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BEFORE THE ARIZONA CORPORATION COM.

COMMISSIONERS

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
ROBERT BURNS  
SUSAN BITTER SMITH

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IN THE MATTER OF THE APPLICATION OF  
FAR WEST WATER & SEWER, INC., AN  
ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN ITS  
WASTEWATER RATES AND CHARGES  
BASED THEREON FOR UTILITY SERVICE

DOCKET NO. WS-03478A-12-0307

**NOTICE OF FILING REBUTTAL  
TESTIMONY – RATE DESIGN**

Far West Water and Sewer, Inc. (“Far West”) hereby provides notice of filing the  
attached Rebuttal Testimony – Rate Design of Ray L. Jones

Respectfully submitted on March 12, 2013, by:

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Arizona Corporation Commission

**DOCKETED**

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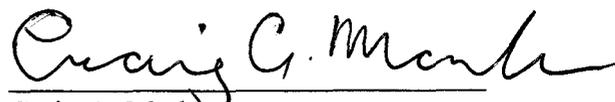
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DOCKET NO. WS-03478A-12-0307

**RATE DESIGN**

**REBUTTAL TESTIMONY  
OF  
RAY L. JONES  
ON BEHALF OF  
FAR WEST WATER & SEWER, INC.  
MARCH 12, 2013**

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**RATE DESIGN**  
  
**REBUTTAL TESTIMONY**  
**OF**  
**RAY L. JONES**  
**ON BEHALF OF**  
**FAR WEST WATER & SEWER, INC.**  
**MARCH 12, 2013**

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1 **EXECUTIVE SUMMARY**

2  
3 Mr. Ray Jones responds to the Rate Design Testimony of Staff (Becker), RUCO (Coley), and the  
4 Joint Rate Design Testimony of Robert and Barbara Gilkey and Robert Rist.

5 Mr. Jones presents the Company's rebuttal rate design for each class of customer. The Company  
6 has changed its commercial rate design to closely resemble Staff's proposed commercial rate  
7 design and address concerns raised by Robert and Barbara Gilkey and Robert Rist. The  
8 Company's RV Park rate has been updated to include a base monthly charge and to increase the  
9 RV space rate to 33.33 percent of the residential rate.

10 Mr. Jones explains why the Company continues to advocate for a market based effluent rate,  
11 explaining the long-term benefits to the Company and its customers.

12 Lastly, Mr. Jones explains why the Company cannot support a phase-in of rates.

1 **I INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TELEPHONE**  
3 **NUMBER.**

4 A. My name is Ray L. Jones. My business address is 25213 N. 49<sup>th</sup> Dr., Phoenix, Arizona  
5 85083, and my business phone is (623) 341-4771.

6 **Q. ARE YOU THE SAME RAY L. JONES WHO PREVIOUSLY SUBMITTED**  
7 **DIRECT AND REBUTTAL TESTIMONY IN THIS DOCKET?**

8 A. Yes.

9 **II PURPOSE OF TESTIMONY**

10 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY FILED BY THE**  
11 **INTERVENORS IN THIS CASE?**

12 A. Yes, I have reviewed the testimony of Staff (Becker, Cassidy and Liu), RUCO (Fish,  
13 Duffett, Coley and Rigsby), Spartan Homes (Householder), Robert and Barbara Gilkey,  
14 and Robert Rist.

15 **Q. WHAT IS THE PURPOSE OF YOUR RATE DESIGN REBUTTAL**  
16 **TESTIMONY?**

17 A. I will respond to the direct rate design testimony of Staff and RUCO as well as the joint  
18 rate design testimony of Robert Gilkey, Barbara Gilkey, and Robert Rist ("Gilkey/Rist")  
19 and will present the Company's position on rate design.

1 **III RATE DESIGN**

2 **A OVERVIEW**

3 **Q. HAS THE COMPANY UPDATED ITS RATE DESIGN AFTER**  
4 **CONSIDERATION OF THE TESTIMONY PRESENTED BY OTHER PARTIES**  
5 **TO THIS CASE?**

6 A. Yes, the Company has carefully considered the rate design testimony presented by the  
7 other parties and has updated its recommended rate design to accommodate their various  
8 concerns.

9 **Q. HAVE YOU PROVIDED UPDATED SCHEDULES SHOWING YOUR**  
10 **REBUTTAL RATE DESIGN AND THE IMPACT ON VARIOUS CUSTOMER**  
11 **CLASSES?**

12 A. Yes. A full set of updated H-Schedules are attached as *Exhibit RLJ-RB4*.

13 **Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S REBUTTAL RATE**  
14 **DESIGN.**

15 A. The Company continues to propose flat rate monthly charges for the residential and  
16 Recreational Vehicle ("RV") Park classes. The proposed residential rate is \$57.77  
17 monthly. The RV Park rate includes a monthly charge of \$86.66 with an additional  
18 charge per RV space set at 33.33 percent of the residential rate or \$19.25 monthly.  
19 Commercial customers' sewer charges are based on the customer's water meter size with  
20 charges as follows:

21	5/8" x 3/4" Meters	\$86.66
22	3/4" Meters	\$86.66
23	1" Meters	\$144.43
24	1 1/2" Meters	\$216.64
25	2" Meters	\$346.62
26	3" Meters	\$924.32
27	4" Meters	\$1,444.25



1 commercial business. A flat rate tariff does not consider the type of business being  
2 served, the size of the business or the number of different business that may be served by  
3 a single service serving a business complex. Far West likes the simplicity of its and  
4 RUCO's proposed commercial tariff, but is convinced by Staff and the Gilkey/Rist  
5 testimony that some commercial customers should be paying more than other commercial  
6 customers because they impacting the wastewater system to a greater degree.

7 The Company disagrees with the Gilkey/Rist statement that the current system is being  
8 "used to benefit" the owners of certain business properties, including affiliates of Far  
9 West. Far West is applying its approved commercial tariff in a uniform manner as  
10 ordered by the Commission in Decision No. 69335. None of the businesses Far West  
11 serves are using the system to their benefit; they are paying the rates required under Far  
12 West's approved tariff – nothing more and nothing less.

13 **Q. WHAT IS THE COMPANY'S UPDATED RATE DESIGN FOR COMMERCIAL**  
14 **CUSTOMERS?**

15 A. The Company is proposing commercial flat rates that vary by meter size. The rate is very  
16 similar to Staff's rate design, but selects different multipliers for some of the meter sizes.  
17 The table below compares the Staff and Company proposed multipliers.

<u>Meter</u>	<u>Staff Multiplier</u>	<u>Standard Multiplier</u>	<u>Company Adjustment Factor</u>	<u>Company Recommended Multiplier</u>
5/8"	1.0	1.0	1.5	1.5
3/4"	1.6	1.5	1.0	1.5
1"	2.6	2.5	1.0	2.5
1 1/2"	5.2	5.0	0.75	3.8
2"	8.2	8.0	0.75	6.0
3"	16.0	16.0	1.0	16.0
4"	25.0	25.0	1.0	25.0
6"	50.0	50.0	1.0	50.0

1 **Q. PLEASE EXPLAIN WHY YOU SELECTED DIFFERENT MULTIPLIERS THAN**  
2 **STAFF.**

3 A. As shown in the table above, Staff multipliers are nearly equivalent to the AWWA  
4 standard meter size multipliers. It is my understanding, after reviewing Staff's  
5 workpapers, that Staff recommended multipliers that were recently approved in the Pima  
6 Utility case (Decision No. 73573). The use of the AWWA standard multipliers or the  
7 slightly modified Pima multipliers is conceptually acceptable to the Company. However,  
8 after considering the specific percentage increases for specific meter sizes, the Company  
9 recommends using the standard multipliers with adjustments to the multipliers for the  
10 5/8" x 3/4", 1 1/2" and 2" meters.

11 The table below shows the rate-increase percentages using Staff's commercial rate design  
12 and the Company's commercial rate design.

<u>Meter Size</u>	Staff Percent <u>Increase</u>	Company Percent <u>Increase</u>
5/8" x 3/4" Meter	28.05%	99.22%
3/4" Meter	99.03%	99.22%
1" Meter	234.18%	232.02%
1 1/2" Meter	560.90%	398.02%
2" Meter	955.22%	696.83%
3" Meter	1,948.60%	2,024.87%
4" Meter	3,100.92%	3,220.11%
6" Meter	6,301.84%	6,540.23%

1           The Company is recommending that the 5/8" x 3/4" meter use the same multiplier and be  
2           at the same rate as the 3/4" meter. This is because the 5/8" x 3/4" meter customer should  
3           not receive just a 28.05% increase in rates when all other customers, including residential  
4           customers, will receive a much larger increase. The Company also notes that using the  
5           same multiplier for 5/8" x 3/4" meters and 3/4" meters is consistent with the treatment of  
6           these meter sizes by the Commission in other cases. The Company is recommending that  
7           the multiplier for the 1 1/2" and 2" meters be limited to 75 percent of the standard  
8           multiplier. This mitigates the very large increases to these meter sizes driven by the  
9           switch from flat rates to flat rates by meter size. The Company notes that this is not  
10          necessary for the 3", 4" and 6" meter sizes because the Company does not currently have  
11          any customers with those sizes of meters (except for Rancho Rialto, which I will discuss  
12          below).

13   **Q.   DO YOU HAVE ANY COMMENTS ON STAFF'S ALTERNATIVE RATE**  
14   **DESIGN FOR COMMERCIAL CUSTOMERS?**

15   A.   The Company appreciates Staff's analysis and thinks a rate design similar to Staff's  
16          alternative may potentially be appropriate in some future rate case. However,  
17          significantly more study and analysis would be needed before adopting volumetric rates,  
18          so the Company cannot support volumetric rates in this current case.

1           **D       RECREATIONAL VEHICLE PARKS**

2   **Q.       HOW MANY RV PARKS AND RV SPACES DID FAR WEST BILL DURING**  
3   **THE TEST YEAR?**

4   **A.       Far West billed the four RV Parks detailed below:**

<u>Park</u>	<u>Spaces</u>
Rancho Rialto <sup>1</sup>	197
Adobe Village	118
Sun Ridge	281
Sunset Palm	<u>117</u>
Total	713

5   **Q.       HOW DOES FAR WEST DISTINGUISH AN RV PARK FROM OTHER MOBILE**  
6   **HOME COMMUNITIES OR MODULAR HOME COMMUNITIES?**

7   **A.       Far West relies on the underlying zoning of each community to determine its**  
8   **classification for billing purposes. Only those communities within Yuma County's**  
9   **Recreational Vehicle Park Zoning District (RVP) are considered RV Parks and eligible to**  
10   **be billed at the RV space rate. The RVP zoning district has been used because living**  
11   **units in that district are limited to 400 square feet or less and must be self-propelled or**  
12   **permanently towable. Other zoning districts in Far West's service area allow mobile**  
13   **homes or manufactured homes and site built homes that are typically larger and more**  
14   **permanent.**

15   **Q.       ARE THERE ANY ISSUES RELATED TO USING THE YUMA COUNTY**  
16   **ZONING TO DECIDE WHICH PROPERTIES ARE RV PARKS AND SHOULD**  
17   **BE BILLED USING THE RV PARK RATE?**

---

<sup>1</sup> Rancho Rialto is a facility consisting of 197 RV Spaces and 271 manufactured home sites. The RV Spaces are billed at the RV Park per space rate while the manufactured home lots are billed at the full residential rate.

1 A. There is one commercial business, the Schechert Family Aquatics & Fitness Center,<sup>2</sup>  
2 located in the Manufactured Housing Subdivision (MHS-20) zoning district that has  
3 characteristics sufficiently similar to an RV Park that charging the RV Park rate may be  
4 appropriate here, even though it is not a traditional RV Park. The Fitness Center is a  
5 health and fitness club that also rents RV spaces. There are 49 RV spaces on the  
6 property, of which 48 are available for rental<sup>3</sup>. Since the Fitness Center is not in the RVP  
7 zoning district and not a traditional RV Park, Far West has been billing the facility under  
8 its Commercial tariff.

9 **Q. WHAT ARE YOU RECOMMENDING CONCERNING THE SCHECHERT**  
10 **FITNESS CENTER?**

11 A. I recommend that the facility be billed for 48 RV spaces. Far West should also update  
12 the procedure used when evaluating potential facilities eligible to be billed under the RV  
13 Park rate. Specifically, in addition to considering a property's zoning classification, Far  
14 West should also review the Use Code assigned to a property by Yuma County when  
15 evaluating potential facilities eligible to be billed under the RV Park rate. Further, when  
16 tariffs are prepared to implement the decision in this case, they should include sufficient  
17 detail regarding the applicability and eligibility for each rate to avoid this type of  
18 ambiguity in the future.

---

<sup>2</sup> The Fitness Center is an affiliate of Far West.

<sup>3</sup> One RV space is not accessible or otherwise useable.

1 **Q. HOW DOES THE ISSUE WITH THE FITNESS CENTER AFFECT THE**  
2 **COMPANY'S RATE DESIGN?**

3 A. The additional RV Spaces increase the number-of-spaces billing determinant for the RV  
4 Park class of customers and increase the revenue generated by this class of customer. I  
5 have updated the RV space billing determinants to reflect the 48 additional RV spaces.

6 **Q. ARE THERE ANY ISSUES WITH THE OTHER RV CUSTOMERS THAT**  
7 **AFFECT RATE DESIGN?**

8 A. In addition to billing each RV Park for its RV spaces, Far West bills each RV Park  
9 separately for its clubhouse and related facilities. My review indicates that Rancho  
10 Rialto's clubhouse is billed at the commercial rate while Adobe Village, Sun Ridge and  
11 Sunset Palm's clubhouses are billed at the residential rate. All clubhouses should be  
12 billed at the commercial rate.

13 As noted by Staff, Rancho Rialto is served by a 6" master meter<sup>4</sup>. Staff has  
14 recommended that this meter be treated as an exception to the commercial billing by  
15 meter size so that the clubhouse facility is not overbilled for sewer service. In order to  
16 avoid this exception and further clarify RV Park billing, the Company is proposing that  
17 RV Park rates include both a base monthly charge of \$86.63<sup>5</sup> in addition to the per space  
18 rate of \$19.25. With this clarification, all RV parks would pay the same base monthly fee  
19 for its clubhouse and related facilities, regardless of the meter size serving the park. No  
20 exceptions to the Commercial rate will be needed. I have adjusted the billing

---

<sup>4</sup> Staff was not aware of the billings for the three other parks because detailed information was provided for only the commercial class. Since these parks were billed at the residential rate, the data was inadvertently omitted from the informal data request response provided by the Company.

<sup>5</sup> Same as 3/4" Meter.

1           determinates to remove RV Park clubhouse billings included in the commercial and  
2           residential classes and allow for the recommended RV Rate base monthly charge.

3   **Q.   HAVE ANY ISSUES BEEN RAISED WITH RESPECT TO THE RV PARK**  
4   **CLASS OF CUSTOMER BY STAFF AND INTERVENORS?**

5   A.   Both Staff and Gilkey/Rist consider the RV park rate to be too low as compared to the  
6           residential rate. Staff, based on ADEQ design criteria, recommends that each RV space  
7           should be billed at 33 percent of the residential rate as opposed to the current 25 percent  
8           of the residential rate. Gilkey/Rist contend that a park model on an RV space will  
9           produce the same sewage as other residential homes after considering park laundry  
10          facilities. They also state that a regular RV will use less than a residential home, but that  
11          the uses of chemical deodorants and “slug” loads on treatment plants cause those units to  
12          have just as much impact on the treatment facility as a standard house.

13   **Q.   HOW DO YOU RESPOND?**

14   A.   The Company has investigated the concern put forth by Staff and Gilkey/Rist. My  
15          review of water usage by the RV Parks indicates that 33 percent of the residential rate is  
16          reasonable for the RV Space rate, so the Company supports Staff’s recommendation.  
17          The Company notes that it is recommending a base monthly charge for the RV Park rate  
18          in addition to the RV space rate, which should relieve some of the concern expressed by  
19          Gilkey/Rist.

1           **E        MISCELLANEOUS SERVICE CHARGES**

2           **Q.        DOES FAR WEST AGREE WITH STAFF'S RECOMMENDATIONS**  
3           **REGARDING MISCELLANEOUS SERVICE CHARGES?**

4           A.        Far West supports Staff's recommendation for an after-hours service charge and a  
5           disconnect-and-reconnect charge at cost for sewer customers that are not Far West water  
6           customers.

7           **IV        EFFLUENT RATES**

8           **Q.        HAS THE COMPANY CHANGED ITS POSITION ON EFFLUENT RATES?**

9           A.        It has not. The Company continues to advocate for a market rate and does not support the  
10          rate proposals of either Staff or RUCO. If a market rate for effluent is not adopted,  
11          effluent customers will use less effluent. This is because the golf courses have other  
12          lower cost alternatives, primarily pumping groundwater from private wells. Yuma  
13          County is not located in an Active Management Area. Groundwater levels are relatively  
14          shallow and groundwater rights are not needed to pump groundwater. Because of the  
15          ease of access to groundwater there is no significant impediment to golf courses using  
16          groundwater instead of effluent. Since groundwater is easily and cheaply accessible,  
17          effluent must be priced to compete with inexpensive groundwater or the courses will not  
18          buy effluent. Should the Company's golf course customers reduce effluent usage, the  
19          Company's cost of disposing of effluent will increase as the Company is forced to drill  
20          and use additional vadose zone wells or other disposal facilities to dispose of effluent that  
21          golf courses will not buy. The long-term cost to the Company of maintaining or raising  
22          the effluent price is greater than the short-term benefit revenue recovery to effluent  
23          customers. And increased costs must be borne by customers.

1 The Company's golf course customers are affiliates. They have not reduced their effluent  
2 usage only because they are affiliates. The owners of Far West are marketing the golf  
3 courses with the goal of selling the golf courses in the near future. Far West is concerned  
4 that new unaffiliated golf course owners will substantially reduce effluent usage and  
5 increase Far West's cost of effluent disposal. Those costs will ultimately be passed on to  
6 residential and commercial customers. Because the current golf course customers are  
7 affiliates, Far West has imputed revenue at the existing effluent rate in its rate design.  
8 This holds its customer's harmless from the rate change and is offered to dispel any  
9 notion of self-dealing on this matter.

10 **Q. DID STAFF OR RUCO PROVIDE ANY INSIGHT AS TO WHY THEY HAVE**  
11 **REJECTED THE COMPANY'S PROPOSAL?**

12 A. Neither Staff nor RUCO provided an explanation for their effluent rate recommendations.

13 **V RATE PHASE-IN**

14 **Q. WHAT IS FAR WEST'S POSITION ON THE RATE PHASE-IN PROPOSED BY**  
15 **STAFF?**

16 A. Far West does not consider a phase in of rates to be feasible considering its deteriorating  
17 financial condition. Far West has been struggling financially for many years, and it  
18 continues to struggle financially. It has invested over \$20.0 million in plant since its last  
19 rate case without any recovery in rates and endured significant loss of equity due to  
20 regulatory lag associated with the plant investment. Far West continues to recommend  
21 implementation of new rates to allow it the opportunity to earn a rate of return on its  
22 investment at the earliest date possible.

23 **Q. DOES THIS CONCLUDE YOUR RATE DESIGN -- REBUTTAL TESTIMONY?**

24 A. Yes.

Far West Water & Sewer Company, Inc.

Ray Jones Rebuttal Testimony

**Exhibit RLJ-RB4**

**Far West Water & Sewer, Inc., Sewer Division**  
 Test Year Ended December 31, 2011  
 Summary of Revenues by Customer Classification - Present and Proposed Rates

Exhibit: RLJ-RB4  
 Schedule H-1 - Rebuttal  
 Page 1  
 Witness: Jones

Line No.	Customer Classification	Revenues in the Test Year		Proposed Increase	
		Present Rates	Proposed Rates	Amount	%
1					
2	<u>Flat Rate Revenue</u>				
3	Residential	\$ 1,844,030	\$ 4,895,834	\$ 3,051,804	165.50%
4	Commercial	23,186	117,159	93,973	405.31%
5	RV Park (RV Spaces)	46,545	176,224	129,680	278.61%
6	Re-Establishment (Residential)	142,180	377,642	235,463	165.61%
7					
8	Metered Reuse Revenues	131,759	131,759	-	0.00%
9					
10	Other Sewer Revenue	43,064	43,064	-	0.00%
11					
12	Total Sewer Revenues	<u>\$ 2,230,763</u>	<u>\$ 5,741,683</u>	<u>\$ 3,510,920</u>	157.39%
13					
14	<u>Reconciliation</u>				
15	Bill Count Revenue	\$ 2,230,763			
16					
17	Water Revenues per G.L.	2,239,713			
18	Revenue Adjustment IS-1	(3,612)			
19	Revenue Adjustment IS-2	<u>(8,119)</u>			
20	Adjusted G.L. Revenue	\$ 2,227,982			
21					
22	Unreconciled Difference	\$ 2,781			
23	Percentage Difference	0.12%			
24					
25					
26	<u>Supporting Schedules:</u>			<u>Recap Schedules:</u>	
27	H-2			A-1	
28					

Line No.	Description	Average Number Customers	Average Consumption	Revenues		Proposed	
				Present Rates	Proposed Rates	Increase Amount	Increase %
1							
2	<b>Flat Rate Revenue</b>						
3	Residential	7,064	-	\$ 1,844,030	\$ 4,895,834	3,051,804	165.50%
4	Commercial	42	-	23,186	117,159	93,973	405.31%
5	RV Park (RV Spaces)	761	-	46,545	176,224	129,680	278.61%
6	Re-Establishment (Residential)	545	-	142,180	377,642	235,463	165.61%
7	Subtotal Flat Rate	8,412		\$ 2,055,940	\$ 5,566,860	\$ 3,510,920	170.77%
8							
9	Metered Reuse Revenues	2	5,489,958	\$ 131,759	\$ 131,759	-	0.00%
10							
11	Other Sewer Revenue			\$ 43,064	\$ 43,064		0.00%
12							
13	Total	8,414		\$ 2,230,763	\$ 5,741,683	\$ 3,510,920	157.39%
14							
15							

Supporting Schedules:

Recap Schedules:

H-1

18

Line No.	Description	Monthly Charge			Volume Charge		
		Present Rate	Proposed Rate	Change	Present Rate	Proposed Rate	Change
1	<b>General Sewer Service Rates</b>						
5	Residential	\$ 21.75	\$ 57.77	\$ 36.02			
6	Commercial:						
7	5/8" x 3/4" Meter	\$ 43.50	\$ 86.66	\$ 43.16			
8	3/4" Meter	\$ 43.50	\$ 86.66	\$ 43.16			
9	1" Meter	\$ 43.50	\$ 144.43	\$ 100.93			
10	1 1/2" Meter	\$ 43.50	\$ 216.64	\$ 173.14			
11	2" Meter	\$ 43.50	\$ 346.62	\$ 303.12			
12	3" Meter	\$ 43.50	\$ 924.32	\$ 880.82			
13	4" Meter	\$ 43.50	\$ 1,444.25	\$ 1,400.75			
14	6" Meter	\$ 43.50	\$ 2,888.50	\$ 2,845.00			
15	RV Park:						
16	RV Park Base Charge	n/a	\$ 86.66	\$ 86.66			
17	RV Park - Per Space	\$ 5.44	\$ 19.25	\$ 13.81			
18	Effluent Reuse	\$ -	\$ -	\$ -	\$ 1.00	Market <sup>1</sup>	\$ -

<sup>1</sup>Market rate not to exceed \$1.00 per 1,000 gallons and not less than \$0.20 per 1,000 gallons.

Line No.	Description	Present Rates	Proposed Rates
22	<b>Other Service Charges</b>		
24	Establishment	\$ 20.00	\$ 40.00
25	Reconnection (Delinquent)	\$ 20.00	\$ 30.00
26	After-Hours Service Charge	n/a	\$ 35.00
27	Deposit Requirement (Residential)	2 times the average bill	2 times the average bill
28	Deposit Requirement (None Residential Meter)	2-1/2 times the average bill	2-1/2 times the average bill
29	Deposit Interest	6.0%	6.0%
30	Re-Establishment (Within 12 Months)	Number of Months off system times the monthly minimum bill	Number of Months off system times the monthly minimum bill
31	NSF Check	\$ 15.00	\$ 30.00
32	Deferred Payment, Per Month	1.5%	1.5%
33	Late Payment Charge	1.5%	1.5%
34	Service Line Installation	Cost	Cost
35	Disconnect and Reconnect (Delinquent) <sup>1</sup>	n/a	Cost

<sup>1</sup> Applicable to sewer customers that are not Far West Water customers.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, per Commission rule A.A.C. 14-2-608(D)(5).

All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.

Far West Water & Sewer, Inc., Sewer Division  
 Test Year Ended December 31, 2011  
 Typical Bill Analysis

Exhibit: RLJ-RB4  
 Schedule H-4 - Rebuttal  
 Witness: Jones

Meter Size: All  
 Class: Residential  
 Rate Code: 351

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<b>Present Rates:</b>					
2	Monthly Charge:		\$ 21.75			
3		All	\$ 21.75	\$ 57.77	\$ 36.02	165.61%
4	<b>Proposed Rates:</b>					
5	Monthly Charge:		\$ 57.77			
6						

Meter Size: All  
 Class: Commercial  
 Rate Code: 350

Line No.	Rate Schedules	Monthly Charge	Meter Size	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<b>Present Rates:</b>						
	All Meter Sizes	\$ 43.50					
2	<b>Proposed Rates:</b>						
3	5/8" x 3/4" Meter	\$ 86.66	5/8" x 3/4" Meter	\$ 43.50	\$ 86.66	\$ 43.16	99.22%
4	3/4" Meter	\$ 86.66	3/4" Meter	\$ 43.50	\$ 86.66	\$ 43.16	99.22%
5	1" Meter	\$ 144.43	1" Meter	\$ 43.50	\$ 144.43	\$ 100.93	232.02%
6	1 1/2" Meter	\$ 216.64	1 1/2" Meter	\$ 43.50	\$ 216.64	\$ 173.14	398.02%
7	2" Meter	\$ 346.62	2" Meter	\$ 43.50	\$ 346.62	\$ 303.12	696.83%
8	3" Meter	\$ 880.82	3" Meter	\$ 43.50	\$ 924.32	\$ 880.82	2024.87%
9	4" Meter	\$ 1,444.25	4" Meter	\$ 43.50	\$ 1,444.25	\$ 1,400.75	3220.11%
10	6" Meter	\$ 2,888.50	6" Meter	\$ 43.50	\$ 2,888.50	\$ 2,845.00	6540.23%
11							

Meter Size: All  
 Class: RV Park  
 Rate Code: 380

Line No.	Rate Schedules	Park	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<b>Present Rates:</b>					
2	Monthly Charge:	n/a				
3	Per Space:		\$ 5.44			
4		Rancho Rialto	\$ 1,071.68	\$ 3,878.91	\$ 2,807.23	261.95%
5		Adobe Village	\$ 641.92	\$ 2,358.16	\$ 1,716.24	267.36%
6		Sun Ridge	\$ 1,528.64	\$ 5,495.91	\$ 3,967.27	259.53%
7	<b>Proposed Rates:</b>					
8	Monthly Charge:	Schechert Aquatics	\$ 261.12	\$ 1,010.66	\$ 749.54	287.05%
9	Per Space:		\$ 86.66			
10			\$ 19.25			
11						
12						
13						

Meter Size: All  
 Class: Residential Re-Establishment  
 Rate Code: 381-392

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<b>Present Rates:</b>					
2	Monthly Charge:		\$ 21.75			
3		All	\$ 21.75	\$ 57.77	\$ 36.02	165.61%
4	<b>Proposed Rates:</b>					
5	Monthly Charge:		\$ 57.77			
6						

Meter Size: All  
 Class: Residential  
 Rate Code: 351

	<u>Charges</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Monthly Charge:	\$	21.75	\$ 57.77

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	<u>Cumulative Bills</u>		<u>Cumulative Consumption</u>		
					No.	% of Total	Amount	% of Total	
1	- - -	84,783	-		84,783	100.00%	-		
2									
3	Totals	84,783			84,783		-		
4	Remove RV Bills	(36)							
5	Equivalent Bills	84,747							
6									
7	Average Number of Customers		7,062		Base Charge	84,783	\$ 1,844,030	84,747	\$ 4,895,834
8									
9					Revenue Totals		\$ 1,844,030		\$ 4,895,834
10									

Meter Size: All  
 Class: Commercial  
 Rate Code: 350

Charges	Present Rates	Proposed Rates
Monthly Charge:		
5/8" x 3/4" Meter \$	43.50	\$ 86.66
3/4" Meter \$	43.50	\$ 86.66
1" Meter \$	43.50	\$ 144.43
1 1/2" Meter \$	43.50	\$ 216.64
2" Meter \$	43.50	\$ 346.62
6" Meter \$	43.50	\$ 2,888.50

Line No.	Meter Size	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
As Billed:								
1	5/8" x 3/4" Meter	144	-		144	28.57%		
2	3/4" Meter	-	-		144	28.57%		
3	1" Meter	84	-		228	45.24%		
4	1 1/2" Meter	29	-		257	50.99%		
5	2" Meter	264	-		521	103.37%		
6	6" Meter	12	-		533	105.75%		
7		533	-					
Adjustments:								
9	6" - Rancho Rialto	(12)	-					
10	1 1/2" - Chase Bank	(5)	-					
11	2" - Schechert Aquat.	(12)	-					
12								
Adjusted:								
14	5/8" x 3/4" Meter	144	-		144	28.57%		
15	3/4" Meter	-	-		144	28.57%		
16	1" Meter	84	-		228	45.24%		
17	1 1/2" Meter	24	-		252	50.00%		
18	2" Meter	252	-		504	100.00%		
19	6" Meter	-	-		504	100.00%		
20		504	-					
21								
22								
23	Totals	504		-	504			

Line No.	Equivalent Bills	Average Number of Customers	Meter Size	Current Rates		Proposed Rates	
				Units	Revenue	Units	Revenue
25	504						
27		42	5/8" x 3/4" Meter	144	\$ 6,264	144	\$ 12,479
28			3/4" Meter	-	-	-	-
29			1" Meter	84	3,654	84	12,132
30			1 1/2" Meter	29	1,262	24	5,199
31			2" Meter	264	11,484	252	87,348
32			6" Meter	12	522	-	-
33			Revenue Totals		\$ 23,186		\$ 117,159

Meter Size: All  
 Class: RV Park  
 Rate Code: 380

Charges	Present Rates	Proposed Rates
Monthly Charge:	n/a	\$ 86.66
Per Space: \$	5.44	\$ 19.25

Line No.	Customer	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	As Billed:		-		2,364	25.89%	-	
2	Rancho Rialto	2,364	-		3,780	41.39%	-	
3	Adobe Village	1,416	-		7,152	78.32%	-	
4	Sun Ridge	3,372	-		8,556	93.69%	-	
5	Sunset Palm	1,404	-		17,112	187.39%	-	#DIV/0!
6		8,556			17,112	187.39%	-	#DIV/0!
7	Adjustments:				17,112	187.39%	-	#DIV/0!
8	Schechert Aquatics	576	-		17,688	193.69%	-	#DIV/0!
2								
3	Totals	9,132		-	9,132		-	

Line No.	Equivalent Bills	Average Number of Spaces	761	Monthly Charge Per Space	Current Rates		Proposed Rates	
					Units	Revenue	Units	Revenue
5	9,132							
7					8,556	\$ 46,545	5	433.3
8							9,132	\$ 175,791
9				Revenue Totals		\$ 46,545		\$ 176,224
10								

Meter Size: All  
 Class: Residential Re-Establishment  
 Rate Code: 381-392

	<u>Charges</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Monthly Charge:	\$	21.75	\$ 57.77

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	<u>Cumulative Bills</u>		<u>Cumulative Consumption</u>	
					No.	% of Total	Amount	% of Total
1	-	-	-	6,537	100.00%	-	-	
2								
3	Totals	6,537		-	6,537		-	
4								
5	Equivalent Bills	6,537						
6								
						<u>Current Rates</u>	<u>Proposed Rates</u>	
					Units	Revenue	Units	Revenue
7	Average Number of Customers		545	Base Charge	6,537	\$ 142,180	6,537	\$ 377,642
8								
9				Revenue Totals		<u>\$ 142,180</u>		<u>\$ 377,642</u>
10								

Meter Size: All  
 Class: Effluent Reuse  
 Rate Code: 379

Charges	Present Rates	Proposed Rates
Monthly Charge:	\$ -	\$ -

Commodity Rate \$ 1.00 Market

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
1	-	-	-	-	-	0.00%	-	0.00%
2	1,765,000	-	1,765,000	1,765,000	1	4.17%	1,765,000	1.34%
3	1,773,000	-	1,773,000	1,773,000	2	8.33%	3,538,000	2.69%
4	1,849,000	-	1,849,000	1,849,000	3	12.50%	5,387,000	4.09%
5	2,189,000	-	2,189,000	2,189,000	4	16.67%	7,576,000	5.75%
6	2,646,000	-	2,646,000	2,646,000	5	20.83%	10,222,000	7.76%
7	2,845,000	-	2,845,000	2,845,000	6	25.00%	13,067,000	9.92%
8	3,756,000	-	3,756,000	3,756,000	7	29.17%	16,823,000	12.77%
9	3,863,000	-	3,863,000	3,863,000	8	33.33%	20,686,000	15.70%
10	3,916,000	-	3,916,000	3,916,000	9	37.50%	24,602,000	18.67%
11	3,972,000	-	3,972,000	3,972,000	10	41.67%	28,574,000	21.69%
12	4,061,000	-	4,061,000	4,061,000	11	45.83%	32,635,000	24.77%
13	4,260,000	-	4,260,000	4,260,000	12	50.00%	36,895,000	28.00%
14	4,455,000	-	4,455,000	4,455,000	13	54.17%	41,350,000	31.38%
15	4,608,000	-	4,608,000	4,608,000	14	58.33%	45,958,000	34.88%
16	4,862,000	-	4,862,000	4,862,000	15	62.50%	50,820,000	38.57%
17	5,592,000	-	5,592,000	5,592,000	16	66.67%	56,412,000	42.81%
18	6,515,000	-	6,515,000	6,515,000	17	70.83%	62,927,000	47.76%
19	8,555,000	-	8,555,000	8,555,000	18	75.00%	71,482,000	54.25%
20	8,595,000	-	8,595,000	8,595,000	19	79.17%	80,077,000	60.78%
21	8,937,000	-	8,937,000	8,937,000	20	83.33%	89,014,000	67.56%
22	9,172,000	-	9,172,000	9,172,000	21	87.50%	98,186,000	74.52%
23	10,207,000	-	10,207,000	10,207,000	22	91.67%	108,393,000	82.27%
24	11,634,000	-	11,634,000	11,634,000	23	95.83%	120,027,000	91.10%
25	11,732,000	-	11,732,000	11,732,000	24	100.00%	131,759,000	100.00%
26								
27	Totals	24		<u>131,759,000</u>	<u>24</u>		<u>131,759,000</u>	
28								
29	Equivalent Bills	<u>24</u>						

		Current Rates		Proposed Rates	
		Units	Revenue	Units	Revenue
31	Average Number of Customers	24	\$ -	24	\$ -
32	Base Charge				
33	Average Consumption (gallons)	131,759.00	<u>131,759</u>	131,759	<u>131,759</u>
34	Commodity Charge				
35	Median Consumption (gallons)		<u>\$ 131,759</u>		<u>\$ 131,759</u>
36	Revenue Totals				