

Willow Valley Water

B Schedules

Rejoinder

Line No.	Original Cost Rate Base (a)	RCND Rate Base (b)	
	[A]	[B]	
1			
2	\$ 5,906,961	\$ 8,867,232	
3	-	-	
4	\$ 5,906,961	\$ 8,867,232	Line [2] + Line [3]
5			
6	Less:		
7	2,817,042	4,461,798	
8			
9	\$ 3,089,919	\$ 4,405,434	Line [4] - Line [7]
10			
11	Less:		
12	Advances in Aid of Construction		
13	\$ 64,721	\$ 92,276	
14			
15	392,076	559,000	
16	Contribution in Aid of Construction - Net of Amortization		
17			
18	-	-	
19	165,863	236,478	
20	-	-	
21	111,572	159,073	
22			
23	Plus:		
24	(0)	(0)	
25	(c) (2,044)	(2,044)	
26	193,796	276,303	
27			
28	\$ 2,547,438	\$ 3,632,865	Line [9]-Lines [12-21]+Line [24-26]
29			
30			
31		\$ 3,090,151	(Sum[A] Line [28] + [B] Line [28]) 2
32		\$ 542,713	[B] Line [31] - [A] Line [28]
33		1.4261	[B] Line [28] / [A] Line [28]
34			
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42			
43	Supporting Schedules		Recap Schedules:
44	(a) B-2 Rejoinder		A-1 Rejoinder
45	(b) B-3 Rejoinder		
46	(c) B-5 Rejoinder		
47			
48	Workpapers and Supporting Documents		
49			
50	\2016 Willow Valley Water Rejoinder.xlsm		

Willow Valley Water

Test Year Ended December 31, 2016

Original Cost Rate Base Pro Forma Adjustments

Exhibit

Schedule B-2 Rejoinder

Page 1

Witness: Hubbard

Line No.	<u>Sch B-2 Original Column [AA]</u>							
	Page 3 [A]	Page 4 [B]	Page 4 [C]	Page 5 [D]	Page 6 [E]	Page 7 [F]	Page 8 [G]	Page 9 [H]
	ADJ SLH-RB1 REB	ADJ SLH-RB2 REB	ADJ SLH-RB3 REB	ADJ SLH-RB4 REB	ADJ JPB-RB5 REB	ADJ JPB-RB6 REB	ADJ SLH-RB7 REB	
	<u>Adjusted End of Test Year</u>	<u>Partially Accept Staff RB Adj #3 & RUCO RB Adj #7: Working Capital Allowance</u>	<u>Adjust 2016 ADIT</u>	<u>Partially Accept Staff RB Adj #4: ADIT - Tax Reform Adj</u>	<u>Regulatory Liability - ADIT Amortization - Tax Reform Adj</u>	<u>Partially Accept Staff RB ADJ 1a and 1b: Adjust 2017 Post Test Year Plant Additions</u>	<u>Adjust Retirements on Test Year Plant</u>	<u>Partially Accept RUCO RB Adj #4: AIAC Refunds</u>
1								
2	\$ 5,770,255	\$ -	\$ -	\$ -	\$ -	\$ 188,284	\$ (51,578)	\$ -
3	-	-	-	-	-	-	-	-
4	\$ 5,770,255	\$ -	\$ -	\$ -	\$ -	\$ 188,284	\$ (51,578)	\$ -
5								
6	Less:							
7	Accumulated Depreciation	2,866,628	-	-	-	1,992	(51,578)	-
8								
9	Net Utility Plant in Service	\$ 2,903,627	\$ -	\$ -	\$ -	\$ 186,293	\$ -	\$ -
10								
11	Less:							
12	Advances in Aid of Construction	\$ 64,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13								
14								
15	Contribution in Aid of Construction - Net of Amortization	392,076	-	-	-	-	-	-
16								
17								
18	Customer Meter Deposits	-	-	-	-	-	-	-
19	Deferred Income Taxes & Credits	282,135	-	(276)	(115,995)	-	-	-
20	Investment Tax Credits	-	-	-	-	-	-	-
21	Regulatory Liabilities	-	-	-	115,995	(4,423)	-	-
22								
23	Plus:							
24	Deferred Debits	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Working Capital Allowance	1,503	(3,548)	-	-	-	-	-
26	Utility Plant Acquisition Adjustment	193,796	-	-	-	-	-	-
27								
28	Total Rate Base	\$ 2,359,994	\$ (3,548)	\$ 276	\$ -	\$ 4,423	\$ 186,293	\$ -
29								
30	Rebuttal Amounts	2,359,994	(3,342)	276	-	4,423	186,293	-
31	Increase in Rejoinder	-	(205)	-	-	-	-	-
32								
33	Supporting Schedules:							
34	(a) B-3 Rejoinder							
35	\\2016 Willow Valley Water Rejoinder.xlsm							

Recap Schedules:
B-1 Rejoinder

REJOINDER ADJUSTMENTS

Page 10	Page 11	Page 12	Page 13	Page 14	Page 15	[O]	[P]
[I]	[J]	[K]	[L]	[M]	[N]		
ADJ JPB-RB8 REJ	ADJ SLH-RB9 REJ	ADJ SLH-RB10 REJ	ADJ SLH-RB11 REJ	ADJ SLH-RB12 REJ	ADJ SLH-RB13 REJ		
						Sum [B - N]	Sum [A] + [O]
<u>Update to 2017 Post Test Plant - Rejoinder</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Total Pro Forma Adjustments</u>	<u>Adjusted End of Test Year</u>

Line No.												
1												
2	Gross Utility Plant in Service	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 136,706 \$ 5,906,961
3	Construction Work in Progress		-		-		-		-		-	-
4	Subtotal Utility Plant	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 136,706 \$ 5,906,961
5												
6	Less:											
7	Accumulated Depreciation		-		-		-		-		-	(49,586) 2,817,042
8												
9	Net Utility Plant in Service	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 186,293 \$ 3,089,919
10												
11	Less:											
12	Advances in Aid of Construction	\$	-	\$	-	\$	-	\$	-	\$	-	\$ - \$ 64,721
13												
14												
15	Contribution in Aid of Construction -		-		-		-		-		-	392,076
16	Net of Amortization											
17												
18	Customer Meter Deposits		-		-		-		-		-	-
19	Deferred Income Taxes & Credits		-		-		-		-		-	(116,271) 165,863
20	Investment Tax Credits		-		-		-		-		-	-
21	Regulatory Liabilities		-		-		-		-		-	111,572 111,572
22												
23	Plus:											
24	Deferred Debits	\$	-	\$	-	\$	-	\$	-	\$	-	\$ - \$ (0)
25	Working Capital Allowance		-		-		-		-		-	(3,548) (2,044)
26	Utility Plant Acquisition Adjustment		-		-		-		-		-	193,796
27												
28	Total Rate Base	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 187,444 \$ 2,547,438
29												
30	Rebuttal Amounts		-		-		-		-		-	187,650 2,547,644
31	Increase in Rejoinder		-		-		-		-		-	(205) (205)
32												
33	Supporting Schedules:											
34	(a) B-3 Rejoinder											
35	\2016 Willow Valley Water Rejoinder											

Recap Schedules:
 B-1 Rejoinder

Willow Valley Water

Test Year Ended December 31, 2016

Rate Base Adjustment SLH-RB1 REB

Exhibit

Schedule B-2 Rejoinder

Page 3

Witness: Hubbard

Line

No.

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

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46 Workpapers and Supporting Documents

47 Schedule B-5 Rejoinder

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50 \2016 Willow Valley Water Rejoinder.xlsm

The Company partially accepts Staff's RB Adj #3 and RUCO RB ADJ #7. The Company accepts Staff's recommendation to increase the expense 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 case expense from the prepayment as recommended by Staff. The amount of Working Capital is a conforming adjustment and based on other adjustments made in Rebuttal.

Line
No.

1 Adjust 2016 ADIT

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4- Factor	General Metered Customers	0.7941%
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Deferred Income Tax per GL Allocated Adjusted End of Test Year \$ (282,135) (a)

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14

Updated 2016 ADIT Amount \$ (281,858)

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16

\$ (276) Line [11] - Line [14]

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Increase/ (Decrease) to ADIT \$ (276) Line [16]

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44 Workpapers and Supporting Documents

45 (a) Schedule B2 Direct

46 (b) ADIT Adjustment REBUTTAL.xlsx

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50 \2016 Willow Valley Water Rejoinder.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.
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4- Factor	General Metered Customers	0.7941%
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14 Updated 2016 ADIT Amount \$ (281,858)
 15
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22	Total Deferred Income Tax Balance - EPCOR	\$ (20,887,593) (b)	
23	Allocation Factor	<u>0.7941%</u> Line [8]	
24	ADIT allocated to Willow Valley Water		\$ (165,863) Line [22] * Line [23]

26 Increase/ (Decrease) to ADIT due to lower Federal Taxes \$ (115,995) Line [14] - Line [24]
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33 Increase/ (Decrease) to Regulatory Liabilities \$ 115,995 Line [26] * -1
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44 Workpapers and Supporting Documents
 45 (a) Schedule B2 Direct
 46 (b) ADIT Adjustment REBUTTAL.xlsx
 47
 48
 49
 50 \2016 Willow Valley Water Rejoinder.xlsm

Line
No.

1 Regulatory Liability - ADIT Amortization - Tax Reform Adj

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 3

The Company is adjusting its Deferred Income Tax Balance to reflect the impact of the Tax Cuts and Jobs Act of 2017. The Company has created a Regulatory Liability for this impact as reflected in rate base proforma adjustment SLH-RB3-REB. This adjustment records the annual amortization of that Regulatory Liability.
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7		
8 Regulatory Liability that resulted from the decrease in the Federal Income Taxes	\$ 115,995	(a)
9		
10 Amortization Rate	3.8132%	(b)
11		
12 Annual Amortization	\$ (4,423)	Line [8] * Line [10]
13		
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15		
16 Increase/ (Decrease) to Regulatory Liabilities	\$ (4,423)	Line [12]
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44 Workpapers and Supporting Documents		
45 (a) Rate Base Adjustment SLH-RB3 REB		
46 (b) ADIT Adjustment REBUTTAL.xlsx		
47		
48		
49 \2016 Willow Valley Water Rejoinder.xlsm		
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Line
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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
 4 district, Corporate 7A and 6U.
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	[A]	[B]	[C] = [A] - [B]	
	Revised	Original	Rebuttal	
	<u>Amounts (a)</u>	<u>Application (b)</u>	<u>Adjustment</u>	
11 <u>Plant in Service</u>				
12 Post Test Year Plant Additions for Willow Valley Water	\$ 442,702	\$ 254,300	\$ 188,402	
13 Test Year CWIP To Capitalize	22,410	22,410	-	
14 Post Test Year CWIP To Capitalize				
15				
16 7A Corporate Post Test Year Plant Additions Allocated	4,404	1,151	3,252	
17 7A Corporate CWIP Completed By December 31, 2016	1,436	1,436	-	
18				
19 6U Post Test Year Plant Additions Allocated	8,563	11,933	(3,370)	
20 6U CWIP Completed By December 31, 2016	6,311	6,311	-	
21				
22 Total Post Test Year Plant Additions	\$ 485,826	\$ 297,541	\$ 188,284	Sum Lines [12 - 20]
23				
24 Increase / (Decrease) to Plant in Service			<u>\$ 188,284</u>	Line [22]
25				
26 <u>Accumulated Depreciation</u>				
27 Post TY Plant Additions for Willow Valley Water - Accum Dep	\$ 5,535	\$ 3,294	\$ 2,241	
28 Additional TY Plant Additions for Willow Valley Water - Accum Dep	766	766	-	
29 7A Corporate Post TY Plant Additions Allocated-Accum Dep	193	106	88	
30 Additional 7A Corporate TY Plant Additions Allocated-Accum Dep	69	69	-	
31 6U Post TY Plant Additions Allocated - Accum Dep	856	1,193	(337)	
32 Additional 6U TY Plant Additions Allocated-Accum Dep	631	631	-	
33 Total Accumulated Depreciation - Post Test Year Plant Additions	\$ 8,050	\$ 6,058	\$ 1,992	Sum Lines [27 - 32]
34				
35 Increase / (Decrease) To Accumulated Depreciation			<u>\$ 1,992</u>	Line [33]
36				
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45				
46 Workpapers and Supporting Documents				
47 (a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xlsx				
48 (b) Summary of Plant Balances and Accum Depr by NARUC.xlsx				
49				
50 \2016 Willow Valley Water Rejoinder.xlsm				

Line
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1 Adjust Retirements on Test Year Plant

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The Company is adjusting the Retirements on Test Year Plant.

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

Willow Valley Water District

Retirements on Test Year Plant - Impact on Plant in Service	\$ (53,800)	\$ (2,363)	\$ (51,437)
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7A - Corporate Arizona

Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service	\$ (141)	\$ -	\$ (141)
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6U

Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service	\$ -	\$ -	\$ -
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Increase / (Decrease) To Plant in Service			\$ (51,578) Line [12]+[17]+[22]
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Increase / (Decrease) To Accumulated Depreciation			<u>(51,578) Line [27]</u>
---	--	--	---------------------------

Impact on Rate Base			<u>\$ - Line [27]-[28]</u>
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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 Willow Valley Water Rejoinder.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. 2)
 5 The Company is adjusting the amount of 2017 AIAC Refunds forecasted with the Actual 2017 AIAC Refunds.

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	[A]	[B]	[C] = [A] - [B]	
	Revised	Original	Rebuttal	
	<u>Amounts</u>	<u>Application (a)</u>	<u>Adjustment</u>	
13	\$ -	\$ -	\$ -	
14				
15				
16	\$ -	\$ -	\$ -	
17				
18	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Line [13] + Line [16]
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20				
21			<u>\$ -</u>	Line [18]
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45 Workpapers and Supporting Documents
 46 (a) Rate Base Adjustment SMC-6
 47 Workpapers and Supporting Documents
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 50 \2016 Willow Valley Water Rejoinder.xlsm

Line
No.

1 Update to 2017 Post Test Plant - Rejoinder

2
 3 The Company is adjusting its 2017 Post Test Year Plant additions and accumulated depreciation for rejoinder.
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	[A]	[B]	[C] = [A] - [B]	
	Revised	Rebuttal	Rejoinder	
	<u>Amounts (a)</u>	<u>Application (b)</u>	<u>Adjustment</u>	
11 <u>Plant in Service</u>				
12 Post Test Year Plant Additions for Willow Valley Water	\$ 442,702	\$ 442,702	\$ -	
13 Test Year CWIP To Capitalize	22,410	22,410	-	
14 Post Test Year CWIP To Capitalize		-		
15				
16 7A Corporate Post Test Year Plant Additions Allocated	4,404	4,404	-	
17 7A Corporate CWIP Completed By December 31, 2016	1,436	1,436	-	
18				
19 6U Post Test Year Plant Additions Allocated	8,563	8,563	-	
20 6U CWIP Completed By December 31, 2016	6,311	6,311	-	
21				
22 Total Post Test Year Plant Additions	\$ 485,826	\$ 485,826	\$ -	Sum Lines [12 - 20]
23				
24 Increase / (Decrease) to Plant in Service			<u>\$ -</u>	Line [22]
25				
26 <u>Accumulated Depreciation</u>				
27 Post TY Plant Additions for Willow Valley Water - Accum Dep	\$ 5,535	\$ 5,535	\$ -	
28 Additional TY Plant Additions for Willow Valley Water - Accum Dep	766	766	-	
29 7A Corporate Post TY Plant Additions Allocated-Accum Dep	193	193	-	
30 Additional 7A Corporate TY Plant Additions Allocated-Accum Dep	69	69	-	
31 6U Post TY Plant Additions Allocated - Accum Dep	856	856	-	
32 Additional 6U TY Plant Additions Allocated-Accum Dep	631	631	-	
33 Total Accumulated Depreciation - Post Test Year Plant Additions	\$ 8,050	\$ 8,050	\$ -	Sum Lines [27 - 32]
34				
35 Increase / (Decrease) To Accumulated Depreciation			<u>\$ -</u>	Line [33]
36				
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45 Workpapers and Supporting Documents				
46 Summary of Plant Balances and Accum Depr by NARUC Updated for Rejoinder PTYP.xlsx				
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50 \2016 Willow Valley Water Rejoinder.xlsm				

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45 Workpapers and Supporting Documents

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Workpapers and Supporting Documents

\2016 Willow Valley Water Rejoinder.xlsm

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45 Workpapers and Supporting Documents

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D12

Workpapers and Supporting Documents

\\2016 Willow Valley Water Rejoinder.xlsm

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D13

Workpapers and Supporting Documents

\2016 Willow Valley Water Rejoinder.xlsx

Line No.	Sch B-3 Original									RCN - Advances-in-Aid of Construction (AIAC) and Contributions-in-Aid of Construction (CIAC)
	Column [Z]	Page 3	Page 4	Page 5	Page 6	Page 7	Page 8	Page 9		
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]		
	ADJ SLH-RCN1 REB	ADJ SLH-RCN2 REB	ADJ SLH-RCN3 REB	ADJ SLH-RCN4 REB	ADJ SLH-RCN5 REB	ADJ SLH-RCN6 REB	ADJ SLH-RCN7 REB			
	Adjusted at End of Test Year (a)	RCN - Working Capital Allowance	RCN - ADIT	Intentionally Left Blank	RCN - Regulatory Liability - ADIT	RCN - 2017 Post Test Year Plant Additions	RCN - Retirements			
1										
2	Gross Utility Plant in Service	\$ 8,763,029	\$ -	\$ -	\$ -	\$ -	\$ 188,284	\$ (84,081)	\$ -	
3	Construction Work in Progress	-	-	-	-	-	-	-	-	
4	Subtotal Utility Plant	\$ 8,763,029	-	-	-	-	188,284	(84,081)	-	
5										
6	Less:									
7	Accumulated Depreciation	4,530,567	-	-	-	-	1,992	(70,761)	-	
8										
9	Net Utility Plant in Service	\$ 4,232,462	\$ -	\$ -	\$ -	\$ -	\$ 186,293	\$ (13,321)	\$ -	
10										
11	Less:									
12	Advances in Aid of Construction	\$ 94,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,065)	
13										
14										
15	Contribution in Aid of Construction - Net of Amortization	571,509	-	-	-	-	-	-	(12,508)	
16										
17										
18	Customer Meter Deposits	-	-	-	-	-	-	-	-	
19	Deferred Income Taxes & Credits	411,252	-	(174,774)	-	-	-	-	-	
20	Investment Tax Credits	-	-	-	-	-	-	-	-	
21	Regulatory Liabilities	-	-	-	-	159,073	-	-	-	
22										
23	Plus:									
24	Deferred Debits	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
25	Working Capital Allowance	1,503	(3,548)	-	-	-	-	-	-	
26	Utility Plant Acquisition Adjustment	282,486	-	-	-	-	-	-	-	
27										
28	Total Rate Base	\$ 3,439,349	\$ (3,548)	\$ 174,774	\$ -	\$ (159,073)	\$ 186,293	\$ (13,321)	\$ 14,573	
29										
30	Rebuttal Amounts	3,439,349	(3,342)	174,774	-	(159,073)	186,293	(13,321)	14,573	
31	Increase in Rejoinder	-	(205)	-	-	-	-	-	-	
32										
33										
34	Supporting Schedules									
35	\2016 Willow Valley Water Rejoinder.xlsm									

Recap Schedules:
 B-1 Rejoinder

REJOINDER ADJUSTMENTS

	Page 10 [I] ADJ SLH-RCN8 REB	Page 11 [J] ADJ SLH-RCN9 REB	Page 12 [K] ADJ SLH-RCN10 REB	Page 13 [L] ADJ SLH-RCN11 REJ	Page 14 [M] ADJ SLH-RCN12 REJ	Page 15 [N] ADJ SLH-RCN13 REJ	Page 16 [O] ADJ SLH-RCN14 REJ	[P] Sum [B - O]	[Q] Sum [A] + [P]
	<u>RCN - Customer Meter Deposits</u>	<u>RCN - Water System Acquisitions</u>	<u>RCN - Deferred Debits</u>	<u>RCN - 2017 Post Test Year Plant Additions - Rejoinder</u>	<u>REJ RCN 12</u>	<u>REJ RCN 13</u>	<u>REJ RCN 14</u>	<u>Total Adjustment Amount</u>	<u>Adjusted at End of Test Year</u>
Line No.									
1									
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,203	\$ 8,867,232
3	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	\$ 104,203	\$ 8,867,232
5									
6	Less:								
7	-	-	-	-	-	-	-	(68,769)	4,461,798
8									
9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,972	\$ 4,405,434
10									
11	Less:								
12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(2,065)	92,276
13									
14									
15	-	-	-	-	-	-	-	(12,508)	559,000
16									
17									
18	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	(174,774)	236,478
20	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	159,073	159,073
22									
23	Plus:								
24	\$ -	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ -	(0)	(0)
25	-	-	-	-	-	-	-	(3,548)	(2,044)
26	-	(6,183)	-	-	-	-	-	(6,183)	276,303
27									
28	<u>\$ -</u>	<u>\$ (6,183)</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,515</u>	<u>\$ 3,632,865</u>
29									
30		(6,183)	(0)	-	-	-	-	193,721	3,633,070
31		-	-	-	-	-	-	(205)	(205)
32									
33									
34								Recap Schedules:	
35								B-1 Rejoinder	

Willow Valley Water

Test Year Ended December 31, 2016
Rate Base Adjustment SLH-RCN1 REB

Exhibit
Schedule B-3 Rejoinder
Page 3
Witness: Hubbard

Line		
<u>No.</u>		
1	<u>RCN - Working Capital Allowance</u>	
2		
3	Per Schedule B-5 Rejoinder	
4		
5		
6		
7		
8	Increase/(Decrease) to Rate Base	<u>\$ (3,548)</u>
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46		
47	Supporting Schedules	
48	Schedule B5 Rejoinder	
49		
50	\2016 Willow Valley Water Rejoinder.xlsm	

Willow Valley Water

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

Exhibit
Schedule B-3 Rejoinder
Page 4
Witness: Hubbard

Line No.			
1	RCN - ADIT		
2	Adjusted at End of Test Year		
3			
4			
5	RCN Rate Base Before ADIT and Other Items	\$	3,754,158 (b)
6			
7	Original Cost Rate Base Before ADIT and Other Items	\$	2,633,122 (a)
8			
9	Ratio (factor)		1.4257 Line [5] / Line [7]
10			
11	Adjusted Original Cost Net ADIT	\$	165,863 (c)
12			
13	Factor		1.4257 Line [9]
14			
15	Rejoinder Adjusted - RCN ADIT	\$	236,478 Line [11] * Line [13]
16			
17	Direct Adjusted - RCN ADIT		411,252 (b)
18			
19	Increase / (Decrease) to Deferred Income Taxes	\$	<u>(174,774)</u> Line [15] - Line [17]
20			
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44			
45	Supporting Schedules		
46	(a) Schedule B-2 Rejoinder		
47	(b) Schedule B-3 Rejoinder		
48	(c) Schedule B-1 Rejoinder		
49			
50	\\2016 Willow Valley Water Rejoinder.xlsm		

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43
44 Supporting Schedules
45 (a) Schedule B-2 Rejoinder
46 (b) Schedule B-3 Rejoinder
47 (c) Schedule B-1 Rejoinder
48 Adjustments RB2 Rebuttal and RB3 Rebuttal
49
50 \2016 Willow Valley Water Rejoinder.xlsm

Line			
<u>No.</u>			
1	<u>RCN - Regulatory Liability - ADIT</u>		
2			
3	Adjusted at End of Test Year		
4			
5	Net Rejoinder RCN Depreciable Plant in Service	\$ 4,405,434 (b)	
6			
7	Net Rejoinder Adjusted Original Depreciable Plant in Service	\$ 3,089,919 (a)	
8			
9	Ratio (factor)	1.4257 Line [5] / Line [7]	
10			
11	Adjusted Original Cost - Regulatory Liability - ADIT Tax Reform	\$ 111,572 (c)	
12			
13	Factor	1.4257 Line [9]	
14			
15	Rejoinder Adjusted - RCN Regulatory Liability - ADIT - Tax Reform	<u>\$ 159,073</u> Line [11] * Line [13]	
16			
17	Direct Adjusted - RCN Regulatory Liability - ADIT- Tax Reform	\$ - (b)	
18			
19	Increase / (Decrease) to Regulatory Liability	<u><u>\$ 159,073</u></u> Line [15] - Line [17]	
20			
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44	Supporting Schedules		
45	(a) Schedule B-2 Rejoinder		
46	(b) Schedule B-3 Rejoinder		
47	(c) Schedule B-1 Rejoinder		
48	Adjustments RB2 Rebuttal and RB3 Rebuttal		
49			
50	\2016 Willow Valley Water Rejoinder.xlsm		

Line No.		[A]	[B]	[C]	[D]	[E]
		<u>Revised Amount</u>	<u>RCN</u>	<u>Original Cost</u>	<u>RCN</u>	<u>Rejoinder Adjustment</u>
1	<u>RCN - 2017 Post Test Year Plant Additions</u>					
2						
3						
4		\$ 485,826	\$ 485,826	\$ 297,541	\$ 297,541	\$ 188,284
5	Plant in Service					
6						
7						
8	Accumulated Depreciation	\$ 8,050	\$ 8,050	\$ 6,058	\$ 6,058	\$ 1,992
9						
10						
11	Increase/(Decrease) to Plant in Service and A/D	\$ 477,776	\$ 477,776	\$ 291,483	\$ 291,483	\$ 186,293
12						
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47	Supporting Schedules					
48	Rate Base Adjustment JPB-RB5 REB					
49						
50	\2016 Willow Valley Water Rejoinder.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>Rejoinder</u>	
3	Retirements - Plant		Col [G]	\$	(89,599)	\$ (5,518)	\$ (84,081)	
4								
5	Retirements - Accumulated Depreciation		Col [H]	\$	(70,778)	\$ (17)	\$ (70,761)	
6								
7								
8	<u>Willow Valley 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	\$ 440,275	\$ 53,800	\$ 53,800		\$ 89,436	\$ 70,729	
13								
14								
15								
16	<u>7A Allocated</u>	4- Factor		General Metered Customers	0.7941%			
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		0.7941%	\$ 163	\$ 49	
24								
25								
26							<u>\$ 89,599</u>	<u>\$ 70,778</u>
27							Line 12 + Line 23	
28								
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43								
44								
45	Supporting Schedules							
46								
47	(a) ADJ SMC-RCN20							
48	(b) Retirements By District by Asset#.xlsx							
49								
50	\2016 Willow Valley Water Rejoinder.xlsm							

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 Rejoinder RCN Depreciable Plant in Service	\$	4,405,434	(b)
6				
7	Net Rejoinder Adjusted Original Depreciable Plant in Service	\$	3,089,919	(a)
8				
9	Ratio (factor)		1.4257	Line [5] / Line [7]
10				
11	Adjusted Original Cost AIAC	\$	64,721	(c)
12				
13	Factor		1.4257	Line [9]
14				
15	Rejoinder Adjusted - RCN AIAC	\$	92,276	Line [11] * Line [13]
16				
17	Direct Adjusted - RCN AIAC		94,341	(b)
18				
19	Increase / (Decrease) to AIAC	\$	(2,065)	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 Rejoinder RCN Depreciable Plant in Service	\$	4,405,434	(b)
28				
29	Net Rejoinder Adjusted Original Depreciable Plant in Service	\$	3,089,919	(a)
30				
31	Ratio (factor)		1.4257	Line [27] / Line [29]
32				
33	Adjusted Original Cost CIAC	\$	392,076	(c)
34				
35	Factor		1.4257	Line [31]
36				
37	Rejoinder Adjusted - RCN CIAC	\$	559,000	Line [33] * Line [35]
38				
39	Direct Adjusted - RCN CIAC		571,509	(b)
40				
41	Increase / (Decrease) to CIAC	\$	(12,508)	Line [37] - Line [39]
42				
43				
44				
45	Supporting Schedules			
46	(a) Schedule B-2 Rejoinder			
47	(b) Schedule B-3 Rejoinder			
48	(c) Schedule B-1 Rejoinder			
49				
50	\\2016 Willow Valley Water Rejoinder.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	\$ 4,405,434	(b)
6			
7	Net Direct Adjusted Original Depreciable Plant in Service	\$ 3,089,919	(a)
8			
9	Ratio (factor)	1.4257	Line [5] / Line [7]
10			
11	Adjusted Original Cost Customer Meter Deposits	\$ -	(c)
12			
13	Factor	1.4257	Line [9]
14			
15	Rejoinder 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] <u>\$ -</u>
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45	Supporting Schedules		
46	(a) Schedule B-2 Rejoinder		
47	(b) Schedule B-3 Rejoinder		
48	(c) Schedule B-1 Rejoinder		
49			
50	\\2016 Willow Valley Water Rejoinder.xlsm		

Line			
<u>No.</u>			
1	<u>RCN - Water System Acquisitions</u>		
2	Adjusted at End of Test Year		
3			
4			
5	Net Direct RCN Depreciable Plant in Service	\$ 4,405,434	(b)
6			
7	Net Direct Adjusted Original Depreciable Plant in Service	\$ 3,089,919	(a)
8			
9	Ratio (factor)	1.4257	Line [5] / Line [7]
10			
11	Adjusted Original Cost Water System Acquisitions	\$ 193,796	(c)
12			
13	Factor	1.4257	Line [9]
14			
15	Rejoinder Adjusted - RCN Water System Acquisitions	<u>\$ 276,303</u>	Line [11] * Line [13]
16			
17	Direct Adjusted - RCN Water System Acquisitions	<u>\$ 282,486</u>	(b)
18			
19	Increase / (Decrease) to Water System Acquisitions	Line [15] - Line [17]	<u>\$ (6,183)</u>
20			
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47	Supporting Schedules		
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50	\2016 Willow Valley Water Rejoinder.xlsm		

Line			
<u>No.</u>			
1	<u>RCN - Deferred Debits</u>		
2			
3	Adjusted at End of Test Year		
4			
5	Net Rejoinder RCN Depreciable Plant in Service	\$ 4,405,434 (b)	
6			
7	Net Rejoinder Adjusted Original Depreciable Plant in Service	\$ 3,089,919 (a)	
8			
9	Ratio (factor)	1.4257 Line [5] / Line [7]	
10			
11	Adjusted Original Cost - Deferred Debits	\$ (0) (c)	
12			
13	Factor	1.4257 Line [9]	
14			
15	Rejoinder Adjusted - RCN Regulatory Liability - Deferred Debits	\$ (0) Line [11] * Line [13]	
16			
17	Direct Adjusted - RCN Regulatory Liability - Deferred Debits	\$ (0) (b)	
18			
19	Increase / (Decrease) to Deferred Debits	Line [15] - Line [17]	<u>\$ (0)</u>
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44			
45	Supporting Schedules		
46	(a) Schedule B-2 Rejoinder		
47	(b) Schedule B-3 Rejoinder		
48	(c) Schedule B-1 Rejoinder		
49			
50	\\2016 Willow Valley Water Rejoinder.xlsm		

Line No.		[A] Revised Amount	[B] RCN	[C] Original Cost	[D] RCN	[E] Rejoinder Adjustment
1	<u>RCN - 2017 Post Test Year Plant Additions - Rejoinder</u>					
2						
3						
4						
5	Plant in Service	\$ 485,826	\$ 485,826	\$ 485,826	\$ 485,826	\$ -
6						
7						
8	Accumulated Depreciation	\$ 8,050	\$ 8,050	\$ 8,050	\$ 8,050	\$ -
9						
10						
11	Increase/(Decrease) to Plant in Service and A/D	\$ 477,776	\$ 477,776	\$ 477,776	\$ 477,776	\$ -
12						
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47	Supporting Schedules					
48	Rate Base Adjustment JPB-RB8 REJ					
49						
50	\2016 Willow Valley Water Rejoinder.xlsm					

Line			
<u>No.</u>			
1			
2	Cash Working Capital Requirement	(a) \$	(7,952)
3	Required Bank Balances ¹		-
4	Material and Supplies Inventories ¹		211
5	Prepayments ¹		5,696
6			
7	Total Working Capital Allowance	Sum Lines [2-5] \$	<u>(2,044)</u>
8			
9	Less Company amount in Rebuttal Filing		1,503
10			
11	Increase/(Decrease) to Rate Base	Line [7] - Line [9] \$	<u><u>(3,548)</u></u>
12			
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17	¹ Calculated using thirteen-month averages.		
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43	Supporting Schedules:	Recap Schedules:	
44	(a) B-6 Rejoinder	B-1 Rejoinder	
45			
46	Workpapers & Supporting Documents		
47	\ AZ 13mo TY Balance 12.31.2016.xlsx		
48	\ Lead-Lag Workpapers		
49			
50	\ 2016 Willow Valley Water Rejoinder.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	\$ 175,396	40.146	30.633	9.513	0.026	\$ 4,572
3	Purchased Water	1,197	40.146	-	40.146	0.110	132
4	Fuel & Power	28,008	40.146	48.669	(8.523)	(0.023)	(654)
5	Chemicals	29,554	40.146	54.941	(14.794)	(0.041)	(1,198)
6	Waste Disposal	951	40.146	31.063	9.083	0.025	24
7	Intercompany Support Services	-	40.146	30.417	9.730	0.027	-
8	Corporate Allocation	46,928	40.146	30.420	9.726	0.027	1,251
9	Outside Services	47,150	40.146	34.355	5.791	0.016	748
10	Group Insurance	53,102	40.146	(10.716)	50.862	0.139	7,400
11	Regulatory Expense	-	-	-	-	-	-
12	Insurance Other Than Group	10,834	40.146	72.688	(32.542)	(0.089)	(966)
13	Customer Accounting	40,119	40.146	49.828	(9.682)	(0.027)	(1,064)
14	Rents	5,676	40.146	13.376	26.770	0.073	416
15	General Office Expense	22,715	40.146	39.271	0.876	0.002	55
16	Miscellaneous	25,807	40.146	27.800	12.347	0.034	873
17	Maintenance Expense	65,428	40.146	46.886	(6.740)	(0.018)	(1,208)
18							
19							
20	<u>Taxes</u>						
21	Property Taxes	\$ 41,035	40.146	213.250	(173.104)	(0.474)	\$ (19,461)
22	Taxes - Payroll		-	-	-	-	-
23	Taxes -Other	19,981	40.146	(131.381)	171.527	0.470	9,390
24	Income Tax	42,952	40.146	41.750	(1.604)	(0.004)	(189)
25							
26	Interest	\$ 56,808	40.146	92.000	(51.854)	(0.142)	\$ (8,070)
27							
28							
29							
30							
31	WORKING CASH REQUIREMENT	<u>\$ 713,639</u>					<u>\$ (7,952)</u>

Supporting Schedules:
 (a) C-1 Rejoinder

Recap Schedules:
 B-5 Rejoinder

Workpapers & Supporting Documents

\ Lead-Lag Expense.xlsx

\ Billing Cycles.xlsx

\2016 Willow Valley Water Rejoinder.xlsm