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Transcript Exhibit(s)

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Docket#(s): SW-04316A-06-0382

Exhibit #: S-1, A-1, A-2, A-3, A-4, A-5

Arizona Corporation Commission

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FILE COPY

MEMORANDUM

LEGAL

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TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

for

DATE: January 26, 2007

RE: STAFF REPORT FOR ENTRADA DEL ORO SEWER COMPANY APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR SEWER SERVICES. DOCKET NO. SW-04316A-06-0382

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JAN 29 2007

LEGAL DIV
ARIZ. CORPORATION COMMISSION

Attached is the Staff Report for the above referenced application. Staff recommends approval of the application with conditions.

EGJ:LAJ:red

Originator: Linda Jaress

Attachment: Original and Thirteen Copies

EXHIBIT
51
admitted

Service List for: Entrada Del Oro Sewer Company
Docket No. W-04316A-06-0382

Mr. Michael W. Patten
Roshka Heyman & Dewulf
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

ENTRADA DEL ORO SEWER COMPANY

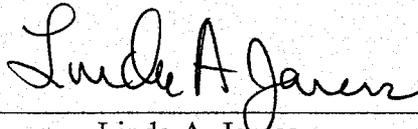
DOCKET NO. W-04316A-06-0382

APPLICATION FOR AN EXTENSION OF A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
SEWER SERVICE IN MARICOPA COUNTY, ARIZONA

January 26, 2007

STAFF ACKNOWLEDGEMENT

The Staff Report for Entrada Del Oro Sewer Company (Docket No. W-04316A-06-0382) was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report, and Dorothy Hains prepared the Engineering Report.



Linda A. Jaress
Executive Consultant III



Dorothy Hains
Utilities Engineer

**EXECUTIVE SUMMARY
ENTRADA DEL ORO SEWER COMPANY
DOCKET NO. W-04316A-06-0382**

On June 6, 2006, Entrada Del Oro Sewer Company ("Entrada" or "Company"), filed an application for approval of an extension of its Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in an area within Pinal County, Arizona located approximately 4 miles east of Gold Canyon.

The requested extension area covers approximately 160 acres and will include approximately 550 residential units, a school site and common areas. The extension area is located about 1 ½ miles south of Entrada's certificated area. The Company provided a main extension agreement as its request for service.

The Company's estimated cost to construct the plant needed to serve the extension area is \$1.4 million. Eventually, the Company will also expand its wastewater treatment plant from 300,000 gallons per day to 450,000 gallons per day. The main and the plant expansion will be financed by the developer, Ranch 160, LLC, through a main extension agreement.

Staff recommends approval of the requested CC&N extension. Staff also recommends the following compliance requirements.

1. Staff recommends the Company file a copy of its Approval of Construction for the new lift station and main with Docket Control, as a compliance item in this docket by June 30, 2008.
2. Staff recommends that the Company file a copy of the amended Section 208 Plan approved by Central Arizona Association of Governments ("CAAG") to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Staff further recommends that the Commission's Decision granting this CC&N to Entrada Del Oro be considered null and void after due process should Entrada fail to meet compliance requirements numbers 1 and 2 within the time specified.

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Introduction

On June 6, 2006, Entrada Del Oro Sewer Company ("Entrada" or "Company"), filed an application for approval of an extension of its Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in an area approximately 2 ½ miles northwest of Florence Junction and 4 miles east of Gold Canyon within Pinal County, Arizona. Entrada received its CC&N on November 14, 2005, in Decision No. 68306 wherein its sewer rates were set at \$70 per month per residential customer.

The requested extension area covers approximately 160 acres and will ultimately include approximately 550 residential units (450 at the end of five years), a school site and common areas. The extension area is located about 1 ½ miles south of Entrada's certificated area. It is expected that, at build out, the current and proposed service territories will include approximately 1,000 customers. The Company provided a main extension agreement as its request for service.

A map of the current and proposed service areas along with the legal description of the proposed extension area are attached as Exhibit 1. On November 8, 2006, the Company filed a recorded copy of the amendment to its franchise with Pinal County including the proposed area.

The Existing and Proposed Facilities

Entrada currently is not serving customers but expects to in the near future. The Company recently completed a 300,000 gallon per day wastewater treatment plant. However, more customers are necessary for the plant to be placed into operation. In the meantime, any wastewater will be collected and hauled to a nearby plant for treatment.

The Company plans to construct a lift station and 18,400 feet of main to transport the wastewater flow from the extension area to the wastewater treatment plant located in Entrada's existing service area. The Company's estimated cost to construct the plant needed to serve the extension area is \$1.4 million. Eventually, the Company will expand its wastewater treatment plant from 300,000 gallons per day to 450,000 gallons per day. The main and the plant expansion will be financed by the developer, Ranch 160, LLC, through a main extension agreement.

Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area. Staff's Engineering Report, attached as Exhibit 2, contains a more comprehensive description of the proposed wastewater system and its cost.

Arizona Department of Environmental Quality Compliance

The treated effluent will be disposed in a dry wash for which the Company has a United States Environmental Protection Agency National Pollutant Discharge Elimination System

permit. There are no planned golf courses or green belt areas in the existing and proposed service areas. Therefore, the treated effluent will not be reused.

The Arizona Department of Environmental Quality ("ADEQ") has approved the proposed on-site wastewater treatment and disposal system by issuing an Aquifer Protection Permit on May 20, 2005. Because the treatment plant is not yet in service, there is no ADEQ compliance status to report. Staff recommends the Company file a copy of its Approval of Construction for the new lift station and main with Docket Control, as a compliance item in this docket by June 30, 2008.

Section 208 Plan Amendment

The Company stated that it is in the process of obtaining the required Section 208 Plan amendment with the Central Arizona Association of Governments ("CAAG"). Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Conclusions and Recommendations

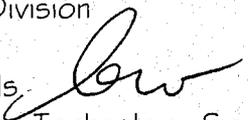
Staff recommends approval of the requested CC&N extension. Staff also recommends the following compliance requirements.

1. Staff recommends the Company file a copy of its ADEQ Approval of Construction for the new lift station and main with Docket Control, as a compliance item in this docket by June 30, 2008.
2. Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Staff further recommends that the Commission's Decision granting this CC&N to Entrada Del Oro be considered null and void after due process should Entrada fail to meet compliance requirements numbers 1 and 2 within the time specified.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: June 21, 2006

RE: **ENTRADA DEL ORO SEWER COMPANY (DOCKET NO. SW-04316A-06-0382)**

The area requested by Entrada Del Oro for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached are copies of the maps for your files.

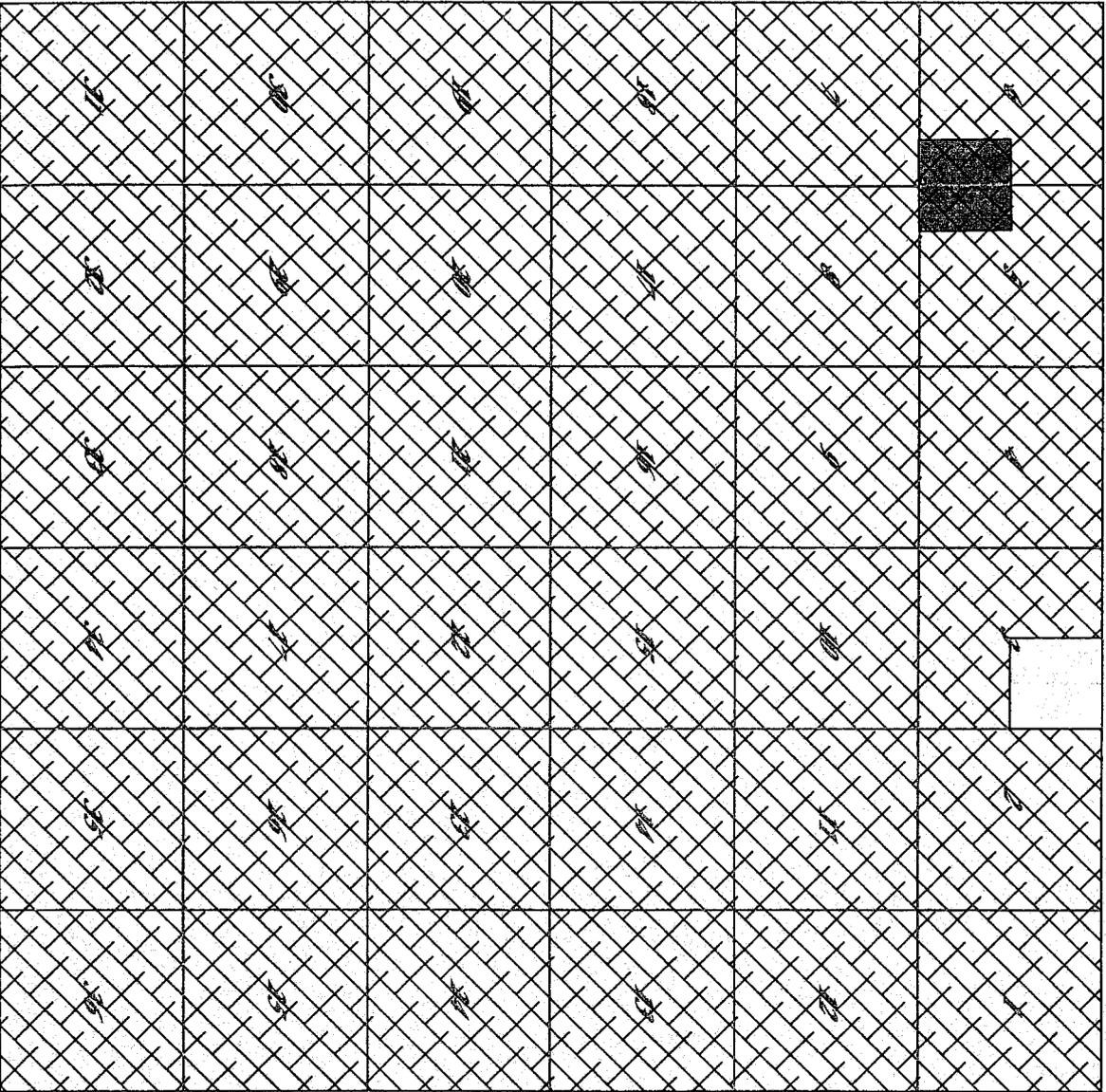
:bsw

Attachments

cc: Mr. Michael Patten
Ms. Deb Person (Hand Carried)
File

COUNTY OF Pinal

RANGE 10 East



TOWNSHIP 2 South



W-1445 (39)(7)

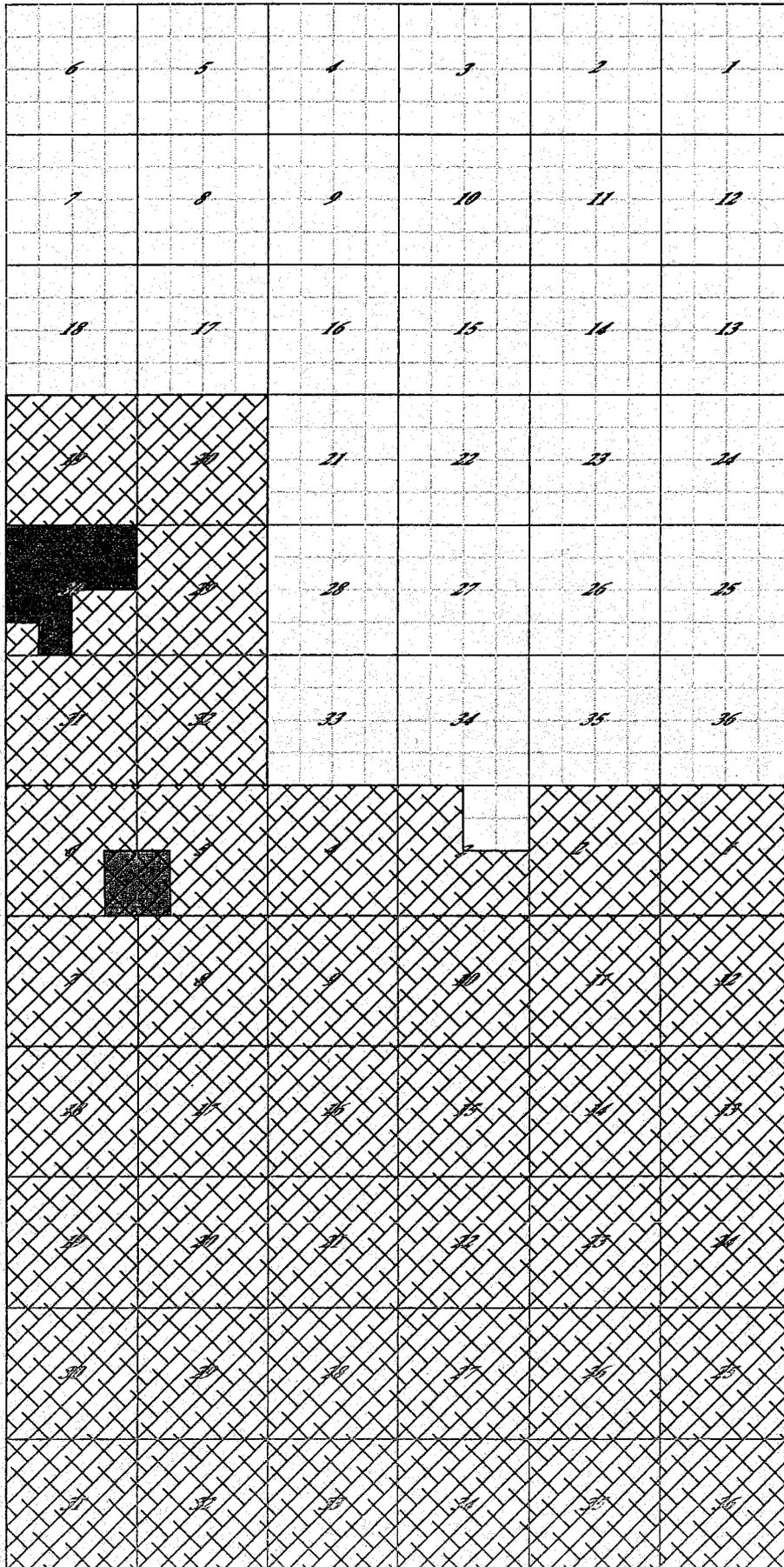
Arizona Water Company (Apache Junction)



Entrada Del Oro Sewer Company
Docket No. SW-04316A-06-0382
Application for Extension

COUNTY: *Pinal*

RANGE 10 East



TOWNSHIP 1 South

TOWNSHIP 2 South

 **W-1445**
Arizona Water Company (Apache Junction)

 **SW-4316**
Entrada Del Oro Sewer Company

 **Entrada Del Oro Sewer Company**
Docket No. SW-04316A-06-0382
Application for Extension

LEGAL DESCRIPTION

THAT PORTION OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 BEARS SOUTH 00°48'00" EAST, A DISTANCE OF 2654.73 FEET, SAID POINT BEING THE POINT OF BEGINNING.

THENCE ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 6, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, SOUTH 89°39'15" WEST, A DISTANCE OF 1324.50 FEET TO THE EAST 1/16TH CORNER, A FOUND 1/2 INCH REBAR;

THENCE ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6, NORTH 00°48'07" WEST, A DISTANCE OF 2656.74 FEET TO A FOUND 1/2 INCH REBAR AT THE CENTER-EAST 1/16TH CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 6;

THENCE NORTH 89°44'27" EAST ALONG THE EAST-WEST MID-SECTION LINE, A DISTANCE OF 1324.61 FEET TO A FOUND 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 AT THE EAST CORNER OF SAID SECTION 6;

THENCE NORTH 89°27'10" EAST ALONG THE NORTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5 A DISTANCE OF 1327.27 FEET TO A FOUND 3/4 INCH PIPE AT THE CENTER-WEST 1/16TH CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 6;

THENCE SOUTH 00°47'37" EAST ALONG THE EAST LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, A DISTANCE OF 2654.99 FEET TO A FOUND 1/2 INCH REBAR WITH A TAG STAMPED LS 2217 AT THE WEST 1/16TH CORNER OF SAID SOUTHWEST QUARTER OF SECTION 5;

THENCE SOUTH 89°27'49" WEST ALONG THE SOUTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, A DISTANCE OF 1325.98 TO THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING THE POINT OF BEGINNING;

CONTAINING 7,038,176 SQUARE FEET (161.57 ACRES) MORE OR LESS

EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT

RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 6, SAID POINT BEING A BRASS CAP;

THENCE SOUTH 89°39'15" WEST ALONG THE SOUTH LINE OF SAID SECTION 6, A DISTANCE OF 220.63 FEET TO A POINT;

THENCE NORTH 00°01'45" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'45" WEST, A DISTANCE OF 99.44 FEET TO A POINT ON A 50 FOOT RADIUS OF NON-TANGENT CURVE, CONCAVE TO THE NORTHWEST, WHOSE RADIAL BEARING IS NORTH 20°39'23" EAST;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 104°47'58", A DISTANCE OF 91.45' TO A POINT;

THENCE SOUTH 84°08'35" EAST, A DISTANCE OF 101.34 FEET TO A POINT 50.00 FEET WEST OF THE EAST LINE OF SECTION 6;

THENCE SOUTH 00°48'00" EAST, A DISTANCE OF 129.77 FEET, RUNNING 50.00 FEET WEST AND PARALLEL WITH THE EAST LINE OF SAID SECTION 6 TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 6;

THENCE SOUTH 89°39'15" WEST, A DISTANCE OF 169.96 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 6 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

ALSO, EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING A BRASS CAP;

THENCE NORTH 89°27'49" EAST ALONG THE SOUTH LINE OF SAID SECTION 5, A DISTANCE OF 1207.43 FEET TO A POINT;

THENCE NORTH 00°32'11" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°32'11" WEST, A DISTANCE OF 131.55 FEET TO A POINT;

THENCE NORTH 89°27'49" EAST, A DISTANCE OF 117.73 FEET TO A POINT;

THENCE SOUTH 00°47'37" EAST, A DISTANCE OF 131.55 FEET TO A POINT
LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 5;

THENCE SOUTH 89°27'49" WEST, A DISTANCE OF 118.33 FEET, RUNNING 50.00
FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 5 TO
THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR
MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION
OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

MEMORANDUM

DATE: December 11, 2006

TO: Linda Jaress
Executive Consultant III

FROM: Dorothy Hains, P. E. *DH for*
Utilities Engineer

RE: CC&N Extension Application for Entrada Del Oro Sewer Co.
Docket No. SW-04316A-06-0382

Introduction

Entrada Del Oro Sewer Company ("Entrada" or "the Company") has filed an application to extend its Certificate of Convenience and Necessity (CC&N). The Company holds a CC&N to provide sewer service in an area that is approximately three-quarters of a square mile in size and is located near the City of Apache Junction in Pinal County. The original CC&N was granted in Decision No. 68306, dated November 15, 2005. The Company recently completed construction of its wastewater treatment plant but currently is not serving customers. The requested extension area is located approximately 1.5 miles south of the existing service area and is roughly one quarter square mile in size. Entrada estimates there will be 450 residential units needing service in the requested area within five years.

Existing System

Entrada recently installed a 0.3 million gallon per day ("MGD") Marwood package wastewater treatment plant ("WWTP"). Wastewater collected in the Company's service area will be treated by nitrification, denitrification, filtration, and ultraviolet ("UV") disinfection. Because the number of customers currently served do not generate sufficient wastewater flows to operate the plant, it is currently not in service. The limited wastewater flow generated by initial customers will be collected and hauled to a nearby plant for treatment. Once a sufficient number of customers is being served, the Entrada WWTP will be placed in service. Treated effluent from this plant will be disposed of in a nearby dry wash. The United States Environmental Protection Agency ("EPA") issued a National Pollutant Discharge Elimination System ("NPDES") permit for the Entrada WWTP in May 2002 (Permit No. AZ0024899). There is no golf course or green belt area in the existing CC&N area, therefore the treated effluent will not be reused. According to Arizona Department of Environmental Quality ("ADEQ") records the WWTP has not been built.¹ Staff believes that ADEQ records for the Entrada WWTP have not been updated to reflect construction of the plant due to the fact that the plant was only recently completed and is not yet in service.

¹ Reported on June 16, 2006.

Staff concludes that the Company will have adequate capacity to serve customers in its existing service area and the requested extension area. Staff believes it is reasonable to assume that additional capacity will be developed as needed in the future.

ADEQ Compliance

As previously indicated, since the Entrada WWTP is not in service there is no ADEQ compliance status to report. ADEQ approved Entrada’s WWTP and disposal system by issuing an Aquifer Protection Permit on May 31, 2005 (Permit No. -105488). In Decision No. 68306 the Commission ordered the Company to file documentation which demonstrates that the system is in service by December 31, 2007.

Section 208 Plan Amendment

The Company stated that it is in the process of obtaining the required Section 208 Plan amendment with the Central Arizona Association of Governments (“CAAG”). Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Proposed Plant Additions

Additional plant will need to be installed to transport wastewater flow produced by future customers in the extension area to the WWTP located in Entrada’s existing service area. The Company plans to construct a lift station in the northwest corner of the extension area and 18,400 feet of 6-inch ductile iron pipe (“DIP”) force main to accomplish this. Staff recommends that the Company file a copy of its Approval of Construction for the new lift station and force main with Docket Control, as a compliance item in this docket, by June 30, 2008.

Cost Analysis

The Company’s estimated costs to construct the plant needed to serve the extension area are listed in the table below:

NARU C Account	Description	Unit	Unit Price (\$)	Company’s cost estimate (\$)	Total (\$)
333	Services 2” PVC service line 2” PVC	200’ 120’	6 6	1,200 720	1,920
334	Meters 2” service meter	1	350	350	350
336	Backflow Preventer Device 2” backflow preventer	1	350	350	350
348	Other Tangible Plant 2” hose bib Misc. (mob/demob) 10% Contingencies	1	200	200 12,986 125,018.89	138,204.89

354	Structure & Improvements: 8' chain link fence 8'x 16' sliding gate Gravel rd /parking grading Berm Excavation (Pump station) Excavation (retention pond) 3" gravel signs Offsite access road Clear & grub Site cleanup devegetation	386' 1 871 yd ² 2,167 yd ² 225 yd ³ 285 yd ³ 179 yd ³ 1,300 yd ² 1 267 yd ²	30 3,500 18 2.5 7 7 5 6 500 18	11,580 3,500 15,678 5,417.5 1,575 1,995 895 7,800 500 4,806 72010,000 25,000	89,467
355	Power Generation Equipment: Emergency generator (80 KW, 100 KVA w 80-HP) with diesel holding tank	1	26,252 ¹	26,252	26,252
360	Collection Sewer -- Force Main 6" DIP 10" DIP 6" DIP Air Release valve	18,400' 53 168 8	45 22 18.63 2,500	828,000 1,166 3,129.84 20,000	852,296
363	Services to Customers MH (48"-Di/ FM discharge) 6" pipe cap 6" gate valve 10' MH	1 2 2 2	10,000 250 750 3,500	10,000 500 1,500 7,000	19,000
370	Receiving Wells Romtec Package Lift Station/pumps) Pressure check valve	1 2	210,936 641.3	210,936 1,282.6	212,218.6
371	Pumping Equipment Level Controllers Pole mounted site lighting fixture	2 1	1,500 10,000	3,000 10,000	13,000
380	Treatment & disposal equipment Purafil drum scrubber Bohn Bio-filter Filter media	8 1 7	2,200 3,500 150	17,600 3,500 1,050	22,150
	Total			1,375,208	1,375,208

Note

1) The Company provided information via email on November 8, 2006.

Staff concludes that the proposed projects are appropriate and the cost estimates presented herein are reasonable for purposes of this CC&N extension request. However, no "used and useful" determination of the proposed project item was made and no particular treatment should be inferred for rate making or rate base purpose in the future.

Summary

I. Conclusions

1. Staff concludes that the Company will have adequate capacity to serve customers in its existing service area and the requested extension area. Staff believes it is reasonable to assume that additional capacity will be developed as needed in the future.
2. Since the Entrada WWTP is not in service there is no ADEQ compliance status to report.
3. Staff concludes that the proposed projects are appropriate and the cost estimates presented herein are reasonable for purposes of this CC&N extension request.

II. Recommendations

1. Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.
2. Staff recommends that the Company file a copy of its Approval of Construction for the new lift station and force main with Docket Control, as a compliance item in this docket, by June 30, 2008.

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER - Chairman 2006 JUN -6 P 4: 34
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

AZ CORP COMMISSION
DOCUMENT CONTROL

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

Docket No. SW-04316A-06-0382

APPLICATION TO EXTEND
CERTIFICATE OF CONVENIENCE
AND NECESSITY

Entrada Del Oro Sewer Company ("Entrada"), requests an extension of its Certificate of Convenience and Necessity ("CC&N") for wastewater service to include an area encompassing the development known as Ranch 160 ("Development"). In support of this Application, Entrada states as follows:

1. Entrada is an Arizona corporation formed for the purpose of providing wastewater utility service, within portions of Pinal County, Arizona. A copy of Entrada's Certificate of Good Standing is attached as Exhibit 1.

2. The Commission granted Entrada a CC&N in Decision No. 68306 (November 14, 2005). The Development is located in the vicinity of Entrada's existing CC&N territory, but is not adjacent to said territory. The Development is located in Pinal County approximately 4 miles east of Gold Canyon.

3. The area covered by this Application includes approximately 160 acres, and will include approximately 550 residential units, a school site and certain common areas. The legal description of the Development for which Entrada seeks the extension is attached as Exhibit 2.

4. The owner of the property containing the Development has requested that Entrada provide wastewater utility service to the Development and has entered into a main extension agreement with Entrada. A copy of the main extension agreement is attached as Exhibit 3.

EXHIBIT
A1
admitted

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

1 Arizona Water Company already possesses a certificate of convenience and necessity to provide
2 water service in the Development.

3 5. Attached as Exhibit 4 is the Commission's standard form application for a CC&N
4 extension for wastewater service.

5 6. Entrada proposes to charge its existing rates and charges, as set forth in its tariff on
6 file with the Commission, and as approved by the Commission in Decision No. 68306 (November
7 14, 2005).

8 7. The facilities to serve the Development will be financed through a Main Extension
9 Agreement ("MXA") between Entrada and the developer of the Development.

10 8. Entrada's attorneys are:

11 Michael W. Patten
12 Roshka DeWulf & Patten, PLC
13 One Arizona Center,
14 400 East Van Buren Street
15 Phoenix, Arizona 85004.

16 9. Entrada currently has a Central Arizona Association of Governments ("CAAG")
17 §208 Plan for wastewater service for its existing service area. An amendment to this plan will be
18 required to serve the Development. Entrada has discussed the need for a §208 Plan amendment
19 with CAAG and CAAG has indicated its support for the amendment. Entrada is in the process of
20 applying for this amendment. A copy of the application for the amendment will be submitted as a
21 late filed exhibit once it is received.

22 10. Entrada has an Aquifer Protection Permit ("APP") for a 300,000 gallons per day
23 ("gpd") wastewater treatment plant to serve its existing service area, a copy of which is on file in
24 Entrada's original CC&N docket. The 300,000 gpd treatment plant is will be sufficient to serve the
25 anticipated growth in both Entrada's existing CC&N area and the extension area until 2010. At full
26 build out of its existing CC&N and the extension area, the treatment capacity of the plant will need
27 to be expanded from 300,000 gpd to 450,000 gpd. As a result, Entrada ultimately will require an
amendment to its APP to expand the treatment plant. Entrada is in the process of applying for this
amendment. A copy of application for the APP amendment will be submitted when available.

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

1 11. Entrada also has an AZPDES permit for its existing treatment plant, a copy of which
2 is on file in Entrada's original CC&N docket. The existing AZPDES permit authorizes sufficient
3 capacity for several years of growth. However, at some point Entrada may need an amendment to
4 its AZPDES permit and intends to seek that amendment as necessary.

5 12. The wastewater facilities needed to serve the area covered by this Application will
6 be constructed as needed to provide service to customers. It is anticipated that wastewater flows
7 from the Ranch 160 Development will commence at least a year after wastewater flows commence
8 from the existing CC&N area. Presently, the currently permitted treatment capacity of 300,000gpd
9 will be sufficient to treat the anticipated wastewater flows from the current CC&N area and the
10 requested extension area until 2010. Entrada intends to expand the treatment plant to 450,000gpd -
11 which will provide sufficient treatment capacity for full build out of both the existing CC&N area
12 and the requested extension area -- well in advance of the need for treatment capacity in excess of
13 300,000gpd.

14 13. Entrada is aware of the Commission's general preference for regional providers of
15 wastewater service. Entrada believes that Pinal County also prefers regional providers of
16 wastewater service. Pinal County and CAAG have indicated their support for Entrada to be the
17 regional wastewater provider in the vicinity of its current service area.¹ This application is
18 consistent with the regional provider concept as Entrada currently holds a CC&N which is located
19 in the vicinity of the Development. Entrada is the closest certificated wastewater provider to the
20 Development, and is therefore the logical choice to serve the Development. Further, this
21 application is supported by the landowner in the extension area.

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

24 15. Entrada maintains that this Application is in the public interest and should be
25 granted. There is an imminent need for wastewater service in the Development. Given the location
26

27

¹ Arizona Water Company already holds an extensive water CC&N in the region.

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

1 of the Development, Entrada is effectively the only option to provide wastewater service to the
2 Development.

3 **WHEREFORE**, Entrada respectfully requests that the Commission:

4 A. Issue a Procedural Order scheduling a hearing on this matter as timely as reasonably
5 possible;

6 B. Upon completion of said hearing, issue an Opinion and Order approving the
7 requested extension of Entrada's Certificate of Convenience to provide wastewater to the
8 Development.

9 C. Grant such other and further relief as may be appropriate under the circumstances
10 herein.

11 RESPECTFULLY SUBMITTED this 6th day of June, 2006.

Entrada del Oro Sewer Company

14 By 

15 Michael W. Patten
16 ROSHKA DEWULF & PATTEN, PLC
17 One Arizona Center
18 400 East Van Buren Street, Suite 800
19 Phoenix, Arizona 85004
20 (602) 256-6100

Attorneys for Entrada del Oro Sewer Company

21 Original and 13 copies of the foregoing
22 filed this 6th day of June, 2005 with:

23 Docket Control
24 Arizona Corporation Commission
25 1200 West Washington
26 Phoenix, Arizona 85007
27

KOSHK A DE WULF & PATTEN, PLC
ONE ARIZONA CENTER
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Copies of the foregoing hand-delivered/mailed
this 6th day of June, 2005

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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

Christopher C. Kempley
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

By *Mary Appolito*

EXHIBIT

"1"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

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

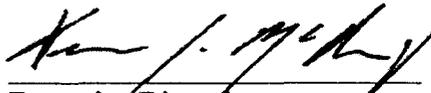
a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 2, 2005.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 19th Day of May, 2006, A. D.




Executive Director

Order Number: 67476

EXHIBIT

"2"

LEGAL DESCRIPTION

THAT PORTION OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 BEARS SOUTH $00^{\circ}48'00''$ EAST, A DISTANCE OF 2654.73 FEET, SAID POINT BEING THE POINT OF BEGINNING.

THENCE ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 6, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, SOUTH $89^{\circ}39'15''$ WEST, A DISTANCE OF 1324.50 FEET TO THE EAST $1/16^{\text{TH}}$ CORNER, A FOUND $1/2$ INCH REBAR;

THENCE ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6, NORTH $00^{\circ}48'07''$ WEST, A DISTANCE OF 2656.74 FEET TO A FOUND $1/2$ INCH REBAR AT THE CENTER-EAST $1/16^{\text{TH}}$ CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 6;

THENCE NORTH $89^{\circ}44'27''$ EAST ALONG THE EAST-WEST MID-SECTION LINE, A DISTANCE OF 1324.61 FEET TO A FOUND 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 AT THE EAST CORNER OF SAID SECTION 6;

THENCE NORTH $89^{\circ}27'10''$ EAST ALONG THE NORTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5 A DISTANCE OF 1327.27 FEET TO A FOUND $3/4$ INCH PIPE AT THE CENTER-WEST $1/16^{\text{TH}}$ CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 6;

THENCE SOUTH $00^{\circ}47'37''$ EAST ALONG THE EAST LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, A DISTANCE OF 2654.99 FEET TO A FOUND $1/2$ INCH REBAR WITH A TAG STAMPED LS 2217 AT THE WEST $1/16^{\text{TH}}$ CORNER OF SAID SOUTHWEST QUARTER OF SECTION 5;

THENCE SOUTH $89^{\circ}27'49''$ WEST ALONG THE SOUTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, A DISTANCE OF 1325.98 TO THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING THE POINT OF BEGINNING;

CONTAINING 7,038,176 SQUARE FEET (161.57 ACRES) MORE OR LESS

EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT

RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 6, SAID POINT BEING A BRASS CAP;

THENCE SOUTH 89°39'15" WEST ALONG THE SOUTH LINE OF SAID SECTION 6, A DISTANCE OF 220.63 FEET TO A POINT;

THENCE NORTH 00°01'45" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'45" WEST, A DISTANCE OF 99.44 FEET TO A POINT ON A 50 FOOT RADIUS OF NON-TANGENT CURVE, CONCAVE TO THE NORTHWEST, WHOSE RADIAL BEARING IS NORTH 20°39'23" EAST;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 104°47'58", A DISTANCE OF 91.45' TO A POINT;

THENCE SOUTH 84°08'35" EAST, A DISTANCE OF 101.34 FEET TO A POINT 50.00 FEET WEST OF THE EAST LINE OF SECTION 6;

THENCE SOUTH 00°48'00" EAST, A DISTANCE OF 129.77 FEET, RUNNING 50.00 FEET WEST AND PARALLEL WITH THE EAST LINE OF SAID SECTION 6 TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 6;

THENCE SOUTH 89°39'15" WEST, A DISTANCE OF 169.96 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 6 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

ALSO, EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING A BRASS CAP;

THENCE NORTH 89°27'49" EAST ALONG THE SOUTH LINE OF SAID SECTION 5, A DISTANCE OF 1207.43 FEET TO A POINT;

THENCE NORTH 00°32'11" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°32'11" WEST, A DISTANCE OF 131.55 FEET TO A POINT;

THENCE NORTH 89°27'49" EAST, A DISTANCE OF 117.73 FEET TO A POINT;

THENCE SOUTH 00°47'37" EAST, A DISTANCE OF 131.55 FEET TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 5;

THENCE SOUTH 89°27'49" WEST, A DISTANCE OF 118.33 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 5 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

EXHIBIT

"3"

**MAIN EXTENSION AGREEMENT
(SEWER SERVICE)**

THIS AGREEMENT is made this 10 day of April, 2006, by and between ENTRADA DEL ORO SEWER COMPANY, an Arizona public service corporation ("Utility"), and RANCH 160, LLC, an Arizona limited liability corporation ("Developer"), for the purposes and consideration hereinafter set forth.

RECITALS

A. Developer is the owner of certain real property generally situated in Pinal County, Arizona, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property"). The Property contains approximately 160 acres. The Property is not located within the Certificate of Convenience and Necessity ("CC&N") of any other certificated sewer utility or within the service area of any municipal or other wastewater service provider.

B. Utility is a public service corporation as defined in Article 15, Section 2, of the Arizona Constitution and, as such, is regulated by the Arizona Corporation Commission ("Commission"). Utility has been granted, or expects to soon be granted, a CC&N by the Commission, authorizing Utility to provide sewer utility service within its certificated service area. Utility's CC&N is located in the vicinity of the Property, but is not contiguous to and does not include any portion of the Property. Utility is willing, however, to seek approval of the Commission to extend its CC&N to include the Property following execution of this Agreement.

C. Subject to the terms and conditions hereof, Developer has requested that sewer utility service be extended and provided to the Property by Utility in furtherance of Developer's development plans. Developer intends to develop a residential subdivision presently known as

Ranch 160 (the "Subdivision") that will contain up to approximately 550 residential dwellings, a school site and certain common areas. Developer is willing to construct and install collection and transmission mains, lift stations, manholes and/or other facilities, both on-site and off-site necessary for Utility to furnish service to the Subdivision. Developer is willing to convey title to these facilities following completion of construction. All amounts paid by Developer for such facilities will be treated as an advance in aid of construction according to the terms and conditions set forth hereinafter. Developer is also willing to contribute funds to Utility for purposes of increasing wastewater treatment capacity at Utility's wastewater treatment plant.

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENTS

1. Facilities Construction by Developer.

a. Construction of Facilities; Right of Inspection. Subject to Sections 2 through 4 below, Developer shall construct and install, or shall cause to be constructed and installed, at its sole expense: (i) all on-site transmission and collection mains and pipelines, manholes, fittings, service lines and/or all other related items of utility plant required to extend utility service to each lot or building within the Subdivision as more particularly described in Exhibit "B" attached hereto and incorporated herein by this reference and (ii) certain off-site facilities as more particularly described in Exhibit "C" attached hereto and incorporated by reference (hereinafter the on-site and the off-site facilities together are referred to as the "Facilities"). Developer agrees that the size, design, type and quality of materials used to construct the Facilities, as well as the location of the Facilities upon and under the ground, shall

be approved by Utility prior to the commencement of construction and that the Facilities shall be designed and constructed in accordance with all applicable standards of the Arizona Department of Environmental Quality ("ADEQ"), the Commission and any other governmental agencies exercising jurisdiction over the design and construction of wastewater utilities systems. All plans and specifications shall be submitted to Utility for approval prior to submission to the regulatory agencies, except for any such plans and specifications that have already been submitted to regulatory agencies (such plans and specifications will be provided to Utility promptly upon execution of the Agreement). Utility shall have twenty (20) days within which to revise or approve the plans. If Utility does not provide comments within that twenty-day period, the plans and specifications will be deemed approved by Utility.

Utility shall have the right to require over sizing of facilities installed by Developer, provided Utility pays for the proportionate costs. Utility shall also have the right to require certain configurations which meet prudent utility practice and general industry practice, to participate in design review and design verification activities, pre- and post- construction inspection requirements, commissioning requirements, test and trials (design validation), and to prescribe certain equipment over other equipment. However, Utility cannot require changes to the configuration, design or equipment after approval of the plans and specification. If Utility requests changes to the configuration, design or equipment after approval, Developer may grant such request providing Utility pays for work related to the request.

b. Corrective Action. Utility shall have the right to inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with the approved plans and specifications. If at any time before the final acceptance by Utility of the Facilities, any construction, materials or workmanship are found to be defective or deficient in

any way, or the Facilities fail to conform to the plans and specifications, then Utility may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Utility reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Utility's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Utility. The foregoing notwithstanding, Utility shall not unreasonably withhold or delay inspection, testing or acceptance of the Facilities. Further, any determination by Utility that any construction, materials and/or workmanship are deficient or defective, or that the Facilities fail to conform with the plans and specifications, shall not be arbitrarily made, but shall be made in good faith.

2. Transfer of Ownership; As-Built Plans; Warranty.

a. Transfer. Upon proper completion, testing and final inspection of the Facilities by Utility, and receipt of approval from the Commission to the extension of Utility's CC&N as contemplated below, Utility shall promptly thereafter issue a written notice of acceptance to Developer. Immediately upon the satisfaction of the last of the two conditions for acceptance specified in the preceding sentence, Developer shall convey to Utility, via a bill of sale in a form reasonably satisfactory to Utility, the Facilities together with any permanent easements and/or rights-of-way required pursuant to Section 4 below. All facilities so transferred shall thereafter become and remain the sole property and responsibility of Utility, subject to the terms of any warranty provisions.

b. As-Built Plans. At the time of transfer of the Facilities, Developer shall provide to Utility three (3) hard-copy sets of "as-built" drawings and specifications for the Facilities, certified and sealed by Developer's engineers to be true and correct, in a form reasonably acceptable to Utility. In addition, Developer will furnish one electronic version of the as-built plans.

c. Warranty. Developer warrants that upon completion of the Facilities that they will be free from all defects and deficiencies in design, specification, construction, materials and workmanship for a period of one (1) year from the date of Utility's acceptance and further warrant that the performance of the system meets the design requirements. During the warranty period, Developer agrees to promptly undertake any Corrective Action required to remedy such defects and deficiencies upon notice by Utility. Upon Utility's acceptance of the Facilities, as provided in Section 2.a of this Agreement, Utility shall be deemed to have accepted the Facilities in "as is" and "as-constructed" condition, subject only to the one-year warranty period concerning defects and deficiencies in construction, materials and workmanship.

3. Reimbursement for Inspection Costs, Overhead and Other Expenses of Utility. Developer shall reimburse Utility for Utility's reasonable fees, costs and expenses incurred in connection with its review of the engineering plans and specifications for the Facilities, and inspection and testing of the Facilities during and after their construction, and other fees, costs and expenses reasonably and necessarily incurred by Utility with respect to preparation of this Agreement and other necessary legal and/or technical services including, without limitation, legal costs associated with obtaining approval from the Commission to extend Utility's CC&N, obtaining an extension of Utility's Pinal County Franchise and obtaining necessary amendments to Utility's Aquifer Protection Permit and AzPDES permit (collectively, "Administrative

Costs"). On a monthly basis, Utility shall provide Developer paid invoices supporting such Administrative Costs. Payment shall be made by Developer on or before the fifteenth (15th) day of the calendar month following the month in which Utility's statement and supporting invoices are received by Developer. Developer will pay Utility a deposit of \$10,000.00 upon execution of this Agreement and Utility hereby acknowledges its receipt of \$10,000.00 from Developer as a deposit, which shall be applied as a credit against Administrative Costs incurred by Utility hereunder.

4. Public Streets and Rights-of-Way; Easements; Spacing of Mains. At or before the time of transfer of ownership of any Facilities as provided in Section 2 above, Developer shall provide Utility with evidence reasonably satisfactory to Utility that all Facilities, both within and outside the Property, are located within dedicated streets and/or public rights-of-way. In the event that any of the Facilities are not located within dedicated streets and/or public rights-of-way, then, at the time of transfer of ownership of such Facilities, Developer shall grant to Utility, or shall cause to be granted to Utility, easements and/or rights-of-way, free from all liens and security interests thereon, and in a form that is satisfactory to Utility, over, under, and across any real property, within or outside the Property, as necessary to operate, maintain and repair the Facilities. Unless otherwise mutually agreed upon in writing, such easements and/or rights-of-way shall be free of physical encroachments, encumbrances or obstacles, and shall have a minimum width of ten (10') feet and the mains and service lines shall be separated by a reasonable distance from other utility lines and facilities to prevent damage or conflicts in the event of repairs or maintenance.

5. Advances in Aid of Construction.

a. Determination of Amount of Developer Advances. The actual cost of constructing and installing the Facilities described in Section 1 above, and all amounts paid by Developer pursuant to Section 1 above, shall constitute an advance in aid of construction and shall be refundable to Developer in accordance with Section 5.b of this Agreement. Developer shall provide Utility with a written statement setting forth in detail Developer's actual costs of construction within twenty (20) business days following receipt of Utility's notice of acceptance of the Facilities, together with copies of all invoices, bills, statements and other documentation evidencing the cost of construction. The cost of any Corrective Action, the cost of curing any defects arising during the warranty period, as provided for herein, and the cost of any unreasonable overtime incurred in the construction of the Facilities shall not be included in the actual cost of constructing and installing the Facilities, and shall not be subject to refund by Utility hereunder.

b. Refunds of Advances to Developer. Utility shall refund annually to Developer an amount equal to ten percent (10%) of the gross annual revenues received by Utility from the provision of sewer utility service to each bona fide customer within the Subdivision. Such refunds shall be paid by Utility on or before December 31 of each calendar year, commencing in the calendar year immediately following the calendar year in which title to the Facilities is transferred to Utility and continuing thereafter in each succeeding calendar year for a total of ten (10) years or until Developer has received refunds equal to the actual amount of Developer Advances, whichever comes first, at which point refunds will cease. No interest shall accrue or be payable on the amounts to be refunded hereunder. The entitlement to refunds as herein described is personal to Developer and may, at Developer's option, either be retained by

Developer or assigned by Developer to a successor owner of the Property upon a disposition of the Property by Developer.

6. Developer Contribution for Treatment Capacity.

a. Initial Contribution. Developer shall pay Utility a contribution for wastewater treatment capacity in the amount reasonably necessary to expand the Utility's wastewater treatment plant from 300,000 gpd to 450,000 gpd. That amount is presently estimated to be approximately \$800,000, as set forth in Exhibit "D" and such estimated payment shall not change except upon at least thirty (30) days' prior notice to Developer. The payment of the estimated amount shall be due at the time Developer provides a written request to Utility to commence construction of the expansion of the wastewater treatment plant and shall be non-refundable. The payment of such contribution shall be a condition precedent to the Utility's obligation to provide sewer utility service to the Subdivision.

b. True Up of Actual Construction Costs. Upon completion of the plant expansion, Utility shall provide Developer documentation of actual construction costs for the expansion and Developer shall pay Utility the amount of construction costs in excess of the estimate set forth in Exhibit "D" within thirty (30) days of receipt of said documentation. If actual construction costs are less than the estimate set forth in Exhibit "D", Utility will refund to Developer the difference between the estimated and actual construction costs within thirty (30) days after it is determined that the cost of such actual construction was less than the estimated cost thereof.

7. Liability for Income Taxes. In the event it is determined that all or any portion of Developer's advance or contribution in aid of construction hereunder constitute taxable income to Utility as of the date of this Agreement or at the time Utility actually receives such advances

hereunder, Developer will advance funds to Utility equal to the income taxes resulting from Developer's advances hereunder. These funds shall be paid to Utility within twenty (20) days following written notification from Utility to Developer that a determination has been made by the taxing authority having jurisdiction over Utility that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Utility's liability for income taxes resulting from the Developer advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this Paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Utility harmless for, from and against any tax-related interest, fines and penalties assessed against Utility and other costs and expenses incurred by utility as a consequence of a failure by Developer to pay such amounts within the twenty (20) day period described above.

8. Notice. All notices and other written communications required hereunder shall be sent to the parties as follows:

Entrada del Oro Sewer Company
Attn: Chuck Kennedy
5010 E. Shea Blvd., Suite A216
Scottsdale, AZ 85254

and

Ranch 160, LLC
Attn: Ward Bell
14425 North 7th Street, Suite 101
Phoenix, Arizona 85022

Each party shall advise the other part in writing of any change in the manner in which notice is to be provided hereunder. All notices which either party hereto is required or may desire to give to the other shall be in writing and may be given by delivering the same personally, by delivery by a nationally recognized overnight courier service, or by sending the same by United States mail, certified or registered, return receipt requested, postage pre-paid, to the addresses as stated above, or to such other place as may from time to time be designated by one party to the other in a written notice as herein provided. Any notice that is personally delivered shall be deemed to be sufficiently served or given upon such delivery. Any notice that is mailed or sent via overnight courier as aforesaid shall be deemed to be sufficiently served or given on the next business day after the mailing thereof or the deposit thereof with the overnight courier, as applicable. Any notice refused shall be deemed received as of the date of such refusal.

9. Default. Any claim that Utility or Developer is in default or breach of this Agreement shall be in writing and notice of such alleged breach or default shall be given pursuant to Section 8 above. No default shall become effective until twenty (20) days after the actual or deemed receipt of notice of such default by the party claimed to be in default such that such party shall have an opportunity to cure the alleged default.

10. Risk of Loss: Indemnification. Until Utility has issued its written notice of acceptance of the Facilities constructed by Developer hereunder, all risk of loss with respect to the Facilities shall remain with Developer. Developer shall indemnify and hold Utility and its officers, directors, employees and agents harmless for, from and against all claims or other liability, whether actually asserted or threatened, arising out of or related to Developer's construction of the Facilities hereunder. Developer's obligations under this Paragraph shall not extend to any claims or liability arising out of Utility's ownership and operation of the Facilities following their acceptance.

11. Utility's Obligation to Serve. Utility shall have no obligation to accept and operate the Facilities to be constructed hereunder in the event Developer, after notice and the expiration of the applicable cure period: (i) fails to make any payment provided in this Agreement, (ii) fails to complete the construction and installation of the Facilities in accordance with their plans and specifications, or (iii) otherwise fails to comply with any of the terms and conditions of this Agreement in any material respect. Further, it is understood by Developer that Utility shall have no obligation to accept and operate the Facilities to be constructed hereunder in the event Utility does not receive necessary approvals to extend its sewer utility service to the Property as contemplated in Paragraph 13 below; provided, however, Utility hereby covenants and agrees to promptly, diligently and in good faith pursue all such necessary approvals. Subject to the foregoing and following receipt of necessary approvals as contemplated in Paragraph 13 below, Utility shall promptly provide sewer utility service to the property upon completion and acceptance of the Facilities and payment by Developer on all amounts pursuant to Sections 1, 2, 3 and 6.a herein above.

12. Right of Assignment. Developer may assign this Agreement, or any of its rights and obligations hereunder, to another party provided that such assignment is made in connection with the sale of the Property and further provided that Developer first receives written consent of such assignment from Utility prior to the effective date of the assignment, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that Developer acknowledges that Utility may, in its sole discretion, require that the assignee agree and consent in writing to fully perform all Developer's obligations hereunder in Developer's place and stead as if said assignee is an original party hereto, to be bound by this Agreement and to require that the assignee demonstrate financial ability to timely discharge Developer's obligations hereunder.

Upon execution of such agreement and consent by assignee and confirmation by Utility of assignee's financial ability to timely discharge Developer's obligations hereunder, Developer will be released from any and all liability or obligation under this Agreement.

13. Extension of Utility's CC&N and Other Approvals. Utility shall seek authority from the Commission for the extension of its CC&N to include the Property in Utility's CC&N promptly after the granting of its initial CC&N. All of Developer's obligations under this Agreement shall be conditioned upon Utility receiving: (i) authority from the Commission to include the Property in Utility's certificated service area; (ii) an extension of its Pinal County Franchise to include Property; and (iii) an amendment to the CAAG 208 Plan that will allow Utility to provide wastewater treatment service to Property and to expand its wastewater treatment plant to 450,000 gallons per day. All amounts paid to or advanced by Developer pursuant to this Agreement shall be reimbursed by Utility in the event Utility does not receive necessary authority to provide wastewater service to Property within 15 months from the date of execution of this Agreement, except for Administrative Costs reasonably and necessarily incurred by Utility in preparing this Agreement and pursuing Utility's application to extend its CC&N and Pinal County Franchise, as well as its APP and AzPDES permit amendments. Developer hereby consents to and approves inclusion of the Property in Utility's CC&N. Further, Developer covenants and agrees to support Utility's application to extend its CC&N, and shall, upon request by Utility, provide testimony and/or public comment supporting Utility's application in connection with any proceeding before the Commission. The foregoing notwithstanding, if Utility has not received the necessary authority to provide wastewater service to the Property within fifteen (15) months from the date of execution of this Agreement, Developer may, at any time thereafter prior to Utility's receiving such authority, terminate this

Agreement upon not less than ten (10) days prior written notice to Utility. Upon any such termination by Developer, the consent herein given to include the Property in Utility's CC&N shall automatically be deemed revoked.

14. Alternative Dispute Resolution. The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation. If the parties fail to resolve the dispute within sixty (60) days, either party may submit the matter to mandatory and binding arbitration in accordance with the rules of the American Arbitration Association currently in effect unless the parties mutually agree otherwise or commence litigation in a court or other tribunal of appropriate jurisdiction.

15. Commission Rules and Regulations. This Agreement, and all rights and obligations hereunder, shall be subject to the Commission's rules and regulations regarding the operation of sewer utility company (A.A.C. R14-2-601, *et seq.*) and all applicable rates, fees, charges, and tariffs of Utility relating to sewer utility service as approved by the Commission or as may be modified in the future.

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

17. Miscellaneous. This Agreement shall be governed by the laws of the State of Arizona. This Agreement, and each and every term and condition contained herein, shall be binding upon and inure to the benefit of the successors and assigns of Utility and Developer. This Agreement sets forth the entire agreement between the parties and supersedes all prior negotiations, understandings and agreements between them, except as otherwise expressly

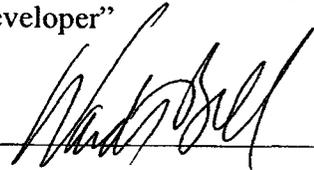
provided herein. No change in, addition to, or waiver of any provisions of this Agreement shall be binding upon either party unless in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

ENTRADA DEL ORO SEWER CO.
An Arizona public service corporation
"Utility"

By 
Its President

RANCH 160, LLC
an Arizona limited liability corporation
"Developer"

By 
Its MANAGING MEMBER

SCHEDULE OF EXHIBITS

- | | |
|-------------|--|
| Exhibit "A" | Legal Description of approximately 160 acres owned by Developer ("Property") |
| Exhibit "B" | Description of the on-site facilities to be constructed by Developer |
| Exhibit "C" | Description of the off-site facilities to be constructed by Developer. |
| Exhibit "D" | Estimated Budget for Wastewater Treatment Plant Expansion from 300,000 gpd to 450,000 gpd. |

EXHIBIT A
LEGAL DESCRIPTION
RANCH 160

LEGAL DESCRIPTION

THAT PORTION OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 BEARS SOUTH 00°48'00" EAST, A DISTANCE OF 2654.73 FEET, SAID POINT BEING THE POINT OF BEGINNING.

THENCE ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 6, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, SOUTH 89°39'15" WEST, A DISTANCE OF 1324.50 FEET TO THE EAST 1/16TH CORNER, A FOUND 1/2 INCH REBAR;

THENCE ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6, NORTH 00°48'07" WEST, A DISTANCE OF 2656.74 FEET TO A FOUND 1/2 INCH REBAR AT THE CENTER-EAST 1/16TH CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 6;

THENCE NORTH 89°44'27" EAST ALONG THE EAST-WEST MID-SECTION LINE, A DISTANCE OF 1324.61 FEET TO A FOUND 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 AT THE EAST CORNER OF SAID SECTION 6;

THENCE NORTH 89°27'10" EAST ALONG THE NORTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5 A DISTANCE OF 1327.27 FEET TO A FOUND 3/4 INCH PIPE AT THE CENTER-WEST 1/16TH CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 6;

THENCE SOUTH 00°47'37" EAST ALONG THE EAST LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, A DISTANCE OF 2654.99 FEET TO A FOUND 1/2 INCH REBAR WITH A TAG STAMPED LS 2217 AT THE WEST 1/16TH CORNER OF SAID SOUTHWEST QUARTER OF SECTION 5;

THENCE SOUTH 89°27'49" WEST ALONG THE SOUTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, A DISTANCE OF 1325.98 TO THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING THE POINT OF BEGINNING;

CONTAINING 7,038,176 SQUARE FEET (161.57 ACRES) MORE OR LESS

EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT

RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 6, SAID POINT BEING A BRASS CAP;

THENCE SOUTH $89^{\circ}39'15''$ WEST ALONG THE SOUTH LINE OF SAID SECTION 6, A DISTANCE OF 220.63 FEET TO A POINT;

THENCE NORTH $00^{\circ}01'45''$ WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH $00^{\circ}01'45''$ WEST, A DISTANCE OF 99.44 FEET TO A POINT ON A 50 FOOT RADIUS OF NON-TANGENT CURVE, CONCAVE TO THE NORTHWEST, WHOSE RADIAL BEARING IS NORTH $20^{\circ}39'23''$ EAST;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $104^{\circ}47'58''$, A DISTANCE OF 91.45' TO A POINT;

THENCE SOUTH $84^{\circ}08'35''$ EAST, A DISTANCE OF 101.34 FEET TO A POINT 50.00 FEET WEST OF THE EAST LINE OF SECTION 6;

THENCE SOUTH $00^{\circ}48'00''$ EAST, A DISTANCE OF 129.77 FEET, RUNNING 50.00 FEET WEST AND PARALLEL WITH THE EAST LINE OF SAID SECTION 6 TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 6;

THENCE SOUTH $89^{\circ}39'15''$ WEST, A DISTANCE OF 169.96 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 6 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

ALSO, EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING A BRASS CAP;

THENCE NORTH $89^{\circ}27'49''$ EAST ALONG THE SOUTH LINE OF SAID SECTION 5, A DISTANCE OF 1207.43 FEET TO A POINT;

THENCE NORTH $00^{\circ}32'11''$ WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH $00^{\circ}32'11''$ WEST, A DISTANCE OF 131.55 FEET TO A POINT;

THENCE NORTH 89°27'49" EAST, A DISTANCE OF 117.73 FEET TO A POINT;

THENCE SOUTH 00°47'37" EAST, A DISTANCE OF 131.55 FEET TO A POINT
LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 5;

THENCE SOUTH 89°27'49" WEST, A DISTANCE OF 118.33 FEET, RUNNING 50.00
FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 5 TO
THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR
MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION
OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

EXHIBIT B
ON-SITE SEWER
RANCH 160

On site sewer system to serve 550 lots consisting of approximately:

18,800 lineal feet of 8" sewer

230 lineal feet of 10" sewer

70 manholes.

EXHIBIT C
OFF-SITE SEWER
RANCH 160

Off-site sewer to serve 550 lots at Ranch 160:

Approximately 19,000 lineal feet of 8" force main

38 manholes.

A lift station

EXHIBIT D
Estimated Budget for Wastewater Treatment Plant Expansion

\$25,000	excavation
\$558,000	3 rd train tank, equipment and covers
\$50,000	engineering and inspection
\$29,150	construction management
\$40,810	direct job costs at 7%
\$37,900	sales tax
<u>\$58,300</u>	10% misc. and contingency
\$799,160	estimated total

EXHIBIT

"4"

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND
NECESSITY

WATER AND/OR SEWER

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

Entrada Del Oro Sewer Company
11811 N. Tatum Blvd, Suite 1060
Phoenix, Arizona 85028
602-867-6501

B. The name, address and telephone number of management contact is:

Chuck Kennedy
Entrada Del Oro Sewer Company
11811 N. Tatum Blvd, Suite 1060
Phoenix, Arizona 85028
602-867-6501

Paul and Kris Hendricks
EUSI, LLC
4501 W. Tierra Buena Lane
Glendale, Arizona 85306
602.548.4135

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

Paul and Kris Hendricks
EUSI, LLC
4501 W. Tierra Buena Lane
Glendale, Arizona 85306
602.548.4135

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

Michael W. Patten
Roshka, DeWulf & Patten, PLC
One Arizona Center, 400 East Van Buren Street, Suite 800

E. Attach the following documents that apply you:

1. Certificate of Good Standing (if corporation)

Attached as Exhibit "1" to Application.

2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation)

Not Required.

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted.

Attached As Exhibit "2" to Application.

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors.

See Attachment G.

H. Attach a current balance sheet and profit and loss statement.

To be late filed upon preparation of 2006 2Q Report.

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 50 Second Year 150 Third Year 250 Fourth Year 350

Fifth Year 450

Commercial: N/A

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

Industrial: N/A

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

Irrigation: N/A

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

Other: (specify) **School service not within first 5 years**

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

2. **(WATER ONLY)** Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential:

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

Commercial:

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

Industrial:

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

Irrigation:

First Year N/A Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year \$42,000 Second Year \$126,000 Third Year \$210,000
Fourth Year \$294,000 Fifth Year \$378,000

- Complete Attachment "D" (Water Use Data Sheet) for the past 13 months

N/A

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year \$46,950 Second Year \$93,900 Third Year \$93,900
Fourth Year \$93,900 Fifth Year \$93,900

- J. Total estimated cost to construct utility facilities to serve customers in the requested area:

\$800,000 for additional treatment capacity (150,000gpd expansion)

\$1,500,000 (est.) for on-site collection system and connection main as described in MXA, Exs. B and C

- K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Main Extension Agreement containing both advances and contributions in aid of construction by developer

- L. Estimated starting and completion date of construction of utility facilities:

Starting date: Second Quarter of 2007 for collection system and connection main

Completion date: Third Quarter of 2007 for collection system and connection main

M. Attach the following reports:

1. Franchise from either the City or County for the area requested.

Application will be provided as a late-filed exhibit.

2. Arizona Department of Environmental Quality or designee's approval to construct facilities.

Will be provided when available.

3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.)

N/A

4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.)

5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources.

N/A

- If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.
- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

EXHIBIT

"G"

proposed CC³N expansion

CS-5

ATTACHMENT "B"

Pinal	6	2 South	10 East
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Type or Print Description Here:

Please see attached legal - Exhibit 2 to Application

Existing CC: N

CS-5

ATTACHMENT "B"

Pinal	30	1 South	10 East
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
0	29	28	27	26	25
31	32	33	34	35	36

Type or Print Description Here:

Please See attached legal

EXHIBIT A

LEGAL DESCRIPTION
 ENTRADA DEL ORO
 PINAL COUNTY, ARIZONA

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

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

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



RECEIVED
BEFORE THE ARIZONA CORPORATION COMMISSION

2006 JUN 26 P 1:57

COMMISSIONERS

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

AZ CORP COMMISSION
DOCUMENT CONTROL

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

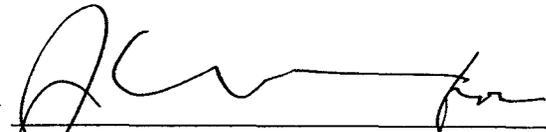
Docket No. SW-04316A-06-0382

Entrada Del Oro Sewer Company, through undersigned counsel, hereby submits the
attached Financial Statement as a late-filed exhibit to their Application filed on June 6, 2006.

RESPECTFULLY SUBMITTED this 26th day of June, 2006.

Entrada del Oro Sewer Company

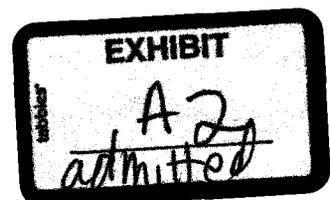
By


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

Attorneys for Entrada del Oro Sewer Company

Original and 13 copies of the foregoing
filed this 26th day of June, 2005 with:

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



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

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Copies of the foregoing hand-delivered/mailed
this 26 day of June, 2005

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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

Christopher C. Kempley
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

By 

10:27 AM
06/15/06
Accrual Basis

Entrada Del Oro Sewer Company
Balance Sheet
As of June 15, 2006

Jun 15, 06

ASSETS	
Current Assets	
Checking/Savings	
B of A Checking	1,032.62
B of A Money Market	55,000.00
Total Checking/Savings	56,032.62
Accounts Receivable	
Accounts Receivable	-2,202.00
Total Accounts Receivable	-2,202.00
Other Current Assets	
Capitalized Costs	
Legal	31,068.98
Capitalized Costs - Other	521,898.40
Total Capitalized Costs	552,967.38
Total Other Current Assets	552,967.38
Total Current Assets	606,798.00
Fixed Assets	
Cost of Land	400,000.00
Total Fixed Assets	400,000.00
Other Assets	
Utility Deposit-AZ Water	1,000.00
Total Other Assets	1,000.00
TOTAL ASSETS	1,007,798.00
LIABILITIES & EQUITY	
Equity	
Capital-Ali Razi	
Capital Contribution	499,500.00
Total Capital-Ali Razi	499,500.00
Capital-Babak Razi	
Capital Contribution	49,950.00
Total Capital-Babak Razi	49,950.00
Capital-Chuck Kennedy	
Capital Contribution	449,550.00
Total Capital-Chuck Kennedy	449,550.00
Common Stock	1,000.00
Net Income	7,798.00
Total Equity	1,007,798.00
TOTAL LIABILITIES & EQUITY	1,007,798.00

10:28 AM

06/15/06

Accrual Basis

Entrada Del Oro Sewer Company
Profit & Loss
As of June 15, 2006

	<u>Jun 15, 06</u>
Income	
Reimbursed Expenses	<u>7,798.00</u>
Total Income	7,798.00
Expense	<u>0.00</u>
Net Income	<u><u>7,798.00</u></u>

ROSHKA DEWULF & PATTEN

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

RECEIVED

2006 JUL 19 P 2:30

AZ CORP COMMISSION
DOCUMENT CONTROL

July 19, 2006

Hand-Delivered

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

RE: Entrada del Oro Sewer Company - Docket Nos. SW-04316A-06-0382

Dear Ms. Jaress:

Enclosed is the information that you requested in your July 7, 2006 letter to Entrada del Oro Sewer Company in the above-captioned docket. We are providing specific responses to the individual requests along with supporting attachments.

Please contact me if you have any questions.

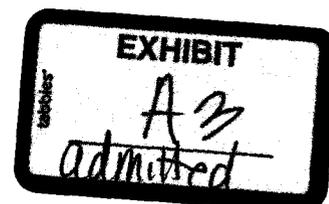
Sincerely,



Michael W. Patten

MWP:mi
Enclosures
cc: Dorothy Hains

Original and 13 copies
(without voluminous/oversized
enclosures) filed this 19th day
of July, 2006 with Docket Control



Entrada del Oro
Docket No. SW-04316A-06-0382
Responses to
Staff's First Set of Data Requests
July 19, 2006

Please provide the following information:

1. Monthly wastewater flow data. A blank form is attached. Although there were no customers before 2006, there may be customers from January to June 2006.

RESPONSE: Entrada del Oro Sewer Company has not yet begun receiving wastewater flows.

2. A copy of construction plans showing how the system intends to serve the extension area with its existing wastewater system.

RESPONSE: The enclosed construction plans, attached as Exhibit A, show two parallel treatment trains with a combined capacity of 300,000 gallons per day. When current construction is complete, Train 1 will be fully operational and Train 2 will be complete except for equipment. Train 1 is capable of serving approximately 625 homes and one school site. When flows increase to 75% to 80% of Train 1 capacity, Train 2 will be equipped and brought on line

The plant site, headworks, pumping stations, filtration, disinfection and effluent systems have been designed to accommodate three 150,000 gpd trains. Subdivision approvals will be monitored. As the projected flow from approved subdivisions approaches the "approved paper capacity" of the current Aquifer Projection Permit, work will begin on a major amendment to the Aquifer Protection permit to increase capacity to 450,000 gpd. A CAAG 208 Amendment is underway to increase the allowable capacity to 450,000 gpd. This capacity will serve both developments at buildout.

3. A copy of easements or other documented forms of permission to access or cross the area between the current plant and service territory and the extension area.

RESPONSE: The easement has not yet been received from the State. According to the State Land Department (Sandy St. Arnold), the Department is finishing up the paper work and the easement would be scheduled for the August Board meeting.

Entrada del Oro
Docket No. SW-04316A-06-0382
Responses to
Staff's First Set of Data Requests
July 19, 2006

4. A copy of the Approval to Construct and/or Engineering Completion for the plant proposed in Decision No. 68306. If the plant is not yet in service, please advise.

RESPONSE:

An Approval to Construct was not issued by ADEQ or Pinal County. ADEQ eliminated ATC's for wastewater treatment plants in 2001. The Aquifer Protection Permit and the NPDES Permit are the only ADEQ permits required for this project and are completed and signed. The construction of the plant is not complete; therefore, an Engineer's Certificate of Completion is not available. At this time, the plant is expected to become fully operation in September 2006, after which the Engineering Completion will be documented.

5. Exhibit B indicates the construction of 18,800 lineal feet of 8" sewer. Exhibit G indicates 1.5 miles between the existing CC&N boundary and the requested area. Please reconcile.

RESPONSE:

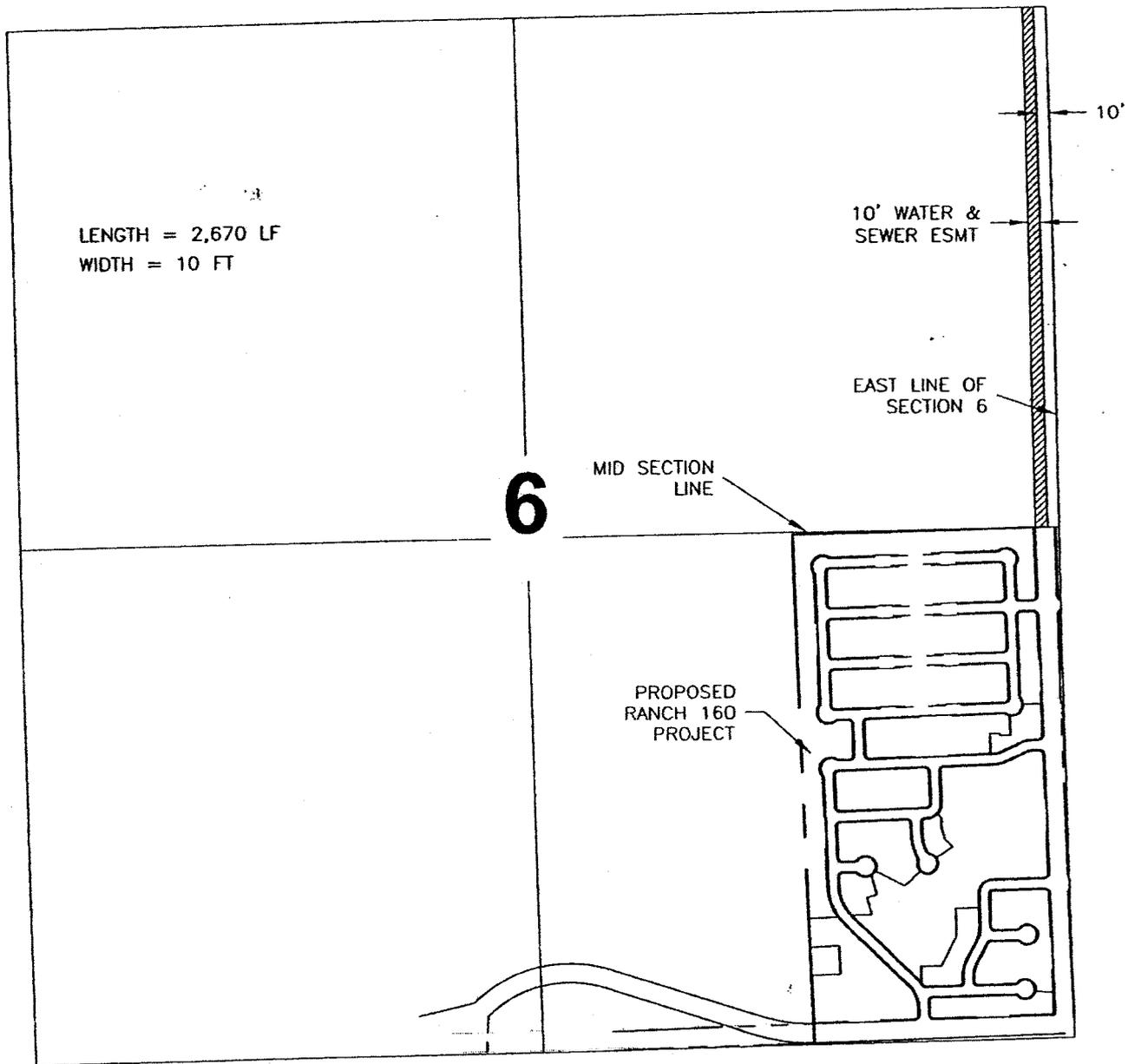
The alignment for the easement was dictated by the State. They wanted it to follow section lines. Attached at Exhibit B is a map that shows the general location of the easement.

EXHIBIT

"A"

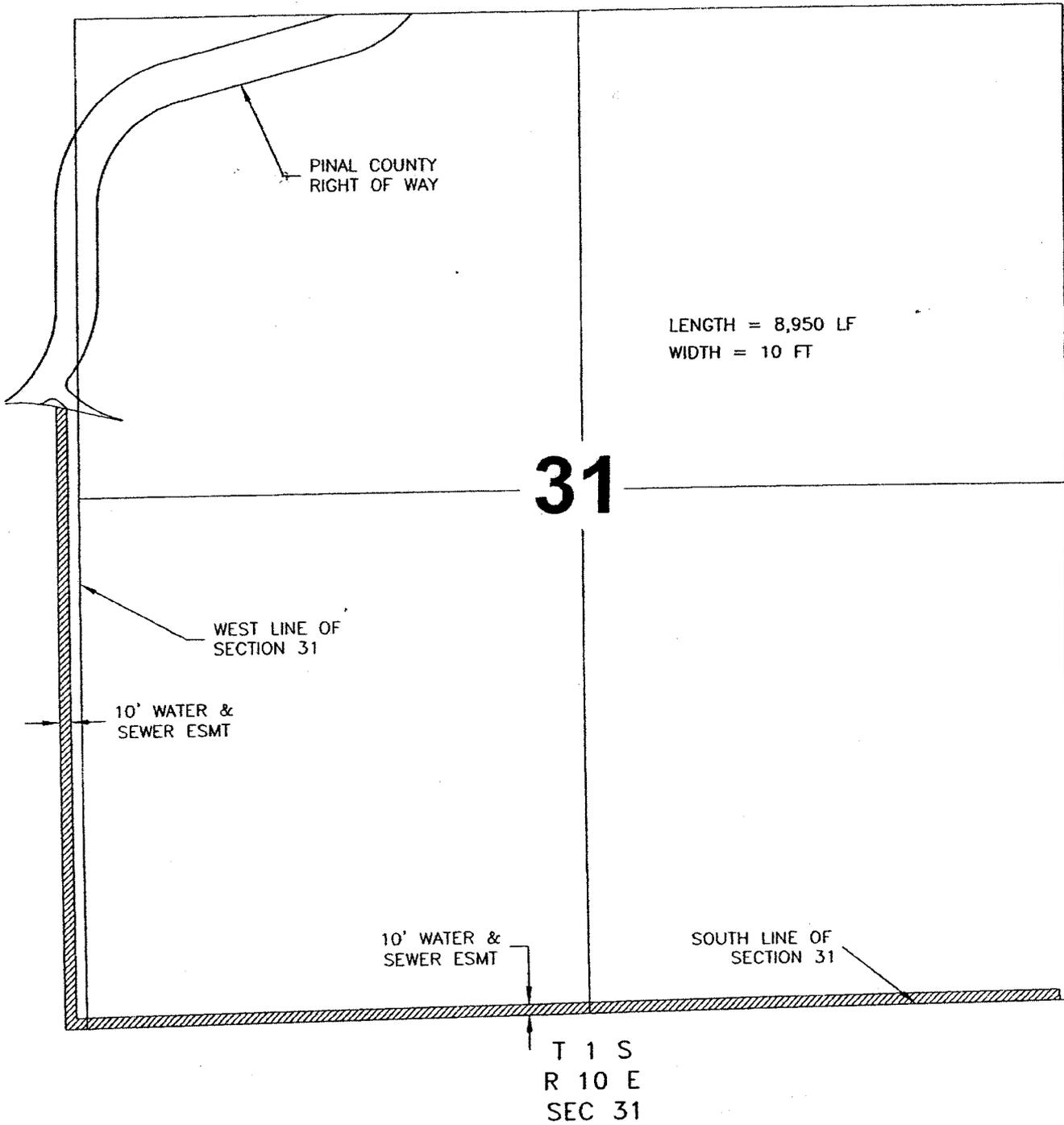
EXHIBIT

"B"



T 2 S
R 10 E
SEC 6

10' WATER & SEWER EASEMENT



10' WATER & SEWER EASEMENT

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

2006 NOV -8 A 11: 04

AZ CORP COMMISSION
DOCUMENT CONTROL

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

Docket No. SW-04316A-06-0382

Entrada Del Oro Sewer Company hereby files the attached recorded copy of the franchise agreement for the extension area.

RESPECTFULLY SUBMITTED this 8th day of November 2006.

Entrada del Oro Sewer Company

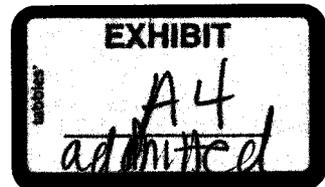
By 

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

Attorneys for Entrada del Oro Sewer Company

Original and 13 copies of the foregoing filed this 8th day of November 2006 with:

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



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

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Copies of the foregoing hand-delivered/mailed
this 9th day of November 2006

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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

Christopher C. Kempley
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

By *Mary Appolito*



When recorded mail to:

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

DATE/TIME: 10/10/06 1237
FEE: \$0.00
PAGES: 9
FEE NUMBER: 2006-141390

Expansion and Amendment Of The Entrada Del Oro Sewer Company Franchise

9. WHEREAS, Entrada Del Oro Sewer Company Franchise had received a sewer franchise from Pinal County to establish and maintain sewer services in Pinal County, see document number 2005-089646 in the Office of the Pinal County Recorder (hereinafter "Original Franchise"), approved on July 6, 2005.

WHEREAS, Entrada Del Oro Sewer Company, an Arizona corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Original Franchise for the purpose of constructing, operating and maintaining sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Entrada Del Oro Sewer Company's application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 a.m. on September 27, 2006 at the Pinal County Board of Supervisors' Hearing Room, Administration Building A, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 a.m. on September 27, 2006; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder & Blade Tribune published on September 7, September 14, and September 21, 2006; and the Apache Junction News, published on September 11, September 18, and September 25, 2006 and the matter being called for hearing at 9:30 a.m., on September 27, 2006, and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

NOW, THEREFORE,

Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

- A. County: Pinal County, Arizona
- B. Board: Board of Supervisors of Pinal County, Arizona.
- C. Grantor: Pinal County, by and through its Board of Supervisors
- D. Grantee: Entrada Del Oro Sewer Company, a(n) corporation, its successors and assigns
- E. Grantee's Facilities: Wastewater structures, equipment, lines, plants

Section 2: GRANT

Grantor, on September 27, 2006, hereby grants to Grantee, for a period of time not to exceed the Original Franchise, this expanded and amended franchise (hereinafter "First Amended Franchise") for the purpose of constructing, operating and maintaining sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Original Franchise (hereinafter "Franchise Area").

Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

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

Section 4: LIMITS ON GRANTEE'S RECOURSE

- A. Grantee by its acceptance of the First Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the First Amended Franchise accepts the validity of the terms and conditions of the First Amended Franchise in their entirety

and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the First Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

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

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

D. In case of conflict or ambiguity between the First Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.

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

F. This Franchise and/or any Amendment thereto is "non-exclusive." Therefore, Grantor makes no assurances that, through this grant, it shall endorse, support, or otherwise encourage the approval of permit requests, zoning, or ANY other approval from a governmental or regulatory agency.

Section 5: SEVERABILITY

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

Section 6: NOTICE

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

First Amended
Entrada Del Oro Sewer Company Franchise

Grantor:

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

Grantee:

Entrada Del Oro Sewer Company
11811 North Tatum Bld. Ste. 1060
Phoenix Arizona 85028

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

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on September 27, 2006.

PINAL COUNTY BOARD OF SUPERVISORS


Lionel D. Ruiz, Chairman



ATTEST:


Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON
PINAL COUNTY ATTORNEY


Rick V. Husk
Deputy County Attorney

First Amended
Entrada Del Oro Sewer Company Franchise

Exhibit A

See Attached Legal Description and Map

LEGAL DESCRIPTION

THAT PORTION OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 BEARS SOUTH $00^{\circ}48'00''$ EAST, A DISTANCE OF 2654.73 FEET, SAID POINT BEING THE POINT OF BEGINNING.

THENCE ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 6, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, SOUTH $89^{\circ}39'15''$ WEST, A DISTANCE OF 1324.50 FEET TO THE EAST $1/16^{\text{TH}}$ CORNER, A FOUND $1/2$ INCH REBAR;

THENCE ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6, NORTH $00^{\circ}48'07''$ WEST, A DISTANCE OF 2656.74 FEET TO A FOUND $1/2$ INCH REBAR AT THE CENTER-EAST $1/16^{\text{TH}}$ CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 6;

THENCE NORTH $89^{\circ}44'27''$ EAST ALONG THE EAST-WEST MID-SECTION LINE, A DISTANCE OF 1324.61 FEET TO A FOUND 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 AT THE EAST CORNER OF SAID SECTION 6;

THENCE NORTH $89^{\circ}27'10''$ EAST ALONG THE NORTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5 A DISTANCE OF 1327.27 FEET TO A FOUND $3/4$ INCH PIPE AT THE CENTER-WEST $1/16^{\text{TH}}$ CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 6;

THENCE SOUTH $00^{\circ}47'37''$ EAST ALONG THE EAST LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, A DISTANCE OF 2654.99 FEET TO A FOUND $1/2$ INCH REBAR WITH A TAG STAMPED LS 2217 AT THE WEST $1/16^{\text{TH}}$ CORNER OF SAID SOUTHWEST QUARTER OF SECTION 5;

THENCE SOUTH $89^{\circ}27'49''$ WEST ALONG THE SOUTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, A DISTANCE OF 1325.98 TO THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING THE POINT OF BEGINNING;

CONTAINING 7,038,176 SQUARE FEET (161.57 ACRES) MORE OR LESS

EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT

RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 6, SAID POINT BEING A BRASS CAP;

THENCE SOUTH $89^{\circ}39'15''$ WEST ALONG THE SOUTH LINE OF SAID SECTION 6, A DISTANCE OF 220.63 FEET TO A POINT;

THENCE NORTH $00^{\circ}01'45''$ WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH $00^{\circ}01'45''$ WEST, A DISTANCE OF 99.44 FEET TO A POINT ON A 50 FOOT RADIUS OF NON-TANGENT CURVE, CONCAVE TO THE NORTHWEST, WHOSE RADIAL BEARING IS NORTH $20^{\circ}39'23''$ EAST;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $104^{\circ}47'58''$, A DISTANCE OF 91.45' TO A POINT;

THENCE SOUTH $84^{\circ}08'35''$ EAST, A DISTANCE OF 101.34 FEET TO A POINT 50.00 FEET WEST OF THE EAST LINE OF SECTION 6;

THENCE SOUTH $00^{\circ}48'00''$ EAST, A DISTANCE OF 129.77 FEET, RUNNING 50.00 FEET WEST AND PARALLEL WITH THE EAST LINE OF SAID SECTION 6 TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 6;

THENCE SOUTH $89^{\circ}39'15''$ WEST, A DISTANCE OF 169.96 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 6 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

ALSO, EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING A BRASS CAP;

THENCE NORTH $89^{\circ}27'49''$ EAST ALONG THE SOUTH LINE OF SAID SECTION 5, A DISTANCE OF 1207.43 FEET TO A POINT;

THENCE NORTH $00^{\circ}32'11''$ WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH $00^{\circ}32'11''$ WEST, A DISTANCE OF 131.55 FEET TO A POINT;

THENCE NORTH 89°27'49" EAST, A DISTANCE OF 117.73 FEET TO A POINT;

THENCE SOUTH 00°47'37" EAST, A DISTANCE OF 131.55 FEET TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 5;

THENCE SOUTH 89°27'49" WEST, A DISTANCE OF 118.33 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 5 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

Exhibit B

SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

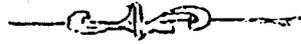
To: Board of Supervisors Pinal County, Arizona

Grantee, Entrada Del Oro Sewer Company, a(n) Arizona corporation, does hereby accept the _____ grant of a First Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, which is made a part hereof.

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

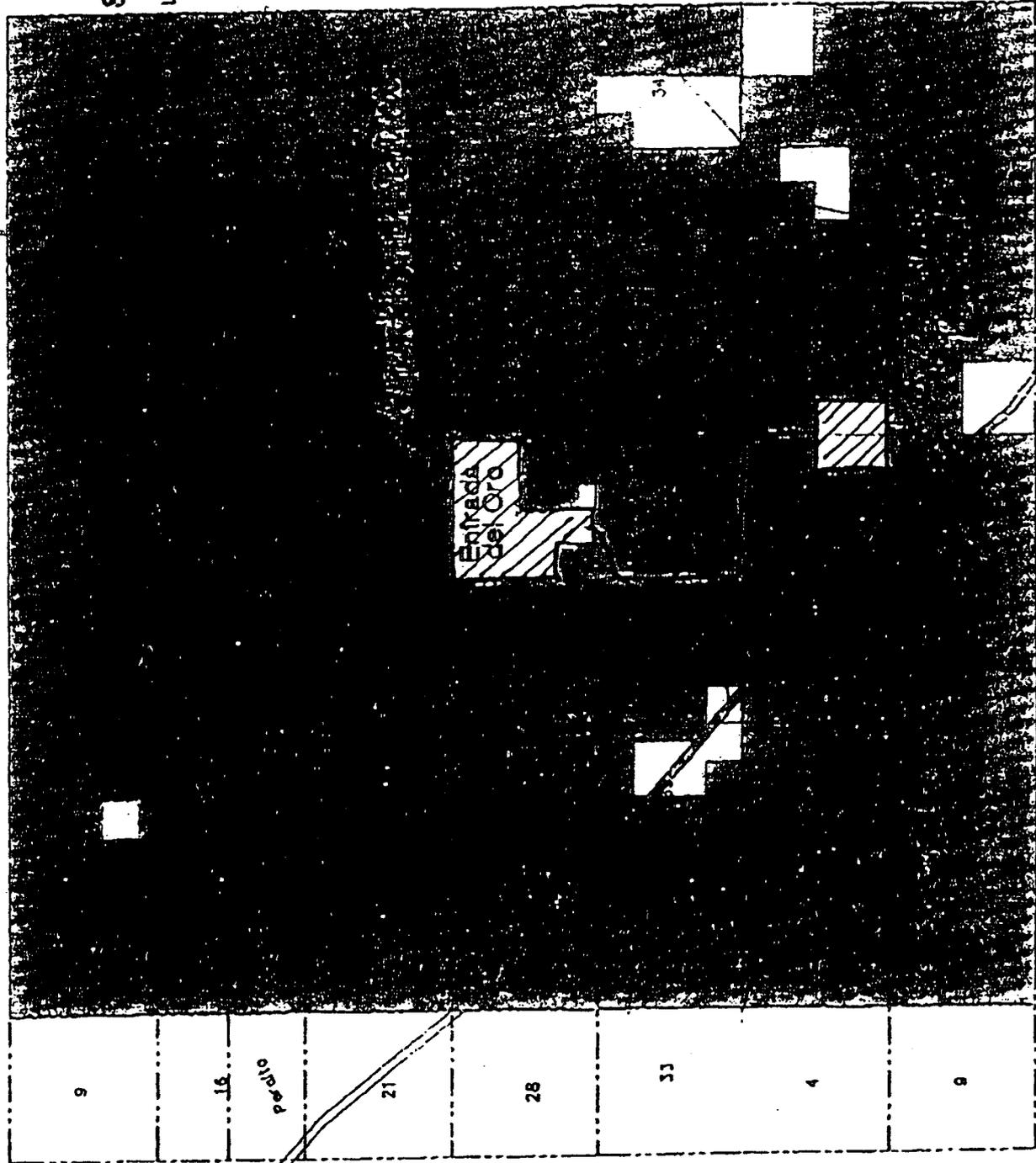
Grantee declares that the statements and recitals in said First Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said First Amended Franchise recited to have been or to be made by Grantee.

**SURROUNDING LANDS OF
ENTRADA DEL ORO**
 LOCATED IN SECTION 30, TOWNSHIP 1
 SOUTH, RANGE 10 EAST,
 OF THE GILA AND SALT RIVER
 BASE AND MERIDIAN,
 PINAL COUNTY, ARIZONA



NOT TO SCALE

STATE TRUST LAND
 BLN LAND



96
 (K)

JMI & ASSOCIATES
 CONSULTING CIVIL ENGINEERS
 1111 NORTH WASHINGTON, SUITE 200, PHOENIX, ARIZONA 85004

1 BEFORE THE ARIZONA CORPORATION COMMISSION

2 **COMMISSIONERS**

3 JEFF HATCH-MILLER – Chairman 2006 NOV -8 A 11: 04
4 WILLIAM A. MUNDELL
5 MIKE GLEASON
6 KRISTIN K. MAYES AZ CORP COMMISSION
7 BARRY WONG DOCUMENT CONTROL

8 IN THE MATTER OF THE APPLICATION OF
9 ENTRADA DEL ORO SEWER COMPANY FOR
10 AN EXTENSION OF ITS CERTIFICATE OF
11 CONVENIENCE AND NECESSITY FOR
12 WASTEWATER SERVICE.

Docket No. SW-04316A-06-0382

13 Entrada Del Oro Sewer Company, through undersigned counsel, hereby submits the
14 attached CAAG Resolution approving the 208 Amendment covering the proposed extension area.

15 RESPECTFULLY SUBMITTED this 8th day of November, 2006.

16 Entrada del Oro Sewer Company

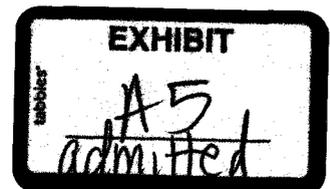
17 By 

18 Michael W. Patten
19 ROSHKA DEWULF & PATTEN, PLC
20 One Arizona Center
21 400 East Van Buren Street, Suite 800
22 Phoenix, Arizona 85004
23 (602) 256-6100

24 Attorneys for Entrada del Oro Sewer Company

25 Original and 13 copies of the foregoing
26 filed this 8th day of November 2006 with:

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



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

1 Copies of the foregoing hand-delivered/mailed
2 this 8th day of November 2006

3 Lyn A. Farmer, Esq.
4 Chief Administrative Law Judge
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8 Steve Olea
9 Assistant Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

13 Christopher C. Kempley
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007

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By 



**CENTRAL
ARIZONA
ASSOCIATION OF
GOVERNMENTS**

Serving Gila & Pinal Counties since 1970!

HISTORIC BELMONT BUILDING

271 MAIN STREET

SUPERIOR, AZ 85273

November 1, 2006

Edwina Vogan
Arizona Department of Environmental Quality
1110 W. Washington Street - 5th Floor
Phoenix, AZ 85007

Dear Ms. Vogan:

RE: CAAG 208 Areawide Water Quality Management Plan Amendment for Entrada del Oro Sewer Company Service Area and Wastewater Treatment Facility Expansion

The Central Arizona Association of Governments has reviewed the proposed CAAG 208 Areawide Water Quality Management Plan Update Amendment for the Entrada del Oro Sewer Company (EDOSC) Service Area Expansion and Wastewater Treatment Facility (WWTF), submitted by CCA, and their engineer, Kennedy/Jenks Consultants. The plan received an initial and final review in concert with the Arizona Department of Environmental Quality.

The amendment was advertised locally and made available to the public. On September 7, 2006, a Public Hearing was held, and no comments were received. The amendment was reviewed by the CAAG Environmental Planning and Management Committees. Both groups recommended approval to the Regional Council. On September 27, 2006, the CAAG Regional Council approved the amendment to the CAAG AWWQMP Update (1994). The State Water Quality Working Group reviewed the plan on October 10, 2006, and recommended approval to ADEQ Director Steve Owens, designate for the Governor of the State of Arizona.

Enclosed are three copies and a digital copy of the CAAG 208 AWWQMP Amendment for the EDOSC Service Area and WWTF Expansion. CAAG respectfully submits this plan for certification by the Arizona Department of Environmental Quality and the Environmental Protection Agency. Additionally, CAAG also requests confirmation in writing upon Director Owen's approval and forwarding to the U. S. EPA - Region IX.

Sincerely,

J. Peter Armenta
Environmental Planner

- c. Chuck Kennedy, Entrada del Oro Sewer Company
Dr. Fred Goldman, Kennedy/Jenks Consultants

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

LOCAL: (520) 689-5004 • TOLL-FREE & VTTY: 1-800-782-1445 • TDD: (520) 689-5009 • FAX (520) 689-5020

RESOLUTION 2006-9

CENTRAL ARIZONA ASSOCIATION OF GOVERNMENTS

A RESOLUTION OF THE REGIONAL COUNCIL OF THE CENTRAL ARIZONA ASSOCIATION OF GOVERNMENTS, APPROVING AND ADOPTING THE CENTRAL ARIZONA ASSOCIATION OF GOVERNMENTS SECTION 208 AREAWIDE WATER QUALITY MANAGEMENT PLAN (1978, UPDATE 1994) AMENDMENT FOR ENTRADA DEL ORO SEWER COMPANY SERVICE AREA AND WASTEWATER TREATMENT FACILITY EXPANSION

WHEREAS, by Executive Order of the Governor of the State of Arizona, the Central Arizona Association of Governments was designated as the Designated Planning Agency (DPA) for Gila and Pinal Counties, and;

WHEREAS, the Central Arizona Association of Governments (CAAG) prepared and adopted the CAAG 208 Areawide Water Quality Management Plan in 1978 as required by Section 208 of the Federal Clean Water Act, and updated said Plan in 1994, and;

WHEREAS, under Chapter 8 of the CAAG 208 Areawide Water Quality Management Plan, provides the ability to amend said plan to incorporate new Wastewater Treatment Facilities (WWTF) or other similar works through a Public Participation Process, including at least one (1) Public Hearing, recommendation by the Central Arizona Association of Governments Environmental Planning Committee (EPC) and Management Committee, and approval and adoption by the Regional Council of the Central Arizona Association of Governments, and;

WHEREAS, Entrada del Oro Sewer Company has submitted a CAAG 208 Areawide Water Quality Management Plan Amendment for the Entrada del Oro Sewer Company Service Area and Wastewater Treatment Facility Expansion, serving a land area of six hundred fourteen (614) acres, and a estimated one thousand six hundred thirty-eight (1,638) dwelling units, and;

WHEREAS, the wastewater flow capacity at build out will be 0.45 Million Gallons per Day (MGD), and;

WHEREAS, the CAAG Environmental Planning Committee recommends approval of the CAAG 208 Areawide Water Quality Plan Amendment for Entrada del Oro Sewer Company Service Area and Wastewater Treatment Facility Expansion, and;

WHEREAS, the CAAG Management Committee concurs with the Environmental Planning Committee's recommendation, and recommends approval of the Areawide Water Quality Management Plan Amendment for the Entrada del Oro Sewer Company Service Area Wastewater Treatment Facility Expansion.

NOW, THEREFORE BE IT RESOLVED that the Regional Council of the Central Arizona Association of Governments approves and adopts the CAAG 208 Areawide Water Quality

Management Plan Amendment for Entrada del Oro Sewer Company Service Area and Wastewater Treatment Facility Expansion, submitted by Entrada del Oro Sewer Company, and;

NOW, THEREFORE BE IT FURTHER RESOLVED that the adoption of this Amendment be contingent upon an issuance, reassignment, and/or transfer of a Certificate of Convenience and Necessity (CC&N) by the Arizona Corporation Commission, within two years of approval of this Amendment from the Governor of the State of Arizona, or his/her designate.

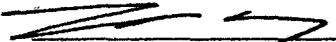
THIS RESOLUTION WAS PASSED BY THE REGIONAL COUNCIL AT A REGULAR MEETING THEREOF ON THE 27th DAY OF SEPTEMBER, 2006 BY THE FOLLOWING VOTE:

AYES:

NOS:

ABSTENTIONS:

ABSENT:



Chairperson, Regional Council

ATTEST:

Secretary/Treasurer, Regional Council