

EXCEPTION  
OPEN MEETING AGENDA ITEM  
ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

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2015 JUN 29 P 3: 26

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Commissioners

- SUSAN BITTER SMITH, Chairman
- BOB STUMP
- BOB BURNS
- DOUG LITTLE
- TOM FORESE

AZ CORP COMMISSION  
DOCKET CONTROL  
Arizona Corporation Commission  
DOCKETED  
JUN 29 2015

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

DOCKETED BY   
 DOCKET NO: WS-04245A-14-0295  
 RED ROCK UTILITIES, LLC's  
 "EXCEPTIONS" FOR  
 CLARIFICATION PURPOSES

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

Pursuant to the June 22, 2015 Memorandum of the Commission's Executive Director, transmitting The Recommended Opinion and Order ("ROO") prepared by Administrative Law Judge Jane L. Rodda in the above-captioned and above docketed proceeding ("Instant Proceeding"), Red Rock Utilities, LLC ("Red Rock") submits its "Exceptions" for purposes of clarification of its position with respect to the ROO.

More specifically, at page 14 lines 10-13 and page 15, lines 19-25 of the ROO, reference is made to

"... a utility owner with the financial ability, and willingness, to forego a positive rate of return at this time..."

While this statement is correct within the context of the Instant Proceeding, it does not concurrently reflect that such "willingness" upon the part of Red Rock's owners is solely a direct result of their desire to mitigate that impact of needed increases in its rates for water

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1 and wastewater service at this particular point in time. It is for that reason alone that (i) in  
2 its Application and supporting Exhibits Red Rock proposed several pro forma adjustments  
3 specifically designed to mitigate “rate shock”; and (ii) in its Rebuttal Testimony and  
4 Exhibits Red Rock agreed to accept that “breakeven” revenue requirement determination  
5 approach which underpins the Commission Staff’s Plan “A” and the rates recommended  
6 for adoption in the ROO.

7 In agreeing “to forego a positive rate of return” for the aforementioned mitigation  
8 reason, the owners have “willingly” agreed to accept “a 0 percent rate of return” on the  
9 water and wastewater fair value rate bases of Red Rock, as acknowledged at page 9, lines  
10 8-9 and lines 15-16 of the ROO. For the record, however, for purposes of the Instant  
11 Proceeding and future rate proceedings before the Commission, this concession by Red  
12 Rock is a one-time –occurrence.

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DATED this 29<sup>th</sup> day of June, 2015.

RESPECTFULLY SUBMITTED,

By Lawrence V. Robertson, Jr.  
Lawrence V. Robertson, Jr.  
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Attorney for Red Rock Utilities, LLC

ORIGINAL and thirteen (13) copies of the  
foregoing will be filed this  
29<sup>th</sup> day of June, 2015, with:

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Docket Control  
Arizona Corporation Commission  
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A copy of the same served by e-mail  
or first class mail that same date to:

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*SM for J. Moreno*