minutes of Meetings. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

4. OFFICERS

4.1 Officers.

(a) Number. The officers of the Corporation shall be chosen by the Board of Directors and may include a Chairman of the Board of Directors (who must be a director as chosen by the Board of Directors) and shall include a President and a Secretary. The Board of Directors also may appoint a Treasurer, one or more Vice Presidents, Assistant Secretaries or Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. Any Vice President may be given such specific designation as may be determined from time to time by the Board of Directors. Any number of offices may be held by the same person unless otherwise required by law, the Articles of Incorporation or these Bylaws. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

(b) Election and Term of Office. The officers shall be elected annually by the Board of Directors at its regular meeting following the annual meeting of the Shareholders and each officer shall hold office until the next annual election of officers and until such officer's successor is elected and qualified, or until such officer's death, resignation or removal. Any officer may be removed at any time, with or without cause, by a vote of the majority of the whole Board of Directors. Any vacancy occurring in any office may be filled by the Board of Directors.

(c) Salaries. The salaries of all officers of the Corporation shall be fixed by the Board of Directors or a committee thereof from time to time.

4.2 Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be a Chairman, shall preside at all meetings of the Shareholders and the Board of Directors and shall have such other power and authority as may from time to time be assigned by the Board of Directors.

4.3 President. The President shall be the Chief Executive Officer of the Corporation, shall preside at all meetings of the Shareholders and the Board of Directors (if a Chairman of the Board has not been elected), and shall see that all orders and resolutions of the Board of Directors are carried into effect. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, the President shall have the general and active management of the business of the Corporation, may execute all contracts and any mortgages, conveyances or other legal instruments in the name of and on behalf of the Corporation, but this provision shall not prohibit the delegation of such powers by the Board of Directors to some other officer, agent or attorney-in-fact of the Corporation.

4.4 Vice Presidents. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The

Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them, respectively, by the Board of Directors or these Bylaws.

4.5 Secretary and Assistant Secretaries. The Secretary shall record or cause to be recorded, in books provided for the purpose, minutes of the meetings of the Shareholders, the Board of Directors and all committees of the Board of Directors; see that all notices are duly given in accordance with the provisions of these Bylaws as required by law; be custodian of all corporate records (other than financial) and of the seal of the Corporation, and have authority to affix the seal to all documents requiring it and attest to the same; give, or cause to be given, notice of all meetings of the Shareholders and special meetings of the Board of Directors; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. At the request of the Secretary, or in the Secretary's absence or disability, any Assistant Secretary shall perform any of the duties of the Secretary and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary.

4.6 Treasurer and Assistant Treasurers. The Treasurer shall be the Chief Financial Officer and keep or cause to be kept the books of account of the Corporation and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board of Directors or the President. The Treasurer, subject to the order of the Board of Directors, shall have custody of all funds and securities of the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. At the request of the Treasurer, or in the Treasurer's absence or disability, any Assistant Treasurer may perform any of the duties of the Treasurer and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer. Except where by law the signature of the Treasurer is required, each of the Assistant Treasurers shall possess the same power as the Treasurer to sign all certificates, contracts, obligations and other instruments of the Corporation.

5. INDEMNIFICATION AND INSURANCE

5.1 Right to Indemnification. Subject to the terms and conditions of this Section 5, each officer or director of the Corporation who was or is made a party or witness or is threatened to be made a party or witness to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (hereinafter an "Indemnitee"), whether the basis of such Proceeding is alleged action or inaction in an official capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Arizona Revised Statutes, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such

amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith and such indemnification shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 5 hereof with respect to Proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Section 5 shall include the right to be paid by the Corporation the expenses incurred in defending any such Proceeding in advance of its final disposition (hereinafter an "Advancement of Expenses"); provided, however, that, if the law requires, an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Corporation of an undertaking in the form then required by the law (if any), by or on behalf of such Indemnitee, with respect to the repayment of amounts so advanced (hereinafter an "Undertaking").

5.2 Right of Indemnitee to Bring Suit. If a claim under Section 5.1 is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be twenty days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit or in a suit brought by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expenses of prosecuting or defending such suit. In (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and (ii) any suit by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Indemnitee has not met the applicable standard of conduct set forth in the law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its Shareholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its Shareholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard or conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right hereunder, or by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified or to such Advancement of Expenses under this Section 5 or otherwise shall be on the Corporation.

5.3 Specific Limitations on Indemnification. Notwithstanding anything in this Section to the contrary, the Corporation shall not be obligated to make any payment to any Indemnitee with respect to any Proceeding (i) to the extent that payment is actually made to the Indemnitee under any insurance policy, or is made to Indemnitee by the Corporation or an affiliate thereof otherwise than pursuant to this Section 5, (ii) for any expense, liability or loss in connection with a Proceeding settled without the Corporation's written consent, which consent, however, shall not be unreasonably withheld, and (iii) where prohibited by applicable law.

5.4 Contract. The provisions of this Section 5 shall be deemed to be a contract between the Corporation and each director and officer who serves in such capacity at any time while such Section 5 is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or Proceeding theretofore or thereafter based in whole or in part upon any such state of facts.

5.5 Partial Indemnity. If the Indemnitee is entitled under any provision of this Section 5 to indemnification by the Corporation for some or a portion of the expenses, liabilities or losses incurred in connection with a Proceeding but not, however, for all of the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion thereof to which the Indemnitee is entitled. Moreover, notwithstanding any other provision of this Section 5, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any or all claims relating in whole or in part to a Proceeding or in defense of any issue or matter therein, including dismissal without prejudice, the Indemnitee shall be indemnified against all loss, expense and liability incurred in connection with the portion of the Proceeding with respect to which Indemnitee was successful on the merits or otherwise.

5.6 Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this Section 5 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Articles of Incorporation, these Bylaws, agreement, vote of Shareholders or disinterested directors or otherwise.

5.7 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the law.

5.8 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the Advancement of Expenses, to any employee or agent of the Corporation to the fullest extent of the provisions of this Section 5 with respect to the indemnification and Advancement of Expenses of directors and officers of the Corporation, or to such lesser extent as may be determined by the Board of Directors.

5.9 Notice by Indemnitee and Defense of Claim. The Indemnitee shall promptly notify the Corporation in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter, whether civil, criminal, administrative or investigative, but the omission so to notify the Corporation will not relieve it from any liability which it may have to the Indemnitee if such omission does not prejudice the Corporation's rights. If such omission does prejudice the Corporation's rights, the Corporation will be relieved from liability only to the extent of such prejudice; nor will such omission relieve the Corporation from any liability which it may have to the Indemnitee otherwise than under this Section 5. With respect to any Proceedings as to which the Indemnitee notifies the Corporation of the commencement thereof:

(a) The Corporation will be entitled to participate therein at its own expense; and

(b) The Corporation will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee; provided, however, that the Corporation shall not be entitled to assume the defense of any Proceeding (and this Section 5.9 shall be inapplicable to such Proceeding) if the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and the Indemnitee with respect to such Proceeding. After notice from the Corporation to the Indemnitee of its election to assume the defense thereof, the Corporation will not be liable to the Indemnitee under this Section 5 for any expenses subsequently incurred by the Indemnitee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below. The Indemnitee shall have the right to employ his own counsel in such Proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless:

(i) The employment of counsel by the Indemnitee has been authorized by the Corporation in writing; or

(ii) The Corporation shall not have employed counsel to assume the defense in such Proceeding or shall not have assumed such defense and be acting in connection therewith with reasonable diligence;

in each of which cases the fees and expenses of such counsel shall be at the expense of the Corporation.

(c) The Corporation shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent; provided, however, that the Indemnitee will not unreasonably withhold his consent to any proposed settlement.

6. CERTIFICATES FOR SHARES AND THEIR TRANSFER

6.1 Certificates for Shares. Unless otherwise provided by a resolution of the Board of Directors, the shares of the Corporation shall be represented by a certificate. The certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation

as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by or in the name of the Corporation by (a) a member of the Board of Directors, the President or any Vice President and (b) the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary. Any or all of the signatures on a certificate may be facsimile. In case any officer of the Corporation, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issuance.

6.2 Classes of Stock.

(a) If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations, or restrictions of such preferences or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; provided, that, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each Shareholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

(b) Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to applicable law or a statement that the Corporation will furnish without charge to each Shareholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

6.3 Transfer. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be canceled, issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

6.4 Record Owner. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Arizona.

6.5 Lost Certificates. The Board of Directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

7. MISCELLANEOUS

7.1 Record Date.

(a) In order that the Corporation may determine the Shareholders entitled to notice of or to vote at any meeting of the Shareholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than seventy nor less than ten days prior to the date of such meeting nor more than seventy days prior to any other action. If not fixed by the Board of Directors, the record date shall be determined as provided by law.

(b) A determination of Shareholders of record entitled to notice of or to vote at a meeting of the Shareholders shall apply to any adjournments of the meeting, unless the Board of Directors fixes a new record date for the adjourned meeting.

(c) Holders of stock on the record date are entitled to notice and to vote or to receive the dividend, distribution or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of the shares on the books of the Corporation after the record date, except as otherwise provided by agreement or by law, the Articles of Incorporation or these Bylaws.

7.2 Execution of Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other persons, to execute any corporate instrument or document or to sign the corporate name without limitation, except where otherwise provided by law, the Articles of Incorporation or these Bylaws. Such designation may be general or confined to specific instances.

7.3 Voting of Securities Owned by the Corporation. All stock and other securities of other corporations held by the Corporation shall be voted, and all proxies with respect thereto shall be executed, by the person so authorized by resolution of the Board of Directors, or, in the absence of such authorization, by the President.

7.4 Corporate Seal. A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Corporation. If a corporate seal is used, the same shall be at the pleasure of the officer affixing seal either (a) a circle having on the circumference thereof the name of the Corporation and in the center the year and state of incorporation or (b) a seal containing the words "Corporate Seal" in the center thereof.

7.5 Dividends. Subject to such restrictions or requirements as may be imposed by applicable law or the Corporation's articles or as may otherwise be binding upon the Corporation, the Board of Directors may from time to time declare and the Corporation may pay dividends on shares of the Corporation outstanding on the dates of record fixed by the board, to be paid in cash, in property, or in shares of the Corporation on or as of such payment or distribution dates as the board may prescribe.

7.6 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction and definitions in the General Corporation Law of the State of Arizona and the Articles of Incorporation shall govern the construction of these Bylaws.

7.7 Amendments. These Bylaws may be altered, amended or repealed by a majority vote of the Board of Directors or the Shareholders.

ITEM "M"

**LEGAL DESCRIPTION
ENTRADA DEL ORO
PINAL COUNTY, ARIZONA**

Government Lots 1, 2, and 3, the Southeast quarter of the Southwest quarter, the Southeast quarter of the Northwest quarter, the Northeast quarter of the Southwest quarter, the South half of the Northeast quarter, the Northeast quarter of the Northwest quarter, and the North half of the Northeast quarter of Section 30, Township 1 South, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Southwest corner of Section 30, said point being a found G.L.O. brass cap, thence North 0 degrees 52 minutes 48 seconds East, 1319.82 feet along the west line of Section 30 to the Southwest corner of GLO Lot 3, said point being the POINT OF BEGINNING; thence North 0 degrees 52 minutes 48 seconds East, 1319.82 feet to the West quarter corner of Section 30, said point being a found G.L.O. brass cap; thence North 0 degrees 51 minutes 03 seconds East, 2641.20 feet to the Northwest corner of Section 30; thence South 89 degrees 03 minutes 34 seconds East, 2788.95 feet to the North quarter corner of Section 30; thence South 89 degrees 03 minutes 34 seconds East, 2637.30 feet to the Northeast corner of Section 30; thence South 1 degrees 01 minutes 42 seconds West, 2634.15 feet to the East quarter corner of Section 30; thence North 89 degrees 08 minutes 02 seconds West, 2633.33 feet to the Center of Section 30; thence South 0 degrees 56 minutes 31 seconds West, 2640.91 feet to the South quarter corner of Section 30; thence North 89 degrees 06 minutes 28 seconds West, 1318.75 feet to the Southwest corner of the Southeast quarter of the Southwest quarter of Section 30; thence North 0 degrees 56 minutes 35 seconds East, 1320.15 feet to the Southeast corner of GLO Lot 3; thence North 89 degrees 07 minutes 15 seconds West, 1464.61 feet to the Southwest corner of GLO Lot 3 and the POINT OF BEGINNING.

Containing 452.671 acres, more or less, and being subject to easements of record.



ITEM "N"

ATTACHMENT "B"

Pinal	30	1 South	10 East
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
20	29	28	27	26	25
31	32	33	34	35	36

Type or Print Description Here:

Please See "Item M"

ITEM "O"

Proforma Balance Sheet (Sewer)
As of 1/31/06

Assets

Current Assets

Cash	\$50,000
Accounts Receivable	\$0
Total Current Assets	\$50,000

Fixed Assets

Utility Plant in Service	\$6,295,000
(Less) Accumulated Depreciation	\$0
Net Plant in Service	\$6,295,000
Total Assets	\$6,345,000

Liabilities and Capital

Current and Accrued Liabilities

Accounts Payable	\$0
Notes Payable	\$0
Accrued Taxes	\$0
Accrued Interest	\$0
Total Current and Accrued Liabilities	\$0

Long Term Debt \$0

Deferred Credits

Advances in Aid of Construction	\$1,925,000
Contributions in Aid of Construction	\$0
Accumulated Deferred Income Tax	\$0
Total Deferred Credits	\$0
Total Liabilities	\$1,925,000

Capital Account

Common Stock	\$1,000
Preferred	\$0
Paid in Capital	\$4,419,000
Retained Earnings	\$0
Total Capital	\$4,420,000
Total Liabilities and Capital	\$6,345,000

ENTRADA DEL ORO WWTP

**PRO FORMA INCOME STATEMENTS
ACC FORM CS-2**

DESCRIPTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Average No. of:					
Residential Customers	90	270	450	630	810
Commercial (School) - Students			360	504	648
Revenues:					
Flat Rate Revenues - Residential	\$75,600	\$226,800	\$378,000	\$529,200	\$680,400
Flat Rate Revenues - School	0	0	30,240	42,336	54,432
Effluent Credits	1,560	4,560	8,160	11,400	14,640
Other Revenues - Est. of Service	5,400	5,400	5,430	5,400	5,400
Total Revenues	\$82,560	\$236,760	\$421,830	\$588,336	\$754,872
Operating Expenses:					
Salaries & Wages	55,794	55,794	55,794	55,794	55,794
Sludge Removal Expense	19,587	58,760	24,258	33,961	43,665
Purchased Power	48,259	72,713	80,963	104,249	125,292
Sewage Treatment & Testing Exp.	19,991	19,991	19,991	19,991	19,991
Repairs & Maintenance	11,160	15,840	15,840	16,128	16,128
Office Supplies & Expense	4,158	4,158	4,158	4,158	4,158
Outside Services	9,214	5,914	7,018	8,808	8,808
Rents	0	0	0	0	0
Transportation Expenses	8,869	8,869	8,869	8,869	8,869
Liability Insurance	4,446	5,564	6,416	7,559	8,592
Health & Life Insurance	6,983	6,983	6,983	6,983	6,983
Depreciation Expense	179,671	185,921	192,171	192,171	192,171
Property Taxes	3,302	9,470	16,873	23,533	30,195
Miscellaneous Expenses	10,484	10,484	10,484	10,484	10,484
Income Taxes	45	45	45	45	45
Total Operating Expenses	\$381,963	\$460,506	\$449,863	\$492,733	\$531,175
Operating Income (Loss)	-\$299,403	-\$223,746	-\$28,033	\$95,603	\$223,697
Original Cost Rate Base	\$3,790,329	\$3,854,408	\$3,662,237	\$3,470,066	\$3,277,895
Return on Rate Base	-7.90%	-5.80%	-0.77%	2.76%	6.82%

REVENUE ASSUMPTIONS:

REU - Residential Flows/Day	250
Residential Flat Rate - Per Month	\$70.00
School Flat Rate - Per Month Per Stude	\$7.00
Establishment of Service Charge	\$30.00
Effluent Recharge Credit - Per AF	\$120.00

ENTRADA DEL ORO WWTP

PRO FORMA UTILITY PLANT IN SERVICE - FIRST YEAR
ACC FORM CS-4

DESCRIPTION	ORIGINAL COST	DEPRECIATION RATE	ACCUMULATED DEPRECIATION	NET PLANT
Organization	\$60,000	5.00%	\$3,000	\$57,000
Franchises	0	5.00%	0	0
Land and Land Rights (1)	400,000		0	400,000
Power Generating Equipment	66,000	5.00%	3,300	62,700
Structures & Improvements - Treat.	1,578,264	3.33%	52,556	1,525,708
Collection Sewers - Force		2.00%	0	0
Collection Sewers - Gravity (1)	1,925,000	2.00%	38,500	1,886,500
Services to Customers		2.00%	0	0
Flow Measuring Devices & Install.	4,800	10.00%	480	4,320
Receiving Wells		3.33%	0	0
Electric Pumping Equipment	103,200	12.50%	12,900	90,300
Treatment & Disposal Equipment	1,809,158	5.00%	90,458	1,718,700
Plant Sewers		5.00%	0	0
Outfall Sewer Lines	74,978	3.33%	2,497	72,481
Other Plant & Misc. Equipment	12,000	6.67%	800	11,200
Office Furniture & Equipment		6.67%	0	0
Transportation Equipment		20.00%	0	0
Stores Equipment		4.00%	0	0
Tools & Shop Equipment	9,600	5.00%	480	9,120
Laboratory Equipment	12,000	10.00%	1,200	10,800
Power Operated Equipment	6,000	5.00%	300	5,700
Communication Equipment		10.00%	0	0
Miscellaneous Equipment		10.00%	0	0
Other Tangible Plant	234,000	5.00%	11,700	222,300
Total Plant In Service	\$6,295,000	3.47%	\$218,171	\$6,076,829

NOTE:
(1) Contributed Plant

ENTRADA DEL ORO WWTP

PROJECTED ORIGINAL COST RATE BASE

END OF YEAR RATE BASE

DESCRIPTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Plant in Service	\$6,295,000	\$6,295,000	\$6,545,000	\$6,545,000	\$6,545,000
Plus: Plant Additions - Sludge Press		250,000			
Total Plant in Service	6,295,000	6,545,000	6,545,000	6,545,000	6,545,000
Less: Accumulated Depreciation	218,171	442,592	673,263	903,934	1,134,605
Net Plant In Service	6,076,829	6,102,408	5,871,737	5,641,066	5,410,395
Less:					
Contributions In Aid ("CIAC") - Gross (1)	2,325,000	2,325,000	2,325,000	2,325,000	2,325,000
Amortization of CIAC	38,500	77,000	115,500	154,000	192,500
Net CIAC	2,286,500	2,248,000	2,209,500	2,171,000	2,132,500
Original Cost Rate Base	\$3,790,329	\$3,854,408	\$3,662,237	\$3,470,066	\$3,277,895

NOTE:
 (1) Land and Collection System

ITEM "R"

ENTRADA DEL ORO WWTP

SCHEDULE OF PROPOSED RATES AND CHARGES

DESCRIPTION	PROPOSED RATE
-------------	------------------

MONTHLY WASTEWATER SERVICE:

Residential Service - Per Month	\$70.00
School Service - Per Student Per Month	7.00

OTHER RATES & CHARGES:

Establishment of Service - Regular Hours	\$30.00
Establishment of Service - After Hours	60.00
Re-establishment of Service (Within 12 Months)	(1)
Reconnection - Delinquent	60.00
Customer Deposit	(2)
Deposit Interest	3.50%
NSF Check Charge	35.00
Late Payment Penalty - Per Month	1.50%
Deferred Payment Interest - Per Month	1.50%
Main Extensions/Additional Facilities	Cost
Revenue Taxes & Assessments	(3)

NOTES:

- (1) Per Rule R14-2-603D - Months off system times the minimum charge.
- (2) Per Rule R14-2-603B
- (3) Per Rule R14-2-608D

ITEM "S-1"

DRAFT

When recorded mail to:

Clerk of the Board
P.O. Box 827
Florence, Arizona 85232

Creation Of Entrada Del Oro Sewer Franchise

WHEREAS, Entrada Del Oro Sewer Company, has filed its Article of Incorporation with the Arizona Corporation Commission, to become an Arizona Corporation, duly authorized to conduct business in the State of Arizona, and, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for a new public utility franchise for the purpose of constructing, operating and maintaining wastewater lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, (hereafter "Public Rights-of-Way") within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Application").

WHEREAS, upon filing of the Application for the public utility franchise, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the public utility franchise to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Application was set for 9:30 a.m. on _____, 2005, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said Application having come on regularly for hearing at 9:30 a.m. on _____, 2005; and it appearing from the affidavit of the publisher of the Florence Reminder and Blade Tribune, that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade Tribune, published on _____, 2005, _____, 2005, and _____, 2005, and the Apache Junction Independent, published on _____, 2005, _____, 2005, and _____, 2005; and the matter being called for hearing at 9:30 a.m., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to grant a wastewater franchise under Arizona Revised Statute §40-283, as well as all other applicable sections.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this franchise shall have the following meanings:

- A. County: Pinal County, Arizona.
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors.

- D. Grantee: Entrada Del Oro Sewer Company, an Arizona Corporation, its successors and assigns.
- E. Grantee's Facilities: Wastewater structures, equipment, lines, plants and related appurtenances.

Section 2: GRANT

A. Grantor, on _____, 2005, hereby grants to Grantee, for a period of twenty-five years, this new public utility franchise (hereinafter "Franchise") for the purpose of constructing, operating and maintaining water lines and related appurtenances along, under and across Public Rights-of-Way under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Application (hereinafter "Franchise Area").

B. Nonexclusive Franchise.

(1) The Franchise granted hereby shall not be exclusive and shall not restrict in any manner the right of County in the exercise of any regulatory power which it now has or which may hereafter be authorized or permitted by the laws of the State of Arizona. Nothing herein shall be construed to prevent County from granting other like or similar franchises to any other person, firm or corporation. County retains and shall ever be considered as having and retaining the right and power to allow and to grant to any other person, firm, corporation or other companies, franchise rights and privileges to be exercised in and upon its Public Rights-of-Way and public places, and such of the same and parts thereof as County may deem best or choose to allow, permit, give or grant.

(2) Nothing herein shall be construed to prevent County and its proper authorities from constructing and installing water lines, sewers, gutters, or improvements to its public highways, streets and alleys, and for that purpose, to require Grantee at Grantee's own expense to remove Grantee's Facilities to conform thereto and facilitate the same.

(3) Grantor makes no assurances that through its grant of this Franchise Agreement to Grantee that Grantor will endorse, support or otherwise encourage approval of Grantee's 208 Plan Amendment, Certificate of Need and Necessity, permit requests, zoning, or any other approval from a governmental or regulatory agency.

C. Reservation of Rights.

(1) County reserves the right to alter and amend the Franchise at any time and in any manner necessary for the safety or welfare of the public or to protect the public interests, and County reserves the right to impose at any time restrictions and limitations upon the use of the Public Rights-of-Way as County deems best for the public safety or welfare.

(2) County expressly reserves the right, after thirty (30) days written notice to Grantee, to modify, amend, alter, change or eliminate any of the provisions of the Franchise which may become obsolete or impractical; and to impose such additional conditions upon Grantee as may be just and reasonable, such conditions to be those deemed necessary for the purpose of insuring adequate service to the public; provided however, County shall not modify, amend, alter, change or eliminate any of said provisions until after thirty (30) days and a public hearing, if such is legally required or requested by Grantee.

Section 3: RENEWAL/SUBSEQUENT APPLICATION/REMOVAL OF SYSTEM

A. The Franchise herein granted shall expire on _____, 2030, and upon its termination, Grantee shall cease to exercise under the terms of the Franchise the privileges herein granted. In the event Grantee desires a renewal of the Franchise herein granted, or a new franchise for a subsequent period, Grantee shall apply to and open negotiations with County for that purpose at least six (6) months before the expiration of the Franchise herein granted; but nothing herein shall be construed to bind County to grant such renewal or subsequent franchise.

B. Upon termination of the Franchise, Grantee shall remove Grantee's Facilities from the Public Rights-of-Way and bridges within the Franchise Area and shall restore the areas to their original condition. If such removal is not completed within six (6) months of such termination, County may deem any property not removed as having been abandoned.

Section 4: REGULATION

Grantee shall be subject to reasonable regulations for the maintenance by Grantee of such portion of the Public Rights-of-Way altered, damaged or destroyed by Grantee, its agents, employees or contractors, in exercising the privileges granted by the Franchise, including, but not limited to provisions for repair as set forth in Section 9(B) herein.

Section 5: CONSTRUCTION, INSTALLATION AND REPAIRS

A. Before beginning any construction for installation of Grantee's Facilities, Grantee shall submit a plan of proposed construction to the Pinal County Engineer and shall not commence any construction until the plan of construction is approved by the County Engineer or his designate.

B. All work performed by Grantee, its agents, employees or contractors, under the Franchise shall be done in the manner prescribed by County and subject to the supervision of County, and in strict compliance with all laws, ordinances, rules and regulations of federal, state and local governments.

C. No construction, reconstruction, repair, or relocation under the Franchise shall be commenced until written permits have been obtained from the proper County officials. In any permit so issued, such officials may impose such conditions and regulations as a condition of the granting of the same as are necessary for the purpose of protecting any structures, highways, streets, or rights of way and for the proper restoration of such structures, highways, streets or rights of way, for the protection of the public and the continuity of pedestrian and vehicular traffic.

D. No construction under the Franchise by Grantee shall impose upon County the duty to maintain any Public Rights-of-Way unless County accepts said public street, alley, highway or right of way into the county maintenance system as provided by law.

Section 6: INSPECTION

County shall, if it deems it necessary, have the right to inspect the construction, operation and maintenance of Grantee's Facilities to insure the proper performance of the terms of the Franchise granted herein.

Section 7: SUFFICIENCY, LOCATION AND MAINTENANCE

All of Grantee's Facilities shall be in all respects adequate, efficient, substantial and permanent in design and workmanship, and shall be so located, erected and maintained in good order and repair so as not to interfere with the use, enjoyment or safety of the Public Rights-of-Way.

Section 8: EXPANSION

Grantee may from time to time, during the term of the Franchise make such enlargements and extensions of its wastewater system as are necessary to adequately provide for the requirements of County and the inhabitants of the Franchise Area provided that nothing herein shall compel Grantee to expand or enlarge its system beyond the economic and operating limits thereof. Such enlargements and extensions shall be made in accordance with County rules and regulations.

Section 9: RELOCATION; REPAIR

A. During the term of the Franchise, if County or any qualified authority having jurisdiction in the Franchise Area alters, repairs, improves, or changes the grade of, any Public Rights-of-Way in the Franchise Area, then and in such event, Grantee, at its own expense, shall promptly make such changes in the location, structure or alignment of its wastewater lines and related appurtenances as the County Engineer or his/her designee may deem necessary as provided in Section 9(B).

B. Within sixty (60) days after receiving written notice from County of needed changes or corrections in Grantee's Facilities, and upon the failure of Grantee to make such changes or corrections as set forth in Section 9(A) or to correct any damage to any Public Rights-of-Way within the Franchise Area caused directly or indirectly by Grantee, its agents, employees or contractors, County shall have the right to make, or cause such changes or corrections to be made at the expense of Grantee. In the event that any changes, corrections or repairs are deemed an emergency by County, Grantee, upon receipt of notice of such an emergency, shall make such changes, corrections or repairs deemed necessary by County to provide for health and safety concerns. In the event that Grantee does not make the necessary changes, corrections or repairs within a reasonable period of time, County may make, or cause such changes, corrections or repairs to be made at the expense of Grantee. Any expenses incurred for such changes, corrections or repairs, shall be due and payable within thirty (30) days of written demand by County to Grantee.

Section 10: LIABILITY

A. If any Public Rights-of-Way, bridge, sidewalk, public place, or other public facility should be disturbed, altered, damaged or destroyed by Grantee, its agents, employees or contractors, in the construction, design, installation, operation and maintenance of Grantee's Facilities under the Franchise, the same shall be promptly repaired, reconstructed, replaced or restored by Grantee, without cost to County, as provided in Section 9(B), in as good condition as before Grantee's entry and to the satisfaction of County.

B. Grantee shall be responsible to every owner of property which shall be injured by the work of construction, installation, operation or maintenance of Grantee's Facilities under the Franchise, all physical damage which shall be done to such injured property through any act or omission of Grantee, its agents, employees or contractors, arising out of said construction, installation, operation or maintenance.

C. It is a condition of the Franchise that County shall not and does not by reason of the Franchise assume any liability of the Grantee whatsoever for injury to persons or damage to property.

Section 11: INDEMNIFICATION

Grantee by its acceptance of the Franchise agrees that throughout the entire term of this Franchise, Grantee, at its sole cost and expense, shall indemnify, defend, save and hold harmless Pinal County, its elected officers, employees and agents from any and all lawsuits, judgments and claims for injury, death and damage to persons and property, both real and personal, caused in whole or in part by the construction, design, installation, operation or maintenance of Grantees Facilities by Grantee, its agents, employees or contractors, within the Franchise Area. Indemnified expenses shall include, but not be limited to, litigation and arbitration expenses, and attorneys' fees.

Section 12: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty (30) days after the date this Franchise is approved by County. This Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

Section 13: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Franchise acknowledges such acceptance relies upon Grantee's own investigation and understanding of the power and authority of the County to grant this Franchise. Grantee by its acceptance of the Franchise accepts the validity of the terms and conditions of the Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

B. Grantee by accepting the Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Franchise not expressed therein. Grantee by its acceptance of the Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Franchise.

C. Grantee by its acceptance of the Franchise further acknowledges that it has carefully read the terms and conditions of the Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.

D. The Board's decision concerning its selection and awarding of the Franchise shall be final.

Section 14: FAILURE TO ENFORCE FRANCHISE

Grantee shall not be excused from complying with any of the terms and conditions of the Franchise by any failure of County, upon any one or more occasions, to insist upon the Grantee's performance or to seek Grantee's compliance with any one or more of such terms or conditions.

Section 15: COMPLIANCE WITH THE LAW

Grantee shall at all times, conduct its business under the Franchise in accordance with all federal, state and local laws, rules and regulations, as amended, including any future amendments thereto as may, from time to time, be adopted.

Section 16: INTERPRETATION/GOVERNING LAW

The interpretation and performance of the Franchise and of the general terms and conditions shall be in accordance with and governed by the laws of the State of Arizona.

Section 17: VENUE

Exclusive venue for any legal action to enforce the provisions, terms and conditions of the Franchise shall be the Superior Court of the State of Arizona in and for the County of Pinal, Florence, Arizona.

Section 18: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Franchise, all of which shall remain in full force and effect for the term of the Franchise or any renewal or renewals thereof.

Section 19: FORFEITURE

A. If Grantee fails to comply with any of the provisions of this Franchise or defaults in any of its obligations hereunder, except for causes beyond the reasonable control of Grantee; and shall fail within thirty (30) days after written notice from County to commence, and within a reasonable time and not longer than sixty (60) days, complete the correction of such default or noncompliance, County shall have the right to revoke this Franchise and all rights of Grantee hereunder. In the event Grantee makes a general assignment or general arrangement for the benefit of creditors; or a trustee or receiver is appointed to take possession of substantially all of Grantee's Facilities within the Franchise Area or of Grantee's interest in this Franchise, where possession is not restored to Grantee within thirty (30) days; or Grantee's Facilities within the Franchise Area are subject to an attachment, execution or other seizure of substantially all of the Grantee's Facilities within the Franchise Area or this Franchise, where such seizure is not discharged within thirty (30) days, County may declare this Franchise, and any expansion hereto, forfeited and terminated.

B. Nothing herein contained shall limit or restrict any other legal rights that County may possess arising from such violations.

Section 20: REVOCATION OF FRANCHISE

The Franchise may after due notice and hearing, be revoked by County for any of the following reasons:

- A. For false or misleading statements in, or material omissions from the application for and the hearing on the granting of the Franchise.
- B. For any transfer or assignment of the Franchise or control thereof without County's written consent.
- C. For failure to comply with any of the terms and conditions of the Franchise.

Section 21: ASSIGNMENT/TRANSFER

Grantee shall not assign or transfer any interest in the Franchise without the prior written consent of Grantor. Grantor shall not unreasonably withhold its consent to a proposed transfer.

Section 22: NOTICE

Notices required under the Franchise shall be delivered or sent by certified mail, postage prepaid to:

Grantor:

Clerk of the Pinal County Board of Supervisors
P.O. Box 827
31 N. Pinal
Florence, Arizona 85232

Grantee:

Entrada Del Oro Sewer Company

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

Section 23: REMEDIES

Rights and remedies reserved to the parties by the Franchise are cumulative and shall be in addition to and not in derogation of any other rights or remedies which the parties may have with respect to the subject matter of the Franchise and a waiver thereof at any time shall not affect any other reservation of rights or remedies.

Section 24: RIGHT OF INTERVENTION

County hereby reserves to itself, and Grantee hereby grants to County, the right to intervene in any suit, action or proceeding involving any provision in the Franchise.

Section 25: BOOKS AND RECORDS

Grantee shall maintain books and records that identify all of Grantee's underground facilities by type and location within the Franchise Area. Grantee shall make such books and records available to County upon County's request and without cost to County.

Section 26: AD VALOREM TAXES

Entrada Del Oro Sewer Company Franchise

Grantee shall pay its ad valorem taxes before they become delinquent.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and caused its official seal to be affixed on _____, 2005.

PINAL COUNTY BOARD OF SUPERVISORS

Sandie Smith, Chairman

ATTEST:

Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY

Rick Husk, Deputy County Attorney

Exhibit A

Exhibit B

ACCEPTANCE OF FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Entrada Del Oro Sewer Company, an Arizona corporation, does hereby accept the _____, 2005 grant of a new public utility franchise from Pinal County, Arizona, (hereinafter "Franchise"), to construct, operate, and maintain wastewater lines and related fixtures along, under and across present and future Public Rights-of-Way, within the unincorporated area of Pinal County, Arizona, as stated in its application for a new public utility franchise.

Grantee unconditionally accepts the Franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of Pinal County to impose the same.

Grantee declares that the statements and recitals in this Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in this Franchise recited to have been or to be made by Grantee.

Dated this _____ day of _____, 2005.

Entrada Del Oro Sewer Company

By: _____

Title: _____

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2005, by _____ of Entrada Del Oro Sewer Company, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the company for the purposes therein stated.

Notary Public

My Commission Expires:

ITEM "S-2"

S-2

TO BE LATE FILED

ITEM "T"

ENTRADA DEL ORO WWTP

PROJECTED CUSTOMER GROWTH AND SEWERAGE FLOWS

DESCRIPTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Residential:					
Beginning Customers	0	180	360	540	720
Customer Additions	180	180	180	180	180
Ending Balance	180	360	540	720	900
Average Residential Customers	90	270	450	630	810
Commercial:					
School			1	1	1
Average Flows - GPD Per Customer:					
Residential	250	250	250	250	250
School - Students			360	504	648
Daily Flows - Per Student			25	25	25
School REU's			36	50	65
Average Total Daily Flows - Gallons:					
Residential	22,500	67,500	112,500	157,500	202,500
School	0	0	9,000	12,600	16,200
Total Average Daily Flows	22,500	67,500	121,500	170,100	218,700
Total Annual Flows - Treatment Influent	8,212,500	24,637,500	44,347,500	62,086,500	79,825,500
Liquid Sludge:					
Gallons of Sludge @ 13,250/Million	108,816	326,447	587,604	822,646	1,057,688
Sludge Removal @ \$0.18 Per Gallon	\$19,587	\$58,760	\$105,769	\$148,076	\$190,384
Dewatered Sludge:					
Solids @ 15%	68	204	368	515	662
Annual Sludge Removal Cost	\$4,492	\$13,477	\$24,258	\$33,961	\$43,665
Total Annual Flows - Effluent Recharge	4,106,250	12,318,750	22,173,750	31,043,250	39,912,750
Acre Feet of Recharge	13	38	68	95	122
Type 2 Value/AF	120	120	120	120	120
Total Credit	\$1,512	\$4,535	\$8,162	\$11,427	\$14,692

ITEM "T-5"

EXHIBIT

3

CAAG 208 WATER QUALITY PLAN AMENDMENT

FOR

ENTRADA DEL ORO

WASTEWATER MANAGEMENT SYSTEM



GOLDMAN, TOY & ASSOCIATES, INC.

Consulting Engineers

1990 W. Camelback Road, Suite 401

Phoenix, Arizona 85015

TEL (602) 246-7759

FAX (602) 246-7645

Email: gta@goldmantoy.com

Revised December 15, 2000

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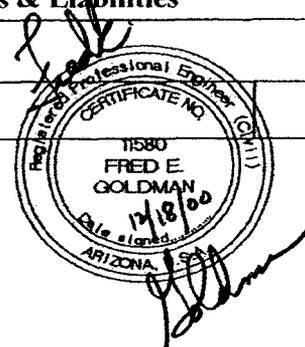
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Exhibit 8	Grosvenor Holdings, L.C. Combined Statement of Assets & Liabilities

APPENDIX

	208 Checklist and Answer Location
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1.0 INTRODUCTION

The report will provide planning information on the proposed "Entrada del Oro" development in northern Pinal County, Arizona. The project will entail development of 1,088 new homes on a 452.67 acre tract, which will also include an elementary school and recreational park site, pedestrian trails, an existing desert arroyo and riparian habitat. The wastewater treatment plant with a design capacity of 300,000 gallons per day will be located at the southwesterly portion of the project, to accommodate gravity sewerage flows to the plant. The Entrada del Oro project will create and maintain, where appropriate, linkage and natural pathways between open space areas in order to support the existing wildlife habitat.

2.0 LOCATION AND PROJECT DESCRIPTION

Entrada del Oro is located within the jurisdiction of Pinal County, Arizona. The legal description of the site to be developed is located in the West half of the Southwest Quarter of Section 30, of Township 1 South, Range 10 East of the Salt and Gila River Baseline and Meridian, Pinal County, Arizona.

This 452.67 acre development is located approximately 3 ½ miles northwest of Queen Valley and 4 miles southeast of Peralta and 3 miles northwest of Florence Junction. Exhibit 2, is a vicinity map for the Entrada del Oro wastewater plant site. Included within the 1,088 unit development will be an elementary school and 118 acres of open space, 10 acres of which will be for the park site, Exhibit 4. Access to the property is from U.S. Highway 60 and to El Camino Viejo Road. The wastewater treatment plant will be accessed by a paved roadway off the main road into the development. The proposed project area, is Under Contract to Purchase the land by the Entrada del Oro, L.C. The area surrounding the development is all owned by the State of Arizona and consists of undeveloped desert.

A major planning goal of the Entrada del Oro project is to maintain, preserve, and enhance the existing drainage way, channels, washes, and associated riparian habitat. This has been accomplished through the development of a 118 acres of useable open space, parts of which will also serve as a neighborhood park, with associated pedestrian trails.

The proposed residential development will be developed in four (4) phases as shown on Exhibit 3. The project will utilize deed restrictions and strict homeowners association by-laws as means to minimize the use of turf as a ground cover and to encourage the use of desert/low water consuming landscape (Xeriscape) design themes appropriate to the area. The wastewater treatment plant will be capable of treating 300,000 gallons per day of wastewater effluent. The treated effluent will be used to irrigate the common areas and park. The natural washes within the subdivision will be irrigated using the effluent that complies with the NPDES and reuse permit requirements.

The recreational park tract will provide a large open space to utilize the recycled wastewater effluent. The turfed playgrounds at the elementary school site will provide additional areas to utilize effluent for irrigation. If effluent production exceeds irrigation capacity, as it may in the winter season, NPDES permit will allow for discharge of effluent to a wash adjacent to and east of the wastewater treatment plant. Also, effluent will be used year round to enhance the habitat provided by the natural washes. These natural washes will include trails and bike paths. The irrigation system and the vegetated natural washes will be maintained by the Homeowners Association.

3.0 EXISTING CONDITIONS

The site and surrounding area is undeveloped natural desert. The nearest sanitary district is the Queen Valley Sanitary District which is located approximately 4 miles southeast of the projected wastewater treatment facility, shown on Exhibit 2. There are currently no dwellings existing on the property. There are no Arizona Corporation Commission certificated areas in the adjacent townships.

Located southeast of the development is a 3 acre RV Park that currently relies on septic tanks. As the RV park develops it will add a wastewater treatment plant having a capacity to treat wastewater from 700 units. There are only 3 acres of turf area for effluent disposal. The owners have been contacted and they have no interest in serving the Entrada del Oro project. The RV Park's insufficient capacity cannot handle Entrada del Oro's wastewater. Entrada del Oro will not be serving the RV Park. Discussions with the RV Park indicate that the RV Park will eliminate septic tanks when they build their permanent wastewater treatment plant. Existing septic tanks have been approved by Pinal County and ADEQ.

Located approximately 5 miles northwest of Entrada del Oro is Gold Canyon Ranch. The facility at Gold Canyon is owned by Shea Homes and is servicing the new Pulte Peralta project. The plant is implementing a 500,000 gallon per day expansion to their plant. The distance between Gold Canyon and Entrada del Oro creates a problem because the force main and lift stations needed to pump sewage to the Shea facility is economically unfeasible. After discussions with Shea Homes, it was noted that they "do not want to be in the sewer treatment business" and were only hoping to finish out their existing projects.

Located approximately 2 miles southeast of the proposed development is Ranch 160. This is a new development on a 161 acre tract, that includes 550 new homes and a 36 acre desert park. The wastewater treatment plant will be designed for 160,000 gallons per day capacity. Johnson Utilities will be servicing the treatment plant. Johnson Utilities have been contacted and has not yet responded. The Ranch 160 project timetable is uncertain. No facilities exist at this point.

The wastewater treatment facility for Entrada del Oro will be owned by the Homeowners Association that will be established during Phase I, once occupancy occurs. Detailed information concerning the Homeowners Association obligations is mentioned in Section 9 of this report. Water service will be provided by Arizona Water Company, from the Peralta project, located 4 miles from the treatment plant.

The adjacent area is State land and is proposed to be a natural preservation area. Therefore, it is not anticipated that additional residential development will occur within a 3 mile radius area to the north, west and east of the Entrada del Oro Development.

The concept of having regional plants has advantages of economies of scale and management. Local or satellite plants are becoming more popular since they more efficiently preserve our natural resources by allowing reuse of effluent without lengthy and expensive effluent transmission lines. Utilization of effluent, especially during the summer, will preserve our limited water resources.

4.0 WASTEWATER FLOW PROJECTIONS

Entrada del Oro is a residential planned area development consisting of a total of 1,088 residential units. The overall master plan was developed by The Orcult/Winslow Partnership. Detailed plans for the infrastructure is JMI Engineering.

The project is to be developed in four phases as shown on Exhibit 3. Phase I consists of approximately 281 residential units. The wastewater treatment plant will be built in one phase in conjunction with Phase I construction. Phase II consists of an additional 386 residential units which will include the construction of an elementary school, and one recreational park. Phase III consists of 375 units, and phase IV consists of the remaining 46 units.

Table 1, shows the projected flows for each development phase by dwelling units, and an elementary school. There will be no change to the number of units in the development within a 20 year period. This information will be used by the Grosvenor Holdings, L.L.C. and its consultants to size the gravity sewer mains, sewer lift station, and to phase the wastewater treatment and reclamation facilities.

Table 1 Entrada del Oro Projected Sewer Basin Flows					
Phase	Year Complete	School Site/ Students	Dwelling Units Phase/cumulative	Population Phase/Cumulative	Average Daily Flow (GPD) Phase/Cumulative
1	2002	0	281/ 281	843/ 843	70,250 ¹ / 70,250
2	2003	1/ 1000	386/ 667	1158/ 2,001	25,000 ² + 96,500/ 191,750
3	2004	0	375/ 1,042	1125/ 3,126	93,750/ 285,500
4	2005	0	46/ 1,088	138/ 3,264	11,500/ 297,000
<i>Total Average Daily Flow On Build-Out</i>					297,000
	2011	1/1000	1,088	3,264	297,000
	2016	1/1000	1,088	3,264	297,000
	2021	1/1000	1,088	3,264	297,000

1,088 homes will be serviced by the sewer and wastewater management system.

¹Average Daily Flow = Number of Dwelling Units x 250 gpd

²Average Daily Flow = Based on 1,000 students per elementary school @ 25 gpd/student

³83 Gallons per capita per day = 250 gpd/unit ÷ 3 (# person per household)

The projected sewage flows were derived by using 83 gallons per capita per day and 3 persons per residence with a total flow rounded to 250 gpd/unit. The per capita flows are typical for new development using mandated water saving devices such as low flow toilets and shower heads. Also, the projected school flows are based on ADEQ Bulletin 11 recommended design flows. There are no commercial or industrial flows that will be generated by the project. We believe this projection to be conservative since the average persons per household in Pinal County is 2.83, according to the Arizona State Department of Economic Security, Population Statistic Unit, 1990 Census, and our experience, show sewage flows per home to be closer to 200 gpd/unit or 65 to 70 gpd per person.

5.0 CONSTRUCTION PHASING

The wastewater treatment plant will be built before the first development phase is operational. The phasing of Entrada del Oro is planned to occur in a direction moving west to east on the property. (See Exhibit 3). It is anticipated that 250 to 350 homes per year will be constructed, beginning in July, 2001. The elementary school is expected to be constructed during Phase II, after 350 - 400 homes have been built and occupancy begins to occur after the development of Phase I. The wastewater treatment plant must be operational before occupancy of any homes in Phase I. The 10 acre park site will also be constructed during Phase I. Phase II is expected to begin construction within one (1) year after phase I has begun construction, and Phase III will begin one (1) year after Phase II. See table 2 for time lines. Forty six homes are expected to be constructed with a 41,234 square foot average lot size, approximately 9.4 du/acre, in Phase IV of the development, to complete the project development. Construction will follow non-point source requirements to control erosion. All homes will be connected to the wastewater treatment plant.

Phase	No. of Lots	Avg.Lot Size(Sq.Ft.)	Begin	Completed	Other Information
I	281	7,887	7/2001	8/2002	It is anticipated that 250 - 350 homes be completed each year. The wastewater treatment plant will begin construction 7/2001 and will be completed 12/2001. The school will begin construction during phase II, 2002. Completion of all units are expected towards the mid year of 2005.
II	386	6,352	9/2002	10/2003	
III	375	10,562/ 9,942	11/2003	12/2004	
IV	46	41,243	1/2005	5/2005	
Total Units		1,088			

* 1,088 homes will be serviced by the sewer and wastewater management system.

Wastewater within the community will be collected and delivered it to the wastewater treatment site according to Master Sanitary Sewer Concept Plan, Exhibit 4.

6.0 WASTEWATER SYSTEM INFRASTRUCTURE REQUIREMENTS

The Entrada del Oro Project is located within an area of undulating foothill terrain with topography generally draining to several washes from north to south which discharge into Queen Creek. The wastewater treatment plant site is located at the southwesterly portion of the project, to optimize gravity sewerage flows to the plant.

Gravity sewer main sizes have been determined. An influent sewage lift station will lift the collected sewerage flows into the headworks of the wastewater treatment plant. This influent sewer lift station will be constructed during Phase I of the project to match the capacity of the wastewater treatment plant and designed in accordance with the requirements of ADEQ Bulletin 11, "*Minimum Requirements for Design,*

Submission of Plans and Specification of Sewage Works”, including duplex pumps, backup power, and required appurtenances, as shown on Exhibit 5.

The treatment plant facilities will be sized to treat, and dispose of the peak daily flows. The wastewater will be treated to a “Class A+” effluent quality for reuse in the wash for irrigation and for the 10 acre recreational park site and play fields of the elementary school. Effluent will also be used to support native vegetation in the natural washes under a reuse and NPDES permit and will seasonally discharge to the natural wash adjacent to the plant during wet periods when the ground is saturated.

The Entrada del Oro project will require permits for the wastewater collection, treatment reuse and discharge systems. The management system will require a wastewater reuse permit, an individual aquifer protection permit, and a NPDES permit. The submittal date for the NPDES is scheduled for December, 2000. The APP permit is scheduled for submittal for the beginning of year 2001. The wastewater treatment system will be based upon sound engineering principles. The developer will be encouraging public access and usage to the desert parkway/riparian habitat area, through the use of interpretive trails and other public use areas.

The sewer treatment facility will be a partially buried extended aeration, denitrifying treatment plant with sand filtration and UV disinfection, with a design capacity of 300,000 gallons per day. A site plan is shown on Exhibit 5. The effluent will meet the “Class A+” reuse standards. Excess flows, which will occur during portions of the winter months, will be disposed through stream discharge using an NPDES permit. The receiving stream is the unnamed wash that runs through the Entrada del Oro Project, northwest of the wastewater treatment plant, that is tributary to Queen Creek. Since this effluent will be tertiary treated and disinfected prior to release into the receiving wash, there will be no pollution of either the waters of the U.S. or the groundwater aquifers in the area below the unnamed tributary. There will be no impacts to the Queen Valley Sanitary District. Please refer to Exhibit 3 for the location of the discharge point in relation to the WWTP and development.

7.0 PERMITTING REQUIREMENTS

Documentation of communication with ADEQ Permitting Section 30 to 60 days prior to public hearing regarding the need for specific permits was submitted, (exhibit 7). The following is a summary of the permitting requirements and processes that are

required for the wastewater treatment plant facility. An Application will be submitted to ADEQ for the APP and NPDES permits for the Entrada del Oro project.

7.1 Aquifer Protection Permit (APP)

The State Aquifer Protection Permit (APP) Program was established by the Environmental Quality Act (EQA) and is primarily designed to regulate facilities that may discharge to an aquifer. An individual APP permit is required for all new wastewater treatment plant facilities, which must be constructed and operated so as to meet the greatest degree of discharge reduction achievable. This is accomplished by Best Available Demonstration Control Technology (BADCT). Achievement of BADCT for a wastewater treatment plant facility is outlined in the BADCT guidance document as provided by the Arizona Department of Environmental Quality. Tertiary treatment with denitrification and UV disinfection meets current BADCT standards as established by guidance documents used by ADEQ. The APP report is scheduled to be submitted about January, 2001 and is expected to be finalized in June of 2001.

7.2 Effluent Reuse Permit

The application for an Effluent Reuse Permit will be processed through the Arizona Department of Environmental Quality concurrent with the Aquifer Protection Permit Application. An Effluent Reuse Permit is required for reuse of the treated effluent for irrigation of the park, open spaces and play field at the elementary school.

7.3 Section 208 Plan Amendment

In accordance with Section 208 of the Clean Water Act, an Area Wide Water Quality Management Plan was prepared for the Central Arizona Association of Governments (CAAG). The Water Quality Management Plan has continually been updated through several Plan Amendments and updates. This document will serve as the 208 Water Quality Plan Amendment for Entrada del Oro. The Central Arizona Association of Governments (CAAG) is a designated area-wide Water Quality Management Planning Agency for Pinal County.

7.4 National Pollution Discharge Elimination System Permit (NPDES)

A NPDES permit for discharge into the unnamed wash will be prepared to permit irrigation of riparian areas within the washes and for seasonal discharge into the wash adjacent to the plant which is tributary to Queen Creek. The planned date of submittal of the NPDES permit is 12/00. The facility plans to start utilizing the permit January 2002.

The NPDES program also regulates sewage sludge under Section 405 of the Clean Water Act (CWA). Part 503 of the Clean Water Act controls the quality of sewage sludge that may be applied to land, distributed and marketed, placed in a sludge disposal facility, or incinerated in a sewage sludge incinerator. The sludge generated at the proposed wastewater treatment plant will be stabilized and dewatered and then disposed of at an operating sanitary landfill certified by the ADEQ to handle and dispose of sludge from wastewater treatment plants. Protection of the groundwater at the landfill location will be provided by the landfill facility. The closest landfill which will accept sludge for disposal is:

Butterfield Station Municipal Solid Waste Landfill
99th Avenue, one mile north of Arizona State Highway 238
Mobile, Arizona

Operated by: Waste Management, Inc.
2425 South 40th Street
Phoenix, Arizona 86034
Phone: (602) 256-0630

Per discussions with Waste Management, Inc. it was stated that it would be acceptable for Entrada del Oro wastewater treatment plant to dispose dewatered sludge at Butterfield Station Municipal Solid Waste Landfill. The life expectancy of the Landfill is forty (40) to fifty (50) years.

An NPDES Storm Water Pollution Prevention Permit will be required for the entire project including the treatment plant site work. The contractor for the facilities is responsible to obey all NPDES Permit regulations relevant to construction sites to prevent surface water and groundwater contamination. All hazardous materials and potential pollutants shall be stored onsite in appropriate storage areas which are constructed to contain any spills or runoff of hazardous

materials. Retention basins, silt traps, and other sediment barriers are to be provided at the site to filter sediment from storm water runoff leaving the site. The Contractor shall keep the site clean and have covered dumpsters on site which are emptied regularly.

7.5 Wastewater System Technical Review

The technical review process consists of submitting a design report and detailed construction plans for the plant site, treatment plant design, required plant details and associated facilities. The plans are to be in conformance with Engineering Bulletin No. 11 as issued by the Arizona Department of Environmental Quality. ADEQ will issue a permit to allow construction of the facility following approval of the plans. Submittal of plans for technical review will occur January, 2001 with Approval to Construct anticipated around March, 2001

7.5 Local Floodplain and Drainage Regulations

The Entrada del Oro project, when built-out, is designed to discharge storm water runoff at a rate equal to or less than the current runoff rate as undeveloped property. Runoff will be stored in the basins, allowing sediment to settle out, and then be released into the natural drainage course or percolated into the soil structure in a controlled condition. This same type of retention/detention concept will be utilized within the WWTP site. The retention basins will be landscaped in such a way as to provide adequate retention of the storm water runoff in accordance with the Pinal County Drainage Ordinances.

7.6 Construction Permits (404/401 permits)

There are no non-point issues related to this project that are expected. If an issue does occur, it will be required that the contractor obtain the necessary permits.

8.0 BENEFITS PROVIDED BY THE FACILITY

The wastewater treatment plant for Entrada del Oro will provide several benefits to the area:

- Centralized wastewater treatment will be provided, reducing the potential for groundwater contamination from septic tanks with leach fields.
- The treated effluent from the wastewater treatment plant will be used for irrigation of the recreational park and elementary school playground. Treated effluent will also be used to preserve and enhance the natural riparian washes.
- The Entrada del Oro Project will be an asset to Florence Junction and surrounding communities. The project will provide affordable housing in an open master planned community. The wastewater management system will provide an environmentally sound plant that will help preserve precious water resources.
- The existence of the wastewater treatment plant will allow the area to accommodate growth in an environmentally safe manner.
- Pedestrian trails, natural washes and riparian habitat will be irrigated by the effluent.

9.0 PROJECT FINANCING

Plant construction will be financed through the developer, Grosvenor Holdings, L.C. A letter from the CPA of the company was written stating that the Company has sufficient funds to finance the construction of the wastewater management facility project during the development of this project is shown on Exhibit 8. This letter recognizes the vocabulary of the new ADEQ regulations of a Homeowner's Association to manage a WWTP, mentioned below.

R18-9-304, B.2. (Arizona Administrative Register/Notices of Proposed Rulemaking, Volume 6, Issue #15): If responsibility for operation of the private sewage treatment facility is to be conveyed to a homeowner's association or a private operator after construction, the application shall demonstrate that the homeowner's association or private operator will be financially capable of carrying out all terms and conditions of the permit and all treatment performance requirements specified in R18-9-303, including monitoring and recordkeeping requirements, and assuring that the system will be under continuous operational control by the correct classification of certified operator as specified in Arizona Administrative Code, Title 18, Chapter 5, Article 1.

Financial statements are provided to demonstrate the stability and finances available for the Entrada del Oro project. A CC&N is not required from the Corporation Commission according to the ACC. Homeowners Associations cannot be regulated by the ACC according to the state of Arizona Constitution. There are no financial constraints in the development of the proposed project.

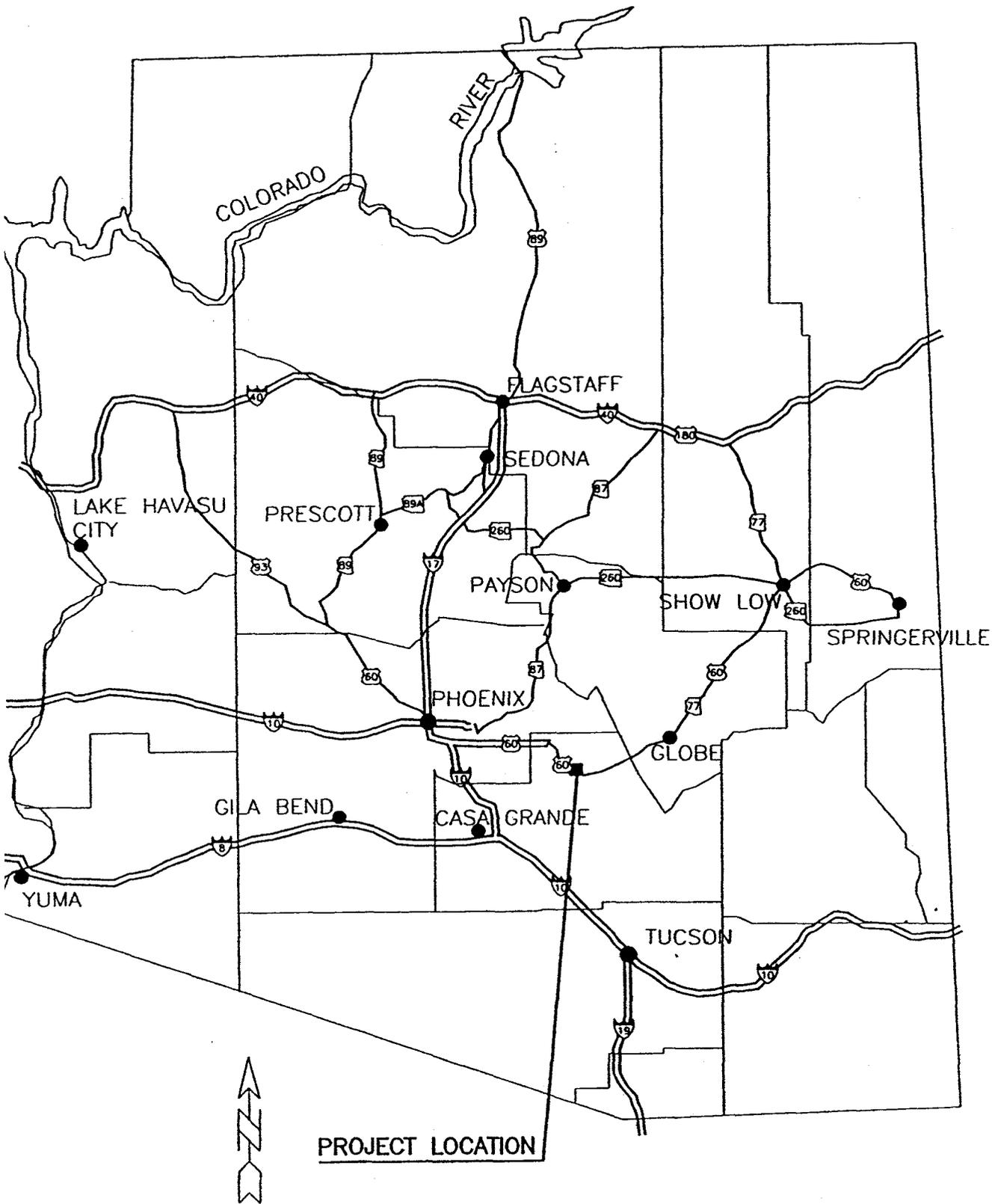
As the units are sold a Homeowners Association will be formed. Entrada del Oro, L.C., a subsidiary of Grosvenor Holdings, L.C. will subsidize the plant until there is an established amount of homeowners. The Homeowners Association will operate and maintain the facility. The Homeowners Association will subcontract the operations and management of the wastewater treatment facility to a management company experienced in the operations and maintenance of the wastewater treatment plant. All expenses for the operating and maintaining the wastewater treatment plant will be collected from each homeowner within the Entrada del Oro development and paid to the Homeowners Association. A reserve fund equal to 10% of the plant cost will be opened and maintained to cover unforeseen expenses. The Homeowners Association is responsible for keeping accurate and current records of all transactions for the association. If the cost of the wastewater treatment increases, the Homeowners Association must request the additional amount from the homeowner. The homeowner is obligated to pay his/her dues to the Homeowners Association. Exhibit 6 shows the letter that explains the obligations of the association and the home owner.

10. POPULATION

There are no POPTAC Population estimates for this location. The following is an estimation of the population for the Entrada del Oro development. As the development is built-out, 1,088 units will have been completed. The current marketing and sales projections indicate that this project will be developed and sold out within a four (4) to five (5) year development period, from the years of 2001 to 2005. The wastewater treatment plant and the recreational park site is planned to be completed in Phase I of the project. Table 3, below, gives a projection of the phasing for the development and population estimates for Entrada del Oro. The projections assume three residents per dwelling unit which is higher than the Pinal County average of 2.83.

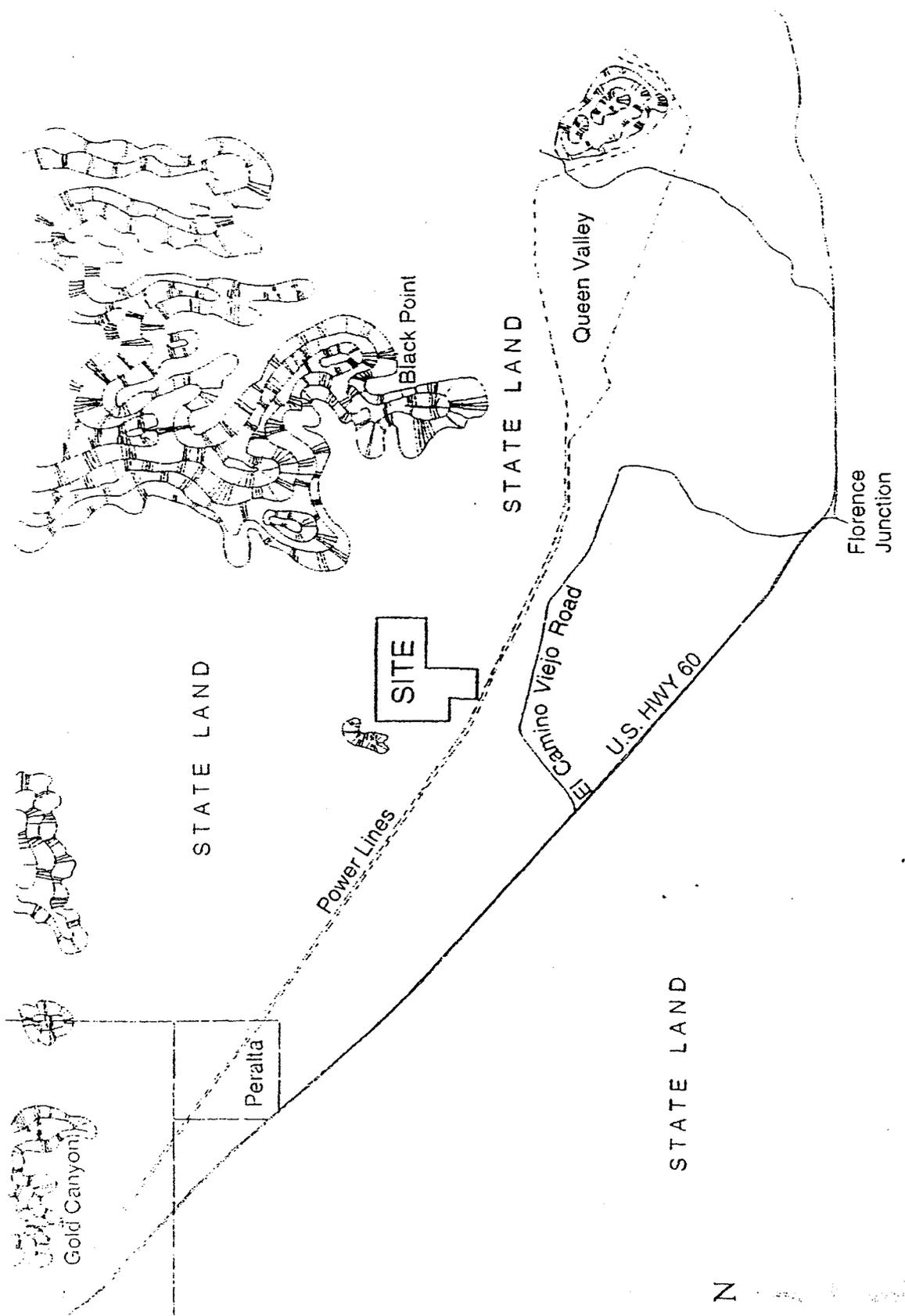
Table 3 Entrada del Oro Population Projections							
Year	2002	2003	2004	2005	2012	2022	Totals
Homes Constructed	281	386	375	46	0	0	1,088
Population Increase/ Total Population	843/ 843	1158/2 001	1125/ 3126	138/ 3264	0/ 3264	0/ 3264	3,264

There is no further development anticipated in this area after 2005. The wastewater treatment plant will be constructed for 300,000 gpd capacity and will service the Entrada del Oro development only. Population totals for the Entrada del Oro development will be approximately 3,264 people. The area surrounding the project is expected to be preserved as part of the Superstition Area Land Trust.



LDMAN, TOY & ASSOC, INC.
 CONSULTING ENGINEERS
 10 W CAMELBACK RD. STE. 401
 PHOENIX, AZ (602)246-7759

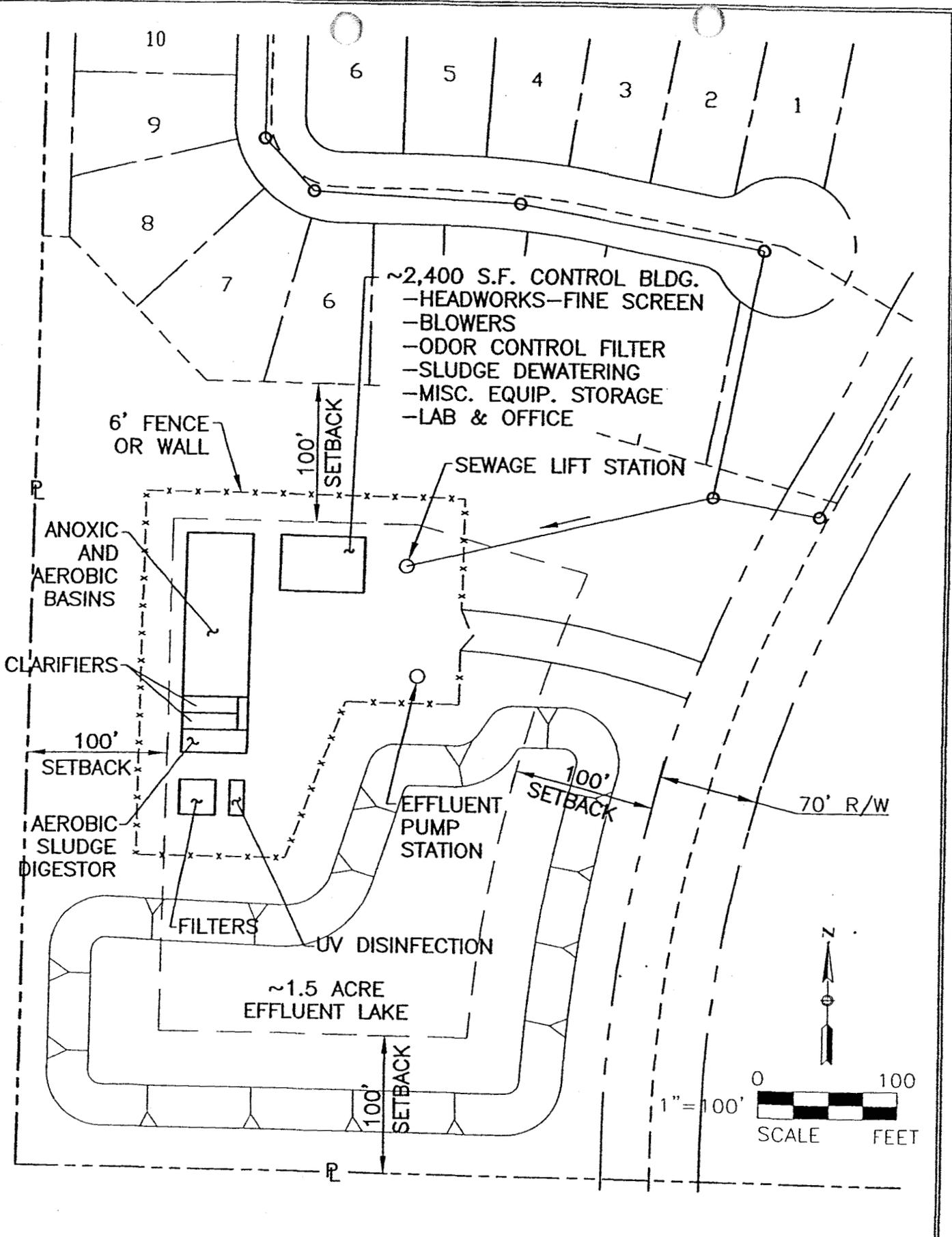
ENTRADA DEL ORO
LOCATION MAP
EXHIBIT 1
 NOVEMBER, 2000



The University/State Partnership
 The University/State Partnership
 The University/State Partnership
 The University/State Partnership

<p>EXHIBIT 2</p>	<p>ENTRADA DEL ORO VICINITY AND SURROUNDING DEVELOPMENT</p>	<p>GOLDMAN, TOY & ASSOC, INC. CONSULTING ENGINEERS 1990 W CAMELBACK RD STE. 401 PHOENIX, AZ 85015 (602)246-7759</p>
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NOVEMBER 2000



DMAN, TOY & ASSOC, INC.
SULTING ENGINEERS
1 W CAMELBACK RD. STE. 401
ENIX, AZ (602)246-7759

ENTRADA DEL ORO
WWTP PRELIMINARY SITE PLAN
NOVEMBER, 2000

EXHIBIT
5

Grosvenor Holdings, L.C.

October 31, 2000

Ms. Maxine Leather
CAAG
271 Main Street
Superior, Arizona 85273

Re: Entrada Del Oro; Section 208 Permit Amendment

Dear Ms. Leather,

Grosvenor Holdings, L.C., is developing a project in Pinal County known as "Entrada Del Oro," a single family residential development planned to contain approximately 1,100 homes (the "Project"). Wastewater produced at the Project will be treated at an on site wastewater treatment package plant having a capacity of 300,000 gallons per day (the "Wastewater Treatment Plant"). This letter describes the plans for installation, operation and maintenance of the Wastewater Treatment Plant and the sewage collection system to be installed at the Project.

- Grosvenor Holdings will arrange for the installation of the Wastewater Treatment Plant and the sewage collection system at the Project. The Wastewater Treatment Plant and the sewage collection system will be planned and installed so as to comply with all rules and regulations of the State and County regarding such systems. Grosvenor Holdings will pay all costs and expenses of the design and installation of the Wastewater Treatment Plant and the sewage collection system.
- Grosvenor Holdings record covenants, conditions and restrictions ("CC&Rs") against the project, providing that:
 - The future homeowners' association for the project will own the Wastewater Treatment Plant and the sewage collection system, and will be responsible for the operation, maintenance and repair of the Wastewater Treatment Plant and the sewage collection system. The homeowners' association will have the authority to hire a plant operator and employees to conduct the day-to-day operation of the Wastewater Treatment Plant.
 - All future owners of lots within the Project must take sewer service from the Wastewater Treatment Plant and sewage collection system at the project. No lot owner will be allowed to install their own septic system.
 - The homeowners association will levy monthly assessments against all lots within the Project sufficient to cover all costs and expenses of owning, operating, maintaining and repairing the Wastewater Treatment Plant and the sewage collection system. The monthly assessments will also include a reserve amount that will be set aside by the homeowners' association to pay for any unexpected or unbudgeted repair items.

Exhibit 6

- The homeowners' association will have the authority to levy special assessments against all lots within the Project for the payment of any unexpected or unbudgeted costs and expenses involved in the operation, maintenance or repair of the Wastewater Treatment Plant and the sewage collection system.
- The homeowners' association will have the authority to enforce the assessments levied against the lots in the Project by placing liens against the lot of an owner who fails to pay the assessments.
- After the homeowners' association is formed and the CC&Rs are recorded, Grosvenor Holdings will transfer the Wastewater Treatment Plant and the sewage collection system to the homeowners' association, at no charge.
- The CC&Rs will recognize that the homeowners' association may transfer the Wastewater Treatment Plant and the sewage collection system for fair value to a public service corporation authorized to offset sewage service in this area by the Arizona Corporation Commission.

Please let me know if you have any questions about the foregoing.

Sincerely,


 A handwritten signature in black ink, appearing to read "Chuck Kennedy". The signature is written in a cursive style with a horizontal line extending to the right.

Chuck Kennedy

Grosvenor Holdings, L.C.

CK/br

GOLDMAN, TOY & ASSOCIATES, INC.

Consulting Engineers

1990 W. Camelback Rd., Suite 401

Phoenix, Arizona 85015

TEL (602) 246-7759 FAX (602) 246-7645

e-mail: gta@goldmantoy.com

October 31, 2000

Asif Majeed
Arizona Department of Environmental Quality
3033 N. Central Ave
Phoenix, AZ 85012

Re: Entrada Del Oro Development

Dear Mr. Majeed:

This letter is to inform you of the new development of Entrada Del Oro, located on the West half of the Southwest Quarter of Section 30, of Township 1 South, Range 10 East of the Queen Creek River Baseline and Meridian, Pinal County, Arizona is currently in the process of obtaining a 208 amendment. The development will be maintained and operated by the Homeowners Association, once established.

The 452.678 acre development will include 1088 single dwelling units, an elementary school and a park site with pedestrian trails. A proposed wastewater treatment plant serving the development will be constructed in the southwest corner of the site (see site plan attached).

The development will be built in four (4) phases with an estimated start date of March, 2001. During Phase I, the mechanical wastewater treatment plant will be built to full capacity of 300,000 gpd. Projected sewage flows were derived by using 83 gallons per capita per day and 3 persons per residence with a total flow rounded to 250 gpd/unit. There will be no commercial or industrial flows that will be generated by the project.

The Entrada del Oro project will require the following permits for the wastewater collection and treatment system:

1. Construction Approval
2. Reuse
3. Individual APP
4. NPDES

The required 208 Amendment will be submitted to CAAG in November 1, 2000. The wastewater treatment system will be based upon sound engineering principles.

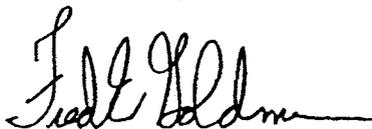
The treatment facility will be extended aeration treatment plant with denitrification, sand filtration and UV disinfection, with a design capacity of 300,000 gallons per day, able to produce effluent meeting "Class A+" reuse standards. Excess flows will be disposed through stream discharge using an NPDES permit. The receiving stream will be the wash that runs through the Entrada del Oro Project, northwest of the wastewater treatment plant, that is tributary to Queen Creek. The effluent will also be used to enhance the natural riparian area in the washes under a NPDES and Reuse permit.

The sludge generated at the proposed wastewater treatment plant will be disposed of at an operating sanitary landfill certified by the ADEQ to handle and dispose of sludge from wastewater treatment plants, which will require a NPDES permit. The approximate date of submittal for the NPDES permit is December, 2000.

The development of Entrada del Oro is expected to be completed in the year of 2005, with a total population of about 3,275 people.

If you should have any questions and/or concerns, please do not hesitate to call me.

Yours truly,



Fred E. Goldman, Ph.D., P.E.

cc: Maxine Leather, CAAG

STEVEN K. URKE, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

I K. URKE, CPA
N R. STOLLER, CPA
S. GARLUTZO

To the Members

Entrada Del Oro Partners, L.C.
Grosvenor Holdings, L.C.
Grosvenor Investments, L.C.
Pima Centre, L.C.
Saxony, L.C.

We have compiled the accompanying Combined Statement of Assets, Liabilities and Members' Capital (with comparative estimated current value information) of Entrada Del Oro, L.C., Grosvenor Holdings, L.C., Grosvenor Investments, L.C., Pima Centre, L.C., and Saxony, L.C. (Arizona limited liability companies) as of October 31, 2000, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of the members. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The members have elected to omit substantially all of the disclosures and the Statement of Income and Expenses and Statement of Cash Flows required by generally accepted accounting principles. If the omitted disclosures and Statement of Income and Expenses and Statement of Cash Flows were included in the Statement of Assets, Liabilities and Members' Capital, they might influence the user's conclusions about the combined Limited Liability Company's financial position. Accordingly, this Statement of Assets, Liabilities, and Members' Capital is not designed for those who are not informed about such matters.

We are not independent with respect to Entrada Del Oro Partners, L.C., Grosvenor Holdings, L.C., Grosvenor Investments, L.C., Pima Centre, L.C. and Saxony, L.C..

Steven K. Urke, CPA, P.C.

November 1, 2000

Exhibit 8

ENTRADA DEL ORO PARTNERS, L.C.
 GROSVENOR HOLDINGS, L.C.
 GROSVENOR INVESTMENTS, L.C.
 PIMA CENTRE, L.C.
 SAXONY, L.C.

**Combined Statement of Assets, Liabilities and
 Members' Capital
 October 31, 2000**

	Cost Basis	Estimated Current Value
ASSETS:		
Cash	\$ 246,697	\$ 246,697
Recievables	7,788	7,788
Fixed Assets	4,852	4,852
Investment in Real Estate	<u>1,069,574</u>	<u>19,434,212</u>
TOTAL ASSETS	<u>\$1,328,911</u>	<u>\$19,693,549</u>
LIABILITIES:		
Payroll Taxes Payable	\$ 697	697
Notes Payable	150,000	150,000
Loan Payable – Members	<u>64,500</u>	<u>64,500</u>
TOTAL LIABILITIES	<u>\$ 215,197</u>	<u>\$215,197</u>
CAPITAL:		
Members' Capital	<u>\$2,941,415</u>	<u>\$19,478,352</u>
TOTAL CAPITAL	<u>\$2,914,415</u>	<u>\$19,478,352</u>
TOTAL LIABILITIES & CAPITAL	<u>\$3,156,612</u>	<u>\$19,693,549</u>

See accountants' compilation report.

208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
<p><u>AUTHORITY</u></p> <p>Proposed Designated Management Agency (DMA) shall self-certify that it has the authorities required by Section 208(c)(2) of the Clean Water Act to implement the plan for its proposed planning and service areas. Self-certification shall be in the form of a legal opinion by the DMA or entity attorney.</p>	CAAG	-
<p><u>20-YEAR NEEDS</u></p> <p>Clearly describe the existing wastewater (WWT) treatment facilities:</p> <ul style="list-style-type: none"> - Describe existing WWT facilities. 		2, 3; 6, 7 Exhibit 5
<ul style="list-style-type: none"> - Show WWT certified and service areas for private utilities and sanitary district boundaries if appropriate. 		Exhibit 2 Exhibit 4
<p>Clearly describe alternatives and the recommended WWT plan:</p>		12, 13 Table 3
<ul style="list-style-type: none"> - Provide POPTAC population estimates (or COG-approved estimates only where POPTAC not available) over 20-year period. 		3, 4, 5 Table 1
<ul style="list-style-type: none"> - Provide wastewater flow estimates over the 20-year planning period. 		4, 5 Exhibit 3 Exhibit 4 Exhibit 5
<ul style="list-style-type: none"> - Illustrate the WWT planning and service areas. 		2, 3; 4; 6, 7
<ul style="list-style-type: none"> - Describe the type and capacity of the recommended WWT Plant. 		

208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
- Identify water quality problems, consider alternative control measures, and recommend solution for implementation.	N/A	-
- If private WWT utilities with certificated areas are within the proposed regional service area, define who (municipal or private utility) serves what area and when. Identify whose sewer lines can be approved in what areas and when?	N/A	-
- Describe method of effluent disposal and reuse sites (if appropriate).		6; 7, 8, 9, 10
- If Sanitary Districts are within a proposed planning or service area, describe who serves the Sanitary Districts and when.	N/A	-
- Describe ownership of land proposed for plant sites and reuse areas.		1, 11, 12
- Address time frames in the development of the treatment works.		4;5,6 Table 2
- Address financial constraints in the development of the treatment works.		11, 12 Exhibit 6 Exhibit 8
- Describe how discharges will comply with EPA municipal and industrial stormwater discharge regulations (Section 405, CWA).		8, 9
- Describe how open areas & recreational opportunities will result from improved water quality and how those will be used.		1, 2; 7; 10, 11
- Describe potential use of lands associated with treatment works and increased access to water-based recreation, if applicable.	N/A	-
REGULATIONS		
- Describe types of permits needed, including NPDES, APP and reuse.		7, 8, 9, 10
- Describe restrictions on NPDES permits, if needed, for discharge and sludge disposal.		9, 10

208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
- Provide documentation of communication with ADEQ Permitting Section 30 to 60 days prior to public hearing regarding the need for specific permits.		7 Exhibit 7
- Describe pretreatment requirements and method of adherence to requirements (Section 208 (b)(2)(D), CWA).		8
- Identify, if appropriate, specific pollutants that will be produced from excavations and procedures that will protect ground and surface water quality (Section 208(b)(2)(K) and Section 304, CWA).		5; 8, 9, 10
- Describe alternatives and recommendation in the disposition of sludge generated. (Section 405 CWA).		8, 9
- Define any nonpoint issues related to the proposed facility and outline procedures to control them.		5, 10
- Describe process to handle all mining runoff, orphan sites and underground pollutants, if applicable.	N/A	-
- If mining related, define where collection of pollutants has occurred, and what procedures are going to be initiated to contain contaminated areas.	N/A	-
- If mining related, define what specialized procedures will be initiated for orphan sites, if applicable.	N/A	-
CONSTRUCTION		
Define construction priorities and time schedules for initiation and completion.		5, 6 Tables 1 & 2
Identify agencies who will construct, operate and maintain the facilities and otherwise carry out the plan.		11, 12 Exhibit 6
Identify construction activity-related sources of pollution and set forth procedures and methods to control, to the extent feasible, such sources.		5, 10

208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
<u>FINANCING AND OTHER MEASURES NECESSARY TO CARRY OUT THE PLAN</u>	N/A	-
- If plan proposes to take over certificated private utility, describe how, when and financing will be managed.		-
- Describe any significant measure necessary to carry out the plan, e.g., institutional, financial, economic, etc.		11, 12 Exhibit 6 Exhibit 8
- Describe proposed method(s) of community financing.		11, 12 Exhibit 6
- Provide financial information to assure DMA has financial capability to operate and maintain wastewater system over its useful life.	N/A	-
- Provide a time line outlining period of time necessary for carrying out plan implementation.		5, 6 Table 2
- Provide financial information indicating the method and measures necessary to achieve project financing. (Section 201 CWA or Section 604 may apply.)		11, 12 Exhibit 8
<u>IMPLEMENTABILITY</u>		2,3;7 Exhibit 2 Exhibit 3
Describe impacts and implementability of Plan:		
- Describe impacts on existing wastewater (WW) facilities, e.g., Sanitary district, infrastructure/facilities and certificated areas.		
- Describe how and when existing package plants will be connected to a regional system.	N/A	-
- Describe the impact on communities and businesses affected by the plan.		10,11

208 AMENDMENT CHECKLIST
Section 208 Clean Water Act
40 CFR Part 130.6

REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
<ul style="list-style-type: none"> - If a municipal wastewater (WWT) system is proposed, describe how WWT service will be provided until the municipal system is completed: i.e., will package plants and septic systems be allowed and under what circumstances. (Interim services). 	N/A	-
<u>PUBLIC PARTICIPATION</u>		
<ul style="list-style-type: none"> - Submit copy of mailing list used to notify the public of the public hearing on the 208 amendment. (40 CFR, Chapter 1, Part 25.5) 	CAAG	-
<ul style="list-style-type: none"> - List location where documents are available for review at least 30 days before public hearing. 	CAAG	-
<ul style="list-style-type: none"> - Submit copy of the public notice of the public hearing as well as an official affidavit of publication from the area newspaper. Clearly show the announcement appeared in the newspaper at least 45 days before the hearing. 	CAAG	-
<ul style="list-style-type: none"> - Submit affidavit of publication for official newspaper publication. 	CAAG	-
<ul style="list-style-type: none"> - Submit responsiveness summary for public hearing. 	CAAG	-

EXHIBIT

4

ADEQ Inventory No. 502604
Place ID 14001

Permit No. AZ0024899

AUTHORIZATION TO DISCHARGE UNDER THE NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

In compliance with the provisions of the Clean Water Act (CWA), as amended, (33 U.S.C. 1251 et seq., the "Act"),

Entrada del Oro
5010 E. Shea Blvd., Ste. A-216
Scottsdale, AZ 85254

is authorized to discharge treated domestic wastewater from the wastewater treatment plant serving Entrada del Oro Subdivision in Pinal County, Arizona to two unnamed tributaries of Queen Creek in the Middle Gila River Basin at:

Discharge No.	Latitude	Longitude
001	33°19' 17"N	111° 22' 17"W
002	33°18' 34"N	111° 21' 56"W

Township 1 S, Range 10 E, Section 30

in accordance with effluent limitations, monitoring requirements and other conditions set forth herein, and in the attached 15 pages of Environmental Protection Agency (EPA) Region 9 "Standard Federal National Pollutant Discharge Elimination System (NPDES) Permit Conditions," dated May 10, 1990.

This permit shall become effective on

This permit and the authorization to discharge shall expire at midnight,

Signed this _____ day of _____ 2002 .

For the Regional Administrator

Alexis Strauss, Director
Water Division

A. EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS based on a maximum permitted flow of 1136 m³/day (0.30 mgd)

1. The permittee is authorized to discharge from outfall serial number 001 and 002. Such discharge shall be limited and monitored by the permittee as specified below.

a. Effluent limitations and monitoring requirements for flow and conventional pollutants are given in Table 1 below.

Table 1: Effluent Limitations and Monitoring Requirements

Effluent Characteristic	Maximum Allowable Mass limits			Discharge Limitations Concentration limits			Monitoring Requirements	
	Average Monthly	Weekly	Maximum	Average Monthly	Weekly	Maximum	Monitoring Frequency	Sample Type ⁽¹⁾
Flow (mgd) ⁽²⁾	N/A ⁽³⁾	N/A	N/A	(5)	(5)	(5)	Continuous	N/A
Biochemical Oxygen Demand (5-day) ⁽⁴⁾	34.01 Kg/day	51.1 Kg/day	(5)	30 mg/l	45 mg/l	(5)	Once/month	Composite
Fecal Coliform Bacteria	N/A	N/A	N/A	1000 cfu /100 ml ⁽⁶⁾	N/A	4000 cfu /100 ml	Five/month	Discrete
Hardness (of effluent)	N/A	N/A	N/A	(5)	N/A	(5)	Once/3 months	Discrete
Oil and grease	N/A	N/A	(5)	N/A	N/A	(5)	Once/3 months	Discrete
Suspended Solids ⁽⁴⁾	34.01 Kg/day	51.1 Kg/day	(5)	30 mg/l	45 mg/l	(5)	Once/month	Composite
Chronic Toxicity	N/A	N/A	N/A	N/A	N/A	(7)	Once/fourth year	Composite
pH	Not less than 6.5 standard units nor greater than 9.0 standard units.						Once/week	Discrete

- Composite samples shall be for eight hours, except for three samples. A twenty four hour composite shall be collected quarterly in the fourth year of the permit. These samples shall be collected at the same time as the samples required in Section A(1)(c). of this permit.
- mgd = million gallons per day.
- N/A = Not Applicable
- Both the influent and effluent shall be monitored. For Biochemical Oxygen Demand (5-day) and Total Suspended Solids, the arithmetic mean, by concentration, for effluent samples collected in a period of 30 consecutive calendar days shall not exceed 15 percent of the arithmetic mean of the values, by concentration, for influent samples collected at approximately the same times during the same period (85% reduction required).
- Monitoring and reporting required.
- Reported as the geometric mean of five or more samples.
- Monitoring and reporting only. Report as Tuc =100/NOEC or "No Observed Effect Concentration". The permittee shall collect 3 separate 24-hour composite samples for testing (see Section F of this permit for specifications).

- b. Trace substances shall be monitored as specified in Table 2 below. All metals and analyses should be for total recoverable metals, with the exception of hexavalent chromium, which must be analyzed as dissolved. All pollutants must be analyzed according to methods authorized in 40 CFR Part 136.

Table 2: Trace Substances Action Levels and Monitoring Requirements

Parameter	Action Levels ⁽¹⁾				Monitoring Requirements	
	Mass Limits (grams/day)		Concentration Limits (µg/l)		Measurement Frequency	Sample Type ⁽²⁾
	Monthly Average	Daily Maximum	Monthly Average	Daily Maximum		
Antimony	N/A	63.6	N/A	56	Once/3 months	Composite
Arsenic	N/A	56.8	N/A	50	Once/3 months	Composite
Barium	N/A	11130	N/A	9800	Once/3 months	Composite
Beryllium	N/A	795	N/A	700	Once/3 months	Composite
Boron	N/A	14310	N/A	12600	Once/3 months	Composite
Cadmium	1.49	56.79	1.31 ⁽³⁾	70 ⁽⁴⁾	Once/3 months	Composite
Chromium III	240.3	2290	240.3 ⁽³⁾	2016 ⁽³⁾	Once/3 months	Composite
Chromium VI	26.1	38.6	23	34	Once/3 months	Discrete
Copper	21.6	32.7	19 ⁽⁴⁾	28.8 ⁽³⁾	Once/3 months	Composite
Cyanide	21.6	95.4	19	84	Once/3 months	Discrete
Lead	9.7	113.6	8.5 ⁽³⁾	217.32 ⁽³⁾⁽⁴⁾	Once/3 months	Composite
Manganese	N/A	22260	N/A	19600	Once/3 months	Composite
Mercury	3.1	5.7	2.7	5.0	Once/3 months	Composite
Nickel	631.5	5521	540.2 ⁽³⁾	2800	Once/3 months	Composite
Selenium	2.27	37.48	2	33	Once/3 months	Composite
Silver	N/A	6.3	N/A	5.55 ⁽³⁾	Once/3 months	Composite
Sulfides	N/A	113.6	N/A	100	Once/3 months	Discrete
Thallium	N/A	13.6	N/A	12	Once/3 months	Composite
Zinc	1383	1507	1217.9 ⁽³⁾	1327 ⁽³⁾	Once/3 months	Composite

- (1) Concentration values are Arizona Water Quality Standards. Exceedances of these values will trigger a re-evaluation of the reasonable potential and the permit may be reopened.
- (2) All composite samples shall be for eight hours, except for four samples. A twenty four hour composite shall be collected quarterly in the fourth year of the permit. These samples shall be collected at the same time as samples required by Section A(1)(c) of this permit.
- (3) Based on a default hardness of 120 mg/l as CaCO₃. Levels may be adjusted (at the permittee's request) if actual hardness data indicates a different value is appropriate.
- (4) This permit may be reopened and these levels may be adjusted to protect for Agricultural Livestock watering limits if information from Part G.1. or other observations indicate effluent is reaching Queen Creek

- c. The following parameters shall be monitored quarterly in the fourth year of the permit. This monitoring is required for the permit renewal by CFR 40 122.21(j)(4). No limits are established.

Table 3: Monitoring required by Appendix J to 40 CFR 122

Parameter	Mass limits (kg/day)		Concentration Limits in specified units			Monitoring Requirements	
	Monthly Average	Daily Maximum	Monthly Average	Daily Maximum		Monitoring Frequency	Sample Type
Temperature	N/A ⁽²⁾	N/A	(1)	(1)	°C ⁽³⁾	Quarterly in the fourth year of the permit	Discrete
Ammonia (as N)	(1)	(1)	(1)	(1)	mg/l	Quarterly in the fourth year of the permit	"
Chlorine (total residual)	(4)	(4)	(4)	(4)	ug/l	"	"
Dissolved oxygen	(2)	(2)	(2)	(2)	mg/l	"	"
Nitrate nitrogen	(2)	(2)	(2)	(2)	mg/l	"	"
Nitrite nitrogen	(2)	(2)	(2)	(2)	mg/l	"	"
Kjeldahl (organic) nitrogen	(2)	(2)	(2)	(2)	mg/l	"	"
Phosphorus	(2)	(2)	(2)	(2)	mg/l	"	"
Total Dissolved Solids	(2)	(2)	(2)	(2)	mg/l	"	"

- 1) Monitoring and reporting required. No limitations set.
- 2) N/A = Not Applicable
- 3) °C = Degrees Celsius
- 4) not applicable as long as chlorine is not used for disinfection

- d. Biosolids generated by the facility shall be monitored as required by Section E of this permit.
- e. Effluent toxicity shall be monitored as required by Section F of this permit.
- f. Changes in the wash due to the discharge shall be monitored and documented as required by Section G of this permit.
2. The discharge shall be free from pollutants in amounts or combinations that:
- a. settle to form bottom deposits that inhibit or prohibit the habitation, growth or propagation of aquatic life or that impair recreational uses;
 - b. cause objectionable odor in the area in which the navigable water is located;

- c. cause off-flavor in aquatic organisms or waterfowl;
 - d. are toxic to humans, animals, plants or other organisms;
 - e. cause the growth of algae or aquatic plants that inhibit or prohibit the habitation, growth or propagation of other aquatic life or that impair recreational uses;
 - f. cause or contribute to a violation of an aquifer water quality standard prescribed in A.A.C. R18-11-405 or A.A.C. R18-11-406; or
 - g. change the color of the navigable water from natural background levels of color.
3. The discharge shall be free from oil, grease and other pollutants that float as debris, foam, or scum; or that cause a film or iridescent appearance on the surface of the water; or that cause a deposit on a shoreline, bank or aquatic vegetation.
 4. Samples taken in compliance with the monitoring requirements specified above shall be taken at the following locations:
 - a. Influent samples shall be taken after the last addition to the collection system and prior to the first treatment process.
 - b. Effluent samples shall be taken downstream from the last treatment process and prior to mixing with the receiving waters.

B. MONITORING AND REPORTING

1. Reporting of Monitoring Results

- a. Influent and effluent monitoring results shall be reported on Discharge Monitoring Report (DMR) forms supplied by the Regional Administrator, to the extent that the results reported may be entered on the forms. The results of all monitoring required by this permit shall be submitted in such a format as to allow direct comparison with the limitations and requirements of this permit.

Unless otherwise specified, discharge flows shall be reported in terms of the average flow over each monthly period and the maximum daily flow over that monthly period. Each monthly report is due by the 28th day of the following month, i.e., the January report is due by February 28. Duplicate signed copies of these, and all other reports required herein, shall be submitted to the EPA Regional Administrator and the State at the following addresses:

U.S. Environmental Protection Agency, Region 9
DMR/NPDES Mailcode: WTR-7
75 Hawthorne Street

San Francisco, CA 94105

Arizona Department of Environmental Quality
Water Quality Compliance Section
Data Unit
1110 W. Washington St.
Phoenix, AZ 85007

- b. Sample collection will be performed as stated in the facility's Quality Assurance (QA) Manual, described in Part B.1.f of this permit. The QA Manual shall include a discussion on the preservation and handling, preparation and analysis of samples, as described in the most recent edition of 40 CFR 136.3, unless otherwise specified in this permit. For effluent analyses, the permittee shall utilize an analytical method approved by EPA at the time of permit issuance with the published Method Detection Limit (MDL) as defined in Section D.5 of this permit, that is lower than the effluent limitations or water quality criteria. If all published MDLs are higher than effluent limitations or water quality criteria, the permittee shall utilize the EPA approved analytical method with the lowest published MDL. In accordance with 40 CFR 122.45(c), effluent analyses for metals shall measure "total recoverable metals".

In conjunction, the lowest calibration standard must be equal to or less than the minimum level (ML) as defined in Section D.6 of this permit, or applicable State practical quantitation level (PQL) as defined in Section D.9. of this permit, of the most sensitive analytical method. When an ML is not available under 40 CFR 136 or a State PQL has not been adopted, an interim ML must be calculated by multiplying the promulgated MDL by a factor of 3.18 (For additional guidance see draft National Guidance for the Permitting, Monitoring, and Enforcement of Water Quality-based Effluent Limitations Set Below Analytical Detection/Quantitation Levels, March 22, 1994).

- c. For the purposes of reporting, the permittee shall use the reporting threshold equivalent to the laboratory's MDL. As such the permittee must utilize a standard calibration where the lowest standard point is equal to or less than the PQL, or, in the absence of a PQL, the ML.

For parameters with daily maximum limits or action levels, the permittee shall report, for samples collected during the monthly reporting period:

- i. The *maximum value* of all analytical results, if the maximum value is greater than the ML or State quantitation level; or
- ii. $NODI(Q)^1$, if the maximum value of all analytical results is greater than or equal to the laboratory's MDL, but less than the ML or State practical quantitation level;

¹ $NODI(Q)$ means "No discharge/No data" (Not quantifiable).

- iii. $NODI (B)^2$, if the maximum value of all analytical results is less than the laboratory's MDL.
- d. For parameters with monthly average limits or action levels, the permittee shall report, for samples collected during the monthly reporting period:
 - i. As directed above for maximum daily limits or action levels, if only one sample is collected during the monthly reporting period; or
 - ii. When calculating the *average value* of all analytical results, substitute one-half the MDL for *NODI (B)* and the *laboratory's MDL* is substituted for *NODI (Q)*, if more than one sample is collected during the monthly reporting period.
- e. As an attachment to the DMR form, the permittee shall report for each value reported under paragraphs B.1.c and B.1.d:
 - i. The analytical result;
 - ii. The number or title of the approved analytical method, preparation and analytical procedure utilized by the laboratory, and published MDL or ML of the analytical method for the pollutant available under 40 CFR 136;
 - iii. The laboratory's MDL, the standard deviation (S) from the laboratory's MDL study, and the number of replicate analyses (n) used to compute the laboratory's MDL; and/or PQL/ML, as applicable.

When requested by EPA and/or the Arizona Department of Environmental Quality(ADEQ)/Arizona Department of Health Services(ADHS), the permittee shall participate in the NPDES DMR-QA performance study and shall submit their study results to EPA and ADEQ/ADHS. The permittee must have a success rate of at least 80 percent.

f. Quality Assurance Manual

The permittee shall develop a QA Manual/QA Plan if effluent samples are collected and/or analyzed in-house. If the water samples are tested by an independent, state licensed laboratory, the permittee shall ensure that the laboratory has a (QA) Manual/QA Plan on file.

The purpose of the QA Manual is to assist in planning for the collection and analysis of samples and explaining data anomalies if they occur. The QA Manual shall be retained on

² NODI(B) means "No discharge/No data" (Below Detection)

the permittee's premises and be available for review by EPA or ADEQ/ADHS upon request. The permittee, or the independent, licensed laboratory, shall review its QA Manual annually and revise it when appropriate. Throughout all field sampling and laboratory analyses, the permittee shall use quality assurance/quality control (QA/QC) procedures as documented in their QA Manual. As appropriate and applicable, the QA Manual shall include the following details:

- i. Project Management including roles and responsibilities of the participants; purpose of sample collection; matrix to be sampled; the analytes or compounds being measured; applicable technical, regulatory, or program-specific action criteria; personnel qualification requirements for collecting samples.
- ii. Sample collection procedures; equipment used; the type and number of samples to be collected including QA/QC samples (i.e., background samples, duplicates, and equipment or field blanks); preservatives and holding times for the samples. Sample collection, preservation and handling shall be performed as described in the most recent edition of 40 CFR 136.3 (Table II). Where collection, preservation and handling procedures are not outlined in 40 CFR 136.3, procedures outlined in the 18th edition of Standard Methods for the Examination of Water and Wastewater shall be used.
- iii. Identification of the laboratory to be used to analyze the samples; provisions for any proficiency demonstration that will be required by the laboratory before or after contract award such as passing a performance evaluation sample; analytical method to be used; method detection limit (MDL) and minimum level (ML) to be reported; required QC results to be reported (e.g., matrix spike recoveries, duplicate relative percent differences, blank contamination, laboratory control sample recoveries, surrogate spike recoveries, etc.) and acceptance criteria; and corrective actions to be taken by the permittee or the laboratory as a result of problems identified during QC checks.
- iv. Discussion of how the permittee will perform data review and requirements for reporting of results to EPA or ADEQ to include resolving of data quality issues and identifying limitations on the use of the data.

2. Monitoring and Records

Records of monitoring information shall include:

- a. Date, exact location and time of sampling or measurements performed, preservatives used;
- b. Individual(s) who performed the sampling or measurements;
- c. Date(s) analyses were performed;

- d. Laboratory(s) which performed the analyses;
 - e. Analytical techniques or methods used;
 - f. Any comments, case narrative or summary of results produced by the laboratory. These should identify and discuss QA/QC analyses performed concurrently during sample analyses and should specify whether they met project and 40 CFR Part 136 requirements. The summary of results must include information on initial and continuing calibration, surrogate analyses, blanks, duplicates, laboratory control samples, matrix spike and matrix spike duplicate results, sample receipt condition, holding times and preservation.
 - g. Summary of data interpretation and any corrective action taken by the permittee.
 - h. Effluent limitations for analytes/compound being analyzed.
3. Twenty-four Hour Reporting of Non-compliance

The permittee shall report any noncompliance which may endanger health or the environment. Any information shall be provided orally within 24 hours from the time the permittee becomes aware of the circumstances to the following persons or their offices:

CWA Compliance Office Chief
EPA Region 9
(415) 972-3505

Water Quality Compliance Section Manager
ADEQ
(602) 771- 4466

If the permittee is unsuccessful in contacting the persons above, the permittee shall report by 9 a.m. on the first business day following the noncompliance. A written submission shall also be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including dates and times, and, if the noncompliance has not been corrected, the time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the noncompliance.

4. Intermittent Discharge Monitoring

If the discharge is intermittent rather than continuous, then on the first day of each such intermittent discharge, the permittee shall monitor and record data for all the characteristics listed in the monitoring requirements, after which the frequencies of analysis listed in the monitoring requirements shall apply for the duration of each such intermittent discharge. In no event shall the permittee be required to monitor and record data more often than twice the

frequencies listed in the monitoring requirements. If there is no discharge, monitoring is not required.

5. Monitoring Modification

Monitoring, analytical, and reporting requirements may be modified by the Regional Administrator upon due notice.

6. Reporting of Capacity Attainment and Planning

The permittee shall file a written report with ADEQ and EPA within 90 days after the average dry-weather waste flow for any month either equals or exceeds 75 percent of the annual dry weather design capacity of the waste treatment and/or disposal facilities. The permittee's senior administrative officer shall sign a letter which transmits that report and certifies that the policy-making body is adequately informed about it. The report shall include:

- a. Average daily flow for the month, the date on which the instantaneous peak flow occurred, the rate of that peak flow, and the total flow for the day.
- b. The permittee's best estimate of when the average daily dry weather flow rate will equal or exceed the design capacity of the facilities.
- c. The permittee's intended schedule for the studies, design, and other steps needed to provide additional capacity for the waste treatment and/or disposal facilities before the waste flow rate equals the capacity of present facilities.

C. OPERATION

The facilities or systems shall be operated by or under the supervision of an operator currently certified by the Arizona Department of Environmental Quality at the level appropriate to the facility or system.

D. DEFINITIONS

1. A "composite sample" means a time-proportioned mixture of not less than eight (8) discrete aliquots obtained at equal time intervals (e.g., 24-hour composite means a minimum of eight samples collected every three hours). The volume of each aliquot shall be directly proportional to the discharge flow rate at the time of sampling, but not less 100 ml. For flow rate measurements, the arithmetic mean of no fewer than eight (8) individual measurements taken at equal intervals for eight (8) hours or for the duration of discharge, whichever is shorter.
2. The "daily maximum concentration limit" means the maximum allowable discharge of a pollutant during a calendar day, as measured on any single discrete or composite sample.

3. The "daily maximum mass limit" means the maximum allowable total mass of a pollutant discharged in a calendar day.
4. A "discrete" or "grab" sample means an individual sample collected from a single location at a specific time, or over a period of time not exceeding 15 minutes.
5. The "Method Detection Limit (MDL)" is the minimum concentration of an analyte that can be detected with 99% confidence that the analyte concentration is greater than zero, as defined by the specific laboratory method listed in 40 CFR part 136. The procedure for determination of a laboratory MDL is in 40 CFR Part 136, Appendix B.
6. The "Minimum Level (ML)" is the concentration at which the entire analytical system must give a recognizable signal and acceptable calibration point. The ML is the concentration in a sample that is equivalent to the concentration of the lowest calibration standard analyzed by a specific analytical procedure, assuming that all of the method-specified sample weights, volumes, and processing steps have been followed (as defined in EPA's draft National Guidance for the Permitting, Monitoring, and Enforcement of Water Quality-Based Effluent Limitations Set Below Analytical Detection/Quantitative Levels, March 22, 1994). Promulgated method-specific MLs are contained in 40 CFR Part 136, Appendix A and must be utilized if available. If a promulgated method-specific ML is not available, then an interim ML shall be calculated. The interim ML is equal to 3.18 times the promulgated method-specific MDL rounded to the nearest multiple of 1, 2, 5, 10, 20, 50, etc.
7. The "monthly or weekly average concentration", other than for fecal or total coliform bacteria or for chronic toxicity, means the arithmetic mean of consecutive measurements made during calendar month or weekly period, respectively.

The "monthly or weekly average" concentration for fecal or total coliform bacteria means the geometric mean of measurements made during a monthly or weekly period, respectively. The geometric mean is the n th root of the product of n numbers.

The "monthly average concentration limit" for *chronic whole effluent toxicity* means the highest allowable median of chronic toxicity units discharged over a calendar month. See Appendix A "Monthly Median" for the method of calculating.

8. The "monthly or weekly average mass" means the total discharge by mass during a calendar monthly or weekly period, respectively, divided by the number of days in the period that the facility was discharging. Where less than daily sampling is required by this permit, the monthly or weekly average value shall be determined by the summation of all the measured discharges by mass divided by the number of days during the monthly or weekly period when the measurements were made.
9. The "Practical Quantitation Level (PQL)" is the lowest concentration of the analyte that can be reliably measured within specified limits of precision and accuracy during routine laboratory

operating conditions (as defined in the Federal Register on July 8, 1987 (52 FR 25699)) and as adopted by the State of Arizona.

E. BIOSOLIDS REQUIREMENTS

(Note: "Biosolids" refers to non-hazardous sewage sludge as defined in 40 CFR 503.9. Sewage sludge that is hazardous as defined in 40 CFR 261 must be disposed in accordance with The Resource Conservation and Recovery Act (RCRA). Sludge with PCB levels > 50 mg/kg must be disposed in accordance with 40 CFR 761.)

1. All biosolids generated by the permittee shall be used or disposed of in compliance with the applicable portions of:
 - a. 40 CFR 503: for biosolids that are land applied, placed in surface disposal sites (dedicated land disposal sites or monofills), or incinerated;
 - b. 40 CFR 258: for biosolids disposed in municipal solid waste landfills;
 - c. 40 CFR 257: for all biosolids use and disposal practices not covered under 40 CFR 258 or 503.

40 CFR 503 Subpart B (land application) applies to biosolids applied for the purpose of enhancing plant growth or for land reclamation. 40 CFR 503 Subpart C (surface disposal) applies to biosolids placed on the land for the purpose of disposal.

The permittee is responsible for assuring that all biosolids produced at its facility are used or disposed of in accordance with these rules, whether the permittee uses or disposes of the biosolids itself or transfers them to another party for further treatment, use, or disposal. The permittee is responsible for informing subsequent preparers, applicators, and disposers of the requirements that they must meet under these rules.

2. **Duty to mitigate:** The permittee shall take all reasonable steps to prevent or minimize biosolids use or disposal which has a likelihood of adversely affecting human health or the environment.
3. No biosolids shall be allowed to enter wetlands or other waters of the United States.
4. Biosolids treatment, storage, use or disposal shall not contaminate groundwater.
5. Biosolids treatment, storage, and use or disposal shall not create a nuisance such as objectionable odors or flies.
6. The permittee shall assure that haulers transporting biosolids off site for treatment, storage, use, or disposal take all necessary measures to keep the biosolids contained.

7. If biosolids are stored for over two years from the time they are generated, the permittee must ensure compliance with all the requirements for surface disposal under 40 CFR 503 Subpart C, or must submit a written notification to EPA with the information in 503.20 (b), demonstrating the need for longer temporary storage.
8. Any biosolids treatment, disposal, or storage site shall have facilities adequate to divert surface runoff from adjacent areas, to protect the site boundaries from erosion, and to prevent any conditions that would cause drainage from the materials in the site to escape from the site. Adequate protection is defined as protection from at least a 100-year storm and from the highest tidal stage that may occur.
9. The permittee shall design its local limits in its pretreatment program, if applicable, to achieve the metals concentration limits in 40 CFR 503.13 Table 3.
10. Inspection and Entry: EPA, ADEQ, or an authorized representative thereof, upon the presentation of credentials, shall be allowed by the permittee, directly or through contractual arrangements with their biosolids management contractors, to:
 - a. enter upon all premises where biosolids produced by the permittee are treated, stored, used, or disposed, either by the permittee or by another party to whom the permittee transfers the biosolids for treatment, storage, use, or disposal,
 - b. have access to and copy any records that must be kept under the conditions of this permit or of 40 CFR 503, by the permittee or by another party to whom the permittee transfers the biosolids for further treatment, storage, use, or disposal,
 - c. inspect any facilities, equipment (including monitoring and control equipment), practices, or operations used in the biosolids treatment, storage, use, or disposal by the permittee or by another party to whom the permittee transfers the biosolids for treatment, use, or disposal.
11. Monitoring shall be conducted as follows:
 - a. Biosolids shall be tested for the metals required in 40 CFR 503.16 (for land application) or 40 CFR 503.26 (for surface disposal), using the methods in "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods" (SW-846, Third Edition, Update 3), as required in 40 CFR 503.8(b)(4), at the following minimum frequencies:

Volume Generated (on a dry weight basis)	Monitoring Frequency
0-290 dry metric tons	Once per year
290-1500 dry metric tons	Once per quarter
1500-15,000 dry metric tons	Once per 60 days

over 15,000 dry metric tons	Once per month
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For accumulated, previously untested biosolids, the permittee shall develop a representative sampling plan, including number and location of sampling points, and collect representative samples.

Test results shall be expressed in milligram (mg) of pollutant per kilogram (kg) of biosolids on a 100% dry weight basis.

Biosolids to be land applied shall be tested for organic-N, ammonium-N, and nitrate-N at the frequencies required above.

- b. Prior to land application, the permittee shall document the methods used to demonstrate that the biosolids meet Class A or Class B pathogen reduction levels by one of the methods listed in 40 CFR 503.32. Prior to disposal in a surface disposal site, the permittee shall demonstrate that the biosolids meet Class B levels or shall ensure that the site is covered at the end of each operating day. If pathogen reduction is demonstrated using a Process to Significantly/Further Reduce Pathogens, the permittee shall maintain daily records of the operating parameters used to achieve this reduction. If pathogen reduction is demonstrated by testing for fecal coliforms and/or pathogens, samples must be drawn at the frequency in Section 11.a. above. For fecal coliform, at least seven grab samples must be drawn during each monitoring event and a geometric mean calculated from these seven (7) samples.
- c. For biosolids that are land applied or placed in a surface disposal site, the permittee shall track and keep records of the operational parameters used to achieve Vector Attraction Reduction requirements in 40 CFR 503.33(b).
- d. Class 1 facilities (facilities with pretreatment programs or others designated as Class 1 by EPA or ADEQ shall sample biosolids for pollutants listed under Section 307(a) of the Act (as required in the pretreatment section of the permit for POTW's with pretreatment programs). Class 1 facilities shall test dioxins/dibenzofurans using a detection limit of < 1 pg/g at the time of their next priority pollutant scan if they have not done so within the past five (5) years, and once per five (5) years thereafter.
- e. The biosolids shall be tested annually, or more frequently if necessary, to determine hazardousness in accordance 40 CFR 261.
- f. If biosolids are placed in a surface disposal site (dedicated land disposal site or monofill), a qualified groundwater scientist shall develop a groundwater monitoring program for the site, or shall certify that the placement of biosolids on the site will not contaminate an aquifer.

- g. Biosolids placed in a municipal landfill shall be tested by the Paint Filter Test (method 9095) at the frequency in Section 11.a. above or more often if necessary to demonstrate that there are no free liquids.
12. The permittee, either directly or through contractual arrangements with their biosolids management contractors, shall comply with the following notification requirements:
- a. Notification of non-compliance: The permittee shall notify EPA and ADEQ, at the address given in Section B.3., of any non-compliance within 24 hours if the non-compliance may seriously endanger health or the environment. For other instances of non-compliance, the permittee shall notify EPA Region 9 and the ADEQ of the non-compliance in writing within 5 working days of becoming aware of the non-compliance. The permittee shall require their biosolids management contractors to notify EPA and the ADEQ of any non-compliance within the same time-frame.
 - b. If biosolids are shipped to another State or to Indian Lands, the permittee must send 60 days prior notice of the shipment to the permitting authorities in the receiving State or Indian Land (the EPA Regional Office for that area and the State/Indian authorities).
 - c. For land application:

Prior to reuse of any biosolids from this facility to a new or previously unreported site, the permittee shall notify EPA and ADEQ. The notification shall include a description and topographic map of the proposed site(s), names and addresses of the applier, and site owner and a listing of any state or local permits which must be obtained. The plan shall include a description of the crops or vegetation to be grown, proposed loading rates and determination of agronomic rates.

If any biosolids within a given monitoring period do not meet 40 CFR 503.13 Table 3 metals concentration limits, the permittee (or its contractor) must pre-notify EPA, and determine the cumulative metals loading at that site to date, as required in 40 CFR 503.12.

The permittee shall notify the applier of all the applier's requirements under 40 CFR Part 503, including the requirement that the applier certify that the management practices, site restrictions, and any applicable vector attraction reduction requirements have been met. The permittee shall require the applier to certify at the end of 38 months following application of Class B biosolids that the harvesting restrictions in effect for up to 38 months have been met.

- d. For surface disposal:

Prior to disposal to a new or previously unreported site, the permittee shall notify EPA and the ADEQ. The notice shall include description and topographic map of the proposed site, slope of the land, depth to groundwater, whether the site is lined or

unlined, site operator, site owner, and the existence of any state or local permits. The notice shall describe procedures for ensuring public access and grazing restrictions for three years following site closure. The notice shall include a groundwater monitoring plan or description of why groundwater monitoring is not required.

13. The permittee shall submit an annual biosolids report to the EPA and ADEQ Biosolids Coordinators by February 19 of each year for the period covering the previous calendar year. The report shall include:
 - a. the amount of biosolids generated that year, in dry metric tons, and the amount accumulated from previous years,
 - b. results of all pollutant monitoring required in Section E.11. above. Results must be reported on a 100% dry weight basis.
 - c. Descriptions of pathogen reduction methods and vector attraction reduction methods, as required in 40 CFR 503.17 and 40 CFR 503.27, and certifications.
 - d. Names, mailing addresses, and street addresses of persons who received biosolids for storage, further treatment, disposal in a municipal waste landfill, or for other use or disposal methods not covered above, and volumes delivered to each.
 - e. For land application sites, the following information must be submitted by the permittee, unless the permittee requires its biosolids management contractors to report this information directly to the EPA and ADEQ Biosolids Coordinators:
 - i. Locations of land application sites (with field names and numbers) used that calendar year, size of each field applied to, applicator, and site owner
 - ii. volumes applied to each field (in wet tons and dry metric tons), nitrogen applied, calculated plant available nitrogen
 - iii. crop planted, date of planting, harvesting
 - iv. for any biosolids exceeding 40 CFR 503.13 Table 3 metals concentrations: locations of sites where applied and cumulative metals loading at that site to date
 - v. certifications of management practices in 40 CFR 503.14
 - vi. certifications of site restrictions in 40 CFR 503.32(b)(5).
 - f. For surface disposal sites:
 - i. locations of sites, site operator, site owner, size of parcel on which disposed,

- ii. results of any required groundwater monitoring,
- iii. certifications of management practices in 40 CFR 503.24
- iv. for closed sites, date of site closure and certifications of management practices for the three years following site closure.

14. Unless specified otherwise, all reports in this section shall be submitted to :

Regional Biosolids Coordinator
US EPA Region 9 (WTR-7)
75 Hawthorne St.
San Francisco, CA 94105-3901

Biosolids Coordinator
ADEQ
Water Quality Compliance Section
1110 W. Washington
Phoenix, AZ 85007

F. CHRONIC EFFLUENT TOXICITY MONITORING

1. General Conditions

- a. The permittee shall conduct chronic toxicity tests once during the fourth year of the permit. The three tests (required by Section F.2.a. of this permit) shall be conducted on 24-hour composite effluent samples. Samples should be taken concurrently with one of the sampling rounds required in section A.1.b., and when discharge has been ongoing for at least five consecutive days. If discharge during the sampling year does not at any point continue for at least five consecutive days, testing shall be conducted using samples obtained from the point of discharge to the effluent storage impoundments.
- b. Prior to approval of chemical substitutions, the EPA or ADEQ may require additional chronic toxicity testing. If testing is required, sampling and testing shall be conducted as outlined below under Testing Procedures.
- c. Toxicity Definitions are found in Appendix A.
- d. Results shall be reported in $TUc = 100/NOEC$
- e. The chronic toxicity trigger is any one test result with a daily maximum greater than 2.0 TUc.

2. Test Species & Test Methods:

- a. The permittee shall conduct short-term tests with the water flea, *Ceriodaphnia dubia* (survival and reproduction test), the fathead minnow, *Pimephales promelas* (larval survival and growth test) and the green alga, *Raphidocelis Subcapitata* (growth test).

- b. The presence of chronic toxicity shall be estimated as specified in Short-Term Methods for Estimating the Chronic Toxicity of Effluents and Receiving Waters to Freshwater Organisms, Third Edition, EPA/600-4-91-002, July, 1994 or subsequent editions.
3. Quality Assurance
 - a. The NOEC method requires a series of five dilutions and a control be tested, for example: 12.5, 25, 50, 75 and 100 percent effluent.
 - b. If either the reference toxicant test or the effluent test do not meet all test acceptability criteria as specified in the test methods manual, then the permittee must re-sample and re-test within 14 days. The re-sampling and re-testing requirements include laboratory induced error in performing the test method. Reference toxicant tests shall be conducted using the same test conditions as the effluent toxicity test (i.e., same test duration, etc.)
 - c. Control and dilution water should be receiving water or lab water, as appropriate, as described in the manual. If the dilution water used is different from the culture water, a second control, using culture water shall also be used.
 - d. Chemical testing for the parameters listed in Part A, Tables 1, 2 and 3 shall be performed on a split of each sample collected for WET testing.
 - e. If toxicity is found in any sample, the permittee shall institute appropriate TIE/TRE processes as outlined in EPA guidance manuals: EPA/600/4-89/001A (TRE workplan); EPA/600/6-91/005F (Phase I); EPA/600/R-92/080 (Phase II); and EPA/600/R-92/081 (Phase III).
 4. TIE/TRE Processes
 - a. If chronic toxicity is detected above the trigger specified in Section F.1.e., then the permittee shall conduct four more tests, approximately every two weeks, over an eight week period. Testing shall commence within two weeks of receipt of the sample results of the exceedance of the trigger level.
 - b. If initial investigation indicates the source of toxicity (for instance, a temporary plant upset), then only one additional test is necessary. If toxicity is detected in this test, then Section F.4.d. applies.
 - c. If none of the four tests indicates toxicity, then the permittee may return to the normal testing frequency.

- d. If toxicity is detected in any of the additional tests, the Permittee shall submit a TRE workplan and, at a minimum, using as guidance EPA manuals EPA/600/4-89/001A. The TRE workplan shall include at a minimum the following:
 - i. Further actions to investigate and identify the causes of toxicity. The permittee may initiate a TIE as part of the TRE process using as guidance EPA manuals, EPA/600/6-91/005F (Phase I); EPA/600/R-92/080 (Phase II), and EPA/600/R-92/081 (Phase III) to identify the causes of toxicity.
 - ii. Action the permittee will take to mitigate the impact of the discharge and to prevent the recurrence of toxicity; and
 - iii. A schedule for these actions.
5. Reporting

The permittee shall submit the results of the toxicity tests along with the next Discharge Monitoring Report. If additional toxicity tests are conducted as part of a TRE workplan, then a full report, including these results, shall also be submitted with the DMR for the quarter in which the investigation occurred.

A full report shall consist of:

- a. the results
- b. dates of sample collection and initiation of each toxicity test
- c. A comparison with the trigger value shown in Section F.1.e. of this permit.

G. PHOTODOCUMENTATION

1. Photodocumentation

- a. The permittee shall photodocument the receiving washes throughout the life of this permit. Photographs shall be taken to show the effects of the discharge on the receiving portions of the wash and to document the maximum extent of flow in the washes created by the discharge. Photographs of the non-receiving segments of the same washes shall also be taken for purposes of comparison. Photographs shall record any changes that occur in channel substrate, streamline ecology, and associated wildlife habitat as a result of the discharge to the washes. Photographs shall be taken at least twice annually documenting any changes, or the lack of any changes, at a minimum of three points (above discharge, within discharge area, and at the maximum extent of the discharge flow) in each wash vicinity. Initial photographs of these two points in each wash shall be taken prior to the initiation of discharge by the WWTP. The photographs shall be dated and labeled for tracking purposes, and accompanied by a site map indicating the locations where each photograph was taken. In addition to the date taken and a site indicator keyed to the site map, the permittee shall include the name of

the permitted facility (Entrada del Oro WWTP) and the NPDES permit number (AZ0024899).

- b. Photographs taken pursuant to Section G.1.a.. and the accompanying site map shall be submitted to ADEQ annually, by January 1, at the following address:

Arizona Department of Environmental Quality
Federal Permits and Program Development Unit
1110 W. Washington St.
Phoenix, AZ 85007

(NOTE: This ADEQ address is not the same as the ADEQ address specified in ~~Section~~ B.1.a. of this permit).

- c. Reprints of all photographs taken pursuant to Section G.2.a. of this permit, along with a copy of the accompanying site map, shall be submitted to ADEQ with the application for permit renewal, at least 180 days prior to expiration of this permit, or upon request. Photograph reprints shall be dated and labeled for tracking purposes in the same manner as the originals.

H. REOPENER

This permit may be modified in accordance with requirements set forth at 40 CFR Parts 122 and 124, to include appropriate conditions or limits to address demonstrated effluent toxicity based on newly available information or to implement any applicable EPA approved new State water quality standards.

APPENDIX A TOXICITY DEFINITIONS

These definitions apply to both acute and chronic toxicity. Not all of them may be applicable to this particular permit.

- a. ACUTE TOXICITY is a test to determine the concentration of effluent or ambient waters that produces an adverse effect on a group of test organisms during a short-term exposure (e.g., 24, 48, or 96 hours). The endpoint is lethality. Acute toxicity is measured using statistical procedures (e.g., point estimate techniques or a t-test).
- b. ACUTE-to-CHRONIC RATIO (ACR) is the ratio of the acute toxicity of an effluent or a toxicant to its chronic toxicity. It is used as a factor for estimating chronic toxicity on the basis of acute toxicity data, or for estimating acute toxicity on the basis of chronic toxicity data.
- c. ADDITIVITY is the characteristic property of a mixture of toxicants that exhibits a total toxic effect equal to the arithmetic sum of the effects of the individual toxicants.
- d. AMBIENT TOXICITY is measured by a toxicity test on a sample collected from a receiving waterbody.
- e. BIOASSAY is a test used to evaluate the relative potency of a chemical or a mixture of chemicals by comparing its effect on a living organism with the effect of a standard preparation on the same type of organism. Bioassays frequently are used in the pharmaceutical industry to evaluate the potency of vitamins and drugs.
- f. CHRONIC TOXICITY is defined as a long-term test in which sublethal effects (e.g., reduced growth or reproduction) are usually measured in addition to lethality. Chronic toxicity is defined as $TUc = 100/NOEC$ or $TUc = 100/ECp$ ICp . The ICp and ECp value should be the approximate equivalent of the $NOEC$ calculated by hypothesis testing for each test method.
- g. COEFFICIENT OF VARIATION (CV) is a standard statistical measure of the relative variation of a distribution of set of data, defined as the standard deviation divided by the mean. Coefficient of variation is a measure of precision within (intralaboratory) and among (interlaboratory) laboratories.
- h. CRITERIA CONTINUOUS CONCENTRATION (CCC) is the EPA national water quality criteria recommendation for the highest instream concentration of a toxicant or an effluent to which organisms can be exposed indefinitely without causing unacceptable effect.
- i. CRITERIA MAXIMUM CONCENTRATION (CMC) is the EPA national water quality criteria recommendation for the highest instream concentration of a toxicant or an effluent to which organisms can be exposed for a brief period of time without causing an acute effect such as lethality.

- j. CRITICAL LIFE STAGE is the period of time in an organism's lifespan in which it is the most susceptible to adverse effects caused by exposure to toxicants, usually during early development (egg, embryo, larvae). Chronic toxicity tests are often run on critical life stages to replace long duration, life-cycle tests since the most toxic effect usually occurs during the critical life stage.
- k. EFFECT CONCENTRATION (EC) is a point estimate of the toxicant concentration that would cause an observable adverse effect (e.g., survival or fertilization) in a given percent of the test organisms, calculated from a continuous model (e.g., USEPA Probit Model).
- l. HYPOTHESIS TESTING is a technique (e.g., Dunnetts test) that determines what concentration is statistically different from the control. Endpoints determined from hypothesis testing are NOEC and LOEC.
- Null hypothesis (H_0): The effluent is not toxic.
Alternative hypothesis (H_a): The effluent is toxic.
- m. INHIBITION CONCENTRATION (IC) is a point estimate of the toxicant concentration that would cause a given percent reduction in a non-quantal biological measurement (e.g., reproduction or growth) calculated from a continuous model (e.g., USEPA Interpolation Method).
- n. INSTREAM WASTE CONCENTRATION (IWC) is the concentration of a toxicant in the receiving water after mixing. The IWC is the inverse of the dilution of factor.
- o. LC50 is the toxicant concentration that would cause death in 50 percent of the test organisms.
- p. LOWEST OBSERVED EFFECT CONCENTRATION (LOEC) is the lowest concentration of toxicant to which organisms are exposed in a test, which causes adverse effects on the test organisms (i.e., where the values for the observed endpoints are statistically significant different from the control).
- q. MINIMUM SIGNIFICANT DIFFERENCE (MSD) is the magnitude of difference from control where the null hypothesis is rejected in a statistical test comparing a treatment with a control. MSD is based on the number of replicates, control performance and power of the test.
- r. MIXING ZONE is an area where an effluent discharge undergoes initial dilution and may be extended to cover the secondary mixing in the ambient waterbody. A mixing zone is an allocated impact zone where water quality criteria can be exceeded as long as acutely toxic conditions are prevented.
- s. MONTHLY MEDIAN is the middle value in a monthly distribution above and below which lie an equal number of values. If the number of values are even, then the monthly median is the average of the middle two measurements.
- t. NO OBSERVED EFFECT CONCENTRATION (NOEC) is the highest concentration of toxicant to which organisms are exposed in a full life-cycle or partial life-cycle (short-term) tests, that causes no observable adverse effect on the test organisms (i.e., the highest concentration of toxicant at which the values for the observed responses are not statistically significant different

from the controls). NOECs calculated by hypothesis testing are dependent upon the concentrations selected.

- u. POINT ESTIMATE TECHNIQUES such as Probit, Interpolation Method, Spearman-Kärber are used to determine the effluent concentration at which adverse effects (e.g., fertilization, growth or survival) occurred. For example, concentration at which a 25 percent reduction in fertilization occurred.
- v. REFERENCE TOXICANT TEST indicates the sensitivity of the organisms being used and the suitability of the test methodology. Reference toxicant data are part of routine QA/QC program to evaluate the performance of laboratory personnel and test organisms. Reference toxicant tests must be conducted concurrently with each effluent test (e.g., the reference toxicant required for the red abalone test method is zinc sulfate).
- w. SIGNIFICANT DIFFERENCE is defined as statistically significant difference (e.g., 95% confidence level) in the means of two distributions of sampling results.
- x. TEST ACCEPTABILITY CRITERIA (TAC) For toxicity tests results to be acceptable for compliance, the effluent and the concurrent reference toxicant must meet specific criteria as defined in the test method (e.g., *Ceriodaphnia dubia* survival and reproduction test, the criteria are: the test must achieve at least 80% survival and average 15 young/female in the controls, and achieve a MSD of 20%).
- y. t-TEST is a statistical analysis comparing only two test concentrations (e.g., a control and 100% effluent). The purpose of this test is determine if the 100% effluent concentration is different from the control (i.e., the test passes or fails).
- z. TOXICITY TESTS are laboratory experiments which employ the use of standardized test organisms to measure the adverse effect (e.g., growth, survival or reproduction) of effluent or ambient waters.
- aa. TOXIC UNIT ACUTE (TU_a) is the reciprocal of the effluent concentration that causes 50 percent of the organisms to die by the end of the acute exposure period (i.e., $TU_a = 100/LC_{50}$).
- bb. TOXIC UNIT CHRONIC (TU_c) is the reciprocal of the effluent concentration that causes no observable effect on the test organisms by the end of the chronic exposure period (i.e., $TU_c = 100/NOEC$).
- cc. TOXIC UNITS (TU_s) are a measure of toxicity in an effluent as determined by the acute toxicity units or chronic toxicity units. Higher the TUs indicate greater toxicity.
- dd. TOXICITY IDENTIFICATION EVALUATION (TIE) is a set of procedures to identify the specific chemical(s) responsible for effluent toxicity. TIEs are a subset of the TRE.
- ee. TOXICITY REDUCTION EVALUATION (TRE) is a site-specific study conducted in a stepwise process designed to identify the causative agents of effluent toxicity, isolate the sources of toxicity, evaluate the effectiveness of toxicity control options, and then confirm the reduction in effluent toxicity.

- ff. WHOLE EFFLUENT TOXICITY is the total toxic effect of an effluent or receiving water measured directly with a toxicity test.



RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS:
JEFF HATCH-MILLER - CHAIRMAN
MARC SPITZER, CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
ENTRADA DEL ORO SEWER COMPANY FOR
A CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR WASTEWATER SERVICE.

Docket No. SW-04316A-05-0371

SUPPLEMENT TO APPLICATION
FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY

Entrada Del Oro Sewer Company hereby files the attached Aquifer Protection Permit for its
wastewater treatment plant as a late-filed exhibit to its application in this docket.

RESPECTFULLY SUBMITTED this 31st day of May, 2005.

By

Michael W. Patten
ROSHKA HEYMAN & DEWULF, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

Original and 13 copies of the foregoing
filed this 31st day of May, 2005 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

1 Copies of the foregoing hand-delivered/mailed
This 31st day of May, 2005

2
3 Steve Olea
4 Assistant Director, Utilities Division
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8 By 

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ROSHKA HEYMAN & DEWULF, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

**AQUIFER
PROTECTION
PERMIT**



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

May 20, 2005

Grosvenor Holdings, L.C.
Chuck Kennedy, President
5010 E. Shea Blvd., Suite A-216
Scottsdale, AZ 85254

**Re: Entrada Del Oro Wastewater Treatment Plant (WWTP)
Signed Aquifer Protection Permit (APP), File No. 105488**

Dear Mr. Kennedy,

Enclosed is a signed copy of the APP with Fact Sheet for the above referenced facility. The permit conditions shall apply from May 17, 2005 which is the date of the Water Quality Division Director's signature, and shall be valid for the life of the facility. Thank you for your cooperation in protecting the water quality of the State of Arizona.

If you have any questions about this permit or need further assistance, please contact me at (800) 234-5677 ext. 771-4743 or at (602) 771-4743.

Sincerely,

Matthew Hodge, Project Manager & Reuse Coordinator
Wastewater, Recharge, & Reuse Unit
Water Permits Section, Water Quality Division

cc: Asif Majeed, Manager, Wastewater, Recharge, & Reuse Unit
Robert Casey, Manager, Enforcement Unit, Water Quality Compliance Section
Don Shroyer, Manager, Data Unit, Water Quality Compliance Section
Lynne Dekarske, Administrative Assistant III, Water Permits Section
Diane Reed, Biosolids Coordinator
Fred Goldman, Kennedy/Jenks Consultants

WRR05:0385

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733



FACT SHEET

Aquifer Protection Permit (APP) # 105488, LTF #32982, Place ID # 10669 Entrada Del Oro Wastewater Treatment Plant

The Arizona Department of Environmental Quality (ADEQ) proposes to issue an aquifer protection permit for the subject facility that covers the life of the facility, including operational, closure, and post-closure periods unless suspended or revoked pursuant to Arizona Administrative Code (A.A.C.) R18-9-A213. This document gives pertinent information concerning the issuance of the permit. The requirements contained in this permit will allow the permittee to comply with the two key requirements of the Aquifer Protection Program: 1) meet Aquifer Water Quality Standards at the Point of Compliance; and 2) demonstrate Best Available Demonstrated Control Technology (BADCT). BADCT's purpose is to employ engineering controls, processes, operating methods or other alternatives, including site-specific characteristics (i.e., the local subsurface geology), to reduce discharge of pollutants to the greatest degree achievable before they reach the aquifer.

I. FACILITY INFORMATION

Name and Location

Permittee's Name:	Grosvenor Holdings, L.C.
Mailing Address:	5010 E. Shea Blvd., Suite A-216 Scottsdale, AZ 85254
Facility name and location:	Entrada Del Oro Wastewater Treatment Plant 3 ½ miles northwest of Queen Valley and 4 miles southeast of Peralta and 3 miles northwest of Florence Junction, in Pinal County

Regulatory Status

This is a new facility. An APP application was received on May 21, 2004. The facility does not have a compliance history or any known violations.

Facility Description

The permittee is authorized to operate a 0.300 million gallons per day (MGD) wastewater treatment plant (WWTP). The WWTP process will consist of an influent lift station, headworks with bar screens, aeration and anoxic basins for nitrification-denitrification, secondary clarifiers, disc filters, ultraviolet (UV) disinfection channels, aerobic sludge digesters, and an effluent pump station. The facility also has chemical addition in conjunction with filtration. All the sludge including screenings, grit, and scum, will be hauled off-site for disposal. The effluent is discharged to an unnamed wash. The depth to

groundwater is between 100 and 500 feet below the WWTP and the direction of groundwater flow is believed to be towards the southwest. The WWTP is designed and constructed according to plans approved by the ADEQ Wastewater, Recharge, & Reuse Unit.

In addition to the APP conditions pertaining to treatment and disposal of sewage sludge, the permittee must also comply with the requirements for sewage sludge disposal in 40 Code of Federal Regulations (CFR) Part 503 and 18 A.A.C. Ch. 9, Art. 10.

Amendment Description

Not Applicable.

II. BEST AVAILABLE DEMONSTRATED CONTROL TECHNOLOGY (BADCT)

The choice of BADCT for this facility is nutrient removal (NOS) using activated sludge. The treatment process consists of an influent lift station, headworks with bar screens, aeration and anoxic basins for nitrification-denitrification, secondary clarifiers, disc filters, ultraviolet (UV) disinfection channels, aerobic sludge digesters, and an effluent pump station. The WWTP meets new facility BADCT.

III. COMPLIANCE WITH AQUIFER WATER QUALITY STANDARDS

Monitoring and Reporting Requirements

The Entrada Del Oro site is located near the extreme eastern edge of the East Salt River sub-basin of the Phoenix Active Management Area within the Middle Gila Watershed. Groundwater beneath the facility appears to be flowing southwestward, sub-parallel to surface water drainages, at an unknown depth. The depth cannot be determined with accuracy due to inadequate well information from wells in the area. The depth to groundwater is estimated to be between 100 and 500 feet based on the completion depth and reported water level from a well located within 0.5 miles of the facility and completed in 1950.

Groundwater will be monitored monthly for bacteria and nutrients, quarterly for metals and inorganic parameters and semi-annually for volatile and semi-volatile organics. Although little groundwater quality data is available for this area, aquifer quality limits (AQLs) will be set at the applicable AWQS because groundwater in this undeveloped area is not expected to exceed these limits.

Point(s) of Compliance (P.O.C)

Two hazardous/non-hazardous points of compliance have been designated for this facility because the WWTP is separate from the effluent discharge location. The POCs are located as follows:

POC #	Descriptive Location	Latitude	Longitude
1	downgradient of the WWTP (no well)	33°18'32" N	111°22'03" W
2	Approximately 500 feet downgradient (south-southwest) of AZPDES discharge point #001	33°19'14" N	111°22'20" W

Groundwater quality data will be collected from a monitor well to be installed at POC #2, since water quality data in the area is limited and the effluent flows are designed to exceed 250,000 gpd. Groundwater will be monitored monthly for bacteria and nutrients, quarterly for metals and inorganic parameters and semi-annually for volatile and semi-volatile organics.

IV. STORM WATER and SURFACE WATER CONSIDERATIONS

The WWTP is located adjacent to an ephemeral wash tributary to ephemeral Queen Creek in the Middle Gila Surface Water Basin. Effluent from the WWTP will be discharged approximately one mile north of the WWTP into a separate ephemeral wash in accordance with an AZPDES permit. Surface water flows southwestward in these washes in response to storm events only.

Other surface water bodies in the area include two stock tanks (Dons and Apache Land), are located approximately one mile upstream from the WWTP.

No flood plain is associated with the wash where the WWTP is located; however, a flood plain is associated with the wash where AZPDES discharge point #001 is located, approximately one mile north-northwest of the WWTP. The flood elevations for this 100-year flood plain have not been determined.

The WWTP will be constructed in an area of minimal flooding. The plant site is graded to drain all storm water to a storm water detention basin located on the east side of the plant site. These basins will allow sediments to settle out of the storm water prior to release into the adjacent natural drainage or allowed to percolate into the subsurface.

V. COMPLIANCE SCHEDULE

Within 120 days of operation of the WWTP, a monitor well shall be installed at POC #2 and groundwater monitoring shall begin immediately. The design plans for the monitor well have already been approved.

VI. OTHER REQUIREMENTS FOR ISSUING THIS PERMIT

Technical Capability

The Grosvenor Holdings, L.C. has demonstrated the technical competence necessary to carry out the terms and conditions of the permit in accordance with A.R.S. § 49-243(N) and A.A.C. R18-9-A202(B).

The WWTP was designed as per the design report prepared by Dr. Fred Goldman, P.E., Kennedy/Jenks Consultants, dated July 8, 2004. A certified operator will be retained for the operation and maintenance of the WWTP.

The permit requires that appropriate documents be sealed by an Arizona registered geologist or professional engineer. This requirement is a part of an on-going demonstration of technical capability. The permittee is expected to maintain technical capability throughout the life of the facility.

Financial Capability

The Grosvenor Holdings, L.C. has demonstrated the financial responsibility necessary to carry out the terms and conditions of the permit in accordance with A.R.S. § 49-243(N) and A.A.C. R18-9-A203. The permittee is expected to maintain financial capability throughout the life of the facility.

The permittee has submitted a closure cost estimate of \$36,400.00. The permittee will submit a cash bond or a Letter of Credit when the APP is ready to be signed to demonstrate financial capability.

Zoning Requirements

The Entrada Del Oro WWTP has been properly zoned for the permitted use and the permittee has complied with all Pinal County zoning ordinances in accordance with A.R.S. § 49-243(O) and A.A.C. R18-9-A201(A)(2)(c).

VII. ADMINISTRATIVE INFORMATION

Public Notice (A.A.C. R18-9-108(A))

The public notice is the vehicle for informing all interested parties and members of the general public of the contents of a draft permit or other significant action with respect to a permit or application. The basic intent of this requirement is to ensure that all interested parties have an opportunity to comment on significant actions of the permitting agency with respect to a permit application or permit. This permit will be public noticed in a local newspaper after a pre-notice review by the applicant and other affected agencies.

Public Comment Period (A.A.C. R18-9-109(A))

The aquifer protection program rules require that permits be public noticed in a newspaper of general circulation within the area affected by the facility or activity and provide a minimum of 30 calendar days for interested parties to respond in writing to ADEQ. After the closing of the public comment period, ADEQ is required to respond to all significant comments at the time a final permit decision is reached or at the same time a final permit is actually issued.

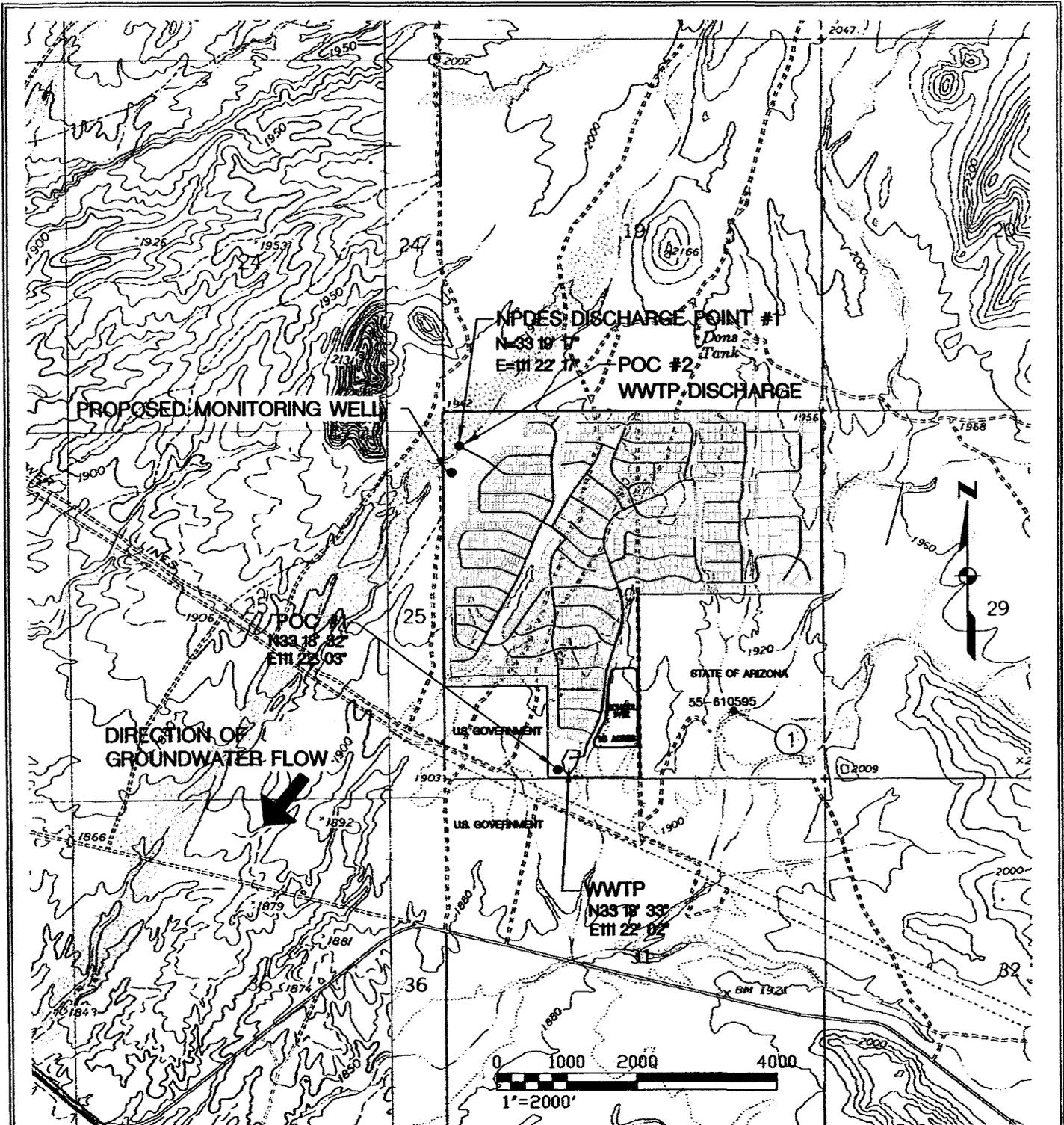
Public Hearing (A.A.C R18-9-109(B))

A public hearing may be requested in writing by any interested party. The request should state the nature of the issues proposed to be raised during the hearing. A public hearing will be held if the Director determines there is a significant amount of interest expressed during the 30-day public comment period, or if significant new issues arise that were not considered during the permitting process.

VIII.ADDITIONAL INFORMATION

Additional information relating to this proposed permit may be obtained from:

Arizona Department of Environmental Quality
Water Quality Division – Wastewater, Recharge & Reuse Unit
Attn: Matthew Hodge
1110 W. Washington St., Mail Code 5415B-3
Phoenix, Arizona 85007
Phone: (602) 771- 4743



LEGEND

- EFFLUENT DISTRIBUTION SYSTEM
- ① STOCK WATERING WELL

SOURCE:
FLORENCE JUNCTION/SUPERSTITION
MTS. SW U.S.G.S 7.5' QUADRANGLE

Kennedy/Jenks Consultants

ENTRADA DEL ORO

VICINITY MAP

JANUARY 2005

FIGURE 1

STATE OF ARIZONA
AQUIFER PROTECTION PERMIT NO. P-105488
PLACE ID 10669, LTF 32982

1.0 AUTHORIZATION

In compliance with the provisions of Arizona Revised Statutes (A.R.S.) Title 49, Chapter 2, Articles 1, 2 and 3, Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Articles 1 and 2, A.A.C. Title 18, Chapter 11, Article 4 and amendments thereto, and the conditions set forth in this permit, Grosvenor Holdings, L.C. is hereby authorized to operate the Entrada Del Oro Wastewater Treatment Plant, located 3 ½ miles northwest of Queen Valley and 4 miles southeast of Peralta and 3 miles northwest of Florence Junction, Arizona, in Pinal County, over groundwater of the Phoenix Active Management Area, groundwater basin in Township 01 S, Range 10 E, Section 30 - Gila and Salt River Base Line and Meridian.

This permit becomes effective on the date of the Water Quality Division Director's signature and shall be valid for the life of the facility (operational, closure, and post-closure periods), unless suspended or revoked pursuant to A.A.C. R18-9-A213. The permittee shall construct, operate and maintain the permitted facilities:

1. Following all the conditions of this permit including the design and operational information documented or referenced below, and
2. such that Aquifer Water Quality Standards (AWQS) are not violated at the applicable point(s) of compliance (POC) set forth below or if an AWQS for a pollutant has been exceeded in an aquifer at the time of permit issuance, that no additional degradation of the aquifer relative to that pollutant and as determined at the applicable POC occurs as a result of the discharge from the facility.

1.1 PERMITTEE INFORMATION

Facility Name:	Entrada Del Oro Wastewater Treatment Plant	
Permittee:	Mailing Address:	Facility Street Address:
Grosvenor Holdings, L.C.	5010 E. Shea Blvd., Suite A-216 Scottsdale, AZ 85254	3 ½ miles northwest of Queen Valley and 4 miles southeast of Peralta and 3 miles northwest of Florence Junction, in Pinal County, 85218

Facility Contact: Chuck Kennedy, President

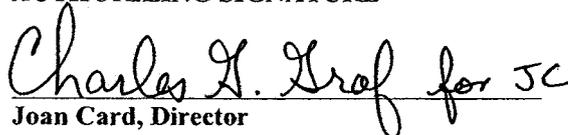
Emergency Telephone Number: (480) 443-9310

Latitude: 33° 18' 35" N

Longitude: 111° 22' 03" W

Legal Description: Township 01 S, Range 10 E, Section 30 - Gila and Salt River Base Line and Meridian.

1.2 AUTHORIZING SIGNATURE



Joan Card, Director

Water Quality Division

Arizona Department of Environmental Quality

Signed this 17th day of May, 2005

2.0 SPECIFIC CONDITIONS [A.R.S. §§ 49-203(4), 49-241(A)]

2.1 Facility / Site Description [A.R.S. § 49-243(K)(8)]

The permittee is authorized to operate a 0.300 million gallons per day (MGD) wastewater treatment plant (WWTP). The WWTP process consists of an influent lift station, headworks with bar screens, aeration and anoxic basins for nitrification-denitrification, secondary clarifiers, disc filters, ultraviolet (UV) disinfection channels, aerobic sludge digesters, and an effluent pump station. The facility also has chemical addition in conjunction with filtration. All the sludge including screenings, grit, and scum, will be hauled off-site for disposal. The effluent is discharged to an unnamed wash. The depth to groundwater is between 100 and 500 feet below the WWTP and the direction of groundwater flow is believed to be towards the southwest. The WWTP is designed and constructed according to plans approved by the ADEQ Wastewater, Recharge, & Reuse Unit.

The site includes the following permitted discharging facilities:

Facility	Latitude	Longitude
WWTP	33° 18' 35" N	111° 22' 03" W
AZPDES discharge point	33° 19' 14" N	111° 22' 20" W

2.2 Best Available Demonstrated Control Technology [A.R.S. § 49-243(B) and A.A.C. R18-9-A202(A)(5)]

The Wastewater Treatment Plant is designed to meet the treatment performance criteria for new facilities as specified in Arizona Administrative Code R18-9-B204.

The facility meets the requirements for the pretreatment by conducting monitoring as per R18-9-B204(A)(6)(b)(iii).

All industrial hookups and other non-residential hookups to the treatment system shall be authorized according to the applicable federal, state or local regulations.

2.2.1 Engineering Design

The WWTP was designed as per the design report prepared by Dr. Fred Goldman, P.E., Kennedy/Jenks Consultants, dated July 8, 2004.

2.2.2 Site-specific Characteristics

Not Applicable.

2.2.3 Pre-Operational Requirements

Within 60 days of the completion of construction, the operator shall inspect the facility to verify that all components function as designed. The permittee shall provide written certification within 90 days following final completion of the construction to ADEQ Water Quality Compliance, that inspection of all components was performed. The results of inspection should also be indicated.

2.2.4 Operational Requirements

1. The permittee shall maintain a copy of the new O & M manual at the WWTP site at all times and shall be available upon request during inspections by ADEQ personnel.

2. The pollution control structures shall be inspected for the items listed in Section 4.0, Table III - FACILITY INSPECTION.
3. If any damage of the pollution control structures is identified during inspection, proper repair procedures shall be performed. All repair procedures and material(s) used shall be documented on the Self-Monitoring Report Form submitted quarterly to the ADEQ Water Quality Compliance.

2.2.5 Wastewater Treatment Plant Classification
A.C. R18-9-703(C)(2)(a), A.A.C. R18-11-303 THROUGH 307]

Not Applicable.

2.3 Discharge Limitations [A.R.S. §§ 49-201(14), 49-243 and A.A.C. R18-9-A205(B)]

1. The permittee is authorized to operate the WWTP with a maximum average monthly flow of 0.300 MGD.
2. The permittee shall notify all users that the materials authorized to be disposed of through the WRF are typical household sewage and shall not include motor oil, gasoline, paints, varnishes, hazardous wastes, solvents, pesticides, fertilizers or other materials not generally associated with toilet flushing, food preparation, laundry facilities and personal hygiene.
3. Specific discharge limitations are listed in Section 4.0, Table I.

2.4 Points of Compliance (P.O.C.) [A.R.S. § 49-244]

The Point of Compliance is established by the following monitoring location:

P.O.C #	P.O.C. Locations	Latitude	Longitude
1	downgradient of the WWTP (No Well)	33° 18' 32" N	111° 22' 03" W
2	Approximately 500 feet downgradient (south-southwest) of AZPDES discharge point #001	33° 19' 14" N	111° 22' 20" W

Groundwater monitoring is required at POC #2.

The Director may amend this permit to designate additional points of compliance if information on groundwater gradients or groundwater usage indicates the need.

2.5 Monitoring Requirements [A.R.S. § 49-243(K)(1), A.A.C. R18-9-A206(A)]

All monitoring required in this permit shall continue for the duration of the permit, regardless of the status of the facility. All sampling, preservation and holding times shall be in accordance with currently accepted standards of professional practice. Trip blanks, equipment blanks and duplicate samples shall also be obtained, and chain of custody procedures shall be followed, in accordance with currently accepted standards of professional practice. The permittee shall consult the most recent version of the ADEQ Quality Assurance Project Plan (QAPP) and EPA 40 CFR PART 136 for guidance in this regard. Copies of laboratory analyses and chain of custody forms shall be maintained at the permitted facility. Upon request these documents shall be made immediately available for review by ADEQ personnel.

2.5.1 Discharge Monitoring

The permittee shall monitor the wastewater according to Section 4.0, Table I. A representative sample of the wastewater shall be collected downstream from the UV disinfection channels.

2.5.1.1 Reclaimed Water Monitoring

Not Applicable.

2.5.2 Facility / Operational Monitoring

Operational monitoring inspections shall be conducted according to Section 4.0, Table III.

- a. If any damage of the pollution control structures is identified during inspection, proper repair procedures shall be performed. All repair procedures and materials used shall be documented on the Self-Monitoring Report Form (SMRF) submitted quarterly to the ADEQ Water Quality Compliance. If none of the conditions occur, the report shall say "no event" for a particular reporting period. If the facility is not in operation, the permittee shall indicate that fact in the SMRF.
- b. The permittee shall submit data required in Section 4.0, Table III regardless of the operating status of the facility unless otherwise approved by the Department or allowed in this permit.

2.5.3 Groundwater Monitoring and Sampling Protocols

The permittee shall monitor the groundwater according to Section 4.0, Table II.

Static water levels shall be measured and recorded prior to sampling. Wells shall be purged of at least three borehole volumes (as calculated using the static water level) or until indicator parameters (pH, temperature, conductivity) are stable, whichever represents the greater volume. If evacuation results in the well going dry, the well shall be allowed to recover to 80% of the original borehole volume, or for 24 hours, whichever is shorter, prior to sampling. If after 24 hours there is not sufficient water for sampling, the well shall be recorded as "dry" for the monitoring event. An explanation for reduced pumping volumes, a record of the volume pumped, and modified sampling procedures shall be reported and submitted with the Self-Monitoring Report Form (SMRF).

2.5.4 Surface Water Monitoring and Sampling Protocols

Routine surface water monitoring is not required under the terms of this permit.

2.5.5 Analytical Methodology

All samples collected for compliance monitoring shall be analyzed using Arizona state approved methods. If no state approved method exists, then any appropriate EPA approved method shall be used. Regardless of the method used, the detection limits must be sufficient to determine compliance with the regulatory limits of the parameters specified in this permit. Analyses shall be performed by a laboratory licensed by the Arizona Department of Health Services, Office of Laboratory Licensure and Certification. For results to be considered valid, all analytical work shall meet quality control standards specified in the approved methods. A list of Arizona State certified laboratories can be obtained at the address below:

Arizona Department of Health Services
Office of Laboratory Licensure and Certification
250 North 17th Ave.
Phoenix, AZ 85007
Phone: (602) 364-0720

2.5.6 Installation and Maintenance of Monitoring Equipment

Monitoring equipment required by this permit shall be installed and maintained so that representative samples required by the permit can be collected. If new groundwater wells are determined to be necessary, the construction details shall be submitted to the ADEQ Water Permits Section for approval prior to installation and the permit shall be amended to include any new points.

2.6 Contingency Plan Requirements

[A.R.S. § 49-243(K)(3), (K)(7) and A.A.C. R18-9-A204 and R18-9-A205]

2.6.1 General Contingency Plan Considerations

At least one copy of the approved contingency and emergency response plan(s) submitted in the application shall be maintained at the location where day-to-day decisions regarding the operation of the facility are made. The permittee shall be aware of and follow the contingency and emergency plans.

Any alert level (AL) that is exceeded or any violation of an aquifer quality limit (AQL), discharge limit (DL), or other permit condition shall be reported to ADEQ following the reporting requirements in Section 2.7.3.

Some contingency actions involve verification sampling. Verification sampling shall consist of the first follow-up sample collected from a location that previously indicated a violation or the exceedance of an AL. Collection and analysis of the verification sample shall use the same protocols and test methods to analyze for the pollutant or pollutants that exceeded an AL or violated an AQL. The permittee is subject to enforcement action for the failure to comply with any contingency actions in this permit. Where verification sampling is specified in this permit, it is the option of the permittee to perform such sampling. If verification sampling is not conducted within the timeframe allotted, ADEQ and the permittee shall presume the initial sampling result to be confirmed as if verification sampling has been conducted. The permittee is responsible for compliance with contingency plans relating to the exceedance of an AL or violation of a DL, AQL or any other permit condition.

2.6.2 Exceeding of Alert Levels/Performance Levels

2.6.2.1 Exceeding of Performance Levels (PL) Set for Operational Conditions

1. If the operational PL set in Section 4.0, Table III has been exceeded (permit condition violated) the permittee shall
 - a. Notify the ADEQ Water Quality Compliance Section within five (5) days of becoming aware of a violation of any permit condition in Table III.
 - b. Submit a written report within thirty (30) days after becoming aware of a violation of a permit condition. The report shall document all of the following:

1. A description of the violation and its cause;
 2. the period of violation, including exact date(s) and time(s), if known, and the anticipated time period during which the violation is expected to continue;
 3. any action taken or planned to mitigate the effects of the violation, or the spill, or to eliminate or prevent recurrence of the violation;
 4. any monitoring activity or other information which indicates that any pollutants would be reasonably expected to cause a violation of an Aquifer Water Quality Standard; and
 5. any malfunction or failure of pollution control devices or other equipment or process.
2. The facility is no longer on alert status once the operational indicator no longer indicates that an PL is being exceeded. The permittee shall, however, complete all tasks necessary to return the facility to its pre-alert operating condition.

2.6.2.2 Exceeding of Alert Levels Set for Discharge Monitoring

1. If an AL set in Section 4.3, TABLE I has been exceeded, the permittee shall immediately investigate to determine the cause of the AL being exceeded. The investigation shall include the following:
 - a. Inspection, testing, and assessment of the current condition of all treatment or pollutant discharge control systems that may have contributed to the AL being exceeded.
 - b. Review of recent process logs, reports, and other operational control information to identify any unusual occurrences;
 - c. Sampling of individual waste streams composing the wastewater for the parameters being exceeded;
2. The permittee shall initiate actions identified in the approved contingency plan referenced in Section 5.0 and specific contingency measures identified in Section 2.6 to resolve any problems identified by the investigation which may have led to an AL being exceeded. To implement any other corrective action the permittee shall obtain prior approval from ADEQ according to Section 2.6.6.
3. Within thirty (30) days after confirmation of an AL being exceeded, the permittee shall submit the laboratory results to the ADEQ Water Quality Compliance Section, Data Unit, along with a summary of the findings of the investigation, the cause of the AL being exceeded, and actions taken to resolve the problem.
4. Upon review of the submitted report, the Department may require additional monitoring, increased frequency of monitoring, amendments to permit conditions or other actions.

2.6.2.3 Exceeding of Alert Levels in Groundwater Monitoring**2.6.2.3.1 Alert Levels for Indicator Parameters**

Not required at time of permit issuance.

2.6.2.3.2 Alert Levels for Pollutants with Numeric Aquifer Water Quality Standards

1. If an AL for a pollutant set in Section 4.0, Table II has been exceeded, the permittee may conduct verification sampling within 5 days of becoming aware of an AL being exceeded.
2. If verification sampling confirms the AL being exceeded or if the permittee opts not to perform verification sampling, then the permittee shall increase the frequency of monitoring to 'Daily', 'Weekly', and 'Monthly' for constituents that have a permit monitoring frequency of 'Weekly', 'Monthly', and 'Quarterly', 'Semi-Annual' or 'Annual' respectively. In addition, the permittee shall immediately initiate an investigation of the cause of the AL being exceeded, including inspection of all discharging units and all related pollution control devices, review of any operational and maintenance practices that might have resulted in an unexpected discharge, and hydrologic review of groundwater conditions including upgradient water quality.
3. The permittee shall initiate actions identified in the approved contingency plan referenced in Part 5.0 and specific contingency measures identified in Part 2.6 to resolve any problems identified by the investigation which may have led to an AL being exceeded. To implement any other corrective action the permittee shall obtain prior approval from ADEQ according to Section 2.6.6. Alternatively, the permittee may submit a technical demonstration, subject to written approval by the Water Permits Section, that although an AL is exceeded, pollutants are not reasonably expected to cause a violation of an AQL. The demonstration may propose a revised AL or monitoring frequency for approval in writing by the Water Permits Section.
4. Within thirty (30) days after confirmation of an AL being exceeded, the permittee shall submit the laboratory results to the Water Quality Compliance Section, Data Unit along with a summary of the findings of the investigation, the cause of the AL being exceeded, and actions taken to resolve the problem.
5. Upon review of the submitted report, the Department may require additional monitoring, increased frequency of monitoring, amendments to permit conditions or other actions.
6. The increased monitoring required as a result of ALs being exceeded may be reduced to 4.0, Table I frequencies, if the results of four sequential sampling events demonstrate that no parameters exceed the AL.

2.6.2.3.3 Alert Levels to Protect Downgradient Users from Pollutants Without Numeric Aquifer Water Quality Standards

Not required at time of issuance.

2.6.3 Discharge Limitations (DL) Violations

1. If a DL set in Section 4.0, Table I has been violated, the permittee shall immediately investigate to determine the cause of the violation. The investigation shall include the following:
 - a. Inspection, testing, and assessment of the current condition of all treatment or pollutant discharge control systems that may have contributed to the violation;
 - b. Review of recent process logs, reports, and other operational control information to identify any unusual occurrences;
 - c. Sampling of individual waste streams composing the wastewater for the parameters in violation.

The permittee also shall submit a report according to Section 2.7.3, which includes a summary of the findings of the investigation, the cause of the violation, and actions taken to resolve the problem. The permittee shall consider and ADEQ may require corrective action that may include control of the source of discharge, cleanup of affected soil, surface water or groundwater, and mitigation of the impact of pollutants on existing uses of the aquifer. Corrective actions shall either be specifically identified in this permit, included in an ADEQ approved contingency plan, or separately approved according to Section 2.6.6.

2. Upon review of the submitted report, the Department may require additional monitoring, increased frequency of monitoring, amendments to permit conditions or other actions.

2.6.4 Aquifer Quality Limit (AQL) Violation

1. If an AQL set in Section 4.0, Table II has been exceeded, the permittee may conduct verification sampling within 5 days of becoming aware of an AQL being exceeded. The permittee may use results of another sample taken between the date of the last sampling event and the date of receiving the result as verification.
2. If verification sampling confirms that the AQL is violated for any parameter or if the permittee opts not to perform verification sampling, then, the permittee shall increase the frequency of monitoring to 'Daily', 'Weekly', and 'Monthly' for constituents that have a permit monitoring frequency of 'Weekly', 'Monthly', and 'Quarterly', 'Semi-Annual' or 'Annual' respectively. In addition, the permittee shall immediately initiate an evaluation for the cause of the violation, including inspection of all discharging units and all related pollution control devices, and review of any operational and maintenance practices that might have resulted in unexpected discharge.

The permittee also shall submit a report according to Section 2.7.3, which includes a summary of the findings of the investigation, the cause of the violation, and actions taken to resolve the problem. The permittee shall consider and ADEQ may require corrective action that may include control of the source of discharge, cleanup of affected soil, surface water or groundwater, and mitigation of the impact of pollutants on existing uses of the aquifer. Corrective actions shall either be

specifically identified in this permit, included in an ADEQ approved contingency plan, or separately approved according to Section 2.6.6.

3. Upon review of the submitted report, the Department may require additional monitoring, increased frequency of monitoring, amendments to permit conditions or other actions.

2.6.5 Emergency Response and Contingency Requirements for Spills and Unauthorized Discharges

2.6.5.1 Duty to Respond

The permittee shall act immediately to correct any condition resulting from a discharge if that condition could pose an imminent and substantial endangerment to public health or the environment.

2.6.5.2 Discharge of Hazardous Substances or Spills of Toxic Pollutants

In the event of any unauthorized discharge (A.R.S. § 49-201(12)) of suspected hazardous substances (A.R.S. § 49-201(18)) or any spills of toxic pollutants (A.R.S. § 49-243(I)) on the facility site, the permittee shall promptly isolate the area and attempt to identify the spilled material. The permittee shall record information, including name, nature of exposure and follow-up medical treatment, if necessary, on persons who may have been exposed during the incident. Spilled materials, absorbents, and contaminated media generated during emergency response shall be removed and disposed of according to applicable federal, state and local regulations. The permittee shall notify the ADEQ Water Quality Field Service Unit at (602) 771-4841 within 24-hours upon discovering the discharge of hazardous material which: a) has the potential to cause an AWQS or AQL to be exceeded; or b) could pose an endangerment to public health or the environment.

2.6.5.3 Discharge of Non-hazardous Materials

In the event of any unauthorized discharge of non-hazardous materials from the facility, the permittee shall promptly attempt to cease the discharge and isolate the discharged material. Discharged material shall be removed and the site cleaned up as soon as possible. The permittee shall notify the ADEQ Water Quality Field Services Unit at (602) 771-4841, within 24-hours upon discovering the discharge of non-hazardous material which: a) has the potential to cause an AQL to be exceeded; or b) could pose an endangerment to public health or the environment.

2.6.5.4 Reporting Requirements

The permittee shall submit a written report for any unauthorized discharges described in Sections 2.6.5.2 and 2.6.5.3 to ADEQ Water Quality Field Services Unit, Mail Code: 5415B-1, 1110 West Washington Street, Phoenix, AZ, within thirty days of the discharge or as required by subsequent ADEQ action. The report shall summarize the event, including any human exposure, and facility response activities and include all information specified in Section 2.7.3. If a notice is issued by ADEQ subsequent to the discharge notification, any additional information requested in the notice shall also be submitted within the time frame specified in that notice. Upon review of the submitted report, ADEQ may require additional monitoring or corrective actions.

2.6.6 Corrective Actions

Specific contingency measures identified in Part 2.6 have already been approved by ADEQ and do not require written approval to implement.

With the exception of emergency response actions taken under Section 2.6.5, the permittee shall obtain written approval from the Water Permits Section prior to implementing a corrective action to accomplish any of the following goals in response to exceeding an AL or violation of an AQL, DL, or other permit condition:

1. Control of the source of an unauthorized discharge;
2. Soil cleanup;
3. Cleanup of affected surface waters;
4. Cleanup of affected parts of the aquifer;
5. Mitigation to limit the impact of pollutants on existing uses of the aquifer.

Within 30 days of completion of any corrective action, the operator shall submit to the ADEQ Water Quality Compliance Section, a written report describing the causes, impacts, and actions taken to resolve the problem.

2.7 Reporting and Recordkeeping Requirements [A.R.S. § 49-243(K)(2) and A.A.C. R18-9-A206(B) and R18-9-A207]

2.7.1 Self Monitoring Report Forms (SMRF)

1. The permittee shall complete the SMRFs provided by ADEQ, and submit them to the Water Quality Compliance Section, Data Unit.
2. The permittee shall complete the SMRF to the extent that the information reported may be entered on the form. If no information is required during a quarter, the permittee shall enter "not required" on the SMRF and submit the report to ADEQ. The permittee shall use the format devised by ADEQ.
3. The tables contained in Sections 4.0 list the parameters to be monitored and the frequency for reporting results for groundwater compliance monitoring. Monitoring methods shall be recorded on the SMRFs.
4. In addition to the SMRF, the information contained in Section 6.9.3 shall be included for exceeding an AL or violation of an AQL, DL, or any other permit condition being reported in the current reporting period.

2.7.2 Operation Inspection / Log Book Recordkeeping

A signed copy of this permit shall be maintained at all times at the location where day-to-day decisions regarding the operation of the facility are made. A log book (paper copies, forms or electronic data) of the inspections and measurements required by this permit shall be maintained at the location where day-to-day decisions are made regarding the operation of the facility. The log book shall be retained for ten years from the date of each inspection, and upon request, the permit and the log book shall be made immediately available for review by ADEQ personnel. The information in the log book shall include, but not be limited to, the following information as applicable:

1. Name of inspector;
2. Date and shift inspection was conducted;
3. Condition of applicable facility components;
4. Any damage or malfunction, and the date and time any repairs were performed;
5. Documentation of sampling date and time;
6. Any other information required by this permit to be entered in the log book, and
7. Monitoring records for each measurement shall comply with R18-9 A206(B)(2).

2.7.3 Permit Violation and Alert Level Status Reporting

1. The permittee shall notify the Water Quality Compliance Section, Enforcement Unit in writing within five days (except as provided in Section 2.6.5) of becoming aware of a violation of any permit condition, discharge limitation or of an Alert Level being exceeded.
2. The permittee shall submit a written report to the Water Quality Compliance Section, Enforcement Unit within 30 days of becoming aware of the violation of any permit condition or discharge limitation. The report shall document all of the following:
 - a. Identification and description of the permit condition for which there has been a violation and a description of its cause.
 - b. The period of violation including exact date(s) and time(s), if known, and the anticipated time period during which the violation is expected to continue.
 - c. Any corrective action taken or planned to mitigate the effects of the violation, or to eliminate or prevent a recurrence of the violation.
 - d. Any monitoring activity or other information which indicates that any pollutants would be reasonably expected to cause a violation of an Aquifer Water Quality Standard.
 - e. Proposed changes to the monitoring which include changes in constituents or increased frequency of monitoring.
 - f. Description of any malfunction or failure of pollution control devices or other equipment or processes.

2.7.4 Operational, Other or Miscellaneous Reporting

The permittee shall complete the Self-Monitoring Report Form provided by the Department to reflect facility inspection requirements designated in Section 4.0, Table III and submit to the ADEQ, Water Quality Compliance quarterly along with other reports required by this permit. Facility inspection reports shall be submitted no less frequently than quarterly, regardless of operational status.

2.7.5 Reporting Location

All SMRFs shall be submitted to:

Arizona Department of Environmental Quality
 Water Quality Compliance Section, Data Unit
 Mail Code: 5415B-1
 1110 W. Washington Street
 Phoenix, AZ 85007
 Phone (602) 771-4681

All documents required by this permit to be submitted to the Water Quality Compliance Section shall be directed to:

Water Quality Compliance Section, Enforcement Unit
 Mail Code: 5415B-1
 1110 W. Washington Street
 Phoenix, AZ 85007
 Phone (602) 771-4614

All documents required by this permit to be submitted to the Water Permits Section shall be directed to:

Arizona Department of Environmental Quality
 Water Permits Section
 Mail Code: 5415B-3
 1110 W. Washington Street
 Phoenix, AZ 85007
 Phone (602) 771-4428

2.7.6 Reporting Deadline

The following table lists the quarterly report due dates:

Monitoring conducted during quarter:	Quarterly Report due by:
January-March	April 30
April-June	July 30
July-September	October 30
October-December	January 30

2.7.7 Changes to Facility Information in Section 1.0

The Water Permits Section and Water Quality Compliance Section shall be notified within 10 days of any change of facility information including Facility Name, Permittee Name, Mailing or Street Address, Facility Contact Person or Emergency Telephone Number.

2.8 Temporary Cessation [A.R.S. § 49-243(K)(8) and A.A.C. R18-9-A209(A)]

The permittee shall give written notice to the Water Quality Compliance Section upon ceasing operation of the facility for a period of 60 days or greater. The permittee shall take the following measures upon temporary cessation:

1. If applicable, direct the wastewater flows from the facility to another State approved wastewater treatment facility.
2. Correct the problem that caused the temporary cessation of the facility.
3. Notify ADEQ with a monthly facility Status Report describing the activities conducted on the WWTP to correct the problem

At the time of notification the permittee shall submit for ADEQ approval a plan for maintenance of discharge control systems and for monitoring during the period of temporary cessation. Immediately following ADEQ's approval, the permittee shall implement the approved plan. If necessary, ADEQ shall amend permit conditions to incorporate conditions to address temporary cessation. If the facility ceases operation, the permittee shall submit closure notification, as set forth in Section 2.9 below.

2.9 Closure [A.R.S. §§ 49-243(K)(6), 49-252 and A.A.C. R18-9-A209(B)]

The permittee shall give written notice of closure to the Water Quality Compliance Section before closing, or before ceasing use of a facility addressed under this permit if the cessation is projected to last more than three years.

2.9.1 Closure Plan

Within 90 days following notification of closure, the permittee shall submit for approval to the Water Permits Section, a detailed Closure Plan which meets the requirements of A.R.S. § 49-252 and A.A.C. R18-9-A209(B)(1)(a).

If the closure plan achieves clean closure immediately, ADEQ shall issue a letter of approval to the permittee. If the closure plan contains a schedule for bringing the facility to a clean closure configuration at a future date, ADEQ may incorporate any part of the schedule as an amendment to this permit.

2.9.2 Closure Completion

Upon completion of closure activities, the permittee shall give written notice to the Water Permits Section indicating that the approved Closure Plan has been implemented fully and providing supporting documentation to demonstrate that clean closure has been achieved (soil sample results, verification sampling results, groundwater data, as applicable). If clean closure has been achieved, ADEQ shall issue a letter of approval to the permittee at that time. If any of the following conditions apply, the permittee shall follow the terms of Post Closure stated in this permit:

1. Clean closure cannot be achieved at the time of closure notification or within one year thereafter under a diligent schedule of closure actions;
2. Further action is necessary to keep the facility in compliance with aquifer water quality standards at the applicable point of compliance;
3. Continued action is required to verify that the closure design has eliminated discharge to the extent intended;

4. Remedial or mitigative measures are necessary to achieve compliance with Title 49, Ch. 2;
5. Further action is necessary to meet property use restrictions.

2.10 Post-Closure [A.R.S. §§ 49-243(K)(6), 49-252 and A.A.C. R18-9 A209(C)]

Post-closure requirements shall be established based on a review of facility closure actions and will be subject to review and approval by the Water Permits Section.

In the event clean closure cannot be achieved pursuant to A.R.S. § 49-252, the permittee shall submit for approval to the Water Permits Section a Post-Closure Plan that addresses post-closure maintenance and monitoring actions at the facility. The Post-Closure Plan shall meet all requirements of A.R.S. §§ 49- 201(29) and 49-252 and A.A.C. R18-9-A209(C). Upon approval of the Post-Closure Plan, this permit shall be amended or a new permit shall be issued to incorporate all post-closure controls and monitoring activities of the Post-Closure Plan.

2.10.1 Post-Closure Plan

A specific post closure plan may be required upon the review of the closure plan.

2.10.2 Post-Closure Completion

Not required at the time of permit issuance.

3.0 COMPLIANCE SCHEDULE [A.R.S. § 49-243(K)(5) and A.A.C. R18-9-A208]

Within 120 days of operation of the WWTP, a monitor well shall be installed at POC #2 and groundwater monitoring shall begin immediately. The design plans for the monitor well have already been approved.

4.0 TABLES OF MONITORING REQUIREMENTS

**TABLE I
DISCHARGE MONITORING**

Sampling Point Number	Sampling Point Identification		Latitude	Longitude	
1	Downstream from the UV disinfection channels		33° 18' 35" N	111° 22' 03" W	
Parameter	AL ¹	DL ²	Units	Sampling Frequency	Reporting Frequency
Flow: Daily Flow	Not Established ³	Not Established	MGD ⁴	Daily ⁵	Quarterly
Flow: Average Monthly	0.285	0.300	MGD	Monthly ⁶	Quarterly
Flow: AZPDES Daily Flow	Not Established	Not Established	MGD	Monthly ⁷	Quarterly
Flow: AZPDES Average Monthly	0.285	0.300	MGD	Monthly ⁸	Quarterly

Sampling Point Number	Sampling Point Identification		Latitude	Longitude	
1	Downstream from the UV disinfection channels		33° 18' 35" N	111° 22' 03" W	
Parameter	AL	DL	Units	Sampling Frequency	Reporting Frequency
Fecal Coliform Single sample maximum	No Limit	23	CFU or MPN ⁹	Monthly	Quarterly
Fecal Coliform Seven sample median	No Limit	2.2	CFU or MPN	Monthly	Quarterly
Total Nitrogen ¹⁰ : 5-sampling rolling geometric mean.	8.0	10.0	mg/l	Monthly ¹¹	Quarterly

¹ AL = Alert Level.
² DL = Discharge Limit.
³ Not Established= Monitoring required but no limits have been specified at time of permit issuance.
⁴ MGD = Million Gallons per Day.
⁵ Flow shall be measured using a continuous recording flow meter.
⁶ Monthly = Calculated value = Average of daily flows in a month.
⁷ Monthly = Calculated value = Average of daily flows in a month.
⁸ Monthly = Calculated value = Average of daily flows in a month.
⁹ CFU = Colony Forming Units / 100 ml sample. MPN = Most Probable Number / 100 ml sample
¹⁰ Total Nitrogen = Nitrate as N + Nitrite as N + Total Kjeldahl Nitrogen.
¹¹ A 5-Month Geometric Mean of the results of the 5 most recent samples.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE I
DISCHARGE MONITORING (Continued)

Parameter	AL	DL	Units	Sampling Frequency	Reporting Frequency
Metals (Total)¹²:					
Antimony	0.0048	0.006	mg/l	Quarterly	Quarterly
Arsenic	0.04	0.05	mg/l	Quarterly	Quarterly
Barium	1.60	2.00	mg/l	Quarterly	Quarterly
Beryllium	0.0032	0.004	mg/l	Quarterly	Quarterly
Cadmium	0.004	0.005	mg/l	Quarterly	Quarterly
Chromium	0.08	0.1	mg/l	Quarterly	Quarterly
Cyanide (As free cyanide)	0.16	0.2	mg/l	Quarterly	Quarterly
Fluoride	3.2	4.0	mg/l	Quarterly	Quarterly
Lead	0.04	0.05	mg/l	Quarterly	Quarterly
Mercury	0.0016	0.002	mg/l	Quarterly	Quarterly
Nickel	0.08	0.1	mg/l	Quarterly	Quarterly
Selenium	0.04	0.05	mg/l	Quarterly	Quarterly
Thallium	0.0016	0.002	mg/l	Quarterly	Quarterly

¹² If the Alert Level for listed pollutants is not exceeded in all of eight (8) consecutive quarters, the owner or operator may apply to ADEQ's Water Permits Section to modify this permit to reduce sampling and reporting frequencies for these pollutants under an Other Amendment.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE 1
DISCHARGE MONITORING (Continued)

Parameter	AL	DL	Units	Sampling Frequency	Reporting Frequency
Volatile Organic Compounds (VOCs)¹³:					
Benzene	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Carbon tetrachloride	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
o-Dichlorobenzene	0.48	0.6	mg/l	Semi-Annually	Semi-Annually
para-Dichlorobenzene	0.06	0.075	mg/l	Semi-Annually	Semi-Annually
1,2-Dichloroethane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
1,1-Dichloroethylene	0.0056	0.007	mg/l	Semi-Annually	Semi-Annually
cis-1,2-Dichloroethylene	0.05	0.07	mg/l	Semi-Annually	Semi-Annually
trans-1,2-Dichloroethylene	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
Dichloromethane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
1,2-Dichloropropane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Ethylbenzene	0.56	0.7	mg/l	Semi-Annually	Semi-Annually
Monochlorobenzene	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
Styrene	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
Tetrachloroethylene	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Toluene	0.8	1.0	mg/l	Semi-Annually	Semi-Annually
Trihalomethanes (total) ¹⁴	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
1,1,1-Trichloroethane	0.16	0.2	mg/l	Semi-Annually	Semi-Annually
1,2,4 - Trichlorobenzene	0.056	0.07	mg/l	Semi-Annually	Semi-Annually
1,1,2 - Trichloroethane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Trichloroethylene	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Vinyl Chloride	0.0016	0.002	mg/l	Semi-Annually	Semi-Annually
Xylenes (Total)	8.0	10.0	mg/l	Semi-Annually	Semi-Annually

¹³ If the Alert Level for listed pollutants is not exceeded in all of eight (8) consecutive quarters, the owner or operator may apply to ADEQ's Water Permits Section to modify this permit to reduce sampling and reporting frequencies for these pollutants under an Other Amendment.

¹⁴ Total Trihalomethanes comprises of Bromoform, Bromodichloromethane, Chloroform, and Dibromochloromethane.

4.0 TABLES OF MONITORING REQUIREMENTS

**TABLE II
GROUNDWATER MONITORING**

Sampling Point Number	Sampling Point Identification	Latitude	Longitude		
2	Approximately 500 feet downgradient (south-southwest) of AZPDES discharge point #001	33°19'14" N	111°22'20" W		
Parameter	AL ¹⁵	AQL ¹⁶	Units	Sampling Frequency	Reporting Frequency
Total Nitrogen ¹⁷ :	8.0	10.0	mg/l	Monthly	Quarterly
Nitrate-Nitrite as N	8.0	10.0	mg/l	Monthly	Quarterly
Total Kjeldahl Nitrogen (TKN)	Not Established ¹⁸	Not Established	mg/l	Monthly	Quarterly
Total Coliform	Absence	Absence ¹⁹	CFU or MPN ²⁰	Monthly	Quarterly

¹⁵ AL = Alert Level

¹⁶ AQL = Aquifer Quality Limit

¹⁷ Total Nitrogen is equal to nitrate as N plus nitrite as N plus TKN.

¹⁸ Reserved = Monitoring required, but no limits have been established at this time.

²⁶ A positive result for total coliform may be verified with an analysis for fecal coliform. A positive result for fecal coliform shall be considered an exceedance of the AQL for total coliform.

²⁰ CFU = Colony Forming Units per 100 ml, MPN = Most Probable Number per 100 ml.

4.0 TABLE OF MONITORING REQUIREMENTS

TABLE II
GROUNDWATER MONITORING (Continued)

Parameter	AL	AQL	Units	Sampling Frequency	Reporting Frequency
Metals (Total)²¹:					
Antimony	0.0048	0.006	mg/l	Quarterly	Quarterly
Arsenic	0.04	0.05	mg/l	Quarterly	Quarterly
Barium	1.60	2.00	mg/l	Quarterly	Quarterly
Beryllium	0.0032	0.004	mg/l	Quarterly	Quarterly
Cadmium	0.004	0.005	mg/l	Quarterly	Quarterly
Chromium	0.08	0.1	mg/l	Quarterly	Quarterly
Cyanide (As free cyanide)	0.16	0.2	mg/l	Quarterly	Quarterly
Fluoride	3.2	4.0	mg/l	Quarterly	Quarterly
Lead	0.04	0.05	mg/l	Quarterly	Quarterly
Mercury	0.0016	0.002	mg/l	Quarterly	Quarterly
Nickel	0.08	0.1	mg/l	Quarterly	Quarterly
Selenium	0.04	0.05	mg/l	Quarterly	Quarterly
Thallium	0.0016	0.002	mg/l	Quarterly	Quarterly

²¹

If the Alert Level for listed pollutants is not exceeded in all of eight (8) consecutive quarters, the owner or operator may apply to ADEQ's Water Permits Section to modify this permit to reduce sampling and reporting frequencies for these pollutants under an Other Amendment.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE II
GROUNDWATER MONITORING (Continued)

Parameter	AL	AQL	Units	Sampling Frequency	Reporting Frequency
Volatile Organic Compounds (VOCs)²²:					
Benzene	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Carbon tetrachloride	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
o-Dichlorobenzene	0.48	0.6	mg/l	Semi-Annually	Semi-Annually
para-Dichlorobenzene	0.06	0.075	mg/l	Semi-Annually	Semi-Annually
1,2-Dichloroethane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
1,1-Dichloroethylene	0.0056	0.007	mg/l	Semi-Annually	Semi-Annually
cis-1,2-Dichloroethylene	0.05	0.07	mg/l	Semi-Annually	Semi-Annually
trans-1,2-Dichloroethylene	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
Dichloromethane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
1,2-Dichloropropane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Ethylbenzene	0.56	0.7	mg/l	Semi-Annually	Semi-Annually
Monochlorobenzene	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
Styrene	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
Tetrachloroethylene	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Toluene	0.8	1.0	mg/l	Semi-Annually	Semi-Annually
Trihalomethanes (total) ²³	0.08	0.1	mg/l	Semi-Annually	Semi-Annually
1,1,1-Trichloroethane	0.16	0.2	mg/l	Semi-Annually	Semi-Annually
1,2,4 - Trichlorobenzene	0.056	0.07	mg/l	Semi-Annually	Semi-Annually
1,1,2 - Trichloroethane	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Trichloroethylene	0.004	0.005	mg/l	Semi-Annually	Semi-Annually
Vinyl Chloride	0.0016	0.002	mg/l	Semi-Annually	Semi-Annually
Xylenes (Total)	8.0	10.0	mg/l	Semi-Annually	Semi-Annually

²² If the Alert Level for listed pollutants is not exceeded in all of eight (8) consecutive quarters, the owner or operator may apply to ADEQ's Water Permits Section to modify this permit to reduce sampling and reporting frequencies for these pollutants under an Other Amendment.

²³ Total Trihalomethanes comprises of Bromoform, Bromodichloromethane, Chloroform, and Dibromochloromethane.

4.0 TABLES OF MONITORING REQUIREMENTS

TABLE III
FACILITY INSPECTION (Operational Monitoring)

Pollution Control Structures/Parameter	Performance Levels	Inspection Frequency
Pump Integrity	Good Working Condition	Weekly
Treatment Plant Components	Good Working Condition	Weekly

5.0 REFERENCES AND PERTINENT INFORMATION

The terms and conditions set forth in this permit have been developed based upon the information contained in the following, which are on file with the Department:

1. APP Application dated: May 21, 2004 (APP)
2. Contingency Plan, dated: May 21, 2004 (APP)
3. Final Hydrologist Report dated: November 23, 2004 (APP)
4. Final Engineering Report dated: November 8, 2004 (APP)
5. Public Notice dated: January 7, 2005 (APP)
6. Public Hearing, dated: N/A
7. Responsiveness Summary, dated: N/A

6.0 GENERAL CONDITIONS AND RESPONSIBILITIES

6.1 Annual Registration Fees

The permittee is notified of the obligation to pay an Annual Registration Fee to ADEQ. The Annual Registration Fee is based upon the amount of daily influent or discharge of pollutants in gallons per day as established by A.R.S. § 49-242(D). This fee is payable to ADEQ each year. The design flow is 0.300 MGD.

6.2 Duty to Comply [A.R.S. §§ 49-221 through 263]

The permittee is notified of the obligation to comply with all conditions of this permit and all applicable provisions of Title 49, Chapter 2, Articles 1, 2 and 3 of the Arizona Revised Statutes, Title 18, Chapter 9, Articles 1 through 4, and Title 18, Chapter 11, Article 4 of the Arizona Administrative Code. Any permit non-compliance constitutes a violation and is grounds for an enforcement action pursuant to Title 49, Chapter 2, Article 4 or permit amendment, suspension, or revocation.

6.3 Duty to Provide Information [A.R.S. §§ 49-243(K)(2) and 49-243(K)(8)]

The permittee shall furnish to the Director, or an authorized representative, within a time specified, any information which the Director may request to determine whether cause exists for amending or terminating this permit, or to determine compliance with this permit. The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

6.4 Severability [A.R.S. § 49-243(K)(8)]

The provisions of this permit are severable, and if any provision of this permit, or the application of any provision of this permit to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of this permit, shall not be affected thereby.

6.5 Proper Operation and Maintenance [A.R.S. § 49-243(K)(8)]

The permittee shall properly operate and maintain all facilities, treatment processes, and discharge control systems which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit.

6.6 Compliance with Aquifer Water Quality Standards [A.R.S. §§ 49-243(B)(2) and 49-243(B)(3)]

The permittee shall not cause or contribute to a violation of an aquifer water quality standard at the applicable point of compliance for the facility. Where, at the time of issuance of the permit, an aquifer already exceeds an aquifer water quality standard for a pollutant, the permittee shall not discharge that pollutant so as to further degrade, at the applicable point of compliance for the facility, the water quality of any aquifer for that pollutant.

6.7 Technical and Financial Capability [A.R.S. §§ 49-243(K)(8) and 49-243(N) and A.A.C. R18-9-A202(B) and R18-9-A203(E) and (F)]

The permittee shall have and maintain the technical and financial capability necessary to fully carry out the terms and conditions of this permit. Any bond, insurance policy, trust fund, or other financial assurance mechanism provided as a demonstration of financial capability in

the permit application, pursuant to A.A.C. R18-9-A203(D), shall be in effect prior to any discharge authorized by this permit and shall remain in effect for the duration of the permit.

6.8 Reporting of Bankruptcy or Environmental Enforcement [A.A.C. R18-9-A207(C)]

The permittee shall notify the Director within five days after the occurrence of any one of the following:

1. The filing of bankruptcy by the permittee.
2. The entry of any order or judgment not issued by the Director against the permittee for the enforcement of any environmental protection statute or rule.

6.9 Monitoring and Records [A.R.S. § 49-243(K)(8) and A.A.C. R18-9-A206]

The permittee shall conduct any monitoring activity necessary to assure compliance with this permit, with the applicable water quality standards established pursuant to A.R.S. §§ 49-221 and 49-223 and §§ 49-241 through 49-252.

1. Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.
2. The permittee shall retain records of all monitoring information, including copies of all reports required by this permit and records of all data used to complete the application for this permit, for a period of 10 years from the date of the sample, measurement report, or application. This period may be extended by request of the Director at any time.
3. At a minimum, records of monitoring information shall include:
 - a. Date, time, and exact place of sampling or measurements;
 - b. Individual(s) who performed the sampling or measurements;
 - c. Date(s) analyses were performed;
 - d. Individual(s) or laboratory who performed the analyses;
 - e. Analytical techniques or methods used;
 - f. Results of such analyses;
 - g. Chain of custody records;
 - h. Names of samples;
 - i. Static water level in monitor well prior to sampling;
 - j. Sampling method;
 - k. Purging volume;
 - l. Indicator parameters including field conductance ($\mu\text{mhos/cm}$), field temperature ($^{\circ}\text{C}$), and field pH (standard units);
 - m. Preservation and transportation procedures;
 - n. Name of the analytical facility, and;
 - o. Any field notes relating to the information described in (a) – (n) above.

6.10 Other Information [A.R.S. § 49-243(K)(8)]

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, the permittee shall promptly submit the correct facts or information.

6.11 Inspection and Entry [A.R.S. §§ 49-203(B) and 49-243(K)(8)]

The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to enter and inspect the facility

as reasonably necessary to ensure compliance with Title 49, Chapter 2, Article 3 of the Arizona Revised Statutes, and Title 18, Chapter 9, Articles 1 through 4 of the Arizona Administrative Code and the terms and conditions of this permit. In so doing, the Department representative may:

1. Enter upon the operator's premises where a regulated facility or activity is located or conducted, or locations where records must be kept under the conditions of this permit.
2. Have access to and copy, at reasonable times, any records required to be kept under the conditions of this permit.
3. Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit.
4. Sample or monitor at reasonable times, for the purposes of assuring permit compliance, any substances or parameters at any location.
5. Take photographs or video tape.
6. Take other actions reasonably necessary to determine compliance with Aquifer Protection Permit statutes or rules or the terms and conditions of this permit.

6.12 Duty to Modify [A.R.S. § 49-243(K)(8)]

The permittee shall apply for and receive a written amendment before deviating from any of the designs or operational practices authorized by this permit.

**6.13 Permit Action: Amendment, Transfer, Suspension & Revocation
[A.R.S. §§ 49-201, 49-241 through 251, A.A.C. R18-9-A211, R18-9-A212 and R18-9-A213]**

This permit may be amended, transferred, renewed, or revoked for cause, under the rules of the Department. The filing of a request by the permittee for a permit action does not stay or suspend the effectiveness of any existing permit condition. The Director shall issue a public notice of all proposed permit actions pursuant to A.A.C. R18-9-A211, R18-9-A212 and R18-9-A213.

6.13.1 Permit Reopen

The Director may reopen this permit and amend it pursuant to A.A.C. R18-9-A211.

6.13.2 Permit Transfer

This permit may not be transferred to any other person except after notice to and approval of the transfer by the Department. No transfer will be approved until the applicant complies with all transfer requirements as specified in A.A.C. R18-9-A212(B) and (C).

The permittee shall notify the Water Permits Section in writing within 15 days after any change in the owner or operator of the facility. The notification shall state the permit number, the name of the facility, the date of property transfer, and the name, address, and phone number where the new owner or operator can be reached. The operator shall advise the new owner or operators of the terms of this permit and the need for permit transfer in accordance with the rules.

HAWKINS & CAMPBELL INCORPORATED

800 N. 4th STREET, P.O. BOX 13627
 PHOENIX, ARIZONA 85002
 PHONE (602) 254-6147
 FAX (602) 271-4517

Please--
 1. Do Not Type In Shaded Areas 2. Fill Out Completely
 3. Print Three Copies 4. Retain One Copy

ATTORNEY SERVICE

DATE	May 31, 2005	Sk. Tr.			ZONE
PHONE #	256-6100	Loc.			
FIRM	Roshka Heyman and DeWulf	Svs			
ATTY	Mike Patten	Mil			ZONE
ADDRESS	400 E. Van Buren STREET #800	Mil			
CITY/ZIP	PHOENIX AZ 85004	Mil			
SECRETARY	Mary	Adv			
CASE #	grosvenor.entrada	SC			OTHER CHARGES
COURT	Arizona Corporation Commission				
COUNTY					
PLTF.					TOTAL CHARGES
DEFT.		Noty			
ATTY FILE #	grosvenor.entrada	Total			

DOCUMENTS: *(Please list exactly as they should appear on affidavit)*

FILING FEE CHECK ATTACHED	WITNESS FEE: CHECK ATTACHED-AMOUNT \$	H & C CHECK
	H & C ADVANCE WITNESS FEE <input type="checkbox"/> YES <input type="checkbox"/> NO	\$
\$	H & C ADVANCE MILEAGE FEE <input type="checkbox"/> YES <input type="checkbox"/> NO	#

COURIER INSTRUCTIONS

File original and 13 with Docket Control
 Return conformed copy to RHD on next regular run
 Hand deliver envelope to the appropriate parties of the ACC

MUST BE FILED TODAY **PTQ**

SPECIAL SERVICE INSTRUCTIONS:

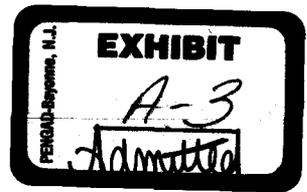
LAST DAY TO SERVE: _____ DATE OF HEARING: _____
 SERVE: *(Please list name exactly as it should appear on affidavit)*

RESIDENCE ADDRESS:	BUSINESS ADDRESS:
Phone:	Phone:

DESCRIPTION
 age/dob: ht: wt hr: eyes: race: other:

SERVED:	ADDRESS:	DATE
Title		TIME

SERVEN/COURIER _____ Received by: *(a person authorized to accept)*



RECEIVED
BEFORE THE ARIZONA CORPORATION COMMISSION

2005 JUN -8 P 4:42

COMMISSIONERS:

- JEFF HATCH-MILLER - CHAIRMAN
- WILLIAM A. MUNDELL
- MARC SPITZER
- MIKE GLEASON
- KRISTIN K. MAYES

**AZ CORP COMMISSION
DOCUMENT CONTROL**

IN THE MATTER OF THE APPLICATION OF
ENTRADA DEL ORO SEWER COMPANY FOR
A CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR WASTEWATER SERVICE.

Docket No. SW-04316A-05-0371

**SUPPLEMENT TO APPLICATION
FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY**

Entrada Del Oro Sewer Company hereby files: (i) a corrected Exhibit 1 to the Application (Attachment A) and (ii) ADEQ's letter to U.S. Environmental Protection Agency certifying that the Entrada Del Oro Wastewater Management System 208 Plan Amendment is consistent with both the State of Arizona and CAAG Water Quality Management Plans (Attachment B). Pursuant to its procedure, the USEPA did not reject the 208 Amendment, thus approving the 208 Amendment by operation of law.

RESPECTFULLY SUBMITTED this 8th day of June, 2005.

By

Michael W. Patten
ROSHKA HEYMAN & DEWULF, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

ROSHKA HEYMAN & DEWULF, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

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Original and 13 copies of the foregoing
filed this 8th day of June, 2005 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Copies of the foregoing hand-delivered/mailed
this 8th day of June, 2005

Linda Jaress
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

By *Mary Jppolita*

ATTACHMENT

A

May 19, 2005

Mr. Chuck Kennedy
Entrada Del Oro Sewer Company
5010 E. Shea Boulevard
Suite A-216
Scottsdale, AZ 85254

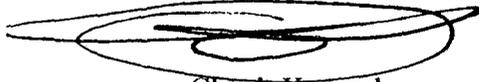
RE: Entrada Del Oro Sewer Service

Dear Mr. Kennedy,

We hereby request that Entrada Del Oro Sewer Company provide sewer service for the property owned by Entrada Del Oro Partners, LC, in the Entrada Del Oro development.

A legal description of the property owned by Entrada Del Oro Partners, LC is attached.

Sincerely,

A handwritten signature in black ink, appearing to read "Chuck Kennedy", enclosed within a large, hand-drawn oval scribble.

Chuck Kennedy
Associate Director/President
Grosvenor Holdings, LC
Managing Member
Entrada Del Oro Partners, LC

PHASE 2 LEGAL DESCRIPTION

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, and more particularly described as follows:

Commencing at Center of section 30;

Thence South 00 degrees 54 minutes 12 seconds West, 203.70 feet;

Thence North 75 degrees 35 minutes 58 seconds West, 342.74 feet to the POINT OF BEGINNING;

Thence North 75 degrees 35 minutes 58 seconds West, 70.00 feet;

Thence South 14 degrees 24 minutes 02 seconds West, 96.09 feet;

Thence North 75 degrees 35 minutes 58 seconds West, 170.00 feet;

Thence South 14 degrees 24 minutes 02 seconds West, 20.25 feet;

Thence North 85 degrees 56 minutes 27 seconds West, 339.09 feet to the beginning of a curve, concave Northeast, having a radius of 1140.00 feet;

Thence Northwesterly 494.47 feet along the arc of said curve to the right through a central angle of 24 degrees 51 minutes 06 seconds;

Thence North 61 degrees 05 minutes 22 seconds West, 92.65 feet;

Thence North 54 degrees 42 minutes 03 seconds West, 85.27 feet;

Thence North 35 degrees 17 minutes 57 seconds East, 79.61 feet;

Thence North 23 degrees 22 minutes 34 seconds East, 953.29 feet;

Thence North 11 degrees 07 minutes 34 seconds East, 83.35 feet;

Thence North 38 degrees 07 minutes 49 seconds East, 124.64 feet;

thence South 83 degrees 20 minutes 41 seconds East, 10.39 feet to the beginning of a non-tangent curve, concave Southeast, from which the radius point bears South 83 degrees 20 minutes 41 seconds East a distance of 50.00 feet;

Thence Northeasterly 96.78 feet along the arc of said curve to the right through a central angle of 110 degrees 53 minutes 50 seconds;

Thence on a non-tangent line North 38 degrees 07 minutes 49 seconds East, 115.85 feet;

Thence South 51 degrees 52 minutes 11 seconds East, 309.32 feet;

Thence South 13 degrees 29 minutes 08 seconds East, 130.85 feet;

Thence South 70 degrees 45 minutes 37 seconds East, 252.15 feet;

Thence South 69 degrees 01 minutes 31 seconds East, 50.00 feet;

Thence North 21 degrees 40 minutes 06 seconds East, 16.40 feet;

thence South 68 degrees 19 minutes 54 seconds East, 189.90 feet to the beginning of a non-tangent curve, concave Southeast, from which the radius point bears South 68 degrees 19 minutes 54 seconds East a distance of 1165.00 feet;

Thence Southwesterly 386.97 feet along the arc of said curve to the left through a central angle of 19 degrees 01 minutes 53 seconds to a point of reverse curvature of a curve having a radius of 2000.00 feet;

Thence Southwesterly 410.64 feet along the arc of said curve to the right through a central angle of 11 degrees 45 minutes 50 seconds;

Thence South 14 degrees 24 minutes 02 seconds West, 202.93 feet to the POINT OF BEGINNING.

Containing 31.324 acres, more or less, and being subject to easements of record.

PRELIMINARY
NOT FOR
CONSTRUCTION OR
RECORDING

LEGAL DESCRIPTION ||

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona,
and more particularly described as follows:

Commencing at West Quarter Corner of Section 30;

Thence North 0 degrees 51 minutes 18 seconds East, 1320.57 feet;
Thence South 89 degrees 04 minutes 37 seconds East, 513.47 feet to the
POINT OF BEGINNING;

Thence South 89 degrees 04 minutes 37 seconds East, 1080.19 feet;
Thence South 25 degrees 12 minutes 36 seconds West, 277.93 feet;
Thence North 64 degrees 47 minutes 24 seconds West, 120.00 feet;
Thence North 62 degrees 39 minutes 37 seconds West, 282.95 feet to the
beginning of a curve, concave Southwest, having a radius of 745.00
feet;
Thence Northwesterly 407.38 feet along the arc of said curve to the
left through a central angle of 31 degrees 19 minutes 51 seconds;
Thence South 86 degrees 00 minutes 33 seconds West, 200.57 feet to the
beginning of a non-tangent curve, concave Southwest, from which the
radius point bears South 69 degrees 58 minutes 45 seconds West a
distance of 1025.00 feet;
Thence Northwesterly 21.74 feet along the arc of said curve to the left
through a central angle of 1 degrees 12 minutes 56 seconds to the POINT
OF BEGINNING.

containing 1.979 acres, more or less, and being subject to easements of
record.

PRELIMINARY
NOT FOR
CONSTRUCTION OR
RECORDING

LEGAL DESCRIPTION NO. 2

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, and more particularly described as follows:

Commencing at center of section 30;

Thence North 0 degrees 56 minutes 24 seconds East, 1143.49 feet to the POINT OF BEGINNING;

The beginning of a non-tangent curve, concave Southeast, from which the radius point bears South 52 degrees 14 minutes 19 seconds East a distance of 1165.00 feet;

Thence Southwesterly 327.22 feet along the arc of said curve to the left through a central angle of 16 degrees 05 minutes 35 seconds;

Thence on a non-tangent line North 68 degrees 19 minutes 54 seconds West, 189.90 feet;

Thence South 21 degrees 40 minutes 06 seconds West, 16.40 feet;

Thence North 69 degrees 01 minutes 31 seconds West, 50.00 feet;

Thence North 70 degrees 45 minutes 37 seconds West, 252.15 feet;

Thence North 13 degrees 29 minutes 08 seconds West, 130.85 feet;

Thence North 51 degrees 52 minutes 11 seconds West, 309.32 feet;

Thence South 89 degrees 04 minutes 37 seconds East, 905.80 feet;

Thence South 00 degrees 56 minutes 24 seconds West, 176.26 feet to the POINT OF BEGINNING.

containing 5.985 acres, more or less, and being subject to easements of record.

PRELIMINARY
NOT FOR
CONSTRUCTION OR
RECORDING

LEGAL DESCRIPTION NO. 3

That part of the Northwest Quarter of Section 30, Township 1 North, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, and more particularly described as follows:

Commencing at center of section 30;

Thence North 00 degrees 56 minutes 24 seconds East, 69.44 feet to the POINT OF BEGINNING;

The beginning of a non-tangent curve, concave Northeast, from which the radius point bears North 20 degrees 40 minutes 59 seconds West a distance of 55.00 feet;

Thence Northwesterly 66.35 feet along the arc of said curve to the right through a central angle of 69 degrees 07 minutes 08 seconds;

Thence on a non-tangent line South 48 degrees 26 minutes 09 seconds West, 30.28 feet;

thence North 76 degrees 33 minutes 48 seconds West, 120.00 feet to the beginning of a non-tangent curve, concave Northwest, from which the radius point bears North 76 degrees 33 minutes 48 seconds West a distance of 2080.00 feet;

Thence Northeasterly 392.07 feet along the arc of said curve to the left through a central angle of 10 degrees 48 minutes 00 seconds to a point of reverse curvature of a curve having a radius of 1085.00 feet;

Thence Northeasterly 549.91 feet along the arc of said curve to the right through a central angle of 29 degrees 02 minutes 21 seconds;

Thence on a non-tangent line South 0 degrees 56 minutes 24 seconds West, 930.37 feet to the POINT OF BEGINNING.

containing 2.786 acres, more or less, and being subject to easements of record.

May 19, 2005

Mr. Chuck Kennedy
Entrada Del Oro Sewer Company
5010 E. Shea Boulevard
Suite A-216
Scottsdale, AZ 85254

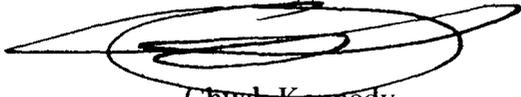
RE: Entrada Del Oro Sewer Service

Dear Mr. Kennedy,

We hereby request that Entrada Del Oro Sewer Company provide sewer service for the property owned by Gold Canyon Ventures I, Inc., in the Entrada Del Oro development.

A legal description of the property owned by Gold Canyon Ventures I, Inc. is attached.

Sincerely,

A handwritten signature in black ink, appearing to read "Chuck Kennedy", is written over a circular stamp or seal. The signature is somewhat stylized and overlaps the stamp.

Chuck Kennedy
Vice President/Secretary
Gold Canyon Ventures I, Inc.

EXHIBIT A

Legal Description

The South half of the Northeast quarter of Section 30, Township 1 South, Range 10 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT all gas, oil, metals and mineral rights as reserved to the United States of America as disclosed in Patent.

May 19, 2005

Mr. Chuck Kennedy
Entrada Del Oro Sewer Company
5010 E. Shea Boulevard
Suite A-216
Scottsdale, AZ 85254

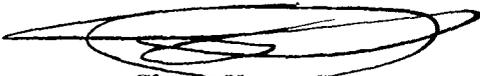
RE: Entrada Del Oro Sewer Service

Dear Mr. Kennedy,

We hereby request that Entrada Del Oro Sewer Company provide sewer service for the property owned by Gold Canyon Ventures III, Inc., in the Entrada Del Oro development.

A legal description of the property owned by Gold Canyon Ventures III, Inc. is attached.

Sincerely,

A handwritten signature in black ink, appearing to be "Chuck Kennedy", enclosed within a large, hand-drawn oval.

Chuck Kennedy
Vice President/Secretary
Gold Canyon Ventures III, Inc.

EXHIBIT A

Order Number: 261065

LEGAL DESCRIPTION

Parcel No. 1:

The North half of the Northeast quarter of Section 30, Township 1 South, Range 10 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT all gas, oil, metals and mineral rights reserved by the United States of America as disclosed by the Patent from the State of Arizona; and

EXCEPT 1/16th of all oil, gas, and other hydrocarbon substances, helium or other substances of a gaseous nature, coal, metals, minerals, fossils and fertilizers of every name and description together with all uranium and thorium and except all materials which may be essential to production of fissionable material as reserved in Arizona Revised Statutes.

Parcel No. 2:

Lot 1 and the Northeast quarter of the Northwest quarter of Section 30, Township 1 South, Range 10 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT all gas, oil, metals and mineral rights reserved by the United States of America as disclosed by the Patent from the State of Arizona; and

EXCEPT 1/16th of all oil, gas, and other hydrocarbon substances, helium or other substances of a gaseous nature, coal, metals, minerals, fossils and fertilizers of every name and description together with all uranium and thorium and except all materials which may be essential to production of fissionable material as reserved in Arizona Revised Statutes.

May 19, 2005

Mr. Chuck Kennedy
Entrada Del Oro Sewer Company
5010 E. Shea Boulevard
Suite A-216
Scottsdale, AZ 85254

RE: Entrada Del Oro Sewer Service

Dear Mr. Kennedy,

We hereby request that Entrada Del Oro Sewer Company provide sewer service for the property owned by EDO ONE, LLC, a Arizona limited liability company, in the first phase of the Entrada Del Oro development.

A legal description of the first phase is attached.

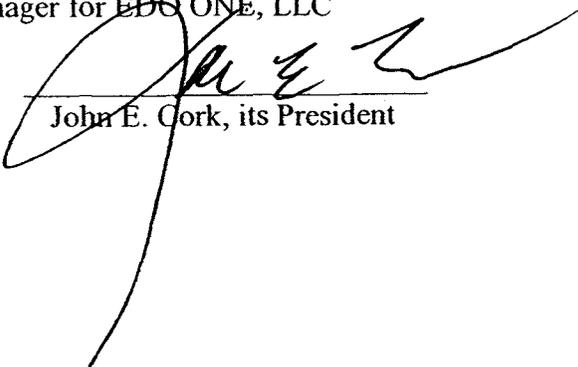
Sincerely,

EDO ONE, LLC, a Arizona limited liability company

By: Coronado West, Inc., an Arizona corporation

Manager for EDO ONE, LLC

By:


John E. Cork, its President

LEGAL DESCRIPTION

“Entrada del Oro Unit 1” located in a portion of the west half of Section 30, Township 1 South, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, as recorded in Pinal County records on 2/17/05, in Cabinet E, Slide 171, as Fee No. 2005-016692.

ATTACHMENT

B



GOVERNOR
June (Doc Hill)

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

• 3033 North Central Avenue • Phoenix, Arizona 85012-2809 •
• (602) 207-2300 • www.adeq.state.az.us •



DIRECTOR
Jacqueline E. Schafer

February 27, 2001

Ms. Laura Yoshii
Acting Regional Administrator, Region IX
U.S. Environmental Protection Agency
75 Hawthorne St.
San Francisco, CA. 94105

Dear Ms. Yoshii:

Pursuant to Section 208 of the Clean Water Act and 40 CFR Part 130.6(e), I certify that the Entrada del Oro Wastewater Management System 208 Plan Amendment is consistent with both the State of Arizona and the Central Arizona Association of Governments Water Quality Management Plans.

I hereby transmit this amendment to you for approval.

Sincerely,

Jacqueline E. Schafer
Director

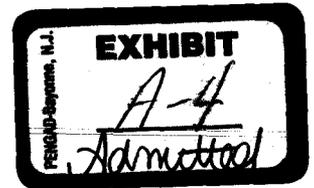
JES:ker

Enclosure

cc: Cheryl McGovern, Water Management Division, U.S. EPA Region IX
Kris Randall, Watershed Management Unit, ADEQ

ROSHKA HEYMAN & DEWULF

ROSHKA HEYMAN & DEWULF, PLC
ATTORNEYS AT LAW
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET
SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800



July 21, 2005

Via Hand-Delivery

Mr. Jason Gellman, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: Entrada Del Oro Sewer Company's Responses to Staff's First Set of Data
Requests – Docket No. SW-04316A-05-0371

Dear Mr. Gellman:

Enclosed please find the responses of Entrada Del Oro Sewer Company to Staff's first set
of data requests in the above-referenced matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Patten".

Michael W. Patten

MWP:mi
Enclosure

cc: Dorothy Haines
Linda A. Jaress

ENTRADA DEL ORO'S RESPONSES TO
STAFF'S FIRST SET OF
DATA REQUESTS
DOCKET NO. SW-04316A-05-0371
JULY 21, 2005

DMH 1-1

The proposed construction plan shows that a Marwood package plant is going to be installed. The GMP estimates \$964,226 for a 0.3 MGD Marwood plant, \$16,000 for a disinfection unit and \$71,500 for labor, post equalization conduct, and other expenses. (Total GMP's estimates are \$1,051,726.) Referenced to the Form CS-4 in the Application, the total costs of treatment and disposal equipment are \$1,809,158. Please explain the \$757,439 discrepancy.

RESPONSE:

The \$1,051,726 referenced in the above request is the number from Marwood for the cost of the plant components only. Felix Construction's GMP includes the Marwood numbers and then also calculates taxes, cost of construction, etc. (Please see attached Exhibit 1A-Felix GMP Feb. 2005 & Exhibit 1B-Total Estimated Sewer Costs 4/7/05) The overall construction cost calculations are as follows:

(1A) Line Item 5-Equipment: \$1,199,253 This is the total cost to acquire the Marwood plant components, tax, and construction of the plant.

(1A) Line 8-Miscellaneous: \$18,015

(1A) Line Item 9-Paint/Coat: \$16,770

(1B) Contingency: \$96,120 (the other \$ are accounted for in the response to DMH 1-4)

(1B) Engineering Design: \$255,000

(1B) Plant Expansion to 300,000 g.p.d.: \$224,000

\$1,199,253
+ \$18,015
+ \$16,770
+ \$96,120
+ \$255,000
+ <u>\$224,000</u>
\$1,809,158 total

RESPONDENT:

Chuck Kennedy

Exhibit 1-A

FELIX CONSTRUCTION COMPANY

ESTIMATE SUMMARY SHEET

Job Entrada del Oro
 Bid Open Date Feb 2005 (Plans Nov. 2004) - Phase 1
 Estimator Don

Liquidated Damages
 Completion Time

BID ITEM	DESCR	LABOR	COMPANY EQUIP	PERM MAT'L	SUB COSTS	RENTAL COSTS	TOT DIRECT COST	CHECK	STATUS
1	Civil	46,518	65,059	3,200	-	-	114,777	114,777	Done
2	Concrete	21,492	6,130	8,490	192,165	-	228,277	228,277	Done
3	Masonry	-	-	-	6,500	-	6,500	6,500	Done
4	Buy Pipes	-	-	153,460	-	-	153,460	153,460	Done
5	Equipment	-	-	1,199,253	-	-	1,199,253	1,199,253	Done
6	Mech Labor	65,612	45,208	5,050	-	-	135,870	135,870	Done
7	Misc Metals	-	-	-	-	-	-	-	Done
8	Misc	325	50	17,640	-	-	18,015	18,015	Done
9	Paint/Coat	-	-	-	16,770	-	16,770	16,770	Done
10	Electrical	-	-	-	155,500	-	155,500	155,500	Done
11	Building	-	-	-	-	-	-	-	
12		-	-	-	-	-	-	-	
13		-	-	-	-	-	-	-	
14		-	-	-	-	-	-	-	
15		-	-	-	-	-	-	-	
TOTAL ABOVE		153,947	115,447	1,387,093	370,935	-	2,028,422	2,028,422	% of DIRECT COSTS
State/County Tax Rate		6.60%	(In percentage form)						
City Tax Rate		6.60%	(In percentage form)						
Total Tax Rate		4.29%	(Type 0 in front of decimal if under 1)						
Tax Burden									
Bond Rate									
Direct Job Costs									
Cut/Add									
Subtotal 1									
MARKUP									
Subtotal 2									
Bond									
Tax									
Final Estimate									

For scope of bid see:
FELIX - ENTRADA DEL ORO SCOPE FEB. 2005

Exhibit 1-B

Total Estimated Sewer Plant Costs 4/7/05

Sewer plant 150,000 g.p.d.	\$2,400,000
Building to house equipment, lab, etc.	\$240,000
Grading, concrete, walls, etc.	\$160,000
Construction contingency @ 5%	\$140,000
Engineering design, etc. through 4/05	\$255,000
Estimated engineering inspections thru construction & O&M manual	\$100,000
Contributed land @ \$60,000/acre	\$400,000
Equipment to expand to 300,000 g.p.d.	<u>\$224,000</u>
Total estimated sewer plant costs 4/7/05	\$3,919,000

**ENTRADA DEL ORO'S RESPONSES TO
STAFF'S FIRST SET OF
DATA REQUESTS
DOCKET NO. SW-04316A-05-0371
JULY 21, 2005**

DMH 1-2

Referencing form CS-4, there is a cost of \$103,200 for electric pumping equipment. Please provide documentation showing where this amount comes from and provide information of number of pumps, their size, and manufacture models to be installed.

RESPONSE:

Please see attached Exhibits 2A - 2E.

Exhibit 2A: 2 Continental Blowers @ \$18,733.33 each = \$37,465

Exhibit 2B: Canyon Compressor Blower @ \$20,667.00 each = \$20,667.00

Exhibit 2C: 2 Anoxic Mixers @ \$7,500 each = \$15,000

Exhibit 2D: Flowtronex Proposal-Pumps only- \$14,500 (Amount is less than the contract price because we did not need all components in bid)

Exhibit 2E: JCH Quote-Influent Pumps-\$15,568 (Amount is less than the contract price because we did not need all components in bid)

	\$37,465
+	\$20,667
+	\$15,000
+	\$14,500
+	<u>\$15,568</u>
	\$103,200 total

RESPONDENT:

Chuck Kennedy

Exhibit 2

Exhibit 2-A

SEP-01-2004 10:07

GOBLE SAMPSON ASSOC

P.02/02

Continental Blower, L.L.C.

23 Corporate Circle
E. Syracuse, NY 13057
Phone: (315) 451-5410 Fax: (315) 451-5950
E-Mail: mikem@continentalblower.com
Website: continentalblower.com

9/1/2004

Felix Construction
Attn: Project Manager

Re: Entrada del Oro

Continental Blower, L.L.C. is pleased to offer the following scope of supply for the above mentioned project:

- 3- Continental Model 51.07 Blowers each rated for 1,150 icfm at 6.5 psig.
- 3- Baseplate, motor pedestal, coupling and coupling guard.
- 3- 60 HP ODP motors, 3/60/460 volt
- 3- 6" filter silencers
- 3- 6" butterfly valves w/lever
- 3- 6" expansion joints
- 3- 6" check valves
- 3- surge/overload panels

Budget price for the above mentioned equipment is Fifty Six Thousand Two Hundred & 00/100 Dollars (\$56,200.00) FOB Syracuse, NY with freight included to jobsite.

Comments/Clarifications:

- 1) Starters are not a part of this proposal.
- 2) Pipe, nuts, bolts, gaskets are not a part of this proposal.
- 3) Start up by Continental is included.

Terms: 30 days

Delivery: 12 – 14 weeks after receipt of order and approval of all drawings.

If you should have any comments or questions regarding this proposal, feel free to contact this office at any time.

Regards,

Continental Blower, L.L.C.

Michael Malfitano
Manager

Exhibit 2-B



CANYON COMPRESSOR / AIRNETICS
(602)273-1964 FAX (602)273-0108
WWW.AIRNETICS.COM

FACSIMILE TRANSMITTAL SHEET

TO: DON FELIX	FROM: Jon Clements
COMPANY: FELIX CONSTRUCTION	DATE: 08/11/04
FAX NUMBER: 480-464-0078	PAGES: 1
PHONE NUMBER: 480-464-0011	STANDARD'S REFERENCE NUMBER:

BUDGETARY BLOWER QUOTE

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

DON,

HERE IS THE BUDGETARY ESTIMATE PRICING FOR THE BLOWER PACKAGE THAT YOU REQUESTED.

711 URAI BLOWER W/ MOTOR AND SILENCERS. BASE MOUNTED ON COMMON STEEL BASE FRAME. **\$20667.00**

? digester blowers

STD DELIVERY ON SUBMITTALS 5-7 DAYS
STD DELIVERY ON PKG 8-10 WEEKS A.R.O.

THANK YOU,

Jon Clements
JON CLEMENTS

Exhibit 2-C

MSN Hotmail - Message

Page 1 of 1

MSN Home | My MSN | Hotmail | Shopping | Money | People & Chat

Web Search:



Hotmail

Today

Mail

Calendar

Contacts

hendrickskris@hotmail.com

Free Newsletters |

Reply | Reply All | Forward | Delete | Block | Junk | Put in Folder | Print View | Save Address

From : <DonatMW@aol.com>

Inbox

Sent : Tuesday, November 16, 2004 9:21 PM

To : hendrickskris@hotmail.com

Subject : Entrada Del Oro WWTP

Hi Kris,

The cost to install train 2 ASD, Anoxic & Aeration at the same time as train 1 would be \$91,000 plus taxes. We have included some underground piping such as the RAS/WAS return, scum return and aeration to clarifier piping to keep from re-excavating at a later date. No interior piping or mechanical equipment is included.

Double rail aluminum handrail can be supplied for \$5000 or aluminum covers for \$65,600

(4) You can deduct \$7500 for each Anoxic Mixer that is omitted at phase 1.

I believe this gives you the information you asked for. If anything else is required please let me know.

Don Gorny
Mar-Wood, Inc.



Inbox

Get the latest updates from MSN

MSN Home | My MSN | Hotmail | Search | Shopping | Money | People & Chat

Exhibit 2-D

FLOWTRONEX

ITT Industries
Budget Proposal**Prefabricated Pumping Station**

10661 Newkirk Street
 Dallas, TX 75220
 P 800.786.7480
 F 214.574.7867
 Web: Flowtronex.com

Engineer: Kennedy-Jenks
Project: Grosvenor Holdings
Shipment: 7-9 weeks after receipt of a hard copy of approved submittals with full release for manufacturing

Date: September 1, 2004
Location: AZ
Submittals: 3-4 weeks after acceptance of purchase order

Reference specification section:

This proposal is based upon faxed drawing, and presented in the best interests of the Customer. Subsequent changes to the following scope of supply, or the configuration, will affect the price.

Scope of Equipment – Description of equipment supplied by Flowtronex

Factory built, booster pumping system, model ~~MCT-700-2CS-45 with piping, valves and controls, operating on 460/3/60 power~~. Principal components include pumps, motors, valves, interconnecting piping, pump control panel, pressure sensors, and indicators, all mounted on structural steel base. Station shall be UL Listed as a complete unit under UL category QCZJ. Control panel shall be UL listed under category NITW industrial control panels.

Mechanical

- Qty (1) Goulds 18GS07 pump rated for 19 gpm @ 125' TDH including lift and station losses.
- Qty (1) 3/4 hp 3600 RPM submersible motor.
- Qty (1) 2" pump discharge check valve, Val-Matic 1408BN, and Victaulic Butterfly Valve.
- Qty (2) Goulds 9RCLC 3 stage pumps with bronze impellers, each rated for 350 gpm @ 125' TDH including lift and station losses.
- Qty (2) 15 hp 1800 RPM WP1 VHS motors.
- Qty (2) 4" pump discharge check valves, Val-Matic 1408BN, and Victaulic Butterfly Valves.
- Carbon steel piping, schedule 40.
- Qty (1) 2.5" Cla-Val 52-03 surge anticipator valve with Watts DBF butterfly valve at its inlet, exhausting to wet well.
- Data Industrial 220B flowmeter.
- 4.5" glycerin filled pressure gauge with isolation valves, pipe mounted.
- Station skid, grit blasted to SSPC-SP10 and painted with epoxy primer and polyurethane top coat, with all equipment mounted.

Controls:

- UL listed NEMA 4 rated control panel.
- S.L.A.P. secondary surge & lightning arrestor.
- 100 amp NF main disconnect for control panel.
- 110 volt control transformer.
- Individual pump H-O-A switches.
- Pump full voltage combination starters with class J fusible short circuit protection and class 10 overload relays.
- High level and phase failure alarms.

FLOWTRONEX**ITT Industries**
Engineered for life

- Relay logic controller responding to level signals from float switches.
 - High level alarm at 4'-0" below bottom of skid
 - Lag pump on at 4'-6" below bottom of skid
 - Lead pump on at 5'-0" below bottom of skid
 - PM pump on at 5'-6" below bottom of skid
 - All pumps off at 7'-5" below bottom of skid
 - Redundant all pumps off at 8'-0" below bottom of skid

Post Production:

- Freight to site is included.
- Installation is not included.
- Flowtronex field technician to meet the truck and supervise the offloading and setting of the pump station.
- Start-up, station calibration & operator training is included, 1 day allotted.
- Warranty is as listed below.

Price:**\$35,255.00**

**Price is valid for 30 days from the above date and may be subject to change after that time.
Tax is not included.**

Clarification:

- 1) Price is based on faxed drawing only. Written spec may contain requirements that change the pricing. If so, pricing will be updated when specifications are received.
- 2) Information on the drawing has led us to believe that the system is a pump down system, to get rid of waste water. If other requirements indicate that other control is required, pricing will be adjusted.
- 3) Information on the drawing indicated that required lift and in system pressure losses were included in the pump TDH required. If this is not the case, pricing will be adjusted to accommodate lift and loss.
- 4) Pumping system, with all pumps running, will produce 719 GPM at 45 psi discharge pressure.

Exceptions:

- 1) None.

We have presented this proposal in the best interests of the Customer and in an effort to present the most economical and functionally effective pump station.

This proposal and the price indicated is based on the previously mentioned specification and standard Flowtronex terms and conditions.

Any changes to this proposal or to the specification may result in an increase in price.

We are looking forward to working with you. If you have any questions or desire any additional information, please do not hesitate to call.

Submitted by:

Michael Salvato

Exhibit 2-E



Sales Engineers

QUOTATION #083104-1EGM

August 31, 2004

To: FELIX CONST.

Job Name: ENTRADA DEL ORO INFLUENT PUMPS

Attn: DON FELIX

Location: AZ

Fax:

Quotation By: Ed Martin

Bid Date: ASAP

Unless otherwise stated: Prices are firm for 30 days from bid date, payment terms are NET 30 DAYS from shipment. Prices do not include any sales and/or use taxes. Applicable taxes will be added to the invoice at rate in effect at time of shipment. Interest shall accrue on past due amounts at 1.5% per month. Freight terms are F.O.B. factory full freight allowed.

Qty	Description	Each	Total
<u>INFLUENT PUMP STATION</u>			
2	ITT FLYGT MODEL CP3127-412 SUBMERSIBLE SEWAGE PUMPS WITH 7.5HP, 460V-3PH MOTOR, 40 FEET OF POWER CABLE AND FLS/MINI-CAS SEAL FAILURE AND STATOR TEMPERATURE MONITOR.		
2	8" BALL CHECK VALVES		
2	8" CAST IRON DISCHARGE CONNECTIONS		
2	2" UPPER GUIDE RAIL BRACKETS (316SS)		
2	APPROX. 40 FEET OF 2" SCH 40 GUIDE RAIL (316SS)		
2	APPROX 20 FEET OF STAINLESS STEEL LIFTING CHAIN AND SHACKLE		
1	MIX-FLUSH VALVE ✓ this option		
1	DUPLEX CONTROL PANEL WITH NEMA 3R PAINTED STEEL ENCLOSURE, 24V FLOAT CONTROL, (2) PUMP CIRCUIT BREAKERS, (2) NEMA RATED FULL VOLTAGE NON-REVERSING MOTOR STARTERS, (2) H-O-A SWITCHES, (2) ELAPSED TIME METERS, DUPLEX ALTERNATOR, RUN LIGHTS, HIGH LEVEL ALARM LIGHT WITH FLASHER, PHASE MONITOR, SURGE ARRESTOR,(4) FLOATS AND (1) FLOAT BRACKET.		

THE TOTAL NET PRICE F.O.B. FACTORY WITH FREIGHT ALLOWED TO THE JOB SITE IS.....\$ 24,196.00

AUG-31-2004 09:49 FROM-JCH PHOENIX
JCH, CURR & HUBBARD INC.

#602-276-5402

T-319 P.002/002 F-680

THE ABOVE PRICE IS FIRM FOR 30 DAYS. AFTER SUCH TIME IT MAY BE SUBJECT TO REVIEW. SHIPMENT HAS BEEN ESTIMATED AT APPROX. 8 - 10 WEEKS AFTER RECEIPT OF PURCHASE ORDER AND/OR APPROVED SUBMITTAL DRAWINGS.

PRICES INCLUDE: FREIGHT TO THE JOB SITE (OFF LOADED BY-OTHERS), START-UP SUPERVISION BY A REPRESENTATIVE OF JCH, SUBMITTAL DRAWINGS AND DATA.

PRICES DO NOT INCLUDE: SALES TAX, INSTALLATION, ANCHOR BOLTS, MISCELLANEOUS PIPING OR ANY OTHER ITEM NOT SPECIFICALLY LISTED IN THE ABOVE DESCRIPTION.

THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE. IF YOU SHOULD HAVE ANY QUESTIONS REGARDING THIS ESTIMATE OR ANY OTHER MATTER, PLEASE DO NOT HESITATE TO CALL.



**ENTRADA DEL ORO'S RESPONSES TO
STAFF'S FIRST SET OF
DATA REQUESTS
DOCKET NO. SW-04316A-05-0371
JULY 21, 2005**

DMH 1-3

Referencing form CS-4, the Company estimates a cost of \$1,925,000 for combined sewer collection and force main system. The submitted documentation only shows \$127,205 for force main and \$606,477 for gravity collection (total costs of sewer collection systems are \$733,682.) Please explain the \$1,191,318 discrepancy.

RESPONSE:

The submitted documentation covers only the first phase of project development (352 lots out of 1132 lots). The cost to construct the entire project (1,132 lots plus a school) is a projection based on those costs. The force main cost of \$127,205 is a one-time expense and will not need to be duplicated in future phases. The gravity collection will need to be constructed with each new phase.

The calculation is as follows:

$\$606,477$ for 352 lots = $\$1,723/\text{lot}$
 $1,132$ lots - 352 lots = 780 remaining lots
 780 lots x $\$1,723/\text{lot}$ = $\$1,343,940$ (estimated cost to construct collection system for the remainder of the project)
 $\$1,343,940$ + $\$606,477$ = $\$1,950,417$

The above analysis explains how the cost in the application was calculated. When the application was submitted, the \$1,925,000 calculation was a good faith estimate based on available information. We have since received the bid from the contractor and the costs are higher than submitted due to increased costs for materials. .

RESPONDENT:

Chuck Kennedy

**ENTRADA DEL ORO'S RESPONSES TO
STAFF'S FIRST SET OF
DATA REQUESTS
DOCKET NO. SW-04316A-05-0371
JULY 21, 2005**

DMH 1-4

Referencing form CS-4, the Company estimates a cost of \$1,578,264 for structure & improvement. However, there is only \$156,833 expenses listed from Kennedy/Jenks. Please explain why the difference is so large.

RESPONSE:

See Exhibit 1A-Felix GMP Feb. 2005 & Exhibit 1B-Total Estimated Sewer Costs 4/7/05, which are attached to the response to DMH 1-1

The calculation of \$1,578,264 is as follows:

(1A) Line Item 1-Civil: \$114,777

(1A) Line Item 2-Concrete: \$228,277

(1A) Line Item 3-Masonry: \$ 6,500

(1A) Line Item 4-Pipes: \$ 153,460

(1A) Line Item 5-Mechanical Labor: \$135,870

(1A) Line Item 10-Electrical: \$155,500

(1B) Contingency: \$44,880

(1B) Land: \$400,000

(1B) Engineering Inspections/O&M Manual: \$100,000

	\$114,777
+	\$228,277
+	\$ 6,500
+	\$ 153,460
+	\$135,870
+	\$155,500
+	\$43,880
+	\$400,000
+	\$100,000
+	<u>\$240,000</u>
	\$1,578,264 total

RESPONDENT:

Chuck Kennedy

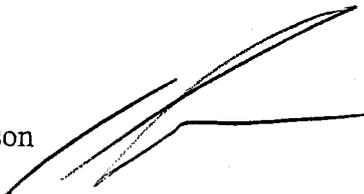
COPY

MEMORANDUM

RECEIVED

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division



2005 AUG 11 A 10: 26

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: June 10, 2005

RE: STAFF REPORT FOR ENTRADA DEL ORO SEWER COMPANY
APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR SEWER SERVICES DOCKET NO. SW-04316A-05-0371

Attached is the Staff Report for the above referenced application. Staff recommends approval of the application subject to several conditions.

EGJ:LAJ:red

Originator: Linda Jaress

Attachment: Original and Thirteen Copies



Service List for: Entrada Del Oro Sewer Company
Docket No. SW-04316A-05-0371

Mr. Michael W. Patten
Roshka Heyman & Dewulf
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Arizona Corporation Commission
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Chief, Hearing Division
Arizona Corporation Commission
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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

ENTRADA DEL ORO SEWER COMPANY

DOCKET NO. SW-04316A-05-0371

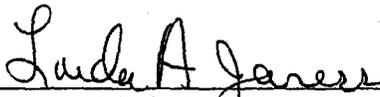
APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE
SEWER SERVICE IN MARICOPA COUNTY, ARIZONA

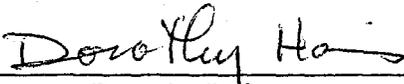
August 11, 2005

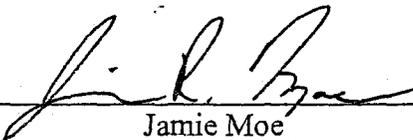
STAFF ACKNOWLEDGEMENT

The Staff Report for Entrada Del Oro Sewer Company (Docket No. SW-04316A-05-0371) was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report, Dorothy Hains prepared the Engineering Report and Jamie Moe prepared the Financial and Regulatory Analysis Report.

Contributing Staff:


Linda A. Jaress
Executive Consultant II


Dorothy Hains
Utilities Engineer


Jamie Moe
Public Utilities Analyst IV

EXECUTIVE SUMMARY
ENTRADA DEL ORO SEWER COMPANY
DOCKET NO. SW-04316A-05-0371

On May 24, 2005, Entrada Del Oro Sewer Company ("Entrada" or "Company"), filed an application for approval of a Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in an area within Pinal County, Arizona located approximately 4 miles east of Gold Canyon. The area covers 452.7 acres and will include approximately 1,132 residential units and one elementary school site. The development will be built in three phases.

The Company proposes to install a 0.3 million gallons per day wastewater treatment plant. The treated effluent will be disposed in a dry wash for which the Company has a United States Environmental Protection Agency National Pollutant Discharge Elimination System permit. Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area.

Staff concludes that under certain conditions the requested CC&N of Entrada is in the public interest and should be approved. Staff recommends approval under the following conditions:

1. The Company must use the depreciation rates delineated in Table 1 of Staff's Engineering Report attached.
2. The Company must file documentation with Docket Control by December 31, 2007, which demonstrates that the system is in service.
3. The Company must charge Staff's recommended rates and charges as shown in Schedule JRM-4.
4. The Commission should find that the projected fair value rate base will be \$3,343,970 in the fifth year.
5. The Company must file a permanent rate application in its sixth year of operations, using the fifth year as the test year.

Staff further recommends that the Commission's Decision granting this CC&N to Entrada be considered null and void without further order from the Commission should Entrada fail to meet condition 2 within the time specified.

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Introduction

On May 24, 2005, Entrada Del Oro Sewer Company ("Entrada" or "Company"), filed an application for approval of a Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in an area within Pinal County, Arizona located approximately 4 miles east of Gold Canyon. The area covers 452.7 acres and will include approximately 1,132 residential units and one elementary school site. The development will be built in three phases. The legal area requested by the Company for its CC&N is reflected on Exhibit I, attached.

Background

Entrada will provide wastewater service to a new development named Entrada Del Oro. The owners of the property within the development have requested that Entrada provide wastewater utility service. Arizona Water Company holds a CC&N to provide water service to the same development. According to the final plat for Entrada Del Oro Unit 1, Salt River Project Agricultural Improvement District will provide electric service and Qwest will provide telephone service.

Finance of Facilities

Entrada will be financed by \$4.4 million of paid-in capital and \$1.9 million from Engle Homes in the form of a contribution. The on-site collection system in Phase 1 of the development is being installed and contributed by Engle Homes, the Phase 1 homebuilder. It is anticipated that collection systems in future phases of the development will be installed and contributed by homebuilders. The treatment facility, building, walls, landscaping, force main and other improvements are being funded by cash resources of Entrada Del Oro Sewer Company.

Nearby Facilities

The Company contacted Queen Valley Sanitary District, a local RV Park and Gold Canyon Ranch about providing wastewater service to the Entrada Del Oro development and the companies did not indicate any interest in serving the project.

The Proposed Facilities

The Company proposes to install a 0.3 million gallons per day wastewater treatment plant. The treated effluent will be disposed in a dry wash for which the Company has a United States Environmental Protection Agency National Pollutant Discharge Elimination System permit. Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area. Staff's Engineering Report, attached as Exhibit 2, contains a more comprehensive description of the proposed wastewater system and its cost.

Staff recommends that the Company file documentation with Docket Control by December 31, 2007 which demonstrates that the system is in service.

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ has approved the proposed on-site wastewater treatment and disposal system by issuing an Aquifer Protection Permit on May 20, 2005. On February 27, 2001, ADEQ certified that the Entrada Del Oro Water Management System Plan Amendment is consistent with both the State of Arizona and the Central Arizona Association of Governments Water Quality Management Plans.

Proposed Rates

Attached as Exhibit 3 is the Report of the Financial and Regulatory Analysis Section. Included in the Report, as Schedule JRM-4, is a complete list of Staff's recommended rates and charges. Briefly, Staff recommends the monthly rate for residential service be \$70. Staff reduced the Company's proposed rate for the school from \$7.00 per student per month to \$5.60 per student per month to reflect what Staff believes is a more reasonable estimate of students' water use at school.

Staff also found that the projected fair value rate base in year five is \$3,343,970.

County Franchise

Entrada Del Oro received its Pinal County franchise on July 8, 2005.

Conclusions and Recommendations

Staff concludes that under certain conditions the requested CC&N of Entrada Del Oro is in the public interest and should be approved. Staff recommends approval under the following conditions:

1. The Company must use the depreciation rates delineated in Table 1 of Staff's Engineering Report attached.
2. The Company must file documentation with Docket Control by December 31, 2007, which demonstrates that the system is in service.
3. The Company must charge Staff's recommended rates and charges as shown in Schedule JRM-4.
4. The Commission should find that the projected fair value rate base will be \$3,343,970 in the fifth year.

5. The Company must file a permanent rate application in its sixth year of operations, using the fifth year as the test year.

Staff further recommends that the Commission's Decision granting this CC&N to Entrada be considered null and void without further order from the Commission should Entrada fail to meet condition 2 within the time specified.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells *BW*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: June 29, 2005

RE: **ENTRADA DEL ORO SEWER COMPANY (DOCKET NO. SW-04316A-05-0371)**

The area requested by Entrada for a CC&N for sewer service has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached is a copy of the map for your files.

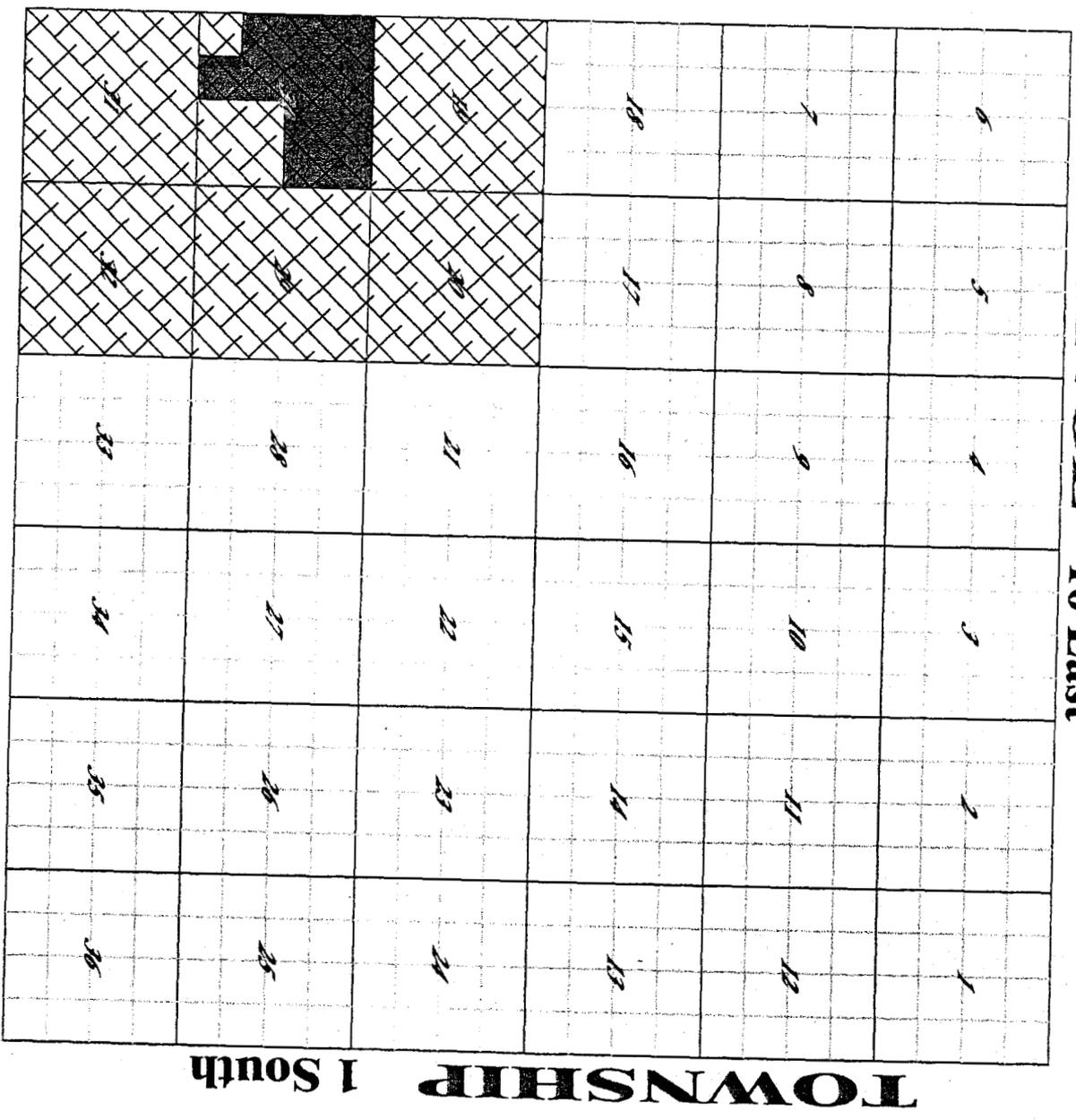
:bsw

Attachments

cc: Docket Control
Mr. Michael Patten
Ms. Deb Person (Hand Carried)
File

COUNTY: Pinal

RANGE 10 East



TOWNSHIP 1 South

 W-1445 (34)(7)
Arizona Water Company (Apache Junction)

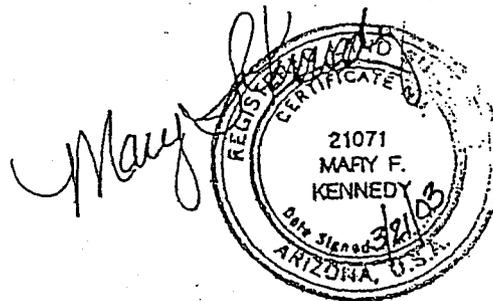
 Entrada Del Oro Sewer Company
Docket No. SW-04316A-05-0371
Application for CC&N

LEGAL DESCRIPTION
ENTRADA DEL ORO
PINAL COUNTY, ARIZONA

Government Lots 1, 2, and 3, the Southeast quarter of the Southwest quarter, the Southeast quarter of the Northwest quarter, the Northeast quarter of the Southwest quarter, the South half of the Northeast quarter, the Northeast quarter of the Northwest quarter, and the North half of the Northeast quarter of Section 30, Township 1 South, Range 10 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Southwest corner of Section 30, said point being a found G.L.O. brass cap, thence North 0 degrees 52 minutes 48 seconds East, 1319.82 feet along the west line of Section 30 to the Southwest corner of GLO Lot 3, said point being the POINT OF BEGINNING; thence North 0 degrees 52 minutes 48 seconds East, 1319.82 feet to the West quarter corner of Section 30, said point being a found G.L.O. brass cap; thence North 0 degrees 51 minutes 03 seconds East, 2641.20 feet to the Northwest corner of Section 30; thence South 89 degrees 03 minutes 34 seconds East, 2788.95 feet to the North quarter corner of Section 30; thence South 89 degrees 03 minutes 34 seconds East, 2637.30 feet to the Northeast corner of Section 30; thence South 1 degrees 01 minutes 42 seconds West, 2634.15 feet to the East quarter corner of Section 30; thence North 89 degrees 08 minutes 02 seconds West, 2633.33 feet to the Center of Section 30; thence South 0 degrees 56 minutes 31 seconds West, 2640.91 feet to the South quarter corner of Section 30; thence North 89 degrees 06 minutes 28 seconds West, 1318.75 feet to the Southwest corner of the Southeast quarter of the Southwest quarter of Section 30; thence North 0 degrees 56 minutes 35 seconds East, 1320.15 feet to the Southeast corner of GLO Lot 3; thence North 89 degrees 07 minutes 15 seconds West, 1464.61 feet to the Southwest corner of GLO Lot 3 and the POINT OF BEGINNING.

Containing 452.671 acres, more or less, and being subject to easements of record.



MEMORANDUM

DATE: August 2, 2005

TO: Linda Jaress
Executive Consultant III

Jamie Moe
Public Utilities Analyst

FROM: Dorothy Hains *DH*
Utilities Engineer

RE: New CC&N Application for Entrada Del Oro Sewer Co.
Docket No. SW-04316A-05-0371

Introduction

Entrada Del Oro Sewer Company ("Entrada" or "Company") has submitted a new sewer Certificate of Convenience and Necessity (CC&N) application. Entrada's requested 452-acre service area is located near the City of Apache Junction in Pinal County. Entrada estimated there would be 1,132 residential units and one elementary school needing service in the requested area within the next five years.

System

The Company proposes to install a 0.3 million gallons per day ("MGD") Marwood package wastewater treatment plant. The wastewater collected in the requested service area will be treated by nitrification, denitrification, filtration, and ultraviolet ("UV") disinfection. The treated effluent will be disposed in a dry wash. The United States Environmental Protection Agency ("EPA") issued a National Pollutant Discharge Elimination System ("NPDES") permit in May 2002 (Permit No. AZ0024899). The treatment plant was sized based on an estimated flow rate of 250 gallons per day per connection. Based on this estimate total flow in the requested area would approximate 0.28 MGD. The Company also states that the plant construction began this spring and is expected to be completed within one year. Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area.

Arizona Department of Environmental Quality (ADEQ) Compliance

ADEQ has approved the proposed on-site wastewater treatment and disposal system by issuing an Aquifer Protection Permit on May 31, 2005 (Permit No. - 105488). Staff recommends that the Company provide documentation to Staff

which demonstrates that the system is in service. This documentation should be filed with Docket Control in this Docket no later than December 31, 2007.

Cost Analysis

Staff's recommended adjustments to the Company's cost estimates are listed in the right-hand column of the table below:

NARUC Account	Description	Company's cost estimate (\$)	Estimated and Detailed expenditures to date (\$)
351	Organization	60,000	60,000
352	Franchise	0	0
353	Land & Land Rights: Parcel of land 420'x400'	400,000	400,000
354	Structure & Improvements: Air Quality Permit Pinal Co. Industrial Use Permit Construction Related Services labor 938' 9' tall perimeter theme wall fence 24' wide roll gate on track 16,884 sq feet Paint w f-stop Site grading Parking/driveway paving 34' 18" storm drain	1,578,264	5,954 1,097 138,149 5,522 44,846 (@47.81/ft) 5,850 (@\$5,850/unit) 3,208 (@\$0.19/sf) 17,450 33,450 1,020(@\$30/ft)
355	Power Generation Equipment: Emergency generator (300 KW)	66,000	55,870
361	Collection Sewer – Gravity fed 1,671 of 12" PVC, 129' of 12" DIP, 927' of 10" PVC, 13,418' of 8" PVC 1,446' of 8" DIP 13 manholes (5'-Diameter) 51 manholes (4'-Diameter)	1,925,000	39,519 (@ \$23.65/ft) 6,902 (@ \$53.60/ft) 19,235 (@ \$20.75/ft) 241,524 (@\$18/ft) 60,732 (@\$42/ft) 28,600 (@\$2,200/MH) 66,300 (@\$1,300/MH) 7,000

	7 drop manholes		(@\$1,000/MH) 1,500
	6 Sewer plug		(@\$250/unit) 12,320(@35/ft)
	352' of concrete encasement		
363	Service laterals: 372 residential lots	0	122,760 (@330/lot)
365	Flow Measuring Device	4,800	4,800
370	Receiving Wells	0	
	Influent pump station		24,196
	Effluent pump station		35,255
371	Pumping Equipment	103,200	
	Two Continental Blowers (60-HP)		37,465 (@\$18,733/unit)
	One Canyon Compressor Blower (for digester)		20,667
	Two Anoxic mixers		15,000 (@\$7,500/unit)
	One Flowtronex pump (model MCT 700-2CS-45)		14,500
	One JCH influent pump (ITT Flygt Model CP3127-412, 7½-HP)		15,568
375	Reuse Transmission and Distribution System	0	
	6,210' of 8" PVC		111,780 (@\$18/ft)
	Seven 8" valve, box and cover		6,125 (@\$875/unit)
	3 Air Release Valves		7,500 (@\$2,500/unit)
	One 8" dip section		1,800 (@\$1,800/unit)
380	Treatment & disposal Equipment:	1,809,158	
	300,000 GPD Marwood treatment plant (Phase I)		639,973
	Splitter box		17,000
	Influent piping		5,600
	Piping aeration to clarifier		2,000
	Pumps, piping, controls		18,900
	Fiberglass covers		145,000
	Engineering Design Fee		255,000
	Contingency Plan		96,120
	Expansion 300,000 GPD		

	Marwood treatment plant (Phase II)		24,000
	Paint		16,770
	Filter		107,500
	UV disinfection device		84,720
	Odor control		4,768
	Bar screen		62,325
	Concrete slab		228,277
	Excavation		114,777
	Electrical work		155,500
382	Outfall Sewer Line	74,978	74,978
389	Other Plant & Miscellaneous Equipment	12,000	12,000
393	Tools, Shop & Garage Equipment	9,600	9,600
394	Lab equipment	12,000	12,000
395	Power Operated Equipment	6,000	6,000
397	Other Plant and Miscellaneous Equipment	234,000	0
	Total	6,295,000	3,766,281

Staff concludes that the detailed expenditures to date are reasonable and appropriate for this project. Staff would note that the Company's total cost estimate for this project seems excessive. The Company estimated total of \$6,295,000 for a 0.3 MGD wastewater treatment system equates to a unit cost of approximately \$21 per gallon of treated effluent. This unit cost is significantly higher than what Staff has experienced for similar plants which has been in the range of \$5 - 7 per gallon of treated effluent.

Approval of this CC&N application does not imply any particular future treatment for rate base. No "used and useful" determination of the proposed plant in service was made, and no conclusions should be inferred for rate making or rate base purposes.

Depreciation Rates

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table 2, and it is recommended that the Company use the depreciation rates by individual National Association of Regulatory Utility Commissioners (NARUC) category, as delineated in this table.

Table 1
DEPRECIATION RATES FOR WASTEWATER SYSTEM

Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	30	3.33
360	Collection Sewers – Force	50	2.00
361	Collection Sewers – Gravity	50	2.00
362	Special Collecting Structures	50	2.00
363	Services to Customers	50	2.00
364	Flow Measuring Devices	10	10.00
365	Flow measuring Installations	20	5.00
366	Reuse Services	50	2.00
367	Reuse Meters and Meter Installations	30	3.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	10	10.00
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission and Distribution System	50	2.00
380	Treatment and Disposal Equipment	20	5.00
381	Plant Sewers	20	5.00
382	Outfall Sewer Lines	25	4.00
389	Other Plant & Misc Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.00
391	Transportation Equipment	5	20.00
392	Store Equipment	25	4.00
393	Tools, Shop & Garage Equipment	20	5.00
394	Laboratory Equipment	10	10.00
395	Power Operated Equipment	20	5.00
396	Communication Equipment	10	10.00
397	Miscellaneous Equipment	10	10.00
398	Other Tangible Plant	----	----

Summary

I. Conclusions

1. The EPA issued a NPDES permit in May 2002 (Permit No. AZ0024899).
2. ADEQ has approved the proposed on-site wastewater treatment and disposal system by issuing an Aquifer Protection Permit on May 31, 2005 (Permit No. P-105488).
3. Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area.
4. Staff concludes that the detailed expenditures to date are reasonable and appropriate for this project.

II. Recommendations

1. Staff recommends that the Company use the depreciation rates delineated in Table 1 for its wastewater system.
2. Staff recommends that the Company provide documentation to Staff which demonstrates that the system is in service. This documentation should be filed with Docket Control in this Docket no later than December 31, 2007.

MEMORANDUM

TO: Linda Jaress
Executive Consultant
Utilities Division

FROM: Jamie R. Moe 
Public Utilities Analyst IV
Financial and Regulatory Analysis Section
Utilities Division

DATE: August 11, 2005

RE: ENTRADA DEL ORO SEWER COMPANY
DOCKET NO. SW-04316A-05-0371

Introduction

On May 24, 2005, Entrada Del Oro Sewer Company ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for a Certificate of Convenience and Necessity ("CC&N") to provide wastewater service to the Entrada Del Oro development located approximately 4 miles east of Gold Canyon in Pinal County, Arizona. The area currently has no wastewater service.

Historical operating and financial information does not exist to provide a basis for establishing rates for this wastewater system. Therefore, consistent with Commission rules, the Company's filing included the required five-year projections for plant values, operating revenues, operating expenses, and customers.

Staff's recommended rates are based on the Company's five-year projections, as adjusted by Staff. Staff recommends revenues of \$743,826, a decrease of \$11,046 from the Company's proposed revenues of \$754,872 in year five. Staff's recommended revenues would generate operating income of \$20,458 resulting in a 0.61 percent rate of return on a Staff adjusted original cost rate base of \$3,343,970 as shown on Schedule JRM-1.

Projected Fair Value Rate Base ("FVRB")

The Company provided information that was sufficient to calculate the projected original cost rate base ("OCRB") as shown on Schedule JRM-2. Staff evaluated the projected OCRB as

the fair value rate base. Staff recommends a projected fair value rate base in year five of \$3,343,970.

Projected Plant in Service

In the first year, the Company plans to invest \$400,000 in land and \$5,895,000 in backbone plant and on-site facilities for a total investment of \$6,295,000. The Company plans an additional investment of \$250,000 in year two for a projected Plant in Service total of \$6,545,000 by the end of year five.

Accumulated Depreciation

The Company's projected Accumulated Depreciation balances are shown by year on Schedule JRM-3. In the fifth year, Staff anticipates a \$1,049,280 Accumulated Depreciation balance based on Staff's recommended depreciation rates, a decrease of \$85,325 from the Company's anticipated balance of \$1,134,605 for Accumulated Depreciation.

Projected Advances In Aid of Construction ("AIAC") and Contributions In Aid of Construction ("CIAC")

The Company projects that the net cumulative balance for AIAC will be \$0. In the fifth year, Staff estimates a net balance of \$2,151,750 for CIAC, a decrease of \$19,250 from the Company's projection of \$2,132,500 for CIAC.

Projected Operating Income

The Company provided projected revenues and expenses for five years. Staff's analysis, while taking into account all of the years presented, is concentrated on the fifth year of operation when breakeven or profitability is usually expected.

Projected Operating Revenues

Staff reviewed the Company's calculation of revenue based on the five-year projection and found it to be reasonable; however, Staff made an adjustment to reflect its recommended rates. Schedule JRM-1 reflects Staff's estimate of operating revenues in year five of \$743,826, a decrease of \$11,046 from the Company's projection of \$754,872.

Projected Operating Expenses

Staff reviewed the operating expenses and found them to be reasonable. Staff adjusted the Company's proposed depreciation rates and replaced them with those recommended by Staff. Staff adjusted Depreciation Expense in year five to \$197,451, an increase of \$5,280 from the Company's projected Depreciation Expense of \$192,171. Based upon the Company's Projected Customer Growth and Sewage Flows schedule, Staff also adjusted Sludge Removal Expense in

year five to \$230,579, an increase of \$186,914 from the Company's projection of \$43,665. Schedule JRM-1 reflects operating expenses of \$723,369 in year five.

Rate Design

Schedule JRM-4 presents a complete list of the Company's proposed, and Staff's recommended rates and charges. The Company expects that in the fifth year of operations it will serve an average of 810 residential customers and one school. Staff recommends adoption of the Company's proposed monthly fee for residential service of \$70.00. Staff recommends \$5.60 per student per month, a decrease of \$1.40 from the Company's proposed rate of \$7.00 per student per month for school service. This adjustment was made to reflect Staff's estimate that a student will use an average of 20 gallons per day as opposed to the Company's estimate of 25 gallons per day.

Service Charges

Staff recommends adoption of the Company's proposed service charges. However, Staff recommends an NSF Check Charge of \$25.00, which reflects the industry standard. This is a decrease of \$10.00 from the Company's proposed NSF Check Charge of \$35.00.

Staff Recommendations

Staff recommends approval of the Staff recommended rates and charges as shown in Schedule JRM-4.

Staff further recommends that the Commission make an estimated fair value rate base finding of \$3,343,970 in the fifth year.

Staff further recommends that the Company utilize the depreciation rates stated in the attached Engineering Memorandum.

Staff further recommends that the Company be ordered to file a permanent rate application in its sixth year of operations, using the fifth year as the test year.

ENTRADA DEL ORO SEWER COMPANY
DOCKET NO.: SW-04316A-05-0371
PROJECTED INCOME STATEMENTS
ACC FORM CS-2

Schedule JRM-1

	Year 1	Year 2	Year 3	Year 4	Year 5
Average No. of:					
Residential Customers	90	270	450	630	810
Commercial (School) - Students	-	-	360	504	648
Revenues:					
Fiat Rate Revenues - Residential	\$ 75,600	\$ 226,800	\$ 378,000	\$ 529,200	\$ 680,400
Fiat Rate Revenues - School	-	-	24,192	33,869	43,546
Effluent Credits	1,512	4,537	8,045	11,263	14,481
Other Revenues - Est. of Service	5,400	5,400	5,430	5,400	5,400
Total Revenues	\$ 82,512	\$ 236,737	\$ 415,667	\$ 579,732	\$ 743,826
Operating Expenses:					
Salaries & Wages	\$ 55,794	\$ 55,794	\$ 55,794	\$ 55,794	\$ 55,794
Sludge Removal Expense	24,079	72,236	128,099	179,339	230,579
Purchased Power	48,259	72,713	80,963	104,249	125,292
Sewage Treatment & Testing Exp.	19,991	19,991	19,991	19,991	19,991
Repairs & Maintenance	11,160	15,840	15,840	16,128	16,128
Office Supplies & Expense	4,158	4,158	4,158	4,158	4,158
Outside Services	9,214	5,914	7,018	8,808	8,808
Rents	-	-	-	-	-
Transportation Expenses	8,869	8,869	8,869	8,869	8,869
Liability Insurance	4,446	5,564	6,416	7,559	8,592
Health & Life Insurance	6,983	6,983	6,983	6,983	6,983
Depreciation Expense	92,476	191,201	197,451	197,451	197,451
Property Taxes	3,302	9,470	16,873	23,533	30,195
Miscellaneous Expenses	10,484	10,484	10,484	10,484	10,484
Income Taxes	45	45	45	45	45
Total Operating Expenses	\$ 299,260	\$ 479,262	\$ 558,984	\$ 643,391	\$ 723,369
Operating Income (Loss)	\$ (216,748)	\$ (242,526)	\$ (143,317)	\$ (63,659)	\$ 20,458
Original Cost Rate Base	\$ 3,877,524	\$ 3,936,323	\$ 3,738,872	\$ 3,541,421	\$ 3,343,970
Return on Rate Base	-5.59%	-6.16%	-3.83%	-1.80%	0.61%
Revenue Assumptions					
REU - Residential Flows/Day	250				
Residential Flat Rate - Per Month	\$ 70.00				
School Flat Rate - Per Month Per Student	\$ 5.60				
Establishment of Service Charge	\$ 30.00				
Effluent Recharge Credit - Per AF	\$ 120.00				

ENTRADA DEL ORO SEWER COMPANY
DOCKET NO.: SW-04316A-05-0371
PROJECTED ORIGINAL COST RATE BASE

Schedule JRM-2

	Year 1	Year 2	Year 3	Year 4	Year 5
Plant In Service	\$ -	\$ 6,295,000	\$ 6,545,000	\$ 6,545,000	\$ 6,545,000
Plus: Plant Additions	6,295,000	250,000	-	-	-
Total Plant In Service	6,295,000	6,545,000	6,545,000	6,545,000	6,545,000
Less: Accumulated Depreciation	111,726	341,427	577,378	813,329	1,049,280
Net Plant In Service	6,183,274	6,203,573	5,967,622	5,731,671	5,495,720
Less:					
Contributions In Aid of Construction ("CIAC") - ¹	2,325,000	2,325,000	2,325,000	2,325,000	2,325,000
Amortization of CIAC	19,250	57,750	96,250	134,750	173,250
Net CIAC	2,305,750	2,267,250	2,228,750	2,190,250	2,151,750
Original Cost Rate Base	\$ 3,877,524	\$ 3,936,323	\$ 3,738,872	\$ 3,541,421	\$ 3,343,970

¹ - Land and Collection System

ENTRADA DEL ORO SEWER COMPANY
DOCKET NO.: SW-04316A-05-0371
PROJECTED CUSTOMER GROWTH AND SEWAGE FLOWS

Schedule JRM-3

Residential:					
Beginning Customers	-	180	360	540	720
Customer Additions	180	180	180	180	180
Ending Balance	180	360	540	720	900
Average Residential Customers	90	270	450	630	810
Commercial:					
School	-	-	1	1	1
Average Flows - GPD Per Customer:					
Residential	250	250	250	250	250
Schools - Students	-	-	360	504	648
Daily Flows - Per Student	-	-	20	20	20
School REU's	-	-	36	50	65
Average Total Daily Flows - Gallons:					
Residential	22,500	67,500	112,500	157,500	202,500
School	-	-	7,200	10,080	12,960
Total Average Daily Flows	22,500	67,500	119,700	167,580	215,460
Total Annual Flows - Treatment Influenced	8,212,500	24,637,500	43,690,500	61,166,700	78,642,900
Liquid Sludge:					
Gallons of Sludge @ 13,250/Million	108,816	326,447	578,899	810,459	1,042,018
Sludge Removal @ \$0.18 Per Gallon	\$ 19,587	\$ 58,760	\$ 104,202	\$ 145,883	\$ 187,563
Dewatered Sludge:					
Solids @ 15%	68	204	362	506	651
Annual Sludge Removal Cost	\$ 4,492	\$ 13,476	\$ 23,897	\$ 33,456	\$ 43,015
Total Annual Flows - Effluent Recharge	4,106,250	12,318,750	21,845,250	30,583,350	39,321,450
Acre Feet of Recharge	13	38	67	94	121
Type 2 Value/AF	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120
Total Credit	\$ 1,512	\$ 4,537	\$ 8,045	\$ 11,263	\$ 14,481

ENTRADA DEL ORO SEWER COMPANY
DOCKET NO.: SW-04316A-05-0371
SCHEDULE OF RECOMMENDED RATES AND CHARGES

Schedule JRM-4

	Company Proposed	Staff Recommended
Monthly Wastewater Service:		
Residential Service	\$ 70.00	\$ 70.00
School Service - Per Student	7.00	5.60
 Other Rates and Charges:		
Establishment of Service - Regular Hours	\$ 30.00	\$ 30.00
Establishment of Service - After Hours	60.00	60.00
Re-establishment of Service (Within 12 Months)	(1)	(1)
Reconnection - Delinquent	60.00	60.00
Customer Deposit	(2)	(2)
Deposit Interest	3.50%	(2)
NSF Check Charge	35.00	25.00
Late Payment Penalty - Per Month	1.50%	1.50%
Deferred Payment Interest - Per Month	1.50%	1.50%
Main Extensions/Additional Facilities	Cost	Cost
Revenue Taxes & Assessments	(3)	(3)

Notes:

- (1) Per Rule R14-2-603D - Months off system times the minimum charge.
- (2) Per Rule R14-2-603B
- (3) Per Rule R14-2-608D

Description	Original		Additions		Retirements		Original		Depr.		Accum.		Additions		Retirements		Original		Depr.		Accum.	
	Cost	Depr.	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	
351 Organization	-	-	60,000	-	-	-	60,000	-	-	-	-	-	-	-	-	-	60,000	-	-	-	-	
352 Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
353 Land and Land Rights (1)	-	-	400,000	-	-	-	400,000	-	-	-	-	-	-	-	-	-	400,000	-	-	-	-	
354 Structures & Improvements - Treat.	-	-	1,578,264	-	-	-	1,578,264	-	-	-	-	-	-	-	-	-	1,578,264	-	-	-	-	
355 Power Generation Equipment	-	-	66,000	-	-	-	66,000	-	-	-	-	-	-	-	-	-	66,000	-	-	-	-	
361 Collection Sewers - Gravity (1)	-	-	1,925,000	-	-	-	1,925,000	-	-	-	-	-	-	-	-	-	1,925,000	-	-	-	-	
363 Service Laterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
365 Flow Measuring Devices & Install.	-	-	4,800	-	-	-	4,800	-	-	-	-	-	-	-	-	-	4,800	-	-	-	-	
370 Receiving Wells	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
371 Pumping Equipment	-	-	103,200	-	-	-	103,200	-	-	-	-	-	-	-	-	-	103,200	-	-	-	-	
375 Reuse Trans. & Dist. System	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
380 Treatment & Disposal Equipment	-	-	1,809,158	-	-	-	1,809,158	-	-	-	-	-	-	-	-	-	1,809,158	-	-	-	-	
382 Outfall Sewer Lines	-	-	74,978	-	-	-	74,978	-	-	-	-	-	-	-	-	-	74,978	-	-	-	-	
389 Other Plant & Misc. Equipment	-	-	12,000	-	-	-	12,000	-	-	-	-	-	-	-	-	-	12,000	-	-	-	-	
393 Tools, Shop, & Garage Equipment	-	-	9,600	-	-	-	9,600	-	-	-	-	-	-	-	-	-	9,600	-	-	-	-	
394 Lab Equipment	-	-	12,000	-	-	-	12,000	-	-	-	-	-	-	-	-	-	12,000	-	-	-	-	
395 Power Operated Equipment	-	-	6,000	-	-	-	6,000	-	-	-	-	-	-	-	-	-	6,000	-	-	-	-	
397 Other Plant & Misc. Equipment	-	-	234,000	-	-	-	234,000	-	-	-	-	-	-	-	-	-	234,000	-	-	-	-	
	\$	-	\$	6,295,000	\$	-	\$	6,295,000	\$	111,726	\$	111,726	\$	250,000	\$	-	\$	6,545,000	\$	229,701	\$	341,427

(1) CIAC - Land & Collection System
OCRB & Depr. Expense

2,325,000 2,325,000 19,250 19,250 2,325,000 38,500 57,750
3,970,000 3,970,000 92,476 92,476 4,220,000 191,201 283,677

Depreciation Schedule

Year 3		Year 3		Year 3		Year 3		Year 3		Year 4		Year 4		Year 4		Year 5		Year 5		Year 5	
Additions	Retirements	Original Cost	Depr. Expense	Accum. Depr.	Additions	Retirements	Original Cost	Depr. Expense	Accum. Depr.	Additions	Retirements	Original Cost	Depr. Expense	Accum. Depr.	Additions	Retirements	Original Cost	Depr. Expense	Accum. Depr.		
\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	
-	-	400,000	52,556	131,390	-	-	400,000	52,556	183,946	-	-	400,000	52,556	236,502	-	-	400,000	52,556	236,502	-	
-	-	1,578,284	2,198	5,495	-	-	1,578,284	2,198	7,693	-	-	1,578,284	2,198	9,891	-	-	1,578,284	2,198	9,891	-	
-	-	86,000	38,500	96,250	-	-	86,000	38,500	134,750	-	-	86,000	38,500	173,250	-	-	86,000	38,500	173,250	-	
-	-	1,925,000	240	600	-	-	1,925,000	240	840	-	-	1,925,000	240	1,080	-	-	1,925,000	240	1,080	-	
-	-	4,800	10,320	25,800	-	-	4,800	10,320	36,120	-	-	4,800	10,320	46,440	-	-	4,800	10,320	46,440	-	
-	-	103,200	102,958	244,895	-	-	103,200	102,958	347,853	-	-	103,200	102,958	450,811	-	-	103,200	102,958	450,811	-	
-	-	2,059,158	2,999	7,498	-	-	2,059,158	2,999	10,497	-	-	2,059,158	2,999	13,496	-	-	2,059,158	2,999	13,496	-	
-	-	74,978	800	2,000	-	-	74,978	800	2,800	-	-	74,978	800	3,600	-	-	74,978	800	3,600	-	
-	-	12,000	480	1,200	-	-	12,000	480	1,680	-	-	12,000	480	2,160	-	-	12,000	480	2,160	-	
-	-	9,600	1,200	3,000	-	-	9,600	1,200	4,200	-	-	9,600	1,200	5,400	-	-	9,600	1,200	5,400	-	
-	-	12,000	300	750	-	-	12,000	300	1,050	-	-	12,000	300	1,350	-	-	12,000	300	1,350	-	
-	-	6,000	23,400	58,500	-	-	6,000	23,400	81,900	-	-	6,000	23,400	105,300	-	-	6,000	23,400	105,300	-	
-	-	234,000			-	-	234,000			-	-	234,000			-	-	234,000			-	
\$ -	\$ -	\$ 6,545,000	\$ 235,951	\$ 577,378	\$ -	\$ -	\$ 6,545,000	\$ 235,951	\$ 813,329	\$ -	\$ -	\$ 6,545,000	\$ 235,951	\$ 1,049,280	\$ -	\$ -	\$ 6,545,000	\$ 235,951	\$ 1,049,280	\$ -	
-	-	2,325,000	38,500	96,250	-	-	2,325,000	38,500	134,750	-	-	2,325,000	38,500	173,250	-	-	2,325,000	38,500	173,250	-	
-	-	4,220,000	197,451	481,128	-	-	4,220,000	197,451	678,579	-	-	4,220,000	197,451	876,030	-	-	4,220,000	197,451	876,030	-	