

**NEW APPLICATION
ORIGINAL
RECEIVED**



Arizona Corporation Commission
DOCKETED

FEB 08 2006

DOCKETED BY *CAH*

2006 FEB -8 P 4: 37

AZ CORP COMMISSION
DOCUMENT CONTROL

1 FENNEMORE CRAIG
2 A Professional Corporation
3 Jay L. Shapiro (No. 014650)
4 Patrick J. Black (No. 017141)
5 3003 North Central Avenue
6 Suite 2600
7 Phoenix, Arizona 85012
8 Telephone (602) 916-5000

SW-02519A-06-0078

Attorneys for Gold Canyon Sewer Company

BEFORE THE ARIZONA CORPORATION COMMISSION

9 IN THE MATTER OF THE
10 APPLICATION OF GOLD
11 CANYON SEWER COMPANY FOR
12 AN EXTENSION OF ITS EXISTING
13 CERTIFICATE OF CONVENIENCE
14 AND NECESSITY IN PINAL
15 COUNTY, ARIZONA

DOCKET NO. SW-02519A-06-
**APPLICATION FOR EXTENSION OF
CERTIFICATE OF CONVENIENCE AND
NECESSITY**

16 Gold Canyon Sewer Company, an Arizona public service corporation ("GCSC"),
17 hereby applies for an Order approving an extension of its existing Certificate of
18 Convenience and Necessity ("CC&N") to include property in the immediate vicinity of its
19 CC&N owned by Hieroglyphic Trails, L.L.C. ("Developer").

I. BACKGROUND

20 In October 2004, Arizona Corporation Commission ("Commission") Staff
21 contacted GCSC regarding the extension of wastewater service to Developer's
22 subdivision, known as Hieroglyphic Trails ("Property"). Staff indicated that the
23 Developer had been promised wastewater service by GCSC's prior management, even
24 though the majority of the Property was located outside the Company's CC&N.¹ Acting
25 upon GCSC's previous commitment to extend service, the Developer was ready to begin
26 construction by October, 2004.

As an accommodation to the Developer, and at the insistence of Staff, GCSC entered into a temporary Bulk Wastewater Treatment Service Agreement ("WTSA") with

¹ GCSC was acquired by Algonquin Water Resources of America, Inc. ("AWR") in 2001.

1 the Hieroglyphic Trails Homeowners Association (“HOA”) so that wastewater service
2 could be provided to the HOA’s existing members until such time that GCSC’s received
3 Commission approval to extend its CC&N to encompass the entire Property. A copy of
4 the WTSA is attached hereto as Exhibit 1. Meanwhile, GCSC continued to work with the
5 Developer to ensure that the wastewater infrastructure installed within the Property met
6 certain minimum standards, and that no repairs would be necessary. GCSC entered into a
7 wastewater facilities agreement with the Developer on January 31, 2005, attached hereto
8 as Exhibit 2. The HOA is currently serving ten (10) homes within the Property pursuant
9 to the WTSA with GCSC.

10 GCSC has invested more than \$16 million to improve its wastewater collection and
11 treatment system since AWR acquired the system. The most significant improvement
12 involved the recent modification and expansion of GCSC’s wastewater treatment plant.
13 The wastewater treatment plant now has an actual average day treatment capacity of 1.9
14 million gallons per day, which coincides with the full build-out design capacity for this
15 facility and the approvals by the Arizona Department of Environmental Quality
16 (“ADEQ”) and the Central Arizona Association of Governments (“CAAG”). At present,
17 there is a sufficient amount of capacity in the wastewater treatment plant to treat the
18 wastewater flow produced by the Property.

19 **II. APPLICATION**

20 GCSC is filing this Application in conjunction with Staff’s previous request that
21 GCSC: (1) make arrangements with the Developer to make wastewater service available
22 to the Property through the WTSA, and 2) submit an application to incorporate the
23 Property within its CC&N. In support of this Application, GCSC states the following:

24 1. GCSC is an Arizona public service corporation engaged in providing
25 wastewater utility service for public purposes within portions of Pinal County, Arizona.
26 GCSC was first granted its CC&N in Decision No. 56631 (September 14, 1989) and

1 currently has approximately 5,300 wastewater utility customers. The area served by the
2 Company contains both residential and commercial properties. GCSC's service area,
3 known as Gold Canyon, is located in the far southeastern portion of the Phoenix
4 metropolitan area, in northeastern Pinal County. The service territory is east of the Town
5 of Apache Junction and includes the Gold Canyon and Peralta communities.

6 2. The area covered by this Application includes twenty-four (24) lots on
7 approximately nineteen (19) acres. Developer has provided a written request to the
8 Company for an extension of wastewater utility service to the Property, attached hereto as
9 Exhibit 3.

10 3. A legal description for the area covered by this Application is attached
11 hereto as Exhibit 4.

12 4. GCSC's management contact is Mike Weber and its business address is
13 12725 West Indian School Road, Suite D 101, Avondale, Arizona 85323. Mr. Weber's
14 telephone number is (623) 935-9367.

15 5. GCSC's operator certified by the ADEQ is Gary Burkhead, and his business
16 address is 6520 East US 60, Gold Canyon, AZ 85218. His telephone number is (408)
17 983-1966.

18 6. GCSC's attorneys are Fennemore Craig, whose address is 3003 North
19 Central Avenue, Suite 2600, Phoenix, Arizona 85012-2913. The individual attorney
20 responsible for this application is Jay L. Shapiro. Mr. Shapiro's telephone number is
21 (602) 916-5366. **All Data Requests or other Requests for Information should be**
22 **directed to Mr. Shapiro's attention on behalf of GCSC.**

23 7. A Certificate of Good Standing for GCSC is attached hereto as Exhibit 5.

24 8. The newly acquired customers in the areas covered by the application will
25 receive wastewater utility service subject to GCSC's current rates and charges for such
26

1 service, which were approved in Decision No. 64186 (October 30, 2001), until such time
2 that new rates are approved.

3 9. A map illustrating the area requested by this Application is attached hereto
4 as Exhibit 6.

5 10. GCSC's most recently completed balance sheet and profit and income
6 statement covering the 12-month period ending December 31, 2004, is incorporated into
7 GCSC's 2004 Annual Report, which is attached hereto as Exhibit 7.

8 11. A copy of a Wastewater System Report and engineering schematic for the
9 Property is attached hereto as Exhibit 8.

10 12. The estimated numbers of customers to be served in each of the first five
11 years of wastewater utility service to the Property is as follows:

12 Residential

13 1st Year - 10
14 2nd Year - 18
15 3rd Year - 21
16 4th Year - 24
16 5th Year - 24

17 13. The Developer was not able to provide invoices for the wastewater
18 infrastructure constructed to serve the Property, and enlisted JMI Associates to conduct an
19 analysis of the original costs of such facilities. The estimated original cost for wastewater
20 infrastructure that has already been constructed on the Property is \$86,528.00, as more
21 particularly described in Exhibit 9 attached hereto. No additional plant will be
22 constructed.

23 14. GCSC's estimated annual operating revenue and operating expenses for
24 each of the first five years of operation in the new area covered by this Application, as
25 more particularly described in Exhibit 10 attached hereto, are as follows:

26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Operating Revenue

Operating Expenses

1st Year - \$2,206
2nd Year - \$ 6,176
3rd Year - \$ 8,602
4th Year - \$ 9,925
5th Year - \$10,587

1st Year - \$ 2,081
2nd Year - \$ 4,977
3rd Year - \$ 6,404
4th Year - \$ 7,212
5th Year - \$ 7,663

15. The utility facilities needed to serve the area covered by this Application have already been constructed to provide service to customers. Developer and GCSC have entered into a main extension agreement that governs the transfer of these facilities, and GCSC has sufficient capacity in its existing wastewater treatment plant to serve the Property.

16. GCSC's extension of service to the Property will not require a CAAG amendment. Attached hereto as Exhibit 11 is a copy of the minutes from CAAG's December 1, 2004, Regional Council Meeting, wherein the administrative review for the Property was approved.

17. GCSC will file an application with Pinal County to include the subject area within its current franchise.

18. Approvals to Construct and Approvals of Construction for the wastewater utility facilities have been issued by ADEQ, and are attached hereto as Exhibit 12.

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

20. The Property will receive water service from Arizona Water Company.

21. GCSC maintains that this Application is in the public interest and should be granted. The GCSC is in the best position to extend and provide service to the Property, and expansion of service will benefit its existing customers by allowing the cost of providing sewer service to be spread over a larger customer base to achieve greater economies of scale. This will improve GCSC's financial condition and foster orderly

1 growth in the area. Furthermore, approval of this Application will ensure that customers
2 within the Property are receiving wastewater service pursuant to applicable Commission
3 rules and regulations.

4 WHEREFORE, Company respectfully requests the following:

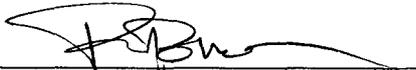
5 A. That the Commission proceed to consider and act upon this Application as
6 timely as possible and to schedule a hearing, if necessary, on this matter;

7 B. That upon completion of said hearing that the Commission enter an Order
8 approving the extension of GCSC's current Certificate of Convenience and Necessity to
9 include the additional geographic area requested by this Application; and

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

12 RESPECTFULLY SUBMITTED this 8th day of February, 2006.

FENNEMORE CRAIG, P.C.

14
15 By 
16 Jay L. Shapiro
17 Patrick J. Black
Attorneys for Gold Canyon Sewer
Company

18 ORIGINAL and 13 copies of the foregoing
hand-delivered this 8th day of February, 2006, to:

19 Docket Control
20 Arizona Corporation Commission
21 1200 West Washington Street
Phoenix, Arizona 85007

22 COPY of the foregoing hand delivered/mailed
this 8th day of February, 2006, to:

23 Linda Jaress Executive Consultant
24 Utilities Division
25 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

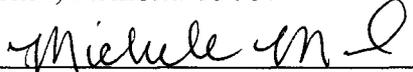
26 

EXHIBIT 1

This INTERIM BULK WASTEWATER TREATMENT AGREEMENT ("Agreement") dated this 31 of January, 2005, is between Hieroglyphic Trails Homeowners Association, Inc. ("HOA"), an Arizona non-profit corporation, and Gold Canyon Sewer Company, an Arizona public service corporation ("GCSC"), and pertains to bulk wastewater treatment services provided by GCSC to HOA on an interim basis.

RECITALS

A. HOA is an Arizona non-profit corporation, and is authorized to provide wastewater services to its members pursuant to its general powers as set forth in A.R.S. §10-3302, as well as the authorization provisions contained in its Bylaws and Conditions, Covenants and Restrictions ("CC&Rs"), as shown in Exhibits A and B, attached hereto and incorporated by reference. HOA is not able to treat the wastewater flows generated by its members, nor dispose of any effluent created by same.

B. GCSC holds a CC&N issued by the Arizona Corporation Commission ("Commission") authorizing the provision of wastewater utility services in certain portions of Pinal County, Arizona. However, the Hieroglyphic Trails subdivision ("Property") is not located within GCSC's current certificate of convenience and necessity ("CC&N") for wastewater service. GCSC owns a wastewater treatment plant located in the vicinity of the Property, as more fully described in Exhibit C. The wastewater treatment plant has been approved by the Central Arizona Association of Governments ("CAAG") under the CAAG Clean Water Act § 208 Plan, and has an Aquifer Protection Permit ("APP") approved by Arizona Department of Environmental Quality ("ADEQ"). GCSC is willing to provide limited bulk wastewater treatment service to HOA, and will, upon execution of this Agreement, take steps to promptly initiate such service to HOA on an interim basis. However, in no event shall GCSC initiate wastewater treatment service until GCSC issues its Final Acceptance for lift station improvements to be completed by Hieroglyphic Trails, L.L.C.

C. Hieroglyphic Trails, L.L.C., a developer, has entered into a Main Extension Agreement with GCSC, attached hereto as Exhibit D, for the extension of permanent wastewater service to individual lots within the Property.

D. GCSC will file an application with the Commission seeking to extend its CC&N to include the Property, and to provide wastewater services directly to HOA's members at GCSC's Commission-approved tariff rates on a permanent basis.

E. Upon the Commission's approval of GCSC's application for an extension of its CC&N to include the Property, HOA will relinquish all rights as a non-profit organization to directly serve its members.

NOW, THEREFORE, the parties have entered into this Agreement for and consideration of the mutual covenants, warranties, and representations and agree as follows:

AGREEMENTS

1. Incorporation of Recitals. By this reference, the parties hereby agree to incorporate the recitals above as part of the terms and conditions of this Agreement as if fully set forth herein.

2. Bulk Treatment of Wastewater. HOA acknowledges and agrees that it lacks the ability to treat wastewater flows from any and all of its current and future members. GCSC represents and warrants that it has excess wastewater treatment capacity in the portion of its CC&N that is in the vicinity of the Property and agrees, on an interim basis, to accept wastewater flows from and to treat the wastewater generated within the Property. In no event shall GCSC initiate bulk wastewater treatment service until GCSC issues a written Final Acceptance¹, which shall not be unreasonably held, for lift station improvements to be completed by Hieroglyphic Trails, L.L.C. HOA will take all reasonable necessary steps to ensure that wastewater flows delivered to GCSC under this Agreement originate from within the Property, and that no wastewater from adjacent properties are delivered to GCSC for treatment.

3. Main Extension Agreement. HOA warrants that Hieroglyphic Trails, L.L.C. will enter into a Main Extension Agreement with GCSC, at the time this Agreement is executed, for the extension of permanent wastewater service to individual lots within the Property.

4. Fees for Bulk Wastewater Treatment Services; Security Deposit

a. Fee for Bulk Wastewater Treatment Services. GCSC will charge HOA a monthly bulk treatment and disposal services fee equal to \$35.00 per service connection.

b. Security Deposit. GCSC acknowledges receipt of _____ Dollars (\$ 0) from HOA. This amount shall be held by GCSC as a security deposit during the period this Agreement remains in effect and then returned to HOA upon its termination, unless applied at such time to outstanding amounts owed to GCSC by HOA.

5. Termination of Bulk Wastewater Treatment Services.

The provision of bulk wastewater treatment services under this Agreement shall terminate upon an order of the Commission extending GCSC's CC&N to include the Property, at which time GCSC shall provide wastewater utility services in accordance with the Main Extension Agreement, Commission's rules and regulations and any applicable orders or Commission-approved tariffs. GCSC reserves the right to terminate this Agreement upon an order by the Commission denying GCSC's request to extend its

¹ Once issued, the Final Acceptance shall be attached hereto as Addendum No. 1.

CC&N to include the Property and provide permanent wastewater service. GCSC may also terminate service pursuant to A.A.C. R14-2-609 prior to a Commission order extending GCSC's CC&N.

6. Regulatory Compliance and Approvals.

The parties believe that specific Commission approval of this Agreement is not required. However, in the event that it is determined that approval is required, HOA agrees to support GCSC's efforts.

7. Transfer of Facilities.

Transfer of facilities necessary for GCSC to provide permanent wastewater utility service within the Property, following issuance of a Commission order approving an extension of the CC&N, shall be in accordance with the Main Extension Agreement referenced herein and incorporated by reference.

8. Indemnity and Hold Harmless Agreement. The parties shall indemnify and hold each other harmless from, and defend each other against (by legal counsel chosen by GCSC) all claims, actions, causes of action, assertions, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, of any kind or nature brought by a third party, including any property owner or other customer within Property, or regulatory agency asserting jurisdiction, arising out of or related to either parties' failure to perform its obligations under this Agreement.

9. Notice. All notices and other written communications required hereunder shall be sent to the parties via U.S. Mail return receipt requested or hand-delivery as follows:

Gold Canyon Sewer Company
Attn: Mike Weber, P.E., General Manager
111 West Wigwam Blvd., Suite B
Litchfield Park, Arizona 85340

Hieroglyphic Trails Homeowners Association, Inc.
Attn: Michael Berguin
5128 E. Ingram Street
Mesa, Arizona 85205

Each party shall advise the other party in writing of any change in the manner in which and address to which notice is to be provided hereunder.

10. Default. Any claim that HOA or GCSC is in default or breach of this Agreement shall be in writing and sent via certified-return receipt United States mail to the address provided in paragraph 8 above. No default shall become effective until ten

(10) days from the date of mailing, during which time the party claimed to be in default shall have an opportunity to cure the alleged default.

11. Good Standing; Authority to Execute. HOA, and its representatives signing herein below, represent and warrant to GCSC, that HOA is duly formed and validly existing under the laws of Arizona and that the individuals executing this Agreement on behalf of HOA are authorized and empowered to bind HOA. HOA and its representatives further warrant to GCSC that HOA is empowered to provide wastewater treatment and disposal services to its individual members as a non-profit corporation, and does not require regulation by the Commission.

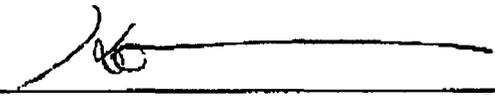
12. Attorneys' Fees. The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

13. Time of the Essence. Time is of the essence of every provision hereof.

14. Miscellaneous. This Agreement shall be governed by the laws of the State of Arizona. This Agreement, and each and every term and condition contained herein, shall be binding upon and inure to the benefit of the successors and assigns of HOA and GCSC. This Agreement sets forth the entire agreement between the parties and supersedes all prior negotiations, understandings and agreements between them with respect to the provision of bulk wastewater treatment services and/or effluent disposal services, except as otherwise expressly provided herein. No waiver by either party of any breach of this Agreement nor any failure by either party to insist on strict performance by the other party of any provision of this Agreement shall in any way be construed to be a waiver of any future or subsequent breach by such defaulting party or bar the non-defaulting party's right to insist on strict performance by the defaulting party of the provisions of this Agreement in the future.

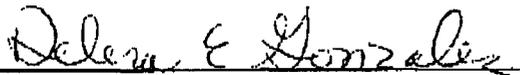
IN WITNESS WHEREOF, the parties hereto executed this Agreement as of the date first above written.

HIEROGLYPHIC TRAILS HOMEOWNERS ASSOCIATION, INC.,
An Arizona Non-Profit Corporation

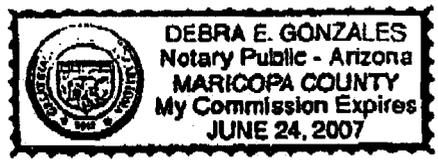
By 

By _____
On behalf of

The foregoing instrument was acknowledged before me this 26 day of January, 2005 by **HIEROGLYPHIC TRAILS HOMEOWNERS ASSOCIATION, INC.**, an Arizona non-profit corporation.


Notary Public

My Commission Expires:
June 24, 2007



GOLD CANYON SEWER COMPANY
An Arizona public service corporation

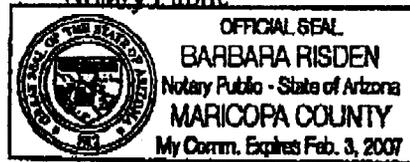
By Michael D. Weber
Michael Weber, P.E., General Manager

The foregoing instrument was acknowledged before me this 31 day of January, 2005 by **GOLD CANYON SEWER COMPANY**, an Arizona public service corporation.

Barbara Riden
Notary Public

My Commission
Expires:

Feb 3, 2007



1598070.3/41452.001

EXHIBIT 2

This WASTEWATER FACILITIES AGREEMENT ("Agreement"),
is entered into this 31 day of January, 2005, by and between
GOLD CANYON SEWER COMPANY,
an Arizona corporation ("Company") and
HIEROGLYPHIC TRAILS, LLC,
an Arizona corporation ("Developer")

RECITALS

WHEREAS, Developer proposes to develop a single family subdivision consisting of 24 lots known as Hieroglyphics Trails ("Development") located on real property described on Exhibit "A" hereto that is within the Company's certificated area and desires the Company to provide certain utility services; and

WHEREAS, the Company owns and operates a wastewater utility system that authorizes the Company to provide public utility wastewater service to the Development and desires to provide such services to the Development;

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement and other good and valuable consideration, the receipt of which the parties acknowledge, the parties agree as follows.

I. Wastewater Facilities

A. Construction of On-Site Wastewater Facilities by Developer.

Developer shall construct, or cause to be constructed certain on-site wastewater distribution facilities (Wastewater Facilities) necessary for Company to provide wastewater utility service within the Development. The Developer shall design and construct, or cause to be designed and constructed, all Wastewater Facilities to serve all phases of the Development in accordance with the plans and specifications prepared by Developer and approved by the Company.

An itemized cost estimate of the Wastewater Facilities is attached hereto as Exhibit "B" and represents the estimated cost of the Wastewater Facilities subject to amendment upon completion of construction and Company receiving Developer's invoices for the Wastewater Facilities. Upon final construction and inspection by the Company of the Wastewater Facilities constructed and installed by Developer, the Company shall provide Developer with a written Operational Acceptance of the Wastewater Facilities. Company's written Operational Acceptance shall not be unreasonably withheld or delayed. Issuance by the Company of written Operational Acceptance to Developer is conditioned upon transfer to the Company of all contractors'

warranties of any kind. Developer shall provide the Company with accurate as-built maps (4-mil Mylar and AutoCAD format) showing the exact location of the Wastewater Facilities and the configuration of such facilities in the Development. Accurate as-built maps must be received by Company prior to final inspection of the Wastewater Facilities.

B. Transfer of Facilities to Company; Bill of Sale.

Upon written Operational Acceptance of the Wastewater Facilities by the Company and receipt by the Company of accurate as-builts in 4-mil Mylar and AutoCAD format for the Wastewater Facilities, Developer shall provide Company with a Bill of Sale. The Bill of Sale shall be provided where practicable upon the completion of each parcel of the development and shall be accompanied by a detailed itemization of all amounts paid in connection with the construction of the Wastewater Facilities, together with satisfactory evidence of full and final payment of all amounts due and payable in connection with such construction.

In the Bill of Sale, Developer shall warrant and represent for the completed parcel that (1) the Wastewater Facilities have been properly constructed and installed in accordance with the plans and specifications therefor; (2) the Wastewater Facilities are free and clear of all liens and encumbrances of any nature; and (3) the Wastewater Facilities have been inspected and approved by the Company and all governmental agencies having jurisdiction over the construction of the Wastewater Facilities. In addition, Developer shall warrant that the completed Wastewater Facilities for the Development will be free from all defects and deficiencies in construction, materials and workmanship for a period of two years from the date of Company's written acceptance. During the warranty period, Developer agrees to promptly undertake any actions required to repair or correct any defects or deficiencies in construction, materials or workmanship upon receipt of written notice thereof from Company. The foregoing notwithstanding upon the transfer of facilities, the Developer shall retain no right, title or interest in any facilities.

C. Easements.

Developer shall provide to the Company satisfactory evidence of easements and right-of-way over, under and across all portions of the main and pipeline routes of the Wastewater Facilities as may be necessary in order (1) to serve each parcel or lot within the development and (2) to operate, maintain and repair the facilities. All easements and rights of way shall be free of obstacles which may interfere with Company's use, operation and maintenance of the facilities.

D. Company's Right to Inspect During Construction.

The Company shall have the right at all times during construction to inspect the progress of the work performed and to determine whether the work is being performed in accordance with the plans and Company specifications and all agreements between the parties. The company will use its best efforts to inspect the progress of the work performed and determine whether the work is being performed in accordance with the plans and Company specifications and all agreements between the parties, within forty-eight (48) hours after the Developer requests an inspection (excluding Saturdays, Sundays, and holidays). Failure to inspect within forty-eight (48) hours

shall not constitute a waiver of the Company's right to inspect the work performed and determine whether the work is being performed in accordance with the plans and Company Specifications and all agreements between the parties. If, in the Company's reasonable opinion, the work has not been, or is not being, performed in a good and workmanlike manner and in accordance with the plans and Company specifications and applicable governmental requirements, the Company shall have the right to require Developer to correct any defects by providing written notice to the Developer describing the defect to be remedied. Complete and satisfactory completion of the Wastewater Facilities in accordance with the plan and Company specifications and applicable governmental requirements is a condition precedent to the Company's acceptance of the transfer of the facilities and the furnishing of wastewater utility service to the Development, which acceptance shall not be unreasonably withheld or delayed.

E. Jurisdiction of the Arizona Corporation Commission.

All rights and obligations hereunder including those regarding wastewater utility service to the Development, shall be subject to the rules and regulations of the Arizona Corporation Commission and all applicable rates, fees, charges, and tariffs of the Company as approved by the Commission now or as they may be changed in the future. However, the provisions for refunds to Developer shall be as set forth herein. Company shall have the unilateral right to apply to the Commission for changes or modifications in any of its rates or charges and to alter or amend its terms and conditions of service and to otherwise charge for its services as may be permitted by the Commission.

F. Survey.

In the event of a dispute over the location of an easement, or a discrepancy from the recorded plat, the Company may require Developer to conduct a survey at Developer's cost, but only to the extent necessary to identify the legal description or to resolve the discrepancy.

II. Advances in Aid of Construction; Refunds; Taxes

A. Refund Provisions.

The amounts set forth in Exhibit "B" hereto representing the cost of the Wastewater Facilities constructed and installed under this Agreement shall be considered an advance in aid of construction (the Wastewater Facilities Advance) and shall be subject to refund. The Wastewater Facilities Advance shall be repaid to Developer through annual refund payments (made without interest to Developer) in the amount of ten percent (10%) of the Company's total gross annual revenue (exclusive of revenue taxes, connect and reconnect charges, bad check charges and other similar non-service charges) earned from wastewater revenues from each bonafide customer whose customer service line is connected to the Wastewater Facilities constructed under this Agreement. Such annual payments shall be made by the Company on or before August 31st of each year covering refunds due from wastewater revenues received during the preceding July 1 to June 30 period. Such annual payments shall continue to be made by the Company to Developer until such time as Developer receives the full amount of the Wastewater

Facilities Advance or for a period of ten (10) years from the date on which Company has issued its written notice of Operational Acceptance, whichever occurs first. If the entire Wastewater Facilities Advance has not been refunded to Developer at the end of such ten (10) year period, the Company's obligation to make such refund payments shall cease and the portion of the advance that was not so refunded shall become nonrefundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company. Company and Developer agree that throughout the term of this Agreement, Company's refund obligation is executory in nature and Developer's right to receive refunds from Company exists only in accordance with the terms of the Agreement and not otherwise. The aggregate refunds hereunder shall in no event exceed the total of the Wastewater Facilities Advance. The Company shall have the right to set off against any amount payable to Developer pursuant to this paragraph any amount owing by the Developer to the Company.

B. Changes to Construction Costs; Unforeseen Conditions.

The parties acknowledge that the costs set forth in Exhibit "B" hereto are based on specifications in the plans for the improvement for the subdivision. If adjustments are made to the Wastewater Facilities cost due to changes in the final wastewater plans, changes in the cost of the final installed plant or actual invoices the final amount representing the installed and constructed Wastewater facilities contribution shall be adjusted accordingly. If during construction, difficult trenching or other unforeseen construction conditions are encountered or any increase in the cost of construction caused by circumstances that could not have been reasonably known or are beyond the control of the parties hereto, the amount set forth in Exhibit "B" shall be adjusted to reflect the actual total cost of construction together with any appropriate engineering fees, overheads, and attorneys' fees incurred as a result of the unforeseen construction conditions and such final amount shall be made as an adjustment to Exhibit "B".

C. Sewer Hook-up Fee.

Developer shall pay to Company a non-refundable Sewer Hook-up Fee in accordance with Utility's then current tariff authorizing the collection of such charge, as approved by the Commission. Prior to Final Acceptance of each phase of the collection facilities, or upon requesting wastewater service to any phase of the collection facilities, whichever is first, Developer shall pay said Sewer Hook-up Fee to Company for each lot in said phase, as an advance in aid of construction, for wastewater service by Company. The payment of such charge shall be a condition precedent to the Company's obligation to provide wastewater utility service to such unit. UNDER NO CIRCUMSTANCES SHALL A CERTIFICATE OF OCCUPANCY BE OBTAINED FOR ANY UNIT OR BUILDING WITHIN THE DEVELOPMENT AND THE BUILDING BE CONNECTED TO COMPANY'S COLLECTION MAIN UNTIL THE HOOK-UP FEE FOR THAT UNIT OR BUILDING HAS BEEN PAID AND THE CUSTOMER HAS EXECUTED COMPANY'S APPLICATION FOR SERVICE.

III. General Provisions

A. Non-Liability for Loss.

The Company shall not be liable for any loss, additional cost or damage incurred by the Developer as a result of any delay, action, inaction or failure to perform by any employee, agent, contractor, or subcontractor of the Company, unless the loss, cost or damage is the result of gross negligence or intentional misconduct of the Company, or its employees, agents, contractors or subcontractors.

B. Uncontrollable Forces.

Company shall not be liable to Developer, nor to Developer's agents, nor to any other person, firm or corporation whatsoever, for or on account of any interruption or failure in wastewater service in accordance with this Agreement, or for or on account of any loss, injury or damage occasioned hereby where such interruption or failure, either directly or indirectly, is caused by or results from any of the following: fire, lightning, flood, windstorm, Act of God, invasion or force majeure; compliance with any orders, rules, regulations or determination, whether valid or invalid, of any governmental authority or status or ownership of wastewater and wastewater curtailment plans adopted by the Commission; strikes, lockouts or labor disputes; breakdown, repair or replacement of any well, machinery, equipment, transmission line, pipeline or other facility; shortage of any fuel, supplies, material or labor, or where such interruption or failure is directly or indirectly due to any cause not reasonably preventable by Company or not reasonably within its control; any action or omission on the part of Company which is not grossly negligent or is the result of willful misconduct.

C. Binding Effect; Assignments.

This Agreement shall be binding upon and inure to the benefit of the successors, and assigns of the parties, provided, however, that an assignment or other transfer of this Agreement or any rights or obligations thereunder by Developer shall not be binding upon the Company or create any rights in the assignee until such assignment or other transfer is approved and accepted in writing by the Company.

D. Notices.

Any notice required or permitted to be given under this Agreement shall be deemed delivered and be effective on the date physically delivered to the party of whom notice is being provided or two (2) calendar days following the date on which the notice is deposited in the United States Mail, postage prepaid, certified delivery, and address to the party to whom notice is being provided as follows:

Company:

Gold Canyon Sewer Company
111 W. Wigwam Boulevard, Suite B

Litchfield Park, Arizona 85340
Attn: James W. Humble, Development Services Manager

Developer:

Attn: Michael Berguin

Each party shall promptly provide written notice to the other party, as provided herein, of any subsequent change of address, and the failure to do so shall preclude any subsequent claim that notice was improperly given hereunder.

E. No Agency Relationship or Third Party Beneficiaries.

Nothing set forth herein shall imply any agency or partnership between Company and Developer, nor shall third persons who are not parties to this Agreement, including but not limited to those who are purchasers of real property from Developer, be entitled to claim that they are third party beneficiaries of the rights and obligations set forth hereunder.

F. Miscellaneous.

This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement, together with the attachments hereto, sets forth the entire agreement between the parties and supersedes all prior negotiations, understandings and agreements between them. No change in, addition to, or waiver of any of the provisions of this Agreement shall be binding upon any party unless in writing and signed by the parties. Time is of the essence of this Agreement and each and every term contained herein. Each party irrevocably warrants to the other that it has all applicable power and authority, actual representative or otherwise, to enter into this Agreement and bind each party's performance hereunder.

G. Authority to Execute and Perform.

Each party represents and warrants to the other party that it has been duly authorized to execute and perform this Agreement and all of its duties and obligations hereunder.

H. Approval of Agreement.

This Agreement shall be governed by the laws of the State of Arizona and shall be subject to such approvals of regulatory agencies as may be required under the said state. Without limiting the forgoing, this Agreement shall be submitted to the Utilities Division of the Arizona Corporation Commission for review, and shall be subject to that agency issuing its approval of the Agreement.

END OF AGREEMENT

Initial GA MB

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized individuals on the day, month and year first above written.

GOLD CANYON SEWER COMPANY,
an Arizona corporation

By: Michael D. Weber
Michael D. Weber, P.E.
General Manager

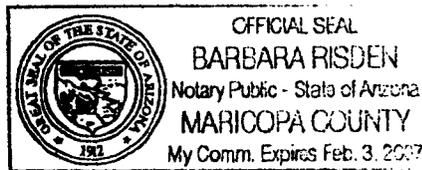
HIEROGLYPHIC TRAILS, LLC,
an Arizona corporation

By: Michael Berguin
Michael Berguin
President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 31 day of January, 2005 by Michael D. Weber, P.E., General Manager of Gold Canyon Sewer Company, an Arizona corporation, on behalf of the corporation.

Barbara Risdien
Name
Notary
Title



My Commission expires:

Feb. 3, 2007

Initial MB

STATE OF ARIZONA)
) ss.
County of)

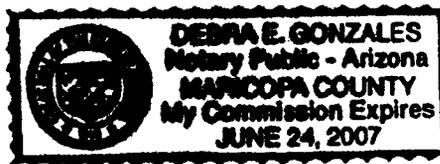
The foregoing instrument was acknowledged before me this 26th day of January, 2005 by Michael Berguin, President of Hieroglyphic Trails, LLC., an Arizona corporation, on behalf of the corporation.

Debra E. Gonzales

Name

Project Coordinator

Title



My Commission expires:

June 24, 2007

EXHIBIT 3

HIEROGLYPHIC TRAILS, L.L.C.

5128 E. Ingram
Mesa, AZ 85205
(480)844-0996/844-1995 fax

February 25, 2005

Gold Canyon Sewer Company
Litchfield Park, AZ

To Whom It May Concern:

We are requesting permanent sewer service from Gold Canyon Sewer Service for the subdivision Hieroglyphic Trails located in Gold Canyon, AZ.

The number of homes that are expected to be built in the next 5 years in the subdivision Hieroglyphic Trails is 24 homes. This is approximately 6 homes a year.

Thank you,
Keith Thomas
Hieroglyphic Trails, LLC

EXHIBIT 4

**LEGAL DESCRIPTION
HIEROGLYPHIC TRAILS
FOR USE BY ALGONQUIN WATER RESOURCES
PINAL COUNTY, ARIZONA**

Hieroglyphic Trails, a subdivision recorded in Cabinet C, Slide 134, Official Records of Pinal County, Arizona, lying within a portion of the Northeast quarter of Section 4, Township 1 South, Range 9 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

COMMENCING at the Northeast corner of Section 4;

Thence South 0 degrees 03 minutes 29 seconds East, 1,150.00 feet along the east line of Section 4 to the northeast corner of Hieroglyphic Trails and the **POINT OF BEGINNING**;

Thence the following 18 courses along the boundary of said Hieroglyphic Trails:

thence South 0 degrees 03 minutes 29 seconds East, 209.51 feet;
thence North 86 degrees 32 minutes 26 seconds West, 250.32 feet;
thence South 89 degrees 45 minutes 01 seconds West, 303.51 feet;
thence North 72 degrees 15 minutes 32 seconds West, 229.47 feet;
thence North 89 degrees 25 minutes 01 seconds West, 81.09 feet;
thence South 71 degrees 50 minutes 33 seconds West, 280.42 feet;
thence South 47 degrees 41 minutes 15 seconds West, 83.58 feet;
thence South 38 degrees 56 minutes 02 seconds West, 300.31 feet;
thence South 78 degrees 44 minutes 06 seconds West, 268.60 feet;
thence North 67 degrees 09 minutes 16 seconds West, 176.05 feet;
thence South 79 degrees 22 minutes 45 seconds West, 164.51 feet;
thence North 71 degrees 08 minutes 59 seconds West, 246.39 feet;
thence North 73 degrees 11 minutes 10 seconds West, 83.46 feet;
thence South 61 degrees 56 minutes 08 seconds West, 50.00 feet to the beginning of a non-tangent curve, concave Southwest, from which the radius point bears South 61 degrees 56 minutes 08 seconds West a distance of 337.03 feet;
thence Northwesterly 166.89 feet along the arc of said curve to the left through a central angle of 28 degrees 22 minutes 20 seconds;
thence North 56 degrees 26 minutes 12 seconds West, 73.66 feet to the beginning of a curve, concave Northeast, having a radius of 337.03 feet;
thence Northwesterly 322.04 feet along the arc of said curve to the right through a central angle of 54 degrees 44 minutes 49 seconds;
thence on a non-tangent line North 89 degrees 56 minutes 41 seconds East, 2637.34 feet to the **POINT OF BEGINNING**.

Containing 19.284 acres, more or less.

JMI & ASSOCIATES

c:\documents and settings\mdweber\local settings\temporary internet files\olk1bb\legalforalgonquin.doc

2/16/05

EXHIBIT 5

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 Director of the Arizona Corporation Commission, do hereby certify that

*****GOLD CANYON SEWER COMPANY*****

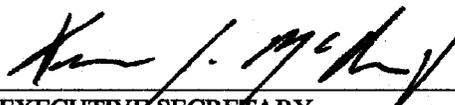
a domestic corporation organized under the laws of the State of Arizona, did incorporate on February 22, 1988.

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; and 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 12th Day of December, 2005, A. D.




EXECUTIVE SECRETARY

BY: 

EXHIBIT 6

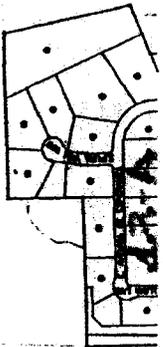
CCSC
CC&N
Boundary
Line

MOUNTAIN WHISPER
(PHASE 11)

HEIROGLYPHIC TRAILS

connection
to CCSC

© Don Donnelly & Kings Ranch



ROAD KINGS RANCH

PARCEL 1
(PHASE IV)

PHASE 3
TRACT A

PHASE 3
TRACT B

PARCEL 2
(PHASE IV)

PHASE 1

G.C. EAST

EAST PARCEL
E IV) SUNSET RIDGE

DON DONNELLY CIR

PHASE 2

GOLD CANYON EAST

SAGE

PHASE 1

EXHIBIT 7

COPY

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

JAY SHAPIRO

APR 14 2005

ACTION _____

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

SW-02361A
Gold Canyon Sewer Corporation
111 W. Wigwam Blvd, Suite B
Litchfield Park, AZ 85340



ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
----	----	------

FOR COMMISSION USE

ANN05	04
-------	----

COMPANY INFORMATION

Company Name (Business Name) Gold Canyon Sewer Corporation

Mailing Address 111 W. Wigwam Blvd., suite B

(Street)

Litchfield Park

(City)

Arizona

(State)

85340

(Zip)

(623) 935 - 9367

Telephone No. (Include Area Code)

(623) 935 - 1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 111 W. Wigwam Blvd., suite B

(Street)

Litchfield Park

(City)

Arizona

(State)

85340

(Zip)

(623) 935 - 9367

Local Office Telephone No. (Include Area Code)

(623) 935 - 1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Peter Kampjan Chief Financial Officer

(Name)

(Title)

2845 Bristol Circle

(Street)

Oakville, Ontario

(City)

Canada

(State)

L6H 7H7

(Zip)

(905) 465-4500

Telephone No. (Include Area Code)

(905) 465-4514

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Mike Weber General Manager

(Name)

111 W. Wigwam Blvd., Suite B

(Street)

Litchfield Park

(City)

Arizona

(State)

85340

(Zip)

(623) 935-9367

Telephone No. (Include Area Code)

(623) 935-1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: CT Corporation System

(Name)

3255 N. Central Ave
(Street)

Phoenix
(City)

AZ
(State)

85012
(Zip)

(602) 277-4792

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Jay Shapiro @Fennemore Craig

(Name)

3003 North Central Ave., Suite 2600
(Street)

Phoenix
(City)

AZ
(State)

85012-2913
(Zip)

(602) 916-5366

Telephone No. (Include Area Code)

(602) 916-5566

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S)

C Corporation (C) (Other than Association/Co-op)

Partnership (P)

Subchapter S Corporation (Z)

Bankruptcy (B)

Association/Co-op (A)

Receivership (R)

Limited Liability Company

Other (Describe) _____

COUNTIES SERVED

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

APACHE

COCHISE

COCONINO

GILA

GRAHAM

GREENLEE

LA PAZ

MARICOPA

MOHAVE

NAVAJO

PIMA

PINAL

SANTA CRUZ

YAVAPAI

YUMA

STATEWIDE

COMPANY NAME GOLD CANYON SEWER CORPORATION

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements	2,202,973	137,361	2,065,611
355	Power Generation Equipment			
360	Collection Sewers - Force	72,714	1,406	71,308
361	Collection Sewers - Gravity	24,826	199	24,626
362	Special Collecting Structures	19,067	1,430	17,637
363	Services to Customers	18,928	1,000	17,929
364	Flow Measuring Devices	3,708	113	3,595
365	Flow Measuring Installations	98,864	4,434	94,430
366	Reuse Services	56,694	13,666	43,028
370	Receiving Wells			
371	Pumping Equipment	51,110	3,139	47,970
380	Treatment and Disposal Equip.			
381	Plant Sewers	945	228	
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment	6,540,704	1,025,453	5,515,252
390	Office Furniture and Equipment	14,588	905	13,683
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment	14,796	793	14,003
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS	9,119,917	1,190,128	7,929,790

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

COMPANY NAME

GOLD CANYON SEWER CORPORATION

CALCULATION OF DEPRECIATION EXPENSE

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements	2,202,973	2.5%	50,530
355	Power Generation Equipment			
360	Collection Sewers - Force	72,714	2.5%	1,093
361	Collection Sewers - Gravity	24,826	2.5%	138
362	Special Collecting Structures	19,067	2.5%	477
363	Services to Customers	18,928	2.5%	473
364	Flow Measuring Devices	3,708	2.5%	(1,664)
365	Flow Measuring Installations	98,864	2.5%	4,228
366	Reuse Services	56,694	2.5%	1,417
370	Receiving Wells			
371	Pumping Equipment	51,110	2.5%	1,046
380	Treatment and Disposal Equip.			
381	Plant Sewers	945	2.5%	24
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment	6,540,704	2.5%	162,215
390	Office Furniture and Equipment	14,588	2.5%	289
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment	14,796	2.5%	370
395	Power Operated Equipment			
398	Other Tangible Plant			
	SUBTOTAL	9,119,917		220,637
	CIAC Amortization			(19,345)
	TOTALS	9,119,917		201,292

This amount goes on Comparative Statement of Income and Expense Acct. 403

COMPANY NAME GOLD CANYON SEWER CORPORATION

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	49,028	\$ 133,927
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	149,919	113,420
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	3,865	16,562
174	Miscellaneous Current and Accrued Assets	81,006	61,714
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 283,818	\$ 325,622
	FIXED ASSETS		
101	Utility Plant in Service	8,328,652	9,119,917
103	Property Held for Future Use		
105	Construction Work in Progress		5,814,619
108	Accumulated Depreciation - Utility Plant	969,490	1,190,128
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 7,359,161	\$ 13,744,409
	TOTAL ASSETS	\$ 7,642,980	\$ 14,070,031

NOTE: Total Assets on this page should equal Total Liabilities and Capital on the following page.

COMPANY NAME**GOLD CANYON SEWER CORPORATION****BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 108,724	\$ 1,437,448
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	79,325	137,413
235	Customer Deposits	9,806	9,806
236	Accrued Taxes	369,677	402,171
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	(35,954)	9,449
	TOTAL CURRENT LIABILITIES	\$ 531,578	\$ 1,996,287
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$ 2,009,174	\$ 1,996,773
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	578,810	768,257
272	Less: Amortization of Contributions	20,157	39,503
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 2,567,827	\$ 2,725,527
	TOTAL LIABILITIES	\$ 3,099,405	\$ 4,721,814
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1	\$ 4,022,618
211	Other Paid in Capital	4,950,049	4,950,049
215	Retained Earnings	(406,475)	375,550
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 4,543,575	\$ 9,348,217
	TOTAL LIABILITIES AND CAPITAL	\$ 7,642,980	\$ 14,070,031

COMPANY NAME

GOLD CANYON SEWER CORPORATION

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
521	Flat Rate Revenues	\$ 1,996,636	\$ 2,203,419
522	Measured Revenues		
536	Other Wastewater Revenues	37,475	47,676
	TOTAL REVENUES	\$ 2,034,111	\$ 2,251,095
	OPERATING EXPENSES		
701	Salaries and Wages		
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense	57,927	60,569
715	Purchased Power	62,784	69,727
716	Fuel for Power Production		
718	Chemicals	24,242	51,319
720	Materials and Supplies	130,219	49,733
731	Contractual Services - Professional	362,858	111,589
735	Contractual Services - Testing	20,059	11,398
736	Contractual Services - Other	187,382	560,050
740	Rents	30,075	37,090
750	Transportation Expense	656	4,247
755	Insurance Expense	16,046	18,443
765	Regulatory Commission Expense	33,221	19,293
775	Miscellaneous Expense	53,329	138,338
403	Depreciation Expense	179,097	201,292
408	Taxes Other Than Income		
408.11	Property Taxes	70,992	135,981
409	Income Taxes	340,603	
	TOTAL OPERATING EXPENSES	\$ 1,569,490	\$ 1,469,070
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	32	
	TOTAL OTHER INCOME/EXP	\$ (32)	\$ -
	NET INCOME/(LOSS)	\$ 464,589	\$ 782,025

COMPANY NAME GOLD CANYON SEWER CORPORATION

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME **GOLD CANYON SEWER CORPORATION**

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	1 X 0.5 MGD Extended Aeration 1 X 0.5 MGD SBR
DESIGN CAPACITY OF PLANT (Gallons Per Day)	1.0 X MGD

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
Peralta	4	2 @ 75HP 2 @ 20HP	1 @ 1,350 2 @ 875	3,335
GC RV Park	2	15	700	2,500
Sand Point RV Park	2	5	180	1,200
Ponderosa	2	5	180	1,200

FORCE MAINS

Size	Material	Length (Feet)
4-inch	PVC	1,500
6-inch	PVC	7,000
12-inch	PVC	21,900
8-inch	DIP	396

MANHOLES

Type	Quantity
Standard	1,541
Drop	34

CLEANOUTS

Quantity
91

COMPANY NAME GOLD CANYON SEWER CORPORATION

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

SERVICES

Size (in inches)	Material	Length (in feet)
2	PVC	2,489
6	PVC	2,366
8	PVC	294,539
10	PVC	12,346
12	PVC	10,152
15	PVC	10,725
21	PVC	360

Size (in inches)	Material	Quantity
2	PVC	24
4	PVC	3,931

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	Aerobic Sludge Digester Filter Belt Press
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	1.0 High Intensity UV
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	2 X 0.5 MGD Rapid Sand Filter
STRUCTURES (Buildings, Fences, Etc.)	Blower Shed UV Shed Storage Shed Office Trailer 942 ft - 6 foot Concrete Wall 1545 ft - 6 foot Decorative Wall Fence around Sand Point RV Park Lift Station
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	BOD/TSS Lab Equipment Stand-by Generator John Deere Tractor

COMPANY NAME GOLD CANYON SEWER CORPORATION

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
Jan-04	4,519	21,196,000	795,000
Feb-04	4,544	20,726,000	788,000
Mar-04	4,587	22,261,000	987,000
Apr-04	4,623	26,969,000	752,000
May-04	4,656	16,713,000	653,000
Jun-04	4,703	14,059,000	560,000
Jul-04	4,703	13,331,000	502,000
Aug-04	4,736	13,645,000	499,000
Sep-04	4,779	13,896,000	616,000
Oct-04	4,830	16,373,000	674,000
Nov-04	4,830	19,910,000	775,000
Dec-04	4,915	20,185,000	847,000

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Turf Irrigation, Recharge
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	100217
Groundwater Permit Number	N/A
ADEQ Aquifer Protection Permit Number	P100217
ADEQ Reuse Permit Number	R100217
EPA NPDES Permit Number	N/A

STATISTICAL INFORMATION

Total number of customers	4,915	
Total number of gallons treated	219,264,000	gallons

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported Unable to isolate due to Consolidated Return filed
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported Unable to isolate due to Consolidated Return filed
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

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

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

CERTIFICATION

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

Michael D. Weber
SIGNATURE

4/6/05
DATE

MICHAEL D. WEBER
PRINTED NAME

VICE PRES./CM
TITLE

COMPANY NAME GOLD CANYON SEWER CORPORATION YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 103,486.62

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

2142119



GOLD CANYON SEWER COMPANY
 PO Box 459
 Litchfield Park, AZ 85340
 (623) 935-9367 X OFax: (623) 935-1020 X 0000

Bank One, NA
 Phoenix, Arizona

000751

DATE
 November 2, 2004

AMOUNT
 US\$61,568.14
 U.S. Funds

Sixty One Thousand Five Hundred Sixty Eight Dollars and 14 Cents

PAY TO THE ORDER OF
 Pinal County Treasurer
 P.O. Box 729
 Florence, AZ 85232-0729

Gold Canyon Sewer Company (Operating Account)

[Handwritten Signature]

9521430109

11-02-2004

11-02-2004

5240788442

11853004

BANK ONE, NA

5054 83736

Location	Acct #	Check #	Amount	Issue Date	Paid Date	Sequence	Customer Data
CD	[REDACTED]	751	\$61,568.14	11/5/2004		5240788442	
Bank #	GL Category	CD VOID/CIMS Key	CD Label				
601	000000000000	20041130185001	20041130185001				

Pinal County Treasurer TAX RECEIPT

PO Box 729

Florence, AZ 85232-0729

Phone: (520) 866-6412 Fax: (520) 868-9007

www.co.pinal.az.us/treasurer e-mail: treasurer@co.pinal.az.us

Paid By: GOLD CANYON SEWER CO GRAHAM SYMMONDS P O BOX 731 CAREFREE, AZ 85377	CNTR Batch: 2105274 Payment Date: 2/18/2004 Interest Date: 2/18/2004 Printed By: TRSTAD DUPLICATE Printed: 4/08/2005
---	--

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
982-14-301T0	2003 Taxes	1,252.06		
	Paid	1,252.06	.00	
	Total Paid	1,252.06		
TOTAL VALUE OF OPERATING PROPERTY				
104-11-012-F	58,170			

Pinal County Treasurer TAX RECEIPT

PO Box 729

Florence, AZ 85232-0729

Phone: (520) 866-6412 Fax: (520) 868-9007

www.co.pinal.az.us/treasurer

e-mail: treasurer@co.pinal.az.us

Paid By: GOLD CANYON SEWER CO GRAHAM SYMMONDS P O BOX 731 CAREFREE, AZ 85377	CNTR Batch: 2105274 Payment Date: 2/18/2004 Interest Date: 2/18/2004 Printed By: TRSTAD DUPLICATE Printed: 4/08/2005
---	--

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
982-14-300T1	2003 Taxes	40,666.42		
	Paid	40,666.42	.00	
	Total Paid	40,666.42		
TOTAL VALUE OF OPERATING PROPERTY				
.....				

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION
STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF PINAL
<small>NAME (OWNER OR OFFICIAL) TITLE</small> Mike Weber, VP
<small>COMPANY NAME</small> Gold Canyon Sewer Corporation

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

FOR THE YEAR ENDING

<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
12	31	2004

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

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>2,251,095</u>

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED)

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

Michael D. Weber

SIGNATURE OF OWNER OR OFFICIAL

623 935-9367

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

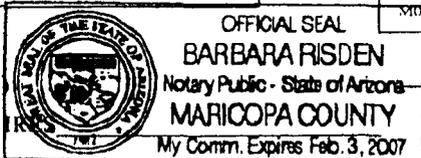
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

6th

DAY OF

<small>COUNTY NAME</small> <i>Maricopa</i>	
<small>MONTH</small> <i>April</i>	<small>YEAR</small> <i>2005</i>



Barbara Risdien

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF PINAL	
NAME (OWNER OR OFFICIAL) Mike Weber	TITLE VP
COMPANY NAME Gold Canyon Sewer Corporation	

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

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

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

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>1,770,873</u>

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 0 IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

X Michael D. Weber
SIGNATURE OF OWNER OR OFFICIAL
623 935-9367
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

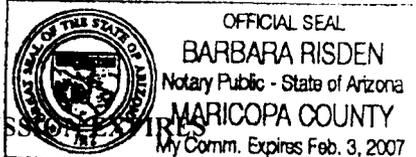
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 6th DAY OF

NOTARY PUBLIC NAME <u>Barbara Risdien</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	YEAR <u>2005</u>

(SEAL)

MY COMMISSION EXPIRES



X Barbara Risdien
SIGNATURE OF NOTARY PUBLIC

Gold Canyon Sewer Company
BALANCE SHEET
AS AT December 31, 2004

	Actual	Prior Year
ASSETS		
Current Assets		
Current - Operating	\$117,867	\$39,152
Current - Capacity	16,059	9,875
Accounts Receivable	113,420	149,919
Prepaids	3,138	2,586
Deposits	13,424	1,279
Total Current Assets	263,908	202,811
In company	124,939	
Long Term Assets		
Fixed Assets		
Water Treatment Plant	14,979,293	8,373,409
Less: Accum Depreciation	(1,214,537)	(984,948)
Contribution in Aid of Construction	(768,257)	(578,810)
Accum Depreciation - CIAC	39,503	20,157
Net Fixed Assets	13,036,002	6,829,808
Other Assets		
Deferred Costs	41,366	51,707
Total Other Assets	41,366	51,707
Total Assets	13,466,215	7,084,326
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	1,518,271	111,650
Intergroup	262,352	79,325
Franchise Tax Payable		
Income Tax Payable	340,603	340,603
Total Current Liabilities	2,121,226	531,578
Long Term Liabilities		
Customer Advances in Aid of Construction	1,996,773	2,009,174
Total Long Term Liabilities	1,996,773	2,009,174
Total Liabilities	4,117,999	2,540,752
SHAREHOLDERS EQUITY		
Common Shares	8,972,667	4,950,050
Total Contributed Capital	8,972,667	4,950,050
Earnings		
Retained Earnings	(447,939)	(909,450)
Year to Date Income	782,025	461,511
Dividends Paid	41,464	41,464
Total Earnings	375,550	(406,475)
Total Shareholders' Equity	9,348,217	4,543,575
Total Liabilities and Equity	13,466,216	7,084,327

For the Twelve Months Ending December 31, 2004

YEAR TO DATE

CURRENT MONTH				YEAR TO DATE					
Actual	Budget	Prior	% Change Budget	% Change Prior	Actual	Budget	Prior	% Change Budget	% Change Prior
\$0	\$0	\$194	0.00%	-100.00%	\$0	\$194	\$194	0.00%	-100.00%
0	8,200	3,500	-100.00%	-100.00%	23,491	91,400	43,459	-76.13%	-45.95%
3,391	0	3,494	0.00%	-2.95%	6,712	0	30,503	0.00%	-78.00%
3,391	8,200	7,188	-58.65%	-52.82%	30,203	91,400	74,156	-69.31%	-59.27%
0	2,563	3,500	-100.00%	-100.00%	3,500	31,750	42,346	-88.62%	-91.73%
0	2,563	3,500	-100.00%	-100.00%	3,500	31,750	42,346	-88.62%	-91.73%
627	6,400	3,651	-90.20%	-82.83%	8,364	74,248	42,953	-88.74%	-80.53%
0	0	0	0.00%	0.00%	3,414	0	0	0.00%	0.00%
0	0	151	0.00%	-100.00%	715	0	151	0.00%	373.51%
0	0	3,802	-90.20%	-83.51%	12,493	74,248	43,104	-83.17%	-71.02%
627	6,400	3,802	-90.20%	-83.51%	12,493	74,248	43,104	-83.17%	-71.02%
Effluent Water Treatment Expenses									
813	0	0	0.00%	0.00%	813	0	0	0.00%	0.00%
813	0	0	0.00%	0.00%	813	0	0	0.00%	0.00%
4,831	17,163	14,490	-71.85%	-66.66%	47,009	201,398	159,606	-76.89%	-70.55%
Effluent Water Distribution Expenses									
0	0	839	0.00%	-100.00%	0	0	953	0.00%	-100.00%
13	940	122	-98.62%	-89.34%	6,466	11,275	7,367	-42.65%	-12.23%
0	0	0	0.00%	0.00%	7,360	0	2,704	0.00%	172.19%
25,602	38,627	79,031	-33.72%	-67.61%	280,051	460,530	365,407	-39.58%	-23.36%
2,000	0	2,000	0.00%	0.00%	24,000	0	24,000	0.00%	0.00%
663	0	81	0.00%	718.52%	8,967	0	5,925	0.00%	51.34%
0	0	0	0.00%	0.00%	0	0	199	0.00%	-100.00%
0	0	444	0.00%	-100.00%	1,025	0	655	0.00%	56.49%
250	683	0	-63.40%	0.00%	17,040	8,200	25,313	107.80%	-32.68%
0	0	0	0.00%	0.00%	13,920	0	0	0.00%	0.00%
0	0	0	0.00%	0.00%	18,443	14,133	16,046	30.50%	14.94%
1,567	1,178	(240)	33.02%	-752.92%	135,981	57,400	70,992	136.90%	91.54%
20,684	4,783	5,916	332.45%	249.63%	35,242	0	0	0.00%	0.00%
1,150	0	634	0.00%	-51.26%	6,112	0	4,389	0.00%	39.26%
309	0	0	0.00%	0.00%	554,607	551,538	523,950	0.01%	5.85%
52,238	46,211	88,827	13.04%	-41.19%	1,050,386	1,206,885	1,023,607	-12.97%	2.62%
82,061	107,144	36,669	-23.41%	123.79%	0	0	32	0.00%	-100.00%
0	0	0	0.00%	0.00%	0	0	32	0.00%	-100.00%
0	0	0	0.00%	0.00%	0	0	32	0.00%	-100.00%
Depreciation / Amortization									

For the Twelve Months Ending December 31, 2004

	CURRENT MONTH			YEAR TO DATE		
	Actual	Budget	Prior	Actual	Budget	Prior
		% Change Budget	% Change Prior		% Change Budget	% Change Prior
\$19,256	\$40,179	-52.07%	-70.51%	\$220,585	\$482,145	\$215,397
19,256	40,179	-52.07%	-70.51%	220,585	482,145	215,397
			Amortization			
			Total Depreciation & Amortization			
			Income Taxes			
0	0	0.00%	Income Taxes	0	0	340,603
0	0	0.00%	Total Income Taxes	0	0	340,603
			Other Income and Expense			
5,111	0	0.00%	Other Income and Expense	47,774	0	6,068
5,111	0	0.00%	Total Other Income and Expense	47,774	0	6,068
57,694	66,965	-13.84%	Net Income	782,027	724,740	461,507

EXHIBIT 8

Wastewater System Report
for
Hieroglyphic Trails
(Gold Canyon East)
Pinal County, Arizona

INTRODUCTION

The purpose of this report is to show that the proposed wastewater collection system for the subdivision named Hieroglyphic Trails at Gold Canyon East will meet the needs of these residents. This report will also show that the design adheres to the criteria specified in the Master Wastewater Collection Study for this area. This report will also specify the flow capacities for the wastewater treatment plant.

SITE DESCRIPTION

Gold Canyon East is located in Pinal County approximately one mile east of Apache Junction and about one and one-half miles northeast of U.S. Highway 60. Take Superstition Mountain Drive to Golden Rim Circle. Hieroglyphic Trails of Gold Canyon East is located east of Kings Ranch Road and south of Mountain Whisper.

The site is located in the north half of Section 4, Township 1 North, Range 9 East of the Gila and Salt River Base and meridian.

WASTEWATER COLLECTION SYSTEM

The system that services the Hieroglyphic Trails of Gold Canyon East is owned and operated by the Gold Canyon Sewer Company. Flow from the site will be collected in 8-inch PVC line and be directed to a new lift station. This station can be found north of the large natural wash, north of the existing culverts under Kings Ranch Road and on the east of Kings Ranch Road. The lift station discharges into a 3-inch force main that extends to the north to the intersection of Kings Ranch Road and Golden Rim Circle. At this manhole, the force main discharges into an existing 8-inch line to run to the west and eventually make its way into and across the golf course found in Mountainbrook Village. This main line ultimately discharges into the Gold Canyon Wastewater Treatment Plant located in Parcel 20 at Mountainbrook Village near the intersection of Superstition Mountain Drive and Highway 60.

The site was analyzed in the Master Wastewater Collection Study for Mountainbrook Village. This report shows that the existing mains in Golden Rim Circle and the proposed 8" lines located onsite will adequately convey the flow collected from the 24 lots proposed for this site.

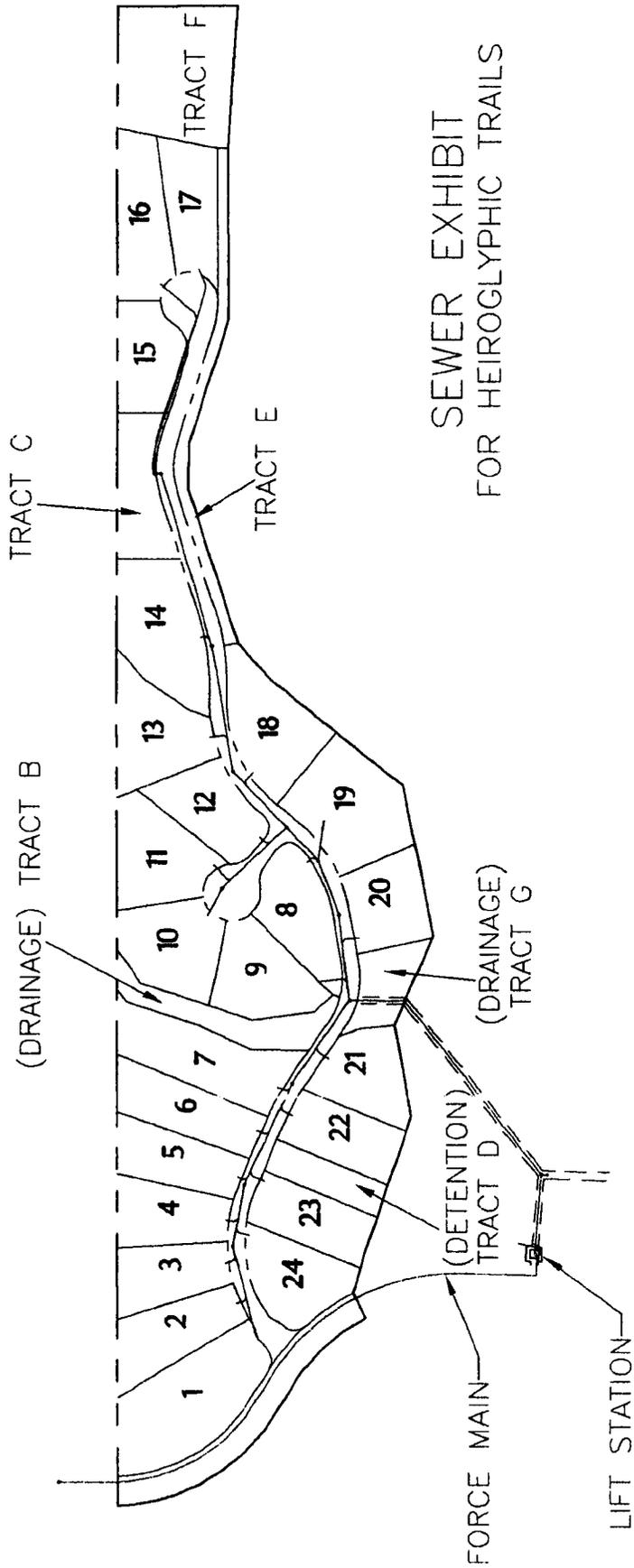
The Master Report specifies the design flows as 250 gallons per dwelling unit per day. Therefore, the total flow from the Hieroglyphic Trails of Gold Canyon East would be 6,000 gallons per day, based on 24 lots. It should be noted that lots 15, 16 and 17 will require individual grinder pumps for wastewater due to the lower topography on these lots. A 1" force main shall be installed to each of these lots for this purpose, and the force mains shall be connected to the nearest manhole.

The Wastewater Treatment facility that will be treating the flow from the Hieroglyphic Trails of Gold Canyon East has a maximum capacity of 500,000 gallons per day and is currently equipped to treat this flow. The plant currently treats about 320,000 gpd. Therefore, the addition of the Hieroglyphic Trails of Gold Canyon East will not exceed the capacity of the treatment plant. However, the approximate total sewer flow from all the platted lots and commercial development being sent to the wastewater treatment plant is 1,290,595 gallons per day (See attached worksheet). It is important to note that many of the platted lots will take months to develop and possibly years to sell. The plan, according to Gold Canyon Sewer Company, is to take the treatment plant to 80% capacity, then upgrade the plant to the next stage.

CONCLUSIONS

This report demonstrates that if constructed in accordance with the approved plans and Gold Canyon Sewer Company requirements, the proposed wastewater collection system for the Hieroglyphic Trails of Gold Canyon East will provide adequate service.





SEWER EXHIBIT
FOR HEIROGLYPHIC TRAILS

EXHIBIT 9



Heiroglyphic Trails
Opinion of Probable Construction Quantities
 by JMI & Associates
 3/2/2005

Item	Quantity	Unit	Unit Price	Item Total	Total
Sewer					
8" PVC sewer line	2,410	LF	\$15.00	\$36,150.00	
3" force main line	1,025	LF	\$12.00	\$12,300.00	
4' dia. Manhole	13	EA	\$2,000.00	\$26,000.00	
sewer cleanout	1	EA	\$400.00	\$400.00	
4" sewer service	24	EA	\$210.00	\$5,040.00	
air/ vacuum valve	1	EA	\$800.00	\$800.00	
combo valve	1	EA	\$1,200.00	\$1,200.00	
total					\$81,890.00
Sewer Design and Permit Fees					
civil engineering fees				\$3,000.00	
approx. sewer permit fees*				\$1,638.00	
					\$4,638.00
				Total	\$86,528.00

*sewer permit fees are equal to 2% of the construction cost estimate per Pinal County

EXHIBIT 10

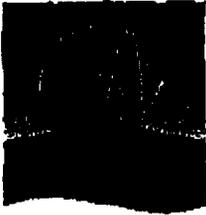
**Gold Canyon Sewer Company CC&N Extension
 Projected Incremental Revenues and Expenses
 For the 12 Months Ended**

Exhibit
 Schedule 2

Line No.	Description	Cost/Per	Min	Year				
				1	2	3	4	5
2	Total estimated Revenues			\$ 2,206	\$ 6,176	\$ 8,602	\$ 9,925	\$ 10,587
4	Variable Expenses							
5	Pumping Power:	0.45	per 1,000 gals treated	122	340	474	547	583
6	Sludge Removal	0.10	per 1,000 gals treated	27	76	105	122	130
7	Chemicals	0.30	per 1,000 gals treated	81	227	316	365	389
8	Materials & Supplies (a)	0.15	/month/customer	9	25	35	41	43
9	Billing, Postage, Operations (a)	12.00	/month/customer	720	2,016	2,808	3,240	3,456
10			0					
11								
12	Total Variable Expenses			\$ 959	\$ 2,684	\$ 3,738	\$ 4,313	\$ 4,601
13								
14	Other Expenses							
15	Depreciation net of Amortization of CIAC			969	1,758	1,691	1,623	1,623
16	Administrative Salaries	\$ -		-	-	-	-	-
17	Insurance(b)	\$ -		-	-	-	-	-
18	Communications (b)	\$ -		-	-	-	-	-
19	Miscellaneous (d)(b)	\$ 50		50	52	53	55	56
20	Income Taxes	\$ 33		33	371	741	957	1,072
21	Property Taxes (e)	\$ 71		71	113	181	264	311
22								
23	Total Other Expense			\$ 1,123	\$ 2,294	\$ 2,665	\$ 2,898	\$ 3,062
24								
25								
26	Total Operating Expenses			2,081	4,977	6,404	7,212	7,663
27								
28	Operating income (loss)			\$ 125	\$ 1,198	\$ 2,198	\$ 2,714	\$ 2,924
29	Less:							
30	Interest (Expense)Income on Work. Cap. (c)			-	204	600	902	1,128
31	Interest Expense Long-term Debt (c)			-	-	-	-	-
32	Net Income			\$ 125	\$ 1,402	\$ 2,799	\$ 3,616	\$ 4,052
33								
34	(a) Per customer per month							
35	(b) Annual Inflation of:							
36	(c) If Applicable							
37	(d) Miscellaneous Expenses of \$50 per month							
38	(e) ADOR Property Tax Calculation							
39								

3.00%

EXHIBIT 11



**CENTRAL
ARIZONA
ASSOCIATION OF
GOVERNMENTS**

HISTORIC BELMONT BUILDING

271 MAIN STREET

SUPERIOR, AZ 85273

Serving Gila & Pinal Counties since 1970

REGIONAL COUNCIL MEETING

WEDNESDAY DECEMBER 1, 2004

**BESH BA GOWA PARK
GLOBE, ARIZONA**

M I N U T E S

I. CALL TO ORDER

Chair Jackson called the meeting to order at 6:35 p.m.

II. PLEDGE OF ALLEGIANCE

Chair Jackson led the Regional Council, guests and CAAG staff in the Pledge of Allegiance.

III. ROLL CALL AND INTRODUCTIONS

Members Present: Mayor Michael Hing, Vice Mayor Anita Hinojos, Supervisor Lionel Ruiz, Supervisor Joe Sanchez, Mayor Stanley Gibson, Mayor Byron Jackson, Council-member Robert Henley, Council-member Joe Insalaco for Mayor Douglas Coleman, Mayor Tom Rankin, Mayor Paul Licano

Members Absent: Mayor Craig Williams, Mayor Charles Walton, Councilmember Paul Prechel, Councilmember Ronnie Cooper, Mayor Kelly Anderson, Mayor Debra Sommers, Councilmember Gail Bamey

Management Committee Present: Robert Mawson, Terry Doolittle, Alton Bruce for Bob Flatley, Roy Chavez, Himanshu Patel, Bryant Powell, Fred Carpenter, Manoj Vyas

Guests: Mike Bergun, Greg Brown, Bill King, Lisa Farrington, Beverly Chenaughy.

Staff: Maxine Leather, Craig Ringer, Yvonne Kube, Cathy Melvin, Vickie Asermelly, Robert Wilson, Oscar Montano, Jeani Flores, Heather Patel, Mila Lira, Andrea Robles

IV. CONSENT AGENDA

Mayor Gibson made a motion to accept the consent agenda items. Councilmember Henley seconded the motion. The motion passed unanimously.

GILA COUNTY: GLOBE, HAYDEN, MIAMI, PAYSON, WINKELMAN
PINAL COUNTY: APACHE JUNCTION, CASA GRANDE, COOLIDGE, ELOY, FLORENCE, KEARNY, MAMMOTH, MARICOPA, QUEEN CREEK, SUPERIOR

LOCAL: (520) 689-5004 • TOLL-FREE & V/TTY: 1-800-742-1445 • TDD: (520) 689-5009 • FAX (520) 689-6020

V. APPROVAL OF MINUTES

The minutes from September 22, 2004 Regional Council Meeting were approved under consent agenda item IV.

VI. FINANCIAL REPORT

The financial reports ending October 31, 2004 were approved under consent agenda item IV.

VII. DIRECTOR'S REPORT

In addition to her written report included in the packet Ms. Leather announced the resignation of Ms. Lira and explained that a copy of Ms. Lira's letter of resignation was provided. Ms. Leather also explained that CAAG received a very nice thank you card from the family of former CAAG director John Blackburn following his death.

VIII. NEW BUSINESS

A. Approval of 2004 CAAG Audit

Ms. Leather introduced Ms. Sandy Cronstrom who presented the 2004 CAAG Audit. She reviewed the audit and explained that there were no findings in the audit. She reviewed two new statements that were added to the audit this year. She explained that the new reports showed the accrual and depreciations similar to a for-profit business. The new reports are now required for governmental reporting purposes. A motion was made by Mayor Rankin to accept the audit for FY 2004. Councilmember Henley seconded the motion. The motion was unanimously approved.

B. Approval of 208 Areawide Water Quality Management Plan Update Amendment for Sandia Water Reclamation Facility

Mr. Wilson gave a brief update regarding the Sandia Water Reclamation Facility. He reported that both the EPC and Management Committee voted to recommend approval of the 208 Amendment for the Sandia Water Reclamation Facility. Questions regarding water followed. Mayor Gibson made a motion to approve the Sandia Water Reclamation Facility 208 Amendment as presented. Councilmember Henley seconded the motion. The motion was unanimously approved.

C. Approval of Administrative Review for the Relocation of the 387 Improvement District 5.6 MGD Wastewater Treatment Facility (WWTF).

Mr. Wilson gave an update on this administrative review and explained that the WWTF needed to be moved across the street from the planned location. He explained that the plant is to remain at the planned 5.6 MGD. He explained that the Management Committee voted

to recommend approval. Supervisor Ruiz made a motion to accept the request to relocate the 387 Improvement District's 5.6 MGD WWTF. Mayor Gibson seconded the motion. The motion passed unanimously.

D. Approval of Administrative Review for the Hieroglyphic Trails Subdivision Located Near the Gold Canyon Waste Water Treatment Facility

Mr. Wilson explained that the subdivision of 24 lots needed to have service provided by the Gold Canyon Wastewater Treatment Plant. He explained that Management Committee recommended approval. There were no further questions or discussions. Mayor Gibson made a motion to approve the Administrative Review regarding Gold Canyon Sewer Company's addition of 7 lots in Hieroglyphic Trails Subdivision to their service area. Supervisor Sanchez seconded the motion. The motion passed unanimously.

E. Approval of One Time Salary Adjustment to Cover Initial Employee Contribution to the Arizona State Retirement System (ASRS)

Ms. Leather explained that CAAG is now a member of the ASRS and that prior to joining CAAG staff members did not have funds deducted from their paychecks to cover retirement contributions. She explained that the entire staff agreed to join the ASRS and understood the benefits and monetary requirements. Ms. Leather expressed that these initial deductions from staff paychecks would have a negative financial impact on the entire staff and she would like to request a one-time salary adjustment to cover the initial employee contributions. Staff would be required to absorb any other ASRS increase in contributions.

Ms. Leather explained that SEAGO and PAG are also requesting a one-time salary adjustment to cover the employee costs of the retirement contributions. She respectfully requested approval of the salary adjustment. Ms. Leather stated it is financially feasible for the salary adjustment to occur because two positions were eliminated when staff resigned.

Questions and discussion followed regarding cost of living adjustments and merit increases. Ms. Leather stated the proposed salary adjustment would be in lieu of a merit increase in the current fiscal year. Mayor Rankin made a motion to approve the request. Supervisor Sanchez seconded the motion. Ten members voted in favor with one member opposing the motion. The motion passed.

F. Establishment of an Executive Director Evaluation Committee Through Appointment

Ms. Leather explained that her annual evaluation would need to be conducted just prior to the January Regional Council meeting. She explained in previous years the full Regional Council requested to be in attendance with three or more Management Committee volunteers. She explained that the volunteers from the Management Committee were Fred Carpenter, Terry Doolittle, and Jim Thompson. Supervisor Sanchez made a motion to approve the volunteers from the Management Committee. Mayor Rankin seconded the motion. The motion was unanimously approved.

G. Approval of Resolution 2004-5 Supporting a Vision for Arizona Project

Ms. Leather gave an update from a meeting that was held in Casa Grande for The Center for the Future of Arizona to gain support for their new project "Vision for Arizona". Ms. Leather expressed some of the ideas this venture will support and explained that the Center is requesting statewide support for this endeavor. Ms. Leather read Resolution No. 2004-5 outlining support for the Vision. Questions and discussion followed. Mayor Gibson made a motion to approve Resolution No. 2004-5 as read. Councilmember Henley seconded the motion. The motion passed unanimously.

H. Approval of TIP (Transportation Improvement Program) Amendment

Mr. Leister explained that Pinal County was requesting an amendment to the TIP in order for Ironwood/Gantzel Road to begin construction of four lanes with a divided median. He further explained that since part of the roadway is in the non-attainment area, the project needed to be added to the TIP through amendment. There will be no financial impact to the TIP as the improvements will be paid by developers. Supervisor Sanchez made a motion to approve the TIP Amendment as presented. The motion was seconded by Mayor Rankin and was unanimously approved.

I. Approval of SFY 2006 Social Service Block Grant (SSBG) Allocations

Ms. Lira reported that the Department of Economic Security was requesting that the SSBG allocations be submitted to DES by December 15, 2004. She explained that HSAC members and the Management Committee both recommended that the allocations remain in percentage formats and remain at the same levels since the exact allocation amounts were not available at this time.

Councilmember Henley made a motion to approve the SSBG percentage allocations as presented. Supervisor Sanchez seconded the motion and it passed unanimously.

J. Economic Development Update

Mr. Ringer gave an update on the Tourism Study and provided a copy of the tourism-marketing brochure to each member. He explained that the document was distributed in the Arizona Republic and the Arizona Daily Star as an insert.

Mr. Pete Clooney gave a brief presentation on how these types of marketing strategies assist in economic development. He thanked the Regional Council for allowing him to work on this project. Questions and discussion followed.

Ms. Leather thanked Mr. Clooney for his assistance with this project. This item was for information only. No action was taken.

K. Job Training Update

The Job Training Update was approved under consent agenda item IV.

REGIONAL COUNCIL MEETING
WEDNESDAY, DECEMBER 1, 2004
PAGE 5

L. Transportation Planning Update

The Transportation Planning Update was approved under consent agenda Item IV.

M. CDBG Update

The CDBG Update was approved under consent agenda Item IV.

IX. LEGISLATIVE UPDATE

Ms Leather announced that the federal funding for EDA had been approved and would remain the same as this year's funding level. She reminded Council it was time again to select a date for the CAAG Annual Legislative Day. Council requested CAAG coordinate with the League to host the Legislative Day late in the month of February and suggested February 17th as their first choice and February 24th as their second choice.

At this time Chairman Jackson and Ms. Leather presented Ms. Lira with a copper clock for her service to the CAAG Region as the management assistant. Ms. Lira thanked the Regional Council and CAAG staff for the opportunity to work with the agency and that she felt blessed to have been able to work with so many wonderful people.

X. DATE-TIME-LOCATION

Chair Jackson announced that the next Regional Council meeting will be held at the Casa Grande City Hall and the Executive Session is to begin at 5:30 p.m. on January 26, 2005.

XI. CALL TO THE PUBLIC

Supervisor Sanchez announced that he, Councilmember Insalaco, and all those present wanted to thank the City of Globe for hosting the meal and the meeting. Chair Jackson praised the chosen location for the meeting and the wonderful meal.

XII. ADJOURNMENT

Chairman Jackson adjourned the meeting at 8:00 p.m.

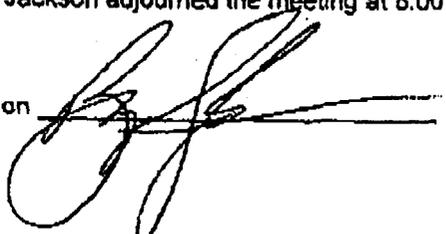
Approved on _____


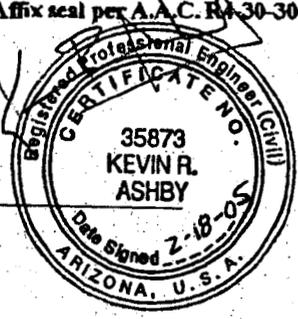
EXHIBIT 12



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

ENGINEER'S CERTIFICATE OF COMPLETION

To Verify a Sewage Collection System
Constructed Under General Aquifer Protection Permit 4.01

Applicant Information: Name <u>Hieroglyphic Trails</u> Address <u>5128 E. Ingram ST</u> <u>MESA, AZ 85205</u>		File No. <u>20000052</u>
Engineer Information: Name <u>KEVIN R. ASHBY</u> Address <u>10257 E. LAKEVIEW AVE</u> <u>MESA, AZ 85212</u> Phone No. <u>(480) 503 1552</u> Fax No. _____		Project Name: <u>Hieroglyphic Trails</u> Affix seal per A.A.C. R4-30-304(B) 
Project Description: <u>HIEROGLYPHIC TRAILS - 12 MANHOLE,</u> <u>1 LIFT STATION, APPROX. 2289 L.F. SDR-35</u> <u>SEWER LINE. CONSTRUCTED 18 SERVICES TOTAL</u> <u>FOR PROJECT.</u>		
I, <u>KEVIN R. ASHBY</u> (print name), a Professional Engineer registered in the State of Arizona, provide the following as evidence that the construction of the above described project was completed, to the best of my knowledge, in compliance with the Provisional Verification of General Permit Conformance or with allowed changes as reflected in as-built plans.		
Agency Use Only Date Rec'd: _____ Constructed Within 2 Years? • Yes • No • LTF No. _____		

(The certifying engineer named on page 1 must complete items 1 - 6)

File No. _____

1. CONSTRUCTION WORK PERFORMED

G The work on this project was completed on _____ (date) by the following:

CONTRACTOR NAME	WORK PERFORMED	LICENSE TYPE
Red Mountain Exac	Sewer	K-80

- List of additional contractors is attached.

2. TEST RESULTS

G Pre-operational tests (sewer deflection / leakage / uniform slope, manhole leakage, lift station leakage, and/or force main leakage) were conducted and/or observed by the following persons, with the results satisfactorily meeting all pertinent requirements in A.A.C. R18-9-E301(D) and all field test result reports attached to this certificate.

CONTRACTOR/AGENCY/TESTER NAME	LICENSE TYPE	TESTS PERFORMED/OBSERVED BY	SATISFACTORY RESULTS?
Red Mountain Exac Steve	K-80	Pressure & Manhole	<input checked="" type="radio"/> Yes
Southwest Environmental Don		Manholes	<input checked="" type="radio"/> Yes
JPCI SERVICES		Pressure Test	<input checked="" type="radio"/> Yes
JPCI SERVICES		Lift Station	<input checked="" type="radio"/> Yes
G List of additional testing entities is attached. Red Mountain		forced main	<input checked="" type="radio"/> Yes

3. CONSTRUCTION PLANS (Either 3a or 3b must be checked and information provided as applicable)

- a. The original construction plans submitted with the Notice of Intent to Discharge accurately reflect final location, configuration, and construction of components.
- b. As-built plans were sealed and signed by KEVIN R. ASHBY, registered as a professional CIVIL ENGINEER, Arizona Certificate Number 35873, and are attached*. (Changes to the original plans noted in the as-built plans shall be identified by "highlighting" or other conspicuous method).

4. OPERATION & MAINTENANCE (O&M) PLAN (One of the following boxes must be checked and information provided as applicable)

- a. An O&M plan is not required (the design flow of this project is not more than 10,000 gallons per day).
- b. The original O&M plan submitted with the Notice of Intent to Discharge is unchanged and satisfies the final plan requirement per A.A.C. R18-9-E301(E)3).
- c. A final O&M plan is attached.
- d. A final O&M plan applicable to this project is on file with the Department.

5. OTHER INFORMATION REQUIRED BY THE DEPARTMENT UNDER A.A.C. R18-9-E301(E)2)

(Either 5a or 5b must be checked and information provided as applicable)

- a. No other information was required.
- b. Other information required by the Department is attached.

6. ADDITIONAL INFORMATION ATTACHED? • No • (describe) SEE ATTACHED LETTER.

*Note: A change made during construction in location, configuration, dimension, depth, material, or installation procedure is allowed under A.A.C. R18-9-A301(D)(1)(e) only if the change continues to conform with the specific standard in rule used as the basis of design. Any such changes must be recorded on the site plan.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY



CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR
SUBDIVISION
INCORPORATING SEWAGE COLLECTION SYSTEMS

SUBDIVISION: Hieroglyphic Trails Lots 1 - 24 Total 24 lots		ADEQ SITE CODE: 203255-00 ENGINEERING REVIEW FILE NO.: 20000052
LOCATION: : Near the intersection of E. Kings Ranch Road and S. Mountain Wisper, Gold Canyon		
TOWN: Gold Canyon		COUNTY: Pinal
SECTION 4	TOWNSHIP 1S	RANGE 9 E
SUBDIVIDER: Hieroglyphic Trails LLC		
Water Supply By: Arizona Water Company (PWS No. 11-004)		
Sewage Collection and Treatment By: Gold Canyon Sewer Co.		
Garbage Disposal By: AJ Waste (Apache Junction Landfill)		

The sanitary facilities of water supply, sewage disposal and garbage disposal as represented by the approved plan documents on file with the Arizona Department of Environmental Quality are hereby approved subject to the following Provision:

No "discharge" to the "waters of the United States" pursuant to Sections 301, 309, 402, 404, and 502 of the federal Clean Water Act (CWA) are authorized by this approval. If this project results in discharge to these waters, CWA permits are necessary before commencing the discharge, pursuant to the Code of Federal Regulations Titles 33 and/or 40. Any construction in a watercourse shall comply with all terms and conditions of the Section 404 Permit program which is administered by the U.S. Army Corps of Engineers.

This Certificate of Approval does NOT constitute an Individual or General Aquifer Protection Permit for the sewage collection system incorporated in this subdivision (see separate Provisional Verification of General Permit Conformance).

Stephen A. Owens, Director
Arizona Department of Environmental Quality

By: [Signature] Date Approved 4/29/05
 Manager Residential & Industrial Wastewater Unit
 Water Permits Section, Water Quality Division

CERTIFICATE DISTRIBUTION

Original Certificate and Plat:
Engineering Review File No: 20000052

Certificate Copy:
 Subdivider: Hieroglyphic Trails LLC, 5128 E. Ingram St., Mesa, AZ 85205
 Engineer: Kevin R. Ashby, 10257 E. Lakeview Ave., Mesa, AZ 85212



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

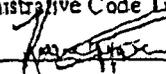
Provisional Verification of General Permit Conformance for Sewage Collection System General Permit 4.01

Applicant Information:		ADEQ File No. 20000052	
Name	Hieroglyphic Trails, LLC	Project Name: Hieroglyphic Trails Subdivision	
Address	5128 E. Ingraham Street Mesa, AZ 85205		
Project Type(s)		Project Location Near the intersection of E. Kings Ranch Road and S. Mountain Whisper, Gold Canyon	
<input checked="" type="checkbox"/>	Gravity	Project Description: Approximately 2249 feet of 8-inch PVC sewer pipe, 1025 feet of 3-inch PVC force main, 1011 feet of 1-inch PVC force main, 1 lift station 15 manholes, and related appurtenances	
<input checked="" type="checkbox"/>	Lift Station		
<input checked="" type="checkbox"/>	Forcemain		
	Other:		
Wastewater System Name:	Gold Canyon Sewer Co.	Treatment Facility Permitted Design Flow: 0.5 MGD	
Wastewater System Number:	410148	System Capacity Affirmation, Date: 10/99	
System Inventory Number:	100217		
Design Documents Approved for Construction		Site Information:	
Document	Date	County: Pinal	
Notice of Intent to Discharge	04/05	Location of Downstream End of system proposed herein:	
Site Plan	12/04	Township 1 S Range 9 E Section: 4	
Design Plan	04/05	Latitude: 33° 22' 19.5" N	
Operation & Maintenance Plan	Gold Canyon O & M	Longitude: 111° 25' 58.6" W	
Other Document(s):		Legal Description of area served by project:	
		Township: 1S Range: 9E Section: 4	
		Township: Range: Section:	
		Township: Range: Section:	
<p>Provisional Verification of General Permit Conformance: This Provisional Verification of General Permit Conformance is issued in accordance with Arizona Administrative Code Title 18, Chapter 9, Article 3, Part A, Section A301. The applicant is authorized to construct the facility at the location specified herein under terms and conditions of the requested general permit and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and Arizona Administrative Code Title 18, Chapter 9. The applicant has two years from the approval date of this document to complete construction and submit the applicable verification documents specified in A.A.C. R.18-9-E301(E). Construction shall conform with the approved design documents.</p>			
Acting Manager, Wastewater Design Review Unit		Date 4/29/05	



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Verification of General Permit Conformance
for Sewage Collection System
General Permit 4.01

Applicant Information:		ADEQ File No. 20000052	
Name	Hieroglyphic Trails, LLC	Project Name: : Hieroglyphic Trails Subdivision	
Address	5128 E. Ingram Street Mesa, AZ 85205		
Project Type(s)		Project Location: Near the intersection of E. Kings Ranch Road and S. Mountain Whisper, Gold Canyon	
<input checked="" type="checkbox"/>	Gravity	Project Description: Approximately 2249 feet of 8-inch PVC sewer pipe, 1025 feet of 3-inch PVC force main, 1011 feet of 1-inch PVC force main, 1 lift station 15 manholes, and related appurtenances	
<input checked="" type="checkbox"/>	Lift Station		
<input checked="" type="checkbox"/>	Forcemain		
	Other:		
Wastewater System Name:	Gold Canyon Sewer Co	Treatment Facility Permitted Design Flow: 0.5 MGD	
Wastewater System Number:	410148		
System Inventory Number:	100217	System Capacity Affirmation, Date: 10/99	
This Verification is Based upon the following:		Site Information:	
Document	Dated	County: Pinal	
Engineer's Certificate of Completion (ECC)	02/05	Location of Downstream End of system proposed herein:	
Deflection Tests	03/05	Township 1S Range 9E Section 4 1/4 1/4 1/4	
Uniform Slope Tests	03/05	Latitude: 33° 22' 19.5" N	
Leakage Tests	03/05	Longitude: 111° 25' 58.6" W	
As-built plans	12/04	Legal Description of area served by project:	
Final O&M Manual	NA	Township: 1S Range: 9E Section: 4	
Other Document(s):		Township: Range: Section:	
<p>Verification of General Permit Conformance: This Verification of General Permit Conformance is issued in accordance with Arizona Administrative Code Title 18, Chapter 9, Article 3, Part A, Section A.301. The applicant is authorized to discharge from the facility at the location specified herein under terms and conditions of the general permit and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and Arizona Administrative Code Title 18, Chapter 9.</p>			
		Manager, Wastewater Design Review Unit Title	
		Date 4/29/05	

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT SEWAGE FACILITIES
 WASTEWATER COLLECTION SYSTEM SERVING SUBDIVISION

ADEQ FILE NO: 20000052	ADEQ SITE CODE: 503255-00
WASTEWATER SYSTEM NO.: connects to 410148	INVENTORY NO.: ASSIGNED WHEN APPROVAL OF CONSTRUCTION ISSUED
SYSTEM NAME: Gold Canyon Sewer Co.	
PROJECT NAME: Hieroglyphic Trails, Lots 1 thru 24	
PROJECT OWNER: Horse Whisperer Properties, LLC Attention: Edward Birmingham	
OWNER'S ADDRESS: 6140 S. Kings Ranch Rd., Gold Canyon, Arizona 85219	
PROJECT LOCATION: E. Kings Ranch Rd. & S. Mountain Whisper, Gold Canyon, COUNTY: Pinal	
PROJECT DESCRIPTION: Installation of sewage collection system to serve Hieroglyphic Trails subdivision, total of 24 lots. The sewer extension consists of the following: <ol style="list-style-type: none"> connect the new sewer system to an existing 8-inch sewer line located at Mountain Whisper; approx. 2249 LF-8" gravity PVC sewer pipes with fifteen (15) 48-inch manholes and drop manholes, one 8-inch cleanout, sewer service lines, and appurtenances; and approx. 1025 LF-3" and 1011 LF-1" PVC sewer forcemains with accessories, an influent lift station with two pumps and wetwell, and appurtenances. 	

APPROVAL TO CONSTRUCT THE ABOVE "PROJECT DESCRIPTION" IS HEREBY GIVEN, SUBJECT TO PROVISIONS 1 THROUGH 16 ON PAGES 2 THROUGH 4 OF THIS CERTIFICATE

A.R.S. §49-104.B.10, requires that construction of the project must be in accordance with rules and regulations of the Arizona Department of Environmental Quality.

SGB:NKA:nka
 J:\wrcd\condocs\A00323BA.A4T

Jacqueline E. Schafer, Director
 Arizona Department of Environmental Quality

By: *John D. Stewart* 4/20/2000
 Authorized Manager Date Approved
 Water Quality Section, Water Quality Division

Original Certificate & "Review File Copy" plans:
 Engineering Review File No. 20000052

Certificate copy & approved plans:
 Water Quality Enforcement Unit
 Pinal County Health Department
 Project Owner: Horse Whisperer Properties, LLC Atten: Edward Birmingham
 6140 S Kings Ranch Rd., Gold Canyon, AZ 85219

Certificate copy only:
 Project Engineer: JMI & Associates, Inc. Atten: Mathew Olsen, P.E.
 4151 N. Marshall Way, Suite #12, Scottsdale, AZ 85251

1. Construction shall be in accordance with: A. all provisions of this certificate, and B. plans and specifications stamped "APPROVED FOR CONSTRUCTION, ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY", which are dated and initialed by the authorized ADEQ staff.
2. The Project Owner shall retain the services of a professional engineer before construction commences to provide detailed construction inspection of this project. The Project Owner or the Retained Professional Engineer shall provide notification as follows before construction begins per A.R.S. §49-104.B.10.:
 - A. Notification shall be in writing and shall include:
 1. Purpose of notification ("Commencement of Construction")
 2. Name of project
 3. ADEQ File Number
 4. Project Location
 5. Date construction scheduled to begin
 6. Name and Arizona registration number of the professional engineer providing construction inspection and supervision ("Retained Professional Engineer").
 2. Notification shall be made to:
 1. Pinal County Health Department, AND
 2. Water Quality Enforcement Unit
Water Quality Compliance Section
Arizona Department of Environmental Quality
3033 N. Central Avenue
Phoenix, Arizona 85012
ATTN: Wastewater Field Engineer covering Pinal County.
3. This certificate will be void and a written Time Extension shall be required for construction to proceed if construction of this project has not started within one year of the Approval Date (see signature block, Page 1).
 - A. The written request for Time Extension shall be submitted by the Project Owner and shall include:
 1. Purpose of the request ("Time Extension of Approval to Construct")
 2. Name of project
 3. ADEQ File Number
 4. Approval Date (see signature block of certificate to be extended).
 5. Check payable to ADEQ in the amount of \$500.00 (applicable Initial Fee for reviewing a Time Extension request). Please note that additional charges will apply upon completion of the review if billable review time exceeds the Initial Fee.
 - B. The written request for Time Extension shall be submitted to:

Engineering Review Desk
Water Quality Division
Arizona Department of Environmental Quality
3033 N. Central Ave.
Phoenix, Arizona 85012.

4. Upon completion of construction, the **Retained Professional Engineer** (see Provision No. 2) shall fill out the **Engineer's Certificate of Completion and Final Inspection** (attached), and forward it to the ADEC address provided in Provision No. 2. The following shall accompany the Certificate of Completion as a single package:
- A. scaled "As-Built" plans with relative construction specifications,
 - B. construction test data, including all component leakage testing results,
 - C. check payable to ADEC in the amount of \$500.00, which is the Applicable Initial Fee for reviewing construction documentation to issue an Approval of Construction pursuant to A.A.C. R18-9-405. (Please note that additional charges will apply upon completion of the review if billable time exceeds the Initial Fee for this service.), and
 - D. other documentation over an Engineer's seal that demonstrates satisfaction of each provision of this certificate of Approval to Construct.

Changes shown in the "As-Built" plans shall be conspicuously identified by "clouding" or other effective identification method. Upon receipt of these materials, the ADEC Wastewater Field Engineer will review the file and, if in order and full payment for the applicable fee is received, issue an **APPROVAL OF CONSTRUCTION**.

5. The Project Owner shall not begin operation of the newly constructed facility until an **APPROVAL OF CONSTRUCTION** is issued by the Department.
6. No "discharge" to the "waters of the United States" pursuant to Sections 301, 309, 402, 404, and 502 of the federal Clean Water Act (CWA) are authorized by this approval. If this project results in discharge to these waters, CWA permits are necessary before commencing the discharge, pursuant to the Code of Federal Regulations Titles 33 and/or 40. Any construction in a watercourse shall comply with all terms and conditions of the Section 404 Permit program which is administered by the U.S. Army Corps of Engineers.
7. This Approval to Construct applies only to the sewage facilities for Hieroglyphic Trails subdivision, Lots 1 thru 24 inclusive, total 24 lots. Connection of additional sewage sources **WILL REQUIRE A SEPARATE DESIGN REVIEW AND CERTIFICATE OF APPROVAL TO CONSTRUCT**. The scope of ADEC's review of the proposal which resulted in this approval did not address the question of whether the facilities approved herewith could accommodate additional connections.
8. Separation and encasement or alternate piping material requirements for water lines and sewer lines shall be per Arizona Administrative Code R18-9-811 and R18-4-502. Whenever present, forcemain sewer lines installed within six (6) feet horizontally from any water main shall be considered as a pressure sewer for the purpose of A.A.C. R18-4-502.C.3.
9. Material specification and installation of sewerline components shall conform with NSF, ASTM, and MAG, or other local standards pursuant to ADEC and Pinal County rules and regulations.
10. Field deflection testing shall be performed on a minimum of 20% of the total length of 8-inch PVC sewer pipes per MAG 615.10. **ALL DEFLECTION TESTING RESULTS SHALL BE SUBMITTED TO ADEC IN PARTIAL FULFILLMENT OF PROVISION NO. 4. ABOVE.**
11. The gravity sewerlines and associated manholes including the influent lift station chamber shall be leakage tested in accordance with ADEC Engineering Bulletin No. 11 or the latest revision of MAG construction

specifications. Exfiltration from any installed chamber shall not exceed 0.1 gallons per hour per vertical foot at maximum water level. **ALL LEAKAGE TESTING RESULTS SHALL BE SUBMITTED TO ADEQ IN PARTIAL FULFILLMENT OF PROVISION NO. 4. ABOVE.**

12. The pressure sewerlines (including appurtenances) shall be leakage tested in accordance with ADEQ Engineering Bulletin No. 11, Chapter V, Section B.5.e. **ALL LEAKAGE TESTING RESULTS SHALL BE SUBMITTED TO ADEQ IN PARTIAL FULFILLMENT OF PROVISION NO. 4. ABOVE.**
13. The wastewater collection system shall be properly operated and maintained in accordance with the manual specified by Part XI of Engineering Bulletin No. 11, the terms and conditions of all applicable ADEQ and Federal permits, and ADEQ policies. The final O & M Manual shall also include the following:
 - a. Instructions for operation and maintenance of the low pressure sewage collection system and installation and maintenance of grinder pumps, including licensing, record keeping, and inspection.
 - b. Instructions for inspection and maintenance, and a contingency plan for influent lift station.
14. The "As-Built" plans shall show profiles, invert elevations, and grade elevations for all sewer forcemain, low pressure sewer, and other sewage system components pursuant to Engineering Bulletin No. 11.
15. The "As-Built" plans shall show manhole construction and sewerline bedding details in accordance with MAG standard details.
16. All of the discharges which will enter the sewer line approved as part of this project are subject to the Arizona Environmental Quality Act and the Federal Clean Water Act, including those portions that apply to toxic pollutants. Individual connections affected by these statutes may be required to accomplish pretreatment for toxic pollutants before introduction into the public sewer and/or may be required to comply with other regulatory requirements. This approval does not preclude the wastewater system which receives and treats the wastewater generated by the individual connections to this project from requiring one or more of those connections to accomplish treatment (to standards stipulated by the wastewater system) prior to its entry to the sewerlines herewith approved.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR SUBDIVISION

Page 1 of 3

SUBDIVISION: Hieroglyphic Trails		ADEQ FILE NO.: 20000052
APPROVED LOTS: 1 thru 24 inclusive		ADEQ SITE CODE: 503255-00
LOCATION: East Gold Canyon		
TOWN: Gold Canyon		COUNTY: Pinal
SECTION 4	TOWNSHIP 1N	RANGE 9E
SUBDIVIDER: Horse Whisperer Properties, LLC		Attention: Edward Birmingham
6140 S. Kings Ranch Rd., Gold Canyon, Arizona 85219		
Water Supply By: Arizona Water Co. (PWS No. 11-004)		
Sewage Disposal By: Subdivision collection system (see separate Approval to Construct Sewage Facilities). All sewage to be received by Gold Canyon Sewer Co. wastewater system, ADEQ Wastewater System No. 410148		
Garbage Disposal By: AJ Waste System to Apache Junction Landfill		

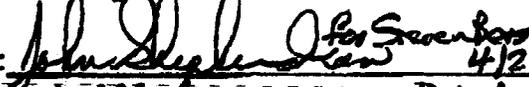
The sanitary facilities of water supply, sewage disposal and garbage disposal as represented by the approved plan documents on file with the Arizona Department of Environmental Quality are hereby approved subject to the following Provisions:

Provisions 1. thru 5. appear on Page 2

This CERTIFICATE OF APPROVAL does not constitute an APPROVAL TO CONSTRUCT the sanitary facilities to serve the subdivision.

SGB:NKA:nka
 j:\water\condoc\A00223RA.A6T

Jacqueline E. Schafer, Director
 Arizona Department of Environmental Quality

By:  4/20/2000

Authorized Manager Date Approved
 Water Permits Section, Water Quality Division

CERTIFICATE DISTRIBUTION

Original Certificate and Plat:
 Engineering Review File No: 20000052

Certificate Copy and Plat:
 Developer: Horse Whisperer Properties, LLC Attn: Edward Birmingham
 6140 S Kings Ranch Rd., Gold Canyon, AZ 85219

Certificate copy only:
 Engineer: JMI & Associates, Inc. Attn: Mathew Olsen, P.E.
 4151 N. Marshall Way, Suite #12, Scottsdale, AZ 85251

1. This Certificate will be VOID:
 - a. IF THE CONSTRUCTION OF SANITARY FACILITIES AND SUBMITTAL OF "AS-BUILT" PLANS AND CONSTRUCTION DOCUMENTATION TO ADEQ BY THE SUBDIVIDER IS NOT COMPLETED BY APRIL 30, 2003, PURSUANT TO ARIZONA ADMINISTRATIVE CODE R18-4-505.E. AND/OR R18-9-804.F.
 - b. IF THE WASTEWATER TREATMENT SYSTEM DOES NOT COMPLY WITH APPLICABLE TREATMENT AND DISCHARGE PERMITS PURSUANT TO ARIZONA ADMINISTRATIVE CODE, TITLE 18, CHAPTER 9, AND TITLE 40 OF THE CODE OF FEDERAL REGULATIONS.
2. Two sets of final recorded plats must be submitted to the ADEQ Engineering Review Desk after the plat is recorded in Pinal County.
3. The Public Report must include, but shall not be limited to 3.a thru 3.c:
 - a. If the construction of sanitary facilities and submittal of "as-built" plans and construction documentation to ADEQ by the subdivider is not completed by April 30, 2003, this Certificate of Approval of Sanitary Facilities for Subdivision is void pursuant to Arizona Administrative Code R18-4-505.E. and/or R18-9-804.F.
 - b. The following three lots 15, 16 and 17 require grinder pumps and appurtenances to connect to the public sanitary sewer collection system.
 - c. The subdivider and each subsequent Lot Owner which require a grinder pump for sewer service connection shall inform each buyer that a grinder pump and appurtenances are required in order to connect to the public sanitary sewer collection system. The buyer shall also be made aware about the responsibilities and expenses associated with the grinder pump installation, operation, maintenance and repairs which shall be in accordance with manufacturer recommendations and user instruction manuals.
4. This Approval to Construct applies only to Hieroglyphic Trails, Lots 1 thru 24 and not to any subsequent units or phases of the subdivision.
5. No "discharge" to the "waters of the United States" pursuant to Sections 301, 309, 402, 404, and 502 of the federal Clean Water Act (CWA) are authorized by this approval. If this project results in discharge to these waters, CWA permits are necessary before commencing the discharge, pursuant to the Code of Federal Regulations Titles 33 and/or 40. Any construction in a watercourse shall comply with all terms and conditions of the Section 404 Permit program which is administered by the U.S. Army Corps of Engineers.