

OPEN MEETING



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ORIGINAL

MEMORANDUM

TO: THE COMMISSION
FROM: Utilities Division
DATE: July 26, 2016
RE: IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR APPROVAL OF POINT-OF-USE TREATMENT DEVICE TARIFF (DOCKET NO. W-01445A-16-0192)

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AZ CORP COMMISSION Arizona Corporation Commission
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Introduction

On June 15, 2016, Arizona Water Company ("Arizona Water" or the "Company") filed a Point-of-Use ("POU") Treatment Device Tariff ("Tariff") for all its systems. The purpose of this Tariff is to enable Arizona Water to comply with Arizona Department of Environmental Quality ("ADEQ") requirements for POU treatment.

Amended tariff filed and waiver of time clock

On July 15, 2016, Arizona Water filed a revised POU Tariff to replace the tariff filed on June 15, 2016. The POU Tariff was revised to include several clarifying changes and references to the latest ADEQ rule applicable to POU treatment. These revisions had been discussed and agreed to by Staff and the Company in advance. In its latest filing, the Company agreed to waive the applicable time clock in order to allow the Commission Staff adequate time to complete its review and processing of the amended tariff.

Applicability

The POU Tariff would apply to customers in the Arizona Water systems where ADEQ has approved POU treatment to comply with Safe Drinking Water Act requirements. The Company recently installed POU treatment devices at its Coolidge Airport system to address an arsenic issue there. Testing of the POU devices has been completed and an Approval of Installation has been submitted to ADEQ. The Coolidge Airport system serves the Coolidge Airport area in Pinal County. Major plant in service includes two active wells, one storage tank, one pressure tank, five booster pumps, chlorination system and a distribution system serving nine connections. As of this filing, Staff is not aware of any other systems where the Company has plans to install POU treatment devices.

Proposed POU Tariff

The purpose of the POU Tariff is to enable Arizona Water to comply with the requirements of the ADEQ for POU treatment. POU treatment devices are to be installed on the customer's premises, maintained, and tested pursuant to the provision of the Arizona Administrative Code ("A.A.C.") R18-4-218 and ADEQ's Arizona Point-of-Use Compliance Program Guidance ("POU Guidance"). A POU treatment device will treat only the water intended for direct consumption, typically installed at a single tap such as the kitchen sink.

Requirements

The requirements to be in compliance with the Rules of the Arizona Corporation Commission ("Commission") and the ADEQ, specifically A.A.C. R14-2-407, R14-2-410, R18-4-218 and the POU Guidance, that govern this Tariff are as follows:

1. Upon written notice from the Company, a customer must permit the Company to install one or more POU treatment devices and related equipment and facilities (collectively the "POU treatment devices"), as ADEQ and the Company deems necessary, on the customer's property or leasehold. The Company will give the customer forty-five (45) days from the date it sends written notice to the customer to permit the Company to install the POU treatment devices. If A.A.C. R14-2-410.B.1 is not applicable and the customer can show good cause why the customer cannot permit the Company to install the POU treatment devices within forty-five (45) days, the Company may allow the customer an additional forty-five (45) days to have the POU treatment devices installed.
2. The Company will purchase, install, and maintain the POU treatment devices pursuant to A.A.C. R18-4-218.B4.
3. Subject to the provisions of the A.A.C., including R18-4-218, and the POU Guidance, the installation and maintenance of the POU treatment device and the customer's compliance with this tariff are conditions of service.
4. The Company will arrange to install the POU treatment devices at a time convenient to the customer and the Company.
5. All POU treatment devices will be solely the Company's property. The customer may not perform any work on, maintain, alter, or interfere with the POU treatment devices in any way, except that the customer may turn off the flow of water to the POU treatment device to prevent damage to the customer's property.
6. Within 30 days of receiving notice, the customer must permit the Company or its agents to enter the customer's property or leasehold to maintain any POU treatment devices in good working order, including, but not limited to, periodic replacement of filters, water sampling, maintenance, and replacement of the POU treatment devices.
7. Subject to the provisions of A.A.C. R14-2-407 and R14-2-410, and in accordance with the terms of this tariff and the Company's tariff TC-243, the Company may terminate service or deny service to a customer who fails to comply with the terms and conditions of this tariff.
8. The Company will test the POU treatment devices in conformance with the requirements of A.A.C. R18-4-218 and the POU Guidance.
9. Consistent with the provisions of A.A.C. R14-2-407.B.2 and 3, each customer must safeguard the POU treatment devices installed on the customer's premises. Each customer must exercise all reasonable care to prevent loss or damage to the POU treatment devices, excluding ordinary wear and tear. The customer will be responsible for loss of or damage to the POU treatment devices on

the customer's premises arising from neglect, carelessness, or misuse and in such cases the customer will reimburse the Company for the cost of necessary repairs or replacements.

10. Pursuant to A.A.C. R14-2-407.B.5, each customer must notify the Company within 72 hours of any failure or damage the customer identifies in any Company POU treatment device.

11. Special installation of any fixtures for direct consumption (such as routing treated water to ice makers or additional faucets) must be performed by the Company.

12. Prior to installation of the POU treatment devices, the Customer must provide to the Company its preferred method(s) of contact: by telephone, by United States mail, or by email. Customer must notify the Company of any changes to contact information within 30 days of the change.

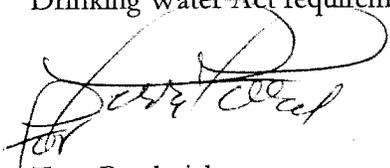
13. The Company shall mail the Tariff to all Customers with all accompanied rules and regulations, post the Tariff on the Company website and also have copies available at the Company offices.

Staff Recommendations

Staff recommends approval of the POU Tariff filed by Arizona Water on July 15, 2016, attached to the order as Exhibit A. This POU Tariff conforms to the template developed by Staff which is available on the Commission's website and to the requirements of A.A.C. R18-4-218 and the POU Guidance.

Staff further recommends that Arizona Water shall provide a copy of the approved POU Treatment Device Tariff to all its existing customers and to all new customers upon establishment of service in the Arizona Water systems where ADEQ has approved POU treatment to comply with Safe Drinking Water Act requirements.

Staff further recommends that this POU Treatment Device Tariff be a condition of service applicable to all service connections where ADEQ has approved POU treatment to comply with Safe Drinking Water Act requirements.



Tom Broderick
Director
Utilities Division

TB:FS:nr/WVC

ORIGINATOR: Frank Smaila

TARIFF SCHEDULE

ARIZONA WATER COMPANY

Filed by: William M. Garfield

Title: President

Date of Original Filing: 7

System(s): Coolidge Airport

A.C.C. No. 561

Cancelling A.C.C. No. 560

Tariff or Schedule No. POU-289

Filed: July 15, 2016

Effective: To Be Determined

POINT-OF-USE TREATMENT DEVICE TARIFF

I. Purpose and Applicability

(A) Purpose: The purpose of this tariff is to enable Arizona Water Company ("Company") to comply with the Arizona Department of Environmental Quality's ("ADEQ") requirements for Point-of-Use ("POU") treatment. The Company will install, maintain, and test POU treatment devices pursuant to the provisions of Arizona Administrative Code ("A.A.C.") R18-4-218¹ and ADEQ's Arizona Point-of-Use Compliance Program Guidance ("POU Guidance"). A POU treatment device treats only the water intended for direct consumption and is typically installed at a single tap on the customer's premises, such as a kitchen sink or drinking fountain.

(B) Applicability: This POU Treatment Device Tariff applies to customers in the systems listed above, where ADEQ has approved POU treatment to comply with Safe Drinking Water Act requirements.

II. Requirements

The Rules of the Arizona Corporation Commission ("Commission") and ADEQ, including A.A.C. R14-2-407, R14-2-410, R18-4-218, POU Guidance, and the terms of this tariff govern the installation and use of POU treatment devices:

1. Upon written notice from the Company, a customer must permit the Company to install one or more POU treatment devices and related equipment and facilities (collectively the "POU treatment devices"), as ADEQ and the Company deems necessary, on the customer's property or leasehold. The Company will give the customer forty-five (45) days from the date it sends written notice to the customer to permit the Company to install the POU treatment devices. If A.A.C. R14-2-410.B.1 is not applicable and the customer can show good cause why the customer cannot permit the Company to install the POU treatment devices within forty-five (45) days, the Company may allow the customer an additional forty-five (45) days to have the POU treatment devices installed.

2. The Company will purchase, install, and maintain the POU treatment devices pursuant to A.A.C. R18-4-218.B4.

3. Subject to the provisions of the A.A.C., including R18-4-218, and the POU

¹ Formerly Arizona Administrative Code R18-4-222.

ARIZONA WATER COMPANY
POINT-OF-USE TREATMENT DEVICE TARIFF

Guidance, the installation and maintenance of the POU treatment device and the customer's compliance with this tariff are conditions of service.

4. The Company will arrange to install the POU treatment devices at a time convenient to the customer and the Company.

5. All POU treatment devices will be solely the Company's property. The customer may not perform any work on, maintain, alter, or interfere with the POU treatment devices in any way, except that the customer may turn off the flow of water to the POU treatment device to prevent damage to the customer's property.

6. Within 30 days of receiving notice, the customer must permit the Company or its agents to enter the customer's property or leasehold to maintain any POU treatment devices in good working order, including, but not limited to, periodic replacement of filters, water sampling, maintenance, and replacement of the POU treatment devices.

7. Subject to the provisions of A.A.C. R14-2-407 and R14-2-410, and in accordance with the terms of this tariff and the Company's tariff TC-243, the Company may terminate service or deny service to a customer who fails to comply with the terms and conditions of this tariff.

8. The Company will test the POU treatment devices in conformance with the requirements of A.A.C. R18-4-218 and the POU Guidance.

9. Consistent with the provisions of A.A.C. R14-2-407.B.2 and 3, each customer must safeguard the POU treatment devices installed on the customer's premises. Each customer must exercise all reasonable care to prevent loss or damage to the POU treatment devices, excluding ordinary wear and tear. The customer will be responsible for loss of or damage to the POU treatment devices on the customer's premises arising from neglect, carelessness, or misuse and in such cases the customer will reimburse the Company for the cost of necessary repairs or replacements.

10. Pursuant to A.A.C. R14-2-407.B.5, each customer must notify the Company within 72 hours of any failure or damage the customer identifies in any Company POU treatment device.

11. Special installation of any fixtures for direct consumption (such as routing treated water to ice makers or additional faucets) must be performed by the Company.

12. Prior to installation of the POU treatment devices, the Customer must provide to the Company its preferred method(s) of contact: by telephone, by United States mail, or by email. Customer must notify the Company of any changes to contact information within 30 days of the change.

13. The Company shall mail the Tariff to all Customers with all accompanied rules and regulations, post the Tariff on the Company website and also have copies available at the Company offices.

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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY FOR
APPROVAL OF A POINT-OF-USE
TREATMENT DEVICE TARIFF

DOCKET NO. W-01445A-16-0192
DECISION NO. _____
ORDER

Open Meeting
August 9 and 10, 2016
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Water Company ("Arizona Water" or the "Company") is certificated to provide water as a public service corporation in the State of Arizona.
2. On June 15, 2016, Arizona Water filed a Point-of-Use ("POU") Treatment Device Tariff ("Tariff") for all its systems. The purpose of this Tariff is to enable Arizona Water to comply with Arizona Department of Environmental Quality ("ADEQ") requirements for POU treatment.
3. On July 15, 2016, Arizona Water filed a revised POU Tariff to replace the tariff filed on June 15, 2016. The POU Tariff was revised to include several clarifying changes and references to the latest ADEQ rule applicable to POU treatment. These revisions had been discussed and agreed to by Staff and the Company in advance. In its latest filing, the Company agreed to waive the applicable time clock in order to allow the Commission Staff adequate time to complete its review and processing of the amended tariff.
4. The POU Tariff would apply to customers in the Arizona Water systems where ADEQ has approved POU treatment to comply with Safe Drinking Water Act requirements. The

1 Company recently installed POU treatment devices at its Coolidge Airport system to address an
2 arsenic issue there. Testing of the POU devices has been completed and an Approval of Installation
3 has been submitted to ADEQ. The Coolidge Airport system serves the Coolidge Airport area in Pinal
4 County. Major plant in service includes two active wells, one storage tank, one pressure tank, five
5 booster pumps, chlorination system and a distribution system serving nine connections. As of this
6 filing, Staff is not aware of any other systems where the Company has plans to install POU treatment
7 devices.

8 5. The purpose of the POU Tariff is to enable Arizona Water to comply with the
9 requirements of the ADEQ for POU treatment. POU treatment devices are to be installed on the
10 customer's premises, maintained, and tested pursuant to the provision of the Arizona Administrative
11 Code ("A.A.C.") R18-4-218 and ADEQ's Arizona Point-of-Use Compliance Program Guidance
12 ("POU Guidance"). A POU treatment device will treat only the water intended for direct
13 consumption, typically installed at a single tap such as the kitchen sink.

14 6. The requirements to be in compliance with the Rules of the Arizona Corporation
15 Commission ("Commission") and the ADEQ, specifically A.A.C. R14-2-407, R14-2-410, R18-4-218
16 and the POU Guidance, that govern this Tariff are as follows:

- 17 • Upon written notice from the Company, a customer must permit the Company to
18 install one or more POU treatment devices and related equipment and facilities
19 (collectively the "POU treatment devices"), as ADEQ and the Company deems
20 necessary, on the customer's property or leasehold. The Company will give the
21 customer forty-five (45) days from the date it sends written notice to the customer to
22 permit the Company to install the POU treatment devices. If A.A.C. R14-2-410.B.1 is
23 not applicable and the customer can show good cause why the customer cannot permit
24 the Company to install the POU treatment devices within forty-five (45) days, the
25 Company may allow the customer an additional forty-five (45) days to have the POU
26 treatment devices installed.
- 27 • The Company will purchase, install, and maintain the POU treatment devices pursuant
28 to A.A.C. R18-4-218.B4.

- 1 • Subject to the provisions of the A.A.C., including R18-4-218, and the POU Guidance,
2 the installation and maintenance of the POU treatment device and the customer's
3 compliance with this tariff are conditions of service.
- 4 • The Company will arrange to install the POU treatment devices at a time convenient
5 to the customer and the Company.
- 6 • All POU treatment devices will be solely the Company's property. The customer may
7 not perform any work on, maintain, alter, or interfere with the POU treatment devices
8 in any way, except that the customer may turn off the flow of water to the POU
9 treatment device to prevent damage to the customer's property.
- 10 • Within 30 days of receiving notice, the customer must permit the Company or its
11 agents to enter the customer's property or leasehold to maintain any POU treatment
12 devices in good working order, including, but not limited to, periodic replacement of
13 filters, water sampling, maintenance, and replacement of the POU treatment devices.
- 14 • Subject to the provisions of A.A.C. R14-2-407 and R14-2-410, and in accordance with
15 the terms of this tariff and the Company's tariff TC-243, the Company may terminate
16 service or deny service to a customer who fails to comply with the terms and
17 conditions of this tariff.
- 18 • The Company will test the POU treatment devices in conformance with the
19 requirements of A.A.C. R18-4-218 and the POU Guidance.
- 20 • Consistent with the provisions of A.A.C. R14-2-407.B.2 and 3, each customer must
21 safeguard the POU treatment devices installed on the customer's premises. Each
22 customer must exercise all reasonable care to prevent loss or damage to the POU
23 treatment devices, excluding ordinary wear and tear. The customer will be responsible
24 for loss of or damage to the POU treatment devices on the customer's premises arising
25 from neglect, carelessness, or misuse and in such cases the customer will reimburse the
26 Company for the cost of necessary repairs or replacements.

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1 IT IS FURTHER ORDERED that Arizona Water Company shall file with Docket Control, as
2 a compliance item in this docket, the Point-of-Use Treatment Device Tariff, as discussed herein,
3 within 30 days of the effective date of this Decision.

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

5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 _____
CHAIRMAN LITTLE

COMMISSIONER STUMP

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11 _____
COMMISSIONER FORESE

COMMISSIONER TOBIN

COMMISSIONER BURNS

12
13 IN WITNESS WHEREOF, I JODY JERICH, Executive
14 Director of the Arizona Corporation Commission, have
15 hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capitol, in the City of
17 Phoenix, this _____ day of _____, 2016.

18 _____
19 JODY JERICH
20 EXECUTIVE DIRECTOR

21 DISSENT: _____

22 DISSENT: _____

23 TB:FS:nr/WVC
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1 SERVICE LIST FOR: Arizona Water Company
2 DOCKET NO. W-01445A-16-0192

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TARIFF SCHEDULE

ARIZONA WATER COMPANY

Filed by: William M. Garfield

Title: President

Date of Original Filing:

System(s): Coolidge Airport

A.C.C. No. 561

Cancelling A.C.C. No. 560

Tariff or Schedule No. POU-289

Filed: July 15, 2016

Effective: To Be Determined

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ARIZONA WATER COMPANY
POINT-OF-USE TREATMENT DEVICE TARIFF

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