

ORIGINAL
OPEN MEETING



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MEMORANDUM
Arizona Corporation Commission
DOCKETED

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2010 SEP -8 P 4: 11

SEP 8 2010

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: September 8, 2010

RE: RIDGELINE WATER COMPANY, L.L.C. APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY – COMPLIANCE FILING PER DECISION NO. 70748 (DOCKET NO. W-20589A-08-0173)

DOCKETED BY	
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Introduction

On February 6, 2009, the Commission issued Decision No. 70748 (“Decision”) granting Ridgeline Water Company (“Ridgeline” or “Company”) an Order Preliminary to the issuance of the Certificate of Convenience and Necessity. As part of its Decision, the Commission ordered that Ridgeline file within 90 days of the effective date of the Decision, a list identifying at least five (5) more Best Management Practices (“BMPs”), as outlined in the Arizona Department of Water Resources (“ADWR”) Modified Non-Per Capita Conservation Program (“MNPCCP”), than would otherwise be required for a water company of its customer size which the Company will implement concurrent with commencement of water service to its first permanent customer. The Decision further ordered that only one of these BMPs come from the “Public Awareness/Public Relations” or “Conservation Education and Training” categories of the BMPs.¹

Company’s Compliance Filings

On May 11, 2009, Ridgeline filed a list of five (5) BMPs. On July 15, 2009, the Company filed a revised list of BMPs. After discussions with Commission Staff, on August 20, 2010, Ridgeline filed tariffs for five (5) BMPs selected by the Company for implementation. In its latest compliance filing the Company is requesting Commission approval to implement the BMP conservation tariffs listed below.

1. **New Homeowner Landscape Information Tariff – BMP 2.3:** A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping.
2. **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the Company to assist its customers with their high water-use inquiries and complaints.

¹ Decision No. 70748 at 31:1-7.

3. **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation.
4. **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters and to repair or replace them.
5. **Requirements for Hot Water Recirculation Devices Tariff - BMP 5.9:** A program for the Company to reduce water use and increase water use efficiency within its service area by reducing the amount of water necessary for hot water demand.

Staff's Analysis

Service Area Characteristics

The area to be served by Ridgeline is located in an unincorporated portion of land near Madera Canyon, approximately 30 miles south of Tucson, in Pima County, within the ADWR Tucson Active Management Area ("AMA"). However, because Ridgeline will not be a large provider² it is not regulated under the MNPCCP program and not required by ADWR to implement BMP(s) per MNPCCP requirements. Ridgeline was formed for the purpose of providing water service to Ridgeline Estates Development ("Development"). The Development will consist of 136 single-family homes on 4-5 acre lots. The anticipated lot sales price is \$250,000 and home construction costs are expected to be in the \$700,000 to \$2,000,000 range. The Development will be constructed over a period of five years. The Company expects build out to occur by the end of the fifth year. Construction of the water system is expected to begin in 2010 and will be completed over a 12-month period. The developer intends to impose certain conditions, covenants and restrictions promoting water conservation. The Development will not include any parks, recreation areas, golf courses, green belts, ornamental lakes or other water features. Homes in the Development will have individual septic systems.³ The Development is located at an elevation ranging from 3,500 to 3,800 feet. Larger trees characteristic to the general area include Juniper, Mesquite and Paloverde. Staff concludes that the BMPs proposed are relevant to the service area characteristics.

Proposed Tariffs

Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the ADWR modified Non-Per Capita Conservation Program and relevant

² A large provider is defined as serving more than 250 acre-feet of water annually.

³ Decision No. 70748 at Pages 3 & 4.

ADWR documents. ADWR representatives were provided with a copy of these templates and revisions were made to the templates where appropriate to incorporate any comments/suggestions provided by ADWR. Ridgeline was provided a copy of Staff's templates. Ridgeline included minor modifications to reflect its specific management and operational requirements; however, the tariffs proposed by the Company generally conform to the templates developed by Staff.

Recommendation

Staff concludes that the BMPs proposed are relevant to Ridgeline's service area characteristics. The tariffs proposed by Ridgeline generally conform to the templates developed by Staff. Therefore, Staff recommends approval of Ridgeline's proposed BMP tariffs.



Steven M. Olea
Director
Utilities Division

SMO:DWS:lhm\RM

ORIGINATOR: Del Smith

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman

GARY PIERCE
Commissioner

PAUL NEWMAN
Commissioner

SANDRA D. KENNEDY
Commissioner

BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION)
OF RIDGELINE WATER COMPANY,)
L.L.C. FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY -)
COMPLIANCE FILING PER DECISION)
NO. 70748)

DOCKET NO. W-20589A-08-0173
DECISION NO. _____
ORDER

Open Meeting
September 21 and 22, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On February 6, 2009, the Commission issued Decision No. 70748 (“Decision”) granting Ridgeline Water Company (“Ridgeline” or “Company”) an Order Preliminary to the issuance of the Certificate of Convenience and Necessity. As part of its Decision, the Commission ordered that Ridgeline file within 90 days of the effective date of the Decision, a list identifying at least five (5) more Best Management Practices (“BMPs”), as outlined in the Arizona Department of Water Resources (“ADWR”) Modified Non-Per Capita Conservation Program (“MNPCCP”), than would otherwise be required for a water company of its customer size which the Company will implement concurrent with commencement of water service to its first permanent customer. The Decision further ordered that only one of these BMPs come from the “Public Awareness/Public Relations” or “Conservation Education and Training” categories of the BMPs.¹

¹ Decision No. 70748 at 31:1-7.

1 2. On May 11, 2009, Ridgeline filed a list of five (5) BMPs. On July 15, 2009, the
2 Company filed a revised list of BMPs. After discussions with Commission Staff, on August 20,
3 2010, Ridgeline filed tariffs for five (5) BMPs selected by the Company for implementation. In its
4 latest compliance filing the Company is requesting Commission approval to implement the BMP
5 conservation tariffs listed below.

- 6 • **New Homeowner Landscape Information Tariff – BMP 2.3:** A program for the
7 Company to promote the conservation of water by providing a landscape
8 information package for the purpose of educating its new customers about low
9 water use landscaping.
- 10 • **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for
11 the Company to assist its customers with their high water-use inquiries and
12 complaints.
- 13 • **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the
14 Company to monitor and notify customers when water use seems to be abnormally
15 high and provide information that could benefit those customers and promote water
16 conservation.
- 17 • **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the
18 Company to systematically assess all in-service water meters (including Company
19 production meters) in its water service area to identify under-registering meters and
20 to repair or replace them.
- 21 • **Requirements for Hot Water Recirculation Devices Tariff - BMP 5.9:** A
22 program for the Company to reduce water use and increase water use efficiency
23 within its service area by reducing the amount of water necessary for hot water
24 demand.

20 Staff's Analysis

21 Service Area Characteristics

22 3. The area to be served by Ridgeline is located in an unincorporated portion of land
23 near Madera Canyon, approximately 30 miles south of Tucson, in Pima County, within the ADWR
24 Tucson Active Management Area ("AMA"). However, because Ridgeline will not be a large
25 provider² it is not regulated under the MNPCCP program and not required by ADWR to
26 implement BMP(s) per MNPCCP requirements. Ridgeline was formed for the purpose of
27 providing water service to Ridgeline Estates Development ("Development"). The Development

28 ² A large provider is defined as serving more than 250 acre-feet of water annually.

1 will consist of 136 single-family homes on 4-5 acre lots. The anticipated lot sales price is
2 \$250,000 and home construction costs are expected to be in the \$700,000 to \$2,000,000 range.
3 The Development will be constructed over a period of five years. The Company expects build out
4 to occur by the end of the fifth year. Construction of the water system is expected to begin in 2010
5 and will be completed over a 12-month period. The developer intends to impose certain conditions,
6 covenants and restrictions promoting water conservation. The Development will not include any
7 parks, recreation areas, golf courses, green belts, ornamental lakes or other water features. Homes
8 in the Development will have individual septic systems.³ The Development is located at an
9 elevation ranging from 3,500 to 3,800 feet. Larger trees characteristic to the general area include
10 Juniper, Mesquite and Paloverde.

11 4. Staff concludes that the BMPs proposed are relevant to the service area
12 characteristics.

13 Proposed Tariffs

14 5. Staff created a set of BMP tariff templates that were developed using the BMP
15 descriptions outlined in the ADWR modified Non-Per Capita Conservation Program and relevant
16 ADWR documents. ADWR representatives were provided with a copy of these templates and
17 revisions were made to the templates where appropriate to incorporate any comments/suggestions
18 provided by ADWR.

19 6. Ridgeline was provided a copy of Staff's templates. Ridgeline included minor
20 modifications to reflect its specific management and operational requirements; however, the tariffs
21 proposed by the Company generally conform to the templates developed by Staff.

22 **Recommendation**

23 7. Staff has concluded that the BMPs proposed are relevant to Ridgeline's service area
24 characteristics. The tariffs proposed by Ridgeline generally conform to the templates developed
25 by Staff. Staff has recommended approval of Ridgeline's proposed BMP tariffs.

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³ Decision No. 70748 at Pages 3 & 4.

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CONCLUSIONS OF LAW

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. The Commission having reviewed the filing and Staff's Memorandum dated September 8, 2010, concludes that it is in the public interest to approve the proposed BMP tariffs.

ORDER

IT IS THEREFORE ORDERED that Ridgeline Water Company, L.L.C. BMP tariffs attached hereto are hereby approved.

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IT IS FURTHER ORDERED that Ridgeline Water Company, L.L.C. shall file with Docket Control, as a compliance item in this docket, the BMP tariffs authorized herein within 30 days of the effective date of this Decision.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, 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 _____, 2010.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

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SERVICE LIST FOR: RIDGELINE WATER COMPANY, L.L.C.
DOCKET NO.: W-20589A-08-0173

Mr. Lawrence V. Robertson, Jr.
Munger Chadwick P.L.C.
P.O. Box 1448
Tubac, Arizona 85646

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

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Company: Ridgeline Water Company, LLC

Decision No.: _____

Phone: _____

Effective Date: _____

New Homeowner Landscape Information Tariff – BMP 2.3**PURPOSE**

A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.3: New Homeowner Landscape Information).

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. Upon establishment of water service the Company shall provide a free "Homeowner Landscape Packet" to each new customer in the Company's service area. The packet will include at a minimum: a cover letter describing the water conservation expectations for all customers in the Company's service area, all applicable tariffs, a basic interior exterior water saving pamphlet, xeriscape landscape information, a list of low water use trees, plants, shrubs, etc., watering guidelines, a rain water harvesting pamphlet and a low flow, exterior, water hose nozzle.
2. Upon customer request, the Company shall provide:
 - a. On-site consultations on low water use landscaping and efficient watering practices.
 - b. A summary of water saving options.
3. The number of packets provided to new customers and on-site consultations will be recorded and made available to the Commission upon request.

Company: Ridgeline Water Company, LLC

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Effective Date: _____

Customer High Water Use Inquiry Resolution Tariff – BMP 3.6

PURPOSE

A program for the Company to assist its customers with their high water-use inquiries and complaints (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.6: Customer High Water Use Inquiry Resolution).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall handle high water use inquiries as calls are received.
2. Calls shall be taken by a customer service representative who has been trained on typical causes of high water consumption as well as leak detection procedures that customers can perform themselves.
3. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to the customer's residence to conduct a leak detection inspection and further assist the customer with water conservation measures.
4. The Company shall follow up in some way on every customer inquiry or complaint and keep a record of inquiries and follow-up activities.

Company: Ridgeline Water Company, LLC

Decision No.: _____

Phone: _____

Effective Date: _____

Customer High Water Use Notification Tariff – BMP 3.7

PURPOSE

A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services Program 3.7: Customer High Water Use Notification).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall track water usage for each customer and notify the customer if water use seems excessive for that particular billing for that time of the year.
2. The Company shall identify customers with high consumption and investigate each instance to determine the possible cause.
3. The Company shall contact the high water use customers via telephone, email, by mail or in person. The Company shall contact the customer as soon as practical in order to minimize the possible loss of water. The customer will not be required to do anything to receive this notification.
4. In the notification the Company shall explain some of the most common water usage problems and common solutions and points of contact for dealing with the issues.
5. In the notification, the customer will be reminded of at least the following water-saving precautions:
 - a. Check for leaks, running toilets, or valves or flappers that need to be replaced.
 - b. Check landscape watering system valves periodically for leaks and keep sprinkler heads in good shape.
 - c. Adjust sprinklers so only the vegetation is watered and not the house, sidewalk, or street, etc.
 - d. Continue water conservation efforts with any pools such as installing covers on pools and spas and checking for leaks around pumps.
6. In the notification, the customer will also be reminded of at least the following ordinary life events that can cause a spike in water usage:
 - a. More people in the home than usual taking baths and showers.
 - b. Doing more loads of laundry than usual.
 - c. Doing a landscape project or starting a new lawn.
 - d. Washing vehicles more often than usual.
7. The Company shall provide water conservation information that could benefit the customer, such as, but not limited to, audit programs, publications, and rebate programs.
8. The Company shall assist the customer in a self-water audit and assist the customer in determining what might be causing the high water usage as well as supply

Company: Ridgeline Water Company, LLC

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customer with information regarding water conservation and landscape watering guidelines. As part of the water audit the Company shall confirm the accuracy of the customer meter if requested to do so by the customer (applicable meter testing fees shall apply).

9. The type of notification, the timing of the notification (i.e., how long after high water use was discovered by the Company), and the criteria used for determining which customers are notified shall be recorded and made available to the Commission upon request.

Company: Ridgeline Water Company, LLC

Decision No.: _____

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Effective Date: _____

Meter Repair and/or Replacement Tariff – BMP 4.2

PURPOSE

A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters and to repair or replace them (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair and/or Replacement Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. On a systematic basis, the Company will inspect 100 percent of its 1-inch and smaller in-service water meters at least once every ten years for one of the following reasons:
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has registered 1,000,000 gallons of usage, or
 - c. A meter has been in service for ten years.
2. Meters larger than 1-inch shall be inspected for one of the following reasons:
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has been in service for five years.
3. The inspection will be accomplished by visually inspecting the meter. If meter shows signs of damage or water leakage then the meter will be pulled. A Company Technician will physically inspect each meter and its fittings for leaks, registers which may have become loose or are not properly attached to the meter and could be under-registering or other broken parts which need repair. In addition, meters shall be randomly selected for flow testing to identify potentially under-registering meters.
4. The Company shall also replace or reprogram all water meters that measure consumption in other than gallon increments such that they shall measure consumption in 1 gallon increments.

Company: Ridgeline Water Company, LLC

Decision No.: _____

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Effective Date: _____

Requirements for Hot Water Recirculation Devices Tariff
BMP - 5.9

PURPOSE

A program for the Company to reduce water use and increase water use efficiency within its service area by reducing the amount of water necessary for hot water demand (Modified Non-Per Capita Conservation Program BMP Category 5: Ordinances/Conditions of Service/Tariffs 5.9: Requirements for Hot Water Recirculation Devices).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission, specifically A.A.C. R14-2-403 and R14-2-410 and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. Hot Water Recirculation ("HWR") Device(s) shall be installed in all residential, multi family, commercial and other structures requesting water service from the Company. Each person requesting service will be required to certify that one or more HWR Devices is located at the premises requesting service.
2. The Company, in its sole discretion, may waive the requirement of a HWR Device if the customer has an alternative water conservation measure in place for hot water use, such as point of use water heaters.
3. Subject to the provisions of this tariff, the installation of the HWR Device(s), or approved equivalent hot water saving device(s) will be required in order for a customer to receive water service from the Company on or after the effective date of this tariff.
4. A customer must have one or more HWR Devices installed and operating at the customer premises.
5. At the time of request for service, the Company shall provide the applicant for service a list of approved HWR Devices. The approved HWR Device(s) will be installed, owned, tested and maintained by the customer.
6. For a single family residence, one HWR Device is required. For other customers, the number of HWR Devices required by a particular customer will be determined and specified by the Company prior to service being established. A customer must certify that an operating HWR Device(s) has been installed and is operational at the time a request for water service is made to the Company.
7. At the time of a request for service, including for the change of the customer responsible for the account, the Company will require the customer to certify that a HWR Device has been installed and is operating at the customer premises. Upon request by the Company, the customer must provide proof of the existence of an

Company: Ridgeline Water Company, LLC

Decision No.: _____

Phone: _____

Effective Date: _____

operational HWR Device located at the customer premises. If the customer fails to provide the required certification or proof of the HWR Device, then the Company may refuse the request for service to the customer premises.

8. The Company shall provide to its customers a complete copy of this tariff upon request for service. The customer shall follow and abide by this tariff as a condition of service.
9. If after a customer has been connected to the Company water system, the Company discovers that the customer has removed and/or replaced the HWR device(s) contrary to the above requirements, the Company shall notify (in writing) the customer of such violation. The customer shall be allowed sixty (60) days to come into compliance with the above requirements. If after sixty (60) days the customer is not in compliance with the above requirements, the Company shall terminate the customer per Arizona Administrative Code R14-2-410C, R14-2-410D and R14-2-410E.
10. 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.