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<td>5</td>
</tr>
<tr>
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<td>5</td>
</tr>
<tr>
<td>E.</td>
<td>Meter Re-Read (if correct)</td>
<td>5</td>
</tr>
<tr>
<td>F.</td>
<td>Moving Meter at Customer Request</td>
<td>5</td>
</tr>
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<td>5</td>
</tr>
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<td>H.</td>
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<td>5</td>
</tr>
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<td>NSF Check</td>
<td>5</td>
</tr>
<tr>
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<td>5</td>
</tr>
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<td>K.</td>
<td>Deferred Payment</td>
<td>5</td>
</tr>
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</tr>
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<td>6</td>
</tr>
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<td>8</td>
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**APPROVED FOR FILING**

**DECISION #** 76088
PART ONE

STATEMENT OF CHARGES
WATER SERVICE

I. RATES

On July 30, 2014, in Decision No. 74585 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 30, 2014:

A. GENERAL RESIDENTIAL, COMMERCIAL AND INDUSTRIAL SERVICE (All Classes)

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

Schedule of Charges:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Monthly Usage Charge</th>
<th>Tier One</th>
<th>Tier Two</th>
<th>Tier Three</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commodity Rate (per 1,000 gallons)</td>
<td>First Tier (gallons)</td>
<td>Commodity Rate (per 1,000 gallons)</td>
<td>Second Tier (gallons)</td>
</tr>
<tr>
<td>RESIDENTIAL/ COMMERCIAL/ INDUSTRIAL:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>¾&quot; meter Residential Only Low Income*</td>
<td>$12.90</td>
<td>$2.45</td>
<td>0–3,000</td>
<td>$3.65</td>
</tr>
<tr>
<td>¾&quot; meter</td>
<td>$20.40</td>
<td>$2.45</td>
<td>0–3,000</td>
<td>$3.65</td>
</tr>
<tr>
<td>1&quot; meter Residential Only Low Income*</td>
<td>$27.25</td>
<td>$3.65</td>
<td>0–24,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>1&quot; meter</td>
<td>$34.75</td>
<td>$3.65</td>
<td>0–24,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>1½&quot; meter</td>
<td>$69.25</td>
<td>$3.65</td>
<td>0–60,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>2&quot; meter</td>
<td>$111.00</td>
<td>$3.65</td>
<td>0–100,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>3&quot; meter</td>
<td>$222.00</td>
<td>$3.65</td>
<td>0–225,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>4&quot; meter</td>
<td>$346.75</td>
<td>$3.65</td>
<td>0–350,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>6&quot; meter</td>
<td>$693.50</td>
<td>$3.65</td>
<td>0–725,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>8&quot; meter</td>
<td>$1,109.75</td>
<td>$3.65</td>
<td>0–1,125,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>10&quot; meter</td>
<td>$1,595.25</td>
<td>$3.65</td>
<td>0–1,500,000</td>
<td>$4.50</td>
</tr>
<tr>
<td>12&quot; meter</td>
<td>$2,982.50</td>
<td>$3.65</td>
<td>0–2,250,000</td>
<td>$4.50</td>
</tr>
</tbody>
</table>

Note:
* Low income details are noted in the Terms and Conditions section for Part One, Section I. The upper tier approved commodity rate for residential, commercial, and industrial customers includes a $0.0573 per thousand gallons charge to fund the Low Income Program.

ISSUED: July 31, 2014  EFFECTIVE: July 30, 2014
Month Day Year

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

APPROVED FOR FILING
DECISION NO. 74568 and 74585

Decision No. 74568 & 74585 & 74938
PART ONE, SECTION I (Cont.)

B. IRRIGATION SERVICE

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

Schedule of Charges:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Monthly Usage Charge</th>
<th>Tier One</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Commodity Rate</td>
</tr>
<tr>
<td>Irrigation and Construction/Bulk:</td>
<td></td>
<td>(per 1,000 gallons)</td>
</tr>
<tr>
<td>¾&quot; meter</td>
<td>$ 20.40</td>
<td>$3.65</td>
</tr>
<tr>
<td>1&quot; meter</td>
<td>$ 34.75</td>
<td>$3.65</td>
</tr>
<tr>
<td>1½&quot; meter</td>
<td>$ 69.25</td>
<td>$3.65</td>
</tr>
<tr>
<td>2&quot; meter</td>
<td>$ 111.00</td>
<td>$3.65</td>
</tr>
<tr>
<td>3&quot; meter</td>
<td>$ 222.00</td>
<td>$3.65</td>
</tr>
<tr>
<td>4&quot; meter</td>
<td>$ 346.75</td>
<td>$3.65</td>
</tr>
<tr>
<td>6&quot; meter</td>
<td>$ 693.50</td>
<td>$3.65</td>
</tr>
<tr>
<td>8&quot; meter</td>
<td>$1,109.75</td>
<td>$3.65</td>
</tr>
<tr>
<td>10&quot; meter</td>
<td>$1,595.25</td>
<td>$3.65</td>
</tr>
<tr>
<td>12&quot; meter</td>
<td>$2,982.50</td>
<td>$3.65</td>
</tr>
</tbody>
</table>

Fire Hydrant Irrigation/Construction:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Monthly Usage Charge</th>
<th>Tier One</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Commodity Rate</td>
</tr>
<tr>
<td>¾&quot; meter</td>
<td>$ 20.40</td>
<td>$3.65</td>
</tr>
<tr>
<td>1&quot; meter</td>
<td>$ 34.75</td>
<td>$3.65</td>
</tr>
<tr>
<td>1½&quot; meter</td>
<td>$ 69.25</td>
<td>$3.65</td>
</tr>
<tr>
<td>2&quot; meter</td>
<td>$ 111.00</td>
<td>$3.65</td>
</tr>
<tr>
<td>3&quot; meter</td>
<td>$ 222.00</td>
<td>$3.65</td>
</tr>
<tr>
<td>4&quot; meter</td>
<td>$ 346.75</td>
<td>$3.65</td>
</tr>
<tr>
<td>6&quot; meter</td>
<td>$ 693.50</td>
<td>$3.65</td>
</tr>
<tr>
<td>8&quot; meter</td>
<td>$1,109.75</td>
<td>$3.65</td>
</tr>
<tr>
<td>10&quot; meter</td>
<td>$1,595.25</td>
<td>$3.65</td>
</tr>
<tr>
<td>12&quot; meter</td>
<td>$2,982.50</td>
<td>$3.65</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Monthly Usage Charge</th>
<th>Tier One</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commodity Rate (per 1,000 gallons)</td>
<td>Upper Limit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire Sprinkler Service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>¾&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>1&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>1½&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>2&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>3&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>4&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>6&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>8&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>10&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
<tr>
<td>12&quot; meter</td>
<td>*</td>
<td>$3.65</td>
<td>Infinite</td>
<td></td>
</tr>
</tbody>
</table>

* 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
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.

ISSUED: July 21, 2014

EFFECTIVE: July 1, 2014

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

Decision No. 74568

APPROVED FOR FILING

DECISION NO. 74568 and 74585
PART ONE, SECTION I (Cont.)

F. CAP SURCHARGE MECHANISM

Applicability
Applicable to all customers served by this service area.

Surcharge Rate for all Customers:
All usage per 1,000 gallons per month $0.0790 **

** Rate consists of ($0.0119) per 1,000 gallons of usage to refund the over collection of prior years' surcharge and $0.0909 per 1,000 gallons of usage for the collection of current annual CAP charges.

Terms and Conditions
The Company is authorized to recover CAP related costs per Decision No. 74568.

The Company will annually file with the Commission by January 31 the proposed annual CAP surcharge for the current calendar year. The filing shall contain all documentation to support the proposed surcharge.

The annual CAP surcharge will be calculated based on the historic consumption of the applicable customers from the previous twelve months.

The revised CAP surcharge will be effective on March 1 of each year.

The CAP surcharge will appear on each applicable customer bill as a separate line item.
PART ONE, SECTION I (Cont.)

G. SIB – SYSTEM IMPROVEMENT BENEFIT SURCHARGE

Availability
In addition to the schedule of charges in Schedules A – F, the SIB surcharge will be added to your bill as follows.

Schedule of Charges:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>SIB Surcharge</th>
<th>SIB Efficiency Credit</th>
<th>NET SIB Surcharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot; x 3/4&quot;</td>
<td>$ 0.74</td>
<td>$ (0.04)</td>
<td>$ 0.70</td>
</tr>
<tr>
<td>3/4&quot; meter</td>
<td>$ 1.11</td>
<td>$ (0.06)</td>
<td>$ 1.05</td>
</tr>
<tr>
<td>1&quot; meter</td>
<td>$ 1.85</td>
<td>$ (0.09)</td>
<td>$ 1.76</td>
</tr>
<tr>
<td>1½&quot; meter</td>
<td>$ 3.70</td>
<td>$ (0.19)</td>
<td>$ 3.51</td>
</tr>
<tr>
<td>2&quot; meter</td>
<td>$ 5.92</td>
<td>$ (0.30)</td>
<td>$ 5.62</td>
</tr>
<tr>
<td>3&quot; meter</td>
<td>$ 11.84</td>
<td>$ (0.59)</td>
<td>$ 11.25</td>
</tr>
<tr>
<td>4&quot; meter</td>
<td>$ 18.50</td>
<td>$ (0.93)</td>
<td>$ 17.57</td>
</tr>
<tr>
<td>6&quot; meter</td>
<td>$ 37.00</td>
<td>$ (1.85)</td>
<td>$ 35.15</td>
</tr>
<tr>
<td>8&quot; meter</td>
<td>$ 59.20</td>
<td>$ (2.96)</td>
<td>$ 56.24</td>
</tr>
<tr>
<td>10&quot; meter</td>
<td>$ 85.10</td>
<td>$ (4.26)</td>
<td>$ 80.84</td>
</tr>
</tbody>
</table>

Terms and Conditions
The Company is authorized to earn revenues per Decision No. 76088.

The Company will annually file with the Commission the proposed annual SIB surcharge for the current calendar year. The filing shall contain all documentation to support the proposed surcharge.

The annual SIB surcharge will be calculated based on the historic system improvements of the eligible projects from the previous twelve months.

The SIB surcharge will appear on each applicable customer bill as a separate charge
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.
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
   6.0%

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).
PART ONE, SECTION III (Cont.)

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

<table>
<thead>
<tr>
<th>Service Line Charge</th>
<th>Meter Charge</th>
<th>Total Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot; x 3/4&quot; Meter</td>
<td>$385.00</td>
<td>$135.00</td>
</tr>
<tr>
<td>3/4&quot; Meter</td>
<td>$385.00</td>
<td>$195.00</td>
</tr>
<tr>
<td>1&quot; Meter</td>
<td>$435.00</td>
<td>$234.00</td>
</tr>
<tr>
<td>1 1/2&quot; Meter</td>
<td>$470.00</td>
<td>$367.00</td>
</tr>
<tr>
<td>2&quot; Turbine Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>2&quot; Compound Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>3&quot; Turbine Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>3&quot; Compound Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>4&quot; Turbine Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>4&quot; Compound Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>6&quot; Turbine Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>6&quot; Compound Meter</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
<tr>
<td>8&quot; or Larger</td>
<td>At Cost</td>
<td>At Cost</td>
</tr>
</tbody>
</table>

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 31, 2014
EFFECTIVE: July 30, 2014

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

Decision No. 74568 & 74585

APPROVED FOR FILING
DEcision NO. 74568 and 74585
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 of 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.
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.
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.
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 o0perations 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.
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.
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.B1.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.

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
Decision No. 74568
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:
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 form fire hydrants only in case of fire.
9. Do not waste water. EXAMPLES: Do not let water run down streets and repair nay 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:
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.
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.

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

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

Decision No. 74568
PART TWO, SECTION IV

IV. CUSTOMER WATER CONSUMPTION INFORMATION SHARING WITH FOUNTAIN HILLS SANITARY DISTRICT, WASTEWATER PROVIDER

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

The Company entered into an Agreement with the Sanitary District for providing individual water consumption data, in a form materially similar to the standard form agreement. The Agreement was subject to Arizona Corporation Commission ("Commission") review as set forth in Section 5 of the agreement.

The Company shall notify all water utility customers affected by an agreement between the Company and the Sanitary District pursuant to this Tariff, by means of a billing insert during the first billing cycle immediately after said tariff is approved.
AGREEMENT TO PROVIDE WATER CONSUMPTION INFORMATION OF SHARED CUSTOMERS

This AGREEMENT is made this 18th day of April, 2016, by and between Chaparral City Water Company, an Arizona corporation ("CCWC"), and Fountain Hills Sanitary District, a duly organized and existing under the laws of the State of Arizona ("Sanitary District").

RECITALS:

A. CCWC provides water utility service under a Certificate of Convenience and Necessity ("CC&N") issued by the Arizona Corporation Commission (the "Commission"), and the Sanitary District provides wastewater utility service to certain of those CCWC's customers ("Shared Customers");

B. The Sanitary District has requested that CCWC provide information to the Sanitary District regarding customer water consumption in order to assist the Sanitary District in billing for wastewater utility services to its customers described above; and

C. CCWC and the Sanitary District desire to enter into a written agreement specifically setting forth the duties, obligations, responsibilities, and liabilities of each party to the other.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, CCWC and the Sanitary District, in each case intending to be legally bound by this Agreement, do hereby agree as follows:

1. Customer Information. CCWC agrees to provide water consumption information and listing of new and closed accounts for the Shared Customers to the Sanitary District for the Sanitary District's use in billing for wastewater services. In order for CCWC to provide this service, the Sanitary District will submit to CCWC a map or legal description of its wastewater
service area, and addresses of the Shared Customers. The Sanitary District agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and is not authorized to disclose such information to any other party except as may be required by law. Such information will be provided by CCWC to the Sanitary District on an annual basis by the fifteenth business day of each calendar year, or other mutually agreed upon time interval, as such information becomes available to CCWC in the ordinary course of its business. The format of the data shall be as mutually agreed to between the Sanitary District and CCWC, but should include, at least, CCWC account number, customer name, account, service address, account mailing address, Sanitary District, state, postal code, monthly water consumption, premise type, and phone number.

2. **Fees.** The Sanitary District will pay CCWC an administrative fee of $0.50 per customer per report for information provided to the Sanitary District under the terms outlined in Paragraph 1 above. CCWC will account for its out-of-pocket costs to obtain Commission approval of this Agreement, including the costs for the required notice and tariff and any outside counsel expenses incurred, and CCWC will invoice the Sanitary District for the total of such out-of-pocket costs, and the Sanitary District shall pay such billed amount within 30 days after its receipt of CCWC’s invoice.

3. **Indemnification.** The Sanitary District will indemnify, defend, and hold harmless CCWC from and against all claims, losses, liability, costs, or expenses, including reasonable attorneys’ fees (collectively, “claims”), arising out of the Sanitary District’s use of the customer consumption information provided to the Sanitary District by CCWC hereunder, except where the information provided is erroneous.
4. **Term.** The term of this Agreement will be for one year. Unless and until either party serves upon the other party a written notice of non-renewal not less than ninety days prior to expiration, this Agreement will automatically renew for successive one year terms. Nevertheless, either party may terminate this Agreement with or without cause upon service of a notice to terminate not less than ninety days prior to termination. This Agreement, with the exception of Section 3 which will be effective immediately upon execution of both parties, will be in full force and effect only upon execution by the parties hereto and the Commission's approval of this Agreement and will continue until expired or terminated in accordance with the provisions herein set forth.

5. **Commission Regulation.** The Sanitary District acknowledges that:

(i) CCWC is a public service corporation as such term is defined in the Arizona Constitution and, as such, the terms of this Agreement must be subject to any applicable Commission rules, regulations, and orders;

(ii) CCWC intends to submit notice to the Commission at least 180 days in advance of any sharing of customer information, including billing information, and may file a tariff with the Commission setting forth appropriate customer notification procedures to inform customers of the information sharing arrangements; and

(iii) upon the submission by CCWC, the Commission may stay effectiveness of any such tariff until such time as the Commission issues a written order approving any agreement to share customer information and therefore the parties further acknowledge that any such agreement will not be enforceable until such approval by the Commission is issued.
6. **Limitations on Liability.** Neither the Sanitary District nor CCWC will be liable for any loss or damage due to failure or delay in rendering any service or performing any obligation required under this Agreement resulting from any cause beyond the affected party’s reasonable control including, but not limited to: acts of God, acts or omissions of civil or military authority; acts or omissions of contractors or suppliers; fires; floods; epidemics; quarantine restrictions; severe weather; strikes; embargoes; wars; political strife; riots; delays in transportation; or fuel, power, materials or labor shortages.

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

   **If to the Sanitary District:** Attention: Administrative Services Manager 
   Fountain Hills Sanitary District 
   16941 E. Pepperwood Circle 
   Fountain Hills, AZ 85268-2901

   **If to CCWC:** Attn: Customer Service Manager 
   Chaparral City Water Company 
   2355 W Pinnacle Peak Road 
   Phoenix, AZ 85027

or to such other addresses as the parties will have specified by notice in writing in accordance with the terms of this paragraph.

8. **No Waiver.** The failure of either party to enforce the provisions of this Agreement at any time will not constitute a waiver of such provisions in any way or the right of the Sanitary District or CCWC at any time to avail themselves of such remedies as either may have for any breach or breaches of such provisions. The waiver of any specific provision or requirement of this Agreement will not constitute a waiver of any other provision or requirement. Any such waiver
of any specific provision or requirement of this Agreement will be in writing signed by both parties.

9. **Governing Law.** This Agreement will be construed and enforced in accordance with the laws of the State of Arizona, including, without limitation, the Commission's rules, regulations, and orders. Venue will be exclusively in the Superior Court of Maricopa County and each party hereby expressly waives any objection or challenge to venue in said Court.

10. **Other Miscellaneous Provisions.** This Agreement contains the entire agreement between parties hereto with respect to the transactions contemplated herein. This Agreement supersedes all previous written and verbal agreements on the subject of this Agreement. This Agreement will not be amended or modified except in writing signed by all of the parties hereto. This Agreement will be binding upon and inure to the benefit of all parties hereto and their respective successors and assigns. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition of unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. This Agreement may be executed to one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.
IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereunto on the date first written above.

"THE SANITARY DISTRICT"  
FOUNTAIN HILLS SANITARY DISTRICT

By:  
Name:  
Title:  

CCWC

By:  
Name:  
Title:  

CHAPARRAL CITY WATER COMPANY

By:  
Name:  
Title:  

By:  
Name:  
Title:  

Ronald D. Huber  
District Manager

Jeffrey Stock  
Operations Director
PART THREE

BEST MANAGEMENT PRACTICES TARIFFS

Local and/or Regional Messaging Program Tariff – BMP 1.1

PURPOSE

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

REQUIREMENTS

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

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

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

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

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

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Rd, Suite 300, Phoenix, Arizona 85027
Decision No. 74568
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.

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

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

Decision No. 74568
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.

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

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

Decision No. 74568

APPROVED FOR FILING
DECISION NO. 74568 and 74585
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.

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Rd., Suite 200, Phoenix, Arizona 85027
Decision No. 74568
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.

ISSUED: July 21, 2014
ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Rd, Suite 300, Phoenix, Arizona 85027
Decision No. 74568

EFFECTIVE: July 1, 2014

APPROVED FOR FILING
DECISION NO. 74568 and 74585
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.
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.

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

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DECISION NO. 74568 and 74585
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.
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;

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

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

   \[
   \text{Unaccounted for water (\%) = } \left( \frac{\text{Production and/or purchased water minus metered use \& estimated authorized un-metered use}}{\text{Production and/or purchased water}} \right) \times 100\%
   \]

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

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

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

Decision No. 74568

APPROVED FOR FILING DECISION NO. 74568 and 74585
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.

ISSUED: July 21, 2014
EFFECTIVE: July 1, 2014

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

Decision No. 74568

APPROVED FOR FILING
DECISION NO. 74568 and 74585
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:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Total Fee</th>
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</thead>
<tbody>
<tr>
<td>5/8&quot; x 3/4&quot;</td>
<td>****</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>****</td>
</tr>
<tr>
<td>1&quot;</td>
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<td>1-1/2&quot;</td>
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<td>3&quot;</td>
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<tr>
<td>4&quot;</td>
<td>****</td>
</tr>
<tr>
<td>6&quot; or larger</td>
<td>****</td>
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</tbody>
</table>

**** 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.
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.
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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**ISSUED:** July 21, 2014  
**EFFECTIVE:** July 1, 2014

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

Decision No. 74568
CROSS-CONNECTION OR BACKFLOW TARIFF

PURPOSE:

The purpose of this tariff is to protect Chaparral City Water Company’s (“Company”) water from the possibility of contamination caused by the backflow of contaminants that may be present on the customer’s premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code (“A.A.C.”) R14-2-405.B.6 and A.A.C. R18-4-215.

REQUIREMENTS:

In compliance with the Rules of the Arizona Corporation Commission (“Commission”) and the Arizona Department of Environmental Quality (“ADEQ”), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and to have installed a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.

2. A backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.

3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may 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 be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the backflow-prevention assembly within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.

**FOR OFFICIAL USE ONLY**

Effective Date: June 15, 2013
5. Testing shall be in conformance with the requirements of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests.

6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:

   a. assembly identification number and description;
   b. location
   c. date(s) of test(s);
   d. description of repairs and recommendations for repairs made by tester; and
   e. the tester’s name and certificate number.

7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.

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 the testing requirement, and A.A.C. R14-2-410.B.1.a. is not applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency or dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.
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¹ Revised 4-1-2014
² Revised 4-1-2014
I. GENERAL DESCRIPTION

This document is the Plan of Administration ("POA") for the System Improvement Benefits ("SIB") Mechanism approved for Chaparral City Water Company ("CCWC" or "Company") by the Arizona Corporation Commission ("ACC" or "Commission") in Decision No. 74568 on June 20, 2014. The SIB provides for recovery of the capital costs (return on investment, income taxes and depreciation expense) associated with distribution system improvement projects listed in SIB Plant Table I that have been verified to be completed, net of associated retirements and placed in service per SIB Plant Table II and where costs have not been included in rate base for recovery in Decision No. 74568. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB.

II. DEFINITIONS

- NARUC – National Association of Regulatory Utility Commissioners

- SIB – System Improvement Benefit mechanism to be implemented between rate proceedings to support investment in plant recorded in SIB Eligible NARUC accounts.

- SIB Eligible Plant – Investments in plant recorded in SIB Eligible NARUC accounts.

- SIB Eligible NARUC accounts:
  - NARUC Account No. 309 – Supply Mains
  - NARUC Account No. 331 – Transmission and Distribution Mains
  - NARUC Account No. 333 – Services
  - NARUC Account No. 334 - Meters and Meter Installations;
  - NARUC Account No. 335 – Hydrants

- SIB Plant Table I (Excerpt attached as Exhibit 1) – The schedule of planned SIB eligible projects that is either approved in the Company’s most recent rate case or updated by a subsequent Commission decision. As used herein, this term refers to

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3 Acceptable form of verifications may include the Maricopa County Environmental Services Department Approval of Construction, Professional Engineer’s Certificate of Completion, etc.

4 See Company filing of August 22, 2013
the most recently updated SIB Plant Table I available unless reference is made to a particular Commission decision.

- **SIB Plant Table II** — The schedule of completed and verified SIB eligible projects from the latest Commission approved SIB Plant Table I and associated retirements.

- **Total Revenue Requirement** — The revenue requirement approved in Decision No. 74568, plus the SIB Revenue Requirement.

- **SIB Revenue Requirement** — The revenue requirement equal to the return on investment, income taxes and depreciation expense necessary to support the SIB Plant Table II amounts.

- **SIB Revenue Requirement Efficiency Credit** — An amount equal to 5 percent of the SIB Revenue Requirement.

- **SIB Authorized Revenue** — Amount equal to the SIB Revenue Requirement less the SIB Revenue Requirement Efficiency Credit plus any SIB True up Adjustment.

- **Gross SIB Surcharge** — Amount to be shown on customers’ bills based on meter sizes without consideration to the SIB Surcharge Efficiency Credit.

- **SIB Surcharge Efficiency Credit** — An amount equal to 5 percent of the Gross SIB Surcharge to be shown on customers’ bills.

- **SIB Surcharge** — The amount equal to the Gross SIB Surcharge less the SIB Surcharge Efficiency Credit to be charged, based on meter size, calculated to recover the SIB Authorized Revenue. The SIB Surcharge is to be shown as a separate line item on customers’ bills.

- **SIB True-up Adjustment** — An amount to adjust for over- or under-collection of the SIB Authorized Revenues as compared with the total SIB Surcharges collected for the preceding 12 month period. Each SIB true-up shall also analyze the cumulative over- or under-collections to include a comparison of all past SIB Authorized Revenues, total SIB Surcharge collections, and prior true-ups to be used in calculation of the SIB true-up surcharge or credit by meter size.

### III. SIB RELATED FILINGS

#### A. Progress Reports

Once a SIB is approved in a decision, the Company must file with Docket Control semi-annual status reports delineating the status of all SIB Eligible Plant, on a project by project basis as listed in the latest Commission...
approved SIB Plant Table I. The initial semi-annual status report shall include only those projects from the initial SIB Plant Table I which the Company has designated as most likely to be completed in the first 12 months.

B. Reconciliation and True Up – Once a SIB Surcharge is implemented, the Company must file annually to true up its SIB Surcharge collections over the preceding twelve months with the SIB Authorized Revenue for that period and establish a surcharge or credit to true up over or under collections, regardless of whether it seeks a new surcharge. The filing dates for these annual true-ups shall be as established in the Commission’s Decision approving the SIB Surcharge.

C. SIB Surcharge Requests – To obtain its SIB Surcharge the Company must file the following:

1. SIB Plant Table II\(^5\) (with supporting information and documentation), showing the SIB eligible projects completed for which the Company seeks cost recovery. Such projects must:
   a. be projects listed in the SIB Plant Table I;
   b. have been completed by the Company;
   c. have been verified; and
   d. be actually serving customers.

2. A summary of Commission approved SIB-eligible projects contemplated for the next twelve (12)-month SIB surcharge period from SIB Plant Table I\(^6\) from Decision No. 74568 to allow the Commission to establish the latest SIB Plant Table I.

3. SIB Schedule A (sample attached as Exhibit 3), showing a calculation of the SIB Revenue Requirement and SIB Revenue Requirement Efficiency Credit, SIB Authorized Revenue, Gross SIB Surcharge, SIB Surcharge Efficiency Credit, and the SIB Surcharge. Schedule A shall be supported by revenue requirements schedules supporting the revenue requirements in

\(^5\) Sample attached as Exhibit 2

\(^6\) Beginning with its SIB Surcharge Request filing for the second 12-month surcharge period, the Company may request a change from the estimated Cost/Unit (approved in the Company’s most recent rate case Decision) due to inflation using the latest calendar year Consumer Price Index (see sample attached as Exhibit 1). This may be done only if the original SIB Plant Table I unit cost did not account for inflation.
Decision No. 74568 and the pro-forma revenue requirements including the effects of SIB Eligible Plant.

4. Schedule B (sample attached as Exhibit 4) showing the overall SIB True-up Adjustment calculation for the prior twelve-month SIB Surcharge period, as well as the individual SIB True-up Adjustment for each meter size.

5. SIB Schedule C (sample attached as Exhibit 5) showing the effect of the SIB Surcharge on a typical residential customer bill for both median and average usage.

6. SIB Schedule D (sample attached as Exhibit 6) which shall include an analysis of the impact of completed SIB Eligible Plant projects on the fair value rate base, revenue, and the fair value rate of return. The Company shall also file the following as part of SIB D Schedule:

   a. the most current balance sheet at the time of the filing;
   b. the most current income statement;
   c. an earnings test schedule;
   d. a rate review schedule (including the incremental and pro forma effects of the proposed increase);
   e. an adjusted rate base schedule; and
   f. a Construction Work in Progress ledger for each project showing accumulation of charges by month and paid contractor invoices including a summary page showing the calculation of the SIB eligible rate base and depreciation expense net of associated retirements.

D. The Company will maintain and provide to the Commission’s Utilities Division (Staff) and the Residential Utility Consumer Office (RUCO) schedules in Microsoft Excel format (with all formulae intact) supporting the revenue requirement approved in Decision No. 74568, and the effects of completed SIB eligible plant for the current SIB Surcharge Request and any previously approved SIB Surcharge and SIB True-up Adjustment Requests.

E. The Company may make its initial SIB Surcharge Request through Docket Control no earlier than twelve months after the entry of Decision No. 74568.
F. The Company may make no more than one SIB Surcharge Request every twelve months with no more than five SIB Surcharge Requests between rate case decisions. A True-up must be filed with each SIB Surcharge Request, except the first.

G. Unless otherwise authorized by the Commission, the Company shall be required to file its next general rate case no later than June 30, 2018, with a test year ending no later than December 31, 2017.

H. Any SIB Surcharges that are in effect shall be reset to zero upon the date new rates become effective in the Company's next general rate case.

IV. SURCHARGE CALCULATIONS

A. Calculations of Amounts to Be Collected By the SIB Surcharge

1. The amount to be collected by the SIB Authorized Revenue shall be equal to the SIB Revenue Requirement minus the SIB Revenue Requirements Efficiency Credit plus any SIB True up Adjustment.

   For purposes of calculating the SIB Revenue Requirement:

   a. The required rate of return is equal to the overall rate of return authorized in Decision No. 74568.

   b. The gross revenue conversion factor/tax multiplier is equal to the gross revenue conversion factor/tax multiplier approved in Decision No. 74568; and

   c. The applicable depreciation rate(s) is equal to the depreciation rate(s) approved in Decision No. 74568.

2. The SIB plant unit cost to be used in calculating the SIB Revenue Requirement shall be the lesser of the installed SIB plant unit cost listed in SIB Plant Table II or 110 percent of the SIB plant estimated unit cost listed in the latest Commission approved SIB Plant Table I.

3. The amount to be collected by each SIB Surcharge Request shall be capped annually at five percent of the revenue requirement authorized in Decision No. 74568.

B. Reconciliation And True-Ups
1. The revenue collected by the total SIB Surcharges over the preceding twelve months shall be trued-up and reconciled with the SIB Authorized Revenue for that period.

2. A new SIB Surcharge shall be combined with an existing SIB Surcharge such that a single SIB surcharge and SIB Efficiency Credit are shown on a customer’s bill.

3. For each twelve (12) month period that a SIB surcharge is in effect, the Company shall reconcile the amounts collected by the SIB Surcharge with the SIB Authorized Revenue, for that twelve (12)-month period, consistent with Schedule B, attached hereto as Exhibit 4.

4. Any under- or over-collected SIB Authorized Revenues shall be recovered or refunded, without interest, over a twelve-month period by means of a SIB True-up Surcharge or Credit.

5. Starting with the second annual SIB Surcharge, where there are over- or under-collected balances, such over- or under-collected balances shall be carried over to the next year, and considered in the calculation of the new SIB True-up Surcharge or Credit. If, after the five-year period there remains an over- or under-collected balance, such balance shall be reset to zero, and addressed in the next rate case.

C. Earnings Test

1. Once a SIB Surcharge is in effect, the Company shall be required to perform an annual earnings test calculation for each SIB Surcharge Request to determine whether the actual rate of return reflected by the operating income for the affected system or division for the relevant 12-month period exceeded the most recently authorized fair value rate of return for the affected system or division.

2. The earnings test shall be:
   a. based on the most recent available operating income,
   b. adjusted for any operating revenue and expense adjustments adopted in the most recent general rate case; and
   c. based on the rate base adopted in the most recent general rate case, updated to recognize changes in plant, accumulated depreciation, contributions in aid of construction, advances in aid of
construction, and accumulated deferred income taxes through the most recent available financial statement (quarterly or longer).

V. ADDING PROJECTS TO SIB TABLE I UNDER EMERGENCY CIRCUMSTANCES

A. The Company may seek Commission approval to add projects in SIB Plant Table I only in the event of emergency circumstances. No such changes may be made without Commission approval.

B. Any addition to SIB Plant Table I must be plant investment that maintains or improves existing customer service, system reliability, integrity and safety. Eligible plant additions are limited to plant replacement projects. The costs of extending facilities or capacity to serve new customers are not recoverable through the SIB mechanism.

C. To be eligible for SIB treatment, a project must be SIB Eligible Plant.

D. SIB Eligible Plant must satisfy at least one of the following criteria:

1. Water loss for the system exceeds ten (10) percent, as calculated by the following formula: ((Volume of Water Produced and/or Purchased) – (Volume of Water Sold + Volume of Water Put to Beneficial Use)) divided by (Volume of Water Produced and/or Purchased). If the Volume of Water Put to Beneficial Use is not metered, it shall be established in a reliable, verifiable manner.

2. Plant assets that have remained in service beyond their useful service lives (based on the Company’s system’s authorized utility plant depreciation rates) and are in need of replacement due to being worn out or in a deteriorating condition through no fault of the Company;

3. Any other engineering, operational or financial justification supporting the need for a plant asset replacement, other than the Company’s negligence or improper maintenance, including, but not limited to:

   a. A documented increasing level of repairs to, or failures of, a plant asset justifying its replacement prior to reaching the end of its useful service life (e.g. black poly pipe);

   b. Assets that are required to be moved, replaced or abandoned by a governmental agency or political subdivision if the Company can show that it has made a good faith effort to seek reimbursement for all or part of the costs incurred.
VI. SIB SURCHARGE RATE DESIGN

A. The SIB Surcharge rate design shall be calculated as follows:

1. The SIB Surcharge shall be a fixed monthly surcharge containing a Gross SIB Surcharge and the SIB Surcharge Efficiency Credit as its two components.

2. The SIB Surcharge shall be calculated by dividing the SIB Authorized Revenue by the number of equivalent active 5/8-inch meters at the end of the most recent twelve (12) month period, and shall increase with meter size based on the following meter capacity multipliers:

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8-inch x ¾-inch</td>
<td>1.0 times</td>
</tr>
<tr>
<td>¾-inch</td>
<td>1.5 times</td>
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<tr>
<td>1-inch</td>
<td>2.5 times</td>
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<tr>
<td>1½-inch</td>
<td>5 times</td>
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<tr>
<td>2-inch</td>
<td>8 times</td>
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<tr>
<td>3-inch</td>
<td>16 times</td>
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<tr>
<td>4-inch</td>
<td>25 times</td>
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<tr>
<td>6-inch</td>
<td>50 times</td>
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<tr>
<td>8-inch</td>
<td>80 times</td>
</tr>
<tr>
<td>10-inch &amp; above</td>
<td>115 times</td>
</tr>
</tbody>
</table>

B. The SIB Surcharge shall apply to all of the Company’s metered customers, including private fire service customers.

VII. SIB SURCHARGE NOTICE REQUIREMENTS

A. Thirty days prior to filing each application to implement a SIB Surcharge, the Company shall file a proposed form of notice to Staff for review, and a Summary of what the Company will be requesting in the application. Once the notice is approved by Staff, the Company shall provide a copy of the approved notice to its customers via newsletter or bill insert. After providing notice, the Company shall file a copy of the notice and a description of when and how it provided notice with each application to implement a SIB surcharge. The Summary and Notice shall include at least the following information:

1. The individual Gross SIB Surcharge, by meter size;

2. The individual SIB Surcharge Efficiency Credit, by meter size;
3. The SIB Surcharge, by meter size; and

4. Directions to where the customer may obtain a summary of the projects included in the current SIB Surcharge request, including a description of each project and its cost.

B. A SIB Surcharge shall not become effective until approved by the Commission.

C. The Company shall provide a proposed order for the Commission's consideration.

D. The Company shall notice its customers of the SIB Surcharge approved herein as soon as possible in a form acceptable to Staff and consistent with the notice requirements of Decision No. 74568.

E. The Company shall not implement the SIB Surcharge until 30 days after having filed documentation in Docket Control providing the date when all affected customers have been notified of the Commission approved SIB Surcharge.
Exhibit 1

SIB Table I
### Water System Name and PWS ID No.

**SIB PLANT TABLE I**

**Information to be included with SIB-Eligible Project Filings**

#### Replacement Plant Description (new plant)

(SIB-eligible plant)

<table>
<thead>
<tr>
<th>Project No.</th>
<th>NARUC Acct No./ Plant</th>
<th>Units (Quantity)</th>
<th>Diameter/ Size</th>
<th>Material</th>
<th>Cost/Unit (estimated)¹</th>
<th>Cost/Unit (estimated)²</th>
<th>Subtotal Cost (estimated)</th>
<th>Site (location description)</th>
<th>Expected In-Service Date</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>309 Supply Mains</td>
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<td>331 T&amp;D Mains</td>
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<td>333 Services</td>
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<td>335 Hydrants</td>
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</table>

1. Provide narrative why Replacement Plant is necessary
   - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility
   - replacement of existing plant to address excessive water loss (10% or more)
   - replacement of existing plant for other reasons supported by persuasive showing by utility

2. Provide narrative explaining why this segment of plant is a priority.

3. Provide narrative explaining how replacing this plant will benefit existing customers.

4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.

5. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance and repair/replacement program.

---

**Estimated Total Cost**

Revised 4/1/2014

¹ Per the Commission approved Initial SIB Table I.

² Beginning with its SIB Surcharge Request filing for Year Two, the Company may request a change from the estimated Cost/Unit (in the Commission approved Initial SIB Table I) due to inflation using the latest calendar year Consumer Price Index. This may be done only if the Initial SIB Plant Table I unit cost did not account for inflation.
Exhibit 2
SIB Table II
### SIB PLANT TABLE II (Page 1a)

**Information to be included with SIB-Eligible Completed Project Filings**

<table>
<thead>
<tr>
<th>Project No.</th>
<th>NARUC Acct No./Plant</th>
<th>Description (Note any changes)</th>
<th>Installed Quantity</th>
<th>Diameter/Size</th>
<th>Material</th>
<th>Installed Cost/Unit (actual cost)</th>
<th>Actual Cost (by NARUC Acct No)</th>
<th>In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)</th>
<th>Actual Retirement Date</th>
<th>Original In-Service Date</th>
<th>Original Cost</th>
<th>Accumulated Depreciation Reserve (as of the actual retirement date)</th>
<th>Net Value of Retired Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>309 Supply Mains</td>
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**Decision No.** 74960

Revised 4/1/2014
<table>
<thead>
<tr>
<th>Project No.</th>
<th>NARUC Acct. No./Plant</th>
<th>a Cost/Unit (Estimated) (from Table I)</th>
<th>b Cost/Unit (Installed)</th>
<th>c Installed Units (Quantity)</th>
<th>d Actual Cost (by NARUC Acct)</th>
<th>e Is (b) less than 110% of (a)? Enter &quot;Yes&quot; or &quot;No&quot;</th>
<th>f If (e) is &quot;No&quot;, Calculate Allowable Installed cost: (f)=110% of (a) x (c)</th>
<th>g Net Value of Retired Plant</th>
<th>h SIB Allowed Cost (h)=(d)-(g) when Column (e) is &quot;Yes&quot; (h)=(f)-(g) when Column (e) is &quot;No&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>309 Supply Mains</td>
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</tbody>
</table>

Information to be included with SIB-Eligible Completed Project Filings

Decision No. 74800
### Water System Name and PWS ID No.
SIB PLANT TABLE II (Page 2b)

Information to be included with SIB-Eligible Completed Project Filings

<table>
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<tr>
<th>Project No.</th>
<th>NARUC Acct. No./ Plant</th>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
<th>e</th>
<th>f</th>
<th>g</th>
<th>h</th>
</tr>
</thead>
<tbody>
<tr>
<td>331 T&amp;D Mains</td>
<td>Cost/Unit (Estimated) (from Table I)</td>
<td>Cost/Unit (Installed)</td>
<td>Installed Units (Quantity)</td>
<td>Actual Cost (by NARUC Acct)</td>
<td>Is (b) less than 110% of (a)?</td>
<td>If (e) is &quot;No&quot;, Calculate Allowable Installed cost:</td>
<td>Net Value of Retired Plant</td>
<td>SIB Allowed Cost</td>
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<td>Enter &quot;Yes&quot; or &quot;No&quot;</td>
<td>(f)=110% of (a) x (c)</td>
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<td>(h)=(d)-(g) when Column (e) is &quot;Yes&quot;</td>
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<td>(h)=(f)-(g) when Column (e) is &quot;No&quot;</td>
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<tr>
<td>Project No.</td>
<td>NARUC Acct No./Plant</td>
<td>Description (Note any changes)</td>
<td>Installed Quantity</td>
<td>Diameter/Size</td>
<td>Material</td>
<td>Installed Cost/Unit (actual cost)</td>
<td>Actual Cost (by NARUC Acct No.)</td>
<td>In-Service Date</td>
<td>Original Plant (Plant Being Retired)</td>
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<td>333 Services</td>
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<td>Actual Retirement Date</td>
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</table>

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<thead>
<tr>
<th>Actual In-Service Date</th>
<th>Original Cost</th>
<th>Accumulated Depreciation Reserve (as of the actual retirement date)</th>
<th>Net Value of Retired Plant</th>
</tr>
</thead>
</table>

**Decision No.** 74860
<table>
<thead>
<tr>
<th>Project No.</th>
<th>NARUC Acct. No./Plant</th>
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<td>Cost/Unit (Estimated) (from Table I)</td>
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<td>333 Services</td>
<td>Cost/Unit (Installed)</td>
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<td>If (e) is &quot;No&quot;, Calculate Allowable Installed cost:</td>
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<td>Net Value of Retired Plant</td>
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<td>(h)=(d)-(g) when Column (e) is &quot;Yes&quot;</td>
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<td>Project No.</td>
<td>NARUC Acct. No./Plant</td>
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<td>e</td>
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</tbody>
</table>

- **Water System Name and PWS ID No:**
- **SIB PLANT TABLE II (Page 4b)**
- **Information to be included with SIB-Eligible Completed Project Filings**

- **a**: Cost/Unit (Estimated) (from Table I)
- **b**: Cost/Unit (Installed)
- **c**: Installed Units (Quantity)
- **d**: Actual Cost (by NARUC Acct) 
  
  \[ (d) = (b) \times (c) \]

- **e**: Is (b) less than 110% of (a)?
  - Enter "Yes" or "No"

- **f**: If (e) is "No", Calculate Allowable Installed cost:
  
  \[ (f) = 110\% \times (a) \times (c) \]

- **g**: Net Value of Retired Plant

- **h**: SIB Allowed Cost
  
  \[ (h) = (d) - (g) \]

  - when Column (e) is "Yes"
  
  \[ (h) = (f) - (g) \]

  - when Column (e) is "No"
<table>
<thead>
<tr>
<th>Project No.</th>
<th>NARUC Acct No./Plant</th>
<th>Description (Note any changes)</th>
<th>Installed Quantity</th>
<th>Diameter/Size</th>
<th>Material</th>
<th>Installed Cost/Unit (actual cost)</th>
<th>Actual Cost (by NARUC Acct No)</th>
<th>In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)</th>
<th>Actual Retirement Date</th>
<th>Original In-Service Date</th>
<th>Original Cost</th>
<th>Accumulated Depreciation Reserve (as of the actual retirement date)</th>
<th>Net Value of Retired</th>
</tr>
</thead>
<tbody>
<tr>
<td>335 Hydrants</td>
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</table>


## SIB PLANT TABLE II (Page 5b)

**Information to be included with SIB-Eligible Completed Project Filings**

<table>
<thead>
<tr>
<th>Project No.</th>
<th>NARUC Acct. No./Plant</th>
<th>a (Cost/Unit (Estimated from Table I))</th>
<th>b (Cost/Unit (Installed))</th>
<th>c (Installed Units (Quantity))</th>
<th>d (Actual Cost by NARUC Acct)</th>
<th>e (Is (b) less than 110% of (a)? Enter &quot;Yes&quot; or &quot;No&quot;&quot;)</th>
<th>f (If (e) is &quot;No&quot;, Calculate Allowable Installed cost: (f) = 110% of (a) x (c))</th>
<th>g (Net Value of Retired Plant)</th>
<th>h (SIB Allowed Cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>335 Hydrants</td>
<td>335 Hydrants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

- (h) = (d) - (g) when Column (e) is "Yes"
- (h) = (f) - (g) when Column (e) is "No"
<table>
<thead>
<tr>
<th>Description</th>
<th>SIB Allowed Cost (from Table II column h)</th>
<th>Actual Cost (from Table II column d)</th>
<th>Project No.</th>
<th>NARUC Acct No. (SIB-eligible plans)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td>309</td>
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<td></td>
<td></td>
<td>335</td>
<td>333</td>
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</table>
Exhibit 3

SIB Schedule A
Calculation of Overall SIB Revenue Requirement and Efficiency Credit

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Total Authorized Revenue Requirement, Per Decision xxxxx, See Attached Schedules</td>
<td>TBD</td>
</tr>
<tr>
<td>2</td>
<td>SIB Revenue Cap percentage</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>SIB Revenue Cap</td>
<td>TBD</td>
</tr>
<tr>
<td>4</td>
<td>SIB Allowed Cost (Per SIB Table 1, Summary page, Column 2)</td>
<td>TBD</td>
</tr>
<tr>
<td>5</td>
<td>Total Revenue Requirement, (with pro forma SIB Investments). See attached revenue requirements schedules as provided by Company.</td>
<td>TBD</td>
</tr>
<tr>
<td>6</td>
<td>SIB Revenue Requirement (line 5 minus line 1)</td>
<td>TBD</td>
</tr>
<tr>
<td>7</td>
<td>SIB Revenue Requirement Efficiency Credit</td>
<td>5%</td>
</tr>
<tr>
<td>8</td>
<td>SIB True-Up Adjustment (from SIB Schedule B)</td>
<td>TBD</td>
</tr>
<tr>
<td>9</td>
<td>SIB Authorized Revenue (line 6 plus line 7 plus line 8)</td>
<td>TBD</td>
</tr>
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</table>

* Number of Equivalent Meters, below TBD
* Charge per 5/8" meter TBD

<table>
<thead>
<tr>
<th>No. of Customers at SIB Cycle Year End</th>
<th>Multipliers</th>
<th>5/8 x 3/4-Inch Equivalent Meters</th>
<th>Fixed Surcharge</th>
<th>Annual Fee by Meter Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8 x 3/4-inch</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>3/4-inch</td>
<td>TBD</td>
<td>1.5</td>
<td>TBD</td>
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<tr>
<td>1-inch</td>
<td>TBD</td>
<td>2.5</td>
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<td>1 1/2-inch</td>
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<td>TBD</td>
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<tr>
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<td>8</td>
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<td>TBD</td>
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<tr>
<td>3-inch</td>
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<td>16</td>
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<td>Totals</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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Decision No. 74860
Exhibit 4

SIB Schedule B
**EPCOR WATER**
Chaparral City Water Company PWS ID No. 07-017
Decision No. 74568
Effective Date July 15, 2015

<table>
<thead>
<tr>
<th>CALCULATION OF SIB TRUE-UP REVENUE REQUIREMENTS ADJUSTMENT</th>
<th>SIB Filing Sequence</th>
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<tr>
<td></td>
<td>SIB year 1*</td>
</tr>
<tr>
<td>SIB Authorized Revenue, Per SIB Schedule A</td>
<td>TBD</td>
</tr>
<tr>
<td>Total SIB Surcharges collections for Period</td>
<td>TBD</td>
</tr>
<tr>
<td>SIB True-Up Adjustment</td>
<td>TBD</td>
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</table>

Note: The Company shall also provide an analysis of cumulative over or under collections and a net amount to be included in the SIB True-up Adjustment

*SIB year 1 is one year after effective date*
Exhibit 5

SIB Schedule C
### TYPICAL BILL IMPACTS
5/8-Inch Customers

<table>
<thead>
<tr>
<th>Gallons</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Per Dec. No.</td>
<td>Total Bill w/ SIB Inc.</td>
<td>Cumulative % Increase</td>
<td>Total Bill w/ SIB Inc.</td>
<td>Cumulative % Increase</td>
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</table>

Median (Cite Usage) | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD |
Mean (Cite Usage)   | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD |

*: Bills in Years 1-5 are net of Efficiency Credit
Exhibit 6

SIB Schedule D
**SIB Schedule D**

**Fair Value Rate Base, Revenue & Rate of Return - Decision No.**

<table>
<thead>
<tr>
<th>Per Dec. No XXXXXX</th>
<th>SIB Step 1</th>
<th>SIB Step 2</th>
<th>SIB Step 3</th>
<th>SIB Step 4</th>
<th>SIB Step 5</th>
<th>Total Pro-forma with SIB</th>
</tr>
</thead>
<tbody>
<tr>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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</table>

**Total Operating Revenue** *

**Operating Expenses Operations & Maintenance Depreciation & Amortization Taxes Other than Income Income Taxes**

**Total Operating Expenses**

**Operating Income**

**Rate Base**

**Rate of Return on Rate Base**

**Authorized Rate of Return on Rate Base**

*: SIB Revenues in Years 1-5 are net of 5% Efficiency Credit
SIB Schedule D
and Sub-Schedule List

Schedule D

Fair Value Rate Base, Revenue & Rate of Return
Rate Review
Balance Sheet
Income Statement
Earnings Test
Rate Base
Construction Work in Progress (CWIP) Ledger
Calculation of Corporate Allocation Factor
This Plan of Administration ("Plan") relates to the administration of Chaparral City Water Company’s ("CCWC" or the "Company") Low Income Program ("Program"). The purpose of the Plan is to describe how CCWC will administer the Program as approved by the Arizona Corporation Commission in Docket No. W-02113A-13-0118. This plan is being filed as required in decision number 74568 issued June 20, 2014.
I. **Overview**

CCWC is a public service corporation providing water utility service in Maricopa County, Arizona pursuant to a Certificate of Convenience and Necessity granted by the Arizona Corporation Commission. The Low Income Program has been closely modeled after the other current low income programs which EPCOR successfully employs in its Sun City Water, Agua Fria Water, Havasu Water and Mohave Water districts.

II. **General Description – Low Income Program**

The purpose of this Plan is to define the Low Income Program for CCWC and establish the process for funding and distributing the assets of the program. This program is designed as a short-term relief program to provide assistance to residential customers in CCWC’s service area. This program is applicable to residential water service for domestic use rendered to low-income households where the customer meets all the program qualifications and special conditions outlined in this Plan. Program is only for residential customers with ¾-inch or 1-inch meters or persons residing in multi-family housing units. Eligible customers will receive a $7.50 discount applied against their monthly Usage Charge. The program is limited to 250 customers.

III. **Program Qualifications**

1. The Company bill must be in applicant’s name and the address must be applicant’s primary residence or applicant must be a tenant receiving water service by a master-meter or system.
2. Applicant may not be claimed as a dependent on another person’s tax return.
3. Applicant must reapply each time applicant moves.
4. Applicant must notify the Company within 30 days if applicant becomes ineligible for the program.
5. Applicant’s total gross annual income for all persons living in household cannot exceed 150% of the Federal Poverty guidelines for the eligibility period.
For purposes of this program, the “gross household income” means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable before deductions for all people who live in applicants home. This includes, but is not limited to:

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

**IV. Special Conditions**

1. Application and Eligibility Declaration: An application and eligibility declaration is required for each request for service under this schedule.

2. Commencement of Rate: Eligible customers whose applications have been approved shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by Company.

3. Verification: Information provided by the applicant is subject to verification by Company (or Company designee). Refusal or failure of a customer to provide documentation of eligibility acceptable to Company, upon request by Company, shall result in removal from this rate schedule.

4. Notice from Customer: It is the customer’s responsibility to notify the Company if there is a change of eligibility status.

5. Rebilling: Customers may be re-billed for periods of ineligibility under the applicable rate schedule.

6. Master-metered: A reduction will be calculated in the bill of master-metered customers, who have sub-metered tenants that meet the income eligibility criteria, so an equivalent discount ($7.50) can be passed through to eligible customer(s) where agreements can be reached with the owner of the account to distribute the discounts on
behalf of the Company. Master-metered customers must agree to pass discount on to
tenant and tenant will be asked to confirm receipt.

7. Participation Cap: The low income program is limited to 250 residential water
customers. Application will be reviewed and approved on a first come, first served
basis. Applicants will be placed on a waiting list if the participation cap has been met.

V. Funding

Funding for the program is provided via an approved surcharge. The low income surcharge rate
is $0.0573 per thousand gallons applied to all monthly usage in the highest tier for residential,
commercial, and industrial customers.

VI. Administration

CCWC will administer the Chaparral Low Income Program until such time as an agency can be
engaged to administer the program. CCWC, or its approved agent, will coordinate the program
with Community Action Program (CAP) agencies that assist low income customers to benefit
qualifying Company customers. All funds, less any program administration fees incurred, will
be used directly by CCWC or its approved agent for bill assistance provided to qualifying
Company customers.

VII. Reporting

All dollars associated with the program, funding and credits, are maintained in a balance sheet
account identified by a unique project number. The Company will perform reconciliations on a
monthly basis to identify the amount of funding collected, total amount of credits issued to
customers, number of customers receiving assistance, and amounts distributed to administering
agencies, if applicable.
VIII. Application

A copy of the “Chaparral Low Income Assistance Program Application” is attached as Exhibit A.
Exhibit A
CHAPARRAL LOW-INCOME ASSISTANCE PROGRAM

APPLICATION: For a credit of $7.50 per month
Residential Low-Income Assistance Program Offered by EPCOR Water/Chaparral City Water Company

(Only for residential customers on a 1" or 3/4" meter or persons residing in housing in a homeowner association, apartment complex or mobile home park)

SECTION 1: Customer Fill-in Information

Customer Account Number
Located at the top of your water bill or provide the name of the HOA, apartment complex or mobile home park

Your Name ____________________________ Number of Persons in Your Household ________
As it appears on your water bill or as appearing on valid identification

Your Home Address ______________________ City __________ State ______ Zip Code ______
Where you receive water service

Mailing Address ________________________ City __________ State ______ Zip Code ______
Where you receive your water bill if different from Home Address. Persons residing in an HOA, apartment complex or mobile home park cannot have an address different from the Home Address.

Daytime Telephone Number
Please include Area Code __________-________-________

If you are already receiving low-income assistance from another utility for your electric or gas bill, please indicate the name of the utility: __________________________

Applicants must provide a copy of their current Picture ID, most recent water bill and copies of the most recent proof of 30-day income (Pay Stubs, SSA, SSI, Unemployment Insurance, etc.), along with the application for verification of program eligibility. Annual low income does not exceed $17,905 for a single-person household ($22,505 for two-person households). For more information on the Federal Poverty Guidelines please visit www.aspe.hhs.gov. **Please note** if approved, approval is on-going.

Applicant swears (s)he is not claimed as a dependent on another person’s tax return. I agree to inform EPCOR Water if I no longer qualify (i.e., monthly income becomes greater than 150% of the Federal Poverty guideline) to receive the low-income monthly credit. I understand that if I receive the discount without qualifying for it, I may be required to pay back EPCOR Water the discount I received while not qualifying.

Customer Signature ____________________________ Date __________

Mail Completed Application to:
EPCOR Chaparral City Water Company
12021 Panorama Drive
Fountain Hills, AZ 85268

CUSTOMERS PLEASE DO NOT WRITE IN THE ADMINISTRATIVE SECTION BELOW

SECTION 2: Determine the Customers Eligibility for the Program

Each applicant for the Low-Income Assistance Program must meet all criteria below to be eligible for the program. Each item must be verified and checked to be eligible.

I have verified that the Applicant resides in the Chaparral water district service territory as accurately indicated above and verified by service territory maps, and most recent household 30-day income from all sources before deductions does not exceed 150% of the current Federal Poverty Guideline.

Signature of Intake Staff ____________________________ Date __________

<table>
<thead>
<tr>
<th>TASKS:</th>
<th>Responsible</th>
<th>Indicate Credit</th>
<th>By (Person)</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application received</td>
<td>EPCOR</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Customer identification, income eligibility and water district location verified</td>
<td>EPCOR</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Completed application sent to EPCOR Water</td>
<td>EPCOR</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Rate adjustor setup for customer account or on check mail list</td>
<td>EPCOR</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Verify low-income credit appears on customer first eligible bill</td>
<td>EPCOR</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Follow up verification of continuing eligibility as requested</td>
<td>EPCOR</td>
<td>-</td>
<td>-</td>
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</tr>
</tbody>
</table>

APPROVED FOR PAYING

DECISION: 74508
Chaparral City Water Company

CAP Surcharge
Plan of Administration
Central Arizona Project (CAP) Water Surcharge Mechanism

Plan of Administration

This Plan of Administration ("Plan") relates to the administration of Chaparral City Water Company's ("CCWC" or the "Company") Central Arizona Project ("CAP") water Surcharge Mechanism ("CAP Surcharge"). The purpose of the Plan is to describe how CCWC will administer the CAP Surcharge as approved by the Arizona Corporation Commission in Docket No. W-02113A-13-0118. This plan is being filed as required in decision number 74568 issued June 20, 2014.
I. Overview

CCWC is a public service corporation providing water utility service in Maricopa County, Arizona pursuant to a Certificate of Convenience and Necessity granted by the Arizona Corporation Commission. CCWC is dependent on CAP water to deliver to its customers. The CAP Surcharge mechanism has been closely modeled after two other current surcharge mechanisms known as Groundwater Savings Fee mechanisms which EPCOR successfully employs in its Sun City Water and Sun City West Water districts.

II. General Description - Surcharge

The purpose of the CAP Surcharge mechanism is to recover the difference in costs of CAP water and the costs or credits associated with underground storage and recovery of CAP water from the adjusted 2012 test year costs of $1,116,879 as approved in this case, Docket No. W-02113A-13-0118. The Company will make annual filings (by January 31, 2016, then each January 31st thereafter) to adjust the CAP Surcharge rate. The CAP Surcharge rate will be billed on a rate per thousand gallons sold basis similar to a commodity rate for all customers. The CAP Surcharge will appear on customers’ bills as a separate line item labeled “CAP Surcharge.” This rate will be adjusted annually (effective March 1, 2016, then each March 1st thereafter) to true up the previous year’s activity and reflect the current year’s costs.

III. Components of the CAP Surcharge Mechanism

The CAP Surcharge Mechanism will include the following:

- **Section 1 - Prior Year Under/(Over) Recovery** - This section accounts for the under/(over) recovery of the prior year’s costs through the surcharge. It encompasses all of the previous year’s revenues and expenses and shows the calculation of the under/(over) collection as well as the calculation to either (credit) or charge customers...
for the (over)/under collection in the previous year. It is supported by a sheet showing monthly revenue/expense calculations and a sheet outlining the previous year’s customer consumption by month. The end result of the calculations in Section 1 is a rate per thousand gallons which reflects (over)/under recovery of the previous year’s actual expense.

- **Section 2 – Estimated Payments/Expense for the Applicable Year** – This section estimates the payments and credits that will occur in the applicable year. It includes the cost of the CAP water associated with the expected delivery of the scheduled amount of CAP water in that year, the capital charge for the entire allocation of 8,909 acre feet as required by the CAP Subcontract, and the cost or (credit) associated with storing CAP water underground.

- **Section 3 – Total Estimated Increased Expense** – This section uses the total from Section 2 and removes the amount of CAP expense approved in Decision Number 74568 to arrive at a total estimated increased expense.

- **Section 4 – Current Year Per Kgal Calculation** – This section uses the total from Section 3 and divides it across a projected level of consumption based on the same period from the prior year (to be the test year consumption of 1,784,344 kgals in the first year of the CAP Surcharge) to arrive at a rate per thousand gallons for the current year’s expenses.

- **Section 5 – Total Monthly Surcharge Per Kgal** – This section sums the two components of the CAP Surcharge, the previously (over)/under collected amount reflected as a rate per kgal and the current year expense reflected as a rate per kgal – the summation of Sections 1 and 4.

V. Reporting
The Company shall file its first surcharge request by January 31, 2016 to be effective on March 1, 2016.

On or before January 31st of each year thereafter CCWC will submit to the Commission as a compliance item a report showing its collections under the CAP Surcharge that includes a calculation of any under/(over) recovery with detail showing each component's contribution to the change in balance from the prior year. This will be in a form similar to the attached exhibit.