

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 Revenues						
2 Water	\$ 10,725,968	\$ (20,681)	\$ 10,705,288	\$ 811,131	\$ 11,516,419	
3 Other Revenues	217,256	-	217,256	-	217,256	
4 Total Revenues	\$ 10,943,225	\$ (20,681)	\$ 10,922,544	\$ 811,131	\$ 11,733,675	Sum Lines [2-3]
6 Operating Expenses						
7 Labor	\$ 1,467,194	\$ 347,133	\$ 1,814,327	\$ -	\$ 1,814,327	
8 Purchased Water	936,639	(936,639)	-	-	-	
9 Fuel & Power	746,770	(746,770)	-	-	-	
10 Chemicals	104,439	8,725	113,164	-	113,164	
11 Waste Disposal	4,304	98	4,403	-	4,403	
12 Intercompany Support Services	-	-	-	-	-	
13 Corporate Allocation	449,689	(15,416)	434,274	-	434,274	
14 Outside Services	270,542	6,180	276,722	-	276,722	
15 Group Insurance	621,436	(15,225)	606,211	-	606,211	
16 Pensions	-	-	-	-	-	
17 Regulatory Expense	111,886	34,154	146,040	-	146,040	
18 Insurance Other Than Group	99,723	(4,283)	95,440	2,100	97,540	
19 Customer Accounting	462,899	2,353	465,252	966	466,218	
20 Rents	52,656	-	52,656	-	52,656	
21 General Office Expense	271,923	(39,964)	231,959	-	231,959	
22 Miscellaneous	67,401	1,442	68,843	-	68,843	
23 Maintenance Expense	814,039	(295,859)	518,180	-	518,180	
24 Depreciation & Amortization	1,643,891	925,246	2,569,137	-	2,569,137	
25 General Taxes-Property	257,270	136,917	394,187	8,083	402,270	
26 General Taxes-Other	164,971	(25,794)	139,177	-	139,177	
27 Income Taxes	2,735,463	(1,886,198)	849,265	305,473	1,154,738	
29 Total Operating Expenses	\$ 11,283,136	\$ (2,503,898)	\$ 8,779,238	\$ 316,622	\$ 9,095,860	Sum Lines [7-27]
30 Utility Operating Income	\$ (339,911)	\$ 2,483,217	\$ 2,143,306	\$ 494,509	\$ 2,637,815	Line [4] - Line [29]
31 Other Income & Deductions						
32 Other Income & Deductions	\$ (102,483)	\$ -	\$ (102,483)	\$ -	\$ (102,483)	
33 Interest Expense	1,185,906	(417,415)	768,491	-	768,491	
34 Other Expense	-	-	-	-	-	
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	
36 Total Other Income & Deductions	\$ 1,083,423	\$ (417,415)	\$ 666,008	\$ -	\$ 666,008	Sum Lines [32-35]
37 Net Profit / (Loss)	\$ (1,423,334)	\$ 2,900,632	\$ 1,477,298	\$ 494,509	\$ 1,971,807	Line [30] - Line [36]

43 Supporting Schedules:
 44 (a) C-2
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 46
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 48 Workpapers & Supporting Documents
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 50 \2016 Chaparral City Water .xlsm

Recap Schedules:
 A-1

	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 Expense</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 & 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 Revenues												
2 Water	\$ 10,725,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,681)	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	217,256	-	-	-	-	-	-	-	-	-	-	-
4 Total Revenue	\$ 10,943,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,681)	\$ -	\$ -	\$ -	\$ -	\$ -
6 Operating Expenses												
7 Labor	\$ 1,467,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 369,408	\$ -	\$ (22,275)	\$ -
8 Purchased Water	936,639	-	-	-	-	-	1,822	-	-	-	-	-
9 Fuel & Power	746,770	-	-	-	-	-	1,452	-	-	(748,222)	-	-
10 Chemicals	104,439	-	-	-	-	-	203	-	-	-	-	-
11 Waste Disposal	4,304	-	-	-	-	-	-	-	-	-	-	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	449,689	-	-	-	-	-	-	-	-	-	-	-
14 Outside Services	270,542	-	-	-	-	-	-	-	-	-	-	-
15 Group Insurance	621,436	-	-	-	-	-	-	-	(15,225)	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	111,886	-	-	-	-	-	-	-	-	-	-	-
18 Insurance Other Than Group	99,723	-	-	-	-	-	-	-	-	-	-	-
19 Customer Accounting	462,899	-	-	-	-	(8,417)	900	-	-	-	-	882
20 Rents	52,656	-	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	271,923	-	-	-	-	-	-	(45,978)	-	-	-	-
22 Miscellaneous	67,401	-	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	814,039	(192,705)	-	-	-	-	-	-	-	-	-	-
24 Depreciation & Amortization	1,643,891	-	-	-	-	-	-	-	-	-	-	-
25 General Taxes-Property	257,270	-	136,917	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	164,971	-	-	-	-	-	-	-	(25,794)	-	-	-
27 Income Taxes	2,735,463	-	-	(1,886,198)	-	-	-	-	-	-	-	-
28 Total Operating Expenses	\$ 11,283,136	\$ (192,705)	\$ 136,917	\$ (1,886,198)	\$ -	\$ (8,417)	\$ 4,377	\$ (45,978)	\$ 328,389	\$ (748,222)	\$ (22,275)	\$ 882
30 Utility Operating Income	\$ (339,911)	\$ 192,705	\$ (136,917)	\$ 1,886,198	\$ -	\$ 8,417	\$ (25,058)	\$ 45,978	\$ (328,389)	\$ 748,222	\$ 22,275	\$ (882)
31 Other Income & Deductions												
32 Other Income & Deductions	\$ (102,483)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	1,185,906	-	-	-	(417,415)	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
36 Total Other Income & Deductions	\$ 1,083,423	\$ -	\$ -	\$ -	\$ (417,415)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37 Net Profit / (Loss)	\$ (1,423,334)	\$ 192,705	\$ (136,917)	\$ 1,886,198	\$ 417,415	\$ 8,417	\$ (25,058)	\$ 45,978	\$ (328,389)	\$ 748,222	\$ 22,275	\$ (882)

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	Revenues											
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Revenue											
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Operating Expenses											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	8,522
11	-	-	-	-	-	-	-	-	-	-	-	98
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	(16,118)	703
14	-	-	-	-	-	-	-	-	-	-	-	6,180
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	34,154	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-
19	6,832	-	-	-	-	-	-	-	-	-	-	2,156
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	6,013
22	-	-	-	-	-	-	-	-	-	-	-	1,442
23	-	-	-	-	-	-	-	-	-	-	-	8,478
24	-	-	-	-	1,328,771	(95,208)	54,997	275,857	(13,790)	(606,321)	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Operating Expenses											
29	\$ 6,832	\$ 34,154	\$ -	\$ -	\$ 1,328,771	\$ (95,208)	\$ 54,997	\$ 275,857	\$ (13,790)	\$ (606,321)	\$ (16,118)	\$ 33,593
30	Utility Operating Income											
31	\$ (6,832)	\$ (34,154)	\$ -	\$ -	\$ (1,328,771)	\$ 95,208	\$ (54,997)	\$ (275,857)	\$ 13,790	\$ 606,321	\$ 16,118	\$ (33,593)
31	Other Income & Deductions											
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-	-	-	-
36	Total Other Income & Deductions											
37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	Net Profit / (Loss)											
39	\$ (6,832)	\$ (34,154)	\$ -	\$ -	\$ (1,328,771)	\$ 95,208	\$ (54,997)	\$ (275,857)	\$ 13,790	\$ 606,321	\$ 16,118	\$ (33,593)

44 Supporting Schedules:
 45 (a) E-6
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 48 Workpapers & Supporting Documents:
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	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>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Regulatory Liability Amortization - Fountain Hills Sanitary District Well Settlement - Chaparral City</u>
1 Revenues												
2 Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
4 Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5												
6 Operating Expenses												
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Purchased Water	-	-	-	-	-	-	(938,461)	-	-	-	-	-
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	-	-	-	(4,283)	-	-	-	-	-	-	-	-
19 Customer Accounting	-	-	-	-	-	-	-	-	-	-	-	-
20 Rents	-	-	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	-	-	-	-	-	-	-	-	-	-	-	-
22 Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	-	-	-	-	(111,633)	-	-	-	-	-	-	-
24 Depreciation & Amortization	-	(4,942)	-	-	46,241	-	-	-	-	-	-	(76,000)
25 General Taxes-Property	-	-	-	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	-	-	-	-	-	-	-	-	-	-	-	-
27 Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-
28												
29 Total Operating Expenses	\$ -	\$ (4,942)	\$ -	\$ (4,283)	\$ (65,391)	\$ -	\$ (938,461)	\$ -	\$ -	\$ -	\$ -	\$ (76,000)
30 Utility Operating Income	\$ -	\$ 4,942	\$ -	\$ 4,283	\$ 65,391	\$ -	\$ 938,461	\$ -	\$ -	\$ -	\$ -	\$ 76,000
31 Other Income & Deductions												
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
36 Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37 Net Profit / (Loss)	\$ -	\$ 4,942	\$ -	\$ 4,283	\$ 65,391	\$ -	\$ 938,461	\$ -	\$ -	\$ -	\$ -	\$ 76,000

44 Supporting Schedules:
 45 (a) E-6
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 48 Workpapers & Supporting Documents:
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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]

Line No.	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Regulatory Asset Amortization - Central Arizona Project (CAP) M&I - Chaparral City	Total Pro Forma Adjustments	Test Year Adjusted Results	Proposed Rate Increase	Adjusted Rate Increase
1	Revenues							
2	\$ -	\$ -	\$ -	\$ -	\$ (20,681)	\$ 10,705,288	\$ 811,131	\$ 11,516,419
3	-	-	-	-	-	217,256	-	217,256
4	\$ -	\$ -	\$ -	\$ -	\$ (20,681)	\$ 10,922,544	\$ 811,131	\$ 11,733,675
5								
6	Operating Expenses							
7	\$ -	\$ -	\$ -	\$ -	\$ 347,133	\$ 1,814,327	\$ -	\$ 1,814,327
8	-	-	-	-	(936,639)	-	-	-
9	-	-	-	-	(746,770)	-	-	-
10	-	-	-	-	8,725	113,164	-	113,164
11	-	-	-	-	98	4,403	-	4,403
12	-	-	-	-	-	-	-	-
13	-	-	-	-	(15,416)	434,274	-	434,274
14	-	-	-	-	6,180	276,722	-	276,722
15	-	-	-	-	(15,225)	606,211	-	606,211
16	-	-	-	-	-	-	-	-
17	-	-	-	-	34,154	146,040	-	146,040
18	-	-	-	-	(4,283)	95,440	2,100	97,540
19	-	-	-	-	2,353	465,252	966	466,218
20	-	-	-	-	-	52,656	-	52,656
21	-	-	-	-	(39,964)	231,959	-	231,959
22	-	-	-	-	1,442	68,843	-	68,843
23	-	-	-	-	(295,859)	518,180	-	518,180
24	-	-	-	15,641	925,246	2,569,137	-	2,569,137
25	-	-	-	-	136,917	394,187	8,083	402,270
26	-	-	-	-	(25,794)	139,177	-	139,177
27	-	-	-	-	(1,886,198)	849,265	305,473	1,154,738
28								
29	\$ -	\$ -	\$ -	\$ 15,641	\$ (2,503,898)	\$ 8,779,238	\$ 316,622	\$ 9,095,860
30	\$ -	\$ -	\$ -	\$ (15,641)	\$ 2,483,217	\$ 2,143,306	\$ 494,509	\$ 2,637,815
31	Other Income & Deductions							
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (102,483)	\$ -	\$ (102,483)
33	-	-	-	-	(417,415)	768,491	-	768,491
34	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-
36	\$ -	\$ -	\$ -	\$ -	\$ (417,415)	\$ 666,008	\$ -	\$ 666,008
37	\$ -	\$ -	\$ -	\$ (15,641)	\$ 2,900,632	\$ 1,477,298	\$ 494,509	\$ 1,971,807

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Supporting Schedules:
 (a) E-6
 Workpapers & Supporting Documents:
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Recap Schedules:
 C-1

Line

No.

1 Tank Maintenance Expense

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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 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 by storage tank. Costs are then averaged over the given maintenance cycle and summarized by district.

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6 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 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 authorized by the Commission. Detail for each district's tank maintenance programs and the annual expense is as follows:

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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).

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	\$ 202,184	(b)
2016 Tank Maintenance Expense, Unadjusted (account 5900)	394,889	(a)
Increase in Tank Maintenance Expense	Line [29] - Line [33] \$	(192,705)

45 Workpapers & Supporting Documents:

46 (a) Sch E6

47 (b) Authorized Tank Maintenance Summaries.xlsx

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49

50 \2016 Chaparral City Water .xlsm

Line
 No.

Adjust Property Taxes to Reflect Proposed Revenues		Business Unit		6P	GMC Factor	7.2408%	[A]	[B]	
		Power and Water Expenses		[1]	[2]		Property Tax Expense	Property Tax Expense For Conversion Factor	
				Present	Proposed				
10	Adjusted Revenues in Year Ended December 2016	(Adj Summary p.2)		\$ 2,151,746	\$ 2,421,557		(b) + [2] #####	\$ 13,344,101	
11	Adjusted Revenues in Year Ended December 2016						13,344,101	13,344,101	
12	Proposed Revenues						13,344,101	(b) + [2] 14,155,232	
13	Average of Three Years of Revenue						Avg Lines[10] thru [12] #####	\$ 13,614,478	
14	Average of Three Years of Revenue, times 2						Line[13] * 2 #####	\$ 27,228,956	
15	Add:								
16	Construction Work in Progress at 10%						(a) \$ 64,048	\$ 64,048	
17	Deduct:								
18	Net Book Value of Transportation Equipment						(d) \$ 380,008	\$ 380,008	
19									
20	Full Cash Value						Sum Lines[14-16] - Line[18] #####	\$ 26,912,996	
21	Assessment Ratio (For 2016 and Beyond per HB 2001 Sec 42-15001)						18.0%	18.0%	
22	Assessed Value						Line[20]*Line[21] \$ 4,747,004	\$ 4,844,339	
23	Property Tax Rate						(c) 8.30%	8.30%	
24									
25	Property Tax						Line[22]*Line[23] 394,187	402,270	
26	Additional Tax								
27									
28	Adjusted Test Year Property Taxes at Present Rates						Line[25] \$ 394,187		
29	Adjusted Test Year Property Taxes						(b) 257,270		
30	Adjustment to Revenue and/or Expense (To Sch C-2)						Line[28] - Line[29] \$ 136,917		
31									
32	Adjusted Test Year Property Taxes at Proposed Rates							Line[25] \$ 402,270	
33	Adjusted Test Year Property Taxes at Present Rates							Line[28] Col [A] 394,187	
34	Additional Property Taxes on Proposed Revenues (To Sch C-2)							Line[32] - Line[33] \$ 8,083	
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])	\$ 8,083	
39									
40							Increase in Revenue Requirement (From Sch C-2)	\$ 811,131	
41									
42							Increase in Property Tax Per Dollar Increase in Revenue (Line 38/Line 40)	1.00%	
43									
44	<u>Workpapers & 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 Chaparral City Water .xlsx								

Line No.			Test Year Adjusted Results [A]	Adjusted with Rate Increase [B]
1	Federal and State Income Taxes			
2				
3				
4	Operating Income Before Inc. Taxes		\$ 2,992,571	\$ 3,792,553
5	Interest Expense		768,491	768,491
6	Arizona Taxable Income		Line[4] - Line[5] <u>\$ 2,224,080</u>	<u>\$ 3,024,062</u>
7				
8	Arizona Income Tax	4.900%	Line[6] * 4.900% <u>\$ 108,980</u>	<u>\$ 148,179</u>
9				
10				
11	Federal Income Before Taxes		Line[6] \$ 2,224,080	\$ 3,024,062
12	Less Arizona Income Taxes		Line[8] <u>108,980</u>	<u>148,179</u>
13				
14	Federal Taxable Income		Line[11] - Line[12] <u>\$ 2,115,100</u>	<u>\$ 2,875,883</u>
15				
16				
17				
18	FEDERAL INCOME TAXES:			
19				
20	Federal Income Taxes	35.000%	Line[14] * 35.000% <u>\$ 740,285</u>	<u>\$ 1,006,559</u>
21				
22				
23				
24	Total Income Tax		Line[12] + Line[20] <u>\$ 849,265</u>	<u>\$ 1,154,738</u>
25				
26	Tax Rate		Line[24] / Line[6] <u>38.19%</u>	<u>38.18%</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%	33.28%
33				
34				
35	Adjusted Test Year Income Taxes		(a) <u>\$ 2,735,463</u>	
36	Increase in Income Taxes,		Line[24] - Line[35] #####	
37				
38	Adjustment to Revenues and/or Expense		Line[36] #####	
39				
40	Test Year Income Taxes			Col A Line[24] \$ 849,265
41	Increase in Income Taxes			Line[24] - Line[40] 305,473
42				
43	Adjustment to Revenue and/or Expense			Line[41] <u>\$ 305,473</u>
44				
45				
46				
47	<u>Workpapers & Supporting Documents:</u>			
48	(a) Sch C-2			
49				
50	\\2016 Chaparral City Water .xlsm			

Line

No.

1 Interest Synchronization with Rate Base

2

3

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5

6 Original Cost Rate Base (Sch. B-1, Ln. 28)

(a) \$ 34,461,499

7 Weighted Cost of Debt from Schedule D-1

(b) 2.23%

8 Synchronized Interest Expense

Line[6]*Line[7] \$ 768,491

9

10 Test Year Interest Expense

\$ 1,185,906 (c)

11

12 Adjusted Test Year Interest Expense

Line[10] \$ 1,185,906

13

14 Increase/(Decrease) in Interest Expense

Line[8] - Line[12] \$ (417,415)

15

16 Adjustment to Revenue and/or Expense

Line[14] \$ (417,415)

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46 Workpapers & Supporting Documents:

47 (a) Sch B-1

48 (b) Sch D-1

49 (c) Sch C-2

50 \2016 Chaparral City Water .xlsx

Line No.	G/L Account Business Unit	5610 6P		
1	Bad Debt Expense			
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) \$	21,426
11				
12	Actual Bad Debt Write-Offs (b)			
13	Jan-16		\$	827
14	Feb-16			783
15	Mar-16			71
16	Apr-16			1,015
17	May-16			323
18	Jun-16			4,102
19	Jul-16			397
20	Aug-16			495
21	Sep-16			1,928
22	Oct-16			541
23	Nov-16			1,004
24	Dec-16			1,522
25	Total Bad Debt		Sum Lines [13 - 24] \$	13,009
26				
27	Increase/(Decrease) in Bad Debt Expense		Line[25] - Line[10] \$	(8,417)
28				
29	Adjustment to Revenue and/or Expense		Line[27] \$	(8,417)
30				
31				
32				
33				
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35				
36				
37				
38				
39				
40				
41				
42				
43				
44	<u>Workpapers & Supporting Documents:</u>			
45				
46	(a) Sch E-6			
47	(b) \Bad Debt Writeoffs and Recoveries 2016.xls			
48				
49				
50	\2016 Chaparral City Water .xism			

Line

No.

1 Annualization/Normalization of Revenues

2
 3 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,
 4 the customer population is at its highest, and does not properly reflect the experiences of the Company.
 5 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.
 6
 7 EPCOR has also removed accrual entries.
 8
 9

	[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	\$ 8,710,503	\$ 915,410	\$ 1,100,055	\$ 217,256	(a)	\$ 10,943,225
14 Revenue Adjustments	(3,126)				(b)	(3,126)
15 Accruals	(41,755)	1,593	8,453	-	(a)	(31,709)
16 Annualization	27,438	1,025	3,949	-	(b)	32,413
17 Weather Normalization	(10,057)	(3,758)	(4,444)	-	(b)	(18,259)
18 Adjusted Revenues	<u>\$ 8,683,004</u>	<u>\$ 914,270</u>	<u>\$ 1,108,014</u>	<u>\$ 217,256</u>	Sum Lines [13 - 17]	<u>\$ 10,922,544</u>
20 Test Year Revenues per General Ledger	<u>8,710,503</u>	<u>915,410</u>	<u>1,100,055</u>	<u>217,256</u>	(b)	<u>10,943,225</u>
22 Increase / (Decrease) to Test Year Revenues	<u>\$ (27,499)</u>	<u>\$ (1,140)</u>	<u>\$ 7,958</u>	<u>\$ -</u>	Line[18] - Line[20]	<u>\$ (20,681)</u>

26 Increase / (Decrease) in Operating Expenses:

	[F]	[G]	[H]	[I]		[J]
	<u>Purchased Water</u>	<u>Fuel & Power</u>	<u>Chemicals</u>	<u>Other Customer Accounting</u>		<u>Total</u>
29 Test Year Adjusted Expense from Sch C-2	\$ 936,639	\$ 746,770	\$ 104,439	\$ 462,899		
30 Average Customers (from Sch E7) times 12 bills	164,022	164,022	164,022	164,022		
31 Cost per Customer	\$ 5.710	\$ 4.553	\$ 0.637	\$ 2.822	Line[29] / Line[30]	
33 Customer Growth	<u>319</u>	<u>319</u>	<u>319</u>	<u>319</u>	(c)	
34 Additional Expense	<u>\$ 1,822</u>	<u>\$ 1,452</u>	<u>\$ 203</u>	<u>\$ 900</u>		<u>\$ 4,377</u> Sum Col [F-I]

45 Workpapers & Supporting Documents:

- 46 (a) Sch E-6
- 47 (b) Chaparral City Water H Schedule.xlsx
- 48 (c) Customer tab
- 49
- 50 \2016 Chaparral City Water .xism

4 - Factor		
Business Unit	6P	9.8847%

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Removal of General Disallowable Items

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 Advertising	5671 Promotion	5672 Donation	Total		
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]	
Chaparral City Water 4-Factor	9.8847%	9.8847%	9.8847%			
7A Disallowed Expenses allocated to District	\$ 1,420	\$ 27,333	\$ 2,372	\$ 31,125	Line[17] * Line[19]	\$ 31,125
Total District Expenses (a)	\$ 312	\$ 4,853	\$ 10,000	\$ 15,165		
District Allowed Expenses (b)	312.27	0	0	312.27		
District Disallowed Expenses	\$ -	\$ 4,853	\$ 10,000	\$ 14,853	Line[24] - Line[25]	\$ 14,853
General Disallowed Items for District					Line[21] + Line[26]	\$ 45,978
Adjustment to Revenue and/or Expense					Line[33]	\$ (45,978)

Workpapers & Supporting Documents:
 (a) Sch E-6a
 (b) Disallowable Costs 2016.xlsx
 4-Factor
 \2016 Chaparral City Water .xism

Line No.	Business Unit	6P			
1	Annualize Labor & Labor Related Expenses				
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 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, 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.				
7	Labor Expense as calculated per the Payroll Model (a)				
8		\$	1,613,855		
9	Performance Based Compensation	\$	222,748	\$ 1,836,603	Line[8]+Line[9]
11	Fully Allocated Labor Expense per General Ledger (b)				
12	Increase/(Decrease) in Labor Expense			\$ 1,467,194	Line[9] - Line[11] \$ 369,408
18	Group Insurance and Other Benefits as calculated per the Payroll Model (a)				
19	401K	\$	180,059		
20	Insurance	\$	298,881		
21	Pension	\$	127,271	\$ 606,211	Line[19]+Line[20]+Line[21]
23	Fully Allocated Labor Expense per General Ledger (b)				
24	Increase/(Decrease) in Group Insurance Expense			\$ 621,436	Line[21]-Line[23] \$ (15,225)
30	Payroll Taxes as calculated per the Payroll Model (a)				
31	Taxes	\$	127,034	\$ 127,034	Line[31]
33	Fully Allocated Labor Expense per General Ledger (b)				
34	Increase/(Decrease) in General Taxes - Other			\$ 152,827	Line[31] - Line[33] \$ (25,794)
37	Increase/(Decrease) in Labor Related Expense				
					Sum Lines[12] thru [34] \$ 328,389
40	Adjustment to Revenue and/or Expense				
					Line [37] \$ 328,389
43	Total	\$	2,569,847		Line [8]+[9]+[19]+[20]+[21]+[31]
44	Check	\$	2,569,847		\Payroll, Benefits & Taxes_TY 2016.xlsx
45	Diff	\$	-		Line[43] - Line[44]
46	Workpapers & Supporting Documents:				
47	(a) \Payroll, Benefits & Taxes_TY 2016.xlsx				
48	(b) Sch E-6				
50	\2016 Chaparral City Water .xlsm				

Line

No.

1 Purchased Power Adjustment and Surcharge Business Unit GP

2
 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 Power Costs expenses are removed in
 4 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.
 5 Boizelle's testimony, to be concurrent with the effective date of new rates approved in this rate case.
 6

		[A]	[B]	[C]	[D] = [A] + [B] + [C]
		Corporate (a)	Direct (b)	Other Allocation (c)	Total
		2016	2016	2016	2016
11	<u>GL Account</u> <u>Account Description</u>				
12	5617 Power Charges	\$ 4,181	\$ 742,589		\$ 746,770
13	5616 Natural Gas Charges	\$ -	\$ -		\$ -
14	Annualization				\$ 1,452
15	Increase / (Decrease) to Purchase Power Expense				<u>\$ (748,222)</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 \Purchased Power Adjustment Calc.xlsx
 50 \2016 Chaparral City Water .xism

**PURCHASED POWER
 SURCHARGE CALCULATION**

Line
 No.

1 Purchased Power Adjustment and Surcharge Business Unit 6P

2 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.

3 ("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

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

5 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 Phoenix

8 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

9 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

10 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

11 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

12 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

13 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 18,

15 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,

16 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

17 mechanism in-line with the newly authorized tariff for the eight months of the year that were not billed using the current tariff.

18

19 The Mohave, North Mohave, and Willow Valley Water districts receive power from MEC, which increased rates effective February 1, 2016 per Decision No. 75931 (January 13,

20 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

21 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

22 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

23 the PCAM.

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	Corporate (a)	Direct (b)	Other Allocation (c)	Total	
GL Account Account Description	2016	2016	2016	2016	
5617 Power Charges	\$ 4,181	\$ 742,589		\$ 746,770	
5616 Natural Gas Charges	\$ -	\$ -		\$ -	
Annualization				\$ 1,452	
Total Purchased Power Expense				<u>\$ 748,222</u>	Line[29] - 31]
2017 % Increase	6.29%				
2018 % Increase	6.29%				
	[E]	[F]	[G]	[H]	[I] = [E] + [F] + [G] + [H]
	Corporate	Direct	Natural Gas	Annualization	Total
2017 Increase	\$ 263	\$ 46,732	\$ 0	\$ 91	\$ 47,086
2017 Expense	\$ 4,444	\$ 789,321	\$ -	\$ 1,543	\$ 795,308
2018 Increase	\$ 280	\$ 49,672	\$ 0	\$ 97	\$ 50,049
2018 Expense	\$ 4,723	\$ 838,993	\$ -	\$ 1,641	\$ 845,357
Total Billed Gallons (in thousand of gallons)				1,722,061	
Surcharge Per Thousand Gallons				\$ 0.4909	Line[42]/Line[44]
<u>Workpapers & Supporting Documents:</u>					
(a) Sch E-6b					
(b) Sch E-6a					
(c) Sch E-6c					
\Purchased Power Adjustment Calc.xlsx					
\2016 Chaparral City Water .xlsm					

Line
 No.

1 Removal of 10% of Performance Based Compensation

4-Factor	
Chaparral City Water	9.8847%
Arizona Total	87.7062%

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, 2) provide excellent customer service
 5 by setting goals for customer satisfaction, billing accuracy targets, and metrics for the call center, and 3) achieve a target for capital investments to be completed on time and at or under total company budget. Each of these
 6 3 targets is weighted at 30 percent with the remaining 10 percent based upon achieving a financial target focused on earning the authorized rate of return. This pro forma adjustment removes this financial component which
 7 represents 10 percent of the target for Performance Based Compensation Plan.

8 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-01303A-16-0145.

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	[A] Performance Based Compensation Expense	[B] Allocation Factor	[C] = [A] * [B] Performance Based Compensation Expense for District	[D] = [C] * -10.0% Minus 10%
6P Direct Performance Based Compensation Expense	\$ 75,848	100.0000%	\$ 75,848	\$ (7,585)
7A Arizona Performance Based Comp Exp	\$ 1,177,956	9.8847%	116,437	(11,644)
6U EPCOR Water USA Performance Based Comp Exp	\$ 351,374	8.6695%	30,462	(3,046)
Total Performance Based Compensation Expense			\$ 222,748	
			Sum Lines[24] thru [27] Col [C]	
			Check \$ 222,748	Adj IS-8
			Diff \$ -	
Minus 10%			Sum Lines[24] thru [37] Col [D]	(22,275)
Total Increase / (Decrease) to Labor			Line [34]	\$ (22,275)
Adjustment to Revenue and/or Expense			Line [37]	\$ (22,275)

45 Workpapers & Supporting Documents:
 46 Payroll, Benefits & Taxes_TY 2016.xlsx
 47 4-Factor
 48
 49
 50 \2016 Chaparral City Water .xlsm

Line No. Business Unit GP

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) \$ 62,757

23 Total Increase / (Decrease) to Postage Expense

Col [C] Line[18]*Line[21] \$ 882

25 Adjustment to Revenue and/or Expense

Line [23] \$ 882

44 Workpapers & Supporting Documents:

- 45 (a) Sch E-6 Line 19
- 46 USPS Rates 2016.xlsx

Line

No.

Business Unit

GP

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 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 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 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	\$ 207,740	(a)
CPI Adjustment 2017	\$ 3,388	Line[18]*1.63%
Adjusted 2017 Expense	\$ 211,128	Sum Line[18+20]
CPI Adjustment 2018	\$ 3,444	Line[21]*1.63%
Adjusted 2018 Expense	\$ 214,572	Sum Line[21+23]

Total Increase/ (Decrease) to C.U.S Charges Line[20]+Line[23] \$ 6,832
 Adjustment to Revenue and/or Expense Line[39] \$ 6,832

44 Workpapers & Supporting Documents:

- 45 (a) Sche6 Line19
- 47 Phoenix All Consumers CPI 3.22.17.xlsx
- 48
- 49 \2016 Chaparral City Water .xlsm
- 50

Line Business Unit 6P

No.
 1 Rate Case Expense

2
 3 The Company estimates it will incur approximately \$800,000 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
 4 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
 5 updated accordingly.
 6

8						
9	Rate Case Expense	Chaparral City Water			\$ 102,463	(a)
10						
11						
12	Estimated Amortization Period in Years				<u>3</u>	
13						
14						
15						
16						
17						
18						
19						
20	Increase / (Decrease) to Regulatory Expense					Line [9] / Line [12] \$ 34,154
21						
22	Adjustment to Revenue and/or Expense					Line [20] \$ <u>34,154</u>
23						
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43						
44	<u>Workpapers & Supporting Documents:</u>					
45	(a) \Rate Case Expense 2016 TY.xlsx					
46						
47						
48						
49						
50	\2016 Chaparral City Water .xism					

Line

No.

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45 Workpapers & Supporting Documents:

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50 \2016 Chaparral City Water .xsm

Line

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44 Workpapers & Schedules

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50 \2016 Chaparral City Water .xism

Line

No.

Business Unit	GP
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1 Annualize Depreciation Expense on Direct Plant

2

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

4

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12 Depreciation Expense on Direct Plant

(a) \$ 2,817,183

13

14 Depreciation Expense per General Ledger

(b) \$ 1,488,412

15

16 Increase / (Decrease) to Depreciation Expense

Line[12] - Line[14] \$ 1,328,771

17

18 Adjustment to Revenue and/or Expense

Line[16] \$ 1,328,771

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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

47

48

49

50 \2016 Chaparral City Water .xism

LINE NO.	GL ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016 Test Year End PLANT	12/31/2016 Test Year End ACCUM DEPR	2016 Add'l Cap TY	Acc Depr Add'l Cap TY	2017 12 Months PTYP	Acc Depr 12 Months PTYP	Retirements on Test Year Plan	Capital Leases Test Year End PLANT	Capital Leases Test Year End ACCUM DEPR	NBV	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	1,554,591	-	-	-	-	-	-	-	-	1,554,591	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pum	10,812	750	-	-	103,800	1,730	-	-	-	112,132	360	-	3,460	-	-
10	304300	3.33%	Structures & Improvements Treat	111,091	6,669	-	-	-	-	-	-	-	104,423	3,703	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	23,929	670	42,342	706	-	-	-	-	-	23,259	798	1,411	-	-	-
12	304500	3.33%	Structures & Improvements Gene	2,075,443	948,867	5,365	89	228,583	3,810	-	-	-	1,351,349	69,181	179	7,619	-	-
13	304600	3.33%	Structures & Improvements Offic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Store	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	304800	3.33%	Structures & Improvements Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	305000	2.50%	Collect & Impounding	6,970	1,357	-	-	-	-	-	-	-	5,613	174	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,183,972	163,774	57,797	963	310,786	5,180	-	-	-	2,325,804	72,799	1,927	10,360	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	148,053	10,194	-	-	-	-	-	-	-	137,859	2,961	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	4,598,335	5,141,267	-	-	1,559,186	64,966	-	-	-	951,288	383,195	-	129,932	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	8,134,612	2,155,967	-	-	325,000	8,125	-	-	-	6,295,520	406,731	-	16,250	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	8,754,241	3,782,565	-	-	-	-	(3,431)	-	-	4,971,676	194,539	-	-	-	(76)
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%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	26,930,894	10,880,403	147,665	1,477	466,546	4,665	(191,284)	-	-	16,512,371	538,618	2,953	9,331	-	(3,826)
38	331100	2.00%	TD Mains 4in & Less	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	-	-	-	-	9,399	94	-	-	-	9,305	-	-	188	-	-
40	331300	2.00%	TD Mains 10in to 16in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	149,041	1,490	-	-	-	147,550	-	-	2,981	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	13,453,165	3,245,521	82,285	1,371	405,000	6,750	(18,979)	-	-	10,605,894	448,439	2,743	13,500	-	(633)
44	334100	8.33%	Meters	3,667,138	2,957,363	33,165	1,382	223,000	9,292	(4,815)	-	-	923,484	305,595	2,764	18,583	-	(401)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	2,237,653	476,381	2,615	26	83,000	830	(328)	-	-	1,843,442	44,753	52	1,660	-	(7)
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	2,064,701	1,467,626	-	-	-	-	-	-	-	597,075	137,647	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	484,070	65,565	104,087	3,470	-	-	-	-	-	418,505	32,271	6,939	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	332,938	238,555	-	-	-	-	-	-	-	94,383	22,196	-	-	-	-
54	340200	20.00%	Computer & Periph Equipment	38,072	3,222	-	-	-	-	-	-	-	34,850	7,614	-	-	-	-
55	340300	20.00%	Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	354,889	172,025	-	-	-	-	-	319,983	122,840	380,008	50,698	-	-	45,712	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	28,674	2,048	-	-	-	-	-	-	-	4,096	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	525,343	157,786	-	-	9,500	238	-	-	-	376,819	26,267	-	475	-	-
62	344000	10.00%	Laboratory Equipment	-	25	-	-	-	-	-	-	-	(25)	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	40,251	-	-	-	-	-	-	-	(40,251)	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	-	-	-	-	20,000	1,000	-	-	-	19,000	-	-	2,000	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	373,764	80,089	-	-	-	-	-	-	-	293,675	37,376	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	312,674	39,693	-	-	-	-	-	-	-	272,981	31,267	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	78,377,351	32,036,585	503,994	11,532	3,892,840	108,170	(218,837)	319,983	122,840	50,322,580	2,817,183	23,064	216,339	45,712	(4,942)

Depreciable Plant 76,822,760 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.67%

Line

No.

1	Annualize Depreciation Expense on Corporate Plant	4 Factor - GMC	7.2408%	
2				
3	Adjustment to annualize depreciation expense based on plant balances at the end of 2016 on Arizona Corporate Plant			
4				
5				
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8				
9	Depreciation Expense on Corporate Plant			\$ 832,381 (a)
10				
11	Allocated Depreciation Expense on Corporate Plant			GMC 4 Factor*Line[9] \$ 60,271
12				
13				
14				
15	Allocated Depreciation Expense on Corporate Plant per General Ledger			(b) \$ 155,479
16				
17				
18	Increase/ (Decrease) to Depreciation Expense			Line[11] - Line[15] \$ (95,208)
19				
20	Adjustment to Revenue and/or Expense			Line[18] \$ (95,208)
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43				
44	<u>Workpapers & 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 Chaparral City Water .xlsm			

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			-	-	-	-				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

GMC 4 Factor	7.2408%
Arizona Total	91.0728%
Alloc Factor	6.594% ^{GMC *AZ Total}

No. 1 Annualize Depreciation Expense on 6U

2
 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)

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9 Depreciation Expense on 6U Plant \$ 834,005 (a)

10
 11 Allocated Depreciation Expense on 6U Plant Allocation Factor*Line [9] \$ 54,997

12
 13
 14 Allocated Depreciation Expense on 6U Plant per General Ledger _____

15
 16
 17
 18 Increase / (Decrease) to Depreciation Expense Line[11] - Line[15] \$ 54,997

19
 20 Adjustment to Revenue and/or Expense Line[18] \$ 54,997

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44 Workpapers & Supporting Documents:
 45 (a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx

46
 47
 48
 49 \2016 Chaparral City Water .xsm
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Docket # WS-01303A-17-XXXX

Schedule C-2 ADJ SLM - IS18

Summary of Plant and Accumulated Depreciation Balances

Pg 22 a

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 & 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	GP	6U Factor	Arizona GMC	91.0728%
1	Depreciation Expense on Post Test Year Plant				
2					
3	Annual depreciation of post test year plant through December 31, 2017 has been annualized for one year with this adjustment.				
4					
5					
6					
7					
8					
9					
10					
11			Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC (a)		Allocation Factor
12			[A]	[B]	Depreciation Expense [C] = [A] * [B]
13					
14	Depreciation on Post Test Year Plant Additions for District - Chaparral City Water		\$ 216,339	100.0000%	\$ 216,339
15	Depreciation on Additional Test Year Plant Additions for District - Test Year Ended December 31, 2016		23,064	100.0000%	23,064
16	Depreciation on Corporate Post Test Year Plant Additions Allocated		26,571	7.2408%	1,924
17	Depreciation on Additional Corporate Test Year Plant Additions Allocated		17,375	7.2408%	1,258
18	Depreciation on 6U Post Test Year Plant Additions Allocated		330,000	6.5944%	21,761
19	Depreciation on Additional 6U Test Year Plant Additions Allocated		174,541	6.5944%	11,510
20					
21					
22					
23	Increase / (Decrease) to Depreciation Expense		\$ 787,891	Sum Lines[14] thru [19]	Sum Lines[14] thru [19] \$ 275,857
24					
25					
26					
27	Adjustment to Revenue and/or Expense		Line [23] \$ 275,857		
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	<u>Workpapers & Supporting Documents:</u>				
47	(a) Summary of Plant Balances and Accum Depr by NARUC.xlsx				
48					
49					
50	\\2016 Chaparral City Water .xism				

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		Depr Expense	Plant	Depr Expense	Depr Expense	Lease	Retirements
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	1,554,591	-	-	-	-	-	-	-	-	1,554,591	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pum	10,812	750	-	-	103,800	1,730	-	-	-	112,132	360	-	3,460	-	-	-
10	304300	3.33%	Structures & Improvements Treat	111,091	6,669	-	-	-	-	-	-	-	104,423	3,703	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	23,929	670	42,342	706	-	-	-	-	-	23,259	798	1,411	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	2,075,443	948,867	5,365	89	228,583	3,810	-	-	-	1,351,349	69,181	179	7,619	-	-	-
13	304600	3.33%	Structures & Improvements Offic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Store	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	304800	3.33%	Structures & Improvements Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	305000	2.50%	Collect & Impounding	6,970	1,357	-	-	-	-	-	-	-	5,613	174	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,183,972	163,774	57,797	963	310,786	5,180	-	-	-	2,325,804	72,799	1,927	10,360	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	148,053	10,194	-	-	-	-	-	-	-	137,859	2,961	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	4,598,335	5,141,267	-	-	1,559,186	64,966	-	-	-	951,288	383,195	-	129,932	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	8,134,612	2,155,967	-	-	325,000	8,125	-	-	-	6,295,520	406,731	-	16,250	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	8,754,241	3,782,565	-	-	-	-	(3,431)	-	-	4,971,676	194,539	-	-	-	-	(76)
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%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	26,930,894	10,880,403	147,665	1,477	466,546	4,665	(191,284)	-	-	16,512,371	538,618	2,953	9,331	-	-	(3,826)
38	331100	2.00%	TD Mains 4in & Less	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	-	-	-	-	9,399	94	-	-	-	9,305	-	-	188	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	149,041	1,490	-	-	-	147,550	-	-	2,981	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	13,453,165	3,245,521	82,285	1,371	405,000	6,750	(18,979)	-	-	10,605,894	448,439	2,743	13,500	-	-	(633)
44	334100	8.33%	Meters	3,667,138	2,957,363	33,165	1,382	223,000	9,292	(4,815)	-	-	923,484	305,595	2,764	18,583	-	-	(401)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	2,237,653	476,381	2,615	26	83,000	830	(328)	-	-	1,843,442	44,753	52	1,660	-	-	(7)
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	2,064,701	1,467,626	-	-	-	-	-	-	-	597,075	137,647	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	484,070	65,565	104,087	3,470	-	-	-	-	-	418,505	32,271	6,939	-	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	332,938	238,555	-	-	-	-	-	-	-	94,383	22,196	-	-	-	-	-
54	340200	20.00%	Computer & Periph Equipment	38,072	3,222	-	-	-	-	-	-	-	34,850	7,614	-	-	-	-	-
55	340300	20.00%	Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	354,889	172,025	-	-	-	-	-	-	319,983	122,840	380,008	50,698	-	45,712	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	28,674	2,048	-	-	-	-	-	-	-	4,096	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	525,343	157,786	-	-	9,500	238	-	-	-	376,819	26,267	-	475	-	-	-
62	344000	10.00%	Laboratory Equipment	-	25	-	-	-	-	-	-	-	(25)	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	40,251	-	-	-	-	-	-	-	(40,251)	-	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	-	-	-	-	20,000	1,000	-	-	-	19,000	-	-	2,000	-	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	373,764	80,089	-	-	-	-	-	-	-	293,675	37,376	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	312,674	39,693	-	-	-	-	-	-	-	272,981	31,267	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																			
71																			
72		378.30%	TOTAL	78,377,351	32,036,585	503,994	11,532	3,892,840	108,170	(218,837)	319,983	122,840	50,322,580	2,817,183	23,064	216,339	45,712	-	(4,942)

Depreciable Plant 76,822,760 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.67%

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	
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 Vactor Truck Amortization

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

4- Factor	GMC	7.2408%
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[A] Rate	[B] Plant	[C] = [A] * [B] Depr Exp
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12 Vactor Trucks in 7A Plant Balance (Arizona Corporate) (a)

20.00% \$ (952,226) \$ (190,445)

15 District Allocation

\$ (13,790) [C] Line [12] * GMC Factor

31 Increase / (Decrease) to Depreciation Expense

\$ (13,790) Line [15]

44 Workpapers & Supporting Documents:

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

50 \2016 Chaparral City 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	Annual Depr Expense	Annual Depr Expense	Lease	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.

Business Unit	6P
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1 Annualize Amortization of CIAC

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

8 Gross CIAC

(a)

10 Composite Depreciation Rate

3.6671% (b)

14 Increase / (Decrease) to Depreciation Expense

Line[8] * Line [10] \$ (606,321)

16 Adjustment to Revenue and/or Expense

Line [14] \$ (606,321)

- 45 Workpapers & Supporting Documents:
 46 (a) \2016 CIAC Summary by District.xlsx
 47 (b) \Summary of Plant Balances and Accum Depr by NARUC.xlsx
 48
 49
 50 \2016 Chaparral City Water .xism

Line

No.

1 Adjust Corporate Allocations

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
 4 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
 5 Performance Based Compensation plan and also adjusts labor costs by 3% for 2017 and 2018
 6

7
 8 Test Year Corporate Allocations (a) \$ 449,689

9
 10 Adjusted Test Year Corporate Allocations Line [8] \$ 449,689

11
 12
 13 Total Corporate Allocation \$ 4,549,356 (b)

14
 15 Remove Public and Government Affairs - Government Relations and Community Relations (344,976) (c)

16
 17 Remove 10% Performance Based Compensation (41,895) (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 88.29% (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 Chaparral City Water 4 Factor 9.8847%

32 District Allocation of Arizona Corporate Allocations \$ 433,571 Line[29]*Line[31]

33
 34 Pro Forma Adjustment to Corporate Allocations Line [32] \$ 433,571

35
 36
 37
 38
 39 Increase / (Decrease) in Corporate Allocation Line[34]-Line[10] \$ (16,118)

40
 41 Adjustment to Revenue and/or Expense Line [39] \$ (16,118)

42
 43
 44
 45 Workpapers & Supporting Documents:

- 46 (a) Sch C-2
- 47 (b) 2016 Corp Allocation Comparison.xlsx
- 48 (c) 2016A Corporate - Regulatory Groupings EUSA.xlsx
- 49
- 50 \2016 Chaparral City Water .xlsm

Line

No.

1 CPI Increase Business Unit GP

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 2018 correlated with the consumer price index for
 4 the Phoenix metropolitan area for all operating expenses where an adjustment has not already been proposed. Chemical expense is projected to increase by 4%
 5 based on initial service contracts negotiations that are being worked on with the vendor

7 2016 Unadjusted Expenses

8 Description	Account	Amount (a)	
9 Chemicals	5263	104,439	A
10 Other Utilities	5621	4,304	B
11 Asset Usage Fee - Corporate	6203	30,762	C
12 Consulting Engineering	5227	4,773	D
13 Contractors and Consultants	5250	133,067	D
14 Administrative Contractors	5679	2,145	D
15 Outside Computer Charges (T1)	5628	40,369	D
16 Temporary Support	5629	55,943	D
17 Legal Fees	5681	34,245	D
18 Service Charges	5615	43,124	E
19 Customer Communications	5674	51,260	E
20 Rent and Storage	5810	52,656	F
21 Freight and Courier	5262	4,120	F
22 Telephone, Long Distance, Data	5620	86,164	F
23 Stationary, Printing & Other O	5622	33,556	F
24 Office Machines, Furniture	5623	5,562	F
25 Parking	5630	732	F
26 Vehicle Allowance	5631	2,909	F
27 Vehicle Allowance	5271	16	F
28 Business Allowance	5634	1,365	F
29 Memberships Dues & Professiona	5640	18,337	F
30 Subscriptions	5641	2,142	F
31 Airfare	5650	7,612	F
32 Accommodation, Other Travel	5651	11,522	F
33 Employee Working Meals	5652	12,839	F
34 Training - Fees/Tuition	5660	23,701	F
35 Training Fee	5252	18	F
36 FR Clothing	5273	27,423	G
37 Miscellaneous	5697	35,708	G
38 Stock	5260	-	H
39 Materials, Supplies	5261	104,394	H
40 Veh. and Equip.-Allocation	5270	111,633	H
41 Equipment	5275	4,272	H
42 Hardware	5624	332	H
43 Software	5625	5,591	H
44 Maintenance	5811	93,060	H
45 Vehicle Maintenance	5823	51,892	H
		\$ 1,201,986	Sum Lines [9 thru 45]

Consumer Price Index - Phoenix Urban Consumers			
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			4.00%

	[A] * Line [12] Ave Increase	[B] * Line [12] Ave Increase	[C] * Line [12] Ave Increase	[D] = [B] + [C]
	[A] Total	[B] Year 1	[C] Year 2	[D] Total
Sum of A Chemicals	\$ 104,439	\$ 4,178	\$ 4,345	\$ 8,522
Sum of B Waste Disposal & Other Utilities	4,304	49	49	98
Sum of C Corporate Allocation	30,762	349	353	703
Sum of D Outside Services	270,542	3,072	3,107	6,180
Sum of E Customer Accounting	94,384	1,072	1,084	2,156
Sum of F General Office Exp	263,252	2,990	3,024	6,013
Sum of G Miscellaneous	63,131	717	725	1,442
Sum of H Maintenance Expense	371,172	4,215	4,263	8,478
Sum Lines[18]thru[25]	\$ 1,201,986	\$ 16,642	\$ 16,951	\$ 33,593

Increase / (Decrease) to Expense Line [26] Col [D] \$ 33,593

47 Workpapers & Supporting Documents:

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

49

50 \2016 Chaparral City Water .xlsx

Line

No.

1 Intentionally Left Blank

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45 Workpapers & Supporting Documents:

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48

49 \2016 Chaparral City Water .xsm

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Line

No.

1 Retirements on Test Year Plant -Depreciation

2
 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 adjustment will be updated in
 4 rebuttal testimony for known retirements.

GMC 4 Factor	7.2408%
Arizona Total	91.0728%
Alloc Factor	6.594% <small>Line[7]*Line[8]</small>

	[A]	[B]	[C] = [A] * [B]
	Depreciation on Retirements on Test Year Plant (a)	Allocation Factor	Depreciation Expense
16 Depreciation on Retirements on Test Year Plant for District - Chaparral City Water	\$ (4,942)	100.0000%	\$ (4,942)
18 Depreciation on Corporate Retirements on Test Year Plant Allocated	\$ -	Line [7] 7.2408%	\$ -
20 Depreciation on 6U Retirements on Test Year Plant Allocated	\$ -	Line [9] 6.5944%	\$ -
25 Increase / (Decrease) to Depreciation Expense	<u>\$ (4,942)</u> <small>Sum Lines[16] thru [20]</small>	<small>Sum Lines[16] thru [20]</small>	<u>\$ (4,942)</u>

32 Adjustment to Revenue and/or Expense

Line [25] \$ (4,942)

45 Workpapers & Supporting Documents:

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

50 \2016 Chaparral City Water .xism

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	Plant	PTYP	Lease Expense	Retirements	
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	1,554,591	-	-	-	-	-	-	-	-	1,554,591	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pum	10,812	750	-	-	103,800	1,730	-	-	-	112,132	360	-	3,460	-	-	-
10	304300	3.33%	Structures & Improvements Treat	111,091	6,669	-	-	-	-	-	-	-	104,423	3,703	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	23,929	670	42,342	706	-	-	-	-	-	23,259	798	1,411	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	2,075,443	948,867	5,365	89	228,583	3,810	-	-	-	1,351,349	69,181	179	7,619	-	-	-
13	304600	3.33%	Structures & Improvements Offic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Store	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	304800	3.33%	Structures & Improvements Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	305000	2.50%	Collect & Impounding	6,970	1,357	-	-	-	-	-	-	-	5,613	174	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,183,972	163,774	57,797	963	310,786	5,180	-	-	-	2,325,804	72,799	1,927	10,360	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	148,053	10,194	-	-	-	-	-	-	-	137,859	2,961	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	4,598,335	5,141,267	-	-	1,559,186	64,966	-	-	-	951,288	383,195	-	129,932	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	8,134,612	2,155,967	-	-	325,000	8,125	-	-	-	6,295,520	406,731	-	16,250	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	8,754,241	3,782,565	-	-	-	-	(3,431)	-	-	4,971,676	194,539	-	-	-	-	(76)
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%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	26,930,894	10,880,403	147,665	1,477	466,546	4,665	(191,284)	-	-	16,512,371	538,618	2,953	9,331	-	-	(3,826)
38	331100	2.00%	TD Mains 4in & Less	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	-	-	-	-	9,399	94	-	-	-	9,305	-	-	188	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	149,041	1,490	-	-	-	147,550	-	-	2,981	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	13,453,165	3,245,521	82,285	1,371	405,000	6,750	(18,979)	-	-	10,605,894	448,439	2,743	13,500	-	-	(633)
44	334100	8.33%	Meters	3,667,138	2,957,363	33,165	1,382	223,000	9,292	(4,815)	-	-	923,484	305,595	2,764	18,583	-	-	(401)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	2,237,653	476,381	2,615	26	83,000	830	(328)	-	-	1,843,442	44,753	52	1,660	-	-	(7)
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	2,064,701	1,467,626	-	-	-	-	-	-	-	597,075	137,647	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	484,070	65,565	104,087	3,470	-	-	-	-	-	418,505	32,271	6,939	-	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	332,938	238,555	-	-	-	-	-	-	-	94,383	22,196	-	-	-	-	-
54	340200	20.00%	Computer & Periph Equipment	38,072	3,222	-	-	-	-	-	-	-	34,850	7,614	-	-	-	-	-
55	340300	20.00%	Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	354,889	172,025	-	-	-	-	-	-	319,983	122,840	380,008	50,698	-	45,712	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	28,674	2,048	-	-	-	-	-	-	-	4,096	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools, Shop, Garage Equipment	525,343	157,786	-	-	9,500	238	-	-	-	376,819	26,267	-	475	-	-	-
62	344000	10.00%	Laboratory Equipment	-	25	-	-	-	-	-	-	-	(25)	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	40,251	-	-	-	-	-	-	-	(40,251)	-	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	-	-	-	-	20,000	1,000	-	-	-	19,000	-	-	2,000	-	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	373,764	80,089	-	-	-	-	-	-	-	293,675	37,376	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	312,674	39,693	-	-	-	-	-	-	-	272,981	31,267	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																			
71																			
72		378.30%	TOTAL	78,377,351	32,036,585	503,994	11,532	3,892,840	108,170	(218,837)	319,983	122,840	50,322,580	2,817,183	23,064	216,339	45,712	-	(4,942)

Depreciable Plant 76,822,760 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.67%

Line

No.

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45 Workpapers & Supporting Documents:

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Line

No.	1	Insurance Other Than Group	Business Unit	6P
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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.

Line	Description	Direct Plant TY Adjusted Results	Sch B-2 Line [2]	Chaparral City Water		
				Arizona Total	City Water	AZ-Factor
12	Gross Property Value at 12/31/2016	\$ 83,724,479	Sch B-2 Line [2]	4-Factor 87.7062%	9.8847%	8.6695%
13	% of Plant Insured	47.75%	\[Insurance]1. Property & Terrorism [23]			
14	Gross Plant Insured	\$ 39,975,937	Line [12] * Line [13]			
18	Adjusted Revenues in YE December 2016	\$ 10,922,544	Sch C-2 [AP][14]	Adjusted with Rate Increase \$ 11,733,675	Sch C-2 [AR][14]	Adjusted with Rate Increase
22	1. Property Insurance	Plant [25] \$ 39,975,937	0.0526%	\[Insurance] Summary [1] \$ 21,025	\$ 39,975,937	\$ 21,025
23	2. Excess Liability	Revenue Line [25] 10,922,544	0.2588%	\[Insurance] Summary [2] 28,271	11,733,675	30,370
24	3. Umbrella Liability	AZ 4- Factor [10] 95,767	8.6695%	\[Insurance] Summary [3] 8,303	95,767	8,303
25	4. Autos	AZ 4- Factor [10] 278,350	8.6695%	\[Insurance] Summary [4] 24,131	278,350	24,131
26	5. Workers Compensation	Payroll Col [49] 127,271	1.6543%	\[Insurance] Summary [5] 2,105	127,271	2,105
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	8.6695%	\[Insurance] Summary [7] 1,159	13,367	1,159
29	8. Fiduciary	AZ 4- Factor [10] 1,483	8.6695%	\[Insurance] Summary [8] 129	1,483	129
30	9. Crime	Employee Count 34	7.76	\[Insurance] Summary [9] 264	34	264
31	10. Employed Lawyers	AZ 4- Factor [10] 1,196	8.6695%	\[Insurance] Summary [10] 104	1,196	104
32	11. Non Owned Pollution	AZ 4- Factor [10] 19,339	8.6695%	\[Insurance] Summary [11] 1,677	19,339	1,677
33	12. Employment Practices	Employee Count 34	5.30	\[Insurance] Summary [12] 180	34	180
34	13. Utilities Bond	WW Only 22,331	0.0000%	\[Insurance] Summary [13] -	22,331	-
35	14. Cyber Insurance	AZ 4- Factor [10] 11,366	8.6695%	\[Insurance] Summary [14] 985	11,366	985
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	8.6695%	\[Insurance] Summary [16] 1,680	19,383	1,680
39	Total			\$ 93,566	Sum Col [C]	Sum Col [E] \$ 93,666
41	Adjusted Test Year Insurance Other Than Group			GL Account 5605 from Sch E-6 \$ 97,849		\$ 93,566
43	Increase/(Decrease) to Insurance Other Than Group			\$ (4,283)	Line [39] - Line [41]	\$ 2,100

Workpapers and Supporting Documents:

- \Sch E6 \4-Factor
- \Sch B2 \Payroll, Benefits, & Taxes 2016.xlsx (aka Payroll)
- \Insurance Other than Group.xlsx (aka Insurance)
- \2016 Chaparral City Water .xlsx

Line

No.	Capital Lease - Vehicles - Expense Adjustment	4- Factor	General Metered Customers	7.2408%
-----	---	-----------	---------------------------	---------

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 adjustment places vehicle Gross Plant balances and
 9 Accumulated Depreciation in the appropriate asset category.

15	Depreciation Expense on Capital Leases			(a)	\$	45,712
18	Depreciation Expense on Corporate Capital Leases	\$	7,314	(a)		
20	Allocated Depreciation Expense on Corporate Plant				GMC 4 Factor*Line[18]	\$ 530
24	Increase / (Decrease) to Depreciation Expense				Line[15] + Line[20]	\$ 46,241
26	Adjustment to Revenue and/or Expense				Line[24]	\$ 46,241
30	Operating Lease Expense (account 5270)	5270	\$	111,633		
33	Increase / (Decrease) to Maintenance Expense				Line [30]	\$ (111,633)

44 Workpapers & Supporting Documents:
 45 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx
 46
 47
 48 \2016 Chaparral City Water .xlsm
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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		Depr Expense	Plant	Depr Expense	Depr Expense	Lease Expense	Retirements
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	1,554,591	-	-	-	-	-	-	-	-	1,554,591	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pum	10,812	750	-	-	103,800	1,730	-	-	-	112,132	360	-	3,460	-	-	-
10	304300	3.33%	Structures & Improvements Treat	111,091	6,669	-	-	-	-	-	-	-	104,423	3,703	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	23,929	670	42,342	706	-	-	-	-	-	23,259	798	1,411	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	2,075,443	948,867	5,365	89	228,583	3,810	-	-	-	1,351,349	69,181	179	7,619	-	-	-
13	304600	3.33%	Structures & Improvements Offic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Store	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	304800	3.33%	Structures & Improvements Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	305000	2.50%	Collect & Impounding	6,970	1,357	-	-	-	-	-	-	-	5,613	174	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,183,972	163,774	57,797	963	310,786	5,180	-	-	-	2,325,804	72,799	1,927	10,360	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	148,053	10,194	-	-	-	-	-	-	-	137,859	2,961	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	4,598,335	5,141,267	-	-	1,559,186	64,966	-	-	-	951,288	383,195	-	129,932	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	8,134,612	2,155,967	-	-	325,000	8,125	-	-	-	6,295,520	406,731	-	16,250	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	8,754,241	3,782,565	-	-	-	-	(3,431)	-	-	4,971,676	194,539	-	-	-	-	(76)
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%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	26,930,894	10,880,403	147,665	1,477	466,546	4,665	(191,284)	-	-	16,512,371	538,618	2,953	9,331	-	-	(3,826)
38	331100	2.00%	TD Mains 4in & Less	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	-	-	-	-	9,399	94	-	-	-	9,305	-	-	188	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	149,041	1,490	-	-	-	147,550	-	-	2,981	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	13,453,165	3,245,521	82,285	1,371	405,000	6,750	(18,979)	-	-	10,605,894	448,439	2,743	13,500	-	-	(633)
44	334100	8.33%	Meters	3,667,138	2,957,363	33,165	1,382	223,000	9,292	(4,815)	-	-	923,484	305,595	2,764	18,583	-	-	(401)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	2,237,653	476,381	2,615	26	83,000	830	(328)	-	-	1,843,442	44,753	52	1,660	-	-	(7)
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	2,064,701	1,467,626	-	-	-	-	-	-	-	597,075	137,647	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	484,070	65,565	104,087	3,470	-	-	-	-	-	418,505	32,271	6,939	-	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	332,938	238,555	-	-	-	-	-	-	-	94,383	22,196	-	-	-	-	-
54	340200	20.00%	Computer & Periph Equipment	38,072	3,222	-	-	-	-	-	-	-	34,850	7,614	-	-	-	-	-
55	340300	20.00%	Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	354,889	172,025	-	-	-	-	-	-	319,983	122,840	380,008	50,698	-	45,712	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	28,674	2,048	-	-	-	-	-	-	-	4,096	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools, Shop, Garage Equipment	525,343	157,786	-	-	9,500	238	-	-	-	376,819	26,267	-	475	-	-	-
62	344000	10.00%	Laboratory Equipment	-	25	-	-	-	-	-	-	-	(25)	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	40,251	-	-	-	-	-	-	-	(40,251)	-	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	-	-	-	-	20,000	1,000	-	-	-	19,000	-	-	2,000	-	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	373,764	80,089	-	-	-	-	-	-	-	293,675	37,376	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	312,674	39,693	-	-	-	-	-	-	-	272,981	31,267	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																			
71																			
72		378.30%	TOTAL	78,377,351	32,036,585	503,994	11,532	3,892,840	108,170	(218,837)	319,983	122,840	50,322,580	2,817,183	23,064	216,339	45,712	-	(4,942)

Depreciable Plant 76,822,760 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.67%

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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
 4 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
 5 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.
 6

[A]

Purchased Water

Test Year Expense

10 Test Year Purchased Water Expense

\$ (936,639) (a)

11 SMC-IS6

\$ (1,822)

12 Increase / (Decrease) to Expense

\$ (938,461) Line [10]+Line [11]

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Workpapers & Supporting Documents:

(a) Sch C2

\2016 Chaparral City Water .xlsx

Line No.	PURCHASED WATER SURCHARGE CALCULATION
1	<u>Purchased Water Adjustment and Surcharge</u>
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 is
4	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
5	not affected by the purchase price of water. Costs have been adjusted from the 2016 test year expense to annualized water expense. Additionally, the Company
6	has included known and measurable increases to purchased water costs. The Company pays the Central Arizona Project ("CAP") for fees in many districts. CAP
7	has published schedules showing the anticipated increases to fees in 2018, which will be finalized by the prior to the conclusion of this rate case. The impact of the
8	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 District
11	(MVIDD), and fees to Bullhead City for water. The Company also pays fees to the Arizona Department of Water Reclamation in a number of districts. Some
12	districts also pay groundwater withdrawal fees. Many of these fees are already collected through supplemental surcharges on customer bills. All costs have been
13	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 with
16	the effective date of new rates approved in this rate case.
17	
18	
19	
20	Purchased Water
21	<u>Test Year Expense</u>
22	
23	
24	Test Year Purchased Water Expense \$ 936,639 (a)
25	CAP Water Purchases - Recovered through surcharge \$ 465,063
26	SMC-IS6 \$ 1,822
27	Annualized Purchased Water Expenses \$ 1,403,524 Line [24]+Line [25]
28	
29	2017 Percentage increase in CAP costs 8.95% (c)
30	2017 Purchased Water Expense \$ 1,529,201 Line [26]*(1+Line [28])
31	
32	2018 Percentage increase in CAP costs 3.07% (c)
33	2018 Purchased Water Expense \$ 1,576,200 Line [29]*(1+Line [31])
34	
35	Mohave Wtr Conservation District - Impost Fees \$ - (c)
36	Impost Fees - N. Mohave Wtr Conserv Dist & Bullhead City \$ - (c)
37	Water Admin Fee - MVDD \$ - (c)
38	ADWR Withdrawal Fee \$ - (c)
39	Ground Water Withdrawal Fee \$ - (c)
40	
41	Total Pro Forma Purchased Water Costs \$ 1,576,200 Sum Lines [32 - 38]
42	
43	Total Billed Non-Effluent Gallons (in thousand of gallons) 1,722,061 (b)
44	Surcharge Per Thousand Gallons \$ 0.9153 Line [40] / Line [42]
45	
46	
47	<u>Workpapers & Supporting Documents:</u>
48	(a) Sch C2
49	(b) Sch E7
50	(c) \Purchased Water Increase.xlsx
51	\2016 Chaparral City Water .xlsm

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46 Workpapers & Supporting Documents:

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44 Workpapers and Supporting Documents:

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Line

No.

1 Regulatory Liability Amortization - Fountain Hills Sanitary District Well Settlement - Chaparral City

2
 3 FHSD is a political subdivision of Arizona that provides sanitary sewer service to customers residing within Chaparral City Water District's ("Chaparral") service area. In connection with its sanitary system, FHSD constructed a
 4 recharge system whereby it recharges treated effluent through multiple aquifer storage and recovery wells. In order for FHSD to secure an Aquifer Protection Permit for its recharge system, FHSD requested Chaparral to
 5 permanently cease using one of its wells. As a possible replacement for this well, FHSD constructed a new well however that well was not able to produce an equivalent amount of water to the original well that was taken out
 6 of production. Accordingly, in February, 2005, Chaparral entered into an agreement with FHSD whereby Chaparral agreed to permanently remove this well from service and in return Chaparral received a settlement fee of
 7 \$1,520,000 from FHSD.
 8

9
 10 Decision Number 72258 dated April 11, 2011, ordered that Decision no. 71308 as amended *nunc pro tunc* by Decision No. 71424, is further amended pursuant to both A.R.S.s 40-252 and 40-253, to reflect an equal sharing
 11 between shareholders and ratepayers of the Fountain Hills Sanitary District ("FHSD") settlement proceeds. This adjustment reflects the amortization of the 50% portion that is attributable to the ratepayers.
 12

	[A]	[B]	[C]	[D]	[E] = [D]/[A]/12	[F] = [E] * 12
	<u>Reg Liability</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Rate</u>	<u>Monthly Amortization</u>	<u>Annual Amortization</u>
23 Well Settlement -Amortization of Proceeds	\$ 760,000	10/31/2009	10/31/2019	10.00%	\$ 6,333	\$ 76,000

35
 36
 37 Increase/(Decrease) in Depreciation Expense

Line [23] \$ (76,000)

44 Workpapers and Supporting Documents:
 45 Regulatory Assets and Liabilities 2016.xlsx

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45 Workpapers and Supporting Documents:

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Line
No.

1 Regulatory Asset Amortization - Central Arizona Project (CAP) M&I - Chaparral City
 2 Decision No. 74568 (issued 6/20/2014, effective 7/1/2014) authorized the deferral of the Central Arizona Project (CAP) Municipal and Industrial Charges (M&I) associated with the additional 1,951 acre-feet of CAP allocation
 3 approved in Decision No. 71308 for a five year period (or 60 months). The costs totaled \$78,205.50 with annual amortization of \$15,641.
 4
 5 The Company is also requesting approval to recover the deferral for the period January 2013 to June 2014, totalling \$26,551.25. The Company is requesting to extend the current amortization of \$15,641 until it recovers this
 6 additional \$26,551. This would be an additional 1 year and 8 months or through March 2021.
 7

	[A]	[B]	[C]	[D] = [A] * ([B]+[C])	[E] = [D] * .50
	<u>Acre Feet</u>	<u>April Billing</u>	<u>October Billing</u>	<u>Total Bill</u>	<u>50%</u>
11 2008	1,931	\$ 10.50		9.00 \$ 37,655	\$ 18,827
12 2009	1,931	\$ 9.00		7.50 31,862	15,931
13 2010	1,931	\$ 7.50		7.50 28,965	14,483
14 2011	1,931	\$ 7.50		7.50 28,965	14,483
15 2012	1,931	\$ 7.50		7.50 28,965	14,483
16 Total				\$ 78,206	Sum Line [11] to
17					
18 Amortization Period		60			
19					
20 Monthly Amortization		\$ 1,303	Line [16] / Line [18]		
21 Annual Amortization		\$ 15,641	Line [20] *12		
22					
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25 Increase / (Decrease) To Depr Expense \$ 15,641 Line [21]

	[A]	[B]	[C]	[D] = [A] * ([B]+[C])	[E] = [D] * .50
	<u>Acre Feet</u>	<u>April Billing</u>	<u>October Billing</u>	<u>Total Bill</u>	<u>50%</u>
33 2013	1,931	\$ 7.50		10.00 \$ 33,793	\$ 16,896
34 2014	1,931	\$ 10.00		\$ 19,310	\$ 9,655
35 Total				\$ 26,551	Line [33] + [34]
36					
37					
38				Additional Deferral	\$ 26,551 Line [35]
39				Current Amortization	\$ 15,641 Line [25]
40				Years to Amortize the Additional Deferral	1.70 Line [38] / [39]
41				(1 Year and 8 months)	
42					

44 Total Increase / (Decrease) To Depr Expense \$ 15,641 Line [25]

46 Workpapers and Supporting Documents:

Line No.	Description	[A]	[B]	Percentage of Incremental Gross Revenues [C]
1	Federal Income Taxes			33.28%
2				
3	State Income Taxes			4.90%
4			Combined 38.19%	
5				
6	Property Taxes	Effective Rate = 1.00%	One Minus Combined 61.81%	0.62% [A] x [B]
7				
8	Bad Debt Expense	Effective Rate = 0.12%	One Minus Combined 61.81%	0.07% [A] x [B]
9				
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined 61.81%	0.16% [A] x [B]
11				
12				
13	Total Tax Percentage			39.03% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			60.97% 1 - [C] Line [13]
16				
17				
18				
19		1 = Gross Revenue Conversion Factor		
20				
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22	Operating Income %			1.64 1 / [C] Line [15]
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43	Supporting Schedules:	Recap Schedules:		
44	C-2	A-1		
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46	Workpapers & Supporting Documents			
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