

FORTY NINER WATER COMPANY

P.O. BOX 85160  
TUCSON, ARIZONA 85754  
(520)623-5172  
FAX (520)792-0377



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AZ CORP COMMISSION  
DOCUMENT CONTROL

July 17, 2002

Arizona Corporation Commission  
Water Utilities Division  
1200 West Washington  
Phoenix, Arizona 85007

W-01777A-02-0547

Re: Emergency Rate Case Request

This letter will serve as a request for emergency rate relief for Forty Niner Water Company (FNWC) located in Tucson, Arizona and managed by Southwestern Utility Management, Inc. at P.O. Box 85160, Tucson, Arizona 85754 (520-623-5172). FNWC is owned by the IRI Group, L.L.C., P.O. Box 9923, Rancho Santa Fe, CA 92067.

FNWC's last rate was filed October 16, 2000 Docket #W-01777A-00-0816, Decision #63870.

As indicated by the enclosed information, usage is exceeding the pumping and storage capacity of the system. In order to maintain service to the potable water customers, we are purchasing water from City of Tucson (COT) through our emergency connection installed 2 years ago to meet the demands of the FNWC customers (\*domestic users only). This has proven to be costly due to the existing low rate of FNWC and the cost from COT to supplement their water usage.

On April 25, 2002 notice was sent to all customers and no apparent conservation of water by potable water customers has been evident. Consumption on the potable/domestic system has risen from 375,000 gallon/day during the first week of May 2002 to 547,000 gallons/day during the week ending July 13, 2002. The golf course, however, has decreased from 582,000 gallons/day during the first week of May 2002 to 291,000 gallons/day during the week ending July 14, 2002. The 49ers Golf course customer is solely dependant and limited by FNWC pumping capacity while the potable water customers have access to an unlimited supply from COT.

We have also enclosed a copy of the notice mailed to FNWC customers on April 25, 2002.

The average amount of the additional costs of service from COT is approximately \$6,000.00 to \$8,000.00/week (see attached copies of COT bills available, we are estimating the current month billing at \$30,000.00 based on current usage). Obviously, this amount could fluctuate from month to month and there will be months when water supply and demand is sufficient and the need for another source of supply will not be needed. However, we have been utilizing COT regularly for the past few months. Usage is typically very high for the majority of FNWC customers due to large amounts of water used for irrigation, watering lawns etc. To date the COT water bills have come to approximately \$57,000.00.

\*COT does not allow their water to be used for golf course irrigation.

As you can imagine FNWC cannot continue to purchase water for domestic customers at an average of \$3.59/1000 gallon when FNWC rates are \$.56/1000 gallon to 14,000 gal. and \$.61/over 14,000 gal.

The rate increase approved in the referenced Docket No. was not put into place due to the compliance issue with Arizona Department of Environmental Quality (ADEQ) which involved household copper/lead that exceeded action levels and the possibility of the sale of the water company to COT. The sale, at this point, has been put on hold due to a disagreement between the staff of the Arizona Corporation Commission (ACC) and Arizona Department of Water Resources (ADWR). ADWR and ACC staff have taken contradictory positions regarding the ability of the Forty Niner Water Company to operate as a utility following its sale of all of its residential customers to COT.

We respectfully request, however, that in the interim, an emergency rate surcharge be allowed as a pass through to the residential customers to recover the additional costs of water being purchased from COT. An amount equal to the amount previously approved by the Commission to recover funds is requested. This amount was \$0.41 per 1,000 gallon surcharge until the entire amount is recovered. A monthly report would be filed with the director of utilities detailing the status of the collections against the debt.

In the future, when pumping capacity cannot meet demand and supplemental water from COT is required to meet that demand, we would like to pass through the full cost of purchased water to the residential customers. This action would make the customer responsible for the actual cost of their use patterns rather than allowing them to pay over an extended period of time. Thus, it would help reduce excessive use on the system and reduce dependence on COT water for all water customers.

Sincerely,



Bonnie L. O'Connor  
for Forty Niner Water Company

Enclosure(s)

cc: Mr. Dennis Palmer, IRI Golf Group  
Mr. Douglas G. Lemke, Brown & Bain  
Arizona Corporation Commission (10)

49er WATER COMPANY INC.  
P. O. Box 85160, Tucson, AZ. 85754  
520-623-5172

April 25, 2002

Dear Water Customer;

We are writing to notify you that we have declared 49er Water Company to be under "Stage 2" of our curtailment plan. We have been monitoring a steadily declining water table for several weeks. The decline has accelerated in the last week. The outage on 4-24-02 was due to a well shutting down because of the shortage of water.

Under "Stage 2" the company is requesting that ALL customers reduce water consumption by approximately 50 %. Outside watering should be limited to essential water. We are asking all customers to limit their watering to the following schedule.

North-South Streets:

West Side of street—Monday, Wednesday, Friday

East Side of street—Tuesday, Thursday, Saturday

East-West Streets:

North side of street—Monday, Wednesday, Friday

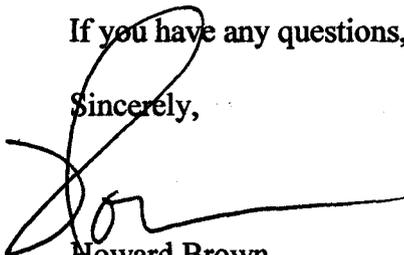
South side of street—Tuesday, Thursday, Saturday

Golf Course—50%reduction in total usage. We will give you daily totals of pumping.

If you will please adjust your automatic systems to this schedule, I am sure we can all do our share to help reduce the demand on our water table. Your cooperation may help us avoid more stringent mandatory reductions in usage.

If you have any questions, please contact us.

Sincerely,



Howard Brown  
VP Operations  
Southwestern Utility Management  
For 49er Water Co.

FORTY NINER WATER COMPANY

	2002	2001	Domestic Water Use - Gallons	Domestic Water Use - Gallons	Golf Course** Use - Only Gallons	Golf Course Use - Only Gallons
2002						
Dec. 20 to Jan 22	6,274,609	5,739,429			6,562,800	4,879,010
Jan 22 to Feb 21	5,925,151	3,972,091			5,386,000	10,266,091
Feb 22 to March 21	6,472,863	4,696,738			9,400,700	7,465,020
March 21 to April 23	9,881,242	8,601,038			12,039,700	16,786,220
April 23 to May 23	10,128,699	9,307,433			16,780,700	18,725,900
May 23 to Jun 3 21	<u>11,423,663*</u>	<u>12,659,000</u>			<u>10,939,100</u>	<u>20,439,000</u>
	50,106,227	44,975,729			51,269,000	79,561,241

Customers seem to be using the typical historic use. The golf course is using 1/2 the amount of water from May to June, 2002 than the prior year. This shows that the golf course is being supplied 1/2 of their normal demand which is the total pumping capacity of the wells.

This chart also indicates that even since the curtailment order many domestic customers have made no attempt to conserve water.

\* Approximately 1/2 of this amount was supplied by City of Tucson Water

\*\* Golf Course is NOT supplied water by the City of Tucson hookup.



# SERVICES STATEMENT

Customer Service Office

310 W Alameda, Tucson, AZ 85701

Hours: 8:00 a.m. - 5:00 p.m. MST (Monday - Friday)

P.O. Box 28811  
Tucson, AZ 85726-8811

Phone: 791-3242 Outside Tucson Area Call: (Toll Free 1-800-598-9449)  
COMMERCIAL REFUSE SERVICE INQUIRY PHONE: 791-3272



PIMA COUNTY  
WASTEWATER MANAGEMENT  
201 North Stone Avenue  
Tucson, AZ 85701  
Phone: 740-6609

**Account Number: 209075-476782**

Service Address: 2008 N FENNIMORE AVE  
Customer Name: SOUTHWESTERN UTILITY MGMT INC

Reading Date: 5/17/02  
Bill Date: 5/21/02

MESSAGES	MAY 2002 SUMMARY
<p>52.74 / 1000</p>	Last Bill Amount . . . . . \$ 91.68
	Payment, Thank you . . . . . 91.68-
	Balance forward . . . . . .00
	Water . . . . . 2136.30
	Itemized Information on reverse side of statement.
	CURRENT CHARGES DUE 06/10/02 2136.30
	<b>TOTAL AMOUNT DUE \$ 2136.30</b>

For your convenience, the following authorized pay stations may be used to pay your CURRENT bill. Past Due Notices can be paid ONLY at those locations in BLUE.

- Tucson Water..... 310 W. Alameda
- Development Services Center..... 201 N. Stone
- Eastside City Hall (closed Noon - 1:00 p.m.) ..... 7575 E. Speedway
- City Hall ..... 255 W. Alameda
- Price Service Center (open 1:00 p.m. - 5:00 p.m. only) ..... 4004 S. Park
- Northside Council Office ..... 1510 E. Grant
- Southeast Council Office (open 1:00 p.m. - 5:00 p.m. only) ..... 8123 E. Poinciana
- Westside Council Office ..... 940 W. Alameda
- Quick Cash (subject to processing fees) ..... All Locations

ALL RETURNED CHECKS WILL BE CHARGED A FEE OF \$28.00 TO COVER COSTS OF PROCESSING

Detach stub along perforation and return this portion with your payment.



## Services Statement - Payment Stub



PIMA COUNTY  
WASTEWATER MANAGEMENT

Make Check Payable to: City of Tucson

Account Number: 209075-476782	5
Service Address: 2008 N FENNIMORE AVE	

DUE on or Before	6/10/02
Total Amount Due	\$2,136.30
Open Space Contribution (Optional)	
Amount Paid	

The City of Tucson's voter-approved General Plan calls for the preservation of "Open Space" to protect and enhance Tucson's livability. Your tax-deductible voluntary contribution will help provide funding for the City to purchase and preserve undeveloped land. Your contribution will have no effect on your service fees.



SOUTHWESTERN UTILITY MGMT INC  
P O BOX 85160  
TUCSON AZ 85754-5160





# SERVICES STATEMENT

Customer Service Office

310 W Alameda, Tucson, AZ 85701

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Tucson, AZ 85726-8811

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COMMERCIAL REFUSE SERVICE INQUIRY PHONE: 791-3272



PIMA COUNTY  
WASTEWATER MANAGEMENT  
201 North Stone Avenue  
Tucson, AZ 85701  
Phone: 740-6609

**Account Number: 209075-476782**

Service Address: 2008 N FENNIMORE AVE  
Customer Name: SOUTHWESTERN UTILITY MGMT INC

Reading Date: 6/17/02  
Bill Date: 6/18/02

MESSAGES	JUNE 2002 SUMMARY
	Last Bill Amount . . . . . \$ 2136.30
	Payment, Thank you . . . . . 2136.30-
	Balance forward . . . . . .00
	Water . . . . . 24886.57
	Itemized Information on reverse side of statement.
	CURRENT CHARGES DUE 07/08/02 24886.57
	<b>TOTAL AMOUNT DUE \$ 24886.57</b>

For your convenience, the following authorized pay stations may be used to pay your CURRENT bill. Past Due Notices can be paid ONLY at those locations in BLUE.

- Tucson Water..... 310 W. Alameda
- Development Services Center..... 201 N. Stone
- Eastside City Hall (closed Noon - 1:00 p.m.) ..... 7575 E. Speedway
- City Hall ..... 255 W. Alameda
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- Westside Council Office ..... 940 W. Alameda
- Quick Cash (subject to processing fees) ..... All Locations

ALL RETURNED CHECKS WILL BE CHARGED A FEE OF \$28.00 TO COVER COSTS OF PROCESSING

Detach stub along perforation and return this portion with your payment.



## Services Statement - Payment Stub



PIMA COUNTY  
WASTEWATER MANAGEMENT

Make Check Payable to: City of Tucson

Account Number: 209075-476782

Service Address: 2008 N FENNIMORE AVE

The City of Tucson's voter-approved General Plan calls for the preservation of "Open Space" to protect and enhance Tucson's livability. Your tax-deductible voluntary contribution will help provide funding for the City to purchase and preserve undeveloped land. Your contribution will have no effect on your service fees.

DUE on or Before	7/08/02
Total Amount Due	\$24,886.57
Open Space Contribution (Optional)	
Amount Paid	

|||||  
SOUTHWESTERN UTILITY MGMT INC  
P O BOX 85160  
TUCSON AZ 85754-5160



**CITY OF TUCSON - TUCSON WATER**  
**OCTOBER 29, 2001 POTABLE WATER RATE SCHEDULE**  
 (Per Ordinance # 9604)

**POTABLE WATER SERVICE CHARGES**

**A. MONTHLY MINIMUM CHARGE (1)**

Meter Size Inches	Minimum Charge
3 / 4	\$ 5.35
1	6.99
1 -1/2	10.73
2	15.41
2 -1/2	21.73
3	29.05
4	45.84
6	90.78
8	135.71
10	205.92
12	338.39

**B. MONTHLY WATER USE CHARGES (2)**

<u>Customer Class</u>		<u>Winter (3)</u> \$/ Ccf	<u>Summer (4)</u> \$/ Ccf
<b>Single Family</b>	1 Ccf	-0-	-0-
	2 - 15 Ccf	1.11	1.11
	16 - 30 Ccf	3.34	3.34
	31 - 45 Ccf	4.58	4.58
	Over 45 Ccf	6.60	6.60
<b>Duplex-Triplex</b>	1 Ccf	-0-	-0-
	2 - 20 Ccf	1.11	1.11
	21 - 35 Ccf	3.34	3.34
	36 - 50 Ccf	4.58	4.58
	Over 50 Ccf	6.60	6.60
<b>Multifamily</b>	Basic Volume Charge (5)	1.52	1.52
<b>Submetered Mobile Hm Prks</b>	Basic Volume Charge (5)	1.15	1.15
	Summer Surcharge - Tier 1 (6)	-----	0.95
	Summer Surcharge - Tier 2 (7)	-----	0.25
<b>Commercial</b>	Basic Volume Charge (5)	1.47	1.47
	Summer Surcharge - Tier 1 (6)	-----	0.95
	Summer Surcharge - Tier 2 (7)	-----	0.25
<b>Industrial</b> (More than 5 mg per month & Tucson Unified School District by contract)	Basic Volume Charge (5)	1.36	1.36
	Summer Surcharge - Tier 1 (6)	-----	0.95
	Summer Surcharge - Tier 2 (7)	-----	0.25
<b>Construction Water</b>	Basic Volume Charge (5)	1.92	1.91
<b>C. ISOLATED AREA SERVICE CHARGE (8)</b>		0.35	0.35
<b>D. CENTRAL ARIZONA PROJECT CHARGE (9)</b>		0.02	0.02

THIS SCHEDULE SHOWS THE RATE AT WHICH 49er WATER COMPANY IS BEING CHARGED BY CITY OF TUCSON WATER.

To: All 49er Water Company Customers

Effective April 1, 1996, there will be an increase on water rates as outlined below:

**ORDER**

IT IS THEREFORE ORDERED that 49er Water Company is hereby directed to file on or before

March 29, 1996 revised rate schedules setting forth the following rates and charges:

**MONTHLY USAGE CHARGE:**

3/8" x 1/4" Meter	\$ 7.00
1/4" Meter	7.00
1" Meter	12.00
1 1/2" Meter	18.00
2" Meter	20.00
3" Meter	40.00
4" Meter	60.00
6" Meter	100.00

Gallons included in minimum 1,000

**EXCESS OF MINIMUM**

Per 1,000 Gallons	
3/8" x 1/4" through 4" Meter:	
1000 - 14,000 Gallons	\$ 0.56
Over 14,000 Gallons	0.61
6" Meter	0.59

**SERVICE LINE AND METER INSTALLATION CHARGES:**  
(Refundable pursuant to A.A.C. R14-2-405)

3/8" x 1/4" Meter	\$ 300.00
1/4" Meter	345.00
1" Meter	375.00
1 1/2" Meter	520.00
2" Meter	725.00
3" Meter	900.00
4" Meter	1,550.00
6" Meter	3,200.00

DOCKET NO. U-1777-95-468

**SERVICE CHARGES:**

Establishment	\$ 20.00
Establishment (After Hours)	35.00
Reconnection (Delinquent)	20.00
NSF Check	15.00
Meter Reread (If Correct)	7.50
Meter Test (If Correct)	15.00
Deferred Payment (Per Month)	1.00%
Deposit Interest	(a)
Deposit	(b)
Reestablishment	
(Within 12 Months)	(c)
Monthly Charge for Fire Sprinkler	(d)

- (a) Per Commission Rule A.A.C. R14-2-403.B.3.  
 (b) Per Commission Rule A.A.C. R14-2-403.B.7.  
 (c) Months off system times the minimum (R14-2-403.D.1)  
 (d) 1% of monthly minimum for a comparably sized meter connection, but no less than \$5.00 per month. Fire sprinklers must be provided service off a separate line before the charge applies.

CITY OF TUCSON - TUCSON WATER  
OCTOBER 29, 2001 POTABLE WATER RATE SCHEDULE  
(Continued)

The customer's monthly bill is calculated by adding together the monthly minimum charge, all monthly water use charges for the customer's class, the Central Arizona Project charge, and, if applicable, the isolated area service charge.

**NOTES:**

- (1) The monthly minimum charge is applicable to all customer classes.
- (2) Each customer (meter) receives a 1 Ccf monthly usage allowance, except for sub-metered mobile home parks whose allowance is based on the number of occupied, sub-metered units.
- (3) Winter rates are applicable to water use from November through April.
- (4) Summer rates are applicable to water use from May through October.
- (5) Basic volume charges are applicable to all usage in excess of the usage allowance.
- (6) Summer surcharge - Tier 1 is applied to all use during a summer month which is in excess of the actual average monthly use during the previous six winter months. This surcharge is added to the basic volume charge.
- (7) Summer surcharge - Tier 2 is applied to all use during a summer month which exceeds 145 percent of the actual average monthly use during the previous six winter months. This surcharge is added to the basic volume and to the summer surcharge - Tier 1 charges.
- (8) The isolated area service charge is applied to all water use in specified isolated billing sub-zones.
- (9) The Central Arizona Project charge is applied to all water use.

**Definitions/Equivalents:**

**Ccf: 100 cubic feet**

1 Ccf = 748 gallons = .002296 AF