

NEW APPLICATION
ORIGINAL

BEFORE THE ARIZONA CORPORATION CC



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AZ CORP COMMISSION
DOCKET CONTROL

1 GARY PIERCE, Chairman
2 BOB STUMP
3 PAUL NEWMAN
4 SANDRA D. KENNEDY
5 BRENDA BURNS

6 IN THE MATTER OF THE APPLICATION)
7 OF ARIZONA-AMERICAN WATER)
8 COMPANY REGARDING NOTICE OF ITS)
9 TARIFF GOVERNING THE SHARING OF)
10 CUSTOMER WATER CONSUMPTION)
11 INFORMATION WITH MUNICIPAL)
12 PROVIDERS OF WASTEWATER SERVICE.)

DOCKET NO. W-01303A-12-0082
APPLICATION FOR APPROVAL
OF TARIFF

13 Arizona-American Water Company doing business as EPCOR Water Arizona Inc.¹
14 (“EPCOR Water”) hereby provides notice of filing a tariff governing the sharing of
15 customer water consumption information with non-affiliated entities. EPCOR Water has
16 entered into separate agreements with the City of Peoria and Lake Havasu City (see
17 Exhibit A). These municipal providers have requested that EPCOR Water share
18 information regarding customer water consumption in order to assist the municipal
19 provider in billing for wastewater utility service to its customers.

20 The Customer Water Consumption Information Sharing with Municipal
21 Wastewater Providers Tariff for the Sun City Water District and Havasu Water Districts
22 are attached as Exhibit B. These tariffs were modeled on the Commission-approved tariff
23 in Decision No. 66387. That decision indicates any such sharing agreements shall be
24 subject to review by the Commission.

25 RESPECTFULLY SUBMITTED this 1st day of March, 2012.
Arizona Corporation Commission

DOCKETED

MAR - 1 2012

DOCKETED BY *SR*

Sandra L. Murrey

Sandra L. Murrey
Rate Analyst
EPCOR Water
2355 W. Pinnacle Peak, Suite 300
Phoenix, AZ 85027

¹ On February 1, 2012, Arizona-American Water Company was acquired by EPCOR Water.

ORIGINAL and thirteen (13) copies
of the foregoing filed
this 1st day of March, 2012, with:

1 The Arizona Corporation Commission
2 Utilities Division – Docket Control
3 1200 W. Washington Street
4 Phoenix, Arizona 85007

5 Copy of the foregoing hand-delivered
6 this 1st day of March, 2012, to:

7 Steve Olea
8 Utilities Division
9 Arizona Corporation Commission
10 1200 W. Washington Street
11 Phoenix, Arizona 85007

12 Lyn Farmer
13 Chief Administrative Law Judge, Hearing Division
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, AZ 85007

17 Janice Alward, Chief Counsel
18 Charles Hains
19 Legal Department
20 Arizona Corporation Commission
21 1200 W. Washington Street
22 Phoenix, Arizona 85007
23
24
25
26

Exhibit A

**AGREEMENT FOR WATER SERVICE TERMINATION AND SHARING OF
INFORMATION REGARDING WATER CONSUMPTION**

This AGREEMENT FOR WATER SERVICE TERMINATION AND SHARING OF INFORMATION REGARDING WATER CONSUMPTION (this "Agreement") is made and entered into as of the 20th day of September, 2011, by and between ARIZONA-AMERICAN WATER COMPANY, an Arizona corporation ("Arizona American"), and THE CITY OF PEORIA, an Arizona municipal corporation duly organized and existing under the laws of the state of Arizona (the "City") Arizona American and the City are sometimes referred to collectively as the "Parties" in this Agreement.

RECITALS:

A. Arizona American provides water utility service to certain residents of the City (collectively, the "Arizona American Water Customers") under a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission ("Commission"), and the City provides sewer utility service to certain residents within its borders, some of whom are also Arizona American Water Customers.

B. For purposes of this Agreement, an Arizona American Water Customer who is also a customer of the City of sewer utility service is referred to as a "Shared Customer."

C. The City has requested Arizona American to assist in the City's collection of delinquent sewerage bills or charges when requested to do so, by terminating water utility service to Shared Customers who are then delinquent in the payment of the City's sewer utility bills.

D. The City has requested that Arizona American provide information to the City regarding water consumption by the Arizona American Water Customers in order to assist the City in billing for sewer utility service to those customers.

E. Arizona American and the City desire to enter into this Agreement specifically setting forth the respective duties, obligations, responsibilities, and liabilities of the Parties and recognizing that the effectiveness of this Agreement is subject to Commission approval.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, Arizona American and the City, each intending to be legally bound by this Agreement, hereby agree as follows:

1. Water Service Termination.

1.1 The City, by written notice to Arizona American (a "Termination Request"), may request that Arizona American terminate water service to a Shared Customer who is then liable to the City for overdue sewer charges ("Delinquent Shared Customer"). Each Termination Request will constitute the City's representation and warranty to Arizona American that the applicable Shared Customer is then a Delinquent Shared Customer and has been provided the notice contemplated in subparagraph 1.2.A, below. Upon Arizona American's receipt of a

Termination Request, Arizona American will promptly commence its service termination process with respect to that Shared Customer in compliance with the terms of this Agreement and in compliance with any requirements imposed upon Arizona American by the Commission. The City will perform its own collection process for overdue sewer utility service charges, and will not request termination of water utility service by Arizona American unless and until the City could have terminated water service to that Shared Customer if that Shared Customer was a water service customer of the City. Termination Requests from the City will be processed by Arizona American each week, and the City may cancel any Termination Request without charge by providing written notice to that effect to Arizona American prior to noon on the date Arizona American's water utility service is scheduled to be shut off. For each request made after that time, the City will be charged a Disconnect Cancellation Fee (as defined in Exhibit A).

1.2 In order for Arizona American to shut off water service to a Delinquent Shared Customer, the City will:

- A. notify the applicable Delinquent Shared Customer, in writing and by posting notice in the form set for in Exhibit B at the premise where the applicable Delinquent Shared Customer receives water service from Arizona American and sewer utility service from the City (the "Shut-off Premises"), that water service by Arizona American will be terminated ten (10) days after the date of the delinquent notice as a result of that Delinquent Shared Customer's delinquent sewer bill with the City; and
- B. notify Arizona American by Termination Request, which shall be delivered by e-mail, to terminate the water service of Shared Customer in accordance with procedures in paragraph 1.3.

1.3 The City will pay a Disconnect Fee in accordance with Exhibit A for each Termination Request delivered to Arizona American, which Disconnect Fee will be consideration for Arizona American taking the necessary steps to terminate its water utility service to the applicable Shared Customer, unless the City withdraws its Termination Request prior to actual disconnection in accordance with paragraph 1.1, above. Upon Arizona American's receipt of a Termination Notice, Arizona American shall:

- A. shut off the water source to the Shut-off Premises in accordance with Arizona American's customer shut-off procedures;
- B. notify the City by e-mail of the date water service was shut off to the Shut-off Premises;
- C. keep a separate record detailing all of the Termination Requests under this Agreement; and
- D. resume water utility service to the Shut-off Premises in accordance with Arizona American's turn-on procedures after being notified by the City, in writing delivered by e-mail, that the delinquent sewer bill has been paid or that payment arrangements have been made, and upon the Shared Customer paying all charges then due to Arizona American resulting from the shutoff.

The City expressly acknowledges and agrees that Arizona American shall have no other obligations or responsibilities under this Agreement with respect to the shut off of water utility service to Delinquent Shared Customers other than those expressly set forth above in this paragraph 1.3.

1.4 In addition to payment of the applicable Disconnect Fees, the City will pay Arizona American a Monthly Lost Revenue Fee in accordance with Exhibit A for each Delinquent Shared Customer whose water utility service is terminated under this Agreement for all or a portion of the applicable month. The Monthly Lost Revenue Fee is intended to compensate Arizona American for the loss of revenue that Arizona American would have received from that Delinquent Shared Customer if the water utility service had not been terminated. Arizona American may, from time to time by written notice to the City, revise the Monthly Lost Revenue Fee as appropriate to reflect any changes in Arizona American's water rates approved by the Commission. The Monthly Lost Revenue Fee shall be prorated for any period less than 30 days. Arizona American will invoice the City for all Monthly Lost Revenue Fees under this Agreement on a monthly basis, and the City shall process invoices and pay Arizona American promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices.

2. Sharing of Information Regarding Water Consumption.

2.1 Arizona American will provide the City an account to access Arizona American's ON-Line Account Manager Database ("OAM") in order for the City to get water consumption information for the Shared Customers (the "Consumption Information") for the City's use in billing the Shared Customers for sewer utility services. The City shall provide Arizona American with a map of the City's sewer utility service area located within Arizona American's water service area. The City acknowledges and agrees that it is authorized to use the Consumption Information only for purposes of its own sewer utility services billing, and that the City is not authorized to use any of the Consumption Information for any other purpose or to disclose any of the Consumption Information to any other party except as may be required by law or the order of a court of competent jurisdiction.

2.2 The City will pay Arizona American an annual administrative fee of \$0.50 per Shared Customer for the City's access to the OAM and the associated Consumption Information provided by the OAM under this Agreement. Arizona American will bill the City annually for this administrative fee.

3. Regulatory Matters.

3.1 City understands, acknowledges and agrees that:

- A. Arizona American is an Arizona public service corporation (as such term is defined in the Arizona Constitution) and, as such, is subject to the applicable Commission rules, regulations, and orders, including, but not limited to, A.A.C. R14-2-410.A.2 and Commission Decision No. 65453 (Dec. 12, 2002) (the "Decision");

- B. pursuant to A.A.C. R14-2-410.A.2, Arizona American is precluded from disconnecting its water utility service as the result of the failure of the customer to pay for services or equipment which are not regulated by the Commission;
- C. the City's sewer utility services is not regulated by the Commission, therefore requiring Arizona American to obtain from the Commission a variance from the restrictions under A.A.C. R14-2-410.A.2 in order to proceed as contemplated in this Agreement;
- D. pursuant to the Decision, Arizona American is required to submit notice to the Commission at least 180 days in advance of any sharing of customer information, including billing information and to file a tariff with the Commission setting forth appropriate customer notification procedures to inform customers of the information sharing arrangements;
- E. Arizona American will account for the applicable and reasonable costs incurred for the required notice and tariff and within 30 days after the required notice is provided and within 30 days after the Commission's tariff proceeding is concluded, Arizona American will bill the City for the total costs incurred by Arizona American for the required notice or tariff, as the case may be, and the City shall process invoices and pay. Arizona American promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices; and
- F. upon Arizona American's submission of such notice and filing of such tariff, the Commission may stay effectiveness of any such tariff until such time, if ever, as the Commission issues a written order approving any agreement by Arizona American to share customer information.

3.2 Promptly upon the execution of this Agreement by the Parties, Arizona American will (i) request from the Commission a variance under A.A.C. R14-2-410.A.2 to allow Arizona American to fulfill its customer shut off obligations under this Agreement, and (ii) submit notice to the Commission and request from the Commission a tariff to allow Arizona American to fulfill its obligations under this Agreement to deliver to the Consumption Information to the City. The City will reasonably cooperate and assist Arizona American, at no cost to Arizona American, in connection with obtaining the approvals of the Commission enabling Arizona American to fulfill its obligations under this Agreement.

3.3 Based upon the foregoing, the City agrees that Arizona American will have no obligations under this Agreement to deliver any of the Consumption Information or to shut off water utility service to any Delinquent Shared Customer unless and until the Commission grants the requested variance or tariff, as the case may be, contemplated under paragraphs 3.1 and 3.2, above. The provisions of this paragraph 3.3 supersede any other provision of this Agreement.

4. Miscellaneous Provisions.

4.1 City will indemnify, defend, and hold Arizona American harmless from and against all claims, losses, liability, costs, or expenses, including reasonable attorney's fees,

(collectively, "claims") arising out of the termination of water utility service to Delinquent Shared Customers or City's use of the Consumption Information provided to City by Arizona American under this Agreement, except to the extent any claims arise out of the negligence of Arizona American, its employees or representatives.

4.2 Notwithstanding anything in this Agreement to the contrary, Arizona American will have no obligation under this Agreement to shut off water utility service to any multi unit structure sharing a common service line.

4.3 This Agreement will remain in effect indefinitely (subject always to the provisions of paragraph 3.3, above); provided, however, that either party may terminate this Agreement at any time and for any or no reason upon sixty days' prior written notice to the other Party.

4.4 Neither the City nor Arizona American will be liable for any loss or damage due to failure or delay in rendering any service or performing any obligation required under this Agreement resulting from any cause beyond their reasonable control including, but not limited to: acts of God; acts or omissions of civil or military authority; acts or omissions of contractors or suppliers; fires; floods; epidemics; quarantine restrictions; severe weather; strikes; embargoes; wars; political strife; riots; delays in transportation; or fuel, power, materials or labor shortages. In addition, Arizona American will in no event be liable to the City for any lost sewer utility service revenue claimed by the City as the result of Arizona American's failure to shut off water utility service to any Delinquent Shared Customer or as the result of any delay in Arizona American's shutting off such water utility service.

4.5 The failure of either Party to enforce the provisions of this Agreement at any time will not constitute a waiver of such provisions in any way and will not limit the right of the City or Arizona American to avail themselves of such remedies as either may have for any breach or breaches of such provisions. The waiver of any specific provisions or requirements of this Agreement will not constitute a waiver of any other provision or requirement. Any waiver of any specific provision or requirement of this Agreement will be written and signed by the Party to be bound by such waiver.

4.6 This Agreement contains the entire agreement between Arizona American and the City with respect to its subject matter. This Agreement supersedes all previous written and verbal agreements regarding such subject matter. Any amendment, revision, modification, termination or rescission of this Agreement, to be effective, must be in writing and signed by both Parties.

4.7 This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

4.8 Any provision of this Agreement that is determined to be prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

4.9 This Agreement may be executed to one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

4.10 This Agreement will be construed and enforced in accordance with then laws of the State of Arizona, without giving effect to its conflicts of laws provisions.

4.11 Any notice, written request, or communication given pursuant to the provisions of this Agreement will be deemed to be delivered on the date of mailing if mailed by certified or overnight mail addressed as follows:

If to the City: City of Peoria
Attn: Finance Manager
8401 W. Monroe St.
Peoria, AZ 85345

If to Arizona American: Arizona-American Water Company
Attn: Manager, Customer Service
15626 N. Del Webb Boulevard.
Sun City, AZ 85351

or to such other addresses as the affected Party may, from time to time, specify by notice in writing in accordance with the terms of this paragraph.

4.12 This Agreement is subject to the provisions of A.R.S. §38-511.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties as of the date first written above.

THE CITY OF PEORIA

ARIZONA-AMERICAN WATER COMPANY

By: *Carl Swenson*
Carl Swenson, City Manager

By: *Shawn Bradford*
Shawn Bradford, Director

ATTEST:

ATTEST:

Wanda Nelson
City Clerk



Sharon Collins 12-01-11
Administrative Assistant

APPROVED AS TO FORM:

Stephen M. Kemp
Stephen M. Kemp, City Attorney

EXHIBIT A
FEE SCHEDULE

Disconnect Fee \$80.00
(Turn-off and Turn-on service included)

Monthly Lost Revenue Fee \$23.76
(based on Sun City District rates effective January 1, 2011 using
average revenue from 5/8" to 1" metered residential customers
including an applied combined state and federal tax rate of 39%)

OPERATING LICENSE AND DATA EXCHANGE AGREEMENT

COPY

This Operating License and Data Exchange Agreement ("License") dated as of Feb 14, 2012 is entered into by and between LAKE HAVASU CITY, an Arizona municipal corporation ("City"), and ARIZONA-AMERICAN WATER COMPANY, an Arizona corporation ("Licensee").

RECITALS:

1. Licensee is currently providing water service within a portion of City for which Licensee holds a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission, such area (the "Licensed Area") being more particularly described in Exhibit A hereto.
2. City and Licensee have entered into discussions with respect to the issuance of a water service franchise to Licensee for the Licensed Area.
3. City has agreed that, pending issuance of the franchise, Licensee should be permitted the continued use of public streets and ways in the Licensed Area for utility service on an interim and temporary basis, and the parties therefore desire to enter into this License.
4. City provides sanitary sewer service by contract to areas outside City's corporate limits to certain customers who receive water services from Licensee (the "Shared Customers").
5. City has requested that Licensee provide City with certain information regarding the Shared Customers, and Licensee has agreed to provide that information in accordance with the terms of this License.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of License. There is hereby granted to Licensee, its successors and assigns, the right and privilege to construct, maintain, and operate within the present and future public rights-of-way (including – but not limited to – streets, alleyways, highways, and bridges) in the Licensed Area in Lake Havasu City, a potable water delivery system, together with certain appurtenances (including – but not limited to – transmission mains, distribution mains, service lines, fire hydrants, meters, and equipment for its own use) for the purpose of supplying potable water to City, its successors, the inhabitants thereof, and all individuals and entities within or beyond the limits thereof, for all purposes for which it is duly authorized by its Certificate of Convenience and Necessity. All such transmission mains, distribution mains, and service lines shall be located underground unless otherwise approved by City. Licensee shall not construct wells, well sites, storage, or pumping facilities in the public rights-of-way. Nothing herein shall be construed to permit Licensee to maintain any portion of its potable water delivery system or appurtenances thereto in any manner which would affect or interfere in any way, as determined by City in its sole discretion, with City's use of the public rights-of-way for its intended use. City acknowledges and agrees that all of Licensee's infrastructure located within the Licensed Area as

of the date of this License complies with the foregoing or is otherwise acceptable in its current location to City.

2. Licensee's Compliance with City Practice: Plans Submitted for Approval: City Construction near Licensee's Facilities. All construction under this License shall be performed in accordance with established practices for City with respect to such public rights-of-way. Before Licensee makes any major installations in the public rights-of-way, Licensee shall submit for approval any applicable permit applications and a map showing the location of such proposed installations to City. When time does not permit prior application for a permit and repairs to Licensee's facilities are reasonably required, Licensee first may institute and complete the repairs and then complete and file the applicable permit application. In this case, telephone notification of the repair will be given as soon as practicable to the contact person designated by City. Within ninety (90) days after the approval of this License by the Mayor and Council of City, Licensee shall submit to City's City Manager a map showing the true and correct location of all present installations of Licensee within City's rights-of-way. If City undertakes, either directly or through a contractor, any construction project adjacent to or near Licensee's facilities operated pursuant to this License and for the relocation of which City is required hereunder to pay, City shall include in all such construction specifications, bids, and contracts a requirement that as part of the cost of the project, the contractor or contractor's designee obtain from Licensee the temporary or permanent removal, relocation and barricading of equipment, and depressurization of Licensee's facilities or equipment, all as necessary to avoid the creation of an unsafe condition in view of the equipment to be utilized or the methods of construction to be followed by the contractor.

3. Construction and Relocation of Licensee's Facilities: Payment.
 - A. All facilities installed or constructed pursuant to this License shall be so located or relocated and so erected as to minimize the interference with traffic or other authorized use over, under, or through the public right-of-way. Those phases of construction of Licensee's facilities relating to traffic control, backfilling, compaction, and paving – as well as location or relocation of facilities herein provided for – shall be subject to regulation by the City Council. Licensee shall keep accurate records of the location of all facilities in the public right-of-way and furnish them to City upon request. Upon completion of new or relocation construction of underground facilities in the public right-of-way, Licensee shall provide the City with corrected drawings showing the actual location of the underground facilities in those cases where the actual location differs significantly from the proposed location approved in the permit plans.

 - B. If City requires Licensee to relocate Licensee's facilities that are located in private easements or private rights-of-way from which the facilities must be relocated, the entire cost of relocating Licensee's facilities (including the cost of purchasing a new private easement or right-of-way, if necessary) shall be borne by City. City shall not be obligated to bear such costs under this paragraph B if, prior to City's acquisition of such right-of-way, either: (i) Licensee subordinated its easement or right-of-way in such a manner that the person from whom City acquired the right-of-way would not have been obligated to bear any costs of such relocation, or (ii) Licensee did not in fact obtain such easement or right-of-way.

 - C. Except as covered in Paragraphs B or D of this section, Licensee shall bear the entire cost of relocating its facilities located on public rights-of-way.

- D. City will bear the entire cost of relocating any facilities, the relocation of which is necessitated by the construction of improvements by, or on behalf of, City in furtherance of a proprietary function.
- E. If City participates in the cost of relocating Licensee's facilities for any reason, the cost of relocation to the City shall not include any upgrade or improvement of Licensee's facilities as they existed prior to relocation.
- F. Subject to the provisions of the foregoing paragraphs 3 B, C and D regarding the cost of relocation of Licensee's facilities, Licensee's right to retain its facilities in their original location is subject to the paramount right of the City to use its public rights-of-way for all permitted purposes, which shall include, but shall in no way be limited to, the following functions of the City:
 - i. Any and all improvement to City streets, alleys, and avenues;
 - ii. Establishing and maintaining sanitary sewers, storm drains, drainage structures, and related facilities;
 - iii. Establishing and maintaining parks, parkways, pedestrian malls, or grass, shrubs, trees, and other vegetation for the purpose of landscaping any street or public property;
 - iv. Providing fire protection;
 - v. Collection and disposal of garbage;
 - vi. Any structures for public purposes deemed appropriate by the Mayor and Council of City;
 - vii. Any structure for any purpose, whether governmental or proprietary, which the City is authorized to construct and/or maintain.

4. Indemnification/Insurance:

- A. Licensee shall indemnify and hold harmless City and any of its departments, agencies, officers, employees, and representatives from all damages, claims, or liabilities and expenses (including attorney's fees) to the extent arising out of, or resulting in any way from, the performance or failure to perform the services for City required of the Licensee hereunder or in connection therewith and caused by a negligent error, omission, or act of the Licensee, its officers, employees, or others for whose acts Licensee may be legally liable.
- B. Licensee shall secure and maintain during the term of this License, insurance coverage which shall include statutory workers' compensation, comprehensive general, and automobile liability, all including contractual liability assumed by the insured. The comprehensive general and automobile limits shall be no less than \$1,000,000. City shall be named as an Additional Insured with respect to all operations of the insured and Licensee's insurance policy shall contain a waiver of subrogation against City, its departments, agencies, boards, commissions, officers, officials, agents, and employees for losses arising from the service provided by or on behalf of Licensee. Insurance coverage must be provided by an insurance company admitted to do business in Arizona and rated A-VII or better by AM Best's Insurance Rating. Subsequently, a certificate of insurance or a renewal quotation, accompanied by evidence of premium payment, shall be presented a minimum of fifteen (15)

days prior to date of expiration of current certificate. In the event Licensee fails to provide such certificate of coverage, City may – but shall not be required to – purchase insurance if available, to protect itself against any losses. If City elects to purchase the insurance under the provision, City shall provide Licensee with at least five business days' prior written notice and Licensee shall be liable to City for all costs insured by City for purchasing such insurance.

- C. Licensee shall submit to City - Attention HR/Risk Management, 2330 McCulloch Blvd. North, Lake Havasu City, AZ 86403- a certificate of insurance, evidencing the coverage and limits stated in the foregoing paragraph within ten (10) days of award of this License. Insurance evidenced by the certificate shall not expire, be cancelled, nor be materially changed without ten (10) days prior written notice to City - Attention HR/Risk Management, 2330 McCulloch Blvd. North, Lake Havasu City, 86403. A statement to that effect must appear on the face of the certificate, and certificate shall be signed by a person authorized to bind the insurer.
5. Restoration of Rights-of-Way. Subject to the provisions of the foregoing paragraphs 3 B, C and D regarding the cost of relocation of Licensee's facilities, (i) whenever Licensee shall cause any work, opening, or alteration whatsoever to be made for any purpose in any City public right-of-way, the work shall be completed with due diligence within a reasonably prompt time; and Licensee shall, upon completion of such work, restore the disturbed property to as good condition as it was in prior to such openings or alteration, and (ii) Licensee shall provide any barricades, signing, rerouting of traffic, or other actions which City shall consider necessary or desirable in the interest of public safety during any such opening or alteration within the public right-of-way.
6. License Fee.
 - A. Licensee agrees to pay City in consideration of the grant of this License a sum equal to two percent (2%) of the gross receipts of Licensee from the sale by it of potable drinking water within the Licensed Area, as shown by Licensee's billing records (the "Licensee Fee"). The License Fee shall be due and payable quarterly and shall be in lieu of all fees or charges for permits or licenses issued for the construction of Licensee's facilities hereunder or for the inspection thereof. For the purpose of verifying the amounts payable hereunder, the books and records of Licensee shall be subject to inspection by duly authorized officers or representatives of City at reasonable times, and in the event that such inspection evidences that the Licensee Fee actually paid for any quarter is more than ten percent (10%) below the amount that should have been paid for such quarter, Licensee shall reimburse City for the costs of such inspection.
 - B. Licensee may offset against its payment of the License Fee any tax or license paid by it or levied by City exclusively upon utilities (including, without limitation, any transaction privilege tax or sales tax levied or imposed with respect to utility services), provided, however, that, (i) no such offset may exceed the amount of the License Fee then due, and (ii) Licensee may carry forward to future periods any excess amount that cannot be offset against the current License Fee then due.
 - C. Subject to the provisions of the foregoing paragraph 6B, the amount payable under the License Fee shall not be reduced by reason of the payment of any general ad valorem taxes,

assessments for special improvements such as general sales or transaction privilege license taxes, or any similar general tax or levy.

7. Term.

A. This License shall be effective upon approval of the City Council and execution and delivery by both City and Licensee, and shall continue and exist until the expiration of a period of three (3) years from the effective date of this License. Upon expiration of the initial three-year term of this License, this License shall automatically renew for successive one-year periods unless City provides at least 90 days' prior written notice to Licensee that any such renewal shall not occur. Notwithstanding the foregoing, this License shall automatically terminate on the effective date of any franchise agreement entered into between Licensee and City.

B. The Council may terminate this License in the event the Council shall find, after proper notice and hearing, that Licensee has failed to comply with any material provisions hereof of any material rule or regulation of the Council validly adopted pursuant to the License as long as said material rule or regulation is not contrary to the rules, regulations, and decisions of the Arizona Corporation Commission or its successors, and so long as Licensee has been accorded a reasonable amount of time to correct such failure, said reasonable period of time not to be less than ninety (90) days after receipt of the written notice of the Council's findings. Furthermore, both City and Licensee recognize that Acts of God, natural disaster, weather, and other unforeseen events automatically extend the time period in question for Licensee to respond. However, this License shall not be terminated if Licensee, within such time, begins curative work and thereafter diligently prosecutes it to completion. Notice shall be deemed to have been given from the date of mailing, postage prepaid, by registered or certified mail to Licensee.

8. License: Non-Exclusive. This License is not exclusive, and nothing herein contained shall be construed to prevent City from granting other like or similar grants or privileges to any other person, firm, or corporation.

9. Applicable Laws and Regulations. Licensee is responsible to adhere to all applicable Federal and State laws, municipal ordinances, and the rules and regulations of all authorities having jurisdiction over activities in the rights-of-way, including – but not limited to - storm water regulations (MS4), US Army Corps of Engineers permitting, Americans with Disabilities Act, and appropriate traffic control measures.

10. Customer Information Sharing.

A. To assist City with its sanitary sewer service billing needs, Licensee agrees to provide to City, on or before the fifth business day of each calendar quarter, the name, account mailing address, city, state, postal code, and premise type for each of the Shared Customers.

B. City shall provide Licensee with a map of the City's sewer utility service area located within Licensee's water service area, and Licensee shall utilize that map to identify the Shared Customers.

C. City acknowledges and agrees that it is authorized to use the Shared Customers' account information provided by Licensee only for purposes of its own sewer utility services billing, and that City is not authorized to use any of the Shared Customer account information provided by Licensee for any other purpose or to disclose any of the Shared Customer account information provided by Licensee to any other party except as may be required by law or the order of a court of competent jurisdiction.

D. Upon each delivery by Licensee to City of the foregoing information regarding the Shared Customers, City will pay to Licensee the amount of fifty cents (\$0.50) for each of the Shared Customers. Each such payment by City shall be due within thirty days after Licensee's delivery of the related information relating to the Shared Customers.

E. City understands, acknowledges and agrees that:

- i. Licensee is an Arizona public service corporation (as such term is defined in the Arizona Constitution) and, as such, is subject to the applicable Arizona Corporation Commission rules, regulations, and orders, including, but not limited to, Arizona Corporation Commission Decision No. 65453 (Dec. 12, 2002) (the "Decision");
- ii. pursuant to the Decision, Licensee is required to submit notice to the Arizona Corporation Commission at least 180 days in advance of any sharing of customer information and is required to file a tariff with the Arizona Corporation Commission setting forth appropriate customer notification procedures to inform customers of the information sharing arrangements;
- iii. Licensee will account for the applicable and reasonable costs incurred for the required notice and tariff and within 30 days after the required notice is provided and within 30 days after the Arizona Corporation Commission's tariff proceeding is concluded, Licensee will invoice City for the total costs incurred by Licensee for the required notice or tariff, as the case may be, and City shall pay such billed amount within 30 days after its receipt of Licensee's invoice; and
- iv. upon Licensee's submission of such notice and filing of such tariff, the Arizona Corporation Commission may stay effectiveness of any such tariff until such time, if ever, as the Arizona Corporation Commission issues a written order approving any agreement by Licensee to share customer information.

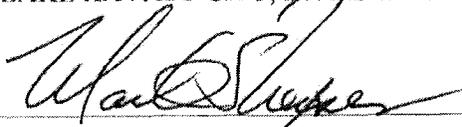
F. Notwithstanding the provisions of paragraph 7, above, this Section 10 of this License shall continue until terminated by either party in writing to the other for any reason, or upon the effectiveness of a subsequent agreement including customer information sharing or eliminating the need for customer information sharing.

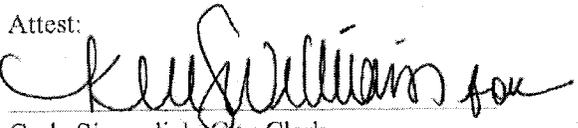
11. Conflict of Interest. This License shall be subject to cancellation pursuant to the provisions of ARIZ. REV. STAT. §38-511 in the event of a conflict of interest.

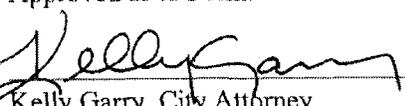
12. Expiration. Upon the termination or expiration of this License, if Licensee shall not have acquired and accepted an extension or renewal hereof, Licensee may continue operating its

IN WITNESS WHEREOF, the parties hereto have executed this License as of the day and year first above written.

LAKE HAVASU CITY, an Arizona municipal corporation

By: 
Mark S. Nexsen, Mayor

Attest:

Carla Simendich, City Clerk

Approved as to Form:

Kelly Garry, City Attorney

ARIZONA-AMERICAN WATER COMPANY,
an Arizona Corporation

By: _____

STATE OF ARIZONA)
)ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2012, by _____ as the _____ of the Arizona-American Water Company, an Arizona corporation, on behalf of the corporation.

Notary Public

Exhibit B

Arizona American Water Company
(Name of Company)

Sun City Water District
(Name of Service Area)

TARIFF

CUSTOMER WATER CONSUMPTION INFORMATION SHARING WITH MUNICIPAL WASTEWATER PROVIDERS

Arizona-American Water Company ("Arizona-American" or "Company") is authorized to share water consumption information of individual customers to municipal providers of wastewater service for common customers purchasing water from Arizona-American and wastewater from the municipal provider. The purpose of this Tariff, and the authorized provision of customer water consumption information, is to assist municipal providers in billing for wastewater utility services. City agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and is not authorized to disclose such information to any other party except as may be required by law.

Arizona-American shall enter into an agreement with a municipal provider before providing individual water consumption data, in a form materially similar to the standard form agreement attached hereto. Any such agreement shall be subject to Arizona Corporation Commission ("Commission") review as set forth in Section 4 of the standard form agreement.

Arizona-American shall notify all water utility customers affected by an agreement between the company and a municipal provider of wastewater services, signed pursuant to this Tariff, by means of a billing insert during the first billing cycle immediately after said agreement is signed.

ISSUED: October 15, 2003
Month Day Year

EFFECTIVE: October 6, 2003
Month Day Year

ISSUED BY: Tom Broderick, Director, Rates
2355 W. Pinnacle Peak Rd., Phoenix, AZ 85027

Decision No. 66387

