



# Rate-Making 101

## SaddleBrooke Public Affairs Commission

Cynthia Zwick, Director

Erin Ford Faulhaber, Deputy Director

Residential Utility Consumer Office (RUCO)



# Residential Utility Consumer Office (RUCO)

- Established by the legislature in 1983 to represent residential utility ratepayers in proceedings before the ACC – in rate cases and rule dockets among others
- Director is appointed by the Governor
- The team consists of:
  - Director
  - Deputy Director
  - 2 lawyers
  - 4 analysts
  - Office manager



# Arizona Corporation Commission (ACC)



- 5 Elected Commissioners – serve 4 year terms, may serve two terms
  - Chairman Kevin Thompson
  - Vice Chair Nick Myers
  - Lea Marquez Peterson
  - Rene Lopez
  - Rachel Walden
- Constitutionally formed body
- Required to set utility rates for investor-owned utilities – ultimate decision makers in every case
- Regulate water, wastewater, telecommunications, gas and electric utilities



# Arizona Corporation Commission (ACC)



- Executive Director – Doug Clark
- Commission staff
  - 9 divisions
  - Each division has a director, or in the case of the utilities division, co-directors – Ranelle Paladino and Brit Baxter
  - UTILITIES – makes recommendations to Commissioners on public utility rates, finance and quality of service



# Elements of a Rate Case



- Issues commonly disputed in a case include:
  - Which expenses should be charged in rates to customers
  - What a normal or prudent level of expense should be
  - Whether the utility's investment in physical facilities were prudently made
  - How much of a return the utility's shareholders should be allowed to earn
  - How the cost of providing service should be allocated



# Rate Case Process and Elements



- Utility initiates a case by filing an application with the Commission which identifies the test year to be used
- Staff reviews the application to determine sufficiency and a case number is assigned
- After sufficiency, RUCO and other parties are permitted to intervene in the case
- There are up to five rounds of testimony filed, including the company's application
- Public comment is held
- Formal hearing takes place where parties present witnesses and offer evidence to support their positions



# Disposition of a Case



- After the hearing, the Administrative Law Judge reviews the arguments, evidence and briefs and will then issue a Recommended Opinion and Order (ROO)
- At the Open Meeting, the public has another opportunity to provide input
- The ROO may be amended by the members of the Commission who ultimately vote to determine the rates to be charged
- Cases may result in rate increases of varying size – each case is unique



# What is Consolidation and How Does it Affect Rates?



Utility rate consolidation is the merging of two or more utility divisions, which are currently on different rate structures and in different geographic areas, into a single rate structure.

Consolidation means all divisions are charged the same rates for utility service.

The goal is to achieve economies of scale to improve operational efficiency, like reducing administrative costs, and mitigate debilitating rate increases for smaller systems needed expensive infrastructure upgrades.



# Consolidation in this Case



- The Company is proposing to consolidate three former Robson owned water/sewer companies in SaddleBrooke and Catalina area, and Sahuarita:
  - Lago Del Oro (6730 customers)
  - Quail Creek (2990 customers)
  - Ridgeview Utility Company (480 customers)



# Consolidation



## CONSOLIDATED SCENARIO

Company	Current Bill	Propose Bill	\$ Increase	% Increase
LDO	\$27.21	\$39.82	\$12.62	46.37%
QCW	\$35.34	\$33.05	\$(2.29)	-6.49%
RUC	\$51.40	\$47.13	\$(4.28)	-8.32%



# How Engage in this Case



1. Write a letter to the Commission and/or the docket
2. Hold a letter writing &/or a video message session
3. Post to social media
4. Distribute information
5. Sign & circulate a petition
6. Hold an educational event(s) on the rate case(s) & available resources
7. Submit a letter-to-the-editor & attend media events
8. Meet with Commissioners\*
9. Provide public comment at a Commission meeting(s)



# How to Follow the Docket



Docket No. VV-01944A-25-0194

<https://docket.images.azcc.gov/E000046104.pdf>

You can sign up on the ACC website to follow this specific docket which will notify you whenever something is filed in the case.

## PUBLIC COMMENT

June 9, 2026 – 5:30 -6:00 pm or until finished

June 15, 2026 – beginning at 10am.

In person at the Commission offices in Tucson  
400 W. Congress, Tucson

Or via webex





# Thank you!

**Cynthia Zwick, Director**  
czwick@azruco.gov  
602.686.9902