

ORIGINAL

OPEN MEETING



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MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: June 27, 2007

RE: IN THE MATTER OF AMERICAN REALTY & MORTGAGE CO., INC. DBA HACIENDA ACRES WATER SYSTEM - FILING OF A CURTAILMENT PLAN TARIFF (DOCKET NO. W-02258A-07-0350)

On June 4, 2007, American Realty & Mortgage Co., Inc. dba Hacienda Acres Water System ("Company") filed a curtailment plan tariff. The Company's proposed tariff differs from Staff's general tariff template that is posted on the Commission's website. The Company omitted language from its proposed tariff that requires the Company under a Stage 3 or 4 Curtailment to augment its supply of water by either hauling or through an emergency interconnect with an approved water supply. The Company also omitted language requiring that it must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented under a Stage 4 curtailment.

Staff recommends approval of the Company's curtailment plan tariff with the omitted language included as reflected in Exhibit A, attached.


Ernest G. Johnson
Director
Utilities Division

EGJ:DWS:lhmkc

ORIGINATOR: Del Smith

Arizona Corporation Commission
DOCKETED
JUN 27 2007

DOCKETED BY	nr
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AZ CORP COMMISSION
DOCKET CONTROL

2007 JUN 27 P 1:09

RECEIVED

TARIFF SCHEDULE

Utility: American Realty & Mortgage Co., Inc.

dba Hacienda Acres Water System Tariff Sheet No.: _____ Page 1 of 4

Docket No.: W-02258A-07-0350

Decision No.: _____

Phone No.: 623-388-2949

Effective: _____

CURTAILMENT PLAN FOR: Hacienda Acres Water System
(Template 063004)

ADEQ Public Water System No: 11-301

American Realty & Mortgage Co., Inc. dba Hacienda Acres Water System ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

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, Company is deemed to be operating normally and no curtailment is necessary.

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

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

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

TARIFF SCHEDULE

Utility: American Realty & Mortgage Co., Inc.

dba Hacienda Acres Water System Tariff Sheet No.: Page 2 of 4

Docket No.: W-02258A-07-0350 Decision No.: _____

Phone No.: 623-388-2949 Effective: _____

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 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.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions : Under Stage 3, 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 whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. 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.
2. Beginning with Stage 3, Company shall post at least 2 signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

TARIFF SCHEDULE

Utility: American Realty & Mortgage Co., Inc.

dba Hacienda Acres Water System Tariff Sheet No.: _____ Page 3 of 4

Docket No.: W-02258A-07-0350 Decision No.: _____

Phone No.: 623-388-2949 Effective: _____

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
- ◆ The use of water for dust control or any outdoor cleaning uses is prohibited
- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ The use of construction water is prohibited
- ◆ Restaurant patrons shall be served water only upon request
- ◆ Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. 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.
2. Company shall post at least 2 signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

TARIFF SCHEDULE

Utility: American Realty & Mortgage Co., Inc.

dba Hacienda Acres Water System Tariff Sheet No.: _____ Page 4 of 4

Docket No.: W-02258A-07-0350 Decision No.: _____

Phone No.: 623-388-2949 Effective: _____

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor 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 outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 MIKE GLEASON
Chairman
3 WILLIAM A. MUNDELL
Commissioner
4 JEFF HATCH-MILLER
Commissioner
5 KRISTIN K. MAYES
Commissioner
6 GARY PIERCE
Commissioner
7

8 IN THE MATTER OF AMERICAN REALTY)
& MORTGAGE CO., INC. DBA HACIENDA)
9 ACRES WATER SYSTEM – FILING OF A)
10 CURTAILMENT PLAN TARIFF)
11

DOCKET NO. W-02258A-07-0350

DECISION NO. _____

ORDER

12 Open Meeting
June 28, 2007
13 Phoenix, Arizona

14 BY THE COMMISSION:

15 FINDINGS OF FACT

16 1. American Realty & Mortgage Co., Inc. dba Hacienda Acres Water System
17 (“Company”) is certificated to provide water as a public service corporation in the State of
18 Arizona.

19 2. On June 4, 2007, the Company filed for a curtailment plan tariff. The Company’s
20 proposed tariff differs from Staff’s general tariff template that is posted on the Commission’s
21 website. The Company omitted language from its proposed tariff that requires the Company under
22 a Stage 3 or 4 Curtailment to augment its supply of water by either hauling or through an
23 emergency interconnect with an approved water supply. The Company also omitted language
24 requiring that it must otherwise provide emergency drinking water for its customers until a
25 permanent solution has been implemented under a Stage 4 curtailment.

26 3. Staff believes that in order to have a proper curtailment tariff, the language omitted
27 by the Company must be included. Therefore, Staff recommends approval of the Company’s
28 curtailment plan tariff with the omitted language included as reflected in Exhibit A, attached.

CONCLUSIONS OF LAW

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1. The Company is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over the Company and of the subject matter in this Application.

3. Approval of the filing does not constitute a rate increase as contemplated by A.R.S. Section 40-250.

4. The Commission, having reviewed the application and Staff's Memorandum dated June 27, 2007, concludes that the Curtailment Tariff, as attached in Exhibit A, is reasonable, fair and equitable and therefore is in the public interest.

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ORDER

IT IS THEREFORE ORDERED that American Realty & Mortgage Co., Inc. dba Hacienda Acres Water System's application for a Curtailment Tariff, be approved as amended by Staff and attached Exhibit A, be and hereby is approved.

IT IS FURTHER ORDERED that Staff shall include, by July 2, 2007, the approved curtailment tariff in the Company's official tariff files maintained at the Commission's offices.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director 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 _____, 2007.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:DWS:lhm\KC

1 SERVICE LIST FOR: American Realty & Mortgage Co., Inc. dba Hacienda Acres Water System
2 DOCKET NO. W-02258A-07-0359

3 Mr. Joseph W. Lee
4 Secretary Treasurer
5 American Realty & Mortgage Co., Inc.
6 dba Hacienda Acres Water System
7 Post Office 232
8 Wittmann, Arizona 85361

9 Mr. Ernest G. Johnson
10 Director, Utilities Division
11 Arizona Corporation Commission
12 1200 West Washington
13 Phoenix, Arizona 85007

14 Mr. Christopher C. Kempley
15 Chief Counsel
16 Arizona Corporation Commission
17 1200 West Washington
18 Phoenix, Arizona 85007

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TARIFF SCHEDULE

Docket No. W-02258A-07-0350

Utility: American Realty & Mortgage Co., Inc.

dba Hacienda Acres Water System Tariff Sheet No.: _____ Page 1 of 4

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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

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- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
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- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ The use of construction water is prohibited
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