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OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
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COMMISSIONERS

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
SUSAN BITTER SMITH  
BOB BURNS

IN THE MATTER OF THE APPLICATION OF  
CHAPARRAL CITY WATER COMPANY FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASE IN ITS  
RATES AND CHARGES BASED THEREON.

DOCKET NO. W-02113A-13-0118  
DECISION NO. 74568  
NOTICE OF COMPLIANCE FILING

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In compliance with Decision No. 74568, Chaparral City Water Company, hereby files the attached Tariffs and Best Management Practices Tariffs as a compliance item in this docket.

RESPECTFULLY SUBMITTED on July 21, 2014.

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

Original and 13 copies filed  
on July 21, 2014, with:

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

Copies of the foregoing emailed  
on July 21, 2014 to:

Brian K. Bozzo  
Compliance and Enforcement Manager  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

JUL 21 2014

DOCKETED BY *[Signature]*



1 Water Company in this proceeding is hereby approved.

2 IT IS FURTHER ORDERED that Chaparral City Water Company shall file, within 60 days, a  
3 Plan of Administration for the Low Income Program approved herein for Commission review and  
4 approval.

5 IT IS FURTHER ORDERED that Chaparral City Water Company shall file within 90 days in  
6 this docket, a report that details the monthly usage of each meter size and customer class for the  
7 January-December 2013 calendar year, and shall annually file in this docket, commencing on or  
8 before March 30, 2015, and until the filing of its next rate case, a report that details the monthly  
9 usage of each meter size and customer class for the prior January-December calendar year. Staff  
10 shall analyze the data, and if Staff believes that Commission action should be taken, shall provide a  
11 recommendation to the Commission.

12 IT IS FURTHER ORDERED that Chaparral City Water Company is hereby authorized to  
13 implement a CAP Surcharge, and shall file, within 30 days, a CAP Surcharge Plan of Administration  
14 that substantially conforms to the CAP Surcharge Plan of Administration (currently labeled as  
15 Sustainable Water Surcharge Plan of Administration) attached hereto as Exhibit A, for Commission  
16 review and approval.

17 IT IS FURTHER ORDERED that the BMP tariffs proposed by Chaparral City Water  
18 Company are hereby approved, and Chaparral City Water Company shall file tariffs conforming to  
19 those appearing in Hearing Exhibit A-26 at the time it files the new rate schedules authorized herein.

20 IT IS FURTHER ORDERED that Chaparral City Water Company shall notify its customers,  
21 in a form acceptable to Staff, of the Best Management Practices tariffs authorized in this proceeding  
22 and their effective date by means of either an insert in the next regularly scheduled billing or by a  
23 separate mailing, and shall provide copies of the Best Management Practices tariffs to any customer  
24 upon request.

25 IT IS FURTHER ORDERED that Chaparral City Water Company is hereby authorized to  
26 request recovery of actual expenses associated with the implemented Best Management Practices  
27 tariffs in its next general rate application.

28 IT IS FURTHER ORDERED that Chaparral City Water Company is hereby authorized to

# Chaparral City Water Company

## Tariffs

Chaparral City Water Company  
(Name of Company)

ALL SERVICE AREAS

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ISSUED: July 21, 2014  
Month Day Year

EFFECTIVE: July 1, 2014  
Month Day Year

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates  
2355 W. Pinnacle Peak Rd, Suite 300, Phoenix, Arizona 85027

Decision No. 74568

Chaparral City Water Company  
(Name of Company)

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ALL SERVICE AREAS

W-02113A-13-0118

PART ONE

**STATEMENT OF CHARGES  
WATER SERVICE**

I. RATES

On June 20, 2014, in Decision No. 74568, the Arizona Corporation Commission (“Commission”) issued an Order approving the rates and charges in Sections A.1, B.1, C.1 and D.1 to have become effective on July 1, 2014:

A. GENERAL RESIDENTIAL, COMMERCIAL AND INDUSTRIAL SERVICE

Availability

Available for all metered residential, commercial and industrial customers served by this service area.

Schedule of Charges:

Meter Size	Monthly Usage Charge	Tier One		Tier Two		Tier Three	
		Commodity Rate (per 1,000 gallons)	First Tier (gallons)	Commodity Rate (per 1,000 gallons)	Second Tier (gallons)	Commodity Rate (per 1,000 gallons)	Third Tier (gallons)
<b>RESIDENTIAL/ COMMERCIAL/ INDUSTRIAL:</b>							
¾" meter Residential Only Low Income *	\$ 12.50	\$2.40	0 – 3,000	\$3.57	3,001 – 9,000	\$4.4773	Over 9,000
¾" meter	\$ 20.00	\$2.40	0 – 3,000	\$3.57	3,001 – 9,000	\$4.4773	Over 9,000
1" meter Residential Only Low Income*	\$ 25.75	\$3.57	0 – 24,000	\$4.4773	Over 24,000	-	-
1" meter	\$ 33.25	\$3.57	0 – 24,000	\$4.4773	Over 24,000	-	-
1½" meter	\$ 67.00	\$3.57	0 – 60,000	\$4.4773	Over 60,000	-	-
2" meter	\$ 107.00	\$3.57	0 – 100,000	\$4.4773	Over 100,000	-	-
3" meter	\$ 213.00	\$3.57	0 – 225,000	\$4.4773	Over 225,000	-	-
4" meter	\$ 333.00	\$3.57	0 – 350,000	\$4.4773	Over 350,000	-	-
6" meter	\$ 667.00	\$3.57	0 – 725,000	\$4.4773	Over 725,000	-	-
8" meter	\$1,067.00	\$3.57	0 – 1,125,000	\$4.4773	Over 1,125,000	-	-
10" meter	\$1,533.00	\$3.57	0 – 1,500,000	\$4.4773	Over 1,500,000	-	-
12" meter	\$2,867.00	\$3.57	0 – 2,250,000	\$4.4773	Over 2,250,000	-	-

Note:

\* Low income details are noted in the Terms and Conditions section for Part One, Section I. Upper Tier rate for residential, commercial, and industrial customers is comprised of \$4.42 approved rate plus \$0.0573 for the Low Income Surcharge for a total of \$4.4773.

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Decision No. 74568

ALL SERVICE AREAS

W-02113A-13-XXXX

**PART ONE, SECTION I (Cont.)**

**B. IRRIGATION SERVICE**

Availability

Available for all metered irrigation customers served by this service area.

Schedule of Charges:

Meter Size	Monthly Usage Charge	Tier One	
		Commodity Rate (per 1,000 gallons)	Upper Limit
<b>Irrigation and Construction/Bulk:</b>			
¾" meter	\$ 20.00	\$3.57	Infinite
1" meter	\$ 33.25	\$3.57	Infinite
1½" meter	\$ 67.00	\$3.57	Infinite
2" meter	\$ 107.00	\$3.57	Infinite
3" meter	\$ 213.00	\$3.57	Infinite
4" meter	\$ 333.00	\$3.57	Infinite
6" meter	\$ 667.00	\$3.57	Infinite
8" meter	\$1,067.00	\$3.57	Infinite
10" meter	\$1,533.00	\$3.57	Infinite
12" meter	\$2,867.00	\$3.57	Infinite
<b>Fire Hydrant Irrigation/Construction:</b>			
¾" meter	\$ 20.00	\$3.57	Infinite
1" meter	\$ 33.25	\$3.57	Infinite
1½" meter	\$ 67.00	\$3.57	Infinite
2" meter	\$ 107.00	\$3.57	Infinite
3" meter	\$ 213.00	\$3.57	Infinite
4" meter	\$ 333.00	\$3.57	Infinite
6" meter	\$ 667.00	\$3.57	Infinite
8" meter	\$1,067.00	\$3.57	Infinite
10" meter	\$1,533.00	\$3.57	Infinite
12" meter	\$2,867.00	\$3.57	Infinite

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ALL SERVICE AREAS

W-02113A-13-0118

**PART ONE, SECTION I (Cont.)**

**C. FIRE SPRINKLER SERVICE**

Availability

Available for all metered fire sprinkler service customers served by this service area.

Schedule of Charges:

Meter Size	Monthly Usage Charge	Tier One	
		Commodity Rate (per 1,000 gallons)	Upper Limit
<b>Fire Sprinkler Service:</b>			
¾" meter	*	\$3.5700	Infinite
1" meter	*	\$3.5700	Infinite
1½" meter	*	\$3.5700	Infinite
2" meter	*	\$3.5700	Infinite
3" meter	*	\$3.5700	Infinite
4" meter	*	\$3.5700	Infinite
6" meter	*	\$3.5700	Infinite
8" meter	*	\$3.5700	Infinite
10" meter	*	\$3.5700	Infinite
12" meter	*	\$3.5700	Infinite

\* 2.00 percent of monthly minimum for a comparable size meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

**D. RESERVED**

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**PART ONE, SECTION I (Cont.)**

E. TERMS AND CONDITIONS

Water services provided under this rate schedule is subject to Chaparral City Water Company's ("Company") Rules and Regulations applicable to Water Service and may be subject to the Company's Service Charges set forth in Part One, Section III Additional Charges.

Water service under this Schedule is for the exclusive use of the Customer and water shall not be resold or provided to others.

Low Income Program – Monthly Low Income Credit of \$7.50 is available to qualified Chaparral City Water Company customers. Requires the completion of a Low Income Program Application. Program is restricted to the first 250 eligible residential customers on either a 3/4" meter or a 1" meter in the Chaparral City Water Company's service area. Applicants must show proof their annual income is below the threshold. The threshold is below 150% of the federal guidelines as periodically revised. Applicant may not be claimed as a dependent on another person's tax return. Applicant must reapply each time moving residence. Refusal or failure to provide acceptable documentation or eligibility, upon request, shall result in removal from the low income program. Rebilling of customers under the otherwise applicable rate schedule may occur for periods of ineligibility previously billed under the low income tariff. Annual income means the value of 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 with the applicant.

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Decision No. 74568

Chaparral City Water Company  
(Name of Company)

ALL SERVICE AREAS

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**PART ONE, SECTION II**

II. TAXES AND ASSESSMENTS

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

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**PART ONE, SECTION III**

**III. ADDITIONAL CHARGES**

In addition to all other rates and charges authorized herein, the Company shall collect the following when applicable:

A.	Establishment of Service per A.A.C. R14-2-403.D	\$30.00
B.	Re-Establishment (Within 12 Months)	(a)
C.	Reconnection (Delinquent)	\$35.00
D.	Meter Test (if correct)	\$35.00
E.	Meter Re-Read (if correct)	\$10.00
F.	Moving Meter at Customer Request	At Cost
G.	Deposit	(b)
H.	Deposit Interest	(c)
I.	NSF Check	\$25.00
J.	Late Penalty Payment (per month)	1.50%
K.	Deferred Payment (per month)	1.50%
L.	After Hours Service Charge *	\$50.00

(a) Number of full months off the system times the monthly minimum, per A.A.C. R14-2-403(D).

(b) Per A.A.C. R14-2-403(B). Residential – two times the average monthly bill. Non-Residential – two and one half times the average monthly bill.

\* For work performed on the customer's property after hours, at customer's request. In addition to the charge for any utility service provided.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use and franchise tax, per A.A.C. R14-2-409(D)(5).

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Month Day Year

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Month Day Year

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Decision No. 74568

ALL SERVICE AREAS

W-02113A-13-0118

**PART ONE, SECTION III (Cont.)**

M. Service Line and Meter Charges  
Refundable pursuant to A.A.C. R14-2-405:

	<u>Service Line Charge</u>	<u>Meter Charge</u>	<u>Total Charge</u>
5/8" x 3/4" Meter	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	\$ 385.00	\$ 195.00	\$ 580.00
1" Meter	\$ 435.00	\$ 234.00	\$ 669.00
1 1/2" Meter	\$ 570.00	\$ 367.00	\$ 837.00
2" Turbine Meter	At Cost	At Cost	At Cost
2" Compound Meter	At Cost	At Cost	At Cost
3" Turbine Meter	At Cost	At Cost	At Cost
3" Compound Meter	At Cost	At Cost	At Cost
4" Turbine Meter	At Cost	At Cost	At Cost
4" Compound Meter	At Cost	At Cost	At Cost
6" Turbine Meter	At Cost	At Cost	At Cost
6" Compound Meter	At Cost	At Cost	At Cost
8" or Larger	At Cost	At Cost	At Cost

Fire Sprinkler:

2" Meter and Valve	At Cost
4" Meter and Valve	At Cost
6" Meter and Valve	At Cost
8" Meter and Valve	At Cost

Terms and conditions:

An applicant for water service shall pay to the Company, as a refundable advance in aid on construction the full cost to provide the new service line and meter.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, per Commission Rule 14-2-409D(5).

All advance and /or contributions are to include labor, materials, overheads, and all applicable taxes, including all gross-up taxes for income taxes, if applicable.

ISSUED: July 21, 2014  
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Month Day Year

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates  
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Decision No. 74568

Chaparral City Water Company  
(Name of Company)

SHEET NO. 7  
SHEET NO. 7

ALL SERVICE AREAS

W-02113A-13-0118

RESERVED

ISSUED: July 21, 2014  
Month Day Year

EFFECTIVE: July 1, 2014  
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ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates  
2355 W. Pinnacle Peak Rd, Suite 300, Phoenix, Arizona 85027

Decision No. 74568

Chaparral City Water Company  
(Name of Company)

ALL SERVICE AREAS

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**PART ONE, SECTION IV**

**IV. PERMITTED COSTS**

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, cost 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 costs 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, time sheets 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, time sheets 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, time sheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include all State or Federal income 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.

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Chaparral City Water Company  
(Name of Company)

ALL SERVICE AREAS

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PART TWO

STATEMENT OF TERMS AND CONDITIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.C.R.R. R14-2-401 through A.C.R.R. R14-2-411 will be control the Company's procedures and policies, unless this tariff or a specific Commission order provides otherwise.

I. FIRE HYDRANT AND INTERIOR FIRE SPRINKLER SERVICE

The Company will provide Fire Protection Service under the following conditions:

A. Facility Specifications

The size, location, number, and technical specifications of facilities used to provide Fire Protection Service shall be prescribed by the Fire Protection Service Customer, developer, or any authorized agency having jurisdiction over those facilities, so long as:

1. Those facilities do not adversely affect the Company's ability to provide other service, and
2. The maximum diameter of the fire protection service connection is not larger than the diameter of the main to which the service is connected, and
3. In the case of a fire hydrant, that the facilities are located in the public right-of-way, and
4. In the case of a fire sprinkler system, that the sprinkler system is separate from the other service facilities, unless the Company has specifically approved an integrated system and Company-approved check valves are installed.

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ALL SERVICE AREAS

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**PART TWO, SECTION I (Cont.)**

**B. Construction Specifications; Ownership of Facilities; Relocation**

Fire hydrants, and all valves, pipes, fittings and appurtenances related to the hydrant shall be installed to the Company's construction specifications under non-refundable Contributions in Aid of Construction, paid by the Developer or Fire Protection Service Customer, and shall become the property of the Company.

Fire sprinkler systems up to a mutually-agreed upon point of interconnection shall be installed to the Company's construction specifications under non-refundable Contributions in Aid of Construction, paid by the Developer or Fire Protection Service Customer, and shall become the property of the Company. The installation, maintenance and operation of fire sprinkler systems within the Customer's facility, and beyond the point of interconnection, shall be the responsibility of the Customer.

Relocation costs of any Company-owned fire protection facilities shall be paid by the Customer or the party requesting relocation. Relocation costs include costs incurred due to moving facilities to accommodate reconstruction, widening, realignment, or grade changes to alleys, streets, roads, or highways.

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**PART TWO, SECTION I (Cont.)**

C. Interruptible Service; Company's Liability Limitations

The Company will exercise reasonable diligence to provide continuous water service to fire hydrant and interior fire sprinkler service customers. Fire Protection Service is conditioned upon the express understanding that THE COMPANY DOES NOT GUARANTEE OR INSURE UNINTERRUPTED OR REGULAR WATER SERVICE, NOR DOES THE COMPANY REPRESENT THE PRESENCE OF ADEQUATE PRESSURE, VOLUME, OR FIRE FLOW AVAILABLE ANYWHERE ON ITS WATER SYSTEM BY OFFERING FIRE PROTECTION SERVICE AS SPECIFIED HEREIN.

Fire Protection Service is further conditioned on the Fire Protection Services Customer agreeing TO HOLD HARMLESS AND INDEMNIFY THE COMPANY from and against any and all liability, loss, damage or expense the Company may incur as a result of claims, demands, costs or judgment against the Company including, but not limited to, loss of or damage to property or injury or to death of persons, arising, directly or indirectly, out of the Company's providing of water service, or any activities or operations related thereto, or any breach by the Fire Protection Service Customer of the terms, covenants or conditions of this Tariff Schedule. The Company shall be entitled to recover its reasonable attorneys' fees should the Fire Protection Service Customer fail to comply with this provision. This provision applies to, and regardless of, any negligence or alleged negligence on the part of the Company, its employees, servants or agents.

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**PART TWO, SECTION II**

**II. CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION**

**PURPOSE:**

The purpose of this tariff is to protect the water system and facilities of Chaparral City Water Company ("the Company") 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.") R-14-2-405.B.6 and A.A.C. R18-4-115. This tariff is applicable to all customers served by the Company who meet the requirements set forth below.

**REQUIREMENTS:**

In accordance with the rules and regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality, including 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 whenever A.A.C. R18-4-115.B or .C applies.
2. A backflow-prevention assembly installed by the customer tariff must comply with the requirements set forth in A.C.C. R18-4-115.D and E, which rules are incorporated herein by this reference.
3. Subject to the provision of A.A.C. R14-2-407 and R14-2-410, and in accordance with paragraphs 1 and 7 of this tariff, the Company may terminate service or deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company 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 have 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, the Company, in its discretion, may suspend this requirement for a reasonable period of time, which shall not exceed ninety (90) days.

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**PART TWO, SECTION II (Cont.)**

5. The testing of any backflow-prevention assembly and related equipment must comply with the requirements set forth in A.A.C. R18-4-115.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as necessary to ensure that it is functioning properly. The Company may also require the customer to pay for any repairs to a backflow-prevention assembly.
6. The customer shall provide the Company with all records relating to the installation, testing and repair of each backflow-prevention assembly. For each backflow-prevention assembly, these records must include:
  - a. The assembly identification number and description (e.g., manufacturer and model number);
  - b. Its location;
  - c. The dates of all tests;
  - d. A description of repairs and recommendations for repairs made by tester; and
  - e. The tester's name, employer, address and certification number.
7. 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 any testing requirement, and a hazard as contemplated under A.A.C. R14-2-410.B.1.a. may exist, the Company may terminate service immediately and without notice. The backflow-prevention assembly must be repaired or replaced by the customer, at the customer's expense, and the assembly retested before service may be restored.
8. 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 any testing requirement, and there is no possibility of a hazard as contemplated under A.A.C. R14-2-410.B.1.a., 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. The customer's failure to remedy the deficiency or malfunction of the assembly, or failure to retest the assembly to ensure that it is properly functioning, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

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Decision No. 74568

Chaparral City Water Company  
(Name of Company)

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**PART TWO, SECTION III**

III. WATER SERVICE CURTAILMENT

APPLICABILITY:

To all customers served by Chaparral City Water Company ("Company") where the Company determines that temporary water shortages might lead to water system outages, whether caused by drought, fire or other disaster, diminishing supplies, contamination, equipment failure, increased demands or other causes.

PURPOSE:

To implement procedures to cause all customers, regardless of customer class, to reduce water use by compliance with specified water conservation measures and other actions required to reduce each customer's normal water use.

NOTICE OF CURTAILMENT IMPLEMENTATION:

The Company will notify customers of the need to curtail water use, the stage of curtailment implemented, and the extent of curtailment required, by using one or more of the most appropriate methods listed below, as determined by the Company:

1. A notice published in a local newspaper of general circulation that serves the targeted area.
2. A bill insert or a notice on the customer's monthly bill.
3. Radio and television announcements in the targeted area.
4. Signs, leaflets, or other means of providing public notice as determined by the Company.

The Company will notify the customers when such curtailment is no longer needed.

CURTAILMENT STAGES:

Stage One:

Voluntary water use reduction by costumers of 25% or less, as specified by the Company, by adhering to the following practices:

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**PART TWO, SECTION III (Cont.)**

1. No washing of streets, sidewalks, driveways, parking lots, service station aprons or other exterior features.
2. No washing of automobiles, trucks, trailers, trailer houses or any type of mobile equipment.
3. Exterior landscape watering not more frequently than once every 2 days.
4. Exterior landscape automatic watering timers reduced from their normal duration setting.
5. No filling of swimming or wading pools.
6. Restaurants to serve drinking water only upon request.
7. Hotels, motels and other temporary lodging facilities to notify their customers that towels and linens will be washed upon request only, and that their water use should be limited.
8. Use of water from fire hydrants only in case of fire.
9. Do not waste water. EXAMPLES: Do not let water run down streets and repair any leaking plumbing fittings.
10. Reduce other water uses such that the targeted reduction from the customer's historic water use is achieved.

Stage Two:

Voluntary water use reduction by customers of more than 25%, as specified by the Company, by adhering to the practices listed under Stage One and the following practices:

1. Exterior landscape watering not more frequently than once every 3 days.
2. Exterior landscape automatic watering timers further reduced from their normal duration setting.
3. Reduce other water uses such that the targeted reduction from the customer's historic water use is achieved.
4. No use of construction water services for dust control, soil compaction, or similar purposes, unless required by the Maricopa County Environmental Services Department, the Arizona Department of Environmental Quality, or other agency with jurisdiction over air quality.

Stage Three:

Mandatory water use reduction by customers to a level specified by the Company to meet health and safety requirements, by adhering to the practices listed under Stage One and Stage Two and the following practices:

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**PART TWO, SECTION III (Cont.)**

1. Exterior landscape watering not more frequently than once every 4 days.
2. Exterior landscape automotive watering timers reduced from their normal duration setting.
3. Reduce other water uses such that the targeted water use reduction is achieved.
4. No use of construction water services.
5. Have on hand a minimum of a 3-day emergency supply of drinking water.

Stage Four:

Mandatory water use reductions by customers, when Stage Three conditions are expected to last longer than two months, by adhering to the practices listed under Stage One through Stage Three, together with the Targeted Water use Reduction Levels set forth below.

EXEMPTIONS AND APPEALS:

Reduction under Stages One, Two, Three and Four do not apply to water directly used for public health and safety purposes.

A customer who wishes an exemption from the targeted water use reduction must submit a written request to the Company within ten days of the Company's notice of curtailment. Following review of the request, the Company will decide whether the targeted water use reduction for that customer should be changed. The Company's decision shall be final.

TARGETED WATER USE REDUCTION LEVEL:

All water bills rendered during a Stage Four curtailment will show the customer's targeted water use reduction percentage, together with all other information the Company considers necessary for the customer to achieve the targeted water use reduction level. If the water bill shows that the customer used water above the targeted water use level, the water bill will include a notice to the customer to end all outdoor water use and that failure to comply will result in temporary loss of service. If the customer exceeds the targeted water use level in the following month, the water bill for that month will include a notice to the customer that water service will be terminated for failure to comply with the curtailment procedures imposed by the Company during supply shortages unless the customer agrees to take actions satisfactory to the Company to end unauthorized use of water. A customer's water service will not be terminated for this type of failure to comply without first receiving notice from the Company of its intent to terminate service.

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**PART TWO, SECTION III (Cont.)**

If a customer does not take corrective actions satisfactory to the Company and water service is subsequently terminated and such customer believes water service was terminated in error, the customer should call the Company's local office to discuss the basis of the Company's termination of water service with a customer service representative or office manager. If a customer believes that water service was terminated improperly, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

TERMS AND CONDITIONS:

Any customer whose service is terminated for failure to comply with the specific actions required shall not have service restored until such customer demonstrates compliance with such specific actions, satisfactory to the Company, and pays any past due water charges plus a reconnection charge as provided for in the appropriate tariff schedule.

SPECIAL PROVISIONS:

1. This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.
2. 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.
3. The Company shall provide a copy of the curtailment tariff to any customer, upon request.
4. If curtailment efforts do not reduce water use sufficiently and localized water shortages result, the Company will inform the customers of the availability of alternative water supplies in other areas of the Company's water system or neighboring water systems.
5. The Company shall notify the Consumer Service Section of the Utilities Division of the Arizona Corporation Commission at least twelve (12) hours prior to entering either of curtailment Stages 2, 3, or 4. The notification to the Consumer Service Section shall include the cause, present conditions, and expected duration for the water service curtailment.

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PART THREEBEST MANAGEMENT PRACTICES TARIFFSLocal and/or Regional Messaging Program Tariff – BMP 1.1PURPOSE

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 advertizing.
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.

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**PART THREE (Cont.)****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.

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**PART THREE (Cont.)****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.

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**PART THREE (Cont.)**

**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.

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**PART THREE (Cont.)****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.

2. 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:
  - d. 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.
  - e. The number of retrofit fixtures requested by customers and the number of fixtures provided.
  - f. Costs of the Residential Interior Retrofit Program.

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**PART THREE (Cont.)****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.

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**PART THREE (Cont.)****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.

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**PART THREE (Cont.)**

**Customer High Water Use Notification Tariff – BMP 3.7 (Cont.)**

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.

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**PART THREE (Cont.)****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;

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**PART THREE (Cont.)****Leak Detection Program Tariff – BMP 4.1 (Cont.)**

- 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.
6. The Company shall conduct a water audit annually which includes the following steps to determine how efficient each water system is operating and where the losses might be.
- a. Use coordinated monthly source and service meter readings to calculate how much water enters and leaves the system during the 12 month review period.
  - b. Track and estimate any unmetered authorized uses.
  - c. Calculate the total amount of leakage using the following formula:
 
$$\text{Unaccounted for water (\%)} = [(\text{Production and/or purchased water minus metered use \& estimated authorized un-metered use}) / (\text{Production and/or purchased water})] \times 100\%$$
  - d. Authorized un-metered uses may include firefighting, main flushing, process water for water treatment plants, etc. Water losses include all water that is not identified as authorized metered water use or authorized un-metered use.
  - e. Determine possible reasons for leakage, including physical leaks and unauthorized uses.
  - f. Analyze results to determine the improvements needed, such as, better accounting practices, leak survey or replacing old distribution pipes.
7. The Company shall keep accurate and detailed records concerning its annual water audit results. These records shall be made available to the Commission upon request.

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**PART THREE (Cont.)****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 for repair or replacement (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 inspect 100 percent of its 1-inch and smaller in-service water meters at least once every ten years for one of the following reasons (whichever occurs first):
  - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
  - b. A meter has registered 1,000,000 gallons of usage,
  - c. A meter has been in service for ten years.
2. Meters larger than 1-inch shall be inspected 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.
3. The inspection will be accomplished by 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. In addition, meters shall be randomly selected for flow testing to identify potentially under-registering meters.
4. The Company shall also replace or reprogram any water meters that do not register in gallons. Upon the effective date of this tariff, the Company shall install all replacement meters with new:
  - a. 1-inch and smaller meters that register in 1 gallon increments,
  - b. 1-1/2-inch through 4-inch meters that register in 10 gallon increments, and
  - c. 6-inch and larger meters that register in 100 gallon increments.

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**PART THREE (Cont.)**

**Meter Repair and/or Replacement Tariff – BMP 4.2 (Cont.)**

5. The Company shall keep records of all inspected and replacement meters and make this information available to the Commission upon request.

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Month Day Year

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Month Day Year

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates  
2355 W. Pinnacle Peak Rd, Suite 300, Phoenix, Arizona 85027

Chaparral City Water Company  
(Name of Company)

ALL SERVICE AREAS

W-02113A-13-0118

**PART THREE (Cont.)****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.

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Decision No. 74568

Chaparral City Water Company  
(Name of Company)

ALL SERVICE AREAS

W-02113A-13-0118

**PART FOUR****OFF-SITE FACILITIES HOOK-UP FEE****I. Purpose and Applicability.**

The purpose of the off-site hook-up fees payable to Chaparral City Water Company (“the Company”) pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company’s establishment of service, as more particularly provided below.

**II. Definitions.**

Unless the context otherwise requires, the definitions set forth in A.C.C. R14-2-401 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

“Applicant” means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, and may include Developers and/or Builders of new residential subdivisions.

“Company” means Chaparral City Water Company, Inc. an Arizona public service corporation.

“Main Extension Agreement” means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R14-2-406, and shall have the same meaning as “Water Facilities Agreement” or “Line Extension Agreement.”

“Off-Site Facilities” means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Off-site facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation, if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

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ALL SERVICE AREAS

W-02113A-13-0118

**PART FOUR (Cont.)**

“Service Connection” means and includes all service connections for single-family residential or other uses, regardless of meter size.

**III. Off-Site Hook-Up Fee.**

For each new service connection, the Company shall collect an off-site hook-up fee derived as follows:

Meter Size	Total Fee
5/8" x 3/4 "	****
3/4"	****
1"	****
1-1/2 "	****
2"	****
3"	****
4"	****
6" or larger	****

\*\*\*\* The fee shall be variable, fixed on January 1 of each calendar year, computed by dividing \$369,404.50 by the number of hook-ups during the previous calendar year. However, in no event shall the hook-up fee be higher than \$1,000 nor less than \$500.

2006 filing – New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision. Purpose is to equitably apportion the costs of construction of additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.

**IV. Terms and Conditions.**

(A) Assessment of One Time Off-Site Hook-Up Fee: The off-site hook-up fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge).

(B) Use of Off-Site Hook-Up Fee: Off-site hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off-site hook-up fees shall not be used for repairs, maintenance, or operational purposes.

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(Name of Company)

ALL SERVICE AREAS

W-02113A-13-0118

**PART FOUR (Cont.)**

(C) Time of Payment:

a. For those requiring a Main Extension Agreement –

In the event that the person or entity that will be constructing improvements (“Applicant”, “Developer” or “Builder”) is otherwise required to enter into a Main Extension Agreement, whereby the Applicant, Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the fees required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R14-2-406(M).

b. For those connecting to an existing main that was installed pursuant to a Main Extension Agreement that was approved by the Arizona Corporation Commission –

In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant, Developer or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall not be entitled to any refunds.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to provide water service to any Developer or, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment has not been paid.

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Decision No. 74568

Chaparral City Water Company  
(Name of Company)

ALL SERVICE AREAS

W-02113A-13-0118

**PART FOUR (Cont.)**

(F) Large Subdivision Projects: In the event that the Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Developer's or Builder's construction schedule and water service requirements.

(G) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to this Off-Site Hook-Up Fee Tariff shall be non-refundable contributions in aid of construction.

(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Hook-Up Fee in Addition to On-Site Facilities: The off-site hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fees, or if the off-site hook-up fee has been terminated by order of the Commission, any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

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2355 W. Pinnacle Peak Rd, Suite 300, Phoenix, Arizona 85027

Decision No. 74568

# Chaparral City Water Company

## Rules and Regulations

Chaparral City Water Company  
(Name of Company)

All Service Areas  
(Name of Service Area)

**RULES AND REGULATIONS  
APPLICABLE TO  
WATER SERVICE  
OF  
CHAPARRAL CITY WATER COMPANY**

**Legally named and operating in:**

Maricopa County, Arizona

These rules and regulations have been authorized by the Arizona Corporation Commission and are the effective rules and regulations of this Company.

Services will be furnished in accordance with these rules and regulations and no officer, employee, or representative of this Company has any authority to write, alter, or amend these rules and regulations or any parts thereof in any respect.

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2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027

All Service Areas  
(Name of Service Area)

**RULES AND REGULATIONS APPLICABLE TO WATER SERVICE**  
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2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027







All Service Areas  
(Name of Service Area)

**RULE NO. 1 (continued)**  
**DEFINITIONS**

17. Main Extension: The mains and ancillary facilities related to providing service to additional customers via the extension of the distribution system.
18. Master Meter: A meter for measuring or recording the volume or flow of water at a single location where said water is transported through a piping system to several tenants or occupants for their individual consumption.
19. Meter: The instrument for measuring and indicating or recording the volume of water that has passed through it.
20. Meter Tampering: A situation where a meter has been illegally altered. Common examples are meter bypassing, use of devices to slow the meter recorder, and broken meter seals.
21. Minimum Charge: The amount the customer must pay for the availability of water service, including an amount of usage, as specified in this Company's tariffs.
22. Minimum Delivery Pressure: 20 pounds per square inch gauge at the meter or point of delivery.
23. Permanent Customer: A customer who is a tenant or owner of a service location who applies for and receives permanent water service.
24. Permanent Service: service which, in the opinion of the Company, is of a permanent and established character. The use of water may be continuous, intermittent, or seasonal in nature.
25. Person: Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
26. Point of Delivery: The point where facilities owned, leased or under license by a customer connect to the Company's pipes or at the outlet side of the meter.
27. Premises: All of the real property and apparatus employed in a single enterprise or living unit on an integral parcel of land undivided by public streets, alleys, or railways.
28. Residential Subdivision Development: Any tract of land which has been divided into four or more contiguous lots for use in the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
29. Residential Use: Service to customers using water for domestic purposes such as personal consumption, water heating, cooking, clothes washing, and other residential uses, including use in apartment buildings, mobile home parks, and other multi-unit residential buildings.
30. Rules: The regulations set forth in the tariffs that apply to the provision of water service.
31. Service Area: The territory in which the Company has been granted a certificate of convenience and necessity and is authorized by the Commission to provide water service in this area.

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All Service Areas  
(Name of Service Area)

**RULE NO. 2 (continued)**  
**ESTABLISHMENT OF SERVICE**

6. A separate deposit may be required for each meter installed.
7. The amount of a deposit required by the Company shall be determined according to the following terms.
  - a. Residential customer deposits shall not exceed two times the average residential class bill as evidenced by this Company's most recent annual report filed with the Commission.
  - b. Nonresidential customer deposits shall not exceed two and one-half times that customer's estimated maximum monthly bill.
  - c. The Company may review the customer's usage after service has been connected and adjust the deposit amount on the basis of the customer's actual usage.
8. Residential Customer Deposits will automatically be refunded by the Company after twelve (12) consecutive months during which time the customer has not been delinquent in the payment of utility bills or, at the discretion of the Company, at any time before service is discontinued. Upon final discontinuance of the use of the service and full settlement of all bills by the customer, any deposit, not previously refunded, with accrued interest, if any, in accordance with the provisions of this policy will be returned to the customer or at the Company's election, it may be applied to the payment of any unpaid accounts of the customer and the balance, if any, returned to the customer.
9. The Company may require a customer to establish or reestablish a deposit if the customer becomes delinquent in the payment of two (2) or more bills within a twelve (12) consecutive month period or has been disconnected for nonpayment during the last twelve (12) months.
10. Deposits shall not prevent the Company from terminating the agreement for service with a customer or suspending service for any failure in the performance of customer obligations under the agreement for service or any violation of this Company's Rules and Regulations.
11. Upon discontinuance of service, the Company may apply the deposit toward settlement of the customer's bill.

**C. GROUNDS FOR REFUSAL OF SERVICE**

1. The Company may refuse to establish service if any of the following conditions exist:
  - a. The applicant has an outstanding amount due for the same class of utility service with the Company and the applicant is unwilling to make arrangements with the Company for payment.
  - b. A condition exists, or could occur, which in the Company's judgment is unsafe or hazardous to the applicant, the general population, or the Company's personnel or facilities.
  - c. Refusal by the applicant to provide the Company with a deposit.

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Chaparral City Water Company  
(Name of Company)

All Service Areas  
(Name of Service Area)

**RULE NO. 2 (continued)**  
**ESTABLISHMENT OF SERVICE**

1. An interruption caused by the customer's willful act or omission, negligence or failure of customer-owned equipment, even though the Company is unable to perform any work beyond the point of delivery. The Company shall make reasonable effort to advise the customer about the possibility of such charges before the service call starts.
2. A required reconnection of water service to any customer previously disconnected for nonpayment.
3. Unlawful use of service, misrepresentation to the Company, unsafe conditions, threats to Company personnel or property, failure to permit safe access, detrimental effects of customer demands on the Company system, failure to establish credit and/or sign an agreement for service or any other reason authorizing the Company to make such disconnection. Such work will be performed only when requested and agreed to by the customer.

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2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027

**RULE NO. 3**  
**MINIMUM CUSTOMER INFORMATION REQUIREMENTS**

A. INFORMATION FOR RESIDENTIAL CUSTOMERS

1. The Company shall make available upon customer request not later than sixty (60) days from the date of request a concise summary of the rate schedule applied for by the customer. The summary shall include the following:
  - a. Monthly minimum or customer charge, identifying the amount of the charge and the specified amount of usage included in the minimum charge where applicable.
  - b. Rate blocks, where applicable.
  - c. Any adjustment factor(s) or tax impositions and methods of calculation.
2. The Company shall to the extent practical, identify the tariff most advantageous to the customer and notify the customer of such prior to service commencement.
3. In addition, the Company shall make available upon customer request not later than sixty (60) days from the date of request a copy of this Company's Rules and Regulations governing:
  - a. Deposits
  - b. Termination of service
  - c. Billing and collection
  - d. Complaint handling
4. The Company, upon written request of a customer, not more than once each calendar year, shall transmit a concise statement of actual consumption by such customer for each billing period during the prior twelve (12) months, unless such data is not reasonably ascertainable.
5. The Company shall inform all new customers of their right to obtain the information specified above.

B. INFORMATION REQUIRED DUE TO CHANGES IN TARIFFS

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

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2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027

All Service Areas  
(Name of Service Area)

**RULE NO. 4**  
**SERVICE CONNECTIONS AND ESTABLISHMENTS**

**A. PRIORITY AND TIMING OF SERVICE ESTABLISHMENTS**

1. After an applicant has complied with the Company's application and deposit requirements and has been accepted for service by the Company, the Company shall schedule that customer for service connection and/or establishment.
2. Service establishments shall be scheduled for completion within five (5) working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the five (5) working day limitation.
3. When the Company has made arrangements to meet with a customer for service establishment purposes and the Company or the customer cannot make the appointment during the prearranged time, the Company shall reschedule the service establishment to the satisfaction of both parties.
4. The Company shall schedule service establishment appointments within a maximum range of four (4) hours during normal working hours, unless another time frame is mutually acceptable to the Company and its customer.
5. Service establishments shall be made only by qualified Company service personnel or persons authorized by the Company.
6. For the purpose of this tariff, service establishments are where the customer's facilities are ready and acceptable to the Company and the Company needs only to install or read a meter or turn the service on.

**B. SERVICE LINES**

1. An applicant for service shall be responsible for the cost of installing their piping up to the meter (i.e., the "Customer Piping").
2. An applicant for service shall pay to the Company as a refundable advance in aid of construction a sum for each meter and service line. Where service is being provided for the first time, the sum paid to the Company shall be per the tariff. Where a second meter is requested by a customer, which may be for domestic use, irrigation, or fire protection, Company may charge the actual cost of installing the second meter or service line.
3. Except where the refundable advances in aid of construction for meters and service lines have been included in refundable advances in aid of construction for main extensions and thus are refundable pursuant to main extension contracts approved by the Commission, each advance in aid of construction for a service line or meter shall be repaid by the Company by an annual credit of one-tenth of the amount received. Said credit to be applied upon the water bill rendered in November of each year until fully paid, for each service line and meter for which the advance was made, and said credit to commence in the month of November for all such advances received during the preceding calendar year.
4. Where service is being provided for the first time, the customer shall provide and maintain a private cutoff valve within eighteen (18) inches of the meter on the customer's side of the meter, and the Company shall provide a like valve on the Company's side of such meter.

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All Service Areas  
(Name of Service Area)

**RULE NO. 4 (continued)**  
**SERVICE CONNECTIONS AND ESTABLISHMENTS**

5. The Company may install its meter at the property line or, at the Company's option, on the customer's property in a location mutually agreed upon. If on the customer's property, customer shall grant an easement to the Company. The Company shall retain the right to specify the location and size of any meter or service line.
6. Where the meter or service line location on a customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and install at the customer's expense all Customer Piping. Company may charge the actual cost of removing the meter or service line and may charge the actual cost of installing a new meter or service line.
7. The customer's piping must be installed in such a manner as to prevent cross-connection or backflow. Any alteration or repairs done by the customer to the customer's plumbing shall also include bringing the customer's piping up to current Company standards.

**C. CUSTOMER PROVIDED EQUIPMENT, SAFETY AND OPERATION**

Each customer shall be responsible for maintaining all equipment and facilities used for Company services located on the customer's side of the meter in a safe operating condition.

**D. EASEMENTS AND RIGHTS-OF-WAY**

1. Each customer shall grant adequate easements and rights-of-way satisfactory to the Company to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easements and rights-of-way shall be grounds for the Company to refuse service.
2. When the Company discovers that a customer or the customer's agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction, or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the Company's access to equipment, the Company shall notify the customer or the customer's agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the Customer's expense.
3. If it is necessary for the Company to excavate in an easement or right-of-way to extend or repair water facilities, the Company will not be responsible for the cost to replace or repair landscaping, fences, trees, shrubs, structures, etc., placed within the easement or right-of-way.
4. The Company shall at all times have the right of safe ingress and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the Company's property used in furnishing service.

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All Service Areas  
(Name of Service Area)

**RULE NO. 5**  
**MAIN EXTENSION AGREEMENTS**

**A. EXTENSIONS OF MAINS AND SERVICES; ADVANCES IN AID OF CONSTRUCTION - GENERAL REQUIREMENTS**

1. The Company will supply service for temporary purposes, provided that the Company has water available in excess of the Company's regular needs, and provided the Company has available material and equipment necessary to supply said service. Each applicant for such service must pay in advance, to the Company, the Company's estimate of the cost of labor and materials, less salvage value on removal, for installing and removing such service.
2. An applicant for the extension of mains shall be required to pay the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, distribution lines and service lines, including all valves, fittings, meters, other costs and reasonable overheads.
  - a. Upon request by a potential applicant for a main extension, the Company shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant.
  - b. Any applicant for a main extension requesting the Company to prepare detailed plans, specifications, or cost estimates may be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company shall, upon request, make available within forty-five (45) days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts the plans and the Company proceeds with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include over-sizing of facilities to be done at the Company's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
  - c. In the event that additional facilities are required to provide or sustain pressure, storage, or water supply for the new service or services requested, or for existing customers as a consequence of the extension of service, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from the future customers, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
3. Refunds of advances shall be made in accordance with the following method: the Company shall each year, pay to the party making an advance under a main extension agreement, or that party's assigns or other successors in interest where the Company has received notice and evidence of such assignment or succession, an amount equal to ten percent (10%) of the total gross annual revenue, less any gross receipts or sales taxes and amounts payable to any municipalities or others for treatment and/or transmission of water, from each bonafide customer whose service is connected directly to main or extension lines covered by the main extension agreement. Refunds shall not be made for any period after the expiration of ten (10) years from the date of the advance. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period shall become non-refundable, and the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company.

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**RULE NO. 5 (continued)**  
**MAIN EXTENSION AGREEMENTS**

4. The aggregate refunds shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the Company on any amount advanced. The Company shall make no refunds from any revenues received from any lines or mains, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.
5. The Company may, upon approval by the Commission, terminate its obligation to refund a percentage of gross revenues from a main extension by accord and satisfaction of its obligations under the main extension agreement.
6. All agreements entered into shall be evidenced by a written agreement, signed by the Company and all parties advancing the funds for advances in aid of construction, or the duly authorized agents of each.
7. The size, type and quality of materials and of the system, installed location in the ground, and the manner of installation shall be specified by the Company, and shall comply with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system.
8. All mains, valves, fittings, wells, meters, tanks, and other facilities installed shall be the sole property of the Company, and parties making advances in aid of construction shall have no right, title or interest in any such facilities.
9. The Company, upon written request, shall furnish to any party seeking to enter into a main extension agreement a schedule of the proposed reasonable contract price for such extension of mains or other facilities. Such schedules show a breakdown of the contract prices of materials and costs of installation. Different sizes and types of mains shall be separately stated. Valves, meters, and fittings shall be separately stated or listed as a percentage of total cost. All advances shall be made without provision for profit to the Company but shall include reasonable overheads.
10. The Company shall schedule, within reason, new requests for main extension agreements and for service under main extension agreements, promptly and in the order received.
11. If an applicant for service seeking to enter into a main extension agreement deems the contract price or the time of performance to be unreasonable, the applicant may solicit bids from bonded contractors provided that all bids shall be submitted by the bid date stipulated by the Company. If a lower bid is obtained, or if a bid is obtained at an equal price with a more appropriate time of performance, and if such bid contemplates total conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid. A performance bond in the total amount of the contract may be required by the Company from the contractor prior to construction.
12. In the case of disagreement or dispute regarding the application of this rule or any of its several provisions, or where the application of this rule works an injustice or undue hardship upon any party or anticipated party to any agreement hereunder, the party aggrieved may refer the matter to the Commission for hearing and decision in accordance with the Rules of Practice and Procedure of the Commission.

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**RULE NO. 5 (continued)**  
**MAIN EXTENSION AGREEMENTS**

13. All agreements shall be filed with and approved by the Utilities Division of the Commission. Where agreements for extension of service are not filed and approved, all advances in aid of construction shall be immediately due and payable to any person making such an advance.
14. No extension of facilities shall be made without first having received approval of plans and specifications of such extensions or installations from the Arizona Department of Environmental Quality or its successor or delegate. A copy of such written approval shall then be filed with the Utilities Division of the Arizona Corporation Commission.

**B. WRITTEN AGREEMENT REQUIREMENTS**

1. Each main extension agreement shall include the following information:
  - a. Name and address of applicant(s).
  - b. Proposed service address or location.
  - c. Description of requested service.
  - d. Description and map of the requested line extension.
  - e. Itemized cost estimate to include materials, labor and other costs as necessary.
  - f. Payment terms.
  - g. A clear and concise explanation of any refunding provisions, if applicable.
  - h. Company's estimated start date and completion date for construction of the main extension.
2. Each applicant shall be provided with a copy of the written main extension agreement.

**C. FINAL COST**

1. In the event the Company's actual completed cost is less than the amount advanced by the customer, the Company shall make a refund to the applicant within thirty (30) days after completion of the construction or Company's receipt of invoices related to that construction.
2. In the event the Company's actual completed cost is more than the amount advanced by the customer the Company shall notify the applicant and the applicant shall remit additional funds within thirty (30) days of notification of the actual completed cost. Should the applicant fail to remit additional funds, service may be discontinued to the extension until the actual completed cost is paid in full.

**D. CONSTRUCTION/FACILITIES RELATED INCOME TAXES**

1. Definitions:
  - a. "Company" or "utility" refers to the entity authorized to provide public utility service in the geographic area involved.

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**RULE NO. 5 (continued)**  
**MAIN EXTENSION AGREEMENTS**

- b. "Rate Basing" – The Company pays federal income tax (FIT) and state income tax (SIT), if any, due on the receipt of an Advance in Aid of Construction (AIAC) or a Contribution in Aid of Construction (CIAC) in accordance with the Tax Reform Act of 1986 (TRA-86), as amended. Tax paid is included in the Deferred Income Tax Account and is used in the calculation of rate base. This amount is reduced by the effect of tax depreciation received for AIAC/CIAC plant and tax deductions resulting from refunds of AIAC.
  - c. "Full Gross Up" - Utility requires contributor/advancer to pay entire FIT/SIT plus a gross-up to reflect the tax on tax resulting from treating effected AIAC/CIAC payments as taxable income.
2. For construction or proposed construction which, in the judgment of the Company, will be utilized by ultimate customers of the Company in the near future, the Company shall account for the advances and/or contributions required by this Rule by "Rate Basing" them as defined in Paragraph D.1.b. No additional tax related amount should be required with the AIAC or CIAC.
  3. For construction or proposed construction costs collected pursuant to tariff provisions, Commission Rules and Regulations, or orders, and which are subject to Paragraph D.4 the Company shall require contributor/advancer to provide funds necessary for Company to pay the state and federal tax obligations associated with the subject construction or proposed construction.
  4. In the event the Company determines that the required construction, proposed construction or development fall within certain criteria, some of which are set forth below, Company may petition the Commission to authorize it to collect from the contributor/advancer funds sufficient to pay the "Full Gross Up" of the state and federal income taxes as defined in Paragraph D.1.c. Without intending to limit, examples of events which shall cause Company to require contributor/ advancer to advance the taxes as contemplated herein are as follows:
    - a. The development or build-out of the project is remote or speculative; or
    - b. The size of the development, as compared to the size of the Company's customer base, represents undue risk for the Company; or
    - c. The size of the advance/contribution or its related cost is extraordinarily large relative to the Company's rate base or revenues; or
    - d. The public interest is better served by treating the advance/contribution as other than the "Rate Basing" methodology.

The Company must present sufficient evidence that its request to require "Full Gross Up" of taxes under this paragraph is in the public interest. The Commission may deny, alter, or amend the Company's petition for authorization to require "Full Gross Up".

5. In the event contributor/advancer is required by other tariff, agreement, rule or order to advance Facilities for the subject development, those AIAC/CIAC's shall be subject to the provisions of this Section D.

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**RULE NO. 6**  
**PROVISION OF SERVICE**

A. COMPANY RESPONSIBILITY

1. The Company shall be responsible for providing potable water to the customer's point of delivery.
2. The Company may, at its option, refuse service until the customer has obtained all required permits and/or inspections indicating that the customer's facilities comply with local construction and safety standards.

B. CUSTOMER RESPONSIBILITY

1. Each customer shall be responsible for maintaining all facilities on the customer's side of the point of delivery in a safe and efficient manner and in accordance with the requirements of the Arizona Department of Environmental Quality, County and Municipal authorities, and the prescribed specifications of the Company.
2. Each customer shall be responsible for safeguarding all Company property installed in or on the customer's premises for the purpose of supplying water to that customer.
3. Each customer shall exercise all reasonable care to prevent loss or damage to Company property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to Company property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the Company for the cost of necessary repairs and replacements.
4. Each customer shall be responsible for payment for any equipment damage resulting from unauthorized breaking of seals, interfering, tampering, or bypassing the Company meter.
5. The customer shall be responsible for notifying the Company of any failure identified in the Company's equipment.
6. Water furnished by this Company shall be used only on the customer's premises and shall not be resold to any other person. During critical water conditions, as determined by the Commission, the customer shall use water only for those purposes specified by the Commission. Disregard of this rule shall be sufficient cause for refusal or discontinuance of service.
7. The customer agrees, when accepting service, that no one except Company employees or persons authorized by the Company shall be allowed to operate, remove or replace any Company owned equipment installed on customer's property.
8. No person, except an employee or persons acting on behalf of the Company shall alter, remove or make any connection to the Company's meter or service equipment.
9. No meter seal may be broken or removed by anyone other than an employee or person acting on behalf of the Company. However, the Company may give its prior consent to break the seal by an approved plumber employed by a customer when deemed necessary by the Company.

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**RULE NO. 6 (continued)**  
**PROVISION OF SERVICE**

10. The customer will be held responsible for any broken seals, tampering, or interfering with the Company's meter(s) or any other Company owned equipment installed on the customer's premises. In cases of tampering with meter installations, interfering with the proper working thereof, or any such tampering, interfering, theft, or service diversion, including the falsification of customer's meter readings, that customer shall be subject to immediate discontinuance of service. The Company shall be entitled to collect from the current customer under the appropriate rate, for all consumption not recorded on the meter as the result of such tampering, or other theft of service, and also any additional security deposits as well as all expenses incurred by the Company for property damages, investigation of the illegal act, and all legal expenses and court costs, if necessary.
11. The customer will be held liable for any loss or damage occasioned or caused by the customer's negligence, want of proper care or wrongful act or omission on the part of any customer's agents, employees, licenses, or contractors.

**C. CONTINUITY OF SERVICE**

The Company shall make reasonable efforts to supply a satisfactory and continuous level of service. However, the Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

- a. Any cause against which the Company could not have reasonably for seen or made provision for, i.e., force majeure.
- b. Intentional service interruptions to make repairs or perform routine maintenance.
- c. Curtailment.

**D. SERVICE INTERRUPTIONS**

1. The Company shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. The Company shall make reasonable provision to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
4. When the Company plans to interrupt service for more than four (4) hours to perform necessary repairs or maintenance the Company shall attempt to inform affected customers at least twenty-four (24) hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers.

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**RULE NO. 7**  
**METER READING**

**A. FREQUENCY**

Each meter shall be read monthly or as close to the same day of each month as practicable unless otherwise approved by the Commission.

**B. MEASURING OF SERVICE**

1. All water delivered by the Company shall be billed upon the basis of metered volume sales, except that the Company may, at its option, provide a fixed charge for the following:
  - a. Temporary service where the water use can be readily estimated.
  - b. Public and private fire protection service.
  - c. Water used for street sprinkling and sewer flushing, when provided for by contract between the Company and the municipality or other local governmental authority.
  - d. Other fixed charge schedules as shall be submitted to and approved by the Commission.
2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate tie facilities being metered.

**C. CUSTOMER REQUESTED REREADS**

1. The Company shall at the request of the customer reread the customer's meter within ten (10) working days after such request by the customer.
2. Any rereads shall be charged to the customer at the rate on file and approved by the Commission, provided that the original reading was not in error. Adjustment for reasonable usage since the original reading was taken shall be considered when determining the original reading.
3. When the original reading is found to be in error, the reread shall be at no charge to the customer, given adjustment for reasonable usage since the original reading was taken.

**D. ACCESS TO CUSTOMER PREMISES**

The Company shall at all times have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the Company's property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

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**RULE NO. 8**  
**BILLING AND COLLECTION**

**A. FREQUENCY AND ESTIMATED BILLS**

1. The Company shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than twenty-five (25) days or more than thirty-five (35) days, unless otherwise approved by the Commission.
2. If the Company is unable to read the meter on a scheduled meter read date, it will estimate the consumption for the billing period giving consideration to the following factors when applicable:
  - a. The customer's usage during the same month of the previous year.
  - b. The amount of usage during the preceding month.
3. After the second consecutive month of estimating the customer's bill for reasons other than severe weather or standard billing practice as approved by the Commission, the Company will attempt to secure an accurate reading of the meter.
4. Failure on the part of the customer to comply with a reasonable request by the Company for access to its meter may lead to the termination of service.
5. Estimated bills will be issued only under the following conditions:
  - a. Failure of a customer who reads his own meter to deliver his meter reading card to the Company in accordance with the requirements of the Company's billing cycle.
  - b. Severe weather conditions that prevent the Company from reading the meter.
  - c. Circumstances that make it dangerous or impossible to read the meter, i.e., locked gates, blocked meters, vicious or dangerous animals, etc.
  - d. Other billing cycles as approved by the Commission.
6. Each bill based on estimated usage will indicate that it is an estimated bill.

**B. COMBINING METERS, MINIMUM BILL INFORMATION**

1. Each meter at a customer's premises will be considered separately for billing purposes, and the readings of two or more meters will not be combined.
2. Each bill for residential service will contain the following minimum information:
  - a. Date and meter reading at the end of the actual or estimated billing period.
  - b. Previous month's actual or estimated meter reading and date.

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**RULE NO. 8 (continued)**  
**BILLING AND COLLECTION**

5. In addition to the collection of regular rates, the Company may collect from its customers a proportionate share of any privilege, sales or use tax, or other imposts based on the gross revenues received by the Company.

**E. METER ERROR CORRECTIONS**

1. If any meter after testing is found to be more than three percent (3%) in error, either fast or slow, proper correction between three percent (3%) and the amount of the error shall be made of previous readings, and adjusted bills shall be rendered according to the following terms:
  - a. For the period of three (3) months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three (3) months since the meter shall have been shown to be in error by such test, or
  - b. From the date the error occurred, if the date of the cause can be definitely fixed.
2. The Company will make no adjustment, except to the customer last served by the meter tested.

**F. INSUFFICIENT FUNDS (NSF) CHECKS**

1. The Company shall be allowed to recover a fee, as approved by the Commission for each instance where the customer tenders payment for service with an insufficient funds check, and require a security deposit equal to that prescribed in Section B, provision 7 of Rule No. 2.
2. When the Company is notified by the customer's bank that there are insufficient funds to cover the check tendered for service, the Company may require the customer to make payment in cash, money order, certified check, or other means which guarantee the customer's payment to the Company.
3. A customer who tenders an insufficient funds check shall in no way be relieved of the obligation to render payment to the Company under the original terms of the bill nor defer the Company's provision for termination of service for nonpayment of bills.
4. The Company will not accept personal checks if two (2) NSF checks have been received within a twelve-month period in payment of any billing.

**G. DEFERRED PAYMENT PLAN**

1. The Company may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for service.
2. Each deferred payment agreement, entered into in writing by the customer and the Company, due to the customer's inability to pay an outstanding bill in full shall provide that service will not be discontinued if:
  - a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment plan.

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**RULE NO. 8 (continued)**  
**BILLING AND COLLECTION**

- b. Customer agrees to pay all future bills for service in accordance with the billing and collection tariffs of the Company.
  - c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six (6) months.
3. For the purpose of determining a reasonable installment payment schedule under these rules, the Company and the customer shall give consideration to the following conditions:
- a. Size of the delinquent account.
  - b. Customer's ability to pay.
  - c. Customer's payment history.
  - d. Length of time that the debt has been outstanding.
  - e. Circumstances that resulted in the debt being outstanding.
  - f. Any other relevant factors related to the circumstances of the customer.
4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the Company's scheduled termination date for nonpayment of bills. A customer's failure to execute a deferred payment agreement prior to the scheduled termination date shall not prevent the Company from terminating service for nonpayment.
5. Deferred payment agreements shall be in writing and signed by the customer and an authorized Company representative
6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding,
7. If a customer has not fulfilled the terms of a deferred payment agreement, the Company shall have the right to disconnect service pursuant to this Company's termination of service rules and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to termination.
- H. LATE PAYMENT PENALTY
1. The Company may include in its tariffs a late payment penalty that may be applied to delinquent bills.
  2. The amount of the late payment penalty shall be indicated upon the customer's bill when rendered by the Company.
  3. In the absence of an approved tariff, the amount of the late payment penalty shall not exceed 1½% per month of the delinquent bill, applied on a monthly basis.

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**RULE NO. 9**  
**TERMINATION OF SERVICE**

**A. NONPERMISSIBLE TERMINATION OF SERVICE**

The Company may not disconnect service for any of the reasons stated below:

- a. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
- b. Failure of the customer to pay for services or equipment not regulated by the Commission.
- c. Nonpayment of a bill related to another class of water service.
- d. Failure to pay for a bill to correct a previous under-billing due to a billing error, inaccurate meter reading or meter failure, if the customer and Company agree in writing to payment terms over a reasonable period of time.
- e. Disputed bills where the customer has complied with the Commission's rules and regulations.

**B. TERMINATION OF SERVICE WITHOUT NOTICE**

1. Company service may be disconnected without advance written notice under the following conditions:
  - a. The existence of an obvious hazard to the safety or health of the consumer, the general population, Company personnel or facilities.
  - b. The Company has evidence of meter fraud.
  - c. Unauthorized resale or use of utility services.
  - d. Failure of a customer to comply with the curtailment of procedures imposed by a utility during supply shortages.
2. The Company shall not be required to restore service until the conditions that resulted in the termination have been corrected to the satisfaction of the Company.
3. The Company shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one (1) year and shall be available for inspection by the Commission.

**C. TERMINATION OF SERVICE WITH NOTICE**

1. The Company may disconnect service to any customer for any reason stated below, provided the Company has met the notice requirements established by the Commission.
  - a. Customer violation of any of the Company's tariffs filed with the Commission and/or violation of the Commission's rules and regulations.

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