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# OPEN MEETING

MEMORANDUM RECEIVED  
AZ CORP COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

2014 OCT 23 PM 4:18

FROM: Utilities Division

DATE: October 23, 2014 ORIGINAL

RE: IN THE MATTER OF THE APPLICATION OF MICHAEL'S RANCH WATER USERS ASSOCIATION FOR APPROVAL OF A RATE INCREASE COMPLIANCE FILING PER DECISION NO. 74408 - Best Management Practices for Michael's Ranch Water Users Association (Docket No. W-02624A-13-0367)

## INTRODUCTION

On March 19, 2014, the Arizona Corporation Commission ("Commission") issued Decision No. 74408 approving new rates for Michael's Ranch Water Users Association ("WUA" or "Association"). As part of the Decision, the Commission ordered that WUA file with Docket Control, as a compliance item in this docket, 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 FILING

On September 29, 2014, WUA filed BMP tariffs. In its compliance filing the Association is requesting Commission approval to implement the water conservation measures listed below.

1. **New Homeowner Landscape Information Tariff – BMP 2.3:** A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping.
2. **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.
3. **Public Education Program Tariff:** A program for the Company to provide free written information on water conservation measures to its customers and remind them of the importance of conserving water.<sup>2</sup>

Arizona Corporation Commission  
DOCKETED

OCT 23 2014

DOCKETED BY 

<sup>1</sup> Decision No. 74408 at 15:1-5.

<sup>2</sup> While the Public Education Program counts toward meeting the BMP requirement, it is not officially referred to as a BMP in Arizona Department of Water Resources documents.

## STAFF'S ANALYSIS

### *Background Information and Service Area Characteristics*

WUA is a Class E water utility providing service to approximately 25 metered connections in the Michael's Ranch community which is located approximately 13 miles north of Cottonwood in Yavapai County. The Association's service area is approximately 1/4 of a square mile in size. The WUA water system serves primarily residential customers and is not located in any Arizona Department of Water Resources ("ADWR") Active Management Area.

According to the Association, the New Homeowner Landscape Information Tariff allows it to provide landscape information to new and existing customers on efficient watering practices appropriate for the Northern Arizona desert area. The Michael's Ranch community has 38 or 39 lot sites, 23 of which have homes on them. The Water System Tampering Tariff authorizes the Association to bring an action for damages against any person who tampers with the water system.

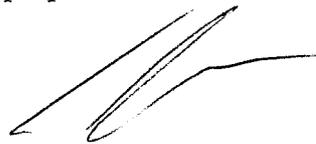
In Decision No.74408 WUA was ordered to monitor the water system closely and take action to ensure that water loss is below 10 percent. The proposed BMP tariffs allow the Association to actively participate in water conservation with its customers.

### *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. The tariffs proposed conform to the templates developed by Staff.

## RECOMMENDATION

Staff has concluded that the BMPs proposed are relevant to WUA's service area characteristics. Staff recommends approval of WUA's proposed BMP tariffs attached to the proposed order as Exhibit A.



Steven M. Olea  
Director  
Utilities Division

SMO:DH:sms\ML

Originator: Dorothy Hains

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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 MICHAEL'S RANCH WATER USERS )  
ASSOCIATION FOR APPROVAL OF A )  
RATE INCREASE - COMPLIANCE )  
FILING PER DECISION NO. 74408.

DOCKET NO. W-02624A-13-0367  
DECISION NO. \_\_\_\_\_

ORDER

Open Meeting  
November 5 and 6, 2014  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Michael's Ranch Water Users Association ("WUA" or "Association") is certificated to provide water service as a public service corporation in the State of Arizona.
2. On March 19, 2014, the Arizona Corporation Commission ("Commission") issued Decision No. 74408 approving new rates for WUA. As part of the Decision, the Commission ordered that WUA file with Docket Control, as a compliance item in this docket, 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>

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<sup>1</sup> Decision No. 74408 at 15:1-5.

1           3.     On September 29, 2014, WUA filed BMP tariffs. In its compliance filing the  
2 Association is requesting Commission approval to implement the water conservation measures listed  
3 below.

4                   **New Homeowner Landscape Information Tariff – BMP 2.3:** A program for the  
5 Company to promote the conservation of water by providing a landscape information  
6 package for the purpose of educating its new customers about low water use  
7 landscaping.

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

12                   **Public Education Program Tariff:** A program for the Company to provide free  
13 written information on water conservation measures to its customers and remind them  
14 of the importance of conserving water.<sup>2</sup>

## 12 Staff's Analysis

### 13 Background Information and Service Area Characteristics

14           4.     WUA is a Class E water utility providing service to approximately 25 metered  
15 connections in the Michael's Ranch community which is located approximately 13 miles north of  
16 Cottonwood in Yavapai County. The Association's service area is approximately 1/4 of a square mile  
17 in size. The WUA water system serves primarily residential customers and is not located in any  
18 Arizona Department of Water Resources' ("ADWR") Active Management Area.

19           5.     According to the Association, the New Homeowner Landscape Information Tariff  
20 allows it to provide landscape information to new and existing customers on efficient watering  
21 practices appropriate for the Northern Arizona desert area. The Michael's Ranch community has 38  
22 or 39 lot sites, 23 of which have homes on them. The Water System Tampering Tariff authorizes the  
23 Association to bring an action for damages against any person who tampers with the water system.  
24 This tariff allows WUA, which has had to deal with meter tampering, the ability to mitigate or  
25 eliminate tampering. In Decision No.74408 WUA was ordered to monitor the water system closely

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28 <sup>2</sup> While the Public Education Program counts toward meeting the BMP requirement, it is not officially referred to as a  
BMP in Arizona Department of Water Resources documents.

1 and take action to ensure that water loss is below 10 percent. The proposed BMP tariffs allow the  
2 Association to actively participate in water conservation with its customers.

3 Proposed Tariffs

4 7. Staff created a set of BMP tariff templates that were developed using the BMP  
5 descriptions outlined in the ADWR Modified Non-Per Capita Conservation Program and relevant  
6 ADWR documents. The tariffs proposed conform to the templates developed by Staff.

7 **Recommendation**

8 8. Staff has concluded that the BMPs proposed are relevant to WUA's service area  
9 characteristics. The tariffs proposed by WUA conform to the templates developed by Staff. Staff has  
10 recommended approval of WUA's proposed BMP tariffs attached hereto as Exhibit A.

11 CONCLUSIONS OF LAW

12 1. Michael's Ranch Water Users Association is a public service corporation within the  
13 meaning of Article XV, Section 2, of the Arizona Constitution.

14 2. The Commission has jurisdiction over Michael's Ranch Water Users Association and  
15 of the subject matter of the Application.

16 3. The Commission, having reviewed the filing and Staff's Memorandum dated October  
17 23, 2014, concludes that it is in the public interest to approve the proposed BMP tariffs attached  
18 hereto as Exhibit A.

19 ORDER

20 IT IS THEREFORE ORDERED that Michael's Ranch Water Users Association's Water  
21 BMP tariffs attached hereto as Exhibit A are hereby approved.

22 IT IS FURTHER ORDERED that Michael's Ranch Water Users Association shall notify its  
23 customers, in a form acceptable to Staff, of the BMP tariffs authorized herein and their effective date  
24 by means of either an insert in the next regularly scheduled billing or by a separate mailing and shall  
25 provide a copy of the BMP tariffs to any customer upon request.

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IT IS FURTHER ORDERED that Staff shall file a letter in the Docket confirming that the Michael's Ranch Water Users Association tariffs have been updated with the tariffs approved herein.

IT IS FURTHER ORDERED that the Michael's Ranch Water Users Association's BMP tariffs authorized herein shall go into effect 30 days after the date notice is sent to customers.

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

**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 \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

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

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

SMO:DH:sms\ML

1 SERVICE LIST FOR: Michael's Ranch Water Users Association  
DOCKET NO. W-02624A-13-0367

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3 Ms. Jeannie Falen  
Michael's Ranch Operating Water Liaison  
4 Michael's Ranch Water Users Association  
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5 Sedona, Arizona 86336

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

9

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

13 Ms. Lyn Farmer  
14 Chief Administrative Law Judge  
Hearing Division  
15 Arizona Corporation Commission  
1200 West Washington Street  
16 Phoenix, Arizona 85007

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# EXHIBIT A

Company: Michael's Ranch Water Users Association

Decision No.: 74408

Docket No: W-02624A-13-0367

Effective Date: 04-01-2014

### **New Homeowner Landscape Information Tariff – BMP 2.3**

**PURPOSE:**

A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.3: New Homeowner Landscape Information).

**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. Upon establishment of water service the Company shall provide a free "Homeowner Landscape Packet" to each new customer in the Company's service area. The packet will include at a minimum: a cover letter describing the water conservation expectations for all customers in the Company's service area, all applicable tariffs, a basic interior-exterior water saving pamphlet, xeriscape landscape information, and information on where to find low water use plant lists, watering guidelines, and a rain water harvesting pamphlet.
2. Upon customer request, the Company shall provide:
  - a. On-site consultations on low water use landscaping and efficient watering practices.
  - b. A summary of water saving options.
3. The number of packets provided to new customers will be recorded and made available to the Commission upon request.

Company: Michael's Ranch Water Users Association

Decision No.: 74408

Docket No: W-02624A-13-0367

Effective Date: 04-01-2014

### **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.

Company: Michael's Ranch Water Users Association

Decision No.: 74408

Docket No: W-02624A-13-0367

Effective Date: 04-01-2014

### **Public Education Program Tariff – BMP 1.0**

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**PURPOSE :**

A program for the Company to provide free written information on water conservation measures to its customers and to remind them of the importance of conserving water (Required Public Education 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. The Company shall provide two newsletters to each customer; one to be provided in the spring, the other in the fall. The goal of the letters is to provide timely information to customers in preparation of the hot summer months, and the cold winter months, in regards to their water uses. The Company shall remind customers of the importance of water conservation measures and inform them of the information available from the Company.
2. Information in the newsletters shall include water saving tips, home preparation recommendations for water systems/pipes, landscape maintenance issues for summer and winter, water cistern maintenance reminders and additional pertinent topics. Where practical, the Company shall make this information available in digital format which can be e-mailed to customers upon request or posted on the Company's website.
3. Communication channels shall include one or more of the following: water bill inserts, messages on water bills, Company web page, post cards, e-mails and special mailings of print pieces, whichever is the most cost-effective and appropriate for the subject at hand.
4. Free written water conservation materials shall be available in the Company's business office and the Company shall send information to customers on request.
5. The Company may distribute water conservation information at other locations such as libraries, chambers of commerce, community events, etc., as well.
6. The Company shall keep a record of the following information and make it available to the Commission upon request.
  - a. A description of each communication channel (i.e., the way messages will be provided) and the number of times it has been used.
  - b. The number of customers reached (or an estimate).
  - c. A description of the written water conservation material provided free to customers.