DOCKET SW-04265A

ORIGINAL

TARIFF

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ISSUED BY:

Woodruff Utility Company, Inc. 2555 East Camelback Road, Suite 700 Phoenix, Arizona 85044 Effective April 3, 2006



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PART ONE STATEMENT OF CHARGES **WASTEWATER SERVICE**

RATES 1.

In Decision No. 68453, dated February 2, 2006, the Arizona Corporation Commission approved the following rates and charges to become effective April 3, 2006.

A. SCHEDULE OF MONTHLY CUSTOMER CHARGES

Meter Size Inches	Charge Per Month
5/8" x 3/4" Meter	\$52.00
³¼" Meter	\$52.00
1" Meter	\$130.00
1 ½" Meter	\$260.00
2" Meter	\$416.00
3" Meter	\$780.00
4" Meter	\$1,300.00
6" Meter	\$2,600.00

В. SCHEDULE OF EFFLUENT CHARGES

Effluent Sales—General Irrigation:

Per Acre Foot (or 325,851 gallons) for general irrigation \$300.00 Per 1,000 Gallons for general irrigation \$0.92

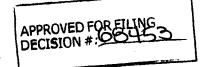
Effluent Sales-Agricultural Irrigation:

Per Acre Foot (or 325,851 gallons) of treated effluent \$300,00 Per 1,000 Gallons of treated effluent \$0.92

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PART ONE STATEMENT OF CHARGES WASTEWATER SERVICE



II. TAXES AND ASSESSMENTS

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, in accordance with A.A.C. R14-2-608(D)(5) or any successor rule.

III. ADDITIONAL CHARGES

The Company is authorized to charge the following additional charges:

2	Establishment of an account during business hours. Establishment of an account during non-business hours. Re-establishment of an account. 2	\$30.00 \$35.00 *
3.	Reconnection after disconnection for Delinquency	\$30.00
4.	(applies each time a customer is disconnected)	
5.	Service Call Out (charge per hour for service during non-business hours)	\$35.00
	Minimum Deposit	\$35.00
7.	Deposit Interest, per annum ³	*
8.	Non-Sufficient Funds (NSF) Check Charge (for each returned check)	\$25.00
9.	Late Payment Penalty (per month)	1.50% ⁴
10.	Deferred Payment Finance Charge (per month)	1.50%
11.	Main Extension and Additional Facilities Agreements	At cost
12.	All revenue related taxes will be charged customers	At cost

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This fee may not be collected by the Company if the customer is also a customer of Woodruff Water Company has paid a service establishment fee to Woodruff Water Company.

² Number of months off system times the monthly minimum.

³ Per A.A.C. R14-2-603(B) or any successor rule.

⁴ This charge shall not apply if the customer has arranged for a Deferred Payment Plan.

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PART ONE STATEMENT OF CHARGES **WASTEWATER SERVICE**

IV. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- For any service provided by the Company "at cost" under this Tariff, cost shall include all labor, parts, materials, engineering, permit fees, other charges incurred, and applicable overhead (which overhead shall be charged at a rate of 10% of hard construction costs). Before the Company shall incur any costs in providing such service to a customer, the Company shall provide the customer with and estimate of the cost. After a customer's review of the cost estimate, the customer shall pay the amount of the estimated cost to the Company before the company will start construction.
- In the event that the actual cost of providing a service is less than the estimated cost, the Company shall refund the difference to the customer within 30 days after the later of: (i) completion of the service, or (ii) the Company's receipt of all invoices, timesheets or other related documents supporting the costs of the service.
- D. In the event the actual cost is more than the estimated cost, the Company shall bill the customer for the difference within 30 days after the later of: (i) completion of the service, or (ii) the Company's receipt of all invoices, timesheets or other related documents supporting the costs of the service. The amount so billed shall be due and payable 30 days after the invoice date.
- At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- Permitted costs shall include any State or Federal income taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to the Company.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE

I. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

The Company provides wastewater service using treatment and collection facilities that are regulated by numerous county, state and federal Statutes and Regulations. Those Regulations include limitations as to domestic strength wastewater and the type of wastewater that may be discharged into the system by any person directly or indirectly connected to the plant.

B. Waste Limitations

- 1. The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of the Company, with a copy filed with the Commission.
- 2. No customer shall discharge, or cause to be discharged, any industrial, hazardous, or any other non-residential waste into the sewer system. If any industrial, hazardous, or any other non-residential waste is discharged, or will be discharged, into the sewer system by a customer, the Company is authorized to require the customer to install a pretreatment mechanism at the customer's expense. For the purposes of this section, the following definitions apply:
 - a. "Industrial waste" means any liquid, gaseous, or solid waste from or produced at an industrial operation.
 - b. "Hazardous waste" means any products such as paints, pesticides, cleaners and solvents, stains and varnishes, or other flammable liquids; solid, liquid, semisolid or contained gaseous material that contains lead, cadmium, mercury, or arsenic compounds or any other compound considered a hazard to human health or the environment; any other waste as defined in A.R.S. 49-921(5) (2006); or any other waste deemed hazardous by the Company.
 - c. "Non-residential waste" means any waste that does not fall under the definition of residential waste; "residential waste" means any solid waste including garbage, rubbish and sanitary waste from septic tanks that is generated from households including single and multiple family residences, hotels and motels, bunkhouses, ranger stations, crew quarters, campgrounds, picnic grounds and day-use recreation areas.
 - d. "Pretreatment mechanism" means a device, method, technique or process designed to change the physical, chemical or biological character or composition of industrial or hazardous waste so as to neutralize such waste or to render such waste non-hazardous, safer for transport, amenable for recovery, amenable for storage, or reduced in volume.

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3. No customer shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. The Company will require an affidavit from all commercial and industrial customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength.

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by the Company as it deems necessary. These facilities shall include but not be limited to sewers; sewage pumping plants; all processes; devices and connection sewers; and all similar sewage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules. Inspections may include the collection of samples. Authorized personnel of the Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at the written or verbal request of the Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by the Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

All transient motor homes, travel trailers and other units containing holding tanks must arrive at the Company's service area in an empty condition. Inspection will be required of said units prior to their being allowed to hookup to the wastewater system.

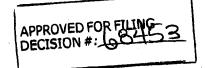
D. Termination of Water Service for Violation of Wastewater Rules and Regulations

For any person connected to the Company's sewer system and Woodruff Water Company's water system who violates the Company's wastewater terms and conditions as set forth in this Part Two, the Company is authorized to instruct Woodruff Water Company to discontinue water service to that customer. This termination authority does not apply to nonpayment for water or wastewater services.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE

II. RULES AND REGULATIONS

The following terms and conditions ("Terms and Conditions") for the provision of wastewater service which are based on the Arizona Administrative Code, Title 14, Chapter 2, Article 6, apply to all customers who obtain wastewater service from Woodruff Utilities Company.

A. DEFINITIONS

In these rules and regulations, unless the context otherwise requires, the following definitions shall apply:

- 1. "Advance in aid of construction." Funds provided to the Company by the applicant under the terms of a collection main extension agreement the value of which may be refundable.
 - 2. "Applicant." A person requesting the Company to supply sewer service.
- 3. "Application." A request to the Company for sewer service, as distinguished from an inquiry as to the availability or charges for such service.
- 4. "Arizona Corporation Commission." The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
- 5. "Billing month." The period between any two regular billings -- approximately 30 day interval.
 - 6. "Billing period." The time interval between two consecutive billings.
- 7. "Collection main." A sewer main of the Company from which service collection lines are extended to customers.
- 8. "Commodity charge." The unit of cost per billed discharge as set forth in the Company's tariffs.
 - 9. "Company." Woodruff Utilities Company, Inc.
- 10. "Contributions in aid of construction." Funds provided to the Company by the applicant under the terms of a collection main extension agreement and/or service connection tariff the value of which are not refundable.
- 11. "Customer." The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
- 11. "Customer charge." The amount the customer must pay the Company for the availability of sewer service, excluding any amount of discharged, as specified in the Company's tariffs.

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- 12. "Day." Calendar day.
- 13. "Minimum charge." The amount the customer must pay for the availability of sewer service, including an amount of discharge, as specified in the Company's tariffs.
- 14. "Permanent customer." A customer who is a tenant or owner of a service location who applies for and receives sewer service.
- 15. "Permanent service." Service which, in the opinion of the Company, is of a permanent and established character. The use of sewer service may be continuous, intermittent, or seasonal in nature.
- 16. "Person." Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
- 17. "Point of collection." The point where pipes owned, leased, or under license by a customer connects to the Company's collection system.
- 18. "Premises." All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
- 19. "Residential subdivision development." Any tract of land which has been divided into four or more contiguous lots for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
 - 20. "Residential use." Service to customers discharging sewage for domestic purposes.
- 21. "Rules." The regulations set forth in the tariffs which apply to the provision of sewage service.
- 22. "Service area." The territory in which the Company has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide sewer service.
- 23. "Service establishment charge." The charge as specified in the Company's tariffs which covers the cost of establishing a new account.
- 24. "Service line." A sewer line that transports sewage from a customer's point of collection to a common source (normally a collection main) of collection of the Company's.
- 25. "Service reconnect charge." The charge as specified in the Company's tariffs which must be paid by the customer prior to reconnection of sewer service each time the sewer service is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the Company's fixed rules.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE

- 26. "Service reestablishment charge." A charge as specified in the Company's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.
- 27. "Sewage." Ground garbage, human or animal excretions, and other domestic, commercial or industrial waste normally disposed of through a sanitary sewer system.
- 28. "Single family dwelling." A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
- 29. "Tariffs." The documents filed with the Commission which list the services and products offered by the Company and which set forth the terms and conditions and a schedule of the rates and charges for those services and products.
- 30. "Temporary service." Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the Company, is for operations of a speculative character is also considered temporary service.

B. ESTABLISHMENT OF SERVICE

INFORMATION FROM NEW APPLICANTS

- 1. The Company may obtain the following minimum information from each new applicant for service:
 - a. Name or names of applicant(s).
 - b. Service address or location and telephone number.
 - c. Billing address or location and telephone number, if different than service address.
 - d. Address where service was provided previously.
 - e. Date applicant will be ready for service.
 - f. Indication of whether premises have been supplied with Company service previously.
 - g. Purpose for which service is to be used.
 - h. Indication of whether applicant is owner or tenant of or agent for the premises.
- 2. The Company may require a new applicant for service to appear at the Company's designated place of business to produce proof of identity and sign the Company's application form.
- 3. Where service is requested by two or more individuals the Company shall have the right to collect the full amount owed to the Company from any one of the applicants.

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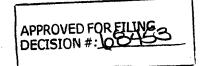
DEPOSITS

- 1. The Company may require a deposit from any new applicant for service.
- 2. The Company shall issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the Company's records.
- 3. Interest on deposits shall be calculated annually at an interest rate filed by the Company and approved by the Commission in a tariff proceeding. In the absence of such, the interest rate shall be 6%.
 - 4. Interest shall be credited to the customer's bill annually.
 - 5. Residential deposits shall be refunded within 30 days after:
 - a. 12 consecutive months of service without being delinquent in the payment of Company bills provided the Company may reestablish the deposit if the customer becomes delinquent in the payment of bills three or more times within a 12 consecutive month period.
 - b. Upon discontinuance of service when the customer has paid all outstanding amounts due the Company.
 - 6. A separate deposit may be required for each service installed.
- 7. The amount of a deposit required by the Company shall be determined according to the following terms:
 - Residential customer deposits shall not exceed two times the average residential class bill as evidenced by the Company's most recent annual report filed with the Commission.
 - b. Nonresidential customer deposits shall not exceed 2 1/2 times that customer's estimated maximum monthly bill.
- 8. The Company may review the customer's discharge after service has been established and adjust the deposit amount based upon the customer's actual discharge.
- 9. Upon discontinuance of service, the deposit may be applied by the Company toward settlement of the customer's bill.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE

GROUNDS FOR REFUSAL OF SERVICE

The Company may refuse to establish service if any of the following conditions exist:

- The applicant has an outstanding amount due for the same class of utilities services with the Company, and the applicant is unwilling to make arrangements with the Company for payment.
- 2. A condition exists which in the Company's judgment is unsafe or hazardous to the applicant, the general population, or the Company's personnel or facilities.
 - 3. Refusal by the applicant to provide the Company with a deposit.
- 4. Customer is known to be in violation of the Company's tariffs filed with the Commission or of the Commission's rules and regulations.
- 5. Failure of the customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the Company as a condition for providing service.

SERVICE ESTABLISHMENTS, RE-ESTABLISHMENTS OR RECONNECT CHARGE

- 1. The Company may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of Company service.
- 2. For the purpose of this rule, service establishments are where the customer's facilities are ready and acceptable to the Company and do not require construction on the part of the Company.
- 3. If service is to be re-established within a twelve (12) month period at the same service location for a customer, or for any member of such customer's household, payment of a non-refundable service re-establishment charge is required. In addition, if service was terminated by the Company for failure to pay a delinquent balance, then payment of the delinquent balance plus a service reconnection for delinquency charge will also be required. Payment of the applicable charges will be required as a pre-condition to the re-establishment of service and is to be made at the time of application for re-establishment of service.

TEMPORARY SERVICE AND DISCONTINUANCE OF TEMPORARY SERVICE

1. The wastewater rates, service charges, and fees for temporary service shall be the same as those prescribed for permanent service established above in Part One.

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- 2. If no undue hardship to its existing customers would result therefrom, the Company will establish temporary service provided the applicant for such service deposits with the Company, in advance of service establishment, the estimated cost of installing and removing the facilities necessary to establish the temporary service; and
 - a. Deposits a sum of money equal to the estimated bill for water service where the duration of temporary service is to be less than one (1) month.
 - b. Satisfies the Company's deposit requirements for permanent service where the duration of water service is to exceed one (1) month.
- 3. If at any time during the term of the agreement for service the character of a temporary customer's operations changes so that in the opinion of the Company the customer is classified as permanent, the terms of the Company's main extension rules shall apply.
- 4. If at any time during the term of the temporary service, the character of the customer's operations changes so that, in the opinion of the Company, the customer should be classified as permanent, the applicable sections of Part One and Two will apply and govern the disposition of the customer's payment to the Company of the estimated cost of installing and removing the temporary service.
- 5. If at any time during the term of the temporary service, the character of the customer's operations causes hardship to the Company's permanent customers, the Company shall have the right to discontinue temporary service to the customer, but will provide a thirty (30) day advanced written notice to the customer of the Company's intent to discontinue service.

SERVICE CALLS OR ESTABLISHMENTS DURING NORMAL BUSINESS HOURS

A service charge shall be made to the customer based upon the time, materials, and equipment used by the Company for the following:

- 1. Interruption caused by the customer's willful act or omission, negligence, or failure of customer owned equipment, even though the Company is unable to perform any work beyond the point of delivery.
- 2. Reconnection of sewer service to any customer previously disconnected for nonpayment, unlawful use of service, misrepresentation to the Company, unsafe conditions, threats to Company personnel or property, failure to permit safe access, detrimental effects of customer demands on the Company system, failure to establish credit and/or sign an agreement for service, or any other reason authorizing the Company to make such disconnection.

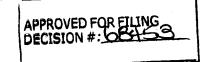
SERVICE CALLS OR ESTABLISHMENTS DURING NON-BUSINESS HOURS

A service charge, not to exceed the actual cost of the employee's time and the materials and equipment used by the Company, will be imposed for a service call during non-business hours for the following:

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- 1. Interruptions caused by the customer's willful act or omission, negligence, or failure of customer owned equipment, even though the Company is unable to perform any work beyond the point of delivery. The Company shall make reasonable effort to advise the customer about the possibility of such charges before the service call starts.
- 2. Reconnection of sewer service to any customer previously disconnected for nonpayment, unlawful use of service, misrepresentation to the Company, unsafe conditions, threats to Company personnel or property, failure to permit safe access, detrimental effects of customer demands on the Company system, failure to establish credit and/or sign an agreement for service or any other reason authorizing the Company to make such disconnection. Such work will be performed only when requested and agreed to by the customer.

C. MINIMUM CUSTOMER INFORMATION REQUIREMENTS

INFORMATION FOR RESIDENTIAL CUSTOMERS

- 1. The Company shall make available upon customer request not later than 60 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
 - a. Monthly minimum or customer charge, identifying the amount of the charge and the specific amount of minimum discharge included in the minimum charge, where applicable.
 - b. Rate calculation, including where applicable, computations based upon seasonal or annual water usages.
- 2. The Company shall to the extent practical identify the tariff most advantageous to the customer and notify the customer of such prior to service commencement.
- 3. In addition, the Company shall make available upon customer request not later than sixty (60) days from the date of request a copy of the Commission's rules and regulations governing:
 - a. Deposits
 - b. Terminations of service
 - c. Billing and collection
 - d. Complaint handling.
- 4. The Company shall inform all new customers of their rights to obtain the information specified above.

INFORMATION REQUIRED DUE TO CHANGES IN TARIFFS

1. The Company shall transmit to affected customers by the most economic means available a concise summary of any change in the Company's tariffs affecting those customers.

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2. This information shall be transmitted to the affected customer within sixty (60) days of the effective date of the change.

D. SERVICE CONNECTIONS

PRIORITY AND TIMING

- 1. After an applicant has complied with the Company's application and deposit requirements and has been accepted for service by the Company, the Company shall schedule that customer for service connection.
- 2. Service connections shall be scheduled for completion within five (5) working days of the date the customer has been accepted for service, except in those instances when the customer requests service connection beyond the five (5) working day limitation.
- 3. When the Company has made arrangements to meet with a customer for service establishment purposes and the Company or the customer cannot make the appointment during the prearranged time, the Company shall reschedule the connection to the satisfaction of both parties.
- 4. The Company will schedule wastewater service establishment appointments within a maximum range of four (4) hours during normal working hours, unless another time frame is mutually acceptable to the Company and the customer.
- 5. For the purposes of this rule, establishment of service takes place only when the customer's facilities are ready and acceptable to the Company.

CUSTOMER PROVIDED FACILITIES

- 1. An applicant for service shall be responsible for the installation of all plumbing up to the applicant's property line. In addition, the applicant is responsible for the proper grade or leveling of the sewer connection so that it conforms with the collection system of the Company.
- 2. Funds collected for service connections may be nonrefundable contributions to the Company.

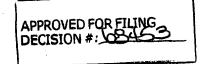
CUSTOMER PROVIDED EQUIPMENT SAFETY AND OPERATION

Each customer shall be responsible for maintaining all equipment and facilities using or used for Company services located on his side of the point of collection in safe operating condition.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE



EASEMENTS AND RIGHTS-OF-WAY

- 1. Each customer shall grant adequate easement(s) and right(s)-of-way satisfactory to the Company to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement(s) and right(s)-of-way shall be grounds for the Company to refuse service. The Company may, but will not be required to, extend or install its facilities in easement(s) or right(s)-of-way where final grades have not been established, or where the street has not been brought to grade as established by public authority or where, in the opinion of the Company, the extension or installation would not allow for the development of an orderly wastewater treatment and facilities system.
- 2. When the Company discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the Company's access to equipment, the Company shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.
- 3. If it is necessary for the Company to excavate in an easement or right-of-way to extend or repair sewer facilities, the Company will not be responsible for the cost to replace or repair landscaping, fences, trees, shrubs, structures, etc. placed within the easement or right-of-way.
- 4. The Company shall at all times have the right of safe ingress and egress from the customer's premises at all reasonable hour for any purpose reasonably connected with the Company's property used in furnishing service.

E. COLLECTION MAIN EXTENSION AGREEMENTS

EXTENSION OF MAINS AND SERVICES; ADVANCES IN AID OF CONSTRUCTION

- 1. The Company will supply services for temporary purposes, provided that the Company has capacity available in excess of the Company's regular needs and provided the Company has available material and equipment necessary to supply said service. Each applicant for such service must pay in advance, to the Company, the Company's estimate of the cost of labor and materials, less salvage value on removal, for installing and removing such service.
- 2. An applicant for the extension of mains or services may be required to pay the Company or deliver by bill of sale to the Company completed work which has been constructed in accordance with plans approved by the Company and for which the Company has inspected and accepted construction, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all main service pipe lines, fittings, other costs and reasonable overheads. The cost of such items shall include preparation of plans, plan check fees, and construction inspection fees. When applicable, the applicant shall reimburse the Company its cost for reviewing plans for main extensions and for the inspection of construction prior to acceptance.

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PART TWO STATEMENT OF TERMS AND CONDITIONS **WASTEWATER SERVICE**

- Upon request by a potential applicant for a collection main extension, the Company upon customer's request will prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a collection main extension requesting the Company to prepare detailed plans, specifications, or cost estimates may be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company shall, upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed collection main extension. Where the applicant accepts the plans and the Company proceeds with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the Company's expense, appropriate details shall be set forth in the plans, specifications and cost estimates. Alternatively, the applicant may prepare plans and cost estimates for the main extension project for review by Company. The Company shall review such plans in accordance with construction standards it establishes at its reasonable discretion. Upon approval, the applicant may proceed with construction and the actual cost of construction, not to exceed the cost estimate initially submitted, shall be the basis for preparation of a Main Extension Agreement described below. The applicant shall submit its detailed cost records to the Company as evidence of the cost. The applicant agrees to reimburse the Company its cost in reviewing plans and inspecting construction prior to acceptance of construction, and such costs shall be included in the total cost of the main extension project.
- 4. If the Company requires an applicant to advance funds for a main extension, the Company will furnish the applicant a copy of Main Extension Agreements provisions in the Terms and Conditions and the Commission's rules and regulations governing main extension agreements prior to the applicant's acceptance of the Company's extension agreement. The Company shall not accept new customers on the newly constructed extension unless and until the Company and the applicant have signed a Main Extension Agreement for the extension.
- 5. If the facilities are constructed by the Company, the Company will determine and inform the applicant of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the total amount paid, the Company will refund the difference (including applicable state and federal income taxes) to the applicant; conversely, if the Company's actual cost of construction is more than the total amount paid, the applicant shall pay the difference (including applicable state and federal income taxes) to the Company within sixty (60) days of receipt of an invoice from the Company.
- 6. The provisions of this section apply only to those applicants who, in the Company's judgment, will be permanent customers of the Company. Applications for temporary service shall be governed by these Terms and Conditions and other Company tariffs concerning temporary service.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE

- 7. In the case of disagreement or dispute regarding the application of this rule or any of its several provisions, or where the application of this rule works an injustice or undue hardship upon any party or anticipated party to any agreement hereunder, the party aggrieved may refer the matter to the Commission for hearing and decision in accord with the Rules of Practice and Procedure of the Commission.
- 8. No extension of facilities shall be made by the Company, or installations made by the applicant, without first having received approval of plans and specifications of such extensions or installations from the Arizona Department of Health Services. A copy of such written approval shall then be filed with the Utilities Division of the Arizona Corporation Commission.

REFUNDS

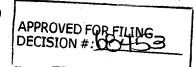
Refunds of advances for construction made pursuant to this section will be made in accord with the following method:

- 1. The Company will each year pay to the party making an advance for construction under a main extension agreement, or that party's assignees or other successors in interest where the Company has received written notice and evidence of such assignment or succession, an amount equal to five percent (5%) of the total gross annual revenue from water sales plus applicable state and federal income taxes to each bona fide customer whose service line is connected to distribution mains covered by the main extension agreement, for a period of twenty-(20) years.
- 2. Refunds will be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period.
- 3. A balance remaining at the end of the twenty- (20) year period set out shall become non-refundable, in which case the balance not refunded will be entered as a contribution in aid of construction in the accounts of the Company.
- 4. The aggregate refunds under this section shall in no event exceed the total of the advances for construction plus applicable state and federal income taxes.
 - 5. No interest will be paid by the Company on any amounts advanced for construction.
- 6. The Company will make no refunds from any revenue received from any other service lines connected to distribution mains leading up to or taking off from the particular main extension covered by the agreement.
- 7. Amounts advanced for construction of main extensions will be refunded in accord with the Company's tariffs in force and effect on the date the agreement therefor was executed.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE

MINIMUM WRITTEN AGREEMENT REQUIREMENTS

- 1. Each collection main extension agreement shall, at a minimum, include the following information:
 - a. Name and address of applicant(s)
 - b. Proposed service address or location
 - c. Description of requested service
 - d. Description and sketch of the requested main extension
 - e. A cost estimate to include materials, labor, and other costs as necessary
 - f. Payment terms
 - g. A clear and concise explanation of any refunding provisions, if appropriate
 - h. The Company's estimated start date and completion date for construction of the collection main extension
- 2. Each applicant shall be provided with a copy of the written collection main extension agreement.

ALL AGREEMENTS ARE TO BE IN WRITING

All main extension agreements entered into shall be evidenced by a written agreement, and signed by the Company and the parties advancing the funds for advances in aid, or the duly authorized agents of each.

SYSTEM TO BE AS SPECIFIED BY THE COMPANY

The size, design, type and quality of materials and of the system, installed location in the ground, and the manner of installation, shall be specified by the Company, and shall accord with the requirements of the Commission or other public agencies having authority therein. The Company may install line extensions of any size meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the sewer system.

MAIN EXTENSIONS WILL BE SCHEDULED PROMPTLY

The Company shall schedule within reason all new requests for line extension agreements, and for service under line extension agreements, promptly and in the order received.

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APPLICANT MAY REQUEST SPECIFIC CONTRACTOR(S) BE ALLOWED TO BID

An applicant for service seeking to enter into a main extension agreement may request that the Company include on a list of contractors from whom bids will be solicited, the name(s) of any qualified and bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the Company. If a lower bid is thus obtained or if a bid is obtained at an equal price with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company will meet the terms and conditions of the bid proffered, or enter into a construction contract with the contractor proffering such bid. A performance bond in the total amount of the contract may be required by the Company from the contractor prior to construction.

OWNERSHIP OF FACILITIES

Any facilities installed under this section shall be the sole property of the Company, and parties making advances for and/or contributions in aid of construction under this section shall have no right, title or interest in any such facilities.

FILING OF AGREEMENTS

All agreements under this section will be filed with and approved by the Utilities Division of the Commission along with a Certificate of Approval to Construct, as issued by the Arizona Department of Environmental Quality or its delegated agent.

- 1. For main extension agreements with individual residential customers, the approval of the Arizona Department of Environmental Quality or its delegated agent will be obtained by the Company and submitted to the Commission.
- 2. For main extension agreements with other than individual residential customers, approval of the Arizona Department of Environmental Quality or its delegated agent must be obtained by the applicant and submitted by the applicant to the Company which, in turn, will submit such approval to the Commission with the agreement.

F. PROVISION OF WASTEWATER SERVICE

COMPANY RESPONSIBILITY

- 1. The Company shall be responsible for the safe conduct and handling of the sewage from the customer's point of collection.
- 2. The Company may, at its option, refuse service until the customer has obtained all required permits and/or inspections indicating that the customer's facilities comply with local construction and safety standards.

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CUSTOMER RESPONSIBILITY

- 1. Each customer shall be responsible for maintaining all facilities on the customer's premises in safe operating condition and in accordance with the rules of the state Department of Health.
- 2. Each customer shall be responsible for safeguarding all Company property installed in or on the customer's premises for the purpose of supplying Company service to that customer.
- 3. Each customer shall exercise reasonable care to prevent loss or damage to the Company's property, excluding ordinary wear and tear. The customer shall be responsible for loss of, or damage to, Company property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the Company for the cost of necessary repairs or replacements.

CONTINUITY OF SERVICE

The Company shall make reasonable efforts to supply a satisfactory and continuous level of service. However, the Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

- 1. Any cause against which the Company could not have reasonably foreseen or made provision for, i.e., force majeure
 - 2. Intentional service interruptions to make repairs or perform routine maintenance
 - 3. Any temporary overloading of the Company's collection or treatment facilities:

SERVICE INTERRUPTION

- 1. The Company shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
- 2. The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
- 3. In the event of a national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

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4. When the Company plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the Company shall attempt to inform affected customers at least twenty-four (24) hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the Company.

CONSTRUCTION STANDARDS

The design, construction and operation of all sewer plants shall conform to the requirements of the Arizona Department of Environmental Quality, any local Department of Health authority, or any successor agencies, and other standards established by the Company in accordance with this Tariff. Phase construction is acceptable.

G. BILLING AND COLLECTION

FREQUENCY

The Company shall bill monthly for services rendered.

MINIMUM BILL INFORMATION

Each bill for residential service will contain the following minimum information:

- 1. Billed discharge, where applicable
- 2. Company telephone number
- 3. Amount due and due date
- 4. Customer's name
- 5. Service account number, if available
- 6. Past due amount, where appropriate
- 7. Adjustment factor, where applicable
- 8. Other approved tariff charges.

BILLING TERMS

- 1. All bills for Company services are due and payable no later than fifteen (15) days from the date the bill is rendered. Any payment not received within this time-frame shall be considered past due and a late payment penalty will be charged to the customer's account.
- 2. For purposes of this rule, the date a bill is rendered is the date the bill is mailed as evidence by the postmark date.
- 3. All delinquent bills shall be subject to the provisions of the Termination of Wastewater Services in these Terms and Conditions.
- 4. All payments shall be mailed to the address shown on the remittance envelope or made at an office of the Company.

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APPLICABLE TARIFFS, PREPAYMENT, FAILURE TO RECEIVE, COMMENCEMENT DATE, TAXES

- 1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
 - 2. The Company shall make provisions for advance payment for sewer services.
- 3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
- 4. Charges for service commence when the service is installed and connection made, whether used or not.
- 5. In addition to the collection of regular rates, the Company may collect from its customers a proportionate share of any privilege, sales or use tax, or other imposition based on the gross revenues received by the Company.

NON-SUFFICIENT FUNDS CHECKS

- 1. The Company shall be allowed to recover a fee, as approved by the Commission for each instance where a customer tenders payment for Company service with a non-sufficient funds (NSF) check.
- 2. When the Company is notified by the customer's bank that there are insufficient funds to cover the check tendered for Company service, the Company may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to the Company.
- 3. A customer who tenders an insufficient check shall in no way be relieved of the obligation to render payment to the Company under the original terms of the bill nor defer the Company's provision for termination of service for nonpayment of bills.
- 4. No personal checks will be accepted if two (2) NSF checks have been received by the Company within a twelve- (12) month period in payment of any billing.

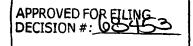
DEFERRED PAYMENT PLAN

1. The Company may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for service.

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- 2. Each deferred payment agreement, entered into in writing by the customer and the Company, due to the customer's inability to pay an outstanding bill in full shall provide that service will not be discontinued if:
 - a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment plan.
 - b. Customer agrees to pay all future bills for service in accordance with the billing and collection tariffs of the Company.
 - c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six (6) months.
- 3. For the purpose of determining a reasonable installment payment schedule under these rules, the Company and the customer shall give consideration to the following conditions:
 - a. Size of the delinquent account.
 - b. Customer's ability to pay.
 - c. Customer's payment history.
 - d. Length of time that the debt has been outstanding.
 - e. Circumstances which resulted in the debt being outstanding.
 - f. Any other relevant factors related to the circumstances of the customer.
- 4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the Company's scheduled termination date for nonpayment of that customer's bill(s). Customer's failure to execute a deferred payment agreement prior to the scheduled termination date shall not prevent the Company from terminating service for nonpayment.
- 5. Deferred payment agreements shall be in writing and signed by the customer and an authorized Company representative.
- 6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
- 7. If a customer has not fulfilled the terms of a deferred payment agreement, the Company shall have the right to terminate service pursuant to the Termination of Wastewater Service provisions of these Terms and Conditions, and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to termination.

CHANGE OF OCCUPANCY

- 1. Not less than three (3) business days advance notice must be given in person, in writing, or by telephone at the Company office to discontinue service or to change occupancy.
- 2. The outgoing party shall be responsible for all Company services provided and/or consumed to, and including, the scheduled turn off date.

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H. TERMINATION OF WASTEWATER SERVICE

NONPERMISSIBLE REASONS TO DISCONNECT SERVICE

The Company may not disconnect service for any of the reasons stated below:

- 1. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
- 2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
 - 3. Nonpayment of a bill related to another class of sewer service.
- 4. Failure to pay for a bill to correct a previous underbilling due to a billing error if the customer agrees to pay over a reasonable period of time.
- 5. Disputed bills where the customer has complied with the Commission's rules and regulations.

TERMINATION OF SERVICE WITHOUT NOTICE

- 1. Company service may be disconnected without advance written notice under the following conditions:
 - a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
 - b. The Company has evidence of fraud.
- 2. The Company shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the Company.
- 3. The Company shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE



TERMINATION OF SERVICE WITH NOTICE

- 1. The Company may disconnect service to any customer for any reason stated below provided the Company has met the notice requirements established by the Commission:
 - a. Customer violation of any of the Commission's rules.
 - b. Failure of the customer to pay a delinquent bill for Company service.
 - c. Failure to meet or maintain the Company's credit and deposit requirements.
 - d. Failure of the customer to provide the Company reasonable access to its equipment and property.
 - e. Customer breach of a written contract for service between the Company and customer.
 - f. When necessary for the Company to comply with an order of any governmental agency having such jurisdiction.
- 2. The Company shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

TERMINATION NOTICE REQUIREMENTS

- 1. The Company shall not terminate service to any of its customers without providing advance written notice to the customer of the Company's intent to disconnect service, except under those conditions specified where advance written notice is not required.
 - 2. Such advance written notice shall contain, at a minimum, the following information:
 - a. The name of the person whose service is to be terminated and the address where service is being rendered.
 - b. The Commission rule or regulation that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the Company, if applicable.
 - c. The date on or after which service may be terminated.
 - d. A statement advising the customer that the Company's stated reason for the termination of services may be disputed by contacting the Company at a specific address of phone number, advising the Company of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the Company in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the Company shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.

TIMING OF TERMINATIONS WITH NOTICE

1. The Company shall be required to give at least five (5) days' advance written notice prior to the termination date.

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PART TWO STATEMENT OF TERMS AND CONDITIONS WASTEWATER SERVICE

- 2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
- 3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the Company for the payment thereof or in the case of a violation of the Company's rules the customer has not satisfied the Company that such violation has ceased, the Company may then terminate service on or after the day specified in the notice without giving further notice.

LANDLORD/TENANT RULE

In situations where service is rendered at an address different from the mailing address of the bill or where the Company knows that a landlord/tenant relationship exists and that the landlord is the customer of the Company, and where the landlord as a customer would otherwise be subject to disconnection of service, the Company may not disconnect service until the following actions have been taken:

- 1. Where it is feasible to so provide service, the Company, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the Company may disconnect service pursuant to the rules.
- 2. The Company shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

I. LIMITATION OF COMPANY'S RESPONSIBILITY AND LIABILITY

COMPANY RESPONSIBILITY

The Company does not assume the responsibility of inspecting or maintaining any customer's piping or apparatus and will not be responsible therefor; however, the Company reserves the right to refuse water service unless the customer's piping or apparatus is installed in such manner as to prevent cross connections or backflow into the Company's system in compliance with the Company's "Cross-Connection Control" provisions in Section I of Part Two.

INDEMNIFICATION FROM CLAIMS AND/OR INJURIES

The customer shall indemnify the Company and hold it harmless from and against all claims, loss, expense or liability except that caused solely by the Company's gross negligence or willful misconduct.

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