

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	Water	\$ 106,556,411	\$ -	\$ 106,556,411	\$ 14,088,371	\$ 120,644,783	
3	Other Revenues	2,737,234	-	2,737,234	-	2,737,234	
4	<b>Total Revenues</b>	<b>\$ 109,293,646</b>	<b>\$ -</b>	<b>\$ 109,293,646</b>	<b>\$ 14,088,371</b>	<b>\$ 123,382,017</b>	Sum Lines [2-3]
5							
6	<b>Operating Expenses</b>						
7	Labor	\$ 13,674,370	\$ -	\$ 13,674,370	\$ -	\$ 13,674,370	
8	Purchased Water	-	7,476,352	7,476,352	-	7,476,352	
9	Fuel & Power	-	9,590,556	9,590,556	-	9,590,556	
10	Chemicals	1,297,156	-	1,297,156	-	1,297,156	
11	Waste Disposal	61,013	975	61,988	-	61,988	
12	Intercompany Support Services	-	-	-	-	-	
13	Corporate Allocation	3,405,485	3,943	3,409,428	-	3,409,428	
14	Outside Services	2,009,655	(49,948)	1,959,707	-	1,959,707	
15	Group Insurance	4,520,388	-	4,520,388	-	4,520,388	
16	Pensions	-	-	-	-	-	
17	Regulatory Expense	529,190	(529,190)	-	-	-	
18	Insurance Other Than Group	889,542	(805)	888,737	36,465	925,201	
19	Customer Accounting	4,401,200	40,095	4,441,296	29,724	4,471,019	
20	Rents	420,201	-	420,201	-	420,201	
21	General Office Expense	1,598,016	(46,468)	1,551,548	-	1,551,548	
22	Miscellaneous	289,001	3,874	292,875	-	292,875	
23	Maintenance Expense	3,842,772	38,780	3,881,552	-	3,881,552	
24	Depreciation & Amortization	30,950,663	(313,461)	30,637,203	-	30,637,203	
25	General Taxes-Property	4,949,225	(655,773)	4,293,452	185,295	4,478,747	
26	General Taxes-Other	1,144,436	-	1,144,436	-	1,144,436	
27	Income Taxes	10,323,221	(7,469,544)	2,853,678	3,441,372	6,295,050	
28							
29	<b>Total Operating Expenses</b>	<b>\$ 84,305,534</b>	<b>\$ 8,089,387</b>	<b>\$ 92,394,921</b>	<b>\$ 3,692,856</b>	<b>\$ 96,087,777</b>	Sum Lines [7-27]
30	<b>Utility Operating Income</b>	<b>\$ 24,988,111</b>	<b>\$ (8,089,387)</b>	<b>\$ 16,898,724</b>	<b>\$ 10,395,516</b>	<b>\$ 27,294,240</b>	Line [4] - Line [29]
31	<b>Other Income &amp; Deductions</b>						
32	Other Income & Deductions	\$ (703,003)	\$ -	\$ (703,003)	\$ -	\$ (703,003)	
33	Interest Expense	8,276,577	1,908	8,278,486	-	8,278,486	
34	Other Expense	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	150	-	150	-	150	
36	<b>Total Other Income &amp; Deductions</b>	<b>\$ 7,573,724</b>	<b>\$ 1,908</b>	<b>\$ 7,575,633</b>	<b>\$ -</b>	<b>\$ 7,575,633</b>	Sum Lines [32-35]
37	<b>Net Profit / (Loss)</b>	<b>\$ 17,414,387</b>	<b>\$ (8,091,295)</b>	<b>\$ 9,323,092</b>	<b>\$ 10,395,516</b>	<b>\$ 19,718,607</b>	Line [30] - Line [36]

43 Supporting Schedules: Recap Schedules:  
 44 (a) C-2 Rebuttal A-1 Rebuttal  
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 48 Workpapers & Supporting Documents  
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Sch C-2 Original  
 Column [AP]

Line No.	TY Adjusted Results	Page 3	Page 4	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
		ADJ JPB-IS1 REB	ADJ SLS-IS2 REB	ADJ SLS-IS3 REB	ADJ SLH-IS4 REB	ADJ XXX-IS5 REB	ADJ JPB-IS6 REB	ADJ JPB-IS7 REB	ADJ SLS-IS8 REB	ADJ JPB-IS9 REB	ADJ JPB-IS10 REB
	Test Year Book Results	Adjust Property Taxes to Reflect Adjusted Test Year Revenues	Federal and State Income Taxes	Interest Synchronization with Rate Base	Regulatory Liability - ADIT Amortization - Tax Reform Adj	Intentionally Left Blank	Partially Accept Staff IS ADJ #6: Adjust Depreciation Expense - Post Test Year Plant 2017	Partially Accept Staff IS ADJ #6: Adjust Depreciation Expense - Retirements	Adjust Insurance Other Than Group	Adjust CPI for 2017	Adjust CUS Charges
1	<b>Revenues</b>										
2	Water	\$ 106,556,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Other Revenues	2,737,234	-	-	-	-	-	-	-	-	-
4	<b>Total Revenue</b>	<b>\$ 109,293,646</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
5											
6	<b>Operating Expenses</b>										
7	Labor	\$ 13,674,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Purchased Water	-	-	-	-	-	-	-	-	-	-
9	Fuel & Power	-	-	-	-	-	-	-	-	-	-
10	Chemicals	1,297,156	-	-	-	-	-	-	-	-	-
11	Waste Disposal	61,013	-	-	-	-	-	-	-	975	-
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-
13	Corporate Allocation	3,405,485	-	-	-	-	-	-	-	3,943	-
14	Outside Services	2,009,655	-	-	-	-	-	-	-	32,017	-
15	Group Insurance	4,520,388	-	-	-	-	-	-	-	-	-
16	Pensions	-	-	-	-	-	-	-	-	-	-
17	Regulatory Expense	529,190	-	-	-	-	-	-	-	-	-
18	Insurance Other Than Group	889,542	-	-	-	-	-	-	(805)	-	-
19	Customer Accounting	4,401,200	-	-	-	-	-	-	-	8,239	24,132
20	Rents	420,201	-	-	-	-	-	-	-	-	-
21	General Office Expense	1,598,016	-	-	-	-	-	-	-	30,277	-
22	Miscellaneous	289,001	-	-	-	-	-	-	-	3,874	-
23	Maintenance Expense	3,842,772	-	-	-	-	-	-	-	38,780	-
24	Depreciation & Amortization	30,950,663	-	-	-	(311,056)	208,550	(210,954)	-	-	-
25	General Taxes-Property	4,949,225	(655,773)	-	-	-	-	-	-	-	-
26	General Taxes-Other	1,144,436	-	-	-	-	-	-	-	-	-
27	Income Taxes	10,323,221	-	(7,469,544)	-	-	-	-	-	-	-
28											
29	<b>Total Operating Expenses</b>	<b>\$ 84,305,534</b>	<b>\$ (655,773)</b>	<b>\$ (7,469,544)</b>	<b>\$ -</b>	<b>\$ (311,056)</b>	<b>\$ 208,550</b>	<b>\$ (210,954)</b>	<b>\$ (805)</b>	<b>\$ 118,105</b>	<b>\$ 24,132</b>
30	<b>Utility Operating Income</b>	<b>\$ 24,988,111</b>	<b>\$ 655,773</b>	<b>\$ 7,469,544</b>	<b>\$ -</b>	<b>\$ 311,056</b>	<b>\$ (208,550)</b>	<b>\$ 210,954</b>	<b>\$ 805</b>	<b>\$ (118,105)</b>	<b>\$ (24,132)</b>
31	<b>Other Income &amp; Deductions</b>										
32	Other Income & Deductions	\$ (703,003)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Interest Expense	8,276,577	-	-	1,908	-	-	-	-	-	-
34	Other Expense	-	-	-	-	-	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	150	-	-	-	-	-	-	-	-	-
36	<b>Total Other Income &amp; Deductions</b>	<b>\$ 7,573,724</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,908</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
37	<b>Net Profit / (Loss)</b>	<b>\$ 17,414,387</b>	<b>\$ 655,773</b>	<b>\$ 7,469,544</b>	<b>\$ (1,908)</b>	<b>\$ 311,056</b>	<b>\$ (208,550)</b>	<b>\$ 210,954</b>	<b>\$ 805</b>	<b>\$ (118,105)</b>	<b>\$ (24,132)</b>

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 44 Supporting Schedules:  
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Recap Schedules:  
 C-1 Rebuttal

Line No.	Page 13	Page 14	Page 15	Page 16	Page 17	Page 18	[R]	[S]	[T]	[U]
	[L] ADJ SLH-IS11 REB	[M] ADJ JPB-IS12 REB	[N] ADJ SLH-IS13 REB	[O] ADJ SLH-IS14 REB	[P] ADJ JPB-IS15 REB	[Q] ADJ JPB-IS16 REB	Sum [B - Q]	Sum [A] + [R]		Sum [S] + [T]
	<u>Partially Accept Staff IS Adj #3: Adjust Outside Services Expense</u>	<u>Adjust Postage Expense</u>	<u>Partially Accept Staff IS Adj #5: Adjust Regulatory Expense</u>	<u>Partially Accept Staff IS Adj #4: Adjust General Office Expense</u>	<u>Accept Staff IS Adj #1 &amp; RUCO IS Adj #4: Adjust Fuel and Power Expense</u>	<u>Accept Staff IS Adj #2 &amp; RUCO IS Adj #3: Adjust Purchased Water Expense</u>	Total Pro Forma Adjustments	Test Year Adjusted Results	Proposed Rate Increase	Adjusted Rate Increase
1	<b>Revenues</b>									
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,556,411	\$ 14,088,371	\$ 120,644,783
3	-	-	-	-	-	-	-	2,737,234		2,737,234
4	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 109,293,646</b>	<b>\$ 14,088,371</b>	<b>\$ 123,382,017</b>
5										
6	<b>Operating Expenses</b>									
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,674,370		\$ 13,674,370
8	-	-	-	-	-	7,476,352	7,476,352	7,476,352		7,476,352
9	-	-	-	-	9,590,556	-	9,590,556	9,590,556		9,590,556
10	-	-	-	-	-	-	-	1,297,156		1,297,156
11	-	-	-	-	-	-	975	61,988		61,988
12	-	-	-	-	-	-	-	-		-
13	-	-	-	-	-	-	3,943	3,409,428		3,409,428
14	(81,965)	-	-	-	-	-	(49,948)	1,959,707		1,959,707
15	-	-	-	-	-	-	-	4,520,388		4,520,388
16	-	-	-	-	-	-	-	-		-
17	-	-	(529,190)	-	-	-	(529,190)	-		-
18	-	-	-	-	-	-	(805)	888,737	36,465	925,201
19	-	7,724	-	-	-	-	40,095	4,441,296	29,724	4,471,019
20	-	-	-	-	-	-	-	420,201		420,201
21	-	-	-	(76,745)	-	-	(46,468)	1,551,548		1,551,548
22	-	-	-	-	-	-	3,874	292,875		292,875
23	-	-	-	-	-	-	38,780	3,881,552		3,881,552
24	-	-	-	-	-	-	(313,461)	30,637,203		30,637,203
25	-	-	-	-	-	-	(655,773)	4,293,452	185,295	4,478,747
26	-	-	-	-	-	-	-	1,144,436		1,144,436
27	-	-	-	-	-	-	(7,469,544)	2,853,678	3,441,372	6,295,050
28										
29	<b>\$ (81,965)</b>	<b>\$ 7,724</b>	<b>\$ (529,190)</b>	<b>\$ (76,745)</b>	<b>\$ 9,590,556</b>	<b>\$ 7,476,352</b>	<b>\$ 8,089,387</b>	<b>\$ 92,394,921</b>	<b>\$ 3,692,856</b>	<b>\$ 96,087,777</b>
30	<b>\$ 81,965</b>	<b>\$ (7,724)</b>	<b>\$ 529,190</b>	<b>\$ 76,745</b>	<b>\$ (9,590,556)</b>	<b>\$ (7,476,352)</b>	<b>\$ (8,089,387)</b>	<b>\$ 16,898,724</b>	<b>\$ 10,395,516</b>	<b>\$ 27,294,240</b>
31	<b>Other Income &amp; Deductions</b>									
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (703,003)		\$ (703,003)
33	-	-	-	-	-	-	1,908	8,278,486		8,278,486
34	-	-	-	-	-	-	-	-		-
35	-	-	-	-	-	-	-	150		150
36	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,908</b>	<b>\$ 7,575,633</b>	<b>\$ -</b>	<b>\$ 7,575,633</b>
37	<b>\$ 81,965</b>	<b>\$ (7,724)</b>	<b>\$ 529,190</b>	<b>\$ 76,745</b>	<b>\$ (9,590,556)</b>	<b>\$ (7,476,352)</b>	<b>\$ (8,091,295)</b>	<b>\$ 9,323,092</b>	<b>\$ 10,395,516</b>	<b>\$ 19,718,607</b>

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 44 Supporting Schedules:  
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Recap Schedules:  
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Line No.		[A]	[B]	
	<u>Property Tax Expense</u>		<u>Property Tax Expens For Conversion Fact</u>	
1	<u>Adjust Property Taxes to Reflect Adjusted Test Year Revenues</u>			
2	The Company adjusted property tax rate based on 2016 property tax bills received from Maricopa County Assessor.			
3				
4				
5				
6	Adjusted Revenues in Year Ended December 2016	(b) \$ 109,293,646	\$ 109,293,646	
7	Adjusted Revenues in Year Ended December 2016	109,293,646	109,293,646	
8	Proposed Revenues	109,293,646	123,382,017	
9	Average of Three Year's of Revenue	Avg Lines[6] thru [8] \$ 109,293,646	\$ 113,989,770	
10	Average of Three Year's of Revenue, times 2	Line[9] * 2 \$218,587,292	\$227,979,539	
11	Add:			
12	Construction Work in Progress at 10%	(a) 2,052,028	2,052,028	
13	Deduct:			
14	Net Book Value of Transportation Equipment	\$ 1,613,439	\$ 1,613,439	
15				
16	Full Cash Value	Sum Lines[10-12] - Line[14] \$ 219,025,881	\$ 228,418,128	
17	Assessment Ratio (For 2016 per HB 2001 Sec 42-15001)	18.0%	18.0%	
18	Assessed Value	Line[16]*Line[17] \$ 39,424,659	\$ 41,115,263	
19	Property Tax Rate	(c) 10.96%	10.96%	
20				
21	Property Tax	Line[18]*Line[19] 4,321,056	4,506,351	
22	Reconciliation to Stand-Alone Districts	(27,604)	(27,604)	
23				
24	Adjusted Test Year Property Taxes at Present Rates	Line[21]+Line[22] \$ 4,293,452		
25	Adjusted Test Year Property Taxes	(b) 4,949,225		
26	Adjustment to Revenue and/or Expense	Line[24] - Line[25] \$ (655,773)		
27				
28	Adjusted Test Year Property Taxes at Proposed Rates		Sum Lines[21-27] \$ 4,478,747	
29	Adjusted Test Year Property Taxes at Present Rates		Line[24] Col [A] 4,293,452	
30	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rebuttal )		Line[28] - Line[29] \$ 185,295	
31				
32				
33				
34	<u>CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 Rebuttal):</u>			
35				
36	Increase in Property Tax Due to Increase in Revenue Requirement (Line 30, Col [B])		\$ 185,295	
37				
38	Increase in Revenue Requirement (From Sch. A-1 Rebuttal)		\$ 14,088,371	
39				
40	Increase in Property Tax Per Dollar Increase in Revenue (Line 36/Line 38)		1.32%	
41				
42				
43				
44	<u>Workpapers &amp; Supporting Documents:</u>			
45				
46	(a) Sch E1	2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
47	(b) Sch C2 Rebuttal	2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
48	(c) \Composite Property Tax Rate 2016.>	2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
49			2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm
50	\2016 EPCOR Arizona Water Rebuttal.xlsm			

Line <u>No.</u>			Test Year Adjusted Results	Adjusted with Rate Increase
1	<u>Federal and State Income Taxes</u>			
2				
3				
4				
5				
6				
7	Operating Income Before Inc. Taxes		\$ 19,752,402	\$ 33,589,290
8	Interest Expense		8,278,486	8,278,486
9	Arizona Taxable Income		Line[7] - Line[8] <u>\$ 11,473,916</u>	<u>\$ 25,310,804</u>
10				
11	Arizona Income Tax	4.90%	Line[9]*5.500% <u>\$ 562,222</u>	<u>\$ 1,240,229</u>
12				
13				
14	Federal Income Before Taxes		Line[9] \$ 11,473,916	\$ 25,310,804
15	Less Arizona Income Taxes		Line[11] 562,222	1,240,229
16	Federal Taxable Income		Line[14] - Line[15] <u>\$ 10,911,695</u>	<u>\$ 24,070,575</u>
17				
18	FEDERAL INCOME TAXES:			
19				
20				
21				
22				
23				
24				
25	Federal Income Taxes	21.00%	Line[16]*34.000% <u>\$ 2,291,456</u>	<u>\$ 5,054,821</u>
26				
27				
28	Total Income Tax		Line[15]+Line[25] <u>\$ 2,853,678</u>	<u>\$ 6,295,050</u>
29				
30	Tax Rate		Line[28] / Line[9] <u>24.87%</u>	<u>24.87%</u>
31				
32	Effective Income Tax Rates			
33	State		Line[11] / Line[9] 4.900%	4.900%
34	Federal		Line[25] / Line[9] 19.97%	19.97%
35				
36				
37	Adjusted Test Year Income Taxes		(a) <u>\$ 10,323,221</u>	
38	Increase in Income Taxes,		Line[28] - Line[37] <u>\$ (7,469,544)</u>	
39				
40	Adjustment to Revenues and/or Expense		Line[38] <u>\$ (7,469,544)</u>	
41				
42	Test Year Income Taxes,			Line[28] \$ 2,853,678
43	Increase in Income Taxes			Line[28] - Line[42] 3,441,372
44				
45	Adjustment to Revenue and/or Expense			Line[43] <u>\$ 3,441,372</u>
46				
47	<u>Workpapers &amp; Supporting Documents:</u>			
48	(a) Sch C2 Rebuttal	2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
49		2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
49		2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
50	\2016 EPCOR Arizona Water Rebuttal.xlsm		2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line				
<u>No.</u>				
1	<u>Interest Synchronization with Rate Base</u>			
2				
3		<u>See Table Below</u>	<u>Tubac Only</u>	
4	Original Cost Rate Base (Sch. B-1 , Ln. 28)	\$ 370,810,524	\$ 1,057,411	
5	Weighted Cost of Debt from Schedule D-1	2.23%	0.89%	
6	Synchronized Interest Expense	Line[6]*Line[7] \$ 8,269,074.69	\$ 9,410.96	\$ 8,278,486
7				
8	Test Year Interest Expense		\$ 8,276,577 (c)	
9				
10	Adjusted Test Year Interest Expense			Line[10] \$ 8,276,577
11				
12	Increase/(Decrease) in Interest Expense			Line[8] - Line[12] \$ 1,908
13				
14	Adjustment to Revenue and/or Expense			Line[14] \$ 1,908

	[A]	[B]	[C] = [A] * [B]	[D]	[E] = [C] - [D]
				Adjusted	
	Original Cost	Weighted	Synchronized	Test Year	
	<u>Rate Base</u>	<u>Cost of Debt</u>	<u>Interest Exper</u>	<u>Interest Expense</u>	<u>Adjustment</u>
23	Agua Fria Water	\$ 127,081,740 2.23%	\$ 2,833,923	\$ 2,814,660	\$ 19,263
24	Anthem Water	\$ 53,861,086 2.23%	1,201,102	\$ 1,199,729	1,373
25	Chaparral City Water	\$ 35,384,387 2.23%	789,072	\$ 768,491	20,580
26	Havasu Water	\$ 5,316,673 2.23%	118,562	\$ 121,679	(3,117)
27	Mohave Water	\$ 27,592,674 2.23%	615,317	\$ 620,206	(4,890)
28	North Mohave Water	\$ 4,356,389 2.23%	97,147	\$ 91,593	5,555
29	Paradise Valley Water	\$ 39,828,870 2.23%	888,184	\$ 883,074	5,109
30	Sun City Water	\$ 41,909,348 2.23%	934,578	\$ 971,402	(36,823)
31	Sun City West Water	\$ 32,931,714 2.23%	734,377	\$ 741,807	(7,430)
32	Willow Valley Water	\$ 2,547,644 2.23%	56,812	\$ 52,628	4,185
33					
34	Total for Districts with 2.19% Weighted Cost of Debt	\$ 370,810,524	\$ 8,269,075	\$ 8,265,269	\$ 3,806
35					
36	Tubac Water	\$ 1,057,411 0.89%	\$ 9,411	\$ 11,309	\$ (1,898)
37					
38		\$ 371,867,935	\$ 8,278,486	\$ 8,276,577	\$ 1,908

45	<u>Workpapers &amp; Supporting Documents:</u>			
46	(a) Sch B1 Rebuttal	2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
47	(b) Sch C2 Rebuttal	2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
48	(c) Sch D1 Rebuttal	2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
49			2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm
50	\2016 EPCOR Arizona Water Rebuttal.xlsm			

Line

No.

1 Regulatory Liability - ADIT Amortization - Tax Reform Adj

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The Company is updating its Deferred Income Tax Balance to reflect the impact of the Tax Cuts and Jobs Act of 2017. This caused the Company to create a Regulatory Liability for this amount as reflected in Rate Base proforma adjustment KDB-RB2-REB. This Income Statement proforma adjustment reflects the annual amortization of that rate base adjustment.

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	[A]	[B]	[C] = [A] * [B]
	Reg Liab - ADIT	Amortization	Annual
	per	Rate	Amortization
	<u>Adj KDB-RB2 REB</u>	<u>Rate</u>	<u>Amortization</u>
Agua Fria Water	\$ 3,386,958	2.743%	\$ (92,920)
Anthem Water	692,420	3.056%	(21,159)
Chaparral City Water	1,057,705	2.782%	(29,423)
Havasus Water	136,306	2.622%	(3,574)
Mohave Water	1,241,815	2.668%	(33,137)
North Mohave Water	156,076	2.951%	(4,605)
Paradise Valley Water	380,036	2.725%	(10,355)
Sun City Water	1,882,493	3.821%	(71,938)
Sun City West Water	1,187,833	3.205%	(38,072)
Tubac Water	47,109	3.077%	(1,450)
Willow Valley Water	115,995	3.813%	(4,423)
			<u>\$ (311,056)</u> Sum Lines [14 - 24]

Increase/ (Decrease) to Depreciation/ Amortization

\$ (311,056)

Workpapers & Supporting Documents:

2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line

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1 Intentionally Left Blank

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44 Workpapers & Supporting Documents:

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2016 Agua Fria Water REBUTTAL.xlsm

2016 Havasu Water REBUTTAL.xlsm

2016 Sun City Water REBUTTAL.xlsm

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2016 Anthem Water REBUTTAL.xlsm

2016 Mohave Water REBUTTAL.xlsm

2016 Sun City West Water REBUTTAL.xlsm

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2016 Chaparral City Water REBUTTAL.xlsm

2016 North Mohave Water REBUTTAL.xlsm

2016 Tubac Water REBUTTAL.xlsm

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\2016 EPCOR Arizona Water Rebuttal.xlsm

2016 Paradise Valley Water REBUTTAL.xlsm

2016 Willow Valley Water REBUTTAL.xlsm



Line

No.

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

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

	[A] Rebuttal Depreciation Expense 2017 Post Test Year Plant	[B] Original Depreciation Expense 2017 Post Test Year Plant	[C] = [A] - [B] Increase/Decrease Depreciation Expense
Agua Fria Water	\$ 1,895,029	\$ 1,853,478	\$ 41,551
Anthem Water	242,701	158,129	84,572
Chaparral City Water	359,532	275,857	83,675
Havasu Water	60,544	40,135	20,410
Mohave Water	167,541	175,033	(7,492)
North Mohave Water	55,648	37,018	18,631
Paradise Valley Water	139,007	109,690	29,317
Sun City Water	416,080	473,759	(57,679)
Sun City West Water	154,395	161,530	(7,135)
Tubac Water	10,823	12,105	(1,282)
Willow Valley Water	16,100	12,117	3,983
			<u>\$ 208,550</u> Sum Lines [14-24]

Increase/ (Decrease) to Depreciation/ Amortization Line [25] \$ 208,550

Workpapers & Supporting Documents:

2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
\2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line

No.

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

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

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	[A] Rebuttal Depreciation Expense Retirements	[B] Original Depreciation Expense Retirements	[C] = [A] - [B] Increase/Decrease Depreciation Expense
Agua Fria Water	\$ (40,146)	\$ (9,296)	\$ (30,850)
Anthem Water	(74,971)	(260)	(74,710)
Chaparral City Water	(25,747)	(4,942)	(20,804)
Havasu Water	(9,682)	(3,019)	(6,663)
Mohave Water	(19,497)	(2,529)	(16,968)
North Mohave Water	(31,425)	(5,452)	(25,973)
Paradise Valley Water	(12,841)	(2,730)	(10,110)
Sun City Water	(13,636)	(2,180)	(11,456)
Sun City West Water	(9,800)	(3,558)	(6,242)
Tubac Water	(1,148)	-	(1,148)
Willow Valley Water	(6,156)	(126)	(6,030)
			\$ (210,954) Sum Lines [14-24]

Increase/ (Decrease) to Depreciation/ Amortization

Line [25] \$ (210,954)

Workpapers & Supporting Documents:

2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
\2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line  
No.

1 Adjust Insurance Other Than Group

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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 to employee count, test year and proposed revenues, and property. This is a conforming adjustment and updated with the values in the Rebuttal Filing.

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	<u>[A]</u> Rebuttal Adjustment	<u>[B]</u> Proposed Rate Increase
Agua Fria Water	\$ 94	\$ (4,626)
Anthem Water	(137)	7,666
Chaparral City Water	112	6,485
Havasu Water	(52)	444
Mohave Water	(135)	5,734
North Mohave Water	(53)	1,403
Paradise Valley Water	14	2,668
Sun City Water	(522)	12,961
Sun City West Water	(136)	3,669
Tubac Water	(24)	(367)
Willow Valley Water	35	428
	\$ (805)	\$ 36,465

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32 Increase/(Decrease) to Insurance Other Than Group Col A,Line [26] \$ (805)

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36 Increase/(Decrease) to Insurance Other Than Group, Proposed Rate Increase Col B,Line [26] \$ 36,465

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45 Workpapers & Supporting Documents:

47 2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
48 2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
49 2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
50 \2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line  
No.

1 Adjust CPI for 2017

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

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	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I] = Sum [A to H]
	Chemicals	Waste Disposal & Other Utilities	Corporate Allocation	Outside Services	Customer Accounting	General Office Exp	Miscellaneous	Maintenance Expense	Total
14 Agua Fria Water	\$ -	\$ 501	\$ 1,362	\$ 10,522	\$ 2,578	\$ 8,715	\$ 1,436	\$ 10,254	\$ 35,369
15 Anthem Water	-	60	352	3,095	682	2,515	(1,379)	3,334	8,658
16 Chaparral City Water	-	71	505	4,443	1,550	4,324	1,037	6,096	18,026
17 Havasu Water	-	1	71	546	128	1,034	83	972	2,835
18 Mohave Water	-	116	373	2,843	772	4,346	839	4,966	14,256
19 North Mohave Water	-	1	50	351	93	361	(38)	402	1,221
20 Paradise Valley Water	-	82	271	2,628	503	2,233	656	4,234	10,607
21 Sun City Water	-	23	601	4,586	1,186	3,947	557	5,314	16,213
22 Sun City West Water	-	85	291	2,055	553	2,003	377	1,856	7,220
23 Tubac Water	-	24	30	432	71	509	31	447	1,544
24 Willow Valley Water	-	10	36	516	124	290	274	905	2,156
25									
26 Sum Lines [14-24]	\$ -	\$ 975	\$ 3,943	\$ 32,017	\$ 8,239	\$ 30,277	\$ 3,874	\$ 38,780	\$ 118,105

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Increase/Decrease in Chemicals									\$ -
Increase/Decrease in Waste Disposal									\$ 975
Increase/Decrease in Corporate Allocation									\$ 3,943
Increase/Decrease in Outside Services									\$ 32,017
Increase/Decrease in Customer Accounting									\$ 8,239
Increase/Decrease in General Office Expense									\$ 30,277
Increase/Decrease in Miscellaneous									\$ 3,874
Increase/Decrease in Maintenance Expense									\$ 38,780
									<u>\$ 118,105</u>

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45 Workpapers & Supporting Documents:

46									
47		2016 Agua Fria Water REBUTTAL.xlsm		2016 Havasu Water REBUTTAL.xlsm		2016 Sun City Water REBUTTAL.xlsm			
48		2016 Anthem Water REBUTTAL.xlsm		2016 Mohave Water REBUTTAL.xlsm		2016 Sun City West Water REBUTTAL.xlsm			
49		2016 Chaparral City Water REBUTTAL.xlsm		2016 North Mohave Water REBUTTAL.xlsm		2016 Tubac Water REBUTTAL.xlsm			
50	\2016 EPCOR Arizona Water Rebuttal.xlsm			2016 Paradise Valley Water REBUTTAL.xlsm		2016 Willow Valley Water REBUTTAL.xlsm			

Line  
No.

1 Adjust CUS Charges

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

	[A]	
	CUS Charge	
	<u>Rebuttal Adjustment</u>	
14 Agua Fria Water	\$ 8,184	
15 Anthem Water	1,716	
16 Chaparral City Water	1,776	
17 Havasu Water	333	
18 Mohave Water	3,071	
19 North Mohave Water	340	
20 Paradise Valley Water	939	
21 Sun City Water	4,600	
22 Sun City West Water	2,955	
23 Tubac Water	116	
24 Willow Valley Water	<u>102</u>	
26	\$ 24,132	Sum Lines [14-24]

30 Adjustment to Revenue and/or Expense Line [26] \$ 24,132

45 Workpapers & Supporting Documents:

47 2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
48 2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
49 2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
50 \2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line  
No.

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

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

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[A]

Outside Services

Rebuttal Adjustment

\$ (28,309)

(7,316)

(10,502)

(1,478)

(7,755)

(1,034)

(5,642)

(12,491)

(6,057)

(627)

(755)

\$ (81,965) Sum Lines [14-24]

Line [26] \$ (81,965)

Workpapers & Supporting Documents:

2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
\2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line  
No.

1 Adjust Postage Expense

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

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	[A]	[B]	[C] = [A] - [B]
	Direct	Revised	Postage Expense
	<u>Postage Expense</u>	<u>Postage Expense</u>	<u>Rebuttal Adjustment</u>
14 Agua Fria Water	\$ 5,432	\$ 2,864	\$ 2,568
15 Anthem Water	1,098	579	519
16 Chaparral City Water	1,673	882	791
17 Havasu Water	213	113	100
18 Mohave Water	1,946	1,026	920
19 North Mohave Water	244	129	115
20 Paradise Valley Water	609	321	288
21 Sun City Water	3,039	1,603	1,436
22 Sun City West Water	1,945	1,026	919
23 Tubac Water	75	40	35
24 Willow Valley Water	70	37	33
			\$ 7,724

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30 Adjustment to Revenue and/or Expense \$ 7,724

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45 Workpapers & Supporting Documents:

46			
47	2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
48	2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
49	2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
50	\2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line  
No.

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

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The Company is partially accepting Staff IS Adj #5. The Company is removing rate case expense out of the regulatory expense accounts. Staff recommends authorizing a surcharge to recover rate case expense. Staff proposed recovery over a 5 year period however the Company proposes a 3 year period.

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[A]	[B]	[C] = [A] - [B]
<u>Revised Amount</u>	<u>Original Application</u>	<u>Rebuttal Adjustment</u>
\$ (104,402)	\$ -	\$ (104,402)
(26,981)	-	(26,981)
(146,040)	-	(146,040)
(13,257)	-	(13,257)
(58,318)	-	(58,318)
(6,394)	-	(6,394)
(47,728)	-	(47,728)
(95,654)	-	(95,654)
(22,339)	-	(22,339)
(5,294)	-	(5,294)
(2,784)	-	(2,784)
	-	

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\$ (529,190) Sum Lines[14-24]

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Adjustment to Revenue and/or Expense	\$ (529,190)
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45 Workpapers & Supporting Documents:

2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

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Line  
No.

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

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

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	[A] Remove Gifts & <u>Entertainment</u>	[B] Allocation <u>Factor</u>	[C] = [A] * [B] Rebuttal <u>Adjustment</u>
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12	Total Company Costs \$	99,480	
14	Agua Fria Water	26.64%	\$ 26,506
15	Anthem Water	6.89%	6,850
16	Chaparral City Water	9.88%	9,833
17	Havasu Water	1.39%	1,384
18	Mohave Water	7.30%	7,261
19	North Mohave Water	0.97%	968
20	Paradise Valley Water	5.31%	5,282
21	Sun City Water	11.76%	11,696
22	Sun City West Water	5.70%	5,672
23	Tubac Water	0.59%	587
24	Willow Valley Water	0.71%	<u>707</u>

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26			\$ 76,745

27 Sum Lines[14-24]

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30 Adjustment to Revenue and/or Expense

Line [26] \$ (76,745)

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45 Workpapers & Supporting Documents:

47	2016 Agua Fria Water REBUTTAL.xlsm	2016 Havasu Water REBUTTAL.xlsm	2016 Sun City Water REBUTTAL.xlsm
48	2016 Anthem Water REBUTTAL.xlsm	2016 Mohave Water REBUTTAL.xlsm	2016 Sun City West Water REBUTTAL.xlsm
49	2016 Chaparral City Water REBUTTAL.xlsm	2016 North Mohave Water REBUTTAL.xlsm	2016 Tubac Water REBUTTAL.xlsm
50	\2016 EPCOR Arizona Water Rebuttal.xlsm	2016 Paradise Valley Water REBUTTAL.xlsm	2016 Willow Valley Water REBUTTAL.xlsm

Line

No.

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

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

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

11

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

16

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

19

20

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

23

24

25

26

Fuel and Power  
Expense

28

Agua Fria Water \$ 2,864,716

29

Anthem Water 785,361

30

Chaparral City Water 845,357

31

Havasu Water 170,573

32

Mohave Water 471,012

33

North Mohave Water 165,296

34

Paradise Valley Water 1,402,317

35

Sun City Water 2,004,848

36

Sun City West Water 830,699

37

Tubac Water 32,951

38

Willow Valley Water 17,425

39

\$ 9,590,556 Sum Lines [28-38]

40

41

42

Adjustment to Revenue and/or Expense Line [39] \$ 9,590,556

43

44

45

46

Workpapers & Supporting Documents:

47

2016 Agua Fria Water REBUTTAL.xlsm

2016 Havasu Water REBUTTAL.xlsm

2016 Sun City Water REBUTTAL.xlsm

48

2016 Anthem Water REBUTTAL.xlsm

2016 Mohave Water REBUTTAL.xlsm

2016 Sun City West Water REBUTTAL.xlsm

49

2016 Chaparral City Water REBUTTAL.xlsm

2016 North Mohave Water REBUTTAL.xlsm

2016 Tubac Water REBUTTAL.xlsm

50

2016 EPCOR Arizona Water Rebuttal.xlsm

2016 Paradise Valley Water REBUTTAL.xlsm

2016 Willow Valley Water REBUTTAL.xlsm

Line

No.

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

2

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

5

6

7

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

13

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

17

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

20

21

22

23

Fuel and Power  
Expense

24 Agua Fria Water

\$ 2,899,881

25 Anthem Water

795,864

26 Chaparral City Water

1,576,200

27 Havasu Water

182

28 Mohave Water

343,408

29 North Mohave Water

44,999

30 Paradise Valley Water

599,455

31 Sun City Water

758,880

32 Sun City West Water

456,260

33 Tubac Water

727

34 Willow Valley Water

497

\$ 7,476,352 Sum Lines [28-38]

35

36

37

38 Adjustment to Revenue and/or Expense

Line [39]

\$ 7,476,352

39

40

41

42

43

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45 Workpapers & Supporting Documents:

46

47 2016 Agua Fria Water REBUTTAL.xlsm

2016 Havasu Water REBUTTAL.xlsm

2016 Sun City Water REBUTTAL.xlsm

48 2016 Anthem Water REBUTTAL.xlsm

2016 Mohave Water REBUTTAL.xlsm

2016 Sun City West Water REBUTTAL.xlsm

49 2016 Chaparral City Water REBUTTAL.xlsm

2016 North Mohave Water REBUTTAL.xlsm

2016 Tubac Water REBUTTAL.xlsm

50 \2016 EPCOR Arizona Water Rebuttal.xlsm

2016 Paradise Valley Water REBUTTAL.xlsm

2016 Willow Valley Water REBUTTAL.xlsm

Line No.	Description	[A]	[B]	Percentage of Incremental Gross Revenues [C]
1	Federal Income Taxes			
2				19.97%
3	State Income Taxes			
4			Combined	24.87%
5				4.90%
6	Property Taxes	Effective Rate = 1.32%	One Minus Combined	75.13%
7				0.99% [A] x [B]
8	Bad Debt Expense	Effective Rate = 0.21%	One Minus Combined	75.13%
9				0.16% [A] x [B]
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined	75.13%
11				0.19% [A] x [B]
12				
13	Total Tax Percentage			26.21% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			73.79% 1 - [C] Line [13]
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17				
18		1 = Gross Revenue Conversion Factor		
19				
20				
21	Operating Income %			1.36 1 / [C] Line [15]
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43	Supporting Schedules:		Recap Schedules:	
44	C-2 Rebuttal		A-1 Rebuttal	
45				
46				
47	Workpapers & Supporting Documents			
48				
49				
50	\2016 EPCOR Arizona Water Rebuttal.xlsm			