

Line No.		Original Cost Rate Base [A]	RCND [B]	Fair Value Rate Base [C]	
1	Original Cost Rate Base	\$ 39,599,747	\$ 58,407,432	\$ 49,003,590	Average ([A] + [B])
2					
3	Adjusted Operating Income	\$ 3,111,210	\$ 3,111,210	\$ 3,111,210	(b)
4					
5	Current Rate of Return	7.86%	5.33%	6.35%	Line [3] / Line [1]
6					
7	Required Operating Income	\$ 3,003,920	\$ 3,003,920	\$ 3,003,920	Line [1] * Line [11]
8					
9	Weighted Average Cost of Capital	7.33%	7.33%	7.33%	(d)
10	Fair Value Adjustment	0.26%	-2.19%	-1.20%	(d)
11	Required Rate of Return	7.59%	5.14%	6.13%	Sum Line [9-10]
12					
13	Operating Income Deficiency	\$ (107,290)	\$ (107,290)	\$ (107,290)	Line [7] - Line [3]
14					
15	Gross Revenue Conversion Factor	1.64	1.64	1.64	(c)
16					
17	Increase in Gross Revenue Requirement	\$ (175,956)	\$ (175,956)	\$ (175,956)	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	\$ 7,827,654	\$ 7,681,708	\$ (145,946)	-1.86%
24	Commercial	1,387,002	1,365,779	(21,223)	-1.53%
25	Commercial Large	436,516	428,311	(8,205)	-1.88%
26	Turf	99,780	99,226	(555)	-0.56%
27	Country Club	278,216	277,639	(576)	-0.21%
28	Private Fire	6,480	6,480	-	0.00%
29	Industrial	0	0	-	0.00%
30	OPA	31,370	30,162	(1,208)	-3.85%
31					
32	Total Water Revenues	\$ 10,067,018	\$ 9,889,305	\$ (177,713)	-1.77%
33					
34	Other Revenues	\$ 49,953	\$ 51,711	\$ 1,758	3.52%
35					
36	Total Revenues	\$ 10,116,972	\$ 9,941,016	\$ (175,956)	-1.74%
37					
38		Sch C-2 [AP]	Sch C-2 [AR]		
39	Check From Sch C-2	\$ 10,116,972	\$ 9,941,016		
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					
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Paradise Valley 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) \$ 9,434,386	\$ 9,307,221 (b)	(b) \$ 10,192,118	\$ 10,116,972 (a)	(e) \$ 10,116,972	\$ 9,941,016 (e)	
2								
3	Revenue Deductions and							
4	Operating Expenses	(b) \$ 5,970,177	\$ 6,330,025 (b)	(b) \$ 6,539,853	\$ 8,250,099 (a)	(e) \$ 8,250,099	\$ 6,936,963 (e)	
5								
6	Operating Income	\$ 3,464,209	\$ 2,977,196	\$ 3,652,265	\$ 1,866,872	\$ 1,866,872	\$ 3,004,053	Line [1] - Line [4]
7								
8	Other Income and							
9	Deductions	(b) \$ 49,817	\$ 110,446 (b)	(b) \$ 102,281	\$ 102,281 (a)	(e) \$ 102,281	\$ 102,281 (e)	
10								
11	Interest Expense	(b) \$ 529,494	\$ 528,654 (b)	(b) \$ 531,991	\$ 883,074 (a)	(e) \$ 883,074	\$ 883,074 (e)	
12								
13	Net Income	<u>\$ 2,884,899</u>	<u>\$ 2,338,097</u>	<u>\$ 3,017,993</u>	<u>\$ 881,517</u>	<u>\$ 881,517</u>	<u>\$ 2,018,697</u>	Line [6] - [9] - [11]
14								
15	Earned Per Average							
16	Common Share	\$ 60	\$ 49	\$ 63	\$ 18	\$ 18	\$ 42	
17								
18	Dividends Per							
19	Common Share	\$ 20.79	\$ 18.12	\$ 8.26	\$ 8.26	\$ 8.26	\$ 8.26	
20								
21	Payout Ratio	34.44%	37.03%	13.08%	44.77%	44.77%	19.55%	
22								
23	Return on Average							
24	Invested Capital	(d) 7.97%	6.41% (d)	(d) 8.00%	2.52% (d)	(d) 2.52%	5.44% (d)	
25								
26	Return on Year End Capital	(d) 7.71%	6.38% (d)	(d) 7.87%	2.48% (d)	(d) 2.48%	5.36% (d)	
27								
28	Return on Average							
29	Common Equity	(c) 17.45%	13.94% (c)	(c) 16.95%	5.35% (c)	(c) 5.35%	11.52% (c)	
30								
31	Return on Year End							
32	Common Equity	(c) 16.89%	13.79% (c)	(c) 16.37%	5.16% (c)	(c) 5.16%	11.13% (c)	
33								
34	Times Bond Interest Earned							
35	Before Income Taxes	8.39	6.76	8.35	4.97	4.97	4.77	
36								
37	Times Total Interest and							
38	Preferred Dividends Earned							
39	After Income Taxes	2.24	2.06	3.83	1.38	1.38	2.27	
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 Paradise Valley Water.xlsm							

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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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 Paradise Valley Water.xlsm					

Paradise Valley 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							
2	Prior Year Ended	12/31/2014	(a) \$ 2,848,869		\$ 2,019,521	(a) \$	74,901,917
3							
4	Prior Year Ended	12/31/2015	(a) \$ 2,900,006	[C] Line [4] - [C] Line [2]	\$ 2,517,539	(a) \$	77,419,455
5							
6	Test Year Ended	12/31/2016	(a) \$ 2,049,318	[C] Line [6] - [C] Line[4]	\$ 1,821,318	(a) \$	79,240,774
7							
8	Projected Year Ended	12/31/2017	(b) \$ 2,533,007	[C] Line [8] - [C] Line[6]	\$ 2,120,086	[C] Line [6] + [B] Line [8] \$	81,360,860
9							
10	Projected Year Ended	12/31/2018	(b) \$ 3,688,508	[C] Line [10] - [C] Line [8]	\$ 3,031,639	[C] Line [8] + [B] Line [10] \$	84,392,498
11							
12	Projected Year Ended	12/31/2019	(b) \$ 6,013,499	[C] Line [12] - [C] Line [10]	\$ 4,942,583	[C] Line [10] + [B] Line [12] \$	89,335,081
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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							
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Line No.	Prior Year Ended (a)	Prior Year Ended (a)	Test Year Ended (a)	Projected Year	
				Present Rates (b)	Proposed Rates (b)
	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2017</u>
5	<u>Source of Funds</u>				
6	From Operations				
7	\$ 2,884,899	\$ 2,338,097	\$ 3,017,993	\$ 2,125,855	\$ 2,018,697
8	2,018,847	1,891,870	1,720,883	2,420,364	2,420,364
9	-	-	-	-	-
10	42,366	253,590	348,963	348,963	348,963
11	-	-	-	-	-
12	<u>\$ 4,946,111</u>	<u>\$ 4,483,556</u>	<u>\$ 5,087,838</u>	<u>\$ 4,895,182</u>	<u>\$ 4,788,024</u>
					Sum Lines [7-11]
13	From Financing				
14	88,541	350,266	(292,329)	(292,329)	(292,329)
15	(370,827)	(202,517)	(122,240)	(122,240)	(122,240)
16	(893)	239,628	(966)	(966)	(966)
17	(Decrease) / Increase in Net Amounts				
18	(4,576,604)	(4,069,330)	(4,421,286)	(4,421,286)	(4,421,286)
19	<u>\$ (4,859,783)</u>	<u>\$ (3,681,954)</u>	<u>\$ (4,836,821)</u>	<u>\$ (4,836,821)</u>	<u>\$ (4,836,821)</u>
					Sum Lines [14-18]
20					
21	<u>\$ 86,329</u>	<u>\$ 801,603</u>	<u>\$ 251,018</u>	<u>\$ 58,361</u>	<u>\$ (48,796)</u>
					Line [12] + Line [19]
22					
23	<u>Application of Funds</u>				
24	2,848,869	2,900,006	2,049,318	2,533,007	2,533,007
25	-	-	-	55,041	55,041
26	766,041	667,669	304,342	304,342	304,342
27	(4,448)	(73,141)	36,985	36,985	36,985
28	<u>\$ 3,610,463</u>	<u>\$ 3,494,534</u>	<u>\$ 2,390,645</u>	<u>\$ 2,929,375</u>	<u>\$ 2,929,375</u>
					Sum Lines [24-27]
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42					
43	Supporting Schedules				
44	(a) E-3				
45	(b) F-2				
46					
47	Workpapers and Supporting Documents				
48					
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