

ORIGINAL

WATER RATES

ARIZONA WATER COMPANY

Phoenix, Arizona

Filed by:

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Title:

President

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System:

SADDLEBROOKE RANCH

A.C.C. No.

466

Canceling A.C.C. No.

(not applicable)

Tariff or Schedule No.

NP- 277

Filed:

November 19, 2004

Effective:

December 19, 2002

NON-POTABLE WATER SERVICE

AVAILABILITY AND APPLICABILITY:

In the Company's SaddleBrooke Ranch water system, where and when non-potable water is available. This tariff, its terms and provisions are applicable only to the SaddleBrooke Ranch water system.

SUITABILITY:

It is the customer's responsibility to determine the initial and continuing suitability of the non-potable water furnished under this tariff for any intended uses. The Company does not treat, test or monitor non-potable water and furnishes it to customers strictly on an "as received" basis. The customer agrees to accept non-potable water "as received." Compliance with any requirement of the Arizona Department of Environmental Quality, or any other agency having jurisdiction, concerning the use or quality of non-potable water shall be the sole responsibility of the customer. The Company will not be liable for, and the customer will hold harmless, indemnify and defend the Company against, any injuries or damages arising from any inappropriate use of non-potable water. For the purposes of this tariff, non-potable water excludes any treated effluent from a wastewater treatment plant, or any water which is blended or co-mingled by the Company with treated wastewater effluent.

FACILITIES AND DEMAND:

When applying for non-potable water service, the customer shall specify the maximum annual quantity of non-potable water in acre feet that it intends to use under this tariff schedule. This quantity of water will be used to determine the facilities required to serve the customer. The customer will contribute the funds necessary to install all facilities needed to provide non-potable water.

MONTHLY BILL:

During months when service is provided the monthly bill will consist of the following components:

1. A meter charge based on the applicable monthly minimum charge by meter size as set forth in the General Service tariff schedule. This meter charge shall not include any water.
2. A commodity charge designed to pass on all costs of non-potable water, as billed to the Company including all applicable groundwater withdrawal fees imposed by the Arizona Department of Water Resources, plus one percent (1%) of all such costs to cover the Company's administrative and handling costs.
3. A power and maintenance charge based on the specific requirements of each customer.

A. The power component will be the direct and separately metered cost of the power billed to the Company during the previous month for non-potable water delivered to the customer, plus one percent

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MONTHLY BILL: (continued)

(1%) of the power cost to cover the Company's administrative and handling costs. If multiple customers are being served by common facilities, the power component will be prorated based on non-potable water actually used during the month by each customer.

B. The maintenance component will be the actual costs of maintaining the facilities required to serve the customer, plus a ten percent (10%) charge to provide for overhead. If multiple customers are being served by common facilities, the maintenance component will be prorated based on each customer's Non-potable Demand.

Late Charge: Any payment not received within fifteen (15) days from the postmark date of the bill will be delinquent and subject to a late charge of one and one-half percent (1½%) per month.

Adjustment: An adjustment for state and local taxes, which will be the applicable proportionate part of any taxes or governmental impositions which are, or in the future may be, assessed on the basis of the gross revenues of the Company and/or the price or revenue from the water or service sold and/or the volume of water pumped or purchased for sale and/or sold hereunder. In the event of any increase or decrease in taxes or other governmental impositions, rates shall be adjusted to reflect such tax increase or decrease.

TERMS AND CONDITIONS:

Subject to the Company's Tariff Schedule TC-243.

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