

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	\$ 10,133,773	\$ (75,146)	\$ 10,058,627	\$ (175,956)	\$ 9,882,671	
3	58,345	-	58,345	-	58,345	
4	\$ 10,192,118	\$ (75,146)	\$ 10,116,972	\$ (175,956)	\$ 9,941,016	Sum Lines [2-3]
5						
6	Operating Expenses					
7	\$ 758,858	\$ 336,694	\$ 1,095,552	\$ -	\$ 1,095,552	
8	5,109	(5,109)	-	-	-	
9	1,239,229	(1,239,229)	-	-	-	
10	42,219	3,512	45,731	-	45,731	
11	4,973	114	5,087	-	5,087	
12	-	-	-	-	-	
13	241,564	(8,280)	233,283	-	233,283	
14	159,996	3,655	163,651	-	163,651	
15	297,263	63,492	360,755	-	360,755	
16	-	-	-	-	-	
17	29,381	18,347	47,728	-	47,728	
18	99,203	(19,910)	79,293	(455)	78,838	
19	170,907	15,615	186,522	(320)	186,202	
20	29,568	-	29,568	-	29,568	
21	131,728	(13,987)	117,741	-	117,741	
22	42,193	912	43,105	-	43,105	
23	567,173	(231,681)	335,492	-	335,492	
24	1,720,883	699,481	2,420,364	-	2,420,364	
25	210,030	165,977	376,007	(1,828)	374,179	
26	100,143	(10,647)	89,496	-	89,496	
27	689,434	686,953	1,376,387	(66,195)	1,310,192	
28						
29	\$ 6,539,853	\$ 465,908	\$ 7,005,762	\$ (68,798)	\$ 6,936,963	Sum Lines [7-27]
30	\$ 3,652,265	\$ (541,055)	\$ 3,111,210	\$ (107,158)	\$ 3,004,053	Line [4] + Line [29]
31	Other Income & Deductions					
32	\$ 102,281	\$ -	\$ 102,281	\$ -	\$ 102,281	
33	531,991	351,083	883,074	-	883,074	
34	-	-	-	-	-	
35	-	-	-	-	-	
36	\$ 634,272	\$ 351,083	\$ 985,355	\$ -	\$ 985,355	Sum Lines [32-35]
37	\$ 3,017,993	\$ (892,138)	\$ 2,125,855	\$ (107,158)	\$ 2,018,697	Line [30] - Line [36]

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 43 Supporting Schedules:
 44 (a) C-2
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 48 Workpapers & Supporting Documents
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Recap Schedules:
 A-1

	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12	Page 13	Page 14	Page 15		
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	
	ADJ JPB-IS1	ADJ JPB-IS2	ADJ SLM-IS3	ADJ SLM-IS4	ADJ JPB-IS5	ADJ SMC-IS6	ADJ SLM-IS7	ADJ SLM-IS8	ADJ JPB-IS9	ADJ SLM-IS10	ADJ JPB-IS11		
<u>Line No.</u>	<u>Test Year Book Results (a)</u>	<u>Tank Maintenance Expense</u>	<u>Adjust Property Taxes to Reflect Proposed Revenues</u>	<u>Federal and State Income Taxes</u>	<u>Interest Synchronization with Rate Base</u>	<u>Bad Debt Expense</u>	<u>Annualization/Normalizati on of Revenues</u>	<u>Removal of General Disallowable Items</u>	<u>Annualize Labor & Labor Related Expenses</u>	<u>Purchased Power Adjustment and Surcharge</u>	<u>Removal of 10% of Performance Based Compensation</u>	<u>Postage Expense</u>	
1	Revenues												
2	Water	\$ 10,133,773	\$ -	\$ -	\$ -	\$ -	\$ (75,146)	\$ -	\$ -	\$ -	\$ -	\$ -	
3	Other Revenues	58,345	-	-	-	-	-	-	-	-	-	-	
4	Total Revenue	\$ 10,192,118	\$ -	\$ -	\$ -	\$ -	\$ (75,146)	\$ -	\$ -	\$ -	\$ -	\$ -	
5													
6	Operating Expenses												
7	Labor	\$ 758,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,690	\$ -	\$ (11,996)	\$ -	
8	Purchased Water	5,109	-	-	-	-	8	-	-	-	-	-	
9	Fuel & Power	1,239,229	-	-	-	-	1,955	-	-	(1,241,184)	-	-	
10	Chemicals	42,219	-	-	-	-	67	-	-	-	-	-	
11	Waste Disposal	4,973	-	-	-	-	-	-	-	-	-	-	
12	Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	
13	Corporate Allocation	241,564	-	-	-	-	-	-	-	-	-	-	
14	Outside Services	159,996	-	-	-	-	-	-	-	-	-	-	
15	Group Insurance	297,263	-	-	-	-	-	-	63,492	-	-	-	
16	Pensions	-	-	-	-	-	-	-	-	-	-	-	
17	Regulatory Expense	29,381	-	-	-	-	-	-	-	-	-	-	
18	Insurance Other Than Group	99,203	-	-	-	-	-	-	-	-	-	-	
19	Customer Accounting	170,907	-	-	-	-	10,715	270	-	-	-	321	
20	Rents	29,568	-	-	-	-	-	-	-	-	-	-	
21	General Office Expense	131,728	-	-	-	-	-	(17,093)	-	-	-	-	
22	Miscellaneous	42,193	-	-	-	-	-	-	-	-	-	-	
23	Maintenance Expense	567,173	(150,623)	-	-	-	-	-	-	-	-	-	
24	Depreciation & Amortization	1,720,883	-	-	-	-	-	-	-	-	-	-	
25	General Taxes-Property	210,030	-	165,977	-	-	-	-	-	-	-	-	
26	General Taxes-Other	100,143	-	-	-	-	-	-	(10,647)	-	-	-	
27	Income Taxes	689,434	-	-	686,953	-	-	-	-	-	-	-	
28													
29	Total Operating Expenses	\$ 6,539,853	\$ (150,623)	\$ 165,977	\$ 686,953	\$ -	\$ 10,715	\$ 2,300	\$ (17,093)	\$ 401,535	\$ (1,241,184)	\$ (11,996)	\$ 321
30	Utility Operating Income	\$ 3,652,265	\$ 150,623	\$ (165,977)	\$ (686,953)	\$ -	\$ (10,715)	\$ (77,446)	\$ 17,093	\$ (401,535)	\$ 1,241,184	\$ 11,996	\$ (321)
31	Other Income & Deductions												
32	Other Income & Deductions	\$ 102,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
33	Interest Expense	531,991	-	-	-	351,083	-	-	-	-	-	-	
34	Other Expense	-	-	-	-	-	-	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	
36	Total Other Income & Deductions	\$ 634,272	\$ -	\$ -	\$ -	\$ 351,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
37	Net Profit / (Loss)	\$ 3,017,993	\$ 150,623	\$ (165,977)	\$ (686,953)	\$ (351,083)	\$ (10,715)	\$ (77,446)	\$ 17,093	\$ (401,535)	\$ 1,241,184	\$ 11,996	\$ (321)

44 Supporting Schedules:

45 (a) E-6

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48 Workpapers & Supporting Documents:

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Recap Schedules:

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	Page 16 [M] ADJ JPB-IS12	Page 17 [N] ADJ SLM-IS13	Page 18 [O] ADJ SLM-IS14	Page 19 [P] ADJ SLM-IS15	Page 20 [Q] ADJ SLM-IS16	Page 21 [R] ADJ SLM-IS17	Page 22 [S] ADJ SLM-IS18	Page 23 [T] ADJ SLM-IS19	Page 24 [U] ADJ SLM-IS20	Page 25 [V] ADJ SLM-IS21	Page 26 [W] ADJ SLM-IS22	Page 27 [X] ADJ JPB-IS23
<u>Line No.</u>	<u>Customer Care and Billing Services</u>	<u>Rate Case Expense</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Annualize Depreciation Expense on Direct Plant</u>	<u>Annualize Depreciation Expense on Corporate Plant</u>	<u>Annualize Depreciation Expense on 6U</u>	<u>Depreciation Expense on Post Test Year Plant</u>	<u>Removal of Vector Truck Amortization</u>	<u>Annualize Amortization of CIAC</u>	<u>Adjust Corporate Allocations</u>	<u>CPI Increase</u>
1	Revenues											
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Revenue											
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Operating Expenses											
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	3,445
11	-	-	-	-	-	-	-	-	-	-	-	114
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	(8,658)	377
14	-	-	-	-	-	-	-	-	-	-	-	3,655
15	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-
17	-	18,347	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-
19	3,609	-	-	-	-	-	-	-	-	-	-	700
20	-	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-	3,106
22	-	-	-	-	-	-	-	-	-	-	-	912
23	-	-	-	-	-	-	-	-	-	-	-	5,888
24	-	-	-	-	1,295,486	(61,865)	19,761	109,690	(4,955)	(721,910)	-	-
25	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-	-
28												
29	Total Operating Expenses											
30	\$ 3,609	\$ 18,347	\$ -	\$ -	\$ 1,295,486	\$ (61,865)	\$ 19,761	\$ 109,690	\$ (4,955)	\$ (721,910)	\$ (8,658)	\$ 18,197
31	Utility Operating Income											
32	\$ (3,609)	\$ (18,347)	\$ -	\$ -	\$ (1,295,486)	\$ 61,865	\$ (19,761)	\$ (109,690)	\$ 4,955	\$ 721,910	\$ 8,658	\$ (18,197)
33	Other Income & Deductions											
34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	-	-	-	-	-	-	-	-	-	-	-	-
36	-	-	-	-	-	-	-	-	-	-	-	-
37	Total Other Income & Deductions											
38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Net Profit / (Loss)											
40	\$ (3,609)	\$ (18,347)	\$ -	\$ -	\$ (1,295,486)	\$ 61,865	\$ (19,761)	\$ (109,690)	\$ 4,955	\$ 721,910	\$ 8,658	\$ (18,197)

	Page 28 [Y] ADJ SLM-IS24	Page 29 [Z] ADJ SLM-IS25	Page 30 [AA] ADJ x-IS26	Page 31 [AB] ADJ SLM-IS27	Page 32 [AC] ADJ SLM-IS28	Page 33 [AD] ADJ SLM-IS29	Page 34 [AE] ADJ JPB-IS30	Page 35 [AF] ADJ SLM-IS31	Page 36 [AG] ADJ SLM-IS32	Page 37 [AH] ADJ SLM-IS33	Page 38 [AI] ADJ SLM-IS34	Page 39 [AJ] ADJ SLM-IS35
<u>Line No.</u>	<u>Intentionally Left Blank</u>	<u>Retirements on Test Year Plant - Depreciation</u>	<u>Intentionally Left Blank</u>	<u>Insurance Other Than Group</u>	<u>Capital Lease - Vehicles - Expense Adjustment</u>	<u>Decision No. 75268 Amortization</u>	<u>Purchased Water Adjustment and Surcharge</u>	<u>Regulatory Asset Amortization - Y2K and Depreciation Study</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>	<u>Intentionally Left Blank</u>
1 Revenues												
2 Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
4 Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5												
6 Operating Expenses												
7 Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Purchased Water	-	-	-	-	-	-	(5,117)	-	-	-	-	-
9 Fuel & Power	-	-	-	-	-	-	-	-	-	-	-	-
10 Chemicals	-	-	-	-	-	-	-	-	-	-	-	-
11 Waste Disposal	-	-	-	-	-	-	-	-	-	-	-	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	-	-	-	-	-	-	-	-	-	-	-	-
14 Outside Services	-	-	-	-	-	-	-	-	-	-	-	-
15 Group Insurance	-	-	-	-	-	-	-	-	-	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	-	-	-	-	-	-	-	-	-	-	-	-
18 Insurance Other Than Group	-	-	-	(19,910)	-	-	-	-	-	-	-	-
19 Customer Accounting	-	-	-	-	-	-	-	-	-	-	-	-
20 Rents	-	-	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	-	-	-	-	-	-	-	-	-	-	-	-
22 Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
23 Maintenance Expense	-	-	-	-	(86,947)	-	-	-	-	-	-	-
24 Depreciation & Amortization	-	(2,730)	-	-	33,688	27,060	-	-	-	-	-	-
25 General Taxes-Property	-	-	-	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	-	-	-	-	-	-	-	-	-	-	-	-
27 Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-
28												
29 Total Operating Expenses	\$ -	\$ (2,730)	\$ -	\$ (19,910)	\$ (53,259)	\$ 27,060	\$ (5,117)	\$ -	\$ -	\$ -	\$ -	\$ -
30 Utility Operating Income	\$ -	\$ 2,730	\$ -	\$ 19,910	\$ 53,259	\$ (27,060)	\$ 5,117	\$ -	\$ -	\$ -	\$ -	\$ -
31 Other Income & Deductions												
32 Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
36 Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37 Net Profit / (Loss)	\$ -	\$ 2,730	\$ -	\$ 19,910	\$ 53,259	\$ (27,060)	\$ 5,117	\$ -	\$ -	\$ -	\$ -	\$ -

44 Supporting Schedules:
 45 (a) E-6
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 48 Workpapers & Supporting Documents:
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	Page 40 [AK] ADJ SLM-IS36	Page 41 [AL] ADJ SLM-IS37	Page 42 [AM] ADJ SLM-IS38	[AN]	[AP]	[AQ]	[AR]	
				Sum [B - AK]	Sum [A] + [AL]		Sum [AM] + [AN]	
		<u>Regulatory Asset</u>						
<u>Line</u>	<u>Intentionally</u>	<u>Amortization -</u>	<u>Intentionally</u>	<u>Total Pro Forma</u>	<u>Test Year</u>	<u>Proposed Rate</u>	<u>Adjusted Rate</u>	
<u>No.</u>	<u>Left Blank</u>	<u>Acquisition Cost for</u>	<u>Left Blank</u>	<u>Adjustments</u>	<u>Adjusted</u>	<u>Increase</u>	<u>Increase</u>	
		<u>Mummy Mountain -</u>			<u>Results</u>			
		<u>Paradise Valley</u>						
1	Revenues							
2	Water	\$ -	\$ -	\$ -	\$ (75,146)	\$ 10,058,627	\$ (175,956)	\$ 9,882,671
3	Other Revenues	-	-	-	-	58,345	-	58,345
4	Total Revenue	\$ -	\$ -	\$ -	\$ (75,146)	\$ 10,116,972	\$ (175,956)	\$ 9,941,016
5								
6	Operating Expenses							
7	Labor	\$ -	\$ -	\$ -	\$ 336,694	\$ 1,095,552	\$ -	\$ 1,095,552
8	Purchased Water	-	-	-	(5,109)	-	-	-
9	Fuel & Power	-	-	-	(1,239,229)	-	-	-
10	Chemicals	-	-	-	3,512	45,731	-	45,731
11	Waste Disposal	-	-	-	114	5,087	-	5,087
12	Intercompany Support Services	-	-	-	-	-	-	-
13	Corporate Allocation	-	-	-	(8,280)	233,283	-	233,283
14	Outside Services	-	-	-	3,655	163,651	-	163,651
15	Group Insurance	-	-	-	63,492	360,755	-	360,755
16	Pensions	-	-	-	-	-	-	-
17	Regulatory Expense	-	-	-	18,347	47,728	-	47,728
18	Insurance Other Than Group	-	-	-	(19,910)	79,293	(455)	78,838
19	Customer Accounting	-	-	-	15,615	186,522	(320)	186,202
20	Rents	-	-	-	-	29,568	-	29,568
21	General Office Expense	-	-	-	(13,987)	117,741	-	117,741
22	Miscellaneous	-	-	-	912	43,105	-	43,105
23	Maintenance Expense	-	-	-	(231,681)	335,492	-	335,492
24	Depreciation & Amortization	-	5,256	-	699,481	2,420,364	-	2,420,364
25	General Taxes-Property	-	-	-	165,977	376,007	(1,828)	374,179
26	General Taxes-Other	-	-	-	(10,647)	89,496	-	89,496
27	Income Taxes	-	-	-	686,953	1,376,387	(66,195)	1,310,192
28								
29	Total Operating Expenses	\$ -	\$ 5,256	\$ -	\$ 465,908	\$ 7,005,762	\$ (68,798)	\$ 6,936,963
30	Utility Operating Income	\$ -	\$ (5,256)	\$ -	\$ (541,055)	\$ 3,111,210	\$ (107,158)	\$ 3,004,053
31	Other Income & Deductions							
32	Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ 102,281	\$ -	\$ 102,281
33	Interest Expense	-	-	-	351,083	883,074	-	883,074
34	Other Expense	-	-	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-
36	Total Other Income & Deductions	\$ -	\$ -	\$ -	\$ 351,083	\$ 985,355	\$ -	\$ 985,355
37	Net Profit / (Loss)	\$ -	\$ (5,256)	\$ -	\$ (892,138)	\$ 2,125,855	\$ (107,158)	\$ 2,018,697

Line
 No.

1 Tank Maintenance Expense

2
 3 Tank maintenance expenses are often large and vary from year to year. To prevent over-or under-stating tank maintenance expenses in the test year, the Company has adjusted the expenses to reflect the
 4 average cost of tank maintenance over a planned maintenance program. The program maps out the anticipated frequency and amount of the costs on a district level by storage tank. Costs are then averaged
 5 over the given maintenance cycle and summarized by district.

6
 7 Many of the districts already have approved tank maintenance plans authorized by the Commission in previous decisions. The tank maintenance expense in those districts reflects the previously approved
 8 amounts. This Application also seeks approval of the Sun City West and North Mohave Water District tank maintenance plans that have not been previously authorized by the Commission. Detail for each
 9 district's tank maintenance programs and the annual expense is as follows:

- 10
 11 • Agua Fria Water: \$376,478 through 2026 - Decision Number 73145 on 5/1/12.
 12 • Anthem Water was given a deferral mechanism - Decision Number 72047 on 1/7/11.
 13 • Havasu Water: \$76,320 through 2021 - Decision Number 73145 on 5/1/12.
 14 • Mohave Water: \$244,608 through 2026 - Decision Numbers 73145 & 75268 on 5/1/12 & 9/1/15, respectively.
 15 • North Mohave: \$114,583 through 2029.
 16 • Paradise Valley Water: \$123,658 through 2029 - Decision Number 75268 on 9/1/15.
 17 • Sun City Water: \$362,187 through 2023 - Decision Numbers 72047 & 75268 on 1/7/11 and 9/1/15, respectively.
 18 • Sun City West Water: \$227,141 through 2025.
 19 • Tubac Water has no authorized tank maintenance program.
 20 • Willow Valley Water has no authorized tank maintenance program.
 21 • Chaparral City Water: \$202,184 through 2032 - Decision Number 74568 on 6/20/14 (subsequently corrected in Decision Numbers 74585 and 74938 on 7/30/14 and 2/9/15, respectively).

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	Tank Maintenance Program Annual Cost	\$ 123,658 (b)
	2016 Tank Maintenance Expense, Unadjusted (account 5900)	<u>274,280 (a)</u>
	Increase in Tank Maintenance Expense	Line [29] - Line [33] <u>\$ (150,623)</u>

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 42
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 44
 45 Workpapers & Supporting Documents:
 46 (a) Sch E6
 47 (a) Authorized Tank Maintenance Summaries.xlsx
 48
 49
 50 \2016 Paradise Valley Water.xlsm

Line
 No.

1 Adjust Property Taxes to Reflect Proposed Revenues
 2 Property Taxes are based, in part, on the average of the prior three year's revenues. The 2016 property tax expense requires a conforming adjustment to bring property taxes in line with proposed changes in revenue. Additionally,
 3 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
 4 years to account for known and measurable historical trends in tax rates.

	Business Unit 7P		GMC Factor	2.6016%		[A]	[B]
	Power and Water Expenses				Property Tax Expense	Property Tax Expense For Conversion Factor	
	[1] Present	[2] Proposed					
9							
10	Adjusted Revenues in Year Ended December 2016	[Adj Summary p.2]	\$ 1,755,825	\$ 2,001,772	(b) + [2] \$ 12,118,744	\$ 12,118,744	\$ 12,118,744
11	Adjusted Revenues in Year Ended December 2016				12,118,744		12,118,744
12	Proposed Revenues				12,118,744	(b) + [2]	11,942,788
13	Average of Three Years of Revenue				Avg Lines[10] thru [12] \$ 12,118,744		12,060,092
14	Average of Three Years of Revenue, times 2				Line[13] * 2 \$ 24,237,488		24,120,184
15	Add:						
16	Construction Work in Progress at 10%				(a) \$ 63,273		63,273
17	Deduct:						
18	Net Book Value of Transportation Equipment				(d) \$ 173,957		173,957
19							
20	Full Cash Value				Sum Lines[14-16] - Line[18] \$ 24,126,804		24,009,500
21	Assessment Ratio (For 2016 and Beyond per HB 2001 Sec 42-15001)				18.0%		18.0%
22	Assessed Value				Line[20]*Line[21] \$ 4,342,825		4,321,710
23	Property Tax Rate				(c) 8.66%		8.66%
24							
25	Property Tax				Line[22]*Line[23] \$ 376,007		374,179
26	Additional Tax				\$ -		
27							
28	Adjusted Test Year Property Taxes at Present Rates				Line[25]+Line[26] \$ 376,007		
29	Adjusted Test Year Property Taxes				(b) 210,030		
30	Adjustment to Revenue and/or Expense (To Sch C-2)				Line[28] - Line[29] \$ 165,977		
31							
32	Adjusted Test Year Property Taxes at Proposed Rates					Line [25] \$	374,179
33	Adjusted Test Year Property Taxes at Present Rates					Line[28] Col [A]	376,007
34	Additional Property Taxes on Proposed Revenues (To Sch C-2)					Line[32] - Line[33]	(1,828)
35							

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

38	Increase in Property Tax Due to Increase in Revenue Requirement (Line 34, Col [B])	\$	(1,828)
40	Increase in Revenue Requirement (From Sch C-2)	\$	(175,956)
42	Increase in Property Tax Per Dollar Increase in Revenue (Line 38/Line 40)		1.04%

44 Workpapers & Supporting Documents:

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

Line No.			Test Year Adjusted Results [A]	Adjusted with Rate Increase [B]
1	<u>Federal and State Income Taxes</u>			
2				
3				
4	Operating Income Before Inc. Taxes		\$ 4,487,598	\$ 4,314,245
5	Interest Expense		883,074	883,074
6	Arizona Taxable Income		<u>Line[4] - Line[5] \$ 3,604,523</u>	<u>\$ 3,431,171</u>
7				
8	Arizona Income Tax	4.900%	<u>Line[6] * 4.900% \$ 176,622</u>	<u>\$ 168,127</u>
9				
10				
11	Federal Income Before Taxes		Line[6] \$ 3,604,523	\$ 3,431,171
12	Less Arizona Income Taxes		Line[8] 176,622	168,127
13				
14	Federal Taxable Income		<u>Line[11] - Line[12] \$ 3,427,901</u>	<u>\$ 3,263,044</u>
15				
16				
17				
18	FEDERAL INCOME TAXES:			
19				
20	Federal Income Taxes	35.000%	<u>Line[14] * 35.000% \$ 1,199,765</u>	<u>\$ 1,142,065</u>
21				
22				
23				
24	Total Income Tax		<u>Line[12] + Line[20] \$ 1,376,387</u>	<u>\$ 1,310,192</u>
25				
26	Tax Rate		<u>Line[24] / Line[6] 38.18%</u>	<u>38.18%</u>
27				
28				
29				
30	Effective Income Tax Rates			
31	State		Line[8] / Line[6] 4.900%	4.900%
32	Federal		Line[20] / Line[6] 33.28%	33.28%
33				
34				
35	Adjusted Test Year Income Taxes		(a) \$ 689,434	
36	Increase in Income Taxes,		<u>Line[24] - Line[35] \$ 686,953</u>	
37				
38	Adjustment to Revenues and/or Expense		<u>Line[36] \$ 686,953</u>	
39				
40	Test Year Income Taxes			Col A Line[24] \$ 1,376,387
41	Increase in Income Taxes			Line[24] - Line[40] (66,195)
42				
43	Adjustment to Revenue and/or Expense			<u>Line[41] \$ (66,195)</u>
44				
45				
46				
47	<u>Workpapers & Supporting Documents:</u>			
48	(a) Sch C-2			
49				
50	\2016 Paradise Valley Water.xlsm			

Line
 No.

1 Interest Synchronization with Rate Base

2

3

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5

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

(a) \$ 39,599,747

7 Weighted Cost of Debt from Schedule D-1

(b) 2.23%

8 Synchronized Interest Expense

Line[6]*Line[7] \$ 883,074

9

10 Test Year Interest Expense

\$ 531,991 (c)

11

12 Adjusted Test Year Interest Expense

Line[10] \$ 531,991

13

14 Increase/(Decrease) in Interest Expense

Line[8] - Line[12] \$ 351,083

15

16 Adjustment to Revenue and/or Expense

Line[14] \$ 351,083

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46 Workpapers & Supporting Documents:

47 (a) Sch B-1

48 (b) Sch D-1

49 (c) Sch C-2

50 \2016 Paradise Valley Water.xlsm

Line No.	G/L Account Business Unit	5610 7P	
1	Bad Debt Expense		
2			
3	The 2016 Test Year bad debt expense was calculated based on total Arizona accounts receivable which was allocated to the districts. Included in that calculation were recoveries of write-offs originally		
4	thought to be uncollectible from prior years and adjustments to account receivable balances. In order to accurately reflect the impact of bad debt expense on 2016 expenses, the allocation and		
5	adjustments from prior years were removed and replaced with actual activity determined to be uncollectible and written-off in 2016 for each district. The difference between the unadjusted expense		
6	amount as allocated and the actual write-offs by district is computed below and included as a proforma adjustment to the test year expense for each district.		
7			
8			
9			
10	Allocated Bad Debt in Account 5610		(a) \$ 7,695
11			
12	Actual Bad Debt Write-Offs (b)		
13	Jan-16		\$ 77
14	Feb-16		4,734
15	Mar-16		7,700
16	Apr-16		897
17	May-16		256
18	Jun-16		74
19	Jul-16		1,055
20	Aug-16		(39)
21	Sep-16		445
22	Oct-16		632
23	Nov-16		2,636
24	Dec-16		(57)
25	Total Bad Debt		Sum Lines [13 - 24] \$ 18,410
26			
27	Increase/(Decrease) in Bad Debt Expense		Line[25] - Line[10] \$ 10,715
28			
29	Adjustment to Revenue and/or Expense		Line[27] \$ 10,715
30			
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36			
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38			
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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 Paradise Valley Water.xlsm		

Line
 No.

1 Annualization/Normalization of Revenues

2
 3 Due to the seasonality of residents in the Phoenix area, it is appropriate to annualize revenues for the average customer population during the year, rather than the year-end count. At
 4 December 31, 2016, the customer population is at its highest, and does not properly reflect the experiences of the Company.
 5 Due to unseasonably high temperatures during test year, EPCOR has also performed a weather normalization to reflect normalized water sales at average temperatures. Please see
 6 the Schedule H for detail.
 7
 8 EPCOR has also removed accrual entries.
 9

	[A]	[B]	[C]	[D]		[E] = [A] + [B] + [C] + [D]
	Residential	Commercial	Other Water User	Other Revenue		Total
13 Test Year Revenues per General Ledger	\$ 7,882,007	\$ 2,200,576	\$ 51,189	\$ 58,345	(a)	\$ 10,192,118
14 Revenue Adjustments	4,082				(b)	4,082
15 Accruals	(42,017)	(13,434)	-		(a)	(55,450)
16 Annualization	10,953	2,662	3,681		(b)	17,297
17 Weather Normalization	(30,322)	(9,588)	(1,166)		(b)	(41,075)
18 Adjusted Revenues	<u>\$ 7,824,705</u>	<u>\$ 2,180,217</u>	<u>\$ 53,705</u>	<u>\$ 58,345</u>	Sum Lines [13 - 17]	<u>\$ 10,116,972</u>
19						
20 Test Year Revenues per General Ledger	<u>7,882,007</u>	<u>2,200,576</u>	<u>51,189</u>	<u>58,345</u>	(b)	<u>10,192,118</u>
21						
22 Increase / (Decrease) to Test Year Revenues	<u>\$ (57,303)</u>	<u>\$ (20,359)</u>	<u>\$ 2,516</u>	<u>\$ -</u>	Line[18] - Line[20]	<u>\$ (75,146)</u>
23						
24						
25						

26 Increase / (Decrease) in Operating Expenses:

	[F]	[G]	[H]	[I]		Total
	Purchased Water	Fuel & Power	Chemicals	Other Customer Accounting		
29 Test Year Adjusted Expense from Sch C-2	\$ 5,109	\$ 1,239,229	\$ 42,219	\$ 170,907		
30 Average Customers (from Sch E7) times 12 bills	58,955	58,955	58,955	58,955		
31 Cost per Customer	<u>\$ 0.087</u>	<u>\$ 21.020</u>	<u>\$ 0.716</u>	<u>\$ 2.899</u>	Line[29] / Line[30]	
32						
33 Customer Growth	93	93	93	93	(c)	
34 Additional Expense	<u>\$ 8</u>	<u>\$ 1,955</u>	<u>\$ 67</u>	<u>\$ 270</u>		<u>\$ 2,300</u> Sum Col [F-I]
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						

45 Workpapers & Supporting Documents:

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

4 - Factor

Business Unit	7P	5.3099%
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Line
 No.

1 Removal of General Disallowable Items

2
 3 In anticipation that Staff would disallow certain miscellaneous costs, the Company has removed expenses that would typically be disallowed for ratemaking purposes, such as charitable and civic
 4 contributions and other miscellaneous expenses that are normally not recoverable from customers. While the Company still believes these expenses should be recoverable through rates, we removed
 5 them to minimize issues in dispute. The corresponding General Ledger numbers are below.
 6
 7
 8
 9
 10

	[A]	[B]	[C]	[D] = [A] + [B] + [C]		
	5670	5671	5672			
	Advertising	Promotion	Donation	Total		
15 Total 7A Corporate Expenses (a)	\$ 30,500	\$ 280,264	\$ 24,002	\$ 334,766		
16 7A Allowed Expenses (b)	16,139	3,750	-	19,888		
17 7A Disallowed Expenses	\$ 14,361	\$ 276,514	\$ 24,002	\$ 314,877	Line[15] - Line[16]	
19 Paradise Valley Water 4-Factor	5.3099%	5.3099%	5.3099%			
21 7A Disallowed Expenses allocated to District	\$ 763	\$ 14,682	\$ 1,274	\$ 16,720	Line[17] * Line[19]	\$ 16,720
24 Total District Expenses (a)	\$ -	\$ 373	\$ -	\$ 373		
25 District Allowed Expenses (b)	0	0	0	0		
26 District Disallowed Expenses	\$ -	\$ 373	\$ -	\$ 373	Line[24] - Line[25]	\$ 373
33 General Disallowed Items for District					Line[21] + Line[26]	\$ 17,093
35 Adjustment to Revenue and/or Expense					Line[33]	\$ (17,093)

44 Workpapers & Supporting Documents:

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

Business Unit	7P
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Line No.					
1	<u>Annualize Labor & Labor Related Expenses</u>				
2	The Company has adjusted Labor costs to reflect 12 months of costs to annualized for certain positions that were created or filled during the test year as well as known increases to labor costs of 3%. This adjustment also annualizes				
3	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				
4	short-term disability. Also included is the annualization of the Company's contribution to its employees' 401(k) retirement savings program.				
5					
6					
7	Labor Expense as calculated per the Payroll Model (a)				
8	Direct Labor	\$ 987,588			
9	Performance Based Compensation	\$ 119,960	\$ 1,107,548	Line[8]+Line[9]	
10					
11	Fully Allocated Labor Expense per General Ledger (b)		\$ 758,858		
12	Increase/(Decrease) in Labor Expense			Line[9] - Line[11]	\$ 348,690
13					
14					
15					
16					
17					
18	Group Insurance and Other Benefits as calculated per the Payroll Model (a)				
19	401K	\$ 88,391			
20	Insurance	\$ 196,697			
21	Pension	\$ 75,667	\$ 360,755	Line[19]+Line[20]+Line[21]	
22					
23	Fully Allocated Labor Expense per General Ledger (b)		\$ 297,263		
24	Increase/(Decrease) in Group Insurance Expense			Line[21]-Line[23]	\$ 63,492
25					
26					
27					
28					
29					
30	Payroll Taxes as calculated per the Payroll Model (a)				
31	Taxes	\$ 76,270	\$ 76,270	Line[31]	
32					
33	Fully Allocated Labor Expense per General Ledger (b)		\$ 86,918		
34	Increase/(Decrease) in General Taxes - Other			Line[31] - Line[33]	\$ (10,647)
35					
36					
37	Increase/(Decrease) in Labor Related Expense			Sum Line[12] thru [34]	\$ 401,535
38					
39					
40	Adjustment to Revenue and/or Expense			Line [37]	\$ 401,535
41					
42					
43	Total	\$ 1,544,573		Line [8]+[9]+[19]+[20]+[21]+[31]	
44	Check	\$ 1,544,573		\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 Paradise Valley Water.xlsm				

Line
 No.

1 Purchased Power Adjustment and Surcharge Business Unit 7P

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

			(A)	(B)	(C)	(D) = (A) + (B) + (C)
	<u>GL Account</u>	<u>Account Description</u>	Corporate (a)	Direct (b)	Other Allocation (c)	Total
			2016	2016	2016	2016
12		5617 Power Charges	\$ 2,246	\$ 1,236,984		\$ 1,239,229
13		5616 Natural Gas Charges	\$ -	\$ -		\$ -
14		Annualization				\$ 1,955
15	Increase / (Decrease) to Purchase Power Expense					<u>\$ (1,241,184)</u>

Line(12 - 14)

45 Workpapers & Supporting Documents:

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

**PURCHASED POWER
 SURCHARGE CALCULATION**

Line
 No.

Purchased Power Adjustment and Surcharge Business Unit 7P

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

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

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

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

	[A]	[B]	[C]	[D] = [A] + [B] + [C]	
	Corporate (a)		Direct (b)	Other Allocation (c)	Total
<u>GL Account</u> <u>Account Description</u>	2016		2016	2016	2016
5617 Power Charges	\$	2,246	\$ 1,236,984		\$ 1,239,229
5616 Natural Gas Charges	\$	-	\$ -		\$ -
Annualization					\$ 1,955
Total Purchased Power Expense					\$ 1,241,184 Line[29 - 31]
2017 % Increase		6.29%			
2018 % Increase		6.29%			
	[E]	[F]	[G]	[H]	[I] = [E] + [F] + [G] + [H]
	Corporate	Direct	Natural Gas	Annualization	Total
2017 Increase	\$ 141	\$ 77,844	0	\$ 123	\$ 78,109 Line[29]*Line[33], Line [31]*Line [33]
2017 Expense	\$ 2,387	\$ 1,314,828	\$ -	\$ 2,078	\$ 1,319,293 Line[29]+Line[38], Line [31]*Line [38]
2018 Increase	\$ 150	\$ 82,743	0	\$ 131	\$ 83,024 Line[34]*Line[39]
2018 Expense	\$ 2,537	\$ 1,397,571	\$ -	\$ 2,209	\$ 1,402,317 Line[39]+Line[41]
			Total Billed Gallons (in thousand of gallons)		3,147,864
<u>Workpapers & Supporting Documents:</u>			Surcharge Per Thousand Gallons	\$	0.4455 Line[42]/Line[44]
(a) Sch E-6b					
(b) Sch E-6a					
(c) Sch E-6c					
\Purchased Power Adjustment Calc.xlsx					
\2016 Paradise Valley Water.xlsm					

Line
 No.

4-Factor	
Paradise Valley Water	5.3099%
Arizona Total	87.7062%

1 Removal of 10% of Performance Based Compensation

2

3

4 The Performance Based Compensation program contains metrics designed to incent employees to 1) work safely by requiring achievement of an annual OSHA Recordable Incident Rate, 2) provide excellent customer service by setting goals for customer satisfaction, billing accuracy targets, and metrics for the call center, and 3) achieve a target for capital investments to be completed on time and at or under total company budget. Each of these 3 targets is weighted at 30 percent with the remaining 10 percent based upon achieving a financial target focused on earning the authorized rate of return. This pro forma adjustment removes this financial component which represents 10 percent of the target for Performance Based Compensation Plan.

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

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	[A]	[B]	[C] = [A] * [B]	[D] = [C] * -10.0%
	<u>Performance Based Compensation Expense</u>	<u>Allocation Factor</u>	<u>Performance Based Compensation Expense for District</u>	<u>Minus 10%</u>
Direct Performance Based Compensation Expense	\$ 41,048	100.0000%	\$ 41,048	\$ (4,105)
7A Arizona Performance Based Comp Exp	\$ 1,177,956	5.3099%	62,548	(6,255)
6U EPCOR Water USA Performance Based Comp Exp	\$ 351,374	4.6571%	16,364	(1,636)
Total Performance Based Compensation Expense			\$ 119,960	Sum Lines[24] thru [27] Col [C]
			Check \$ 119,960	Adj IS-8
			Diff \$ -	Sum Lines[24] thru [27] Col [D]
Minus 10%				\$ (11,996)
Total Increase / (Decrease) to Labor				Line [34] \$ (11,996)
Adjustment to Revenue and/or Expense				Line [37] \$ (11,996)

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

Line
 No.

Business Unit 7P

1 Postage Expense

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

	[A]	[B]	[C] = ([B]-[A]) / [A]
	Average Automated Piece Rate		
	Effective April 2016	Effective January 2017	2017 Increase
Manifested			
5-Digit	\$ 0.3760	\$ 0.3730	-0.80%
3-Digit	\$ 0.3990	\$ 0.4030	1.00%
AADC	\$ 0.3990	\$ 0.4030	1.00%
Mixed AADC	\$ 0.4190	\$ 0.4230	0.95%
Single Piece	\$ 0.4700	\$ 0.4900	4.26%
Average cost per piece	\$ 0.4126	\$ 0.4184	1.41%

21 Postage Expense Account 5611 per General Ledger

(a) \$ 22,831

23 Total Increase / (Decrease) to Postage Expense

Col [C] Line[18]*Line[21] \$ 321

25 Adjustment to Revenue and/or Expense

Line [23] \$ 321

44 Workpapers & Supporting Documents:

- 45 (a) Sch E-6 Line 19
- 46 USPS Rates 2016.xlsx
- 47
- 48
- 49
- 50 \2016 Paradise Valley Water.xlsm

Line
 No.

Business Unit 7P

1 Customer Care and Billing Services

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

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

Increase Lines[13-14]/[13]

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C.U.S. Charges per Schedule E-6, account 5611	\$	109,757	(a)
CPI Adjustment 2017	\$	1,790	Line[18]*1.63%
Adjusted 2017 Expense	\$	111,547	Sum Line[18+20]
CPI Adjustment 2018	\$	1,819	Line[21]*1.63%
Adjusted 2018 Expense	\$	113,366	Sum Line[21+23]

39
 40
 41
 42
 43

Total Increase/ (Decrease) to C.U.S Charges	Line[20]+Line[23]	\$	3,609
Adjustment to Revenue and/or Expense	Line[39]	\$	3,609

44
 45
 46
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Workpapers & Supporting Documents:
 (a) Sche6 Line19
 Phoenix All Consumers CPI 3.22.17.xlsx
 \2016 Paradise Valley Water.xlsm

Line
 No.

Business Unit 7P

1 Rate Case Expense

2
 3 The Company estimates it will incur approximately \$800,000 of rate case related expenses to process this rate application. This estimate is based on our experience with rate cases before the Commission and the Company's size and the anticipated length and complexity of the proceedings. This estimated amount is allocated to the districts in this case via a water 4-Factor allocation methodology. As the case progresses this estimate will be updated accordingly.

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 5
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 7
 8
 9 Rate Case Expense Paradise Valley Water \$ 55,041 (a)

10
 11
 12 Estimated Amortization Period in Years 3

13
 14
 15
 16
 17
 18
 19
 20 Increase / (Decrease) to Regulatory Expense Line [9] / Line [12] \$ 18,347

21
 22 Adjustment to Revenue and/or Expense Line [20] \$ 18,347

23
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 43
 44 Workpapers & Supporting Documents:

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

46 .
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 49
 50 \2016 Paradise Valley Water.xlsm

Line

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45 Workpapers & Supporting Documents:

46

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50 \2016 Paradise Valley Water.xlsm

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44 Workpapers & Schedules

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\2016 Paradise Valley Water.xlsm

Line
 No.

Business Unit	7P
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1 Annualize Depreciation Expense on Direct Plant
 2
 3 Adjustment to annualize depreciation expense based on plant balances at the end of 2016.
 4
 5
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12	Depreciation Expense on Direct Plant	(a)	\$	2,932,849
13				
14	Depreciation Expense per General Ledger	(b)	\$	<u>1,637,363</u>
15				
16	Increase / (Decrease) to Depreciation Expense	Line[12] - Line[14]	\$	1,295,486
17				
18	Adjustment to Revenue and/or Expense	Line[16]	\$	<u>1,295,486</u>
19				
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43				

44 Workpapers & Supporting Documents:
 45 (a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx
 46 (b) Sch E-6b Line 24
 47
 48
 49
 50 \2016 Paradise Valley 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	Annual Depr Expense	Annual Depr Expense
1	301000	0.00%	Organization	1,831	-	-	-	-	-	-	-	-	1,831	-	-	-	-	-
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	8,324	30	-	-	-	-	-	-	-	8,294	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	171,584	173,183	-	-	-	-	-	-	-	(1,599)	5,719	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	966,138	58,904	-	-	-	-	-	-	-	907,233	32,205	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	21,091,566	3,860,045	-	-	-	-	-	-	-	17,231,521	703,052	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	45,098	5,473	-	-	-	-	-	-	-	39,625	1,503	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	61,737	4,525	-	-	-	-	-	-	-	57,212	2,058	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	-	46	-	-	-	-	-	-	-	(46)	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	0	0	-	-	-	-	-	-	-	0	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Storc	4,629	555	-	-	-	-	-	-	-	4,075	154	-	-	-	-
16	304800	3.33%	Structures & Improvements Misci	26,108	(2,734)	-	-	-	-	-	-	-	28,842	870	-	-	-	-
17	305000	2.50%	Collect & Impounding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,701,602	1,047,620	29,420	490	250,250	4,171	-	-	-	1,900,061	90,053	981	8,342	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	439,071	(11,647)	-	-	-	-	-	-	-	450,718	8,781	-	-	-	-
22	310000	5.00%	Power Production Equipment	233,358	41,249	-	-	-	-	-	-	-	192,109	11,668	-	-	-	-
23	310100	5.00%	Power Production Equipment	554,631	235,388	-	-	-	-	-	-	-	319,243	27,732	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	3,986,611	1,643,166	133,415	5,559	-	(28,515)	-	-	-	2,343,445	332,218	11,118	-	-	(2,376)
26	311300	8.33%	Pumping Equipment Diesel	53	14	-	-	-	-	-	-	-	39	4	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	363,753	27,855	-	-	-	-	-	-	-	335,898	30,313	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	10,728,229	10,691,545	-	-	363,997	9,100	-	-	-	391,582	536,411	-	18,200	-	-
31	320200	10.00%	Water Treatment Equipment Filte	638,381	305,381	-	-	-	-	-	-	-	333,000	63,838	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	2,433,064	729,942	-	-	-	-	-	-	-	1,703,122	54,068	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	4,473,103	321,052	55,911	559	754,000	7,540	(6,890)	-	-	4,898,511	89,462	1,118	15,080	-	(138)
38	331100	2.00%	TD Mains 4in & Less	892,029	(78,947)	-	-	-	-	-	-	-	970,976	17,841	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	7,415,999	3,546,889	92,877	929	13,865	139	-	-	-	3,882,837	148,320	1,858	277	-	-
40	331300	2.00%	TD Mains 10in to 16in	9,597,806	3,730,436	10,302	103	-	-	-	-	-	5,867,370	191,956	206	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	547,004	94,275	-	-	-	-	-	-	-	452,729	10,940	-	-	-	-
42	332000	2.00%	Fire Mains	-	0	-	-	-	-	-	-	-	(0)	-	-	-	-	-
43	333000	3.33%	Services	5,278,583	2,279,411	59,888	998	422,000	7,033	(366)	-	-	3,414,139	175,953	1,996	14,067	-	(12)
44	334100	8.33%	Meters	1,624,434	427,967	3,997	167	14,400	600	(952)	-	-	1,210,268	135,370	333	1,200	-	(79)
45	334200	3.33%	Meter Installations	176,035	33,737	-	-	-	-	-	-	-	142,298	5,868	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	1,637,668	613,136	19,124	191	25,000	250	(2,130)	-	-	1,049,282	32,753	382	500	-	(43)
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	210,877	2,761	-	-	38,406	1,280	-	-	-	245,241	14,058	-	2,560	-	-
53	340100	6.67%	Office Furniture & Equipment	62,835	21,908	-	-	-	-	-	-	-	40,928	4,189	-	-	-	-
54	340200	20.00%	Computer & Periphall Equipment	38,077	51,404	-	-	-	-	-	-	-	(13,327)	7,615	-	-	-	-
55	340300	20.00%	Computer Software	37,405	95,801	-	-	-	-	-	-	-	(58,396)	7,481	-	-	-	-
56	340500	6.67%	Other Office Equipment	321	78	-	-	-	-	-	-	-	243	21	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	93,612	44,690	-	-	-	-	-	-	-	184,113	13,373	-	-	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	40,748	2,911	-	-	-	-	234,482	99,291	-	-	-	33,497	-
59	341400	14.29%	Transportation Equipment Other	194,854	205,010	-	-	-	-	-	-	-	-	(10,156)	27,836	5,821	-	-
60	342000	4.00%	Stores Equipment	1,943	541	-	-	-	-	-	-	-	1,401	78	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	301,906	85,125	14,250	356	9,000	225	(1,643)	-	-	225,556	15,095	713	450	-	(82)
62	344000	10.00%	Laboratory Equipment	17,620	12,388	-	-	-	-	-	-	-	5,232	1,762	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,698	5,713	-	-	-	-	-	-	-	27,985	1,685	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	465,589	614,833	-	-	50,000	2,500	-	-	-	(101,744)	46,559	-	5,000	-	-
65	346190	10.00%	Remote Control & Instrument	613,928	76,625	-	-	-	-	-	-	-	537,303	61,393	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	225,920	74,593	-	-	-	-	-	-	-	151,327	22,592	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	63,909	3,195	-	-	-	-	-	-	-	6,391	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	78,397,014	31,069,965	523,840	15,458	1,940,918	32,838	(40,495)	234,482	99,291	49,370,320	2,932,849	30,917	65,676	33,497	(2,730)

Depreciable Plant 78,386,859 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.74%

Line
 No.

1	Annualize Depreciation Expense on Corporate Plant				
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] \$ 21,655
12					
13					
14					
15	Allocated Depreciation Expense on Corporate Plant per General Ledger				(b) \$ 83,520
16					
17					
18	Increase/ (Decrease) to Depreciation Expense				Line[11] - Line[15] \$ (61,865)
19					
20	Adjustment to Revenue and/or Expense				Line[18] \$ (61,865)
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43					
44	<u>Workpapers & Supporting Documents:</u>				
45	(a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx				
46	(b) Sch E-6b Line 24				
47					
48	4-Factor				
49					
50	\2016 Paradise Valley 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 PITY	Removal PITY	Add'l Cap TY	Add'l Cap TY	12 Months PITY	12 Months PITY	on Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Plant	Truck	Plant	PITY	Lease
1	304500	3.33%	Structures & Improvements Gen	214,247	(2,105)			10,566	176	-	-				226,742	7,142	-	352	-	-	-	
2	304620	3.33%	Structures & Improvements Leas	41,191	1,470			-	-	-	-				39,720	1,373	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-				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%

GMC 4 Factor	2.6016%
Arizona Total	91.0728%
Alloc Factor	2.369%

GMC * AZ Total

Line
 No.

1	<u>Annualize Depreciation Expense on 6U</u>		
2			
3	Adjustment to annualize depreciation expense based on plant balances at the end of 2016 on USA Corporate Plant (Shared between AZ Operations and New Mexico Operations)		
4			
5			
6			
7			
8			
9	Depreciation Expense on 6U Plant	\$ 834,005 (a)	
10			
11	Allocated Depreciation Expense on 6U Plant	Allocation Factor*Line [9] \$	19,761
12			
13			
14			
15	Allocated Depreciation Expense on 6U Plant per General Ledger		-
16			
17			
18	Increase / (Decrease) to Depreciation Expense	Line[11] - Line[15] \$	19,761
19			
20	Adjustment to Revenue and/or Expense	Line[18] \$	19,761
21			
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24			
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43			
44	<u>Workpapers & Supporting Documents:</u>		
45	(a) \Summary of Plant Balances and Accum Depr by NARUC.xlsx		
46			
47			
48			
49	\2016 Paradise Valley Water.xlsm		
50			

Docket # WS-01303A-17-XXXX

Schedule C-2 ADJ SLM - IS18

Summary of Plant and Accumulated Depreciation Balances

Pg 22 a

USA Corporate (6U)

Witness: Mahler

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

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

Line No.	Business Unit	7P	6U Factor	Arizona GMC	91.0728%	
1	Depreciation Expense on Post Test Year Plant					
2						
3	Annual depreciation of post test year plant through December 31, 2017 has been annualized for one year with this adjustment.					
4						
5						
6						
7						
8						
9						
10			Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC (a)		Allocation Factor	Depreciation Expense
11			[A]		[B]	[C] = [A] * [B]
12						
13						
14			\$ 65,676		100.0000%	\$ 65,676
15			30,917		100.0000%	30,917
16			26,571		2.6016%	691
17			17,375		2.6016%	452
18			330,000		2.3694%	7,819
19			174,541		2.3694%	4,136
20						-
21						
22			\$ 645,080	Sum Lines[14] thru [19]		
23						Sum Lines[14] thru [19] \$ 109,690
24						
25						
26						
27						Line [23] \$ 109,690
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46	Workpapers & Supporting Documents:					
47	(a) Summary of Plant Balances and Accum Depr by NARUC.xlsx					
48						
49						
50	\2016 Paradise Valley Water.xlsm					

Summary of Plant and Accumulated Depreciation Balances
Paradise Valley Water

7P

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	Annual Depr Expense	Annual Depr Expense
1	301000	0.00%	Organization	1,831	-	-	-	-	-	-	-	-	1,831	-	-	-	-	-
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	8,324	30	-	-	-	-	-	-	-	8,294	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	171,584	173,183	-	-	-	-	-	-	-	(1,599)	5,719	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	966,138	58,904	-	-	-	-	-	-	-	907,233	32,205	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	21,091,566	3,860,045	-	-	-	-	-	-	-	17,231,521	703,052	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	45,098	5,473	-	-	-	-	-	-	-	39,625	1,503	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	61,737	4,525	-	-	-	-	-	-	-	57,212	2,058	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	-	46	-	-	-	-	-	-	-	(46)	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	0	0	-	-	-	-	-	-	-	0	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Storc	4,629	555	-	-	-	-	-	-	-	4,075	154	-	-	-	-
16	304800	3.33%	Structures & Improvements Misci	26,108	(2,734)	-	-	-	-	-	-	-	28,842	870	-	-	-	-
17	305000	2.50%	Collect & Impounding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,701,602	1,047,620	29,420	490	250,250	4,171	-	-	-	1,900,061	90,053	981	8,342	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	439,071	(11,647)	-	-	-	-	-	-	-	450,718	8,781	-	-	-	-
22	310000	5.00%	Power Production Equipment	233,358	41,249	-	-	-	-	-	-	-	192,109	11,668	-	-	-	-
23	310100	5.00%	Power Production Equipment	554,631	235,388	-	-	-	-	-	-	-	319,243	27,732	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	3,986,611	1,643,166	133,415	5,559	-	-	(28,515)	-	-	2,343,445	332,218	11,118	-	-	(2,376)
26	311300	8.33%	Pumping Equipment Diesel	53	14	-	-	-	-	-	-	-	39	4	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	363,753	27,855	-	-	-	-	-	-	-	335,898	30,313	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	10,728,229	10,691,545	-	-	363,997	9,100	-	-	-	391,582	536,411	-	18,200	-	-
31	320200	10.00%	Water Treatment Equipment Filte	638,381	305,381	-	-	-	-	-	-	-	333,000	63,838	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	2,433,064	729,942	-	-	-	-	-	-	-	1,703,122	54,068	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	4,473,103	321,052	55,911	559	754,000	7,540	(6,890)	-	-	4,898,511	89,462	1,118	15,080	-	(138)
38	331100	2.00%	TD Mains 4in & Less	892,029	(78,947)	-	-	-	-	-	-	-	970,976	17,841	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	7,415,999	3,546,889	92,877	929	13,865	139	-	-	-	3,882,837	148,320	1,858	277	-	-
40	331300	2.00%	TD Mains 10in to 16in	9,597,806	3,730,436	10,302	103	-	-	-	-	-	5,867,370	191,956	206	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	547,004	94,275	-	-	-	-	-	-	-	452,729	10,940	-	-	-	-
42	332000	2.00%	Fire Mains	-	0	-	-	-	-	-	-	-	(0)	-	-	-	-	-
43	333000	3.33%	Services	5,278,583	2,279,411	59,888	998	422,000	7,033	(366)	-	-	3,414,139	175,953	1,996	14,067	-	(12)
44	334100	8.33%	Meters	1,624,434	427,967	3,997	167	14,400	600	(952)	-	-	1,210,268	135,370	333	1,200	-	(79)
45	334200	3.33%	Meter Installations	176,035	33,737	-	-	-	-	-	-	-	142,298	5,868	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	1,637,668	613,136	19,124	191	25,000	250	(2,130)	-	-	1,049,282	32,753	382	500	-	(43)
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	210,877	2,761	-	-	38,406	1,280	-	-	-	245,241	14,058	-	2,560	-	-
53	340100	6.67%	Office Furniture & Equipment	62,835	21,908	-	-	-	-	-	-	-	40,928	4,189	-	-	-	-
54	340200	20.00%	Computer & Periphall Equipment	38,077	51,404	-	-	-	-	-	-	-	(13,327)	7,615	-	-	-	-
55	340300	20.00%	Computer Software	37,405	95,801	-	-	-	-	-	-	-	(58,396)	7,481	-	-	-	-
56	340500	6.67%	Other Office Equipment	321	78	-	-	-	-	-	-	-	243	21	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	93,612	44,690	-	-	-	-	-	-	-	184,113	13,373	-	-	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	40,748	2,911	-	-	-	-	234,482	99,291	-	-	-	33,497	-
59	341400	14.29%	Transportation Equipment Other	194,854	205,010	-	-	-	-	-	-	-	-	(10,156)	27,836	5,821	-	-
60	342000	4.00%	Stores Equipment	1,943	541	-	-	-	-	-	-	-	1,401	78	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	301,906	85,125	14,250	356	9,000	225	(1,643)	-	-	225,556	15,095	713	450	-	(82)
62	344000	10.00%	Laboratory Equipment	17,620	12,388	-	-	-	-	-	-	-	5,232	1,762	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,698	5,713	-	-	-	-	-	-	-	27,985	1,685	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	465,589	614,833	-	-	50,000	2,500	-	-	-	(101,744)	46,559	-	5,000	-	-
65	346190	10.00%	Remote Control & Instrument	613,928	76,625	-	-	-	-	-	-	-	537,303	61,393	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	225,920	74,593	-	-	-	-	-	-	-	151,327	22,592	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	63,909	3,195	-	-	-	-	-	-	-	6,391	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	78,397,014	31,069,965	523,840	15,458	1,940,918	32,838	(40,495)	234,482	99,291	49,370,320	2,932,849	30,917	65,676	33,497	(2,730)

Depreciable Plant 78,386,859 Line [72] - Lines [1]-[7]
Composite Depr Rate 3.74%

Arizona Corporate (7A)

7A

LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	Vactor Truck	Vactor Truck	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Vactor	Add'l	12 Months	Capital	Test Year	
				Test Year End PLANT	Test Year End ACCUM DEPR	Removal PTYP	Removal PTYP	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	Test Year Plant	Test Year End PLANT	Test Year End ACCUM DEPR		Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	Annual Depr Expense	
1	304500	3.33%	Structures & Improvements General	214,247	(2,105)			10,566	176	-	-	-	-	-	226,742	7,142	-	352	-	-	-	
2	304620	3.33%	Structures & Improvements Leasehold	41,191	1,470			-	-	-	-	-	-	-	39,720	1,373	-	-	-	-	-	
3	334100	8.33%	Meters	11,777	5,622			-	-	-	-	-	-	-	6,155	981	-	-	-	-	-	
4	339600	6.67%	Other P/E-CPS	364,887	84,392			-	-	-	-	-	-	-	280,495	24,326	-	-	-	-	-	
5	340100	6.67%	Office Furniture & Equipment	1,284,366	626,556			-	-	-	-	-	-	-	657,810	85,624	-	-	-	-	-	
6	340200	20.00%	Computer & Periphal Equipment	1,477,567	766,022			-	-	102,500	10,250	-	-	-	803,795	295,513	-	-	20,500	-	-	
7	340300	20.00%	Computer Software	220,520	227,318			-	-	-	-	-	-	-	(6,799)	44,104	-	-	-	-	-	
8	340330	20.00%	Computer Software Other	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	341100	14.29%	Transportation Equip Light Duty Trucks	244,306	20,283			-	-	-	-	-	-	-	259,130	34,901	-	-	-	7,314	-	
10	341200	14.29%	Transportation Equip Heavy Duty Trucks	167,951	9,285			-	-	-	-	-	51,197	16,091	158,686	23,993	-	-	-	-	-	
11	341400	14.29%	Transportation Equipment Other	26,903	3,367			-	-	42,500	3,036	-	-	-	63,000	3,843	-	-	6,071	-	-	
12	344000	10.00%	Laboratory Equipment	17,277	3,751			-	-	-	-	-	-	-	13,526	1,728	-	-	-	-	-	
13	345000	5.00%	Power Operated Equipment	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	346100	10.00%	Communication Equipment Non-Telephone	186,080	234,747			170,233	8,512	-	-	-	-	-	113,054	18,608	-	17,023	-	-	-	
14	346190	10.00%	Remote Control & Instrument	75,935	(18,056)			-	-	-	-	-	-	-	93,991	7,593	-	-	-	-	-	
15	346200	10.00%	Communication Equipment Telephone	68,942	34,712			-	-	-	-	-	-	-	34,230	6,894	-	-	-	-	-	
16	346300	10.00%	Communication Equipment Other	183,229	24,679			-	-	-	-	-	-	-	158,550	18,323	-	-	-	-	-	
17	347000	10.00%	Miscellaneous Equipment	669,890	97,416			-	-	-	-	-	-	-	572,474	66,989	-	-	-	-	-	
18	391000	20.00%	VW Trans Equipment	952,226	87,539	(952,226)	(87,539)	-	-	-	-	-	-	-	-	190,445	(190,445)	-	-	-	-	-
19																						
20																						
21		212.86%	TOTAL	6,207,292	2,206,978	(952,226)	(87,539)	180,799	8,688	145,000	13,286	-	51,197	16,091	3,474,558	832,381	(190,445)	17,375	26,571	7,314	-	

Depreciable Plant
 Composite Depr Rate

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

Docket # WS-01303A-17-XXXX

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

Witness: Mahler

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

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

Line
 No.

1 Removal of Vector Truck Amortization

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

	4- Factor	GMC	2.6016%
	[A]	[B]	[C] = [A] * [B]
	Depreciation Rate	Plant	Depr Exp
12 Vector Trucks in 7A Plant Balance (Arizona Corporate)	20.00%	\$ (952,226)	\$ (190,445)
15 District Allocation			\$ (4,955) [C] Line [12] * GMC Factor
31 Increase / (Decrease) to Depreciation Expense			<u>\$ (4,955)</u> Line [15]

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

Arizona Corporate (7A)

7A

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

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

Line
 No.

Business Unit	7P
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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	\$	(19,294,624) (a)	
9	10	11	12	Composite Depreciation Rate		<u>3.7415%</u> (b)	
13	14	15	16	Increase / (Decrease) to Depreciation Expense	Line[8] * Line [10]	\$	(721,910)
17	18	19	20	Adjustment to Revenue and/or Expense	Line [14]	\$	<u>(721,910)</u>

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

Line
 No.

1	<u>Adjust Corporate Allocations</u>			
2				
3	Corporate Allocation as of 12/31/16 has been annualized for one year with this adjustment. Corporate Allocations are costs associated with operational services provided by EPCOR Utilities, Inc. ("EUI")			
4	including Human Resources, Accounting and Reporting Software, Legal, and Treasury Management Services. This adjustment removes Public and Governmental Affairs costs as well as the 10% financial			
5	component associated with the Performance Based Compensation plan and also adjusts labor costs by 3% for 2017 and 2018			
6				
7				
8	Test Year Corporate Allocations		(a) \$	241,564
9				
10	Adjusted Test Year Corporate Allocations		Line [8] \$	<u>241,564</u>
11				
12				
13	Total Corporate Allocation	\$	4,549,356 (b)	
14				
15	Remove Public and Government Affairs - Government Relations and Community Relatio		(344,976) (c)	
16				
17	Remove 10% Performance Based Compensation		(41,895) (c)	
18		\$	<u>4,162,486</u> Line[13]+Line[15]+Line [17]	\$ 4,162,486 Line[13]+Line[15]+Line [17]
19				
20				
21	Percent attributable to Labor		88.29% (c)	
22	Corporate Allocation - Labor	\$	<u>3,674,998</u> 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	Line[26]+Line[27]
29	Total Corporate Allocation less P&GA less 10% PBC with Labor Increase		\$ 4,386,293	Line[18]+Line[28]
30				
31	Paradise Valley Water 4 Factor		5.3099%	
32	District Allocation of Arizona Corporate Allocations		\$ 232,906	Line[29]*Line[31]
33				
34	Pro Forma Adjustment to Corporate Allocations		Line [32] \$	<u>232,906</u>
35				
36				
37				
38				
39	Increase / (Decrease) in Corporate Allocation		Line[34]-Line[10] \$	(8,658)
40				
41	Adjustment to Revenue and/or Expense		Line [39] \$	<u>(8,658)</u>
42				
43				
44				
45	<u>Workpapers & Supporting Documents:</u>			
46	(a) Sch C-2			
47	(b) 2016 Corp Allocation Comparison.xlsx			
48	(c) 2016A Corporate - Regulatory Groupings EUSA.xlsx			
49				
50	\2016 Paradise Valley Water.xlsm			

Line
 No.

1 CPI Increase Business Unit 7P

3 Operating expenses are expected to increase in each of the future years due to inflation and other increasing costs factors. To compensate for regulatory lag, EPCOR proposes an increase for 2017 and 2018 correlated with the
 4 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

<u>Description</u>	<u>Account</u>	<u>Amount (a)</u>	
Chemicals	5263	\$ 42,219	A
Other Utilities	5621	4,973	B
Asset Usage Fee - Corporate	6203	16,525	C
Consulting Engineering	5227	2,894	D
Contractors and Consultants	5250	106,882	D
Administrative Contractors	5679	1,152	D
Outside Computer Charges (T1)	5628	25,024	D
Temporary Support	5629	9,561	D
Legal Fees	5681	14,483	D
Service Charges	5615	17,680	E
Customer Communications	5674	12,945	E
Rent and Storage	5810	29,568	F
Freight and Courier	5262	635	F
Telephone, Long Distance, Data	5620	46,959	F
Stationary, Printing & Other O	5622	16,451	F
Office Machines, Furniture	5623	4,192	F
Parking	5630	265	F
Vehicle Allowance	5631	1,563	F
Vehicle Allowance	5271	9	F
Business Allowance	5634	724	F
Memberships Dues & Professiona	5640	5,035	F
Subscriptions	5641	1,396	F
Airfare	5650	3,842	F
Accommodation, Other Travel	5651	5,239	F
Employee Working Meals	5652	7,434	F
Training - Fees/Tuition	5660	12,661	F
Training Fee	5252	10	F
FR Clothing	5273	16,859	G
Miscellaneous	5697	23,082	G
Stock	5260	138	H
Materials, Supplies	5261	88,176	H
Veh. and Equip.-Allocation	5270	86,947	H
Equipment	5275	2,086	H
Hardware	5624	352	H
Software	5625	3,178	H
Maintenance	5811	32,324	H
Vehicle Maintenance	5823	44,587	H
		\$ 688,047	Sum Lines [9 thru 45]

Year	Annual Index	Increase	Ave Increase
2013	125.782		
2014	127.823	1.62%	
2015	128.019	0.15%	
2016	130.107	1.63%	1.1%
Chemical Increase			4.00%

	[A]	[B]	[C]	[B] + [C]
	Total	Year 1	Year 2	Total
Sum of A Chemicals	\$ 42,219	\$ 1,689	\$ 1,756	\$ 3,445
Sum of B Waste Disposal & Other Utilities	4,973	56	57	114
Sum of C Corporate Allocation	16,525	188	190	377
Sum of D Outside Services	159,996	1,817	1,838	3,655
Sum of E Customer Accounting	30,625	348	352	700
Sum of F General Office Exp	135,981	1,544	1,562	3,106
Sum of G Miscellaneous	39,941	454	459	912
Sum of H Maintenance Expense	257,787	2,928	2,961	5,888
Sum Lines[18]thru[25]	\$ 688,047	\$ 9,023	\$ 9,174	\$ 18,197

Increase / (Decrease) to Expense Line [26] Col [D] \$ 18,197

47 Workpapers & Supporting Documents:

48 (a) Sche6 Bureau of Labor Statistics - Phoenix CPI
 49
 50 \2016 Paradise Valley Water.xlsm

Line

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45 Workpapers & Supporting Documents:

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49 \2016 Paradise Valley Water.xlsm

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Line
 No.

1 Retirements on Test Year Plant -Depreciation

Business Unit	7P
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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	2.6016%
Arizona Total	91.0728%
Alloc Factor	2.369% <small>Line[3]*Line[4]</small>

	[A]		[B]	[C] = [A] * [B]
<u>Depreciation on Retirements on Test Year Plant (a)</u>			<u>Allocation Factor</u>	<u>Depreciation Expense</u>
16 Depreciation on Retirements on Test Year Plant for District - Paradise Valley Water	\$ (2,730)		100.0000%	\$ (2,730)
18 Depreciation on Corporate Retirements on Test Year Plant Allocated	\$ -	Line [7]	2.6016%	\$ -
20 Depreciation on 6U Retirements on Test Year Plant Allocated	\$ -	Line [9]	2.3694%	\$ -
25 Increase / (Decrease) to Depreciation Expense	<u>\$ (2,730)</u> <small>Sum Lines[16] thru [20]</small>		<small>Sum Lines[16] thru [20]</small>	<u>\$ (2,730)</u>
32 Adjustment to Revenue and/or Expense			<small>Line [25]</small>	<u>\$ (2,730)</u>

45 Workpapers & Supporting Documents:
 46 (a) Summary of Plant Balances and Accum Depr by NARUC.xlsx
 47
 48
 49
 50 \2016 Paradise Valley 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		Depr Expense	Plant	PTYP	Lease	Retirements
1	301000	0.00%	Organization	1,831	-	-	-	-	-	-	-	-	1,831	-	-	-	-	-
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	8,324	30	-	-	-	-	-	-	-	8,294	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	171,584	173,183	-	-	-	-	-	-	-	(1,599)	5,719	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	966,138	58,904	-	-	-	-	-	-	-	907,233	32,205	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	21,091,566	3,860,045	-	-	-	-	-	-	-	17,231,521	703,052	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	45,098	5,473	-	-	-	-	-	-	-	39,625	1,503	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	61,737	4,525	-	-	-	-	-	-	-	57,212	2,058	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	-	46	-	-	-	-	-	-	-	(46)	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	0	0	-	-	-	-	-	-	-	0	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Storc	4,629	555	-	-	-	-	-	-	-	4,075	154	-	-	-	-
16	304800	3.33%	Structures & Improvements Misci	26,108	(2,734)	-	-	-	-	-	-	-	28,842	870	-	-	-	-
17	305000	2.50%	Collect & Impounding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,701,602	1,047,620	29,420	490	250,250	4,171	-	-	-	1,900,061	90,053	981	8,342	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	439,071	(11,647)	-	-	-	-	-	-	-	450,718	8,781	-	-	-	-
22	310000	5.00%	Power Production Equipment	233,358	41,249	-	-	-	-	-	-	-	192,109	11,668	-	-	-	-
23	310100	5.00%	Power Production Equipment	554,631	235,388	-	-	-	-	-	-	-	319,243	27,732	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	3,986,611	1,643,166	133,415	5,559	-	(28,515)	-	-	-	2,343,445	332,218	11,118	-	-	(2,376)
26	311300	8.33%	Pumping Equipment Diesel	53	14	-	-	-	-	-	-	-	39	4	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	363,753	27,855	-	-	-	-	-	-	-	335,898	30,313	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	10,728,229	10,691,545	-	-	363,997	9,100	-	-	-	391,582	536,411	-	18,200	-	-
31	320200	10.00%	Water Treatment Equipment Filte	638,381	305,381	-	-	-	-	-	-	-	333,000	63,838	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	2,433,064	729,942	-	-	-	-	-	-	-	1,703,122	54,068	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	4,473,103	321,052	55,911	559	754,000	7,540	(6,890)	-	-	4,898,511	89,462	1,118	15,080	-	(138)
38	331100	2.00%	TD Mains 4in & Less	892,029	(78,947)	-	-	-	-	-	-	-	970,976	17,841	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	7,415,999	3,546,889	92,877	929	13,865	139	-	-	-	3,882,837	148,320	1,858	277	-	-
40	331300	2.00%	TD Mains 10in to 16in	9,597,806	3,730,436	10,302	103	-	-	-	-	-	5,867,370	191,956	206	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	547,004	94,275	-	-	-	-	-	-	-	452,729	10,940	-	-	-	-
42	332000	2.00%	Fire Mains	-	0	-	-	-	-	-	-	-	(0)	-	-	-	-	-
43	333000	3.33%	Services	5,278,583	2,279,411	59,888	998	422,000	7,033	(366)	-	-	3,414,139	175,953	1,996	14,067	-	(12)
44	334100	8.33%	Meters	1,624,434	427,967	3,997	167	14,400	600	(952)	-	-	1,210,268	135,370	333	1,200	-	(79)
45	334200	3.33%	Meter Installations	176,035	33,737	-	-	-	-	-	-	-	142,298	5,868	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	1,637,668	613,136	19,124	191	25,000	250	(2,130)	-	-	1,049,282	32,753	382	500	-	(43)
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	210,877	2,761	-	-	38,406	1,280	-	-	-	245,241	14,058	-	2,560	-	-
53	340100	6.67%	Office Furniture & Equipment	62,835	21,908	-	-	-	-	-	-	-	40,928	4,189	-	-	-	-
54	340200	20.00%	Computer & Periphall Equipment	38,077	51,404	-	-	-	-	-	-	-	(13,327)	7,615	-	-	-	-
55	340300	20.00%	Computer Software	37,405	95,801	-	-	-	-	-	-	-	(58,396)	7,481	-	-	-	-
56	340500	6.67%	Other Office Equipment	321	78	-	-	-	-	-	-	-	243	21	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	93,612	44,690	-	-	-	-	-	-	-	184,113	13,373	-	-	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	40,748	2,911	-	-	-	-	234,482	99,291	-	-	-	33,497	-
59	341400	14.29%	Transportation Equipment Other	194,854	205,010	-	-	-	-	-	-	-	-	(10,156)	27,836	5,821	-	-
60	342000	4.00%	Stores Equipment	1,943	541	-	-	-	-	-	-	-	1,401	78	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	301,906	85,125	14,250	356	9,000	225	(1,643)	-	-	225,556	15,095	713	450	-	(82)
62	344000	10.00%	Laboratory Equipment	17,620	12,388	-	-	-	-	-	-	-	5,232	1,762	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,698	5,713	-	-	-	-	-	-	-	27,985	1,685	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	465,589	614,833	-	-	50,000	2,500	-	-	-	(101,744)	46,559	-	5,000	-	-
65	346190	10.00%	Remote Control & Instrument	613,928	76,625	-	-	-	-	-	-	-	537,303	61,393	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	225,920	74,593	-	-	-	-	-	-	-	151,327	22,592	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	63,909	3,195	-	-	-	-	-	-	-	6,391	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	78,397,014	31,069,965	523,840	15,458	1,940,918	32,838	(40,495)	234,482	99,291	49,370,320	2,932,849	30,917	65,676	33,497	(2,730)

Depreciable Plant 78,386,859 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.74%

Line

No.

1 Intentionally Left Blank

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45 Workpapers & Supporting Documents:

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Line

No.

1 Insurance Other Than Group Business Unit 7P

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 Balances, Employee Count,
 4 Total Payroll and Vehicle Counts. Each of the 16 components is adjusted annually based on these statistics. The primary components are property insurance, excess liability, worker's compensation,
 5 and crime. The Company has taken the average rate applicable to each of these components for the last four years, and made a conforming adjustment for employee count, test year and proposed
 6 revenues, and property.

	Direct Plant TY		[1]	[2]	[1] * [2] = [3]
	Adjusted Results		Arizona Total	Paradise Valley Water	AZ-Factor
12	Gross Property Value at 12/31/2016	\$ 81,360,860	4-Factor 87.7062%	5.3099%	4.6571%
13	% of Plant Insured	47.75%	\Insurance]1. Property & Terrorism [23]		
14	Gross Plant Insured	\$ 38,847,379	Line [12] * Line [13]		

	Test Year Adjusted Results	Adjusted with Rate Increase	Adjusted with Rate Increase
18	Adjusted Revenues in YE December 2016	\$ 10,116,972	\$ 9,941,016

	[A]	[B]	[C] = [A] * [B]	[D]	[E] = [D] * [B]
	Factor	Amount	Source	Premium	Amount
22	1. Property Insurance	Plant [25] \$ 38,847,379	\Insurance] Summary [1]	\$ 20,431	\$ 38,847,379
23	2. Excess Liability	Revenue Line [25] 10,116,972	\Insurance] Summary [2]	26,186	9,941,016
24	3. Umbrella Liability	AZ 4- Factor [10] 95,767	\Insurance] Summary [3]	4,460	95,767
25	4. Autos	AZ 4- Factor [10] 278,350	\Insurance] Summary [4]	12,963	278,350
26	5. Workers Compensation	Payroll Col [49] 75,667	\Insurance] Summary [5]	1,252	75,667
27	6. Pollution	Fixed Site 3,554	\Insurance] Summary [6]	3,554	3,554
28	7. D&O	AZ 4- Factor [10] 13,367	\Insurance] Summary [7]	623	13,367
29	8. Fiduciary	AZ 4- Factor [10] 1,483	\Insurance] Summary [8]	69	1,483
30	9. Crime	Employee Count 19	\Insurance] Summary [9]	148	19
31	10. Employed Lawyers	AZ 4- Factor [10] 1,196	\Insurance] Summary [10]	56	1,196
32	11. Non Owned Pollution	AZ 4- Factor [10] 19,339	\Insurance] Summary [11]	901	19,339
33	12. Employment Practices	Employee Count 19	\Insurance] Summary [12]	101	19
34	13. Utilities Bond	Site Bond Requirement 22,331	\Insurance] Summary [13]	-	22,331
35	14. Cyber Insurance	AZ 4- Factor [10] 11,366	\Insurance] Summary [14]	529	11,366
36	15. Sun City Flood Insurance	Sun City Only 2,356	\Insurance] Summary [15]	2,356	2,356
37	16. LAPP	AZ 4- Factor [10] 19,383	\Insurance] Summary [16]	903	19,383
39	Total		\$ 74,529	Sum Col [C]	Sum Col [E] \$ 74,074
41	Adjusted Test Year Insurance Other Than Group		GL Account 5605 from Sch E-6	\$ 94,439	\$ 74,529
43		Increase/(Decrease) to Insurance Other Than Group	\$ (19,910)	Line [39] - Line [41]	\$ (455)

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 Paradise Valley Water.xlsm

Line
 No.

1	Capital Lease - Vehicles - Expense Adjustment	4- Factor	General Metered Customers	2.6016%
---	---	-----------	---------------------------	---------

2
 3 EPCOR's leased vehicles are capital leases. To qualify as a capital lease, a lease contract must satisfy any of four criteria.
 4 First, the life of the lease must be 75% or greater of the asset's useful life.
 5 Second, the lease must contain a bargain purchase option for a price less than the market value of an asset.
 6 Third, the lessee must gain ownership at the end of the lease period.
 7 Finally, the present value of lease payments must be greater than 90% of the asset's market value.
 8 EPCOR's fleet meets all four criteria. This entry removes lease expense and places vehicles into the appropriate asset category.
 9 This Adjustment records annual depreciation expense based on Capital Lease balances at the end of 2016.
 10
 11
 12

13 Depreciation Expense on Capital Leases (a) \$ 33,497

14
 15 Depreciation Expense on Corporate Plant \$ 7,314 (a)

16
 17 Allocated Depreciation Expense on Corporate Plant GMC 4 Factor*Line[16] \$ 190

18
 19
 20
 21
 22 Increase / (Decrease) to Depreciation Expense Line[13] + Line[18] \$ 33,688

23
 24 Adjustment to Revenue and/or Expense Line[22] \$ 33,688

25
 26
 27
 28 Operating Lease Expense (account 5270) 5270 \$ 86,947

29
 30
 31 Increase / (Decrease) to Maintenance Expense Line [28] \$ (86,947)

32
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 44 Workpapers & Supporting Documents:

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

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 48 \2016 Paradise Valley Water.xlsm

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LINE NO.	G/L ACCT. NO.	Annual Depr Rate	DESCRIPTION	12/31/2016	12/31/2016	2016	Acc Depr	2017	Acc Depr	Retirements	Capital Leases	Capital Leases	NBV	PLANT	Add'l	12 Months	Capital	Test Year
				Test Year End PLANT	Test Year End ACCUM DEPR	Add'l Cap TY	Add'l Cap TY	12 Months PTYP	12 Months PTYP	on Test Year Plan	Test Year End PLANT	Test Year End ACCUM DEPR		Depr Expense	Plant	PTYP	Lease	Retirements
1	301000	0.00%	Organization	1,831	-	-	-	-	-	-	-	-	1,831	-	-	-	-	-
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	8,324	30	-	-	-	-	-	-	-	8,294	-	-	-	-	-
7	303600	0.00%	Land & Land Rights General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	304100	3.33%	Structures & Improvements Supp	171,584	173,183	-	-	-	-	-	-	-	(1,599)	5,719	-	-	-	-
9	304200	3.33%	Structures & Improvements Pumj	966,138	58,904	-	-	-	-	-	-	-	907,233	32,205	-	-	-	-
10	304300	3.33%	Structures & Improvements Treat	21,091,566	3,860,045	-	-	-	-	-	-	-	17,231,521	703,052	-	-	-	-
11	304400	3.33%	Structures & Improvements Tran	45,098	5,473	-	-	-	-	-	-	-	39,625	1,503	-	-	-	-
12	304500	3.33%	Structures & Improvements Gene	61,737	4,525	-	-	-	-	-	-	-	57,212	2,058	-	-	-	-
13	304600	3.33%	Structures & Improvements Offic	-	46	-	-	-	-	-	-	-	(46)	-	-	-	-	-
14	304620	3.33%	Structures & Improvements Leas	0	0	-	-	-	-	-	-	-	0	-	-	-	-	-
15	304700	3.33%	Structures & Improvements Storc	4,629	555	-	-	-	-	-	-	-	4,075	154	-	-	-	-
16	304800	3.33%	Structures & Improvements Misci	26,108	(2,734)	-	-	-	-	-	-	-	28,842	870	-	-	-	-
17	305000	2.50%	Collect & Impounding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	306000	2.50%	Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	307000	3.33%	Wells & Springs	2,701,602	1,047,620	29,420	490	250,250	4,171	-	-	-	1,900,061	90,053	981	8,342	-	-
20	308000	6.67%	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	309000	2.00%	Supply Mains	439,071	(11,647)	-	-	-	-	-	-	-	450,718	8,781	-	-	-	-
22	310000	5.00%	Power Production Equipment	233,358	41,249	-	-	-	-	-	-	-	192,109	11,668	-	-	-	-
23	310100	5.00%	Power Production Equipment	554,631	235,388	-	-	-	-	-	-	-	319,243	27,732	-	-	-	-
24	311000	8.33%	Pumping Equipment Steam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	311200	8.33%	Pumping Equipment Electric	3,986,611	1,643,166	133,415	5,559	-	(28,515)	-	-	-	2,343,445	332,218	11,118	-	-	(2,376)
26	311300	8.33%	Pumping Equipment Diesel	53	14	-	-	-	-	-	-	-	39	4	-	-	-	-
27	311400	8.33%	Pumping Equipment Hydraulic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	311500	8.33%	Pumping Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	311530	8.33%	Pumping Equipment Water Treat	363,753	27,855	-	-	-	-	-	-	-	335,898	30,313	-	-	-	-
30	320100	5.00%	Water Treatment Equipment Non	10,728,229	10,691,545	-	-	363,997	9,100	-	-	-	391,582	536,411	-	18,200	-	-
31	320200	10.00%	Water Treatment Equipment Filte	638,381	305,381	-	-	-	-	-	-	-	333,000	63,838	-	-	-	-
32	330000	2.22%	Distribution Reservoirs & Standpi	2,433,064	729,942	-	-	-	-	-	-	-	1,703,122	54,068	-	-	-	-
33	330100	2.22%	Elevated Tank & Standpipes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	330200	2.00%	Ground Level Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	330300	2.00%	Below Ground Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	330400	2.00%	Cleanwell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	331001	2.00%	TD Mains Not Classified by Size	4,473,103	321,052	55,911	559	754,000	7,540	(6,890)	-	-	4,898,511	89,462	1,118	15,080	-	(138)
38	331100	2.00%	TD Mains 4in & Less	892,029	(78,947)	-	-	-	-	-	-	-	970,976	17,841	-	-	-	-
39	331200	2.00%	TD Mains 6in to 8in	7,415,999	3,546,889	92,877	929	13,865	139	-	-	-	3,882,837	148,320	1,858	277	-	-
40	331300	2.00%	TD Mains 10in to 16in	9,597,806	3,730,436	10,302	103	-	-	-	-	-	5,867,370	191,956	206	-	-	-
41	331400	2.00%	TD Mains 18in & Grtr	547,004	94,275	-	-	-	-	-	-	-	452,729	10,940	-	-	-	-
42	332000	2.00%	Fire Mains	-	0	-	-	-	-	-	-	-	(0)	-	-	-	-	-
43	333000	3.33%	Services	5,278,583	2,279,411	59,888	998	422,000	7,033	(366)	-	-	3,414,139	175,953	1,996	14,067	-	(12)
44	334100	8.33%	Meters	1,624,434	427,967	3,997	167	14,400	600	(952)	-	-	1,210,268	135,370	333	1,200	-	(79)
45	334200	3.33%	Meter Installations	176,035	33,737	-	-	-	-	-	-	-	142,298	5,868	-	-	-	-
46	334300	3.33%	Meter Vaults	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	335000	2.00%	Hydrants	1,637,668	613,136	19,124	191	25,000	250	(2,130)	-	-	1,049,282	32,753	382	500	-	(43)
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	210,877	2,761	-	-	38,406	1,280	-	-	-	245,241	14,058	-	2,560	-	-
53	340100	6.67%	Office Furniture & Equipment	62,835	21,908	-	-	-	-	-	-	-	40,928	4,189	-	-	-	-
54	340200	20.00%	Computer & Periphall Equipment	38,077	51,404	-	-	-	-	-	-	-	(13,327)	7,615	-	-	-	-
55	340300	20.00%	Computer Software	37,405	95,801	-	-	-	-	-	-	-	(58,396)	7,481	-	-	-	-
56	340500	6.67%	Other Office Equipment	321	78	-	-	-	-	-	-	-	243	21	-	-	-	-
57	341100	14.29%	Transportation Equip Light Duty 1	93,612	44,690	-	-	-	-	-	-	-	184,113	13,373	-	-	-	-
58	341200	14.29%	Transportation Equip Heavy Duty	-	-	40,748	2,911	-	-	-	-	234,482	99,291	-	-	-	33,497	-
59	341400	14.29%	Transportation Equipment Other	194,854	205,010	-	-	-	-	-	-	-	-	(10,156)	27,836	5,821	-	-
60	342000	4.00%	Stores Equipment	1,943	541	-	-	-	-	-	-	-	1,401	78	-	-	-	-
61	343000	5.00%	Tools,Shop,Garage Equipment	301,906	85,125	14,250	356	9,000	225	(1,643)	-	-	225,556	15,095	713	450	-	(82)
62	344000	10.00%	Laboratory Equipment	17,620	12,388	-	-	-	-	-	-	-	5,232	1,762	-	-	-	-
63	345000	5.00%	Power Operated Equipment	33,698	5,713	-	-	-	-	-	-	-	27,985	1,685	-	-	-	-
64	346100	10.00%	Communication Equipment Non-	465,589	614,833	-	-	50,000	2,500	-	-	-	(101,744)	46,559	-	5,000	-	-
65	346190	10.00%	Remote Control & Instrument	613,928	76,625	-	-	-	-	-	-	-	537,303	61,393	-	-	-	-
66	346200	10.00%	Communication Equipment Telep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67	346300	10.00%	Communication Equipment Other	225,920	74,593	-	-	-	-	-	-	-	151,327	22,592	-	-	-	-
68	347000	10.00%	Miscellaneous Equipment	-	-	63,909	3,195	-	-	-	-	-	-	-	6,391	-	-	-
69	348000	10.00%	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70																		
71																		
72		378.30%	TOTAL	78,397,014	31,069,965	523,840	15,458	1,940,918	32,838	(40,495)	234,482	99,291	49,370,320	2,932,849	30,917	65,676	33,497	(2,730)

Depreciable Plant 78,386,859 Line [72] - Lines [1]-[7]
 Composite Depr Rate 3.74%

Line
 No.

1 Decision No. 75268 Amortization

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

			[A]	[B]	
	NARUC	NARUC Description	Reg Asset	Reg Liability	
10	District				
11	Paradise Valley	301000 Organization	\$ 477,283		
12	Paradise Valley	304100 Structures and Improvements - Supply		(827,874)	
13	Paradise Valley	304200 Structures and Improvements - Pumping	70,795		
14	Paradise Valley	311300 Pumping Equipment - Diesel	62,413		
15	Paradise Valley	339600 Other P/E-CPS	573,501		
16	Paradise Valley	304500 Structures and Improvements - General	704		
17	Paradise Valley	304700 Structures and Improvements - Sore, Shop,Gge	17,912		
18	Paradise Valley	304800 Structures and Improvements - General	133,751	(8,633)	
19	Paradise Valley	340200 Computers and Software		(55,618)	
20	Paradise Valley	340300 Computer Software		(143,937)	
21	Paradise Valley	340330 Computer Software Other	9,129	(6,528)	
22	Paradise Valley	340500 Other Office Equipment	14,473		
23	Paradise Valley	341100 Transportation Equip Light Duty Trucks		(20,414)	
24	Paradise Valley	341300 Transportation Equip Autos		(13)	
25	Paradise Valley	345000 Power Operated Equipment	43,446		
26	Paradise Valley	346100 Communication Equipment Non-Telephone		(2,145)	
27					
28		Total	\$ 1,403,407	\$ (1,065,162)	Sum Lines [11-26]
29					
30					
31		Annual Amortization	\$ 112,273	\$ (85,213)	Line [28] * 8.0%
32					
33					
34	Increase / (Decrease) to Depreciation Expense				Sum Col [A] + [B] Line 31 <u>\$ 27,060</u>

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46 Workpapers & Supporting Documents:

47 \Summary of Plant Balances and Accum Depr by NARUC.xlsx

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50 \2016 Paradise Valley Water.xlsm

Line
 No.

1 Purchased Water Adjustment and Surcharge

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

	[A]	[B]
	Purchased Water	Purchased Power
	<u>Test Year Expense</u>	<u>Test Year Expense</u>
10 Test Year Purchased Water Expense	\$ (5,109) (a)	
11 SMC-IS6	<u>\$ (8)</u>	Removed from expense in JBP-IS9
12 Increase / (Decrease) to Expense	<u>\$ (5,117)</u> Line [10]+Line [11]	

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Workpapers & Supporting Documents:
 (a) Sch C2

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

	Purchased Water <u>Test Year Expense</u>	
22 Test Year Purchased Water Expense	\$ 5,109 (a)	
23 Expenses Removed	(371)	
24 CAP Purchased Water - Existing Surcharge	509,896	
25 SMC-IS6	<u>8</u>	
26 Annualized Purchased Water Expenses	\$ 514,641	Sum Lines [22-25]
27		
28 2017 Percentage increase in CAP costs	8.14% (c)	
29 2017 Purchased Water Expense	\$ 556,530	Line [26]*(1+Line [28])
30		
31 2018 Percentage increase in CAP costs	2.15% (c)	
32 2018 Purchased Water Expense	\$ 568,499	Line [29]*(1+Line [31])
33		
34 Mohave Wtr Conservation District - Impost Fees	-	(c)
35 Impost Fees - Bullhead City	-	(c)
36 Water Admin Fee - MVDD	-	(c)
37 ADWR Groundwater Withdrawal Fee	30,956	(c)
38		
39		
40 Total Pro Forma Purchased Water Costs	<u>\$ 599,455</u>	Sum Lines [32 - 38]
41		
42 Total Billed Non-Effluent Gallons (in thousand of gallons)	<u>3,147,864</u>	(b)
43 Surcharge Per Thousand Gallons	\$ 0.1904	Line [40] / Line [42]
44		
45		
46 <u>Workpapers & Supporting Documents:</u>		
47 (a) Sch C2		
48 (b) Sch E7		
49 (c) \Purchased Water Increase.xlsx		
50 \2016 Paradise Valley Water.xlsm		

Line
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1 Regulatory Asset Amortization - Y2K and Depreciation Study

2
 3 Decision Number 67093 dated July 2004, the Arizona Corporation Commission allowed recovery of costs incurred to modify certain computer systems to be compliant with the four-
 4 digit year field over 32 years. The unamortized balance of \$978,780 was scheduled to be amortized at \$2,545 per month over the period July 2004 through July 2036.
 5
 6 Decision Number 67093 authorized the Company to amortize the costs of a 2002 Depreciation Study in accordance with FASB 71. The cost of the study, \$75,417.64, was to be
 7 amortized at 3.12% per year (\$196 per month) over a period of July 2004 through July 2036.
 8

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 11 [A] [B] [C] [D] [E] = [A]/[D] [F] [G] = [F] * [E]
 12 Monthly Months Accumulated

	<u>Reg Asset</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Months</u>	<u>Amortization</u>	<u>Elapsed</u>	<u>Amortization</u>
13 <u>7A</u>							
14 Y2K	\$ 978,870	7/1/2004	7/1/2036	385	\$ 2,545	150	\$ 381,750
15 Depreciation Study	\$ 75,418	7/1/2004	7/1/2036	385	\$ 196	150	\$ 29,400

	[H] Monthly	[I] = [H] * 12 Annual	[J] <u>Citizen's Districts</u>	[K] = [I] * [J] <u>District Allocation of Amortization</u>
	<u>Amortization</u>	<u>Amortization</u>	<u>Factor</u>	<u>Reg Asset</u> <u>Reg Liability</u>
22 <u>7A</u>				
23 Y2K	\$ 2,545	\$ 30,540	0.0000%	\$ - \$ -
24 Depreciation Study	\$ 196	\$ 2,352	0.0000%	\$ - \$ -

\$ - \$ -

Increase/(Decrease) to Deprecation Expense

\$ - \$ -

46 Workpapers & Supporting Documents:
 47 Regulatory Assets & Liabilities 2016.xlsx
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 50 \2016 Paradise Valley Water.xlsm

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1 Regulatory Asset Amortization - Acquisition Cost for Mummy Mountain - Paradise Valley

2
 3 These are costs associated with the Company's acquisition of the Mummy Mountain Water Company. The deferred costs related to legal, engineering and expert witnesses used in connection with
 4 this acquisition.
 5
 6 Decision Number 61307 dated December 1998 granted the Company approval to recover these costs over 25 years. Monthly amortization is \$438.
 7

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12/31/2016	[A]	[B]	[C]	[D]	[E] = ([A] * [D]) / 12	[F]	[G]	[H] = [E] * ([F] - [G])
	<u>Reg Asset</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Rate</u>	<u>Monthly Amortization</u>	<u>Months in Period</u>	<u>Months Left</u>	<u>Accumulated Amortization</u>
Mummy Mountain Acq Costs	\$ 131,400	2/1/1999	1/31/2024	4.00%	\$ 438	300	85	\$ 94,170
	[I]	[J]	[K] = [I] - [J]		[L] = Line [16][E] * 12			
	<u>Reg Asset</u>	<u>Accumulated Amortization</u>	<u>Net Asset Balance</u>		<u>Annual Amortization</u>			
Mummy Mountain Acq Costs	\$ 131,400	\$ 94,170	\$ 37,230		\$ 5,256			
				Total	<u>\$ 5,256</u>			Line [22]

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Line [25] \$ 5,256

39 Workpapers and Supporting Documents:

40 Regulatory Assets & Liabilities 2016.xlsx

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46 Workpapers and Supporting Documents:

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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	38.18%
5					
6	Property Taxes	Effective Rate =	1.04%	One Minus Combined	61.82%
7					0.64% [A] x [B]
8	Bad Debt Expense	Effective Rate =	0.18%	One Minus Combined	61.82%
9					0.11% [A] x [B]
10	Insurance Other Than Group	Effective Rate =	0.26%	One Minus Combined	61.82%
11					0.16% [A] x [B]
12					
13	Total Tax Percentage				39.10% Sum Line [1-10]
14					
15	Operating Income % = 100% - Tax Percentage				60.90% 1 - [C] Line [13]
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22	Operating Income %				1.64 1 / [C] Line [15]
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43	Supporting Schedules:			Recap Schedules:	
44	C-2			A-1	
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