

# OPEN MEETING



0000151897

## MEMORANDUM

RECEIVED

TO: THE COMMISSION

2014 MAR 20 P 2:48

ORIGINAL

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: March 20, 2014

RE: **COMPLIANCE FILING PER DECISION NO. 74261** - Best Management Practices for Holiday Enterprises, Inc. (Docket Nos. W-01896A-13-0238 AND W-01896A-13-0239)

### Introduction

On January 7, 2014, the Arizona Corporation Commission ("Commission") issued Decision No. 74261 approving new rates for Holiday Enterprises, Inc. dba Holiday Water Company ("Holiday Water" or "Company"). As part of the Decision, the Commission ordered that Holiday Water file with Docket Control, as a compliance item in this docket within 90 days of the effective date of the Decision, at least three Best Management Practices ("BMPs") in the form of tariffs that substantially conform to the templates created by Staff for Commission review and consideration.<sup>1</sup>

### Company's Compliance Filing

On March 11, 2014, Holiday Water filed BMP tariffs. In its compliance filing the Company is requesting Commission approval to implement the water conservation measures listed below.

1. **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the Company to assist its customers with their high water-use inquiries and complaints.
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. **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.

Arizona Corporation Commission

DOCKETED

MAR 20 2014

DOCKETED BY 

<sup>1</sup> Decision No. 74261 at 26:28 and at 27:1-4.

## **Staff's Analysis**

### Background Information and Service Area Characteristics

The Holiday Water System is a Class D public service corporation providing water service to approximately 155 customers in the City of Tombstone, Cochise County, Arizona. The Company's certificated service area encompasses approximately one and three-quarter square miles. The Company is not located in an Arizona Department of Water Resources' ("ADWR") Active Management Area.

The Company selected the above BMPs based on the characteristics of its current service area and believes these BMPs will allow it to address high water use and waste by educating customers about water conservation and the need to conserve. The Company believes the selected BMPs will allow Company personnel to better interface with customers as to why water conservation is important and why wasting water is a community problem and not just an individual customer problem. The Company also believes that these BMPs are the most beneficial to its customers and the most cost effective for the Company to implement.

The Company's billing system enables it to determine if a customer's water use is abnormally high. Company field personnel are in the service area on a daily basis which allows the Company to identify and investigate problems such as water standing or running down the street.

### Proposed Tariffs

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

## **Recommendation**

Staff has concluded that the BMPs proposed are relevant to the Holiday Water service area characteristics. The tariffs proposed by Holiday Water conform to the templates developed by Staff. Staff recommends approval of the BMP tariffs filed by the Company on March 11, 2014, attached to the proposed order as Exhibit A.



Steven M. Olea  
Director  
Utilities Division

SMO:DWS:sms/BES

Originator: Del Smith

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 HOLIDAY ENTERPRISES, INC. DBA )  
10 HOLIDAY WATER COMPANY FOR A )  
11 PERMANENT RATE INCREASE - )  
12 COMPLIANCE FILING PER DECISION )  
13 NO. 74261. )

DOCKET NO. W-01896A-13-0238

14 IN THE MATTER OF THE APPLICATION )  
15 OF HOLIDAY ENTERPRISES, INC. DBA )  
16 HOLIDAY WATER COMPANY FOR )  
17 AUTHORITY TO INCUR LONG-TERM )  
18 DEBT. )

DOCKET NO. W-01896A-13-0239

DECISION NO. \_\_\_\_\_

ORDER

19 Open Meeting  
20 April 8 and 9, 2014  
21 Phoenix, Arizona

22 BY THE COMMISSION:

23 FINDINGS OF FACT

24 1. Holiday Enterprises, Inc. dba Holiday Water Company ("Holiday Water" or  
25 "Company") is certificated to provide water service as a public service corporation in the State of  
26 Arizona.

27 2. On January 7, 2014, the Arizona Corporation Commission ("Commission") issued  
28 Decision No. 74261 approving new rates for Holiday Water. As part of the Decision, the  
Commission ordered that Holiday Water file with Docket Control, as a compliance item in this  
docket within 90 days of the effective date of the Decision, at least three Best Management

1 the effective date of the Decision, at least three Best Management Practices (“BMPs”) in the form  
 2 of tariffs that substantially conform to the templates created by Staff for Commission review and  
 3 consideration.<sup>1</sup>

4 3. On March 11, 2014, Holiday Water filed BMP tariffs. In its compliance filing the  
 5 Company is requesting Commission approval to implement the water conservation measures listed  
 6 below.

- 7 • **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the  
 8 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 water service area to identify under-registering meters for  
 17 repair or replacement.

#### 14 **Staff’s Analysis**

##### 15 Background Information and Service Area Characteristics

16 4. The Holiday Water System is a Class D public service corporation providing water  
 17 service to approximately 155 customers in the City of Tombstone, Cochise County, Arizona. The  
 18 Company’s certificated service area encompasses approximately one and three-quarter square  
 19 miles. The Company is not located in an Arizona Department of Water Resources’ (“ADWR”)  
 20 Active Management Area.

21 5. The Company selected the above BMPs based on the characteristics of its current  
 22 service area and believes these BMPs will allow it to address high water use and waste by  
 23 educating customers about water conservation and the need to conserve. The Company believes  
 24 the selected BMPs will allow Company personnel to better interface with customers as to why  
 25 water conservation is important and why wasting water is a community problem and not just an  
 26 ...

27 \_\_\_\_\_  
 28 <sup>1</sup> Decision No. 74261 at 26:28 and at 27:1-4.

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

3 6. Holiday Water has a web site and the web site address is printed on each bill sent to  
4 its 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 also available to customers when they visit the Company's office.

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

11 Proposed Tariffs

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

17 **Recommendation**

18 9. Staff has concluded that the BMPs proposed are relevant to the Holiday Water  
19 service area characteristics. The tariffs proposed by Holiday Water conform to the templates  
20 developed by Staff. Staff has recommended approval of the BMP tariffs filed by the Company on  
21 March 11, 2014, and attached as Exhibit A.

22 CONCLUSIONS OF LAW

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

25 2. The Commission has jurisdiction over Holiday Enterprises, Inc. dba Holiday Water  
26 Company and of the subject matter of the Application.

27 ...

28 ...



1 IT IS FURTHER ORDERED Staff shall file a letter in the Docket confirming that the  
2 Holiday Enterprises, Inc. dba Holiday Water Company tariffs have been updated with the tariffs  
3 approved herein.

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

9			
10	CHAIRMAN		COMMISSIONER
11			
12			
13	COMMISSIONER	COMMISSIONER	COMMISSIONER

14  
15 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
16 Director of the Arizona Corporation Commission, have  
17 hereunto, set my hand and caused the official seal of this  
18 Commission to be affixed at the Capitol, in the City of  
19 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

20 \_\_\_\_\_  
21 JODI JERICH  
22 EXECUTIVE DIRECTOR

23 DISSENT: \_\_\_\_\_

24 DISSENT: \_\_\_\_\_

25 SMO:DWS:sms\BES

26

27

28

1 SERVICE LIST FOR:  
2 DOCKET NO. W-01896A-13-0238 ET AL.

3 Carol E. Cowan, Manager  
4 Holiday Enterprises, Inc. dba Holiday Water Company  
5 P.O. Box 1251  
6 Tombstone, Arizona 85638

7 Janice M. Alward  
8 Chief Counsel, Legal Division  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

12 Steven M. Olea  
13 Director, Utilities Division  
14 Arizona Corporation Commission  
15 1200 West Washington Street  
16 Phoenix, Arizona 85007

17 Lyn Farmer  
18 Chief Administrative Law Judge  
19 Hearing Division  
20 Arizona Corporation Commission  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007

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# EXHIBIT A

Utility: **Holiday Water Company**

Phone: **520-508-9037**

Decision: **74261**

Page: **1 of 1**

Docket No: **W-01896A-13-0238 & 13-0239**

Effective Date: \_\_\_\_\_

**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.

Utility: **Holiday Water Company**

Phone: **520-508-9037**

Decision: **74261**

Page: **1 of 2**

Docket No: **W-01896A-13-0238 & 13-0239**

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.

Decision No. \_\_\_\_\_

Utility: Holiday Water Company

Phone: 520-508-9037

Decision: 74261

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Docket No: W-01896A-13-0238 & 13-0239

Effective Date: \_\_\_\_\_

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 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.

Decision No. \_\_\_\_\_

Utility: **Holiday Water Company**

Phone: **520-508-9037**

Decision: **74261**

Page: **1 of 1**

Docket No: **W-01896A-13-0238 & 13-0239**

Effective Date: \_\_\_\_\_

**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.

Decision No. \_\_\_\_\_