

Anthem Water

B Schedules

Rebuttal

Line No.	Original Cost Rate Base (a) [A]	RCND Rate Base (b) [B]	
1			
2	\$ 96,296,052	\$ 162,214,827	
3	-	-	
4	\$ 96,296,052	\$ 162,214,827	Line [2] + Line [3]
5			
6	Less:		
7	29,092,305	56,939,550	
8			
9	\$ 67,203,748	\$ 105,275,277	Line [4] - Line [7]
10			
11	Less:		
12	Advances in Aid of Construction		
13	\$ 6,445,735	\$ 10,097,302	
14			
15	8,547,590	13,389,877	
16	Net of Amortization		
17			
18	6,500	10,182	
19	990,099	1,550,999	
20	-	-	
21	671,261	1,051,536	
22			
23	Plus:		
24	3,337,198	5,227,751	
25	(c) (18,675)	(18,675)	
26	(0)	(0)	
27			
28	\$ 53,861,086	\$ 84,384,457	Line [9] - Lines [13-21] + Line [24-26]
29			
30			
31		\$ 69,122,771	(Sum[A] Line [28] + [B] Line [28]) 2
32		\$ 15,261,686	[B] Line [31] - [A] Line [28]
33		1.5667	[B] Line [28] / [A] Line [28]
34			
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43	Supporting Schedules:		
44	(a) B-2 Rebuttal		
45	(b) B-3 Rebuttal		
46	(c) B-5 Rebuttal		
47			
48	Workpapers and Supporting Documents		
49			
50	\2016 Anthem Water Rebuttal.xlsm		



**Anthem Water**

Test Year Ended December 31, 2016

Rate Base Adjustment SLH-RB1 REB

Exhibit  
Schedule B-2 Rebuttal

Page 2

Witness: Hubbard

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 other  
6 adjustments made in Rebuttal.

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8 See Schedule B 5 Rebuttal

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46 Workpapers and Supporting Documents

47 Schedule B-5 Rebuttal

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Line  
No.

1 Adjust 2016 ADIT

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

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4- Factor	General Metered Customers	4.7401%
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11 Deferred Income Tax per GL Allocated Adjusted End of Test Year \$ (1,684,167) (a)

12

13

14 Updated 2016 ADIT Amount \$ (1,682,519)

15

16 \$ (1,648) Line [11] - Line [14]

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26 Increase/ (Decrease) to ADIT \$ (1,648) 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 Anthem 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 reflect  
 4 the impact of the Tax Cuts and Jobs Act of 2017. The adjustment records the updated ADIT balance and also creates a Regulatory  
 5 Liability for this impact.

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4- Factor	General Metered Customers	4.7401%
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14 Updated 2016 ADIT Amount \$(1,682,519)

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22 Total Deferred Income Tax Balance - EPCOR \$(20,887,593) (b)

23 Allocation Factor 4.7401% Line [8]

24 ADIT allocated to Anthem Water \$ (990,099) Line [22] \* Line [23]

25

26 Increase/ (Decrease) to ADIT due to lower Federal Taxes \$ (692,420) Line [14] - Line [24]

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33 Increase/ (Decrease) to Regulatory Liabilities \$ 692,420 Line [26] \* -1

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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 Anthem 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	\$ 692,420	(a)
9			
10	Amortization Rate	<u>3.0558%</u>	(b)
11		\$ (21,159)	Line [8] * Line [10]
12	Annual Amortization		
13			
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16	Increase/ (Decrease) to Regulatory Liabilities	<u>\$ (21,159)</u>	Line [12]
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43			
44	Workpapers and Supporting Documents		
45	(a) Rate Base Adjustment SLH-RB3 REB		
46	(b) ADIT Adjustment REBUTTAL.xlsx		
47			
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49	\2016 Anthem Water Rebuttal.xlsm		
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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  
 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 Anthem Water	\$ 2,596,003	\$ 2,316,384	\$ 279,618	
13 Test Year CWIP To Capitalize	256,422	256,422	-	
14 Post Test Year CWIP To Capitalize				
15				
16 7A Corporate Post Test Year Plant Additions Allocated	26,287	6,873	19,413	
17 7A Corporate CWIP Completed By December 31, 2016	8,570	8,570	-	
18				
19 6U Post Test Year Plant Additions Allocated	51,114	71,230	(20,116)	
20 6U CWIP Completed By December 31, 2016	37,674	37,674	-	
21				
22 Total Post Test Year Plant Additions	\$ 2,976,070	\$ 2,697,154	\$ 278,916	Sum Lines [12 - 20]
23				
24 Increase / (Decrease) to Plant in Service			<u>\$ 278,916</u>	Line [22]
25				
26 <u>Accumulated Depreciation</u>				
27 Post TY Plant Additions for Anthem Water - Accum Dep	\$ 102,361	\$ 58,587	\$ 43,774	
28 Additional TY Plant Additions for Anthem Water - Accum Dep	8,546	8,546	-	
29 7A Corporate Post TY Plant Additions Allocated-Accum Dep	1,154	630	524	
30 Additional 7A Corporate TY Plant Additions Allocated-Accum Dep	412	412	-	
31 6U Post TY Plant Additions Allocated - Accum Dep	5,111	7,123	(2,012)	
32 Additional 6U TY Plant Additions Allocated-Accum Dep	3,767	3,767	-	
33 Total Accumulated Depreciation - Post Test Year Plant Additions	\$ 121,351	\$ 79,065	\$ 42,286	Sum Lines [27 - 32]
34				
35 Increase / (Decrease) To Accumulated Depreciation			<u>\$ 42,286</u>	Line [33]
36				
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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 Anthem 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

	[A] Revised Amounts (a)	[B] Original Application (b)	[C] = [A] - [B] Rebuttal Adjustment
11 <u>Anthem Water District</u>			
12 Retirements on Test Year Plant - Impact on Plant in Service	\$ (825,525)	\$ (3,277)	\$ (822,248)
13			
14			
15			
16 <u>7A - Corporate Arizona</u>			
17 Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service	\$ (841)	\$ -	\$ (841)
18			
19			
20			
21 <u>6U</u>			
22 Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service	\$ -		\$ -
23			
24			
25			
26			
27 Increase / (Decrease) To Plant in Service			\$ (823,089) Line [12]+[17]+[22]
28 Increase / (Decrease) To Accumulated Depreciation			(823,089) Line [27]
29			
30 Impact on Rate Base			<u>\$ -</u> Line [27]-[28]
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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 Anthem 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  
 4 RUCO RB Adj #4 by removing the amount of 2018 AIAC Refunds forecasted as proposed in Rate Base ADJ SMC-RB6 in the  
 5 Company's original application. 2) The Company is adjusting the amount of 2017 AIAC Refunds forecasted with the Actual 2017

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	[A] Revised <u>Amounts</u>	[B] Original <u>Application (a)</u>	[C] = [A] - [B] Rebuttal <u>Adjustment</u>	
Amount of 2018 AIAC Refunds forecasted - Remove	\$ -	\$ (207,728)	\$ 207,728	
Amount of 2017 AIAC Refunds forecasted - Update to Actual	\$ (174,849)	\$ (207,728)	\$ 32,879	
	<u>\$ (174,849)</u>	<u>\$ (415,456)</u>	<u>\$ 240,608</u>	Line [13] + Line [16]
Increase/ (Decrease) to AIAC			<u>\$ 240,608</u>	Line [18]

Line No.	<u>Sch B-3 Orig</u>								
	<u>Column [Z]</u> [A]	Page 3 [B]	Page 4 [C]	Page 5 [D]	Page 6 [E]	Page 7 [F]	Page 8 [G]		
		ADJ SLH-RCN1 REB	ADJ SLH-RCN2 REB	ADJ SLH-RCN3 REB	ADJ SLH-RCN4 REB	ADJ SLH-RCN5 REB	ADJ SLH-RCN6 REB		
	<u>Adjusted at End of</u> <u>Test Year (a)</u>	<u>RCN - Working</u> <u>Capital Allowance</u>	<u>RCN - ADIT</u>	<u>Intentionally Left</u> <u>Blank</u>	<u>RCN - Regulatory</u> <u>Liability - ADIT</u>	<u>RCN - 2017 Post</u> <u>Test Year Plant</u> <u>Additions</u>	<u>RCN - Retirements</u>		
1									
2	Gross Utility Plant in Service	\$ 163,413,738	\$ -	\$ -	\$ -	\$ -	\$ 278,916	\$ (1,477,827)	
3	Construction Work in Progress	-	-	-	-	-	-	-	
4	Subtotal Utility Plant	\$ 163,413,738	\$ -	\$ -	\$ -	\$ -	\$ 278,916	\$ (1,477,827)	
5									
6	<b>Less:</b>								
7	Accumulated Depreciation	57,680,754	-	-	-	-	42,286	(783,490)	
8									
9	Net Utility Plant in Service	\$ 105,732,984	\$ -	\$ -	\$ -	\$ -	\$ 236,630	\$ (694,337)	
10									
11	<b>Less:</b>								
12	Advances in Aid of Construction	\$ 9,797,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
13									
14									
15	Contribution in Aid of Construction -	13,495,612	-	-	-	-	-	-	
16	Net of Amortization								
17									
18	Customer Meter Deposits	10,263	-	-	-	-	-	-	
19	Deferred Income Taxes & Credits	2,659,096	-	(1,108,097)	-	-	-	-	
20	Investment Tax Credits	-	-	-	-	-	-	-	
21	Regulatory Liabilities	-	-	-	-	1,051,536	-	-	
22									
23	<b>Plus:</b>								
24	Deferred Debits	\$ 5,269,033.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
25	Working Capital Allowance	(61,434)	42,759	-	-	-	-	-	
26	Utility Plant Acquisition Adjustment	(0)	-	-	-	-	-	-	
27									
28	Total Rate Base	\$ 84,978,466	\$ 42,759	\$ 1,108,097	\$ -	\$ (1,051,536)	\$ 236,630	\$ (694,337)	
29									
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31									
32	Supporting Schedules								
33									
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35	\2016 Anthem Water Rebuttal.xlsm								

Recap Schedules:  
 B-1 Rebuttal

Line No.	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	Gross Utility Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ (1,198,911) \$ 162,214,827
3	Construction Work in Progress	-	-	-	-	-
4	Subtotal Utility Plant	\$ -	\$ -	\$ -	\$ -	\$ (1,198,911) \$ 162,214,827
5						
6	<b>Less:</b>					
7	Accumulated Depreciation	-	-	-	-	(741,204) 56,939,550
8						
9	Net Utility Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ (457,707) \$ 105,275,277
10						
11	<b>Less:</b>					
12	Advances in Aid of Construction	\$ 300,156	\$ -	\$ -	\$ -	\$ 300,156 \$ 10,097,302
13						
14						
15	Contribution in Aid of Construction - Net of Amortization	(105,735)	-	-	-	(105,735) 13,389,877
16						
17						
18	Customer Meter Deposits	-	(80)	-	-	(80) 10,182
19	Deferred Income Taxes & Credits	-	-	-	-	(1,108,097) 1,550,999
20	Investment Tax Credits	-	-	-	-	-
21	Regulatory Liabilities	-	-	-	-	1,051,536 1,051,536
22						
23	<b>Plus:</b>					
24	Deferred Debits	\$ -	\$ -	\$ -	\$ (41,281.6)	\$ (41,281.6) \$ 5,227,751.5
25	Working Capital Allowance	-	-	-	-	42,759 (18,675)
26	Utility Plant Acquisition Adjustment	-	-	-	-	- (0)
27						
28	Total Rate Base	\$ (194,421)	\$ 80	\$ -	\$ (41,282)	\$ (594,009) \$ 84,384,457
29						
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32	Supporting Schedules					
33						
34						
35	\2016 Anthem Water Rebuttal.xlsm					

**Anthem Water**

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

Exhibit  
Schedule B-3 Rebuttal  
Page 3  
Witness: Hubbard

Line

No.

1 RCN - Working Capital Allowance

2

3 Per Schedule B-5 Rebuttal

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8 Increase/(Decrease) to Rate Base

\$ 42,759

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47 Supporting Schedules

48 Schedule B5 Rebuttal

49

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**Anthem Water**

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

Exhibit  
Schedule B-3 Rebuttal  
Page 4  
Witness: Hubbard

Line			
<u>No.</u>			
1	<u>RCN - ADIT</u>		
2	Adjusted at End of Test Year		
3			
4			
5	RCN Rate Base Before ADIT and Other Items	\$ 81,788,098	(b)
6			
7	Original Cost Rate Base Before ADIT and Other Items	\$ 52,210,422	(a)
8			
9	Ratio (factor)	1.5665	Line [5] / Line [7]
10			
11	Adjusted Original Cost Net ADIT	\$ 990,099	(c)
12			
13	Factor	1.5665	Line [9]
14			
15	Rebuttal Adjusted - RCN ADIT	\$ 1,550,999	Line [11] * Line [13]
16			
17	Direct Adjusted - RCN ADIT	2,659,096	(b)
18			
19	Increase / (Decrease) to Deferred Income Taxes	<u>\$ (1,108,097)</u>	Line [15] - Line [17]
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45	Supporting Schedules		
46	(a) Schedule B-2 Rebuttal		
47	(b) Schedule B-3 Rebuttal		
48	(c) Schedule B-1 Rebuttal		
49			
50	\2016 Anthem Water Rebuttal.xlsm		

**Anthem Water**

Test Year Ended December 31, 2016  
Rate Base Adjustment SLH-RCN3 REB

Exhibit  
Schedule B-3 Rebuttal  
Page 5  
Witness: Hubbard

Line

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Supporting Schedules  
(a) Schedule B-2 Rebuttal  
(b) Schedule B-3 Rebuttal  
(c) Schedule B-1 Rebuttal  
Adjustments RB2 Rebuttal and RB3 Rebuttal  
\\2016 Anthem Water Rebuttal.xlsm

Line			
<u>No.</u>			
1	<u>RCN - Regulatory Liability - ADIT</u>		
2			
3	Adjusted at End of Test Year		
4			
5	Net Rebuttal RCN Depreciable Plant in Service	\$ 105,275,277 (b)	
6			
7	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$ 67,203,748 (a)	
8			
9	Ratio (factor)	1.5665 Line [5] / Line [7]	
10			
11	Adjusted Original Cost - Regulatory Liability - ADIT Tax Reform	\$ 671,261 (c)	
12			
13	Factor	1.5665 Line [9]	
14			
15	Rebuttal Adjusted - RCN Regulatory Liability - ADIT - Tax Reform	<u>\$ 1,051,536</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>\$ 1,051,536</u></u> Line [15] - Line [17]	
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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 Anthem Water Rebuttal.xlsm		



**Anthem Water**

Test Year Ended December 31, 2016  
Rate Base Adjustment SLH-RCN5 REB

Exhibit  
Schedule B-3 Rebuttal  
Page 7  
Witness: Hubbard

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	\$ 2,976,070	\$ 2,976,070	\$ 2,697,154	\$ 2,697,154	\$ 278,916
6						
7						
8	Accumulated Depreciation	\$ 121,351	\$ 121,351	\$ 79,065	\$ 79,065	\$ 42,286
9						
10						
11	Increase/(Decrease) to Plant in Service and A/D	\$ 2,854,719	\$ 2,854,719	\$ 2,618,089	\$ 2,618,089	\$ 236,630
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47	Supporting Schedules					
48	Rate Base Adjustment JPB-RB5 REB					
49						
50	\\2016 Anthem 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]	\$	(1,485,814)		\$ (7,988)	\$ (1,477,827)
4							
5	Retirements - Accumulated Depreciation	Col [H]	\$	(789,538)		\$ (6,048)	\$ (783,490)
6							
7							
8	<u>Anthem Water District</u>						
9		[D]		[E]	[F]	[G]	[H]
10	Asset	Original		<u>Retirement</u>			
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	\$1,817,408	\$	825,525	\$ 825,525	\$ 1,484,840	\$ 789,246
13							
14							
15							
16	<u>7A Allocated</u>			4- Factor	General Metered Customers		4.7401%
17							
18		[D]		[E]	[F]	[G]	[H]
19	Asset	Original		<u>Retirement</u>			
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	4.7401%	\$ 975	\$ 292
24							Line 21 * GMC Factor
25							
26						<u>\$ 1,485,814</u>	<u>\$ 789,538</u>
27							Line 12 + Line 23
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44							
45	Supporting Schedules						
46							
47	(a) ADJ SMC-RCN20						
48	(b) Retirements By District by Asset#.xlsx						
49							
50	\2016 Anthem Water Rebuttal.xlsm						

**Anthem Water**

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

Exhibit  
Schedule B-3 Rebuttal  
Page 9  
Witness: Hubbard

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	\$	105,275,277	(b)
6				
7	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$	67,203,748	(a)
8				
9	Ratio (factor)		1.5665	Line [5] / Line [7]
10				
11	Adjusted Original Cost AIAC	\$	6,445,735	(c)
12				
13	Factor		1.5665	Line [9]
14				
15	Rebuttal Adjusted - RCN AIAC	\$	10,097,302	Line [11] * Line [13]
16				
17	Direct Adjusted - RCN AIAC		9,797,146	(b)
18				
19	Increase / (Decrease) to AIAC	\$	300,156	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	\$	105,275,277	(b)
28				
29	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$	67,203,748	(a)
30				
31	Ratio (factor)		1.5665	Line [27] / Line [29]
32				
33	Adjusted Original Cost CIAC	\$	8,547,590	(c)
34				
35	Factor		1.5665	Line [31]
36				
37	Rebuttal Adjusted - RCN CIAC	\$	13,389,877	Line [33] * Line [35]
38				
39	Direct Adjusted - RCN CIAC		13,495,612	(b)
40				
41	Increase / (Decrease) to CIAC	\$	(105,735)	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 Anthem Water Rebuttal.xlsm			

**Anthem Water**

Test Year Ended December 31, 2016  
Rate Base Adjustment SLH-RCN8 REB

Exhibit  
Schedule B-3 Rebuttal  
Page 10  
Witness: Hubbard

Line No.			
1	<u>RCN - Customer Meter Deposits</u>		
2	Adjusted at End of Test Year		
3			
4			
5	Net Direct RCN Depreciable Plant in Service	\$ 105,275,277	(b)
6			
7	Net Direct Adjusted Original Depreciable Plant in Service	\$ 67,203,748	(a)
8			
9	Ratio (factor)	1.5665	Line [5] / Line [7]
10			
11	Adjusted Original Cost Customer Meter Deposits	\$ 6,500	(c)
12			
13	Factor	1.5665	Line [9]
14			
15	Rebuttal Adjusted - RCN Customer Meter Deposits	\$ 10,182	Line [11] * Line [13]
16			
17	Direct Adjusted - RCN Customer Meter Deposits	\$ 10,263	(b)
18			
19	Increase / (Decrease) to Customer Meter Deposits		Line [15] - Line [17] <u>\$ (80)</u>
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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 Anthem Water Rebuttal.xlsm		

**Anthem Water**

Test Year Ended December 31, 2016  
Rate Base Adjustment SLH-RCN9 REB

Exhibit  
Schedule B-3 Rebuttal  
Page 11  
Witness: Hubbard

Line

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47 Supporting Schedules

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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	\$ 105,275,277	(b)
6			
7	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$ 67,203,748	(a)
8			
9	Ratio (factor)	1.5665	Line [5] / Line [7]
10			
11	Adjusted Original Cost - Deferred Debits	\$ 3,337,198	(c)
12			
13	Factor	1.5665	Line [9]
14			
15	Rebuttal Adjusted - RCN Regulatory Liability - Deferred Debits	\$ 5,227,751	Line [11] * Line [13]
16			
17	Direct Adjusted - RCN Regulatory Liability - Deferred Debits	\$ 5,269,033	(b)
18			
19	Increase / (Decrease) to Deferred Debits	Line [15] - Line [17]	\$ <u>(41,282)</u>
20			
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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 Anthem Water Rebuttal.xlsm		

Line			
<u>No.</u>			
1			
2	Cash Working Capital Requirement	(a) \$	(214,823)
3	Required Bank Balances <sup>1</sup>		-
4	Material and Supplies Inventories <sup>1</sup>		157,757
5	Prepayments <sup>1</sup>		38,391
6			
7	Total Working Capital Allowance	Sum Lines [2-5] \$	<u>(18,675)</u>
8			
9	Less Company amount in Original Filing		(61,434)
10			
11	Increase/(Decrease) to Rate Base	Line [7] - Line [9] \$	<u><u>42,759</u></u>
12			
13			
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17	<sup>1</sup> Calculated using thirteen-month averages.		
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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 Anthem 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	\$ 1,440,462	40.146	30.633	9.513	0.026	\$ 37,544
3	Purchased Water	795,864	40.146	-	40.146	0.110	87,537
4	Fuel & Power	785,361	40.146	48.669	(8.523)	(0.023)	(18,338)
5	Chemicals	83,675	40.146	54.941	(14.794)	(0.041)	(3,392)
6	Waste Disposal	3,817	40.146	31.063	9.083	0.025	95
7	Intercompany Support Services	-	40.146	30.417	9.730	0.027	-
8	Corporate Allocation	302,879	40.146	30.420	9.726	0.027	8,071
9	Outside Services	188,519	40.146	34.355	5.791	0.016	2,991
10	Group Insurance	449,580	40.146	(10.716)	50.862	0.139	62,649
11	Regulatory Expense	-	-	-	-	-	-
12	Insurance Other Than Group	92,413	40.146	72.688	(32.542)	(0.089)	(8,239)
13	Customer Accounting	315,974	40.146	49.828	(9.682)	(0.027)	(8,381)
14	Rents	36,682	40.146	13.376	26.770	0.073	2,690
15	General Office Expense	129,093	40.146	39.271	0.876	0.002	310
16	Miscellaneous	(84,347)	40.146	27.800	12.347	0.034	(2,853)
17	Maintenance Expense	175,621	40.146	46.886	(6.740)	(0.018)	(3,243)
18							
19							
20	<u>Taxes</u>						
21	Property Taxes	\$ 535,591	40.146	213.250	(173.104)	(0.474)	\$ (254,008)
22	General Taxes - Payroll			-			
23	General Taxes - Other	120,094	40.146	(131.381)	171.527	0.470	56,437
24	Income Tax	924,135	40.146	41.750	(1.604)	(0.004)	(4,060)
25							
26	Interest	\$ 1,201,102	40.146	92.000	(51.854)	(0.142)	\$ (170,634)
27							
28							
29							
30							
31	WORKING CASH REQUIREMENT	<u>\$ 7,496,515</u>					<u>\$ (214,823)</u>

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Supporting Schedules:  
 (a) C-1 Rebuttal

Recap Schedules:  
 B-5 Rebuttal

Workpapers & Supporting Documents  
 \ Lead-Lag Expense.xlsx  
 \ Billing Cycles.xlsx  
 \2016 Anthem Water Rebuttal.xlsm