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BEFORE THE ARIZONA CORPORATION COMM.

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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- 10 COMMISSIONER

Docket No. WS-01303A-14-0010

11 IN THE MATTER OF THE APPLICATION OF
 12 EPCOR WATER ARIZONA INC., AN
 13 ARIZONA CORPORATION, FOR A
 14 DETERMINATION OF THE CURRENT FAIR
 15 VALUE OF ITS UTILITY PLANT AND
 16 PROPERTY AND FOR INCREASES IN ITS
 17 RATES AND CHARGES FOR UTILITY
 18 SERVICE BY ITS MOHAVE WATER
 19 DISTRICT, PARADISE VALLEY WATER
 20 DISTRICT, SUN CITY WATER DISTRICT,
 21 TUBAC WATER DISTRICT, AND MOHAVE
 22 WASTEWATER DISTRICT.

Arizona Corporation Commission

DOCKETED

AUG 20 2014

DOCKETED BY	
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RUCO'S MOTION TO CONTINUE ALL PROCEDURAL DEADLINES, CONTINUE HEARING, AND FOR TOLLING OF THE RATE CASE TIME-CLOCK

The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby applies to the Arizona Corporation Commission ("Commission") for an Order granting its Motion to Continue all Procedural Deadlines, Continue Hearing, and for Tolling of the Rate Case Time-Clock.

I. INTRODUCTION

RUCO is deeply concerned with the timing, completeness and accuracy of EPCOR's ("Company") Application and responses to RUCO's data requests. The discovery process here dates back to April, 2014 and has reached a point where RUCO has no choice but to ask to suspend the April 28, 2014 Procedural Order as RUCO is unable to comply with the filing

1 deadlines given the information provided by the Company to date. At issue are the expense
2 and plant accounts – to put this in some context, the Company's current ratebase for all its
3 systems is \$96 million. Between the SIB and Post Test Year Plant, the Company is seeking
4 approximately \$40 million in ratebase – plant and expenses are huge issues and are issues
5 that RUCO is deeply concerned about. To do its analysis, RUCO needs such basic information
6 as plant beginning balances tied back to the last test year, and the names of accounts to which
7 any adjustments are being made – not just, for example, a cumulative adjusted balance of all
8 accounts with no connection to individual accounts. Despite over four months of discovery,
9 RUCO has still not received this basic information which is typically included as part of any rate
10 case filing. It is not a question of the Company acting in bad faith – on the contrary the
11 Company has been working with RUCO. It appears to be more a question of the Company not
12 having the accurate information together when it filed its rate application which has resulted in
13 catch-up and caused numerous issues and undue delay for RUCO.

14 An example of the Company's good faith is a copy of the attached email (**Exhibit 1**) just
15 received from the Company's counsel showing that the Company is prepared now to provide
16 updated schedules that pick up the Company's plant from the last test year with adjustments
17 approved in the last rate case for each district. The Company is proposing to do this for one
18 district first and then move to other districts. RUCO applauds the Company's efforts but it
19 makes RUCO's point here – this is information that RUCO should have received back in April –
20 at this point – mid August – RUCO cannot be expected to do its due diligence and be ready to
21 file its Direct testimony October 3, 2014.

22 Another reason why the motion should be granted has to do with the Company's case in
23 Anthem/Aqua Fria Docket No. SW-01303A-09-0343. In that case the Commission has put
24 EPCOR on notice that the expedited schedule in that case could require this case to be

1 rescheduled and the timeclock extended. See page 5 of Procedural Order dated August 19,
2 2014 (**Exhibit 2**).

3 **II) PLANT**

4 By way of background, the Company filed this rate case on March 10, 2014. The case
5 went through sufficiency. The application included B-1 and B-2 schedules which had no
6 support or plant detail since the last rate case. Through numerous data requests, RUCO asked
7 for supporting account details of plant balances and accumulated depreciation. This goes back
8 to April 2014. The problems with the responses were evident from the beginning and RUCO
9 filed a Motion to Compel on May 28, 2014. RUCO's motion focused on DR No. 1.52 which
10 sought schedules of plant additions and retirements by year since the Company's last rate case
11 as well as supporting documentation. RUCO noted in its Motion to Compel that it was not
12 looking to toll the time clock or modify the current procedural schedule as RUCO hoped that this
13 motion would ultimately resolve the issue.

14 RUCO received a workable format from the Company on June 30, 2014 or two and a
15 half months post RUCO's initial request dated April 15, 2014. The Company's response, not
16 surprisingly was massive, complex and full of detail. On first impression, it looked like the
17 Company complied and RUCO agreed to withdraw its Motion to Compel on July 18, 2014. At
18 the time RUCO was concerned that the Motion had been pending for a while and the Company
19 was making an effort to comply. RUCO's review of the response was far from complete but its
20 initial impression was sound and at that point RUCO was anticipating few if any errors and
21 inaccuracies which is why RUCO agreed to withdraw the Motion at that time.

22 RUCO DR 1.52 requested informal and routine standard filing schedules that EPCOR's
23 predecessor Arizona-American had previously filed in its other earlier rate filings. Apparently,
24 EPCOR did not have its predecessor's schedules available due to the length of providing a

1 workable response to which RUCO could request additional information as needed. Upon
2 further review, the information provided to RUCO on June 30, 2014 did not include any
3 information or data pertaining to EPCOR's corporate plant, which is allocated to each operating
4 District.

5 On July 6, 2014, RUCO received the corporate plant information in a workable Excel
6 format from the Company that **excluded** the beginning accumulated depreciation balances by
7 account. Again, after further review, RUCO realized that EPCOR provided only a grand total of
8 the balance for the corporate accumulated depreciation balance, which did not designate the
9 balances to the particular corporate plant accounts and proved unworkable and for the most
10 part useless. RUCO received the corporate accumulated depreciation by account from the
11 Company during the week of August 11-15, 2014, or approximately four-months since RUCO
12 initially requested the information on April 15, 2014. RUCO's analyst assigned to analyze the
13 plant has not had the opportunity to review this data as of yet.

14 RUCO has only been able to analyze the Tubac system up to this point, RUCO has
15 found the following inaccuracies, discrepancies and lack of complete information with regard to
16 Tubac:

- 17 a. Starting in January 2008 the Company's starting plant balances do not tie back
18 to the amount of plant authorized in Decision No. 71410 dated December 8,
2009.
- 19 b. Since Tubac Water District's previous rate case before Decision 71410 was
20 granted, the Tubac District had not had a previous general rate case since a
21 Test Year ended December 31, 2001. This required RUCO to go back in that
22 docket and research the depreciation rates approved in Decision 67093 dated
23 June 30, 2004. RUCO has some disparity with the Company concerning the
24 depreciation rates utilized by the Company in their plant schedules provided to
RUCO on June 30, 2014. The number of depreciation rates that RUCO does
not agree with that was utilized by the Company is undeterminable at this time.
The nature and complexity of discerning the exact number of depreciation rates
in which RUCO disagrees with the Company is not as many as first identified.
Again, the verification of the exact number is due to the time constraints placed

1 upon RUCO due to not receiving a workable response from the Company until
2 June 30, 2014.

- 3 c. The Company's accumulated depreciation starting points do not tie back to
4 Decision 71410 either. The Company's own Cost of Service witness, Mr.
5 Bourassa, had to add an Un-Reconcilable line item to the Company's G-
6 Schedules to tie back to the General Ledger (See Tubac's G-6 Schedule on
7 page 3.3 at line 3).
- 8 d. In December 2009, the Company adds approximately \$2M of ACRM plant to an
9 approved account with a 5% depreciation rate only to transfer the majority of it
10 four-months later to an unapproved account with a 7.06% depreciation rate.
- 11 e. In February 2012, the Company's plant in service balance does not roll-forward
12 correctly from January to February 2012. However, the Company's balance roll-
13 forward error eliminates the majority of the difference between RUCO and the
14 Company's plant starting points back in January 2008. Regardless, the error
15 effects the depreciation expense and thus the accumulated depreciation
16 balances.
- 17 f. All of the Company's plant schedules from February 2012 through the end of the
18 Test Year December 31, 2013 are hard-numbered with no formulas. That
19 makes tracking problems non-existent.
- 20 g. The hard numbers in the Company's plant schedules provided in response to
21 RUCO DR 1.52 identified in f. above contains several depreciation expense
22 amounts in error when done mechanically with Excel.
- 23 h. For specific instances identified in g. above, the Company's depreciation
24 expense is *identical* for the months of July and August 2012, which is impossible
with different UPIS balances for the two months. The exact same scenario is
true of the months September and October 2012. This also happens again in
December 2012 through March 2013.
- i. There's an instance where the Company uses the annual 4% monthly
depreciation rate rather than $4\% / 12 = .0033$ for the depreciation expense for
that particular account. Again, due to time constraints, RUCO has been unable
to locate it expeditiously.
- j. The Company's allocation factors for the corporate plant are in error.
- k. Of paramount importance to the ratepayer, there are several accounts both in
corporate and the individual District's direct plant that are fully depreciated, and
the Company seeks further depreciation expense in its rates requested. In
some specific instances, they have recovered their investment many times over
(i.e. 20+ times in corporate software intangibles (IFRS) as shown on the
Company's Trial Balance).
- l. There are abnormal accumulated depreciation balances that increase rate base
rather than properly decreasing rate base by the normal accumulated
depreciation balance of an account.

1 Still other concerns have arisen concerning the plant balances which require further
2 research. Based on recent information received from the Company, RUCO's analysts have
3 become aware of additional plant concerns that were never resolved in the Company's last
4 rate case. In Docket No. 08-0227, there were unresolved plant issues that may carry over into
5 this case which RUCO needs to look at. Those plant items are a portion of the plant in this
6 case and could have a tie in to the plant beginning balance in this case. The point here is not
7 to debate the plant but an explanation of why RUCO needs more time to prepare its testimony
8 at this time.

9 **III) EXPENSES**

10 With regard to the expense items, RUCO sent out Data Request 4.06 on June 19, 2014,
11 RUCO received a response back on or about July 15, 2014. The Company's response did not
12 provide RUCO with the necessary supporting documentation for several expense items
13 selected for test work (see **Exhibit 3** Company responses to RUCO Data Request 4.06). Of
14 the expense items that the Company did provide invoice documentation to; several of the
15 items did not tie to the expense amount, which necessitated another RUCO data request, to
16 which RUCO has still not received a response from the Company¹. For the items that the
17 Company did not provide supporting documentation to in RUCO Data Request 4.06, this
18 necessitated another RUCO data request (see attachment RUCO Data Request 9.01), which
19 the Company objected to, but did provide a response which was received on August 11, 2014.

20 After a telephonic conference with the Company's counsel on August 7, 2014, the
21 Company has been making progress and has sent some additional information in the form of
22

23 _____
24 ¹ In fairness to the Company – this involves DR 10.01 which RUCO inadvertently delayed in sending out to
the Company.

1 spreadsheets to RUCO. However, these responses will necessitate additional discovery, as
2 new questions have arisen (e.g. purchase card expenditures).

3 RUCO is making this Motion in good faith and not for the purpose of delay. RUCO's
4 analysts have been working hard on this case, as have the Company's. However, it is clear to
5 RUCO that because of the information provided to date and all the prior circumstances as
6 discussed above, RUCO will need additional time to prepare its testimony.

7 **IV) RELIEF REQUESTED**

8 RUCO's direct testimony is due October 3, 2014. RUCO will require 90 days from the
9 time that the Company submits all of the updated plant and expense schedules to prepare to
10 complete its analysis. RUCO at this time does not know when it will receive all of the updated
11 schedules and requests that they be provided within 30 days of this filing.

12 **WHEREFORE**, RUCO moves that the due date for RUCO's direct testimony be
13 extended for 120 days and that all other deadlines set forth in the procedural order and the
14 hearing date be extended accordingly. RUCO further moves that the rate case time clock be
15 tolled during this 120 day period.

16 RESPECTFULLY SUBMITTED this 19th day of August, 2014

17
18
19 
20 Daniel W. Pozefsky
21 Chief Counsel
22
23
24

1 AN ORIGINAL AND THIRTEEN COPIES
of the foregoing filed this 19th day
2 of August, 2014 with:

3 Docket Control
Arizona Corporation Commission
4 1200 West Washington
Phoenix, Arizona 85007

5 COPIES of the foregoing hand delivered/
6 mailed this 19th day of August, 2014 to:

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8 Arizona Corporation Commission
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9 Phoenix, Arizona 85007

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21 Robert Metli
22 2398 E. Camelback Rd., Suite 240
Phoenix, Arizona 85016

By Cheryl Froulov

23
24

EXHIBIT 1

Dan Pozefsky

From: SHAPIRO, JAY <JSHAPIRO@FCLAW.COM>
Sent: Tuesday, August 19, 2014 9:19 AM
To: Dan Pozefsky; Robin Mitchell
Cc: SHAPIRO, JAY
Subject: EPCOR MD Rate Case

Good morning - following our recent emails and discussions, I am informed today that EPCOR is prepared to provide new updated schedules that pick up plant from the last test year, with adjustments approved in the last rate cases for each district, and carry that plant forward through the transition up until a date earlier this year. I am told these continuity schedules will confirm and tie out the plant account balances.

The Company would like to do one district first, share it with your analysts to see if it is satisfactory, and then do the others. Of course, the Company will discuss and meet to discuss any of this as requested by Staff and/or RUCO.

I look forward to hearing your thoughts on this latest proposal by EPCOR to address your clients' expressed concerns.

Thx,

Jay

CONFIDENTIALITY NOTICE: The information contained in this message may be protected by the attorney-client privilege. If you believe that it has been sent to you in error, do not read it. Please immediately reply to the sender that you have received the message in error. Then delete it. Thank you.

EXHIBIT 2

LEGAL KOBIN
Budget
Betty
Janet
Maxwell

COPY
KEEP OR DISCARD

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

RECEIVED
AUG 19 2014
LEGAL DIVISION
AZ CORP COMM

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM WATER DISTRICT AND ITS SUN CITY WATER DISTRICT, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER COMPANY'S DISTRICTS.

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM/AGUA FRIA WASTEWATER DISTRICT, ITS SUN CITY WASTEWATER DISTRICT AND ITS SUN CITY WEST WASTEWATER DISTRICT, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER COMPANY'S DISTRICTS.

DOCKET NO. SW-01303A-09-0343

PROCEDURAL ORDER

BY THE COMMISSION:

On August 18, 2014, a Procedural Order was issued in the above-captioned Docket that, among other things, scheduled a hearing, set various procedural filing dates, and ordered EPCOR Water Arizona, Inc. ("EPCOR") to mail and publish notice of the proceeding.

The Customer Notice contained within the August 18, 2014 Procedural Order inadvertently omitted certain information that should have been included. The Procedural Order also included an Ordering Paragraph that should not have been included.

1 IT IS FURTHER ORDERED that the **Ordering Paragraph on page 7, at lines 17 to 19, of**
2 **the August 18, 2014 Procedural Order should be disregarded.**

3 IT IS FURTHER ORDERED that **in all other respects, the August 18, 2014 Procedural**
4 **Order shall remain in full force and effect.**

5 IT IS FURTHER ORDERED that **EPCOR is hereby placed on notice that the expedited**
6 **schedule adopted in this proceeding may cause the hearing in Docket No. WS-01303A-14-0010,**
7 **currently scheduled to begin on December 2, 2014, to be rescheduled and the timeclock**
8 **extended.**

9 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
10 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
11 *pro hac vice.*

12 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
13 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
14 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
15 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is
16 scheduled for discussion, unless counsel has previously been granted permission to withdraw by the
17 Administrative Law Judge or the Commission.

18 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
19 Communications) continues to apply to this proceeding and shall remain in effect until the
20 Commission's Decision in this matter is final and non-appealable.

21 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
22 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

23 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
24 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
25 hearing.

26 ...

27 ...

28 ...

EXHIBIT 3

COMPANY: EPCOR Water Arizona Inc.
DOCKET NO: WS-01303A-14-0010

Response provided by: Greg Barber,
Title: Controller

Address: 2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

Company Response Number: RUCO 4.06

Q: Operating Expenses – Below is a sample of expense items selected for review by RUCO from the Company's various excel expense worksheets (which does not include any corporate allocations). Please provide, on a cd in pdf format if possible, a copy of the invoice(s) and other supporting documentation that is clearly marked to identify the expense item it supports from the list provide below. In addition, if spreadsheets are selected please provide the underling invoices. RUCO will also provide the sample excel spreadsheet through an email which provides more detail about the expense transactions selected below.

A: Below are explanations for certain categories of journal entries selected.

Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

EPCOR uses two different software applications to process payroll. Employees enter their time into Oracle Time and Labor ("OTL") then ADP is utilized for processing payroll. The total hours for each employee is entered in OTL for a given pay period and is then interfaced with ADP to generate payroll for that period, including benefits. As part of the payroll generation, ADP prepares the related journal entry that is uploaded to the Oracle system. These entries are reviewed and then posted to the Oracle general ledger. At month-end, ADP also calculates a payroll accrual for the days remaining in the month that have not been paid out, based on the salary and benefits data present in ADP. This entry is also prepared by ADP and uploaded to the Oracle system. The entry is reviewed and then posted to the Oracle general ledger. This entry automatically reverses in the subsequent month.

For employee time card entries charged to capital projects, Oracle also generates an Oracle Projects entry. This entry assures that all hours worked for a particular capital project gets charged to that project. Due to the large number of entries, complex nature of these transactions and the number of different systems involved, EPCOR is not able to provide supporting documentation for these individual items.

6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

All operating and maintenance costs incurred by EPCOR Water (USA) Inc., less any

Integration and/or business development costs, are accumulated throughout the year and allocated to the applicable districts at year-end based on the district's customer counts.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

When chemicals are purchased they are recorded to the chemicals inventory account on the balance sheet for the appropriate district. At each month-end, a determination of the month's chemicals usage is made and charged to expense account for that district. Due to the recurring nature of these transactions, the source labeled "spreadsheets" have not been provided.

P-Card Expense – Items 61, 63, 86 and 88 through 90

A Purchase card transactions file is received each month from US Bank. The file contains a line item for every purchase made on an employees' purchase cards during the month. Each employee is responsible for providing supporting documentation for each charge made to their purchase card and for coding each transaction to the appropriate general ledger account. Once all line items have been coded, the file is formatted to create a journal entry. Each line item within the file is represented by a line item in the journal entry and charged to the appropriate account. Purchase Card statements end on the 15th of every month, therefore an accrual is calculated every month by taking half of the previous Purchase Card statement balance and recording it to the related expenses. This accrual is reversed in the following month. The supporting documentation has not been provided due to the volume of the transactions and the immaterial nature of these transactions.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

A journal entry is recorded for invoices received in-house after the last day of the current month relating to goods purchased and services incurred on or prior to the last day of the current month. These accruals are reversed in the following month therefore the supporting documentation has not been provided.

Burden – Items 131-138 and 182-191

A standard percentage of burden is calculated on each labor item. The burden is calculated automatically on each transaction as it processes through our Oracle system. The burden percentage is maintained in the Oracle Projects system and is analyzed and reviewed quarterly with the EUSA Controller. The Controller signs off on any changes made to the burden percentage. It is not possible to pull support for burden line items in the GL.

Pension – Item 139

An actuarial analysis for the coming year is performed at or near the current year end by the defined pension plan administrator and communicated to the company. The actuarial analysis provides an estimate of the coming year pension expense and funding requirements. The estimated pension expense is recorded via journal entry in twelve equal increments in the year following the actuarial analysis and is allocated to the districts based on the number of employees in the applicable

district for the given year. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Premiums for insurance other than group (umbrella liability, workers' compensation, and other risk policies) are recorded to a prepaid account on the balance sheet when paid. The prepaid amounts are expensed in equal monthly increments over the respective corresponding life, or term, of each policy to each applicable district. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

district for the given year. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Premiums for insurance other than group (umbrella liability, workers' compensation, and other risk policies) are recorded to a prepaid account on the balance sheet when paid. The prepaid amounts are expensed in equal monthly increments over the respective corresponding life, or term, of each policy to each applicable district. Due to the recurring nature of these transactions, the supporting calculations have not been provided.



RESIDENTIAL UTILITY CONSUMER OFFICE

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Janice K. Brewer
Governor

Patrick J. Quinn
Director

August 12, 2014

Sheryl Hubbard
2355 W. Pinnacle Peak Road, Suite 300
Phoenix, Arizona 85027
shubbard@epcor.com

Re: RUCO's Tenth Set of Data Requests to EPCOR Water Arizona, Inc. - ACC
Docket No. WS-01303A-14-0010.

Dear Ms. Hubbard:

Attached is the Residential Utility Consumer Office's ("RUCO") Tenth Set of Data Requests to EPCOR Water Arizona ("Company"). RUCO should expect to receive the Company's response on or before Friday, August 22, 2014.

Please indicate the person or persons responsible for compilation of the information provided in response to these Data Requests, and the witness to whom questions regarding that information should be directed.

These requests are continuing in nature. Accordingly, the Company is requested to supplement prior responses if it receives or generates additional information, reports, or other data within the scope of these data requests between the time of the original response and the hearing.

RUCO's Tenth Set of Data Requests
August 12, 2014
Page 2

If any request is considered overly burdensome or would require the production of a voluminous amount of material, contact me at RUCO as soon as possible to discuss clarification or possible limits to the Company's response.

Please provide one copy of the requested data directly to each of the following addresses:

1) Daniel W. Pozefsky
Chief Counsel
Residential Utility Consumer Office
1110 West Washington Street
Suite 220
Phoenix, Arizona 85007
dpozefsky@azruco.gov

2) Robert B. Mease
Chief Accounting and Rates
Residential Utility Consumer Office
1110 West Washington Street
Suite 220
Phoenix, Arizona 85007
rmease@azruco.gov

The definitions and explanations that were attached to RUCO's First Set of Data Requests are incorporated, by reference, into this set of requests.

If you have any questions, please do not hesitate to contact me.

Thank you for your time and cooperation.

Very truly yours,

/s/

Daniel W. Pozefsky
Chief Counsel

cc: ishapiro@fclaw.com
wbirk@fclaw.com
rtanner@epcor.com
pblack@fclaw.com
lroberts@fclaw.com

EPCOR Water Arizona, Inc.

Docket No. WS-01303A-14-0010

Rate Application

RUCO's Tenth Set Of Data Requests

10.01 Operating Expenses – This is a follow-up to RUCO data request 4.06, in which the Company provided RUCO with copies of invoices in pdf format. Below is a list of expense items selected that did not have an associated invoice with them, did not foot, or did not have an allocation percentage on the invoice. If another invoice was previously provided that makes reference to the invoice amount please provide the item number (e.g. pdf number 43). For sample items that consists of several invoices please identify which amounts are being picked-up from each invoice, and for invoices with only total amounts indicate what percentage was allocated to the district selected. This should clear-up a majority of the expense items in the table.

Item No.	Period	Srce	GL Journal Batch Name	JE Name	Description	Accounted Debit
41	12-Aug	Spreadsheet	12 EUSA NC-KP 28AUG12 CORR COSTS IN PROJ 279822 Spreadsheet A 101708 17407666	August 2012 Correct costs previously charged to proj 279822 Adjustment USD	Reclass from Project	14,241.31
46	12-Jul	Payables	Payables A 1263823 16970284	JUL-12 Purchase Invoices USD	Journal Import Created	4,517.04
54	12-Dec	Payables	Payables A 1287614 18357858	DEC-12 Purchase Invoices USD	Journal Import Created	12,088.25
103	12-Dec	Payables	Payables A 1287614 18357858	DEC-12 Purchase Invoices USD	Journal Import Created	445.02
130	13-Jun	Payables	Payables A 1298861 19977236	JUN-13 Purchase Invoices USD	Journal Import Created	3,586.61
229	12-Aug	Payables	Payables A 1269005 17315407	AUG-12 Purchase Invoices USD	Journal Import Created	47,919.86
231	12-Dec	Spreadsheet	cab 11jan13 06 7A asset usage fee allocation Spreadsheet A 104634 18511947	7A Asset Usage Fee Allocation Adjustment USD	Depr Push for Central Shared Assets Tools & Equipment	277.90
237	13-Apr	Payables	Payables A 1290493 19288353	APR-13 Purchase Invoices USD	Journal Import Created	2,915.54
241	13-Apr	Payables	Payables A 1290493 19288353	APR-13 Purchase Invoices USD	Journal Import Created	869.74
244	12-Aug	Payables	Payables A 1269005 17315407	AUG-12 Purchase Invoices USD	Journal Import Created	33,304.94
265	12-Nov	Recurring	12 EUSA AZ Land Rental: 29-NOV-12 09:58:55	Amortize Land rental: 29-NOV-12 09:58:55	Arizona State Land	106.83
266	12-Dec	Recurring	12 EUSA AZ Land Rental: 28-DEC-12 11:20:38	Amortize Land rental: 28-DEC-12 11:20:38	Arizona State Land	106.83
268	12-Jul	Payables	Payables A 1267916 17154075	JUL-12 Purchase Invoices USD	Journal Import Created	343.44
269	12-Aug	Payables	Payables A 1269005 17315407	AUG-12 Purchase Invoices USD	Journal Import Created	410.66
271	12-Oct	Payables	Payables A 1283204 17896711	OCT-12 Purchase Invoices USD		399.12

EPCOR Water Arizona, Inc.

Docket No. WS-01303A-14-0010

Rate Application

RUCO's Tenth Set Of Data Requests

274	12-Dec	Payables	Payables A 1287614 18357858	DEC-12 Purchase Invoices USD	622.98
276	13-Feb	Payables	Payables A 1288135 18857988	FEB-13 Purchase Invoices USD	736.31
278	12-Jul	Payables	Payables A 1263893 17055961	JUL-12 Purchase Invoices USD	1,952.90
287	13-Feb	Payables	Payables A 1288135 18857988	FEB-13 Purchase Invoices USD	6,994.96
289	12-Jul	Payables	Payables A 1263893 17055961	JUL-12 Purchase Invoices USD	1,798.76
290	12-Jul	Payables	Payables A 1267916 17154075	JUL-12 Purchase Invoices USD	1,326.91
293	12-Sep	Payables	Payables A 1275111 17576244	SEP-12 Purchase Invoices USD	1,130.77
296	13-Feb	Payables	Payables A 1288135 18857988	FEB-13 Purchase Invoices USD	5,154.18
313	13-Feb	Payables	Payables A 1288135 18857988	FEB-13 Purchase Invoices USD	736.31
318	12-Jul	Payables	Payables A 1263893 17055961	JUL-12 Purchase Invoices USD	3,863.39
322	12-Sep	Payables	Payables A 1275142 17627847	SEP-12 Purchase Invoices USD	2,645.75
323	12-Nov	Payables	Payables A 1287373 18173073	NOV-12 Purchase Invoices USD	4,973.32
324	13-Feb	Payables	Payables A 1288135 18857988	FEB-13 Purchase Invoices USD	5,000.00
327	13-May	Payables	Payables A 1294693 19680326	MAY-13 Purchase Invoices USD	3,000.00
344	12-Sep	Payables	Payables A 1273078 17486790	SEP-12 Purchase Invoices USD	3,429.00
355	13-May	Payables	Payables A 1294660 19636464	MAY-13 Purchase Invoices USD	2,500.00
366	13-Apr	Payables	Payables A 1293522 19447473	APR-13 Purchase Invoices USD	3,392.70
369	12-Aug	Payables	Payables A 1267968 17219556	AUG-12 Purchase Invoices USD	4,868.66
372	12-Nov	Payables	Payables A 1284263 17977968	NOV-12 Purchase Invoices USD	5,868.86
373	12-Nov	Payables	Payables A 1284263 17977968	NOV-12 Purchase Invoices USD	6,318.26
381	12-Oct	Payables	Payables A 1282177 17840095	OCT-12 Purchase Invoices USD	1,732.54
383	13-Feb	Payables	Payables A 1288175 18911926	FEB-13 Purchase Invoices USD	1,498.08
387	12-Aug	Payables	Payables A 1267968 17219556	AUG-12 Purchase Invoices USD	6,689.28
388	12-Aug	Payables	Payables A 1267968 17219556	AUG-12 Purchase Invoices USD	6,917.04
389	12-Sep	Payables	Payables A 1273061 17469155	SEP-12 Purchase Invoices USD	6,526.87
390	12-Nov	Payables	Payables A 1284263 17977968	NOV-12 Purchase Invoices USD	6,221.37
391	12-Dec	Payables	Payables A 1287464 18247913	DEC-12 Purchase Invoices USD	6,157.16
392	13-May	Payables	Payables A 1293565 19489123	MAY-13 Purchase Invoices USD	7,909.56
393	13-May	Payables	Payables A 1293565 19489123	MAY-13 Purchase Invoices USD	7,079.05
394	13-Jun	Payables	Payables A 1295762 19790794	JUN-13 Purchase Invoices USD	6,544.59

EPCOR Water Arizona, Inc.

Docket No. WS-01303A-14-0010

Rate Application

RUCO's Tenth Set Of Data Requests

395	13-Jun	Payables	Payables A 1295762 19790794	JUN-13 Purchase Invoices USD		6,785.17
396	13-Jun	Payables	Payables A 1295762 19790794	JUN-13 Purchase Invoices USD		6,450.33

For item 41 no supporting documentation was provided, nor was this item objected to by the Company.

For item 46 the amount of invoices total \$3,814.71 please reconcile the difference.

For item 54 the amount of invoices total \$11,602.25 please reconcile the difference.

For item 103 invoice amount total is \$411.64 please reconcile the difference.

For item 130 there is an invoice for \$24,058.62 that does that have an amount allocated to the Mohave Water District, please provide an allocation work sheet, and reconcile any difference.

For item 229 the amount of invoices total \$52,354.83 please reconcile the difference

For item 231 no supporting documentation was provided, nor was this item objected to by the Company.

For items 237 there is an invoice for \$2,915.54 that does not have an amount allocated to Paradise Valley Water District, please provide an allocation works sheet, and reconcile any difference.

For items 241, same as item 237.

For item 244, same as item 229.

For items 265 and 266 no supporting documentation was provided, nor was this item objected to by the Company.

For item 268 there is an invoice for \$16,676.53 that does not have an amount allocated to Tubac Water District, please provide an allocation work sheet, and reconcile any difference.

For item 269 there is an allocation work sheet, but the total is \$359.43 please reconcile the difference.

For item 271 there is an invoice for \$4,940.94 that does not have an amount allocated to Tubac Water District, please provide an allocation work sheet, and reconcile any difference.

For item 274 there is an invoice for \$25,002.62 that does not have an amount allocated to Tubac Water District, please provide an allocation work sheet, and reconcile any difference.

For item 276 there are two invoices that total \$94,831.34 that does not have an amount allocated to Tubac Water District, please provide an allocation work sheet, and reconcile any difference.

For item 278 invoices only total \$114.99, please reconcile the difference.

EPCOR Water Arizona, Inc.

Docket No. WS-01303A-14-0010

Rate Application

RUCO's Tenth Set Of Data Requests

For item 287, same as item 276.

For item 289 the amount of \$1,798.76 does not appear on the invoice, please reconcile the difference.

For item 290 the amount allocated to Paradise Water District is \$286.97, please reconcile the difference.

For item 293 the amount allocated to Paradise Water District is \$459.44, please reconcile the difference.

For item 296 the amount allocated to Paradise Water District is \$525.64, please reconcile the difference.

For item 296 same as item 276.

For item 313 same as item 276.

For item 318 the amount of invoices total \$783.14, please reconcile the difference.

For item 322 the invoice amount is \$8,696.50, please reconcile the difference.

For item 323 invoices total \$3,201.43, please reconcile the difference.

For item 324 the invoice appears to be missing.

For item 327 the invoice allocates \$2,468.79 to Mohave Water District, please reconcile the difference.

For item 344 the invoice appears to be missing.

For item 355 the invoice appears to be missing.

For item 366 the invoice appears to be missing.

For item 369 the invoice appears to be missing.

For item 372 the invoice appears to be missing.

For item 373 invoices only total \$3,792.02, please reconcile the difference.

For item 381 invoices only total \$1,051, please reconcile the difference.

For item 383 invoices only total \$1,288.16, please reconcile the difference.

For item 387 invoices only total \$1,262.98, please reconcile the difference.

For item 388 the invoice appears to be missing.

For item 389 invoices only total \$5,579.56, please reconcile the difference.

For item 390 – 396, please provide all the supporting documentation, and reconcile any differences.

Note: Please reconcile the difference means provide a brief narrative and provide supporting documentation such as invoices.

COMPANY: EPCOR Water Arizona Inc.
DOCKET NO: WS-01303A-14-0010

Response provided by:
Title:

Address:

Company Response Number: RUCO 9.01

9.01 Operating Expenses – This is a follow-up to RUCO data request 4.06 which was sent on June 19, 2014, and asked the following:

Below is a sample of expense items selected for review by RUCO from the Company's various excel expense worksheets (which does not include any corporate allocations). Please provide, on a cd in pdf format if possible, a copy of the invoice(s) and other supporting documentation that is clearly marked to identify the expense item it supports from the list provide below. In addition, if spreadsheets are selected please provide the underlying invoices. RUCO will also provide the sample excel spreadsheet through an email which provides more detail about the expense transactions selected below. (invoice selection omitted).

The Company responded on July 17, 2014, and has objected too many of RUCO's requests, as follows:

Below are explanations for certain categories of journal entries selected.

Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

EPCOR uses two different software applications to process payroll. Employees enter their time into Oracle Time and Labor ("OTL") then ADP is utilized for processing payroll. The total hours for each employee is entered in OTL for a given pay period and is then interfaced with ADP to generate payroll for that period, including benefits. As part of the payroll generation, ADP prepares the related journal entry that is uploaded to the Oracle system. These entries are reviewed and then posted to the Oracle general ledger. At month-end, ADP also calculates a payroll accrual for the days remaining in the month that have not been paid out, based on the salary and benefits data present in ADP. This entry is also prepared by ADP and uploaded to the Oracle system. The entry is reviewed and then posted to the Oracle general ledger. This entry automatically reverses in the subsequent month.

For employee time card entries charged to capital projects, Oracle also generates an Oracle Projects entry. This entry assures that all hours worked for a particular capital project gets charged to that project. Due to

Pension – Item 139

Please see attached pdf documents for actuarial studies for calendar years 2012 and 2013.

- “2012 Detail Backup from Mercer.pdf”
- “2012 Pension Liability AZ and NM backup.pdf”
- “2013 Detail Backup from Mercer.pdf”
- “December 2013 Detail Backup from Mercer.pdf”

Also see attached spreadsheet entitled “Pension.xlsx” which rolls forward the pension liability balance from February 1, 2012 to December 31, 2013. Included within this spreadsheet is a calculation of the monthly pension expense for 2013 and the allocation of this expense across the districts, which agrees to Item 139.

Insurance Other Than Group – Items 199-206, 208-211, and 214-219

Please refer to the information provided for STF MJR 8.10, which includes the prepayment summaries and invoices for all insurance other than group.

argument that prior data requests responses were inadequate. This is not proper form for discovery. Moreover, the Company has received no prior notice from RUCO that it believed the response to data request 4.06 was inadequate. If RUCO believes a response is inadequate, its representatives should contact the Company and explain its concerns with specificity. EPCOR would like to proceed to resolve any disputed discovery matters with RUCO, and the Company will endeavor to respond to those portions of data request 9.01 that actually require a response, notwithstanding the Company's objection to the form of this discovery request.

A: Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

This response is provided separately as Company Response #: RUCO 9.01(a).

6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

Please see attached spreadsheet entitled "6U Allocation.xlsm", which includes the journal entry to record the allocation and the supporting calculation. The account analysis has also been provided as attachment "6U Account Analysis 2012.xlsx" which shows all transactions that account for the allocated amounts.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

Please see attached spreadsheet entitled "Chemical Inventory transactional analysis July 2012 to June 2013.xlsx", which details all inventory purchases and journal entries to record the monthly usage, as documented in DR 4.06. The transactional analysis shows that annual usage for the districts approximates annual purchases.

P-Card Expense – Items 61, 63, 86 and 88 through 90

Please see attached spreadsheet entitled "P Card Transactions 7A 7B 7M 7N 7P 7T for July 2012 Through June 2013.xlsm" listing all P-Card transactions charged to the districts.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

Please see attached spreadsheet entitled "July 2012 Reversals & June 2013 Accruals.xls" for July 2012 opening reversing entries and all June 2013 ending accruals.

Burden – Items 131-138 and 182-191

Please see attached file entitled "Burden calculations.pdf" for 2012 and 2013 labor burden calculations. Beginning in 2013, at the end of each quarter, the actual burden rate is calculated and compared to the amount budgeted and adjusted if deemed necessary.

Burden – Items 131-138 and 182-191

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any burden expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

If needed RUCO's analyst(s) are available to do a process walk through of how burden costs are calculated and installed in the Company's oracle computer system.

Pension – Item 139

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any pension expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the actuary report, with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with supporting documentation, including spreadsheets, calculations or invoices to support a majority of insurance other than group expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the insurance policy statements (umbrella liability, workers' compensation, and other risk policies), with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

OBJECTION: This data request purports to be a follow-up to RUCO data request 4.06, however, it contains nearly 5 pages of allegation and

13-Apr	Spreadsheet	mat 17Apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	STDIS	325.67
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6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support allocations. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any chemical expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

P-Card Expense – Items 61, 63, 86 and 88 through 90

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any P-Card expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any accounts payable accruals validated or unvalidated. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the Journal entry.

the large number of entries, complex nature of these transactions and the number of different systems involved, EPCOR is not able to provide supporting documentation for these individual items.

6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

All operating and maintenance costs incurred by EPCOR Water (USA) Inc., less any Integration and/or business development costs, are accumulated throughout the year and allocated to the applicable districts at year-end based on the district's customer counts.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

When chemicals are purchased they are recorded to the chemicals inventory account on the balance sheet for the appropriate district. At each month-end, a determination of the month's chemicals usage is made and charged to expense account for that district. Due to the recurring nature of these transactions, the source labeled "spreadsheets" have not been provided.

P-Card Expense – Items 61, 63, 86 and 88 through 90

A Purchase card transactions file is received each month from US Bank. The file contains a line item for every purchase made on an employees' purchase cards during the month. Each employee is responsible for providing supporting documentation for each charge made to their purchase card and for coding each transaction to the appropriate general ledger account. Once all line items have been coded, the file is formatted to create a journal entry. Each line item within the file is represented by a line item in the journal entry and charged to the appropriate account. Purchase Card statements end on the 15th of every month, therefore an accrual is calculated every month by taking half of the previous Purchase Card statement balance and recording it to the related expenses. This accrual is reversed in the following month. The supporting documentation has not been provided due to the volume of the transactions and the immaterial nature of these transactions.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

A journal entry is recorded for invoices received in-house after the last day of the current month relating to goods purchased and services incurred on or prior to the last day of the current month. These accruals are reversed in the following month therefore the supporting documentation has not been provided.

Burden – Items 131-138 and 182-191

A standard percentage of burden is calculated on each labor item. The burden is calculated automatically on each transaction as it processes through our Oracle system. The burden percentage is maintained in the Oracle Projects system and is analyzed and reviewed quarterly with the EUSA Controller. The Controller signs off on any changes made to the

burden percentage. It is not possible to pull support for burden line items in the GL.

Pension – Item 139

An actuarial analysis for the coming year is performed at or near the current year end by the defined pension plan administrator and communicated to the company. The actuarial analysis provides an estimate of the coming year pension expense and funding requirements. The estimated pension expense is recorded via journal entry in twelve equal increments in the year following the actuarial analysis and is allocated to the districts based on the number of employees in the applicable district for the given year. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Premiums for insurance other than group (umbrella liability, workers' compensation, and other risk policies) are recorded to a prepaid account on the balance sheet when paid. The prepaid amounts are expensed in equal monthly increments over the respective corresponding life, or term, of each policy to each applicable district. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

Based on the Company's objections to invoices or other supporting documentation relating to labor, due to the large number of entries, complex nature of these transactions, number of different systems involved, and in an effort to lessen discovery disputes, RUCO has now selected a smaller sample to cover labor related items, as shown below:

Period	Src	GL Journal Batch Name	JE Name	Description	Accounted Debit
12-Aug	Projects	Projects A 1268952 17244367	AUG-12 Labor Cost USD	Journal Import Created	727.19
12-Aug	Projects	Projects A 1268952 17244367	AUG-12 Labor Cost USD	Journal Import Created	4449.12
13-Feb	Projects	Projects A 1287966 18715631 2	FEB-13 Labor Cost USD	Journal Import Created	612.91
12-Nov	Projects	Projects A 1286363 18150127	NOV-12 Labor Cost USD	Journal Import Created	2206.88
13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	DENTAL	286.06
13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	Defined?Contrib	587.42
13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	K?MATCH	585.92
13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	Gift card	803.22
13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	Gift card	1606.44

13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	STDIS	325.67
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6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support allocations. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any chemical expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

P-Card Expense – Items 61, 63, 86 and 88 through 90

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any P-Card expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any accounts payable accruals validated or unvalidated. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the Journal entry.

Burden – Items 131-138 and 182-191

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any burden expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

If needed RUCO's analyst(s) are available to do a process walk through of how burden costs are calculated and installed in the Company's oracle computer system.

Pension – Item 139

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any pension expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the actuary report, with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with supporting documentation, including spreadsheets, calculations or invoices to support a majority of insurance other than group expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the insurance policy statements (umbrella liability, workers' compensation, and other risk policies), with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

OBJECTION: This data request purports to be a follow-up to RUCO data request 4.06, however, it contains nearly 5 pages of allegation and argument that

prior data requests responses were inadequate. This is not proper form for discovery. Moreover, the Company has received no prior notice from RUCO that it believed the response to data request 4.06 was inadequate. If RUCO believes a response is inadequate, its representatives should contact the Company and explain its concerns with specificity. EPCOR would like to proceed to resolve any disputed discovery matters with RUCO, and the Company will endeavor to respond to those portions of data request 9.01 that actually require a response, notwithstanding the Company's objection to the form of this discovery request.

A:

Jeffrey Michlik

From: Dan Pozefsky
Sent: Friday, August 15, 2014 4:02 PM
To: Robert Mease; Jeffrey Michlik; Patrick Quinn
Subject: FW: Epcor

FYI

From: SHAPIRO, JAY [mailto:JSHAPIRO@FCLAW.COM]
Sent: Friday, August 15, 2014 3:53 PM
To: Dan Pozefsky
Cc: Robin Mitchell (rmitchell@azcc.gov)
Subject: Re: Epcor

Dan - To clarify, in our 8/7 call, I agreed to start get to work trying to address RUCO's concerns, and expressed I would start by prioritizing certain matters, which as described below, we did. I never indicated we would tackle every one of RUCO's complaints in a week. In fact, as I have expressed throughout this dispute, I needed more specifics. It is not enough for RUCO to just say "this is inadequate" or "schedules do not tie".

Thus, while I appreciated being given specific examples during that call, my first effort was intended to address 1.52, 8.01 and 9.01. We did that this week, only to have you now say it is still not enough.

I understand your client is frustrated. But I do not think it is fair to say the Company has not done exactly what it said it would do when we spoke on 8/7. A lot of effort went into catching up this week, and this is not the result we were all hoping for after we spoke at length last week.

Thx,

Jay

On Aug 15, 2014, at 3:14 PM, "Dan Pozefsky" <DPozefsky@azruco.gov> wrote:

Jay,

Thanks again for your efforts as well as the Companies. I do not know if I entirely agree with your interpretation of events or your categorizing our email as an attempt to eliminate any further chance to resolve any further concerns.

On the contrary we want to continue to work with the Company on Discovery – from our standpoint it is now more of an issue of time. I know on 1.52 I told you that the Company's updates and supplemental responses required a lot of work on our part to go through and we would need time to work through it. However, on its face when we got it - it looked good which is why we agreed to file our notice withdrawing the motion to compel. I know Tim is still working through it and I did not feel it was appropriate at the time to ask the Judge to rule on it when the Company had submitted its supplements.

Last week when we spoke my client went through a long list of outstanding concerns which you graciously considered and said you would parlay to the Company and get back to me by this Thursday with the information. The Company has in fact supplied more information which we have received.

My client has advised me that the information we received is still insufficient and we are at a point where we clearly know that we do not have enough information and time to prepare testimony in time to meet our filing deadlines. We have tried to work with the Company and are still lacking – we are not going to wait to file a motion when we know now that we will not be able to meet the filing deadline and have it suggested or be accused that we have purposefully delayed.

I am not going to go through each one of your points here, surely not without my clients input - but I will again present your proposal to my people and see if there is a way short of a motion to deal with the outstanding discovery. If there is I will let you know otherwise we will file our motion and go from there.

One other point – I cannot ever remember filing a motion on behalf of RUCO to suspend a procedural schedule – so you know it is not something that we do lightly or without good reason. While you may disagree, we have reached that point where we know we need more time – but that does not mean we do not want to continue to work with the Company. Please do not get that impression.

Dan

From: SHAPIRO, JAY [mailto:JSHAPIRO@FCLAW.COM]
Sent: Friday, August 15, 2014 2:01 PM
To: Dan Pozefsky
Cc: Robin Mitchell (rmitchell@azcc.gov)
Subject: RE: Epcor
Importance: High

Dan – When I received this email from you, I was working on an email summarizing where I thought we were at since we spoke on 8/7/14, after which call, the Company provided numerous additional data request responses this week. You repeatedly told me during that call that RUCO strongly preferred to work things out. Until your email, I had really hoped that we were making progress on the three items we prioritized during that call and, as we also discussed, the next step might be a meeting of the parties to work on remaining differences. In this context, your email eliminating any further chance to resolve RUCO’s concerns was surprising as well as disappointing.

In contrast, EPCOR remains willing to keep working with RUCO. Towards that end, here is a summary of recent efforts -

1. All responses to RUCO data requests are current. Only the responses to the 10th set received this week are outstanding. The Company is also just a few responses shy of being current on all of Staff’s outstanding discovery requests.
2. The Company has provided the final supplement to RUCO DR 1.52. We have not received any comments from RUCO on this and at this time assume it is complete to RUCO’s satisfaction.
3. The Company has provided responses to RUCO 9.01 and RUCO has responded that it still requires further support. However, in response to DR 4.06, which 9.01 follows up, the Company provided a CD with all of the invoices for the “payables” that RUCO referenced on its “396 item” spreadsheet. Attached is the index the Company also provided at that time. We are not aware of what else RUCO requires for this response to be complete.
4. RUCO also asked for “The Corporate Plant starting accumulated depreciation balances per each account starting on June 30, 2010.” EPCOR addressed this in its response to DR 8.01 where the

Company explained that it couldn't break out the 6/10 AD balance of the \$5,663,539.53 into accounts. That was the amount included in the General Ledger but the ledger doesn't have it by account. As a result, EPCOR had to use the roll forwards to determine it by account. The result was only about \$70,000 off which the Company has identified as salvage and cost of removal. A slightly revised version of that response is attached.

Again, we remain available to continue working to address RUCO's concerns in a reasonable and cooperative fashion. At a minimum, I would think RUCO should first accept my offer to have the parties meet face to face to discuss matters that remain in dispute before seeking to delay the case.

Best Regards,

Jay

FENNEMORE CRAIG

ATTORNEYS

DENVER | LAS VEGAS | NOGALES | PHOENIX | RENO | TUCSON

www.FennemoreCraig.com

CONFIDENTIALITY NOTICE: The information contained in this message may be protected by the attorney-client privilege. If you believe that it has been sent to you in error, do not read it. Please immediately reply to the sender that you have received the message in error. Then delete it. Thank you.

From: Dan Pozefsky [<mailto:DPozefsky@azruco.gov>]

Sent: Friday, August 15, 2014 9:32 AM

To: SHAPIRO, JAY

Cc: Robert Mease

Subject: Epcor

Jay,

As promised I wanted to give you a heads up that early next week we intend a to file a motion in the current case to suspend the procedural order – While we have not finalized exactly what we will be asking for it will surely include moving the filing and hearing dates back. We have simply come to the point where we can not make the filing dates. I appreciate all your recent efforts and the Companys and it will not go unnoticed when I make the filing.

We will email you our filing promptly and let the Judge decide this once and for all.

Thanks

Dan

COMPANY: EPCOR Water Arizona Inc.
DOCKET NO: WS-01303A-14-0010

Response provided by: Sheryl Hubbard
Title: Director, Regulatory & Rates

Address: 2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

Company Response Number: RUCO 9.01 (a)

9.01 Operating Expenses – This is a follow-up to RUCO data request 4.06 which was sent on June 19, 2014, and asked the following:

Below is a sample of expense items selected for review by RUCO from the Company's various excel expense worksheets (which does not include any corporate allocations). Please provide, on a cd in pdf format if possible, a copy of the invoice(s) and other supporting documentation that is clearly marked to identify the expense item it supports from the list provide below. In addition, if spreadsheets are selected please provide the underlying invoices. RUCO will also provide the sample excel spreadsheet through an email which provides more detail about the expense transactions selected below. (invoice selection omitted).

The Company responded on July 17, 2014, and has objected too many of RUCO's requests, as follows:

Below are explanations for certain categories of journal entries selected.

Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

EPCOR uses two different software applications to process payroll. Employees enter their time into Oracle Time and Labor ("OTL") then ADP is utilized for processing payroll. The total hours for each employee is entered in OTL for a given pay period and is then interfaced with ADP to generate payroll for that period, including benefits. As part of the payroll generation, ADP prepares the related journal entry that is uploaded to the Oracle system. These entries are reviewed and then posted to the Oracle general ledger. At month-end, ADP also calculates a payroll accrual for the days remaining in the month that have not been paid out, based on the salary and benefits data present in ADP. This entry is also prepared by ADP and uploaded to the Oracle system. The entry is reviewed and then posted to the Oracle general ledger. This entry automatically reverses in the subsequent month.

For employee time card entries charged to capital projects, Oracle also generates an Oracle Projects entry. This entry assures that all hours worked for a particular capital project gets charged to that project. Due to

the large number of entries, complex nature of these transactions and the number of different systems involved, EPCOR is not able to provide supporting documentation for these individual items.

6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

All operating and maintenance costs incurred by EPCOR Water (USA) Inc., less any Integration and/or business development costs, are accumulated throughout the year and allocated to the applicable districts at year-end based on the district's customer counts.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

When chemicals are purchased they are recorded to the chemicals inventory account on the balance sheet for the appropriate district. At each month-end, a determination of the month's chemicals usage is made and charged to expense account for that district. Due to the recurring nature of these transactions, the source labeled "spreadsheets" have not been provided.

P-Card Expense – Items 61, 63, 86 and 88 through 90

A Purchase card transactions file is received each month from US Bank. The file contains a line item for every purchase made on an employees' purchase cards during the month. Each employee is responsible for providing supporting documentation for each charge made to their purchase card and for coding each transaction to the appropriate general ledger account. Once all line items have been coded, the file is formatted to create a journal entry. Each line item within the file is represented by a line item in the journal entry and charged to the appropriate account. Purchase Card statements end on the 15th of every month, therefore an accrual is calculated every month by taking half of the previous Purchase Card statement balance and recording it to the related expenses. This accrual is reversed in the following month. The supporting documentation has not been provided due to the volume of the transactions and the immaterial nature of these transactions.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

A journal entry is recorded for invoices received in-house after the last day of the current month relating to goods purchased and services incurred on or prior to the last day of the current month. These accruals are reversed in the following month therefore the supporting documentation has not been provided.

Burden – Items 131-138 and 182-191

A standard percentage of burden is calculated on each labor item. The burden is calculated automatically on each transaction as it processes through our Oracle system. The burden percentage is maintained in the Oracle Projects system and is analyzed and reviewed quarterly with the EUSA Controller. The Controller signs off on any changes made to the

burden percentage. It is not possible to pull support for burden line items in the GL.

Pension – Item 139

An actuarial analysis for the coming year is performed at or near the current year end by the defined pension plan administrator and communicated to the company. The actuarial analysis provides an estimate of the coming year pension expense and funding requirements. The estimated pension expense is recorded via journal entry in twelve equal increments in the year following the actuarial analysis and is allocated to the districts based on the number of employees in the applicable district for the given year. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Premiums for insurance other than group (umbrella liability, workers' compensation, and other risk policies) are recorded to a prepaid account on the balance sheet when paid. The prepaid amounts are expensed in equal monthly increments over the respective corresponding life, or term, of each policy to each applicable district. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

Based on the Company's objections to invoices or other supporting documentation relating to labor, due to the large number of entries, complex nature of these transactions, number of different systems involved, and in an effort to lessen discovery disputes, RUCO has now selected a smaller sample to cover labor related items, as shown below:

Period	Srcce	GL Journal Batch Name	JE Name	Description	Accounted Debit
12-Aug	Projects	Projects A 1268952 17244367	AUG-12 Labor Cost USD	Journal Import Created	727.19
12-Aug	Projects	Projects A 1268952 17244367	AUG-12 Labor Cost USD	Journal Import Created	4449.12
13-Feb	Projects	Projects A 1287966 18715631 2	FEB-13 Labor Cost USD	Journal Import Created	612.91
12-Nov	Projects	Projects A 1286363 18150127	NOV-12 Labor Cost USD	Journal Import Created	2206.88
13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	DENTAL	286.06
13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	Defined?Contrib	587.42
13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	K?MATCH	585.92
13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	Gift card	803.22
13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	Gift card	1606.44

13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	STDIS	325.67
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6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support allocations. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any chemical expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

P-Card Expense – Items 61, 63, 86 and 88 through 90

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any P-Card expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any accounts payable accruals validated or unvalidated. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the Journal entry.

Burden – Items 131-138 and 182-191

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any burden expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

If needed RUCO's analyst(s) are available to do a process walk through of how burden costs are calculated and installed in the Company's oracle computer system.

Pension – Item 139

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any pension expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the actuary report, with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with supporting documentation, including spreadsheets, calculations or invoices to support a majority of insurance other than group expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the insurance policy statements (umbrella liability, workers' compensation, and other risk policies), with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

OBJECTION: This data request purports to be a follow-up to RUCO data request 4.06, however, it contains nearly 5 pages of allegation and

argument that prior data requests responses were inadequate. This is not proper form for discovery. Moreover, the Company has received no prior notice from RUCO that it believed the response to data request 4.06 was inadequate. If RUCO believes a response is inadequate, its representatives should contact the Company and explain its concerns with specificity. EPCOR would like to proceed to resolve any disputed discovery matters with RUCO, and the Company will endeavor to respond to those portions of data request 9.01 that actually require a response, notwithstanding the Company's objection to the form of this discovery request.

A: Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

The labor expense requested by the Company for all districts in this rate application is based on the calculations in a file provided in the workpapers provided in conjunction with the rate case application. The recorded expense is only used as the base to adjust to the expense in the Excel file labeled "Payroll, Benefits & Taxes 12-19-2013.xlsx". This file contains all of the payroll-related downloads from the payroll administrator. It has the labor rates of the employees, the charges to operating expenses versus capital as well as benefits. The source of several of the tabs in that file are reports from the payroll administrator and will provide the documentation in support of the requested labor expense as well as the associated benefits and taxes.

COMPANY: EPCOR Water Arizona Inc.
DOCKET NO: WS-01303A-14-0010

Response provided by: Greg Barber
Title: Controller

Address:

Company Response Number: RUCO 9.01(b)

9.01 Operating Expenses – This is a follow-up to RUCO data request 4.06 which was sent on June 19, 2014, and asked the following:

Below is a sample of expense items selected for review by RUCO from the Company's various excel expense worksheets (which does not include any corporate allocations). Please provide, on a cd in pdf format if possible, a copy of the invoice(s) and other supporting documentation that is clearly marked to identify the expense item it supports from the list provide below. In addition, if spreadsheets are selected please provide the underlying invoices. RUCO will also provide the sample excel spreadsheet through an email which provides more detail about the expense transactions selected below. (invoice selection omitted).

The Company responded on July 17, 2014, and has objected too many of RUCO's requests, as follows:

Below are explanations for certain categories of journal entries selected.

Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

EPCOR uses two different software applications to process payroll. Employees enter their time into Oracle Time and Labor ("OTL") then ADP is utilized for processing payroll. The total hours for each employee is entered in OTL for a given pay period and is then interfaced with ADP to generate payroll for that period, including benefits. As part of the payroll generation, ADP prepares the related journal entry that is uploaded to the Oracle system. These entries are reviewed and then posted to the Oracle general ledger. At month-end, ADP also calculates a payroll accrual for the days remaining in the month that have not been paid out, based on the salary and benefits data present in ADP. This entry is also prepared by ADP and uploaded to the Oracle system. The entry is reviewed and then posted to the Oracle general ledger. This entry automatically reverses in the subsequent month.

For employee time card entries charged to capital projects, Oracle also generates an Oracle Projects entry. This entry assures that all hours worked for a particular capital project gets charged to that project. Due to

the large number of entries, complex nature of these transactions and the number of different systems involved, EPCOR is not able to provide supporting documentation for these individual items.

6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

All operating and maintenance costs incurred by EPCOR Water (USA) Inc., less any Integration and/or business development costs, are accumulated throughout the year and allocated to the applicable districts at year-end based on the district's customer counts.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

When chemicals are purchased they are recorded to the chemicals inventory account on the balance sheet for the appropriate district. At each month-end, a determination of the month's chemicals usage is made and charged to expense account for that district. Due to the recurring nature of these transactions, the source labeled "spreadsheets" have not been provided.

P-Card Expense – Items 61, 63, 86 and 88 through 90

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Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

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Burden – Items 131-138 and 182-191

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burden percentage. It is not possible to pull support for burden line items in the GL.

Pension – Item 139

An actuarial analysis for the coming year is performed at or near the current year end by the defined pension plan administrator and communicated to the company. The actuarial analysis provides an estimate of the coming year pension expense and funding requirements. The estimated pension expense is recorded via journal entry in twelve equal increments in the year following the actuarial analysis and is allocated to the districts based on the number of employees in the applicable district for the given year. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Premiums for insurance other than group (umbrella liability, workers' compensation, and other risk policies) are recorded to a prepaid account on the balance sheet when paid. The prepaid amounts are expensed in equal monthly increments over the respective corresponding life, or term, of each policy to each applicable district. Due to the recurring nature of these transactions, the supporting calculations have not been provided.

Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

Based on the Company's objections to invoices or other supporting documentation relating to labor, due to the large number of entries, complex nature of these transactions, number of different systems involved, and in an effort to lessen discovery disputes, RUCO has now selected a smaller sample to cover labor related items, as shown below:

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13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	Defined?Contrib	587.42
13-Apr	Spreadsheet	mat 03apr13 Spreadsheet A 101765 19214612	PR PPE 03.31.2013 Adjustment USD	K?MATCH	585.92
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13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	STDIS	325.67
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6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support allocations. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any chemical expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

P-Card Expense – Items 61, 63, 86 and 88 through 90

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any P-Card expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any accounts payable accruals validated or unvalidated. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the Journal entry.

Burden – Items 131-138 and 182-191

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any burden expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

If needed RUCO's analyst(s) are available to do a process walk through of how burden costs are calculated and installed in the Company's oracle computer system.

Pension – Item 139

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with any supporting documentation, including spreadsheets, calculations or invoices to support any pension expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the actuary report, with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

Insurance Other Than Group – Items 199-206, 208-211, and 214- 219

Thank you for the information you provided, however it is not fully responsive to RUCO's data request. RUCO needs this information to prepare its testimony. At this date, the Company has not provided RUCO with supporting documentation, including spreadsheets, calculations or invoices to support a majority of insurance other than group expenses. Please provide supporting documentation for the above items originally requested in RUCO data request 4.06.

Please provide a copy of the insurance policy statements (umbrella liability, workers' compensation, and other risk policies), with the total amount to be allocated to the districts along with any allocation calculations and spreadsheets that span the 12 month test year period.

OBJECTION: This data request purports to be a follow-up to RUCO data request 4.06, however, it contains nearly 5 pages of allegation and

argument that prior data requests responses were inadequate. This is not proper form for discovery. Moreover, the Company has received no prior notice from RUCO that it believed the response to data request 4.06 was inadequate. If RUCO believes a response is inadequate, its representatives should contact the Company and explain its concerns with specificity. EPCOR would like to proceed to resolve any disputed discovery matters with RUCO, and the Company will endeavor to respond to those portions of data request 9.01 that actually require a response, notwithstanding the Company's objection to the form of this discovery request.

A: Labor – Items 1-10, 12-18, 20, 24-25, 140-181, and 197-198

This response is provided separately as Company Response #: RUCO 9.01(a).

6U Allocation – Items 11, 19, 21-22, 192-196, 260, and 262

Please see attached spreadsheet entitled “6U Allocation.xlsm”, which includes the journal entry to record the allocation and the supporting calculation. The account analysis has also been provided as attachment “6U Account Analysis 2012.xlsx” which shows all transactions that account for the allocated amounts.

Chemical Expense – Items 56-60, 62, 64-68, and 70-80

Please see attached spreadsheet entitled “Chemical Inventory transactional analysis July 2012 to June 2013.xlsx”, which details all inventory purchases and journal entries to record the monthly usage, as documented in DR 4.06. The transactional analysis shows that annual usage for the districts approximates annual purchases.

P-Card Expense – Items 61, 63, 86 and 88 through 90

Please see attached spreadsheet entitled “P Card Transactions 7A 7B 7M 7N 7P 7T for July 2012 Through June 2013.xlsm” listing all P-Card transactions charged to the districts.

Accounts Payable Accrual, Validated and Unvalidated – Items 69, 212-213, and 226-227

Please see attached spreadsheet entitled “July 2012 Reversals & June 2013 Accruals.xls” for July 2012 opening reversing entries and all June 2013 ending accruals.

Burden – Items 131-138 and 182-191

Please see attached file entitled “Burden calculations.pdf” for 2012 and 2013 labor burden calculations. Beginning in 2013, at the end of each quarter, the actual burden rate is calculated and compared to the amount budgeted and adjusted if deemed necessary.

Pension – Item 139

Please see attached pdf documents for actuarial studies for calendar years 2012 and 2013.

- “2012 Detail Backup from Mercer.pdf”
- “2012 Pension Liability AZ and NM backup.pdf”
- “2013 Detail Backup from Mercer.pdf”
- “December 2013 Detail Backup from Mercer.pdf”

Also see attached spreadsheet entitled “Pension.xlsx” which rolls forward the pension liability balance from February 1, 2012 to December 31, 2013. Included within this spreadsheet is a calculation of the monthly pension expense for 2013 and the allocation of this expense across the districts, which agrees to Item 139.

Insurance Other Than Group – Items 199-206, 208-211, and 214-219

Please refer to the information provided for STF MJR 8.10, which includes the prepayment summaries and invoices for all insurance other than group.