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Before the
Arizona Corporation Commission
in the Sewer rate case of
Far West Water & Sewer Inc.
Docket # WS-03478A-12-0307

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Joint Rate Design Testimony
of
Robert Rist, Intervenor
Robert Gilkey, Intervenor
Barbara Gilkey, Intervenor

Arizona Corporation Commission
DOCKETED
FEB 19 2013

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February 15th 2013

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Table of Contents

Adjust Rates for R.V. Spaces.....3
Adjust Rates for Commercial business.....4
Lots included in rate base.....4
Applying increased revenue.....4
Appropriateness of the proposed rates.....4
Capacity Fees.....5

2

1 **Adjust Rates for R.V. Spaces**

2 **Q. Why do you feel R.V. Park spaces need a rate adjustment?**

3 A. There are 713 RV spaces reported in data requests by the company, being charged a rate of
4 25% of the residential rate. Most of the area in Far West's CC&N are known as Mobile Estates, which
5 allow R.V.'s or standard homes. No differentiation is made as to what type of home they are; they are
6 all charged the residential rate. Most homes in the Foothills area are occupied by retired senior
7 citizens, and have only two people per dwelling. The R.V. parks are highly populated by "Park Model
8 R.V.'s". These are small RV's which are designed to be parked and left for long periods. They are
9 limited to 399 square feet, but otherwise are the same as a larger manufactured home. Two people
10 living in a Park Model produce just as much sewage as two people in a manufactured home. The Park
11 Model may not have a washing machine, but there are laundry facilities in each park, which produce
12 just as much sewage. A regular R.V. may use less water because of the type of plumbing which is
13 designed for travel and to conserve water. A typical toilet flush in an R.V. will use less than a pint of
14 water, compared to 1.6 gallons in a regular toilet. Because of this, however, they can't efficiently
15 move the solids out of the R.V. and down the pipe. Therefore the valve on the blackwater tank is
16 normally left closed, until a sufficient quantity is available to adequately empty the tank. Chemicals
17 and deodorants are almost always added to the tanks to stop biological growth and cover odors. This
18 practice causes a rise in the BOD level of the sewage, and when it is dumped it comes to the treatment
19 plant in large slugs, rather than one flush at a time. Therefore, we maintain that R.V.'s have just as
20 much impact on the treatment facility as a standard house. The Park Model that I live in does not
21 produce any more sewage than the Park Model in an RV Park. This is an inequitable disparity in the
22 two rates, with the residential customer carrying an unfair burden of the rates. This can also be seen
23 by the fact that R.V. parks charge to use a dump station when traveling through this area. They have
24 charges from \$9.00 to \$15.00.

25 **Q. What do you recommend for the R.V. Space sewer rate?**

26 A. We recommend and request that the commission adopt a per space rate equal to the residential
27 rate.

Adjust Rates for Commercial business

1 **Q. Are the commercial rates being applied fairly?**

2
3
4 A. In the process of our discovery, we have found that the commercial rates are not being applied
5 equally. We have found for example that some account addresses contain multiple businesses, but
6 only pay for one commercial business. All businesses must be charged equally, or adopt a rate
7 structure that takes into account the type of business and its impact on the sewer system. The current
8 system is being used to benefit the owners of the business properties, who, in many cases are also the
9 owners of Far West Water & Sewer.

Lots included in rate base

10 **Q. Do you recommend any adjustments to the number of connections included in the rate base**
11 **application?**

12
13 A. Yes. All lots, residential and commercial, for which capacity fees have been collected should
14 be included in determining the rate base, even those not connected and paying a monthly fee as of yet.
15 The number of lots and connections to be determined are subject to the answer to the Gilkey/Rist data
16 request 5.13.

17 All lots, residential and commercial, whether or not a capacity fee has been collected, which
18 have been connected should be included in the connection count used to determine rate base.

Applying increased revenue

19 **Q. Adjusting the rates of RV spaces and appropriately charging all businesses will increase Far**
20 **West's income. How should that be used?**

21
22 A. All revenue gained from these changes must be used to offset sewer rates.

Appropriateness of the proposed rates

23 **Q. Do you believe the rates proposed by Far West are justified?**

24
25 A. No, we do not. While some rate increase may be appropriate, an increase of 188.05 percent is
26 way out of line. The major problem with this company is its management, or lack of management.

1 They do not have a budget. There has never been any planning for the future, and they have always
2 made sure that their related parties get paid before anyone else. They borrow money from themselves
3 and pay themselves what they claim is 10% interest.

4
5 **Q. Do you recommend any adjustment to plant in service, other than those recommended by**
6 **RUCO and Staff?**

7 **A.** The costs associated with the Force Main construction and de-commissioning of Palm
8 Shadows were the direct result of faulty engineering by Far West's own staff and failure to implement
9 a viable solution to the failure of the Palm Shadows plant. None of these costs should be included in
10 the rate base.

11 **Q. Do you recommend any changes to operating income?**

12 **A.** Yes. All costs associated with the operation and maintenance of the Force Main from Palm
13 Shadows to Section 14 should be disallowed as a deduction to operating income. Refer to Gilkey's
14 Direct Testimony, Page 6 Line 25.

15 **Capacity Fees**

16 **Q. Do you feel the current capacity fees are adequate?**

17 **A.** No. We recommend \$4,569.25 in capacity fees per connection Refer to Gilkey Direct
18 Testimony page 6, line 3.

19 **Q. Does this conclude your rate design testimony?**

20 **A.** Yes, however, we reserve the right to update or modify our testimony in response to further
21 discovery and/or testimony.

1 Original and 13 copies of the foregoing mailed this 15th day of February, 2013 to
2 Docket Control
3 Arizona Corporation Commission
4 1200 West. Washington Street
5 Phoenix, AZ 85007
6

7 Copies of the foregoing either mailed or electronically mailed this 15th day of February 2013 to:
8

9 Craig A. Marks
10 CRAIG A. MARKS, PLC
11 16045 N. Tatum Blvd., Suite 200-676
12 Phoenix, AZ 85028
13

14 Daniel Pozefsky
15 Residential Utility Consumer Office
16 1110 West Washington Street, Suite 220
17 Phoenix, AZ 85007
18

19 Jeffery W. Crockett
20 BROWNSTEIN HYATT FARBER SCHRECK LLP
21 One East Washington Street, Suite 2400
22 Phoenix, AZ 85004
23

24 Rodney & Kim Taylor
25 11440 East 26th Lane
26 Yuma, AZ 85367
27

28 Seth & Barbara Davis
29 2006 South Arboleda Drive
30 Merced, CA 95341
31

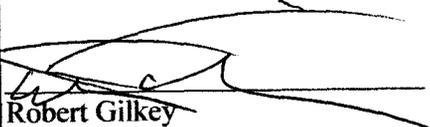
32 Jerry S. Durden
33 12789 East 46th Street
34 Yuma, AZ 85367
35

36 Janice Alward, Chief Counsel
37 Legal Division
38 Arizona Corporation Commission
39 1200 West Washington Street
40 Phoenix, AZ 85007
41

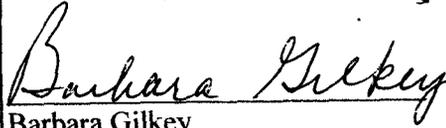
42 Lyn Farmer
43 Chief Administrative Law Judge
44 Hearing Division
45 Arizona Corporation Commission
46 1200 West Washington
47 Phoenix, Arizona 85007

1 Steven M. Olea, Director
2 Utilities Division
3 Arizona Corporation Commission
4 1200 West Washington Street
5 Phoenix, AZ 85007
6
7
8

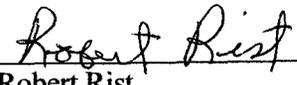
9 Arizona Reporting Service, Inc.
10 2200 North Central Ave., Suite 502
11 Phoenix, AZ 85004-1481
12

13
14 
15

16 Robert Gilkey

17 
18

19 Barbara Gilkey
20 14784 E. 49th Street
21 Yuma AZ 85367
22 (928) 345-2468
23



Robert Rist
9593 E. 34th Place
Yuma AZ 85365
(541) 378-8223