

ORIGINAL

**EAST SLOPE WATER COMPANY
WIFA LOAN INFRASTRUCTURE SURCHARGE TARIFF**

Approved by the Arizona Corporation

Commission in Decision No.

73615

Docket Nos.

W-02031A-10-0168

W-02327A-10-0169

W-01906A-10-0170

W-01906A-10-0171

W-02031A-10-0171

W-02327A-10-0171

W-01906A-10-0183

W-02031A-10-0184

W-02327A-10-0185

**Surcharges herein effective for all
service provided on and after:**

December 12, 2012

| |
|---|
| MONTHLY INFRASTRUCTURE SURCHARGE |
|---|

| | | |
|------------------------|----|-------|
| 5/8 x 3/4 -Inch Meter | \$ | 0.23 |
| 3/4 -Inch Meter | \$ | 0.35 |
| 1-Inch Meter | \$ | 0.58 |
| 1 1/2-Inch Meter | \$ | 1.15 |
| 2-Inch Meter | \$ | 1.84 |
| 3-Inch Meter Surcharge | \$ | 3.69 |
| 4-Inch Meter Surcharge | \$ | 5.76 |
| 6-Inch Meter Surcharge | \$ | 11.52 |

APPROVED FOR FILING
DECISION #: 73615

**EAST SLOPE WATER COMPANY
TARIFF SCHEDULE OF RATES AND CHARGES FOR SERVICE**

Approved by the Arizona Corporation Commission in Decision No. 73091

Rates and charges herein effective for service provided on and after April 1, 2012

MONTHLY USAGE CHARGE

| | |
|-------------------|---------|
| 5/8" x 3/4" Meter | \$12.00 |
| 3/4" Meter | 18.00 |
| 1" Meter | 30.00 |
| 1-1/2" Meter | 60.00 |
| 2" Meter | 96.00 |
| 3" Meter | 192.00 |
| 4" Meter | 300.00 |
| 6" Meter | 600.00 |

COMMODITY CHARGE (PER 1,000 GALLONS)

Residential – 5/8" x 3/4" Meter

| | |
|-------------------------|--------|
| 0 to 3000 gallons | \$0.95 |
| 3,001 to 10,000 gallons | 1.70 |
| Over 10,000 gallons | 3.17 |

Commercial & Irrigation- 5/8" x 3/4" Meter

| | |
|---------------------|--------|
| 0 to 10,000 gallons | \$1.70 |
| Over 10,000 gallons | 3.17 |

Residential – 3/4" Meter

| | |
|-------------------------|--------|
| 0 to 3,000 gallons | \$0.95 |
| 3,001 to 10,000 gallons | 1.70 |
| Over 10,000 gallons | 3.17 |

Commercial & Irrigation – 3/4" Meter

| | |
|---------------------|--------|
| 0 to 10,000 gallons | \$1.70 |
| Over 10,000 gallons | 3.17 |

(All Classes) – 1" Meter

| | |
|---------------------|--------|
| 0 to 15,000 gallons | \$1.70 |
| Over 15,000 gallons | 3.17 |

(All Classes) – 1 1/2" Meter

| | |
|---------------------|--------|
| 0 to 34,000 gallons | \$1.70 |
| Over 34,000 gallons | 3.17 |

(All Classes) – 2" Meter

| | |
|---------------------|--------|
| 0 to 55,000 gallons | \$1.70 |
| Over 55,000 gallons | 3.17 |

(All Classes) – 3" Meter

| | |
|----------------------|------|
| 0 to 115,000 gallons | 1.70 |
| Over 115,000 gallons | 3.17 |

(All Classes) – 4" Meter

| | |
|----------------------|--------|
| 0 to 185,000 gallons | \$1.70 |
| Over 185,000 gallons | 3.17 |

(All Classes) – 6" Meter

| | |
|----------------------|--------|
| 0 to 380,000 gallons | \$1.70 |
| Over 380,000 gallons | 3.17 |

APPROVED FOR FILING

DECISION #: 73091

**EAST SLOPE WATER COMPANY
TARIFF SCHEDULE OF RATES AND CHARGES FOR SERVICE**

Approved by the Arizona Corporation Commission in Decision No. 73091

Rates and charges herein effective for service provided on and after April 1, 2012

SERVICE LINE AND METER INSTALLATION CHARGES

(Refundable Pursuant to A.A.C. R14-2-405)

| | Service Line Charge | Meter Installation | Total |
|-------------------|---------------------|--------------------|----------|
| 5/8" x 3/4" Meter | \$430.00 | \$130.00 | \$560.00 |
| 3/4" Meter | 430.00 | 230.00 | 660.00 |
| 1" Meter | 480.00 | 290.00 | 770.00 |
| 1-1/2" Meter | 535.00 | 500.00 | 1,035.00 |
| 2" Turbine Meter | 815.00 | 1,020.00 | 1,835.00 |
| 2" Compound Meter | 815.00 | 1,865.00 | 2,680.00 |
| 3" Meter | 1,030.00 | 1,645.00 | 2,675.00 |
| 3" Compound Meter | 1,150.00 | 2,545.00 | 3,695.00 |
| 4" Turbine Meter | 1,460.00 | 2,620.00 | 4,080.00 |
| 4" Compound Meter | 1,640.00 | 3,595.00 | 5,235.00 |
| 6" Turbine Meter | 2,180.00 | 4,975.00 | 7,155.00 |
| 6" Compound Meter | 2,300.00 | 6,870.00 | 9,170.00 |

SERVICE CHARGES

| | |
|---|----------|
| Establishment | \$35.00 |
| Reconnection (Delinquent) | \$35.00 |
| Meter Test (If Correct) | \$25.00 |
| Meter Reread (If Correct) | \$20.00 |
| After Hours Service Charge | \$35.00 |
| NSF Check Charge | \$25.00 |
| Deposit | * |
| Deposit Interest (Per Annum) | * |
| Deferred Payment (Per Month) | ** |
| Late Charge (Per Month) | PER RULE |
| Re-establishment (within 12 months) | *** |
| Monthly Service Charge for Fire Sprinkler | **** |

* Per Commission Rule A.A.C R14-2-403(B).

** Per Commission Rule A.A.C. R14-2-409(G).

PER RULE - A.A.C. R14-2-403(B) – 1.50% of unpaid monthly balance.

*** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

**** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10 per month. The Service Charge for Fire Sprinklers is only applicable for the service lines separate and distinct from the primary water service line.

APPROVED FOR FILING
DECISION #: 73091

**EAST SLOPE WATER COMPANY
SURCHARGE TARIFF**

Docket Nos. **W-02031A-10-0168** **W-02327A-10-0169**
 W-01906A-10-0170 **W-01906A-10-0171**
 W-02031A-10-0171 **W-02327A-10-0171**
 W-01906A-10-0183 **W-02031A-10-0184**
 W-02327A-10-0185

On December 11, 2012 per Decision No. 73615, the Commission authorized the Company to implement a surcharge for the first stage of the WIFA loan, which is \$.23 per month for a 5/8 x 3/4-inch residential meter. On July 7, 2015 per Decision No. 75172, the Commission authorized the Company to implement a surcharge once certain requirements are met. The new surcharge is to become effective for all services when the Company closes this second portion of the WIFA loan.

The new surcharge amounts are presented below:

| MONTHLY WIFA LOAN SURCHARGE | | |
|------------------------------------|----|--------|
| 5/8 x 3/4 -Inch Meter | \$ | 18.48 |
| 3/4 -Inch Meter | \$ | 27.72 |
| 1-Inch Meter | \$ | 46.20 |
| 1 1/2-Inch Meter | \$ | 92.40 |
| 2-Inch Meter | \$ | 147.84 |
| 3-Inch Meter | \$ | 295.68 |
| 4-Inch Meter | \$ | 462.00 |
| 6-Inch Meter | \$ | 924.00 |

*Note: The above surcharge is **in addition** to the current monthly rates and charges already in effect for the Company, except the surcharge amounts authorized in Decision 73615, which will discontinue when the new surcharge goes into effect.*

Questions should be directed to East Slope Water Company at 520-624-1460.

APPROVED FOR FILING
DECISION #: 75172



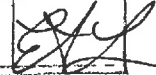
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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
TOM FORESE
Commissioner

Arizona Corporation Commission
DOCKETED
JUL 15 2015

DOCKETED BY 

IN THE MATTER OF THE APPLICATION
OF BOB B. WATKINS DBA EAST SLOPE
WATER COMPANY TO AMEND DECISION
NO. 73091 PURSUANT TO A.R.S §40-252.

DOCKET NOS. W-02031A-10-0168
W-02327A-10-0169
W-01906A-10-0170
W-01906A-10-0171
W-02031A-10-0171
W-02327A-10-0171
W-01906A-10-0183
W-02031A-10-0184
W-02327A-10-0185

DECISION NO. 75172
ORDER

Open Meeting
July 7 and 8, 2015
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Introduction and Background

1. Bob D. Watkins dba East Slope Water Company ("East Slope" or "Company") is certificated to provide water service as a public service corporation in the State of Arizona.

2. On April 4, 2012, the Arizona Corporation Commission ("Commission") issued Decision No. 73091 approving adjusted rates and a water infrastructure surcharge mechanism for East Slope. As part of the Decision, the Commission authorized the Company to obtain a 20-year amortizing loan in an amount not to exceed \$2,748,504 to finance the proposed improvement projects, and at an interest rate not to exceed that which is available from the Water Infrastructure Finance Authority of Arizona ("WIFA").

1 3. On December 12, 2013, the Commission issued Decision No. 73615 which amended
2 Decision No. 73091 to authorize the Company to obtain an interest only loan from WIFA, for a term
3 not to exceed three years and in an amount not to exceed \$282,748, for the purpose of planning and
4 designing improvements to the Company's water system. The Company shall then roll the
5 outstanding balance of that loan into a second loan in an amount not to exceed a combined total of
6 \$2,748,504 for the purpose of constructing improvements to the Company's water system. The length
7 of the second loan coupled with the actual length of the first loan is equal to 20 years. Decision No.
8 73615 also approved the infrastructure surcharge mechanism for the Company.

9 4. The Company's current monthly infrastructure surcharge is \$0.23 for a customer with
10 a 5/8 x 3/4-inch meter.

11 5. On March 6, 2015, the Company filed an application to amend Decision No. 73091
12 pursuant to A.R.S Section 40-252 to modify the scope of the improvement projects (outlined in
13 Exhibit B of Decision No.73091) and to modify certain dates related to financing and construction of
14 proposed improvement projects.

15 6. On March 27, 2015, WIFA submitted a request to amend Decision No. 73091, to get
16 approval of the revised project list, and to request that the calculation of the water infrastructure
17 surcharge also include the debt service reserve.

18 7. Staff reviewed the modified proposed improvement projects outlines in the attached
19 Exhibit A and determined the projects are appropriate and the cost estimates of \$2,114,063 projected
20 by the Company are reasonable. Staff made no used and useful determination of the proposed plant
21 and no particular future treatment should be inferred for rate-making purposes.

22 8. According to the memorandum, several wells in the West System have a tendency to
23 dry up in low rainfall periods. The Memorandum concludes that the West System current well
24 capacity is not sufficient to adequately meet existing demand and redundancy requirements. The
25 Company proposes to install an emergency interconnect with the adjacent Pueblo Del Sol Water
26 Company ("PDS"). Staff requested the Company provide the signed Interconnect Agreement
27 between the Company and PDS. The Company responded that there is no such agreement in place.

28 ...

1 **Calculation of Infrastructure Surcharge**

2 9. Staff's calculation utilized the Company's customer billing determinants to compute
3 the appropriate infrastructure surcharge based on meter size. Staff's infrastructure surcharge is
4 calculated to be collected as a monthly surcharge in addition to the customary monthly minimum
5 charge and does not include a commodity component.

6 10. Based on the estimated \$2,114,063 WIFA loan and the 5.25 percent combined interest
7 and fee rate, the Company will be required to pay \$188,253 for Annual Principal and Interest and
8 \$37,651 for Annual Debt Service Reserve. The WIFA loan surcharge also includes a component for
9 the annual income tax. A Gross Revenue Conversion Factor of 1.318505, approved in Decision No.
10 73091, was used to calculate the annual income tax component of surcharge revenue.

11 11. Staff has included the debt service reserve fund in the WIFA loan surcharge that
12 customers will pay. The debt service reserve fund is a fund that the Company pays into for five years.
13 After five years, the balance will equal one year of principal and interest payments for the loan.

14 12. Staff calculated a monthly infrastructure surcharge for a customer with a 5/8 x 3/4-
15 inch meter at \$18.48.

16 13. An East Slope Water Company residential customer on a 5/8 x 3/4-inch meter using
17 an average of 9,137 gallons would see a monthly increase of \$18.25, or 71.25 percent, from \$25.51 to
18 \$43.76.¹

19 14. An Indiada Water Company residential customer on a 5/8 x 3/4-inch meter using an
20 average of 8,731 gallons would see a monthly increase of \$18.25, or 73.51 percent, from \$24.82 to
21 \$43.07.

22 15. An Antelope Run Water Company residential customer on a 5/8 x 3/4-inch meter
23 using an average of 11,839 gallons would see a monthly increase of \$18.25, or 55.62 percent, from
24 \$32.81 to \$51.06.

25 ...

26

27 ¹ Decision No. 73019 approved the consolidation of Indiada Water Company, Antelope Run Water and East Slope Water
28 Company. East Slope Water Company was the remaining entity. Separate rates were maintained for East Slope, Indiada
and Antelope Run customers.

1 16. When the reserve fund is included in the WIFA surcharge, as Staff has done,
2 ratepayers will be effectively "prepaying" \$188,253 in funding that will eventually be used to either
3 make loan payments or to pay for future maintenance, or this balance will be refunded to the
4 Company. Ratepayers should ultimately be given credit for making these prepayments.

5 17. Staff recommends modification of the loan authorizations approved in Decision
6 No.73091 via A.R.S §40-252 to approve the modified proposed improvement projects outlines in the
7 attached Exhibit A and to authorize the Company to obtain a seventeen-year amortizing consolidated
8 loan in an amount not to exceed \$2,114,063 for the purpose of constructing system improvements.

9 18. Staff recommends approval of the infrastructure surcharges presented below:

10 **MONTHLY INFRASTRUCTURE SURCHARGE**

| | | |
|----|------------------|----------|
| 11 | 5/8"x 3/4" Meter | \$ 18.48 |
| 12 | 3/4" Meter | \$ 27.72 |
| 13 | 1" Meter | \$ 46.20 |
| 14 | 1 1/2" Meter | \$ 92.40 |
| 15 | 2" Meter | \$147.84 |
| 16 | 3." Meter | \$295.68 |
| 17 | 4" Meter | \$462.00 |
| 18 | 6" Meter | \$924.00 |

19 19. Staff has also recommended the following:

20 Staff recommends the new infrastructure surcharge become effective when the
21 Company closes this portion of the WIFA loan.

22 Staff recommends the cancellation of the current monthly infrastructure surcharge
23 when the new infrastructure surcharge becomes effective.

24 Staff recommends that the Company place the surcharge funds in a separate, interest-
25 bearing account; and withdrawal access to that account is restricted to only WIFA
26 except for income tax withdrawals necessary to pay the associated income taxes.

27 Staff recommends that the Company file with the Commission an infrastructure
28 surcharge tariff consistent with the rates reflected in schedule PNT-1.

 Staff recommends that the Company be required to file a follow-up rate case within
 five years of the effective date of the surcharge approval. If the Company fails to
 timely file the rate case, the WIFA infrastructure surcharge will automatically cease no
 later than July 31, 2020.

 Staff recommends that the Company notify its customers of the infrastructure
 surcharge tariff approved in this proceeding within 30 days of the effective date of the
 Commission Decision, in a notice acceptable to Staff.

1 Staff recommends that the Company be required to file with Docket Control, as a
2 compliance item in this docket, documentation which demonstrates the final loan
3 details and customer count within 30 days of when the new infrastructure surcharge is
4 first billed.

5 As per Staff Engineer's memo, Staff recommends that the Company be required to file
6 with Docket Control, as a compliance item in this docket, documentation which
7 demonstrates that the interconnect with Pueblo Del Sol Water Company will provide
8 the West System as much water as needed by the Company to serve its customers.
9 This documentation should be provided prior to the Company closing on any loan for
10 these improvements or by October 2, 2015, whichever is earlier.

11 Staff recommends that the Company be required to file with Docket Control, as a
12 compliance item in this docket, by July 1, 2016, copies of the Approvals of
13 Construction ("AOC") for each of the proposed improvement projects, as delineated
14 in the Proposed Capital Improvement Projects and Costs Table.

15 20. We find Staff's recommendations to be reasonable and will adopt them with certain
16 modifications requested by the Company in its July 2, 2015 comments in this docket. We believe it is
17 reasonable to extend the time for filing AOCs for each of the proposed improvement projects to
18 March 31, 2017. We also believe the Company has proposed a reasonable process for future potential
19 revisions of Exhibit A to include the drilling of a well.

20 CONCLUSIONS OF LAW

21 1. Bob D. Watkins dba East Slope Water Company is a public service corporation within
22 the meaning of Article XV of the Arizona Constitution and A.R.S. § § 40-250 and 40-252.

23 2. The Commission has jurisdiction over Bob D. Watkins dba East Slope Water
24 Company and of the subject matter of the application.

25 3. Pursuant to A.R.S. § 40-252, the Commission, having reviewed the record, concludes
26 that it is in the public interest to approve the modifications to Decision No. 73091, as discussed
27 herein.

28 4. The Commission further concludes that approval of an infrastructure surcharge
recovery mechanism is consistent with the Commission's authority under the Arizona Constitution,
Arizona ratemaking statutes, and applicable case law.

5. The Commission further concludes that it is in the public interest to approve the
infrastructure surcharge for Bob D. Watkins dba East Slope Water Company, as discussed herein.

ORDER

IT IS THEREFORE ORDERED that Decision No. 73091 is amended to adopt modified proposed improvement projects outlined in the attached Exhibit A. East Slope Water Company may revise the scope of projects described in Exhibit A to include the drilling of a well provided it files notice of the proposed revision in this docket and the overall cost of the project does not exceed the loan amount approved in this matter. Staff shall review this filing and file its recommendation within 60 days.

IT IS FURTHER ORDERED that Bob B. Watkins dba East Slope Water Company is hereby authorized to obtain a 17-year amortizing loan in an amount not to exceed \$2,114,063 to finance the modified proposed improvement projects, and at an interest rate not to exceed that which is available from WIFA.

IT IS FURTHER ORDERED that the infrastructure surcharge mechanism for Bob D. Watkins dba East Slope Water Company is approved, as discussed herein.

IT IS FURTHER ORDERED that Bob D. Watkins dba East Slope Water Company is hereby authorized and directed to file with the Commission's Docket Control, as a compliance item in this docket, within 30 days of the effective date of this Decision, a revised tariff setting forth the following infrastructure surcharges:

MONTHLY INFRASTRUCTURE SURCHARGE

| | |
|------------------|----------|
| 5/8"x 3/4" Meter | \$ 18.48 |
| 3/4" Meter | \$ 27.72 |
| 1" Meter | \$ 46.20 |
| 1 1/2" Meter | \$ 92.40 |
| 2" Meter | \$147.84 |
| 3." Meter | \$295.68 |
| 4" Meter | \$462.00 |
| 6" Meter | \$924.00 |

IT IS FURTHER ORDERED that the new infrastructure surcharge become effective when Bob B. Watkins dba East Slope Water Company closes this portion of the WIFA loan.

IT IS FURTHER ORDERED that the current monthly infrastructure surcharge is cancelled when the new infrastructure surcharge becomes effective.

...

1 IT IS FURTHER ORDERED that Bob B. Watkins dba East Slope Water Company shall
2 place the surcharge funds in a separate, interest-bearing account; and withdrawal access to that
3 account is restricted to only WIFA except for income tax withdrawals necessary to pay the associated
4 income taxes.

5 IT IS FURTHER ORDERED that the Bob B. Watkins dba East Slope Water Company file
6 with Docket Control, as a compliance item in this docket, documentation which demonstrates the
7 final loan details and customer count within 30 days of when the new infrastructure surcharge is first
8 billed.

9 IT IS FURTHER ORDERED that the Bob B. Watkins dba East Slope Water Company file
10 with Docket Control, as a compliance item in this docket documentation which demonstrates that the
11 interconnect with Pueblo Del Sol Water Company will provide the West System as much water as
12 needed by Bob B. Watkins dba East Slope Water Company to serve its customers. This
13 documentation shall be provided by November 2, 2015.

14 IT IS FURTHER ORDERED that Bob B. Watkins dba East Slope Water Company notify its
15 customers of the infrastructure surcharge tariff approved in this proceeding within 30 days of the
16 effective date of the Commission Decision, in a notice acceptable to Staff.

17 IT IS FURTHER ORDERED that Bob B. Watkins dba East Slope Water Company file with
18 Docket Control, as a compliance item in this docket, by March 31, 2017, copies of the Approvals of
19 Construction ("AOC") for each of the proposed improvement projects, as delineated in the Proposed
20 Capital Improvement Projects and Costs Table.

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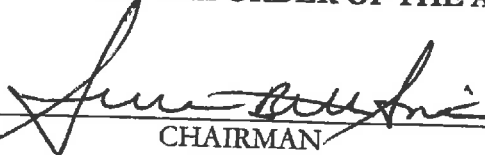
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1 IT IS FURTHER ORDERED that Bob B. Watkins dba East Slope Water Company file a rate
2 case within five years of the effective date of the surcharge approval. If Bob B. Watkins dba East
3 Slope Water Company fails to timely file the rate case, the WIFA infrastructure surcharge will
4 automatically cease no later than July 31, 2020.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6
7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 
CHAIRMAN


COMMISSIONER

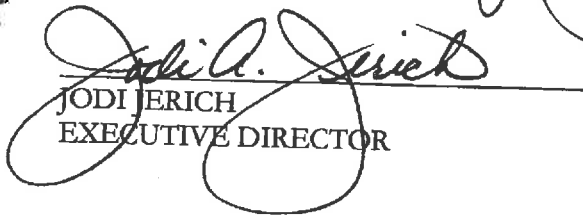
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COMMISSIONER


COMMISSIONER


COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this 15th day of July, 2015.


JODI JERICH
EXECUTIVE DIRECTOR

21 DISSENT: _____

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23 DISSENT: _____

24 SMO:PNT:red\RRM

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1 SERVICE LIST FOR: Bob D. Watkins dba East Slop Water Company
2 DOCKET NO. W-02031A-10-0168 et al.

3 Mr. Steve Wene
4 1850 North Central Avenue, Suite 1100
5 Phoenix, Arizona 85004

6 Ms. Bonnie O'Connor
7 2015 Forbes Boulevard, Suite 107
8 Tucson, Arizona 85745

9 Mr. Steven M. Olea
10 Director, Utilities Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 Ms. Janice M. Alward
15 Chief Counsel, Legal Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Mr. Dwight Node
20 Acting Chief Administrative Law Judge, Hearings Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, AZ 85007

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EXHIBIT A

| Proposed Capital Improvement Projects and Costs Table | | | | | |
|---|--|----------|-----------|--------------------|--|
| Item No. | Item Description | Quantity | Unit Cost | Amount | Remarks |
| Main System | | | | | |
| 1 | Install new 6-inch PVC waterline and all appurtenances between Well No.3 to Camino Principal | 7,250 lf | \$65 | \$471,250 | To improve system's water distribution, pressure and redundancy |
| 2 | Install new 6-inch DIP waterline and all appurtenances between Well No.3 to Camino Principal | 300 lf | \$85 | \$25,500 | Ductile Iron Pipe is required at all wash crossings |
| 3 | Directional drill under roadways (HDPE) | 180 lf | \$250 | \$45,500 | To comply with Cochise County right-of-way paved roads crossings |
| 4 | Install tie-ins (6-inch and 4-inch pipe) to existing system | | | \$35,000 | To tie new 6-inch waterline into water system in several locations, including Well No.2 site |
| 5 | Miscellaneous piping tie-over and replacements between Wells No.4 and 1 sites including water main and service connections | | | \$22,000 | To abandon old 2-inch lines and connect to existing 6-inch line |
| 6 | Install new PRV station as part of pipeline project referenced in Item No. 9 | 1 | \$15,000 | \$15,000 | To regulate pressure in two separate pressure zones |
| 7 | Temporary water line for construction | | | \$23,000 | |
| 8 | Install new 4-inch PVC waterline in Glenn Road | 1,000 lf | \$50 | \$50,000 | To replace existing 2-inch line |
| 9 | Install new 6-inch PVC waterline and all appurtenances, tie-ins, crossings in Ramsey Road east of Well No.3 | 3,600 lf | \$85 | \$306,000 | To permanently interconnect main and RSP pressure zones and improve water flow from RSP facilities |
| 10 | Directional drill under roadways (HDPE) | 200 | \$250 | \$50,000 | To comply with Cochise County right-of-way paved roads crossings |
| | Subtotal | | | \$1,042,750 | |
| | Engineering, Permitting, Construction Services and Contingencies | | 25% | \$260,688 | |
| | Total Project Costs | | | \$1,303,438 | |
| West System | | | | | |
| 1 | Install new 100,000 gallon storage tank at Indiada Well No. 2 site | 1 | \$170,000 | \$170,000 | To improve system's storage capacity |
| 2 | Site work and piping at Indiada Well No. 2 site | | | \$35,000 | As part of projects referenced in Item No. 1 and Item No.3 |
| 3 | Booster and electrical upgrades at Indiada Well No. 2 site | | | \$25,000 | To improve system pressure |
| 4 | Install new 6-inch DIP waterline and all appurtenances | 2,100 lf | \$90 | \$189,000 | To connect new storage tank to the system |
| 5 | Install new 6-inch PVC waterline and all appurtenances in East Yaqui Street | 1,400 lf | \$75 | \$105,000 | Interconnect to PDS to provide backup of water supply |
| 6 | Install new booster pump at Antelope Run Well No.1 site | 1 | | \$45,000 | To improve water distribution and redundancy |
| 7 | Install new pressure tank at Antelope Run Well No.1 site | 1 | | \$20,000 | To replace failing tank |
| 8 | Electrical upgrades at Antelope Run Well No.1 site | | | \$15,000 | |
| 9 | Install new 4-inch PVC waterline | 300 lf | \$65 | \$19,500 | As part of projects referenced in Item No. 6 |
| 10 | Radio control system | 1 | | \$25,000 | To improve system's water distribution, pressure and redundancy |
| | Subtotal | | | \$648,500 | To improve system operation |
| | Engineering, Permitting, Construction Services and Contingencies | | 25% | \$162,125 | |
| | Total Project Costs | | | \$810,625 | |
| | Total for Main and West systems | | | \$2,114,063 | |

CROSS-CONNECTION OR BACKFLOW TARIFF

ORIGINAL

PURPOSE:

The purpose of this tariff is to protect Eastslope Water Company ("Company") water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code ("A.A.C.") R14-2-405.B.6 and A.A.C. R18-4-215.

REQUIREMENTS:

In compliance with the Rules of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and to have installed a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the backflow-prevention assembly within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.

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Effective Date: July 28, 2011

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5. Testing shall be in conformance with the requirements of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests.
6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester; and
 - e. the tester's name and certificate number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

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TARIFF SCHEDULE

ORIGINAL

Utility: East Slope Water
Docket No.: W-01906A-04-0361
Phone No.: 520-458-3209

Tariff Sheet No.: 1 of 3
Decision No.: N/A
Effective: 10-10-04

CURTAILMENT PLAN FOR: East Slope Water Co
(Template 091802)

ADEQ Public Water System Number: 02-02028

East Slope Water Co ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

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REVISED: September 18, 2002

TARIFF SCHEDULE

ORIGINAL

Utility: East Slope Water Co
Docket No.: W-01906A-04-0361
Phone No.: 520-458-3209

Tariff Sheet No.: 2 of 3
Decision No.: N/A
Effective: 6.10.04

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, Company shall post at least 6 signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and

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TARIFF SCHEDULE

ORIGINAL

Utility: East Slope Water Co
Docket No.: W-01906A-04-0361
Phone No.: 520-458-3209

Tariff Sheet No.: 3 of 3
Decision No.: N/A
Effective: 6.10.04

- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
- ◆ The use of water for dust control or any outdoor cleaning uses is prohibited
- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ Restaurant patrons shall be served water only upon request
- ◆ Any other water intensive activity is prohibited

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least 6 signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering stage 4.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

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