

Line No.	Test Year Book Results (a)	Total Pro Forma Adjustments (a)	Test Year Adjusted Results (a)	Proposed Rate Increase (a)	Adjusted with Rate Increase (a)	
	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [C] + [D]	
1	<b>Revenues</b>					
2	\$ 1,767,745	\$ 18,728	\$ 1,786,473	\$ 122,733	\$ 1,909,206	
3	15,280	-	15,280	-	15,280	
4	<b>\$ 1,783,024</b>	<b>\$ 18,728</b>	<b>\$ 1,801,753</b>	<b>\$ 122,733</b>	<b>\$ 1,924,486</b>	Sum Lines [2-3]
5						
6	<b>Operating Expenses</b>					
7	\$ 259,534	\$ 43,992	\$ 303,526	\$ -	\$ 303,526	
8	179	(179)	-	-	-	
9	149,688	(149,688)	-	-	-	
10	30,037	2,884	32,921	-	32,921	
11	87	2	89	-	89	
12	-	-	-	-	-	
13	63,272	(2,169)	61,103	-	61,103	
14	33,219	759	33,978	-	33,978	
15	112,499	(3,902)	108,597	-	108,597	
16	-	-	-	-	-	
17	8,451	4,806	13,257	-	13,257	
18	19,586	(1,589)	17,997	318	18,315	
19	57,520	5,435	62,955	392	63,347	
20	7,409	-	7,409	-	7,409	
21	62,181	(3,022)	59,159	-	59,159	
22	5,556	116	5,672	-	5,672	
23	70,243	54,108	124,351	-	124,351	
24	241,332	141,563	382,895	-	382,895	
25	75,367	11,640	87,007	1,727	88,734	
26	34,660	(6,534)	28,126	-	28,126	
27	180,580	(46,538)	134,042	45,935	179,977	
28						
29	<b>\$ 1,411,399</b>	<b>\$ 51,684</b>	<b>\$ 1,463,082</b>	<b>\$ 48,372</b>	<b>\$ 1,511,455</b>	Sum Lines [7-27]
30	<b>\$ 371,626</b>	<b>\$ (32,956)</b>	<b>\$ 338,670</b>	<b>\$ 74,361</b>	<b>\$ 413,031</b>	Line [4] - Line [29]
31	<b>Other Income &amp; Deductions</b>					
32	\$ (2,600)	\$ -	\$ (2,600)	\$ -	\$ (2,600)	
33	139,342	(17,663)	121,679	-	121,679	
34	-	-	-	-	-	
35	-	-	-	-	-	
36	<b>\$ 136,741</b>	<b>\$ (17,663)</b>	<b>\$ 119,079</b>	<b>\$ -</b>	<b>\$ 119,079</b>	Sum Lines [32-35]
37	<b>\$ 234,885</b>	<b>\$ (15,293)</b>	<b>\$ 219,592</b>	<b>\$ 74,361</b>	<b>\$ 293,953</b>	Line [30] - Line [36]

38  
 39  
 40  
 41  
 42  
 43 Supporting Schedules:  
 44 (a) C-2  
 45  
 46  
 47  
 48 Workpapers & Supporting Documents  
 49  
 50 \2016 Havasu 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 &amp; Labor Related Expenses</u>	<u>Purchased Power Adjustment and Surcharge</u>	<u>Removal of 10% of Performance Based Compensation</u>	<u>Postage Expense</u>
<b>1 Revenues</b>												
2 Water	\$ 1,767,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,728	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	15,280	-	-	-	-	-	-	-	-	-	-	-
<b>4 Total Revenue</b>	<b>\$ 1,783,024</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,728</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>6 Operating Expenses</b>												
7 Labor	\$ 259,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,089	\$ -	\$ (3,097)	\$ -
8 Purchased Water	179	-	-	-	-	-	3	-	-	-	-	-
9 Fuel & Power	149,688	-	-	-	-	-	2,158	-	-	(151,846)	-	-
10 Chemicals	30,037	-	-	-	-	-	433	-	-	-	-	-
11 Waste Disposal	87	-	-	-	-	-	-	-	-	-	-	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	63,272	-	-	-	-	-	-	-	-	-	-	-
14 Outside Services	33,219	-	-	-	-	-	-	-	-	-	-	-
15 Group Insurance	112,499	-	-	-	-	-	-	-	(3,902)	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	8,451	-	-	-	-	-	-	-	-	-	-	-
18 Insurance Other Than Group	19,586	-	-	-	-	-	-	-	-	-	-	-
19 Customer Accounting	57,520	-	-	-	-	3,032	829	-	-	-	-	113
20 Rents	7,409	-	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	62,181	-	-	-	-	-	-	(4,461)	-	-	-	-
22 Miscellaneous	5,556	-	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	70,243	76,320	-	-	-	-	-	-	-	-	-	-
24 Depreciation & Amortization	241,332	-	-	-	-	-	-	-	-	-	-	-
25 General Taxes-Property	75,367	-	11,640	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	34,660	-	-	-	-	-	-	-	(6,534)	-	-	-
27 Income Taxes	180,580	-	-	(46,538)	-	-	-	-	-	-	-	-
<b>29 Total Operating Expenses</b>	<b>\$ 1,411,399</b>	<b>\$ 76,320</b>	<b>\$ 11,640</b>	<b>\$ (46,538)</b>	<b>\$ -</b>	<b>\$ 3,032</b>	<b>\$ 3,423</b>	<b>\$ (4,461)</b>	<b>\$ 36,653</b>	<b>\$ (151,846)</b>	<b>\$ (3,097)</b>	<b>\$ 113</b>
<b>30 Utility Operating Income</b>	<b>\$ 371,626</b>	<b>\$ (76,320)</b>	<b>\$ (11,640)</b>	<b>\$ 46,538</b>	<b>\$ -</b>	<b>\$ (3,032)</b>	<b>\$ 15,305</b>	<b>\$ 4,461</b>	<b>\$ (36,653)</b>	<b>\$ 151,846</b>	<b>\$ 3,097</b>	<b>\$ (113)</b>
<b>31 Other Income &amp; Deductions</b>												
32 Other Income & Deductions	\$ (2,600)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	139,342	-	-	-	(17,663)	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>36 Total Other Income &amp; Deductions</b>	<b>\$ 136,741</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,663)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>37 Net Profit / (Loss)</b>	<b>\$ 234,885</b>	<b>\$ (76,320)</b>	<b>\$ (11,640)</b>	<b>\$ 46,538</b>	<b>\$ 17,663</b>	<b>\$ (3,032)</b>	<b>\$ 15,305</b>	<b>\$ 4,461</b>	<b>\$ (36,653)</b>	<b>\$ 151,846</b>	<b>\$ 3,097</b>	<b>\$ (113)</b>

44 Supporting Schedules:

45 (a) E-6

46

47

48 Workpapers & Supporting Documents:

49

50 \2016 Havasu Water.xlsm

Recap Schedules:

C-1

	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 Vactor Truck Amortization</u>	<u>Annualize Amortization of CIAC</u>	<u>Adjust Corporate Allocations</u>	<u>CPI Increase</u>
1	<b>Revenues</b>											
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	<b>Total Revenue</b>											
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	<b>Operating Expenses</b>											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	2,451
11	-	-	-	-	-	-	-	-	-	-	-	2
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	(2,268)	99
14	-	-	-	-	-	-	-	-	-	-	-	759
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	4,806	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-
19	1,283	-	-	-	-	-	-	-	-	-	-	178
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	1,438
22	-	-	-	-	-	-	-	-	-	-	-	116
23	-	-	-	-	-	-	-	-	-	-	-	1,352
24	-	-	-	-	221,282	(14,109)	7,088	40,135	(1,777)	(129,521)	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28	<b>Total Operating Expenses</b>											
29	\$ 1,283	\$ 4,806	\$ -	\$ -	\$ 221,282	\$ (14,109)	\$ 7,088	\$ 40,135	\$ (1,777)	\$ (129,521)	\$ (2,268)	\$ 6,394
30	<b>Utility Operating Income</b>											
31	\$ (1,283)	\$ (4,806)	\$ -	\$ -	\$ (221,282)	\$ 14,109	\$ (7,088)	\$ (40,135)	\$ 1,777	\$ 129,521	\$ 2,268	\$ (6,394)
31	<b>Other Income &amp; Deductions</b>											
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-	-	-	-
36	<b>Total Other Income &amp; Deductions</b>											
37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	<b>Net Profit / (Loss)</b>											
38	\$ (1,283)	\$ (4,806)	\$ -	\$ -	\$ (221,282)	\$ 14,109	\$ (7,088)	\$ (40,135)	\$ 1,777	\$ 129,521	\$ 2,268	\$ (6,394)

	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
Line No.	Intentionally Left Blank	Retirements on Test Year Plant - Depreciation	Intentionally Left Blank	Insurance Other Than Group	Capital Lease - Vehicles - Expense Adjustment	Intentionally Left Blank	Purchased Water Adjustment and Surcharge	Regulatory Asset Amortization - Y2K and Depreciation Study	Intentionally Left Blank	Regulatory Asset Amortization - ACRM - Havasu	Intentionally Left Blank	Intentionally Left Blank
1	<b>Revenues</b>											
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	<b>Total Revenue</b>											
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	<b>Operating Expenses</b>											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	(182)	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-	-	-	-	-	-
18	-	-	-	(1,589)	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-	-	-	-
23	-	-	-	-	(23,564)	-	-	-	-	-	-	-
24	-	(3,019)	-	-	13,119	-	-	559	-	7,807	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28												
29	<b>Total Operating Expenses</b>											
30	\$ -	\$ (3,019)	\$ -	\$ (1,589)	\$ (10,445)	\$ -	\$ (182)	\$ 559	\$ -	\$ 7,807	\$ -	\$ -
31	<b>Utility Operating Income</b>											
32	\$ -	\$ 3,019	\$ -	\$ 1,589	\$ 10,445	\$ -	\$ 182	\$ (559)	\$ -	\$ (7,807)	\$ -	\$ -
31	<b>Other Income &amp; Deductions</b>											
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-	-	-	-
36	<b>Total Other Income &amp; Deductions</b>											
37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	<b>Net Profit / (Loss)</b>											
38	\$ -	\$ 3,019	\$ -	\$ 1,589	\$ 10,445	\$ -	\$ 182	\$ (559)	\$ -	\$ (7,807)	\$ -	\$ -

44 Supporting Schedules:  
 45 (a) E-6  
 46  
 47  
 48 Workpapers & Supporting Documents:  
 49  
 50 \2016 Havasu Water.xlsm

	Page 40 [AK] ADJ SLM-IS36	Page 41 [AL] ADJ SLM-IS37	Page 42 [AM] ADJ SLM-IS38	Page 43 [AN] ADJ SLM-IS39	[AO] Sum [B - AN]	[AP] Sum [A] + [AO]	[AQ]	[AR] Sum [AP] + [AQ]
<u>Line No.</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Total Pro Forma Adjustments</u>	<u>Test Year Adjusted Results</u>	<u>Proposed Rate Increase</u>	<u>Adjusted Rate Increase</u>
<b>1 Revenues</b>								
2 Water	\$ -	\$ -	\$ -	\$ -	\$ 18,728	\$ 1,786,473	\$ 122,733	\$ 1,909,206
3 Other Revenues	-	-	-	-	-	15,280	-	15,280
<b>4 Total Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,728</b>	<b>\$ 1,801,753</b>	<b>\$ 122,733</b>	<b>\$ 1,924,486</b>
<b>6 Operating Expenses</b>								
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ 43,992	\$ 303,526	\$ -	\$ 303,526
8 Purchased Water	-	-	-	-	(179)	-	-	-
9 Fuel & Power	-	-	-	-	(149,688)	-	-	-
10 Chemicals	-	-	-	-	2,884	32,921	-	32,921
11 Waste Disposal	-	-	-	-	2	89	-	89
12 Intercompany Support Services	-	-	-	-	-	-	-	-
13 Corporate Allocation	-	-	-	-	(2,169)	61,103	-	61,103
14 Outside Services	-	-	-	-	759	33,978	-	33,978
15 Group Insurance	-	-	-	-	(3,902)	108,597	-	108,597
16 Pensions	-	-	-	-	-	-	-	-
17 Regulatory Expense	-	-	-	-	4,806	13,257	-	13,257
18 Insurance Other Than Group	-	-	-	-	(1,589)	17,997	318	18,315
19 Customer Accounting	-	-	-	-	5,435	62,955	392	63,347
20 Rents	-	-	-	-	-	7,409	-	7,409
21 General Office Expense	-	-	-	-	(3,022)	59,159	-	59,159
22 Miscellaneous	-	-	-	-	116	5,672	-	5,672
23 Maintenance Expense	-	-	-	-	54,108	124,351	-	124,351
24 Depreciation & Amortization	-	-	-	-	141,563	382,895	-	382,895
25 General Taxes-Property	-	-	-	-	11,640	87,007	1,727	88,734
26 General Taxes-Other	-	-	-	-	(6,534)	28,126	-	28,126
27 Income Taxes	-	-	-	-	(46,538)	134,042	45,935	179,977
<b>29 Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,684</b>	<b>\$ 1,463,082</b>	<b>\$ 48,372</b>	<b>\$ 1,511,455</b>
<b>30 Utility Operating Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (32,956)</b>	<b>\$ 338,670</b>	<b>\$ 74,361</b>	<b>\$ 413,031</b>
<b>31 Other Income &amp; Deductions</b>								
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,600)	\$ -	\$ (2,600)
33 Interest Expense	-	-	-	-	(17,663)	121,679	-	121,679
34 Other Expense	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-
<b>36 Total Other Income &amp; Deductions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,663)</b>	<b>\$ 119,079</b>	<b>\$ -</b>	<b>\$ 119,079</b>
<b>37 Net Profit / (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (15,293)</b>	<b>\$ 219,592</b>	<b>\$ 74,361</b>	<b>\$ 293,953</b>

44 Supporting Schedules:  
 45 (a) E-6  
 46  
 47  
 48 Workpapers & Supporting Documents:  
 49  
 50 \2016 Havasu Water.xlsm

Recap Schedules:  
 C-1

Line

No.

1 Tank Maintenance Expense

2  
 3 Tank maintenance expenses are often large and vary from year to year. To prevent over-or under-stating tank maintenance expenses in the test year, the Company has adjusted the expenses to reflect the average cost of tank  
 4 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  
 5 summarized by district.  
 6  
 7 Many of the districts already have approved tank maintenance plans authorized by the Commission in previous decisions. The tank maintenance expense in those districts reflects the previously approved amounts. This  
 8 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  
 9 and the annual expense is as follows:  
 10  
 11 • Agua Fria Water: \$376,478 through 2026 - Decision Number 73145 on 5/1/12.  
 12 • Anthem Water was given a deferral mechanism - Decision Number 72047 on 1/7/11.  
 13 • Havasu Water: \$76,320 through 2021 - Decision Number 73145 on 5/1/12.  
 14 • Mohave Water: \$244,608 through 2026 - Decision Numbers 73145 & 75268 on 5/1/12 & 9/1/15, respectively.  
 15 • North Mohave: \$114,583 through 2029.  
 16 • Paradise Valley Water: \$123,658 through 2029 - Decision Number 75268 on 9/1/15.  
 17 • Sun City Water: \$362,187 through 2023 - Decision Numbers 72047 & 75268 on 1/7/11 and 9/1/15, respectively.  
 18 • Sun City West Water: \$227,141 through 2025.  
 19 • Tubac Water has no authorized tank maintenance program.  
 20 • Willow Valley Water has no authorized tank maintenance program.  
 21 • 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).  
 22  
 23  
 24  
 25  
 26  
 27  
 28

29  
 30  
 31  
 32  
 33  
 34  
 35  
 36  
 37  
 38  
 39  
 40  
 41  
 42  
 43  
 44  
 45  
 46  
 47  
 48  
 49  
 50

	\$	76,320	(b)
Tank Maintenance Program Annual Cost			
2016 Tank Maintenance Expense, Unadjusted (account 5900)		-	(a)
Increase in Tank Maintenance Expense		Line [29]-Line [33]	\$ 76,320

- 45 Workpapers & Supporting Documents:  
 46 (a) Sch E6  
 47 (b) Authorized Tank Maintenance Summaries.xlsx  
 48  
 49  
 50 \2016 Havasu Water.xlsm

Line  
 No.

Adjust Property Taxes to Reflect Proposed Revenues

Property Taxes are based, in part, on the average of the prior three year's revenues. The 2016 property tax expense requires a conforming adjustment to bring property taxes in line with proposed changes in revenue. Additionally, the Company has experienced known and measurable changes in property tax rates from year to year. Accordingly, conforming property tax rates have been adjusted by the average change in property tax rates over the last three years to account for known and measurable historical trends in tax rates.

	Business Unit	7U		GMC Factor		0.93%	[A]	[B]
		Power and Water Expenses						
		[1] Present	[2] Proposed	Property Tax Expense				
10	Adjusted Revenues in Year Ended December 2016	[Adj Summary p.2]	\$ 152,027	\$ 170,754	(b) + [2]	\$ 1,972,507	\$ 1,972,507	
11	Adjusted Revenues in Year Ended December 2016					1,972,507	1,972,507	
12	Proposed Revenues					1,972,507	(b) + [2] 2,095,241	
13	Average of Three Years of Revenue					<u>Avg Lines[10] thru [12] \$ 1,972,507</u>	<u>\$ 2,013,418</u>	
14	Average of Three Years of Revenue, times 2					Line[13] * 2 \$ 3,945,014	\$ 4,026,836	
15	Add:							
16	Construction Work in Progress at 10%				(a)	\$ 66,156	\$ 66,156	
17	Deduct:							
18	Net Book Value of Transportation Equipment				(d)	\$ (110,481)	\$ (110,481)	
19								
20	Full Cash Value					Sum Lines[14-16] - Line[18] \$ 4,121,651	\$ 4,203,473	
21	Assessment Ratio (For 2016 and Beyond per HB 2001 Sec 42-15001)					18.0%	18.0%	
22	Assessed Value					Line[20]*Line[21] \$ 741,897	\$ 756,625	
23	Property Tax Rate				(c)	11.73%	11.73%	
24								
25	Property Tax					Line[22]*Line[23] \$ 87,007	\$ 88,734	
26	Additional Tax					\$ -		
27								
28	Adjusted Test Year Property Taxes at Present Rates					Line[25]+Line[26] \$ 87,007		
29	Adjusted Test Year Property Taxes,				(b)	75,367		
30	Adjustment to Revenue and/or Expense (To Sch C-2 )					Line[28] - Line[29] \$ 11,640		
31								
32	Adjusted Test Year Property Taxes at Proposed Rates						Line [25] \$ 88,734	
33	Adjusted Test Year Property Taxes at Present Rates						Line[28] Col [A] 87,007	
34	Additional Property Taxes on Proposed Revenues (To Sch C-2 )						Line[32] - Line[33] \$ 1,727	

CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR(SCH C-3):

37							
38						Increase in Property Tax Due to Increase in Revenue Requirement (Line 34, Col [B])	\$ 1,727
39							
40						Increase in Revenue Requirement (From Sch C-2 )	\$ 122,733
41							
42						Increase in Property Tax Per Dollar Increase in Revenue (Line 38/Line 40)	1.41%
43							

Workpapers & Supporting Documents:

- 44 (a) Sch E-1
- 45 (b) Sch C-2
- 46 (c) Composite Property Tax Rate 2016.xlsx
- 47 (d) Summary of Plant Balances by NARUC
- 48 \2016 Havasu Water.xlsm
- 49
- 50

Line No.			Test Year Adjusted Results [A]	Adjusted with Rate Increase [B]
1	<u>Federal and State Income Taxes</u>			
2				
3				
4	Operating Income Before Inc. Taxes		\$ 472,712	\$ 593,008
5	Interest Expense		121,679	121,679
6	Arizona Taxable Income		Line[4] - Line[5] \$ 351,033	\$ 471,329
7				
8	Arizona Income Tax	4.900%	Line[6] * 4.900% \$ 17,201	\$ 23,095
9				
10				
11	Federal Income Before Taxes		Line[6] \$ 351,033	\$ 471,329
12	Less Arizona Income Taxes		Line[8] 17,201	23,095
13				
14	Federal Taxable Income		Line[11] - Line[12] \$ 333,832	\$ 448,234
15				
16				
17				
18	FEDERAL INCOME TAXES:			
19				
20	Federal Income Taxes	35.000%	Line[14] * 35.000% \$ 116,841	\$ 156,882
21				
22				
23				
24	Total Income Tax		Line[12] + Line[20] \$ 134,042	\$ 179,977
25				
26	Tax Rate		Line[24] / Line[6] 38.19%	38.19%
27				
28				
29				
30	Effective Income Tax Rates			
31	State		Line[8] / Line[6] 4.900%	4.900%
32	Federal		Line[20] / Line[6] 33.28%	33.29%
33				
34				
35	Adjusted Test Year Income Taxes		(a) \$ 180,580	
36	Increase in Income Taxes,		Line[24] - Line[35] \$ (46,538)	
37				
38	Adjustment to Revenues and/or Expense		Line[36] \$ (46,538)	
39				
40	Test Year Income Taxes			Col A Line[24] \$ 134,042
41	Increase in Income Taxes			Line[24] - Line[40] 45,935
42				
43	Adjustment to Revenue and/or Expense			Line[41] \$ 45,935
44				
45				
46				
47	<u>Workpapers &amp; Supporting Documents:</u>			
48	(a) Sch C-2			
49				
50	\\2016 Havasu Water.xlsm			



Line

1	<u>Interest Synchronization with Rate Base</u>		
2			
3			
4			
5			
6	Original Cost Rate Base (Sch. B-1, Ln. 28)	(a)	\$ 5,456,456
7	Weighted Cost of Debt from Schedule D-1	(b)	2.23%
8	Synchronized Interest Expense	Line[6]*Line[7]	\$ 121,679
9			
10	Test Year Interest Expense		<u>\$ 139,342 (c)</u>
11			
12	Adjusted Test Year Interest Expense	Line[10]	\$ 139,342
13			
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	\$ (17,663)
15			
16	Adjustment to Revenue and/or Expense	Line[14]	\$ (17,663)
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46	<u>Workpapers &amp; Supporting Documents:</u>		
47	(a) Sch B-1		
48	(b) Sch D-1		
49	(c) Sch C-2		
50	\\2016 Havasu Water.xlsm		

Line No.	G/L Account Business Unit	5610 7U		
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 uncollectable 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) \$	2,726
11				
12	Actual Bad Debt Write-Offs (b)			
13	Jan-16		\$	649
14	Feb-16			1,026
15	Mar-16			347
16	Apr-16			255
17	May-16			7
18	Jun-16			186
19	Jul-16			614
20	Aug-16			852
21	Sep-16			585
22	Oct-16			112
23	Nov-16			297
24	Dec-16			828
25	Total Bad Debt		Sum Lines [13 - 24] \$	5,758
26				
27	Increase/(Decrease) in Bad Debt Expense		Line[25] - Line[10] \$	3,032
28				
29	Adjustment to Revenue and/or Expense		Line[27] \$	3,032
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44	<u>Workpapers &amp; Supporting Documents:</u>			
45				
46	(a) Sch E-6			
47	(b) \Bad Debt Writeoffs and Recoveries 2016.xls			
48				
49				
50	\2016 Havasu Water.xlsm			

Line

No. Annualization/Normalization of Revenues

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

	[A]	[B]	[C]	[D]	
	Residential	Commercial	Other Water User	Other Revenue	[E] = [A] + [B] + [C] + [D]
13 Test Year Revenues per General Ledger	\$ 1,566,473	\$ 201,272	\$ -	\$ 15,280	\$ 1,783,024
14 Revenue Adjustments	9,160				9,160
15 Accruals	15,448	-	-	-	15,448
16 Annualization	(3,565)	2,458	-	-	(1,106)
17 Weather Normalization	(4,532)	(241)	-	-	(4,773)
18 Adjusted Revenues	\$ 1,582,984	\$ 203,489	\$ -	\$ 15,280	\$ 1,801,753
20 Test Year Revenues per General Ledger	1,566,473	201,272	-	15,280	1,783,024
22 Increase / (Decrease) to Test Year Revenues	\$ 16,511	\$ 2,217	\$ -	\$ -	\$ 18,728

26 Increase / (Decrease) in Operating Expenses:

	[F]	[G]	[H]	[I]	
	Purchased Water	Fuel & Power	Chemicals	Other Customer Accounting	Total
29 Test Year Adjusted Expense from Sch C-2	\$ 179	\$ 149,688	\$ 30,037	\$ 57,520	
30 Average Customers (from Sch E7) times 12 bills	20,879	20,879	20,879	20,879	
31 Cost per Customer	\$ 0.009	\$ 7.169	\$ 1.439	\$ 2.755	
33 Customer Growth	301	301	301	301	
34 Additional Expense	\$ 3				
		\$ 2,158			
			\$ 433		
			\$ 829		\$ 3,423

45 Workpapers & Supporting Documents:

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

4 - Factor

Business Unit	7U	1.3908%
---------------	----	---------

Line  
 No.  
 1  
 2  
 3  
 4  
 5  
 6  
 7  
 8  
 9  
 10  
 11  
 12  
 13  
 14  
 15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25  
 26  
 27  
 28  
 29  
 30  
 31  
 32  
 33  
 34  
 35  
 36  
 37  
 38  
 39  
 40  
 41  
 42  
 43  
 44  
 45  
 46  
 47  
 48  
 49  
 50

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] Account 5670	[B] Account 5671	[C] Account 5672	[D] = [A] + [B] + [C] Total	
	Advertising	Promotion	Donation		
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]
Havasu Water 4-Factor	1.3908%	1.3908%	1.3908%		
7A Disallowed Expenses allocated to District	\$ 200	\$ 3,846	\$ 334	\$ 4,379	Line[17] * Line[19] \$ 4,379
Total District Expenses (a)	\$ -	\$ 81	\$ -	\$ 81	
District Allowed Expenses (b)	0	0	0	0	
District Disallowed Expenses	\$ -	\$ 81	\$ -	\$ 81	Line[24] - Line[25] \$ 81
General Disallowed Items for District					Line[21] + Line[26] \$ 4,461
Adjustment to Revenue and/or Expense					Line[33] \$ (4,461)

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

Line	Business Unit	7U
------	---------------	----

1	<u>Annualize Labor &amp; Labor Related Expenses</u>			
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			
3	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			
4	included is the annualization of the Company's contribution to its employees' 401(k) retirement savings program.			
5				
6				
7	Labor Expense as calculated per the Payroll Model (a)			
8	Direct Labor	\$ 275,657		
9	Performance Based Compensation	\$ 30,966	\$ 306,623	Line[8]+Line[9]
10				
11	Fully Allocated Labor Expense per General Ledger (b)		\$ 259,534	
12	Increase/(Decrease) in Labor Expense			Line[9] - Line[11] \$ 47,089
13				
14				
15				
16				
17				
18	Group Insurance and Other Benefits as calculated per the Payroll Model (a)			
19	401K	\$ 30,356		
20	Insurance	\$ 51,249		
21	Pension	\$ 26,991	\$ 108,597	Line[19]+Line[20]+Line[21]
22				
23	Fully Allocated Labor Expense per General Ledger (b)		\$ 112,499	
24	Increase/(Decrease) in Group Insurance Expense			Line[21]-Line[23] \$ (3,902)
25				
26				
27				
28				
29				
30	Payroll Taxes as calculated per the Payroll Model (a)			
31	Taxes	\$ 21,057	\$ 21,057	Line[31]
32				
33	Fully Allocated Labor Expense per General Ledger (b)		\$ 27,592	
34	Increase/(Decrease) in General Taxes - Other			Line[31] - Line[33] \$ (6,534)
35				
36				
37	Increase/(Decrease) in Labor Related Expense			Sum Lines[12] thru [34] \$ 36,653
38				
39				
40	Adjustment to Revenue and/or Expense			
41				
42	(a) 2016 CIAC Summary by District.xlsx			Line [37] \$ 36,653
43	Total	\$ 436,277		Line [8]+[9]+[19]+[20]+[21]+[31]
44	Check	\$ 436,277		\Payroll, Benefits & Taxes_ TY 2016.xlsx
45	Diff	\$ -		Line[43] - Line[44]
46	<u>Workpapers &amp; Supporting Documents:</u>			
47	(a) \Payroll, Benefits & Taxes_ TY 2016.xlsx			
48	(b) Sch E-6			
49				
50	\2016 Havasu Water.xlsm			

Line

No.  
 1 Purchased Power Adjustment and Surcharge Business Unit 7U

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 adjustment JPB-IS9. The Company's estimate as to the per customer surcharge is calculated herein. The Company would anticipate the effective date of the Plan of Administration (POA), submitted as an Exhibit to Mr. Boizelle's testimony, to be concurrent with the effective date of new rates approved in this rate case.

			[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	<u>GL Account</u>	<u>Account Description</u>	Corporate (a)	Direct (b)	Other Allocation (c)	Total	
			2016	2016	2016	2016	
12		5617 Power Charges	\$ 588	\$ 148,977		\$ 149,566	
13		5616 Natural Gas Charges	\$ -	\$ 122		\$ 122	
14		Annualization				<u>\$ 2,158</u>	
15	Increase / (Decrease) to Purchase Power Expense					<u>\$ (151,846)</u>	Sum Lines [12 - 14]

45 Workpapers & Supporting Documents:

- 46 (a) Sch E-6b
- 47 (b) Sch E-6a
- 48 (c) Sch E-6c

50 \2016 Havasu Water.xlsm

**PURCHASED POWER  
 SURCHARGE CALCULATION**

Line  
 No.

Purchased Power Adjustment and Surcharge Business Unit 7U

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

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

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

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

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	Corporate (a)		Other		Total
<u>GL Account</u> <u>Account Description</u>	2016	2016	2016	2016	2016
5617 Power Charges	\$ 588	\$ 148,977			\$ 149,566
5616 Natural Gas Charges	\$ -	\$ 122			\$ 122
Annualization					\$ 2,158
<b>Total Purchased Power Expense</b>					<b>\$ 151,846</b> <small>Line[29]-31]</small>
2017 % Increase	6.29%	12.34%			
2018 % Increase	6.29%	0.00%			
	[E]	[F]	[G]	[H]	[I] = [E] + [F] + [G] + [H]
	Corporate	Direct	Natural Gas	Annualization	Total
2017 Increase	\$ 37	\$ 18,385	0	\$ 266	\$ 18,688 <small>Line[29]*Line[33], Line [31]*Line [33]</small>
2017 Expense	\$ 625	\$ 167,362	\$ 122	\$ 2,424	\$ 170,534 <small>Line[29]+Line[38], Line [31]*Line [38]</small>
2018 Increase	\$ 39	\$ -	0	\$ -	\$ 39 <small>Line[34]*Line[39]</small>
2018 Expense	\$ 665	\$ 167,362	\$ 122	\$ 2,424	\$ 170,573 <small>Line[39]+Line[41]</small>
Total Billed Gallons (in thousand of gallons)					181,573
Surcharge Per Thousand Gallons				\$	0.9394 <small>Line[42]/Line[44]</small>

Workpapers & Supporting Documents:  
 (a) Sch E-6b  
 (b) Sch E-6a  
 (c) Sch E-6c  
 \Purchased Power Adjustment Calc.xlsx  
 \2016 Havasu Water.xlsm

Line

No. 1 Removal of 10% of Performance Based Compensation

	4-Factor
Havasu Water	1.3908%
Arizona Total	87.7062%

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 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 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 represents 10 percent of the target for Performance Based Compensation Plan.

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.

	[A]	[B]	[C] = [A] * [B]	[D] = [C] * -10.0%	
	Performance Based		Performance Based		
	<u>Compensation Expense</u>	<u>Allocation Factor</u>	<u>Compensation Expense for District</u>	<u>Minus 10%</u>	
24	Direct Performance Based Compensation Expense	\$ 10,297	\$ 10,297	\$ (1,030)	
26	7A Arizona Performance Based Comp Exp	\$ 1,177,956	1.3908%	16,383	(1,638)
27	6U EPCOR Water USA Performance Based Comp Exp	\$ 351,374	1.2198%	4,286	(429)
31	Total Performance Based Compensation Expense		\$ 30,966	Sum Lines[24] thru [27] Col [C]	
32			Check \$ 30,966	Adj IS-8	
33			Diff \$ -		
34	Minus 10%			Sum Lines[24] thru [27] Col [D]	(3,097)
37	Total Increase / (Decrease) to Labor			Line [34]	\$ (3,097)
39	Adjustment to Revenue and/or Expense			Line [37]	\$ (3,097)

45 Workpapers & Supporting Documents:  
 46 Payroll, Benefits & Taxes\_TY 2016.xlsx  
 47 4-Factor  
 48  
 49  
 50 \2016 Havasu Water.xlsm



Line No. Business Unit 7U

1 Postage Expense

2  
 3 On January 22, 2017, the United States Postal Service increased postage rates. The Company has calculated a projected increase based on known and measurable increases to postage rates.  
 4

7 [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) \$ 8,007

23 Total Increase / (Decrease) to Postage Expense

Col [C] Line[18]\*Line[21] \$ 113

25 Adjustment to Revenue and/or Expense

Line [23] \$ 113

44 Workpapers & Supporting Documents:

45 (a) Sch E-6 Line 19

46 USPS Rates 2016.xlsx

47

48

49

50 \2016 Havasu Water.xlsm

Line No. Business Unit 7U

1 Customer Care and Billing Services

2  
3  
4  
5  
6  
7  
8  
9  
10

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]

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50

C.U.S. Charges per Schedule E-6, account 5611	\$ 39,006 (a)
CPI Adjustment 2017	\$ 636 Line[18]*1.63%
Adjusted 2017 Expense	\$ 39,642 Sum Line[18+20]
CPI Adjustment 2018	\$ 647 Line[21]*1.63%
Adjusted 2018 Expense	\$ 40,289 Sum Line[21+23]

Total Increase/ (Decrease) to C.U.S Charges	Line[20]+Line[23] \$ 1,283
Adjustment to Revenue and/or Expense	Line[39] \$ <u>1,283</u>

44 Workpapers & Supporting Documents:  
 45  
 46 (a) Sche6 Line19  
 47 Phoenix All Consumers CPI 3.22.17.xlsx  
 48  
 49 \2016 Havasu Water.xlsm  
 50

Line Business Unit 7U

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  
 4 Company's size and the anticipated length and complexity of the proceedings. This estimated amount is allocated to the districts in this case via a water 4-Factor allocation methodology. As the case progresses this  
 5 estimate will be updated accordingly.  
 6

7					
8					
9	Rate Case Expense	Havasu Water	\$	14,417	(a)
10					
11					
12	Estimated Amortization Period in Years			3	
13					
14					
15					
16					
17					
18					
19					
20	Increase / (Decrease) to Regulatory Expense				Line [9] / Line [12] \$ 4,806
21					
22	Adjustment to Revenue and/or Expense				Line [20] \$ <u>4,806</u>
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44	<u>Workpapers &amp; Supporting Documents:</u>				
45	(a) \Rate Case Expense 2016 TY.xlsx				
46	.				
47					
48					
49					
50	\2016 Havasu Water.xlsm				

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45 Workpapers & Supporting Documents:

46

47

48

49

50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44 Workpapers & Schedules

45

46

47

48

49

50 \2016 Havasu Water.xlsm

Line

No.	Business Unit	7U
-----	---------------	----

1 Annualize Depreciation Expense on Direct Plant  
 2  
 3 Adjustment to annualize depreciation expense based on plant balances at the end of 2016.  
 4  
 5  
 6

7  
 8  
 9  
 10  
 11  
 12  
 13  
 14  
 15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25  
 26  
 27  
 28  
 29  
 30  
 31  
 32  
 33  
 34  
 35  
 36  
 37  
 38  
 39  
 40  
 41  
 42  
 43  
 44  
 45  
 46  
 47  
 48  
 49  
 50

Depreciation Expense on Direct Plant	(a)	\$	440,738
Depreciation Expense per General Ledger			
	(b)	\$	219,456
Increase / (Decrease) to Depreciation Expense			
	Line[12] - Line[14]	\$	221,282
Adjustment to Revenue and/or Expense			
	Line[16]	\$	<u>221,282</u>

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 Havasu Water.xlsm

7U

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 PTPY	12 Months PTPY	on Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Depr Expense	Plant	Depr Expense	Depr Expense	Lease	Retirements
1	301000	0.00%	Organization	10,144	-	-	-	-	-	-	-	-	10,144	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	47,343	-	-	-	-	-	-	-	-	47,343	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	26,834	121,802	-	-	-	-	-	-	-	(94,968)	894	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	99,968	8,997	-	-	-	-	-	-	-	90,971	3,332	-	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	2,006,725	180,515	-	-	-	-	-	-	-	1,826,210	66,891	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Trans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	20,698	4,934	-	-	-	-	-	-	-	15,764	690	-	-	-	-	-
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	148,253	71,889	-	-	-	-	-	-	-	76,364	3,706	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	390,945	255,681	-	-	261,384	4,356	-	-	-	392,291	13,032	-	8,713	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	22,738	38,391	-	-	-	-	-	-	-	(15,653)	1,137	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	1,373,283	577,628	-	-	-	-	-	-	-	795,655	114,440	-	-	-	-	-
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	12,117	1,436	-	-	-	-	-	-	-	10,681	1,010	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	168,270	240,766	-	-	-	-	-	-	-	72,497	12,038	-	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	50,938	27,591	-	-	-	-	-	-	-	23,347	5,094	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	1,167,363	359,129	-	-	-	-	-	-	-	808,233	25,941	-	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	109,309	113,100	-	-	-	-	-	-	-	(3,791)	2,186	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	527,391	111,944	357,204	3,572	234,573	2,346	(84,707)	-	-	647,675	10,548	7,144	4,691	-	-	(1,694)
38	331100	2.00%	TD Mains 4in & Less	871,738	348,821	-	-	-	-	-	-	-	522,917	17,435	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	987,463	144,084	-	-	-	-	-	-	-	843,379	19,749	-	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	755,666	156,896	-	-	-	-	-	-	-	598,770	15,113	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	1,509,667	(62,850)	5,363	89	87,996	1,467	(37,593)	-	-	1,659,047	50,322	179	2,933	-	-	(1,253)
44	334100	8.33%	Meters	357,285	122,628	154	6	4,800	200	(867)	-	-	239,257	29,774	13	400	-	-	(72)
45	334200	3.33%	Meter Installations	23,486	4,087	-	-	-	-	-	-	-	19,399	783	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	71,432	28,508	-	-	-	-	-	-	-	42,924	4,762	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	72,128	7,217	2,744	91	-	-	-	-	-	64,911	4,809	183	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	3,254	1,769	-	-	-	-	-	-	-	1,485	217	-	-	-	-	-
54	340200	20.00%	Computer & Periph Equipment	27,462	22,341	-	-	-	-	-	-	-	5,121	5,492	-	-	-	-	-
55	340300	20.00%	Computer Software	7,686	8,327	-	-	-	-	-	-	-	(641)	1,537	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	75,406	242,261	28,076	2,005	-	-	-	91,355	34,982	(110,481)	10,772	4,011	-	13,051	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	113,411	34,159	-	-	3,402	85	-	-	-	82,569	5,671	-	170	-	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,093	42,886	-	-	-	-	-	-	-	(9,793)	1,655	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	7,789	4,283	-	-	70,000	3,500	-	-	-	70,006	779	-	7,000	-	-	-
65	346190	10.00%	Remote Control & Instrument	62,117	25,222	-	-	-	-	-	-	-	36,894	6,212	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	47,166	30,657	-	-	-	-	-	-	-	16,508	4,717	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																			
71																			
72		378.30%	TOTAL	11,281,063	3,202,602	393,541	5,765	662,155	11,954	(123,167)	91,355	34,982	8,785,035	440,738	11,529	23,908	13,051	-	(3,019)

Depreciable Plant 11,223,576 Line [72] - Lines [1]-[7]  
 Composite Depr Rate 3.93%

Line No.				
1	Annualize Depreciation Expense on Corporate Plant	4 Factor - GMC	0.9331%	
2				
3	Adjustment to annualize depreciation expense based on plant balances at the end of 2016 on Arizona Corporate Plant			
4				
5				
6				
7				
8				
9	Depreciation Expense on Corporate Plant			\$ 832,381 (a)
10				
11	Allocated Depreciation Expense on Corporate Plant			GMC 4 Factor*Line[9] \$ 7,767
12				
13				
14				
15	Allocated Depreciation Expense on Corporate Plant per General Ledger			(b) \$ 21,876
16				
17				
18	Increase/ (Decrease) to Depreciation Expense			Line[11] - Line[15] \$ (14,109)
19				
20	Adjustment to Revenue and/or Expense			Line[18] \$ (14,109)
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44	<u>Workpapers &amp; Supporting Documents:</u>			
45	(a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx			
46	(b) Sch E-6a Line 24			
47				
48	4-Factor			
49				
50	\2016 Havasu 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		12/31/2016 Annual Depr Expense	Truck Annual Depr Expense	Plant Annual Depr Expense	PTYP Annual Depr Expense	Lease Annual Depr Expense	Retirements Annual Depr Expense	
1	304500	3.33%	Structures & Improvements Gen	214,247	(2,105)			10,566	176	-	-				226,742	7,142	-	352	-	-	-	
2	304620	3.33%	Structures & Improvements Leas	41,191	1,470			-	-	-	-				39,720	1,373	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-				5,155	981	-	-	-	-	-	
4	339600	6.67%	Other P/E-CPS	364,887	84,392			-	-	-	-				280,495	24,326	-	-	-	-	-	
5	340100	6.67%	Office Furniture & Equipment	1,284,366	626,556			-	-	-	-				657,810	85,624	-	-	-	-	-	
6	340200	20.00%	Computer & Periphal Equipment	1,477,567	766,022			-	-	102,500	10,250				803,795	295,513	-	-	20,500	-	-	
7	340300	20.00%	Computer Software	220,520	227,318			-	-	-	-				(6,799)	44,104	-	-	-	-	-	
8	340330	20.00%	Computer Software Other	-	-			-	-	-	-				-	-	-	-	-	-	-	
9	341100	14.29%	Transportation Equip Light Duty	244,306	20,283			-	-	-	-		51,197	16,091	259,130	34,901	-	-	-	7,314	-	
10	341200	14.29%	Transportation Equip Heavy Duty	167,951	9,265			-	-	-	-		-	-	158,686	23,993	-	-	-	-	-	
11	341400	14.29%	Transportation Equipment Other	26,903	3,367			-	-	42,500	3,036		-	-	63,000	3,843	-	-	6,071	-	-	
12	344000	10.00%	Laboratory Equipment	17,277	3,751			-	-	-	-		-	-	13,526	1,728	-	-	-	-	-	
13	345000	5.00%	Power Operated Equipment																			
13	346100	10.00%	Communication Equipment Non-	186,080	234,747			170,233	8,512	-	-				113,054	18,608	-	17,023	-	-	-	
14	346190	10.00%	Remote Control & Instrument	75,935	(18,056)			-	-	-	-				93,991	7,593	-	-	-	-	-	
15	346200	10.00%	Communication Equipment Tele	68,942	34,712			-	-	-	-				34,230	6,894	-	-	-	-	-	
16	346300	10.00%	Communication Equipment Othe	183,229	24,679			-	-	-	-				158,550	18,323	-	-	-	-	-	
17	347000	10.00%	Miscellaneous Equipment	669,890	97,416			-	-	-	-				572,474	66,989	-	-	-	-	-	
18	391000	20.00%	WW Trans Equipment	952,226	87,539	(952,226)	(87,539)	-	-	-	-				-	190,445	(190,445)	-	-	-	-	-
19																						
20																						
21		212.86%	TOTAL	6,207,292	2,206,978	(952,226)	(87,539)	180,799	8,688	145,000	13,286	-	51,197	16,091	3,474,558	832,381	(190,445)	17,375	26,571	7,314	-	

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

Line

GMC 4 Factor	0.9331%
Arizona Total	91.0728%
Alloc Factor	0.850%

No.

1 Annualize Depreciation Expense on 6U

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

9 Depreciation Expense on 6U Plant

\$ 834,005 (a)

11 Allocated Depreciation Expense on 6U Plant

Allocation Factor\*Line [9] \$ 7,088

15 Allocated Depreciation Expense on 6U Plant per General Ledger

-

18 Increase / (Decrease) to Depreciation Expense

Line[11] - Line[15] \$ 7,088

20 Adjustment to Revenue and/or Expense

Line[18] \$ 7,088

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

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

Witness: Mahler

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

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

Line Business Unit 7U 6U Factor Arizona GMC 91.0728%

No.  
 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

	Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC (a)	Allocation Factor [B]	Depreciation Expense [C] = [A] * [B]
	[A]	[B]	[C] = [A] * [B]
14 Depreciation on Post Test Year Plant Additions for District - Havasu Water	\$ 23,908	100.00%	\$ 23,908
15 Depreciation on Additional Test Year Plant Additions for District - Test Year Ended December 31, 2016	11,529	100.00%	11,529
16 Depreciation on Corporate Post Test Year Plant Additions Allocated	26,571	0.9331%	248
17 Depreciation on Additional Corporate Test Year Plant Additions Allocated	17,375	0.9331%	162
18 Depreciation on 6U Post Test Year Plant Additions Allocated	330,000	0.8498%	2,804
19 Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	0.8498%	1,483
20			
21			
22			
23 Increase / (Decrease) to Depreciation Expense	\$ 583,925	Sum Lines[14] thru [19]	Sum Lines[14] thru [19] \$ 40,135
24			
25			
26			
27 Adjustment to Revenue and/or Expense			Line [23] \$ 40,135
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46 <u>Workpapers &amp; Supporting Documents:</u>			
47 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx			
48			
49			
50 \2016 Havasu Water.xlsm			

7U

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 PTP	12 Months PTP	on Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Lease Expense	Retirements	
1	301000	0.00%	Organization	10,144	-	-	-	-	-	-	-	-	10,144	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	47,343	-	-	-	-	-	-	-	-	47,343	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	26,834	121,802	-	-	-	-	-	-	-	(94,968)	894	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	99,968	8,997	-	-	-	-	-	-	-	90,971	3,332	-	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	2,006,725	180,515	-	-	-	-	-	-	-	1,826,210	66,891	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Trans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	20,698	4,934	-	-	-	-	-	-	-	15,764	690	-	-	-	-	-
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	148,253	71,889	-	-	-	-	-	-	-	76,364	3,706	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	390,945	255,681	-	-	261,384	4,356	-	-	-	392,291	13,032	-	8,713	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	22,738	38,391	-	-	-	-	-	-	-	(15,653)	1,137	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	1,373,283	577,628	-	-	-	-	-	-	-	795,655	114,440	-	-	-	-	-
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	12,117	1,436	-	-	-	-	-	-	-	10,681	1,010	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	168,270	240,766	-	-	-	-	-	-	-	72,497	12,038	-	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	50,938	27,591	-	-	-	-	-	-	-	23,347	5,094	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	1,167,363	359,129	-	-	-	-	-	-	-	808,233	25,941	-	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	109,309	113,100	-	-	-	-	-	-	-	(3,791)	2,186	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	527,391	111,944	357,204	3,572	234,573	2,346	(84,707)	-	-	647,675	10,548	7,144	4,691	-	-	(1,694)
38	331100	2.00%	TD Mains 4in & Less	871,738	348,821	-	-	-	-	-	-	-	522,917	17,435	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	987,463	144,084	-	-	-	-	-	-	-	843,379	19,749	-	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	755,666	156,896	-	-	-	-	-	-	-	598,770	15,113	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	1,509,667	(62,850)	5,363	89	87,996	1,467	(37,593)	-	-	1,659,047	50,322	179	2,933	-	-	(1,253)
44	334100	8.33%	Meters	357,285	122,628	154	6	4,800	200	(867)	-	-	239,257	29,774	13	400	-	-	(72)
45	334200	3.33%	Meter Installations	23,486	4,087	-	-	-	-	-	-	-	19,399	783	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	71,432	28,508	-	-	-	-	-	-	-	42,924	4,762	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	72,128	7,217	2,744	91	-	-	-	-	-	64,911	4,809	183	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	3,254	1,769	-	-	-	-	-	-	-	1,485	217	-	-	-	-	-
54	340200	20.00%	Computer & Periphel Equipment	27,462	22,341	-	-	-	-	-	-	-	5,121	5,492	-	-	-	-	-
55	340300	20.00%	Computer Software	7,686	8,327	-	-	-	-	-	-	-	(641)	1,537	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	75,406	242,261	28,076	2,005	-	-	-	-	91,355	34,982	(110,481)	10,772	4,011	-	13,051	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	113,411	34,159	-	-	3,402	85	-	-	-	82,569	5,671	-	170	-	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,093	42,886	-	-	-	-	-	-	-	(9,793)	1,655	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	7,789	4,283	-	-	70,000	3,500	-	-	-	70,006	779	-	7,000	-	-	-
65	346190	10.00%	Remote Control & Instrument	62,117	25,222	-	-	-	-	-	-	-	36,894	6,212	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	47,166	30,657	-	-	-	-	-	-	-	16,508	4,717	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																			
71																			
72		378.30%	TOTAL	11,281,063	3,202,602	393,541	5,765	662,155	11,954	(123,167)	91,355	34,982	8,785,035	440,738	11,529	23,908	13,051	-	(3,019)

Depreciable Plant 11,223,576 Line [72] - Lines [1]-[7]  
 Composite Depr Rate 3.93%

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

2  
 3 Vactor and Sludge Trucks are exclusively used in Wastewater Operations. This adjustment allocates all Vactor and Sludge Truck Depreciation Expense to the Wastewater districts and removes it from  
 4 the Water Districts.  
 5  
 6

4- Factor	GMC	0.9331%
-----------	-----	---------

	[A] <u>Rate</u>	[B] <u>Plant</u>	[C] = [A] * [B] <u>Depr Exp</u>
11			
12	20.00%	\$ (952,226)	\$ (190,445)
13			
14			
15	District Allocation		\$ (1,777) [C] Line [12] * GMC Factor
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31	Increase / (Decrease) to Depreciation Expense		<u>\$ (1,777)</u> Line [15]
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44	<u>Workpapers &amp; Supporting Documents:</u>		
45	(a) Summary of Plant Balances and Accum Depr by NARUC.xlsx		
46			
47			
48			
49			
50	\2016 Havasu Water.xlsm		



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

Arizona Corporate (7A)

7A

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

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

Line

No.	Business Unit	7U
-----	---------------	----

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

5			
6			
7			
8	Gross CIAC	\$ (3,298,309) (a)	
9			
10	Composite Depreciation Rate	<u>3.9269%</u> (b)	
11			
12			
13			
14	Increase / (Decrease) to Depreciation Expense		Line[8] * Line [10] \$ (129,521)
15			
16	Adjustment to Revenue and/or Expense		Line [14] \$ <u>(129,521)</u>
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			

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

Line					
No.					
1	<u>Adjust Corporate Allocations</u>				
2					
3	Corporate Allocation as of 12/31/16 has been annualized for one year with this adjustment. Corporate Allocations are costs associated with operational services provided by EPCOR Utilities, Inc. ("EUI") including Human Resources, Accounting and Reporting Software, Legal, and Treasury Management Services. This adjustment removes Public and Governmental Affairs costs as well as the 10% financial component associated with the Performance Based Compensation plan and also adjusts labor costs by 3% for 2017 and 2018				
4					
5					
6					
7					
8	Test Year Corporate Allocations			(a) \$	63,272
9					
10	Adjusted Test Year Corporate Allocations			Line [8]	<u>\$ 63,272</u>
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
19					
20					
21	Percent attributable to Labor		88.29% (c)		
22	Corporate Allocation - Labor	\$	3,674,998	Line[18] * 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
29	Total Corporate Allocation less P&GA less 10% PBC with Labor Increase				\$ 4,386,293
30					
31	Havasu Water 4 Factor				1.3908%
32	District Allocation of Arizona Corporate Allocations				\$ 61,004
33					
34	Pro Forma Adjustment to Corporate Allocations			Line [32]	\$ 61,004
35					
36					
37					
38					
39	Increase / (Decrease) in Corporate Allocation			Line[34]-Line[10]	\$ (2,268)
40					
41	Adjustment to Revenue and/or Expense			Line [39]	<u>\$ (2,268)</u>
42					
43					
44					
45	<u>Workpapers &amp; Supporting Documents:</u>				
46	(a) Sch C-2				
47	(b) 2016 Corp Allocation Comparison.xlsx				
48	(c) 2016A Corporate - Regulatory Groupings EUSA.xlsx				
49					
50	\2016 Havasu Water.xlsm				

Line

No. 1 CPI Increase Business Unit 7U

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 the Phoenix metropolitan area for all operating expenses where an adjustment has not already been proposed. Chemical expense is projected to

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

2016 Unadjusted Expenses		
Description	Account	Amount (a)
Chemicals	5263	\$ 30,037 A
Other Utilities	5621	87 B
Asset Usage Fee - Corporate	6203	4,328 C
Consulting Engineering	5227	74 D
Contractors and Consultants	5250	18,551 D
Administrative Contractors	5679	302 D
Outside Computer Charges (T1)	5628	8,152 D
Temporary Support	5629	2,504 D
Legal Fees	5681	3,636 D
Service Charges	5615	4,427 E
Customer Communications	5674	3,354 E
Rent and Storage	5810	7,409 F
Freight and Courier	5262	157 F
Telephone, Long Distance, Data	5620	39,050 F
Stationary, Printing & Other O	5622	3,094 F
Office Machines, Furniture	5623	483 F
Parking	5630	67 F
Vehicle Allowance	5631	359 F
Vehicle Allowance	5271	2 F
Business Allowance	5634	158 F
Memberships Dues & Professiona	5640	1,306 F
Subscriptions	5641	300 F
Airfare	5650	961 F
Accommodation, Other Travel	5651	4,696 F
Employee Working Meals	5652	2,053 F
Training - Fees/Tuition	5660	2,877 F
Training Fee	5252	3 F
FR Clothing	5273	4,007 G
Miscellaneous	5697	1,057 G
Stock	5260	697 H
Materials, Supplies	5261	19,565 H
Veh. and Equip.-Allocation	5270	23,564 H
Equipment	5275	425 H
Hardware	5624	24 H
Software	5625	724 H
Maintenance	5811	918 H
Vehicle Maintenance	5823	13,260 H
		\$ 202,668 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			4.0%

	[A]	[B]	[C]	[B] + [C]
	Total	Year 1	Year 2	Total
Sum of A Chemicals	\$ 30,037	\$ 1,201	\$ 1,250	\$ 2,451
Sum of B Waste Disposal & Other Utilities	87	1	1	2
Sum of C Corporate Allocation	4,328	49	50	99
Sum of D Outside Services	33,219	377	382	759
Sum of E Customer Accounting	7,781	88	89	178
Sum of F General Office Exp	62,972	715	723	1,438
Sum of G Miscellaneous	5,064	58	58	116
Sum of H Maintenance Expense	59,178	672	680	1,352
Sum Lines [18] thru [25]	\$ 202,668	\$ 3,162	\$ 3,232	\$ 6,394

Increase / (Decrease) to Expense Line [26] Col [9] \$ 6,394

47 Workpapers & Supporting Documents:  
 48 (a) Sche6 Bureau of Labor Statistics - Phoenix CPI  
 49  
 50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45 Workpapers & Supporting Documents:

46

47

48

49 \2016 Havasu Water.xlsm

50

Line

No.

1 Retirements on Test Year Plant -Depreciation

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	0.9331%
Arizona Total	91.0728%
Alloc Factor	0.850% <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 - Havasu Water	\$	(3,019)		100.0000%	\$	(3,019)
18	Depreciation on Corporate Retirements on Test Year Plant Allocated	\$	-	Line [7]	0.9331%	\$	-
20	Depreciation on 6U Retirements on Test Year Plant Allocated	\$	-	Line [9]	0.8498%	\$	-
25	Increase / (Decrease) to Depreciation Expense	\$	<u>(3,019)</u>	<small>Sum Lines[16] thru [20]</small>		Sum Lines[16] thru [20]	\$ <u>(3,019)</u>

32 Adjustment to Revenue and/or Expense Line [25] \$ (3,019)

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

7U

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 PLY	12 Months PLY	on Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Lease Expense	Retirements	
1	301000	0.00%	Organization	10,144	-	-	-	-	-	-	-	-	10,144	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	47,343	-	-	-	-	-	-	-	-	47,343	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	26,834	121,802	-	-	-	-	-	-	-	(94,968)	894	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	99,968	8,997	-	-	-	-	-	-	-	90,971	3,332	-	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	2,006,725	180,515	-	-	-	-	-	-	-	1,826,210	66,891	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Trans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	20,698	4,934	-	-	-	-	-	-	-	15,764	690	-	-	-	-	-
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	148,253	71,889	-	-	-	-	-	-	-	76,364	3,706	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	390,945	255,681	-	-	261,384	4,356	-	-	-	392,291	13,032	-	8,713	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	22,738	38,391	-	-	-	-	-	-	-	(15,653)	1,137	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	1,373,283	577,628	-	-	-	-	-	-	-	795,655	114,440	-	-	-	-	-
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	12,117	1,436	-	-	-	-	-	-	-	10,681	1,010	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	168,270	240,766	-	-	-	-	-	-	-	72,497	12,038	-	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	50,938	27,591	-	-	-	-	-	-	-	23,347	5,094	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	1,167,363	359,129	-	-	-	-	-	-	-	808,233	25,941	-	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	109,309	113,100	-	-	-	-	-	-	-	(3,791)	2,186	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	527,391	111,944	357,204	3,572	234,573	2,346	(84,707)	-	-	647,675	10,548	7,144	4,691	-	-	(1,694)
38	331100	2.00%	TD Mains 4in & Less	871,738	348,821	-	-	-	-	-	-	-	522,917	17,435	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	987,463	144,084	-	-	-	-	-	-	-	843,379	19,749	-	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	755,666	156,896	-	-	-	-	-	-	-	598,770	15,113	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	1,509,667	(62,850)	5,363	89	87,996	1,467	(37,593)	-	-	1,659,047	50,322	179	2,933	-	-	(1,253)
44	334100	8.33%	Meters	357,285	122,628	154	6	4,800	200	(867)	-	-	239,257	29,774	13	400	-	-	(72)
45	334200	3.33%	Meter Installations	23,486	4,087	-	-	-	-	-	-	-	19,399	783	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	71,432	28,508	-	-	-	-	-	-	-	42,924	4,762	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	72,128	7,217	2,744	91	-	-	-	-	-	64,911	4,809	183	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	3,254	1,769	-	-	-	-	-	-	-	1,485	217	-	-	-	-	-
54	340200	20.00%	Computer & Periph Equipment	27,462	22,341	-	-	-	-	-	-	-	5,121	5,492	-	-	-	-	-
55	340300	20.00%	Computer Software	7,686	8,327	-	-	-	-	-	-	-	(641)	1,537	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	75,406	242,261	28,076	2,005	-	-	-	91,355	34,982	(110,481)	10,772	4,011	-	13,051	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	113,411	34,159	-	-	3,402	85	-	-	-	82,569	5,671	-	170	-	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,093	42,886	-	-	-	-	-	-	-	(9,793)	1,655	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	7,789	4,283	-	-	70,000	3,500	-	-	-	70,006	779	-	7,000	-	-	-
65	346190	10.00%	Remote Control & Instrument	62,117	25,222	-	-	-	-	-	-	-	36,894	6,212	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	47,166	30,657	-	-	-	-	-	-	-	16,508	4,717	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																			
71																			
72		378.30%	TOTAL	11,281,063	3,202,602	393,541	5,765	662,155	11,954	(123,167)	91,355	34,982	8,785,035	440,738	11,529	23,908	13,051	-	(3,019)

Depreciable Plant 11,223,576 Line [72] - Lines [1]-[7]  
 Composite Depr Rate 3.93%

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45 Workpapers & Supporting Documents:

46

47

48

49

50 \2016 Havasu Water.xlsm



Line

No.	1	Insurance Other Than Group	Business Unit	7U
-----	---	----------------------------	---------------	----

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		[1] [2] [1] * [2] = [3]				
		Adjusted Results		Arizona Total	Havasu Water	AZ-Factor		
12	Gross Property Value at 12/31/2016	\$	12,414,377	Sch B-2 Line [2]	4-Factor	87.7062%	1.3908%	1.2198%
13	% of Plant Insured		47.75%	\[Insurance]1. Property & Terrorism [23]				
14	Gross Plant Insured	\$	5,927,494	Line [12] * Line [13]				
18	<b>Adjusted Revenues in YE December 2016</b>	\$	<b>1,801,753</b>	Sch C-2 [AP][14]	\$	<b>1,924,486</b>	Sch C-2 [AR][14]	
			[A]	[B]	[C] = [A] * [B]	[D]	[E] = [D] * [B]	
	<b>Factor</b>		<b>Amount</b>	<b>Rate</b>	<b>Source</b>	<b>Premium</b>	<b>Amount</b>	<b>Premium</b>
22	1. Property Insurance		Plant [25]	\$ 5,927,494	0.0526%	\[Insurance] Summary [1]	\$ 3,117	\$ 3,117
23	2. Excess Liability		Revenue Line [25]	1,801,753	0.2588%	\[Insurance] Summary [2]	4,663	1,924,486
24	3. Umbrella Liability		AZ 4-Factor [10]	95,767	1.2198%	\[Insurance] Summary [3]	1,168	95,767
25	4. Autos		AZ 4-Factor [10]	278,350	1.2198%	\[Insurance] Summary [4]	3,395	278,350
26	5. Workers Compensation		Payroll Col [49]	26,991	1.6543%	\[Insurance] Summary [5]	447	26,991
27	6. Pollution		Fixed Site	3,554	1.00	\[Insurance] Summary [6]	3,554	3,554
28	7. D&O		AZ 4-Factor [10]	13,367	1.2198%	\[Insurance] Summary [7]	163	13,367
29	8. Fiduciary		AZ 4-Factor [10]	1,483	1.2198%	\[Insurance] Summary [8]	18	1,483
30	9. Crime		Employee Count	6 \$	7.76	\[Insurance] Summary [9]	47	6
31	10. Employed Lawyers		AZ 4-Factor [10]	1,196	1.2198%	\[Insurance] Summary [10]	15	1,196
32	11. Non Owned Pollution		AZ 4-Factor [10]	19,339	1.2198%	\[Insurance] Summary [11]	236	19,339
33	12. Employment Practices		Employee Count	6 \$	5.30	\[Insurance] Summary [12]	32	6
34	13. Utilities Bond		Site Bond Requirement	22,331	0.0000%	\[Insurance] Summary [13]	-	22,331
35	14. Cyber Insurance		AZ 4-Factor [10]	11,366	1.2198%	\[Insurance] Summary [14]	139	11,366
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	1.2198%	\[Insurance] Summary [16]	236	19,383
39	<b>Total</b>					\$ 17,230	Sum Col [C]	Sum Col [E] \$ 17,548
41	<b>Adjusted Test Year Insurance Other Than Group</b>				GL Account 5605 from Sch E-6	\$ 18,819		\$ 17,230
43	<b>Increase/(Decrease) to Insurance Other Than Group</b>					\$ (1,589)	Line [39] - Line [41]	\$ 318

46 Workpapers and Supporting Documents:  
 47 \Sch E6  
 48 \Sch B2  
 49 \Insurance Other than Group.xlsx (aka Insurance)  
 50 \2016 Havasu Water.xlsm

\4-Factor  
 \Payroll, Benefits, & Taxes 2016.xlsx (aka Payroll)

Line

No.	Capital Lease - Vehicles - Expense Adjustment	4- Factor	General Metered Customers	0.9331%
-----	---	-----------	---------------------------	---------

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

15	Depreciation Expense on Capital Leases			(a) \$	13,051
18	Depreciation Expense on Corporate Capital Leases	\$	7,314 (a)		
20	Allocated Depreciation Expense on Corporate Plant			GMC 4 Factor*Line[18] \$	68
24	Increase / (Decrease) to Depreciation Expense			Line[15] + Line[20] \$	13,119
26	Adjustment to Revenue and/or Expense			Line[24] \$	<u>13,119</u>
30	Operating Lease Expense (account 5270)	5270 \$	23,564		
33	Increase / (Decrease) to Maintenance Expense			Line [30] \$	<u>(23,564)</u>

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

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 PLYP	12 Months PLYP	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	Annual Depr Expense
1	301000	0.00%	Organization	10,144	-	-	-	-	-	-	-	-	10,144	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	47,343	-	-	-	-	-	-	-	-	47,343	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	26,834	121,802	-	-	-	-	-	-	-	(94,968)	894	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	99,968	8,997	-	-	-	-	-	-	-	90,971	3,332	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	2,006,725	180,515	-	-	-	-	-	-	-	1,826,210	66,891	-	-	-	-
11	304400	3.33%	Structures & Improvements Trans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	20,698	4,934	-	-	-	-	-	-	-	15,764	690	-	-	-	-
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	148,253	71,889	-	-	-	-	-	-	-	76,364	3,706	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	390,945	255,681	-	-	261,384	4,356	-	-	-	392,291	13,032	-	8,713	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	22,738	38,391	-	-	-	-	-	-	-	(15,653)	1,137	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	1,373,283	577,628	-	-	-	-	-	-	-	795,655	114,440	-	-	-	-
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	12,117	1,436	-	-	-	-	-	-	-	10,681	1,010	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	168,270	240,766	-	-	-	-	-	-	-	72,497	12,038	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	50,938	27,591	-	-	-	-	-	-	-	23,347	5,094	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	1,167,363	359,129	-	-	-	-	-	-	-	808,233	25,941	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	109,309	113,100	-	-	-	-	-	-	-	(3,791)	2,186	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	527,391	111,944	357,204	3,572	234,573	2,346	(84,707)	-	-	647,675	10,548	7,144	4,691	-	(1,694)
38	331100	2.00%	TD Mains 4in & Less	871,738	348,821	-	-	-	-	-	-	-	522,917	17,435	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	987,463	144,084	-	-	-	-	-	-	-	843,379	19,749	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	755,666	156,896	-	-	-	-	-	-	-	598,770	15,113	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	1,509,667	(62,850)	5,363	89	87,996	1,467	(37,593)	-	-	1,659,047	50,322	179	2,933	-	(1,253)
44	334100	8.33%	Meters	357,285	122,628	154	6	4,800	200	(867)	-	-	239,257	29,774	13	400	-	(72)
45	334200	3.33%	Meter Installations	23,486	4,087	-	-	-	-	-	-	-	19,399	783	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	71,432	28,508	-	-	-	-	-	-	-	42,924	4,762	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	72,128	7,217	2,744	91	-	-	-	-	-	64,911	4,809	183	-	-	-
53	340100	6.67%	Office Furniture & Equipment	3,254	1,769	-	-	-	-	-	-	-	1,485	217	-	-	-	-
54	340200	20.00%	Computer & Periph Equipment	27,462	22,341	-	-	-	-	-	-	-	5,121	5,492	-	-	-	-
55	340300	20.00%	Computer Software	7,686	8,327	-	-	-	-	-	-	-	(641)	1,537	-	-	-	-
56	340500	6.67%	Other Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	75,406	242,261	28,076	2,005	-	-	-	91,355	34,982	(110,481)	10,772	4,011	-	13,051	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	113,411	34,159	-	-	3,402	85	-	-	-	82,569	5,671	-	170	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,093	42,886	-	-	-	-	-	-	-	(9,793)	1,655	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	7,789	4,283	-	-	70,000	3,500	-	-	-	70,006	779	-	7,000	-	-
65	346190	10.00%	Remote Control & Instrument	62,117	25,222	-	-	-	-	-	-	-	36,894	6,212	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	47,166	30,657	-	-	-	-	-	-	-	16,508	4,717	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	11,281,063	3,202,602	393,541	5,765	662,155	11,954	(123,167)	91,355	34,982	8,785,035	440,738	11,529	23,908	13,051	(3,019)

Depreciable Plant 11,223,576 Line [72] - Lines [1]-[7]  
 Composite Depr Rate 3.93%

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46 Workpapers & Supporting Documents:

47

48

49

50 \2016 Havasu Water.xlsm

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

7

[A]

8

Purchased Water

9

Test Year Expense

10 Test Year Purchased Water Expense

\$ (179) (a)

11 SMC-IS6

\$ (3)

12 Increase / (Decrease) to Expense

\$ (182) Line [10]+Line [11]

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46 Workpapers & Supporting Documents:

47 (a) Sch C2

48

49

50 \2016 Havasu Water.xlsm

Line

**PURCHASED WATER  
 SURCHARGE CALCULATION**

No.  
 1 Purchased Water Adjustment and Surcharge  
 2

3 The Company is proposing a Purchase Water Adjustor Mechanism for all districts in this rate case. The Company's estimate as to the per customer surcharge 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 not  
 5 affected by the purchase price of water. Costs have been adjusted from the 2016 test year expense to annualized water expense. Additionally, the Company has  
 6 included known and measurable increases to purchased water costs. The Company pays the Central Arizona Project ("CAP") for fees in many districts. CAP has  
 7 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 districts  
 12 also pay groundwater withdrawal fees. Many of these fees are already collected through supplemental surcharges on customer bills. All costs have been included in  
 13 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 the  
 16 effective date of new rates approved in this rate case.  
 17  
 18

Purchased Water  
Test Year Expense

24	Test Year Purchased Water Expense	\$	179	(a)
25	SMC-IS6	\$	3	
26	Annualized Purchased Water Expenses	\$	182	Line [24]+Line [25]
27				
28	2017 Percentage increase in CAP costs		0.00%	(c)
29	2017 Purchased Water Expense	\$	182	Line [26]*(1+Line [28])
30				
31	2018 Percentage increase in CAP costs		0.00%	(c)
32	2018 Purchased Water Expense	\$	182	Line [29]*(1+Line [31])
33				
34	Mohave Wtr Conservation District - Impost Fees	\$	-	(c)
35	Impost Fees - N. Mohave Wtr Conserv Dist & Bullhead City	\$	-	(c)
36	Water Admin Fee - MVDD	\$	-	(c)
37	ADWR Groundwater Withdrawal Fee	\$	-	(c)
38				
39				
40	Total Pro Forma Purchased Water Costs	\$	182	Sum Lines [32 - 38]
41				
42	Total Billed Non-Effluent Gallons (in thousand of gallons)		181,573	(b)
43	Surcharge Per Thousand Gallons	\$	0.0010	Line [40] / Line [42]

44  
 45  
 46 Workpapers & Supporting Documents:  
 47 (a) Sch C2  
 48 (b) Sch E7  
 49 (c) \Purchased Water Increase.xlsx  
 50 \2016 Havasu Water.xlsm

Line

No.

1 Regulatory Asset Amortization - Y2K and Depreciation Study

2  
 3 Decision Number 67093 dated July 2004, the Arizona Corporation Commission allowed recovery of costs incurred to modify certain computer systems to be compliant with the four-digit year field  
 4 over 32 years. The unamortized balance of \$978,780 was scheduled to be amortized at \$2,545 per month over the period July 2004 through July 2036.

5  
 6 Decision Number 67093 authorized the Company to amortize the costs of a 2002 Depreciation Study in accordance with FASB 71. The cost of the study, \$75,417.64, was to be amortized at 3.12%  
 7 per year (\$196 per month) over a period of July 2004 through July 2036.

	(A)	(B)	(C)	(D)	(E) = (A)/(D) Monthly	(F) Months	(G) = (F) * (E) Accumulated
	<u>Reg Asset</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Months</u>	<u>Amortization</u>	<u>Elapsed</u>	<u>Amortization</u>
13	<u>7A</u>						
14	Y2K	\$ 978,870	7/1/2004	7/1/2036	385	\$ 2,545	150 \$ 381,750
15	Depreciation Study	\$ 75,418	7/1/2004	7/1/2036	385	\$ 196	150 \$ 29,400
16							
17							
18							
19							
20		(H) Monthly	(I) = (H) * 12 Annual	(J) <u>Citizen's Districts</u>			(K) = (I) * (J) <u>District Allocation of Amortization</u>
21		<u>Amortization</u>	<u>Amortization</u>	<u>Factor</u>			<u>Reg Asset</u> <u>Reg Liability</u>
22	<u>7A</u>						
23	Y2K	\$ 2,545	\$ 30,540	1.6991%		\$ 519	\$ -
24	Depreciation Study	\$ 196	\$ 2,352	1.6991%		\$ 40	\$ -
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35						Line [23+24]	\$ 559      \$ -
36							
37							
38		Increase/(Decrease) to Deprecation Expense				Line [35]	\$ 559      \$ -
39							
40							
41							
42							
43							
44							
45							
46		<u>Workpapers &amp; Supporting Documents:</u>					
47		Regulatory Assets and Liabilities.xlsx					
48							
49							
50		\\2016 Havasu Water.xlsm					

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46 Workpapers & Supporting Documents:

47

48

49

50 \2016 Havasu Water.xlsm



Line

No.

1 Regulatory Asset Amortization - ACRM - Havasu

2  
 3 The United States Environmental Protection Agency ("EPA") reduce the maximum contaminant level of arsenic from 50 parts per billion ("PPB") to 10 PPB for all community water systems effective January 23, 2006. This  
 4 new federal requirement required water companies to pursue additional treatment options where arsenic levels were not below the new 10 PPB Guideline.  
 5

6  
 7 Decision Number 70626 dated November 19, 2008, granted recovery for costs associated with arsenic treatment for Havasu. Total O&M costs of \$88,300 should be booked as a Regulatory Asset along with accrued  
 8 monthly AFUDC for the period November 2008 through November 2009 of \$5,379 for a total of \$93,679. Decision No. 70626 stated that AFUDC should be applied monthly to the outstanding compounded balance of the  
 9 deferral until a rate is established upon completion of the pending rate case in the Havasu District. Decision Number 71410 approved an amortization period of 12 years or 8.33% amortization rate.  
 10

11  
 12 Decision Number 75268 dated September 8, 2015, granted recovery for costs associated with arsenic treatment for Tubac. Total deferral costs of \$101,712 are to be recovered over a three year period. Beginning  
 13 September 1, 2015, the authorized amount of \$101,712 will be amortized equally over 36 months at \$2,825 per month. Complete amortization will occur in August 2018,  
 14

	[A]	[B]	[C]	[D]	[E] = ([D]*[A]) / 12	[F] = [E]*12
	<u>Reg Asset</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Amortization Rate</u>	<u>Monthly Amortization</u>	<u>Annual Amortization</u>
21 Havasu Arsenic Media	\$ 93,679	12/1/2009	11/30/2021	8.33%	\$ 651	\$ 7,806.59

36  
 37 Increase in Depreciation Expense

Line [21] Col [F] \$ 7,807

46 Workpapers & Supporting Documents:

47 Regulatory Assets & Liabilities.xlsx

48

49

50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44 Workpapers and Supporting Documents:

45

46

47

48

49

50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44 Workpapers and Supporting Documents:

45

46

47

48

49

50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44 Workpapers and Supporting Documents:

45

46

47

48

49

50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46 Workpapers and Supporting Documents:  
47  
48  
49  
50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46 Workpapers and Supporting Documents:  
47  
48  
49  
50 \2016 Havasu Water.xlsm

Line

No.

1 Intentionally Left Blank

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46 Workpapers and Supporting Documents:

47

48

49

50 \2016 Havasu Water.xlsm

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 = 1.41%	One Minus Combined 61.81%	0.87% [A] x [B]
7				
8	Bad Debt Expense	Effective Rate = 0.32%	One Minus Combined 61.81%	0.20% [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			39.41% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			60.59% 1 - [C] Line [13]
16				
17				
18				
19		1 = Gross Revenue Conversion Factor		
20				
21				
22	Operating Income %			1.65 1 / [C] Line [15]
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Supporting Schedules:	Recap Schedules:		
44	C-2	A-1		
45				
46	Workpapers & Supporting Documents			
47				
48				
49				
50	\2016 Havasu Water.xlsm			