

TARIFF SCHEDULE

ORIGINAL

ARIZONA WATER COMPANY*Phoenix, Arizona*

Filed by: William M. Garfield
Title: President
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A.C.C. No. 480
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CENTRAL ARIZONA PROJECT HOOK-UP FEE

I. PURPOSE AND APPLICABILITY

The purpose of the Central Arizona Project ("CAP") Water Hook-up Fee ("CAP Fee") payable to **Arizona Water Company** ("the Company") pursuant to this tariff is to equitably apportion the costs of CAP water. These charges are applicable to all new service connections established after the effective date of the tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

II. DEFINITIONS

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

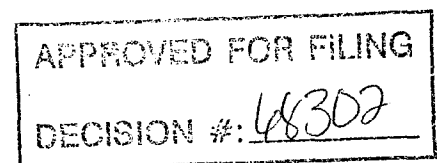
"Applicant" means any party entering into an agreement with the Company for the installation of water facilities to serve new service connections.

"CAP costs" means Commission allowed on-going and deferred costs known as Municipal and Industrial capital charges incurred by the Company with regard to its CAP water allocations. These costs shall include allowance for funds used during construction which rate shall be the Company's annual cost of debt.

"Company" means Arizona Water Company, an Arizona corporation.

"Main Extension Agreement" means any agreement whereby an applicant 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's Utilities Division (same as line extension agreement).

"Service Connection" means and includes all service connections for residential, commercial, industrial, or other uses, regardless of meter size except for temporary services and separate fire protection services.



CENTRAL ARIZONA PROJECT HOOK-UP FEE - continued

ORIGINAL**III. CAP HOOK-UP FEE CHARGES***Each new service connection shall pay the CAP Fee derived from the following table:*

I. Meter Size	II. Fee
5/8" x 3/4"	\$500
3/4"	\$500
1"	\$500
1-1/2"	\$1,667
2"	\$2,667
3"	\$5,333
4"	\$8,333
6" or larger	\$16,667

IV. TERMS AND CONDITIONS

- (A) Assessment of One Time CAP Fee: The CAP Fee may be assessed only once per service connection, or lot within a platted subdivision (similar to service line and meter installation charges). However, this provision does not exempt from the CAP Fee, any newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.
- (B) Use of CAP Fee: CAP Fees may only be used to pay for CAP costs as defined herein. CAP Fees shall not be used for expenses, maintenance, or operational purposes.
- (C) Time of Payment:
- (1) In the event that the Applicant is required to enter into a main extension agreement, whereby the Applicant agrees to advance the costs of installing mains to which new direct service connections will be made, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the charges required hereunder for those service connections shall be made by the Applicant within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Commission has approved the main extension agreement in accordance with R-14-2-406(M).
 - (2) In the event the Applicant is not required to enter into a main extension agreement, the charges hereunder shall be due and payable at the time the service is initially established.
- (D) Failure to Pay Charges, Delinquent Payments: Under no circumstances will the Company set a meter or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this CAP Fee tariff.
- (E) CAP Fee Non-refundable: The amounts collected by the Company pursuant to this CAP Fee Tariff shall be non-refundable.
- (F) Use of Charges Received: All funds collected by the Company as CAP Fees shall be used solely for the purpose of paying for CAP costs as defined herein.
- (G) CAP Fee in Addition to Other Charges: The CAP Fee shall be in addition to any costs associated with a main extension agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff.
- (H) Termination of CAP Fee: The CAP fee shall be terminated when all CAP costs (as defined herein) have been collected or when ordered by the Commission, whichever occurs first.

