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1 FENNEMORE CRAIG, P.C.  
2 Patrick J. Black (No. 017141)  
3 3003 N. Central Ave.  
4 Suite 2600  
5 Phoenix, Arizona 85012  
6 Attorneys for Bermuda Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

7  
8 IN THE MATTER OF THE  
9 APPLICATION OF BERMUDA WATER  
10 COMPANY, AN ARIZONA  
11 CORPORATION, FOR A  
12 DETERMINATION OF THE FAIR  
13 VALUE OF ITS UTILITY PLANTS AND  
14 PROPERTY AND FOR INCREASES IN  
15 ITS WATER RATES AND CHARGES  
16 FOR UTILITY SERVICE BASED  
17 THEREON.

DOCKET NO: W-01812A-10-0521

NOTICE OF COMPLIANCE

14 Pursuant to Decision No. 72892 (February 17, 2012) Bermuda Water Company  
15 (the "Company") files this Notice of Compliance in the above-captioned matter.

16 Attached as **Exhibit A** is the Company's revised schedule of rates and charges,  
17 which includes the approved Cross-Connection or Backflow Tariff and Curtailment Plan  
18 Tariff.

19 RESPECTFULLY SUBMITTED this 29th day of February, 2012.

FENNEMORE CRAIG, P.C.

Arizona Corporation Commission

DOCKETED

FEB 29 2012

DOCKETED BY

By

Patrick J. Black  
3003 North Central Avenue  
Suite 2600  
Phoenix, Arizona 85012  
Attorneys for Bermuda Water Company,  
Inc.

1 ORIGINAL and thirteen (13) copies of the  
2 foregoing, were filed  
3 this 29th day of February, 2012, to:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 W. Washington St.  
6 Phoenix, AZ 85007

5 COPY hand-delivered  
6 this 29th day of February, 2012 to:

7 Teena Jibilian  
8 Administrative Law Judge  
9 Hearing Division  
10 Arizona Corporation Commission  
11 1200 W. Washington St.  
12 Phoenix, AZ 85007

10 Bridget Humphrey  
11 Legal Division  
12 Arizona Corporation Commission  
13 1200 W. Washington St.  
14 Phoenix, AZ 85007

13 Daniel Pozefsky  
14 RUCO  
15 1110 West Washington, Suite 220  
16 Phoenix, Arizona 85007

16 Carmel Hood, Compliance  
17 Utilities Division  
18 Arizona Corporation Commission  
19 1200 W. Washington St.  
20 Phoenix, AZ 85007

19  
20 By: Sandra Baker

21 6822247.1/029232.0001

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# EXHIBIT

A

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ISSUED BY:

Kirsten Markwell  
c/o Bermuda Water Company  
2335 Sanders Road  
Northbrook, Illinois 60062

Applies to all WATER service areas

**PART ONE**

**STATEMENT OF CHARGES FOR WATER SERVICE**

**I. RATES – General Residential, Commercial, Industrial, and Irrigation Service**

In Decision No. 72892 (February 17, 2012) the Commission authorized the following rates and charges to become effective March 1, 2012.

**A. Monthly Usage Charge – All Classes**

<u>Meter Size</u> Inches	<u>Minimum Charge</u> Per Month
5/8" x 3/4" Meter	\$ 13.00
3/4" Meter	13.00
1" Meter	35.00
1 1/2" Meter	70.00
2" Meter	112.00
3" Meter	224.00
4" Meter	350.00
6" Meter	700.00

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**B. Commodity Rates**

The rate for use in addition to the minimum stated above shall be at the following rates per 1,000 gallons:

<u>Meter Size</u>	<u>Consumption</u>	<u>Rate</u>
5/8" x 3/4" and 3/4" Meter (Residential)	First 3,000 gallons	\$1.25
	3,001 to 9,000 gallons	2.00
	Over 9,000 gallons	3.12
5/8" x 3/4" and 3/4" Meter (Commercial)	First 9,000 gallons	2.00
	Over 9,000 gallons	3.12
1" Meter (Residential/Commercial)	First 25,000 gallons	2.00
	Over 25,000 gallons	3.12
1 1/2" Meter (Residential/Commercial)	First 50,000 gallons	2.00
	Over 50,000 gallons	3.12
2" Meter (Residential/Commercial)	First 80,000 gallons	2.00
	Over 80,000 gallons	3.12
3" Meter (Residential/Commercial)	First 165,000 gallons	2.00
	Over 165,000 gallons	3.12
4" Meter (Residential/Commercial)	First 250,000 gallons	2.00
	Over 250,000 gallons	3.12
6" Meter (Residential/Commercial)	First 500,000 gallons	2.00
	Over 500,000 gallons	3.12

Issued: February 29, 2012

Effective: March 1, 2012

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**Section I.B continued**

<u>Meter Size</u>	<u>Consumption</u>	<u>Rate</u>
Construction /Irrigation*	All Usage	\$1.64
Schools/Wholesale**	All Usage	1.77

\* The Company shall provide water through a separate meter for service of water for heavy construction, industrial processes or for irrigation purposes. All irrigation meters shall be a 1" meter. All domestic or light commercial water service required by the customer is required to be taken through an appropriately sized service connection and meter. In the event that the Company experiences a disruption of water service, due to planned repairs or maintenance, or emergencies resulting from failure of service, water availability, local disaster, or national emergency, service to these customers will be curtailed, and only resumed after the Company is able to restore full service to its General Service (residential and commercial), Schools and Wholesale customers.

\*\* Meter charges shall not apply to wholesale customers. Schools certified by the State of Arizona shall be billed using the applicable meter charges (see Section I.A).

## ISSUED BY:

Kirsten Markwell  
 c/o Bermuda Water Company  
 2335 Sanders Road  
 Northbrook, Illinois 60062

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**C. Service Line and Meter Installation Charges**

**(Refundable Pursuant to A.A.C. R14-2-405)\***

<u>Meter Size</u>	<u>Service Line</u>	<u>Meter</u>	<u>Total Charges</u>
5/8" and 3/4"	\$125.00	\$60.00	\$185.00
1"	180.00	85.00	265.00
2"	520.00	317.00	837.00
3" or larger	At Cost**	At Cost**	At Cost**

\* Refunds of the installation charges shall be pursuant to A.A.C. R14-2-405, except the refunds will occur in the billing month of September.

\*\* At Cost = Actual costs of material and labor.

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**D. Service Charges**

<u>Service</u>	<u>Charge</u>
Broken Meter Lock	\$15.00
Deferred Payment Interest	1.50%*
Deposit	**
Deposit (Interest)	**
Establishment Fee	\$35.00
Late Payment (if payment is not received within 15 days from date bill is rendered)	1.50%
Meter Test Performed by Company (if correct)	\$20.00
Meter Test Performed by Outside Vendor (if correct)	25.00
NSF Check (Returned Check)	15.00
Reconnection (Delinquent)	50.00
After Hours Service Charge	30.00
Meter Re-Read Charge	5.00

\* 1.50% of unpaid balance each month for a maximum of 6 months, with signed agreement.

\*\* Per Commission Rule A.A.C. R14-2-403(B).

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**PART ONE**  
**STATEMENT OF CHARGES FOR WATER SERVICE**

**II. TAXES AND ASSESSMENTS**

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule R14-2-409(D)(5).

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Applies to all **WATER** service areas  
**PART TWO**  
**STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE**

**CROSS-CONNECTION OR BACKFLOW TARIFF**

**PURPOSE:**

The purpose of this tariff is to protect Bermuda Water Company (the "Company") from the possibility of contamination caused by backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of the Arizona Administrative Code ("A.A.C.") R14-2-405.B.6. and A.A.C. R18-4-215.

**REQUIREMENTS:**

In compliance with the Rules and Regulations of the Arizona Corporation Commission ("Commission") and the Arizona Department of Environmental Quality ("ADEQ"), specifically A.A.C. R14-2-405.B.6 and A.A.C. R18-4-215 relating to backflow prevention:

1. The Company may require a customer to pay for and have installed a backflow-prevention assembly if A.A.C. R18-4-215.B or C applies.
2. A backflow-prevention assembly required to be installed by the customer under Paragraph 1 of this tariff shall comply with the requirements set forth in A.A.C. R18-4-215.D and E.
3. Subject to the provisions of A.A.C. R14-2-407 and 410, and in accordance with Paragraphs 1 and 7 of this tariff, the Company may terminate service or may deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received in which to comply with this notice. If the customer can show good cause as to why he cannot install the backflow-prevention assembly within thirty (30) days, the Company or Commission Staff may suspend this requirement for a reasonable period of time.
5. Testing shall be in conformance with the requirements of A.A.C. R18-4-215.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as long as the Company does not require an unreasonable number of tests.

ISSUED BY:

Kirsten Markwell  
c/o Bermuda Water Company  
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**PART TWO**

**STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE**

6. The customer shall provide the Company with records of installation and testing. For each backflow-prevention assembly, these records shall include:
  - a. assembly identification number and description;
  - b. location;
  - c. date(s) of test(s);
  - d. description of repairs and recommendations for repairs made by tester;  
and
  - e. tester's name and certificate number.
  
7. In the event the backflow-prevention assembly does not function properly or fails any test, and an obvious hazard as contemplated under A.A.C. R14-2-410.B.1.a. exists, the Company may terminate service immediately and without notice. The backflow-prevention assembly shall be repaired or replaced by the customer and retested.
  
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with the testing requirement, and A.A.C. R14-2-410.B.1.a. is **not** applicable, the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. Failure to remedy the deficiency of dysfunction of the assembly, or failure to retest, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

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Applies to all WATER service areas  
**PART TWO**  
**STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE**

**CURTAILMENT PLAN**

ADEQ Public Water System Number: 08-063

Bermuda Water Company, Inc. ("Company") is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

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

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

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

**Stage 1 Exists When:**

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

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

**Stage 2 Exists When:**

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

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

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Applies to all **WATER** service areas

**PART TWO**  
**STATEMENT OF TERMS AND CONDITIONS FOR WATER SERVICE**

**Stage 3 Exists When:**

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

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least 15 signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

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

**Stage 4 Exists When:**

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

ISSUED BY:

Kirsten Markwell  
c/o Bermuda Water Company  
2335 Sanders Road  
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**PART TWO**  
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Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employee water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

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

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

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least 15 signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

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

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.