

ORIGINAL  
OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

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TO: THE COMMISSION

FROM: Utilities Division

DATE: November 16, 2011

DOCKETED BY  
*[Signature]*

AZ CORP COMMISSION  
DOCKET CONTROL

RE: **COMPLIANCE FILING PER DECISION NO. 72498** – IN THE MATTER OF THE APPLICATION OF LAS QUINTAS SERENAS WATER COMPANY FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND AN INCREASE IN ITS WATER RATES AND CHARGES FOR WATER UTILITY SERVICE. (DOCKET NO. W-01583A-09-0589)

**Introduction**

On July 25, 2011, the Arizona Corporation Commission (“Commission”) issued Decision No. 72498 approving adjusted rates for Las Quintas Serenas Water Company (“Company”). As part of the Decision, the Commission ordered that “within 90 days of the effective date of this Decision, Las Quintas Serenas Water Company shall submit its Best Management Practices, as a compliance item in this docket, in the form of tariffs that substantially conform to the templates created by Staff (and available on the Commission’s Website) for Commission’s review and consideration.”

**Company’s Compliance Filing**

On October 24, 2011, the Company filed proposed Best Management Practices (“BMPs”) and the Company is requesting Commission approval for the five BMP tariffs listed below:

1. **Local and/or Regional Messaging Program Tariff – BPM 1.1:** A program for the Company to actively participate in a water conservation campaign with local or regional advertising.
2. **Xeriscape Demonstration Garden Tariff – BMP 2.4:** A program for the Company to install and maintain a water efficient demonstration garden for the purpose of educating its customer base on low water-use landscaping.
3. **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.
4. **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.

5. **Water Waste Investigations and Information Tariff – BMP 3.8:** A program for the Company to assist customers with water waste complaints and provide customers with information designed to improve water use efficiency.

### **Staff's Analysis**

#### Company Service Area Characteristics

The Company's water service area is within the Town of Sahuarita, Pima County, Arizona. The Company is also located within the Arizona Department of Water Resources' Tucson Active Management Area. According to the Company's 2010 Annual Report, the Company serves approximately 860 service connections and 150 standpipe customers, with the vast majority being residential customers. Staff concludes that each of the BMP tariffs proposed is relevant to the Company's service area characteristics.

#### Proposed Tariffs

The five BMP tariffs proposed by the Company conform to the templates developed by Staff.

### **Recommendations**

Staff concludes that the five BMP tariffs proposed are relevant to the Company's service area characteristics and that these tariffs conform to the templates developed by Staff. Staff recommends approval of the Company's proposed five BMP tariffs.



Steven M. Olea  
Director  
Utilities Division

SMO:MSJ:sms\RRM

Originator: Marlin Scott, Jr.

**COMMISSIONERS**  
GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS



**ERNEST G. JOHNSON**  
Executive Director

**ARIZONA CORPORATION COMMISSION**

November 16, 2011

Mr. John F. Munger  
Munger Chadwick, P.L.C.  
333 North Wilmot, Ste. 300  
Tucson, Arizona 85711

Dear Mr. Munger:

Enclosed are the Commission Staff's transmittal memorandum and proposed order for the Best Management Practices Compliance Filing per Decision No. 72498 in the Matter of the Application of Las Quintas Serenas Water Company for a Determination of the Fair Value of its Utility Plant and Property and and Increase in its Water Rates and Charge for Water Utility Service (Docket No. W-01583A-09-0589). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at the Phoenix address listed below by 4:00 p.m. on or before November 30, 2011.

This matter is scheduled for Commission deliberation at its Open Meetings scheduled December 13, 2011, at 10:00 a.m. and December 14, 2011, at 10:00 a.m.

If you have any questions about this matter, please contact Marlin Scott of our Staff at (602) 542-7272, or me, at (602) 542-7270.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven M. Olea", written over a horizontal line.

Steven M. Olea  
Director  
Utilities Division

SMO:MSJ:sms

Enclosures

COMMISSIONERS  
GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS



ERNEST G. JOHNSON  
Executive Director

ARIZONA CORPORATION COMMISSION

November 16, 2011

Mr. Lawrence Robertson, Jr.  
P. O. Box 1448  
Tubac, Arizona 85546

Dear Mr. Robertson:

Enclosed are the Commission Staff's transmittal memorandum and proposed order for the Best Management Practices Compliance Filing per Decision No. 72498 in the Matter of the Application of Las Quintas Serenas Water Company for a Determination of the Fair Value of its Utility Plant and Property and an Increase in its Water Rates and Charge for Water Utility Service (Docket No. W-01583A-09-0589). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

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If you have any questions about this matter, please contact Marlin Scott of our Staff at (602) 542-7272, or me, at (602) 542-7270.

Sincerely,

Steven M. Olea  
Director  
Utilities Division

SMO:MSJ:sms

Enclosures

BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE  
Chairman

BOB STUMP  
Commissioner

SANDRA D. KENNEDY  
Commissioner

PAUL NEWMAN  
Commissioner

BRENDA BURNS  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
LAS QUINTAS SERENAS WATER COMPANY )  
FOR A DETERMINATION OF THE FAIR VALUE )  
OF ITS UTILITY PLANT AND PROPERTY AND )  
AN INCREASE IN ITS WATER RATES AND )  
CHARGES FOR WATER UTILITY SERVICE. )

DOCKET NO. W-01583A-09-0589

DECISION NO. \_\_\_\_\_

ORDER

**COMPLIANCE FILING PER  
DECISION NO. 72498 FOR ADWR  
BEST MANAGEMENT  
PRACTICES**

Open Meeting  
December 13 and 14, 2011  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Las Quintas Serenas Water Company ("Company") is certificated to provide water service as a public service corporation in the State of Arizona.

2. On July 25, 2011, the Arizona Corporation Commission ("Commission") issued Decision No. 72498 approving adjusted rates for Las Quintas Serenas Water Company ("Company"). As part of the Decision, the Commission ordered that "within 90 days of the effective date of this Decision, Las Quintas Serenas Water Company shall submit its Best Management Practices, as a compliance item in this docket, in the form of tariffs that substantially conform to the templates created by Staff (and available on the Commission's Website) for Commission's review and consideration."

3. On October 24, 2011, the Company filed proposed Best Management Practices ("BMPs") and the Company is requesting Commission approval for the five BMP tariffs listed below:

- 1       • **Local and/or Regional Messaging Program Tariff – BMP 1.1:** A program for the  
2       Company to actively participate in a water conservation campaign with local or  
3       regional advertising.
- 4       • **Xeriscape Demonstration Garden Tariff – BMP 2.4:** A program for the Company to  
5       install and maintain a water efficient demonstration garden for the purpose of  
6       educating its customers base on low water-use landscaping.
- 7       • **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the  
8       Company to assist its customers with their high water-use inquiries and complaints.
- 9       • **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the  
10       Company to monitor and notify customers when water use seems to be abnormally  
11       high and provide information that could benefit those customers and promote water  
12       conservation.
- 13       • **Water Waste Investigations and Information Tariff – BMP 3.8:** A program for the  
14       Company to assist customers with water waste complaints and provide customers with  
15       information designed to improve water use efficiency.

### 13 **Staff's Analysis**

#### 14 Company Service Area Characteristics

15       4.       The Company's water service area is within the Town of Sahuarita, Pima County,  
16       Arizona. The Company is also located within the Arizona Department of Water Resources'  
17       Tucson Active Management Area. According to the Company's 2010 Annual Report, the  
18       Company serves approximately 860 service connections and 150 standpipe customers, with the  
19       vast majority being residential customers. Staff concludes that each of the BMP tariffs proposed is  
20       relevant to the Company's service area characteristics.

#### 21 Proposed Tariffs

22       5.       The five BMP tariffs proposed by the Company conform to the templates developed  
23       by Staff.

### 24 **Recommendations**

25       6.       Staff concludes that the five BMP tariffs proposed are relevant to the Company's  
26       service area characteristics and that these tariffs conform to the templates developed by Staff.  
27       Therefore, Staff recommends approval of the Company's proposed five BMP tariffs attached  
28       hereto as Exhibit A.

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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 November 16, 2011, concludes that it is in the public interest to approve the proposed five BMP tariffs attached hereto as Exhibit A.

ORDER

IT IS THEREFORE ORDERED that Las Quintas Serenas Water Company's five BMP tariffs attached hereto as Exhibit A are hereby approved.



1 SERVICE LIST FOR: Las Quintas Serenas Water Company  
2 DOCKET NO.: Docket No. W-01583A-09-0589

3 Lawrence V. Robertson, Jr.  
4 P. O. Box 1448  
5 Tubac, Arizona 85546

6 John F. Munger  
7 MUNGER CHADWICK, P.L.C.  
8 333 North Wilmot, Suite 300  
9 Tucson, Arizona 85711

10 Steven M. Olea  
11 Director, Utilities Division  
12 Arizona Corporation Commission  
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# Exhibit A

Company: Las Quintas Serenas Water Company

Decision No.

Phone: 520-625-8040

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 advertising (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. Television commercials
  - b. Radio commercials
  - c. Websites
  - d. Promotional materials
  - e. Vehicle signs
  - f. Bookmarks
  - g. 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.

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

Company: Las Quintas Serenas Water Company

Decision No.

Phone: 520-625-8040

Effective Date:

### Xeriscape Demonstration Garden Tariff -- BMP 2.4

#### Purpose

A program for the Company to install and maintain a water efficient demonstration garden for the purpose of educating its customer base on low water-use landscaping (Modified Non- Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.4: Xeriscape Demonstration Garden).

#### 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 design, construct and maintain a demonstration garden that shall include a large variety of low water use and native plants, shrubs and shade trees.
2. The demonstration garden shall include a walkway throughout the site and include interpretive signage and literature about low water use plants and water efficient landscape techniques.
3. The demonstration garden shall be open, free of charge, to the public during normal business hours and ALL Saturdays of each month.
4. Maps providing driving directions to the demonstration garden shall be available at the Company office, on the Company web-site, and shall be provided to each new customer upon establishment of service.
5. The Company shall work with the schools, including the universities, to continually upgrade the site with additional techniques.

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

Company: Las Quintas Serenas Water Company

Decision No.

Phone: 520-625-8040

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.

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

Company: Las Quintas Serenas Water Company

Decision No.

Phone: 520-625-8040

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, e-mail, 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 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.

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

Company: Las Quintas Serenas Water Company

Decision No.

Phone: 520-625-8040

Effective Date:

- 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 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.

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

Company: Las Quintas Serenas Water Company

Decision No.

Phone: 520-625-8040

Effective Date:

**Water Waste Investigations and Information Tariff – BMP 3.8****Purpose**

A program for the Company to assist customers with water waste complaints and provide customers with information designed to improve water use efficiency (Modified Non- Per Capita Conservation Program BMP Category 3: Outreach Services 3.8: Water Waste Investigations and Information).

**Requirements**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission specifically 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. The Company shall handle water waste complaints as calls are received.
2. Calls shall be taken by a customer service representative who has been trained to determine the type of water waste and to determine if it may be attributed to a leak or broken water line.
3. The Company shall follow up on every water waste complaint.
4. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to investigate further and notify the responsible party of the waste and offer assistance and information to prevent waste in the future.
5. A letter of enforcement will be issued to customers with water running beyond the curb and/or off the customer's property due to such things as, but not limited to, backwashing of pools, broken sprinkler heads, and over watering of lawns beyond the saturation point.
6. The same procedures outlined above in item #4 will be followed in the event of a second violation. Termination of service may result in the event of the third violation within a 12 month period. In the event of a third violation the customer's service may be terminated per Arizona Administrative Code R14-2-410C, R14-2-410D and R14-2-410E ( applicable service reconnection fees shall apply).
7. The Company shall record each account and each instance noted for water waste, the action taken and any follow- up activities.
8. Subject to the provisions of this tariff, compliance with the water waste restriction will be a condition of service.

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

Company: Las Quintas Serenas Water Company

Decision No.

Phone: 520-625-8040

Effective Date:

9. The Company shall provide to its customers a complete copy of this tariff and all attachments upon request and to each new customer. The customer shall abide by the water waste restriction.
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.

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