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1 FENNEMORE CRAIG, P.C.  
Jay L. Shapiro (No. 014650)  
2 Todd C. Wiley (No. 015358)  
2394 E. Camelback Road, Suite 600  
3 Phoenix, Arizona 85016

4 Attorneys for Rio Rico Utilities, Inc.  
5


6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

7  
8 IN THE MATTER OF THE  
APPLICATION OF RIO RICO  
9 UTILITIES, INC., AN ARIZONA  
CORPORATION, FOR A  
10 DETERMINATION OF THE FAIR  
VALUE OF ITS UTILITY PLANTS AND  
11 PROPERTY AND FOR INCREASES IN  
12 ITS WATER AND WASTEWATER  
RATES AND CHARGES FOR UTILITY  
13 SERVICE BASED THEREON.

DOCKET NO: WS-02676A-12-0196

Arizona Corporation Commission  
**DOCKETED**

JUL 11 2013

DOCKETED BY 

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16 **RIO RICO UTILITIES, INC.**

17 **REQUEST FOR CLARIFICATION OF**  
18 **RECOMMENDED OPINION AND ORDER**

19 **July 11, 2013**  
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1 Rio Rico Utilities, Inc. ("RRUI" or the "Company") hereby requests clarification  
2 of the Recommended Opinion and Order ("ROO") issued on July 2, 2013. Specifically,  
3 RRUI (1) identifies what it believes are errors in the Commodity Charges and Other  
4 Service Charges sections; (2) suggests revising the ordering paragraph on Commodity  
5 Charges to remove current rate design data; and (3) proposes further defining those  
6 entities eligible to receive a five percent discount in rates. Excepting these minor requests  
7 and suggestions for clarification, the Company fully supports the ROO. Judge Rodda's  
8 ROO (1) generally adopts the negotiated and reasonable resolution of nearly every issue  
9 in this rate case; (2) adopts a discount to aid the local public school system; and  
10 (3) resolves the sole issue in dispute—the return on equity—in a fair and reasonable  
11 manner. With the minor requested changes herein, RRUI supports adoption of the ROO  
12 by the Commission.

13 **I. COMMODITY RATES**

14 RRUI requests that two modifications be made to the sections addressing  
15 commodity rates. The first modification is to change the break over points for the  
16 3/4 inch and 1 inch meters referenced on pages 42 and 55 of the ROO. The break over  
17 points are stated as 4,500 gallons for a 3/4 inch meter and 22,500 gallons for a 1 inch  
18 meter. However, RRUI's billing system does not allow for billing in 500 gallon  
19 increments. Unfortunately, RRUI did not detect this issue at the time the parties filed  
20 their final schedules. Staff, RUCO, and RRUI have since discussed it, and Staff and  
21 RUCO agree that the break over points should be 4,000 gallons for a 3/4 inch meter and  
22 23,000 gallons for a 1 inch meter. The change does not affect the authorized revenue  
23 requirement. RRUI requests that the ROO be amended accordingly.

24 RRUI's second proposed modification is to pages 54 through 55 of the ROO,  
25 which is the ordering paragraph setting forth the new rate design and the authorized  
26 commodity rates. This paragraph includes the break over points from the current rate

1 design – all of which are labeled “N/A.” Because these break over points are no longer  
2 authorized, RRUI suggests deleting this information in order to avoid unnecessary  
3 confusion.

4 **II. OTHER SERVICE CHARGES**

5 RRUI requests correction of the note “(a)” to Service Calls under Other Service  
6 Charges on page 56 of the ROO. This note—there is no charge for service calls during  
7 normal working hours—is incorrectly footnoted as “(b).” The footnote should be labeled  
8 “(a).”

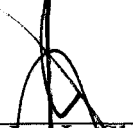
9 **III. FIVE PERCENT DISCOUNT**

10 Pages 45 and 56 of the ROO contain a footnote 1 that states “[a] 5 percent discount  
11 is applicable to entities whose primary function is education.” However, the discount was  
12 intended to be limited to the public schools operated by Intervenor Santa Cruz County  
13 School District No. 35. Those are the only entities to which the discount was applied in  
14 the parties’ jointly recommended rate design. As a result the Company believes the  
15 footnote should be clarified to read as follows: “[a] 5 percent discount is applicable to the  
16 public schools operated by the Santa Cruz County School District No. 35 receiving water  
17 and/or wastewater utility services from the Company.”

18 RESPECTFULLY SUBMITTED this 11th day of July, 2013.

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FENNEMORE CRAIG, P.C.

By  \_\_\_\_\_  
Jay L. Shapiro  
Todd C. Wiley  
2394 East Camelback Road  
Suite 600  
Phoenix, Arizona 85016  
Attorneys for Rio Rico Utilities, Inc.

1 **ORIGINAL** and thirteen (13) copies  
2 of the foregoing were filed  
3 this 11th day of July, 2013 with:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 W. Washington St.  
7 Phoenix, AZ 85007

8 **COPY** of the foregoing hand-delivered  
9 this 11th day of July, 2013 to:

10 Chairman Bob Stump  
11 Arizona Corporation Commission  
12 1200 W. Washington Street  
13 Phoenix, AZ 85007

14 Commissioner Gary Pierce  
15 Arizona Corporation Commission  
16 1200 W. Washington Street  
17 Phoenix, AZ 85007

18 Commissioner Brenda Burns  
19 Arizona Corporation Commission  
20 1200 W. Washington Street  
21 Phoenix, AZ 85007

22 Commissioner Bob Burns  
23 Arizona Corporation Commission  
24 1200 W. Washington Street  
25 Phoenix, AZ 85007

26 Commissioner Susan Bitter Smith  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Bridget A. Humphrey, Esq.  
Scott Hesla  
Legal Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

25  
26

1 **COPY** of the foregoing emailed/mailed  
2 this 11th day of July, 2013 to:

3 Jane L. Rodda  
4 Administrative Law Judge  
5 Hearing Division  
6 Arizona Corporation Commission  
7 400 West Congress  
8 Tucson, AZ 85701-1347

9 Michelle Wood, Esq.  
10 RUCO  
11 1110 W. Washington St., Suite 220  
12 Phoenix, Arizona 85007

13 Charlene Laplante  
14 Deputy County Attorney  
15 Office of the Santa Cruz County Attorney  
16 2150 N. Congress Drive, Suite 201  
17 Nogales, Arizona 85621

18 Roger C. Decker  
19 Udall Shumway PLC  
20 1128 N. Alma School Road, Suite 101  
21 Mesa, Arizona 85201

22 By: *Marcia San Jue*

23 8305102.1/080191.0012

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