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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

Arizona Corporation Commission

DOCKETED

JAN - 7 2014

DOCKETED BY	nr
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IN THE MATTER OF SUNRISE WATER)
COMPANY FOR APPROVAL OF A TARIFF)
AT VARIANCE WITH ARIZONA)
ADMINISTRATIVE CODE R14-2-410.A.2)
AND FOR A TARIFF FOR SHARING)
CUSTOMER WATER CONSUMPTION)
INFORMATION WITH THE CITY OF)
PEORIA, A MUNICIPLAL WASTEWATER)
PROVIDER OF WASTEWATER SERVICE)

DOCKET NO. W-02069A-13-0328

DECISION NO. 74241

ORDER

Open Meeting
December 17 and 18, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sunrise Water Company ("Sunrise" or "Company") is certificated to provide water service as a public service corporation in the State of Arizona. Sunrise provides water utility service to residents within the State of Arizona pursuant to the Certificate of Convenience and Necessity issued by the Arizona Corporation Commission ("Commission").

2. On September 24, 2013, the Company filed an application for a tariff that grants the Company a variance from Arizona Administrative Code R14-2-410.A.2 thereby permitting the Company to enter into an agreement (Exhibit A) with the City of Peoria ("the City") to allow termination of water service being provided by Sunrise as well as share water consumption data with the City. Arizona Administrative Code R14-2-410.A.2 prohibits utilities from disconnecting service to customers for failure to pay for services not regulated by the Commission.

1 3. The Company further requests approval of a tariff governing the sharing of
2 customer water consumption information with the City (Exhibit C). The City has requested that
3 the Company share information regarding water consumption in order to assist the City in billing
4 for wastewater utility service to its customers.

5 4. Sunrise provides water service to portions of the City, but does not provide
6 wastewater service in the City. Wastewater service is provided by the City and is not regulated by
7 the Commission.

8 5. Due to the bifurcated nature of water and wastewater utility services within the
9 City, it has become increasingly difficult for the City to collect delinquent wastewater bills without
10 a corresponding ability to disconnect water service, where such water service is provided by the
11 Company. In order to aid with the collection of delinquent wastewater utility bills, the City has
12 requested that the Company file this variance and sharing of customer water consumption
13 information request with the Commission.

14 6. The City will only request that Sunrise disconnect water utility service to a
15 customer when the customer's sewer utility account remains unpaid and becomes delinquent
16 subject to the City's termination of service procedures. Once an account is determined to be
17 delinquent, the City will notify the customer in writing by posting notice at the customer's
18 premises in the form attached hereto as Exhibit B within the Agreement. This notice will allow the
19 customer 10 business days to make payment or payment arrangements for the delinquent balance
20 with the City in order to prevent water utility service from being disconnected.

21 7. The City will conduct its own billing and collection process for payment of sewer
22 utility service charges. The Company will defer any customer inquiries resulting from this tariff to
23 the City for handling.

24 8. The City will make the Company whole by payment of a Monthly Lost Revenue
25 fee (Exhibit B, Water Services Termination Tariff) for each customer whose service is terminated
26 under this Agreement. The fee is based on the average revenue received from a customer using a
27 3/4-inch to 1-inch meter and is intended to compensate Sunrise for the loss of revenue that the

28 ...

1 Company would have received from the customer, if water utility service had not been
2 disconnected.

3 9. On August 28, 2013, the City and the Company entered into an Agreement for
4 Water Service Termination and Sharing of Customer Information regarding Water Consumption
5 (“Agreement”), attached hereto as Exhibit A.

6 10. A Disconnect Fee and a Disconnect Cancellation Fee will be paid to the Company
7 by the City pursuant to the Fee Schedule in the Water Services Termination Agreement Tariff with
8 the City of Peoria, attached hereto as Exhibit B.

9 11. Staff recommends approval of the tariffs as submitted by Sunrise.

10 12. Staff further recommends that the Company provide notice to its customers in a
11 format acceptable to Staff by either a bill insert or separate mailing. The Company shall file a
12 copy of the notice with Docket Control as a compliance matter in this case within 30 days of
13 providing notice to its customers.

14 13. Staff further recommends that the tariffs not become effective until the first day of
15 the month after the Company provides notice to all of its customers that are provided wastewater
16 service by the City and water service by the Company.

17 CONCLUSIONS OF LAW

18 1. The Company is a public water and wastewater service corporation within the
19 meaning of Article XV of the Arizona Constitution and A.R.S. 40-250 and 40-252.

20 2. The Commission has jurisdiction over the Company, and the subject matter in this
21 application.

22 3. The Commission, having reviewed the filing and Staff’s Memorandum dated
23 December 3, 2013, finds that it is in the public interest to approve the Water Services Termination
24 Tariff and the Customer Water Consumption Information Sharing Tariff with the City of Peoria as
25 discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Sunrise Water Company tariffs, relating to the Water Services Termination Agreement with the City of Peoria and the Customer Water Consumption Information Sharing with City of Peoria, are hereby approved as discussed herein.

IT IS FURTHER ORDERED that within thirty (30) days of this decision, Sunrise Water Company shall file with Docket Control tariff sheets in compliance with this decision.

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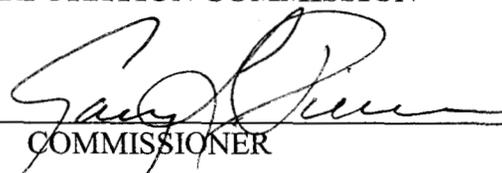
1 IT IS FURTHER ORDERED that Sunrise Water Company shall notify its customers, in a
2 form acceptable to Staff, who are provided wastewater service by the City of Peoria and water
3 service by Sunrise Water Company, of the tariff filing and approval.

4 IT IS FURTHER ORDERED that the tariffs shall not become effective until the first day of
5 the month after Sunrise Water Company provides notice to all of its customers that are provided
6 wastewater service by the City and water service by Sunrise Water Company.

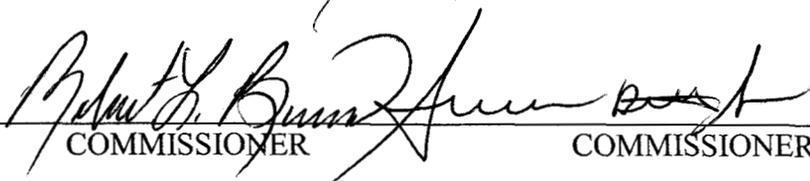
7 IT IS FURTHER ORDERED that this decision shall become effective immediately.

8
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

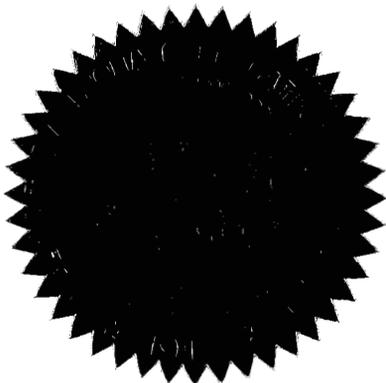
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CHAIRMAN


COMMISSIONER

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14 COMMISSIONER


COMMISSIONER

COMMISSIONER



15
16 IN WITNESS WHEREOF, I, JODI JERICH, Executive
17 Director of the Arizona Corporation Commission, have
18 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this 7th day of January, 2014.

19
20 
21 JODI JERICH
EXECUTIVE DIRECTOR

22 DISSENT: _____

23
24 DISSENT: _____

25 SMO:TM:sms

1 SERVICE LIST FOR: SUNRISE WATER COMPANY
2 DOCKET NO. W-02069A-13-0328

3 Craig Marks
4 10645 N. Tatum Blvd.
5 Suite 200-676
6 Phoenix, Arizona 85028

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

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

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EXHIBIT A

Agreement

AGREEMENT FOR WATER SERVICE TERMINATION AND SHARING OF INFORMATION REGARDING WATER CONSUMPTION

This AGREEMENT FOR WATER SERVICE TERMINATION AND SHARING OF INFORMATION REGARDING WATER CONSUMPTION (this "Agreement") is made and entered into as of the 29 day of August 2013 by and between SUNRISE WATER CO., an Arizona corporation ("Sunrise"), and THE CITY OF PEORIA, an Arizona municipal corporation duly organized and existing under the laws of the state of Arizona (the "City") Sunrise and the City are sometimes referred to collectively as the "Parties" in this Agreement.

RECITALS:

A. Sunrise provides water utility service to certain residents of the City (collectively, the "Sunrise Water Customers") under a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission ("Commission"), and the City provides sewer utility service to certain residents within its borders, some of whom are also Sunrise Water Customers.

B. For purposes of this Agreement, a Sunrise Water Customer who is also a customer of the City for sewer utility service is referred to as a "Shared Customer."

C. The City has requested Sunrise to assist in the City's collection of delinquent sewerage bills or charges when requested to do so, by terminating water utility service to Shared Customers who are then delinquent in the payment of the City's sewer utility bills.

D. The City has requested that Sunrise provide information to the City regarding water consumption by the Sunrise Water Customers in order to assist the City in billing for sewer utility service to those customers.

E. Sunrise and the City desire to enter into this Agreement specifically setting forth the respective duties, obligations, responsibilities, and liabilities of the Parties and recognizing that the effectiveness of this Agreement is subject to Commission approval.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, Sunrise and the City, each intending to be legally bound by this Agreement, hereby agree as follows:

1. Water Service Termination.

1.1 The City, by written notice to Sunrise (a "Termination Request"), may request that Sunrise terminate water service to a Shared Customer who is then liable to the City for overdue sewer charges ("Delinquent Shared Customer"). Each Termination Request will constitute the City's representation and warranty to Sunrise that the applicable Shared Customer is then a Delinquent Shared Customer and has been provided the notice contemplated in subparagraph 1.2.A, below. Upon Sunrise's receipt of a Termination Request, Sunrise will promptly commence its service

termination process with respect to that Shared Customer in compliance with the terms of this Agreement and in compliance with any requirements imposed upon Sunrise by the Commission. The City will perform its own collection process for overdue sewer utility service charges, and will not request termination of water utility service by Sunrise unless and until the City could have terminated water service to that Shared Customer if that Shared Customer was a water service customer of the City. Termination Requests from the City will be processed by Sunrise each week, and the City may cancel any Termination Request without charge by providing written notice to that effect to Sunrise prior to noon on the date Sunrise's water utility service is scheduled to be shut off. For each request made after that time, the City will be charged a Disconnect Cancellation Fee (as defined in Exhibit A).

1.2 In order for Sunrise to shut off water service to a Delinquent Shared Customer, the City will:

- A. notify the applicable Delinquent Shared Customer, in writing and by posting notice in the form set forth in Exhibit B at the premise where the applicable Delinquent Shared Customer receives water service from Sunrise and sewer utility service from the City (the "Shut-off Premises"), that water service by Sunrise will be terminated ten (10) days after the date of the delinquent notice as a result of that Delinquent Shared Customer's delinquent sewer bill with the City; and
- B. notify Sunrise by Termination Request, which shall be delivered by e-mail, to terminate the water service of Shared Customer in accordance with procedures in paragraph 1.3.

1.3 The City will pay a Disconnect Fee in accordance with Exhibit A for each Termination Request delivered to Sunrise, which Disconnect Fee will be consideration for Sunrise taking the necessary steps to terminate its water utility service to the applicable Shared Customer, unless the City withdraws its Termination Request prior to actual disconnection in accordance with paragraph 1.1, above. Upon Sunrise's receipt of a Termination Notice, Sunrise shall:

- A. shut off the water source to the Shut-off Premises in accordance with Sunrise's customer shut-off procedures;
- B. notify the City by e-mail of the date water service was shut off to the Shut-off Premises;
- C. keep a separate record detailing all of the Termination Requests under this Agreement; and
- D. resume water utility service to the Shut-off Premises in accordance with Sunrise's turn-on procedures after being notified by the City, in writing delivered by e-mail, that the delinquent sewer bill has been paid or that

payment arrangements have been made, and upon the Shared Customer paying all charges then due to Sunrise resulting from the shutoff.

The City expressly acknowledges and agrees that Sunrise shall have no other obligations or responsibilities under this Agreement with respect to the shut off of water utility service to Delinquent Shared Customers other than those expressly set forth above in this paragraph 1.3.

1.4 In addition to payment of the applicable Disconnect Fees, the City will pay Sunrise a Monthly Lost Revenue Fee in accordance with Exhibit A for each Delinquent Shared Customer whose water utility service is terminated under this Agreement for all or a portion of the applicable month. The Monthly Lost Revenue Fee is intended to compensate Sunrise for the loss of revenue that Sunrise would have received from that Delinquent Shared Customer if the water utility service had not been terminated. Sunrise may, from time to time by written notice to the City, revise the Monthly Lost Revenue Fee as appropriate to reflect any changes in Sunrise's water rates approved by the Commission. The Monthly Lost Revenue Fee shall be prorated for any period less than 30 days. Sunrise will invoice the City for all Monthly Lost Revenue Fees under this Agreement on a monthly basis, and the City shall process invoices and pay Sunrise promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices.

2. Sharing of Information Regarding Water Consumption.

2.1 Upon request Sunrise will provide water consumption information for the Shared Customers (the "Consumption Information") in Excel format for the City's use in billing the Shared Customers for sewer utility services. The City shall provide Sunrise with a map of the City's sewer utility service area located within Sunrise's water service area. The City acknowledges and agrees that it is authorized to use the Consumption Information only for purposes of its own sewer utility services billing, and that the City is not authorized to use any of the Consumption Information for any other purpose or to disclose any of the Consumption Information to any other party except as may be required by law or the order of a court of competent jurisdiction.

2.2 The City will pay Sunrise an annual administrative fee of \$0.50 per Shared Customer for each request for the water consumption information. Sunrise will bill the City annually for this administrative fee.

3. Regulatory Matters.

3.1 City understands, acknowledges and agrees that:

- A. Sunrise is an Arizona public service corporation (as such term is defined in the Arizona Constitution) and, as such, is subject to the applicable Commission rules, regulations, and orders, including, but not limited to, A.A.C. R14-2-410.A.2;
- B. pursuant to A.A.C. R14-2-410.A.2, Sunrise is precluded from disconnecting its

water utility service as the result of the failure of the customer to pay for services or equipment which are not regulated by the Commission;

- C. the City's sewer utility services is not regulated by the Commission, therefore requiring Sunrise to obtain from the Commission a variance from the restrictions under A.A.C. R14-2-410.A.2 in order to proceed as contemplated in this Agreement;
- D. pursuant to the Decision, should it become applicable to Sunrise, Sunrise may be required to submit notice to the Commission at least 180 days in advance of any sharing of customer information, including billing information and to file a tariff with the Commission setting forth appropriate customer notification procedures to inform customers of the information sharing arrangements;
- E. Sunrise will account for the applicable and reasonable costs incurred for the required notice and tariff and within 30 days after the required notice is provided and within 30 days after the Commission's tariff proceeding is concluded, Sunrise will bill the City for the total costs incurred by Sunrise for the required notice or tariff, as the case may be, and the City shall process invoices and pay Sunrise promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices; and
- F. upon Sunrise's submission of such notice and filing of such tariff, the Commission may stay effectiveness of any such tariff until such time, if ever, as the Commission issues a written order approving any agreement by Sunrise to share customer information.

3.2 Promptly upon the execution of this Agreement by the Parties, Sunrise will (i) request from the Commission a variance under A.A.C. R14-2-410.A.2 to allow Sunrise to fulfill its customer shut off obligations under this Agreement, and (ii) submit notice to the Commission and request from the Commission a tariff to allow Sunrise to fulfill its obligations under this Agreement to deliver the Consumption Information to the City. The City will reasonably cooperate and assist Sunrise, at no cost to Sunrise, in connection with obtaining the approvals of the Commission enabling Sunrise to fulfill its obligations under this Agreement.

3.3 Based upon the foregoing, the City agrees that Sunrise will have no obligations under this Agreement to deliver any of the Consumption Information or to shut off water utility service to any Delinquent Shared Customer unless and until the Commission grants the requested variance or tariff, as the case may be, contemplated under paragraphs 3.1 and 3.2, above. The provisions of this paragraph 3.3 supersede any other provision of this Agreement.

4. Miscellaneous Provisions.

4.1 City will indemnify, defend, and hold Sunrise harmless from and against all claims, losses, liability, costs, or expenses, including reasonable attorney's fees, (collectively, "claims") arising out of the termination of water utility service to Delinquent Shared Customers or City's use of the Consumption Information provided to City by Sunrise under this Agreement, except to the extent any claims arise out of the negligence of Sunrise, its employees or representatives.

4.2 Notwithstanding anything in this Agreement to the contrary, Sunrise will have no obligation under this Agreement to shut off water utility service to any multi unit structure sharing a common service line.

4.3 This Agreement will remain in effect indefinitely (subject always to the provisions of paragraph 3.3, above); provided, however, that either party may terminate this Agreement at any time and for any or no reason upon sixty days' prior written notice to the other Party.

4.4 Neither the City nor Sunrise will be liable for any loss or damage due to failure or delay in rendering any service or performing any obligation required under this Agreement resulting from any cause beyond their reasonable control including, but not limited to: acts of God; acts or omissions of civil or military authority; acts or omissions of contractors or suppliers; fires; floods; epidemics; quarantine restrictions; severe weather; strikes; embargoes; wars; political strife; riots; delays in transportation; or fuel, power, materials or labor shortages. In addition, Sunrise will in no event be liable to the City for any lost sewer utility service revenue claimed by the City as the result of Sunrise's failure to shut off water utility service to any Delinquent Shared Customer or as the result of any delay in Sunrise's shutting off such water utility service.

4.5 The failure of either Party to enforce the provisions of this Agreement at any time will not constitute a waiver of such provisions in any way and will not limit the right of the City or Sunrise to avail themselves of such remedies as either may have for any breach or breaches of such provisions. The waiver of any specific provisions or requirements of this Agreement will not constitute a waiver of any other provision or requirement. Any waiver of any specific provision or requirement of this Agreement will be written and signed by the Party to be bound by such waiver.

4.6 This Agreement contains the entire agreement between Sunrise and the City with respect to its subject matter. This Agreement supersedes all previous written and verbal agreements regarding such subject matter. Any amendment, revision, modification, termination or rescission of this Agreement, to be effective, must be in writing and signed by both Parties.

4.7 This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

4.8 Any provision of this Agreement that is determined to be prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties as of the date first written above.
THE CITY OF PEORIA

By: [Signature]
Carl Swenson, City Manager

ATTEST:

[Signature]
for Linda [Signature] [Signature]
City Clerk



APPROVED AS TO FORM:

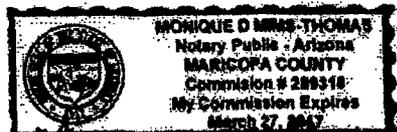
[Signature]
Stephen M. Kemp, City Attorney

SUNRISE WATER CO.

By: [Signature]
A.D. Campbell, President

State of Arizona

County of Maricopa



On this 28th day of August, 2013, before me personally appeared JD Campbell, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above/attached document.

[Signature]
Notary Public

EXHIBIT A
FEE SCHEDULE

Disconnect Fee \$80.00
(Turn-off and Turn-on service included)

Disconnect Cancellation Fee \$80.00
(When City cancels a termination request after noon (12pm) on the date service is scheduled to be shut off.)

Monthly Lost Revenue Fee \$61.56
(based on Sunrise rates effective January 1, 2011- using average revenue from 3/4" to 1" metered residential customers including an applied combined state and federal tax rate of 39%)

Exhibit B



Urgent
CITY OF PEORIA
Customer Service
8401 W. Monroe Street, 2nd Floor
Peoria, Arizona 85345
(623) 773-7160
Fax (623) 773-7159
customer.service@peoriaaz.gov

ADDRESS _____

ACCOUNT NO. _____

The City of Peoria provides the following service(s) to your home or business.

Sewer and Solid Waste/Recycling

Water services for this address will be disconnected on: _____

Full account balance is due by deadline to avoid disconnect
Contact Customer Service at
623-773-7160 Monday– Thursday,
7:00a.m. to 6:00p.m.

EXHIBIT B

Water Services Termination Tariff

Company: SUNRISE WATER CO.	Decision No.:
Phone: 623-972-6133	Effective Date:

Sunrise Water Co. ("Company") has been granted a variance from Arizona Corporation Commission Rule A.A.C. R14-2-410.A.2 for the limited purpose of entering into a Water Services Termination Agreement ("Agreement") with the City of Peoria, a municipal provider of wastewater service, for common customers purchasing water from the Company and wastewater from the City. The purpose of this Tariff, and the authorized variance from A.A.C. R14-2-410.A.2, is to assist the City in collecting delinquent payments for wastewater utility service provided to common customers of the Company.

As per the Agreement, the Company is authorized to charge the City of Peoria the following fees:

Fee Schedule:

Disconnect Fee \$80.00
(Turn-off and Turn-on service included)

Disconnect Cancellation Fee \$80.00
(When City cancels a termination request after noon (12pm) on the date service is schedule to be shut off)

Monthly Lost Revenue Fee \$61.56
(Based on Company rates effective January 1, 2011 using average revenue from 3/4 to 1" metered residential customers including an applied combined state and federal tax rate of 39%)

Terms and Conditions

The Company shall comply with the terms and conditions of the Agreement. The Agreement with the City is attached to and incorporated into this tariff.

EXHIBIT C

Customer Water Consumption Information Sharing Tariff

Company: SUNRISE WATER CO.	Decision No.:
Phone: 623-972-6133	Effective Date:

**CUSTOMER WATER CONSUMPTION INFORMATION SHARING
WITH CITY OF PEORIA, WASTEWATER PROVIDER**

Sunrise Water Co. ("Company") is authorized to share water consumption information of individual customers with City of Peoria ("the City"), a municipal provider of wastewater service for common customers purchasing water from Company and wastewater from the City. The purpose of this Tariff, and the authorized provision of customer water consumption information, is to assist the City in billing for wastewater utility service. The City agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and is not authorized to disclose such information to any other party except as may be required by law.

Company entered into an Agreement with the City for providing individual water consumption data, in a form materially similar to the standard form agreement. The Agreement was subject to Arizona Corporation Commission ("Commission") review as set forth in Section 3 of the Agreement.

Company shall notify all water utility customers affected by the Agreement between the Company and the City pursuant to this Tariff, by means of a billing insert during the first billing cycle immediately after said tariff is approved.