

ORIGINAL



# Los Cerros Water

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2015 DEC 23 A 10: 03

AZ CORP COMMISSION  
DOCKET CONTROL

December 21, 2015

Arizona Corporation Commission  
DOCKETED

DEC 23 2015

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

DOCKETED BY *AK*

Re: Response to Staff Report for Los Cerros Water Company, Inc.'s Application for A Permanent Rate Increase. Docket No. W-02747A-15-0293

Los Cerros Water Company, Inc. would like to file a written response to the Staff Report filed on December 16, 2015.

Los Cerros agrees with the staff report however, there are discrepancies.

1. Salaries and Wages - Health and Life Insurance Expenses.

It is correct that the current health insurance plan (COBRA) will be replaced with a new Group Plan beginning January 1, 2016. At the time of the staff review, Christine called Jody Carlson, Los Cerros' representative and asked about the insurance policy. Jody was in the process of getting a quote for insurance, but had not obtained the figure at the time of the phone call. Christine suggested that the new premium would probably be lower. Jody was going to get the new rate within a few days, however, Christine said she would not need it. I have attached a copy of the 1<sup>st</sup> month's premium due in January. The premium for health insurance for Steve and Jody Carlson, the only two employees eligible for coverage will be \$1,304.76 per month for medical coverage and \$98.02 per month for Dental and Vision. Humana is the only coverage we could find because of unusual circumstances that the two employees are married. The COBRA premium was \$1,363.04 per month; therefore, the adjustment should be \$58.28/month or \$699 per year.

## 2. Salaries and Wages - Bonuses

Company does not recall ever being questioned about the legitimacy or reasons behind the company bonuses. It states directly in Paragraph 3 of the Operating Income Section the "The Company did not respond to the reason why bonuses were paid".

Please reference Jody's response to Christine's Data Requests item #CLP 1-8 regarding salaries and bonuses. All employees receive an annual bonus instead of a pay increase so that if Los Cerros Water Company's cash flow falls short they would not be required to pay the bonus. Every few years, American Property Exchange, Inc pays Jody's bonus as was the case in 2013. Jody's bonus has been the same for more than 20 years.

Jody Carlson is responsible for everything at the office. From cleaning toilets to preparing reports for the accountant, and all tasks in between, she is responsible for everything. She does everything she can to keep costs down. The benefit to Los Cerros Water is saving money and the benefit to Jody is her annual bonus.

## 3. Curtailment Tariff

As per instructed, on October 28, 2015 Los Cerros Water Company, Inc. filed an Application for a Curtailment Tariff (Original and 13 copies).

As of today, we have not had a response from the Arizona Corporation Commission.

I have enclosed a copy for your reference.

According to my knowledge, all other reports and findings are correct.

Respectfully submitted,

A handwritten signature in black ink that reads "Jody Carlson". The signature is written in a cursive, flowing style.

Jody Carlson, Secretary

Humana group rates for LOS CERROS WATER CO, INC.  
 Rate Effective Date: January 1, 2016

Docket Control #  
 W-02747A-15-0293

<b>Medical Plan:</b>	AZ NPOS 16 Copay OPT 16 Gold	<b>Network:</b>	NPOS-OA
<b>Coinsurance % (in/out):</b>	70/50	<b>Deductible Single (in/out):</b>	1000/3000
<b>Out of Pocket (in/out):</b>	4000/12000	<b>Office visit copay:</b>	20/45
<b>Pharmacy:</b>	\$10/30/50/25%	<b>Association:</b>	N/A
<b>Optional Benefits:</b>	N/A		

Employee Name	Age	Coverage Type	Billed Amount
1 CARLSON, JODY	56	Employee	603.13
2 CARLSON, STEVEN R	60	Employee	701.63
		<b>Total For Product</b>	<b>1,304.76</b>

<b>Dental Plan:</b>	AZ TRP U&C 14	<b>Deductible single (in/out):</b>	25/25
<b>Funding Type:</b>	Employer Sponsored	<b>Annual Max:</b>	\$0
<b>Coinsurance % (In):</b>	100/80/50	<b>Association:</b>	N/A
<b>Coinsurance % (Out):</b>	100/80/50	<b>Perio/Endo:</b>	See Pln Summary
<b>Optional Benefits:</b>	PERIODONTICS IN BASIC ENDODONTICS IN BASIC	<b>Other Options:</b>	Open Enrollment

Coverage Type	Employee Count	Billed Amount	Total Amount
Employee	2	44.17	88.34
Employee & Spouse	0	88.34	0.00
Employee & Child(ren)	0	112.63	0.00
Family	0	156.81	0.00
		<b>Total For Product</b>	<b>88.34</b>

Humana group rates for LOS CERROS WATER CO, INC.  
 Rate Effective Date: January 1, 2016

Docket Control #  
 W-02747A-15-0293

**GN VISION CARE PLAN12/12/24 \$10/15 COPAY \$40 FRAME ALLW 110 CONTACT ALLW**

Other Options: Open Enrollment

Coverage Type	Employee Count	Billed Amount	Total Amount
Employee	2	4.84	9.68
Employee & Spouse	0	9.67	0.00
Employee & Child(ren)	0	9.19	0.00
Family	0	14.44	0.00
<b>Total For Product</b>			<b>9.68</b>
<b>Total For All Products</b>			<b>1,402.78</b>



# Los Cerros Water Company

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Los Cerros Water Co., Inc.

Docket Control #  
W-02747A-15-0293

*October 28, 2015*

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Attached is an application by *Los Cerros Water Company, Inc.* for approval of a Curtailment Tariff. The purpose of this tariff is to implement water conservation measures during times of water shortages.

*Jody R. Carlson*

Jody R. Carlson, Secretary

## TARIFF SCHEDULE

Utility: Los Cerros Water Co., Inc.  
Docket No.: \_\_\_\_\_  
Phone No.: 520-293-5500

Tariff Sheet No.: 1 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

**CURTAILMENT PLAN FOR:** LOS CERROS WATER COMPANY, INC.

ADEQ Public Water System No: AZ 04 10-128

*Los Cerros Water Company, Inc.* ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

### **Stage 1 Exists When:**

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

### **Stage 2 Exists When:**

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

## TARIFF SCHEDULE

Utility: Los Cerros Water Co, Inc.  
Docket No.: \_\_\_\_\_  
Phone No.: 520-293-5500

Tariff Sheet No.: 2 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

### **Stage 3 Exists When:**

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least 4 (four) signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

## TARIFF SCHEDULE

Utility: Los Cerros Water Co., Inc.  
Docket No.: \_\_\_\_\_  
Phone No.: 520-293-5500

Tariff Sheet No.: 3 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

### Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least 4 (four) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

## TARIFF SCHEDULE

Utility: Los Cerros Water Co., Inc.  
Docket No.: \_\_\_\_\_  
Phone No.: 520-293-5500

Tariff Sheet No.: 4 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply with two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. 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.