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ARIZONA CORP. COMMISSION
DOCKET CONTROL

Docket #(s): WS-04245A-14-0295

Part 1 of 2

For part 2, please see

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Arizona Corporation Commission

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APR 28 2015

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Exhibit #: RRU-1 through RRU-5



Exhibit RRU-1

2014 Rate Case
Docket No. WS-04245A-14-0295

1 Lawrence V. Robertson, Jr.
2 P. O. Box 1448
3 2247 E. Frontage Road, Suite 1
4 Tubac, Arizona 85646
5 Phone: (520) 398-0411
6 Fax: (520) 398-0412
7 Email: Tubaclawyer@aol.com

8 Attorney for Red Rock Utilities, LLC

9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 IN THE MATTER OF THE APPLICATION
11 OF RED ROCK UTILITIES, LLC, AN
12 ARIZONA LIMITED LIABILITY
13 COMPANY, FOR A DETERMINATION
14 OF THE FAIR VALUE OF ITS UTILITY
15 PLANT AND PROPERTY AND FOR
16 INCREASES IN ITS WATER AND
17 WASTEWATER RATES AND CHARGES
18 FOR UTILITY SERVICE BASED
19 THEREON.

DOCKET NO: WS-04245A-14-_____

APPLICATION

20 Red Rock Utilities, LLC, an Arizona limited liability company ("Red Rock" or the
21 "Company"), hereby applies for an order providing for the following: (i) establishing the
22 fair value of its plant and property used for the provision of public water and wastewater
23 utility service;(ii) based on such fair value finding, approving permanent rates and charges
24 for water and wastewater utility service designed to produce a fair and reasonable return
25 thereon; and (iii) authorizing Red Rock to defer for future ratemaking treatment and
26 recognition certain heretofore recorded depreciation expenses for its water and wastewater
27 divisions. In support of its request, Red Rock states as follows:

28 1. Red Rock is a public service corporation engaged in providing water and
wastewater utility service in portions of Pinal County, Arizona, pursuant to a certificate of
convenience and necessity ("CC&N") granted by the Arizona Corporation Commission

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 (“Commission”).¹ During the Test Year, Red Rock served approximately 590 customer
2 connections.

3 2. Red Rock’s business office is located at 2200 E. River Road, Suite 115,
4 Tucson, Arizona 85718, and its telephone number is (520) 577-0200. The Company’s
5 primary management contact is Mark Weinberg. Mr. Weinberg is employed by Red Rock
6 as its General Manager; and, Mr. Weinberg is also a Vice President with Diamond
7 Ventures, Inc., which is the Managing Member of Red Rock.

8 3. The persons responsible for Red Rock in connection with this rate
9 Application are Mark Weinberg, Mr. Thomas Bourassa (the Company’s rate case
10 consultant), and undersigned counsel. Mr. Weinberg’s mailing address is 2200 E. River
11 Road, Suite 115, Tucson, Arizona 85718, his telephone number is (520) 577-0200, his
12 telecopier number is (520) 299-5602, and his email address is
13 mweinberg@diamondven.com. Mr. Bourassa’s mailing address is 139 W. Wood Drive,
14 Phoenix, Arizona 85029, his telephone number is (602) 246-7150, his telecopier number is
15 (602) 246-1040, and his email address is tjb114@cox.net. Undersigned counsel’s mailing
16 address is P. O. Box 1448, Tubac, Arizona 85646, his telephone number is (520) 398-0411,
17 his telecopier number is (520) 398-0412, and his email address is tubaclawyer@aol.com.
18 **All discovery, data requests and other requests for information concerning this**
19 **Application should be directed by email to Mr. Weinberg, Mr. Bourassa, and**
20 **undersigned counsel.**

21 4. The Company’s present rates and charges for water utility service were
22 approved by the Commission in Decision No. 67409 (November 2, 2004) in connection
23 with the granting of its Pinal County CC&Ns. There have been no other changes to the
24 Company’s rates since the current rates went into effect on or after November 2, 2004.

25 _____

26 ¹ The Commission in its Decision No. 70030 also has granted a CC&N to Red Rock to provide public utility water
27 service to an unincorporated portion of Pima County for the Verano Master-Planned Community. Some of the
28 infrastructure for that system has been installed, but the Company is not serving any customers at this time.

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 5. Red Rock's revenues from its utility operations are presently inadequate to
2 provide the Company a fair rate of return on the fair value of its utility plant and property
3 devoted to public service. Capital investments have been made and operating expenses
4 have increased since its rates were established in 2004. As a result, the revenues produced
5 by the current rates and charges for service are inadequate to meet operating expenses and
6 provide a reasonable rate of return. Therefore, the Company requests that certain
7 adjustments to its rates and charges for water and wastewater utility service be approved by
8 the Commission so that the Company may recover its operating expenses and be given a
9 reasonable opportunity to earn a just and reasonable rate of return on the fair value of its
10 property. In that regard, the Company proposes to use its original cost rate base as its fair
11 value rate base in this proceeding to minimize disputes and reduce rate case expense.

12 6. Filed concurrently herewith are the schedules required pursuant to A.A.C.
13 R14-2-103 for rate applications by Class "C" utilities. The test year utilized by the
14 Company in connection with the preparation of such schedules is the 12-month period that
15 ended December 31, 2013. The Company requests that the Commission utilize such test
16 year in connection with this Application, with appropriate adjustments to obtain a normal
17 or more realistic relationship between revenues, expenses and rate base during the period in
18 which the rates established in this proceeding are in effect.

19 7. During the test year, the Company's adjusted gross revenues were \$533,036
20 from water utility service, and \$477,549 from wastewater utility service. The adjusted
21 operating income for water was \$116,695, leading to an operating income deficiency of
22 \$14,239. The adjusted operating income for wastewater was a negative \$262,075, leading
23 to an operating income deficiency of \$351,024. The adjusted fair value rate base was
24 \$1,378,255 for the water system, and \$936,312 for the wastewater system. Thus, the rate
25 of return on the Company's water operations during the test year was 8.47 percent, and a
26 negative 27.99 percent for the wastewater operations.

27 8. The Company submits that these rates of return are inadequate to allow it to
28

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 obtain debt, pay a reasonable distribution to its members, maintain a sound credit rating,
2 and/or enable Red Rock to attract additional capital on reasonable and acceptable terms in
3 order to continue the investment in utility plant necessary to adequately serve customers.

4 9. The Company is requesting an increase in water utility revenues equal to
5 \$14,480, or an increase in revenues of 2.72 percent. Its requested increase in wastewater
6 revenue is \$356,955, or 74.75 percent. The adjustments to the Company's rates and
7 charges that are proposed herein, when fully implemented, will produce a rate of return on
8 the fair value rate base equal to 9.5 percent from water operations, and 9.5 percent from
9 wastewater operations. In that regard, as discussed in the prepared Direct Testimony of
10 Messrs. Weinberg and Bourassa, solely for purposes of this rate case, the Company is
11 proposing certain ratemaking treatment(s) to mitigate what otherwise would be the required
12 (and higher levels of) rate relief.

13 10. In addition, the Company is requesting an accounting order authorizing it to
14 defer for future ratemaking treatment and recognition certain heretofore recorded
15 depreciation expense for its water and wastewater divisions. The circumstances
16 surrounding and the reasons why such an accounting order is appropriate are discussed in
17 the prepared Direct Testimony of Mr. Bourassa.

18 11. Attached hereto as **Attachment 1** are water plant descriptions and a
19 completed water use data sheet for the 2013 calendar year.

20 12. Filed in support of this Application is the Direct Testimony of Mark
21 Weinberg, providing an overview of Red Rock; and the Direct Testimony of Thomas J.
22 Bourassa, which provides an overview of the Company's rate filing, discussion of the
23 revenue requirement, including the "A" through "F" schedules, and the "G" schedules,
24 development of the rate base and income statement adjustments, cost of equity capital and
25 related issues, proposed rates, including the "H" schedules, and discussion of the effects of
26 the proposed rates on customers' bills.

27 WHEREFORE, Red Rock requests the following relief:
28

1 A. That the Commission, upon proper notice and at the earliest possible time,
2 conduct a hearing in accordance with A.R.S. § 40-251 and determine the fair value of Red
3 Rock's plant and property devoted to providing water and wastewater utility service;

4 B. Based upon such determination, that the Commission approve permanent
5 adjustments to the rates and charges for water and wastewater utility service provided by
6 Red Rock, as proposed herein, or approve such other rates and charges as will produce a
7 just and reasonable rate of return on the fair value of the Company's utility plant and
8 property; and

9 C. That the Commission authorize such other and further relief as may be
10 appropriate to ensure that Red Rock has an opportunity to earn a just and reasonable return
11 on the fair value of its water and wastewater utility plant and property and as may
12 otherwise be required under Arizona law.

13
14 RESPECTFULLY SUBMITTED this 4th day of August, 2014.

15
16 By Lawrence V. Robertson, Jr.
17 Lawrence V. Robertson, Jr.
18 P. O. Box 1448
19 2247 E. Frontage Road, Suite 1
20 Tubac, Arizona 85646
21 Attorney for Red Rock Utilities, LLC

22 ORIGINAL and thirteen (13) copies of the
23 foregoing Application, together with the related
24 Direct Testimony and Schedules, were delivered
25 this 4th day of August, 2014, to:

26 Docket Control
27 Arizona Corporation Commission
28 1200 W. Washington St.
Phoenix, AZ 85007

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646



Exhibit RRU-2

2014 Rate Case
Docket No. WS-04245A-14-0295

BEFORE THE ARIZONA CORPORATION COMMISSION

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
PLANTS AND PROPERTY AND FOR
INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES
FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: WS-04245A-14-_____

APPLICATION

DIRECT TESTIMONY OF

MARK WEINBERG

August 4, 2014

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 PREPARED DIRECT TESTIMONY

2 OF

3 MARK WEINBERG

4

5 **Q.1 Please state your name and business address.**

6 A.1 My name is Mark Weinberg. My business address is 2200 East River Road, Suite 115,
7 Tucson, Arizona 85718.

8

9 **Q.2 What is the purpose of your testimony at this time?**

10 A.2 I am presenting Direct Testimony on behalf of Red Rock Utilities, L.L.C. ("Red Rock") in
11 support of its contemporaneously filed Application for an increase in the rates and charges
12 for water and wastewater service provided by Red Rock in its Pinal County, Arizona,
13 service area. In that regard, the term "water" as I will be using it includes sales of effluent
14 pursuant to rates previously authorized by the Commission.

15

16 **Q.3 What is your relationships with Red Rock?**

17 A.3 I am its General Manager, and I have held that position since the inception of the company
18 in 2003.

19

20 **Q.4 Do you have any experience in the water and/or wastewater utility industry prior to
21 your association with Red Rock?**

22 A.4 Yes. From 1982 to 1987, I was employed by Foothills Water Company in connection with
23 the management and operation of its water and wastewater systems. From 1987 to 1995, I
24 was employed by Canada Hills Water Company in connection with the management and
25 operation of its water and wastewater systems in the northwest area of metropolitan
26 Tucson, when they were acquired from Foothills Water Company. I concluded my
27 relationship with that company when its water system assets were acquired by the Town of
28

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tucson, Arizona 85646

1 Oro Valley, Arizona in 1995.

2 Thereafter, I commenced employment with Diamond Ventures, Inc. in Tucson as a
3 Vice President in 1995; and, my responsibilities included managerial oversight of Spanish
4 Trail Water Company and Saguaro Water Company, each of which was owned in whole or
5 in part by Mr. Donald Diamond. In that regard, my managerial oversight role with respect
6 to Saguaro Water Company ended in 2011, when that company was acquired by an
7 unrelated third party, but it continues with respect to Spanish Trail Water Company.
8

9 **Q.5 Will anyone in addition to you be presenting Direct Testimony on behalf of Red Rock**
10 **in connection with its Application for an increase in its rates and charges for water**
11 **and wastewater service?**

12 A.5 Yes, Mr. Thomas J. Bourassa, a utility rate analyst and consultant, a recognized expert in
13 this area who has previously testified on many occasions before the Commission. Mr.
14 Bourassa has prepared the various schedules which are being submitted in support of Red
15 Rock's Application; and, he will also be submitting Direct Testimony discussing those
16 schedules and Red Rock's rate increase request.
17

18 **Q.6 What circumstances occasion Red Rock's rate increase Application at this time?**

19 A.6 Red Rock's Pinal County water and wastewater certificates of convenience and necessity
20 ("CC&N") were granted to the company by the Commission on November 2, 2004 in
21 Decision No. 67409. The Eighth Ordering Paragraph of that decision directed Red Rock to

22 " . . . file a rate application for its water and wastewater systems no later
23 than three months following the fifth anniversary of this Decision
24 including the information required in Finding of Fact No. 32." [Decision
25 No. 67409 at page 13, lines 12-14]

26 Because development of the Red Rock Village master-planned community occurred
27 at a slower pace in subsequent years than was anticipated at the time Decision No. 67409
28 was issued, Red Rock requested two (2) separate extensions of the due date for filing the
rate application ordered by Decision No. 67409. Each of those requests was granted by the

1 Commission in Decision Nos. 71499 and 73343, respectively; and, the due date for filing
2 the rate application was extended to August 3, 2012 and August 3, 2014, respectively.
3 Red Rock's filing of the required rate application at this time satisfies the aforesaid
4 requirement from Decision No. 67409.

5
6 **Q.7 What circumstances caused the pace of development of Red Rock Village to be slower
7 than anticipated in late 2004, when Decision No. 67409 was issued?**

8 **A.7** There have been two (2) major factors. The first was a change in the ownership of the
9 developer of the Red Rock Village master-planned community. The second was the 2008
10 financial crisis and subsequent recession, the effects of which substantially and adversely
11 impacted the homebuilding and development industries in Southern Arizona, as well as the
12 entire State of Arizona and the nation as a whole.

13 With respect to the first major factor, at the time Decision No. 67409 was issued, it
14 was anticipated that Red Rock Village would be developed over a ten (10)-year period, and
15 that Red Rock's owner, Diamond Ventures, Inc., would be the master developer. In that
16 regard, it was contemplated that the master developer would prepare block plats for six (6)
17 development phases, and the block-platted property would then be sold to individual
18 developers and homebuilders who would develop individual subdivisions within Red Rock
19 Village upon receipt of approval from Pinal County. However, in 2005, the Red Rock
20 Village master-planned community project was sold to Pulte Homes, a national home
21 builder company with an established and well-regarded record for developing master-
22 planned communities throughout the United States. That change in project ownership, in
23 turn, affected the development timeline for Red Rock Village, as Pulte Homes formulated
24 its own development plans. Illustrative of this is the fact that Red Rock did not commence
25 water and wastewater service to its first customer until August 3, 2007, or approximately
26 two and three-quarters (2 $\frac{3}{4}$) years after Decision No. 67409 was issued.

27 As previously indicated, the second major factor affecting the pace of development
28

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 of Red Rock Village was the 2008 financial crisis and the subsequent prolonged economic
2 recession. In that regard, the Commission is fully aware of this circumstance, as evidenced
3 by its granting of numerous requests in subsequent years for extensions of compliance
4 filing deadlines for affected public service corporations, including the aforementioned
5 extensions granted to Red Rock in Decision Nos. 71499 and 73343.

6
7 **Q.8 What was the relevance of the slower than anticipated pace of development of Red**
8 **Rock Village upon the decision of Red Rock to request two (2) extensions of the due**
9 **date for filing the rate application ordered by Decision No. 67409?**

10 **A.8** Succinctly stated, because of the relatively small customer base which existed within the
11 Red Rock Village community vis-à-vis the value of the plant in service that was necessary
12 to provide safe and reliable service, the company was concerned that a rate increase
13 providing a fair and reasonable return on its investment potentially could result in "rate
14 shock" to its customers in Red Rock Village. In that regard, the following excerpt from
15 *Decision No. 73343 accurately reflects the thinking of the company in August of 2012:*

16 "The Company reports that in March 2010, when Decision No.
17 71499 was issued, Red Rock had 527 customers, and that currently it
18 has 575 customers. The Company states that its internal review
19 indicates that if a rate case were filed by the current August 3, 2012,
20 deadline, both the water and wastewater divisions would warrant
21 significant rate increases. The Company asserts that the effects of
22 the 2008 financial crisis and recession continue to burden the
23 homebuilding industry in southern Arizona. As a result, the owners
24 of Red Rock have concluded that filing for a rate increase at this
25 time would not be in the best interests of current ratepayers, the
near-term future of the Red Rock Village community as it tries to
attract additional residents, or the long-term interests of the water
company. The Red Rock owners state that they are committed to
providing the resources necessary to ensure that Red Rock will
continue to provide adequate, reliable and good quality service."
[Decision No. 73343 at page 2, lines 3-13]

26 **Q.9 Has the customer base at Red Rock Village since increased to the point that the**
27 **company's concern regarding the potential for significant rate increases no longer**
28

1 exists?

2 A.9 No, that potential continues to exist, and the company believes that significant increases in
3 both its water and wastewater rates would be warranted at this time, if rates were to be set
4 using the customary rate of return ratemaking methodology, and without the use of any
5 mitigating ratemaking methodologies or assumptions for the limited purpose of this case.

6
7 **Q.10 Why, then, didn't the company file another request for a further extension of the due**
8 **date for filing the rate application ordered by Decision No. 67409?**

9 A.10 The company did consider such a course of action earlier this year. However, we
10 ultimately concluded that a further postponement of bringing our rates more into alignment
11 with the costs of operation, maintenance and ownership of our water and wastewater
12 systems assets would not be in the best long-term interests of either Red Rock or the
13 customers. Moreover, we concluded that by using some of the ratemaking methodologies
14 we have adopted solely for purposes of this case, we could moderate the effect of a
15 required rate increase on Red Rock's customers. Accordingly, the company filed its rate
16 application on August 3, 2014 pursuant to the due date extension approved in Decision No.
17 73343.

18
19 **Q.11 Are the ratemaking methodologies and assumptions adopted solely for purposes of**
20 **this rate application, and to which you refer, discussed in Mr. Bourassa's Direct**
21 **Testimony?**

22 A.11 Yes, at some length, and they include (i) a pro forma customer addition projection,(ii) a
23 lower cost of equity request than that to which we believe we are entitled, (iii) no requested
24 ratemaking recognition of income taxes, and (iv) a proposed 5-year phase-in of the
25 wastewater rate increase, with no carrying costs. Mr. Bourassa is our expert on these
26 subjects, and I will defer to him for a fuller explanation and to answer any questions
27 regarding the same.

28

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

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Q.12 One (1) brief question respect to the pro forma customer additions over a projected five (5) year period, did you discuss that subject with Pulte Homes; and, based upon that discussion and other information available to you, did you conclude that that projection was reasonable as of this point in time?

A.12 Yes, as to both parts of the question. In addition, I would note that to the extent the projected customer additions might be on the "high" side, the ratepayers benefit because the company's requested rate increases are lower than otherwise would be the case.

Q.13 To the best of your knowledge, has Red Rock complied with all of the Ordering Paragraphs set forth in Decision No. 67409?

A.13 Yes, with the filing of its rate application on August 3, 2014, I believe that the company has fully complied.

Q.14 To the best of your knowledge, is Red Rock in compliance with the requirements of all regulatory entities applicable to the company, including requirements of the Arizona Department of Environmental Quality, Arizona Department of Water Resources and the Commission?

A.14 Yes, to the best of my knowledge.

Q.15 Do you believe that the increase in rates and charges for water and wastewater service requested by the company in its August 3, 2014 rate application are "just and reasonable" for purposes of this case?

A.15 Yes, for the limited purpose of this case.

Q.16 Does that complete your Direct Testimony in support of Red Rock's August 3, 2014 rate application?

A.16 Yes, it does.

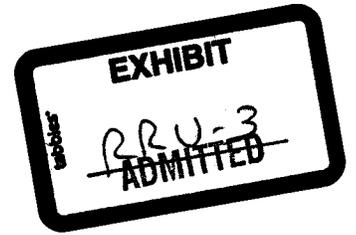


Exhibit RRU-3

2014 Rate Case
Docket No. WS-04245A-14-0295

BEFORE THE ARIZONA CORPORATION COMMISSION

**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
PLANTS AND PROPERTY AND FOR
INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES
FOR UTILITY SERVICE BASED
THEREON.**

DOCKET NO: WS-04245A-14-0295

REBUTTAL TESTIMONY OF

MARK WEINBERG

March 25, 2015

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 PREPARED REBUTTAL TESTIMONY

2 OF

3 MARK WEINBERG

4
5 **Q.1 Please state your name and business address.**

6 A.1 My name is Mark Weinberg. My business address is 2200 East River Road, Suite 115,
7 Tucson, Arizona 85718.

8
9 **Q.2 Are you the same Mark Weinberg whose prepared Direct Testimony was filed with**
10 **the Commission's Docket Control on August 4, 2014 in Docket No. WS-04245A-14-**
11 **0295?**

12 A.2 Yes.

13
14 **Q.3 Do you continue to be the General Manager for Red Rock Utilities, L.L.C. ("Red**
15 **Rock")?**

16 A.3 Yes.

17
18 **Q.4 What is the purpose of your Rebuttal Testimony at this time?**

19 A.4 My Rebuttal Testimony has two (2) purposes, First, on March 4, 2015, the Commission's
20 Staff filed prepared rate design Direct Testimony in Docket No. WS-04245A-14-0295,
21 which is the docket number assigned to Red Rock's August 4, 2014 Application for
22 increases in Red Rock's current rates and charges for water and wastewater service.
23 Previously, on February 25, 2015, the Commission's Staff filed its prepared Direct
24 Testimony on rate base, income statement and cost of capital. In its rate design testimony,
25 the Commission's Staff submitted two (2) alternative plans for Red Rock with respect to
26 each type of service. Plan "A," to use the Commission Staff's phraseology, was designed to
27 allow Red Rock to "break even" based on the Commission Staff's test period adjustment to
28

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 operating revenues and expenses. In other words, the rate increases provided for under
2 Plan "A" would not include any allowance for a rate of return on Red Rock's investment;
3 and, with respect to Red Rock's water system, provided for no increase at all. The
4 alternative plan, or Plan "B" would provide for an increase in rates for both Red Rock's
5 water and wastewater operations in Pinal County, based upon use of the traditional "rate of
6 return" rate making methodology. As between these two alternatives, the Commission
7 Staff recommended Commission adoption of Plan "A." In my Rebuttal Testimony, I will
8 discuss Red Rock's position with respect to each of these alternatives.

9 Second, there are several express and implicit criticisms of Red Rock in the
10 Commission Staff's prepared Direct Testimony on rate base, income statement and cost of
11 capital which I want to address and rebut at this time.

12
13 **Q.5 What is Red Rock's position with respect to Plan "A" rates, as proposed by the**
14 **Commission's Staff?**

15 **A.5** From a ratemaking methodology perspective, Red Rock does not agree with the
16 Commission Staff's "break even" approach, which allows for no rate of return on plant in
17 service where there is no disagreement between the Commission Staff and Red Rock as to
18 plant which may be deemed "used and useful" as of the end of the test period. More
19 specifically, even the Commission Staff's own exhibits, after taking the Commission
20 Staff's recommended adjustments into account, recognize \$1,389,355 of OCLD water
21 system rate base, and \$976,488 of OLDD wastewater system rate base.

22 In that regard, as I discussed at page 4, line 26 – page 5, line 27 of my August 4,
23 2014 prepared Direct Testimony, Red Rock was and continues to be concerned about the
24 potential for "rate shock" resulting from rate increases at this time in its Pinal County
25 service area. Had we had the discretion to further defer filing a rate increase request in
26 August of 2014, we would have done so. But, for the reasons discussed in my prepared
27 Direct Testimony, we concluded that option did not exist. Thus, Red Rock filed its request
28

1 for rate increases using a traditional “rate of return” methodology, with certain test period
2 adjustments Red Rock considered appropriate only for purposes of this case as a means by
3 which to somewhat mitigate that “rate shock” which would otherwise occur. However, the
4 Commission’s Staff has criticized those adjustments, and offered its Plan “A” or “break
5 even” approach as a means for mitigating the apprehended “rate shock.”

6 Against this background, Red Rock is willing to support for purposes only in this
7 rate case the Commission Staff’s Plan “A” or “break even” ratemaking methodology,
8 provided that the Commission enters an opinion and order adopting in the entirety the
9 Commission Staff’s proposed Plan “A” rates and charges for both Red Rock’s water and
10 wastewater systems in Pinal County. If the Commission is going to depart from the use of
11 “rate of return” ratemaking in the circumstances of this particular case, then it must be
12 consistent in its use of the “break even” methodology (and resulting rates) as to each of
13 these systems.

14 Finally, and with respect to the Commission Staff’s Plan “B” alternative, while Red
15 Rock continues to believe that use of the “rate of return” methodology is the correct
16 ratemaking approach, Red Rock cannot support the rate increases which result thereunder
17 in this instance. That is because, given the Commission Staff’s rejection of test period
18 adjustments Red Rock proposed as mitigating measures, the rates resulting from the
19 Commission Staff’s Plan “B” would simply be too high for our Pinal County customers,
20 even assuming a five (5) year phase-in of the respective wastewater increases which Red
21 Rock proposed and those which the Commission Staff supports.

22
23 **Q.6 What are the mitigating measures that Red Rock proposed and the Commission’s**
24 **Staff rejected?**

25 A.6 As identified at page 5, lines 19-27 of my August 4, 2014 prepared Direct Testimony, and
26 as fully discussed in the prepared Direct Testimony of that same date of Thomas J.
27 Bourassa, our rate case consultant, those ratemaking proposals consisted of the following:

28

1 (i) a pro forma customer projection addition, (ii) a lower cost of equity projection than that
2 to which we believe Red Rock is entitled, (iii) no request for ratemaking recognition of
3 income taxes, and (iv) a proposed 5-year phase-in of the wastewater increase. In that
4 regard, the Commission's Staff rejected those relating to customer projections and income
5 taxes.

6
7 **Q.7 In its February 26, 2015 prepared Direct Testimony on rate base, operating income**
8 **and cost of capital, the Commission's Staff criticized Red Rock's decision as to the**
9 **sizing of the Company's wastewater treatment facilities. What factor(s) influenced**
10 **the Company's decision in that regard?**

11 **A.7** Red Rock examined several different wastewater treatment processes and facility designs
12 which were in use in the utility industry at that point in time. Taking into account the
13 nature and contemplated size of the master-planned community that was to be developed in
14 Red Rock's wastewater service area in Pinal County, we selected the process and facility
15 design that we concluded was most appropriate for our needs, and that had a "track record"
16 of proven reliability. In that regard, the size of the system we selected and constructed was
17 the smallest size then available.

18 Thus, we believe that the Commission Staff's criticism of our sizing decision is in
19 the nature of the proverbial "Monday morning quarterbacking," a number of years after the
20 fact and without full consideration of the surrounding circumstances at the time the process
21 selection and facility sizing decision was made.

22
23 **Q.8 Is there another area where the Company believes that the Commission's Staff has**
24 **been overly critical in its prepared Direct Testimony?**

25 **A.8** Yes. At page 23, line 14 – page 24, line 3 of her February 25, 2015 prepared Direct
26 Testimony, Commission Staff witness Crystal S. Brown characterizes that plant which the
27 Commission Staff is treating as "excess capacity" as representing "quite simply, just the
28 unwinding of an investment risk" by the owners of Red Rock; and, she further describes it

1 as "high risk investment that [did] not meet investor business plan expectations."

2 Once again, Ms. Brown has indulged in "Monday morning quarterbacking." More
3 specifically, at the time that the plant decisions were made and most (if not all) of the plant
4 capacity in question was constructed, no one could have foreseen the 2008 financial crisis
5 and the subsequent years-long devastating impact on the developer and homebuilding
6 industry, not to mention the severe impact upon new home buyers. Furthermore, both the
7 owners of Red Rock and I have been involved in the ownership and management of
8 utilities regulated by the Commission for a number of years preceding Red Rock obtaining
9 its Pinal County service area CC&Ns in 2004. So, we were and are well aware of the
10 concept of "excess capacity" and, it was not and is not in our nature to make "high risk
11 investment" decisions in a regulated industry environment.

12
13 **Q.9 Does the Company continue to support the request for the accounting order**
14 **concerning depreciation expenses as (i) set forth at page 4, lines 13-17 of its August 4,**
15 **2014 Application and (ii) discussed in Mr. Bourassa's August 4, 2015 prepared Direct**
16 **Testimony at page 8, line 25 – page 9, line 17?**

17 **A.9** Yes, without a doubt. The accounting order we have requested would simply enable the
18 Company to seek to obtain ratemaking recognition in a future rate case of depreciation
19 expense which would be deferred under such an order. But, an order of that nature does not
20 guarantee or commit the Commission to such future ratemaking recognition.

21 In addition, as Mr. Bourassa observed in his August 4, 2014 prepared Direct
22 Testimony, an accounting order of this nature would "reduce erosion of the company's
23 equity balance, thus leading to greater financial stability." Given that (i) Red Rock's
24 capital structure is 100% equity, and (ii) the Commission Staff's Plan "A" or "break even"
25 rates provide for no return on investment, the accounting order requested by Red Rock
26 would appear to be both appropriate and necessary for the reasons that Mr. Bourassa and I
27 have discussed. In that regard, under its Plan "B" or "rate of return" approach, the
28

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 Commission's Staff acknowledged that an appropriate cost of capital and rate of return for
2 Red Rock in this case was 9.5%.

3

4 **Q.10 Does that complete your Rebuttal Testimony on behalf of Red Rock?**

5 A.10 Yes, it does.

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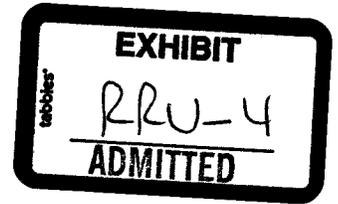


Exhibit RRU-4

2014 Rate Case
Docket No. WS-04245A-14-0295

**RED ROCK
WATER RECLAMATION FACILITY (WRF)**

**PHASE I
ENGINEERING DESIGN REPORT**

**Owner/Developer:
RED ROCK UTILITIES, LLC
2200 East River Road, Suite 115
Tucson, AZ 85718**

**Design/Builder:
PACIFIC ENVIRONMENTAL RESOURCES CORP.
17520 Newhope Street, Suite 140
Fountain Valley, CA 92708**

**Engineer of Record:
PACIFIC ADVANCED CIVIL ENGINEERING, INC.
17520 Newhope Street, Suite 200
Fountain Valley, CA 92708**



**April 2005
(Revised June 2005)
#7843E**

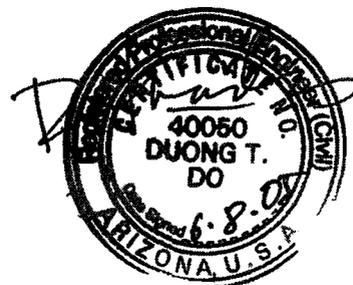




TABLE OF CONTENTS

I. PROJECT DESCRIPTION

A.	Introduction.....	1
B.	Location and Background.....	2
C.	Current and Projected Development.....	5
D.	Proposed Facility.....	7
E.	Effluent Reuse and Discharge.....	8
F.	Operation at Initial Flows.....	10
G.	Project Contacts and Relationships.....	10

II. GENERAL REQUIREMENTS

A.	Design and Construction Standards.....	11
B.	Permits.....	11
C.	Electrical Power Supply and Controls.....	12
D.	Potable and Non-Potable Water Systems.....	12
E.	Plumbing Color Coding and Marking Requirements.....	13
F.	Hazardous Materials.....	13
G.	Flood Protection.....	13
H.	Erosion Control.....	14
I.	Spill Management Plan.....	14
J.	Confined Space and Safety Issues.....	15

III. TREATMENT AND DISPOSAL

A.	Phase I Facility.....	16
B.	Treatment Alternatives.....	18
C.	Proposed Phase I Equipment.....	19
D.	Influent Lift Station and Screening.....	22
E.	Anoxic Reactor.....	23
F.	Sequencing Batch Reactor.....	24
G.	Decant Surge Tank / Effluent Discharge.....	25
H.	Tertiary Filtration.....	26
I.	UV Disinfection.....	26
J.	Potable/Non-Potable Water Requirements.....	27
K.	Sludge Storage, Processing and Disposal.....	27
L.	Odor Control and Ventilation.....	29
M.	Phase I Facility Operations.....	30

Figures

Figure 1 – Location Map (within Arizona) for Red Rock Development..... 1
Figure 2 – Location Map for Red Rock Development..... 3
Figure 3 – Red Rock Development Layout and Phasing..... 4
Figure 4 – Process Flows..... 17
Figure 5 – Expected Aerobic Sludge Reduction..... 28

Tables

Table 1 – Red Rock Development Land Use Designations ... 6
Table 2 – Red Rock Sewer Planning Criteria..... 6
Table 3 – Red Rock WRF Phase Plan 7
Table 4 – Water Quality Regulations for the Selected Reuse and Discharge 9
Table 5 – Permits Required for the Phase I WRF 11
Table 6 – Potential Pollutants of Concern for the Red Rock WRF 14
Table 7 – Design Phase I Influent / Effluent Characteristics 16
Table 8 – Comparison of Treatment System Alternatives 18
Table 9 – Red Rock WRF Basis of Design and Unit Process
Capacity Information 19
Table 10 – Potable/Non-Potable Water Requirements 27
Table 11 – Odor Control Airflow Requirements..... 30

Appendices

Appendix A – Central Arizona Association of Governments
- Letter of Approval
Appendix B – Biological Treatment Calculations for Phase I
Appendix C – Mechanical Design Drawings
Appendix D – Equipment Performance Information
Appendix E – FEMA Flood Plain Map

ABBREVIATIONS

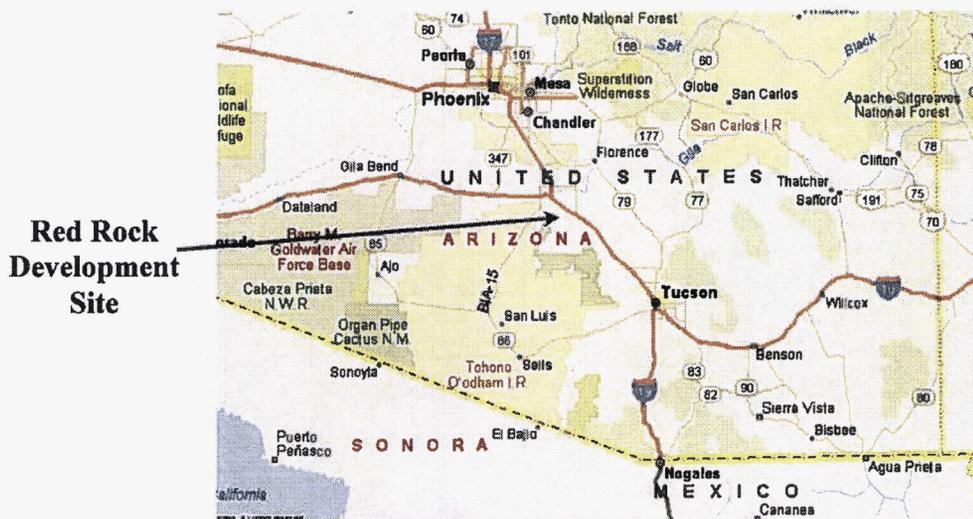
AADF	Annual Average Day Flow
ARS	Arizona Revised Statutes
ATS	Automatic Transfer Switch
AZPDES	Arizona Pollution Discharge Elimination System
BMP	Best Management Practices
BNR	Biological Nutrient Removal
BOD ₅	Biological Oxygen Demand (based on a 5 day test)
CAAG	Central Arizona Association of Governments
dB(A)	Decibels measured on the A scale
D.O.	Dissolved Oxygen
GPD	Gallons Per Day
GPM	Gallons Per Minute
HP	Horsepower
HR	Hour
KW	Kilowatt
mL	Milliliters
MCP	Motor Control Panel
Mg	Milligrams
MLSS	Mixed Liquor Suspended Solids
MMDF	Maximum Month Average Daily Flow
NEC	National Electric Code
NFPA	National Fire Protection Association
NPDES	National Pollutant Discharge Elimination System
NTU	Nephelometric Turbidity Unit
O & M	Operation and Maintenance
ORP	Oxidation Reduction Potential
OSHA	Occupational Safety & Health Administration
PACE	Pacific Advanced Civil Engineering
PC	Personal Computer
PERC	Pacific Environmental Resources Corporation
PLC	Programmable Logic Controller
PSI	Pounds per Square Inch
SBR	Sequencing Batch Reactor
SRT	Solids Retention Time
TDH	Total Dynamic Head
TKN	Total Kjeldahl Nitrogen
TN	Total Nitrogen
TSS	Total Suspended Solids
UBC	United Building Code
UPC	United Plumbing Code
UV	Ultraviolet Light
VFD	Variable Frequency Drive
WAS	Waste Activated Sludge
WRF	Water Reclamation Facility

I. PROJECT DESCRIPTION

A. Introduction

Red Rock Utilities, LLC is planning to implement a new water reclamation facility (WRF) called the "Red Rock Water Reclamation Facility" to treat and reclaim wastewater flows from a proposed 1,300 acre residential and commercial development in Pinal County, Arizona. *Figure 1* shows the proposed location of the Red Rock Development. The development will be located east of Interstate-10 in portions of Sections 4, 5, 8, 9 of Township 10 south, Range 10 east, of the Gila and Salt River baseline and meridian. The WRF facility will be located southwest of Interstate 10 off Sasco Road in the Northwest ¼ of Northwest ¼ of Northwest ¼ of Section 8 (cadastral location: D-10-0-10-0-8-BBB). There are no existing wastewater treatment facilities that are in close proximity to the proposed development. The nearest wastewater treatment facility is located within Pima County, approximately 7.5 miles south of the project site. Therefore, a facility is needed to process wastewater flows from the Red Rock Development and adjoining land parcels to ensure the Red Rock residents are provided with adequate wastewater treatment service.

Figure 1
Location Map for Red Rock Development



This report documents the design of the Phase I WRF, which will be designed to reclaim a Maximum Month Daily Flow (MMDF) capacity of 300,000 gallons per day (GPD), with a peak day capacity of 600,000 gpd and a peak-hour capacity of 900,000 gpd. This wastewater flow projection was based on information provided by Red Rock Utilities, LLC, CAAG 208 Water Quality Plan (refer to sections I.B and I.C), and on generally accepted engineering practices. The wastewater produced is anticipated to be domestic in nature with influent BOD and TSS averaging 300 mg/L

and total kjeldahl nitrogen (TKN) averaging 45 mg/L. The design treated effluent concentration will meet ADEQ Title 18 Class A+ standards, which are <10 mg/L for BOD, TSS, and Total Nitrogen. The anticipated manner of disposal of this effluent is via reuse and surface water discharge per the AZPDES permit requirements.

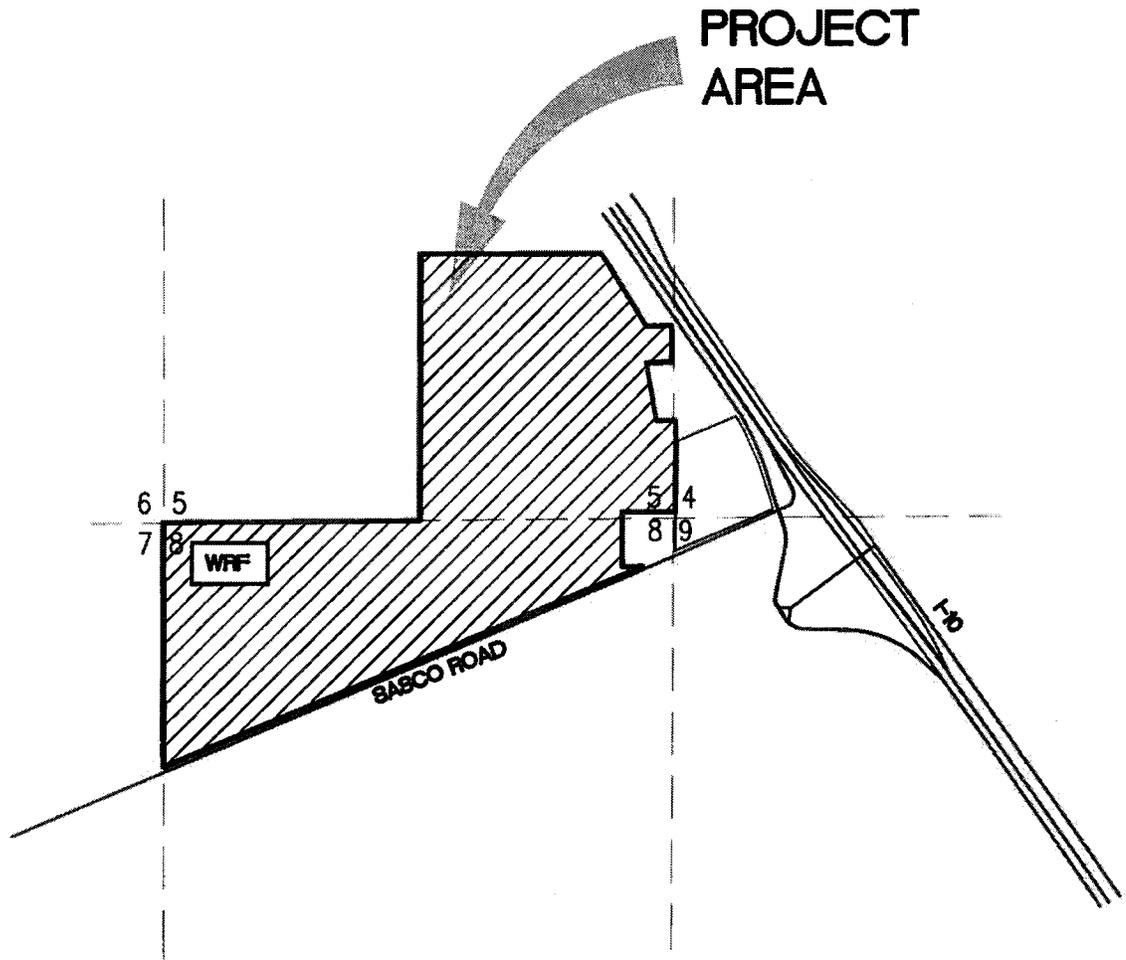
Pacific Environmental Resources Corporation (PERC), a licensed Arizona contractor, has been retained to provide design/ build services for Phase I of the facility. Pacific Advanced Civil Engineering, Inc. (PACE), a licensed Arizona Civil Engineering Firm, is providing engineering design services for the Phase I facility. This report details the engineering requirements for the Phase I infrastructure and equipment of the Red Rock WRF (300,000 GPD MMDF). Ultimately, additional phases of the facility are anticipated which will be required to provide capacity for full build-out of the community.

B. Location and Background

The Red Rock master-planned community is a proposed 1,300 acre development located in portions of Sections 4, 5, 8, 9 of Township 10 south, Range 10 east, of the Gila and Salt River baseline and meridian in Pinal County, Arizona. See *Figure 2* for a map of the development location.

The Red Rock Development concept at maximum-proposed build out consists of residential units, and commercial units consisting of retail stores and restaurants. A significant amount of acreage will remain undeveloped as dedicated open and recreational space. The development is to be implemented in six phases. Refer to *Figure 3* for a description and layout of each Phase.

As construction of additional phases commences, further expansion to the WRF will be necessary to accommodate the increased flow. To correlate with development construction, the WRF will consist of three expansion phases for a total planned capacity of 1.5 MGD MMDF. Phase I of the WRF will have a MMDF capacity of 300,000 GPD to provide treatment service for Phase I and a portion of Phase II of the development or up to approximately 1,200 residential units. Phase II of the WRF will add an increase in treatment capacity of 800,000 GPD for a total of 1.1 MGD MMDF to service portions of Phases II, III, and IV of the development. The final WRF expansion will add an additional 400,000 GPD capacity for a full build-out treatment capacity of 1.5 MGD MMDF. Design of WRF Phase II is required to start at 70% of existing capacity to meet regulation and construction deadlines. Phase II of the WRF will need to be completed at the conclusion of Phase II development construction to handle the additional anticipated waste generation. Similarly, the final WRF phase will need to be completed prior to completion of Phase IV of the development.



LOCATION MAP

LOCATED WITHIN A PORTION OF SECTIONS 4, 5, 8, 9
 TOWNSHIP 10 S, RANGE 10 EAST, G&SRM,
 PINAL COUNTY, ARIZONA.

PACE
**PACIFIC ADVANCED
 CIVIL ENGINEERING**
 17520 NEWHOPE STREET, SUITE 200
 FOUNTAIN VALLEY, CA 92708
 PH (714) 481-7300 FAX (714) 481-7299

SCALE	N.T.S.
DESIGNED	DDT
DRAWN	P.B.
CHECKED	D.I.
DATE	MAR 2005
JOB NO.	7843E

**RED ROCK WRF
 PHASE I 0.3 MGD**

**SITE DEVELOPMENT
 LOCATION**

FIGURE

02

LAND USE PLAN

TITLE

RED ROCK WRF PHASE I 0.3 MGD

AZ

JOB

TUCSON

SCALE N.T.S.

DESIGNED D.D.T.

DRAWN P.B.

CHECKED D.I.

DATE MAR. 2005

JOB NO. 784.3E



PACE
PACIFIC ADVANCED
CIVIL ENGINEERING
17520 NEWHOPE STREET, SUITE 200
FOUNTAIN VALLEY, CA 92708
PH (714) 481-7300 FAX (714) 481-7299

FIGURE



F (I-10)

EXPOSED ZONING	CROSS-SECTION	PROJECTED FUTURE DUELS
D-3	450	1,895
D-4	226	1,153
H	169	735
Z	107	535
D-1 CR-2	25	
TOTALS	977	4,318

F (I-10)

EXPOSED ZONING	CROSS-SECTION	PROJECTED FUTURE DUELS
D-1 CR-2	15	0
I-2	XX	0
TOTALS	35	0

8	1,292	3,964 **
---	-------	----------

as allowed by the Red Rock Village PAD

LEGEND

 DUELS
 Zoning Category → **A** ← Date of Design
 Number of Acres → **CR-4** ← Land Use (see table)
MHD
39 Ac.

 Proposed Road
 Existing Road

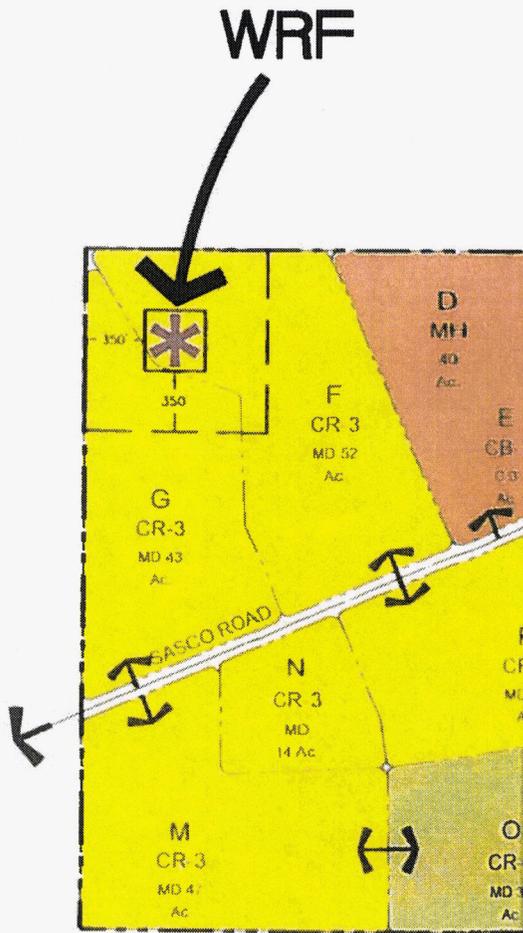
NOTE ON SASCO ROAD

Prior to the commencement of Phase Two of this project (or at a time determined appropriate and necessary by a traffic impact analysis) Sasco Road will be realigned to this configuration. The right-of-way for the existing Sasco Road alignment will be abandoned and deeded back to the property owner.

NOTE:

The location of roads shown on this plan is conceptual only. Their final location may change during the platting process.

-  Phase I
-  Phase II
-  Phase III
-  Phase IV
-  Phase V
-  Phase VI



RED ROCK VILLAGE
PAD Conceptual Land Use Plan
Exhibit 5

The WLB Group



WLB No 100030-B-00

The proposed method of sewage collection and treatment is by gravity sewer to the Red Rock WRF along the western portion of the development near Sasco Road. The sewage collection and treatment systems will be implemented to first service Phase I and will be expanded to service future residential and commercial expansion.

The proposed site location of the proposed Red Rock WRF, illustrated in *Figures 2 and 3*, was deemed the most beneficial due to the following factors:

- 1) Minimal sewage conveyance distance from surrounding developments;
- 2) Relatively large designated land area and set-backs availability; and,
- 3) Down gradient from development, allowing for gravity flow to WRF

C. Current and Projected Development

In the 2003 CAAG 208 Amendment by The WLB Group (February 2003), development phasing and associated wastewater flow for the project was determined. The current population for this area is approximately thirty (ten dwellings), as this section of Arizona was used primarily as grazing pasture for cattle since the early 1900s.

The projected Red Rock master planned residential community is based upon a tentative plat (*Figure 3*), performed by The WLB Group, illustrating project area by phase, land use, and area construction. Based upon the number of projected dwelling units determined by the plat, planning for the Red Rock development is derived from an approximate population of 10,000 (3,810 dwelling units) at the build-out condition. *Figure 4* illustrates the project area by phase, land use, and area construction. The distribution of population for the overall development has been determined by the tentative plat done by The WLB Group. The land use areas for the project are shown in *Table 1* and corresponding wastewater design flows per land use designation are displayed in *Table 2* for the Red Rock WRF Service Area.

Table 1
Red Rock Development Land Use Designations¹

Land Use	Land Use Designation	Average Density (R/AC)	Prop. Zoning	Gross Acreage	Projected Dwelling Units
MD	Medium Density Residential	3.10	CR-3	450	1,395
MHD	Medium High Density Residential	5.10	CR-4	226	1153
MH	Manufactured Housing	4.17	MH	169	705
RV	RV Home site	5.19	RV	107	555
C	Commercial	N/A	CB-1, CB-2	40	N/A
IND	Industrial	N/A	CI-2	300	N/A
S	School	3.10 or 5.10	CR-3, CR-4	-	N/A
P/OS	Park/Open Space	5.10 or N/A	CR-4, C1-2	-	N/A

Notes: 1. CAAG 208 Table

Table 2
Red Rock Sewer Planning Criteria¹

No. of People per Dwelling	Waste Flow Generation / Person	Waste Flow Generation for Commercial & Industrial Areas	Waste Flow Generation for School Areas	Peaking Factor	Infiltration
#	GPD / person	GPD / acre of development	gpd / acre of development	-	GPD / acre of development
2.5	100	900	1,350	3	250

Notes: 1. Modified CAAG 208 Table

Based upon the community plan (Figure 3), land use designations (Table 1), and sewer planning criteria (Table 2), the Red Rock Development will consist of six phases and three WRF expansions for an approximate total of 1.5 MGD of treatment capacity to serve the projected community for 20 years or at full build-out conditions.

Table 3 summarizes the Red Rock development projected flows for each of the three phases in relation to the projected development phases. The following assumptions were made in development phasing.

- The rate of growth for the project remains constant
- A similar rate of growth of regional project developments
- Market demand for the proposed types of residential housing

If the build-out rate fluctuates, due to accelerated or decreased project development, key infrastructure components, such as the WRF, will need to be reevaluated.

Table 3
Red Rock WRF Phase Plan¹

WRF Phase ²	Development Phase ²	Year	Infrastructure Capacity
I	I - II	2004 - 2011	Start of Project - 0.3 MGD WWTP
II	II - IV	2012 - 2019	Addition of 0.8 MGD WWTP capacity
III	V - VI	2020 - 2023	Build-out of the Red Rock Village Development including area east of I-10. Addition of a further 0.4 MGD WWTP capacity for a total of 1.5 MGD.

Notes: 1. CAAG 208 table updated per the Conceptual Design Report by PERC

2. There will be some degree of overlap between the development phases and the WRF capacity.

D. Proposed Facility

The Phase I WRF will be an activated sludge process utilizing hybrid Sequencing Batch Reactor (SBR) technology. The activated sludge system will provide advanced biological nutrient removal (BNR) through the oxidation of organic matter and nutrients. Along with the secondary process, tertiary filtration and ultraviolet (UV) light disinfection systems will be incorporated to produce tertiary effluent, complying with Arizona Title 18 Class A+ effluent standards. The completed Phase I facility will be equipped with screening, biological BOD reduction, nitrification/denitrification, clarification, filtration, and UV disinfection. The facility will also provide aerated sludge storage and solids dewatering to meet EPA Class B Biosolids Standards, as well as incorporating noise, odor, and aesthetic control measures.

The design sizing for the Red Rock Phase I WRF is listed below.

Maximum Month Day Flow (MMDF)	300,000 gal / day
Peak Day Flow (MMDF x 2.0)	600,000 gal / day
Peak Hour Flow (MMDF x 3.0)	900,000 gal / day

The wastewater quality characteristics for the proposed Red Rock WRF are estimated to be consistent with typical domestic sewage in the region. Estimated influent concentrations are presented below:

<u>Influent Wastewater Constituent</u>	<u>Average Conc.</u>
Biological Oxygen Demand (BOD ₅)	300 mg/l
Total Suspended Solids (TSS)	300 mg/l
Total Kjeldahl Nitrogen (TKN)	45 mg/l

The following biological loading assumptions will be utilized for the Phase I Red Rock WRF design:

<u>Influent Wastewater Constituent</u>	<u>Ave. Load</u>	<u>Peak Load (1.3X)</u>
BOD ₅	750 lb/day	975 lb/day
TSS	750 lb/day	975 lb/day
TKN	113 lb/day	147 lb/day

E. Effluent Reuse and Discharge

Effluent from Phase I of the Red Rock WRF is anticipated to be used for:

- 1) Discharge to reclaimed water reuse locations within the development during periods of irrigation demand
- 2) Discharge to an adjacent wash, a tributary to the Santa Cruz River in the Santa Cruz River Basin (surface water discharge):
 - Latitude 32° 34' 21" (N)
 - Longitude 111° 20' 41" (W)

Effluent proposed by the Red Rock WRF will meet ADEQ Title 18 Class A+ Reclaimed Water Standards. This allows the reclaimed water to be used for unrestricted irrigation of publicly accessible landscape, parks and open space

Table 4 displays water quality standards developed for different reuse and discharge objectives planned for the Red Rock WRF's reclaimed water. EPA Guidelines for Water Reuse are also displayed as a reference. The final column shows proposed Red Rock WRF effluent water quality. The Red Rock WRF has been designed to achieve compliance with the most restrictive regulations of irrigation reuse and Arizona National Discharge Elimination System (AZPDES) permit requirements.

**Table 4
Water Quality Regulations for Selected Reuse and Discharge**

Water Quality Parameter	Arizona Title 18 Class A+	EPA Guidelines for Water Reuse	AZPDES Discharge Limits (monthly avg)	Proposed Water Quality Objectives
Biological Treatment	A certified biological treatment process	Not Specified	Not Specified	A certified biological treatment process
BOD-5 (mg/l)- Biological Oxygen Demand	Not Specified	< 10	< 30	< 10
TSS (mg/l)- Total Suspended Solids	Not Specified	Not Specified	< 30 / min 85% removal	< 10
TN (mg/l)- Total Nitrogen	< 10	Not Specified	Not Specified	< 10
TDS (mg/l)- Total Salts	Not Specified	500-2,000	Not Specified	Not Specified
pH	6.0 - 9.0	6.0 - 9.0	6.5 - 9.0	6.5 - 9.0
Disinfection	A certified disinfection process	Not Specified	Not Specified	A certified disinfection process
Fecal Coliform (CFU/100ml)	Non-Detect (in 4 of 7 samples)	Non-Detected (7 day median)	Non-Detected (7 day median)	Non-Detect (in 4 of 7 samples)
Advanced Treatment / Filtration	< 23 (single sample max)	< 23 (single sample max)	< 126 (< 156 single sample max)	< 23 (single sample max)
	A certified filtration process	Not Specified	Not Specified	A certified filtration process
Turbidity (NTU)	< 2 (24 hour average) < 5 always	Not Specified	Not Specified	< 2 (24 hour average) < 5 always

* Please note: In order to meet the coliform requirements, BOD & TSS will need to be less than 10 mg/L.

F. Operation at Initial Flows

As the Red Rock WRF is designed to allow for low-flow operation, high quality effluent from zero to full flow is achievable. Therefore, plant effluent is expected to meet Title 18 A+ Reclaimed Water Standards from the first day of discharge onwards.

The Red Rock WRF will operate according to the following stages:

Stage 1: Vault and Haul – 0 to 5,000 GPD (wastewater will be stored in the lift station and hauled to a nearby WRF)

Stage 2: Low Flow – 5,000 to 30,000 GPD. In the phase of operation the two aerobic digesters will be converted to low-flow SBRs. A low-flow decanter will be provided in each digester to transport secondary effluent to the filtration and UV system. Tertiary effluent discharge will be disposed of in the same manner as in "normal" operations.

Stage 3: Greater than 30,000 GPD, the Anoxic and SBRs will come online, starting with single tank operation and proceeding to the normal two-tank mode once sufficient flow is available.

G. Project Contacts and Relationships

Red Rock Utilities, LLC will own, operate, and assume responsibility of the collection system, the water reclamation facility, and the effluent distribution system. Therefore, this entity will be the party responsible for the quality and delivery of the reclaimed water at all points of reclamation and reuse.

Owner/Developer:	Red Rock Utilities, LLC 2200 East River Road, Suite 115 Tucson, AZ 85718 (520) 577-0200
Design/Builder:	Pacific Environmental Resources Corp. (PERC) 17520 Newhope Street, Suite 140 Fountain Valley, CA 92708 (714) 481-7270
Engineer of Record:	Pacific Advanced Civil Engineering, Inc. (PACE) 17520 Newhope Street, Suite 200 Fountain Valley, CA 92708 (714) 481-7300

II. GENERAL REQUIREMENTS

A. Design and Construction Standards

The design and construction of the Phase I facility will be in conformance with the following applicable codes:

- Uniform Details and Standard Specifications for Public Works Construction – 1998
- Arizona Administrative Codes – Title 18
- Uniform Building Code (UBC) – Latest Edition
- Uniform Plumbing Code (UPC) – Latest Edition
- Uniform Fire Code – Latest Edition
- National Fire Protection Association (NFPA) 820 – Latest Edition
- National Electric Code (NEC) – Latest Edition

B. Permits

Table 5 below lists the permits that will be required for by the Red Rock WRF.

Table 5
Permits Required for the Phase I WRF

Permit	Issuing Agency
Clean Water Act (CWA) 208 Ammendment	Central Arizona Association of Governments (CAAG)
Aquifer Protection Permit	Arizona Department of Environmental Quality
AZPDES	Arizona Department of Environmental Quality
Storm Water Management Permit - Construction	Arizona Department of Environmental Quality
Storm Water Management Permit - Permanent Installation	Arizona Department of Environmental Quality
Building Permit	Pinal County
Grading Permit	Pinal County
Air Quality Permit	Arizona Department of Environmental Quality

The 208 Water Quality Certification has already been acquired for this facility. A letter of approval from the Central Arizona Association of Governments Organization (CAAG) is provided in *Appendix A*. In addition, a AZPDES permit has been drafted for the Red Rock WRF and it is anticipated to be approved by the summer of 2005.

C. Electrical Power Supply and Controls

A minimum of 800A power supply service will be necessary for operation of the Phase I facility. From the service pedestal, power will be routed to an Automatic Transfer Switch (ATS). The transfer switch will be fed by both the prime power source and a 350 KW diesel powered generator (Phase I). In the event that primary source power is lost due to service provider failure or feeder line damage, the ATS will automatically start the generator and transfer power to generator service. Once prime power is restored, the ATS will automatically transfer back to prime power. The generator will be equipped with a 12-hour fuel tank and automatic exerciser clock, which will run the generator once a week to ensure proper operation when needed.

From the ATS, power will be routed to a sub-distribution breaker panel. The sub-distribution panel will contain separate breakers for multiple phases of the facility. Each of the facility phases will have independent Motor Control Centers (MCCs). Each MCC will be controlled by a local PLC, which will communicate via network to other PLC units in the plant. By having the command instruction local to each system, a computer problem with one controller or network will not affect other controllers in the system.

Most PLC units will be Allen Bradley SLC 5/05 series or Micro-Logics 1500 series modular controllers. By providing commonality between PLCs, spare parts and service requirements will be reduced. The following equipment will use PLC controls:

- Influent Lift Station
- Influent Screening
- SBR and Anoxic mechanical and process controls
- UV Reactors
- Sludge Centrifuge

D. Potable and Non-Potable Water Systems

Potable water will be supplied to the facility from a new 6 inch water main. The potable water system within the facility will consist of a 3 inch primary branch equipped with a pressure reducing backflow preventer. The water supply main will provide potable water for sinks, toilets, eyewash stations, process equipment, and a fire suppression system. The fire suppression system will include 4 inch piping and serve strictly the office building.

Reclaimed water use in the facility will be limited to provide loop water for the building HVAC heat pumps. Purple pipe will be used to distinguish non-potable piping systems. Separation between potable and non-potable water lines will be maintained. Construction of all new potable and non-potable water lines will be in conformance with all applicable standards.

E. Plumbing Color Coding and Marking Requirements

All exposed plumbing in the Phase I treatment facility will be properly color coded and marked. Markings will indicate the material conveyed and the direction of flow. The following color-coding will be used to identify and distinguish different plumbing and piping systems:

<u>Process or Fluid Description</u>	<u>Color Requirement</u>
Raw Untreated – Wastewater	Dark Gray
Secondary Treated – Wastewater	Light Gray
Tertiary Treated – Reclaimed	Purple
Return and Waste Activated Sludge (RAS and WAS)	Brown
Compressed Air	Green
Backwash / Wash Water Waste	Yellow
Polymer Feed	Orange
Fire Protection	Red
Potable (drinking)	Blue

All valves will be provided with stamped number identifiers or tags. A related list of intended use and normal position will be maintained in the facility operation-and-maintenance manual.

F. Hazardous Materials

The wastewater treatment facility will not accept any hazardous materials. The Red Rock WRF will maintain and implement a pre-treatment program for future commercial and industrial users and will conduct periodic tests and inspections to eliminate illegal dumping into the sewage collection system.

To reduce the risk of hazardous chemical spills on-site, diesel fuel for the back-up generator, laboratory chemicals, and mechanical service fluids will be properly contained and isolated in accordance with hazardous material safety regulations. Please refer to Section I for further information regarding containment of hazardous materials.

G. Flood Protection

The proposed Red Rock WRF and associated buildings will be located above the 100-year flood zone and will not be susceptible to flooding during a major storm event (see *Appendix E*). The entire facility will be elevated approximately 5.0 feet above the existing grade.

Hazardous materials required for the operation and maintenance of the WRF will be contained within the treatment facility and thus safely above the 100 year flood elevation.

H. Erosion Control

A Stormwater Pollution Prevention Control program will be prepared in accordance with NPDES storm water requirements. Final design of treatment facility grading, drainage, and erosion control will be submitted as part of the Red Rock Development grading plan to the ADEQ.

I. Spill Management Plan

The following plan is a recommended course of action: Red Rock WRF operational staff members will develop a working Spill Management Plan, as well as other management plans for proper operation and maintenance of the WRF. This spill management policy is directed by the use of "Best Management Practices" (BMPs) for the identification, containment and clean-up of any hazardous material spill related to the operation and maintenance of the wastewater treatment facilities.

The staff will provide all necessary materials and funds required for proper operation and maintenance. Proper and routine facility maintenance is the key to preventing unauthorized spills.

Laboratory chemicals, polymer, sodium hypochlorite, lubricating oil and grease and diesel fuel are the materials which will be stored on-site. The daily plant operations and processes do not require the use of hazardous chemicals or materials beyond those listed. Operator interaction with materials consistent with domestic sewage may be necessary during routine maintenance. *Table 6* lists the potential pollutants of concern and sources of contamination at Red Rock WRF:

Table 6
Potential Pollutants of Concern for the Red Rock WRF

Hazardous Material	Source of Possible Contamination
Raw Domestic Wastewater	Mechanical or Electrical System Failure Causes System Overflow
Diesel Fuel/Machine Oil	Improper Handling of Mechanical Equipment
Screened Solid Waste Material	Improper Material Handling and Disposal
Polymer	Accidental Spill or Leak
Sodium Hypochlorite	Accidental Spill or Leak

As part of the daily operations of the wastewater treatment facility, raw domestic wastewater will enter the plant and be stored on-site for processing. Installed redundant equipment and pumping systems have been provided throughout the treatment process. In the event of electrical failure, emergency back-up power will provide for uninterrupted, normal operations for the entire facility without load-shedding.

Solid domestic wastes will be removed daily from the raw domestic wastewater stream by the screening station. These solids will be comprised mostly of solid inorganic material, paper products, and grit. The material will be removed from the screen, conveyed, washed, dewatered, and bagged before being placed in a disposal container. All wash down water will be contained, directed back to the screening box and reintroduced into the waste stream for treatment. At no time will the maintenance staff be permitted to leave the screenings container uncovered or otherwise exposed to the elements. The maintenance staff will contract with a licensed waste disposal company to periodically remove the contents of the containers and haul the contents to a sanitary landfill for proper disposal.

All materials required for proper maintenance of mechanical machinery will be stored on-site in a dedicated maintenance area. When lubrication of machinery is required, the maintenance staff will transport the oil directly to the unit and follow the manufacturer's recommended procedure for lubrication. After service is complete, all unused volumes will be returned to their proper storage area.

J. Confined Space and Safety Issues

All standard safety requirements will be adhered to during construction, operation and maintenance of the Red Rock WRF. Because the Phase I facility has covered tanks, OSHA Confined Space Entry Requirements will apply to these facilities.

Tank entry is not required during normal operation or maintenance of the reactors and associated equipment. The jet manifolds and aspirators do not require any service or regular maintenance. All submersible pumps will be installed on guide rails for easy retrieval from the top of the tank. Therefore, no part of the facility will require a confined space entry permit for normal service and maintenance.

During tank inspection, the associated reactor will be drained, ventilated, cleaned and the mechanical and structural systems will be inspected. Maintenance personnel performing this service will be required to obtain confine space entry permit and be thoroughly knowledgeable of OSHA Confine Space Entry and other related requirements including respiratory protection, fall protection, and lock out/ tag out. In addition, the tank atmosphere will be continuously monitored for hazardous gas/toxin accumulation. Ancillary air ventilation will be provided prior to entry and an OSHA approved safety hoist will be available for emergency exit. OSHA requirements are provided in Title 29 CFR 1910. This includes, but is not limited to, the following:

- 29CFR1910.146 – Confined Space Entry
- 29CFR1910.134 – Respiratory Protection
- 29CFR1910.147 – Lock out – Tag out
- 29CFR1926.500 – Fall Protection

III. TREATMENT AND DISPOSAL

A. Phase I Facility

The Phase I facility will be equipped with an influent lift station, screening, biological BOD reduction and nitrification/denitrification, clarification, filtration, and UV disinfection. The facility will also incorporate aerated sludge storage and solids dewatering. *Figure 4* illustrates the treatment process flow.

The design sizing for the Phase I Red Rock WRF is listed below.

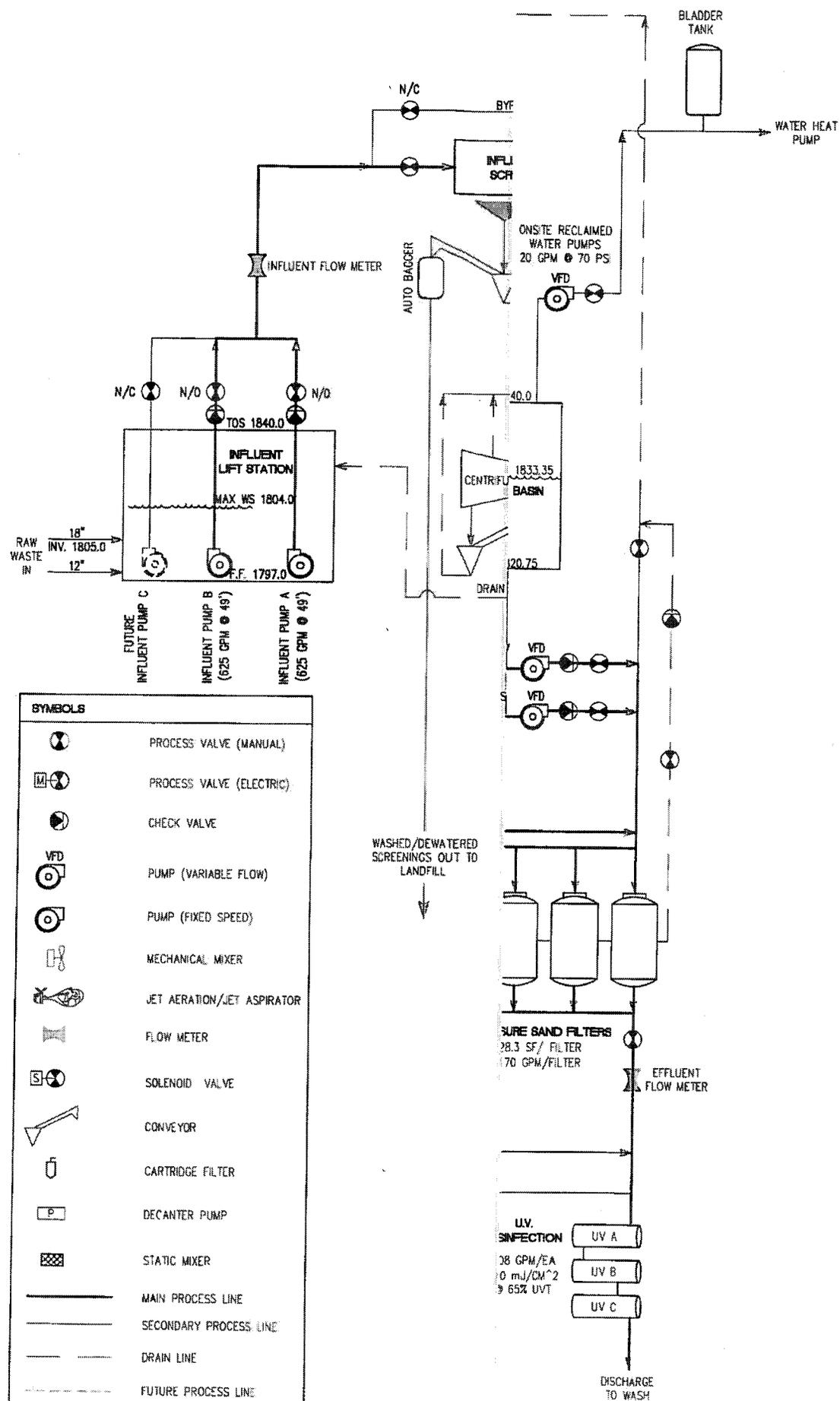
Design Capacity - 0.3 MGD MMDF
Peak Day Capacity - 0.6 MGD (2.0 x MMDF)
Peak Hour Capacity - 0.9 MGD (3.0 x MMDF)

Initial flows for the Red Rock WRF will be primarily residential in nature and will remain so in the future. The majority of development expansion is to accommodate residential and light commercial areas including retail shops and restaurants. Estimated average influent and effluent flow, BOD₅, TSS and TKN values are summarized in *Table 7* below.

Table 7
Design Phase I Influent / Effluent Characteristics¹
Red Rock WRF

MMDF Influent (MGD)	0.3
Influent Peak Day / Peak Hour Flow (MGD)	0.6 / 0.9
Average Influent BOD ₅ (mg/l)	300
Average Effluent BOD ₅ (mg/l)	<10
Average Influent TSS (mg/l)	300
Average Effluent TSS (mg/l)	<10
Average Influent TKN (mg/l)	45
Average Effluent TN (mg/l)	<10
Average Effluent Turbidity (NTU)	< 2 (not to exceed 5 NTU)
Fecal Coliform (CFU/100 ml)	4 of 7 samples non-detectable, No sample to exceed 23

Notes: 1. Based on assumed loadings from new developments in arid regions



SYMBOLS	
	PROCESS VALVE (MANUAL)
	PROCESS VALVE (ELECTRIC)
	CHECK VALVE
	PUMP (VARIABLE FLOW)
	PUMP (FIXED SPEED)
	MECHANICAL MIXER
	JET AERATION/JET ASPIRATOR
	FLOW METER
	SOLENOID VALVE
	CONVEYOR
	CARTRIDGE FILTER
	DECANTER PUMP
	STATIC MIXER
	MAIN PROCESS LINE
	SECONDARY PROCESS LINE
	DRAIN LINE
	FUTURE PROCESS LINE

TITLE
PROCESS FLOW SCHEMATIC

JOB
**RED ROCK WRF
 PHASE I 0.3 MGD**

SCALE N.T.S.

DESIGNED	D.D.T.
DRAWN	P.B.
CHECKED	D.I.
DATE	MAR 2005
JOB NO.	7843E

PACIFIC
PACIFIC ADVANCED CIVIL ENGINEERING
 17420 BENTON BLVD. SUITE 200
 FOUNTAIN VALLEY, CA 91731
 PH (714) 481-7300 FAX (714) 481-7299

FIGURE
04

AZ

TUCSON

B. Treatment Alternatives

To determine the best design alternative to meet the need for wastewater treatment capacity for the Red Rock Development, three treatment methods were analyzed based on cost of construction, and anticipated effluent quality. Only treatment methods that include nitrogen removal technologies were considered. These treatment methods were:

- Oxidation ditch
- Sequencing batch reactor (SBR)
- Aerated stabilization lagoons

Table 8 compares each of these methods in terms of the listed criteria. Of the three alternatives, SBR offer advantages in terms of construction costs, land requirements, ease of expansion and operational flexibility that make the Sequencing Batch Reactor the most viable treatment alternative.

**Table 8
Comparison of Treatment System Alternatives**

	Oxidation Ditch	Sequencing Batch Reactors	Aerated Stabilization Lagoons
Construction Cost	3	2	1
O & M Costs	3	2	1
Energy Requirements	2	3	1
Effluent Quality	2	1	3
Odor Potential	2	1	3
Process Stability	1	2	3
Complexity	2	3	1
Operation Skill	2	3	1
Land Requirement	2	1	3
Ease of Expansion	2	1	3
Visual Impacts	2	1	3
Noise	3	2	1
Nitrification Capability	2	1	3
Denitrification Capability	2	1	3
Operational Flexibility	2	1	3
Process Control Monitoring	2	1	3
Solids Disposal	2	1	2
Pretreatment Requirements	2	3	1
	38	30	39

Score / Rank

Best = 1

Moderate = 2

Last = 3

C. Proposed Phase I Equipment

The following is a summary of the unit processes and associated equipment incorporated into the Phase I Red Rock WRF design based on calculations provided in *Table 9* and *Appendix B*. The appendix contains biological treatment calculations for the design under both dual and single tank facility operation. Aeration requirements, equipment sizing, and tank volumes necessary for treatment at various flow rates and loads are presented. For convenience, the equipment identification in *Appendix C* is referenced from the mechanical design equipment list. Information on the equipment presented for each process may be found in *Appendix D*.

**Table 9
Red Rock WRF Basis of Design and
Unit Process Capacity Information**

Design Flows	Phase I
Maximum Month Daily Flow (MGD)	0.3
Peak Day Flow: 2.0x (MGD)	0.6
Peak Hour Flow: 3.0x (MGD)	0.9
Influent Parameters	
BOD (mg/l)	300
TSS (mg/l)	300
TKN (mg/l)	45
Effluent Parameters	
BOD (mg/l)	<10
TSS (mg/l)	<10
TN (mg/l)	<10
Turbidity (NTU)	<2
Fecal Coliform (FCU/100ml)	Non-detect, not to exceed 23
Headworks	
Type of Headworks	Internally-Fed Rotary Screen
Conveyor, Washer and Compactor for Screen and Grit	yes
Design Maximum Hydraulic Flow Rate (GPM)	650
Lift Station	
Length (feet)	9.9
Width (feet)	7.9
Working Height (feet)	6
Working Volume (gallons)	3,530
Number of Pumps	2
Minimum Capacity of Pump Ea. (GPM @ 49' TDH)	625
Pump HP	15 HP

Table 9 (continued)

Anoxic Zone	
Type of Treatment	Anoxic
Number of Reactors	1
Length (feet)	46.8
Width (feet)	16.8
Maximum Liquid Depth (feet)	17
Normal Maximum Depth (feet)	11.1
Average Liquid Depth (feet)	8.7
Working Volume / Reactor (gallons)	65,400
Design HRT (hours)	4.1
Secondary Biological Treatment	
Type of Treatment	SBR
Number of Reactors	2
Length (feet)	46.8
Width (feet)	22.8
Maximum Liquid Depth (feet)	17
Design Depth	12.6
Working Volume / Reactor (gallons)	47,595
Decant Depth (feet)	4.4
Decant Volume / cycle (gallons)	34,880
Decant Rate (GPM)	830
Design MLSS (mg/l)	3,500
Design HRT (hours)	21.7
Design SRT (days)	13.9
Cycle Times (min) at Average Day Flow	
Fill	33
Interact	136
React	82
Settle	45
Decant	42
Total Time Per Cycle	338
Number of Cycles / Day / Reactor	4.3
Total Available Aeration Time per Day (Hrs)	15.7
Design Aeration Time per Day (Hrs)	10.0
Aeration and Mixing Systems	
Mixing Type	Jet Aeration
Design Oxygen Transfer Efficiency	21.5%
Air Requirement per Basin (SCFM) Based on BOD & TKN	431
Design #SOR per Basin (per hour)	95.8
Number of Aeration Headers / Reactor	2
Number of Jets per Header	5
HP per Jet Manifold	7.5 HP
Total Number of Blowers	3
Aeration Capacity per Blower (SCFM)	562 @ 7.5 PSI

Table 9 (continued)

Blower HP	30 HP
Decant Surge Tank	
Length (feet)	46.8
Width (feet)	10.8
Max Liquid Depth (feet)	12.6
Working Surge Volume (gallons)	47,595
Number of Filter Feed Pumps	2
Capacity of Each Filter Feed Pump (GPM @ 90' TDH)	420
Effluent Filtration System	
Filter Type	Multi-media Pressure
Filter Media Type	Anthracite and Sand
Number of Units	4
Filter Diameter (feet)	6
Filtration Area per Filter Unit (SF)	28.3
Filtration Flow Rate at MMDF (GPM/ft ²) w/ one unit standby	2.5
Filtration Flow Rate at Peak Day Flow (GPM/ft ²) w/ one unit standby	4.9
Maximum Allowable Filtration Flow (GPM/ft ²)	6.0
Disinfection System	
Disinfection Type	UV
Number of Modules	2
Number of Lamps per Module	12
UV Capacity (gpm) per Module	208
UV Dosage @ 65% UVT	>100,000 uWs/cm ² (Microwatts)
Sludge Production	
Design Sludge Yield Factor	0.8
Lbs of Dry Solids / Day from Secondary Treatment	601
Volume of WAS per Day @ 0.83% conc. (gallons)	8,680
Lbs of Dry Solids / Day After Digestion @ 40% VSS Reduction	409
Sludge Digestion	
Type of Treatment	2-Stage Aerobic - Class B
Number of Reactors	2
Length (feet)	16.8
Width (feet)	22.8
Maximum Liquid Depth (feet)	17.0
Normal High Liquid Depth (feet)	15.0
Working Volume / Reactor (gallons)	43,110
Total Working Volume (gallons)	86,220
System SRT @ 2.0% Solids (Days)	35.2

Table 9 (continued)

Sludge Dewatering	
Type	Decanting Centrifuge
Number of Units	1
Ave. Loading Capacity of Centrifuge (GPM)	45
Gal of Sludge to Centrifuge per Day	3,264
Design % Solids in Feed	1.5
Design % Solids in Cake	25.0
Total Hours of Operation / Day	1.2
Total Volume of Sludge to Disposal (cy / day)	1.0

D. Influent Lift Station and Screening

Influent Lift Station:

Raw wastewater will flow from the proposed residential development by a 12" and 18" gravity sewer lines to the influent lift station, located adjacent to the WRF.

The working volume of the influent lift station is approximately 3,500 gallons. The influent lift station consists of two identical 15 HP non-clog submersible pumps, which convey raw wastewater to a drum screen located in the headworks room. Each pump will have an approximate capacity of 625 GPM at 49 ft total dynamic head (TDH). Thus, each pump will be capable of pumping the peak hour flow with full redundancy. Influent flow metering will be provided by a mag-meter installed on the pipe upstream of the screen.

Screening:

A stainless steel internally-fed rotary drum screen located in the headworks room will receive wastewater flows from the influent lift station. The influent drum screen will remove large debris and items contained in the influent wastewater stream with 0.06" slot openings. An associated screenings conveyor will automatically transport screenings to a bagger unit. An automated high-pressure wash system will clean the screen and conveyor with reclaimed water as necessary. The motors and wash systems will be controlled by a single NEMA 4X control panel. A duct will be installed to direct foul air from the screen to an odor control system, thus controlling odorous emissions within the headworks room. The screen will have both a built-in automatic by-pass for uninterrupted service and manual by-pass to allow for maintenance of the screen. From the drum screen, primary wastewater flows to the anoxic reactor.

E. Anoxic Reactor:

From the headworks, wastewater flows by gravity to the anoxic reactor for flow equalization and to provide a source of carbon for biological nutrient removal. The anoxic reactor is used to provide process stabilization through hydraulic and biological load equalization. The anoxic tank has a total usable volume of approximately 100,230 (17 ft) gallons. Of this volume, approximately 65,400 gallons (11.1 ft) is used for the anoxic process at MMDF. The remaining 34,830 gallons is provided for influent surge attenuation. The operator has the ability to change the level set points in the anoxic reactor to "trade" anoxic reactor capacity for hydraulic surge capacity.

The anoxic reactor contains one 2.5-HP mixer to provide completely mixed conditions. Mixing operations are automatically controlled and adjusted through the main control panel or SCADA system.

The anoxic reactor also contains two 7.5 HP SBR fill pumps used to load the SBR reactors. Each fill pump has an approximate capacity of 1,040 GPM at 20 feet total dynamic head or 5 times the anticipated MMDF rate of 208 GPM.

During a typical operation sequence, an SBR is filled from the anoxic reactor via the SBR fill pump (two fill pumps are provided for redundancy). The SBR which is being filled (from the anoxic reactor) is considered "in-loop". The liquid level in the anoxic reactor provides feedback to the PLC, which controls the operation of the SBR sequences. If SBR #1 is in-loop and the level in the anoxic reactor fill to the pre-set "cycle water level", the in-loop SBR is alternated to SBR #2. When the in-loop SBR is changed to SBR #2, the influent valve to SBR #1 is closed and the influent valve to SBR #2 is opened; thereby, the anoxic fill pumps discharge to SBR #2 (SBR #2 in-loop).

The tank that is not in-loop is subject to a react phase, followed by settle, decant, and idle periods. In this example, SBR #1 remains in a react period consisting of cyclic aeration and mixing until the fill period is completed for SBR #2. At this point, SBR #1 equipment is turned off and the reactor is sent to timed "settle" mode. When the settle timer times-out, SBR #1 enters a "decant" mode which discharges clarified liquid from the top layer of the tank. When decant is completed, SBR #1 remains in idle mode until cycle water level in the anoxic tank is once again achieved. When in idle, the reactor cycles through mixing and aeration to further improve biological selection, nitrification/denitrification and maintain an adequate microorganism population.

While SBR #1 is in settle and decant modes, the anoxic fill pumps continue to discharge to SBR #2; however, SBR #2 has reached the crest of a RAS weir and nitrified mixed liquor spills over the weir and is returned to the anoxic reactor. The in-loop SBR acts as an aeration basin which provides

BOD₅ reduction and ammonia conversion. When the nitrified mixed liquor flows back to the anoxic reactor, the high carbon content from the raw influent wastewater, low D.O. and high degree of mixing provide optimal conditions for denitrification. In addition, as with traditional SBR technology, the operator will have the ability to cycle air delivery on and off in the SBR reactors to facilitate further reduction in total nitrogen and energy savings due to reduced mechanical equipment operation. This "interact" mode continues until the anoxic cycle water level is again reached at which time SBR #1 is returned to in-loop. The influent valve to SBR #2 closes, the influent valve to SBR #1 opens, and a new sequence starts again for both tanks.

All of the plant process drains will empty into the anoxic reactor. The reactor is equipped with a mud valve and will drain to the lift station.

F. Sequencing Batch Reactor

The SBR reactors and associated equipment have been designed to reduce the incoming BOD from an average concentration of 300 mg/l to less than 10 mg/l or greater than 96% removal. In addition, the aeration system provides complete nitrification of average influent TKN concentrations of 45 mg/l. In operation, the SBR basins cycle mixing and aeration to provide a significant degree of denitrification. In addition, nitrified mixed liquor suspended solids is returned to the anoxic reactor for conditioning and further denitrification.

From the anoxic reactor, water is pumped into one of the two SBR reactors. Each of the reactors has a total volume of approximately 136,000 gallons at top water level. These basins provide mixing and aeration via submerged jet aeration manifolds and positive displacement blowers. Each reactor contains two 7.5 HP jet mixing pumps, two 6 nozzle jet mixing manifolds, one approximately 48 foot long fixed RAS return trough (to the anoxic reactor), and one floating solids excluding decanter (830 GPM for each tank). Each mixing pump provides approximately 1,100 GPM at 20 feet of total dynamic head to drive the jet aeration system. Three blowers are provided for the pair of SBR reactors. One 562 SCFM blower is provided for each SBR with the third unit supplied as an installed spare.

Each blower is supplied with a sound reduction enclosure. The enclosure reduces the anticipated noise level of 88 dB(A) to approximately 70 dB(A). In addition, the blowers are housed in a masonry building, providing an additional 6 dB(A) reduction outside of the structure. Operators will be required to wear ear protection when working in and around operational blowers.

The facility is able to self regulate dissolved oxygen levels in both SBR reactors. This is accomplished through PLC controls using D.O. sensors located in the reactor basins. The control system for the facility allows both D.O. and timed modes of aeration control.

When an SBR basin enters the settling mode, all inflow is diverted to the other SBR reactor. The timed settle period provides a quiescent tank in which unhindered settling is rapidly achieved. With an anticipated 45 minute settle period, the plant design allows for 13.4 feet of settling prior to decant.

G. Decant Surge Tank / Effluent Discharge

Upon completion of the settle timer, the SBR batch (up to 4.4 feet of SBR water depth or 34,880 gallons) will be decanted at an average rate of approximately 830 GPM from the SBR reactor into the surge tank. The surge tank will have a usable volume of approximately 47,500 gallons. The surge basin will be hydraulically connected to the SBR tank during decant and will have the ability to slow the decant rate when the surge basin level increases to that of the SBR tank. This will provide additional control flexibility to optimize discharge rate to tertiary processes.

The surge basin will contain two 15 HP submersible filter feed/discharge pumps (one redundant) with variable frequency drives (VFD). Each pump will have a peak capacity of approximately 417 GPM at 90 ft TDH. Thus, one pump will provide the peak day flow capacity for the facility, while the second unit is for redundancy. These pumps are designed to provide pressure necessary to transport water through the filtration and UV disinfection systems and to the final discharge point (specified in the AZPDES permit, refer to section I.E). The total dynamic head for each pump is based on the loss through the filtration system, UV system, total pipe length and fittings (dynamic losses), and static head

When the level in the surge tank is between the high and low level set points, the discharge rate of the filter feed pumps will be automatically adjusted based on influent flow-rate to maintain a near constant flow output to the filters and UV vessels. The control sequence will proportion the speed of the filter feed pumps based on the influent flow (determined based on the rate of change in influent lift station level) unless the "in-loop" SBR is near full or surge basin level setpoints are reached. If the surge basin low level setpoint is reached, all pumps will be turned off. If the surge basin high level setpoint is reached, the filter feed pump will be operated at full speed. If the "in-loop" SBR is approaching full, and the decanting SBR has not reached bottom water level, the surge pump will run at full-speed.

H. Tertiary Filtration

From the surge basin, effluent will be further treated using filtration units located in the Disinfection/Filtration area. Four filter units will be supplied in Phase I. Three filter units are designed to operate at the peak day flow rate with the fourth filter as redundant. At the peak day flow rate of 415 GPM, the filter flux rate with one unit out of service is 4.9 GPM/ft². Each filtration unit is 6 feet in diameter (28.3 ft² filtration area) and utilizes sand and anthracite media. The filters will be equipped with controls for automated back-washing based on elapsed time or differential pressure. As solids accumulate on the media, the difference in pressure between the influent and effluent will increase until it reaches a high pressure set point, at which time, an automatic backwash cycle will be initiated.

When backwash is initiated by the filter control panel, a pneumatic valve to the influent of one vessel is closed and simultaneously a backwash valve from the top of that same filter vessel is opened. Thereby, the flow through the vessel is reversed and accumulated solids are returned to the anoxic reactor. The backwash flux rate is approximately 15 GPM/ft² which equates to a total of 425 GPM per vessel. Backwashing will cycle between each vessel sequentially until all vessels are backwashed and headloss in the media is reduced to desired operating conditions. The total estimated backwash volume per day is approximately 8,500 gallons (2x/day/filter) or 2.8% of the MMDF.

The backwash line empties into the RAS trough in SBR#2, returning to the anoxic reactor. In the event that the filtered effluent does not meet the turbidity requirements prior to UV disinfection (as determined by the turbidity meter), the effluent would be diverted to the backwash line and returned to the anoxic reactor.

I. UV Disinfection

Residual pressure from the filters will be used to transport the filter effluent to the pressure UV system which will be used to disinfect the water. The UV system will consist of three identical closed vessels installed in series. Each UV unit will contain twelve low pressure high output (LPHO) amalgam lamps capable of providing a dose of >100,000 uWs/cm² at 65% transmittance. Each UV vessel will be designed to disinfect at a flow rate of approximately 208 gpm. Therefore, two units will be used to handle peak day flow, while the third unit is redundant. The three UV vessel configuration allows for twice the turndown capacity for optimum performance, which leads to lower power consumption.

J. Potable/Non-Potable Water Requirements

The potable water system within the facility will consist of a 3 inch primary branch equipped with a pressure reducing backflow preventer. The water supply main will provide potable water for sinks, toilets, eyewash stations, process equipment (requirements are listed in *Table 10*), and a fire suppression system. The fire suppression system will include 4 inch piping and serve strictly the office building.

An onsite-reclaimed water system will be installed to provide loop water to the building water heat pumps. A submersible booster pump capable of providing 27 gpm @ 40 psi each shall be provided to meet the flow demand requirements. The onsite distribution system will be equipped with a pressure sensor and bladder tank to help maintain line pressure and to attenuate pressure variation. *Table 10* lists the potable/non-potable water requirements.

**Table 10
Potable/Non-Potable Water Requirements**

Item	Type	Flow Requirement (GPM)	Pressure Requirement (PSI)
Influent Screen	Potable	19	40
Screen Conveyor	Potable	24	40
Centrifuge (Polymer/Washdown)	Potable	10	50
Hose Bibs	Potable	5	50
Irrigation	Potable	10	65
Heat Pump	Non-Potable	30	26
Total		98	70

K. Sludge Storage, Processing and Disposal

Waste activated sludge (WAS) from the SBR tanks is pumped to the aerated sludge storage tanks for stabilization and storage prior to being dewatered. The WAS is pumped via two 2.1 HP submersible sludge waste pumps (one per basin). Wasting of sludge can be configured to operate on a continuous or intermittent basis. Each waste pump has a capacity of 140 GPM at 20 ft of head. Within the sludge storage tank, a single nozzle, uni-directional jet aspirator will aerate the tank using a 15 HP jet mixing pump.

The aerated sludge storage tanks have a combined storage volume of 86,220 gallons. At the design MMDF rate of 0.3 MGD, approximately 8,680 gallons of sludge is anticipated to be wasted per day at 0.83%

solids concentration (600 lbs/day). In addition to thickening, solids destruction or digestion occurs in the aerated storage tank. Figure 5 below displays a chart of anticipated volatile solids reduction.

Figure 5
Expected Aerobic Sludge Reduction

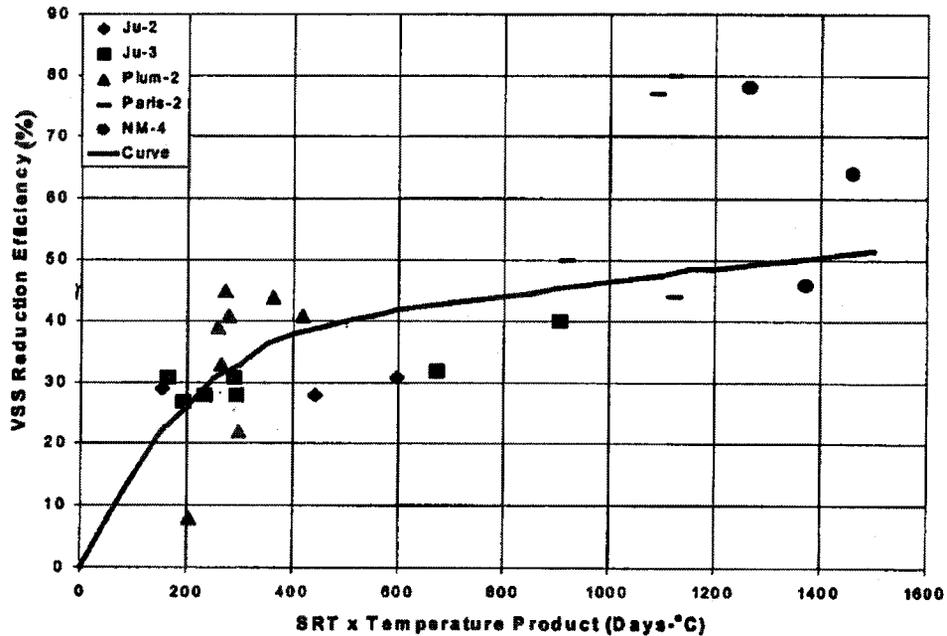


Table courtesy of enviroquip, Inc publication for "Crash Course in Aerobic Digestion & BNR Facilities Optimization 2001", 2001. The data points are individual readings from case studies at several facilities as compared to the EPA digestion curve.

In the aerated sludge storage tank there will be digestion of volatile organics for stabilization of the waste sludge. It is estimated that the total solids volume entering the digestion process will be reduced by 40%. Based on data provided on Figure 5, at sludge temperature of 20° C, it will take approximately a 30 day SRT to achieve this reduction. The available sludge storage will be 35 days. Field observations of similar systems in Arizona have indicated that the SRT required to achieve 40% solids reduction may be as low as 7 to 8 days due to the elevated ambient temperatures.

Assuming 40% volatile solids destruction in the tank prior to dewatering, the mass of solids after digestion will essentially be reduced to approximately 409 lbs/day. Assuming both volatile solids destruction and thickening to 2.0% solids, approximately 2,450 gallons/day of sludge exits the tank for dewatering.

Based on 40 CFR Part 503, Class B biosolids can be achieved through batched aerobic digestion process using two aerobic digesters. The batch

digestion process reduces the time and temperature requirements of 40 days at 20°C by 30% (or 28 days at 20°C). Because the aerobic digesters retention time is 35 days, it is anticipated that the sludge produced from the Phase I facility will meet EPA Class B requirements for potential bio-solids reuse.

As the sludge level in the aerated sludge storage tank increases, the sludge is pumped to the centrifuge unit for dewatering. With the thickening and solids reduction performed in the aerated sludge storage tank, the total solids sent to the dewatering centrifuge is approximately 409 lbs per day at a concentration of 1.5%. The centrifuge has a hydraulic capacity of 45 GPM. At this application rate, one centrifuge is required to operate for approximately 0.91 hours per day at Phase I MMDF. It is estimated that the final volume of sludge for disposal or reuse will be approximately 0.97 cubic yards per day.

The centrifuge is supplied with an automatic PLC control for unattended operation. The sludge processed will be dewatered and hauled to landfill for disposal.

L. Odor Control and Ventilation

The Phase I treatment facility is provided with passive (covers) and active (mechanical) odor control systems. All basins are constructed with concrete covers to reduce odor emissions and provide a ventilation conduit for collecting off gasses. In addition, the lift station, aerated sludge storage, anoxic, and SBR basins, as well as the headworks equipment are provided with a mechanical odor collection and scrubbing system. The odor scrubbing system creates a negative pressure by drawing from the reactor plenums. Fresh air passes through the plenum, between the water surface and the tank cover. Each foul air extraction pipe has a manually adjusted damper to equalize airflow.

To ensure that the Red Rock WRF meets ADEQ odor requirements, a setback of 350 ft will be provided on all sides of the WRF. Future phases of the WRF will also incorporate mechanical odor control systems.

Foul air from each unit process is directed to an activated carbon scrubber at the calculated required flows stated in *Table 11*. The scrubbing system is designed to handle H₂S spikes to 50 ppm and continuous operation at less than 25 ppm H₂S with 99% removal efficiency. *Table 11* summarizes airflow requirements for each reactor and the headworks area.

Table 11
Odor Control Airflow Requirements

Description of Area	NFPA Classification	Tank Floor	Minimum Plenum	Total Air Volume	Air ¹ Changes	Air Volume Per Hour
		Surface Area (FT ²)	Height (feet)	Volume (CF)	per Hour	(CFH)
Lift Station	Class I, Division 2	78	42	3,285	12 (Table 2.2 Row 16)	39,418
Aerated Sludge Storage Tanks	Unclassified	766	4	3,064	6 (Table 4.2 Row 11)	18,386
Anoxic Tank	Unclassified	786	9.5	7,469	6 (Table 3.2 Row 16)	44,816
SBR Tanks	Unclassified	2,134	5.5	11,737	6 (Table 3.2 Row 9)	70,425
Screen	Class I, Division 2	76	2	152	12 (Table 3.2 Row 1)	1,824
Total Required						174,868 (2,914 cfm)

Note: 1. Referenced Tables are from NFPA 820, 2003 Edition

M. Phase I Facility Operations

Operations are controlled by the main PLC that will receive set point and operational parameters from the operator interface (PC) and distribute commands via industrial network to process equipment PLCs. The detailed SCADA system will provide on-line monitoring of plant process and automated dial-in/dial-out capability from the PC terminal located in the operations building.

The Phase I will require the following major mechanical equipment:

- (2) 15 HP Influent/Lift Station Submersible Pumps
- (1) 0.5 HP Rotary Drum Influent Screen
- (1) 1 HP Screenings Conveyor
- (2) 15 HP Submersible Jet Aspirator Pumps
- (1) 2.5 HP Anoxic Mixer
- (2) 7.5 HP SBR Fill Pumps
- (2) 2.1 HP SBR Submersible WAS Pumps
- (4) 7.5 HP SBR Submersible Jet Pumps

- (3) 30 HP Aeration Blowers
- (2) SBR Floating Decanters
- (4) Jet Aeration Manifolds
- (2) 15 HP VFD Filter Feed/ Discharge Submersible Pumps
- (4) 6-ft Diameter Sand/Anthracite Media Filters
- (3) 12 Lamp LPHO UV Disinfection Units
- (2) Sludge Jet Aspirator Aerator Nozzles
- (1) 2 HP Sludge Centrifuge Feed Pump
- (1) Sludge Centrifuge (25 HP Drum, 10 HP Screw)
- (1) Odor Control Unit

The plant will be operated by a state certified operator. Testing and regularly scheduled maintenance should require approximately 40 hours per week for a well-trained individual with major maintenance and operations assistance as required. Pacific Advanced Civil Engineering, Inc. will provide a detailed operation and maintenance manual including regularly scheduled maintenance items, design and operational instructions, and equipment service manuals.

Operations staff at the water reclamation facility will conduct sampling and analysis on water quality and process parameters selected by ADEQ and detailed within the APP once it is finalized. All instrumentation and meters used to perform water quality analyses will be calibrated in accordance with manufacturer's specifications including those used for turbidity measurement. The facility will also be equipped with coliform indication manual laboratory tests (similar to the HACH col-alert test) which indicate present/absent of effluent samples to rapidly verify conformity with Title 18 requirements and the APP permit. However, all official testing and analysis for ADEQ will be conducted by a state-certified laboratory. Reporting of operational problems, equipment breakdowns, diversions to emergency disposal, or any corrective or preventative measures taken will occur at mandated frequencies to the operations oversight agency of record.

A sufficient number of qualified personnel to operate the facility will be provided at all times. Equipment will be properly maintained to prevent failure. Operating records will be maintained at the facility including: water quality analyses, operational problems, equipment breakdowns, diversions to emergency disposal, or any corrective or preventative measures taken. Summaries of operating records will be filed with the regulatory agencies as necessary.

Exhibit RRU-5



2014 Rate Case
Docket No. WS-04245A-14-0295

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BEFORE THE ARIZONA CORPORATION COMMISSION

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
PLANTS AND PROPERTY AND FOR
INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES
FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: WS-04245A-14-_____

APPLICATION

**DIRECT TESTIMONY OF
THOMAS J. BOURASSA**

**(RATE BASE, INCOME STATEMENT, RATE DESIGN AND COST OF
CAPITAL)**

August 04, 2014

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TABLE OF CONTENTS

I.	INTRODUCTION AND QUALIFICATIONS.....	1
II.	OVERVIEW OF THE COMPANY'S REQUEST FOR RATE RELIEF	2
III.	RRU'S WATER DIVISION	4
	A. Summary of A, E and F Schedules.	4
	B. Rate Base (B Schedules).	5
	A. INCOME STATEMENT (C SCHEDULES).....	8
	B. Cost of Capital (D Schedules).	13
	C. Rate Design (H Schedules).	14
	1. Other Tariff Changes.....	17
IV.	WASTEWATER DIVISION	17
	A. SUMMARY OF A, E AND F SCHEDULES.....	17
	B. RATE BASE (B SCHEDULES).....	19
	C. INCOME STATEMENT (C SCHEDULES).....	21
	D. Cost of Capital (D Schedules).	24
	E. Rate Design (H Schedules).	24
	1. Other Tariff Changes.....	28

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q1. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A1. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,
4 Phoenix, Arizona 85029.

5 **Q2 WHAT IS YOUR PROFESSION AND BACKGROUND?**

6 A2. I am a Certified Public Accountant and am self-employed, providing consulting
7 services to utility companies as well as general accounting services. I have a B.S.
8 in Chemistry and Accounting from Northern Arizona University (1980) and an
9 M.B.A. with an emphasis in Finance from the University of Phoenix (1991).

10 **Q3. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND**
11 **REGULATORY EXPERIENCE?**

12 A3. Yes. Prior to becoming a private consultant, I was employed by High-Tech
13 Institute, Inc., and served as controller and chief financial officer. Prior to working
14 for High-Tech Institute, I worked as a division controller for the Apollo Group,
15 Inc. Before joining the Apollo Group, I was employed at Kozoman & Kermodé,
16 CPAs. In that position, I prepared compilations and other write-up work for water
17 and wastewater utilities, as well as tax returns.

18 In my private practice, I have prepared and/or assisted in the preparation of
19 numerous water and wastewater utility rate applications before the Arizona
20 Corporation Commission ("Commission"). A copy of my work experience is
21 attached as Exhibit TJB-RB-DT-1.

22 **Q4. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS**
23 **PROCEEDING?**

24 A4. I am testifying in this proceeding on behalf of the Red Rock Utilities, LLC,
25 ("RRU" or the "Company"). RRU is seeking increases in its rates and charges for
26 water and wastewater utility service in its certificated service area, which area is

1 located in an unincorporated area in southern Pinal County, Arizona.

2 **II. OVERVIEW OF THE COMPANY'S REQUEST FOR RATE RELIEF**

3 **Q5. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

4 A5. I will testify in support of the Company's proposed adjustments to its rates and
5 charges for water and wastewater utility service. I am sponsoring the direct
6 schedules, which are filed concurrently herewith in support of the Company's
7 application. I was responsible for the preparation of these schedules based on my
8 investigation and review of RRU's relevant books and records.

9 For the convenience of the Commission and the parties, my direct testimony
10 is divided into two (2) broad areas, each with the relevant schedules attached.
11 Initially, I address the rate bases, income statements (revenue and operating
12 expenses), required increases in revenue, and rate designs and proposed rates and
13 charges for service for the Company's water and wastewater divisions. In that
14 regard, Schedules A through C, E-F, and H, labeled separately as "Water Division"
15 and "Wastewater Division", are attached to my direct testimony. The Company
16 has not prepared a cost of service study for either division because the Company is
17 not proposing a change in the basic rate designs and Company did not feel it
18 necessary to prepare a cost of service study.

19 Thereafter, I discuss the subject of cost of capital, and Schedule D, which is
20 also attached to this testimony. In that regard, RRU is requesting a return on
21 common equity of 9.5 percent. As shown on Schedule D-1, the Company's
22 consolidated capital structure consists of 100 percent equity and 0 percent debt.
23 Based on the foregoing, the weighted cost of capital is 9.5 percent.

24 **Q7. PLEASE SUMMARIZE THE COMPANY'S APPLICATION.**

25 A7. The Company is seeking rate increases for both its water and wastewater divisions.
26

1 The test year used by RRU is the 12-month period ending December 31, 2013.
2 The Company is requesting a 9.5 percent return on its fair value rate base
3 ("FVRB"). The Company has also proposed certain pro forma adjustments to take
4 into account known and measurable changes to rate base, expenses and revenues
5 for each division. These pro forma adjustments are consistent with normal
6 ratemaking and are contemplated by the Commission's rules and regulations
7 governing rate applications. See R14-2-103. These adjustments are necessary to
8 obtain a normal or realistic relationship between revenues, expenses and rate base
9 on a going-forward basis.

10 The Company's fair value rate base for the Water Division is \$1,378,255.
11 The increase in revenues to provide for recovery of operating expenses and a 9.5
12 percent return on rate base is approximately \$14,480, an increase of approximately
13 2.72 percent over the adjusted and annualized test year revenues.

14 The Company's fair value rate base for the Wastewater Division is
15 \$936,312. The increase in revenues to provide for recovery of operating expenses
16 and a 9.5 percent return on rate base is approximately \$356,955, an increase of
17 approximately 74.75 percent over the adjusted and annualized test year revenues.

18 **Q8. WHY IS THE COMPANY FILING FOR RATE INCREASES AT THIS**
19 **TIME?**

20 **A8.** The circumstances surrounding RRU's filing of its Application at this time are
21 fully discussed in the contemporaneously filed prepared Direct Testimony of
22 RRU's General Manager, Mark Weinberg.
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1 **III. RRU'S WATER DIVISION**

2 **A. Summary of A, E and F Schedules.**

3 **Q9. MR. BOURASSA, LET'S TURN TO THE COMPANY'S WATER**
4 **DIVISION SCHEDULES. PLEASE DESCRIBE THE SCHEDULES**
5 **LABELED AS A, E, AND F.**

6 **A9.** The A-1 Schedule is a summary of the Water Division rate base, operating income,
7 current operating margin, required operating margin, operating income deficiency,
8 and the increase in gross revenue. A 9.5 percent return on FVRB is requested.
9 The increase in the revenue requirement is \$14,480. Revenues at present and
10 proposed and customer classifications are also shown on this schedule.

11 The A-2 Schedule is a summary of results of operations for the test year,
12 prior years, and a projected year at present rates and proposed rates.

13 Schedule A-3 is not required for Class C utilities and is not included.

14 Schedule A-4 contains the plant construction, and plant-in-service for the
15 test year and prior years. The projected plant additions are also shown on this
16 schedule.

17 Schedule A-5 is not required for Class C utilities and is not included.

18 The E Schedules are based on the Company's actual operating results, as
19 reported by the Company in annual reports filed with the Commission. The E-1
20 Schedule contains the comparative balance sheet data for the years 2011, 2012,
21 and 2013 ended on December 31.

22 Schedule E-2, page 1, contains the income statement for the years 2011,
23 2012, and 2013 ended on December 31.

24 Schedule E-3 is not required for Class C utilities and is not included.

25 Schedule E-4 is not required for Class C utilities and is not included.

26 Schedule E-5 contains the Company's plant-in-service at the end of the test

1 year, and one year prior to the end of the test year.

2 Schedule E-7 contains operating statistics for the years ended 2011, 2012,
3 and 2013 ended on December 31.

4 Schedule E-8 contains the taxes charged to operations.

5 The accountant's notes to the financial statements and the financial
6 assumptions used in preparing the rate filing schedules are shown on Schedules
7 E-9 and F-4, respectively, in accordance with the Commission's standard filing
8 requirements. The Company does not prepare audited financial statements.

9 Schedule F-1 contains the results of operations at the present rates (actual
10 and adjusted), and at proposed rates.

11 Schedule F-2 is not required for Class C utilities and is not included.

12 Schedule F-3 shows the Company's projected construction requirements for
13 2014.

14 Schedule F-4 contains the assumptions used in developing the adjustments
15 and projections contained in the rate filing.

16 **B. Rate Base (B Schedules).**

17 **Q10. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE**
18 **LABELED AS THE B SCHEDULES?**

19 A10. Yes. I will start with Schedule B-5, which is the working capital allowance. I
20 used the "formula method" of computing the working capital allowance to reduce
21 costs. However, the Company is not requesting a working capital allowance for
22 either division.

23 **Q11. WHY DIDN'T THE COMPANY PREPARE A LEAD-LAG STUDY AND**
24 **USE THE RESULTS OF THAT STUDY TO COMPUTE CASH WORKING**
25 **CAPITAL?**

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A11. Because the costs to prepare a lead-lag study outweigh the benefits of such a study in this instance.

Q12. THANK YOU. PLEASE CONTINUE.

A12. The Company did not file Schedules B-3 and B-4. To limit issues in dispute and reduce rate case expense, RRU is requesting that its original cost rate base ("OCRB") be used as its FVRB for its Water Division.

Q13. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO THE WATER DIVISION'S ORIGINAL COST RATE BASE?

A13. Yes. Schedule B-2 shows adjustments to the Water Division's OCRB cost rate base proposed by the Company. Schedule B-2, pages 2 through 6, provide the supporting information. These adjustments are, in summary:

B-2 adjustment number 1, as shown on Schedule B-2, page 2, adjusts plant-in-service. There are three plant-in-service ("PIS") adjustments included in Adjustment 1. These are shown on Schedule B-2, page 3, and are labeled as adjustments "A", "B", and "C".

Adjustment A of B-2 adjustment number 1 adjusts PIS to remove plant which currently is not used and useful (Verano division franchise costs).

Adjustment B of B-2 adjustment number 1 adjusts PIS to reflect the Company's estimate of current "excess" capacity. The Company's current "excess" capacity was determined by estimating the use and useful capacity of its water treatment plant and storage plant at the end of a projected 5-year period and assuming growth during this period would be 400 additional customers. Estimates of used capacity at the end of the projected 5 year period were prepared by Westland Resources, Inc.

Adjustment C of B-2 adjustment number 1 reflects the adjustments to PIS

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that are necessary to reconcile the recorded plant balances to the reconstructed plant balances.

Q14. PLEASE CONTINUE.

A14. Adjustment 2 shown on Schedule B-2, page 2, adjusts accumulated depreciation (“A/D”). The details of the accumulated depreciation adjustment are shown at Schedule B-2, page 4. There are two plant-in-service adjustments included in Adjustment 2. These are shown on Schedule B-2, page 4, and are labeled as adjustments “A” and “B”.

Adjustment A of B-2 adjustment number 2 removes accumulated depreciation related to the plant amounts removed as current “excess” capacity in Adjustment B of B-2 adjustment number 1.

Adjustment B of B-2 adjustment number 2 reflects the adjustments to A/D that are necessary to reconcile the recorded depreciation to the reconstructed balance.

Q15. DO THE PLANT IN SERVICE AND ACCUMULATED DEPRECIATION BALANCES SHOWN ON B-2 REFLECT THE LAST COMMISSION RATE ORDER?

A15. Yes. This is the first rate case for RRU since it was granted its Certificate of Convenience and Necessity (“CC&N”) in 2004.¹ The reconstruction of the A/D balance through the end of 2013 computes the A/D balance based on the recorded activity (additions and retirements) in the intervening years since the Company began operations. A half-year convention was used along with the authorized depreciation rates from the CC&N decision. Since the Company incorrectly used a 5 percent composite rate for depreciation and the authorized depreciation rates are

¹ ACC Decision 67409, November 2, 2004.

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generally lower, there is a significant adjustment to the A/D balance.

Q16. PLEASE CONTINUE.

A16. Adjustment 3 shown on Schedule B-2, page 5, adjusts the accumulated amortization balance of contributions-in-aid of construction ("CIAC") to the recomputed amount reflecting the annual composite depreciation rate for plant-in-service.

Finally, Adjustment 4 shown on B-2, page 2, removes advances-in-aid of construction ("AIAC") that are funding plant held for future use and thus not used and useful (Verano division PIS).

Q17. HOW WAS THE PROPOSED "FAIR VALUE" RATE BASE SHOWN ON A-1 DETERMINED?

A17. As previously stated, the FVRB shown on Schedule A-1 is based on OCRB, with no adjustment for the current values of the Company's plant and property.

A. INCOME STATEMENT (C SCHEDULES)

Q18. PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO THE WATER DIVISION INCOME STATEMENT AS SHOWN ON SCHEDULES C-1 AND C-2.

A18. The following is a summary of adjustments shown on Schedule C-1:

Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates approved in the Water Division's 2004 CC&N case were account specific. The Company proposes to continue to use the currently authorized account specific rates on a going forward basis.

Q19. THE WATER DIVISION'S ADJUSTED DEPRECIATION EXPENSE IS CONSIDERABLY LOWER THAN THE TEST YEAR. PLEASE EXPLAIN.

1 A19. There are two reasons. First, as mentioned earlier the Company used a 5 percent
2 composite rate for depreciation. The authorized depreciation rates are generally
3 lower resulting in a lower level of depreciation expense. Second, the proposed
4 depreciation expense does not include depreciation on currently "excess" capacity
5 PIS.
6 **Q20. HOW MUCH LOWER IS THE DEPRECIATION EXPENSE FROM NOT
7 RECOGNIZING CURRENT "EXCESS" CAPACITY?**
8 A20. About \$36,000 annually.
9 **Q21. IS THE COMPANY REQUESTING AN ACCOUNTING ORDER TO
10 DEFER THIS EXPENSE FOR CONSIDERATION IN A FUTURE RATE
11 CASE?**
12 A21. Yes.
13 **Q22. WOULD THIS HELP TO KEEP THE COMPANY FINANCIALLY
14 STABLE?**
15 A22. Yes. Since the depreciation expense from current "excess" capacity would not be
16 recovered in revenues, deferral will help to minimize annual loses, and reduce
17 erosion of the company's equity balance, thus leading to greater financial stability.
18 Adjustment 2 increases the property taxes based on proposed revenues.
19 The details of the computation are shown on Schedule C-2, page 3.
20 **Q23. HOW DID YOU COMPUTE THE PROPERTY TAXES AT THE
21 CURRENT AND PROPOSED RATES?**
22 A23. I employed a modified version of the Arizona Department of Revenue ("ADOR"
23 or "the Department") Centrally Valued Properties method for determining property
24 taxes. The ADOR method uses twice the average of the prior three years of
25 historical revenue, plus an addition for CWIP and a deduction for the book value
26

1 of transportation equipment, in the determination of the full cash value. The
2 modified method determines full cash value by using twice the adjusted test year
3 revenues rather than the prior three years of historical revenue. For determining
4 the property tax expense at proposed revenues, I used two times the 3 year
5 average, consisting of two years of adjusted test year revenues plus one year of
6 proposed revenues. The change to property taxes at proposed revenues is reflected
7 in the gross revenue conversion factor shown on the A-1 Schedule. For both of the
8 computations of property tax expense I used an assessed value equal to 18.0
9 percent of full cash value (the current assessment rate), which was then multiplied
10 by the property tax rate to determine the property tax expense.

11 **Q24. IS THIS CONSISTENT WITH PRIOR COMMISSION DECISIONS?**

12 A24. Yes. See *e.g.*, *Chaparral City Water Company*, Decision No. 68176 at 13, *Rio*
13 *Rico Utilities*, Decision No. 67279 at 8; *Arizona Water Company*, Decision No.
14 64282 at 12-13; *Bella Vista Water Company*, Decision No. 65350 at 16; *Arizona-*
15 *American Water Company*, Decision No. 67093 at 9-10; *Black Mountain Sewer*
16 *Company*, Decision 69164 at 10-11.

17 **Q25. IS THIS SYNCHRONIZATION OF PROPERTY TAX EXPENSE WITH**
18 **REVENUES PROPER RATE MAKING?**

19 A25. Yes. Like income taxes, property taxes must be adjusted to ensure that the new
20 rates are sufficient to produce the authorized revenue requirement. For this reason,
21 the Commission has repeatedly approved the use of proposed revenues to
22 determine an appropriate level of property tax expense to be recovered through
23 rates.

24 **Q26. THE ASSESSMENT RATIO FOR 2013 WAS 19.5 PERCENT. WHY ARE**
25 **YOU USING 18.0 PERCENT?**

- 1 A26. The assessment ratio after 2015 will be 18.0 percent.² The selection of the 2015
2 rate is to reflect rates which will be in effect when the new rates in the instant case
3 are in effect.
- 4 **Q27. DO YOU HAVE ANY CONCERNS ABOUT USING AN ASSESSMENT**
5 **RATIO THAT FAR OUT INTO THE FUTURE?**
- 6 A27. Yes. While the assessment ratio is scheduled to be reduced, the property tax rate
7 may go up. Since we are using a 2014 property tax rate without adjustment, the
8 Company conceivably might under recover property taxes in the future.
- 9 **Q28. THANK YOU. PLEASE CONTINUE WITH YOUR DESCRIPTION OF**
10 **THE INCOME STATEMENT ADJUSTMENTS.**
- 11 A28. Adjustment 3 shows the rate case expense estimated by the Company. The
12 Company currently estimates rate case expense for the Water Division of \$25,000.
13 The Company proposes that rate case expense be recovered over five years
14 because it believes a five-year cycle for future rate cases is reasonable given (i)
15 this utility's present circumstances and (ii) my professional experience.
- 16 **Q30. PLEASE EXPLAIN WHY YOU REFER TO THIS AMOUNT AS AN**
17 **"ESTIMATE"?**
- 18 A30. Because I can't predict the future, I can only make some "educated" guesses based
19 on my experience. The specifics of who may intervene, what unique issues may
20 come into dispute, what kind of procedural problems we will encounter, etc. I
21 cannot predict with certainty. I know rate cases are lengthy and expensive, but I
22 still have to start with an estimate. If things turn out more complicated than
23 anticipated, the Company will modify its request to account for that increased
24 expense. Conversely, if the case proceeds smoothly and timely, and rate case

25 ² Arizona Revised States 42-15001.

1 expense is lower than expected, we would make an appropriate adjustment
2 downward.

3 **Q31. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME**
4 **STATEMENT ADJUSTMENT?**

5 A31. Adjustment 4 increases revenues for 400 additional customers that are projected
6 over the next five years. This adjustment also reflects the expected increase in
7 purchased power expense based on the additional gallons sold for 400 additional
8 customers.

9 **Q32. IS INCOPORATING ADDITIONAL REVNUES FOR 400 CUSTOMERS**
10 **EXPECTED OVER THE NEXT 5 YEARS A TYPICAL ADJUSTMENT?**

11 A32. No. This is not a known and measurable adjustment to the test year and would not
12 be appropriate under normal circumstances. However, based upon the fact that the
13 Company's service territory failed to develop as quickly as expected, due to (i) the
14 change in the developer of Red Rock Village and (ii) the 2008 financial crisis and
15 subsequent recession, as discussed by Mr. Weinberg, the Company recognizes that
16 it's plant investment may be disproportionate to the current customer levels. It is
17 therefore proposing this adjustment to help to mitigate the rate impact on current
18 ratepayers as well as help to keep the utility rates in its service territory at levels
19 which may help to encourage future growth in the area. In that regard, the
20 Company's proposed adjustment is not intended to set any ratemaking precedent
21 for this or any other Company regulated by the Commission.

22 Adjustment 5 reduces revenues for accrued revenues recorded during the
23 test year. The revenue accruals are eliminated from the test year since the as-
24 adjusted revenue reflected in the actual billings for the test year and used in the
25 determination of the revenue deficiency includes all water priced and billed. If
26

1 these amounts are not removed, revenues would be overstated in the revenue-
2 deficiency calculation.

3 **Q33. IS THE COMPANY REQUESTING RECOVERY OF INCOME TAXES?**

4 A33. No. The Company is attempting to minimize the rate impacts in the instant case
5 and is voluntarily electing not to recover income taxes. The Company's election to
6 forego income tax recovery also is not intended to set any precedent for this or any
7 other Company regulated by the Commission.

8 **B. Cost of Capital (D Schedules).**

9 **Q34. PLEASE SUMMARIZE THE COMPANY'S PROPOSED COST OF**
10 **CAPITAL.**

11 A34. RRU is requesting a return on common equity of 9.5 percent. RRU's capital
12 structure consists of 100 percent equity and 0 percent debt. Thus, the weighted
13 average cost of capital ("WACC") is 9.5 percent based upon the aforementioned
14 capital structure and cost of equity.

15 **Q35. WHAT IS THE BASIS FOR RRU'S PROPOSED COST OF EQUITY OF 9.5**
16 **PERCENT?**

17 A35. The Company did not prepare a cost of capital analysis in order to help minimize
18 rate case expense. That said, the Company's cost of equity recommendation of 9.5
19 percent is based upon cost of equity adopted in two recent cases (Chaparral City
20 Water Company, Decision 74568, June 20, 2014 (9.6%) and Lago Del Oro Water
21 Company, Decision 74564, June 20, 2014 (9.7%). The 9.5 percent
22 recommendation is to further mitigate the rate relief in the instant case. It is lower
23 than the cost of equity adopted in those cases I just mentioned, and is conservative
24 considering RRU's relatively small size as well as the risks it faces with the
25 proposal to recognize for ratemaking purposes revenues from expected customer
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growth over the next 5 years.

C. Rate Design (H Schedules).

Q36. WHAT ARE THE COMPANY'S PRESENT RATES FOR WATER SERVICE?

A36. The Company's present rates are:

MONTHLY SERVICE CHARGES

5/8" x 3/4" meters	\$ 25.00
3/4" Meters	\$ 37.50
1" Meters	\$ 62.50
1 1/2" Meters	\$ 125.00
2" Meters	\$ 200.00
3" Meters	\$ 375.00
4" Meters	\$ 625.00
6" Meters	\$1,250.00

Gallons in minimum (all classes) 0

COMMODITY RATES (per 1,000 gallons)

All Classes (except Irrigation)

5/8x3/4 Inch	
1 Gallons to 5,000 Gallons	\$2.40
5,001 to 10,000 Gallons	\$3.15
Over 10,000 Gallons	\$3.90

3/4 Inch and Larger

1	1 Gallons to 5,000 Gallons	\$3.15
2	Over 5,000 Gallons	\$3.90

3 Irrigation

4 All meter sizes

5	1 Gallons to 20,000 gallons	\$3.15
6	Over 20,000 gallons	\$3.90

7 Standpipe/Bulk

8	All Gallons	\$3.90
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9 **Q33. WHAT ARE THE COMPANY'S PROPOSED RATES FOR WATER**
 10 **SERVICE?**

11 A33. The Company's proposed rates are:

12 MONTHLY SERVICE CHARGES

13	5/8" x 3/4" meters	\$ 25.00
14	3/4" Meters	\$ 37.50
15	1" Meters	\$ 62.50
16	1 1/2" Meters	\$ 125.00
17	2" Meters	\$ 200.00
18	3" Meters	\$ 375.00
19	4" Meters	\$ 625.00
20	6" Meters	\$1,250.00

21
 22 Gallons in minimum (all classes) 0

23
 24 COMMODITY RATES (per 1,000 gallons)

25 All Classes (except Irrigation)

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5/8x3/4 Inch		
1 Gallons to 5,000 Gallons		\$2.50
5,001 to 10,000 Gallons		\$3.40
Over 10,000 Gallons		\$4.25
3/4 Inch and Larger		
1 Gallons to 5,000 Gallons		\$3.40
Over 5,000 Gallons		\$4.25
<u>Irrigation</u>		
All meter sizes		
1 Gallons to 20,000 gallons		\$3.40
Over 20,000 gallons		\$4.25
<u>Standpipe/Bulk</u>		
All Gallons		\$4.25

Q37. WHAT METER SIZE ARE THE MAJORITY OF CUSTOMERS ON AND WHAT WAS THE AVERAGE MONTHLY BILL DURING THE TEST YEAR?

A37. The largest customer class is the 5/8x3/4 inch residential class making up over 98 percent of customers. As shown on Schedule H-2, page 1, the average monthly bill under present rates for a 5/8x3/4 inch residential customer using an average 5,155 gallons is \$37.49.

Q38. WHAT WILL BE THE AVERAGE 5/8X3/4 INCH RESIDENTIAL CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A38. As shown on Schedule H-2, page 1, the average monthly bill under proposed rates for a 5/8x3/4 inch residential customer using an average 5,155 gallons is \$38.03 – a

1 \$0.54 increase over the present monthly bill or a 1.44 percent increase.

2 **Q39. WHY IS THE COMPANY PROPOSING THE SAME RATE DESIGN AS**
3 **THE CURENT RATE DESIGN?**

4 A39. Because the Company does not believe a change in the current rate design is
5 necessary at this time. The current rate design is an inverted tier rate design and is
6 conservation oriented. The smaller residential meters (5/8"x3/4" and 3/4") are on
7 an inverted three tier rate design and all other meter sizes are on an inverted two
8 tier design.

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10 **1. Other Tariff Changes.**

11 **Q40. IS THE COMPANY PROPOSING ANY CHANGES TO ITS**
12 **MISCELLANEOUS CHARGES?**

13 A40. No.

14 **Q41. IS THE COMPANY PROPOSING ANY CHANGES TO ITS SERVICE**
15 **LINE AND METER INSTALLATION CHARGES?**

16 A41. No.

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18 **IV. WASTEWATER DIVISION**

19 **A. SUMMARY OF A, E AND F SCHEDULES**

20 **Q42. MR. BOURASSA, LET'S TURN TO THE COMPANY'S WASTEWATER**
21 **DIVISION SCHEDULES. PLEASE DESCRIBE THE SCHEDULES**
22 **LABELED AS A, E, AND F.**

23 A42. The A-1 Schedule is a summary of the Wastewater Division rate base, operating
24 income, current operating margin, required operating margin, operating income
25 deficiency, and the increase in gross revenue. A 9.5 percent return on FVRB is
26

1 requested. The increase in the revenue requirement is \$356,955. Revenues at
2 present and proposed and customer classifications are also shown on this schedule.

3 The A-2 Schedule is a summary of results of operations for the test year,
4 prior years, and a projected year at present rates and proposed rates.

5 Schedule A-3 is not required for Class C utilities and is not included.

6 Schedule A-4 contains the plant construction, and plant in service for the
7 test year and prior years. The projected plant additions are also shown on this
8 schedule.

9 Schedule A-5 is not required for Class C utilities and is not included.

10 The E Schedules are based on the Company's actual operating results, as
11 reported by the Company in annual reports filed with the Commission. The E-1
12 Schedule contains the comparative balance sheet data the years 2011, 2012, and
13 2013 ending on December 31.

14 Schedule E-2, page 1, contains the income statement for the years 2011,
15 2012, and 2013 ending on December 31.

16 Schedule E-3 is not required for Class C utilities and is not included.

17 Schedule E-4 is not required for Class C utilities and is not included.

18 Schedule E-5 contains the Company's plant in service at the end of the test
19 year, and one year prior to the end of the test year.

20 Schedule E-7 contains operating statistics for the years ended 2011, 2012,
21 and 2013 ending on December 31.

22 Schedule E-8 contains the taxes charged to operations.

23 The accountant's notes to the financial statements and the financial
24 assumptions used in preparing the rate filing schedules are shown on Schedules
25 E-9 and F-4, respectively, in accordance with the Commission's standard filing
26

1 requirements. The Company does not prepare audited financial statements.

2 Schedule F-1 contains the results of operations at the present rates (actual
3 and adjusted), and at proposed rates.

4 Schedule F-2 is not required for Class C utilities and is not included.

5 Schedule F-3 shows the Company's projected construction requirements for
6 2014.

7 Schedule F-4 contains the assumptions used in developing the adjustments
8 and projections contained in the rate filing.

9 **B. RATE BASE (B SCHEDULES)**

10 **Q43. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE**
11 **LABELED AS THE B SCHEDULES?**

12 A43. Yes. I will start with Schedule B-5, which is the working capital allowance. My
13 rationale for not doing a lead/lag study, and the reasons for my recommendation of
14 zero working capital are explained above (on pages 5-6) with respect to the Water
15 Division, and are applicable to the Wastewater Division as well.

16 **Q44. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO**
17 **THE WASTEWATER DIVISION'S ORIGINAL COST RATE BASE?**

18 A44. Yes. Schedule B-2 shows adjustments to the Wastewater Division's OCRB cost
19 rate base proposed by the Company. Schedule B-2, pages 2 through 6, provide the
20 supporting information. These adjustments are, in summary:

21 B-2 adjustment number 1, as shown on Schedule B-2, page 2, adjusts plant-
22 in-service. There are two plant-in-service ("PIS") adjustments included in
23 Adjustment 1. These are shown on Schedule B-2, page 3, and are labeled as
24 adjustments "A", "B", and "C".

25 Adjustment A of B-2 adjustment number 1 adjusts PIS to reflect the
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1 Company's estimate of current "excess" capacity. The Company's current
2 "excess" capacity was determined by estimating the use and useful capacity of its
3 wastewater treatment plant at the end of a projected 5-year period and assuming
4 growth during this period would be 400 additional customers. Estimates of used
5 capacity at the end of the projected 5 year period were prepared by Westland
6 Resources, Inc.

7 Adjustment B of B-2 adjustment number 1 reflects the adjustments to PIS
8 that are necessary to reconcile the recorded plant balances to the reconstructed
9 plant balances.

10 **Q45. PLEASE CONTINUE.**

11 A45. Adjustment 2 shown on Schedule B-2, page 2, adjusts accumulated depreciation
12 ("A/D"). The details of the accumulated depreciation adjustment are shown at
13 Schedule B-2, page 4. There are two plant-in-service adjustments included in
14 Adjustment 2. These are shown on Schedule B-2, page 4, and are labeled as
15 adjustments "A" and "B".

16 Adjustment A of B-2 adjustment number 2 removes accumulated
17 depreciation related to the plant amounts removed for current "excess" capacity in
18 Adjustment A of B-2 adjustment number 1.

19 Adjustment B of B-2 adjustment number 2 reflects the adjustments to A/D
20 that are necessary to reconcile the recorded depreciation to the reconstructed
21 balance.

22 **Q46. DO THE PLANT IN SERVICE AND ACCUMULATED DEPRECIATION**
23 **BALANCES SHOWN ON B-2 REFLECT THE LAST COMMISSION RATE**
24 **ORDER?**

25 A46. Yes. This is the first rate case for RRU since it was granted its Certificate of
26

1 Convenience and Necessity ("CC&N") in 2004.³ The reconstruction of the A/D
2 balance through the end of 2013 computes the A/D balance based on the recorded
3 activity (additions and retirements) in the intervening years since the Company
4 began operations. A half-year convention was used along with the authorized
5 depreciation rates from the CC&N decision. Since the Company incorrectly used a
6 5 percent composite rate for depreciation, and the authorized depreciation rates are
7 generally lower, there is a significant adjustment to the A/D balance.

8 **Q47. PLEASE CONTINUE.**

9 A47. Adjustment 3 shown on Schedule B-2, page 5, adjusts the accumulated
10 amortization balance of contributions-in-aid of construction ("CIAC") to the
11 recomputed amount reflecting the annual composite depreciation rate for plant-in-
12 service.

13 **Q48. HOW WAS THE PROPOSED "FAIR VALUE" RATE BASE SHOWN ON**
14 **A-1 DETERMINED?**

15 A48. As previously stated, the FVRB shown on Schedule A-1 is based on OCRB, with
16 no adjustment for the current values of the Company's plant and property.

17 **C. INCOME STATEMENT (C SCHEDULES)**

18 **Q49. PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO**
19 **THE WASTEWATER DIVISION INCOME STATEMENT AS SHOWN ON**
20 **SCHEDULES C-1 AND C-2.**

21 A49. The following is a summary of adjustments shown on Schedule C-1:

22 Adjustment 1 annualizes depreciation expense. The proposed depreciation
23 rate for each component of utility plant is shown on Schedule C-2, page 2. The
24 depreciation rates approved in the Wastewater Division's 2004 CC&N case were

25 ³ ACC Decision 67409, November 2, 2004.

1 account specific rates. The Company proposes to continue to use account specific
2 rates on a going forward basis.

3 **Q50. THE WASTEWATER DIVISION'S ADJUSTED DEPRECIATION**
4 **EXPENSE IS CONSIDERABLY LOWER THAN THE TEST YEAR.**
5 **PLEASE EXPLAIN.**

6 A50. There are two reasons. First, as mentioned earlier, the Company used a 5 percent
7 composite rate for depreciation. The authorized depreciation rates are generally
8 lower resulting in a lower level of depreciation expense. Second, the proposed
9 depreciation expense does not include depreciation on current "excess" capacity
10 PIS.

11 **Q51. IS THE COMPANY REQUESTING AN ACCOUNTING ORDER TO**
12 **DEFER THIS EXPENSE FOR CONSIDERATION IN A FUTURE RATE**
13 **CASE?**

14 A51. Yes.

15 **Q52. HOW MUCH LOWER IS THE DEPRECIATION EXPENSE FROM THE**
16 **NOT RECOGNIZING EXCESS CAPACITY?**

17 A52. About \$189,000 annually.

18 **Q53. WOULD THIS HELP TO KEEP THE COMPANY FINANCIALLY**
19 **STABLE?**

20 A53. Yes. Since the depreciation expense from excess capacity would not be recovered
21 in revenues in this case, deferral will help to minimize annual loses, and reduce
22 erosion of the company's equity balance, thus leading to greater financial stability.

23 **Q55. THANK YOU. PLEASE CONTINUE.**

24 A55. Adjustment 2 increases the property taxes based on proposed revenues. The
25 details of the computation are shown on Schedule C-2, page 3. I discussed the
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property tax computation earlier in my testimony at pages 9 and 10.

Adjustment 3 shows the rate case expense estimated by the Company. The Company currently estimates rate case expense for the Wastewater Division of \$25,000. The Company proposes that rate case expense be recovered over five years because it believes a five-year cycle for future rate cases is reasonable given this utility's circumstances. While the Company's last rate case was twelve years ago, the Company intends to file cases on a more regular basis.

Q56. WHY DO YOU BELIEVE THIS IS A REASONABLE ESTIMATE OF RATE CASE FOR THIS RATE CASE?

A56. I discussed the basis of the estimate for rate case expense earlier in my testimony at pages 11-12.

Q57. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME STATEMENT ADJUSTMENTS?

A57. Adjustment 4 increases revenues for 400 additional customers that are expected over the next five years. This adjustment also reflects the expected increase in purchased power expense based on the additional gallons sold for 400 additional customers.

Q58. IS INCORPORATING ADDITIONAL REVENUES FOR 400 CUSTOMERS EXPECTED OVER THE NEXT 5 YEARS A TYPICAL ADJUSTMENT?

A58. No. This is not a known and measurable adjustment to the test year and would not be appropriate under normal circumstances. However, based upon the fact that the Company's service territory failed to develop as quickly as expected, due to (i) the change in the developer of Red Rock Village and (ii) the 2008 financial crisis and subsequent recession, as discussed by Mr. Weinberg, the Company recognizes that its plant investment may be disproportionate to the current customer levels. It is

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therefore proposing this adjustment to help to mitigate the rate impact on current ratepayers as well as help to keep the utility rates in its service territory at levels which may help to encourage future growth in the area. In that regard, the Company's proposed adjustment is not intended to set any ratemaking precedent for this or any other Company regulated by the Commission.

Q59. IS THE COMPANY REQUESTING RECOVERY OF INCOME TAXES?

A59. No. I discussed the reasons why earlier at page 13.

D. Cost of Capital (D Schedules).

Q60. PLEASE SUMMARIZE THE COMPANY'S PROPOSED COST OF CAPITAL.

A60. As previously indicated, RRU is requesting a return on common equity of 9.5 percent. RRU's capital structure consists of 100 percent equity and 0 percent debt. The weighted average cost of capital ("WACC") is 9.5 percent based upon the aforementioned capital structure and cost of equity. I have previously discussed the rationale for the 9.5 percent recommendation at page 13.

E. Rate Design (H Schedules).

Q61. WHAT ARE THE COMPANY'S PRESENT RATES FOR WASTEWATER SERVICE?

A61. The Company's present rates are:

MONTHLY SERVICE CHARGES

5/8" x 3/4" meters	\$ 39.50
3/4" Meters	\$ 59.25
1" Meters	\$ 98.75

1	1 1/2" Meters	\$ 197.50
2	2" Meters	\$ 316.00
3	3" meters	\$ 592.50
4	4" Meters	\$ 987.50
5	6" Meter	\$1,975.00

7 Effluent Sales

8	Commodity Rate (per 1,000 gallons)	\$0.92
9	Commodity Rate (per acre foot)	\$300.00

11 **Q62. WHAT ARE THE COMPANY'S PROPOSED RATES FOR**
12 **WASTEWATER SERVICE?**

13 A62. The Company's proposed rates are:

14 MONTHLY SERVICE CHARGES

15	5/8" x 3/4" meters	\$ 69.80
16	3/4" Meters	\$ 104.69
17	1" Meters	\$ 174.49
18	1 1/2" Meters	\$ 348.98
19	2" Meters	\$ 558.37
20	3" meters	\$1,116.74
21	4" Meters	\$1,744.91
22	6" Meter	\$3,489.83

24 Effluent Sales

25	Commodity Rate (per 1,000 gallons)	\$0.92
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Commodity Rate (per acre foot) \$300.00

Q63. WHAT IS THE IMPACT ON A 5/8X3/4 INCH RESIDENTIAL CUSTOMER?

A63. The current monthly charge for a 5/8x3/4 inch metered customer is \$39.50. Under the Company's proposed rates the monthly charge for a 5/8x3/4 inch metered customer is \$69.80, an increase of \$30.03 or 76.70 percent.

Q64. IS THE COMPANY PROPOSING TO PHASE IN THE WASTEWATER RATE INCREASE?

A64. Yes. The Company is proposing to phase in the rate increase evenly over 5 years with no collection of the time value of money. Phasing in the \$30.30 increase evenly over 5-years means the Company will increase the monthly charge by \$6.06 per year. In Exhibit TJB-RB-DT-2, the Company has set forth the rates for each year of the 5-year phase-in period.

Q65. HAS THE COMPANY EXPLORED ALTERNATIVE RATES FOR THE WASTEWATER DIVISION AS ORDERED BY THE COMMISSION IN DECISION 67409?

A65. Yes. In the CC&N decision (67409), the Commission ordered the Company to present information on: 1) whether wastewater rates based on water consumption encourage water conservation; 2) whether higher bills for those who use the system more is a fairer way to collect revenue; and, 3) what tiered wastewater rates based on water consumption would look like compared to a flat rate design.

With respect to the first question posed by the Commission, a theoretical argument can be made that if a customer pays more for wastewater service due to high water usage, there may be an incentive to conserve water. However, the Company has not found any studies which actually analyzed whether there is a

1 nexus between wastewater rates and water conservation, and it cannot
2 independently confirm that higher wastewater bills lead to water conservation.
3 Further, because high water usage does not necessarily translate to higher flows
4 into the wastewater system, charging a customer more for a higher water usage
5 could be considered unfair. Finally, it should be noted that there is a risk that
6 conservation in water consumption, as a result of high wastewater rates, could
7 result in increased both water and wastewater revenue instability. In that event, the
8 Company would not recover its authorized revenue requirement.

9 The question of fairness leads to the second question posed by the
10 Commission. Higher bills for those who use the system more is arguably a fairer
11 way to collect revenue. However, the problem is identifying those customers who
12 actually place greater demands on the wastewater system (use the system more).
13 Total water usage alone is not necessarily a good measure of the demands a
14 customer places on the wastewater system, because not all water used by a
15 customer necessarily makes its way into the wastewater system. Most of the water
16 used indoors (such as for bathing, cooking, clothes washing, and toilets) makes its
17 way into the wastewater system, and contributes to wastewater treatment costs.
18 But, water used outdoors (such as for landscaping, washing cars, cleaning
19 driveways and patios, evaporative coolers, and pools) does not make its way into
20 the wastewater system, and therefore does not contribute to water treatment costs.
21 Indoor water use is therefore generally speaking the primary source of customer
22 wastewater flows into the system, but it is not metered separately. For these
23 reasons, the company believes it would be unfair to charge for wastewater service
24 based upon total water usage.

25 Since total water usage is not a good measure of the demands a customer
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places on the wastewater system, the Company would have to use other metrics, such as (i) the number of persons in a household and (ii) an assumed standard flow per person per day to determine the wastewater flows. The Company could then charge more for customers with assumed higher wastewater flows (i.e. more persons in household means more potential wastewater flows). One way to accomplish this would be to use standard flow rates based on a recognized authority, if such an authority exists. Some might view this as unfair, however, because the standards might not be applicable for all households. In addition, there might be different standards based on the type of customer (single-family, multi-family, office, warehouse, restaurant, etc.). The Company has not explored this alternative.

Finally, in response to the third question posed by the Commission, the Company has prepared a tiered wastewater rate design, which is included as Exhibit TJB-RB-DT-3. However, the Company does not support a rate design based upon water usage, including the design included in the exhibit, for the reasons discussed above.

1. Other Tariff Changes.

Q66. IS THE COMPANY PROPOSING ANY CHANGES TO ITS MISCELLANEOUS CHARGES FOR THE WASTEWATER DIVISION?

A66. No.

Q67. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A67. Yes.

Red Rock Utilities, LLC
Docket No: WS-04245A-14-_____

THOMAS J. BOURASSA
DIRECT TESTIMONY

August 4, 2014

EXHIBIT TJB-RB-DT-1

RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

B.S. Northern Arizona University Chemistry/Accounting (1980)

M.B.A. University of Phoenix with Emphasis in Finance (1991)

C.P.A. State of Arizona (1995)

Continuing Professional Education – In areas of tax, accounting, management, economics, finance, business valuation, consulting, and ethics (80 hrs every two years)

MEMBERSHIPS

Arizona Society of CPAs

Water Utilities Association of Arizona

American Water Works Association

Society of Regulatory Financial Analysts

EMPLOYMENT EXPERIENCE

- 1995 – Present CPA - Self Employed
Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&N), CC&N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required.
- Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, generally accepted ratemaking principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews.
- Litigation support services.
- 1992-1995 Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.
- 1989-1992 Employed by Alta Technical School, a division of University of Phoenix as Division Controller.
- 1985-1989 Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager
- 1982-1985 Employed by and part owner in Area Sand and Clay Company, Pensacola, Florida.

1981-1982

Employed by Purdue University, West Lafayette, Indiana as
Teaching Assistant.

**SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF EMPLOYED
CONSULTANT**

COMPANY/CLIENT

Anchorage Municipal Light & Power
Regulatory Commission of Alaska
Docket No. TA-332-121

FUNCTION

Prepare schedules and testified on cost of capital.

Liberty Utilities (Pine Bluff) Inc.
Arkansas Public Service Commission
Docket No. 14-020-U

Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Abra Water Company
ACC Docket No. W-01782A-14-0084

Permanent Rate Application – Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

EPCOR Water Arizona, Inc.
ACC Docket No. W-01303A-14-0010

Permanent Rate Application – Prepared rate designs and cost of Service studies for Mohave Water District, Mohave Wastewater District, Paradise Valley Water District, Tubac Water District, and Sun City Water District.

Liberty Utilities (Midstates Natural Gas), Inc.
Missouri Public Service Commission
Case No. GR-2014-0152

Permanent Rate Application – Assist in preparing required rate application schedules for Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Hydro Resources, LLC.
ACC Docket No. W-20770A-13-0313

CC&N Application. Prepared required schedules and initial rates.

Little Park Water Company
ACC Docket No. W-02192A-13-0336

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Utility Source, LLC.
ACC Docket No. WS-04235A-13-0331

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and

COMPANY/CLIENT

FUNCTION

Payson Water Company
ACC Docket No. W-03514A-13-0111
ACC Docket No. W-03514A-13-0142

Cost of Capital.

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Goodman Water Company

Financing Application. Prepared financial
ratios and debt surcharge mechanism.

Verde Santa Fe Wastewater
ACC Docket No. SW-03437A-13-0292

Valuation

Permanent Rate Application – Sewer.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Del Lago Water Company
ACC Docket No. W-01944A-13-0215

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Cost of Service, Rate
Design, and Cost of Capital.

Chaparral City Water Company
ACC Docket No. W-02113A-13-0118

Permanent Rate Application – Prepared
and testified on cost of service study.

Las Quintas Serenas Water Company
ACC Docket No. W-01583A-13-0117

Permanent Rate Application – Water.
Prepared schedules and testified on Rate
Base, Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of
Capital.

Litchfield park Service Company
ACC Docket No. SW-01428A-13-0043
ACC Docket No. W-01428A-13-0042

Permanent Rate Application – Water and
Sewer. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
Revenue Requirement, Rate Design, Cost
of Service, and Cost of Capital.

Beaver Dam Water Company
ACC Docket No. WS-03067A-12-0232

Permanent Rate Application. Prepared
schedules on Plant, Income Statement,
Revenue Requirement, and Rate Design.

Rio Rico Utilities

Permanent Rate Application – Water and

COMPANY/CLIENT

ACC Docket No. WS-02676A-12-0196

Vail Water Company
ACC Docket No. W-01651B-12-0339

Avra Water Co-Op.
ACC Docket No. W-02126A-11-0480

Pima Utility Company
ACC Docket No. W-02199A-11-0329
ACC Docket No. SW-02199A-11-0330

Liberty Utilities (CALPECO Electric),
LLC)
Docket No. 11202020

Livco Water Company
ACC Docket No. SW-02563A-11-0213

Orange Grove Water Company
ACC Docket No. W-02237A-11-0180

Goodman Water Company
ACC Docket No. W-02500A-10-0382

FUNCTION

Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Work on financing application.

Work on preparation of permanent rate application. Prepared schedules on Rate Base, Plant, Income Statement, Revenue Requirement.

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

COMPANY/CLIENT

Doney Park Water
ACC Docket No. W-01416A-10-0450

Grimmelmann, et. al. v. Pulte Home Corporation, et. al., case no. CV-08-1878-PHX-FJM, the United States District Court for the District of Arizona.

Southern Arizona Home Builders Association

H2O Water Company

Tierra Linda HOA Water Company

Las Quintas Serenas Water Company
ACC Docket No. W-01583A-09-0589

Coronado Utilities
ACC Docket No. SW-04305A-09-0291

Little Park Water Company
ACC Docket No. W-02192A-09-0531

Sahuarita Water Company
ACC Docket No. W-03718A-09-0359

Bella Vista Water Company
Southern Sunrise Water Company
Northern Sunrise Water Company
ACC Docket No. W-02465A-09-0414
ACC Docket No. W-02453A-09-0414
ACC Docket No. W-02454A-09-0414

FUNCTION

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Consultant to defendant and expert witness for defendant on rates and ratemaking.

Consultant on ratemaking aspects to line extension policies (electric).

Valuation

Valuation

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.

COMPANY/CLIENT

FUNCTION

Rio Rico Utilities, Inc
ACC Docket No. WS-02676A-09-0257

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Litchfield park Service Company
ACC Docket No. SW-01428A-09-0103
ACC Docket No. W-01428A-09-0104

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.

Town of Thatcher v. City of Safford, CV
2007-240, Superior Court of Arizona

Consultant to plaintiff on ratemaking and cost of service.

Valencia Water Company
California Public Utility Commission Case
No. 09-05-002

Cost of Capital

Valley Utilities
ACC Docket No. W-01412A-08-0586

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Black Mountain Sewer Company
ACC Docket No. SW-02361A-08-0609

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Far West Water and Sewer Company
ACC Docket No. WS-03478A-08-0608

Interim Rate Application (Emergency Rates)

Farmers Water Company
ACC Docket No. W-01654A-08-0502

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Far West Water and Sewer Company
ACC Docket No. WS-03478A-08-0454

Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of

COMPANY/CLIENT

FUNCTION

Ridgeline Water Company, LLC
ACC Docket No. W-20589A-08-0173

Capital.

Certificate of Convenience and Necessity
– Water. Prepared pro-forma balance
sheets, income statements, plant
schedules, rate base, and financing.

Sacramento Utilities, Inc.
ACC Docket No. SW-20576A-08-0067

Certificate of Convenience and Necessity
– Wastewater. Prepared pro-forma
balance sheets, income statements, plant
schedules, rate base, and financing.

Johnson Utilities
ACC Docket No. WS-02987A-08-0180

Permanent Rate Application. Water and
Sewer. Prepared schedules and testified
on Rate Base, Plant, Income Statement,
Revenue Requirement, Rate Design and
Cost of Capital.

Participate in 40-252 proceeding.

Orange Grove Water Company
ACC Docket No. W-02237A-08-0455

Permanent Rate Application. Prepared
schedules on Plant, Income Statement,
Revenue Requirement, and Rate Design.

Far West Water and Sewer Company
ACC Docket No. WS-03478A-07-0442

Financing Application. Prepare schedules
to support application.

Oak Creek Water No.1
ACC Docket No. W-01392A-07-0679

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, and Rate Design.

ICR Water Users Association
Docket W-02824-07-0388

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, and Rate Design.

Johnson Utilities

Valuation consultant in the matter of the
sale of Johnson Utilities assets to the
Town of Florence.

H2O, Inc
ACC Docket No. W-02234A-07-0550

Permanent Rate Application. Prepared
schedules and testified on Rate Base,
Plant, Income Statement, Revenue
Requirement, Rate Design, and Cost of

COMPANY/CLIENT

FUNCTION

Chaparral City Water Company
ACC Docket No. W-02113A-07-0551

Capital.
Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Valley Utilities
ACC Docket No. W-01412A-07-0561

Financing Application. Prepare schedules to support application.

Valley Utilities
ACC Docket No. W-01412A-07-280

Emergency Rate Application. Prepare schedules to support application.

Valley Utilities
ACC Docket No. W-01412A-07-0278

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Litchfield Park Service Company
ACC Docket No. W-01427A-06-0807

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Golden Shores Water Company
ACC Docket No. W-01815A-07-0117

Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Diablo Village Water Company
ACC Docket No. W-02309A-07-0140

Off-site facilities hook-up fee application. Prepare schedules to support application.

Diablo Village Water Company
ACC Docket No. W-02309A-07-0399

Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Sahuarita Water Company
(Rancho Sahuarita Water Co.)
ACC Docket No. W-03718A-07-0687

Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

COMPANY/CLIENT

FUNCTION

Utility Source, L.L.C.
ACC Docket No. WS-04235A-06-0303

Permanent Rate Application- Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Tierra Buena Water Company

Valuation of Tierra Buena Water Company for estate purposes.

Goodman Water Company
ACC Docket No. W-02500A-06-0281

Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Cost of Capital.

Links at Coyote Wash Utilities
ACC Docket No. SW-04210A-06-0220

Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

New River Utilities
ACC Docket No. W-0173A-06-0171

Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

Johnson Utilities
ACC Docket No. WS-02987A-04-0501
Docket WS-02987A-04-0177

Extension of Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Bachmann Springs Utility
ACC Docket No. WS-03953A-07-0073

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Avra Water Cooperative
ACC Docket No. W-02126A-06-0234

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Gold Canyon Sewer Company
ACC Docket No. SW-025191A-06-0015

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue

COMPANY/CLIENT

FUNCTION

State of Arizona v. Far West Water and Sewer, No. 1 CA-CR 06-0160

Requirement, Rate Design, and Cost of Capital.

Expert witness on behalf of defendant in penalty phase of case.

Far West Water and Sewer Company
ACC Docket No. WS-03478A-05-0801

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Black Mountain Sewer Company
ACC Docket No. SW-02361A-05-0657

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Balterra Sewer Company
ACC Docket No. SW-02304A-05-0586

Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Community Water Company of Green Valley
ACC Docket No. W-02304A-05-0830

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

McClain Water Systems
Northern Sunrise Water
Southern Sunrise Water
ACC Docket No. W-020453A-06-0251

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Valley Utilities Water Company
ACC Docket No. W-01412A-04-0376

Off-site facilities hook-up fee application. Prepare schedules to support application.

Valley Utilities Water Company
ACC Docket No. W-01412A-04-0376

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.

Beardsley Water Company

Permanent Rate Application – Water.

COMPANY/CLIENT

ACC Docket No. W-02074A-04-0358

Pine Water Company, Inc.
ACC Docket No. W-03512A-03-0279

Chaparral City Water Company
ACC Docket No. W-02113A-04-0616

Tierra Linda Home Owners Association
ACC Docket No. W-0423A-04-0075

Diamond Ventures - Red Rock Utilities
ACC Docket No. WS-04245A-04-0184

Arizona-American Water Company, Inc.
ACC Docket No. WS-01303A-02-0867
ACC Docket No. WS-01303A-02-0868
ACC Docket No. WS-01303A-02-0869
ACC Docket No. WS-01303A-02-0870
ACC Docket No. WS-01303A-02-0908

Bella Vista Water Company, Inc.
ACC Docket No. W-02465A-01-0776

Green Valley Water Company

FUNCTION

Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Cost of Capital, and Rate Design.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.

Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.

Permanent Rate Application. Prepared

COMPANY/CLIENT

Docket (2000 Not Filed)

FUNCTION

schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.

Gold Canyon Sewer Company
ACC Docket No. SW-02519A-00-0638

Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Rio Verde Utilities, Inc.
ACC Docket No. WS-02156A-00-0321

Permanent Rate Application - Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Livco Water Company
Livco Sewer Company
ACC Docket No. SW-02563A-05-0820

Permanent Rate Application - Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Livco Water Company
ACC Docket No. SW-02563A-07-0506

Permanent Rate Application - Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Cave Creek Sewer Company

Revenue Requirement, Rate Adjustment and Rate Design - Sewer.

Avra Water Cooperative
ACC Docket No. W-02126A-00-0269

Permanent Rate Application - Water. Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Town of Oro Valley

Revenue Requirements, Water Rate Adjustments and Rate Design.

Far West Water Company
ACC Docket No. WS-03478A-99-0144

Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.

COMPANY/CLIENT

FUNCTION

MHC Operating Limited Partnership
Sedona Venture Wastewater
ACC Docket No. W-

Permanent Rate Application – Sewer.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Vail Water Company
ACC Docket No. W-01651B-99-0406

Permanent Rate Application. Assisted in
preparation of schedules for Rate Base,
Plant, Income Statement, and Rate Design.

E&T Water Company
ACC Docket No. W-01409A-95-0440

Permanent Rate Application - Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

New River Utility
ACC Docket No. W-01737A-99-0633

Permanent Rate Application - Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Golden Shores Water
ACC Docket No. W-01815A-98-0645

Permanent Rate Application – Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Ponderosa Utility Company
ACC Docket No. W-01717A-99-0572

Permanent Rate Application – Water.
Assisted in preparation of schedules for
Rate Base, Plant, Income Statement, and
Rate Design.

Chaparral City Water Company
Docket (1999 Not Filed)

Permanent Rate Application - Water.
Prepared schedules and testimony on Rate
Base, Plant, Revenue Requirement, and
Income Statement. Assisted in preparation
of Cost of Capital and Rate Design.

Red Rock Utilities, LLC
Docket No: WS-04245A-14- _____

THOMAS J. BOURASSA
DIRECT TESTIMONY

August 4, 2014

EXHIBIT TJB-RB-DT-2

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Present and Proposed Rates (Phase In Over 5 years)

Exhibit

Line No.	Monthly Minimum Charge for: Meter Size (All Classes):	Year 1 Rates	Year 2 Rates	Year 3 Rates	Year 4 Rates	Year 5 Rates
1	\$					
2	5/8x3/4 Inch	45.56	51.62	57.68	63.74	69.80
2	3/4 Inch	68.34	77.43	86.52	95.61	104.69
3	1 Inch	113.90	129.05	144.20	159.35	174.49
4	1 1/2 Inch	227.80	258.10	288.40	318.70	348.98
5	2 Inch	364.47	412.94	461.41	509.88	558.37
6	3 Inch	697.35	802.20	907.05	1,011.90	1,116.74
7	4 Inch	1,138.98	1,290.46	1,441.94	1,593.42	1,744.91
8	6 Inch	2,277.97	2,580.94	2,883.91	3,186.88	3,489.83
9						
10						
11						
12						
13	Effluent Sales (per acre foot)	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
14						
15						

Red Rock Utilities, LLC
Docket No: WS-04245A-14-_____

THOMAS J. BOURASSA
DIRECT TESTIMONY

August 4, 2014

EXHIBIT TJB-RB-DT-3

Red Rock Utilities, LLC - Wastewater Division - Alternative Rate Design
 Test Year Ended December 31, 2013
 Present and Proposed Rates

Exhibit
 Page 1 of 3

Line No.	Monthly Minimum Charge for: Meter Size (All Classes):	Present Rates	Proposed Rates	Change	Percent Change
1	5/8 Inch	\$ 39.50	\$ 51.55	\$ 12.05	30.50%
2	3/4 Inch	59.25	77.32	18.07	30.50%
3	1 Inch	98.75	128.87	30.12	30.50%
4	1 1/2 Inch	197.50	257.74	60.24	30.50%
5	2 Inch	316.00	412.38	96.38	30.50%
6	3 Inch	592.50	824.76	232.26	39.20%
7	4 Inch	987.50	1,288.69	301.19	30.50%
8	6 Inch	1,975.00	2,577.38	602.38	30.50%
9	8 Inch	3,160.00	4,123.80	963.80	30.50%
10	10 Inch	4,542.50	5,927.96	1,385.46	30.50%
11					
12					
13					
14					
15	Effluent Sales (per 1,000 gallons)	\$ 0.92	\$ 0.92	-	0.00%
16					
17					
18					
19	Commodity Rates (per 1,000 gallons)				
20	5/8x3/4 Inch				
21	Block				
22	0 gallons to 5,000 gallons	\$ -	\$ -	\$ 3.00	
23	5,001 to 10,000 gallons	\$ -	\$ -	\$ 4.50	
24	over 10,000 gallons	\$ -	\$ -	\$ 6.00	
25	3/4 Inch and Larger				
26	Block				
27	5,001 to 10,000 gallons	\$ -	\$ -	\$ 4.50	
28	over 10,000 gallons	\$ -	\$ -	\$ 6.00	
29					
30					

Red Rock Utilities, LLC - Wastewater Division - Alternative Rate Design
 Test Year Ended December 31, 2013
 Customer Summary

Exhibit
 Page 2 of 3

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2013	Average Consumption		Average Bill		Proposed Increase	
			5,223 \$	39.50 \$	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch Residential	564	5,223	39.50	39.50	67.55	28.05	71.01%
2								
3	5/8x3/4 Inch Commercial	2	2,313	39.50	58.49	18.99	18.99	48.07%
4	2 Inch Commercial	2	77,027	316.00	867.04	551.04	551.04	174.38%
5								
6	Effluent	5		194.03	194.03			0.00%
7								
8								
9	Total	<u>573</u>						
10								
11								
12								

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Bill Comparison Present and Proposed Rates
5/8 Inch Residential

Exhibit
Page 3 of 3

Meter Size:

	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	Present Rates: Monthly Minimum:
-	\$ 39.50	\$ 51.55	\$ 12.05	30.50%	\$ 39.50
1,000	\$ 39.50	\$ 54.55	\$ 15.05	38.09%	
2,000	\$ 39.50	\$ 57.55	\$ 18.05	45.69%	
3,000	\$ 39.50	\$ 60.55	\$ 21.05	53.28%	
4,000	\$ 39.50	\$ 63.55	\$ 24.05	60.88%	
5,000	\$ 39.50	\$ 66.55	\$ 27.05	68.47%	
6,000	\$ 39.50	\$ 71.05	\$ 31.55	79.87%	
7,000	\$ 39.50	\$ 75.55	\$ 36.05	91.26%	
8,000	\$ 39.50	\$ 80.05	\$ 40.55	102.65%	
9,000	\$ 39.50	\$ 84.55	\$ 45.05	114.04%	
10,000	\$ 39.50	\$ 89.05	\$ 49.55	125.44%	
12,000	\$ 39.50	\$ 101.05	\$ 61.55	155.82%	
14,000	\$ 39.50	\$ 113.05	\$ 73.55	186.20%	
16,000	\$ 39.50	\$ 125.05	\$ 85.55	216.58%	
18,000	\$ 39.50	\$ 137.05	\$ 97.55	246.96%	
20,000	\$ 39.50	\$ 149.05	\$ 109.55	277.34%	
25,000	\$ 39.50	\$ 179.05	\$ 139.55	353.28%	
30,000	\$ 39.50	\$ 209.05	\$ 169.55	429.23%	
35,000	\$ 39.50	\$ 239.05	\$ 199.55	505.18%	
40,000	\$ 39.50	\$ 269.05	\$ 229.55	581.13%	
45,000	\$ 39.50	\$ 299.05	\$ 259.55	657.08%	
50,000	\$ 39.50	\$ 329.05	\$ 289.55	733.03%	
60,000	\$ 39.50	\$ 389.05	\$ 349.55	884.93%	
70,000	\$ 39.50	\$ 449.05	\$ 409.55	1036.83%	
80,000	\$ 39.50	\$ 509.05	\$ 469.55	1188.73%	
90,000	\$ 39.50	\$ 569.05	\$ 529.55	1340.63%	
100,000	\$ 39.50	\$ 629.05	\$ 589.55	1492.53%	
Average Usage	\$ 39.50	\$ 67.55	\$ 28.05	71.01%	
5,223					
Median Usage	\$ 39.50	\$ 65.05	\$ 25.55	64.68%	
4,500					

Proposed Rates:

Monthly Minimum:	\$ 51.55
Gallons in Minimum	-
Charge Per 1,000 Gallons	-
Up to 5,000	\$ 3.00
Up to 10,000	\$ 4.50
Over 10,000	\$ 6.00

Red Rock Utilities, LLC
Docket No: WS-04245A-14-_____

August 4, 2014

WATER DIVISION
SCHEDULES

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Schedule A-1
 Page 1
 Witness: Bourassa

Line No.					
1	Fair Value Rate Base	\$		1,378,255	
2					
3	Adjusted Operating Income			116,695	
4					
5	Current Rate of Return			8.47%	
6					
7	Required Operating Income	\$		130,934	
8					
9	Required Rate of Return			9.50%	
10					
11	Operating Income Deficiency	\$		14,239	
12					
13	Gross Revenue Conversion Factor			1.0169	
14					
15	Increase in Gross Revenue				
16	Requirement	\$		14,480	
17					
18	Adjusted Test Year Revenues	\$		533,046	
19	Increase in Gross Revenue Revenue Requirement	\$		14,480	
20	Proposed Revenue Requirement	\$		547,525	
21	% Increase			2.72%	
22					
23					
24	Customer		Present	Proposed	Dollar
25	Classification		Rates	Rates	Increase
26	(Residential Commercial, Irrigation)				Percent
27	5/8x3/4 Inch Residential	\$	268,205	\$ 273,676	\$ 5,471 2.04%
28					
29	5/8x3/4 Inch Commercial		742	749	7 0.96%
30	2 Inch Commercial		11,929	12,566	636 5.33%
31					
32	1 Inch Irrigation		7,206	7,617	411 5.70%
33	2 Inch Irrigation		5,201	5,445	244 4.69%
34					
35	Bulk		31,242	34,017	2,775 8.88%
36	Hydrant(standpipe)		19,341	21,076	1,736
37					
38	Revenues From Projected Customer Growth		179,937	182,522	2,585 1.44%
39					
40	Subtotal	\$	523,802	\$ 537,668	\$ 13,865 2.65%
41					
42	Micellaneous Charges		9,276	9,276	- 0.00%
43	Reconciling Amount		(33)	582	615 -1863.64%
44	Rounding				- 0.00%
45	Total of Water Revenues	\$	533,045	\$ 547,526	\$ 14,480 2.72%
46					
47	<u>SUPPORTING SCHEDULES:</u>				
48	B-1				
49	C-1				
50	C-3				
51	H-1				

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Summary of Results of Operations

Exhibit
 Schedule A-2
 Page 1
 Witness: Bourassa

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2011	12/31/2012	Actual 12/31/2013	Adjusted 12/31/2013	Present Rates 12/31/2014	Proposed Rates 12/31/2014
1	Gross Revenues	\$ 442,301	\$ 347,567	\$ 368,480	\$ 533,046	\$ 533,046	\$ 547,525
2							
3	Revenue Deductions and	554,910	571,662	569,003	416,350	416,350	416,591
4	Operating Expenses						
5							
6	Operating Income	\$ (112,609)	\$ (224,095)	\$ (200,523)	\$ 116,695	\$ 116,695	\$ 130,934
7							
8	Other Income and	565	299	4,859	4,859	4,859	4,859
9	Deductions						
10							
11	Interest Expense	-	-	-	-	-	-
12							
13	Net Income	\$ (112,044)	\$ (223,796)	\$ (195,664)	\$ 121,554	\$ 121,554	\$ 135,793
14							
15	Earned Per Average						
16	Common Share	NA	NA	NA	NA	NA	NA
17							
18	Dividends Per						
19	Common Share	NA	NA	NA	NA	NA	NA
20							
21	Payout Ratio	-	-	-	-	-	-
22							
23	Return on Average						
24	Invested Capital	-1.54%	-3.23%	-2.86%	1.74%	1.75%	1.96%
25							
26	Return on Year End						
27	Capital	-1.61%	-3.25%	-2.89%	1.74%	1.76%	1.97%
28							
29	Return on Average						
30	Member's Equity	-4.06%	-8.65%	-8.15%	4.79%	5.09%	5.67%
31							
32	Return on Year End						
33	Common Equity	-4.15%	-9.04%	-8.41%	4.68%	4.97%	5.52%
34							
35	Times Bond Interest Earned						
36	Before Income Taxes	-	-	-	-	-	-
37							
38	Times Total Interest and						
39	Preferred Dividends Earned						
40	After Income Taxes	-	-	-	-	-	-
41							
42							
43							
44							
45							
46	<u>SUPPORTING SCHEDULES</u>						
47	C-1						
48	E-2						
49	F-1						
50							

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

<u>Line No.</u>		<u>Construction Expenditures</u>	<u>Net Plant Placed in Service</u>	<u>Gross Utility Plant in Service</u>
1				
2				
3				
4	Prior Year Ended 12/31/2011	310,010	310,010	6,200,108
5				
6	Prior Year Ended 12/31/2012	402,952	34,680	6,234,788
7				
8	Test Year Ended 12/31/2013	20,822	10,656	6,245,444
9				
10	Projected Year Ended 12/31/2014	40,000	40,000	6,285,444
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34	<u>SUPPORTING SCHEDULES:</u>			
35	B-2			
36	E-5			
37	F-3			
38				
39				
40				

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Summary of Rate Base

Exhibit
 Schedule B-1
 Page 1
 Witness: Bourassa

Line No.	<u>Original Cost</u> <u>Rate base</u>	<u>Fair Value</u> <u>Rate Base</u>
1		
2	\$ 5,318,335	\$ 5,318,335
3	Less: Accumulated Depreciation	873,019
4		
5	\$ 4,445,316	\$ 4,445,316
6		
7	<u>Less:</u>	
8	Advances in Aid of Construction	2,861,056
9		
10	Contributions in Aid of Construction	233,715
11		
12	Accumulated Amortization of CIAC	(27,711)
13		
14	Customer Meter Deposits	-
15	Deferred Income Taxes & Credits	-
16		
17		
18		
19	<u>Plus:</u>	
20	Unamortized Finance	
21	Charges	-
22	Deferred Tax Assets	-
23	Allowance for Working Capital	-
24		
25		
26	<u>\$ 1,378,255</u>	<u>\$ 1,378,255</u>
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	<u>SUPPORTING SCHEDULES:</u>	
42	B-2	
43	B-3	
44	B-5	
45	E-1	
46		
47		
48		
49		
50		

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of <u>Test Year</u>	Proforma <u>Adjustment</u>	Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 6,245,446	(927,111)	\$ 5,318,335
3				
4	Less:			
5	Accumulated			
6	Depreciation	1,901,802	(1,028,783)	873,019
7				
8				
9	Net Utility Plant			
10	in Service	\$ 4,343,644		\$ 4,445,316
11				
12	Less:			
13	Advances in Aid of			
14	Construction	3,611,056	(750,000)	2,861,056
15				
16	Contributions in Aid of			
17	Construction - Gross	233,715	-	233,715
18				
19	Accumulated Amortization of CIAC	(52,586)	24,875	(27,711)
20				
21	Customer Meter Deposits	-		-
22	Accumulated Deferred Income Tax	-	-	-
23				-
24				-
25				
26	Plus:			
27	Unamortized Finance			
28	Charges	-		-
29	Prepayments	-		-
30	Materials and Supplies	-		-
31	Working capital	-	-	-
32				-
33				
34	Total	\$ 551,459		\$ 1,378,255
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	<u>SUPPORTING SCHEDULES:</u>			<u>RECAP SCHEDULES:</u>
46	B-2, pages 2			B-1
47	E-1			
48				
49				
50				

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Schedule B-2
 Page 2
 Witness: Bourassa

Line No.	Actual at End of Test Year	1	2	3	4	5	Adjusted at end of Test Year
		Plant-in-Service	Accumulated Depreciation	CIAC	Verano AIAC	Intentionally Left Blank	
1							
2	\$ 6,245,446	(927,111)					\$ 5,318,335
3							
4							
5							
6	1,901,802		(1,028,783)				873,019
7							
8							
9							
10	\$ 4,343,644	\$ (927,111)	\$ 1,028,783	\$ -	\$ -	\$ -	\$ 4,445,316
11							
12							
13							
14	3,611,056				(750,000)		2,861,056
15							
16	233,715						233,715
17							
18	(52,586)			24,875			(27,711)
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32	\$ 551,459	\$ (927,111)	\$ 1,028,783	\$ (24,875)	\$ 750,000	\$ -	\$ 1,378,255
33							
34							
35							
36							
37							
38							
39							
40							

SUPPORTING SCHEDULES:
 B-1

RECAP SCHEDULES:
 B-1

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1

Exhibit
 Schedule B-2
 Page 3
 Witness: Bourassa

Line No.	Acct. No.	Description	Plant-in-Service					Adjusted Original Cost
			A	B	C	D	E	
			Remove Verano Plant	Excess Capacity Adjustments	Reconciliation to Reconstruction of PIS Balance	Intentionally Left Blank	Intentionally Left Blank	
5		Actual Original Cost						
6	301	Organization Cost	54,297				54,297	
7	302	Franchise Cost	95,236				95,236	
8	303	Land and Land Rights	32,810	(21,305)			32,810	
9	304	Structures and Improvements	8,049				8,049	
10	305	Collecting and Impounding Res.	-				-	
11	306	Lake River and Other Intakes	-				-	
12	307	Wells and Springs	691,317				691,317	
13	308	Infiltration Galleries and Tunnels	-				-	
14	309	Supply Mains	-				-	
15	310	Power Generation Equipment	51,082				51,082	
16	311	Electric Pumping Equipment	-				-	
17	320	Water Treatment Equipment	573,066	(308,456)			263,610	
18	320.1	Water Treatment Plant	-				-	
19	320.2	Chemical Solution Feeders	-	(596,352)			-	
20	330	Dist. Reservoirs & Standpipe	1,454,518				1,454,518	
21	330.1	Storage tanks	-				-	
22	330.2	Pressure Tanks	-				-	
23	331	Trans. and Dist. Mains	2,343,549				2,343,549	
24	333	Services	518,785				518,785	
25	334	Meters	154,334				154,334	
26	335	Hydrants	208,018				208,018	
27	336	Backflow Prevention Devices	-				-	
28	339	Other Plant and Misc. Equip.	661				661	
29	340	Office Furniture and Fixtures	5,752				5,752	
30	340.1	Computers and Software	-				-	
31	341	Transportation Equipment	8,224				8,224	
32	342	Stores Equipment	3,836				3,836	
33	343	Tools and Work Equipment	2,856				2,856	
34	344	Laboratory Equipment	14,718				14,718	
35	345	Power Operated Equipment	18,224				18,224	
36	346	Communications Equipment	-				-	
37	347	Miscellaneous Equipment	6,124				6,124	
38	348	Other Tangible Plant	-				-	
39								
40		TOTALS	\$ 6,245,446	\$ (21,305)	\$ (905,808)	\$ -	\$ 5,318,333	
41		Plant-in-Service per Books					\$ 6,245,444	
42		Increase (decrease) in Plant-in-Service					\$ (927,111)	
43		Adjustment to Plant-in-Service					\$ (927,111)	

SUPPORTING SCHEDULES
 B-2, pages 3.1-3.19

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1-A

Exhibit
Schedule B-2
Page 3.1
Witness: Bourassa

Remove Verano Division Plant

Line

No.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

Acct.

No. Description

302 Franchise Cost

TOTAL

Increase (decrease) in Plant-in-Service

Adjustment to Plant-in-Service

SUPPORTING SCHEDULES

Testimony

Amount

\$ 21,305

\$ 21,305

\$ (21,305)

\$ (21,305)

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1-B

Exhibit
 Schedule B-2
 Page 3.2
 Witness: Bourassa

Excess Capacity Adjustment

Line				
<u>No.</u>				
1				
2				
3	Acct.		Plant	Projected
4	<u>No.</u>	<u>Description</u>	<u>Balance</u>	<u>Excess Capacity</u>
5			<u>End of TY</u>	<u>as Percent</u>
6				<u>Excess</u>
7	320	Water Treatment Equipment	573,066	54%
8	330	Dist. Reservoirs & Standpipe	1,454,518	41%
9		TOTAL		\$ 905,808
10				
11				
12		Increase (decrease) in Plant-in-Service		\$ (905,808)
13				
14		Adjustment to Plant-in-Service		\$ (905,808)
15				
16		<u>SUPPORTING SCHEDULES</u>		
17		Testimony		
18				
19				
20				

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1-C

Reconciliation of Plant-in-service Balance to Reconstructed Balance

Line No.	Acct.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Balance Per Reconstruction	Adjustments to Reconcile
1		Organization Cost	54,297	-	54,297	54,297	-
2		Franchise Cost	95,236	(21,305)	73,931	73,931	-
3		Land and Land Rights	32,810	-	32,810	32,810	-
4		Structures and Improvements	8,049	-	8,049	8,049	-
5		Collecting and Impounding Res.	-	-	-	-	-
6		Lake River and Other Intakes	-	-	-	-	-
7		Wells and Springs	691,317	-	691,317	691,317	-
8		Infiltration Galleries and Tunnels	-	-	-	-	-
9		Supply Mains	-	-	-	-	-
10		Power Generation Equipment	51,082	-	51,082	51,082	-
11		Electric Pumping Equipment	-	-	-	-	-
12		Water Treatment Equipment	573,066	(309,456)	263,610	263,610	-
13		Water Treatment Plant	-	-	-	-	-
14		Chemical Solution Feeders	-	-	-	-	-
15		Dist. Reservoirs & Standpipe	1,454,518	(596,352)	858,166	858,166	-
16		Storage tanks	-	-	-	-	-
17		Pressure Tanks	-	-	-	-	-
18		Trans. and Dist. Mains	2,343,549	-	2,343,549	2,343,549	-
19		Services	518,785	-	518,785	518,785	-
20		Meters	154,334	-	154,334	154,334	-
21		Hydrants	208,018	-	208,018	208,018	-
22		Backflow Prevention Devices	-	-	-	-	-
23		Other Plant and Misc. Equip.	651	-	651	651	-
24		Office Furniture and Fixtures	5,752	-	5,752	5,752	-
25		Computers and Software	-	-	-	-	-
26		Transportation Equipment	8,224	-	8,224	8,224	-
27		Stores Equipment	3,836	-	3,836	3,836	-
28		Tools and Work Equipment	2,856	-	2,856	2,856	-
29		Laboratory Equipment	14,718	-	14,718	14,718	-
30		Power Operated Equipment	18,224	-	18,224	18,224	-
31		Communications Equipment	-	-	-	-	-
32		Miscellaneous Equipment	6,124	-	6,124	6,124	-
33		Other Tangible Plant	-	-	-	-	-
34		TOTALS	\$ 6,245,446	\$ (927,113)	\$ 5,318,333	\$ 5,318,333	\$ -
35		Increase (decrease) in Plant-in-Service					\$ -
36		Adjustment to Plant-in-Service					\$ -

Red Rock Utilities - Water Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.4
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2005		2006		Accum. Deprec. 12/31/2005	Plant at 12/31/2005	Adjusted Plant Additions	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
				Plant at 12/31/2005	Deprec. AI 12/31/2005															
1	301	Organization Cost	0.00%	-	-	-	-	-	-	52,436	52,436	-	-	-	-	-	-	52,436	-	
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	55,585	55,585	-	-	-	-	-	-	55,585	-	
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	32,810	32,810	-	-	-	-	-	-	32,810	-	
4	304	Structures & Improvements	3.33%	-	-	-	-	-	-	4,875	4,875	-	-	-	-	-	-	4,875	81	
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	174	174	-	-	-	-	-	-	174	2	
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	-	688,820	688,820	-	-	-	-	-	-	688,820	11,469	
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	3,068	3,068	-	-	-	-	-	-	3,068	102	
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	8,169	8,169	-	-	-	-	-	-	8,169	82	
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	4,680	4,680	-	-	-	-	-	-	4,680	117	
11	311	Pumping Equipment	12.50%	-	-	-	-	-	-	77,818	77,818	-	-	-	-	-	-	77,818	-	
12	320	Water Treatment Plant	3.33%	-	-	-	-	-	-	98,971	98,971	-	-	-	-	-	-	98,971	1,579	
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	1,275,016	1,275,016	-	-	-	-	-	-	1,275,016	14,272	
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	-	-	-	-	-	-	17,897	17,897	-	-	-	-	-	-	17,897	-	
18	333	Services	3.33%	-	-	-	-	-	-	62,594	62,594	-	-	-	-	-	-	62,594	803	
20	334	Meters	8.33%	-	-	-	-	-	-	358	358	-	-	-	-	-	-	358	6	
21	335	Hydrants	2.00%	-	-	-	-	-	-	7,000	7,000	-	-	-	-	-	-	7,000	292	
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc. Equipment	6.67%	-	-	-	-	-	-	15,418	15,418	-	-	-	-	-	-	15,418	1	
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	787	787	-	-	-	-	-	-	787	68	
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	8,224	8,224	-	-	-	-	-	-	8,224	-	
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	2,856	2,856	-	-	-	-	-	-	2,856	71	
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	14,718	14,718	-	-	-	-	-	-	14,718	738	
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		-	-	-	-	-	2,124,087	222,662	2,338,525	2,338,525	-	-	-	-	-	29,681	2,338,525	29,681

Unadjusted Plant Balance 2,338,525
 Non-Depr. or Fully Depr. Plant (140,831)
 Depreciable Plant 2,197,694
 Depreciation Expense 29,681
 Composite Depreciation Rate 1.35%

Red Rock Utilities - Water Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.5
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage And Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	1,861	-	1,861	-	-	-	-	-	54,287	-
2	302	Franchise Cost	0.00%	22,521	-	22,521	-	-	-	-	-	78,106	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	32,810	-
4	304	Structures & Improvements	3.33%	3,174	-	3,174	-	-	-	-	215	8,049	286
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	4	174	7
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	48,869	-	48,869	-	-	-	-	23,752	737,719	35,221
8	308	Infiltration Galleries	6.87%	-	-	-	-	-	-	-	205	3,088	307
9	308	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	163	8,169	245
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	234	4,630	351
11	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-
12	320	Water Treatment Equipment	3.33%	351,455	-	351,455	-	-	-	-	9,010	446,282	10,589
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	188,750	-	188,750	-	-	-	-	30,417	1,454,518	44,889
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	1,297,319	-	1,297,319	-	-	-	-	14,579	1,377,910	15,382
19	333	Services	3.33%	286,470	-	286,470	-	-	-	-	4,948	266,828	4,854
20	334	Meters	8.33%	62,390	-	62,390	-	-	-	-	3,182	69,390	3,473
21	335	Hydrants	2.00%	122,807	-	122,807	-	-	-	-	1,228	122,807	1,228
22	336	Backflow Prevention Devices	6.87%	-	-	-	-	-	-	-	-	-	-
23	338	Other Plant & Misc. Equipment	6.87%	615	-	615	-	-	-	-	23	651	24
24	340	Office Furniture & Equipment	6.87%	3,063	-	3,063	-	-	-	-	238	5,107	307
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	8,224	-	8,224	-	-	-	-	822	8,224	822
27	342	Stores Equipment	4.00%	3,836	-	3,836	-	-	-	-	77	3,836	77
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-	143	2,656	214
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	1,472	14,718	2,208
30	345	Power Operated Equipment	5.00%	18,224	-	18,224	-	-	-	-	456	18,224	456
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	-	-	-	-
34													
35													
36		TOTALS		2,409,608	-	2,409,608	-	-	-	-	91,168	4,748,133	120,849

Unadjusted Plant Balance 4,748,133
 Non-Dep. or Fully Dep. Plant (165,213)
 Depreciable Plant 4,582,920
 Depreciation Expense 91,168
 Composite Depreciation Rate 1.99%

Red Rock Utilities - Water Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.6
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprac. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Savage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprac.
1	301	Organization Cost	0.00%	17,130		17,130						54,297	-
2	302	Franchise Cost	0.00%									96,236	-
3	303	Land and Land Rights	0.00%									32,610	-
4	304	Structures & Improvements	3.33%								268	8,048	564
5	305	Collecting & Impounding Reservoirs	2.50%								4	174	11
6	306	Lake, River, Canal Intakes	3.33%									737,719	59,787
7	307	Wells & Springs	6.67%								205	3,068	512
8	308	Infiltration Galleries	2.00%								163	8,168	408
9	309	Raw Water Supply Mains	5.00%								234	4,680	585
10	310	Power Generation Equipment	12.50%								15,699	489,957	26,177
11	311	Pumping Equipment	3.33%										
12	320	Water Treatment Equipment	3.33%										
13	320.1	Water Treatment Plants	3.33%										
14	320.2	Solution Chemical Feeders	20.00%										
15	330	Distribution Reservoirs & Standpipes	2.22%										
16	330.1	Storage Tanks	2.22%										
17	330.2	Pressure Tanks	5.00%										
18	331	Transmission & Distribution Mains	2.00%										
19	333	Services	3.33%										
20	334	Meters	8.33%										
21	335	Hydrants	2.00%										
22	336	Backflow Prevention Devices	6.67%										
23	339	Other Plant & Misc Equipment	6.67%	40,572		40,572						1,377,510	42,834
24	340	Office Furniture & Equipment	6.67%	848		848						286,828	14,838
25	340.1	Computers & Software	6.67%									109,962	10,943
26	341	Transportation Equipment	20.00%									123,655	3,683
27	342	Store Equipment	20.00%									651	68
28	343	Tools, Shop & Garage Equipment	4.00%									5,107	647
29	344	Laboratory Equipment	5.00%									8,224	2,467
30	345	Power Operated Equipment	10.00%									3,836	230
31	346	Communication Equipment	5.00%									2,866	357
32	347	Miscellaneous Equipment	10.00%									14,718	3,680
33	348	Other Tangible Plant	4.00%									18,224	1,367
34													
35													
36		TOTALS		102,215		102,215					125,399	4,850,348	246,248

Unadjusted Plant Balance 4,850,348
 Non-Depr. or Fully Depr. Plant (182,343)
 Depreciable Plant 4,668,005
 Depreciation Expense 125,399
 Composite Depreciation Rate 2.69%

Red Rock Utilities - Water Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.7
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Depr. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprac.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	54,297	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	95,236	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	32,810	-
4	304	Structures & Improvements	3.33%	-	-	11,935	-	-	-	-	465	19,884	1,029
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	4	174	15
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-	-	-
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	24,568	737,719	84,353
9	309	Raw Water Supply Mains	6.67%	-	-	-	-	-	-	-	205	3,068	716
10	310	Power Generation Equipment	2.00%	-	-	-	-	-	-	-	163	8,169	572
11	311	Pumping Equipment	5.00%	-	-	-	-	-	-	-	234	4,680	819
12	320	Water Treatment Equipment	12.50%	-	-	83,109	-	-	-	-	17,699	573,066	43,877
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.33%	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	20.00%	-	-	-	-	-	-	-	32,290	1,454,518	109,270
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	-	-	-	-	-	-	-	-	-	-
19	333	Services	2.00%	957,597	-	957,597	-	-	-	-	37,128	2,335,207	80,082
20	334	Meters	3.33%	221,957	-	221,957	-	-	-	-	13,580	518,785	28,418
21	335	Hydrants	8.33%	15,996	-	15,996	-	-	-	-	9,826	125,958	20,789
22	336	Backflow Prevention Devices	2.00%	84,363	-	84,363	-	-	-	-	3,317	208,018	7,009
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	-	651	111
24	340	Office Furniture & Equipment	6.67%	645	-	645	-	-	-	-	362	5,752	1,009
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	1,645	8,224	4,112
28	343	Tools Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-	153	3,836	384
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	143	2,856	500
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	1,472	14,718	5,151
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	911	18,224	2,278
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	-	-	-	-
34													
35													
36													
				1,375,502		1,375,502					144,208	6,225,850	390,456
TOTALS													
												6,225,850	
												(182,343)	
												6,043,507	
												144,208	
													2.39%

Unadjusted Plant Balance
Non-Depr. or Fully Depr. Plant
Depreciable Plant
Depreciation Expense
Composite Depreciation Rate

Red Rock Utilities - Water Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.8
Witness: Bourassa

Line No.	MARUC No.	Description	Allowed Depr. Rate	2010				Accum. Depr.				
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)		Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)
1	301	Organization Cost	0.00%							54,297		
2	302	Franchise Cost	0.00%							95,236		
3	303	Land and Land Rights	0.00%							32,810		
4	304	Structures & Improvements	3.33%							19,884	662	1,992
5	305	Collecting & Impounding Reservoirs	2.50%							174	4	20
6	306	Lake, River, Canal Intakes	2.50%									
7	307	Wells & Springs	3.33%									
8	308	Infiltration Galleries	6.67%							737,719	24,566	108,919
9	309	Raw Water Supply Mains	2.00%							3,068	205	921
10	310	Power Generation Equipment	5.00%							8,189	163	785
11	311	Pumping Equipment	12.50%							4,880	234	1,053
12	320	Water Treatment Equipment	3.33%								19,063	62,960
13	320.1	Water Treatment Plants	3.33%									
14	320.2	Solution Chemical Feeders	20.00%								32,290	141,560
15	330	Distribution Reservoirs & Standpipes	2.22%									
16	330.1	Storage Tanks	2.22%									
17	330.2	Pressure Tanks	5.00%									
18	331	Transmission & Distribution Mains	2.00%									
19	333	Services	3.33%									
20	334	Meters	8.33%									
21	335	Hydrants	2.00%									
22	336	Backflow Prevention Devices	6.67%									
23	339	Other Plant & Misc Equipment	6.67%									
24	340	Office Furniture & Equipment	6.67%									
25	340.1	Computers & Software	20.00%									
26	341	Transportation Equipment	20.00%									
27	342	Stores Equipment	4.00%									
28	343	Tools, Shop & Garage Equipment	5.00%									
29	344	Laboratory Equipment	10.00%									
30	345	Power Operated Equipment	5.00%									
31	346	Communication Equipment	10.00%									
32	347	Miscellaneous Equipment	10.00%									
33	348	Other Tangible Plant	4.00%									
34												
35												
36												
TOTALS				5,384	5,384	5,384				160,816	6,231,234	551,271

Unadjusted Plant Balance 6,231,234
 Non-Depr. or Fully Depr. Plant (182,343)
 Depreciable Plant 6,048,891
 Depreciation Expense 180,816
 Composite Depreciation Rate 2.86%

Red Rock Utilities - Water Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.9
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Depr. Rate	2011		Adjusted Plant Retirements	Salvage And Only	Depreciation (Calculated)	Plant Balance	Accum. Deprac.
				Plant Additions (Per Books)	Plant Retirements (Per Books)					
1	301	Organization Cost	0.00%	-	-	-	-	54,297	-	
2	302	Franchise Cost	0.00%	-	-	-	-	95,236	-	
3	303	Land and Land Rights	0.00%	-	-	-	-	32,810	-	
4	304	Structures & Improvements	3.33%	(11,835)	(11,835)	-	-	8,049	2,157	
5	305	Collecting & Impounding Reservoirs	2.50%	(174)	(174)	-	-	-	22	
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	
7	307	Wells & Springs	3.33%	(46,402)	(46,402)	-	-	661,317	132,712	
8	308	Infiltration Galleries	6.67%	(3,068)	(3,068)	-	-	-	1,023	
9	309	Raw Water Supply Mains	2.00%	(8,169)	(8,169)	-	-	82	817	
10	310	Power Generation Equipment	5.00%	46,402	-	-	-	51,082	2,447	
11	311	Pumping Equipment	12.50%	-	-	-	-	-	-	
12	320	Water Treatment Equipment	3.33%	-	-	-	-	573,066	82,043	
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	32,280	-	
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	
17	330.2	Pressure Tanks	5.00%	-	-	-	-	1,454,518	173,850	
18	331	Transmission & Distribution Mains	2.00%	8,342	-	-	-	-	-	
19	333	Services	3.33%	-	-	-	-	-	-	
20	334	Meters	8.33%	-	-	-	-	-	-	
21	335	Hydrants	2.00%	-	-	-	-	-	-	
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	46,788	173,554	
23	338	Other Plant & Misc Equipment	6.67%	(3,068)	-	-	-	17,276	62,970	
24	340	Office Furniture & Equipment	6.67%	5,084	-	-	-	11,153	42,538	
25	340.1	Computers & Software	20.00%	-	-	-	-	4,160	15,330	
26	341	Transportation Equipment	20.00%	-	-	-	-	43	186	
27	342	Stores Equipment	4.00%	-	-	-	-	384	1,777	
28	343	Tools, Shop & Garage Equipment	4.00%	-	-	-	-	1,645	7,402	
29	344	Laboratory Equipment	5.00%	-	-	-	-	153	690	
30	345	Power Operated Equipment	10.00%	-	-	-	-	143	785	
31	346	Communication Equipment	5.00%	-	-	-	-	1,472	8,085	
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	911	4,100	
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	
34										
35										
36		TOTALS		5,084	(14,904)	(9,820)	-	161,339	6,221,414	712,611

Unadjusted Plant Balance 6,221,414
 Non-Depr. or Fully Depr. Plant (162,343)
 Depreciable Plant 6,059,071
 Depreciation Expense 161,339
 Composite Depreciation Rate 2.67%

Red Rock Utilities - Water Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.11
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2013		Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Excess Capacity ±IS Adjustments	Plant Balance	Excess Capacity ±VD Adjustments	Accum. Deprec.
				Plant Additions (Per Books)	Plant Retirements (Per Books)										
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	54,287	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	73,931	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	32,810	-	-
4	304	Structures & Improvements	3.33%	-	-	-	-	-	-	268	-	-	8,049	-	2,683
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	22
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	-	23,021	-	-	691,317	-	178,754
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-	1,023
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	-	817
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	2,554	-	-	51,082	-	7,555
11	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-	-
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	19,083	-	-	265,610	(64,913)	55,296
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	32,290	-	-	858,166	(97,757)	140,874
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
19	333	Services	3.33%	-	-	-	-	-	-	46,871	-	-	2,343,549	-	267,286
20	334	Meters	8.33%	-	-	-	-	-	-	17,276	-	-	518,785	-	97,521
21	335	Hydrants	2.00%	-	-	10,656	-	-	-	12,412	-	-	154,334	-	68,717
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	4,180	-	-	208,016	-	23,651
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	43	-	-	651	-	285
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	384	-	-	5,752	-	2,544
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	8,224	-	8,224
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	153	-	-	3,838	-	997
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	143	-	-	2,858	-	1,071
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	1,472	-	-	14,718	-	11,039
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	911	-	-	18,224	-	5,923
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	612	-	-	6,124	-	919
34															
35															
36		TOTALS		10,656	10,656	10,656				161,654	(927,113)		5,319,333	(162,670)	873,019

Unadjusted Plant Balance 6,224,141
 Non-Depr. or Fully Depr. Plant (161,039)
 Depreciation Expense 6,063,103
 Composite Depreciation Rate 161,654 / 2.67%

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2

Exhibit
 Schedule B-2
 Page 4
 Witness: Bourassa

Line No.	Acct. No.	Description	Per Books Accum. Depr.	Adjustments			Adjusted Accum. Depr.
				A	B	C	
			Excess Capacity Adjustments	Reconciliation to Reconstruction of PIS Balance	Intentionally Left Blank	Intentionally Left Blank	
1		Organization Cost	31,485	(31,485)			
2	301	Franchise Cost	11,484	(11,484)			
3	302	Land and Land Rights	3,034	(3,034)			
4	303	Structures and Improvements					
5	304	Collecting and Impounding Res.					
6	305	Lake River and Other Intakes					
7	306	Wells and Springs	248,396	(69,642)			178,754
8	307	Infiltration Galleries and Tunnels					
9	308	Supply Mains	17,024	1,023			1,023
10	309	Power Generation Equipment		(16,207)			817
11	310	Electric Pumping Equipment		7,555			7,555
12	311	Water Treatment Equipment	153,438	(33,229)			120,209
13	320.1	Water Treatment Plant					
14	320.2	Chemical Solution Feeders					
15	330	Dist. Reservoirs & Standpipe	504,863	(286,432)			218,431
16	330.1	Storage tanks					
17	330.2	Pressure Tanks					
18	331	Trans. and Dist. Mains	688,109	(400,813)			287,296
19	333	Services	148,418	(48,897)			99,521
20	334	Meters	39,872	26,845			66,717
21	335	Hydrants	59,128	(35,477)			23,651
22	336	Backflow Prevention Devices					
23	339	Other Plant and Misc. Equip.	212	73			285
24	340	Office Furniture and Fixtures	1,887	657			2,544
25	340.1	Computers and Software					
26	341	Transportation Equipment	2,673				
27	342	Stores Equipment		5,551			8,224
28	343	Tools and Work Equipment	2,246	987			3,233
29	344	Laboratory Equipment	5,152	(1,175)			3,977
30	345	Power Operated Equipment	5,923	5,887			11,810
31	346	Communications Equipment		(0)			
32	347	Miscellaneous Equipment	459	460			919
33	348	Other Tangible Plant					
34		TOTALS	\$ 1,901,803	\$ (182,670)	\$ (866,114)	\$ -	\$ 873,019
35		Accumulated Depreciation per Books					\$ 1,901,802
36		Increase (decrease) in Accumulated Depreciation					\$ (1,028,783)
37		Adjustment to Accumulated Depreciation					\$ (1,028,783)

SUPPORTING SCHEDULES
 B-2, pages 3.1 to 3.19

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2-A

Exhibit
 Schedule B-2
 Page 4.1
 Witness: Bourassa

Excess Capacity Adjustment

Line No.	Acct. No. Description	Computed A/D Balance Before Capacity Adjustment	Projected Excess Capacity as Percent	Excess Capacity Adjustment
1				
2				
3				
4				
5				
6				
7	320 Water Treatment Equipment	120,209	64%	64,913
8	330 Dist. Reservoirs & Standpipe	238,431	41%	97,757
9	TOTAL			\$ 162,670
10				
11				
12	Increase (decrease) in Plant-in-Service			\$ (162,670)
13				
14	Adjustment to Plant-in-Service			\$ (162,670)
15				
16	<u>SUPPORTING SCHEDULES</u>			
17	B-2 pages 3.2			
18				
19				
20				

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2-B

Exhibit
 Schedule B-2
 Page 4.2
 Witness: Bourassa

Reconciliation of Accumulated Depreciation (A/D) Balance to Reconstructed Balance

Line No.	Acct. No.	Description	A/D Balance	B-2 Adjustments	Adjusted A/D Balance	A/D Balance Per Reconstruction	Adjustments to Reconcile
1	301	Organization Cost	-	-	-	-	-
2	302	Franchise Cost	31,485	-	31,485	-	(31,485)
3	303	Land and Land Rights	11,484	-	11,484	-	(11,484)
4	304	Structures and Improvements	3,034	-	3,034	2,893	(341)
5	305	Collecting and Impounding Res.	-	-	-	22	22
6	306	Lake River and Other Intakes	-	-	-	-	-
7	307	Wells and Springs	248,396	-	248,396	178,754	(69,642)
8	308	Infiltration Galleries and Tunnels	-	-	-	1,023	1,023
9	309	Supply Mains	17,024	-	17,024	817	(16,207)
10	310	Power Generation Equipment	-	-	-	7,555	7,555
11	311	Electric Pumping Equipment	-	-	-	-	-
12	312	Water Treatment Plant	153,438	(64,913)	88,525	55,296	(33,229)
13	320.1	Water Treatment Plant	-	-	-	-	-
14	320.2	Chemical Solution Feeders	-	-	-	-	-
15	330	Dist. Reservoirs & Standpipe	504,863	(97,757)	407,106	140,874	(266,432)
16	330.1	Storage tanks	-	-	-	-	-
17	330.2	Pressure Tanks	-	-	-	-	-
18	331	Trans. and Dist. Mains	668,109	-	668,109	267,296	(400,813)
19	333	Services	146,418	-	146,418	97,521	(48,897)
20	334	Meters	39,872	-	39,872	68,717	28,845
21	335	Hydrants	59,128	-	59,128	23,651	(35,477)
22	336	Backflow Prevention Devices	-	-	-	-	-
23	339	Other Plant and Misc. Equip.	212	-	212	285	73
24	340	Office Furniture and Fixtures	1,887	-	1,887	2,544	657
25	340.1	Computers and Software	-	-	-	-	-
26	341	Transportation Equipment	2,873	-	2,873	8,224	5,551
27	342	Stores Equipment	-	-	-	997	997
28	343	Tools and Work Equipment	2,246	-	2,246	1,071	(1,175)
29	344	Laboratory Equipment	5,152	-	5,152	11,039	5,887
30	345	Power Operated Equipment	5,923	-	5,923	5,923	(0)
31	346	Communications Equipment	-	-	-	-	-
32	347	Miscellaneous Equipment	459	-	459	919	460
33	348	Other Tangible Plant	-	-	-	-	-
34		TOTALS	\$ 1,801,803	\$ (162,670)	\$ 1,739,133	\$ 873,019	\$ (866,114)
35		Increase (decrease) in A/D					\$ (866,114)
36		Adjustment to A/D					\$ (866,114)

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Schedule B-2
 Page 5
 Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line <u>No.</u> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40	Computed balance Book balance at end of TY Increase (decrease) Adjustment to CIAC/AA CIAC Label	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center; padding-right: 10px;">Gross <u>CIAC</u></td> <td></td> <td style="text-align: center; padding-right: 10px;">Accumulated <u>Amortization</u></td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: right;">233,715</td> <td style="text-align: center;">\$</td> <td style="text-align: right;">27,711</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: right; border-top: 1px solid black;">233,715</td> <td style="text-align: center;">\$</td> <td style="text-align: right; border-top: 1px solid black;">52,586</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: center;">\$</td> <td style="text-align: right;">(24,875)</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: center;">\$</td> <td style="text-align: right; border-top: 1px solid black;">24,875</td> </tr> <tr> <td></td> <td style="text-align: center;">3a</td> <td></td> <td style="text-align: center;">3b</td> </tr> </table>	Gross <u>CIAC</u>		Accumulated <u>Amortization</u>	\$	233,715	\$	27,711	\$	233,715	\$	52,586	\$	-	\$	(24,875)	\$	-	\$	24,875		3a		3b
Gross <u>CIAC</u>		Accumulated <u>Amortization</u>																							
\$	233,715	\$	27,711																						
\$	233,715	\$	52,586																						
\$	-	\$	(24,875)																						
\$	-	\$	24,875																						
	3a		3b																						
	<u>SUPPORTING SCHEDULES</u> E-1 B-2, page 5.1																								

Line No.	Description	2006		2007		2008		2009		2010		2011	
		Additions	Balance 12/31/2006	Additions	Balance 12/31/2007	Additions	Balance 12/31/2008	Additions	Balance 12/31/2009	Additions	Balance 12/31/2010	Additions	Balance 12/31/2011
1													
2													
3													
4													
5	CIAC							233,715	233,715	233,715	233,715	233,715	233,715
6													
7	Beginning Amortization Balance												
8	Amortization Rate		1.35%		1.99%		2.69%		2.39%		2.65%		2.67%
9	Amortization (1/2 yr convention)								2,788		6,214		6,244
10	Accumulated Amortization								2,788		9,002		15,246
11													
12	Net CIAC							233,715	230,927	224,713	218,469		
13													
14													
15													
16													
17													
18													
19													
20	CIAC		233,715		233,715		233,715		233,715		233,715		233,715
21													
22													
23	Amortization Rate		2.67%		2.67%		2.67%		2.67%		2.67%		2.67%
24	Amortization (1/2 yr convention)		6,233		6,231		6,231		6,244		6,244		6,244
25	Accumulated Amortization		21,479		27,711		27,711		27,788		34,032		40,276
26													
27	Net CIAC		212,236		206,004		206,004		206,004		206,004		206,004
28													
29													

2012		2013	
Additions	Balance 12/31/2012	Additions	Balance 12/31/2013
	233,715		233,715
	2.67%		2.67%
	6,233		6,231
	21,479		27,711
	212,236		206,004

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Schedule B-2
Page 6
Witness: Bourassa

Line

No.

1 Remove Verano Division related AIAC

2

3

4 Verano AIAC funding Plant Held for Future Use

\$ 750,000

5

6

7

8 Increase(decrease) in AIAC

\$ (750,000)

9

10

11

12

13

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21 REFERENCE

22 Testimony

23

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Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Computation of Working Capital

Exhibit
 Schedule B-5
 Page 1
 Witness: Bourassa

Line
 No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	28,474
3	Pumping Power (1/24 of Pumping Power)		1,238
4	Purchased Water (1/24 of Purchased Water)		-
5	Prepaid Expenses		
6			
7			
8			
9	Total Working Capital Allowance	<u>\$</u>	<u>29,713</u>
10			
11			
12	Working Capital Requested	<u>\$</u>	<u>-</u>
13			
14			
15			
16			
17		<u>Adjusted Test Year</u>	
18	Total Operating Expense	\$	416,350
19	Less:		
20	Income Tax	\$	-
21	Property Tax		26,568
22	Depreciation		132,265
23	Purchased Water		-
24	Pumping Power		29,723
25	Allowable Expenses	<u>\$</u>	<u>227,794</u>
26	1/8 of allowable expenses	<u>\$</u>	<u>28,474</u>
27			

28
 29 SUPPORTING SCHEDULES:
 30 E-1

RECAP SCHEDULES:
 B-1

31
 32
 33
 34
 35
 36
 37
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Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Income Statement

Exhibit
 Schedule C-1
 Page 1
 Witness: Bourassa

Line No.	Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues				
2	Metered Water Revenues \$ 359,204	\$ 164,566	\$ 523,770	\$ 14,480	\$ 538,249
3	Unmetered Water Revenues -	-	-	-	-
4	Other Water Revenues 9,276	-	9,276	-	9,276
5	<u>\$ 368,480</u>	<u>\$ 164,566</u>	<u>\$ 533,046</u>	<u>\$ 14,480</u>	<u>\$ 547,525</u>
6	Operating Expenses				
7	Salaries and Wages \$ 45,670	-	\$ 45,670	-	\$ 45,670
8	Employee Pensions and Benefits 1,564	-	1,564	-	1,564
9	Purchased Water -	-	-	-	-
10	Purchased Power 20,220	9,503	29,723	-	29,723
11	Chemicals 2,365	-	2,365	-	2,365
12	Repairs and Maintenance 37,989	-	37,989	-	37,989
13	Office Supplies and Expense 884	-	884	-	884
14	Contractual Services - Engineering -	-	-	-	-
15	Contractual Services - Mgmt Fee 60,000	-	60,000	-	60,000
16	Contractual Services - Legal & Accounting 27,776	-	27,776	-	27,776
17	Contractual Services - Other 16,914	-	16,914	-	16,914
18	Contractual Services - Water Testing 1,378	-	1,378	-	1,378
19	Rents -	-	-	-	-
20	Transportation Expenses -	-	-	-	-
21	Insurance - Vehicle -	-	-	-	-
22	Insurance - General Liability 11,438	-	11,438	-	11,438
23	Insurance - Worker's Comp -	-	-	-	-
24	Regulatory Commission Expense -	-	-	-	-
25	Regulatory Commission Expense - Rate Ca -	5,000	5,000	-	5,000
26	Bad Debt Expense -	-	-	-	-
27	Miscellaneous Expense 15,637	(2,279)	13,358	-	13,358
28	Sales Tax Expense 23,977	(23,977)	-	-	-
29	Depreciation Expense 297,605	(165,340)	132,265	-	132,265
30	Taxes Other Than Income 3,458	-	3,458	-	3,458
31	Property Taxes 2,128	24,440	26,568	241	26,809
32	Income Tax -	-	-	-	-
33					
34	<u>Total Operating Expenses \$ 569,003</u>	<u>\$ (152,653)</u>	<u>\$ 416,350</u>	<u>\$ 241</u>	<u>\$ 416,591</u>
35	<u>Operating Income \$ (200,523)</u>	<u>\$ 317,218</u>	<u>\$ 116,695</u>	<u>\$ 14,239</u>	<u>\$ 130,934</u>
36	Other Income (Expense)				
37	Interest Income 4,859	-	4,859	-	4,859
38	Other income -	-	-	-	-
39	Interest Expense -	-	-	-	-
40	Other Expense -	-	-	-	-
41	-	-	-	-	-
42	<u>Total Other Income (Expense) \$ 4,859</u>	<u>\$ -</u>	<u>\$ 4,859</u>	<u>\$ -</u>	<u>\$ 4,859</u>
43	<u>Net Profit (Loss) \$ (195,664)</u>	<u>\$ 317,218</u>	<u>\$ 121,554</u>	<u>\$ 14,239</u>	<u>\$ 135,793</u>

44
 45 SUPPORTING SCHEDULES:
 46 C-1, page 2
 47 E-2
 48

RECAP SCHEDULES:
 A-1

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Fully Depr/ Non-Depr	Depreciable Cost	Proposed Rates	Depreciation Expense
1							
2							
3							
4							
5	301	Organization Cost	54,297	(54,297)	-	0.00%	-
6	302	Franchise Cost	73,931	(73,931)	-	0.00%	-
7	303	Land and Land Rights	32,810	(32,810)	-	0.00%	-
8	304	Structures and Improvements	8,049		8,049	3.33%	268
9	305	Collecting and Impounding Res.	-		-	2.50%	-
10	306	Lake River and Other Intakes	-		-	2.50%	-
11	307	Wells and Springs	691,317		691,317	3.33%	23,021
12	308	Infiltration Galleries and Tunnels	-		-	6.67%	-
13	309	Supply Mains	-		-	2.00%	-
14	310	Power Generation Equipment	51,082		51,082	5.00%	2,554
15	311	Electric Pumping Equipment	-		-	12.50%	-
16	320	Water Treatment Equipment	263,610		263,610	3.33%	8,778
17	320.1	Water Treatment Plant	-		-	3.33%	-
18	320.2	Chemical Solution Feeders	-		-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	858,166		858,166	2.22%	19,051
20	330.1	Storage tanks	-		-	2.22%	-
21	330.2	Pressure Tanks	-		-	5.00%	-
22	331	Trans. and Dist. Mains	2,343,549		2,343,549	2.00%	46,871
23	333	Services	518,785		518,785	3.33%	17,276
24	334	Meters	154,334		154,334	8.33%	12,856
25	335	Hydrants	208,018		208,018	2.00%	4,160
26	336	Backflow Prevention Devices	-		-	6.67%	-
27	339	Other Plant and Misc. Equip.	651		651	6.67%	43
28	340	Office Furniture and Fixtures	5,752		5,752	6.67%	384
29	340.1	Computers and Software	-		-	20.00%	-
30	341	Transportation Equipment	8,224	(8,224)	-	20.00%	-
31	342	Stores Equipment	3,836		3,836	4.00%	153
32	343	Tools and Work Equipment	2,856		2,856	5.00%	143
33	344	Laboratory Equipment	14,718		14,718	10.00%	1,472
34	345	Power Operated Equipment	18,224		18,224	5.00%	911
35	346	Communications Equipment	-		-	10.00%	-
36	347	Miscellaneous Equipment	6,124		6,124	10.00%	612
37	348	Other Tangible Plant	-		-	10.00%	-
38		TOTALS	\$ 5,318,333	\$ (169,262)	\$ 5,149,071		\$ 138,554
39							
40							
41		Less: Amortization of Contributions			\$ 233,715	2.6909%	\$ (6,289)
42		Total Depreciation Expense					\$ 132,265
43							
44		Test Year Depreciation Expense					297,605
45							
46		Increase (decrease) in Depreciation Expense					(165,340)
47							
48		Adjustment to Revenues and/or Expenses					\$ (165,340)
49							
50		<u>SUPPORTING SCHEDULE</u>					
51		B-2, page 3					

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues - 2007	\$ 533,046	\$ 533,046
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,066,091	1,066,091
4	Company Recommended Revenue	533,046	547,525
5	Subtotal (Line 4 + Line 5)	1,599,137	1,613,617
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	533,046	537,872
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,066,091	1,075,744
10	Plus: 10% of CWIP - 2010	-	-
11	Less: Net Book Value of Licensed Vehicles	0	0
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,066,091	1,075,744
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	191,896	193,634
15	Composite Property Tax Rate - Obtained from ADOR	13.8449%	13.8449%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 26,568	\$ 26,809
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 26,568	
19	Test Year Property Taxes	\$ 2,128	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ 24,440	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 26,809
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 26,568
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 241
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 241
27	Increase in Revenue Requirement		\$ 14,480
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.66139%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line
No.

1			
2			
3	Estimated Rate Case Expense	\$	25,000
4			
5	Estimated Amortization Period in Years		5
6			
7	Annual Rate Case Expense	\$	<u>5,000</u>
8			
9	Test Year Rate Case Expense	\$	<u>-</u>
10			
11	Increase(decrease) in Reg. Comm. Rate Case Expense	\$	<u>5,000</u>
12			
13	Adjustment to Revenue and/or Expense	\$	<u>5,000</u>
14			
15			
16			
17			
18			
19			
20			

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Additional Revenues/Expense from Projected Customer Growth

Line No.		
1	<u>Projected Additional Revenues</u>	
2	Projected additional number of customers over next 5 years	400
3	Average 5/8x3/4 inch residential monthly bill during test year (H-2, page 1)	\$ 37.49
4	Additional monthly revenues	\$ 14,995
5	Number of months	12
6	Additional projected annual revenues	179,937
7		
8	Total additional annual revenues	<u>\$ 179,937</u>
9		
10	Increase(decrease) in Metered Revenues	<u>\$ 179,937</u>
11		
12	Adjustment to Revenue and/or Expense	<u>\$ 179,937</u>
13		
14	<u>Projected Additional Purchased Power Expense</u>	
15	Test year purchased power expense	\$ 20,220
16	Gallons sold (in 1000's)	52,647
17	Cost per 1,000 gallons	\$ 0.3841
18		
19	Projected additional number of customers over next 5 years	400
20	Average 5/8x3/4 inch residential usage during test year in 1,100's (H-2, page 1)	5.155
21	Additional monthly gallons sold	2,062
22	Cost per 1,000 gallons	\$ 0.3841
23	Additional monthly pumping power expense	\$ 792
24	Number of months	12
25	Additional projected annual pumping power expense	\$ 9,503
26		
27	Increase(decrease) in Purchased Power Expense	<u>\$ 9,503</u>
28		
29	Adjustment to Revenue and/or Expense	<u>\$ 9,503</u>
30		
31		
32	<u>REFERENCE</u>	
33	Testimony	

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Reverse Revenue Accrual

Line
No.

1		
2	Revenue accrual recorded during test year	\$ 15,371
3		
4		
5	Total	<u>\$ 15,371</u>
6		
7		
8	Increase(decrease) in Metered Revenues	<u>\$ (15,371)</u>
9		
10	Adjustment to Revenue and/or Expense	<u>\$ (15,371)</u>
11		
12		
13	<u>REFERENCE</u>	
14	Testimony	
15	work papers	
16		
17		
18		
19		
20		

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Remove Sales Tax Expense

<u>Line</u>		
<u>No.</u>		
1		
2	Test year sales tax expense	\$ 23,977
3		
4		
5	Total	<u>\$ 23,977</u>
6		
7		
8	Increase(decrease) in Sales Tax Expense	<u>\$ (23,977)</u>
9		
10	Adjustment to Revenue and/or Expense	<u>\$ (23,977)</u>
11		
12		
13	<u>REFERENCE</u>	
14	C-1	
15	Testimony	
16	work papers	
17		
18		
19		
20		

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Remove Verano Division Expense

Line No.		
1		
2	Test year expenses related to Verano	2,279
3		
4		
5	Total	<u>\$ 2,279</u>
6		
7	Increase(decrease) in Miscellaneous Expense	<u>\$ (2,279)</u>
8		
9		
10	Adjustment to Revenue and/or Expense	<u>\$ (2,279)</u>
11		
12		
13	<u>REFERENCE</u>	
14	C-1	
15	Testimony	
16	work papers	
17		
18		
19		
20		
21		
22		

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Adjustment to Revenues and/or Expenses
 Adjustment Number 8

Exhibit
 Schedule C-2
 Page 9
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjusted with Rate Increase
1	<u>Income Tax Computation</u>		
2			
3			
4			
5			
6	Revenue	\$ 533,046	\$ 547,525
	Operating Expenses Excluding Income Taxes	416,350	416,591
	Synchronized Interest	-	-
7	Income Before Taxes	<u>\$ 116,695</u>	<u>\$ 130,934</u>
8			
9	Arizona Income Before Taxes	\$ 116,695	\$ 130,934
10			
11	Less: Effective Arizona Income Tax	<u>\$ -</u>	<u>\$ -</u>
12	Rate = 0.0000% ¹		
13	Arizona Taxable Income	\$ 116,695	\$ 130,934
14			
15	Arizona Income Taxes	\$ -	\$ -
16			
17	Federal Income Before Taxes	\$ 116,695	\$ 130,934
18			
19	Less Arizona Income Taxes	<u>\$ -</u>	<u>\$ -</u>
20			
21	Federal Taxable Income	<u>\$ 116,695</u>	<u>\$ 130,934</u>
22			
23			
24			
25	FEDERAL INCOME TAXES:		
26	Effective Federal Tax Rate = 0.0000% ¹	\$ -	\$ -
27			
28			
29			
30			
31			
32	Federal Income Taxes	<u>\$ -</u>	<u>\$ -</u>
33			
34			
35	Total Income Tax	<u>\$ -</u>	<u>\$ -</u>
36			
37	Overall Tax Rate	<u>0.00%</u>	<u>0.00%</u>
38			
39	Income Tax	\$ -	\$ -
40	Test Year Income tax Expense	-	-
41	Adjustment to Income Tax Expense	<u>\$ -</u>	<u>\$ -</u>
42			
43			
44	¹ See work papers/testimony		

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Computation of Gross Revenue Conversion Factor

Exhibit
 Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	<u>Description</u>	Percentage of Incremental Gross <u>Revenues</u>
1	Combined Federal and State Effective Income Tax Rate	0.000%
2		
3	Property Taxes	1.661%
4		
5		
6	Total Tax Percentage	1.661%
7		
8	Operating Income % = 100% - Tax Percentage	98.339%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.0169
15		
16		
17		
18		
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23		
24		
25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	1.6614%					
5	Subtotal (L3 - L4)	98.3386%					
6	Revenue Conversion Factor (L1 / L5)	1.016895					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	0.0000%					
9	One Minus Combined Income Tax Rate (L7 - L8)	100.0000%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	0.0000%					
14	Federal Taxable Income (L12 - L13)	100.0000%					
15	Applicable Federal Income Tax Rate (Line 44)	0.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	0.0000%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		0.0000%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	0.0000%					
20	One Minus Combined Income Tax Rate (L18-L19)	100.0000%					
21	Property Tax Factor	1.6614%					
22	Effective Property Tax Factor (L20*L21)		1.6614%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			1.6614%			
24	Required Operating Income	\$	130,934				
25	Adjusted Test Year Operating Income (Loss)	\$	116,695				
26	Required Increase in Operating Income (L24 - L25)			\$	14,239		
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$	-				
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$	-				
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)			\$	-		
30	Recommended Revenue Requirement	\$	547,525				
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$	-				
33	Adjusted Test Year Uncollectible Expense	\$	-				
34	Required Increase in Revenue to Provide for Uncollectible Exp.			\$	-		
35	Property Tax with Recommended Revenue	\$	28,609				
36	Property Tax on Test Year Revenue	\$	28,568				
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)			\$	241		
38	Total Required Increase in Revenue (L26 + L29 + L37)			\$	14,480		

	(A) Test Year			(B) Company Recommended		
	Total	Red Rock Utilities, LLC - Water Division		Total	Red Rock Utilities, LLC - Water Division	
39 Revenue	\$ 533,046	\$ 533,046		\$ 547,525	\$ 547,525	
40 Operating Expenses Excluding Income Taxes	\$ 416,350	\$ 416,350		\$ 416,591	\$ 416,591	
41 Synchronized Interest (L47)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42 Arizona Taxable Income (L30 - L31 - L32)	\$ 116,695	\$ 116,695	\$ -	\$ 130,935	\$ 130,935	\$ -
43 Arizona State Effective Income Tax Rate (see work papers)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
44 Arizona Income Tax (L33 x L34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45 Federal Taxable Income (L33 - L35)	\$ 116,695	\$ 116,695	\$ -	\$ 130,935	\$ 130,935	\$ -
46 Effective Tax Rate (see work papers)	0.0000%	0.0000%		0.0000%	0.0000%	
47 Federal Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51 Total Federal Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52 Combined Federal and State Income Tax (L35 + L42)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

53 COMBINED Applicable Federal Income Tax Rate [Col. (D), L51 - Col. (A), L51] / [Col. (D), L45 - Col. (A), L45] 0.0000%

54 WATER Applicable Federal Income Tax Rate [Col. (E), L51 - Col. (B), L51] / [Col. (E), L45 - Col. (B), L45] 0.0000%

55

<u>Calculation of Interest Synchronization:</u>	
56 Rate Base	\$ 1,378,255
57 Weighted Average Cost of Debt	0.0000%
58 Synchronized Interest (L45 X L46)	\$ -

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Summary of Cost of Capital

Exhibit
 Schedule D-1
 Page 1
 Witness: Bourassa

Consolidated Capital Structure of Water and Sewer Division

Line No.	Item of Capital	<u>Adjusted End of Test Year</u>			<u>End of Projected Year</u>				
		Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	-	0.00%	0.00%	0.00%
2									
3	Member's Equity	4,378,460	100.00%	9.50%	9.50%	4,242,799	100.00%	9.50%	9.50%
4									
5	Totals	4,378,460	100.00%	9.50%	9.50%	4,242,799	100.00%	9.50%	9.50%
6									
7									
8									
9									
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21									
22									

SUPPORTING SCHEDULES:

- D-1
- D-3
- D-4
- E-1

RECAP SCHEDULES:
 A-3

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Cost of Long Term Debt

Exhibit
 Schedule D-2
 Page 1
 Witness: Bourassa

Line No.	Description of Debt	End of Test Year			End of Projected Year		
		Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13	Totals	\$ -	-		\$ -	-	
14							0.000%
15							0.000%
16	Supporting Schedules:						
17	E-1						
18	E-2						
19							
20							
21							
22							
23							
24							
25							
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27							
28							
29							
30							

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line
No.

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End of Test Year

End of Projected Year

Description of Issue	Shares Outstanding	Dividend Amount	Dividend Requirement	Shares Outstanding	Dividend Amount	Dividend Requirement
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NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING

SUPPORTING SCHEDULES:
E-1

RECAP SCHEDULES:
D-1

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line
No.

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The Company is proposing a cost of common equity of 9.50% .

SUPPORTING SCHEDULES:

E-1
Testimony

RECAP SCHEDULES:

D-1

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Comparative Balance Sheets

Exhibit
 Schedule E-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Ended 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2011
1	ASSETS			
2	Plant In Service	\$ 6,245,444	\$ 6,234,788	\$ 6,200,108
3	Non-Utility Plant	-	-	-
4	Construction Work in Progress	-	-	-
5	Plant Hld for Future Use	719,573	709,407	341,135
6	Less: Accumulated Depreciation	(1,901,802)	(1,592,511)	(1,283,821)
7	Net Plant	<u>\$ 5,063,215</u>	<u>\$ 5,351,684</u>	<u>\$ 5,257,422</u>
8				
9	Debt Reserve Fund	\$ -	\$ -	\$ -
10				
11		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
12				
13	CURRENT ASSETS			
14	Cash and Equivalents	\$ 3,037	\$ 41,559	\$ 79,340
15	Restricted Cash	-	-	-
16	Accounts Receivable, Net	28,623	17,310	62,106
17	Inter-Division Receivable	1,685,351	1,475,166	1,565,665
18	Notes Receivable	-	-	-
19	Materials and Supplies	-	-	-
20	Prepayments	-	-	-
21	Other Current Assets	-	-	-
22	Total Current Assets	<u>\$ 1,717,011</u>	<u>\$ 1,534,035</u>	<u>\$ 1,707,111</u>
23				
24	Unamortized Debt Discount			
25	Other Deferred Debits			
26	Deferred Debits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
27				
28	Other Investments & Special Funds	\$ -	\$ -	\$ -
29				
30	TOTAL ASSETS	<u>\$ 6,780,226</u>	<u>\$ 6,885,719</u>	<u>\$ 6,964,533</u>
31				
32				
33	LIABILITIES AND STOCKHOLDERS' EQUITY			
34				
35	Member Equity	<u>\$ 2,326,064</u>	<u>\$ 2,476,587</u>	<u>\$ 2,700,384</u>
36				
37	Long-Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
38				
39	CURRENT LIABILITIES			
40	Accounts Payable	\$ (664)	\$ (246)	\$ (246)
41	Current Portion of Long-Term Debt	-	-	-
42	Payables to Associated Companies	492,077	373,211	143,209
43	Security Deposits	44,505	54,029	48,016
44	Customer Meter Deposits, Current	124,172	130,240	138,086
45	Accrued Taxes	1,117	989	1,033
46	Accrued Interest	-	-	-
47	Other Current Liabilities	770	331	-
48	Total Current Liabilities	<u>\$ 661,977</u>	<u>\$ 558,554</u>	<u>\$ 330,098</u>
49	DEFERRED CREDITS			
50	Customer Meter Deposits, less current	\$ -	\$ -	\$ -
51	Advances in Aid of Construction	3,611,056	3,657,763	3,729,551
52	Accumulated Deferred Income Taxes	-	-	-
53	Contributions In Aid of Construction	233,715	233,715	233,715
54	Accumulated Amortization	(52,586)	(40,900)	(29,215)
55	Total Deferred Credits	<u>\$ 3,792,185</u>	<u>\$ 3,850,578</u>	<u>\$ 3,934,051</u>
56				
57	Total Liabilities & Common Equity	<u>\$ 6,780,226</u>	<u>\$ 6,885,719</u>	<u>\$ 6,964,533</u>
58				
59				
60				
61	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
62			A-3	

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Comparative Income Statements

Exhibit
 Schedule E-2
 Page 1
 Witness: Bourassa

Line No.	Test Year Ended 12/31/2013	Prior Year Ended 12/31/2012	Prior Year Ended 12/31/2011
1	Revenues		
2	\$ 359,204	\$ 301,854	\$ 433,949
3	-	-	-
4	9,276	45,713	8,352
5	\$ 368,480	\$ 347,567	\$ 442,301
6	Operating Expenses		
7	\$ 45,670	\$ 57,688	\$ 58,770
8	1,564	(1,349)	(1,707)
9	-	-	-
10	20,220	18,897	22,023
11	2,365	4,959	2,145
12	37,989	31,393	39,701
13	884	796	2,239
14	-	-	-
15	60,000	56,000	46,000
16	27,776	33,688	25,638
17	16,914	12,109	3,299
18	1,378	1,458	865
19	-	-	-
20	-	-	-
21	-	-	-
22	11,438	8,834	11,005
23	-	-	-
24	-	-	-
25	-	-	-
26	-	-	-
27	15,637	21,020	13,904
28	23,977	22,667	27,884
29	297,805	297,005	296,543
30	3,458	4,499	4,632
31	2,128	1,998	1,969
32	-	-	-
33	-	-	-
34	-	-	-
35	\$ 569,003	\$ 571,662	\$ 554,910
36	\$ (200,523)	\$ (224,095)	\$ (112,609)
37	Other Income (Expense)		
38	4,859	299	565
39	-	-	-
40	-	-	-
41	-	-	-
42	-	-	-
43	\$ 4,859	\$ 299	\$ 565
44	\$ (195,664)	\$ (223,796)	\$ (112,044)

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

A-2

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Detail of Plant in Service

Exhibit
 Schedule E-5
 Page 1
 Witness: Bourassa

Line No.	Acct. No.	Plant Description	Plant Balance at 12/31/2012	Plant Additions, Reclassifications or Retirements	Plant Balance at 12/31/2013
1					
2	301	Organization Cost	\$ 54,297	\$ -	\$ 54,297
3	302	Franchise Cost	95,236	-	95,236
4	303	Land and Land Rights	32,810	-	32,810
5	304	Structures and Improvements	8,049	-	8,049
6	305	Collecting and Impounding Res.	-	-	-
7	306	Lake River and Other Intakes	-	-	-
8	307	Wells and Springs	691,317	-	691,317
9	308	Infiltration Galleries and Tunnels	-	-	-
10	309	Supply Mains	-	-	-
11	310	Power Generation Equipment	51,082	-	51,082
12	311	Electric Pumping Equipment	-	-	-
13	320	Water Treatment Equipment	573,066	-	573,066
14	320	Water Treatment Equipment	-	-	-
15	320.1	Water Treatment Plant	-	-	-
16	320.2	Chemical Solution Feeders	1,454,518	-	1,454,518
17	330	Dist. Reservoirs & Standpipe	-	-	-
18	330.1	Storage tanks	-	-	-
19	330.2	Pressure Tanks	2,343,549	-	2,343,549
20	333	Services	518,785	-	518,785
21	334	Meters	143,678	10,656	154,334
22	335	Hydrants	208,018	-	208,018
23	336	Backflow Prevention Devices	-	-	-
24	339	Other Plant and Miscellaneous Equipment	651	-	651
25	340	Office Furniture and Fixtures	5,752	-	5,752
26	340.1	Computer Sftware & Equipment	-	-	-
27	341	Transportation Equipment	8,224	-	8,224
28	342	Stores Equipment	3,836	-	3,836
29	343	Tools and Work Equipment	2,856	-	2,856
30	344	Laboratory Equipment	14,718	-	14,718
31	345	Power Operated Equipment	18,224	-	18,224
32	346	Communications Equipment	-	-	-
33	347	Miscellaneous Equipment	6,124	-	6,124
34	348	Other Tangible Plant	-	-	-
35					
36					
37		TOTAL WATER PLANT	\$ 6,234,790	\$ 10,656	\$ 6,245,446

38
 39 SUPPORTING SCHEDULES

RECAP SCHEDULES:

A-4
 E-1

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 41
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Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bouras

Line No.		Test Year Ended <u>12/31/2013</u>	Prior Year Ended <u>12/31/2012</u>	Prior Year Ended <u>12/31/2011</u>
1	<u>WATER STATISTICS:</u>			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	52,647	45,527	54,238
6				
7				
8				
9	Water Revenues from Customers:	\$ 359,204	\$ 301,854	\$ 433,949
10				
11				
12				
13				
14	Year End Number of Customers	586	606	573
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	90	75	95
19				
20				
21				
22	Annual Revenue per Year End Customer	\$ 612.98	\$ 498.11	\$ 757.33
23				
24	Pumping Cost Per 1,000 Gallons	\$ 0.3841	\$ 0.4151	\$ 0.4060
25	Purchased Water Cost per 1,000 Gallons	\$ -	\$ -	\$ -

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.	Description	Test Year Ended <u>12/31/2013</u>	Prior Year Ended <u>12/31/2012</u>	Prior Year Ended <u>12/31/2011</u>
1				
2				
3	State Income Taxes	\$ -	\$ -	\$ -
4	Federal Income Taxes	-	-	-
5	Payroll Taxes	3,458	4,499	4,632
6	Property Taxes	2,128	1,998	1,969
7				
8	Totals	<u>\$ 5,586</u>	<u>\$ 6,497</u>	<u>\$ 6,601</u>
9				
10				
11				
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Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

Line
No.

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The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no notes which are typically associated with these financial statements. Management makes the following notations to the financial statements contained herein:

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Significant Accounting Policies - The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting records of the are maintained in accordance with the uniform system of accounts as prescribed by the National Association of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:

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11

Utility Plant - Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line basis.

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14

Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

15

16

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20

Revenue Recognition - Revenues are recognized on the accrual method. Under this method, revenue is recognized when earned rather than when collected, and expenses are recognized when incurred rather than when paid.

21

22

23

24

Contributions in Aid of Construction - Contributions in aid of construction (CIAC) are nonrefundable contributions by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any, of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense

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Advances in Aid of Construction - Customer advances for construction are subject to refund in accordance with agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically equal to 10 percent of annual water revenue generated from the expansion. The repayments are for a maximum agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repayment becomes a contribution in aid of construction.

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Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Projected Income Statements - Present & Proposed Rates

Exhibit
 Schedule F-1
 Page 1
 Witness: Bourassa

Line No.	Test Year Actual Results	At Present Rates Year Ended 12/31/2014	At Proposed Rates Year Ended 12/31/2014
1	Revenues		
2	Metered Water Revenues \$ 359,204	\$ 523,770	\$ 538,249
3	Unmetered Water Revenues -	-	-
4	Other Water Revenues 9,276	9,276	9,276
5	\$ 368,480	\$ 533,046	\$ 547,525
6	Operating Expenses		
7	Salaries and Wages \$ 45,670	\$ 45,670	\$ 45,670
8	Salaries and Wages - Officers and Directors 1,564	1,564	1,564
9	Employee Pensions and Benefits -	-	-
10	Purchased Water 20,220	29,723	29,723
11	Purchased Power 2,365	2,365	2,365
12	Chemicals 37,989	37,989	37,989
13	Repairs and Maintenance 884	884	884
14	Office Supplies and Expense -	-	-
15	Contractual Services - Engineering 60,000	60,000	60,000
16	Contractual Services - Accounting 27,776	27,776	27,776
17	Contractual Services - Legal 16,914	16,914	16,914
18	Contractual Services - Other 1,378	1,378	1,378
19	Contractual Services - Water Testing -	-	-
20	Rents - Equipment -	-	-
21	Transportation Expenses -	-	-
22	Insurance - Vehicle 11,438	11,438	11,438
23	Insurance - General Liability -	-	-
24	Insurance - Worker's Comp -	-	-
25	Regulatory Commission Expense -	5,000	5,000
26	Regulatory Commission Expense - Rate Case -	-	-
27	Bad Debt Expense 15,637	13,358	13,358
28	Miscellaneous Expense 23,977	-	-
29	Depreciation Expense 297,605	132,265	132,265
30	Taxes Other Than Income 3,458	3,458	3,458
31	Property Taxes 2,128	26,568	26,809
32	Income Tax -	-	-
33			
34	Total Operating Expenses \$ 569,003	\$ 416,350	\$ 416,591
35	Operating Income \$ (200,523)	\$ 116,695	\$ 130,934
36	Other Income (Expense)		
37	Interest Income 4,859	4,859	4,859
38	Other income -	-	-
39	Interest Expense -	-	-
40	Other Expense -	-	-
41	Gain/Loss Sale of Fixed Assets -	-	-
42	Total Other Income (Expense) \$ 4,859	\$ 4,859	\$ 4,859
43	Net Profit (Loss) \$ (195,664)	\$ 121,554	\$ 135,793
44			
45			
46	SUPPORTING SCHEDULES:		
47	C-1		
48			
49			
50			

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Projected Statements of Changes in Financial Position
 Present and Proposed Rates

Exhibit
 Schedule F-2
 Page 1
 Witness: Bourassa

Line No.		Test Year Ended <u>12/31/2013</u>	At Present Rates Year Ended <u>12/31/2014</u>	At Proposed Rates Year Ended <u>12/31/2014</u>
5	Cash Flows from Operating Activities			
6	Net Income	\$ (195,664)	\$ 121,554	\$ 135,793
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	297,605	297,005	296,543
10	Depreciation Adjustments	-		
11	Changes in Certain Assets and Liabilities:			
12	Accounts Receivable	(11,313)		
13	Unbilled Revenues	-		
14	Materials and Supplies Inventory	-		
15	Prepaid Expenses	-		
16	Security Deposits	(9,524)		
17	Notes Receivable	(210,185)		
18	Accounts Payable	(418)		
19	Intercompany payable	118,866		
20	Customer Meter Deposits	(8,068)		
21	Taxes Payable	128		
22	Other assets and liabilities	439		
23	Net Cash Flow provided by Operating Activities	<u>\$ (16,134)</u>	<u>\$ 418,559</u>	<u>\$ 432,336</u>
24	Cash Flow From Investing Activities:			
25	Capital Expenditures	(20,822)	(40,000)	(40,000)
26	Plant Held for Future Use	-		
27	Changes in debt reserve fund	-		
28	Net Cash Flows from Investing Activities	<u>\$ (20,822)</u>	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>
29	Cash Flow From Financing Activities			
30	Change in Restricted Cash	-		
31	Change in net amounts due to parent and affiliates	-		
32	Net Receipt contributions in aid of construction	-	-	-
33	Net receipts of advances in aid of construction	(46,707)	(46,707)	(46,707)
34	Repayments of Long-Term Debt	-	-	-
35	Dividends Paid	-	-	-
36	Deferred Financing Costs	-	-	-
37	Paid in Capital	45,141	-	-
38	Net Cash Flows Provided by Financing Activities	<u>\$ (1,566)</u>	<u>\$ (46,707)</u>	<u>\$ (46,707)</u>
39	Increase(decrease) in Cash and Cash Equivalents	(38,522)	331,852	345,629
40	Cash and Cash Equivalents at Beginning of Year	41,559	3,037	3,037
41	Cash and Cash Equivalents at End of Year	<u>\$ 3,037</u>	<u>\$ 334,889</u>	<u>\$ 348,666</u>

SUPPORTING SCHEDULES:

E-3

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Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Projected Construction Requirements

Exhibit
 Schedule F-3
 Page 1
 Witness: Bourassa

Line No.	Account Number	Plant Asset:	Test Year	2014
1				
2				
3				
4	301	Organization Cost	\$ -	
5	302	Franchise Cost	-	
6	303	Land and Land Rights	-	
7	304	Structures and Improvements	-	
8	305	Collecting and Impounding Res.	-	
9	306	Lake River and Other Intakes	-	
10	307	Wells and Springs	-	
11	308	Infiltration Galleries and Tunnels	-	
12	309	Supply Mains	-	
13	310	Power Generation Equipment	-	
14	311	Electric Pumping Equipment	-	20,000
15	320	Water Treatment Equipment	-	
16	320	Water Treatment Equipment	-	
17	320.1	Water Treatment Plant	-	
18	320.2	Chemical Solution Feeders	-	
19	330	Dist. Reservoirs & Standpipe	-	
20	330.1	Storage tanks	-	
21	330.2	Pressure Tanks	-	
22	333	Services	-	
23	334	Meters	10,656	10,000
24	335	Hydrants	-	
25	336	Backflow Prevention Devices	-	
26	339	Other Plant and Miscellaneous Equipment	-	
27	340	Office Furniture and Fixtures	-	
28	341	Transportation Equipment	-	
29	342	Stores Equipment	-	
30	343	Tools and Work Equipment	-	
31	344	Laboratory Equipment	-	
32	345	Power Operated Equipment	-	
33	346	Communications Equipment	-	10,000
34	347	Miscellaneous Equipment	-	
35	348	Other Tangible Plant	-	
36				
37	Total		\$ 10,656	\$ 40,000
38				
39				
40				

Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line

No.

- 1 Property Taxes were computed using the method used by the Arizona Department
- 2 of Revenue modified for ratemaking.
- 3
- 4 Projected construction expenditures are shown on Schedule A-4.
- 5
- 6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
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Red Rock Utilities, LLC - Water Division
Test Year Ended December 31, 2013
Present and Proposed Rates

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Classes, except Standpipe/Bulk):				
2	5/8x3/4 Inch	\$ 25.00	\$ 25.00	\$ -	0.00%
3	3/4 Inch	37.50	37.50	-	0.00%
4	1 Inch	62.50	62.50	-	0.00%
5	1 1/2 Inch	125.00	125.00	-	0.00%
6	2 Inch	200.00	200.00	-	0.00%
7	3 Inch	375.00	400.00	25.00	6.67%
8	4 Inch	625.00	625.00	-	0.00%
9	6 Inch	1,250.00	1,250.00	-	0.00%
10					
11					
12	Gallons In Minimum (All Classes, except irrigation)				
13					
14					
15					
16					
17					
18	<u>Commodity Rates</u>				
19					
20	5/8x3/4 Inch - All Classes, Except Irrigation				
21					
22					
23					
24	3/4 Inch and Larger - All Classes, Except Irrigation				
25					
26					
27					
28	Irrigation - All Meter Sizes				
29					
30					
31	Standpipe/Bulk				
32					
33					
34					
35					
36					
37					
38					
39	NT = No Tariff				
40					

Block	(Per 1,000 gallons)	
	Present Rate	Proposed Rate
1 gallons to 5,000 gallons	\$ 2.40	\$ 2.50
5,001 gallons to 10,000 gallons	\$ 3.15	\$ 3.40
over 10,000 gallons	\$ 3.90	\$ 4.25
1 gallons to 5,000 gallons	\$ 3.15	\$ 3.40
over 5,000 gallons	\$ 3.90	\$ 4.25
Over Minimum up to 20,000 gallons	\$ 3.15	\$ 3.40
Over 20,000 gallons	\$ 3.90	\$ 4.25
All gallons	\$ 4.25	\$ 4.25

Red Rock Utilities, LLC - Water Division
Present and Proposed Rates
Test Year Ended December 31, 2013

Line No.	Meter and Service Line Charges ¹	Present Service Line Charge	Present Meter Installation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Installation Charge	Total Proposed Charge
7	5/8 x 3/4 inch	\$	\$	400.00			\$ 400.00
8	3/4 inch			440.00			440.00
9	1 inch			500.00			500.00
10	1 1/2 inch			715.00			715.00
11	2 inch Turbo			1,170.00			1,170.00
12	2 inch, Compound			1,700.00			1,700.00
13	3 inch Turbo			1,585.00			1,585.00
14	3 inch, compound			2,190.00			2,190.00
15	4 inch Turbo			2,540.00			2,540.00
16	4 inch, compound			3,215.00			3,215.00
17	6 inch Turbo			4,815.00			4,815.00
18	6 inch, compound			6,270.00			6,270.00

¹ Based on ACC Staff Engineering Memo dated February 21, 2008

NT = No Tariff

Other Charges:

26	Establishment	\$	25.00
27	Re-establishment (after hours)	\$	50.00
28	Re-establishment (within 12 months)		*
29	Reconnection (Delinquent)	\$	30.00
30	Meter Test (if correct)		NT
31	Meter Re-read (if correct) per R-14-2-408	\$	15.00
32	Minimum Deposit		**
33	Deposit Interest		**
34	NSF Check	\$	25.00
35	Deferred Payment, per month		1.5%
36	Late Payment Charge (per month)		1.5%
37	After hours service charge, per hour***	\$	50.00
38	Charge for moving meter at customer request		Cost
39			
40			
41			
42			
43			
44			

	\$	25.00
	\$	50.00
		*
	\$	30.00
	\$	30.00
	\$	15.00
		**
		**
	\$	25.00
		1.5%
		1.5%
	\$	50.00
		Cost

* Number of months off the system times the monthly minimum. Per Commission rule A.A.C. R-14-2-403(D)

** Per Rule R14-2-403.B

*** Applies to all service provided after hours and at customer request for after hours service.

NT = No Tariff

Red Rock Utilities, LLC - Water Division
 Bill Comparison of Present and Proposed Rates
 Customer Classification Residential 5/8x3/4 Inch Meter
 Test Year Ended December 31, 2013
 (Excludes all Revenue Related Taxes)

Exhibit
 Schedule H-4
 Page 1
 Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 25.00	\$ 25.00	\$ -	0.00%
1,000	27.40	27.50	0.10	0.36%
2,000	29.80	30.00	0.20	0.67%
3,000	32.20	32.50	0.30	0.93%
4,000	34.60	35.00	0.40	1.16%
5,000	37.00	37.50	0.50	1.35%
6,000	40.15	40.90	0.75	1.87%
7,000	43.30	44.30	1.00	2.31%
8,000	46.45	47.70	1.25	2.69%
9,000	49.60	51.10	1.50	3.02%
10,000	52.75	54.50	1.75	3.32%
12,000	60.55	63.00	2.45	4.05%
14,000	68.35	71.50	3.15	4.61%
16,000	76.15	80.00	3.85	5.06%
18,000	83.95	88.50	4.55	5.42%
20,000	91.75	97.00	5.25	5.72%
25,000	111.25	118.25	7.00	6.29%
30,000	130.75	139.50	8.75	6.69%
35,000	150.25	160.75	10.50	6.99%
40,000	169.75	182.00	12.25	7.22%
45,000	189.25	203.25	14.00	7.40%
50,000	208.75	224.50	15.75	7.54%
60,000	247.75	267.00	19.25	7.77%
70,000	286.75	309.50	22.75	7.93%
80,000	325.75	352.00	26.25	8.06%
90,000	364.75	394.50	29.75	8.16%
100,000	403.75	437.00	33.25	8.24%

Present Rates:
 Monthly Minimum: \$ 25.00
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 5,000 \$ 2.40
 Up to 10,000 \$ 3.15
 Over 10,000 \$ 3.90

Proposed Rates:
 Monthly Minimum: \$ 25.00
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 5,000 \$ 2.50
 Up to 10,000 \$ 3.40
 Over 10,000 \$ 4.25

Average Usage	\$ 37.49	\$ 38.03	\$ 0.54	1.44%
5,155				
Median Usage	\$ 35.80	\$ 36.25	\$ 0.45	1.26%
4,500				

Red Rock Utilities, LLC - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 5/8x3/4 Inch Meter
Test Year Ended December 31, 2013
(Excludes all Revenue Related Taxes)

Exhibit
 Schedule H-4
 Page 1
 Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 25.00	\$ 25.00	\$ -	0.00%
1,000	27.40	27.50	0.10	0.36%
2,000	29.80	30.00	0.20	0.67%
3,000	32.20	32.50	0.30	0.93%
4,000	34.60	35.00	0.40	1.16%
5,000	37.00	37.50	0.50	1.35%
6,000	40.15	40.90	0.75	1.87%
7,000	43.30	44.30	1.00	2.31%
8,000	46.45	47.70	1.25	2.69%
9,000	49.60	51.10	1.50	3.02%
10,000	52.75	54.50	1.75	3.32%
12,000	60.55	63.00	2.45	4.05%
14,000	68.35	71.50	3.15	4.61%
16,000	76.15	80.00	3.85	5.06%
18,000	83.95	88.50	4.55	5.42%
20,000	91.75	97.00	5.25	5.72%
25,000	111.25	118.25	7.00	6.29%
30,000	130.75	139.50	8.75	6.69%
35,000	150.25	160.75	10.50	6.99%
40,000	169.75	182.00	12.25	7.22%
45,000	189.25	203.25	14.00	7.40%
50,000	208.75	224.50	15.75	7.54%
60,000	247.75	267.00	19.25	7.77%
70,000	286.75	309.50	22.75	7.93%
80,000	325.75	352.00	26.25	8.06%
90,000	364.75	394.50	29.75	8.16%
100,000	403.75	437.00	33.25	8.24%

Present Rates:

Monthly Minimum:	\$ 25.00
Gallons in Minimum Charge Per 1,000 Gallons	-
Up to 5,000	2.40
Up to 10,000	3.15
Over 10,000	3.90

Proposed Rates:

Monthly Minimum:	\$ 25.00
Gallons in Minimum Charge Per 1,000 Gallons	-
Up to 5,000	2.50
Up to 10,000	3.40
Over 10,000	4.25

Average Usage

Average Usage	
2,313	\$ 30.55
Median Usage	\$ 30.78
2,000	\$ 30.00
	\$ 0.23
	\$ 0.20
	0.76%
	0.67%

Red Rock Utilities, LLC - Water Division
 Bill Comparison of Present and Proposed Rates
 Customer Classification Commercial 2 Inch Meter
 Test Year Ended December 31, 2013

Exhibit
 Schedule H-4
 Page 3
 Witness: Bourassa

Usage	Present Bill \$	Proposed Bill \$	Dollar Increase	Percent Increase
1,000	200.00	200.00	\$ -	0.00%
2,000	203.15	203.40	\$ 0.25	0.12%
3,000	206.30	206.80	\$ 0.50	0.24%
4,000	209.45	210.20	\$ 0.75	0.36%
5,000	212.60	213.60	\$ 1.00	0.47%
6,000	215.75	217.00	\$ 1.25	0.58%
7,000	219.65	221.25	\$ 1.60	0.73%
8,000	223.55	225.50	\$ 1.95	0.87%
9,000	227.45	229.75	\$ 2.30	1.01%
10,000	231.35	234.00	\$ 2.65	1.15%
12,000	235.25	238.25	\$ 3.00	1.28%
14,000	243.05	246.75	\$ 3.70	1.52%
16,000	250.85	255.25	\$ 4.40	1.75%
18,000	258.65	263.75	\$ 5.10	1.97%
20,000	266.45	272.25	\$ 5.80	2.18%
25,000	274.25	280.75	\$ 6.50	2.37%
30,000	293.75	302.00	\$ 8.25	2.81%
35,000	313.25	323.25	\$ 10.00	3.19%
40,000	332.75	344.50	\$ 11.75	3.53%
45,000	352.25	365.75	\$ 13.50	3.83%
50,000	371.75	387.00	\$ 15.25	4.10%
60,000	391.25	408.25	\$ 17.00	4.35%
70,000	430.25	450.75	\$ 20.50	4.76%
80,000	469.25	493.25	\$ 24.00	5.11%
90,000	508.25	535.75	\$ 27.50	5.41%
100,000	547.25	578.25	\$ 31.00	5.66%
	586.25	620.75	\$ 34.50	5.88%
Average Usage	77,027	\$ 523.11	\$ 26.46	5.33%
Median Usage	23,750	\$ 288.88	\$ 7.81	2.70%

Present Rates:
 Monthly Minimum: \$ 200.00
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 5,000 \$ 3.15
 Over 5,000 \$ 3.90

Proposed Rates:
 Monthly Minimum: \$ 200.00
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 5,000 \$ 3.40
 Over 5,000 \$ 4.25

Red Rock Utilities, LLC - Water Division
 Bill Comparison of Present and Proposed Rates
 Customer Classification Irrigation 1 Inch
 Test Year Ended December 31, 2013
 (Excludes all Revenue Related Taxes)

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
-	\$ 62.50	\$ 62.50	\$ -	0.00%	
1,000	65.65	65.90	0.25	0.38%	
2,000	68.80	69.30	0.50	0.73%	
3,000	71.95	72.70	0.75	1.04%	
4,000	75.10	76.10	1.00	1.33%	
5,000	78.25	79.50	1.25	1.60%	
6,000	81.40	82.90	1.50	1.84%	
7,000	84.55	86.30	1.75	2.07%	
8,000	87.70	89.70	2.00	2.28%	
9,000	90.85	93.10	2.25	2.48%	
10,000	94.00	96.50	2.50	2.66%	
12,000	100.30	103.30	3.00	2.99%	
14,000	106.60	110.10	3.50	3.28%	
16,000	112.90	116.90	4.00	3.54%	
18,000	119.20	123.70	4.50	3.78%	
20,000	125.50	130.50	5.00	3.98%	
25,000	145.00	151.75	6.75	4.66%	
30,000	164.50	173.00	8.50	5.17%	
35,000	184.00	194.25	10.25	5.57%	
40,000	203.50	215.50	12.00	5.90%	
45,000	223.00	236.75	13.75	6.17%	
50,000	242.50	258.00	15.50	6.39%	
60,000	281.50	300.50	19.00	6.75%	
70,000	320.50	343.00	22.50	7.02%	
80,000	359.50	385.50	26.00	7.23%	
90,000	398.50	428.00	29.50	7.40%	
100,000	437.50	470.50	33.00	7.54%	
Average Usage	31,892	\$ 171.88	\$ 181.04	\$ 9.16	5.33%
Median Usage	4,500	\$ 76.68	\$ 77.80	\$ 1.13	1.47%

Present Rates:
 Monthly Minimum: \$ 62.50
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 3.15
 Over 20,000 \$ 3.90

Proposed Rates:
 Monthly Minimum: \$ 62.50
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 3.40
 Over 20,000 \$ 4.25

Red Rock Utilities, LLC - Water Division
 Bill Comparison of Present and Proposed Rates
 Customer Classification Irrigation 2 Inch
 Test Year Ended December 31, 2013
 (Excludes all Revenue Related Taxes)

Exhibit
 Schedule H-4
 Page 5
 Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 200.00	\$ 200.00	\$ -	0.00%
1,000	203.15	203.40	0.25	0.12%
2,000	206.30	206.80	0.50	0.24%
3,000	209.45	210.20	0.75	0.36%
4,000	212.60	213.60	1.00	0.47%
5,000	215.75	217.00	1.25	0.58%
6,000	218.90	220.40	1.50	0.69%
7,000	222.05	223.80	1.75	0.79%
8,000	225.20	227.20	2.00	0.89%
9,000	228.35	230.60	2.25	0.99%
10,000	231.50	234.00	2.50	1.08%
12,000	237.80	240.80	3.00	1.26%
14,000	244.10	247.60	3.50	1.43%
16,000	250.40	254.40	4.00	1.60%
18,000	256.70	261.20	4.50	1.75%
20,000	263.00	268.00	5.00	1.90%
25,000	282.50	289.25	6.75	2.39%
30,000	302.00	310.50	8.50	2.81%
35,000	321.50	331.75	10.25	3.19%
40,000	341.00	353.00	12.00	3.52%
45,000	360.50	374.25	13.75	3.81%
50,000	380.00	395.50	15.50	4.08%
60,000	419.00	438.00	19.00	4.53%
70,000	458.00	480.50	22.50	4.91%
80,000	497.00	523.00	26.00	5.23%
90,000	536.00	565.50	29.50	5.50%
100,000	575.00	608.00	33.00	5.74%
Average Usage	432.85	\$ 453.09	\$ 20.24	4.68%
Median Usage	40,000	\$ 353.00	\$ 12.00	3.52%

Present Rates:
 Monthly Minimum: \$ 200.00
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 3.15
 Over 20,000 \$ 3.90

Proposed Rates:
 Monthly Minimum: \$ 200.00
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 3.40
 Over 20,000 \$ 4.25

Red Rock Utilities, LLC - Water Division
 Bill Comparison of Present and Proposed Rates
 Customer Classification Hydrant
 Test Year Ended December 31, 2013
 (Excludes all Revenue Related Taxes)

Exhibit
 Schedule H-4
 Page 6
 Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1,000	3.90	4.25	0.35	0.00%
2,000	7.80	8.50	0.70	8.97%
3,000	11.70	12.75	1.05	8.97%
4,000	15.60	17.00	1.40	8.97%
5,000	19.50	21.25	1.75	8.97%
6,000	23.40	25.50	2.10	8.97%
7,000	27.30	29.75	2.45	8.97%
8,000	31.20	34.00	2.80	8.97%
9,000	35.10	38.25	3.15	8.97%
10,000	39.00	42.50	3.50	8.97%
12,000	46.80	51.00	4.20	8.97%
14,000	54.60	59.50	4.90	8.97%
16,000	62.40	68.00	5.60	8.97%
18,000	70.20	76.50	6.30	8.97%
20,000	78.00	85.00	7.00	8.97%
25,000	97.50	106.25	8.75	8.97%
30,000	117.00	127.50	10.50	8.97%
35,000	136.50	148.75	12.25	8.97%
40,000	156.00	170.00	14.00	8.97%
45,000	175.50	191.25	15.75	8.97%
50,000	195.00	212.50	17.50	8.97%
60,000	234.00	255.00	21.00	8.97%
70,000	273.00	297.50	24.50	8.97%
80,000	312.00	340.00	28.00	8.97%
90,000	351.00	382.50	31.50	8.97%
100,000	390.00	425.00	35.00	8.97%
Average Usage				
551,013	\$ 2,148.95	\$ 2,341.80	\$ 192.85	8.97%
Median Usage				
317,448	\$ 1,238.05	\$ 1,349.15	\$ 111.11	8.97%

Present Rates:
 Monthly Minimum: \$ -
 Gallons in Minimum Charge Per 1,000 Gallons -
 All Gallons \$ 3.90

Proposed Rates:
 Monthly Minimum: \$ -
 Gallons in Minimum Charge Per 1,000 Gallons -
 All Gallons \$ 4.25

Red Rock Utilities, LLC - Water Division
 Bill Comparison of Present and Proposed Rates
 Customer Classification Bulk Water
 Test Year Ended December 31, 2013

Exhibit
 Schedule H-4
 Page 7
 Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase #DIV/0!
10,000	\$ 31.50	\$ 34.00	\$ 2.50	7.94%
20,000	\$ 63.00	\$ 68.00	\$ 5.00	7.94%
30,000	\$ 102.00	\$ 110.50	\$ 8.50	8.33%
40,000	\$ 141.00	\$ 153.00	\$ 12.00	8.51%
50,000	\$ 180.00	\$ 195.50	\$ 15.50	8.61%
100,000	\$ 375.00	\$ 408.00	\$ 33.00	8.80%
150,000	\$ 570.00	\$ 620.50	\$ 50.50	8.86%
200,000	\$ 765.00	\$ 833.00	\$ 68.00	8.89%
250,000	\$ 960.00	\$ 1,045.50	\$ 85.50	8.91%
300,000	\$ 1,155.00	\$ 1,258.00	\$ 103.00	8.92%
350,000	\$ 1,350.00	\$ 1,470.50	\$ 120.50	8.93%
400,000	\$ 1,545.00	\$ 1,683.00	\$ 138.00	8.93%
450,000	\$ 1,740.00	\$ 1,895.50	\$ 155.50	8.94%
500,000	\$ 1,935.00	\$ 2,108.00	\$ 173.00	8.94%
1,000,000	\$ 3,885.00	\$ 4,233.00	\$ 348.00	8.96%
1,500,000	\$ 5,835.00	\$ 6,358.00	\$ 523.00	8.96%
2,000,000	\$ 7,785.00	\$ 8,483.00	\$ 698.00	8.97%
2,500,000	\$ 9,735.00	\$ 10,608.00	\$ 873.00	8.97%
3,000,000	\$ 11,685.00	\$ 12,733.00	\$ 1,048.00	8.97%
3,500,000	\$ 13,635.00	\$ 14,858.00	\$ 1,223.00	8.97%
4,000,000	\$ 15,585.00	\$ 16,983.00	\$ 1,398.00	8.97%
4,500,000	\$ 17,535.00	\$ 19,108.00	\$ 1,573.00	8.97%
5,000,000	\$ 19,485.00	\$ 21,233.00	\$ 1,748.00	8.97%
10,000,000	\$ 38,985.00	\$ 42,483.00	\$ 3,498.00	8.97%
15,000,000	\$ 58,485.00	\$ 63,733.00	\$ 5,248.00	8.97%
20,000,000	\$ 77,985.00	\$ 84,983.00	\$ 6,998.00	8.97%
Average Usage	\$ 525.61	\$ 572.13	\$ 46.52	8.85%
Median Usage	\$ 461.00	\$ 501.72	\$ 40.72	8.83%

Present Rates:
 Monthly Minimum: \$ -
 Gallons in Minimum: -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 3.15
 Over 20,000 \$ 3.90

Proposed Rates:
 Monthly Minimum: \$ -
 Gallons in Minimum: -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 3.40
 Over 20,000 \$ 4.25

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Customer Classification Commercial 5/8x3/4 Inch Meter

Exhibit
 Schedule H-5
 Page 2
 Witness: Bourassa

Usage From:	Usage To:	Month of Jan	Month of Feb	Month of Mar	Month of Apr	Month of May	Month of Jun	Month of Jul	Month of Aug	Month of Sep	Month of Oct	Month of Nov	Month of Dec	Total Year	Cumulative Billing	Cumulative Sales (1,000's)
1	1,000	1	1	1	1	1	1	1	1	1	1	1	1	12	12	6
1,001	2,000														12	6
2,001	3,000													5	17	19
3,001	4,000													4	21	33
4,001	5,000	1												1	22	37
5,001	6,000													1	23	43
6,001	7,000													1	23	43
7,001	8,000													1	23	43
8,001	9,000													1	23	43
9,001	10,000													1	23	43
10,001	12,000													1	23	43
12,001	14,000													1	23	43
14,001	16,000													1	23	43
16,001	18,000													1	24	56
18,001	20,000													1	24	56
20,001	25,000													1	24	56
25,001	30,000													1	24	56
30,001	35,000													1	24	56
35,001	40,000													1	24	56
40,001	45,000													1	24	56
45,001	50,000													1	24	56
50,001	60,000													1	24	56
60,001	70,000													1	24	56
70,001	80,000													1	24	56
80,001	90,000													1	24	56
90,001	100,000													1	24	56

Totals	2	2	2	2	2	2	2	2	2	2	2	2	2	24	24	24
Average Usage															2,313	
Median Usage															2,000	
Average # Customers															2	
Change in Number of Customers															-	

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Customer Classification Commercial 2 Inch Meter

Exhibit Schedule H-5
 Page 3
 Witness: Bourassa

Usage From:	Usage To:	Month of Jan	Month of Feb	Month of Mar	Month of Apr	Month of May	Month of Jun	Month of Jul	Month of Aug	Month of Sep	Month of Oct	Month of Nov	Month of Dec	Total Year	Cumulative Billing	Cumulative Gals (1,000s)
1	1,000	1												1	1	1
1,001	2,000		1											1	2	2
2,001	3,000			1										1	3	5
3,001	4,000				1									1	4	8
4,001	5,000					1								2	6	17
5,001	6,000						1							2	8	28
6,001	7,000										1				8	28
7,001	8,000								1						8	28
8,001	9,000													1	9	37
9,001	10,000													1	9	37
10,001	12,000				1									1	10	48
12,001	14,000													2	10	48
14,001	16,000						1							2	12	78
16,001	18,000													2	12	78
18,001	20,000													2	12	78
20,001	25,000													2	12	78
25,001	30,000													2	12	78
30,001	35,000		1											1	13	110
35,001	40,000													1	13	110
40,001	45,000													1	13	110
45,001	50,000													1	13	110
50,001	60,000													1	13	110
60,001	70,000													1	13	110
70,001	80,000													1	14	195
80,001	90,000			1										1	15	290
90,001	100,000													1	16	416
100,001	126,410				1									1	17	555
126,410	138,790													1	18	743
138,790	188,250													1	19	947
188,250	203,510													1	20	1,120
203,510	173,220							1						1	21	1,348
173,220	227,490									1				1	22	1,528
227,490	180,760										1			1	23	1,593
180,760	164,420											1		1	24	1,649
164,420	155,780												1	1	24	1,849
155,780														1	24	1,849

Totals	2	2	2	2	2	2	2	2	2	2	2	2	2	24	77,027	23,750
Average Usage														2	77,027	23,750
Median Usage														2	23,750	2
Average # Customers														2		

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Customer Classification Irrigation 2 Inch

Exhibit
 Schedule H-5
 Page 5
 Witness: Bourassa

Usage From:	Usage To:	Month of Jan	Month of Feb	Month of Mar	Month of Apr	Month of May	Month of Jun	Month of Jul	Month of Aug	Month of Sep	Month of Oct	Month of Nov	Month of Dec	Total Year	Cumulative Billing	Cumulative Gals (1,000s)
1	1,000															
1,001	2,000															13
2,001	3,000															13
3,001	4,000															13
4,001	5,000															51
5,001	6,000															51
6,001	7,000															79
7,001	8,000															111
8,001	9,000															111
9,001	10,000															159
10,001	12,000															214
12,001	14,000	1												1		344
14,001	16,000															419
16,001	18,000															419
18,001	20,000		1											2		630
20,001	25,000															763
25,001	30,000										1					763
30,001	35,000															763
35,001	40,000															763
40,001	45,000															763
45,001	50,000															763
50,001	60,000				1									1		763
60,001	70,000					1										763
70,001	80,000									1				1		763
80,001	90,000															763
90,001	100,000															763
211,657	211,657								1					1		763
132,454	132,454													1		763
Totals																
														63,551	40,000	1

Average Usage
 Median Usage
 Average # Customers
 Change in Number of Customers

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Customer Classification Bulk Water

Exhibit Schedule H-5
 Page 7
 Witness: Bourassa

Usage From:	Usage To:	Month of Jan	Month of Feb	Month of Mar	Month of Apr	Month of May	Month of Jun	Month of Jul	Month of Aug	Month of Sep	Month of Oct	Month of Nov	Month of Dec	Total Year	Cumulative Billing	Cumulative Gals.(1,000s)
1,001	2,000	5											2	7	7	11
2,001	3,000				3									3	10	18
3,001	4,000				2								1	3	13	29
4,001	5,000												2	2	15	38
5,001	6,000														15	38
6,001	7,000														15	38
7,001	8,000				1								1	2	17	53
8,001	9,000														17	53
9,001	10,000														17	53
10,001	12,000														17	53
12,001	14,000														17	53
14,001	16,000														17	53
16,001	18,000														17	53
18,001	20,000														17	53
20,001	25,000				1									1	18	75
30,001	30,000				1									2	20	140
35,001	40,000														20	140
40,001	45,000														20	140
45,001	50,000				2									2	22	235
50,001	60,000							1						1	23	280
60,001	70,000				1									5	28	615
70,001	80,000														28	615
80,001	90,000														28	615
90,001	100,000														28	615
100,001	122,051									1				3	31	981
106,648	106,648				1									1	32	1,088
173,464	173,464													1	33	1,261
740,780	740,780													1	34	2,002
148,788	148,788													1	35	2,152
101,796	101,796													1	36	2,254
577,083	577,083													1	37	2,831
145,677	145,677													1	38	2,976
572,506	572,506													1	39	3,549
174,765	174,765													1	40	3,724
110,693	110,693													1	41	3,834
128,976	128,976													1	42	3,964
326,008	326,008													1	43	4,290
118,767	118,767													1	44	4,409
468,231	468,231													1	45	4,877
127,248	127,248													1	46	5,005
125,384	125,384													1	47	5,130
549,614	549,614													1	48	5,880
173,034	173,034													1	49	5,853
609,172	609,172													1	50	6,462
173,420	173,420													1	51	6,635
135,391	135,391													1	52	6,771
463,100	463,100													1	53	7,234
211,000	211,000													1	54	7,445
118,300	118,300													1	55	7,564

Red Rock Utilities, LLC - Water Division
 Test Year Ended December 31, 2013
 Customer Classification Bulk Water

Exhibit
 Schedule H-5
 Page 7
 Witness: Bourassa

Usage From:	Usage To:	Month of Jan	Month of Feb	Month of Mar	Month of Apr	Month of May	Month of Jun	Month of Jul	Month of Aug	Month of Sep	Month of Oct	Month of Nov	Month of Dec	Total Year	Cumulative Billing	Cumulative Gals (1,000s)
139,260	139,260	-	-	-	-	-	-	-	-	-	1	-	-	1	56	7,703
205,165	205,165	-	-	-	-	-	-	-	-	-	1	-	-	1	57	7,908
270,010	270,010	-	-	-	-	-	-	-	-	-	-	1	-	1	58	8,178
-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	59	8,178
-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	59	8,178
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59	8,178
Totals																

Average Usage 138,618
 Median Usage 122,051
 Average # Customers 5
 Change in Number of Customers 1

Red Rock Utilities, LLC
Docket No: WS-04245A-14-_____

August 4, 2014

WASTEWATER DIVISION
SCHEDULES

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Schedule A-1
 Page 1
 Witness: Bourassa

Line <u>No.</u>			
1	Fair Value Rate Base	\$	936,312
2			
3	Adjusted Operating Income		(262,075)
4			
5	Current Rate of Return		-27.99%
6			
7	Required Operating Income	\$	88,950
8			
9	Required Rate of Return		9.50%
10			
11	Operating Income Deficiency	\$	351,024
12			
13	Gross Revenue Conversion Factor		1.0169
14			
15	Increase in Gross Revenue		
16	Requirement	\$	356,955
17			
18	Adjusted Test Year Revenues	\$	477,549
19	Increase in Gross Revenue Revenue Requirement	\$	356,955
20	Proposed Revenue Requirement	\$	834,504
21	% Increase		74.75%
22			
23			
24			

<u>Customer Classification</u> <u>(Residential Commercial, Irrigation)</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
28 5/8x3/4 Inch Residential	\$ 267,336	\$ 472,383	\$ 205,047	76.70%
29				
30 5/8x3/4 Inch Commercial	948	1,675	727	76.70%
31 2 Inch Commercial	7,584	13,401	5,817	76.70%
32				
33 Effluent	12,224	12,224	-	0.00%
34				
35 Revenues From Projected Customer Growth	189,600	335,023	145,423	76.70%
36				
37 Subtotal	\$ 477,692	\$ 834,706	\$ 357,014	74.74%
38				
39 Miscellaneous Revenues	-	-	-	0.00%
40 Reconciling Amount	(143)	(202)	(59)	41.26%
41 Rounding			-	0.00%
42 Total of Water Revenues	\$ 477,549	\$ 834,504	\$ 356,955	74.75%
43				
44				

SUPPORTING SCHEDULES:

- 46 B-1
- 47 C-1
- 48 C-3
- 49 H-1

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Summary of Results of Operations

Exhibit
 Schedule A-2
 Page 1
 Witness: Bourassa

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2011	12/31/2012	Actual 12/31/2013	Adjusted 12/31/2013	Present Rates 12/31/2014	Proposed Rates 12/31/2014
1	Gross Revenues	\$ 275,632	\$ 275,587	\$ 287,949	\$ 477,549	\$ 477,549	\$ 834,504
2							
3	Revenue Deductions and	1,142,333	1,137,937	1,084,562	739,624	739,624	745,554
4	Operating Expenses						
5							
6	Operating Income	\$ (866,701)	\$ (862,350)	\$ (796,613)	\$ (262,075)	\$ (262,075)	\$ 88,950
7							
8	Other Income and	2,266	1,976	4,859	4,859	4,859	4,859
9	Deductions						
10							
11	Interest Expense	-	-	-	-	-	-
12							
13	Net Income	\$ (864,435)	\$ (860,374)	\$ (791,754)	\$ (257,216)	\$ (257,216)	\$ 93,809
14							
15	Earned Per Average						
16	Common Share	NA	NA	NA	NA	NA	NA
17							
18	Dividends Per						
19	Common Share	NA	NA	NA	NA	NA	NA
20							
21	Payout Ratio	-	-	-	-	-	-
22							
23	Return on Average						
24	Invested Capital	-8.13%	-8.30%	-7.85%	-2.87%	-2.90%	1.06%
25							
26	Return on Year End						
27	Capital	-8.30%	-8.35%	-8.04%	-2.87%	-2.93%	1.07%
28							
29	Return on Average						
30	Member's Equity	-28.04%	-32.60%	-33.61%	-10.16%	-13.37%	4.47%
31							
32	Return on Year End						
33	Common Equity	-33.00%	-32.36%	-38.58%	-10.71%	-14.33%	4.37%
34							
35	Times Bond Interest Earned						
36	Before Income Taxes	-	-	-	-	-	-
37							
38	Times Total Interest and						
39	Preferred Dividends Earned						
40	After Income Taxes	-	-	-	-	-	-
41							
42							
43							
44							
45							
46	<u>SUPPORTING SCHEDULES</u>						
47	C-1						
48	E-2						
49	F-1						
50							

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		<u>Construction Expenditures</u>	<u>Net Plant Placed in Service</u>	<u>Gross Utility Plant in Service</u>
1				
2				
3				
4	Prior Year Ended 12/31/2011	841,417	841,417	12,215,061
5				
6	Prior Year Ended 12/31/2012	10,525	10,525	12,225,586
7				
8	Test Year Ended 12/31/2013	36,969	36,969	12,262,555
9				
10	Projected Year Ended 12/31/2014	10,000	10,000	12,272,555
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34	<u>SUPPORTING SCHEDULES:</u>			
35	B-2			
36	E-5			
37	F-3			
38				
39				
40				

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Summary of Rate Base

Exhibit
 Schedule B-1
 Page 1
 Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 8,489,666	\$ 8,489,666
3	Less: Accumulated Depreciation	1,355,878	1,355,878
4			
5	Net Utility Plant in Service	\$ 7,133,789	\$ 7,133,789
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	5,674,841	5,674,841
9			
10	Contributions in Aid of Construction	549,043	549,043
11			
12	Accumulated Amortization of CIAC	(26,408)	(26,408)
13			
14	Customer Meter Deposits	-	-
15	Deferred Income Taxes & Credits	-	-
16			
17			
18			
19	<u>Plus:</u>		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Tax Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	\$ 936,312	\$ 936,312
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 12,262,555	(3,772,889)	\$ 8,489,666
3				
4	Less:			
5	Accumulated			
6	Depreciation	3,782,206	(2,426,328)	1,355,878
7				
8				
9	Net Utility Plant			
10	in Service	\$ 8,480,349		\$ 7,133,789
11				
12	Less:			
13	Advances in Aid of			
14	Construction	5,674,841	-	5,674,841
15				
16	Contributions in Aid of			
17	Construction - Gross	549,043	-	549,043
18				
19	Accumulated Amortization of CIAC	(123,535)	97,127	(26,408)
20				
21	Customer Meter Deposits	-		-
22	Accumulated Deferred Income Tax	-		-
23				-
24				-
25				
26	Plus:			
27	Unamortized Finance			
28	Charges	-		-
29	Prepayments	-		-
30	Materials and Supplies	-		-
31	Working capital	-		-
32				
33				
34	Total	<u>\$ 2,380,000</u>		<u>\$ 936,312</u>

45 SUPPORTING SCHEDULES:
 46 B-2, pages 2
 47 E-1
 48
 49
 50

RECAP SCHEDULES:
 B-1

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Schedule B-2
 Page 2
 Witness: Bourassa

Line No.	Description	Proforma Adjustments					Adjusted at end of Test Year
		1	2	3	4	5	
	Actual at End of Test Year	Plant-in-Service	Accumulated Depreciation	CIAC	Verano AIAC	intentionally Left Blank	
1	Gross Utility Plant in Service	\$ 12,262,555	(3,772,889)				\$ 8,489,666
2							
3							
4	Less:						
5	Accumulated Depreciation	3,782,206	(2,426,328)				1,355,878
6							
7							
8							
9	Net Utility Plant in Service	\$ 8,480,349	\$ (3,772,889)	\$ 2,426,328	\$ -	\$ -	\$ 7,133,789
10							
11							
12	Less:						
13	Advances in Aid of Construction	5,674,841					5,674,841
14							
15							
16	Contributions in Aid of Construction (CIAC)	549,043					549,043
17							
18							
19	Accumulated Amort of CIAC	(123,535)		97,127			(26,408)
20							
21	Customer Meter Deposits	-					-
22	Accumulated Deferred Income Taxes	-					-
23							
24							
25	Plus:						
26	Unamortized Finance Charges	-					-
27							
28	Prepayments	-					-
29	Materials and Supplies	-					-
30	Allowance for Cash Working Capital	-					-
31							
32	Total	\$ 2,380,000	\$ (3,772,889)	\$ 2,426,328	\$ (97,127)	\$ -	\$ 936,312
33							
34							
35							

SUPPORTING SCHEDULES:
 B-1

RECAP SCHEDULES:
 B-1

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1

Exhibit
 Schedule B-2
 Page 3
 Witness: Bourassa

Line No.	Description	Plant-in-Service					Adjusted Original Cost
		A	B	C	D	E	
		Actual Original Cost	Excess Capacity Adjustment	Reconciliation to Reconstruction of PIS Balance	Intentionally Left Blank	Intentionally Left Blank	
5	351 Organization	11,983	-	-	-	-	11,983
6	352 Franchise	59,751	-	-	-	-	59,751
7	353 Land	6,538	-	-	-	-	6,538
8	354 Structures & Improvements	14,298	-	-	-	-	14,298
9	355 Power Generation	-	-	-	-	-	-
10	360 Collection Sewer Forced	-	-	-	-	-	-
11	361 Collection Sewers Gravity	5,978,394	-	-	-	-	5,978,394
12	362 Special Collecting Structures	-	-	-	-	-	-
13	363 Customer Services	-	-	-	-	-	-
14	364 Flow Measuring Devices	-	-	-	-	-	-
15	366 Reuse Services	26,931	-	-	-	-	26,931
16	367 Reuse Meters And Installation	-	-	-	-	-	-
17	370 Receiving Wells	-	-	-	-	-	-
18	371 Pumping Equipment	-	-	-	-	-	-
19	374 Reuse Distribution Reservoirs	280,411	-	-	-	-	280,411
20	375 Reuse Trans. and Dist. System	625,073	-	-	-	-	625,073
21	380 Treatment & Disposal Equipment	5,240,123	(3,772,889)	-	-	-	1,467,234
22	381 Plant Sewers	-	-	-	-	-	-
23	382 Outfall Sewer Lines	-	-	-	-	-	-
24	389 Other Sewer Plant & Equipment	-	-	-	-	-	-
25	390 Office Furniture & Equipment	10,039	-	-	-	-	10,039
26	390.1 Computers and Software	-	-	-	-	-	-
27	391 Transportation Equipment	8,224	-	-	-	-	8,224
28	392 Stores Equipment	-	-	-	-	-	-
29	393 Tools, Shop And Garage Equip	-	-	-	-	-	-
30	394 Laboratory Equip	790	-	-	-	-	790
31	396 Communication Equip	-	-	-	-	-	-
32	398 Other Tangible Plant	-	-	-	-	-	-
33							
34							
35							
36							
37							
38							
39							
40	Plant Held for Future Use						
41	TOTALS	\$ 12,262,555	\$ (3,772,889)	\$	\$	\$	\$ 8,489,666
42	Plant-in-Service per Books						\$ 12,262,555
43	Increase (decrease) in Plant-in-Service						\$ (3,772,889)
44	Adjustment to Plant-in-Service						\$ (3,772,889)

SUPPORTING SCHEDULES
 B-2, pages 3.1-3.19

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1-A

Exhibit
 Schedule B-2
 Page 3.1
 Witness: Bourassa

Excess Capacity Adjustment

Line No.	Acct. No.	Description	Plant Balance End of TY	Projected Excess Capacity as Percent	Excess Capacity Adjustment
1					
2					
3					
4					
5					
6	380	Treatment & Disposal Equipment	5,240,123	72%	\$ 3,772,889
7					
8					
9		TOTAL			\$ 3,772,889
10					
11					
12		Increase (decrease) in Plant-in-Service			\$ (3,772,889)
13					
14		Adjustment to Plant-in-Service			\$ (3,772,889)
15					
16		<u>SUPPORTING SCHEDULES</u>			
17		Testimony			
18					
19					
20					

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1-B

Reconciliation of Plant-in-service Balance to Reconstructed Balance

Line No.	Acct. No.	Description	Original Cost	B-2 Adjustments	Adjusted Original Cost	Balance Per Reconstruction	Adjustments to Reconcile
1	351	Organization	11,983	-	11,983	11,983	-
2	352	Franchise	59,751	-	59,751	59,751	-
3	353	Land	6,538	-	6,538	6,538	-
4	354	Structures & Improvements	14,298	-	14,298	14,298	-
5	355	Power Generation	-	-	-	-	-
6	360	Collection Sewer Forced	-	-	-	-	-
7	361	Collection Sewers Gravity	5,978,394	-	5,978,394	5,978,394	-
8	362	Special Collecting Structures	-	-	-	-	-
9	363	Customer Services	-	-	-	-	-
10	364	Flow Measuring Devices	-	-	-	-	-
11	366	Reuse Services	26,931	-	26,931	26,931	-
12	367	Reuse Meters And Installation	-	-	-	-	-
13	370	Receiving Wells	-	-	-	-	-
14	371	Pumping Equipment	-	-	-	-	-
15	374	Reuse Distribution Reservoirs	280,411	-	280,411	280,411	-
16	375	Reuse Trans. and Dist. System	625,073	-	625,073	625,073	-
17	380	Treatment & Disposal Equipment	5,240,123	(3,772,889)	1,467,234	1,467,234	-
18	381	Plant Sewers	-	-	-	-	-
19	382	Outfall Sewer Lines	-	-	-	-	-
20	388	Other Sewer Plant. & Equipment	-	-	-	-	-
21	390	Office Furniture & Equipment	10,039	-	10,039	10,039	-
22	390.1	Computers and Software	-	-	-	-	-
23	391	Transportation Equipment	8,224	-	8,224	8,224	-
24	392	Stores Equipment	-	-	-	-	-
25	393	Tools, Shop And Garage Equip	-	-	-	-	-
26	394	Laboratory Equip	790	-	790	790	-
27	396	Communication Equip	-	-	-	-	-
28	398	Other Tangible Plant	-	-	-	-	-
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50							
TOTALS			\$ 12,262,555	\$ (3,772,889)	\$ 8,489,666	\$ 8,489,666	\$ -
Increase (decrease) in Plant-in-Service							\$ -
Adjustment to Plant-in-Service							\$ -

Red Rock Utilities - Sewer Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.3
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant at 12/31/2005	Accum. Deprec. At 12/31/2005	2006						Accum. Deprec.		
						Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements		Salvage A/D Only	Depreciation (Calculated)
1	351	Organization	0.00%	-	-	96,231	(84,842)	11,389	-	-	-	-	11,389	-
2	352	Franchise	0.00%	-	-	122,511	(75,260)	47,251	-	-	-	-	47,251	-
3	353	Land	0.00%	-	-	3,163	3,375	6,538	-	-	-	-	6,538	-
4	354	Structures & Improvements	3.33%	-	-	4,227,784	(4,225,318)	2,466	-	-	-	-	2,466	41
5	365	Power Generation	5.00%	-	-	39,100	(39,100)	-	-	-	-	-	-	-
6	380	Collection Sewer Forced	2.00%	-	-	-	-	-	-	-	-	-	-	-
7	361	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-	-	-	-	-
8	362	Special Collecting Structures	2.00%	-	-	66,167	(66,167)	58,852	-	-	-	-	58,852	689
9	363	Customer Services	2.00%	-	-	-	-	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	-	-	-	-	-
11	366	Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	-	-
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	-	-
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	-	-	-	-	-
14	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-	-
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	-
17	380	Treatment & Disposal Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-
18	381	Plant Sewers	5.00%	-	-	50,625	(50,625)	4,541,009	-	-	-	-	4,541,009	113,525
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	-	-
20	389	Other Sewer Plant. & Equipment	6.67%	-	-	14,462	(14,462)	-	-	-	-	-	-	-
21	390	Office Furniture & Equipment	6.67%	-	-	2,928	(2,020)	908	-	-	-	-	908	30
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-	-
24	392	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-
25	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-	-	-	-	-
26	394	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-
27	396	Communication Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-
29														
30														
31														
32														
33														
34														
35														
36		TOTALS		-	-	4,822,971	45,442	4,668,413	-	-	-	114,185	4,668,413	114,185

Unadjusted PIS Balance 4,668,413
 Non-Depr. or Fully Depr. Plant (65,178)
 Depreciable Plant 4,603,235
 Depreciation Expense 114,185
 Composite Depreciation Rate 2.48%

Red Rock Utilities - Sewer Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.4
Witness: Bourassa

MARUC Line No.	Description	Allowed Deprec. Rate	2007						Accum. Deprac.		
			Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements			
1	351 Organization	0.00%	1,564		1,564				12,953	-	
2	352 Franchise	0.00%	2,550		2,550				49,801	-	
3	353 Land	0.00%							6,538	-	
4	354 Structures & Improvements	3.33%							2,466	123	
5	355 Power Generation	5.00%								-	
6	360 Collection Sewer Forced	2.00%								-	
7	361 Collection Sewers Gravity	2.00%								-	
8	362 Special Collecting Structures	2.00%	3,644,629		3,644,629				37,623	38,212	
9	363 Customer Services	2.00%								-	
10	364 Flow Measuring Devices	10.00%								-	
11	366 Reuse Services	2.00%	12,770		12,770					128	
12	367 Reuse Meters And Installation	8.33%								-	
13	370 Receiving Wells	3.33%								-	
14	371 Pumping Equipment	12.50%								-	
15	374 Reuse Distribution Reservoirs	2.50%								-	
16	375 Reuse Trans. and Dist. System	2.50%	257,360		257,360				3,217	3,217	
17	380 Treatment & Disposal Equipment	5.00%	594,757		594,757				241,919	355,443	
18	381 Plant Sewers	5.00%								-	
19	382 Outfall Sewer Lines	3.33%								-	
20	389 Other Sewer Plant. & Equipment	6.67%								-	
21	390 Office Furniture & Equipment	20.00%	9,131		9,131				365	395	
22	390.1 Computers and Software	20.00%								-	
23	391 Transportation Equipment	20.00%	8,224		8,224				822	822	
24	392 Stores Equipment	4.00%								-	
25	393 Tools, Shop And Garage Equip	5.00%								-	
26	394 Laboratory Equip	10.00%	158		158				8	8	
27	398 Communication Equip	10.00%								-	
28	398 Other Tangible Plant	10.00%	176		176				9	9	
29										-	
30										-	
31										-	
32										-	
33										-	
34	Plant Held for Future Use									-	
35										-	
36	TOTALS		4,531,319		4,531,319				264,174	8,189,732	396,359

Unadjusted PIS Balance
Non-Depr. or Fully Depr. Plant
Depreciable Plant
Depreciation Expense
Composite Depreciation Rate

9,189,732
- (69,292)
9,130,440
284,174
3.11%

Red Rock Utilities - Sewer Division
 Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 3.5
 Witness: Bourassa

NARUC		2008											
Line No.	Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization	0.00%									12,953	-
2	352	Franchise	0.00%	9,950		9,950						59,751	-
3	353	Land	0.00%									6,538	-
4	354	Structures & Improvements	3.33%	11,832		11,832					279	14,298	402
5	355	Power Generation	5.00%										
6	360	Collection Sewer Forced	2.00%										
7	361	Collection Sewers Gravity	2.00%	1,500		1,500					74,085	3,704,881	112,298
8	362	Special Collecting Structures	2.00%										
9	363	Customer Services	2.00%										
10	364	Flow Measuring Devices	10.00%										
11	366	Reuse Services	2.00%								255	12,770	383
12	367	Reuse Meters And Installation	2.00%										
13	370	Receiving Wells	8.33%										
14	371	Pumping Equipment	3.33%										
15	374	Reuse Distribution Reservoirs	12.50%										
16	375	Reuse Trans. and Dist. System	2.50%										
17	380	Treatment & Disposal Equipment	2.50%								6,434	257,360	9,651
18	381	Plant Sewers	5.00%								256,788	5,135,766	812,233
19	382	Outfall Sewer Lines	5.00%										
20	389	Other Sewer Plant & Equipment	3.33%										
21	390	Office Furniture & Equipment	6.67%								670	10,039	1,065
22	390.1	Computers and Software	20.00%										
23	391	Transportation Equipment	20.00%								1,845	8,224	2,467
24	392	Stores Equipment	4.00%										
25	393	Tools, Shop And Garage Equip	5.00%										
26	394	Laboratory Equip	10.00%								16	158	24
27	396	Communication Equip	10.00%										
28	398	Other Tangible Plant	10.00%								18	176	28
29													
30													
31													
32													
33													
34		Plant Held for Future Use											
35													
36		TOTALS		23,282		23,282					340,189	9,223,014	758,548

Unadjusted PIS Balance 9,223,014
 Non-Depr. or Fully Depr. Plant (79,242)
 Depreciable Plant 9,143,772
 Depreciation Expense 340,189
 Composite Depreciation Rate 3.72%

Red Rock Utilities - Sewer Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3 of 6
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2009					Accum. Deprec.					
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments		Adjusted Plant Retirements				
1	351	Organization	0.00%											
2	352	Franchise	0.00%											
3	353	Land	0.00%											
4	354	Structures & Improvements	3.33%											
5	355	Power Generation	5.00%											
6	360	Collection Sewer Forced	2.00%											
7	361	Collection Sewers Gravity	2.00%											
8	362	Special Collecting Structures	2.00%	1,648,935	624,478	2,273,413							208,130	
9	363	Customer Services	2.00%											
10	364	Flow Measuring Devices	10.00%											
11	366	Reuse Services	2.00%	14,161		14,161							780	
12	387	Reuse Meters And Installation	8.33%											
13	370	Receiving Wells	3.33%											
14	371	Pumping Equipment	12.50%											
15	374	Reuse Distribution Reservoirs	2.50%	286,368		286,366							3,330	
16	375	Reuse Trans. and Dist. System	2.50%	180,548	198,190	359,738							20,562	
17	380	Treatment & Disposal Equipment	5.00%	51,258		51,258							870,303	
18	381	Plant Sewers	5.00%											
19	382	Outfall Sewer Lines	3.33%											
20	389	Other Sewer Plant. & Equipment	6.67%											
21	390	Office Furniture & Equipment	6.67%											
22	390.1	Computers and Software	20.00%											
23	391	Transportation Equipment	20.00%											
24	392	Stores Equipment	4.00%											
25	393	Tools, Shop And Garage Equip	5.00%											
26	394	Laboratory Equip	10.00%											
27	396	Communication Equip	10.00%											
28	398	Other Tangible Plant	10.00%											
29														
30														
31														
32														
33														
34		Plant Held for Future Use												
35														
36		TOTALS		2,141,268	823,668	2,964,936						372,365	12,187,950	1,110,933

Unadjusted PIS Balance
Non-Depr. or Fully Depr. Plant
Depreciable Plant
Depreciation Expense
Composite Depreciation Rate

12,187,950
- (79,242)
12,108,708
372,365
3.08%

Red Rock Utilities - Sewer Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.7
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2010					Accum. Deprec.	
				Plant Additions (For Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (For Books)	Retirement Adjustments		Adjusted Plant Retirements
1	351	Organization	0.00%	-	-	-	-	-	12,953	-
2	352	Franchise	0.00%	-	-	-	-	-	59,751	-
3	353	Land	0.00%	-	-	-	-	-	6,538	-
4	354	Structures & Improvements	3.33%	-	-	-	-	478	14,298	1,355
5	355	Power Generation	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewer Force	2.00%	-	-	-	-	-	-	-
7	361	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-
8	362	Special Collecting Structures	2.00%	-	-	-	-	119,568	5,978,394	328,698
9	363	Customer Services	2.00%	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	-
11	366	Reuse Services	2.00%	-	-	-	-	-	-	-
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	538	26,931	1,319
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	-
14	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-
16	375	Reuse Trans. and Dist. System	2.50%	4,810	-	4,810	-	-	265,365	9,989
17	380	Treatment & Disposal Equipment	5.00%	4,552	-	4,552	-	-	621,908	36,069
18	381	Plant Sewers	5.00%	-	-	-	-	-	5,191,578	1,129,768
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-
20	389	Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	-
21	390	Office Furniture & Equipment	6.67%	-	-	-	-	670	10,039	2,404
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	-	-
24	392	Stores Equipment	4.00%	-	-	-	-	1,845	8,224	5,757
25	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-
26	394	Laboratory Equip	10.00%	-	-	-	-	16	158	55
27	396	Communication Equip	10.00%	-	-	-	-	-	-	-
28	398	Other Tangible Plant	10.00%	-	-	-	-	18	178	62
29				-	-	-	-	-	-	-
30				-	-	-	-	-	-	-
31				-	-	-	-	-	-	-
32				-	-	-	-	-	-	-
33				-	-	-	-	-	-	-
34		Plant Held for Future Use		-	-	-	-	-	-	-
35				-	-	-	-	-	-	-
36		TOTALS		9,352	-	9,352	-	404,542	12,197,312	1,515,475

Unadjusted PIS Balance 12,197,312
 Non-Depr. or Fully Depr. Plant (79,242)
 Depreciable Plant 12,118,070
 Depreciation Expense 404,542
 Composite Depreciation Rate 3.34%

Red Rock Utilities - Sewer Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.8
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2011		Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	A/D Adjustment	Plant Balance	Accum. Deprec.
				Plant Additions (Per Books)	Plant Retirements (Per Books)									
1	351	Organization	0.00%	(970)	(970)								11,983	-
2	352	Franchise	0.00%	-	-								58,751	-
3	353	Land	0.00%	-	-								6,538	-
4	354	Structures & Improvements	3.33%	-	-					476			14,298	1,831
5	355	Power Generation	5.00%	-	-								-	-
6	350	Collection Sewer Force	2.00%	-	-								-	-
7	361	Special Collecting Structures	2.00%	-	-					119,568			5,878,394	448,265
8	362	Collection Sewers Gravity	2.00%	-	-								-	-
9	363	Customer Services	2.00%	-	-								-	-
10	364	Flow Measuring Devices	10.00%	-	-								-	-
11	366	Reuse Services	2.00%	-	-					539			26,931	1,857
12	367	Reuse Meters And Installation	8.33%	-	-								-	-
13	370	Receiving Wells	3.33%	-	-								-	-
14	371	Pumping Equipment	12.50%	-	-								-	-
15	374	Reuse Distribution Reservoirs	2.50%	2,034	12,011	14,045				8,835	312		280,411	17,135
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-				15,548			821,908	51,617
17	380	Treatment & Disposal Equipment	5.00%	4,038	4,038	4,038				259,690	813		5,185,614	1,390,060
18	381	Plant Sewers	5.00%	-	-	-							-	-
19	382	Outfall Sewer Lines	3.33%	-	-	-							-	-
20	389	Other Sewer Plant & Equipment	8.87%	-	-	-							-	-
21	390	Office Furniture & Equipment	6.67%	-	-	-				670			10,039	3,074
22	390.1	Computers and Software	20.00%	-	-	-							-	-
23	391	Transportation Equipment	20.00%	-	-	-				1,645			6,224	7,402
24	392	Stores Equipment	4.00%	-	-	-							-	-
25	393	Tools, Shop And Garage Equip	5.00%	-	-	-							-	-
26	394	Laboratory Equip	10.00%	812	812	812				96			970	112
27	396	Communication Equip	10.00%	-	-	-							-	-
28	388	Other Tangible Plant	10.00%	(176)	(176)	(176)				9	(70)		-	0
29				-	-	-							-	-
30				-	-	-							-	-
31				-	-	-							-	-
32				-	-	-							-	-
33				-	-	-							-	-
34		Plant Held for Future Use		-	-	-							-	-
35		TOTALS		2,846	14,903	17,749	-	-	-	406,024	855	-	12,215,051	1,921,354
36														

Unhedged PIS Balance 12,215,051
 Non-Depr. or Fully Depr. Plant (78,272)
 Depreciable Plant 12,136,789
 Depreciation Expense 855
 Composite Depreciation Rate 0.01%

Red Rock Utilities - Sewer Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.9
Witness: Bourassa

Line No.	MARUC Account No.	Description	Allowed Deprec. Rate	2012					Accum. Deprec.	
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments		Adjusted Plant Retirements
1	351	Organization	0.00%	-	-	-	-	-	11,983	-
2	352	Franchise	0.00%	-	-	-	-	-	59,751	-
3	353	Land	0.00%	-	-	-	-	-	6,538	-
4	354	Structures & Improvements	3.33%	-	-	-	-	-	14,298	2,307
5	355	Power Generation	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewer Forced	2.00%	-	-	-	-	-	-	-
7	361	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	119,568	587,834
9	363	Customer Services	2.00%	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	-
11	366	Reuse Services	2.00%	-	-	-	-	-	-	-
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	539	2,368
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	-
14	371	Pumping Equipment	12.50%	-	-	-	-	-	-	-
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-
16	375	Reuse Trans. and Dist. System	2.50%	3,165	-	3,165	-	-	280,411	24,145
17	380	Treatment & Disposal Equipment	5.00%	7,541	-	7,541	-	-	625,073	67,204
18	381	Plant Sewers	5.00%	-	-	-	-	-	5,203,155	1,850,030
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-
20	389	Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	-
21	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	670	3,743
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	822	8,224
24	392	Stores Equipment	4.00%	-	-	-	-	-	-	-
25	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-
26	394	Laboratory Equip	10.00%	720	-	720	900	-	88	(700)
27	395	Communication Equip	10.00%	-	-	-	-	-	-	-
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	0
29				-	-	-	-	-	-	-
30				-	-	-	-	-	-	-
31				-	-	-	-	-	-	-
32				-	-	-	-	-	-	-
33				-	-	-	-	-	-	-
34		Plant Held for Future Use		-	-	-	-	-	-	-
35		TOTALS		11,426	-	11,426	900	-	404,729	12,225,587
36				-	-	-	-	-	-	2,325,183

Unadjusted PIS Balance	12,225,587
Non-Depr. or Fully Depr. Plant	(78,272)
Depreciable Plant	<u>12,147,315</u>
Depreciation Expense	404,729
Composite Depreciation Rate	3.33%

Red Rock Utilities - Sewer Division
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.10
Witness: Bourassa

NARUC		2013										
Line No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant	Salvage A/D Only	Depreciation (Calculated)	PIS Adjustment	Excess Capacity A/D Adjustment	Plant Balance	Accum. Deprec.
1	351 Organization	0.00%	-	-	-	-	-	-	-	-	11,983	-
2	352 Franchise	0.00%	-	-	-	-	-	-	-	-	59,751	-
3	353 Land	0.00%	-	-	-	-	-	-	-	-	6,538	-
4	354 Structures & Improvements	3.33%	-	-	-	-	-	476	-	-	14,298	2,783
5	355 Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-
6	360 Collection Sewer Forced	2.00%	-	-	-	-	-	-	-	-	-	-
7	361 Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-	-	-	-
8	362 Special Collecting Structures	2.00%	-	-	-	-	-	119,568	-	-	5,978,394	687,402
9	363 Customer Services	2.00%	-	-	-	-	-	-	-	-	-	-
10	364 Flow Measuring Devices	10.00%	-	-	-	-	-	-	-	-	-	-
11	366 Reuse Services	2.00%	-	-	-	-	-	539	-	-	26,931	2,935
12	367 Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	-
13	370 Receiving Wells	3.33%	-	-	-	-	-	-	-	-	-	-
14	371 Pumping Equipment	12.50%	-	-	-	-	-	-	-	-	-	-
15	374 Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	7,010	-	-	280,411	31,155
16	375 Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	15,527	-	-	625,073	82,831
17	380 Treatment & Disposal Equipment	5.00%	-	-	-	-	-	261,082	(3,772,869)	(1,376,000)	1,467,234	535,111
18	381 Plant Sewers	5.00%	36,968	-	-	36,968	-	-	-	-	-	-
19	382 Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	-
20	389 Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	-	-	-	-
21	390 Office Furniture & Equipment	20.00%	-	-	-	-	-	670	-	-	10,039	4,413
22	390.1 Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-
23	391 Transportation Equipment	20.00%	-	-	-	-	-	1,845	-	-	8,224	9,868
24	392 Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-
25	393 Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-	-	-	-
26	394 Laboratory Equip	10.00%	-	-	-	-	-	79	-	-	780	(621)
27	396 Communication Equip	10.00%	-	-	-	-	-	-	-	-	-	-
28	398 Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	0
29												
30												
31												
32												
33												
34	Plant Held for Future Use											
35												
36	TOTALS		36,968	-	-	36,968	-	406,695	(3,772,869)	(1,376,000)	8,469,666	1,355,878

Unadjusted PIS Balance 12,262,555
 Non-Depr. or Fully Depr. Plant (78,272)
 Depreciable Plant 12,184,283
 Depreciation Expense 406,695
 Composite Depreciation Rate 3.34%

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2

Exhibit
 Schedule B-2
 Page 4
 Witness: Bourassa

Accumulated Depreciation

Line No.	Acct. No.	Description	Per Books Accum. Depr.	A Excess Capacity Adjustment	B Reconciliation to Reconstruction of A/D Balance	C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	Adjusted Accum. Depr.
1	351	Organization	20,103		(20,103)				
2	352	Franchise	2,289		(2,289)				
3	353	Land	4,117		(1,334)				2,783
4	354	Structures & Improvements							
5	355	Power Generation							
6	360	Collection Sewer Forced							
7	361	Collection Sewers Gravity	1,717,033		(1,028,631)				687,402
8	362	Special Collecting Structures							
9	363	Customer Services							
10	364	Flow Measuring Devices							
11	366	Reuse Services	7,336		(4,401)				2,935
12	367	Reuse Meters And Installation							
13	370	Receiving Wells							
14	371	Pumping Equipment							
15	374	Reuse Distribution Reservoirs	62,011		(30,856)				31,155
16	375	Reuse Trans. and Dist. System	165,662		(82,831)				82,831
17	380	Treatment & Disposal Equipment	1,797,486	(1,376,000)	113,628				535,111
18	381	Plant Sewers							
19	382	Outfall Sewer Lines							
20	389	Other Sewer Plant & Equipment	3,359		(3,359)				
21	390	Office Furniture & Equipment	2,673		1,740				4,413
22	390.1	Computers and Software							
23	392	Transportation Equipment			9,868				9,868
24	381	Stores Equipment							
25	383	Tools, Shop And Garage Equip	139		(760)				(621)
26	394	Laboratory Equip							
27	396	Communication Equip							
28	398	Other Tangible Plant			0				0
29		Plant Held for Future Use							
30		TOTALS	\$ 3,782,208	\$ (1,376,000)	\$ (1,050,330)	\$ -	\$ -	\$ -	\$ 1,355,878
31		Accumulated Depreciation per Books							\$ 3,782,206
32		Increase (decrease) in Accumulated Depreciation							\$ (2,426,328)
33		Adjustment to Accumulated Depreciation							\$ (2,426,328)

SUPPORTING SCHEDULES

B-2, pages 4.1 to 4..2

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2-A

Exhibit
 Schedule B-2
 Page 4.1
 Witness: Bourassa

Excess Capacity Adjustment

Line No.	Acct. No.	Description	Computed A/D Balance Before Capacity Adjustment	Projected Excess Capacity as Percent	Excess Capacity Adjustment
1					
2					
3					
4					
5					
6	380	Treatment & Disposal Equipment	\$ 1,911,112	72%	\$ 1,376,000
7					
8					
9		TOTAL			\$ 1,376,000
10					
11					
12		Increase (decrease) in Plant-in-Service			\$ (1,376,000)
13					
14		Adjustment to Plant-in-Service			\$ (1,376,000)
15					
16		<u>SUPPORTING SCHEDULES</u>			
17		B-2 pages 3.1			
18					
19					
20					

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2-B

Exhibit
 Schedule B-2
 Page 4.2
 Witness: Bourassa

Reconciliation of Accumulated Depreciation (A/D) Balance to Reconstructed Balance

Line No.	Acct. No.	Description	A/D Balance	B-2 Adjustments	Adjusted A/D Balance	A/D Balance Per Reconstruction	Adjustments to Reconcile
1							
2							
3							
4							
5	351	Organization Franchise	20,103	-	20,103	-	(20,103)
6	352	Land	2,289	-	2,289	-	(2,289)
7	353	Structures & Improvements	4,117	-	4,117	2,783	(1,334)
8	354	Power Generation	-	-	-	-	-
9	355	Collection Sewer Force	-	-	-	-	-
10	360	Collection Sewer Gravity	-	-	-	-	-
11	361	Special Collecting Structures	1,717,033	-	1,717,033	687,402	(1,029,631)
12	362	Customer Services	-	-	-	-	-
13	363	Flow Measuring Devices	-	-	-	-	-
14	364	Reuse Services	-	-	-	-	-
15	366	Reuse Meters And Installation	7,336	-	7,336	2,935	(4,401)
16	367	Receiving Wells	-	-	-	-	-
17	370	Pumping Equipment	-	-	-	-	-
18	371	Reuse Distribution Reservoirs	62,011	-	62,011	31,155	(30,856)
19	374	Reuse Trans. and Dist. System	165,662	-	165,662	82,831	(82,831)
20	375	Treatment & Disposal Equipment	1,797,486	(1,376,000)	421,486	536,111	113,626
21	380	Plant Sewers	-	-	-	-	-
22	381	Outfall Sewer Lines	-	-	-	-	-
23	382	Other Sewer Plant & Equipment	3,359	-	3,359	-	(3,359)
24	389	Office Furniture & Equipment	2,673	-	2,673	4,413	1,740
25	390	Computers and Software	-	-	-	-	-
26	390.1	Transportation Equipment	-	-	-	9,868	9,868
27	391	Stores Equipment	-	-	-	-	-
28	392	Tools, Shop And Garage Equip	-	-	-	-	-
29	393	Laboratory Equip	139	-	139	(621)	(780)
30	394	Communication Equip	-	-	-	-	-
31	396	Other Tangible Plant	-	-	-	0	0
32	398						
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44		TOTALS	\$ 3,782,208	\$ (1,376,000)	\$ 2,406,208	\$ 1,355,878	\$ (1,050,330)
45		Increase (decrease) in A/D					\$ (1,050,330)
46		Adjustment to A/D					\$ (1,050,330)
47							
48		SUPPORTING SCHEDULES					
49		B-2, pages 4					
50		B-2, pages 3.3-3.10					

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Schedule B-2
 Page 5
 Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line No.		Gross CIAC	Accumulated Amortization
1			
2			
3			
4			
5	Computed balance at end of TY	\$ 549,043	\$ 26,408
6			
7	Book balance at end of TY	<u>\$ 549,043</u>	<u>\$ 123,535</u>
8			
9	Increase (decrease)	\$ -	\$ (97,127)
10			
11			
12	Adjustment to CIAC/AA CIAC	<u>\$ -</u>	<u>\$ 97,127</u>
13	Label	3a	3b
14			
15			
16			
17			
18			
19	<u>SUPPORTING SCHEDULES</u>		
20	E-1		
21	B-2, page 5.1		
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Line No.	2006		2007		2008		2009		2010		2011	
	Additions	Balance 12/31/2005	Additions	Balance 12/31/2007	Additions	Balance 12/31/2008	Additions	Balance 12/31/2009	Additions	Balance 12/31/2010	Additions	Balance 12/31/2011
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												

2012		2013	
Additions	Balance 12/31/2012	Additions	Balance 12/31/2013
	549,043		549,043
	3.33%		3.34%
	18,283		18,338
	44,691		63,029
	504,352		486,014

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Schedule B-2
Page 5
Witness: Bourassa

Line
No.

1 Reclassification of AIAC and CIAC

2

3

4 CIAC

\$ -

5

6 AIAC

\$ -

7

8

9

10

11

12

13

14

15

16

17

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19 SUPPORTING SCHEDULES

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Red Rock Ultilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Computation of Working Capital

Exhibit
 Schedule B-5
 Page 1
 Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	51,492
3	Pumping Power (1/24 of Pumping Power)		4,088
4	Purchased Water (1/24 of Purchased Water)		111
5	Prepaid Expenses		
6			
7			
8			
9	Total Working Capital Allowance	<u>\$</u>	<u>55,691</u>
10			
11			
12	Working Capital Requested	<u>\$</u>	<u>-</u>
13			
14			
15			
16			
17			
			<u>Adjusted Test Year</u>
18	Total Operating Expense	\$	739,624
19	Less:		
20	Income Tax	\$	-
21	Property Tax		23,766
22	Depreciation		203,130
23	Purchased Water		2,672
24	Pumping Power		98,122
25	Allowable Expenses	<u>\$</u>	<u>411,934</u>
26	1/8 of allowable expenses	<u>\$</u>	<u>51,492</u>
27			
28			
29	<u>SUPPORTING SCHEDULES:</u>		<u>RECAP SCHEDULES:</u>
30	E-1		B-1
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Income Statement

Exhibit
 Schedule C-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 275,731	\$ 189,600	\$ 465,331	\$ 356,955	\$ 822,286
3	Unmetered Water Revenues	12,218	-	12,218	-	12,218
4	Other Water Revenues	-	-	-	-	-
5		<u>\$ 287,949</u>	<u>\$ 189,600</u>	<u>\$ 477,549</u>	<u>\$ 356,955</u>	<u>\$ 834,504</u>
6	Operating Expenses					
7	Salaries and Wages	\$ 15,223	-	\$ 15,223	-	\$ 15,223
8	Employee Pensions and Benefits	930	-	930	-	930
9	Sludge Removal	7,538	-	7,538	-	7,538
10	Purchased Water	2,672	-	2,672	-	2,672
11	Purchased Power	59,605	38,517	98,122	-	98,122
12	Chemicals	-	-	-	-	-
13	Repairs and Maintenance	30,231	-	30,231	-	30,231
14	Office Supplies and Expense	3,283	-	3,283	-	3,283
15	Contractual Services - Engineering	-	-	-	-	-
16	Contractual Services - Accounting	56,000	-	56,000	-	56,000
17	Contractual Services - Legal	32,485	-	32,485	-	32,485
18	Contractual Services - Other	220,686	-	220,686	-	220,686
19	Contractual Services - Water Testing	13,797	-	13,797	-	13,797
20	Rents - Equipment	-	-	-	-	-
21	Transportation Expenses	-	-	-	-	-
22	Insurance - Vehicle	-	-	-	-	-
23	Insurance - General Liability	11,902	-	11,902	-	11,902
24	Insurance - Worker's Comp	-	-	-	-	-
25	Regulatory Commission Expense	-	-	-	-	-
26	Regulatory Commission Expense - Rate Ca	-	5,000	5,000	-	5,000
27	Bad Debt Expense	-	-	-	-	-
28	Miscellaneous Expense	11,744	-	11,744	-	11,744
29	Sales Tax Expense	-	-	-	-	-
30	Depreciation Expense	584,152	(381,022)	203,130	-	203,130
31	Taxes Other Than Income	3,115	-	3,115	-	3,115
32	Property Taxes	31,199	(7,433)	23,766	5,930	29,696
33	Income Tax	-	-	-	-	-
34	Total Operating Expenses	<u>\$ 1,084,562</u>	<u>\$ (344,938)</u>	<u>\$ 739,624</u>	<u>\$ 5,930</u>	<u>\$ 745,554</u>
35	Operating Income	<u>\$ (796,613)</u>	<u>\$ 534,538</u>	<u>\$ (262,075)</u>	<u>\$ 351,024</u>	<u>\$ 88,950</u>
36	Other Income (Expense)					
37	Interest Income	4,859	-	4,859	-	4,859
38	Other income	-	-	-	-	-
39	Interest Expense	-	-	-	-	-
40	Other Expense	-	-	-	-	-
41		-	-	-	-	-
42	Total Other Income (Expense)	<u>\$ 4,859</u>	<u>\$ -</u>	<u>\$ 4,859</u>	<u>\$ -</u>	<u>\$ 4,859</u>
43	Net Profit (Loss)	<u>\$ (791,754)</u>	<u>\$ 534,538</u>	<u>\$ (257,216)</u>	<u>\$ 351,024</u>	<u>\$ 93,809</u>

44
 45 SUPPORTING SCHEDULES:
 46 C-1, page 2
 47 E-2
 48

RECAP SCHEDULES:
 A-1

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Adjustments to Revenues and Expenses

Exhibit
 Schedule C-2
 Page 1
 Witness: Bourassa

Line No.	Adjustments to Revenues and Expenses						Subtotal	
	1	2	3	4	5	6		
2		Property	Rate	Annualized	Reverse	Intentionally		
3	<u>Depreciation</u>	<u>Taxes</u>	<u>Case Expense</u>	<u>Revenues</u>	<u>Revenue</u>	<u>Left</u>		
4				<u>Projected Growth</u>	<u>Accrual</u>	<u>Blank</u>		
4	Revenues			189,600	-		189,600	
5								
6	Expenses	(381,022)	(7,433)	5,000	-	-	(383,455)	
7								
8	Operating							
9	Income	381,022	7,433	(5,000)	189,600	-	573,055	
10								
11	Interest							
12	Expense						-	
13	Other							
14	Income /							
15	Expense						-	
16								
17	Net Income	381,022	7,433	(5,000)	189,600	-	573,055	
18								
19								
20		Adjustments to Revenues and Expenses						
21		7	8	9	10	11	12	
22		Intentionally	Intentionally	Intentionally	Intentionally	Intentionally	Intentionally	
23		Left	Left	Left	Left	Left	Left	
24		<u>Blank</u>	<u>Blank</u>	<u>Blank</u>	<u>Blank</u>	<u>Blank</u>	<u>Blank</u>	
25	Revenues							
26							189,600	
27	Expenses						(383,455)	
28								
29	Operating							
30	Income	-	-	-	-	-	573,055	
31								
32	Interest							
33	Expense						-	
34	Other							
35	Income /							
36	Expense						-	
37								
38	Net Income	-	-	-	-	-	573,055	
39								

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Fully Depr/ Non-Depr	Depreciable Cost	Proposed Rates	Depreciation Expense
1							
2							
3							
4							
5	351	Organization	11,983	(11,983)	-	0.00%	-
6	352	Franchise	59,751	(59,751)	-	0.00%	-
7	353	Land	6,538	(6,538)	-	0.00%	-
8	354	Structures & Improvements	14,298		14,298	3.33%	476
9	355	Power Generation	-		-	5.00%	-
10	360	Collection Sewer Forced	-		-	2.00%	-
11	361	Collection Sewers Gravity	5,978,394		5,978,394	2.00%	119,568
12	362	Special Collecting Structures	-		-	2.00%	-
13	363	Customer Services	-		-	2.00%	-
14	364	Flow Measuring Devices	-		-	10.00%	-
15	366	Reuse Services	26,931		26,931	2.00%	539
16	367	Reuse Meters And Installation	-		-	8.33%	-
17	370	Receiving Wells	-		-	3.33%	-
18	371	Pumping Equipment	-		-	12.50%	-
19	374	Reuse Distribution Reservoirs	280,411		280,411	2.50%	7,010
20	375	Reuse Trans. and Dist. System	625,073		625,073	2.50%	15,627
21	380	Treatment & Disposal Equipment	1,467,234		1,467,234	5.00%	73,362
22	381	Plant Sewers	-		-	5.00%	-
23	382	Outfall Sewer Lines	-		-	3.33%	-
24	389	Other Sewer Plant & Equipment	-		-	6.67%	-
25	390	Office Furniture & Equipment	10,039		10,039	6.67%	670
26	390.1	Computers and Software	-		-	20.00%	-
27	391	Transportation Equipment	8,224	(8,224)	-	20.00%	-
28	392	Stores Equipment	-		-	4.00%	-
29	393	Tools, Shop And Garage Equip	-		-	5.00%	-
30	394	Laboratory Equip	790		790	10.00%	79
31	396	Communication Equip	-		-	10.00%	-
32	398	Other Tangible Plant	-		-	10.00%	-
33							
34							
35							
36							
37							
38		TOTALS	\$ 8,489,686	\$ (86,496)	\$ 8,403,170		\$ 217,330
39							
40							
41		Less: Amortization of Contributions			<u>Gross CIAC</u>	<u>Amort. Rate</u>	
42		Total Depreciation Expense			\$ 549,043	2.5863%	\$ (14,200)
43							\$ 203,130
44		Adjusted Test Year Depreciation Expense					584,152
45							
46		Increase (decrease) in Depreciation Expense					(381,022)
47							
48		Adjustment to Revenues and/or Expenses					\$ (381,022)
49							
50		<u>SUPPORTING SCHEDULE</u>					
51		B-2, page 3					

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line No.		
1		
2		
3	Estimated Rate Case Expense	\$ 25,000
4		
5	Estimated Amortization Period in Years	5
6		
7	Annual Rate Case Expense	<u>\$ 5,000</u>
8		
9	Test Year Rate Case Expense	\$ -
10		
11	Increase(decrease) Rate Case Expense	<u>\$ 5,000</u>
12		
13	Adjustment to Revenue and/or Expense	<u>\$ 5,000</u>
14		
15		
16		
17		
18		
19		
20		

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Additional Revenues/Expense from Projected Customer Growth

Line No.		
1	<u>Projected Additional Revenues</u>	
2	Projected additional number of customers over next 5 years	400
3	Average 5/8x3/4 inch residential monthly bill during test year (H-2, page 1)	\$ 39.50
4	Additional monthly revenues	\$ 15,800
5	Number of months	12
6	Additional projected annual revenues	189,600
7		
8	Total additional annual revenues	<u>\$ 189,600</u>
9		
10	Increase(decrease) in Metered Revenues	<u>\$ 189,600</u>
11		
12	Adjustment to Revenue and/or Expense	<u>\$ 189,600</u>
13		
14	<u>Projected Additional Purchased Power Expense</u>	
15	Test year purchased power expense	\$ 59,605
16	Gallons sold (in 1000's)	24,435
17	Cost per 1,000 gallons	\$ 2.4393
18		
19	Projected additional number of customers over next 5 years	400
20	Average gallons treated per month	3,290
21	Additional gallons treated	1,316
22	Cost per 1,000 gallons	\$ 2.4393
23	Additional monthly pumping power expense	\$ 3,210
24	Number of months	12
25	Additional projected annual pumping power expense	\$ 38,517
26		
27	Increase(decrease) in Purchased Power Expense	<u>\$ 38,517</u>
28		
29	Adjustment to Revenue and/or Expense	<u>\$ 38,517</u>
30		
31		
32	<u>REFERENCE</u>	
33	Testimony	

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues - 2007	\$ 477,549	\$ 477,549
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	955,098	955,098
4	Company Recommended Revenue	477,549	834,504
5	Subtotal (Line 4 + Line 5)	1,432,647	1,789,602
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	477,549	596,534
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	955,098	1,193,068
10	Plus: 10% of CWIP - 2010	-	-
11	Less: Net Book Value of Licensed Vehicles	1,411	1,411
12	Full Cash Value (Line 9 + Line 10 - Line 11)	953,687	1,191,656
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	171,664	214,498
15	Composite Property Tax Rate - Obtained from ADOR	13.8445%	13.8445%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 23,766	\$ 29,696
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 23,766	
19	Test Year Property Taxes	\$ 31,199	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (7,433)	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 29,696
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 23,766
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 5,930
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 5,930
27	Increase in Revenue Requirement		\$ 356,955
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.66134%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Interest Synchronization

Line
No.

1				
2				
3				
4	Fair Value Rate Base	\$	936,312	
5	Weighted Cost of Debt		0.00%	
6	Interest Expense			\$ -
7				
8	Test Year Interest Expense			<u>\$ -</u>
9				
10	Increase (decrease) in Interest Expense			-
11				
12				
13				
14	Adjustment to Revenue and/or Expense			<u><u>\$ -</u></u>
15				
16				

Weighted Cost of Debt Computation

	<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted</u> <u>Cost</u>
20 Debt	\$ -	0.00%	0.00%	0.00%
21 Equity	\$ 4,378,460	100.00%	9.50%	<u>9.50%</u>
22 Total	\$ 4,378,460	100.00%		9.50%

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Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Adjustment to Revenues and/or Expenses
 Adjustment Number 8

Exhibit
 Schedule C-2
 Page 9
 Witness: Bourassa

Line No.		<u>Test Year Adjusted Results</u>	<u>Adjusted with Rate Increase</u>
1	<u>Income Tax Computation</u>		
2			
3			
4			
5			
6	Revenue	\$ 477,549	\$ 834,504
	Operating Expenses Excluding Income Taxes	715,858	715,858
	Synchronized Interest	-	-
		<u> </u>	<u> </u>
7	Income Before Taxes	\$ (238,309)	\$ 118,646
8			
9	Arizona Income Before Taxes	\$ (238,309)	\$ 118,646
10			
11	Less: Effective Arizona Income Tax	\$ -	\$ -
12	Rate = 0.0000% ¹		
13	Arizona Taxable Income	\$ (238,309)	\$ 118,646
14			
15	Arizona Income Taxes	\$ -	\$ -
16			
17	Federal Income Before Taxes	\$ (238,309)	\$ 118,646
18			
19	Less Arizona Income Taxes	\$ -	\$ -
20			
21	Federal Taxable Income	<u>\$ (238,309)</u>	<u>\$ 118,646</u>
22			
23			
24			
25	FEDERAL INCOME TAXES:		
26	Effective Federal Tax Rate = 0.0000% ¹	\$ -	\$ -
27			
28			
29			
30			
31			
32	Federal Income Taxes	<u>\$ -</u>	<u>\$ -</u>
33			
34			
35	Total Income Tax	<u>\$ -</u>	<u>\$ -</u>
36			
37	Overall Tax Rate	<u>0.00%</u>	<u>0.00%</u>
38			
39	Income Tax	\$ -	\$ -
40	Test Year Income tax Expense	31,199	-
41	Adjustment to Income Tax Expense	<u>\$ (31,199)</u>	<u>\$ -</u>
42			
43			
44	¹ See work papers/testimony		

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Computation of Gross Revenue Conversion Factor

Exhibit
 Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	0.000%
2		
3	Property Taxes	1.661%
4		
5		
6	Total Tax Percentage	1.661%
7		
8	Operating Income % = 100% - Tax Percentage	98.339%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.0169
15		
16		
17		
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23		
24		
25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
Calculation of Gross Revenue Conversion Factor:							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	1.6613%					
5	Subtotal (L3 - L4)	98.3387%					
6	Revenue Conversion Factor (L1 / L5)	1.016894					
Calculation of Uncollectible Factor:							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	0.0000%					
9	One Minus Combined Income Tax Rate (L7 - L8)	100.0000%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
Calculation of Effective Tax Rate:							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	0.0000%					
14	Federal Taxable Income (L12 - L13)	100.0000%					
15	Applicable Federal Income Tax Rate (Line 44)	0.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	0.0000%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		0.0000%				
Calculation of Effective Property Tax Factor:							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	0.0000%					
20	One Minus Combined Income Tax Rate (L18-L19)	100.0000%					
21	Property Tax Factor	1.6613%					
22	Effective Property Tax Factor (L20*L21)		1.6613%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			1.6613%			
24	Required Operating Income	\$ 88,950					
25	Adjusted Test Year Operating Income (Loss)	\$ (262,075)					
26	Required Increase in Operating Income (L24 - L25)		\$ 351,024				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ -					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ -					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ -				
30	Recommended Revenue Requirement	\$ 834,504					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 29,696					
36	Property Tax on Test Year Revenue	\$ 23,786					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 5,930				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 356,955				

	(A) Test Year			(B) Test Year			(C) Test Year			(D) Company Recommended			(E) Company Recommended			(F) Company Recommended		
	Total	Red Rock Utilities, LLC - Wastewater Division		Total	Red Rock Utilities, LLC - Wastewater Division		Total	Red Rock Utilities, LLC - Wastewater Division		Total	Red Rock Utilities, LLC - Wastewater Division		Total	Red Rock Utilities, LLC - Wastewater Division		Total	Red Rock Utilities, LLC - Wastewater Division	
39	Revenue	\$ 477,549	\$ 477,549	\$ -	\$ -	\$ -	\$ 834,504	\$ 834,504	\$ -	\$ 834,504	\$ 834,504	\$ -	\$ 834,504	\$ 834,504	\$ -	\$ 834,504	\$ 834,504	\$ -
40	Operating Expenses Excluding Income Taxes	\$ 715,858	\$ 715,858	\$ -	\$ -	\$ -	\$ 715,858	\$ 715,858	\$ -	\$ 715,858	\$ 715,858	\$ -	\$ 715,858	\$ 715,858	\$ -	\$ 715,858	\$ 715,858	\$ -
41	Synchronized Interest (L47)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	Arizona Taxable Income (L30 - L31 - L32)	\$ (238,309)	\$ (238,309)	\$ -	\$ -	\$ -	\$ 118,647	\$ 118,647	\$ -	\$ 118,647	\$ 118,647	\$ -	\$ 118,647	\$ 118,647	\$ -	\$ 118,647	\$ 118,647	\$ -
43	Arizona State Effective Income Tax Rate (see work papers)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
44	Arizona Income Tax (L33 x L34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	Federal Taxable Income (L33 - L35)	\$ (238,309)	\$ (238,309)	\$ -	\$ -	\$ -	\$ 118,647	\$ 118,647	\$ -	\$ 118,647	\$ 118,647	\$ -	\$ 118,647	\$ 118,647	\$ -	\$ 118,647	\$ 118,647	\$ -
46	Effective Tax Rate (see work papers)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
47	Federal Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	Total Federal Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52	Combined Federal and State Income Tax (L35 + L42)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

53 **COMBINED** Applicable Federal Income Tax Rate [Col. (D), L51 - Col. (A), L51] / [Col. (D), L45 - Col. (A), L45] 0.0000% 0.0000%

54 **WATER** Applicable Federal Income Tax Rate [Col. (E), L51 - Col. (B), L51] / [Col. (E), L45 - Col. (B), L45] 0.0000% 0.0000%

55

Calculation of Interest Synchronization:		
56	Rate Base	\$ 936,312
57	Weighted Average Cost of Debt	0.0000%
58	Synchronized Interest (L45 X L46)	\$ -

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Summary of Cost of Capital

Exhibit
 Schedule D-1
 Page 1
 Witness: Bourassa

Consolidated Capital Structure of Water and Sewer Division

Line No.	Item of Capital	Adjusted End of Test Year				End of Projected Year			
		Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
2									
3	Members Equity	4,378,460	100.00%	9.50%	9.50%	4,242,799	100.00%	9.50%	9.50%
4									
5	Totals	4,378,460	100.00%	9.50%	9.50%	4,242,799	100.00%	9.50%	9.50%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23	D-1								
24	D-3								
25	D-4								
26	E-1								
27									
28									
29									
30									

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
 A-3

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Cost of Long Term Debt

Exhibit
 Schedule D-2
 Page 1
 Witness: Bourassa

Line No.	Description of Debt	End of Test Year			End of Projected Year		
		Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
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18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
	Totals	\$ -	-		\$ -	-	0.000%
							0.000%

Supporting Schedules:
 E-1
 E-2

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line
No.

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End of Test Year

End of Projected Year

Description of Issue	Shares Outstanding	Dividend Amount	Dividend Requirement	Shares Outstanding	Dividend Amount	Dividend Requirement
-------------------------	-----------------------	--------------------	-------------------------	-----------------------	--------------------	-------------------------

NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING

SUPPORTING SCHEDULES:
E-1

RECAP SCHEDULES:
D-1

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line
No.

1

2

The Company is proposing a cost of common equity of 9.50% .

3

4

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SUPPORTING SCHEDULES:

18

E-1

19

Testimony

20

RECAP SCHEDULES:

D-1

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Comparative Balance Sheets

Exhibit
 Schedule E-1
 Page 1
 Witness: Bourassa

Line No.	Test Year Ended 12/31/2013	Year Ended 12/31/2012	Year Ended 12/31/2011
1	ASSETS		
2	\$ 12,262,555	\$ 12,225,586	\$ 12,215,061
3	-	-	-
4	-	-	-
5	(3,782,206)	(3,170,601)	(2,560,184)
6	<u>\$ 8,480,349</u>	<u>\$ 9,054,985</u>	<u>\$ 9,654,877</u>
7			
8	\$ -	\$ -	\$ -
9			
10	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
11			
12	CURRENT ASSETS		
13	\$ 7,268	\$ 8,636	\$ 141,352
14	857,879	857,872	442,487
15	16,181	12,109	30,957
16	492,077	373,211	143,210
17	-	-	-
18	-	-	-
19	-	-	-
20	-	1,473	1,473
21	<u>\$ 1,373,405</u>	<u>\$ 1,253,301</u>	<u>\$ 759,479</u>
22			
23			
24			
25	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
26			
27	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
28			
29	<u>\$ 9,853,754</u>	<u>\$ 10,308,286</u>	<u>\$ 10,414,356</u>
30			
31			
32	LIABILITIES AND STOCKHOLDERS' EQUITY		
33			
34	<u>\$ 2,052,396</u>	<u>\$ 2,659,151</u>	<u>\$ 2,619,525</u>
35			
36	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
37			
38	CURRENT LIABILITIES		
39	\$ -	\$ -	\$ -
40	-	-	-
41	1,685,351	1,475,166	1,565,665
42	-	-	-
43	-	-	-
44	16,428	14,772	12,662
45	-	-	-
46	(770)	(113)	-
47	<u>\$ 1,701,009</u>	<u>\$ 1,489,825</u>	<u>\$ 1,578,327</u>
48	DEFERRED CREDITS		
49	\$ -	\$ -	\$ -
50	5,674,841	5,706,349	5,736,092
51	-	-	-
52	549,043	549,043	549,043
53	(123,535)	(96,082)	(68,631)
54	<u>\$ 6,100,349</u>	<u>\$ 6,159,310</u>	<u>\$ 6,216,504</u>
55			
56	<u>\$ 9,853,754</u>	<u>\$ 10,308,286</u>	<u>\$ 10,414,356</u>
57			
58			
59			
60	SUPPORTING SCHEDULES:		
61		RECAP SCHEDULES:	
62		A-3	

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Comparative Income Statements

Exhibit
 Schedule E-2
 Page 1
 Witness: Bourassa

Line No.		Test Year Ended 12/31/2013	Prior Year Ended 12/31/2012	Prior Year Ended 12/31/2011
1	Revenues			
2	Flat Rate Revenue	\$ 275,731	\$ 255,172	\$ 249,063
3	Reclaimed Water Revenues	12,218	14,977	26,569
4	Other Water Revenues	-	5,438	-
5	Total Revenues	\$ 287,949	\$ 275,587	\$ 275,632
6	Operating Expenses			
7	Salaries and Wages	\$ 15,223	\$ 19,229	\$ 19,590
8	Employee Pensions and Benefits	930	4,980	4,547
9	Sludge Removal	7,538	7,603	10,787
10	Purchased Water	2,672	460	9,129
11	Purchased Power	59,605	57,827	58,137
12	Chemicals	-	-	-
13	Repairs and Maintenance	30,231	71,228	57,544
14	Office Supplies and Expense	3,283	3,515	3,658
15	Contractual Services - Engineering	-	-	-
16	Contractual Services - Mgmt Fee	56,000	56,000	46,000
17	Contractual Services - Legal & Accounting	32,485	47,825	31,345
18	Contractual Services - Other	220,686	205,767	231,140
19	Contractual Services - Lab/Testing	13,797	20,596	24,677
20	Rents	-	-	-
21	Transportation Expenses	-	-	-
22	Insurance - Vehicle	-	-	-
23	Insurance - General Liability	11,902	13,686	4,793
24	Insurance - Worker's Comp	-	-	-
25	Regulatory Commission Expense	-	-	-
26	Regulatory Commission Expense - Rate Case	-	-	-
27	Bad Debt Expense	-	-	-
28	Miscellaneous Expense	11,744	21,292	32,351
29	Sales Tax Expense	-	-	-
30	Depreciation Expense	584,152	582,965	581,828
31	Taxes Other Than Income	3,115	(4,580)	1,484
32	Property Taxes	31,199	29,544	25,323
33	Income Tax	-	-	-
34	Total Operating Expenses	\$ 1,084,562	\$ 1,137,937	\$ 1,142,333
35	Operating Income	\$ (796,613)	\$ (862,350)	\$ (866,701)
36	Other Income (Expense)			
37	Interest Income	4,859	1,976	2,266
38	Other Income	-	-	-
39	Interest Expense	-	-	-
40	Other Expense	-	-	-
41	Gain (loss) on Disposal of Equip	-	-	-
42	Total Other Income (Expense)	\$ 4,859	\$ 1,976	\$ 2,266
43	Net Profit (Loss)	\$ (791,754)	\$ (860,374)	\$ (864,435)

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 47 SUPPORTING SCHEDULES:
 48
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RECAP SCHEDULES:
 A-2

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Detail of Plant in Service

Exhibit
 Schedule E-5
 Page 1
 Witness: Bourassa

Line No.	Acct. No.	Plant Description	Plant Balance at 12/31/2012	Plant Additions, Reclassifications or Retirements	Plant Balance at 12/31/2013
1					
2	351	Organization	\$ 11,983	\$ -	\$ 11,983
3	352	Franchise	59,751	-	59,751
4	353	Land	6,538	-	6,538
5	354	Structures & Improvements	14,298	-	14,298
6	355	Power Generation	-	-	-
7	360	Collection Sewer Forced	-	-	-
8	361	Collection Sewers Gravity	5,978,394	-	5,978,394
9	362	Special Collecting Structures	-	-	-
10	363	Customer Services	-	-	-
11	364	Flow Measuring Devices	-	-	-
12	366	Reuse Services	26,931	-	26,931
13	367	Reuse Meters And Installation	-	-	-
14	370	Receiving Wells	-	-	-
15	371.0	Pumping Equipment	-	-	-
16	374.0	Reuse Distribution Reservoirs	280,411	-	280,411
17	375	Reuse Trans. and Dist. System	625,073	-	625,073
18	380.0	Treatment & Disposal Equipment	5,203,155	36,968	5,240,123
19	381.0	Plant Sewers	-	-	-
20	382	Outfall Sewer Lines	-	-	-
21	389	Other Sewer Plant & Equipment	-	-	-
22	390	Office Furniture & Equipment	10,039	-	10,039
23	390.1	Computers and Software	-	-	-
24	391	Transportation Equipment	8,224	-	8,224
25	392	Stores Equipment	-	-	-
26	393	Tools, Shop And Garage Equip	-	-	-
27	394	Laboratory Equip	790	-	790
28	396	Communication Equip	-	-	-
29	398	Other Tangible Plant	-	-	-
30					
31					
32					
33					
34					
35					
36					
37		TOTAL WATER PLANT	\$ 12,225,587	\$ 36,968	\$ 12,262,555

38
 39 SUPPORTING SCHEDULES
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RECAP SCHEDULES:
 A-4
 E-1

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bouras

Line No.		Test Year Ended <u>12/31/2013</u>	Prior Year Ended <u>12/31/2012</u>	Prior Year Ended <u>12/31/2011</u>
1	<u>WASTEWATER STATISTICS:</u>			
2				
3				
4				
5	Total Gallons Treated (in Thousands)	24,435	22,983	22,176
6				
7				
8				
9	Wastewater Revenues from Customers:	\$ 275,731	\$ 255,172	\$ 249,063
10				
11				
12				
13				
14	Year End Number of Customers	619	583	525
15				
16				
17	Annual Gallons (in Thousands)			
18	Treated Per Year End Customer	39	39	42
19				
20				
21				
22	Annual Revenue per Year End Customer	\$ 445.45	\$ 437.69	\$ 474.41
23				
24	Pumping Cost Per 1,000 Gallons	\$ 2.4393	\$ 2.5161	\$ 2.6216
25	Purchased Water Cost per 1,000 Gallons	\$ -	\$ -	\$ -

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.	Description	Test Year Ended 12/31/2013	Prior Year Ended 12/31/2012	Prior Year Ended 12/31/2011
1				
2				
3	State Income Taxes	\$ -	\$ -	\$ -
4	Federal Income Taxes	-	-	-
5	Payroll Taxes	3,115	(4,580)	1,484
6	Property Taxes	31,199	29,544	25,323
7				
8	Totals	<u>\$ 34,314</u>	<u>\$ 24,964</u>	<u>\$ 26,807</u>
9				
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Line

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1
2 The Company does not conduct independent audits, reviews and/or compilations. Accordingly, there are no
3 notes which are typically associated with these financial statements. Management makes the following
4 notations to the financial statements contained herein:
5
6 **Significant Accounting Policies** - The Company prepares its financial statements in accordance with
7 accounting principles generally accepted in the United States of America and the accounting records of the are
8 are maintained in accordance with the uniform system of accounts as prescribed by the National Association
9 of Regulatory Utility Commissioners (USOA 1996). Significant accounting policies are as follows:
10
11 **Utility Plant** - Property, plant and equipment is stated at cost less accumulated depreciation provided on a
12 straight-line basis.
13
14 Depreciation rates for asset classes of utility property, plant and equipment are established by the
15 Commission. The cost of additions, including betterments and replacements of units of utility fixed assets are
16 charged to utility property, plant and equipment. When units of utility property are replaced, renewed or
17 retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated
18 depreciation.
19
20 **Revenue Recognition** - Revenues are recognized on the accrual method. Under this method, revenue is
21 recognized when earned rather than when collected, and expenses are recognized when incurred rather than
22 when paid.
23
24 **Contributions in Aid of Construction** - Contributions in aid of construction (CIAC) are nonrefundable contributions
25 by developers and customers for plant expansion. In addition, this amount includes the remaining balance, if any,
26 of advances in aid of construction at the end of the repayment period. The contributions in aid of construction are
27 being amortized at a rate equal to the rate allowed for depreciation, as a reduction of depreciation expense
28
29 **Advances in Aid of Construction** - Customer advances for construction are subject to refund in accordance with
30 agreements approved by the Arizona Corporation Commission. Agreements provide for refunds which are typically
31 equal to 10 percent of annual water revenue generated from the expansion. The repayments are for a maximum
32 agreed upon period or until repaid in full. Any balance remaining at the end of the agreed-upon period for repayment
33 becomes a contribution in aid of construction.
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Red Rock Utlilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Projected Income Statements - Present & Proposed Rates

Exhibit
 Schedule F-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 12/31/2014	At Proposed Rates Year Ended 12/31/2014
1	Revenues			
2	Metered Water Revenues	\$ 275,731	\$ 465,331	\$ 822,286
3	Unmetered Water Revenues	12,218	12,218	12,218
4	Other Water Revenues	-	-	-
5		<u>\$ 287,949</u>	<u>\$ 477,549</u>	<u>\$ 834,504</u>
6	Operating Expenses			
7	Salaries and Wages	\$ 15,223	\$ 15,223	\$ 15,223
8	Employee Pensions and Benefits	930	930	930
9	Sludge Removal	7,538	7,538	7,538
10	Purchased Water	2,672	2,672	2,672
11	Purchased Power	59,605	98,122	98,122
12	Chemicals	-	-	-
13	Repairs and Maintenance	30,231	30,231	30,231
14	Office Supplies and Expense	3,283	3,283	3,283
15	Contractual Services - Engineering	-	-	-
16	Contractual Services - Management	56,000	56,000	56,000
17	Contractual Services - Legal	32,485	32,485	32,485
18	Contractual Services - Other	220,686	220,686	220,686
19	Contr. Services - Water Testing	13,797	13,797	13,797
20	Rents - Equipment	-	-	-
21	Transportation Expenses	-	-	-
22	Insurance - Vehicle	-	-	-
23	Insurance - General Liability	11,902	11,902	11,902
24	Insurance - Worker's Comp	-	-	-
25	Regulatory Commission Expense	-	-	-
26	Regulatory Commission Expense - Rate Case	-	5,000	5,000
27	Bad Debt Expense	-	-	-
28	Miscellaneous Expense	11,744	11,744	11,744
29	Sales Tax Expense	-	-	-
30	Depreciation Expense	584,152	203,130	203,130
31	Taxes Other Than Income	3,115	3,115	3,115
32	Property Taxes	31,199	23,766	29,696
33	Income Tax	-	-	-
34				
35	Total Operating Expenses	<u>\$ 1,084,562</u>	<u>\$ 739,624</u>	<u>\$ 745,554</u>
36	Operating Income	<u>\$ (796,613)</u>	<u>\$ (262,075)</u>	<u>\$ 88,950</u>
37	Other Income (Expense)			
38	Interest Income	4,859	4,859	4,859
39	Other income	-	-	-
40	Interest Expense	-	-	-
41	Other Expense	-	-	-
42	Gain/Loss Sale of Fixed Assets	-	-	-
43	Total Other Income (Expense)	<u>\$ 4,859</u>	<u>\$ 4,859</u>	<u>\$ 4,859</u>
44	Net Profit (Loss)	<u>\$ (791,754)</u>	<u>\$ (257,216)</u>	<u>\$ 93,809</u>

47 SUPPORTING SCHEDULES:

48 C-1

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Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Projected Statements of Changes in Financial Position
 Present and Proposed Rates

Exhibit
 Schedule F-2
 Page 1
 Witness: Bourassa

Line No.	Test Year Ended <u>12/31/2013</u>	At Present Rates Year Ended <u>12/31/2014</u>	At Proposed Rates Year Ended <u>12/31/2014</u>
5	Cash Flows from Operating Activities		
6	\$ (791,754)	\$ (257,216)	\$ 93,809
7	Adjustments to reconcile net income to net cash provided by operating activities:		
8	Depreciation and Amortization		
9	584,152	-	-
10	Depreciation Adjustments		
11	-	-	-
11	Changes in Certain Assets and Liabilities:		
12	(4,072)	-	-
13	(7)	-	-
14	-	-	-
15	-	-	-
16	-	-	-
17	(118,866)	-	-
18	1,656	-	-
19	210,185	-	-
20	-	-	-
21	-	-	-
22	816	-	-
23	<u>\$ (117,890)</u>	<u>\$ (257,216)</u>	<u>\$ 93,809</u>
24	Cash Flow From Investing Activities:		
25	(36,969)	(10,000)	(10,000)
26	-	-	-
27	-	-	-
28	<u>\$ (36,969)</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>
29	Cash Flow From Financing Activities		
30	-	-	-
31	-	-	-
32	-	-	-
33	(31,508)	(31,508)	(31,508)
34	-	-	-
35	-	-	-
36	-	-	-
37	184,999	-	-
38	<u>\$ 153,491</u>	<u>\$ (31,508)</u>	<u>\$ (31,508)</u>
39	(1,368)	(298,724)	52,301
40	8,636	7,268	7,268
41	<u>\$ 7,268</u>	<u>\$ (291,456)</u>	<u>\$ 59,569</u>

SUPPORTING SCHEDULES:

E-3

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Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Projected Construction Requirements

Exhibit
 Schedule F-3
 Page 1
 Witness: Bourassa

Line No.	Account	Plant Asset:	Test Year	2014
1				
2	Account			
3	Number	Plant Asset:	Test Year	2014
4	351	Organization	\$ -	
5	352	Franchise	-	
6	353	Land	-	
7	354	Structures & Improvements	-	
8	355	Power Generation	-	
9	360	Collection Sewer Forced	-	
10	361	Collection Sewers Gravity	-	
11	362	Special Collecting Structures	-	
12	363	Customer Services	-	
13	364	Flow Measuring Devices	-	
14	366	Reuse Services	-	
15	367	Reuse Meters And Installation	-	
16	370	Receiving Wells	-	
17	371	Pumping Equipment	-	10,000
18	374	Reuse Distribution Reservoirs	-	
19	375	Reuse Trans. and Dist. System	-	
20	380	Treatment & Disposal Equipment	36,968	
21	381	Plant Sewers	-	
22	382	Outfall Sewer Lines	-	
23	389	Other Sewer Plant & Equipment	-	
24	390	Office Furniture & Equipment	-	
25	390.1	Computers and Software	-	
26	391	Transportation Equipment	-	
27	392	Stores Equipment	-	
28	393	Tools, Shop And Garage Equip	-	
29	394	Laboratory Equip	-	
30	396	Communication Equip	-	
31	398	Other Tangible Plant	-	
32				
33				
34				
35				
36				
37	Total		\$ 36,968	\$ 10,000
38				
39				
40				

Red Rock Utilities, LLC - Wastewater Division
Test Year Ended December 31, 2013
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line

No.

- 1 Property Taxes were computed using the method used by the Arizona Department
- 2 of Revenue modified for ratemaking.
- 3
- 4 Projected construction expenditures are shown on Schedule A-4.
- 5
- 6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
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Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Revenue Summary

Exhibit
 Schedule H-1
 Page 1
 Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	\$ 267,336	\$ 472,383	\$ 205,047	76.70%	55.98%	56.61%
2								
3	5/8x3/4 Inch	Commercial	948	1,675	727	76.70%	0.20%	0.20%
4	2 Inch	Commercial	7,584	13,401	5,817	76.70%	1.59%	1.61%
5								
6	Effluent		12,224	12,224	-	0.00%	2.56%	1.46%
7								
8	Total Revenues Before Annualization		\$ 288,092	\$ 499,683	\$ 211,591	73.45%	60.33%	59.88%
9								
10	Revenue Annualization:							
11	Revenues from Projected Growth		189,600	335,023	145,423	76.70%	39.70%	40.15%
12	(See Adjustment #4 on C-2, page 5)							
13								
14								
15								
16	Total Revenue Annualization		\$ 189,600	\$ 335,023	\$ 145,423	76.70%		
17	Subtotal Metered Revenues		\$ 288,092	\$ 499,683	\$ 211,591	73.45%	60.33%	59.88%
18	Subtotal Revenue Annualization		189,600	335,023	145,423.20	76.70%	39.70%	40.15%
19	Total Metered Revenues		\$ 477,692	\$ 834,706	\$ 357,014	74.74%		
20								
21	Misc. Revenues		-	-	-	0.00%	0.00%	0.00%
22	Reconciling Amount to GL		(143)	(202)	(59)	0.00%	-0.03%	-0.02%
23	Total Water Revenues		\$ 477,549	\$ 834,504	\$ 356,955	74.75%	0.00%	0.00%
24								
25								
26	<u>Revenue Reconciliation</u>							
27								
28	Revenue per bill count before revenue annualization		\$ 288,092					
29	Revenue per GL (sewer revenues)		\$ 287,949					
30	Accruals							
31	Adjusted Revenue per GL (sewer revenues)		\$ 287,949					
32	Difference		143					
33	Difference %		0.05%					
34	Tolerance %		0.50%					
35	Tolerance Amount + or -		\$ 1,440					
36								
37	Acceptable?							YES
38								
39								
40								
41								

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Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Customer Summary

Exhibit
 Schedule H-2
 Page 1
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2013	Average Bill		Proposed Increase		
			Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch Residential	564	-	\$ 39.50	\$ 69.80	30.30	76.70%
2							
3	5/8x3/4 Inch Commercial	2	-	39.50	69.80	30.30	76.70%
4	2 Inch Commercial	2	-	316.00	558.37	242.37	76.70%
5							
6	Effluent	5		194.03	194.03	-	0.00%
7							
8							
9	Total	<u>573</u>					
10							
11	(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.						
12							

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Customer Summary

Exhibit
 Schedule H-2
 Page 2
 Witness: Bourassa

Line No.	Meter Size Class	(a) Average Number of Customers at 12/31/2013	Median Consumption	Present Rates	Proposed Rates	Median Bill	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch Residential	564	-	\$ 39.50	\$ 69.80		30.30	76.70%
2								
3	1.5 Inch Commercial	2	-	39.50	69.80		30.30	76.70%
4	2 Inch Commercial	2	-	316.00	558.37		242.37	76.70%
5								
6	Effluent	5		140.28	140.28		-	0.00%
7								
8	Total	573						

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Present and Proposed Rates

Exhibit
 Schedule H-3
 Page 1
 Witness: Bourassa

Line No.	Monthly Minimum Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Classes):				
2	5/8x3/4 inch	\$ 39.50	\$ 69.80	\$ 30.30	76.70%
2	3/4 inch	59.25	104.69	45.44	76.70%
3	1 inch	98.75	174.49	75.74	76.70%
4	1 1/2 inch	197.50	348.98	151.48	76.70%
5	2 inch	316.00	558.37	242.37	76.70%
6	3 inch	592.50	1,116.74	524.24	88.48%
7	4 inch	987.50	1,744.91	757.41	76.70%
8	6 inch	1,975.00	3,489.83	1,514.83	76.70%
9					
10					
11					
12					
13	Effluent Sales (per acre foot)	\$ 300.00	\$ 300.00	-	0.00%
14					
15					
16					
17					
18					
19					
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31					
32					
33					
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35					
36					
37	NT = No Tariff				
38					

Red Rock Utilities, LLC - Wastewater Division
Changes in Representative Rate Schedules
Test Year Ended December 31, 2013

Exhibit
Schedule H-3
Page 2
Witness: Bourassa

Line		Present		Proposed
No.	<u>Other Service Charges</u>	<u>Rates</u>		<u>Rates</u>
1	Establishment (collected only if customer sewer only)	\$ 15.00	\$	15.00
2	Re-establishment (within 12 months)	**		**
3	Reconnection (Delinquent)	\$ 30.00	\$	30.00
4	Minimum Deposit	*		*
5	NSF Check	\$ 25.00	\$	25.00
6	Late Payment Penalty (per month)	1.50%		1.50%
7	Deferred Payment Finance Charge	1.50%		1.50%
8	Service Calls - Per Hour/After Hours(a)	\$ 50.00	\$	50.00

9

10

11

12

13 * Per Commission Rule A.A.C. R-14-2-603(B)

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

15

16

17

18 IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM
19 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE
20 TAX. PER COMMISSION RULE 14-2-608D(5).

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Red Rock Utilities, LLC - Wastewater Division
 Bill Comparison Present and Proposed Rates
 5/8 Inch Residential

Exhibit
 Schedule H-4
 Page 1
 Witness: Bourassa

Meter Size:

Present	Proposed	Dollar	Percent
<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>
\$ 39.50	\$ 69.80	\$ 30.30	76.70%

Present Rates:
 Monthly Minimum: \$ 39.50

Proposed Rates:
 Monthly Minimum: \$ 69.80

Average Usage	\$ 39.50	\$ 69.80	\$ 30.30	76.70%
Median Usage	\$ 39.50	\$ 69.80	\$ 30.30	76.70%

Red Rock Utilities, LLC - Wastewater Division
 Bill Comparison Present and Proposed Rates
 Meter Size: 5/8x3/4 Inch Commercial

Exhibit
 Schedule H-4
 Page 2
 Witness: Bourassa

	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
Usage	\$ 39.50	\$ 69.80	\$ 30.30	76.70%

Present Rates:
 Monthly Minimum: \$ 39.50

Proposed Rates:
 Monthly Minimum: \$ 69.80

Average Usage	\$ 39.50	\$ 69.80	\$ 30.30	76.70%
Median Usage	\$ 39.50	\$ 69.80	\$ 30.30	76.70%

Red Rock Utilities, LLC - Wastewater Division
Bill Comparison Present and Proposed Rates
Meter Size: 2 Inch Commercial

Exhibit
 Schedule H-4
 Page 3
 Witness: Bourassa

	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
Usage	\$ 316.00	\$ 558.37	\$ 242.37	76.70%

Present Rates:
 Monthly Minimum: \$ 316.00

Proposed Rates:
 Monthly Minimum: \$ 558.37

Average Usage	\$ 316.00	\$ 558.37	\$ 242.37	76.70%
Median Usage	\$ 316.00	\$ 558.37	\$ 242.37	76.70%

Red Rock Utilities, LLC - Wastewater Division
 Bill Comparison Present and Proposed Rates
 Effluent

Exhibit
 Schedule H-4
 Page 4
 Witness: Bourassa

Meter Size:

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase #DIV/0!
1,000	0.92	0.92	-	0.00%
2,000	1.84	1.84	-	0.00%
3,000	2.76	2.76	-	0.00%
4,000	3.68	3.68	-	0.00%
5,000	4.60	4.60	-	0.00%
6,000	5.52	5.52	-	0.00%
7,000	6.44	6.44	-	0.00%
8,000	7.37	7.37	-	0.00%
9,000	8.29	8.29	-	0.00%
10,000	9.21	9.21	-	0.00%
12,000	11.05	11.05	-	0.00%
14,000	12.89	12.89	-	0.00%
16,000	14.73	14.73	-	0.00%
18,000	16.57	16.57	-	0.00%
20,000	18.41	18.41	-	0.00%
25,000	23.02	23.02	-	0.00%
30,000	27.62	27.62	-	0.00%
35,000	32.22	32.22	-	0.00%
40,000	36.83	36.83	-	0.00%
45,000	41.43	41.43	-	0.00%
50,000	46.03	46.03	-	0.00%
60,000	55.24	55.24	-	0.00%
70,000	64.45	64.45	-	0.00%
80,000	73.65	73.65	-	0.00%
90,000	82.86	82.86	-	0.00%
100,000	92.07	92.07	-	0.00%
Average Usage	194.03	194.03	-	0.00%
210,751	\$ 194.03	\$ 194.03	\$ -	0.00%
Median Usage	140.77	140.77	-	0.00%
152,900	\$ 140.77	\$ 140.77	\$ -	0.00%

Present Rates:
 Monthly Minimum:
 Gallons in Minimum \$ -
 Charge Per 1,000 Gallons \$ 0.92
 All gallons

Proposed Rates:
 Monthly Minimum:
 Gallons in Minimum \$ -
 Charge Per 1,000 Gallons \$ 0.92
 All gallons

Red Rock Utilities, LLC - Wastewater Division
 Test Year Ended December 31, 2013
 Effluent

Exhibit
 Schedule H-5
 Page 4
 Witness Bourassa

Water Size:

Usage From	Usage To	Month of Jan-13	Month of Feb-13	Month of Mar-13	Month of Apr-13	Month of May-13	Month of Jun-13	Month of Jul-13	Month of Aug-13	Month of Sep-13	Month of Oct-13	Month of Nov-13	Month of Dec-13	Total Year	Cumulative Billing	Cumulative Customers
1,000	1,001													1	1	2
2,000	2,001													1	2	4
3,000	3,001													1	3	6
4,000	4,001													1	4	8
5,000	5,001													1	5	10
6,000	6,001													1	6	12
7,000	7,001													1	7	14
8,000	8,001													1	8	16
9,000	9,001													1	9	18
10,000	10,001													1	10	20
11,000	11,001													1	11	22
12,000	12,001													1	12	24
13,000	13,001													1	13	26
14,000	14,001													1	14	28
15,000	15,001													1	15	30
16,000	16,001													1	16	32
17,000	17,001													1	17	34
18,000	18,001													1	18	36
19,000	19,001													1	19	38
20,000	20,001													1	20	40
21,000	21,001													1	21	42
22,000	22,001													1	22	44
23,000	23,001													1	23	46
24,000	24,001													1	24	48
25,000	25,001													1	25	50
26,000	26,001													1	26	52
27,000	27,001													1	27	54
28,000	28,001													1	28	56
29,000	29,001													1	29	58
30,000	30,001													1	30	60
31,000	31,001													1	31	62
32,000	32,001													1	32	64
33,000	33,001													1	33	66
34,000	34,001													1	34	68
35,000	35,001													1	35	70
36,000	36,001													1	36	72
37,000	37,001													1	37	74
38,000	38,001													1	38	76
39,000	39,001													1	39	78
40,000	40,001													1	40	80
41,000	41,001													1	41	82
42,000	42,001													1	42	84
43,000	43,001													1	43	86
44,000	44,001													1	44	88
45,000	45,001													1	45	90
46,000	46,001													1	46	92
47,000	47,001													1	47	94
48,000	48,001													1	48	96
49,000	49,001													1	49	98
50,000	50,001													1	50	100
51,000	51,001													1	51	102
52,000	52,001													1	52	104
53,000	53,001													1	53	106
54,000	54,001													1	54	108
55,000	55,001													1	55	110
56,000	56,001													1	56	112
57,000	57,001													1	57	114
58,000	58,001													1	58	116
59,000	59,001													1	59	118
60,000	60,001													1	60	120
61,000	61,001													1	61	122
62,000	62,001													1	62	124
63,000	63,001													1	63	126
64,000	64,001													1	64	128
65,000	65,001													1	65	130
66,000	66,001													1	66	132
67,000	67,001													1	67	134
68,000	68,001													1	68	136
69,000	69,001													1	69	138
70,000	70,001													1	70	140
71,000	71,001													1	71	142
72,000	72,001													1	72	144
73,000	73,001													1	73	146
74,000	74,001													1	74	148
75,000	75,001													1	75	150
76,000	76,001													1	76	152
77,000	77,001													1	77	154
78,000	78,001													1	78	156
79,000	79,001													1	79	158
80,000	80,001													1	80	160
81,000	81,001													1	81	162
82,000	82,001													1	82	164
83,000	83,001													1	83	166
84,000	84,001													1	84	168
85,000	85,001													1	85	170
86,000	86,001													1	86	172
87,000	87,001													1	87	174
88,000	88,001													1	88	176
89,000	89,001													1	89	178
90,000	90,001													1	90	180
91,000	91,001													1	91	182
92,000	92,001													1	92	184
93,000	93,001													1	93	186
94,000	94,001													1	94	188
95,000	95,001													1	95	190
96,000	96,001													1	96	192
97,000	97,001													1	97	194
98,000	98,001													1	98	196
99,000	99,001													1	99	198
100,000	100,001													1	100	200

Totals	210,731	63
Average Usage	152,300	
Median Usage		
Average Customers		
Change in Number of Customers		