

ORIGINAL OPEN MEETING



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MEMORANDUM

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2013 JUN 20 A 9:24

AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: June 20, 2013

RE: **COMPLIANCE FILING PER DECISION NO. 73731** - Best Management Practices for Kohl's Ranch Water Company (Docket No. W-02886A-12-0190)

Introduction

On February 20, 2013, the Arizona Corporation Commission ("Commission") issued Decision No. 73731 which established new schedules of rates and charges for Kohl's Ranch Water Company ("KRWC" or "Company"). As part of the Decision, the Commission ordered that KRWC submit at least three Best Management Practices ("BMPs") for Staff's review and the Commission's consideration. In compliance with the Decision the Company has submitted three BMPs for its system.

Company's Compliance Filing

On March 14, 2013, KRWC filed its proposed BMP Tariffs. In its compliance filing KRWC is requesting Commission approval of the conservation measures listed below.

1. **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.
2. **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.
3. **Water System Tampering Tariff – BMP 5.2:** A program for the Company 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.

Arizona Corporation Commission
DOCKETED

JUN 20 2013

DOCKETED BY	<i>JM</i>
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Staff's Analysis

Background Information and Service Area Characteristics

KRWC operates two systems that supply water to approximately 123 connections northeast of Payson in Gila County. The Company selected BMPs 1.2, 3.7 and 5.2 to meet Decision No. 73731 requirements. Staff concludes that the selected BMPs are relevant to KRWC's service area characteristics.

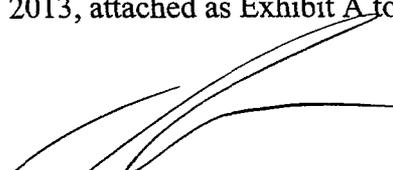
Proposed Tariffs

Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the Arizona Department of Water Resources' ("ADWR") Modified Non-Per Capita Conservation Program and other relevant ADWR documents.

The BMP tariffs filed by the KRWC on March 14, 2013, conform to the templates developed by Staff.

Recommendation

Staff concludes that the BMPs proposed are relevant to the KRWC service area characteristics and the tariffs filed by the Company conform to the templates developed by Staff. Therefore, Staff recommends approval of the BMP tariffs filed by the KRWC on March 14, 2013, attached as Exhibit A to the proposed order.



Steven M. Olea
Director
Utilities Division

Originator: Katrin Stukov

SMO:KS:sms/BES

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BEFORE THE ARIZONA CORPORATION COMMISSION

- BOB STUMP
Chairman
- GARY PIERCE
Commissioner
- BRENDA BURNS
Commissioner
- BOB BURNS
Commissioner
- SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION)
 OF KOHL'S RANCH WATER COMPANY)
 FOR APPROVAL OF A RATE INCREASE.)
)
)
)

DOCKET NO. W-02886A-12-0190
 DECISION NO. _____

ORDER

Open Meeting
 July 17 and 18, 2013
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Introduction

1. Kohl's Ranch Water Company ("KRWC" or "Company") is certified to provide water service as a public service corporation in the State of Arizona.
2. On February 20, 2013, the Arizona Corporation Commission ("Commission") issued Decision No. 73731 which established new schedules of rates and charges for KRWC. As part of the Decision, the Commission ordered that KRWC submit at least three Best Management Practices ("BMPs") for Staff's review and the Commission's consideration. In compliance with the Decision the Company has submitted three BMPs for its system.

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1 Company’s Compliance Filing

2 3. On March 14, KRWC filed its proposed BMP Tariffs. In its compliance filing KRWC
3 is requesting Commission approval of the conservation measures listed below.

- 4 • **Special Events/Programs and Community Presentations Tariff – BMP 1.2:** A
5 program for the Company to give presentations or display and make available
6 water conservation information and related material at community and special
7 events.
- 8 • **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the
9 Company to monitor and notify customers when water use seems to be abnormally
10 high and provide information that could benefit those customers and promote
11 water conservation.
- 12 • **Water System Tampering Tariff – BMP 5.2:** A program for the Company to
13 promote the conservation of groundwater by enabling the Company to bring an
14 action for damages or to enjoin any activity against a person who tampers with the
15 water system.

13 **Staff’s Analysis**

14 Background Information and Service Area Characteristics

15 4. KRWC operates two systems that supply water to approximately 123 connections
16 northeast of Payson in Gila County.

17 5. The Company selected BMPs 1.2, 3.7 and 5.2 to meet Decision No. 73731
18 requirements. Staff, concludes that the selected BMPs are relevant to KRWC’ service area
19 characteristics.

20 Proposed Tariffs

21 6. Staff created a set of BMP tariff templates that were developed using the BMP
22 descriptions outlined in the Arizona Department of Water Resources’ Modified Non-Per Capita
23 Conservation Program and relevant ADWR documents. The BMP tariffs filed by the KRWC on
24 March 14, 2013 conform to the templates developed by Staff.

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1 Recommendation

2 7. Staff has concluded that the BMPs proposed are relevant to the KRWC service area
3 characteristics and the tariffs filed by the Company conform to the templates developed by Staff.
4 Staff has recommended approval of the BMP tariffs filed by the KRWC on March 14, 2013,
5 attached hereto as Exhibit A.

6 CONCLUSIONS OF LAW

7 1. Kohl's Ranch Water Company is a public service corporation within the meaning of
8 Article XV, Section 2, of the Arizona Constitution.

9 2. The Commission has jurisdiction over Kohl's Ranch Water Company and of the
10 subject matter of the application.

11 3. The Commission has reviewed the filing and Staff's Memorandum dated June 20,
12 2013, and concludes that it is in the public interest to approve the proposed BMP tariffs attached
13 hereto as Exhibit A.

14 ORDER

15 IT IS THEREFORE ORDERED that the Kohl's Ranch Water Company BMP tariffs
16 attached hereto as Exhibit A are hereby approved.

17 IT IS FURTHER ORDERED that Kohl's Ranch Water Company shall notify its
18 customers, in a form acceptable to Staff, of the BMP tariffs authorized herein and their effective
19 date by means of either an insert in the next regularly scheduled billing or by a separate mailing
20 and shall provide copies of the BMP tariffs to any customer, upon request.

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

3 IT IS FURTHER ORDERED that the Staff shall file a letter in Docket Control confirming
4 that Kohl's Ranch Water Company tariffs have been updated with tariffs approved herein.

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

6

7 **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, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2013.

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JODI JERICH
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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SMO:KS:sms/BES

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1 SERVICE LIST FOR KOHL'S RANCH WATER COMPANY
2 DOCKET NO.: W-02886A-12-0190

3 Douglas Thorne
4 KOHL'S RANCH WATER COMPANY
5 P.O. Box 206
6 Payson, AZ 85547

7 Janice Alward, Chief Counsel
8 Legal Division
9 ARIZONA CORPORATION COMMISSION
10 1200 West Washington Street
11 Phoenix, AZ 85007

12 Steven M. Olea, Director
13 Utilities Division
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, AZ 85007

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EXHIBIT A

Company: KOHL'S RANCH WATER COMPANY

Decision No.: 73731

Phone: (928) 978-0070

Effective Date: _____

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.

RECEIVED

MAR 14 2013

**AZ CORP COMM
Director Utilities**

Company: KOHL'S RANCH WATER COMPANY Decision No.: 73731Phone: (928) 978-0070

Effective Date: _____

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

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

REQUIREMENTS

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

1. The Company shall track water usage for each customer and notify the customer if water use seems excessive for that particular billing for that time of the year.
2. The Company shall identify customers with high consumption and investigate each instance to determine the possible cause.
3. The Company shall contact the high water use customers via telephone, 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.
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

Company: _____

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Effective Date: _____

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.

Company: KOHL'S RANCH WATER COMPANY Decision No.: 73731Phone: (928) 978-0070 Effective Date: _____**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.