



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
CHAIRMAN

WILLIAM A. MUNDELL
COMMISSIONER

JEFF HATCH-MILLER
COMMISSIONER

MIKE GLEASON
COMMISSIONER

KRISTIN K. MAYES
COMMISSIONER

Arizona Corporation Commission
DOCKETED

AUG 30 2004

DOCKETED BY *CKR*

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 AUG 30 P 3:49

RECEIVED

In the Matter of the Application of Red Rock
Utilities, LLC for a Certificate of Convenience
and Necessity to Provide Water and Waste
Water

Docket No. WS-04245A-04-0184

**APPLICANT'S RESPONSE TO
STAFF REPORT FOR RED ROCK
UTILITIES, L.L.C.
APPLICATION FOR A
CERTIFICATE OF
CONVENIENCE AND
NECESSITY TO PROVIDE
WATER AND WASTEWATER**

Red Rock Utilities, LLC (the "Applicant") is the applicant for a Certificate of Convenience and Necessity ("CC&N") for certain lands located adjacent to the community of Red Rock, Arizona, in Pinal County. The Applicant filed its CC&N Application with the Arizona Corporation Commission ("ACC") on March 10, 2004. The CC&N Application is currently set for hearing before the ACC on September 2, 2004, at 10:30 a.m. at the ACC's Tucson offices, Room 222, 400 West Congress Street, Tucson, Arizona 85701.

1 The Applicant herein responds to the Staff Report dated August 20, 2004, and
2 requests that the Administrative Law Judge and the ACC approve the Applicant's CC&N
3 Application as recommended with the following requested changes.

4 **BACKGROUND.**

5 As the Staff Report describes, the Applicant will be providing water and
6 wastewater services to Red Rock Village, a mix-use master planned community located on
7 either side of Interstate 10 near Red Rock, Arizona. Red Rock Village is planned to be
8 developed in six phases over a ten-year period, eventually including approximately 3,800
9 homes on 1,292 acres, plus additional commercial, recreational vehicle, schools, parks and
10 other community amenities. Red Rock Village's master developer, Diamond Ventures,
11 Inc. (the "master developer"), has obtained Pinal County zoning approval for the property
12 as a planned area development or PAD, but the actual platting, water system construction
13 design and design of utility and other infrastructure is still in the planning stages. As is
14 common practice, the master developer intends to prepare block plats for the six
15 development phases (at a minimum), and then sell the block-platted property to individual
16 developers/home builders who will in turn prepare and submit subdivision plats for
17 individual subdivisions within Red Rock Village for Pinal County approval.

18 **REQUESTED REVISIONS.**

19 Water and Wastewater Recommendations No. 2. The Staff Report attaches as
20 Attachment C, an August 2, 2004 memo summarizing staff's review of the proposed rate
21 structure. Under "Revenue and Expenses," the Staff Report explains that staff removed
22 "Income Tax Expense" because the Applicant is an LLC with the option of filing as a
23 partnership with no tax liability. Actually, the Applicant has elected to be taxed as a C
24 Corporation rather than as a partnership and so may be subject to income tax liability. For
25 this reason, the Applicant requests that "Income Tax Expense" be replaced as an expense
26 item.

1 Water Recommendation No. 6. The Staff Report recommends that the
2 Applicant docket a copy of the ADEQ Approval to Construct within 12 months of the
3 ACC decision in this matter. The Applicant respectfully suggests that the ACC instead
4 accept filings of ADEQ Approvals to Construct as this master-planned community is
5 developed. The ACC recently approved a similar alternative for the Voyager Water
6 Company in Decision No. 66745, dated January 20, 2004, attached hereto as Exhibit 1,
7 and incorporated by this reference.

8 As discussed above, the Applicant will be providing water service to Red Rock
9 Village in at least six phases over a 10-year period. Individual subdivision developers will
10 construct the on-site infrastructure for individual subdivisions and will be required to
11 obtain ADEQ Approvals to Construct that on-site infrastructure. For this reason, the
12 Applicant will be unable to obtain from ADEQ Approvals to Construct the on-site water
13 utility system improvements to serve individual subdivisions within 12 months. Instead,
14 the Applicant and the master developer intend to obtain from ADEQ an Approval to
15 Construct the off-site water facilities within 12 months of a decision in this matter. Then,
16 either the master developer or individual subdivision developers will obtain from ADEQ
17 additional Approvals to Construct the remaining on-site water lines serving the individual
18 subdivisions at the time of the phased developments.

19 Accordingly, the Applicant requests that the ACC take into account the extended
20 timing and practical reality of phased master-planned development and permit the
21 Applicant to file ADEQ Approvals to Construct for on-site water facilities along with line
22 extension agreements entered into with the master developer or individual subdivision
23 developers as the Red Rock Village development proceeds in phases, and that the line
24 extension agreements shall include the legal descriptions for the area covered by each
25 ADEQ Approval to Construct.

26

1 Water Recommendation No. 8. The Staff Report recommends that the
2 Applicant docket a copy of the “developer’s Certificate of Assured Water Supply for the
3 requested area, within 24 months of any decision in this matter where applicable or when
4 required by statute.” The Applicant respectfully requests instead that the ACC order the
5 Applicant to file a copy of its Analysis of Assured Water Supply (“Analysis”) approved by
6 the Arizona Department of Water Resources (“ADWR”) within 24 months of the decision
7 in this matter and subsequently file copies of Certificates of Assured Water Supply
8 (“CAWS”) issued by ADWR to individual subdivision developers for individual
9 subdivision plats located with the CC&N as the development proceeds. The ACC recently
10 approved this alternative for the Voyager Water Company in Decision No. 66745, dated
11 January 20, 2004 (*see Exhibit 1*).

12 ADWR requires a CAWS in different circumstances than it requires an
13 Analysis. For example, ADWR will issue a CAWS only for a development consisting of
14 subdivided lands (*see A.A.C. R12-15-712.A*). Accordingly, before a developer may apply
15 for a CAWS, the developer must obtain an approved subdivision plat.

16 On the other hand, ADWR will issue an Analysis specifically for land that is not
17 subdivided (*see A.A.C. R12-15-712.B*), before the subdivision platting process begins.
18 ADWR uses such Analysis to determine “whether the development is likely to satisfy
19 requirements established by this Article after the development is platted and divided into
20 subdivided land” (A.A.C. R12-15-712.B). An Analysis will provide the following:

- 21 • Proof of physical, continuous and legal availability of the water supply for
22 100 years;
- 23 • Proof of adequate water quality;
- 24 • Proof that the subdivision demands of the project meet the management plan
25 of the Tucson Active Management Area; and
26

1 • Proof that the subdivision demands of the project meet the management goal
2 of the Tucson Active Management Area.

3 Subsequently, if a developer subdivides land for which ADWR has issued an
4 Analysis into platted, subdivided lands, the ADWR director will presumptively rely on
5 that Analysis as establishing that the requirements for assured water supply remain
6 satisfied (A.A.C. R12-15-712.F) in order to issue a CAWS. Further, the evidence that
7 ADWR requires to establish ownership and financial capability of the owner to build the
8 necessary water distribution system may be provided to ADWR at that later time when an
9 individual subdivision obtains its CAWS.

10 The Analysis clearly directs and anticipates that developers shall apply to
11 ADWR for a CAWS for individual subdivision plats upon development. Individual
12 Notices of Intent to serve must be provided for each CAWS application and ADWR will
13 evaluate the non-hydrological requirements for compliance with its regulations at the time
14 of each CAWS application.

15 ADWR relies on the Analysis for developments like Red Rock Village. In
16 testimony presented on October 29, 2003, in the CC&N Extension hearing for the 226-
17 acre development to be served by the Voyager Water Company, and as adopted in the
18 Findings of Fact Nos. 12 through 17, issued by the Administrative Law Judge in her
19 Decision No. 66745 (attached as Exhibit 1), Doug Dunham, Manager of the Office of
20 Assured Water Supply at the Arizona Department of Water Resources, explained
21 ADWR's use of the Analysis and specifically testified that

22 [I]t is ADWR's preference, in the case of a large, master-planned
23 community, that the master developer obtain an Analysis of Assured
24 Water Supply and that subsequently, the home builders who actually
market the lots obtain the CAWS.

25 Decision No. 66745, Findings of Fact No. 17.
26

1 The same reasoning applies here. The large size of Red Rock Village (1,292
2 acres) and the phased master plan development timing mean that the Applicant and the
3 master developer will be unable to submit an approved subdivision plat to ADWR to
4 obtain a CAWS covering the entire CC&N area. The Applicant and master developer
5 instead propose to obtain from ADWR an Analysis of Assured Water Supply that confirms
6 that the Applicant has adequate water of acceptable water quality and a water use plan that
7 satisfies the plan and goal for the Tucson Active Management Area. Future individual
8 subdivision developers may rely on the Analysis as intended by ADWR after they obtain
9 Pinal County subdivision plat approval and apply for a CAWS from ADWR for their
10 individual subdivisions.

11 Accordingly, the Applicant requests that the ACC:

12 (1) Order the Applicant to docket a copy of the master developer's Analysis of
13 Assured Water Supply from ADWR covering the entire CC&N area within 12 months of a
14 decision in this matter instead of requiring a CAWS; and

15 (2) Require future individual subdivision developers to obtain and submit their
16 own CAWS issued by ADWR for individual subdivision plats as development proceeds.

17 Water and Wastewater Recommendations No. 12. The Staff Report
18 recommends denial of the Applicant's request for hook-up fees. The Applicant does not
19 dispute that recommendation, but notes that the income statements (CRM-W-3 and CRM-
20 WW-3) were not revised to deduct the amortization of the hook-up fees from the operating
21 income. Absent such revision, the operating income will be overstated for the water and
22 wastewater schedules. The Applicant attaches corrected CRM-W-3 and CRM-WW-3
23 depreciation schedules (*see Exhibit 2, Line 12*) and requests that for both CRM-W-3 and
24 CRM-WW-3, Line 9 "Depreciation" in the Staff Report schedules be replaced by Line 12
25 "Depreciation net of Amortization" in Exhibit 2 as the corrected depreciation amount.
26

LEWIS
AND
ROCA
LLP

LAWYERS

1 ORIGINAL AND thirteen (13) copies
2 of the foregoing hand-delivered
3 this 30th day of August, 2004, to:

3 Arizona Corporation Commission
4 Utilities Division – Docket Control
5 1200 W. Washington Street
6 Phoenix, Arizona 85007

6 COPY of the foregoing hand-delivered
7 this 30th day of August, 2004,
8 to:

8 Lyn Farmer, Chief Administrative Law Judge
9 Hearing Division
10 Arizona Corporation Commission
11 1200 W. Washington Street
12 Phoenix, Arizona 85007

11 Jane L. Rodda, Administrative Law Judge
12 Hearing Division
13 Arizona Corporation Commission
14 1200 W. Washington Street
15 Phoenix, Arizona 85007

14 David Ronald, Esq.
15 Legal Division
16 Arizona Corporation Commission
17 1200 W. Washington Street
18 Phoenix, Arizona 85007

17 Ernest Johnson
18 Director, Utilities Division
19 Arizona Corporation Commission
20 1200 W. Washington Street
21 Phoenix, Arizona 85007

20 Mr. James Fisher
21 Executive Consultant, Utilities Division
22 Arizona Corporation Commission
23 1200 W. Washington Street
24 Phoenix, Arizona 85007

23

24

25

26



1 BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

2 COMMISSIONERS

DOCKETED

3 MARC SPITZER, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 MIKE GLEASON
7 KRISTIN K. MAYES

JAN 20 2004

DOCKETED BY [Signature]

8 IN THE MATTER OF THE APPLICATION OF
9 VOYAGER WATER COMPANY FOR AN
EXTENSION OF THE SERVICE AREA UNDER
ITS EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
WATER UTILITY SERVICE.

DOCKET NO. W-02104A-01-0742

DECISION NO. 66745

OPINION AND ORDER

10 DATE OF HEARING:

October 29, 2003

11 PLACE OF HEARING:

Phoenix, Arizona

12 ADMINISTRATIVE LAW JUDGE:

Teena Wolfe

13 APPEARANCES:

LEWIS & ROCA, LLP, by Ms. Mary Beth Savel, on
behalf of Applicant Voyager Water Company; and

Mr. David M. Ronald, Staff Attorney, Legal Division,
on behalf the Utilities Division of the Arizona
Corporation Commission.

16 BY THE COMMISSION:

17 * * * * *

18 Having considered the entire record herein and being fully advised in the premises, the
19 Commission finds, concludes, and orders that:

21 FINDINGS OF FACT

22 1. Voyager Water Company ("Voyager" or "Company") is an Arizona corporation that
23 provides water utility service to a portion of Pima County, Arizona. Voyager was granted its
24 Certificate of Convenience and Necessity ("CC&N") in Decision No. 53284 (November 9, 1982).
25 Voyager's certificated area is located near I-10 and Kolb Road in Pima County.

26
27 2. On January 31, 2002, the Commission issued Decision No. 64406, which granted
28 Voyager an extension of its service territory under its CC&N, conditioned upon Voyager filing, by

1 January 31, 2003, copies of either a Certificate of Assured Water Supply ("CAWS") or a
2 Designation of Assured Water Supply ("Designation") issued by the Arizona Department of Water
3 Resources ("ADWR"), and the Approvals to Construct issued by the Arizona Department of
4 Environmental Quality ("ADEQ") for water system improvements necessary to serve the
5 developments in the requested extension area. Decision No. 64406 provides that if Voyager fails to
6 timely file the required compliance documentation, the conditionally granted Certificate extension
7 will be deemed denied without further Order of the Commission.
8

9 3. On November 18, 2002, Voyager requested an extension of time to November 1,
10 2003, to file the CAWS and ADEQ Approvals to Construct required by Decision No. 64406. The
11 Commission's Utilities Division Staff ("Staff") had no objection to Voyager's request. By
12 Procedural Order dated December 24, 2002, Voyager was authorized an extension of time to
13 November 1, 2003 to make the filings.
14

15 4. On June 27, 2003, Voyager filed a request to modify or amend Decision No. 64406.
16 Therein, Voyager requested modifications to Decision No. 64406 including the elimination of a
17 CAWS filing requirement and the elimination of all the time limits in Decision No. 64406
18 ("Request").
19

20 5. On August 5, 2003, by Procedural Order, Staff was ordered to file a response to
21 Voyager's Request.
22

23 6. On August 18, 2003, Staff filed a response, stating it had no objection to Voyager's
24 Request.
25

26 7. On September 12, 2003, Voyager and Staff filed a Stipulation for Hearing on
27 Applicant's Request to Modify or Amend Decision No. 64406. The stipulation states that
28 subsequent to the filing of Staff's response to the Request, Voyager and Staff had conferred, and
stipulated and agreed to a hearing on the Request, at which Voyager would provide evidence

1 substantiating the Request and demonstrating the existence of a reasonable basis for granting the
2 requested relief.

3 8. On September 22, 2003, a Procedural Order was issued setting the matter for hearing.

4 9. A hearing was held as scheduled. Voyager and Staff appeared through counsel and
5 presented evidence. Following the hearing, the Request was taken under advisement pending the
6 submission of a Recommended Opinion and Order to the Commission.

7 10. Voyager's June 27, 2003 filing, as modified and clarified at the hearing, requests the
8 following:
9

- 10 a. that the Commission take into account the extended timing and practical reality
11 of phased master-planned development and modify Decision No. 64406;
- 12 b. that the Commission accept the October 11, 2002 Analysis of Assured Water
13 Supply from ADWR, covering the entire requested CC&N extension area,
14 instead of requiring a CAWS from ADWR that covers the entire requested
15 extension area by November 1, 2003;
- 16 c. that the Commission eliminate the requirement that developers submit to the
17 Commission a CAWS for individual subdivision plats;
- 18 d. if the CAWS submittal requirement is not eliminated, that the Commission
19 remove the submission of the CAWS as a condition of the CC&N extension
20 granted in Decision No. 64406, but instead require that future subdivision
21 developers obtain and submit their own CAWS issued by ADWR for
22 individual subdivision plats as development proceeds;
- 23 e. that the Commission require that individual subdividers file ADEQ Approvals
24 to Construct along with line extension agreements which will include legal
25 descriptions for the area covered by each ADEQ Approval to Construct for the
26 individual subdivisions as development proceeds in phases; and
- 27 f. that the Commission eliminate the conditional time limits currently in effect in
28 Decision No. 64406, which would have the effect of approving the CC&N
extension unconditionally, while ordering compliance filings instead.

11. Voyager presented two witnesses; Mr. Doug Dunham, Manager of the Office of
Assured Water Supply at the Arizona Department of Water Resources, and Mr. Mark Weinberg,
Vice President of Development for Diamond Ventures and Project Manager for the Voyager Project.

1 12. Mr. Dunham stated that an Analysis of Assured Water Supply, such as the one ADWR
2 issued on the October 11, 2002 for the extension area, is designed to allow developers of large
3 master-planned communities to submit evidence of any number of the various elements required to
4 receive a CAWS, without having the full detail needed to receive a CAWS, including recordable
5 plats. Mr. Dunham stated that in most cases very large developments are not fully engineered to the
6 point where they have recordable plats. Mr. Dunham testified that a recordable plat must be
7 reviewed prior to issuance of a CAWS, and that if there are changes to the plat after the CAWS
8 issuance, it can invalidate the CAWS and the applicant could have to re-apply, because in most
9 cases, changes in plats impact water demand.
10

11 13. Mr. Dunham stated that there are five basic requirements for a CAWS: 1) proof of
12 physical, legal and continuous availability of the water supply for 100 years; 2) proof of adequate
13 water quality; 3) proof that the subdivision demands meet the plan for the Active Management Area
14 ("AMA"); 4) evidence that the subdivision meets the goal of the AMA; and 5) proof of ownership.
15

16 14. According to Mr. Dunham, the Analysis of Assured Water Supply that ADWR issued
17 on October 11, 2002 for the Voyager expansion showed: 1) proof of physical, legal and continuous
18 availability of the water supply for 100 years; 2) proof of adequate water quality; 3) consistency
19 with the Tucson AMA management plan; and 4) a plan consistent with the Tucson AMA
20 management goal.
21

22 15. Mr. Dunham explained that in order to meet the CAWS requirement for consistency
23 with the Tucson AMA management goal, which is safe yield by 2025, a landowner is generally
24 required to enroll in the Groundwater Replenishment District ("GRD") as a "member land." GRD
25 "member land" members are responsible for paying replenishment costs to the GRD only for their
26 land. The ultimate landowner pays these costs through the property tax bill on each lot.
27
28

1 16. Mr. Dunham testified that a major difference between a CAWS and a Designation of
2 Assured Water Supply ("Designation") is that for a Designation, the system overall must meet all
3 the assured supply criteria, whereas for a CAWS, only the individual landowner/developer must
4 meet the criteria. To receive a Designation in the Tucson AMA, if the water provider will use
5 groundwater, the provider would need to become a member of the GRD as a "member area." GRD
6 "member area" members must pay the replenishment costs for their entire area to the GRD. Mr.
7 Dunham testified that in his experience, private water companies seeking a Designation have had
8 difficulty being able to show enough financial capability, either through a rate structure or pass
9 through cost, to recover funds needed to pay the GRD replenishment costs associated with joining a
10 GRD as a "member area."
11

12 17. Mr. Dunham stated that it is ADWR's preference, in the case of a large, master-
13 planned community, that the master developer obtain an Analysis of Assured Water Supply and that
14 subsequently, the home builders who actually market the lots obtain the CAWS.
15

16 18. Voyager's second witness, Mr. Mark Weinberg, Vice President of Development for
17 Diamond Ventures and Project Manager for the Voyager Project, testified that at this point,
18 Voyager's requested extension area has been rezoned for 900 lots. He stated that the initial plats
19 would be submitted to the City of Tucson in about four months, and that the developer would then
20 expect to get an approved tentative plat from the city about six months later, at which point the
21 developer could begin designing subdivision improvement plans, and subsequently prepare a final
22 subdivision plat for recording. Mr. Weinberg estimated the total time necessary to get all necessary
23 approvals for the final plats at 12 to 18 months.
24

25 19. Mr. Weinberg testified that the developer commissioned a water modeling study to
26 determine the size of water mains, the reservoir, and the booster station that Voyager must construct
27 to serve the new development area. At the time of the hearing, Voyager had received from the Pima
28

1 County Department of Environmental Quality a Certificate of Approval to Construct a 12-inch water
2 line to serve the extension area. Mr. Weinberg also testified, however, that because there are six and
3 a half miles of streets in the Voyager Project, it is unrealistic at this point to be able to obtain
4 Certificates of Approval to Construct for every single water line in the project.

5 20. Mr. Weinberg testified that he believed two to three years was a reasonable and
6 achievable time frame for the builders to obtain individual CAWS.

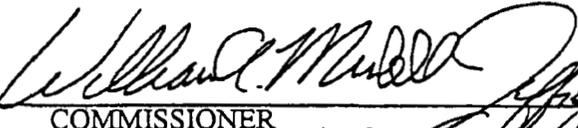
7 21. At the hearing, Staff agreed that the Commission should take into account the
8 extended timing and practical reality of phased master-planned development, and supported the
9 Company's request that the Commission modify Decision No. 64406. Staff's recommendations at
10 the hearing regarding the Request were as follows:
11

- 12 a. that the Commission accept the October 11, 2002 Analysis of Assured Water
13 Supply from ADWR, covering the entire requested CC&N extension area,
14 instead of requiring a CAWS from ADWR that covers the entire requested
15 extension area by November 1, 2003;
- 16 b. that the Commission not eliminate the requirement that developers submit to
17 the Commission a CAWS for individual subdivision plats;
- 18 c. that the Commission remove the submission of the CAWS as a condition of
19 the CC&N extension granted in Decision No. 64406, but instead require that in
20 addition to the Company's submission of the October 11, 2002 Analysis of
21 Assured Water Supply, future subdivision developers obtain and submit their
22 own CAWS issued by ADWR for individual subdivision plats as development
23 proceeds, with all CAWS to be submitted within two years of January 2003;
- 24 d. that the Commission require that individual subdividers file ADEQ Approvals
25 to Construct along with main extension agreements which will include legal
26 descriptions for the area covered by each ADEQ Approval to Construct for the
27 individual subdivisions as development proceeds in phases, and that there be
28 no time frame requirement on main extension agreements and Approvals to
Construct; and
- e. that the Commission not eliminate all the conditional time limits currently in
effect in Decision No. 64406, which would have the effect of approving the
CC&N extension unconditionally, while ordering compliance filings instead.

1 IT IS FURTHER ORDERED that Voyager Water Company shall file copies of the Approvals
2 to Construct required by Decision No. 64406 along with line extension agreements entered into with
3 individual subdividers as the planned development proceeds in phases, and that the line extension
4 agreements shall include legal descriptions for the area covered by each Approval to Construct.

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

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

7
8   
9 CHAIRMAN COMMISSIONER COMMISSIONER
10  
11 COMMISSIONER COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Secretary of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 20th day of January, 2004.

17 
BRIAN C. McNEIL
EXECUTIVE SECRETARY

18 DISSENT _____

19
20 DISSENT _____

21
22
23
24
25
26
27
28

1 SERVICE LIST FOR:

VOYAGER WAATER COMPANY

2 DOCKET NO.:

W-02104A-01-0742

3

4 Michael F. McNulty
5 Mary Beth Savel
6 LEWIS AND ROCA, LLP
7 One South Church Avenue, Ste. 700
8 Tucson, AZ 85701-1611
9 Attorneys for Voyager Water Company

7 Christopher Kempley, Chief Counsel
8 Legal Division

8 ARIZONA CORPORATION COMMISSION
9 1200 West Washington Street
10 Phoenix, AZ 85007

10 Ernest G. Johnson, Director
11 Utilities Division
12 ARIZONA CORPORATION COMMISSION
13 1200 West Washington Street
14 Phoenix, AZ 85007

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

66745

Red Rock Utilities, Inc. - Water Division
 Projected Statements of Income
 For the 12 Months Ended

Corrected CRM-W-3

Line No.	Year				
	1	2	3	4	5
4	\$ 75,236	\$ 223,830	\$ 389,351	\$ 533,316	\$ 682,204
5	\$ 75,236	\$ 223,830	\$ 389,351	\$ 533,316	\$ 682,204
6					
7	11,833	41,148	69,688	92,671	116,519
8	5,616	16,176	27,168	39,744	52,800
9	1,895	5,459	9,169	13,414	17,820
10	1,170	3,370	5,660	8,280	11,000
11	16,848	48,528	81,504	119,232	158,400
12	39,732	87,220	104,752	124,534	144,708
13	5,000	5,150	5,305	5,464	5,628
14	10,000	10,300	10,609	10,927	11,255
15	3,600	3,708	3,819	3,934	4,052
16					
17	2,408	3,993	7,343	12,229	17,119
18	\$ 98,102	\$ 225,052	\$ 325,018	\$ 430,428	\$ 539,301
19					
20	\$ (22,866)	\$ (1,223)	\$ 64,334	\$ 102,888	\$ 142,903
21					
22					
23					
24					

Red Rock Utilities, Inc. - Wastewater Division
Projected Statements of Income
For the 12 Months Ended

Corrected CMR-WW-3

Line No.	1	2	3	4	5
3		\$ 178,358	\$ 300,710	\$ 438,939	\$ 582,413
4	Water Revenues				
5	Total Revenues	\$ 61,249	\$ 300,710	\$ 438,939	\$ 582,413
6	Expenses				
7	Pumping Power:	10,912	54,841	79,456	105,001
8	Repairs and Maintenance	5,568	26,928	39,504	52,560
9	Insurance	1,879	9,088	13,333	17,739
10	Water Treatment and Testing	9,048	43,758	64,194	85,410
11	Billing, Postage, Operations	-	-	-	-
12	Depreciation net of Amortization	33,161	170,571	149,077	259,619
13	Office Supplies	5,000	5,305	5,464	5,628
14	Legal and Accounting	5,000	5,305	5,464	5,628
15	Miscellaneous	2,400	2,472	2,623	2,701
16	Income Taxes				
17	Property Taxes				
18	Total Operating Expenses	\$ 72,968	\$ 318,341	\$ 359,113	\$ 534,285
19					
20	Operating income (loss)	\$ (11,719)	\$ (17,632)	\$ 79,826	\$ 48,127
21					