



BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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COMMISSIONER

IN THE MATTER OF AN APPLICATION
OF THE AGUA FRIA WATER DIVISION
OF CITIZENS UTILITIES COMPANY
FOR AN ACCOUNTING ORDER
AUTHORIZING A HOOK-UP FEE FOR
RECOVERY OF DEFERRED CENTRAL
ARIZONA PROJECT EXPENSES AND
FOR RELATED ACCOUNTING
TREATMENT.

DOCKET NO. W-01032B-00-0205

APPLICATION

The Agua Fria Water Division ("Agua Fria") of Citizens Utilities Company ("Citizens") submits this Application to the Arizona Corporation Commission seeking an accounting order authorizing a hook-up fee for the recovery of holding charges paid by Citizens to the Central Arizona Project ("CAP"), which are being accumulated in a balance sheet deferral account. In support of this Application Citizens states:

CORRESPONDENCE

All correspondence regarding this Application should be addressed to:

Ray Jones
General Manager
Agua Fria Water Division
P.O. Box 1687
Sun City, AZ 85372

and

Craig A. Marks
Associate General Counsel
Citizens Utilities Company
2901 N. Central Ave. Suite 1660
Phoenix, AZ 85012

BACKGROUND

Citizens Utilities Company is a Delaware corporation and diversified utility which, through operating divisions and subsidiaries, provides electric, natural gas, telecommunications, water and wastewater service to more than 1.9 million

1 customers in 22 states. Agua Fria is engaged in the business of providing water
2 service to approximately 9,300 customers in Maricopa County, under authority
3 granted by the Commission.

4 The CAP is a complex water conveyance system, comprised of canals,
5 siphons and pumping stations, constructed by the United States Bureau of
6 Reclamation over a twenty-year period ending in 1993. It is 336 miles in length
7 extending from the Colorado River near Lake Havasu to just south of the San
8 Xavier Indian Reservation near Tucson. The primary purpose of CAP is to
9 conserve Arizona's groundwater supplies by importing surface water from the
10 Colorado River, a source that is renewed each year by rainfall and snowmelt. The
11 CAP is capable of delivering approximately 1.5 million acre-feet of CAP water
12 annually to Maricopa, Pinal, and Pima counties each year.

13 In 1971, the Central Arizona Water Conservation District ("CAWCD"), a
14 political subdivision of the State of Arizona, was created to repay to the federal
15 government the reimbursable portion of the costs to construct the CAP and to
16 manage and operate the system. On December 15, 1972, the United States and
17 the CAWCD entered into a contract for Delivery of Water and Repayment of Costs
18 of the Central Arizona Project ("Master Repayment Agreement"). The Master
19 Repayment Agreement established the portion of the costs associated with CAP
20 water that are to be borne by the State of Arizona through the CAWCD. Under its
21 statutory authority, CAWCD enters into subcontracts with CAP-users for
22 repayment of certain portions of the CAP-related costs that the CAWCD incurs.

23 Parties subcontracting with CAWCD and the U.S. Bureau of Reclamation
24 ("Bureau") for CAP allocations are obligated to participate in the repayment of
25 capital costs associated with the construction of the CAP canal and related
26 facilities. Each subcontractor's obligation, if based on the quantity of the CAP
27 water under subcontract, is multiplied by an annual assessment established by
28 the CAP Board of Directors.

29

1 In November 1984, Citizens completed an analysis of whether to become a
2 CAP subcontractor. The analysis was comprehensive in that it attempted to
3 identify all of the possible advantages and disadvantages associated with each
4 available CAP water option and considered the interests of customers,
5 developers, neighboring communities, and shareholders. Based on the analysis,
6 Citizens decided to pursue a contract for CAP water.

7 Citizens initially entered into two CAP-water contracts, the first between its
8 affiliate Sun City Water, CAWCD, and the Bureau, and a second between Agua
9 Fria, CAWCD, and the Bureau. The initial Sun City Water contract, executed on
10 October 25, 1985, reflected a 15,835 acre-foot CAP allocation. The Agua Fria
11 contract, executed on the same date, included a 1,439 acre-foot CAP allocation.

12 In 1998, Citizens reassigned a portion of the Sun City Water CAP allocation
13 to its Sun City West affiliate and Agua Fria. The initial allocation contracted by
14 Sun City Water was based on the original geographic areas intended to consume
15 CAP water. Since that time, while the aggregate service area remains
16 unchanged, the boundaries of the individual franchises have been altered and
17 population balances have shifted. Based on new studies of projected water
18 demand and usage over the next 35 years, Citizens concluded that the initial
19 allocation should be redistributed with 64% attributed to Agua Fria, 22% to Sun
20 City Water, and 14% to Sun City West. As a result, 11,093 acre-feet of CAP
21 Water are now reserved for Agua Fria, comprised of the 1,439 acre-feet initially
22 contracted for plus 9,654 acre-feet redistributed from Sun City Water.

23 Since 1985, Citizens has been incurring and paying holding charges
24 (initially referred to by the CAWCD as "subcontract charges" before 1993, and
25 now as "municipal and industrial" or "M&I" capital charges") to CAWCD to retain
26 the rights to use CAP water for current and future customers. The initial annual
27 M&I charges were \$2 per acre-foot, but by 1994 had increased to \$10.50 per
28 acre-foot. The current cost is \$48 per acre-foot.

29

1 On June 29, 1994, Sun City Water and Agua Fria filed a joint application
2 requesting an accounting order authorizing deferral of CAP holding charges to
3 afford the two entities an opportunity to request recovery of such amounts in a
4 future regulatory proceeding. On August 31, 1994, the Commission issued
5 Decision No. 58750 granting approval for the requested accounting treatment,
6 beginning with CAP charges for calendar year 1995.

7 On August 17, 1995, Agua Fria, Sun City Water, Sun City Sewer, Sun City
8 West Water, Sun City West Wastewater, and Tubac Valley Water Company filed a
9 joint application with the Arizona Corporation Commission for rate increases. The
10 application included a request for approval of the recovery of deferred and on-
11 going CAP water M&I charges via a customer surcharge. On May 7, 1997, the
12 Commission issued Decision No. 60172 in which it specifically found the decision
13 by Citizens to obtain the CAP water allocations to have been prudent, but denied
14 the request for the surcharge. Two reasons were given for such denial: 1) CAP
15 water was not used and useful; and 2) Citizens did not have a definite plan to use
16 CAP water; therefore its ultimate use was uncertain and not a known and
17 measurable event.

18 In October 1998, Agua Fria affiliates Sun City West and Sun City Water filed
19 a joint application with the Commission seeking approval of a "groundwater
20 savings fee," a portion of which was intended to enable the two companies to
21 recover their respective deferred CAP M&I charges. Included in that filing was a
22 definitive plan for the use of CAP water that was independently developed by a
23 special CAP Task Force comprised of representatives from the various groups in
24 the communities of Sun City, Sun City West, and Youngstown. A key element of
25 that plan was for Citizens to begin delivering CAP water to the existing Maricopa
26 Water District ("MWD") Recharge Facility. In its Decision No. 62293, issued on
27 February 1, 2000, the Commission found that the two requirements of Decision
28
29

1 No. 60172 had been satisfied, and that recovery of the deferred costs was
2 appropriate.

3 Since Commission Decision No. 60172, Aqua Fria has also taken steps to
4 satisfy the decisions "used and useful" requirements. On July 15, 1999, Agua
5 Fria was issued a permit by the Arizona Department of Water Resources that will
6 allow the storage of up to 11,093 acre-feet of CAP Water at the MWD Recharge
7 Facility, conditioned upon the execution of an appropriate agreement with the
8 MWD. Agua Fria and the MWD entered into this agreement on December 17,
9 1999. Under this agreement, Agua Fria has begun delivering 2,100 acre-feet per
10 year to the MWD Recharge Facility. This delivery quantity will increase each year
11 by an additional 1,100 acre-feet, until full use of the allocation is achieved in the
12 year 2008. This use of CAP Water by Agua Fria is identical to the interim plan
13 adopted by Sun City Water and Sun City West, which the Commission found to
14 comply with the "used and useful" criteria in Decision No. 60172. Furthermore,
15 MWD's boundaries are nearly identical to the certificated area of Agua Fria.
16 Because of this alignment of service areas, Agua Fria will receive a direct and
17 immediate benefit from reduced groundwater pumping by MWD. Accordingly,
18 recovery of CAP costs deferred by Agua Fria is now appropriate.

19 **REQUESTED APPROVAL**

20 1. Hook-up Fee

21 To date, Agua Fria has paid \$2.2 million in CAP water M&I charges that are
22 currently residing in a balance sheet deferral account. A summary of such
23 amounts is presented on Exhibit 1. The current service rates for Agua Fria do not
24 include any CAP-related costs. Agua Fria respectfully requests the Commission's
25 approval to begin recovering its deferred CAP M&I charges.

26 Agua Fria proposes to recover these charges through a flat hook-up fee
27 assessed to developers and builders. Three different hook-up fees are requested:
28 a \$150 fee for age-restricted dwellings, a \$257 fee for conventional residential
29

1 housing units, and a \$150/ERU* fee for commercial buildings. The fee differential
2 reflects the distinctive water usage patterns for the three customer categories, as
3 documented in the Agua Fria Master Plan and the projected future annual number
4 of hook-ups over the next ten years. This concept and the corresponding rates
5 have been discussed in meetings with representatives of the major developers
6 and builders. They support the concept.

7 Hook-up fees were not requested in the recent CAP cost recovery filing by
8 Sun City Water and Sun City because those properties are essentially built out.
9 There, a hook-up fee could never have generated enough revenue to recover
10 deferred CAP costs. Circumstances are different for Agua Fria. Currently, the
11 area is only about 15% built out, leaving an ample opportunity to recover the
12 deferred CAP costs via hook-up fees. Moreover, the use of hook-up fees
13 effectively transfers cost responsibility from ratepayers to builders and
14 developers.

15 2. Accounting for Deferred CAP M&I Charges

16 The Commission also needs to address how to account for deferred CAP
17 M&I charges. Citizens proposes to continue to defer those portions of future CAP
18 payments relating to CAP Water not being taken. The remaining charges,
19 reflecting the amount of CAP water being used as well as all delivery charges,
20 would be considered as a current water supply expense, intended to be covered
21 by existing service rates, until such time as they may be changed in a future rate
22 proceeding. A summary of estimated future CAP M&I payments, split between
23 the portions deferred and portions charged to expense, is presented on Exhibit 2.

24 3. Amortization of Deferred CAP M&I Charges

25 Citizens also asks for approval of the manner in which the deferred CAP
26 M&I charges are amortized to expense. Specifically, the amortization amount
27 should be computed each month such that, after deducting the amortization
28

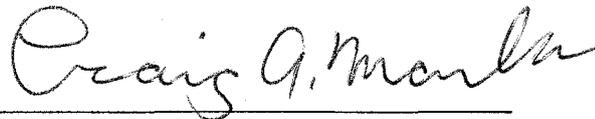
29 * "ERU" = Equivalent Residential Units. See Exhibit 4.

1 expense from actual hook-up fee revenues, the resulting after-tax operating
2 income equals the required return on the deferral balance based on the rate of
3 return approved in the last Agua Fria Water Division rate case. This approach will
4 ensure that Citizens neither over nor under recovers these deferred costs. Based
5 on current projections, the deferral balance would be fully amortized in
6 approximately ten years. Any differences between projected and actual numbers
7 of hook-ups would be automatically offset by a change in the amortization
8 amount computed. For example, actual hook-ups in excess of projections would
9 automatically accelerate the rate of amortization. A forecast of hook-up revenues
10 and amortization of the deferred balances, demonstrating the accounting
11 methodologies requested in this Application, is attached as Exhibit 3.

12 **SUMMARY**

13 A tariff sheet setting forth the hook-up fees and terms is attached as
14 Exhibit 4. As previously stated, the Commission has already determined that
15 Citizens' decision to procure CAP water was prudent. Also, Agua Fria has already
16 begun delivering CAP water to the MWD recharge facility. It has, therefore, met
17 the "used and useful" criteria set forth in Commission decision No. 60172.
18 Accordingly, it is entitled to begin recovering the deferred CAP costs. Agua Fria
19 and Citizens respectfully request approval of this tariff application and the request
20 for an accounting order on an expedited basis without a hearing.

21 RESPECTFULLY SUBMITTED on March 29, 2000.

22
23 

24
25

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27 Citizens Utilities Company
28 2901 N. Central Avenue, Suite 1660
29 Phoenix, Arizona 85012

1 Original and ten copies filed this
2 March 29, 2000, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, AZ 85007

7 Copies of the foregoing mailed/delivered
8 this March 29, 2000, to:

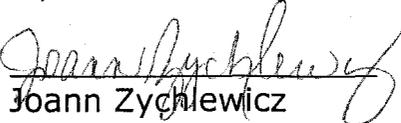
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**Agua Fria Water
Summary of CAP Deferrals**

<u>Payment Date</u>	<u>Paid by Sun City Water</u>	<u>Allocated to Agua Fria (a)</u>	<u>Paid by Agua Fria</u>	<u>Total Agua Fria Deferral</u>
Oct. 31, 1994	112,874	68,815	10,238	79,053
May 26, 1995	166,268	101,367	15,109	116,476
Nov. 30, 1995	237,525	144,810	21,585	166,395
May 31, 1996	237,525	144,810	21,585	166,395
Nov. 1, 1996	308,783	188,253	28,060	216,313
April 25, 1997	308,782	188,253	28,060	216,313
Dec. 31, 1997	380,040	231,696	34,536	266,232
May 29, 1998	380,040	231,696	34,536	266,232
Dec. 31, 1998			266,232	266,232
May 28, 1999			266,232	266,232
Dec. 3, 1999			215,832 (b)	<u>215,832</u>
				<u>2,241,705</u>
				<u>Balance at December 31, 1999</u>

(a) Based on ratio of acre-feet allocation (9,654/15,835)

(b) Computed as $(11,093 - 2,100) \times \$48 \times 50\%$

**Agua Fria Water
Distribution of Future CAP Payments**

<u>Year</u>	<u>Total Allotment Acre-ft.</u>	<u>Amount Used</u>	<u>Amount Unused</u>	<u>M&I Rate</u>	<u>Amount Expensed</u>	<u>Amount Deferred</u>
2000	11,093	2,100	8,993	48	100,800	431,664
2001	11,093	3,200	7,893	54	172,800	426,222
2002	11,093	4,300	6,793	54	232,200	366,822
2003	11,093	5,400	5,693	54	291,600	307,422
2004	11,093	6,500	4,593	54	351,000	248,022
2005	11,093	7,600	3,493	54	410,400	188,622
2006	11,093	8,700	2,393	54	469,800	129,222
2007	11,093	9,800	1,293	54	529,200	69,822
2008	11,093	10,900	193	54	588,600	10,422

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
Jua Fria Water AP Deferral Cost Recovery									
Deferred Cap Costs	2,241,705	2,241,705	2,241,705	2,241,705	2,241,705	2,241,705	2,457,537	2,457,537	2,457,537
Additional CAP Payments						215,832			
Less: Accumulated Amortization	2,241,705	2,241,705	2,241,705	2,241,705	2,241,705	2,241,705	2,457,537	2,457,537	2,457,537
Net CAP Investment	(34,287)	(68,790)	(103,511)	(138,452)	(173,612)	(207,633)	(241,717)	(276,275)	(311,051)
Less: A.D.I.T.	2,207,418	2,172,915	2,138,194	2,103,253	2,068,093	2,249,904	2,215,820	2,181,262	2,146,486
at Deferred CAP Costs	(867,074)	(853,521)	(839,882)	(826,158)	(812,347)	(883,762)	(870,374)	(856,800)	(843,140)
Less: A.D.I.T.	1,340,344	1,319,394	1,298,311	1,277,095	1,255,746	1,366,142	1,345,446	1,324,462	1,303,346
Return on Net Investment (a)	3,418	3,364	3,311	3,257	3,202	3,484	3,431	3,377	3,324
L-T Debt (.2550%)	346	340	335	329	324	352	347	342	336
Preferred Equity (.0258%)	5,987	5,894	5,800	5,705	5,609	6,103	6,010	5,916	5,822
Common Equity (.4467%)	9,751	9,599	9,445	9,291	9,136	9,939	9,788	9,635	9,482
Mortgage Expense	34,287	34,503	34,721	34,940	35,161	34,020	34,084	34,558	34,776
Income Tax on Equity Returns	4,097	4,033	3,968	3,904	3,838	4,176	4,113	4,048	3,984
Revenue Requirement	48,135	48,135	48,135	48,135	48,135	48,135	47,985	48,242	48,242
Revenues Forecasted:									
Retirements Units	125	125	125	125	125	125	125	125	125
Revenues @ \$150	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750	18,750
Conventional Units	112	112	112	112	112	112	112	113	113
Revenues @ \$257	28,784	28,784	28,784	28,784	28,784	28,784	28,784	29,041	29,041
Commercial Units	4	4	4	4	4	4	3	3	3
Revenues @ \$150	600	600	600	600	600	600	450	450	450
Total	48,134	48,134	48,134	48,134	48,134	48,134	47,984	48,241	48,241

Month	10	11	12	13	14	15	16	17	18	19	20	21
	2,457,537	2,457,537	2,457,537	2,670,648	2,670,648	2,670,648	2,670,648	2,670,648	2,670,648	2,883,759	2,883,759	2,883,759
			213,111						213,111			
	2,457,537	2,457,537	2,670,648	2,670,648	2,670,648	2,670,648	2,670,648	2,670,648	2,883,759	2,883,759	2,883,759	2,883,759
	(346,198)	(381,566)	(415,812)	(456,522)	(497,489)	(538,714)	(580,200)	(622,098)	(662,916)	(704,099)	(745,542)	(787,247)
	2,111,339	2,075,971	2,254,836	2,214,126	2,173,159	2,131,934	2,090,448	2,048,550	2,220,843	2,179,660	2,138,217	2,096,512
	(829,334)	(815,441)	(885,699)	(869,709)	(853,617)	(837,424)	(821,128)	(804,670)	(872,347)	(856,170)	(839,892)	(823,510)
	1,282,005	1,260,530	1,369,136	1,344,417	1,319,542	1,294,510	1,269,320	1,243,879	1,348,496	1,323,490	1,298,325	1,273,002
	3,269	3,214	3,491	3,428	3,365	3,301	3,237	3,172	3,439	3,375	3,311	3,246
	331	325	353	347	340	334	327	321	348	341	335	328
	5,727	5,631	6,116	6,006	5,894	5,783	5,670	5,556	6,024	5,912	5,800	5,687
	9,327	9,170	9,960	9,781	9,600	9,418	9,234	9,049	9,810	9,628	9,445	9,261
	35,147	35,368	34,246	40,710	40,967	41,225	41,486	41,898	40,818	41,183	41,443	41,705
	3,919	3,853	4,185	4,109	4,033	3,957	3,880	3,802	4,122	4,045	3,968	3,891
	48,392	48,392	48,392	54,600	54,600	54,600	54,600	54,750	54,750	54,857	54,857	54,857
	125	125	125	91	91	91	91	92	92	92	92	92
	18,750	18,750	18,750	13,650	13,650	13,650	13,650	13,800	13,800	13,800	13,800	13,800
	113	113	113	157	157	157	157	157	157	158	158	158
	29,041	29,041	29,041	40,349	40,349	40,349	40,349	40,349	40,349	40,606	40,606	40,606
	4	4	4	4	4	4	4	4	4	3	3	3
	600	600	600	600	600	600	600	600	600	450	450	450
	48,391	48,391	48,391	54,599	54,599	54,599	54,599	54,749	54,749	54,856	54,856	54,856

| Month |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | | |
| 3,250,581 | 3,250,581 | 3,250,581 | 3,404,292 | 3,404,292 | 3,404,292 | 3,404,292 | 3,404,292 | 3,404,292 | 3,558,003 | 3,558,003 | 3,558,003 | 3,558,003 | 3,558,003 |
| | | 153,711 | | | | | | 153,711 | | | | | |
| 3,250,581 | 3,250,581 | 3,404,292 | 3,404,292 | 3,404,292 | 3,404,292 | 3,404,292 | 3,404,292 | 3,558,003 | 3,558,003 | 3,558,003 | 3,558,003 | 3,558,003 | 3,558,003 |
| (1,312,321) | (1,353,176) | (1,393,576) | (1,429,921) | (1,466,495) | (1,503,559) | (1,540,857) | (1,578,541) | (1,615,493) | (1,652,526) | (1,689,794) | (1,727,297) | (1,764,800) | (1,802,303) |
| 1,938,260 | 1,897,405 | 2,010,716 | 1,974,371 | 1,937,797 | 1,900,733 | 1,863,435 | 1,825,751 | 1,942,510 | 1,905,477 | 1,868,209 | 1,830,706 | 1,793,203 | 1,755,700 |
| (761,348) | (745,301) | (789,809) | (775,533) | (761,166) | (746,608) | (731,957) | (717,155) | (763,018) | (748,471) | (733,832) | (719,101) | (703,974) | (689,027) |
| 1,176,911 | 1,152,105 | 1,220,906 | 1,198,838 | 1,176,630 | 1,154,125 | 1,131,478 | 1,108,596 | 1,179,492 | 1,157,005 | 1,134,376 | 1,111,605 | 1,088,884 | 1,066,172 |
| 3,001 | 2,938 | 3,113 | 3,057 | 3,000 | 2,943 | 2,885 | 2,827 | 3,008 | 2,950 | 2,893 | 2,835 | 2,777 | 2,719 |
| 304 | 297 | 315 | 309 | 304 | 298 | 292 | 286 | 304 | 299 | 293 | 287 | 281 | 275 |
| 5,257 | 5,146 | 5,454 | 5,355 | 5,256 | 5,155 | 5,054 | 4,952 | 5,269 | 5,168 | 5,067 | 4,966 | 4,865 | 4,764 |
| 8,562 | 8,382 | 8,882 | 8,722 | 8,560 | 8,396 | 8,232 | 8,065 | 8,581 | 8,417 | 8,253 | 8,087 | 7,923 | 7,758 |
| 40,598 | 40,855 | 40,401 | 36,345 | 36,574 | 37,064 | 37,298 | 37,684 | 36,952 | 37,034 | 37,268 | 37,503 | 37,737 | 37,971 |
| 3,597 | 3,522 | 3,732 | 3,664 | 3,597 | 3,528 | 3,458 | 3,389 | 3,605 | 3,537 | 3,467 | 3,398 | 3,328 | 3,258 |
| 52,758 | 52,758 | 53,015 | 48,731 | 48,731 | 48,988 | 48,988 | 49,138 | 49,138 | 48,988 | 48,988 | 48,988 | 48,988 | 48,988 |
| 89 | 89 | 89 | 81 | 81 | 81 | 81 | 81 | 81 | 82 | 82 | 82 | 82 | 82 |
| 13,350 | 13,350 | 13,350 | 12,150 | 12,150 | 12,150 | 12,150 | 12,300 | 12,300 | 12,300 | 12,300 | 12,300 | 12,300 | 12,300 |
| 151 | 151 | 152 | 140 | 140 | 141 | 141 | 141 | 141 | 141 | 141 | 141 | 141 | 141 |
| 38,807 | 38,807 | 39,064 | 35,980 | 35,980 | 36,237 | 36,237 | 36,237 | 36,237 | 36,237 | 36,237 | 36,237 | 36,237 | 36,237 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 450 | 450 | 450 | 450 | 450 |
| 52,757 | 52,757 | 53,014 | 48,730 | 48,730 | 48,987 | 48,987 | 49,137 | 49,137 | 48,987 | 48,987 | 48,987 | 48,987 | 48,987 |

| Month |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | | |
| 3,558,003 | 3,558,003 | 3,558,003 | 3,682,014 | 3,682,014 | 3,682,014 | 3,682,014 | 3,682,014 | 3,682,014 | 3,806,025 | 3,806,025 | 3,806,025 | 3,806,025 | 3,806,025 |
| | | 124,011 | | | | | | | | | | | |
| 3,558,003 | 3,558,003 | 3,682,014 | 3,682,014 | 3,682,014 | 3,682,014 | 3,682,014 | 3,682,014 | 3,806,025 | 3,806,025 | 3,806,025 | 3,806,025 | 3,806,025 | 3,806,025 |
| (1,765,188) | (1,803,318) | (1,840,905) | (1,875,756) | (1,910,826) | (1,946,118) | (1,981,632) | (2,017,522) | (2,052,855) | (2,088,261) | (2,123,890) | (2,160,002) | (2,196,002) | (2,232,002) |
| 1,792,815 | 1,754,685 | 1,841,109 | 1,806,258 | 1,771,188 | 1,735,896 | 1,700,382 | 1,664,492 | 1,753,170 | 1,717,764 | 1,682,135 | 1,646,023 | 1,610,002 | 1,574,002 |
| (704,218) | (689,240) | (723,187) | (709,498) | (695,723) | (681,860) | (667,910) | (653,812) | (688,645) | (674,738) | (660,743) | (646,558) | (632,002) | (618,002) |
| 1,088,597 | 1,065,445 | 1,117,921 | 1,096,760 | 1,075,465 | 1,054,036 | 1,032,472 | 1,010,680 | 1,064,525 | 1,043,026 | 1,021,393 | 999,465 | 977,002 | 954,002 |
| 2,776 | 2,717 | 2,851 | 2,797 | 2,742 | 2,688 | 2,633 | 2,577 | 2,715 | 2,660 | 2,605 | 2,549 | 2,493 | 2,437 |
| 281 | 275 | 288 | 283 | 277 | 272 | 266 | 261 | 275 | 269 | 264 | 258 | 252 | 246 |
| 4,863 | 4,759 | 4,994 | 4,899 | 4,804 | 4,708 | 4,612 | 4,515 | 4,755 | 4,659 | 4,563 | 4,467 | 4,371 | 4,275 |
| 7,920 | 7,751 | 8,133 | 7,979 | 7,824 | 7,668 | 7,511 | 7,353 | 7,744 | 7,588 | 7,431 | 7,271 | 7,115 | 6,959 |
| 37,891 | 38,130 | 37,588 | 34,850 | 35,070 | 35,292 | 35,515 | 35,890 | 35,333 | 35,405 | 35,629 | 36,112 | 36,595 | 37,078 |
| 3,327 | 3,257 | 3,417 | 3,352 | 3,287 | 3,222 | 3,156 | 3,089 | 3,254 | 3,188 | 3,122 | 3,055 | 2,989 | 2,923 |
| 49,138 | 49,138 | 49,138 | 46,182 | 46,182 | 46,182 | 46,182 | 46,332 | 46,332 | 46,182 | 46,182 | 46,439 | 46,439 | 46,439 |
| 82 | 82 | 82 | 76 | 76 | 76 | 76 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| 12,300 | 12,300 | 12,300 | 11,400 | 11,400 | 11,400 | 11,400 | 11,550 | 11,550 | 11,550 | 11,550 | 11,550 | 11,550 | 11,550 |
| 141 | 141 | 141 | 133 | 133 | 133 | 133 | 133 | 133 | 133 | 133 | 134 | 134 | 134 |
| 36,237 | 36,237 | 36,237 | 34,181 | 34,181 | 34,181 | 34,181 | 34,181 | 34,181 | 34,181 | 34,181 | 34,438 | 34,438 | 34,438 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 450 | 450 | 450 | 450 | 450 |
| 49,137 | 49,137 | 49,137 | 46,181 | 46,181 | 46,181 | 46,181 | 46,331 | 46,331 | 46,181 | 46,181 | 46,438 | 46,438 | 46,438 |

| Month |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | |
| 3,806,025 | 3,806,025 | 3,806,025 | 3,900,336 | 3,900,336 | 3,900,336 | 3,900,336 | 3,900,336 | 3,900,336 | 3,900,336 | 3,994,647 | 3,994,647 | 3,994,647 |
| | | 94,311 | | | | | | | 94,311 | | | |
| 3,806,025 | 3,806,025 | 3,900,336 | 3,900,336 | 3,900,336 | 3,900,336 | 3,900,336 | 3,900,336 | 3,994,647 | 3,994,647 | 3,994,647 | 3,994,647 | 3,994,647 |
| (2,196,494) | (2,233,215) | (2,269,574) | (2,303,489) | (2,337,618) | (2,371,962) | (2,406,524) | (2,441,562) | (2,476,226) | (2,510,957) | (2,545,908) | (2,581,231) | (2,581,231) |
| 1,609,531 | 1,572,810 | 1,630,762 | 1,596,847 | 1,562,718 | 1,528,374 | 1,493,812 | 1,458,774 | 1,518,421 | 1,483,690 | 1,448,739 | 1,413,416 | 1,413,416 |
| (632,224) | (617,800) | (640,563) | (627,242) | (613,836) | (600,345) | (586,770) | (573,007) | (596,436) | (582,793) | (569,064) | (555,190) | (555,190) |
| 977,307 | 955,010 | 990,199 | 969,606 | 948,883 | 928,029 | 907,043 | 885,768 | 921,985 | 900,896 | 879,674 | 858,226 | 858,226 |
| 2,492 | 2,435 | 2,525 | 2,472 | 2,420 | 2,366 | 2,313 | 2,259 | 2,351 | 2,297 | 2,243 | 2,188 | 2,188 |
| 252 | 246 | 255 | 250 | 245 | 239 | 234 | 229 | 238 | 232 | 227 | 221 | 221 |
| 4,366 | 4,266 | 4,423 | 4,331 | 4,239 | 4,146 | 4,052 | 3,957 | 4,119 | 4,024 | 3,930 | 3,834 | 3,834 |
| 7,110 | 6,948 | 7,204 | 7,054 | 6,903 | 6,751 | 6,599 | 6,444 | 6,707 | 6,554 | 6,400 | 6,244 | 6,244 |
| 36,491 | 36,722 | 36,358 | 33,915 | 34,129 | 34,345 | 34,561 | 35,038 | 34,664 | 34,732 | 34,951 | 35,323 | 35,323 |
| 2,987 | 2,919 | 3,027 | 2,964 | 2,900 | 2,837 | 2,772 | 2,707 | 2,818 | 2,754 | 2,689 | 2,623 | 2,623 |
| 46,589 | 46,589 | 46,589 | 43,933 | 43,933 | 43,933 | 43,933 | 44,190 | 44,190 | 44,040 | 44,040 | 44,190 | 44,190 |
| 77 | 77 | 77 | 73 | 73 | 73 | 73 | 73 | 73 | 73 | 73 | 74 | 74 |
| 11,550 | 11,550 | 11,550 | 10,950 | 10,950 | 10,950 | 10,950 | 10,950 | 10,950 | 10,950 | 10,950 | 11,100 | 11,100 |
| 134 | 134 | 134 | 126 | 126 | 126 | 126 | 127 | 127 | 127 | 127 | 127 | 127 |
| 34,438 | 34,438 | 34,438 | 32,382 | 32,382 | 32,382 | 32,382 | 32,639 | 32,639 | 32,639 | 32,639 | 32,639 | 32,639 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 450 | 450 | 450 | 450 |
| 46,588 | 46,588 | 46,588 | 43,932 | 43,932 | 43,932 | 43,932 | 44,189 | 44,189 | 44,039 | 44,039 | 44,189 | 44,189 |

| Month |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | | |
| 3,994,647 | 3,994,647 | 3,994,647 | 4,059,258 | 4,059,258 | 4,059,258 | 4,059,258 | 4,059,258 | 4,059,258 | 4,123,869 | 4,123,869 | 4,123,869 | 4,123,869 | 4,123,869 |
| | | 64,611 | | | | | | 64,611 | | | | | |
| 3,994,647 | 3,994,647 | 4,059,258 | 4,059,258 | 4,059,258 | 4,059,258 | 4,059,258 | 4,059,258 | 4,123,869 | 4,123,869 | 4,123,869 | 4,123,869 | 4,123,869 | 4,123,869 |
| (2,616,928) | (2,652,850) | (2,688,590) | (2,719,212) | (2,750,027) | (2,781,037) | (2,812,243) | (2,843,645) | (2,874,838) | (2,906,077) | (2,937,513) | (2,969,298) | (2,969,298) | (2,969,298) |
| 1,377,719 | 1,341,797 | 1,370,668 | 1,340,046 | 1,309,231 | 1,278,221 | 1,247,015 | 1,215,613 | 1,249,031 | 1,217,792 | 1,186,356 | 1,154,571 | 1,154,571 | 1,154,571 |
| (541,168) | (527,058) | (538,398) | (526,370) | (514,266) | (502,085) | (489,828) | (477,493) | (490,619) | (478,349) | (466,001) | (453,515) | (453,515) | (453,515) |
| 836,551 | 814,739 | 832,269 | 813,676 | 794,965 | 776,136 | 757,188 | 738,120 | 758,412 | 739,443 | 720,356 | 701,055 | 701,055 | 701,055 |
| 2,133 | 2,078 | 2,122 | 2,075 | 2,027 | 1,979 | 1,931 | 1,882 | 1,934 | 1,886 | 1,837 | 1,788 | 1,788 | 1,788 |
| 216 | 210 | 215 | 210 | 205 | 200 | 195 | 190 | 196 | 191 | 186 | 181 | 181 | 181 |
| 3,737 | 3,639 | 3,718 | 3,635 | 3,551 | 3,467 | 3,382 | 3,297 | 3,388 | 3,303 | 3,218 | 3,132 | 3,132 | 3,132 |
| 6,086 | 5,927 | 6,055 | 5,919 | 5,783 | 5,646 | 5,509 | 5,370 | 5,517 | 5,379 | 5,241 | 5,100 | 5,100 | 5,100 |
| 35,697 | 35,922 | 35,741 | 30,622 | 30,815 | 31,010 | 31,205 | 31,402 | 31,193 | 31,239 | 31,436 | 31,785 | 31,785 | 31,785 |
| 2,557 | 2,490 | 2,544 | 2,487 | 2,430 | 2,372 | 2,314 | 2,256 | 2,318 | 2,260 | 2,202 | 2,143 | 2,143 | 2,143 |
| 44,339 | 44,339 | 44,339 | 39,028 | 39,028 | 39,028 | 39,028 | 39,028 | 39,028 | 38,878 | 38,878 | 39,028 | 39,028 | 39,028 |
| 74 | 74 | 74 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 78 | 79 |
| 11,100 | 11,100 | 11,100 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,700 | 11,850 |
| 127 | 127 | 127 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| 32,639 | 32,639 | 32,639 | 26,728 | 26,728 | 26,728 | 26,728 | 26,728 | 26,728 | 26,728 | 26,728 | 26,728 | 26,728 | 26,728 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 |
| 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 450 | 450 | 450 | 450 | 450 |
| 44,339 | 44,339 | 44,339 | 39,028 | 39,028 | 39,028 | 39,028 | 39,028 | 39,028 | 38,878 | 38,878 | 39,028 | 39,028 | 39,028 |

| Month |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 94 | 95 | 96 | 97 | 98 | 99 | 100 | 101 | 102 | 103 | 104 | 105 | | |
| 4,193,691 | 4,193,691 | 4,193,691 | 4,198,902 | 4,198,902 | 4,198,902 | 4,198,902 | 4,198,902 | 4,198,902 | 4,204,113 | 4,204,113 | 4,204,113 | 4,204,113 | 4,204,113 |
| | | 5,211 | | | | | | 5,211 | | | | | |
| 4,193,691 | 4,193,691 | 4,198,902 | 4,198,902 | 4,198,902 | 4,198,902 | 4,198,902 | 4,198,902 | 4,204,113 | 4,204,113 | 4,204,113 | 4,204,113 | 4,204,113 | 4,204,113 |
| (3,363,171) | (3,393,969) | (3,424,929) | (3,451,730) | (3,478,700) | (3,505,841) | (3,533,153) | (3,560,788) | (3,588,564) | (3,616,365) | (3,644,342) | (3,672,495) | (3,672,495) | (3,672,495) |
| 830,520 | 799,722 | 773,973 | 747,172 | 720,202 | 693,061 | 665,749 | 638,114 | 615,549 | 587,748 | 559,771 | 531,618 | 531,618 | 531,618 |
| (326,228) | (314,131) | (304,017) | (293,489) | (282,895) | (272,234) | (261,506) | (250,651) | (241,788) | (230,867) | (219,878) | (208,820) | (208,820) | (208,820) |
| 504,292 | 485,591 | 469,956 | 453,683 | 437,306 | 420,827 | 404,243 | 387,463 | 373,761 | 356,880 | 339,893 | 322,798 | 322,798 | 322,798 |
| 1,286 | 1,238 | 1,198 | 1,157 | 1,115 | 1,073 | 1,031 | 988 | 953 | 910 | 867 | 823 | 823 | 823 |
| 130 | 125 | 121 | 117 | 113 | 109 | 104 | 100 | 96 | 92 | 88 | 83 | 83 | 83 |
| 2,253 | 2,169 | 2,099 | 2,027 | 1,953 | 1,880 | 1,806 | 1,731 | 1,670 | 1,594 | 1,518 | 1,442 | 1,442 | 1,442 |
| 3,669 | 3,533 | 3,419 | 3,301 | 3,181 | 3,062 | 2,941 | 2,819 | 2,719 | 2,596 | 2,473 | 2,348 | 2,348 | 2,348 |
| 30,605 | 30,798 | 30,960 | 26,801 | 26,970 | 27,140 | 27,312 | 27,635 | 27,777 | 27,801 | 27,977 | 28,153 | 28,153 | 28,153 |
| 1,541 | 1,484 | 1,436 | 1,387 | 1,337 | 1,286 | 1,236 | 1,184 | 1,142 | 1,091 | 1,039 | 987 | 987 | 987 |
| 35,815 | 35,815 | 35,815 | 31,488 | 31,488 | 31,488 | 31,488 | 31,638 | 31,638 | 31,488 | 31,488 | 31,488 | 31,488 | 31,488 |
| 72 | 72 | 72 | 62 | 62 | 62 | 62 | 63 | 63 | 63 | 63 | 63 | 63 | 63 |
| 10,800 | 10,800 | 10,800 | 9,300 | 9,300 | 9,300 | 9,300 | 9,450 | 9,450 | 9,450 | 9,450 | 9,450 | 9,450 | 9,450 |
| 95 | 95 | 95 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 |
| 24,415 | 24,415 | 24,415 | 21,588 | 21,588 | 21,588 | 21,588 | 21,588 | 21,588 | 21,588 | 21,588 | 21,588 | 21,588 | 21,588 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 450 | 450 | 450 | 450 |
| 35,815 | 35,815 | 35,815 | 31,488 | 31,488 | 31,488 | 31,488 | 31,638 | 31,638 | 31,488 | 31,488 | 31,488 | 31,488 | 31,488 |

Month 118	Month 119	Month 120	Month 121	Month 122	Month 123
4,204,113	4,204,113	4,204,113	4,204,113	4,204,113	4,204,113
4,204,113	4,204,113	4,204,113	4,204,113	4,204,113	4,204,113
(4,053,360)	(4,084,246)	(4,115,327)	(4,147,165)	(4,179,764)	(4,213,130)
150,753	119,867	88,786	56,948	24,349	(9,017)
(59,216)	(47,084)	(34,875)	(22,369)	(9,564)	3,542
91,537	72,783	53,911	34,579	14,785	(5,475)
233	186	137	88	38	(14)
24	19	14	9	4	(1)
409	325	241	154	66	(24)
666	529	392	252	108	(40)
30,435	30,886	31,081	31,838	32,599	33,366
280	222	165	106	45	(17)
31,381	31,638	31,638	32,195	32,752	33,309
63	63	63	64	65	66
9,450	9,450	9,450	9,600	9,750	9,900
83	84	84	85	86	87
21,331	21,588	21,588	21,845	22,102	22,359
4	4	4	5	6	7
600	600	600	750	900	1050
31,381	31,638	31,638	32,195	32,752	33,309

Agua Fria Division of
 Citizens Utilities Company
 (NAME OF COMPANY)

ORIGINAL SHEET NO. 8
 CANCELING SHEET NO.

Surprise and Vicinity, Maricopa County, Arizona
 (NAME OF CITY)

Water Service		
<u>Central Arizona Project Hook-up Fee</u>		
<u>Applicability</u>		
Applicable to all developers and builders of residential and commercial subdivisions, lots, facilities, structures, units, or other uses that require water service under General Water Rate G-1.		
<u>Residential</u>		
	<u>Age Restricted Dwellings</u>	<u>Other Dwellings</u>
One time charge per dwelling unit	\$150.00	\$257.00
<u>Commercial</u>		
One time charge of \$150.00 per Equivalent Residential Unit (ERU) calculated as follows:		
<u>Meter Size</u>	<u>ERU's</u>	<u>Total Fee</u>
5/8" x 3/4"	1.0	\$150.00
3/4"	1.5	\$225.00
1"	2.5	\$375.00
1.5"	5.0	\$750.00
2"	8.0	\$1,200.00
3"	16.0	\$2,400.00
4"	25.0	\$3,750.00
6"	50.0	\$7,500.00
8"	100.0	\$15,000.00
<u>Terms and Conditions</u>		
Age Restricted Dwellings are those residential units which have been legally granted an age restricted overlay zoning by the governmental body having jurisdiction.		
The hook-up fee shall be due and payable in full by the developer or builder prior to water service first being provided to the site of the lot, facility, structure, unit or other water use. For subdivisions, the hook-up fee shall be due and payable in full for the entire subdivision prior to the first lot taking water service. For subdivisions where construction of water infrastructure is phased in accordance with an approved Line Extension Agreement, the hook-up fee will be due and payable in full for each phase of the subdivision prior to the first lot in said phase taking water service.		

ISSUED _____ EFFECTIVE _____
 MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY Ray L. Jones, P.E. Vice President and General Manager
 NAME OF OFFICER TITLE

15626 North Del Webb Boulevard, Sun City, Arizona 85351
 ADDRESS OF OFFICER



Decision No.