



0000149854

BEFORE THE ARIZONA CORPORATION COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

Arizona Corporation Commission

DOCKETED

DEC - 3 2013

DOCKETED BY	nr
-------------	----

IN THE MATTER OF THE APPLICATION
OF VAIL WATER COMPANY FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANT AND PROPERTY
AND FOR AN INCREASE IN ITS RATES
AND CHARGES BASED THEREON -
COMPLIANCE FILING PER DECISION
NO. 73995

DOCKET NO. W-01651B-12-0339

DECISION NO. 74207

ORDER

Open Meeting
November 13 and 14, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Vail Water Company ("Vail" or "Company") is certificated to provide water service as a public service corporation in the State of Arizona.

2. On July 30, 2013, the Arizona Corporation Commission ("Commission") issued Decision No. 73995 approving adjusted rates for Vail. As part of the Decision, the Commission ordered that Vail file with Docket Control, as a compliance item in this docket within 90 days of the effective date of the Decision, five Best Management Practices ("BMPs") in the form of tariffs that substantially conform to the templates created by Staff for Commission review and consideration.¹

...

¹ Decision No. 73995 at 18:1-4.

1 3. On September 25, 2013, Vail filed its proposed BMP tariffs. In its compliance
2 filing the Company is requesting Commission approval to implement the water conservation
3 measures listed below.

- 4 • **Xeriscape Demonstration Garden Tariff – BMP 2.4:** A program for the
5 Company to install and maintain a water efficient demonstration garden for the
6 purpose of educating its customer base on low water use landscaping.
- 7 • **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for
8 the Company to assist its customers with their high water-use inquiries and
9 complaints.
- 10 • **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the
11 Company to monitor and notify customers when water use seems to be abnormally
12 high and provide information that could benefit those customers and promote water
13 conservation.
- 14 • **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the
15 Company to systematically assess all in-service water meters (including Company
16 production meters) in its service area to identify under-registering meters for repair
17 or replacement.
- 18 • **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to
19 promote the conservation of groundwater by enabling the Company to bring an
20 action for damages or to enjoin any activity against a person who tampers with the
21 water system.

15 **Staff's Analysis**

16 Background Information and Service Area Characteristics

17 4. Vail reported serving approximately 4,000 metered customers as of December,
18 2012.² The Company serves primarily residential customers in its certificated service area which
19 is located southeast of the Tucson metropolitan area in Pima County, Arizona. The Company is
20 located in the Arizona Department of Water Resources' ("ADWR") Tucson Active Management
21 Area. Vail is enrolled as a tier I provider in ADWR's Modified Non-Per Capita Conservation
22 Program.

23 5. The Company selected the above BMPs based on the characteristics of its current
24 service area and believes these BMPs will allow it to combat high water use and waste by
25 educating customers about water conservation and the need to conserve. The Company also

26 ...

27 _____
28 ² Per information contained in the Company's Annual Report filed with the Commission for the year ending December
31, 2012.

1 believes that these BMPs are the most beneficial to its customers and the most cost effective for
2 the Company to implement.

3 6. Vail has a web site and the web site address is printed on each bill sent to its
4 customers. Included on the web site is information regarding water conservation and ways to
5 obtain water conservation pamphlets and brochures at no cost. Water conservation information is
6 available to customers when they visit the Company's office.

7 7. The Company's billing system allows it to readily know if a customer's water use is
8 abnormally high. The Company maintains customer contact information that allows it to contact
9 the customer whenever water usage is high. Company field personnel are in the service area on a
10 daily basis which allows the Company to identify and investigate problems such as water standing
11 or running down the street.

12 Proposed Tariffs

13 8. Staff created a set of BMP tariff templates that were developed using the BMP
14 descriptions outlined in the ADWR Modified Non-Per Capita Conservation Program and relevant
15 ADWR documents. ADWR representatives were provided with a copy of these templates, and
16 revisions were made to the templates where appropriate to incorporate any comments/suggestions
17 provided by ADWR. The tariffs proposed conform to the templates developed by Staff.

18 **Recommendation**

19 9. Staff has concluded that the BMPs proposed are relevant to Vail's service area
20 characteristics. Staff has recommended approval of the BMP tariffs filed by the Company on
21 September 25, 2013, attached hereto as Exhibit A.

22 CONCLUSIONS OF LAW

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

25 2. The Commission has jurisdiction over Vail Water Company and of the subject matter of
26 the Application.

27 ...

28 ...

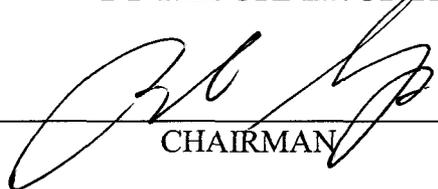
1 IT IS FURTHER ORDERED that Vail Water Company shall file with Docket Control, as a
2 compliance item in this docket, the BMP tariffs authorized herein within 30 days of the effective
3 date of this Decision.

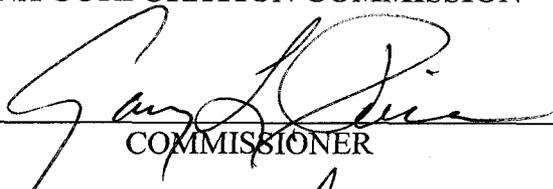
4 IT IS FURTHER ORDERED that the BMP tariffs authorized herein shall go into effect 30
5 days after the date notice is sent to customers.

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

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

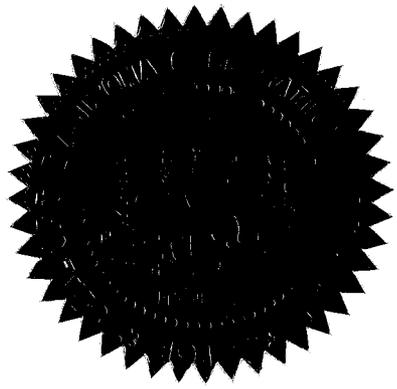

CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER



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 3rd day of December, 2013.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:DWS:sms\BES

1 SERVICE LIST FOR:
2 DOCKET NO. W-01651B-12-0339

3 Mr. Michael Hallam
4 Matthew Bingham
5 Lewis Roca Rothgerber LLP
6 40 North Central Avenue
7 Phoenix, Arizona 85004
8 Attorneys for Vail Water Company

9 Mr. Manny Oros
10 Operations Manager
11 Vail Water Company
12 14155 East Via Rancho del Lago Blvd
13 Vail, Arizona 85641-0100

14 Ms. Janice M. Alward
15 Chief Counsel, Legal Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Mr. Steven M. Olea
20 Director, Utilities Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 Ms. Lyn Farmer
25 Chief Administrative Law Judge
26 Hearing Division
27 Arizona Corporation Commission
28 1200 West Washington Street
Phoenix, Arizona 85007

21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit A

Company: VAIL WATER CO.

Phone: 520-647-3679

Docket No. **W-01651B-12-0339**

Decision No.: 73995

Effective Date: 8-1-2013

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 and **EVERY** Saturday of each month.
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.

Company: VAIL WATER CO.

Docket No. 16518-12-039 ~~73995~~

Phone: 520-647-3679

Effective Date: 8-1-2013

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 provide the customer with water conservation measures. The leak detection inspection may consist of a meter read check for flow verification. If the on-site inspection is requested by the customer, the Commission approved meter re-read tariff fee shall apply.
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.

Company: VAIL WATER CO

Docket No. W-01651B-12-0339

Decision No.: 73995

Phone: 520-647-3679

Effective Date: 8-1-2013

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: _____

Decision No. 01651B-12-0339

Phone: _____

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: VAIL WATER CO.

Docket No. W-01651B-12-0339
Decision No.: 73995

Phone: 520-647-3679

Effective Date: 8-1-2013

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
 - 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.

Company: VAIL WATER CO.

Docket No. W-016518-12-0339
Decision No.: 73795

Phone: 520-647-3679

Effective Date: 8-1-2013

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.