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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

Arizona Corporation Commission
DOCKETED
JAN 20 2012
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IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS AGUA FRIA WATER DISTRICT, HAVASU WATER DISTRICT, MOHAVE WATER DISTRICT, PARADISE VALLEY WATER DISTRICT, SUN CITY WEST WATER DISTRICT AND TUBAC WATER DISTRICT

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS MOHAVE WASTEWATER DISTRICT

DOCKET NOS. W-01303A-08-0227
SW-01303A-08-0227

DECISION NO. 72741

ORDER

COMPLIANCE FILING PER DECISION NO. 71410

Open Meeting
January 10 and 11, 2012
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona-American Water Company ("Arizona-American" or "Company") is certificated to provide water and wastewater service as a public service corporation in the State of Arizona.

Introduction

2. On December 8, 2009, the Commission issued Decision No. 71410 granting Arizona-American a rate increase. As part of the Decision, the Commission ordered that Arizona-American shall submit "...at least ten Best Management Practices (as outlined in ADWR's Modified Non-Per Capita Conservation Program) in each of the water systems that are the subject of this rate case to Docket Control for Commission approval."[1]

Company's Compliance Filing

3. On December 14, 2011, the Company filed its proposed Best Management Practices ("BMP") tariffs for the Agua Fria, Havasu, Mohave, Paradise Valley, Sun City West and Tubac Water Districts. In its compliance filing the Company is requesting Commission approval to implement the conservation measures listed below.

- **Local and/or Regional Messaging Program Tariff – BMP 1.1:** A program for the Company to actively participate in a water conservation campaign with local or regional advertizing. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

- **Adult Education and Training Programs Tariff – BMP 2.1:** A program for the Company to implement adult education and training programs which promote water conservation and the need to conserve. If the Company's filing is approved this BMP Tariff would apply in the Tubac Water District.

- **Youth Conservation Education Program Tariff – BMP 2.2:** A program for the Company to promote water conservation by increasing students' understanding of water resources and the need to conserve. If the Company's filing is approved this BMP Tariff would apply in the Agua Fria, Havasu, Mohave, Paradise Valley, and Tubac Water Districts.

- **New Homeowner Landscape Information Tariff – BMP 2.3:** A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low

[1] Decision No. 71410 at 82:2-4.

water use landscaping. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

- **Xeriscape Demonstration Garden Tariff -- BMP 2.4:** A program for the Company to install and maintain a water efficient demonstration garden for the purpose of educating its customer base on low water-use landscaping. If the Company's filing is approved this BMP Tariff would apply in the Agua Fria, Paradise Valley and Sun City West Water Districts.

- **Residential Audit Program Tariff – BMP 3.1:** A program for the Company to promote water conservation by providing customers with information on performing water audits to determine conservation opportunities at their residence. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

- **Residential Interior Retrofit Program Tariff – BMP 3.4:** A program for the Company to promote water conservation by providing residential customers free or low cost plumbing fixtures for their residence. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

- **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the Company to assist its customers with their high water-use inquiries and complaints. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

- **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

- **Leak Detection Program Tariff – BMP 4.1:** A program for the Company to systematically evaluate its water distribution system to identify and repair leaks. If the Company's filing is approved this BMP Tariff would apply in the Havasu, Mohave and Sun City West Water Districts.

- **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters and to repair or replace them. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

- **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system. If the Company's filing is approved this BMP Tariff would apply in all the Water Districts listed above.

Staff's Analysis

Background Information and Service Area Characteristics

4. Arizona-American is Arizona's largest investor-owned water and wastewater utility, operating twelve water and wastewater systems in Arizona, serving approximately 150,000 customers located in portions of Maricopa, Mohave, and Santa Cruz Counties. In 2010, the Agua Fria district served approximately 37,400 customers in Surprise, Glendale and Buckeye; the Havasu district served approximately 1,600 customers in Mohave County and a portion of Lake Havasu City; the Mohave district served approximately 15,700 customers in a portion of Bullhead City; the Paradise Valley district served approximately 4,800 customers in a portion of the Town of Paradise Valley, a portion of the City of Scottsdale, and a portion of unincorporated Maricopa County; the Sun City West district served approximately 15,200 customers in all of Sun City West; and the Tubac district served approximately 580 customers in Tubac.

5. The Company has been required under the Arizona Department of Water Resources' ("ADWR") Modified Non-Per Capita Conservation Program ("MNPCCP") to implement BMPs in several of its Water Districts. To satisfy ADWR requirements, the Company submitted BMPs 1.1, 2.1, 2.2, 3.1, 3.4, 3.6, 3.7, 4.2, 4.3 and 7.6 for evaluation ADWR concluded that these BMPs provided a reasonable fit with the Company's service area characteristics.[2] Eight of these BMPs were included in the Company's December 14, 2011, filing with the Commission.

Proposed Tariffs

6. Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the ADWR MNPCCP and relevant ADWR documents. ADWR representatives were provided with a copy of these templates, revisions were made to the templates where appropriate to incorporate any comments/suggestions provided by ADWR.

7. The BMP tariffs filed by the Company on December 14, 2011, were based on the templates developed by Staff. Staff asked the Company to submit tariffs using its templates. Discussions ensued and after several months Staff and the Company were able to agree upon a

[2] Agua Fria Provider Profile for 2009 ADWR approval dated June 25, 2009.

tariff for each BMP. The tariffs that Staff and the Company reached agreement on generally conform to the templates developed by Staff. Minor modifications were included to reflect the Company's specific management and operational requirements.

8. Staff concludes that the BMPs proposed on December 14, 2011, are relevant to Arizona-American's service area characteristics. The tariffs that Staff and the Company reached agreement on generally conform to the templates developed by Staff. Therefore, Staff recommends approval of the BMP tariffs in the form Staff and the Company reached agreement on. The tariffs recommended by Staff are labeled as Attachment A to the proposed order.

Recommendation

9. Staff concludes that the BMPs proposed are relevant to Arizona-American's service area characteristics. The tariffs proposed by Arizona-American generally conform to the templates developed by Staff. Therefore, Staff recommends approval of the Company's proposed BMP tariffs.

CONCLUSIONS OF LAW

1. The Company is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over the Company and of the subject matter in this Application.

3. The Commission having reviewed the filing and Staff's Memorandum dated December 23, 2011, concludes that it is in the public interest to approve the proposed BMP tariffs.

ORDER

IT IS THEREFORE ORDERED that Arizona-American's BMP tariffs attached hereto are hereby approved.

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IT IS FURTHER ORDERED that Arizona-American shall file with Docket Control, as a compliance item in this docket, the BMP tariffs authorized herein within 30 days of the effective date of this Decision.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN COMMISSIONER

EXCUSED
COMM. NEWMAN

COMMISSIONER COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 20th day of JANUARY, 2012.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:DMH:lhm\RM

SERVICE LIST FOR: ARIZONA-AMERICAN WATER COMPANY
DOCKET NOS.: W-01303A-08-0227 AND SW-01303A-08-0227

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Company: Arizona American Water | Decision No.: 71410

Phone: (623) 445-2416 | Effective Date:

Local and/or Regional Messaging Program Tariff – BMP 1.1

PURPOSE

A program for the Company to actively participate in a water conservation campaign with local or regional advertizing (Modified Non-Per Capita Conservation Program BMP Category 1: Public Awareness/Public Relations 1.1: Local and/or Regional Messaging Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company or designated representative shall actively participate in water conservation campaign with local and/or regional advertising.

2. The campaign shall promote ways for customers to save water.

3. The Company shall facilitate the campaign through one or more of the following avenues (not an all inclusive list):
   a. Television commercials
   b. Radio commercials
   c. Websites
   d. Promotional materials
   e. Vehicle signs
   f. Bookmarks
   g. Magnets

4. The Company shall keep a record of the following information and make it available to the Commission upon request:
   a. A description of the messaging program implemented and program dates.
   b. The number of customers reached (or an estimate).
   c. Costs of Program implementation.

Adult Education and Training Programs Tariff – BMP 2.1

PURPOSE

A program for the Company to implement adult education and training programs which promote water conservation and the need to conserve (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.1: Adult Education and Training Programs).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company or designated representative shall implement an adult (18 years old or older) education and training program. The Program shall target homeowners, landscape professionals and non-residential users in the Company's service area.

2. The Company shall provide at least 4 of the following resources:
   a. Schedule workshops free of charge for homeowners (held at least twice annually).
   b. Free pamphlets covering water conservation, reclaimed water, leak detection, irrigation, landscape design and low water use plants. This literature shall be available at Company offices during regular business hours, at model home sites, libraries, chambers of commerce, at the Company provided workshops, and at community events.
   c. Self-Audit Kits and Guides for homeowners.
   d. Speaker's Bureau.
   e. Training programs for professional landscapers and non-residential users.

3. The Company shall keep a record of the following information and make it available to the Commission upon request.
   a. A description of the adult conservation education and process implemented.
   b. The number of adults reached (or an estimate).
   c. A description of the written water conservation material provided.
   d. Costs of Program implementation.

Company: Arizona American Water | Decision No.: 71410

Phone: (623) 445-2416 | Effective Date:

Youth Conservation Education Program Tariff – BMP 2.2

PURPOSE

A program for the Company to promote water conservation by increasing students' understanding of water resources and the need to conserve (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.2: Youth Conservation Education Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company or designated representative shall work with schools in its service area to increase students' understanding of water resources and to promote water conservation.
2. The Company shall provide a combination of instructional assistance, education materials, teacher education, classroom presentations, and field trips to water related facilities.
3. The Company shall provide the following teacher resources.
    a. Offer Project WET (Water Education for Teachers) workshops to teachers twice yearly. In lieu of Project WET the Company may market its Water Conservation Assembly Program to all schools within its service area. The Water Conservation Assembly Program will focus on teaching students about water resources and water conservation. The assembly itself will be an interactive water conservation discussion.
    b. Provide free resource materials and information upon request.
    c. Provide in-classroom presentations upon request.
4. The Company shall make available free take home educational materials for elementary school students.
5. The Company shall keep a record of the following information and make it available upon request.
    a. A description of the youth conservation education process implemented.
    b. The number of students reached (or an estimate).
    c. A description of the written water conservation material provided free to students.
    d. Costs of the Youth Conservation Education Program implementation.

New Homeowner Landscape Information Tariff – BMP 2.3

PURPOSE

A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.3: New Homeowner Landscape Information).

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. Upon establishment of water service the Company shall offer and make available upon request a free "Homeowner Landscape Packet" to each new customer in the Company's service area. The packet will include at a minimum: a cover letter describing the water conservation expectations for all customers in the Company's service area, applicable rate tariffs,, a basic interior/exterior water saving pamphlet, xeriscape landscape information, a list of low water use trees, plants, shrubs, etc., watering guidelines, and a rain water harvesting pamphlet.

2. Upon customer request, the Company shall provide:
   a. On-site consultations on low water use landscaping and efficient watering practices.
   b. A summary of water saving options.

3. The Company shall keep a record of the number of packets provided to new customers and make it available to the Commission upon request.

Company: Arizona American Water

Decision No.: 71410

Phone: (623) 445-2416

Effective Date:

Xeriscape Demonstration Garden Tariff – BMP 2.4

PURPOSE

A program for the Company to install and maintain a water efficient demonstration garden for the purpose of educating its customer base on low water-use landscaping (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.4: Xeriscape Demonstration Garden).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall design, construct and maintain a demonstration garden that shall include a large variety of low water use and native plants, shrubs and shade trees.
2. The demonstration garden shall include a walkway throughout the site and include interpretive signage and literature about low water use plants and water efficient landscape techniques.
3. The demonstration garden shall be open, free of charge, to the public during normal business hours and every Saturday of each month.
4. Maps providing driving directions to the demonstration garden shall be available at the Company office, on the Company web-site, and the Company shall notify each customer through bill inserts or text messages of the demonstration garden.
5. The Company shall work with the schools, including the universities, to continually upgrade the site with additional technologies and techniques.

Company: Arizona American Water

Decision No.: 71410

Phone: (623) 445-2416

Effective Date:

Residential Audit Program Tariff – BMP 3.1

PURPOSE

A program for the Company to promote water conservation by providing customers with information on performing water audits to determine conservation opportunities at their residence (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.1: Residential Audit Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall offer self-audit information.

2. The Company or designated representative shall provide all customers that request them with a self–audit kit.

3. The kit shall include detailed instructions and tools for completing the water audit including information on how to check their water meter. The audit kit shall include but not be limited to information on checking the following components: irrigation system, pool, water features, toilets, faucets and shower.

4. If requested, the Company shall assist the customer in a self-water audit and assist the customer in determining what might be causing high water usage as well as supply customer with information regarding water conservation and landscape watering guidelines. As part of the water audit, and if requested to do so by the customer, the Company shall confirm the accuracy of the customer meter (applicable meter testing fees shall apply).

5. The Company shall keep a record of the following information and make it available to the Commission upon request:
    a. A description of the water conservation material provided in the kit.
    b. The number of kits provided to customers.
    c. Implementation costs of the Residential Audit Program.

Residential Interior Retrofit Program Tariff – BMP 3.4

PURPOSE

A program for the Company to promote water conservation by providing residential customers free or low cost plumbing fixtures for their residence (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.4: Residential Interior Retrofit Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company or designated representative shall provide to residential customers that request them that live in homes built prior to the adoption of the 1990 Uniform Plumbing Code free or low cost low water use fixtures such as faucets, faucet aerators, low flow shower heads, toilets and toilet dams. The Company must offer the fixtures/fixture retrofits to all residential customers meeting the above criteria unless the Company can demonstrate that targeting certain portions of its water service area is likely to yield the highest participation and/or potential water savings.

2. The fixtures or retrofit kit shall include detailed instructions for installing the retrofit fixtures.

3. The Company shall select appropriate communications channels to advertize the program.

4. The Company shall keep a record of the following information and make it available to the Commission upon request:
    a. A description of the Residential Interior Retrofit Program including a description of the fixtures provided to customers and estimated water savings as a result of Program implementation.
    b. The number of retrofit fixtures requested by customers and the number of fixtures provided.
    c. Costs of the Residential Interior Retrofit Program.

Customer High Water Use Inquiry Resolution Tariff – BMP 3.6

PURPOSE

A program for the Company to assist its customers with their high water-use inquiries and complaints (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.6: Customer High Water Use Inquiry Resolution).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall handle high water use inquiries as calls are received.

2. Calls shall be taken by a customer service representative who has been trained on typical causes of high water consumption as well as leak detection procedures that customers can perform themselves.

3. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to the customer's residence to verify consumption and conduct a leak detection inspection and further assist the customer with water conservation measures.

4. The Company shall follow up on every customer inquiry or complaint and keep a record of inquiries and follow-up activities. The Company shall make this information available to the Commission upon request.

Customer High Water Use Notification Tariff – BMP 3.7

PURPOSE

A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services Program 3.7: Customer High Water Use Notification).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall track water usage for each customer and notify the customer if water use seems excessive for that particular billing for that time of the year.

2. The Company shall identify customers with high consumption, verify the high consumption, and investigate each instance to determine the possible cause.

3. The Company shall contact the high water use customers via telephone, email, by mail or in person. The Company shall contact the customer as soon as practical in order to minimize the possible loss of water. The customer will not be required to do anything to receive this notification.

4. In the notification the Company shall explain some of the most common water usage problems and common solutions and points of contact for dealing with the issues.

5. In the notification, the customer will be reminded of possible high water-consumption occurrences, such as:
   a. Leaks, running toilets, or valves or flappers that need to be replaced.
   b. Irrigation system valves or sprinkler heads which may be leaking.
   c. Sprinklers that may be watering the house, sidewalk, or street, etc. increasing irrigation requirements.
   d. Leaking pool or spas and possible leaks around pumps.
   e. More people in the home than usual taking baths and showers.
   f. Doing more loads of laundry than usual.
   g. Doing a landscape project or starting a new lawn.
   h. Washing vehicles more often than usual.

6. The Company shall offer water conservation information that could benefit the customer, such as, but not limited to, audit programs, publications, and rebate programs.

7. The Company shall assist the customer in determining what might be causing the high water usage as well as offer the customer information regarding water conservation and landscape watering guidelines. The Company shall confirm the accuracy of the customer meter if requested to do so by the customer (applicable meter testing fees shall apply).

8. The type of notification, the timing of the notification (i.e., how long after high water use was discovered by the Company), and the criteria used for determining which customers are notified shall be recorded. The Company shall make this information available to the Commission upon request.

Leak Detection Program Tariff – BMP 4.1

PURPOSE

A program for the Company to systematically evaluate its water distribution system to identify and repair leaks (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.1 Leak Detection Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

On a systematic basis, the Company shall perform leak detection inspections of its distribution system to identify and fix leaks.

This program shall be implemented through a strategy of targeting certain portions of the water service area which will yield the highest potential for water savings first.

1. The Company shall implement a comprehensive leak detection and repair program to attain and maintain a goal of less than 10 percent unaccounted for water loss in its system(s). The program must include auditing procedures, in-field leak detection and repair efforts. The Company shall take whatever practical steps are necessary to ensure that its water system is operating at optimal efficiency.
2. On a systematic basis, at least every two years (annually for smaller systems), the Company shall visually inspect its above ground water distribution system (to include hydrants, valves, tanks, pumps, etc. in the distribution system) to identify and repair leaks. Detection shall be followed by repair or in some cases replacement. Repair vs. replacement will depend upon site-specific leakage rates and costs.

3. Leak Detection efforts should focus on the portion of the distribution system with the greatest expected problems, including:
    a. areas with a history of excessive leak and break rates;
    b. areas where leaks and breaks can result in the heaviest property damage;
    c. areas where system pressure is high;
    d. areas exposed to stray current and traffic vibration;
    e. areas near stream crossings; and,
    f. areas where loads on pipe may exceed design loads.

4. The Company shall keep accurate and detailed records concerning its leak detection and repair/rehabilitation program and the associated costs. Records of repairs shall include: possible causes of leak; estimated amount of water lost; and date of repair. These records shall be made available to the Commission upon request.

5. The Company shall maintain a complete set of updated distribution system maps.

Meter Repair and/or Replacement Tariff – BMP 4.2

PURPOSE

A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters and to repair or replace them (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair and/or Replacement Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. On a systematic basis, the Company will replace all 2-inch and smaller in-service water meters at least once every fifteen years.
2. The Company will test all meters that have caused a meter reading complaint to be filed with the Arizona Corporation Commission.
3. Meters larger than 2-inch shall be tested for one of the following reasons:
   a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
   b. A meter has been in service for five years.
4. The test will be accomplished by one of the following:
   a. Having the meter pulled and having a Company Technician physically inspect each meter and its fittings for leaks, registers which may have become loose or are not properly attached to the meter and could be under-registering or other broken parts which need repair.
   b. Utilizing equipment to verify that all electronic components are within manufacturer specifications and are operating properly.
5. In addition, meters shall be randomly selected for flow testing utilizing a flow through detector testing meter.
6. All replacement water meters shall register in gallons:
   a. All new 1-inch and smaller meters that are installed will register usage in 1 gallon increments,
   b. All new 1-1/2-inch through 4-inch meters that are installed will register in 10 gallon increments, and
   c. All new 6-inch and larger meters that are installed will register in 100 gallon increments.
7. The Company shall keep records on the number of meters that were replaced and make this information available to the Commission upon request.

WATER SYSTEM TAMPERING TARIFF – BMP 5.2

PURPOSE

The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission, specifically Arizona Administrative Code ("AAC") R14-2-410 and the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. In support of the Company's water conservation goals, the Company may bring an action for damages or to enjoin any activity against a person who: (1) makes a connection or reconnection with property owned or used by the Company to provide utility service without the Company's authorization or consent; (2) prevents a Company meter or other device used to determine the charge for utility services from accurately performing its measuring function; (3) tampers with property owned or used by the Company; or (4) uses or receives the Company's services without the authorization or consent of the Company and knows or has reason to know of the unlawful diversion, tampering or connection. If the Company's action is successful, the Company may recover as damages three times the amount of actual damages.

2. Compliance with the provisions of this tariff will be a condition of service.

3. The Company shall make available to all its customers a complete copy of this tariff and AAC R14-2-410. The customers shall follow and abide by this tariff.

4. If a customer is connected to the Company water system and the Company discovers that the customer has taken any of the actions listed in No. 1 above, the Company may terminate service per AAC R14-2-410.

5. 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.