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COMMISSIONERS

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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
ADAMAN MUTUAL WATER COMPANY FOR
A RATE INCREASE

DOCKET NO. W-01997A-12-0501

NOTICE OF FILING REBUTTAL
TESTIMONY

1 Please take notice that Adaman Mutual Water Company ("Adaman") hereby files the
2 Rebuttal Testimony of Ray Jones.

3 Respectfully submitted on April 1, 2014.

Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd., Ste. 200-676
Phoenix, Arizona 85028
(480) 367-1956 (Direct)
(480) 304-4821 (Fax)
Craig.Marks@azbar.org
Attorney for Adaman Mutual Water Company

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Charles O. Hains
Staff Attorney, Legal Division
1200 West Washington Street
Phoenix, Arizona 85007
CHains@azcc.gov

Arizona Corporation Commission
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BEFORE THE ARIZONA CORPORATION COMMISSION

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BOB STUMP, Chairman
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IN THE MATTER OF THE APPLICATION OF
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**REBUTTAL TESTIMONY
OF
RAY L. JONES
ON BEHALF OF
ADAMAN MUTUAL WATER COMPANY
APRIL 1, 2014**

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**REBUTTAL TESTIMONY
OF
RAY L. JONES
ON BEHALF OF
ADAMAN MUTUAL WATER COMPANY
APRIL 1, 2014**

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1 **EXECUTIVE SUMMARY**

2 Mr. Jones provides a brief procedural history and explains that Adaman and Staff had productive
3 discussions regarding settlement. He explains that this Rebuttal Testimony is intended to
4 document the current points of agreement between Staff and the Company and to address the
5 minor remaining points of disagreement.

6 Mr. Jones testifies that Adaman and Staff have reached agreement on revenue requirement, rate
7 base and income statement positions. Mr. Jones explains that Staff and the Company have
8 agreed to a three-tier conservation oriented rate design and that there is agreement on fire
9 sprinkler rates and miscellaneous charges. Mr. Jones indicates agreement with Staff
10 recommendations regarding the timing of the Company's next rate case, compliance filings
11 related to Well 1C and depreciation rates.

12 Mr. Jones testifies that Staff's recommendation regarding rate schedules to be used in Adaman's
13 next rate case is unnecessary and that Staff's position regarding implementation of Best
14 Management Practices is not consistent with the Commission's BMP policy and should be
15 rejected.

16

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. 49th Dr., Phoenix, Arizona
5 85083, and my business phone is (623) 341-4771.

6 **Q. WHAT IS YOUR PROFESSIONAL EXPERIENCE?**

7 A. I have an extensive background in the utility business. I began my working career with
8 Citizens Utilities Company ("Citizens") in 1985 as a Staff Engineer for the Maricopa
9 County water and wastewater division. I was employed at Citizens for 17 years,
10 ascending to Vice President and General Manager for the Arizona water and wastewater
11 operations. In 2002, American Water ("American") purchased the water and wastewater
12 assets of Citizens and I joined American as the President of Arizona-American Company.
13 I left American in 2004 and formed my own consulting firm, ARICOR Water Solutions,
14 LC ("ARICOR"). ARICOR provides a wide range of engineering and regulatory support
15 services to the private utility, municipal utility, and development sectors.

16 **Q. WHAT IS YOUR EDUCATIONAL EXPERIENCE?**

17 A. I received a Bachelor of Science in Civil Engineering in 1985 from the University of
18 Kansas, and a Master of Business Administration in 1991 from Arizona State University.

19 **Q. DO YOU HOLD ANY PROFESSIONAL LICENSES?**

20 A. I am a Registered Professional Engineer in Arizona and California and a Grade 3
21 Certified Operator in Arizona for all four water and wastewater classifications.

1 **Q. WHAT IS YOUR EXPERIENCE BEFORE THIS COMMISSION?**

2 A. In my time with Citizens and Arizona-American, I prepared or assisted in the preparation
3 of multiple filings before the Arizona Corporation Commission (“Commission”),
4 including rate applications and CC&N filings. As Principal of ARICOR, I have prepared
5 several filings and assisted in the preparation of several more filings before the
6 Commission, including rate applications, CC&N filings and complaint proceedings. I
7 have also provided testimony in all of these cases before the Commission. A summary
8 of my regulatory work experience is included in my resume attached as **Exhibit RLJ-**
9 **RJ-1.**

10 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

11 A. I am testifying on behalf of Adaman Mutual Water Company (“Adaman” or
12 “Company”).

13 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

14 A. My testimony is intended to document the results of discussions held between Staff and
15 the Company during the indefinite continuance of the procedural schedule in this case.
16 The testimony explains that Staff and the Company were able to reach agreement on most
17 issues, detailing the specific points of agreement between Staff and the Company. I also
18 explain the two issues where Staff and the Company do not agree.

19 **II PROCEDURAL HISTORY**

20 **Q. WOULD YOU PROVIDE A BRIEF PROCEDURAL HISTORY OF THIS CASE?**

21 A. Commission Decision No. 72506 directed Adaman to file a rate case no later than
22 December 31, 2012. On December 28, 2012, Adaman filed a rate application opening
23 this case. In its application, Adaman requested that its rates and charges for general

1 water service remain unchanged¹. Adaman also proposed changes to its service charges
2 and its charges for meter and service line installation.

3
4 On August 7, 2013, Staff filed Direct Testimony recommending that the Company's
5 revenue requirement remain unchanged, but that the Company's rate design be changed
6 to a three-tiered conservation oriented rate design. Staff also recommend various
7 adjustments to rate base and expenses as well as changes to the company's service
8 charges and its charges for meter and service line installation. In addition, Staff
9 recommended that Adaman file a permanent rate application no later than May 31, 2016
10 and adopt three Best Management Practices ("BMP") in the form of Commission
11 approved tariffs.

12
13 On August 30, 2013, Adaman requested an indefinite continuance of the procedural
14 schedule to allow for discussions with Staff concerning a potential settlement for this
15 case. Adaman and Staff have had productive discussion regarding the differences in
16 positions and Adaman believes that the parties are now in agreement on nearly all issues.
17 However, Staff has indicated that it does not wish to enter into a formal settlement
18 agreement. Accordingly, Adaman is filing this Rebuttal Testimony to document the
19 current points of agreement between Staff and the Company and to address the minor
20 remaining points of disagreement.

¹ Adaman has a tariffed contract rate for bulk water sales to the City of Goodyear that is indexed to the Consumer Price Index. Adaman did not propose any change to this tariff which does allow rates for this single customer to increase annually.

1 **III POINTS OF AGREEMENT WITH STAFF**

2 **A REVENUE REQUIREMENT**

3 **Q. DO THE COMPANY AND STAFF AGREE ON ADAMAN'S REVENUE**
4 **REQUIREMENT?**

5 A. Yes. Both the Company and Staff propose no change to Adaman's revenue requirement.
6 The results in a revenue requirement equal to Adaman's test-year revenue of \$423,775.

7 **B RATE BASE**

8 **Q. WHAT IS THE COMPANY'S POSITION ON RATE BASE?**

9 A. The Company accepts Staff's proposed rate base adjustments and also accepts Staff's
10 proposed adjusted rate base of \$304,022.

11 **C INCOME STATEMENT**

12 **Q. DOES THE COMPANY AGREE WITH STAFF'S PROPOSED INCOME**
13 **ADJUSTMENTS?**

14 A. Yes. The Company accepts Staff's income adjustments and agrees with Staff's adjusted
15 test year operating income of \$33,725.

16 **D RATE DESIGN & SERVICE CHARGES**

17 **Q. HAVE THE COMPANY AND STAFF REACHED AGREEMENT ON RATE**
18 **DESIGN?**

19 A. Yes. Staff and the Company have worked together to craft a three-tier, conservation-
20 oriented rate design that is acceptable to both the Company and Staff. This rate design
21 leaves base charges unchanged for all meter sizes and replaces the \$2.00 per thousand
22 commodity rate with a three-tier commodity rate. The commodity rate steps are \$1.80 for
23 tier 1 (3,000 gallons and below) usage on 5/8" x 3/4" and 3/4" meters, \$1.90 for tier 2

1 usage (all meters), and \$2.04 for tier 3 usage (all meters), with the tier 2 and tier 3 break-
2 over points varying by meter size.

3 **Q. IS THERE AGREEMENT CONCERNING FIRE SPRINKLER RATES?**

4 A. Yes. The Company accepts Staff's proposed fire sprinkler rate of two percent of the
5 monthly minimum for comparable meter size, but not less than \$10.00 per month.

6 **Q. IS THERE AGREEMENT CONCERNING SERVICE LINE AND METER
7 INSTALLATION CHARGES?**

8 A. Yes. Adaman accepts Staff's recommended service line and meter installation charges.

9 **Q. WHAT ABOUT MISCELLANEOUS SERVICES CHARGES?**

10 A. Again, Adaman will accept the charges recommended by Staff.

11 **Q. HAVE YOU PREPARED SCHEUDLES DOCUMENTING THE AGREED UPON
12 RATE DESIGN AND CHARGES?**

13 A. Yes. Standard Rate Schedule H-3 is attached as part of Exhibit RLJ-RB-2 and shows the
14 complete rate design and all other charges.

15 **Q. WHAT IS THE IMPACT OF THE NEW RATE DESIGN ON A TYPICAL
16 CUSTOMER?**

17 A. A full set of standard H-4 rate schedules is attached as part of RLJ-RB-2, which shows
18 the impact on typical customers by meter size at average, median, and varying usage
19 levels. The schedules provided exclude the Wildlife World Zoo and the Mountain
20 Shadow Dairy, both large industrial customers. These two large customers will see a
21 combined 1.54% overall increase in rates while the remaining customers will see a 1.08%
22 overall decrease in rates.

1 **E OTHER STAFF RECOMENDATIONS**

2 **Q. WHAT OTHER STAFF RECOMENTATIONS DOES THE COMPANY**
3 **ACCEPT?**

4 A. The Company accepts the following recommendations made by Staff:

- 5 • That the Company file a permanent rate application no later than May 31,
6 2016, using a December 31, 2015, test year.
- 7 • That the Company file as a compliance item in this docket by May 31, 2014, a
8 copy of the ADEQ Approval of Construction for Well No. 1C.²
- 9 • That the Company use the depreciation rates delineated in Table B of Staff's
10 Engineering Report, on a going forward basis.

11 **IV POINTS OF DISAGREEMENT WITH STAFF**

12 **Q. WHAT ISSUES HAVE THE COMPANY AND STAFF FAILED TO AGREE ON?**

13 A. There are only two items.

14 First, Staff has recommended that the Company file schedules prescribed by the Arizona
15 Administrative Code R14-2-103 for Class C utilities in its next rate case. Adaman's
16 believes this recommendation is unnecessary and may ultimately be in conflict with the
17 A.A.C. R14-2-103 by the time Adaman files it next case. This is because the
18 Commission is currently considering changes to R14-2-103 that would reclassify

² Well No. 1C was constructed by and is owned by the Adaman Irrigation Water Delivery District No. 36, not Adaman Mutual Water Company. Adman will obtain water from the well pursuant to a water facilities sharing agreement with the District. In order to use Well 1C, Adaman was required to construct a pipeline from Well 1C to the Well 1B site. This project is known as Adaman Water Company 12" Well Line (1C) is the final step in making Well 1C available for potable water service. The Company will submit the Approval of Construction for the Adaman Water Company 12" Well Line (1C) project which is the project needed to connect the District well to Adaman's potable water system.

1 Adaman as a Class D utility. Adaman will file schedules in its next case in accordance
2 with the applicable rule in place at the time of the filing.

3 Second, the Company does not agree with Staff's recommendation that the Company be
4 required to file with Docket Control, as a compliance item in this docket, within 90 days
5 of the effective date of this Decision, at least three BMPs in the form of tariffs that
6 conform to the templates created by Staff for the Commission's review and
7 consideration.

8 **Q. WHY DOES THE COMPANY OPPOSE STAFF'S BMP RECOMMENDATION?**

9 A. Staff's recommendation is duplicative and excessive, taking the Company beyond what is
10 required by ADWR, the agency that regulates Adaman's use of groundwater. Adaman
11 does not have a lost water problem and has a water conservation program as mandated by
12 ADWR. Adaman is enrolled as a regulated Tier I municipal provider in the Arizona
13 Department of Water Resources' ("ADWR") Modified Non Per Capita Conservation
14 Program ("NPCCP"). As a part of the NPCCP, ADAMAN is required to have a public
15 education program and to implement one (1) BMP in its service area. Adaman must file
16 annual reports with ADWR on its water conservation efforts.

17 **Q. IS THE COMPANY'S POSITION CONSISTENT WITH RECENT**
18 **COMMISSION DECISIONS?**

19 A. Yes it is. In Decision No. 73573, dated November 21, 2012, for Pima Utility Company,
20 The Commission found as follows:

21 Pima is located in the Phoenix Active Management Area ("AMA"). The state's
22 groundwater protection laws are already in place and enforced by ADWR. We do

1 not find duplicative regulation to be in the public interest. We agree with Pima
2 and will not require the filing of BMPs.

3 More recently, in Decision No. 74294, dated January 29, 2014, for New River Utility
4 Company, the Commission again rejected Staff's BMP recommendation, finding as
5 follows:

6 New River is located in the Phoenix AMA. The state's groundwater protection
7 laws are already in place and enforced by ADWR. We do not find duplicative
8 regulation to be in the public interest. We agree with New River and will not
9 require the filing of BMPs.

10 Lastly, in the Commission's last Open Meeting, the Commission again rejected Staff's
11 BMP recommendation in Decision No. 74339, dated March 19, 2014, stating succinctly,
12 "We will not require the Company to implement any BMPs at this time."

13 Staff's recommendation is not consistent with the Commission's BMP policy and should
14 be rejected.

15 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

16 **A. Yes.**

Adaman Mutual Water Company

Ray Jones Rebuttal Testimony

Exhibit RLJ-RB-1

ARICOR

Water Solutions

25213 N. 49th Drive
Phoenix, AZ 85083

Ray L. Jones P.E.
Principal

EXPERTISE

Mr. Jones formed ARICOR Water Solutions in 2004. Through ARICOR Water Solutions, Mr. Jones offers a wide range of engineering and financial analysis services to the private and public sectors. Projects include development of regulatory strategies and preparing rate cases, including preparation of rate studies, cost of service studies, financial schedules and testimony for filings before the Arizona Corporation Commission. Services also include consultation on water and wastewater utility formation, management and operations, and valuation, including due diligence analysis, water resources strategy development and water rights valuation. ARICOR Water Solutions provides water, wastewater and water resource master planning, water and wastewater facilities design, and owner representation; including value engineering, program management and construction oversight. Lastly, ARICOR Water Solutions supports water solutions with contract operations and expert witness testimony and litigation support.

EMPLOYMENT HISTORY

- | | |
|--------------|---|
| 2002 to 2004 | Arizona-American Water Company
President
Responsible for leadership of the Arizona business activities of Arizona-American Water Company. Key responsibilities include developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel. |
| 1998 to 2002 | Citizens Water Resources, Arizona Operations
Vice President and General Manager
Responsible for leadership of the Arizona regulated and unregulated business activities of Citizens Water Resources. Key responsibilities included developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel. |
| 1990 to 1998 | Citizens Water Resources, Arizona Operations
Engineering and Development Services Manager
Responsible for management of a diverse group of business growth related activities. Responsibilities include: marketing of operation and maintenance services (unregulated business growth), management of new development activity (regulated business growth), management of engineering functions (infrastructure planning and construction), management of water resources planning and compliance, management of growth-related regulatory functions (CC&N's and Franchises), and management of capital budgeting functions and capital accounting functions. |
| 1985 to 1990 | Citizens Water Resources, Arizona Operations
Civil Engineer
Responsible for the planning, coordination and supervision of capital expansion and major maintenance and rehabilitation projects as assigned. Responsible for development of capital program for Maricopa County Operations. |

EDUCATION

Arizona State University – Master of Business Administration (1991)
University of Kansas – Bachelor of Science in Civil Engineering (1985)

PROFESSIONAL CERTIFICATION

Registered Professional Engineer – Civil Engineering – Arizona
 Professional Engineer – Civil Engineering – California
 Certified Operator – Wastewater Treatment, Wastewater Collection, Water Treatment, Water Distribution – Arizona

PROFESSIONAL AFFILIATIONS

- Director - Water Utilities Association of Arizona (1998 – 2004)
- Member - American Society of Professional Engineers
- Member - American Water Works Association
- Member - Arizona Water Pollution Control Association
- Member - Water Environment Federation

CIVIC AND COMMUNITY INVOLVEMENT

- Advisory Member - Water Resources Development Commission (2010 – 2012)
- Board of Directors – Greater Maricopa Foreign Trade Zone (2009 – Present)
- Chairman WESTMARC (2008)
- Director and Member of the Executive Committee- WESTMARC (1998 – 2010)
- Co-Chairman, WESTMARC Water Committee (2006 – 2007)
- Chairman-Elect WESTMARC (2007)
- Member – Corporate Contributions Committee, West Valley Fine Arts Council Diamond Ball (Chairman 2005)
- Member – Technical Advisory Committee – Governor’s Water Management Commission (2001)
- Board Member, Manager & Past Chairman – North Valley Little League Softball

REGULATORY EXPERIENCE

Testimony has been provided before the Arizona Corporation Commission in the dockets listed below. Unless otherwise indicated testimony was provided on behalf of the utility.

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
1992	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-92-244
1993	Sun City Water Company Sun City Sewer Company	CC&N Extension (Addition of Coyote Lakes)	U-1656-93-060 U-2276-93-060
1993	Tubac Valley Water Co., Inc.	CC&N Extension (Various Subdivisions on western border)	U-1595-93-241
1993	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-93-293
1995	Citizens Utilities Company Sun City Water Company Sun City Sewer Company Sun City West Utilities Company Tubac Valley Water Company	Rate-making	E-1032-95-417 U-1656-95-417 U-2276-95-417 U-2334-95-417 U-1595-95-417
1996	City Water Company Sun City Sewer Company	CC&N Extension (Acquisition of Youngtown)	U-1656-96-282 U-2276-96-282
1996	Citizens Utilities Company	CC&N Extension and Deletion (Realignment of Surprise Bdry.)	E-1032-96-518
1998	Sun City Water Company Sun City West Utilities Company	CAP Water Plan and Accounting Order (Sun Cities CAP plan)	W-01656A-98-0577 SW-02334A-98-0577

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2000	Citizens Water Resources Company of Arizona Citizens Water Services Company of Arizona	CC&N Extension and Accounting Order (Anthen Jacka Property and Phoenix Treatment Agreement)	SW-3455-00-1022 SW-3454-00-1022
2000	Citizens Communications Company Citizens Water Services Company of Arizona	CC&N Extension and Approval of Hook-Up Fee (Verrado)	W-0132B-00-1043 SW-0354A-00-1043
2002	Arizona-American Water Company	Ratemaking	WS-01303A-02-0867 WS-01303A-02-0868 WS-01303A-02-0869 WS-01303A-02-0870 WS-01303A-02-0908
2004	Arizona-American Water Company Rancho Cabrillo Water Company Rancho Cabrillo Sewer Company	CC&N Transfer	WS-01303A-04-0089 W-01303A-04-0089 SW-03898A-04-0089
2004	Johnson Utilities Company, LLC (Representing Pulte Home Corporation)	CC&N Extension	WS-02987A-04-0288
2005	Perkins Mountain Utility Company Perkins Mountain Water Company	New CC&N & Initial Rates	WS-20379A-05-0489 W-20380A-05-0490
2005	West End Water Company	CC&N Extension	W-01157A-05-706
2005	Arizona-American Water Company	Approvals Associated with Construction of Surface Water Treatment Facility	W-01303A-05-0718
2006	Arizona-American Water Company	Ratemaking	WS-01303A-06-0403
2008	Sunrise Water Company	Ratemaking	W-02069A-08-0406
2009	Baca Float Water Company	Ratemaking	WS-01678A-09-0376
2009	Aubrey Water Company	Lost Water Evaluation (Rate Case Compliance)	W-03476A-06-0425
2009	White Horse Ranch Owner's Assn.	Ratemaking	W-04161A-09-0471
2010	Litchfield Park Service Company	Ratemaking	W-01427A-09-0104
2010	Chino Meadows II Water Company	Ratemaking	W-02370A-10-0519
2011	Pima Utility Company	Ratemaking	W-021999A-11-0329 WS-02199A-11-0330
2011	Tusayan Water Development Association, Inc. (Representing the Town of Tusayan)	Ratemaking	W-02350A-10-0163
2012	Valley Utilities Water Company, Inc.	Ratemaking	W-01412A-12-0195

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2012	Far West Water & Sewer, Inc.	Ratemaking	WS-03478A-12-0307
2012	Sahuarita Water Company, LLC	Amend Off-Site Facilities Hook-Up Fee	W-03718A-09-0359
2012	New River Utility Company	Ratemaking	W-01737A-12-0478
2013	Far West Water & Sewer, Inc.	New Off-Site Facilities Hook-Up Fees	WS-03478A-13-0200
2012	Adman Mutual Water Company	Ratemaking	W-01997A-12-0501
2013	Far West Water & Sewer, Inc.	CC&N Extension	WS-03478A-13-0250
2013	Lago Del Oro Water Company	Ratemaking	W-01944A-13-0215
2013	Lago Del Oro Water Company	Financing	W-01944A-13-0242

March 2014

Adaman Mutual Water Company

Ray Jones Rebuttal Testimony

Exhibit RLJ-RB-2

Line No.		Present	Proposed	Base Charge			Volume Charge		
	Description	Rate Tiers (gallons)	Rate Tiers (gallons)	Present Rate	Proposed Rate	Change	Present Rate	Proposed Rate	Change
1	General Water Service Rates								
5	R1 - 5/8" x 3/4" Meter	Tier 1	3,000	\$ 10.00	\$ 10.00	\$ -	\$ 2.00	\$ 1.80	\$ (0.20)
6		Tier 2	10,000				\$ 2.00	\$ 1.90	\$ (0.10)
7		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
8	R2 - 3/4" Meter	Tier 1	3,000	\$ 12.50	\$ 12.50	\$ -	\$ 2.00	\$ 1.80	\$ (0.20)
9		Tier 2	10,000				\$ 2.00	\$ 1.90	\$ (0.10)
10		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
11	R3 - 1" Meter	Tier 1	3,000	\$ 16.00	\$ 16.00	\$ -	\$ 2.00	\$ 1.80	\$ (0.20)
12		Tier 2	10,000				\$ 2.00	\$ 1.90	\$ (0.10)
13		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
14	R4 - 1.5" Meter	Tier 1	-	\$ 25.00	\$ 25.00	\$ -	\$ 2.00		
15		Tier 2	23,000				\$ 2.00	\$ 1.90	\$ (0.10)
16		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
17	R5 - 2" Meter	Tier 1	-	\$ 35.00	\$ 35.00	\$ -	\$ 2.00		
18		Tier 2	35,000				\$ 2.00	\$ 1.90	\$ (0.10)
19		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
20	R6 - 3" Meter	Tier 1	-	\$ 75.00	\$ 75.00	\$ -	\$ 2.00		
21		Tier 2	90,000				\$ 2.00	\$ 1.90	\$ (0.10)
22		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
23	R7 - 4" Meter	Tier 1	-	\$ 100.00	\$ 100.00	\$ -	\$ 2.00		
24		Tier 2	120,000				\$ 2.00	\$ 1.90	\$ (0.10)
25		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
26	R8 - 6" Meter	Tier 1	-	\$ 200.00	\$ 200.00	\$ -	\$ 2.00		
27		Tier 2	260,000				\$ 2.00	\$ 1.90	\$ (0.10)
28		Tier 3	999,999,000				\$ 2.00	\$ 2.04	\$ 0.04
30	Monthly Service Charge for Fire Sprinkler								
31		Present	Proposed						
32		<u>Rates</u>	<u>Rates</u>						
33	All Meter Sizes	*	**						
35	* Greater of \$5.00 or 1 percent of the general service rate for a similar size meter								
36	** Greater of \$10.00 or 2 percent of the general service rate for a similar size meter								

Line

No.

	Present	Proposed
	<u>Rates</u>	<u>Rates</u>
1 Other Service Charges		
2		
3 Establishment	\$ 12.50	\$ 12.50
4 Establishment (After Hours)	\$ 25.00	n/t
5 Reconnection (Delinquent)	\$ 12.50	\$ 12.50
6 After Hours Charge	n/t	\$ 25.00
7 Meter Test (If correct)	\$ 15.00	\$ 15.00
8 Deposit Requirement (Residential)	2 times the average bill	2 times the average bill
9 Deposit Requirement (Non-Residential Meter)	2-1/2 times the average bill	2-1/2 times the average bill
10 Deposit Interest	6% per year	6% per year
11 Re-Establishment (Within 12 Months)	Number of Months off system times the monthly minimum charge	Number of Months off system times the monthly minimum charge
12 NSF Check	\$ 10.00	\$ 12.00
13 Deferred Payment, Per Month	1.5%	1.5%
14 Meter Re-Read (If correct)	n/t	\$ 15.00
15 Late Charge per month	1.50%	1.50%

16
 17 In addition to the collection of regular rates, the utility will collect from its
 18 customers a proportionate share of any privilege, sales, use, and franchise tax,
 19 per Commission rule A.A.C. 14-2-409(D)(5).
 20
 21 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.

22
 23 n/t - no tariff
 24

	Present Rates			Proposed Rates		
	<u>Srv. Line</u>	<u>Meter</u>	<u>Total</u>	<u>Srv. Line</u>	<u>Meter</u>	<u>Total</u>
25 Service Line and Meter Installation Charges						
26						
27 5/8" x 3/4" Meter			\$ 350	\$ 445	\$ 155	\$ 600
28 3/4" Meter			\$ 375	\$ 445	\$ 255	\$ 700
29 1" Meter			\$ 425	\$ 495	\$ 315	\$ 810
30 1 1/2" Meter			\$ 665	\$ 550	\$ 525	\$ 1,075
31 2" Meter			\$ 1,080	\$ 830	\$ 1,045	\$ 1,875
32 3" Meter			\$ 1,460	\$ 1,045	\$ 1,670	\$ 2,715
33 4" Meter			\$ 1,995	\$ 1,490	\$ 2,670	\$ 4,160
34 6" Meter			\$ 4,450	\$ 2,210	\$ 5,025	\$ 7,235

35
 36 All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes,
 37 including gross-up taxes for Federal and State taxes, if applicable.
 38

39 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.
 40

41 n/t - no tariff
 42

Adaman Mutual Water
 Test Year Ended June 30, 2012
 Typical Bill Analysis

Exhibit: RLJ-RB-2
 Schedule H-4 Adaman Rebuttal
 Witness: Jones

Meter Size: 5/8" x 3/4" (Res/Comm)
 Rate Code: R1

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 10.00	\$ 10.00	\$ -	0.00%
2	Base Charge:	\$ 10.00	\$ 12.00	\$ 11.80	\$ (0.20)	-1.67%
3		2,000	\$ 14.00	\$ 13.60	\$ (0.40)	-2.86%
4		3,000	\$ 16.00	\$ 15.40	\$ (0.60)	-3.75%
5	Tier One Rate:	\$ 2.00	\$ 18.00	\$ 17.30	\$ (0.70)	-3.89%
6	Tier Two Rate:	\$ 2.00	\$ 20.00	\$ 19.20	\$ (0.80)	-4.00%
7	Tier Three Rate:	\$ 2.00	\$ 22.00	\$ 21.10	\$ (0.90)	-4.09%
8		7,000	\$ 24.00	\$ 23.00	\$ (1.00)	-4.17%
9	Tier One Breakover (M gal):	3	\$ 26.00	\$ 24.90	\$ (1.10)	-4.23%
10	Tier Two Breakover (M gal):	10	\$ 28.00	\$ 26.80	\$ (1.20)	-4.29%
11	Tier Three Breakover (M gal):	999,999	\$ 30.00	\$ 28.70	\$ (1.30)	-4.33%
12		12,000	\$ 34.00	\$ 32.78	\$ (1.22)	-3.59%
13		14,000	\$ 38.00	\$ 36.86	\$ (1.14)	-3.00%
14	Proposed Rates:	16,000	\$ 42.00	\$ 40.94	\$ (1.06)	-2.52%
15	Base Charge:	\$ 10.00	\$ 46.00	\$ 45.02	\$ (0.98)	-2.13%
16		20,000	\$ 50.00	\$ 49.10	\$ (0.90)	-1.80%
17		25,000	\$ 60.00	\$ 59.30	\$ (0.70)	-1.17%
18	Tier One Rate:	\$ 1.80	\$ 70.00	\$ 69.50	\$ (0.50)	-0.71%
19	Tier Two Rate:	\$ 1.90	\$ 80.00	\$ 79.70	\$ (0.30)	-0.37%
20	Tier Three Rate:	\$ 2.04	\$ 90.00	\$ 89.90	\$ (0.10)	-0.11%
21		45,000	\$ 100.00	\$ 100.10	\$ 0.10	0.10%
22	Tier One Breakover (M gal):	3	\$ 110.00	\$ 110.30	\$ 0.30	0.27%
23	Tier Two Breakover (M gal):	10	\$ 130.00	\$ 130.70	\$ 0.70	0.54%
24	Tier Three Breakover (M gal):	999,999	\$ 150.00	\$ 151.10	\$ 1.10	0.73%
25		80,000	\$ 170.00	\$ 171.50	\$ 1.50	0.88%
26		90,000	\$ 190.00	\$ 191.90	\$ 1.90	1.00%
27		100,000	\$ 210.00	\$ 212.30	\$ 2.30	1.10%
28						
29						
30	Average Usage	17,133	\$ 44.27	\$ 43.25	\$ (1.02)	-2.30%
31	Median Usage	9,184	\$ 28.37	\$ 27.15	\$ (1.22)	-4.30%
32						
33						
34						

Adaman Mutual Water
 Test Year Ended June 30, 2012
 Typical Bill Analysis

Exhibit: RLJ-RB-2
 Schedule H-4 Adaman Rebuttal
 Witness: Jones

Meter Size: 3/4" (Res/Comm)
 Rate Code: R2

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
1	Present Rates:	-	\$ 12.50	\$ 12.50	\$ -	0.00%	
2	Base Charge:	\$ 12.50	1,000 \$ 14.50	14.30 \$	(0.20)	-1.38%	
3			2,000 \$ 16.50	16.10 \$	(0.40)	-2.42%	
4			3,000 \$ 18.50	17.90 \$	(0.60)	-3.24%	
5	Tier One Rate:	\$ 2.00	4,000 \$ 20.50	19.80 \$	(0.70)	-3.41%	
6	Tier Two Rate:	\$ 2.00	5,000 \$ 22.50	21.70 \$	(0.80)	-3.56%	
7	Tier Three Rate:	\$ 2.00	6,000 \$ 24.50	23.60 \$	(0.90)	-3.67%	
8			7,000 \$ 26.50	25.50 \$	(1.00)	-3.77%	
9	Tier One Breakover (M gal):	3	8,000 \$ 28.50	27.40 \$	(1.10)	-3.86%	
10	Tier Two Breakover (M gal):	10	9,000 \$ 30.50	29.30 \$	(1.20)	-3.93%	
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 32.50	31.20 \$	(1.30)	-4.00%	
12			12,000 \$ 36.50	35.28 \$	(1.22)	-3.34%	
13			14,000 \$ 40.50	39.36 \$	(1.14)	-2.81%	
14	Proposed Rates:		16,000 \$ 44.50	43.44 \$	(1.06)	-2.38%	
15	Base Charge:	\$ 12.50	18,000 \$ 48.50	47.52 \$	(0.98)	-2.02%	
16			20,000 \$ 52.50	51.60 \$	(0.90)	-1.71%	
17			25,000 \$ 62.50	61.80 \$	(0.70)	-1.12%	
18	Tier One Rate:	\$ 1.80	30,000 \$ 72.50	72.00 \$	(0.50)	-0.69%	
19	Tier Two Rate:	\$ 1.90	35,000 \$ 82.50	82.20 \$	(0.30)	-0.36%	
20	Tier Three Rate:	\$ 2.04	40,000 \$ 92.50	92.40 \$	(0.10)	-0.11%	
21			45,000 \$ 102.50	102.60 \$	0.10	0.10%	
22	Tier One Breakover (M gal):	3	50,000 \$ 112.50	112.80 \$	0.30	0.27%	
23	Tier Two Breakover (M gal):	10	60,000 \$ 132.50	133.20 \$	0.70	0.53%	
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 152.50	153.60 \$	1.10	0.72%	
25			80,000 \$ 172.50	174.00 \$	1.50	0.87%	
26			90,000 \$ 192.50	194.40 \$	1.90	0.99%	
27			100,000 \$ 212.50	214.80 \$	2.30	1.08%	
28							
29							
30		Average Usage	15,707 \$	43.91 \$	42.84 \$	(1.07)	-2.44%
31		Median Usage	7,273 \$	27.05 \$	26.02 \$	(1.03)	-3.81%
32							
33							
34							

Adaman Mutual Water
 Test Year Ended June 30, 2012
 Typical Bill Analysis

Exhibit: RLJ-RB-2
 Schedule H-4 Adaman Rebuttal
 Witness: Jones

Meter Size: 1" (Res/Comm)
 Rate Code: R3

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:					
2	Base Charge:	\$ 16.00	16.00	16.00	-	0.00%
3			1,000	17.80	(0.20)	-1.11%
4			2,000	19.60	(0.40)	-2.00%
5			3,000	21.40	(0.60)	-2.73%
6	Tier One Rate:	\$ 2.00	4,000	23.30	(0.70)	-2.92%
7	Tier Two Rate:	\$ 2.00	5,000	25.20	(0.80)	-3.08%
8	Tier Three Rate:	\$ 2.00	6,000	28.00	(0.90)	-3.21%
9			7,000	29.00	(1.00)	-3.33%
10	Tier One Breakover (M gal):	3	8,000	30.90	(1.10)	-3.44%
11	Tier Two Breakover (M gal):	10	9,000	32.80	(1.20)	-3.53%
12	Tier Three Breakover (M gal):	999,999	10,000	34.70	(1.30)	-3.61%
13			15,000	44.90	(1.10)	-2.39%
14	Proposed Rates:					
15	Base Charge:	\$ 16.00	30,000	75.50	(0.50)	-0.66%
16			35,000	85.70	(0.30)	-0.35%
17			40,000	95.90	(0.10)	-0.10%
18	Tier One Rate:	\$ 1.80	45,000	106.10	0.10	0.09%
19	Tier Two Rate:	\$ 1.90	50,000	116.30	0.30	0.26%
20	Tier Three Rate:	\$ 2.04	60,000	136.70	0.70	0.51%
21			75,000	167.30	1.30	0.78%
22	Tier One Breakover (M gal):	3	100,000	218.30	2.30	1.06%
23	Tier Two Breakover (M gal):	10	150,000	320.30	4.30	1.36%
24	Tier Three Breakover (M gal):	999,999	200,000	422.30	6.30	1.51%
25			250,000	524.30	8.30	1.61%
26			300,000	626.30	10.30	1.67%
27			350,000	728.30	12.30	1.72%
28						
29						
30	Average Usage		16,264	47.48	(1.05)	-2.16%
31	Median Usage		9,739	34.20	(1.28)	-3.61%
32						
33						
34						

Adaman Mutual Water
 Test Year Ended June 30, 2012
 Typical Bill Analysis

Exhibit: RLJ-RB-2
 Schedule H-4 Adaman Rebuttal
 Witness: Jones

Meter Size: 1-1/2" (Res/Comm)
 Rate Code: R4

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:					
2	Base Charge:	\$ 25.00	25.00	25.00	-	0.00%
3		1,000	27.00	26.90	(0.10)	-0.37%
4		2,000	29.00	28.80	(0.20)	-0.69%
5		3,000	31.00	30.70	(0.30)	-0.97%
6	Tier One Rate:	\$ 2.00	4,000	32.60	(0.40)	-1.21%
7	Tier Two Rate:	\$ 2.00	5,000	34.50	(0.50)	-1.43%
8	Tier Three Rate:	\$ 2.00	6,000	37.00	(0.60)	-1.62%
9			7,000	38.30	(0.70)	-1.79%
10	Tier One Breakover (M gal):	-	8,000	41.00	(0.80)	-1.95%
11	Tier Two Breakover (M gal):	23	9,000	43.00	(0.90)	-2.09%
12	Tier Three Breakover (M gal):	999,999	10,000	44.00	(1.00)	-2.22%
13			15,000	55.00	(1.50)	-2.73%
14	Proposed Rates:					
15	Base Charge:	\$ 25.00	20,000	65.00	(2.00)	-3.08%
16			25,000	75.00	(2.22)	-2.96%
17			30,000	85.00	(2.02)	-2.38%
18			35,000	95.00	(1.82)	-1.92%
19	Tier One Rate:	\$ -	40,000	105.00	(1.62)	-1.54%
20	Tier Two Rate:	\$ 1.90	45,000	115.00	(1.42)	-1.23%
21	Tier Three Rate:	\$ 2.04	50,000	125.00	(1.22)	-0.98%
22			60,000	145.00	(0.82)	-0.57%
23			75,000	175.00	(0.22)	-0.13%
24	Tier One Breakover (M gal):	-	100,000	225.00	0.78	0.35%
25	Tier Two Breakover (M gal):	23	150,000	325.00	2.78	0.86%
26	Tier Three Breakover (M gal):	999,999	200,000	425.00	4.78	1.12%
27			250,000	531.78	6.78	1.29%
28			300,000	625.00	8.78	1.40%
29			350,000	725.00	10.78	1.49%
30	Average Usage		23,443	71.89	(2.29)	-3.19%
31	Median Usage		11,706	48.41	(1.17)	-2.42%
32						
33						
34						

Adaman Mutual Water
 Test Year Ended June 30, 2012
 Typical Bill Analysis

Exhibit: RLJ-RB-2
 Schedule H-4 Adaman Rebuttal
 Witness: Jones

Meter Size: 2" (Res/Comm)
 Rate Code: R5

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 35.00	\$ 35.00	\$ -	0.00%
2	Base Charge:	1,000	\$ 37.00	\$ 36.90	\$ (0.10)	-0.27%
3		2,000	\$ 39.00	\$ 38.80	\$ (0.20)	-0.51%
4		3,000	\$ 41.00	\$ 40.70	\$ (0.30)	-0.73%
5	Tier One Rate:	4,000	\$ 43.00	\$ 42.60	\$ (0.40)	-0.93%
6	Tier Two Rate:	5,000	\$ 45.00	\$ 44.50	\$ (0.50)	-1.11%
7	Tier Three Rate:	6,000	\$ 47.00	\$ 46.40	\$ (0.60)	-1.28%
8		7,000	\$ 49.00	\$ 48.30	\$ (0.70)	-1.43%
9	Tier One Breakover (M gal):	8,000	\$ 51.00	\$ 50.20	\$ (0.80)	-1.57%
10	Tier Two Breakover (M gal):	9,000	\$ 53.00	\$ 52.10	\$ (0.90)	-1.70%
11	Tier Three Breakover (M gal):	10,000	\$ 55.00	\$ 54.00	\$ (1.00)	-1.82%
12		15,000	\$ 65.00	\$ 63.50	\$ (1.50)	-2.31%
13		20,000	\$ 75.00	\$ 73.00	\$ (2.00)	-2.67%
14	Proposed Rates:	25,000	\$ 85.00	\$ 82.50	\$ (2.50)	-2.94%
15	Base Charge:	30,000	\$ 95.00	\$ 92.00	\$ (3.00)	-3.16%
16		35,000	\$ 105.00	\$ 101.50	\$ (3.50)	-3.33%
17		40,000	\$ 115.00	\$ 111.70	\$ (3.30)	-2.87%
18	Tier One Rate:	45,000	\$ 125.00	\$ 121.90	\$ (3.10)	-2.48%
19	Tier Two Rate:	50,000	\$ 135.00	\$ 132.10	\$ (2.90)	-2.15%
20	Tier Three Rate:	60,000	\$ 155.00	\$ 152.50	\$ (2.50)	-1.61%
21		75,000	\$ 185.00	\$ 183.10	\$ (1.90)	-1.03%
22	Tier One Breakover (M gal):	100,000	\$ 235.00	\$ 234.10	\$ (0.90)	-0.38%
23	Tier Two Breakover (M gal):	150,000	\$ 335.00	\$ 336.10	\$ 1.10	0.33%
24	Tier Three Breakover (M gal):	200,000	\$ 435.00	\$ 438.10	\$ 3.10	0.71%
25		250,000	\$ 535.00	\$ 540.10	\$ 5.10	0.95%
26		300,000	\$ 635.00	\$ 642.10	\$ 7.10	1.12%
27		350,000	\$ 735.00	\$ 744.10	\$ 9.10	1.24%
28						
29						
30	Average Usage	78,369	\$ 191.74	\$ 189.97	\$ (1.77)	-0.92%
31	Median Usage	26,250	\$ 87.50	\$ 84.88	\$ (2.62)	-2.99%
32						
33						
34						

Adaman Mutual Water
 Test Year Ended June 30, 2012
 Typical Bill Analysis

Exhibit: RLI-RB-2
 Schedule H-4 Adaman Rebuttal
 Witness: Jones

Meter Size: 3" (Res/Comm)
 Rate Code: R6

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:					
2	Base Charge:		\$ 75.00	\$ 75.00	\$ -	0.00%
3		25,000	\$ 125.00	\$ 122.50	\$ (2.50)	-2.00%
4		50,000	\$ 175.00	\$ 170.00	\$ (5.00)	-2.86%
5		75,000	\$ 225.00	\$ 217.50	\$ (7.50)	-3.33%
6	Tier One Rate:	100,000	\$ 275.00	\$ 266.40	\$ (8.60)	-3.13%
7	Tier Two Rate:	150,000	\$ 375.00	\$ 368.40	\$ (6.60)	-1.76%
8	Tier Three Rate:	200,000	\$ 475.00	\$ 470.40	\$ (4.60)	-0.97%
9		250,000	\$ 575.00	\$ 572.40	\$ (2.60)	-0.45%
10	Tier One Breakover (M gal):	300,000	\$ 675.00	\$ 674.40	\$ (0.60)	-0.09%
11	Tier Two Breakover (M gal):	350,000	\$ 775.00	\$ 776.40	\$ 1.40	0.18%
12	Tier Three Breakover (M gal):	400,000	\$ 875.00	\$ 878.40	\$ 3.40	0.39%
13		450,000	\$ 975.00	\$ 980.40	\$ 5.40	0.55%
14	Proposed Rates:	500,000	\$ 1,075.00	\$ 1,082.40	\$ 7.40	0.69%
15	Base Charge:	550,000	\$ 1,175.00	\$ 1,184.40	\$ 9.40	0.80%
16		600,000	\$ 1,275.00	\$ 1,286.40	\$ 11.40	0.89%
17		650,000	\$ 1,375.00	\$ 1,388.40	\$ 13.40	0.97%
18	Tier One Rate:	700,000	\$ 1,475.00	\$ 1,490.40	\$ 15.40	1.04%
19	Tier Two Rate:	750,000	\$ 1,575.00	\$ 1,592.40	\$ 17.40	1.10%
20	Tier Three Rate:	800,000	\$ 1,675.00	\$ 1,694.40	\$ 19.40	1.16%
21		850,000	\$ 1,775.00	\$ 1,796.40	\$ 21.40	1.21%
22		900,000	\$ 1,875.00	\$ 1,898.40	\$ 23.40	1.25%
23	Tier One Breakover (M gal):	950,000	\$ 1,975.00	\$ 2,000.40	\$ 25.40	1.29%
24	Tier Two Breakover (M gal):	1,000,000	\$ 2,075.00	\$ 2,102.40	\$ 27.40	1.32%
25	Tier Three Breakover (M gal):	1,050,000	\$ 2,175.00	\$ 2,204.40	\$ 29.40	1.35%
26		1,100,000	\$ 2,275.00	\$ 2,306.40	\$ 31.40	1.38%
27		1,150,000	\$ 2,375.00	\$ 2,408.40	\$ 33.40	1.41%
28		1,200,000	\$ 2,475.00	\$ 2,510.40	\$ 35.40	1.43%
29						
30	Average Usage	169,648	\$ 414.30	\$ 408.48	\$ (5.82)	-1.40%
31	Median Usage	158,550	\$ 392.10	\$ 385.84	\$ (6.26)	-1.60%
32						
33						
34						