



## Discovery

- Proposed rates suspended six months (or more)
- 12-month test period
- Data requests
  - Two weeks to respond
  - Served on all parties



## Financial Issues

- Adequate and safe service
- Fair and reasonable rates
- Dual responsibility to customers and company
- Expense detail
- Current Utility Plant
  - Original cost
  - Accumulated depreciation
  - Depreciation expense



## Service Issues

- Water Pressure
- Customer Relations
- Billing Detail
- Response Time

## PUC Methods for Setting Rates

- Reasonable costs to operate
- Reasonable rate of return
- Rate base = net book value of plant
  - Investment in utility plant

## Rate Making Formula

- $R = E + r(v - d)$
- R = Revenues
- E = Expenses
- r = Rate of return
- v = Original cost of plant
- d = Accumulated depreciation

## Resolution

- Stipulation
- Formal hearing
- Administrative Law Judge prepares order
- Commission issues final order