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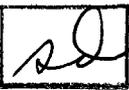
BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

AUG 06 2001

1
2 WILLIAM A. MUNDELL
Chairman
3 JIM IRVIN
Commissioner
4 MARC SPITZER
Commissioner
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DOCKETED BY 

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

DOCKET NO. W-01831A-01-0433

DECISION NO. 63915

ORDER

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

11 BY THE COMMISSION:

12 FINDINGS OF FACT

- 13 1. On June 4, 2001, Sandario Water Company, Inc. ("Sandario" or "Company"), filed an
- 14 application with the Commission requesting approval of a curtailment plan.
- 15 2. Sandario is a public service corporation, which provides water utility service to the
- 16 public in a portion of Pima County.
- 17 3. Sandario has two wells and serves 296 customers in the Tucson area.
- 18 4. Sandario 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 Sandario is experiencing a
- 20 water shortage emergency.
- 21 5. The curtailment tariff proposed by Sandario 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 curtailment restrictions are necessary.

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

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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 Sandario 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 Sandario with the following modifications:

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

- 1 b. Under Stage 3, there should be a paragraph "a" and "b". Paragraph "a" should be the first
2 sentence as currently written under Stage 3. Paragraph "b" should be the same as
3 paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
- 4 c. For the Notice Requirements under Stage 3, the word "Unit" should be replaced with the
5 word "Section" in paragraph "c". A sentence should be added to paragraph "c" that
6 states, "In addition, the Company shall inform the Consumer Services Section of the
7 Company's plans to correct the water shortage problem and how long the Company
8 expects to remain in Stage 3."
- 9 d. Under Stage 4 there should be a paragraph "a" and "b". Paragraph "a" should be the first
10 sentence as currently written under Stage 4. Paragraph "b" should be the same as
11 paragraph "b" under Stage 2. The reference to the City of Tucson should be eliminated.
- 12 e. For the Notice Requirements under Stage 4, the word "Unit" should be replaced with the
13 word "Section" in paragraph "c". Two sentences should be added to paragraph "c" that
14 state, "In addition, the Company shall inform the Consumer Services Section of the
15 Company's plans to correct the water shortage problem and how long the Company
16 expects to remain in Stage 4. The Company shall immediately notify the Consumer
17 Services Section when the Stage 4 restrictions are lifted."

18 7. Staff further recommends that this curtailment procedure become part of Sandario's
19 Arizona Department of Environmental Quality Emergency Operations Plan.

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

23 9. Staff further recommends that Sandario file with the Utilities Compliance Section a
24 copy of the curtailment tariff as approved by the Commission within thirty (30) days of the effective
25 date of the Commission's decision in this matter. Staff further recommends that the curtailment tariff
26 not become effective until the final tariff is filed with the Compliance Section and verified for accuracy
27 by Staff.

28 10. 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.

CONCLUSIONS OF LAW

1. Sandario, is a public service corporation within the meaning of Article XV, Section 2,

1 of the Arizona Constitution.

2 2. The Commission has jurisdiction over Sandario and the subject matter of the application.

3 3. The Commission, having reviewed the application and Staff's Memorandum dated July
4 10, 2001, concludes that it is in the public interest to approve the curtailment plan tariff.

5 ORDER

6 IT IS THEREFORE ORDERED that Sandario be authorized to implement its proposed
7 curtailment plan tariff with the modifications as recommended by Staff as described in Findings of
8 Fact No. 6.

9 IT IS FURTHER ORDERED that this curtailment procedure become part of Sandario's
10 Arizona Department of Environmental Quality Emergency Operations Plan.

11 IT IS FURTHER ORDERED that during the period when these water usage restrictions are
12 effective, Sandario's tariff reconnection rate shall apply to any service terminated for failure to comply
13 with the curtailment conditions during Stage 4.

14 IT IS FURTHER ORDERED that Sandario shall file with the Utilities Division Compliance
15 Section a copy of the curtailment tariff as approved by the Commission within 30 days of the effective
16 date of the Commission's decision in this matter.

17 IT IS FURTHER ORDERED that this curtailment tariff not become effective until the final
18 tariff is filed with the Compliance Section and verified for accuracy by the Staff of the Utilities
19 Division.

20 IT IS FURTHER ORDERED that Sandario shall not implement its curtailment plan tariff until
21 all current customers of Sandario have been given notice of this tariff.

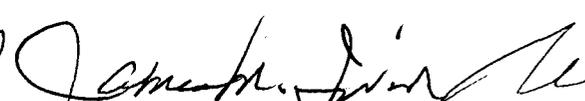
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IT IS FURTHER ORDERED that Sandario shall notify all its customers of the Curtailment Plan within thirty (30) days of the effective date of this Decision and file an affidavit with the Compliance Section, verifying that notice has been sent to its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

IT IS FURTHER ORDERED that this Decision become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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| CHAIRMAN | COMMISSIONER | COMMISSIONER |

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 16th day of August, 2001.


 BRIAN C. McNEIL
 Executive Secretary

DISSENT: _____

DRS:RSK:jbc/JMA

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