

ORIGINAL



0000109390

RECEIVED

2010 MAR 26 P 4: 38

AZ CORP COMMISSION
DOCKET CONTROL

1 FENNEMORE CRAIG, P.C.
Jay L. Shapiro (No. 014650)
2 Todd C. Wiley (No. 015358)
3003 N. Central Ave.
3 Suite 2600
Phoenix, Arizona 85012
4 Attorneys for Rio Rico Utilities, Inc.

5
6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

7
8 IN THE MATTER OF THE
APPLICATION OF RIO RICO
9 UTILITIES, INC., AN ARIZONA
CORPORATION, FOR A
10 DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANTS AND
11 PROPERTY AND FOR INCREASES IN
ITS WATER AND WASTEWATER
12 RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.

DOCKET NO: WS-02676A-09-0257

NOTICE OF FILING

13 Rio Rico Utilities, Inc. ("RRUI") hereby submits this Notice of Filing in the above-
14 referenced matter. Attached hereto as Attachment 1 is a copy of the official notice from
15 ADWR approving RRUI's Provider Profile. Also included as Attachment 2 is a copy of
16 the Provider Profile submitted by RRUI on June 8, 2009. The official notice approves the
17 implementation of five Best Management Practices (BMPs), which is the amount required
18 for a tier II municipal provider. It should be noted, however, that RRUI's Provider Profile
19 lists more than ten BMPs. ADWR will approve only five BMPs. Nevertheless, RRUI
20 has, and may continue to, implement additional BMPs on its own.

21 ...
22 ...
23 ...
24 ...
25 ...
26 ...

Arizona Corporation Commission

DOCKETED

MAR 26 2010

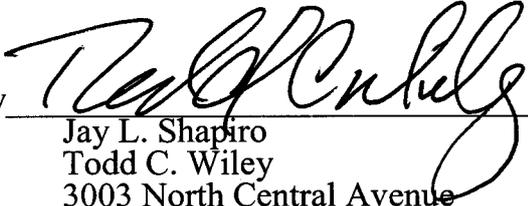
DOCKETED BY

57

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

DATED this 26th day of March, 2010.

FENNEMORE CRAIG, P.C.

By 
Jay L. Shapiro
Todd C. Wiley
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Attorneys for Rio Rico Utilities, Inc.

ORIGINAL and thirteen (13) copies
of the foregoing were filed
this 26th day of March, 2010, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

COPY of the foregoing emailed/mailed
this 26th day of March, 2010 to:

Jane L. Rodda
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

COPY of the foregoing hand-delivered
this 26th day of March, 2010 to:

Robin Mitchell, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

COPY of the foregoing emailed/mailed
this 26th day of March, 2010 to:

Michael Patten
Roshka Heyman & DeWulf, PLC
One Arizona Center
400 E. Van Buren St. - 800
Phoenix, Arizona 85004

Daniel W. Pozefsky, Esq.
RUCO
1110 W. Washington St., Suite 220
Phoenix, Arizona 85007

By: 
2297563.1

Attachment 1

RECEIVED

SEP 17 2009

RIO RICO UTILITIES
HERBERT R. GUENTHER
Director



JANICE K. BREWER
Governor

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105

(602) 771-8500

**MODIFIED NON-PER CAPITA CONSERVATION PROGRAM
OFFICIAL NOTICE OF PROVIDER PROFILE APPROVAL**

September 18, 2009

56-000041.0000
RIO RICO UTILITIES, INC.
ATTN: DARA MORA
1060 YAVAPAI DRIVE #9
RIO RICO, AZ 85648

Dear Ms. Mora:

This is an **OFFICIAL NOTICE** that the Director of the Arizona Department of Water Resources ("Department") has approved the Provider Profile submitted by Rio Rico Utilities on June 8, 2009. Effective January 1, 2010 and continuing until the effective date of any substitute conservation requirements established in the Fourth Management Plan, Rio Rico Utilities shall be continuously enrolled and regulated under the Modified Non-Per Capita Conservation Program ("MNPCCP"). Please carefully review this notice regarding the MNPCCP requirements established in the Third Management Plan ("TMP") Section 5-104 and all other applicable TMP requirements, including the individual user requirements in Section 5-111, the distribution system requirements in Section 5-112 and the monitoring and reporting requirements in Section 5-113.

Based on the total number of residential and non-residential service connections in your distribution system, you are regulated as a tier II municipal provider. A tier II municipal provider is required to implement a public education program and five additional water conservation measure(s) ("Best Management Practices/BMPs") selected from TMP Appendix 5-M and identified in your approved Provider Profile. The Department has approved the implementation of the following BMPs as selected in your Provider Profile.

- BMP Category #1: Special Events/Programs and Community Presentations
- BMP Category #2: New Homeowner Landscape Information
Distribution Plan for Water Conservation Materials¹
- BMP Category #3: Customer High Water Use Inquiry Resolution
- BMP Category #4: Meter Repair and/or Replacement Program

¹ This water conservation measure will be effective for only one year. In subsequent years, the provider must replace this measure with another water conservation measure.

A municipal provider regulated under the MNPCCP may substitute an approved BMP, other than the public education BMP, during a calendar year with one or more BMPs listed in Appendix 5-M. A substitute BMP must be reasonably relevant to your existing service area characteristics or water use patterns. If you substitute an approved BMP, you must notify the Department of the substitution in your next Conservation Efforts Report. The Department recommends that municipal providers submit an updated Provider Profile when substituting a BMP or if three years have elapsed since the Provider Profile was last updated.

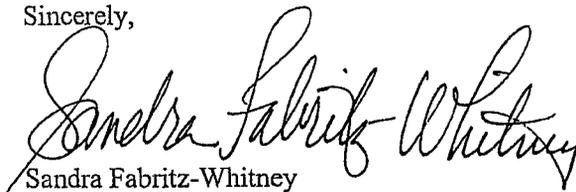
If the total number of service connections in your water distribution system increases to a higher tier level, as described in TMP 5-104(D)(3), you must submit to the Director a new Provider Profile that includes the required number of BMPs for the higher tier level within sixty days after you become aware of the tier increase. In that event, you must continue implementing the BMPs as described in your previously approved Provider Profile until receiving approval of the newly submitted Provider Profile from the Director.

You must submit a Conservation Efforts Report with your Annual Water Use and Withdrawal Report by March 31st of each calendar year (See TMP 5-104(E)). The Conservation Efforts Report is used to determine your compliance with the MNPCCP. The Conservation Efforts Report must include the following components:

- Description of the Public Education Program and other BMPs implemented during the previous calendar year, including the efforts made to implement the BMPs.
- Assessment of the results of the implemented BMPs.
- Plans for implementing BMPs during the current year.
- A copy of your current rate structure, if a rate change has occurred during the previous calendar year.
- If a new BMP was substituted for an approved BMP during the previous calendar year, a description of the substitute BMP and an explanation of how it is relevant to your existing service area characteristics or water use patterns.

If you have any questions regarding the requirements and regulations of the Modified Non-Per Capita Conservation Program, please contact the Santa Cruz AMA at 520-761-1814.

Sincerely,



Sandra Fabritz-Whitney
Assistant Director

Attachment 2

Provider Profile For Calendar Year 2008

1. Provider Contact Information

Submittal Date	June, 2009
Water Provider	Rio Rico Utilities, Inc (RRU)
Service Area Right	56-000041.0000
Active Management Area	Santa Cruz
Provider Contact Name/Title <i>(person responsible for the Modified NPCCP)</i>	Bradley Jordan/Senior Project Manager Martin Garland/Business Manager
Telephone	520.458.5470 X290/520.281.7000
Mailing address	1060 Yavapai Dr # 9 Rio Rico, AZ 85648
Email	<u>bradley.jordan@algonquinwater.com</u> <u>Martin.Garlant@Algonquinpower.com</u>

2. Water Use and Service Area Characteristics for Your Service Area

A. Major Water Uses/Losses		
	Amount (acre-feet)	% of Total Water Delivered
Deliveries to individually metered residential users (i.e. single-family residence):	1709.72	66.07
Deliveries to master-metered multi-family users:	12.97	0.5
Deliveries to master-metered mobile home parks (if known):	None	NA
Deliveries to non-residential users:	539.9	20.86
Lost and unaccounted for water:	231.43	8.94
Describe any other water uses or losses in your service area.	93.67	3.62
Total:	2587.7	100

B. General Water Service Area Characteristics	
Type of water provider:	Private Water Company <input checked="" type="checkbox"/> City or Town <input type="checkbox"/> Domestic WID <input type="checkbox"/> Irrigation District <input type="checkbox"/> Community Facilities District <input type="checkbox"/>
Combined total number of residential and non-residential service connections:	6605 (369 inactive/vacant)
Tier (based on total number of connections above):	Tier 1 <input type="checkbox"/> (up to 5,000) Tier 2 <input checked="" type="checkbox"/> (5001- 30,000) Tier 3 <input type="checkbox"/> (more than 30,000)
Approximate number of square miles currently served:	32
Estimated square miles to be served at build-out:	80
C. Residential Water Uses	
Number of individually metered single family residential service connections:	6360 (369 inactive)
Number of master-metered residential service connections:	Multifamily: Total connections 11 Total units 84 Mobile home parks: Total connections 0 Total units 0
Percent of homes built prior to 1994: <i>(Note: Low flow plumbing fixtures were required in Arizona after January 1, 1994)</i>	2236
Describe any other residential characteristics related to water use in your service area. <i>(Examples: older system, residential lot size, predominant landscape type, large proportion of undeveloped land, retired vs. family developments)</i>	Much of the system is older, with many lots less than 1 acre, a large proportion of undeveloped land and the landscaping is generally open range with natural vegetation/weeds
D. Non-Residential Water Uses	
Total number of non-residential service connections:	234 – does not include multi-family accounts
Do you serve water to golf courses?	No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If yes, how many? _____
Do you serve water to parks?	No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> If yes, how many acres? 22.3
Do you serve water to common areas? Non-residential (all metered)	No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> If yes, how many acres? < 1
Identify the <u>number</u> and <u>type</u> of other major non-residential water users in your system: <i>(Examples: hospitals, schools, office parks, manufacturing facilities, commercial uses, etc.)</i>	Hotels – one Schools – six Industrial Parks – two manufacturers and sixty produce warehouses
Describe any other non-residential characteristics related to water use in your service area. <i>(Examples: older system, non-residential lot size, predominant landscape type, large proportion of undeveloped land, etc.)</i>	Non-residential characteristics include: older system with lots in the 2-3 acre range; mostly developed with natural landscape (i.e., desert and weeds)

3. Metering Requirement

<p>Do you have 100% Metered Connections?</p> <p><i>“A large municipal provider shall meter water deliveries to all service connections on its municipal distribution systems except connections to fire services, dwelling units in individual multifamily units, mobile homes in a mobile home park with a master meter, and construction users.”</i> (Monitoring and Reporting Requirements for Municipal Providers and Individual Users, Third Management Plan). For water uses where estimates can be provided, see Third Management Plan Appendix 5-M for the Phoenix AMA and 5-G for Pinal, Prescott, Santa Cruz, and Tucson AMAs.</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> _____</p> <p>If no, indicate the percentage of your connections that are metered, and describe your plans for meeting this requirement.</p>
--	--

4. Public Education Program

This requirement includes communicating to customers (at least twice per year) about water conservation and distributing free written conservation information to customers.

Communication Channel(s)	Communication Program Description & Rationale
<p>A communication channel is the way in which messages are provided, e.g. newsletter, water bill or bill inserts, website, brochure, letters, etc. Providers may use one communication channel or a combination of channels to communicate to their customers.</p>	<p>If a communication channel has been implemented, briefly describe efforts made to implement it and reasons for continuing or discontinuing it. If it has not yet been implemented, describe your plans and reasons to do so.</p> <p>Please indicate (or estimate) the numbers of customers you reached or will reach.</p> <p>You may attach additional information, descriptions, or materials.</p>
<p>A) Free conservation and education materials available</p>	<p>These materials have been available at the Rio Rico office for approximately 15 years. Documents include water conservation tips in and around the home (some in Spanish <i>and</i> English), a water use test that gives customers insight into water's relationship with/between the Earth and human use/consumption, an educational toilet brochure and a comprehensive water education pamphlet. The utility continues to provide this information to customers since the demand for them has not diminished over the years. Staff estimates approximately 60% of customers have obtained these documents. (A representative sampling of these materials is attached)</p>
<p>B) Water Bill Inserts</p>	<p>A program of providing the utility's customers with inserts describing various conservation measures was implemented approximately 10 years ago. The inserts are included in the first billing of the summer to educate/remind them about ways to reduce water consumption in a manner that promotes healthy landscape vegetation and reduces other exterior and interior uses. Inserts reach 100% of customers. An example of last year's insert is attached.</p>

Written Materials that Have Been or will be Provided Free to Customers	Where/How Materials are Obtained
	Briefly describe where and how customers obtain or will be able to obtain the free written information, the system for sending information to customers on request, and the number of customers reached or that will be reached. In addition to having information in the office, providers are encouraged to distribute water conservation information at other locations as well, such as libraries, chambers of commerce, new model homes, etc. to reach current and new customers.
A) Current/future bill insert program	The utility will continue to provide <i>all</i> customers with yearly bill inserts in May or June as a "gentle" reminder to utilize water in a responsible manner to minimize bill payments and enhance the environment through conservation.
B) Current conservation/education information availability	As noted above (Item 4A), conservation/education materials were only available at the Rio Rico office and reached an estimated 60% of customers.
C) Future conservation/education information availability	In the future, the utility will not only make free brochures available at its office, literature will be made available at the local library, the chamber of commerce, developer model home offices, the post office(s) (if allowed) and local realty offices. Utility staff estimates an increase in customer exposure to approximately 75%.
D) Future/current customer request delivery	Upon telephone, written or in person request, the utility has, and will continue to provide customers with conservation and/or educational brochures by mail (or by email if they so desire). Staff estimates less than 5% of customers make such requests.

5. Best Management Practices (BMPs)

Place a check (✓) by the BMPs that you are currently implementing ("Now") or that you plan on implementing ("Plan"). Place an asterisk (*) by the BMP(s) you wish the Department to evaluate as part of your Modified NPCCP requirement. Place a check (✓) by your tier as indicated in section 2B,

- Tier 1 - Providers must choose **at least 1** BMP
- Tier 2 - Providers must choose **at least 5** BMPs
- Tier 3 - Providers must choose **at least 10** BMPs

Now	Plan	Best Management Practices (BMPs)	
Category 1: Public Awareness/Public Relations			
		1.1	Local and/or regional messaging program
✓	✓	1.2	***Special events/programs and community presentations

Now	Plan	Best Management Practices (BMPs)	
		1.3	Market surveys to identify information needs/assess success of messages
Category 2: Conservation Education and Training			
		2.1	Adult education and training programs
√	√	2.2	***Youth conservation education program
√	√	2.3	***New homeowner landscape information
	√	2.7	***Xeriscape demonstration garden
√	√	2.5	***Distribution plan for water conservation materials
Category 3: Outreach Services			
		3.1	Residential audit program
		3.2	Landscape consultations (residential and/or non-residential)
		3.3	Water budgeting program (non-residential)
		3.4	Residential interior retrofit programs
		3.5	Non-residential interior retrofit programs
√	√	3.6	***Customer high water use inquiry resolution
√	√	3.7	***Customer high water use notification
		3.8	Water waste investigations and information
Category 4: Physical System Evaluation and Improvement			
√	√	4.1	***Leak detection program
√	√	4.2	***Meter repair and/or replacement program
		4.3	Comprehensive water system audit program
Category 5: Ordinances / Conditions of Service / Tariffs			
		5.1	Low water use landscaping requirements for residential, multi-family, non-residential and/or common areas
√	√	5.2	***Water tampering/water waste ordinances
		5.3	Plumbing code requirements if they are more restrictive than the 1990 Uniform Plumbing Code
		5.4	Limitations on water features and/or water intensive landscaping and turf
		5.5	Ordinance for model home landscapes in new residential developments
		5.6	Required on-site gray water/water harvesting features at residences and/or businesses
		5.7	Requirements for car wash water recycling
√	√	5.8	***Landscape watering restrictions (time of day, etc.)
		5.9	Requirements for hot water recirculation devices for residential, multi-family and or non residential sectors
		5.10	Retrofit on resale
		5.11	Irrigation efficiency standards for non-residential users
		5.12	Conservation tariff (private water companies)
		5.13	Water use plan for new large non-residential users
Category 6: Rebates/Incentives			
		6.1	Toilet rebate (residential and/or multifamily homes)
		6.2	High efficiency flush toilet rebate (residential and/or multifamily homes)
		6.3	Toilet replacement (residential and/or multifamily homes)
		6.4	Indoor water fixture replacement/rebate/incentive (residential and/or multifamily homes)
		6.5	Hot water recirculating system or instant hot water system rebate (residential, multifamily, or non-residential)

Now	Plan	Best Management Practices (BMPs)	
		6.6	Water efficient appliances rebate/incentive
		6.7	Gray water retrofit/rebate/incentive
		6.8	Water harvesting retrofit/rebate/incentive
		6.9	Landscape conversion rebate/incentive
		6.10	Xeriscape installation rebate in new landscapes
		6.11	Commercial and industrial program, e.g. audits, incentives, rebates, etc.
		6.12	Large landscape conservation program (non-residential)
		6.13	No/low interest loans for implementing water conservation measures (non-residential)
Category 7: Research/Innovation Program			
√	√	7.1	***Implement an emerging technology
		7.2	Initiate or support applied research to enhance decision making
√	√	7.3	***Evaluate new and emerging technologies and practices
		7.4	Conduct quantitative analysis of a conservation measure (for water savings results)
		7.5	Implement smart irrigation technology
		7.6	Develop industry partnerships to save water
		7.7	Support the development of new technologies and products
	√	7.8	***Pilot a new initiative, project or program

For each BMP you wish the department to evaluate as part of your Modified NPCCP requirement, describe the relevance to your service area/and or water use patterns and explain how implementation will lead to increased water use efficiencies. If your conservation strategy involves multiple selected BMPs that apply to a single characteristic of your service area and/or water use patterns and will, if implemented together, lead to increased water use efficiencies, a single description will suffice for the entire strategy.

BMP	Description
<p>1.2 Special events/programs and community presentations; 2.2 Youth conservation education program; 2.3 New homeowner landscape information; and 2.5 Distribution plan for water conservation materials</p>	<p>RRU's service area is in a relatively arid region with approximately 280 sunny days and average annual rainfall of 17 inches/year, with nearly 50% occurring in July/August. 1.1 RRU has and will continue to set up booths at local events including, but not limited to "Community Days" and the "Fiesta Festival".. This provides a "social" mechanism to disseminate educational materials to interested parties. Their review and implementation of such information should result in more efficient use of water for outside purposes (ie, irrigation, car washing and driveway cleaning) and reduce usage and/or eliminate leaks within the home. 2.2 RRU has, and plans to continue to provide presentations to San Cayetano, Mt. View and Peña Blanca Elementary Schools to help instill sound conservation practices as habits for youth. Examples include, but are not limited to brushing teeth, showering, running water (for hot or cold use), outside uses as noted above. Handouts include coloring books about conservation. 2.3 For every new or changed service account, RRU customer service staff will offer the occupants with an education and conservation package to include materials similar, or newer, than those attached. 2.5 As noted in Section 4 above, the existing materials distribution plan will be expanded to include placement of "free" materials at the local library, the chamber of commerce, developer model home offices, the post office(s) (if allowed) and local realty offices.</p>
<p>3.6 Customer high water use inquiry resolution; 3.7 Customer high water use notification</p>	<p>RRU's past and present billing systems monitor "out-of-range" water use patterns of customers by red flagging those accounts that demonstrate usage far higher or lower than average. Customers have been and will continue to be contacted regarding such anomalies, and based on their response, they were/are provided with recommendations to assist them in resolving their water usage problem.</p>

ARIZONA DEPARTMENT OF WATER RESOURCES
 Modified Non- Per Capita Conservation Program (Modified NPCCP)
 Provider Profile Form

<p>2.7 Xeriscape Demonstration Garden</p>	<p>Rio Rico intends to request permission from the management company providing utility office space to construct Xeriscape landscaping with vegetation identifiers to educate customers and the public in the types of plants that can be incorporated into landscape plans to provide water efficient, yet attractive designs. The BMP is well suited for this area with numerous sunny days and minimal rain. Literature will be available to help interested parties locate and budget for the displayed vegetation.</p>
<p>4.1 Leak detection program; 4.2 Meter repair and/or replacement program</p>	<p>Since much of the Rio Rico water system infrastructure was installed between 1967 and 1980, it is more susceptible to leakage or loss due to shifting ground conditions and the age of the pipes and service meters. The utility commenced a meter replacement program in 1995. The policy was established to replace meters over ten years old. The utility intends to continue with this policy to minimize loss of unregistered water through older meters. In addition, the utility intends to expand the existing leak detection program which was generally focused on customer leaks to include a distribution system program as well. Each year approximately 10% of the infrastructure will be inspected. Any leaks discovered will be repaired as soon as possible after their determination to minimize loss. The utility anticipates a <i>modest</i> reduction in lost water from this program.</p>
<p>5.2 Water tampering/water waste ordinances; 5.8 Landscape watering restrictions (time of day, etc.)</p>	<p>Rio Rico's water system is vulnerable to water theft, meter tampering and high volumes of irrigation water due to the size of the service area and great distance between, and size of, customers' lots. To combat theft and tampering Rio Rico has implemented a water meter tag out program that has been in place since 2007. The document is similar to a door tag and warns potential abusers that a Sheriff's Office citation may be issued if a meter is turned on or tampered with by anyone but a utility employee. In addition, the utility has an Arizona Corporation Commission approved Curtailment Plan that allows the utility to impose watering restrictions when storage volumes reach pre-determined levels. The capacity levels that trigger restrictions are 80, 50 and 25%. At 80% customers are requested to voluntarily reduce consumption by 50%; at 50% of storage capacity customers are again asked to voluntarily reduce consumption by 50% with all outside watering curtailed except for livestock; and the 25% capacity restrictions are mandatory and include elimination of all outside water uses. (See attached documents)</p>
<p>7.1 Implement an emerging technology; 7.3 Evaluate new and emerging technologies and practices; 7.8 Pilot a new initiative, project or program</p>	<p>In an effort to more closely monitor customer water usage, minimize unnecessary water consumptions and improve the efficiency of operations, Rio Rico has recently researched and piloted an Automated Meter Reading system (AMR); although the system has been evaluated for dependability and accuracy, the utility continues to investigate <i>new</i> meter reading technologies and will pilot the most promising systems in an effort to find a product that will meet the operational needs of the utility, improve customer relations through timely reporting of water usages exceeding typical averages and provide reduced consumptions. Past emerging technology implementations include installation of VFDs on booster stations and other applicable equipment and installation of a SCADA system.</p>