Paradise Valley Water

C Schedules

Rejoinder

Paradise Valley Water
Test Year Ended December 31, 2016
Adjusted Test Year Income Statement

Exhibit
Schedule C-1 Rejoinder
Page 1
Witness: Skoubis

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)	
1	**Revenues**	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [C] + [D]	
2	Water	$ 10,058,627	$ -	$ 10,058,627	$ 992,716	$ 11,051,343	
3	Other Revenues	58,345	-	58,345	-	58,345	
4	**Total Revenues**	$ 10,116,972	$ -	$ 10,116,972	$ 992,716	$ 11,109,688	Sum Lines [2-3]
5							
6	**Operating Expenses**						
7	Labor	$ 1,095,552	$ -	$ 1,095,552	$ -	$ 1,095,552	
8	Purchased Water	-	601,592	601,592	-	601,592	
9	Fuel & Power	-	1,380,523	1,380,523	-	1,380,523	
10	Chemicals	45,731	(1,756)	43,975	-	43,975	
11	Waste Disposal	5,087	9	5,096	-	5,096	
12	Intercompany Support Services	-	-	-	-	-	
13	Corporate Allocation	233,283	(3,302)	229,981	-	229,981	
14	Outside Services	163,651	(5,340)	158,311	-	158,311	
15	Group Insurance	360,755	-	360,755	-	360,755	
16	Pensions	-	-	-	-	-	
17	Regulatory Expense	47,728	(47,728)	-	-	-	
18	Insurance Other Than Group	79,293	14	79,307	2,569	81,876	
19	Customer Accounting	186,522	1,285	187,807	1,806	189,613	
20	Rents	29,568	-	29,568	-	29,568	
21	General Office Expense	117,741	(8,445)	109,296	-	109,296	
22	Miscellaneous	43,105	75	43,180	-	43,180	
23	Maintenance Expense	335,492	486	335,978	-	335,978	
24	Depreciation & Amortization	2,420,364	8,852	2,429,216	-	2,429,216	
25	General Taxes-Property	376,007	(62,394)	313,613	10,314	323,927	
26	General Taxes-Other	89,496	-	89,496	-	89,496	
27	Income Taxes	1,376,387	(944,745)	431,642	243,245	674,887	
28							
29	**Total Operating Expenses**	$ 7,005,762	$ 919,124	$ 7,924,886	$ 257,935	$ 8,182,821	Sum Lines [7-27]
30	**Utility Operating Income**	$ 3,111,210	$ (919,124)	$ 2,192,086	$ 734,781	$ 2,926,867	Line [4] + Line [29]
31	**Other Income & Deductions**						
32	Other Income & Deductions	$ 102,281	$ -	$ 102,281	$ -	$ 102,281	
33	Interest Expense	883,074	5,130	888,204	-	888,204	
34	Other Expense	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	
36	**Total Other Income & Deductions**	$ 985,355	$ 5,130	$ 990,485	$ -	$ 990,485	Sum Lines [32-35]
37	**Net Profit / (Loss)**	$ 2,125,855	$ (924,255)	$ 1,201,600	$ 734,781	$ 1,936,382	Line [30] - Line [36]
38							
39							
40							
41							
42							
43	Supporting Schedules:	Recap Schedules:					
44	(a) C-2 Rejoinder	A-1 Rejoinder					
45							
46							
47							
48	Workpapers & Supporting Documents						
49							
50	\2016 Paradise Valley Water Rejoinder.xlsm						

Paradise Valley Water
Test Year Ended December 31, 2016
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
Page 1
Witness: Skoubis

Line No.		Sch C-2 Original Column [AP] TY Adjusted Results [A]	Page 4 [B] ADJ JPB-IS1 REB	Page 5 [C] ADJ SLS-IS2 REB	Page 6 [D] ADJ SLS-IS3 REB	Page 7 [E] ADJ SLH-IS4 REB	Page 8 [F] ADJ XXX-IS5 REB	Page 9 [G] ADJ JPB-IS6 REB	Page 10 [H] ADJ JPB-IS7 REB	Page 11 [I] ADJ SLS-IS8 REB	Page 12 [J] ADJ JPB-IS9 REB	Page 13 [K] ADJ JPB-IS10 REB
		Test Year Book Results	Adjust Property Taxes to Reflect Adjusted Test Year Revenues	Federal and State Income Taxes	Interest Synchronization with Rate Base	Regulatory Liability - ADIT Amortization - Tax Reform Adj	Intentionally Left Blank	Partially Accept Staff IS ADJ #6: Adjust Depreciation Expense - Post Test Year Plant 2017	Partially Accept Staff IS Adj #6: Adjust Depreciation Expense - Retirements	Adjust Insurance Other Than Group	Adjust CPI for 2017	Adjust CUS Charges
1	**Revenues**											
2	Water	$ 10,058,627	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Other Revenues	58,345	-	-	-	-	-	-	-	-	-	-
4	**Total Revenue**	$ 10,116,972	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5												
6	**Operating Expenses**											
7	Labor	$ 1,095,552	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Purchased Water	-	-	-	-	-	-	-	-	-	-	-
9	Fuel & Power	-	-	-	-	-	-	-	-	-	-	-
10	Chemicals	45,731	-	-	-	-	-	-	-	-	-	-
11	Waste Disposal	5,087	-	-	-	-	-	-	-	-	82	-
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-
13	Corporate Allocation	233,283	-	-	-	-	-	-	-	-	271	-
14	Outside Services	163,651	-	-	-	-	-	-	-	-	2,628	-
15	Group Insurance	360,755	-	-	-	-	-	-	-	-	-	-
16	Pensions	-	-	-	-	-	-	-	-	-	-	-
17	Regulatory Expense	47,728	-	-	-	-	-	-	-	-	-	-
18	Insurance Other Than Group	79,293	-	-	-	-	-	-	-	14	-	-
19	Customer Accounting	186,522	-	-	-	-	-	-	-	-	503	939
20	Rents	29,568	-	-	-	-	-	-	-	-	-	-
21	General Office Expense	117,741	-	-	-	-	-	-	-	-	2,233	-
22	Miscellaneous	43,105	-	-	-	-	-	-	-	-	656	-
23	Maintenance Expense	335,492	-	-	-	-	-	-	-	-	4,234	-
24	Depreciation & Amortization	2,420,364	-	-	-	(10,355)	-	29,317	(10,110)	-	-	-
25	General Taxes-Property	376,007	(62,394)	-	-	-	-	-	-	-	-	-
26	General Taxes-Other	89,496	-	-	-	-	-	-	-	-	-	-
27	Income Taxes	1,376,387	-	(944,745)	-	-	-	-	-	-	-	-
28												
29	**Total Operating Expenses**	$ 7,005,762	$ (62,394)	$ (944,745)	$ -	$ (10,355)	$ -	$ 29,317	$ (10,110)	$ 14	$ 10,607	$ 939
30	**Utility Operating Income**	$ 3,111,210	$ 62,394	$ 944,745	$ -	$ 10,355	$ -	$ (29,317)	$ 10,110	$ (14)	$ (10,607)	$ (939)
31	**Other Income & Deductions**											
32	Other Income & Deductions	$ 102,281	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
33	Interest Expense	883,074	-	-	5,130	-	-	-	-	-	-	-
34	Other Expense	-	-	-	-	-	-	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-
36	**Total Other Income & Deductions**	$ 985,355	$ -	$ -	$ 5,130	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37	**Net Profit / (Loss)**	$ 2,125,855	$ 62,394	$ 944,745	$ (5,130)	$ 10,355	$ -	$ (29,317)	$ 10,110	$ (14)	$ (10,607)	$ (939)
38												
39	Rebuttal Amounts	2,125,855	62,394	954,081	(5,109)	10,355	-	(29,317)	10,110	(14)	(10,607)	(939)
40	Increase in Rejoinder	-	-	(9,335)	(21)	-	-	-	-	-	-	-
41												
42												
43												
44	Supporting Schedules:										Recap Schedules:	
45	E-6										C-1 Rejoinder	
46												
47												
48	Workpapers & Supporting Documents:											
49												
50	\2016 Paradise Valley Water Rejoinder.xlsm											

Paradise Valley Water
Test Year Ended December 31, 2016
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
Page 2
Witness: Skoubis

Line No.		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	REJOINDER ADJUSTMENTS 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
		Partially Accept Staff IS Adj #3: Adjust Outside Services Expense	Adjust Postage Expense	Partially Accept Staff IS ADJ #5: Adjust Regulatory Expense	Partially Accept Staff IS ADJ #4: Adjust General Office Expense	Accept Staff IS ADJ #1 & RUCO IS Adj #4: Adjust Fuel and Power Expense	Accept Staff IS ADJ #2 & RUCO IS ADJ #3: Adjust Purchased Water Expense	Update Depreciation Expense - Post Test Year Plant - Rejoinder	Update Corporate Allocation - Rejoinder	Update Fuel and Power Expense - Rejoinder	Update Purchased Water Expense - Rejoinder
1	**Revenues**										
2	Water	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Other Revenues	-	-	-	-	-	-	-	-	-	-
4	**Total Revenue**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5											
6	**Operating Expenses**										
7	Labor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Purchased Water	-	-	-	-	-	599,455	-	-	-	2,137
9	Fuel & Power	-	-	-	-	1,402,317	-	-	-	(21,794)	-
10	Chemicals	-	-	-	-	-	-	-	-	-	-
11	Waste Disposal	-	-	-	-	-	-	-	-	-	-
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-
13	Corporate Allocation	-	-	-	-	-	-	-	(3,333)	-	-
14	Outside Services	(5,642)	-	-	-	-	-	-	-	-	-
15	Group Insurance	-	-	-	-	-	-	-	-	-	-
16	Pensions	-	-	-	-	-	-	-	-	-	-
17	Regulatory Expense	-	-	(47,728)	-	-	-	-	-	-	-
18	Insurance Other Than Group	-	-	-	-	-	-	-	-	-	-
19	Customer Accounting	-	288	-	-	-	-	-	-	-	-
20	Rents	-	-	-	-	-	-	-	-	-	-
21	General Office Expense	-	-	-	(5,282)	-	-	-	-	-	-
22	Miscellaneous	-	-	-	-	-	-	-	-	-	-
23	Maintenance Expense	-	-	-	-	-	-	-	-	-	-
24	Depreciation & Amortization	-	-	-	-	-	-	-	-	-	-
25	General Taxes-Property	-	-	-	-	-	-	-	-	-	-
26	General Taxes-Other	-	-	-	-	-	-	-	-	-	-
27	Income Taxes	-	-	-	-	-	-	-	-	-	-
28											
29	**Total Operating Expenses**	$ (5,642)	$ 288	$ (47,728)	$ (5,282)	$ 1,402,317	$ 599,455	$ -	$ (3,333)	$ (21,794)	$ 2,137
30	**Utility Operating Income**	$ 5,642	$ (288)	$ 47,728	$ 5,282	$ (1,402,317)	$ (599,455)	$ -	$ 3,333	$ 21,794	$ (2,137)
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)**	$ 5,642	$ (288)	$ 47,728	$ 5,282	$ (1,402,317)	$ (599,455)	$ -	$ 3,333	$ 21,794	$ (2,137)
38											
39	Rebuttal Amounts	5,642	(288)	47,728	5,282	(1,402,317)	(599,455)	-	-	-	-
40	Increase in Rejoinder	-	-	-	-	-	-	-	3,333	21,794	(2,137)
41											
42											
43											
44	Supporting Schedules:									Recap Schedules:	
45	E-6									C-1 Rejoinder	
46											
47											
48	Workpapers & Supporting Documents:										
49											
50	\2016 Paradise Valley Water Rejoinder										

Paradise Valley Water
Test Year Ended December 31, 2016
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
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Witness: Skoubis

REJOINDER ADJUSTMENTS cont.

Line No.		Page 24 [V] ADJ SLH-IS21 REJ Update General Office Expense - Rejoinder	Page 25 [W] ADJ JPB-IS22 REJ Update CPI - Rejoinder	Page 26 [X] ADJ JPB-IS23 REJ Intentionally Left Blank	Page 27 [Y] ADJ SLH-IS24 REJ Intentionally Left Blank	[Z] Sum [B - Y] Total Pro Forma Adjustments	[AA] Sum [A] + [Z] Test Year Adjusted Results	[AB] Proposed Rate Increase	[AC] Sum [AA] + [AB] Adjusted Rate Increase
1	**Revenues**								
2	Water	$ -	$ -	$ -	$ -	$ -	$ 10,058,627	$ 992,716	$ 11,051,343
3	Other Revenues	-	-	-	-	-	58,345		58,345
4	**Total Revenue**	$ -	$ -	$ -	$ -	$ -	$ 10,116,972	$ 992,716	$ 11,109,688
5									
6	**Operating Expenses**								
7	Labor	$ -	$ -	$ -	$ -	$ -	$ 1,095,552		$ 1,095,552
8	Purchased Water	-	-	-	-	601,592	601,592		601,592
9	Fuel & Power	-	-	-	-	1,380,523	1,380,523		1,380,523
10	Chemicals	-	(1,756)	-	-	(1,756)	43,975		43,975
11	Waste Disposal	-	(72)	-	-	9	5,096		5,096
12	Intercompany Support Services	-	-	-	-	-	-		-
13	Corporate Allocation	-	(240)	-	-	(3,302)	229,981		229,981
14	Outside Services	-	(2,326)	-	-	(5,340)	158,311		158,311
15	Group Insurance	-	-	-	-	-	360,755		360,755
16	Pensions	-	-	-	-	-	-		-
17	Regulatory Expense	-	-	-	-	(47,728)	-		-
18	Insurance Other Than Group	-	-	-	-	14	79,307	2,569	81,876
19	Customer Accounting	-	(445)	-	-	1,285	187,807	1,806	189,613
20	Rents	-	-	-	-	-	29,568		29,568
21	General Office Expense	(3,419)	(1,977)	-	-	(8,445)	109,296		109,296
22	Miscellaneous	-	(581)	-	-	75	43,180		43,180
23	Maintenance Expense	-	(3,748)	-	-	486	335,978		335,978
24	Depreciation & Amortization	-	-	-	-	8,852	2,429,216		2,429,216
25	General Taxes-Property	-	-	-	-	(62,394)	313,613	10,314	323,927
26	General Taxes-Other	-	-	-	-	-	89,496		89,496
27	Income Taxes	-	-	-	-	(944,745)	431,642	243,245	674,887
28									
29	**Total Operating Expenses**	$ (3,419)	$ (11,147)	$ -	$ -	$ 919,124	$ 7,924,886	$ 257,935	$ 8,182,821
30	**Utility Operating Income**	$ 3,419	$ 11,147	$ -	$ -	$ (919,124)	$ 2,192,086	$ 734,781	$ 2,926,867
31	**Other Income & Deductions**								
32	Other Income & Deductions	$ -	$ -	$ -	$ -	$ -	$ 102,281		$ 102,281
33	Interest Expense	-	-	-	-	5,130	888,204		888,204
34	Other Expense	-	-	-	-	-	-		-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-		-
36	**Total Other Income & Deductions**	$ -	$ -	$ -	$ -	$ 5,130	$ 990,485	$ -	$ 990,485
37	**Net Profit / (Loss)**	$ 3,419	$ 11,147	$ -	$ -	$ (924,255)	$ 1,201,600	$ 734,781	$ 1,936,382
38									
39	Rebuttal Amounts	-	-	-	-	(952,454)	1,173,401	762,925	1,936,326
40	Increase in Rejoinder	3,419	11,147	-	-	28,200	28,200	(28,144)	56
41									
42									
43									
44	Supporting Schedules:							Recap Schedules:	
45	E-6							C-1 Rejoinder	
46									
47									
48	Workpapers & Supporting Documents:								
49									
50	\2016 Paradise Valley Water Rejoinder								

Paradise Valley Water
Test Year Ended December 31, 2016
Income Statement Adjustment JPB-IS1 REB

Exhibit
Schedule C-2 Rejoinder
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Witness: Boizelle

Line No.			[A] Property Tax Expense		[B] Property Tax Expense For Conversion Factor
1	Adjust Property Taxes to Reflect Adjusted Test Year Revenues				
2	The Company adjusted property tax rate based on 2016 property tax bills received from Maricopa County Assessor.				
6	Adjusted Revenues in Year Ended December 2016		$ 10,116,972		$ 10,116,972
7	Adjusted Revenues in Year Ended December 2016		10,116,972		10,116,972
8	Proposed Revenues		10,116,972		11,109,688
9	Average of Three Year's of Revenue	Avg Lines[6] thru [8]	$ 10,116,972		$ 10,447,877
10	Average of Three Year's of Revenue, times 2	Line[9] * 2	$ 20,233,944		$ 20,895,754
11	Add:				
12	Construction Work in Progress at 10%	(a)	63,273		63,273
13	Deduct:				
14	Net Book Value of Transportation Equipment		$ 173,957		$ 173,957
15					
16	Full Cash Value	Sum Lines[10-12] - Line[14]	$ 20,123,260		$ 20,785,070
17	Assessment Ratio (For 2016 per HB 2001 Sec 42-15001)		18.0%		18.0%
18	Assessed Value	Line[16]*Line[17]	$ 3,622,187		$ 3,741,313
19	Property Tax Rate	(c)	8.66%		8.66%
20					
21	Property Tax	Line[18]*Line[19]	313,613		323,927
22	Tax on Parcels		-		-
23					
24	Adjusted Test Year Property Taxes at Present Rates	Line[21]+Line[22]	$ 313,613		
25	Adjusted Test Year Property Taxes	(b)	376,007		
26	Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder)	Line[24] - Line[25]	$ (62,394)		
27					
28	Adjusted Test Year Property Taxes at Proposed Rates			Sum Lines[21-27]	$ 323,927
29	Adjusted Test Year Property Taxes at Present Rates			Line[24] Col [A]	313,613
30	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)			Line[28] - Line[29]	$ 10,314
31					
32					
33					
34	CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 Rejoinder):				
35					
36	Increase in Property Tax Due to Increase in Revenue Requirement (Line 30, Col [B])				$ 10,314
37					
38	Increase in Revenue Requirement (From Sch. A-1 Rejoinder)				$ 992,716
39					
40	Increase in Property Tax Per Dollar Increase in Revenue (Line 36/Line 38)				1.04%
41					
42					
43					
44	Workpapers & Supporting Documents:				
45					
46	(a) Sch E1				
47	(b) Sch C2 Rejoinder				
48	(c) \Composite Property Tax Rate 2016.xlsx				
49					
50	\2016 Paradise Valley Water Rejoinder.xlsm				

Paradise Valley Water
Test Year Ended December 31, 2016
Income Statement Adjustment SLS-IS2 REB

Exhibit
Schedule C-2 Rejoinder
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Witness: Skoubis

Line No.				Test Year Adjusted Results		Adjusted with Rate Increase
1	Federal and State Income Taxes					
7	Operating Income Before Inc. Taxes			$ 2,623,728		$ 3,601,754
8	Interest Expense			888,204		888,204
9	Arizona Taxable Income		Line[7] - Line[8]	$ 1,735,523		$ 2,713,549
11	Arizona Income Tax	4.90%	Line[9] * 0.049	$ 85,041		$ 132,964
14	Federal Income Before Taxes		Line[9]	$ 1,735,523		$ 2,713,549
15	Less Arizona Income Taxes		Line[11	85,041		132,964
16	Federal Taxable Income		Line[14] - Line[15]	$ 1,650,483		$ 2,580,585
18	FEDERAL INCOME TAXES:					
25	Federal Income Taxes	21.00%	Line[16] * 0.21	$ 346,601		$ 541,923
28	Total Income Tax		Line[15]+Line[25]	$ 431,642		$ 674,887
30	Tax Rate		Line[28] / Line[9]	24.87%		24.87%
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%
37	Adjusted Test Year Income Taxes		(a)	$ 1,376,387		
38	Increase in Income Taxes,		Line[28] - Line[37]	$ (944,745)		
40	Adjustment to Revenues and/or Expense		Line[38]	$ (944,745)		
42	Test Year Income Taxes,				Line[28]	$ 431,642
43	Increase in Income Taxes				Line[28] - Line[42]	243,245
45	Adjustment to Revenue and/or Expense				Line[43]	$ 243,245

47 Workpapers & Supporting Documents:
48 (a) Sch C2 Rejoinder
49
50 \2016 Paradise Valley Water Rejoinder.xlsm

Paradise Valley Water
Test Year Ended December 31, 2016
Income Statement Adjustment SLS-IS3 REB

Exhibit
Schedule C-2 Rejoinder
Page 6
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Line No.				
1	Interest Synchronization with Rate Base			
6	Original Cost Rate Base (Sch. B-1 Rejoinder , Ln. 28)	(a)	$	39,829,795
7	Weighted Cost of Debt from Schedule D-1 Rejoinder	(c)		2.23%
8	Synchronized Interest Expense	Line[6]*Line[7]	$	888,204
10	Test Year Interest Expense Adjusted	(b) $ 883,074		
12	Adjusted Test Year Interest Expense	Line[10]	$	883,074
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	$	5,130
16	Rebuttal Adjustment to Revenue and/or Expense	Line[14]	$	5,130
45	Workpapers & Supporting Documents:			
46	(a) Sch B1 Rejoinder			
47	(b) Sch C2 Rejoinder			
48	(c) Sch D1 Rejoinder			
50	\2016 Paradise Valley Water Rejoinder.xlsm			

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				
4	in Rate Base proforma adjustment KDB-RB2-REB. This Income Statement proforma adjustment reflects the annual amortization of that rate base adjustment.				
5					
6					
7					
8	Regulatory Liability - ADIT that resulted from the decrease in the Federal Income Taxes	$	380,036	(a)	
9					
10	Amortization Rate		2.7247%	(b)	
11					
12	Annual Amortization			$	(10,355) Line [8] * Line [10]
13					
14					
15					
16	Increase/ (Decrease) to Depreciation/ Amortization			$	(10,355) 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				
48					
49					
50	\2016 Paradise Valley Water Rejoinder.xlsm				

Line No.	
1	Intentionally Left Blank
45	Workpapers & Supporting Documents:
50	\2016 Paradise Valley Water Rejoinder.xlsm

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

Adjustment to Annualize Depreciation Expense on Updated Post Test Year Plant for 2017. Includes updating projects through 12/31/2017 with actual expenditure.

Line No.		[A] Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC - FINAL 2017 PTYP (a)	[B] Allocation Factor	[C] = [A] * [B] Depreciation Expense
17	Depreciation on Post Test Year Plant Additions - Paradise Valley Water	$ 96,626	100.0000%	$ 96,626
18	Depreciation on Additional TY Plant Additions - Paradise Valley Water	30,917	100.0000%	30,917
19	Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	2.6016%	1,266
20	Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	2.6016%	452
21	Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	2.3694%	5,611
22	Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	2.3694%	4,136
23		$ 604,934 Sum Lines [17 -22]		
27	Depreciation Expense on 2017 Post Test Plant per Rebuttal			$ 139,007 Sum Lines[17] thru [22]
30	Depreciation Expense on 2017 Post Test Plant per Company's Original Application			$ 109,690 (b)
33	Increase / (Decrease) to Depreciation Expense			$ 29,317 Line[27] - Line[30]
35	Rebuttal Adjustment to Revenue and/or Expense			$ 29,317 Line[33]

Workpapers & 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 Paradise Valley Water Rejoinder.xlsm

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

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

GMC 4 Factor	2.6016%
Arizona Total	91.0728%
Alloc Factor	2.3694% Line[8]*Line[9]

	[A] Depreciation on Retirements per Summary of Plant and A/D by NARUC Updated for Final 2017 PTYP (a)	[B] Allocation Factor	[C] = [A] * [B] Depreciation Expense
Depreciation on Retirements on Test Year Plant - Paradise Valley Water	$ (12,794)	100.0000%	$ (12,794)
Depreciation on Retirements on Test Year Plant - 7A Corporate Plant Allocated	(1,774)	2.6016%	(46)
Depreciation on Retirements on Test Year Plant - 6U Plant Allocated	-	2.3694%	-

Depreciation Expense on 2017 Retirements per Rebuttal	$ (12,841)	Sum Lines [17 - 19]
Depreciation Expense on 2017 Retirements per Company's Original Application	$ (2,730)	(b)
Increase / (Decrease) to Depreciation Expense	$ (10,110)	Line[26] - Line[29]
Rebuttal Adjustment to Revenue and/or Expense	$ (10,110)	Line[32]

Workpapers & Supporting Documents:
(a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xlsx
(b) Schedule C2 Adj SLM - IS25

\2016 Paradise Valley Water Rejoinder.xlsm

Adjust Insurance Other Than Group

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 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 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. This is a conforming adjustment and updated with the values in the Rebuttal Filing.

	DIRECT PLANT			[1]	[2]	[1] * [2] = [3]
	Test Year		7P		AZ	AZ-Factor
	Adj Results		District 4-Factor	5.3099%	87.7062%	4.6571%
Gross Property Value at 12/31/2016	$ 81,413,808	Schb2 Rebuttal Line [2]				
% of Plant Insured	47.75%	\[Insurance]1. Property & Terrorism [23]				
Gross Plant Insured	$ 38,872,661	Line [11] * Line [12]				

		Test Year Adjusted Results		Adjusted with Rate Increase		Adjusted with Rate Increase
Adjusted Revenues in Year Ended December 2016		**$ 10,116,972**	Schc2 Rebuttal [X][14]	**$ 11,109,688**	Schc2 Rebuttal [Z][14]	
		[A]	[B]	[C] = [A] * [B]		[D]	[E] = [D] * [B]
	Factor	**Amount**	**Rate**	**Source**	**Premium**	**Amount**	**Premium**
1. Property Insurance	Plant [25]	$ 38,872,661	0.0526%	\[Insurance] Summary	$ 20,444	$ 38,872,661	$ 20,444
2. Excess Liability	Revenue Line [25]	10,116,972	0.2588%	\[Insurance] Summary	26,186	11,109,688	28,755
3. Umbrella Liability	AZ 4- Factor [10]	95,767	4.6571%	\[Insurance] Summary	4,460	95,767	4,460
4. Autos	AZ 4- Factor [10]	278,350	4.6571%	\[Insurance] Summary	12,963	278,350	12,963
5. Workers Compensation	Payroll Col [49]	75,667	1.6543%	\[Insurance] Summary	1,252	75,667	1,252
6. Pollution *	Fixed Site	3,554	1.00	\[Insurance] Summary	3,554	3,554	3,554
7. D&O	AZ 4- Factor [10]	13,367	4.6571%	\[Insurance] Summary	623	13,367	623
8. Fiduciary	AZ 4- Factor [10]	1,483	4.6571%	\[Insurance] Summary	69	1,483	69
9. Crime	Employee Count	19	$ 7.76	\[Insurance] Summary	148	19	148
10. Employed Lawyers	AZ 4- Factor [10]	1,196	4.6571%	\[Insurance] Summary	56	1,196	56
11. Non Owned Pollution	AZ 4- Factor [10]	19,339	4.6571%	\[Insurance] Summary	901	19,339	901
12. Employment Practices	Employee Count	19	$ 5.30	\[Insurance] Summary	101	19	101
13. Utilities Bond **	Site Bond Requirement	22,331	0.0000%	\[Insurance] Summary	-	22,331	-
14. Cyber Insurance	AZ 4- Factor [10]	11,366	4.6571%	\[Insurance] Summary	529	11,366	529
15. Sun City Flood Insurance	Sun City Only	2,356	100.0000%	\[Insurance] Summary	2,356	2,356	2,356
16. LAPP	AZ 4- Factor [10]	19,383	4.6571%	\[Insurance] Summary	903	19,383	903
						-	-
Total					$ 74,543	Sum Col [E]	$ 77,112

Adjusted Test Year Insurance Other Than Group	From Original Filing	$ 74,529	$ 74,543
	Increase/(Decrease) to Insurance Other Than Group	$ 14 Line [39] - Line [42]	$ 2,569

Workpapers & Supporting Documents:

\Insurance Other than Group.xlsx (aka Insurance)
\Payroll, Benefits, & Taxes 2016.xlsx (aka Payroll)
Income Statement Adjustment SLM-IS27

\2016 Paradise Valley Water Rejoinder.xlsm

Adjust CPI for 2017

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 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% based on initial service contracts negotiations that are being worked on with the vendor.

2016 Unadjusted Expenses

Description	Account	Amount (a)	
Chemicals	5263	$ 42,219	A
Other Utilities	5621	$ 4,973	B
Asset Usage Fee - Corporate	6203	$ 16,525	C
Consulting Engineering	5227	$ 2,894	D
Contractors and Consultants	5250	$ 106,882	D
Administrative Contractors	5679	$ 1,152	D
Outside Computer Charges (T1)	5628	$ 25,024	D
Temporary Support	5629	$ 9,561	D
Legal Fees	5681	$ 14,483	D
Service Charges	5615	$ 17,680	E
Customer Communications	5674	$ 12,945	E
Rent and Storage	5810	$ 29,568	F
Freight and Courier	5262	$ 635	F
Telephone,Long Distance,Data	5620	$ 46,959	F
Stationary, Printing & Other O	5622	$ 16,451	F
Office Machines,Furniture	5623	$ 4,192	F
Parking	5630	$ 265	F
Vehicle Allowance	5631	$ 1,563	F
Vehicle Allowance	5271	$ 9	F
Business Allowance	5634	$ 724	F
Memberships Dues & Professiona	5640	$ 5,035	F
Subscriptions	5641	$ 1,396	F
Airfare	5650	$ 3,842	F
Accommodation, Other Travel	5651	$ 5,239	F
Employee Working Meals	5652	$ 7,434	F
Training - Fees/Tuition	5660	$ 12,661	F
Training Fee	5252	$ 10	F
FR Clothing	5273	$ 16,859	G
Miscellaneous	5697	$ 23,082	G
Stock	5260	$ 138	H
Materials, Supplies	5261	$ 88,176	H
Veh. and Equip.-Allocation	5270	$ 86,947	H
Equipment	5275	$ 2,086	H
Hardware	5624	$ 352	H
Software	5625	$ 3,178	H
Maintenance	5811	$ 32,324	H
Vehicle Maintenance	5823	$ 44,587	H
		$ 688,047	Sum Lines [9 thru 45]

Consumer Price Index - Phoenix Urban Consumers

Year	Annual Index	Increase	Ave Increase
2014	127.823		
2015	128.019	0.15%	
2016	130.107	1.63%	
2017	133.324	2.47%	1.4%
Chemical Increase			4.0%

	[A] Total	[A] * Line [12] Chemical [13] [B] Year 1	[A] + [B] * Line [12] Chemical [13] [C] Year 2	[D] = [B] + [C] Revised Total	[E] IS JPB ADJ #23 Original Total	[F] = [D] - [E] Rebuttal Adjustment
Chemicals	$ 42,219	$ 1,689	$ 1,756	$ 3,445	$ 3,445	$ -
Waste Disposal	4,973	$ 123	$ 72	195	$ 114	$ 82
Corporate Allocation	16,525	$ 409	$ 240	649	$ 377	$ 271
Outside Services	159,996	$ 3,956	$ 2,326	6,282	$ 3,655	$ 2,628
Customer Accounting	30,625	$ 757	$ 445	1,203	$ 700	$ 503
General Office Exp	135,981	$ 3,362	$ 1,977	5,339	$ 3,106	$ 2,233
Miscellaneous	39,941	$ 988	$ 581	1,568	$ 912	$ 656
Maintenance Expense	257,787	$ 6,374	$ 3,748	10,122	$ 5,888	$ 4,234
Sum Lines[18]thru[25]	$ 688,047	$ 17,657	$ 11,147	$ 28,804	$ 18,197	$ 10,607

Increase / (Decrease) to Expense — Line [26] $ 10,607

Workpapers & Supporting Documents:

(a) Sche6 Bureau of Labor Statistics - Phoenix CPI

\2016 Paradise Valley Water Rejoinder.xlsm

Adjust CUS Charges

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 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 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.

Consumer Price Index - Phoenix Urban Consumers			
Year	Annual Index	Increase	
2015	128.019		
2016	130.107	1.63%	Increase Lines[12-11]/[11]
2017	133.324	2.47%	Increase Lines[13-12]/[12]

C.U.S. Charges per Schedule E-6, account 5611	$ 109,757	(a)	
CPI Adjustment 2017	$ 1,790	Line[16]*1.63%	
Adjusted 2017 Expense	$ 111,547	Line[16]+Line [18]	
CPI Adjustment 2018	$ 2,758	Line[19]*2.47%	
Adjusted 2018 Expense	$ 114,305	Line[19]+Line[21]	
Total Increase/ (Decrease) to C.U.S Charges	$ 4,548	Line[18]+Line[21]	
Expense per Company's Original Application per IS JPB Adj#12	$ 3,609		
	$ 939	Line[26] - Line[28]	

Adjustment to Revenue and/or Expense	$ 939	Line[30]

Workpapers & Supporting Documents:
(a) Sche6

\2016 Paradise Valley Water Rejoinder.xlsm

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

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 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 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 requested amounts in the original application.

Line No.		[A] Revised Amounts (a)	[B] Original Application	[C] = [A] - [B] Rebuttal Adjustment	
	Part 1				
13	Remove ASU Study Costs	$ 252	$ 584	$ (332)	
	Part 2				
17	Amount to be removed from Outside Services per RUCO DR 1.25	$ (5,310)	$ -	$ (5,310)	
24	Adjustment to Revenue and/or Expense			$ (5,642)	Line [13] + Line [17]

Workpapers & Supporting Documents:
(a) Company Response to RUCO DR 1.25

\2016 Paradise Valley Water Rejoinder.xlsm

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

7

	[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)	$ 22,831	
21				
22	Total Increase / (Decrease) to Postage Expense		$ 609	Col [E] Line[18]*Line[21]
23	Expense per Company's Original Application per IS JPB Adj#11		$ 321	
24				
25	Adjustment to Revenue and/or Expense			$ 288 Line [22]- Line [23]

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45 Workpapers & Supporting Documents:
46 (a) Sch E-6 Line 19
47 USPS Rates 2016.xlsx
48
49
50 \2016 Paradise Valley Water Rejoinder.xlsm

Partially Accept Staff IS ADJ #5: Adjust Regulatory Expense

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 expense. Staff proposed recovery over a 5 year period however the Company proposes a 3 year period.

Line No.		[A] Revised Amounts (a)	[B] Original Application	[C] = [A] - [B] Rebuttal Adjustment
13	Amount to be removed from Regulatory Expense per Staff IS ADJ #5	$ (47,728)	0	$ (47,728)
24	Adjustment to Revenue and/or Expense			$ (47,728) Line [13]

Workpapers & Supporting Documents:
(a) Schedule C2

\2016 Paradise Valley Water Rejoinder.xlsm

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

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 to remove tuition related costs.

Staff Disallowed Amounts per Staff Adj #4			Company Position
Entertainment	$	81,543	Accept
Tuition	$	64,387	Oppose
Gifts	$	17,937	Accept
	$	163,867	

Paradise Valley Water	4-Factor	5.3099%	

Amount to be Removed			
Entertainment	$	81,543	
Gifts	$	17,937	
Total	$	99,480	Line [16] + Line [17]
Allocated to District		5.3099%	
	$	5,282	Line [18] * Line [20]

	Rebuttal Adjustment	
Adjustment to Revenue and/or Expense	$ (5,282)	Line [21]

Workpapers & Supporting Documents:

\2016 Paradise Valley 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
4 into 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 ("MEC"). Each of
9 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 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 adjustor mechanisms.
10
11 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 settlement
12 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 increase if the settlement is
13 approved. In addition to increased base rates resulting from the rate case application, APS utilizes a number of adjustor mechanisms that have caused electric costs to increase year-over-year, between APS filing general rate applications. Accordingly,
14 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 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.
15
16 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 commercial customers. The
17 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 annualize this increase in purchased power costs
included in the adjustor mechanism in-line with the newly authorized tariff for the eight months of the year that were not billed using the current tariff.
18
19 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 decision are not fully
20 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 pursuant to MEC's previous tariff should therefore
21 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 changes in the test year in the PCAM.
22
23

24

			[A]	[B]	[C]	[D]	[E] = [A] + [B] + [C] + [D]	
25								
26					Other			
27			Corporate (a)	Direct (b)	Allocation (c)	Annualization	Total	
28	GL Account	Account Description	2016	2016	2016		2016	
29	5617	Power Charges	$ 2,246	$ 1,236,984			$ 1,239,229	
30	5616	Natural Gas Charges	$ -	$ -			$ -	
31		Annualization				$ 1,955	$ 1,955	
32	Total Purchased Power Expense						$ 1,241,184	Line[29 - 31]
33								
34		2017 % Increase	6.29%					
35		2018 % Increase	6.29%					

		[F]	[G]	[H]	[I]	[J]	[K] = [F] + [G] + [H] +[I] + [J]	
36								
37		Corporate	Direct	Natural Gas	Other Allocation	Annualization	Total	
38	2017 Increase - Power	$ 141	$ 77,844	0	0	$ 123	$ 78,109	Line[29] *2017% Inc; Line [31] * 2017% Inc
39	2017 Expense	$ 2,387	$ 1,314,828	$ -	$ -	$ 2,078	$ 1,319,293	Line[29]+Line[38], Line[31] + Line [38]
40								
41	2018 Increase - Power	$ 150	$ 82,743	0	$ -	$ 131	$ 83,024	Line[39] * 2018% Inc
42	2018 Expense	$ 2,537	$ 1,397,571	$ -		$ 2,209	$ 1,402,317	Line[39]+Line[41]
43								
44	Increase/Decrease to Expense						$ 1,402,317	Col I, Line[42]

45

46

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 Paradise Valley Water Rejoinder.xlsm

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

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 Year operating expenses for recovery in base rates.

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 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 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 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 impact of the increases in CAP fees have been included in the total purchased water costs.

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. 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 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.

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 this rate case.

Line No.		Purchased Water Test Year Expense	
24	Test Year Purchased Water Expense	$ 5,109	
25	Expenses Removed	(371)	
26	CAP Purchased Water - Existing Surcharge	509,896	
27	SMC-IS6	$ 8	
28	Annualized Purchased Water Expenses	$ 514,641	Sum Lines [24 - 27]
29			
30	2017 Percentage increase in CAP costs	8.14%	(c)
31	2017 Purchased Water Expense	$ 556,530	Line [28]*(1+Line [30])
32			
33	2018 Percentage increase in CAP costs	2.15%	(c)
34	2018 Purchased Water Expense	$ 568,499	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	$ 30,956	(c)
40	Groundwater Withdrawal Fee		(c)
41	Total Pro Forma Purchased Water Costs	$ 599,455	Sum Lines [36 - 40]
42			
43	Increase/Decrease to Expense		$ 599,455 Line [41]
44			

Workpapers & Supporting Documents:

(a) Company IS Adjustment JPB-IS30

\2016 Paradise Valley Water Rejoinder.xlsm

Update Depreciation Expense - Post Test Year Plant - Rejoinder

Adjustment to Annualize Depreciation Expense on Updated Post Test Year Plant for 2017 for Rejoinder.

Line No.		[A] Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC - Rejoinder (a)	[B] Allocation Factor	[C] = [A] * [B] Depreciation Expense
17	Depreciation on Post Test Year Plant Additions - Paradise Valley Water	$ 96,626	100.0000%	$ 96,626
18	Depreciation on Additional TY Plant Additions - Paradise Valley Water	30,917	100.0000%	30,917
19	Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	2.6016%	1,266
20	Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	2.6016%	452
21	Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	2.3694%	5,611
22	Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	2.3694%	4,136
23		$ 604,934 Sum Lines [17 -22]		
27	Depreciation Expense on 2017 Post Test Plant per Rejoinder			$ 139,007 Sum Lines[17] thru [22]
30	Depreciation Expense on 2017 Post Test Plant per Rebuttal			$ 139,007 (b)
33	Increase / (Decrease) to Depreciation Expense			$ - Line[27] - Line[30]
35	Rejoinder Adjustment to Revenue and/or Expense			$ - Line[33]

Workpapers & Supporting Documents:
Summary of Plant Balances and Accum Depr by NARUC Updated for Rejoinder.xlsx

\2016 Paradise Valley 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.
4 The 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.
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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	180,130	
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			5.310%	Allocation Factor for Paradise Valley Water
24				
25			$ 3,333	Amount to be Removed from Corporate Allocations for Paradise Valley Water

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29	Increase/Decrease to Expense	$ (3,333)
30		
31	ReJoinder Adjustment to Revenue and/or Expense	$ (3,333)

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45 Workpapers & Supporting Documents:
46 Corporate Allocations - Rejoinder.xlsx
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48
49
50 \2016 Paradise Valley Water Rejoinder.xlsm

Line
No.

1 Update Fuel and Power Expense - Rejoinder

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

11			Purchased Power	
12			Revised Expense	
15	2017 Actual Power Expenses		$ 1,380,523	(a)
17	2017 Actual Fuel Expenses		$ -	(a)
18	Total 2017 Fuel and Power Expense		$ 1,380,523	Line [15] + Line [17]
29		Fuel and Power Expense per Rejoinder	$ 1,380,523	Line [18]
31		Fuel and Power Expense per Rebuttal	$ 1,402,317	ADJ JPB-IS15 REB
35	Rejoinder Adjustment to Revenue and/or Expense		$ (21,794)	

45 Workpapers & Supporting Documents:

50 \2016 Paradise Valley Water Rejoinder.xlsm

Line No.

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	
15	2017 Actual Water Expense	$ 4,758	(a)
16	2017 CAP Water Purchases	565,878	(a)
18	2017 Total Water Expenses	$ 570,636	Line [15] + Line [16]
20	Other Purchased Water Expense	$ 30,956	(a)
21	Total Purchased Water Expense	$ 601,592	Line [18] + Line [20]

30	Increase/Decrease to Expense per Rejoinder	$ 601,592	Line [21]
32	Purchased Water Expense per Rebuttal	$ 599,455	ADJ JPB-IS16 REB
36	Rejoinder Adjustment to Revenue and/or Expense	$ 2,137	

Workpapers & Supporting Documents:

\2016 Paradise Valley Water Rejoinder.xlsm

Update General Office Expense - Rejoinder

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 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.

Paradise Valley Water	4-Factor	5.3099%

Staff Disallowed Amounts per Staff Adj #4			Company Rebuttal Position	Company Rejoinder Position
Entertainment	$	81,543	Accept	
Tuition	$	64,387	Oppose	Accept
Gifts	$	17,937	Accept	
	$	163,867	Sum Lines [11-13]	

Amount to be Removed in Rejoinder			
Tuition	$	64,387	Line [12]
Total	$	64,387	
Allocated to District		5.3099%	Line [8]
	$	3,419	Line [20] * Line [22]

	Rejoinder Adjustment
Rejoinder Adjustment to Revenue and/or Expense	$ (3,419) Line [23]

Workpapers & Supporting Documents:

\2016 Paradise Valley Water Rejoinder.xlsm

Line No.

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				
10			[A]	[B]	[C] = [A] + [B]		Remove Year 2 - 2018 Increase
11			Year 1- 2017	Year 2 -2018	Rebuttal Total		Rejoinder Adjustment
12	Chemicals		$ 1,689	$ 1,756	$ 3,445		$ (1,756)
13	Waste Disposal		123	72	195		$ (72)
14	Corporate Allocation		409	240	649		$ (240)
15	Outside Services		3,956	2,326	6,282		$ (2,326)
16	Customer Accounting		757	445	1,203		$ (445)
17	General Office Exp		3,362	1,977	5,339		$ (1,977)
18	Miscellaneous		988	581	1,568		$ (581)
19	Maintenance Expense		6,374	3,748	10,122		$ (3,748)
20		Total	$ 17,657	$ 11,147	$ 28,804	Sum Lines[12 - 19]	$ (11,147) Sum Lines[12 - 19]
21							
22							
23							
24		Amount attributed to 2018 increase		$ 11,147			
25							
26							
27							
28							
29							
30							
31	Rejoinder Adjustment to Revenue and/or Expense						$ (11,147) Line [20]

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45 Workpapers & Supporting Documents:

46 ADJ JPB - IS9 REB

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Paradise Valley Water
Test Year Ended December 31, 2016
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3 Rejoinder
Page 1
Witness: Skoubis

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 =	1.04%	One Minus Combined	75.13%	0.78%	[A] x [B]
7							
8	Bad Debt Expense	Effective Rate =	0.18%	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					25.98%	Sum Line [1-10]
14							
15	Operating Income % = 100% - Tax Percentage					74.02%	1 - [C] Line [13]
16							
17							
18		1 = Gross Revenue Conversion Factor					
19							
20							
21	Operating Income %					1.35	1 / [C] Line [15]
22							
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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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