

Willow Valley 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	<b>Revenues</b>						
2	Water	\$ 921,500	\$ -	\$ 921,500	\$ 173,045	\$ 1,094,545	
3	Other Revenues	21,005	-	21,005	-	21,005	
4	<b>Total Revenues</b>	<b>\$ 942,505</b>	<b>\$ -</b>	<b>\$ 942,505</b>	<b>\$ 173,045</b>	<b>\$ 1,115,550</b>	Sum Lines [2-3]
5							
6	<b>Operating Expenses</b>						
7	Labor	\$ 175,396	\$ -	\$ 175,396	\$ -	\$ 175,396	
8	Purchased Water	-	1,197	1,197	-	1,197	
9	Fuel & Power	-	28,008	28,008	-	28,008	
10	Chemicals	30,351	(798)	29,554	-	29,554	
11	Waste Disposal	950	1	951	-	951	
12	Intercompany Support Services	-	-	-	-	-	
13	Corporate Allocation	47,370	(442)	46,928	-	46,928	
14	Outside Services	47,845	(696)	47,150	-	47,150	
15	Group Insurance	53,102	-	53,102	-	53,102	
16	Pensions	-	-	-	-	-	
17	Regulatory Expense	2,784	(2,784)	-	-	-	
18	Insurance Other Than Group	10,352	35	10,386	448	10,834	
19	Customer Accounting	39,081	149	39,230	889	40,119	
20	Rents	5,676	-	5,676	-	5,676	
21	General Office Expense	23,846	(1,131)	22,715	-	22,715	
22	Miscellaneous	25,775	31	25,807	-	25,807	
23	Maintenance Expense	65,324	104	65,428	-	65,428	
24	Depreciation & Amortization	278,635	(6,470)	272,165	-	272,165	
25	General Taxes-Property	39,333	(767)	38,565	2,470	41,035	
26	General Taxes-Other	19,981	-	19,981	-	19,981	
27	Income Taxes	9,194	(8,334)	860	42,092	42,952	
28							
29	<b>Total Operating Expenses</b>	<b>\$ 874,994</b>	<b>\$ 8,105</b>	<b>\$ 883,099</b>	<b>\$ 45,898</b>	<b>\$ 928,996</b>	Sum Lines [7-27]
30	<b>Utility Operating Income</b>	<b>\$ 67,510</b>	<b>\$ (8,105)</b>	<b>\$ 59,406</b>	<b>\$ 127,148</b>	<b>\$ 186,554</b>	Line [4] - Line [29]
31	<b>Other Income &amp; Deductions</b>						
32	Other Income & Deductions	\$ (81)	\$ -	\$ (81)	\$ -	\$ (81)	
33	Interest Expense	52,628	4,180	56,808	-	56,808	
34	Other Expense	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	
36	<b>Total Other Income &amp; Deductions</b>	<b>\$ 52,547</b>	<b>\$ 4,180</b>	<b>\$ 56,727</b>	<b>\$ -</b>	<b>\$ 56,727</b>	Sum Lines [32-35]
37	<b>Net Profit / (Loss)</b>	<b>\$ 14,963</b>	<b>\$ (12,285)</b>	<b>\$ 2,679</b>	<b>\$ 127,148</b>	<b>\$ 129,827</b>	Line [30] - Line [36]

43 Supporting Schedules: Recap Schedules:  
 44 (a) C-2 Rejoinder A-1 Rejoinder

48 Workpapers & Supporting Documents  
 49  
 50 \2016 Willow Valley Water Rejoinder.xlsm

Sch C-2 Original  
 Column [AP]

Line No.	TY Adjusted Results [A]	Page 4	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12	Page 13	
		[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	
	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	<b>Revenues</b>											
2	Water	\$ 921,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	Other Revenues	21,005	-	-	-	-	-	-	-	-	-	
4	<b>Total Revenue</b>	<b>\$ 942,505</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
5												
6	<b>Operating Expenses</b>											
7	Labor	\$ 175,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Purchased Water	-	-	-	-	-	-	-	-	-	-	
9	Fuel & Power	-	-	-	-	-	-	-	-	-	-	
10	Chemicals	30,351	-	-	-	-	-	-	-	-	-	
11	Waste Disposal	950	-	-	-	-	-	-	-	-	10	
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	
13	Corporate Allocation	47,370	-	-	-	-	-	-	-	-	36	
14	Outside Services	47,845	-	-	-	-	-	-	-	-	516	
15	Group Insurance	53,102	-	-	-	-	-	-	-	-	-	
16	Pensions	-	-	-	-	-	-	-	-	-	-	
17	Regulatory Expense	2,784	-	-	-	-	-	-	-	-	-	
18	Insurance Other Than Group	10,352	-	-	-	-	-	-	35	-	-	
19	Customer Accounting	39,081	-	-	-	-	-	-	-	-	124	
20	Rents	5,676	-	-	-	-	-	-	-	-	-	
21	General Office Expense	23,846	-	-	-	-	-	-	-	-	290	
22	Miscellaneous	25,775	-	-	-	-	-	-	-	-	274	
23	Maintenance Expense	65,324	-	-	-	-	-	-	-	-	905	
24	Depreciation & Amortization	278,635	-	-	-	(4,423)	-	3,983	(6,030)	-	-	
25	General Taxes-Property	39,333	(767)	-	-	-	-	-	-	-	-	
26	General Taxes-Other	19,981	-	-	-	-	-	-	-	-	-	
27	Income Taxes	9,194	-	(8,334)	-	-	-	-	-	-	-	
28												
29	<b>Total Operating Expenses</b>	<b>\$ 874,994</b>	<b>\$ (767)</b>	<b>\$ (8,334)</b>	<b>\$ -</b>	<b>\$ (4,423)</b>	<b>\$ -</b>	<b>\$ 3,983</b>	<b>\$ (6,030)</b>	<b>\$ 35</b>	<b>\$ 2,156</b>	<b>\$ 102</b>
30	<b>Utility Operating Income</b>	<b>\$ 67,510</b>	<b>\$ 767</b>	<b>\$ 8,334</b>	<b>\$ -</b>	<b>\$ 4,423</b>	<b>\$ -</b>	<b>\$ (3,983)</b>	<b>\$ 6,030</b>	<b>\$ (35)</b>	<b>\$ (2,156)</b>	<b>\$ (102)</b>
31	<b>Other Income &amp; Deductions</b>											
32	Other Income & Deductions	\$ (81)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
33	Interest Expense	52,628	-	-	4,180	-	-	-	-	-	-	
34	Other Expense	-	-	-	-	-	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	
36	<b>Total Other Income &amp; Deductions</b>	<b>\$ 52,547</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,180</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
37	<b>Net Profit / (Loss)</b>	<b>\$ 14,963</b>	<b>\$ 767</b>	<b>\$ 8,334</b>	<b>\$ (4,180)</b>	<b>\$ 4,423</b>	<b>\$ -</b>	<b>\$ (3,983)</b>	<b>\$ 6,030</b>	<b>\$ (35)</b>	<b>\$ (2,156)</b>	<b>\$ (102)</b>
38												
39	Rebuttal Amounts	14,963	767	6,426	(4,185)	4,423	-	(3,983)	6,030	(35)	(2,156)	(102)
40	Increase in Rejoinder	-	-	1,907.4871	4.5807	-	-	-	-	-	-	-
41												
42												
43												
44	Supporting Schedules:											
45	E-6											
46												
47												
48	Workpapers & Supporting Documents:											
49												
50	\2016 Willow Valley Water Rejoinder.xlsm											

Recap Schedules:  
 C-1 Rejoinder



**REJOINDER ADJUSTMENTS cont.**

	Page 24	Page 25	Page 26	Page 27				
	[V]	[W]	[X]	[Y]	[Z]	[AA]	[AB]	[AC]
	ADJ SLH-IS21 REJ	ADJ JPB-IS22 REJ	ADJ JPB-IS23 REJ	ADJ SLH-IS24 REJ	Sum [B - Y]	Sum [A] + [Z]		Sum [AA] + [AB]
<u>Line No.</u>	<u>Update General Office Expense - Rejoinder</u>	<u>Update CPI - Rejoinder</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Total Pro Forma Adjustments</u>	<u>Test Year Adjusted Results</u>	<u>Proposed Rate Increase</u>	<u>Adjusted Rate Increase</u>
1	<b>Revenues</b>							
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 921,500	\$ 173,045	\$ 1,094,545
3	-	-	-	-	-	21,005		21,005
4	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 942,505</b>	<b>\$ 173,045</b>	<b>\$ 1,115,550</b>
5								
6	<b>Operating Expenses</b>							
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,396		\$ 175,396
8	-	-	-	-	1,197	1,197		1,197
9	-	-	-	-	28,008	28,008		28,008
10	-	(798)	-	-	(798)	29,554		29,554
11	-	(9)	-	-	1	951		951
12	-	-	-	-	-	-		-
13	-	(32)	-	-	(442)	46,928		46,928
14	-	(457)	-	-	(696)	47,150		47,150
15	-	-	-	-	-	53,102		53,102
16	-	-	-	-	-	-		-
17	-	-	-	-	(2,784)	-		-
18	-	-	-	-	35	10,386	448	10,834
19	-	(110)	-	-	149	39,230	889	40,119
20	-	-	-	-	-	5,676		5,676
21	(457)	(257)	-	-	(1,131)	22,715		22,715
22	-	(243)	-	-	31	25,807		25,807
23	-	(801)	-	-	104	65,428		65,428
24	-	-	-	-	(6,470)	272,165		272,165
25	-	-	-	-	(767)	38,565	2,470	41,035
26	-	-	-	-	-	19,981		19,981
27	-	-	-	-	(8,334)	860	42,092	42,952
28								
29	<b>\$ (457)</b>	<b>\$ (2,706)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,105</b>	<b>\$ 883,099</b>	<b>\$ 45,898</b>	<b>\$ 928,996</b>
30	<b>\$ 457</b>	<b>\$ 2,706</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,105)</b>	<b>\$ 59,406</b>	<b>\$ 127,148</b>	<b>\$ 186,554</b>
31	<b>Other Income &amp; Deductions</b>							
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (81)		\$ (81)
33	-	-	-	-	4,180	56,808		56,808
34	-	-	-	-	-	-		-
35	-	-	-	-	-	-		-
36	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,180</b>	<b>\$ 56,727</b>	<b>\$ -</b>	<b>\$ 56,727</b>
37	<b>\$ 457</b>	<b>\$ 2,706</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,285)</b>	<b>\$ 2,679</b>	<b>\$ 127,148</b>	<b>\$ 129,827</b>
38								
39					(6,522)	8,441	121,398	129,838
40					(5,762.0361)	(5,762.0361)	5,750.0760	(11.9601)
41								
42								
43								
44	Supporting Schedules:						Recap Schedules:	
45	E-6						C-1 Rejoinder	
46								
47								
48	Workpapers & Supporting Documents:							
49								
50	\2016 Willow Valley Water Rejoinder.x							

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	\$ 942,505	\$ 942,505
7 Adjusted Revenues in Year Ended December 2016	942,505	942,505
8 Proposed Revenues	942,505	1,115,550
9 Average of Three Year's of Revenue	Avg Lines[6] thru [8] \$ 942,505	\$ 1,000,187
10 Average of Three Year's of Revenue, times 2	Line[9] * 2 \$ 1,885,010	\$ 2,000,373
11 Add:		
12 Construction Work in Progress at 10%	(a) 613	613
13 Deduct:		
14 Net Book Value of Transportation Equipment	\$ 84,098	\$ 84,098
15		
16 Full Cash Value	Sum Lines[10-12] - Line[14] \$ 1,801,525	\$ 1,916,889
17 Assessment Ratio (For 2016 per HB 2001 Sec 42-15001)	18.0%	18.0%
18 Assessed Value	Line[16]*Line[17] \$ 324,275	\$ 345,040
19 Property Tax Rate	(c) 11.89%	11.89%
20		
21 Property Tax	Line[18]*Line[19] 38,565	41,035
22 Tax on Parcels	-	-
23		
24 Adjusted Test Year Property Taxes at Present Rates	Line[21]+Line[22] \$ 38,565	
25 Adjusted Test Year Property Taxes	(b) 39,333	
26 Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder)	Line[24] - Line[25] \$ (767)	
27		
28 Adjusted Test Year Property Taxes at Proposed Rates		Sum Lines[21-27] \$ 41,035
29 Adjusted Test Year Property Taxes at Present Rates		Line[24] Col [A] 38,565
30 Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder )		Line[28] - Line[29] \$ 2,470
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])		\$ 2,470
37		
38 Increase in Revenue Requirement (From Sch. A-1 Rejoinder)		\$ 173,045
39		
40 Increase in Property Tax Per Dollar Increase in Revenue (Line 36/Line 38)		1.43%
41		
42		
43		
44 <u>Workpapers &amp; Supporting Documents:</u>		
45		
46 (a) Sch E1		
47 (b) Sch C2 Rejoinder		
48 (c) \Composite Property Tax Rate 2016.xlsx		
49		
50 \2016 Willow Valley Water Rejoinder.xlsm		

Line No.		Test Year Adjusted Results	Adjusted with Rate Increase
1	<u>Federal and State Income Taxes</u>		
2			
3			
4			
5			
6			
7	Operating Income Before Inc. Taxes	\$ 60,266	\$ 229,505
8	Interest Expense	56,808	56,808
9	Arizona Taxable Income	Line[7] - Line[8] \$ 3,458	\$ 172,697
10			
11	Arizona Income Tax 4.90%	Line[9] * 0.049 \$ 169	\$ 8,462
12			
13			
14	Federal Income Before Taxes	Line[9] \$ 3,458	\$ 172,697
15	Less Arizona Income Taxes	Line[11] 169	8,462
16	Federal Taxable Income	Line[14] - Line[15] \$ 3,289	\$ 164,235
17			
18	FEDERAL INCOME TAXES:		
19			
20			
21			
22			
23			
24			
25	Federal Income Taxes 21.00%	Line[16] * 0.21 \$ 691	\$ 34,489
26			
27			
28	Total Income Tax	Line[15]+Line[25] \$ 860	\$ 42,952
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) \$ 9,194	
38	Increase in Income Taxes,	Line[28] - Line[37] \$ (8,334)	
39			
40	Adjustment to Revenues and/or Expense	Line[38] \$ (8,334)	
41			
42	Test Year Income Taxes,		Line[28] \$ 860
43	Increase in Income Taxes		Line[28] - Line[42] 42,092
44			
45	Adjustment to Revenue and/or Expense		Line[43] \$ 42,092
46			
47	<u>Workpapers &amp; Supporting Documents:</u>		
48	(a) Sch C2 Rejoinder		
49			
50	\\2016 Willow Valley Water Rejoinder.xlsm		

Line			
<u>No.</u>			
1	<u>Interest Synchronization with Rate Base</u>		
2			
3			
4			
5			
6	Original Cost Rate Base (Sch. B-1 Rejoinder , Ln. 28)	(a) \$	2,547,438
7	Weighted Cost of Debt from Schedule D-1 Rejoinder	(c)	2.23%
8	Synchronized Interest Expense	Line[6]*Line[7] \$	56,808
9			
10	Test Year Interest Expense Adjusted	(b) \$	<u>52,628</u>
11			
12	Adjusted Test Year Interest Expense	Line[10]	<u>52,628</u>
13			
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	<u>4,180</u>
15			
16	Rebuttal Adjustment to Revenue and/or Expense	Line[14]	<u>4,180</u>
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45	<u>Workpapers &amp; Supporting Documents:</u>		
46	(a) Sch B1 Rejoinder		
47	(b) Sch C2 Rejoinder		
48	(c) Sch D1 Rejoinder		
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50	\\2016 Willow 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 in  
 4 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	\$	115,995	(a)
9				
10	Amortization Rate		<u>3.8132%</u>	(b)
11				
12	Annual Amortization	\$	(4,423)	Line [8] * Line [10]
13				
14				
15				
16	Increase/ (Decrease) to Depreciation/ Amortization	\$	<u>(4,423)</u>	Line [12]
17				
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45 Workpapers & Supporting Documents:  
 46 (a) Rate Base Adjustment ADJ SLH-RB2 REB  
 47 (b) ADIT Adjustment REBUTTAL.xlsx  
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 50 \2016 Willow Valley Water Rejoinder.xlsm

Line

No.

1 Intentionally Left Blank

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Workpapers & Supporting Documents:

\2016 Willow Valley Water Rejoinder.xlsm

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.  
 4  
 5  
 6  
 7  
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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 - Willow Valley Water	\$ 11,069	100.0000%	\$ 11,069
18 Depreciation on Additional TY Plant Additions - Willow Valley Water	1,531	100.0000%	1,531
19 Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	0.7941%	386
20 Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	0.7941%	138
21 Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	0.7232%	1,713
22 Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	0.7232%	1,262
23	<u>\$ 489,993</u> <small>Sum Lines [17 - 22]</small>		
24			
25			
26			
27 Depreciation Expense on 2017 Post Test Plant per Rebutta			\$ 16,100 <small>Sum Lines[17] thru [22]</small>
28			
29 Depreciation Expense on 2017 Post Test Plant per Company's Original Application			<u>\$ 12,117</u> (b)
30			
31			
32			
33 Increase / (Decrease) to Depreciation Expense			\$ 3,983 <small>Line[27] - Line[30]</small>
34			
35 Rebuttal Adjustment to Revenue and/or Expense			<u>\$ 3,983</u> <small>Line[33]</small>
36			
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43			
44			
45 <u>Workpapers &amp; 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 Willow Valley 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  
 5  
 6

GMC 4 Factor	0.7941%
Arizona Total	91.0728%
Alloc Factor	0.7232% <small>Line[8]*Line[9]</small>

	[A]	[B]	[C] = [A] * [B]
	Depreciation on Retirements per Summary of Plant and A/D by NARUC Updated for Final 2017 PTYP (a)	Allocation Factor	Depreciation Expense
17	\$ (6,142)	100.0000%	\$ (6,142)
18	(1,774)	0.7941%	(14)
19	-	0.7232%	-

20			
21			
22			
23			
24			
25			
26	Depreciation Expense on 2017 Retirements per Rebuttal		\$ (6,156) <small>Sum Lines [17 - 19]</small>
27			
28	Depreciation Expense on 2017 Retirements per Company's Original Application		\$ (126) (b)
29			
30			
31			
32	Increase / (Decrease) to Depreciation Expense		\$ (6,030) <small>Line[26] - Line[29]</small>
33			
34	Rebuttal Adjustment to Revenue and/or Expense		\$ (6,030) <small>Line[32]</small>
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			

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

Line  
 No.

1 Adjust Insurance Other Than Group

2  
 3 Insurance Other Than Group consists of 16 separate components. Annually, the Company reports certain business statistics to its insuring agencies including Revenues, Plant Balances, Employee Count,  
 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 revenues,  
 6 and property. This is a conforming adjustment and updated with the values in the Rebuttal Filing.

	[1]	[2]	[1] * [2] = [3]
7R Test Year			
District 4-Factor	0.7104%	87.7062%	0.6231%

11 Gross Property Value at 12/31/2016 \$ 5,906,961 Schb2 Rebuttal Line [2]  
 12 % of Plant Insured 47.75% \Insurance\1. Property & Terrorism [23]

14 Gross Plant Insured \$ 2,820,397 Line [11] \* Line [12]

16 Adjusted Revenues in Year Ended December 2016	17 Test Year		18 Adjusted		19 Schc2 Rebuttal [Z][14]	20 Adjusted	
	21 Adjusted	22 Results	23 with Rate	24 Increase		25 with Rate	26 Increase
	[A]	[B]	[C] = [A] * [B]		[D]	[E] = [D] * [B]	
27	Factor	Amount	Rate	Source	Premium	Amount	Premium
28	1. Property Insurance	\$ 2,820,397	0.0526%	\Insurance\ Summary	\$ 1,483	\$ 2,820,397	\$ 1,483
29	2. Excess Liability	942,505	0.2588%	\Insurance\ Summary	2,439	1,115,550	2,887
30	3. Umbrella Liability	95,767	0.6231%	\Insurance\ Summary	597	95,767	597
31	4. Autos	278,350	0.6231%	\Insurance\ Summary	1,734	278,350	1,734
32	5. Workers Compensation	3,174	1.6543%	\Insurance\ Summary	53	3,174	53
33	6. Pollution *	3,554	1.00	\Insurance\ Summary	3,554	3,554	3,554
34	7. D&O	13,367	0.6231%	\Insurance\ Summary	83	13,367	83
35	8. Fiduciary	1,483	0.6231%	\Insurance\ Summary	9	1,483	9
36	9. Crime	3	776.4816%	\Insurance\ Summary	23	3	23
37	10. Employed Lawyers	1,196	0.6231%	\Insurance\ Summary	7	1,196	7
38	11. Non Owned Pollution	19,339	0.6231%	\Insurance\ Summary	120	19,339	120
39	12. Employment Practices	3	529.6932%	\Insurance\ Summary	16	3	16
40	13. Utilities Bond **	22,331	0.0000%	\Insurance\ Summary	-	22,331	-
41	14. Cyber Insurance	11,366	0.6231%	\Insurance\ Summary	71	11,366	71
42	15. Sun City Flood Insurance	2,356	0.0000%	\Insurance\ Summary	-	2,356	-
43	16. LAPP	19,383	0.6231%	\Insurance\ Summary	121	19,383	121
44	<b>Total</b>				\$ 10,312	Sum Col [C]	\$ 10,759
45	Adjusted Test Year Insurance Other Than Group			From Original Filing	\$ 10,277		\$ 10,312
46				Increase/(Decrease) to Insurance Other Than Group	\$ 35	Line [39] - Line [42]	\$ 448

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 Willow Valley 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

7 2016 Unadjusted Expenses

Description	Account	Amount (a)	Consumer Price Index - Phoenix Urban Consumers				IS JPB ADJ #23	[F] = [D] - [E]
			Year	Annual Index	Increase	Ave Increase		
9 Chemicals	5263	\$ 19,172	2014	127.823				
10 Other Utilities	5621	\$ 624	2015	128.019	0.15%			
11 Asset Usage Fee - Corporate	6203	\$ 2,211	2016	130.107	1.63%			
12 Consulting Engineering	5227	\$ 38	2017	133.324	2.47%		1.4%	
13 Contractors and Consultants	5250	\$ 24,197	Chemical Increase				4.0%	
14 Administrative Contractors	5679	\$ 314	[A] * Line [12]					
15 Outside Computer Charges (T1)	5628	\$ 3,783	Chemical [13]					
16 Temporary Support	5629	\$ 1,279	[A]	[B]	[C]	[D] = [B] + [C]	[E]	
17 Legal Fees	5681	\$ 1,808	Total	Year 1	Year 2	Revised Total	Original Total	
18 Service Charges	5615	\$ 2,197	Chemicals	\$ 19,172	\$ 767	\$ 798	\$ 1,564	\$ 1,564
19 Customer Communications	5674	\$ 5,338	Waste Disposal	624	15	9	24	14
20 Rent and Storage	5810	\$ 3,784	Corporate Allocation	2,211	55	32	87	50
21 Freight and Courier	5262	\$ 150	Outside Services	31,418	777	457	1,234	718
22 Telephone, Long Distance, Data	5620	\$ 6,594	Customer Accounting	7,536	186	110	296	172
23 Stationary, Printing & Other O	5622	\$ 1,429	General Office Exp	17,655	437	257	693	403
24 Office Machines, Furniture	5623	\$ 887	Miscellaneous	16,709	413	243	656	382
25 Parking	5630	\$ 33	Maintenance Expense	55,088	1,362	801	2,163	1,258
26 Vehicle Allowance	5631	\$ 180	Sum Lines[18]thru[25]	\$ 150,412	\$ 4,012	\$ 2,706	\$ 6,718	\$ 4,562
27 Vehicle Allowance	5271	\$ 1						
28 Business Allowance	5634	\$ 71						
29 Memberships Dues & Professiona	5640	\$ 745						
30 Subscriptions	5641	\$ 153						
31 Airfare	5650	\$ 477						
32 Accommodation, Other Travel	5651	\$ 752						
33 Employee Working Meals	5652	\$ 985						
34 Training - Fees/Tuition	5660	\$ 1,413						
35 Training Fee	5252	\$ 1						
36 FR Clothing	5273	\$ 3,252						
37 Miscellaneous	5697	\$ 13,457						
38 Stock	5260	\$ -						
39 Materials, Supplies	5261	\$ 23,144						
40 Veh. and Equip.-Allocation	5270	\$ 24,664						
41 Equipment	5275	\$ 373						
42 Hardware	5624	\$ 12						
43 Software	5625	\$ 368						
44 Maintenance	5811	\$ 690						
45 Vehicle Maintenance	5823	\$ 5,838						
46		\$ 150,412	Sum Lines [9 thru 45]					
47 <u>Workpapers &amp; Supporting Documents:</u>								
48 (a) Sche6	Bureau of Labor Statistics - Phoenix CPI							
49								
50 \2016 Willow Valley Water Rejoinder.xlsxm								

Increase / (Decrease) to Expense

Line [26] Col [D] \$ 2,156

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  
 7

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	\$	11,906 (a)
CPI Adjustment 2017	\$	194 Line[16]*1.63%
Adjusted 2017 Expense	\$	12,100 Line[16]+Line [18]
CPI Adjustment 2018	\$	299 Line[19]*2.47%
Adjusted 2018 Expense	\$	12,399 Line[19]+Line[21]
Total Increase/ (Decrease) to C.U.S Charges	\$	493 Line[18]+Line[21]
Expense per Company's Original Application per IS JPB Adj#12	\$	391
	\$	102 Line[26] - Line[28]

Adjustment to Revenue and/or Expense \$ 102 Line[30]

45 Workpapers & Supporting Documents:

46 (a) Sche6

50 \2016 Willow Valley Water Rejoinder.xlsm

Line  
No.

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

2  
 3 The Company is partially accepting Staff IS Adj #3. This adjustment has 2 parts. 1) The Company partially accepts Staff RB Adj #3 and is removing the ASU Study costs per RUCO 2.07. The Company will  
 4 include these ASU Study Costs as part of the Rate Case Expense and recover these costs as part of the Staff's recommended Rate Case Expense Surcharge; 2). The Company is reducing contractor expense  
 5 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  
 6 the requested amounts in the original application.  
 7

8  
 9  
 10  
 11

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

12 Part 1

13 Remove ASU Study Costs	\$ 34	\$ 78	\$ (44)
---------------------------	-------	-------	---------

16 Part 2

17 Amount to be removed from Outside Services per RUCO DR 1.25	\$ (710)	\$ -	\$ (710)
--	----------	------	----------

24 Adjustment to Revenue and/or Expense \$ (755) Line [13] + Line [17]

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

50 \2016 Willow 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

	[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%

20 Postage Expense Account 5611 per General Ledger

(a) \$ 2,618

22 Total Increase / (Decrease) to Postage Expense

\$ 70 Col [E] Line[18]\*Line[21]

Expense per Company's Original Application per IS JPB Adj#11

\$ 37

25 Adjustment to Revenue and/or Expense

\$ 33 Line [22]- Line [23]

45 Workpapers & Supporting Documents:

46 (a) Sch E-6 Line 19

47 USPS Rates 2016.xlsx

48

49

50 \2016 Willow Valley 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.  
 5  
 6  
 7

	[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	\$ (2,784)	0	\$ (2,784)

24 Adjustment to Revenue and/or Expense \$ (2,784) Line [13]

45 Workpapers & Supporting Documents:  
 46 (a) Schedule C2  
 47  
 48  
 49  
 50 \2016 Willow Valley Water Rejoinder.xlsm

Line  
 No.  
 1 Partially Accept Staff IS ADJ #4: Adjust General Office Expense  
 2  
 3 The Company is partially accepting Staff IS Adj #4. The Company accepts Staff's recommendation to remove certain identified costs related to entertainment and gifts. However the Company does not  
 4 agree to remove tuition related costs.  
 5  
 6  
 7

Staff Disallowed Amounts per Staff Adj #4	Company Position	Willow Valley Water	4-Factor	0.7104%
Entertainment	\$ 81,543	Accept		
Tuition	\$ 64,387	Oppose		
Gifts	\$ 17,937	Accept		
	<u>\$ 163,867</u>			

15 Amount to be Removed		
16 Entertainment	\$ 81,543	
17 Gifts	\$ 17,937	
18 Total	\$ 99,480	Line [16] + Line [17]
20 Allocated to District	0.7104%	
21	\$ 707	Line [18] * Line [20]

Rebuttal  
Adjustment  
\$ (707) Line [21]

24 Adjustment to Revenue and/or Expense

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  
 9 of these vendors has initiated or concluded rate cases during the test year and pro forma adjustments to electrical costs are proposed to account for known and measurable increases. The Company has no control 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  
 17 customers. The Company has multiple accounts with UNS Electric. As these rate increases are known and measurable, but not fully reflected in the 2016 purchased power costs, a one-time adjustment is included to annualize this increase in  
 18 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.

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)	2016	2016	Other Allocation (c)	Annualization	Total 2016	
	5617 Power Charges	\$ 300	\$ 17,015					\$ 17,316	
	5616 Natural Gas Charges	\$ -	\$ -					\$ -	
	Annualization						\$ 26	\$ 26	
Total Purchased Power Expense								\$ 17,342	Line[29 - 31]
	2017 % Increase	6.29%	0.26%						
	2018 % Increase	6.29%	0.00%						
		[F]	[G]	[H]	[I]	[J]	[K] = [F] + [G] + [H] + [I] + [J]		
	2017 Increase - Power	\$ 19	\$ 44	\$ 0	\$ 0	\$ 0	\$ 63	Line[29] * 2017% Inc; Line [31] * 2017% Inc	
	2017 Expense	\$ 319	\$ 17,060	\$ -	\$ -	\$ 26	\$ 17,405	Line[29]+Line[38], Line[31] + Line [38]	
	2018 Increase - Power	\$ 20	\$ -	\$ 0	\$ -	\$ -	\$ 20	Line[39] * 2018% Inc	
	2018 Expense	\$ 339	\$ 17,060	\$ -	\$ -	\$ 26	\$ 17,425	Line[39]+Line[41]	
Increase/Decrease to Expense								\$ 17,425	Col 1, Line[42]

47 **Workpapers & Supporting Documents:**

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

Line  
 No.

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

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

7  
 8 The Company is proposing a Purchase Water Adjustor Mechanism for all districts in this rate case, except Willow Valley. The Company's estimate as to the per customer surcharge is calculated based on the total potable  
 9 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  
 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.  
 18  
 19  
 20  
 21  
 22  
 23

Purchased Water  
 Test Year Expense

26	Test Year Purchased Water Expense	\$	-	(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	\$	497	(c)
39	ADWR Groundwater Withdrawal Fee	\$	-	(c)
40	Groundwater Withdrawal Fee	\$	-	(c)
41	Total Pro Forma Purchased Water Costs	\$	497	Sum Lines [36 - 40]
42				
43	Increase/Decrease to Expense		\$	497 Line [41]

45 Workpapers & Supporting Documents:

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

Line  
 No.

1 Update Depreciation Expense - Post Test Year Plant - Rejoinder

2  
 3 Adjustment to Annualize Depreciation Expense on Updated Post Test Year Plant for 2017 for Rejoinder.  
 4  
 5  
 6  
 7  
 8

	[A]	[B]	[C] = [A] * [B]
	Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC - Rejoinder (a)	Allocation Factor	Depreciation Expense
17 Depreciation on Post Test Year Plant Additions - Willow Valley Water	\$ 11,069	100.0000%	\$ 11,069
18 Depreciation on Additional TY Plant Additions - Willow Valley Water	1,531	100.0000%	1,531
19 Depreciation on 7A Corporate Post Test Year Plant Additions Allocated	48,670	0.7941%	386
20 Depreciation on Additional 7A Corporate Test Year Plant Additions Allocated	17,375	0.7941%	138
21 Depreciation on 6U Post Test Year Plant Additions Allocated	236,805	0.7232%	1,713
22 Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	0.7232%	1,262
23	<u>\$ 489,993</u> <small>Sum Lines [17 - 22]</small>		

24  
 25  
 26  
 27 Depreciation Expense on 2017 Post Test Plant per Rejoinder \$ 16,100 Sum Lines[17] thru [22]

28  
 29 Depreciation Expense on 2017 Post Test Plant per Rebutta \$ 16,100 (b)

30  
 31  
 32  
 33 Increase / (Decrease) to Depreciation Expense \$ - Line[27] - Line[30]

34  
 35 Rejoinder Adjustment to Revenue and/or Expense \$ - Line[33]

36  
 37  
 38  
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 40  
 41  
 42  
 43  
 44 Workpapers & Supporting Documents:

45 Summary of Plant Balances and Accum Depr by NARUC Updated for Rejoinder.xlsx

46  
 47  
 48  
 49  
 50 \2016 Willow 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.  
 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			\$	<u>1,360,471</u> Already Excluded in Direct
16			\$	728,586 CAD\$ To be Excluded - Before Allocation
17				
18			\$	83,565 CAD\$ To be Excluded - <b>After</b> Allocation
19				<u>1.3312</u> Conversion Factor
20			\$	<u>62,775</u> Total Exclusion - USD
21				
22				
23				0.710% Allocation Factor for Willow Valley Water
24				
25			\$	<u>446</u> Amount to be Removed from Corporate Allocations for Willow Valley Water

26				
27				
28				
29	Increase/Decrease to Expense			<u>\$ (446)</u>
30				
31	Rejoinder Adjustment to Revenue and/or Expense			<u>\$ (446)</u>

32  
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 43  
 44  
 45 Workpapers & Supporting Documents:  
 46 Corporate Allocations - Rejoinder.xlsx  
 47  
 48  
 49  
 50 \2016 Willow Valley 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	
	<u>Revised Expense</u>	
15 2017 Actual Power Expenses	\$ 28,008	(a)
16		
17 2017 Actual Fuel Expenses	\$ -	(a)
18 Total 2017 Fuel and Power Expense	\$ 28,008	Line [15] + Line [17]
19		
20		
21		
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29	Fuel and Power Expense per Rejoinder	\$ 28,008	Line [18]
30			
31	Fuel and Power Expense per Rebuttal	\$ 17,425	ADJ JPB-IS15 REB
32			
33			
34			
35 Rejoinder Adjustment to Revenue and/or Expense		<u>\$ 10,583</u>	
36			
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45 Workpapers & Supporting Documents:  
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Line  
 No.  
 1 Update Purchased Water Expense - Rejoinder  
 2  
 3 The Company is updating its projected purchased water. This rejoinder adjustment updates the Company's rebuttal adjustment JPB-IS16 REB.  
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	<u>Purchased Water</u> <u>Revised Expense</u>
15 2017 Actual Waer Expense	\$ 700 (a)
16 2017 CAP Water Purchases	- (a)
18 2017 Total Water Expenses	<u>\$ 700</u> Line [15] + Line [16]
20 Other Purchased Water Expense	<u>\$ 497</u> (a)
21 Total Purchased Water Expense	<u>\$ 1,197</u> Line [18] + Line [20]

30 Increase/Decrease to Expense per Rejoinder	\$ 1,197 Line [21]
32 Purchased Water Expense per Rebuttal	\$ 497 ADJ JPB-IS16 REB
36 Rejoinder Adjustment to Revenue and/or Expense	<u><u>\$ 700</u></u>

45 Workpapers & Supporting Documents:  
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Line  
 No.  
 1 Update General Office Expense - Rejoinder  
 2  
 3 The Company is accepting Staff IS Adj #4 to remove tuition related costs. In ADJ SLH-IS14 REB, the Company partially accepted Staff's recommendation to remove identified costs related to entertainment  
 4 and gifts only. At the time, the Company did not agree to remove tuition related costs. However, now the Company is removing tuition costs as well.  
 5  
 6  
 7

Willow Valley Water	4-Factor	0.7104%
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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	
	<u>\$ 163,867</u>	Sum Lines [11-13]	

Amount to be Removed in Rejoinder	
Tuition	\$ 64,387 Line [12]
Total	<u>\$ 64,387</u>

Allocated to District	<u>0.7104%</u> Line [8]
	\$ 457 Line [20] * Line [22]

Rejoinder Adjustment
<u>\$ (457)</u> Line [23]

Rejoinder Adjustment to Revenue and/or Expense

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

	[A]	[B]	[C] = [A] + [B]	
	Year 1- 2017	Year 2 -2018	Rebuttal Total	Remove Year 2 - 2018 Increase Rejoinder Adjustment
Chemicals	\$ 767	\$ 798	\$ 1,564	\$ (798)
Waste Disposal	15	9	24	\$ (9)
Corporate Allocation	55	32	87	\$ (32)
Outside Services	777	457	1,234	\$ (457)
Customer Accounting	186	110	296	\$ (110)
General Office Exp	437	257	693	\$ (257)
Miscellaneous	413	243	656	\$ (243)
Maintenance Expense	1,362	801	2,163	\$ (801)
<b>Total</b>	<b>\$ 4,012</b>	<b>\$ 2,706</b>	<b>\$ 6,718</b>	<b>\$ (2,706)</b>

Sum Lines[12 - 19]

Sum Lines[12 - 19]

Amount attributed to 2018 increase \$ 2,706

Rejoinder Adjustment to Revenue and/or Expense

\$ (2,706) Line [20]

Workpapers & Supporting Documents:

ADJ JPB - IS9 REB

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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 = 1.43%	One Minus Combined	75.13%
7				1.07% [A] x [B]
8	Bad Debt Expense	Effective Rate = 0.51%	One Minus Combined	75.13%
9				0.39% [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			26.52% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			73.48% 1 - [C] Line [13]
16				
17				
18		1 = Gross Revenue Conversion Factor		
19				
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			
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