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(602) 956-8878

AZ CORP COMMISSION
DOCKET CONTROL

ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
COMMUNITY WATER COMPANY OF
GREEN VALLEY FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY

Docket No. W-02304-08-0149^A

LATE FILED EXHIBIT

Attached is the Agreement Relating to Extension of Water Distribution Facilities between Community Water Company of Green Valley and Phelps Dodge Sierrita, Inc. as Late Filed Exhibit G.

Dated this 19th day of March, 2008.

ELLIS & BAKER, P.C.

By

William D. Baker
Attorneys for Community Water
Company of Green Valley

Arizona Corporation Commission
DOCKETED

MAR 19 2008

DOCKETED BY

Original and 13 copies of foregoing
Late Filed Exhibit delivered this 19th
day of March, 2008, to:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Nancy Roe

Community Water Co. of Green Valley
1501 S. La Canada Drive
Green Valley, AZ 85614

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Contract No. 222
W.A. No. 0708

DOCKET NO. W-02304-08-0149

AGREEMENT RELATING TO EXTENSION OF WATER DISTRIBUTION FACILITIES

THIS AGREEMENT is made and entered into on this 29th day of January, 2008 by and between COMMUNITY WATER COMPANY OF GREEN VALLEY, an Arizona Non Profit Corporation (hereafter "Company"), and PHELPS DODGE SIERRITA, INC. (hereafter "Customer"), for the extension of water distribution facilities for the provision of non-industrial potable water service to Customer by Community Water Company of Green Valley W.A. No. 0708, ACC No. 222 (hereafter "Project").

WITNESSETH:

In consideration of the services to be performed by Company and the sums of money to be advanced by Customer, it is agreed as follows:

1. Company shall construct an extension to its Green Valley, Arizona water distribution facilities, as a continuation of its present facilities, to Customer's property, adjacent to the Company's Reservoir Number 2 on Continental Road, Green Valley, Arizona, which shall serve as the pump station for provision of non-industrial potable water service to Customer by Company. A legal description of Customer's property is attached hereto as Exhibit A (hereafter "the Pump Station Site").

(a) Company shall construct a pipeline from Reservoir Number 2, install two in-ground Gould vertical turbine pumps on the Pump Station Site and a pipeline from the pumps to Customer's storage tank described below (hereafter "the Pump Station Facilities"). A description of the Pump Station Facilities is attached as Exhibit B.

(b) Customer shall provide a storage tank on the Pump Station Site, two surface mounted Grundfos booster pumps, and a pipeline from Customer's storage tank to the booster pumps. Using the Pump Station Facilities, pipeline, and related facilities, Customer shall pump water from Customer's storage tank to the Customer's facilities for non-industrial potable water service in accordance with the terms and conditions of this Agreement.

(c) Customer shall provide an air gap device in accordance with the plans for the Project approved by Company, Customer, and any agencies with jurisdiction. This air gap marks the dividing line between the Company's facilities and those of Customer ("the Site Break Point").

(d) After construction by Company and Customer is completed, the facilities installed at the Pump Station Site by Customer and Company shall not be changed in any way, including upgrades to increase pressure or pumping capacity, without advance written consent from both parties.

2. An itemized cost estimate for this Project, including materials, labor and other costs, is attached as Exhibit C.

(a) Customer shall reimburse Company for all of Company's reasonable costs associated with the design, inspection, contract and plan review, permitting, approval, and construction of the Pump Station Facilities and shall pay all of Company's reasonable costs related to Company's maintenance and repair of the Pump Station Facilities.

(b) Company shall submit to the Customer copies of all invoices, bills, receipts, and other evidence of third-party costs and expenditures (hereafter "Invoices") associated with the design, inspection, contract and plan review, permitting, approval, construction, and maintenance and repair of the Pump Station Facilities, including attorneys' fees. The Customer shall reimburse the Company all undisputed amounts of the Invoices within sixty (60) days of receipt.

(c) All proposed Work Notices for maintenance and repair of the Pump Station Facilities and Invoices shall be sent to Customer's designated representative. As of the date of the execution of this Agreement, Customer's designated representative is Mr. Robert C. Durham. Customer may change its designated representative at any time by providing Company with written notice of the change in a timely manner.

(d) Customer shall have the right to review and comment on proposed Work Notices for maintenance and repair of the Pump Station Facilities and pipelines and associated appurtenances. Company shall incorporate Customer's reasonable comments into the final Work Notice. If Customer does not provide comments within five business days of its receipt of a proposed Work Notice, the Work Notice shall be deemed accepted by Customer.

(e) Company shall not be required to submit proposed Work Notices to Customer for one-time incidental expenditures of less than \$2,000.00 or for unanticipated additional expenses incurred as part of on going work for which notice to the Customer has already been given (i.e., change orders), as long as the Company provides the Customer with notice of such expenses as soon as is reasonably practical.

(f) From the date Company begins using the Pump Station Facilities to deliver water to Customer until termination of this Agreement, Customer shall be responsible for all costs and expenses, including costs of replacement related to mechanical failures of the Pump Station Facilities or components thereof, except to the extent that a mechanical failure arises from Company's negligence in operating, repairing or maintaining the Pump Station Facilities.

(g) Customer shall be responsible for payment of all property taxes and other governmental taxes or assessments levied against the Pump Station Site.

(h) Customer shall be responsible for the filing of all required forms, applications and other documents and for acquiring all approvals that are required for its use of the Pump Station Site and operation and use of facilities on Customer's side of the Site Break Point. Company shall be responsible for the filing of all required forms, applications and other documents and for acquiring all approvals that are required for its use of the Pump Station Facility and to provide service to Customer, including all documents related to the expansion of the Company's Certificate of Convenience and Necessity. Company and Customer shall cooperate with one another as reasonably necessary to complete any required forms, applications, and other documents and to obtain any necessary approvals.

(i) Customer has certain water use reporting and payment obligations pursuant to this Agreement. Company shall be responsible for the reading of meters and for calculating all consumption for billing purposes.

3. All pipelines, valves, fittings, wells, meters, tanks or other facilities associated with the Pump Station Facilities or that are otherwise directly connected to Company's mains and equipment on Company's side of the Site Break Point, shall be the sole property of Company, and Customer shall have no right, title, or interest in any of these facilities.

(a) Customer and Company shall exercise all reasonable care to prevent loss or damage to the property and facilities of the other, excluding ordinary wear and tear. Each shall be responsible for loss or damage to the other's property and facilities on the Pump Station Site due to negligence or misuse and shall reimburse the other party for the cost of necessary repairs or replacements associated with such negligence or misuse.

(b) Customer shall promptly notify Company of any failures identified by Customer in the Company's equipment.

4. Upon completion of the Project described in Paragraph 1, including testing and approval by all government agencies with jurisdiction, Company shall supply non-industrial potable water service to Customer at a rate not to exceed the current design capabilities of the Project in volume and pressure.

In no event shall Customer's total peak demand exceed 335 gallons per minute (gpm) or 240 acre-feet per year.

5. Customer shall use water provided under this Agreement solely for non-industrial potable water uses.

(a) Company shall supply water service to Customer subject to Company's Water Service Rules and Regulations, except as otherwise provided in this Agreement. A current copy of Company's Water Service Rules and Regulations is attached hereto as Exhibit D.

(b) Customer shall pay for water delivered by Company at the rates provided for under the Company's Water Service Rules and Regulations and all applicable tariffs, which are incorporated herein by reference. Bills for water will be computed in accord with Company's then-current authorized tariff schedule and will be based on the amount of water consumed for the period covered by the meter readings. Bills are due upon receipt and delinquent fifteen days thereafter.

(c) This Agreement is subject to and governed by the Arizona Corporation Commission's regulations and guidelines pertaining to water utilities and main extension agreements, attached hereto as Exhibit E and incorporated herein by reference.

6. Customer shall supply all electrical power necessary for the operation of the Pump Station Facilities. Customer shall maintain all electrical power facilities and connections at its own expense and Company shall not be responsible in any way for operation and maintenance costs or repair and replacement of electrical power facilities or connections. Company shall have no responsibility for supplying electrical power or backup power and shall not be liable to Customer in any way in the event of a power curtailment or power failure to the Pump Station Facilities.

7. Company shall not be responsible in damages or otherwise for any failure to supply water or for interruption of supply due to unforeseeable causes (force majeure), intentional service interruptions for repairs or routine maintenance, curtailment, or any other cause beyond its control, other than willful disregard or negligence on Company's part. Company and Customer shall work together in a cooperative manner to reduce the impact and duration of interruptions in supply due to mechanical failures, main breaks, or curtailments due to loss of supply.

8. Except as otherwise provided in Paragraph 2, Customer and Company shall each maintain at its own cost all pumping equipment, storage equipment, piping, and related facilities owned by that party for delivery of non-industrial potable water in compliance with all applicable federal, state, and local laws, regulations and ordinances. Except as otherwise provided in Paragraph 2, Company and Customer shall have no responsibility to operate, maintain, or repair facilities of the other party on that party's side of the Site Break Point and shall have no liability for injuries, damages, or claims arising from that party's operation, maintenance, or repair of that party's facilities.

9. Company shall have the right of safe ingress to and egress on the Pump Station Site at all hours for any purpose reasonably connected with Company's property used in furnishing service and the exercise of any and all rights under this Agreement and secured to it by law or Arizona Corporation Commission Rules.

(a) Customer shall furnish to Company a recordable easement and right-of-way satisfactory to Company and adequate to ensure that Company can operate and maintain a proper service connection in accordance with this Agreement.

(b) The easement and right-of-way shall be free of obstacles not approved by Company that may interfere with the construction, operation, and maintenance of said facilities. No permanent structures, barriers, landscaping, walls, overhangs or any other facilities may be built, constructed or placed in such a manner as to interfere with or impede Company's operation and maintenance of the Pump Station Facilities.

(c) Customer's failure to grant an adequate easement and right-of-way shall be grounds for the Company to refuse service.

10. Customer shall be subject to the Company's Curtailment Plan (approved October 9, 2003, A.C.C. Docket No. W-02304A-03-0469), as amended or revised during the course of this Agreement, including any new or revised plans approved by the Arizona Corporation Commission in the future. A copy of the

current Curtailment Plan is attached hereto as Exhibit F and incorporated herein by reference. Customer's failure to follow the Curtailment Plan when in effect shall be sufficient cause for refusal or termination of service.

11. If Customer wishes to discontinue water service, it shall provide to Company a request in writing to discontinue service to Customer a minimum of six months in advance. Upon termination of service, all pumping facilities located on the Pump Station Site shall become the property of Customer, except for lines, mains, or fittings attached or connected to the Company's piping or equipment. Customer shall pay any charges or costs directly associated with the removal and disconnection of the Pump Station Facilities and associated lines, fittings, equipment, and mains from Company's water system and facilities.

12. Company has approved the size, design, type, and quality of materials for the Project, the location in the ground, and the manner of installation, in compliance with requirements of all agencies having jurisdiction over the Project.

(a) By execution of this Agreement, Customer certifies that it has reviewed the plans and specifications, approved the location of the Pump Station Facilities, and is in full accord therewith.

(b) By its approval described in this Paragraph, Company in no way warrants, promises, or guarantees that Customer's potable water facilities will adequately serve Customer's non-industrial potable water needs.

13. Customer will employ a registered engineer to certify that all Pump Station Facilities comply with the specifications and drawings approved by Company. Deviations from these specifications and drawings must be approved in advance and in writing by both parties.

14. Design and construction requirements shall be in accordance with the plans approved by the Arizona Corporation Commission, Pima County, Company, Customer and applicable laws and regulations.

15. The work shall be commenced and carried on at such points and in such order as may be directed by the parties.

16. This Agreement shall be binding upon and for the benefit of the successor and assigns of the parties signing this Agreement, provided however, that no assignment or other transfer of this contract by Customer or Company shall be binding upon the other party or create any rights in an assignee until such assignment or other transfer is approved and accepted in writing by the other party. Notwithstanding the foregoing, Customer may transfer or assign this Agreement to a parent company, wholly-owned subsidiary or other affiliate without approval and acceptance by Company.

17. Before this Agreement shall become effective and binding upon either Company or Customer, it shall be filed with and approved by the Utilities Division of the Arizona Corporation Commission, and in the event it is not so approved, this Agreement shall be null and void and of no force or effect whatever.

18. This Agreement, all rights and obligations hereunder, and the provision of water service to Customer shall be subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies," as well as any other applicable federal, state, or local laws, regulations, or ordinances.

19. Customer agrees to provide the following project deliverables prior to Company's placing the facilities into service:

- (a) two (2) sets of approved original as built double matted Mylar plans;
- (b) an electronic version of the approved plans in AutoCAD 2000 format; and
- (c) six (6) sets of 11% x 17: black line plans.

20. Customer's engineer shall supply construction oversight, inspection, testing, and approval of all phases of construction. In addition, Customer's engineer shall provide all equipment manuals, instructions, and other relevant information necessary for the operation and maintenance of the Pump Station Facilities, and the engineer's Certification of Completion.

21. The estimated start date for construction of this Project is February 1, 2008, subject to the receipt of all necessary approvals and agreements. The estimated completion date is April 15, 2008.

22. Unless otherwise required by law, all notices required to be given under this Agreement shall be in writing and shall be conveyed by (i) personal deliver (including by any messenger or courier service), or (ii) the United States Postal Service by certified or registered mail, postage prepaid, with return receipt requested, as follows:

Company: Community Water Company
1501 S. La Canada Drive

Green Valley, Arizona 85614
Attn: President
Telephone: 520-625-8409

Customer: Phelps Dodge Sierrita, Inc.
6200 West Duval Mine Road
P.O. Box 527
Green Valley, Arizona 85622
Attn: General Manager
Telephone: 520-648-8500

With a copy to: Freeport McMoRan Copper & Gold Inc.
One North Central Avenue
Phoenix, Arizona 85004
Attn: Legal Department
Telephone: 602-366-8100

23. This Agreement shall be governed by the laws of the State of Arizona.

IN WITNESS WHEREOF, Customer has executed or has caused this instrument to be executed by its proper officer hereunto duly authorized, and Company has caused this instrument to be executed by its proper officer thereunto duly authorized, all as of the day and year first above written.

Community Water Company of Green Valley

By: Arturo Gabaldón



Title: PRESIDENT

Phelps Dodge Sierrita, Inc.

By: 

Title: Vice President & General Manager

EXHIBIT A

PUMP STATION SITE
Legal Description

That part of the West half of the West half of the West half of Section 16, Township 18 South, Range 13 East, G.&S.R.M., described as follows:

COMMENCING at the Northernmost corner of that parcel of land described in Docket 9347, Page 1600, in the Office of the County Recorder of Pima County, Arizona;

Thence South 01 degrees 39 minutes 04 seconds East along said parcel, 14.39 feet;

Thence South 44 degrees 17 minutes 19 seconds West along said parcel, 39.95 feet to the Southwesterly line of the right-of-way easement for Continental Road as described in Road Proceedings No. 1669 and the POINT OF BEGINNING;

Thence South 48 degrees 43 minutes 20 seconds West along said parcel, 90.21 feet;

Thence North 41 degrees 16 minutes 40 seconds West, 79.33 feet;

Thence North 48 degrees 43 minutes 20 seconds East, 81.14 feet to a point of non-tangent curvature on said Southwesterly line of Continental Road, from which point the radius point bears South 40 degrees 06 minutes 53 seconds West;

Thence along said Southwesterly line of Continental Road, along a curve to the right, having a radius of 1095.87 feet and a central angle of 004 degrees 10 minutes 32 seconds, 79.86 feet to the POINT OF BEGINNING.

Containing 6835 square feet, or 0.157 acres, more or less.

EXHIBIT B
PUMP STATION FACILITIES

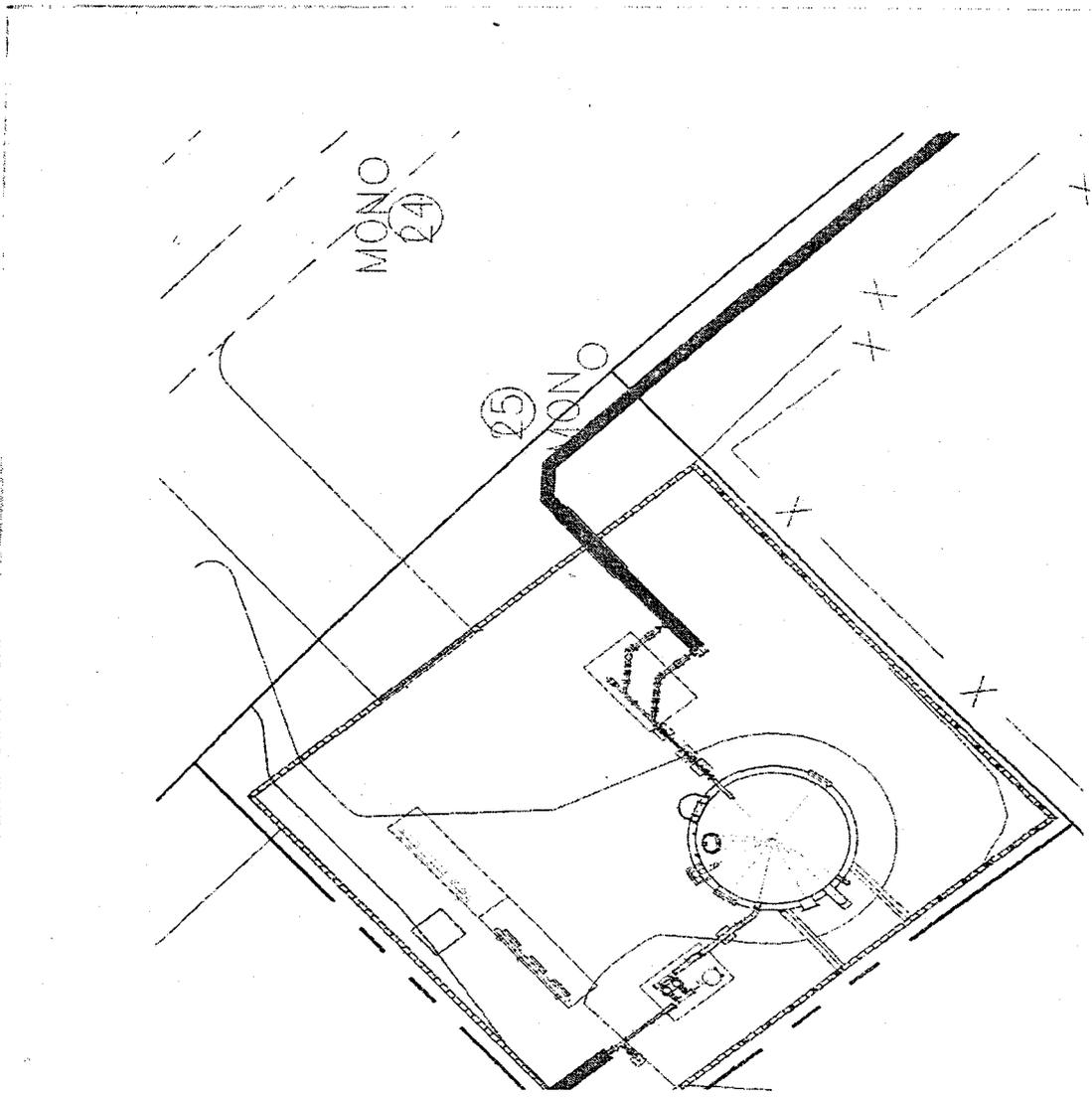


EXHIBIT C

PROJECT COST ESTIMATE

| | |
|--|--------------|
| Installation of approximately 322' of 12" DIP, Valves and Fittings, including materials and labor. | \$42,000.00 |
| Installation of 2-10 HP Gould Vertical Turbine Pumps and all associated above-ground pipe and fittings, including materials and labor. | \$88,000.00 |
| Install all Electrical, and Communication Equipment for the above Vertical Turbine Pumps, including materials and labor. | \$115,000.00 |
| Community Water Engineering | \$4,500.00 |
| Community Water Overhead and Oversight (10%) | \$25,000.00 |
| TOTAL PRICE | \$274,500.00 |

EXHIBIT D

COMPANY WATER SERVICE RULES AND REGULATIONS

Community Water Company

Of Green Valley

Water Service Rules & Regulations

1. APPLICATION FOR SERVICE
2. GUARANTEE DEPOSIT
3. MINIMUM CHARGE: TAXES
4. SERVICE LINE & METER INSTALLATIONS
5. COMPANY'S RESPONSIBILITIES AND LIABILITIES
6. CONSUMER'S RESPONSIBILITY
7. EXTENSIONS TO MAINS AND SERVICES
8. SPECIFICATIONS
9. ACCESS TO PREMISES
10. METER READING, BILLING AND COLLECTING
11. CHANGE OF OCCUPANCY
12. CONTINUITY OF SERVICE
13. FIRE HYDRANTS FOR FIRE PROTECTION ONLY
14. PRIVATE FIRE HYDRANT SERVICE
15. FIRE SPRINKLER SERVICE
16. NO AGENT CAN MODIFY
17. DEFINITIONS
18. APPROVAL

1. APPLICATION FOR SERVICE

Before the Company will supply any water service, the person desiring the same must make application in person or by first-class mail to the Company at its office specifying the place or location where service is desired, and agree to comply with all the terms, rules and regulations of the Company covering such service, and agree to pay for the same in accordance with the rates of the Company applicable to the class of service desired. R14-2-403.

The Company may reject any application for service when, and so long as, the applicant is delinquent in the payment of bills incurred for service previously supplied by the Company at any location. R14-2-403-C1.

2. GUARANTEE DEPOSIT

A deposit not in excess of two months minimum charge may be required of a Consumer, provided that the Company may require the Consumer to increase the deposit to twice the amount of any monthly bill rendered

thereafter.

Interest will be computed and credited on December 1 of each year at the rate of 6% per annum on all guarantee deposits which have been left with the Company, for periods during which service has been continually provided and if the Consumer has not been delinquent in the payment of bills rendered during such period.

The individual in whose name the deposit is made shall be responsible for payment of all bills incurred in connection with the service furnished.

A separate deposit may be required for each meter installed.

The guarantee deposit receipt is not negotiable and can be redeemed only at the Company's office.

When services are discontinued and all bills paid, the deposit will be refunded with accrued interest.

The utility shall issue a non-negotiable receipt to the applicant for the deposit. The inability of the Consumer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.

Upon discontinuance of service for non-payment of bills, the deposit will be applied by the Company toward settlement of the account. R14-2-403-B.

3. MINIMUM CHARGE: TAXES

The initial or minimum charge, as provided in the tariff schedule, shall be made for each meter installed, regardless of location. Each meter installed shall require a separate meter reading and each meter reading shall cover a separate and individual account.

For service to trailer courts, camp grounds, auto courts, or multiple unit dwellings, the minimum monthly charge shall be the regular monthly charge for the meter size used. Excess water will be billed at the Company's authorized rates.

If the Consumer takes exception to this method of established minimum charges, the Consumer may request that a meter be installed for each residential unit, upon paying to the Company the regular guarantee deposit for each meter to be installed.

In addition to the collection of regular rates, the Company will collect from the Consumer a proportionate share of any privilege, sales, or use tax or imposition levied by authorized governmental agency based on gross revenue received by the Company. R14-2-409-D5.

(a) SERVICE ESTABLISHMENT CHARGE

A non-refundable Service Establishment Charge in the amount of \$25.00,

and the appropriate tax adjustment, will be assessed to each new of different consumer and /or person who applies for water service at the Consumer's delivery point. Billing for the Service Establishment Charge will be rendered as a part of the Consumer's first service bill. R14-2-403-D.

(b) SERVICE RE-ESTABLISHMENT CHARGE

If service is to be re-established at the same service location for a Consumer who has previously ordered a service disconnection within the preceding twelve (12) month period, or for any member of such Consumer's household, a sum equal to the applicable monthly billing minimum times the number of months disconnected and the appropriate tax adjustment will be required as a precondition to the establishment of such service. Payment for such charge shall be made at the time of application for re-establishment of service. (See A.C.C. Decision #55593, A.C.C. R14-2-403-D.)

4. SERVICE LINE AND METER INSTALLATIONS (3/4" through 1")

The Company shall install, at no cost to the applicant, a service line from its distribution line to the property line where the distribution line exists and runs adjacent and parallel to the property to be served.

The Company will install its meter at the property line, or at the Company's option, on the Consumer's property in a location mutually agreed upon by both the Company and the Consumer.

When two or more meters are to be installed on the same premises for different Consumers, they shall be closely grouped and each clearly designated as to which service each applies. (See tariff sheet no. 051). R14-2-405-B7.

5. COMPANY'S RESPONSIBILITIES AND LIABILITIES

The Company does not assume the responsibility of inspecting the Consumer's piping or apparatus and will not be responsible therefore; however, the Company does reserve the right to refuse service unless the Consumer's lines or piping are installed in such manner as to prevent cross-connection or backflow.

Under normal conditions, the Consumer will be notified of any anticipated interruption of service. R14-2-403-C.

6. CONSUMER'S RESPONSIBILITY

Piping on the Consumer's premises must be so installed so that the connections are conveniently located with respect to the Company's lines or mains.

If the Consumer's piping on the Consumer's premises is installed so that the Company is called upon to provide additional meters, each place of

metering will be considered as a separate and individual account.

Where a meter is placed on the premises of a Consumer, a suitable place shall be provided by the Consumer for such meter, and such place shall be unobstructed and accessible at all time to the Company's meter reader.

The Consumer shall furnish and maintain a private cut-off valve on the Consumer's side of the meter, and the Company shall provide a like valve on the Company's side of such meter. R14-2-405 and R14-2-407.

The Consumer's piping and apparatus shall be installed and maintained by the Consumer, at the Consumer's expense, in a safe and efficient manner and in accordance with the Company's rules and regulations and in full compliance with the regulations of the State Department of Health.

The Consumer shall safeguard the Company's property placed on the Consumer's premises and shall permit access to it by authorized representatives of the Company.

In the event that any loss of damage to the property of the Company of any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the Consumer, his agents or employees, the cost of necessary repairs or replacements shall be paid by the Consumer to the Company and any liability otherwise resulting shall be assumed by the Consumer.

The amount of such loss of damage, or the cost of repairs may be added to the Consumer's bill and, if not paid, service may be discontinued by the Company.

Water furnished by the Company shall be used by the Consumer, members of his household, guests, tenants and employees only. The Consumer shall not sell water to any other person or permit any other person to use the water. During a critical water condition, as determined by the Company or a public agency, Consumers shall use water only for those purposes specified by the Company. Disregard of this rule shall be sufficient cause for refusal or discontinuance of service. R14-2-405 and R14-2-407.

The Company may discontinue its service without notice for the following additional reasons:

- (a) To prevent fraud or abuse.
- (b) The Consumer's willful disregard of or refusal to comply with these Rules of such special rules as may be adopted by the Company with the approval of the Arizona Corporation Commission.
- (c) Emergency repairs.
- (d) Insufficiency of supply due to circumstances beyond the Company's control.
- (e) Legal processes.
- (f) Direction of public authorities.
- (g) Strike, riot, fire, flood, accident or any unavoidable cause.

(h) Unauthorized turn-on.

(i) The Company may suspend the service of, or refuse service to, any Consumer who tampers with a meter or other measuring device. R14-2-410.

7. EXTENSIONS TO MAINS AND SERVICES: ADVANCES IN AID OF CONSTRUCTION

The Company will supply services for temporary purposes, provided that the Company has water available in excess of the Company's regular needs, and provided the Company available material and equipment necessary to supply said service. Each applicant for such temporary 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. R14-2-403-E.

An applicant for the extension of mains and distribution lines will be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains and distribution lines including valves, fittings, meters and service connections.

Effective April 1, 1973, in accordance with the Arizona Corporation Commission General Order U-41, developers will be required to advance the full cost of all service lines and meters. These items will be included in the refund agreement along with funds for the extension of mains.

Refunds will be made on the basis of revenue in accordance with the agreement form and not on the basis of November credit to an individual account number. Any subdivision development, or main extension, after January 1, 1975, will be subject to the above meter and service connection advances.

In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future Consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.

Refunds of advances shall be made in accordance with the following method: The Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, an amount equal to twenty per centum (20%) of the total gross annual revenue from water sales to each bona fide Consumer whose service line is connected to the main or distribution lines covered by the line extension agreement, for a period of not less than fifteen (15) years. Refunds shall 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. A balance remaining at the end of the fifteen year period set out shall otherwise become non-refundable in which case the balance not refunded shall be entered as a Contribution in Aid of Construction in the accounts of the Company.

The aggregate refunds shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the Company on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than consumer service lines, leading up to or taking off from the particular main or line extension covered by the agreement.

The Company may, upon approval by the Arizona Corporation Commission, terminate its obligation to refund a percentage of gross revenues from a line extension by accord and satisfaction of its obligations under the line extension agreement.

Amounts advanced in aid of construction of line extensions shall be refunded in accord with the rules in force and effect on the date the agreement therefore was executed.

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

The size, design, type and quality of materials and of the system, location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Arizona State Department of Health, Arizona Corporation Commission, and other public agencies having authority therein. The Company may install line extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system, but consumer advances in aid of construction for single residential consumer shall not exceed the reasonable cost of construction of a six-inch diameter line extension.

All pipelines, valves, fittings, wells, meters, pumps, tanks or other facilities installed shall be the sole property of the Company, and parties making advances in aid of construction shall have no right, title or interest in any such facilities.

The Company, upon written request, shall furnish to any party seeking to enter into a line extension agreement a schedule of the proposed contract price for such extensions of mains or other facilities. Such schedule shall show a breakdown of the contract prices of materials and costs of installations. Different sizes and types of pipes shall be separately stated. Valves and fittings shall be separately stated or listed as a percentage of total cost. All installations shall be made without provision for profit to the Company.

The Company shall schedule all new requests for line extension agreements

promptly and in the order received.

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

In the case of disagreement or dispute regarding the application or any of its several provisions, or where the application of this rule works on alleged injustice or undue hardship upon any party or anticipated party to any agreement hereunder, the party aggrieved may refer the matter to the Arizona Corporation Commission for hearing and decision in accordance with the Rules of Practice and Procedure of the Commission.

All agreements under this Rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved the Utilities Division, the refundable advances shall be immediately due and payable to the person making the advance. R14-2-406.

8. SPECIFICATIONS

The size, design, type and quality of materials of the system, installed under this Rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:

1. 150 p.s.i. working pressure rating and
2. 6" standard diameter

However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the six-inch diameter main extension. R14-2-406-H.

9. ACCESS TO PREMISES

Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the utility's property used in furnishing service and the exercise of any and all rights secured to it by law or Arizona Corporation Commission Rules. R14-2-405-C1.

Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service. R14-2-405-C1.

When a utility 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 utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customers' expense. R14-2-409-A1.

10. METER READING, BILLING AND COLLECTING

Each utility shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days. R14-2-409-A1.

Bills for water will be computed in accord with the Company's authorized tariff schedule and will be based on the amount of water consumed for the period covered by the meter readings; except that where a Consumer orders a turn-on resulting in a period of availability of service of less than sixteen days. This consumption will be carried over to the next month's billing.

Charge for service commences when the meter is installed and connection made, whether used or not. R14-2-409-D4.

Bills are due when rendered and delinquent fifteen (15) days thereafter. Delinquent notices providing a ten (10) day cut-off notice shall be sent to each delinquent account. If the account is not paid at the end of said ten (10) day period, the service may be discontinued. Service discontinued for delinquency of bills will be restored only after all due bills are paid in full, redeposit made, if required, and a service charge, if any, is paid. R14-2-409-C1 and R14-2-410.

Failure to receive bills or notices shall not prevent such bills from becoming delinquent nor relieve the Consumer of his obligation therein. R14-2-409-D3.

If the Consumer pays the bill with a check and the Company is notified by the Consumer's bank that there are insufficient funds to cover the check, the account will be treated as a delinquent account and service fee of

\$10.00 will be charged in addition to the amount of the bill. In addition, the Company may, in its sole discretion, require the Consumer to pay future billings in cash, money order, certified check or other means which would guarantee payment to the Company. R14-2-409-F.

If the Consumer believes his bill to be in error, he shall present his claim, at the Company's office, before the bill becomes delinquent.

The Company will make special meter readings within ten (10) working days after receiving the request of the Consumer for a fee of \$10.00, provided, however, that if such special reading discloses that the meter was over-read, no charge will be made. R14-2-408-C.

Meters will be tested at the request of the Consumer upon payment to the Company of the sum of \$20.00, provided, however, that if the meter is found to over-register beyond three per centum of the correct volume, no charge will be made. R14-2-408-F.

If the seal of a meter is broken by other than the Company's representative, this shall be cause for termination of service without notice. R14-2-410-B.

11. CHANGE OF OCCUPANCY

Not less than three (3) working days notice must be given in person, in writing, or by telephone at the utility's office to discontinue service or to change occupancy. R14-2-409-H1.

The outgoing party shall be responsible for all water consumed and/or utility services provided up to the scheduled turn-off date. R14-2-409-H2.

12. CONTINUITY OF SERVICE

The Company shall not be responsible in damages or otherwise for any failure to supply water, or for interruption of supply, if such failure or interruption is without willful default or neglect on its part. R14-2-407-C.

13. FIRE HYDRANTS FOR FIRE PROTECTION ONLY

The fire hydrants authorized by the town, city or fire district are for the use of the fire departments for the extinguishments of fires and must not be used for any other purposes, without prior authorization from Community Water Company of Green Valley.

14. PRIVATE FIRE HYDRANT SERVICE

Private fire hydrant services are to be installed under the provision of the tariff schedule and/or tariff sheet provided for this service, and their use is limited to the extinguishments of fire only. Any other use will result in

discontinuance of service.

The Company will furnish, install, own and maintain all piping from the Company's main to Consumer's property line. The Consumer will make a non-refundable contribution to cover the Company's cost of construction, including the installation cost of an approved detector check valve and vault.

Connections or taps on the Consumer's side of connection for other than Fire Hydrants are prohibited.

Private Fire Hydrant Systems must be installed in accordance with standards set and acceptable by the organization or agencies having jurisdiction.

15. FIRE SPRINKLER SERVICE

Fire sprinkler services are to be installed under the provision of the tariff schedule provided for this service, and their use is limited to the extinguishments of fire only.

The Company will furnish, install, own and maintain all piping from the Company's main to Consumer's property line. The Consumer will make a non-refundable contribution to cover the Company's cost of construction, including the installation cost of an approved detector check valve and vault.

Connections or taps on the Consumer's side of connection for other than Fire Sprinkler Service are prohibited.

Fire Sprinkler Systems must be installed in accordance with standards set by the National Fire Protection Association (NFPA) and acceptable by the organization having jurisdiction.

16. NO AGENT CAN MODIFY

No agent has the right to amend, modify or alter the application of these rules or any rates, terms, conditions, rules or regulations as filed with the Arizona Corporation Commission.

17. DEFINITIONS

As used here, the word "Consumer" means and includes the person, firm or corporation using water delivered to the premises, building or establishment where used, or for whose account and use such water is delivered, and also the owner, occupant, tenant and lessee of the premises, building or establishment.

The word "Company" means Community Water Company of Green Valley.

A singular includes the plural, and the plural includes the singular.

The masculine, feminine and neuter each include each of the other two (2) genders.

18. APPROVAL

These rules and regulations have been adopted and/or approved by the Arizona Corporation Commission (1-800-222-7000) either by decision or in individual tariffs on file with the Commission, or the Arizona Corporation Commission Administrative Rules and Regulations covering water utilities.

EXHIBIT E

ARIZONA CORPORATION COMMISSION REGULATIONS AND GUIDELINES

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;
SECURITIES REGULATION

CHAPTER 2. CORPORATION COMMISSION
FIXED UTILITIES

Authority: Article XV, § 3, Constitution of Arizona and A.R.S. § 40-202 et seq.

Editor's Note: The Office of the Secretary of State publishes all Code Chapters on white paper (Supp. 02-1).

The Corporation Commission has determined that rules in this Chapter are exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)). This exemption means that the rule was not certified by the Attorney General. Because this Chapter was filed under a rulemaking exemption, as determined by the Corporation Commission, other than a statutory exemption, the Chapter is printed on green paper.

Chapter 2, consisting of Sections R14-2-104, R14-2-105, R14-2-201 through R14-2-213, R14-2-301 through R14-2-313, R14-2-401 through R14-2-411, R14-2-501 through R14-2-510, and R14-2-601 through R14-2-610, adopted effective March 2, 1982.

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ARTICLE 4. WATER UTILITIES

Section

- R14-2-401. Definitions
- R14-2-402. Certificate of Convenience and Necessity for water utilities; abandonments
- R14-2-403. Establishment of service
- R14-2-404. Minimum customer information requirements
- R14-2-405. Service connections and establishments
- R14-2-406. Main extension agreements
- R14-2-407. Provision of service
- R14-2-408. Meter reading
- R14-2-409. Billing and collection
- R14-2-410. Termination of service
- R14-2-411. Administration and Hearing Requirements

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ARTICLE 4. WATER UTILITIES

R14-2-401. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply:

1. "Advance in aid of construction." Funds provided to the utility by the applicant under the terms of a main extension agreement the value of which may be refundable.
2. "Applicant." A person requesting the utility to supply water service.
3. "Application." A request to the utility for water 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 readings of the utility's meters at approximately 30 day intervals.
6. "Billing period." The time interval between two consecutive meter readings that are taken for billing purposes.
7. "Commodity charge." The unit of cost per billed usage, as set forth in the utility's tariffs.
8. "Contributions in aid of construction." Funds provided to the utility by the applicant under the terms of a main extension agreement and/or service connection tariff the value of which are not refundable.

9. "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.
10. "Customer charge." The amount the customers must pay the utility for the availability of water service, excluding any water used, as specified in the utility's tariffs.
11. "Day." Calendar day.
12. "Distribution main." A water main of the utility from which service connections may be extended to customers.
13. "Interruptible water service." Water service that is subject to interruption or curtailment.
14. "Main extension." The mains and ancillary equipment necessary to extend the existing water distribution system to provide service to additional customers.
15. "Master meter." A meter for measuring or recording the flow of water at a single location where said water is transported through an underground piping system to tenants or occupants for their individual consumption.
16. "Meter." The instrument for measuring and indicating or recording the volume of water that has passed through it.
17. "Meter tampering." A situation where a meter has been illegally altered. Common examples are meter bypassing, use of magnets to slow the meter recording, and broken meter seals.
18. "Minimum charge." The amount the customer must pay for the availability of water service, including an amount of usage, as specified in the utility's tariffs.
19. "Minimum delivery pressure." 20 pounds per square inch gauge at the meter or point of delivery.
20. "Permanent customer." A customer who is a tenant or owner of a service location who applies for and receives water service.
21. "Permanent service." Service which, in the opinion of the utility, is of a permanent and established character. The use of water may be continuous, intermittent, or seasonal in nature.
22. "Person." Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
23. "Point of delivery." The point where facilities owned, leased, or under license by a customer connect to the utility's pipes or at the outlet side of the meter.
24. "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.
25. "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.
26. "Residential use." Service to customers using water for domestic purposes such as personal consumption, water heating, cooking, and other residential uses and includes use in apartment buildings, mobile home parks, and other multiunit residential buildings.
27. "Rules." The regulations set forth in the tariffs which apply to the provision of water service.
28. "Service area." The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide water service.
29. "Service establishment charge." The charge as specified in the utility's tariffs which covers the cost of establishing a new account.
30. "Service line." A water line that transports water from a common source (normally a distribution main) of supply to the customer's point of delivery.
31. "Service reconnect charge." The charge as specified in the utility's tariffs which must be paid by the customer prior to reestablishment of water service each time the water is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's fixed rules.
32. "Service reestablishment charge." A charge as specified in the utility's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.
33. "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.
34. "Tariffs." The documents filed with the Commission which list the services and products offered by the water company and which set forth the terms and conditions and a schedule of the rates and charges for those services and products.
35. "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 utility, is for operations of a speculative character is also considered temporary service.
36. "Utility." The public service corporation providing water service to the public in compliance with state law.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-402. Certificate of Convenience and Necessity for water utilities; abandonments

- A. Application for new Certificate of Convenience and Necessity
1. Any person or entity who desires to construct and/or operate a water utility will, prior to commencement of construction of utility facilities, file an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission.
 2. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted in a form prescribed by the Commission and shall include, at a minimum, the following information:
 - a. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation.
 - b. A copy of the Articles of Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization, or association.
 - c. The type of plant, property, or facility proposed to be constructed.
 - d. A complete description of the facilities proposed to be constructed, including preliminary engineering specifications in sufficient detail to properly describe the principal systems and components which meet the requirements of the health department. Final and complete engineering specifications shall be supplied when they become available.
 - e. The rates proposed to be charged for the service that will be rendered.
 - f. The estimated total cost of the proposed construction.
 - g. The manner of capitalization and method of financing for the project.
 - h. The financial condition of the applicant.
 - i. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction.
 - j. The estimated starting and completion date of the proposed construction.
 - k. Maps of the proposed service area.
 - l. Appropriate city, county and/or state agency approvals.
 - m. The estimated number of customers to be served for each of the first five years of operation, including documentation to support the estimates.
 3. Upon the receipt of such application, the Commission staff of the Utilities Division shall review the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications.
 4. Once the applicant has satisfied the information requirements of this regulation, as well as any additional information required by the staff of the Commission's Utilities Division, the Commission shall, expeditiously as reasonably practicable, schedule hearings to consider such application.
- B. Application for discontinuance or abandonment of utility service
1. Any utility proposing to discontinue or abandon utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.
 2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant or facility as is necessary to support the application.
 3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.
- C. Additions/extensions to outside existing Certificates of Convenience and Necessity
1. Each utility which proposes to extend utility service to a location not within its certificated service area, but located in a non-certificated area contiguous to its certificated service area, shall prior to the extension of service, notify the Commission of such service extension. Such notifications shall be in writing and shall be verified and shall set forth, at a minimum, the number of persons or entities proposed to be served by such service extension, their location in relation to the certificated area of the utility and a statement of the utility that the service extension is to a non-certificated area which is contiguous to its certificated area. Where emergency service is required to be provided to a customer in a non-certificated area contiguous to the utility certificated area the utility shall advise the Commission simultaneously of such extension and the written notification shall set forth the nature and extent of the emergency.
 2. For purpose of this rule the following definition of "contiguous" is: Contiguous -- Common, ordinary and approved meaning. In actual close contact; touching; bounded or traversed by.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by adding subsection (C) effective September 28, 1982 (Supp. 82-5).

R14-2-403. Establishment of service

- A. Information from new applicants**
1. A utility 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/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 utility 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. Each utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
 3. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.
- B. Deposits**
1. A utility may require a deposit from any new applicant for service.
 2. The utility 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 utility's records.
 3. Interest on deposits shall be calculated annually at an interest rate filed by the utility 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 utility bills provided the utility may reestablish the deposit if the customer becomes delinquent in the payment of bills two or more times within a 12-consecutive-month period.
 - b. Upon discontinuance of service when the customer has paid all outstanding amounts due the utility.
 6. A separate deposit may be required for each meter installed.
 7. The amount of a deposit required by the utility shall be determined according to the following terms:
 - a. Residential customer deposits shall not exceed two times the average residential class bill as evidenced by the utility'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.
 - c. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.
 8. Upon discontinuance of service, the deposit may be applied by the utility toward settlement of the customer's bill.
- C. Grounds for refusal of service. A utility may refuse to establish service if any of the following conditions exist:**
1. The applicant has an outstanding amount due for the same class of utility service with the utility and the applicant is unwilling to make arrangements with the utility for payment.
 2. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
 3. Refusal by the applicant to provide the utility with a deposit.
 4. Customer is known to be in violation of the utility'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 utility as a condition for providing service.
 6. Applicant falsifies his or her identity for the purpose of obtaining service.
- D. Service establishments, re-establishments or reconnection charge**
1. A utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility services.
 2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service

connection. Where the utility scheduling will not permit service establishment on the same day requested, the customer can elect to pay the after-hour charge for establishment that day.

3. For the purpose of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install a meter, read a meter, or turn the service on.

E. Temporary service

1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.
4. 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 utility the customer is classified as permanent, the terms of the utility's main extension rules shall apply.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (B) and (D) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-404. Minimum customer information requirements

A. Information for residential customers

1. Each utility 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 usage included in the minimum charge, where applicable.
 - b. Rate blocks, where applicable.
 - c. Any adjustment factor(s) and method of calculation.
2. The utility 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, a utility shall make available upon customer request not later than 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. Each utility upon written request of a customer shall transmit a concise statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.
5. Each utility shall inform all new customers of their rights to obtain the information specified above.

B. Information required due to changes in tariffs

1. Each utility shall transmit to affected customers by the most economic means available a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-405. Service connections and establishments

A. Priority and timing of service establishments

1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service connection and/or establishment.
2. Service establishments shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the five working day limitation.
3. When the utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the service establishment to the satisfaction of both parties.

4. Each utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours, unless another time-frame is mutually acceptable to the utility and the customer.
 5. Service establishments shall be made only by qualified utility service personnel.
 6. For the purposes of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install or read a meter or turn the service on.
- B. Service lines**
1. An applicant for service shall be responsible for the cost of installing all customer piping up to the meter.
 2. An applicant for service shall pay to the utility as a refundable advance in aid of construction the sum as set forth in the utility's tariff for each size service and meter. Except where the refundable advances in aid of construction for meters and service lines have been included in refundable advances in aid of construction for line extensions and thus are refundable pursuant to main extension contracts approved by the Commission, each advance in aid of construction for a service line or meter shall be repaid by the utility by an annual credit of 1/10 of the amount received, said credit to be applied upon the water bill rendered in November of each year until fully paid, for each service and meter for which the advance was made, and said credit to commence the month of November for all such advances received during the preceding calendar year.
 3. Where service is being provided for the first time, the customer shall provide and maintain a private cutoff valve within 18 inches of the meter on the customer's side of the meter, and the utility shall provide a like valve on the utility's side of such meter.
 4. The Company may install its meter at the property line or, at the Company's option, on the customer's property in a location mutually agreed upon.
 5. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all piping necessary for relocating the meter and the utility may make a charge for moving the meter and/or service line.
 6. The customer's lines or piping must be installed in such a manner as to prevent cross-connection or backflow.
 7. Each utility shall file a tariff for service and meter installations for Commission review and approval.
- C. Easements and rights-of-way**
1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
 2. When a utility 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 utility's access to equipment, the utility 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.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (B) effective September 28, 1982

(Supp. 82-5).

R14-2-406. Main extension agreements

- A.** Each utility entering into a main extension agreement shall comply with the provisions of this rule which specifically defines the conditions governing main extensions.
- B.** An applicant for the extension of mains may be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, including all valves and fittings.
 1. In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
 2. Upon request by a potential applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to

- the estimated cost of preparation. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts utility 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 utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
3. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the Commission rules on main extension agreements prior to the applicant's acceptance of the utility's extension agreement.
 4. In the event the utility's actual cost of construction is less than the amount advanced by the customer, the utility shall make a refund to the applicant within 30 days after the completion of the construction or utility's receipt of invoices related to that construction.
 5. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.
- C. Minimum written agreement requirements
1. Each main extension agreement shall include the following information:
 - a. Name and address of applicant(s)
 - b. Proposed service address
 - c. Description of requested service
 - d. Description and map of the requested line extension
 - e. Itemized 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 applicable
 - h. Utility's estimated start date and completion date for construction of the main extension
 2. Each applicant shall be provided with a copy of the written main extension agreement.
- D. Refunds of advances made pursuant to this rule shall be made in accord with the following method: the Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, a minimum amount equal to 10% of the total gross annual revenue from water sales to each bona fide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than 10 years. Refunds shall 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. A balance remaining at the end of the ten-year period set out shall become non-refundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company, however, agreements under this general order may provide that any balance of the amount advanced thereunder remaining at the end of the 10 year period set out, shall thereafter remain payable in whole or in part and in such manner as is set forth in the agreement. The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.
- E. Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.
- F. The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement.
- G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each.
- H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:

1. 150 p.s.i. working pressure rating and
2. 6" standard diameter.

However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the 6-inch diameter main extension.

- I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.
- J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.
- K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.
- L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account designated as Contributions in Aid of Construction.
- M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-407. Provision of service

- A. Utility responsibility. Each utility shall be responsible for providing potable water to the customer's point of delivery.
- B. Customer responsibility
 1. Each customer shall be responsible for maintaining all facilities on the customer's side of the point of delivery in a safe and efficient manner and in accordance with the rules of the state Department of Health.
 2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying water to that customer.
 3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
 4. Each customer shall be responsible for payment for any equipment damage resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
 5. Each customer shall be responsible for notifying the utility of any failure identified in the utility's equipment.
 6. Water furnished by the utility shall be used only on the customer's premises and shall not be resold to any other person. During critical water conditions, as determined by the Commission, the customer shall use water only for those purposes specified by the Commission. Disregard for this rule shall be sufficient cause for refusal or discontinuance of service.
- C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall 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 utility 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. Curtailment.
- D. Service interruptions
 1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
 2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility 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 utility 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.
 4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 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 utility.
 5. The Commission shall be notified of interruptions in service affecting the entire system or any major division thereof. The interruption of service and cause shall be reported within four hours after the responsible representative of the utility becomes aware of said interruption by telephone to the Commission and followed by a written report to the Commission.
- E. Minimum delivery pressure. Each utility shall maintain a minimum standard delivery pressure of 20 pounds per square inch gauge (PSIG) at the customer's meter or point of delivery.
- F. Construction standards. Each utility shall construct all facilities in accordance with the guidelines established by the state Department of Health Services.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (F) effective September 28, 1982

(Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-408. Meter reading

- A. Frequency. Each meter shall be read monthly on as close to the same day as practical.
- B. Measuring of service
1. All water delivered by the utility shall be billed upon the basis of metered volume sales except that the utility may, at its option, provide a fixed charge schedule for the following:
 - a. Temporary service where the water use can be readily estimated
 - b. Public and private fire protection service
 - c. Water used for street sprinkling and sewer flushing, when provided for by contract between the utility and the municipality or other local governmental authority
 - d. Other fixed charge schedules as shall be submitted to and approved by the Commission.
 2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the facilities being metered.
- C. Customer requested rereads
1. Each utility shall at the request of a customer reread the customer's meter within 10 working days after such request by the customer.
 2. Any rereads shall be charged to the customer at a rate on file and approved by the Commission, provided that the original reading was not in error.
 3. When a reading is found to be in error, the reread shall be at no charge to the customer.
- D. Access to customer premises. Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the utility's property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.
- E. Meter testing and maintenance program. Each utility shall establish a regular program of meter testing taking into account the following factors:
1. Size of meter
 2. Age of meter
 3. Consumption
 4. Characteristics of water.
- F. Customer requested meter tests. A utility shall test a meter upon customer request and each utility shall be authorized to charge the customer for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-409. Billing and collection

- A. Frequency and estimated bills

1. Each utility shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days.
 2. If the utility is unable to read the meter on the scheduled meter read date, the utility will estimate the consumption for the billing period giving consideration to the following factors where applicable:
 - a. The customer's usage during the same month of the previous year
 - b. The amount of usage during the preceding month.
 3. After the second consecutive month of estimating the customer's bill for reasons other than severe weather, the utility will attempt to secure an accurate reading of the meter.
 4. Failure on the part of the customer to comply with a reasonable request by the utility for access to its meter may lead to the discontinuance of service.
 5. Estimated bills will be issued only under the following conditions:
 - a. Failure of a customer who read his own meter to deliver his meter reading card to the utility in accordance with the requirements of the utility billing cycle.
 - b. Severe weather conditions which prevent the utility from reading the meter.
 - c. Circumstances that make it dangerous or impossible to read the meter, i.e., locked gates, blocked meters, vicious or dangerous animals, etc.
 6. Each bill based on estimated usage will indicate that it is an estimated bill.
- B. Combining meters, minimum bill information**
1. Each meter at a customer's premises will be considered separately for billing purposes, and the readings of two or more meters will not be combined.
 2. Each bill for residential service will contain the following minimum information:
 - a. Date and meter reading at the start of billing period
 - b. Previous month's meter reading
 - c. Billed usage
 - d. Utility telephone number
 - e. Customer's name
 - f. Service account number (if available)
 - g. Amount due and due date
 - h. Past due amount (where appropriate)
 - i. Adjustment factor, where applicable
 - j. Other approved tariff charges.
- C. Billing terms**
1. All bills for utility services are due and payable when rendered. Any payment not received within 15 days from the date the bill was rendered shall be considered delinquent.
 2. For purposes of this rule, the date a bill is rendered may be evidenced by:
 - a. The postmark date
 - b. The mailing date:
 - i. Certified mail
 - ii. Certificate of mailing.
 3. All delinquent bills shall be subject to the provisions of the utility's termination procedures as set forth in R14-2-410.
 4. All payments shall be made at or mailed to the office of the utility or to the utility's duly authorized representative.
- D. 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. Each utility shall make provisions for advance payment for utility 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, each utility may collect from its customers a proportionate share of any privilege, sales or use tax.
- E. Meter error corrections**
1. If any meter after testing is found to be more than 3% in error, either fast or slow, proper correction between 3% and the amount of the error shall be made of previous readings and adjusted bills shall be rendered according to the following terms:
 - a. For the period of three months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three months since the meter shall have been shown to be in error by such test, or

- b. From the date the error occurred, if the date of the cause can be definitely fixed.
 - 2. No adjustment shall be made by the utility except to the customer last served by the meter tested.
- F. Insufficient funds (NSF) checks
- 1. A utility shall be allowed to recover a fee, as approved by the Commission for each instance where a customer tenders payment for utility service with an insufficient funds check.
 - 2. When the utility is notified by the customer's bank that there are insufficient funds to cover the check tendered for utility service, the utility 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 utility.
 - 3. A customer who tenders an insufficient check shall in no way be relieved of the obligation to render payment to the utility under the original terms of the bill nor defer the utility's provision for termination of service for nonpayment of bills.
- G. Deferred payment plan
- 1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.
 - 2. Each deferred payment agreement entered into by the utility and the customer 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 agreement.
 - b. Customer agrees to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.
 - c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six months.
 - 3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility 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 utility's scheduled termination date for nonpayment of bills; customer failure to execute a deferred payment agreement prior to the scheduled termination date shall not prevent the utility from discontinuing service for nonpayment.
 - 5. Deferred payment agreements may be in writing and may be signed by the customer and an authorized utility 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 utility shall have the right to disconnect service pursuant to the utility's termination of service rules and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.
- H. Change of occupancy
- 1. Not less than three working days advance notice must be given in person, in writing, or by telephone at the utility's office to discontinue service or to change occupancy.
 - 2. The outgoing party shall be responsible for all utility services provided and/or consumed up to the scheduled turn-off date.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (C) effective September 28, 1982 (Supp. 82-5).

R14-2-410. Termination of service

- A. Nonpermissible reasons to disconnect service. A utility 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 service.
 4. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the customer agrees to pay over a reasonable period of time.
- B. Termination of service without notice**
1. Utility 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 utility has evidence of meter tampering or fraud.
 - c. Unauthorized resale or use of utility services.
 - d. Failure of a customer to comply with the curtailment procedures imposed by a utility during supply shortages.
 2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
 3. Each utility 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.
- C. Termination of service with notice**
1. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
 - a. Customer violation of any of the utility's tariffs filed with the Commission and/or violation of the Commission's rules and regulations.
 - b. Failure of the customer to pay a delinquent bill for utility service.
 - c. Failure to meet or maintain the utility's credit and deposit requirements.
 - d. Failure of the customer to provide the utility reasonable access to its equipment and property.
 - e. Customer breach of a written contract for service between the utility and customer.
 - f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.
 2. Each utility 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.
- D. Termination notice requirements**
1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility'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 utility, if applicable.
 - c. The date on or after which service may be terminated.
 - d. A statement advising the customer to contact the utility at a specific address or phone number for information regarding any deferred payment or other procedures which the utility may offer or to work out some other mutually agreeable solution to avoid termination of the customer's service.
 - e. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service.
- E. Timing of terminations with notice**
1. Each utility shall be required to give at least 10 days advance written notice prior to the termination date.
 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 utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.

4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the utility.
 5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.
- F. Landlord/tenant rule. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:
1. Where it is feasible to so provide service, the utility, 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 utility may disconnect service pursuant to the rules.
 2. A utility 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.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (E) effective September 28, 1982

(Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-411. Administrative and Hearing Requirements

- A. Customer service complaints
1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
 2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.
 3. The utility shall notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
 4. The utility shall inform the customer of his right of appeal to the Commission.
 5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
 - a. Name and address of the complainant
 - b. Date and nature of the complaint
 - c. Disposition of the complaint
 - d. A copy of any correspondence between the utility, the customer, and/or the Commission.
 This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.
- B. Notice by utility of responsible officer or agent
1. Each utility shall file with the Commission a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of the onsite manager of its operations.
 2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five days from the date of any such change.
- C. Time-frames for processing applications for Certificates of Convenience and Necessity
1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
 2. Within 30 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
 3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
 5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application.
 6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
 - a. Administrative completeness review time-frame: 30 calendar days,
 - b. Substantive review time-frame: 150 calendar days,
 - c. Overall time-time: 180 calendar days.
 7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
 8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time- frame rules.
- D. Accounts and records**
1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting and statistical data necessary to give complete and authentic information as to its properties and operations.
 2. Each utility shall maintain its books and records in conformity with the NARUC Uniform Systems of Accounts for Class A, B, C and D Water Utilities.
 3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
 4. All utilities shall submit an annual report to the Commission on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding calendar year.
 5. All utilities shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.
 6. All utilities shall file with the Commission a copy of all annual reports required by the Federal Energy Regulatory Commission.
- E. Maps.** All utilities shall file with the Commission a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.
- F. Variations, exemptions of Commission rules and regulations.** Variations or exemptions from the terms and requirements of any of the rules included herein (Title 14, Chapter 2, Article 4) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.
- G. Prior agreements.** The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (D) effective September 28, 1982

(Supp. 82-5). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended to correct subsection numbering (Supp. 99-4).

EXHIBIT F
COMPANY CURTAILMENT PLAN

Community Water Company Of Green Valley

CURTAILMENT PLAN

On October 9, 2003, the Arizona Corporation Commission approved the following Curtailment Plan for Community Water Company of Green Valley (Company), docket no. W-02304A-03-0469. This tariff is now effective by operations of law.

The Company is authorized to
curtail water service to all customers
within its certificated area
under the terms and conditions described herein.

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

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

STAGE 1 CONDITIONS AND DECLARATION:

1. A Stage 1 curtailment condition exists when the Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its production or storage facilities impacting the ability to deliver an adequate supply of water.
2. Restrictions: Under a **Stage 1** curtailment condition, Company is deemed to be operating normally and no curtailment is warranted.
3. Notice Requirements: None.

STAGE 2 CONDITIONS AND DECLARATION:

1. Company may declare that a Stage 2 curtailment condition exists when:
 - a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, or
 - b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, or other condition, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.
2. Restrictions: If a **Stage 2** curtailment condition is declared, 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.
3. Notice Requirements:
 - a. Under a Stage 2 curtailment condition, 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 inform the customers of the general nature of the problem and the need to conserve water.
 - b. Return to a Stage 1 curtailment condition shall be achieved by written notice delivered door-to-door at each service address or by notification in the next billing.

STAGE 3 CONDITIONS AND DECLARATION:

1. Company may declare that a Stage 3 curtailment condition 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, or
 - b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, or other condition, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.
2. Restrictions: If a Stage 3 curtailment condition is declared, 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.
3. Notice Requirements:
 - a. 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 inform the customers of the general nature of the problem and the need to conserve water.
 - b. Company shall post signs showing the curtailment stage. Signs shall be posted at noticeable locations, such as at the well sites and at the entrance to major subdivisions served by the Company.
 - c. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering stage 3.
 - d. Return to a less stringent curtailment condition shall be achieved by written notice delivered door-to-door at each service address or by notification in the next billing.

STAGE 4 CONDITIONS AND DECLARATION:

1. Company may declare that a Stage 4 curtailment condition 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, or
 - b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, or other condition, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.
2. Restrictions: If a Stage 4 curtailment condition is declared, 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:

- a. Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
 - b. Washing of any vehicle is prohibited
 - c. Use of water for dust control, except as required by law, or any outdoor cleaning uses is prohibited
 - d. The use of drip or misting systems of any kind is prohibited
 - e. Filling of any swimming pool, spa, fountain or ornamental pool is prohibited
 - f. Restaurant patrons shall be served water only upon request
 - g. Any other water intensive activity is prohibited
3. Notice Requirements:
 - a. 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 inform the customers of the general nature of the problem and the need to conserve water.

- b. Company shall post signs showing the curtailment stage. Signs shall be posted at noticeable locations, such as at the well sites and at the entrance to major subdivisions served by the Company.
 - c. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering a Stage 4 curtailment condition.
 - d. Return to a less stringent curtailment condition shall be achieved by written notice delivered door-to-door at each service address or by notification in the next billing.
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.
 5. If the Company determines that it will be unable, to provide an adequate supply of water for drinking purposes, the Company shall augment the supply of water by hauling or through an emergency interconnect to an approved source or must otherwise provide drinking water for its customers until a permanent solution can be implemented.

WHEN RECORDED, RETURN TO:
Community Water Company of Green Valley
1501 South La Cañada Drive
Green Valley, Arizona 85614-1600

WITH A COPY TO:
Phelps Dodge Sierrita, Inc.
c/o Freeport-McMoRan Copper & Gold, Inc.
Attn: Resource Management
One North Central Avenue
Phoenix, Arizona 85004

WATER LINE & FACILITIES EASEMENT

THIS WATER LINE & FACILITIES EASEMENT AGREEMENT (this "Agreement") is made this 29th day of January, 2008, by and between Phelps Dodge Sierrita, Inc., a Delaware corporation as the GRANTOR, and Community Water Company of Green Valley, an Arizona nonprofit corporation as the GRANTEE. This Agreement is being entered into as required under that certain Agreement Relating to Extension of Water Distribution Facilities between GRANTOR as the "Customer" and GRANTEE as the "Company" dated as January 29th 2008 (the "Water Service Agreement");

WITNESSETH:

1. Grant of Easement. That the GRANTOR, for and in consideration of one dollar (\$1.00), the terms and conditions of the Water Service Agreement, and other valuable consideration given by the GRANTEE, the receipt and sufficiency of which are hereby acknowledged, does hereby acknowledge, grant and convey unto the GRANTEE, its successors and assigns, a non-exclusive right-of-way, privilege and easement for the installation of a pipeline two in-ground vertical pumps, pipelines, and associated appurtenances and a pipeline from the two in-ground vertical pumps, to GRANTOR'S above-ground storage tank (now installed or which hereafter may be installed by GRANTEE, its successors and assigns) together with the right to enter into and upon for the purpose of maintaining, repairing, replacing, or removing said pipelines and pumps, and all other items necessary in the construction and maintenance thereof (the "Easement"); said Easement being in, on, through, over, across, and under a portion of GRANTOR'S property located at 6200 West Duval Mine Road in Green Valley, Pima County, Arizona as further described on Exhibit "A" attached hereto and incorporated herein by this reference and depicted on Exhibit "B" attached hereto and incorporated herein by this reference (the "Easement Property"). The Easement shall also include the right for GRANTEE to trim, prune, or remove any trees or shrubs located within or outside the limits of the Easement Property, that in the reasonable judgment of GRANTEE may interfere with the construction or endanger the operation of said Easement and/or appurtenant facilities. Notwithstanding the foregoing grant of the Easement, GRANTOR hereby reserves unto itself, for its benefit and the benefit of its

successors and assigns, a perpetual easement and privilege to run with and bind the Easement Property, to release and discharge dust, sand, tailings, dirt, noises and vibrations from mines, dumps, and other facilities located on lands now or hereafter owned by the GRANTOR, its successors and assigns adjacent to or in the vicinity of the Easement Property, and to allow and permit such dust, sand, tailings, dirt, noises, vibrations to be carried over and across the Easement Property, either by wind, water, air currents or otherwise, without incurring any liability for or on account of any damage or injury to GRANTEE'S interest in the Easement Property or to any vegetation, facilities, improvements, property, or persons located thereon, including the Easement.

2. No Implied Rights: No Representations or Warranties. GRANTEE agrees to accept and use the Easement Property in "AS IS" "WHERE IS" condition and to bear all risks associated with the Easement and the condition of the Easement Property, except for those risks directly arising from the wrongful or grossly negligent acts of GRANTOR or GRANTOR'S agents, employees, representatives, or contractors. GRANTEE shall use the Easement Property based on GRANTEE'S inspection and investigation of all matters pertaining thereto and not in reliance on any representation, warranty or agreement of GRANTOR or GRANTOR'S agents, employees, representatives or contractors. GRANTEE agrees that the Easement is subject to all existing easements, rights-of-way and other rights, including, without limitation, all matters of record and all matters that can be disclosed by a physical inspection and survey of the Easement Property. Nothing in this Agreement shall be construed to create a public dedication or conveyance to the public or to any governmental agency or to any third party or to give any party other than GRANTEE and its successors and assigns any rights hereunder.

3. Duties and Obligations of Grantee. GRANTEE shall exercise reasonable care in its use of the Easement Property and shall regularly inspect, maintain, repair and keep the Easement in a good, safe, clean and workmanlike condition to the extent required by the Water Services Agreement. GRANTEE shall comply with all applicable laws, rules and regulations now in force and hereafter enacted, including, without limitation, all environmental, safety and health related laws and regulations, in connection with its use of the Easement and Easement Property. In addition, GRANTEE shall obtain any and all necessary approvals and right-of-way use permits from the County of Pima, State of Arizona, at GRANTOR'S reasonable cost and expense, for installation of the Easement on the Easement Property.

4. No Liens. GRANTEE shall at all times keep and maintain the Easement Property free and clear of any and all liens, claims, demands, obligations, liabilities and causes of action arising out of or in any manner relating to any work, including construction and installation of the Easement and maintenance and repair work, performed on the Easement Property for or on behalf of GRANTEE or arising out of the use of the Easement Property by GRANTEE and its guests, invitees, agents and employees. If any demand, claim, lien or cause of action is filed, asserted or made on, against or with respect to the Easement Property as a result of any of such work or use, GRANTEE shall cause such lien, demand, claim or cause of action to be dismissed, released, and discharged therefrom no

later than thirty (30) days thereafter or commence proceedings to dismiss, release and discharge within thirty (30) days and diligently pursue such proceedings until completed.

5. Insurance. GRANTEE shall obtain and maintain during the term of this Agreement the insurance coverage described on Exhibit "C" attached hereto, which shall name GRANTOR as an additional insured.

6. Assignment. GRANTEE shall have no right to make any assignment of its rights, benefits or obligations hereunder and any such assignment shall be null and void and shall result in the immediate termination of this Agreement unless such assignment is previously approved in writing by GRANTOR. Any such assignment shall require the assignee to be obligated by the terms and conditions of this Agreement and shall not release GRANTEE of its liabilities and obligations under this Agreement.

7. Rights Reserved by Grantor. GRANTOR may use the Easement Property for any purpose consistent with the actual use of the Easement. GRANTOR covenants to keep the Easement Property open and free from any obstruction or encroachment, including but limited to, structures and landscaping inconsistent with GRANTEE'S permitted use of the Easement Property.

8. Termination of Easement. This Agreement shall expire upon the earlier of: (i) the expiration or sooner termination of the Water Services Agreement; or (ii) when GRANTEE ceases to use the Easement Property for a period of one (1) year, all rights granted to GRANTEE hereunder shall automatically terminate without notice. GRANTEE shall within ten (10) business days of receipt of GRANTOR'S written request for the same, deliver to GRANTOR, in a form reasonably acceptable to GRANTOR, an executed termination and release and quitclaim deed terminating this Agreement. Should GRANTEE fail to deliver such executed termination and release and quitclaim deed terminating this Agreement within such 10-day period, GRANTOR may do so on behalf of GRANTEE.

9. Miscellaneous.

A. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one instrument.

B. Fees and Costs. If either party to this Agreement shall institute suit against the other to enforce its rights under this Agreement or to seek damages by reason of a breach of this Agreement and obtain a valid judgment against the other, the prevailing party shall be entitled to receive all attorneys' fees, witness fees (including expert witness fees) and other litigation-related expenses incurred, with the attorneys' fees to be fixed by the judge of the court of the applicable jurisdiction, sitting without a jury.

C. Governing Law; Time. This Agreement shall be governed by the laws of the State of Arizona. Any action, claim, dispute or litigation arising under this

EXHIBIT "A"

Description of Easement Property

That part of the West half of the West half of the West half of Section 16, Township 18 South, Range 13 East, G.&S.R.M., described as follows:

COMMENCING at the Northernmost corner of that parcel of land described in Docket 9347, Page 1600, in the Office of the County Recorder of Pima County, Arizona;

Thence South 01 degrees 39 minutes 04 seconds East along said parcel, 14.39 feet;

Thence South 44 degrees 17 minutes 19 seconds West along said parcel, 39.95 feet to the Southwesterly line of the right-of-way easement for Continental Road as described in Road Proceedings No. 1669 and the POINT OF BEGINNING;

Thence South 48 degrees 43 minutes 20 seconds West along said parcel, 90.21 feet;

Thence North 41 degrees 16 minutes 40 seconds West, 79.33 feet;

Thence North 48 degrees 43 minutes 20 seconds East, 81.14 feet to a point of non-tangent curvature on said Southwesterly line of Continental Road, from which point the radius point bears South 40 degrees 06 minutes 53 seconds West;

Thence along said Southwesterly line of Continental Road, along a curve to the right, having a radius of 1095.87 feet and a central angle of 004 degrees 10 minutes 32 seconds, 79.86 feet to the POINT OF BEGINNING.

Containing 6835 square feet, or 0.157 acres, more or less.

EXHIBIT B

Depiction of Easement Property

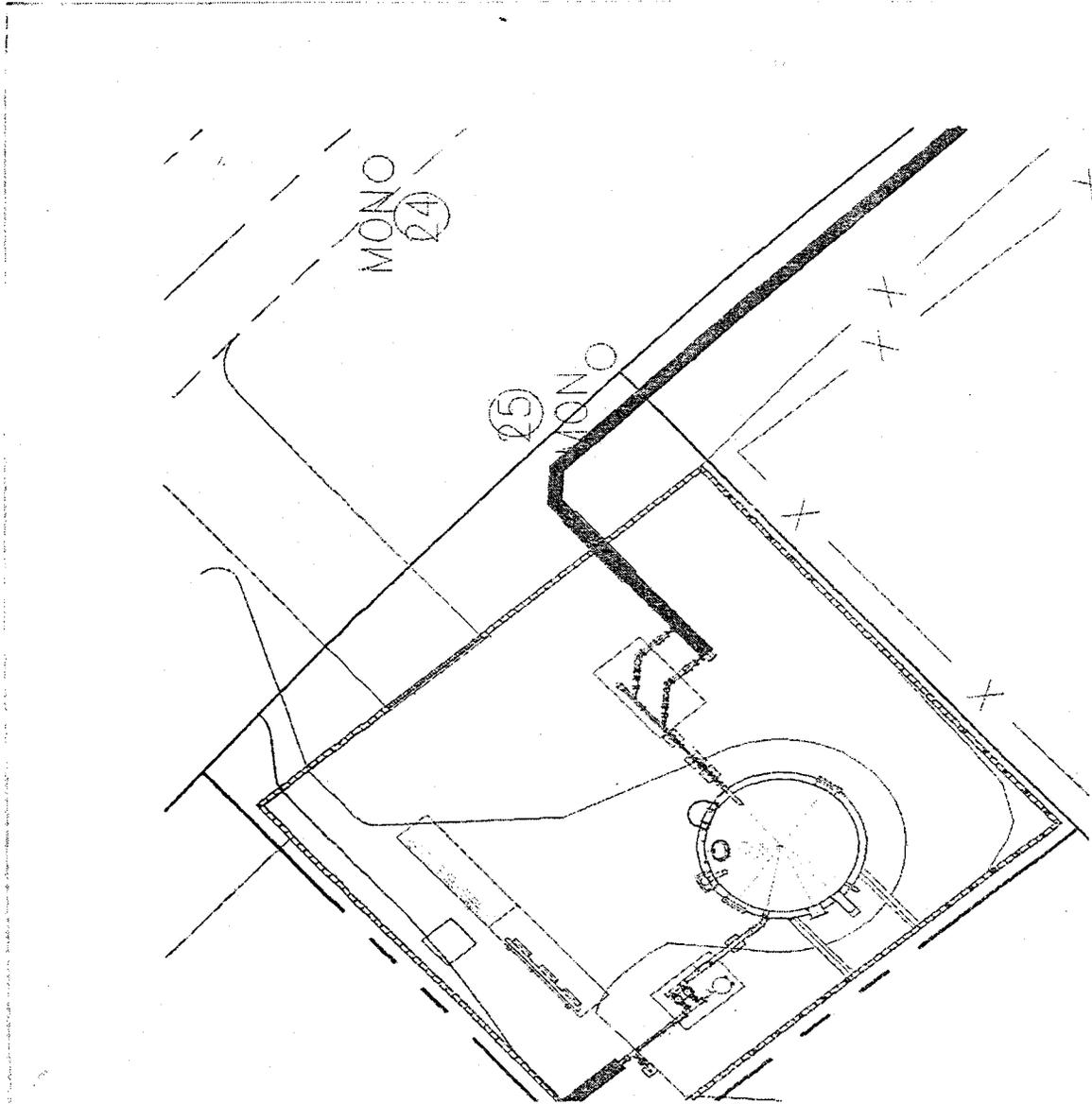


EXHIBIT "C"

Insurance Requirements

Grantee shall continuously maintain the following minimum insurance coverage during the term of the Easement Agreement and at any other time that Grantee or its agents, employees and contractors enter, or perform activities on the Easement Property:

1. Commercial general liability insurance coverage, (at least as broad as comprehensive general liability insurance coverage), with a broad form comprehensive general liability endorsement of single limits of no less than \$2,000,000.00 per occurrence, and aggregate limits of no less than \$2,000,000.00, for bodily injury, death, personal liability and property damage liability on a claims-made basis.
2. Automobile and liability insurance covering owned, non-owned, leased and hired vehicles with combined single limits of no less than \$1,000,000.00 per occurrence of bodily injury, death, and property damage liability on a claims-made basis.
3. Worker's compensation insurance in the statutory amounts for the State of Arizona and employer's liability insurance with limits of not less than the applicable State of Arizona statutory minimums or \$100,000/\$100,000/\$500,000, whichever is greater.

The insurance policies shall contain no exclusions or limitations with regard to explosion, collapse or underground hazard coverage.