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CORONADO UTILITIES, INC.

c/o Pivotal Utility Management
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Denver, CO 80224
Toll Free Phone: (866) 681-0148

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May 17, 2006

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SW-04305A-05-0087

AZ CORP COMMISSION
DOCUMENT CONTROL

It is my pleasure to announce to you, our new San Manuel wastewater utility customers, that effective June 1, 2006, Coronado Utilities, Inc. will begin providing wastewater service to the residents, schools and businesses in San Manuel, AZ. Coronado will be taking the place of BHP Copper Company, who has been providing sewer service at heavily subsidized rates, for the last 50+ years to the community.

If you have been following our proceedings through the Arizona Corporation Commission, the process of obtaining the necessary approvals has been long and difficult. Many of you have expressed concerns about the new rate structure, and Coronado as well as the Arizona Corporation Commission have worked hard to provide a rate structure that minimizes the rate shock. As such, and as you will see below, a three-phase rate structure has been approved, and will be implemented effective June 1st.

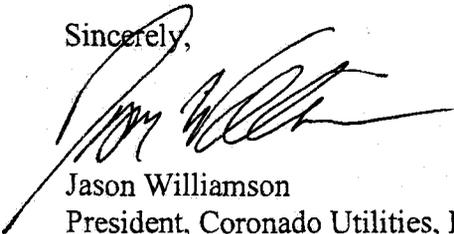
Your first bills will be sent out on June 1, 2006, and will include two one-time fees including a security deposit (\$54 for residential customers, which is fully refundable, with interest, after twelve consecutive months of on-time payments), as well as a one-time, non-refundable \$25 establishment charge for all accounts.

After billing customers for the deposit and establishment fees, your regular monthly bill will be sent during the first week of each month, beginning in July. These bill retroactively for service during the prior month (i.e. the bill received around July 5 will be for service provided from June 1st through June 30th) in accordance with the rate structures described in detail herein. Payments received within two weeks of the billing date will be on time.

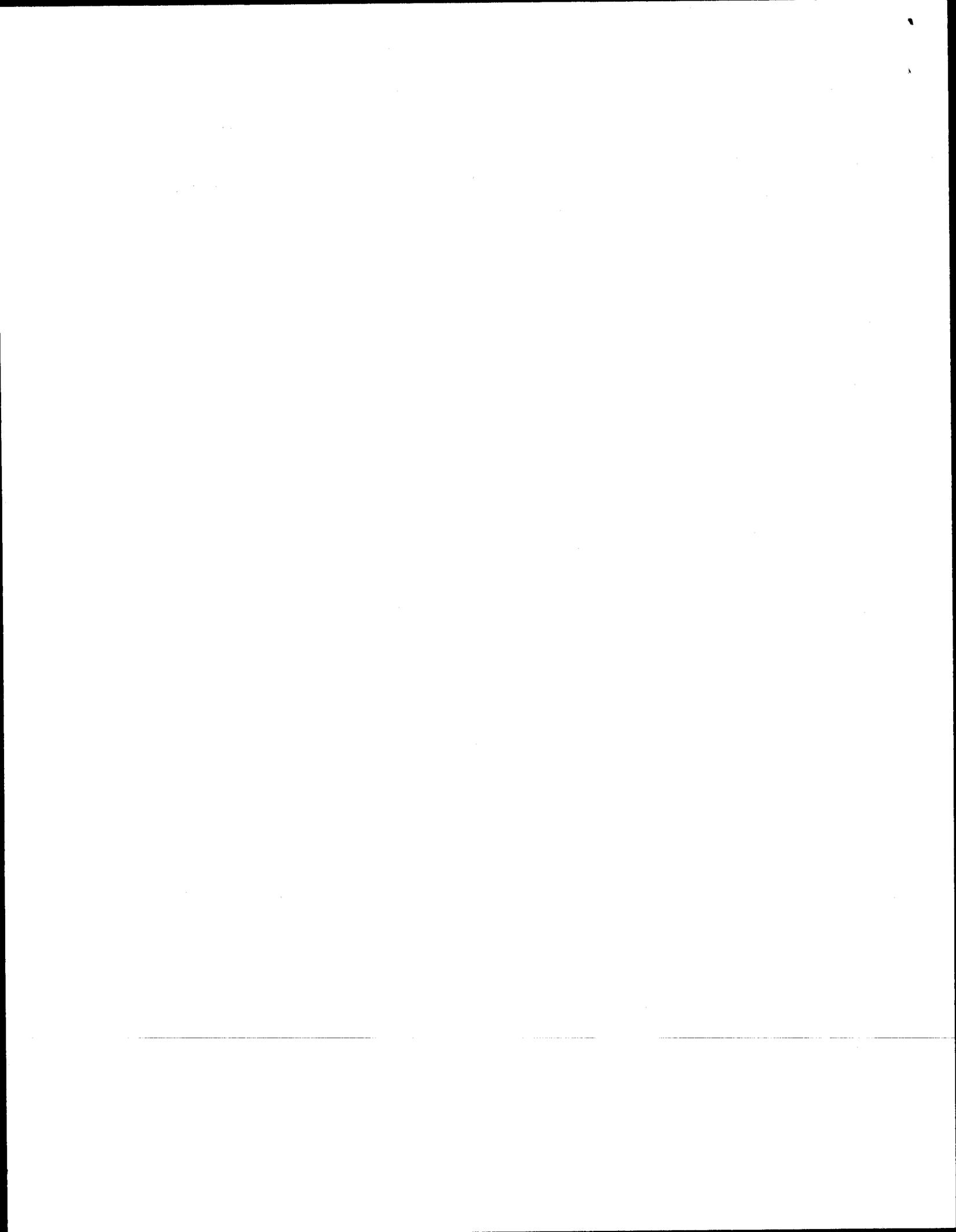
Also, please find attached Coronado's policy relative to delinquent accounts. Please take the time to review and understand this important information.

Feel free to contact our utility manager, Pivotal Utility Management, if you have any questions about the information contained in this letter, or at any point in the future if you have a question about your billing or our service. We look forward to serving San Manuel and appreciate in advance the opportunity to be a part of your community.

Sincerely,



Jason Williamson
President, Coronado Utilities, Inc.



CORONADO UTILITIES, INC. TARIFF

PHASE I

Effective as of the first of the month following Coronado's acquisition of the wastewater facilities from BHP Copper, and notification to customers of the rates and charges

Monthly Customer Charges

Residential (flat fee)	\$ 27.00
Commercial (base fee)	\$ 7.50
Mobile Home Park (base fee)	\$ 7.50
(Winter Only- Oct., Nov., Dec., Jan., Feb., Mar.)	
School	\$ 7.50

Volumetric Rates – Per 100 gallons of Metered Water Usage

Commercial	\$ 0.6400
Mobile Home Park	\$ 0.3700
(Winter Only- Oct., Nov., Dec., Jan., Feb., Mar.)	
School	\$ 0.2000

Volumetric Rates – Per Space – Based on Number of Units Occupied

Mobile Home Park	\$ 20.71
(Summer Only – Apr., May, Jun., Jul., Aug., Sept.)	

Effluent Sales

Per 1,000 gallons for general irrigation	\$ 0.15
Per Acre Foot (or 325,851 gallons) of general irrigation	\$ 48.88

PHASE II

Effective after the new wastewater treatment plant and collection system are in service; customers have received notice of the increase at least 30 days before rates are implement; and Coronado Utilities has filed with Docket Control a copy of its Approval of Construction from ADEQ

Monthly Customer Charges

Residential (flat fee)	\$ 37.00
Commercial (base fee)	\$ 7.50
Mobile Home Park (base fee)	\$ 7.50
(Winter Only- Oct., Nov., Dec., Jan., Feb., Mar.)	
School	\$ 7.50

Volumetric Rates – Per 100 gallons of Metered Water Usage

Commercial	\$ 0.8100
Mobile Home Park	\$ 0.4700
(Winter Only- Oct., Nov., Dec., Jan., Feb., Mar.)	
School	\$ 0.2561

Volumetric Rates – Per Space – Based on Number of Units Occupied

Mobile Home Park	\$ 31.86
(Summer Only – Apr., May, Jun., Jul., Aug., Sept.)	

PHASE III

Effective in the thirteenth month following implementation of Phase II rates, and after customers have received notice of the increase at least 30 days before rates are implemented

Monthly Customer Charges

Residential (flat fee)	\$ 46.50
Commercial (base fee)	\$ 7.50
Mobile Home Park (base fee)	\$ 7.50
(Winter Only – Oct., Nov., Dec., Jan., Feb., Mar.)	
School	\$ 7.50

Volumetric Rates – Per 100 gallons of Metered Water Usage

Commercial	\$ 0.9800
Mobile Home Park	\$ 0.5700
(Winter Only – Oct., Nov., Dec., Jan., Feb., Mar.)	
School	\$ 0.3122

Volumetric Rates – Per Space-Based on Number of Units Occupied

Mobile Home Park	\$ 31.86
(Summer Only – Apr., May, Jun., Jul., Aug., Sept.)	

Effluent Sales

Per 1,000 gallons for general irrigation	\$ 0.15
Per acre foot (or 325,851 gallons) of general irrigation	\$ 48.88

Service Installation Charges

Cost to include parts, labor, overhead, and all applicable taxes, including income tax

Service Charges

Establishment of Service	\$ 25.00
Re-establishment of Service	
(Monthly minimum times months off the system – A.A.C. R14-2-403D)	
Reconnection / Delinquent	\$ 35.00
Minimum Deposit – Two times the average monthly bill	
Deposit Interest – Per A.C.C. R-14-2-403(B)	
NSF Check	\$ 25.00
Deferred Payment – 1.5% per month	
Late Payment Penalty – 1.5% per month	
All revenue related taxes will be charged customers	

Main Extension and additional facilities agreements

Cost to include parts, labor, overhead, and applicable taxes, including income tax

CORONADO UTILITIES, INC. - POLICY FOR DELINQUENT ACCOUNTS

30 DAYS - Late payment penalty will accrue at 1.5% of the outstanding balance of your account.

60 DAYS – Late payment penalty plus collections action will be taken *

90 DAYS – Late payment penalty + collections action + notice of intent to disconnect* customer's sewer service. Customer will then have 10 days following receipt of final notice to settle account, or sewer service will be disconnected, and County Health Department informed.

* All collections and disconnection activities will be conducted in full accordance with title 14, chapter 2 sections 608 and 609 of the Arizona Administrative Code.