

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

ORIGINAL

OPEN MEETING ITEM



0000052929

RECEIVED

Executive Director

22

**ARIZONA CORPORATION COMMISSION**

2006 MAY -9 P 2:07

DATE: May 9, 2006

DOCKET NO.: SW-20403A-05-0586

AZ CORP COMMISSION  
DOCUMENT CONTROL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Amy Bjelland. The recommendation has been filed in the form of an Opinion and Order on:

**BALTERRA SEWER CORPORATION**

(CC&N)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

MAY 18, 2006

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

MAY 31 AND JUNE 1, 2006

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

A handwritten signature in black ink, appearing to read "Brian C. McNeil".

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

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  
27  
28

**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF  
BALTERRA SEWER CORP. FOR A  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE WASTEWATER  
SERVICE IN MARICOPA COUNTY, ARIZONA.

DOCKET NO. SW-20403A-05-0586

DECISION NO. \_\_\_\_\_

OPINION AND ORDER

DATE OF HEARING: April 10, 2006  
PLACE OF HEARING: Phoenix, Arizona  
ADMINISTRATIVE LAW JUDGE: Amy Bjelland  
APPEARANCES: Jay L. Shapiro, FENNEMORE CRAIG, on behalf of Applicant; and  
Mr. Keith Layton, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

**BY THE COMMISSION:**

On August 12, 2005, Balterra Sewer Corporation (“Balterra” or “Applicant”) filed with the Arizona Corporation Commission (“Commission”) an Application for a Certificate of Convenience and Necessity (“Certificate”).

On September 9, 2005, the Commission’s Utilities Division Staff (“Staff”) filed an Insufficiency Letter.

On November 15, 2005, Balterra filed documents in response to Staff’s Insufficiency Letter as well as its Notice of Filing Amended Legal Description and its Notice of Filing Direct Testimony of James L. Condit.

On January 3, 2006, Balterra filed documents in response to a December 7, 2005 meeting with Staff.

On January 23, 2006, Staff filed a Sufficiency Letter.

On April 10, 2006, a hearing was convened before a duly authorized Administrative Law

1 Judge of the Commission at its offices in Phoenix, Arizona. At the conclusion of the hearing, the  
2 matter was taken under advisement pending submission of a revised legal description of the area for  
3 which the Certificate was sought.

4 On April 14, 2006, Balterra filed its Notice of Filing Amended Legal Description.

5 \* \* \* \* \*

6 Having considered the entire record herein and being fully advised in the premises, the  
7 Commission finds, concludes, and orders that:

8 **FINDINGS OF FACT**

9 1. Applicant is a corporation formed for the purpose of providing wastewater utility  
10 service to an approximately two-square mile area including the Balterra mixed-use  
11 residential/commercial development ("Development") and the Ruth Fisher Elementary and Tonopah  
12 Valley High School, both within the Saddle Mountain Unified School District ("District"). The  
13 requested area is in the vicinity of 411<sup>th</sup> Avenue and Camelback Road. At full build-out, Balterra  
14 proposes that the Development will require water and wastewater services for a maximum of 6,100  
15 equivalent residential units. Water service is expected to be provided to the requested area by the  
16 Water Utility of Greater Tonopah, with which Balterra witness Mr. Bradley A. Simons, Director of  
17 Utilities for JF Properties and Wastewater Management Coordinator for Balterra, stated Balterra is  
18 working closely.

19 2. Both Fronterra Village, the owner of the Development, and the District have requested  
20 wastewater service of Balterra.

21 3. At hearing, Mr. Simons testified that the District's schools are located to the east of  
22 the Development by about two and one-half miles. Currently Ruth Fisher Elementary is served by a  
23 wastewater package plant, and the District is constructing a new larger wastewater facility to replace  
24 the existing one and provide service to Tonopah Valley High School. Balterra and the District have  
25 conducted a preliminary analysis and have concluded that a public-private partnership in a regional  
26 wastewater system for the Southeast 208 Planning Area ("Planning Area")<sup>1</sup> will best serve the public

27 \_\_\_\_\_  
28 <sup>1</sup> The Planning Area is bordered by I-10 to the south, Glendale Avenue to the north, 419<sup>th</sup> Avenue to the west and along  
the east by a jagged line running along, from north to south, 371<sup>st</sup> Avenue, 367<sup>th</sup> Avenue, and 363<sup>rd</sup> Avenue.

1 interest. This application is the first step toward a regional wastewater treatment facility as  
2 contemplated by Balterra and the District for the larger Planning Area.

3 4. The proposed facility is a membrane bioreactor treatment plant designed to treat 2.2  
4 million gallons per day ("MGD") of wastewater flow. It will be constructed and installed in three  
5 phases to accommodate growth in the area. Treated effluent will be disposed of in a surface water  
6 impoundment system consisting of a two-cell evaporation/transportation pond structure.

7 5. Phase I includes installation of a 0.275 MGD treatment plant, which will be extended  
8 to 1.1 MGD in Phase II. Balterra expects Phase II to occur within six years of initial operation of the  
9 plant. Balterra expects to serve 2,770 residential customers and one school customer within five  
10 years. Balterra has estimated a cost of \$18.8 million for the wastewater treatment system through  
11 Phase II of the development, equating to a unit cost of approximately \$17 per gallon of treated  
12 effluent. Staff concluded that the proposed plant will have adequate capacity to serve customers  
13 within the requested area and it is reasonable to expect that additional capacity can be developed  
14 when needed.

15 6. Sewer companies are required by the Arizona Department of Environmental Quality  
16 ("ADEQ") to obtain an Aquifer Protection Permit ("APP") and/or Arizona Pollutant Discharge  
17 Elimination System ("AZPDES") permit before the plant can be placed in service. Mr. Simons  
18 testified that a draft was submitted to ADEQ for review and approval and that Balterra has received  
19 comments and submitted responses, but is still awaiting a determination of sufficiency from ADEQ.  
20 Staff recommended that Balterra file with Docket Control, as a compliance item in this docket, a  
21 copy of the notice issued by ADEQ that Applicant's APP and/or AZPDES has been approved no later  
22 than October 31, 2007.

23 7. The Maricopa County Environmental Services Department ("MCESD") requires the  
24 proposed treatment plant and sewage collection system to obtain Certificates of Approval to  
25 Construct ("ATC") and Approval of Construction ("AOC"). Staff recommended that Balterra file  
26 with Docket Control, as a compliance item in this docket, a copy of the ATC that MCESD will issue  
27 for the proposed Phase I treatment plant no later than June 30, 2007. Staff further recommended that  
28 Balterra file with Docket Control, as a compliance item in this docket, a copy of the AOC that

1 MCESD will issue for the proposed Phase I sewer collection system no later than October 31, 2007.  
2 In Balterra's Response to Staff Report, Balterra objected to Staff's recommended deadline of October  
3 31, 2007. Mr. Simons testified that given the timeframes as Balterra is aware of them, Balterra will  
4 need until June 30, 2008 to file the AOC that MCESD will issue for the proposed Phase I sewer  
5 collection system. At hearing, Dorothy Hains, Utility Engineer for the Commission, testified that  
6 Staff wished to revise its recommendation to provide for a deadline of March 31, 2008. Mr. Simons  
7 testified that this revised recommendation of March 31, 2008 to file the AOC is satisfactory to  
8 Balterra.

9       8. Pursuant to Section 208 of the Federal Water Pollution Control Act, each state is  
10 required to develop and implement area-wide water quality management plans for pollution control  
11 purposes. The Maricopa Association of Governments ("MAG") has been designated as the area-wide  
12 water quality management planning agency for Maricopa County and must approve an amendment to  
13 the MAG Section 208 plan for the sewer system. Mr. Simons testified that the 208 plan amendment  
14 has been drafted and submitted to MAG for review and approval. Balterra has submitted its request  
15 to MAG for the amendment. Staff recommended that Balterra file with Docket Control, as a  
16 compliance item in this docket, a copy of the MAG approved 208 plan no later than January 31,  
17 2007. In Balterra's Response to Staff Report, Balterra objected to this recommended deadline. Mr.  
18 Simons testified that given the timeframes as Balterra is aware of them, Balterra will need until April  
19 30, 2007 to file a copy of the MAG approved 208 plan. However, at hearing, Ms. Hains testified that  
20 Staff wished to revise its recommendation to provide for a deadline of April 30, 2007. Mr. Simons  
21 testified that Staff's revised recommended deadline was satisfactory to Balterra.

22       9. Regarding the issue of the legal description of the proposed service area, Mr. Simons  
23 testified that there was some discussion with Staff prior to the hearing that, due to an incorrect legal  
24 description contained in Balterra's previous filings, the District site was not reflected as part of the  
25 requested area in Staff's Report. Mr. Simons testified that the entire District site of 60 acres was  
26 contemplated in the initial CC&N request of 1,170 acres, as the Balterra property itself is 1,110 acres,  
27 leaving 60 acres for the school site. Balterra filed a late filed exhibit with an accurate legal  
28 description including the District.

1           10.     Mr. Simons testified that, other than the items cited in Balterra's Response to Staff  
2 Report, which with the revisions noted above he found to be satisfactory, Applicant accepted all of  
3 Staff's remaining recommendations and conditions, including the schedule of rates and charges.

4           11.     Pursuant to the Commission's rules, Applicant provided five-year projections for plant  
5 values, operating revenues and expenses, and number of customers. Such projections are necessary  
6 to establish rates for new companies due to the lack of historical data. Staff reviewed Applicant's  
7 projections and recommended that the Commission find that the projected fair value rate base will be  
8 \$9,116,397 at the end of five years.

9           12.     Balterra's proposed capital structure for the fifth year of operation is made up of  
10 common equity of \$8,696,627 and advances in aid of construction of \$8,331,700 for total  
11 capitalization of \$17,028,327. The resulting capital structure consists of 51.07 percent equity and  
12 48.93 percent advances. Staff recommended approval of Balterra's capital structure.

13           13.     Balterra's projected revenue is derived according to meter size and rates are proposed  
14 as a monthly flat fee. For a 5/8 x 3/4 meter, the monthly rate is \$70. Staff reviewed and concurred  
15 with Balterra's proposed rates except for the three inch meter size, which was inconsistent with the  
16 other meter size percentages. Applicant's proposed rates and charges for initial wastewater service  
17 and Staff's recommendations are as follows:

18 ...  
19 ...  
20 ...  
21 ...  
22 ...  
23 ...  
24 ...  
25 ...  
26 ...  
27 ...  
28 ...

	<u>Company Proposed</u>	<u>Staff Recommended</u>
<u>Minimum Monthly Flat Charge</u>		
1 5/8 x 3/4 inch	\$70.00	\$70.00
2 3/4 inch	105.00	105.00
3 One inch	175.00	175.00
4 1-1/2 inch	350.00	350.00
5 Two inch	560.00	560.00
6 Three inch	1,120.00	1,050.00
7 Four inch	1,750.00	1,750.00
8 Six inch	3,500.00	3,500.00
9 Treated Effluent per 1,000 gallons	\$0.62	\$0.62
10 Treated Effluent per acre foot	202.00	202.00
11 <u>Service Line Charge</u>		
12 Service Line connection Charge	\$350.00	\$350.00
13 Establishment of Service – Regular Hours	\$25.00	\$25.00
14 Establishment of Service – After Hours	40.00	40.00
15 (collected only if customer is sewer only)		
16 Re-establishment of Service (Within 12 Months)	*	*
17 Reconnection (delinquent) after hours	30.00	30.00
18 After hours service charge per hour	50.00	40.00
19 Customer Deposit	2x mo. bill	**
20 NSF Check Charge	15.00	15.00
21 Late Payment Charge		***
22 (per month on unpaid balance)		

\* Per A.A.C. R14-2-603(D)

\*\* Per A.A.C. R14-2-603(B)

\*\*\* 1.50% interest applied on the unpaid balance monthly

14. Balterra expects to retain Pivotal Utility Management (“Pivotal”) to provide the operations and management functions of the wastewater treatment facility and infrastructure. Pivotal operates and manages several Arizona utilities<sup>2</sup> and has applications currently under consideration by the Commission to purchase and finance the wastewater facilities at San Manuel.

15. Pivotal shares ownership and management with its affiliate, Santec Corporation (“Santec”). Far West Water and Sewer (“Far West”) hired Santec in February 2001 to conduct repair and upgrade work at its wastewater facilities. On October 25, 2001, while entering a sewer collection tank to deflate a stopper in a gravity line, a Far West employee collapsed and died from asphyxiation. A Santec employee who entered the tank to rescue the Far West employee also died. On December

<sup>2</sup> These include Pine Meadows Utilities, LLC, Sweetwater Creek Utilities, Bensch Ranch Utilities, LLC, Cross Creek Ranch Water Company and Verde Santa Fe Wastewater Company.

1 23, 2002, a Grand Jury Indictment was filed in the Superior Court charging Far West and Santec with  
 2 knowingly violating "a standard or regulation and that violation caused death to an employee." On  
 3 June 30, 2005, Santec and the State of Arizona filed a plea agreement in the Superior Court, in which  
 4 Santec agreed to plead guilty to a Class 6 felony, Violating Safety Standard and Causing Death of an  
 5 Employee. This issue has been addressed by the Commission in the Coronado Utilities Certificate  
 6 and financing cases<sup>3</sup>, Decision No. 68608 (March 23, 2006).

7 16. Staff stated that it believes the actions and inaction on the part of Santec at Far West  
 8 regarding safety are relevant to this proceeding due to the common ownership and management of  
 9 Santec and Pivotal. Therefore, Staff recommended that the Commission order that all operators,  
 10 agents or employees including employees and agents of contractors and/or subcontractors  
 11 constructing or operating the Balterra wastewater facilities must comply with all Arizona Department  
 12 of Health and Safety ("ADOSH") requirements including any and all training required by ADOSH to  
 13 operate wastewater facilities. Staff further recommended that the Commission order Balterra to file  
 14 in Docket Control annually for three years, certification from ADOSH that Balterra has availed itself  
 15 of ADOSH consultation services and certification that its operators, agents, employees, including  
 16 employees and agents of contractors and/or subcontractors operating or constructing the Balterra  
 17 wastewater facilities, have taken appropriate safety training.

18 17. Balterra does not object to Staff's recommendations concerning safety.

19 **Staff's Recommendations**

20 18. Based on its review, Staff recommended that the Commission find a projected fair  
 21 value rate base in year five to be \$9,116,397, and that the decision in this matter should allow  
 22 Balterra to collect from its customers a proportionate share of any privilege, sales or use tax for the  
 23 sales of any effluent only. Staff also recommended that the Commission grant Balterra's Application  
 24 for a Certificate to provide wastewater services, subject to the following conditions (including Staff's  
 25 revisions as noted above):

26 (1) Balterra must charge Staff's recommended rates and charges as shown in  
 27

28 <sup>3</sup> Docket Nos. SW-04305A-05-0086 and SW-04305A-05-0087.

1 Exhibit B, attached;

2 (2) Balterra must file in Docket Control a schedule of its approved rates and  
3 charges within 30 days after this Decision is issued;

4 (3) Balterra must maintain its books and records in accordance with the National  
5 Association of Regulatory Utility Commissioners ("NARUC");

6 (4) Balterra must use the wastewater depreciation rates by individual NARUC  
7 category as delineated in Exhibit C, attached;

8 (5) Balterra must file with Docket Control, as a compliance item in this docket, a  
9 copy of the notice issued by ADEQ that Balterra's APP and/or AZPDES has been approved no later  
10 than October 31, 2007;

11 (6) Balterra must file with Docket Control, as a compliance item in this docket, a  
12 copy of the MAG approved 208 Plan no later than April 30, 2007;

13 (7) Balterra must file with Docket Control, as a compliance item in this docket, a  
14 copy of the ATC that MCESD will issue for the proposed Phase I treatment plant no later than June  
15 30, 2007;

16 (8) Balterra must file with Docket Control, as a compliance item in this docket, a  
17 copy of the AOC that MCESD will issue for the proposed Phase I sewer collection system no later  
18 than March 31, 2008;

19 (9) Balterra must file documentation with Docket Control, as a compliance item  
20 in this docket, a notification of service to its first customer within 15 days of serving its first  
21 customer;

22 (10) Balterra must file a rate application no later than three months following the  
23 fifth anniversary of the date it begins providing service to its first customer;

24 (11) Balterra's operators, agents, or employees, including employees and agents of  
25 contractors and/or subcontractors operating or constructing the Balterra wastewater facilities, must  
26 comply with all ADOSH requirements including any and all training required by ADOSH to operate  
27 wastewater facilities; and

28 (12) On an annual basis, on the anniversary date of the Decision in this matter, for

1 three years, Balterra must file with Docket Control, as a compliance item in this docket, certification  
2 from ADOSH that it has availed itself of ADOSH consultation services and its operators, agents, or  
3 employees, including employees and agents of contractors and/or subcontractors operating or  
4 constructing the Balterra wastewater facilities have taken appropriate training.

5 19. Staff further recommended that the Commission's Decision granting Balterra's  
6 application for a Certificate be considered null and void, after due process, should Balterra fail to  
7 meet conditions (2), (5), (6), (7), or (8) within the time specified.

### 8 CONCLUSIONS OF LAW

9 1. Applicant is a public service corporation within the meaning of Article XV of the  
10 Arizona Constitution and A.R.S. §40-281 *et seq.*

11 2. The Commission has jurisdiction over Applicant and the subject matter of the  
12 application.

13 3. Notice of the application was provided in accordance with law.

14 4. There is a public need and necessity for wastewater utility service in the proposed  
15 service territory as set forth in Exhibit A attached hereto.

16 5. Applicant is a fit and proper entity to receive a wastewater CC&N to include the  
17 service area more fully described in Exhibit A attached hereto, subject to compliance with the  
18 conditions set forth above.

19 6. Staff's recommendation for approval of the application is reasonable and should be  
20 adopted.

### 21 ORDER

22 IT IS THEREFORE ORDERED that the application of Balterra Sewer Corporation for a  
23 Certificate of Convenience and Necessity to provide wastewater service to the area in Maricopa  
24 County, Arizona, as described in Exhibit A attached hereto, is approved.

25 IT IS FURTHER ORDERED that the projected fair value rate base in year five is estimated to  
26 be \$9,116,397.

27 IT IS FURTHER ORDERED that Balterra Sewer Corporation may collect from its customers  
28 a proportionate share of any privilege, sales or use tax for the sales of any effluent only.

1 IT IS FURTHER ORDERED that Balterra Sewer Corporation shall charge Staff's  
2 recommended rates and charges as shown in Exhibit B, attached.

3 IT IS FURTHER ORDERED that Balterra Sewer Corporation shall maintain its books and  
4 records in accordance with the National Association of Regulatory Utility Commissioners.

5 IT IS FURTHER ORDERED that Balterra Sewer Corporation shall use the wastewater  
6 depreciation rates by individual National Association of Regulatory Utility Commissioners category  
7 as delineated in Exhibit C, attached.

8 IT IS FURTHER ORDERED that Balterra Sewer Corporation shall file documentation with  
9 Docket Control, as a compliance item in this docket, a notification of service to its first customer  
10 within 15 days of serving its first customer.

11 IT IS FURTHER ORDERED that Balterra Sewer Corporation shall file a rate application no  
12 later than three months following the fifth anniversary of the date it begins providing service to its  
13 first customer.

14 IT IS FURTHER ORDERED that Balterra Sewer Corporation's operators, agents, employees  
15 or operators, including employees and agents of contractors and/or subcontractors operating or  
16 constructing the Balterra Sewer Corporation wastewater facilities, shall comply with all Arizona  
17 Department of Health and Safety requirements including any and all training required by Arizona  
18 Department of Health and Safety to operate wastewater facilities.

19 IT IS FURTHER ORDERED that Balterra Sewer Corporation, on an annual basis, on the  
20 anniversary date of the Decision in this matter, for three years, shall file with Docket Control, as a  
21 compliance item in this docket, certification from Arizona Department of Health and Safety that it  
22 has availed itself of Arizona Department of Health and Safety consultation services and its operators,  
23 agents, employees or operators, including employees and agents of contractors and/or subcontractors  
24 operating or constructing the Balterra Sewer Corporation wastewater facilities have taken appropriate  
25 training.

26 IT IS FURTHER ORDERED that this Decision shall be considered null and void, after due  
27 process, should Balterra fail to meet the following conditions within the time specified.

28 IT IS FURTHER ORDERED that Balterra Sewer Corporation shall file with Docket Control a

1 schedule of its approved rates and charges within 30 days after this Decision is issued.

2           IT IS FURTHER ORDERED that Balterra Sewer Corporation shall file with Docket Control,  
3 as a compliance item in this docket, a copy of the notice issued by the Arizona Department of  
4 Environmental Quality that Balterra Sewer Corporation's Aquifer Protection Permit and/or Arizona  
5 Pollutant Discharge Elimination System has been approved no later than October 31, 2007.

6           IT IS FURTHER ORDERED that Balterra Sewer Corporation shall file with Docket Control,  
7 as a compliance item in this docket, a copy of the Maricopa Association of Governments approved  
8 Section 208 Plan no later than April 30, 2007.

9           IT IS FURTHER ORDERED that Balterra Sewer Corporation shall file with Docket Control,  
10 as a compliance item in this docket, a copy of the Approval to Construct that Maricopa County  
11 Environmental Services Department will issue for the proposed Phase I treatment plant no later than  
12 June 30, 2007.

13 ...

14 ...

15 ...

16 ...

17 ...

18 ...

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

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  
27  
28

IT IS FURTHER ORDERED that Balterra Sewer Corporation shall file with Docket Control, as a compliance item in this docket, a copy of the Approval of Construction that Maricopa County Environmental Services Department will issue for the proposed Phase I sewer collection system no later than March 31, 2008.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN \_\_\_\_\_ COMMISSIONER \_\_\_\_\_

COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

AB:mj

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  
27  
28

SERVICE LIST FOR: BALTERRA SEWER CORP.

DOCKET NO.: SW-20403A-05-0586

Jay L. Shapiro  
Patrick J. Black  
FENNEMORE CRAIG  
3003 N. Central Avenue, Ste. 2600  
Phoenix, AZ 85012  
Attorneys for Balterra Sewer Corporation

Christopher Kempley, Chief Counsel  
Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

Ernest G. Johnson, Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, AZ 85007

**PROPERTY DESCRIPTION****BALTERRA**

THE DESCRIPTION FOR THAT PORTION OF THE PROPERTY DESCRIBED BELOW, LYING WITHIN SECTION 23, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, IS BASED ON AN ALTA/ACSM LAND TITLE SURVEY BY MORRISON MAJERLE, INCORPORATED, DATED SEPTEMBER 22, 2004.

THAT PORTION OF SECTION 19, TOWNSHIP 2 NORTH, RANGE 6 WEST, AND SECTION 24, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP AT THE SOUTHEAST CORNER OF SAID SECTION 19;

THENCE NORTH 89°28'08" WEST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2,640.04 FEET TO A BRASS CAP AT THE SOUTH QUARTER CORNER OF SAID SECTION 19;

THENCE NORTH 89°28'43" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1,687.12 FEET TO A HALF INCH REBAR AND YELLOW CAP MARKED "DEA 40622" AT THE SOUTHEAST CORNER OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE NORTH 00°31'17" EAST, ALONG THE EAST LINE OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 65.22 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 85°42'56" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 629.08 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 74°33'19" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 308.20 FEET TO A HALF INCH REBAR AND YELLOW CAP MARKED "DEA 40622" AT A POINT ON THE WEST LINE OF SAID SECTION 19, ALSO BEING THE NORTHEAST CORNER OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA;

EXHIBIT A

DECISION NO. \_\_\_\_\_

THENCE NORTH 74°32'33" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 1,142.11 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 74°32'55" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 1,300.16 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 74°32'56" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 294.08 FEET TO A ONE HALF INCH REBAR ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°32'56" EAST, ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 1751.55 FEET TO A ONE INCH REBAR AT THE CENTER OF SAID SECTION 24;

THENCE NORTH 89°27'44" WEST, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 1321.24 FEET TO A FIVE EIGHTHS INCH REBAR AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°33'08" EAST, ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 132.00 FEET TO A HALF INCH REBAR ON THE NORTH LINE OF THE SOUTH 132.00 FEET OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 89°27'44" WEST, ALONG THE NORTH LINE OF THE SOUTH 132.00 FEET OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 660.61 FEET TO A HALF INCH REBAR MARKED "DON MILLER, LS 15335" AT THE WEST LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°33'16" EAST, ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 528.12 FEET TO A HALF INCH REBAR MARKED "DON MILLER, LS 15335" AT THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 89°27'40" WEST, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 660.59 FEET TO A HALF INCH REBAR AND YELLOW CAP MARKED "DEA 40622" AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°33'24" EAST, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 660.13 FEET TO A HALF INCH REBAR AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE SOUTH 89°27'36" EAST, ALONG THE NORTH LINE OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 2642.28 FEET TO A FIVE EIGHTHS INCH REBAR AT THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°32'53" EAST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 1320.15 FEET TO A HALF INCH REBAR AT THE NORTH QUARTER CORNER OF SAID SECTION 24;

THENCE SOUTH 89°31'19" EAST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 2645.96 FEET TO A GLO BRASS CAP AT THE NORTHEAST CORNER OF SAID SECTION 24;

THENCE SOUTH 00°33'36" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 1320.00 FEET TO A HALF INCH REBAR AT THE SOUTH LINE OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19;

THENCE SOUTH 89°29'19" EAST, ALONG THE SOUTH LINE OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1320.00 FEET TO A HALF INCH REBAR AT THE SOUTHEAST CORNER OF THE WEST 1320.00 FEET OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19;

THENCE NORTH 00°33'36" EAST, ALONG THE EAST LINE OF THE WEST 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1320.00 FEET TO A HALF INCH REBAR ON THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 19, ALSO BEING THE NORTHEAST CORNER OF THE WEST 1320.00 FEET OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19;

THENCE SOUTH 89°29'19" EAST, ALONG THE NORTH LINE OF THE OF THE NORTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1286.27 FEET TO A GLO BRASS CAP AT THE NORTH QUARTER CORNER OF SAID SECTION 19;

THENCE SOUTH 89°29'54" EAST, ALONG THE NORTH LINE OF THE OF THE NORTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2643.72 FEET TO A REBAR WITH ALUMINUM CAP MARKED "LS 36563, 2004" AT THE NORTHEAST CORNER OF SAID SECTION 19;

THENCE SOUTH 00°32'10" WEST, ALONG THE EAST LINE OF THE OF THE NORTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2643.21 FEET TO A REBAR WITH ALUMINUM CAP MARKED "LS 36563, 2004" AT THE EAST QUARTER CORNER OF SAID SECTION 19;

THENCE SOUTH 00°32'12" WEST, ALONG THE EAST LINE OF THE OF THE SOUTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2643.45 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP AT THE SOUTHEAST CORNER OF SAID SECTION 19 AND THE POINT OF BEGINNING;

TOGETHER WITH THE NORTHEAST QUARTER OF SECTION 23, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA,

BEING ALSO DESCRIBED AS FOLLOWS:

BEGINNING AT A HALF-INCH REBAR AT THE NORTHEAST CORNER OF SECTION 23, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

THENCE SOUTH 00°33'24" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2640.55 FEET TO A GLO BRASS CAP AT THE EAST QUARTER CORNER OF SAID SECTION 23;

THENCE NORTH 89°26'32" WEST, ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2636.57 FEET TO A HALF INCH REBAR WITH TAG MARKED "L.S. 12218" AT THE CENTER OF SAID SECTION 23;

THENCE NORTH 00°35'09" EAST, ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2641.17 FEET TO A GLO BRASS CAP AT THE NORTH QUARTER CORNER OF SAID SECTION 23;

THENCE SOUTH 89°25'44" EAST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2635.23 FEET TO A GLO BRASS CAP AT THE NORTHEAST CORNER OF SAID SECTION 23 AND THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE SOUTHWEST QUARTER OF SAID SECTION 19 DESCRIBED AS FOLLOWS:

COMMENCING AT A BRASS CAP FOUND AT THE SOUTH QUARTER CORNER OF SAID SECTION 19, FROM WHICH AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP AT THE SOUTHEAST CORNER OF SAID SECTION 19 BEARS SOUTH 89°28'08" EAST, A DISTANCE OF 2640.04 FEET; THENCE NORTH 89°28'43" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1482.82 FEET; THENCE NORTH 00°31'17" EAST, A DISTANCE OF 40.00 FEET TO A HALF IN REBAR AT A POINT ON A LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19 AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°31'17" EAST, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT A POINT ON A LINE LYING 240.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19;

THENCE SOUTH 89°28'43" EAST, ALONG SAID LINE LYING 240.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR;

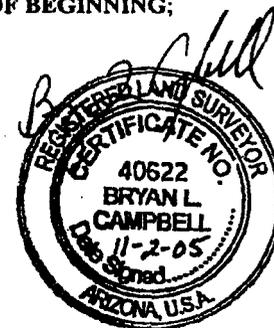
THENCE SOUTH 00°31'17" WEST, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT A POINT ON SAID LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19;

THENCE NORTH 89°28'43" WEST, ALONG SAID LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT THE POINT OF BEGINNING;

SITUATE IN THE COUNTY OF MARICOPA, STATE OF ARIZONA.

CONTAINS 1,110.083 ACRES MORE OR LESS. (GROSS)

CONTAINS 1,082.750 ACRES MORE OR LESS. (NET)



N:\C\YPG0000-0002\CYPG00002-1\DWG\S\VBALTEERRA PROPERTY.doc

DECISION NO. \_\_\_\_\_



**DESCRIPTION**

**SADDLE MOUNTAIN UNIFIED SCHOOL DISTRICT PROPERTY**

*The following description is based on information available from the Maricopa County Assessors Web Site and Warranty Deeds Recorded under Recording No.'s 89245589 and 05077775.*

The northwest quarter of the northeast quarter and the west half of the northeast quarter of the northeast quarter of Section 28, Township 2 North, Range 6 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

Except any portion lying within the dedicated right of way for Indian School Road per road declaration recorded in Docket 3124, Pages 573-575, Records of Maricopa County, Arizona;

Except any portion lying within that property described in document recorded under Recording No. 870106857 Records of Maricopa County, Arizona.

Contains 57.6 Acres more or less.

P:\UJFPI\00000002\0600\INFO\SV\605SV Legal Descriptions\School Description.doc

**DECISION NO.** \_\_\_\_\_

Balterra Sewer Corporation  
Docket Number SW-020403A-05-0586

Schedule CRM-WW-5

## RATE DESIGN-WASTEWATER

	Company	Staff
	Proposed Rates	Recommended Rates
<b><u>Minimum Monthly Flat Charge</u></b>		
5/8 x3/4 inch	\$70.00	\$70.00
3/4 inch	105.00	105.00
one inch	175.00	175.00
1-1/2 inch	350.00	350.00
two inch	560.00	560.00
three inch	1,120.00	1,050.00
four inch	1,750.00	1,750.00
six inch	3,500.00	3,500.00
Treated Effluent per 1,000 gallons	0.62	0.62
Teated Effluent per acre foot	202.00	202.00
<b><u>Service Line Charge</u></b>		
Service Line connection Charge	350.00	350.00
Establishment of Service	25.00	25.00
Establishment of Service (after hours) (collected only if customer is sewer only)	40.00	40.00
Re-establishment of Service (Within 12 months)	**	**
Reconnection (delinquent) after hours	30.00	30.00
After hours service charge per hour	50.00	40.00
Deposit	2x mo. Bill	*
NSF Check	15.00	15.00
Late Payment Charge (per month on unpaid balance)		***

\* Per Commission Rules (R14-2-403B).

\*\* Per Commission Rules (R-14-2-409.G(6)).

\*\*\* 1.50% per month on the unpaid balance monthly.

EXHIBIT B

DECISION NO. \_\_\_\_\_

**Table 1**  
**DEPRECIATION RATES FOR WASTEWATER SYSTEM**

Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	30	3.33
360	Collection Sewers – Force	50	2.00
361	Collection Sewers – Gravity	50	2.00
362	Special Collecting Structures	50	2.00
363	Services to Customers	50	2.00
364	Flow Measuring Devices	10	10.00
365	Flow measuring Installations	20	5.00
366	Reuse Services	50	2.00
367	Reuse Meters and Meter Installations	30	3.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	10	10.00
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission and Distribution System	50	2.00
380	Treatment and Disposal Equipment	20	5.00
381	Plant Sewers	20	5.00
382	Outfall Sewer Lines	25	4.00
389	Other Plant & Misc Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.00
391	Transportation Equipment	5	20.00
392	Store Equipment	25	4.00
393	Tools, Shop & Garage Equipment	20	5.00
394	Laboratory Equipment	10	10.00
395	Power Operated Equipment	20	5.00
396	Communication Equipment	10	10.00
397	Miscellaneous Equipment	10	10.00
398	Other Tangible Plant	----	----

EXHIBIT C

DECISION NO. \_\_\_\_\_