

Tubac Water

C Schedules

Rejoinder

Line No.		Test Year Book Results (a) [A]	Total Pro Forma Adjustments (a) [B]	Test Year Adjusted Results (a) [C] = [A] + [B]	Proposed Rate Increase (a) [D]	Adjusted with Rate Increase (a) [E] = [C] + [D]	
1	Revenues						
2	Water	\$ 798,508	\$ -	\$ 798,508	\$ (156,317)	\$ 642,192	
3	Other Revenues	37,810	-	37,810	-	37,810	
4	Total Revenues	\$ 836,318	\$ -	\$ 836,318	\$ (156,317)	\$ 680,001	Sum Lines [2-3]
5							
6	Operating Expenses						
7	Labor	\$ 122,077	\$ -	\$ 122,077	\$ -	\$ 122,077	
8	Purchased Water	-	867	867	-	867	
9	Fuel & Power	-	21,793	21,793	-	21,793	
10	Chemicals	27,815	(1,073)	26,742	-	26,742	
11	Waste Disposal	1,495	3	1,498	-	1,498	
12	Intercompany Support Services	-	-	-	-	-	
13	Corporate Allocation	25,932	(367)	25,565	-	25,565	
14	Outside Services	26,910	(578)	26,333	-	26,333	
15	Group Insurance	60,816	-	60,816	-	60,816	
16	Pensions	-	-	-	-	-	
17	Regulatory Expense	5,294	(5,294)	-	-	-	
18	Insurance Other Than Group	10,046	(24)	10,022	(405)	9,617	
19	Customer Accounting	23,880	159	24,039	(502)	23,537	
20	Rents	8,677	-	8,677	-	8,677	
21	General Office Expense	24,039	(909)	23,130	-	23,130	
22	Miscellaneous	2,170	4	2,174	-	2,174	
23	Maintenance Expense	23,056	51	23,107	-	23,107	
24	Depreciation & Amortization	182,413	(3,880)	178,533	-	178,533	
25	General Taxes-Property	44,436	(1,759)	42,677	(2,721)	39,956	
26	General Taxes-Other	11,644	-	11,644	-	11,644	
27	Income Taxes	85,652	(31,630)	54,022	(37,975)	16,047	
28							
29	Total Operating Expenses	\$ 686,354	\$ (22,638)	\$ 663,716	\$ (41,603)	\$ 622,113	Sum Lines [7-27]
30	Utility Operating Income	\$ 149,964	\$ 22,638	\$ 172,602	\$ (114,714)	\$ 57,888	Line [4] - Line [29]
31	Other Income & Deductions						
32	Other Income & Deductions	\$ (67)	\$ -	\$ (67)	\$ -	\$ (67)	
33	Interest Expense	11,309	(1,894)	9,415	-	9,415	
34	Other Expense	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	
36	Total Other Income & Deductions	\$ 11,242	\$ (1,894)	\$ 9,348	\$ -	\$ 9,348	Sum Lines [32-35]
37	Net Profit / (Loss)	\$ 138,723	\$ 24,532	\$ 163,254	\$ (114,714)	\$ 48,541	Line [30] - Line [36]

43 Supporting Schedules:
 44 (a) C-2 Rejoinder
 45
 46
 47
 48 Workpapers & Supporting Documents
 49
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Recap Schedules:
 A-1 Rejoinder

Sch C-2 Original
Column [AP]

	TY Adjusted Results	Page 4	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12	Page 13	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	
		ADJ JPB-IS1 REB	ADJ SLS-IS2 REB	ADJ SLS-IS3 REB	ADJ SLH-IS4 REB	ADJ XXX-IS5 REB	ADJ JPB-IS6 REB	ADJ JPB-IS7 REB	ADJ SLS-IS8 REB	ADJ JPB-IS9 REB	ADJ JPB-IS10 REB	
<u>Line No.</u>	<u>Test Year Book Results</u>	<u>Adjust Property Taxes to Reflect Adjusted Test Year Revenues</u>	<u>Federal and State Income Taxes</u>	<u>Interest Synchronization with Rate Base</u>	<u>Regulatory Liability - ADIT Amortization - Tax Reform Adj</u>	<u>Intentionally Left Blank</u>	<u>Partially Accept Staff IS Adj #6: Adjust Depreciation Expense - Post Test Year Plant 2017</u>	<u>Partially Accept Staff IS Adj #6: Adjust Depreciation Expense - Retirements</u>	<u>Adjust Insurance Other Than Group</u>	<u>Adjust CPI for 2017</u>	<u>Adjust CUS Charges</u>	
1	Revenues											
2	Water	\$ 798,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	Other Revenues	37,810	-	-	-	-	-	-	-	-	-	
4	Total Revenue	\$ 836,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5												
6	Operating Expenses											
7	Labor	\$ 122,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Purchased Water	-	-	-	-	-	-	-	-	-	-	
9	Fuel & Power	-	-	-	-	-	-	-	-	-	-	
10	Chemicals	27,815	-	-	-	-	-	-	-	-	-	
11	Waste Disposal	1,495	-	-	-	-	-	-	-	24	-	
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	
13	Corporate Allocation	25,932	-	-	-	-	-	-	-	30	-	
14	Outside Services	26,910	-	-	-	-	-	-	-	432	-	
15	Group Insurance	60,816	-	-	-	-	-	-	-	-	-	
16	Pensions	-	-	-	-	-	-	-	-	-	-	
17	Regulatory Expense	5,294	-	-	-	-	-	-	-	-	-	
18	Insurance Other Than Group	10,046	-	-	-	-	-	-	(24)	-	-	
19	Customer Accounting	23,880	-	-	-	-	-	-	-	71	116	
20	Rents	8,677	-	-	-	-	-	-	-	-	-	
21	General Office Expense	24,039	-	-	-	-	-	-	-	509	-	
22	Miscellaneous	2,170	-	-	-	-	-	-	-	31	-	
23	Maintenance Expense	23,056	-	-	-	-	-	-	-	447	-	
24	Depreciation & Amortization	182,413	-	-	-	(1,450)	-	(1,282)	(1,148)	-	-	
25	General Taxes-Property	44,436	(1,759)	-	-	-	-	-	-	-	-	
26	General Taxes-Other	11,644	-	-	-	-	-	-	-	-	-	
27	Income Taxes	85,652	-	(31,630)	-	-	-	-	-	-	-	
28												
29	Total Operating Expenses	\$ 686,354	\$ (1,759)	\$ (31,630)	\$ -	\$ (1,450)	\$ -	\$ (1,282)	\$ (1,148)	\$ (24)	\$ 1,544	\$ 116
30	Utility Operating Income	\$ 149,964	\$ 1,759	\$ 31,630	\$ -	\$ 1,450	\$ -	\$ 1,282	\$ 1,148	\$ 24	\$ (1,544)	\$ (116)
31	Other Income & Deductions											
32	Other Income & Deductions	\$ (67)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
33	Interest Expense	11,309	-	-	(1,894)	-	-	-	-	-	-	
34	Other Expense	-	-	-	-	-	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	
36	Total Other Income & Deductions	\$ 11,242	\$ -	\$ -	\$ (1,894)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
37	Net Profit / (Loss)	\$ 138,723	\$ 1,759	\$ 31,630	\$ 1,894	\$ 1,450	\$ -	\$ 1,282	\$ 1,148	\$ 24	\$ (1,544)	\$ (116)
38												
39	Rebuttal Amounts	138,723	1,759	35,163	1,898	1,450	-	1,282	1,148	24	(1,544)	(116)
40	Increase in Rejoinder	-	-	(3,533)	(4)	-	-	-	-	-	-	-
41												
42												
43												
44	Supporting Schedules:											
45	E-6											
46												
47												
48	Workpapers & Supporting Documents:											
49												
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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 [AA] + [Z]		Sum [AA] + [AB]

Line No.	Update General Office Expense - Rejoinder	Update CPI - Rejoinder	Intentionally Left Blank	Intentionally Left Blank	Total Pro Forma Adjustments	Test Year Adjusted Results	Proposed Rate Increase	Adjusted Rate Increase		
1	Revenues									
2	Water	\$ -	\$ -	\$ -	\$ -	\$ 798,508	\$ (156,317)	\$ 642,192		
3	Other Revenues	-	-	-	-	37,810		37,810		
4	Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 836,318	\$ (156,317)	\$ 680,001		
5										
6	Operating Expenses									
7	Labor	\$ -	\$ -	\$ -	\$ -	\$ 122,077		\$ 122,077		
8	Purchased Water	-	-	-	-	867		867		
9	Fuel & Power	-	-	-	-	21,793		21,793		
10	Chemicals	-	(1,073)	-	-	(1,073)		26,742		
11	Waste Disposal	-	(21)	-	-	3		1,498		
12	Intercompany Support Services	-	-	-	-	-		-		
13	Corporate Allocation	-	(27)	-	-	(367)		25,565		
14	Outside Services	-	(383)	-	-	(578)		26,333		
15	Group Insurance	-	-	-	-	-		60,816		
16	Pensions	-	-	-	-	-		-		
17	Regulatory Expense	-	-	-	-	(5,294)		-		
18	Insurance Other Than Group	-	-	-	-	(24)		10,022		
19	Customer Accounting	-	(63)	-	-	159		(502)		
20	Rents	-	-	-	-	-		8,677		
21	General Office Expense	(380)	(450)	-	-	(909)		23,130		
22	Miscellaneous	-	(28)	-	-	4		2,174		
23	Maintenance Expense	-	(396)	-	-	51		23,107		
24	Depreciation & Amortization	-	-	-	-	(3,880)		178,533		
25	General Taxes-Property	-	-	-	-	(1,759)		42,677		
26	General Taxes-Other	-	-	-	-	-		11,644		
27	Income Taxes	-	-	-	-	(31,630)		(37,975)		
28										
29	Total Operating Expenses	\$ (380)	\$ (2,440)	\$ -	\$ -	\$ (22,638)	\$ 663,716	\$ (41,603)	\$ 622,113	
30	Utility Operating Income	\$ 380	\$ 2,440	\$ -	\$ -	\$ 22,638	\$ 172,602	\$ (114,714)	\$ 57,888	
31	Other Income & Deductions									
32	Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (67)	\$ (67)		
33	Interest Expense	-	-	-	-	(1,894)		9,415		
34	Other Expense	-	-	-	-	-		-		
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-		-		
36	Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ (1,894)	\$ 9,348	\$ -	\$ 9,348	
37	Net Profit / (Loss)	\$ 380	\$ 2,440	\$ -	\$ -	\$ 24,532	\$ 163,254	\$ (114,714)	\$ 48,541	
38										
39	Rebuttal Amounts	-	-	-	-	13,859		152,582	(104,077)	48,505
40	Increase in Rejoinder	380	2,440	-	-	10,673		10,673	(10,636)	36
41										
42										
43										
44	Supporting Schedules:							Recap Schedules:		
45	E-6							C-1 Rejoinder		
46										
47										
48	Workpapers & Supporting Documents									
49										
50	\2016 Tubac Water Rejoinder.xlsm									

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	\$ 836,318	\$ 836,318
7 Adjusted Revenues in Year Ended December 2016	836,318	836,318
8 Proposed Revenues	836,318	680,001
9 Average of Three Year's of Revenue	Avg Lines[6] thru [8] \$ 836,318	\$ 784,212
10 Average of Three Year's of Revenue, times 2	Line[9] * 2 \$ 1,672,636	\$ 1,568,425
11 Add:		
12 Construction Work in Progress at 10%	(a) 6,383	6,383
13 Deduct:		
14 Net Book Value of Transportation Equipment	\$ 44,508	\$ 44,508
15		
16 Full Cash Value	Sum Lines[10-12] - Line[14] \$ 1,634,512	\$ 1,530,301
17 Assessment Ratio (For 2016 per HB 2001 Sec 42-15001)	18.0%	18.0%
18 Assessed Value	Line[16]*Line[17] \$ 294,212	\$ 275,454
19 Property Tax Rate	(c) 14.51%	14.51%
20		
21 Property Tax	Line[18]*Line[19] 42,677	39,956
22 Tax on Parcels	-	-
23		
24 Adjusted Test Year Property Taxes at Present Rates	Line[21]+Line[22] \$ 42,677	
25 Adjusted Test Year Property Taxes	(b) 44,436	
26 Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder)	Line[24] - Line[25] \$ (1,759)	
27		
28 Adjusted Test Year Property Taxes at Proposed Rates		Sum Lines[21-27] \$ 39,956
29 Adjusted Test Year Property Taxes at Present Rates		Line[24] Col [A] 42,677
30 Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)		Line[28] - Line[29] \$ (2,721)
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])		\$ (2,721)
37		
38 Increase in Revenue Requirement (From Sch. A-1 Rejoinder)		\$ (156,317)
39		
40 Increase in Property Tax Per Dollar Increase in Revenue (Line 36/Line 38)		1.74%
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 Tubac 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	\$ 226,624	\$ 73,935
8	Interest Expense	9,415	9,415
9	Arizona Taxable Income	Line[7] - Line[8] \$ 217,209	\$ 64,521
10			
11	Arizona Income Tax 4.90%	Line[9] * 0.049 \$ 10,643	\$ 3,162
12			
13			
14	Federal Income Before Taxes	Line[9] \$ 217,209	\$ 64,521
15	Less Arizona Income Taxes	Line[11] 10,643	3,162
16	Federal Taxable Income	Line[14] - Line[15] \$ 206,566	\$ 61,359
17			
18	FEDERAL INCOME TAXES:		
19			
20			
21			
22			
23			
24			
25	Federal Income Taxes 21.00%	Line[16] * 0.21 \$ 43,379	\$ 12,885
26			
27			
28	Total Income Tax	Line[15]+Line[25] \$ 54,022	\$ 16,047
29			
30	Tax Rate	Line[28] / Line[9] 24.87%	24.87%
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) \$ 85,652	
38	Increase in Income Taxes,	Line[28] - Line[37] \$ (31,630)	
39			
40	Adjustment to Revenues and/or Expense	Line[38] \$ (31,630)	
41			
42	Test Year Income Taxes,		Line[28] \$ 54,022
43	Increase in Income Taxes		Line[28] - Line[42] (37,975)
44			
45	Adjustment to Revenue and/or Expense		Line[43] \$ (37,975)
46			
47	<u>Workpapers & Supporting Documents:</u>		
48	(a) Sch C2 Rejoinder		
49			
50	\\2016 Tubac Water Rejoinder.xlsm		

Line			
<u>No.</u>			
1	<u>Interest Synchronization with Rate Base</u>		
2			
3			
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5			
6	Original Cost Rate Base (Sch. B-1 Rejoinder , Ln. 28)	(a) \$	1,057,843
7	Weighted Cost of Debt from Schedule D-1 Rejoinder	(c)	0.89%
8	Synchronized Interest Expense	Line[6]*Line[7]	\$ 9,415
9			
10	Test Year Interest Expense Adjusted	(b) \$	<u>11,309</u>
11			
12	Adjusted Test Year Interest Expense	Line[10]	\$ 11,309
13			
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	\$ <u>(1,894)</u>
15			
16	Rebuttal Adjustment to Revenue and/or Expense	Line[14]	\$ <u>(1,894)</u>
17			
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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		
49			
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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
 4 reflected 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	\$	47,109	(a)	
9				
10 Amortization Rate		3.0771%	(b)	
11				
12 Annual Amortization			\$	(1,450) Line [8] * Line [10]
13				
14				
15				
16 Increase/ (Decrease) to Depreciation/ Amortization			\$	(1,450) 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 Tubac Water Rejoinder.xlsm

Line

No.

1 Intentionally Left Blank

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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 - Tubac Water	\$ 7,787	100.0000%	\$ 7,787
18 Depreciation on Additional TY Plant Additions - Tubac Water	1,615	100.0000%	1,615
19 Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	0.3225%	157
20 Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	0.3225%	56
21 Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	0.2937%	696
22 Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	0.2937%	513
23	<u>\$ 486,794</u> <small>Sum Lines [17 - 22]</small>		
24			
25			
26			
27	Depreciation Expense on 2017 Post Test Plant per Rebuttal		\$ 10,823 <small>Sum Lines[17] thru [22]</small>
28			
29	Depreciation Expense on 2017 Post Test Plant per Company's Original Application		<u>\$ 12,105</u> (b)
30			
31			
32			
33	Increase / (Decrease) to Depreciation Expense		\$ (1,282) <small>Line[27] - Line[30]</small>
34			
35	Rebuttal Adjustment to Revenue and/or Expense		<u>\$ (1,282)</u> <small>Line[33]</small>
36			
37			
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43			
44			
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 Tubac 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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GMC 4 Factor	0.3225%
Arizona Total	91.0728%
Alloc Factor	0.2937% ^{Line[8]*Line[9]}

	[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 - Tubac Water	\$ (1,142)	100.0000%	\$ (1,142)
18 Depreciation on Retirements on Test Year Plant - 7A Corporate Plant Allocated	(1,774)	0.3225%	(6)
19 Depreciation on Retirements on Test Year Plant - 6U Plant Allocated	-	0.2937%	-

26 Depreciation Expense on 2017 Retirements per Rebuttal \$ (1,148) Sum Lines [17 - 19]

29 Depreciation Expense on 2017 Retirements per Company's Original Application \$ - (b)

32 Increase / (Decrease) to Depreciation Expense \$ (1,148) Line[26] - Line[29]

34 Rebuttal Adjustment to Revenue and/or Expense \$ (1,148) Line[32]

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

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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,
 4 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
 5 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
 6 revenues, and property. This is a conforming adjustment and updated with the values in the Rebuttal Filing.
 7

DIRECT PLANT Test Year	[1]		[2]		[1] * [2] = [3]	
	7T		AZ		AZ-Factor	
Adj Results District 4-Factor		0.5903%		87.7062%		0.5177%

11 Gross Property Value at 12/31/2016 \$ 6,851,455 Schb2 Rebuttal Line [2]
 12 % of Plant Insured 47.75% \Insurance]1. Property & Terrorism [23]
 13
 14 Gross Plant Insured \$ 3,271,365 Line [11] * Line [12]
 15

Adjusted Revenues in Year Ended December 2016	Test Year Adjusted Results		Adjusted with Rate Increase		Adjusted with Rate Increase	
	[A] Amount	[B] Rate	[C] = [A] * [B] Premium	[D] Amount	[E] = [D] * [B] Premium	
1. Property Insurance	\$ 3,271,365	0.0526%	\$ 1,721	\$ 3,271,365	\$ 1,721	
2. Excess Liability	836,318	0.2588%	2,165	680,001	1,760	
3. Umbrella Liability	95,767	0.5177%	496	95,767	496	
4. Autos	278,350	0.5177%	1,441	278,350	1,441	
5. Workers Compensation	13,026	1.6543%	215	13,026	215	
6. Pollution *	3,554	1.00	3,554	3,554	3,554	
7. D&O	13,367	0.5177%	69	13,367	69	
8. Fiduciary	1,483	0.5177%	8	1,483	8	
9. Crime	2	7.76	16	2	16	
10. Employed Lawyers	1,196	0.5177%	6	1,196	6	
11. Non Owned Pollution	19,339	0.5177%	100	19,339	100	
12. Employment Practices	2	5.30	11	2	11	
13. Utilities Bond **	22,331	0.0000%	-	22,331	-	
14. Cyber Insurance	11,366	0.5177%	59	11,366	59	
15. Sun City Flood Insurance	2,356	0.0000%	-	2,356	-	
16. LAPP	19,383	0.5177%	100	19,383	100	
Total			\$ 9,960	Sum Col [C]	Sum Col [E]	\$ 9,555

42 Adjusted Test Year Insurance Other Than Group From Original Filing \$ 9,984 \$ 9,960
 43 Increase/(Decrease) to Insurance Other Than Group \$ (24) Line [39] - Line [42] \$ (405)

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 Tubac 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
 4 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
 5 increase by 4% based on initial service contracts negotiations that are being worked on with the vendor.
 6

2016 Unadjusted Expenses			Consumer Price Index - Phoenix Urban Consumers							
			Year	Annual Index	Increase	Ave Increase				
8	<u>Description</u>	<u>Account</u>	<u>Amount (a)</u>							
9	Chemicals	5263	\$ 25,794 A	2014	127.823					
10	Other Utilities	5621	\$ 1,462 B	2015	128.019	0.15%				
11	Asset Usage Fee - Corporate	6203	\$ 1,837 C	2016	130.107	1.63%				
12	Consulting Engineering	5227	\$ 4,981 D	2017	133.324	2.47%	1.4%			
13	Contractors and Consultants	5250	\$ 14,310 D	Chemical Increase			4.0%			
14	Administrative Contractors	5679	\$ 128 D	[A] * Line [12]	[A] + [B] * Line [12]					
15	Outside Computer Charges (T1)	5628	\$ 4,266 D	Chemical [13]	Chemical [13]			[E]	[F] = [D] - [E]	
16	Temporary Support	5629	\$ 1,063 D	[A]	[B]	[C]	[D] = [B] + [C]	[E]	[F] = [D] - [E]	
17	Legal Fees	5681	\$ 1,562 D	Total	Year 1	Year 2	Revised Total	IS JPB ADJ #23 Original Total	Rebuttal Adjustment	
18	Service Charges	5615	\$ 1,903 E	Chemicals	\$ 25,794	\$ 1,032	\$ 1,073	\$ 2,105	\$ 2,105	\$ -
19	Customer Communications	5674	\$ 2,412 E	Waste Disposal	1,462	\$ 36	\$ 21	\$ 57	\$ 33	\$ 24
20	Rent and Storage	5810	\$ 8,677 F	Corporate Allocati	1,837	\$ 45	\$ 27	\$ 72	\$ 42	\$ 30
21	Freight and Courier	5262	\$ 1,284 F	Outside Services	26,309	\$ 651	\$ 383	\$ 1,033	\$ 601	\$ 432
22	Telephone, Long Distance, Data	5620	\$ 13,930 F	Customer Account	4,315	\$ 107	\$ 63	\$ 169	\$ 99	\$ 71
23	Stationary, Printing & Other O	5622	\$ 1,153 F	General Office Exp	30,966	\$ 766	\$ 450	\$ 1,216	\$ 707	\$ 509
24	Office Machines, Furniture	5623	\$ 302 F	Miscellaneous	1,906	\$ 47	\$ 28	\$ 75	\$ 44	\$ 31
25	Parking	5630	\$ 29 F	Maintenance Expe	27,224	\$ 673	\$ 396	\$ 1,069	\$ 622	\$ 447
26	Vehicle Allowance	5631	\$ 153 F	sum Lines[18]thru[25]	\$ 119,814	\$ 3,356	\$ 2,440	\$ 5,797	\$ 4,252	\$ 1,544
27	Vehicle Allowance	5271	\$ 1 F							
28	Business Allowance	5634	\$ 71 F							
29	Memberships Dues & Professiona	5640	\$ 641 F							
30	Subscriptions	5641	\$ 127 F							
31	Airfare	5650	\$ 413 F							
32	Accommodation, Other Travel	5651	\$ 1,434 F							
33	Employee Working Meals	5652	\$ 1,259 F							
34	Training - Fees/Tuition	5660	\$ 1,490 F							
35	Training Fee	5252	\$ 1 F							
36	FR Clothing	5273	\$ 1,517 G							
37	Miscellaneous	5697	\$ 389 G							
38	Stock	5260	\$ - H							
39	Materials, Supplies	5261	\$ 14,208 H							
40	Veh. and Equip.-Allocation	5270	\$ 9,703 H							
41	Equipment	5275	\$ 179 H							
42	Hardware	5624	\$ 10 H							
43	Software	5625	\$ 308 H							
44	Maintenance	5811	\$ 572 H							
45	Vehicle Maintenance	5823	\$ 2,243 H							
46			\$ 119,814	Sum Lines [9 thru 45]						
47	<u>Workpapers & Supporting Documents:</u>									
48	(a) Sche6			Bureau of Labor Statistics - Phoenix CPI						
49										
50	\\2016 Tubac Water Rejoinder.xlsm									

Increase / (Decrease) to Expense Line [26] Col [D] \$ 1,544

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
 5 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.
 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	\$	13,553	(a)
CPI Adjustment 2017	\$	221	Line[16]*1.63%
Adjusted 2017 Expense	\$	13,774	Line[16]+Line [18]
CPI Adjustment 2018	\$	341	Line[19]*2.47%
Adjusted 2018 Expense	\$	14,115	Line[19]+Line[21]
Total Increase/ (Decrease) to C.U.S Charges	\$	562	Line[18]+Line[21]
Expense per Company's Original Application per IS JPB Adj#12	\$	446	
	\$	116	Line[26] - Line[28]

Adjustment to Revenue and/or Expense \$ 116 Line[30]

Workpapers & Supporting Documents:

(a) Sche6

50 \2016 Tubac 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
 5 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
 6 removed from the requested amounts in the original application.

7
 8

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

12 Part 1

13 Remove ASU Study Costs	\$	28	\$	65	\$ (37)
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16 Part 2

17 Amount to be removed from Outside Services per RUCO DR 1.25	\$	(590)	\$	-	\$ (590)
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24 Adjustment to Revenue and/or Expense				<u>\$ (627)</u>	Line [13] + Line [17]
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45 Workpapers & Supporting Documents:

46 (a) Company Response to RUCO DR 1.25

47
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49
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\2016 Tubac 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
 4 this rebuttal filing.
 5
 6
 7

	[A]	[B]	[C] = ([B]-[A]) / [A]	[D]	[E] = [D]-[B]
	Average Automated Piece Rate				
	Effective April 2016	Effective January 2017	2017 Increase over 2016	Effective January 21, 2018	2018 Increase over 2016
13 Manifested					
13 5-Digit	\$ 0.3760	\$ 0.3730	-0.80%	\$ 0.3780	0.53%
14 3-Digit	\$ 0.3990	\$ 0.4030	1.00%	\$ 0.4080	2.26%
15 AADC	\$ 0.3990	\$ 0.4030	1.00%	\$ 0.4080	2.26%
16 Mixed AADC	\$ 0.4190	\$ 0.4230	0.95%	\$ 0.4240	1.19%
17 Single Piece	\$ 0.4700	\$ 0.4900	4.26%	\$ 0.5000	6.38%
18 Average cost per piece	\$ 0.4126	\$ 0.4184	1.41%	\$ 0.4236	2.67%

19					
20 Postage Expense Account 5611 per General Ledger	(a)	\$	2,811		
21					
22 Total Increase / (Decrease) to Postage Expense		\$	75	Col [E] Line[18]*Line[21]	
23					
24 Expense per Company's Original Application per IS JPB Adj#11		\$	40		
25 Adjustment to Revenue and/or Expense		\$	35	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 Tubac 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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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
 4 agree to remove tuition related costs.
 5
 6
 7

8 <u>Staff Disallowed Amounts per Staff Adj #4</u>		<u>Company Position</u>	<u>Tubac Water</u>	<u>4-Factor</u>	<u>0.5903%</u>
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	0.5903%				
21	\$ 587	Line [18] * Line [20]			

Rebuttal
 Adjustment

22					
23					
24 Adjustment to Revenue and/or Expense			\$ (587)	Line [21]	

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 45 Workpapers & Supporting Documents:

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 50 \2016 Tubac 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
 4 back 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.
 10 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.

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.
 14 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 costs for districts using APS are adjusted for 2017 and
 15 2018 to account for known rate increases that will be effective prior to the resolution of this case.

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.
 17 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 annualize this increase in purchased power
 18 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.

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
 21 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 changes in the test year in the PCAM.
 22
 23

GL Account	Account Description	[A] [B]		[C] [D]		[E] = [A] + [B] + [C] + [D]	
		Corporate (a)	Direct (b)	Other Allocation (c)	Annualization	Total	
		2016	2016	2016		2016	
5617	Power Charges	\$ 250	\$ 28,642			\$ 28,892	
5616	Natural Gas Charges	\$ -	\$ 600			\$ 600	
	Annualization				\$ (96)	\$ (96)	
Total Purchased Power Expense						\$ 29,396	Line[29 - 31]
2017 % Increase	6.29%	12.34%					
2018 % Increase	6.29%	0.00%					
		[F] [G]	[H]	[I]	[J]	[K] = [F] + [G] + [H] + [I] + [J]	
		Corporate	Direct	Natural Gas	Other Allocation	Annualization	Total
2017 Increase - Power	\$ 16	\$ 3,535	0	0	\$ (12)	\$ 3,538	Line[29] * 2017% Inc; Line [31] * 2017% Inc
2017 Expense	\$ 265	\$ 32,177	\$ 600	\$ -	\$ (108)	\$ 32,935	Line[29]+Line[38], Line[31] + Line [38]
2018 Increase - Power	\$ 17	\$ -	0	\$ -	\$ -	\$ 17	Line[39] * 2018% Inc
2018 Expense	\$ 282	\$ 32,177	\$ 600	\$ -	\$ (108)	\$ 32,951	Line[39]+Line[41]
Increase/Decrease to Expense						\$ 32,951	Col I, Line[42]

47 Workpapers & Supporting Documents:

- 48 (a) Sch E-6b \Purchased Power Adjustment Calc.xlsx
 49 (c) Sch E-6c
 50 \2016 Tubac 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
 4 the Test Year operating expenses for recovery in base rates.
 5
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 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 total potable and
 9 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
 10 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.
 11 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
 12 purchased water costs.
 13 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
 14 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
 15 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.
 16
 17 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.
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	Purchased Water Test Year Expense	
25 Test Year Purchased Water Expense	\$ 99	
26 Expenses Removed	\$ (99) (a)	
27 SMC-IS6	\$ -	
28 Annualized Purchased Water Expenses	\$ -	Line [26]+Line [27]
29		
30 2017 Percentage increase in CAP costs	0.00% (c)	
31 2017 Purchased Water Expense	\$ -	Line [28]*(1+Line [30])
32		
33 2018 Percentage increase in CAP costs	0.00% (c)	
34 2018 Purchased Water Expense	\$ -	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	\$ 727 (c)	
40 Groundwater Withdrawal Fee		
41 Total Pro Forma Purchased Water Costs	\$ 727	Sum Lines [36 - 40]
42		
43 Increase/Decrease to Expense	\$ 727	Line [41]
44		
45 <u>Workpapers & Supporting Documents:</u>		
46 (a) Sch C2		
47 (b) Sch E7		
48 (c) \Purchased Water Increase.xlsx		
49		
50 \2016 Tubac 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.
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	[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 - Tubac Water	\$ 7,787	100.0000%	\$ 7,787
18 Depreciation on Additional TY Plant Additions - Tubac Water	1,615	100.0000%	1,615
19 Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	0.3225%	157
20 Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	0.3225%	56
21 Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	0.2937%	696
22 Depreciation on Additional 6U Test Year Plant Additions Allocated	<u>174,541</u>	0.2937%	<u>513</u>
23	<u>\$ 486,794</u> <small>Sum Lines [17 - 22]</small>		
24			
25			
26			
27 Depreciation Expense on 2017 Post Test Plant per Rejoinder			\$ 10,823 <small>Sum Lines[17] thru [22]</small>
28			
29 Depreciation Expense on 2017 Post Test Plant per Rebuttal			<u>\$ 10,823</u> (b)
30			
31			
32			
33 Increase / (Decrease) to Depreciation Expense			\$ - <small>Line[27] - Line[30]</small>
34			
35 Rejoinder Adjustment to Revenue and/or Expense			<u>\$ -</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 Tubac Water Rejoinder.xlsm			

Line				
<u>No.</u>				
1	<u>Update Corporate Allocation - Rejoinder</u>			
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 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.			
4				
5				
6				
7				
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			<u>1.3312</u>	Conversion Factor
20			\$ 62,775	Total Exclusion - USD
21				
22				
23				
24				0.590% Allocation Factor for Tubac Water
25			<u>\$ 371</u>	Amount to be Removed from Corporate Allocations for Tubac Water
26				
27				
28				
29	Increase/Decrease to Expense			<u>\$ (371)</u>
30				
31	Rejoinder Adjustment to Revenue and/or Expense			<u>\$ (371)</u>
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44				
45	<u>Workpapers & Supporting Documents:</u>			
46	Corporate Allocations - Rejoinder.xlsx			
47				
48				
49				
50	\\2016 Tubac Water Rejoinder.xlsm			

Line
No.

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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Purchased Power
Revised Expense

\$ 21,275 (a)
 \$ 518 (a)
 \$ 21,793 Line [15] + Line [17]

Fuel and Power Expense per Rejoinder \$ 21,793 Line [18]
 Fuel and Power Expense per Rebuttal \$ 32,951 ADJ JPB-IS15 REB

\$ (11,159)

Rejoinder Adjustment to Revenue and/or Expense

Workpapers & Supporting Documents:

\2016 Tubac Water Rejoinder.xlsx

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
 4 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.
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Tubac Water	4-Factor	0.5903%
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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]	

<u>Amount to be Removed in Rejoinder</u>	
18 Tuition	\$ 64,387 Line [12]
20 Total	<u>\$ 64,387</u>
22 Allocated to District	0.5903% Line [8]
23	\$ 380 Line [20] * Line [22]

<u>Rejoinder Adjustment</u>
<u>\$ (380) Line [23]</u>

26 Rejoinder Adjustment to Revenue and/or Expense

45 Workpapers & Supporting Documents:

50 \2016 Tubac Water Rejoinder.xlsm

Line
 No.

1 Update CPI - Rejoinder

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 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				Remove Year 2 - 2018 Increase Rejoinder Adjustment	
	[A]	[B]	[C] = [A] + [B]		
	Year 1- 2017	Year 2 -2018	Rebuttal Total		
12	Chemicals	\$ 1,032	\$ 1,073	\$ 2,105	\$ (1,073)
13	Waste Disposal	36	21	57	(21)
14	Corporate Allocation	45	27	72	(27)
15	Outside Services	651	383	1,033	(383)
16	Customer Accounting	107	63	169	(63)
17	General Office Exp	766	450	1,216	(450)
18	Miscellaneous	47	28	75	(28)
19	Maintenance Expense	673	396	1,069	(396)
20	Total	\$ 3,356	\$ 2,440	\$ 5,797	\$ (2,440) Sum Lines[12 - 19]

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 24 Amount attributed to 2018 increa: \$ 2,440

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31 Rejoinder Adjustment to Revenue and/or Expense \$ (2,440) Line [20]

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 45 Workpapers & Supporting Documents:

46 ADJ JPB - IS9 REB

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45 Workpapers & Supporting Documents:

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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%
5				4.90%
6	Property Taxes	Effective Rate = 1.74%	One Minus Combined	75.13%
7				1.31% [A] x [B]
8	Bad Debt Expense	Effective Rate = 0.32%	One Minus Combined	75.13%
9				0.24% [A] x [B]
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined	75.13%
11				0.19% [A] x [B]
12				
13	Total Tax Percentage			26.61% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			73.39% 1 - [C] Line [13]
16				
17				
18		1 = Gross Revenue Conversion Factor		
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20				
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			
48				
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