

Line No.		Original Cost Rate Base [A]	RCND [B]	Fair Value Rate Base [C]	
1	Original Cost Rate Base	\$ 53,799,497	\$ 84,978,466	\$ 69,388,982	Average ([A] + [B])
2					
3	Adjusted Operating Income	\$ 2,609,038	\$ 2,609,038	\$ 2,609,038	(b)
4					
5	Current Rate of Return	4.85%	3.07%	3.76%	Line [3] / Line [1]
6					
7	Required Operating Income	\$ 4,114,767	\$ 4,114,767	\$ 4,114,767	Line [1] * Line [11]
8					
9	Weighted Average Cost of Capital	7.33%	7.33%	7.33%	(d)
10	Fair Value Adjustment	0.32%	-2.49%	-1.40%	(d)
11	Required Rate of Return	7.65%	4.84%	5.93%	Sum Line [9-10]
12					
13	Operating Income Deficiency	\$ 1,505,728	\$ 1,505,729	\$ 1,505,728	Line [7] - Line [3]
14					
15	Gross Revenue Conversion Factor	1.65	1.65	1.65	(c)
16					
17	Increase in Gross Revenue Requirement	\$ 2,484,452	\$ 2,484,453	\$ 2,484,452	Line [13] * Line [15]
18					
19					
20	Customer	Annualized	Proposed	Dollar	Percent
21	<u>Classification</u>	<u>Rates (e)</u>	<u>Rates (e)</u>	<u>Increase</u>	<u>Increase</u>
22		[A]	[B]	[C] = [B] - [A]	[D] = [C] / [A]
23	Residential	\$ 8,005,254	\$ 10,693,560	\$ 2,688,306	33.58%
24	Commercial	1,852,048	1,677,790	(174,259)	-9.41%
25	Commercial Large	70,564	72,354	1,790	2.54%
26	OPA	-	-	-	0.00%
27	Private Fire	17,130	22,269	5,139	30.00%
28	Effluent	448,700	448,700	-	0.00%
29	Wholesale	177,187	177,187	-	0.00%
30	Other				
31					
32	Total Water Revenues	\$ 10,570,884	\$ 13,091,860	\$ 2,520,976	23.85%
33					
34	Other Revenues	\$ 159,315	\$ 122,791	\$ (36,524)	-22.93%
35					
36	Total Revenues	\$ 10,730,199	\$ 13,214,651	\$ 2,484,452	23.15%
37					
38		Sch C-2 [AP]	Sch C-2 [AR]		
39	Check From Sch C-2	\$ 10,730,199	\$ 13,214,651		
40		\$ 0	\$ (0)	Line [39] - Line [36]	
41					
42					
43	Supporting Schedules				
44	(a) B-1				
45	(b) C-1				
46	(c) C-3				
47	(d) D-1				
48	(e) H-1				
49					
50	\\2016 Anthem Water.xlsm				

Line No.	Description	Prior Years Ended		Test Year		Projected Year		
		<u>12/31/2014</u>	<u>12/31/2015</u>	<u>Actual 12/31/2016</u>	<u>Adjusted 12/31/2016</u>	<u>Present Rates 12/31/2017</u>	<u>Proposed Rates 12/31/2017</u>	
1	Gross Revenues	(b) \$ 10,648,157	\$ 10,289,064	(b) (b) \$ 10,655,033	\$ 10,730,199	(a) (e) \$ 10,730,199	\$ 13,214,651	(e)
2								
3	Revenue Deductions and							
4	Operating Expenses	(b) \$ 7,039,137	\$ 7,661,396	(b) (b) \$ 8,132,547	\$ 9,407,273	(a) (e) \$ 9,407,273	\$ 9,099,583	(e)
5								
6	Operating Income	\$ 3,609,020	\$ 2,627,668	\$ 2,522,486	\$ 1,322,927	\$ 1,322,927	\$ 4,115,068	Line [1] - Line [4]
7								
8	Other Income and							
9	Deductions	(b) \$ 10,443	\$ 371	(b) (b) \$ (12,130)	\$ (12,130)	(a) (e) \$ (12,130)	\$ (12,130)	(e)
10								
11	Interest Expense	(b) \$ 686,662	\$ 685,572	(b) (b) \$ 689,901	\$ 1,199,729	(a) (e) \$ 1,199,729	\$ 1,199,729	(e)
12								
13	Net Income	<u>\$ 2,911,916</u>	<u>\$ 1,941,725</u>	<u>\$ 1,844,716</u>	<u>\$ 135,328</u>	<u>\$ 135,328</u>	<u>\$ 2,927,470</u>	Line [6] - Sum Lines [9-11]
14								
15	Earned Per Average							
16	Common Share	\$ 45	\$ 30	\$ 28	\$ 2	\$ 2	\$ 45	
17								
18	Dividends Per							
19	Common Share	\$ 15.30	\$ 13.33	\$ 6.08	\$ 6.08	\$ 6.08	\$ 6.08	
20								
21	Payout Ratio	34.12%	44.59%	21.40%	291.65%	291.65%	13.48%	
22								
23	Return on Average							
24	Invested Capital	(d) 5.84%	3.74%	(d) (d) 3.46%	0.23%	(d) (d) 0.23%	5.50%	(d)
25								
26	Return on Year End Capital	(d) 5.65%	3.73%	(d) (d) 3.40%	0.23%	(d) (d) 0.23%	5.42%	(d)
27								
28	Return on Average							
29	Common Equity	(c) 12.79%	8.14%	(c) (c) 7.33%	0.49%	(c) (c) 0.49%	11.66%	(c)
30								
31	Return on Year End							
32	Common Equity	(c) 12.38%	8.05%	(c) (c) 7.08%	0.48%	(c) (c) 0.48%	11.26%	(c)
33								
34	Times Bond Interest Earned							
35	Before Income Taxes	4.96	4.76	4.93	2.91	2.91	4.94	
36								
37	Times Total Interest and							
38	Preferred Dividends Earned							
39	After Income Taxes	2.14	1.69	2.34	0.84	0.84	2.59	
40								
41								
42								
43								
44	Supporting Schedules							
45	(a) C-1 (d) D-1							
46	(b) E-2 (e) F-1							
47	(c) E-4							
48								
49	Workpapers and Supporting Documents							
50	\2016 Anthem Water.xlsm							

Anthem Water
 Test Year Ended December 31, 2016
 Summary of Capital Structure

Exhibit
 Schedule A-3
 Page 1
 Witness: Hubbard

Line No.	Description	Prior Years Ended		Test Year	Projected Year	
		12/31/2014	12/31/2015	12/31/2016	12/31/2017	
1	Short-Term Debt	\$ 8,560,000	\$ 8,560,000	\$ 8,560,000	(b) \$ -	
2	Long-Term Debt	(c) \$ 235,850,144	\$ 235,021,858	(c) \$ 234,897,306	(b) \$ 242,820,000	
3						
4	Total Debt	\$ 244,410,144	\$ 243,581,858	\$ 243,457,306	\$ 242,820,000	Line [1] + Line [2]
5						
6						
7	Preferred Stock	\$ -	\$ -	\$ -	\$ -	
8						
9	Common Equity	(c) \$ 205,334,783	\$ 209,807,571	(c) \$ 225,225,834	(a) \$ 225,225,834	
10						
11						
12	Total Capital & Debt	<u>\$ 449,744,927</u>	<u>\$ 453,389,429</u>	<u>\$ 468,683,140</u>	<u>\$ 468,045,834</u>	Line [4] + Line [9]
13						
14						
15	Capitalization Ratios:					
16	Short-Term Debt	1.90%	1.89%	1.83%	0.00%	Line [1] / Line [12]
17	Long-Term Debt	<u>52.44%</u>	<u>51.84%</u>	<u>50.12%</u>	<u>51.88%</u>	Line [2] / Line [12]
18						
19	Total Debt	54.34%	53.72%	51.94%	51.88%	Line [16] + Line [17]
20						
21						
22	Preferred Stock	0.00%	0.00%	0.00%	0.00%	Line [7] / Line [12]
23						
24	Common Equity	<u>45.66%</u>	<u>46.28%</u>	<u>48.06%</u>	<u>48.12%</u>	Line [9] / Line [12]
25						
26						
27	Total Capital	100.00%	100.00%	100.00%	100.00%	Line [19] + Line [24]
28						
29	Weighted Cost of					
30	Short-Term Debt	(a) 0.01%	0.01% (a)	0.01% (a)	0.00%	
31						
32	Weighted Cost of					
33	Long-Term Debt	(a) 2.16%	2.16% (a)	2.16% (a)	2.16%	
34						
35	Weighted Cost of					
36	Senior Capital	(a) 2.16%	2.16% (a)	2.16% (a)	2.16%	
37						
38						
39						
40						
41						
42						
43	Supporting Schedules					
44	(a) D-1					
45	(b) D-2					
46	(c) E-1					
47						
48	Workpapers and Supporting Documents					
49						
50	\2016 Anthem Water.xlsm					

Anthem Water

Test Year Ended December 31, 2016

Construction Expenditures and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Hubbard

Line No.			Construction Expenditures [A]		Net Plant Placed in Service [B]		Gross Utility Plant in Service [C]
1			[A]		[B]		[C]
2	Prior Year Ended	12/31/2014	(a) \$ 352,699		\$ 810,129		(a) \$ 89,770,356
3							
4	Prior Year Ended	12/31/2015	(a) \$ 1,444,753	[C] Line [4] - [C] Line [2]	\$ 213,571		(a) \$ 89,983,927
5							
6	Test Year Ended	12/31/2016	(a) \$ 1,391,101	[C] Line [6] - [C] Line[4]	\$ 2,127,072		(a) \$ 92,110,999
7							
8	Projected Year Ended	12/31/2017	(b) \$ 2,697,154	[C] Line [8] - [C] Line[6]	\$ 4,729,225	[C] Line [6] + [B] Line [8]	\$ 96,840,225
9							
10	Projected Year Ended	12/31/2018	(b) \$ 1,127,438	[C] Line [10] - [C] Line [8]	\$ 1,493,413	[C] Line [8] + [B] Line [10]	\$ 98,333,638
11							
12	Projected Year Ended	12/31/2019	(b) \$ 1,652,706	[C] Line [12] - [C] Line [10]	\$ 2,189,187	[C] Line [10] + [B] Line [12]	\$ 100,522,824
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							
41	Supporting Schedules						
42	(a) E-1						
43	(b) \2016-2025 Capital Budget.xlsx						
44							
45	Workpapers and Supporting Documents						
46	\2016-2025 Capital Budget.xlsx						
47							
48							
49							
50	\2016 Anthem Water.xlsm						

Line No.		Prior Year Ended (a) 12/31/2014	Prior Year Ended (a) 12/31/2015	Test Year Ended (a) 12/31/2016	Projected Year	
					Present Rates (b) 12/31/2017	Proposed Rates (b) 12/31/2017
5	Source of Funds					
6	From Operations					
7	Net Income	\$ 2,911,916	\$ 1,941,725	\$ 1,844,716	\$ 1,421,440	\$ 2,927,470
8	Depreciation & Amortization	2,585,667	2,564,533	2,568,534	3,415,311	3,415,311
9	Deferred Investment Tax Credits	-	-	-	-	-
10	Deferred Income Taxes	77,190	462,037	635,805	635,805	635,805
11	Amortization of Regulatory Expense	-	-	-	-	-
12	Total From Operations	\$ 5,574,772	\$ 4,968,295	\$ 5,049,055	\$ 5,472,556	\$ 6,978,586
						Sum Lines [7-11]
13	From Financing					
14	Advances in Aid of Construction	\$ (2,724,792)	\$ (2,355,098)	\$ (644,392)	\$ (644,392)	\$ (644,392)
15	Contributions in Aid of Construction	2,224,548	1,792,775	154,612	154,612	154,612
16	Issuance of Long-Term Debt	(1,627)	436,599	(1,760)	(1,760)	(1,760)
17	(Decrease) / Increase in Net Amounts					
18	Due to/from Parent and Affiliates	(5,575,761)	(3,840,280)	(4,265,911)	(4,265,911)	(4,265,911)
19	Total From Financing	\$ (6,077,632)	\$ (3,966,004)	\$ (4,757,451)	\$ (4,757,451)	\$ (4,757,451)
						Sum Lines [14-18]
20						
21	Total Funds Provided	\$ (502,860)	\$ 1,002,291	\$ 291,604	\$ 715,104	\$ 2,221,134
						Line [12] + Line [19]
22						
23	Application of Funds					
24	Construction Expenditures	\$ 352,699	\$ 1,444,753	\$ 1,391,101	\$ 2,697,154	\$ 2,697,154
25	Rate Case Expenses	-	-	-	71,379	71,379
26	Dividends Paid	993,423	865,851	394,679	394,679	394,679
27	Other Deferred Debits and Credits	(32,030)	(104,521)	15,143	15,143	15,143
28	Total Funds Applied	\$ 1,314,092	\$ 2,206,083	\$ 1,800,923	\$ 3,178,355	\$ 3,178,355
						Sum Lines [24-27]
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43	Supporting Schedules					
44	(a) E-3					
45	(b) F-2					
46						
47	Workpapers and Supporting Documents					
48						
49						
50	\2016 Anthem Water.xlsm					