



ORIGINAL

BEFORE THE ARIZONA CORPORATIVE COMMISSION

2006 MAR 13 P 3: 59

COMMISSIONERS

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

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE
APPLICATION OF PERKINS
MOUNTAIN WATER COMPANY
FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN MOHAVE COUNTY

DOCKET NO. W-20380A-05-0490

IN THE MATTER OF THE
APPLICATION OF PERKINS
MOUNTAIN UTILITY COMPANY
FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY
IN MOHAVE COUNTY

DOCKET NO. SW-20379A-05-0489

NOTICE OF FILING
FRANCHISE AGREEMENTS

Pursuant to its Application in the above-captioned matter, Perkins Mountain Water Company and Perkins Mountain Utility Company, through undersigned counsel, hereby supplement the record to file their Franchise Agreements, approved by the Mohave County Board of Supervisors at their meeting held on March 6, 2006.

RESPECTFULLY SUBMITTED this 13th day of March, 2006.

SNELL & WILMER L.L.P.

By:

Kimberly A. Grouse
Robert J. Metli
One Arizona Center, 400 East Van Buren
Phoenix AZ 85004-2202
Attorneys for Perkins Mountain Water Company
and Perkins Mountain Utility Company

Snell & Wilmer

L.L.P.
LAW OFFICES
One Arizona Center, 400 E. Van Buren
Phoenix, Arizona 85004-2202
(602) 382-6000

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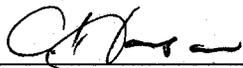
ORIGINAL and 13 copies filed March 13, 2006, with:

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

COPY mailed March 13, 2006, to:

Booker T. Evans, Jr.
Kimberly A. Warshawski
Greenberg Traurig, L.L.P.
2375 East Camelback Road, Suite 700
Phoenix, AZ 85016

Scott Fisher
Sports Entertainment
808 Buchanan Blvd., Ste. 115-303
Boulder City, NV 89005



MOHAVE COUNTY BOARD of SUPERVISORS



P.O. Box 7000
Website - www.co.mohave.az.us

700 West Beale Street
Kingman, Arizona 86402-7000
TDD - (928) 753-0726

Kingman, Arizona 86402-7000
TDD - (928) 753-0726

District 1
Pete Byers
(928) 753-0722

District 2
Tom Sockwell
(928) 758-0713

District 3
Buster D. Johnson
(928) 453-0724

County Manager
Ron E. Walker
(928) 753-0729
FAX (928) 718-4957

Clerk of the Board
Barbara Bracken
(928) 753-0731
FAX (928) 753-0732

RECEIVED
MAR 10 2006
SNELL & WILMER

March 8, 2006

Robert J. Metli
Snell & Wilmer
One Arizona Center
Phoenix, AZ 85004-2202

RE: Perkins Mountain Utility Company and Perkins Mountain Water Company

Dear Mr. Metli:

Please be advised at the Mohave County Board of Supervisors meeting held March 6, 2006, the Board approved Franchise Agreements for Perkins Mountain Utility Company and Perkins Mountain Water Company.

Enclosed are copies of the Franchise Agreements. If you have any questions, please do not hesitate to contact this office.

Sincerely,

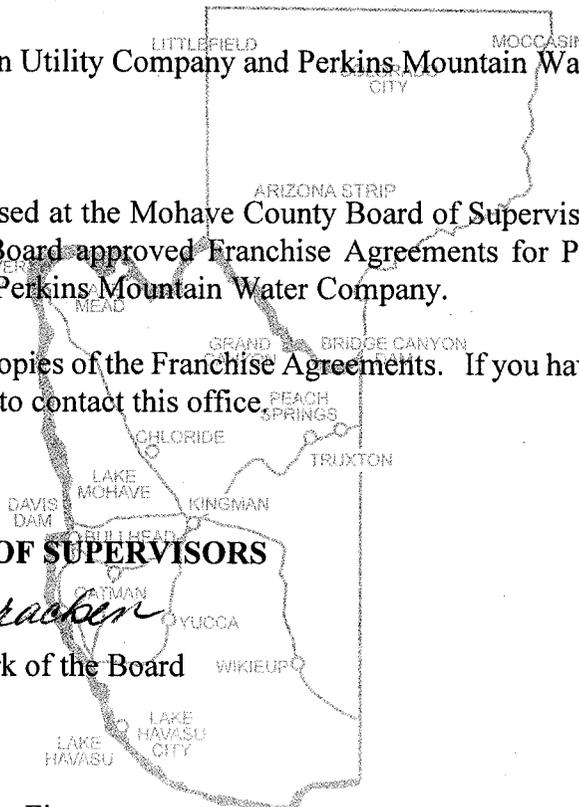
FOR THE BOARD OF SUPERVISORS

Barbara Bracken

Barbara Bracken, Clerk of the Board

Enclosure

XC: Mohave County Finance
Mohave County Public Works
Mohave County Planning & Zoning



Perkins Mountain Water Company
Franchise Agreement and Franchise
For Public Service Corporations

**FRANCHISE AGREEMENT AND FRANCHISE
FOR
PUBLIC SERVICE CORPORATIONS**

Date of Franchise: 03-06-2006
Term of Franchise: 25 years
Renewal Date Option: 03-06-2031

This is a Franchise Agreement between the County of Mohave, State of Arizona, and PERKINS MOUNTAIN WATER COMPANY, authorizing the location, construction, maintenance and operation of water pipelines within the unincorporated areas of Mohave County. This Franchise specifically grants to PERKINS MOUNTAIN WATER COMPANY the privilege of using the Public Rights-of-Way and Easements of Mohave County in accordance with established policies, practices, and procedures of Mohave County and its several departments.

RECITALS

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to protect the health, safety and welfare of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to assure that Public Rights-of-Way and Easements of Mohave County are used in a responsible manner consistent with the best interests of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors strives to authorize the use of the Public Rights-of-Way and Easements of Mohave County in a uniform manner among all users; and

WHEREAS, the Mohave County Board of Supervisors deems this form of Franchise Agreement and Franchise to be fair, reasonable and appropriate for Public Service Corporations;

NOW, THEREFORE, the Mohave County Board of Supervisors and PERKINS MOUNTAIN WATER COMPANY do hereby state, promise and agree as follows:

Section 1. DEFINITIONS.

As used in this Franchise Agreement and Franchise, the following terms have been agreed to have the meanings indicated:

- A. "Agreement" means this Franchise Agreement and Franchise.

B. "Area of Jurisdiction" means the part of Mohave County for which this Franchise is granted.

C. "Board" means the Mohave County Board of Supervisors.

D. "County" means Mohave County, Arizona.

E. "Emergency" means any occurrence that may arise without prior notice to Franchisee.

F. "Franchise" means this Franchise Agreement and Franchise.

G. "Franchisee" means PERKINS MOUNTAIN WATER COMPANY.

H. "Franchising Authority" means the Mohave County Board of Supervisors.

I. "Franchise Property" means all materials, equipment, and facilities of Franchisee located, constructed, maintained, and/or operated in the Public Rights-of-Way and Easements of Mohave County pursuant to the terms and conditions of this Franchise Agreement and Franchise.

J. "Gross Annual Receipts" means any compensation derived from any Subscriber or User in payment for delivery of a product or services from Franchisee. This meaning shall not include any taxes collected by Franchisee and transmitted to a governmental agency, and it shall not include any amounts collected by Franchisee by virtue of the Franchise Fee provisions of this Franchise.

K. "Intergovernmental Agreement" means the joint exercise of powers authorized by Title 11, Chapter 7, Article 3 of Arizona Revised Statutes.

L. "Public Rights-of-Way and Easements" means that real property located within the unincorporated areas of Mohave County within which the Mohave County Board of Supervisors has the power and authority to grant a Franchise.

M. "Rights-of-Way and Easements" shall mean the surface of, the space above, and the space below the Public Rights-of-Way and Easements reasonably necessary to construct, operate, and maintain the Franchise Property.

N. "Service Area" means the unincorporated areas of Mohave County in which the Franchisee delivers the service for which this Franchise is granted.

O. "Subscriber or User" means any person or entity receiving, for any purpose, the services of the Franchisee.

Section 2. GRANTING OF FRANCHISE.

A non-exclusive Franchise is hereby granted to Franchisee for the purpose of

locating, constructing, and maintaining Franchise Property in the unincorporated area of Mohave County. This Franchise shall include the authority, privilege, and power to construct, operate, and maintain all necessary Franchise Property in, over, under, across, and upon the Public Rights-of-Way and Easements consistent with the terms and conditions of this Franchise.

Section 3. TERM OF FRANCHISE.

This Franchise shall be for an initial term of twenty-five (25) years beginning on the date of Board approval. This term may be extended only by reapplication and grant of an extension. Application for an extension shall be submitted to the Board no sooner than three hundred sixty-five (365) days, nor later than one hundred twenty (120) days, prior to the expiration date of this Franchise.

Section 4. TERMS AND CONDITIONS.

This Franchise shall be subject to the following conditions:

A. This Franchise shall not be deemed to limit the authority of the Board to include other conditions or restrictions which may be necessary for the protection of the health, safety and welfare of the residents of the County and/or for the efficient administration of the Rights-of-Way and Easements in general.

B. This Franchise is non-exclusive.

C. The Board has granted this Franchise in reliance upon the Franchisee's business skill, reputation, financial capacity, and character. Accordingly, this Franchise and/or any interest hereunder shall not be assigned, transferred, conveyed, or otherwise encumbered without the express written consent of the Board. Failure of performance by the Franchisee of any of the terms and conditions of this Franchise may be cause for termination of this Franchise pursuant to Section 16 of this Agreement.

D. No privilege or exemption shall be granted or inferred unless specifically set forth in this Franchise.

E. Any privilege claimed under this Franchise by the Franchisee in any Right of Way or Easement shall be subordinated to any prior lawful occupancy of the Right of Way or Easement.

F. Prior to commencing any activity authorized by this Franchise, the Franchisee shall submit plans and specifications for such activity to the County Public Works Director for approval; provided, however, whenever Franchisee is required to undertake emergency activities required to protect the health, safety and welfare of the public and/or the safety and reliability of the Franchise Property, Franchisee shall notify the County Public Works Director not later than twenty-four (24) hours after notice of the emergency; and provided further, however, should such emergency present an immediate threat or danger to the health, safety and welfare of the public, Franchisee

shall notify the County Manager or the County Public Works Director or the County Emergency Services Coordinator or the Chairman of the Board within one (1) hour of notice of the emergency.

G. Any failure of the Board, or its agents, to promptly enforce compliance of the terms and/or conditions of this Franchise shall not be deemed a waiver of such terms and/or conditions.

H. The Franchisee shall have no recourse against the Board or its agents for any loss, cost, expense, or damage arising out of any term, condition or enforcement of this Franchise.

I. The Franchisee shall be subject to all County rules, regulations and/or specifications pertaining to the use of Public Rights-of-Way and Easements which may be adopted from time to time by the Board.

J. Prior to the grant of this Franchise by the Board, Franchisee shall submit a projected financial statement, and annually thereafter, Franchisee shall submit to the Board a complete financial statement that reflects the current financial status of the Franchisee and a list of names and addresses of proprietors, owners, or beneficial shareholders who hold more than a ten percent (10%) interest in the corporation, organization, or regulated entity.

Section 5. RECORDS TO BE KEPT AND MAINTAINED; REPORTS; INSPECTION OF RECORDS.

A. Franchisee shall prepare and furnish to the Board, or its agents, such reports and records of its operations, affairs, transactions and/or property as the Board deems necessary or appropriate for the enforcement or performance by the Franchisee according to the terms and conditions of this Franchise.

B. Franchisee shall keep and maintain within the County, and make available for County inspection upon reasonable request, full and complete plans and records showing the exact location of all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements.

C. Franchisee shall file with the County Public Works Director, on or before the 31st day of December of each year, a map and/or a set of plans showing all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements current as of the immediately preceding November 30th.

D. Franchisee shall keep its Franchise property in good operating condition, and Franchisee shall cause all customer complaints to be duly investigated and, where the circumstances warrant, corrected within a reasonable period of time. Records reflecting such complaints, and the time and manner in which they are resolved, shall be maintained by the Franchisee for at least one (1) year and shall be made available for inspection by the Board or its agents upon reasonable request.

Section 6. INSTALLATION STANDARDS.

A. Franchisee shall be responsible for meeting all County, State, Federal, and local installation standards.

B. Any other provision of this Franchise notwithstanding, all installations of Franchise Property shall be made in a safe and workmanlike manner and maintained in good condition at all times. Except for the conduct of normal construction and repair activities, all such installations of Franchise Property shall be approximately placed so as not to interfere in any manner with the rights of the public or individual property owners and shall not interfere with the use of public property by the public and shall not obstruct or impede traffic. The Board reserves the right of regulation of the erection and construction of any Franchise Property, by Franchisee and its agents or employees, and to designate where such Franchise Property shall be placed. Franchisee agrees to make changes in its plans, specifications and/or Franchise Property to conform with all requirements of the Board.

C. Franchisee shall be responsible for obtaining all necessary licenses, certificates, permits and approvals from all government authorities having jurisdiction over the activities to be conducted under this Franchise.

Section 7. UNDERGROUND LINES.

Franchisee shall, at its own expense, place its lines underground in areas which it serves where telephone and electric power lines are, or are required to be, underground.

Section 8. LOCATION OF FRANCHISE PROPERTY.

Franchise Property shall be constructed or installed in Public Rights-of-Way and Easements of the County only at such locations and in such manner as shall be approved by the Board or its agents. Construction or installation of Franchise Property shall be in accordance with all Federal, State, and County laws and regulations.

Section 9. REPAIR OF ROADS, STREETS, RIGHTS-OF-WAY AND EASEMENTS.

Franchisee shall, at its own expense, promptly repair and restore any and all roads, streets, sidewalks or other public and/or private property altered, damaged, or destroyed by Franchisee in exercising the privileges granted herein to Franchisee.

Section 10. FAILURE TO PERFORM AS REQUIRED IN SECTION 9 ABOVE.

A. Upon failure of Franchisee, and its agent or employees, to complete any work required by this Franchise, the Board or its agents may notify Franchisee of non-compliance by registered mail. Franchisee shall have fourteen (14) days from the receipt of the notice to complete the repairs or to enter into an agreement with the

Board and/or its agents for the completion of the repairs.

B. If, in the opinion of the County Director of Public Works and/or the County Manager, the failure to repair or complete construction presents a serious and immediate danger to the public health, safety and welfare, they, separately or together, may take immediate action to mitigate the damage. All costs associated with such actions will be the sole responsibility of Franchisee, and Franchisee shall reimburse the County for such costs within thirty (30) days after receipt or an itemized bill.

Section 11. REMOVAL AND ABANDONMENT OF FRANCHISE PROPERTY.

A. In the event the use of any Franchise Property is discontinued for a continuous period of twelve (12) months and Franchisee is unable to reasonably demonstrate the usefulness of such Franchise Property for future use, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

B. In the event Franchise Property is installed in violation of any requirements of this Franchise, and Franchisee fails to take reasonable measures to cure such violation within thirty (30) days after written notice of such violation, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

C. Franchise Property to be abandoned in place shall be abandoned in accordance with applicable law. Upon abandonment of Franchise Property in place, Franchisee shall submit to the Board an instrument satisfactory to the Board transferring the ownership of such Franchise Property to the County.

Section 12. CHANGES REQUIRED BY PUBLIC IMPROVEMENTS.

Franchisee shall, at its own expense, protect, support, temporarily disconnect, relocate in the same street, alley or public place, any Franchise Property when required by the Board or its agents by reason of County Public improvements; provided, however, Franchisee shall have the right to abandon Franchise Property as provided in Section 11 above.

Section 13. INDEMNIFICATION OF COUNTY.

Franchisee shall defend the County against all claims for injury to any person or property caused by the negligence of Franchisee, its agents and/or employees, in the construction or operation of Franchise Property, and, in the event of a determination of liability, shall indemnify the County, the Board, its agents and/or employees. More particularly, Franchisee, its successors and assigns, does hereby agree to indemnify and hold harmless the County, the Board and/or its agents and employees, from any and all liability, claim, demand or judgment arising out of any injury to any person or property as a result of a violation of failure on the part of Franchisee, its successors and assigns, to observe their proper duty or because of negligence in whole or in part arising out of the construction, repair, extension, maintenance, or operation of Franchise

Property of any kind or character used in connection with this Franchise.

Section 14. LIABILITY INSURANCE REQUIRED.

Franchisee agrees that prior to commencing construction, and at all times thereafter, during the existence of this Franchise, Franchisee will carry a minimum of \$1,000,000 in excess liability insurance on a combined single limit basis above any permitted self-insured retention. Self-insured retention shall be permitted so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. The insurance coverage required by this Section shall be provided by one or more insurers permitted under Title 20 of Arizona Revised Statutes to transact insurance business. Further, Franchisee shall provide to the Clerk of the Board of Mohave County a Certificate of Insurance naming the County, the Board and/or its agents and employees as additional insured. The Certificate will provide for notification to the Clerk of the Board of Mohave County prior to any change in said policy, or cancellation of said policy, for any reason, including nonpayment of premiums.

Section 15. FRANCHISE FEE.

A. Franchisee shall pay to the County an annual Franchise Fee in an amount equal to two percent (2%) of Franchisee's Gross Annual Receipts derived from the operation of Franchise Property so long as the Board shall have the authority to levy a Franchise Fee. Further, Franchisee shall not be required to pay to the County any other Franchise fee or Permit fee in connection with this Franchise. There shall be no offsets for any other taxes or assessments, *i.e.*, sales tax, fuel tax, personal property tax, general ad valorem property tax, special assessments for local improvements or any other tax or assessment not directly related to the use of the Public Rights-of-Way and Easements that may be required of Franchisee by any government agency.

B. The annual Franchise Fee shall be paid no later than the first (1st) day of May following each calendar year during the term of this Franchise. All such payments shall be made to the Mohave County Finance Department, P.O. Box 7000, Kingman, Arizona 86402-7000. So long as the Board shall have the authority to levy a Franchise Fee, failure to pay such Franchise Fee by the first (1st) day of May following the calendar year is a material breach of this Franchise Agreement and is subject to the termination provisions of Section 16 hereinafter.

C. The Board shall have the right to inspect and audit all Franchisee's books and records which may be necessary in determining Franchisee's Gross Annual Receipts derived from the use of the Public Rights-of-Way and Easements and the right of audit and re-computation of any amount paid under this Section; provided, however, that the right of re-computation shall be limited to the two (2) calendar years immediately preceding the initiation of any such audit. Financial statements required by this Franchise Agreement for each calendar year shall be submitted annually on or before April 15 of each year. No acceptance of any payment shall be construed as a

release or accord and satisfaction of any claim the County may have for further or additional sums payable under this Section or for the performance of any obligation under this Franchise Agreement.

D. The percentage of Gross Annual Receipts set forth in this Section and the insurance requirements set forth in Section 14 above shall be subject to reevaluation by the Board every fifth (5th) year of this Franchise; provided, however, that no reevaluation shall occur so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. If reevaluation of the amounts due under this Section or the insurance requirements set forth in Section 14 above should result in a dispute between the parties, the dispute shall be presented to a neutral Arbitration Board for decision and settlement. The Arbitration Board shall consist of either one person mutually acceptable to the parties to this Franchise Agreement or to the American Arbitration Association. In the event of arbitration, the parties shall each pay their individual costs for such arbitration. The standard procedures and policies of arbitration shall apply in all cases.

Section 16. TERMINATION.

A. This Franchise Agreement and Franchise may be terminated by the mutual consent of the Board and the Franchisee evidenced by a writing.

B. This Franchise Agreement and Franchise, and all rights granted hereunder, may be terminated by the Board upon any breach of the terms and conditions hereof by Franchisee and Franchisee's failure to undertake reasonable measures to cure such breach within thirty (30) days subsequent to Franchisee's receipt of written notice of such breach. Written notice shall be by registered mail.

Section 17. OTHER PROVISIONS.

Franchisee shall keep a copy of its current Tariffs applicable to the Subscribers or Users in Mohave County on file with the Clerk of the Board of Mohave County.

Section 18. RESERVATION OF POWERS.

A. There is hereby reserved to the Board every right and power which is required to be reserved and Franchisee, by its acceptance of this Franchise, agrees to be bound thereby and to comply with any action or requirements of the Board in its exercise of any such right of power enacted or established.

B. Neither the granting of this Franchise nor any of the provisions contained herein shall be construed to prevent the Board from granting any identical, or similar, Franchise to any person or corporation other than the Franchisee.

Section 19. SEVERABILITY.

In the event any provision of this Agreement is rendered inoperative by virtue of

the entry of a final judgment of a Court of competent jurisdiction, such event shall not affect any other provision of this Agreement that can be given effect without such inoperative provision and, for this purpose, the provisions of this Agreement are hereby declared to be severable.

Section 20. OFFICIAL NOTICES.

Notices concerning this Franchise Agreement and Franchise shall be sent to:

FOR THE COUNTY:

Clerk of the Board
Mohave County
P.O. Box 7000
Kingman, AZ 86402-7000

FOR FRANCHISEE:

President
Perkins Mountain Water Company
2214 Hualapai Mountain Road
Suite H
Kingman, AZ 86401

Section 21. EFFECTIVE DATE.

This Franchise shall take effect upon the date of approval by the Board.

APPROVED by the Mohave County Board of Supervisors this 6 day of March, 2006.

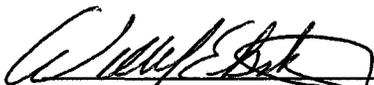
FOR THE BOARD:


Chairman of the Board

ACCEPTED FOR FRANCHISEE:

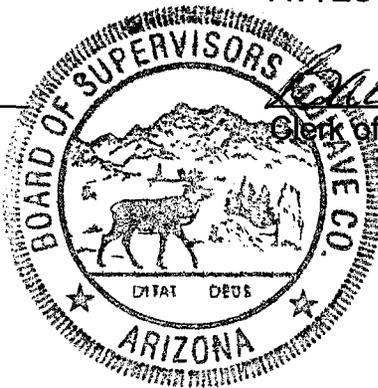

President

APPROVED AS TO FORM:


County Attorney

ATTEST:


Clerk of the Board



ATTACHMENT "A"
Legal Description

TOWNSHIP 20 NORTH, RANGE 18 WEST, G.& S.R.M., MOJAVE COUNTY, AZ:

SECTION 2, EXCEPT THE W2 NW4 NW4 NE4 NE4, & THE SE4 SE4;
SECTION 3;
SECTION 4;
SECTION 8, EXCEPT THE W2 NW4 NW4 NE4;
SECTION 9;
SECTION 10;
SECTION 11, EXCEPT THE S2 SE4 SE4 SE4;
SECTION 14, EXCEPT THE E2 NE4, THE NE4 SE4, THE E2 W2 SE4 SE4, & THE E2 SE4 SE4;
SECTION 16.

TOWNSHIP 21 NORTH, RANGE 18 WEST, G.& S.R.M., MOJAVE COUNTY, AZ:

SW4 SECTION 34.

TOWNSHIP 27 NORTH, RANGE 20 WEST, G.& S.R.M., MOHAVE COUNTY, AZ:

SECTION 16, EXCEPT THE NW4 NE4, & THE E2 NE4;
W2 W2 SECTION 17;
SECTION 20;
SECTION 21, EXCEPT THE SW4, & THE S2 SW4 NW4;
SECTION 23, EXCEPT THAT PORTION WITHIN THE BOUNDARIES OF BONITA M.S. 1253A, AS SET FORTH IN SAID PATENT.
ALL OF SECTION 30 LYING SOUTHERLY OF THE CENTERLINE OF WHITE HILLS ROAD (O.R. 274/50-97), EXCEPT THE SW4, & THE SW4 SE4.

TOWNSHIP 27 NORTH, RANGE 21 WEST, G. & S.R.M., MOHAVE COUNTY, AZ:

A PORTION OF THE E2 SECTION 25 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION 25; THENCE SOUTH 00°28'58" WEST, ALONG THE EASTERLY LINE THEREOF, 2,643.95 FEET TO THE SOUTHEAST CORNER OF SAID SOUTHEAST QUARTER (SE ¼); THENCE NORTH 89°33'42" WEST, ALONG THE SOUTHERLY LINE THEREOF, 164.23 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 74°14'59" WEST, A RADIAL DISTANCE OF 5,821.58 FEET, SAID POINT BEING ON THE EASTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 95; THENCE NORTHERLY ALONG THE ARC, ALONG SAID EASTERLY RIGHT-OF-WAY LINE, THROUGH A CENTRAL ANGLE OF 07°34'58", 770.46 FEET; THENCE NORTH 23°19'59" WEST, CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, 2,685.36 FEET TO THE CENTERLINE WHITE HILLS ROAD (O.R. 274/50-97); THENCE NORTH 68°20'45" EAST, ALONG SAID CENTERLINE, 1,632.40 FEET TO THE EASTERLY LINE OF THE NORTHEAST QUARTER (NE ¼) OF SAID SECTION 25; THENCE SOUTH 00°28'34" WEST, ALONG SAID EASTERLY LINE, 1,151.09 FEET TO THE POINT OF BEGINNING.

**Perkins Mountain Utility Company
Franchise Agreement and Franchise
For Public Service Corporations**

**FRANCHISE AGREEMENT AND FRANCHISE
FOR
PUBLIC SERVICE CORPORATIONS**

Date of Franchise: 03-06-2006
Term of Franchise: 25 years
Renewal Date Option: 03-06-2031

This is a Franchise Agreement between the County of Mohave, State of Arizona, and PERKINS MOUNTAIN UTILITY COMPANY, authorizing the location, construction, maintenance and operation of ^{waste} water pipelines within the unincorporated areas of Mohave County. This Franchise specifically grants to PERKINS MOUNTAIN UTILITY COMPANY the privilege of using the Public Rights-of-Way and Easements of Mohave County in accordance with established policies, practices, and procedures of Mohave County and its several departments.

RECITALS

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to protect the health, safety and welfare of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to assure that Public Rights-of-Way and Easements of Mohave County are used in a responsible manner consistent with the best interests of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors strives to authorize the use of the Public Rights-of-Way and Easements of Mohave County in a uniform manner among all users; and

WHEREAS, the Mohave County Board of Supervisors deems this form of Franchise Agreement and Franchise to be fair, reasonable and appropriate for Public Service Corporations;

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H. "Franchising Authority" means the Mohave County Board of Supervisors.

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J. "Gross Annual Receipts" means any compensation derived from any Subscriber or User in payment for delivery of a product or services from Franchisee. This meaning shall not include any taxes collected by Franchisee and transmitted to a governmental agency, and it shall not include any amounts collected by Franchisee by virtue of the Franchise Fee provisions of this Franchise.

K. "Intergovernmental Agreement" means the joint exercise of powers authorized by Title 11, Chapter 7, Article 3 of Arizona Revised Statutes.

L. "Public Rights-of-Way and Easements" means that real property located within the unincorporated areas of Mohave County within which the Mohave County Board of Supervisors has the power and authority to grant a Franchise.

M. "Rights-of-Way and Easements" shall mean the surface of, the space above, and the space below the Public Rights-of-Way and Easements reasonably necessary to construct, operate, and maintain the Franchise Property.

N. "Service Area" means the unincorporated areas of Mohave County in which the Franchisee delivers the service for which this Franchise is granted.

O. "Subscriber or User" means any person or entity receiving, for any purpose, the services of the Franchisee.

Section 2. GRANTING OF FRANCHISE.

A non-exclusive Franchise is hereby granted to Franchisee for the purpose of

locating, constructing, and maintaining Franchise Property in the unincorporated area of Mohave County. This Franchise shall include the authority, privilege, and power to construct, operate, and maintain all necessary Franchise Property in, over, under, across, and upon the Public Rights-of-Way and Easements consistent with the terms and conditions of this Franchise.

Section 3. TERM OF FRANCHISE.

This Franchise shall be for an initial term of twenty-five (25) years beginning on the date of Board approval. This term may be extended only by reapplication and grant of an extension. Application for an extension shall be submitted to the Board no sooner than three hundred sixty-five (365) days, nor later than one hundred twenty (120) days, prior to the expiration date of this Franchise.

Section 4. TERMS AND CONDITIONS.

This Franchise shall be subject to the following conditions:

A. This Franchise shall not be deemed to limit the authority of the Board to include other conditions or restrictions which may be necessary for the protection of the health, safety and welfare of the residents of the County and/or for the efficient administration of the Rights-of-Way and Easements in general.

B. This Franchise is non-exclusive.

C. The Board has granted this Franchise in reliance upon the Franchisee's business skill, reputation, financial capacity, and character. Accordingly, this Franchise and/or any interest hereunder shall not be assigned, transferred, conveyed, or otherwise encumbered without the express written consent of the Board. Failure of performance by the Franchisee of any of the terms and conditions of this Franchise may be cause for termination of this Franchise pursuant to Section 16 of this Agreement.

D. No privilege or exemption shall be granted or inferred unless specifically set forth in this Franchise.

E. Any privilege claimed under this Franchise by the Franchisee in any Right of Way or Easement shall be subordinated to any prior lawful occupancy of the Right of Way or Easement.

F. Prior to commencing any activity authorized by this Franchise, the Franchisee shall submit plans and specifications for such activity to the County Public Works Director for approval; provided, however, whenever Franchisee is required to undertake emergency activities required to protect the health, safety and welfare of the public and/or the safety and reliability of the Franchise Property, Franchisee shall notify the County Public Works Director not later than twenty-four (24) hours after notice of the emergency; and provided further, however, should such emergency present an immediate threat or danger to the health, safety and welfare of the public, Franchisee

shall notify the County Manager or the County Public Works Director or the County Emergency Services Coordinator or the Chairman of the Board within one (1) hour of notice of the emergency.

G. Any failure of the Board, or its agents, to promptly enforce compliance of the terms and/or conditions of this Franchise shall not be deemed a waiver of such terms and/or conditions.

H. The Franchisee shall have no recourse against the Board or its agents for any loss, cost, expense, or damage arising out of any term, condition or enforcement of this Franchise.

I. The Franchisee shall be subject to all County rules, regulations and/or specifications pertaining to the use of Public Rights-of-Way and Easements which may be adopted from time to time by the Board.

J. Prior to the grant of this Franchise by the Board, Franchisee shall submit a projected financial statement, and annually thereafter, Franchisee shall submit to the Board a complete financial statement that reflects the current financial status of the Franchisee and a list of names and addresses of proprietors, owners, or beneficial shareholders who hold more than a ten percent (10%) interest in the corporation, organization, or regulated entity.

Section 5. RECORDS TO BE KEPT AND MAINTAINED; REPORTS; INSPECTION OF RECORDS.

A. Franchisee shall prepare and furnish to the Board, or its agents, such reports and records of its operations, affairs, transactions and/or property as the Board deems necessary or appropriate for the enforcement or performance by the Franchisee according to the terms and conditions of this Franchise.

B. Franchisee shall keep and maintain within the County, and make available for County inspection upon reasonable request, full and complete plans and records showing the exact location of all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements.

C. Franchisee shall file with the County Public Works Director, on or before the 31st day of December of each year, a map and/or a set of plans showing all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements current as of the immediately preceding November 30th.

D. Franchisee shall keep its Franchise property in good operating condition, and Franchisee shall cause all customer complaints to be duly investigated and, where the circumstances warrant, corrected within a reasonable period of time. Records reflecting such complaints, and the time and manner in which they are resolved, shall be maintained by the Franchisee for at least one (1) year and shall be made available for inspection by the Board or its agents upon reasonable request.

Section 6. INSTALLATION STANDARDS.

A. Franchisee shall be responsible for meeting all County, State, Federal, and local installation standards.

B. Any other provision of this Franchise notwithstanding, all installations of Franchise Property shall be made in a safe and workmanlike manner and maintained in good condition at all times. Except for the conduct of normal construction and repair activities, all such installations of Franchise Property shall be approximately placed so as not to interfere in any manner with the rights of the public or individual property owners and shall not interfere with the use of public property by the public and shall not obstruct or impede traffic. The Board reserves the right of regulation of the erection and construction of any Franchise Property, by Franchisee and its agents or employees, and to designate where such Franchise Property shall be placed. Franchisee agrees to make changes in its plans, specifications and/or Franchise Property to conform with all requirements of the Board.

C. Franchisee shall be responsible for obtaining all necessary licenses, certificates, permits and approvals from all government authorities having jurisdiction over the activities to be conducted under this Franchise.

Section 7. UNDERGROUND LINES.

Franchisee shall, at its own expense, place its lines underground in areas which it serves where telephone and electric power lines are, or are required to be, underground.

Section 8. LOCATION OF FRANCHISE PROPERTY.

Franchise Property shall be constructed or installed in Public Rights-of-Way and Easements of the County only at such locations and in such manner as shall be approved by the Board or its agents. Construction or installation of Franchise Property shall be in accordance with all Federal, State, and County laws and regulations.

Section 9. REPAIR OF ROADS, STREETS, RIGHTS-OF-WAY AND EASEMENTS.

Franchisee shall, at its own expense, promptly repair and restore any and all roads, streets, sidewalks or other public and/or private property altered, damaged, or destroyed by Franchisee in exercising the privileges granted herein to Franchisee.

Section 10. FAILURE TO PERFORM AS REQUIRED IN SECTION 9 ABOVE.

A. Upon failure of Franchisee, and its agent or employees, to complete any work required by this Franchise, the Board or its agents may notify Franchisee of non-compliance by registered mail. Franchisee shall have fourteen (14) days from the receipt of the notice to complete the repairs or to enter into an agreement with the

Board and/or its agents for the completion of the repairs.

B. If, in the opinion of the County Director of Public Works and/or the County Manager, the failure to repair or complete construction presents a serious and immediate danger to the public health, safety and welfare, they, separately or together, may take immediate action to mitigate the damage. All costs associated with such actions will be the sole responsibility of Franchisee, and Franchisee shall reimburse the County for such costs within thirty (30) days after receipt of an itemized bill.

Section 11. REMOVAL AND ABANDONMENT OF FRANCHISE PROPERTY.

A. In the event the use of any Franchise Property is discontinued for a continuous period of twelve (12) months and Franchisee is unable to reasonably demonstrate the usefulness of such Franchise Property for future use, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

B. In the event Franchise Property is installed in violation of any requirements of this Franchise, and Franchisee fails to take reasonable measures to cure such violation within thirty (30) days after written notice of such violation, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

C. Franchise Property to be abandoned in place shall be abandoned in accordance with applicable law. Upon abandonment of Franchise Property in place, Franchisee shall submit to the Board an instrument satisfactory to the Board transferring the ownership of such Franchise Property to the County.

Section 12. CHANGES REQUIRED BY PUBLIC IMPROVEMENTS.

Franchisee shall, at its own expense, protect, support, temporarily disconnect, relocate in the same street, alley or public place, any Franchise Property when required by the Board or its agents by reason of County Public improvements; provided, however, Franchisee shall have the right to abandon Franchise Property as provided in Section 11 above.

Section 13. INDEMNIFICATION OF COUNTY.

Franchisee shall defend the County against all claims for injury to any person or property caused by the negligence of Franchisee, its agents and/or employees, in the construction or operation of Franchise Property, and, in the event of a determination of liability, shall indemnify the County, the Board, its agents and/or employees. More particularly, Franchisee, its successors and assigns, does hereby agree to indemnify and hold harmless the County, the Board and/or its agents and employees, from any and all liability, claim, demand or judgment arising out of any injury to any person or property as a result of a violation of failure on the part of Franchisee, its successors and assigns, to observe their proper duty or because of negligence in whole or in part arising out of the construction, repair, extension, maintenance, or operation of Franchise

Property of any kind or character used in connection with this Franchise.

Section 14. LIABILITY INSURANCE REQUIRED.

Franchisee agrees that prior to commencing construction, and at all times thereafter, during the existence of this Franchise, Franchisee will carry a minimum of \$1,000,000 in excess liability insurance on a combined single limit basis above any permitted self-insured retention. Self-insured retention shall be permitted so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. The insurance coverage required by this Section shall be provided by one or more insurers permitted under Title 20 of Arizona Revised Statutes to transact insurance business. Further, Franchisee shall provide to the Clerk of the Board of Mohave County a Certificate of Insurance naming the County, the Board and/or its agents and employees as additional insured. The Certificate will provide for notification to the Clerk of the Board of Mohave County prior to any change in said policy, or cancellation of said policy, for any reason, including nonpayment of premiums.

Section 15. FRANCHISE FEE.

A. Franchisee shall pay to the County an annual Franchise Fee in an amount equal to two percent (2%) of Franchisee's Gross Annual Receipts derived from the operation of Franchise Property so long as the Board shall have the authority to levy a Franchise Fee. Further, Franchisee shall not be required to pay to the County any other Franchise fee or Permit fee in connection with this Franchise. There shall be no offsets for any other taxes or assessments, *i.e.*, sales tax, fuel tax, personal property tax, general ad valorem property tax, special assessments for local improvements or any other tax or assessment not directly related to the use of the Public Rights-of-Way and Easements that may be required of Franchisee by any government agency.

B. The annual Franchise Fee shall be paid no later than the first (1st) day of May following each calendar year during the term of this Franchise. All such payments shall be made to the Mohave County Finance Department, P.O. Box 7000, Kingman, Arizona 86402-7000. So long as the Board shall have the authority to levy a Franchise Fee, failure to pay such Franchise Fee by the first (1st) day of May following the calendar year is a material breach of this Franchise Agreement and is subject to the termination provisions of Section 16 hereinafter.

C. The Board shall have the right to inspect and audit all Franchisee's books and records which may be necessary in determining Franchisee's Gross Annual Receipts derived from the use of the Public Rights-of-Way and Easements and the right of audit and re-computation of any amount paid under this Section; provided, however, that the right of re-computation shall be limited to the two (2) calendar years immediately preceding the initiation of any such audit. Financial statements required by this Franchise Agreement for each calendar year shall be submitted annually on or before April 15 of each year. No acceptance of any payment shall be construed as a

release or accord and satisfaction of any claim the County may have for further or additional sums payable under this Section or for the performance of any obligation under this Franchise Agreement.

D. The percentage of Gross Annual Receipts set forth in this Section and the insurance requirements set forth in Section 14 above shall be subject to reevaluation by the Board every fifth (5th) year of this Franchise; provided, however, that no reevaluation shall occur so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. If reevaluation of the amounts due under this Section or the insurance requirements set forth in Section 14 above should result in a dispute between the parties, the dispute shall be presented to a neutral Arbitration Board for decision and settlement. The Arbitration Board shall consist of either one person mutually acceptable to the parties to this Franchise Agreement or to the American Arbitration Association. In the event of arbitration, the parties shall each pay their individual costs for such arbitration. The standard procedures and policies of arbitration shall apply in all cases.

Section 16. TERMINATION.

A. This Franchise Agreement and Franchise may be terminated by the mutual consent of the Board and the Franchisee evidenced by a writing.

B. This Franchise Agreement and Franchise, and all rights granted hereunder, may be terminated by the Board upon any breach of the terms and conditions hereof by Franchisee and Franchisee's failure to undertake reasonable measures to cure such breach within thirty (30) days subsequent to Franchisee's receipt of written notice of such breach. Written notice shall be by registered mail.

Section 17. OTHER PROVISIONS.

Franchisee shall keep a copy of its current Tariffs applicable to the Subscribers or Users in Mohave County on file with the Clerk of the Board of Mohave County.

Section 18. RESERVATION OF POWERS.

A. There is hereby reserved to the Board every right and power which is required to be reserved and Franchisee, by its acceptance of this Franchise, agrees to be bound thereby and to comply with any action or requirements of the Board in its exercise of any such right of power enacted or established.

B. Neither the granting of this Franchise nor any of the provisions contained herein shall be construed to prevent the Board from granting any identical, or similar, Franchise to any person or corporation other than the Franchisee.

Section 19. SEVERABILITY.

In the event any provision of this Agreement is rendered inoperative by virtue of

the entry of a final judgment of a Court of competent jurisdiction, such event shall not affect any other provision of this Agreement that can be given effect without such inoperative provision and, for this purpose, the provisions of this Agreement are hereby declared to be severable.

Section 20. OFFICIAL NOTICES.

Notices concerning this Franchise Agreement and Franchise shall be sent to:

FOR THE COUNTY:

Clerk of the Board
Mohave County
P.O. Box 7000
Kingman, AZ 86402-7000

FOR FRANCHISEE:

President
Perkins Mountain Utility Company
2214 Hualapai Mountain Road
Suite H
Kingman, AZ 86401

Section 21. EFFECTIVE DATE.

This Franchise shall take effect upon the date of approval by the Board.

APPROVED by the Mohave County Board of Supervisors this 6 day of

March, 2006

FOR THE BOARD:


Chairman of the Board

ACCEPTED FOR FRANCHISEE:


President

APPROVED AS TO FORM:


County Attorney

ATTEST:


Clerk of the Board



ATTACHMENT "A"
Legal Description

TOWNSHIP 20 NORTH, RANGE 18 WEST, G.& S.R.M., MOJAVE COUNTY, AZ:

SECTION 2, EXCEPT THE W2 NW4 NW4 NE4 NE4, & THE SE4 SE4;
SECTION 3;
SECTION 4;
SECTION 8, EXCEPT THE W2 NW4 NW4 NE4;
SECTION 9;
SECTION 10;
SECTION 11, EXCEPT THE S2 SE4 SE4 SE4;
SECTION 14, EXCEPT THE E2 NE4, THE NE4 SE4, THE E2 W2 SE4 SE4, & THE E2 SE4 SE4;
SECTION 16.

TOWNSHIP 21 NORTH, RANGE 18 WEST, G.& S.R.M., MOJAVE COUNTY, AZ:

SW4 SECTION 34.

TOWNSHIP 27 NORTH, RANGE 20 WEST, G.& S.R.M., MOHAVE COUNTY, AZ:

SECTION 16, EXCEPT THE NW4 NE4, & THE E2 NE4;
W2 W2 SECTION 17;
SECTION 20;
SECTION 21, EXCEPT THE SW4, & THE S2 SW4 NW4;
SECTION 23, EXCEPT THAT PORTION WITHIN THE BOUNDARIES OF BONITA M.S. 1253A, AS SET FORTH IN SAID PATENT.
ALL OF SECTION 30 LYING SOUTHERLY OF THE CENTERLINE OF WHITE HILLS ROAD (O.R. 274/50-97), EXCEPT THE SW4, & THE SW4 SE4.

TOWNSHIP 27 NORTH, RANGE 21 WEST, G. & S.R.M., MOHAVE COUNTY, AZ:

A PORTION OF THE E2 SECTION 25 DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER (SE ¼) OF SAID SECTION 25; THENCE SOUTH 00°28'58" WEST, ALONG THE EASTERLY LINE THEREOF, 2,643.95 FEET TO THE SOUTHEAST CORNER OF SAID SOUTHEAST QUARTER (SE ¼); THENCE NORTH 89°33'42" WEST, ALONG THE SOUTHERLY LINE THEREOF, 164.23 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 74°14'59" WEST, A RADIAL DISTANCE OF 5,821.58 FEET, SAID POINT BEING ON THE EASTERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY 95; THENCE NORTHERLY ALONG THE ARC, ALONG SAID EASTERLY RIGHT-OF-WAY LINE, THROUGH A CENTRAL ANGLE OF 07°34'58", 770.46 FEET; THENCE NORTH 23°19'59" WEST, CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, 2,685.36 FEET TO THE CENTERLINE WHITE HILLS ROAD (O.R. 274/50-97); THENCE NORTH 68°20'45" EAST, ALONG SAID CENTERLINE, 1,632.40 FEET TO THE EASTERLY LINE OF THE NORTHEAST QUARTER (NE ¼) OF SAID SECTION 25; THENCE SOUTH 00°28'34" WEST, ALONG SAID EASTERLY LINE, 1,151.09 FEET TO THE POINT OF BEGINNING.