

Line No.	Test Year Book Results (a)	Total Pro Forma Adjustments (a)	Test Year Adjusted Results (a)	Proposed Rate Increase (a)	Adjusted with Rate Increase (a)	
	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [C] + [D]	
1	<b>Revenues</b>					
2	\$ 10,017,990	\$ 75,166	\$ 10,093,156	\$ 2,484,452	\$ 12,577,608	
3	637,043	-	637,043	-	637,043	
4	<b>\$ 10,655,033</b>	<b>\$ 75,166</b>	<b>\$ 10,730,199</b>	<b>\$ 2,484,452</b>	<b>\$ 13,214,651</b>	Sum Lines [2-3]
5						
6	<b>Operating Expenses</b>					
7	\$ 1,014,882	\$ 425,580	\$ 1,440,462	\$ -	\$ 1,440,462	
8	591,528	(591,528)	-	-	-	
9	694,583	(694,583)	-	-	-	
10	77,299	6,376	83,675	-	83,675	
11	3,672	84	3,756	-	3,756	
12	-	-	-	-	-	
13	313,267	(10,739)	302,528	-	302,528	
14	188,436	4,304	192,740	-	192,740	
15	455,337	(5,757)	449,580	-	449,580	
16	-	-	-	-	-	
17	3,188	23,793	26,981	-	26,981	
18	91,124	(6,241)	84,883	6,430	91,313	
19	297,390	11,056	308,446	3,868	312,314	
20	36,682	-	36,682	-	36,682	
21	156,085	(22,657)	133,428	-	133,428	
22	(81,050)	(1,918)	(82,968)	-	(82,968)	
23	223,460	(51,173)	172,287	-	172,287	
24	2,568,534	846,777	3,415,311	-	3,415,311	
25	494,510	68,192	562,702	37,802	600,504	
26	109,541	10,553	120,094	-	120,094	
27	894,077	(23,504)	870,573	930,322	1,800,895	
28						
29	<b>\$ 8,132,547</b>	<b>\$ (11,386)</b>	<b>\$ 8,121,161</b>	<b>\$ 978,422</b>	<b>\$ 9,099,583</b>	Sum Lines [7-27]
30	<b>\$ 2,522,486</b>	<b>\$ 86,552</b>	<b>\$ 2,609,038</b>	<b>\$ 1,506,030</b>	<b>\$ 4,115,068</b>	Line [4] - Line [29]
31	<b>Other Income &amp; Deductions</b>					
32	\$ (12,130)	\$ -	\$ (12,130)	\$ -	\$ (12,130)	
33	689,901	509,828	1,199,729	-	1,199,729	
34	-	-	-	-	-	
35	-	-	-	-	-	
36	<b>\$ 677,770</b>	<b>\$ 509,828</b>	<b>\$ 1,187,599</b>	<b>\$ -</b>	<b>\$ 1,187,599</b>	Sum Lines [32-35]
37	<b>\$ 1,844,716</b>	<b>\$ (423,276)</b>	<b>\$ 1,421,440</b>	<b>\$ 1,506,030</b>	<b>\$ 2,927,470</b>	Line [30] - Line [36]
38						
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41						
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43	Supporting Schedules:	Recap Schedules:				
44	(a) C-2	A-1				
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48	Workpapers & Supporting Documents					
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50	\\2016 Anthem Water.xlsm					

	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12	Page 13	Page 14	Page 15		
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	
	ADJ JPB-IS1	ADJ JPB-IS2	ADJ SLM-IS3	ADJ SLM-IS4	ADJ JPB-IS5	ADJ SMC-IS6	ADJ SLM-IS7	ADJ SLM-IS8	ADJ JPB-IS9	ADJ SLM-IS10	ADJ JPB-IS11		
<u>Line No.</u>	<u>Test Year Book Results (a)</u>	<u>Tank Maintenance</u>	<u>Adjust Property Taxes to Reflect Proposed Revenues</u>	<u>Federal and State Income Taxes</u>	<u>Interest Synchronization with Rate Base</u>	<u>Bad Debt Expense</u>	<u>Annualization/ Normalization of Revenues</u>	<u>Removal of General Disallowable Items</u>	<u>Annualize Labor &amp; Labor Related Expenses</u>	<u>Purchased Power Adjustment and Surcharge</u>	<u>Removal of 10% of Performance Based Compensation</u>	<u>Postage Expense</u>	
1	<b>Revenues</b>												
2	Water	\$ 10,017,990	\$ -	\$ -	\$ -	\$ -	\$ 75,166	\$ -	\$ -	\$ -	\$ -	\$ -	
3	Other Revenues	637,043	-	-	-	-	-	-	-	-	-	-	
4	<b>Total Revenue</b>	<b>\$ 10,655,033</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,166</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
5	<b>Operating Expenses</b>												
7	Labor	\$ 1,014,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,372	\$ -	\$ (14,792)	\$ -	
8	Purchased Water	591,528	-	-	-	-	517	-	-	-	-	-	
9	Fuel & Power	694,583	-	-	-	-	607	-	-	(695,190)	-	-	
10	Chemicals	77,299	-	-	-	-	68	-	-	-	-	-	
11	Waste Disposal	3,672	-	-	-	-	-	-	-	-	-	-	
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	
13	Corporate Allocation	313,267	-	-	-	-	-	-	-	-	-	-	
14	Outside Services	188,436	-	-	-	-	-	-	-	-	-	-	
15	Group Insurance	455,337	-	-	-	-	-	-	(5,757)	-	-	-	
16	Pensions	-	-	-	-	-	-	-	-	-	-	-	
17	Regulatory Expense	3,188	-	-	-	-	-	-	-	-	-	-	
18	Insurance Other Than Group	91,124	-	-	-	-	-	-	-	-	-	-	
19	Customer Accounting	297,390	-	-	-	2,669	260	-	-	-	-	579	
20	Rents	36,682	-	-	-	-	-	-	-	-	-	-	
21	General Office Expense	156,085	-	-	-	-	-	(26,154)	-	-	-	-	
22	Miscellaneous	(81,050)	-	-	-	-	-	-	-	-	-	-	
23	Maintenance Expense	223,460	-	-	-	-	-	-	-	-	-	-	
24	Depreciation & Amortization	2,568,534	-	-	-	-	-	-	-	-	-	-	
25	General Taxes-Property	494,510	-	68,192	-	-	-	-	-	-	-	-	
26	General Taxes-Other	109,541	-	-	-	-	-	-	10,553	-	-	-	
27	Income Taxes	894,077	-	-	(23,504)	-	-	-	-	-	-	-	
28													
29	<b>Total Operating Expenses</b>	<b>\$ 8,132,547</b>	<b>\$ -</b>	<b>\$ 68,192</b>	<b>\$ (23,504)</b>	<b>\$ -</b>	<b>\$ 2,669</b>	<b>\$ 1,452</b>	<b>\$ (26,154)</b>	<b>\$ 445,168</b>	<b>\$ (695,190)</b>	<b>\$ (14,792)</b>	<b>\$ 579</b>
30	<b>Utility Operating Income</b>	<b>\$ 2,522,486</b>	<b>\$ -</b>	<b>\$ (68,192)</b>	<b>\$ 23,504</b>	<b>\$ -</b>	<b>\$ (2,669)</b>	<b>\$ 73,714</b>	<b>\$ 26,154</b>	<b>\$ (445,168)</b>	<b>\$ 695,190</b>	<b>\$ 14,792</b>	<b>\$ (579)</b>
31	<b>Other Income &amp; Deductions</b>												
32	Other Income & Deductions	\$ (12,130)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
33	Interest Expense	689,901	-	-	-	509,828	-	-	-	-	-	-	
34	Other Expense	-	-	-	-	-	-	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	
36	<b>Total Other Income &amp; Deductions</b>	<b>\$ 677,770</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 509,828</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
37	<b>Net Profit / (Loss)</b>	<b>\$ 1,844,716</b>	<b>\$ -</b>	<b>\$ (68,192)</b>	<b>\$ 23,504</b>	<b>\$ (509,828)</b>	<b>\$ (2,669)</b>	<b>\$ 73,714</b>	<b>\$ 26,154</b>	<b>\$ (445,168)</b>	<b>\$ 695,190</b>	<b>\$ 14,792</b>	<b>\$ (579)</b>

44 Supporting Schedules:  
 45 (a) E-6

Recap Schedules:  
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	Page 16 [M] ADJ JPB-IS12	Page 17 [N] ADJ SLM-IS13	Page 18 [O] ADJ SLM-IS14	Page 19 [P] ADJ SLM-IS15	Page 20 [Q] ADJ SLM-IS16	Page 21 [R] ADJ SLM-IS17	Page 22 [S] ADJ SLM-IS18	Page 23 [T] ADJ SLM-IS19	Page 24 [U] ADJ SLM-IS20	Page 25 [V] ADJ SLM-IS21	Page 26 [W] ADJ SLM-IS22	Page 27 [X] ADJ JPB-IS23
<u>Line No.</u>	<u>Customer Care and Billing Services</u>	<u>Rate Case Expense</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Annualize Depreciation Expense on Direct Plant</u>	<u>Annualize Depreciation Expense on Corporate Plant</u>	<u>Annualize Depreciation Expense on 6U</u>	<u>Depreciation Expense on Post Test Year Plant</u>	<u>Removal of Vector Truck Amortization</u>	<u>Annualize Amortization of CIAC</u>	<u>Adjust Corporate Allocations</u>	<u>CPI Increase</u>
1	<b>Revenues</b>											
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	<b>Total Revenue</b>											
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	<b>Operating Expenses</b>											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	6,308
11	-	-	-	-	-	-	-	-	-	-	-	84
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	(11,229)	490
14	-	-	-	-	-	-	-	-	-	-	-	4,304
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	23,793	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-
19	6,599	-	-	-	-	-	-	-	-	-	-	949
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	3,497
22	-	-	-	-	-	-	-	-	-	-	-	(1,918)
23	-	-	-	-	-	-	-	-	-	-	-	4,637
24	-	-	-	-	911,682	(68,855)	36,004	158,129	(9,027)	(406,572)	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>Total Operating Expenses</b>											
29	\$ 6,599	\$ 23,793	\$ -	\$ -	\$ 911,682	\$ (68,855)	\$ 36,004	\$ 158,129	\$ (9,027)	\$ (406,572)	\$ (11,229)	\$ 18,350
30	<b>Utility Operating Income</b>											
31	\$ (6,599)	\$ (23,793)	\$ -	\$ -	\$ (911,682)	\$ 68,855	\$ (36,004)	\$ (158,129)	\$ 9,027	\$ 406,572	\$ 11,229	\$ (18,350)
31	<b>Other Income &amp; Deductions</b>											
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-	-	-	-
36	<b>Total Other Income &amp; Deductions</b>											
37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	<b>Net Profit / (Loss)</b>											
39	\$ (6,599)	\$ (23,793)	\$ -	\$ -	\$ (911,682)	\$ 68,855	\$ (36,004)	\$ (158,129)	\$ 9,027	\$ 406,572	\$ 11,229	\$ (18,350)

44 Supporting Schedules:  
 45 (a) E-6  
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 48 Workpapers & Supporting Documents:  
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 50 \2016 Anthem Water.xlsm

	Page 28 [Y] ADJ SLM-IS24	Page 29 [Z] ADJ SLM-IS25	Page 30 [AA] ADJ x-IS26	Page 31 [AB] ADJ SLM-IS27	Page 32 [AC] ADJ SLM-IS28	Page 33 [AD] ADJ SLM-IS29	Page 34 [AE] ADJ JPB-IS30	Page 35 [AF] ADJ SLM-IS31	Page 36 [AG] ADJ SLM-IS32	Page 37 [AH] ADJ SLM-IS33	Page 38 [AI] ADJ SLM-IS34	Page 39 [AJ] ADJ SLM-IS35
<u>Line No.</u>	<u>Intentionally Left Blank</u>	<u>Retirements on Test Year Plant - Depreciation</u>	<u>Intentionally Left Blank</u>	<u>Insurance Other Than Group</u>	<u>Capital Lease - Vehicles - Expense Adjustment</u>	<u>Intentionally Left Blank</u>	<u>Purchased Water Adjustment and Surcharge</u>	<u>Regulatory Asset Amortization - Y2K and Depreciation Study</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Regulatory Asset Amortization - Phoenix Interconnect - Anthem</u>	<u>Intentionally Left Blank</u>
1 <b>Revenues</b>												
2 Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
4 <b>Total Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5												
6 <b>Operating Expenses</b>												
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Purchased Water	-	-	-	-	-	-	(592,045)	-	-	-	-	-
9 Fuel & Power	-	-	-	-	-	-	-	-	-	-	-	-
10 Chemicals	-	-	-	-	-	-	-	-	-	-	-	-
11 Waste Disposal	-	-	-	-	-	-	-	-	-	-	-	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	-	-	-	-	-	-	-	-	-	-	-	-
14 Outside Services	-	-	-	-	-	-	-	-	-	-	-	-
15 Group Insurance	-	-	-	-	-	-	-	-	-	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	-	-	-	-	-	-	-	-	-	-	-	-
18 Insurance Other Than Group	-	-	-	(6,241)	-	-	-	-	-	-	-	-
19 Customer Accounting	-	-	-	-	-	-	-	-	-	-	-	-
20 Rents	-	-	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	-	-	-	-	-	-	-	-	-	-	-	-
22 Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	-	-	-	-	(55,810)	-	-	-	-	-	-	-
24 Depreciation & Amortization	-	(260)	-	-	22,921	-	-	2,755	-	-	200,000	-
25 General Taxes-Property	-	-	-	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	-	-	-	-	-	-	-	-	-	-	-	-
27 Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-
28												
29 <b>Total Operating Expenses</b>	\$ -	\$ (260)	\$ -	\$ (6,241)	\$ (32,888)	\$ -	\$ (592,045)	\$ 2,755	\$ -	\$ -	\$ 200,000	\$ -
30 <b>Utility Operating Income</b>	\$ -	\$ 260	\$ -	\$ 6,241	\$ 32,888	\$ -	\$ 592,045	\$ (2,755)	\$ -	\$ -	\$ (200,000)	\$ -
31 <b>Other Income &amp; Deductions</b>												
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
36 <b>Total Other Income &amp; Deductions</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37 <b>Net Profit / (Loss)</b>	\$ -	\$ 260	\$ -	\$ 6,241	\$ 32,888	\$ -	\$ 592,045	\$ (2,755)	\$ -	\$ -	\$ (200,000)	\$ -

44 Supporting Schedules:  
 45 (a) E-6  
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 47  
 48 Workpapers & Supporting Documents:  
 49  
 50 \2016 Anthem Water.xlsx

	Page 40 [AK] ADJ SLM-IS36	Page 41 [AL] ADJ SLM-IS37	Page 42 [AM] ADJ SLM-IS38	Page 43 [AN] ADJ SLM-IS39	[AO] Sum [B - AN]	[AP] Sum [A] + [AO]	[AQ]	[AR] Sum [AP] + [AQ]
<u>Line No.</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</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>
<b>1 Revenues</b>								
2 Water	\$ -	\$ -	\$ -	\$ -	\$ 75,166	\$ 10,093,156	\$ 2,484,452	\$ 12,577,608
3 Other Revenues	-	-	-	-	-	637,043	-	637,043
<b>4 Total Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,166</b>	<b>\$ 10,730,199</b>	<b>\$ 2,484,452</b>	<b>\$ 13,214,651</b>
<b>6 Operating Expenses</b>								
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ 425,580	\$ 1,440,462		\$ 1,440,462
8 Purchased Water	-	-	-	-	(591,528)	-		-
9 Fuel & Power	-	-	-	-	(694,583)	-		-
10 Chemicals	-	-	-	-	6,376	83,675		83,675
11 Waste Disposal	-	-	-	-	84	3,756		3,756
12 Intercompany Support Services	-	-	-	-	-	-		-
13 Corporate Allocation	-	-	-	-	(10,739)	302,528		302,528
14 Outside Services	-	-	-	-	4,304	192,740		192,740
15 Group Insurance	-	-	-	-	(5,757)	449,580		449,580
16 Pensions	-	-	-	-	-	-		-
17 Regulatory Expense	-	-	-	-	23,793	26,981		26,981
18 Insurance Other Than Group	-	-	-	-	(6,241)	84,883	6,430	91,313
19 Customer Accounting	-	-	-	-	11,056	308,446	3,868	312,314
20 Rents	-	-	-	-	-	36,682		36,682
21 General Office Expense	-	-	-	-	(22,657)	133,428		133,428
22 Miscellaneous	-	-	-	-	(1,918)	(82,968)		(82,968)
23 Maintenance Expense	-	-	-	-	(51,173)	172,287		172,287
24 Depreciation & Amortization	-	-	-	-	846,777	3,415,311		3,415,311
25 General Taxes-Property	-	-	-	-	68,192	562,702	37,802	600,504
26 General Taxes-Other	-	-	-	-	10,553	120,094		120,094
27 Income Taxes	-	-	-	-	(23,504)	870,573	930,322	1,800,895
<b>29 Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,386)</b>	<b>\$ 8,121,161</b>	<b>\$ 978,422</b>	<b>\$ 9,099,583</b>
<b>30 Utility Operating Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,552</b>	<b>\$ 2,609,038</b>	<b>\$ 1,506,030</b>	<b>\$ 4,115,068</b>
<b>31 Other Income &amp; Deductions</b>								
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,130)		\$ (12,130)
33 Interest Expense	-	-	-	-	509,828	1,199,729		1,199,729
34 Other Expense	-	-	-	-	-	-		-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-		-
<b>36 Total Other Income &amp; Deductions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 509,828</b>	<b>\$ 1,187,599</b>	<b>\$ -</b>	<b>\$ 1,187,599</b>
<b>37 Net Profit / (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (423,276)</b>	<b>\$ 1,421,440</b>	<b>\$ 1,506,030</b>	<b>\$ 2,927,470</b>

44 Supporting Schedules:

45 (a) E-6

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48 Workpapers & Supporting Documents:

49

50 \2016 Anthem Water.xlsxm

Recap Schedules:

C-1

Line  
No.

1 Tank Maintenance

2  
 3 Tank maintenance expenses are often large and vary from year to year. To prevent over-or under-stating tank maintenance expenses in the test year, the Company has adjusted the  
 4 expenses to reflect the average cost of tank maintenance over a planned maintenance program. The program maps out the anticipated frequency and amount of the costs on a district level  
 5 by storage tank. Costs are then averaged over the given maintenance cycle and summarized by district.

6  
 7 Many of the districts already have approved tank maintenance plans authorized by the Commission in previous decisions. The tank maintenance expense in those districts reflects the  
 8 previously approved amounts. This Application also seeks approval of the Sun City West and North Mohave Water District tank maintenance plans that have not been previously  
 9 authorized by the Commission. Detail for each district's tank maintenance programs and the annual expense is as follows:

- 10 • Agua Fria Water: \$376,478 through 2026 - Decision Number 73145 on 5/1/12.
- 11 • Anthem Water was given a deferral mechanism - Decision Number 72047 on 1/7/11.
- 12 • Havasu Water: \$76,320 through 2021 - Decision Number 73145 on 5/1/12.
- 13 • Mohave Water: \$244,608 through 2026 - Decision Numbers 73145 & 75268 on 5/1/12 & 9/1/15, respectively.
- 14 • North Mohave: \$114,583 through 2029.
- 15 • Paradise Valley Water: \$123,658 through 2029 - Decision Number 75268 on 9/1/15.
- 16 • Sun City Water: \$362,187 through 2023 - Decision Numbers 72047 & 75268 on 1/7/11 and 9/1/15, respectively.
- 17 • Sun City West Water: \$227,141 through 2025.
- 18 • Tubac Water has no authorized tank maintenance program.
- 19 • Willow Valley Water has no authorized tank maintenance program.
- 20 • Chaparral City Water: \$202,184 through 2032 - Decision Number 74568 on 6/20/14 (subsequently corrected in Decision Numbers 74585 and 74938 on 7/30/14 and 2/9/15, respectively).

21  
 22  
 23  
 24  
 25  
 26  
 27  
 28  
 29 Tank Maintenance Program Annual Cost \$ - (b)

30  
 31  
 32  
 33 2016 Tank Maintenance Expense, Unadjusted (account 5900) - (a)

34  
 35 Increase in Tank Maintenance Expense Line [29] - Line [33] \$ -

36  
 37  
 38  
 39  
 40  
 41  
 42  
 43  
 44 Workpapers & Supporting Documents:

- 46 (a) Sch E6
- 47 (b) Authorized Tank Maintenance Summaries.xlsx

48  
 49  
 50 \2016 Anthem Water.xlsm

Line  
 No.

<u>Adjust Property Taxes to Reflect Proposed Revenues</u>						
Property Taxes are based, in part, on the average of the prior three year's revenues. The 2016 property tax expense requires a conforming adjustment to bring property taxes in line with proposed changes in revenue. Additionally, the Company has experienced known and measurable changes in property tax rates from year to year. Accordingly, conforming property tax rates have been adjusted by the average change in property tax rates over the last three years to account for known and measurable historical trends in tax rates.						
	<b>Business Unit</b>	<b>7K</b>	<b>GMC Factor</b>	<b>4.7401%</b>	<b>[A]</b>	<b>[B]</b>
	<b>Power and Water Expenses</b>					
		<b>[1]</b>	<b>[2]</b>	<b>Property Tax Expense</b>		<b>Property Tax Expense</b>
		<b>Present</b>	<b>Proposed</b>			<b>For Conversion Factor</b>
10	Adjusted Revenues in Year Ended December 2016	[Adj Summary p.2] \$ 1,287,235	\$ 1,581,225	(b) + [2] \$ 12,311,424		\$ 12,311,424
11	Adjusted Revenues in Year Ended December 2016			12,311,424		12,311,424
12	Proposed Revenues			12,311,424		(b) + [2] 14,795,876
13	Average of Three Years of Revenue			Avg Lines[10] thru [12] \$ 12,311,424		\$ 13,139,575
14	Average of Three Years of Revenue, times 2			Line[13] * 2 \$24,622,848		\$26,279,150
15	Add:					
16	Construction Work in Progress at 10%			(a) 41,047		41,047
17	Deduct:					
18	Net Book Value of Transportation Equipment			(d) \$ 9,157		\$ 9,157
19						
20	Full Cash Value			Sum Lines[14-16] - Line[18] \$ 24,654,738		\$ 26,311,040
21	Assessment Ratio (For 2016 and Beyond per HB 2001 Sec 42-15001)			18.0%		18.0%
22	Assessed Value			Line[20]*Line[21] \$ 4,437,853		\$ 4,735,987
23	Property Tax Rate			(c) 12.68%		12.68%
24						
25	Property Tax			Line[22]*Line[23] 562,702		600,504
26	Additional Tax					
27						
28	Adjusted Test Year Property Taxes at Present Rates			Line[25] \$ 562,702		Line[25] \$ 600,504
29	Adjusted Test Year Property Taxes			(b) 494,510		Line[28] Col [A] 562,702
30	Adjustment to Revenue and/or Expense (To Sch C-2)			Line[28] - Line[29] \$ 68,192		Line[32] - Line[33] \$ 37,802
31						
32	Adjusted Test Year Property Taxes at Proposed Rates					
33	Adjusted Test Year Property Taxes at Present Rates					
34	Additional Property Taxes on Proposed Revenues (To Sch C-2)					
35						
36	<u>CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3):</u>					
37						
38				Increase in Property Tax Due to Increase in Revenue Requirement (Line 34, Col [B])		\$ 37,802
39						
40				Increase in Revenue Requirement (From Sch C-2)		\$ 2,484,452
41						
42				Increase in Property Tax Per Dollar Increase in Revenue (Line 38/Line 40)		1.52%
43						
44	<u>Workpapers &amp; Supporting Documents:</u>					
45						
46	(a) Sch E-1					
47	(b) Sch C-2					
48	(c) Composite Property Tax Rate 2016.xlsx					
49	(d) Summary of Plant Balances by NARUC					
50	\2016 Anthem Water.xlsm					

Line No.			Test Year Adjusted Results [A]	Adjusted with Rate Increase [B]
1	<u>Federal and State Income Taxes</u>			
2				
3				
4	Operating Income Before Inc. Taxes		\$ 3,479,611	\$ 5,915,963
5	Interest Expense		<u>1,199,729</u>	<u>1,199,729</u>
6	Arizona Taxable Income		Line[4] - Line[5] <u>\$ 2,279,883</u>	<u>\$ 4,716,235</u>
7				
8	Arizona Income Tax	4.900%	Line[6]* 4.900% <u>\$ 111,714</u>	<u>\$ 231,096</u>
9				
10				
11	Federal Income Before Taxes		Line[6] \$ 2,279,883	\$ 4,716,235
12	Less Arizona Income Taxes		Line[8] <u>111,714</u>	<u>231,096</u>
13				
14	Federal Taxable Income		Line[11] - Line[12] <u>\$ 2,168,169</u>	<u>\$ 4,485,139</u>
15				
16				
17				
18	FEDERAL INCOME TAXES:			
19				
20	Federal Income Taxes	35.000%	Line[14]*35.000% <u>\$ 758,859</u>	<u>\$ 1,569,799</u>
21				
22				
23				
24	Total Income Tax		Line[12]+Line[20] <u>\$ 870,573</u>	<u>\$ 1,800,895</u>
25				
26	Tax Rate		Line[24] / Line[6] <u>38.18%</u>	<u>38.19%</u>
27				
28				
29				
30	Effective Income Tax Rates			
31	State		Line[8] / Line[6] 4.900%	4.900%
32	Federal		Line[20] / Line[6] 33.28%	33.29%
33				
34				
35	Adjusted Test Year Income Taxes		(a) \$ 894,077	
36	Increase in Income Taxes,		Line[24] - Line[35] <u>\$ (23,504)</u>	
37				
38	Adjustment to Revenues and/or Expense		Line[36] <u>\$ (23,504)</u>	
39				
40	Test Year Income Taxes			Col A Line[24] \$ 870,573
41	Increase in Income Taxes			Line[24] - Line[40] 930,322
42				
43	Adjustment to Revenue and/or Expense			Line[41] <u>\$ 930,322</u>
44				
45				
46				
47	<u>Workpapers &amp; Supporting Documents:</u>			
48	(a) Sch C-2			
49				
50	\2016 Anthem Water.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, Ln. 28)	(a) \$	53,799,497
7	Weighted Cost of Debt from Schedule D-1	(b)	<u>2.23%</u>
8	Synchronized Interest Expense	Line[6]*Line[7]	\$ 1,199,729
9			
10	Test Year Interest Expense	\$	<u>689,901</u> (c)
11			
12	Adjusted Test Year Interest Expense	Line[10]	\$ 689,901
13			
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	\$ <u>509,828</u>
15			
16	Adjustment to Revenue and/or Expense	Line[14]	\$ <u>509,828</u>
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46	<u>Workpapers &amp; Supporting Documents:</u>		
47	(a) Sch B-1		
48	(b) Sch D-1		
49	(c) Sch C-2		
50	\2016 Anthem Water.xlsm		

Line No.	G/L Account Business Unit	5610 7K		
1	<u>Bad Debt Expense</u>			
2				
3	The 2016 Test Year bad debt expense was calculated based on total Arizona accounts receivable which was allocated to the districts. Included in that calculation were recoveries of write-offs originally thought to be uncollectible from prior years and adjustments to account receivable balances. In order to accurately reflect the impact of bad debt expense on 2016 expenses, the allocation and adjustments from prior years were removed and replaced with actual activity determined to be uncollectible and written-off in 2016 for each district. The difference between the unadjusted expense amount as allocated and the actual write-offs by district is computed below and included as a proforma adjustment to the test year expense for each district.			
4				
5				
6				
7				
8				
9				
10	Allocated Bad Debt in Account 5610		(a) \$	14,037
11				
12	<u>Actual Bad Debt Write-Offs (b)</u>			
13	Jan-16		\$	1,772
14	Feb-16			(45)
15	Mar-16			2,238
16	Apr-16			2,382
17	May-16			645
18	Jun-16			1,565
19	Jul-16			751
20	Aug-16			1,997
21	Sep-16			1,563
22	Oct-16			1,320
23	Nov-16			1,589
24	Dec-16			928
25	Total Bad Debt		Sum Lines [13 - 24] \$	16,706
26				
27	Increase/(Decrease) in Bad Debt Expense		Line[25] - Line[10] \$	2,669
28				
29	Adjustment to Revenue and/or Expense		Line[27] \$	2,669
30				
31				
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42				
43				
44	<u>Workpapers &amp; Supporting Documents:</u>			
45				
46	(a) Sch E-6			
47	(b) \Bad Debt Writeoffs and Recoveries 2016.xls			
48				
49				
50	\2016 Anthem Water.xlsm			

Line

No.

Annualization/Normalization of Revenues

Due to the seasonality of residents in the Phoenix area, it is appropriate to annualize revenues for the average customer population during the year, rather than the year end count. At December 31, 2016, the customer population is at its highest, and does not properly reflect the experiences of the Company.  
 Due to unseasonably high temperatures during test year, EPCOR has also performed a weather normalization to reflect normalized water sales at average temperatures. Please see the Schedule H for detail.  
 EPCOR has also removed accrual entries.

	[A]	[B]	[C]	[D]		[E] = [A] + [B] + [C] + [D]
	<u>Residential</u>	<u>Commercial</u>	<u>Other Water User</u>	<u>Other Revenue</u>		<u>Total</u>
13 Test Year Revenues per General Ledger	\$ 7,915,179	\$ 1,918,595	\$ 184,216	\$ 637,043	(a)	\$ 10,655,033
14 Revenue Adjustments	6,026	-	27,892			33,918
15 Accruals	30,405	-	-		(a)	30,405
16 Annualization	44,367	912	(94)	-	(b)	45,185
17 Weather Normalization	(21,693)	(10,755)	(1,895)		(b)	(34,343)
18 Adjusted Revenues	\$ 7,974,284	\$ 1,908,752	\$ 210,120	\$ 637,043	Sum Lines [13 - 17]	\$ 10,730,199
20 Test Year Revenues per General Ledger	7,915,179	1,918,595	184,216	637,043	(b)	10,655,033
22 Increase / (Decrease) to Test Year Revenues	\$ 59,106	\$ (9,843)	\$ 25,904	\$ -	Line[18] - Line[20]	\$ 75,166

Increase / (Decrease) in Operating Expenses:

	[F]	[G]	[H]	[I]		Total
	<u>Purchased Water</u>	<u>Fuel &amp; Power</u>	<u>Chemicals</u>	<u>Other Customer Accounting</u>		
29 Test Year Adjusted Expense from Sch C-2	\$ 591,528	\$ 694,583	\$ 77,299	\$ 297,390		
30 Average Customers (from Sch E7) times 12 bills	107,498	107,498	107,498	107,498		
31 Cost per Customer	\$ 5.503	\$ 6.461	\$ 0.719	\$ 2.766	Line[29] / Line[30]	
33 Customer Growth	94	94	94	94	(c)	
34 Additional Expense	\$ 517					
		\$ 607				
			\$ 68			
				\$ 260		\$ 1,452
						Sum Col [F-I]

Workpapers & Supporting Documents:

- (a) Sch E-6
- (b) Anthem Water H Schedule.xlsx
- (c) Customer Count tab
- \2016 Anthem Water.xlsm

4 - Factor

Line	Business Unit	7K	6.8860%
------	---------------	----	---------

No.  
 1 Removal of General Disallowable Items  
 2

In anticipation that Staff would disallow certain miscellaneous costs, the Company has removed expenses that would typically be disallowed for ratemaking purposes, such as charitable and civic contributions and other miscellaneous expenses that are normally not recoverable from customers. While the Company still believes these expenses should be recoverable through rates, we removed them to minimize issues in dispute. The corresponding General Ledger numbers are below.

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	5670	5671	5672		
	<u>Advertising</u>	<u>Promotion</u>	<u>Donation</u>	<u>Total</u>	
Total 7A Corporate Expenses (a)	\$ 30,500	\$ 280,264	\$ 24,002	\$ 334,766	
7A Allowed Expenses (b)	16,139	3,750	-	19,888	
7A Disallowed Expenses	\$ 14,361	\$ 276,514	\$ 24,002	\$ 314,877	Line[15] - Line[16]
Anthem Water 4-Factor	6.8860%	6.8860%	6.8860%		
7A Disallowed Expenses allocated to District	\$ 989	\$ 19,041	\$ 1,653	\$ 21,682	Line[17] * Line[19] \$ 21,682
Total District Expenses (a)	\$ -	\$ 8,222	\$ -	\$ 8,222	
District Allowed Expenses (b)	-	3,750	-	3,750	
District Disallowed Expenses	\$ -	\$ 4,472	\$ -	\$ 4,472	Line[24] - Line[25] \$ 4,472

33 General Disallowed Items for District	Line[21] + Line[26]	\$ 26,154
35 Adjustment to Revenue and/or Expense	Line[33]	\$ (26,154)

44 Workpapers & Supporting Documents:  
 45 (a) Sch E-6a  
 46 (b) Disallowable Costs 2016.xlsx  
 47  
 48 4-Factor  
 49  
 50 \2016 Anthem Water.xlsm

Line No.	Business Unit	7K		
1	<b>Annualize Labor &amp; Labor Related Expenses</b>			
2	The Company has adjusted Labor costs to reflect 12 months of costs to annualized for certain positions that were created or filled during the test year as well as known increases to labor costs of 3%. This			
3	adjustment also annualizes the various employee benefit-related items including group insurance, 401(k), and pension expense. Group Insurance includes premiums for life insurance, medical insurance,			
4	dental insurance, long-term disability insurance and short-term disability. Also included is the annualization of the Company's contribution to its employees' 401(k) retirement savings program.			
5				
6				
7	Labor Expense as calculated per the Payroll Model(a)			
8		Direct Labor	\$ 1,307,335	
9		Performance Based Compensation	\$ 147,919	\$ 1,455,254 Line[8]+Line[9]
10				
11	Fully Allocated Labor Expense per General Ledger(b)			
12		Increase/(Decrease) in Labor Expense		\$ 1,014,882
13				
14				
15				
16				
17				
18	Group Insurance and Other Benefits as calculated per the Payroll Model(a)			
19		401K	\$ 117,852	
20		Insurance	\$ 233,437	
21		Pension	\$ 98,291	\$ 449,580 Line[19]+Line[20]+Line[21]
22				
23	Fully Allocated Labor Expense per General Ledger(b)			
24		Increase/(Decrease) in Group Insurance Expense		\$ 455,337
25				
26				
27				
28				
29				
30	Payroll Taxes as calculated per the Payroll Model(a)			
31		Taxes	\$ 106,360	\$ 106,360 Line[31]
32				
33	Fully Allocated Labor Expense per General Ledger(b)			
34		Increase/(Decrease) in General Taxes - Other		\$ 95,807
35				
36				
37	Increase/(Decrease) in Labor Related Expense			
38				
39				
40	Adjustment to Revenue and/or Expense			
41				
42	(a) 2016 CIAC Summary by District.xlsx			
43		Total	\$ 2,011,195	Line [8]+[9]+[19]+[20]+[21]+[31]
44		Check	\$ 2,011,195	\Payroll, Benefits & Taxes_ TY 2016.xlsx
45		Diff	\$ -	Line[43] - Line[44]
46	<u>Workpapers &amp; Supporting Documents:</u>			
47	(a) \Payroll, Benefits & Taxes_ TY 2016.xlsx			
48	(b) Sch E-6			
49				
50	\2016 Anthem Water.xlsm			

Line  
 No.

1 Purchased Power Adjustment and Surcharge Business Unit 7K

3 The Company is proposing a Power Cost Adjustor Mechanism for All Districts in this Case. This adjustment removes Purchased Power expenses from the District's operating expenses. The  
 4 Power Costs expenses are removed in adjustment JPB-IS9. The Company's estimate as to the per customer surcharge is calculated herein. The Company would anticipate the effective  
 5 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.

			[A]	[B]	[C]	[D] = [A] + [B] + [C]
			Corporate (a)	Direct (b)	Other Allocation (c)	Total
	<u>GL Account</u>	<u>Account Description</u>	2016	2016	2016	2016
12		5617 Power Charges	\$ 2,912	\$ 691,056		\$ 693,968
13		5616 Natural Gas Charges	\$ -	\$ 615		\$ 615
14		Annualization				\$ 607
15	Increase / (Decrease) to Purchase Power Expense					<u>\$ (695,190)</u>

Sum Lines [12 - 14]

45 Workpapers & Supporting Documents:

- 46 (a) Sch E-6b
- 47 (b) Sch E-6a
- 48 (c) Sch E-6c
- 49
- 50 \2016 Anthem Water.xlsm

**PURCHASED POWER  
 SURCHARGE CALCULATION**

Line  
No.

1 Purchased Power Adjustment and Surcharge Business Unit 7K

2 The Company's water districts utilize multiple vendors in their different geographic locations. Power is purchased from Arizona Public Service Company ("APS"), UNS

3 Electric, Inc. ("UNS Electric"), and Mohave Electric Cooperative ("MEC"). Each of these vendors has initiated or concluded rate cases during the test year and pro forma

4 adjustments to electrical costs are proposed to account for known and measurable increases. The Company has no control over these price increases. Additionally, EWAZ

5 has experienced consistent year-over-year increases in APS's bills due to changes in surcharge factors associated with their rate adjustor mechanisms.

6

7 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

8 Phoenix corporate office. On March 1, 2017, APS reached a settlement agreement with the major parties in its rate case filed on June 1, 2016. The Company does not

9 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 approved. In addition

10 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,

11 between APS filing general rate applications. Accordingly, the Company adjusts the power charges included in the proposed PCAM based on the three-year average trend

12 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

13 will be effective prior to the resolution of this case.

14 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

15 18, 2016), authorizing new rates for residential and commercial customers. The Company has multiple accounts with UNS Electric. As these rate increases are known and

16 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

17 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

20 13, 2017). The increased costs that result from that decision are not fully reflected in the 2016 test year power expenses for those districts, but the increase in costs that

21 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 be adjusted

22 for the known increase. The purchased power expenses for the Mohave, North Mohave, and Willow Valley Water districts have been annualized accordingly for rate

23 changes in the test year in the PCAM.

24

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	Corporate (a)	Direct (b)	Other	Total	
<u>GL Account</u> <u>Account Description</u>	<u>2016</u>	<u>2016</u>	<u>Allocation (c)</u>	<u>2016</u>	
29 5617 Power Charges	\$ 2,912	\$ 691,056		\$ 693,968	
30 5616 Natural Gas Charges	\$ -	\$ 615		\$ 615	
31 Annualization				\$ 607	
32 Total Purchased Power Expense				<u>\$ 695,190</u>	Line[29 - 31]
33 2017 % Increase	6.29%				
34 2018 % Increase	6.29%				
	[E]	[F]	[G]	[H]	[I] = [E] + [F] + [G] + [H]
	<u>Corporate</u>	<u>Direct</u>	<u>Natural Gas</u>	<u>Annualization</u>	<u>Total</u>
38 2017 Increase	\$ 183	\$ 43,489	0	\$ 38	\$ 43,710
39 2017 Expense	\$ 3,096	\$ 734,544	\$ 615	\$ 645	\$ 738,900
41 2018 Increase	\$ 195	\$ 46,225	0	\$ 41	\$ 46,461
42 2018 Expense	\$ 3,290	\$ 780,770	\$ 615	\$ 686	\$ 785,361
44			Total Billed Gallons (in thousand of gallons)	1,917,477	
45 <u>Workpapers &amp; Supporting Documents:</u>			Surcharge Per Thousand Gallons	\$ 0.4096	Line[42]/Line[44]
46 (a) Sch E-6b					
47 (b) Sch E-6a					
48 (c) Sch E-6c					
49 \Purchased Power Adjustment Calc.xlsx					
50 \2016 Anthem Water.xlsm					

Line  
 No.

1 Removal of 10% of Performance Based Compensation

4-Factor	
Anthem Water	6.8860%
Arizona Total	87.7062%

2  
 3  
 4 The Performance Based Compensation program contains metrics designed to incent employees to 1) work safely by requiring achievement of an annual OSHA Recordable Incident Rate,  
 5 2) provide excellent customer service by setting goals for customer satisfaction, billing accuracy targets, and metrics for the call center, and 3) achieve a target for capital investments to  
 6 be completed on time and at or under budget. Each of these 3 targets is weighted at 30 percent with the remaining 10 percent based upon achieving a financial target focused on earning  
 7 the authorized rate of return. This pro forma adjustment removes this financial component which represents 10 percent of the target for Performance Based Compensation Plan.  
 8

9 This pro form adjustment is similar to what was adopted by the Commission in Decision No. 78268 as well as what was termed in the settlement agreement pending in Docket No. WS-  
 10 01303A-16-0145.  
 11

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	[A]	[B]	[C] = [A] * [B]	[D] = [C] * -10.0%
	Performance Based		Performance Based	Minus 10%
	<u>Compensation Expense</u>	<u>Allocation Factor</u>	<u>Compensation Expense for District</u>	<u>Minus 10%</u>
Direct Performance Based Compensation Expense	\$ 45,585	100.0000%	\$ 45,585	\$ (4,558)
7A Arizona Performance Based Comp Exp	\$ 1,177,956	6.8860%	81,114	(8,111)
6U EPCOR Water USA Performance Based Comp Exp	\$ 351,374	6.0394%	21,221	(2,122)
			<u>                    </u>	<u>                    </u>
Total Performance Based Compensation Expense			\$ 147,919	Sum Lines[24] thru [37] Col [C]
			Check \$ 147,919	Adj IS-8
			Diff \$ -	Sum Lines[24] thru [37] Col [D]
Minus 10%				(14,792)
Total Increase / (Decrease) to Labor				Line [34] \$ (14,792)
Adjustment to Revenue and/or Expense				Line [37] \$ (14,792)

Workpapers & Supporting Documents:  
 Payroll, Benefits & Taxes\_TY 2016.xlsx  
 4-Factor  
 \2016 Anthem Water.xlsm



Line No. Business Unit 7K

1 Postage Expense

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.

[A] [B] [C] = ((B)-[A]) / [A]

Manifested	Average Automated Piece Rate		
	Effective April 2016	Effective January 2017	2017 Increase
5-Digit	\$ 0.3760	\$ 0.3730	-0.80%
3-Digit	\$ 0.3990	\$ 0.4030	1.00%
AADC	\$ 0.3990	\$ 0.4030	1.00%
Mixed AADC	\$ 0.4190	\$ 0.4230	0.95%
Single Piece	\$ 0.4700	\$ 0.4900	4.26%
Average cost per piece	\$ 0.4126	\$ 0.4184	1.41%

21 Postage Expense Account 5611 per General Ledger

(a) \$ 41,183

23 Total Increase / (Decrease) to Postage Expense

Col [C] Line[18]\*Line[21] \$ 579

25 Adjustment to Revenue and/or Expense

Line [23] \$ 579

44 Workpapers & Supporting Documents:

45 (a) Sch E-6 Line 19

46 USPS Rates 2016.xlsx

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50 \2016 Anthem Water.xlsm

Line  
 No.

Business Unit 7K

1 Customer Care and Billing Services

5 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  
 6 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  
 7 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  
 8 effective. The CPI index for 2018 will be updated in the Company's rebuttal filing as this data is not yet available, but will be known and measurable prior to the  
 9 conclusion of the rate case.

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

Increase Lines[13-14]/[13]

C.U.S. Charges per Schedule E-6, account 5611

\$ 200,645 (a)

CPI Adjustment 2017  
 Adjusted 2017 Expense

\$ 3,273 Line[18]\*1.63%  
 \$ 203,918 Sum Line[18+20]

CPI Adjustment 2018  
 Adjusted 2018 Expense

\$ 3,326 Line[21]\*1.63%  
 \$ 207,244 Sum Line[21+23]

Total Increase/ (Decrease) to C.U.S Charges

Line[20]+Line[23] \$ 6,599

Adjustment to Revenue and/or Expense

Line[39] \$ 6,599

Workpapers & Supporting Documents:

- (a) Sche6 Line19
- Phoenix All Consumers CPI 3.22.17.xlsx
- \2016 Anthem Water.xlsm

Line No. Business Unit 7K

1 Rate Case Expense

2  
 3 The Company estimates it will incur approximately \$800,000 dollars of rate case related expenses to process this rate application. This estimate is based on our experience with rate cases before the Commission and the Company's size and the anticipated length and complexity of the proceedings. This estimated amount is allocated to the districts in this case via a water 4-Factor allocation methodology. As the case progresses this estimate will be updated accordingly.

8  
 9 Rate Case Expense Anthem Water \$ 71,379 (a)

11  
 12 Estimated Amortization Period in Years 3

19  
 20 Increase / (Decrease) to Regulatory Expense Line [9] / Line [12] \$ 23,793

21  
 22 Adjustment to Revenue and/or Expense Line [20] \$ 23,793

44 Workpapers & Supporting Documents:

45 (a) \Rate Case Expense 2016 TY.xlsx

50 \2016 Anthem Water.xlsm

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45 Workpapers & Supporting Documents:

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44 Workpapers & Schedules

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50 \2016 Anthem Water.xlsm

Line  
 No.

Business Unit	7K
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1 Annualize Depreciation Expense on Direct Plant

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3 Adjustment to annualize depreciation expense based on plant balances at the end of 2016.

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12 Depreciation Expense on Direct Plant

(a) \$ 3,371,905

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14 Depreciation Expense per General Ledger

(b) \$ 2,460,223

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16 Increase / (Decrease) to Depreciation Expense

Line[12] - Line[14] \$ 911,682

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18 Adjustment to Revenue and/or Expense

Line[16] \$ 911,682

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44 Workpapers & Supporting Documents:

45 (a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx

46 (b) Sch E-6b Line 24

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50 \2016 Anthem Water.xlsm

Docket # WS-01303A-17-XXXX  
 Summary of Plant and Accumulated Depreciation Balances  
**Anthem Water**

7K

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Add'l	12 Months	Capital	Test Year
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	4,719,240	-	-	-	-	-	-	-	-	4,719,240	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	6,014,990	-	-	-	-	-	-	-	-	6,014,990	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	20,000	-	-	-	-	-	-	-	-	20,000	-	-	-	-	-
5	303400	0.00%	Land & Land Rights Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	303500	0.00%	Land & Land Rights T&D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	5,418,357	1,541,072	-	-	-	-	-	-	-	3,877,285	180,612	-	-	-	-
9	304200	3.33%	Structures & Improvements Pum	3,069,528	724,264	-	-	-	-	-	-	-	2,345,264	102,318	-	-	-	-
10	304300	3.33%	Structures & Improvements Trea	1,120,392	233,454	-	-	-	-	-	-	-	886,938	37,346	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	112,667	18,149	-	-	-	-	-	-	-	94,519	3,756	-	-	-	-
12	304500	3.33%	Structures & Improvements Gen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	161,493	(38,291)	-	-	-	-	-	-	-	199,785	5,383	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Stor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	304800	3.33%	Structures & Improvements Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	305000	2.50%	Collect & Impounding	314,414	117,348	-	-	-	-	-	-	-	197,065	7,860	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	405,221	170,038	-	-	-	-	-	-	-	235,183	10,131	-	-	-	-
19	307000	3.33%	Wells & Springs	93,578	94,522	56,004	933	366,000	6,100	-	-	-	358,956	3,119	1,867	12,200	-	-
20	308000	6.67%	Infiltration Galleries	245,768	-	-	-	-	-	-	-	-	158,078	16,385	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	42,743	8,502	-	-	-	-	-	-	-	34,242	2,137	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	7,216	2,126	-	-	-	-	-	-	-	5,089	601	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	12,402,886	8,376,341	8,470	353	-	-	-	-	-	4,026,545	1,033,574	706	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	390,211	97,641	-	-	-	-	-	-	-	292,570	32,518	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	40,104	(713)	-	-	-	-	-	-	-	40,817	3,342	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Trea	80,903	(15,003)	9,086	379	-	-	-	-	-	95,906	6,742	757	-	-	-
30	320100	5.00%	Water Treatment Equipment Nor	12,522,342	7,345,988	40,012	1,000	566,500	14,163	-	-	-	5,728,691	626,117	2,001	28,325	-	-
31	320200	10.00%	Water Treatment Equipment Filtr	1,882,227	346,944	-	-	-	-	-	-	-	1,535,283	188,223	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standp	5,149,273	1,136,613	-	-	-	-	-	-	-	4,012,661	114,428	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	3,269,676	683,733	28,956	290	522,049	5,220	-	-	-	3,102,771	65,394	579	10,441	-	-
38	331100	2.00%	TD Mains 4in & Less	15,551,288	3,905,731	-	-	-	-	-	-	-	11,645,558	311,026	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	8,316,084	1,419,937	8,801	88	14,539	145	-	-	-	6,910,541	166,322	176	291	-	-
40	331300	2.00%	TD Mains 10in to 16in	4,871,084	915,220	-	-	-	-	-	-	-	3,955,864	97,422	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	10,290	257	-	-	-	-	-	-	-	10,033	206	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	2,290,290	720,405	267	4	15,000	250	-	-	-	1,584,636	76,343	9	500	-	-
44	334100	8.33%	Meters	1,526,182	197,030	9,026	376	473,750	19,740	(2,516)	-	-	1,783,163	127,182	752	39,479	-	(210)
45	334200	3.33%	Meter Installations	388,896	96,179	-	-	-	-	-	-	-	292,718	12,963	-	-	-	-
46	334300	3.33%	Meter Vaults	14,599	3,084	-	-	-	-	-	-	-	11,515	487	-	-	-	-
47	335000	2.00%	Hydrants	2,162,755	536,014	-	-	17,500	175	-	-	-	1,644,066	43,255	-	350	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	183,435	6,115	-	-	-	177,321	-	-	12,229	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	159,268	84,545	-	-	-	-	(762)	-	-	74,724	10,618	-	-	-	(51)
54	340200	20.00%	Computer & Periphal Equipment	31,596	1,072	-	-	-	-	-	-	-	30,524	6,319	-	-	-	-
55	340300	20.00%	Computer Software	25,687	6,464	-	-	-	-	-	-	-	19,223	5,137	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty	75,128	65,133	-	-	18,611	1,329	-	158,023	54,141	131,160	10,733	-	2,659	22,575	-
58	341200	14.29%	Transportation Equip Heavy Dut	60,218	150,493	40,748	2,911	-	-	-	-	-	(90,274)	8,603	5,821	-	-	-
59	341400	14.29%	Transportation Equipment Other	28,280	60,008	-	-	-	-	-	-	-	(31,728)	4,040	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	80,364	16,624	21,626	541	64,000	1,600	-	-	-	126,141	4,018	1,081	3,200	-	-
62	344000	10.00%	Laboratory Equipment	139,423	54,443	-	-	-	-	-	-	-	84,979	13,942	-	-	-	-
63	345000	5.00%	Power Operated Equipment	18,135	5,673	-	-	-	-	-	-	-	12,462	907	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	137,719	347,491	6,500	325	75,000	3,750	-	-	-	(138,522)	13,772	650	7,500	-	-
65	346190	10.00%	Remote Control & Instrument	6,610	5,622	-	-	-	-	-	-	-	988	661	-	-	-	-
66	346200	10.00%	Communication Equipment Telej	22,846	31,015	-	-	-	-	-	-	-	(8,168)	2,285	-	-	-	-
67	346300	10.00%	Communication Equipment Othe	94,820	12,276	-	-	-	-	-	-	-	82,544	9,482	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	61,989	1,011	26,925	1,346	-	-	-	-	-	60,978	6,199	2,692	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	93,556,782	29,566,143	256,422	8,546	2,316,384	58,587	(3,277)	158,023	54,141	66,352,319	3,371,905	17,092	117,174	22,575	(260)

Depreciable Plant 82,802,553 Line [72] - Lines [1]-[7]  
 Composite Depr Rate 4.07%

Line No.				
1	<u>Annualize Depreciation Expense on Corporate Plant</u>			
2				
3	Adjustment to annualize depreciation expense based on plant balances at the end of 2016 on Arizona Corporate Plant			
4				
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9	Depreciation Expense on Corporate Plant	\$	832,381 (a)	
10				
11	Allocated Depreciation Expense on Corporate Plant			GMC 4 Factor*Line[9] \$ 39,456
12				
13				
14				
15	Allocated Depreciation Expense on Corporate Plant per General Ledger			(b) \$ 108,311
16				
17				
18	Increase/ (Decrease) to Depreciation Expense			Line[11] - Line[15] \$ (68,855)
19				
20	Adjustment to Revenue and/or Expense			Line[18] \$ (68,855)
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44	<u>Workpapers &amp; Supporting Documents:</u>			
45	(a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx			
46	(b) Sch E-6a Line 24			
47				
48	4-Factor			
49				
50	\2016 Anthem Water.xlsm			



Docket # WS-01303A-17-XXXX  
Summary of Plant and Accumulated Depreciation Balances

Arizona Corporate (7A)

7A

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	Vactor Truck	Vactor Truck	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Vactor	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Removal PTYP	Removal PTYP	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Plant Depr Expense	PTYP	Lease Depr Expense	Retirements	
1	304500	3.33%	Structures & Improvements Gen	214,247	(2,105)			10,566	176	-	-				226,742	7,142	-	352	-	-	-	
2	304620	3.33%	Structures & Improvements Leas	41,191	1,470			-	-	-	-				39,720	1,373	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-				6,155	981	-	-	-	-	-	
4	339600	6.67%	Other P/E-CPS	364,887	84,392			-	-	-	-				280,495	24,326	-	-	-	-	-	
5	340100	6.67%	Office Furniture & Equipment	1,284,366	626,556			-	-	-	-				657,810	85,624	-	-	-	-	-	
6	340200	20.00%	Computer & Periphal Equipment	1,477,567	766,022			-	-	102,500	10,250				803,795	295,513	-	-	20,500	-	-	
7	340300	20.00%	Computer Software	220,520	227,318			-	-	-	-				(6,799)	44,104	-	-	-	-	-	
8	340330	20.00%	Computer Software Other	-	-			-	-	-	-				-	-	-	-	-	-	-	
9	341100	14.29%	Transportation Equip Light Duty	244,306	20,283			-	-	-	-		51,197	16,091	259,130	34,901	-	-	-	7,314	-	
10	341200	14.29%	Transportation Equip Heavy Duty	167,951	9,265			-	-	-	-		-	-	158,686	23,993	-	-	-	-	-	
11	341400	14.29%	Transportation Equipment Other	26,903	3,367			-	-	42,500	3,036		-	-	63,000	3,843	-	-	6,071	-	-	
12	344000	10.00%	Laboratory Equipment	17,277	3,751			-	-	-	-		-	-	13,526	1,728	-	-	-	-	-	
13	345000	5.00%	Power Operated Equipment																			
13	346100	10.00%	Communication Equipment Non-	186,080	234,747			170,233	8,512	-	-				113,054	18,608	-	17,023	-	-	-	
14	346190	10.00%	Remote Control & Instrument	75,935	(18,056)			-	-	-	-				93,991	7,593	-	-	-	-	-	
15	346200	10.00%	Communication Equipment Tele	68,942	34,712			-	-	-	-				34,230	6,894	-	-	-	-	-	
16	346300	10.00%	Communication Equipment Othe	183,229	24,679			-	-	-	-				158,550	18,323	-	-	-	-	-	
17	347000	10.00%	Miscellaneous Equipment	669,890	97,416			-	-	-	-				572,474	66,989	-	-	-	-	-	
18	391000	20.00%	WW Trans Equipment	952,226	87,539	(952,226)	(87,539)	-	-	-	-				-	190,445	(190,445)	-	-	-	-	-
19																						
20																						
21		212.86%	TOTAL	6,207,292	2,206,978	(952,226)	(87,539)	180,799	8,688	145,000	13,286	-	51,197	16,091	3,474,558	832,381	(190,445)	17,375	26,571	7,314	-	

Depreciable Plant 6,207,292 Line [97] - Lines [1]-[17]  
Composite Depr Rate 13.41%

Line  
 No.

GMC 4 Factor	4.7401%
Arizona Total	91.0728%
Alloc Factor	4.317%

1 Annualize Depreciation Expense on 6U

3 Adjustment to annualize depreciation expense based on plant balances at the end of 2016 on USA Corporate Plant (Shared between AZ Operations and New Mexico Operations)

9 Depreciation Expense on 6U Plant

\$ 834,005 (a)

11 Allocated Depreciation Expense on 6U Plant

Allocation Factor\*Line [9] \$ 36,004

15 Allocated Depreciation Expense on 6U Plant per General Ledger

-

18 Increase / (Decrease) to Depreciation Expense

Line[11] - Line[15] \$ 36,004

20 Adjustment to Revenue and/or Expense

Line[18] \$ 36,004

44 Workpapers & Supporting Documents:

45 (a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx

49 \2016 Anthem Water.xlsm

50

Summary of Plant and Accumulated Depreciation Balances

USA Corporate (6U)

Witness: Mahler

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	NBV	PLANT	Add'l	12 Months	Capital	Test Year
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plan		12/31/2016	Plant	PTYP	Lease	Retirements
												Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense
1	304500	3.33%	Structures & Improvements General			-	-	-	-	-	-	-	-	-	-	-
2	304620	3.33%	Structures & Improvements Leasehold			-	-	-	-	-	-	-	-	-	-	-
3	334100	8.33%	Meters			-	-	-	-	-	-	-	-	-	-	-
4	339600	6.67%	Other P/E-CPS			-	-	-	-	-	-	-	-	-	-	-
5	340100	6.67%	Office Furniture & Equipment			-	-	-	-	-	-	-	-	-	-	-
6	340200	20.00%	Computer & Periphel Equipment	2,457,015	509,650	183,568	18,357	1,350,000	135,000	-	3,327,576	491,403	36,714	270,000	-	-
7	340300	20.00%	Computer Software	1,713,011	1,246,397	689,135	68,914	300,000	30,000	-	1,356,836	342,602	137,827	60,000	-	-
8	340330	20.00%	Computer Software Other			-	-	-	-	-	-	-	-	-	-	-
9	341100	14.29%	Transportation Equip Light Duty Trucks			-	-	-	-	-	-	-	-	-	-	-
10	341200	14.29%	Transportation Equip Heavy Duty Trucks			-	-	-	-	-	-	-	-	-	-	-
11	341400	14.29%	Transportation Equipment Other			-	-	-	-	-	-	-	-	-	-	-
12	344000	10.00%	Laboratory Equipment			-	-	-	-	-	-	-	-	-	-	-
13	346100	10.00%	Communication Equipment Non-Telephone			-	-	-	-	-	-	-	-	-	-	-
14	346190	10.00%	Remote Control & Instrument			-	-	-	-	-	-	-	-	-	-	-
15	346200	10.00%	Communication Equipment Telephone			-	-	-	-	-	-	-	-	-	-	-
16	346300	10.00%	Communication Equipment Other			-	-	-	-	-	-	-	-	-	-	-
17	347000	10.00%	Miscellaneous Equipment			-	-	-	-	-	-	-	-	-	-	-
18	391000	20.00%	WW Trans Equipment			-	-	-	-	-	-	-	-	-	-	-
19																
20																
21			TOTAL	4,170,026	1,756,047	872,703	87,270	1,650,000	165,000	-	4,684,412	834,005	174,541	330,000	-	-

Supporting Schedules: Depreciable Plant 4,170,026 Line [16]  
 \Post Test Year Plant 2016.xlsx Composite Depr Rate 20.00%  
 \UPIS 6U Corporate Arizona 12.31.15.xlsm

Line No.	Business Unit	7K	6U Factor	Arizona GMC	91.0728%
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1 Depreciation Expense on Post Test Year Plant

3 Annual depreciation of post test year plant through December 31, 2017 has been annualized for one year with this adjustment.

	Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC (a)	Allocation Factor	Depreciation Expense
	(A)	(B)	(C) = (A) * (B)
14 Depreciation on Post Test Year Plant Additions for District - Anthem Water	\$ 117,174	100.00%	\$ 117,174
15 Depreciation on Additional Test Year Plant Additions for District - Test Year Ended December 31, 2016	17,092	100.00%	17,092
16 Depreciation on Corporate Post Test Year Plant Additions Allocated	26,571	4.7401%	1,260
17 Depreciation on Additional Corporate Test Year Plant Additions Allocated	17,375	4.7401%	824
18 Depreciation on 6U Post Test Year Plant Additions Allocated	330,000	4.3170%	14,246
19 Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	4.3170%	7,535
23 Increase / (Decrease) to Depreciation Expense	<u>\$ 682,753</u> Sum Lines[14] thru [19]		Sum Lines[14] thru [19] <u>\$ 158,129</u>
27 Adjustment to Revenue and/or Expense			Line [23] <u>\$ 158,129</u>

46 Workpapers & Supporting Documents:  
 47 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx  
 48  
 49  
 50 \2016 Anthem Water.xlsm

Docket # WS-01303A-17-XXXX  
 Summary of Plant and Accumulated Depreciation Balances  
 Anthem Water

7K

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Add'l	12 Months	Capital	Test Year
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR		Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR	12/31/2016	Plant
				Annual	Annual		Annual	2017	Annual	Retirements	Capital Leases	Capital Leases		Annual	Annual	Annual	Annual	Annual
				Depr Expense	Depr Expense		Depr Expense	PTYP	Depr Expense	Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR		Depr Expense	Depr Expense	Depr Expense	Depr Expense	Depr Expense
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	4,719,240	-	-	-	-	-	-	-	-	4,719,240	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	6,014,990	-	-	-	-	-	-	-	-	6,014,990	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	20,000	-	-	-	-	-	-	-	-	20,000	-	-	-	-	-
5	303400	0.00%	Land & Land Rights Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	303500	0.00%	Land & Land Rights T&D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	5,418,357	1,541,072	-	-	-	-	-	-	-	3,877,285	180,612	-	-	-	-
9	304200	3.33%	Structures & Improvements Pum	3,069,528	724,264	-	-	-	-	-	-	-	2,345,264	102,318	-	-	-	-
10	304300	3.33%	Structures & Improvements Trea	1,120,392	233,454	-	-	-	-	-	-	-	886,938	37,346	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	112,667	18,149	-	-	-	-	-	-	-	94,519	3,756	-	-	-	-
12	304500	3.33%	Structures & Improvements Gen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	161,493	(38,291)	-	-	-	-	-	-	-	199,785	5,383	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Stor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	304800	3.33%	Structures & Improvements Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	305000	2.50%	Collect & Impounding	314,414	117,348	-	-	-	-	-	-	-	197,065	7,860	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	405,221	170,038	-	-	-	-	-	-	-	235,183	10,131	-	-	-	-
19	307000	3.33%	Wells & Springs	93,578	94,522	56,004	933	366,000	6,100	-	-	-	358,956	3,119	1,867	12,200	-	-
20	308000	6.67%	Infiltration Galleries	245,768	-	-	-	-	-	-	-	-	158,078	16,385	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	42,743	8,502	-	-	-	-	-	-	-	34,242	2,137	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	7,216	2,126	-	-	-	-	-	-	-	5,089	601	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	12,402,886	8,376,341	8,470	353	-	-	-	-	-	4,026,545	1,033,574	706	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	390,211	97,641	-	-	-	-	-	-	-	292,570	32,518	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	40,104	(713)	-	-	-	-	-	-	-	40,817	3,342	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Trea	80,903	(15,003)	9,086	379	-	-	-	-	-	95,906	6,742	757	-	-	-
30	320100	5.00%	Water Treatment Equipment Nor	12,522,342	7,345,988	40,012	1,000	566,500	14,163	-	-	-	5,728,691	626,117	2,001	28,325	-	-
31	320200	10.00%	Water Treatment Equipment Filtr	1,882,227	346,944	-	-	-	-	-	-	-	1,535,283	188,223	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standp	5,149,273	1,136,613	-	-	-	-	-	-	-	4,012,661	114,428	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	3,269,676	683,733	28,956	290	522,049	5,220	-	-	-	3,102,771	65,394	579	10,441	-	-
38	331100	2.00%	TD Mains 4in & Less	15,551,288	3,905,731	-	-	-	-	-	-	-	11,645,558	311,026	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	8,316,084	1,419,937	8,801	88	14,539	145	-	-	-	6,910,541	166,322	176	291	-	-
40	331300	2.00%	TD Mains 10in to 16in	4,871,084	915,220	-	-	-	-	-	-	-	3,955,864	97,422	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	257	-	-	-	-	-	-	-	10,033	206	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	2,290,290	720,405	267	4	15,000	250	-	-	-	1,584,636	76,343	9	500	-	-
44	334100	8.33%	Meters	1,526,182	197,030	9,026	376	473,750	19,740	(2,516)	-	-	1,783,163	127,182	752	39,479	-	(210)
45	334200	3.33%	Meter Installations	388,896	96,179	-	-	-	-	-	-	-	292,718	12,963	-	-	-	-
46	334300	3.33%	Meter Vaults	14,599	3,084	-	-	-	-	-	-	-	11,515	487	-	-	-	-
47	335000	2.00%	Hydrants	2,162,755	536,014	-	-	17,500	175	-	-	-	1,644,066	43,255	-	350	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	183,435	6,115	-	-	-	177,321	-	-	12,229	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	159,268	84,545	-	-	-	-	(762)	-	-	74,724	10,618	-	-	-	(51)
54	340200	20.00%	Computer & Periphel Equipment	31,596	1,072	-	-	-	-	-	-	-	30,524	6,319	-	-	-	-
55	340300	20.00%	Computer Software	25,687	6,464	-	-	-	-	-	-	-	19,223	5,137	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty	75,128	65,133	-	-	18,611	1,329	-	158,023	54,141	131,160	10,733	-	2,659	22,575	-
58	341200	14.29%	Transportation Equip Heavy Dut	60,218	150,493	40,748	2,911	-	-	-	-	-	(90,274)	8,603	5,821	-	-	-
59	341400	14.29%	Transportation Equipment Other	28,280	60,008	-	-	-	-	-	-	-	(31,728)	4,040	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	80,364	16,624	21,626	541	64,000	1,600	-	-	-	126,141	4,018	1,081	3,200	-	-
62	344000	10.00%	Laboratory Equipment	139,423	54,443	-	-	-	-	-	-	-	84,979	13,942	-	-	-	-
63	345000	5.00%	Power Operated Equipment	18,135	5,673	-	-	-	-	-	-	-	12,462	907	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	137,719	347,491	6,500	325	75,000	3,750	-	-	-	(138,522)	13,772	650	7,500	-	-
65	346190	10.00%	Remote Control & Instrument	6,610	5,622	-	-	-	-	-	-	-	988	661	-	-	-	-
66	346200	10.00%	Communication Equipment Telej	22,846	31,015	-	-	-	-	-	-	-	(8,168)	2,285	-	-	-	-
67	346300	10.00%	Communication Equipment Othe	94,820	12,276	-	-	-	-	-	-	-	82,544	9,482	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	61,989	1,011	26,925	1,346	-	-	-	-	-	60,978	6,199	2,692	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	93,556,782	29,566,143	256,422	8,546	2,316,384	58,587	(3,277)	158,023	54,141	66,352,319	3,371,905	17,092	117,174	22,575	(260)

Depreciable Plant 82,802,553 Line [72] - Lines [1]-[7]  
 Composite Depr Rate 4.07%

Arizona Corporate (7A)

7A

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	Vactor Truck	Vactor Truck	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Vactor	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Removal PTYP	Removal PTYP	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Retirements
1	304500	3.33%	Structures & Improvements General	214,247	(2,105)			10,566	176	-	-	-	-	-	226,742	7,142	-	352	-	-	-	
2	304620	3.33%	Structures & Improvements Leasehold	41,191	1,470			-	-	-	-	-	-	-	39,720	1,373	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-	-	-	-	6,155	981	-	-	-	-	-	
4	339600	6.67%	Other P/E-CPS	364,887	84,392			-	-	-	-	-	-	-	280,495	24,326	-	-	-	-	-	
5	340100	6.67%	Office Furniture & Equipment	1,284,366	626,556			-	-	-	-	-	-	-	657,810	85,624	-	-	-	-	-	
6	340200	20.00%	Computer & Periphal Equipment	1,477,567	766,022			-	-	102,500	10,250	-	-	-	803,795	295,513	-	-	20,500	-	-	
7	340300	20.00%	Computer Software	220,520	227,318			-	-	-	-	-	-	-	(6,799)	44,104	-	-	-	-	-	
8	340330	20.00%	Computer Software Other	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	341100	14.29%	Transportation Equip Light Duty Trucks	244,306	20,283			-	-	-	-	-	-	-	259,130	34,901	-	-	-	7,314	-	
10	341200	14.29%	Transportation Equip Heavy Duty Trucks	167,951	9,285			-	-	-	-	-	51,197	16,091	158,686	23,993	-	-	-	-	-	
11	341400	14.29%	Transportation Equipment Other	26,903	3,367			-	-	42,500	3,036	-	-	-	63,000	3,843	-	-	6,071	-	-	
12	344000	10.00%	Laboratory Equipment	17,277	3,751			-	-	-	-	-	-	-	13,526	1,728	-	-	-	-	-	
13	345000	5.00%	Power Operated Equipment	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	346100	10.00%	Communication Equipment Non-Telephone	186,080	234,747			170,233	8,512	-	-	-	-	-	113,054	18,608	-	17,023	-	-	-	
14	346190	10.00%	Remote Control & Instrument	75,935	(18,056)			-	-	-	-	-	-	-	93,991	7,593	-	-	-	-	-	
15	346200	10.00%	Communication Equipment Telephone	68,942	34,712			-	-	-	-	-	-	-	34,230	6,894	-	-	-	-	-	
16	346300	10.00%	Communication Equipment Other	183,229	24,679			-	-	-	-	-	-	-	158,550	18,323	-	-	-	-	-	
17	347000	10.00%	Miscellaneous Equipment	669,890	97,416			-	-	-	-	-	-	-	572,474	66,989	-	-	-	-	-	
18	391000	20.00%	VW Trans Equipment	952,226	87,539	(952,226)	(87,539)	-	-	-	-	-	-	-	-	190,445	(190,445)	-	-	-	-	-
19																						
20																						
21		212.86%	TOTAL	6,207,292	2,206,978	(952,226)	(87,539)	180,799	8,688	145,000	13,286	-	51,197	16,091	3,474,558	832,381	(190,445)	17,375	26,571	7,314	-	

Depreciable Plant  
 Composite Depr Rate

6,207,292 Line [97] - Lines [1]-[7]  
 13.41%

Docket # WS-01303A-17-XXXX

Summary of Plant and Accumulated Depreciation Balances  
USA Corporate (6U)

Witness: Mahler

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	NBV	PLANT	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plan		12/31/2016	Plant	PTYP	Lease	Retirements	
				Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense
1	304500	3.33%	Structures & Improvements General	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	304620	3.33%	Structures & Improvements Leasehold	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	334100	8.33%	Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	340100	6.67%	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	340200	20.00%	Computer & Periph Equipment	2,457,015	509,650	183,568	18,357	1,350,000	135,000	-	3,327,576	491,403	36,714	270,000	-	-	-
7	340300	20.00%	Computer Software	1,713,011	1,246,397	689,135	68,914	300,000	30,000	-	1,356,836	342,602	137,827	60,000	-	-	-
8	340330	20.00%	Computer Software Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	341100	14.29%	Transportation Equip Light Duty Trucks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	341200	14.29%	Transportation Equip Heavy Duty Trucks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	346100	10.00%	Communication Equipment Non-Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	346200	10.00%	Communication Equipment Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	391000	20.00%	WW Trans Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19																	
20																	
21			TOTAL	4,170,026	1,756,047	872,703	87,270	1,650,000	165,000	-	4,684,412	834,005	174,541	330,000	-	-	-

Supporting Schedules: Depreciable Plant 4,170,026 Line [16]  
 \Post Test Year Plant 2016.xlsx Composite Depr Rate 20.00%  
 \UPIS 6U Corporate Arizona 12.31.15.xlsm

Line

No.

1 Removal of Vector Truck Amortization

2  
 3 Vactor and Sludge Trucks are exclusively used in Wastewater Operations. This adjustment allocates all Vactor and Sludge Truck Depreciation Expense to the Wastewater  
 4 districts and removes it from the Water Districts.  
 5

	4- Factor	GMC	4.7401%
	[A] Rate	[B] Plant	[C] = [A] * [B] Depr Exp
12 Vactor Trucks in 7A Plant Balance (Arizona Corporate) (a)	20.00%	\$ (952,226)	\$ (190,445)
15 District Allocation			\$ (9,027) [C] Line [12] * GMC Factor

31 Increase / (Decrease) to Depreciation Expense \$ (9,027) Line [15]

44 Workpapers & Supporting Documents:

45 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx

50 \2016 Anthem Water.xlsm



Docket # WS-01303A-17-XXXX  
Summary of Plant and Accumulated Depreciation Balances

Arizona Corporate (7A)

7A

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	Vactor Truck	Vactor Truck	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Vactor	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Removal PTYP	Removal PTYP	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Truck Annual Depr Expense	Plant Annual Depr Expense	PTYP Annual Depr Expense	Lease Annual Depr Expense	Retirements Annual Depr Expense	
1	304500	3.33%	Structures & Improvements Gen	214,247	(2,105)			10,566	176	-	-				226,742	7,142	-	352	-	-	-	
2	304620	3.33%	Structures & Improvements Leas	41,191	1,470			-	-	-	-				39,720	1,373	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-				5,155	981	-	-	-	-	-	
4	339600	6.67%	Other P/E-CPS	364,887	84,392			-	-	-	-				280,495	24,326	-	-	-	-	-	
5	340100	6.67%	Office Furniture & Equipment	1,284,366	626,556			-	-	-	-				657,810	85,624	-	-	-	-	-	
6	340200	20.00%	Computer & Periphal Equipment	1,477,567	766,022			-	-	102,500	10,250				803,795	295,513	-	-	20,500	-	-	
7	340300	20.00%	Computer Software	220,520	227,318			-	-	-	-				(6,799)	44,104	-	-	-	-	-	
8	340330	20.00%	Computer Software Other	-	-			-	-	-	-				-	-	-	-	-	-	-	
9	341100	14.29%	Transportation Equip Light Duty	244,306	20,283			-	-	-	-		51,197	16,091	259,130	34,901	-	-	-	7,314	-	
10	341200	14.29%	Transportation Equip Heavy Duty	167,951	9,265			-	-	-	-		-	-	158,686	23,993	-	-	-	-	-	
11	341400	14.29%	Transportation Equipment Other	26,903	3,367			-	-	42,500	3,036		-	-	63,000	3,843	-	-	6,071	-	-	
12	344000	10.00%	Laboratory Equipment	17,277	3,751			-	-	-	-		-	-	13,526	1,728	-	-	-	-	-	
13	345000	5.00%	Power Operated Equipment																			
13	346100	10.00%	Communication Equipment Non-	186,080	234,747			170,233	8,512	-	-				113,054	18,608	-	17,023	-	-	-	
14	346190	10.00%	Remote Control & Instrument	75,935	(18,056)			-	-	-	-				93,991	7,593	-	-	-	-	-	
15	346200	10.00%	Communication Equipment Tele	68,942	34,712			-	-	-	-				34,230	6,894	-	-	-	-	-	
16	346300	10.00%	Communication Equipment Othe	183,229	24,679			-	-	-	-				158,550	18,323	-	-	-	-	-	
17	347000	10.00%	Miscellaneous Equipment	669,890	97,416			-	-	-	-				572,474	66,989	-	-	-	-	-	
18	391000	20.00%	WW Trans Equipment	952,226	87,539	(952,226)	(87,539)	-	-	-	-				-	190,445	(190,445)	-	-	-	-	-
19																						
20																						
21		212.86%	TOTAL	6,207,292	2,206,978	(952,226)	(87,539)	180,799	8,688	145,000	13,286	-	51,197	16,091	3,474,558	832,381	(190,445)	17,375	26,571	7,314	-	

Depreciable Plant 6,207,292 Line [97] - Lines [1]-[17]  
Composite Depr Rate 13.41%

Line

No.

Business Unit	7K
---------------	----

1 Annualize Amortization of CIAC

2  
 3 Annual amortization of gross Contributions in Aid of Construction (CIAC) as of 12/31/16 has been annualized for one year with this adjustment  
 4

5  
 6  
 7  
 8 Gross CIAC \$ (9,984,033) (a)

9  
 10 Composite Depreciation Rate 4.0722% (b)

11  
 12  
 13  
 14 Increase / (Decrease) to Depreciation Expense Line[8] \* Line [10] \$ (406,572)

15  
 16 Adjustment to Revenue and/or Expense Line [14] \$ (406,572)

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 45 Workpapers & Supporting Documents:

46 (a) 2016 CIAC Summary by District

47 (b) \Summary of Plant Balances and Accum Depr by NARUC.xlsx

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Line No.					
1	<u>Adjust Corporate Allocations</u>				
2					
3	Corporate Allocation as of 12/31/16 has been annualized for one year with this adjustment. Corporate Allocations are costs associated with operational services provided by EPCOR Utilities, Inc. ("EUI") including Human Resources, Accounting and Reporting Software, Legal, and Treasury Management Services. This adjustment removes Public and Governmental Affairs costs as well as the 10% financial component associated with the Performance Based Compensation plan and also adjusts labor costs by 3% for 2017 and 2018				
4					
5					
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7					
8	Test Year Corporate Allocations			(a)	\$ 313,267
9					
10	Adjusted Test Year Corporate Allocations			Line [8]	<u>\$ 313,267</u>
11					
12					
13	Total Corporate Allocation	\$ 4,549,356	(b)		
14					
15	Remove Public and Government Affairs - Government Relations and Community F	(344,976)	(c)		
16					
17	Remove 10% Performance Based Compensation	<u>(41,895)</u>	(c)		
18		\$ 4,162,486	Line[13]+Line[15]+Line [17]	\$	4,162,486 Line[13]+Line[15]+Line [17]
19					
20					
21	Percent attributable to Labor	<u>88.29%</u>	(c)		
22	Corporate Allocation - Labor	\$ 3,674,998	Line[17] * Line[21]		
23					
24					
25					
26	2017 Labor Increase	3.00%	\$ 110,250	Line[22]*3.00%	
27	2018 Labor Increase	3.00%	\$ 113,557	(Sum Lines[22] and [26]) * 3.00%	
28	Total Labor Increase				\$ 223,807 Line[26]+Line[27]
29	Total Corporate Allocation less P&GA less 10% PBC with Labor Increase				\$ 4,386,293 Line[18]+Line[28]
30					
31	Anthem Water 4 Factor				<u>6.8860%</u>
32	District Allocation of Arizona Corporate Allocations				\$ 302,038 Line[29]*Line[31]
33					
34	Pro Forma Adjustment to Corporate Allocations			Line [32]	<u>\$ 302,038</u>
35					
36					
37					
38					
39	Increase / (Decrease) in Corporate Allocation			Line[34]-Line[10]	\$ (11,229)
40					
41	Adjustment to Revenue and/or Expense			Line [39]	<u>\$ (11,229)</u>
42					
43					
44					
45	<u>Workpapers &amp; Supporting Documents:</u>				
46	(a) Sch C-2				
47	(b) 2016 Corp Allocation Comparison.xlsx				
48	(c) 2016A Corporate - Regulatory Groupings EUSA.xlsx				
49					
50	\\2016 Anthem Water.xlsm				

Line  
 No.

1 CPI Increase Business Unit 7K

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.  
 5 Chemical expense is projected to increase by 4% based on initial service contracts negotiations that are being worked on with the vendor

7 2016 Unadjusted Expenses

Description	Account	Amount (a)	
Chemicals	5263	\$ 77,299	A
Other Utilities	5621	3,672	B
Asset Usage Fee - Corporate	6203	21,430	C
Consulting Engineering	5227	2,115	D
Contractors and Consultants	5250	124,000	D
Administrative Contractors	5679	1,494	D
Outside Computer Charges (T1)	5628	29,141	D
Temporary Support	5629	12,882	D
Legal Fees	5681	18,804	D
Service Charges	5615	22,955	E
Customer Communications	5674	18,570	E
Rent and Storage	5810	36,682	F
Freight and Courier	5262	924	F
Telephone, Long Distance, Data	5620	44,917	F
Stationary, Printing & Other O	5622	20,384	F
Office Machines, Furniture	5623	2,393	F
Parking	5630	343	F
Vehicle Allowance	5631	1,881	F
Vehicle Allowance	5271	11	F
Business Allowance	5634	943	F
Memberships Dues & Professiona	5640	6,522	F
Subscriptions	5641	1,492	F
Airfare	5650	5,278	F
Accommodation, Other Travel	5651	6,261	F
Employee Working Meals	5652	8,072	F
Training - Fees/Tuition	5660	16,986	F
Training Fee	5252	12	F
FR Clothing	5273	24,440	G
Miscellaneous	5697	(108,422)	G
Stock	5260	-	H
Materials, Supplies	5261	105,940	H
Veh. and Equip.-Allocation	5270	55,810	H
Equipment	5275	1,912	H
Hardware	5624	119	H
Software	5625	4,009	H
Maintenance	5811	18,240	H
Vehicle Maintenance	5823	16,966	H
		\$ 604,476	Sum Lines [9 thru 45]

Year	Annual Index	Increase	Ave Increase
2013	125.782		
2014	127.823	1.62%	
2015	128.019	0.15%	
2016	130.107	1.63%	1.1%
Chemical Increase			4.0%

	[A]	[B]	[C]	[D]
	Total	Year 1	Year 2	Total
Sum of A Chemicals	\$ 77,299	\$ 3,092	\$ 3,216	\$ 6,308
Sum of B Waste Disposal & Other Utilities	3,672	42	42	84
Sum of C Corporate Allocation	21,430	243	246	490
Sum of D Outside Services	188,436	2,140	2,164	4,304
Sum of E Customer Accounting	41,525	472	477	949
Sum of F General Office Exp	153,100	1,739	1,758	3,497
Sum of G Miscellaneous	(83,983)	(954)	(965)	(1,918)
Sum of H Maintenance Expense	202,997	2,305	2,332	4,637
Sum Lines[18]thru[25]	\$ 604,476	\$ 9,079	\$ 9,271	\$ 18,350

Increase / (Decrease) to Expense Line [26] Col [D] \$ 18,350

47 Workpapers & Supporting Documents:

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

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45 Workpapers & Supporting Documents:

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49 \2016 Anthem Water.xlsm

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Line  
 No.

1 Retirements on Test Year Plant -Depreciation

Business Unit	7K
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3 The Company has adjusted the test year for all retirement recorded through March 31, 2017. This adjustments removes the depreciation expense associated with those retirements. The  
 4 adjustment will be updated in rebuttal testimony for known retirements.

GMC 4 Factor	4.7401%
Arizona Total	91.0728%
Alloc Factor	4.317% <small>Line[7]*Line[8]</small>

	[A]		[B]	[C] = [A] * [B]
	Depreciation on Retirements on <u>Test Year Plant</u>		Allocation <u>Factor</u>	Depreciation <u>Expense</u>
16	\$ (260)		100.0000%	\$ (260)
18	\$ -	Line [7]	4.7401%	\$ -
20	\$ -	Line [9]	4.3170%	\$ -
24	<u>\$ (260)</u>	<small>Sum Lines[16] thru [20]</small>		<u>\$ (260)</u>

25 Increase / (Decrease) to Depreciation Expense

Sum Lines[16] thru [20] \$ (260)

32 Adjustment to Revenue and/or Expense

Line [25] \$ (260)

45 Workpapers & Supporting Documents:

46 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx

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45 Workpapers & Supporting Documents:

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Line

No.	1	Insurance Other Than Group	Business Unit	7K
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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.

		Direct Plant TY				
		<u>Adjusted Results</u>			[1]	[2]
		\$ 96,840,225	Sch B-2 Line [2]		Arizona Total	Anthem Water
12	Gross Property Value at 12/31/2016				87.7062%	6.8860%
13	% of Plant Insured	47.75%	\[Insurance]1. Property & Terrorism [23]			
14	Gross Plant Insured	\$ 46,238,314	Line [12] * Line [13]			AZ-Factor
						6.0394%

		Test Year Adjusted		Adjusted with Rate		Adjusted with Rate
		<u>Results</u>		<u>Increase</u>		<u>Increase</u>
18	Adjusted Revenues in YE December 2016	\$ 10,730,199	Sch C-2 [AP][14]	\$ 13,214,651	Sch C-2 [AR][14]	

		[A]	[B]		[C] = [A] * [B]		[D]	[E] = [D] * [B]
	Factor	Amount	Rate	Source	Premium		Amount	Premium
22	1. Property Insurance	Plant [25] \$ 46,238,314	0.0526%	\[Insurance] Summary [1]	\$ 24,318		\$ 46,238,314	\$ 24,318
23	2. Excess Liability	Revenue Line [25] 10,730,199	0.2588%	\[Insurance] Summary [2]	27,773		13,214,651	34,203
24	3. Umbrella Liability	AZ 4- Factor [10] 95,767	6.0394%	\[Insurance] Summary [3]	5,784		95,767	5,784
25	4. Autos	AZ 4- Factor [10] 278,350	6.0394%	\[Insurance] Summary [4]	16,811		278,350	16,811
26	5. Workers Compensation	Payroll Col [49] 98,291	1.6543%	\[Insurance] Summary [5]	1,626		98,291	1,626
27	6. Pollution	Fixed Site 3,554	1.00	\[Insurance] Summary [6]	3,554		3,554	3,554
28	7. D&O	AZ 4- Factor [10] 13,367	6.0394%	\[Insurance] Summary [7]	807		13,367	807
29	8. Fiduciary	AZ 4- Factor [10] 1,483	6.0394%	\[Insurance] Summary [8]	90		1,483	90
30	9. Crime	Employee Count 23 \$	7.76	\[Insurance] Summary [9]	179		23	179
31	10. Employed Lawyers	AZ 4- Factor [10] 1,196	6.0394%	\[Insurance] Summary [10]	72		1,196	72
32	11. Non Owned Pollution	AZ 4- Factor [10] 19,339	6.0394%	\[Insurance] Summary [11]	1,168		19,339	1,168
33	12. Employment Practices	Employee Count 23 \$	5.30	\[Insurance] Summary [12]	122		23	122
34	13. Utilities Bond	Site Bond Requirement 22,331	0.0000%	\[Insurance] Summary [13]	-		22,331	-
35	14. Cyber Insurance	AZ 4- Factor [10] 11,366	6.0394%	\[Insurance] Summary [14]	686		11,366	686
36	15. Sun City Flood Insurance	Sun City Only 2,356	0.0000%	\[Insurance] Summary [15]	-		2,356	-
37	16. LAPP	AZ 4- Factor [10] 19,383	6.0394%	\[Insurance] Summary [16]	1,171		19,383	1,171
39	Total				\$ 84,160	Sum Col [C]	Sum Col [E]	\$ 90,590
41	Adjusted Test Year Insurance Other Than Group			GL Account 5605 from Sch E-6	\$ 90,401			\$ 84,160
43	Increase/(Decrease) to Insurance Other Than Group				\$ (6,241)	Line [39] - Line [41]		\$ 6,430

Workpapers and Supporting Documents:

- 47 \Sch E6 \4-Factor
- 48 \Sch B2 \Payroll, Benefits, & Taxes 2016.xlsx (aka Payroll)
- 49 \Insurance Other than Group.xlsx (aka Insurance)
- 50 \2016 Anthem Water.xlsm

Line  
 No.

1 Capital Lease - Vehicles - Expense Adjustment 4- Factor General Metered Customers 4.7401%

2  
 3 EPCOR's leased vehicles are capital leases. To qualify as a capital lease, a lease contract must satisfy any of four criteria.  
 4 First, the life of the lease must be 75% or greater of the asset's useful life.  
 5 Second, the lease must contain a bargain purchase option for a price less than the market value of an asset.  
 6 Third, the lessee must gain ownership at the end of the lease period.  
 7 Finally, the present value of lease payments must be greater than 90% of the asset's market value.  
 8 EPCOR's fleet meets all four criteria. This entry removes lease expense and places vehicles into the appropriate asset category.  
 9 This Adjustment records annual depreciation expense based on Capital Lease balances at the end of 2016.

15 Depreciation Expense on Capital Leases (a) \$ 22,575

18 Depreciation Expense on Corporate Capital Leases \$ 7,314 (a)

20 Allocated Depreciation Expense on Corporate Plant GMC 4 Factor\*Line[18] 347

24 Increase / (Decrease) to Depreciation Expense Line[15] + Line[20] 22,921

26 Adjustment to Revenue and/or Expense Line[24] \$ 22,921

30 Operating Lease Expense (account 5270) 5270 \$ 55,810

33 Increase / (Decrease) to Maintenance Expense Line [30] \$ (55,810)

46 Workpapers and Supporting Documents:

47 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx

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46 Workpapers & Supporting Documents:

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Line

No.

1 Purchased Water Adjustment and Surcharge

2

3

The Company is proposing a Purchase Water Adjustor Mechanism and a Power Cost Adjustor Mechanism for All Districts in this Case. This adjustment removes Purchased Water expenses from the District's operating expenses. The Power Costs expenses are removed in adjustment JPB-IS9. The Company's estimate as to the per customer surcharge is calculated herein. 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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10 Test Year Purchased Water Expense

11 SMC-IS6

12 Increase / (Decrease) to Expense

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Purchased Water	Test Year Expense
Test Year Purchased Water Expense	\$ (591,528) (a)
SMC-IS6	\$ (517)
Increase / (Decrease) to Expense	\$ (592,045) Line [10]+Line [11]

Workpapers & Supporting Documents:

(a) Sch C2

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**PURCHASED WATER  
 SURCHARGE CALCULATION**

Line  
No.

1 Purchased Water Adjustment and Surcharge

2

3 The Company is proposing a Purchase Water Adjustor Mechanism for all districts in this rate case. The Company's estimate as to the per customer surcharge  
 4 is calculated based on the total potable and raw gallons billed. The calculation excludes effluent and wheeling usage billed from the calculation as these  
 5 gallons are not affected by the purchase price of water. Costs have been adjusted from the 2016 test year expense to annualized water expense.  
 6 Additionally, the Company has included known and measurable increases to purchased water costs. The Company pays the Central Arizona Project ("CAP")  
 7 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  
 8 conclusion of this rate case. The impact of the increases in CAP fees have been included in the total purchased water costs.  
 9

10 In its Mohave and North Mohave Districts, the Company pays fees to the Mohave Conservation District (MWCD), Mohave Valley Irrigation and Drainage  
 11 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.  
 12 Some districts also pay groundwater withdrawal fees. Many of these fees are already collected through supplemental surcharges on customer bills. All costs  
 13 have been included in the total purchased water cost with the intention of combining all these fees into one purchased water surcharge.  
 14

15 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  
 16 with the effective date of new rates approved in this rate case.  
 17  
 18  
 19

	Purchased Water	
	<u>Test Year Expense</u>	
24 Test Year Purchased Water Expense	\$ 591,528 (a)	
25 SMC-IS6	<u>517</u>	
26 Annualized Purchased Water Expenses	\$ 592,045	Line [24]+Line [25]
27		
28 2017 Percentage increase in CAP costs	34.43% (c)	
29 2017 Purchased Water Expense	\$ 795,864	Line [26]*(1+Line [28])
30		
31 2018 Percentage increase in CAP costs	0.00% (c)	
32 2018 Purchased Water Expense	\$ 795,864	Line [29]*(1+Line [31])
33		
34 Mohave Wtr Conservation District - Impost Fees	\$ -	(c)
35 Impost Fees - Bullhead City	\$ -	(c)
36 Water Admin Fee - MVDD	\$ -	(c)
37 ADWR Groundwater Withdrawal Fee	\$ -	(c)
38	\$ -	(c)
39		
40 Total Pro Forma Purchased Water Costs	<u>\$ 795,864</u>	Sum Lines [32 - 38]
41		
42 Total Billed Non-Effluent/Wheeling Gallons (in thousand of gallons)	<u>1,028,181</u>	(b)
43 Surcharge Per Thousand Gallons	\$ 0.7741	Line [40] / Line [42]
44		

- 45
- 46 Workpapers & Supporting Documents:
- 47 (a) Sch C2
- 48 (b) Sch E7
- 49 (c) \Purchased Water Increase.xlsx
- 50 \2016 Anthem Water.xlsm

Line  
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1 Regulatory Asset Amortization - Y2K and Depreciation Study

3 Decision Number 67093 dated July 2004, the Arizona Corporation Commission allowed recovery of costs incurred to modify certain computer systems to be compliant with the  
 4 four-digit year field over 32 years. The unamortized balance of \$978,780 was scheduled to be amortized at \$2,545 per month over the period July 2004 through July 2036.  
 5  
 6 Decision Number 67093 authorized the Company to amortize the costs of a 2002 Depreciation Study in accordance with FASB 71. The cost of the study, \$75,417.64, was to be  
 7 amortized at 3.12% per year (\$196 per month) over a period of July 2004 through July 2036.

	[A]	[B]	[C]	[D]	[E] = [A]/[D] Monthly	[F] Months	[G] = [F] * [E] Accumulated
	<u>Reg Asset</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Months</u>	<u>Amortization</u>	<u>Elapsed</u>	<u>Amortization</u>
13 <u>7A</u>							
14 Y2K	\$ 978,870	7/1/2004	7/1/2036	385	\$ 2,545	150	\$ 381,750
15 Depreciation Study	\$ 75,418	7/1/2004	7/1/2036	385	\$ 196	150	\$ 29,400

	[H] Monthly	[I] = [H] * 12 Annual	[J] Citizen's Districts	[K] = [I] * [J] District Allocation of Amortization
	<u>Amortization</u>	<u>Amortization</u>	<u>Factor</u>	<u>Reg Asset</u> <u>Reg Liability</u>
22 <u>7A</u>				
23 Y2K	\$ 2,545	\$ 30,540	8.3754%	\$ 2,558      \$ -
24 Depreciation Study	\$ 196	\$ 2,352	8.3754%	\$ 197      \$ -

Line [23+24] \$ 2,755 \$ -

Increase/(Decrease) to Deprecation Expense      Line [35] \$ 2,755 \$ -

46 Workpapers & Supporting Documents:

47 Regulatory Assets and Liabilities.xlsx

49 \2016 Anthem Water.xlsm

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Line No. Business Unit 7K

Regulatory Asset Amortization - Phoenix Interconnect - Anthem

The Anthem Wholesale Water Service Agreement Interconnection ("Anthem Interconnection") provides a redundant water supply from the City of Phoenix for peak and emergency water service to the city of Anthem, which is serviced by EPCOR. The City of Phoenix has the capability to receive and treat Ak-Chin water at two separate locations on the CAP system and the Anthem Interconnection makes 2.5 million gallons per day available to EPCOR for distribution to the Anthem system

Decision Number 70372 dated June 13, 2008 granted the Company rate base treatment of the interconnection along with a 25 year amortization period of the \$5M in interconnection costs. The annual amortization amounts to \$200,000 per year or \$16,667 per month.

	12/31/2016	[A]	[B]	[C]	[D]	[E] = [D]/[A] Monthly	[F] Months	[G] Months	[H] = [E] * ([F]-[G]) Accumulated
		<u>Reg Asset</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Rate</u>	<u>Amortization</u>	<u>in Period</u>	<u>Left</u>	<u>Amortization</u>
Anthem Phoenix Interconnect		\$ 5,000,000	6/13/2008	6/12/2033	4.00%	\$ 16,667	300	197	\$ 1,716,667
		[I]	[J]	[K] = [I]-[J]		[L] = [E] * 12			
		<u>Reg Asset</u>	<u>Accumulated</u>	<u>Net Reg Asset</u>		<u>Annual Amortization</u>			
Anthem Phoenix Interconnect		\$ 5,000,000	\$ 1,716,667	\$ 3,283,333		\$ 200,000			
					Total	\$ 200,000			Line [22]

Line [25] \$ 200,000

Workpapers and Supporting Documents:

- Regulatory Assets and Liabilities.xlsx
- \2016 Anthem Water.xlsm

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Line	<u>No.</u> <u>Description</u>	[A]	[B]	Percentage of Incremental <u>Gross Revenues</u> [C]
1	Federal Income Taxes			33.28%
2				
3	State Income Taxes			4.90%
4			Combined 38.18%	
5				
6	Property Taxes	Effective Rate = 1.52%	One Minus Combined 61.82%	0.94% [A] x [B]
7				
8	Bad Debt Expense	Effective Rate = 0.16%	One Minus Combined 61.82%	0.10% [A] x [B]
9				
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined 61.82%	0.16% [A] x [B]
11				
12				
13	Total Tax Percentage			39.38% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			60.62% 1 - [C] Line [13]
16				
17				
18				
19		1 = Gross Revenue Conversion Factor		
20				
21				
22	Operating Income %			1.65 1 / [C] Line [15]
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43	Supporting Schedules:	Recap Schedules:		
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