Water companies must submit Main Extension Agreements (MXA) to the Commission for review and approval, prior to the commencement of projects. To ensure that the review process goes smoothly, please review the Commission Rules, A.A.C. R14-2-406, summarized below.

R14.20406.C.1 sets the framework for information required in the Agreement.

Below are the minimum written agreement requirements:

1. Name and address of applicant(s)
2. Proposed service address
3. Description of requested service
4. Description and map of the requested main extension
5. Itemized cost estimate to include materials, labor, and other costs as necessary.
6. Payment terms
7. A clear and concise explanation of any refunding provisions, if applicable.
8. Utility’s estimated start date and completion date for the construction of the main extension.

There are additional submittals and requirements necessary before Staff can approve MXAs. These are:

1. An Approval to Construct from the Arizona Department of Environmental Quality (ADEQ), the appropriate County agency or an exception letter stating the company is exempt from the approval process.
2. Engineering Water Use Data Sheet or an Engineering Design Report (if applicable).
3. Signed agreements. Failure of the customer or company to sign the agreement will result in MXA being returned (R14-2-406.G).
4. If requesting a variance to the rule, an explicit reason for this variance.
5. An original and 2 copies of the Agreement need to be submitted for approval (signed by all parties). A complete copy of the Agreement, which includes all 8 requirements in R14-4-406.C.1, must be provided to the Applicant.
All MXAs shall be submitted with and approved by the Utilities Division of the Arizona Corporation Commission. Any MXA that is not filed with and approved by the Utilities Division shall be immediately due and payable by the Company to the person making the advance.

Revised June 5, 2002
MAIN EXTENSION AGREEMENT

This agreement, made and entered into this ____ day of _____20), by and between
____________________________________________ (hereinafter referred to as the "Company"), and
____________________________________________ (hereinafter referred to as the "Applicant") whose address is
______________________________________________________________
______________________________________________________________
______________________________________________________________

WITNESSETH:

I. The Company will construct an extension to its water distribution facilities as follows: 
(Specify & describe type of service requested, attach "Certificate of Approval to Construct" from Arizona Department of Environmental Quality, if applicable)

A. Describe and attach a detailed map of the extension area. Marked Attachment A.
B. Estimated start date__________________________________________
C. Estimated completion date_____________________________________

II. The Applicant will pay to the Company, upon signing this agreement, a Refundable Advance in Aid of Construction, for the total amount of $___________. Receipt of which is hereby acknowledged by the Company, which represents (description and itemized costs involved):

A. Materials (Description & Itemized Cost of Material-Use attachment if necessary)________________________________________________________
B. Labor (Description & Cost of Labor)

______________________________________________________________
______________________________________________________________
______________________________________________________________

______________________________________________________________
C. Other associated costs (explain, if any) 

D. $______________ Refundable advance in Aid of Construction for _____ linear feet of ______________, ______________, and ______________ inch distribution main, as described above in Paragraph I.

E. $______________ Refundable advances in Aid of Construction for: (Service line and meter and other) 

F. A Non-refundable Advance in Aid of Construction in the amount of $__________ (justify reason for no refund) 

In the event the Company's actual cost of construction is less than the amount advanced by the Applicant, the utility shall make a refund to the Applicant within thirty (30) days after the completion of the construction on utility’s receipt of invoices to that construction.

III. Refunds for advances in aid of construction pursuant to this agreement shall be made in accord with the following method: The Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment of succession, a minimum amount equal to ten per centum (10%) of the total gross annual revenue from water sales to each bonafide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than ten (10) years. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period set out shall become nonrefundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company.

The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.
IV. Terms and Conditions:

A. It is understood that the Company shall at all times own all pipe, valves, fittings, meters and appurtenances used in constructing said extension and the person making any advances, whether refundable or not, shall not have any right, title of interest in any such facilities.

B. The Applicant shall grant or convey or shall cause to be granted or conveyed, without cost to the Company, a permanent easement and right-of-way across any property owned or controlled by the Applicant wherever said permanent easement and right-of-way is necessary for the Company water facilities and lines so as to be able to furnish service to the Consumers.

C. This agreement shall be binding upon and for the benefit of the heirs, administrators, executors, successors and assigns of the parties signing this agreement; provided, however, that no assignment or other transfer of this contract by Applicant shall be binding upon the Company or create any rights in the assignee until such assignment or other transfer is approved and accepted in writing by the Company.

D. Before this agreement shall become effective and binding upon either the Company or the Applicant, it must be approved by the Arizona Corporation Commission or its authorized representative, and in the event it is not so approved, this agreement shall be null and void and of no force or effect whatever.

E. This agreement, and all rights and obligations hereunder, and in regard to water service to consumers, shall be subject to the Arizona Corporation Commission’s Rules and Regulations of Domestic Water Companies.

________________________________ _______________________________
CUSTOMER COMPANY NAME

________________________________ _______________________________
CUSTOMER BY: (COMPANY REPRESENTATIVE)
# WATER USE DATA SHEET

**NAME OF COMPANY**

ADEQ Public Water System No.

<table>
<thead>
<tr>
<th>MONTH/YEAR (Last 13 Months)</th>
<th>NUMBER OF CUSTOMERS</th>
<th>GALLONS SOLD (Thousands)</th>
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<tr>
<th>STORAGE TANK CAPACITY (Gallons)</th>
<th>NUMBER OF EACH</th>
<th>ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER</th>
<th>WELL PRODUCTION (Gallons per Minute)</th>
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Other Water Sources in Gallons per Minute —— GPM

Fire Hydrants on System —— Yes No

Total Water Pumped Last 13 Months (Gallons in Thousands) ——