

Agua Fria Water

C Schedules

Rejoinder

Line No.	Test Year Book Results (a)	Total Pro Forma Adjustments (a)	Test Year Adjusted Results (a)	Proposed Rate Increase (a)	Adjusted with Rate Increase (a)	
	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [C] + [D]	
1 Revenues						
2 Water	\$ 43,814,923	\$ -	\$ 43,814,923	\$ (2,811,229)	\$ 41,003,694	
3 Other Revenues	890,198	-	890,198	-	890,198	
4 Total Revenues	\$ 44,705,121	\$ -	\$ 44,705,121	\$ (2,811,229)	\$ 41,893,892	Sum Lines [2-3]
5						
6 Operating Expenses						
7 Labor	\$ 3,908,572	\$ -	\$ 3,908,572	\$ -	\$ 3,908,572	
8 Purchased Water	-	2,647,812	2,647,812	-	2,647,812	
9 Fuel & Power	-	2,376,320	2,376,320	-	2,376,320	
10 Chemicals	795,306	(30,184)	765,121	-	765,121	
11 Waste Disposal	31,231	58	31,288	-	31,288	
12 Intercompany Support Services	-	-	-	-	-	
13 Corporate Allocation	1,170,605	(16,570)	1,154,035	-	1,154,035	
14 Outside Services	655,290	(27,102)	628,188	-	628,188	
15 Group Insurance	1,219,718	-	1,219,718	-	1,219,718	
16 Pensions	-	-	-	-	-	
17 Regulatory Expense	104,402	(104,402)	-	-	-	
18 Insurance Other Than Group	328,931	(321)	328,610	(7,276)	321,334	
19 Customer Accounting	1,459,158	11,048	1,470,206	(5,256)	1,464,950	
20 Rents	141,937	-	141,937	-	141,937	
21 General Office Expense	438,320	(42,662)	395,658	-	395,658	
22 Miscellaneous	100,786	165	100,951	-	100,951	
23 Maintenance Expense	954,310	1,176	955,486	-	955,486	
24 Depreciation & Amortization	12,522,969	(115,236)	12,407,732	-	12,407,732	
25 General Taxes-Property	2,023,902	(228,694)	1,795,208	(37,176)	1,758,032	
26 General Taxes-Other	342,088	-	342,088	-	342,088	
27 Income Taxes	5,992,348	(3,197,148)	2,795,200	(686,818)	2,108,382	
28						
29 Total Operating Expenses	\$ 32,189,874	\$ 1,274,257	\$ 33,464,131	\$ (736,526)	\$ 32,727,605	Sum Lines [7-27]
30 Utility Operating Income	\$ 12,515,247	\$ (1,274,257)	\$ 11,240,990	\$ (2,074,703)	\$ 9,166,287	Line [4] - Line [29]
31 Other Income & Deductions						
32 Other Income & Deductions	\$ (429,504)	\$ -	\$ (429,504)	\$ -	\$ (429,504)	
33 Interest Expense	2,814,660	(17,262)	2,797,397	-	2,797,397	
34 Other Expense	-	-	-	-	-	
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	
36 Total Other Income & Deductions	\$ 2,385,156	\$ (17,262)	\$ 2,367,894	\$ -	\$ 2,367,894	Sum Lines [32-35]
37 Net Profit / (Loss)	\$ 10,130,091	\$ (1,256,995)	\$ 8,873,096	\$ (2,074,703)	\$ 6,798,393	Line [30] - Line [36]

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 43 Supporting Schedules:
 44 (a) C-2 Rejoinder
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 46
 47
 48 Workpapers & Supporting Documents
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 50 \2016 Agua Fria Water Rejoinder.xlsm

Recap Schedules:
 A-1 Rejoinder

Line No.	REJOINDER ADJUSTMENTS									
	Page 14 [L] ADJ SLH-IS11 REB	Page 15 [M] ADJ JPB-IS12 REB	Page 16 [N] ADJ SLH-IS13 REB	Page 17 [O] ADJ SLH-IS14 REB	Page 18 [P] ADJ JPB-IS15 REB	Page 19 [Q] ADJ JPB-IS16 REB	Page 20 [R] ADJ JPB-IS17 REJ	Page 21 [S] ADJ SLH-IS18 REJ	Page 22 [T] ADJ JPB-IS19 REJ	Page 23 [U] ADJ JPB-IS20 REJ
	<u>Partially Accept Staff IS Adj #3: Adjust Outside Services Expense</u>	<u>Adjust Postage Expense</u>	<u>Partially Accept Staff IS Adj #5: Adjust Regulatory Expense</u>	<u>Partially Accept Staff IS Adj #4: Adjust General Office Expense</u>	<u>Accept Staff IS Adj #1 & RUCO IS Adj #4: Adjust Fuel and Power Expense</u>	<u>Accept Staff IS Adj #2 & RUCO IS Adj #3: Adjust Purchased Water Expense</u>	<u>Update Depreciation Expense - Post Test Year Plant - Rejoinder</u>	<u>Update Corporate Allocation - Rejoinder</u>	<u>Update Fuel and Power Expense - Rejoinder</u>	<u>Update Purchased Water Expense - Rejoinder</u>
1 Revenues										
2 Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	-	-	-	-	-	-	-	-	-	-
4 Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 Operating Expenses										
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Purchased Water	-	-	-	-	-	2,899,881	-	-	-	(252,069)
9 Fuel & Power	-	-	-	-	2,864,716	-	-	(488,396)	-	-
10 Chemicals	-	-	-	-	-	-	-	-	-	-
11 Waste Disposal	-	-	-	-	-	-	-	-	-	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	-	-	-	-	-	-	(16,726)	-	-	-
14 Outside Services	(28,309)	-	-	-	-	-	-	-	-	-
15 Group Insurance	-	-	-	-	-	-	-	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	-	-	(104,402)	-	-	-	-	-	-	-
18 Insurance Other Than Group	-	-	-	-	-	-	-	-	-	-
19 Customer Accounting	-	2,568	-	-	-	-	-	-	-	-
20 Rents	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	-	-	-	(26,506)	-	-	-	-	-	-
22 Miscellaneous	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	-	-	-	-	-	-	-	-	-	-
24 Depreciation & Amortization	-	-	-	-	-	-	(33,017)	-	-	-
25 General Taxes-Property	-	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	-	-	-	-	-	-	-	-	-	-
27 Income Taxes	-	-	-	-	-	-	-	-	-	-
29 Total Operating Expenses	\$ (28,309)	\$ 2,568	\$ (104,402)	\$ (26,506)	\$ 2,864,716	\$ 2,899,881	\$ (33,017)	\$ (16,726)	\$ (488,396)	\$ (252,069)
30 Utility Operating Income	\$ 28,309	\$ (2,568)	\$ 104,402	\$ 26,506	\$ (2,864,716)	\$ (2,899,881)	\$ 33,017	\$ 16,726	\$ 488,396	\$ 252,069
31 Other Income & Deductions										
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	-	-	-	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-
36 Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37 Net Profit / (Loss)	\$ 28,309	\$ (2,568)	\$ 104,402	\$ 26,506	\$ (2,864,716)	\$ (2,899,881)	\$ 33,017	\$ 16,726	\$ 488,396	\$ 252,069
38										
39 Rebuttal Amounts	28,309	(2,568)	104,402	26,506	(2,864,716)	(2,899,881)	-	-	-	-
40 Increase in Rejoinder	-	-	-	-	-	-	33,017	16,726	488,396	252,069
41										
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43										
44 Supporting Schedules:										
45 E-6										
46										
47										
48 Workpapers & Supporting Documents:										
49										
50 \2016 Agua Fria Water Rejoinder.xlsx										

Recap Schedules:
 C-1 Rejoinder

REJOINDER ADJUSTMENTS cont.

	Page 24	Page 25	Page 26	Page 27					
	[V]	[W]	[X]	[Y]	[Z]	[AA]	[AB]	[AC]	
	ADJ SLH-IS21 REJ	ADJ JPB-IS22 REJ	ADJ JPB-IS23 REJ	ADJ SLH-IS24 REJ	Sum [B - Y]	Sum [A] + [Z]		Sum [AA] + [AB]	
<u>Line No.</u>	<u>Update General Office Expense - Rejoinder</u>	<u>Update CPI - Rejoinder</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Total Pro Forma Adjustments</u>	<u>Test Year Adjusted Results</u>	<u>Proposed Rate Increase</u>	<u>Adjusted Rate Increase</u>	
1	Revenues								
2	Water	\$ -	\$ -	\$ -	\$ -	\$ 43,814,923	\$ (2,811,229)	\$ 41,003,694	
3	Other Revenues	-	-	-	-	890,198		890,198	
4	Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 44,705,121	\$ (2,811,229)	\$ 41,893,892	
5									
6	Operating Expenses								
7	Labor	\$ -	\$ -	\$ -	\$ -	\$ 3,908,572		\$ 3,908,572	
8	Purchased Water	-	-	-	-	2,647,812		2,647,812	
9	Fuel & Power	-	-	-	-	2,376,320		2,376,320	
10	Chemicals	-	(30,184)	-	-	(30,184)		765,121	
11	Waste Disposal	-	(444)	-	-	58		31,288	
12	Intercompany Support Services	-	-	-	-	-		-	
13	Corporate Allocation	-	(1,206)	-	-	(16,570)		1,154,035	
14	Outside Services	-	(9,316)	-	-	(27,102)		628,188	
15	Group Insurance	-	-	-	-	-		1,219,718	
16	Pensions	-	-	-	-	-		-	
17	Regulatory Expense	-	-	-	-	(104,402)		-	
18	Insurance Other Than Group	-	-	-	-	(321)		328,610	(7,276)
19	Customer Accounting	-	(2,282)	-	-	11,048		1,470,206	(5,256)
20	Rents	-	-	-	-	-		141,937	
21	General Office Expense	(17,156)	(7,716)	-	-	(42,662)		395,658	
22	Miscellaneous	-	(1,271)	-	-	165		100,951	
23	Maintenance Expense	-	(9,078)	-	-	1,176		955,486	
24	Depreciation & Amortization	-	-	-	-	(115,236)		12,407,732	
25	General Taxes-Property	-	-	-	-	(228,694)		1,795,208	(37,176)
26	General Taxes-Other	-	-	-	-	-		342,088	
27	Income Taxes	-	-	-	-	(3,197,148)		2,795,200	(686,818)
28									
29	Total Operating Expenses	\$ (17,156)	\$ (61,497)	\$ -	\$ -	\$ 1,274,257	\$ 33,464,131	\$ (736,526)	\$ 32,727,605
30	Utility Operating Income	\$ 17,156	\$ 61,497	\$ -	\$ -	\$ (1,274,257)	\$ 11,240,990	\$ (2,074,703)	\$ 9,166,287
31	Other Income & Deductions								
32	Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (429,504)	\$ -	\$ (429,504)
33	Interest Expense	-	-	-	-	(17,262)		2,797,397	
34	Other Expense	-	-	-	-	-		-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-		-	
36	Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ (17,262)	\$ 2,367,894	\$ -	\$ 2,367,894
37	Net Profit / (Loss)	\$ 17,156	\$ 61,497	\$ -	\$ -	\$ (1,256,995)	\$ 8,873,096	\$ (2,074,703)	\$ 6,798,393
38									
39	Rebuttal Amounts	-	-	-	-	(1,937,514)		8,192,577	(1,318,997)
40	Increase in Rejoinder	17,156	61,497	-	-	680,519		680,519	(755,706)
41									
42									
43									
44	Supporting Schedules:								
45	E-6								
46									
47									
48	Workpapers & Supporting Documents:								
49									
50	\\2016 Agua Fria Water Rejoinder.xlsm								

Recap Schedules:
 C-1 Rejoinder

Line
 No.

	[A]	[B]
	<u>Property Tax Expense</u>	<u>Property Tax Expense For Conversion Factor</u>
1 <u>Adjust Property Taxes to Reflect Adjusted Test Year Revenues</u>		
2 The Company adjusted property tax rate based on 2016 property tax bills received from Maricopa County Assessor.		
3		
4		
5		
6 Adjusted Revenues in Year Ended December 2016	\$ 44,705,121	\$ 44,705,121
7 Adjusted Revenues in Year Ended December 2016	44,705,121	44,705,121
8 Proposed Revenues	44,705,121	41,893,892
9 Average of Three Year's of Revenue	Avg Lines[6] thru [8] \$ 44,705,121	\$ 43,768,045
10 Average of Three Year's of Revenue, times 2	Line[9] * 2 \$ 89,410,242	\$ 87,536,089
11 Add:		
12 Construction Work in Progress at 10%	(a) 1,197,507	1,197,507
13 Deduct:		
14 Net Book Value of Transportation Equipment	\$ 105,662	\$ 105,662
15		
16 Full Cash Value	Sum Lines[10-12] - Line[14] \$ 90,502,086	\$ 88,627,934
17 Assessment Ratio (For 2016 per HB 2001 Sec 42-15001)	18.0%	18.0%
18 Assessed Value	Line[16]*Line[17] \$ 16,290,376	\$ 15,953,028
19 Property Tax Rate	(c) 11.02%	11.02%
20		
21 Property Tax	Line[18]*Line[19] 1,795,208	1,758,032
22 Tax on Parcels	-	-
23		
24 Adjusted Test Year Property Taxes at Present Rates	Line[21]+Line[22] \$ 1,795,208	
25 Adjusted Test Year Property Taxes	(b) 2,023,902	
26 Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder)	Line[24] - Line[25] \$ (228,694)	
27		
28 Adjusted Test Year Property Taxes at Proposed Rates		Sum Lines[21-27] \$ 1,758,032
29 Adjusted Test Year Property Taxes at Present Rates		Line[24] Col [A] 1,795,208
30 Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)		Line[28] - Line[29] \$ (37,176)
31		
32		
33		
34 <u>CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 Rejoinder):</u>		
35		
36	Increase in Property Tax Due to Increase in Revenue Requirement (Line 30, Col [B])	\$ (37,176)
37		
38	Increase in Revenue Requirement (From Sch. A-1 Rejoinder)	\$ (2,811,229)
39		
40	Increase in Property Tax Per Dollar Increase in Revenue (Line 36/Line 38)	1.32%
41		
42		
43		
44 <u>Workpapers & Supporting Documents:</u>		
45		
46 (a) Sch E1		
47 (b) Sch C2 Rejoinder		
48 (c) \Composite Property Tax Rate 2016.xlsx		
49		
50 \2016 Agua Fria Water Rejoinder.xlsm		

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase
1	<u>Federal and State Income Taxes</u>			
2				
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6				
7	Operating Income Before Inc. Taxes		\$ 14,036,190	\$ 11,274,669
8	Interest Expense		2,797,397	2,797,397
9	Arizona Taxable Income		<u>Line[7] - Line[8] \$ 11,238,792</u>	<u>\$ 8,477,271</u>
10				
11	Arizona Income Tax	4.90%	<u>Line[9] * 0.049 \$ 550,701</u>	<u>\$ 415,386</u>
12				
13				
14	Federal Income Before Taxes		Line[9] \$ 11,238,792	\$ 8,477,271
15	Less Arizona Income Taxes		Line[11] 550,701	415,386
16	Federal Taxable Income		<u>Line[14] - Line[15] \$ 10,688,091</u>	<u>\$ 8,061,885</u>
17				
18	FEDERAL INCOME TAXES:			
19				
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21				
22				
23				
24				
25	Federal Income Taxes	21.00%	<u>Line[16] * 0.21 \$ 2,244,499</u>	<u>\$ 1,692,996</u>
26				
27				
28	Total Income Tax		<u>Line[15]+Line[25] \$ 2,795,200</u>	<u>\$ 2,108,382</u>
29				
30	Tax Rate		<u>Line[28] / Line[9] 24.87%</u>	<u>24.87%</u>
31				
32	Effective Income Tax Rates			
33	State		Line[11] / Line[9] 4.900%	4.900%
34	Federal		Line[25] / Line[9] 19.97%	19.97%
35				
36				
37	Adjusted Test Year Income Taxes		(a) \$ 5,992,348	
38	Increase in Income Taxes,		<u>Line[28] - Line[37] \$ (3,197,148)</u>	
39				
40	Adjustment to Revenues and/or Expense		<u>Line[38] \$ (3,197,148)</u>	
41				
42	Test Year Income Taxes,			Line[28] \$ 2,795,200
43	Increase in Income Taxes			Line[28] - Line[42] (686,818)
44				
45	Adjustment to Revenue and/or Expense			<u>Line[43] \$ (686,818)</u>
46				
47	<u>Workpapers & Supporting Documents:</u>			
48	(a) Sch C2 Rejoinder			
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50	\\2016 Agua Fria Water Rejoinder.xlsm			

Line			
<u>No.</u>			
1	<u>Interest Synchronization with Rate Base</u>		
2			
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6	Original Cost Rate Base (Sch. B-1 Rejoinder , Ln. 28)	(a) \$	125,443,832
7	Weighted Cost of Debt from Schedule D-1 Rejoinder	(c)	2.23%
8	Synchronized Interest Expense	Line[6]*Line[7]	\$ 2,797,397
9			
10	Test Year Interest Expense Adjusted	(b) \$	<u>2,814,660</u>
11			
12	Adjusted Test Year Interest Expense	Line[10]	\$ 2,814,660
13			
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	\$ <u>(17,262)</u>
15			
16	Rejoinder Adjustment to Revenue and/or Expense	Line[14]	\$ <u>(17,262)</u>
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45	<u>Workpapers & Supporting Documents:</u>		
46	(a) Sch B1 Rejoinder		
47	(b) Sch C2 Rejoinder		
48	(c) Sch D1 Rejoinder		
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Line
 No.

1 Regulatory Liability - ADIT Amortization - Tax Reform Adj

2
 3 The Company is updating its Deferred Income Tax Balance to reflect the impact of the Tax Cuts and Jobs Act of 2017. This caused the Company to create a Regulatory Liability for this amount as reflected in
 4 Rate Base proforma adjustment KDB-RB2-REB. This Income Statement proforma adjustment reflects the annual amortization of that rate base adjustment.
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8	Regulatory Liability - ADIT that resulted from the decrease in the Federal Income Taxes	\$ 3,386,958 (a)
9		
10	Amortization Rate	<u>2.7435%</u> (b)
11		
12	Annual Amortization	\$ (92,920) Line [8] * Line [10]
13		
14		
15		
16	Increase/ (Decrease) to Depreciation/ Amortization	<u>\$ (92,920)</u> Line [12]
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45 Workpapers & Supporting Documents:
 46 (a) Rate Base Adjustment ADJ SLH-RB2 REB
 47 (b) ADIT Adjustment REBUTTAL.xlsx
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 49
 50 \2016 Agua Fria Water Rejoinder.xlsm

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45 Workpapers & Supporting Documents:

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Line
 No.

1 Partially Accept Staff IS ADJ #6: Adjust Depreciation Expense - Post Test Year Plant 2017

2
 3 Adjustment to Annualize Depreciation Expense on Updated Post Test Year Plant for 2017. Includes updating projects through 12/31/2017 with actual expenditure.
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	[A]	[B]	[C] = [A] * [B]
	Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC - FINAL 2017 PTYP (a)	Allocation Factor	Depreciation Expense
17 Depreciation on Post Test Year Plant Additions - Agua Fria Water	\$ 1,765,255	100.0000%	\$ 1,765,255
18 Depreciation on Additional TY Plant Additions - Agua Fria Water	27,599	100.0000%	27,599
19 Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	23.1862%	11,285
20 Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	23.1862%	4,029
21 Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	21.1164%	50,005
22 Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	21.1164%	36,857
	<u>\$ 2,270,246</u> <small>Sum Lines [17 - 22]</small>		
23			
24			
25			
26			
27 Depreciation Expense on 2017 Post Test Plant per Rebuttal			\$ 1,895,029 <small>Sum Lines[17] thru [22]</small>
28			
29 Depreciation Expense on 2017 Post Test Plant per Company's Original Application			<u>\$ 1,853,478</u> <small>(b)</small>
30			
31			
32			
33 Increase / (Decrease) to Depreciation Expense			\$ 41,551 <small>Line[27] - Line[30]</small>
34			
35 Rebuttal Adjustment to Revenue and/or Expense			<u>\$ 41,551</u> <small>Line[33]</small>
36			
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45 <u>Workpapers & Supporting Documents:</u>			
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 Agua Fria Water Rejoinder.xlsm			

Line
 No.

1 Partially Accept Staff IS Adj #6: Adjust Depreciation Expense - Retirements

2
 3 The Company has adjusted retirements in ADJ KDB-RB-6 REB. This adjustment updates the depreciation expense associated with the updated retirements.
 4
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 6

GMC 4 Factor	23.1862%
Arizona Total	91.0728%
Alloc Factor	21.1164% <small>Line[8]*Line[9]</small>

	[A]	[B]	[C] = [A] * [B]
	Depreciation on Retirements per Summary of Plant and A/D by NARUC Updated for Final 2017 PTYP (a)	Allocation Factor	Depreciation Expense

17	Depreciation on Retirements on Test Year Plant - Agua Fria Water	\$ (39,735)	100.0000%	\$ (39,735)
18	Depreciation on Retirements on Test Year Plant - 7A Corporate Plant Allocated	(1,774)	23.1862%	(411)
19	Depreciation on Retirements on Test Year Plant - 6U Plant Allocated	-	21.1164%	-
26	Depreciation Expense on 2017 Retirements per Rebuttal			\$ (40,146) <small>Sum Lines [17 - 19]</small>
29	Depreciation Expense on 2017 Retirements per Company's Original Application			\$ (9,296) (b)
32	Increase / (Decrease) to Depreciation Expense			\$ (30,850) <small>Line[26] - Line[29]</small>
34	Rebuttal Adjustment to Revenue and/or Expense			\$ (30,850) <small>Line[32]</small>

45 Workpapers & Supporting Documents:
 46 (a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xlsx
 47 (b) Schedule C2 Adj SLM - IS25
 48
 49
 50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Adjust Insurance Other Than Group

2
 3 Insurance Other Than Group consists of 16 separate components. Annually, the Company reports certain business statistics to its insuring agencies including Revenues, Plant Balances, Employee Count, Total
 4 Payroll and Vehicle Counts. Each of the 16 components is adjusted annually based on these statistics. The primary components are property insurance, excess liability, worker's compensation, and crime. The
 5 Company has taken the average rate applicable to each of these components for the last four years, and made a conforming adjustment for employee count, test year and proposed revenues, and property.
 6 This is a conforming adjustment and updated with the values in the Rebuttal Filing.

	DIRECT PLANT	[1]	[2]	[1] * [2] = [3]
8	Test Year	ZF	AZ	AZ-Factor
9	Adj Results	District 4-Factor	26.6446%	87.7062%
10	Gross Property Value at 12/31/2016	\$ 391,884,154	Schb2 Rebuttal Line [2]	
11	% of Plant Insured	47.75%	\Insurance]1. Property & Terrorism [23]	

12
 13
 14 Gross Plant Insured \$ 187,112,973 Line [11] * Line [12]

	Test Year Adjusted Results	Schc2 Rebuttal [X][14]	Adjusted with Rate Increase	Schc2 Rebuttal [Z][14]	Adjusted with Rate Increase
	[A]	[B]	[C] = [A] * [B]	[D]	[E] = [D] * [B]
Adjusted Revenues in Year Ended December 2016	Amount	Rate	Premium	Amount	Premium
22 1. Property Insurance	\$ 187,112,973	0.0526%	98,408	\$ 187,112,973	\$ 98,408
23 2. Excess Liability	44,705,121	0.2588%	115,709	41,893,892	108,433
24 3. Umbrella Liability	95,767	23.3690%	22,380	95,767	22,380
25 4. Autos	278,350	23.3690%	65,048	278,350	65,048
26 5. Workers Compensation	269,673	1.6543%	4,461	269,673	4,461
27 6. Pollution *	3,554	1.00	3,554	3,554	3,554
28 7. D&O	13,367	23.3690%	3,124	13,367	3,124
29 8. Fiduciary	1,483	23.3690%	347	1,483	347
30 9. Crime	61	7.76	474	61	474
31 10. Employed Lawyers	1,196	23.3690%	280	1,196	280
32 11. Non Owned Pollution	19,339	23.3690%	4,519	19,339	4,519
33 12. Employment Practices	61	5.30	323	61	323
34 13. Utilities Bond **	22,331	0.0000%	-	22,331	-
35 14. Cyber Insurance	11,366	23.3690%	2,656	11,366	2,656
36 15. Sun City Flood Insurance	2,356	0.0000%	-	2,356	-
37 16. LAPP	19,383	23.3690%	4,530	19,383	4,530
38					
39 Total			\$ 325,812	Sum Col [C]	\$ 318,536

40
 41
 42 Adjusted Test Year Insurance Other Than Group From Original Filing \$ 326,133
 43 Increase/(Decrease) to Insurance Other Than Group \$ (321) Line [39] - Line [42] \$ (7,276)

44
 45 Workpapers & Supporting Documents:
 46 \Insurance Other than Group.xlsx (aka Insurance)
 47 \Payroll, Benefits, & Taxes 2016.xlsx (aka Payroll)
 48 Income Statement Adjustment SLM-IS27
 49
 50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Adjust CPI for 2017

2
 3 Operating expenses are expected to increase in each of the future years due to inflation and other increasing costs factors. To compensate for regulatory lag, EPCOR proposes an increase for 2017 and 2018
 4 correlated with the consumer price index for the Phoenix metropolitan area for all operating expenses where an adjustment has not already been proposed. Chemical expense is projected to increase by 4%
 5 based on initial service contracts negotiations that are being worked on with the vendor.
 6

7 2016 Unadjusted Expenses

Description	Account	Amount (a)	Consumer Price Index - Phoenix Urban Consumers				IS JPB ADJ #23	[E]	[F] = [D] - [E]
			Year	Annual Index	Increase	Ave Increase			
Chemicals	5263	\$ 725,589	A	2014	127.823				
Other Utilities	5621	\$ 30,534	B	2015	128.019	0.15%			
Asset Usage Fee - Corporate	6203	\$ 82,920	C	2016	130.107	1.63%			
Consulting Engineering	5227	\$ 23,761	D	2017	133.324	2.47%	1.4%		
Contractors and Consultants	5250	\$ 391,479	D	Chemical Increase				4.0%	
Administrative Contractors	5679	\$ 5,782	D	[A] * Line [12]	[A] + [B] * Line [12]				
Outside Computer Charges (T1)	5628	\$ 94,203	D	Chemical [13]	Chemical [13]				
Temporary Support	5629	\$ 52,655	D	[A]	[B]	[C]	[D] = [B] + [C]	[E]	
Legal Fees	5681	\$ 72,776	D	Total	Year 1	Year 2	Revised Total	Original Total	
Service Charges	5615	\$ 88,845	E	Chemicals	\$ 725,589	\$ 29,024	\$ 30,184	\$ 59,208	\$ 59,208
Customer Communications	5674	\$ 68,111	E	Waste Disposal	30,534	755	444	1,199	697
Rent and Storage	5810	\$ 141,937	F	Corporate Allocatio	82,920	2,050	1,206	3,256	1,894
Freight and Courier	5262	\$ 7,257	F	Outside Services	640,656	15,841	9,316	25,156	14,634
Telephone, Long Distance, Data	5620	\$ 126,986	F	Customer Accountii	156,956	3,881	2,282	6,163	3,585
Stationary, Printing & Other O	5622	\$ 72,192	F	General Office Exp	530,640	13,120	7,716	20,836	12,121
Office Machines, Furniture	5623	\$ 13,257	F	Miscellaneous	87,430	2,162	1,271	3,433	1,997
Parking	5630	\$ 1,329	F	Maintenance Exper	624,327	15,437	9,078	24,515	14,261
Vehicle Allowance	5631	\$ 7,458	F	Sum Lines[18]thru[25]	\$ 2,879,051	\$ 82,270	\$ 61,497	\$ 143,767	\$ 108,398
Vehicle Allowance	5271	\$ 81	F						
Business Allowance	5634	\$ 3,651	F						
Memberships Dues & Professiona	5640	\$ 26,558	F						
Subscriptions	5641	\$ 5,772	F						
Airfare	5650	\$ 19,305	F						
Accommodation, Other Travel	5651	\$ 25,125	F						
Employee Working Meals	5652	\$ 24,965	F						
Training - Fees/Tuition	5660	\$ 54,718	F						
Training Fee	5252	\$ 48	F						
FR Clothing	5273	\$ 38,015	G						
Miscellaneous	5697	\$ 49,415	G						
Stock	5260	\$ 16,545	H						
Materials, Supplies	5261	\$ 245,100	H						
Veh. and Equip.-Allocation	5270	\$ 112,271	H						
Equipment	5275	\$ 8,431	H						
Hardware	5624	\$ 4,796	H						
Software	5625	\$ 14,414	H						
Maintenance	5811	\$ 172,841	H						
Vehicle Maintenance	5823	\$ 49,927	H						
		\$ 2,879,051	Sum Lines [9 thru 45]						

Increase / (Decrease) to Expense

Line [26] \$ 35,369

47 Workpapers & Supporting Documents:

48 (a) Sche6 Bureau of Labor Statistics - Phoenix CPI

50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Adjust CUS Charges

2
 3 Customer Care and Billing charges are costs associated with Third Party Billing, Call Centers, and Work Order Management. Costs billed to the Company are on a per bill per month basis and adjusted
 4 annually. This adjustment includes an adjustment for inflation based on the Consumer Price Index for the City of Phoenix. An adjustment for 2017 and 2018 is necessary to account for known and measurable
 5 increases in costs through the time any new rates resulting from this rate application will be effective. The CPI index for 2018 has been updated in this Rebuttal filing.
 6

Consumer Price Index - Phoenix Urban Consumers		
Year	Annual Index	Increase
2015	128.019	
2016	130.107	1.63%
2017	133.324	2.47%

Increase Lines[12-11]/[11]
 Increase Lines[13-12]/[12]

C.U.S. Charges per Schedule E-6, account 5611	\$	956,904	(a)
CPI Adjustment 2017	\$	15,607	Line[16]*1.63%
Adjusted 2017 Expense	\$	972,511	Line[16]+Line [18]
CPI Adjustment 2018	\$	24,046	Line[19]*2.47%
Adjusted 2018 Expense	\$	996,557	Line[19]+Line[21]
Total Increase/ (Decrease) to C.U.S Charges	\$	39,653	Line[18]+Line[21]
Expense per Company's Original Application per IS JPB Adj#12	\$	31,469	
	\$	8,184	Line[26] - Line[28]

Adjustment to Revenue and/or Expense \$ 8,184 Line[30]

45 Workpapers & Supporting Documents:
 46 (a) Sche6

50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Partially Accept Staff IS Adj #3: Adjust Outside Services Expense
 2

3 The Company is partially accepting Staff IS Adj #3. This adjustment has 2 parts. 1) The Company partially accepts Staff RB Adj #3 and is removing the ASU Study costs per RUCO 2.07. The Company will
 4 include these ASU Study Costs as part of the Rate Case Expense and recover these costs as part of the Staff's recommended Rate Case Expense Surcharge; 2). The Company is reducing contractor expense as
 5 stated in the Company's response to RUCO DR 1.28. Upon review of the accounts noted in this data request, the Company noticed that account 5250 included costs that should have been removed from the
 6 requested amounts in the original application.
 7

	[A]	[B]	[C] = [A] - [B]
	<u>Revised</u>	<u>Original</u>	<u>Rebuttal</u>
	<u>Amounts (a)</u>	<u>Application</u>	<u>Adjustment</u>
12 <u>Part 1</u>			
13 Remove ASU Study Costs	\$ 1,266	\$ 2,931	\$ (1,665)
14			
15			
16 <u>Part 2</u>			
17 Amount to be removed from Outside Services per RUCO DR 1.25	\$ (26,645)	\$ -	\$ (26,645)
18			
19			
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23			
24 Adjustment to Revenue and/or Expense			<u>\$ (28,309)</u> Line [13] + Line [17]

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 39
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 42
 43
 44
 45 Workpapers & Supporting Documents:
 46 (a) Company Response to RUCO DR 1.25
 47
 48
 49

Line
 No.

1 Adjust Postage Expense

2
 3 On January 22, 2017, the United States Postal Service increased postage rates. The Company has calculated a projected increase based on known and measurable increases to postage rates at time of this
 4 rebuttal filing.
 5
 6

	[A]	[B]	[C] = ([B]-[A]) / [A]	[D]	[E] = [D]-[B]
	Average Automated Piece Rate				
Manifested	Effective April 2016	Effective January 2017	2017 Increase over 2016	Effective January 21, 2018	2018 Increase over 2016
5-Digit	\$ 0.3760	\$ 0.3730	-0.80%	\$ 0.3780	0.53%
3-Digit	\$ 0.3990	\$ 0.4030	1.00%	\$ 0.4080	2.26%
AADC	\$ 0.3990	\$ 0.4030	1.00%	\$ 0.4080	2.26%
Mixed AADC	\$ 0.4190	\$ 0.4230	0.95%	\$ 0.4240	1.19%
Single Piece	\$ 0.4700	\$ 0.4900	4.26%	\$ 0.5000	6.38%
Average cost per piece	\$ 0.4126	\$ 0.4184	1.41%	\$ 0.4236	2.67%

19					
20	Postage Expense Account 5611 per General Ledger	(a)	\$	203,745	
21					
22	Total Increase / (Decrease) to Postage Expense		\$	5,432	Col [E] Line[18]*Line[21]
23			\$	2,864	
24					
25	Adjustment to Revenue and/or Expense			<u>\$ 2,568</u>	Line [22]- Line [23]
26					
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45 Workpapers & Supporting Documents:
 46 (a) Sch E-6 Line 19
 47 USPS Rates 2016.xlsx
 48
 49
 50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Partially Accept Staff IS ADJ #5: Adjust Regulatory Expense

2

3 The Company is partially accepting Staff IS Adj #5. The Company is removing rate case expense out of the regulatory expense accounts. Staff recommends authorizing a surcharge to recover rate case
 4 expense. Staff proposed recovery over a 5 year period however the Company proposes a 3 year period.
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	[A] Revised Amounts (a)	[B] Original Application	[C] = [A] - [B] Rebuttal Adjustment
Amount to be removed from Regulatory Expense per Staff IS ADJ #5	\$ (104,402)	0	\$ (104,402)

Adjustment to Revenue and/or Expense \$ (104,402) Line [13]

Workpapers & Supporting Documents:
 (a) Schedule C2

\\2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Partially Accept Staff IS ADJ #4: Adjust General Office Expense

2
 3 The Company is partially accepting Staff IS Adj #4. The Company accepts Staff's recommendation to remove certain identified costs related to entertainment and gifts. However the Company does not agree
 4 to remove tuition related costs.
 5
 6
 7

8 Staff Disallowed Amounts per Staff Adj #4		Company Position	Agua Fria Water	4-Factor	26.6446%
9 Entertainment	\$ 81,543	Accept			
10 Tuition	\$ 64,387	Oppose			
11 Gifts	\$ 17,937	Accept			
12	<u>\$ 163,867</u>				

14					
15 Amount to be Removed					
16 Entertainment	\$ 81,543				
17 Gifts	\$ 17,937				
18 Total	\$ 99,480	Line [16] + Line [17]			
19					
20 Allocated to District	26.6446%				
21	\$ 26,506	Line [18] * Line [20]			

Rebuttal
 Adjustment

22
 23
 24 Adjustment to Revenue and/or Expense \$ (26,506) Line [21]

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 45 Workpapers & Supporting Documents:

46
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 48
 49
 50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Accept Staff IS ADJ #1 & RUCO IS ADJ #4: Adjust Fuel and Power Expense

2
 3 The Company is accepting both Staff IS Adj #1 and RUCO IS Adj #4. This rebuttal adjustment reverses the Company's original adjustment JPB-IS9 and restores the purchased power and fuel expense back into
 4 the Test Year operating expenses for recovery in base rates.
 5
 6
 7

8 The Company's water districts utilize multiple vendors in their different geographic locations. Power is purchased from Arizona Public Service Company ("APS"), UNS Electric, Inc. ("UNS Electric"), and Mohave Electric Cooperative
 9 ("MEC"). Each of these vendors has initiated or concluded rate cases during the test year and pro forma adjustments to electrical costs are proposed to account for known and measurable increases. The Company has no control
 10 over these price increases. Additionally, EWAZ has experienced consistent year-over-year increases in APS's bills due to changes in surcharge factors associated with their rate adjuster mechanisms.
 11

12 APS provides electrical service to the Agua Fria, Anthem, Sun City, Sun City West, Chaparral, and Paradise Valley water districts. APS also provides electrical service to the Phoenix corporate office. On March 1, 2017, APS reached a
 13 settlement agreement with the major parties in its rate case filed on June 1, 2016. The Company does not expect the Commission to issue a decision prior to the filing of this rate case, but is aware that the commercial rates will
 14 increase if the settlement is approved. In addition to increased base rates resulting from the rate case application, APS utilizes a number of adjuster mechanisms that have caused electric costs to increase year-over-year, between
 15 APS filing general rate applications. Accordingly, the Company adjusts the power charges included in the proposed PCAM based on the three-year average trend of known and measurable historical annual cost increases. Electric
 16 costs for districts using APS are adjusted for 2017 and 2018 to account for known rate increases that will be effective prior to the resolution of this case.

17 UNS Electric provides power for the Company's operations in its Tubac and Havasu Water districts. On August 18, 2016, the Commission issued Decision No. 75697 (August 18, 2016), authorizing new rates for residential and
 18 commercial customers. The Company has multiple accounts with UNS Electric. As these rate increases are known and measurable, but not fully reflected in the 2016 purchased power costs, a one-time adjustment is included to
 19 annualize this increase in purchased power costs included in the adjuster mechanism in-line with the newly authorized tariff for the eight months of the year that were not billed using the current tariff.
 20

21 The Mohave, North Mohave, and Willow Valley Water districts receive power from MEC, which increased rates effective February 1, 2016 per Decision No. 75931 (January 13, 2017). The increased costs that result from that
 22 decision are not fully reflected in the 2016 test year power expenses for those districts, but the increase in costs that result from Decision No. 75931 is both known and measurable. The two months of 2016 expenses billed
 23 pursuant to MEC's previous tariff should therefore be adjusted for the known increase. The purchased power expenses for the Mohave, North Mohave, and Willow Valley Water districts have been annualized accordingly for rate
 24 changes in the test year in the PCAM.

		(A)	(B)		(C)	(D)	(E) = (A) + (B) + (C) + (D)	
		Corporate (a)	Direct (b)		Other	Annualization	Total	
GL Account	Account Description	2016	2016		Allocation (c)		2016	
	5617 Power Charges	\$ 11,269	\$ 2,487,774				\$ 2,499,042	
	5616 Natural Gas Charges	\$ -	\$ 345				\$ 345	
	Annualization					\$ 36,200	\$ 36,200	
Total Purchased Power Expense							<u>\$ 2,535,587</u>	Line[29] - 31]
	2017 % Increase	6.29%						
	2018 % Increase	6.29%						
		(F)	(G)	(H)	(I)	(J)	(K) = (F) + (G) + (H) + (I) + (J)	
		Corporate	Direct	Natural Gas	Other Allocation	Annualization	Total	
	2017 Increase - Power	\$ 709	\$ 156,557	0	0	\$ 2,278	\$ 159,544	Line[29] * 2017% Inc; Line [31] * 2017% Inc
	2017 Expense	\$ 11,978	\$ 2,644,331	\$ 345	\$ -	\$ 38,478	\$ 2,695,132	Line[29]+Line[38], Line[31] + Line [38]
	2018 Increase - Power	\$ 754	\$ 166,409	0	-	\$ 2,421	\$ 169,585	Line[39] * 2018% Inc
	2018 Expense	\$ 12,732	\$ 2,810,740	\$ 345	\$ -	\$ 40,900	\$ 2,864,716	Line[39]+Line[41]
Increase/Decrease to Expense							<u>\$ 2,864,716</u>	Col 1, Line[42]

47 Workpapers & Supporting Documents:

- 48 (a) Sch E-6b (b) Sch E-6a \Purchased Power Adjustment Calc.xlsx
 49 (c) Sch E-6c
 50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Accept Staff IS Adj #2 & RUCO IS Adj #3: Adjust Purchased Water Expense

2
 3 The Company is accepting both Staff IS Adj #2 and RUCO IS Adj #3. This rebuttal adjustment reverses the Company's original adjustment JPB-IS30 and restores the purchased water expense back into the Test
 4 Year operating expenses for recovery in base rates.
 5
 6

7
 8 The Company is proposing a Purchase Water Adjustor Mechanism for all districts in this rate case, except Willow Valley. The Company's estimate as to the per customer surcharge is calculated based on the
 9 total potable and raw gallons billed. The calculation excludes effluent and wheeling usage billed from the calculation as these gallons are not affected by the purchase price of water. Costs have been
 10 adjusted from the 2016 test year expense to annualized water expense. Additionally, the Company has included known and measurable increases to purchased water costs. The Company pays the Central
 11 Arizona Project ("CAP") for fees in many districts. CAP has published schedules showing the anticipated increases to fees in 2018, which will be finalized by the prior to the conclusion of this rate case. The
 12 impact of the increases in CAP fees have been included in the total purchased water costs.
 13

14 In its Mohave and North Mohave Districts, the Company pays fees to the Mohave Conservation District (MWCD), Mohave Valley Irrigation and Drainage District (MVIDD), and fees to Bullhead City for water.
 15 The Company also pays fees to the Arizona Department of Water Reclamation in a number of districts. Some districts also pay groundwater withdrawal fees. Many of these fees are already collected
 16 through supplemental surcharges on customer bills. All costs have been included in the total purchased water cost with the intention of combining all these fees into one purchased water surcharge.
 17

18 The Company would anticipate the effective date of the Plan of Administration (POA), submitted as an Exhibit to Mr. Boizelle's testimony, to be concurrent with the effective date of new rates approved in
 19 this rate case.
 20

	Purchased Water						
	Test Year Expense						
	[A]	[B]	[C]	[D]	[E]	[F] = [A] + [B] + [C] + [D] + [E]	
	CAP Costs	CAP Credit Amortization	White Tank Wheeling	Maricopa Water Dist Surface Water	AkChin - Corte Bella	Total	
26 Test Year Purchased Water Expense	\$ 2,085,052	\$ (130,897)	\$ 381,050	\$ 208,874	\$ 65,514	\$ -	(a)
27 Annualization of Water Expense (SMC-IS6)	30,199	(1,896)	5,519	3,025	949	\$ -	
28 Annualized Purchased Water Expenses	\$ 2,115,250	\$ (132,793)	\$ 386,569	\$ 211,900	\$ 66,463	\$ -	Line [26]+Line [27]
29							
30 2017 Percentage increase in CAP costs	7%	0%	0%	0%	34%		(c)
31 2017 Purchased Water Expense	\$ 2,272,769	\$ (132,793)	\$ 386,569	\$ 211,900	\$ 89,344	\$ 2,827,788	Line [28]*(1+Line [30])
32							
33 2018 Percentage increase in CAP costs	2%	0%	0%	0%	0%		(c)
34 2018 Purchased Water Expense	\$ 2,317,774	\$ (132,793)	\$ 386,569	\$ 211,900	\$ 89,344	\$ 2,872,793	Line [31]*(1+Line [33])
35							
36 Mohave Wtr Conservation District - Impost Fees						\$ -	(c)
37 Impost Fees - Bullhead City						\$ -	(c)
38 Water Admin Fee - MVDD						\$ -	(c)
39 ADWR Groundwater Withdrawal Fee						\$ 27,088	(c)
40 Groundwater Withdrawal Fee						\$ -	(c)
41						\$ 2,899,881	Sum Lines [36 - 40]
42							
43 Increase/Decrease to Expense						\$ 2,899,881	Line [41]

45 Workpapers & Supporting Documents:

- 46 (a) Sch C2
- 47 (b) Sch E7
- 48 (c) \Purchased Water Increase.xlsx
- 49
- 50 \2016 Agua Fria Water Rejoinder.xlsm

Line
 No.

1 Update Depreciation Expense - Post Test Year Plant - Rejoinder

2
 3 Adjustment to Annualize Depreciation Expense on Updated Post Test Year Plant for 2017 for Rejoinder.
 4
 5
 6

	[A]	[B]	[C] = [A] * [B]
	Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC - Rejoinder (a)	Allocation Factor	Depreciation Expense
17 Depreciation on Post Test Year Plant Additions - Agua Fria Water	\$ 1,732,238	100.0000%	\$ 1,732,238
18 Depreciation on Additional TY Plant Additions - Agua Fria Water	27,599	100.0000%	27,599
19 Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	23.1862%	11,285
20 Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	23.1862%	4,029
21 Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	21.1164%	50,005
22 Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	21.1164%	36,857
23	<u>\$ 2,237,229</u> <small>Sum Lines [17 - 22]</small>		
24			
25			
26			
27 Depreciation Expense on 2017 Post Test Plant per Rejoinder			\$ 1,862,012 <small>Sum Lines[17] thru [22]</small>
28			
29 Depreciation Expense on 2017 Post Test Plant per Rebuttal			<u>\$ 1,895,029</u> <small>(b)</small>
30			
31			
32			
33 Increase / (Decrease) to Depreciation Expense			\$ (33,017) <small>Line[27] - Line[30]</small>
34			
35 Rejoinder Adjustment to Revenue and/or Expense			<u>\$ (33,017)</u> <small>Line[33]</small>
36			
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44			
45 <u>Workpapers & Supporting Documents:</u>			
46 Summary of Plant Balances and Accum Depr by NARUC Updated for Rejoinder.xlsx			
47			
48			
49			
50 \2016 Agua Fria Water Rejoinder.xlsm			

Line
No.

1 Update Corporate Allocation - Rejoinder

2
 3 In our original application, the Company removed costs in the Government Relations and Community Relations categories believing it captured all costs related to advertising, promotions, and donations. The
 4 Company has since uncovered minor related costs in other categories as well. This adjustment removes these costs and costs for meals and recognition from this application.
 5
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8	5670	Advertising	\$	77,245	
9	5671	Promotion		705,238	
10	5672	Donation		715,098	
11	5652	Meals		381,191	
12	5642	Recognition		30,155	
13		Other		<u>180,130</u>	
14			\$	2,089,057	Total Advertising, Promotion, Donation, Meals and Recognition
15			\$	1,360,471	Already Excluded in Direct
16			\$	728,586	CAD\$ To be Excluded - Before Allocation
17					
18			\$	83,565	CAD\$ To be Excluded - After Allocation
19				1.3312	Conversion Factor
20			\$	62,775	Total Exclusion - USD
21					
22					
23				26.645%	Allocation Factor for Agua Fria Water
24					
25			\$	<u>16,726</u>	Amount to be Removed from Corporate Allocations for Agua Fria Water

26					
27					
28					
29	Increase/Decrease to Expense				<u>\$ (16,726)</u>
30					
31	Rejoinder Adjustment to Revenue and/or Expense				<u>\$ (16,726)</u>
32					

45 Workpapers & Supporting Documents:

46 Corporate Allocations - Rejoinder.xlsx

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50 \2016 Agua Fria Water Rejoinder.xlsm

Line
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1 Update Fuel and Power Expense - Rejoinder

2

3 The Company is updating its projected fuel and power expenses. This rejoinder adjustment updates the Company's rebuttal adjustment JPB-IS15 REB.

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Rejoinder Adjustment to Revenue and/or Expense

Workpapers & Supporting Documents:
 (a) PurchasedPower Adjustment Calc - Rejoinder.xlsx

\\2016 Agua Fria Water Rejoinder.xlsm

Purchased Power
Revised Expense

2017 Actual Power Expenses	\$	2,376,225	(a)
2017 Actual Fuel Expenses	\$	95	(a)
Total 2017 Fuel and Power Expense	\$	2,376,320	Line [15] + Line [17]

Fuel and Power Expense per Rejoinder	\$	2,376,320	Line [18]
Fuel and Power Expense per Rebuttal	\$	2,864,716	ADJ JPB-IS15 REB

\$ (488,396)

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Update Purchased Water Expense - Rejoinder

The Company is updating its projected purchased water. This rejoinder adjustment updates the Company's rebuttal adjustment JPB-IS16 REB.

Purchased Water
Revised Expense

2017 Actual Water Expense	\$ 2,620,724 (a)
2017 CAP Water Purchases	- (a)
2017 Total Water Expenses	<u>\$ 2,620,724</u> Line [15] + Line [16]
Other Purchased Water Expense	<u>\$ 27,088</u> (a)
Total Purchased Water Expense	<u><u>\$ 2,647,812</u></u> Line [18] + Line [20]

Increase/Decrease to Expense per Rejoinder \$ 2,647,812 Line [21]

Purchased Water Expense per Rebuttal \$ 2,899,881 ADJ JPB-IS16 REB

Rejoinder Adjustment to Revenue and/or Expense \$ (252,069)

Workpapers & Supporting Documents:

Line

No.

1 Update General Office Expense - Rejoinder

2

3 The Company is accepting Staff IS Adj #4 to remove tuition related costs. In ADJ SLH-IS14 REB, the Company partially accepted Staff's recommendation to remove identified costs related to entertainment
 4 and gifts only. At the time, the Company did not agree to remove tuition related costs. However, now the Company is removing tuition costs as well.

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Agua Fria Water	4-Factor	26.6446%
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10 Staff Disallowed Amounts per Staff Adj #4 Company Rebuttal Position Company Rejoinder Position

11 Entertainment	\$ 81,543	Accept	
12 Tuition	\$ 64,387	Oppose	Accept
13 Gifts	\$ 17,937	Accept	
14	<u>\$ 163,867</u>	Sum Lines [11-13]	

15

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17 Amount to be Removed in Rejoinder

18 Tuition \$ 64,387 Line [12]

19

20 Total \$ 64,387

21

22 Allocated to District 26.6446% Line [8]

23 \$ 17,156 Line [20] * Line [22]

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Rejoinder
Adjustment

26 Rejoinder Adjustment to Revenue and/or Expense

\$ (17,156) Line [21]

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45 Workpapers & Supporting Documents:

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Line
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1 Update CPI - Rejoinder

2
 3 The Company is updating its CPI adjustment. This rejoinder adjustment updates the Company's rebuttal adjustment JPB-IS9 REB by removing the impact of the increase in Year 2 - 2018.
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		Amounts per Income Statement JPB-IS9 REB			
		[A]	[B]	[C] = [A] + [B]	
		Year 1- 2017	Year 2 -2018	Rebuttal Total	Remove Year 2 - 2018 Increase Rejoinder Adjustment
12	Chemicals	\$ 29,024	\$ 30,184	\$ 59,208	\$ (30,184)
13	Waste Disposal	755	444	1,199	\$ (444)
14	Corporate Allocation	2,050	1,206	3,256	\$ (1,206)
15	Outside Services	15,841	9,316	25,156	\$ (9,316)
16	Customer Accounting	3,881	2,282	6,163	\$ (2,282)
17	General Office Exp	13,120	7,716	20,836	\$ (7,716)
18	Miscellaneous	2,162	1,271	3,433	\$ (1,271)
19	Maintenance Expense	15,437	9,078	24,515	\$ (9,078)
20	Total	\$ 82,270	\$ 61,497	\$ 143,767	\$ (61,497)

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Amount attributed to 2018 increase \$ 61,497

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31 Rejoinder Adjustment to Revenue and/or Expense \$ (61,497) Line [20]

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45 Workpapers & Supporting Documents:
 46 ADJ JPB - IS9 REB
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Workpapers & Supporting Documents:

\2016 Agua Fria Water Rejoinder.xlsm

Line No.	Description	[A]	[B]	Percentage of Incremental Gross Revenues	[C]
1	Federal Income Taxes				
2				19.97%	
3	State Income Taxes				
4			Combined	24.87%	4.90%
5					
6	Property Taxes	Effective Rate = 1.32%	One Minus Combined	75.13%	0.99% [A] x [B]
7					
8	Bad Debt Expense	Effective Rate = 0.19%	One Minus Combined	75.13%	0.14% [A] x [B]
9					
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined	75.13%	0.19% [A] x [B]
11					
12					
13	Total Tax Percentage				26.20% Sum Line [1-10]
14					
15	Operating Income % = 100% - Tax Percentage				73.80% 1 - [C] Line [13]
16					
17					
18		1 = Gross Revenue Conversion Factor			
19					
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21	Operating Income %				1.36 1 / [C] Line [15]
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43	Supporting Schedules:		Recap Schedules:		
44	C-2 Rejoinder		A-1 Rejoinder		
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47	Workpapers & Supporting Documents				
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50	\2016 Agua Fria Water Rejoinder.xlsm				