

ORIGINAL

NEW APPLICATION



0000094901

Arizona Corporation Commission

DOCKETED

RECEIVED

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6 Attorneys for Little Park Water Company, Inc.

MAR 23 2009

2009 MAR 23 P 1:38

DOCKETED BY
(602) 224-9366 *nr*

AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION W-02192A-09-0143

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-02192A-08-0___
6 LITTLE PARK WATER COMPANY INC. FOR)
7 DEVIATION FROM, AND THEREAFTER) APPLICATION
8 TERMINATION OF, ITS PREVIOUSLY)
9 APPROVED ARSENIC IMPACT FEE TARIFF)

10 Little Park Water Company, Inc. ("Little Park" or the "Company"), by and through
11 undersigned counsel, hereby files this Application to deviate from and thereafter terminate its
12 Arsenic Impact Fee Tariff, and in support of said Application states as follows:

13 1. In Decision No. 67886, dated June 1, 2005, (the "Decision") authorized the
14 Company to collect from all customers requesting first service to a new service location an
15 Arsenic Impact Fee ("AIF") based on the size of the meter requested.

16 2. As of September 30, 2008, the Company has, in fact, collected \$82,500 in AIF's
17 (also known as Arsenic Hook-Up Fees or AHUF's, which terms are used interchangeably
18 herein), and has further contracted through Line Extension Agreements approved by the
19 Commission for an additional \$234,300 under the Camp Soaring Eagle Line Extension
20 Agreement (the "Agreement"), a copy of which Agreement is attached hereto as **Attachment A**.

21 3. The Company has contracted for, and virtually completed construction of, the
22 Arsenic Treatment Plants ("ATP's") at its two well sites needed to serve the existing and future
23 customers within its authorized Certificate of Convenience and Necessity area. The total
construction cost of those facilities is estimated to be \$235,895. Those ATP's will be funded by

1 the above referenced and previously collected AIF's, and by a short term loan from Big Park
2 Water Company. That loan will be repaid with the Camp Soaring Eagle LXA AHUF proceeds,
3 and by internally generated equity of the Company.

4 4. Because after the completion of the ATP construction the Company will have no
5 further arsenic compliance required construction, the Company believes it is in the best interest
6 of the Company and its customers to discontinue collection of any additional AIF's.

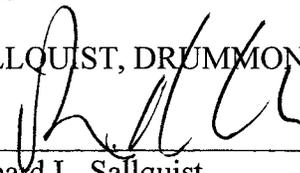
7 5. As stated, the Water Facilities Line Extension Agreement, **Attachment A**
8 contemplated the Developer paying the Tariffed AHUF's for the 36 requested meters totaling
9 \$234,300. It has been determined, that if the AHUF's for the first phase of the Camp are
10 assessed totaling \$118,800, the Company will have sufficient funds to complete all needed
11 ATP's. Therefore, an Addendum to the Agreement has been negotiated to reduce the AHUF's
12 accordingly. That Addendum is attached hereto as **Attachment B.**¹

13 WHEREFORE, Little Park respectfully requests that the Commission, (1) approve, or
14 instruct its Staff to approve, the Addendum which permits the Company to serve the
15 Development's 36 meters for a total AIF's of \$118,800 as assessed for 18 meters; and, (2) issue
16 an Opinion and Order terminating the AIF Tariff authorized in Decision No. 67886 effective
17 after the assessment set forth in the Addendum; and (3) such other orders as the Commission
18 may deem necessary and appropriate.

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22
23 ¹ The contracting entity is now Camp Soaring Eagle Foundation, a Nevada nonprofit corporation, which entity has by
terms of the Addendum assumed all provisions of the Agreement.

1
2 Respectfully submitted this 23rd day of March, 2009.

3 SALLQUIST, DRUMMOND & O'CONNOR, P.C.

4 By: 

Richard L. Sallquist

5 SALLQUIST, DRUMMOND & O'CONNOR, P.C.

1430 East Missouri, Suite B-125

6 Phoenix, AZ 85014

7 Attorneys for Little Park Water Company, Inc.

8
9 The original and ~~five~~ fifteen copies of the foregoing
were filed this 23 day of March, 2009:

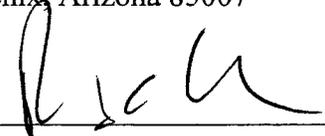
10 Docket Control
11 Arizona Corporation Commission
1200 W. Washington St.
13 Phoenix, AZ 85007

14
15 Copies of the foregoing were hand delivered
16 this 23 day of March, 2009 to:

17 Hearing Division
18 Arizona Corporation Commission
1200 West Washington Street
19 Phoenix, Arizona 85007

20 Legal Division
21 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

22 Utilities Division
23 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



ATTACHMENTS

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A Water Facilities Line Extension Agreement, dated April 24, 2008.

B. Addendum to the Water Facilities Line Extension Agreement, dated March 18, 2009.

WATER FACILITIES LINE EXTENSION AGREEMENT

THIS LINE EXTENSION AGREEMENT, (hereinafter referred to as the "Agreement") entered into this 27 day of April, 2008, by and between **LITTLE PARK WATER COMPANY** (hereinafter referred to as the "Company") and **CAMP SOARING EAGLE FOUNDATION** (hereinafter referred to as the "Developer"), is for the construction of utility plant necessary to provide water utility service to **CAMP SOARING EAGLE**, Yavapai County, Arizona (hereinafter called the "Development").

WITNESSETH:

WHEREAS, Company owns and operates a public service corporation and holds a Certificate of Convenience and Necessity authorizing it to serve the public with water; and,

WHEREAS, Developer is developing property presently in the area wherein Arizona Corporation Commission (the "Commission") granted an Order Preliminary on March 20, 2008 in Decision No. 70208 allowing Company to provide water utility service, conditioned upon compliance with the requirements set forth in the above Decision. The Development is more fully described in Exhibit "A" hereto and incorporated herein by this reference for all purposes; and,

WHEREAS, Company does not presently own or operate a water distribution system able to serve the Development; and,

WHEREAS, under such circumstances the Commission's Rules and Regulations permit the Company to require an Advance in Aid of Construction for water facilities, as well as the collection of certain fees pursuant to its Arsenic Hook-Up Tariff to provide such facilities; and,

WHEREAS, Company agrees that Developer may design and construct certain off-site Water Facilities, as hereinafter defined, subject to the approval by the Company of the engineering design, material specifications, and water utility contractor.

NOW, THEREFORE, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. Developer shall design, construct and install or cause to be designed, constructed and installed, all water transmission and distribution facilities necessary to provide adequate water service for domestic, fire and irrigation service to the entire Development (the "Water Facilities"), provided, however, that Company will not provide, and the Developer will not use the water for the purpose of irrigating any future golf courses or any ornamental lakes or water features located in the common areas of the proposed Development. Developer shall pay all of the costs of constructing, installing and connecting the Water Facilities, including, but not limited to, the costs of engineering, materials, labor, transportation, equipment, necessary

permits and approvals, testing, correction, insurance and bonds. Said Water Facilities are more fully described in **Exhibit "B"** hereto, which is incorporated herein by this reference for all purposes. The Engineering Estimate of Cost totals \$602,650, as set forth on **Exhibit "C"** hereto and incorporated herein by this reference for all purposes, of which \$569,500 is refundable and \$33,000 is a non-refundable Contribution in Aid of Construction. Said Advance for Water Facilities shall be subject to refund pursuant to Paragraph 13 of this Agreement.

2. In addition to the Advance set forth in Paragraph 1 above, the Developer will pay to the Company Two Hundred Thirty Four Thousand Three Hundred Dollars (\$234,300.00) pursuant to the Arsenic Hook-Up Fee Tariff ("AHUF") as set forth on Exhibit "C" hereto for thirty-five (35) 1-1/2" meters and one (1) 1" meter, which AHUF shall be paid in the following manner. The installment of the AHUF for the first 18 buildings ("Phase 1") with a 1-1/2" meter shall be One Hundred Eighteen Thousand Eight Hundred Dollars (\$118,800) which will be paid in accordance with the AHUF upon execution of this Agreement. The balance of the AHUF's for the remaining 18 buildings, ("Phase 2"), will be paid by the Developer at the time the Developer requests the water meter be set at each new building above the 18 buildings in Phase 1. Notwithstanding the above phasing, the last AHUF for Phase 2 shall be paid by the Developer to the Company no later than June 1, 2009. Water service to an individual building shall not commence until the AHUF for that building's meter has been paid.

If requested by Company, Developer shall "oversize" the Water Facilities as specified by Company. Company shall reimburse Developer for the differential in material prices of the oversized pipe and appurtenances, versus the material prices of the pipe and appurtenances as specified in **Exhibit "C"**.

4. The Water Facilities for the Development will be designed and constructed with sufficient capacity to accommodate the phased water service requirements of the Development for domestic and fire protection purposes.
5. Developer agrees that the Water Facilities will be completed in a time and manner so as to enable Company to provide water service to the Development as such service is requested.
6. Developer anticipates that the construction of Water Facilities to accommodate the needs of the Development will commence no later than twelve (12) months from the date this Agreement is executed by the Developer and Company. Developer further anticipates obtaining all necessary governmental approvals of its Development within the twelve (12) month period.
7. Developer shall obtain all requisite permits, zoning and other approvals in advance of construction of the Water Facilities. All plans, specifications, construction and installation of the Water Facilities shall be in accordance with Company standards, latest revision, rules, regulations and requirements of the Arizona Department of Environmental Quality, Yavapai County Development Services Department and the requirements of all other governmental agencies having jurisdiction thereover. Additionally, all of said plans and specifications shall have the written approval of

Company before construction is commenced. Approval by Company will not be unreasonably withheld or delayed.

8. Developer shall comply with the inspection and testing requirements of Company. Said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Developer shall give Company adequate notice when the Water Facilities under construction are ready for inspection and testing. Company specifically reserves the right to withhold acceptance of the Water Facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to Company upon inspection and testing. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Company made subsequent to inspection by Company and for one year following Company's written final acceptance of the Water Facilities. Inspection approvals by Company shall in no way relieve or limit Developer's responsibility and liability for construction and installation of the Water Facilities in accordance with the terms of this Agreement.
9. Developer shall, within thirty (30) days of completion of construction, furnish Company with: (a) copies of all bills, invoices and other statements of expenses incurred by Developer, covering all of the costs for engineering, surveying, materials, equipment, supplies, construction and installation of the Water Facilities; (b) lien waivers and releases from the project engineer, contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the Water Facilities; (c) receipts, specifying exact amounts for payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the Water Facilities; (d) mylar "as constructed" drawings certified as to correctness by an engineer registered in the State of Arizona and showing the locations and respective sizes of all Water Facilities; and (e) "Certificate of Approval to Operate Water Facilities" issued by the Arizona Department of Environmental Quality/Yavapai County Development Services Department. Company reserves the right to withhold service to the Development until the aforementioned documentation is provided and validated by Company.
10. Developer shall furnish any document pertaining to ownership and title of the Water Facilities as may be requested by Company including documents which evidence or confirm transfer of possession to Company, and good and merchantable title free and clean of liens, or which contain provisions for satisfaction of all liens or potential liens by Developer or its contractor. Developer shall, at no cost to Company, grant or cause to be granted to Company perpetual rights-of-way and easements and obtain all necessary zoning and other governmental approvals, as required, in a form satisfactory to Company's counsel, for all Water Facilities to be constructed pursuant to this Agreement.
11. The Water Facilities constructed pursuant to this Agreement shall, upon receipt of all documents required in Paragraphs 9 and 10 above, and upon written acceptance by the Company, become and remain the sole property of Company. All risk of loss for the Water Facilities shall be with the Developer until written final acceptance is issued by the Company. Further, Developer shall repair or cause to be repaired, and at no cost to Company, all damage to the Water Facilities caused by the construction

operations until all construction in Development by or for Developer has been completed. Developer shall assign to the Company the warranties of its contractor(s) for the Water Facilities to be built pursuant to this Agreement, which warranties shall be no less than one (1) year. If the Developer constructs the Facilities itself, or the subcontractor's warranty is inadequate, the Developer agrees to pay all costs for removing and replacing any defective part or parts upon the Company providing written notice to the Developer within one (1) year after the Company acknowledged final acceptance of such Water Facilities. Developer acknowledges that Company has the right to, and may in the future connect its existing or future water systems to the Water Facilities.-

12. Company will provide water service to the Development in accordance with the rates, charges and conditions set forth in the tariffs of Company as filed with the Commission. Those rates are subject to change from time to time upon application of Company and approved by the Commission.
13. The cost of construction and installation of Water Facilities as evidenced by invoices furnished to Company pursuant to Paragraph 9 hereof, to the extent that facilities or cash have been actually advanced, are subject to refund by Company to Developer. Company shall make refunds annually to Developer on or before August 31, for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of revenues (excluding all gross receipts, taxes or sales taxes and all District, Municipal, County, State or Federally imposed regulatory assessments) derived from the provision of water service to Development. Refunds shall be payable for a period of ten (10) years, commencing August 2009, but in no event shall the refunds paid to Developer exceed the total amounts paid by Developer for the refundable portion of the Water Facilities as Advances in-Aid-of Construction. Any balance remaining at the end of the ten (10) year period shall become non-refundable. No interest shall be paid on any amount advanced. The Developer hereby acknowledges that the AHUF's paid by the Developer under this Agreement are non-refundable contributions to the Company.
14. Prior to the commencement of construction of the Water Facilities, Developer shall furnish Company with appropriate certificates of insurance for coverage effective during the period of construction in the following types and amounts:
 - a. Workers Compensation Insurance with statutory limits as required by the laws of the State of Arizona and Employer's Liability Insurance with a limit of not less than ONE MILLION DOLLARS (\$1,000,000).
 - b. Commercial General Liability Insurance including premises operations, completed operations, independent contractors and blanket contractual liability with limits of not less than TWO MILLION DOLLARS (\$2,000,000) combined single limit for bodily injury (including death) and property damage. When the work to be performed requires blasting, Developer shall cover that risk. Company shall be named as the insured, but only with respect to acts or omissions of Developer in connection with Developer's operations arising from this Agreement.

- c. Commercial Business Automobile Liability Insurance with limits of ONE MILLION DOLLARS (\$1,000,000) combined single limit covering all owned and non-owned automobiles or trucks used in connection with the work. Company shall be named as an additional insured.
15. Company will endeavor to maintain satisfactory and continuous service, but does not guarantee continuous water service. Company shall not be liability for damages occasioned by interruptions or failure to commence service or unsatisfactory service, or any claim arising out of this Agreement caused by an act of God or the public enemy, accident, fire, explosions, strikes, riots, war, delay in receiving shipment of required materials, order of any court or judge granted in any legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or without limitation by the preceding enumeration, any other act or thing reasonably beyond its control, or incident to interruptions necessary for repairs or changes in Company; production, storage, transmission or distribution facilities.
16. Developer hereby assumes the entire responsibility and liability for injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Developer, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection therewith. Accordingly, DEVELOPER WILL INDEMNIFY AND HOLD HARMLESS Company, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments and attorneys fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage, and in case any suit or other proceeding shall be brought on account thereof, Developer will assume the defense at Developer's own expense and will pay all judgments rendered therein.
17. The failure or either party hereto to enforce any of the provisions of the Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.
18. Communications hereunder shall be sent to Developer, addressed as follows:

Max James
Camp Soaring Eagle Foundation
2880 Southwest Drive
Sedona, AZ 86336
Telephone: 928-282-5513

or to such other address or addresses as Developer may advise Company in writing, and to Company at:

Steve Gudovic, President
Little Park Water Company
45 Castle Rock Road, Suite 4
Sedona, AZ 86351
Telephone: 928/284-1133

4.8

or to such other address or addresses as Company may advise Developer in writing.

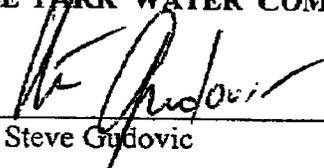
- 19. It is agreed that Company is not an agent for Developer and shall not incur any costs or expenses on behalf of Developer and that Developer is not an agent for Company and shall not incur any costs or expenses on behalf of Company.
- 20. This Agreement shall be governed by the laws of the State of Arizona and shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.
- 21. This Agreement represents the entire understanding between the parties with respect to the subject matter herein and those which are reasonably related; there are no oral or collateral agreements with respect thereto between the parties. All changes or amendments to this Agreement must be in writing and signed by the parties hereto.
- 22. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representative, successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent of Company, and any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals, as of the date and year first above written.

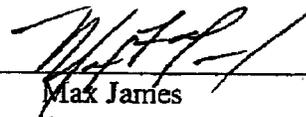
LITTLE PARK WATER COMPANY

CAMP SOARING EAGLE FOUNDATION

By


Steve Gudovic

By


Max James

Title:

President

Title:

CEO

APPROVED

JUN 3 2008

ACC DIRECTOR
UTILITIES DIVISION

Exhibit A

Water Facilities Line Extension Agreement
Between
LITTLE PARK WATER COMPANY
and
CAMP SOARING EAGLE FOUNDATION

Dated: 4/24/2008

Legal Description

See attached



B-4553 P-978
Page: 7 of 10
E 4169431

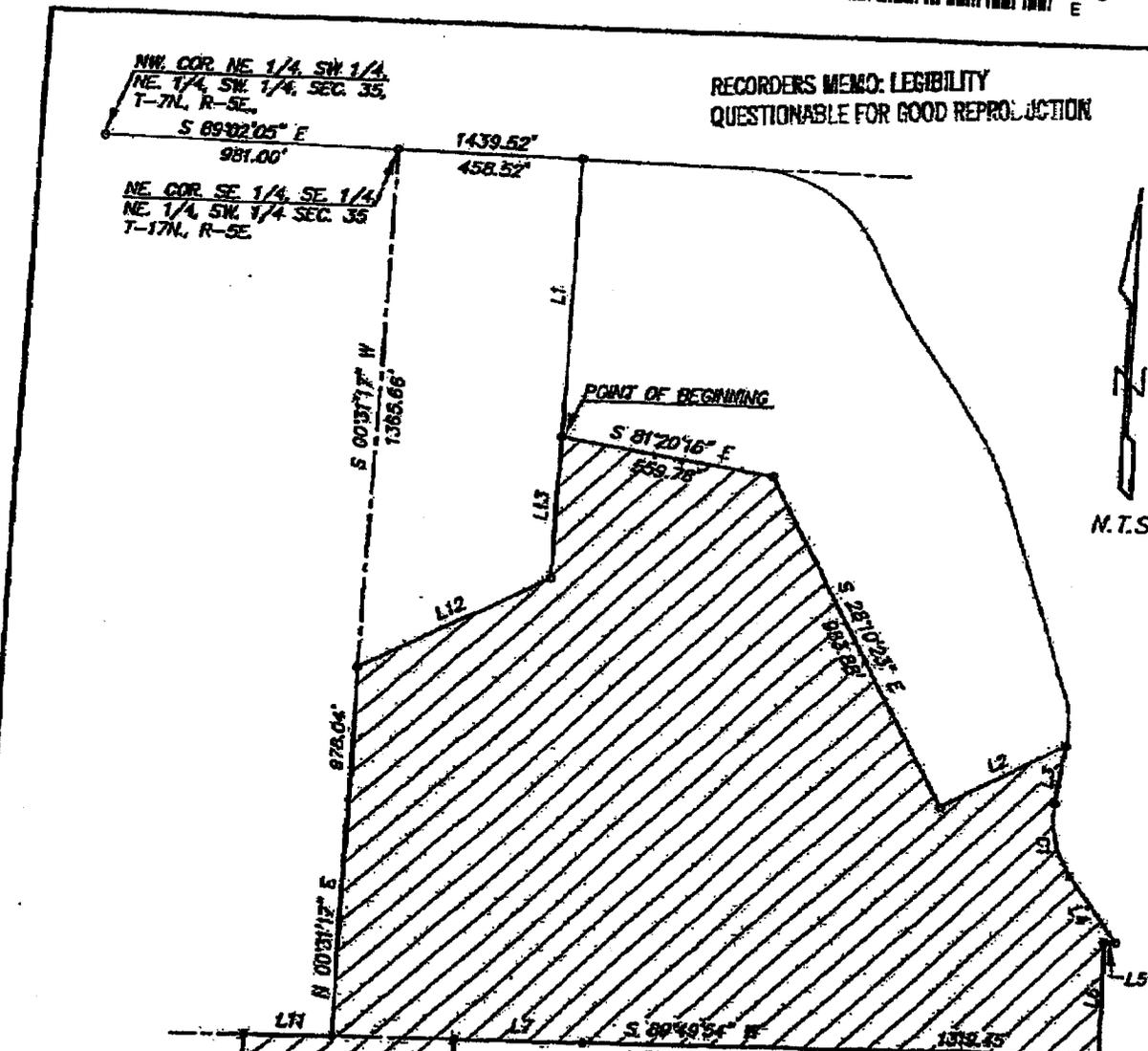
NW COR. NE 1/4, SW 1/4
NE 1/4, SW 1/4, SEC. 35,
T-7N, R-5E.

RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION

NE COR. SE 1/4, SE 1/4
NE 1/4, SW 1/4, SEC. 35
T-17N, R-5E



N.T.S.



CURVE	RADIUS	ARC LENGTH	DELTA ANGLE
C1	268.31'	203.32'	43°25'05"

LINE	BEARING	DISTANCE
L1	S 00°31'17" W	728.70'
L2	N 67°49'37" E	367.83'
L3	S 07°17'06" W	157.03'
L4	S 36°07'38" E	217.00'
L5	S 89°56'04" W	28.72'
L6	S 02°08'16" E	288.84'
L7	S 89°46'13" W	328.86'
L8	S 00°12'21" E	330.85'
L9	S 89°47'38" W	516.82'
L10	N 00°31'17" E	330.87'
L11	N 89°45'13" E	817.28'
L12	N 61°30'14" E	284.32'
L13	N 00°31'17" E	378.07'



ALLIANCE LAND SURVEYING, LLC
 PROFESSIONAL LAND SURVEYORS IN ARIZONA
 7800 N. 70TH AVENUE, SUITE 104, GLENDALE, ARIZONA 85303
 623-872-2200 OFFICE • 623-872-1616 FAX

PREPARED: 9/19/07	REVISED:	PROJECT NO.: 060487
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04/21/2008 00:01 928-282-1168

THE PHIL MORRIS

PAGE 02/03

Legal description for Escrow No.: 06004862

A portion of the Southeast quarter of Section 35, Township 17 North, Range 5 East, and a portion of the North half of Section 10, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

COMMENCING at a USDAFS aluminum cap set in concrete marking the Northwest corner of the Northeast quarter of the Southwest quarter of the Northeast quarter of the Southwest quarter of said Section 35, from which a USDAFS aluminum cap marking the Southwest corner of the Southeast quarter of the Southwest quarter of said Section 35 bears South 00°53'55" West, 2057.45 feet said line being the basis of bearings for this description;

Thence South 89°02'05" East, 1439.52 feet;

Thence South 00°31'17" West, 729.70 feet to the POINT OF BEGINNING;

Thence South 81°20'16" East, 559.78 feet;

Thence South 28°10'23" East, 963.88 feet;

Thence North 61°49'37" East, 367.83 feet;

Thence South 07°17'26" West, 157.03 feet to the beginning of a tangent curve to the left having a radius of 268.31 feet;

Thence along the arc of said curve through a central angle of 43°25'05", an arc distance of 203.32 feet;

Thence South 36°07'39" East, 217.00 feet to the South line of the Southeast quarter of said Section 35;

Thence South 89°58'04" West, 28.72 feet along said South line;

Thence South 00°08'18" East, 298.94 feet to the Southeast corner of GLO Lot 5 of said Section 10;

Thence South 89°49'54" West, 1319.45 feet along the South line of said Lot 5 to the Southeast corner of GLO Lot 6 of said Section 10;

Thence South 89°48'13" West, 329.86 feet along the South line of said Lot 6;

Thence South 00°12'21" East, 330.55 feet;

Thence South 89°47'38" West, 516.92 feet;

Thence North 00°31'17" East, 330.57 feet;

04/21/2008 00:01 928-282-1168

THE PHIL MORRIS

PAGE 03/03

Thence North $89^{\circ}48'13''$ East, 217.28 feet to the Southerly extension of the North-South midsection line of said Section 35;

Thence North $00^{\circ}31'17''$ East, 978.04 feet along said midsection line;

Thence North $81^{\circ}30'14''$ East, 524.32 feet;

Thence North $00^{\circ}31'17''$ East, 378.07 feet to the POINT OF BEGINNING.

Exhibit B

Water Facilities Line Extension Agreement
Between
LITTLE PARK WATER COMPANY
and
CAMP SOARING EAGLE FOUNDATION

Dated: 4/24/ 2008

See Attached

Exhibit C

Line Extension Agreement
Between
LITTLE PARK WATER COMPANY
and
CAMP SOARIN EAGLE FOUNDATION

Dated: 4/24/ 2008

ENGINEERING ESTIMATE OF COST

Item	Description	Quantity	Unit Price	Refundable	Non-Refundable	Total
A.	<u>Refundable Advances in Aid-of-Construction</u>					
1	8" Water Main PVC-900; CL 200	5,679 L.F.	\$ 55	\$312,345		
2	8" Water Main DI Pipe, with Vertical realignment	75 L.F.	L.S.	48,900		
3	12" Water Main PVC-900 CL 200	324 L.F.	70	22,680		
4	8" Gate Valve	17 each	950	16,150		
5	Service Line	36 each	1,400	50,400		
6	2" Blow-Off	3 each	725	2,175		
7	Air Release Valve	4 each	1,750	7,000		
8	Fire Hydrants	10 each	3,300		\$33,000	
9	Engineering and Surveying	L.S.		110,000		
	Sub-Total					\$ 602,650
B.	<u>Contribution in Aid-of-Construction</u>					
10	Arsenic Hook-Up Fee (35 each 1-1/2" Meters + 1 each 1" Meter)	36 each	L.S.		234,300	
	Sub-Total					
	TOTAL ESTIMATED COST			\$569,650	\$267,300	\$ 836,950

**ADDENDUM TO
WATER FACILITIES
LINE EXTENSION AGREEMENT**

MARCH 5, 2009

THIS ADDENDUM TO THE LINE EXTENSION AGREEMENT, (hereinafter referred to as the "Addendum") entered into this 10 day of ~~January~~ ^{March}, 2009, by and between **LITTLE PARK WATER COMPANY** (hereinafter referred to as the "Company") and **CAMP SOARING EAGLE FOUNDATION**, a Nevada nonprofit corporation (hereinafter referred to as the "Developer"), is for the construction of utility plant necessary to provide water utility service to the property commonly referred to as **CAMP SOARING EAGLE**, in Yavapai County, Arizona (hereinafter called the "Development").

WITNESSETH:

WHEREAS, the Company and the Developers' predecessor-in-interest, American Kiosk Management, entered into a Water Facilities Line Extension Agreement dated April 24, 2008 (the "Agreement"), which Agreement was approved by the Arizona Corporation Commission (the "Commission") Staff on June 2, 2008, in accordance with Commission Rules and Regulations and the Tariffs approved for the Company; and,

WHEREAS, the Parties have agreed that the Arsenic Hook-Up Fees ("AHUFs"), also known as Arsenic Impact Fees ("AIF's") and used interchangeably herein, authorized to be collected for the total build-out of the Development under the Commission approved Tariff would be in excess of the funds needed by the Company to complete the Arsenic Treatment Facilities contemplated to be constructed with AHUF proceeds, as acknowledged in Developer representative's October 10, 2008 letter attached hereto as **Attachment One**; and,

WHEREAS, the Parties agree that the Agreement needs to be modified and approved by the Commission to recognize the above.

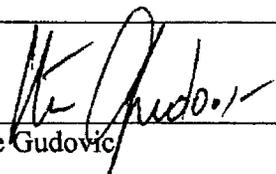
NOW, THEREFORE, it is mutually covenanted and agreed by and between the Parties hereto as follows:

1. The total AHUF of \$234,300 as set forth in Paragraph 2 of the Agreement is hereby reduced to \$118,800, which shall be paid as set forth below. No further AHUF shall be collected with regard to the anticipated thirty-six (36) total meters for the Development. Per the Engineering Plans for the Development dated May 5, 2008, as prepared by CMX Engineering (the "Engineering Plans"), the Developer intends to set an appropriately sized meter at each building in the Development at the time each building is constructed

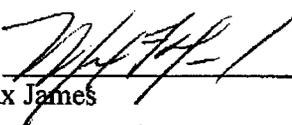
2. The Developer shall construct at its sole cost the eight (8) inch looped transmission main at the time and location contemplated in the Agreement as per the Engineering Plans.
3. Within thirty (30) days of the later of the following events occurring: (1) the Commission's approval of this Addendum, and (2) the Commission's approval of the modification of the AHUF as set forth in Paragraph 4 below and thereafter termination of the AIF Tariff, the Developer shall pay to the Company in immediately available funds the sum of \$118,800.
4. Within ten (10) days of the execution of this Addendum, the Company shall file with the Commission an Application to Terminate the Arsenic Impact Fee Tariff, which Application will request authority to serve the 36 meters for the Development as contemplated in Paragraph 2 of the Agreement for a total AHUF of \$118,800, and further request the AIF Tariff be terminated.
5. Within ten (10) days of the approval by the Commission of the above Application, the Developer shall dismiss any Complaint it has before the Commission against the Company regarding service to the Development under the Agreement or the Addendum.
6. The Developer will request, as needed, the setting of meters at the 36 separate buildings within the Development, and shall at the time of requesting each meter pay to the Company the then-authorized fees and charges for each respective meter, but no additional AHUF's. In the event the Developer requires meters in addition to the subject 36 meters, the Parties shall enter into further negotiations regarding that service.
7. Camp Soaring Eagle Foundation hereby accepts and assumes all provisions of the Agreement as modified by this Addendum.
8. All other Terms and Conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum in duplicate originals, as of the date and year first above written.

LITTLE PARK WATER COMPANY	CAMP SOARING EAGLE FOUNDATION, a Nevada nonprofit corporation
----------------------------------	--

By 
Steve Gudovic

Title: President

By 
Max James

Title: CEO



RECEIVED
OCT 14 2008

October 10, 2008

Steve Gudovic
Little Park Water Company
45 Castle Rock Road, #4
Sedona, AZ 86351

RE: Camp Soaring Eagle

Dear Mr. Gudovic,

On behalf of Camp Soaring Eagle I wanted to follow up with you regarding the design and costs for water service within Camp Soaring Eagle. In our last meeting before the Arizona Corporation Commission you had presented an offer to reduce the arsenic tariffs pending ACC approval by \$118,000. Additionally you had strongly suggested that we keep the approved design as it was the most economic solution. After careful review by our engineers and design team we have concluded that it's in our best interest to accept your offer.

I need a clear understanding on how we proceed with the construction and approval from the ACC on the tariff reduction. I know you're out of town here shortly, so if you could kindly let me know how we proceed prior to your departure I would greatly appreciate it.

Regards,

Mark Morris

cc: Bradley Morton
David Paltzik

Phil W. Morris
General Contractors
1555 W. McDowell
Phoenix, AZ 85027
Tel: (602) 998-1100
Fax: (602) 998-1101
www.philmorris.com

ATTACHMENT ONE