

Paradise Valley Water

A Schedules

Rebuttal

Line No.	Original Cost Rate Base	RCND	Fair Value Rate Base	
	[A]	[B]	[C]	
1	\$ 39,828,870	\$ 58,570,319	\$ 49,199,595	Average ([A] + [B])
2				
3	\$ 2,163,865	\$ 2,163,865	\$ 2,163,865	(b)
4				
5	5.43%	3.69%	4.40%	Line [3] / Line [1]
6				
7	\$ 2,927,376	\$ 2,927,376	\$ 2,927,376	Line [1] * Line [11]
8				
9	7.09%	7.09%	7.09%	(d)
10	0.26%	-2.09%	-1.14%	(d)
11	7.35%	5.00%	5.95%	Sum Line [9-10]
12				
13	\$ 763,510	\$ 763,510	\$ 763,510	Line [7] - Line [3]
14				
15	1.35	1.35	1.35	(c)
16				
17	\$ 1,030,739	\$ 1,030,739	\$ 1,030,739	Line [13] * Line [15]
18				
19				
20	Customer	Annualized	Proposed	Dollar
21	Classification	Rates (e)	Rates (e)	Increase
22		[A]	[B]	[C] = [B] - [A]
23	Residential	\$ 7,827,654	\$ 9,001,927	\$ 1,174,273
24	Commercial	1,387,002	1,228,733	(158,269)
25	Commercial Large	436,516	396,767	(39,749)
26	Turf	99,780	111,752	11,971
27	Country Club	278,216	306,667	28,451
28	Private Fire	6,480	9,720	3,240
29	Industrial	-	-	-
30	OPA	31,370	40,571	9,201
31				
32	Total Water Revenues	\$ 10,067,018	\$ 11,096,136	\$ 1,029,117
33				10.22%
34	Other Revenues	\$ 49,953	\$ 51,575	\$ 1,622
35				3.25%
36	Total Revenues	\$ 10,116,972	\$ 11,147,711	\$ 1,030,739
37				10.19%
38		Sch C-2 Rebuttal [S]	Sch C-2 Rebuttal [U]	
39	Check From Sch C-2 Rebuttal	\$ 10,116,972	\$ 11,147,711	
40		\$ 0	\$ 0	Line [39] - Line [36]
41				
42				
43	Supporting Schedules			
44	(a) B-1 Rebuttal			
45	(b) C-1 Rebuttal			
46	(c) C-3 Rebuttal			
47	(d) D-1 Rebuttal			
48	(e) H-1 Rebuttal			
49				
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Paradise Valley Water

B Schedules

Rebuttal

Line No.	Original Cost Rate Base (a) [A]	RCND Rate Base (b) [B]	
1			
2	\$ 81,413,808	\$ 150,995,401	
3	-	-	
4	<u>\$ 81,413,808</u>	<u>\$ 150,995,401</u>	Line [2] + Line [3]
5			
6	Less:		
7	<u>31,120,706</u>	<u>77,022,189</u>	
8			
9	\$ 50,293,102	\$ 73,973,212	Line [4] - Line [7]
10			
11	Less:		
12			
13	\$ 1,566,649	\$ 2,304,294	
14			
15	8,333,345	12,257,035	
16			
17			
18	15,300	22,504	
19	543,417	799,280	
20	-	-	
21	1,321,225	1,943,314	
22			
23	Plus:		
24	1,290,940	1,898,769	
25	(c) 24,765	24,765	
26	0	0	
27			
28	<u>\$ 39,828,870</u>	<u>\$ 58,570,319</u>	Line [9] - Lines [12-21] + Line [24-26]
29			
30			
31		\$ 49,199,595	(Sum[A] Line [28] + [B] Line [28]) 2
32		\$ 9,370,724	[B] Line [31] - [A] Line [28]
33		1.4705	[B] Line [28] / [A] Line [28]
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42			
43	Supporting Schedules		Recap Schedules:
44	(a) B-2 Rebuttal		A-1 Rebuttal
45	(b) B-3 Rebuttal		
46	(c) B-5 Rebuttal		
47			
48	Workpapers and Supporting Documents		
49			
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Paradise Valley Water

Test Year Ended December 31, 2016

Original Cost Rate Base Pro Forma Adjustments

Exhibit  
Schedule B-2 Rebuttal  
Page 1  
Witness: Hubbard

Line No.	<u>Sch B-2 Original Column [AA]</u>										[I]	[J]
	[A]	Page 2 [B]	Page 3 [C]	Page 4 [D]	Page 5 [E]	Page 6 [F]	Page 7 [G]	Page 8 [H]				
		ADJ SLH-RB1 REB	ADJ SLH-RB2 REB	ADJ SLH-RB3 REB	ADJ SLH-RB4 REB	ADJ JPB-RB5 REB	ADJ JPB-RB6 REB	ADJ SLH-RB7 REB			Sum [B - H]	Sum [A] + [I]
	<u>Adjusted End of Test Year</u>	<u>Partially Accept Staff RB Adj #3 &amp; RUCO RB Adj #7: Working Capital Allowance</u>	<u>Adjust 2016 ADIT</u>	<u>Partially Accept Staff RB Adj #4: ADIT - Tax Reform Adj</u>	<u>Regulatory Liability - ADIT Amortization - Tax Reform Adj</u>	<u>Partially Accept Staff RB Adj 1a and 1b: Adjust 2017 Post Test Year Plant Additions</u>	<u>Adjust Retirements on Test Year Plant</u>	<u>Partially Accept RUCO RB Adj #4: AIAC Refunds</u>	<u>Total Pro Forma Adjustments</u>	<u>Adjusted End of Test Year</u>		
1												
2	Gross Utility Plant in Service	\$ 81,360,860	\$ -	\$ -	\$ -	\$ -	\$ 227,671	\$ (174,723)	\$ -	\$ 52,948	\$ 81,413,808	
3	Construction Work in Progress	-	-	-	-	-	-	-	-	-	-	
4	Subtotal Utility Plant	\$ 81,360,860	\$ -	\$ -	\$ -	\$ -	\$ 227,671	\$ (174,723)	\$ -	\$ 52,948	\$ 81,413,808	
5												
6	<b>Less:</b>											
7	Accumulated Depreciation	31,280,771	-	-	-	-	14,658	(174,723)	-	(160,065)	31,120,706	
8												
9	Net Utility Plant in Service	\$ 50,080,089	\$ -	\$ -	\$ -	\$ -	\$ 213,013	\$ -	\$ -	\$ 213,013	\$ 50,293,102	
10												
11	<b>Less:</b>											
12	Advances in Aid of Construction	\$ 1,557,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,584	\$ 9,584	\$ 1,566,649	
13												
14												
15	Contribution in Aid of Construction - Net of Amortization	8,333,345	-	-	-	-	-	-	-	-	8,333,345	
16												
17												
18	Customer Meter Deposits	15,300	-	-	-	-	-	-	-	-	15,300	
19	Deferred Income Taxes & Credits	924,357	-	(904)	(380,036)	-	-	-	-	(380,940)	543,417	
20	Investment Tax Credits	-	-	-	-	-	-	-	-	-	-	
21	Regulatory Liabilities	951,545	-	-	380,036	(10,355)	-	-	-	369,681	1,321,225	
22												
23	<b>Plus:</b>											
24	Deferred Debits	\$ 1,290,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,290,940	
25	Working Capital Allowance	10,331	14,435	-	-	-	-	-	-	14,435	24,765	
26	Utility Plant Acquisition Adjustment	0	-	-	-	-	-	-	-	-	0	
27												
28	<b>Total Rate Base</b>	<b>\$ 39,599,747</b>	<b>\$ 14,435</b>	<b>\$ 904</b>	<b>\$ -</b>	<b>\$ 10,355</b>	<b>\$ 213,013</b>	<b>\$ -</b>	<b>\$ (9,584)</b>	<b>\$ 229,123</b>	<b>\$ 39,828,870</b>	
29												
30												
31	Supporting Schedules:	Recap Schedules:										
32	(a) B-3 Rebuttal	B-1 Rebuttal										
33												
34												
35	\2016 Paradise Valley Water Rebuttal.xlsm											

Line

No.

1 Partially Accept Staff RB Adj #3 & RUCO RB Adj #7: Working Capital Allowance

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46 Workpapers and Supporting Documents

47 Schedule B-5 Rebuttal

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The Company partially accepts Staff's RB Adj #3 and RUCO RB ADJ #7. The Company accepts Staff's recommendation to increase the expense lag days for interest expense to 92 days from the original 74.5 days proposed in the original application. The Company is also removing rate case expense from the prepayment as recommended by Staff. The amount of Working Capital is a conforming adjustment and based on other adjustments made in Rebuttal.

Line  
No.

1 Adjust 2016 ADIT

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The Company is adjusting its ADIT balance to reflect the updated 2016 balance per DR RUCO 3.07
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4- Factor	General Metered Customers	2.6016%
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Deferred Income Tax per GL Allocated Adjusted End of Test Year \$ (924,357) (a)

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14

Updated 2016 ADIT Amount \$ (923,452)

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\$ (904) Line [11] - Line [14]

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Increase/ (Decrease) to ADIT \$ (904) Line [16]

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Workpapers and Supporting Documents

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(a) Schedule B2 Direct

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(b) ADIT Adjustment REBUTTAL.xlsx

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Line  
No.

1 Partially Accept Staff RB Adj #4: ADIT - Tax Reform Adj

2

3 The Company is partially accepting Staff's RB Adj #4 to ADIT. The Company is adjusting its Deferred Income Tax Balance to  
 4 reflect the impact of the Tax Cuts and Jobs Act of 2017. The adjustment records the updated ADIT balance and also creates a  
 5 Regulatory Liability for this impact.

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4- Factor	General Metered Customers	2.6016%
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Updated 2016 ADIT Amount \$ (923,452)

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Total Deferred Income Tax Balance - EPCOR \$(20,887,593) (b)

23

Allocation Factor 2.6016% Line [8]

24

ADIT allocated to Paradise Valley Water \$ (543,417) Line [22] \* Line [23]

25

26

Increase/ (Decrease) to ADIT due to lower Federal Taxes \$ (380,036) Line [14] - Line [24]

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Increase/ (Decrease) to Regulatory Liabilities \$ 380,036 Line [26] \* -1

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44 Workpapers and Supporting Documents

45 (a) Schedule B2 Direct

46 (b) ADIT Adjustment REBUTTAL.xlsx

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50 \2016 Paradise Valley Water Rebuttal.xlsm



Line			
<u>No.</u>			
1	<u>Regulatory Liability - ADIT Amortization - Tax Reform Adj</u>		
2			
3	The Company is adjusting its Deferred Income Tax Balance to reflect the impact of the Tax Cuts and Jobs Act of 2017. The		
4	Company has created a Regulatory Liability for this impact as reflected in rate base proforma adjustment SLH-RB3-REB. This		
5	adjustment records the annual amortization of that Regulatory Liability.		
6			
7			
8	Regulatory Liability that resulted from the decrease in the Federal Income Taxes	\$ 380,036	(a)
9			
10	Amortization Rate	<u>2.7247%</u>	(b)
11			
12	Annual Amortization	\$ (10,355)	Line [8] * Line [10]
13			
14			
15			
16	Increase/ (Decrease) to Regulatory Liabilities	<u>\$ (10,355)</u>	Line [12]
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43			
44	Workpapers and Supporting Documents		
45	(a) Rate Base Adjustment SLH-RB3 REB		
46	(b) ADIT Adjustment REBUTTAL.xlsx		
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49	\2016 Paradise Valley Water Rebuttal.xlsm		
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Line  
No.

1 Partially Accept Staff RB ADJ 1a and 1b: Adjust 2017 Post Test Year Plant Additions

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The Company is adjusting its 2017 Post Test Year Plant additions and accumulated depreciation. This includes PTYP for the district, Corporate 7A and 6U.

	[A]	[B]	[C] = [A] - [B]	
	Revised	Original	Rebuttal	
	<u>Amounts (a)</u>	<u>Application (b)</u>	<u>Adjustment</u>	
11 <u>Plant in Service</u>				
12 Post Test Year Plant Additions for Paradise Valley Water	\$ 2,168,975	\$ 1,940,918	\$ 228,057	
13 Test Year CWIP To Capitalize	523,840	523,840	-	
14 Post Test Year CWIP To Capitalize				
15				
16 7A Corporate Post Test Year Plant Additions Allocated	14,427	3,772	10,655	
17 7A Corporate CWIP Completed By December 31, 2016	4,704	4,704	-	
18				
19 6U Post Test Year Plant Additions Allocated	28,054	39,095	(11,041)	
20 6U CWIP Completed By December 31, 2016	20,678	20,678	-	
21				
22 Total Post Test Year Plant Additions	<u>\$ 2,760,678</u>	<u>\$ 2,533,007</u>	<u>\$ 227,671</u>	Sum Lines [12 - 20]
23				
24 Increase / (Decrease) to Plant in Service			<u>\$ 227,671</u>	Line [22]
25				
26 <u>Accumulated Depreciation</u>				
27 Post TY Plant Additions for Paradise Valley Water - Accum Dep	\$ 48,313	\$ 32,838	\$ 15,475	
28 Additional TY Plant Additions for Paradise Valley Water - Accum Dep	15,458	15,458	-	
29 7A Corporate Post TY Plant Additions Allocated-Accum Dep	633	346	287	
30 Additional 7A Corporate TY Plant Additions Allocated-Accum Dep	226	226	-	
31 6U Post TY Plant Additions Allocated - Accum Dep	2,805	3,909	(1,104)	
32 Additional 6U TY Plant Additions Allocated-Accum Dep	<u>2,068</u>	<u>2,068</u>	<u>-</u>	
33 Total Accumulated Depreciation - Post Test Year Plant Additions	<u>\$ 69,504</u>	<u>\$ 54,845</u>	<u>\$ 14,658</u>	Sum Lines [27 - 32]
34				
35 Increase / (Decrease) To Accumulated Depreciation			<u>\$ 14,658</u>	Line [33]
36				
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46 Workpapers and Supporting Documents				
47 (a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xlsx				
48 (b) Summary of Plant Balances and Accum Depr by NARUC.xlsx				
49				
50 \2016 Paradise Valley Water Rebuttal.xlsxm				

Line  
No.

1 Adjust Retirements on Test Year Plant

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The Company is adjusting the Retirements on Test Year Plant.

	[A] Revised <u>Amounts (a)</u>	[B] Original <u>Application (b)</u>	[C] = [A] - [B] Rebuttal <u>Adjustment</u>
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11 <u>Paradise Valley Water District</u>			
12 Retirements on Test Year Plant - Impact on Plant in Service	\$ (214,757)	\$ (40,495)	\$ (174,262)

16 <u>7A - Corporate Arizona</u>			
17 Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service	\$ (462)	\$ -	\$ (462)

21 <u>6U</u>			
22 Allocated Corporate Retirements on Test Year Plant - Impact on Plant in Service	\$ -		\$ -

27 Increase / (Decrease) To Plant in Service			\$ (174,723) Line [12]+[17]+[22]
28 Increase / (Decrease) To Accumulated Depreciation			<u>(174,723) Line [27]</u>
30 Impact on Rate Base			<u>\$ - Line [27]-[28]</u>

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 45 Workpapers and Supporting Documents  
 46 (a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xlsx  
 47 (b) Summary of Plant Balances and Accum Depr by NARUC.xlsx  
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 50 \2016 Paradise Valley Water Rebuttal.xlsm

Line  
No.

1 Partially Accept RUCO RB Adj #4: AIAC Refunds

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The Company is partially accepting RUCO RB Adj #4 to AIAC. This adjustment has 2 parts. 1) The Company is partially accepting RUCO RB Adj #4 by removing the amount of 2018 AIAC Refunds forecasted as proposed in Rate Base ADJ SMC-RB6 in the Company's original application. 2) The Company is adjusting the amount of 2017 AIAC Refunds forecasted with the Actual 2017 AIAC Refunds.

	[A] Revised Amounts	[B] Original Application (a)	[C] = [A] - [B] Rebuttal Adjustment	
Amount of 2018 AIAC Refunds forecasted - Remove	\$ -	\$ (16,192)	\$ 16,192	
Amount of 2017 AIAC Refunds forecasted - Update to Actual	\$ (22,800)	\$ (16,192)	\$ (6,608)	
	<u>\$ (22,800)</u>	<u>\$ (32,383)</u>	<u>\$ 9,584</u>	Line [13] + Line [16]
Increase/ (Decrease) to AIAC			<u>\$ 9,584</u>	Line [18]

Workpapers and Supporting Documents  
 (a) Rate Base Adjustment SMC-6  
 Workpapers and Supporting Documents

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Line No.	<u>Sch B-3 Original</u>							
	<u>Column [Z]</u>	Page 3	Page 4	Page 5	Page 6	Page 7	Page 8	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	
		ADJ SLH-RCN1 REB	ADJ SLH-RCN2 REB	ADJ SLH-RCN3 REB	ADJ SLH-RCN4 REB	ADJ SLH-RCN5 REB	ADJ SLH-RCN6 REB	
	<u>Adjusted at End of Test Year (a)</u>	<u>RCN - Working Capital Allowance</u>	<u>RCN - ADIT</u>	<u>Intentionally Left Blank</u>	<u>RCN - Regulatory Liability - ADIT</u>	<u>RCN - 2017 Post Test Year Plant Additions</u>	<u>RCN - Retirements</u>	
1								
2	Gross Utility Plant in Service	\$ 151,182,076	\$ -	\$ -	\$ -	\$ -	\$ 227,671	\$ (414,346)
3	Construction Work in Progress	-	-	-	-	-	-	-
4	Subtotal Utility Plant	\$ 151,182,076	\$ -	\$ -	\$ -	\$ -	\$ 227,671	\$ (414,346)
5								
6	<b>Less:</b>							
7	Accumulated Depreciation	77,310,515	-	-	-	-	14,658	(302,984)
8								
9	Net Utility Plant in Service	\$ 73,871,562	\$ -	\$ -	\$ -	\$ -	\$ 213,013	\$ (111,362)
10								
11	<b>Less:</b>							
12	Advances in Aid of Construction	\$ 2,296,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13								
14								
15	Contribution in Aid of Construction -	12,292,255	-	-	-	-	-	-
16	Net of Amortization							
17								
18	Customer Meter Deposits	22,569	-	-	-	-	-	-
19	Deferred Income Taxes & Credits	1,363,490	-	(564,209)	-	-	-	-
20	Investment Tax Credits	-	-	-	-	-	-	-
21	Regulatory Liabilities	1,403,594	-	-	-	539,720	-	-
22								
23	<b>Plus:</b>							
24	Deferred Debits	\$ 1,904,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Working Capital Allowance	10,331	14,435	-	-	-	-	-
26	Utility Plant Acquisition Adjustment	0	-	-	-	-	-	-
27								
28	Total Rate Base	\$ 58,407,432	\$ 14,435	\$ 564,209	\$ -	\$ (539,720)	\$ 213,013	\$ (111,362)
29								
30								
31								
32	Supporting Schedules							
33								
34								
35	\2016 Paradise Valley Water Rebuttal.xlsm							

Recap Schedules:  
 B-1 Rebuttal

	Page 9	Page 10	Page 11	Page 12		
	[H]	[I]	[J]	[K]	[L]	[M]
	ADJ SLH-RCN7 REB	ADJ SLH-RCN8 REB	ADJ SLH-RCN9 REB	ADJ SLH-RCN10 REB	Sum [B - K]	Sum [A] + [L]
	<u>RCN - Advances-in- Aid of Construction (AIAC) and Contributions-in-Aid</u>	<u>RCN - Customer Meter Deposits</u>	<u>Intentionally Left Blank</u>	<u>RCN - Deferred Debits</u>	<u>Total Adjustment Amount</u>	<u>Adjusted at End of Test Year</u>
1						
2	\$ -	\$ -	\$ -	\$ -	\$ (186,675)	\$ 150,995,401
3	-	-	-	-	-	-
4	\$ -	\$ -	\$ -	\$ -	\$ (186,675)	\$ 150,995,401
5						
6	<b>Less:</b>					
7	Accumulated Depreciation	-	-	-	(288,326)	77,022,189
8						
9	Net Utility Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ 101,651
10						
11	<b>Less:</b>					
12	Advances in Aid of Construction	\$ 7,515	\$ -	\$ -	\$ 7,515	\$ 2,304,294
13						
14						
15	Contribution in Aid of Construction - Net of Amortization	(35,220)	-	-	(35,220)	12,257,035
16						
17						
18	Customer Meter Deposits	-	(65)	-	(65)	22,504
19	Deferred Income Taxes & Credits	-	-	-	(564,209)	799,280
20	Investment Tax Credits	-	-	-	-	-
21	Regulatory Liabilities	-	-	-	539,720	1,943,314
22						
23	<b>Plus:</b>					
24	Deferred Debits	\$ -	\$ -	\$ -	\$ (5,456)	\$ 1,898,769
25	Working Capital Allowance	-	-	-	14,435	24,765
26	Utility Plant Acquisition Adjustment	-	-	-	-	0
27						
28	Total Rate Base	\$ 27,705	\$ 65	\$ -	\$ (5,456)	\$ 162,887
29						
30						
31						
32	Supporting Schedules					
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34						
35	\2016 Paradise Valley Water Rebutt					

Line

No.

1 RCN - Working Capital Allowance

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3 Per Schedule B-5 Rebuttal

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8 Increase/(Decrease) to Rate Base

\$ 14,435

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47 Supporting Schedules

48 Schedule B5 Rebuttal

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Line			
<u>No.</u>			
1	<u>RCN - ADIT</u>		
2	Adjusted at End of Test Year		
3			
4			
5	RCN Rate Base Before ADIT and Other Items	\$ 59,411,883	(b)
6			
7	Original Cost Rate Base Before ADIT and Other Items	\$ 40,393,107	(a)
8			
9	Ratio (factor)	1.4708	Line [5] / Line [7]
10			
11	Adjusted Original Cost Net ADIT	\$ 543,417	(c)
12			
13	Factor	1.4708	Line [9]
14			
15	Rebuttal Adjusted - RCN ADIT	\$ 799,280	Line [11] * Line [13]
16			
17	Direct Adjusted - RCN ADIT	1,363,490	(b)
18			
19	Increase / (Decrease) to Deferred Income Taxes	\$ (564,209)	Line [15] - Line [17]
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44			
45	Supporting Schedules		
46	(a) Schedule B-2 Rebuttal		
47	(b) Schedule B-3 Rebuttal		
48	(c) Schedule B-1 Rebuttal		
49			
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44 Supporting Schedules

45 (a) Schedule B-2 Rebuttal

46 (b) Schedule B-3 Rebuttal

47 (c) Schedule B-1 Rebuttal

48 Adjustments RB2 Rebuttal and RB3 Rebuttal

49

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Line			
<u>No.</u>			
1	<u>RCN - Regulatory Liability - ADIT</u>		
2			
3	Adjusted at End of Test Year		
4			
5	Net Rebuttal RCN Depreciable Plant in Service	\$ 73,973,212	(b)
6			
7	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$ 50,293,102	(a)
8			
9	Ratio (factor)	1.4708	Line [5] / Line [7]
10			
11	Adjusted Original Cost - Regulatory Liability - ADIT Tax Reform	\$ 1,321,225	(c)
12			
13	Factor	1.4708	Line [9]
14			
15	Rebuttal Adjusted - RCN Regulatory Liability - ADIT - Tax Reform	\$ 1,943,314	Line [11] * Line [13]
16			
17	Direct Adjusted - RCN Regulatory Liability - ADIT- Tax Reform	\$ 1,403,594	(b)
18			
19	Increase / (Decrease) to Regulatory Liability	\$ 539,720	Line [15] - Line [17]
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43			
44	Supporting Schedules		
45	(a) Schedule B-2 Rebuttal		
46	(b) Schedule B-3 Rebuttal		
47	(c) Schedule B-1 Rebuttal		
48	Adjustments RB2 Rebuttal and RB3 Rebuttal		
49			
50	\\2016 Paradise Valley Water Rebuttal.xlsm		

Line No.		[A] <u>Revised Amount</u>	[B] <u>RCN</u>	[C] <u>Original Cost</u>	[D] <u>RCN</u>	[E] <u>Rebuttal Adjustment</u>
1	<u>RCN - 2017 Post Test Year Plant Additions</u>					
2						
3						
4						
5	Plant in Service	\$ 2,760,678	\$ 2,760,678	\$ 2,533,007	\$ 2,533,007	\$ 227,671
6						
7						
8	Accumulated Depreciation	\$ 69,504	\$ 69,504	\$ 54,845	\$ 54,845	\$ 14,658
9						
10						
11	Increase/(Decrease) to Plant in Service and A/D	\$ 2,691,175	\$ 2,691,175	\$ 2,478,162	\$ 2,478,162	\$ 213,013
12						
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46						
47	Supporting Schedules					
48	Rate Base Adjustment JPB-RB5 REB					
49						
50	\2016 Paradise Valley Water Rebuttal.xlsm					

Line								
<u>No.</u>								
1	<u>RCN - Retirements</u>				[A]	[B]	[C] = [A] - [B]	
2					<u>Revised RCN</u>	<u>Original RCN (a)</u>	<u>Rebuttal</u>	
3	Retirements - Plant		Col [G]	\$	(514,758)	\$ (100,412)	\$ (414,346)	
4								
5	Retirements - Accumulated Depreciation		Col [H]	\$	(389,194)	\$ (86,210)	\$ (302,984)	
6								
7								
8	<u>Paradise Valley Water District</u>							
9		[D]	[E]	[F]	[G]	[H]		
10	Asset	Original	Retirement					
11	<u>Numbers</u>	<u>Cost (b)</u>	<u>Cost (b)</u>	<u>A/D (b)</u>	<u>RCN (b)</u>	<u>RCN A/D (b)</u>		
12	Various	\$ 9,234,078	\$ 214,757	\$ 214,757	\$ 514,223	\$ 389,034		
13								
14								
15								
16	<u>7A Allocated</u>		4- Factor	General Metered Customers		2.6016%		
17								
18		[D]	[E]	[F]	[G]	[H]		
19	Asset	Original	Retirement					
20	<u>Numbers</u>	<u>Cost (b)</u>	<u>Cost (b)</u>	<u>A/D (b)</u>	<u>RCN (b)</u>	<u>RCN A/D (b)</u>		
21	Various	\$ 20,158	\$ 17,739	\$ 17,739	\$ 20,561	\$ 6,168		
22								
23			7A Allocated to District		2.6016%	\$ 535	\$ 160 Line 21 * GMC Factor	
24								
25								
26							<u>\$ 514,758</u>	<u>\$ 389,194</u> Line 12 + Line 23
27								
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45	Supporting Schedules							
46								
47	(a) ADJ SMC-RCN20							
48	(b) Retirements By District by Asset#.xlsx							
49								
50	\\2016 Paradise Valley Water Rebuttal.xlsx							

Line			
<u>No.</u>			
1	<u>RCN - Advances-in-Aid of Construction (AIAC) and Contributions-in-Aid of Construction (CIAC)</u>		
2	Adjusted at End of Test Year		
3			
4	<u>RCN Advances-in-Aid of Construction (AIAC)</u>		
5	Net Rebuttal RCN Depreciable Plant in Service	\$ 73,973,212	(b)
6			
7	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$ 50,293,102	(a)
8			
9	Ratio (factor)	1.4708	Line [5] / Line [7]
10			
11	Adjusted Original Cost AIAC	\$ 1,566,649	(c)
12			
13	Factor	1.4708	Line [9]
14			
15	Rebuttal Adjusted - RCN AIAC	<u>\$ 2,304,294</u>	Line [11] * Line [13]
16			
17	Direct Adjusted - RCN AIAC	2,296,778	(b)
18			
19	Increase / (Decrease) to AIAC	<u>\$ 7,515</u>	Line [15] - Line [17]
20			
21			
22			
23	Adjusted at End of Test Year		
24			
25	<u>RCN Contributions-in-Aid of Construction (CIAC)</u>		
26			
27	Net Rebuttal RCN Depreciable Plant in Service	\$ 73,973,212	(b)
28			
29	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$ 50,293,102	(a)
30			
31	Ratio (factor)	1.4708	Line [27] / Line [29]
32			
33	Adjusted Original Cost CIAC	\$ 8,333,345	(c)
34			
35	Factor	1.4708	Line [31]
36			
37	Rebuttal Adjusted - RCN CIAC	<u>\$ 12,257,035</u>	Line [33] * Line [35]
38			
39	Direct Adjusted - RCN CIAC	12,292,255	(b)
40			
41	Increase / (Decrease) to CIAC	<u>\$ (35,220)</u>	Line [37] - Line [39]
42			
43			
44			
45	Supporting Schedules		
46	(a) Schedule B-2 Rebuttal		
47	(b) Schedule B-3 Rebuttal		
48	(c) Schedule B-1 Rebuttal		
49			
50	\\2016 Paradise Valley Water Rebuttal.xlsm		

Line			
<u>No.</u>			
1	<u>RCN - Customer Meter Deposits</u>		
2	Adjusted at End of Test Year		
3			
4			
5	Net Direct RCN Depreciable Plant in Service	\$ 73,973,212 (b)	
6			
7	Net Direct Adjusted Original Depreciable Plant in Service	\$ 50,293,102 (a)	
8			
9	Ratio (factor)	1.4708 Line [5] / Line [7]	
10			
11	Adjusted Original Cost Customer Meter Deposits	\$ 15,300 (c)	
12			
13	Factor	1.4708 Line [9]	
14			
15	Rebuttal Adjusted - RCN Customer Meter Deposits	<u>\$ 22,504</u> Line [11] * Line [13]	
16			
17	Direct Adjusted - RCN Customer Meter Deposits	<u>\$ 22,569 (b)</u>	
18			
19	Increase / (Decrease) to Customer Meter Deposits	Line [15] - Line [17]	<u><u>\$ (65)</u></u>
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44			
45	Supporting Schedules		
46	(a) Schedule B-2 Rebuttal		
47	(b) Schedule B-3 Rebuttal		
48	(c) Schedule B-1 Rebuttal		
49			
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47 Supporting Schedules

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Line			
<u>No.</u>			
1	<u>RCN - Deferred Debits</u>		
2			
3	Adjusted at End of Test Year		
4			
5	Net Rebuttal RCN Depreciable Plant in Service	\$ 73,973,212 (b)	
6			
7	Net Rebuttal Adjusted Original Depreciable Plant in Service	\$ 50,293,102 (a)	
8			
9	Ratio (factor)	1.4708 Line [5] / Line [7]	
10			
11	Adjusted Original Cost - Deferred Debits	\$ 1,290,940 (c)	
12			
13	Factor	1.4708 Line [9]	
14			
15	Rebuttal Adjusted - RCN Regulatory Liability - Deferred Debits	\$ 1,898,769 Line [11] * Line [13]	
16			
17	Direct Adjusted - RCN Regulatory Liability - Deferred Debits	\$ 1,904,225 (b)	
18			
19	Increase / (Decrease) to Deferred Debits	Line [15] - Line [17]	\$ <u>(5,456)</u>
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44			
45	Supporting Schedules		
46	(a) Schedule B-2 Rebuttal		
47	(b) Schedule B-3 Rebuttal		
48	(c) Schedule B-1 Rebuttal		
49			
50	\\2016 Paradise Valley Water Rebuttal.xlsm		



Line No.			
1			
2	Cash Working Capital Requirement	(a) \$	(136,536)
3	Required Bank Balances <sup>1</sup>		-
4	Material and Supplies Inventories <sup>1</sup>		138,115
5	Prepayments <sup>1</sup>		23,186
6			
7	Total Working Capital Allowance	Sum Lines [2-5] \$	<u>24,765</u>
8			
9	Less Company amount in Original Filing		10,331
10			
11	Increase/(Decrease) to Rate Base	Line [7] - Line [9] \$	<u><u>14,435</u></u>
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17	<sup>1</sup> Calculated using thirteen-month averages.		
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43	Supporting Schedules:	Recap Schedules:	
44	(a) B-6 Rebuttal	B-1 Rebuttal	
45			
46	Workpapers & Supporting Documents		
47	\ AZ 13mo TY Balance 12.31.2016.xlsx		
48	\ Lead-Lag Workpapers		
49			
50	\ 2016 Paradise Valley Water Rebuttal.xlsm		



Paradise Valley Water

C Schedules

Rebuttal

Line No.		Test Year Book Results (a)	Total Pro Forma Adjustments (a)	Test Year Adjusted Results (a)	Proposed Rate Increase (a)	Adjusted with Rate Increase (a)	
		[A]	[B]	[C] = [A] + [B]	[D]	[E] = [C] + [D]	
1	<b>Revenues</b>						
2	Water	\$ 10,058,627	\$ -	\$ 10,058,627	\$ 1,030,739	\$ 11,089,366	
3	Other Revenues	58,345	-	58,345	-	58,345	
4	<b>Total Revenues</b>	<u>\$ 10,116,972</u>	<u>\$ -</u>	<u>\$ 10,116,972</u>	<u>\$ 1,030,739</u>	<u>\$ 11,147,711</u>	Sum Lines [2-3]
5							
6	<b>Operating Expenses</b>						
7	Labor	\$ 1,095,552	\$ -	\$ 1,095,552	\$ -	\$ 1,095,552	
8	Purchased Water	-	599,455	599,455	-	599,455	
9	Fuel & Power	-	1,402,317	1,402,317	-	1,402,317	
10	Chemicals	45,731	-	45,731	-	45,731	
11	Waste Disposal	5,087	82	5,168	-	5,168	
12	Intercompany Support Services	-	-	-	-	-	
13	Corporate Allocation	233,283	271	233,555	-	233,555	
14	Outside Services	163,651	(3,014)	160,637	-	160,637	
15	Group Insurance	360,755	-	360,755	-	360,755	
16	Pensions	-	-	-	-	-	
17	Regulatory Expense	47,728	(47,728)	-	-	-	
18	Insurance Other Than Group	79,293	14	79,307	2,668	81,975	
19	Customer Accounting	186,522	1,730	188,252	1,876	190,128	
20	Rents	29,568	-	29,568	-	29,568	
21	General Office Expense	117,741	(3,049)	114,692	-	114,692	
22	Miscellaneous	43,105	656	43,761	-	43,761	
23	Maintenance Expense	335,492	4,234	339,726	-	339,726	
24	Depreciation & Amortization	2,420,364	8,852	2,429,216	-	2,429,216	
25	General Taxes-Property	376,007	(62,394)	313,613	10,709	324,322	
26	General Taxes-Other	89,496	-	89,496	-	89,496	
27	Income Taxes	1,376,387	(954,081)	422,307	252,562	674,868	
28							
29	<b>Total Operating Expenses</b>	<u>\$ 7,005,762</u>	<u>\$ 947,345</u>	<u>\$ 7,953,106</u>	<u>\$ 267,814</u>	<u>\$ 8,220,921</u>	Sum Lines [7-27]
30	<b>Utility Operating Income</b>	<u>\$ 3,111,210</u>	<u>\$ (947,345)</u>	<u>\$ 2,163,865</u>	<u>\$ 762,925</u>	<u>\$ 2,926,790</u>	Line [4] + Line [29]
31	<b>Other Income &amp; Deductions</b>						
32	Other Income & Deductions	\$ 102,281	\$ -	\$ 102,281	\$ -	\$ 102,281	
33	Interest Expense	883,074	5,109	888,184	-	888,184	
34	Other Expense	-	-	-	-	-	
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	
36	<b>Total Other Income &amp; Deductions</b>	<u>\$ 985,355</u>	<u>\$ 5,109</u>	<u>\$ 990,465</u>	<u>\$ -</u>	<u>\$ 990,465</u>	Sum Lines [32-35]
37	<b>Net Profit / (Loss)</b>	<u>\$ 2,125,855</u>	<u>\$ (952,454)</u>	<u>\$ 1,173,401</u>	<u>\$ 762,925</u>	<u>\$ 1,936,326</u>	Line [30] - Line [36]

43 Supporting Schedules: Recap Schedules:  
 44 (a) C-2 Rebuttal A-1 Rebuttal

48 Workpapers & Supporting Documents  
 49  
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Sch C-2 Original  
Column [AP]

TY Adjusted Results	Page 3	Page 4	Page 5	Page 6	Page 7	Page 8	Page 9	Page 10	Page 11	Page 12
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	ADJ JPB-IS1 REB	ADJ SLS-IS2 REB	ADJ SLS-IS3 REB	ADJ SLH-IS4 REB	ADJ XXX-IS5 REB	ADJ JPB-IS6 REB	ADJ JPB-IS7 REB	ADJ SLS-IS8 REB	ADJ JPB-IS9 REB	ADJ JPB-IS10 REB

<u>Line No.</u>	<u>Test Year Book Results</u>	<u>Adjust Property Taxes to Reflect Adjusted Test Year Revenues</u>	<u>Federal and State Income Taxes</u>	<u>Interest Synchronization with Rate Base</u>	<u>Regulatory Liability - ADIT - Amortization - Tax Reform Adj</u>	<u>Intentionally Left Blank</u>	<u>Partially Accept Staff IS ADJ #6: Adjust Depreciation Expense - Post Test Year Plant 2017</u>	<u>Partially Accept Staff IS Adj #6: Adjust Depreciation Expense - Retirements</u>	<u>Adjust Insurance Other Than Group</u>	<u>Adjust CPI for 2017</u>	<u>Adjust CUS Charges</u>
<b>1 Revenues</b>											
2 Water	\$ 10,058,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Other Revenues	58,345	-	-	-	-	-	-	-	-	-	-
<b>4 Total Revenue</b>	<b>\$ 10,116,972</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>6 Operating Expenses</b>											
7 Labor	\$ 1,095,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 Purchased Water	-	-	-	-	-	-	-	-	-	-	-
9 Fuel & Power	-	-	-	-	-	-	-	-	-	-	-
10 Chemicals	45,731	-	-	-	-	-	-	-	-	-	-
11 Waste Disposal	5,087	-	-	-	-	-	-	-	-	82	-
12 Intercompany Support Services	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Allocation	233,283	-	-	-	-	-	-	-	-	271	-
14 Outside Services	163,651	-	-	-	-	-	-	-	-	2,628	-
15 Group Insurance	360,755	-	-	-	-	-	-	-	-	-	-
16 Pensions	-	-	-	-	-	-	-	-	-	-	-
17 Regulatory Expense	47,728	-	-	-	-	-	-	-	-	-	-
18 Insurance Other Than Group	79,293	-	-	-	-	-	-	-	14	-	-
19 Customer Accounting	186,522	-	-	-	-	-	-	-	-	503	939
20 Rents	29,568	-	-	-	-	-	-	-	-	-	-
21 General Office Expense	117,741	-	-	-	-	-	-	-	-	2,233	-
22 Miscellaneous	43,105	-	-	-	-	-	-	-	-	656	-
23 Maintenance Expense	335,492	-	-	-	-	-	-	-	-	4,234	-
24 Depreciation & Amortization	2,420,364	-	-	-	(10,355)	-	29,317	(10,110)	-	-	-
25 General Taxes-Property	376,007	(62,394)	-	-	-	-	-	-	-	-	-
26 General Taxes-Other	89,496	-	-	-	-	-	-	-	-	-	-
27 Income Taxes	1,376,387	-	(954,081)	-	-	-	-	-	-	-	-
<b>29 Total Operating Expenses</b>	<b>\$ 7,005,762</b>	<b>\$ (62,394)</b>	<b>\$ (954,081)</b>	<b>\$ -</b>	<b>\$ (10,355)</b>	<b>\$ -</b>	<b>\$ 29,317</b>	<b>\$ (10,110)</b>	<b>\$ 14</b>	<b>\$ 10,607</b>	<b>\$ 939</b>
<b>30 Utility Operating Income</b>	<b>\$ 3,111,210</b>	<b>\$ 62,394</b>	<b>\$ 954,081</b>	<b>\$ -</b>	<b>\$ 10,355</b>	<b>\$ -</b>	<b>\$ (29,317)</b>	<b>\$ 10,110</b>	<b>\$ (14)</b>	<b>\$ (10,607)</b>	<b>\$ (939)</b>
<b>31 Other Income &amp; Deductions</b>											
32 Other Income & Deductions	\$ 102,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 Interest Expense	883,074	-	-	5,109	-	-	-	-	-	-	-
34 Other Expense	-	-	-	-	-	-	-	-	-	-	-
35 Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-
<b>36 Total Other Income &amp; Deductions</b>	<b>\$ 985,355</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,109</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>37 Net Profit / (Loss)</b>	<b>\$ 2,125,855</b>	<b>\$ 62,394</b>	<b>\$ 954,081</b>	<b>\$ (5,109)</b>	<b>\$ 10,355</b>	<b>\$ -</b>	<b>\$ (29,317)</b>	<b>\$ 10,110</b>	<b>\$ (14)</b>	<b>\$ (10,607)</b>	<b>\$ (939)</b>

44 Supporting Schedules:  
 45 E-6 Recap Schedules:  
 46 C-1 Rebuttal  
 47  
 48 Workpapers & Supporting Documents:  
 49  
 50 \2016 Paradise Valley Water Rebuttal.xlsm

	Page 13	Page 14	Page 15	Page 16	Page 17	Page 18							
	[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]			
	ADJ SLH-IS11 REB	ADJ JPB-IS12 REB	ADJ SLH-IS13 REB	ADJ SLH-IS14 REB	ADJ JPB-IS15 REB	ADJ JPB-IS16 REB							
							Sum [B - Q]	Sum [A] + [R]			Sum [S] + [T]		
<u>Line No.</u>	<u>Partially Accept Staff IS Adj #3: Adjust Outside Services Expense</u>	<u>Adjust Postage Expense</u>	<u>Partially Accept Staff IS Adj #5: Adjust Regulatory Expense</u>	<u>Partially Accept Staff IS Adj #4: Adjust General Office Expense</u>	<u>Accept Staff IS Adj #1 &amp; RUCO IS Adj #4: Adjust Fuel and Power Expense</u>	<u>Accept Staff IS Adj #2 &amp; RUCO IS Adj #3: Adjust Purchased Water Expense</u>	Total Pro Forma Adjustments	Test Year Adjusted Results	Proposed Rate Increase	Adjusted Rate Increase			
1	<b>Revenues</b>												
2	Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,058,627	\$ 1,030,739	\$ 11,089,366			
3	Other Revenues	-	-	-	-	-	-	58,345		58,345			
4	<b>Total Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,116,972	\$ 1,030,739	\$ 11,147,711			
5													
6	<b>Operating Expenses</b>												
7	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,095,552		\$ 1,095,552			
8	Purchased Water	-	-	-	-	599,455	599,455	599,455		599,455			
9	Fuel & Power	-	-	-	-	1,402,317	1,402,317	1,402,317		1,402,317			
10	Chemicals	-	-	-	-	-	-	45,731		45,731			
11	Waste Disposal	-	-	-	-	-	82	5,168		5,168			
12	Intercompany Support Services	-	-	-	-	-	-	-		-			
13	Corporate Allocation	-	-	-	-	-	271	233,555		233,555			
14	Outside Services	(5,642)	-	-	-	-	(3,014)	160,637		160,637			
15	Group Insurance	-	-	-	-	-	-	360,755		360,755			
16	Pensions	-	-	-	-	-	-	-		-			
17	Regulatory Expense	-	-	(47,728)	-	-	(47,728)	-		-			
18	Insurance Other Than Group	-	-	-	-	-	14	79,307	2,668	81,975			
19	Customer Accounting	-	288	-	-	-	1,730	188,252	1,876	190,128			
20	Rents	-	-	-	-	-	-	29,568		29,568			
21	General Office Expense	-	-	-	(5,282)	-	(3,049)	114,692		114,692			
22	Miscellaneous	-	-	-	-	-	656	43,761		43,761			
23	Maintenance Expense	-	-	-	-	-	4,234	339,726		339,726			
24	Depreciation & Amortization	-	-	-	-	-	8,852	2,429,216		2,429,216			
25	General Taxes-Property	-	-	-	-	-	(62,394)	313,613	10,709	324,322			
26	General Taxes-Other	-	-	-	-	-	-	89,496		89,496			
27	Income Taxes	-	-	-	-	-	(954,081)	422,307	252,562	674,868			
28													
29	<b>Total Operating Expenses</b>	\$ (5,642)	\$ 288	\$ (47,728)	\$ (5,282)	\$ 1,402,317	\$ 599,455	\$ 947,345	\$ 7,953,106	\$ 267,814	\$ 8,220,921		
30	<b>Utility Operating Income</b>	\$ 5,642	\$ (288)	\$ 47,728	\$ 5,282	\$ (1,402,317)	\$ (599,455)	\$ (947,345)	\$ 2,163,865	\$ 762,925	\$ 2,926,790		
31	<b>Other Income &amp; Deductions</b>												
32	Other Income & Deductions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,281		\$ 102,281			
33	Interest Expense	-	-	-	-	-	5,109	888,184		888,184			
34	Other Expense	-	-	-	-	-	-	-		-			
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-	-	-		-			
36	<b>Total Other Income &amp; Deductions</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,109	\$ 990,465	\$ -	\$ 990,465			
37	<b>Net Profit / (Loss)</b>	\$ 5,642	\$ (288)	\$ 47,728	\$ 5,282	\$ (1,402,317)	\$ (599,455)	\$ (952,454)	\$ 1,173,401	\$ 762,925	\$ 1,936,326		

44 Supporting Schedules:  
 45 E-6  
 46  
 47  
 48 Workpapers & Supporting Documents:  
 49  
 50 \2016 Paradise Valley Water Rebuttal.

Recap Schedules:  
 C-1 Rebuttal

Line No.		[A]	[B]
		Property Tax Expense	Property Tax Expense For Conversion Factor
1	<u>Adjust Property Taxes to Reflect Adjusted Test Year Revenues</u>		
2	The Company adjusted property tax rate based on 2016 property tax bills received from Maricopa County Assessor		
3			
4			
5			
6	Adjusted Revenues in Year Ended December 2016	\$ 10,116,972	\$ 10,116,972
7	Adjusted Revenues in Year Ended December 2016	10,116,972	10,116,972
8	Proposed Revenues	10,116,972	11,147,711
9	Average of Three Year's of Revenue	Avg Lines[6] thru [8] \$ 10,116,972	\$ 10,460,552
10	Average of Three Year's of Revenue, times 2	Line[9] * 2 \$ 20,233,944	\$ 20,921,103
11	Add:		
12	Construction Work in Progress at 10%	(a) 63,273	63,273
13	Deduct:		
14	Net Book Value of Transportation Equipment	\$ 173,957	\$ 173,957
15			
16	Full Cash Value	Sum Lines[10-12] - Line[14] \$ 20,123,260	\$ 20,810,419
17	Assessment Ratio (For 2016 per HB 2001 Sec 42-15001)	18.0%	18.0%
18	Assessed Value	Line[16]*Line[17] \$ 3,622,187	\$ 3,745,875
19	Property Tax Rate	(c) 8.66%	8.66%
20			
21	Property Tax	Line[18]*Line[19] 313,613	324,322
22	Tax on Parcels	-	-
23			
24	Adjusted Test Year Property Taxes at Present Rates	Line[21]+Line[22] \$ 313,613	
25	Adjusted Test Year Property Taxes	(b) 376,007	
26	Adjustment to Revenue and/or Expense (To Sch C-2 Rebuttal)	Line[24] - Line[25] \$ (62,394)	
27			
28	Adjusted Test Year Property Taxes at Proposed Rates		Sum Lines[21-27] \$ 324,322
29	Adjusted Test Year Property Taxes at Present Rates		Line[24] Col [A] 313,613
30	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rebuttal )		Line[28] - Line[29] \$ 10,709
31			
32			
33			
34	<u>CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 Rebuttal)</u>		
35			
36	Increase in Property Tax Due to Increase in Revenue Requirement (Line 30, Col [B])		\$ 10,709
37			
38	Increase in Revenue Requirement (From Sch. A-1 Rebuttal)		\$ 1,030,739
39			
40	Increase in Property Tax Per Dollar Increase in Revenue (Line 36/Line 38)		1.04%
41			
42			
43			
44	<u>Workpapers &amp; Supporting Documents:</u>		
45			
46	(a) Sch E1		
47	(b) Sch C2 Rebuttal		
48	(c) \Composite Property Tax Rate 2016.xlsx		
49			
50	\2016 Paradise Valley Water Rebuttal.xlsm		

Line No.		Test Year Adjusted Results	Adjusted with Rate Increase
1	<u>Federal and State Income Taxes</u>		
2			
3			
4			
5			
6			
7	Operating Income Before Inc. Taxes	\$ 2,586,172	\$ 3,601,659
8	Interest Expense	888,184	888,184
9	Arizona Taxable Income	Line[7] - Line[8] \$ 1,697,988	\$ 2,713,475
10			
11	Arizona Income Tax 4.90%	Line[9] * 0.049 \$ 83,201	\$ 132,960
12			
13			
14	Federal Income Before Taxes	Line[9] \$ 1,697,988	\$ 2,713,475
15	Less Arizona Income Taxes	Line[11] 83,201	132,960
16	Federal Taxable Income	Line[14] - Line[15] \$ 1,614,787	\$ 2,580,515
17			
18	FEDERAL INCOME TAXES:		
19			
20			
21			
22			
23			
24			
25	Federal Income Taxes 21.00%	Line[16] * 0.21 \$ 339,105	\$ 541,908
26			
27			
28	Total Income Tax	Line[15]+Line[25] \$ 422,307	\$ 674,868
29			
30	Tax Rate	Line[28] / Line[9] 24.87%	24.87%
31			
32	Effective Income Tax Rates		
33	State	Line[11] / Line[9] 4.900%	4.900%
34	Federal	Line[25] / Line[9] 19.97%	19.97%
35			
36			
37	Adjusted Test Year Income Taxes	(a) \$ 1,376,387	
38	Increase in Income Taxes,	Line[28] - Line[37] \$ (954,081)	
39			
40	Adjustment to Revenues and/or Expense	Line[38] \$ (954,081)	
41			
42	Test Year Income Taxes,		Line[28] \$ 422,307
43	Increase in Income Taxes		Line[28] - Line[42] 252,562
44			
45	Adjustment to Revenue and/or Expense		Line[43] \$ 252,562
46			
47	<u>Workpapers &amp; Supporting Documents:</u>		
48	(a) Sch C2 Rebuttal		
49			
50	\\2016 Paradise Valley Water Rebuttal.xlsm		



Line

No.

1	<u>Interest Synchronization with Rate Base</u>		
2			
3			
4			
5			
6	Original Cost Rate Base (Sch. B-1 Rebuttal , Ln. 28)	(a) \$	39,828,870
7	Weighted Cost of Debt from Schedule D-1 Rebuttal	(c)	2.23%
8	Synchronized Interest Expense	Line[6]*Line[7]	\$ 888,184
9			
10	Test Year Interest Expense Adjusted	(b) \$	883,074
11			
12	Adjusted Test Year Interest Expense	Line[10]	\$ 883,074
13			
14	Increase/(Decrease) in Interest Expense	Line[8] - Line[12]	\$ 5,109
15			
16	Rebuttal Adjustment to Revenue and/or Expense	Line[14]	\$ 5,109
17			
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45	<u>Workpapers &amp; Supporting Documents:</u>		
46	(a) Sch B1 Rebuttal		
47	(b) Sch C2 Rebuttal		
48	(c) Sch D1 Rebuttal		
49			
50	\\2016 Paradise Valley Water Rebuttal.xlsm		

Line

No.

1 Regulatory Liability - ADIT Amortization - Tax Reform Adj

2

3 The Company is updating its Deferred Income Tax Balance to reflect the impact of the Tax Cuts and Jobs Act of 2017. This caused the Company to create a Regulatory Liability for this amount as reflected  
 4 in Rate Base proforma adjustment KDB-RB2-REB. This Income Statement proforma adjustment reflects the annual amortization of that rate base adjustment.

5

6

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8 Regulatory Liability - ADIT that resulted from the decrease in the Federal Income Taxes

\$ 380,036 (a)

9

10 Amortization Rate

2.7247% (b)

11

12 Annual Amortization

\$ (10,355) Line [8] \* Line [10]

13

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16 Increase/ (Decrease) to Depreciation/ Amortization

\$ (10,355) Line [12]

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45 Workpapers & Supporting Documents:

46 (a) Rate Base Adjustment ADJ SLH-RB2 REB

47 (b) ADIT Adjustment REBUTTAL.xlsx

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50 \2016 Paradise Valley Water Rebuttal.xlsm

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45 Workpapers & Supporting Documents:

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50 \2016 Paradise Valley Water Rebuttal.xlsm

Line  
 No.

1 Partially Accept Staff IS ADJ #6: Adjust Depreciation Expense - Post Test Year Plant 2017

3 Adjustment to Annualize Depreciation Expense on Updated Post Test Year Plant for 2017. Includes updating projects through 12/31/2017 with actual expenditure.

	[A]	[B]	[C] = [A] * [B]
	Depreciation on Post TY Plant Additions per Summary of Plant and A/D by NARUC - FINAL 2017 PTYP (a)	Allocation Factor	Depreciation Expense
17	\$ 96,626	100.0000%	\$ 96,626
18	30,917	100.0000%	30,917
19	48,670	2.6016%	1,266
20	17,375	2.6016%	452
21	236,805	2.3694%	5,611
22	174,541	2.3694%	4,136
23	<u>\$ 604,934</u> <small>Sum Lines [17]-[22]</small>		
27	Depreciation Expense on 2017 Post Test Plant per Rebuttal		\$ 139,007 <small>Sum Lines[17] thru [22]</small>
30	Depreciation Expense on 2017 Post Test Plant per Company's Original Applicator		<u>\$ 109,690</u> <small>(b)</small>
33	Increase / (Decrease) to Depreciation Expense		\$ 29,317 <small>Line[27] - Line[30]</small>
35	Rebuttal Adjustment to Revenue and/or Expense		<u>\$ 29,317</u> <small>Line[33]</small>

45 Workpapers & Supporting Documents:

46 (a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xls

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

48

49

50 \2016 Paradise Valley Water Rebuttal.xlsm

Line

No.

1 Partially Accept Staff IS Adj #6: Adjust Depreciation Expense - Retirements

2

3 The Company has adjusted retirements in ADJ KDB-RB-6 REB. This adjustment updates the depreciation expense associated with the updated retirements.

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GMC 4 Factor	2.6016%
Arizona Total	91.0728%
Alloc Factor	2.3694%

Line[8]\*Line[9]

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[A]  
 Depreciation on Retirements per  
 Summary of Plant and A/D by NARUC  
 Updated for Final 2017 PTYP (a)

[B]  
 Allocation  
 Factor

[C] = [A] \* [B]  
 Depreciation  
 Expense

Depreciation on Retirements on Test Year Plant - Paradise Valley Water	\$ (12,794)	100.0000%	\$ (12,794)
Depreciation on Retirements on Test Year Plant - 7A Corporate Plant Allocatrec	(1,774)	2.6016%	(46)
Depreciation on Retirements on Test Year Plant - 6U Plant Allocated	-	2.3694%	-

Depreciation Expense on 2017 Retirements per Rebuttal \$ (12,841) Sum Lines [17 - 19]

Depreciation Expense on 2017 Retirements per Company's Original Applicator \$ (2,730) (b)

Increase / (Decrease) to Depreciation Expense \$ (10,110) Line[26] - Line[29]

Rebuttal Adjustment to Revenue and/or Expense \$ (10,110) Line[32]

Workpapers & Supporting Documents:

(a) Summary of Plant Balances and Accum Depr by NARUC Updated for Final 2017 PTYP.xls

(b) Schedule C2 Adj SLM - IS25

\2016 Paradise Valley Water Rebuttal.xlsm

Line

No. Adjust Insurance Other Than Group

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

	DIRECT PLANT		[1]	[2]	[1] * [2] = [3]
	Test Year		7P	AZ	AZ-Factor
	Adj Results		District 4-Factor		
11	Gross Property Value at 12/31/2016	\$ 81,413,808	5.3099%	87.7062%	4.6571%
12	% of Plant Insured	47.75%	1. Property & Terrorism [23]		

14 Gross Plant Insured \$ 38,872,661 Line [11] \* Line [12]

	Test Year Adjusted Results	Schc2 Rebuttal [X][14]	Adjusted with Rate Increase	Schc2 Rebuttal [Z][14]	Adjusted with Rate Increase
	[A]	[B]	[C] = [A] * [B]	[D]	[E] = [D] * [B]
Adjusted Revenues in Year Ended December 2016	Amount	Rate	Source	Premium	Amount
1. Property Insurance	\$ 38,872,661	0.0526%	\Insurance Summary	\$ 20,444	\$ 38,872,661
2. Excess Liability	10,116,972	0.2588%	\Insurance Summary	26,186	11,147,711
3. Umbrella Liability	95,767	4.6571%	\Insurance Summary	4,460	95,767
4. Autos	278,350	4.6571%	\Insurance Summary	12,963	278,350
5. Workers Compensation	75,667	1.6543%	\Insurance Summary	1,252	75,667
6. Pollution *	3,554	1.00	\Insurance Summary	3,554	3,554
7. D&O	13,367	4.6571%	\Insurance Summary	623	13,367
8. Fiduciary	1,483	4.6571%	\Insurance Summary	69	1,483
9. Crime	19	7.76	\Insurance Summary	148	19
10. Employed Lawyers	1,196	4.6571%	\Insurance Summary	56	1,196
11. Non Owned Pollution	19,339	4.6571%	\Insurance Summary	901	19,339
12. Employment Practices	19	5.30	\Insurance Summary	101	19
13. Utilities Bond **	22,331	0.0000%	\Insurance Summary	-	22,331
14. Cyber Insurance	11,366	4.6571%	\Insurance Summary	529	11,366
15. Sun City Flood Insurance	2,356	100.0000%	\Insurance Summary	2,356	2,356
16. LAPP	19,383	4.6571%	\Insurance Summary	903	19,383
<b>Total</b>				\$ 74,543	\$ 77,211

Adjusted Test Year Insurance Other Than Group From Original Filing \$ 74,529  
 Increase/(Decrease) to Insurance Other Than Group \$ 14 Line [39] - Line [42] \$ 2,668

45 Workpapers & Supporting Documents:  
 46 \Insurance Other than Group.xlsx (aka Insurance)  
 47 \Payroll, Benefits, & Taxes 2016.xlsx (aka Payroll)  
 48 Income Statement Adjustment SLM-IS27  
 49  
 50 \2016 Paradise Valley Water Rebuttal.xlsm

Line  
 No.

1 Adjust CPI for 2017

2  
 3 Operating expenses are expected to increase in each of the future years due to inflation and other increasing costs factors. To compensate for regulatory lag, EPCOR proposes an increase for 2017 and  
 4 2018 correlated with the consumer price index for the Phoenix metropolitan area for all operating expenses where an adjustment has not already been proposed. Chemical expense is projected to  
 5 increase by 4% based on initial service contracts negotiations that are being worked on with the vendor.  
 6

2016 Unadjusted Expenses			Consumer Price Index - Phoenix Urban Consumers				
Description	Account	Amount (a)	Year	Annual Index	Increase	Ave Increase	
Chemicals	5263	\$ 42,219 A	2014	127.823			
Other Utilities	5621	\$ 4,973 B	2015	128.019	0.15%		
Asset Usage Fee - Corporate	6203	\$ 16,525 C	2016	130.107	1.63%		
Consulting Engineering	5227	\$ 2,894 D	2017	133.324	2.47%	1.4%	
Contractors and Consultants	5250	\$ 106,882 D	Chemical Increase				4.0%
Administrative Contractors	5679	\$ 1,152 D	[A] * Line [12]	[A] + [B] * Line [12]			
Outside Computer Charges (T1)	5628	\$ 25,024 D	Chemical [13]	Chemical [13]			
Temporary Support	5629	\$ 9,561 D	[A]	[B]	[C]	[D] = [B] + [C]	
Legal Fees	5681	\$ 14,483 D	Total	Year 1	Year 2	Revised Total	
Service Charges	5615	\$ 17,680 E				IS JPB ADJ #23	
Customer Communications	5674	\$ 12,945 E	Chemicals	Chemicals		Original Total	
Rent and Storage	5810	\$ 29,568 F	Waste Disposal			[F] = [D] - [E]	
Freight and Courier	5262	\$ 635 F	Corporate Allocati			Rebuttal	
Telephone, Long Distance, Data	5620	\$ 46,959 F	Outside Services			Adjustment	
Stationary, Printing & Other O	5622	\$ 16,451 F	Customer Account				
Office Machines, Furniture	5623	\$ 4,192 F	General Office Exp				
Parking	5630	\$ 265 F	Miscellaneous				
Vehicle Allowance	5631	\$ 1,563 F	Maintenance Expe				
Vehicle Allowance	5271	\$ 9 F	um Lines[18]thru[25]				
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]				
<u>Workpapers &amp; Supporting Documents:</u>							
(a) Sche6	Bureau of Labor Statistics - Phoenix CPI						
\2016 Paradise Valley Water Rebuttal.xlsm							
			Increase / (Decrease) to Expense		Line [26]	\$ 10,607	

Line

No.

1 Adjust CUS Charges

2

3 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  
 4 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  
 5 measurable increases in costs through the time any new rates resulting from this rate application will be effective. The CPI index for 2018 has been updated in this Rebuttal filing.  
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Consumer Price Index - Phoenix Urban Consumers		
Year	Annual Index	Increase
2015	128.019	
2016	130.107	1.63%
2017	133.324	2.47%

Increase Lines[12-11]/[11]  
 Increase Lines[13-12]/[12]

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C.U.S. Charges per Schedule E-6, account 5611	\$	109,757	(a)
CPI Adjustment 2017	\$	1,790	Line[16]*1.63%
Adjusted 2017 Expense	\$	111,547	Line[16]+Line [18]
CPI Adjustment 2018	\$	2,758	Line[19]*2.47%
Adjusted 2018 Expense	\$	114,305	Line[19]+Line[21]
Total Increase/ (Decrease) to C.U.S Charges	\$	4,548	Line[18]+Line[21]
Expense per Company's Original Application per IS JPB Adj#12	\$	3,609	
	\$	939	Line[26] - Line[28]

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Adjustment to Revenue and/or Expense \$ 939 Line[30]

Workpapers & Supporting Documents:

(a) Sche6

\2016 Paradise Valley Water Rebuttal.xlsx



Line

No.

1 Partially Accept Staff IS Adj #3: Adjust Outside Services Expense

2

3 The Company is partially accepting Staff IS Adj #3. This adjustment has 2 parts. 1) The Company partially accepts Staff RB Adj #3 and is removing the ASU Study costs per RUCO 2.07. The Company will  
 4 include these ASU Study Costs as part of the Rate Case Expense and recover these costs as part of the Staff's recommended Rate Case Expense Surcharge; 2). The Company is reducing contractor  
 5 expense as stated in the Company's response to RUCO DR 1.28. Upon review of the accounts noted in this data request, the Company noticed that account 5250 included costs that should have been  
 6 removed from the requested amounts in the original application.

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12 Part 1

13 Remove ASU Study Costs

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16 Part 2

17 Amount to be removed from Outside Services per RUCO DR 1.25

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24 Adjustment to Revenue and/or Expense

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45 Workpapers & Supporting Documents:

46 (a) Company Response to RUCO DR 1.25

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50 \2016 Paradise Valley Water Rebuttal.xlsm

[A]	[B]	[C] = [A] - [B]
Revised	Original	Rebuttal
<u>Amounts (a)</u>	<u>Application</u>	<u>Adjustment</u>

	\$ 252	\$ 584	\$ (332)
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	\$ (5,310)	\$ -	\$ (5,310)
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	\$ (5,642)	Line [13] + Line [17]
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Line

No.

1 Adjust Postage Expense

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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 at time of  
 4 this rebuttal filing.

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	[A]	[B]	[C] = ([B]-[A]) / [A]	[D]	[E] = [D]-[B]
	Average Automated Piece Rate				
Manifested	Effective April 2016	Effective January 2017	2017 Increase over 2016	Effective January 21, 2018	2018 Increase over 2016
5-Digit	\$ 0.3760	\$ 0.3730	-0.80%	\$ 0.3780	0.53%
3-Digit	\$ 0.3990	\$ 0.4030	1.00%	\$ 0.4080	2.26%
AADC	\$ 0.3990	\$ 0.4030	1.00%	\$ 0.4080	2.26%
Mixed AADC	\$ 0.4190	\$ 0.4230	0.95%	\$ 0.4240	1.19%
Single Piece	\$ 0.4700	\$ 0.4900	4.26%	\$ 0.5000	6.38%
Average cost per piece	\$ 0.4126	\$ 0.4184	1.41%	\$ 0.4236	2.67%

Postage Expense Account 5611 per General Ledger

(a) \$ 22,831

Total Increase / (Decrease) to Postage Expense

\$ 609 Col [E] Line[18]\*Line[21]

Expense per Company's Original Application per IS JPB Adj#11

\$ 321

Adjustment to Revenue and/or Expense

\$ 288 Line [22]- Line [23]

Workpapers & Supporting Documents:

(a) Sch E-6 Line 19

USPS Rates 2016.xlsx

\2016 Paradise Valley Water Rebuttal.xlsx

Line

No.

1 Partially Accept Staff IS ADJ #5: Adjust Regulatory Expense

2

3 The Company is partially accepting Staff IS Adj #5. The Company is removing rate case expense out of the regulatory expense accounts. Staff recommends authorizing a surcharge to recover rate case  
 4 expense. Staff proposed recovery over a 5 year period however the Company proposes a 3 year period.

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13 Amount to be removed from Regulatory Expense per Staff IS ADJ #5

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24 Adjustment to Revenue and/or Expense

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45 Workpapers & Supporting Documents:

46 (a) Schedule C2

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50 \2016 Paradise Valley Water Rebuttal.xlsx

	[A] Revised Amounts (a)	[B] Original Application	[C] = [A] - [B] Rebuttal Adjustment
Amount to be removed from Regulatory Expense per Staff IS ADJ #5	\$ (47,728)	0	\$ (47,728)

\$ (47,728) Line [13]

Line

No.

1 Partially Accept Staff IS ADJ #4: Adjust General Office Expense

2

3 The Company is partially accepting Staff IS Adj #4. The Company accepts Staff's recommendation to remove certain identified costs related to entertainment and gifts. However the Company does not  
 4 agree to remove tuition related costs.  
 5  
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8 Staff Disallowed Amounts per Staff Adj #4		Company Position	Paradise Valley Water	4-Factor	5.3099%
9 Entertainment	\$ 81,543	Accept			
10 Tuition	\$ 64,387	Oppose			
11 Gifts	\$ 17,937	Accept			
12	<u>\$ 163,867</u>				

14 Amount to be Removed

16 Entertainment	\$ 81,543	
17 Gifts	\$ 17,937	
18 Total	\$ 99,480	Line [16] + Line [17]

20 Allocated to District	5.3099%	
21	\$ 5,282	Line [18] * Line [20]

Rebuttal  
 Adjustment

24 Adjustment to Revenue and/or Expense	\$ (5,282)	Line [21]
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45 Workpapers & Supporting Documents:

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50 \2016 Paradise Valley Water Rebuttal.xlsx

Line  
 No.

1 Accept Staff IS Adj #1 & RUCO IS Adj #4: Adjust Fuel and Power Expense

3 The Company is accepting both Staff IS Adj #1 and RUCO IS Adj #4. This rebuttal adjustment reverses the Company's original adjustment JPB-IS9 and restores the purchased power and fuel expense  
 4 back into the Test Year operating expenses for recovery in base rates.  
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8 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  
 9 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.  
 10 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.

11 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  
 12 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  
 13 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.  
 14 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  
 15 and 2018 to account for known rate increases that will be effective prior to the resolution of this case.

16 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  
 17 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  
 18 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.

19 The Mohave, North Mohave, and Willow Valley Water districts receive power from MEC, which increased rates effective February 1, 2016 per Decision No. 75931 (January 13, 2017). The increased costs that result from that decision are not fully  
 20 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  
 21 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.  
 22  
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		[A]	[B]		[C]	[D]	[E] = [A] + [B] + [C] + [D]
		Corporate (a)	Direct (b)		Other Allocation (c)	Annualization	Total
GL Account	Account Description	2016	2016		2016		2016
	5617 Power Charges	\$ 2,246	\$ 1,236,984				\$ 1,239,229
	5616 Natural Gas Charges	\$ -	\$ -				\$ -
	Annualization					\$ 1,955	\$ 1,955
Total Purchased Power Expense							\$ 1,241,184 <small>Line[29 - 31]</small>
	2017 % Increase	6.29%					
	2018 % Increase	6.29%					
		[F]	[G]	[H]	[I]	[J]	[K] = [F] + [G] + [H] + [I] + [J]
		Corporate	Direct	Natural Gas	Other Allocation	Annualization	Total
	2017 Increase - Power	\$ 141	\$ 77,844		0	0	\$ 78,109 <small>Line[29] * 2017% Inc; Line [31] * 2017% Inc</small>
	2017 Expense	\$ 2,387	\$ 1,314,828	\$ -	\$ -	\$ 2,078	\$ 1,319,293 <small>Line[29]+Line[38], Line[31] + Line [38]</small>
	2018 Increase - Power	\$ 150	\$ 82,743	0	\$ -	\$ 131	\$ 83,024 <small>Line[39] * 2018% Inc</small>
	2018 Expense	\$ 2,537	\$ 1,397,571	\$ -	\$ -	\$ 2,209	\$ 1,402,317 <small>Line[39]+Line[41]</small>
Increase/Decrease to Expense							\$ 1,402,317 <small>Col 1, Line[42]</small>

47 Workpapers & Supporting Documents:

- 48 (a) Sch E-6b (b) Sch E-6a \Purchased Power Adjustment Calc.xlsx
- 49 (c) Sch E-6c
- 50 \2016 Paradise Valley Water Rebuttal.xlsm

Line

No.

1 Accept Staff IS ADJ #2 & RUCO IS ADJ #3: Adjust Purchased Water Expense

2

3 The Company is accepting both Staff IS Adj #2 and RUCO IS Adj #3. This rebuttal adjustment reverses the Company's original adjustment JPB-IS30 and restores the purchased water expense back into  
 4 the Test Year operating expenses for recovery in base rates.  
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8 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 customer surcharge is calculated based on the total potable and  
 9 raw gallons billed. The calculation excludes effluent and wheeling usage billed from the calculation as these gallons are not affected by the purchase price of water. Costs have been adjusted from the 2016 test year  
 10 expense to annualized water expense. Additionally, the Company has included known and measurable increases to purchased water costs. The Company pays the Central Arizona Project ("CAP") for fees in many districts.  
 11 CAP has published schedules showing the anticipated increases to fees in 2018, which will be finalized by the prior to the conclusion of this rate case. The impact of the increases in CAP fees have been included in the total  
 12 purchased water costs.

13 In its Mohave and North Mohave Districts, the Company pays fees to the Mohave Conservation District (MWCD), Mohave Valley Irrigation and Drainage District (MVIDD), and fees to Bullhead City for water. The Company  
 14 also pays fees to the Arizona Department of Water Reclamation in a number of districts. Some districts also pay groundwater withdrawal fees. Many of these fees are already collected through supplemental surcharges on  
 15 customer bills. All costs have been included in the total purchased water cost with the intention of combining all these fees into one purchased water surcharge.

16 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.  
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		Purchased Water
		<u>Test Year Expense</u>
24	Test Year Purchased Water Expense	\$ 5,109
25	Expenses Removed	(371)
26	CAP Purchased Water - Existing Surcharge	509,896
27	SMC-IS6	\$ 8
28	Annualized Purchased Water Expenses	\$ 514,641 Sum Lines [24 - 27]
29		
30	2017 Percentage increase in CAP costs	8.14% (c)
31	2017 Purchased Water Expense	\$ 556,530 Line [28]*(1+Line [30])
32		
33	2018 Percentage increase in CAP costs	2.15% (c)
34	2018 Purchased Water Expense	\$ 568,499 Line [31]*(1+Line [33])
35		
36	Mohave Wtr Conservation District - Impost Fees	\$ - (c)
37	Impost Fees - Bullhead City	\$ - (c)
38	Water Admin Fee - MVDD	\$ - (c)
39	ADWR Groundwater Withdrawal Fee	\$ 30,956 (c)
40	Groundwater Withdrawal Fee	(c)
41	Total Pro Forma Purchased Water Costs	\$ 599,455 Sum Lines [36 - 40]
42		
43	Increase/Decrease to Expense	<u>\$ 599,455</u> Line [41]

45 Workpapers & Supporting Documents:

46 (a) Company IS Adjustment JPB-IS30

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50 \2016 Paradise Valley Water Rebuttal.xlsx

Line No.	Description	[A]	[B]	Percentage of Incremental Gross Revenues [C]
1	Federal Income Taxes			
2				19.97%
3	State Income Taxes			
4			Combined	24.87%
5				4.90%
6	Property Taxes	Effective Rate = 1.04%	One Minus Combined	75.13%
7				0.78% [A] x [B]
8	Bad Debt Expense	Effective Rate = 0.18%	One Minus Combined	75.13%
9				0.14% [A] x [B]
10	Insurance Other Than Group	Effective Rate = 0.26%	One Minus Combined	75.13%
11				0.19% [A] x [B]
12				
13	Total Tax Percentage			25.98% Sum Line [1-10]
14				
15	Operating Income % = 100% - Tax Percentage			74.02% 1 - [C] Line [13]
16				
17				
18		1 = Gross Revenue Conversion Factor		
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21	Operating Income %			1.35 1 / [C] Line [15]
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43	Supporting Schedules:	Recap Schedules:		
44	C-2 Rebuttal	A-1 Rebuttal		
45				
46				
47	Workpapers & Supporting Documents			
48				
49				
50	\2016 Paradise Valley Water Rebuttal.xlsm			

Paradise Valley Water

D Schedules

Rebuttal



Line No.	Description	End of Test Year				End of Adjusted Year			
		[A]	[B]	[C]	[D] = [B] * [C]	[E]	[F]	[G]	[H] = [F] * [G]
		Dollar Amount (a)	Percent of Total	Cost Rate (a)	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate (a)	Weighted Cost
1	Long-Term Debt	\$ 234,260,000	49.98%	4.30%	2.15%	\$ 242,820,000	51.88%	4.30%	2.23%
2	WIFA Loan *	\$ 637,306	0.14%	3.94%		\$ -	0.00%	0.00%	0.00%
3	Short-Term Debt	\$ 8,560,000	1.83%	0.63%	0.01%	\$ -	0.00%	0.00%	0.00%
4	Stockholder's Equity	\$ 225,225,834	48.06%	10.10%	4.85%	\$ 225,225,834	48.12%	10.60%	5.10%
5	Totals	\$ 468,683,140	100.00%		7.01%	\$ 468,045,834	100.00%		7.33%
6		Sum Line [1-4]							

10 \* The WIFA Loan was obtained for the sole purpose of constructing an Arsenic Treatment Plant for the District of TUBAC. It is applicable only in that District's capita  
 11 structure.  
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43 Supporting Schedules: Recap Schedules:  
 44 D-2 Rebuttal A-1 Rebuttal  
 45  
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48 \\2016 Paradise Valley Water Rebuttal.xlsm  
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**Capital Structure for OCRB**

Line No.	Description	End of Test Year			
		[A] Dollar Amount	[B] Percent of Total	[C] Cost Rate (a)	[D] = [B] * [C] Weighted Cost
1	Long-Term Debt	\$ 20,663,033	51.88%	4.30%	2.23%
2	WIFA Loan	\$ -	0.00%	3.94%	0.00%
3	Short-Term Debt	\$ -	0.00%	0.63%	0.00%
4	Stockholder's Equity	\$ 19,165,838	48.12%	10.10%	4.86%
5	Totals	\$ 39,828,870	100.00%		7.09%

Sum Line [1-4]

**Capital Structure for FVRB**

Line No.	Description	[I] OCRB Weight	[J] OCRB Cost	[K] = [I] * [J] Amt Financing OCRB	[L] FVRB Weight	[M] Cost	[N] = [L] * [M] Fair Value WACC
11	Long-Term Debt	51.88%	\$ 39,828,870	\$ 20,663,033	[K11]/[K18] 42.00%	4.30%	1.81%
12	WIFA Loan	0.00%	\$ 39,828,870	\$ -	[K12]/[K18] 0.00%	3.94%	0.00%
13	Short-Term Debt	0.00%	\$ 39,828,870	\$ -	[K13]/[K18] 0.00%	0.63%	0.00%
14	Stockholder's Equity	48.12%	\$ 39,828,870	\$ 19,165,838	[K14]/[K18] 38.96%	10.10%	3.93%
15		100.00%		\$ 39,828,870			
17	Fair Value Increment			\$ 9,370,724	[K17]/[K18] 19.05%	1.10%	0.21%
18	Fair Value Rate base			\$ 49,199,595	100.00%		5.95%
21	Fair Value Rate Base			Sch A1 Rebuttal \$ 49,199,595			
22	Less Original Cost Rate Base			Sch A1 Rebuttal \$ 39,828,870			
23	Difference			Line [21]-[22] \$ 9,370,724			

46 Supporting Schedules: Recap Schedules:  
 47 (a) D-2 Rebuttal A-1 Rebuttal  
 48 (b) B-1 Rebuttal  
 49  
 50 \2016 Paradise Valley Water Rebuttal.xlsm

Line No.	End of Test Year			End of Adjusted Year		
	[A] Amount <u>Outstanding</u>	[B] Annual <u>Cost</u>	[C] = [B] / [A] Interest <u>Rate</u>	[D] Amount <u>Outstanding</u>	[E] Annual <u>Cost</u>	[F] = [D] / [E] Interest <u>Rate</u>
1	<b>Long-Term Debt</b>					
2	(b) \$ 133,000,000	\$ 5,004,790	3.74%	(b) \$ 133,000,000	\$ 5,004,790	3.74%
3	(b) \$ 98,000,000	\$ 4,922,540	5.00%	(b) \$ 98,000,000	4,922,540	5.00%
4	(b) \$ 3,260,000	\$ 152,681	4.57%	(b) \$ 3,260,000	152,681	4.57%
5	(b) \$ 8,560,000			(b) \$ 8,560,000		4.30%
6	<u>\$ 234,260,000</u>	<u>\$ 10,080,011</u>	<u>4.30%</u>	<u>\$ 242,820,000</u>	<u>\$ 10,080,011</u>	<u>4.15%</u>
7						
8	(b) \$ 637,306	\$ 25,097	3.94%	(b) \$ -	-	0.00%
9						
10	<b>Common Equity</b>					
11	(a) \$ 5,126,020			(a) \$ 5,126,020		
12	(a) 203,889,486			(a) 203,889,486		
13	(a) 16,210,327			(a) 16,210,327		
14	\$ 225,225,834		10.10%	\$ 225,225,834		10.10%
15						
16	(a) (1,530,620)			-		
17	<u>223,695,213</u>			<u>225,225,834</u>		
18						
19						
20	<b>Other</b>					
21	(b) \$ 8,560,000	\$ 54,050	0.63%	(b) \$ -	\$ -	0.00%
22						
23						
24	<u>\$ 467,152,520</u>	<u>\$ 10,159,158</u>	<u>2.17%</u>	<u>\$ 468,045,834</u>	<u>\$ 10,080,011</u>	<u>2.15%</u>
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46	Supporting Schedules:	Recap Schedules:				
47	(a) E-1 Rebuttal	D-1 Rebuttal				
48	(b) D-2 Rebuttal					
49						
50	\2016 Paradise Valley Water Rebuttal.xlsm					

EPCOR WATER ARIZONA COMBINED  
At December 31, 2016  
COST OF REPLACEMENT DEBT

Exhibit  
Schedule D-2  
Page 2 of 2  
Witness: Hubbard

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description	Principal Amount	Net Discount, Premium and Expense	Effective Net Principal	Issue Date	Maturity Date	Interest Rate	Annualized Cost	Weighted Cost
10 Yr. EPCOR Water USA Note	\$ 133,000,000	\$ 305,900	\$ 132,694,100	2/1/2012	12/15/2021	3.74%	\$ 5,004,790	3.77%
30 Yr. EPCOR Water USA Note	98,000,000	225,400	97,774,600	2/1/2012	12/15/2041	5.00%	4,922,540	5.03%
8 Yr. EPCOR Water USA Note	3,260,000	38,616	3,221,384			4.57%	152,681	4.74%
Short Term Debt from EPCOR Utilities Inc. <sup>1</sup>	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2016	1/14/2017	0.63%	\$ 54,050	0.63%
<b>Subtotal-Other</b>	<b>\$ 8,560,000</b>		<b>\$ 8,560,000</b>				<b>\$ 54,050</b>	<b>0.63%</b>
WIFA Tubac note (at 12/31/16)	\$ 637,306	\$ -	\$ 637,306		11/1/2029	3.94%	\$ 25,097	3.94%

EPCOR Water Arizona Inc.  
At December 31, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description	Principal Amount	Net Discount, Premium and Expense	Effective Net Principal	Issue Date	Maturity Date	Interest Rate	Annualized Cost	Weighted Cost
10 Yr. EPCOR Water USA Note	\$ 133,000,000	\$ 152,950	\$ 132,847,050	2/1/2012	12/15/2021	3.74%	\$ 4,989,495	3.76%
30 Yr. EPCOR Water USA Note	98,000,000	\$ 112,700	97,887,300	2/1/2012	12/15/2041	5.00%	4,903,757	5.01%
<b>Subtotal Long-Term Debt</b>	<b>\$ 231,000,000</b>	<b>\$ 265,650</b>	<b>\$ 230,734,350</b>				<b>\$ 9,893,252</b>	<b>4.29%</b>
Short Term Debt from EPCOR Utilities Inc. <sup>1</sup>	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2015	1/15/2016	0.63%	\$ 54,050	0.63%
<b>Subtotal-Other</b>	<b>\$ 8,560,000</b>		<b>\$ 8,560,000</b>				<b>\$ 54,050</b>	<b>0.63%</b>
WIFA Tubac note (at 12/31/16)	\$ 637,306	\$ -	\$ 637,306		11/1/2029	3.94%	\$ 27,326	
<b>Total Debt</b>	<b>\$240,197,306</b>							

Source: 7/9/12 Suppl Compliance Filing in Docket No. W-01303A-11-0101

CHAPARRAL CITY WATER COMPANY  
At December 31, 2016  
COST OF REPLACEMENT DEBT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description	Principal Amount	Net Discount, Premium and Expense	Effective Net Principal	Issue Date	Maturity Date	Interest Rate	Annualized Cost	Weighted Cost
8 Yr. EPCOR Water USA Note	\$ 3,260,000	\$ 38,616	\$ 3,221,384	12/1/2014	12/1/2022	4.565%	\$ 150,106	4.66%
<b>Subtotal Long-Term Debt</b>	<b>\$ 3,260,000</b>	<b>\$ 38,616</b>	<b>\$ 3,221,384</b>				<b>\$ 150,106</b>	<b>4.66%</b>

<sup>1</sup>Long-term Debt Pending ACC Approval.