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8
9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 IN THE MATTER OF THE
11 APPLICATION OF RIO RICO
12 UTILITIES, INC., AN ARIZONA
13 CORPORATION, FOR A
14 DETERMINATION OF THE FAIR
15 VALUE OF ITS UTILITY PLANTS AND
16 PROPERTY AND FOR INCREASES IN
17 ITS WATER AND WASTEWATER
18 RATES AND CHARGES FOR UTILITY
19 SERVICE BASED THEREON.

DOCKET NO: WS-02676A-12-0196

NOTICE OF COMPLIANCE

20 Liberty Utilities (Rio Rico Water & Sewer) Corp. f/k/a Rio Rico Utilities, Inc.
21 (the "Company") submits this Notice of Compliance pursuant to Decision No. 73996
22 (July 30, 2013). Decision No. 73996 requires the Company to file documentation
23 showing specific procedures followed by its operations staff and steps taken to ensure that
24 there is an accurate accounting of the amount of water actually used for "Authorized Use"
25 purposes. The Company's procedures are outlined in the attached Exhibit A.
26 The Company has consulted with Commission engineering Staff in advance of submitting
this filing.

Arizona Corporation Commission
DOCKETED
OCT 22 2013

DOCKETED BY

1 DATED this 22nd day of October, 2013.

2 FENNEMORE CRAIG, P.C.

3
4 By: 
5 Jay L. Shapiro
6 Attorney for Liberty Utilities
7 (Rio Rico Water & Sewer) Corp.

8 **ORIGINAL** and 13 copies filed
9 this 22nd day of October, 2013 with:

10 Docket Control
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 **COPY** of the foregoing was hand delivered
15 this 22nd day of October, 2013 to:

16 Bridget A. Humphrey, Esq.
17 Scott M. Hesla, Esq.
18 Legal Division
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 Carmel Hood, Compliance
23 Utilities Division
24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007

COPY of the foregoing was mailed
this 22nd day of October, 2013 to:

Daniel Pozefsky, Esq.
Residential Consumer Office
1110 West Washington Street, Suite 220
Phoenix, Arizona 85007

Charlene Laplante
Deputy County Attorney
Office of the Santa Cruz County Attorney
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1 Roger C. Decker
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EXHIBIT

A



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Decision No. 73996, Pages 57-58 state:

“IT IS FURTHER ORDERED that within 60 days of the effective date of this Decision, Rio Rico Utilities, Inc. shall file documentation with Docket Control as a compliance item showing specific procedures followed by its operations staff and steps taken to ensure that there is an accurate accounting of the amount of water actually used for “Authorized Use” purposes.”

The Company, using the AWWA guidelines attached herewith, has taken a proactive approach in identifying and accounting for water in its systems.

The water loss calculation used by AWWA is as follows:

Total water pumped, minus total water sold, minus authorized use per AWWA, divided by total water pumped. The end result is the percentage of water which was not authorized or accounted for;

By category, the data is collected in the following manner:

- Total water pumped is obtained from the flow meters located at our production wells.
- Total water sold is obtained from our billing system.
- Authorized use comes from the following different sources with the largest contributors being motor cooling and tank and line flushing as indicated in the most recent 2013 data shown below. Liberty Utilities proposes specific tasks to reduce non-accounted for water.

	MG	Percent of Total
Authorized		
Tank & Line Flushing	16.70	30.29%
Motor Cooling	14.07	25.52%
(WW) System Flushing & Lift Stations	3.40	6.16%
Fire Suppression / Training	1.30	2.35%
Unauthorized		
Construction, Dust Control Compaction	0.20	0.36%
Service Leaks / Main Breaks	18.64	33.82%
Other	0.82	1.48%
Tank Overflows		
Total	55.13	100%

Construction/Dust Control/Compaction. This number is obtained from Operations staff and includes water used for dust control, compaction and clean-up associated with repairs to the system, per County requirements. The Company shall document this use by determining the following factors in the calculation: rate of flow used for compaction, size of water tank attached to the vehicle being used and duration, date and time of activity.



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Tank Flushing, Water Line Flushing. Liberty Utilities will use portable meters to meter all system flushing performed.

Tank Overflows. If these occur, Liberty Utilities will treat as non-accounted for water.

Fire suppression/training. This number is provided to us by the Fire Departments in our service area, and is compiled by the various fire fighters who perform the flow testing etc. The Fire Department shall use a portable meter to monitor the flow.

Wastewater System flushing and Lift stations. Within ninety (90) days of this compliance filing, Liberty Utilities will install meters at the wastewater plant and lift stations and begin billing intra-company so this usage is removed from the authorized water amounts, thus reducing the non-accounted for water.

Motor cooling. Liberty Utilities vertical turbine pumps use water to cool the gear bearings and bowl assembly to prevent overheating. Liberty Utilities will include the meter reads for motor cooling in its authorized use analysis. Within ninety (90) days of this compliance filing, Liberty Utilities will install meters at Well No. 6, Well No. 15 and Well No. 86 and begin billing intra-company so this usage is removed from the authorized water amounts, thus reducing the non-accounted for water.

Other. This number is used to reconcile any remaining differences between water produced and water sold, it shall be treated as non-accounted for water