

# OPEN MEETING



0000027992

## MEMORANDUM

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TO: THE COMMISSION

FROM: Utilities Division

DATE: July 10, 2001

AZ CORP COMMISSION  
DOCUMENT CONTROL

RE: IN THE MATTER OF DRAGON WATER COMPANY- FILING FOR CURTAILMENT PLAN TARIFF FOR ITS SYSTEM (DOCKET NO. W 01917A-01-0429)

On June 4, 2001, Dragoon Water Company ("Dragoon" or "Company") filed an application with the Commission requesting approval of a curtailment plan. Dragoon is a public service corporation, which provides water utility service to the public in a portion of Cochise County, Arizona. Dragoon has two wells and serves 135 customers south of Willcox.

Dragoon is requesting approval of a Curtailment Tariff. The purpose of this tariff is to establish guidelines to restrict the water use of customers at times when Dragoon is experiencing a water shortage emergency.

The curtailment tariff being proposed by Dragoon would work in stages as follows:

### Stage 1 Exists When:

- a. The Company is able to maintain water storage in the system at 100 percent 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 restrictions are 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 percent 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, 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 percent. 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 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 percent for at least 24 consecutive hours. 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. The Company must rely on an emergency connection with the City of Tucson to augment the minimum needs of the customers.

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

**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 Unit of the Utilities Division of the Commission at least 12 hours prior to entering Stage 3.

Stage 4 Exists When:

- a. The Company's total storage has been less than 25 percent for at least 12 consecutive hours. 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. The Company must rely on an emergency connection with the City of Tucson to augment the minimum needs of the customers.

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 main entrance to the major subdivision served by the Company.
- c. The Company shall notify the Consumer Services Unit of the Utilities Division of the Commission at least 12 hours prior to entering Stage 4.
- 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.

Staff agrees with Dragoon that it needs a curtailment mechanism in place and finds it to be in the public interest. Therefore, Staff recommends approval of the curtailment plan filed by Dragoon with the following modifications:

1. The word "and" should be inserted before the word "poor" in paragraph "b" under Stage 2.

2. Under Stage 3, there should be a paragraph "a" and "b". Paragraph "a" should be the first sentence as currently written under Stage 3. Paragraph "b" should be the same as paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
3. For the Notice Requirements under Stage 3, the word "Unit" should be replaced with the word "Section" in paragraph "c". A sentence should be added to paragraph "c" that states, "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."
4. Under Stage 4, there should be a paragraph "a" and "b". Paragraph "a" should be the first sentence as currently written under Stage 4. Paragraph "b" should be the same as paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
5. For the Notice Requirements under Stage 4, the word "Unit" should be replaced with the word "Section" in paragraph "c". Two sentences should be added to paragraph "c" that state, "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."

Staff also recommends that this curtailment procedure become part of Dagoon's Arizona Department of Environmental Quality Emergency Operations Plan.

Staff further recommends that during the period when these water usage restrictions are effective, Dagoon's tariffed reconnection rate shall apply to any service terminated for failure to comply with the curtailment conditions during Stage 4.

Staff further recommends that Dagoon file with the Utilities Compliance Section a copy of the curtailment tariff as approved by the Commission within thirty (30) days of the effective date of the Commission's decision in this matter.

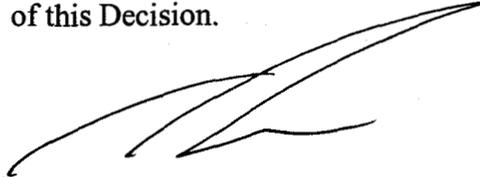
Staff further recommends that the curtailment tariff not become effective until the final tariff is filed with the Compliance Section and verified for accuracy by Staff.

THE COMMISSION

July 10, 2001

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Staff further recommends that the Company notify its customers of this new tariff within thirty (30) days of the effective date of this decision and file an affidavit with the Compliance Section verifying that notice has been sent to its customers within (40) days of the effective date of this Decision.



Deborah R. Scott

Director

Utilities Division

*for*

DRS:RSK:jbc/JMA

Originator: Robert S. Kennedy

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL  
Chairman

3 JIM IRVIN  
Commissioner

4 MARC SPITZER  
Commissioner

5

6 IN THE MATTER OF DRAGOON WATER )  
COMPANY, INC. CURTAILMENT PLAN )  
7 TARIFF FOR ITS SYSTEM )

DOCKET NO. W-01917A-01-0429

DECISION NO. \_\_\_\_\_

8

ORDER

9 Open Meeting  
July 24 and 25, 2001  
10 Phoenix, Arizona

11 BY THE COMMISSION:

12 FINDINGS OF FACT

13 1. On June 4, 2001, Dragoon Water Company ("Dragoon" or "Company") filed an  
14 application with the Commission requesting approval of a curtailment plan.

15 2. Dragoon is a public service corporation which provides water utility service to the public  
16 in a portion of Cochise County.

17 3. Dragoon has two wells and serves 135 customers south of Willcox, Arizona.

18 4. Dragoon is requesting approval of a Curtailment Tariff. The purpose of this tariff is to  
19 establish guidelines to restrict the water use of customers at times when Dragoon is experiencing a  
20 water shortage emergency.

21 5. The curtailment tariff proposed by Dragoon would work in stages as follows:

22 Stage 1 Exists When:

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

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

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

1           Stage 2 Exists When:

- 2                   a.       The Company's total storage and well production has been less than 80  
3                               percent of capacity for at least 48 consecutive hours, and
- 4                   b.       The Company has identified issues such as steadily declining water table, an  
5                               increased draw down threatening pump operations, poor water production  
6                               creating a reasonable belief the Company will be unable to meet anticipated  
7                               water demands in the system.

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

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

17           Stage 3 Exists When:

- 18                   a.       The Company's total storage and well production has been less than 50 percent  
19                               for at least 24 consecutive hours. The Company has identified issues such as  
20                               a steadily declining water table, and increased draw down threatening pump  
21                               operations creating a reasonable belief that the Company will be unable to meet  
22                               anticipated water demand on a sustained basis. The Company must rely on an  
23                               emergency connection with the City of Tucson to augment the minimum needs  
24                               of the customers.

25           Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ  
26           water conservation measures to reduce daily consumption by approximately 50 percent. All  
27           outside watering should be eliminated, except livestock, and indoor water conservation  
28           techniques should be employed wherever possible.

29           Notice Requirements:

- 30                   a.       The Company is required to notify customers by delivering written notice to  
31                               each service address, or by United States first class mail to the billing address  
32                               or, at the Company's option, both. Such Notice shall notify the customers of  
33                               the general nature of the problem and the need to conserve water.
- 34                   b.       Beginning with Stage 3, the Company shall post at least two signs showing  
35                               curtailment stage. Signs shall be posted at the well site and at the entrance to  
36                               the major subdivision served by the Company.

- 1 c. Company shall notify the Consumer Services Unit of the Utilities Division of  
2 the Commission at least 12 hours prior to entering Stage 3.

3 Stage 4 Exists:

- 4 a. Company's total storage has been less than 25 percent for at least 12  
5 consecutive hours. The Company has identified issues such as a steadily  
6 declining water table, and increased draw down threatening pump operations  
7 creating a reasonable belief the Company will be unable to meet anticipated  
8 water demand on a sustained basis. The Company must rely on an emergency  
9 connection with the City of Tucson to augment the minimum needs of the  
10 customers.

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

16 Notice Requirements:

- 17 a. The Company is required to notify customers by delivering written notice to  
18 each service address, or by United States first class mail to the billing address  
19 or, at the Company's option, both. Such Notice shall notify the customers of  
20 the general nature of the problem and the need to conserve water.
- 21 b. The Company shall have posted at least two signs showing curtailment stage.  
22 Signs shall be posted at the well site and at the main entrance to the major  
23 subdivision served by the Company.
- 24 c. The Company shall notify the Consumer Services Unit of the Utilities Division  
25 of the Commission at least 12 hours prior to entering Stage 4.
- 26 d. Customers who fail to comply with cessation of outdoor use provisions will be  
27 given a written notice to end all outside use. Failure to comply within two (2)  
28 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.

6. Staff agrees with Dragoon that it needs a curtailment mechanism in place and finds  
it to be in the public interest. Therefore, Staff recommends approval of the curtailment plan filed  
by Dragoon with the following modifications:

28 ...

- 1 a. The word "and" should be inserted before the word "poor" in paragraph "b" under  
2 Stage 2.
- 3 b. Under Stage 3, there should be a paragraph "a" and "b". Paragraph "a" should be the first  
4 sentence as currently written under Stage 3. Paragraph "b" should be the same as  
5 paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
- 6 c. For the Notice Requirements under Stage 3, the word "Unit" should be replaced with the  
7 word "Section" in paragraph "c". A sentence should be added to paragraph "c" that  
8 states, "In addition, the Company shall inform the Consumer Services Section of the  
9 Company's plans to correct the water shortage problem and how long the Company  
10 expects to remain in Stage 3."
- 11 d. Under Stage 4 there should be a paragraph "a" and "b". Paragraph "a" should be the first  
12 sentence as currently written under Stage 4. Paragraph "b" should be the same as  
13 paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
- 14 e. For the Notice Requirements under Stage 4, the word "Unit" should be replaced with  
15 the word "Section" in paragraph "c". Two sentences should be added to paragraph "c"  
16 that state, "In addition, the Company shall inform the Consumer Services Section of  
17 the Company's plans to correct the water shortage problem and how long the Company  
18 expects to remain in Stage 4. The Company shall immediately notify the Consumer  
19 Services Section when the Stage 4 restrictions are lifted."
- 20 7. Staff further recommends that this curtailment procedure become part of Dragoon's  
21 Arizona Department of Environmental Quality Emergency Operations Plan.
- 22 8. Staff further recommends that during the period when these water usage restrictions are  
23 effective, Dragoon' tariff reconnection rate shall apply to any service terminated for failure to comply  
24 with the curtailment conditions during Stage 4.
- 25 9. Staff further recommends that Dragoon file with the Utilities Compliance Section a  
26 copy of the curtailment tariff as approved by the Commission within thirty (30) days of the effective  
27 date of the Commission's decision in this matter. Staff further recommends that the curtailment tariff  
28 not become effective until the final tariff is filed with the Compliance Section and verified for accuracy  
by Staff.
- Staff further recommends that the Company notify all of its customers of this new tariff  
within thirty (30) days of the effective date of this decision and file an affidavit with the Compliance  
Section verifying that notice has been sent to its customers within (40) days of the effective date of this  
Decision.



1 ...

2 ...

3 IT IS FURTHER ORDERED that Dragoon shall notify its customers of the Curtailment Plan  
4 within thirty (30) days of the effective date of this Decision and file an affidavit with the Compliance  
5 Section verifying that notice has been sent to the customers within forty (40) days of the effective date  
6 of this Decision.

7 IT IS FURTHER ORDERED that this Decision become effective immediately.

8

9 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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11 CHAIRMAN

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
Secretary of the Arizona Corporation Commission, have  
hereunto, set my hand and caused the official seal of this  
Commission to be affixed at the Capitol, in the City of  
Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

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\_\_\_\_\_  
BRIAN C. McNEIL  
Executive Secretary

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19 DISSENT: \_\_\_\_\_

20 DRS:RSK:jbc/JMA

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1 SERVICE LIST FOR: Dragoon Water Company  
2 DOCKET NO. W-01917A-01-0429

3 Ms. Bonnie L. O'Connor  
4 Dragoon Water Company  
5 Post Office Box 85160  
6 Tucson, Arizona 85754

7 Mr. John Calkins  
8 Arizona Department of Environmental Quality  
9 3033 North Central Avenue  
10 Phoenix, Arizona 85012

11 Mr. Christopher C. Kempsey  
12 Chief Counsel  
13 Arizona Corporation Commission  
14 1200 West Washington  
15 Phoenix, Arizona 85007

16 Ms. Deborah R. Scott  
17 Director, Utilities Division  
18 Arizona Corporation Commission  
19 1200 West Washington  
20 Phoenix, Arizona 85007

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