

Tubac Water

B Schedules

Rebuttal

Tubac Water

Test Year Ended December 31, 2016
 Summary of Fair Value Rate Base

Exhibit
 Schedule B-1 Rebuttal
 Page 1
 Witness: Hubbard

| Line No. | Original Cost Rate Base (a) [A] | RCND Rate Base (b) [B] | |
|-------------|---------------------------------------|------------------------------|---|
| 1 | | | |
| 2 | \$ 6,851,455 | \$ 12,412,332 | |
| 3 | - | - | |
| 4 | <u>\$ 6,851,455</u> | <u>\$ 12,412,332</u> | Line [2] + Line [3] |
| 5 | | | |
| 6 | Less: | | |
| 7 | <u>2,566,239</u> | <u>6,081,795</u> | |
| 8 | | | |
| 9 | \$ 4,285,216 | \$ 6,330,537 | Line [4] - Line [7] |
| 10 | | | |
| 11 | Less: | | |
| 12 | | | |
| 13 | \$ 685,389 | \$ 1,012,523 | |
| 14 | | | |
| 15 | 2,373,332 | 3,506,116 | |
| 16 | | | |
| 17 | | | |
| 18 | - | - | |
| 19 | 67,361 | 99,512 | |
| 20 | - | - | |
| 21 | 119,088 | 175,928 | |
| 22 | | | |
| 23 | Plus: | | |
| 24 | 6,323 | 9,341 | |
| 25 | (c) 11,041 | 11,041 | |
| 26 | 0 | 0 | |
| 27 | | | |
| 28 | <u>\$ 1,057,411</u> | <u>\$ 1,556,840</u> | Line [9] - Lines [13-21] + Line [24-26] |
| 29 | | | |
| 30 | | | |
| 31 | | \$ 1,307,126 | (Sum[A] Line [28] + [B] Line [28]) 2 |
| 32 | | \$ 249,715 | [B] Line [31] - [A] Line [28] |
| 33 | | 1.4723 | [B] Line [28] / [A] Line [28] |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | Supporting Schedules | | Recap Schedules: |
| 44 | (a) B-2 Rebuttal | | A-1 Rebuttal |
| 45 | (b) B-3 Rebuttal | | |
| 46 | (c) B-5 Rebuttal | | |
| 47 | | | |
| 48 | Workpapers and Supporting Documents | | |
| 49 | | | |
| 50 | \2016 Tubac Water Rebuttal.xlsm | | |

Line

No.

1 Partially Accept Staff RB Adj #3 & RUCO RB Adj #7: Working Capital Allowance

2

3 The Company partially accepts Staff's RB Adj #3 and RUCO RB ADJ #7. The Company accepts Staff's recommendation to increase the expense
4 lag days for interest expense to 92 days from the original 74.5 days proposed in the original application. The Company is also removing rate
5 case expense from the prepayment as recommended by Staff. The amount of Working Capital is a conforming adjustment and based on
6 other adjustments made in Rebuttal.

7

8 See Schedule B 5 Rebuttal

9

10

11

12

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

42

43

44

45

46 Workpapers and Supporting Documents

47 Schedule B-5 Rebuttal

48

49

50 \2016 Tubac Water Rebuttal.xlsm

Line
No.

1 Adjust 2016 ADIT

2
 3 The Company is adjusting its ADIT balance to reflect the updated 2016 balance per DR RUCO 3.07
 4
 5
 6

| | | |
|-----------|---------------------------|---------|
| 4- Factor | General Metered Customers | 0.3225% |
|-----------|---------------------------|---------|

7
 8
 9
 10
 11 Deferred Income Tax per GL Allocated Adjusted End of Test Year \$ (114,582) (a)

12
 13
 14 Updated 2016 ADIT Amount \$ (114,470)

15
 16 \$ (112) Line [11] - Line [14]

17
 18
 19
 20
 21
 22
 23
 24
 25
 26 Increase/ (Decrease) to ADIT \$ (112) Line [16]

27
 28
 29
 30
 31
 32
 33
 34
 35
 36
 37
 38
 39
 40
 41
 42
 43
 44 Workpapers and Supporting Documents
 45 (a) Schedule B2 Direct
 46 (b) ADIT Adjustment REBUTTAL.xlsx
 47
 48
 49
 50 \2016 Tubac Water Rebuttal.xlsm

Line
No.

1 Partially Accept Staff RB Adj #4: ADIT - Tax Reform Adj

2
 3 The Company is partially accepting Staff's RB Adj #4 to ADIT. The Company is adjusting its Deferred Income Tax Balance to
 4 reflect the impact of the Tax Cuts and Jobs Act of 2017. The adjustment records the updated ADIT balance and also creates a
 5 Regulatory Liability for this impact.

| | | |
|-----------|---------------------------|---------|
| 4- Factor | General Metered Customers | 0.3225% |
|-----------|---------------------------|---------|

6
 7
 8
 9
 10
 11
 12
 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
 42
 43
 44
 45
 46
 47
 48
 49
 50

Updated 2016 ADIT Amount \$ (114,470)

| | | | |
|--|---|-------------------------|-----------------------------------|
| | Total Deferred Income Tax Balance - EPCOR | \$(20,887,593) (b) | |
| | Allocation Factor | <u>0.3225%</u> Line [8] | |
| | ADIT allocated to Tubac Water | | \$ (67,361) Line [22] * Line [23] |

Increase/ (Decrease) to ADIT due to lower Federal Taxes \$ (47,109) Line [14] - Line [24]

Increase/ (Decrease) to Regulatory Liabilities \$ 47,109 Line [26] * -1

Workpapers and Supporting Documents
 (a) Schedule B2 Direct
 (b) ADIT Adjustment REBUTTAL.xlsx
 \2016 Tubac Water Rebuttal.xlsm

| | | | |
|------------|--|--------------------|----------------------|
| Line | | | |
| <u>No.</u> | | | |
| 1 | <u>Regulatory Liability - ADIT Amortization - Tax Reform Adj</u> | | |
| 2 | | | |
| 3 | The Company is adjusting its Deferred Income Tax Balance to reflect the impact of the Tax Cuts and Jobs Act of 2017. The | | |
| 4 | Company has created a Regulatory Liability for this impact as reflected in rate base proforma adjustment SLH-RB3-REB. This | | |
| 5 | adjustment records the annual amortization of that Regulatory Liability. | | |
| 6 | | | |
| 7 | | | |
| 8 | Regulatory Liability that resulted from the decrease in the Federal Income Taxes | \$ 47,109 (a) | |
| 9 | | | |
| 10 | Amortization Rate | <u>3.0771%</u> (b) | |
| 11 | | \$ (1,450) | Line [8] * Line [10] |
| 12 | Annual Amortization | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | Increase/ (Decrease) to Regulatory Liabilities | <u>\$ (1,450)</u> | Line [12] |
| 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 | | | |
| 42 | | | |
| 43 | | | |
| 44 | Workpapers and Supporting Documents | | |
| 45 | (a) Rate Base Adjustment SLH-RB3 REB | | |
| 46 | (b) ADIT Adjustment REBUTTAL.xlsx | | |
| 47 | | | |
| 48 | | | |
| 49 | \2016 Tubac Water Rebuttal.xlsm | | |
| 50 | | | |

Line
No.

1 Partially Accept Staff RB ADJ 1a and 1b: Adjust 2017 Post Test Year Plant Additions

2

3

The Company is adjusting its 2017 Post Test Year Plant additions and accumulated depreciation. This includes PTYP for the district, Corporate 7A and 6U.

5

6

7

8

9

10

11

12

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

42

43

44

45

46

47

48

49

50

| | [A] | [B] | [C] = [A] - [B] | |
|--|--------------------|------------------------|--------------------|---------------------|
| | Revised | Original | Rebuttal | |
| | <u>Amounts (a)</u> | <u>Application (b)</u> | <u>Adjustment</u> | |
| Post Test Year Plant Additions for Tubac Water | \$ 185,603 | \$ 272,201 | \$ (86,598) | |
| Test Year CWIP To Capitalize | 62,337 | 62,337 | - | |
| Post Test Year CWIP To Capitalize | | | | |
| 7A Corporate Post Test Year Plant Additions Allocated | 1,788 | 468 | 1,321 | |
| 7A Corporate CWIP Completed By December 31, 2016 | 583 | 583 | - | |
| 6U Post Test Year Plant Additions Allocated | 3,478 | 4,846 | (1,369) | |
| 6U CWIP Completed By December 31, 2016 | 2,563 | 2,563 | - | |
| Total Post Test Year Plant Additions | <u>\$ 256,352</u> | <u>\$ 342,998</u> | <u>\$ (86,646)</u> | Sum Lines [12 - 20] |
| Increase / (Decrease) to Plant in Service | | | <u>\$ (86,646)</u> | Line [22] |
| <u>Accumulated Depreciation</u> | | | | |
| Post TY Plant Additions for Tubac Water - Accum Dep | \$ 3,893 | \$ 4,433 | \$ (540) | |
| Additional TY Plant Additions for Tubac Water - Accum Dep | 807 | 807 | - | |
| 7A Corporate Post TY Plant Additions Allocated-Accum Dep | 78 | 43 | 36 | |
| Additional 7A Corporate TY Plant Additions Allocated-Accum Dep | 28 | 28 | - | |
| 6U Post TY Plant Additions Allocated - Accum Dep | 348 | 485 | (137) | |
| Additional 6U TY Plant Additions Allocated-Accum Dep | 256 | 256 | - | |
| Total Accumulated Depreciation - Post Test Year Plant Additions | <u>\$ 5,411</u> | <u>\$ 6,052</u> | <u>\$ (641)</u> | Sum Lines [27 - 32] |
| Increase / (Decrease) To Accumulated Depreciation | | | <u>\$ (641)</u> | Line [33] |

Workpapers and Supporting Documents
 (a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xlsx
 (b) Summary of Plant Balances and Accum Depr by NARUC.xlsx
 \2016 Tubac Water Rebuttal.xlsm

Line
No.

1 Adjust Retirements on Test Year Plant

2
 3 The Company is adjusting the Retirements on Test Year Plant.
 4
 5
 6

| | [A] Revised <u>Amounts (a)</u> | [B] Original <u>Application (b)</u> | [C] = [A] - [B] Rebuttal <u>Adjustment</u> |
|--|--------------------------------------|---|--|
|--|--------------------------------------|---|--|

| | | | |
|--|-------------|------|-------------|
| 11 <u>Tubac Water District</u> | | | |
| 12 Retirements on Test Year Plant - Impact on Plant in Service | \$ (10,903) | \$ - | \$ (10,903) |

| | | | |
|--|---------|------|---------|
| 16 <u>7A - Corporate Arizona</u> | | | |
| 17 Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service | \$ (57) | \$ - | \$ (57) |

| | | | |
|--|------|--|------|
| 21 <u>6U</u> | | | |
| 22 Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service | \$ - | | \$ - |

| | | | |
|----|---|--|---------------------------------|
| 27 | Increase / (Decrease) To Plant in Service | | \$ (10,960) Line [12]+[17]+[22] |
| 28 | Increase / (Decrease) To Accumulated Depreciation | | <u>(10,960) Line [27]</u> |
| 30 | Impact on Rate Base | | <u>\$ - Line [27]-[28]</u> |

31
 32
 33
 34
 35
 36
 37
 38
 39
 40
 41
 42
 43
 44
 45 Workpapers and Supporting Documents
 46 (a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xlsx
 47 (b) Summary of Plant Balances and Accum Depr by NARUC.xlsx
 48
 49
 50 \2016 Tubac Water Rebuttal.xlsm

Line
No.

1 Partially Accept RUCO RB Adj #4: AIAC Refunds

2

3 The Company is partially accepting RUCO RB Adj #4 to AIAC. This adjustment has 2 parts. 1) The Company is partially accepting RUCO RB Adj
 4 #4 by removing the amount of 2018 AIAC Refunds forecasted as proposed in Rate Base ADJ SMC-RB6 in the Company's original application.
 5 2) The Company is adjusting the amount of 2017 AIAC Refunds forecasted with the Actual 2017 AIAC Refunds.

6

7

| | |
|----|----|
| BU | 7T |
|----|----|

8

9

10

11

12

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

42

43

44

45

46

47

48

49

50

| | [A] | [B] | [C] = [A] - [B] | |
|---|----------------|------------------------|-------------------|-----------------------|
| | Revised | Original | Rebuttal | |
| | <u>Amounts</u> | <u>Application (a)</u> | <u>Adjustment</u> | |
| Amount of 2018 AIAC Refunds forecasted - Remove | \$ - | \$ (100) | \$ 100 | |
| Amount of 2017 AIAC Refunds forecasted - Update to Actual | \$ - | \$ (100) | \$ 100 | |
| | <u>\$ -</u> | <u>\$ (200)</u> | <u>\$ 200</u> | Line [13] + Line [16] |
| Increase/ (Decrease) to AIAC | | | <u>\$ 200</u> | Line [18] |

45 Workpapers and Supporting Documents
 46 (a) Rate Base Adjustment SMC-6
 47 Workpapers and Supporting Documents
 48
 49
 50 \2016 Tubac Water Rebuttal.xlsm

| Line No. | Sch B-3 Original | | | | | | | RCN - 2017 Post Test Year Plant Additions | RCN - Retirements |
|----------|---|--|-----------------------------------|-------------------------------------|--|-----------------------------------|-----------------------------------|---|-------------------|
| | Column [Z] [A] | Page 3 [B] ADJ SLH-RCN1 REB | Page 4 [C] ADJ SLH-RCN2 REB | Page 5 [D] ADJ SLH-RCN3 REB | Page 6 [E] ADJ SLH-RCN4 REB | Page 7 [F] ADJ SLH-RCN5 REB | Page 8 [G] ADJ SLH-RCN6 REB | | |
| | <u>Adjusted at End of Test Year (a)</u> | <u>RCN - Working Capital Allowance</u> | <u>RCN - ADIT</u> | <u>Intentionally Left Blank</u> | <u>RCN - Regulatory Liability - ADIT</u> | | | | |
| 1 | | | | | | | | | |
| 2 | \$ 12,513,570 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (86,646) | \$ (14,592) | |
| 3 | - | - | - | - | - | - | - | - | |
| 4 | \$ 12,513,570 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (86,646) | \$ (14,592) | |
| 5 | | | | | | | | | |
| 6 | Less: | | | | | | | | |
| 7 | 6,088,685 | - | - | - | - | - | (641) | (6,249) | |
| 8 | | | | | | | | | |
| 9 | \$ 6,424,885 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (86,005) | \$ (8,343) | |
| 10 | | | | | | | | | |
| 11 | Less: | | | | | | | | |
| 12 | \$ 1,007,101 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 13 | | | | | | | | | |
| 14 | | | | | | | | | |
| 15 | 3,488,358 | - | - | - | - | - | - | - | |
| 16 | | | | | | | | | |
| 17 | | | | | | | | | |
| 18 | - | - | - | - | - | - | - | - | |
| 19 | 168,414 | - | (68,902) | - | - | - | - | - | |
| 20 | - | - | - | - | - | - | - | - | |
| 21 | 107,926 | - | - | - | 68,001 | - | - | - | |
| 22 | | | | | | | | | |
| 23 | Plus: | | | | | | | | |
| 24 | \$ 9,293 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 25 | 11,303 | (262) | - | - | - | - | - | - | |
| 26 | 0 | - | - | - | - | - | - | - | |
| 27 | | | | | | | | | |
| 28 | \$ 1,673,682 | \$ (262) | \$ 68,902 | \$ - | \$ (68,001) | \$ (86,005) | \$ (8,343) | | |
| 29 | | | | | | | | | |
| 30 | | | | | | | | | |
| 31 | | | | | | | | | |
| 32 | Supporting Schedules | | | | | | | | |
| 33 | | Recap Schedules: | | | | | | | |
| 34 | | B-1 Rebuttal | | | | | | | |
| 35 | \\2016 Tubac Water Rebuttal.xlsxm | | | | | | | | |

| | Page 9 | Page 10 | Page 11 | Page 12 | | |
|----|--|--|-------------------------------------|----------------------------------|--|---|
| | [H] | [I] | [J] | [K] | [L] | [M] |
| | ADJ SLH-RCN7 REB | ADJ SLH-RCN8 REB | ADJ SLH-RCN9 REB | ADJ SLH-RCN10 REB | Sum [B - K] | Sum [A] + [L] |
| | <u>RCN - Advances-in-Aid of Construction (AIAC) and Contributions-in- Aid of Construction (CIAC)</u> | <u>RCN - Customer Meter Deposits</u> | <u>Intentionally Left Blank</u> | <u>RCN - Deferred Debits</u> | <u>Total Adjustment Amount</u> | <u>Adjusted at End of Test Year</u> |
| 1 | | | | | | |
| 2 | \$ - | \$ - | \$ - | \$ - | \$ (101,238) | \$ 12,412,332 |
| 3 | - | - | - | - | - | - |
| 4 | \$ - | \$ - | \$ - | \$ - | \$ (101,238) | \$ 12,412,332 |
| 5 | | | | | | |
| 6 | Less: | | | | | |
| 7 | Accumulated Depreciation | - | - | - | (6,890) | 6,081,795 |
| 8 | | | | | | |
| 9 | \$ - | \$ - | \$ - | \$ - | \$ (94,348) | \$ 6,330,537 |
| 10 | | | | | | |
| 11 | Less: | | | | | |
| 12 | Advances in Aid of Construction | \$ 5,422 | \$ - | \$ - | \$ 5,422 | \$ 1,012,523 |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | Contribution in Aid of Construction - | 17,758 | - | - | 17,758 | 3,506,116 |
| 16 | Net of Amortization | | | | | |
| 17 | | | | | | |
| 18 | Customer Meter Deposits | - | - | - | - | - |
| 19 | Deferred Income Taxes & Credits | - | - | - | (68,902) | 99,512 |
| 20 | Investment Tax Credits | - | - | - | - | - |
| 21 | Regulatory Liabilities | - | - | - | 68,001 | 175,928 |
| 22 | | | | | | |
| 23 | Plus: | | | | | |
| 24 | Deferred Debits | \$ - | \$ - | \$ - | \$ 47 | \$ 9,341 |
| 25 | Working Capital Allowance | - | - | - | (262) | 11,041 |
| 26 | Utility Plant Acquisition Adjustment | - | - | - | - | 0 |
| 27 | | | | | | |
| 28 | Total Rate Base | \$ (23,180) | \$ - | \$ - | \$ 47 | \$ 1,556,840 |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | Supporting Schedules | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | \\2016 Tubac Water Rebuttal.xlsm | | | | | |

| Line | | |
|------------|--|-----------------|
| <u>No.</u> | | |
| 1 | <u>RCN - Working Capital Allowance</u> | |
| 2 | | |
| 3 | Per Schedule B-5 Rebuttal | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | Increase/(Decrease) to Rate Base | <u>\$ (262)</u> |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 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 | | |
| 42 | | |
| 43 | | |
| 44 | | |
| 45 | | |
| 46 | | |
| 47 | Supporting Schedules | |
| 48 | Schedule B5 Rebuttal | |
| 49 | | |
| 50 | \2016 Tubac Water Rebuttal.xlsm | |

Tubac Water

Test Year Ended December 31, 2016
Rate Base Adjustment SLH-RCN2 REB

Exhibit
Schedule B-3 Rebuttal
Page 4
Witness: Hubbard

| Line No. | | | |
|-------------|---|----|---------------------------------------|
| 1 | <u>RCN - ADIT</u> | | |
| 2 | Adjusted at End of Test Year | | |
| 3 | | | |
| 4 | | | |
| 5 | RCN Rate Base Before ADIT and Other Items | \$ | 1,811,898 (b) |
| 6 | | | |
| 7 | Original Cost Rate Base Before ADIT and Other Items | \$ | 1,226,496 (a) |
| 8 | | | |
| 9 | Ratio (factor) | | 1.4773 Line [5] / Line [7] |
| 10 | | | |
| 11 | Adjusted Original Cost Net ADIT | \$ | 67,361 (c) |
| 12 | | | |
| 13 | Factor | | 1.4773 Line [9] |
| 14 | | | |
| 15 | Rebuttal Adjusted - RCN ADIT | \$ | 99,512 Line [11] * Line [13] |
| 16 | | | |
| 17 | Direct Adjusted - RCN ADIT | | 168,414 (b) |
| 18 | | | |
| 19 | Increase / (Decrease) to Deferred Income Taxes | \$ | <u>(68,902)</u> Line [15] - Line [17] |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | Supporting Schedules | | |
| 46 | (a) Schedule B-2 Rebuttal | | |
| 47 | (b) Schedule B-3 Rebuttal | | |
| 48 | (c) Schedule B-1 Rebuttal | | |
| 49 | | | |
| 50 | \\2016 Tubac Water Rebuttal.xlsm | | |

Line

No.

- 1 Intentionally Left Blank
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 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
- 42
- 43
- 44 Supporting Schedules
- 45 (a) Schedule B-2 Rebuttal
- 46 (b) Schedule B-3 Rebuttal
- 47 (c) Schedule B-1 Rebuttal
- 48 Adjustments RB2 Rebuttal and RB3 Rebuttal
- 49
- 50 \2016 Tubac Water Rebuttal.xlsm

Tubac Water

Test Year Ended December 31, 2016
Rate Base Adjustment SLH-RCN4 REB

Exhibit
Schedule B-3 Rebuttal
Page 6
Witness: Hubbard

| Line No. | | | |
|----------|--|-----------|-------------------------------------|
| 1 | <u>RCN - Regulatory Liability - ADIT</u> | | |
| 2 | | | |
| 3 | Adjusted at End of Test Year | | |
| 4 | | | |
| 5 | Net Rebuttal RCN Depreciable Plant in Service | \$ | 6,330,537 (b) |
| 6 | | | |
| 7 | Net Rebuttal Adjusted Original Depreciable Plant in Service | \$ | 4,285,216 (a) |
| 8 | | | |
| 9 | Ratio (factor) | | 1.4773 Line [5] / Line [7] |
| 10 | | | |
| 11 | Adjusted Original Cost - Regulatory Liability - ADIT Tax Reform | \$ | 119,088 (c) |
| 12 | | | |
| 13 | Factor | | 1.4773 Line [9] |
| 14 | | | |
| 15 | Rebuttal Adjusted - RCN Regulatory Liability - ADIT - Tax Reform | \$ | 175,928 Line [11] * Line [13] |
| 16 | | | |
| 17 | Direct Adjusted - RCN Regulatory Liability - ADIT- Tax Reform | \$ | 107,926 (b) |
| 18 | | | |
| 19 | Increase / (Decrease) to Regulatory Liability | <u>\$</u> | <u>68,001</u> Line [15] - Line [17] |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | Supporting Schedules | | |
| 45 | (a) Schedule B-2 Rebuttal | | |
| 46 | (b) Schedule B-3 Rebuttal | | |
| 47 | (c) Schedule B-1 Rebuttal | | |
| 48 | Adjustments RB2 Rebuttal and RB3 Rebuttal | | |
| 49 | | | |
| 50 | \2016 Tubac Water Rebuttal.xlsm | | |

| Line No. | | [A] <u>Revised Amount</u> | [B] <u>RCN</u> | [C] <u>Original Cost</u> | [D] <u>RCN</u> | [E] <u>Rebuttal Adjustment</u> |
|----------|--|------------------------------|-------------------|-----------------------------|-------------------|-----------------------------------|
| 1 | <u>RCN - 2017 Post Test Year Plant Additions</u> | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | Plant in Service | \$ 256,352 | \$ 256,352 | \$ 342,998 | \$ 342,998 | \$ (86,646) |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | Accumulated Depreciation | \$ 5,411 | \$ 5,411 | \$ 6,052 | \$ 6,052 | \$ (641) |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | Increase/(Decrease) to Plant in Service and A/D | \$ 250,941 | \$ 250,941 | \$ 336,946 | \$ 336,946 | \$ (86,005) |
| 12 | | | | | | |
| 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 | | | | | | |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | | | | | | |
| 47 | Supporting Schedules | | | | | |
| 48 | Rate Base Adjustment JPB-RB5 REB | | | | | |
| 49 | | | | | | |
| 50 | \2016 Tubac Water Rebuttal.xlsm | | | | | |

| | | | | | | | | |
|------------|--|-----------------|--------------------------|---------------------------|--------------------|-------------------------|----------------------------|-----------------------------------|
| Line | | | | | | | | |
| <u>No.</u> | | | | | | | | |
| 1 | <u>RCN - Retirements</u> | | | | [A] | [B] | [C] = [A] - [B] | |
| 2 | | | | | <u>Revised RCN</u> | <u>Original RCN (a)</u> | <u>Rebuttal</u> | |
| 3 | Retirements - Plant | | Col [G] | \$ | (14,592) | \$ - | \$ (14,592) | |
| 4 | | | | | | | | |
| 5 | Retirements - Accumulated Depreciation | | Col [H] | \$ | (6,249) | \$ - | \$ (6,249) | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | <u>Tubac Water District</u> | | | | | | | |
| 9 | | [D] | | [E] | [F] | [G] | [H] | |
| 10 | Asset | Original | Retirement | | | | | |
| 11 | <u>Numbers</u> | <u>Cost (b)</u> | <u>Cost (b)</u> | <u>A/D (b)</u> | | <u>RCN (b)</u> | <u>RCN A/D (b)</u> | |
| 12 | Various | \$ 14,267 | \$ 10,903 | \$ 10,903 | | \$ 14,526 | \$ 6,229 | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |
| 15 | | | | | | | | |
| 16 | <u>7A Allocated</u> | 4- Factor | | General Metered Customers | 0.3225% | | | |
| 17 | | | | | | | | |
| 18 | | [D] | | [E] | [F] | [G] | [H] | |
| 19 | Asset | Original | Retirement | | | | | |
| 20 | <u>Numbers</u> | <u>Cost (b)</u> | <u>Cost (b)</u> | <u>A/D (b)</u> | | <u>RCN (b)</u> | <u>RCN A/D (b)</u> | |
| 21 | Various | \$ 20,158 | \$ 17,739 | \$ 17,739 | | \$ 20,561 | \$ 6,168 | |
| 22 | | | | | | | | |
| 23 | | | 7A Allocated to District | | 0.3225% | \$ 66 | \$ 20 Line 21 * GMC Factor | |
| 24 | | | | | | | | |
| 25 | | | | | | | | |
| 26 | | | | | | | <u>\$ 14,592</u> | <u>\$ 6,249</u> Line 12 + Line 23 |
| 27 | | | | | | | | |
| 28 | | | | | | | | |
| 29 | | | | | | | | |
| 30 | | | | | | | | |
| 31 | | | | | | | | |
| 32 | | | | | | | | |
| 33 | | | | | | | | |
| 34 | | | | | | | | |
| 35 | | | | | | | | |
| 36 | | | | | | | | |
| 37 | | | | | | | | |
| 38 | | | | | | | | |
| 39 | | | | | | | | |
| 40 | | | | | | | | |
| 41 | | | | | | | | |
| 42 | | | | | | | | |
| 43 | | | | | | | | |
| 44 | | | | | | | | |
| 45 | Supporting Schedules | | | | | | | |
| 46 | | | | | | | | |
| 47 | (a) ADJ SMC-RCN20 | | | | | | | |
| 48 | (b) Retirements By District by Asset#.xlsx | | | | | | | |
| 49 | | | | | | | | |
| 50 | \\2016 Tubac Water Rebuttal.xlsm | | | | | | | |

Tubac Water

Test Year Ended December 31, 2016
 Rate Base Adjustment SLH-RCN7 REB

| | | | |
|------------|---|------------------|-----------------------|
| Line | | | |
| <u>No.</u> | | | |
| 1 | <u>RCN - Advances-in-Aid of Construction (AIAC) and Contributions-in-Aid of Construction (CIAC)</u> | | |
| 2 | Adjusted at End of Test Year | | |
| 3 | | | |
| 4 | <u>RCN Advances-in-Aid of Construction (AIAC)</u> | | |
| 5 | Net Rebuttal RCN Depreciable Plant in Service | \$ 6,330,537 | (b) |
| 6 | | | |
| 7 | Net Rebuttal Adjusted Original Depreciable Plant in Service | \$ 4,285,216 | (a) |
| 8 | | | |
| 9 | Ratio (factor) | 1.4773 | Line [5] / Line [7] |
| 10 | | | |
| 11 | Adjusted Original Cost AIAC | \$ 685,389 | (c) |
| 12 | | | |
| 13 | Factor | 1.4773 | Line [9] |
| 14 | | | |
| 15 | Rebuttal Adjusted - RCN AIAC | \$ 1,012,523 | Line [11] * Line [13] |
| 16 | | | |
| 17 | Direct Adjusted - RCN AIAC | 1,007,101 | (b) |
| 18 | | | |
| 19 | Increase / (Decrease) to AIAC | <u>\$ 5,422</u> | Line [15] - Line [17] |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | Adjusted at End of Test Year | | |
| 24 | | | |
| 25 | <u>RCN Contributions-in-Aid of Construction (CIAC)</u> | | |
| 26 | | | |
| 27 | Net Rebuttal RCN Depreciable Plant in Service | \$ 6,330,537 | (b) |
| 28 | | | |
| 29 | Net Rebuttal Adjusted Original Depreciable Plant in Service | \$ 4,285,216 | (a) |
| 30 | | | |
| 31 | Ratio (factor) | 1.4773 | Line [27] / Line [29] |
| 32 | | | |
| 33 | Adjusted Original Cost CIAC | \$ 2,373,332 | (c) |
| 34 | | | |
| 35 | Factor | 1.4773 | Line [31] |
| 36 | | | |
| 37 | Rebuttal Adjusted - RCN CIAC | \$ 3,506,116 | Line [33] * Line [35] |
| 38 | | | |
| 39 | Direct Adjusted - RCN CIAC | 3,488,358 | (b) |
| 40 | | | |
| 41 | Increase / (Decrease) to CIAC | <u>\$ 17,758</u> | Line [37] - Line [39] |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | Supporting Schedules | | |
| 46 | (a) Schedule B-2 Rebuttal | | |
| 47 | (b) Schedule B-3 Rebuttal | | |
| 48 | (c) Schedule B-1 Rebuttal | | |
| 49 | | | |
| 50 | \\2016 Tubac Water Rebuttal.xlsm | | |

| | | | |
|------------|---|-----------------------|-----------------------|
| Line | | | |
| <u>No.</u> | | | |
| 1 | <u>RCN - Customer Meter Deposits</u> | | |
| 2 | Adjusted at End of Test Year | | |
| 3 | | | |
| 4 | | | |
| 5 | Net Direct RCN Depreciable Plant in Service | \$ 6,330,537 | (b) |
| 6 | | | |
| 7 | Net Direct Adjusted Original Depreciable Plant in Service | \$ 4,285,216 | (a) |
| 8 | | | |
| 9 | Ratio (factor) | 1.4773 | Line [5] / Line [7] |
| 10 | | | |
| 11 | Adjusted Original Cost Customer Meter Deposits | \$ - | (c) |
| 12 | | | |
| 13 | Factor | 1.4773 | Line [9] |
| 14 | | | |
| 15 | Rebuttal Adjusted - RCN Customer Meter Deposits | \$ - | Line [11] * Line [13] |
| 16 | | | |
| 17 | Direct Adjusted - RCN Customer Meter Deposits | \$ - | (b) |
| 18 | | | |
| 19 | Increase / (Decrease) to Customer Meter Deposits | Line [15] - Line [17] | \$ - |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | Supporting Schedules | | |
| 46 | (a) Schedule B-2 Rebuttal | | |
| 47 | (b) Schedule B-3 Rebuttal | | |
| 48 | (c) Schedule B-1 Rebuttal | | |
| 49 | | | |
| 50 | \\2016 Tubac Water Rebuttal.xlsm | | |

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

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

42

43

44

45

46

47 Supporting Schedules

48

49

50 \2016 Tubac Water Rebuttal.xlsm

| | | | |
|------------|--|--------------------------------|--------------|
| Line | | | |
| <u>No.</u> | | | |
| 1 | <u>RCN - Deferred Debits</u> | | |
| 2 | | | |
| 3 | Adjusted at End of Test Year | | |
| 4 | | | |
| 5 | Net Rebuttal RCN Depreciable Plant in Service | \$ 6,330,537 (b) | |
| 6 | | | |
| 7 | Net Rebuttal Adjusted Original Depreciable Plant in Service | \$ 4,285,216 (a) | |
| 8 | | | |
| 9 | Ratio (factor) | 1.4773 Line [5] / Line [7] | |
| 10 | | | |
| 11 | Adjusted Original Cost - Deferred Debits | \$ 6,323 (c) | |
| 12 | | | |
| 13 | Factor | 1.4773 Line [9] | |
| 14 | | | |
| 15 | Rebuttal Adjusted - RCN Regulatory Liability - Deferred Debits | \$ 9,341 Line [11] * Line [13] | |
| 16 | | | |
| 17 | Direct Adjusted - RCN Regulatory Liability - Deferred Debits | \$ 9,293 (b) | |
| 18 | | | |
| 19 | Increase / (Decrease) to Deferred Debits | Line [15] - Line [17] | \$ <u>47</u> |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | Supporting Schedules | | |
| 46 | (a) Schedule B-2 Rebuttal | | |
| 47 | (b) Schedule B-3 Rebuttal | | |
| 48 | (c) Schedule B-1 Rebuttal | | |
| 49 | | | |
| 50 | \\2016 Tubac Water Rebuttal.xlsm | | |

| | | | |
|------------|--|------------------------|---------------------|
| Line | | | |
| <u>No.</u> | | | |
| 1 | | | |
| 2 | Cash Working Capital Requirement | (a) \$ | (5,165) |
| 3 | Required Bank Balances ¹ | | - |
| 4 | Material and Supplies Inventories ¹ | | (18) |
| 5 | Prepayments ¹ | | 16,224 |
| 6 | | | |
| 7 | Total Working Capital Allowance | Sum Lines [2-5] \$ | <u>11,041</u> |
| 8 | | | |
| 9 | Less Company amount in Original Filing | | 11,303 |
| 10 | | | |
| 11 | Increase/(Decrease) to Rate Base | Line [7] - Line [9] \$ | <u><u>(262)</u></u> |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | ¹ Calculated using thirteen-month averages. | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | Supporting Schedules: | Recap Schedules: | |
| 44 | (a) B-6 Rebuttal | B-1 Rebuttal | |
| 45 | | | |
| 46 | Workpapers & Supporting Documents | | |
| 47 | \ AZ 13mo TY Balance 12.31.2016.xlsx | | |
| 48 | | | |
| 49 | | | |
| 50 | \ 2016 Tubac Water Rebuttal.xlsm | | |

| Line No. | Description [A] | Test Year Adjusted Results (a) [B] | Revenue Lag Days [C] | Expense Lag Days [D] | Net Lag Days [E] = [C] - [D] | Lead/Lag Factor [F] = [E] / 365 | Cash Working Capital Required [G] = [B] x [F] |
|----------|-------------------------------|------------------------------------|----------------------|----------------------|------------------------------|---------------------------------|---|
| 1 | <u>Operating Expenses</u> | | | | | | |
| 2 | Labor | \$ 122,077 | 40.146 | 30.633 | 9.513 | 0.026 | \$ 3,182 |
| 3 | Purchased Water | 727 | 40.146 | - | 40.146 | 0.110 | 80 |
| 4 | Fuel & Power | 32,951 | 40.146 | 48.669 | (8.523) | (0.023) | (769) |
| 5 | Chemicals | 27,815 | 40.146 | 54.941 | (14.794) | (0.041) | (1,127) |
| 6 | Waste Disposal | 1,519 | 40.146 | 31.063 | 9.083 | 0.025 | 38 |
| 7 | Intercompany Support Services | - | 40.146 | 30.417 | 9.730 | 0.027 | - |
| 8 | Corporate Allocation | 25,962 | 40.146 | 30.420 | 9.726 | 0.027 | 692 |
| 9 | Outside Services | 26,715 | 40.146 | 34.355 | 5.791 | 0.016 | 424 |
| 10 | Group Insurance | 60,816 | 40.146 | (10.716) | 50.862 | 0.139 | 8,475 |
| 11 | Regulatory Expense | - | - | - | - | - | - |
| 12 | Insurance Other Than Group | 9,655 | 40.146 | 72.688 | (32.542) | (0.089) | (861) |
| 13 | Customer Accounting | 23,646 | 40.146 | 49.828 | (9.682) | (0.027) | (627) |
| 14 | Rents | 8,677 | 40.146 | 13.376 | 26.770 | 0.073 | 636 |
| 15 | General Office Expense | 23,960 | 40.146 | 39.271 | 0.876 | 0.002 | 57 |
| 16 | Miscellaneous | 2,201 | 40.146 | 27.800 | 12.347 | 0.034 | 74 |
| 17 | Maintenance Expense | 23,503 | 40.146 | 46.886 | (6.740) | (0.018) | (434) |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | <u>Taxes</u> | | | | | | |
| 21 | Property Taxes | \$ 40,208 | 40.146 | 213.250 | (173.104) | (0.474) | \$ (19,069) |
| 22 | Taxes - Payroll | | - | - | - | - | - |
| 23 | Taxes -Other | 11,644 | 40.146 | (131.381) | 171.527 | 0.470 | 5,472 |
| 24 | Income Tax | 16,035 | 40.146 | 41.750 | (1.604) | (0.004) | (70) |
| 25 | | | | | | | |
| 26 | Interest | \$ 9,411 | 40.146 | 92.000 | (51.854) | (0.142) | \$ (1,337) |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | | | | | | | |
| 31 | WORKING CASH REQUIREMENT | <u>\$ 467,525</u> | | | | | <u>\$ (5,165)</u> |

32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50

Supporting Schedules:
 (a) C-1 Rebuttal
 Workpapers & Supporting Documents
 \ Lead-Lag Expense.xlsx
 \ Billing Cycles.xlsx
 \2016 Tubac Water Rebuttal.xlsm

Recap Schedules:
 B-5 Rebuttal