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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE – Interim Chairman
BOB STUMP
BOB BURNS
TOM FORESE
VACANT

IN THE MATTER OF THE APPLICATION OF BOX 1, INC. DBA LAZY C WATER SERVICE FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER SERVICE.	DOCKET NO. W-01536A-15-0269 DECISION NO. 75411 **OPINION AND ORDER**
DATE OF HEARING:	November 12, 2015
PLACE OF HEARING:	Tucson, Arizona
ADMINISTRATIVE LAW JUDGE:	Belinda A. Martin
APPEARANCES:	Mr. Robert J. Canfield, II, and Ms. Rebecca Hiser, on behalf of Box 1, Inc. d/b/a Lazy C Water Service; and Mr. Matthew Laudone, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

Arizona Corporation Commission
DOCKETED
JAN 19 2016
DOCKETED BY

BY THE COMMISSION:

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Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

Procedural History

1. Box 1, Inc. d/b/a Lazy C Water Service ("Lazy C" or "Company"), is an Arizona 'C' corporation engaged in the business of providing water utility service to the public approximately six miles northwest of Tucson, in Pima County, Arizona, pursuant to authority granted by the Commission in Decision No. 30454 (August 16, 1957).

2. On July 23, 2015, Lazy C filed an application ("Application") with the Commission for

an extension of its Certificate of Convenience and Necessity ("CC&N").

3. On August 24, 2015, the Commission's Utilities Division ("Staff") docketed its Sufficiency Letter notifying Lazy C that the Application was sufficient pursuant to Arizona Administrative Code ("A.A.C.") R14-2-402.

4. By Procedural Order dated August 28, 2015, the matter was set for hearing at the Commission's offices in Tucson, Arizona, on November 12, 2015, and procedural guidelines and deadlines were established.

5. On October 9, 2015, Staff filed its Staff Report recommending approval of the Application.

6. On November 12, 2015, the hearing in this matter convened before a duly authorized Administrative Law Judge. Robert J. Canfield, II, Lazy C's vice-president, and Rebecca C. Hiser, the Company's Secretary, appeared and provided testimony on Lazy C's behalf. Staff was represented by counsel, and Del Smith and Vicky Wallace testified on behalf of Staff. No members of the public appeared at the hearing to provide comment.

7. On November 18, 2015, the Company docketed a Corporate Resolution authorizing Mr. Canfield and Ms. Hiser to represent Lazy C at hearing.

Company Background

8. Lazy C provides water service to approximately 132 residential customers in Pima County, with which the Company has a Public Utility License Agreement. The Company's present certificated area consists of approximately one and one-half square miles. The Company's current rates and charges for water service were approved in Decision No. 71832 (August 10, 2010).

9. Lazy C's water system's plant is located on four separate sites and consists of two wells with a total production capacity of 78 gallons per minute ("gpm"), three pressure tanks, and the distribution system. The Company has an interconnection with the City of Tucson consisting of a meter with back-flow assembly, check valve, and a pressure regulator, and can supply 90 gpm.

10. Staff concludes that Lazy C's existing system has adequate production and storage capacity to serve the existing and proposed CC&N area within a conventional five-year planning period and can reasonably be expected to develop additional storage and production as required in the future.

11. Lazy C's existing system is regulated by the Arizona Department of Environmental Quality ("ADEQ") under ADEQ Public Water System I.D. #10-065. An ADEQ Drinking Water Compliance Report dated September 10, 2015, states that the Company's system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141, and A.A.C., Title 18, Chapter 4.

12. Lazy C is located within the Tucson Active Management Area. According to an Arizona Department of Water Quality ("ADWR") Water Provider Compliance Report dated September 1, 2015, Lazy C is currently non-compliant with ADWR requirements governing water providers and/or community water systems. Staff notes that the non-compliant items are missing or late reports, and a water loss level greater than ten percent. The Company is currently operating at a 14.7 percent level of water loss, exceeding acceptable limits.

13. Staff recommends that Lazy C monitor its water system and submit the gallons pumped and sold to determine the amount of non-account water for a full year. The Company should coordinate when it reads the well meter each month with customer billing so that an accurate accounting is determined. The results of this monitoring and reporting should be docketed as a compliance item in this docket within 13 months of this Decision's effective date. If the reported water loss is greater than ten percent, Lazy C should prepare a report containing a detailed analysis and plan to reduce the water loss to ten percent or less. If the Company believes it is not cost effective to reduce the water loss to less than ten percent, it should submit a detailed cost benefit analysis to support its opinion. In no case should the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is chosen to be submitted, should be docketed as a compliance item within 13 months of this Decision's effective date.

14. Lazy C has Commission-approved Curtailment and Backflow Tariffs.

15. Lazy C has no outstanding compliance issues with the Commission.

Application

16. Lazy C received a request for service in the proposed extension area from Thomas Wiewandt, the sole owner of two ten-acre parcels. The legal description of the proposed extension area is attached hereto as Exhibit A.

17. The two parcels are near, but not contiguous to, Lazy C's existing certificated area. There are no other Commission-regulated water companies nearby. According to the Company, at one time, the parcels were served by a well owned by Mr. Wiewandt, but in 1997, the well ran dry and Mr. Wiewandt requested water service from Lazy C. The Company agreed and Mr. Wiewandt built, at his own expense, a service connection from his property to a meter located within the Lazy C certificated area. Mr. Wiewandt has been a Lazy C customer since that time.

18. The parties note that no new development is planned for the proposed extension area. Staff concluded, however, that if the Company receives additional requests for service from within the proposed CC&N extension area, or if the single current customer within the proposed extension area changes, Lazy C should request a Main Extension Agreement and install a minimum 6-inch main from its existing system into the proposed extension area in accordance with A.A.C. R14-2-406.

19. Staff concludes that Lazy C is a fit and proper entity to provide water service and it is in the public interest to approve the CC&N extension.

20. Based on the foregoing, Staff recommends approval of Lazy C's Application.

21. Staff further recommends that Lazy C charge its authorized rates and charges in the proposed extension area.

22. Staff's recommendations are reasonable and should be adopted.

23. In Decision No. 71832 (August 10, 2010), the Commission directed Lazy C to file annually, as part of its Utilities Annual Report, an affidavit attesting that the Company is current in paying its property taxes in Arizona. We believe it is reasonable to require Lazy C to continue to do so.

CONCLUSIONS OF LAW

1. Lazy C is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Lazy C and the subject matter of the Application.

3. Notice of the Application was provided in accordance with law.

4. There is a public need and necessity for water service in the proposed extension area as set forth in the attached Exhibit A.

5. Lazy C is a fit and proper entity to receive a CC&N to provide water service in the proposed extension area.

6. Staff's recommendations are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that the Application of Box 1, Inc. d/b/a Lazy C Water Service for an extension of its Certificate of Convenience and Necessity to provide water service in Pima County, for the area described in the attached Exhibit A, is approved.

IT IS FURTHER ORDERED that Box 1, Inc. d/b/a Lazy C Water Service shall charge its authorized rates and charges in the extension area.

IT IS FURTHER ORDERED that Box 1, Inc. d/b/a Lazy C Water Service shall monitor its water system and submit the gallons pumped and sold to determine the non-account water for a full year. The Company shall coordinate when it reads the well meter each month with customer billing so that an accurate accounting is determined. The results of this monitoring and reporting shall be docketed as a compliance item in this docket within 13 months of this Decision's effective date. If the reported water loss is greater than ten percent, Box 1, Inc. d/b/a Lazy C Water Service shall prepare a report containing a detailed analysis and plan to reduce the water loss to ten percent or less. If the Company believes it is not cost effective to reduce the water loss to less than ten percent, it shall submit a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is chosen to be submitted, shall be docketed as a compliance item within 13 months of this Decision's effective date.

IT IS FURTHER ORDERED that if Box 1, Inc. d/b/a Lazy C Water Service receives additional requests for service from within the CC&N extension area, or if the single current customer within the extension area changes, Box 1, Inc. d/b/a Lazy C Water Service should request a Main Extension Agreement and install a minimum 6-inch main from its existing system into the proposed extension area in accordance with A.A.C. R14-2-406.

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IT IS FURTHER ORDERED that Box 1, Inc. d/b/a Lazy C Water Service shall continue to file annually, as part of its Utilities Annual Report, an affidavit with the Commission's Utilities Division attesting that it is current in paying its property taxes in Arizona.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN COMMISSIONER

Vacant

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 the Commission to be affixed at the Capitol, in the City of Phoenix, this 19th day of January 2016.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
BM:ru

SERVICE LIST FOR: BOX 1, INC DBA LAZY C WATER SERVICE

DOCKET NO.: W-01536A-15-0269

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