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6 Attorneys for EPCOR Water Arizona Inc.

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF EPCOR WATER ARIZONA INC., 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 FOR UTILITY SERVICE BY ITS MOHAVE WATER DISTRICT, PARADISE VALLEY WATER DISTRICT, SUN CITY WATER DISTRICT, TUBAC WATER DISTRICT, AND MOHAVE WASTEWATER DISTRICT.

DOCKET NO: WS-01303A-14-0010

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

EPCOR Water Arizona Inc. ("EWAZ" or the "Company") hereby responds to RUCO's Motion to Continue All Procedural Deadlines, Continue Hearing, and for Tolling of the Rate Case Time-Clock. The Company objects to the relief sought by RUCO. The roughly 4 month delay sought by RUCO is disproportionate and would cost the Company as much as \$1.8 million in lost revenues.

Since the Company's application was found sufficient on April 4, 2014, it has received and responded to almost 500 data requests from Staff and RUCO.¹ Responding to 500 data requests requires considerable effort locating, reviewing and compiling tens of thousands of pages of documents, and preparing numerous schedules and worksheets.

¹ To date, Staff has served 17 sets containing 252 requests with subparts. RUCO has served 11 sets containing a total of 222 requests including subparts. All data request responses to Staff have been provided to RUCO in addition to the responses to RUCO's data requests.

1 RUCO expressly “applauds” the Company’s efforts to respond to its discovery requests,
2 eliminating any question that EWAZ has acted in good faith in response to RUCO’s
3 requests, including RUCO’s many requests for follow-up information.² In fact, on
4 August 14, 2014, just a few days before its motion was filed, one of RUCO’s analysts
5 acknowledged the Company’s good faith efforts to accomplish the “daunting” task
6 requested.³

7 Meanwhile, the Company’s efforts in this docket have run parallel to the burden of
8 compliance with the Commission’s order (Decision No. 74589 issued July 30, 2014) that
9 EWAZ also respond to customer complaints in its Agua Fria wastewater district by
10 submitting analysis of multiple scenarios including full consolidation of all of EWAZ’s
11 wastewater districts, a deconsolidation scenario, and a scenario involving reconsolidation
12 of its Anthem wastewater and Agua Fria wastewater districts. Under these difficult
13 circumstances, as explained below, the Company believes it has acted reasonably and that
14 the extensive delay in setting new rates requested by RUCO – as long as 4 months -- is not
15 warranted.

16 Instead, the Company respectfully suggests that an extension of no more than
17 30 days should be sufficient to (1) accommodate Judge Nodes’ need for additional time;⁴
18 and (2) allow RUCO sufficient time to review and use all the information it has asked for
19 and which the Company has provided over the past 4 months. Anything more unfairly
20 shifts the burden of the wastewater consolidation proceeding and RUCO’s “daunting”
21 discovery solely on the Company.

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23
24 ² RUCO Motion at 2.

25 ³ See **Exhibit 1**.

26 ⁴ See Procedural Order, filed August 19, 2014 in Docket No. W-01303A-09-0343, *et al.*,
at 5:5-8.

1 **I. RESPONSES TO RUCO MOTION**

2 **A. RUCO Data Request 1.52**

3 The centerpiece of RUCO's motion is data request 1.52. A detailed discussion of
4 the Company's efforts and the information it has provided further illustrates the
5 Company's good faith efforts to resolve any disputes with RUCO over discovery.

6 RUCO 1.52 was served on the Company on April 15, 2014 requesting:

7 Q: Plant Additions and Retirements – Please provide a schedule of plant
8 additions and retirements by year and by line item (e.g., 307 Wells
9 and Springs) in excel format, for each of the intervening years since
10 the test year in the Company's prior rate case through the end of the
11 test year in the current filing. In addition, provide the invoices and
12 other supporting documentation for all of these additions and
13 Retirements.

14 In addition, please include post-test year invoices.

15 On May 12, 2014, EWAZ responded:

16 A: Attached are the authorized depreciation rates for Mohave Water
17 (Docket 10-0448; Decision No. 73145), Sun City Water (Docket 09-
18 0343; Decision No. 72047), and Paradise Valley Water, Tubac
19 Water and Mohave Wastewater (Docket 08-0227; Decision No.
20 71410). The plant additions, retirements, and adjustments by year
21 and NARUC plant account number for the period February 1, 2012
22 through the end of the test year June 30, 2013 are attached and
23 labeled "RUCO 1.52 PPE Rollforward – Feb '12-Jun '13.xlsx". The
24 Company is preparing the requested information for the period
25 between the test year in each district's last rate case through January
26 31, 2012 in the same format as is provided with this response.

The invoices for the February 1, 2012 through June 30, 2013 period
were provided on a CD in response to the Arizona Corporation
Commission Staff's data request number STF 1.3.

This response will be supplemented as soon as the remaining
outstanding information is completed.⁵

⁵ Copy of EPCOR's initial response to RUCO 1.52, with the list of depreciation rates
provided at that time, is attached as **Exhibit 2**. The supplemental responses to RUCO
1.52 provided herewith are narratives only; the attachments are omitted.

1 As of May 12, 2014, RUCO had all of the plant depreciation rates, and
2 additions/retirements/adjustments for the period February 2012 through June 30, 2013.
3 Then, on May 23, 2014, the Company supplemented the response to 1.52 providing
4 RUCO additions/retirements/adjustments by NARUC account and by year for all districts
5 from the last rate case through test year-end in this case.⁶

6 RUCO's response was to file its May 28, 2014 Motion to Compel. The parties
7 agreed to continue working to resolve RUCO's complaints and RUCO ultimately
8 withdrew its motion.⁷ On June 30, 2014, the Company furnished RUCO with a second
9 supplemental response to RUCO 1.52 that provided all roll forwards of all plant by district
10 (except corporate plant) along with copies of invoices for all plant items over \$5,000.⁸
11 The roll forward of the corporate plant (i.e., corporate offices, computers) was provided
12 on July 7, 2014 in a third supplemental response to 1.52.⁹ Finally, in its August 13, 2014
13 fourth supplemental response to RUCO 1.52, EWAZ gave RUCO post-test year plant
14 addition invoices through June 30, 2014, which corresponds to the period of post test year
15 plant additions requested in its application.¹⁰

16 The response to RUCO 1.52 was a major undertaking. Some of the data had to be
17 obtained from an unexpectedly uncooperative prior owner that experienced difficulties
18 retrieving the data due to total software replacement, and some of the requested
19 information was not available until the post test year plant was completed and in service.
20 The Company does not agree that the information provided in response to RUCO 1.52 had
21 to be complete before RUCO could begin its analysis. Discovery is frequently an ongoing

22 ⁶ Copy of EPCOR's first supplemental response to RUCO 1.52 attached as **Exhibit 2**.
23 The Company again noted its intention to supplement the response to RUCO 1.52.

24 ⁷ See RUCO's Withdrawal of Motion to Compel (filed July 18, 2014).

25 ⁸ Copy of EPCOR's second supplemental response to RUCO 1.52 attached as **Exhibit 2**.

26 ⁹ Copy of EPCOR's third supplemental response to RUCO 1.52 attached as **Exhibit 2**.

¹⁰ Copy of EPCOR's fourth supplemental response to RUCO 1.52 attached as **Exhibit 2**.

1 process with the parties continuing to exchange information as it becomes available. This
2 is what occurred in this case with respect to RUCO 1.52.

3 **B. Tubac Water District**

4 RUCO also offers a list of allegations concerning the schedules and other support
5 related to the Tubac Water District, and again, there is more to the story than RUCO's
6 point of view. For instance, RUCO claims that the Company's starting plant balances
7 do not tie back to the amount of plant authorized in Decision No. 71410 dated
8 December 8, 2009.¹¹ But RUCO was a party to Docket No. W-01303A-08-0227, *et al.*
9 culminating in Decision No. 71410, and the final schedules from that case were provided
10 on June 30, 2014 with the second supplemental response to RUCO 1.52.¹² The
11 Company's roll forward schedules that accompanied this information tied to the
12 accounting records and enabled verification by Staff and RUCO that the partial manual
13 calculations in the roll forwards were consistent with the recorded entries on the
14 Company's books and records.

15 The situation is similar with RUCO's claim that the Company's accumulated
16 depreciation starting points do not tie back to Decision No. 71410.¹³ The Accumulated
17 Depreciation balances were also taken from the books and records of the Company to
18 enable verification by Staff and RUCO that the limited manual calculations in the roll
19 forwards were consistent with the recorded entries on the Company's books and records.¹⁴

20 RUCO also complains that it had to go back in the docket from Tubac's last rate
21 case and research the depreciation rates approved in Decision No. 67093 (June 30, 2004),

22 _____
23 ¹¹ RUCO Motion at 4.

24 ¹² See **Exhibit 2**.

25 ¹³ RUCO Motion at 5.

26 ¹⁴ It is notable that the specific adjustment that RUCO refers to on Tubac's Schedule G-6, page 3.3 at line 3 totals \$610 on total plant of \$6,488,991. This is less than 0.0095% of Tubac's plant.

1 and now has some disparity with the Company concerning the depreciation rates utilized
2 in the plant schedules provided to RUCO on June 30, 2014.¹⁵ The Company was
3 unaware that RUCO needed the depreciation rates prior to the December 31, 2007 test
4 year; new depreciation rates went into effect with new rates approved in December 2009
5 when the decision in that docket was issued.¹⁶ The depreciation rates that would apply to
6 the depreciation calculations from December 31, 2007 forward were provided to RUCO
7 on May 12, 2014 with the initial response to RUCO 1.52.¹⁷ The rates provided were the
8 ones used in the calculation of the Company's proposed depreciation expense for Tubac
9 of \$85,381 (net of CIAC amortizations). If RUCO believed there were discrepancies, it
10 did not follow up with the Company so that they could be further investigated.

11 RUCO also asserts "[a]ll of the Company's plant schedules from February 2012
12 through the end of the Test Year December 31, 2013 are hard-numbered with no
13 formulas."¹⁸ This is only a part of the period from the test year in the last rate cases;
14 RUCO does not complain that formulae are missing for all plant at all times.¹⁹ The
15 Company agrees that providing formulae, not just hard numbers, is the general practice in
16 rate cases, when formulae are available. Prior to submission of this response to RUCO's
17 motion, the Company provided RUCO and Staff with comprehensive, formula-based roll
18 forward schedules for each district, including corporate plant. With the extension the

19
20 ¹⁵ It is not entirely clear from RUCO's motion what the specific "disparity" is with respect
21 to Tubac's depreciation rates: "The number of depreciation rates that RUCO does not
22 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." RUCO
Motion at 4.

23 ¹⁶ Decision No. 71410 (December 8, 2009).

24 ¹⁷ See **Exhibit 2**.

25 ¹⁸ RUCO Motion at 5.

26 ¹⁹ The time period for which no formulae were available was limited to the time after the
change of ownership from American Water to EPCOR.

1 Company will entertain to accommodate the ALJ's scheduling conflict, RUCO should
2 have plenty of time to review those roll forwards.

3 These revised roll forwards have been created to incorporate all adjustments to the
4 Company's plant and accumulated depreciation balances approved in each district's (and
5 Corporate's) last rate case. From these Commission-authorized balances, monthly
6 additions, retirements, adjustments and recomputed depreciation expense based on the
7 depreciation rates effective from the date of the last test year through the end of the
8 June 30, 2013 test year were calculated, including all relevant formulas on a monthly basis
9 for all periods. These revised roll forwards have also addressed the alleged discrepancies
10 and errors discussed in RUCO's points h and i on page 5 of the motion. Thus, any
11 protests by RUCO about plant not tying to prior plant numbers, or regarding depreciation
12 rates and errors or discrepancies, have been addressed.

13 Some of RUCO's grievances are not actually discovery complaints. For example,
14 the Company does not agree that its allocation factors for the corporate plant are in
15 error.²⁰ Corporate plant should use an allocation factor for all Arizona districts (excluding
16 Chaparral City Water Company) and the rates used for Schedule E-5 for corporate plant
17 are correct. Similarly, RUCO is mistaken that "the Company seeks further depreciation
18 expense in its rates requested" even though "in some specific instances, they have
19 recovered their investment many times over (i.e. 20+ times in corporate software
20 intangibles (IFRS) as shown on the Company's Trial Balance)."²¹ The Company
21 notes that the Software Intangibles (IFRS) account (1834) and the associated
22 Accumulated Amortization ("A/A") account 1934 referenced by RUCO have zero
23 balances and are not included in the Company's plant balances in any of its districts.²²

24 ²⁰ RUCO Motion at 5.

25 ²¹ *Id.*

26 ²² These allocations were included in the Trial Balance provided with initial workpapers
for the case in response to RUCO 1.04.

1 Furthermore, RUCO may wish to take a position on whether specific plant should still be
2 in rate base and subject to depreciation, but this is an issue that goes to the merits, like
3 which allocation factors should be used. The fact that the Company did not respond in
4 agreement with RUCO on the issues is not a discovery dispute justifying any relief at this
5 time.

6 The same is true with respect to RUCO's reference to "abnormal accumulated
7 depreciation balances that increase rate base rather than properly decreasing rate base
8 by the normal accumulated depreciation balance of an account."²³ As the Company has
9 explained in response to Staff's 16th set of data requests, these balances were the result of
10 retirements made by EWAZ prior to the filing of the rate case. Because the cost of the
11 plant being removed exceeded the accumulated depreciation balance at the time of the
12 retirement, the result was a debit balance in the accumulated depreciation account.²⁴ The
13 Company believes this accounting is appropriate under the group depreciation
14 methodology. RUCO may not agree, and it is free to set forth a contrary position in its
15 testimony, but it is not entitled to delay the case because it disagrees with the group
16 method of depreciation or depreciation expense on a few specific plant items.

17 **C. Expense Items – RUCO Data Requests 4.06 & 9.01**

18 RUCO also claims that the Company's failure to completely respond to its data
19 request 4.06 necessitated data request 9.01.²⁵ But RUCO does not say what it is missing,
20 and the Company does not know. The invoices requested in 4.06 were provided in the
21 Company's initial response on July 14, 2014. However, subsequent discussions appear to
22 show that RUCO was unaware that they already had supporting documents to 396 line
23

24 ²³ RUCO Motion at 5.

25 ²⁴ See EPCOR's response to Staff's data requests 16.5 and 16.9, copies attached as
Exhibit 3.

26 ²⁵ RUCO Motion at 6:16-19.

1 items that were comprised of several invoices per line item when RUCO 9.01 was served
2 on the Company.²⁶

3 Regarding the specific expenses addressed in those data requests: for insurance
4 expense, all invoices and copies of the policies with a summary of the policy, period
5 covered, expiration dates, the allocations and the allocation methodology pertaining to the
6 Insurance Other than Group category of expense were provided pursuant to Staff's 8.10
7 on June 3, and July 30, 2014;²⁷ for labor expense, the Company's initial workpapers
8 provided on April 15, 2014 included downloads from the payroll administrator and
9 contained details of employees' time charged to operations and capital, and all payroll
10 benefits (health & dental insurance, pension, incentive compensation, and payroll taxes);
11 power invoices were provided with RUCO 4.06 as part of the 396-item list requesting
12 supporting documentation; and a transactional list of the Chemicals inventory account for
13 each district was provided in response to RUCO's request for more supporting
14 documentation for Chemicals with the Company's response to RUCO 9.01. The
15 transactional list detailed purchases of chemicals by vendor or by chemical type and also
16 listed transfers of chemicals to expense for the Chemicals inventory account. Regarding
17 purchase card expenditures, which RUCO says raise "new concerns,"²⁸ the Company
18 provided RUCO a spreadsheet containing a complete listing of any card purchases along
19 with a detailed description of the purpose of the purchase and the employee making the
20
21

22 ²⁶ RUCO 4.06, a 33-page data request, included the identification of 396 expense items
23 many of which were less than \$1,000 for which the Company was requested to provide
supporting documentation.

24 ²⁷ Copies of EPCOR's initial response (without attachments) and first supplemental
25 response (with the listing of insurance policies) to Staff data request 8.10 are attached as
Exhibit 4.

26 ²⁸ RUCO Motion at 6:20 – 7:2.

1 purchase.²⁹ The detail also includes the accounts charged, and can be sorted in numerous
2 ways for analysis.

3 In summary, the Company considers that RUCO has received and has had
4 explanations and adequate support for the several expense categories in its data requests
5 4.06 and 9.01. RUCO may disagree with the substantive data provided, but that only
6 means the two parties have a disagreement over whether the Company can sustain its
7 burden of proof. Short of providing RUCO a copy of every invoice for every expense,
8 whether over or under \$5,000, which the Company views as burdensome and
9 unnecessary, there is nothing else the Company can do to respond to data requests 4.06
10 and 9.01.

11 **D. Wastewater Consolidation Proceeding.**

12 RUCO also argues that the pendency of the Commission's consideration of
13 consolidation of the Company's wastewater districts is a reason to grant its requested stay
14 in this rate case.³⁰ This would be unduly punitive. The Company was ordered by the
15 Commission to initiate the pending wastewater consolidation proceeding after the
16 Commission received a significant number of customer complaints and petitions
17 concerning rates and charges in the Company's Agua Fria district.³¹ In light of the nature
18 and volume of the complaints, Staff recommended that a Commission examination of the
19 customers' issues be undertaken. Staff further recommended that the Commission require
20 the Company to make a filing on or before August 8, 2014 addressing multiple rate design
21 options. Any urgency to decide that matter is the direct result of the Commission and
22 Company responding to the urgent pleas of thousands of customers. It would be unfair to
23

24 ²⁹ Copies of EPCOR's responses to RUCO 9.01 a and b (without attachments) are attached
as **Exhibit 5**.

25 ³⁰ RUCO Motion at 2:22 – 3:2.

26 ³¹ See Decision No. 74589 (July 30, 2014).

1 EWAZ to delay needed rate relief in this proceeding to process another docket that the
2 Company did not initiate and which does not impact the Company's revenue requirement.

3 **II. RECOMMENDED RELIEF**

4 The Company has made a good faith effort to reasonably respond to the
5 approximately 500 discovery requests served to date. It has responded to every follow-up
6 request and complaint made by RUCO and tried very hard to work with the agency to
7 avoid this motion. Those efforts culminated in the revised roll forward schedules for each
8 district. These schedules were prepared specifically to end any ongoing disputes
9 regarding plant numbers and support. The revised schedules gave RUCO all adjustments
10 to the Company's plant and accumulated depreciation balances, including monthly
11 additions, retirements, adjustments and recomputed depreciation expense from the last
12 rate case for each district through the end of the test year. The additions, retirements, and
13 adjustments tie to the information originally provided and all relevant formulae are
14 provided on a monthly and a year-end basis. The Company is not aware of any other
15 information regarding its plant that the parties need or want.

16 The same should be true of the expenses subject to RUCO's requests. RUCO
17 identified 396 items it wanted support for, and the Company has provided that
18 information. If RUCO disagrees that the Company has adequately supported those
19 expenses, it can assert that in its direct testimony. Likewise, disagreements over
20 allocation factors, or depreciation methodology are not discovery disputes. Those issues
21 go to the merits and can be addressed in the parties' pre-filed testimony. They do not
22 justify RUCO not moving forward to prepare its direct case.

23 The Company needs rate relief for the five districts in this docket; any delay is
24 detrimental to its financial health. Poor financial health makes it harder and more costly
25 to attract the capital necessary to meet the continuing infrastructure investment challenges
26 EWAZ faces. Nevertheless, in order to accommodate Judge Nodes, the Company

1 believes a more limited modification of the procedural schedule in this docket is
2 reasonable and will afford RUCO with additional time to prepare its case. Specifically,
3 EWAZ asks for an order as follows:

4 (1) Directing the Company to certify by September 2, 2014, that its responses to
5 Staff's data requests 1-17 and RUCO data requests 1-11 are complete, and that no more
6 supplements are necessary;

7 (2) Directing the Company to respond to all additional data requests served by
8 the parties in a timely manner, and in no case in more than 10 days without express
9 permission of the party propounding the discovery;

10 (3) Extending the deadline for Staff, RUCO, and any other Intervenors by 30
11 days, until November 3, 2014;

12 (4) Extending all other deadlines by 30 days, including rescheduling the start of
13 the hearing as close as possible to a date 30 days from the currently scheduled hearing
14 dates.³²

15 The Company believes this is a fair and reasonable compromise under the
16 circumstances. Although there have been some delays in responding to RUCO's
17 expectations, RUCO is not entitled to exact a penalty in excess of one million dollars.
18 The Company has tried in good faith and its proposed extension of the time clock should
19 be sufficient for RUCO to assimilate the information it already has in its possession and
20 prepare its direct testimony, as well as accommodate Judge Nodes.

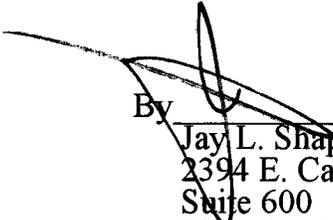
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25 _____
26 ³² EWAZ assumes public comment would still be taken on December 2, 2014 as that date
has already been noticed.

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RESPECTFULLY SUBMITTED this 25th day of August, 2014.

FENNEMORE CRAIG, P.C.

By


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Phoenix, Arizona 85016
Attorneys for EPCOR Water Arizona Inc.

ORIGINAL and thirteen (13) copies
of the foregoing were filed
this 25th day of August, 2014, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

COPY of the foregoing was hand-delivered
this 25th day of August, 2014, to:

Dwight D. Nodes, Assistant Chief Administrative Law Judge
Arizona Corporation Commission
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Phoenix, AZ 85007

Robin Mitchell, Esq.
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Phoenix, AZ 85007

1 Daniel Pozefsky
2 Residential Utility Consumer Office
3 1110 West Washington Street, Suite 220
4 Phoenix, AZ 85007

5 **COPY** of the foregoing was mailed
6 this 25th day of August, 2014, to:

7 Andrew Miller
8 Town Attorney
9 6401 E. Lincoln Drive
10 Paradise Valley, Arizona 85253

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12 Munger Chadwick PLC
13 2398 E. Camelback Rd., Suite 240
14 Phoenix, Arizona 85016

15 William Bennett
16 Paradise Valley Country Club
17 7101 N. Tatum Blvd
18 Paradise Valley, Arizona 85253

19 Delman Eastes
20 2042 E. Sandtrap Lane
21 Fort Mohave, Arizona 86426

22 Greg Patterson
23 Water Utility Association of Arizona
24 916 W. Adams, Suite 3
25 Phoenix, Arizona 85007

26 Rich Bohman
Santa Cruz Valley Citizens Council
P.O. Box 1501
Tubac, Arizona 85646

Marshall Magruder
P.O. Box 1267
Tubac, Arizona 85646

24 By: 
25 9449099.1/030952.0003

EXHIBIT 1

From: [Tim Coley](mailto:Tim_Coley)
To: [Hubbard, Sheryl](mailto:Hubbard_Sheryl)
Subject: RE: PTYPA and Updated Schedule B-2s
Date: Thursday, August 14, 2014 10:42:41 AM

Sheryl,

Sandra called me a few weeks ago and informed me that EPCOR is continuing AZ-AM depreciation methodology of depreciating previous month end UPIS rather than mid-month etc. That described depreciation methodology is reflected in your responses provided to RUCO 1.52 on June 30th for the Tubac and Sun City Districts, which RUCO has no issue whatsoever with.

My question to you is the following. Does Paradise Valley utilize the same depreciation methodology as Tubac and Sun City does? Tell Sandy thanks for the call. I will also admit that I was apparently wrong when discussing what I assumed to be wrong depreciation rates when discussing the Tubac District depreciation rates (twelve individual accounts' depre. rates) with Jay last Friday afternoon. I haven't verified my admission here to you yet but did notice how Sun City's schedules were setup because I agree with those rates essentially. If my premature admission is correct after I verify for sure, I apologize to both of you. However, I did tell Jay that the Company has made a good faith effort in compiling the plant schedules as provided. It is a huge endeavor.

If you do not understand RUCO's request concerning the starting Corporate plant accounts' accumulated depreciation balances, I would be happy to make it more clear for you. We could view the same spreadsheet and column at the same time, which would make it definitive of what we are requesting.

Thanks,
Tim

From: Hubbard, Sheryl [<mailto:shubbard@epcor.com>]
Sent: Wednesday, August 13, 2014 11:00 AM
To: Tim Coley
Subject: Re: PTYPA and Updated Schedule B-2s

Thanks.

From: Tim Coley [<mailto:TColey@azruco.gov>]
Sent: Wednesday, August 13, 2014 11:55 AM
To: Hubbard, Sheryl
Subject: RE: PTYPA and Updated Schedule B-2s

Sheryl,

Bob's email is: rmease@azruco.gov

Tim

From: Hubbard, Sheryl [<mailto:shubbard@epcor.com>]

Sent: Wednesday, August 13, 2014 6:15 AM

To: Tim Coley

Subject: Re: PTYPA and Updated Schedule B-2s

The actual in service dates are in column R. The legend for the columns labeled with letters a. - g. is in the upper left hand column B.

Tim, can you send me Bob's email address. The copy I sent to him came back undeliverable. Thanks, Sheryl

From: Tim Coley [<mailto:TColey@azruco.gov>]

Sent: Wednesday, August 13, 2014 07:05 AM

To: Hubbard, Sheryl

Cc: Robert Mease <RMease@azruco.gov>

Subject: RE: PTYPA and Updated Schedule B-2s

Sheryl,

Are the in service dates in Column (c) tabbed as RUCO 1.22 – 1st Supp the actual in service dates or still some projection or estimation of behalf of the Company? For example, since February 28th has come and gone, I would assume those are actuals dates in service. If my assumption is incorrect, please either confirm or not what Column © represents. I would hope any in service date(s) that has passed is the in service date but please inform me if I'm right or wrong.

Thx,
Tim

From: Hubbard, Sheryl [<mailto:shubbard@epcor.com>]

Sent: Tuesday, August 12, 2014 6:17 PM

To: Robert Meese (rmeese@azruco.gov); Jeffrey Michlik; Tim Coley

Subject: PTYPA and Updated Schedule B-2s

Bob / Jeff/ Tim,

On Friday we received data request number RUCO 11 and in particular RUCO 11.1 seeking in service dates for post test year plant additions. Attached is a file containing the post test year plant in service at June 30, 2014 as well as revised/updated Schedule B-2s for each of the district in the multi-district rate case (Mohave Water, Mohave Wastewater, Paradise Valley Water, Sun City Water, and Tubac Water). It does not include retirements which I am still retrieving so please treat this like a draft. I will submit this as a formal response to RUCO 1.22 (1st Supplement) when it is completed.

This file also has a supplemental response to STF BAB 4.1 with the actual post test year corporate plant at June 30, 2014 with the corrected allocation factors which are reflected on the revised Schedule B-2s attached. As I noted above, this only reflects retirements on the Booster Pump

Station in Paradise Valley. I will have to update it with retirements associated with meters, hydrants, etc. and when that is completed I will formalize this supplemental response to STF BAB 4.1. Thanks for your patience, and if you have any questions please don't hesitate to give me a call at the number below. Sheryl



Sheryl L. Hubbard, CPA
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C 602.885.1583

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EXHIBIT 2

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

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

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

Company Response Number: RUCO 1.52

Q: Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company's prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

A: Attached are the authorized depreciation rates for Mohave Water (Docket 10-0448; Decision No. 73145), Sun City Water (Docket 09-0343; Decision No. 72047), and Paradise Valley Water, Tubac Water and Mohave Wastewater (Docket 08-0227; Decision No. 71410). The plant additions, retirements, and adjustments by year and NARUC plant account number for the period February 1, 2012 through the end of the test year June 30, 2013 are attached and labeled "RUCO 1.52 PPE Rollforward – Feb '12-Jun '13.xlsx". The Company is preparing the requested information for the period between the test year in each district's last rate case through January 31, 2012 in the same format as is provided with this response.

The invoices for the February 1, 2012 through June 30, 2013 period were provided on a CD in response to the Arizona Corporation Commission Staff's data request number STF 1.3.

This response will be supplemented as soon as the remaining outstanding information is completed.

OPERATING INCOME ADJUSTMENT #4- DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	DESCRIPTION	(A) PLANT BALANCE	(B) DEPRECIATION RATE	(C) DEPRECIATION EXPENSE
1		PLANT IN SERVICE:			
2	301000	Organization	34,004	0.00%	-
3	302000	Franchises	37,061	0.00%	-
4	303200	Land & Land Rights SS	290,791	0.00%	-
5	303300	Land & Land Rights P	2,351	0.00%	-
6	303500	Land & Land Rights TD	9,809	0.00%	-
7	303600	Land & Land Rights AG	31,052	0.00%	-
8	304100	Struct & Imp SS	481,622	2.50%	12,041
9	304200	Struct & Imp P	29,817	2.00%	596
10	304300	Struct & Imp WT	47,846	2.00%	957
11	304400	Struct & Imp TD	39,261	2.00%	785
12	304500	Struct & Imp AG	7,829	2.50%	198
13	304800	Struct & Imp Offices	452,514	2.50%	11,313
14	304820	Struct & Imp Leasehold	-	2.50%	-
15	304700	Struct & Imp Store, Shop and Garage	29,223	2.50%	731
16	305000	Collect & Impounding	663,944	1.67%	11,068
17	306000	Lake, River & Other Intakes	-	1.67%	-
18	307000	Wells & Springs	1,066,943	2.50%	26,649
19	308000	Infiltration Galleries & Tunnels	-	2.50%	-
20	309000	Supply Mains	52,995	1.67%	883
21	310000	Power Generation Equip	50,355	3.33%	1,679
22	310100	Power Generation Equip Other	-	3.33%	-
23	311200	Pump Equip Electric	2,626,307	4.00%	105,062
24	311300.0	Pump Equip Diesel	-	4.00%	-
25	311500	Pump Equip Other	1,008	4.00%	40
26	320100	WT Equip Non-Media	97,220	5.00%	4,861
27	320200	WT Equip Filter Media	-	10.00%	-
28	330000	Dist Reservoirs & Standpipes	2,096,631	1.54%	32,254
29	330100	Elevated Tanks & Standpipes	-	1.54%	-
30	331001	TD Mains Not Classified by Size	45,955	2.00%	919
31	331100	TD Mains 4in & Less	11,784,507	1.43%	168,350
32	331200	TD Mains 6in to 8in	3,203,804	1.43%	45,768
33	331300	TD Mains 10in to 16in	257,039	1.43%	3,672
34	331400	TD Mains Greater than 18"	76,265	1.43%	1,089
35	333100	Services	4,235,335	2.50%	105,883
36	334100	Meters	1,749,550	6.87%	116,637
37	334200	Meter Installations	227,353	2.50%	5,684
38	334300	Meter Vaults	-	2.60%	-
39	335000	Hydrants	67,836	2.00%	1,357
40	339200	Other P/E SS	82,583	3.33%	2,753
41	339250	Other P/E SS	-	-	-
42	339600	Other P/E CPS	179,702	3.33%	5,890
43	340100	Office Furniture & Equip	110,243	4.50%	4,961
44	340200	Comp & Periph Equip	109,858	10.00%	10,986
45	340300	Computer Software	-	20.00%	-
46	340330	Comp Software Other	-	20.00%	-
47	341100	Trans Equip Lt Duty Trucks	134,741	20.00%	26,948
48	341200	Trans Equip Hvy Duty Trucks	72,088	14.28%	10,298
49	341300	Transportation Equipment - Other	-	18.87%	-
50	341400	Trans Equip Other	14,312	18.87%	2,386
51	342000	Stores Equipment	2,400	4.00%	96
52	343000	Tools, Shop, Garage Equip	130,689	4.00%	5,228
53	344000	Laboratory Equipment	7,623	4.00%	306
54	345000	Power Operated Equipment	172,529	6.00%	8,628
55	346100	Comm Equip Non-Telephone	180,533	10.00%	18,063
56	346190	Remote Control & Instrumental	10,009	10.00%	1,001
57	346200	Comm Equip Telephone	48,678	10.00%	4,868
58	346300	Comm Equip Other	5,111	10.00%	511
59	347000	Miscellaneous Equipment	-	6.25%	-
60		District Subtotal	31,225,523		781,579
61			-		-
62			-		-
63	304500	Struct & Imp AG	8,923	4.04%	360
64	304820	Struct & Imp Leasehold	19,877	15.88%	3,159
65	334100	Meters	1,181	37.71%	445
66	339600	Other P/E CPS	36,677	37.71%	13,831
67	340100	Office Furniture & Equip	117,859	4.50%	5,295
68	340200	Comp & Periph Equip	55,147	10.00%	5,515
69	340300	Computer Software	181,277	20.00%	36,255
70	340330	Comp Software Other	4,700	20.00%	940
71	346100	Comm Equip Non-Telephone	18,704	10.00%	1,870
72	346190	Remote Control & Instrum	2,534	10.00%	253
73	346200	Comm Equip Telephone	1,442	10.00%	144
74	346300	Comm Equip Other	493	7.91%	39
75	347000	Misc Equipment	2,648	-	-
76		Corp Allocations Subtotal	451,262		-
77			-		-
78		Post Test Year Plant			
79	304400	Struct & Imp TD	33,108	5.00%	1,655
80	309000	Supply Mains	41,995	1.67%	700
81	330000	Dist Reservoirs & Standpipe	516,367	1.54%	7,944
82	331001	TD Mains Not Classified by Size	68,703	2.00%	1,374
83		Subtotal	660,171		-
84			-		-
85		Plant In Service	32,168,368		841,359
86					
87					
88		Less Non Depreciable Plant			
89	301000	Organization	34,004	0.00%	-
90	302000	Franchises	37,061	0.00%	-
91	303200	Land & Land Rights SS	290,791	0.00%	-
	303300	Land & Land Rights P	2,351	0.00%	-
	303500	Land & Land Rights TD	9,809	0.00%	-
	303600	Land & Land Rights AG	31,052	0.00%	-
92					
93		Net Depreciable Plant and Depreciation Amounts	\$ 31,763,501		\$ 841,359
94		Composite Depreciation Rate		2.65%	
95		Less			
96		Amortization of CIAC at Composite Rate	\$ 558,502		\$ 14,794
97		Staff Recommended Depreciation Expense			\$ 828,566
98		Company Proposed Depreciation Expense			\$ 1,082,421
99		Staff Adjustment			\$ (265,856)

References:	
Col A	Schedule GWB-4
Col B	Proposed Rates per Staff Engineering Report for Non Allocated Plant
Col C	Col (A) times Col (B)

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

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

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

Company Response Number: RUCO 1.52 1st Supplement

Q: Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company's prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

A: The plant additions, retirements, and adjustments by year and NARUC plant account number for the intervening periods since the test year in each district's last rate case thru January 31, 2012 are attached and labeled as follows:

"RUCO 1.52 Mohave Water UPIS Activity by year July 2010–January 2012.xlsx"

"RUCO 1.52 Mohave WW UPIS Activity by year 2008–January 2012.xlsx"

"RUCO 1.52 Paradise Valley UPIS Activity by year 2008–January 2012.xlsx"

"RUCO 1.52 Sun City Water UPIS Activity by year 2009–January 2012.xlsx"

"RUCO 1.52 Tubac UPIS Activity by year 2008–January 2012.xlsx"

Also attached is the same information for the AZ Corporate plant activity for the period July 2010 thru January 31, 2012 labeled "RUCO 1.52 AZ Corporate UPIS Activity by year July 2010–January 2012.xlsx".

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

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

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

Company Response Number: RUCO 1.52 2nd Supplement

Page 1 of 2

Q: Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company’s prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

A: The plant additions, retirements, and adjustments by year and NARUC plant account number for the intervening periods since the test year in each district’s last rate case are attached and labeled as follows:

RUCO 1.52 2nd Supp - Mohave Water AZ UPIS and Accum Dwld July 2010–Jun 2013.xlsx

RUCO 1.52 2nd Supp - Mohave WW AZ UPIS and Accum Dwld July 2010–June 2013.xlsx

RUCO 1.52 2nd Supp - PV AZ UPIS and Accum Dwld July 2010–June 2013.xlsx

RUCO 1.52 2nd Supp - SC AZ UPIS and Accum Dwld July 2010–June 2013.xlsx

RUCO 1.52 2nd Supp - TU AZ UPIS and Accum Dwld July 2010–June 2013.xlsx

Copies of the invoices in support of these additions and retirements are included in the Word documents which are cross referenced in the Excel files of invoices by year labeled as follows:

AZ_AP 2008 Part 1.docx

AZ_AP 2008 Part 2.docx

AZ_AP 2009 Part 1.docx

AZ_AP 2009 Part 2.docx

AZ_AP 2010 Part 1.docx

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

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

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

Company Response Number: RUCO 1.52 2nd Supplement

Page 2 of 2

AZ_AP 2011 and 01.2012.docx

RUCO 1.52 2nd Supp – 2008 Invoices.xlsx

RUCO 1.52 2nd Supp – 2009 Invoices.xlsx

RUCO 1.52 2nd Supp – 2010 Invoices.xlsx

RUCO 1.52 2nd Supp – 2011 & Jan 2012 Invoices.xlsx

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

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

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

Company Response Number: RUCO 1.52 3rd Supplement

Q: Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company's prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

A: The plant additions, retirements, and adjustments by year and NARUC plant account number for the intervening periods since the test year in the last general rate case (2010 Rate Case for Mohave Water, Havasu Water and Agua Fria Water) for the Arizona Corporate business unit is attached and labeled as follows:

RUCO 1.52 3rd Supp - AZ Corp UPIS and Accum Dwld Jul 2010–Jun 2013.xlsx

Copies of the invoices in support of these additions and retirements were included in the Word documents provided with the 2nd Supplemental response. Cross references to the invoices are provided in the two files attached and labeled as follows:

RUCO 1.52 3rd Supp – 2010 Invoices-AZ Corp.xlsx

RUCO 1.52 3rd Supp – 2011 & Jan 2012 Invoices-AZ Corp.xlsx

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

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

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

Company Response Number: RUCO 1.52 4th Supplement

Q: Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company’s prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

A: Please see attachment labeled “RUCO 1.52 4th Supp. - PTYPA Invoices.xlsx” for a listing of invoices associated with post-test year plant additions completed and placed in service by June 30, 2014 that are being provided in response to this data request. Because of the volume of invoices, the list is limited to invoices greater than \$30,000 which is 101 invoices. If RUCO needs additional invoices, they can be selected from the Excel spreadsheet and requested individually.

EXHIBIT 3

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

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

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

Company Response Number: STF MJR 16.5

Q: Tubac Water Company Debit Accumulated Depreciation Balances –
Please explain the debit balances shown for accumulated depreciation for the accounts:

303500 Land and Land Rights \$117 (-0- on the G Schedules)
340100 Office Furniture & Equipment \$2,962

A: In the last rate case for Tubac Water, the Accumulated Depreciation balance excluding the Corporate allocation was \$926,975 for Tubac Water. The test year ended Accumulated Depreciation balance for Account 303500 was a debit balance of \$117 at that time which was included in the authorized rate base for Docket 08-0227.

At the time of the purchase of Arizona American Water by EPCOR Water, the Office Furniture account was analyzed and retirements of \$5,560.34 were recorded reducing the plant balance in account 340100 and the associated accumulated depreciation balance accordingly resulting in a debit balance in the accumulated depreciation account of \$3,215. Subsequent depreciation expense has reduced that balance to \$2,292 at the end of the test year.

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

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

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

Company Response Number: STF MJR 16.9

Q. All Districts Net Negative Plant Balances –

Please explain the negative plant balances shown on the Company schedules. The amounts shown below were taken from the Cost of Service Schedules as the Cost of Service Schedules tie to the application amounts shown for accumulated depreciation. Amounts provided in the plant roll forward do not tie to the application consistently.

G-5 Cost of Service Schedules		Plant	Accum Depreciation	Net Plant in Rate Base
Mohave Water		\$	\$	\$
320100	Water Treatment Equip non-media	97,220	114,896	(17,676)
341100	Transportation Light Duty Trucks	99,015	799,246	(700,231)
344000	Laboratory Equip	7,623	10,004	(2,381)
399000	Allocated Corporate General Plant	634,317	718,493	(84,176)
Mohave Wastewater				
399000	Allocated Corporate General Plant	56,651	64,813	(8,162)
Paradise Valley				
340200	Computer & Peripheral Equip	25,822	63,342	(37,520)
340300	Computer Software	37,403	175,630	(138,227)
399000	Allocated Corporate General Plant	152,273	207,493	(55,220)
Sun City				
340300	Computer Software	43,402	43,506	(104)
341100	Transportation Light Duty Trucks	976,241	2,857,458	(1,881,217)
341200	Transportation Heavy Duty Trucks	54,958	55,089	(131)
346100	Communication Equipment non-telephor	218,768	454,843	(236,075)
399000	Allocated Corporate General Plant	923,230	1,044,346	(121,116)
Tubac				
340200	Computer & Peripheral Equip	1,336	10,545	(9,209)
341100	Transportation Light Duty Trucks	17,166	59,626	(42,460)

A. The net negative plant balances are likely the results of assets that have remained in service beyond their depreciable lives or were retired before they were fully depreciated. The Company notes that all of these accounts had net negative balances in the last rate case except for the account 340300 in the Sun City district which has just recently attained the net negative balance of (\$104).

The difference in the G-5 Cost of Service Schedules and the Company's E-5 schedules is limited to the 399000-Allocated Corporate General Plant and is due to the inclusion of the Post Test Year Plant Additions (PTYPA) related to Corporate plant additions (including the additional depreciation expense associated with the PTYPA) in the G-5 amounts, whereas, it is a pro forma adjustment to the B-2 and C-2 schedules in the application.

EXHIBIT 4

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

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

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

Company Response Number: STF MJR 8.10

- Q. Prepayments - Please provide a schedule describing the type of prepayment (e.g. insurance, rents, etc.) along with the amount. As part of your response, please provide supporting documentation such as invoices. For insurance prepayments please provide the insurance policy identifying the sections that states who is covered and the total amount of the premium and calculation of allocation (if applicable). For all other allocated amounts, please provide the underlying invoices along with the allocation factor.
- A. Attached is a schedule labeled "STF MJR 8.10 Prepayments.xlsx" in support of the prepayment balances included in each districts' Schedule B-5. Also attached is the detail of the prepayment account activity in support of the charges.

Invoices are attached and labeled as follows:

STF MJR 8.10 Liberty Mutual 08.13.13.pdf
STF MJR 8.10 AON 08.02.13.pdf
STF MJR 8.10 AON 05.16.13 .pdf
STF MJR 8.10 AON 04.30.14.pdf
STF MJR 8.10 EUI 08.19.14.pdf
STF MJR 8.10 AON 05.14.13.pdf
STF MJR 8.10 AON 05.01.13.pdf
STF MJR 8.10 AON 05.14.14.pdf
STF MJR 8.10 AON 05.01.14.pdf

For amounts that are allocated from the corporate business units, a four factor allocator is applied to the 7A-Arizona Corporate charges and a customer allocation factor is applied to the 6U-EPCOR Water USA charges. These allocations are reflected in the attachment "STF MJR 8.10 Prepayments.xlsx" identified above.

The company is in the process of obtaining the insurance policy applicable to the test year including the information requested pertaining to coverage, premium and allocation where applicable and will supplement this data response as soon as the information is received.

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

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

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

Company Response Number: STF MJR 8.10 1st Supplement

- Q. Prepayments - Please provide a schedule describing the type of prepayment (e.g. insurance, rents, etc.) along with the amount. As part of your response, please provide supporting documentation such as invoices. For insurance prepayments please provide the insurance policy identifying the sections that states who is covered and the total amount of the premium and calculation of allocation (if applicable). For all other allocated amounts, please provide the underlying invoices along with the allocation factor.
- A. The insurance policy applicable to the test year including the information requested pertaining to coverage, premium and allocation where applicable is summarized on the attachment labeled "STF MJR 8.1 1st Supp-US Insurance Premiums in 2012 and 2013.xls". Copies of the policies and invoices are also attached.

Response to Data Request No. STF MIR 8.10 1st Supplement

Insurance Policies for EPCOR's US Operations from July 1, 2012 to June 30, 2013

Effective Date	Entity Date	Insurance Policy	Type of Policy	Total Premium for the US	Allocation to AZ	Allocation to NM	Explanation
23-Jan-12	23-Jan-13	Workers Compensation	Stand Alone for US Operations	\$ 210,098.00	\$ 188,222.29	\$ 21,875.71	Allocation based on Employee count
23-Jan-12	1-May-13	General Liability - primary	Stand Alone for US Operations	\$ 341,027.50	\$ 299,288.50	\$ 41,739.00	Allocation based on 2010 Revenue split
23-Jan-12	1-May-13	General Liability - 1st excess	Stand Alone for US Operations	\$ 23,873.00	\$ 20,951.11	\$ 2,921.89	Allocation based on 2010 Revenue split
23-Jan-12	1-May-13	Workers Compensation Audit	Stand Alone for US Operations	\$ 69,846.00	\$ -	\$ -	
31-Jan-12	1-May-13	Automobile	Stand Alone for US Operations	\$ 367,442.00	\$ 328,966.40	\$ 38,475.60	Allocation based on vehicle count at each location
31-Jan-12	1-May-13	Automobile - Auditing Chaparral vehicles	Stand Alone for US Operations	\$ 21,900.00	\$ 21,900.00	\$ -	Allocation based on vehicle count at each location
31-Jan-12	1-May-13	Automobile - Adding Chaparral vehicles - fee	Stand Alone for US Operations	\$ 15.00	\$ -	\$ 15.00	Allocation based on vehicle count at each location
31-Jan-12	31-Jan-13	Aquifer Protection Permit Bond for State of AZ	Stand Alone for US Operations	\$ 1,743.00	\$ 1,743.00	\$ -	Allocated as this was for the State of Arizona
31-Jan-12	31-Jan-13	Right of Way Bond for Town of Paradise Valley	Stand Alone for US Operations	\$ 108.00	\$ 108.00	\$ -	Allocated as this was for the State of Arizona
31-Jan-12	1-Jul-12	Property & Terrorism	Stand Alone for US Operations	\$ 53,696.00	\$ 53,511.46	\$ 184.54	Allocation provided by the insurer - based on property location and values
31-Jan-12	1-Jul-12	Property Invoice 2 - Adding White Tanks	Stand Alone for US Operations	\$ 11,248.00	\$ 11,248.00	\$ -	Allocation provided by the insurer - based on property location and values
31-Jan-12	1-Jul-12	Property & Terrorism - Value Adjustment	Stand Alone for US Operations	\$ 47,230.00	\$ 47,230.00	\$ -	Allocation provided by the insurer - based on property location and values
31-Jan-12	1-Jul-12	Contractors Pollution and Errors & Omissions	Stand Alone for US Operations	\$ 10,836.00	\$ 812.70	\$ 10,023.30	Allocations based on number of non-owned sites in the state and sites doing testing in each state
31-Jan-12	1-Jul-12	Fixed Site Pollution	Corporate - CAD	\$ 17,596.63	\$ 15,397.05	\$ 2,199.58	Allocations based on number of owned sites in the state
31-Jan-12	1-Jul-12	Contractors Pollution and Errors & Omissions	Corporate - CAD	\$ 1,856.00	\$ 139.20	\$ 1,716.80	Allocations based on number of non-owned sites in the state and sites doing testing in each state
31-Jan-12	1-Jul-12	Fixed Site Pollution	Corporate - CAD	\$ 21,507.00	\$ 18,818.62	\$ 2,688.38	Allocations based on number of owned sites in the state
1-May-12	1-May-13	General Liability - 1st excess	Stand Alone for US Operations	\$ 63,043.00	\$ 55,986.00	\$ 7,057.00	Allocation based on 2010 Revenue split
1-Jun-12	1-Jun-13	Directors & Officers - primary	Corporate - CAD	\$ 873.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jun-12	1-Jun-13	Directors & Officers - 1st excess	Corporate - CAD	\$ 530.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jun-12	1-Jun-13	Directors & Officers - 2nd excess	Corporate - CAD	\$ 300.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jun-12	1-Jun-13	Directors & Officers - 3rd excess	Corporate - CAD	\$ 370.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jun-12	1-Jun-13	Directors & Officers - 4th excess	Corporate - CAD	\$ 200.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jun-12	1-Jun-13	Directors & Officers - 5th excess	Corporate - CAD	\$ 317.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jun-12	1-Jun-13	Crime	Corporate - CAD	\$ 3,072.00	\$ 2,804.87	\$ 267.13	Allocation based on Employee count
1-Jun-12	1-Jun-13	Employment Practices	Corporate - CAD	\$ 1,750.00	\$ 1,597.83	\$ 152.17	Allocation based on Employee count
1-Jun-12	1-Jun-13	Fiduciary	Corporate - CAD	\$ 247.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jun-12	1-Jun-13	Employed Lawyers	Corporate - CAD	\$ 1,369.00	\$ -	\$ -	Allocated to a corporate GL string: 7A-343-0-7001-845-5605-0
1-Jul-12	1-Jul-13	Property & Terrorism	Stand Alone for US Operations	\$ 272,285.00	\$ 271,745.96	\$ 539.04	Allocation provided by the insurer - based on property location and values
1-Jul-12	1-Jul-13	Property & Terrorism - Adding Pinnacle Peak Office	Stand Alone for US Operations	\$ 432.00	\$ 432.00	\$ -	Allocation provided by the insurer - based on property location and values
1-Jul-12	1-Jul-13	Contractors Pollution and Errors & Omissions	Stand Alone for US Operations	\$ 18,742.15	\$ 9,371.08	\$ 9,371.08	Allocations based on number of non-owned sites in the state and sites doing testing in each state
1-Jul-12	1-Jul-13	Fixed Site Pollution	Stand Alone for US Operations	\$ 42,505.95	\$ 37,190.96	\$ 5,312.99	Allocations based on number of owned sites in the state
1-Jul-12	1-Jul-13	US Utilities Bond	Stand Alone for US Operations	\$ 11,180.00	\$ 11,180.00	\$ -	Allocated to 7A-1510
1-Jul-12	1-Jul-13	Contractors Pollution and Errors & Omissions	Corporate - CAD	\$ 477.00	\$ 238.50	\$ 238.50	Allocations based on number of non-owned sites in the state and sites doing testing in each state
13-Aug-12	12-Aug-16	Noisy Public Bond	Stand Alone for US Operations	\$ 106.00	\$ 108.00	\$ -	Allocated as this was for the State of Arizona
1-Oct-12	23-Jan-13	Workers Compensation - Adding Chaparral	Stand Alone for US Operations	\$ 2,749.00	\$ 2,749.00	\$ -	Allocated as this was for the State of Arizona
23-Jan-13	1-May-13	Workers Compensation	Stand Alone for US Operations	\$ 52,027.00	\$ -	\$ -	
31-Jan-13	31-Jan-14	Aquifer Protection Permit Bond for State of AZ	Stand Alone for US Operations	\$ 1,743.00	\$ 1,743.00	\$ -	Allocated as this was for the State of Arizona
31-Jan-13	31-Jan-14	Right of Way Bond for Town of Paradise Valley	Stand Alone for US Operations	\$ 108.00	\$ 108.00	\$ -	Allocated as this was for the State of Arizona
1-May-13	1-May-14	General Liability - primary	Stand Alone for US Operations	\$ 327,816.54	\$ -	\$ -	
1-May-13	1-May-14	Automobile	Stand Alone for US Operations	\$ 70,996.00	\$ -	\$ -	
1-May-13	1-May-14	Workers Compensation	Stand Alone for US Operations	\$ 332,200.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Directors & Officers - primary	Corporate - CAD	\$ 4,375.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Directors & Officers - 1st excess	Corporate - CAD	\$ 2,623.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Directors & Officers - 2nd excess	Corporate - CAD	\$ 1,575.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Directors & Officers - 3rd excess	Corporate - CAD	\$ 2,940.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Directors & Officers - 4th excess	Corporate - CAD	\$ 1,365.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Directors & Officers - 5th excess	Corporate - CAD	\$ 887.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Crime	Corporate - CAD	\$ 2,250.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Employment Practices	Corporate - CAD	\$ 1,400.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Fiduciary	Corporate - CAD	\$ 1,556.00	\$ -	\$ -	
1-Jun-13	1-Jun-14	Employed Lawyers	Corporate - CAD	\$ 1,521.00	\$ -	\$ -	
1-Jul-13	1-Jul-14	Property & Terrorism	Stand Alone for US Operations	\$ 255,853.00	\$ -	\$ -	
1-Jul-13	1-Jul-14	Contractors Pollution and Errors & Omissions	Stand Alone for US Operations	\$ 15,667.86	\$ -	\$ -	
1-Jul-13	1-Jul-14	Fixed Site Pollution	Stand Alone for US Operations	\$ 48,140.73	\$ -	\$ -	

EXHIBIT 5

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	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: 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

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:

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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
13-Apr	Spreadsheet	mat 17apr13 Spreadsheet A 101765 19348414	PR PPE 04.14.2013 Adjustment USD	Gift card	803.22
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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.