

ORIGINAL

OPEN MEETING



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MEMORANDUM

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AZ CORP COM Arizona Corporation Commission
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TO: THE COMMISSION

2012 AUG 17 PM 3:52 AUG 17 2012

FROM: Utilities Division

DATE: August 17, 2012

DOCKETED BY *JM*

RE: **COMPLIANCE FILING PER DECISION NO. 71845** - Best Management Practices for Arizona Water Company (Docket No. W-01445A-08-0440)

Introduction

On August 25, 2010, the Arizona Corporation Commission (“Commission”) issued Decision No. 71845 which established new schedules of rates and charges for Arizona Water Company (“AWC” or “Company”). As part of the Decision, the Commission ordered that AWC submit Best Management Practices (“BMPs”) for Staffs review and the Commission’s consideration. In compliance with the Decision the Company has submitted BMPs for its systems as follows: for the Apache Junction, Superior, Miami, Casa Grande, Coolidge, Stanfield, Lakeside, Overgaard, Sedona, Pinewood and Rimrock systems (Group I), AWC submitted ten BMPs for each system; for the Bisbee, Sierra Vista, White Tank, San Manuel and Oracle systems (Group II), AWC submitted five BMPs for each system; for the Ajo and Winkelman systems (Group III), AWC submitted three BMPs for each system.

Company’s Compliance Filing

On August 7, 2012, after several meetings and discussion with Staff, AWC filed its final proposed BMP Tariffs. In its compliance filing AWC is requesting Commission approval of the conservation measures listed below.

1. **Public Education Program Tariff:** A program for the Company to provide free written information on water conservation measures to its customers and remind them of the importance of conserving water. This BMP would apply to all systems.
2. **Special Events/Programs and Community Presentations Tariff – BMP 1.2:** A program for the Company to give presentations or display and make available water conservation information and related material at community and special events. This BMP would apply to Group I systems.
3. **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 to educate its new residential customers about low water use landscaping. This BMP would apply to Group I systems.

4. **Residential Audit Program Tariff -- BMP 3.1:** A program for the Company to promote water conservation by providing residential customers with information on performing water audits to determine conservation opportunities at their residence. This BMP would apply to Group I systems.
5. **Landscape Consultations (Residential / Non-Residential) Tariff – BMP 3.2:** A program for the Company to promote water conservation by providing landscape consultation services to residential and non-residential customers. This BMP would apply to Group I systems.
6. **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. This BMP would apply to Group I and Group II systems.
7. **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. This BMP would apply to Group I systems.
8. **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. This BMP would apply to Group I and Group II systems.
9. **Leak Detection Program Tariff – BMP 4.1:** A program for the Company to systematically evaluate its water distribution system to identify and repair leaks. This BMP would apply to all systems.
10. **Meter Repair 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 for repair or replacement. This BMP would apply to all systems.

Staff's Analysis

Background Information and Service Area Characteristics

AWC supplies water to approximately 84,000 connections in eight Arizona counties¹ under 18 systems.

¹ Navajo, Yavapai, Coconino, Gila, Pinal, Cochise, Pima, and Maricopa

Decision No. 71845 required the Company to meet certain BMP requirements for each Group of its water systems. The Company selected the above listed BMPs to meet Decision No. 71845 requirements.

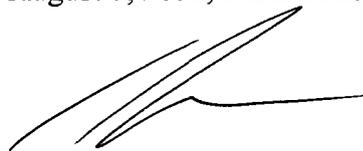
Proposed Tariffs

Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the ADWR MNPCCP and relevant ADWR documents. ADWR representatives were provided with a copy of these templates; revisions were made to the templates where appropriate to incorporate any comments/suggestions provided by ADWR.

The BMP tariffs filed by the AWC on August 7, 2012, were based on the templates developed by Staff. The tariffs that Staff and the AWC reached agreement on generally conform to the templates developed by Staff. Minor modifications were included to reflect the AWC specific management and operational requirements.

Recommendation

Staff concludes that the BMPs proposed are relevant to the AWC service area characteristics. The tariffs proposed by the Company generally conform to the templates developed by Staff. Therefore, Staff recommends approval of the BMP tariffs filed by AWC on August 7, 2012, attached as Exhibit A to the proposed order.



Steven M. Olea
Director
Utilities Division

SMO:KS:sms\WVC

Originator: Katrin Stukov

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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 ARIZONA WATER COMPANY, AN)
ARIZONA CORPORATION, FOR A)
DETERMINATION OF THE FAIR VALUE)
OF ITS UTILITY PLANT AND PROPERTY,)
AND ADJUSTMENTS TO ITS RATES AND)
CHARGES FOR UTILITY SERVICE AND)
FOR CERTAIN RELATED APPROVALS)
BASED THEREON.)

DOCKET NO. W-01445A-08-0440
DECISION NO. _____

ORDER
BEST MANAGEMENT PRACTICES
COMPLIANCE FILING
PER DECISION NO. 71845

Open Meeting
September 19 and 20, 2012
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Introduction

1. On August 25, 2010, the Arizona Corporation Commission ("Commission") issued Decision No. 71845 which established new schedules of rates and charges for Arizona Water Company ("AWC" or "Company"). As part of the Decision, the Commission ordered that AWC submit Best Management Practices ("BMPs") for Staff's review and the Commission's consideration. In compliance with the Decision the Company has submitted BMPs for its systems as follows: for the Apache Junction, Superior, Miami, Casa Grande, Coolidge, Stanfield, Lakeside, Overgaard, Sedona, Pinewood and Rimrock systems (Group I), AWC submitted ten BMPs for each system; for the Bisbee, Sierra Vista, White Tank, San Manuel and Oracle systems (Group II),

1 AWC submitted five BMPs for each system; for the Ajo and Winkelman systems (Group III),
2 AWC submitted three BMPs for each system.

3 Company's Compliance Filing

4 2. On August 7, 2012, AWC filed its proposed BMP Tariffs. In its compliance filing
5 AWC is requesting Commission approval of the conservation measures listed below.

- 6 • **Public Education Program Tariff:** A program for the Company to provide free
7 written information on water conservation measures to its customers and remind
8 them of the importance of conserving water. This BMP would apply to all
9 systems.
- 10 • **Special Events/Programs and Community Presentations Tariff – BMP 1.2:** A
11 program for the Company to give presentations or display and make available
12 water conservation information and related material at community and special
13 events. This BMP would apply to Group I systems.
- 14 • **New Homeowner Landscape Information Tariff – BMP 2.3:** A program for the
15 Company to promote the conservation of water by providing a landscape
16 information package to educate its new residential customers about low water use
17 landscaping. This BMP would apply to Group I systems.
- 18 • **Residential Audit Program Tariff – BMP 3.1:** A program for the Company to
19 promote water conservation by providing residential customers with information
20 on performing water audits to determine conservation opportunities at their
21 residence. This BMP would apply to Group I systems.
- 22 • **Landscape Consultations (Residential / Non-Residential) Tariff – BMP 3.2:** A
23 program for the Company to promote water conservation by providing landscape
24 consultation services to residential and non-residential customers. This BMP
25 would apply to Group I systems.
- 26 • **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for
27 the Company to assist its customers with their high water-use inquiries and
28 complaints. This BMP would apply to Group I and Group II systems.
- **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. This BMP would apply to Group I systems.
- **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. This BMP
would apply to Group I and Group II systems.

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- **Leak Detection Program Tariff – BMP 4.1:** A program for the Company to systematically evaluate its water distribution system to identify and repair leaks. This BMP would apply to all systems.
- **Meter Repair 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 for repair or replacement. This BMP would apply to all systems.

Staff's Analysis

Background Information and Service Area Characteristics

3. AWC supplies water to approximately 84,000 connections in eight Arizona counties¹ under 18 systems.

4. Decision No. 71845 required the Company to meet certain BMP requirements for each Group of its water systems. The Company selected the above listed BMPs to meet Decision No. 71845 requirements.

Proposed Tariffs

5. Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the ADWR MNPCCP and relevant ADWR documents. ADWR representatives were provided with a copy of these templates; revisions were made to the templates where appropriate to incorporate any comments/suggestions provided by ADWR.

6. The BMP tariffs filed by AWC on August 7, 2012, were based on the templates developed by Staff. The tariffs that Staff and AWC reached agreement on generally conform to the templates developed by Staff. Minor modifications were included to reflect AWC's specific management and operational requirements.

Recommendation

7. Staff has concluded that the BMPs proposed are relevant to AWC's service area characteristics. The tariffs proposed by the Company generally conform to the templates developed by Staff. Staff has recommended approval of the BMP tariffs filed by AWC on August 7, 2012, attached hereto as Exhibit A.

...

¹ Navajo, Yavapai, Coconino, Gila, Pinal, Cochise, Pima, and Maricopa

CONCLUSIONS OF LAW

1
2 1. Arizona Water Company is a public service corporation within the meaning of
3 Article XV, Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over Arizona Water Company and of the subject
5 matter of the application.

6 3. The Commission has reviewed the filing and Staff's Memorandum dated August
7 16, 2012, and concludes that it is in the public interest to approve the proposed BMP tariffs
8 attached hereto as Exhibit A.

ORDER

9
10 IT IS THEREFORE ORDERED that Arizona Water Company's BMP tariffs attached
11 hereto as Exhibit A are hereby approved.

12 IT IS FURTHER ORDERED that Arizona Water Company shall notify its customers, in a
13 form acceptable to Staff, of the BMP tariffs authorized herein and their effective date by means of
14 either an insert in the next regularly scheduled billing or by a separate mailing and shall provide
15 copies of the BMP tariffs to any customer, upon request.

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

4 IT IS FURTHER ORDERED that the BMP tariffs authorized herein shall go into effect 30
5 days after the date notice is sent to customers.

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

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8 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation Commission,
16 have hereunto, set my hand and caused the official seal of
17 this Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2012.

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ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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SMO:KS:sms\WVC

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1 SERVICE LIST FOR ARIZONA WATER COMPANY
2 DOCKET NO.: W-01445A-08-0440

3 Mr. Jay Shapiro
4 FENNEMORE CRAIG
5 3003 N. Central Avenue, Suite 2600
6 Phoenix, AZ 85012

7 Mr. Robert Geake
8 Arizona Water Company
9 P O Box 29006
10 Phoenix, Arizona 85038

11 Ms. Janice Alward
12 Chief Counsel, Legal Division
13 Arizona Corporation Commission
14 1200 West Washington Street
15 Phoenix, Arizona 85007

16 Ms. Lyn Farmer
17 Chief Administrative Law Judge
18 Hearing Division
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 Mr. Steven M. Olea
23 Director, Utilities Division
24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27
28

ATTACHMENT 1

TARIFF SCHEDULE**ARIZONA WATER COMPANY***Phoenix, Arizona*

Filed by: William M. Garfield

Title: President

Date of Original Filing: To Be Determined

System: Navajo (Lakeside, Overgaard), Pinal Valley
(Casa Grande, Coolidge, Stanfield), Superstition (Apache
Junction, Superior, Miami), Verde Valley (Sedona,
Pinewood, Rimrock)

A.C.C. No.:

Cancelling A.C.C. No.:

Tariff or Schedule No.: WC-

Filed: To Be Determined

Effective: To Be Determined

Special Events/Programs and Community Presentations Tariff –BMP 1.2**PURPOSE:**

The Company will give presentations or display and make available water conservation information and related material at community and special events (Modified Non-Per Capita Conservation Program BMP Category 1: Public Awareness/Public Relations 1.2: Special Events/Programs and Community Presentations).

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 will attend and staff at least three events per year in which the Company will remind customers of the importance of water conservation. Events may include home and garden shows, art shows, community celebrations, environmental shows or similar events.
2. Information will include water saving tips, home preparation and landscape maintenance recommendations for summer and winter, xeriscape information, youth education materials and any additional pertinent topics.
3. The Company will keep a record of the following information and make it available to the Commission upon request.
 - a. A description of each special event and the date.
 - b. The estimated number of customers reached.
 - c. A description of the written water conservation material provided to customers.
 - d. Costs of the Special Events, Programs and Community Presentations.

TARIFF SCHEDULE**ARIZONA WATER COMPANY***Phoenix, Arizona*

Filed by: William M. Garfield

Title: President

Date of Original Filing: To Be Determined

System: Navajo (Lakeside, Overgaard), Pinal Valley
 (Casa Grande, Coolidge, Stanfield), Superstition
 (Apache Junction, Superior, Miami), Verde Valley
 (Sedona, Pinewood, Rimrock)

A.C.C. No.:

Cancelling A.C.C. No.:

Tariff or Schedule No.: WC-

Filed:

To Be Determined

Effective:

To Be Determined

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

The Company will promote the conservation of water by providing a landscape information package to educate its new residential 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 will make available a free "Homeowner Landscape Packet" to each new residential customer. The packet will include at a minimum: a cover letter introducing water conservation efforts in the Company's service area, all applicable tariffs, basic interior-exterior water saving information, xeriscape landscape information, and information on where to find lists of low water use plants, watering guidelines, and a rain water harvesting pamphlet.
2. Upon customer request, the Company will 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 will be recorded and made available to the Commission upon request.

TARIFF SCHEDULE**ARIZONA WATER COMPANY***Phoenix, Arizona*

Filed by: William M. Garfield

Title: President

Date of Original Filing: To Be Determined

System: Navajo (Lakeside, Overgaard), Pinal Valley
(Casa Grande, Coolidge, Stanfield), Superstition
(Apache Junction, Superior, Miami), Verde Valley
(Sedona, Pinewood, Rimrock)

A.C.C. No.:

Cancelling A.C.C. No.:

Tariff or Schedule No.: WC-

Filed: To Be Determined

Effective: To Be Determined

Residential Audit Program Tariff – BMP 3.1**PURPOSE:**

The Company will promote water conservation by providing residential customers with information on performing water audits to determine conservation opportunities at their residence (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.1: Residential Audit 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 will offer self-audit information.
2. Upon customer request, the Company or designated representative will provide residential customers with a self-audit kit.
3. The kit will include detailed instructions and tools for completing the water audit including information on how to check their water meter. The audit kit will include information on checking the following components: irrigation system, pool, water features, toilets, faucets and shower.
4. If requested, the Company will assist the customer in a self-water audit and assist the customer in determining what might be causing high water usage as well as supply the customer with information regarding water conservation and landscape watering guidelines. As part of the water audit, and if requested to do so by the customer, the Company will confirm the accuracy of the customer meter (applicable meter testing fees will apply).
5. The Company will keep a record of the following information and make it available to the Commission upon request.
 - a. A description of the water conservation material provided in the kit.
 - b. The number of kits provided to customers.
 - c. Implementation costs of the Residential Audit Program.

TARIFF SCHEDULE**ARIZONA WATER COMPANY**

Phoenix, Arizona

Filed by: William M. Garfield

Title: President

Date of Original Filing: To Be Determined

System: Navajo (Lakeside, Overgaard), Pinal Valley
 (Casa Grande, Coolidge, Stanfield), Superstition
 (Apache Junction, Superior, Miami), Verde Valley
 (Sedona, Pinewood, Rimrock)

A.C.C. No.

Cancelling A.C.C. No.: N/A

Tariff or Schedule No.: WC

Filed: To Be Determined

Effective: To Be Determined

Landscape Consultations (Residential / Non-Residential) Tariff -- BMP 3.2**PURPOSE:**

The Company will promote water conservation by providing landscape consultation services to residential and non-residential customers (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.2: Landscape Consultations (Residential and Non-residential)).

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 its designated provider will offer landscape consultations to residential and non-residential customers. The consultations will include, but are not limited to the following:
 - a. Irrigation system evaluation.
 - b. Controller programming and irrigation scheduling.
 - c. Information about low water use plants, trees, and shrubs.
 - d. Information about converting to xeriscape.
 - e. Information about related programs (i.e., rebates for turf removal when converting to xeriscape) if available, will be offered during the consultation.
 - f. As part of the consultation, and if requested to do so by the customer, the Company will confirm the accuracy of the customer meter (applicable meter testing fees will apply).
2. During the consultation, the Company or its designated provider will provide either on-site written suggestions or on-site verbal suggestions with written follow-up.
3. The Company will keep a record of the following information and make it available to the Commission upon request.
 - a. A description of the landscape consultation information provided to customers.
 - b. The number of landscape consultations provided to customers.
 - c. Costs of the Landscape Consultation Program.

TARIFF SCHEDULE

ARIZONA WATER COMPANY	A.C.C. No.:	
<i>Phoenix, Arizona</i>	Cancelling A.C.C. No.:	N/A
Filed by: William M. Garfield	Tariff or Schedule No.:	WC-__
Title: President	Filed:	To Be Determined
Date of Original Filing: To Be Determined	Effective:	To Be Determined
System: Cochise (Bisbee, Sierra Vista), Navajo (Lakeside, Overgaard), Pinal Valley (Casa Grande, Coolidge, Stanfield), Superstition (Apache Junction, Superior, Miami), Verde Valley (Sedona, Pinewood, Rimrock), San Manuel, Oracle and White Tank		

Customer High Water Use Inquiry Resolution Tariff – BMP 3.6**PURPOSE:**

The Company will 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 will handle high water use inquiries as calls are received.
2. Calls will 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 will 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 will follow up in some way on every customer inquiry or complaint and keep a record of inquiries and follow-up activities.

TARIFF SCHEDULE**ARIZONA WATER COMPANY***Phoenix, Arizona*

Filed by: William M. Garfield

Title: President

Date of Original Filing: To Be Determined

System: **Navajo (Lakeside, Overgaard), Pinal Valley (Casa Grande, Coolidge, Stanfield), Superstition (Apache Junction, Superior, Miami), Verde Valley (Sedona, Pinewood, Rimrock)**

A.C.C. No.:

Cancelling A.C.C. No.: N/A

Tariff or Schedule No.: WC-__

Filed: To Be Determined

Effective: To Be Determined

Customer High Water Use Notification Tariff – BMP 3.7**PURPOSE:**

The Company will 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 will 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 will identify customers with high consumption and investigate each instance to determine the possible cause.
3. The Company will contact the high water use customers via telephone, email, by mail or in person. The Company will 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 will 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 possible high water consumption occurrences:
 - a. Leaks, running toilets or valves or flappers that need to be replaced.
 - b. Irrigation system valves or sprinkler heads which may be leaking.
 - c. Sprinklers which may be watering the house, sidewalk, or street, etc.

- d. Leaking pools or spas and possible 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 will make available water conservation information that could benefit the customer, such as, but not limited to, audit programs and publications.
 8. Upon request, the Company will 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 offer the customer information regarding water conservation and landscape watering guidelines. As part of the water audit the Company will confirm the accuracy of the customer meter if requested to do so by the customer (applicable meter testing fees will 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 will be recorded. The Company will make this information available to the Commission upon request.

TARIFF SCHEDULE**ARIZONA WATER COMPANY**

Phoenix, Arizona

Filed by: William M. Garfield

Title: President

Date of Original Filing: To Be Determined

System: Cochise (Bisbee, Sierra Vista), Navajo (Lakeside, Overgaard), Pinal Valley (Casa Grande, Coolidge, Stanfield), Superstition (Apache Junction, Superior, Miami), Verde Valley (Sedona, Pinewood, Rimrock), San Manuel, Oracle and White Tank

A.C.C. No.:

Cancelling A.C.C. No.: N/A

Tariff or Schedule No.: WC-___

Filed: To Be Determined

Effective: To Be Determined

Water Waste Investigations and Information Tariff – BMP 3.8**PURPOSE:**

The Company will 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 will handle water waste complaints as calls are received.
2. Calls will 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 will 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 will be sent to investigate further and notify the responsible party of the waste and offer assistance and information to prevent water waste in the future.
5. Depending on the circumstances of the violation a letter of enforcement and a copy of this tariff may 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, 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 a third violation within a 12 month period. In the event of a third violation the

ARIZONA WATER COMPANY

WATER WASTE INVESTIGATIONS AND INFORMATION TARIFF - continued

BMP 3.8

customer's service may be terminated per Arizona Administrative Code R14-2-410C, R14-2-410D and R14-2-410E (applicable service reconnection fees will apply).

7. The Company will record each account and each instance noted for water waste, the action taken and any follow-up activities.
8. Compliance with the provisions of this tariff will be a condition of service.
9. The Company will provide to the customer a complete copy of this tariff and all attachments upon request.
10. If a customer believes he or 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.

TARIFF SCHEDULE**ARIZONA WATER COMPANY**

Phoenix, Arizona

Filed by: William M. Garfield

Title: President

Date of Original Filing: To Be Determined

System: **ALL SYSTEMS**

A.C.C. No.:

Cancelling A.C.C. No.:

Tariff or Schedule No.: WC-

Filed: To Be Determined

Effective: To Be Determined

Leak Detection Program Tariff – BMP 4.1**PURPOSE:**

The Company will systematically evaluate its water distribution system to identify and repair leaks (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.1 Leak Detection 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 will implement a comprehensive leak detection and repair program with a goal to attain and maintain unaccounted for water loss in its systems of less than 10 percent. The program must include auditing procedures, in-field leak detection and repair efforts. The Company will take whatever practical steps are necessary to ensure that its water system is operating at optimal efficiency.
2. On a systematic basis, at least every two years (annually for smaller systems), the Company will visually inspect its above ground water distribution system (to include hydrants, valves, tanks, pumps, etc. in the distribution system) to identify and repair leaks. Detection will be followed by repair or in some cases replacement. Repair versus replacement will depend upon site-specific leakage rates and costs.
3. Leak Detection efforts will focus on the portion of the distribution system with the greatest expected problems, including:
 - a. Areas with a history of excessive leak and break rates.
 - b. Areas where leaks and breaks can result in the heaviest property damage.
 - c. Areas where system pressure is high.
 - d. Areas exposed to stray current and traffic vibration.
 - e. Areas near stream crossings.

ARIZONA WATER COMPANY

LEAK DETECTION PROGRAM TARIFF - continued

BMP 4.1

- f. Areas where loads on pipe may exceed design loads.
4. The Company will keep accurate and detailed records concerning its leak detection, repair and rehabilitation programs and the associated costs. Records of repairs will include: possible causes of the leak; estimated amount of water lost; and date of repair. These records will be made available to the Commission upon request.
5. The Company will maintain a complete set of updated distribution system maps.
6. The Company will conduct a water audit annually which includes the following steps to determine how efficient each water system is operating and where the losses might be.
- a. Use coordinated monthly source and service meter readings to calculate how much water enters and leaves the system during the 12 month review period.
 - b. Track and estimate any unmetered authorized uses.
 - c. Calculate the total amount of leakage using the following formula:

$$\text{Unaccounted for water (\%)} = \frac{[(\text{Production and purchased water minus metered use and estimated authorized un-metered use}) / (\text{Production and purchased water})] \times 100}{}$$
 - d. Authorized un-metered uses may include firefighting, main flushing, process water for water treatment plants, etc. Water losses include all water that is not identified as authorized metered water use or authorized un-metered use.
 - e. Determine possible reasons for leakage, including physical leaks and unauthorized uses.
 - f. Analyze results to determine the improvements needed, such as, better accounting practices, leak survey or replacing old distribution pipes.
7. The Company will keep accurate and detailed records concerning its annual water audit results. These records will be made available to the Commission upon request.

TARIFF SCHEDULE

ARIZONA WATER COMPANY	A.C.C. No.:
<i>Phoenix, Arizona</i>	Cancelling A.C.C. No.: N/A
Filed by: William M. Garfield	Tariff or Schedule No.: WC-____
Title: President	Filed: To Be Determined
Date of Original Filing: To Be Determined	Effective: To Be Determined
System: ALL SYSTEMS	

Meter Repair or Replacement Tariff – BMP 4.2**PURPOSE:**

The Company will systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters for repair or replacement (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair 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. The Company will test, repair or replace water meters in accordance with its meter testing and repair guidelines which includes, but are not limited to, gallonage and length of time in service, as appropriate and necessary to maintain acceptable water meter accuracy.
2. The Company will test meters in accordance with applicable tariffs upon a customer's request or as necessary, in response to a customer's complaint. The Company will use meter-testing equipment to verify the accuracy of the meter.
3. The Company will randomly select meters for testing to assess and establish the most appropriate replacement criteria for each water system.
4. All replacement meters shall register in gallons:
 - a. All new 1-inch and smaller meters that are installed will register usage in 1 gallon increments,
 - b. All new 1-1/2-inch through 4-inch meters that are installed will register in 10 gallon increments, and
 - c. All new 6-inch or larger meters that are installed will register in 100 gallon increments.
5. The Company will keep records of its meter testing, repairs and replacements. These records will be made available to the Commission upon request.

TARIFF SCHEDULE

ARIZONA WATER COMPANY	A.C.C. No.:
<i>Phoenix, Arizona</i>	Cancelling A.C.C. No.:
Filed by: William M. Garfield	Tariff or Schedule No.: WC-
Title: President	Filed: To Be Determined
Date of Original Filing: To Be Determined	Effective: To Be Determined
System: All Systems	

Public Education Program Tariff**PURPOSE:**

The Company will provide free written information on water conservation measures to its customers and remind them of the importance of conserving water (Required Public Education 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 will provide two newsletters to each customer; one in the spring, the other in the fall. The goal of each letter is to provide timely information to customers about their water uses in preparation for the hot summer months, and the cold winter months. The Company will remind customers of the importance of water conservation measures and inform them of the information available from the Company.
2. Information in the newsletters may include water saving tips, home preparation recommendations for water systems and pipes, landscape maintenance for summer and winter, water cistern maintenance reminders and additional pertinent topics. Where practical, the Company will e-mail this information to customers upon request or post it on the Company's website.
3. The Company will also communicate with customers with water bill inserts, messages on water bills, Company website, post cards, e-mails and special mailings, whichever is the most cost-effective and appropriate.
4. Free written water conservation materials will be available in the Company's business office and the Company will send information to customers upon request.
5. The Company may also distribute water conservation information at other locations such as libraries, chambers of commerce and community events, as well.
6. The Company will keep a record of the following information and make it available to the Commission upon request.

ARIZONA WATER COMPANY

PUBLIC EDUCATION PROGRAM TARIFF - continued

BMP – P.E.

- a. A description of how messages were provided and the number of times each communication method was used.
- b. The estimated number of customers reached.
- c. A description of the written water conservation material provided to customers.