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BEFORE THE ARIZONA CORPORATION COMMISSION
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AZ CORP COMMISSION
DOCKET CONTROL

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2015 MAR -4 P 1:20

DOCKET NO. WS-04245A-14-0295

IN THE MATTER OF THE APPLICATION OF
RED ROCK UTILITIES, LLC, AN ARIZONA
LIMITED LIABILITY COMPANY, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

STAFF'S NOTICE OF
FILING DIRECT TESTIMONY

Staff of the Arizona Corporation Commission ("Staff") hereby files the Direct Testimony of
Crystal Brown, regarding Rate Design and Cost of Service, in the above-captioned docket.

RESPECTFULLY SUBMITTED this 4th day of March, 2015.

Robin R. Mitchell
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 4th day of March, 2015, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing mailed this 4th day of March, 2015, to:

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Attorney for Red Rock Utilities, LLC

Thomas Bourassa
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Arizona Corporation Commission

DOCKETED

MAR 04 2015

Mark Weinberg
Red Rock Utilities, LLC
2200 E. River Road, Suite 115
Tucson, AZ 85718

DOCKETED BY

BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH

Chairman

BOB STUMP

Commissioner

BOB BURNS

Commissioner

DOUG LITTLE

Commissioner

TOM FORESE

Commissioner

IN THE MATTER OF THE APPLICATION OF)
RED ROCK UTILITIES, LLC, AN ARIZONA)
LIMITED LIABILITY COMPANY, FOR A)
DETERMINATION OF THE FAIR VALUE OF)
ITS UTILITY PLANT AND PROPERTY AND)
FOR INCREASES IN ITS WATER AND)
WASTEWATER RATES AND CHARGES)
FOR UTILITY SERVICE BASED THEREON.)

DOCKET NO. WS-04245A-14-0295

(RATE DESIGN)

DIRECT TESTIMONY

OF

CRYSTAL S. BROWN

EXECUTIVE CONSULTANT III

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

MARCH 4, 2015

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**EXECUTIVE SUMMARY
RED ROCK UTILITIES, LLC
DOCKET NO. WS-04245A-14-0295**

Red Rock Utilities, LLC (“Red Rock” or “Company”) is an Arizona Class C utility engaged in the business of providing water and wastewater service in portions of Pinal County, Arizona. Red Rock provided water service to approximately 586 customers and wastewater service to approximately 619 customers during the test year. The current rates for Red Rock’s water and wastewater divisions were approved in Decision No. 67409, dated November 2, 2004.

Red Rock – Water Division

Plan A

Under Plan A, typical 5/8 x 3/4-inch meter residential customers with a median usage of 5,155 gallons would experience a \$0.54 or a 1.44 percent increase in their monthly bills from \$37.49 to \$38.03 under the Company’s proposed rates. These same customers would experience no increase under Staff’s recommended rates and their monthly bills would remain at \$37.49.

Staff recommends the Plan A rate design.

Plan B

Under Plan B, typical 5/8 x 3/4-inch meter residential customers with a median usage of 5,155 gallons would experience a \$0.54 or a 1.44 percent increase in their monthly bills from \$37.49 to \$38.03 under the Company’s proposed rates. These same customers would experience a \$20.22 or a 53.94 percent increase in their monthly bills from \$37.49 to \$57.71 under Staff’s recommended rates.

Red Rock – Wastewater Division

Plan A

Under Plan A, typical 5/8 x 3/4-inch meter residential customers with a current flat rate of \$39.50 per month would experience a \$30.30 or a 76.70 percent increase in their monthly bills to \$69.80 under the Company’s proposed rates in the final year of the 5-year Phase-In. These same customers would experience a \$49.14 or a 124.40 percent increase in their monthly bills from \$39.50 to \$88.64 under Staff’s recommended rates in the final year of the 5-year Phase-In.

Staff recommends the Plan A rate design.

Plan B

Under Plan B, typical 5/8 x 3/4-inch meter residential customers with a current flat rate of \$39.50 per month would experience a \$30.30 or a 76.70 percent increase in their monthly bill to \$69.80 under the Company’s proposed rates in the final year of the 5-year Phase-In. These same

customers would experience a \$68.54 or a 173.5 percent increase in their monthly bill from \$39.50 to \$108.04 under Staff's recommended rates in the final year of the 5-year Phase-In.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Crystal S. Brown. I am an Executive Consultant III employed by the Arizona
4 Corporation Commission (“Commission”) in the Utilities Division (“Staff”). My business
5 address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Briefly describe your responsibilities as an Executive Consultant III.**

8 A. I am responsible for the examination and verification of financial and statistical information
9 included in utility rate applications and other financial matters, including performing studies
10 to estimate the cost of capital component in rate filings, developing revenue requirements,
11 and rate designs. In addition, I prepare written reports, testimonies, and schedules that
12 include Staff recommendations to the Commission. I am also responsible for testifying at
13 formal hearings on these matters.

14
15 **Q. Please describe your educational background and professional experience.**

16 A. I received a Bachelor of Science Degree in Business Administration from the University of
17 Arizona and a Bachelor of Science Degree in Accounting from Arizona State University.

18
19 Since joining the Commission in August 1996, I have participated in numerous rate cases and
20 other regulatory proceedings involving electric, gas, water, and wastewater utilities. I have
21 testified on matters involving regulatory accounting and auditing. Additionally, I have
22 attended utility-related seminars sponsored by the National Association of Regulatory Utility
23 Commissioners (“NARUC”) on ratemaking and accounting designed to provide continuing
24 and updated education in these areas.

1 **Q. What is the scope of your testimony in this case?**

2 A. I am presenting Staff's analysis and recommendations in the area of rate design regarding the
3 Red Rock Utilities, LLC's ("Red Rock" or "Company") application for a permanent rate
4 increase for its water division ("Red Rock Water") and wastewater division ("Red Rock
5 Wastewater").

6
7 **Q. What is the basis of your recommendations?**

8 A. I performed a regulatory audit of the Company's application to determine whether sufficient,
9 relevant, and reliable evidence exists to support the Company's requested rate increase. The
10 regulatory audit consisted of examining and testing the financial information, accounting
11 records, and other supporting documentation and verifying that the accounting principles
12 applied were in accordance with the Commission-adopted NARUC Uniform System of
13 Accounts ("USoA").

14
15 **BACKGROUND**

16 **Q. Please provide a brief description of Red Rock and the service it provides.**

17 A. Red Rock is an Arizona Class C utility engaged in the business of providing water and
18 wastewater service in portions of Pinal County, Arizona. Red Rock provided water service to
19 approximately 586 customers and wastewater service to approximately 619 customers during
20 the test year. The current rates for Red Rock's water and wastewater divisions were approved
21 in Decision No. 67409, dated November 2, 2004.

22

1 **DUAL RATE DESIGNS**

2 **Q. Has Staff prepared two rate designs?**

3 A. Yes. Staff has prepared two rate designs to align with the two revenue requirements
4 alternatives (Plan A and Plan B) as discussed in greater detail in my revenue requirement
5 testimony.

6
7 **Q. What are the typical bill impacts under Plan A and Plan B for the water and
8 wastewater divisions?**

9 A. The typical bill impacts are as follows:

10

11 Red Rock – Water Division

12

13 *Plan A*

14 Under Plan A, typical 5/8 x 3/4-inch meter residential customers with a median usage of
15 5,155 gallons would experience a \$0.54 or a 1.44 percent increase in their monthly bills from
16 \$37.49 to \$38.03 under the Company's proposed rates. These same customers would
17 experience no increase under Staff's recommended rates and their monthly bills would remain
18 at \$37.49.

19

20 *Plan B*

21 Under Plan B, typical 5/8 x 3/4-inch meter residential customers with a median usage of
22 5,155 gallons would experience a \$0.54 or a 1.44 percent increase in their monthly bills from
23 \$37.49 to \$38.03 under the Company's proposed rates. These same customers would
24 experience a \$20.22 or a 53.94 percent increase in their monthly bills from \$37.49 to \$57.71
25 under Staff's recommended rates.

26

1 Red Rock – Wastewater Division

2

3 *Plan A*

4 Under Plan A, typical 5/8 x 3/4-inch meter residential customers with a current flat rate of
5 \$39.50 per month would experience a \$30.30 or a 76.70 percent increase in their monthly bills
6 to \$69.80 under the Company's proposed rates in the final year of the Phase-In. These same
7 customers would experience a \$49.14 or a 124.40 percent increase in their monthly bills from
8 \$39.50 to \$88.64 under Staff's recommended rates in the final year of the Phase-In.

9

10 *Plan B*

11 Under Plan B, typical 5/8 x 3/4-inch meter residential customers with a current flat rate of
12 \$39.50 per month would experience a \$30.30 or a 76.70 percent increase in their monthly bill
13 to \$69.80 under the Company's proposed rates in the final year of the Phase-In. These same
14 customers would experience a \$68.54 or a 173.5 percent increase in their monthly bill from
15 \$39.50 to \$108.04 under Staff's recommended rates in the final year of the Phase-In.

16

17 **Q. What rate design is Staff recommending?**

18 A. Staff is recommending the Plan A rate design for both the water and wastewater divisions.

19

20 *Red Rock – Water Division (Plan A)*

21 **Q. Has Staff prepared a schedule summarizing the present, Company-proposed, and**
22 **Staff-recommended rates and service charges for the water division?**

23 A. Yes. Schedule CSB-1 provides a summary of the Company's present, Company's proposed,
24 and Staff's recommended rates for the water division.

25

1 **Q. Please summarize the present rate design for the water division.**

2 A. The present monthly minimum charges vary by meter size and include no gallons as follows:
3 5/8 x 3/4-inch \$25.00; 3/4-inch \$37.50; 1-inch \$62.50; 1 1/2-inch \$125.00; 2-inch \$200.00; 3-
4 inch \$375.00; 4-inch \$625.00; and 6-inch \$1,250.00. The commodity rates are based on an
5 inverted three-tiered rate design as shown on Schedule CSB-1.

6
7 **Q. Please summarize the Company's proposed rate design for the water division.**

8 A. The Company has proposed minimum charges that are the same as its present minimum
9 charges. The Company has proposed increases to its present commodity rates. These rates
10 are based on an inverted three-tiered rate design as shown on Schedule CSB-1.

11
12 **Q. Please summarize Staff's recommended rate design for the water division.**

13 A. Staff's recommended rates and charges are presented on Schedule CSB-1. Staff's
14 recommended monthly charges by meter size are as follows: 5/8 x 3/4-inch \$25.00; 3/4-inch
15 \$37.50; 1-inch \$62.50; 1 1/2-inch \$125.00; 2-inch \$200.00; 3-inch \$400.00; 4-inch \$625.00;
16 and 6-inch \$1,250. Staff's recommended commodity rates are based on an inverted three-
17 tiered rate design as shown on Schedule CSB-1.

18
19 **Q. What is the rate impact on typical 5/8 x 3/4-inch residential customers for the water
20 division?**

21 A. Typical 5/8 x 3/4-inch meter residential customers with a median usage of 5,155 gallons
22 would experience a \$0.54 or a 1.44 percent increase in their monthly bills from \$37.49 to
23 \$38.03 under the Company's proposed rates. These same customers would experience no
24 increase under Staff's recommended rates and their monthly bills would remain at \$37.49.

25

1 *Red Rock – Wastewater Division (Plan A)*

2 **Q. Has Staff prepared a schedule summarizing the present, Company-proposed, and**
3 **Staff-recommended rates and service charges for the wastewater division?**

4 A. Yes. Schedule CSB-1 for the wastewater division provides a summary of the Company's
5 present, Company's proposed, and Staff's recommended rates.

6
7 **Q. Please summarize the present rate design for the wastewater division.**

8 A. The present monthly customer charges vary by water meter size as follows: 5/8 x 3/4-inch
9 \$39.50; 3/4-inch \$59.25; 1-inch \$98.75; 1 1/2-inch \$197.50; 2-inch \$316.00; 3-inch \$592.50;
10 4-inch \$987.50; and 6-inch \$1,975.00 as shown on Schedule CSB-1. The present commodity
11 charge for effluent is \$300.00 per acre foot for all acre feet of usage.

12
13 **Q. Please summarize the Company's proposed rate design for the wastewater division.**

14 A. The Company proposes to phase in its proposed monthly charges from the current rate over
15 five years with approximately one-fifth of the increase each year as shown on Schedule CSB-
16 1. In the fifth year, the Company's proposed monthly charge by meter size is as follows: 5/8
17 x 3/4-inch \$69.80; 3/4-inch \$104.69; 1-inch \$174.49; 1 1/2-inch \$348.98; 2-inch \$558.37; 3-
18 inch \$1,116.74; 4-inch \$1,744.91; and 6-inch \$3,489.83. The Company proposed commodity
19 charge for effluent remains the same as its present rate charge of \$300.00 per acre foot for all
20 acre feet of usage.

21
22 **Q. Please summarize Staff's recommended rate design for the wastewater division.**

23 A. Staff recommends to phase in its recommended monthly charge from the current rate over
24 five years with approximately one-fifth of the increase each year as shown on Schedule CSB-
25 1. In the fifth year, Staff's recommended monthly charge by meter size is as follows: 5/8 x
26 3/4-inch \$88.64; 3/4-inch \$132.96; 1-inch \$221.60; 1 1/2-inch \$443.20; 2-inch \$709.12; 3-

1 inch \$1,329.60; 4-inch \$2,216.00; and 6-inch \$4,432.00. Staff's recommended commodity charge for effluent is \$300.00 per acre foot for all acre feet of usage. The table below shows Staff's recommended rates over the five-year phase-in period.

Present Rates	Staff Recommended				
	Year 1	Year 2	Year 3	Year 4	Year 5
\$ 39.50	\$ 49.33	\$ 59.16	\$ 68.98	\$ 78.81	\$ 88.64
59.25	\$ 73.99	\$ 88.73	\$ 98.56	\$ 113.30	132.96
98.75	\$ 123.32	\$ 147.89	\$ 157.72	\$ 182.29	221.60
197.50	\$ 246.64	\$ 295.78	\$ 305.61	\$ 354.75	443.20
316.00	\$ 394.62	\$ 473.25	\$ 483.08	\$ 561.70	709.12
592.50	\$ 739.92	\$ 887.34	\$ 897.17	\$1,044.59	1,329.60
987.50	\$1,233.20	\$1,478.90	\$1,488.73	\$1,734.43	2,216.00
1,975.00	\$2,466.40	\$2,957.80	\$2,967.63	\$3,459.03	4,432.00

5
6 **Q. What is the rate impact on a typical 5/8 x 3/4-inch residential customer?**

7 A. Typical 5/8 x 3/4-inch meter residential customers would experience a \$30.30 or a 76.7
8 percent increase in their monthly bill from \$39.50 to \$69.80 under the Company's proposed
9 rates at final phased-in rates. Rates would increase by \$6.06 per year over the five year period.
10 These same customers would experience a \$49.14 or a 124.4 percent increase in their monthly
11 bill from \$39.50 to \$88.64 under Staff's recommended rates at final phased-in rates. Rates
12 would increase by \$9.83 per year over the five year period.

13
14 **SERVICE LINES AND METER INSTALLATION CHARGES (WATER DIVISION)**

15 **Q. Has Staff recommended any changes to the water division's service line and meter
16 installation charges?**

17 A. Yes, Staff has recommended separate service line and meter installation charges. A separate
18 meter charge is in the public interest because a customer should not be required to pay for
19 both a service line and meter installation charge when only a meter installation is needed.
20

1 **MISCELLANEOUS SERVICE CHARGES**

2 **Q. Did the Company propose any changes to the service charges for the water division?**

3 A. Yes. The Company proposes to add a Re-establishment (After Hours) charge of \$50.00, a
4 Meter Test (If Correct) charge of \$30 and a Deposit Interest Charge per Commission Rule
5 R14-2-403(B).

6
7 **Q. Does Staff agree with the Company's proposal to add a Re-establishment (After
8 Hours) charge of \$50.00, a Meter Test (If Correct) charge of \$30 and a Deposit
9 Interest Charge per Commission Rule R14-2-403(B)?**

10 A. Yes.

11
12 **Q. Does Staff have any other recommendations concerning the miscellaneous service
13 charges?**

14 A. Yes, the Company currently has an After Hour Service Charge (At Customer's Request) of
15 \$50 per hour. Staff recommends that this service charge be revised to remove the "per hour"
16 language effectively changing the charge from an hourly rate to a flat rate. For example,
17 under Staff's proposal, a customer would be subject to a \$30 Reconnection fee if it is done
18 during normal business hours, but would pay an additional after-hours fee of \$50 for a total
19 of \$80 (regardless of the number of hours spent) when such service is at the customer's
20 request or for the customer's convenience.

21
22 **Q. Does this conclude Staff's direct testimony?**

23 A. Yes, it does.

RATE DESIGN

Monthly Minimum Charge	Present	Company	Staff	
	Rates	Proposed	Recommended Rates	
5/8 x 3/4" Meter	\$ 25.00	\$ 25.00	\$	25.00
3/4" Meter	\$ 37.50	\$ 37.50	\$	37.50
1" Meter	\$ 62.50	\$ 62.50	\$	62.50
1 1/2" Meter	\$ 125.00	\$ 125.00	\$	125.00
2" Meter	\$ 200.00	\$ 200.00	\$	200.00
3" Meter	\$ 375.00	\$ 375.00	\$	400.00
4" Meter	\$ 625.00	\$ 625.00	\$	625.00
6" Meter	\$ 1,250.00	\$ 1,250.00	\$	1,250.00
Fire Sprinkler	No Tariff	Non Applicable	(a)	
Gallons Included In Minimum Charge:	0	0	0	
(a) - Two percent (2%) of monthly minimum for a comparable sized meter				
Commodity Rates - Per Thousand Gallons				
<u>5/8 x 3/4" Meter - All Classes Except Irrigation</u>				
From 0 to 5,000 Gallons	\$ 2.40			
From 5,001 to 10,000 Gallons	\$ 3.15			
Over 10,000 Gallons	\$ 3.90			
From 1 to 5,000 Gallons		\$ 2.50		
From 5,001 to 10,000 Gallons		\$ 3.40		
Over 10,000 Gallons		\$ 4.25		
From 1 to 5,000 Gallons			\$	2.40
From 5,001 to 10,000 Gallons			\$	3.15
Over 10,000 Gallons			\$	4.07
<u>3/4" Meter - All Classes Except Irrigation</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 10,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 10,000 Gallons			\$	3.15
Over 10,000 Gallons			\$	4.07
<u>1" Meter - All Classes Except Irrigation</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 20,000 Gallons			\$	3.15
Over 20,000 Gallons			\$	4.07
<u>1 1/2" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 50,000 Gallons			\$	3.15
Over 50,000 Gallons			\$	4.07
<u>2" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 90,000 Gallons			\$	3.15
Over 90,000 Gallons			\$	4.07
<u>3" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 200,000 Gallons			\$	3.15
Over 200,000 Gallons			\$	4.07
<u>4" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 300,000 Gallons				3.15
Over 300,000 Gallons				4.07
<u>6" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 500,000 Gallons			\$	3.15
Over 500,000 Gallons			\$	4.07

RATE DESIGN

Service Line and Meter Installation Charges	Present Rates	Company Proposed Rates	Staff Recommended Service Line Charge	Staff Recommended Meter Installation Charge	Total Staff Recommended Charge
5/8" x 3/4" Meter	\$ 400.00	\$ 400.00	\$ 355	\$ 45	\$ 400.00
3/4" Meter	\$ 440.00	\$ 440.00	355	85	440.00
1" Meter	\$ 500.00	\$ 500.00	405	95	500.00
1½" Meter	\$ 715.00	\$ 715.00	440	275	715.00
2" Turbine Meter	\$ 1,170.00	\$ 1,170.00	600	570	1,170.00
2" Compound Meter	\$ 1,700.00	\$ 1,700.00	600	1,100	1,700.00
3" Turbine Meter	\$ 1,585.00	\$ 1,585.00	775	810	1,585.00
3" Compound Meter	\$ 2,190.00	\$ 2,190.00	815	1,375	2,190.00
4" Turbine Meter	\$ 2,540.00	\$ 2,540.00	1,110	1,430	2,540.00
4" Compound Meter	\$ 3,215.00	\$ 3,215.00	1,170	2,045	3,215.00
6" Turbine Meter	\$ 4,815.00	\$ 4,815.00	1,670	3,145	4,815.00
6" Compound Meter	\$ 6,270.00	\$ 6,270.00	1,710	4,560	6,270.00
Over 6-inch	N/A	N/A	At Cost	At Cost	At Cost

Service Charges

	Present Rates	Company Proposed	Staff Recommended Rates
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (after hours)	\$ 50.00	\$ 50.00	\$ 50.00
Re-establishment (after hours)	No Tariff	\$ 50.00	Denied
Re-establishment (within 12 months)	*	*	*
Reconnection	\$ 30.00	\$ 30.00	\$ 30.00
Meter Test (if Correct)	No Tariff	\$ 30.00	\$ 30.00
Meter Re-Read (if correct and not error)	\$ 15.00	\$ 15.00	\$ 15.00
Minimum Deposit	**	**	**
Deposit Interest*	No Tariff	**	**
NSF Check	25.00	25.00	25.00
Deferred Payment (per month)	1.50%	1.50%	1.50%
Late Payment Charge per month (per R-14-2-409 G (6))	1.50%	1.50%	1.50%
After Hour Service Charge (at cust. request) Per Hour	50.00	50.00	Eliminate
After Hour Service Charge (at cust. request) Flat Rate	50.00	50.00	50.00
Charge for Moving Meter at Customer's Request	Cost	Cost	Cost

* Number of months off the system times the monthly minimum per A.A.C. R14-2-403(D).

** Per Commission Rule R14-2-403(B).

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,500	\$ 35.80	\$ 36.25	\$ 0.45	1.26%
Median Usage	5,155	37.49	38.03	\$ 0.54	1.44%
Staff Recommended					
Average Usage	4,500	\$ 35.80	\$ 35.80	-	0.00%
Median Usage	5,155	37.49	37.49	\$ 0.00	0.00%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Present Rates		Company Proposed		Staff Recommended	
5/8" x 3/4"		5/8" x 3/4"		5/8" x 3/4"	
Minimum Charge	\$ 25.00	Minimum Charge	\$ 25.00	Minimum Charge	\$ 25.00
1st Tier Rate	\$ 2.40	1st Tier Rate	\$ 2.50	1st Tier Rate	\$ 2.40
1st Tier Break-over	5,000	1st Tier Break-over	5,000	1st Tier Break-over	5,000
2nd Tier Rate	\$ 3.15	2nd Tier Rate	\$ 3.40	2nd Tier Rate	\$ 3.15
2nd Tier Break-over	10,000	2nd Tier Break-over	10,000	2nd Tier Break-over	10,000
3rd Tier Rate	\$ 3.90	3rd Tier Rate	\$ 4.25	3rd Tier Rate	\$ 4.07

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 25.00	\$ 25.00	0.00%	\$ 25.00	0.00%
1,000	\$ 27.40	27.50	0.36%	27.40	0.00%
2,000	\$ 29.80	30.00	0.67%	29.80	0.00%
3,000	\$ 32.20	32.50	0.93%	32.20	0.00%
4,000	\$ 34.60	35.00	1.16%	34.60	0.00%
5,000	\$ 37.00	37.50	1.35%	37.00	0.00%
6,000	\$ 40.15	40.90	1.87%	40.15	0.00%
7,000	\$ 43.30	44.30	2.31%	43.30	0.00%
8,000	\$ 46.45	47.70	2.69%	46.45	0.00%
9,000	\$ 49.60	51.10	3.02%	49.60	0.00%
10,000	\$ 52.75	54.50	3.32%	52.75	0.00%
11,000	\$ 56.65	58.75	3.71%	56.82	0.30%
12,000	\$ 60.55	63.00	4.05%	60.89	0.56%
13,000	\$ 64.45	67.25	4.34%	64.96	0.79%
14,000	\$ 68.35	71.50	4.61%	69.03	0.99%
15,000	\$ 72.25	75.75	4.84%	73.10	1.18%
16,000	\$ 76.15	80.00	5.06%	77.17	1.34%
17,000	\$ 80.05	84.25	5.25%	81.24	1.49%
18,000	\$ 83.95	88.50	5.42%	85.31	1.62%
19,000	\$ 87.85	92.75	5.58%	89.38	1.74%
20,000	\$ 91.75	97.00	5.72%	93.45	1.85%
25,000	\$ 111.25	118.25	6.29%	113.80	2.29%
30,000	\$ 130.75	139.50	6.69%	134.15	2.60%
35,000	\$ 150.25	160.75	6.99%	154.50	2.83%
40,000	\$ 169.75	182.00	7.22%	174.85	3.00%
45,000	\$ 189.25	203.25	7.40%	195.20	3.14%
50,000	\$ 208.75	224.50	7.54%	215.55	3.26%
75,000	\$ 306.25	330.75	8.00%	317.30	3.61%
100,000	\$ 403.75	437.00	8.24%	419.05	3.79%

RATE DESIGN

Monthly Minimum Charge	Present	Company	Staff	
	Rates	Proposed	Recommended Rates	
5/8 x 3/4" Meter	\$ 25.00	\$ 25.00	\$	46.50
3/4" Meter	\$ 37.50	\$ 37.50	\$	46.50
1" Meter	\$ 62.50	\$ 62.50	\$	77.50
1½" Meter	\$ 125.00	\$ 125.00	\$	155.00
2" Meter	\$ 200.00	\$ 200.00	\$	248.00
3" Meter	\$ 375.00	\$ 375.00	\$	496.00
4" Meter	\$ 625.00	\$ 625.00	\$	775.00
6" Meter	\$ 1,250.00	\$ 1,250.00	\$	1,550.00
Fire Sprinkler	No Tariff	Non Applicable	(a)	
Gallons Included In Minimum Charge:	0	0	0	
(a) - Two percent (2%) of monthly minimum for a comparable sized meter				
Commodity Rates - Per Thousand Gallons				
<u>5/8 x 3/4" Meter - All Classes Except Irrigation</u>				
From 0 to 5,000 Gallons	\$ 2.40			
From 5,001 to 10,000 Gallons	\$ 3.15			
Over 10,000 Gallons	\$ 3.90			
From 1 to 5,000 Gallons		\$ 2.50		
From 5,001 to 10,000 Gallons		\$ 3.40		
Over 10,000 Gallons		\$ 4.25		
From 1 to 5,000 Gallons			\$	5.14
From 5,001 to 10,000 Gallons			\$	6.50
Over 10,000 Gallons			\$	7.50
<u>3/4" Meter - All Classes Except Irrigation</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 10,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 10,000 Gallons			\$	6.50
Over 10,000 Gallons			\$	7.50
<u>1" Meter - All Classes Except Irrigation</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 35,000 Gallons			\$	6.50
Over 35,000 Gallons			\$	7.50
<u>1½" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 100,000 Gallons			\$	6.50
Over 100,000 Gallons			\$	7.50
<u>2" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 180,000 Gallons			\$	6.50
Over 180,000 Gallons			\$	7.50
<u>3" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 400,000 Gallons			\$	6.50
Over 400,000 Gallons			\$	7.50
<u>4" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 650,000 Gallons				6.50
Over 650,000 Gallons				7.50
<u>6" - Residential, Commercial & Industrial</u>				
From 1 to 5,000 Gallons	\$ 3.15	\$ 3.40		
Over 5,000 Gallons	\$ 3.90	\$ 4.25		
From 1 to 1,000,000 Gallons			\$	6.50
Over 1,000,000 Gallons			\$	7.50

RATE DESIGN

Service Line and Meter Installation Charges	Present Rates	Company Proposed Rates	Staff Recommended Service Line Charge	Staff Recommended Meter Installation Charge	Total Staff Recommended Charge
5/8" x 3/4" Meter	\$ 400.00	\$ 400.00	\$ 355	\$ 45	\$ 400.00
3/4" Meter	\$ 440.00	\$ 440.00	355	85	440.00
1" Meter	\$ 500.00	\$ 500.00	405	95	500.00
1½" Meter	\$ 715.00	\$ 715.00	440	275	715.00
2" Turbine Meter	\$ 1,170.00	\$ 1,170.00	600	570	1,170.00
2" Compound Meter	\$ 1,700.00	\$ 1,700.00	600	1,100	1,700.00
3" Turbine Meter	\$ 1,585.00	\$ 1,585.00	775	810	1,585.00
3" Compound Meter	\$ 2,190.00	\$ 2,190.00	815	1,375	2,190.00
4" Turbine Meter	\$ 2,540.00	\$ 2,540.00	1,110	1,430	2,540.00
4" Compound Meter	\$ 3,215.00	\$ 3,215.00	1,170	2,045	3,215.00
6" Turbine Meter	\$ 4,815.00	\$ 4,815.00	1,670	3,145	4,815.00
6" Compound Meter	\$ 6,270.00	\$ 6,270.00	1,710	4,560	6,270.00
Over 6-inch	N/A	N/A	At Cost	At Cost	At Cost

Service Charges

	Present Rates	Company Proposed	Staff Recommended Rates
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (after hours)	\$ 50.00	\$ 50.00	\$ 50.00
Re-establishment (after hours)	No Tariff	\$ 50.00	Denied
Re-establishment (within 12 months)	*	*	*
Reconnection	\$ 30.00	\$ 30.00	\$ 30.00
Meter Test (If Correct)	No Tariff	\$ 30.00	\$ 30.00
Meter Re-Read (if correct and not error)	\$ 15.00	\$ 15.00	\$ 15.00
Minimum Deposit	**	**	**
Deposit Interest*	No Tariff	**	**
NSF Check	25.00	25.00	25.00
Deferred Payment (per month)	1.50%	1.50%	1.50%
Late Payment Charge per month (per R-14-2-409 G (6))	1.50%	1.50%	1.50%
After Hour Service Charge (at cust. request) Per Hour	50.00	50.00	Eliminate
After Hour Service Charge (at cust. request) Flat Rate	50.00	50.00	50.00
Charge for Moving Meter at Customer's Request	Cost	Cost	Cost

* Number of months off the system times the monthly minimum per A.A.C. R14-2-403(D).

** Per Commission Rule R14-2-403(B).

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,500	\$ 35.80	\$ 36.25	\$ 0.45	1.26%
Median Usage	5,155	37.49	38.03	\$ 0.54	1.44%
Staff Recommended					
Average Usage	4,500	\$ 35.80	\$ 54.13	\$ 18.33	51.20%
Median Usage	5,155	37.49	57.71	\$ 20.22	53.94%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Present Rates		Company Proposed		Staff Recommended	
5/8" x 3/4"		5/8" x 3/4"		5/8" x 3/4"	
Minimum Charge	\$ 25.00	Minimum Charge	\$ 25.00	Minimum Charge	\$ 31.00
1st Tier Rate	\$ 2.40	1st Tier Rate	\$ 2.50	1st Tier Rate	\$ 5.14
1st Tier Break-over	5,000	1st Tier Break-over	5,000	1st Tier Break-over	5,000
2nd Tier Rate	\$ 3.15	2nd Tier Rate	\$ 3.40	2nd Tier Rate	\$ 6.50
2nd Tier Break-over	10,000	2nd Tier Break-over	10,000	2nd Tier Break-over	10,000
3rd Tier Rate	\$ 3.90	3rd Tier Rate	\$ 4.25	3rd Tier Rate	\$ 7.50

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 25.00	\$ 25.00	0.00%	\$ 31.00	24.00%
1,000	\$ 27.40	27.50	0.36%	36.14	31.90%
2,000	\$ 29.80	30.00	0.67%	41.28	38.52%
3,000	\$ 32.20	32.50	0.93%	46.42	44.16%
4,000	\$ 34.60	35.00	1.16%	51.56	49.02%
5,000	\$ 37.00	37.50	1.35%	56.70	53.24%
6,000	\$ 40.15	40.90	1.87%	63.20	57.41%
7,000	\$ 43.30	44.30	2.31%	69.70	60.97%
8,000	\$ 46.45	47.70	2.69%	76.20	64.05%
9,000	\$ 49.60	51.10	3.02%	82.70	66.73%
10,000	\$ 52.75	54.50	3.32%	89.20	69.10%
11,000	\$ 56.65	58.75	3.71%	96.70	70.70%
12,000	\$ 60.55	63.00	4.05%	104.20	72.09%
13,000	\$ 64.45	67.25	4.34%	111.70	73.31%
14,000	\$ 68.35	71.50	4.61%	119.20	74.40%
15,000	\$ 72.25	75.75	4.84%	126.70	75.36%
16,000	\$ 76.15	80.00	5.06%	134.20	76.23%
17,000	\$ 80.05	84.25	5.25%	141.70	77.01%
18,000	\$ 83.95	88.50	5.42%	149.20	77.72%
19,000	\$ 87.85	92.75	5.58%	156.70	78.37%
20,000	\$ 91.75	97.00	5.72%	164.20	78.96%
25,000	\$ 111.25	118.25	6.29%	201.70	81.30%
30,000	\$ 130.75	139.50	6.69%	239.20	82.94%
35,000	\$ 150.25	160.75	6.99%	276.70	84.16%
40,000	\$ 169.75	182.00	7.22%	314.20	85.10%
45,000	\$ 189.25	203.25	7.40%	351.70	85.84%
50,000	\$ 208.75	224.50	7.54%	389.20	86.44%
75,000	\$ 306.25	330.75	8.00%	576.70	88.31%
100,000	\$ 403.75	437.00	8.24%	764.20	89.28%

Red Rock Utilities - Wastewater Division

Docket No. WS-04245A-14-0295
 Test Year Ended December 31, 2013

Plan A
 Rate Design
 Schedule CSB-1

Sewer Services - Monthly Charge	Present	Company Proposed				
	Rates	Year 1	Year 2	Year 3	Year 4	Year 5
5/8 Inch x 3/4 Inch	\$ 39.50	\$ 45.56	\$ 51.62	\$ 57.68	\$ 63.74	\$ 69.80
3/4 Inch	59.25	68.34	77.43	86.52	95.61	104.69
1 Inch	98.75	113.90	129.05	144.20	159.35	174.49
1 1/2 Inch	197.50	227.80	258.10	288.40	318.70	348.98
2 Inch	316.00	364.47	412.94	461.41	509.88	558.37
3 Inch	592.50	697.35	802.20	907.05	1,011.90	1,116.74
4 Inch	987.50	1,138.98	1,290.46	1,441.94	1,593.42	1,744.91
6 Inch	1,975.00	2,277.97	2,580.94	2,883.91	3,186.88	3,489.83
Effluent Sales (Per Acre Foot)	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00

Sewer Services - Monthly Charge	Present	Staff Recommended				
	Rates	Year 1	Year 2	Year 3	Year 4	Year 5
5/8 Inch x 3/4 Inch	\$ 39.50	\$ 49.33	\$ 59.16	\$ 68.98	\$ 78.81	\$ 88.64
3/4 Inch	59.25	\$ 73.99	\$ 88.73	\$ 98.56	\$ 113.30	132.96
1 Inch	98.75	\$ 123.32	\$ 147.89	\$ 157.72	\$ 182.29	221.60
1 1/2 Inch	197.50	\$ 246.64	\$ 295.78	\$ 305.61	\$ 354.75	443.20
2 Inch	316.00	\$ 394.62	\$ 473.25	\$ 483.08	\$ 561.70	709.12
3 Inch	592.50	\$ 739.92	\$ 887.34	\$ 897.17	\$ 1,044.59	1,329.60
4 Inch	987.50	\$ 1,233.20	\$ 1,478.90	\$ 1,488.73	\$ 1,734.43	2,216.00
6 Inch	1,975.00	\$ 2,466.40	\$ 2,957.80	\$ 2,967.63	\$ 3,459.03	4,432.00
Effluent Sales (Per Acre Foot)	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00

Sewer Services - Monthly Charge

	Present Rates	Company Proposed	Staff Recommended
Establishment (Collected only if customer is sewer only)	\$ 15.00	\$ 15.00	\$ 15.00
Re-establishment (Within 12 months)	**	**	**
Reconnection (Delinquent)	30.00	30.00	30.00
Minimum Deposit	*	*	*
Deposit Interest	No Tariff	No Tariff	*
NSF Check	25.00	25.00	25.00
Late Payment Penalty (Per Month)	1.50%	1.50%	1.50%
Deferred Payment Finance Charge	1.50%	1.50%	1.50%
Service Calls - Per Hour/After Hours	50.00	50.00	Discontinue
Service Calls - After Hours (Flat Rate)	N/A	N/A	50.00

* Per Commission Rule A.A.C. R14-2-603(B)

** Per Commission Rule A.A.C. R14-2-603(D)-Months off the system times the monthly minimum

N/A-Not Applicable

TYPICAL BILL ANALYSIS
Residential Service 5/8 X 3/4

Year 1			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 45.56	\$6.06	15.3%
Staff	\$39.50	\$ 49.33	\$9.83	24.9%

Year 2			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 51.62	\$ 12.12	30.7%
Staff	\$39.50	\$ 59.16	\$ 19.66	49.8%

Year 3			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 57.68	\$ 18.18	46.0%
Staff	\$39.50	\$ 68.98	\$ 29.48	74.6%

Year 4			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 63.74	\$ 24.24	61.4%
Staff	\$39.50	\$ 78.81	\$ 39.31	99.5%

Year 5			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 69.80	\$ 30.30	76.7%
Staff	\$39.50	\$ 88.64	\$ 49.14	124.4%

Red Rock Utilities - Wastewater Division

Docket No. WS-04245A-14-0295
 Test Year Ended December 31, 2013

Plan B
 Rate Design
 Schedule CSB-1

<u>Sewer Services - Monthly Charge</u>	Present	Company Proposed				
	Rates	Year 1	Year 2	Year 3	Year 4	Year 5
5/8 Inch x 3/4 Inch	\$ 39.50	\$ 45.56	\$ 51.62	\$ 57.68	\$ 63.74	\$ 69.80
3/4 Inch	59.25	68.34	77.43	86.52	95.61	104.69
1 Inch	98.75	113.90	129.05	144.20	159.35	174.49
1 1/2 Inch	197.50	227.80	258.10	288.40	318.70	348.98
2 Inch	316.00	364.47	412.94	461.41	509.88	558.37
3 Inch	592.50	697.35	802.20	907.05	1,011.90	1,116.74
4 Inch	987.50	1,138.98	1,290.46	1,441.94	1,593.42	1,744.91
6 Inch	1,975.00	2,277.97	2,580.94	2,883.91	3,186.88	3,489.83
Effluent Sales (Per Acre Foot)	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00

<u>Sewer Services - Monthly Charge</u>	Present	Staff Recommended				
	Rates	Year 1	Year 2	Year 3	Year 4	Year 5
5/8 Inch x 3/4 Inch	\$ 39.50	\$ 53.21	\$ 66.92	\$ 80.62	\$ 94.33	\$ 108.04
3/4 Inch	59.25	79.81	100.37	114.08	134.64	162.06
1 Inch	98.75	133.02	167.29	181.00	215.27	270.10
1 1/2 Inch	197.50	266.04	334.58	348.29	416.83	540.20
2 Inch	316.00	425.66	535.33	549.04	658.70	864.32
3 Inch	592.50	798.12	1,003.74	1,017.45	1,223.07	1,620.60
4 Inch	987.50	1,330.20	1,672.90	1,686.61	2,029.31	2,701.00
6 Inch	1,975.00	2,660.40	3,345.80	3,359.51	4,044.91	5,402.00
Effluent Sales (Per Acre Foot)	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00

Sewer Services - Monthly Charge

	Present Rates	Company Proposed	Staff Recommended
Establishment (Collected only if customer is sewer only)	\$ 15.00	\$ 15.00	\$ 15.00
Re-establishment (Within 12 months)	**	**	**
Reconnection (Delinquent)	30.00	30.00	30.00
Minimum Deposit	*	*	*
Deposit Interest	No Tariff	No Tariff	*
NSF Check	25.00	25.00	25.00
Late Payment Penalty (Per Month)	1.50%	1.50%	1.50%
Deferred Payment Finance Charge	1.50%	1.50%	1.50%
Service Calls - Per Hour/After Hours	50.00	50.00	Discontinue
Service Calls - After Hours (Flat Rate)	N/A	N/A	50.00

* Per Commission Rule A.A.C. R14-2-603(B)

** Per Commission Rule A.A.C. R14-2-603(D)-Months off the system times the monthly minimum

N/A-Not Applicable

TYPICAL BILL ANALYSIS
Residential Service 5/8 X 3/4

Year 1			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 45.56	\$6.06	15.3%
Staff	\$39.50	\$ 53.21	\$13.71	34.7%

Year 2			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 51.62	\$ 12.12	30.7%
Staff	\$39.50	\$ 66.92	\$ 27.42	69.4%

Year 3			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 57.68	\$ 18.18	46.0%
Staff	\$39.50	\$ 80.62	\$ 41.12	104.1%

Year 4			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 63.74	\$ 24.24	61.4%
Staff	\$39.50	\$ 94.33	\$ 54.83	138.8%

Year 5			
Present Rates	Proposed Rates	Dollar Increase	Percent Increase

Company	\$39.50	\$ 69.80	\$ 30.30	76.7%
Staff	\$39.50	\$108.04	\$ 68.54	173.5%