

Line No.	Test Year Book Results (a)	Total Pro Forma Adjustments (a)	Test Year Adjusted Results (a)	Proposed Rate Increase (a)	Adjusted with Rate Increase (a)	
	[A]	[B]	[C] = [A] + [B]	[D]	[E] = [C] + [D]	
1	Revenues					
2	\$ 7,492,799	\$ (67,210)	\$ 7,425,589	\$ 2,088,702	\$ 9,514,290	
3	288,686	-	288,686	-	288,686	
4	\$ 7,781,485	\$ (67,210)	\$ 7,714,275	\$ 2,088,702	\$ 9,802,977	Sum Lines [2-3]
5						
6	Operating Expenses					
7	\$ 1,237,121	\$ 237,127	\$ 1,474,248	\$ -	\$ 1,474,248	
8	23,473	(23,473)	-	-	-	
9	467,863	(467,863)	-	-	-	
10	8,619	731	9,350	-	9,350	
11	7,085	162	7,247	-	7,247	
12	-	-	-	-	-	
13	332,042	(11,383)	320,660	-	320,660	
14	173,125	3,955	177,080	-	177,080	
15	502,706	42,831	545,537	-	545,537	
16	-	-	-	-	-	
17	33,099	25,219	58,318	-	58,318	
18	89,775	(20,397)	69,378	5,407	74,785	
19	504,203	47,707	551,910	15,495	567,406	
20	39,414	-	39,414	-	39,414	
21	270,551	(22,301)	248,250	-	248,250	
22	60,764	1,167	61,931	-	61,931	
23	539,199	(14,348)	524,851	-	524,851	
24	1,525,903	618,276	2,144,179	-	2,144,179	
25	311,660	59,601	371,261	30,922	402,183	
26	175,946	(55,080)	120,866	-	120,866	
27	947,664	(806,537)	141,127	777,782	918,909	
28						
29	\$ 7,250,215	\$ (384,606)	\$ 6,865,608	\$ 829,606	\$ 7,695,215	Sum Lines [7-27]
30	\$ 531,271	\$ 317,396	\$ 848,667	\$ 1,259,095	\$ 2,107,762	Line [4] - Line [29]
31	Other Income & Deductions					
32	\$ (26,554)	\$ -	\$ (26,554)	\$ -	\$ (26,554)	
33	731,250	(111,044)	620,206	-	620,206	
34	-	-	-	-	-	
35	150	-	150	-	150	
36	\$ 704,846	\$ (111,044)	\$ 593,802	\$ -	\$ 593,802	Sum Lines [32-35]
37	\$ (173,575)	\$ 428,440	\$ 254,865	\$ 1,259,095	\$ 1,513,960	Line [30] - Line [36]
38						
39						
40						
41						
42						
43	Supporting Schedules:	Recap Schedules:				
44	(a) C-2	A-1				
45						
46						
47						
48	Workpapers & Supporting Documents					
49						
50	\2016 Mohave Water.xlsm					

	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12	Page 13	Page 14	Page 15		
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]		
	ADJ JPB-IS1	ADJ JPB-IS2	ADJ SLM-IS3	ADJ SLM-IS4	ADJ JPB-IS5	ADJ SMC-IS6	ADJ SLM-IS7	ADJ SLM-IS8	ADJ JPB-IS9	ADJ SLM-IS10	ADJ JPB-IS11		
<u>Line No.</u>	<u>Test Year Book Results (a)</u>	<u>Tank Maintenance Expense</u>	<u>Adjust Property Taxes to Reflect Proposed Revenues</u>	<u>Federal and State Income Taxes</u>	<u>Interest Synchronization with Rate Base</u>	<u>Bad Debt Expense</u>	<u>Annualization/Normalization of Revenues</u>	<u>Removal of General Disallowable Items</u>	<u>Annualize Labor & Labor Related Expenses</u>	<u>Purchased Power Adjustment and Surcharge</u>	<u>Removal of 10% of Performance Based Compensation</u>	<u>Postage Expense</u>	
1	Revenues												
2	Water	\$ 7,492,799	\$ -	\$ -	\$ -	\$ -	\$ (13,545)	\$ -	\$ -	\$ -	\$ -	\$ -	
3	Other Revenues	288,686	-	-	-	-	-	-	-	-	-	-	
4	Total Revenue	\$ 7,781,485	\$ -	\$ -	\$ -	\$ -	\$ (13,545)	\$ -	\$ -	\$ -	\$ -	\$ -	
5													
6	Operating Expenses												
7	Labor	\$ 1,237,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,137	\$ -	\$ (15,010)	\$ -	
8	Purchased Water	23,473	-	-	-	-	77	-	-	-	-	-	
9	Fuel & Power	467,863	-	-	-	-	1,535	-	-	(469,398)	-	-	
10	Chemicals	8,619	-	-	-	-	28	-	-	-	-	-	
11	Waste Disposal	7,085	-	-	-	-	-	-	-	-	-	-	
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	
13	Corporate Allocation	332,042	-	-	-	-	-	-	-	-	-	-	
14	Outside Services	173,125	-	-	-	-	-	-	-	-	-	-	
15	Group Insurance	502,706	-	-	-	-	-	-	42,831	-	-	-	
16	Pensions	-	-	-	-	-	-	-	-	-	-	-	
17	Regulatory Expense	33,099	-	-	-	-	-	-	-	-	-	-	
18	Insurance Other Than Group	89,775	-	-	-	-	-	-	-	-	-	-	
19	Customer Accounting	504,203	-	-	-	-	32,143	1,654	-	-	-	1,026	
20	Rents	39,414	-	-	-	-	-	-	-	-	-	-	
21	General Office Expense	270,551	-	-	-	-	-	(28,345)	-	-	-	-	
22	Miscellaneous	60,764	-	-	-	-	-	-	-	-	-	-	
23	Maintenance Expense	539,199	67,703	-	-	-	-	-	-	-	-	-	
24	Depreciation & Amortization	1,525,903	-	-	-	-	-	-	-	-	-	-	
25	General Taxes-Property	311,660	-	59,601	-	-	-	-	-	-	-	-	
26	General Taxes-Other	175,946	-	-	-	-	-	-	(55,080)	-	-	-	
27	Income Taxes	947,664	-	-	(806,537)	-	-	-	-	-	-	-	
28													
29	Total Operating Expenses	\$ 7,250,215	\$ 67,703	\$ 59,601	\$ (806,537)	\$ -	\$ 32,143	\$ 3,294	\$ (28,345)	\$ 239,888	\$ (469,398)	\$ (15,010)	\$ 1,026
30	Utility Operating Income	\$ 531,271	\$ (67,703)	\$ (59,601)	\$ 806,537	\$ -	\$ (32,143)	\$ (16,839)	\$ 28,345	\$ (239,888)	\$ 469,398	\$ 15,010	\$ (1,026)
31	Other Income & Deductions												
32	Other Income & Deductions	\$ (26,554)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
33	Interest Expense	731,250	-	-	-	(111,044)	-	-	-	-	-	-	
34	Other Expense	-	-	-	-	-	-	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	150	-	-	-	-	-	-	-	-	-	-	
36	Total Other Income & Deductions	\$ 704,846	\$ -	\$ -	\$ -	\$ (111,044)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
37	Net Profit / (Loss)	\$ (173,575)	\$ (67,703)	\$ (59,601)	\$ 806,537	\$ 111,044	\$ (32,143)	\$ (16,839)	\$ 28,345	\$ (239,888)	\$ 469,398	\$ 15,010	\$ (1,026)

44 Supporting Schedules: Recap Schedules:
 45 (a) E-6 C-1
 46
 47
 48 Workpapers & Supporting Documents:
 49
 50 \2016 Mohave Water.xlsx

	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
Line No.	<u>Customer Care and Billing Services</u>	<u>Rate Case Expense</u>	<u>Reclass Effluent from Water to Wastewater</u>	<u>Intentionally Left Blank</u>	<u>Annualize Depreciation Expense on Direct Plant</u>	<u>Annualize Depreciation Expense on Corporate Plant</u>	<u>Annualize Depreciation Expense on 6U</u>	<u>Depreciation Expense on Post Test Year Plant</u>	<u>Removal of Vector Truck Amortization</u>	<u>Annualize Amortization of CIAC</u>	<u>Adjust Corporate Allocations</u>	<u>CPI Increase</u>
1	Revenues											
2	\$ -	\$ -	\$ (53,665)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Revenue											
	\$ -	\$ -	\$ (53,665)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5												
6	Operating Expenses											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	703
11	-	-	-	-	-	-	-	-	-	-	-	162
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	(11,901)	519
14	-	-	-	-	-	-	-	-	-	-	-	3,955
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	25,219	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-
19	11,810	-	-	-	-	-	-	-	-	-	-	1,074
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	6,044
22	-	-	-	-	-	-	-	-	-	-	-	1,167
23	-	-	-	-	-	-	-	-	-	-	-	6,906
24	-	-	-	-	561,213	(44,041)	64,571	175,033	(16,190)	(121,930)	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28												
29	Total Operating Expenses											
	\$ 11,810	\$ 25,219	\$ -	\$ -	\$ 561,213	\$ (44,041)	\$ 64,571	\$ 175,033	\$ (16,190)	\$ (121,930)	\$ (11,901)	\$ 20,530
30	Utility Operating Income											
	\$ (11,810)	\$ (25,219)	\$ (53,665)	\$ -	\$ (561,213)	\$ 44,041	\$ (64,571)	\$ (175,033)	\$ 16,190	\$ 121,930	\$ 11,901	\$ (20,530)
31	Other Income & Deductions											
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-	-	-	-
36	Total Other Income & Deductions											
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	Net Profit / (Loss)											
	\$ (11,810)	\$ (25,219)	\$ (53,665)	\$ -	\$ (561,213)	\$ 44,041	\$ (64,571)	\$ (175,033)	\$ 16,190	\$ 121,930	\$ 11,901	\$ (20,530)

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

	Page 28 [Y] ADJ SLM-IS24	Page 29 [Z] ADJ SLM-IS25	Page 30 [AA] ADJ x-IS26	Page 31 [AB] ADJ SLM-IS27	Page 32 [AC] ADJ SLM-IS28	Page 33 [AD] ADJ SLM-IS29	Page 34 [AE] ADJ JPB-IS30	Page 35 [AF] ADJ SLM-IS31	Page 36 [AG] ADJ SLM-IS32	Page 37 [AH] ADJ SLM-IS33	Page 38 [AI] ADJ SLM-IS34	Page 39 [AJ] ADJ SLM-IS35
Line No.	Intentionally Left Blank	Retirements on Test Year Plant - Depreciation	Intentionally Left Blank	Insurance Other Than Group	Capital Lease - Vehicles - Expense Adjustment	Decision No. 75268 Amortization	Purchased Water Adjustment and Surcharge	Regulatory Asset Amortization - Y2K and Depreciation Study	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank
1 Revenues												
2 Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
4 Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5												
6 Operating Expenses												
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Purchased Water	-	-	-	-	-	-	(23,550)	-	-	-	-	-
9 Fuel & Power	-	-	-	-	-	-	-	-	-	-	-	-
10 Chemicals	-	-	-	-	-	-	-	-	-	-	-	-
11 Waste Disposal	-	-	-	-	-	-	-	-	-	-	-	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	-	-	-	-	-	-	-	-	-	-	-	-
14 Outside Services	-	-	-	-	-	-	-	-	-	-	-	-
15 Group Insurance	-	-	-	-	-	-	-	-	-	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	-	-	-	-	-	-	-	-	-	-	-	-
18 Insurance Other Than Group	-	-	-	(20,397)	-	-	-	-	-	-	-	-
19 Customer Accounting	-	-	-	-	-	-	-	-	-	-	-	-
20 Rents	-	-	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	-	-	-	-	-	-	-	-	-	-	-	-
22 Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	-	-	-	-	(88,957)	-	-	-	-	-	-	-
24 Depreciation & Amortization	-	(2,529)	-	-	37,533	(38,288)	-	2,905	-	-	-	-
25 General Taxes-Property	-	-	-	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	-	-	-	-	-	-	-	-	-	-	-	-
27 Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-
28												
29 Total Operating Expenses	\$ -	\$ (2,529)	\$ -	\$ (20,397)	\$ (51,425)	\$ (38,288)	\$ (23,550)	\$ 2,905	\$ -	\$ -	\$ -	\$ -
30 Utility Operating Income	\$ -	\$ 2,529	\$ -	\$ 20,397	\$ 51,425	\$ 38,288	\$ 23,550	\$ (2,905)	\$ -	\$ -	\$ -	\$ -
31 Other Income & Deductions												
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
36 Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37 Net Profit / (Loss)	\$ -	\$ 2,529	\$ -	\$ 20,397	\$ 51,425	\$ 38,288	\$ 23,550	\$ (2,905)	\$ -	\$ -	\$ -	\$ -

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

Line No.	Page 40	Page 41	Page 42	Page 43				
	[AK] ADJ SLM-IS36	[AL] ADJ SLM-IS37	[AM] ADJ SLM-IS38	[AN] ADJ SLM-IS39	[AO] Sum [B - AN]	[AP] Sum [A] + [AO]	[AQ]	[AR] Sum [AP] + [AQ]
	<u>Intentionally</u> <u>Left Blank</u>	<u>Intentionally</u> <u>Left Blank</u>	<u>Intentionally</u> <u>Left Blank</u>	<u>Intentionally</u> <u>Left Blank</u>	<u>Total Pro Forma</u> <u>Adjustments</u>	<u>Test Year</u> <u>Adjusted</u> <u>Results</u>	<u>Proposed Rate</u> <u>Increase</u>	<u>Adjusted Rate</u> <u>Increase</u>
1	Revenues							
2	\$ -	\$ -	\$ -	\$ -	\$ (67,210)	\$ 7,425,589	\$ 2,088,702	\$ 9,514,290
3	-	-	-	-	-	288,686		288,686
4	\$ -	\$ -	\$ -	\$ -	\$ (67,210)	\$ 7,714,275	\$ 2,088,702	\$ 9,802,977
5								
6	Operating Expenses							
7	\$ -	\$ -	\$ -	\$ -	\$ 237,127	\$ 1,474,248		\$ 1,474,248
8	-	-	-	-	(23,473)	-		-
9	-	-	-	-	(467,863)	-		-
10	-	-	-	-	731	9,350		9,350
11	-	-	-	-	162	7,247		7,247
12	-	-	-	-	-	-		-
13	-	-	-	-	(11,383)	320,660		320,660
14	-	-	-	-	3,955	177,080		177,080
15	-	-	-	-	42,831	545,537		545,537
16	-	-	-	-	-	-		-
17	-	-	-	-	25,219	58,318		58,318
18	-	-	-	-	(20,397)	69,378	5,407	74,785
19	-	-	-	-	47,707	551,910	15,495	567,406
20	-	-	-	-	-	39,414		39,414
21	-	-	-	-	(22,301)	248,250		248,250
22	-	-	-	-	1,167	61,931		61,931
23	-	-	-	-	(14,348)	524,851		524,851
24	-	-	-	-	618,276	2,144,179		2,144,179
25	-	-	-	-	59,601	371,261	30,922	402,183
26	-	-	-	-	(55,080)	120,866		120,866
27	-	-	-	-	(806,537)	141,127	777,782	918,909
28								
29	\$ -	\$ -	\$ -	\$ -	\$ (384,606)	\$ 6,865,608	\$ 829,606	\$ 7,695,215
30	\$ -	\$ -	\$ -	\$ -	\$ 317,396	\$ 848,667	\$ 1,259,095	\$ 2,107,762
31	Other Income & Deductions							
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,554)		\$ (26,554)
33	-	-	-	-	(111,044)	620,206		620,206
34	-	-	-	-	-	-		-
35	-	-	-	-	-	150		150
36	\$ -	\$ -	\$ -	\$ -	\$ (111,044)	\$ 593,802	\$ -	\$ 593,802
37	\$ -	\$ -	\$ -	\$ -	\$ 428,440	\$ 254,865	\$ 1,259,095	\$ 1,513,960

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

4 average cost of tank maintenance over a planned maintenance program. The program maps out the anticipated frequency and amount of the costs on a district level by storage tank. Costs are then averaged

5 over the given maintenance cycle and summarized by district.

6

7 Many of the districts already have approved tank maintenance plans authorized by the Commission in previous decisions. The tank maintenance expense in those districts reflects the previously approved

8 amounts. This Application also seeks approval of the Sun City West and North Mohave Water District tank maintenance plans that have not been previously authorized by the Commission. Detail for each

9 district's tank maintenance programs 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

	\$	244,608 (b)
2016 Tank Maintenance Expense, Unadjusted (account 5900)		176,905 (a)
Increase in Tank Maintenance Expense	Line (29)-Line (33)	\$ 67,703

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

Line
 No.

1 Adjust Property Taxes to Reflect Proposed Revenues
 2 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.
 3 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
 4 the last three years to account for known and measurable historical trends in tax rates.

	Business Unit	Power and Water Expenses		[A]	[B]		
		7M				Property Tax Expense	Property Tax Expense For Conversion Factor
		[1] Present	[2] Proposed				
10	Adjusted Revenues in Year Ended December 2016	(Adj Summary p.2)	\$ 492,949	\$ 814,421	(b) + [2] \$ 8,528,696	\$ 8,528,696	
11	Adjusted Revenues in Year Ended December 2016					8,528,696	
12	Proposed Revenues					8,528,696	
13	Average of Three Years of Revenue					(b) + [2] 10,617,397	
14	Average of Three Years of Revenue, times 2					Avg Lines[10] thru [12] \$ 9,224,929	
15	Add:					Line[13] * 2 \$ 17,057,392	
16	Construction Work in Progress at 10%					(a) \$ 130,916	\$ 130,916
17	Deduct:						
18	Net Book Value of Transportation Equipment					(d) \$ 469,722	\$ 469,722
19							
20	Full Cash Value					Sum Lines[14-16] - Line[18] \$ 16,718,586	\$ 18,111,052
21	Assessment Ratio (For 2016 and Beyond per HB 2001 Sec 42-15001)					18.0%	18.0%
22	Assessed Value					Line[20]*Line[21] \$ 3,009,345	\$ 3,259,989
23	Property Tax Rate					(c) 12.34%	12.34%
24							
25	Property Tax					Line[22]*Line[23] \$ 371,261	\$ 402,183
26	Additional Tax					\$ -	
27							
28	Adjusted Test Year Property Taxes at Present Rates					Line[25]+Line[26] \$ 371,261	
29	Adjusted Test Year Property Taxes					(b) 311,660	
30	Adjustment to Revenue and/or Expense (To Sch C-2)					Line[28] - Line[29] \$ 59,601	
31							
32	Adjusted Test Year Property Taxes at Proposed Rates					Line [25] \$ 402,183	
33	Adjusted Test Year Property Taxes at Present Rates					Line[28] Col [A] 371,261	
34	Additional Property Taxes on Proposed Revenues (To Sch C-2)					Line[32] - Line[35] \$ 30,922	
35							

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

38	Increase in Property Tax Due to Increase in Revenue Requirement (Line 34, Col [B])	\$	30,922
40	Increase in Revenue Requirement (From Sch C-2)	\$	2,088,702
42	Increase in Property Tax Per Dollar Increase in Revenue (Line 38/Line 40)		1.48%

44 Workpapers & Supporting Documents:

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

Line No.			Test Year Adjusted Results [A]	Adjusted with Rate Increase [B]
1	<u>Federal and State Income Taxes</u>			
2				
3				
4	Operating Income Before Inc. Taxes		\$ 989,794	\$ 3,026,671
5	Interest Expense		620,206	620,206
6	Arizona Taxable Income		Line[4] - Line[5] \$ 369,588	\$ 2,406,465
7				
8	Arizona Income Tax	4.900%	Line[9]* 4.900% \$ 18,110	\$ 117,917
9				
10				
11	Federal Income Before Taxes		Line[6] \$ 369,588	\$ 2,406,465
12	Less Arizona Income Taxes		Line[8] 18,110	117,917
13				
14	Federal Taxable Income		Line[11] - Line[12] \$ 351,478	\$ 2,288,548
15				
16				
17				
18	FEDERAL INCOME TAXES:			
19				
20	Federal Income Taxes	35.000%	Line[14]*35.000% \$ 123,017	\$ 800,992
21				
22				
23				
24	Total Income Tax		Line[12]+Line[20] \$ 141,127	\$ 918,909
25				
26	Tax Rate		Line[24] / Line[6] 38.18%	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) \$ 947,664	
36	Increase in Income Taxes,		Line[24] - Line[35] \$ (806,537)	
37				
38	Adjustment to Revenues and/or Expense		Line[36] \$ (806,537)	
39				
40	Test Year Income Taxes			Col A Line[24] \$ 141,127
41	Increase in Income Taxes			Line[24] - Line[40] 777,782
42				
43	Adjustment to Revenue and/or Expense			Line[41] \$ 777,782
44				
45				
46				
47	<u>Workpapers & Supporting Documents:</u>			
48	(a) Sch C-2			
49				
50	\2016 Mohave Water.xlsm			

Line

No.

1 Interest Synchronization with Rate Base

2

3

4

5

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

(a) \$ 27,811,940

7 Weighted Cost of Debt from Schedule D-1

(b) 2.23%

8 Synchronized Interest Expense

Line[6]*Line[7] \$ 620,206

9

10 Test Year Interest Expense

\$ 731,250 (c)

11

12 Adjusted Test Year Interest Expense

Line[10] \$ 731,250

13

14 Increase/(Decrease) in Interest Expense

Line[8] - Line[12] \$ (111,044)

15

16 Adjustment to Revenue and/or Expense

Line[14] \$ (111,044)

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 B-1

48 (b) Sch D-1

49 (c) Sch C-2

50 \2016 Mohave Water.xlsm

Line No.	G/L Account Business Unit	5610 7M		
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			
4	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			
5	adjustments from prior years were removed and replaced with actual activity determined to be uncollectible and written-off in 2016 for each district. The difference between the unadjusted expense			
6	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.			
7				
8				
9				
10	Allocated Bad Debt in Account 5610		(a) \$	25,086
11				
12	Actual Bad Debt Write-Offs (b)		\$	
13	Jan-16			6,878
14	Feb-16			4,198
15	Mar-16			4,298
16	Apr-16			3,856
17	May-16			3,273
18	Jun-16			4,057
19	Jul-16			2,576
20	Aug-16			5,229
21	Sep-16			5,341
22	Oct-16			4,056
23	Nov-16			7,604
24	Dec-16			5,863
25	Total Bad Debt		Sum Lines [13 - 24] \$	57,230
26				
27	Increase/(Decrease) in Bad Debt Expense		Line[25] - Line[10] \$	32,143
28				
29	Adjustment to Revenue and/or Expense		Line[27] \$	32,143
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44	<u>Workpapers & Supporting Documents:</u>			
45				
46	(a) Sch E-6			
47	(b) \Bad Debt Writeoffs and Recoveries 2016.xls			
48				
49				
50	\2016 Mohave Water.xlsm			

Line
 No.

1 Annualization/Normalization of Revenues

2
 3 Due to the seasonality of residents in the Phoenix area, it is appropriate to annualize revenues for the average customer population during the year, rather than the year-end count. At December 31,
 4 2016, the customer population is at its highest, and does not properly reflect the experiences of the Company.
 5 Due to unseasonably high temperatures during test year, EPCOR has also performed a weather normalization to reflect normalized water sales at average temperatures. Please see the Schedule H for
 6 detail.
 7 Revenue Adjustments include Removal of HUF credits currently being credited to customers on a monthly basis in accordance with Decision No.73145. The White Tanks HUF Credit commenced in Year
 8 2 of the phase in for that Decision and continued each subsequent year until new rates are approved.
 9 EPCOR has also removed accrual entries.

	[A]	[B]	[C]	[D]		[E] = [A] + [B] + [C] + [D]
	Residential	Commercial	Other Water User	Other Revenue		Total
13 Test Year Revenues per General Ledger	\$ 5,750,331	\$ 1,488,293	\$ 254,175	\$ 288,686	(a)	\$ 7,781,485
14 Revenue Adjustments	(34,264)				(b)	(34,264)
15 Accruals	(2,811)	4,991			(a)	2,180
16 Annualization	40,922	2,796	1,180	-	(b)	44,899
17 Weather Normalization	(20,557)	(4,499)	(1,304)	-	(b)	(26,360)
18 Adjusted Revenues	<u>\$ 5,733,622</u>	<u>\$ 1,491,581</u>	<u>\$ 254,051</u>	<u>\$ 288,686</u>	Sum Lines [13 - 17]	<u>\$ 7,767,940</u>
19						
20 Test Year Revenues per General Ledger	5,750,331	1,488,293	254,175	288,686	(b)	7,781,485
21						
22 Increase / (Decrease) to Test Year Revenues	<u>\$ (16,709)</u>	<u>\$ 3,288</u>	<u>\$ (124)</u>	<u>\$ -</u>	Line[18] - Line[20]	<u>\$ (13,545)</u>
23						
24						
25						

26 Increase / (Decrease) in Operating Expenses:

	[F]	[G]	[H]	[I]		Total
	Purchased Water	Fuel & Power	Chemicals	Other Customer Accounting		Total
29 Test Year Adjusted Expense from Sch C-2	\$ 23,473	\$ 467,863	\$ 8,619	\$ 504,203		
30 Average Customers (from Sch E7) times 12 bills	192,348	192,348	192,348	192,348		
31 Cost per Customer	\$ 0.122	\$ 2.432	\$ 0.045	\$ 2.621	Line[29] / Line[30]	
32						
33 Customer Growth	631	631	631	631	(c)	
34 Additional Expense	<u>\$ 77</u>					
35		<u>\$ 1,535</u>				
36			<u>\$ 28</u>			
37				<u>\$ 1,654</u>		<u>\$ 3,294</u> Sum Col [F-I]
38						
39						
40						
41						
42						
43						
44						

45 Workpapers & Supporting Documents:

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

4 - Factor

Business Unit	7M	7.2987%
---------------	----	---------

Line
 No.

1 Removal of General Disallowable Items

2
 3 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
 4 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
 5 them to minimize issues in dispute. The corresponding General Ledger numbers are below.
 6
 7
 8
 9
 10

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	5670	5671	5672		
	Advertising	Promotion	Donation	Total	
15 Total 7A Corporate Expenses (a)	\$ 30,500	\$ 280,264	\$ 24,002	\$ 334,766	
16 7A Allowed Expenses (b)	16,139	3,750	-	19,888	
17 7A Disallowed Expenses	\$ 14,361	\$ 276,514	\$ 24,002	\$ 314,877	Line[15] - Line[18]
19 Mohave Water 4-Factor	7.2987%	7.2987%	7.2987%		
21 7A Disallowed Expenses allocated to District	\$ 1,048	\$ 20,182	\$ 1,752	\$ 22,982	Line[17] * Line[19] \$ 22,982
24 Total District Expenses (a)	\$ -	\$ 6,010	\$ -	\$ 6,010	
25 District Allowed Expenses (b)	0	647.19	0	647.19	
26 District Disallowed Expenses	\$ -	\$ 5,363	\$ -	\$ 5,363	Line[24] - Line[25] \$ 5,363
33 General Disallowed Items for District					Line[21] + Line[26] \$ 28,345
35 Adjustment to Revenue and/or Expense					Line[33] \$ (28,345)

44 Workpapers & Supporting Documents:

- 45 (a) Sch E-6a
- 46 (b) Disallowable Costs 2016.xlsx
- 47
- 48 4-Factor
- 49
- 50 \2016 Mohave Water.xlsm

Business Unit	7M
---------------	----

Line
 No.

1	<u>Annualize Labor & 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			
3	annualizes the various employee benefit-related items including group insurance, 401(k), and pension expense. Group Insurance includes premiums for life insurance, medical insurance, dental insurance, long-term disability			
4	insurance and short-term disability. Also included is the annualization of the Company's contribution to its employees' 401(k) retirement savings program.			
5				
6				
7	Labor Expense as calculated per the Payroll Model (a)			
8	Direct Labor	\$ 1,339,157		
9	Performance Based Compensation	\$ 150,101	\$ 1,489,258	Line[8]+Line[9]
10				
11	Fully Allocated Labor Expense per General Ledger (b)		\$ 1,237,121	
12	Increase/(Decrease) in Labor Expense			Line[9] - Line[11] \$ 252,137
13				
14				
15				
16				
17				
18	Group Insurance and Other Benefits as calculated per the Payroll Model (a)			
19	401K	\$ 146,606		
20	Insurance	\$ 272,824		
21	Pension	\$ 126,108	\$ 545,538	Line[19]+Line[20]+Line[21]
22				
23	Fully Allocated Labor Expense per General Ledger (b)		\$ 502,706	
24	Increase/(Decrease) in Group Insurance Expense			Line[21]-Line[23] \$ 42,831
25				
26				
27				
28				
29				
30	Payroll Taxes as calculated per the Payroll Model (a)			
31	Taxes	\$ 103,840	\$ 103,840	Line[31]
32				
33	Fully Allocated Labor Expense per General Ledger (b)		\$ 158,920	
34	Increase/(Decrease) in General Taxes - Other			Line[31] - Line[33] \$ (55,080)
35				
36				
37	Increase/(Decrease) in Labor Related Expense			Sum Lines[12] thru [34] \$ 239,888
38				
39				
40	Adjustment to Revenue and/or Expense			Line [37] \$ 239,888
41				
42				
43	Total	\$ 2,138,636		Line [8]+[9]+[19]+[20]+[21]+[31]
44	Check	\$ 2,138,636		\Payroll, Benefits & Taxes_TY 2016.xlsx
45	Diff	\$ -		Line[43] - Line[44]
46	<u>Workpapers & Supporting Documents:</u>			
47	(a) \Payroll, Benefits & Taxes_TY 2016.xlsx			
48	(b) Sch E-6			
49				
50	\2016 Mohave Water.xlsm			

Line
 No.

1 Purchased Power Adjustment and Surcharge Business Unit 7M

2
 3 The Company is proposing a Power Cost Adjustor Mechanism for All Districts in this Case. This adjustment removes Purchased Power expenses from the District's operating expenses. The Power Costs
 4 expenses are removed in adjustment JPB-IS9. The Company's estimate as to the per customer surcharge is calculated herein. The Company would anticipate the effective date of the Plan of
 5 Administration (POA), submitted as an Exhibit to Mr. Boizelle's testimony, to be concurrent with the effective date of new rates approved in this rate case.
 6

	[A]	[B]	[C]	[D] = [A] + [B] + [C]
<u>GL Account</u>	<u>Corporate (a)</u>	<u>Direct (b)</u>	<u>Other</u>	<u>Total</u>
<u>Account Description</u>	<u>2016</u>	<u>2016</u>	<u>Allocation (c)</u>	<u>2016</u>
5617 Power Charges	\$ 3,087	\$ 463,493		\$ 466,580
5616 Natural Gas Charges	\$ -	\$ 1,283		\$ 1,283
Annualization				\$ 1,535
Increase / (Decrease) to Purchase Power Expense				\$ (469,398)

Sum Lines [12 - 14]

45 Workpapers & Supporting Documents:

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

**PURCHASED POWER
 SURCHARGE CALCULATION**

Line
 No.

1 Purchased Power Adjustment and Surcharge Business Unit 7M

2 The Company's water districts utilize multiple vendors in their different geographic locations. Power is purchased from Arizona Public Service Company ("APS"), UNS Electric,
 3 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
 4 electrical costs are proposed to account for known and measurable increases. The Company has no control over these price increases. Additionally, EWAZ has experienced
 5 consistent year-over-year increases in APS's bills due to changes in surcharge factors associated with their rate adjustor mechanisms.

6
 7 APS provides electrical service to the Agua Fria, Anthem, Sun City, Sun City West, Chaparral, and Paradise Valley water districts. APS also provides electrical service to the
 8 Phoenix corporate office. On March 1, 2017, APS reached a settlement agreement with the major parties in its rate case filed on June 1, 2016. The Company does not expect
 9 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
 10 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
 11 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
 12 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
 13 to the resolution of this case.

14 UNS Electric provides power for the Company's operations in its Tubac and Havasu Water districts. On August 18, 2016, the Commission issued Decision No. 75697 (August 18,
 15 2016), authorizing new rates for residential and commercial customers. The Company has multiple accounts with UNS Electric. As these rate increases are known and
 16 measurable, but not fully reflected in the 2016 purchased power costs, a one-time adjustment is included to annualize this increase in purchased power costs included in the
 17 adjustor mechanism in-line with the newly authorized tariff for the eight months of the year that were not billed using the current tariff.

18 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,
 19 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
 20 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
 21 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
 22 test year in the PCAM.

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	Corporate (a)	Direct (b)	Other Allocation (c)	Total	
<u>GL Account</u> <u>Account Description</u>	2016	2016	2016	2016	
29 5617 Power Charges	\$ 3,087	\$ 463,493		\$ 466,580	
30 5616 Natural Gas Charges	\$ -	\$ 1,283		\$ 1,283	
31 Annualization				\$ 1,535	
32 Total Purchased Power Expense				<u>\$ 469,398</u> Line[29 - 31]	
33 2017 % Increase	6.29%	0.26%			
34 2018 % Increase	6.29%	0.00%			
	[E]	[F]	[G]	[H]	[I] = [E] + [F] + [G] + [H]
	Corporate	Direct	Natural Gas	Annualization	Total
38 2017 Increase	\$ 194	\$ 1,209	0	\$ 4	\$ 1,407 Line[29]*Line[33], Line [31]*Line [33]
39 2017 Expense	\$ 3,281	\$ 464,702	\$ 1,283	\$ 1,539	\$ 470,806 Line[29]+Line[38], Line [31]*Line [38]
40					
41 2018 Increase	\$ 206	\$ -	0	\$ -	\$ 206 Line[34]*Line[39]
42 2018 Expense	\$ 3,488	\$ 464,702	\$ 1,283	\$ 1,539	\$ 471,012 Line[39]+Line[41]
43					
44					
			Total Billed Gallons (in thousand of gallons)		1,732,291
45 <u>Workpapers & Supporting Documents:</u>			Surcharge Per Thousand Gallons	\$	0.2719 Line[42]/Line[44]
46 (a) Sch E-6b					
47 (b) Sch E-6a					
48 (c) Sch E-6c					
49 \Purchased Power Adjustment Calc.xlsx					
50 \2016 Mohave Water.xlsm					

Line
 No.

4-Factor	
Mohave Water	7.2987%
Arizona Total	87.7062%

1 Removal of 10% of Performance Based Compensation

2

3

4 The Performance Based Compensation program contains metrics designed to incent employees to 1) work safely by requiring achievement of an annual OSHA Recordable Incident Rate, 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.

5

6

7

8

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

10

11

12

13

14

15

16

17

18

19

20

	[A]	[B]	[C] = [A] * [B]	[D] = [C] * -10.0%
	<u>Performance Based Compensation Expense</u>	<u>Allocation Factor</u>	<u>Performance Based Compensation Expense for District</u>	<u>Minus 10%</u>
24	Direct Performance Based Compensation Expense	\$ 41,633	\$ 41,633	\$ (4,163)
26	7A Arizona Performance Based Comp Exp	\$ 1,177,956	7.2987%	85,975 (8,598)
27	6U EPCOR Water USA Performance Based Comp Exp	\$ 351,374	6.4014%	22,493 (2,249)
31	Total Performance Based Compensation Expense		\$ 150,101	Sum Lines[24] thru [37] Col [C]
32			Check \$ 150,101	Adj IS-8
33			Diff \$ -	
34	Minus 10%			Sum Lines[24] thru [27] Col [D] \$ (15,010)
37	Total Increase / (Decrease) to Labor			Line [34] \$ (15,010)
39	Adjustment to Revenue and/or Expense			Line [37] \$ (15,010)

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

Line
 No. Business Unit 7M

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
 5
 6

	[A]	[B]	[C] = ([B]-[A]) / [A]
	Average Automated Piece Rate		
	Effective April 2016	Effective January 2017	2017 Increase
Manifested			
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%

19
 20
 21 Postage Expense Account 5611 per General Ledger (a) \$ 73,004
 22
 23 Total Increase / (Decrease) to Postage Expense Col [C] Line[18]*Line[21] \$ 1,026
 24
 25 Adjustment to Revenue and/or Expense Line [23] \$ 1,026
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35
 36
 37
 38
 39
 40
 41
 42
 43

44 Workpapers & Supporting Documents:
 45 (a) Sch E-6 Line 19
 46 USPS Rates 2016.xlsx
 47
 48
 49
 50 \2016 Mohave Water.xlsm

Line No. Business Unit 7M

1 Customer Care and Billing Services

2
3
4

5 Customer Care and Billing charges are costs associated with Third Party Billing, Call Centers, and Work Order Management. Costs billed to the Company are on a per bill per month
 6 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
 7 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
 8 be updated in the Company's rebuttal filing as this data is not yet available, but will be known and measurable prior to the conclusion of the rate case.

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

Increase Lines[13-14]/[13]

C.U.S. Charges per Schedule E-6, account 5611	\$	359,108	(a)
CPI Adjustment 2017	\$	5,857	Line[18]*1.63%
Adjusted 2017 Expense	\$	364,965	Sum Line[18+20]
CPI Adjustment 2018	\$	5,953	Line[21]*1.63%
Adjusted 2018 Expense	\$	370,918	Sum Line[21+23]

39 Total Increase/ (Decrease) to C.U.S Charges Line[20]+Line[23] \$ 11,810

40 Adjustment to Revenue and/or Expense Line[39] \$ 11,810

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

Line Business Unit 7M

No.

1 Rate Case Expense

2

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

4

5

6

7

8

9

Rate Case Expense Mohave Water \$ 75,657 (a)

10

11

12

Estimated Amortization Period in Years 3

13

14

15

16

17

18

19

Increase / (Decrease) to Regulatory Expense Line [9] / Line [12] \$ 25,219

20

21

Adjustment to Revenue and/or Expense Line [20] \$ 25,219

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44 Workpapers & Supporting Documents:

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

46 .

47 .

48

49

50 \2016 Mohave Water.xlsm

Line

No.

1 Reclass Effluent from Water to Wastewater

2

3 Effluent customers are classified in the billing system as water and therefore are classified as water revenues. In the last Mohave Wastewater rate case (Docket No. WS-1303A-16-0145 still pending),
 4 the Company proposed to reclassify the effluent sales from the water district to the wastewater district. Although not waiving any rights that the Company has under its Mohave Water District
 5 Certificate of Convenience and Necessity ("CC&N") or any claim that effluent sales are not subject to the Commission's jurisdiction, the Company proposed in that case, and is also proposing in this
 6 case, that effluent sales within the area be subject to an effluent rate tariff for the Mohave Wastewater District. The Company believes that this regulatory treatment will allow for more transparent
 7 rate setting for the sale of effluent within the Mohave Wastewater area. The Commission adopted the Company's proposal in Decision No. 75268 (September 8, 2015), however, the accounting for the
 8 effluent sales continued to be recorded in the Mohave Water Districts water revenue during the test year. This adjustment reclasses the effluent revenues realized in the test year from the Mohave
 9 Water District's revenues to the Mohave Wastewater District's revenue.

10

11

12 Effluent Revenue recorded in Mohave Water District \$ (53,665) (a)

13

14

15 Increase / (Decrease) to Revenue

Line 12 \$ (53,665)

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 (a) Mohave Water H Schedule 2016.xlsx

47

48

49

50

\2016 Mohave 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 Mohave Water.xlsm

Line
 No.

Business Unit	7M
---------------	----

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

11			
12	Depreciation Expense on Direct Plant	(a) \$	1,972,313
13			
14	Depreciation Expense per General Ledger	(b) \$	1,411,100
15			
16	Increase / (Decrease) to Depreciation Expense	Line[12] - Line[14] \$	561,213
17			
18	Adjustment to Revenue and/or Expense	Line[16] \$	561,213
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 & 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 Mohave Water.xlsm

Line No.				
1	Annualize Depreciation Expense on Corporate Plant	4 Factor - GMC	8.5011%	
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] \$ 70,762
12				
13				
14				
15	Allocated Depreciation Expense on Corporate Plant per General Ledger			(b) \$ 114,803
16				
17				
18	Increase/ (Decrease) to Depreciation Expense			Line[11] - Line[15] \$ (44,041)
19				
20	Adjustment to Revenue and/or Expense			Line[18] \$ (44,041)
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 & 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 Mohave Water.xlsm			

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

Arizona Corporate (7A)

7A

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	Vactor Truck	Vactor Truck	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Vactor	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Removal PTYP	Removal PTYP	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Plant Depr Expense	PTYP	Lease Depr Expense	Retirements	
1	304500	3.33%	Structures & Improvements Gen	214,247	(2,105)			10,566	176	-	-				226,742	7,142	-	352	-	-	-	
2	304620	3.33%	Structures & Improvements Leas	41,191	1,470			-	-	-	-				39,720	1,373	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-				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%

GMC 4 Factor	8.5011%
Arizona Total	91.0728%
Alloc Factor	7.742%

Line No.				
1	Annualize Depreciation Expense on 6U			
2				
3	Adjustment to annualize depreciation expense based on plant balances at the end of 2016 on USA Corporate Plant (Shared between AZ Operations and New Mexico Operations)			
4				
5				
6				
7				
8				
9	Depreciation Expense on 6U Plant	\$	834,005 (a)	
10				
11	Allocated Depreciation Expense on 6U Plant		Allocation Factor*Line [9]	\$ 64,571
12				
13				
14				
15	Allocated Depreciation Expense on 6U Plant per General Ledger			-
16				
17				
18	Increase / (Decrease) to Depreciation Expense		Line[11] - Line[15]	\$ 64,571
19				
20	Adjustment to Revenue and/or Expense		Line[18]	\$ 64,571
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 & Supporting Documents:</u>			
45	(a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx			
46				
47				
48				
49	\2016 Mohave Water.xlsm			
50				

Docket # WS-01303A-17-XXXX

Schedule C-2 ADJ SLM - IS18

Summary of Plant and Accumulated Depreciation Balances

Pg 22 a

USA Corporate (6U)

Witness: Mahler

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	NBV	PLANT	Add'l	12 Months	Capital	Test Year
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plan		12/31/2016	Plant	PTYP	Lease	Retirements
												Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense
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 7M 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

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 on Post TY Plant
 Additions per Summary of Plant and
 A/D by NARUC (a)

Allocation
 Factor

Depreciation Expense

[A]

[B]

[C] = [A] * [B]

	\$	110,281	100.00%	\$	110,281
Depreciation on Post Test Year Plant Additions for District - Mohave Water		21,954	100.00%		21,954
Depreciation on Additional Test Year Plant Additions for District - Test Year Ended December 31, 2016		26,571	8.5011%		2,259
Depreciation on Corporate Post Test Year Plant Additions Allocated		17,375	8.5011%		1,477
Depreciation on Additional Corporate Test Year Plant Additions Allocated		330,000	7.7422%		25,549
Depreciation on 6U Post Test Year Plant Additions Allocated		174,541	7.7422%		13,513
Depreciation on Additional 6U Test Year Plant Additions Allocated					

\$ 680,722 Sum Lines[14] thru [19]

Sum Lines[14] thru [19] \$ 175,033

23 Increase / (Decrease) to Depreciation Expense

27 Adjustment to Revenue and/or Expense

Line [23] \$ 175,033

Workpapers & Supporting Documents:

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

\2016 Mohave 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	Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Retirements	
1	304500	3.33%	Structures & Improvements General	214,247	(2,105)			10,566	176	-	-	-	-	-	226,742	7,142	-	352	-	-	-	-	
2	304620	3.33%	Structures & Improvements Leasehold	41,191	1,470			-	-	-	-	-	-	-	39,720	1,373	-	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-	-	-	-	6,155	981	-	-	-	-	-	-	
4	339600	6.67%	Other P/E-CPS	364,887	84,392			-	-	-	-	-	-	-	280,495	24,326	-	-	-	-	-	-	
5	340100	6.67%	Office Furniture & Equipment	1,284,366	626,556			-	-	-	-	-	-	-	657,810	85,624	-	-	-	-	-	-	
6	340200	20.00%	Computer & Periphal Equipment	1,477,567	766,022			-	-	102,500	10,250	-	-	-	803,795	295,513	-	-	20,500	-	-	-	
7	340300	20.00%	Computer Software	220,520	227,318			-	-	-	-	-	-	-	(6,799)	44,104	-	-	-	-	-	-	
8	340330	20.00%	Computer Software Other	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	341100	14.29%	Transportation Equip Light Duty Trucks	244,306	20,283			-	-	-	-	-	-	-	259,130	34,901	-	-	-	7,314	-	-	
10	341200	14.29%	Transportation Equip Heavy Duty Trucks	167,951	9,285			-	-	-	-	-	51,197	16,091	158,686	23,993	-	-	-	-	-	-	
11	341400	14.29%	Transportation Equipment Other	26,903	3,367			-	-	42,500	3,036	-	-	-	63,000	3,843	-	-	6,071	-	-	-	
12	344000	10.00%	Laboratory Equipment	17,277	3,751			-	-	-	-	-	-	-	13,526	1,728	-	-	-	-	-	-	
13	345000	5.00%	Power Operated Equipment	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	346100	10.00%	Communication Equipment Non-Telephone	186,080	234,747			170,233	8,512	-	-	-	-	-	113,054	18,608	-	17,023	-	-	-	-	
14	346190	10.00%	Remote Control & Instrument	75,935	(18,056)			-	-	-	-	-	-	-	93,991	7,593	-	-	-	-	-	-	
15	346200	10.00%	Communication Equipment Telephone	68,942	34,712			-	-	-	-	-	-	-	34,230	6,894	-	-	-	-	-	-	
16	346300	10.00%	Communication Equipment Other	183,229	24,679			-	-	-	-	-	-	-	158,550	18,323	-	-	-	-	-	-	
17	347000	10.00%	Miscellaneous Equipment	669,890	97,416			-	-	-	-	-	-	-	572,474	66,989	-	-	-	-	-	-	
18	391000	20.00%	VW Trans Equipment	952,226	87,539	(952,226)	(87,539)	-	-	-	-	-	-	-	-	190,445	(190,445)	-	-	-	-	-	
19																							
20																							
21		212.86%	TOTAL	6,207,292	2,206,978	(952,226)	(87,539)	180,799	8,688	145,000	13,286	-	51,197	16,091	3,474,558	832,381	(190,445)	17,375	26,571	7,314	-	-	

Depreciable Plant
 Composite Depr Rate

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

Docket # WS-01303A-17-XXXX

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

Witness: Mahler

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

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

Line
 No.

1 Removal of 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
 4 and removes it from the Water Districts.
 5
 6

	4- Factor	GMC	8.5011%
	[A] Rate	[B] Plant	[C] = [A] * [B] Depr Exp
12 Vactor Trucks in 7A Plant Balance (Arizona Corporate)	20.00%	\$ (952,226)	\$ (190,445)
15 District Allocation			\$ (16,190) [C] Line [12] * GMC Factor
31 Increase / (Decrease) to Depreciation Expense			\$ (16,190) Line [15]

44 Workpapers & Supporting Documents:
 45 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx
 46
 47
 48
 49
 50 \2016 Mohave 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	PTYP	Lease	Retirements
1	304500	3.33%	Structures & Improvements Gen	214,247	(2,105)			10,566	176	-	-				226,742	7,142	-	352	-	-	-
2	304620	3.33%	Structures & Improvements Leas	41,191	1,470			-	-	-	-				39,720	1,373	-	-	-	-	-
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-				6,155	981	-	-	-	-	-
4	339600	6.67%	Other P/E-CPS	364,887	84,392			-	-	-	-				280,495	24,326	-	-	-	-	-
5	340100	6.67%	Office Furniture & Equipment	1,284,366	626,556			-	-	-	-				657,810	85,624	-	-	-	-	-
6	340200	20.00%	Computer & Periphal Equipment	1,477,567	766,022			-	-	102,500	10,250				803,795	295,513	-	-	20,500	-	-
7	340300	20.00%	Computer Software	220,520	227,318			-	-	-	-				(6,799)	44,104	-	-	-	-	-
8	340330	20.00%	Computer Software Other	-	-			-	-	-	-				-	-	-	-	-	-	-
9	341100	14.29%	Transportation Equip Light Duty	244,306	20,283			-	-	-	-		51,197	16,091	259,130	34,901	-	-	-	7,314	-
10	341200	14.29%	Transportation Equip Heavy Duty	167,951	9,265			-	-	-	-		-	-	158,686	23,993	-	-	-	-	-
11	341400	14.29%	Transportation Equipment Other	26,903	3,367			-	-	42,500	3,036		-	-	63,000	3,843	-	-	6,071	-	-
12	344000	10.00%	Laboratory Equipment	17,277	3,751			-	-	-	-				13,526	1,728	-	-	-	-	-
13	345000	5.00%	Power Operated Equipment																		
13	346100	10.00%	Communication Equipment Non-	186,080	234,747			170,233	8,512	-	-				113,054	18,608	-	17,023	-	-	-
14	346190	10.00%	Remote Control & Instrument	75,935	(18,056)			-	-	-	-				93,991	7,593	-	-	-	-	-
15	346200	10.00%	Communication Equipment Tele	68,942	34,712			-	-	-	-				34,230	6,894	-	-	-	-	-
16	346300	10.00%	Communication Equipment Othe	183,229	24,679			-	-	-	-				158,550	18,323	-	-	-	-	-
17	347000	10.00%	Miscellaneous Equipment	669,890	97,416			-	-	-	-				572,474	66,989	-	-	-	-	-
18	391000	20.00%	WW Trans Equipment	952,226	87,539	(952,226)	(87,539)	-	-	-	-				-	190,445	(190,445)	-	-	-	-
19																					
20																					
21		212.86%	TOTAL	6,207,292	2,206,978	(952,226)	(87,539)	180,799	8,688	145,000	13,286	-	51,197	16,091	3,474,558	832,381	(190,445)	17,375	26,571	7,314	-

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

Line No.	Business Unit	7M		
1	<u>Annualize Amortization of CIAC</u>			
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		\$ (3,209,172) (a)	
9				
10	Composite Depreciation Rate		<u>3.7994%</u> (b)	
11				
12				
13				
14	Increase / (Decrease) to Depreciation Expense		Line[8] * Line [10] \$	(121,930)
15				
16	Adjustment to Revenue and/or Expense		Line [14] \$	<u>(121,930)</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	<u>Workpapers & Supporting Documents:</u>			
46	(a) 2016 CIAC Summary by District			
47	(b) \Summary of Plant Balances and Accum Depr by NARUC.xlsx			
48				
49				
50	\2016 Mohave 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")			
4	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			
5	component associated with the Performance Based Compensation plan and also adjusts labor costs by 3% for 2017 and 2018			
6				
7				
8	Test Year Corporate Allocations		(a)	\$ 332,042
9				
10	Adjusted Test Year Corporate Allocations		Line [8]	\$ <u>332,042</u>
11				
12				
13	Total Corporate Allocation	\$ 4,549,356	(b)	
14				
15	Remove Public and Government Affairs - Government Relations and Community Relat	(344,976)	(c)	
16				
17	Remove 10% Performance Based Compensation	<u>(41,895)</u>	(c)	
18		\$ 4,162,486	Line[13]+Line[15]+Line [17]	\$ 4,162,486 Line[13]+Line[15]+Line [17]
19				
20				
21	Percent attributable to Labor	<u>88.29%</u>	(c)	
22	Corporate Allocation - Labor	\$ 3,674,998	Line[17] * Line[21]	
23				
24				
25				
26	2017 Labor Increase	3.00%	\$ 110,250	Line[22]*3.00%
27	2018 Labor Increase	3.00%	\$ 113,557	(Sum Lines[22] and [26]) * 3.00%
28	Total Labor Increase		\$ 223,807	Line[26]+Line[27]
29	Total Corporate Allocation less P&GA less 10% PBC with Labor Increase		\$ 4,386,293	Line[18]+Line[28]
30				
31	Mohave Water 4 Factor		7.2987%	
32	District Allocation of Arizona Corporate Allocations		\$ 320,141	Line[29]*Line[31]
33				
34	Pro Forma Adjustment to Corporate Allocations		Line [32]	\$ <u>320,141</u>
35				
36				
37				
38				
39	Increase / (Decrease) in Corporate Allocation		Line[34]-Line[10]	\$ (11,901)
40				
41	Adjustment to Revenue and/or Expense		Line [39]	\$ <u>(11,901)</u>
42				
43				
44				
45	<u>Workpapers & 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 Mohave Water.xlsm			

Line
 No.

Business Unit 7M

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

2016 Unadjusted Expenses

Description	Account	Amount (a)	
Chemicals	5263	\$ 8,619	A
Other Utilities	5621	7,085	B
Asset Usage Fee - Corporate	6203	22,714	C
Consulting Engineering	5227	3,209	D
Contractors and Consultants	5250	94,527	D
Administrative Contractors	5679	1,584	D
Outside Computer Charges (T1)	5628	40,709	D
Temporary Support	5629	13,142	D
Legal Fees	5681	19,953	D
Service Charges	5615	24,361	E
Customer Communications	5674	22,645	E
Rent and Storage	5810	39,414	F
Freight and Courier	5262	1,742	F
Telephone, Long Distance, Data	5620	130,727	F
Stationary, Printing & Other O	5622	28,751	F
Office Machines, Furniture	5623	5,992	F
Parking	5630	364	F
Vehicle Allowance	5631	2,199	F
Vehicle Allowance	5271	12	F
Business Allowance	5634	1,004	F
Memberships Dues & Professiona	5640	7,615	F
Subscriptions	5641	1,715	F
Airfare	5650	5,294	F
Accommodation, Other Travel	5651	10,884	F
Employee Working Meals	5652	10,826	F
Training - Fees/Tuition	5660	17,885	F
Training Fee	5252	173	F
FR Clothing	5273	18,991	G
Miscellaneous	5697	32,100	G
Stock	5260	34,148	H
Materials, Supplies	5261	100,768	H
Veh. and Equip.-Allocation	5270	88,957	H
Equipment	5275	2,235	H
Hardware	5624	127	H
Software	5625	4,227	H
Maintenance	5811	22,959	H
Vehicle Maintenance	5823	48,925	H
		<u>\$ 876,583</u>	Sum Lines [9 thru 45]

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

	[A] * Line [12] Ave Increase	[[A] + [B]] * Line [12] Ave Increase	[B] + [C]
	[A]	[B]	[C]
	Total	Year 1	Year 2
Sum of A Chemicals	\$ 8,619	\$ 345	\$ 359
Sum of B Waste Disposal & Other Utilities	7,085	80	81
Sum of C Corporate Allocation	22,714	258	261
Sum of D Outside Services	173,125	1,966	1,988
Sum of E Customer Accounting	47,006	534	540
Sum of F General Office Exp	264,597	3,005	3,039
Sum of G Miscellaneous	51,091	580	587
Sum of H Maintenance Expense	302,346	3,434	3,473
Sum Lines[18]thru[25]	\$ 876,583	\$ 10,202	\$ 10,328
			\$ 20,530

Increase / (Decrease) to Expense

Line [26] Col [D] \$ 20,530

Workpapers & Supporting Documents:

(a) Sche6 Bureau of Labor Statistics - Phoenix CPI
 \2016 Mohave 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 Mohave Water.xlsm

50

Line
 No.

1 Retirements on Test Year Plant -Depreciation Business Unit 7M

2
 3 The Company has adjusted the test year for all retirement recorded through March 31, 2017. This adjustments removes the depreciation expense associated with those retirements. The adjustment will be updated in rebuttal testimony for known retirements.

GMC 4 Factor	8.5011%
Arizona Total	91.0728%
Alloc Factor	7.742% <small>Line[7]*Line[8]</small>

	[A]	[B]	[C] = [A] * [B]
	<u>Depreciation on Retirements on Test Year Plant</u>	<u>Allocation Factor</u>	<u>Depreciation Expense</u>
16 Depreciation on Retirements on Test Year Plant for District - Mohave Water	\$ (2,529)	100.0000%	\$ (2,529)
18 Depreciation on Corporate Retirements on Test Year Plant Allocated	\$ -	Line [7] 8.5011%	\$ -
20 Depreciation on 6U Retirements on Test Year Plant Allocated	\$ -	Line [9] 7.7422%	\$ -
25 Increase / (Decrease) to Depreciation Expense	<u>\$ (2,529)</u> <small>Sum Lines[16] thru [20]</small>		<small>Sum Lines[16] thru [20]</small> <u>\$ (2,529)</u>

32 Adjustment to Revenue and/or Expense Line [25] \$ (2,529)

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

Line

No.		Business Unit	7M
-----	--	---------------	----

Insurance Other Than Group consists of 16 separate components. Annually, the Company reports certain business statistics to its insuring agencies including Revenues, Plant Balances, Employee Count, Total Payroll and Vehicle Counts. Each of the 16 components is adjusted annually based on these statistics. The primary components are property insurance, excess liability, worker's compensation, and crime. The Company has taken the average rate applicable to each of these components for the last four years, and made a conforming adjustment for employee count, test year and proposed revenues, and property.

	Direct Plant TY Adjusted Results	[1] Arizona Total	[2] Mohave Water	[1] * [2] = [3] AZ-Factor
12	Gross Property Value at 12/31/2016	\$ 57,677,199	Sch B-2 Line [2]	4-Factor 87.7062%
13	% of Plant Insured	47.75%	\[Insurance]1. Property & Terrorism [23]	
14	Gross Plant Insured	\$ 27,539,139	Line [11] * Line [12]	6.4014%

	Test Year Adjusted Results	Adjusted with Rate Increase	Adjusted with Rate Increase
18	Adjusted Revenues in YE December 2016	\$ 7,714,275	Sch C-2 [AP][14]
		\$ 9,802,977	Sch C-2 [AR][14]

	[A] Factor	[B] Amount	[B] Rate	[C] = [A] * [B] Source	[C] = [A] * [B] Premium	[D] Amount	[E] = [D] * [B] Premium
22	1. Property Insurance	Plant [25]	\$ 27,539,139	0.0526%	\[Insurance] Summary [1]	\$ 14,484	\$ 14,484
23	2. Excess Liability	Revenue Line [25]	7,714,275	0.2588%	\[Insurance] Summary [2]	19,967	25,373
24	3. Umbrella Liability	AZ 4- Factor [10]	95,767	6.4014%	\[Insurance] Summary [3]	6,130	6,130
25	4. Autos	AZ 4- Factor [10]	278,350	6.4014%	\[Insurance] Summary [4]	17,818	17,818
26	5. Workers Compensation	Payroll Col [49]	126,108	1.6543%	\[Insurance] Summary [5]	2,086	2,086
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	6.4014%	\[Insurance] Summary [7]	856	856
29	8. Fiduciary	AZ 4- Factor [10]	1,483	6.4014%	\[Insurance] Summary [8]	95	95
30	9. Crime	Employee Count	26	\$ 7.76	\[Insurance] Summary [9]	202	202
31	10. Employed Lawyers	AZ 4- Factor [10]	1,196	6.4014%	\[Insurance] Summary [10]	77	77
32	11. Non Owned Pollution	AZ 4- Factor [10]	19,339	6.4014%	\[Insurance] Summary [11]	1,238	1,238
33	12. Employment Practices	Employee Count	26	\$ 5.30	\[Insurance] Summary [12]	138	138
34	13. Utilities Bond	Site Bond Requirement	22,331	0.0000%	\[Insurance] Summary [13]	-	-
35	14. Cyber Insurance	AZ 4- Factor [10]	11,366	6.4014%	\[Insurance] Summary [14]	728	728
36	15. Sun City Flood Insurance	Sun City Only	2,356	0.0000%	\[Insurance] Summary [15]	-	-
37	16. LAPP	AZ 4- Factor [10]	19,383	6.4014%	\[Insurance] Summary [16]	1,241	1,241
39	Total				\$ 68,612	Sum Col [C]	\$ 74,019
41	Adjusted Test Year Insurance Other Than Group			GL Account 5605 from Sch E-6	\$ 89,009		\$ 68,612
43	Increase/(Decrease) to Insurance Other Than Group				\$ (20,397)	Line [39] - Line [41]	\$ 5,407

Workpapers and Supporting Documents:

- 47 \Sch E6
- 48 \Sch B2
- 49 \Insurance Other than Group.xlsx (aka Insurance)
- 50 \2016 Mohave Water.xlsm

Line
 No.

1	Capital Lease - Vehicles - Expense Adjustment	4- Factor	General Metered Customers	8.5011%
---	---	-----------	---------------------------	---------

2
 3 EPCOR's leased vehicles are capital leases. To qualify as a capital lease, a lease contract must satisfy any of four criteria.
 4 First, the life of the lease must be 75% or greater of the asset's useful life.
 5 Second, the lease must contain a bargain purchase option for a price less than the market value of an asset.
 6 Third, the lessee must gain ownership at the end of the lease period.
 7 Finally, the present value of lease payments must be greater than 90% of the asset's market value.
 8 EPCOR's fleet meets all four criteria. This entry removes lease expense and places vehicles into the appropriate asset category.
 9 This Adjustment records annual depreciation expense based on Capital Lease balances at the end of 2016.
 10
 11

12					
13	Depreciation Expense on Capital Leases			(a) \$	36,911
14					
15	Depreciation Expense on Corporate Capital Leases	\$	7,314 (a)		
16					
17					
18	Allocated Depreciation Expense on Corporate Plant			GMC 4 Factor*Line[16]	\$ 622
19					
20					
21					
22	Increase / (Decrease) to Depreciation Expense			Line[13] + Line[18]	\$ 37,533
23					
24	Adjustment to Revenue and/or Expense			Line[22]	\$ 37,533
25					
26					
27					
28	Operating Lease Expense (account 5270)	5270 \$	88,957		
29					
30					
31	Increase / (Decrease) to Maintenance Expense			Line [28]	\$ (88,957)
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					

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

Line
 No.

1 Decision No. 75268 Amortization

2
 3 Decision Number 75268 dated September 8, 2015, adjustments were recommended and adopted by the Commission to reclassify accumulated depreciation balances that were in a debit position and
 4 also to reclassify excess depreciation that caused the net book value of the asset to be less than \$0 (also referred to as credit balances). These balances are amortized at 8% effective September 8,
 5 2015. This adjustment records the
 6 impact of the reclassifications.

			[A]	[B]
10 District	NARUC	NARUC Description	Reg Asset	Reg Liability
11 Mohave Water	303300	Land and Land Rights - Pumping	\$ 10	
12 Mohave Water	304200	Structures and Improvements - Pumping	225	
13 Mohave Water	320100	Water Treatment Equipment - Media		(20,563)
14 Mohave Water	330100	Elevated Tank and Standpipe		(3,569)
15 Mohave Water	340100	Office Furniture & Equipment	5,919	
16 Mohave Water	340200	Computers and Software	254,621	
17 Mohave Water	341100	Transportation Equip Light Duty Trucks		(709,706)
18 Mohave Water	342000	Stores Equipment		(109)
19 Mohave Water	344000	Laboratory Equipment		(2,158)
20 Mohave Water	345000	Power Operated Equipment		(20,334)
21 Mohave Water	346200	Communication Equipment Telephone	10,833	
22 Mohave Water	346300	Communication Equipment Other	6,235	
23				
24				
25				
26				
27				
28		Total	\$ 277,843	\$ (756,439) Sum Lines [11-22]
29				
30				
31		Annual Amortization	\$ 22,227	\$ (60,515) Line [28] * 8.0%
32				
33				
34		Increase / (Decrease) to Depreciation Expense		Sum Col [A] + [B] Line 31 <u>\$ (38,288)</u>

46 Workpapers & Supporting Documents:
 47 \Summary of Plant Balances and Accum Depr by NARUC.xlsx
 48
 49
 50 \2016 Mohave 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
 4 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
 5 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.
 6

	[A]	[B]
	Purchased Water	Purchased Power
	<u>Test Year Expense</u>	<u>Test Year Expense</u>
10 Test Year Purchased Water Expense	\$ (23,473) (a)	
11 SMC-IS6	\$ (77)	Removed from expense in JPB-IS9
12 Increase / (Decrease) to Expense	<u>\$ (23,550) Line [10]+Line [11]</u>	

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

Line
No.

**PURCHASED WATER
 SURCHARGE CALCULATION**

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
 5 are not affected by the purchase price of water. Costs have been adjusted from the 2016 test year expense to annualized water expense. Additionally, the
 6 Company has included known and measurable increases to purchased water costs. The Company pays the Central Arizona Project ("CAP") for fees in many
 7 districts. CAP has published schedules showing the anticipated increases to fees in 2018, which will be finalized by the prior to the conclusion of this rate case.
 8 The impact of the increases in CAP fees have been included in the total purchased water costs.
 9
 10 In its Mohave and North Mohave Districts, the Company pays fees to the Mohave Conservation District (MWCD), Mohave Valley Irrigation and Drainage District
 11 (MVIDD), and fees to Bullhead City for water. The Company also pays fees to the Arizona Department of Water Reclamation in a number of districts. Some
 12 districts also pay groundwater withdrawal fees. Many of these fees are already collected through supplemental surcharges on customer bills. All costs have
 13 been included in the total purchased water cost with the intention of combining all these fees into one purchased water surcharge.
 14
 15 The Company would anticipate the effective date of the Plan of Administration (POA), submitted as an Exhibit to Mr. Boizelle's testimony, to be concurrent with
 16 the effective date of new rates approved in this rate case.
 17
 18

19		
20		Purchased Water
21		<u>Test Year Expense</u>
22		
23		
24	Test Year Purchased Water Expense	\$ 23,473 (a)
25	SMC-IS6	\$ 77
26	Annualized Purchased Water Expenses	\$ 23,550 Line [24]+Line [25]
27		
28	2017 Percentage increase in CAP costs	0.00% (c)
29	2017 Purchased Water Expense	\$ 23,550 Line [26]*(1+Line [28])
30		
31	2018 Percentage increase in CAP costs	0.00% (c)
32	2018 Purchased Water Expense	\$ 23,550 Line [29]*(1+Line [31])
33		
34	Mohave Wtr Conservation District - Impost Fees	\$ 304,616 (c)
35	Impost Fees - Bullhead City	\$ - (c)
36	Water Admin Fee - MVDD	\$ 15,241.85 (c)
37	ADWR Groundwater Withdrawal Fee	\$ - (c)
38		
39		
40	Total Pro Forma Purchased Water Costs	\$ 343,408 Sum Lines [32 - 38]
41		
42	Total Billed Non-Effluent Gallons (in thousand of gallons)	<u>1,655,524 (b)</u>
43	Surcharge Per Thousand Gallons	\$ 0.2074 Line [40] / Line [42]
44		
45		
46	<u>Workpapers & Supporting Documents:</u>	
47	(a) Sch C2	
48	(b) Sch E7	
49	(c) \Purchased Water Increase.xlsx	
50	\2016 Mohave 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
 4 four-digit year field over 32 years. The unamortized balance of \$978,780 was scheduled to be amortized at \$2,545 per month over the period July 2004 through July 2036.
 5
 6 Decision Number 67093 authorized the Company to amortize the costs of a 2002 Depreciation Study in accordance with FASB 71. The cost of the study, \$75,417.64, was to be
 7 amortized at 3.12% per year over a period of July 2004 through July 2036.
 8

9
 10
 11 [A] [B] [C] [D] [E] = [A]/[D] [F] [G] = [F] * [E]
 12 Monthly Months 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 7A							
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] [I] = [H] * 12 [J] [K] = [I] * [J]
 21 Monthly Annual Citizen's Districts District Allocation of Amortization

	<u>Amortization</u>	<u>Amortization</u>	<u>Factor</u>	<u>Reg Asset</u>	<u>Reg Liability</u>
22 7A					
23 Y2K	\$ 2,545	\$ 30,540	8.8305%	\$ 2,697	\$ -
24 Depreciation Study	\$ 196	\$ 2,352	8.8305%	\$ 208	\$ -

\$ 2,905 \$ -

Increase/(Decrease) to Deprecation Expense \$ 2,905 \$ -

46 Workpapers & Supporting Documents:
 47 Regulatory Assets & Liabilities 2016.xlsx
 48
 49
 50 \2016 Mohave 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 Mohave 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 Mohave 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 Mohave 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 Mohave 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

46 Workpapers & Supporting Documents:

47

48

49

50

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 Mohave 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 Mohave 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 Mohave Water.xlsm

Mohave Water

Test Year Ended December 31, 2016

Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Murrey

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 38.18%	
5				
6	Property Taxes	Effective Rate = 1.48%	One Minus Combined 61.82%	0.92% [A] x [B]
7				
8	Bad Debt Expense	Effective Rate = 0.74%	One Minus Combined 61.82%	0.46% [A] x [B]
9				
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined 61.82%	0.16% [A] x [B]
11				
12				
13	Total Tax Percentage			39.72% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			60.28% 1 - [C] Line [13]
16				
17				
18				
19	1 = Gross Revenue Conversion Factor			
20				
21				
22	Operating Income %			1.66 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 Mohave Water.xlsm			