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OPEN MEETING

ORIGINAL

MEMORANDUM

RECEIVED

Arizona Corporation Commission **AZ CORP COMMISSION**
DOCKETED **DOCKET CONTROL**

TO: THE COMMISSION

FROM: Utilities Division

OCT 17 2014

2014 OCT 17 PM 12 02

DATE: October 17, 2014

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY LLC FOR APPROVAL OF CUSTOMER HIGH WATER USE NOTIFICATION TARIFF, METER REPAIR AND /OR REPLACEMENT TARIFF, AND WATER SYSTEM TAMPERING TARIFF (DOCKET NO. W-04254A-14-0347)

INTRODUCTION

On September 23, 2014, Montezuma Rimrock Water Company, LLC ("MRWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for approval of Best Management Practice ("BMP") Tariffs. On October 3, 2014, MRWC filed a request that the 30-day requirement for Commission action on the tariffs be waived to provide Staff more time to complete its review.

COMPANY'S FILING

In its filing, the Company is requesting Commission approval to implement the water conservation measures listed below.

1. **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.
2. **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.
3. **Water System Tampering Tariff – BMP 5.2:** 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.

STAFF'S ANALYSIS

Background Information and Service Area Characteristics

MRWC is a Class D water utility providing service to approximately 215 metered connections in a community near Rimrock which is located approximately ten miles northeast of

Camp Verde in Yavapai County. The Company's service area is approximately 3/8 of a square mile in size. The MRWC System serves primarily residential customers and is not located in any Arizona Department of Water Resources' ("ADWR") Active Management Area.

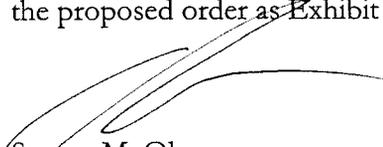
According to the Company the Customer High Water Use Notification Tariff will create a notification process for customers when water use escalates and allows MRWC the ability to provide information to its customers promoting water conservation. The Meter Repair and/or Replacement Tariff will allow the company a program to assess and replace under-registering meters for repair or replacement. Over half of MRWC's meters are over ten years old and some are not operating. The Water System Tampering Tariff will promote groundwater conservation by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system. This allows MRWC, which has had to deal with meter tampering, the ability to mitigate or eliminate tampering.

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, 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 MRWC service area characteristics. The tariffs proposed by MRWC conform to the templates developed by Staff. Staff recommends approval of the BMP tariffs filed by the Company on September 23, 2014, attached to the proposed order as Exhibit A.



Steven M. Olea
Director
Utilities Division

SMO:MT:sms\CHH

Originator: Michael Thompson

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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 MONTEZUMA RIMROCK WATER)
 COMPANY LLC FOR APPROVAL OF)
 CUSTOMER HIGH WATER USE)
 NOTIFICATION TARIFF, METER REPAIR)
 AND /OR REPLACEMENT TARIFF, AND)
 WATER SYSTEM TAMPERING TARIFF)

DOCKET NO. W-04254A-14-0347
 DECISION NO. _____

ORDER

Open Meeting
 November 5 and 6, 2014
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Montezuma Rimrock Water Company, LLC (“MRWC” or “Company”) is certificated to provide water service as a public service corporation in the State of Arizona.
2. On September 23, 2014, MRWC filed with the Arizona Corporation Commission (“Commission”) an application for approval of Best Management Practice (“BMP”) Tariffs.
3. On October 3, 2014, MRWC filed a request that the 30-day requirement for Commission action on the tariffs be waived to provide Staff more time to complete its review.
4. In its filing, the Company is requesting Commission approval to implement the water conservation measures listed below.
 - 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.

1 **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company
2 to systematically assess all in-service water meters (including Company production
3 meters) in its water service area to identify under-registering meters for repair or
4 replacement.

4 **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to
5 promote the conservation of groundwater by enabling the Company to bring an action
6 for damages or to enjoin any activity against a person who tampers with the water
7 system.

7 **Staff's Analysis**

8 Background Information and Service Area Characteristics

9 5. MRWC is a Class D water utility providing service to approximately 215 metered
10 connections in a community near Rimrock which is located approximately ten miles northeast of
11 Camp Verde in Yavapai County. The Company's service area is approximately 3/8 of a square mile in
12 size. The MRWC System serves primarily residential customers and is not located in any Arizona
13 Department of Water Resources' ("ADWR") Active Management Area.

14 6. According to the Company the Customer High Water Use Notification Tariff will
15 create a notification process for customers when water use escalates and allows MRWC the ability to
16 provide information to its customers promoting water conservation. The Meter Repair and/or
17 Replacement Tariff will allow the company a program to assess and replace under-registering meters
18 for repair or replacement. Over half of MRWC's meters are over ten years old and some are not
19 operating. The Water System Tampering Tariff will promote groundwater conservation by enabling
20 the Company to bring an action for damages or to enjoin any activity against a person who tampers
21 with the water system. This allows MRWC, which has had to deal with meter tampering, the ability to
22 mitigate or eliminate tampering.

23 Proposed Tariffs

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

1 **Recommendation**

2 8. Staff has concluded that the BMPs proposed are relevant to the MRWC service area
3 characteristics. The tariffs proposed by MRWC conform to the templates developed by Staff. Staff
4 has recommended approval of the BMP tariffs filed by the Company on September 23, 2014, attached
5 to the proposed order as Exhibit A.

6 CONCLUSIONS OF LAW

7 1. Montezuma Rimrock Water Company, LLC is a public service corporation within the
8 meaning of Article XV, Section 2, of the Arizona Constitution.

9 2. The Commission has jurisdiction over Montezuma Rimrock Water Company, LLC
10 and of the subject matter of the Application.

11 3. The Commission, having reviewed the filing and Staff's Memorandum dated October
12 17, 2014, concludes that it is in the public interest to approve the proposed BMP tariff attached hereto
13 as Exhibit A.

14 ORDER

15 IT IS THEREFORE ORDERED that Montezuma Rimrock Water Company, LLC's Water
16 BMP tariffs, attached hereto as Exhibit A, are hereby approved.

17 IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall notify
18 its 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 and
20 shall provide a copy of the BMP tariffs to any customer upon request.

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

4 IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC's BMP tariffs
5 authorized herein shall go into effect 30 days after the date notice is sent to customers.

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

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

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CHAIRMAN COMMISSIONER

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13 COMMISSIONER COMMISSIONER COMMISSIONER

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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
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2014.

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JODI JERICH
EXECUTIVE DIRECTOR

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22 DISSENT: _____

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24 DISSENT: _____

25 SMO:MT:sms\CHH

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1 SERVICE LIST FOR: Montezuma Rimrock Water Company, LLC
2 DOCKET NO. W-04254A-14-0347

3 Ms. Patricia D. Olsen
4 Manager
5 Montezuma Rimrock Water Company, LLC
6 3031 East Beaver Creek Road
7 Rimrock, Arizona 86335

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

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

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

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EXHIBIT A

Company: Montezuma Rimrock Water Company LLC

Decision No.: _____

Phone: 928-592-9211

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: Montezuma Rimrock Water Company LLC

Decision No.: _____

Phone: 928-592-9211

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: Montezuma Rimrock Water Company LLC

Decision No.: _____

Phone: 928-592-9211

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.

Company: Montezuma Rimrock Water Company LLC

Decision No.: _____

Phone: 928-592-9211

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.