

ORIGINAL



0000126245

Transcript Exhibit(s)

Docket #(s): W-01865A-11-0057

---



---



---



---



---

Exhibit #: A1, S1, S2

---



---

AZ CORP COMMISSION  
DOCKET CONTROL

2011 JUN 10 A 11:48

RECEIVED

Arizona Corporation Commission

DOCKETED

JUN 10 2011

DOCKETED BY	<i>[Signature]</i>
-------------	--------------------

**ORIGINAL**

**RECEIVED**

Groom Creek Water Users Association  
P. O. Box 3897  
Prescott, Arizona 86302

2011 MAY -6 A 9 07

May 5, 2011

Arizona Corporation Commission

**DOCKETED**

MAY 6 2011

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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

DOCKETED BY 

**Subject: Objections To Staff Report Dated April 18, 2011, as supplemented  
May 2, 2011 Regarding the Groom Creek Water Users  
Application for a CC&N Extension,  
Docket No. W-01865A-11-0057**

Groom Creek Water Users ("GCWUA") appreciates the efforts of Commission Staff in reviewing the pending application and extends special thanks to the mapping division for its assistance in developing a legal description and map of the area involved in this application. GCWUA supports most of the Staff Report and recommendations. However, as explained below, GCWUA does object to the Staff's recommendation that the Commission initially issue an Order Preliminary instead of a certificate of convenience and necessity and needs clarification of the nature and purpose of the BMPs Staff is now recommending.

**An Order Preliminary is Inappropriate: GCWUA has served the extension area since 1982.**

In 1982, GCWUA acquired an existing CC&N and system pursuant to Commission Decision No. 53067. Other than in-fill, GCWUA has never expanded the territory it serves and still is not seeking to do so. However, we recently learned that approximately a quarter of the area served by the system we acquired in 1982 lies outside of the certificated area as reflected in the Commission's records (29.12 acres of the 122.63 acres we serve are outside the CC&N). Almost all of this area is composed of two subdivisions platted as Groom Creek Estates 1 & 2 in 1967 and 1970 respectively - 12 years before we acquired the system.

This discrepancy was not discovered when the CC&N was transferred to GCWUA in 1982. Nor was it discovered during rate proceedings conducted in 1984 (Decision No. 54277), in 2000 (Decision No. 62619) and in 2008 (Decision No. 70627). We discovered the potential of a discrepancy when the engineers hired to design upgrades to our existing system inquired as to the location of our CC&N boundaries. Following discussions with Staff about the apparent discrepancy, GCWUA filed the pending application for the sole purpose of correcting the inconsistency between the area it actually serves and the area for which it holds a CC&N. The filing was made even though such filing is likely unnecessary under A.R.S. §40-282(B) (making

**EXHIBIT**  
A-1  
**ADMITTED**

Commission authorization unnecessary to extend service in some instances).

Despite the foregoing history, Staff is recommending that the Commission only issue an Order Preliminary, rather than a CC&N, until GCWUA files all the Approvals of Construction required by Decision No. 70627. Staff also recommends that, within 60 days of GCWUA filing the required Approvals of Construction, Staff be required to file a response in the form of a Proposed Order "confirming compliance and granting an extension of the Company's CC&N to correct its existing CC&N boundaries to serve its customer base." The Commission would then have to consider and adopt the proposed order in order for GCWUA's CC&N boundaries to be corrected. Such a two-step process is unnecessary and wasteful of both GCWUA's and Staff's limited resources.

GCWUA acknowledges its existing obligation to file Approvals of Construction pursuant to Decision No. 70627 and GCWUA will do so once the on-going system improvements are complete and the Approvals are available to file. The Staff Report identifies the on-going efforts of GCWUA to complete the construction and recommends providing GCWUA until October 31, 2011 to file the foregoing Approvals. GCWUA appreciates Staff's support for the extension of time it has requested. However, the lack of Approvals of Construction today is no reason to delay granting both GCWUA and its customers the rights and obligations associated with a CC&N. Certainly it does not justify requiring two decisions of the Commission to conform the CC&N boundary to the area GCWUA and its predecessor have served for approximately 40 years.

#### **GCWUA Requests Clarification of the Purpose and Meaning of the BMPs.**

GCWUA is not opposed to taking reasonable cost-effective measures to further conservation. We regularly include conservation tips in our communications with our customers. However, we are not located in an Active Management Area. We are unfamiliar with things like the Arizona Department of Water Resource's Modified Non Per Capita Conservation Program and are uncertain whether Local or Regional advertising campaigns exist in which to participate as envisioned by BMP 1.1. Will our communications in our newsletters satisfy BMP 1.1?

We also do not know the level of training or assistance that is expected under BMP 3.6. We do not employ full time field personnel and do not have leak detecting equipment. While we are willing to investigate and provide assistance to our large water using customers, we are not intending to burden the remaining customers with excessive costs to benefit a handful of large water using customers. Will sending our existing personnel to investigate leaks and advise customers satisfy BMP 3.6?

Finally, the 60 day compliance period contained in BMP 5.2 seems unnecessary and may even be counter-productive to the goal of furthering conservation. It is our understanding that Commission rule AAC R14-2-410(B)(1)(b)&(c) already authorizes water companies to terminate service without any notice if we have evidence of meter tampering, fraud or unauthorized resale or use of utility service. We further understand that Arizona Revised Statute Section 40-491 through -495 already authorize us to pursue recovery of damages,

attorney's fees and other expenses if anyone, including a customer, tampers with our equipment. We therefore ask Staff to explain how providing a 60 day grace period to a customer that is meter tampering or making unauthorized use of our utility service before disconnecting them or pursuing such an action furthers the goal of conservation.

**Conclusion**

Again we extend our appreciation to Staff and their efforts in processing this matter. Our objection is not filed to avoid the filing of Approvals of Construction. That requirement exists regardless whether an Order Preliminary or CC&N is issued by the Commission. Nor do we oppose undertaking some reasonable cost-effective conservation measures consistent with our location outside of an active management area, our size, our limited resources and the nature of our service area.

We do, however, object to the insertion of any unnecessary, inappropriate, wasteful or ambiguous conditions within a Commission Decision correcting an oversight made over 30 years ago and intended merely to ensure that the CC&N granted by the Commission and reflected on its records encompasses the same system and service territory we actually acquired in 1982.

Sincerely,



Kal Miller

Secretary GCWUA

Cc: I M. Hodgson

M.L. Good

W. P. Sullivan

ORIGINAL

MEMORANDUM



TO: Docket Control

FROM: Steven M. Olea  
Director  
Utilities Division

A handwritten signature in black ink, appearing to be "Steven M. Olea", written over the printed name in the "FROM" field.

Date: April 18, 2011

RE: STAFF REPORT FOR THE APPLICATION OF GROOM CREEK WATER  
USERS ASSOCIATION FOR AN EXTENSION OF ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY – DOCKET NO: W-01865A-11-0057

Attached is the Staff Report for the application of Groom Creek Water Users Association to extend its Certificate of Convenience and Necessity ("CC&N"). Staff recommends issuance of an Order Preliminary as outlined herein.

SMO:VW:red

Originator: Vicki Wallace

Arizona Corporation Commission  
DOCKETED  
APR 18 2011

DOCKETED BY A rectangular stamp with the text "DOCKETED BY" followed by a handwritten signature in black ink.

RECEIVED  
2011 APR 18 P 4: 17  
AZ CORP COMMISSION  
DOCKET CONTROL

**Service List For: Groom Creek Water Users Association  
Docket No. W-01865A-11-0057**

**Mr. Kal Miller  
Groom Creek Water Association  
PO Box 3897  
Prescott, Arizona 86302**

**Arizona Reporting Service, Inc.  
2200 North Central Avenue, Suite 502  
Phoenix, Arizona 85004-1481**

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

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

**Ms. Lyn Farmer  
Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007**

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

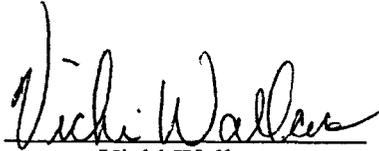
**GROOM CREEK WATER USERS ASSOCIATION  
DOCKET NO. W-01865A-11-0057**

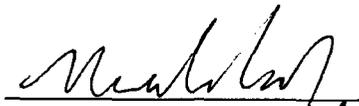
**APPLICATION OF GROOM CREEK WATER USERS ASSOCIATION FOR AN  
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY**

**APRIL 18, 2011**

**STAFF ACKNOWLEDGMENT**

The Staff Report for Groom Creek Water Users Association, Docket No. W-01865A-11-0057 was prepared by the Staff members shown below.

  
Vicki Wallace  
Executive Consultant

  
Marlin Scott, Jr.  
Utilities Engineer

**EXECUTIVE SUMMARY  
GROOM CREEK WATER USERS ASSOCIATION  
DOCKET NO. W-01865A-11-0057**

On January 31, 2011, the Groom Creek Water Users Association ("GCWUA" or "Association") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). The Association's application states that although the Association is requesting authority to extend its CC&N to include area adjacent to its current CC&N, the Association has been serving customers for years to the requested areas, and this application is to be filed to correct the CC&N.

GCWUA states that the purpose of the application was to correct the CC&N currently on file with the ACC to reflect the actual legal description and areas currently being served by GCWUA. The Association has no desire to further enlarge its current service area or its number of customers. The proposed extension area includes Groom Creek Estates No. 1 and No. 2, portions of the Webfoot Lode Mining Claim Subdivision, and a park site in Yavapai County, Arizona. The Association serves a community located approximately five miles south of Prescott, Yavapai County, with an existing certificated area covering approximately 1/8 square-mile or 80 acres. The requested CC&N extension areas total to 0.05 square-miles or 29.12 acres. The amended legal description and maps are attached as Exhibit 1.

**Staff concludes:**

1. The Association's current and modified water system has the capacity to serve the existing and requested CC&N area.
2. The Association is in compliance with Arizona Department of Environmental Quality and Arizona Department of Water Resources regulations.

Staff recommends an extension of time until October 31, 2011 be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding subject to compliance with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends that Staff be required to file, within 60 days of the Company's filing of compliance with Approval of Construction requirements, a Staff response to the Company's filing, in the form of a Proposed Order confirming compliance and granting an extension of the Company's CC&N to correct its existing CC&N boundaries to serve its customer base. The Proposed Order confirming compliance should be scheduled as soon as possible for a Commission vote after the filing of Staff's response.

## TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
BACKGROUND.....	1
THE GROOM CREEK WATER USER ASSOCIATION'S WATER SYSTEM .....	2
<i>Operation</i> .....	2
<i>Construction of New Plant Facilities</i> .....	2
<i>Capacity</i> .....	2
CUSTOMER NOTICE.....	2
COMPLIANCE.....	2
<i>Arizona Department of Environmental Quality ("ADEQ")</i> .....	2
<i>Arizona Department of Water Resources ("ADWR")</i> .....	3
<i>Arizona Corporation Commission ("ACC")</i> .....	3
CONCLUSIONS AND RECOMMENDATIONS .....	3
<i>Conclusions</i> .....	3
<i>Staff Recommendation</i> .....	3

## EXHIBITS

ENGINEERING MAP .....	1
ENGINEERING REPORT.....	2

## INTRODUCTION

On January 31, 2011, the Groom Creek Water Users Association ("GCWUA" or "Association") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). The Association's application states that although the Association is requesting authority to extend its CC&N to include area adjacent to its current CC&N, the Association has been serving customers for years to the requested areas, and this application is to be filed to correct the CC&N.

On March 1, 2011, the ACC Utilities Division ("Staff") filed a Sufficiency Letter indicating that the Company's application met the sufficiency requirements of Arizona Administrative Code ("A.A.C."). A copy of the Sufficiency Letter was sent to the Company via U. S. certified mail.

On ~~January 6, 2011~~ <sup>March 21, 2011</sup>, the Administrative Law Judge assigned to this case issued a procedural schedule setting a hearing for May 26, 2011.

## BACKGROUND

GCWUA states that the purpose of the application was to correct the CC&N currently on file with the ACC to reflect the actual legal description and areas currently being served by GCWUA. The Association has no desire to further enlarge its current service area or its number of customers. The proposed extension area includes Groom Creek Estates No. 1 and No. 2, portions of the Webfoot Lode Mining Claim Subdivision, and a park site in Yavapai County, Arizona. The Association serves a community located approximately five miles south of Prescott, Yavapai County, with an existing certificated area covering approximately 1/8 square-mile or 80 acres. The requested CC&N extension areas total to 0.05 square-miles or 29.12 acres. The amended legal description and maps are attached as Exhibit 1.

GCWUA is an Arizona Association (Class "D" utility), engaged in the business of providing water services in areas located approximately five miles southeast of Prescott, in Yavapai County. The Association received its CC&N in Decision No. 53067 issued June 9, 1982. The application indicates that sometime back in the 1970's, a water utility known as Mountaineer Water Company ("Mountaineer") was formed to service the residents of the Groom Creek area. In 1982, the GCWUA was formed and purchased the utility from the previous owner. The CC&N area on file at that time was approved via the Decision referenced above. Since there were no changes made to the CC&N area at the time of transfer, it is GCWUA's belief that Mountaineer was servicing residents outside of the existing CC&N boundaries and never applied to the ACC for a change in CC&N boundaries to reflect such service. GCWUA's current rates were established by Decision No. 70627 issued November 19, 2008.

## **THE GROOM CREEK WATER USER ASSOCIATION'S WATER SYSTEM**

### *Operation*

According to the Association's 2010 Annual Report, the Association's water system currently consists of one well (pumping 35 gallons per minute), two 44,000 gallon storage tanks (totaling to 88,000 gallons), and approximately 18,500 feet of 6-inch water main serving 221 service connections as of December 2010. The 221 customer count includes the customers within the requested CC&N extension areas. The Association stated that it has been providing water service to the requested areas since 1982.

### *Construction of New Plant Facilities*

In Decision No. 70627 (November 19, 2008), the Association was authorized to obtain a Water Infrastructure Finance Authority loan for an amount not to exceed \$1.6 million to finance certain capital improvement projects. The major improvement projects, with construction status, are listed in detail in Staff's Engineering Report, Exhibit 2.

### *Capacity*

According to the Staff's Engineering Report, Exhibit 2, the current system operation consisting of one well at 35 GPM and two storage tanks totaling to 88,000 gallons are adequate to serve the existing customer base including the extension areas. After all the capital improvement projects are completed, the new water system, which will then have two wells (totaling to 60 GPM) and three storage tanks (totaling to 153,000 gallons), will be capable of serving the customer base plus reasonable growth and provide fire flow protection.

## **CUSTOMER NOTICE**

As directed by the Procedural Schedule in this docket, GCWUA published a legal notice in the Prescott Courier on April 5, 2011. Individual notices were mailed to the residents on the same date. The affidavit of publication and the resident notice were filed in the docket on April 11, 2011.

## **COMPLIANCE**

### *Arizona Department of Environmental Quality ("ADEQ")*

In an ADEQ compliance status report, dated November 1, 2010, ADEQ reported the that Association's water system, Public Water System No. 13-040, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

*Arizona Department of Water Resources ("ADWR")*

The Association is not located in any ADWR Active Management Area. According to an ADWR Water Provider Compliance Report, dated April 13, 2011, ADWR has determined that the Association's water system is currently compliant with departmental requirements governing water providers and/or community water systems.

*Arizona Corporation Commission ("ACC")*

On April 13, 2011, the Utilities Division Compliance Section indicated that the Association had one delinquent ACC compliance item. This item related to Decision No. 70627 which ordered:

*IT IS FURTHER ORDERED that Groom Creek Water Users Association shall file with Docket Control, as a compliance item in this docket, all Approvals of Construction by December 31, 2010.*

On April 15, 2011, the Association filed a request for an extension of time until October 31, 2011 to comply with the above compliance item.

Based on the above discussion regarding the Construction of New Plant Facilities and their construction status, Staff found that the construction of all the capital improvement projects is near completion. Therefore, Staff does not object to the Association's request for an extension of time and recommends an extension of time until October 31, 2011, be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627. Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding until all Approvals of Construction requirements outlined in Decision No. 70627 have been filed with Docket Control.

**CONCLUSIONS AND RECOMMENDATIONS**

*Conclusions*

The Association's current and modified water system has the capacity to serve the existing and requested CC&N areas.

The Association is in compliance with ADEQ and ADWR regulations.

*Staff Recommendation*

Staff recommends an extension of time until October 31, 2011 be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding subject to compliance with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends that Staff be required to file, within 60 days of the Company's filing of compliance with Approval of Construction requirements, a Staff response to the Company's filing, in the form of a Proposed Order confirming compliance and granting an extension of the Company's CC&N to correct its existing CC&N boundaries to serve its customer base. The Proposed Order confirming compliance should be scheduled as soon as possible for a Commission vote after the filing of Staff's response.

**MEMORANDUM**

TO: Vicki Wallace  
Executive Consultant III  
Utilities Division

FROM: Lori H. Miller *lh*  
Programs & Projects Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: April 11, 2011

RE: **GROOM CREEK WATER USERS ASSOCIATION (DOCKET NO. W-01865A-11-0057)**  
**AMENDED LEGAL DESCRIPTION**

The area requested by Groom Creek for a CC#N extension has been plotted using an amended legal description. Attached is the legal description which will replace (in its entirety) the legal description filed with its application.

Also attached is a copy of the map for your files.

:lh

Attachments

cc: Mr. Kal Miller  
Ms. Deb Person (Hand Carried)  
Ms. Marlin Scott, Jr.  
File

GROOM CREEK WATER USERS ASSOCIATION  
DOCKET NO. W-01865A-11-0057  
AMENDED LEGAL DESCRIPTION

A portion of Section 26, in Township 13 North, Range 2 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona:

Groom Creek Estates No. 1 and Groom Creek Estates No. 2 further described as:

BEGINNING at the intersection of 112° 26' 25.1W, 34° 28' 58.1N;  
THENCE S 02° 47' 30" W for a distance of 369.17 feet;  
THENCE S 02° 47' 30" W for a distance of 966.60 feet;  
THENCE S 88° 16' W for a distance of 855.21 feet;  
THENCE N 39° 20' E for a distance of 398.64 feet;  
THENCE N 47° 50' W for a distance of 392.20 feet;  
THENCE N 59° 29' E for a distance of 25.71 feet;  
THENCE N 65° 25' W for a distance of 85.17 feet;  
THENCE N 47° 52' W for a distance of 191.01 feet;  
THENCE N 39° 22' 40" E for a distance of 333.19 feet;  
THENCE N 38° 55' 20" W for a distance of 393.00 feet;  
THENCE N 88° 05' E for a distance of 1,196.04 feet to the POINT OF BEGINNING.

Parcel No. 104-19-008 further described as:

BEGINNING at the intersection of 112° 26' 33.9 W, 34° 28' 48.7 N;  
THENCE to the intersection of 112° 26' 32.8 W, 34° 28' 47.9 N;  
THENCE to the intersection of 112° 26' 35.4 W, 34° 28' 45.5 N;  
THENCE to the intersection of 112° 26' 36.4 W, 34° 28' 46.1 N  
THENCE to the intersection of 112° 26' 33.9 W, 34° 28' 48.7 N to the POINT OF BEGINNING.

Parcel No. 104-19-006B further described as:

BEGINNING at the intersection of 112° 26' 38 W, 34° 28' 50.5 N;  
THENCE to the intersection of 112° 26' 37.5 W, 34° 28' 50.9 N;  
THENCE to the intersection of 112° 26' 37.3 W, 34° 28' 50.7 N;  
THENCE to the intersection of 112° 26' 36.3 W, 34° 28' 50.4 N;  
THENCE to the intersection of 112° 26' 36.5 W, 34° 28' 50.2 N;  
THENCE to the intersection of 112° 26' 38 W, 34° 28' 50.5 N to the POINT OF BEGINNING.

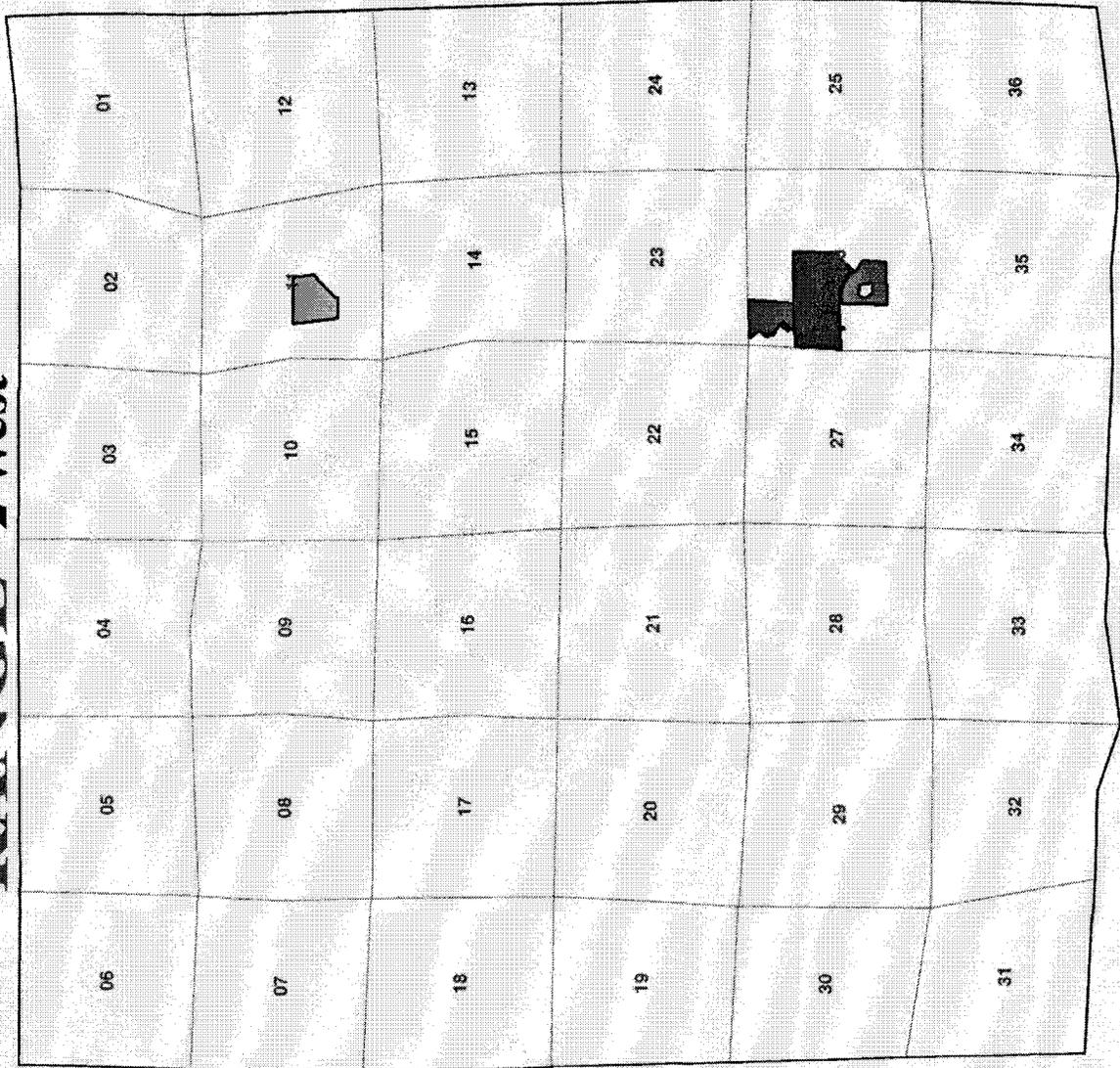
Parcel No. 104-16-226 further described as:

BEGINNING at the intersection of 112° 26' 35.4 W, 34° 28' 31.4 N;  
THENCE to the intersection of 112° 26' 34.6 W, 34° 28' 31.4 N;  
THENCE to the intersection of 112° 26' 34.7 W, 34° 28' 34.7 W;  
THENCE to the intersection of 112° 26' 35.6 W, 34° 28' 29.7 N;  
THENCE to the intersection of 112° 26' 35.4 W, 34° 28' 31.4 N to the POINT OF BEGINNING.

# YAVAPAI COUNTY

## RANGE 2 West

## TOWNSHIP 13 North



- 
**W-01865A (1)**  
 Groom Creek Water Users Association
- 
**W-02245A (1)**  
 Loma Estates Water Company, LLC
- 
**W-01671A (1)**  
 Sherman Pines Water Company
- 
**(1)**  
 Groom Creek Water Users Association  
 Docket No. W-0165A-11-0057  
 Application for CC&N Extension

Pursuant to ARS § 39-121-03 this map is 'Not for Commercial Use'

Groom Creek Estates 1 & 2  
(27.76 Acres)

104-19-006B  
(0.18 Acres)

104-19-008  
(0.93 Acres)

Groom Creek Water Users Association  
(93.51 Acres)

104-16-226  
(0.25 Acres)

Pines Rd

Sp

E Pine Hills Dr

Loma Estates Water Company

**MEMORANDUM**

TO: Vicki Wallace  
Executive Consultant  
Utilities Division

FROM: Marlin Scott, Jr.   
Utilities Engineer  
Utilities Division

DATE: April 18, 2011

RE: Engineering Report for Groom Creek Water Users Association  
Docket No. W-01865A-11-0057 (Extension of CC&N)

---

**Introduction**

Groom Creek Water Users Association ("Association") has filed an application for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). The Association's application states that although the Association is requesting authority to extend its CC&N to include areas adjacent to its current CC&N, the Association has been serving customers for years to the requested areas and this application is be filed to correct the CC&N.

The Association serves a community located approximately five miles south of Prescott, Yavapai County, with an existing certificated area covering approximately 1/8 square-mile or 80 acres. The requested CC&N extension areas total to 0.05 square-miles or 29.12 acres.

**Water System***Operation*

According to the Association's 2010 Annual Report, the Association's water system currently consists of one well (pumping 35 gallons per minute), two 44,000 gallon storage tanks (totaling to 88,000 gallons), and approximately 18,500 feet of 6-inch water main serving 221 service connections as of December 2010. The 221 customer count includes the customers within the requested CC&N extension areas. The Association stated that it has been providing water service to the requested areas since 1982.

*Construction of New Plant Facilities*

In Decision No. 70627, dated November 19, 2008, the Association was authorized to obtain a Water Infrastructure Finance Authority loan for an amount not to exceed \$1.6 million to finance certain capital improvement projects. The major improvement projects, with construction status, are as follows:

1. **New 65,000 gallon storage tank:** This storage tank at Well Site #1 has been completed and is in the disinfection and testing stage. This storage tank will be placed into service when the new booster system is completed.
2. **New booster system:** This new booster system at Well Site #1 will have 3 pumps with a 2,500 gallon pressure tank. Completion of this project is in its final stages.
3. **New distribution system:** This project replaced all of the old distribution mains which replaced all of the old asbestos cement pipes with new 6-inch polyvinyl chloride pipes, for a total of approximately 18,500 feet. This project also installed new meters and meter boxes for all the 228 customers, plus another 43 stub-outs for future customers. There were also 13 fire hydrants installed. This project was completed in October 2010 and has been serving customers since that time.
4. **New transmission main:** Well #2 was taken out of service about October 2009 when construction of the distribution system commenced. The construction of a new transmission main from this Well Site #2 to Well Site #1 has been completed and Well #2 will pump directly into the new 65,000 gallon storage tank. Well #2 is currently in the testing stage before it is placed back into service. In the past, this well was pumping at 25 GPM.

#### *Capacity*

The current system operation consisting one well at 35 GPM and two storage tanks totaling to 88,000 gallons are adequate to serve the existing customer base including the extension areas. After all the capital improvement projects are completed, the new water system which will then have two wells (totaling to 60 GPM) and three storage tanks (totaling to 153,000 gallons) and will be capable of serving the customer base plus reasonable growth and provide fire flow protection.

#### **Arizona Department of Environmental Quality ("ADEQ") Compliance**

In an ADEQ compliance status report, dated November 1, 2010, ADEQ reported the that Association's water system, Public Water System #13-040, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

#### **Arizona Corporation Commission ("ACC") Compliance**

On April 13, 2011, the Utilities Division Compliance Section indicated that the Association had one delinquent ACC compliance item. This item related to Decision No. 70627 which ordered:

*IT IS FURTHER ORDERED that Groom Creek Water Users Association shall file with Docket Control, as a compliance item in this docket, all Approvals of Construction by December 31, 2010.*

On April 15, 2011, the Association filed a request for an extension of time until October 31, 2011 to comply with the above compliance item.

Based on the above discussion regarding the Construction of New Plant Facilities and their construction status, Staff found that the construction of all the capital improvement projects is near completion. Therefore, Staff does not object to the Association's request for an extension of time and recommends an extension of time until October 31, 2011, be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627. Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding until all Approvals of Construction requirements outlined in Decision No. 70627 have been filed with Docket Control.

#### **Arizona Department of Water Resources ("ADWR") Compliance**

The Association is not located in any ADWR Active Management Area. According to an ADWR Water Provider Compliance Report, dated April 13, 2011, ADWR has determined that the Association's water system is currently compliant with departmental requirements governing water providers and/or community water systems.

#### **Conclusions/Recommendation**

The Association's current and modified water system has the capacity to serve the existing and requested CC&N areas.

The Association is in compliance with ADEQ and ADWR regulations.

Staff recommends an extension of time until October 31, 2011 be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding until all Approvals of Construction requirements outlined in Decision No. 70627 have been filed with Docket Control.

ORIGINAL

MEMORANDUM



TO: Docket Control  
FROM: Steven M. Olea  
Director  
Utilities Division

Date: May 2, 2011

RE: SUPPLEMENT TO THE STAFF REPORT FOR THE APPLICATION OF  
GROOM CREEK WATER USERS ASSOCIATION FOR AN EXTENSION OF  
ITS CERTIFICATE OF CONVENIENCE AND NECESSITY  
DOCKET NO: W-01865A-11-0057

Attached is a Supplement to the Staff Report for the application of Groom Creek Water Users Association to extend its Certificate of Convenience and Necessity ("CC&N"). Staff recommends approval of the Arizona Department of Water Resources' Best Management Practice Tariffs in this proceeding.

SMO:MSJ:red

Originator: Marlin Scott, Jr.

Arizona Corporation Commission

DOCKETED

MAY 3 2011

DOCKETED BY 

RECEIVED  
2011 MAY -3 A 9:51  
DOCKET CONTROL

Service List For: Groom Creek Water Users Association  
Docket No. W-01865A-11-0057

Mr. Kal Miller  
Groom Creek Water Association  
PO Box 3897  
Prescott, Arizona 86302

Arizona Reporting Service, Inc.  
2200 North Central Avenue, Suite 502  
Phoenix, Arizona 85004-1481

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

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

Ms. Lyn Farmer  
Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**SUPPLEMENT  
TO THE  
STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**GROOM CREEK WATER USERS ASSOCIATION  
DOCKET NO. W-01865A-11-0057**

**APPLICATION OF GROOM CREEK WATER USERS ASSOCIATION FOR AN  
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY**

**MAY 2, 2011**

## STAFF ACKNOWLEDGMENT

The Supplement to the Staff Report for Groom Creek Water Users Association, Docket No. W-01865A-11-0057 was prepared by the Staff member shown below.



Marlin Scott, Jr.  
Utilities Engineer

**SUPPLEMENT TO THE STAFF REPORT  
FOR  
GROOM CREEK WATER USERS ASSOCIATION  
DOCKET NO. W-01865A-11-0057**

**Introduction**

On January 31, 2011, the Groom Creek Water Users Association ("Association") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). On April 18, 2011, Staff filed its Staff Report. After the filing of the Staff Report, Staff and the Association had discussions regarding the Arizona Department of Water Resources' Best Management Practice ("BMP") Tariffs. This Supplement to the Staff Report discusses and recommends approval of BMP Tariffs applicable in the Association's service area.

**Background**

In 2008, Arizona Department of Water Resources ("ADWR") added a new regulatory program for the ADWR Third Management Plan for active management areas ("AMA"). The new program, called Modified Non-Per Capita Conservation Program ("Modified NPCCP"), addresses large municipal water providers (cities, towns and private water companies serving more than 250 acre-feet per year) and was developed in conjunction with stakeholders from all AMAs. Participation in the program is required for all large municipal water providers that do not have a Designation of Assured Water Supply and that are not regulated as a large untreated water provider or an institutional provider.

The Modified NPCCP is a performance-based program that requires participating providers to implement water conservation measures that result in water use efficiency in their service areas. A water provider regulated under the program must implement a required Public Education Program and choose one or more additional BMPs based on its size, as defined by its total number of water service connections. The provider must select the additional BMPs from the list included in the Modified NPCCP Program. The BMPs are a mix of technical, policy, and information conservation efforts.

Although the implementation of the Modified NPCCP is required of large municipal water providers within an AMA, the Commission has adopted the BMPs for implementation by large and small Commission regulated water companies.

**Discussion**

After the filing of the Staff Report on April 18, 2011, in order to be proactive with regard to BMPs, Staff contacted the Association and requested that it select three BMPs from the list of Staff templates posted on the Commission's website. On April 26, 2011, Staff received an email

indicating that the Association had selected BMPs 1.1, 3.6 and 5.2. Copies of these BMPs are attached.

**Conclusion/Recommendations**

Staff concludes that the BMP Tariffs proposed are relevant to the Association's service area characteristics. The BMP Tariffs selected by the Association conform to the templates developed by Staff.

Staff recommends approval of the Association's three BMP Tariffs, BMPs 1.1, 3.6 and 5.2, attached hereto.

Staff further recommends that the Association file with Docket Control, as a compliance item in the docket, the three BMP Tariffs listed above within 30 days of the effective date of the "Order Preliminary" issued in this proceeding.

## ATTACHMENTS

BMP 1.1 .....	1
BMP 3.6 .....	2
BMP 5.2 .....	3

Company: \_\_\_\_\_

Decision No.: \_\_\_\_\_

Phone: \_\_\_\_\_

Effective Date: \_\_\_\_\_

## **Local and/or Regional Messaging Program Tariff – BMP 1.1**

### **PURPOSE**

A program for the Company to actively participate in a water conservation campaign with local or regional advertizing (Modified Non-Per Capita Conservation Program BMP Category 1: Public Awareness/Public Relations 1.1: Local and/or Regional Messaging 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. The Company or designated representative shall actively participate in water conservation campaign with local and/or regional advertising.
2. The campaign shall promote ways for customers to save water.
3. The Company shall facilitate the campaign through one or more of the following avenues (not an all inclusive list):
  - a. Websites
  - b. Promotional materials
  - c. Vehicle signs
  - d. Bookmarks
  - e. Magnets
4. The Company shall keep a record of the following information and make it available to the Commission upon request.
  - a. A description of the messaging program implemented and program dates.
  - b. The number of customers reached (or an estimate).
  - c. Costs of Program implementation.

Company: \_\_\_\_\_

Decision No.: \_\_\_\_\_

Phone: \_\_\_\_\_

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: \_\_\_\_\_

Decision No.: \_\_\_\_\_

Phone: \_\_\_\_\_

Effective Date: \_\_\_\_\_

## **WATER SYSTEM TAMPERING TARIFF – BMP 5.2**

### **PURPOSE**

The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

### **REQUIREMENTS:**

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

1. In support of the Company's water conservation goals, the Company may bring an action for damages or to enjoin any activity against a person who: (1) makes a connection or reconnection with property owned or used by the Company to provide utility service without the Company's authorization or consent; (2) prevents a Company meter or other device used to determine the charge for utility services from accurately performing its measuring function; (3) tampers with property owned or used by the Company; or (4) uses or receives the Company's services without the authorization or consent of the Company and knows or has reason to know of the unlawful diversion, tampering or connection. If the Company's action is successful, the Company may recover as damages three times the amount of actual damages.
2. Compliance with the provisions of this tariff will be a condition of service.
3. The Company shall provide to all its customers a complete copy of this tariff and all attachments. The customers shall follow and abide by this tariff.
4. If after a customer has been connected to the Company water system, the Company discovers that the customer has taken action(s) contrary to the above requirements, the Company shall notify (in writing) the customer of such violation and provide the customer with the appropriate educational materials informing the customer of some possibilities of how to correct the problem. 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 customer's service may be terminated per Arizona Administrative Code R14-2-410C, R14-2-410D and R14-2-410E.
5. 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.