

ORIGINAL

OPEN MEETING



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MEMORANDUM

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Arizona Corporation Commission

TO: THE COMMISSION

DOCKETED

2015 MAR 31 P 2:14

FROM: Utilities Division

MAR 31 2015

AZ CORP COMMISSION
DOCKET CONTROL

DATE: March 31, 2015

DOCKETED BY *rc*

RE: IN THE MATTER OF THE APPLICATION OF ABRA WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR AN INCREASE IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON (DOCKET NO. W-01782A-14-0084)

SUBJECT: COMPLIANCE FILING PER DECISION NO. 74869 - BEST MANAGEMENT PRACTICES FOR ABRA WATER COMPANY, INC.

Introduction

On December 18, 2014, the Arizona Corporation Commission ("Commission") issued Decision No. 74869 granting Abra Water Company, Inc. ("Abra" or "Company") a rate increase. As part of the Decision, the Commission ordered that Abra file with Docket Control, as a compliance item in this docket within 90 days of the effective date of the Decision, at least 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

Company's Compliance Filing

Pursuant to Decision No. 74869 on March 17, 2015, Abra filed BMP tariffs. In its compliance filing, the Company is requesting Commission approval to implement the water conservation measures listed below.

1. **Residential Audit Program Tariff – BMP 3.1:** A program for the Company to promote water conservation by providing customers with information on performing water audits to determine conservation opportunities at their residence.
2. **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.
3. **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 Decision No. 74869 at 31:19-23.

4. **Water Waste Investigations and Information Tariff – BMP 3.8:** A program for the Company to assist customers with water waste complaints and provide customers with information designed to improve water use efficiency.
5. **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

Abra serves the Community of Paulden, which is located in Yavapai County approximately 25 miles north of Prescott. The Abra water system is providing water service to approximately 635 customers. The Company's certificated service area encompasses approximately ten square miles. The area served has had a relatively flat growth rate for the past several years which is expected to continue. Abra is not located in an Arizona Department of Water Resources ("ADWR") Active Management Area. Abra is in compliance with ADWR requirements governing water providers and/or community water systems.

During the rate case, Abra's water loss was approximately 12 percent, which exceeds Staff's recommended threshold of 10 percent. The Company has a waterloss reduction plan in place which requires immediate repair of a known leak and consistent monitoring of the service area to identify potential leaks. Abra has replaced approximately 111 meters since February 2011. Abra intends to continue replacing older meters as revenues allow.

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.

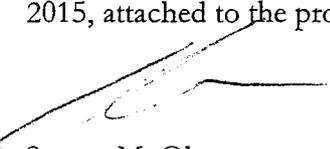
The Company's billing system enables it to determine if a customer's water use is abnormally high. Company field personnel are in the service area on a daily basis which allows the Company to identify and investigate problems such as water standing or running down the street.

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, 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 Abra's service area characteristics. Staff recommends approval of the BMP tariffs filed by the Company on March 17, 2015, attached to the proposed order as Exhibit A.



Steven M. Olea
Director
Utilities Division

SMO:JWL:vsc\ML

Originator: Jian Liu

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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
TOM FORESE
Commissioner

IN THE MATTER OF THE APPLICATION
OF ABRA WATER COMPANY, INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANT AND PROPERTY
AND FOR AN INCREASE IN ITS RATES
AND CHARGES FOR UTILITY SERVICE
BASED THEREON - COMPLIANCE FILING
PER DECISION NO. 74869

DOCKET NO. W-01782A-14-0084

DECISION NO. _____

ORDER

Open Meeting
April 14 and 15, 2015
Phoenix, Arizona

BY THE COMMISSION

FINDINGS OF FACT

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

2. On December 18, 2014, the Arizona Corporation Commission ("Commission") issued Decision No. 74869 granting Abra a rate increase. As part of the Decision, the Commission ordered that Abra file with Docket Control, as a compliance item in this docket within 90 days of the effective date of the Decision, at least 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

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¹ Decision No. 74869 at 31:19-23.

1 3. Pursuant to Decision No. 74869 on March 17, 2015, Abra filed BMP tariffs. In its
2 compliance filing, the Company is requesting Commission approval to implement the water
3 conservation measures listed below.

- 4 • **Residential Audit Program Tariff – BMP 3.1:** A program for the Company to
5 promote water conservation by providing customers with information on performing
6 water audits to determine conservation opportunities at their residence.
- 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 complaints.
- 9 • **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the
10 Company to monitor and notify customers when water use seems to be abnormally
11 high and provide information that could benefit those customers and promote water
12 conservation.
- 13 • **Water Waste Investigations and Information Tariff – BMP 3.8:** A program for the
14 Company to assist customers with water waste complaints and provide customers with
15 information designed to improve water use efficiency.
- 16 • **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to
17 promote the conservation of groundwater by enabling the Company to bring an action
18 for damages or to enjoin any activity against a person who tampers with the water
19 system.

14 **Staff's Analysis**

15 Background Information and Service Area Characteristics

16 4. Abra serves the Community of Paulden, which is located in Yavapai County
17 approximately 25 miles north of Prescott. The Abra water system is providing water service to
18 approximately 635 customers. The Company's certificated service area encompasses approximately
19 ten square miles. The area served has had a relatively flat growth rate for the past several years which
20 is expected to continue. Abra is not located in an Arizona Department of Water Resources
21 ("ADWR") Active Management Area. Abra is in compliance with ADWR requirements governing
22 water providers and/or community water systems.

23 5. During the rate case, Abra's water loss was approximately 12 percent, which exceeds
24 Staff's recommended threshold of 10 percent. The Company has a waterloss reduction plan in place
25 which requires immediate repair of a known leak and consistent monitoring of the service area to
26 identify potential leaks. Abra has replaced approximately 111 meters since February 2011. Abra
27 intends to continue replacing older meters as revenues allow.

28 ...

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

8 7. The Company's billing system enables it to determine if a customer's water use is
9 abnormally high. Company field personnel are in the service area on a daily basis which allows the
10 Company to identify and investigate problems such as water standing or running down the 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, revisions
15 were made to the templates where appropriate to incorporate any comments/suggestions provided by
16 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 Abra's service area
19 characteristics. Staff has recommended approval of the BMP tariffs filed by the Company on March
20 17, 2015, attached as Exhibit A.

21 CONCLUSIONS OF LAW

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

24 2. The Commission has jurisdiction over Abra Water Company, Inc. and of the subject
25 matter of the Application.

26 3. The Commission, having reviewed the filing and Staff's Memorandum dated March
27 31, 2015, concludes that it is in the public interest to approve the proposed BMP tariffs attached
28 hereto as Exhibit A.

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ORDER

IT IS THEREFORE ORDERED that the Abra Water Company, Inc. BMP tariffs attached hereto as Exhibit A are hereby approved.

IT IS FURTHER ORDERED that Abra Water Company, Inc. shall notify its customers, in a form acceptable to Staff, of the BMP tariffs authorized herein and their effective date by means of either an insert in the next regularly scheduled billing or by a separate mailing and shall provide copies of the BMP tariffs to any customer upon request.

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IT IS FURTHER ORDERED Staff shall file a letter in the Docket confirming that the Abra Water Company, Inc. tariffs have been updated with the tariffs approved herein.

IT IS FURTHER ORDERED that the 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 _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JWL:vsc\ML

1 SERVICE LIST FOR:
2 DOCKET NO.: W-01782A-14-0084

3 Mr. Robert J. Metli
4 MUNGER CHADWICK, PLC.
5 2398 East Camelback Road, Suite 240
6 Phoenix, Arizona 85016
7 Attorneys for Abra Water Company, Inc.

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9 ABRA WATER COMPANY, INC.
10 P.O. Box 515
11 Paulden, Arizona 86334

12 Mr. Rod Yarbrow
13 Manager
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19 Arizona Corporation Commission
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24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27 Ms. Lyn Farmer
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EXHIBIT A

Company: ABRA WATER COMPANY, INC.

Decision No.: _____

Phone: 928-636-2557

Effective Date: _____

Residential Audit Program Tariff – BMP 3.1

PURPOSE

A program for the Company to promote water conservation by providing customers with information on performing water audits to determine conservation opportunities at their residence (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.1: Residential Audit 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 offer self-audit information.
2. The Company or designated representative shall provide all customers that request them with a self-audit kit.
3. The kit shall include detailed instructions and tools for completing the water audit including information on how to check their water meter. The audit kit shall include but not be limited to information on checking the following components: irrigation system, pool, water features, toilets, faucets and shower.
4. If requested, the Company shall assist the customer in a self-water audit and assist the customer in determining what might be causing high water usage as well as supply customer with information regarding water conservation and landscape watering guidelines. As part of the water audit, and if requested to do so by the customer, the Company shall confirm the accuracy of the customer meter (applicable meter testing fees shall apply).
5. The Company shall keep a record of the following information and make it available upon request.
 - a. A description of the water conservation material provided in the kit.
 - b. The number of kits provided to customers.
 - c. Implementation costs of the Residential Audit Program.

Revised 10-4-10

Decision No. _____

Company: ABRA WATER COMPANY, INC.

Decision No.: _____

Phone: 928-636-2557

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.

Revised: 7-2-12

Decision No. _____

Company: ABRA WATER COMPANY, INC.

Decision No.: _____

Phone: 928-636-2557

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.

Revised: 4-15-10

Decision No. _____

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.

Revised: 4-15-10

Decision No. _____

Company: ABRA WATER COMPANY, INC.

Decision No.: _____

Phone: 928-636-2557

Effective Date: _____

Water Waste Investigations and Information Tariff – BMP 3.8

PURPOSE

A program for the Company to assist customers with water waste complaints and provide customers with information designed to improve water use efficiency (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.8: Water Waste Investigations and 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. The Company shall handle water waste complaints as calls are received.
2. Calls shall be taken by a customer service representative who has been trained to determine the type of water waste and to determine if it may be attributed to a leak or broken water line.
3. The Company shall follow up on every water waste complaint.
4. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to investigate further and notify the responsible party of the waste and offer assistance and information to prevent waste in the future.
5. A letter of enforcement will be issued to customers with water running beyond the curb and/or off the customers property due to such things as, but not limited to, backwashing of pools, broken sprinkler heads, and over watering of lawns beyond the saturation point.
6. The same procedures outlined above in item #4 will be followed in the event of a second violation. Termination of service may result in the event of the third violation within a 12 month period. In the event of a third violation the customer's service may be terminated per Arizona Administrative Code R14-2-410C, R14-2-410D and R14-2-410E (applicable service reconnection fees shall apply).
7. The Company shall record each account and each instance noted for water waste, the action taken and any follow-up activities.
8. Subject to the provisions of this tariff, compliance with the water waste restriction will be a condition of service.
9. The Company shall provide to its customers a complete copy of this tariff and all attachments upon request and to each new customer. The customer shall abide by the water waste restriction.
10. 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.

Revised: 9-30-10

Decision No. _____

Company: ABRA WATER COMPANY, INC.

Decision No.: _____

Phone: 928-636-2557

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 R14-2-403 and R14-2-410 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. 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 perform in 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.

Decision No. _____