

Line No.		Original Cost Rate Base	RCND	Fair Value Rate Base	
		[A]	[B]	[C]	
1	Original Cost Rate Base	\$ 5,456,456	\$ 7,846,417	\$ 6,651,436	Average ([A] + [B])
2					
3	Adjusted Operating Income	\$ 338,670	\$ 338,670	\$ 338,670	(b)
4					
5	Current Rate of Return	6.21%	4.32%	5.09%	Line [3] / Line [1]
6					
7	Required Operating Income	\$ 413,054	\$ 413,054	\$ 413,054	Line [1] * Line [11]
8					
9	Weighted Average Cost of Capital	7.33%	7.33%	7.33%	(d)
10	Fair Value Adjustment	0.24%	-2.07%	-1.12%	(d)
11	Required Rate of Return	7.57%	5.26%	6.21%	Sum Line [9-10]
12					
13	Operating Income Deficiency	\$ 74,384	\$ 74,384	\$ 74,384	Line [7] - Line [3]
14					
15	Gross Revenue Conversion Factor	1.65	1.65	1.65	(c)
16					
17	Increase in Gross Revenue Requirement	\$ 122,733	\$ 122,733	\$ 122,733	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	\$ 1,582,975	\$ 1,692,736	\$ 109,760	6.93%
24	Commercial	173,877	177,539	3,662	2.11%
25	Commercial Large	29,630	32,661	3,031	10.23%
26	OPA	-	-	-	0.00%
27	Private Fire	-	-	-	0.00%
28	Irrigation	-	-	-	0.00%
29	Other	-	-	-	0.00%
30					
31					
32	Total Water Revenues	\$ 1,786,483	\$ 1,902,936	\$ 116,453	6.52%
33					
34	Other Revenues	15,270	21,551	\$ 6,280	41.13%
35					
36	Total Revenues	\$ 1,801,753	\$ 1,924,486	\$ 122,734	6.81%
37					
38		Sch C-2 [AP]	Sch C-2 [AR]		
39	Check From Sch C-2	\$ 1,801,753	\$ 1,924,486		
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 Havasu Water.xlsm				

Havasu Water  
 Test Year Ended December 31, 2016  
 Summary of Results of Operations

Exhibit  
 Schedule A-2  
 Page 1  
 Witness: Hubbard

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) \$ 1,829,842	\$ 1,808,113 (b)	(b) \$ 1,783,024	\$ 1,801,753 (a) (e)	\$ 1,801,753	\$ 1,924,486 (e)	
2								
3	Revenue Deductions and							
4	Operating Expenses	(b) \$ 1,189,668	\$ 1,299,772 (b)	(b) \$ 1,411,399	\$ 1,612,949 (a) (e)	\$ 1,612,949	\$ 1,511,455 (e)	
5								
6	Operating Income	\$ 640,175	\$ 508,341	\$ 371,626	\$ 188,804	\$ 188,804	\$ 413,031	Line [1] - Line [4]
7								
8	Other Income and							
9	Deductions	(b) \$ -	\$ (278) (b)	(b) \$ (2,600)	\$ (2,600) (a) (e)	\$ (2,600)	\$ (2,600) (e)	
10								
11	Interest Expense	(b) \$ 138,687	\$ 138,467 (b)	(b) \$ 139,342	\$ 121,679 (a) (e)	\$ 121,679	\$ 121,679 (e)	
12								
13	Net Income	\$ 501,487	\$ 370,151	\$ 234,885	\$ 69,725	\$ 69,725	\$ 293,953	Line [6] - [9] - [11]
14								
15	Earned Per Average							
16	Common Share	\$ 76	\$ 56	\$ 36	\$ 11	\$ 11	\$ 45	
17								
18	Dividends Per							
19	Common Share	\$ 150.85	\$ 131.48	\$ 59.93	\$ 59.93	\$ 59.93	\$ 59.93	
20								
21	Payout Ratio	198.10%	233.92%	168.03%	566.05%	566.05%	134.27%	
22								
23	Return on Average							
24	Invested Capital	(d) 9.88%	7.03% (d)	(d) 4.32%	1.25% (d) (d)	1.25%	5.42% (d)	
25								
26	Return on Year End Capital	(d) 9.56%	7.00% (d)	(d) 4.25%	1.23% (d) (d)	1.23%	5.34% (d)	
27								
28	Return on Average							
29	Common Equity	(c) 21.64%	15.28% (c)	(c) 9.16%	2.65% (c) (c)	2.65%	11.49% (c)	
30								
31	Return on Year End							
32	Common Equity	(c) 20.95%	15.12% (c)	(c) 8.85%	2.56% (c) (c)	2.56%	11.10% (c)	
33								
34	Times Bond Interest Earned							
35	Before Income Taxes	3.96	4.59	3.94	3.91	3.91	4.89	
36								
37	Times Total Interest and							
38	Preferred Dividends Earned							
39	After Income Taxes	0.57	0.51	0.70	0.37	0.37	0.80	
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 Havasu Water.xlsm							

**Havasu 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%	
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43	Supporting Schedules					
44	(a) D-1					
45	(b) D-2					
46	(c) E-1					
47						
48	Workpapers and Supporting Documents					
49						
50	\2016 Havasu Water.xlsm					

**Havasu 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		Net Plant Placed in Service		Gross Utility Plant in Service
			[A]		[B]		[C]
2	Prior Year Ended	12/31/2014	(a) \$ 47,227		\$ 149,357	(a) \$	11,051,426
4	Prior Year Ended	12/31/2015	(a) \$ 166,645	[C] Line [4] - [C] Line [2]	\$ 131,839	(a) \$	11,183,265
6	Test Year Ended	12/31/2016	(a) \$ 337,366	[C] Line [6] - [C] Line[4]	\$ 817,274	(a) \$	12,000,539
8	Projected Year Ended	12/31/2017	(b) \$ 1,080,174	[C] Line [8] - [C] Line[6]	\$ 413,838	[C] Line [6] + [B] Line [8]	\$ 12,414,377
10	Projected Year Ended	12/31/2018	(b) \$ 838,724	[C] Line [10] - [C] Line [8]	\$ 1,782,625	[C] Line [8] + [B] Line [10]	\$ 14,197,002
12	Projected Year Ended	12/31/2019	(b) \$ 429,188	[C] Line [12] - [C] Line [10]	\$ 912,197	[C] Line [10] + [B] Line [12]	\$ 15,109,199
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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							
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Line No.	Prior Year Ended (a) <u>12/31/2014</u>	Prior Year Ended (a) <u>12/31/2015</u>	Test Year Ended (a) <u>12/31/2016</u>	Projected Year		
				Present Rates (b) <u>12/31/2017</u>	Proposed Rates (b) <u>12/31/2017</u>	
5	<u>Source of Funds</u>					
6	From Operations					
7	\$ 501,487	\$ 370,151	\$ 234,885	\$ 219,592	\$ 293,953	
8	239,853	227,632	241,332	382,895	382,895	
9	-	-	-	-	-	
10	15,195	90,954	125,161	125,161	125,161	
11	-	-	-	-	-	
12	<u>\$ 756,535</u>	<u>\$ 688,738</u>	<u>\$ 601,378</u>	<u>\$ 727,648</u>	<u>\$ 802,009</u>	Sum Lines [7-11]
13	From Financing					
14	\$ (79,679)	\$ (1,846,934)	\$ 900,547	\$ 900,547	\$ 900,547	
15	(9,410)	1,935,684	(921,426)	(921,426)	(921,426)	
16	(320)	85,947	(347)	(347)	(347)	
17	(Decrease) / Increase in Net Amounts					
18	(819,505)	(975,127)	(418,702)	(418,702)	(418,702)	
19	<u>\$ (908,914)</u>	<u>\$ (800,431)</u>	<u>\$ (439,928)</u>	<u>\$ (439,928)</u>	<u>\$ (439,928)</u>	Sum Lines [14-18]
20	Total From Financing					
21	<u>\$ (152,379)</u>	<u>\$ (111,693)</u>	<u>\$ 161,450</u>	<u>\$ 287,720</u>	<u>\$ 362,081</u>	Line [12] + Line [19]
22						
23	<u>Application of Funds</u>					
24	47,227	166,645	337,366	1,080,174	1,080,174	
25	-	-	-	14,417	14,417	
26	200,645	174,879	79,715	79,715	79,715	
27	(7,507)	(19,679)	800	800	800	
28	<u>\$ 240,365</u>	<u>\$ 321,845</u>	<u>\$ 417,881</u>	<u>\$ 1,175,105</u>	<u>\$ 1,175,105</u>	Sum Lines [24-27]
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41						
42						
43	Supporting Schedules					
44	(a) E-3					
45	(b) F-2					
46						
47	Workpapers and Supporting Documents					
48						
49						
50	\2016 Havasu Water.xlsm					