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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commissioner

GARY PIERCE, Chairman
BOB STUMP, Commissioner
PAUL NEWMAN, Commissioner
SANDRA KENNEDY, Commissioner
BRENDA BURNS, Commissioner

DOCKETED

AUG 23 2012

DOCKETED BY *JSM*

IN THE MATTER OF THE APPLICATION
OF RIO RICO UTILITIES, INC. AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASE IN ITS
WATER AND WASTEWATER RATES
AND CHARGES FOR UTILITY SERVICE
BASED THEREON.

DOCKET NO: W02676A-09-0257

NOTICE OF COMPLIANCE

Pursuant to Decision No. 73264 (July 30, 2012), Rio Rico Utilities, Inc. dba Liberty Utilities (the "Company") hereby files this Notice of Compliance in the above-captioned matter. Decision No. 73264 requires the Company file with Docket Control the BMP tariffs authorized in Decision No. 73264. The Company's BMP tariffs are hereby attached as Exhibit 1.

RESPECTFULLY SUBMITTED this 23 day of August, 2012.

By: *Chris Krygier*
Christopher D. Krygier
Utility Rates & Regulatory Manager
Rio Rico Utilities, Inc. dba Liberty Utilities
12725 W. Indian School Road
Suite D101
Avondale, Arizona 85392
Chris.Krygier@libertyutilities.com
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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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ORIGINAL and 13 copies filed
this 23 day of August, 2012 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Carmel Hood
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

By:  _____

EXHIBIT 1

Rio Rico Utilities, Inc. dba Liberty Utilities	All Service Areas	Revised	SHEET NO	
<u>WS-02676A-09-0257</u>				

Special Events/Programs and Community Presentations Tariff – BMP 1.2

PURPOSE

A program for the Company to give presentations and/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 shall attend and staff at least three events per year in which the Company shall remind customers of the importance of water conservation measures. Events may include home and garden shows, art shows, community celebrations, environmental shows etc.
2. Information shall include water saving tips, home preparation recommendations for water systems/pipes, landscape maintenance issues for summer and winter, Xeriscape information, youth education materials and any additional pertinent topics.
3. The Company shall 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 number of customers reached (or an estimate).
 - c. A description of the written water conservation material provided free to customers.
 - d. Costs of the Special Events/Programs and Community Presentations implementation.

ISSUED:	ISSUED BY: <u>Christopher D. Krygier, Rates & Regulatory Manager</u> <u>Rio Rico Utilities, Inc. dba Liberty Utilities</u> <u>12725 W. Indian School Road, Ste. D-101</u> <u>Avondale, Arizona 85392</u>	EFFECTIVE:
	<u>Decision No. 73264 (July 30, 2012)</u>	

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Youth Conservation Education Program Tariff – BMP 2.2

PURPOSE

A program for the Company to promote water conservation by increasing students' understanding of water resources and the need to conserve (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.2: Youth Conservation 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 or designated representative shall work with schools in its service area to increase students' understanding of water resources and to promote water conservation.
2. The Company shall provide a combination of instructional assistance, education materials, teacher education, classroom presentations, and field trips to water related facilities.
3. The Company shall provide the following teacher resources.
 - a. Offer Project WET (Water Education for Teachers) workshops to teachers twice yearly.
 - b. Provide free resource materials and information upon request.
 - c. Provide in-classroom presentations upon request.
4. The Company shall make available free water conservation workbooks for elementary school students.
5. The Company shall keep a record of the following information and make it available upon request.
 - a. A description of the youth conservation education process implemented.
 - b. The number of students reached (or an estimate).
 - c. A description of the written water conservation material provided free to students.
 - d. Costs of the Youth Conservation Education Program implementation.

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New Homeowner Landscape Information Tariff – BMP 2.3

PURPOSE

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

REQUIREMENTS:

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

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

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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.
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 technologies and techniques.

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Landscape Consultation (Residential and/or Non-residential)
Tariff – BMP 3.2

PURPOSE

A program for the Company to 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/or 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 shall offer landscape consultations to residential and non-residential customers. The consultations shall include, but are not limited to the following:
 - a. Irrigation system evaluation.
 - b. Controller programming/irrigation scheduling.
 - c. Information about low water use plants, trees, and shrubs.
 - d. Information about converting to xeriscape/turf conversion possibilities.
 - e. Information about related programs (i.e., rebates for turf removal/ 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 shall confirm the accuracy of the customer meter (applicable meter testing fees shall apply).
2. During the consultation, the Company or its designated provider shall provide either on-site written suggestions or on-site verbal suggestions with written follow-up.
3. The Company shall 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.

ISSUED:	ISSUED BY: <u>Christopher D. Krygier, Rates & Regulatory Manager</u> <u>Rio Rico Utilities, Inc. dba Liberty Utilities</u> <u>12725 W. Indian School Road, Ste. D-101</u> <u>Avondale, Arizona 85392</u>	EFFECTIVE:
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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.

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Customer High Water Use Notification Tariff – BMP 3.7

PURPOSE

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

REQUIREMENTS

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

1. The Company shall track water usage for each customer and notify the customer if water use seems excessive for that particular billing for that time of the year.
2. The Company shall identify customers with high consumption and investigate each instance to determine the possible cause.
3. The Company shall contact the high water use customers via telephone, email, by mail or in person. The Company shall contact the customer as soon as practical in order to minimize the possible loss of water. The customer will not be required to do anything to receive this notification.
4. In the notification the Company shall explain some of the most common water usage problems and common solutions and points of contact for dealing with the issues.
5. In the notification, the customer will be reminded of at least the following water-saving precautions:
 - a. Check for leaks, running toilets, or valves or flappers that need to be replaced.
 - b. Check landscape watering system valves periodically for leaks and keep sprinkler heads in good shape.
 - c. Adjust sprinklers so only the vegetation is watered and not the house, sidewalk, or street, etc.
 - d. Continue water conservation efforts with any pools such as installing covers on pools and spas and checking for leaks around pumps.

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6. In the notification, the customer will also be reminded of at least the following ordinary life events that can cause a spike in water usage:
 - a. More people in the home than usual taking baths and showers.
 - b. Doing more loads of laundry than usual.
 - c. Doing a landscape project or starting a new lawn.
 - d. Washing vehicles more often than usual.
7. The Company shall provide water conservation information that could benefit the customer, such as, but not limited to, audit programs, publications, and rebate programs.
8. The Company shall assist the customer in a self-water audit and assist the customer in determining what might be causing the high water usage as well as supply 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.

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Leak Detection Program Tariff – BMP 4.1

PURPOSE

A program for the Company to 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 shall implement a comprehensive leak detection and repair program to attain and maintain a less than 10 percent unaccounted for water loss in its system(s). The program must include auditing procedures, in-field leak detection and repair efforts. The Company shall take whatever 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 shall inspect its water distribution system (to include hydrants, valves, tanks, pumps, etc. in the distribution system) to identify and repair leaks. Detection shall be followed by repair or in some cases replacement. Repair vs. replacement will depend upon site-specific leakage rates and costs.
3. Leak Detection efforts should 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; and,
 - f. areas where loads on pipe may exceed design loads.
4. The Company shall keep accurate and detailed records concerning its leak detection and repair/rehabilitation program and the associated costs. Records of repairs shall include: possible causes of the leak; estimated amount of water lost; and date of repair. These records shall be made available to the Commission upon request.
5. The Company shall maintain a complete set of updated distribution system maps.

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6. The Company shall ensure that properly functioning (accurate) and appropriately sized meters are installed on all service and source connections. All meters 1-inch and smaller shall be inspected at least once every ten years or upon registering 1,000,000 gallons of usage, whichever comes first. Meters larger than 1-inch shall be inspected at least once every five years or upon registering 1,000,000 gallons of usage, whichever comes first.
7. The inspection will be accomplished by having the meter pulled and having a Company Technician physically inspect each meter and its fittings for leaks, registers which may have become loose or are not properly attached to the meter and could be under-registering or other broken parts which need repair. In addition, meters shall be randomly selected for flow testing to identify potentially under-registering meters.
8. The Company shall 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:
$$\text{Unaccounted for water (\%)} = [(\text{Production and/or purchased water minus metered use \& estimated authorized un-metered use}) / (\text{Production and/or purchased water})] \times 100\%$$
 - 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.
9. The Company shall keep accurate and detailed records concerning its annual water audit results. These records shall be made available to the Commission upon request.

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Evaluation of New and Emerging Technologies and Practices Tariff – BMP 7.3

PURPOSE

A program for the Company to evaluate new and emerging technologies and practices that promote the conservation of water (Modified Non-Per Capita Conservation Program BMP Category 7: Research/Innovation Program 7.3: Evaluation of New and Emerging Technologies and Practices).

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 evaluate new technologies and practices that promote the conservation of water to determine the economic and technical feasibility of implementing these new technologies and practices in its service area.
2. The Company shall remain current on new products, advice, and innovations through on-going communication with manufacturers of state of the art water conservation technologies, other water providers, landscape watering equipment providers and landscape providers and experts.
3. Prior to evaluating a new technology or practice the Company shall file a detailed explanation with the Commission describing how the evaluation would work, the possible results and expected costs.
4. At minimum, one new evaluation shall be proposed every three years for Commission approval.
5. If the evaluation is approved by the Commission the Company shall submit with the Commission Docket Control, on an annual basis, documentation stating the objectives of the evaluation, methods used to conduct the evaluation, results of the investigation, plans for implementation and any other information the Commission requests. A report for each calendar year reporting period will be due January 31 of the following year.

ISSUED:		EFFECTIVE:
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Piloting a New Initiative, Project or Program Tariff – BMP 7.8

PURPOSE

A program for the Company to conduct a new initiative, project or program in its water service area using state of the art water conservation technologies and techniques (Modified Non-Per Capita Conservation Program BMP Category 7: Research/Innovation Program 7.8: Piloting a New Initiative, Project or 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 shall remain current on new products, advice, and innovations through on-going communication with manufacturers of state of the art water conservation technologies, other water providers, landscape watering equipment providers and landscape providers and experts.
2. Prior to implementing a new project or program the Company shall file a detailed explanation with the Commission describing how the program would work, the possible results and expected costs.
3. At minimum, one new project or program shall be proposed every three years for Commission approval.
4. If a project or program is approved by the Commission the Company shall submit with the Commission Docket Control, on an annual basis, documentation stating how the project/program was implemented within the Company's service area, describe the results and provide any other information the Commission requests. A report covering the activities of the prior calendar year will be due January 31 of the following year.

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