WATER TARIFF SCHEDULE

UTILITY: Mescal Lakes Water Systems, Inc.
DOCKET NO: W-02472A-99-0171

DECISION NO: 61732
EFFECTIVE: 7/1/99

ORIGINAL

RATES AND CHARGES

CUSTOMER/MINIMUM CHARGES
PER MONTH

<table>
<thead>
<tr>
<th>METER</th>
<th>CHARGES</th>
<th>GALLONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8 X 3/4&quot;</td>
<td>$16.50</td>
<td>0</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>$16.50</td>
<td>0</td>
</tr>
<tr>
<td>1&quot;</td>
<td>$35.00</td>
<td>0</td>
</tr>
<tr>
<td>1 1/2&quot;</td>
<td>$40.00</td>
<td>0</td>
</tr>
<tr>
<td>2&quot;</td>
<td>$50.00</td>
<td>0</td>
</tr>
<tr>
<td>3&quot;</td>
<td>$60.00</td>
<td>0</td>
</tr>
<tr>
<td>4&quot;</td>
<td>$100.00</td>
<td>0</td>
</tr>
<tr>
<td>6&quot;</td>
<td>$230.00</td>
<td>0</td>
</tr>
</tbody>
</table>

SERVICE LINE & METER
INSTALLATION CHARGES

<table>
<thead>
<tr>
<th>METER</th>
<th>CHARGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8 X 3/4&quot;</td>
<td>$400.00</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>$450.00</td>
</tr>
<tr>
<td>1&quot;</td>
<td>$500.00</td>
</tr>
<tr>
<td>1 1/2&quot;</td>
<td>$715.00</td>
</tr>
<tr>
<td>2&quot;</td>
<td>$1,170.00</td>
</tr>
<tr>
<td>3&quot;</td>
<td>$1,585.00</td>
</tr>
<tr>
<td>4&quot;</td>
<td>$2,540.00</td>
</tr>
<tr>
<td>6&quot;</td>
<td>$4,815.00</td>
</tr>
</tbody>
</table>

COMMODITY CHARGE:

PER 1,000 GALLONS
STANDPIPE/BULK WATER, PER 1,000 GALLONS

$3.50

$4.50

SERVICE CHARGES

1. ESTABLISHMENT (R14-2-603.D.1) $25.00
2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2) $35.00
3. RECONNECTION/DELINQUENT (R14-2-403.D.1) $25.00
4. NSF CHECK (R14-2-409) $15.00
5. METER REREAD/IF CORRECT (R14-2-403.C.2) $20.00
6. METER TEST/IF CORRECT (R14-2-408.F.1) $40.00
7. DEFERRED PAYMENT (PER MONTH) 1.50%
8. LATE PAYMENT PENALTY (PER MONTH) PER RULE
9. DEPOSIT INTEREST PER RULE
10. DEPOSIT (R14-2-403.B.7) MONTHS OFF SYSTEM TIMES MINIMUM
11. RE-ESTABLISHMENT W/N 12 MONTHS

MONTHLY SERVICE CHARGE FOR FIRE SPRINKLER:

4" OR SMALLER } 1 PERCENT OF MONTHLY MINIMUM FOR A COMPARABLE SIZED METER CONNECTION, BUT NO LESS THAT $5.00 PER MONTH. THE SERVICE CHARGES FOR FIRE SPRINKLERS IS ONLY APPLICABLE FOR SERVICE LINES SEPARATE AND DISTINCT FROM THE PRIMARY WATER SERVICE LINE.
6" } 1.50%
8" } PER RULE
10" } PER RULE
LARGER THAN 10" } MONTHS OFF SYSTEM TIMES MINIMUM

APPROVED FOR FILING
DECISION 61732
OTHER RATES AND CHARGES APPROVED BY ORDER

Tariff Schedule

Docket No.: W-02472 A-01-0432
Phone No.: 520-623-5172

Tariff Sheet No.: 1 of 2
Decision No.: 63921
Effective: August 6, 2001

CURTAILMENT PLAN FOR MESCAL LAKES WATER SYSTEMS, INC.

The Company is authorized to curtail water service, to all customers, residential and commercial, within its certificated area under the following terms and conditions:

Stage 1 Exists When:

a. The Company is able to maintain water storage in the system at 100% of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

a. The Company's total storage and well production has been less than 80% of capacity for at least 48 consecutive hours, and

b. The Company has identified issues such as steadily declining water table, an increased draw-down threatening pump operations, and poor water production creating a reasonable belief the Company will be unable to meet anticipated water demands in the system.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50%. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

a. The Company's total storage and well production has been less than 50% for at least 24 consecutive hours.

b. The Company has identified issues such as a steadily declining water table, and increased draw down threatening pump operations creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50%. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed wherever possible.
Tariff Schedule (continued)

Docket No.: W-02472 A-01-0432
Phone No.: 520-623-5172

Tariff Sheet No.: 2 of 2
Decision No. 63921
Effective: August 6, 2001

Notice Requirements: a. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

b. Beginning with Stage 3, the Company shall post at least two signs showing curtailment stage. Signs shall be posted at the well site and at the entrance to the major subdivision served by the Company.

c. The Company shall notify the Consumer Services Section of the Utilities Division of the Commission at least 12 hours prior to entering Stage 3. In addition, the Company shall inform the Consumer Services Section of the Company’s plans to correct the water shortage problem and how long the Company expects to remain in Stage 3.

Stage 4 Exists When:

a. The Company’s total storage has been less than 25% for at least 12 consecutive hours.

b. The Company has identified issues such as steadily declining water table, an increased draw-down threatening pump operations, and poor water production creating a reasonable belief the Company will be unable to meet anticipated water demands in the system.

Restrictions: Under Stage 4, the Company shall inform the customers of a mandatory restriction to employ water conservation measures to reduce daily consumption. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed wherever possible. Failure to comply will result in temporary disconnection.

Notice Requirements: a. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

b. The Company shall have posted at least two signs showing curtailment stage. Signs shall be posted at the well site and at the entrance to the major subdivision served by the Company.

c. The Company shall notify the Consumer Services Section of the Utilities Division of the Commission at least 12 hours prior to entering Stage 4. In addition, the Company shall inform the Consumer Services Section of the Company’s plans to correct the water shortage problem and how long the Company expects to remain in Stage 4. The Company shall immediately notify the Consumer Services Section when the Stage 4 restrictions are lifted.

d. Customers who fail to comply with cessation of outdoor use provisions will be given a written notice to end all outside use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outside water. To restore service, the customer shall be required to pay all authorized reconnection fees.

APPROVED FOR FILING
DECISION #: 63921
CROSS-CONNECTION OR BACKFLOW TARIFF

APPLICABILITY:

All customers served by Mescal Lakes Water Systems, Inc.

PURPOSE:

To protect the public water supply from the possibility of contamination caused by backflow through unprotected cross-connections by requiring installation and periodic testing of backflow-prevention assemblies pursuant to provisions of Arizona Administrative Code (A.A.C.) R14-2-405.B.6 and A.A.C. R18-4-232.

REQUIREMENTS:

In compliance with the rules and regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality (ADEQ), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-232 relating to backflow prevention:

1. Mescal Lakes Water Systems, Inc. may require a customer to pay for and install a backflow-prevention assembly if A.A.C. R18-4-232.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. R18-4-232. 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, Mescal Lakes Water Systems, Inc. may terminate service or deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.

4. Mescal Lakes Water Systems, Inc. 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.B1.a. is not applicable, the customer shall be given thirty (30) days in which to comply with this notice. If the customer can show good cause as to why he cannot install the device within thirty (30) days, Mescal Lakes Water Systems, Inc. or Commission staff may suspend this requirement for a reasonable period of time.

5. Testing shall be in conformance with the requirements of A.A.C. R18-4-232F. Mescal Lakes Water Systems, Inc. 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. Mescal Lakes Water Systems, Inc. may also require the customer to pay for repairs to a backflow-prevention assembly.
6. The customer shall provide Mescal Lakes Water Systems, Inc. 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.

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

7B. 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 disfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.
July 2, 1991

E. H. "Buck" Lewis Engineering, Inc.
Mescal Lakes Water System
423 South Olsen Avenue
Tucson, Arizona 85719

RE: Mescal Lakes Water System
Public Water System No. 02-052

Dear Mr. Lewis:

An inspection of the Mescal Lakes Water System conducted by the Southern Regional Office of Arizona Department of Environmental Quality (ADEQ) on June 19, 1991 has indicated that Mescal Lakes Water System has complied with Item A.1 of Exhibit A of the Compliance Order issued January 11, 1989 (Docket # D-1-89); "The water system is capable of maintaining a continuous water pressure of at least 20 pounds per square inch...", and Item A.2 of the same Exhibit; "The water system has a minimum storage capacity equal to the maximum average daily demand..."

Therefore, the connecting of additional water services is approved by ADEQ at this time. Extensions and modifications of the water system beyond simple service connection additions must be approved by the Department as required by Administrative Code.

Sincerely,

Ronald L. Miller, Ph.D.
Assistant Director
Office of Water Quality

RLM:DHW:ao

cc: Robert L. Munari, P.E., Manager, Field Services Section, OWQ
James A. Maston, P.E., Manager, Southern Regional Office, OWQ
Eric M. Wilson, Arizona Corporation Commission
Cochise County Health Department

The Department of Environmental Quality is an Equal Opportunity Affirmative Action Employer.