

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	\$ 1,051,896	\$ 2,351	\$ 1,054,247	\$ 410,077	\$ 1,464,324	
3	10,471	-	10,471	-	10,471	
4	\$ 1,062,368	\$ 2,351	\$ 1,064,718	\$ 410,077	\$ 1,474,796	Sum Lines [2-3]
5						
6	Operating Expenses					
7	\$ 125,302	\$ 26,242	\$ 151,544	\$ -	\$ 151,544	
8	226	(226)	-	-	-	
9	164,066	(164,066)	-	-	-	
10	321	27	349	-	349	
11	61	1	62	-	62	
12	-	-	-	-	-	
13	44,254	(1,517)	42,737	-	42,737	
14	21,380	488	21,869	-	21,869	
15	64,865	(5,871)	58,994	-	58,994	
16	-	-	-	-	-	
17	3,033	3,361	6,394	-	6,394	
18	19,031	(5,330)	13,701	1,062	14,763	
19	57,772	1,980	59,752	1,274	61,026	
20	5,182	-	5,182	-	5,182	
21	21,894	(3,204)	18,689	-	18,689	
22	(1,879)	(52)	(1,931)	-	(1,931)	
23	33,111	101,595	134,705	-	134,705	
24	296,848	155,478	452,326	-	452,326	
25	43,966	8,090	52,056	5,936	57,992	
26	14,208	(2,432)	11,776	-	11,776	
27	126,302	(147,334)	(21,032)	153,430	132,398	
28						
29	\$ 1,039,943	\$ (32,770)	\$ 1,007,173	\$ 161,702	\$ 1,168,875	Sum Lines [7-27]
30	\$ 22,425	\$ 35,120	\$ 57,545	\$ 248,375	\$ 305,920	Line [4] - Line [29]
31	Other Income & Deductions					
32	\$ (110)	\$ -	\$ (110)	\$ -	\$ (110)	
33	97,459	(5,867)	91,593	-	91,593	
34	-	-	-	-	-	
35	-	-	-	-	-	
36	\$ 97,349	\$ (5,867)	\$ 91,482	\$ -	\$ 91,482	Sum Lines [32-35]
37	\$ (74,924)	\$ 40,987	\$ (33,937)	\$ 248,375	\$ 214,438	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 North Mohave Water.xlsm

Recap Schedules:
 A-1

	Page 4	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12	Page 13	Page 14	
	[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	\$ 1,051,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,351	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	10,471	-	-	-	-	-	-	-	-	-	-	-
4 Total Revenue	\$ 1,062,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,351	\$ -	\$ -	\$ -	\$ -	\$ -
6 Operating Expenses												
7 Labor	\$ 125,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,981	\$ -	\$ (1,739)	\$ -
8 Purchased Water	226	-	-	-	-	-	1	-	-	-	-	-
9 Fuel & Power	164,066	-	-	-	-	-	748	-	-	(164,814)	-	-
10 Chemicals	321	-	-	-	-	-	1	-	-	-	-	-
11 Waste Disposal	61	-	-	-	-	-	-	-	-	-	-	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	44,254	-	-	-	-	-	-	-	-	-	-	-
14 Outside Services	21,380	-	-	-	-	-	-	-	-	-	-	-
15 Group Insurance	64,865	-	-	-	-	-	-	-	(5,871)	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	3,033	-	-	-	-	-	-	-	-	-	-	-
18 Insurance Other Than Group	19,031	-	-	-	-	-	-	-	-	-	-	-
19 Customer Accounting	57,772	-	-	-	-	150	263	-	-	-	-	129
20 Rents	5,182	-	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	21,894	-	-	-	-	-	-	(3,707)	-	-	-	-
22 Miscellaneous	(1,879)	-	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	33,111	114,583	-	-	-	-	-	-	-	-	-	-
24 Depreciation & Amortization	296,848	-	-	-	-	-	-	-	-	-	-	-
25 General Taxes-Property	43,966	-	8,090	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	14,208	-	-	-	-	-	-	-	(2,432)	-	-	-
27 Income Taxes	126,302	-	-	(147,334)	-	-	-	-	-	-	-	-
29 Total Operating Expenses	\$ 1,039,943	\$ 114,583	\$ 8,090	\$ (147,334)	\$ -	\$ 150	\$ 1,013	\$ (3,707)	\$ 19,678	\$ (164,814)	\$ (1,739)	\$ 129
30 Utility Operating Income	\$ 22,425	\$ (114,583)	\$ (8,090)	\$ 147,334	\$ -	\$ (150)	\$ 1,338	\$ 3,707	\$ (19,678)	\$ 164,814	\$ 1,739	\$ (129)
31 Other Income & Deductions												
32 Other Income & Deductions	\$ (110)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	97,459	-	-	-	(5,867)	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
36 Total Other Income & Deductions	\$ 97,349	\$ -	\$ -	\$ -	\$ (5,867)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37 Net Profit / (Loss)	\$ (74,924)	\$ (114,583)	\$ (8,090)	\$ 147,334	\$ 5,867	\$ (150)	\$ 1,338	\$ 3,707	\$ (19,678)	\$ 164,814	\$ 1,739	\$ (129)

44 Supporting Schedules:

45 (a) E-6

46

47

48 Workpapers & Supporting Documents:

49

50 \2016 North Mohave Water.xlsm

Recap Schedules:

C-1

	Page 15 [M] ADJ JPB-IS12	Page 16 [N] ADJ SLM-IS13	Page 17 [O] ADJ SLM-IS14	Page 18 [P] ADJ SLM-IS15	Page 19 [Q] ADJ SLM-IS16	Page 20 [R] ADJ SLM-IS17	Page 21 [S] ADJ SLM-IS18	Page 22 [T] ADJ SLM-IS19	Page 23 [U] ADJ SLM-IS20	Page 24 [V] ADJ SLM-IS21	Page 25 [W] ADJ SLM-IS22	Page 26 [X] ADJ JPB-IS23
<u>Line No.</u>	<u>Customer Care and Billing Services</u>	<u>Rate Case Expense</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Annualize Depreciation Expense on Direct Plant</u>	<u>Annualize Depreciation Expense on Corporate Plant</u>	<u>Annualize Depreciation Expense on 6U</u>	<u>Depreciation Expense on Post Test Year Plant</u>	<u>Removal of Vector Truck Amortization</u>	<u>Annualize Amortization of CIAC</u>	<u>Adjust Corporate Allocations</u>	<u>CPI Increase</u>
1	Revenues											
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Revenue											
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Operating Expenses											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	26
11	-	-	-	-	-	-	-	-	-	-	-	1
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	(1,586)	69
14	-	-	-	-	-	-	-	-	-	-	-	488
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	3,361	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-
19	1,309	-	-	-	-	-	-	-	-	-	-	129
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	503
22	-	-	-	-	-	-	-	-	-	-	-	(52)
23	-	-	-	-	-	-	-	-	-	-	-	560
24	-	-	-	-	160,597	(6,407)	8,116	37,018	(2,035)	(101,990)	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Operating Expenses											
29	\$ 1,309	\$ 3,361	\$ -	\$ -	\$ 160,597	\$ (6,407)	\$ 8,116	\$ 37,018	\$ (2,035)	\$ (101,990)	\$ (1,586)	\$ 1,724
30	Utility Operating Income											
31	\$ (1,309)	\$ (3,361)	\$ -	\$ -	\$ (160,597)	\$ 6,407	\$ (8,116)	\$ (37,018)	\$ 2,035	\$ 101,990	\$ 1,586	\$ (1,724)
31	Other Income & Deductions											
32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	-	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-	-	-	-
36	Total Other Income & Deductions											
37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	Net Profit / (Loss)											
39	\$ (1,309)	\$ (3,361)	\$ -	\$ -	\$ (160,597)	\$ 6,407	\$ (8,116)	\$ (37,018)	\$ 2,035	\$ 101,990	\$ 1,586	\$ (1,724)

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

Page 27	Page 28	Page 29	Page 30	Page 31	Page 32	Page 33	Page 34	Page 35	Page 36	Page 37	Page 38
[Y]	[Z]	[AA]	[AB]	[AC]	[AD]	[AE]	[AF]	[AG]	[AH]	[AI]	[AJ]
ADJ SLM-IS24	ADJ SLM-IS25	ADJ x-IS26	ADJ SLM-IS27	ADJ SLM-IS28	ADJ SLM-IS29	ADJ JPB-IS30	ADJ SLM-IS31	ADJ SLM-IS32	ADJ SLM-IS33	ADJ SLM-IS34	ADJ SLM-IS35

Line No.	Water System Acquisition Amortization	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	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank
1	Revenues											
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Revenue											
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Operating Expenses											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	(227)	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-	-	-	-	-	-
18	-	-	-	(5,330)	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-	-	-	-
23	-	-	-	-	(13,548)	-	-	-	-	-	-	-
24	58,762	(5,452)	-	-	6,870	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28												
29	Total Operating Expenses											
30	\$ 58,762	\$ (5,452)	\$ -	\$ (5,330)	\$ (6,679)	\$ -	\$ (227)	\$ -	\$ -	\$ -	\$ -	\$ -
31	Utility Operating Income											
32	\$ (58,762)	\$ 5,452	\$ -	\$ 5,330	\$ 6,679	\$ -	\$ 227	\$ -	\$ -	\$ -	\$ -	\$ -
33	Other Income & Deductions											
34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	-	-	-	-	-	-	-	-	-	-	-	-
36	-	-	-	-	-	-	-	-	-	-	-	-
37	Total Other Income & Deductions											
38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Net Profit / (Loss)											
40	\$ (58,762)	\$ 5,452	\$ -	\$ 5,330	\$ 6,679	\$ -	\$ 227	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Page 39 [AK] ADJ SLM-IS36	Page 40 [AL] ADJ SLM-IS37	Page 41 [AM] ADJ SLM-IS38	Page 42 [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>
1 Revenues								
2 Water	\$ -	\$ -	\$ -	\$ -	\$ 2,351	\$ 1,054,247	\$ 410,077	\$ 1,464,324
3 Other Revenues	-	-	-	-	-	10,471	-	10,471
4 Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,351	\$ 1,064,718	\$ 410,077	\$ 1,474,796
6 Operating Expenses								
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ 26,242	\$ 151,544		\$ 151,544
8 Purchased Water	-	-	-	-	(226)	-		-
9 Fuel & Power	-	-	-	-	(164,066)	-		-
10 Chemicals	-	-	-	-	27	349		349
11 Waste Disposal	-	-	-	-	1	62		62
12 Intercompany Support Services	-	-	-	-	-	-		-
13 Corporate Allocation	-	-	-	-	(1,517)	42,737		42,737
14 Outside Services	-	-	-	-	488	21,869		21,869
15 Group Insurance	-	-	-	-	(5,871)	58,994		58,994
16 Pensions	-	-	-	-	-	-		-
17 Regulatory Expense	-	-	-	-	3,361	6,394		6,394
18 Insurance Other Than Group	-	-	-	-	(5,330)	13,701	1,062	14,763
19 Customer Accounting	-	-	-	-	1,980	59,752	1,274	61,026
20 Rents	-	-	-	-	-	5,182		5,182
21 General Office Expense	-	-	-	-	(3,204)	18,689		18,689
22 Miscellaneous	-	-	-	-	(52)	(1,931)		(1,931)
23 Maintenance Expense	-	-	-	-	101,595	134,705		134,705
24 Depreciation & Amortization	-	-	-	-	155,478	452,326		452,326
25 General Taxes-Property	-	-	-	-	8,090	52,056	5,936	57,992
26 General Taxes-Other	-	-	-	-	(2,432)	11,776		11,776
27 Income Taxes	-	-	-	-	(147,334)	(21,032)	153,430	132,398
29 Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ (32,770)	\$ 1,007,173	\$ 161,702	\$ 1,168,875
30 Utility Operating Income	\$ -	\$ -	\$ -	\$ -	\$ 35,120	\$ 57,545	\$ 248,375	\$ 305,920
31 Other Income & Deductions								
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (110)		\$ (110)
33 Interest Expense	-	-	-	-	(5,867)	91,593		91,593
34 Other Expense	-	-	-	-	-	-		-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-		-
36 Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ (5,867)	\$ 91,482	\$ -	\$ 91,482
37 Net Profit / (Loss)	\$ -	\$ -	\$ -	\$ -	\$ 40,987	\$ (33,937)	\$ 248,375	\$ 214,438

44 Supporting Schedules:

45 (a) E-6

46

47

48 Workpapers & Supporting Documents:

49

50 \2016 North Mohave Water.xlsm

Recap Schedules:

C-1

Line
 No.

Tank Maintenance Expense

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

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

- Agua Fria Water: \$376,478 through 2026 - Decision Number 73145 on 5/1/12.
- Anthem Water was given a deferral mechanism - Decision Number 72047 on 1/7/11.
- Havasu Water: \$76,320 through 2021 - Decision Number 73145 on 5/1/12.
- Mohave Water: \$244,608 through 2026 - Decision Numbers 73145 & 75268 on 5/1/12 & 9/1/15, respectively.
- North Mohave: \$114,583 through 2029.
- Paradise Valley Water: \$123,658 through 2029 - Decision Number 75268 on 9/1/15.
- Sun City Water: \$362,187 through 2023 - Decision Numbers 72047 & 75268 on 1/7/11 and 9/1/15, respectively.
- Sun City West Water: \$227,141 through 2025.
- Tubac Water has no authorized tank maintenance program.
- Willow Valley Water has no authorized tank maintenance program.
- 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).

Tank Maintenance Program Annual Cost \$ 114,583 (b)

2016 Tank Maintenance Expense, Unadjusted (account 5900) - (a)

Increase in Tank Maintenance Expense Line [29] - Line [33] \$ 114,583

Workpapers & Supporting Documents:

(a) Sch E6

(b) Authorized Tank Maintenance Summaries.xlsx

\2016 North Mohave 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		Power and Water Expenses		[A] Property Tax Expense	[B] Property Tax Expense For Conversion Factor
	7Q	GMC Factor	[1]	[2]		
			Present	Proposed		
		1.07%				
10	Adjusted Revenues in Year Ended December 2016	(Adj Summary p.2.)	\$ 165,041	\$ 210,295	(b) + [2] \$ 1,275,014	\$ 1,275,014
11	Adjusted Revenues in Year Ended December 2016				1,275,014	1,275,014
12	Proposed Revenues				<u>1,275,014</u>	(b) + [2] <u>1,685,091</u>
13	Average of Three Years of Revenue				Avg Lines[10] thru [12] \$ <u>1,275,014</u>	<u>1,411,706</u>
14	Average of Three Years of Revenue, times 2				Line[13] * 2 \$ 2,550,028	<u>2,823,412</u>
15	Add:					
16	Construction Work in Progress at 10%				(a) \$ 11,558	\$ 11,558
17	Deduct:					
18	Net Book Value of Transportation Equipment				(d) \$ 164,020	\$ 164,020
19						
20	Full Cash Value				Sum Lines[14-16] - Line[18] \$ 2,397,565	\$ 2,670,949
21	Assessment Ratio (For 2016 and Beyond per HB 2001 Sec 42-15001)				18.0%	18.0%
22	Assessed Value				Line[20]*Line[21] \$ 431,562	\$ 480,771
23	Property Tax Rate				(c) 12.06%	12.06%
24						
25	Property Tax				Line[22]*Line[23] 52,056	57,992
26	Additional Tax				\$ -	
27						
28	Adjusted Test Year Property Taxes at Present Rates				Line[25]+Line[26] \$ 52,056	
29	Adjusted Test Year Property Taxes,				(b) 43,966	
30	Adjustment to Revenue and/or Expense (To Sch C-2)				Line[28] - Line[29] \$ 8,090	
31						
32	Adjusted Test Year Property Taxes at Proposed Rates					Lines[25] \$ 57,992
33	Adjusted Test Year Property Taxes at Present Rates					Line[28] Col [A] 52,056
34	Additional Property Taxes on Proposed Revenues (To Sch C-2)					Line[32] - Line[33] \$ 5,936
35						
36	<u>CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3):</u>					
37						
38					Increase in Property Tax Due to Increase in Revenue Requirement(Line 34, Col [B])	\$ 5,936
39						
40					Increase in Revenue Requirement (From Sch C-2)	\$ 410,077
41						
42					Increase in Property Tax Per Dollar Increase in Revenue(Line 38/Line 40)	1.45%
43						
44	<u>Workpapers & Supporting Documents:</u>					
45						
46	(a) Sch E-1					
47	(b) Sch C-2					
48	(c) Composite Property Tax Rate 2016.xlsx					
49	(d) Summary of Plant Balances by NARUC					
50	2016 North Mohave Water.xlsm					

North Mohave Water
 Test Year Ended December 31, 2016
 Income Statement Adjustment SLM-IS3

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		\$ 36,513	\$ 438,319
5	Interest Expense		91,593	91,593
6	Arizona Taxable Income		Line[4] - Line[5] <u>\$ (55,079)</u>	<u>\$ 346,726</u>
7				
8	Arizona Income Tax	4.900%	Line[6]* 4.900% <u>\$ (2,699)</u>	<u>\$ 16,990</u>
9				
10				
11	Federal Income Before Taxes		Line[6] \$ (55,079)	\$ 346,726
12	Less Arizona Income Taxes		Line[8] <u>(2,699)</u>	<u>16,990</u>
13				
14	Federal Taxable Income		Line[11] - Line[12] <u>\$ (52,380)</u>	<u>\$ 329,736</u>
15				
16				
17				
18	FEDERAL INCOME TAXES:			
19				
20	Federal Income Taxes	35.000%	Line[14]*35.000% <u>\$ (18,333)</u>	<u>\$ 115,408</u>
21				
22				
23				
24	Total Income Tax		Line[12]+Line[20] <u>\$ (21,032)</u>	<u>\$ 132,398</u>
25				
26	Tax Rate		Line[24] / Line[6] <u>38.19%</u>	<u>38.19%</u>
27				
28				
29				
30	Effective Income Tax Rates			
31	State		Line[8] / Line[6] 4.900%	4.900%
32	Federal		Line[20] / Line[6] 33.28%	33.29%
33				
34				
35	Adjusted Test Year Income Taxes		(a) <u>\$ 126,302</u>	
36	Increase in Income Taxes,		Line[24] - Line[35] <u>\$ (147,334)</u>	
37				
38	Adjustment to Revenues and/or Expense		Line[36] <u>\$ (147,334)</u>	
39				
40	Test Year Income Taxes			Col A Line[24] \$ (21,032)
41	Increase in Income Taxes			Line[24] - Line[40] 153,430
42				
43	Adjustment to Revenue and/or Expense			Line[41] <u>\$ 153,430</u>
44				
45				
46				
47	<u>Workpapers & Supporting Documents:</u>			
48	(a) Sch C-2			
49				
50	\2016 North Mohave Water.xlsm			

Line			
No.			
1	<u>Interest Synchronization with Rate Base</u>		
2			
3			
4			
5			
6	Original Cost Rate Base (Sch. B-1 , Ln. 28)	(a) \$	4,107,288
7	Weighted Cost of Debt from Schedule D-1	(b)	<u>2.23%</u>
8	Synchronized Interest Expense	Line[6]*Line[7] \$	<u>91,593</u>
9			
10	Test Year Interest Expense	\$	<u>97,459</u> (c)
11			
12	Adjusted Test Year Interest Expense	Line[10]	\$ <u>97,459</u>
13			
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	\$ <u>(5,867)</u>
15			
16	Adjustment to Revenue and/or Expense	Line[14]	\$ <u>(5,867)</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			
46	<u>Workpapers & Supporting Documents:</u>		
47	(a) Sch B-1		
48	(b) Sch D-1		
49	(c) Sch C-2		
50	\\2016 North Mohave Water.xlsm		

Line No.	G/L Account Business Unit	5610 7Q		
1	<u>Bad Debt Expense</u>			
2				
3	The 2016 Test Year bad debt expense was calculated based on total Arizona accounts receivable which was allocated to the districts. Included in that calculation were recoveries of			
4	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			
5	2016 expenses, the allocation and adjustments from prior years were removed and replaced with actual activity determined to be uncollectible and written-off in 2016 for each			
6	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			
7	test year expense for each district.			
8				
9				
10	Allocated Bad Debt in Account 5610		(a) \$	3,158
11				
12	<u>Actual Bad Debt Write-Offs (b)</u>			
13	Jan-16		\$	497
14	Feb-16			(11)
15	Mar-16			493
16	Apr-16			77
17	May-16			86
18	Jun-16			105
19	Jul-16			(339)
20	Aug-16			49
21	Sep-16			430
22	Oct-16			66
23	Nov-16			1,666
24	Dec-16			188
25	Total Bad Debt		Sum Lines [13 - 24] \$	3,307
26				
27	Increase/(Decrease) in Bad Debt Expense		Line[25] - Line[10] \$	150
28				
29	Adjustment to Revenue and/or Expense		Line[27] \$	150
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 North Mohave Water.xlsm			

Line
 No.

Annualization/Normalization of Revenues

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

	[A]	[B]	[C]	[D]		[E] = [A] + [B] + [C] + [D]
	<u>Residential</u>	<u>Commercial</u>	<u>Other Water User</u>	<u>Other Revenue</u>		<u>Total</u>
13 Test Year Revenues per General Ledger	\$ 836,213	\$ 215,684	\$ -	\$ 10,471	(a)	\$ 1,062,368
14 Revenue Adjustments	(5,432)				(b)	(5,432)
15 Accruals	470	5,545	-	-	(a)	6,015
16 Annualization	5,476	635	-	-	(b)	6,111
17 Weather Normalization	(3,826)	(518)	-	-	(b)	(4,344)
18 Adjusted Revenues	\$ 832,901	\$ 221,346	\$ -	\$ 10,471	Sum Lines [13 - 17]	\$ 1,064,718
20 Test Year Revenues per General Ledger	836,213	215,684	-	10,471	(b)	1,062,368
22 Increase / (Decrease) to Test Year Revenues	\$ (3,312)	\$ 5,663	\$ -	\$ -	Line[18] - Line[20]	\$ 2,351

Increase / (Decrease) in Operating Expenses:

	[F]	[G]	[H]	[I]		<u>Total</u>
	<u>Purchased Water</u>	<u>Fuel & Power</u>	<u>Chemicals</u>	<u>Other Customer Accounting</u>		
29 Test Year Adjusted Expense from Sch C-2	\$ 226	\$ 164,066	\$ 321	\$ 57,772		
30 Average Customers (from Sch E7) times 12 bills	24,142	24,142	24,142	24,142		
31 Cost per Customer	\$ 0.009	\$ 6.796	\$ 0.013	\$ 2.393	Line[29] / Line[30]	
33 Customer Growth	110	110	110	110	(c)	
34 Additional Expense	\$ 1					
		\$ 748				
			\$ 1			
				\$ 263		\$ 1,013
					Sum Col [F-I]	

Workpapers & Supporting Documents:

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

4 - Factor

Business Unit	7Q	0.9727%
---------------	----	---------

Line
 No.

Removal of General Disallowable Items

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

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	5670	5671	5672		
	Advertising	Promotion	Donation	Total	
Total 7A Corporate Expenses (a)	\$ 30,500	\$ 280,264	\$ 24,002	\$ 334,766	
7A Allowed Expenses (b)	16,139	3,750	-	19,888	
7A Disallowed Expenses	\$ 14,361	\$ 276,514	\$ 24,002	\$ 314,877	Line[15] - Line[16]
North Mohave Water 4-Factor	0.9727%	0.9727%	0.9727%		
7A Disallowed Expenses allocated to District	\$ 140	\$ 2,690	\$ 233	\$ 3,063	Line[17] * Line[19] \$ 3,063
Total District Expenses (a)	\$ -	\$ 644	\$ -	\$ 644	
District Allowed Expenses (b)	0	0	0	0	
District Disallowed Expenses	\$ -	\$ 644	\$ -	\$ 644	Line[24] - Line[25] \$ 644

General Disallowed Items for District	Line[21] + Line[26]	\$ 3,707
Adjustment to Revenue and/or Expense	Line[33]	\$ (3,707)

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

Line No.	Business Unit	7Q		
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%.			
3	This adjustment also annualizes the various employee benefit-related items including group insurance, 401(k), and pension expense. Group Insurance includes premiums for life insurance, medical insurance, dental insurance, long-term disability insurance and short-term disability. Also included is the annualization of the Company's contribution to its employees' 401(k) retirement savings program.			
6	Labor Expense as calculated per the Payroll Model (a)			
8		\$ 135,889		
9		\$ 17,394	\$ 153,283	Line[8]+Line[9]
11	Fully Allocated Labor Expense per General Ledger (b)		\$ 125,302	
12	Increase/(Decrease) in Labor Expense			Line[9] - Line[11] \$ 27,981
13				
14				
15				
16				
17				
18	Group Insurance and Other Benefits as calculated per the Payroll Model (a)			
19	401K	\$ 17,647		
20	Insurance	\$ 26,613		
21	Pension	\$ 14,735	\$ 58,994	Line[19]+Line[20]+Line[21]
22				
23	Fully Allocated Labor Expense per General Ledger (b)		\$ 64,865	
24	Increase/(Decrease) in Group Insurance Expense			Line[21]-Line[23] \$ (5,871)
25				
26				
27				
28				
29				
30	Payroll Taxes as calculated per the Payroll Model (a)			
31	Taxes	\$ 10,639	\$ 10,639	Line[31]
32				
33	Fully Allocated Labor Expense per General Ledger (b)		\$ 13,070	
34	Increase/(Decrease) in General Taxes - Other			Line[31] - Line[33] \$ (2,432)
35				
36				
37	Increase/(Decrease) in Labor Related Expense			Sum Lines[12] thru [34] \$ 19,678
38				
39				
40	Adjustment to Revenue and/or Expense			Line [37] \$ 19,678
41				
42				
43	Total	\$ 222,916	Line [8]+[9]+[19]+[20]+[21]+[31]	
44	Check	\$ 222,916	\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 North Mohave Water.xlsm			

Line
 No.

1 Purchased Power Adjustment and Surcharge Business Unit 7Q

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.
 4 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
 5 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
 6 case.

			(A)	(B)	(C)	(D) = (A) + (B) + (C)
			Other			
			Corporate (a)	Direct (b)	Allocation (c)	Total
			2016	2016	2016	2016
11	<u>GL Account</u>	<u>Account Description</u>				
12		5617 Power Charges	\$ 411	\$ 163,654		\$ 164,066
13		5616 Natural Gas Charges	\$ -	\$ -		\$ -
14		Annualization				\$ 748
15	Increase / (Decrease) to Purchase Power Expense					<u>\$ (164,814)</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 North Mohave Water.xlsm

**PURCHASED POWER
 SURCHARGE CALCULATION**

Line
 No.

1 Purchased Power Adjustment and Surcharge Business Unit 7Q

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

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

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

5

6 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

7 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

8 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

9 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

10 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

11 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

12 resolution of this case.

13

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

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

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

21 Decision No. 75931 is both known and measurable. The two months of 2016 expenses billed pursuant to MEC's previous tariff should therefore be adjusted for the known

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

23 the PCAM.

24

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	Other				
	Corporate (a)	Direct (b)	Allocation (c)	Total	
GL Account Account Description	2016	2016	2016	2016	
5617 Power Charges	\$ 411	\$ 163,654		\$	164,066
5616 Natural Gas Charges	\$ -	\$ -		\$	-
Annualization				\$	748
Total Purchased Power Expense				\$	164,814 <small>Line[29 - 31]</small>
2017 % Increase	6.29%	0.26%			
2018 % Increase	6.29%	0.00%			
	[E]	[F]	[G]	[H]	[I] = [E] + [F] + [G] + [H]
	Corporate	Direct	Natural Gas	Annualization	Total
2017 Increase	\$ 26	\$ 427	\$ 0	\$ 2	\$ 455 <small>Line[29]*Line[33], Line [31]*Line [33]</small>
2017 Expense	\$ 437	\$ 164,081	\$ -	\$ 750	\$ 165,269 <small>Line[29]+Line[38], Line [31]*Line [38]</small>
2018 Increase	\$ 28	\$ -	\$ 0	\$ -	\$ 28 <small>Line[34]*Line[39]</small>
2018 Expense	\$ 465	\$ 164,081	\$ -	\$ 750	\$ 165,296 <small>Line[39]+Line[41]</small>
			Total Billed Gallons (in thousand of gallons)		282,830
<u>Workpapers & Supporting Documents:</u>			Surcharge Per Thousand Gallons	\$	0.5844 <small>Line[42]/Line[44]</small>
(a) Sch E-6b					
(b) Sch E-6a					
(c) Sch E-6c					
\Purchased Power Adjustment Calc.xlsx					
\2016 North Mohave Water.xlsm					

Line
 No.

1 Removal of 10% of Performance Based Compensation

	4-Factor
North Mohave Water	0.9727%
Arizona Total	87.7062%

2
 3
 4 The Performance Based Compensation program contains metrics designed to incent employees to 1) work safely by requiring achievement of an annual OSHA Recordable Incident
 5 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
 6 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
 7 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
 8 Performance Based Compensation Plan.

9
 10 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.
 11 WS-01303A-16-0145.

12
 13
 14
 15
 16
 17
 18
 19
 20

	[A]	[B]	[C] = [A] * [B]	[D] = [C] * -10.0%
	Performance Based		Performance Based	
	<u>Compensation Expense Allocation Factor</u>		<u>Compensation Expense for District</u>	
24	Direct Performance Based Compensation Expense	\$ 2,938	100.0000%	\$ 2,938
25				\$ (294)
26	7A Arizona Performance Based Comp Exp	\$ 1,177,956	0.9727%	11,459
27	6U EPCOR Water USA Performance Based Comp Exp	\$ 351,374	0.8532%	2,998
28				
29				
30				
31	Total Performance Based Compensation Expense			\$ 17,394
32				Sum Lines[24] thru [27] Col [C]
33				Check \$ 17,394 Adj IS-8
34	Minus 10%			Diff \$ -
35				Sum Lines[24] thru [27] Col [D] \$ (1,739)
36				
37	Total Increase / (Decrease) to Labor			Line [34] \$ (1,739)
38				
39	Adjustment to Revenue and/or Expense			Line [37] \$ (1,739)
40				
41				
42				
43				
44				
45	<u>Workpapers & Supporting Documents:</u>			
46	Payroll, Benefits & Taxes_TY 2016.xlsx			
47	4-Factor			
48				
49				
50	\2016 North Mohave Water.xlsm			

Line No. Business Unit 7Q

1 Postage Expense

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

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) \$ 9,168
23 Total Increase / (Decrease) to Postage Expense	Col [C] Line[18]*Line[21] \$ 129
25 Adjustment to Revenue and/or Expense	Line [23] <u>\$ 129</u>

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

Line No. Business Unit 7Q

Customer Care and Billing Services

Customer Care and Billing charges are costs associated with Third Party Billing, Call Centers, and Work Order Management. Costs billed to the Company are on a per bill per month basis and adjusted annually. This adjustment includes an adjustment for inflation based on the Consumer Price Index for the city of Phoenix. An adjustment for 2017 and 2018 is necessary to account for known and measurable increases in costs through the time any new rates resulting from this rate application will be effective. The CPI index for 2018 will be updated in the Company's rebuttal filing as this data is not yet available, but will be known and measurable prior to the conclusion of the rate case.

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

Increase Lines[13-14]/[13]

C.U.S. Charges per Schedule E-6, account 5611	\$	39,801	(a)	
CPI Adjustment 2017	\$	649		Line[18]*1.63%
Adjusted 2017 Expense	\$	40,450		Sum Line[18+20]
CPI Adjustment 2018	\$	660		Line[21]*1.63%
Adjusted 2018 Expense	\$	41,110		Sum Line[21+23]

Total Increase/ (Decrease) to C.U.S Charges		Line[20]+Line[23]	\$	1,309
Adjustment to Revenue and/or Expense		Line[39]	\$	<u>1,309</u>

Workpapers & Supporting Documents:

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

Line No. Business Unit 7Q

Rate Case Expense

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.

	Rate Case Expense	North Mohave Water	\$	10,083 (a)
--	-------------------	--------------------	----	------------

	Estimated Amortization Period in Years			<u>3</u>
--	--	--	--	----------

	Increase / (Decrease) to Regulatory Expense			Line [9] / Line [12] \$ 3,361
--	---	--	--	-------------------------------

	Adjustment to Revenue and/or Expense			Line [20] <u>\$ 3,361</u>
--	--------------------------------------	--	--	---------------------------

44 Workpapers & Supporting Documents:
 45 (a) \Rate Case Expense 2016 TY.xlsx

50 \2016 North 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 North 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 North Mohave Water.xlsm

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

Business Unit	7Q
---------------	----

Annualize Depreciation Expense on Direct Plant

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

Depreciation Expense on Direct Plant	(a) \$	442,144
Depreciation Expense per General Ledger	(b) \$	<u>281,547</u>
Increase / (Decrease) to Depreciation Expense	Line[12] - Line[14] \$	160,597
Adjustment to Revenue and/or Expense	Line[16] \$	<u><u>160,597</u></u>

Workpapers & Supporting Documents:

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

(b) Sch E-6b Line 24

\2016 North Mohave Water.xlsm

Summary of Plant and Accumulated Depreciation Balances
North Mohave Water

7Q

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016 Test Year End PLANT	12/31/2016 Test Year End ACCUM DEPR	2016 Add'l Cap TY	Acc Depr Add'l Cap TY	2017 12 Months PTYP	Acc Depr 12 Months PTYP	Retirements on Test Year Plan	Capital Leases Test Year End PLANT	Capital Leases Test Year End ACCUM DEPR	NBV	PLANT 12/31/2016 Annual Depr Expense	Add'l Plant Annual Depr Expense	12 Months PLYP Annual Depr Expense	Capital Lease Annual Depr Expense	Test Year Retirements Annual Depr Expense
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	303400	0.00%	Land & Land Rights Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	303500	0.00%	Land & Land Rights T&D	11,795	-	-	-	-	-	-	-	-	11,795	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	82,642	61,177	-	-	-	-	-	-	-	21,465	2,755	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	5,707	357	-	-	-	-	-	-	-	5,350	190	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	860,547	414,320	-	-	51,500	858	-	-	-	496,869	28,685	-	1,717	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	314,905	(33,827)	-	-	-	-	-	-	-	348,732	26,242	-	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	88,711	46,825	-	-	-	-	-	-	-	41,885	4,436	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standp	1,186,719	581,127	-	-	-	-	-	-	-	605,592	26,372	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	6,093,844	2,541,003	22,359	224	386,498	3,865	-	-	-	3,935,474	121,877	447	7,730	-	-
38	331100	2.00%	TD Mains 4in & Less	55,716	40,949	-	-	-	-	-	-	-	14,767	1,114	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	1,084,467	1,012,807	-	-	-	-	-	-	-	71,660	21,689	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	143,939	53,412	-	-	-	-	-	-	-	90,527	2,879	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	455,293	(191,714)	8,217	137	85,980	1,433	(319)	-	-	731,554	15,176	274	2,866	-	(11)
44	334100	8.33%	Meters	529,804	(81,440)	5,259	219	61,992	2,583	(65,294)	-	-	670,653	44,150	438	5,166	-	(5,441)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	427,734	227,185	-	-	-	-	-	-	-	200,549	8,555	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	340200	20.00%	Computer & Periphial Equipment	603,881	110,578	-	-	-	-	-	-	-	493,303	120,776	-	-	-	-
55	340300	20.00%	Computer Software	1,695	763	-	-	-	-	-	-	-	932	339	-	-	-	-
56	340500	6.67%	Other Office Equipment	6,745	4,154	-	-	-	-	-	-	-	2,591	450	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	84,805	(43,184)	77,494	5,535	-	-	-	-	47,541	16,979	158,551	12,115	11,071	-	6,792
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	5,653	184	-	-	-	-	-	-	-	5,469	808	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	36,217	15,624	-	-	38,600	965	-	-	-	58,228	1,811	-	1,930	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	17,262	1,079	-	-	-	-	-	-	-	16,184	1,726	-	-	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72	-	378.30%	TOTAL	12,098,082	4,761,380	113,329	6,115	624,570	9,704	(65,613)	47,541	16,979	7,982,130	442,144	12,230	19,409	6,792	(5,452)

Depreciable Plant 12,086,287 Line [72] - Lines [1]-[7]
Composite Depr Rate 3.66%

Line No.			
1	Annualize Depreciation Expense on Corporate Plant	4 Factor - GMC	1.0685%
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]	\$ 8,894
12			
13			
14			
15	Allocated Depreciation Expense on Corporate Plant per General Ledger	(b)	\$ 15,301
16			
17			
18	Increase/ (Decrease) to Depreciation Expense	Line[11] - Line[15]	\$ (6,407)
19			
20	Adjustment to Revenue and/or Expense	Line[18]	\$ (6,407)
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 North 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	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			-	-	-	-				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.
 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

GMC 4 Factor	1.0685%
Arizona Total	91.0728%
Alloc Factor	0.973%

GMC * AZ Total

Annualize Depreciation Expense on 6U

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)

Depreciation Expense on 6U Plant	\$	834,005 (a)	
Allocated Depreciation Expense on 6U Plant	Allocation Factor*Line [9]	\$	8,116
Allocated Depreciation Expense on 6U Plant per General Ledger			-
Increase / (Decrease) to Depreciation Expense	Line[11] - Line[15]	\$	8,116
Adjustment to Revenue and/or Expense	Line[18]	\$	8,116

Workpapers & Supporting Documents:
 (a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx
 \2016 North Mohave Water.xlsm

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

Business Unit	7Q	6U Factor	Arizona GMC	91.0728%
---------------	----	-----------	-------------	----------

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

Depreciation Expense on Post Test Year Plant

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

	Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC (a)	Allocation Factor	Depreciation Expense
	[A]	[B]	[C] = [A] * [B]
Depreciation on Post Test Year Plant Additions for District - North Mohave Water	\$ 19,409	100.00%	\$ 19,409
Depreciation on Additional Test Year Plant Additions for District - Test Year Ended December 31, 2016	12,230	100.00%	12,230
Depreciation on Corporate Post Test Year Plant Additions Allocated	26,571	1.0685%	284
Depreciation on Additional Corporate Test Year Plant Additions Allocated	17,375	1.0685%	186
Depreciation on 6U Post Test Year Plant Additions Allocated	330,000	0.9731%	3,211
Depreciation on Additional 6U Test Year Plant Additions Allocated	174,541	0.9731%	1,698
	<u>\$ 580,126</u>	Sum Lines[14] thru [19]	<u>\$ 37,018</u>

Increase / (Decrease) to Depreciation Expense

Sum Lines[14] thru [19] \$ 37,018

Adjustment to Revenue and/or Expense

Line [23] \$ 37,018

Workpapers & Supporting Documents:

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

\2016 North Mohave Water.xlsm

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Lease Expense	Retirements	
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	303400	0.00%	Land & Land Rights Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	303500	0.00%	Land & Land Rights T&D	11,795	-	-	-	-	-	-	-	-	11,795	-	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	82,642	61,177	-	-	-	-	-	-	-	21,465	2,755	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	5,707	357	-	-	-	-	-	-	-	5,350	190	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	860,547	414,320	-	-	51,500	858	-	-	-	496,869	28,685	-	1,717	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	314,905	(33,827)	-	-	-	-	-	-	-	348,732	26,242	-	-	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	88,711	46,825	-	-	-	-	-	-	-	41,885	4,436	-	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standp	1,186,719	581,127	-	-	-	-	-	-	-	605,592	26,372	-	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	6,093,844	2,541,003	22,359	224	386,498	3,865	-	-	-	3,935,474	121,877	447	7,730	-	-	-
38	331100	2.00%	TD Mains 4in & Less	55,716	40,949	-	-	-	-	-	-	-	14,767	1,114	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	1,084,467	1,012,807	-	-	-	-	-	-	-	71,660	21,689	-	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	143,939	53,412	-	-	-	-	-	-	-	90,527	2,879	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	455,293	(191,714)	8,217	137	85,980	1,433	(319)	-	731,554	15,176	274	2,866	-	-	-	(11)
44	334100	8.33%	Meters	529,804	(81,440)	5,259	219	61,992	2,583	(65,294)	-	670,653	44,150	438	5,166	-	-	-	(5,441)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	427,734	227,185	-	-	-	-	-	-	-	200,549	8,555	-	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	340200	20.00%	Computer & Periphall Equipment	603,881	110,578	-	-	-	-	-	-	493,303	120,776	-	-	-	-	-	-
55	340300	20.00%	Computer Software	1,695	763	-	-	-	-	-	-	932	339	-	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	6,745	4,154	-	-	-	-	-	-	2,591	450	-	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	84,805	(43,184)	77,494	5,535	-	-	-	47,541	16,979	158,551	12,115	11,071	-	6,792	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	5,653	184	-	-	-	-	-	-	5,469	808	-	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	36,217	15,624	-	-	38,600	965	-	-	58,228	1,811	-	1,930	-	-	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	17,262	1,079	-	-	-	-	-	-	16,184	1,726	-	-	-	-	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72		378.30%	TOTAL	12,098,082	4,761,380	113,329	6,115	624,570	9,704	(65,613)	47,541	16,979	7,982,130	442,144	12,230	19,409	6,792	(5,452)	

Depreciable Plant 12,086,287 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.66%

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.

Removal of Vactor Truck Amortization

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

4- Factor	GMC	1.0685%
-----------	-----	---------

[A]	[B]	[C] = [A] * [B]
<u>Rate</u>	<u>Plant</u>	<u>Depr Exp</u>

Vactor Trucks in 7A Plant Balance (Arizona Corporate)

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

District Allocation

\$ (2,035) [C] Line [12] * GMC Factor

Increase / (Decrease) to Depreciation Expense

\$ (2,035) Line [15]

Workpapers & Supporting Documents:

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

\2016 North 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	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			-	-	-	-				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	7Q	
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		\$ (2,787,965) (a)
9			
10	Composite Depreciation Rate		<u>3.6582%</u> (b)
11			
12			
13			
14	Increase / (Decrease) to Depreciation Expense		Line[8] * Line [10] \$ (101,990)
15			
16	Adjustment to Revenue and/or Expense		Line [14] <u>\$ (101,990)</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) Sch B2		
47	(b) \Summary of Plant Balances and Accum Depr by NARUC.xlsx		
48			
49			
50	\2016 North Mohave Water.xlsm		

Line No.	<u>Adjust Corporate Allocations</u>			
1	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			
2				
3				
4				
5				
6				
7				
8	Test Year Corporate Allocations		(a) \$	44,254
9				
10	Adjusted Test Year Corporate Allocations		Line [8]	<u>\$ 44,254</u>
11				
12				
13	Total Corporate Allocation	\$ 4,549,356 (b)		
14				
15	Remove Public and Government Affairs - Government Relations and Community	(344,976) (c)		
16				
17	Remove 10% Performance Based Compensation	<u>(41,895) (c)</u>		
18		\$ 4,162,486	Line[13]+Line[15]+Line [17]	\$ 4,162,486
19				
20				
21	Percent attributable to Labor	<u>88.29% (c)</u>		
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	North Mohave Water 4 Factor			<u>0.9727%</u>
32	District Allocation of Arizona Corporate Allocations			\$ 42,668
33				
34	Pro Forma Adjustment to Corporate Allocations		Line [32]	\$ <u>42,668</u>
35				
36				
37				
38				
39	Increase / (Decrease) in Corporate Allocation		Line[34]-Line[10]	\$ (1,586)
40				
41	Adjustment to Revenue and/or Expense		Line [39]	\$ <u>(1,586)</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 EUUSA.xlsx			
49				
50	\2016 North Mohave Water.xlsm			

Line
 No.

1 CPI Increase Business Unit 7Q

2
 3 Operating expenses are expected to increase in each of the future years due to inflation and other increasing costs factors. To compensate for regulatory lag, EPCOR proposes an increase for 2017 and
 4 2018 correlated with the consumer price index for the Phoenix metropolitan area for all operating expenses where an adjustment has not already been proposed.
 5 Chemical expense is projected to increase by 4% based on initial service contracts negotiations that are being worked on with the vendor

7 2016 Unadjusted Expenses

Consumer Price Index - Phoenix Urban Consumers			
Year	Annual Index	Increase	Ave Increase
2013	125.782		
2014	127.823	1.62%	
2015	128.019	0.15%	
2016	130.107	1.63%	1.1%
Chemical Increase			4.00%

Description	Account	Amount (a)	Consumer Price Index - Phoenix Urban Consumers			
			[A] * Line [12] Chemical [13]	[A] + [B] * Line [12] Chemical [13]	[C] [12] Chemical [13]	[B] + [C]
			[A] Total	[B] Year 1	[C] Year 2	[D] Total
9 Chemicals	5263	\$ 321	\$ 321	\$ 13	\$ 13	\$ 26
10 Other Utilities	5621	61		1	1	1
11 Asset Usage Fee - Corporate	6203	3,027		34	35	69
12 Consulting Engineering	5227	52		21,380	243	488
13 Contractors and Consultants	5250	11,643		5,645	64	129
14 Administrative Contractors	5679	211		22,000	250	503
15 Outside Computer Charges (T1)	5628	5,065		(2,295)	(26)	(52)
16 Temporary Support	5629	1,752		24,502	278	560
17 Legal Fees	5681	2,659		\$ 74,641	\$ 857	\$ 867
18 Service Charges	5615	3,246				\$ 1,724
19 Customer Communications	5674	2,399				
20 Rent and Storage	5810	5,182				
21 Freight and Courier	5262	103				
22 Telephone, Long Distance, Data	5620	7,647				
23 Stationary, Printing & Other O	5622	2,693				
24 Office Machines, Furniture	5623	338				
25 Parking	5630	49				
26 Vehicle Allowance	5631	258				
27 Vehicle Allowance	5271	2				
28 Business Allowance	5634	134				
29 Memberships Dues & Professiona	5640	1,002				
30 Subscriptions	5641	211				
31 Airfare	5650	705				
32 Accommodation, Other Travel	5651	882				
33 Employee Working Meals	5652	770				
34 Training - Fees/Tuition	5660	2,022				
35 Training Fee	5252	2				
36 FR Clothing	5273	963				
37 Miscellaneous	5697	(3,258)				
38 Stock	5260	-				
39 Materials, Supplies	5261	4,730				
40 Veh. and Equip.-Allocation	5270	13,548				
41 Equipment	5275	177				
42 Hardware	5624	17				
43 Software	5625	512				
44 Maintenance	5811	769				
45 Vehicle Maintenance	5823	4,748				
		\$ 74,641				

47 Workpapers & Supporting Documents:

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

49

50 \2016 North Mohave Water.xlsm

Increase / (Decrease) to Expense Line [26] Col [D] \$ 1,724

Line
 No.

Water System Acquisition Amortization

Decision Number 74174 approved the transfer of North Mohave Valley Corporation's assets to EPCOR Water Arizona Inc. Page 5 lines 1 to 3 state that recovery of the rate base premium would be better determined in the context of a general rate case. This filing is the first general rate case filing for the North Mohave District since that decision.

EPCOR is seeking recovery of the 10% premium initial paid for the North Mohave system as well as approval to pay an additional \$950,000 premium attributable to the use of facilities in the North Mohave system. These facilities otherwise would have been built by EPCOR for use by the Mohave water District Rate payers at a substantially higher cost. Please see the Direct Testimony of Jeff Stuck.

12	North Mohave Rate Base as of 12/31/2013	\$ 2,252,337 (b)			
13	Acquisition Premium	<u>225,234 (b)</u>			
14	Total Closing Price	\$ 2,477,570	Sum [12] - [13]		
17	Difference Between Price Paid and Rate Base (Premium)	\$ 225,234	Line [13]	Gross Plant at Test Year End	\$ 12,098,082 SMC RB-1
18	Additional Premium to be paid	<u>\$ 950,000</u>		A/D at Test Year End	\$ 4,761,380 SMC RB-1
19	Total Premium	\$ 1,175,234		Percent Depreciated	39.36% Line [17] / Line [16]
20			Weighted Average Useful life of North Mohave	33.30	(a)
21			Remaining Life	20.00	(1- Line [18]) * Line [20]
25	Premium Paid	\$ 1,175,234	Line [19]		
26	Amortization period	<u>20.00</u>	Line [21]		
27	Annual Amortization	\$ 58,762	Line [25] / [26]		
30	Increase / (Decrease) to Expense			Line [27]	\$ <u>58,762</u>

Workpapers & Supporting Documents:

- (a) UPIS North Mohave Water
- \2016 North Mohave Water.xlsm

Line
 No.

1 Retirements on Test Year Plant -Depreciation

Business Unit	7Q
---------------	----

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	1.0685%
Arizona Total	91.0728%
Alloc Factor	0.973% <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 - North Mohave Water \$ (5,452) 100.0000% \$ (5,452)

18 Depreciation on Corporate Retirements on Test Year Plant Allocated \$ - Line [7] 1.0685% \$ -

20 Depreciation on 6U Retirements on Test Year Plant Allocated \$ - Line [9] 0.9731% \$ -

	<u>\$ (5,452)</u> <small>Sum Lines[16] thru [20]</small>		<u>\$ (5,452)</u> <small>Sum Lines[16] thru [20]</small>
--	--	--	--

25 Increase / (Decrease) to Depreciation Expense Line [25] \$ (5,452)

32 Adjustment to Revenue and/or Expense Line [25] \$ (5,452)

45 Workpapers & Supporting Documents:

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

50 \2016 North Mohave Water.xlsm

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Lease Expense	Retirements	
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	303400	0.00%	Land & Land Rights Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	303500	0.00%	Land & Land Rights T&D	11,795	-	-	-	-	-	-	-	-	11,795	-	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	82,642	61,177	-	-	-	-	-	-	-	21,465	2,755	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	5,707	357	-	-	-	-	-	-	-	5,350	190	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	860,547	414,320	-	-	51,500	858	-	-	-	496,869	28,685	-	1,717	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	314,905	(33,827)	-	-	-	-	-	-	-	348,732	26,242	-	-	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	88,711	46,825	-	-	-	-	-	-	-	41,885	4,436	-	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standp	1,186,719	581,127	-	-	-	-	-	-	-	605,592	26,372	-	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	6,093,844	2,541,003	22,359	224	386,498	3,865	-	-	-	3,935,474	121,877	447	7,730	-	-	-
38	331100	2.00%	TD Mains 4in & Less	55,716	40,949	-	-	-	-	-	-	-	14,767	1,114	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	1,084,467	1,012,807	-	-	-	-	-	-	-	71,660	21,689	-	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	143,939	53,412	-	-	-	-	-	-	-	90,527	2,879	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	455,293	(191,714)	8,217	137	85,980	1,433	(319)	-	-	731,554	15,176	274	2,866	-	-	(11)
44	334100	8.33%	Meters	529,804	(81,440)	5,259	219	61,992	2,583	(65,294)	-	-	670,653	44,150	438	5,166	-	-	(5,441)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	427,734	227,185	-	-	-	-	-	-	-	200,549	8,555	-	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	340200	20.00%	Computer & Periphial Equipment	603,881	110,578	-	-	-	-	-	-	-	493,303	120,776	-	-	-	-	-
55	340300	20.00%	Computer Software	1,695	763	-	-	-	-	-	-	-	932	339	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	6,745	4,154	-	-	-	-	-	-	-	2,591	450	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	84,805	(43,184)	77,494	5,535	-	-	-	-	47,541	16,979	158,551	12,115	11,071	-	6,792	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	5,653	184	-	-	-	-	-	-	-	5,469	808	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	36,217	15,624	-	-	38,600	965	-	-	-	58,228	1,811	-	1,930	-	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	17,262	1,079	-	-	-	-	-	-	-	16,184	1,726	-	-	-	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72		378.30%	TOTAL	12,098,082	4,761,380	113,329	6,115	624,570	9,704	(65,613)	47,541	16,979	7,982,130	442,144	12,230	19,409	6,792	-	(5,452)

Depreciable Plant 12,086,287 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.66%

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 North Mohave Water.xlsm

Line
 No.

1 Insurance Other Than Group Business Unit 7Q

2
 3 Insurance Other Than Group consists of 16 separate components. Annually, the Company reports certain business statistics to its insuring agencies including Revenues, Plant
 4 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
 5 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
 6 conforming adjustment for employee count, test year and proposed revenues, and property.

	Direct Plant TY	[1]	[2]	[1] * [2] = [3]	
	Adjusted Results	Arizona Total	North Mohave Wat	AZ-Factor	
12	Gross Property Value at 12/31/2016	\$ 12,943,210 Sch B-2 Line [2]	4-Factor 87.7062%	0.9727%	0.8532%
13	% of Plant Insured	47.75% \[Insurance]1. Property & Terrorism [23]			
14	Gross Plant Insured	\$ 6,179,996 Line [12] * Line [13]			

16	Test Year Adjusted	Adjusted with Rate	Adjusted with Rate
17	Results	Increase	Increase
18	Adjusted Revenues in YE December 2016	\$ 1,064,718 Sch C-2 [AP][14]	\$ 1,474,796 Sch C-2 [AR][14]

	[A]	[B]	[C] = [A] * [B]	[D]	[E] = [D] * [B]
Factor	Amount	Rate	Premium	Amount	Premium
22 1. Property Insurance	Plant [25] \$ 6,179,996	0.0526%	\[Insurance] Summary [1] \$ 3,250	\$ 6,179,996	\$ 3,250
23 2. Excess Liability	Revenue Line [25] 1,064,718	0.2588%	\[Insurance] Summary [2] 2,756	1,474,796	3,817
24 3. Umbrella Liability	AZ 4- Factor [10] 95,767	0.8532%	\[Insurance] Summary [3] 817	95,767	817
25 4. Autos	AZ 4- Factor [10] 278,350	0.8532%	\[Insurance] Summary [4] 2,375	278,350	2,375
26 5. Workers Compensation	Payroll Col [49] 14,735	1.6543%	\[Insurance] Summary [5] 244	14,735	244
27 6. Pollution	Fixed Site 3,554	1.00	\[Insurance] Summary [6] 3,554	3,554	3,554
28 7. D&O	AZ 4- Factor [10] 13,367	0.8532%	\[Insurance] Summary [7] 114	13,367	114
29 8. Fiduciary	AZ 4- Factor [10] 1,483	0.8532%	\[Insurance] Summary [8] 13	1,483	13
30 9. Crime	Employee Count 3 \$ 7.76		\[Insurance] Summary [9] 23	3	23
31 10. Employed Lawyers	AZ 4- Factor [10] 1,196	0.8532%	\[Insurance] Summary [10] 10	1,196	10
32 11. Non Owned Pollution	AZ 4- Factor [10] 19,339	0.8532%	\[Insurance] Summary [11] 165	19,339	165
33 12. Employment Practices	Employee Count 3 \$ 5.30		\[Insurance] Summary [12] 16	3	16
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	0.8532%	\[Insurance] Summary [14] 97	11,366	97
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	0.8532%	\[Insurance] Summary [16] 165	19,383	165
39 Total			\$ 13,599 Sum Col [C]	Sum Col [E]	\$ 14,661
41	Adjusted Test Year Insurance Other Than Group		GL Account 5605 from Sch E-6 \$ 18,929		\$ 13,599
43		Increase/(Decrease) to Insurance Other Than Group	\$ (5,330) Line [39] - Line [41]		\$ 1,062

46 Workpapers and Supporting Documents:
 47 \Sch E6 \4-Factor
 48 \Sch B2 \Payroll, Benefits, & Taxes 2016.xlsx (aka Payroll)
 49 \Insurance Other than Group.xlsx (aka Insurance)
 50 \2016 North Mohave Water.xlsm

Line

No.	Capital Lease - Vehicles - Expense Adjustment	4- Factor	General Metered Customers	1.0685%
-----	---	-----------	---------------------------	---------

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

11				
12				
13	Depreciation Expense on Capital Leases			(a) \$ 6,792
14				
15				
16	Depreciation Expense on Corporate Capital Leases	\$	7,314 (a)	
17				
18	Allocated Depreciation Expense on Corporate Plant			GMC 4 Factor*Line[16] \$ 78
19				
20				
21				
22	Increase / (Decrease) to Depreciation Expense			Line[13] + Line[18] \$ 6,870
23				
24	Adjustment to Revenue and/or Expense			Line[22] \$ 6,870
25				
26				
27				
28	Operating Lease Expense (account 5270)	5270 \$	13,548	
29				
30				
31	Increase / (Decrease) to Maintenance Expense			Line [28] \$ (13,548)
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	\\2016 North Mohave 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 PTYP	12 Months PTYP	on Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Lease Expense	Retirements	
1	301000	0.00%	Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302000	0.00%	Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303200	0.00%	Land & Land Rights Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	303300	0.00%	Land & Land Rights Pumping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	303400	0.00%	Land & Land Rights Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	303500	0.00%	Land & Land Rights T&D	11,795	-	-	-	-	-	-	-	-	11,795	-	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	82,642	61,177	-	-	-	-	-	-	-	21,465	2,755	-	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	5,707	357	-	-	-	-	-	-	-	5,350	190	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	860,547	414,320	-	-	51,500	858	-	-	-	496,869	28,685	-	1,717	-	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	310000	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	310100	5.00%	Power Production Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	314,905	(33,827)	-	-	-	-	-	-	-	348,732	26,242	-	-	-	-	-
26	311300	8.33%	Pumping Equipment Diesel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	88,711	46,825	-	-	-	-	-	-	-	41,885	4,436	-	-	-	-	-
31	320200	10.00%	Water Treatment Equipment Filte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standp	1,186,719	581,127	-	-	-	-	-	-	-	605,592	26,372	-	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Clearwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	6,093,844	2,541,003	22,359	224	386,498	3,865	-	-	-	3,935,474	121,877	447	7,730	-	-	-
38	331100	2.00%	TD Mains 4in & Less	55,716	40,949	-	-	-	-	-	-	-	14,767	1,114	-	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	1,084,467	1,012,807	-	-	-	-	-	-	-	71,660	21,689	-	-	-	-	-
40	331300	2.00%	TD Mains 10in to 16in	143,939	53,412	-	-	-	-	-	-	-	90,527	2,879	-	-	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	332000	2.00%	Fire Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	333000	3.33%	Services	455,293	(191,714)	8,217	137	85,980	1,433	(319)	-	-	731,554	15,176	274	2,866	-	-	(11)
44	334100	8.33%	Meters	529,804	(81,440)	5,259	219	61,992	2,583	(65,294)	-	-	670,653	44,150	438	5,166	-	-	(5,441)
45	334200	3.33%	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	427,734	227,185	-	-	-	-	-	-	-	200,549	8,555	-	-	-	-	-
48	336000	6.67%	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	339100	6.67%	Other P/E-Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	339200	6.67%	Other P/E-Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	339500	6.67%	Other P/E-TD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	339600	6.67%	Other P/E-CPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	340100	6.67%	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	340200	20.00%	Computer & Periphall Equipment	603,881	110,578	-	-	-	-	-	-	-	493,303	120,776	-	-	-	-	-
55	340300	20.00%	Computer Software	1,695	763	-	-	-	-	-	-	-	932	339	-	-	-	-	-
56	340500	6.67%	Other Office Equipment	6,745	4,154	-	-	-	-	-	-	-	2,591	450	-	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	84,805	(43,184)	77,494	5,535	-	-	-	-	47,541	16,979	158,551	12,115	11,071	-	6,792	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59	341400	14.29%	Transportation Equipment Other	5,653	184	-	-	-	-	-	-	-	5,469	808	-	-	-	-	-
60	342000	4.00%	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	36,217	15,624	-	-	38,600	965	-	-	-	58,228	1,811	-	1,930	-	-	-
62	344000	10.00%	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63	345000	5.00%	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	17,262	1,079	-	-	-	-	-	-	-	16,184	1,726	-	-	-	-	-
65	346190	10.00%	Remote Control & Instrument	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																			
71																			
72		378.30%	TOTAL	12,098,082	4,761,380	113,329	6,115	624,570	9,704	(65,613)	47,541	16,979	7,982,130	442,144	12,230	19,409	6,792	(5,452)	

Depreciable Plant 12,086,287 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.66%

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 North Mohave Water.xlsm

Line

No. Purchased Water Adjustment and Surcharge

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

7		[A]
8		Purchased Water
9		<u>Test Year Expense</u>
10	Test Year Purchased Water Expense	\$ (226) (a)
11	SMC-IS6	<u>\$ (1)</u>
12	Increase / (Decrease) to Expense	<u>\$ (227)</u> Line [10]+Line [11]

46 Workpapers & Supporting Documents:
 47 (a) Sch C2
 48
 49
 50 \2016 North Mohave Water.xlsm

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 are

5 not affected by the purchase price of water. Costs have been adjusted from the 2016 test year expense to annualized water expense. Additionally, the Company

6 has included known and measurable increases to purchased water costs. The Company pays the Central Arizona Project ("CAP") for fees in many districts. CAP

7 has published schedules showing the anticipated increases to fees in 2018, which will be finalized by the prior to the conclusion of this rate case. The impact of

8 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 been

13 included in the total purchased water cost with the intention of combining all these fees into one purchased water surcharge.

14

15 The Company would anticipate the effective date of the Plan of Administration (POA), submitted as an Exhibit to Mr. Boizelle's testimony, to be concurrent with

16 the effective date of new rates approved in this rate case.

17

18

19

	Purchased Water <u>Test Year Expense</u>	
24 Test Year Purchased Water Expense	\$ 226 (a)	
25 SMC-IS6	<u>\$ 1</u>	
26 Annualized Purchased Water Expenses	\$ 227	Line [24]+Line [25]
27		
28 2017 Percentage increase in CAP costs	0.00% (c)	
29 2017 Purchased Water Expense	\$ 227	Line [26]*(1+Line [28])
30		
31 2018 Percentage increase in CAP costs	0.00% (c)	
32 2018 Purchased Water Expense	\$ 227	Line [29]*(1+Line [31])
33		
34 Mohave Wtr Conservation District - Impost Fees	\$ - (c)	
35 Impost Fees - Bullhead City	\$ 44,771.99 (c)	
36 Water Admin Fee - MVDD	\$ - (c)	
37 ADWR Groundwater Withdrawal Fee	\$ - (c)	
38		
39		
40 Total Pro Forma Purchased Water Costs	<u>\$ 44,999</u>	Sum Lines [32 - 38]
41		
42 Total Billed Non-Effluent Gallons (in thousand of gallons)	<u>282,830</u>	(b)
43 Surcharge Per Thousand Gallons	\$ 0.1591	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 North 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 North 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 North 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 North 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 North 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 North 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

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 North 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 North 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 North Mohave Water.xlsm

Line				Percentage of Incremental Gross Revenues
No.	Description	[A]	[B]	[C]
1	Federal Income Taxes			33.28%
2				
3	State Income Taxes			4.90%
4			Combined	
5			38.19%	
6	Property Taxes	Effective Rate = 1.45%	One Minus Combined	61.81%
7				0.89% [A] x [B]
8	Bad Debt Expense	Effective Rate = 0.31%	One Minus Combined	61.81%
9				0.19% [A] x [B]
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined	61.81%
11				0.16% [A] x [B]
12				
13	Total Tax Percentage			39.43% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			60.57% 1 - [C] Line [13]
16				
17				
18				
19				
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 North Mohave Water.xlsm			