

Line No.		Original Cost Rate Base [A]	RCND [B]	Fair Value Rate Base [C]	
1	Original Cost Rate Base	\$ 33,264,889	\$ 52,447,371	\$ 42,856,130	Average ([A] + [B])
2					
3	Adjusted Operating Income	\$ 1,996,529	\$ 1,996,529	\$ 1,996,529	(b)
4					
5	Current Rate of Return	6.00%	3.81%	4.66%	Line [3] / Line [1]
6					
7	Required Operating Income	\$ 2,545,654	\$ 2,545,654	\$ 2,545,654	Line [1] * Line [11]
8					
9	Weighted Average Cost of Capital	7.33%	7.33%	7.33%	(d)
10	Fair Value Adjustment	0.32%	-2.48%	-1.39%	(d)
11	Required Rate of Return	7.65%	4.85%	5.94%	Sum Line [9-10]
12					
13	Operating Income Deficiency	\$ 549,125	\$ 549,125	\$ 549,125	Line [7] - Line [3]
14					
15	Gross Revenue Conversion Factor	1.64	1.64	1.64	(c)
16					
17	Increase in Gross Revenue Requirement	\$ 900,565	\$ 900,565	\$ 900,565	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	\$ 7,006,748	\$ 7,702,466	\$ 695,719	9.93%
24	Commercial	1,178,721	1,316,685	137,964	11.70%
25	Commercial Large	307,884	360,875	52,990	17.21%
26	OPA	-	-	-	0.00%
27	Private Fire	98,576	98,576	-	0.00%
28	Irrigation	-	-	-	0.00%
29	Other Revenues	0	0	-	0.00%
30					
31					
32	Total Water Revenues	\$ 8,591,929	\$ 9,478,602	\$ 886,673	10.32%
33					
34	Other Revenues	\$ 73,143	\$ 87,035	\$ 13,892	18.99%
35					
36	Total Revenues	\$ 8,665,072	\$ 9,565,637	\$ 900,565	10.39%
37					
38		Sch C-2 [AM]	Sch C-2 [AO]		
39	Check From Sch C-2	\$ 8,665,072	\$ 9,565,637		
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 Sun City West 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) \$ 8,564,142	\$ 8,486,881 (b)	(b) \$ 8,647,268	\$ 8,665,072 (a)	(e) \$ 8,665,072	\$ 9,565,637 (e)	
2								
3	Revenue Deductions and							
4	Operating Expenses	(b) \$ 5,397,370	\$ 5,771,902 (b)	(b) \$ 6,158,181	\$ 7,401,185 (a)	(e) \$ 7,401,185	\$ 7,021,562 (e)	
5								
6	Operating Income	\$ 3,166,773	\$ 2,714,979	\$ 2,489,087	\$ 1,263,888	\$ 1,263,888	\$ 2,544,075	Line [1] - Line [4]
7								
8	Other Income and							
9	Deductions	(b) \$ -	\$ (40,693) (b)	(b) \$ (52,921)	\$ (52,921) (a)	(e) \$ (52,921)	\$ (52,921) (e)	
10								
11	Interest Expense	(b) \$ 568,515	\$ 567,613 (b)	(b) \$ 571,197	\$ 741,807 (a)	(e) \$ 741,807	\$ 741,807 (e)	
12								
13	Net Income	<u>\$ 2,598,257</u>	<u>\$ 2,188,058</u>	<u>\$ 1,970,811</u>	<u>\$ 575,001</u>	<u>\$ 575,001</u>	<u>\$ 1,855,189</u>	Line [6] - [9] - [11]
14								
15	Earned Per Average							
16	Common Share	\$ 65	\$ 55	\$ 49	\$ 14	\$ 14	\$ 46	
17								
18	Dividends Per							
19	Common Share	\$ 24.74	\$ 21.57	\$ 9.83	\$ 9.83	\$ 9.83	\$ 9.83	
20								
21	Payout Ratio	38.23%	39.57%	20.03%	68.64%	68.64%	21.27%	
22								
23	Return on Average							
24	Invested Capital	(d) 8.40%	6.69% (d)	(d) 5.85%	1.59% (d)	(d) 1.59%	5.50% (d)	
25								
26	Return on Year End Capital	(d) 8.13%	6.66% (d)	(d) 5.76%	1.57% (d)	(d) 1.57%	5.42% (d)	
27								
28	Return on Average							
29	Common Equity	(c) 18.39%	14.56% (c)	(c) 12.41%	3.38% (c)	(c) 3.38%	11.66% (c)	
30								
31	Return on Year End							
32	Common Equity	(c) 17.80%	14.40% (c)	(c) 11.98%	3.26% (c)	(c) 3.26%	11.26% (c)	
33								
34	Times Bond Interest Earned							
35	Before Income Taxes	5.59	5.63	5.56	3.81	3.81	5.00	
36								
37	Times Total Interest and							
38	Preferred Dividends Earned							
39	After Income Taxes	2.03	1.92	2.63	1.16	1.16	2.29	
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 Sun City West Water.xlsm							

Sun City West 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						
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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 Sun City West Water.xlsm					

Sun City West 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]
1							
2	Prior Year Ended	12/31/2014	(a) \$ 649,946		\$ 868,094		(a) \$ 54,683,741
3							
4	Prior Year Ended	12/31/2015	(a) \$ 1,464,595	[C] Line [4] - [C] Line [2]	\$ 2,214,579		(a) \$ 56,898,320
5							
6	Test Year Ended	12/31/2016	(a) \$ 3,232,036	[C] Line [6] - [C] Line[4]	\$ 2,425,887		(a) \$ 59,324,207
7							
8	Projected Year Ended	12/31/2017	(b) \$ 2,425,061	[C] Line [8] - [C] Line[6]	\$ 2,268,396	[C] Line [6] + [B] Line [8]	\$ 61,592,603
9							
10	Projected Year Ended	12/31/2018	(b) \$ 6,204,806	[C] Line [10] - [C] Line [8]	\$ 7,442,233	[C] Line [8] + [B] Line [10]	\$ 69,034,836
11							
12	Projected Year Ended	12/31/2019	(b) \$ 3,799,517	[C] Line [12] - [C] Line [10]	\$ 4,557,256	[C] Line [10] + [B] Line [12]	\$ 73,592,093
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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							
50	\2016 Sun City West 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	<u>Source of Funds</u>				
6	From Operations				
7	\$ 2,598,257	\$ 2,188,058	\$ 1,970,811	\$ 1,307,643	\$ 1,855,189
8	1,833,981	1,801,783	1,917,198	2,681,429	2,681,429
9	-	-	-	-	-
10	132,417	792,616	1,090,712	1,090,712	1,090,712
11	-	-	-	-	-
12	<u>\$ 4,564,656</u>	<u>\$ 4,782,456</u>	<u>\$ 4,978,720</u>	<u>\$ 5,079,783</u>	<u>\$ 5,627,330</u>
13	From Financing				
14	\$ (36,495)	\$ 286,997	\$ (49,690)	\$ (49,690)	\$ (49,690)
15	23,374	122,767	50,456	50,456	50,456
16	(2,791)	748,977	(3,020)	(3,020)	(3,020)
17	(Decrease) / Increase in Net Amounts				
18	(5,119,311)	(3,875,940)	(3,790,534)	(3,790,534)	(3,790,534)
19	<u>\$ (5,135,224)</u>	<u>\$ (2,717,199)</u>	<u>\$ (3,792,788)</u>	<u>\$ (3,792,788)</u>	<u>\$ (3,792,788)</u>
20	Total From Financing				
21	<u>\$ (570,568)</u>	<u>\$ 2,065,257</u>	<u>\$ 1,185,932</u>	<u>\$ 1,286,996</u>	<u>\$ 1,834,542</u>
22	Total Funds Provided				
23	<u>Application of Funds</u>				
24	\$ 649,946	\$ 1,464,595	\$ 3,232,036	\$ 2,425,061	\$ 2,425,061
25	-	-	-	59,097	59,097
26	822,496	716,873	326,771	326,771	326,771
27	1,680	(180,366)	7,712	7,712	7,712
28	<u>\$ 1,474,122</u>	<u>\$ 2,001,102</u>	<u>\$ 3,566,519</u>	<u>\$ 2,818,641</u>	<u>\$ 2,818,641</u>
29	Total Funds Applied				
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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 Sun City West Water.xlsm				