

ORIGINAL

OPEN MEETING

MEMORANDUM



Arizona Corporation Commission

TO: THE COMMISSION

DOCKETED

2013 MAY 29 A 8:40

FROM: Utilities Division

MAY 29 2013

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: May 29, 2013

DOCKETED BY [Signature]

RE: IN THE MATTER OF THE APPLICATION OF EAGLETAIL WATER COMPANY, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY, FOR AUTHORITY TO IMPLEMENT AN INFRASTRUCTURE SURCHARGE (DOCKET NOS. W-03936A-11-0418, AND W-03936A-12-0073).

I. Introduction and Background

In Decision No. 73161, dated May 18, 2012, the Arizona Corporation Commission ("Commission") approved a water infrastructure surcharge mechanism for Eagletail Water Company, L.L.C. ("Company"). The Decision authorized the Company to obtain a 20-year amortizing loan in an amount not to exceed \$65,000 at an interest rate not to exceed that which is available from the Water Infrastructure Finance Authority ("WIFA") to finance a proposed well pump repair project.

On March 23, 2013, the Company filed with docket control a letter stating that on November 16, 2012, it had received a loan from WIFA in the amount of \$58,847.77 and requested Staff to calculate the appropriate WIFA infrastructure surcharge.

II. Compliance with Order

Commission Decision No. 73161 also ordered the following:

IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file with Docket Control within 90 days of the effective date of this Decision, as a compliance item in this docket, at least three BMPs in the form of tariffs that substantially conform to Staff's BMP templates, for Staff's review and consideration; and that a maximum of two of the BMPs come from the "Public Awareness/Public Relations" or "Education and Training" categories.

IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file with Docket Control within 30 days of the loan closing, as a compliance item in this docket, copies of the fully executed financing documents.

IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file with Docket control, as a compliance item in this docket, within 30 days of the execution of any financing transaction, confirmation of execution of the financing

transaction and certification by an authorized company representative that the terms of the financing comply with the authorizations granted herein.

Staff has communicated with the Company on multiple occasions regarding compliance with the aforementioned items in Decision No. 73161.

The Company, on May 7, 2013, filed with Docket Control the fully executed financing documents.

The Company, on May 16, 2013, filed with Docket Control a notarized letter by an authorized Company official certifying that the terms of the financing comply with the authorizations granted in the prior decision.

The Company, on May 20, 2013, identified for Staff four BMPs that it considers acceptable for adoption. Staff has confirmed the BMPs comply with Decision No. 73161 and recommends adoption of the following three BMPs which the Company has agreed to implementing:

- a. Leak Detection Program Tariff – BMP 4.1: A program for the Company to systematically evaluate its water distribution system to identify and repair leaks.
- b. Meter Repair and/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.
- c. Water System Tampering Tariff – BMP 5.2: The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

These three BMPs are attached in tariff form to the Proposed Order in Exhibit B.

A current check of the Commission's Compliance database indicates that there are currently no other delinquencies for the Company.

III. Calculation of Infrastructure Surcharge

The Company obtained a 4.2 percent WIFA loan for \$58,847 with a nineteen and one-half year amortization, and an annual debt service (principal and interest) of \$4,425. Decision No. 73161 authorized consideration of an infrastructure surcharge to provide sufficient additional revenue to provide a 1.25 debt service coverage ratio ("DSC"). To comply with that Decision, Staff has calculated that \$4,600 of additional revenue is needed from the infrastructure surcharge to provide the Company with a 1.25 DSC, as shown in Schedule JMM-1. Staff utilized the Company's current customer billing determinants to compute the appropriate infrastructure surcharge based on meter size, as shown in Schedule JMM-2. The infrastructure surcharge is

calculated as a fixed monthly surcharge that varies by meter size to be collected in addition to the customary monthly minimum charge. The surcharge does not include a commodity component.

Staff calculated a monthly infrastructure surcharge of \$6.85 for a customer with a 3/4-inch meter. The typical residential customer bill with median usage of 3,088 gallons and a 3/4-inch meter will increase by \$6.85, or 16.22 percent, from \$42.21 to \$49.06, as presented in Schedule JMM-3.

Staff recommends approval of the infrastructure surcharges presented below:

MONTHLY INFRASTRUCTURE SURCHARGE

5/8 x 3/4-Inch Meter	\$ 4.56
3/4-Inch Meter	\$ 6.85
1-Inch Meter	\$ 11.41
1 1/2-Inch Meter	\$ 22.82
2-Inch Meter	\$ 36.51
3-Inch Meter Surcharge	\$ 73.02
4-Inch Meter Surcharge	\$ 114.09
6-Inch Meter Surcharge	\$ 228.17

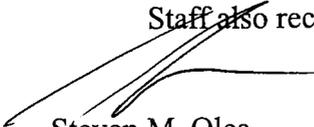
Schedules JMM-1, JMM-2, and JMM-3 are attached to the Proposed Order in Schedules.

IV. Recommendations

Staff recommends approval of the monthly infrastructure surcharges by meter size as presented in Schedule JMM-2 for the well pump repair project.

Staff recommends that the Company notify its customers of the infrastructure surcharge tariff (see Exhibit A attached to Proposed Order) approved in this proceeding within 30 days of the effective date of the Commission Decision.

Staff also recommends approval of the BMPs attached to the Proposed Order in Exhibit B.



Steven M. Olea
Director
Utilities Division

SMO:JMM:sms\WVC

ORIGINATOR: Jeffrey M. Michlik

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 BOB STUMP

Chairman

3 GARY PIERCE

Commissioner

4 BRENDA BURNS

Commissioner

5 BOB BURNS

Commissioner

6 SUSAN BITTER SMITH

Commissioner

7
8 IN THE MATTER OF THE APPLICATION)
9 OF EAGLETAIL WATER COMPANY,)
10 L.L.C., AN ARIZONA LIMITED LIABILITY)
11 COMPANY, FOR AUTHORITY TO)
IMPLEMENT AN INFRASTRUCTURE)
SURCHARGE.)

DOCKET NOS. W-03936A-11-0418
W-03936A-12-0073

DECISION NO. _____

ORDER

12
13
14 Open Meeting
June 11 and 12, 2013
15 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 Introduction and Background

19 1. In Decision No. 73161, dated May 18, 2012, the Arizona Corporation Commission
20 ("Commission") approved a water infrastructure surcharge mechanism for Eagletail Water
21 Company, L.L.C. ("Company"). The Decision authorized the Company to obtain a 20-year
22 amortizing loan in an amount not to exceed \$65,000 at an interest rate not to exceed that which is
23 available from the Water Infrastructure Finance Authority ("WIFA") to finance a proposed well
24 pump repair project.

25 2. On March 23, 2013, the Company filed with docket control a letter stating that on
26 November 16, 2012 it had received a loan from WIFA in the amount of \$58,847.77 and requested
27 Staff to calculate the appropriate WIFA infrastructure surcharge.

28 ...

1 Compliance with Order

2 3. Commission Decision No. 73161 also ordered the following:

3 IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file with
4 Docket Control within 90 days of the effective date of this Decision, as a
5 compliance item in this docket, at least three BMPs in the form of tariffs that
6 substantially conform to Staff's BMP templates, for Staff's review and
7 consideration; and that a maximum of two of the BMPs come from the "Public
8 Awareness/Public Relations" or "Education and Training" categories.

9 IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file with
10 Docket Control within 30 days of the loan closing, as a compliance item in this
11 docket, copies of the fully executed financing documents.

12 IT IS FURTHER ORDERED that Eagletail Water Company, L.L.C., shall file with
13 Docket control, as a compliance item in this docket, within 30 days of the execution
14 of any financing transaction, confirmation of execution of the financing transaction
15 and certification by an authorized company representative that the terms of the
16 financing comply with the authorizations granted herein.

17 4. Staff has communicated with the Company on multiple occasions regarding its
18 compliance with the aforementioned items in Decision No. 73161.

19 5. The Company, on May 7, 2013, filed with Docket Control the fully executed
20 financing documents.

21 6. The Company, on May 16, 2013, filed with Docket Control a notarized letter by an
22 authorized Company official certifying that the terms of the financing comply with the
23 authorizations granted in the prior decision.

24 7. The Company, on May 20, 2013, identified for Staff four BMPs that it considers
25 acceptable for adoption. Staff has confirmed the BMPs comply with Decision No. 73161 and
26 recommends adoption of the following three BMPs:

27 a. Leak Detection Program Tariff – BMP 4.1: A program for the Company to
28 systematically evaluate its water distribution system to identify and repair leaks.

b. Meter Repair and/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.

...

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1 c. Water System Tampering Tariff – BMP 5.2: The purpose of this tariff is to
2 promote the conservation of groundwater by enabling the Company to bring an
3 action for damages or to enjoin any activity against a person who tampers with
4 the water system.

5 These three BMPs are attached in tariff form to this Order in Exhibit B.

6 8. Staff states that a current check of the Commission's Compliance database
7 indicates that there are currently no other delinquencies for the Company.

8 **Calculation of Infrastructure Surcharge**

9 9. The Company obtained a 4.2 percent WIFA loan for \$58,847 with a nineteen and
10 one-half year amortization, and an annual debt service (principal and interest) of \$4,425.

11 10. Decision No. 73161 authorized consideration of an infrastructure surcharge to
12 provide sufficient additional revenue to provide a 1.25 debt service coverage ratio ("DSC"), and to
13 comply with that Decision, Staff has calculated that \$4,600 of additional revenue is needed from
14 the infrastructure surcharge to provide the Company with a 1.25 DSC, as shown in Schedule
15 JMM-1.

16 11. Staff said it utilized the Company's current customer billing determinants to
17 compute the appropriate infrastructure surcharge based on meter size, as shown in Schedule JMM-
18 2.

19 12. Staff said its infrastructure surcharge is calculated as a fixed monthly surcharge that
20 varies by meter size to be collected in addition to the customary monthly minimum charge. The
21 surcharge does not include a commodity component.

22 13. Staff calculated a monthly infrastructure surcharge of \$6.85 for a customer with a
23 3/4-inch meter. The typical residential customer bill with median usage of 3,088 gallons and a
24 3/4-inch meter will increase by \$6.85, or 16.22 percent, from \$42.21 to \$49.06 as presented in
25 Schedule JMM-3. Schedules JMM-1, JMM-2, and JMM-3 are attached to this Order in Schedules.

26 **Staff Recommendations**

27 14. Staff recommends approval of the monthly infrastructure surcharges by meter size
28 as presented below and in Schedule JMM-2:

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MONTHLY INFRASTRUCTURE SURCHARGE

5/8 x 3/4-Inch Meter	\$ 4.56
3/4-Inch Meter	\$ 6.85
1-Inch Meter	\$ 11.41
1 1/2-Inch Meter	\$ 22.82
2-Inch Meter	\$ 36.51
3-Inch Meter Surcharge	\$ 73.02
4-Inch Meter Surcharge	\$ 114.09
6-Inch Meter Surcharge	\$ 228.17

15. Staff recommends that the Company notify its customers of the infrastructure surcharge tariff approved in this proceeding within 30 days of the effective date of the Commission Decision.

CONCLUSIONS OF LAW

1. The Company is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250.
2. The Commission has jurisdiction over the Company and of the subject matter of the application.
3. Approval of an infrastructure surcharge recovery mechanism and BMPs are consistent with the Commission’s authority under the Arizona Constitution, Arizona ratemaking statutes, and applicable case law.
4. It is in the public interest to approve the BMP’s attached hereto.
5. It is in the public interest to approve the Company’s request for implementation of the infrastructure surcharge as discussed herein.
6. Staff’s recommendations are reasonable and should be adopted.

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ORDER

IT IS THEREFORE ORDERED that the infrastructure surcharge tariff attached hereto as Exhibit A is hereby approved.

IT IS FURTHER ORDERED that the BMP tariffs attached hereto as Exhibit B are hereby approved.

IT IS FURTHER ORDERED that within 30 day of the effective date of this Decision, Staff shall update the Company's tariffs to reflect the authorizations granted herein and shown in Attachment A and B hereto, mail a copy of the revised tariffs to the Company and file a letter in the Docket to confirm that the Company's tariffs have been updated as approved by the Commission and that a copy of the approved tariffs have been mailed to the Company.

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1 IT IS FURTHER ORDERED that the Company shall notify its customers, in a form
 2 acceptable to Staff, of the infrastructure surcharge tariff and BMP tariffs approved herein, within
 3 30 days of the effective date of this Decision, by means of either an insert in the next regularly
 4 scheduled billing or by a separate mailing and shall provide copies of the infrastructure surcharge
 5 and BMP tariffs to any customer upon request.

6 IT IS FURTHER ORDERED that the infrastructure surcharge tariff goes into effect July 1,
 7 2013

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

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11
 12 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

13
 14 _____
 CHAIRMAN

COMMISSIONER

15
 16 _____
 COMMISSIONER

COMMISSIONER

COMMISSIONER

17
 18 IN WITNESS WHEREOF, I, JODI JERICH, Executive
 19 Director of the Arizona Corporation Commission, have
 20 hereunto, set my hand and caused the official seal of this
 21 Commission to be affixed at the Capitol, in the City of
 Phoenix, this _____ day of _____, 2013.

22
 23 _____
 24 JODI JERICH
 EXECUTIVE DIRECTOR

25
 26 DISSENT: _____

27 DISSENT: _____

28 SMO:JMM:sms\WVC

1 SERVICE LIST FOR: EAGLETAIL WATER COMPANY, L.L.C.
2 DOCKET NOS. W-03936A-11-0418, AND W-03936A-12-0073.

3 Ms. Susan Haas
4 Eagletail Water Company, L.L.C.
5 Post Office Box 157
6 Tonopah, Arizona 85354

7 Mr. Steven M. Olea
8 Director, Utilities Division
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007

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

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SCHEDULES

DOCKET NOS. W-03936A-11-0418 and W-03936A-12-0073

Eagletail Water Company L.L.C.
Docket Nos. W-03936A-11-0418, and W-03936A-12-0073
Test Year Ended December 31, 2010

Schedule JMM-1

FINANCIAL ANALYSIS

	[A] ¹ <u>12/31/2010</u>		[B] ² <u>Pro forma</u>		[C] ³ <u>Pro forma</u>	
1 Operating Income	\$7,431		\$7,431		\$12,031	
2 Depreciation & Amort.	2,794		2,794		2,794	
3 Income Tax Expense	0		0		0	
4						
5 Interest Expense	2,266		4,700		4,700	
6 Repayment of Principal	5,150		7,142		7,142	
7						
8						
9 DSC						
10 [1+2+3] + [5+6]	1.38		0.86		1.25	
11						
12						
13 Capital Structure						
14						
15 Short-term Debt	\$5,150	18.7%	\$7,142	8.3%	\$7,142	8.3%
16						
17 Long-term Debt	\$50,167	182.6%	\$107,023	124.0%	\$107,023	124.0%
18						
19 Common Equity	(\$27,848)	-101.4%	(\$27,848)	-32.3%	(\$27,848)	-32.3%
20						
21 Total Capital	\$27,469	100.0%	\$86,317	100.0%	\$86,317	100.0%
22						
23						
24 Capital Structure (Inclusive of AIAC and Net CIAC)						
25						
26 Short-term Debt	\$5,150	18.7%	\$7,142	8.3%	\$7,142	8.3%
27						
28 Long-term Debt	\$50,167	182.6%	\$107,023	124.0%	\$107,023	124.0%
29						
30 Common Equity	(\$27,848)	-101.4%	(\$27,848)	-32.3%	(\$27,848)	-32.3%
31						
32 Advances in Aid of Construction ("AIAC")	\$0	0.0%	\$0	0.0%	\$0	0.0%
33						
34 Contributions in Aid of Construction ("CIAC") ⁴	\$0	0.0%	\$0	0.0%	\$0	0.0%
35						
36 Total Capital (Inclusive of AIAC and CIAC)	\$27,469	100.0%	\$86,317	100.0%	\$86,317	100.0%
37						
38 AIAC and CIAC Funding Ratio ⁵	0.0%		0.0%		0.0%	
39 Lines (32+34)/(36)						
40						
41						

42 ¹ Column [A] reflects financial information established in rate case Decision No. 73161 (W-03936A-11-0418 and W-03936A-12-0073) for the test year ended
43 December 31, 2010.

44 ² Column [B] is Column [A] modified to reflect issuance of the \$58,848 debt financing amortized for 19.5 years at 4.20 percent.

45 ³ Column [C] is Column [B] modified to reflect a DSC of 1.25.

46 ⁴ Net CIAC balance (i.e. less: accumulated amortization of contributions).

47 ⁵ Staff typically recommends that combined AIAC and Net CIAC funding not exceed 30 percent of total capital, inclusive of AIAC and Net CIAC,
48 for private and investor owned utilities.

Decision No. _____

CALCULATION OF INFRASTRUCTURE SURCHARGE AMOUNT

Infrastructure Surcharge Based on AWWA Meter Multipliers

Loan Amount (19.5 years at 4.2%)		\$	58,848
Surcharge Revenue Required for a 1.25 DSC		\$	4,600
Total Equivalent Annual Bills			1,008
5/8"x 3/4" Meter Surcharge Amount	\$ 4,600 / 1,008 =	\$	4.56
3/4" Meter Surcharge Amount	\$ 4,600 / 1,008 x 1.5 =	\$	6.85
1" Meter Surcharge Amount	\$ 4,600 / 1,008 x 2.5 =	\$	11.41
1 1/2" Meter Surcharge Amount	\$ 4,600 / 1,008 x 5 =	\$	22.82
2" Meter Surcharge Amount	\$ 4,600 / 1,008 x 8 =	\$	36.51
3." Meter Surcharge Amount	\$ 4,600 / 1,008 x 16 =	\$	73.02
4" Meter Surcharge Amount	\$ 4,600 / 1,008 x 25 =	\$	114.09
6" Meter Surcharge Amount	\$ 4,600 / 1,008 x 50 =	\$	228.17

Meter Size	Number of Customers ¹	Meter Multiplier	Equivalent Customers	Equivalent No. of Bills	Monthly Surcharge	Yearly Surcharge	Total Amount
5/8" x 3/4" Meter	8	1	8	96	\$ 4.56	\$ 54.76	\$ 438
3/4" Meter	44	1.5	66	792	6.85	82.14	\$ 3,614
1" Meter	4	2.5	10	120	11.41	136.90	\$ 548
1 1/2" Meter	-	5	-	-	22.82	273.81	\$ -
2" Meter	-	8	-	-	36.51	438.10	\$ -
3" Meter	-	16	-	-	73.02	876.19	\$ -
4" Meter	-	25	-	-	114.09	1,369.05	\$ -
6" Meter	-	50	-	-	228.17	2,738.10	\$ -
TOTAL	<u>56</u>		<u>84</u>	<u>1,008</u>			<u>\$ 4,600</u>

DOCKET NOS. W-03936A-11-0418 and W-03936A-12-0073

Eagletail Water Company L.L.C.
 Docket Nos. W-03936A-11-0418, and W-03936A-12-0073
 Test Year Ended December 31, 2010

Schedule JMM-3

Typical Bill Analysis
 General Service 3/4-Inch Meter

Staff Recommended	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,721	\$ 57.62	\$ 64.46	\$ 6.85	11.88%
Median Usage	3,088	42.21	49.06	\$ 6.85	16.22%

Present & Proposed Rates (Without Taxes)
 General Service 3/4-Inch Meter

Gallons Consumption	Present Rates	Staff Recommended Rates	Percentage Increase
-	\$ 30.00	\$ 36.85	22.82%
1,000	33.90	40.75	20.19%
2,000	37.80	44.65	18.11%
3,000	41.70	48.55	16.42%
4,000	47.55	54.40	14.40%
5,000	53.40	60.25	12.82%
6,000	59.25	66.10	11.55%
7,000	65.10	71.95	10.51%
8,000	70.95	77.80	9.65%
9,000	76.80	83.65	8.91%
10,000	82.65	89.50	8.28%
11,000	88.50	95.35	7.73%
12,000	94.35	101.20	7.26%
13,000	100.20	107.05	6.83%
14,000	106.05	112.90	6.45%
15,000	111.90	118.75	6.12%
16,000	119.00	125.85	5.75%
17,000	126.10	132.95	5.43%
18,000	133.20	140.05	5.14%
19,000	140.30	147.15	4.88%
20,000	147.40	154.25	4.64%
25,000	182.90	189.75	3.74%
30,000	218.40	225.25	3.13%
35,000	253.90	260.75	2.70%
40,000	289.40	296.25	2.37%
45,000	324.90	331.75	2.11%
50,000	360.40	367.25	1.90%
75,000	537.90	544.75	1.27%
100,000	715.40	722.25	0.96%

Decision No. _____

EXHIBIT A

TARIFF SCHEDULE

UTILITY: EAGLETAIL WATER COMPANY, L.L.C.
Docket Nos.: W-03936A-11-0418 and
W-03936A-12-0073

Decision No. _____

Effective June XX, 2013

In addition to the monthly usage and commodity charges approved in Decision No. 73161, the following Infrastructure Surcharge is applicable to all customers each month based on meter size, as presented below.

MONTHLY INFRASTRUCTURE SURCHARGE

5/8 x 3/4-Inch Meter	\$ 4.56
3/4-Inch Meter	\$ 6.85
1-Inch Meter	\$ 11.41
1 1/2-Inch Meter	\$ 22.82
2-Inch Meter	\$ 36.51
3-Inch Meter Surcharge	\$ 73.02
4-Inch Meter Surcharge	\$ 114.09
6-Inch Meter Surcharge	\$ 228.17

Decision No. _____

EXHIBIT B

Company: Eagletail Water Company_____

Decision No.: _____

Phone: _____

Effective Date: _____

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.

Company: Eagletail Water Company_____

Decision No.: _____

Phone: _____

Effective Date: _____

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:

$$\text{Unaccounted for water (\%)} = \left[\frac{\text{(Production and/or purchased water minus metered use \& estimated authorized un-metered use)}}{\text{(Production and/or purchased water)}} \right] \times 100$$
 - 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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Meter Repair and/or Replacement Tariff – BMP 4.2

PURPOSE

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 (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair and/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. On a systematic basis, the Company will inspect 100 percent of its 1-inch and smaller in-service water meters at least once every ten years for one of the following reasons (whichever occurs first):
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has registered 1,000,000 gallons of usage,
 - c. A meter has been in service for ten years.
2. Meters larger than 1-inch shall be inspected for one of the following reasons:
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has been in service for five years.
3. 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.
4. The Company shall also replace or reprogram any water meters that do not register in gallons. Upon the effective date of this tariff, the Company shall install all replacement meters with new:
 - a. 1-inch and smaller meters that register in 1 gallon increments,
 - b. 1-1/2-inch through 4-inch meters that register in 10 gallon increments, and

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- c. 6-inch and larger meters that register in 100 gallon increments.
5. The Company shall keep records of all inspected and replacement meters and make this information available to the Commission upon request.

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WATER SYSTEM TAMPERING TARIFF – BMP 5.2

PURPOSE

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

REQUIREMENTS:

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

1. In support of the Company's water conservation goals, the Company may bring an action for damages or to enjoin any activity against a person who: (1) makes a connection or reconnection with property owned or used by the Company to provide utility service without the Company's authorization or consent; (2) prevents a Company meter or other device used to determine the charge for utility services from accurately performing its measuring function; (3) tampers with property owned or used by the Company; or (4) uses or receives the Company's services without the authorization or consent of the Company and knows or has reason to know of the unlawful diversion, tampering or connection. If the Company's action is successful, the Company may recover as damages three times the amount of actual damages.
2. Compliance with the provisions of this tariff will be a condition of service.
3. The Company shall provide to all its customers, upon request, a complete copy of this tariff and AAC R14-2-410. The customers shall follow and abide by this tariff.
4. If a customer is connected to the Company water system and the Company discovers that the customer has taken any of the actions listed in No. 1 above, the Company may terminate service per AAC R14-2-410.
5. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.