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AZ CORP COMMISSION
DOCKET CONTROL Arizona Corporation Commission

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MAY 3 2011

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4 Phoenix, Arizona 85012-2913
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5 Attorneys for Rio Rico Utilities Inc.

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 IN THE MATTER OF THE APPLICATION
10 OF RIO RICO UTILITIES, INC., AN
ARIZONA CORPORATION, FOR A
11 DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND PROPERTY
12 AND FOR INCREASES IN ITS WATER
AND WASTEWATER RATES AND
13 CHARGES FOR UTILITY SERVICE BASED
THEREON.

Docket No. WS-02676A-09-0257

**NOTICE OF COMPLIANCE;
MOTION FOR ORDER
NUNC PRO TUNC CORRECTING
DECISION NO. 72059**

14 Pursuant to Decision No. 72059 (January 6, 2011) (“Decision”), Rio Rico Utilities,
15 Inc. (“RRUI” or “Company”) hereby files its revised schedules of rates and charges
16 (attached as **Exhibit 1**), and Alternate Rates for Water and Wastewater (“Low Income
17 Tariff”) (attached as **Exhibit 2**).

18 It was brought to RRUI’s attention that the wastewater service charge “late
19 payment penalty,” at a rate of 1/.5% per month, which was included in the Recommended
20 Opinion and Order (November 30, 2010) on page 36 and approved at the Open Meeting
21 on December 15, 2010, is omitted from the Decision. RRUI respectfully requests entry of
22 an order *Nunc Pro Tunc* to correct the Decision to include the late payment penalty charge,
23 at 1.5% per month, in the authorized wastewater service charges section on page 36. The
24 Company has included this line item in its rate schedule (Exhibit 1 at Sheet No. 14) and,
25 with Staff’s consent, in the Company’s notice to customers.

1 The revised schedules also incorporate RRUI's previously approved Cross-
2 Connection or Backflow Tariff and Curtailment Plan.

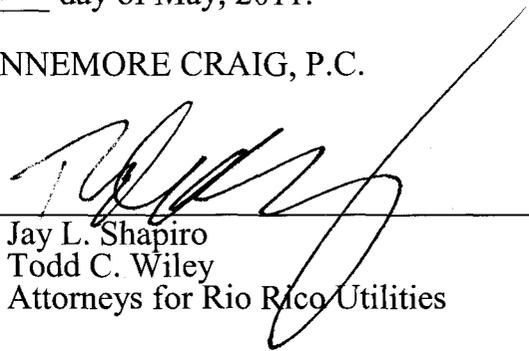
3 As directed by the Decision, the Low Income Tariff (Exhibit 2) comports with
4 Staff's recommendations in this case, but has been modified to mirror Litchfield Park
5 Service Company's ("LPSCO") Low Income Tariff, which is a more current version.¹

6 Like LPSCO, RRUI has modified the format of the Low Income Tariff application
7 and declaration of eligibility (Exhibit 2 at Sheet Nos. 19.3 and 19.4, respectively), and
8 uses RRUI's dba name, Liberty Water; however the substantive content of these forms is
9 unchanged. Additionally, RRUI prepared a summary page to provide to customers along
10 with the application and declaration (Exhibit 2 at Sheet No. 19.5).²

11 Also in accordance with the Decision, RRUI notified customers of the new rates
12 and charges and the Low Income Tariff. Attached as **Exhibit 3** is the affidavit of Gregory
13 S. Sorensen.

14 RESPECTFULLY SUBMITTED this 3 day of May, 2011.

15 FENNEMORE CRAIG, P.C.

16
17 By 

18 Jay L. Shapiro
19 Todd C. Wiley
20 Attorneys for Rio Rico Utilities

21
22
23
24 ¹ See LPSCO's Notice of Compliance, filed January 18, 2011 in Docket No. SW-01428A-09-0103 *et al.*,
at 2:16 – 3:7 and Exhibit 1.

25 ² RRUI's application and declaration of eligibility are modified in the same fashion that LPSCO's are
26 modified, and RRUI's summary page mirrors that of LPSCO's. Staff has approved LPSCO's forms.

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ORIGINAL and 13 copies
of the foregoing were delivered
this 3rd day of May, 2011, to:

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

COPY of the foregoing was e-mailed and mailed
this 3rd day of May, 2011 to:

Jane Rodda, Esq.
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
400 W. Congress
Tucson, Arizona 85701

COPY of the foregoing was hand-delivered
this 3rd day of May, 2011 to:

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Robin Mitchell, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Connie Walczak, Consumer Services
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Phoenix, Arizona 85007

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COPY of the foregoing was mailed
this 3rd day of May, 2011 to:

Daniel W. Pozefsky, Esq.
Michelle Wood, Esq.
Residential Utility Consumer Office
1110 W. Washington, Suite 220
Phoenix, Arizona 85007

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Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

By Whitney Birk

2394141.1/080191.0006

EXHIBIT

1

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ISSUED BY:

Greg Sorensen, Operator
Rio Rico Utilities, Inc.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

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Applies to all WATER service areas
PART ONE
STATEMENT OF CHARGES FOR WATER SERVICE

I. RATES – General Residential, Commercial, and Industrial Service

In Opinion and Order No. 72059, dated January 6, 2011, the Commission approved the following rates and charges effective **February 1, 2010**:

A. Monthly Usage Charge

| <u>Meter Size</u> Inches | <u>Minimum Charge</u> Per Month |
|-----------------------------|------------------------------------|
| 5/8" x 3/4" Meter | \$ 10.98 |
| 3/4" Meter | 16.47 |
| 1" Meter | 27.45 |
| 1 1/2" Meter | 54.90 |
| 2" Meter | 87.84 |
| 3" Meter | 175.68 |
| 4" Meter | 274.50 |
| 6" Meter | 549.00 |
| 8" Meter | 878.40 |
| 10" Meter | 1,262.70 |
| 12" Meter | 2,360.70 |

| <u>Fire Lines:</u> | |
|---------------------------|-----------|
| Up to 8" | Per Rule* |
| 10" | Per Rule* |
| 12" | Per Rule* |

*1% of monthly minimum for a comparable size meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct for the primary water service line.

Issued: May 3, 2011

Effective: February 1, 2011

ISSUED BY:

Greg Sorensen, Operator
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 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392

Applies to all WATER service areas

PART ONE

STATEMENT OF CHARGES FOR WATER SERVICE

B. Commodity Rates

The rate for use in addition to the minimum stated above shall be at the following rates per 1,000 gallons:

| <u>Meter Size (All Classes)</u> | <u>Consumption</u> | <u>Charge</u> |
|--|-----------------------------|----------------------|
| 5/8" x 3/4" Meter | From 0 to 3,000 gallons | \$1.59 |
| | From 3,001 to 9,000 gallons | 2.92 |
| | Over 9,000 gallons | 3.64 |
| 3/4" Meter | From 0 to 6,000 gallons | 2.92 |
| | Over 6,000 gallons | 3.64 |
| 1" Meter | From 0 to 15,000 gallons | 2.92 |
| | Over 15,000 gallons | 3.64 |
| 1 1/2" Meter | From 0 to 20,000 gallons | 2.92 |
| | Over 20,000 gallons | 3.64 |
| 2" Meter | From 0 to 57,000 gallons | 2.92 |
| | Over 57,000 gallons | 3.64 |
| 3" Meter | From 0 to 57,000 gallons | 2.92 |
| | Over 57,000 gallons | 3.64 |
| 4" Meter | From 0 to 57,000 gallons | 2.92 |
| | Over 57,000 gallons | 3.64 |
| 6" Meter | From 0 to 125,000 gallons | 2.92 |
| | Over 125,000 gallons | 3.64 |

Issued: May 3, 2011

Effective: February 1, 2011

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Applies to all WATER service areas
PART ONE
STATEMENT OF CHARGES FOR WATER SERVICE

Section I.B continued

| <u>Meter Size</u> | <u>Consumption</u> | <u>Charge</u> |
|--------------------------|---------------------------|----------------------|
| 8" Meter | From 0 to 125,000 gallons | 2.92 |
| | Over 125,000 gallons | 3.64 |
| 10" Meter | From 0 to 125,000 gallons | 2.92 |
| | Over 125,000 gallons | 3.64 |
| 12" Meter | From 0 to 125,000 gallons | 2.92 |
| | Over 125,000 gallons | 3.64 |

Applies to all WATER service areas
PART ONE
STATEMENT OF CHARGES FOR WATER SERVICE

C. Service Line and Meter Installation Charges
 (Refundable pursuant to A.A.C. R14-2-405)

| <u>Meter Size</u> | <u>Line</u> | <u>Meter</u> | <u>Total</u> |
|-------------------|-------------|--------------|--------------|
| 5/8 x 3/4" Meter | At Cost | At Cost | At Cost |
| 3/4" Meter | At Cost | At Cost | At Cost |
| 1" Meter | At Cost | At Cost | At Cost |
| 1 1/2" Meter | At Cost | At Cost | At Cost |
| 2" Meter | At Cost | At Cost | At Cost |
| 3" Meter | At Cost | At Cost | At Cost |
| 4" Meter | At Cost | At Cost | At Cost |
| 6" Meter | At Cost | At Cost | At Cost |
| 8" Meter | At Cost | At Cost | At Cost |
| 10" Meter | At Cost | At Cost | At Cost |
| 12" Meter | At Cost | At Cost | At Cost |

 Issued: May 3, 2011

ISSUED BY:

Effective: February 1, 2011

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Applies to all WATER service areas

PART ONE

STATEMENT OF CHARGES FOR WATER SERVICE

D. Service Charges

| <u>Service</u> | <u>Charge</u> |
|--|---------------|
| Establishment | \$15.00 |
| Establishment (After Hours) | 25.00 |
| Reconnection (Delinquent) | 15.00 |
| Reconnection (Delinquent after hours) | 25.00 |
| Meter Test (if correct) | 15.00 |
| Deposit | Per Rule* |
| Deposit Interest | Per Rule* |
| Re-Establishment (within 12 months) | Per Rule** |
| NSF Check | \$15.00 |
| Meter Re-Read (If Correct) | 20.00 |
| Late Payment Penalty | 1.5%/mo. |
| Deferred Payment*** | 1.5%/mo. |
| Moving meter at customer request | At Cost |
| Service Calls – per hour / after hours | \$40.00 |

* Per Commission Rules (R14-2-403.B)

** Months off the system times the minimum (R14-2-403.D)

*** Per Commission Rules (R14-2-409.G)

ISSUED BY:

Greg Sorensen, Operator
Rio Rico Utilities, Inc.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

Applies to all WATER service areas
PART ONE
STATEMENT OF CHARGES FOR WATER SERVICE

II. TAXES AND ASSESSMENTS

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule R14-2-409(D)(5).

Applies to all WATER service areas
PART ONE
STATEMENT OF CHARGES FOR WATER SERVICE

III. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead not to exceed 10%. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date. However, if the actual cost is more than five percent (5%) greater than the total amount paid, the customer will only be required to pay five percent (5%) more than the total amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the total amount paid was made.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

Applies to all WATER service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

I. CROSS-CONNECTION OR BACKFLOW TARIFF

Purpose.

The purpose of this tariff is to protect Rio Rico Utilities, Inc. water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow prevention assemblies pursuant to the provisions of Arizona Administrative Code (A.A.C.) R14-2-405.B.6 and A.A.C. R18-4-115.

Requirement.

In compliance with the rules and regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality, specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

1. The Company may require a customer to pay for and install a backflow-prevention assembly if A.A.C. R18-4-115.B or C applies.
2. Any backflow-prevention assembly required to be installed by the customer under paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-115.D and E.
3. Subject to the provision of A.A.C. R14-2-407 and 410 and in accordance with paragraphs 1 and 7 of this tariff, Rio Rico Utilities, Inc. may terminate service or deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. Rio Rico Utilities, Inc. shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is **not** applicable, the customer shall be given thirty (30) days in which to comply with this notice. If the customer can show good cause as to why she or he cannot install the device within thirty (30) days, Rio Rico Utilities, Inc. or Commission Staff may suspend this requirement for a reasonable period of time.

Applies to all WATER service areas

PART TWO

STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

5. Testing shall be in conformance with the requirement of A.A.C. R18-4-115.F. Rio Rico Utilities, Inc. may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests. Rio Rico Utilities, Inc. may also require the customer to pay for repairs to a backflow-prevention assembly.
6. The customer shall provide Rio Rico Utilities, Inc. with records of installation and testing. For each backflow-prevention assembly, these records shall include:
 - a. assembly identification number and description;
 - b. location;
 - c. date(s) of test(s);
 - d. description of repairs and recommendations for repairs made by tester; and
 - e. the tester's name and certification number.
- 7A. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, Rio Rico Utilities, Inc. may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested before service is restored.
- 8A. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

ISSUED BY:

Greg Sorensen, Operator
Rio Rico Utilities, Inc.
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

Applies to all WATER service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

II. INTERRUPTIBLE SERVICE; COMPANY'S LIABILITY LIMITATIONS

The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company will maintain a minimum water pressure of 20 p.s.i. and will not guarantee a specific gallons per minute flow rate at any public fire hydrants or fire sprinkler service. In the event service is interrupted, irregular or defective, or fails from causes beyond the Company's control or through ordinary negligence of its employees or agents, the Company will not be liable for any injuries or damages arising therefrom.

Issued: May 3, 2011

ISSUED BY:

Effective: February 1, 2011

Greg Sorensen, Operator
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12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392

Applies to all WATER service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

III. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.

Applies to all WATER service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

IV. CURTAILMENT PLAN

ADEQ Public Water System Number: 12-011

Rio Rico Utilities, Inc. ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

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

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

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

Stage 1 Exists When:

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

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

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

Stage 2 Exists When:

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

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

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

Applies to all **WATER** service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

Stage 3 Exists When:

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

Restrictions: Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent of Stage 1 consumption. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible.

Notice Requirements:

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

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Applies to all WATER service areas
PART TWO
STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE

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

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

Notice Requirements:

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

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

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

Applies to all WASTEWATER service areas
PART THREE
STATEMENT OF CHARGES FOR WASTEWATER SERVICE

I. RATES

In Opinion and Order No. 72026, dated December 10, 2010, the Commission approved the following rates and charges to become **effective December 1, 2010**:

A. Monthly Minimum Charge

| <u>Meter Size (All Classes)</u> Inches | <u>Charge</u> Per Month |
|---|----------------------------|
| 5/8" Meter | \$ 45.88 |
| 3/4" Meter | 52.88 |
| 1" Meter | 64.64 |
| 1 1/2" Meter | 95.44 |
| 2" Meter | 132.38 |
| 3" Meter | 230.62 |
| 4" Meter | 341.83 |
| 6" Meter | 649.58 |
| 8" Meter | 944.45 |
| 10" Meter | 1,415.24 |
| 12" Meter | 2,012.57 |

Issued: May 3, 2011

ISSUED BY:

Effective: February 1, 2011

Greg Sorensen, Operator
 Rio Rico Utilities, Inc.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392

Applies to all WASTEWATER service areas
PART THREE
STATEMENT OF CHARGES FOR WASTEWATER SERVICE

B. Commodity Rates (All Meter Sizes)

| | |
|---|--------|
| Commercial and Multi-Tenant Only | |
| 0 to 7,000 gallons | \$0.00 |
| Over 7,000 gallons | 4.67 |

Applies to all WASTEWATER service areas
PART THREE
STATEMENT OF CHARGES FOR WASTEWATER SERVICE

C. Service Line and Meter Installation Charges

| Service Line Size | |
|-------------------|---------|
| 4" Meter | At Cost |
| 6" Meter | At Cost |
| 8" Meter | At Cost |
| 10" Meter | At Cost |
| 12" Meter | At Cost |

ISSUED BY:

Greg Sorensen, Operator
 Rio Rico Utilities, Inc.
 12725 W. Indian School Road, Suite D-101
 Avondale, AZ 85392

Applies to all **WASTEWATER** service areas
PART THREE
STATEMENT OF CHARGES FOR WASTEWATER SERVICE

D. Service Charges

| <u>Service</u> | <u>Charge</u> |
|---------------------------------------|---------------|
| Establishment | \$15.00 |
| Establishment (After Hours) | 25.00 |
| Reconnection (Delinquent) | 15.00 |
| Reconnection (Delinquent after hours) | 25.00 |
| Deposit | Per Rule* |
| Deposit Interest | Per Rule* |
| Re-Establishment (within 12 months) | Per Rule** |
| NSF Check | \$15.00 |
| Late Payment Penalty | 1.5%/mo. |
| Deferred Payment | 1.5%/mo. |
| Moving meter at customer request | At Cost |
| Service calls – per hour/after hours | \$40.00 |

* Per Commission Rules (R14-2-603.B)

** Months off the system times the minimum (R14-2-603.D)

Applies to all WASTEWATER service areas
PART THREE
STATEMENT OF CHARGES FOR WASTEWATER SERVICE

II. TAXES AND ASSESSMENTS

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

Applies to all WASTEWATER service areas
PART THREE
STATEMENT OF CHARGES FOR WASTEWATER SERVICE

III. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to the Company.

Applies to all WASTEWATER service areas
PART FOUR
STATEMENT OF TERMS AND CONDITIONS FOR WASTEWATER SERVICE

I. CUSTOMER DISCHARGE TO SYSTEM

A. Service Subject to Regulation

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

B. Waste Limitations

The Company has established the permissible limits of concentration as domestic strength wastewater and will limit concentration for various specific substances, materials, waters, or wastes that can be accepted in the sewer system, and to specify those substances, materials, waters, or wastes that are prohibited from entering the sewer system. Each permissible limit so established shall be placed on file in the business office of the Company, with a copy filed with the Commission. No person shall discharge, or cause to be discharged, any new sources of inflow including, but not limited to, storm water, surface water, groundwater, roof runoffs, subsurface drainage, cooling water, or polluted industrial process waters into the sanitary sewer. The Company will require an affidavit from all commercial and industrial customers, and their professional engineer, stating that the wastewater discharged to the system does not exceed domestic strength.

C. Inspection and Right of Entry

Every facility that is involved directly or indirectly with the discharge of wastewater to the Treatment Plant may be inspected by the Company as it deems necessary. These facilities shall include but not be limited to sewer; sewage pumping plants; all processes; devices and connection sewer; and all similar sewerage facilities. Inspections may be made to determine that such facilities are maintained and operated properly and are adequate to meet the provisions of these rules. Inspections may include the collection of samples. Authorized personnel of the Company shall be provided immediate access to all of the above facilities or to other facilities directly or indirectly connected to the Treatment Plant at all reasonable times including those occasioned by emergency conditions. Any permanent or temporary obstruction to easy access to the user's facility to be inspected shall promptly be removed by the facility user or owner at

Applies to all WASTEWATER service areas
PART FOUR
STATEMENT OF TERMS AND CONDITIONS FOR WASTEWATER SERVICE

the written or verbal request of the Company and shall not be replaced. No person shall interfere with, delay, resist or refuse entrance to an authorized Company representative attempting to inspect any facility involved directly or indirectly with a discharge of wastewater to the Treatment Plant. Adequate identification shall be provided by the Company for all inspectors and other authorized personnel and these persons shall identify themselves when entering any property for inspection purposes or when inspecting the work of any contractor.

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

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

The Company is authorized to discontinue water service to any person connected to both its water and sewer systems who violates the Company's wastewater terms and conditions as set forth in this PART FOUR or in any way creates a public health hazard or the likelihood of such a public health hazard. This termination authority does not apply to non-payment for water or wastewater services.

Applies to all WASTEWATER service areas
PART FOUR
STATEMENT OF TERMS AND CONDITIONS FOR WASTEWATER SERVICE

II. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-601 through A.A.C. R14-2-609 will be controlling of Company procedures, unless specifically approved tariffs or Commission Order(s) provide otherwise.

EXHIBIT

2

Applies to all **WATER** and **WASTEWATER** service areas
PART FIVE
ALTERNATE RATES FOR WATER AND WASTEWATER (ARWW)
DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

APPLICABILITY

Applicable to residential water and wastewater service for domestic use rendered to low-income households where the customer meets all the program qualifications and special conditions of this rate schedule.

TERRITORY

Within all customer service areas served by the Rio Rico Utilities, Inc (“RRUI”).

RATES

Fifteen percent (15%) discount applied to the regular filed tariff.

PROGRAM QUALIFICATIONS

1. The RRUI bill must be in your name and the address must be your primary residence or you must be a tenant receiving water service by a sub-metered system.
2. You may not be claimed as a dependent on another person’s tax return.
3. You must reapply each time you move residences.
4. You must renew your application once every two (2) years, or sooner, if requested.
5. You must recertify each year by submitting a declaration attesting to your continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare / food stamp cards.
6. You must notify RRUI within thirty (30) days if you become ineligible for ARWW.
7. Your total gross annual income of all persons living in your household cannot exceed the income levels below:

Applies to all WATER and WASTEWATER service areas
PART FIVE
ALTERNATE RATES FOR WATER AND WASTEWATER (ARWW)
DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

Effective: January 1, 2011

| <u>No. of Person in Household</u> | <u>Total Gross Annual Income</u> |
|---------------------------------------|--------------------------------------|
| 1 | \$16,245 |
| 2 | 21,855 |
| 3 | 27,465 |
| 4 | 33,075 |
| 5 | 38,685 |
| 6 | 44,295 |

For each additional person residing in the household, add \$5,610

For the purpose of the program the “gross household income” means all money and non cash benefits, available for living expenses, from all sources, both taxable and non taxable, before deductions for all people who live in your home. This includes, but is not limited to:

- | | | |
|----------------------------------|------------------------------------|--------------------------------|
| Wages or salaries | Social Security, SSI, SSP | Rental or royalty income |
| Interest or dividends from: | Scholarships, grants, or other aid | Profit from self-employment |
| Savings account, stocks or bonds | used for living expenses | (IRS form Schedule C, Line 29) |
| Unemployment benefits | Disability payments | Worker’s Compensation |
| TANF (AFDC) | Food Stamps | Child Support |
| Pensions | Insurance settlements | Spousal Support |
| Gifts | | |

Applies to all **WATER** and **WASTEWATER** service areas
PART FIVE
ALTERNATE RATES FOR WATER AND WASTEWATER (ARWW)
DOMESTIC SERVICE – SINGLE FAMILY ACCOMMODATION

SPECIAL CONDITIONS

1. Application: An application on a form authorized by the Commission is required for each request for service under this schedule. A customer must reapply every two (2) years.
2. Recertification: A customer enrolled in the ARWW program must, each year, recertify by submitting a declaration attesting to continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare / food stamp cards.
3. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by RRUI.
4. Verification: Information provided by the applicant is subject to verification by RRUI. Refusal or failure of a customer to provide documentation of eligibility acceptable to RRUI, upon request by RRUI, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify RRUI if there is a change of eligibility status.
6. Rebilling: Customers may be re-billed retroactively for periods of ineligibility under the applicable rate schedule.
7. Master-metered: A reduction will be calculated in the bill of master-metered customers, who have sub-metered tenants that meet the income eligibility criteria, so an equivalent discount (15%) can be passed through to eligible customer(s).
8. Participation Cap: The ARWW program is limited to 2,200 water division customers and 725 wastewater division customers. Applications will be reviewed and approved on a first come, first served basis. Applicants will be placed on a waiting list if the participation cap has been met.

**Application for
Alternate Rates for Water and Wastewater (ARWW)**

To qualify for Liberty Water ARWW please check (✓) all that apply:

- I am a Liberty Water residential customer and the Liberty Water account is in my name.
- I am a sub-metered tenant within the Liberty Water service area.
- My household income is at or below the income level in the listing below.

| Household Size | Total Gross Annual Income from All Sources |
|----------------|--|
| 1 | \$16,245 |
| 2 | \$21,855 |
| 3 | \$27,465 |
| 4 | \$33,075 |
| 5 | \$38,685 |
| 6 | \$44,295 |

For each additional person residing in the household, add \$5,610.

The definition of "gross household income" (before taxes) is all money and non cash benefits available for living expenses from all sources, both taxable and non taxable, before deductions, including expenses, for all people who live in your home. **This includes, but is not limited to the following (please check (✓) all that apply):**

- | | |
|--|--|
| <input type="checkbox"/> Wages, salaries or profit from self-employment | <input type="checkbox"/> Social Security, SSI or SSP |
| <input type="checkbox"/> Disability and/or Workers' Compensation payments | <input type="checkbox"/> Food Stamps |
| <input type="checkbox"/> Insurance and/or legal settlements | <input type="checkbox"/> TANF (AFDC) |
| <input type="checkbox"/> Pensions | <input type="checkbox"/> Veterans Affairs benefits |
| <input type="checkbox"/> Spousal and/or child support | <input type="checkbox"/> Unemployment benefits |
| <input type="checkbox"/> Scholarships, grants, or other aid used for living | <input type="checkbox"/> Rental and/or royalty income |
| <input type="checkbox"/> Interest/dividends from: savings, stocks, bonds, or retirement accounts | <input type="checkbox"/> Cash, gifts and/or other income |

Please print the following information. **Incomplete information will delay your discount.** The name used to apply for the discount **must** be the same as the name on the Liberty Water statement.

| PLEASE PRINT LEGIBLY | | | | | | | | | | | |
|---|--|--|--|--|--|--|----------------------|--|--|--|--|
| Liberty Water Account Number (As shown on statement) | | | | | | | | | | | |
| Total No. of persons living in household: | | | Household's Total Gross Annual Income: \$ | | | | Contact Phone Number | | | | |
| Name as shown on Liberty Water statement | | | | | | | | | | | |
| Liberty Water Service Address | | | | | | | | | | | |
| City | | | State | | | | Zip Code | | | | |

Please attach one of the items listed as proof of income for eligibility verification: Copy of tax return from prior year, or copy of W2 from prior year, or copy of welfare / food stamp cards.

By signing below, I certify under penalty of perjury that this information is true and correct under the laws of the State of Arizona. I will provide proof of income and I will notify Liberty Water of any changes that affect my eligibility. I understand that if I receive the discount without meeting the qualifications for it, I may be required to pay back the discount I received.

Customer Signature _____

Date _____

Note: An Application for ARWW must be submitted every two years. A Declaration of Eligibility must be submitted annually for verification. Please allow 30-45 days for processing.

Office Use Only: Date Verified _____ Verified By _____ Expires _____

**Declaration of Eligibility
Alternate Rates for Water and Wastewater (ARWW)**

To recertify enrollment in the ARWW Program please fill out the following attesting to continuing eligibility:

| | | | | | | | | | | | | |
|--|-------|--|--|--|--|-------------------|----------|--|--|--|--|--|
| PLEASE PRINT LEGIBLY | | | | | | | | | | | | |
| Name as shown on Liberty Water statement | | | | | | | | | | | | |
| Liberty Water Account Number (As shown on statement) | | | | | | | | | | | | |
| Liberty Water Service Address | | | | | | | | | | | | |
| City | State | | | | | | Zip Code | | | | | |
| Contact Phone Number | | | | | | Work Phone Number | | | | | | |

I,

Your Name (Please Print)

Last submitted an Application for Alternative Rates (ARWW)
on

(dd/mm/yyyy)

and hereby confirm my eligibility for the year ending

(dd/mm/yyyy)

Please attach one of the items listed below as proof of income for eligibility verification:

**Copy of tax return from prior year,
or copy of W2 form from prior year,
or copy of welfare / food stamp cards.**

By signing below, I certify under penalty of perjury that this information is true and correct under the laws of the State of Arizona. I will provide proof of income and I will notify Liberty Water of any changes that affect my eligibility. I understand that if I receive the discount without meeting the qualifications for it, I may be required to pay back the discount I received.

Customer Signature

Date

Note: An Application for ARWW must be submitted every two years. A Declaration of Eligibility must be submitted annually for verification.

Liberty Water Alternate Rates for Water and Wastewater (ARWW)

Applicability

Applicable to residential water and wastewater service for domestic use rendered to low-income households where the customer meets all the Program Qualifications and Special Conditions of this rate schedule.

Territory

Within all customer service areas served by Rio Rico Utilities, Inc. dba Liberty Water.

Discount

Fifteen percent (15%) discount applied to the regular filed tariff. The discount will be applied to the customer's total bill before any adjustments and application of any other taxes, credit, penalties or fees.

Program Qualifications

- The Liberty Water account must be in your name and the address must be your primary residence in our service area or you must be a tenant receiving water service by a sub-metered system.
- You may not be claimed as a dependent on another person's tax return.
- You must reapply each time you move residences.
- You must renew your application once every two (2) years or sooner if requested.
- You must recertify each year by submitting a declaration attesting to your continuing eligibility, and provide one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare/food stamp cards.
- You must notify Liberty Water within thirty (30) days if you become ineligible for ARWW.
- Your total gross annual income of all persons living in your household cannot exceed the income levels provided on the application.

Special Conditions

- You must fill out and sign the ARWW Application completely. Incomplete information will delay your discount. You must reapply every two (2) years.
- You must recertify your enrollment in the ARWW annually by submitting a Declaration of Eligibility and providing one of the following items as proof of eligibility: 1) copy of tax return from prior year; or 2) copy of W2 form from prior year; or 3) copy of welfare/food stamp cards.
- Customers shall be billed on this schedule commencing with the next regularly scheduled billing period that follows the receipt and approval of the application by Liberty Water.
- Documentation of your gross annual income must be provided to Liberty Water for verification of eligibility for ARWW. Refusal or failure to provide documentation of acceptable eligibility to Liberty Water shall result in removal from this rate schedule.
- It is the customer's responsibility to notify Liberty Water if there is a change in eligibility status.
- You may be re-billed for any periods of ineligibility under the applicable rate schedule.
- Master-metered customers who have sub-metered tenants will receive a reduction in the billing. Sub-metered tenants must qualify and meet the income eligibility criteria so an equivalent discount (15%) can be passed through to eligible customer(s).
- The ARWW program is limited to 2,200 water division customers and 725 wastewater division customers.

How to Submit Completed ARWW Application and/or Declaration of Eligibility

Mail, Fax or Email your ARWW Application and Declaration of Eligibility to:

Liberty Water (Rio Rico Utilities, Inc.)

1060 Yavapai Drive, Suite 9

Rio Rico, AZ 85648

Fax: 520-281-7433

Email: customerserviceriorico@libertywater.com

EXHIBIT

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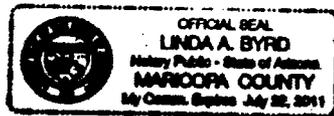
AFFIDAVIT OF GREGORY S. SORENSEN

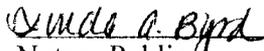
Gregory S. Sorensen, being duly sworn, deposes and says:

- 1. I am a resident of Maricopa County, over 18 years of age, and make this affidavit based on my own personal knowledge.
- 2. I am Vice President – Service Delivery for Liberty Water, and the operator of Rio Rico Utilities, Inc. (“RRUI”).
- 3. Pursuant to Decision No. 72059 (January 6, 2011), on January 28, 2011, February 3, 2011, and February 11, 2011 RRUI mailed to customers the notice which set forth the new rates and charges and their effective date, and provided information about the Alternate Rates for Water and Wastewater program. Supporting documentation is attached as **Exhibit A**, and a copy of the notice is attached as **Exhibit B**.


 Gregory S. Sorensen

SUBSCRIBED and sworn to before me this 17th day of February, 2011.




 Notary Public

My Commission Expires:

July 22, 2011
 292250780191.006

EXHIBIT

A

Postage Statement -- First-Class Mail

RIO RICO
Cycle 2

| | | |
|--|------------------------------|--|
| Transaction Number: 1102817591132 MO | CAPS Transaction Number: | Postage Statement Number: 104871739 |
| Mailing Group ID 91002103 | Mailing Job Number | Open Date 01-28-2011 |
| Preparer 1590-PI-CRITICAL DOCUMENT DELIVERY | Origin PSW - USPS Entered | Close Date 01-28-2011 |
| Job Description | | |

| | | |
|---|---|--|
| Permit Holder's Name and Address and Email Address, If Any CRITICAL DOCUMENT DELIVERY 188 INTERNATIONALE BLVD GLENDALE HEIGHTS, IL 60139 Contact Name: MARK OLEN (630)384-0900 | Name and Address of Mailing Agent (If other than permit holder) CRITICAL DOCUMENT DELIVERY 188 INTERNATIONALE BLVD GLENDALE HEIGHTS, IL 60139 Contact Name: MARK OLEN (630)384-0900 | Name and Address of Individual or Organization for Which Mailing is Prepared (If other than permit holder) LIBERTY WATER UTILITIES 12725 W INDIAN SCHOOL RD AVONDALE, AZ 85392-9520 Contact Name: CRITICAL DOCUMENT DELIVERY (630)384-0900 |
|---|---|--|

| | | | | | | |
|---|---|--|--|---|------------------------------|---|
| Post Office of Mailing CAROL STREAM IL 60199-9653 | Processing Category Letters (may include Cards) | Parcels Only Hold For Pickup (HFPU): No. of Pieces 0 | Mailer Provided Mailing Date 01/28/11 | Federal Agency Cost Code | Statement Seq. No. ALGONQ | No. & type of Containers Sacks: 0 1 ft. Letter Trays: 3 2 ft. Letter Trays: 10 EMM Letter Trays: 0 Flat Trays: 0 Pallets: 0 Other: 0 |
| Type of Postage Permit Imprint | Weight of a Single Piece Nonidentical | | Total Pieces 2,704 | Total Weight 113.6876 lbs. | | |
| Permit # 1590 | For Mail Enclosed Within Another Class <input type="checkbox"/> Standard Mail <input type="checkbox"/> Bound Printed Matter <input type="checkbox"/> Library Mail <input type="checkbox"/> Media Mail <input type="checkbox"/> Parcel Post | | | For Automation Rate Pieces, Enter Date of Address Matching and Coding 01/28/11 | | |
| Move Update Method: Ancillary Service Endorsement | | | | | | |

| | | |
|--|---|----------|
| Letter-size mailpieces contain: <input type="checkbox"/> Reply card or reply envelope <input type="checkbox"/> Only contents that are not required to be mailed FCM <input type="checkbox"/> DVD/CD or other disk | Parts Completed A, B | |
| Complete if the mailing includes pieces bearing metered or precanceled stamps. Rate at Which Postage Affixed (Check one) <input type="checkbox"/> Correct <input type="checkbox"/> Lowest <input type="checkbox"/> Neither | _____ pcs. x \$ _____ = Postage Affixed | \$0.00 |
| Net Postage Due (Subtract postage affixed from total postage) | | \$922.80 |
| For USPS Use Only: Additional Postage Payment (State reason) | | |
| Total USPS Adjusted Postage | | \$922.80 |

The mailer certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent certifies that he or she is authorized on behalf of the mailer then that mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control. The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and the mailing qualifies for the prices and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation. I understand that anyone who furnishes false or misleading information on this form or who omits information requested on this form may be subject to criminal and/or civil penalties, including fines and imprisonment.

Privacy Notice: For information regarding our Privacy Policy visit www.usps.com

Automation Prices

| Letters | Price | No. of Pieces | Total Postage |
|---------------|-------|---------------|---------------|
| A5 5-Digit | | 2,446 | \$819.410C |
| A7 AADC | | 1 | \$0.360C |
| A8 Mixed AADC | | 173 | \$66.086C |

Part A Total \$885.86

Part B

Nonautomation Prices

| Letters | Price | No. of Pieces | Total Postage |
|-----------------|-------|---------------|---------------|
| B4 Single-Piece | | 84 | \$36.960C |

Part B Total \$36.96

Postage Statement -- First-Class Mail

Rio Rico
Cycle 3

Transaction Number: 1103421511005 M0 CAPS Transaction Number: Postage Statement Number: 105244302

| | | | |
|---------------|--|------------------------------|--------------------------|
| Mailing Group | Mailing Group ID 91215806 | Mailing Job Number | Open Date 02-03-2011 |
| | Preparer 1590-PI-CRITICAL DOCUMENT DELIVERY | Origin PSW - USPS Entered | Close Date 02-03-2011 |
| | Job Description | | |

| | | | |
|---------------|---|--|---|
| Mailing Agent | Permit Holder's Name and Address and Email Address, If Any CRITICAL DOCUMENT DELIVERY 188 INTERNATIONALE BLVD GLENDALE HEIGHTS, IL 60139 Contact Name: MARK OLEN (630)384-0900 | Name and Address of Mailing Agent <i>(If other than permit holder)</i> CRITICAL DOCUMENT DELIVERY 188 INTERNATIONALE BLVD GLENDALE HEIGHTS, IL 60139 Contact Name: MARK OLEN (630)384-0900 | Name and Address of Individual or Organization for Which Mailing is Prepared <i>(If other than permit holder)</i> LIBERTY WATER UTILITIES 12725 W INDIAN SCHOOL RD AVONDALE, AZ 85392-9520 Contact Name: CRITICAL DOCUMENT DELIVERY (630)384-0900 |
|---------------|---|--|---|

| | | | | | | | |
|---------|---|---|--|--|--------------------------------------|------------------------------|--|
| Mailing | Post Office of Mailing CAROL STREAM IL 60199-9653 | Processing Category Letters (may include Cards) | Parcels Only Hold For Pickup (HFPU): No. of Pieces 0 | Mailer Provided Mailing Date 02/03/11 | Federal Agency Cost Code | Statement Seq. No. | No. & type of Containers Sacks: 0 1 ft. Letter Trays: 3 2 ft. Letter Trays: 5 EMM Letter Trays: 0 Flat Trays: 0 Pallets: 0 Other: 0 |
| | Type of Postage Permit Imprint | | | Weight of a Single Piece Nonidentical | | Total Pieces 1,412 | |
| | Permit # 1590 | For Mail Enclosed Within Another Class <input type="checkbox"/> Standard Mail <input type="checkbox"/> Bound Printed Matter <input type="checkbox"/> Library Mail <input type="checkbox"/> Media Mail <input type="checkbox"/> Parcel Post | | | <input type="checkbox"/> Periodicals | Total Weight 59.3928 lbs. | |

| | | | | |
|---------|--|---|--|---------|
| Postage | Letter-size mailpieces contain: <input type="checkbox"/> Reply card or reply envelope <input type="checkbox"/> Only contents that are not required to be mailed FCM <input type="checkbox"/> DVD/CD or other disk | Parts Completed A, B | | |
| | Complete if the mailing includes pieces bearing metered or precanceled stamps. Rate at Which Postage Affixed (Check one) <input type="checkbox"/> Correct <input type="checkbox"/> Lowest <input type="checkbox"/> Neither | _____ pcs. x \$ _____ = Postage Affixed | | \$0.00 |
| | Net Postage Due (Subtract postage affixed from total postage) | | | \$486.9 |
| | For USPS Use Only: Additional Postage Payment (State reason) | | | |
| | Total USPS Adjusted Postage | | | \$486.9 |

The mailer certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent certifies that he or she is authorized on behalf of the mailer then that mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control. The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and the mailing qualifies for the prices and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation. I understand that anyone who furnishes false or misleading information on this form or who omits information requested on this form may be subject to criminal and/or civil penalties, including fines and imprisonment.

Privacy Notice: For information regarding our Privacy Policy visit www.usps.com

Automation Prices

Letters

| | | Price | No. of Pieces | Total Postage |
|----|------------|-------|---------------|---------------|
| A5 | 5-Digit | | 1,176 | \$393.9600 |
| A7 | AADC | | 2 | \$0.7200 |
| A8 | Mixed AADC | | 185 | \$70.6700 |

Part A Total

Part B

Nonautomation Prices

Letters

| | | Price | No. of Pieces | Total Postage |
|----|--------------|-------|---------------|---------------|
| B4 | Single-Piece | | 49 | \$21.5600 |

Part B Total

Postage Statement -- First-Class Mail

K10 K100
Cycle 1

| | | |
|---|--------------------------|--|
| Transaction Number: 1104219553206 M0 | CAPS Transaction Number: | Postage Statement Number: 105776554 |
|---|--------------------------|--|

| | | |
|--|------------------------------|--------------------------|
| Mailing Group ID 91518366 | Mailing Job Number | Open Date 02-11-2011 |
| Preparer 1590-PI-CRITICAL DOCUMENT DELIVERY | Origin PSW - USPS Entered | Close Date 02-11-2011 |
| Job Description | | |

| | | |
|---|---|---|
| Permit Holder's Name and Address and Email Address, if Any CRITICAL DOCUMENT DELIVERY 188 INTERNATIONALE BLVD GLENDALE HEIGHTS, IL 60139 Contact Name: MARK OLEN (630)384-0900 | Name and Address of Mailing Agent (If other than permit holder) CRITICAL DOCUMENT DELIVERY 188 INTERNATIONALE BLVD GLENDALE HEIGHTS, IL 60139 Contact Name: MARK OLEN (630)384-0900 | Name and Address of Individual or Organization for Which Mailing is Prepared (If other than permit holder) |
|---|---|---|

| | | | | | | |
|---|---|---|--|------------------------------|------------------------------|--|
| Post Office of Mailing CAROL STREAM IL 60199-9653 | Processing Category Letters (may include Cards) | Parcels Only Hold For Pickup (HFPU): No. of Pieces 0 | Mailer Provided Mailing Date 02/11/11 | Federal Agency Cost Code | Statement Seq. No. | No. & type of Containers Sacks: 0 1 ft. Letter Trays: 3 2 ft. Letter Trays: 7 EMM Letter Trays: 0 Flat Trays: 0 Pallets: 0 Other: 0 |
| Type of Postage Permit Imprint | | Weight of a Single Piece Nonidentical | Total Pieces 1,740 | | Total Weight 76.7960 lbs. | |
| Permit # 1590 | For Mail Enclosed Within Another Class <input type="checkbox"/> Standard Mail <input type="checkbox"/> Bound Printed Matter <input type="checkbox"/> Library Mail <input type="checkbox"/> Media Mail <input type="checkbox"/> Parcel Post | | | Total Weight 76.7960 lbs. | | |
| For Automation Rate Pieces, Enter Date of Address Matching and Coding | Move Update Method: Ancillary Service Endorsement | | | | | |

| | | |
|--|---|----------|
| Letter-size mailpieces contain: <input type="checkbox"/> Reply card or reply envelope <input type="checkbox"/> Only contents that are not required to be mailed FCM <input type="checkbox"/> DVD/CD or other disk | Parts Completed A, B | |
| Complete if the mailing includes pieces bearing metered or precanceled stamps. Rate at Which Postage Affixed (Check one) <input type="checkbox"/> Correct <input type="checkbox"/> Lowest <input type="checkbox"/> Neither | _____ pcs. x \$ _____ = Postage Affixed | \$0.00 |
| Net Postage Due (Subtract postage affixed from total postage) | | \$595.60 |
| For USPS Use Only: Additional Postage Payment (State reason) | | |
| Total USPS Adjusted Postage | | \$595.60 |

The mailer certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent certifies that he or she is authorized on behalf of the mailer then that mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control. The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and the mailing qualifies for the prices and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation. I understand that anyone who furnishes false or misleading information on this form or who omits information requested on this form may be subject to criminal and/or civil penalties, including fines and imprisonment.

Privacy Notice: For information regarding our Privacy Policy visit www.usps.com

Automation Prices

| Letters | | Price | No. of Pieces | Total Postage |
|---------|------------|-------|---------------|---------------|
| A5 | 5-Digit | | 1,526 | \$511.2100 |
| A7 | AADC | | 2 | \$0.7200 |
| A8 | Mixed AADC | | 165 | \$63.0300 |

Part A Total \$574.96

Part B

Nonautomation Prices

| Letters | | Price | No. of Pieces | Total Postage |
|---------|--------------|-------|---------------|---------------|
| B4 | Single-Piece | | 47 | \$20.6800 |

Part B Total \$20.68

EXHIBIT

B

RIO RICO UTILITIES, INC.

****NEW RATES EFFECTIVE FEBRUARY 1, 2011****

On May 21, 2009, Rio Rico Utilities, Inc. ("RRUI") filed a rate application with the Arizona Corporation Commission ("Commission"). RRUI requested a rate increase for its water division, and a rate decrease for its wastewater division, that would produce a just and reasonable rate of return on the fair value of RRUI's utility plant and property. The proposed rates were thoroughly audited by Commission Staff, and a public comment session and evidentiary hearings were held. The Commission issued Decision No. 72059 ("Decision") on January 6, 2011. Under the approved rates, the average residential **water** customer with a 5/8-inch meter and monthly usage of 8,548 gallons would see an increase of \$12.01, or 60.2 percent, from \$19.94 to \$31.95. Under the approved rates, a residential **wastewater** customer with a 5/8 inch water meter will see a monthly **decrease** of \$10.48, or 18.59 percent, from \$56.36 to \$45.88. The rate schedule is set forth herein.

Billing Adjustments: Total monthly water and wastewater and miscellaneous charges are subject to adjustment for all federal, state, and local government taxes, levies, and any assessments that may be imposed by federal or state regulatory agencies on water and/or wastewater gross revenues.

If you have any questions regarding this Notice, please contact Liberty Water (Rio Rico Utilities, Inc.) at 520-281-7000.

RIO RICO UTILITIES, INC. – WATER DIVISION

MONTHLY USAGE CHARGE

| <u>METER SIZE</u> | <u>CHARGE</u> |
|---|---------------|
| 5/8 x 3/4" Meter | \$ 10.98 |
| 3/4" Meter | 16.47 |
| 1" Meter | 27.45 |
| 1 1/2" Meter | 54.90 |
| 2" Meter | 87.84 |
| 3" Meter | 175.68 |
| 4" Meter | 274.50 |
| 6" Meter | 549.00 |
| 8" Meter | 878.40 |
| 10" Meter | 1,262.70 |
| 12" Meter | 2,360.70 |
| Fire Lines: | |
| Up to 8" | Per Rule * |
| 10" | Per Rule * |
| 12" | Per Rule * |
| *1% of monthly minimum for a comparable size meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct for the primary water service line. | |

COMMODITY RATES – ALL CLASSES (per 1,000 gallons)

| <u>METER SIZE</u> | <u>CHARGE</u> |
|-----------------------------|---------------|
| 5/8 x 3/4" Meter | |
| From 0 to 3,000 Gallons | \$1.59 |
| From 3,001 to 9,000 Gallons | 2.92 |
| Over 9,000 Gallons | 3.64 |
| 3/4" Meter | |
| From 0 to 6,000 Gallons | \$2.92 |
| Over 6,000 Gallons | 3.64 |
| 1" Meter | |
| From 0 to 15,000 Gallons | \$2.92 |
| Over 15,000 Gallons | 3.64 |
| 1 1/2" Meter | |
| From 0 to 20,000 Gallons | \$2.92 |
| Over 20,000 Gallons | 3.64 |
| 2" Meter | |
| From 0 to 57,000 Gallons | \$2.92 |
| Over 57,000 Gallons | 3.64 |
| 3" Meter | |
| From 0 to 57,000 Gallons | \$2.92 |
| Over 57,000 Gallons | 3.64 |
| 4" Meter | |
| From 0 to 57,000 Gallons | \$2.92 |
| Over 57,000 Gallons | 3.64 |
| 6" Meter | |
| From 0 to 125,000 Gallons | \$2.92 |
| Over 125,000 Gallons | 3.64 |
| 8" Meter | |
| From 0 to 125,000 Gallons | \$2.92 |
| Over 125,000 Gallons | 3.64 |
| 10" Meter | |
| From 0 to 125,000 Gallons | \$2.92 |
| Over 125,000 Gallons | 3.64 |
| 12" Meter | |
| From 0 to 125,000 Gallons | \$2.92 |
| Over 125,000 Gallons | 3.64 |

RIO RICO UTILITIES, INC. – WATER DIVISION

SERVICE LINE AND METER INSTALLATION CHARGES (Refundable pursuant to A.A.C. R14-2-405)

| <u>SERVICE LINE SIZE</u> | <u>CHARGE</u> | | |
|--------------------------|---------------------|--------------|--------------|
| | <u>Service Line</u> | <u>Meter</u> | <u>Total</u> |
| 5/8" x 3/4" Meter | At Cost | At Cost | At Cost |
| 3/4" Meter | At Cost | At Cost | At Cost |
| 1" Meter | At Cost | At Cost | At Cost |
| 1 1/2" Meter | At Cost | At Cost | At Cost |
| 2" Meter | At Cost | At Cost | At Cost |
| 3" Meter | At Cost | At Cost | At Cost |
| 4" Meter | At Cost | At Cost | At Cost |
| 6" Meter | At Cost | At Cost | At Cost |
| 8" Meter | At Cost | At Cost | At Cost |
| 10" Meter | At Cost | At Cost | At Cost |
| 12" Meter | At Cost | At Cost | At Cost |

SERVICE CHARGES

| <u>SERVICE</u> | <u>CHARGE</u> |
|---------------------------------------|---------------|
| Establishment | \$15.00 |
| Establishment (After Hours) | 25.00 |
| Reconnection (Delinquent) | 15.00 |
| Reconnection (Delinquent after hours) | 25.00 |
| Meter Test (If Correct) | 15.00 |
| Deposit | Per Rule* |
| Deposit Interest | Per Rule* |
| Re-Establishment (within 12 months) | Per Rule ** |
| NSF Check | \$15.00 |
| Meter Re-Read (If Correct) | 20.00 |
| Late Payment Penalty | 1.5%/mo. |
| Deferred Payment*** | 1.5%/mo. |
| Moving meter at customer request | At Cost |
| Service calls – per hour/after hours | \$40.00 |

* Per Commission Rules (R14-2-403.B); ** Months off system times the minimum (R14-2-403.D); *** Per Commission Rules (R14-2-409.G).

RIO RICO UTILITIES, INC. – WASTEWATER DIVISION

MONTHLY MINIMUM CHARGE

| <u>METER SIZE</u> | <u>CHARGE</u> |
|-------------------|---------------|
| 5/8" Meter | \$ 45.88 |
| 3/4" Meter | 52.88 |
| 1" Meter | 64.64 |
| 1 1/2" Meter | 95.44 |
| 2" Meter | 132.38 |
| 3" Meter | 230.62 |
| 4" Meter | 341.83 |
| 6" Meter | 649.58 |
| 8" Meter | 944.45 |
| 10" Meter | 1,415.24 |
| 12" Meter | 2,012.57 |

COMMODITY RATES – ALL METER SIZES

| <u>(Commercial and Multi-Tenant Only)</u> | <u>CHARGE</u> |
|---|---------------|
| 0 to 7,000 gallons | \$0.00 |
| Over 7,000 gallons | 4.67 |

SERVICE LINE AND METER INSTALLATION CHARGES

| <u>SERVICE LINE SIZE</u> | <u>CHARGE</u> |
|--------------------------|---------------|
| 4" Meter | At Cost |
| 6" Meter | At Cost |
| 8" Meter | At Cost |
| 10" Meter | At Cost |
| 12" Meter | At Cost |

SERVICE CHARGES

| <u>SERVICE</u> | <u>CHARGE</u> |
|---------------------------------------|---------------|
| Establishment | \$15.00 |
| Establishment (After Hours) | 25.00 |
| Reconnection (Delinquent) | 15.00 |
| Reconnection (Delinquent after hours) | 25.00 |
| Deposit | Per Rule* |
| Deposit Interest | Per Rule* |
| Re-Establishment (within 12 months) | Per Rule ** |
| NSF Check | \$15.00 |
| Late Payment Penalty | 1.5%/mo. |
| Deferred Payment | 1.5%/mo. |
| Moving meter at customer request | At Cost |
| Service calls – per hour/after hours | \$40.00 |

* Per Commission Rules (R14-2-603.B); ** Months off system times the minimum (R14-2-603.D)

RIO RICO UTILITIES, INC.
WATER DIVISION & WASTEWATER DIVISION

**ALTERNATE RATES FOR WATER AND WASTEWATER
LOW INCOME TARIFF**

In the Decision the Commission approved an Alternate Rates for Water and Wastewater ("ARWW") Tariff ("Low Income Tariff"), which is designed to provide relief to RRUI's lower income ratepayers. The Low Income Tariff applies to residential, single family accommodations and provides for a 15 percent discount applied to the regular tariffed rate for those customers who meet the program qualifications. Initial qualifying annual incomes are set at 150 percent of the 2009 federal poverty levels as follows and will be updated annually.

| <u>No. of Person in Household</u> | <u>Total Gross Annual Income</u> |
|---------------------------------------|--------------------------------------|
| 1 | \$16,245 |
| 2 | 21,855 |
| 3 | 27,465 |
| 4 | 33,075 |
| 5 | 38,685 |
| 6 | 44,295 |

For each additional person residing in the household, add \$5,610

Customers eligible for the ARWW program must complete an Application and Declaration form, and supply proof of income. Customers enrolled in the ARWW program are required to reapply every two (2) years, or sooner, if requested, and annually recertify by submitting a declaration attesting to continuing eligibility. The ARWW program is limited to 2,200 water division customers and 725 wastewater division customers. A waiting list will be available in the event the participation cap is met.

**For more information, or to obtain a copy of the ARWW program forms,
please contact Liberty Water (Rio Rico Utilities, Inc.) at
1060 Yavapai Drive, Suite 9, Rio Rico, Arizona 85648 or 520-281-7000.**