

ORIGINAL



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April 10, 2008

**HAND DELIVERY**

Ms. Kay Kilger  
Arizona Corporation Commission  
Docket Control  
1220 West Washington  
Phoenix, Arizona 85007

Re: Sacramento Utilities; Docket No. SW-20576A-08-0067; Insufficiency Response

Dear Ms. Kilger:

Staff has requested that I docket the Company's Insufficiency Response provided to Staff on March 21, 2008. Enclosed please find enclosed fifteen (15) copies of that filing.

In the event you have any questions, please do not hesitate to call the undersigned.

Sincerely,

Richard L. Sallquist

Enclosures

cc: Dwight Zemp

Arizona Corporation Commission  
**DOCKETED**

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March 21, 2008

**HAND DELIVERY**

Ms. Kiana Maria Sears  
Arizona Corporation Commission  
1220 West Washington  
Phoenix, Arizona 85007

Re: Sacramento Utilities; Docket No. SW-20576A-08-0067; Insufficiency Response

Dear Ms. Sears:

Please find enclosed the Company's responses to your Insufficiency Letter dated February 22, 2008.

1(a). Please provide a copy of the franchise agreement that includes the proposed extension area.

**Response:** The Company will apply for the Mohave County Franchise within 30 days, and expects it to be approved within 60 to 90 days thereafter.

1(b) If the proposed extension area is outside the corporate cit/town limits, please provide a copy of the Apache (sic) County franchise agreement that includes the proposed extension area.

**Response:** The goal is to initially focus on extension of the service area to include all the areas shown as tiers 1 and 2 on the attached map included as **Exhibit A** with ultimate extension of the service area to include all shown tiers.

1(c) If the franchise agreement(s) has not been issued, please inform Staff of the status of the application for the franchise agreement.

**Response:** Please see Response 1(a) above.

2. Please clarify the number of acres and residential units that will be included by the CC&N application.

**Response:** Please see below.

Name	Type	Lots	Acres	Township	Range	Section
Shipp Estates	Residential	152	48	21	19	12
Oliver Estates	Residential	86	17	21	19	12
Villa Serena	Residential & Commercial	234	110	21	18	7
Patterson	Residential	291	67	21	18	7
Blue Sky	Residential	296	74	21	19	10
Kuden	Residential	116	28.94	21	18	7

3. Identify the water company which will be providing service in the CC&N area being requested.

**Response:** There will be two water companies providing water service within the requested CC&N area. Valley Pioneer and Golden Valley Improvement.

4. Please submit a master wastewater design report which clarifies how wastewater service will be provided to the proposed CC&N area.

**Response:** Please see attached **Exhibit B**.

5. Provide a copy of the Arizona Department of Environmental Quality's "Aquifer Protection Permit" for the wastewater treatment plant. If that permit has not been issued, please inform the Commission of the status of the application for that permit.

**Response:** An application (File # 105758) for an APP was filed with the Arizona Department of Environmental Quality on April 26, 2006. The permit is currently listed in the substantive review phase, pending the posting of public notice. All outstanding issues to this point have been addressed and fully complied with.

6. Provide an estimate of sewer construction costs to the Applicant, necessary to serve the proposed CC&N. The costs should include a description of the major components with the cost of the component.

**Response:** Please see below.

Component	
Site acquisition	\$ 85,000
Extended aeration treatment plant with recharge ponds (050 mgd)	\$498,800
Control building	\$ 40,000
Perimeter stone fencing	\$ 40,000
Bringing in electrical service to site	\$ 26,800
<b>Applicant Total Cost</b>	<b>\$690,600</b>

7. Provide the most recent, audited financial statements, if available, for the Applicant and its Managing Members, Act III Investments, LLC and Sentinel Investments, LLC. If audited financial statements are not available, please provide unaudited financial statements for the most recent accounting period.

**Response:** Please see attached **Exhibit C**.

8. In your application of February 4, 2008, Schedule 1b, Project Capital Financing, indicates that in year 3, \$800,000 of "Internal Cash Used for Plant Additions" shall be used to support Plant to be Constructed of \$2,007,542. However, Schedule 2, Projected Statements of Income, does not indicate (cumulative) income that is adequate to provide \$800,000 of internal cash. Please explain the exact nature of "Internal Cash Used for Plant Additions and its original source." Please explain the \$900,000 indicated in year 5.

**Response:** Internal Cash Used for Plant Additions comes from projections using assumptions as to when Sacramento Utilities would have receipts from Line Extension Agreements. Internal cash in Years 3 and 5 is from Line Extension Agreements executed in the year preceding actual construction. For planning purposes, it is anticipated that one Line Extension Agreement would be executed in each Year 2 through 5.

9. Your application of February 4, 2008, includes Schedules 1, 1a-1c, and Schedule 1e but does not have any Schedule 1d included. Please either file Schedule 1d or state that it does not exist.

**Response:** Schedule 1d is not applicable as it applies to Meter deposits and refunds.

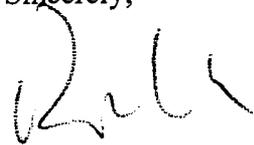
10. Please submit a list of the names of the members of Act III Investments, LLC and Sentinel Investments, LLC.

**Response:** Please see below.

Members of Act III Investments, LLC	Ownership Interest
Sally A. Norris, Managing Member	50%
Dwight L. Zemp, Managing Member	50%
Members of Sentinel Investments, LLC	
Phillip A. Gustafson	100%

In the event you need further information, please do not hesitate to call the undersigned.

Sincerely,

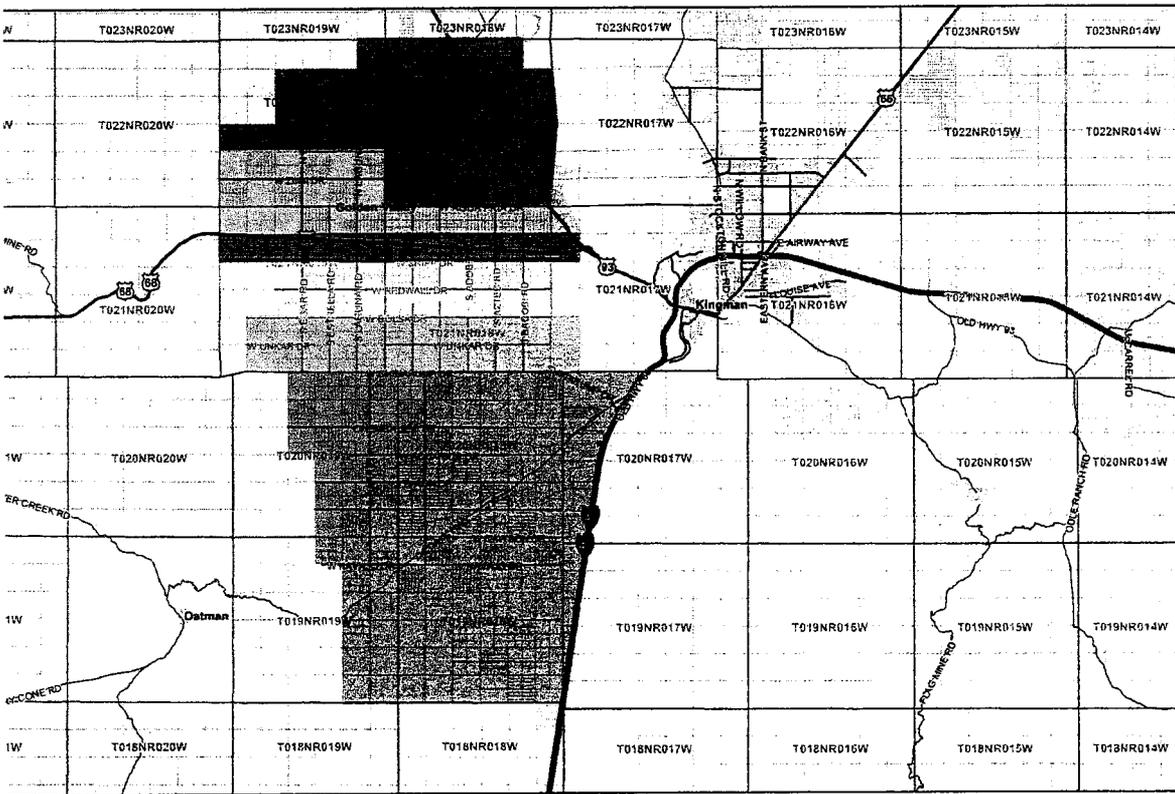


Richard L. Sallquist

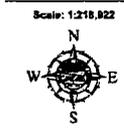
Enclosures

cc: Dwight Zemp

Arizona Systems Golden Valley 208 Amendment 6 Tiers



- Populated Places
  - County Lines
  - Interstate
  - State Highway
  - County Highway
  - State Road
  - Other Road
  - Township/Range
  - Sections
  - Waterbodies
  - Intermittent
  - Perennial
- Tier 5
  - Tier 3
  - Tier 1
  - Tier 2
  - Tier 4
  - Tier 6
  - Initial CC&N



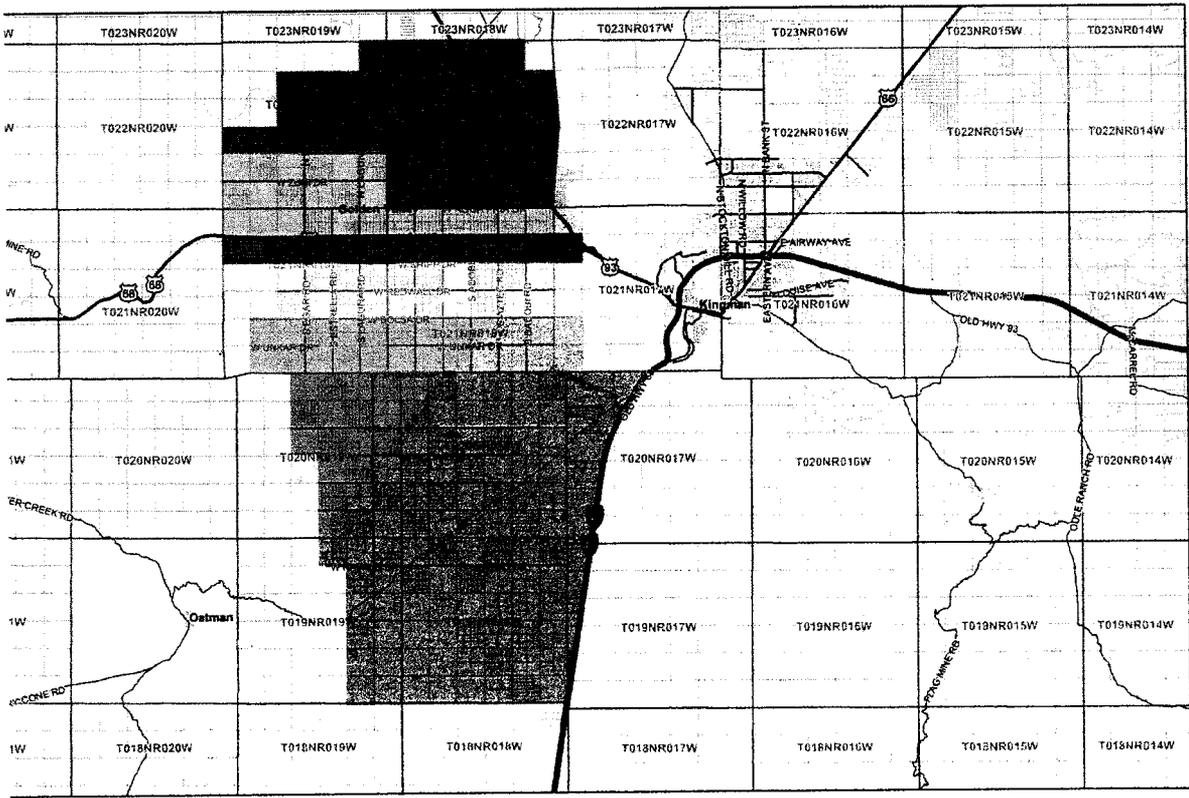
Map output from Mohave County Interactive Map Viewer and is for general reference only. This map may or may not be accurate, correct, or otherwise reliable. THIS MAP IS NOT A LEGAL DOCUMENT FOR PROPERTY DESCRIPTIONS, OR DETERMINATION OF INTERESTS. NEVER BE SUBSTITUTED FOR SURVEY OR DEED INFORMATION. The user assumes all responsibility for use, and Assumption of Risk as stated in the full disclaimer at [http://www.mohavecounty.gov/infrastructure\\_tier6update.mxd](#)

Map created on: Feb 22, 2008

Map center: 35°8' N, 114°9' W

EXHIBIT A

Arizona Systems Golden Valley 208 Amendment 6 Tiers



- Populated Places**
- Centerline
  - Interstate
  - State Highway
  - County Highway
  - Main Road
  - Other Road
  - Township Range
- Sections**
- Watercourses
  - Interstate
  - Parcel
- Tier 5
  - Tier 3
  - Tier 1
  - Tier 2
  - Tier 4
  - Tier 6
  - Initial CC&N

Scale: 1:218,922



data: output from Mohave County Interactive Map Viewer and is for general reference on this map may or may not be accurate, current, or otherwise reliable. THIS MAP SHALL DOCUMENT FOR PROPERTY DESCRIPTIONS, OR DETERMINATION OF NEVER BE SUBSTITUTED FOR SURVEY OR DEED INFORMATION. The user location of Use, and Assumption of Risk as stated in the full disclaimer at [www.mohavecountynv.gov/landapp/launch.asp](http://www.mohavecountynv.gov/landapp/launch.asp)

Map created on: Feb 22, 2008

Map center: 35°8' N, 114°9' W

## **Master Wastewater Design Report Summary**

**Evaluation of Alternatives** Four alternatives were evaluated for the Golden Valley service area.

### **No Action**

Proposed and approved growth in the region precludes this option. The Arizona Department of Environmental Quality (ADEQ) Ambient Ground Water Monitoring Program has been in place for a number of years and uses a statistically-based, comprehensive ground water monitoring approach to characterize regional water quality conditions. In Arizona, nitrate in ground water is normally less than 3 mg/L. Occurrences of nitrate greater than 5 mg/L are frequently due to anthropogenic sources (historic agriculture practices, septic systems, and other sewage disposal practices). Since most groundwater contamination in Arizona has been due to historic practices ADEQ's Aquifer Protection Permit requirements, along with other state and federal permit requirements, have greatly reduced the chance of ground water contamination due to discharges. However, concern over drinking water containing nitrate levels above 10 mg/L is a concern in the Golden Valley area especially as more higher density developments continues; therefore, an aquifer water quality standard has been set at this level and should be aggressively and consistently enforced. Therefore, an active program designed to ensure future development does not impact groundwater quality should be followed to ensure the disposal of waste generated by development is in accordance with Best Management Practice. This approach eliminates doing nothing as an acceptable alternative.

### **Onsite Septic Systems**

A portion of the land within the proposed service area consists of large parcels of land that have been and will likely continue to be divided into smaller parcels for development. If the smallest parcel size is restricted to the minimum residential lot size (>1 acre lot size) allowed for onsite septic systems this approach could be acceptable; however, septic systems create a continuing concern for the maintenance and long term preservation of ground water quality and the ability of regulatory agencies to ensure satisfactory operations of these systems. An important factor to consider is that Golden Valley has over 46 wells in operation and the trend is to add one every 3 years. If ground water quality is of paramount importance, continued reliance on septic systems is not an option given the potential for new higher density development.

### **Private Wastewater Treatment Plants**

Each proposed development could permit, construct, operate and maintain a facility including the wastewater collection and treatment system which serves the individual development. However, this approach is inconsistent with stated goals of the ADEQ and Mohave County. The stated goal of the Mohave County Area Wide Water Quality Management 208 plan is to support the establishment of regional systems with coordinated service areas and planning. Operation of these private systems by Home Owners Associations and Property Owners Association is not allowed by ADEQ rules, therefore, each of the developments would be required to establish

individual utility entities to serve as the responsible party for ownership and operations. There is continuing concern and costs associated with establishment of required entities to own, operate and maintain the private wastewater treatment facility. Therefore, the use of private wastewater treatment facilities does not meet this goal.

### **Regional Facility**

Begin planning for construction of a regional facility capable of ultimately providing sewer service to the entire designated service area. This approach is consistent with the recommendations and goals of both ADEQ and Mohave County. This approach centralizes planning, development, construction and operations and maintenance for wastewater collection and treatment.

While a regional facility is the long term goal of this plan, currently there is not sufficient existing and approved development to financially support construction of a Regional Facility at this time.

### **Interim Satellite (Regional) Facilities**

To encourage new developments, this plan recommends the construction of one or more interim satellite facilities. The facilities will be located in the portion of the designated service area that is planned for higher density developments. This is the area predominately along the south side of Highway 68 and north of Shipp Drive.

Utilizing this approach provides the benefit of reducing the number of smaller disbursed onsite septic systems and individual package wastewater treatment plants. It provides sewer capacity to support new development paced with the needs of new development for sewer service without requiring immediate financing of the larger regional facility. Furthermore, it minimizes the need for an extensive sewer collection system to transport sewer flows from the more likely initial development area to the proposed regional plant site. Expansion of the sewer collection system will occur as new development occurs consistent with the master sewer collection system plan for the regional facility. Utilizing this approach allows the cost of expanding the sewer collection system to be paid for by the new developments as they occur.

Another advantage with this approach is the elimination of typical Operation and Maintenance issues that occur during the early stages of development when there are inadequate sewage flows to sustain effective and efficient operations of the regional wastewater treatment facility.

**The disadvantages** of this approach are increased capital equipment cost, higher operations and maintenance cost associated with smaller interim plants. These additional costs will be significantly mitigated through the use of equipment that can be fully recovered and reused at other locations including the regional facility providing for recovery of a significant portion of the capital cost. In addition each facility site will be fully remediated and returned to the original owner so the cost of the facility land cost will be negligible. Process technology used for these smaller facilities continues to advance and today's cost when viewed on a cost per gallon basis for operations and maintenance is only marginally higher than the cost of operating and maintaining larger facilities. The most significant increased costs relate to the cost of permitting and monitoring the facilities.

The interim regional facility, Shipp Estates WRF, is to be constructed in phases and as currently planned would support six or more individual developments. The site for Shipp Estates WRF provides sufficient land area for expansion of the facility to a 1.5 MGD facility. If Shipp Estates WRF was expanded to 1.5 MGD, it would be capable of serving virtually all of the tier 1 and tier 2 areas.

As new development in the area south of Redwall Ave. occurs it will likely create new demand to support construction and operation of the first phase (1.0 MGD) of a proposed 7.0 MGD regional located in the vicinity of West Unkar Drive and South Laguna Road. The Shipp Estates WRF and any other required interim plants would continue operation until the finances sufficient to complete the extension of the sewer collector line to the final regional facility site are available or the volume of flow at the satellite facility reaches the permitted design capacity. Future expansion of the regional facility in accordance with the facility plans, specifications and permit will then occur as additional capacity is required.

### **Shipp Estates WRF**

Sacramento Utilities was originally established and contracted by Paul Shuffler to permit, design and construct a private facility to serve the Shipp Estates Development. Sacramento has contracted for design, permitting, construction and start up of Shipp Estates WRF. During the permitting process ADEQ and the County of Mohave requested that Sacramento Utilities develop a plan and explore the feasibility of developing a regional sewer plan to serve the Golden Valley area and that Sacramento Utilities file an application with the Arizona Corporation Commission, Utility Division for a Certificate of Convenience and Necessity (the, "CC&N) to become a regional sewer service provider. In response to their request and with their input and guidance Sacramento has filed for approval to be the a public service company for the area using the Shipp Estates WRF as the initial WRF and expanding it to provide needed service within the designated service area.

Shipp Estates WRF will be located near the intersection of Shipp Dr. and Davis Rd. This interim regional facility will provide class B<sup>+</sup> effluent for reclaimed water usage and effluent for groundwater recharge which is consistent with ADEQ's aquifer water quality standards. Construction on Shipp Estates WRF phase 1 is anticipated to be complete by the summer of 2008 and will have a phase 1 design capacity of 0.050 MGD. Shipp Estates WRF will be designed and expanded as necessary to provide sewer service for developments occurring in tiers 1 and 2 up to a maximum capacity of 1.5 mgd should new development occur within this area prior to transition to the regional facility.

### **Initial Service Area Location**

The initial CC&N for Sacramento Utilities LLC will cover six new developments; Shipp Estates, Oliver Estates, Patterson, Kuden, Blue Sky and Villa Serena projects. The six developments are all residential with the exception of 15 acres of commercial development within the Villas Serena development. They are all located south of Highway 68 between Adobe Rd. and Egar Rd. (east and west).

## **Description of Initial Service Area**

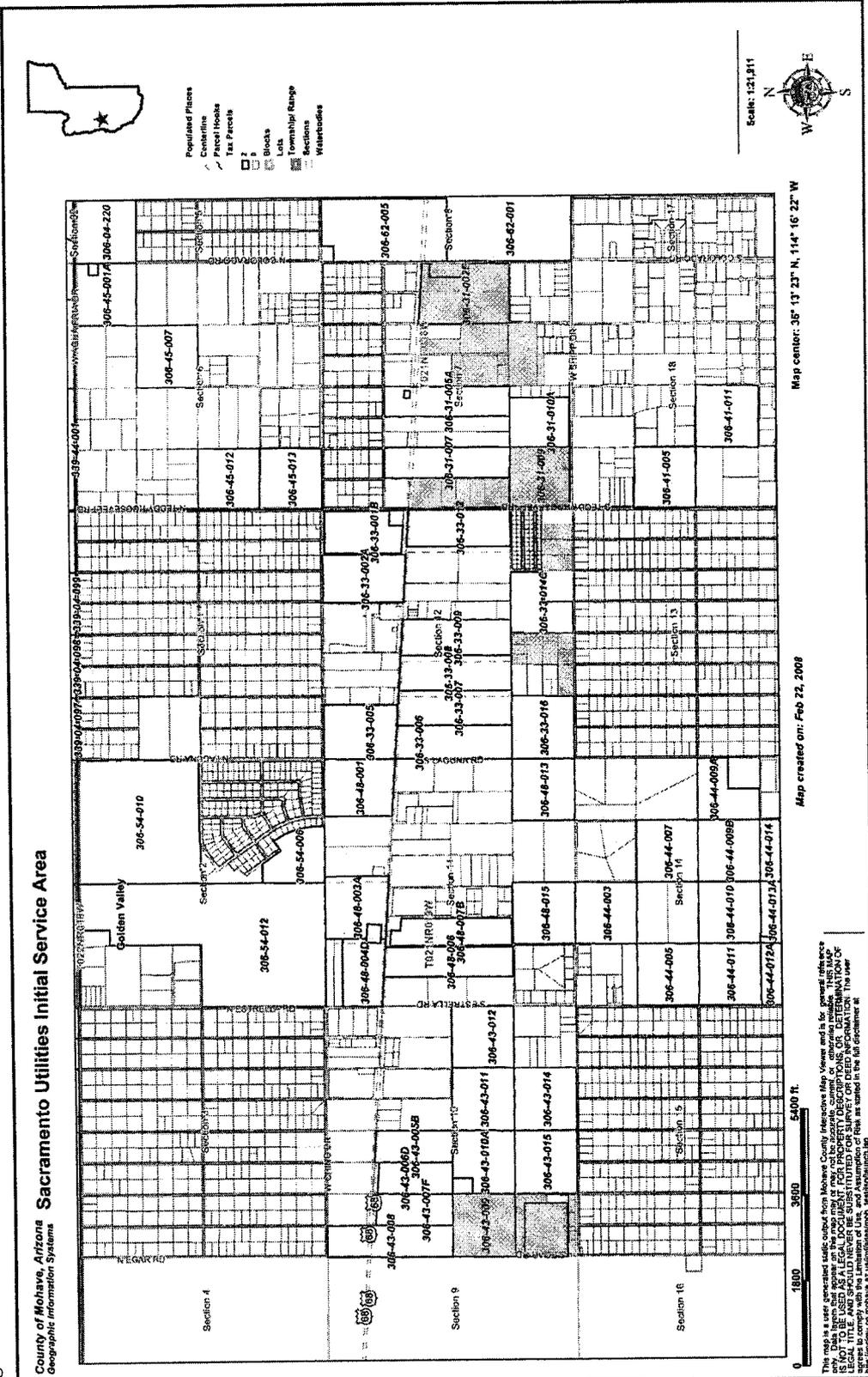
### **Developments**

The initial service area for Sacramento Utilities will be the following developments: Shipp Estates, Oliver Estates, Patterson, Kuden, Blue Sky and Villa Serena. They are all located south of Highway 68 between Adobe Rd. and Eggar Rd. (east and west).

**Table 2.1** Developments constituting initial Service Area

<b>Name</b>	<b>Type</b>	<b>Lots</b>	<b>Acres</b>	<b>Township</b>	<b>Range</b>	<b>Section</b>
<b>Shipp Estates</b>	Residential	152	48	21	19	12
<b>Oliver Estates</b>	Residential	86	17	21	19	12
<b>Villa Serena</b>	Residential & Commercial	234	110	21	18	7
<b>Patterson</b>	Residential	291	67	21	18	7
<b>Blue Sky</b>	Residential	296	74	21	19	10
<b>Kuden</b>	Residential	116	28.94	21	18	7

Figure 2.1 Sacramento Utilities Initial Service Area



## **Proposed and Known Wastewater Treatment Systems**

There are no existing publicly owned WWTP's or sanitary districts within the proposed service area.

### **Private Utilities**

Valley Pioneer Water provides water service to the eastern portion of the service area. Golden Valley Improvement District provides water to the western portion of the service area. There are no private sewer utilities located within the service area nor are there any sewer utilities located within the proposed Initial Service Area.

## ***Description of Planning Area***

### **Location and Description**

Golden Valley is bounded to the east by Hwy 93 and the City of Kingman, the west by the Black Mountains, the south by the Warm Springs Wilderness and extends approximately 7 miles to the north of Highway 68. This proposed plan divides Golden Valley into six service tiers. The tiers are numbered based on the order in which they are expected to develop.

**Tier 1** consists of one row of land sections and runs east to west along Highway 68. It encompasses approximately 10 square miles and is bordered by the Black mountains to the west and Highway 93 to the east. Because highway 68 runs through it, Tier 1 will likely see the highest level of population concentration in all of Golden Valley. Tier 1 is expected to experience urban development with a mixture of commercial and low to medium density residential units. It is to be served by Shipp Estates WRF until flows are sufficient to warrant the transition to the regional plant.

**Tier 2** is located immediately south of tier 1. Encompassing approximately 19 square miles, it consists of two rows of sections running east to west. Tier 2 is expected to follow tier 1 in order of development due to it being located between Highway 68 and large planned developments to the south. This tier is expected to see suburban and urban low to medium density residential development.

**Tier 3** is located directly north of tier 1. It is comprised of the first row of sections north of tier 1 and two rows of sections west of Teddy Roosevelt Rd and north of the BLM land. Tier 3 encompasses approximately 22 square miles. Tier 3 will likely consist of large lot suburban density residential development between the major corridors. This area to the north of highway 68 is anticipated to be served by Shipp Estates WRF. If however the location of initial major developments would require an exceedingly lengthy extension of the sewer line, a satellite plant may be constructed north of Highway 68.

**Tier 4** is comprised of the two rows of tiers immediately south of tier 2 bordered by W. Bolsa Dr. to the north and W Shinarump Dr. to the south. Tier 4 covers an area of approximately 21 square miles. Should Pravada land fully develop, tier 4 could see a move to high density residential development immediately north of Shinarump. Overall tier 4 will probably average out to suburban development due to the fact that the western sections back up to open space.

**Tier 5** is the northernmost tier and encompasses 52 square miles above tier 3. Much of tier 5 is comprised of BLM land and the overall population of tier 5 is expected to be the lowest of all the tiers. This tier will most likely develop to rural densities with pockets of suburban development. **Tier 6** is the southernmost tier and encompasses approximately 128 square miles. It is bordered by the Mt. Nutt wilderness to the west and Highway 66 to the east. Much like tier 5, tier 6 contains a large amount of BLM land and will probably see rural densities with pockets of suburban development. It should be noted that the Rhodes development "Pravada" is located in this Tier. Pravada has its own 208 amendment including plans for interim and permanent wastewater treatment plant.



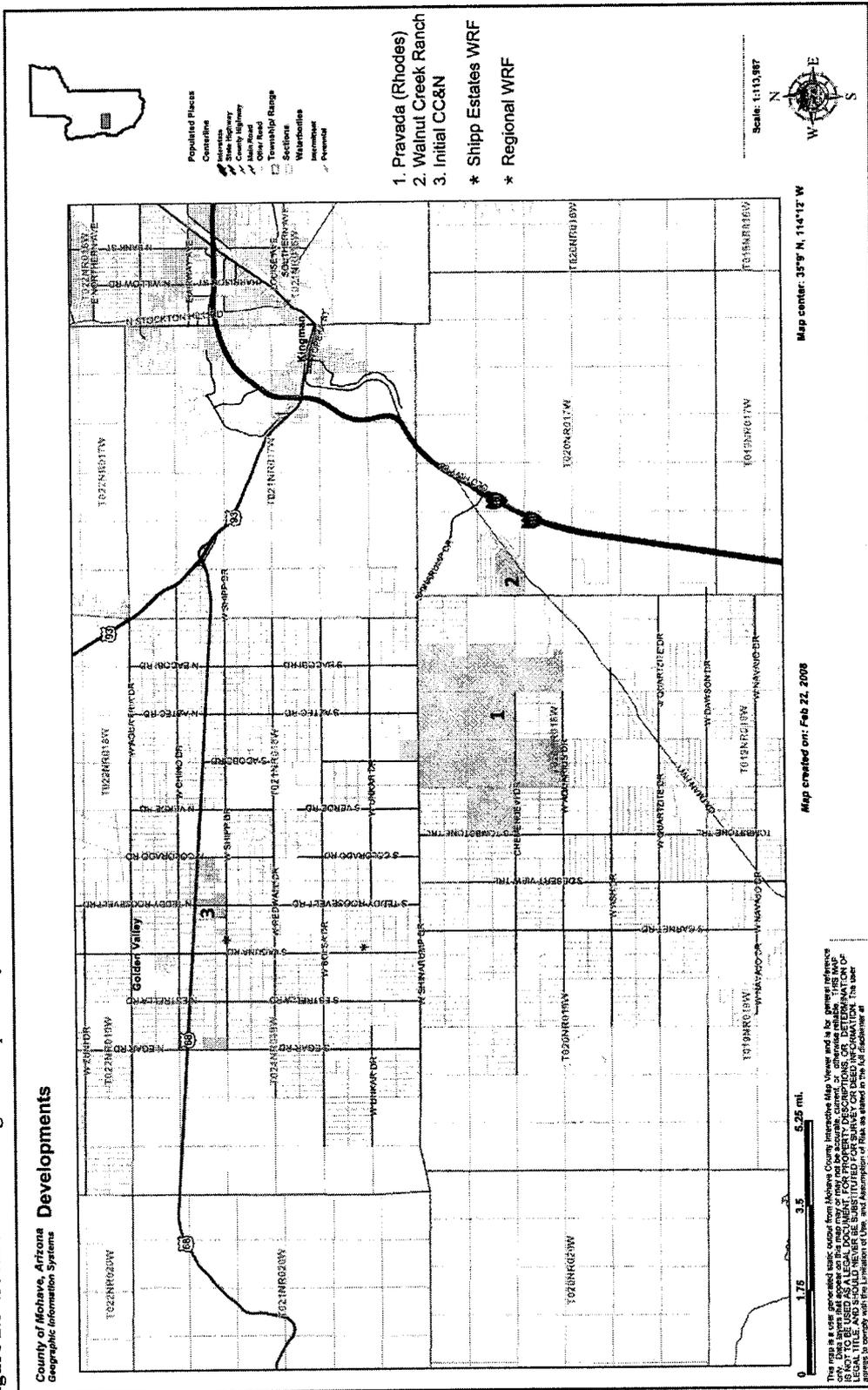
## Existing Systems

There are currently no wastewater treatment plants in the planning area. The entire valley currently utilizes septic systems. However, a large development by the name of Pravada (Rhodes Homes) is in the early construction phases. Pravada (also known as Golden Valley Ranch) has its own 208 amendment and plans for two wastewater treatment plants. The first wastewater treatment plant proposed for Pravada is an interim plant with a design capacity of 0.240 MGD constructed in one phase. The second plant is a permanent plant with a design capacity of 9.4 MGD constructed in 5 phases. Construction timelines will be based on development of the Pravada subdivision. The planned interim and permanent facilities are approximately 6 miles from the site for Shipp Estates WRF and 4.25 Miles from the proposed regional facility site.

A large number of septic systems are currently in use throughout the planning area. They will be allowed to continue operation under the conditions outlined in section 2.4 of this document. Some of the systems of note are listed in Appendix B.

Walnut Creek WWTP is a proposed facility that will be owned and operated by Walnut Creek Water Company, Inc. The facility will serve the existing as well as the proposed expansion of Walnut Creek subdivision. This subdivision will be composed of residential housing units. The wastewater treatment facility will be constructed in phases and has a permitted build out capacity of 160,000 gpd. The location of Walnut Creek WWTP is T20N R17W S7 approximately nine miles from Shipp Estates WRF and Eight miles from the proposed regional WRF site in tier 6. Effluent from the proposed wastewater treatment facility will meet reclaimed water class B<sup>+</sup> standards. Walnut Creek WWTP will be an extended aeration system with effluent disposal via leach field and subsurface irrigation.

Figure 2.3 Location of Existing and Proposed Systems

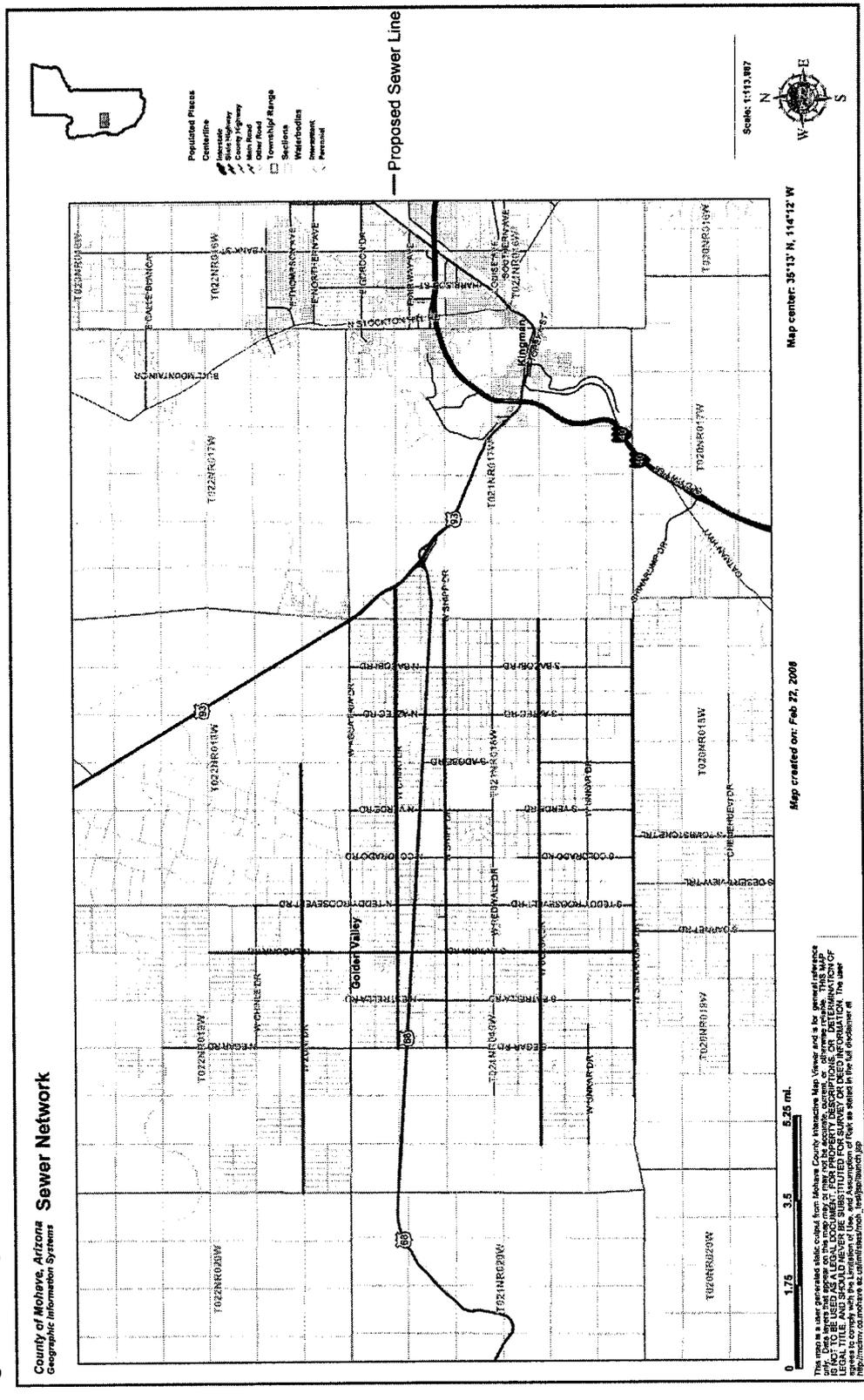


## **Sewer Main Line Network**

A network of sewer lines will be developed in the planning area to coordinated with development of the satellite (interim regional) treatment facility. The sewer main lines will be expanded with the occurrence of new development to the point they eventually extend sufficiently to transport wastewater flows to the regional facility. Once both the sewer main lines and the first phase of the regional facility becomes operational the existing interim regional facility will be decommissioned with those flow directed to the regional facility. Upon decommissioning of the interim facility the site will be remediated, return to the land owner and available for sale or for development in accordance with the underlying zoning. The location of the sewer interceptor lines will be: east to west along Zuni Dr., Chino Dr., Bolsa Dr., Shipp Dr and Shinarump Dr. extending the width of the Golden Valley Planning Area. A sewer main will run north to south along Laguna and will cross Highway 68 along the Sacramento Wash and connect the sewer interceptors running from Zuni Dr. to the north down to Shinarump Dr. to the south.

Sewer collection lines within each sub-division will be constructed by the developer and contributed to the Utility upon completion and acceptance by the Utility. These sewer collector lines will be interconnected into the sewer main lines initially used to transport flows to a satellite plant and ultimately to the regional plant. This will promote new subdivisions while simultaneously creating a "stepped development" of the sewer infrastructure.

Figure 2.4 Proposed Sewer Line Network



## ***Use of Septic Systems within the Planning Area***

### **Introduction**

Until an extensive sewer line network is constructed, septic systems may be allowed under certain conditions. More remote portions of Golden Valley such as the outlying areas of tiers 5&6 are likely to continue to use septic systems in the foreseeable future due to probable sporadic low density development patterns and the prohibitive costs of building lengthy sewer lines. These septic systems should be dispersed and low enough in number to diminish their environmental impact on the valley. The regional planning entity will seek to limit the number of new septic systems while developing a program for the transition of existing septic systems into the interim regional plant and ultimately through the regional sewer main lines to the regional plant.

### **Existing Septic Systems**

Existing functional septic systems will not be required to tie in to the regional system. Owners of these systems may request service from the utility subject to the approval of the utility. Any property that has an existing septic system that fails and is within 300 ft of a sewer main line will be required to tie into the regional system. Furthermore an existing septic system may not be expanded or replaced in these areas that can be immediately served by the regional system.

### **New Septic Systems**

The guidelines for allowing new septic systems will reflect the current regulations put forth by Mohave County and ADEQ. Proposed new septic systems meeting the necessary criteria will be allowed with the requirement that once a sewer line is extended within 300 ft of a property boundary, the land owner will be required to abandon their septic system and tie into the regional system. For new septic systems to be approved the following must apply:

1. The lot size is 1 acre or greater for a single lot.
2. The density of a subdivision is  $\leq 1$  residence per acre.
3. The nearest sewer line is more than 300 feet away for single lot or 1 mile away for a subdivision regardless of density.

Subdivisions with suburban densities (lots 1 acre or greater in size), that are more than 300 ft but less than 2 Miles away from an existing sewer line or satellite plant, will be permitted to use septic systems provided they consist of too few lots to justify the expense of extending a sewer connection line.

Subdivisions with urban densities (<1 acre lots) will not be permitted to use septic systems. Urban density subdivisions within 2 miles of a sewer line or satellite plant will be required to tie in to the regional system. Urban density subdivisions, further than 2 miles away from a sewer line or satellite plant, will require the construction of a satellite facility.

## **Review and Approval Process**

The review and approval process for septic systems will be in accordance to current Mohave County regulations and 40 CFR Part 25.

## ***Use of Satellite Plants within the Planning Area***

### **Introduction**

Any new development within the boundary of this plan will be required to obtain service from Sacramento Utilities. Determination of service availability by the utility and will be on a basis of the most cost effective means of providing sewer service. Due to the size of the planning area, it is possible that satellite plants may need to be approved until the master sewer line network is completely constructed. Satellite plants will be required to have a design capacity that will allow them to serve multiple developments. This will discourage the proliferation of small plants constructed in Golden Valley. These satellite plants will be utilized until the developments they serve can be tied in to the regional system. At that time the plant must be decommissioned and removed with the site fully remediated. The existing sewer collection and sewer main lines will then be utilized for connecting the development to the regional system.

### **Satellite Plant Definition**

A satellite plant is defined as having a design capacity of less than 0.250 MGD with no discharge requiring a National Pollutant Discharge Elimination System or Arizona Pollutant Discharge Elimination System permit. Satellite plants will be required to have a minimum design capacity of 0.100 MGD. This design capacity can be initial or phased. The minimum design capacity of a new satellite plant should be sufficient for the facility to service additional future developments in the immediate vicinity.

## **Areas of Responsibility**

Sacramento Utilities will work with the developer to tie in to an existing plant or construct a new satellite plant. Satellite plants are to be utilized on an interim basis only and for subdivisions whose density precludes the use of septic systems in areas where it is not financially feasible to extend a sewer line.

Satellite plants with the approval of Mohave County will be owned, operated and maintained by Sacramento Utilities on an annual contract basis. Operation of satellite plants will be conducted by an Arizona certified operator qualified at the specified experience and certification level. Sacramento Utilities would then be the holder of all permits for these facilities.

## **Wastewater Characterization**

### ***Wastewater Characterization***

Wastewater projections for the service area are anticipated to be primarily domestic in nature. The origins of flows will be single, multi-family residences and Recreational Vehicle sewage (85%), no more than 10% septage and less than 5% commercial sewage. No industrial wastewater is anticipated; however, pre-treatment in accordance with A.A.C. R18-9-B204(B)(6) (*Treatment Performance Standards for New Facilities*) will be required and shall be conducted for any facility tied into the system producing industrial strength wastewater.

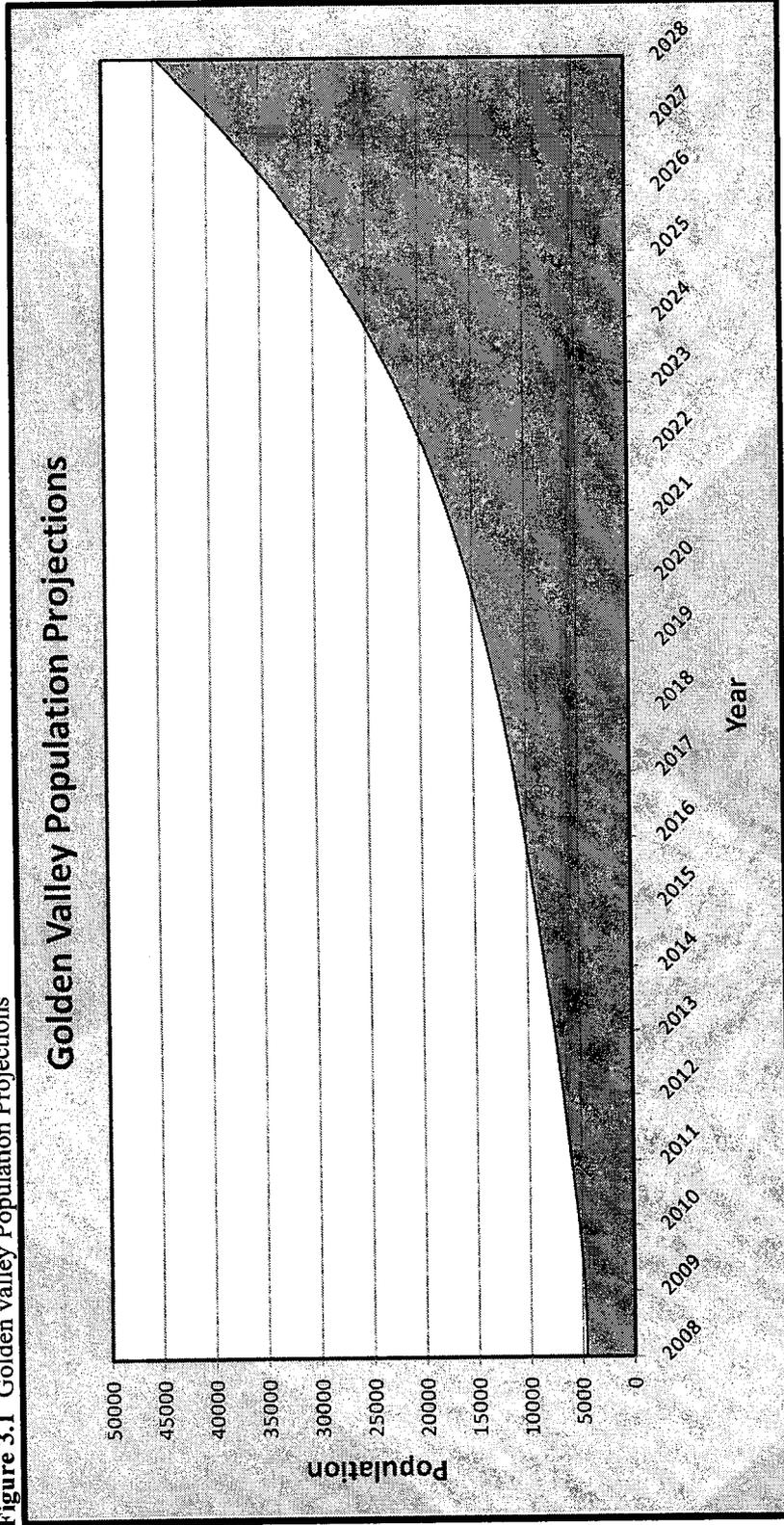
### ***Golden Valley Population Projections***

The location and density of future population in Golden Valley is difficult to anticipate. POPTAC figures will not be an accurate assessment because they are based on historic growth and do not take into account the effect of the existence of a sewer infrastructure. Completion of the Hoover Dam bypass and the widening of Highway 93 to four lanes will shorten the commute to Las Vegas facilitating growth in Golden Valley. Utilizing the hybrid land use diagram from the 2002 Golden Valley Area Plan and taking into account the location of proposed developments, the chart on Figure 3.1 illustrates population growth through 2028.

### **Population at Build Out**

At build-out Shipp Estates WRF is estimated to provide service to 2,128 residential units with a population of approximately 5,214 persons. Should additional capacity be required of Shipp Estates WRF prior to transition to the regional facility, it may be expanded to 1.5 MGD. This possible expansion would allow it to service 6,384 residential units with a population of 15,641 persons. The land use of the CC&N will consist primarily of individually owned residential homes at urban densities. Once flows reach a sufficient level to support the construction of a regional facility, construction will commence. The regional facility is projected to have a build out capacity of 7.0 MGD serving an anticipated 38,000 residences or a population of approximately 93,100.

Figure 3.1 Golden valley Population Projections



## Wastewater Flows

### Flow Rates

The table below contains the flow rate projections for Golden Valley over the next 20 years.

Table 3.1 20 Year Wastewater Flow Estimates for the Planning Area

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Flows MGD	0.0028	0.0141	0.0679	0.1385	0.2120	0.2884	0.3743	0.4636	0.5557	0.6549	0.7715
Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Flows MGD	0.9085	1.0696	1.2592	1.4823	1.7451	2.0547	2.4195	2.8493	3.3560	3.9601	

### Flow Calculation Method

Wastewater flow calculations for the interim regional plant and satellite plants are based on 235 gpd per residence ( 96 gpd per person x 2.45 people per residence). For the regional facility the wastewater flow calculation is assumed to be 184 gpd per residence (75 gpd per person x 2.45 people per residence).

**Balance Sheet ACT III Investments**

Assets	Value	Interest	Liabilities		
Raw Land, Castle Rock, Co	\$ 3,000,000.00	50%		0 \$	1,500,000.00
Sweetwater Creek Utility	\$ 1,000,000.00	50%		0 \$	500,000.00
Malibu CR Properties LLC	\$ 800,000.00	50%		\$100,000 \$	400,000.00
Pivotal Utility Management	\$ 50,000.00	33%		0 \$	16,500.00
Bensch Ranch	\$ 81,108.00	33%		\$	26,765.64
Pine Meadows	\$ 17,631.00	33%		\$	5,818.23
Verde Santa Fe Utility	\$ 1,165,444.00	41%		\$	480,745.65
Sacramento Utilities LLC	\$ 96,762.50	40%		\$	38,705.00
Wells Fargo checking account	\$ 15,000.00	100%		\$	15,000.00
				\$	2,983,534.52
				\$	-
				\$	-
				\$	-
				\$	-
<b>Personal Assets</b>					
1426 Pineridge Place	\$ 635,000.00	<u>100%</u>	Home Loan	\$	635,000.00
Schwab accounts/stocks	\$ 100,000.00	100%		\$	100,000.00
Wells Fargo Brokerage	\$ 70,000.00	100%	Pledged to ADEQ	\$	70,000.00
Raw Land, Hillside, AZ	\$ 325,000.00	100%		\$	325,000.00
Schwab IRA's	\$ 600,000.00	100%		\$	600,000.00
Santec Corporation	\$ 320,000.00	50%		\$	160,000.00
Santec 401K, Profit Sharing	\$ 90,000.00	100%			
Personal Assets	\$ 300,000.00	100%			
Interests in Commercial RE, CA	\$ 50,000.00	100%			
			Home Equity Loan		\$97,000
			Credit Cards		\$2,500
Wells Fargo checking	\$ 7,000.00		Co-sign student loan		\$9,000
Eagle Storage	\$ 30,000.00	100%			\$30,000
Lanterns Development	\$ 75,000.00	100%			\$75,000
				\$	2,103,500.00

**EXHIBIT C**

**Sentinel Investments, LLC**  
**Balance Sheet**  
As of February 29, 2008

	<u>Feb 29, 08</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10000 · Cash and Equivalents	
10001 · Checking	1,039.23
<b>Total 10000 · Cash and Equivalents</b>	<u>1,039.23</u>
<b>Total Checking/Savings</b>	<u>1,039.23</u>
<b>Total Current Assets</b>	1,039.23
<b>Fixed Assets</b>	
15000 · Furniture and Equipment	1,125.00
17000 · Accumulated Depreciation	<u>-1,125.00</u>
<b>Total Fixed Assets</b>	0.00
<b>Other Assets</b>	
19000 · Investmnt-Sacramento Util., LLC	<u>19,352.00</u>
<b>Total Other Assets</b>	<u>19,352.00</u>
<b>TOTAL ASSETS</b>	<u><u>20,391.23</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
30000 · Opening Bal Equity	470.38
30700 · Members Draw	-522.03
30800 · Member Contributions	30,000.00
32000 · Members Equity	-100.00
Net Income	<u>-9,457.12</u>
<b>Total Equity</b>	<u>20,391.23</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>20,391.23</u></u>