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BEFORE THE ARIZONA CORPORATION COMMISSION

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Commissioner

Arizona Corporation Commission
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ORIGINAL

IN THE MATTER OF THE APPLICATION OF EPCOR WATER ARIZONA, INC. 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** **NOTICE OF FILING REJOINDER TESTIMONY**

EPCOR Water Arizona, Inc. files the attached rejoinder testimony of Sheryl L. Hubbard, Shawn Bradford, Jeffrey W. Stuck, Jake Lenderking, Sandra L. Murrey, Troy Day, Pauline Ahern, John Guastella, and Thomas Bourassa dated March 5, 2015.

RESPECTFULLY SUBMITTED this 5th day of March, 2015.

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Hubbard
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
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DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
SHERYL L. HUBBARD
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

REJOINDER TESTIMONY
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MARCH 5, 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY ..... **iii**
I. INTRODUCTION AND QUALIFICATIONS **1**
II. PURPOSE OF TESTIMONY **1**
III. SUMMARY OF REVISED REVENUE REQUIREMENT **2**
IV. SPONSORED SCHEDULES AND EXHIBITS **6**
V. RATE BASE **6**
A ACCUMULATED DEPRECIATION 6
B CASH WORKING CAPITAL 13
C CIAC ATTRIBUTED TO CONSTRUCTION WORK IN PROGRESS 13
D 24-MONTH DEFERRAL OF AFUDC AND DEPRECIATION 14
E TUBAC ARSENIC MEDIA 16
F ACCUMULATED DEFERRED INCOME TAXES ("ADIT") 16
VI. ADJUSTED OPERATING INCOME **19**
A DEPRECIATION EXPENSE 19
B INCENTIVE COMPENSATION 20
VII. OTHER RECOMMENDATIONS MADE BY INTERVENORS **24**

EXECUTIVE SUMMARY

Sheryl L. Hubbard supports the Company's **revised** requested annual revenue increase of $4,302,011, or a 15.37% increase. Ms. Hubbard then responds to the surrebuttal testimony of certain witnesses for ACC Staff and RUCO.

Ms. Hubbard first responds to RUCO and ACC Staff on the issue of accumulated depreciation. She explains that portions of the debit balances that have raised concerns for ACC Staff and RUCO were approved by the Commission in prior rate cases. She then explains that debit balances since the prior rate cases are primarily caused by early retirements in the Mohave Wastewater District. Ms. Hubbard then addresses Mr. Coley's arguments as to the causes of these debit balances.

Ms. Hubbard next addresses Staff's cash working capital arguments in relation to rate case expense and explains that these expenses are a normal operating expense requiring the expenditure of investor capital.

Next, Ms. Hubbard addresses RUCO's arguments in relation to CIAC attributed to CWIP. As set forth in her testimony, the concerns raised by RUCO are fully addressed by the segregation of developer funded CWIP from Company funded CWIP. She also notes Staff's support for the Company's position.

Ms. Hubbard then provides further support for the Company's request for a 24-month deferral of post in service AFUDC and depreciation. As she explains, this is a means to further address regulatory lag that will allow the Company to recover amounts that are otherwise permanently foregone.

Ms. Hubbard responds to the testimony of RUCO witness Ralph Smith on the issue of ADIT and the bonus depreciation deduction for income tax purposes and identifies the inaccuracies of his analysis.

On the issue of depreciation expense, Ms. Hubbard explains that although the Company has agreed to change its approach going forward, under this approach, customers will no longer

benefit from the reduction to rate base if depreciation expense ends when the asset is fully depreciated between rate cases.

Ms. Hubbard explains that with regard to incentive compensation, the recommendations of ACC Staff and RUCO with regard to this labor expense are inconsistent with prior Commission decisions addressing this issue for the Company's predecessor, Arizona-American Water.

Lastly, Ms.Hubbard responds to the phase-in proposal of the SCVCC and to RUCO's testimony regarding the rate impact of the Company's SIB proposal.

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. My name is Sheryl L. Hubbard. My business address is 2355 W. Pinnacle Peak Road, Phoenix, Arizona 85027, and my business phone number is (623) 445-2419.

Q. ARE YOU THE SAME SHERYL HUBBARD WHO SUBMITTED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. I will respond to certain surrebuttal testimony of Arizona Corporation Commission ("ACC") Staff, the Residential Utility Consumer Office ("RUCO"), and the Santa Cruz Valley Citizens Council ("SCVCC").

Q. HOW IS YOUR REJOINDER TESTIMONY ORGANIZED?

A. Section III of my rejoinder testimony will summarize EPCOR Water Arizona, Inc.'s ("EWAZ" or the "Company") revenue requirement request in this proceeding. Section IV will identify which of the Company's schedules that I am sponsoring and discuss exhibits that I am sponsoring in conjunction with this rejoinder testimony. Section V will discuss the Company's response to recommendations of ACC Staff and RUCO pertaining to elements of the Company's Rate Base, and Section VI will summarize the Company's response to recommendations of ACC Staff and RUCO regarding incentive compensation, including at-risk compensation included in the Corporate Allocation expense category, and depreciation expense as they are included in the Company's calculation of Adjusted Operating Income. Section VII will discuss other recommendations of other intervenors.

III. SUMMARY OF REVISED REVENUE REQUIREMENT

Q. WHAT IS EWAZ'S REVISED REQUESTED REVENUE INCREASE IN THIS CASE?

A. The Company's revised requested revenue increase, rate base and operating income are summarized on column [c] of Rejoinder Exhibit SLH-2RJ. The Company's **revised** requested annual revenue increase of $4,302,011, or a 15.37% increase is summarized in Table 1 below.

Table 1. Requested Revenue Increase by District

District	Mohave Water	Paradise Valley	Sun City Water	Tubac Water	Mohave Wastewater	Total 5 Districts
Revenue Increase	$1,891,953	$569,054	$1,139,852	$255,452	$445,700	$4,302,011

Q. PLEASE EXPLAIN EXHIBIT SLH-2RJ.

A. Exhibit SLH-2RJ labeled "Summary of Parties' Positions" is an eighteen page exhibit which enables a comparison of the adjustments to the Company's October 14, 2014 and filing recommended by ACC Staff in its direct testimony in column [F] and its surrebuttal testimony in column [H] and RUCO's direct testimony in column [J] and its surrebuttal testimony in column [L]. Pages 1-6 are summaries of the Company's, ACC Staff's and RUCO's Schedule A-1 - Computation of Increase in Gross Revenue Requirement. Pages 7-12 are summaries of the Company's, ACC Staff's and RUCO's Schedule B-1 - Summary of Fair Value Rate Base. Pages 13-18 are summaries of the Company's, ACC Staff's and RUCO's Schedule C-1 - Calculation of Operating Income. For each schedule (A-1, B-1, and C-1), there are separate pages for each of the districts in this case as well as a total of all of the districts. The Company's requested revenue requirement in its

rejoinder filing has been revised as a result of accepting certain of the positions recommended by ACC Staff and RUCO in their surrebuttal case presentations, as well as correcting some minor errors uncovered in the discovery process.

Q. PLEASE PROVIDE A HIGH-LEVEL SUMMARY OF THE CHANGES TO THE COMPANY'S REVENUE INCREASE PRESENTED IN THE REJOINDER PRESENTATION.

A. The **original** requested annual revenue increase (as reflected in the Company's revised schedules filed October 14, 2014) of $5,276,122, has been reduced to $4,302,011 in the Company's rejoinder presentation.

Q. PLEASE PROVIDE A HIGH-LEVEL SUMMARY OF THE CHANGES TO THE COMPANY'S ORIGINAL REVENUE INCREASE PRESENTED IN THE OCTOBER 14, 2014 FILING AND ITS REJOINDER PRESENTATION.

A. The **original** requested annual revenue increase (as reflected in the Company's revised schedules filed October 14, 2014) of $5,276,122, was reduced to $4,443,338 in the Company's rebuttal presentation and has been reduced further to $4,302,011. The Company has not revised its cost of equity request from its rebuttal position of 10.55 percent.

Rate base for Mohave Water has been revised to correct the Deferred Debit balance at the end of the test year which included unamortized rate case expenses from Docket No. W-01303A-10-0448 which should not have been included in the calculation of Rate Base.

Operating Income has been adjusted for a reduction in Tank Maintenance expense to accept the ACC Staff's revised level of expense of $123,658, as discussed in greater detail by Mr. Jeffrey W. Stuck. The Company has also accepted an adjustment to several

expense items proposed by RUCO to remove some acquisition costs included in error. These adjustments affected all of the districts and are discussed in greater detail in Ms. Sandra L. Murrey's testimony. Changes to property taxes, income taxes and the interest synchronization adjustments proposed in the Company's rejoinder Schedule C-2 are conforming changes to incorporate income or expense adjustments and are also discussed in the testimony of Ms. Sandra L. Murrey.

Q. HOW DOES EWAZ'S REVISED REVENUE REQUIREMENT COMPARE TO THE ACC STAFF'S AND RUCO'S POSITIONS SUBMITTED ON FEBRUARY 26, 2015?

A. ACC Staff recommends the Company be authorized approximately 71.54% of the Company's requested overall revenue requirement as proposed in its rebuttal presentation, and RUCO recommends the Company be authorized a decrease in revenue of approximately 0.43% from the Company's current overall revenue requirement. Although RUCO and the ACC Staff have recommended increases that are significantly less than EWAZ's requested increase in its rebuttal presentation, the Company has continued to review each of their recommendations and accepted as many of the ACC Staff's and RUCO's recommendations as possible to reduce the remaining open issues.

Q. WHAT OTHER WITNESSES ARE SUPPORTING THE COMPANY'S REVISED REVENUE REQUIREMENT THROUGH THEIR REJOINDER TESTIMONY?

A. The Company's rejoinder presentation is supported by testimony from the following witnesses:

Mr. Shawn Bradford (ACC Staff's and RUCO's recommendations regarding Tubac Water's Water Treatment Plant –Media construction costs and recommendations for recovery of deferred arsenic media replacement costs, and the SCVCC's recommendations pertaining to additional storage capacity in Tubac)

Mr. Jeffrey Stuck (ACC Staff's and RUCO's tank maintenance recommendations)

Mr. Troy Day (Rebuttal of RUCO's recommendation regarding post test year plant additions)

Mr. Jake Lenderking (Rebuttal of RUCO's recommendation regarding discontinuance of the Company's existing Central Arizona Project ("CAP") purchased water adjustment mechanisms)

Ms. Sandra L. Murrey (Rebuttal of ACC Staff's and RUCO's operating expense recommendations, excluding Arizona incentive compensation included in Labor expense, Corporate Allocation, and depreciation)

Mr. Thomas J. Bourassa (Rebuttal of Cost of Service Study recommendations by the ACC Staff and Rate Design)

Ms. Pauline Ahern (Rebuttal of the ACC Staff's and RUCO's recommended returns on equity)

Mr. John F. Guastella (Rebuttal of ACC Staff's and RUCO's recommendations regarding debit balances in accumulated depreciation, and over-depreciation of some asset accounts)

IV. SPONSORED SCHEDULES AND EXHIBITS

Q. PLEASE IDENTIFY THE SCHEDULES YOU ARE SPONSORING.

A. I am sponsoring the following schedules in the Company's Rejoinder filing:

- Schedule A-1 Rejoinder –Computation of Increase In Gross Revenue Requirements
- Schedule B-1 Rejoinder – Summary of Fair Value Rate Base
- Schedule B-2 Rejoinder – Original Cost Rate Base Pro Forma Adjustments
- Schedule B-5 Rejoinder – Computation of Working Capital Allowance
- Schedule B-6 Rejoinder – Lead/Lag Study – Cash Working Capital Requirement
- Schedule D-1 Rejoinder – Summary of Cost of Capital
- Schedule D-2 Rejoinder – Cost of Long-Term Debt

Q. PLEASE IDENTIFY THE EXHIBITS YOU ARE SPONSORING.

A. I am sponsoring the following exhibits, which are attached to this rejoinder testimony:

- Exhibit SLH-1RJ - Summary of Parties' Positions
- Exhibit SLH-2RJ – Debit Accumulated Depreciation Balance Details
- Exhibit SLH-3RJ – Data Response RUCO 31.01-Mohave Wastewater

V. RATE BASE

A ACCUMULATED DEPRECIATION

Q. MS. RIMBACK INDICATES THAT STAFF STILL REQUIRES ADDITIONAL INFORMATION REGARDING HOW THE COMPANY INTENDS TO ADDRESS CERTAIN ACCOUNTS. HAS THE COMPANY ADDRESSED THOSE ACCOUNTS?

A. Yes. For Sun City Water, an adjustment has been proposed to reflect the reclassification that was discussed in my rebuttal testimony regarding account 340100-Structures and Improvements-Supply with a credit balance of $98,493. In the last Sun City Water rate case, entries to record the Well 9.2 construction costs were recorded to Structures and Improvements-Pumping and subsequently reclassified as Structures and Improvements-Supply. This adjustment corrects the accounting for that reclassification including the effects on accumulated depreciation. It has been labeled ADJ SLH-6RJ on Schedule B-2 and the impacts on depreciation expense are shown as ADJ SLH-7RJ on Schedule C-2.

Q. WITH REGARD TO ACCUMULATED DEPRECIATION, DOES THE COMPANY CONTINUE TO BELIEVE THAT IT HAS HANDLED ACCUMULATED DEPRECIATION IN ACCORDANCE WITH NARUC REQUIREMENTS?

A. Yes. The Company has added depreciation expense to the accumulated depreciation account and retired assets by debiting the original cost of the retired asset to the accumulated depreciation account consistent with the accounting guidance of the NARUC Uniform System of Accounts. Although some groups of assets were depreciated beyond the net book value for the group, the assets were still in service and the accumulated depreciation account was credited for that depreciation.

Q. MUCH OF THE DISCUSSION IN THE SURREBUTTAL TESTIMONY OF THE ACC STAFF AND RUCO PERTAINS TO "ABNORMAL" DEBIT ACCUMULATED DEPRECIATION BALANCES (I.E. "PHANTOM ASSETS") OF CERTAIN ACCOUNTS. HOW DOES THE COMPANY RESPOND?

A. First, it should be noted that the five districts in this rate case application all had debit accumulated depreciation balances that were authorized by the Commission in each of

the district's last rate cases. Exhibit SLH-3RJ provides the detail by NARUC account for the debit accumulated depreciation balances authorized in the last rate case as well as the debit accumulated depreciation balances included in the rate base request in this case for each district. To get a better understanding of the magnitude of the debit balances approved in the last rate cases and the test year debit balances, a summary in total by district is included in Table 2 below. Table 2 – Debit Accumulated Depreciation Balances sets forth the debit balances authorized in the last rate case by district and shows the debit balances as of the test year ended June 30, 2013 in this proceeding and the incremental change since the last rate case.

Table 2. Debit Accumulated Depreciation Balances

District	Authorized Balances from Last Rate Case	Requested Balances in Current Rate Case	Change in Balances since Last Rate Case
Mohave Water	$ (275,563)	$ (279,644)	$ (4,081)
Paradise Valley Water	$ (1,370,721)	$(1,416,773)	$ (46,052)
Sun City Water	$ (1,120,255)	$(1,045,483)	$ 74,772
Tubac Water	$ (1,877)	$ (1,877)	$ 0
Mohave Wastewater	$ (2,155)	$ (413,326)	$ (411,171)
Total	$ (2,770,571)	$(3,157,103)	$ (386,532)

Q. FROM TABLE 2, IT APPEARS THAT THE LARGEST CHANGE IN THE DEBIT BALANCES SINCE THE LAST RATE CASE OCCURRED IN THE MOHAVE WASTEWATER DISTRICT. WERE EARLY RETIREMENTS THE CAUSE OF THE INCREASE IN THE DEBIT BALANCE IN THAT DISTRICT?

A. Yes. The Company provided its response to data request number RUCO 31.01 setting forth all of the retirements to the Mohave Wastewater District since the last rate case. Exhibit SLH-4RJ is a copy of the response to data request number RUCO 31.01 and it discusses the retirements that are contributing to the debit accumulated depreciation

balance in the Mohave Wastewater district. These retirements were, in fact, accounted for consistent with the requirements of the NARUC Uniform System of Account requirements.

Q. AGAIN LOOKING AT TABLE 2, THE CHANGE IN THE DEBIT ACCUMULATED DEPRECIATION BALANCE HAS ACTUALLY GONE DOWN IN THE SUN CITY WATER DISTRICT. WHAT IS THE EXPLANATION FOR THAT CHANGE?

A. A decrease in any debit balances is exactly what you would expect to occur over time as the remaining assets in the plant account are depreciated. As time elapses and the Company continues to depreciate assets that are still in service and providing service to customers, credits are recorded to the accumulated depreciation account which reduces any debit balances that resulted from retirements before their useful lives.

Q. ARE THERE OTHER ACCEPTABLE REGULATORY METHODS TO ELIMINATE THE "ABNORMAL" DEBIT BALANCES?

A. Yes. However, they must be authorized by the Commission. Upon Commission approval and establishment of a recovery period for rate recovery, the debit accumulated depreciation balances could be transferred to a regulatory asset account (by crediting the accumulated depreciation account and debiting a regulatory asset account) The recovery of the investment that was retired before the end of its useful life would typically be spread over the remaining average service life by applying the group depreciation rates authorized by the Commission for that asset group.

Q. IN THE CASE OF THE MOHAVE WASTEWATER RETIREMENT, WHAT IMPACT WOULD THAT HAVE ON THE CURRENT REQUEST IN THIS CASE?

A. Account 380100 - Treatment and Disposal Equipment has an average service life of 27.78 years (a depreciation rate of 3.60 percent). The retirement amounts, $467,154 and $1,209, would be treated as an extraordinary event and reclassified to a regulatory asset account and amortized at the same rate as the depreciation rate of 3.60 percent to Depreciation and Amortization expense. The impact of this reclassification would increase the revenue requirement for Mohave Wastewater by $16,861 ($468,363 X 3.6%) annually for the remaining service lives.

Q. IN HIS TESTIMONY, MR. COLEY DESCRIBES THREE REASONS THAT HE BELIEVES HAVE LED TO DEBIT ACCUMULATED DEPRECIATION BALANCES OF CERTAIN ACCOUNTS. DO YOU AGREE WITH HIS ASSESSMENT?

A. From my investigation of the debit balances in order to respond to the data requests propounded by both the ACC Staff and RUCO, I believe that the debit balances were the result of retirements before there was sufficient accumulated depreciation to offset the retirements, which resulted in a net debit balance in accumulated depreciation. Retirements reduce the accumulated depreciation balance, and when the accumulated depreciation balance is less than the retirement, a debit balance in the accumulated depreciation balance occurs as is the case here. There has been no evidence presented by RUCO or any findings in my analysis that makes me think that there was any "improper accounting when retiring a group of assets from non-depreciable accounts" or any "improper accounting when making transfers of assets from one account to another" as Mr. Coley claims.

Q. MR. COLEY ALSO INDICATES THAT BASED ON TWO PRIOR MOTIONS FOR AN EXTENSION OF TIME THESE ISSUES HAVE EXISTED IN PRIOR CASES. DO YOU AGREE?

A. I don't have any recollection of the reasons that RUCO required an additional week to complete its direct case testimony. However, I do note that only one district in this case, the Sun City Water District, was involved in the case that he cites. In addition, I am not aware of any party in that proceeding raising issues relating to debit balances in its testimony. And, as noted above, the Commission approved a debit balance for the Sun City Water District in the last rate case.

Q. IN HIS TESTIMONY, MR. COLEY REFERS TO SPECIFIC EXAMPLES THAT DEMONSTRATE THE ISSUES WITH THESE BALANCES. HOW DO YOU RESPOND?

A. One example that Mr. Coley uses to demonstrate his point is the Mohave Wastewater accumulated depreciation balance in December 2008 of $20,641 which is clearly the early retirement referred to in the response to data request number RUCO 31.01 (Exhibit SLH-4RJ). It appears that RUCO is trying to distort the Company's accounting into a problem that does not exist.

Q. HOW DO THESE DEBIT BALANCES IMPACT CUSTOMERS?

A. Debit balances in any account included in the calculation of rate base have the effect of increasing rate base. The alternative treatment that I mention above in which the unrecovered balance is reclassified as an extraordinary early retirement in a regulatory asset account and amortized over the remaining average service life would have a slightly larger impact due to the amortization, if you will, of the regulatory asset.

Q. MR. COLEY ALSO PROVIDES EXAMPLES OF CREDIT BALANCES THAT HE BELIEVES ARE A CONCERN FOR CERTAIN ACCOUNTS. HOW DID THOSE ARISE?

A. Credit balances are the result of continued depreciation of assets after the asset group has reached a net book value of $0. Net book value is the original cost of the asset group less the accumulated depreciation for the same assets. It is important to remember that the Accumulated Depreciation also includes salvage proceeds (credits) from asset dispositions and costs incurred to retire assets, also referred to as cost of removal (debits).

Q. MR. COLEY CLAIMS THAT THE COMPANY OVER-RECOVERED MORE THAN $7 MILLION IN DEPRECIATION EXPENSE. IS THAT CORRECT?

A. No. The Company has calculated its depreciation expense based on rates established by the Commission in Decision Number 71410 (issued December 8, 2009) for Paradise Valley, Mohave Wastewater and Tubac Water, Decision Number 72047 (issued January 6, 2011) for Sun City Water, and Decision Number 73145 (issued May 1, 2012) for Mohave Water. Depreciation expense is established by the Commission in the course of setting rates for a utility. As with other expenses, this expense will not remain fixed from the date of the decision, but absent a subsequent determination from the Commission that changes the depreciation rates, adjustments for past costs constitute retroactive ratemaking. Based on that, there is no over-recovery of depreciation expense as Mr. Coley alleges. The Company has agreed with the ACC Staff that continuing to depreciate these assets for purposes of calculating future revenue requirements is appropriate and has adjusted test year depreciation expense to reflect this concept. If the Commission determines that the Company recorded additional depreciation expense to the accumulated depreciation account in error, then an adjustment should be made to reverse those credits to the accumulated depreciation account with a corresponding credit

to the retained earnings account to reverse the expense that was deducted from the income statement in error. However, it is critical to note that the Company did not collect more depreciation expense from customers than it was authorized and therefore no refund as proposed by RUCO is appropriate as that would constitute retroactive ratemaking.

B CASH WORKING CAPITAL

Q. MS. RIMBACK ARGUES THAT CERTAIN AMOUNTS OF RATE CASE EXPENSE SHOULD BE EXCLUDED FROM CASH WORKING CAPITAL. DOES THE COMPANY AGREE?

A. No. Rate case expense is a normal operating expense of the Company and requires the provision of investor capital to pay for that expense. Cash is expended for the incurred expenses and there is an associated lag in the recovery of that expense from customers which is the premise of providing an allowance for cash working capital.

C CIAC ATTRIBUTED TO CONSTRUCTION WORK IN PROGRESS

Q. HAS STAFF ACCEPTED THE COMPANY'S POSITION WITH REGARD TO THE REMOVAL OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") ATTRIBUTABLE TO DEVELOPER-FUNDED CONSTRUCTION WORK IN PROGRESS ("CWIP")?

A. Yes. ACC Staff has accepted the Company's adjustment and has recommended in its surrebuttal testimony that developer-funded CIAC remaining in CWIP at the end of the test year and not included in plant in service or post test year plant additions be excluded from the CIAC balance used as a reduction to rate base consistent with the Company's request.

Q. WHAT IS RUCO'S POSITION ON THIS ISSUE?

A. RUCO does not agree with the Company's adjustment to remove the developer-funded capital (CIAC) from the calculation of rate base. RUCO's testimony is that developer contributions could potentially be included in the cost of assets in construction work in progress ("CWIP") at the end of the test year that the Company is seeking to include in rate base through its post test year plant additions. This is not the case, however, as developer-funded CWIP is clearly segregated from Company-funded CWIP and excluded from the post test year plant additions. For every dollar of developer-funded CWIP, there should be a corresponding dollar in the CIAC account. Those developer-funded dollars correspond to Adj SLH-3 in the Company's direct case presentation which reduces the CIAC balance that is then used as a reduction to rate base for all plant included in the plant in service balances.

D <u>24-MONTH DEFERRAL OF AFUDC AND DEPRECIATION</u>

Q. BOTH STAFF AND RUCO CONTINUE TO OPPOSE THE COMPANY'S REQUEST FOR A DEFERRAL OF POST IN-SERVICE AFUDC AND DEPRECIATION. HOW DOES THE COMPANY RESPOND?

A. ACC Staff appears to base its recommendation to oppose an allowance for post in service AFUDC and depreciation on plant additions until they can be included in the Company's rate base and operating income on the premise that the additional AFUDC is not consistent with traditional ratemaking principals. The Company is not arguing that its request is traditional ratemaking, but rather is requesting the Commission to reevaluate this potential means of reducing regulatory lag associated with processing cases. The return on these investments, which includes interest expense, is permanently lost to the Company from the time the asset begins providing service to customers through and until the time that a rate case decision can be issued by the Commission. The Company's request preserves the earning potential of its investments notwithstanding the time it takes

to process a rate change request. The Company is not seeking deferral treatment for all assets that it places in service; only the assets placed in service during a test year and for the 12 months subsequent to the test year end to allow time to litigate the rate case application. Additionally, in future rate requests, the Company would not include assets which have been identified as System Improvement Benefit ("SIB")-eligible. The requested 24-month period is a conservative request, in the Company's opinion, because it has historically taken longer than 24 months to complete a rate case application for EWAZ and its predecessor, Arizona American Water as shown in Table 3 below.

Table 3. Rate Case Application Durations

Decision Number	Test Year	Filing Date	Sufficiency	Day 1 of Test Year	Decision Date	# of Months from Day 1 of Test Year to Decision
69440	6/24/2005	1/13/2006	3/10/2006	6/25/2004	5/1/2007	33.5
70209	12/9/2005	7/28/2006	2/2/2007	12/10/2004	3/20/2008	38.6
70351	12/31/2006	4/2/2007	4/30/2007	1/1/2006	5/16/2008	27.9
70372	12/31/2005	6/16/2006	9/28/2006	1/1/2005	6/13/2008	40.6
71410	12/31/2007	5/2/2008	7/23/2008	1/1/2007	12/8/2009	34.6
72047	12/31/2008	7/2/2009	8/24/2009	1/1/2008	1/6/2011	35.5
73145	6/30/2010	11/3/2010	12/22/2010	7/1/2009	5/1/2012	33.4
74568	12/31/2012	4/26/2013	5/28/2013	1/1/2012	6/20/2014	29.1

RUCO has only provided the rationale for opposing the Company's request for a 24-month deferral of AFUDC and depreciation in their direct case presentation by noting that they also oppose the System Improvement Benefit ("SIB") mechanism. Both mechanisms are intended to reduce regulatory lag and provide an opportunity for a regulated company to earn its authorized rate of return on its investments that are used and useful and providing safe and reliable service to customers.

E TUBAC ARSENIC MEDIA

Q. HAVE YOU REVIEWED ACC STAFF'S RECOMMENDED ADJUSTMENT TO THE ACCOUNTING FOR ARSENIC MEDIA IN TUBAC?

A. Yes.

Q. HOW DOES THE COMPANY RESPOND TO THE POSITION TAKEN BY ACC STAFF?

A. The Company disagrees with ACC Staff's recommendation to remove the net amount of $178,533 ($249,315-$70,762) currently included in Account 320200 Water Treatment Equipment-Media. This account also includes an allocation of treatment plant engineering costs and overhead incurred during the construction of the arsenic treatment plant. While investigating the ACC Staff's recommended adjustment, however, it was determined that $86,599 of media costs were disallowed in the Arsenic Cost Recovery Mechanism Step 1 proceeding and those costs were not removed from the Company's plant in service. An adjustment to remove the $86,599 and associated accumulated depreciation of $10,123 has been made on Schedule B-2 as Adj SLH-5RJ and the removal of the associated request for depreciation on this cost has been adjusted out via ADJ SLH-6RJ on Schedule C-2. The remainder of the plant in Account 320200 Water Treatment Equipment-Media has been transferred to Account 320100 Water Treatment Equipment-Non Media on Schedule B-2 on ADJ SLH-5RJ with the impact on depreciation expense reflected on ADJ SLH-6RJ on Schedule C-2.

F ACCUMULATED DEFERRED INCOME TAXES ("ADIT")

Q. RUCO PROPOSES TO INCLUDE AN ADJUSTMENT FOR ADIT ASSOCIATED WITH BONUS DEPRECIATION ON POST TEST YEAR PLANT ADDITIONS. HOW DOES THE COMPANY RESPOND?

A. The Company included all recorded ADIT as of the end of the test year in this case in the calculation of rate base for each district. This calculation is based on the corporate income tax return and is allocated to the districts by use of a 4-factor allocator based on net plant, general metered customers, labor and O&M (excluding labor).

ADIT related to the bonus depreciation for all of EWAZ's assets placed in service during 2013 and eligible for bonus depreciation was appropriately recorded when the election to take bonus depreciation on the Company's 2013 tax return occurred in September of 2014. It should be noted that not all assets placed in service in a tax year are eligible for the bonus depreciation deduction. For purposes of the 2014 tax return, due to be filed in September of this year, the Company had not expected to receive the bonus depreciation deduction due to the expiration of these tax provisions on December 31, 2013. It was not until December 16, 2014, that the bonus depreciation provisions were extended for the 2014 tax year. Under the extended tax provisions, the Company can elect to utilize the bonus depreciation rules or use the normal modified accelerated cost recovery system ("MACRS") tax depreciation methodology. The Company has not determined if it will utilize these extended tax provisions and doesn't foresee making that decision until immediately prior to filing our income tax return in September of 2015.

Q. ON PAGE 13 OF MR. SMITH'S TESTIMONY, HE DISCUSSES THE MATCHING PRINCIPLE AS IT RELATES TO ADIT AND UTILITY PLANT. HOW DOES THE COMPANY RESPOND?

A. Mr. Smith neglected to complete his matching analysis by failing to take into consideration the ultimate impact of the 2013 bonus depreciation deduction. He is correct in stating that 2013 bonus depreciation impacted the ADIT but did not complete

his analysis to determine that 2013 bonus tax depreciation caused the Company's consolidated income tax return to show a taxable loss which contributed to the creation of a net operating loss ("NOL") deferred tax asset which in effect nullifies any adjustment to rate base even absent the argument that the proposed ADIT adjustment reaches too far past the end of the test year.

Q. DO YOU AGREE WITH RUCO THAT THERE SHOULD BE AN ADJUSTMENT TO ADIT TO REFLECT 2013 BONUS TAX DEPRECIATION?

A. No. The Company did not receive any tax benefit for the 2013 bonus depreciation deduction and therefore the ADIT balance reflected in rate base should not be adjusted.

Q. DO YOU AGREE THERE SHOULD BE AN ADJUSTMENT TO ADIT TO REFLECT 2014 BONUS TAX DEPRECIATION?

A. No, at least not in this case. Bonus depreciation had expired in December 2013 and was not extended until December of 2014. The Company had not planned on bonus depreciation all year and had not included it in any of its deferred tax calculations which was proper accounting. It is unclear at this point if the Company will even use the bonus depreciation deduction in the determination of its 2014 depreciation calculations and that decision won't be made until closer to its income tax return filing in September of 2015. ADIT is more appropriately reflected in rate base based on the actual required accounting for this tax benefit. There are too many nuances to the determination of tax liabilities to try to take advantage of tax deferrals outside of the normal tax accounting guidelines which RUCO's proposed adjustment would.

VI. ADJUSTED OPERATING INCOME

A DEPRECIATION EXPENSE

Q. IN MS. RIMBACK'S TESTIMONY, SHE NOTES THAT THE COMPANY HAS AGREED TO CHANGE ITS APPROACH TO DEPRECIATION ON A GOING FORWARD BASIS. WHY HAS THE COMPANY AGREED TO THIS?

A. The Company has agreed to cease depreciation on asset groups when the net book value, plant less accumulated depreciation, reaches zero because at that point the asset group has been fully depreciated. .

Q. HAS THE COMPANY ALSO ADDRESSED THIS ISSUE IN ITS ADJUSTED TEST YEAR DEPRECIATION EXPENSE?

A. Yes, as noted above, this has been reflected in the Company's adjusted test year depreciation expense. However, once again, it must be noted that the authorized depreciation expense does not change as a result of an asset group becoming fully depreciated absent a rate case. Keep in mind that investments in new assets are continuously made. When a new plant addition goes into service it increases the net book value all other things remaining constant eliminating net book values of $0 theoretically. For asset groups' net book values to reach $0 means either the useful (i.e. depreciable) lives are too short for depreciation purposes or investments in new plant assets has been deferred which could be the result of several factors. One such factor could be an economic downturn where a company doesn't have the capital to invest or it could be a conscious decision of the investors to restrict capital spending. Typically, these decisions are not long term and net book values of $0 are not the norm because they become positive as soon as a new asset is added to the asset group.

The effect of ACC Staff's recommendation is to remove the rate base reduction that is created when depreciation is recorded on these asset groups that have remained in service longer than their average service lives (i.e. after the net book value reaches zero) until a rate case is filed and processed. The authorized depreciation expense level will continue to be collected in a company's Commission-authorized rates for service to its customers; however, the depreciation expense will not be reflected on the books either as an operating expense or as a credit to accumulated depreciation which reduces rate base as the Company has reflected it now. This treatment is no different than when an authorized amortization, like rate case expense, expires prior to a Company filing for a rate case except that in the case of an amortization, there is usually no corresponding reduction to rate base such as occurs with depreciation expense. It would be retroactive ratemaking for the Commission to attempt to quantify the amount of amortization expense that was authorized but expired before the company filed a new rate case to change its authorized expenses and require a refund to customers as RUCO is recommending in this case for depreciation expense. In the case of the continuation of depreciation on assets that were fully depreciated, the corresponding reduction to rate base has been reflected. Under ACC Staff's proposal, customers will no longer benefit from the reduction to rate base if depreciation expense ends when the asset group is fully depreciated between rate cases.

B <u>INCENTIVE COMPENSATION</u>

Q. THE COMPANY'S REQUEST FOR INCENTIVE COMPENSATION IS REFLECTED IN TWO EXPENSE ACCOUNTS. WOULD YOU EXPLAIN THE RATIONALE FOR THIS SEGREGATION?

A. Yes. Incentive Compensation for employees located in Arizona is included in Labor Expense and includes the district's employees and an allocated share of the EWUS employees' incentive compensation. Incentive Compensation for employees located in

Canada, also referred to as At-Risk Compensation, is reflected in the Corporate Allocation line item on the income statement.

Q. WERE THE METHODS OF CALCULATING THE PRO FORMA ADJUSTMENTS FOR THE INCENTIVE COMPENSATION IN THE LABOR EXPENSE AND THE AT-RISK COMPENSATION INCLUDED IN THE CORPORATE ALLOCATION THE SAME?

A. No.

Q. PLEASE EXPLAIN THE METHOD OF CALCULATING THE PRO FORMA ADJUSTMENT FOR THE INCENTIVE COMPENSATION IN THE LABOR EXPENSE LINE.

A. The pro forma adjustment for the incentive compensation for employees located in Arizona was based on test year end labor rates adjusted for increases known and measurable after the test year. The incentive compensation rates for each Arizona employee were applied to the labor costs resulting in 100 percent of the Pool A incentive compensation. No Pool B incentive compensation or Mid-Term Incentive Plan ("MTIP") expenses were included for AZ employees. In rebuttal, the Company removed the entire financial component related to the Pool A incentive compensation which was a reduction of 10 percent of the Pool A incentive compensation.

Q. WHAT AMOUNT OF INCENTIVE COMPENSATION IS INCLUDED IN THE LABOR EXPENSE FOR ARIZONA EMPLOYEES?

A. The total incentive compensation for Arizona employees included in Labor expense for the 5 districts in this case is $207,765 of the total Arizona incentive compensation of $801,710 versus ACC Staff's recommendation of $115,381 based on their 50 / 50 sharing proposal of the incentive compensation expense between shareholders and customers.

Q. PLEASE EXPLAIN THE METHOD OF CALCULATING THE PRO FORMA ADJUSTMENT FOR THE AT RISK COMPENSATION IN THE CORPORATE ALLOCATION LINE.

A. The pro forma adjustment for the At-Risk Compensation for employees in Canada was computed for the test year ending June 30, 2013 by using the actual 2013 At-Risk expense level. The Corporate Allocation is based on estimates throughout the year and trued-up at year end. Since the actual 2013 expense was available when this case was being prepared, the actual 2013 At-Risk Compensation was used as the basis of the pro forma adjustment. The actual 2013 At-Risk Compensation included in the Corporate Allocation pro forma adjustment included Pool A, Pool B, and MTIP. In rebuttal, the Company removed the financial component of the Pool A At-Risk compensation which was a reduction of 10 percent of the Pool A At-Risk compensation and all other At-Risk Compensation from the Corporate Allocation. For the adjusted test year in the Company's rebuttal presentation, the non-financial Pool A portion of the At-Risk Compensation represented approximately 47% of the total At-Risk Compensation included in the Corporate Allocation. The removal of the financial component reduced this request by approximately 53%.

Q. HAS ACC STAFF CHANGED ITS POSITION WITH REGARD TO AT RISK COMPENSATION INCLUDED IN THE CORPORATION ALLOCATION EXPENSED AND LABOR EXPENSE?

A. Yes. ACC Staff has recommended that 50 percent of the total at risk compensation included in the Corporate Allocation be included in the Company's operating expenses. ACC Staff is recommending a sharing of the at risk compensation so that rate payers and

shareholders are each responsible for 50 percent of the at risk compensation included in the Corporate Allocation.

Q. IS THIS CONSISTENT WITH ACC STAFF'S TREATMENT OF THESE EXPENSE ITEMS IN THE PAST FOR EWAZ'S PREDECESSOR?

A. No. In prior rate cases for EWAZ's predecessor, Arizona-American Water Company (Arizona-American), the ACC Staff has evaluated the metrics of the incentive plans and historically disallowed the financially-based component. In the most recent Arizona-American rate cases that were not settled cases, Docket No. W-01303A-09-0343; S-01303A-09-0343 and Docket No. W-01303A-08-0227, the financial component of the incentive plans in those cases represented 30% of the plan and this is the amount disallowed by the Commission. The financial component in the Company's current incentive plan is only 10%.

Q. IS THIS CONSISTENT WITH THE COMMISSION'S TREATMENT OF THESE EXPENSE ITEMS IN THE PAST?

A. The Commission, in previous Arizona-American cases, adopted recommendations to disallow the financial component of the incentive compensation packages and rejected other recommendations that were for greater percentages.

Q. WHAT DOES RUCO RECOMMEND WITH REGARD TO THESE EXPENSES?

A. RUCO, through its witness, Mr. Ralph C. Smith, proposes to disallow all at risk compensation included in the Corporate Allocation by the Company after reviewing each element of the at risk compensation.

VII. OTHER RECOMMENDATIONS MADE BY INTERVENORS

Q. THE SANTA CRUZ VALLEY COMMUNITY COUNCIL RECOMMENDS A PHASE IN APPROACH TO ANY RATE INCREASE WHICH WOULD RESULT FROM EWAZ'S PROPOSED RATE INCREASE. HOW DOES THE COMPANY RESPOND?

A. It has been my experience that phasing-in rate increases typically results from a settlement agreement among parties to a rate case as opposed to the issuance of a Commission decision and the phase-in plan provides for recovery of the foregone revenues plus the associated carrying costs from the beginning of the rate phase-in until full rate implementation occurs. When these phase-in programs are accomplished in a just and fair manner, the ending rates are generally higher than they otherwise would have been with implementation at the completion of the rate case. Based on the adjustments the Company has made to its requested revenue requirement, the Company is not requesting a phase-in of rates.

Q. IN MR. MEASE'S SURREBUTTAL TESTIMONY ON SYSTEM IMPROVEMENT BENEFITS ('SIB"), WERE THE FINANCIAL IMPACTS ON CUSTOMERS PRESENTED?

A. Yes.

Q. DOES THE COMPANY HAVE ANY CONCERNS ABOUT THE CALCULATIONS OR THE RESULTING REVENUE INCREASES PRESENTED?

A. Yes. The Company was unable to get workpapers that provided adequate detail to verify the calculations of the depreciation and associated depreciation offset and has concerns about the manner in which the annual increase to residential ratepayers is shown on Mr.

Mease's Schedule 2 which consists of three pages showing separate calculations of SIB-related increases to residential ratepayers by district.

Q. IS THE DEPICTION OF THE ANNUAL INCREASES ON MR. MEASE'S SCHEDULES ACCURATE?

A. I don't believe so. Instead of showing the incremental increase that customers will experience each year, the increases that Mr. Mease shows have been compounded with the rate increase request in this application when the reality of it is that the annual incremental increases are much smaller than shown on his Schedule 2. The intended purpose of a SIB Mechanism is to increase rates in smaller increments and reduce potential rate shock that may occur when Company's wait longer periods of time to request rate changes. The Company's proposed SIB Mechanisms exhibit that intent by including small increases each year.

Q. HAS THE COMPANY CALCULATED SCHEDULES SIMILAR TO MR. MEASE?

A. No. At this time there are still several variables that are dependent on the ultimate resolution of issues in this pending rate case application. For instance, the overall rate of return, the final revenue requirement to determine the efficiency credit, and the increase to customers which is dependent on final rate design, to name just a few. Final schedules will be submitted upon completion of this proceeding along with a Plan of Administration.

Q. DOES YOUR SILENCE ON ANY ISSUE RAISED BY ANY PARTY IN TESTIMONY INDICATE YOUR ACCEPTANCE OF THEIR POSITION?

A. No.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

EXHIBIT SLH – 1RJ

EPCOR WATER ARIZONA - TOTAL OF ALL 5 DISTRICTS
Rebuttal Summary of Schedule A-1s
Computation of Increase in Gross Revenue Requirement
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]		[F]	[G]	[H]	[I]		[J]	[K]	[L]	[M]
		Company	Company Rebuttal		Company Rejoinder			Staff Direct		Staff Surrebuttal			RUCO Direct		RUCO Surrebuttal	
Line No.		Company @ 10.7% ROE	Rebuttal Adjustments	As Adjusted ROE-10.55%	Rejoinder Adjustments	As Adjusted ROE-10.55%		Adjustments to Company Direct	As Adjusted ROE-9.5%	Adjustments to Company Direct	As Adjusted ROE-9.5%		Adjustments to Company Direct	As Adjusted ROE-8.91%	Adjustments to Company Direct	As Adjusted ROE-8.91%
1	Original Cost Rate Base	$ 96,199,100	$ (59,326)	$ 96,139,774	$ (204,391)	$ 95,935,383		$ (5,826,030)	$ 90,373,070	$ (4,733,485)	$ 91,465,615		$ (15,818,604)	$ 80,380,496	$ (15,902,241)	$ 80,296,859
2																
3	Adjusted Operating Income	$ 3,412,691	$ 428,075	$ 3,840,767	$ 78,833	$ 3,919,600	(a)	$ 835,055	$ 4,247,746	$ 562,256	$ 3,974,947	(a)	$ 1,384,603	$ 4,797,294	$ 1,044,818	$ 4,457,510
4																
5	Current Rate of Return	3.55%		3.99%		4.09%			4.70%		4.35%			5.97%		5.55%
6																
7	Required Operating Income	$ 6,608,878		$ 6,547,119		$ 6,533,200			$ 5,783,876		$ 5,851,118			$ 4,895,172		$ 4,890,079
8																
9	Required Rate of Return	6.87%		6.81%		6.81%			6.40%		6.40%			6.09%		6.09%
10																
11	Operating Income Deficiency	$ 3,196,187		$ 2,706,352		$ 2,613,599			$ 1,536,130		$ 1,876,170			$ 97,885		$ 432,569
12																
13	Gross Revenue Conversion Factor	1.6508		1.6419		1.6460			1.6257		1.6403			1.2699		1.2699
14																
15	**Increase in Gross Revenue Requirement**	$ 5,276,155	$ (832,718)	$ 4,443,437	$ (141,427)	$ 4,302,010	(a)	$ (2,775,671)	$ 2,500,484	$ (2,198,660)	$ 3,077,495	(a)	$ (5,151,855)	$ 124,300	$ (5,398,747)	$ (122,592)
16																
17	Test Year Adjusted Present Rate Revenue	$ 27,903,131	$ 88,992	$ 27,992,123	$ -	$ 27,992,123		$ 65,593	$ 27,968,724	$ 65,593	$ 27,968,723		$ 441,806	$ 28,344,937	$ 507,399	$ 28,410,530
18																
19	**Percent Rate Increase**	**18.91%**		**15.87%**		**15.37%**			**8.94%**		**11.00%**			**0.44%**		**-0.43%**

(a) ACC Staff's Miscellaneous Expense Adjustment does not use the Company's October 14, 2014 filed amount of $6,577 for Tubac, so Revenue Increase is slightly different than their filing.

EPCOR WATER ARIZONA - MOHAVE WATER
Rebuttal Summary of Schedule A-1s
Computation of Increase in Gross Revenue Requirement
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company @ 10.7% ROE	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	Original Cost Rate Base	$ 23,496,514	$ 66,355	$ 23,562,869	$ (67,692)	$ 23,495,177	$ (1,135,595)	$ 22,360,919	$ (1,062,391)	$ 22,434,123	$ (7,327,265)	$ 16,169,249	$ (7,268,974)	$ 16,226,203
2														
3	Adjusted Operating Income	$ 416,266	$ 34,986	$ 451,252	$ 3,480	$ 454,732	$ 177,787	$ 594,053	$ 115,339	$ 531,605	$ 403,332	$ 819,598	$ 420,502	$ 836,768
4														
5	Current Rate of Return	1.77%	0.14%	1.92%	0.16%	1.94%	0.89%	2.66%	0.60%	2.37%	3.30%	5.07%	3.39%	5.16%
6														
7	Required Operating Income	$ 1,614,211	$ (9,579)	$ 1,604,631	$ (14,189)	$ 1,600,022	$ (183,112)	$ 1,431,099	$ (178,427)	$ 1,435,784	$ (629,503)	$ 984,707	$ (626,035)	$ 988,176
8														
9	Required Rate of Return	6.87%	-0.06%	6.81%	-0.06%	6.81%	-0.47%	6.40%	-0.47%	6.40%	-0.78%	6.09%	-0.78%	6.09%
10														
11	Operating Income Deficiency	$ 1,197,945	$ (44,565)	$ 1,153,380	$ (52,655)	$ 1,145,290	$ (360,899)	$ 837,046	$ (293,766)	$ 904,179	$ (1,032,832)	$ 165,112	$ (1,046,537)	$ 151,408
12														
13	Gross Revenue Conversion Factor	1.6469	-0.0088	1.6382	0.0050	1.6519	-0.0212	1.6257	-0.0092	1.6377	-0.0091	1.6378	-0.0091	1.6378
14														
15	Increase in Gross Revenue Requirement	$ 1,972,914	$ (83,499)	$ 1,889,415	$ (80,961)	$ 1,891,953	$ (612,128)	$ 1,360,786	$ (492,140)	$ 1,480,774	$ (1,702,487)	$ 270,427	$ (1,724,934)	$ 247,980
16														
17	Test Year Adjusted Present Rate Revenue	$ 6,354,293	$ 35,483	$ 6,389,776	$ 35,483	$ 6,389,776	$ 35,483	$ 6,389,776	$ 35,483	$ 6,389,776	$ 101,182	$ 6,455,475	$ 136,665	$ 6,490,958
18														
19	Percent Rate Increase	31.05%		29.57%		29.61%		21.30%		23.17%		4.19%		3.82%

EPCOR WATER ARIZONA - PARADISE VALLEY WATER
Rebuttal Summary of Schedule A-1s
Computation of Increase in Gross Revenue Requirement
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company @ 10.7% ROE	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	Original Cost Rate Base	$ 39,380,442	$ (378,875)	$ 39,001,567	$ 309	$ 39,001,876	$ (2,231,450)	$ 37,148,992	$ (2,191,894)	$ 37,188,548	$ (3,883,888)	$ 35,496,554	$ (3,441,956)	$ 35,559,921
2														
3	Adjusted Operating Income	$ 2,193,723	$ 103,299	$ 2,297,022	$ 10,881	$ 2,307,903	$ 189,831	$ 2,383,554	$ 131,624	$ 2,325,347	$ 353,700	$ 2,547,424	$ 334,504	$ 2,642,407
4														
5	Current Rate of Return	5.57%	0.32%	5.89%	0.03%	5.92%		6.42%	0.68%	6.25%		7.18%	1.51%	7.43%
6														
7	Required Operating Income	$ 2,705,436	$ (49,430)	$ 2,656,007	$ 21	$ 2,656,028		$ 2,377,535	$ (325,369)	$ 2,380,067		$ 2,161,740	$ (490,429)	$ 2,165,599
8														
9	Required Rate of Return	6.87%	-0.06%	6.81%	0.00%	6.81%		6.40%	-0.47%	6.40%		6.09%	-0.72%	6.09%
10														
11	Operating Income Deficiency	$ 511,713	$ (152,728)	$ 358,985	$ (10,860)	$ 348,125		$ (6,019)	$ (456,993)	$ 54,720		$ (385,681)	$ (824,932)	$ (476,807)
12														
13	Gross Revenue Conversion Factor	1.6442	-0.0087	1.6354	-0.0008	1.6346		1.6323	-0.0098	1.6344		1.6350	0.0004	1.6350
14														
15	Increase in Gross Revenue Requirement	$ 841,337	$ (254,249)	$ 587,088	$ (18,035)	$ 569,054	$ (851,161)	$ (9,824)	$ (751,904)	$ 89,433	$ (1,471,917)	$ (630,580)	$ (1,348,622)	$ (779,569)
16														
17	Test Year Adjusted Present Rate Revenue	$ 9,648,251	$ 9,143	$ 9,657,395	$ -	$ 9,657,395	$ -	$ 9,648,251	$ -	$ 9,648,251	$ 149,185	$ 9,797,436	$ 140,042	$ 9,797,436
18														
19	Percent Rate Increase	8.72%		6.08%		5.89%		-0.10%		0.93%		-6.44%		-7.96%

EPCOR WATER ARIZONA - SUN CITY WATER
Rebuttal Summary of Schedule A-1s
Computation of Increase in Gross Revenue Requirement
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company @ 10.7% ROE	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	Original Cost Rate Base	$ 26,409,286	$ 257,389	$ 26,666,676	$ (60,983)	$ 26,605,693	$ (1,619,179)	$ 24,790,107	$ (770,262)	$ 25,639,024	$ (3,665,291)	$ 22,743,995	$ (4,210,282)	$ 22,395,411
2														
3	Adjusted Operating Income	$ 843,696	$ 219,279	$ 1,062,975	$ 54,182	$ 1,117,156	$ 336,923	$ 1,180,619	$ 233,821	$ 1,077,517	$ 543,547	$ 1,387,243	$ 277,555	$ 1,394,711
4														
5	Current Rate of Return	3.19%	0.79%	3.99%	0.21%	4.20%		4.76%	1.01%	4.20%		6.10%	2.03%	6.23%
6														
7	Required Operating Income	$ 1,814,318	$ 1,683	$ 1,816,001	$ (4,153)	$ 1,811,848		$ 1,586,567	$ (173,420)	$ 1,640,898		$ 1,385,109	$ (447,967)	$ 1,363,881
8														
9	Required Rate of Return	6.87%	-0.06%	6.81%	0.00%	6.81%		6.40%	-0.47%	6.40%		6.09%	-0.72%	6.09%
10														
11	Operating Income Deficiency	$ 970,622	$ (217,596)	$ 753,026	$ (58,335)	$ 694,691		$ 405,948	$ (407,241)	$ 563,380		$ (2,134)	$ (725,521)	$ (30,830)
12														
13	Gross Revenue Conversion Factor	1.6550	-0.0088	1.6462	-0.0054	1.6408		1.6349	-0.0144	1.6406		1.6459	0.0049	1.6457
14														
15	Increase in Gross Revenue Requirement	$ 1,606,392	$ (366,753)	$ 1,239,639	$ (99,787)	$ 1,139,852	$ (942,711)	$ 663,681	$ (682,098)	$ 924,294	$ (1,609,904)	$ (3,512)	$ (1,190,589)	$ (50,737)
16														
17	Test Year Adjusted Present Rate Revenue	$ 10,265,553	$ 44,365	$ 10,309,919	$ -	$ 10,309,919	$ 30,110	$ 10,295,663	$ 30,110	$ 10,295,663	$ 233,245	$ 10,498,798	$ 218,990	$ 10,528,908
18														
19	Percent Rate Increase	15.65%		12.02%		11.06%		6.45%		8.98%		-0.03%		-0.48%

EPCOR WATER ARIZONA - TUBAC WATER
Rebuttal Summary of Schedule A-1s
Computation of Increase in Gross Revenue Requirement
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]		[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company						Staff				RUCO			
			Rebuttal		Rejoinder			Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company @ 10.7% ROE	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted		Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	Original Cost Rate Base	$ 1,607,775	$ (64,727)	$ 1,543,048	$ (75,997)	$ 1,467,051		$ (170,110)	$ 1,437,666	$ (266,996)	$ 1,340,779	$ (131,831)	$ 1,475,944	$ (83,343)	$ 1,383,708
2															
3	Adjusted Operating Income	$ (131,793)	$ 66,795	$ (64,998)	$ 9,591	$ (55,408)	(a)	$ 106,900	$ (24,893)	$ 70,906	$ (60,887)	$ 60,329	$ (71,464)	$ (5,830)	$ (61,238)
4															
5	Current Rate of Return	-8.20%	3.98%	-4.21%	0.44%	-3.78%			-1.73%	3.66%	-4.54%		-4.84%	-0.65%	-4.43%
6															
7	Required Operating Income	$ 110,454	$ (5,373)	$ 105,082	$ (5,175)	$ 99,906			$ 89,135	$ (27,326)	$ 83,128		$ 89,885	$ (15,638)	$ 84,268
8															
9	Required Rate of Return	6.87%	-0.06%	6.81%	0.00%	6.81%			6.20%	-0.67%	6.20%		6.09%	-0.72%	6.09%
10															
11	Operating Income Deficiency	$ 242,247	$ (72,167)	$ 170,080	$ (14,766)	$ 155,314			$ 114,029	$ (98,232)	$ 144,015		$ 161,349	$ (9,808)	$ 145,506
12															
13	Gross Revenue Conversion Factor	1.6589	-0.0088	1.6501	-0.0054	1.6447			1.6404	-0.0146	1.6443		1.4456	-0.2285	1.4162
14															
15	Increase in Gross Revenue Requirement	$ 401,874	$ (121,222)	$ 280,652	$ (25,200)	$ 255,452	(a)	$ (214,820)	$ 187,054	$ (165,063)	$ 236,810	$ (168,628)	$ 233,246	$ (49,382)	$ 206,070
16															
17	Test Year Adjusted Present Rate Revenue	$ 579,194	$ -	$ 579,194	$ -	$ 579,194		$ 0	$ 579,194	$ 0	$ 579,194	$ (41,806)	$ 537,388	$ (41,806)	$ 537,388
18															
19	Percent Rate Increase	69.39%		48.46%		44.10%			32.30%		40.89%		43.40%		38.35%

(a) ACC Staff's Miscellaneous Expense Adjustment does not use the Company's October 14, 2014 filed amount of $6,577 for Tubac, so Revenue Increase is slightly different than their filing.

EPCOR WATER ARIZONA - MOHAVE WASTEWATER
Rebuttal Summary of Schedule A-1s
Computation of Increase in Gross Revenue Requirement
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company @ 10.7% ROE	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	Original Cost Rate Base	$ 5,305,082	$ 60,532	$ 5,365,614	$ (29)	$ 5,365,586	$ (669,696)	$ 4,635,386	$ (441,942)	$ 4,863,140	$ (810,329)	$ 4,494,753	$ (897,687)	$ 4,467,898
2														
3	Adjusted Operating Income	$ 90,799	$ 3,718	$ 94,517	$ 700	$ 95,217	$ 23,614	$ 114,413	$ 10,566	$ 101,365	$ 23,695	$ 114,494	$ 18,088	$ 113,304
4														
5	Current Rate of Return	1.71%	0.05%	1.76%	0.01%	1.77%		2.47%	0.37%	2.08%		2.55%	0.76%	2.54%
6														
7	Required Operating Income	$ 364,459	$ 939	$ 365,398	$ (2)	$ 365,396		$ 296,665	$ (53,218)	$ 311,241		$ 273,730	$ (93,301)	$ 272,095
8														
9	Required Rate of Return	6.87%	-0.06%	6.81%	0.00%	6.81%		6.40%	-0.47%	6.40%		6.09%	-0.72%	6.09%
10														
11	Operating Income Deficiency	$ 273,660	$ (2,778)	$ 270,881	$ (702)	$ 270,180		$ 182,251	$ (63,784)	$ 209,876		$ 159,239	$ (111,389)	$ 158,791
12														
13	Gross Revenue Conversion Factor	1.6577	-0.0088	1.6489	0.0008	1.6496		1.6394	-0.0082	1.6495		1.5996	-0.0522	1.5975
14														
15	Increase in Gross Revenue Requirement	$ 453,638	$ (6,994)	$ 446,643	$ (943)	$ 445,700	$ (154,850)	$ 298,788	$ (107,455)	$ 346,183	$ (198,919)	$ 254,719	$ (192,037)	$ 253,663
16														
17	Test Year Adjusted Present Rate Revenue	$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839	$ (0)	$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839
18														
19	Percent Rate Increase	42.96%		42.30%		42.21%		28.30%		32.79%		24.12%		24.02%

EPCOR WATER ARIZONA - TOTAL OF ALL 5 DISTRICTS
Rebuttal Summary of Schedule B-1s
Summary of Fair Value Rate Base
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1														
2	Gross Utility Plant in Service	$211,204,524	$ -	$211,204,524	$ (132,906)	$ 211,071,618	$ 113,654	$ 211,318,178	$ (188,496)	$ 211,016,028	$ (10,076,793)	$201,127,731	$ (10,076,793)	$201,127,731
3														
4	Less:													
5														
6	Accumulated Depreciation	68,306,105	-	68,306,105	5,098	68,311,203	2,826,903	71,133,008	2,709,834	71,015,939	(2,042,685)	66,263,420	(2,818,011)	65,488,094
7														
8	Net Utility Plant in Service	142,898,420	-	142,898,420	(138,004)	142,760,416	(2,713,249)	140,185,171	(2,898,330)	140,000,090	(8,034,108)	134,864,312	(7,258,782)	135,639,638
9														
10	Less:													
11		-	-	-	-	-	-	-	-	-	-	-	-	-
12	Advances in Aid of Construction													
13														
14	Contribution in Aid of Construction -													
15	Net of Amortization	27,831,617	-	27,831,617	-	27,831,617	1,191,249	29,022,866	-	27,831,617	1,191,249	29,022,866	1,260,418	29,092,035
16														
17	Customer Meter Deposits	37,502	-	37,502	-	37,502	-	37,502	-	37,502	-	37,502	-	37,502
18	Deferred Income Taxes & Credits	2,012,387	-	2,012,387	-	2,012,387	-	2,012,387	-	2,012,387	-	2,012,387	872,728	2,885,115
19	Investment Tax Credits	39,646	-	39,646	-	39,646	-	39,646	-	39,646	-	39,646	-	39,646
20	Regulatory Liabilities	196,779	(196,779)	0	-	0	(196,779)	0	(196,779)	0	4,511,728	4,708,507	4,682,186	4,878,965
21														
22	Plus:													
23	Deferred Debits	1,989,807	(256,476)	1,733,331	-	1,733,331	(1,989,808)	(1)	(1,989,808)	(1)	(1,908,438)	81,369	(1,989,808)	(1)
24	Working Capital Allowance	239,113	371	239,484	(67,042)	172,442	(59,334)	179,779	(42,126)	196,987	(103,912)	135,201	(102,036)	137,077
25	Utility Plant Acquisition Adjustment	-	-	-	655	655	-	-	-	-	-	-	-	-
26														
27														
28	**Total Rate Base**	96,199,100	(59,326)	96,139,774	(204,391)	95,935,383	(5,826,030)	90,373,070	(4,733,485)	91,465,615	(15,818,604)	80,380,496	(16,165,958)	80,033,142

EPCOR WATER ARIZONA - MOHAVE WATER
Rebuttal Summary of Schedule B-1s
Summary of Fair Value Rate Base
Test Year Ended June 30, 2013

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1														
2	Gross Utility Plant in Service	$ 46,731,131	$ -	$ 46,731,131	$ (46,307)	$ 46,684,824		$ 46,731,131	$ (46,307)	$ 46,684,824	$ (6,121,255)	$ 40,609,876	$ (6,121,255)	$ 40,609,876
3				-		-		-		-		-		-
4	Less:													
5														
6	Accumulated Depreciation	15,934,125	-	15,934,125	(46,307)	15,887,818	279,644	16,213,769	233,337	16,167,462	(1,016,767)	14,917,358	(1,016,767)	14,917,358
7														
8	Net Utility Plant in Service	$ 30,797,006	$ -	$ 30,797,006	$ -	$ 30,797,006	$ (279,644)	$ 30,517,362	$ (279,644)	$ 30,517,362	$ (5,104,488)	$ 25,692,518	$ (5,104,488)	$ 25,692,518
9														
10	Less:													
11														
12	Advances in Aid of Construction	$ 7,012,710	$ -	$ 7,012,710	$ -	$ 7,012,710	$ 69,169	$ 7,081,879	$ -	$ 7,012,710	$ 69,169	$ 7,081,879	$ -	$ 7,012,710
13														
14	Contribution in Aid of Construction -													
15	Net of Amortization	481,135	-	481,135	-	481,135		481,135	-	481,135		481,135	69,169	550,304
16														
17	Customer Meter Deposits	8,257	-	8,257	-	8,257		8,257	-	8,257		8,257	-	8,257
18	Deferred Income Taxes & Credits	696,852	-	696,852	-	696,852		696,852	-	696,852		696,852	302,205	999,057
19	Investment Tax Credits	-	-	-	-	-		-		-		-		-
20	Regulatory Liabilities	106,450	(106,450)	(0)	-	(0)	(106,450)	(0)	(106,450)	(0)	1,265,114	1,371,564	905,641	1,012,091
21														
22	Plus:													
23	Deferred Debits	873,903	(42,994)	830,910	-	830,910	(873,903)	0	(873,903)	0	(873,903)	0	(873,903)	0
24	Working Capital Allowance	131,008	2,899	133,907	(67,042)	66,865	(19,329)	111,679	(15,294)	115,714	(14,591)	116,417	(14,905)	116,103
25	Utility Plant Acquisition Adjustment	-	-	-	(650)	(650)		-		-		-		-
26														
27														
28	**Total Rate Base**	$ 23,496,514	$ 66,355	$ 23,562,869	$ (67,692)	$ 23,495,177	$ (1,135,595)	$ 22,360,919	$ (1,062,391)	$ 22,434,123	$ (7,327,265)	$ 16,169,249	$ (7,270,311)	$ 16,226,203

EPCOR WATER ARIZONA - PARADISE VALLEY WATER
Rebuttal Summary of Schedule B-1s
Summary of Fair Value Rate Base
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1														
2	Gross Utility Plant in Service	$ 73,128,007	$ -	$ 73,128,007	$ -	$ 73,128,007	$ 15,161	$ 73,143,168	$ 8,633	$ 73,136,640	$ (1,639,177)	$ 71,488,830	$ (1,639,177)	$ 71,488,830
3				-		-		-		-		-		-
4	Less:													
5														
6	Accumulated Depreciation	23,455,384	-	23,455,384	-	23,455,384	1,416,773	24,872,157	1,416,773	24,872,157	961,222	24,416,606	185,896	23,641,280
7														
8	Net Utility Plant in Service	$ 49,672,623	$ -	$ 49,672,623	$ -	$ 49,672,623	$ (1,401,612)	$ 48,271,011	$ (1,408,140)	$ 48,264,483	$ (2,600,399)	$ 47,072,224	$ (1,825,073)	$ 47,847,550
9														
10	Less:													
11														
12	Advances in Aid of Construction	$ 1,554,766	$ -	$ 1,554,766	$ -	$ 1,554,766		$ 1,554,766	$ -	$ 1,554,766		$ 1,554,766		$ 1,554,766
13														
14	Contribution in Aid of Construction -													
15	Net of Amortization	9,259,772	-	9,259,772	-	9,259,772	43,632	9,303,404	-	9,259,772	43,632	9,303,404	43,632	9,303,404
16														
17	Customer Meter Deposits	23,819	-	23,819	-	23,819		23,819	-	23,819		23,819		23,819
18	Deferred Income Taxes & Credits	212,749	-	212,749	-	212,749		212,749	-	212,749		212,749	92,263	305,012
19	Investment Tax Credits	39,646	-	39,646	-	39,646		39,646	-	39,646		39,646		39,646
20	Regulatory Liabilities	-	-	-	-	-		-	-	-	426,346	426,346	1,046,606	1,046,606
21														
22	Plus:													
23	Deferred Debits	778,686	(381,529)	397,156	-	397,156	(778,686)	(0)	(778,686)	(0)	(778,686)	(0)	(778,686)	(0)
24	Working Capital Allowance	19,885	2,655	22,540	-	22,540	(7,520)	12,365	(5,068)	14,817	(34,825)	(14,940)	(34,261)	(14,376)
25	Utility Plant Acquisition Adjustment	-	-	-	309	309		-		-		-		-
26														
27														
28	**Total Rate Base**	$ 39,380,442	$ (378,875)	$ 39,001,567	$ 309	$ 39,001,876	$ (2,231,450)	$ 37,148,992	$ (2,191,894)	$ 37,188,548	$ (3,883,888)	$ 35,496,554	$ (3,820,521)	$ 35,559,921

EPCOR WATER ARIZONA - SUN CITY WATER
Rebuttal Summary of Schedule B-1s
Summary of Fair Value Rate Base
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1														
2	Gross Utility Plant in Service	$ 76,011,241	$ -	$ 76,011,241	$ -	$ 76,011,241	$ 98,493	$ 76,109,734	$ 98,493	$ 76,109,734	$ (1,941,674)	$ 74,069,567	$ (1,941,674)	$ 74,069,567
3				-		-		-		-		-		-
4	Less:													
5														
6	Accumulated Depreciation	26,280,898	-	26,280,898	61,528	26,342,426	715,283	26,996,181	715,283	26,996,181	(2,117,287)	24,163,611	(2,117,287)	24,163,611
7														
8	Net Utility Plant in Service	$ 49,730,343	$ -	$ 49,730,343	$ (61,528)	$ 49,668,815	$ (616,790)	$ 49,113,553	$ (616,790)	$ 49,113,553	$ 175,613	$ 49,905,956	$ 175,613	$ 49,905,956
9														
10	Less:													
11														
12	Advances in Aid of Construction	$ 6,374,283	$ -	$ 6,374,283	$ -	$ 6,374,283		$ 6,374,283	$ -	$ 6,374,283		$ 6,374,283		$ 6,374,283
13														
14	Contribution in Aid of Construction -													
15	Net of Amortization	16,125,275	-	16,125,275	-	16,125,275	845,933	16,971,208	-	16,125,275	845,933	16,971,208	845,933	16,971,208
16														
17	Customer Meter Deposits	4,903	-	4,903	-	4,903		4,903	-	4,903		4,903		4,903
18	Deferred Income Taxes & Credits	1,014,247	-	1,014,247	-	1,014,247		1,014,247	-	1,014,247		1,014,247	439,856	1,454,103
19	Investment Tax Credits	-	-	-	-	-		-	-	-		-		-
20	Regulatory Liabilities	90,329	(90,329)	0	-	0	(90,329)	0	(90,329)	0	2,732,719	2,823,048	2,642,390	2,732,719
21														
22	Plus:													
23	Deferred Debits	225,112	167,250	392,361	-	392,361	(225,112)	(0)	(225,112)	(0)	(225,112)	(0)	(225,112)	(0)
24	Working Capital Allowance	62,870	(190)	62,681	-	62,681	(21,673)	41,197	(18,689)	44,181	(37,140)	25,730	(36,196)	26,674
25	Utility Plant Acquisition Adjustment	-	-	-	546	546		-		-		-		-
26														
27														
28	**Total Rate Base**	$ 26,409,286	$ 257,389	$ 26,666,676	$ (60,983)	$ 26,605,693	$ (1,619,179)	$ 24,790,107	$ (770,262)	$ 25,639,024	$ (3,665,291)	$ 22,743,995	$ (4,013,874)	$ 22,395,411

EPCOR WATER ARIZONA - TUBAC WATER
Rebuttal Summary of Schedule B-1s
Summary of Fair Value Rate Base
Test Year Ended June 30, 2013

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1														
2	Gross Utility Plant in Service	$ 6,467,719	$ -	$ 6,467,719	$ (86,599)	$ 6,381,120		$ 6,467,719	$ (249,315)	$ 6,218,404	$ (272,065)	$ 6,195,654	$ (272,065)	$ 6,195,654
3				-		-		-		-		-		-
4	Less:													
5														
6	Accumulated Depreciation	1,942,238	-	1,942,238	(10,123)	1,932,115	1,877	1,944,115	(68,885)	1,873,353	(278,631)	1,663,607	(278,631)	1,663,607
7														
8	Net Utility Plant in Service	$ 4,525,481	$ -	$ 4,525,481	$ (76,476)	$ 4,449,005	$ (1,877)	$ 4,523,604	$ (180,430)	$ 4,345,051	$ 6,566	$ 4,532,047	$ 6,566	$ 4,532,047
9														
10	Less:													
11														
12	Advances in Aid of Construction	$ 1,952,127	$ -	$ 1,952,127	-	$ 1,952,127		$ 1,952,127	$ -	$ 1,952,127		$ 1,952,127		$ 1,952,127
13														
14	Contribution in Aid of Construction -													
15	Net of Amortization	1,030,362	-	1,030,362	-	1,030,362	74,010	1,104,372	-	1,030,362	74,010	1,104,372	74,010	1,104,372
16														
17	Customer Meter Deposits	517	-	517	-	517		517		517		517		517
18	Deferred Income Taxes & Credits	26,304	-	26,304	-	26,304		26,304		26,304		26,304	11,409	37,713
19	Investment Tax Credits	-	-	-	-	-		-		-		-		-
20	Regulatory Liabilities	-	-	-	-	-		-		-	55,990	55,990	55,990	55,990
21														
22	Plus:													
23	Deferred Debits	83,390	(60,009)	23,381	-	23,381	(83,390)	(0)	(83,390)	(0)	(2,020)	81,370	(83,390)	(0)
24	Working Capital Allowance	8,215	(4,719)	3,496	-	3,496	(10,833)	(2,618)	(3,176)	5,039	(6,377)	1,838	(5,835)	2,380
25	Utility Plant Acquisition Adjustment	-	-	-	479	479		-		-		-		-
26					-									
27														
28	**Total Rate Base**	$ 1,607,775	$ (64,727)	$ 1,543,048	$ (75,997)	$ 1,467,051	$ (170,110)	$ 1,437,665	$ (266,996)	$ 1,340,779	$ (131,831)	$ 1,475,944	$ (224,068)	$ 1,383,708

EPCOR WATER ARIZONA - MOHAVE WASTEWATER
Rebuttal Summary of Schedule B-1s
Summary of Fair Value Rate Base
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1														
2	Gross Utility Plant in Service	$ 8,866,427	$ -	$ 8,866,427	$ -	$ 8,866,427		$ 8,866,427		$ 8,866,427	$ (102,622)	$ 8,763,805	$ (102,622)	$ 8,763,805
3				-		-		-		-		-		-
4	Less:													
5														
6	Accumulated Depreciation	693,460	-	693,460	-	693,460	413,326	1,106,786	413,326	1,106,786	408,778	1,102,238	408,778	1,102,238
7														
8	Net Utility Plant in Service	$ 8,172,966	$ -	$ 8,172,966	$ -	$ 8,172,966	$ (413,326)	$ 7,759,640	$ (413,326)	$ 7,759,640	$ (511,400)	$ 7,661,566	$ (511,400)	$ 7,661,566
9														
10	Less:													
11														
12	Advances in Aid of Construction	$ 1,916,421	$ -	$ 1,916,421	$ -	$ 1,916,421		$ 1,916,421	$ -	$ 1,916,421		$ 1,916,421		$ 1,916,421
13														
14	Contribution in Aid of Construction -													
15	Net of Amortization	935,072	-	935,072	-	935,072	227,674	1,162,746	-	935,072	227,674	1,162,746	227,674	1,162,746
16														
17	Customer Meter Deposits	5	-	5	-	5		5	-	5		5		5
18	Deferred Income Taxes & Credits	62,236	-	62,236	-	62,236		62,236	-	62,236		62,236	26,995	89,231
19	Investment Tax Credits	-	-	-	-	-		-		-		-		-
20	Regulatory Liabilities	-	-	-	-	-		-		-	31,559	31,559	31,559	31,559
21														
22	Plus:													
23	Deferred Debits	28,717	60,806	89,523	-	89,523	(28,717)	(0)	(28,717)	(0)	(28,717)	(0)	(28,717)	(0)
24	Working Capital Allowance	17,134	(274)	16,860	-	16,860	21	17,155	101	17,235	(10,979)	6,155	(10,839)	6,295
25	Utility Plant Acquisition Adjustment	-	-	-	(29)	(29)		-		-		-		-
26														
27														
28	**Total Rate Base**	$ 5,305,082	$ 60,532	$ 5,365,614	$ (29)	$ 5,365,586	$ (669,696)	$ 4,635,386	$ (441,942)	$ 4,863,140	$ (810,329)	$ 4,494,753	$ (837,184)	$ 4,467,898

EPCOR WATER ARIZONA - TOTAL OF ALL 5 DISTRICTS
Rebuttal Summary of Schedule C-1s
Calculation of Operating Income
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	**Revenues**													
2	Water Revenues	$ 27,451,849	$ 88,992	$ 27,540,841	$ -	$ 27,540,841	$ 65,593	$ 27,517,442	$ 65,593	$ 27,517,442	$ 441,806	$ 27,893,655	$ 441,806	$ 27,893,655
3	Other Revenues	451,282	-	451,282	-	451,282	-	451,282	-	451,282	-	451,282	65,593	516,875
4				-		-		-		-		-		-
5		$ 27,903,131	$ 88,992	$ 27,992,123	$ -	$ 27,992,123	$ 65,593	$ 27,968,724	$ 65,593	$ 27,968,724	$ 441,806	$ 28,344,937	$ 507,399	$ 28,410,530
6	**Operating Expenses**													
7	Labor	$ 4,754,876	$ (23,076)	$ 4,731,800	$ (7,258)	$ 4,724,542	$ (230,761)	$ 4,524,115	$ (115,381)	$ 4,639,495	$ -	$ 4,754,876	$ -	$ 4,754,876
8	Purchased Water	26,831	-	26,831	-	26,831	-	26,831	-	26,831	700,753	727,584	700,753	727,584
9	Fuel & Power	3,513,444	3,638	3,517,081	-	3,517,081	-	3,513,444	-	3,513,444	(39,282)	3,474,162	(39,282)	3,474,162
10	Chemicals	214,775	(50,771)	164,003	811	164,814	(98,934)	115,841	(32,592)	182,183	(47,821)	166,954	(47,821)	166,954
11	Waste Disposal	62,983	-	62,983	-	62,983	-	62,983	-	62,983	-	62,983	-	62,983
12	Intercompany Support Services	3,462	-	3,462	-	3,462	-	3,462	-	3,462	-	3,462	-	3,462
13	Corporate Allocation	1,264,944	(90,897)	1,174,047	-	1,174,047	(286,719)	978,225	(86,014)	1,178,930	(479,103)	785,841	(454,806)	810,138
14	Outside Services	767,997	-	767,997	(12,061)	755,936	(19,288)	748,709	-	767,997	-	767,997	-	767,997
15	Group Insurance	1,322,188	-	1,322,188	(3,194)	1,318,994	-	1,322,188	-	1,322,188	-	1,322,188	-	1,322,188
16	Pensions	18,029	-	18,029	-	18,029	(15,619)	2,410	-	18,029	-	18,029	-	18,029
17	Regulatory Expense	272,683	-	272,683	-	272,683	(23,147)	249,536	(16,037)	256,646	(108,335)	164,348	(108,335)	164,348
18	Insurance Other Than Group	555,336	-	555,336	-	555,336	-	555,336	-	555,336	-	555,336	-	555,336
19	Customer Accounting	1,687,109	27,955	1,715,064	-	1,715,064	(76,569)	1,610,540	(76,569)	1,610,540	14,092	1,701,201	14,092	1,701,201
20	Rents	108,948	-	108,948	-	108,948	-	108,948	-	108,948	-	108,948	-	108,948
21	General Office Expense	642,158	(27,705)	614,453	(1,781)	612,672	(79,236)	562,922	(79,236)	562,922	-	642,158	-	642,158
22	Miscellaneous	611,450	53	611,503	(4)	611,499 (a)	120	611,570	(1,920)	609,530 (a)	-	611,450	-	611,450
23	Maintenance Expense	1,185,325	(50,700)	1,134,625	(11,506)	1,123,119	(63,908)	1,121,417	(63,908)	1,121,417	(185,851)	999,474	(185,851)	999,474
24	Depreciation & Amortization	5,352,957	(385,347)	4,967,610	(95,282)	4,872,328	(449,903)	4,903,054	(417,071)	4,935,886	(1,910,369)	3,442,588	(2,085,778)	3,267,179
25	General Taxes-Property	1,017,530	3,098	1,020,628	0	1,020,628	1,914	1,019,444	1,914	1,019,444	(7,845)	1,009,685	(5,715)	1,011,815
26	General Taxes-Other	518,061	-	518,061	-	518,061	-	518,061	-	518,061	-	518,061	-	518,061
27	Income Taxes	589,355	254,670	844,025	51,441	895,467	574,628	1,163,983	390,151	979,506	1,120,964	1,710,319	1,206,883	1,796,238
28														
29	**Total Operating Expenses**	$ 24,490,439	$ (339,083)	$ 24,151,356	$ (78,833)	$ 24,072,523	$ (767,422)	$ 23,723,017	$ (496,663)	$ 23,993,776	$ (942,797)	$ 23,547,642	$ (1,005,860)	$ 23,484,579
30	Utility Operating Income	$ 3,412,691	$ 428,075	$ 3,840,767	$ 78,833	$ 3,919,600	$ 833,015	$ 4,245,706	$ 562,256	$ 3,974,947	$ 1,384,603	$ 4,797,294	$ 1,513,259	$ 4,925,950
31	**Other Income & Deductions**													
32	Other Income & Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Interest Expense	2,462,858	(8,114)	2,454,744	(5,240)	2,449,504	(117,471)	2,345,387	(88,774)	2,374,084	(437,269)	2,025,589	(446,023)	2,016,835
34	Other Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Gain/(Loss) Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
36	**Total Other Income & Deductions**	$ (2,462,858)	$ 8,114	$ (2,454,744)	$ 5,240	$ (2,449,504)	$ 117,471	$ (2,345,387)	$ 88,774	$ (2,374,084)	$ 437,269	$ (2,025,589)	$ 446,023	$ (2,016,835)
37	**Net Profit (Loss)**	$ 949,833	$ 436,190	$ 1,386,023	$ 84,074	$ 1,470,097	$ 950,486	$ 1,900,320	$ 651,030	$ 1,600,864	$ 1,821,872	$ 2,771,706	$ 1,959,282	$ 2,909,115

(a) ACC Staff's Miscellaneous Expense Adjustment does not use the Company's October 14, 2014 filed amount of $6,577 for Tubac, so Revenue Increase is slightly different than their filing.

EPCOR WATER ARIZONA - MOHAVE WATER
Rebuttal Summary of Schedule C-1s
Calculation of Operating Income
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company	Rebuttal		Rejoinder		Staff Direct		Staff Surrebuttal		RUCO Direct		RUCO Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	**Revenues**													
2	Water Revenues	$ 6,132,996	$ 35,483	$ 6,168,480	$ -	$ 6,168,480	$ 35,483	$ 6,168,479	$ 35,483	$ 6,168,479	$ 101,182	$ 6,234,178	$ 101,182	$ 6,234,178
3	Other Revenues	221,297	-	221,297	-	221,297		221,297		221,297		221,297	35,483	256,780
4				-		-		-		-		-		-
5		$ 6,354,293	$ 35,483	$ 6,389,776	$ -	$ 6,389,776	$ 35,483	$ 6,389,776	$ 35,483	$ 6,389,776	$ 101,182	$ 6,455,475	$ 136,665	$ 6,490,958
6	**Operating Expenses**													
7	Labor	$ 1,389,973	(6,331)	$ 1,383,642	(1,991)	$ 1,381,651	(63,306)	$ 1,326,667	(31,653)	$ 1,358,320		$ 1,389,973		$ 1,389,973
8	Purchased Water	26,831	-	26,831	-	26,831		26,831		26,831	(52)	26,779	(52)	26,779
9	Fuel & Power	546,720	-	546,720	-	546,720		546,720		546,720	(1,638)	545,082	(1,638)	545,082
10	Chemicals	10,916	-	10,916	-	10,916		10,917		10,916	(49)	10,867	(49)	10,867
11	Waste Disposal	7,886	-	7,886	-	7,886		7,886		7,886		7,886		7,886
12	Intercompany Support Services	950	-	950	-	950		950		950		950		950
13	Corporate Allocation	347,018	(24,936)	322,082	-	322,082	(78,657)	268,361	(23,597)	323,421	(134,211)	212,807	(126,416)	220,603
14	Outside Services	192,587	-	192,587	(3,309)	189,278	(5,291)	187,296	-	192,587		192,587		192,587
15	Group Insurance	418,599	-	418,599	(876)	417,723		418,599	-	418,599		418,599		418,599
16	Pensions	6,694	-	6,694	-	6,694	(4,285)	2,409	-	6,694		6,694		6,694
17	Regulatory Expense	85,438	-	85,438	-	85,438	(15,667)	69,771	(13,717)	71,721	(29,720)	55,718	(29,720)	55,718
18	Insurance Other Than Group	101,045	-	101,045	-	101,045		101,045	-	101,045		101,045		101,045
19	Customer Accounting	581,279	50,590	631,868	-	631,868	(21,006)	560,273	(21,006)	560,273	(602)	580,677	(602)	580,677
20	Rents	16,923	-	16,923	-	16,923		16,923	-	16,923		16,923		16,923
21	General Office Expense	247,950	(9,248)	238,703	(488)	238,214	(21,737)	226,213	(21,737)	226,213		247,950		247,950
22	Miscellaneous	50,657	5,023	55,680	-	55,680	5,023	55,680	5,023	55,680		50,657		50,657
23	Maintenance Expense	377,160	-	377,160	(5)	377,155		377,160	-	377,160		377,160		377,160
24	Depreciation & Amortization	1,331,139	(37,471)	1,293,668	-	1,293,668	(60,978)	1,270,161	(57,392)	1,273,747	(501,828)	829,311	(501,828)	829,311
25	General Taxes-Property	163,376	906	164,282	-	164,282	906	164,282	906	164,282	(1,159)	162,217	(273)	163,103
26	General Taxes-Other	149,829	-	149,829	-	149,829		149,829	-	149,829		149,829		149,829
27	Income Taxes	(114,941)	21,964	(92,977)	3,189	(89,788)	122,693	7,752	83,317	(31,624)	367,109	252,168	376,738	261,797
28														
29	**Total Operating Expenses**	$ 5,938,027	$ 497	$ 5,938,524	$ (3,480)	$ 5,935,045	$ (142,305)	$ 5,795,723	$ (79,855)	$ 5,858,171	$ (302,150)	$ 5,635,877	$ (283,840)	$ 5,654,190
30	Utility Operating Income	$ 416,266	$ 34,986	$ 451,252	$ 3,480	$ 454,732	$ 177,788	$ 594,053	$ 115,338	$ 531,605	$ 403,332	$ 819,598	$ 420,505	$ 836,768
31	**Other Income & Deductions**													
32	Other Income & Deductions	-	-	-	-	-		-		-		-		-
33	Interest Expense	601,511	1,698	603,209	(1,733)	601,477	(20,127)	581,384	$ (18,224)	583,287	(194,046)	407,465	$ (192,611)	408,900
34	Other Expense	-	-	-	-	-		-		-		-		-
35	Gain/(Loss) Sale of Fixed Assets	-	-	-	-	-		-		-		-		-
36	**Total Other Income & Deductions**	$ (601,511)	$ (1,698)	$ (603,209)	$ 1,733	$ (601,477)	$ 20,127	$ (581,384)	$ 18,224	$ (583,287)	$ 194,046	$ (407,465)	$ 192,611	$ (408,900)
37	**Net Profit (Loss)**	$ (185,245)	$ 33,288	$ (151,958)	$ 5,213	$ (146,745)	$ 197,915	$ 12,669	$ 133,562	$ (51,682)	$ 597,378	$ 412,133	$ 613,116	$ 427,868

EPCOR WATER ARIZONA - PARADISE VALLEY WATER
Rebuttal Summary of Schedule C-1s
Calculation of Operating Income
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	**Revenues**													
2	Water Revenues	$ 9,589,273	$ 9,143	$ 9,598,416	$ -	$ 9,598,416		$ 9,589,273		$ 9,589,273	$ 149,185	$ 9,738,458	$ 149,185	$ 9,738,458
3	Other Revenues	58,978	-	58,978	-	58,978		58,978		58,978		58,978		58,978
4				-		-		-		-		-		-
5		$ 9,648,251	$ 9,143	$ 9,657,395	$ -	$ 9,657,395	$ -	$ 9,648,251	$ -	$ 9,648,251	$ 149,185	$ 9,797,436	$ 149,185	$ 9,797,436
6	**Operating Expenses**													
7	Labor	$ 1,205,431	(5,735)	$ 1,199,696	(1,804)	$ 1,197,892	(57,346)	$ 1,148,085	(28,673)	$ 1,176,758		$ 1,205,431		$ 1,205,431
8	Purchased Water	-	-	-	-	-		-		-	151,278	151,278	151,278	151,278
9	Fuel & Power	1,329,578	219	1,329,797	-	1,329,797		1,329,578		1,329,578	(21,500)	1,308,078	(21,500)	1,308,078
10	Chemicals	58,805	10	58,815	-	58,815		58,805		58,805	2,073	60,878	2,073	60,878
11	Waste Disposal	15,320	-	15,320	-	15,320		15,320		15,320		15,320		15,320
12	Intercompany Support Services	860	-	860	-	860		860		860		860		860
13	Corporate Allocation	314,349	(22,589)	291,760	-	291,760	(71,252)	243,097	(21,375)	292,974	(118,248)	196,101	(115,304)	199,045
14	Outside Services	233,418	-	233,418	(2,997)	230,421	(4,793)	228,625		233,418		233,418		233,418
15	Group Insurance	321,965	-	321,965	(794)	321,171		321,965		321,965		321,965		321,965
16	Pensions	3,881	-	3,881	-	3,881	(3,881)	0		3,881		3,881		3,881
17	Regulatory Expense	66,802	-	66,802	-	66,802	(1,767)	65,035		66,802	(26,922)	39,880	(26,922)	39,880
18	Insurance Other Than Group	138,643	-	138,643	-	138,643		138,643		138,643		138,643		138,643
19	Customer Accounting	197,288	(5,261)	192,027	-	192,027	(19,028)	178,260	(19,028)	178,260	(832)	196,456	(832)	196,456
20	Rents	30,456	-	30,456	-	30,456		30,456		30,456		30,456		30,456
21	General Office Expense	132,498	(9,166)	123,332	(443)	122,889	(19,691)	112,807	(19,691)	112,807		132,498		132,498
22	Miscellaneous	91,440	954	92,394	(4)	92,390	954	92,394	954	92,394		91,440		91,440
23	Maintenance Expense	512,882	(50,700)	462,182	(11,493)	450,689	(63,908)	448,974	(63,908)	448,974	(185,851)	327,031	(185,851)	327,031
24	Depreciation & Amortization	1,608,655	(61,124)	1,547,531	-	1,547,531	(80,911)	1,527,744	(75,451)	1,533,204	(277,730)	1,330,925	(432,796)	1,175,859
25	General Taxes-Property	335,846	318	336,164	0	336,164		335,846		335,846	(2,503)	333,343	(2,503)	333,343
26	General Taxes-Other	120,776	-	120,776	-	120,776		120,776		120,776		120,776		120,776
27	Income Taxes	735,635	58,920	794,554	6,653	801,207	131,792	867,427	95,548	831,183	275,720	1,011,355	332,859	1,068,494
28														
29	**Total Operating Expenses**	$ 7,454,528	$ (94,155)	$ 7,360,373	$ (10,881)	$ 7,349,492	$ (189,831)	$ 7,264,697	$ (131,624)	$ 7,322,904	$ (204,515)	$ 7,250,013	$ (299,498)	$ 7,155,030
30	Utility Operating Income	$ 2,193,723	$ 103,299	$ 2,297,022	$ 10,881	$ 2,307,903	$ 189,831	$ 2,383,554	$ 131,624	$ 2,325,347	$ 353,700	$ 2,547,423	$ 448,683	$ 2,642,407
31	**Other Income & Deductions**													
32	Other Income & Deductions	-	-	-	-	-		-		-		-		-
33	Interest Expense	1,008,139	(9,699)	998,440	8	998,448	(42,265)	965,874	$ (41,237)	966,902	(113,626)	894,513	$ (112,029)	896,110
34	Other Expense	-	-	-	-	-		-		-		-		-
35	Gain/(Loss) Sale of Fixed Assets	-	-	-	-	-		-		-		-		-
36	**Total Other Income & Deductions**	$ (1,008,139)	$ 9,699	$ (998,440)	$ (8)	$ (998,448)	$ 42,265	$ (965,874)	$ 41,237	$ (966,902)	$ 113,626	$ (894,513)	$ 112,029	$ (896,110)
37	**Net Profit (Loss)**	$ 1,185,584	$ 112,997	$ 1,298,581	$ 10,874	$ 1,309,455	$ 232,096	$ 1,417,680	$ 172,861	$ 1,358,445	$ 467,326	$ 1,652,910	$ 560,712	$ 1,746,297

EPCOR WATER ARIZONA - SUN CITY WATER
Rebuttal Summary of Schedule C-1s
Calculation of Operating Income
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	**Revenues**													
2	Water Revenues	$ 10,103,166	$ 44,365	$ 10,147,531	$ -	$ 10,147,531	$ 30,110	$ 10,133,276	$ 30,110	$ 10,133,276	$ 233,245	$ 10,336,411	$ 233,245	$ 10,336,411
3	Other Revenues	162,387	-	162,387	-	162,387		162,387		162,387		162,387	30,110	192,497
4				-		-		-		-		-		-
5		$ 10,265,553	$ 44,365	$ 10,309,919	$ -	$ 10,309,919	$ 30,110	$ 10,295,663	$ 30,110	$ 10,295,663	$ 233,245	$ 10,498,798	$ 263,355	$ 10,528,908
6	**Operating Expenses**													
7	Labor	$ 1,711,461	(9,305)	$ 1,702,156	(2,927)	$ 1,699,230	(93,051)	$ 1,618,410	(46,525)	$ 1,664,936		$ 1,711,461		$ 1,711,461
8	Purchased Water	-	-	-	-	-		-		-	549,527	549,527	549,527	549,527
9	Fuel & Power	1,557,580	3,419	1,560,999	-	1,560,999		1,557,580		1,557,580	(17,438)	1,540,142	(17,438)	1,540,142
10	Chemicals	34,119	75	34,194	-	34,194		34,120		34,119	887	35,006	887	35,006
11	Waste Disposal	4,661	-	4,661	-	4,661		4,661		4,661		4,661		4,661
12	Intercompany Support Services	1,396	-	1,396	-	1,396		1,396		1,396		1,396		1,396
13	Corporate Allocation	510,069	(36,653)	473,416	-	473,416	(115,615)	394,454	(34,684)	475,385	(190,111)	319,958	(178,654)	331,415
14	Outside Services	280,698	-	280,698	(4,863)	275,834	(7,778)	272,920		280,698		280,698		280,698
15	Group Insurance	490,722	-	490,722	(1,288)	489,434		490,722		490,722		490,722		490,722
16	Pensions	6,298	-	6,298	-	6,298	(6,298)	0		6,298		6,298		6,298
17	Regulatory Expense	101,188	-	101,188	-	101,188	(2,867)	98,321		101,188	(43,684)	57,504	(43,684)	57,504
18	Insurance Other Than Group	288,791	-	288,791	-	288,791		288,791		288,791		288,791		288,791
19	Customer Accounting	834,153	(19,633)	814,520	-	814,520	(30,875)	803,278	(30,875)	803,278	12,480	846,633	12,480	846,633
20	Rents	45,805	-	45,805	-	45,805		45,805		45,805		45,805		45,805
21	General Office Expense	212,603	(6,432)	206,172	(718)	205,454	(31,950)	180,653	(31,950)	180,653		212,603		212,603
22	Miscellaneous	462,692	(5,853)	456,839	-	456,839	(5,853)	456,839	(5,853)	456,839		462,692		462,692
23	Maintenance Expense	205,746	-	205,746	(7)	205,739		205,746		205,746		205,746		205,746
24	Depreciation & Amortization	1,916,821	(231,098)	1,685,724	(78,486)	1,607,238	(237,803)	1,679,018	(202,512)	1,714,309	(1,015,921)	900,900	(1,015,921)	900,900
25	General Taxes-Property	434,142	1,875	436,016	-	436,016	1,276	435,418	1,276	435,418	(153)	433,989	1,091	435,233
26	General Taxes-Other	218,906	-	218,906	-	218,906		218,906	-	218,906		218,906		218,906
27	Income Taxes	104,004	128,692	232,696	34,107	266,803	224,001	328,005	147,412	251,416	394,111	498,115	404,055	508,059
28														
29	**Total Operating Expenses**	$ 9,421,857	$ (174,913)	$ 9,246,944	$ (54,182)	$ 9,192,762	$ (306,813)	$ 9,115,045	$ (203,711)	$ 9,218,146	$ (310,302)	$ 9,111,555	$ (287,657)	$ 9,134,197
30	Utility Operating Income	$ 843,696	$ 219,279	$ 1,062,975	$ 54,182	$ 1,117,156	$ 336,923	$ 1,180,618	$ 233,821	$ 1,077,517	$ 543,547	$ 1,387,243	$ 551,012	$ 1,394,711
31	**Other Income & Deductions**													
32	Other Income & Deductions	-	-	-	-	-		-		-		-		-
33	Interest Expense	676,078	-	676,078	(1,561)	674,517	(31,535)	644,543	$ (9,463)	666,615	(102,929)	573,149	$ (111,714)	564,364
34	Other Expense	-	-	-	-	-		-		-		-		-
35	Gain/(Loss) Sale of Fixed Assets	-	-	-	-	-		-		-		-		-
36	**Total Other Income & Deductions**	$ (676,078)	$ -	$ (676,078)	$ 1,561	$ (674,517)	$ 31,535	$ (644,543)	$ 9,463	$ (666,615)	$ 102,929	$ (573,149)	$ 111,714	$ (564,364)
37	**Net Profit (Loss)**	$ 167,618	$ 219,279	$ 386,897	$ 55,743	$ 442,640	$ 368,458	$ 536,075	$ 243,284	$ 410,902	$ 646,476	$ 814,094	$ 662,726	$ 830,347

EPCOR WATER ARIZONA - TUBAC WATER
Rebuttal Summary of Schedule C-1s
Calculation of Operating Income
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	**Revenues**													
2	Water Revenues	$ 574,204	$ -	$ 574,204	$ -	$ 574,204		$ 574,204		$ 574,204	$ (41,806)	$ 532,398	$ (41,806)	$ 532,398
3	Other Revenues	4,990	-	4,990	-	4,990		4,990		4,990		4,990		4,990
4				-		-		-		-		-		-
5		$ 579,194	$ -	$ 579,194	$ -	$ 579,194	$ -	$ 579,194	$ -	$ 579,194	$ (41,806)	$ 537,388	$ (41,806)	$ 537,388
6	**Operating Expenses**													
7	Labor	$ 179,440	(635)	$ 178,805	(200)	$ 178,605	(6,351)	$ 173,089	(3,176)	$ 176,264		$ 179,440		$ 179,440
8	Purchased Water	-	-	-	-	-		-		-		-		-
9	Fuel & Power	33,324	-	33,324	-	33,324		33,324		33,324	1,316	34,640	1,316	34,640
10	Chemicals	98,934	(50,856)	48,078	811	48,889	(98,934)	(0)	(32,592)	66,342	(50,732)	48,202	(50,732)	48,202
11	Waste Disposal	811	-	811	-	811		811		811		811		811
12	Intercompany Support Services	95	-	95	-	95		95		95		95		95
13	Corporate Allocation	34,814	(2,502)	32,313	-	32,313	(7,891)	26,923	(2,367)	32,447	(14,980)	19,834	(14,197)	20,617
14	Outside Services	26,870	-	26,870	(332)	26,538	(531)	26,339		26,870		26,870		26,870
15	Group Insurance	37,821	-	37,821	(88)	37,733		37,821		37,821		37,821		37,821
16	Pensions	430	-	430	-	430	(430)	(0)		430		430		430
17	Regulatory Expense	7,261	-	7,261	-	7,261	(196)	7,065		7,261	(2,982)	4,279	(2,982)	4,279
18	Insurance Other Than Group	12,198	-	12,198	-	12,198		12,198		12,198		12,198		12,198
19	Customer Accounting	20,561	1,364	21,926	-	21,926	(2,107)	18,454	(2,107)	18,454	3,046	23,607	3,046	23,607
20	Rents	7,566	-	7,566	-	7,566		7,566	-	7,566		7,566		7,566
21	General Office Expense	28,204	(2,443)	25,761	(49)	25,712	(2,181)	26,023	(2,181)	26,023		28,204		28,204
22	Miscellaneous	6,577	16	6,593	-	6,593 (b)	83	6,660	(1,957)	4,620 (b)		6,577		6,577
23	Maintenance Expense	38,435	-	38,435	(0)	38,435		38,435		38,435		38,435		38,435
24	Depreciation & Amortization	238,395	(55,118)	183,277	(16,796)	166,481	(58,003)	180,392	(77,549)	160,846	(90,770)	147,625	(111,113)	127,282
25	General Taxes-Property	30,506	0	30,506	(0)	30,506	(268)	30,238	(268)	30,238	(2,821)	27,685	(2,821)	27,685
26	General Taxes-Other	16,157	-	16,157	-	16,157		16,157	-	16,157		16,157		16,157
27	Income Taxes	(107,414)	43,379	(64,034)	7,063	(56,971)	71,951	(35,463)	51,291	(56,123)	55,788	(51,626)	65,124	(42,290)
28														
29	**Total Operating Expenses**	$ 710,987	$ (66,795)	$ 644,192	$ (9,591)	$ 634,601	$ (104,858)	$ 606,129	$ (70,906)	$ 640,081	$ (102,135)	$ 608,852	$ (112,359)	$ 598,626
30	Utility Operating Income	$ (131,793)	$ 66,795	$ (64,998)	$ 9,591	$ (55,408)	$ 104,858	$ (26,935)	$ 70,906	$ (60,887)	$ 60,329	$ (71,464)	$ 70,553	$ (61,238)
31	**Other Income & Deductions**													
32	Other Income & Deductions	-	-	-	-	-		-		-		-		-
33	Interest Expense	41,320	(1,664)	39,656	(1,953)	37,703	(8,254)	33,066	$ (10,482)	30,838	(4,126)	37,194	$ (6,451)	34,869
34	Other Expense	-	-	-	-	-		-		-		-		-
35	Gain/(Loss) Sale of Fixed Assets	-	-	-	-	-		-		-		-		-
36	**Total Other Income & Deductions**	$ (41,320)	$ 1,664	$ (39,656)	$ 1,953	$ (37,703)	$ 8,254	$ (33,066)	$ 10,482	$ (30,838)	$ 4,126	$ (37,194)	$ 6,451	$ (34,869)
37	**Net Profit (Loss)**	$ (173,113)	$ 68,458	$ (104,655)	$ 11,544	$ (93,111)	$ 113,112	$ (60,001)	$ 81,388	$ (91,725)	$ 64,455	$ (108,658)	$ 77,004	$ (96,107)

(a) ACC Staff's Miscellaneous Expense Adjustment does not use the Company's October 14, 2014 filed amount of $6,577 for Tubac, so Revenue Increase is slightly different than their filing.

EPCOR WATER ARIZONA - MOHAVE WASTEWATER
Rebuttal Summary of Schedule C-1s
Calculation of Operating Income
Test Year Ended June 30, 2013

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
		Company					Staff				RUCO			
			Rebuttal		Rejoinder		Direct		Surrebuttal		Direct		Surrebuttal	
Line No.		Company Direct	Rebuttal Adjustments	As Adjusted	Rejoinder Adjustments	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted	Adjustments to Company Direct	As Adjusted
1	**Revenues**													
2	Water Revenues	$ 1,052,210	$ -	$ 1,052,210	$ -	$ 1,052,210		$ 1,052,210		$ 1,052,210		$ 1,052,210		$ 1,052,210
3	Other Revenues	3,629	-	3,629	-	3,629		3,629		3,629		3,629		3,629
4				-		-		-		-		-		-
5		$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839	$ -	$ 1,055,839
6	**Operating Expenses**													
7	Labor	$ 268,572	(1,071)	$ 267,501	(337)	$ 267,164	(10,707)	$ 257,865	(5,354)	$ 263,218		$ 268,572		$ 268,572
8	Purchased Water	(0)	-	(0)	-	(0)		(0)		(0)		(0)		(0)
9	Fuel & Power	46,241	-	46,241	-	46,241		46,241		46,241	(22)	46,219	(22)	46,219
10	Chemicals	12,000	-	12,000	-	12,000		12,000		12,000		12,000		12,000
11	Waste Disposal	34,306	-	34,306	-	34,306		34,306		34,306		34,306		34,306
12	Intercompany Support Services	161	-	161	-	161		161		161		161		161
13	Corporate Allocation	58,694	(4,218)	54,476	-	54,476	(13,304)	45,390	(3,991)	54,703	(21,553)	37,141	(20,235)	38,459
14	Outside Services	34,425	-	34,425	(560)	33,865	(895)	33,530		34,425		34,425		34,425
15	Group Insurance	53,082	-	53,082	(148)	52,934		53,082		53,082		53,082		53,082
16	Pensions	725	-	725	-	725	(725)	(0)		725		725		725
17	Regulatory Expense	11,993	-	11,993	-	11,993	(2,650)	9,343	(2,320)	9,673	(5,027)	6,966	(5,027)	6,966
18	Insurance Other Than Group	14,658	-	14,658	-	14,658		14,658		14,658		14,658		14,658
19	Customer Accounting	53,827	895	54,723	-	54,723	(3,553)	50,274	(3,553)	50,274		53,827		53,827
20	Rents	8,199	-	8,199	-	8,199		8,199		8,199		8,199		8,199
21	General Office Expense	20,902	(417)	20,485	(83)	20,403	(3,677)	17,225	(3,677)	17,225		20,902		20,902
22	Miscellaneous	84	(87)	(2)	-	(2)	(87)	(3)	(87)	(3)		84		84
23	Maintenance Expense	51,102	-	51,102	(1)	51,101		51,102		51,102		51,102		51,102
24	Depreciation & Amortization	257,946	(535)	257,411	-	257,411	(12,208)	245,738	(4,167)	253,779	(24,120)	233,826	(24,120)	233,826
25	General Taxes-Property	53,660	-	53,660	-	53,660		53,660		53,660	(1,209)	52,451	(1,209)	52,451
26	General Taxes-Other	12,392	-	12,392	-	12,392		12,392		12,392		12,392		12,392
27	Income Taxes	(27,928)	1,714	(26,214)	428	(25,785)	24,191	(3,737)	12,583	(15,345)	28,236	308	28,107	179
28														
29	**Total Operating Expenses**	$ 965,040	$ (3,718)	$ 961,322	$ (700)	$ 960,623	$ (23,614)	$ 941,425	$ (10,566)	$ 954,474	$ (23,695)	$ 941,345	$ (22,506)	$ 942,535
30	Utility Operating Income	$ 90,799	$ 3,718	$ 94,517	$ 700	$ 95,217	$ 23,614	$ 114,414	$ 10,566	$ 101,365	$ 23,695	$ 114,494	$ 22,506	$ 113,304
31	**Other Income & Deductions**													
32	Other Income & Deductions	-	-	-	-	-		-		-		-		-
33	Interest Expense	135,810	1,550	137,360	(1)	137,359	(15,290)	120,520	$ (9,368)	126,442	(22,542)	113,268	$ (23,219)	112,591
34	Other Expense	-	-	-	-	-		-		-		-		-
35	Gain/(Loss) Sale of Fixed Assets	-	-	-	-	-		-		-		-		-
36	**Total Other Income & Deductions**	$ (135,810)	$ (1,550)	$ (137,360)	$ 1	$ (137,359)	$ 15,290	$ (120,520)	$ 9,368	$ (126,442)	$ 22,542	$ (113,268)	$ 23,219	$ (112,591)
37	**Net Profit (Loss)**	$ (45,011)	$ 2,168	$ (42,843)	$ 700	$ (42,142)	$ 38,904	$ (6,106)	$ 19,934	$ (25,076)	$ 46,237	$ 1,227	$ 45,725	$ 713

EXHIBIT SLH – 2RJ

ACCUMULATED DEPRECIATION BALANCES AUTHORIZED IN EACH DISTRICT'S LAST RATE CASE COMPARED TO 6/30/13 BALANCES INCLUDED IN CURRENT RATE CASE REQUEST

	MOHAVE WATER (7M)			PARADISE VALLEY WATER (7P)			SUN CITY WATER (7B)		
	Last Rate Case	Current Rate Case	Difference	Last Rate Case	Current Rate Case	Difference	Last Rate Case	Current Rate Case	Difference
Docket Number	10-0448	14-0010		08-0227	14-0010		09-0343	14-0010	
Decision Number (Issue Date)	73145 (5/1/12)			71410 (12/08/09)	-		72047 (1/6/11)	-	
Test Year Ended	6/30/2010	6/30/2013		12/31/2007	6/30/2013		12/31/2008	6/30/2013	
Accumulated Depreciation Balance	15,934,125	16,213,769	279,644	23,455,384	24,872,157	1,416,773	26,280,898	26,996,181	715,283
DETAIL LIST									
301000 Other Tangible Plant			$ -	$ (477,283)	$ (477,283)	$ -			$ -
303200 Land & Land Rights SS			$ -			$ -	$ (60)	$ (60)	$ -
303300 Land and Land Rights Pumping		$ (10)	$ 10			$ -			$ -
303500 Land &Land RightsT&D			$ -			$ -			$ -
304200 Structures and Improvements	$ (2,302)	$ (225)	$ (2,077)	$ (85,611)	$ (83,586)	$ (2,025)			$ -
304500 Structures and Improvements General			$ -	$ (4,674)	$ (704)	$ (3,970)			$ -
304700 Structures & Improvements Store, Shop Garage			$ -	$ (18,889)	$ (17,912)	$ (977)			$ -
304800 Structures & Improvements Misc			$ -	$ (131,856)	$ (133,751)	$ 1,895			$ -
304100 Structures and Improvements Supply			$ -			$ -			$ -
311300 Pumping Equipment Diesel			$ -	$ (62,459)	$ (62,413)	$ (46)			$ -
334200 Meter Installations			$ -			$ -	$ (206,274)	$ (137,217)	$ (69,057)
339600 Other P/E CPS			$ -	$ (589,386)	$ (573,526)	$ (15,860)	$ (64,147)	$ (62,988)	$ (1,159)
340100 Office Furniture & Equipment	$ (5,242)	$ (5,919)	$ 677			$ -			$ -
340200 Computer & peripheral Equipment	$ (287,608)	$ (254,621)	$ (32,987)			$ -	$ (827,316)	$ (833,278)	$ 5,962 *
340330 Computer Software Other			$ -	$ -	$ (9,129)	$ 9,129 *			$ -
340500 Other office Equipment			$ -	$ (14,328)	$ (14,473)	$ 145	$ (4,428)	$ (3,387)	$ (1,041)
342000 Stores Equipment			$ -			$ -			$ -
344000 Laboratory Equipment			$ -			$ -	$ (20,164)	$ (5,932)	$ (14,232)
345000 Power Operated Equipment			$ -	$ 13,765	$ (43,446)	$ 57,211 *			$ -
346190 Remote Control Inst	$ 305	$ (289)	$ 594	$ -	$ (88)	$ 88	$ 2,134	$ (420)	$ 2,554 *
346200 Communication Equipment Telephone	$ 26,664	$ (10,833)	$ 37,497 *			$ -			$ -
346300 Communication Equipment Other	$ (7,379)	$ (6,235)	$ (1,144)			$ -			$ -
347000 Misc Equip	$ -	$ (1,512)	$ 1,512	$ -	$ (462)	$ 462	$ -	$ (2,201)	$ 2,201 *
355400 Power Generation Equipment Treatment			$ -			$ -			$ -
360000 Collection Sewers - Forced			$ -			$ -			$ -
380100 TD Equipment SED Tanks/ACC			$ -			$ -			$ -
380600 TD Equipment Other Disp			$ -			$ -			$ -
397000 Misc Equip			$ -			$ -			$ -
			$ -			$ -			$ -
Total	$ (275,563)	$ (279,644)	$ 4,081	$ (1,370,721)	$ (1,416,773)	$ 46,052	$ (1,120,255)	$ (1,045,483)	$ (74,772)
* Activity Since Last Decision		$ (10,833)			$ (52,575)			$ (2,621)	
	346200	$ 49,678	12/31/2012	340330	$ 9,103	7/31/2008	304100	$ 3,049,569	1/31/2009
				345000	$ 67,000	6/30/2008	334200	$ 19,355	2/28/2011
							346190	$ 80,608	2/29/2012

ACCUMULATED DEPRECIATION BALANCES AUTHORIZED IN EACH DISTRICT'S LAST RATE CASE COMPARED TO 6/30/13 BALANCES INCLUDED IN CURRENT RATE CASE REQUEST

	TUBAC WATER (7T)			MOHAVE WASTEWATER (7N)			TOTAL 5 Districts		
	Last Rate Case	Current Rate Case	Difference	Last Rate Case	Current Rate Case	Difference	Last Rate Case	Current Rate Case	Difference
Docket Number	08-0227	14-0010		08-0227	14-0010				
Decision Number (Issue Date)	71410 (12/08/09)	-		71410 (12/08/09)	-				
Test Year Ended	12/31/2007	6/30/2013		12/31/2007	6/30/2013				
Accumulated Depreciation Balance	1,942,238	1,944,115	1,877	693,460	1,106,786	413,326	68,306,105	71,133,008	2,826,903
DETAIL LIST									
301000 Other Tangible Plant			$ -			$ -	$ (477,283)	$ (477,283)	$ -
303200 Land & Land Rights SS			$ -			$ -	$ (60)	$ (60)	$ -
303300 Land and Land Rights Pumping			$ -			$ -	$ -	$ (10)	$ 10
303500 Land &Land RightsT&D	$ (117)	$ (117)	$ -			$ -	$ (117)	$ (117)	$ -
304200 Structures and Improvements			$ -			$ -	$ (87,913)	$ (83,811)	$ (4,102)
304500 Structures and Improvements General			$ -			$ -	$ (4,674)	$ (704)	$ (3,970)
304700 Structures & Improvements Store, Shop Garage			$ -			$ -	$ (18,889)	$ (17,912)	$ (977)
304800 Structures & Improvements Misc			$ -			$ -	$ (131,856)	$ (133,751)	$ 1,895
304100 Structures and Improvements Supply			$ -			$ -	$ -	$ -	$ -
311300 Pumping Equipment Diesel			$ -			$ -	$ (62,459)	$ (62,413)	$ (46)
334200 Meter Installations			$ -			$ -	$ (206,274)	$ (137,217)	$ (69,057)
339600 Other P/E CPS			$ -			$ -	$ (653,533)	$ (636,514)	$ (17,019)
340100 Office Furniture & Equipment			$ -			$ -	$ (5,242)	$ (5,919)	$ 677
340200 Computer & peripheral Equipment			$ -			$ -	$ (1,114,924)	$ (1,087,899)	$ (27,025)
340330 Computer Software Other			$ -			$ -	$ -	$ (9,129)	$ 9,129
340500 Other office Equipment			$ -			$ -	$ (18,756)	$ (17,860)	$ (896)
342000 Stores Equipment	$ (1,760)	$ (1,760)	$ (0)			$ -	$ (1,760)	$ (1,760)	$ (0)
344000 Laboratory Equipment			$ -			$ -	$ (20,164)	$ (5,932)	$ (14,232)
345000 Power Operated Equipment			$ -			$ -	$ 13,765	$ (43,446)	$ 57,211
346190 Remote Control Inst			$ -	$ 305	$ (26)	$ 331	$ 2,744	$ (823)	$ 3,567
346200 Communication Equipment Telephone			$ -			$ -	$ 26,664	$ (10,833)	$ 37,497
346300 Communication Equipment Other			$ -			$ -	$ (7,379)	$ (6,235)	$ (1,144)
347000 Misc Equip			$ -	$ -	$ (135)	$ 135	$ -	$ (4,310)	$ 4,310
355400 Power Generation Equipment Treatment			$ -	$ -	$ (14,910)	$ 14,910 *	$ -	$ (14,910)	$ 14,910
360000 Collection Sewers - Forced			$ -	$ (16,428)	$ (15,840)	$ (588)	$ (16,428)	$ (15,840)	$ (588)
380100 TD Equipment SED Tanks/ACC			$ -	$ 14,355	$ (371,356)	$ 385,711 *	$ 14,355	$ (371,356)	$ 385,711
380600 TD Equipment Other Disp			$ -	$ (387)	$ (1,235)	$ 848 *	$ (387)	$ (1,235)	$ 848
397000 Misc Equip			$ -	$ -	$ (9,824)	$ 9,824 *	$ -	$ (9,824)	$ 9,824
			$ -			$ -			
Total	$ (1,877)	$ (1,877)	$ (0)	$ (2,155)	$ (413,326)	$ 411,171	$ (2,770,571)	$ (3,157,103)	$ 386,532

* Activity Since Last Decision

$ (397,325)

$ (463,354)

355400	$ 47,033	9/30/2010
380100	$ 467,154	12/31/2008
380600	$ 5,053	1/31/2012
397000	$ 10,698	9/30/2010

EXHIBIT SLH – 3RJ

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 31.01 Page 1 of 3

Q: Mohave Wastewater District's Retirements – During the course of this rate proceeding, RUCO identified that the Company or its predecessor, AZ-AM, recorded significant retirements from plant in service since year 2001 in the Mohave Wastewater District. Please identify separately the causes and reasons that led the Company to retire the plant in the following periods as follows:

a) 2001 – Retirement of $139,838 (month N/A);
b) 2004 - Retirement of $233,752 (month N/A);
c) December 2008 – Retirement of $470,383;
d) September 2010 – Retirement of $352,213; and
e) June 2012 – Retirement of $48,793.

A: In accordance with Utility Plant Instructions, EPCOR ("the company") charges the book cost of all retired property in its entirety to the accumulated depreciation of Utility Plant in Service (NARUC account 108). The amounts above were treated as such for regulatory accounting purposes. The causes and reasons that led the Company to retire the plant are as follows:

a) The Company notes that the asset retirement mentioned herein was recorded in 2001 and there have been at least 2 rate case applications and Commission Decisions since that time which have authorized plant in service in the respective test years. As such, this request is outside the scope of this proceeding.

It should be also noted that in Decision No. 69440, dated May 1, 2007, the Commission adopted the Company's Net Plant in Service amount for the Mohave Wastewater District of $2,595,635, which was also accepted by Commission Staff in its post hearing schedules. RUCO, its post hearing schedules, proposed a Net Plant in Service amount of $2,587,086. In addition, based on its review of the Company's filing, RUCO, in its direct testimony, indicated that, for purposes of its review, it had " started with the last Commission approved balance and reconstructed all plant

Continued to next page.....

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 31.01 Page 2 of 3

additions, retirements, adjustments, and transfers at the approved depreciation rates." Coley Direct Testimony at 5 (Docket No. 06-0014).

b) The Company notes that the asset retirement mentioned herein was recorded in 2004 and there have been at least 2 rate case applications and Commission Decisions since that time which have authorized plant in service in the respective test years. As such, this request is outside the scope of this proceeding.

It should be noted that in Decision No. 69440, dated May 1, 2007, the Commission adopted the Company's Net Plant in Service amount for the Mohave Wastewater District of $2,595,635, which was also accepted by Commission Staff in its post hearing schedules. RUCO, its post hearing schedules, proposed a Net Plant in Service amount of $2,587,086. In addition, based on its review of the Company's filing, RUCO, in its direct testimony, indicated that, for purposes of its review, it had "started with the last Commission approved balance and reconstructed all plant additions, retirements, adjustments, and transfers at the approved depreciation rates." Coley Direct Testimony at 5 (Docket No. 06-0014).

c) In December 2008, $467,154 was retired from NARUC account 380100 WW Treatment and Disposal Equipment Sediment Tanks, $1,370 was retired from NARUC 380300 Treatment and Disposal Equipment Sludge Filtration, and $1,859 was retired from NARUC 380500 Treatment and Disposal Equipment Chemical Treatment Plant. The facility was owned by Arizona American Water at the time.

The total of these disposals ($470,383) relate to a single retirement event. During 2008, Mohave Wastewater expanded the Wishing Well Wastewater treatment plant, and removed/demolished sections of the existing plant to expand and upgrade the plant to its current standards and capacity.

Continued on next page...

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 31.01 Page 3 of 3

d) In September 2010, $291,773 was retired from NARUC account 380625 WW Transmission Equipment General Treatment, $47,033 was retired from NARUC 3554400 WW Power Generating Equipment, $1,267 was retired from NARUC 380000 WW Treatment and Disposal Equipment, $749 was retired from NARUC 380100 Treatment and Disposal Equipment Sediment Tanks, $693 was retired from NARUC 394000 WW Laboratory Equipment, and $10,698 was retired from NARUC account 397000 WW Miscellaneous Equipment. The facility was owned by Arizona American Water at the time.

The total of these disposals ($352,213) relate to a single retirement event. EPCOR investigation of documents and files available from American Water leads the Company to understand the cause as follows; In February 2010, a storm flooded the Mohave Wastewater facility. The flood damaged or destroyed blower and electrical components contained in the NARUC accounts described. The Company notes that asset additions (to replace the damaged assets) from February 2010 to December 2010 totaled $902,730 in the Mohave Wastewater Facility.

e) In June 2012 $48,793 was retired from NARUC account 361100, WW Collecting Mains. This was caused by manholes being replaced before their useful lives (50 years) had been reached.

Bradford
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
SHAWN BRADFORD
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

REJOINDER TESTIMONY
OF
SHAWN BRADFORD
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY iii
I. INTRODUCTION AND QUALIFICATIONS 1
II. PURPOSE OF TESTIMONY 1
III. TUBAC WATER DISTRICT 1

EXECUTIVE SUMMARY

Shawn Bradford responds to the surrebuttal testimony of ACC Staff and RUCO in relation to the Tubac Water District. Specifically, Mr. Bradford responds to the surrebuttal testimony of ACC Staff and RUCO on the issue of the treatment of arsenic media replacement costs. Mr. Bradford also describes the Company's position in relation to additional storage capacity in the Tubac Water District.

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. My name is Shawn Bradford. My business address is 2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027, and my business phone is (623) 815-3136.

Q. ARE YOU THE SAME SHAWN BRADFORD WHO SUBMITTED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. **WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?**

A. The purpose of my Rejoinder Testimony is to respond to issues in the Surrebuttal Testimony of Arizona Corporation Commission ("ACC") Staff and the Residential Utility Consumer Office ("RUCO") relating to the Tubac Water District.

III. TUBAC WATER DISTRICT

Q. **HAS ACC STAFF NOW ACCEPTED THE COMPANY'S POSITION RELATING TO ARSENIC MEDIA REPLACEMENT COSTS THAT WERE DEFERRED PURSUANT TO THE ARSENIC COST RECOVERY MECHANISM ("ACRM") IN THE TUBAC WATER DISTRICT?**

A. Yes, in the surrebuttal testimony of ACC Staff witness Mary J. Rimback she states that "Staff previously recommended that arsenic media replacement be treated as a capitalized item and recovered through depreciation expense. Based on Mr. Bradford's testimony, Staff agrees with the Company that this is more appropriately accounted for as an operating expense." Staff provided, in the surrebuttal testimony of ACC Staff witness

Christine L. Payne, an allowance for chemical expense to cover the cost of the arsenic media on an annual basis. Staff agreed with EWAZ that the Company should be able to recover the deferred media replacement costs from 2011 and 2012 of $101,712.

Q. HAS ACC STAFF ALSO PROPOSED AN ADJUSTMENT TO PLANT IN SERVICE TO REMOVE $249,315 LESS ACCUMULATED DEPRECIATION OF $70,762?

A. Yes, however, that adjustment is being addressed in the rejoinder testimony of Ms. Hubbard.

Q. WHAT IS RUCO'S POSITION IN RELATION TO THOSE COSTS?

A. Based on the surrebuttal testimony of RUCO witness Jeffrey Michlik, RUCO is agreeable to the Company's proposal provided that the Company files a yearly compliance report showing the amount of surcharges collected and the amount to be collected on a yearly basis, and that the Company files a final report showing that the Deferred O&M charges of $101,712 have been fully recovered.

Q. HOW DOES THE COMPANY RESPOND TO THE POSITION TAKEN BY RUCO?

A. The Company agrees with RUCO's recommendation that the Company file a yearly compliance report identifying the amount of surcharges collected and the amount to be collected on a yearly basis, and that the Company files a final report showing that the Deferred O&M charges of $101,712 have been fully recovered.

Q. BASED ON STAFF'S PREVIOUS RECOMMENDATION THAT THE COMPANY INSTALL ADDITIONAL STORAGE CAPACITY IN THE TUBAC SYSTEM, WHAT IS THE COMPANY'S POSITION ON RECOVERING THIS INVESTMENT IN RATES?

A. As previsouly stated, the Company agrees with the recommendation that additional storage is needed in the Tubac system. Given the cost of additional storage and the potential impact this investment will have on rates, the Company wishes to seek a cost recovery mechanism similar to the Arsenic Cost Recovery Mechanism ("ACRM") that the Commission approved in Tubac that provided expedited rate relief for costs associated with the Company's investment in water treatment equipment needed to comply with the Environmental Protection Agency's revised arsenic maximum contaminant level of 10 ug/L. The Company proposes to work with ACC Staff to develop an adjustor mechanism that would be filed at a later day. The adjustor mechanism would permit an increase in rates to recover this needed investment with the understanding that the additional storage must be completed within a year of the new rates resulting from this proceeding being in effect in Tubac. The Company agrees to communicate this information to customers in Tubac and allow them the opportunity to offer written comment on the size of the storage tank.

Q. DOES YOUR SILENCE ON ANY ISSUE RAISED BY ANY PARTY IN THEIR SURREBUTTAL TESTIMONY INDICATE YOUR ACCEPTANCE OF THEIR POSITION?

A. No.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Stuck
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
JEFFREY W. STUCK
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

REJOINDER TESTIMONY
OF
JEFFREY W. STUCK
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY iii
I. INTRODUCTION AND QUALIFICATIONS 1
II. PURPOSE OF TESTIMONY 1
III. RESPONSE TO ACC STAFF 1
IV. RESPONSE TO RUCO 2

EXECUTIVE SUMMARY

Jeffrey W. Stuck responds to the surrebuttal testimony of ACC Staff and RUCO on the issue of tank maintenance expense for the Paradise Valley Water District. Mr. Stuck testifies that the Company accepts the modifications to tank maintenance expense made by ACC Staff. Mr. Stuck also responds to Mr. Michlik and explains the Company does not object to making compliance filings showing the amount spent on tank maintenance.

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. My name is Jeffrey W. Stuck. My business address is 6215 N. Cattletrack Road, Scottsdale, Arizona, and my business phone is 623-815-3125.

Q. ARE YOU THE SAME JEFFREY W. STUCK WHO PROVIDED DIRECT TESTIMONY AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. **WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?**

A. The purpose of my rejoinder testimony is to respond to the Surrebuttal Testimony of Arizona Corporation Commission ("ACC") Staff and the Residential Utility Consumer Office ("RUCO") on the issue of tank maintenance expense.

III. RESPONSE TO ACC STAFF

Q. IN HIS SURREBUTTAL TESTIMONY, MR. THOMPSON ADDRESSES CERTAIN ELEMENTS OF THE COMPANY'S TANK MAINTENANCE EXPENSE REQUEST. HOW DO YOU RESPOND?

A. Mr. Thompson created an itemized cost estimate list for the tank maintenance program in the Paradise Valley District. The Company will accept this list and the program costs that Mr. Thompson derived from these cost estimates.

IV. RESPONSE TO RUCO

Q. MR. MICHLIK CONTINUES TO RECOMMEND AGAINST TANK MAINTENANCE EXPENSE. WHAT IS THE BASIS OF HIS RECOMMENDATION?

A. Mr. Michlik relies primarily on the arguments in his direct testimony which I have already addressed in my rebuttal testimony and will not restate here. He also comments that the table provided in my rebuttal testimony is different than the table provided in response to discovery. The difference Mr. Michlik refers to relates to tank maintenance expense in the Company's Havasu District. In the response to data request number RUCO 16.01, the Company was asked to provide monthly tank maintenance expense incurred from the date the new rates went into effect until October 2014. The table I included in my rebuttal testimony included tank maintenance expenses incurred through the date of my rebuttal testimony. This reflected a tank maintenance expense in the Havasu District that was incurred on November 12, 2014. I would like to note that tank maintenance expenses do not occur in every month of the fiscal year. Tank maintenance must be performed at times of the year when the tanks can be taken out of service without causing service level interruptions to customers. This is typically in the low demand times of the year.

Q. MR. MICHLIK ALSO RECOMMENDS THAT THE COMPANY SHOULD TRACK THE AMOUNTS EXPENDED ON TANK MAINTENANCE AND REFUND ANY DIFFERENCE AT THE END OF THE PROGRAM. WHAT IS THE COMPANY'S POSITION?

A. The Company has no objection to tracking and filing the amounts expended on tank maintenance at the end of the program period for the Paradise Valley Water District.

The Company also does not object to refunding any difference at the end of the fourteen year program period if there is an over collection but believes that this program close out should also include a mechanism to address any under collection that may have occurred as reflected in that future filing.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Lenderking
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
JAKE LENDERKING
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

REJOINDER TESTIMONY
OF
JAKE LENDERKING
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY iii
I. INTRODUCTION AND QUALIFICATIONS 1
II. PURPOSE OF TESTIMONY 1
III. RESPONSE TO RUCO 1

EXECUTIVE SUMMARY

Jake Lenderking responds to the surrebuttal testimony of Mr. Michlik on behalf of RUCO. In his rejoinder testimony, Mr. Lenderking confirms the Company did credit back prior amounts related to the Sun City GSF Surcharge and the Paradise Valley CAP Surcharge. Mr. Lenderking also explains that the Company did not charge improper amounts as alleged by Mr. Michlik.

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. My name is Jake Lenderking. My business address is 2355 W Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027, and my business phone is (623) 445-2410.

Q. ARE YOU THE SAME JAKE LENDERKING WHO PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS MATTER?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.

A. The purpose of my Rejoinder Testimony is to respond to the surrebuttal testimony of the Residential Utility Consumer Office ("RUCO") on the issue of the Company's Central Arizona Project ("CAP") Surcharge in the Paradise Valley Water District and the Groundwater Savings Fee ("GSF") Surcharge in the Sun City Water District.

III. RESPONSE TO RUCO

Q. IN HIS SURREBUTTAL TESTIMONY, MR. MICHLIK CONTINUES TO RECOMMEND THAT THE COMMISSION NOT ALLOW THE COMPANY TO RETAIN ITS CAP SURCHARGE AND GSF SURCHARGE IN THE PARADISE VALLEY WATER DISTRICT AND THE SUN CITY WATER DISTRICT, RESPECTIVELY. HOW DOES THE COMPANY RESPOND?

A. Mr. Michlik continues to make the same arguments relating to prior Commission decisions on those issues and the Company's compliance with those decisions. I have addressed those arguments in detail in my direct testimony and my rebuttal testimony and continue to rely on those responses.

Q. MR. MICHLIK ALSO QUESTIONS WHETHER THE COMPANY REFUNDED CERTAIN AMOUNTS IN RELATION TO THOSE SURCHARGES. HOW DO YOU RESPOND?

A. Mr. Michlik selectively picks excerpts from documents from 2010 relating to the Sun City GSF Surcharge and the Paradise Valley CAP Surcharge to further his argument for removal of these surcharges. His selection and inclusion in his testimony[1] of an excerpt from a Staff memo dated November 17, 2010 is a prime example. He only cites the over-collection amount stated in the memo but fails to quote or discuss any other surcharge filings nor does he discuss any other portions of the memo. .

Q. PLEASE EXPLAIN THE BASIS OF THE MEMO.

A. The Staff memo was in response to the Company's September 24, 2010 filing to review and adjust the surcharge. The Company's filing, as made clear in the Staff memo, requested to credit customers for the over-collected amounts. In brief, the Company requested to reduce customers' bills due to the over collection.

Q. DID THE COMMISSION APPROVE THE COMPANY'S REQUEST?

A. Yes. Exhibit JCL-1RJ contains the order for the surcharge credit as requested by the Company and recommended by Staff.

[1] Michlik Surrebuttal testimony page 10 and Attachment B

Q. DID THE COMPANY FOLLOW THOUGH AND REFUND THE APPROPRIATE AMOUNT PER ITS REQUEST AND THE COMMISSION'S ORDER?

A. Yes. Over the course of the following year, the Company applied the credit set forth in the approved tariff contained in Exhibit JCL-2RJ and appropriately refunded customers.

Q. MR. MICHLIK ALSO IMPLIES THAT YOU INTENTIONALLY LEFT OUT A CONCERN THAT STAFF HAD ABOUT THE INCLUSION OF CHARGES THAT WERE NOT AUTHORIZED IN THE PARADISE VALLEY CAP SURCHARGE. HOW DO YOU RESPOND?

A. Mr. Michlik again uses an excerpt from a Staff memo. In this particular instance, Mr. Michlik references a Staff concern from a memo dated April 30, 2010 and attached it to his testimony.[2] During the April 2010 timeframe, Staff raised concerns about charges related to the transfer of certain power costs to base rates and related to storing CAP water at the Central Arizona Water Conservation District's Tonopah Desert Recharge Facility. The Company accepted Staff's position with regard to power costs at that time, so those amounts were never charged to customers. In addition, at that time, Staff believed that the charges related to storing water at the Tonopah Desert Recharge Facility were not authorized.

Q. WERE THE CHARGES RELATED TO THE TONOPAH RECHARGE FACILITY PREVIOUSLY AUTHORIZED?

A. Yes. Decision No. 71410 (issued December 8, 2009) clearly approved the charges and other changes to the Paradise Valley CAP Surcharge in relation to the Company's discontinuance of the exchange of its CAP water for the use of the Salt River Project

[2] Michlik Surrebuttal testimony page 10 and Attachment A

("SRP") well known as PCX-1. The below excerpt from the Decision clearly explains the approved change:

> [...] The Company is no longer exchanging its 3,231 Paradise Valley Water district CAP allocation with SRP for use of the PCX-1 well. Instead, the Company is currently recharging the district's CAP allocation at the Tonopah Desert Recharge Project, which is owned by the Central Arizona Water Conservation District ("CAWCD") at a cost of $8 per acre foot, and recovering it from wells in the Paradise Valley Water district. [...] The Company's proposed change to the existing CAP Surcharge is reasonable and appropriate, and will be authorized.[3]

Staff ultimately recognized this previous approval and the charges were included in the calculations in the tariff authorized by Decision No. 72208 (issued March 3, 2011). A note recognizing their inclusion is present on the tariff attached as Exhibit JCL-3RJ. There were no unauthorized charges included in the Paradise Valley CAP Surcharge as Mr. Michlik alleges in his surrebuttal testimony. There were electrical expense savings associated with using the PCX-1 well that were no longer realized when the Company discontinued the exchange of its CAP water for the use of the PCX-1 well. These imputed savings remained in the Paradise Valley CAP Surcharge calculation because it was not transparent in Decision No. 71410 that they should be eliminated from the calculation. The Power Cost Savings reduction to the Paradise Valley CAP Surcharge has persisted in the CAP surcharge costing the Company $1,075,350 over the last six years. Additional details related to this item can be found in my direct testimony.

[3] Decision no. 71410 page 58

Q. **DOES YOUR SILENCE ON ANY ISSUE RAISED BY ANY PARTY IN THEIR SURREBUTTAL TESTIMONY INDICATE YOUR ACCEPTANCE OF THEIR POSITION?**

A. No.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

EXHIBIT JCL – 1RJ

0000121101

BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

Arizona Corporation Commission
DOCKETED
DEC 10 2010
DOCKETED BY nr

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY – AN ARIZONA CORPORATION, FOR ADJUSTMENTS TO ITS GROUNDWATER SAVINGS FEE FOR UTILITY SERVICE IN ITS SUN CITY WATER DISTRICT AND ITS SUN CITY WEST WATER DISTRICT

DOCKET NO. W-01656A-98-0577
WS-02334A-98-0577

DECISION NO. 72046

ORDER

Open Meeting
December 6, 2010
Phoenix, Arizona

BY THE COMMISSION:

Introduction

1. Pursuant to Decision No. 62293, Arizona-American Water Company ("Az-Am" or "Company") filed an application on September 24, 2010, with the Arizona Corporation Commission ("Commission") revising its Groundwater Savings Fee ("GSF") surcharge rate. The GSF surcharge rate requested for the Sun City Water District is a credit of ($0.8325) per household per month for residential customers and a credit of ($0.0590) per 1,000 gallons for all usage for commercial, public authority, and irrigation customers. The GSF surcharge rate requested for the Sun City West Water District is a credit of ($0.1245) per household per month for residential customers and a credit of ($0.0131) per 1,000 gallons for all usage for commercial customers. These amounts are to be effective as of November 1, 2010, and run for one year to offset the over-

...

collected balances that have accumulated less the estimated Central Arizona Project ("CAP") 2011 costs.

2. The Sun City Water District over-collection amounts to $710,046 (as of August 2010) and is offset by its 2011 estimated CAP costs of $337,913 resulting in an estimated over-collected balance of $372,133 that the requested GSF credit is intended to cover. The Sun City West Water District over-collection amounts to $228,079 (as of August 2010) and is offset by its 2011 estimated CAP costs of $191,341 resulting in an estimated over-collected balance of $36,738 that the requested GSF credit is intended to cover.

3. The current GSF surcharge for the Sun City Water District is $1.565 per household per month for residential customers and $0.1192 per 1,000 gallons for all usage for all users other than residential. The current GSF surcharge for the Sun City West Water District is $1.5958 per household per month for residential customers and $0.1740 per 1,000 gallons for all usage for all users other than residential. These current rates have been in effect since December 1, 2005. Although Decision No. 62293 indicated that the Company was to file an annual revision/update of the GSF surcharge by November 1, of each year to become effective the following December 1, the Company failed to revise the GSF surcharge since November 1, 2005, resulting in the current rate effective December 1, 2005.

Background

4. On October 1, 1998, Az-Am filed with the Commission an application for approval of a CAP water utilization plan, authorization of a groundwater savings fee, and recovery of CAP expenses. Decision No. 62293 authorized the current calculation methodology which allows the Company to collect its current CAP capital and delivery charges and offsets those expenses with groundwater replenishment credits. For the first five years of the GSF surcharge there was an additional charge attributed to deferred CAP charges. These deferred charges, having now been fully collected, are no longer a component of the current GSF surcharge calculation.

5. The Commission established the GSF surcharge to aid the Company in its efforts to utilize renewable sources of water and minimize its use of ground water.

. . .

Calculation of CAP Surcharge

6. The Company was to file annual revisions/updates of the GSF surcharge and did so regularly for the first five years. However, the Company has failed to file an update of the GSF surcharge since November 1, 2005, resulting in the previously described over-collections.

7. The Company's application indicates that the requested GSF surcharge credit rates should eliminate (or substantially reduce) the over-collected balances within a 12-month period. The Company requests that the new surcharge credit rates become effective November 1, 2010.

8. Staff finds the Company's requested GSF surcharge credit rates acceptable. All residential customers in the Sun City Water District will experience a $2.3975 reduction in their monthly bill. All residential customers in the Sun City West Water District will experience a $1.7203 reduction in their monthly bill.

9. Staff believes that, in its next rate application filed for the Sun City Water District and the Sun City West Water District, the Company should include the CAP capital and delivery charges and the offsetting replenishment credits in its costs included in its base rates, thereby eliminating the need for the GSF surcharge in the future.

10. The Company's requested GSF surcharge credit rates are reasonable and should be authorized to become effective November 1, 2010.

11. Staff's recommendation that the Company incorporate, in its next applications filed for the Sun City Water District and the Sun City West Water District, a description of how to include in base rates the CAP capital and delivery charges along with the offsetting replenishment credits and the elimination of the GSF surcharge is reasonable and should be adopted.

12. To facilitate the Company's annual revision of its GSF surcharge, we conclude that the Company should file its annual revision by January 31 of each future year beginning in 2012, with an effective date for the revised tariff of the following March 1. The Commission recently approved this same annual revision dating for the Company's Paradise Valley Water District CAP surcharge adjustor mechanism in Decision No. 71841, August 10, 2010. The annual filings should continue until such time as the Company files its next rate case for the Sun City Water District and the Sun City West Water District.

CONCLUSIONS OF LAW

1. The Company is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-252.

2. The Commission has jurisdiction over the Company and of the subject matter of the application.

3. Approval of a GSF surcharge is consistent with the Commission's authority under the Arizona Constitution, Arizona statutes, and applicable case law.

4. It is in the public interest to approve the Company's request for implementation of the GSF surcharge as discussed herein.

ORDER

IT IS THEREFORE ORDERED that the application by Arizona-American Water Company for the implementation of its GSF surcharge is approved as discussed herein.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file a revised GSF surcharge tariff as discussed herein within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its customers of the revised CAP surcharge tariff approved herein by December 15, 2010.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file its annual revision of the GSF surcharge with the Commission no later than January 31 of each future year beginning in 2012, with an effective date of the following March 1. The filings shall continue until further order of the Commission.

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IT IS FURTHER ORDERED that Arizona-American Water Company shall incorporate, in its next applications filed for the Sun City Water District and the Sun City West Water District, a description of how to include in base rates the CAP capital and delivery charges along with the offsetting replenishment credits and the elimination of the GSF surcharge.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 16th day of December, 2010.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:DWC:lhm\JFW

SERVICE LIST FOR: Arizona-American Water Company
DOCKET NO. W-01656A-98-0577

Mr. Thomas Broderick
Ms. Sandra L. Murrey
Arizona-American Water Company
2355 West Pinnacle Peak Road, Suite 300
Phoenix, Arizona 85027

Mr. Daniel Pozefsky
Counsel
Residential Utility Consumer Office
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Phoenix, Arizona 85007

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

EXHIBIT JCL – 2RJ

ORIGINAL

Exhibit JCL - 2RJ

0000120896

BEFORE THE ARIZONA CORPORATION COMMISSION

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2010 DEC 20 P 12: 19

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY – AN ARIZONA CORPORATION, FOR ADJUSTMENTS TO ITS GROUNDWATER SAVINGS FEE FOR UTILITY SERVICE IN ITS SUN CITY WATER DISTRICT AND ITS SUN CITY WEST WATER DISTRICT	DOCKET NO. W-01656A-98-0577 WS-02334A-98-0577 DECISION NO. 72046 NOTICE OF COMPLIANCE FILING

Decision No. 72046, issued on December 10, 2010, approved the application by the Company for the implementation of its GSF surcharge. In compliance with this decision, 1) the Company notified customers in the Sun City and Sun City West water districts of the revised GSF surcharge via bill text messages which started November 1, 2010 and will run for 60 days, and 2) attached are revised the GSF surcharge tariffs for both districts.

RESPECTFULLY SUBMITTED on December 20, 2010.

Sandra L. Murrey

Sandra L. Murrey
Regulatory Analyst
Arizona-American Water
2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027
Sandra.Murrey@amwater.com
623-445-2490

Arizona Corporation Commission
DOCKETED
DEC 20 2010
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Original and 13 copies **filed**
on December 20, 2010, with:

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

Copies of the foregoing **emailed**
on December 20 2010 to:

Brian K. Bozzo
Compliance and Enforcement Manager
Utilities Division
1200 West Washington Street
Phoenix, AZ 85007

CONCLUSIONS OF LAW

1. The Company is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-252.

2. The Commission has jurisdiction over the Company and of the subject matter of the application.

3. Approval of a GSF surcharge is consistent with the Commission's authority under the Arizona Constitution, Arizona statutes, and applicable case law.

4. It is in the public interest to approve the Company's request for implementation of the GSF surcharge as discussed herein.

ORDER

IT IS THEREFORE ORDERED that the application by Arizona-American Water Company for the implementation of its GSF surcharge is approved as discussed herein.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file a revised GSF surcharge tariff as discussed herein within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its customers of the revised CAP surcharge tariff approved herein by December 15, 2010.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file its annual revision of the GSF surcharge with the Commission no later than January 31 of each future year beginning in 2012, with an effective date of the following March 1. The filings shall continue until further order of the Commission.

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Arizona-American Water Company (Name of Company)	CANCELING	6th Revised	SHEET NO.	8
		5th Revised	SHEET NO.	8

Sun City Water District
(Name of Service Area)

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1, Irrigation Water Rate I–1 or Public Interruptible Water Service Rate PIR-1.

Residential Users	Deferred Costs	Annual Costs	Total Charge
Flat Rate per unit per month	$0.00	($0.8325)	($0.8325) *

* Rate consists of ($1.6178) per unit to refund the over collection of prior years' surcharge and $0.7853 per unit for the collection of current annual CAP charges.

Other Users	Deferred Costs	Annual Costs	Total Charge
All Usage per 1,000 gallons per month	$0.00	($0.0590)	($0.0590) **

** Rate consists of ($0.1146) per 1,000 gallons of usage to refund the over collection of prior years' surcharge and $0.0556 per 1,000 gallons of usage for the collection of current annual CAP charges.

Terms and Conditions

The Deferred Costs portion of the Groundwater Savings Fee shall be in effect for a sixty-month period from March 2000 through February 2005. The Annual Costs portion shall be adjusted each year to reflect current actual CAP costs.

Over–Recovery of Deferred Costs Portion of Groundwater Savings Fee

The Deferred Costs portions of the Groundwater Savings Fee for Sun City Water District were developed, based on a revenue-requirement analysis, to recover the following amounts:

Residential customers	$11,513 X 60 months =	$690,780
Commercial customers	$ 3,023 X 60 months =	$181,380
	Total	$872,160

(Continued on Sheet 8a)

ISSUED	December	10	2010	EFFECTIVE	November	1	2010
	Month	Day	Year		Month	Day	Year

12/17/2010

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027
Decision No. 72046

Arizona-American Water Company (Name of Company)	CANCELING	6th Revised	SHEET NO.	8a
		5th Revised	SHEET NO.	8a

Sun City Water District
(Name of Service Area)

Groundwater Savings Fee GSF – 1 (cont.)

Terms and Conditions (cont'd)

Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee

Sun City Water District will track the monthly revenues received in connection with the Deferred Costs portions of the Groundwater Savings Fee. At the end of the sixty-month collection period, the cumulative total received will be compared with the $872,160 computed above. To the extent a surplus has been recovered, that amount will be placed into an appropriate regulatory liability account on Arizona-American Water Company's balance sheet for future regulatory disposition, and the Company, by letter, will appropriately notify the Director of Utilities. Should the cumulative surcharge revenues be less than the amounts identified above, Arizona-American Water Company will absorb the deficiency.

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

Following the close of each calendar year, Arizona-American Water Company will compute the revenues received from the Annual Costs portion of the Groundwater Savings Fee during the previous twelve months and compare the total with the actual payments made for CAP water during the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

	Surcharge revenues during the preceding calendar year.
-	Actual CAP payments (including MWD credits) applicable to preceding year
=	(+) surplus or (-) deficit
+	Estimated CAP payments for coming year (M&I + delivery – MWD credits)
=	Total target amount to recover during the coming March – February

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March – February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts that are assessed directly or indirectly on the basis of revenues derived from this Schedule.

		6th Revised	SHEET NO.	8
Arizona-American Water Company	CANCELING	5th Revised	SHEET NO.	8

(Name of Company)

Sun City West Water District
(Name of Service Area)

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1 or Construction Water Service CW-1.

Residential Users	Deferred Costs	Annual Costs	Total Charge
Flat Rate per unit per month	$0.00	($0.1245)	($0.1245) *

* Rate consists of ($.9536) per unit to refund the over collection of prior years' surcharge and $0.8291 per unit for the collection of current annual CAP charges.

Other Users	Deferred Costs	Annual Costs	Total Charge
All Usage per 1,000 gallons per month	$0.00	($0.0131)	($0.0131) **

**Rate consists of ($.1006) per 1,000 gallons of usage to refund the over collection of prior years' surcharge and $.0875 per 1,000 gallons of usage for the current annual CAP Charges.

Terms and Conditions

The Deferred Costs portion of the Groundwater Savings Fee shall be in effect for a sixty-month period from March 2000 through February 2005. The Annual Costs portion shall be adjusted each year to reflect current actual CAP costs.

Over – Recovery of Deferred Costs Portion of Groundwater Savings Fee

The Deferred Costs portions of the Groundwater Savings Fee for this District were developed, based on a revenue-requirement analysis, to recover the following amount:

Residential customers	$6,980 X 60 months =	$418,800
Commercial customers	$1,279 X 60 months =	$ 76,740
	Total	$495,540

(Continued on Sheet 8a)

		6th Revised	SHEET NO.	8a
Arizona-American Water Company	CANCELING	5th Revised	SHEET NO.	8a
(Name of Company)				

Sun City West Water District
(Name of Service Area)

Groundwater Savings Fee GSF-1 (cont.)

Terms and Conditions (cont'd)

Over-Recovery of Deferred Costs Portion of Groundwater Savings Fee

This District will track the monthly revenues received in connection with the Deferred Costs portions of the Groundwater Savings Fee. At the end of the sixty-month collection period, the cumulative total for this District will be compared with the $495,540 computed above. To the extent a surplus has been recovered, that amount will be placed into an appropriate regulatory liability account on this District's balance sheet for future regulatory disposition and the Director of Utilities will be appropriately notified by letter. Should the cumulative surcharge revenues be less than the amounts identified above, the deficiency will be absorbed by the Company.

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

	Surcharge revenues during the preceding calendar year.
-	Actual CAP payments (including MWD credits) applicable to preceding year
=	(+) surplus or (-) deficit
+	Estimated CAP payments for coming year (M&I + delivery – MWD credits)
=	Total target amount to recover during the coming March – February

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March – February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED	December	10	2010	EFFECTIVE	November	1	2010
	Month	Day	Year		Month	Day	Year

12/13/2010

ISSUED BY Thomas M. Broderick, Director, Rates & Regulation

2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027
Decision No. 72046

EXHIBIT JCL – 3RJ

ORIGINAL

0000123579

BEFORE THE ARIZONA CORPORATION CO

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ARIZONA CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

GARY PIERCE, Chairman
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE FOR ITS PARADISE VALLEY WATER DISTRICT	DOCKET NO. W-01303A-98-0507 NOTICE OF COMPLIANCE FILING

ARIZONA-AMERICAN WATER COMPANY
PARADISE VALLEY WATER DISTRICT
NOTICE OF FILING REVISED TARIFF

Decision No. 72208, issued on March 3, 2011, approved the application by the Company for the implementation of its Paradise Valley CAP surcharge. In compliance with this decision, 1) the Company notified customers in the Paradise Valley water district of the revised CAP surcharge via bill text messages which began March 1, 2011 and will run for 60 days, and 2) attached is the revised CAP surcharge tariff

RESPECTFULLY SUBMITTED on March 8, 2011.

Sandra L. Murrey

Sandra L. Murrey
Rates Analyst
Arizona-American Water Company
2355 W. Pinnacle Peak Road, Suite 300
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Arizona Corporation Commission
DOCKETED
MAR 8 2011
DOCKETED BY

Original and 13 copies **filed**
on March 8, 2011, with:

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

Copies of the foregoing **mailed**
on March 8, 2011, to:

Legal Division
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Daniel Pozefsky
Counsel
Residential Utility Consumer Office
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Suite 220
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Brian Bozzo
Compliance and Enforcement Manager
Utilities Division
1200 West Washington St.
Phoenix, AZ 85007

By: Sandy Murray

		9th Revised	SHEET NO.	4
Arizona-American Water Company	Cancelling	8th Revised	SHEET NO	4
(Name of Company)	Paradise Valley Water District			
	(Name of Service Area)			

CAP SURCHARGE

APPLICABILITY

Applicable to all customers of Paradise Valley Water District except Sales for Resale.

TERRITORY

Portions of the City of Scottsdale and the Town of Paradise Valley, and vicinity, Maricopa County.

RATES

Surcharge Rate:

		Per Customer
Residential Customers:		
In excess of 45,000 gallons	$	0.2372 per 1,000 gallons *
All Non-Residential Customers except Sale for Resale Customers:		
For all usage	$	0.2372 per 1,000 gallons *

* Rate consists of $0.0726 per 1,000 gallons of usage to recover the under collection of prior years' surcharge and $0.1646 per 1,000 gallons of usage for the collection of current annual CAP charges.

SPECIAL CONDITIONS:

1. The Company is authorized to recover CAP related costs based on its CAP allocation of 3,231 AF.
2. Total annual CAP costs will be determined by summing: a) annual Municipal & Industrial (M & I) water service charges, b) monthly M & I operations, maintenance and replacement (OM&R) costs, c)Tonopah Desert Recharge Project costs, d) annual production cost savings, e) the overcollected or undercollected surcharge from the previous twelve months period, and f) amortization over 5 years of deferred CAP M & I water service capital charges.
3. The Company will annually file with the Commission by January 31 the proposed annual CAP surcharge for the current calendar year. The filing shall contain all documentation to support the proposed surcharge.
4. The annual CAP surcharge will be calculated based on the historic consumption of the applicable customers from the previous twelve months.
5. The revised CAP surcharge will be effective on March 1 of each year.
6. Total deferred CAP costs of $533,115 as of 12/31/99 will be amortized over a period of 5 years.
7. Collection of the CAP surcharge will not generate a positive operating income to Paradise Valley Water Company. It is intended only to recover CAP related costs.
8. The CAP surcharge will appear on each applicable customer bill as a separate charge.

ISSUED:	MAR 07, 2011		EFFECTIVE:	MAR 1, 2011
	Month Day Year			Month Day Year
	ISSUED BY:	Thomas M. Broderick, Director – Rates & Regulation		
		2355 W. Pinnacle Peak Rd., Suite 300, Phoenix, AZ 85027		
		Decision No. 72208		

4. It is in the public interest to approve the Company's request for implementation of the CAP surcharge as discussed herein.

ORDER

IT IS THEREFORE ORDERED that the application by Arizona-American Water Company for the implementation of its revised CAP surcharge is approved as discussed herein.

IT IS FURTHER ORDERED that Arizona-American Water Company shall file a revised CAP surcharge tariff showing both the $0.0726 and $0.1646 per 1,000 gallon surcharges effective March 1, 2011.

IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its customers of the revised CAP surcharge tariff approved herein its March 2011 billing cycle.

IT IS FURTHER ORDERED that, should Arizona-American Water Company fail to timely file its annual CAP surcharge revision, it will not be allowed to collect any under-collection from a prior period or, if an over-collection occurs due to late or non-filing, it will immediately refund the over-collections, including appropriate interest to be determined by the Commission.

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IT IS FURTHER ORDERED that Arizona-American Water Company shall incorporate, in its next rate application filed for the Paradise Valley Water District, the inclusion in base rates of the CAP capital and delivery charges and the elimination of the CAP surcharge.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

EXCUSED
COMM. STUMP
COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 3rd day of March, 2011.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:DWC:lhm\JFW

Day
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
TROY DAY
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

REJOINDER TESTIMONY
OF
TROY DAY
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY iii
I. INTRODUCTION AND QUALIFICATIONS 1
II. PURPOSE OF TESTIMONY 2
III. RESPONSE TO RUCO 2

EXECUTIVE SUMMARY

Troy Day testifies that:

Post test year plant additions, both investment projects (IP) and recurring projects (RP), are significant capital investments that are necessary to continue to provide safe, reliable drinking water to our customers. Much of the RP investment discussed is for the replacement of aging or failing infrastructure which not only helps provide uninterrupted service but also helps control maintenance and power expense which directly benefits the customers.

.

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TELEPHONE NUMBER.

A. My name is Troy Day. My business address is 2355 West Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027, and my telephone number is 623-445-2422.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by EPCOR Water USA, Inc. ("EWUS") as the Vice President of Arizona Operations.

Q. PLEASE BRIEFLY OUTLINE YOUR RESPONSIBILITIES IN ARIZONA.

A. I am responsible for the Operations, Engineering, Environmental Compliance and Water Resource functions of EPCOR Water Arizona. I direct the implementation of standards of practice, policies, and business plans to ensure operational efficiency and effectiveness. I ensure water and wastewater operations meet the required standards and are in compliance with all regulatory requirements. I also help guide the capital improvement program to ensure Arizona operation facilities comply with EWUS standards, as well as all regulatory requirements.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

A. I have worked for EWUS since it acquired Arizona American Water in 2012. I worked for Arizona American Water for over 11 years. Immediately prior to my current position, I served as the Production Director for American Water's Western Region. Before that, I was American Water's Director of Water Quality for its Western Region. I joined American Water after a career at the Arizona Department of Environmental Quality ("ADEQ") where I managed numerous programs including water permits and water

quality standards. Before working at ADEQ, I worked for the Arizona Department of Water Resources. I am a graduate of Arizona State University, with a B.S. in Geology.

Q. DID YOU PROVIDE DIRECT OR REBUTTAL TESTIMONY IN THIS CASE?

A. No, I did not. I am adopting the Direct Testimony and Rebuttal Testimony of Mr. Mike Worlton in this proceeding and will be addressing the issues raised in his testimony as part of this Rejoinder Testimony and during the hearing.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. I will address issues regarding post-test year plant additions raised by RUCO's witness, Mr. Frank Radigan, in his Surrebuttal Testimony.

III. RESPONSE TO RUCO

Q. DO YOU AGREE WITH MR. RADIGAN'S POSITION THAT POST TEST YEAR RECURRING PROJECTS SHOULD NOT BE INCLUDED IN IN RATE BASE?

A. No, I do not. These projects are critical to ensuring the delivery of safe and reliable water service to our customers, they are significant investments that were completed within 12 months of the test year in this proceeding and they are in use and providing benefit to our customers.

Q. DO YOU AGREE THAT THE SOLE PURPOSE OF INVESTING IN RECURRING CAPITAL PROJECTS IS TO REDUCE WATER LOSS?

A. No. As stated in Mr. Worlton's Rebuttal Testimony, it is wrong to assume that these projects are being done solely to decrease lost and unaccounted for water. Controlling lost and unaccounted for water is a priority for EWUS; however, the replacement of

aging and failing infrastructure is necessary to deliver reliable service and is a best practice that all responsible utilities should engage in. These replacements provide a great benefit to our customers in service reliability and in keeping maintenance and repair costs low.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

.

Murrey
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
SANDRA L. MURREY
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

REJOINDER TESTIMONY
OF
SANDRA L. MURREY
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY iii
I. INTRODUCTION AND QUALIFICATIONS 1
II. PURPOSE OF TESTIMONY 1
III. REJOINDER SCHEDULES AND EXHIBITS (ALL DISTRICTS) 1
IV. OPERATING EXPENSES ADJUSTMENTS 2

EXECUTIVE SUMMARY

Sandra L. Murrey testifies as follows:

Sponsored Rejoinder Schedules

Ms. Murrey sponsors the following schedules in this case:

- Schedule C-1 Rejoinder: Adjusted Test Year Income Statement
- Schedule C-2 Rejoinder: Income Statement Pro Forma Adjustments
- Schedule C-3 Rejoinder: Computation of Gross Revenue Conversion Factor

Adjusted Operating Income and Operating Expense

EPCOR Water Arizona Inc.'s rejoinder position for Adjusted Operating Income and Expense is:

	EPCOR Water Arizona, Inc.
Adjusted TY Operating Income	$ 3,872,108
Adjusted TY Operating Expense	$ 24,120,016

Company Rejoinder Income Statement Adjustments

- Adj SM – 1RJ Property Tax
- Adj SM – 2RJ Federal and State Income Tax
- Adj SM – 3RJ Interest Synchronization
- Adj SM – 4RJ Remove Acquisition Costs
- Adj SM – 5RJ Update Tank Maintenance Expense (Paradise Valley Water only)
- Adj SM – 6RJ Update Chemical Expense (Tubac Water only)
- Adj SLH – 7RJ Depreciation Expense (Sun City Water and Tubac Water only)

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. My name is Sandra L. Murrey. My business address is 2355 West Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027, and my business phone is 623-445-2490.

Q. ARE YOU THE SAME SANDRA L. MURREY WHO PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS MATTER?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.

A. I will respond to the Arizona Corporation Commission Staff's ("ACC Staff") and the Residential Utility Consumer Office's ("RUCO") surrebuttal testimony concerning adjustments to the Company's proposed operating expenses.

III. REJOINDER SCHEDULES AND EXHIBITS (ALL DISTRICTS)

Q. PLEASE IDENTIFY THE REJOINDER SCHEDULES YOU ARE SPONSORING.

A. I am sponsoring the following rejoinder schedules for each of the districts:

- Schedule C-1 Rejoinder – Adjusted Test Year Income Statement
- Schedule C-2 Rejoinder – Income Statement Pro Forma Adjustments
- Schedule C-3 Rejoinder – Computation of Gross Revenue Conversion Factor

Q. DOES YOUR TESTIMONY IN THIS PROCEEDING INCORPORATE RECOMMENDATIONS OF OTHER COMPANY WITNESSES?

A. Yes, it does. I have incorporated recommendations sponsored by Company witness Mr. Jeffrey Stuck and Ms. Sheryl L. Hubbard resulting in revised *pro forma* adjustments to test-year expenses where applicable.

IV. OPERATING EXPENSES ADJUSTMENTS

Q. HAVE YOU REVIEWED ACC STAFF'S AND RUCO'S RECOMMENDED SURREBUTTAL TESTIMONY AND ADJUSTMENTS TO OPERATING EXPENSES?

A. Yes. I have reviewed their testimonies and would like to address a few areas of concern. I will then address the Company's rejoinder income statement adjustments.

Q. FIRST, LET'S DISCUSS BAD DEBT EXPENSE. DID THE COMPANY REVISE THEIR BAD DEBT EXPENSE CALCULATION IN THEIR REBUTTAL TESTIMONY?

A. Yes. In the Company's rebuttal testimony, the Company provided its actual bad debt expense amounts for each district during the test year and reflected these amounts in ADJ SM-5R.

Q. DID ACC STAFF COMMENT ON THE COMPANY'S REVISED BAD DEBT EXPENSE?

A. Yes. ACC Staff witness, Ms. Christine L. Payne, states in her surrebuttal testimony that Staff now accepts the Company's revised amounts for each system and will reverse their original adjustment on Schedule CLP-16 and adjust to the revised amounts reflected in the Company's rebuttal schedule.

Q. WERE THESE ADJUSTMENTS REFLECTED ON ACC STAFF'S SURREBUTTAL SCHEDULES?

A. No. It appears that these adjustments were overlooked. The Company has reviewed Surrebuttal Schedule CLP-16 and there has been no change to Staff's calculation of bad debt expense.

Q. DID THE COMPANY UPDATE BAD DEBT EXPENSE ON SCHEDULE C-3 REJOINDER AS WELL?

A. Yes. The Company applied the revised bad debt expense in the calculation of the effective rate of bad debt expense for all districts. This in turn will revise the Gross Revenue Conversion Factor accordingly.

Q. MOVING ON TO RATE CASE EXPENSE, DO YOU HAVE ANY COMMENTS ON THE PRESENTATION OF RATE CASE EXPENSE DISPLAYED ON ACC STAFF'S SURREBUTTAL SCHEDULE CLP-11?

A. Yes. The Company's position on rate case expense has not changed. The Company would like to point out that ACC Staff's rate case expense adjustments, ADJ #7, are not properly reflected on Surrebuttal Schedule CLP-11 for the Paradise Valley and Sun City water districts. For the Paradise Valley Water District, Staff does not include an adjustment for rate case expense. For the Sun City Water District, Staff's schedule displays this adjustment however the formula in Staff Adjusted, Column J, does not pick up this adjustment.

Q. HAVE YOU REVIEWED RUCO'S CALCULATION OF INCOME TAX FOR TUBAC WATER AND MOHAVE WASTEWATER DISTRICT?

A. Yes, I have reviewed RUCO'S income tax calculations. RUCO appears to calculate income tax for these two districts based on the various income brackets and their associated tax bracket rates. However, the Company does not pay taxes on a district level. The Company files a consolidated tax return and the average and marginal tax

rates are 34 percent when federal taxable income is over $335,000. The Company disagrees with RUCO's methodology, which impacts the Gross Revenue Conversion Factor as well, and continues to apply the same methodology it has used in the past.

Q. DOES THE ACC STAFF USE THE AVERAGE AND MARGINAL TAX RATES OF 34 PERCENT IN ITS CALCULATION OF THE GROSS REVENUE CONVERSION FACTORS FOR MOHAVE WASTEWATER AND TUBAC WATER?

A. Yes.

Q. IS THE COMPANY PROPOSING ANY REJOINDER INCOME STATEMENT ADJUSTMENTS?

A. Yes. The Company will be proposing several rejoinder Income Statement adjustments, as outlined below.

- Adj SM – 1RJ Property Tax
- Adj SM – 2RJ Federal and State Income Tax
- Adj SM – 3RJ Interest Synchronization
- Adj SM – 4RJ Remove Acquisition Costs
- Adj SM – 5RJ Update Tank Maintenance Expense (Paradise Valley Water only)
- Adj SM – 6RJ Update Chemical Expense (Tubac Water only)
- Adj SLH – 7RJ Depreciation Expense (Sun City Water and Tubac Water only)

Q. THE FIRST THREE ADJUSTMENTS APPEAR TO BE CONFORMING ADJUSTMENTS. WERE ANY CHANGES MADE IN THE COMPONENTS OF THESE CALCULATIONS?

A. No. The Company did not make any changes in the components or methodology of these calculations. Adjustments SM-1RJ, SM-2RJ and SM-3RJ are merely conforming adjustments to reflect proposed changes that impact rate base or revenue/expense items.

Q. PLEASE EXPLAIN ADJUSTMENT SM-4RJ – REMOVE ACQUISITION COSTS. ARE THESE THE SAME COSTS ADDRESSED IN RUCO SURREBUTTAL ADJUSTMENT #12?

A. Yes, these are the same amounts that RUCO is adjusting for the "CONFIDENTIAL" component in RUCO Surrebuttal Adj #12. In responding to RUCO Data Request Number RUCO 35.03, it was determined that acquisition costs were included in the test year expenses in error. At the time the case was filed, it was not known that these costs were included in the expenses that were allocated to the districts included in this application. The Company has identified these costs and stated the costs would be removed in its rejoinder filing. Please see Company's rejoinder adjustment SM-4RJ on Schedule C-2 Rejoinder for each of the districts in this case.

Q. PLEASE EXPLAIN ADJUSTMENT SM-5RJ TANK MAINTENANCE EXPENSE.

A. In the surrebuttal testimony of ACC Staff witness, Michael Thompson, Utilities Engineer, he recommends an increase in ACC Staff's proposed annual tank maintenance expense from $121,943 to $123,658. The Company accepts ACC Staff's proposal as discussed in the rejoinder testimony of Mr. Jeffrey W. Stuck. Please see Company's rejoinder adjustment SM-5RJ on Schedule C-2 Rejoinder for Paradise Valley Water District only.

Q. PLEASE EXPLAIN ADJUSTMENT SM-6RJ – UPDATE CHEMICAL EXPENSE.

A. The Company is updating chemical expense to address an error in the calculation in ADJ SM-31. In determining the pro forma adjustment, Adj SM-31, the on-going arsenic media replacement costs of $46,000 should have been an addition to the test year chemicals expense of $3,030 as those expenses will continue. Instead, the test year water disposal expense of $811 was deducted in error. This pro forma is adjusting for that difference. Please see Company's rejoinder adjustment SM-6RJ on Schedule C-2 Rejoinder for Tubac Water District only.

Q. ARE THERE ANY OTHER REJOINDER INCOME STATEMENT ADJUSTMENTS THE COMPANY IS PROPOSING?

A. Yes. Ms. Hubbard is sponsoring ADJ SLH-7RJ which adjusts depreciation expense for Sun City water and Tubac water district. Please refer to her testimony for a discussion of the purpose of the adjustment.

Q. DOES YOUR SILENCE ON ANY ISSUE RAISED BY ANY PARTY IN TESTIMONY INDICATE YOUR ACCEPTANCE OF THEIR POSITION?

A. No.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Bourassa
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
THOMAS J. BOURASSA
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

Table of Contents

Table of Contents

EXECUTIVE SUMMARY II

I INTRODUCTION AND PURPOSE ..... 1~~1~~

II DECLINING USAGE ..... 1~~1~~

A RESPONSE TO RUCO TESTIMONY ..... 1~~1~~

III COST OF SERVICE STUDY (G SCHEDULES) ..... 2~~5~~

A Cost of Service Study Results by District ..... 2~~5~~

1 Mohave Water District ..... 2~~5~~

2 Paradise Valley Water District ..... 4~~7~~

3 Sun City Water District ..... 6~~9~~

4 Tubac Water District ..... 8~~11~~

5 Mohave Wastewater District ..... 10~~13~~

IV REJOINDER PROPOSED RATES (H SCHEDULES) ..... 11~~13~~

A Rejoinder Rate Design ..... 11~~14~~

1 Comments on Magruder Surrebuttal Testimony ..... 11~~14~~

2 Comments on the Staff Proposed Rates Failing to Generate the Revenue Requirement ..... 12~~15~~

3 Mohave Water District ..... 13~~16~~

a Comments on ACC Staff's Proposed Rate Design ..... 13~~16~~

b Comments on RUCO's Proposed Rate Design ..... 14~~17~~

4 Paradise Valley Water District ..... 15~~18~~

a Comments on ACC Staff's Proposed Rate Design ..... 16~~19~~

b Comments on RUCO's Proposed Rate Design ..... 16~~19~~

5 Sun City Water District ..... 18~~21~~

a Comments on ACC Staff's proposed Rate Design ..... 19~~22~~

b Comments on RUCO Rate Design ..... 19~~22~~

6 Tubac Water District ..... 20~~23~~

a Comments on ACC Staff's Proposed Rate Design ..... 21~~24~~

b Comments on RUCO's Proposed Rate Design ..... 22~~25~~

7 Mohave Wastewater District ..... 23~~26~~

B Miscellaneous Charges ..... 24~~27~~

EXECUTIVE SUMMARY

Thomas J. Bourassa testifies as follows:

Mr. Bourassa responds to the RUCO surrebuttal testimony on the declining usage adjustment. He explains the declining usage adjustment is based upon known and measurable changes to customer usage that have occurred since the last rate case due the implementation and continued use of conservation oriented rates. He explains the goal of conservation rates is to reduce customer usage.

Mr. Bourassa responds to Mr. Magruder's surrebuttal testimony on rate discrimination. He explains that each district has its own cost of service which reflects differences in the facilities necessary to provide service to customers in each district as well as the mix of customer classes, among other things. To suggest that because rates are different for customers in another district is rate discrimination is unfounded.

Mr. Bourassa reports on the results of his rejoinder cost of service studies (G Schedules) for the Mohave Water District, Paradise Valley Water District, Sun City Water District, Tubac Water District and the Mohave Wastewater District. He summarizes the rejoinder cost of service results and explains what the indicated monthly minimums and single tier commodity rates should be for each district and their respective customer classes.

Mr. Bourassa also discusses the proposed rates portions of the H Schedules. He explains the proposed rate designs for each district and the impact on customers. He discusses how the Company's rate design compares to the ACC Staff's and RUCO's rate designs. He compares the proposed rates to the results of his cost of service study. Generally, the Company's proposed monthly minimums continue to be less than the indicated monthly minimums and below actual cost for the monthly minimum. The proposed lower tier commodity rates continue to be discounted below the indicated commodity cost of water.

I INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying in this proceeding on behalf of EPCOR Water Arizona, Inc. ("EWAZ" or the "Company") for the Mohave Water District, Paradise Valley Water District, Sun City Water District, Tubac Water District, and Mohave Wastewater District.

Q. ARE YOU THE SAME THOMAS J. BOURASSA WHO SUBMITTED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes, I submitted direct and rebuttal testimony on the cost of service, proposed rates and rate design for each district.

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. I will provide rejoinder testimony on EWAZ's cost of service study results for each district and EWAZ's proposed rates and rate design for each district as well as provide a response to the surrebuttal testimonies of ACC Staff, RUCO, and the other Intervenors, as appropriate.

II DECLINING USAGE

A Response to RUCO Testimony

Q. PLEASE COMMENT ON THE RUCO SURREBUTTAL TESTIMONY THAT THE DECLINING USAGE ADJUSTMENT IS NOT BASED UPON KNOWN AND MEASURABLE CHANGES?

A. The Company's declining usage adjustment is based upon known and measurable impacts on revenues since the last rate case. Further, the impacts on revenues are

from measurable reductions in customer usage. Both residential and non-residential customer classes show trends in declining usage and it is not unreasonable to expect further reductions in per customer usage in the future.[1] If the goal of conservation oriented rate designs is to encourage conservation and reduce water consumption, based on the Company's experience it is working. And, when conservation can be demonstrated, it is reasonable to include an adjustment to reflect the impact on revenues in the future. If RUCO believes that conservation oriented rate do not result in reduced consumption then it should provide empirical support for its position which it has not done

III <u>COST OF SERVICE STUDY (G SCHEDULES)</u>

Q. HAVE YOU UPDATED YOUR COST OF SERVICE STUDY?

A. Yes. I have updated my cost of service studies for each district to reflect the changes to rate base, revenues and expenses contained in the Company's rejoinder filing.

A Cost of Service Study Results by District

1 <u>Mohave Water District</u>

Q. WHAT IS THE RANGE OF THE RETURNS FOR THE VARIOUS CUSTOMER CLASSES AT PRESENT RATES?

A. As shown on Rejoinder Schedule G-1, the returns vary substantially between the customer classes at the present rates. The largest customer class, the residential class, provides the lowest return under the present rates or -0.09 percent. The apartment, commercial, and other public authority classes are providing much higher returns at 8.87 percent, 7.36 percent and 2.57 percent, respectively.

Q. WHAT ARE THE RETURNS FOR THE CUSTOMER CLASSES AT

[1] Rebuttal Testimony of Thomas J. Bourassa ("Bourassa Rb.") at 3.

PROPOSED RATES?

A. As shown on Rejoinder Schedule G-2, the returns at proposed rates also vary substantially between the customer classes. The largest customer class, the residential class, continues to provide the lowest return under the proposed rates at 5.00 percent. This is below the overall required return of 6.81 percent and indicates the residential class is not paying its full cost of service. The apartment, commercial, and other public authority classes continue to provide much higher returns at 13.73 percent, 11.45 percent and 7.16 percent, respectively. These results indicate that the apartment, commercial, and other public authority customer classes pay more than their respective cost of service and continue to subsidize the residential class under the Company's proposed rates.

Q. WHAT WOULD BE A SINGLE TIERED RATE DESIGN ASSUMING A PORTION OF THE DEMAND, CUSTOMER, SERVICES, AND METER COSTS ARE RECOVERED VIA THE COMMODITY RATES?

A. On Rejoinder Schedule G-8, page 4A (all customer classes), I set forth a computation of a single tiered rate design which assumes a portion of the demand, customer, services, and meters costs (the "fixed costs") are recovered via the commodity rate. As shown, the 5/8x3/4 inch monthly minimum would be $16.03 and the commodity rate $ 2.378. My computation contemplates 40 percent of the demand costs and 40 percent of the customer, services and meters costs are recovered via the commodity rate. The overall revenue recovery from the monthly minimums translates to about 48 percent of total revenues.

As shown on Rejoinder Schedule G-8, page 4B (residential class), the 5/8x3/4 inch monthly minimum would be $16.00 and the commodity rate $2.494.

As shown on Rejoinder Schedule G-8, page 4C (apartment class), the

5/8x3/4 inch monthly minimum would be $13.17 and the commodity rate $2.186.

As shown on Rejoinder Schedule G-8, page 4D (commercial class), the 5/8x3/4 inch monthly minimum would be $16.68 and the commodity rate $2.131.

As shown on Rejoinder Schedule G-8, page 4E (other public authority class), the 5/8x3/4 inch monthly minimum would be $21.40 and the commodity rate $2.080.

Q. HOW DO THE COMPUTED SINGLE TIER RATES COMPARE TO THE COMPANY'S PROPOSED RATES?

A. Referring to Rejoinder Schedule G-8, page 4A, the computed monthly minimum of $16.03 is higher than the proposed monthly minimum of $15.35 for a 5/8x3/4 inch metered customer; below the indicated monthly minimum. The computed commodity rate of $2.378 is well above the proposed first commodity rate of $1.530. The proposed second tier rate of $2.480 is approximately 4 percent higher than the computed commodity rate, and the third tier rate of $3.205 is approximately 34 percent higher than the computed commodity rate.

2 Paradise Valley Water District

Q. WHAT IS THE RANGE OF THE RETURNS FOR THE VARIOUS CUSTOMER CLASSES AT PRESENT RATES?

A. As shown on Rejoinder Schedule G-1, the returns vary substantially between the customer classes at the present rates. The largest customer class, the residential class, provides a return under the present rates of 6.52 percent. The turf, commercial, and other public authority classes are providing returns of 0.51 percent, 6.29 percent, and 8.78 percent, respectively.

Q. WHAT ARE THE RETURNS FOR THE CUSTOMER CLASSES AT PROPOSED RATES?

A. As shown on Rejoinder Schedule G-2, the returns at proposed rates also vary substantially between the customer classes. The largest customer class, the residential class provides a return under the proposed rates at 7.52 percent. This is above the overall required return of 6.81 percent and indicates the residential class is paying more than its full cost of service. The turf, commercial, and other public authority classes provide returns of 0.58 percent and 7.17 percent and 9.86 percent, respectively. These results indicate that the turf class pays less than its cost of service and the commercial and other public authority customer classes pay more than their respective cost of service.

Q. WHAT WOULD BE A SINGLE TIERED RATE DESIGN ASSUMING A PORTION OF THE DEMAND, CUSTOMER, SERVICES, AND METER COSTS ARE RECOVERED VIA THE COMMODITY RATES?

A. On Schedule G-8, page 4A (all customer classes), I set forth a computation of a single tiered rate design which assumes a portion of the demand, customer, services, and meters costs (the "fixed costs") are recovered via the commodity rate. As shown, the 5/8x3/4 inch monthly minimum would be $31.29 and the commodity rate $1.886. My computation contemplates 40 percent of the demand costs and 40 percent of the customer, services and meters costs are recovered via the commodity rate. The overall revenue recovery from the monthly minimums translates to about 48 percent of total revenues.

As shown on Schedule G-8, page 4B (residential class), the 5/8x3/4 inch monthly minimum would be $29.52 and the commodity rate $1.966.

As shown on Schedule G-8, page 4C (turf class), the 5/8x3/4 inch monthly

minimum would be $217.97 and the commodity rate $1.602.

As shown on Schedule G-8, page 4D (commercial class), the 5/8x3/4 inch monthly minimum would be $31.14 and the commodity rate $1.731.

As shown on Schedule G-8, page 4E (other public authority class), the 5/8x3/4 inch monthly minimum would be $13.89 and the commodity rate $2.418.

Q. HOW DO THE COMPUTED SINGLE TIER RATES COMPARE TO THE COMPANY'S PROPOSED RATES?

A. Referring to Schedule G-8, page 4A, the computed monthly minimum of $31.29 is higher than the proposed monthly minimum of $26.67 for a 5/8x3/4 inch metered customer; well below the indicated monthly minimum. The computed commodity rate of $1.886 is well above the proposed first and second tier commodity rate of $1.1159 and $1.3285, respectively. The proposed third tier rate of $2.3382 is approximately 24 percent higher than the computed commodity rate, the fourth tier rate of $2.9227 is approximately 55 percent higher than the computed commodity rate, and the fifth tier rate of $3.4285 is approximately 82 percent higher than the computed commodity rate.

3 <u>Sun City Water District</u>

Q. WHAT IS THE RANGE OF THE RETURNS FOR THE VARIOUS CUSTOMER CLASSES AT PRESENT RATES?

A. As shown on Rejoinder Schedule G-1, the returns vary substantially between the customer classes at the present rates. The largest customer class, the residential class, provides the lowest return under the present rates or 3.14 percent. The commercial class is providing much higher returns at 12.86 percent. The remaining other class provides a -5.94 percent return.

Q. WHAT ARE THE RETURNS FOR THE CUSTOMER CLASSES AT

PROPOSED RATES?

A. As shown on Rejoinder Schedule G-2, the returns at proposed rates also vary substantially between the customer classes. The largest customer class, the residential class, continues to provide the lowest return under the proposed rates at 5.75 percent. This is below the overall required return of 6.81 percent and indicates the residential class is not paying its full cost of service. The commercial class continues to provide much higher returns at 16.16 percent. The remaining other class provides a -5.89 percent return. These results indicate that the commercial customer class pays more than their respective cost of service and continue to subsidize the residential class under the Company's proposed rates

Q. WHAT WOULD BE A SINGLE TIERED RATE DESIGN ASSUMING A PORTION OF THE DEMAND, CUSTOMER, SERVICES, AND METER COSTS ARE RECOVERED VIA THE COMMODITY RATES?

A. On Rejoinder Schedule G-8, page 4A (all customer classes), I set forth a computation of a single tiered rate design which assumes a portion of the demand, customer, services, and meters costs (the "fixed costs") are recovered via the commodity rate. As shown, the 5/8x3/4 inch monthly minimum would be $10.68 and the commodity rate $1.620. My computation contemplates 40 percent of the demand costs and 40 percent of the customer, services and meters costs are recovered via the commodity rate. The overall revenue recovery from the monthly minimums translates to about 48 percent of total revenues.

As shown on Rejoinder Schedule G-8, page 4B (residential class), the 5/8x3/4 inch monthly minimum would be $11.30 and the commodity rate $1.586.

As shown on Rejoinder Schedule G-8, page 4C (commercial class), the 5/8x3/4 inch monthly minimum would be $12.37 and the commodity rate $1.292.

As shown on Rejoinder Schedule G-8, page 4D (other class), the 5/8x3/4 inch monthly minimum would be $116.53 and the commodity rate $1.679.

Q. HOW DO THE COMPUTED SINGLE TIER RATES COMPARE TO THE COMPANY'S PROPOSED RATES?

A. Referring to Rejoinder Schedule G-8, page 4A, the computed monthly minimum of $10.67 is higher than the proposed monthly minimum of $10.20 for a 5/8x3/4 inch metered customer. The computed commodity rate of $1.620 is well above the proposed first, second, third tier rates of $0.7304 and $1.3602, respectively. The proposed third tier rate of $1.6302 is approximately the same as the computed commodity rate, the fourth tier rate of $1.8002 is approximately 10 percent higher than the computed commodity rate, and the fifth tier rate of $2.0102 is approximately 23 percent higher than the computed commodity rate. In other words, the proposed first and second tier commodity rates are below cost while the proposed fourth and fifth tier rates are above cost.

4 Tubac Water District

Q. WHAT IS THE RANGE OF THE RETURNS FOR THE VARIOUS CUSTOMER CLASSES AT PRESENT RATES?

A. As shown on Rejoinder Schedule G-1, the returns vary substantially between the customer classes at the present rates. The largest customer class, the residential class, provides the lowest return under the present rates or -7.29 percent. The commercial class is providing a higher return of 7.74 percent.

Q. WHAT ARE THE RETURNS FOR THE CUSTOMER CLASSES AT PROPOSED RATES?

A. As shown on Rejoinder Schedule G-2, the returns at proposed rates also vary substantially between the customer classes. The largest customer class, the

residential class, continues to provide the lowest return under the proposed rates at 3.07 percent. This is well below the overall required return of 6.81 percent and indicates the residential class is not paying its full cost of service. The commercial class continues to provide a much higher return at 19.09 percent. These results indicate that the commercial customer class pays more than its respective cost of service and continue to subsidize the residential class under the Company's proposed rates.

Q. WHAT WOULD BE A SINGLE TIERED RATE DESIGN ASSUMING A PORTION OF THE DEMAND, CUSTOMER, SERVICES, AND METER COSTS ARE RECOVERED VIA THE COMMODITY RATES?

A. On Schedule G-8, page 4A (all customer classes), I set forth a computation of a single tiered rate design which assumes a portion of the demand, customer, services, and meters costs (the "fixed costs") are recovered via the commodity rate. As shown, the 5/8x3/4 inch monthly minimum would be $40.44 and the commodity rate $5.897. My computation contemplates 40 percent of the demand costs and 40 percent of the customer, services and meters costs are recovered via the commodity rate. The overall revenue recovery from the monthly minimums translates to about 48 percent of total revenues.

As shown on Schedule G-8, page 4B (residential class), the 5/8x3/4 inch monthly minimum would be $43.18 and the commodity rate $6.110.

As shown on Schedule G-8, page 4C (commercial class), the 5/8x3/4 inch monthly minimum would be $33.47 and the commodity rate $5.344.

Q. HOW DO THE COMPUTED SINGLE TIER RATES COMPARE TO THE COMPANY'S PROPOSED RATES?

A. Referring to Schedule G-8, page 4A, the computed monthly minimum of $40.44 is

lower than the proposed monthly minimum of $41.00 for a 5/8x3/4 inch metered customer. The computed commodity rate of $5.897 is higher than the proposed first tier commodity rate of $4.56. The proposed second their commodity rate of $5.91 is slightly higher than the computed commodity rate. The proposed third rate of $6.96 is approximately 18 percent higher than the computed commodity rate and the fourth tier rate of $7.76 is approximately 32 percent higher than the computed commodity rate. In other words, the proposed first tier commodity rate is below cost while the proposed third and fourth tier rates are above cost.

5 Mohave Wastewater District

Q. WHAT IS THE RANGE OF THE RETURNS FOR THE VARIOUS CUSTOMER CLASSES AT PRESENT RATES?

A. As shown on Schedule G-1, the returns vary substantially between the customer classes at the present rates. The largest customer class, the residential class, provides the lowest return under the present rates or 1.53 percent. The commercial and other public authority classes are providing much higher returns at 30.44 percent and 8.31 percent, respectively.

Q. WHAT ARE THE RETURNS FOR THE CUSTOMER CLASSES AT PROPOSED RATES?

A. As shown on Rejoinder Schedule G-2, the returns at proposed rates also vary substantially between the customer classes. The largest customer class, the residential class, continues to provide the lowest return under the proposed rates at 6.47 percent. This is less than the overall required return of 6.81 percent and indicates the residential class is not paying its full cost of service. The commercial and other public authority classes continue to provide much higher returns at 47.64 percent and 14.62 percent, respectively. These results indicate that the

commercial and other public authority customer classes pay more than their respective cost of service and continue to subsidize the residential class under the Company's proposed rates.

IV REJOINDER PROPOSED RATES (H SCHEDULES)

Q. BRIEFLY DESCRIBE THE H SCHEDULES?

A. The Company's rejoinder filing includes H Schedules for all districts. Rejoinder Schedule H-1 is a summary of the revenue billed under present rates and the amount that would be generated by the proposed increase in metered water rates. Schedule H-2 is an analysis of revenue at present and proposed rates by class and meter size in dollar amount and percentage. The average number of customers derived from the bill count is also shown by meter size and in total. Rejoinder Schedule H-3 shows the present and proposed rate and presents a comparison of rates. Exhibit TJB-1RJ provides the revenue recovery by customer class for all districts under the Company, Staff, and RUCO proposed rates.

A Rejoinder Rate Design

Q. PLEASE DESCRIBE THE RATE DESIGN OF THE PROPOSED RATE STRUCTURE FOR THE DISTRICTS.

A. The rejoinder proposed rate structures as shown on Rejoinder Schedule H-3 continue to balance the objectives of promoting water conservation through inverted tier rates, providing rates which are cost of service based, and providing revenue stability through increased revenue recovery from the monthly minimums and balanced commodity rates.

1 Comments on Magruder Surrebuttal Testimony

Q. ARE THE RATES AND RATE DESIGNS PROPOSED BY THE COMPANY DISCRIMINATORY?

A. No. The rates for each district are designed to recover the total cost of service for each individual district. Each district has its own cost structure and mix of customer classes (and usage patterns) as evidenced by the cost of service studies. The facilities necessary to service each district is different. Some have arsenic treatment facilities while others do not. Some districts are denser than the Tubac district serving more customers per square mile. Further, the facilities for each district were constructed at different times leading to different costs and net book values as of the end of the test year.

2 Comments on the Staff Proposed Rates Failing to Generate the Revenue Requirement

Q. DO THE ACC STAFF'S PROPOSED SURREBUTTAL RATES PRODUCE THE ACC STAFF'S PROPOSED REVENUE REQUIREMENT?

A. No. I noted in my rebuttal testimony that the Staff rates did not produce its recommended revenue requirement for the Mohave Water District, the Paradise Valley Water District, the Sun City Water District, and the Tubac Water District. Upon further investigation I have confirmed that the Staff proposed rates fail to account for the declining usage adjustment for each district. In some cases, as with the Mohave Water District and the Sun City Water District, the ACC Staff's rates also fail to account for the increased revenues from the low income program revenue adjustment.

Q. PLEASE COMMENT ON ACC STAFF'S RESPONSE TO YOUR REBUTTAL TESTIMONY.

A. Mr. Baxter asserts its proposed revenue requirements already factor in the declining usage adjustments and to address them in the rates would be double

counting.[2] Respectfully, Mr. Baxter is incorrect. Staff has not reflected declining usage in the test year billing determinants it uses to determine its proposed rates. Accordingly, the rates ACC Staff proposes cannot possibly reflect the declining usage adjustment.

Q. HAVE YOU CONFIRMED THAT ACC STAFF DID NOT ADJUST ITS BILLING DETERMINANTS TO REFLECT DECLINING USAGE?

A. Yes. I not only examined the ACC Staff's work papers, but I confirmed with Staff that it did not adjust its billing determinants to reflect declining usage.

3 Mohave Water District

Q. HAVE YOU MADE ANY CHANGES TO THE PROPOSED RATE DESIGN FOR THE MOHAVE WATER DISTRICT?

A. No. The rejoinder proposed rate design uses the same number of tiers and break-over points as was proposed in the Company's direct and rebuttal testimony and schedules. Further, the percentage of revenue recovery from the monthly minimums and the commodity rates are similar to those proposed in the direct and rebuttal testimony and schedules. The rejoinder proposed rates are set forth on Rejoinder Schedule H-3, pages 1 through 3.

Q. WHAT WILL BE THE AVERAGE 5/8X3/4 INCH RESIDENTIAL CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Schedule H-2, page 1, the average monthly bill under proposed rates for a 5/8x3/4 inch residential customer using an average 6,800 gallons is $29.36 – an $8.73 increase over the present monthly bill or a 42.33 percent increase.

a Comments on ACC Staff's Proposed Rate Design

Q. PLEASE COMMENT ON THE ACC STAFF'S PROPOSED RATE DESIGN.

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[2] *See* Surrebuttal Testimony of Briton Baxter ("Baxter Sb.")

A. Aside from the issue of the ACC Staff's rates not generating the revenue requirement as discussed earlier, the ACC Staff's proposed rate design continues to employ the same tiers and break-over points as does the Company's rate design. The difference in the rate designs continues to be in the percentage of revenue recovery from the monthly minimums and commodity rates. The Company derives a greater proportion of revenues from the monthly minimums as well as derives a greater proportion of revenues from the lower tier commodity rates than does ACC Staff's. Recovering greater proportions of water revenues from the monthly minimums and from the lower tier commodity rates provides greater revenue stability.

The Company's proposed rate design recovers approximately 45.4 percent of the metered revenues from the monthly minimums whereas the ACC Staff's proposed rate design recovers approximately 41.2 percent of the metered revenues from the monthly minimums.[3] With regard to the commodity rates, Exhibit TJB-1RJ shows that the Company's proposed rate design recovers approximately 24 percent of the metered revenues from the highest cost commodity rate whereas the ACC Staff's proposed rate design recovers approximately 30 percent of the metered revenues from the highest cost commodity rates.[4]

b <u>Comments on RUCO's Proposed Rate Design</u>

Q. PLEASE COMMENT ON RUCO'S PROPOSED RATE DESIGN.

[3] *See* Rejoinder Exhibit TJB-1RJ, pages 1 and 2.
[4] *See* Rejoinder Exhibit TJB-1RJ, pages 1 and 2.

A. RUCO's proposed rate design continues to employ the same tiers and break-over points as does the Company's proposed rate design. The difference in rate design continues to be in the percentage of revenue recovery from the monthly minimums and commodity rates. The Company derives a greater proportion of revenues from the monthly minimums as well as derives a greater proportion of revenues from the lower tier commodity rates than does RUCO's. Recovering greater proportions of water revenues from the monthly minimums and from the lower tier commodity rates provides greater revenue stability.

The Company's proposed rate design recovers approximately 45.4 percent of the metered revenues from the monthly minimums whereas RUCO's proposed rate design recovers approximately 42.4 percent of the metered revenues from the monthly minimums.[5] With regard to the commodity rates, Exhibit TJB-1RJ shows that the Company's proposed rate design recovers approximately 24 percent of the metered revenues from the highest cost commodity rates whereas RUCO's proposed rate design recovers approximately 29.4 percent of the metered revenues from the highest cost commodity rates.[6]

4 <u>Paradise Valley Water District</u>

Q. HAVE YOU MADE ANY CHANGES TO THE RATE DESIGN PROPOSED IN THE COMPANY'S DIRECT CASE FILING FOR THE PARADISE VALLEY WATER DISTRICT?

[5] *See* Rejoinder Exhibit TJB-1RJ pages 1 and 3.
[6] *See* Rejoinder Exhibit TJB-1RJ, pages 1 and 3.

A. No. The rejoinder proposed rate design uses the same number of tiers and break-over points as was proposed in the direct filing. Further, the percentage of revenue recovery from the monthly minimums and the commodity rates are similar to those proposed in the direct filing. The rejoinder proposed rates are set forth on Rejoinder Schedule H-3, pages 1 through 3.

Q. WHAT WILL BE THE AVERAGE 5/8X3/4-INCH AND 1-INCH RESIDENTIAL CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Schedule H-2, page 1, the average monthly bill under proposed rates for a 5/8x3/4 inch residential customer using an average 19,271 gallons is $55.52 – a $3.23 increase over the present monthly bill, or a 6.17 percent increase. The average monthly bill under proposed rates for a 1-inch residential customer, the second largest class, using an average 55,400 gallons is $175.67 – a $10.27 increase over the present monthly bill, or a 6.21 percent increase.

a <u>Comments on ACC Staff's Proposed Rate Design</u>

Q. PLEASE COMMENT ON THE ACC STAFF'S PROPOSED RATE DESIGN.

A. Aside from the issue of the ACC Staff's rates not generating the revenue requirement as discussed earlier, the ACC Staff's proposed rate design continues to employ the same tiers and break-over points as does the Company's proposed rate design. The rate designs are similar in terms of the proportions of revenue recovered from the monthly minimums and the commodity rates.[7]

b <u>Comments on RUCO's Proposed Rate Design</u>

Q. PLEASE COMMENT ON RUCO'S PROPOSED RATE DESIGN.

[7] *See* Rejoinder Exhibit TJB-1RJ, pages 4 and 5.

A. RUCO's proposed rate design continues to employ the same tiers and break-over points as does the Company's proposed rate design except for the 3-inch and larger residential meters and all sizes of commercial meters. RUCO's proposed rate design extends the 5 tier design of the 2-inch and smaller residential customers to the 3-inch and larger residential customers. The Company's proposed rate design retains the two tier design for the 3-inch and larger residential meters. With respect to the commercial class, RUCO proposes a two-tier design like the Company's but proposes a much lower break-over point for the commercial meters of 70,000 gallons. The Company proposes to retain the 400,000 gallons break-over point. There are further differences in the rate designs in terms of revenue recovery (percentage of recovery from the monthly minimums and commodity rates). The Company derives a greater proportion of revenues from the monthly minimums as well as derives a greater proportion of revenues from the lower tier commodity rates than does RUCO's proposed rate design. Recovering greater proportions of water revenues from the monthly minimums and from the lower tier commodity rates provides greater revenue stability.

The Company's rate design recovers approximately 28.6 percent of the metered revenues from the monthly minimums whereas the RUCO's proposed rate design recovers approximately 27.7 percent of the metered revenues from the monthly minimums.[8] With regard to the commodity rates, Exhibit TJB-1RJ shows that the Company's proposed rate design recovers approximately 35.2 percent of the metered revenues from the two highest cost commodity rates whereas the Staff's proposed rate design recovers approximately 47.8 percent of the metered revenues from the two highest cost commodity rates.[9]

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[8] *See* Rejoinder Exhibit TJB-1RJ, pages 4 and 6.
[9] *See* Rejoinder Exhibit TJB-1RJ, pages 4 and 6.

Q. PLEASE RESPOND TO THE RUCO TESTIMONY REGARDING BILLING CROSS-OVER IN THE COMPANY'S RATE DESIGN.

A. I do not disagree with RUCO that billing cross-over should be avoided; particularly when the current design does not suffer from billing cross-over. However, the Company's current rate design has been in place for many years. As I stated in my rebuttal testimony the rate design has been accepted by the customers and it has not encountered any issues with potential billing cross-over. To move from the current rate design to an alternative which reduces or eliminates billing cross-over at this time will result in increases to the larger commercial customers and reductions to the residential customers significantly greater than RUCO's overall proposed revenue decrease. For instance, while RUCO is proposing an overall reduction in revenues of approximately 8 percent, the larger commercial customers will see increases of 13 to 24 percent. Further, the larger residential customers will see reductions of 12 to 15 percent.

5 <u>Sun City Water District</u>

Q. HAVE YOU MADE ANY CHANGES TO THE PROPOSED RATE DESIGN IN THE COMPANY'S DIRECT CASE FILING FOR THE SUN CITY WATER DISTRICT?

A. No. The rejoinder proposed rate design uses the same number of tiers and break-over points as were proposed in the direct filing. Further, the percentage of revenue recovery from the monthly minimums and the commodity rates are similar to those proposed in the direct filing. The rejoinder proposed rates are set forth on Rejoinder Schedule H-3, pages 1 through 3.

Q. WHAT WILL BE THE AVERAGE 5/8X3/4-INCH RESIDENTIAL CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Rejoinder Schedule H-2, page 1, the average monthly bill under the Company's proposed rates for a 5/8x3/4-inch residential customer using an average 7,203 gallons is $20.50, a $3.14 increase over the present monthly bill, or a 18.12 percent increase.

a Comments on ACC Staff's proposed Rate Design

Q. PLEASE COMMENT ON THE ACC STAFF'S PROPOSED RATE DESIGN.

A. Aside from the issue of the ACC Staff's rates not generating the revenue requirement as discussed earlier, the ACC Staff's proposed rate design continues to employ the same tiers and break-over points as does the Company's proposed rate design.

The Company's proposed rate design recovers approximately 38.4 percent of the metered revenues from the monthly minimums whereas the ACC Staff's rate design recovers approximately 37.5 percent of the metered revenues from the monthly minimums.[10] With regard to the commodity rates, Exhibit TJB-1RJ shows that the Company's proposed rate design recovers approximately 14.7 percent of the metered revenues from the two highest cost commodity rates whereas the ACC Staff's rate design recovers approximately 16.9 percent of the metered revenues from the two highest cost commodity rates.[11]

b Comments on RUCO's Proposed Rate Design

Q. PLEASE COMMENT ON RUCO'S PROPOSED RATE DESIGN.

[10] *See* Rejoinder Exhibit TJB-1RJ, pages 7 and 8.
[11] *See* Rejoinder Exhibit TJB-1RJ, pages 7 and 8.

A. Before I begin, the RUCO's proposed rates produce too much revenue, which I estimate to be as high as $500,000. That said, RUCO's proposed rate design continues to employ the same tiers and break-over points as does the Company's proposed rate design. The difference in rate design continues to be in the percentage of revenue recovery from the monthly minimums and commodity rates. The Company derives a greater proportion of revenues from the monthly minimums as well as derives a greater proportion of revenues from the lower tier commodity rates than does RUCO's. Recovering greater proportions of water revenues from the monthly minimums and from the lower tier commodity rates provides greater revenue stability.

The Company's proposed rate design recovers approximately 38.4 percent of the metered revenues from the monthly minimums whereas RUCO's proposed rate design recovers approximately 35.0 percent of the metered revenues from the monthly minimums.[12] With regard to the commodity rates Exhibit TJB-1RJ shows that the Company's proposed rate design recovers approximately 14.7 percent of the metered revenues from the two highest cost commodity rates whereas RUCO's proposed rate design recovers approximately 16.7 percent of the metered revenues from the two highest cost commodity rates.[13]

6 <u>Tubac Water District</u>

Q. HAVE YOU MADE ANY CHANGES TO THE PROPOSED RATE DESIGN FOR THE TUBAC WATER DISTRICT?

A. No. The rejoinder proposed rate design uses the same number of tiers and break-over points as was proposed in the direct filing. Further, the percentage of revenue recovery from the monthly minimums and the commodity rates are similar to those

[12] *See* Rejoinder Exhibit TJB-1RJ, pages 7 and 9.
[13] *See* Rejoinder Exhibit TJB-1RJ, pages 7 and 9.

proposed in the direct filing. The rejoinder proposed rates are set forth on Rejoinder Schedule H-3, pages 1 through 3.

Q. WHAT WILL BE THE AVERAGE 5/8X3/4-INCH RESIDENTIAL CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Schedule H-2, page 1, the average monthly bill under proposed rates for a 5/8x3/4 inch residential customer using an average 8,348 gallons is $86.29 – a $32.72 increase over the present monthly bill or a 61.07 percent increase.

a Comments on ACC Staff's Proposed Rate Design

Q. PLEASE COMMENT ON THE ACC STAFF'S PROPOSED RATE DESIGN.

A. Aside from the issue of the ACC Staff's rates not generating the revenue requirement as discussed earlier, the Staff's proposed rate design continues to employ the same tiers and break-over points as does the Company's proposed rate design. The difference in the rate designs continues to be in the percentage of revenue recovery from the monthly minimums and commodity rates. The Company derives a greater proportion of revenues from the monthly minimums as well as derives a greater proportion of revenues from the lower tier commodity rates than does Staff. Recovering greater proportions of water revenues from the monthly minimums and from the lower tier commodity rates provides greater revenue stability.

The Company's proposed rate design recovers approximately 45.7 percent of the metered revenues from the monthly minimums whereas the ACC Staff's proposed rate design recovers approximately 37.9 percent of the metered revenues from the monthly minimums.[14] With regard to the commodity rates Exhibit TJB-1RJ shows that the Company's proposed rate design recovers approximately 34.9 percent of the metered revenues from the two highest cost commodity rates whereas the Staff's proposed rate design recovers approximately 44.7 percent of the metered revenues from the two highest cost commodity rates.[15]

b Comments on RUCO's Proposed Rate Design

Q. PLEASE COMMENT ON RUCO'S PROPOSED RATE DESIGN.

A. RUCO's proposed rate design continues to employ the same tiers and break-over points as does the Company's proposed rate design. The difference in rate design is in the percentage of recovery from the monthly minimums and commodity rates. The Company derives a greater proportion of revenues from the monthly minimums as well as derives a greater proportion of revenues from the lower tier commodity rates than does RUCO's. Recovering greater proportions of water revenues from the monthly minimums and from the lower tier commodity rates provides greater revenue stability.

[14] *See* Rejoinder Exhibit TJB-1RJ, pages 9 and 10.
[15] *See* Rejoinder Exhibit TJB-1RJ, pages 9 and 10.

The Company's proposed rate design recovers approximately 45.7 percent of the metered revenues from the monthly minimums whereas RUCO's proposed rate design recovers approximately 41.3 percent of the metered revenues from the monthly minimums.[16] With regard to the commodity rates Exhibit TJB-2R shows that the Company's proposed rate design recovers approximately 34.9 percent of the metered revenues from the two highest cost commodity rates whereas the RUCO's proposed rate design recovers approximately 41.0 percent of the metered revenues from the two highest cost commodity rates.[17]

c Arsenic Media Replacement O&M Surcharge

Q. IS THE COMPANY CONTINUING TO PROPOSE A DEFERRED ARSENIC MEDIA REPLACEMENT O&M SURCHARGE?

A. Yes. I provided testimony on the surcharge as well as an exhibit in conjunction with my rebuttal testimony. (See Rebuttal Exhibit TJB-3R).

7 Mohave Wastewater District

Q. HAVE YOU MADE ANY CHANGES TO THE PROPOSED RATE DESIGN FOR THE MOHAVE WASTEWATER DISTRICT?

A. No. The rejoinder proposed rate design uses the same flat rate design as was proposed in the direct and rebuttal filings. The rejoinder proposed rates are set forth on Rejoinder Schedule H-3, pages 1 through 3.

Q. WHAT WILL BE THE RESIDENTIAL CUSTOMER MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Schedule H-2, page 1, the monthly bill under proposed rates for a residential customer is $81.55 – a $25.00 increase over the present monthly bill or a 44.20 percent increase.

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[16] *See* Rejoinder Exhibit TJB-1RJ, pages 10 and 12.
[17] *See* Rejoinder Exhibit TJB-1RJ, pages 10 and 12.

Q. DO ACC STAFF AND RUCO CONTINUE TO PROPOSE FLAT RATE DESIGNS?

A. Yes.

B Miscellaneous Charges

Q. ARE THERE ANY DISPUTES BETWEEN THE COMPANY AND ACC STAFF ON THE MISCELLANEOUS SERVICE CHARGES?

A. No.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY IN THIS CASE?

A. Yes.

EXHIBIT TJB-1RJ

Mohave Water District
Company Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 2,695,686	$ 626,809	$ 1,148,739	$ 1,028,004	$ -	$ -	$ 5,499,237
3/4 Inch	Residential	737	193	632	1,112	-	-	2,674
1 Inch	Residential	35,652	21,757	42,075	-	-	-	99,483
1.5 Inch	Residential	-	-	-	-	-	-	-
2 Inch	Residential	35,736	23,617	27,338	-	-	-	86,691
6 Inch	Residential	-	-	-	-	-	-	-
5/8x3/4 Inch	Apartment	$ 12,172.95	$ 12,904.36	$ 12,527.84	$ -	$ -	$ -	$ 37,605
3/4 Inch	Apartment	184	-	-	-	-	-	184
1 Inch	Apartment	24,407	15,101	21,047	-	-	-	60,555
1.5 Inch	Apartment	1,842	1,619	1,990	-	-	-	5,452
2 Inch	Apartment	210,977	102,703	125,873	-	-	-	439,553
4 Inch	Apartment	9,210	5,590	5,910	-	-	-	20,710
6 Inch	Apartment	9,210	8,928	35,688	-	-	-	53,826
5/8 Inch	Commercial	$ 70,781.16	$ 44,322.49	$ 59,490.74	$ -	$ -	$ -	$ 174,594
3/4 Inch	Commercial	-	-	-	-	-	-	-
1 Inch	Commercial	91,566	51,695	100,979	-	-	-	244,241
1.5 Inch	Commercial	2,763	1,530	231	-	-	-	4,524
2 Inch	Commercial	303,694	178,066	374,327	-	-	-	856,088
3 Inch	Commercial	37,332	12,336	21,625	-	-	-	71,294
4 Inch	Commercial	9,210	5,426	7,032	-	-	-	21,668
6 Inch	Commercial	27,631	18,129	88,625	-	-	-	134,384
5/8x3/4 Inch	Other Public Authority	$ 3,315.71	$ 5,091.44	$ -	$ -	$ -	$ -	$ 8,407
1 Inch	Other Public Authority	5,066	5,959	-	-	-	-	11,025
1.5 Inch	Other Public Authority	921	126	-	-	-	-	1,048
2 Inch	Other Public Authority	67,788	127,408	-	-	-	-	195,195
3 Inch	Other Public Authority	5,895	34,502	-	-	-	-	40,396
4 Inch	Other Public Authority	4,605	9,082	-	-	-	-	13,687
6 Inch	Other Public Authority	9,210	38,596	-	-	-	-	47,807
2 Inch	Fire	$ 467	$ 652	$ -	$ -	$ -	$ -	$ 1,119
4 Inch	Fire	7,821	2,366	-	-	-	-	10,187
6 Inch	Fire	7,761	1,104	-	-	-	-	8,865
8 Inch	Fire	3,809	394	-	-	-	-	4,203
Public Hydrant		12,823	6,904	-	-	-	-	19,728
	TOTALS	$ 3,708,275	$ 1,362,911	$ 2,074,129	$ 1,029,116	$ -	$ -	$ 8,174,431
	Percent of Total	45.36%	16.67%	25.37%	12.59%	0.00%	0.00%	100.00%
	Cummulative %	45.36%	62.04%	87.41%	100.00%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 3,708,275	45.36%	45.36%
Lowest Cost Commodity rate	627,002	7.67%	53.03%
2nd Lowest Cost Commodity rate	1,885,281	23.06%	76.10%
Highest Cost Commodity rate	1,953,874	23.90%	100.00%
	$ 8,174,431		

Mohave Water District - Staff Proof
Staff Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 2,282,917	$ 458,840	$ 1,065,363	$ 1,206,020	$ -	$ -	$ 5,013,140
3/4 Inch	Residential	936	141	587	1,305	-	-	2,968
1 Inch	Residential	30,193	20,178	49,361	-	-	-	99,731
1.5 Inch	Residential	-	-	-	-	-	-	-
2 Inch	Residential	30,264	21,902	32,072	-	-	-	84,239
6 Inch	Residential	-	-	-	-	-	-	-
5/8x3/4 Inch	Apartment	$ 10,309.00	$ 11,967.75	$ 14,697.25	$ -	$ -	$ -	$ 36,974
3/4 Inch	Apartment	234	-	-	-	-	-	234
1 Inch	Apartment	20,670	14,005	24,692	-	-	-	59,367
1.5 Inch	Apartment	1,560	1,502	2,335	-	-	-	5,397
2 Inch	Apartment	178,672	95,249	147,670	-	-	-	421,590
4 Inch	Apartment	7,800	5,184	6,933	-	-	-	19,918
6 Inch	Apartment	7,800	8,280	41,868	-	-	-	57,948
5/8 Inch	Commercial	$ 59,943.00	$ 41,105.53	$ 69,792.57	$ -	$ -	$ -	$ 170,841
3/4 Inch	Commercial	-	-	-	-	-	-	-
1 Inch	Commercial	77,545	47,943	118,466	-	-	-	243,954
1.5 Inch	Commercial	2,340	1,419	271	-	-	-	4,030
2 Inch	Commercial	257,192	165,142	439,148	-	-	-	861,483
3 Inch	Commercial	31,616	11,441	25,370	-	-	-	68,427
4 Inch	Commercial	7,800	5,032	8,249	-	-	-	21,082
6 Inch	Commercial	23,400	16,813	103,972	-	-	-	144,185
5/8x3/4 Inch	Other Public Authority	$ 2,808.00	$ 4,721.90	$ -	$ -	$ -	$ -	$ 7,530
1 Inch	Other Public Authority	4,290	5,527	-	-	-	-	9,817
1.5 Inch	Other Public Authority	780	117	-	-	-	-	897
2 Inch	Other Public Authority	57,408	118,160	-	-	-	-	175,568
3 Inch	Other Public Authority	4,992	31,998	-	-	-	-	36,990
4 Inch	Other Public Authority	3,900	8,423	-	-	-	-	12,323
6 Inch	Other Public Authority	7,800	35,795	-	-	-	-	43,595
2 Inch	Fire	$ 471	$ 604	$ -	$ -	$ -	$ -	$ 1,075
4 Inch	Fire	7,878	2,194	-	-	-	-	10,073
6 Inch	Fire	7,818	1,024	-	-	-	-	8,842
8 Inch	Fire	3,837	366	-	-	-	-	4,202
Public Hydrant		12,917	6,403	-	-	-	-	19,320
	TOTALS	$ 3,146,089	$ 1,141,478	$ 2,150,845	$ 1,207,325	$ -	$ -	$ 7,645,737
	Percent of Total	41.15%	14.93%	28.13%	15.79%	0.00%	0.00%	100.00%
	Cummulative %	41.15%	56.08%	84.21%	100.00%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 3,146,089	41.15%	41.15%
Lowest Cost Commodity rate	458,982	6.00%	47.15%
2nd Lowest Cost Commodity rate	1,748,446	22.87%	70.02%
Highest Cost Commodity rate	2,292,220	29.98%	100.00%
	$ 7,645,737		

Mohave Water District - RUCO Proof
RUCO Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 2,001,943	$ 372,808	$ 889,346	$ 1,003,948	$ -	$ -	$ 4,268,044
3/4 Inch	Residential	547	115	490	1,086	-	-	2,238
1 Inch	Residential	26,477	16,844	41,090	-	-	-	84,411
1.5 Inch	Residential	-	-	-	-	-	-	-
2 Inch	Residential	26,539	18,284	26,698	-	-	-	71,521
6 Inch	Residential	-	-	-	-	-	-	-
5/8x3/4 Inch	Apartment	$ 9,040.20	$ 9,990.47	$ 12,234.68	$ -	$ -	$ -	$ 31,265
3/4 Inch	Apartment	137	-	-	-	-	-	137
1 Inch	Apartment	18,126	11,691	20,555	-	-	-	50,372
1.5 Inch	Apartment	1,368	1,254	1,944	-	-	-	4,565
2 Inch	Apartment	156,682	79,512	122,927	-	-	-	359,121
4 Inch	Apartment	6,840	4,328	5,772	-	-	-	16,939
6 Inch	Apartment	6,840	6,912	34,853	-	-	-	48,605
5/8 Inch	Commercial	$ 52,565.40	$ 34,314.18	$ 58,098.60	$ -	$ -	$ -	$ 144,978
3/4 Inch	Commercial	-	-	-	-	-	-	-
1 Inch	Commercial	68,001	40,022	98,616	-	-	-	206,640
1.5 Inch	Commercial	2,052	1,185	225	-	-	-	3,462
2 Inch	Commercial	225,538	137,858	365,568	-	-	-	728,963
3 Inch	Commercial	27,725	9,551	21,119	-	-	-	58,394
4 Inch	Commercial	6,840	4,201	6,867	-	-	-	17,908
6 Inch	Commercial	20,520	14,035	86,551	-	-	-	121,106
5/8x3/4 Inch	Other Public Authority	$ 2,462.40	$ 3,941.76	$ -	$ -	$ -	$ -	$ 6,404
1 Inch	Other Public Authority	3,762	4,614	-	-	-	-	8,376
1.5 Inch	Other Public Authority	684	98	-	-	-	-	782
2 Inch	Other Public Authority	50,342	98,638	-	-	-	-	148,980
3 Inch	Other Public Authority	4,378	26,711	-	-	-	-	31,089
4 Inch	Other Public Authority	3,420	7,031	-	-	-	-	10,451
6 Inch	Other Public Authority	6,840	29,881	-	-	-	-	36,721
2 Inch	Fire	$ 404	$ 505	$ -	$ -	$ -	$ -	$ 909
4 Inch	Fire	6,765	1,832	-	-	-	-	8,597
6 Inch	Fire	6,718	854	-	-	-	-	7,572
8 Inch	Fire	3,296	305	-	-	-	-	3,601
Public Hydrant		11,097	5,345	-	-	-	-	16,443
	TOTALS	$ 2,757,947	$ 942,659	$ 1,792,954	$ 1,005,034	$ -	$ -	$ 6,498,593
	Percent of Total	42.44%	14.51%	27.59%	15.47%	0.00%	0.00%	100.00%
	Cummulative %	42.44%	56.94%	84.53%	100.00%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 2,757,947	42.44%	42.44%
Lowest Cost Commodity rate	372,923	5.74%	48.18%
2nd Lowest Cost Commodity rate	1,459,572	22.46%	70.64%
Highest Cost Commodity rate	1,908,151	29.36%	100.00%
	$ 6,498,593		

Paradise Valley Water District
Company Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Commodity Sixth Tier	Total
5/8 Inch	Residential	$ 678,845	$ 118,345	$ 170,918	$ 333,751	$ 221,839	$ 126,535	$ -	$ 1,650,233
3/4 Inch	Residential	8,987	1,406	1,561	4,284	4,542	1,889	-	22,669
1 Inch	Residential	1,268,073	128,396	270,287	847,812	939,758	1,079,106	-	4,533,432
1.5 Inch	Residential	185,506	10,457	21,574	68,577	90,407	209,193	-	585,715
2 Inch	Residential	281,396	10,204	23,087	86,685	126,092	494,265	-	1,021,729
6 Inch	Residential	-	-	-	-	-	-	-	-
5/8 Inch	Commercial	$ 21,123.89	$ 11,232.73	$ -	$ -	$ -	$ -	$ -	$ 32,357
3/4 Inch	Commercial	-	-	-	-	-	-	-	-
1 Inch	Commercial	45,448	117,067	13,836	-	-	-	-	176,351
1.5 Inch	Commercial	31,110	65,121	6,852	-	-	-	-	103,083
2 Inch	Commercial	270,642	665,697	262,978	-	-	-	-	1,199,317
3 Inch	Commercial	35,206	29,627	83,054	-	-	-	-	147,887
4 Inch	Commercial	5,889	9,948	7,954	-	-	-	-	23,791
6 Inch	Commercial	47,341	26,706	146,555	-	-	-	-	220,601
5/8x3/4 Inc	Other Public Authority	$ 960.18	$ 103.62	$ -	$ -	$ -	$ -	$ -	$ 1,064
1 Inch	Other Public Authority	1,280	4,404	-	-	-	-	-	5,684
2 Inch	Other Public Authority	10,754	4,721	-	-	-	-	-	15,475
3 Inch	Turf	3,521	24,487	-	-	-	-	-	$ 28,008
4 Inch	Turf	5,889	114,266	-	-	-	-	-	120,155
6 Inch	Paradise Valley Country Club	10,060	288,347	-	-	-	-	-	298,407
Private Fire		8,520	801	-	-	-	-	-	9,321
	TOTALS	$ 2,920,552	$ 1,631,339	$ 1,008,655	$ 1,341,109	$ 1,382,638	$ 1,910,988	$ -	$ 10,195,280
	Percent of Total	28.65%	16.00%	9.89%	13.15%	13.56%	18.74%	0.00%	100.00%
	Cummulative %	28.65%	44.65%	54.54%	67.69%	81.26%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 0	0.00%	0.00%
Lowest Cost Commodity rate	$ 150,463	1.48%	1.48%
2nd Lowest Cost Commodity rate	$ 316,509	3.10%	4.58%
3rd Lowest Commodity Rates	$ 2,334,065	22.89%	27.47%
2nd Highest Commodity Rates	$ 1,682,028	16.50%	43.97%
Highest Cost Commodity rate	$ 1,910,988	18.74%	62.72%
	$ 6,394,053		

Paradise Valley Water District - Staff Proof
Staff Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Commodity Sixth Tier	Total
5/8 Inch	Residential	$ 640,118	$ 111,353	$ 160,819	$ 314,029	$ 210,249	$ 121,830	$ -	$ 1,558,397
3/4 Inch	Residential	8,475	1,323	1,469	4,031	4,305	1,819	-	21,420
1 Inch	Residential	1,195,732	120,809	254,316	797,715	890,660	1,038,980	-	4,298,211
1.5 Inch	Residential	174,923	9,840	20,299	64,525	85,684	201,415	-	556,685
2 Inch	Residential	265,343	9,601	21,723	81,563	119,505	475,886	-	973,619
6 Inch	Residential	-	-	-	-	-	-	-	-
5/8 Inch	Commercial	$ 19,918.80	$ 10,612.36	$ -	$ -	$ -	$ -	$ -	$ 30,531
3/4 Inch	Commercial	-	-	-	-	-	-	-	-
1 Inch	Commercial	42,856	110,602	13,188	-	-	-	-	166,645
1.5 Inch	Commercial	29,335	61,525	6,531	-	-	-	-	97,391
2 Inch	Commercial	255,202	628,932	250,666	-	-	-	-	1,134,800
3 Inch	Commercial	33,198	27,990	79,166	-	-	-	-	140,354
4 Inch	Commercial	5,553	9,398	7,582	-	-	-	-	22,533
6 Inch	Commercial	44,640	25,231	139,694	-	-	-	-	209,565
5/8x3/4 Inc	Other Public Authority	$ 905.40	$ 97.90	$ -	$ -	$ -	$ -	$ -	$ 1,003
1 Inch	Other Public Authority	1,207	4,161	-	-	-	-	-	5,368
2 Inch	Other Public Authority	10,140	4,460	-	-	-	-	-	14,601
3 Inch	Turf	3,320	22,885	-	-	-	-	-	$ 26,205
4 Inch	Turf	5,553	106,791	-	-	-	-	-	112,344
6 Inch	Paradise Valley Country Club	10,286	294,394	-	-	-	-	-	304,680
Private Fire		8,520	818	-	-	-	-	-	9,338
	TOTALS	$ 2,755,224	$ 1,560,822	$ 955,451	$ 1,261,864	$ 1,310,401	$ 1,839,929	$ -	$ 9,683,690
	Percent of Total	28.45%	16.12%	9.87%	13.03%	13.53%	19.00%	0.00%	100.00%
	Cummulative %	28.45%	44.57%	54.44%	67.47%	81.00%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 2,755,224	28.45%	28.45%
Lowest Cost Commodity rate	$ 252,925	2.61%	31.06%
2nd Lowest Cost Commodity rate	$ 458,625	4.74%	35.80%
3rd Lowest Commodity Rates	$ 2,569,761	26.54%	62.34%
2nd Highest Commodity Rates	$ 1,807,227	18.66%	81.00%
Highest Cost Commodity rate	$ 1,839,929	19.00%	100.00%
	$ 9,683,690		

Paradise Valley Water District - RUCO Proof
RUCO Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Commodity Sixth Tier	Total
5/8 Inch	Residential	$ 559,944	$ 81,659	$ 124,795	$ 245,514	$ 168,882	$ 108,986	$ -	$ 1,289,780
3/4 Inch	Residential	7,128	970	1,140	3,151	3,458	1,627	-	17,474
1 Inch	Residential	1,069,740	88,593	197,349	623,668	715,422	929,448	-	3,624,220
1.5 Inch	Residential	154,560	7,216	15,752	50,447	68,825	180,181	-	476,981
2 Inch	Residential	235,500	7,041	16,857	63,767	95,992	425,717	-	844,873
6 Inch	Residential	-	-	-	-	-	-	-	-
5/8 Inch	Commercial	$ 17,424.00	$ 9,255.32	$ 115.17	$ -	$ -	$ -	$ -	$ 26,794
3/4 Inch	Commercial	-	-	-	-	-	-	-	-
1 Inch	Commercial	38,340	49,090	99,240	-	-	-	-	186,670
1.5 Inch	Commercial	25,920	23,961	59,929	-	-	-	-	109,810
2 Inch	Commercial	226,500	171,331	972,075	-	-	-	-	1,369,906
3 Inch	Commercial	30,000	7,157	130,260	-	-	-	-	167,417
4 Inch	Commercial	5,040	1,445	21,303	-	-	-	-	27,788
6 Inch	Commercial	40,800	5,451	205,740	-	-	-	-	251,990
5/8x3/4 Inc	Other Public Authority	$ 792.00	$ 86.00	$ -	$ -	$ -	$ -	$ -	$ 878
1 Inch	Other Public Authority	1,080	3,655	-	-	-	-	-	4,735
2 Inch	Other Public Authority	9,000	3,918	-	-	-	-	-	12,918
3 Inch	Turf	3,000	21,387	-	-	-	-	-	$ 24,387
4 Inch	Turf	5,040	99,799	-	-	-	-	-	104,839
6 Inch	Paradise Valley Country Club	10,286	275,522	-	-	-	-	-	285,808
Private Fire		8,520	766	-	-	-	-	-	9,286
	TOTALS	$ 2,448,614	$ 858,301	$ 1,844,555	$ 986,548	$ 1,052,578	$ 1,645,959	$ -	$ 8,836,554
	Percent of Total	27.71%	9.71%	20.87%	11.16%	11.91%	18.63%	0.00%	100.00%
	Cummulative %	27.71%	37.42%	58.30%	69.46%	81.37%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 2,448,614	27.71%	27.71%
Lowest Cost Commodity rate	$ 185,478	2.10%	29.81%
2nd Lowest Cost Commodity rate	$ 355,893	4.03%	33.84%
3rd Lowest Commodity Rates	$ 1,659,370	18.78%	52.62%
2nd Highest Commodity Rates	$ 2,541,240	28.76%	81.37%
Highest Cost Commodity rate	$ 1,645,959	18.63%	100.00%
	$ 8,836,554		

Sun City Water District
Company Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 2,298,445	$ 161,772	$ 546,433	$ 1,114,712	$ 227,011	$ 383,144	$ 4,731,517
3/4 Inch	Residential	118,567	8,282	27,801	58,993	13,494	22,757	$ 249,894
1 Inch	Residential	123,328	3,435	11,194	25,707	9,021	77,690	$ 250,376
1.5 Inch	Residential	797,581	953,211	915,943	-	-	-	$ 2,666,736
2 Inch	Residential	422,304	437,269	354,232	-	-	-	$ 1,213,805
3 Inch	Residential	3,916	5,660	7,862	-	-	-	$ 17,437
6 Inch	Residential	12,236	15,140	766	-	-	-	$ 28,142
5/8 Inch	Commercial	$ 27,082.28	$ 12,861.61	$ 14,310.61	$ -	$ -	$ -	$ 54,254
3/4 Inch	Commercial	1,958	1,744	5,608	-	-	-	$ 9,311
1 Inch	Commercial	47,032	35,846	57,751	-	-	-	$ 140,629
1.5 Inch	Commercial	174,210	123,598	159,436	-	-	-	$ 457,244
2 Inch	Commercial	204,504	186,195	264,359	-	-	-	$ 655,058
3 Inch	Commercial	48,781	38,997	71,614	-	-	-	$ 159,392
4 Inch	Commercial	15,295	21,291	104,400	-	-	-	$ 140,986
4 Inch	Commercial	44,355	55,831	344,921	-	-	-	$ 445,108
	2 Inch Irrigation	$ 2,168	$ 4,032	$ -	$ -	$ -	$ -	$ 6,199
	Raw	-	129,215	-	-	-	-	$ 129,215
	Peoria - Public Interruptible	38	-	-	-	-	-	$ 38
3 Inch	Fire	$ 126	$ -	$ -	$ -	$ -	$ -	$ 126
4 Inch	Fire	7,317	-	-	-	-	-	$ 7,317
6 Inch	Fire	8,843	-	-	-	-	-	$ 8,843
8 Inch	Fire	1,819	-	-	-	-	-	$ 1,819
	Private Hydrant - Peoria	4,696	-	-	-	-	-	$ 4,696
	TOTALS	$ 4,364,600	$ 2,194,380	$ 2,886,633	$ 1,199,412	$ 249,525	$ 483,592	$ 11,378,142
	Percent of Total	38.36%	19.29%	25.37%	10.54%	2.19%	4.25%	100.00%
	Cummulative %	38.36%	57.65%	83.02%	93.56%	95.75%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 4,364,600	38.36%	38.36%
Lowest Cost Commodity rate	$ 1,718,015	15.10%	53.46%
2nd Lowest Cost Commodity rate	$ 1,864,232	16.38%	69.84%
3rd Lowest Cost Commodity rate	$ 1,675,777	14.73%	84.57%
2nd Highest Cost Commodity rate	$ 240,504	2.11%	86.68%
Highest Cost Commodity rate	$ 1,428,302	12.55%	97.12%
	$ 11,291,431		

Sun City Water District - Staff Proof
Staff Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 2,141,414	$ 166,106	$ 482,076	$ 1,025,683	$ 239,596	$ 431,156	$ 4,486,031
3/4 Inch	Residential	165,699	8,504	24,527	54,281	14,242	25,609	$ 292,862
1 Inch	Residential	114,903	3,527	9,876	23,654	9,521	87,425	$ 248,906
1.5 Inch	Residential	743,090	794,255	987,845	-	-	-	$ 2,525,189
2 Inch	Residential	393,452	364,350	398,621	-	-	-	$ 1,156,423
3 Inch	Residential	3,648	4,716	8,847	-	-	-	$ 17,211
6 Inch	Residential	11,400	12,615	862	-	-	-	$ 24,877
5/8 Inch	Commercial	$ 25,232.00	$ 10,716.81	$ 16,103.89	$ -	$ -	$ -	$ 52,053
3/4 Inch	Commercial	2,736	1,454	6,311	-	-	-	$ 10,501
1 Inch	Commercial	43,819	29,869	64,988	-	-	-	$ 138,675
1.5 Inch	Commercial	162,308	102,987	179,416	-	-	-	$ 444,710
2 Inch	Commercial	190,532	155,145	297,486	-	-	-	$ 643,163
3 Inch	Commercial	45,448	32,494	80,588	-	-	-	$ 158,530
4 Inch	Commercial	14,250	17,741	117,482	-	-	-	$ 149,473
4 Inch	Commercial	41,325	46,521	388,144	-	-	-	$ 475,990
	2 Inch Irrigation	$ 2,040	$ 4,589	$ -	$ -	$ -	$ -	$ 6,629
	Raw	-	154,332	-	-	-	-	$ 154,332
	Peoria - Public Interruptible	40	-	-	-	-	-	$ 40
3 Inch	Fire	$ 130	$ -	$ -	$ -	$ -	$ -	$ 130
4 Inch	Fire	7,513	-	-	-	-	-	$ 7,513
6 Inch	Fire	9,080	-	-	-	-	-	$ 9,080
8 Inch	Fire	1,868	-	-	-	-	-	$ 1,868
	Private Hydrant - Peoria	4,822	-	-	-	-	-	$ 4,822
	TOTALS	$ 4,124,748	$ 1,909,920	$ 3,063,172	$ 1,103,618	$ 263,358	$ 544,191	$ 11,009,008
	Percent of Total	37.47%	17.35%	27.82%	10.02%	2.39%	4.94%	100.00%
	Cummulative %	37.47%	54.82%	82.64%	92.66%	95.06%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 4,124,748	37.47%	37.47%
Lowest Cost Commodity rate	$ 1,512,994	13.74%	51.21%
2nd Lowest Cost Commodity rate	$ 1,912,653	17.37%	68.58%
3rd Lowest Cost Commodity rate	$ 1,500,545	13.63%	82.21%
2nd Highest Cost Commodity rate	$ 253,838	2.31%	84.52%
Highest Cost Commodity rate	$ 1,607,284	14.60%	96.81%
	$ 10,912,061		

Sun City Water District - RUCO Direct
RUCO Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 1,974,609	$ 166,106	$ 441,903	$ 943,628	$ 213,114	$ 418,176	$ 4,157,537
3/4 Inch	Residential	101,861	8,504	22,483	49,939	12,668	24,838	$ 220,293
1 Inch	Residential	105,904	3,527	9,053	21,762	8,469	84,794	$ 233,508
1.5 Inch	Residential	684,894	11,726	34,387	128,307	76,851	1,754,774	$ 2,690,939
2 Inch	Residential	362,649	3,863	11,317	42,356	25,382	785,380	$ 1,230,947
3 Inch	Residential	3,362	18	53	199	122	14,847	$ 18,600
6 Inch	Residential	10,507	18	53	199	122	18,656	$ 29,554
5/8 Inch	Commercial	$ 23,266.56	$ 9,859.47	$ 15,619.09	$ -	$ -	$ -	$ 48,745
3/4 Inch	Commercial	1,682	1,337	6,121	-	-	-	$ 9,140
1 Inch	Commercial	40,387	27,479	63,031	-	-	-	$ 130,897
1.5 Inch	Commercial	149,596	94,748	174,014	-	-	-	$ 418,359
2 Inch	Commercial	175,615	142,733	288,531	-	-	-	$ 606,879
3 Inch	Commercial	41,890	29,894	78,162	-	-	-	$ 149,946
4 Inch	Commercial	13,134	16,321	113,945	-	-	-	$ 143,401
4 Inch	Commercial	38,089	42,799	376,459	-	-	-	$ 457,348
	2 Inch Irrigation	$ 1,862	$ 4,028	$ -	$ -	$ -	$ -	$ 5,890
	Raw	-	129,086	-	-	-	-	$ 129,086
	Peoria - Public Interruptible	33	-	-	-	-	-	$ 33
3 Inch	Fire	$ 117	$ -	$ -	$ -	$ -	$ -	$ 117
4 Inch	Fire	6,762	-	-	-	-	-	$ 6,762
6 Inch	Fire	8,173	-	-	-	-	-	$ 8,173
8 Inch	Fire	1,681	-	-	-	-	-	$ 1,681
	Private Hydrant - Peoria	4,340	-	-	-	-	-	$ 4,340
	TOTALS	$ 3,750,416	$ 692,047	$ 1,635,131	$ 1,186,390	$ 336,727	$ 3,101,465	$ 10,702,176
	Percent of Total	35.04%	6.47%	15.28%	11.09%	3.15%	28.98%	100.00%
	Cummulative %	35.04%	41.51%	56.79%	67.87%	71.02%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 3,750,416	35.04%	35.04%
Lowest Cost Commodity rate	$ 326,874	3.05%	38.10%
2nd Lowest Cost Commodity rate	$ 519,248	4.85%	42.95%
3rd Lowest Cost Commodity rate	$ 1,551,562	14.50%	57.45%
2nd Highest Cost Commodity rate	$ 225,782	2.11%	59.56%
Highest Cost Commodity rate	$ 1,558,897	14.57%	72.01%
	$ 7,932,780		

Tubac Water District
Company Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 236,910	$ 63,252	$ 103,089	$ 69,185	$ 54,110	$ -	$ 526,546
3/4 Inch	Residential	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1 Inch	Residential	29,316	22,552	3,880	-	-	-	$ 55,749
1.5 Inch	Residential	-	-	-	-	-	-	$ -
2 Inch	Residential	15,745	11,959	613	-	-	-	$ 28,317
6 Inch	Residential	-	-	-	-	-	-	$ -
5/8 Inch	Commercial	$ 25,462	$ 22,269	$ 7,768	$ -	$ -	$ -	$ 55,499
3/4 Inch	Commercial	-	-	-	-	-	-	$ -
1 Inch	Commercial	22,141	15,168	24,304	-	-	-	$ 61,614
1.5 Inch	Commercial	4,920	3,235	-	-	-	-	$ 8,156
2 Inch	Commercial	55,107	47,998	14,154	-	-	-	$ 117,259
3 Inch	Commercial	3,280	1,833	772	-	-	-	$ 5,885
4 Inch	Commercial	-	-	-	-	-	-	$ -
4 Inch	Commercial	-	-	-	-	-	-	$ -
TOTALS		$ 392,881	$ 188,267	$ 154,580	$ 69,185	$ 54,110	$ -	$ 859,024
Percent of Total		45.74%	21.92%	17.99%	8.05%	6.30%	0.00%	100.00%
Cummulative %		45.74%	67.65%	85.65%	93.70%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 392,881	45.74%	45.74%
Lowest Cost Commodity rate	$ 63,252	7.36%	53.10%
2nd Lowest Cost Commodity rate	$ 103,089	12.00%	65.10%
2nd Highest Cost Commodity rate	$ 194,200	22.61%	87.71%
Highest Cost Commodity rate	$ 105,602	12.29%	100.00%
	$ 859,024		

Tubac Water District - Staff Proof
Staff Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 183,452	$ 46,260	$ 93,321	$ 78,032	$ 66,508	$ -	$ 467,573
3/4 Inch	Residential	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1 Inch	Residential	22,703	27,194	4,769	-	-	-	$ 54,666
1.5 Inch	Residential	-	-	-	-	-	-	$ -
2 Inch	Residential	12,192	14,420	754	-	-	-	$ 27,366
6 Inch	Residential	-	-	-	-	-	-	$ -
5/8 Inch	Commercial	$ 19,717	$ 26,852	$ 9,548	$ -	$ -	$ -	$ 56,117
3/4 Inch	Commercial	-	-	-	-	-	-	$ -
1 Inch	Commercial	17,146	18,291	29,873	-	-	-	$ 65,310
1.5 Inch	Commercial	3,810	3,901	-	-	-	-	$ 7,711
2 Inch	Commercial	42,672	57,878	17,397	-	-	-	$ 117,947
3 Inch	Commercial	2,540	2,210	949	-	-	-	$ 5,699
4 Inch	Commercial	-	-	-	-	-	-	$ -
4 Inch	Commercial	-	-	-	-	-	-	$ -
TOTALS		$ 304,231	$ 197,007	$ 156,610	$ 78,032	$ 66,508	$ -	$ 802,389
Percent of Total		37.92%	24.55%	19.52%	9.72%	8.29%	0.00%	100.00%
Cummulative %		37.92%	62.47%	81.99%	91.71%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 304,231	37.92%	37.92%
Lowest Cost Commodity rate	$ 46,260	5.77%	43.68%
2nd Lowest Cost Commodity rate	$ 93,321	11.63%	55.31%
2nd Highest Cost Commodity rate	$ 228,780	28.51%	83.82%
Highest Cost Commodity rate	$ 129,797	16.18%	100.00%
	$ 802,389		

Tubac Water District - RUCO Proof
RUCO Proposed Rates
Revenue Breakdown Summary

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Commodity Fourth Tier	Commodity Fifth Tier	Total
5/8 Inch	Residential	$ 183,452	$ 46,745	$ 83,030	$ 62,624	$ 60,665	$ -	$ 436,516
3/4 Inch	Residential	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1 Inch	Residential	22,701	21,825	4,350	-	-	-	$ 48,876
1.5 Inch	Residential	-	-	-	-	-	-	$ -
2 Inch	Residential	12,192	11,573	687	-	-	-	$ 24,452
6 Inch	Residential	-	-	-	-	-	-	$ -
5/8 Inch	Commercial	$ 19,717	$ 21,550	$ 8,709	$ -	$ -	$ -	$ 49,976
3/4 Inch	Commercial	-	-	-	-	-	-	$ -
1 Inch	Commercial	17,145	14,679	27,248	-	-	-	$ 59,072
1.5 Inch	Commercial	3,810	3,131	-	-	-	-	$ 6,941
2 Inch	Commercial	42,672	46,450	15,869	-	-	-	$ 104,991
3 Inch	Commercial	2,540	1,774	865	-	-	-	$ 5,179
4 Inch	Commercial	-	-	-	-	-	-	$ -
4 Inch	Commercial	-	-	-	-	-	-	$ -
TOTALS		$ 304,229	$ 167,727	$ 140,758	$ 62,624	$ 60,665	$ -	$ 736,003
Percent of Total		41.34%	22.79%	19.12%	8.51%	8.24%	0.00%	100.00%
Cummulative %		41.34%	64.12%	83.25%	91.76%	100.00%	100.00%	

Category	Revenue	%	Cummulative
Minimum	$ 304,229	41.34%	41.34%
Lowest Cost Commodity rate	$ 46,745	6.35%	47.69%
2nd Lowest Cost Commodity rate	$ 83,030	11.28%	58.97%
2nd Highest Cost Commodity rate	$ 183,606	24.95%	83.91%
Highest Cost Commodity rate	$ 118,394	16.09%	100.00%
	$ 736,003		

Ahern
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
PAULINE M. AHERN, CRRA
ON BEHALF OF
EPCOR WATER ARIZONA, INC.

COST OF CAPITAL
MARCH 5, 2015

TABLE OF CONTENTS

INTRODUCTION 4
PURPOSE 4
RESPONSE TO ACC STAFF WITNESS JOHN A. CASSIDY'S COMMENTS ON COMPANY'S REBUTTAL TESTIMONY 5
RESPONSE TO RUCO WITNESS ROBERT B. MEASE'S COMMENTS ON COMPANY'S REBUTTAL TESTIMONY 17

APPENDICES & SCHEDULES

Mr. Cassidy's CAPM Method Using a Projected Risk-Free Rate 1
CRSP® Center for Research in Security Prices: Data Descriptions Guide: CRSP US Stock & US Index Databases: Chapter 1 2
Robert Engle, "GARCH101: The Use of ARCH / GARCH Models in Applied Econometrics, *Journal of Economic Perspectives, Volume 15, Number 4, Fall 2011, Pages 157-168.* 3
Slope of the Contemporaneous Monthly Variance on the Previous Monthly Variance from the PRPM™ Estimations for Ms. Ahern's Proxy Group 4

EXECUTIVE SUMMARY
EPCOR WATER ARIZONA, INC.
DOCKET NO. W-01303A-14-0010

Ms. Ahern's rejoinder testimony responds to certain aspects of the surrebuttal testimonies of ACC Staff Witness John A. Cassidy and RUCO Witness Robert B. Mease:

Common Equity Cost Rate

Ms. Ahern provides evidence that Mr. Cassidy's assertion that he did not rely exclusively upon the results of his Discounted Cash Flow ("DCF") analysis is incorrect. She also provides supporting information that Mr. Cassidy's criticisms of the Predictive Risk Premium Model ("PRPM™") are without merit based on her reliance on data from the Center for Research in Security Prices ("CRSP®") which are consistently and continually maintained through the dedicated efforts of world class scholars and analysts and relied upon through academia. In addition, Ms. Ahern demonstrates that Mr. Cassidy's attempt to discredit the predictive nature of equity risk premium variances is not statistically robust and demonstrates a lack of understanding of GARCH methodology because he relied upon the predicted variances derived through the GARCH process to test whether the variances are predictable. GARCH uses the fact that ACTUAL variances can be used to predict variance. She provides a correct and statistically robust analysis of the ACTUAL variances of the returns of the nine water companies which demonstrates that the ACTUAL variances are predictable and therefore GARCH is appropriate for the analysis used to derive her PRPM™ results.

Ms. Ahern also provides evidence that Mr. Mease's assertion that her comments regarding the misspecification of the DCF model when market-to-book ratios differ from 1.0 were not directed to his DCF analysis but rather apply to all DCF analyses. Ms. Ahern also provides evidence that it is indeed appropriate to use forecasted data as the risk-free rate and in determining the market equity risk premium in a Capital Asset Pricing Model ("CAPM") because both the cost of capital and ratemaking are prospective in natures. In addition, she provides evidence that indicates that it is the income return on U.S. Government bonds, and not the total, return which is appropriate for cost of capital purposes. She also demonstrates that Mr. Mease's Comparable Earnings ("CE") result of 10.5% is nearly identical to the midpoint of her updated range of common equity cost rate, 10.55%.

Finally, Ms. Ahern provides evidence that both a credit and a business risk adjustment are warranted, despite Mr. Cassidy's and Mr. Mease's criticisms.

INTRODUCTION

Q. Please state your name, occupation and business address.

A. My name is Pauline M. Ahern. I am a Partner with Sussex Economic Advisors, LLC. My business address is 161 Worcester Road, Suite 503, Framingham, MA, 01701. My mailing address is 3000 Atrium Way, Suite 241, Mt Laurel, NJ, 08054

Q. Are you the same Pauline M. Ahern who provided both direct and rebuttal testimony in this case?

A. Yes.

PURPOSE

Q. What is the purpose of your testimony?

A. The purpose is to provide testimony on behalf of EPCOR Water Arizona, Inc. ("EWAZ" or "the Company") in response to certain aspects of the surrebuttal testimonies of John A. Cassidy, witness for the Staff of the Arizona Corporation Commission (the "ACC" or "the Commission") and Robert B. Mease, witness for the Residential Utility Consumer Office ("RUCO") With regard to Mr. Cassidy's surrebuttal testimony, I will address his comments on the Company's rebuttal testimony relative to his exclusive reliance upon the results of his Discounted Cash Flow ("DCF") analysis; his continued criticisms of the Predictive Risk Premium Model™ ("PRPM™"); and, his continued criticism of credit and risk adjustments for EWAZ. With regard to Mr. Mease's testimony, I will briefly address several comments related to my rebuttal testimony regarding the DCF and the Capital Asset Pricing Model ("CAPM") and Comparable Earnings

Analysis ("CE"). I will also address Mr. Mease's continued rejection of a business risk adjustment.

Q. Have you prepared an exhibit which supports your rejoinder testimony?

A. Yes. It has been designated as Exhibit PMA-1RJ and consists of Schedules 1 through 4. Unless otherwise specified all schedule references will be to schedules in Exhibit PMA-1RJ.

RESPONSE TO ACC STAFF WITNESS JOHN A. CASSIDY'S COMMENTS ON COMPANY'S REBUTTAL TESTIMONY

Q. On page 2, line 20 through page 3, line 3 of his surrebuttal testimony, Mr. Cassidy uses his inclusion of the vs term in his sustainable growth estimation to attempt to refute your rebuttal comment about Mr. Cassidy believing "that there is a direct relationship between earned returns on book common equity, the allowed return on book common equity and market-to-book ratios." Please comment.

A. Mr. Cassidy asserts that his use of the stock financing term ("vs") term in his constant growth DCF application recognizes that the market-to-book ratios of water utilities have been and will continue to be greater than 1.0. I have no quarrel with that statement. In addition, his use of the vs term in developing a growth rate for use in his constant growth DCF is irrelevant to the point made in my rebuttal testimony, and discussed below relative to Mr. Mease's surrebuttal testimony.

My rebuttal testimony clearly discusses on pages 14, line 23 through page 15, line 17, page 36, line 22 through page 37, line 7 and demonstrates on Schedule PMA-RT 1, Schedule 2 that the DCF results of Mr. Cassidy, Mr. Mease and Mr. Cassidy's restatement of my DCF results (including Mr. Cassidy's single

stage constant growth DCF, which includes the vs term) understate the investor required return. As can be derived from the information on Schedule 2 of Exhibit PMA-RT 1, based upon Mr. Cassidy's 8.6% constant growth DCF results, investors expected growth of 5.80% on the market value of their investment. When the 8.6% is applied to book value, growth of only 3.05% will be realized. The difference, 275 basis points (2.75% = 5.80% - 3.05%), is the magnitude of the understatement --- even using DCF results which includes the vs term.

Q. On page 3, line 5 through page 4, line 20 of his surrebuttal testimony, Mr. Cassidy attempts to claim that he relied upon more than one cost of common equity model in arriving at Staff's recommended return on common equity of 9.5%. Please comment.

A. First, although Mr. Cassidy applied CAPM analyses to the market data of his sample water utilities, the fact remains that because he rejected the CAPM results, giving them zero weight in his recommended 9.5% return on equity, Mr. Cassidy relied exclusively upon the results of a single model, the DCF. Second, Mr. Cassidy has implicitly stated the reason he rejected the CAPM when he describes in detail on lines 4 – 12 on page 4 of his surrebuttal testimony that had he included the CAPM results, his recommended return on equity would have been 8.6%. That implicit reason for rejecting the CAPM results would appear to be because in Mr. Cassidy's opinion they were apparently outside of his range of reasonableness. A review of his electronic workpapers reveals that one of the many reasons for such unreasonable results is his use of historical risk-free rates. As discussed in my rebuttal testimony at page 37, line 27 through page 39, line 6, because both the cost of capital and ratemaking are prospective, it is appropriate to rely upon a forecasted, rather than an historical risk-free rate. Just

correcting the risk-free rate in Mr. Cassidy's application of the CAPM his resulting results in a range of CAPM results from 8.3% - 9.3% as derived on Schedule 1, more in line with his DCF results.

Q. Mr. Cassidy once again discusses his issues with your PRPM™ on page 6, line 1 through page 12, line 25 of his surrebuttal testimony. Please comment.

A. I have three overarching observations concerning Mr. Cassidy's discussion of the PRPM™. First, I believe that Mr. Cassidy does not understand the GARCH[1] methodology. Second, he does not understand CRSP®. Third, he does not conduct a proper comparative statistical analysis of the water companies' variances to assess predictability.

Q. What is the analytical value of using University of Chicago Booth School of Business's CRSP® standard of stock price history for stock price analysis in general and the stock total rates of return for the PRPM™?

A. The CRSP® was developed in the early 1960's by the University of Chicago's Professors James Lorie and Lawrence Fisher. As noted in Chapter 1 of CRSP®, "Data Descriptions Guide: CRSP US Stock & US Index Databases" available for free download from the CRSP® website (page 8 of Schedule 2), "the original CRSP stock file contained month-end prices and returns from the New York Stock Exchange (NYSE) dating from December, 1925." On page 6 of Schedule 2, it is notes that coverage of NASDAQ daily and monthly data began in 1987 "with information for domestic common stocks and ADRs traded on the NASDAQ Stock Market beginning December 14, 1972." Since that time, the University of

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[1] Generalized Autoregressive Conditional Heteroskedasticity.

Chicago has continually reviewed, updated and maintained the CRSP® database, investing in the database with full-time staff guided by some of the best and most published finance scholars, more recently, Professor Eugene Fama (Nobel Laureate) of the University of Chicago's Booth School of Business and Professor Kenneth French of Dartmouth College. As described on the CRSP® website of the history of CSRP®:

> "Professors Lorie and Lawrence Fisher (former Associate Professor of Finance, Associate Director of CRSP and the originator of the structure of the CRSP Master File) collaborated on collecting and researching the accuracy of each piece of stock data."[2]

A major value of using CRSP® is that financial analysts and researchers can rely upon the credibility of the some of the best finance scholars, analytical staff and their continuing refinements in upgrading the CRSP® database so that an analyst or researcher can rely upon CRSP®'s reliability and credibility on the history of stock prices and returns that they collect and calculate (in the case of returns) deem as accurate and representative of the fair market values of companies' equity at the time.

Q. Does Mr. Cassidy recommend not relying upon CRSP® to determine how far back an analyst should go in using past stock price history for use in the PRPM™?

A. Yes. He states in his surrebuttal testimony, page 7, lines 6 through 8 that: "Accordingly, Staff believes that it is Ms. Ahern, and not CRSP® who should determine whether the data made available by CRSP® is deemed appropriate for that purpose." He spends a substantial portion of his surrebuttal testimony

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[2] http://www.crsp.com/about-crsp/history

stating as such and suggests using data such as that available from Yahoo.com, where he found more stock price history than CRSP®.

Q. What criteria does CRSP® use for the individual company stock prices it includes in its database?

A. Page 5 of Schedule 2 states CRSP®'s Stock Data Universe includes data from NYSE, NYSE MKT, NASDAQ and NYSE Arca stock exchanges and that for the NASDAQ the data files begin with December 29, 1972. As Mr. Cassidy notes at lines 10 and 11 on page 8 of his surrebuttal testimony, York Water was not listed on the NASDAQ until January 16, 2001, which is also when CRSP® started reporting York Water's return data. For all of the reasons state above regarding the consistent and continual maintenance and oversight of the data provided by CRSP® to customers and the dedicated efforts of world class scholars and analysts, I respectfully disagree with Mr. Cassidy and put my confidence in the CRSP® data.

Mr. Cassidy and I both rely upon the historical return data on large company common stocks published by Ibbotson® SBBI® Valuation Yearbook – Market Results for Stocks, Bonds, Bills and Inflation – 1926-2013 (SBBI – 2014) for the years 1926 – 2013 to develop, in part, the market equity risk premium in our CAPM analyses. Common stocks have been trading in the U.S. since long before 1926, yet Mr. Cassidy does not rely nor suggest the reliance upon data outside the period covered by SBBI – 2014. Relying upon CRSP® data for York Water is no different.

That being said, I need to clarify the record concerning my understanding that the CRSP® return data only contained data on continuously publicly traded stocks in my rebuttal statement. As shown in Schedule 2, the CRSP® return data

only contain data for stocks publicly traded on the major U.S. stocks exchanges and only begins that coverage when a company's common stock is listed on one of those exchanges regardless of when those shares began trading.

Q. Has the PRPM™ been discussed in any academically peer-reviewed journal articles or textbooks?

A. Yes. Three such academic articles were published since 2011.[3] The one published by Ahern, et. al. (2011), and the basis of my application of the PRPM™ in this proceeding was provided to Mr. Cassidy as an attachment to Staff JAC 18.3. In addition, it has been included or will be included in the following textbooks developed specifically for the regulatory arena: New Regulatory Finance, 2015 (forthcoming), next edition, Roger Morin; Cost of Capital: Applications and Examples, 2015 (forthcoming); 5th edition, Shannon Pratt and Roger Grabowski (editors); and, The Lawyer's Guide to Cost of Capital: Understanding Risk and Return for Valuing Businesses and Other Investments, 2015, Shannon Pratt and Roger Grabowski (editors), which published by the American Bar Association.

Therefore, it is safe to conclude at this point that while the PRPM™ is a relatively recently developed financial model: it has been vetted by the academic community through peer review and published materials; and vetted by well-known regulatory analysts such as the authors of the above-cited textbooks; and,

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3 "Comparative Evaluation of the Predictive Risk Premium Model™, the Discounted Cash Flow Model and the Capital Asset Pricing Model for Estimating the Cost of Common Equity Capital," Richard A. Michelfelder, Pauline Ahern, Dylan D'Ascendis and Frank Hanley, *The Electricity Journal*, 26, 2013; "New Approach for Estimating of Cost of Common Equity Capital for Public Utilities," Pauline Ahern, Frank Hanley and Richard A. Michelfelder, *Journal of Regulatory Economics*, 40, 2011; "Treasury Bond Risk and Return, the Implications for the Hedging of Consumption and Lessons for Asset Pricing," Richard A. Michelfelder and Eugene Pilotte, *Journal of Economics and Business*, 63, 2011.

that it is rapidly being included in the financial literature for the purposes that I use in this proceeding.

Q. Has Mr. Cassidy presented any analysis that demonstrates that he applied the PRPM™ independently, replicated model estimations, or developed his own model estimations of the PRPM™ for any company in this proceeding?

A. No. He completely relies upon my econometric estimations, i.e., predicted variances, and does not appear to have estimated the GARCH methodology on his own. If he has, he has not presented or discussed them in any way.

Q. Does Microsoft Excel spreadsheet software contain the GARCH statistical methodology used?

A. No. The GARCH estimation application is not available in Excel. It is available in various statistical packages such as EViews®, SAS, RATS, S-Plus and JMulti, which are not cost-prohibitive. The software that I used in this proceeding currently costs $525.00 for a single user commercial license[4]. In fact, JMulti is a free downloadable software with GARCH estimation applications.

Q. Do you rely upon CRSP® as an independent source to determine the volume of historical returns data to use in the PRPM?

A. Yes. As stated above, there is the credibility of the University of Chicago, top finance scholars, and full-time analysts vetting the accuracy of CRSP data. Also, one of the overall principles of the PRPM™ is the limited use of subjective judgment. I could consider why the CRSP® dataset does not go back as far in

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[4] http://www.eviews.com/general/prices/prices.html

adopting historical stock prices as other databases do, such as the potential for thin trading to skew measures of volatility, or non-representative stock price valuations from an inefficient market. However, as stated previously, the standard I use (and published in Ahern, et. al. (2011) and Michelfelder, et. al. (2013), see footnote 4) involves using all available CRSP® returns data because that standard relies upon the credibility of CRSP®, the University of Chicago, as well as substantial and continuing investment in the database, and world-class finance scholars' independent judgment.

Q. In his surrebuttal testimony, Mr. Cassidy shows an attempt to demonstrate that variance of stock returns is not predictable. He attempts to show that there is no statistical relation among stock rate of return premium variances across time for York Water and finds that variance cannot predict variance. Is his analysis appropriate?

A. No. First, his general premise is wrong. His premise is attempting to compete with the work of Nobel Laureate Engle and a large multitude of other GARCH scholars that fundamentally disagree with Mr. Cassidy's premise that variances of stock returns are not predictable which demonstrates Mr. Cassidy's lack of understanding of GARCH. Because of this lack of understanding, I have including an article by Robert Engle entitled "GARCH 101: The Use of ARCH/GARCH Models in Applied Econometrics" which provides a simple explanation of the GARCH process which should prove helpful to this discussion. Secondly, if one understands GARCH, he or she would realize that within the PRPM™ model estimations of predicted variances, the statistical relation of the current and lagged ACTUAL variances is quantified to predict future variance

using the current variance[5]. The term GARCH refers to variance that is related to itself over time (autoregressive), which changes overs time (conditional heteroskedasticity), and, where skedasticity refers to variance. As an important anecdote, Professor Engle shared the Nobel Prize in economics specifically for developing the GARCH models. Clearly, then, the GARCH / PRPM™ methodology is not a "black box", i.e., a convenient way of disguising, ignoring or avoiding a worthwhile tool that may not be understand.

Q. Does the PRPM™ inherently estimate the relation between variances over time to predict future variance of stock returns?

A. Yes, that is a fundamental relation in the estimation of the PRPM™.

Q. Therefore, does the PRPM™ generate results on the statistical significance of that relation for each company since it is used to forecast variances within the PRPM™ for each company?

A. Yes, it does.

Q. Would you discuss these results for the PRPM™ estimations for your proxy group?

A. Yes. I have developed Schedule 4, which displays the slope coefficients between the contemporaneous actual variance and their one month lagged values used in the process of forecasting the variances for the PRPM™ estimations for this proceeding, the standard error of the slopes, the T-Statistics and the statistical confidence level of the slopes using the T-Statistic test. All of the slopes are positive, relatively close to one, and statistically significant at least the 99.99% level of confidence. This includes York's results, the only company's

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55 And not the PREDICTED variances which are the outcome of the GARCH methodology and the PRPM™

variance prediction that Mr. Cassidy "tests." These statistics strongly show that variances are related to themselves across time and therefore future variances are predictable by using current variances for predicting at a confidence level of greater than 99.99%.

Q. Does Mr. Cassidy perform any statistical tests of his analysis of the predictability of York's variance in Schedule JAC-B?

A. No. If Mr. Cassidy understood the PRPM™, he could have simply have requested or easily replicated these results used to predict variances for York or any or all of the other companies in my proxy group for whatever time period he chooses.

Q. Do you have any other comment concerning Mr. Cassidy's comments upon York Water's PRPM™ result?

A. Mr. Cassidy's entire discussion, in both his rebuttal and surrebuttal testimonies, is moot. As can be derived from my electronic rebuttal exhibit provided to all parties, had I not included York Water's PRPM™ result of 15.67% in my Risk Premium Model ("RPM"), the median PRPM™ would have been 11.25%, rather than 11.35%, a difference of only 10 basis points. Likewise, my RPM result would have been 10.89%, rather than 10.97%, a difference of only 8 basis points. In addition, the median updated indicated common equity cost rate based upon the DCF, RPM and CAPM would remain at 9.72%, which after the credit and business risk adjustments results in a return on equity of 10.25%. Adding a 0.60% economic assessment adjustment results in a return on equity of 10.85%. Consequently, what Mr. Cassidy believes to be York Water's aberrant and high PRPM™ had no effect on the final range of common equity cost rate.

Q. Do you have any comment regarding the three points Mr. Cassidy makes on page 12, lines 16 – 25 of his surrebuttal testimony?

A. Yes. Relative to his first point, he is correct in that I did exclude a portion of the historical market trading data from my PRPM™. In doing so, as discussed above, I relied upon what is considered the "gold standard" of stock price and return data, i.e., CRSP®.

Relative to his second point, that excluding that data "gives rise to the question as to whether the PRPM™ can rightly be considered a "market-based" model," I merely want to note that all three rate of return witnesses in this proceeding, Mr. Cassidy, Mr. Mease and myself, have not relied upon the entire universe of market data in the application of the DCF, RPM, CAPM, or CE models. In the DCF, we have relied upon dividend yield and growth rates for limited periods of time over which the water utilities have been traded. In the RPM and CAPM, we have relied upon betas calculated over a limited period of time and not the entire time period over which the common shares of our proxy companies have been traded. We have also relied upon SBBI- 2014 1926 – 2013 data with Mr. Mease including equity risk premiums from 1978 – 2013 and not the entire time period over which common shares have been traded in the market, Finally, in Mr. Mease's CE analysis, he relied upon data from 1992 – 2014 and not the entire time period for which equity returns for the water utilities are available.

Relative to his third point, that "the potential exists for the PRPM™ to obtain distorted and /or inaccurate predicted equity risk premiums," the fact that the GARCH methodology behind the PRPM™ has won a Nobel Prize for Robert Engle should be conclusory evidence of its validity and accuracy. Again, it is not

the PRPM™ which produces the predicted risk premiums based on the predicted variances, it is the GARCH methodology itself. The PRPM™ merely uses that methodology to estimate an equity risk premium, similar to any one of we three witnesses using the SBBI – 2014 arithmetic or geometric mean historical equity risk premium or Mr. Mease's use of an average historical equity risk premium based upon the water utilities, or my use of one based upon *Value Line*'s median price appreciation potential and median projected dividend yield and then add the premium to a bond yield to derive either a RPM or CAPM return on equity.

Q. Your testimony uses the PRPM™, risk premium, DCF, CAPM, and ECAPM to estimate the cost of capital. Why do you use a multitude of methods, especially the recently developed PRPM™?

A. It is better to use more models than less as they provide additional information for consideration on the cost of capital enhancing the reliability and accuracy of the estimation process. Although the PRPM™ is a relatively recent contribution to finance, its many advantages that I have discussed in previous testimonies in this proceeding compared to the others makes it compelling to use such information. Otherwise, at the opposite extreme, one can rely upon a single method, e.g., the oldest, highly flawed, problematic, vetted for over the last half century, the DCF, which was not based on Nobel Prize winning research.

Q. On page 13, lines 1 – 13, Mr. Cassidy once again criticizes your credit risk adjustment. Please comment.

A. Mr. Cassidy's citation from the 1994 study by S. Brooks Marshall is misplaced and irrelevant as I have not used bond ratings as a selection criteria for choosing the companies in my proxy group. Rather, I have used the difference in EWAZ's likely bond rating of A- based upon Standard & Poor's ("S&P") upgrade to

EPCOR Utilities', EWAZ's parent, bond / credit rating. As fully discussed in my rebuttal in my rebuttal testimony at page 31, lines 2 – 16, page 52, line 26 through page 53, line 2 and page 61, lines 9 – 17, even with S&P's upgrade to an A- bond / credit for EPCOR Utilities, it is still lower, meaning more risky, than the average S&P / Moody's bond ratings of A+ / A1/A2 of the sample water utilities used by each witness in this proceeding as shown on page 6 of Schedule 9 of Exhibit PMA-RT-1, a credit risk adjustment is indeed warranted.

RESPONSE TO RUCO WITNESS ROBERT B. MEASE'S COMMENTS ON COMPANY'S REBUTTAL TESTIMONY

Q. Please comment upon the fact that Mr. Mease finds your criticism of his DCF model "a little unusual" on page 4, lines 1 – 8 of his surrebuttal testimony.

A. To clarify my rebuttal testimony, I am not criticizing his DCF model. My discussion centers upon the tendency of the DCF model, regardless of the results one obtains, to mis-specify the investor required return when market to book values are not equal to 1.0. The relative proximity of each witnesses' DCF results is irrelevant. Thus the comments in my rebuttal testimony relative to this tendency of the DCF model demonstrates that it significantly understates the investor required return when applied to an original cost less depreciation rate based, i.e., book value at page 12, line 16 through page 15, line 17, page 36, line 12 through page 37, line 12 and on Schedule 2 of Exhibit PMA-RT-1. The discussion was not directed toward Mr. Mease's specific application of the DCF model. As can be derived from Schedule 2, relative to Mr. Cassidy's "restatement" of my DCF results, there is a 449 basis points (4.49% = 5.75% - 1.26%) understatement in the growth expected by investors on the market versus

book value of their investment; 275 basis points (5.80% - 3.05%) relative to Mr. Cassidy's DCF results; and, 422 basis points (5.63% - 1.41%) relative to Mr. Mease' DCF results.

Q. **Please comment upon Mr. Mease's response on page 4, line 10 through page 5, line 12 regarding your "criticisms" of his use of a historical risk-free rate, an incorrectly calculated market equity risk premium and not employing a prospective or forward-looking equity risk premium in his CAPM.**

A. Once again, these three issues are discussed in detail in my rebuttal testimony at page 37, line 13 through page 45, line 12. My rebuttal testimony fully supports these "criticisms". To summarize, first, because both the cost of capital and ratemaking are prospective, as acknowledged by Mr. Mease on page 5, lines 14 – 15 of his direct testimony when he stated "[t]he cost of capital is determined in part by the current and future economic and financial conditions." (emphasis added) it is appropriate to rely upon forecasted data, rather than historical data whenever possible. In addition, Mr. Mease states on page 4, line 22 through page 5, line 2 of his surrebuttal testimony that "a prospective yield, of prospective interest rates, are not known and measurable and may or may not be achieved. The prospective yield is purely speculative and should not be relied upon." The expected dividend yield (current dividend yield multiplied by all or one-half the DCF growth rate) in the DCF model is no more known, measurable than prospective interest rates. All three cost of common equity witnesses in this proceeding have used a DCF analysis consisting of an expected dividend yield and an expected growth rate (whether that growth rate is based upon historic and / or projected growth rates). Whether those expected dividend yields or growth

rates will be realized by investors is unknown and immeasurable and thus equally speculative as prospective interest rates. In addition, by its very nature projected data are based upon historical data, .i.e., projected growth rates must logically incorporate an analysis of historical data as must interest rate expectations. Again, since the cost of capital and ratemaking are both prospective, it follows that prospective risk-free rates are appropriate in a CAPM analysis.

Second, the income, and not the total, return on long-term U.S. government securities is appropriate in determining the market equity risk premium, because the income return is nearly riskless as noted by Ibbotson® SBBI® Valuation Yearbook – Market Results for Stocks, Bonds, Bills and Inflation – 1926-2013 (SBBI – 2014)[6].

Third, once again, since the cost of capital and ratemaking are both prospective in nature, as stated above it is entirely appropriate to use a prospective or forward-looking equity risk premium in a CAPM analysis.

Q. Please comment upon Mr. Mease's comments regarding his CE analysis on page 5, line 14 through page 6 line 11 of his surrebuttal testimony.

A. It should be noted that Mr. Mease's CE result of 10.5%, which he characterizes as "additional support that the company will be earning a fair rate of return" on page 5, lines 20 – 21 of his surrebuttal testimony, is nearly identical to 10.55%, the midpoint of the range of common equity cost rate of 10.25% (a straight update of my original recommendation) to 10.85% (the 10.25% updated return plus Mr. Cassidy's 60 basis points economic assessment.

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[6] Ibbotson® SBBI® Valuation Yearbook – Market Results for Stocks, Bonds, Bills and Inflation – 1926-2013 (SBBI – 2014) 91

Q. Please comment upon Mr. Mease's continued criticism of your business and credit risk adjustments on page 6, line 14 through 9, line 17 of his surrebuttal testimony.

A. Relative to the credit risk adjustment, Mr. Mease use of an undefined "score" by S&P of AA+ for the City of Edmonton, EPCOR Utilities single shareholder is irrelevant to EWAZ's credit risk, because this "score" is relative to the City of Edmonton, a municipality, and not a regulated public utility. As discussed above even with S&P's upgrade to an A- bond / credit rating for EPCOR Utilities, it is still lower, meaning more risky, than the average S&P / Moody's bond ratings of A+ / A1/A2 of the sample water utilities used by each witness in this proceeding. Hence, a credit risk adjustment is indeed warranted.

As for Mr. Mease's continued rejection of a business risk adjustment, he notes on lines 8 – 11 on page 8 of his surrebuttal testimony "that business risk is important to the determination of a fair rate of return because the greater the level of risk, the greater the return investors demand, consistent with the basic principles of risk and return". What Mr. Mease ignores is that, all else equal, EWAZ's size is a risk factor which must be taken into account in determining a return on common equity based upon the market data of a group of water utilities which, on average, are much larger as discussed thoroughly in my rebuttal testimony at page 31, line 19 through page 36, line 6 and page 53, line 3 through page 55, line 7. Because Mr. Mease has not made any risk adjustments, upward or downward, to the results of his common equity cost rate models, one can only conclude that, all else equal, it must be Mr. Mease's opinion that these companies are comparable in risk to EWAZ. However, as state above, he has ignored the very obvious fact that EWAZ is significantly smaller than the average

company in his water utility sample. Hence, a business risk adjustment is also, indeed, warranted.

Q. Do you have any comment upon Mr. Mease's use of a 5.05% debt cost rate for APS and 5.00% debt cost rate of UNS as supporting his opinion that a financial risk adjustment is not warranted?

A. Yes. My credit (not financial) risk adjustment is to reflect the added risk common shareholders bear for investing in the common stock of a utility with a bond / credit rating lower than that of a sample group of utilities with a higher bond / credit rating upon whose market data a common equity cost rate is determined. In this proceeding, all three rate of return witnesses rely upon the market data of a proxy group of water utilities. All of our results reflect the risk, including bond / credit risk, of those companies as reflected in their average Moody's bond rating of A1 / A2 and S&P bond rating of A+ as discussed above. Our recommended returns on equity will be applied to the jurisdictional rate base of EWAZ whose likely bond rating would be A3 by Moody's and A- by S&P indicating a high level of bond / credit risk. Since the cost of common equity is based upon the investor required return reflecting his / her evaluation of the risk of that investment, an adjustment must be made to the market-based cost of common equity for a group of water utilities with less bond / credit risk, in order to make that cost of common equity applicable to EWAZ with greater bond / credit risk. Hence the debt cost rates of APS and UNS have no bearing on the relative risk between the sample water utilizes and EWAZ. Mr. Mease's opinion that a "financial" risk adjustment is not warranted has no merit.

Q. Does this conclude your rejoinder testimony?

A. Yes.

Ahern
Exhibits

EXHIBIT PMA – 1RJ

EPCOR Water Arizona, Inc. Cost of Capital Calculation
Final Cost of Equity Estimates
Sample Water Utilities

[A]	[B]		[C]		[D]		[E]
DCF Method			D_1/P_0 [1]	+	g [2]	=	k
Constant Growth DCF Estimate			2.8%	+	5.8%	=	8.6%
Multi-Stage DCF Estimate						=	9.2%
Average DCF Estimate							**8.9%**
CAPM Method	Rf	+	b [5]	x	(Rp)	=	k
Historical Market Risk Premium [3]	1.9%	+	0.71	x	7.5% [6]	=	7.3%
Current Market Risk Premium [4]	2.7%	+	0.71	x	6.0% [7]	=	7.1%
Average CAPM Estimate							**7.2%**
Historical Market Risk Premium [3]	3.94%	+	0.71	x	7.5% [6]	=	9.3%
Current Market Risk Premium [4]	3.94%	+	0.71	x	6.0% [7]	=	8.3%
Average CAPM Estimate							**8.8%**
					Staff's Estimated Cost of Equity		**8.9%**
					Economic Assessment Adjustment		0.6%
					Sub-Total		**9.5%**
					Financial Risk Adjustment		0.0%
					Total		**9.5%**

1 MSN Money and Value Line
2 Schedule JAC-8
3 From page 14 of Schedule 9 of Exhibit PMA-RT 1.

CHICAGO BOOTH

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Center for Research in Security Prices

DATA DESCRIPTIONS GUIDE

CRSP US Stock & US Index Databases

Updated March 29, 2012

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CONTENTS

CHAPTER 1: BACKGROUND 1

CRSP CALENDARS 1

STOCK DATA UNIVERSE 1

DEVELOPMENT OF THE CRSP STOCK FILES 1

DATA SOURCES 3

CHAPTER 2: DATA DEFINITIONS 4

CHAPTER 3: CRSP CALCULATIONS 94

CHAPTER 4: INDEX METHODOLOGIES 101

I. STOCK FILE INDEXES 101

II. CRSP CAP-BASED PORTFOLIOS 102

III. CRSP INDEXES FOR THE S&P 500 UNIVERSE 103

IV. CRSP TREASURY AND INFLATION INDEXES 104

V. CRSP SELECT FILE SPECIFICATIONS 105

VI. CRSP INDEX SERIES 106

CHAPTER 5: DATA CODING SCHEMES 111

I. NAME HISTORY ARRAY CODES 111

II. DISTRIBUTION CODES 111

III. DELISTING CODES 116

IV. NASDAQ INFORMATION CODES 118

V. MISSING RETURN CODES 119

CHAPTER 6: DATABASE STRUCTURES 120

I. BASE CRSPACCESS DATA STRUCTURES 120

II. STOCK DATA STRUCTURE 120

III. INDEX DATA STRUCTURES 125

CHAPTER 1: BACKGROUND

CRSP CALENDARS

A CRSP calendar is a set of time periods with header information about those time periods. The calendar time periods are chosen as points of interest rather than all calendar days, and therefore a daily calendar contains only the dates where trading was conducted on a major US exchange. Data are never provided on weekends or trading holidays. The standard identification of a time period is the date, an integer in YYYYMMDD format, at the end of the period.

There are currently five calendars provided with CRSPAccess databases: daily, monthly, weekly, quarterly, and annual. The daily calendar is used to derive the others so that the last trading date in each month, week, quarter, or year is used to build those respective calendars.

Time series data are always associated with one of these calendars. The list of time series observations is synchronized with a calendar so that the nth time series observation is associated with the nth calendar period.

A Calendar Name and an integer Calendar Identification Number identify each calendar. The calendars supported in CRSPAccess databases are:

Calendar	ID	Name	Beginning Date
Daily	100	Daily Trading Calendar	19251231
Monthly	101	Month-end Trading Calendar	19251231
Annual	300	Annual Trading Calendar	19251231
Quarterly	310	Quarterly Trading Calendar	19251231
Weekly	500	Weekly Trading Calendar	19260102

STOCK DATA UNIVERSE

CRSP stock data includes data from NYSE, NYSE MKT, NASDAQ, and NYSE Arca stock exchanges.

The following items are included in our stock databases:

- Common Stocks
- Certificates
- ADRs
- Shares of Beneficial Interest
- Units (Depository Units, Units of Beneficial Interest, Units of Limited Partnership Interest, Depository Receipts, etc.
- ETFs
- Closed-End Mutual Funds
- Foreigns on NYSE, NYSE MKT, NASDAQ, and NYSE Arca
- Americus Trust Components (Primes and Scores)
- HOLDRs Trusts
- REITs (Real Estate Investment Trusts)

CRSP stock databases exclude:

- Rights and Warrants
- Preferreds
- Units Representing Common Stocks Bundled with Rights or Warrants
- Over the Counter Bulletin Board Issues
- When Issued Trading

DEVELOPMENT OF THE CRSP STOCK FILES

CRSP STOCK FILE DATA DATES BY EXCHANGE		
EXCHANGE	MONTHLY STOCK FILES BEGINNING DATE	DAILY STOCK FILES BEGINNING DATE
NYSE	12/31/1925	12/31/1925
NYSE MKT	07/31/1962	07/02/1962
NASDAQ	12/29/1972	12/14/1972
NYSE ARCA	03/31/2006	03/08/2006

The CRSP Data Files were developed by the Center for Research in Security Prices (CRSP), Booth School of Business, University of Chicago. Lawrence Fisher and James Lorie, during their tenure at the University of Chicago, built the CRSP stock file and originated its basic design and content.

The original CRSP stock file contained month-end prices and returns from the New York Stock Exchange (NYSE) dating from December, 1925. Daily and monthly American Stock Exchange (NYSE MKT data and Daily NYSE data beginning in July, 1962, were respectively combined into monthly and daily NYSE/NYSE MKT files providing

price and return information on NYSE/NYSE MKT common stock securities. CRSP's data coverage expanded in 1987 to include NASDAQ daily and monthly stock data, with information for domestic common stocks and ADRs traded on the NASDAQ Stock Market beginning December 14, 1972.

In 2005, CRSP completed the compilation and merging of daily data between 1925 and 1962 for securities that traded on NYSE in that period, resulting in seamless daily and monthly data for securities trading on NYSE between as early as December 1925.

NYSE Arca daily and monthly data were added in July 2007 for securities with primary listings on that exchange. NYSE Arca coverage begins on March 8, 2006.

On October 1, 2008, NYSE Euronext completed its acquisition of the American Stock Exchange LLC.

NASDAQ MARKETS

The NASDAQ Stock MarketSM consists of three subsets of securities, the NASDAQ Global Market, Global Select Market, and the NASDAQ Capital Market. The Securities are tiered based on criteria setting minimum levels for: annual income, numbers of publicly traded shares, market capitalization, share price, and number of market makers. A security may move between tiers as its status changes.

Prior to July 2006, the Global and Global Select Markets were combined in a single tier called the NASDAQ National Market. The NASDAQ Capital Market was called the NASDAQ SmallCap Market. The NASDAQ National Market was initiated in April 1982 for larger and generally more actively traded NASDAQ securities. The NASDAQ National Market Securities had to meet higher financial and non-financial criteria than other NASDAQ stocks, and were subject to last-sale reporting. In June of 1992 the regular NASDAQ segment of The NASDAQ Stock Market was renamed The NASDAQ SmallCap Market and for the first time these became subject to real-time price and volume reporting.

The CRSPAccess NASDAQ security data include closing bid, closing ask, and the number of trades, formerly included in the CRSP Supplemental NASDAQ Data File. The latter data items have been reported for issues listed on The NASDAQ National Market since November 1, 1982. Issues listed on The NASDAQ SmallCap Market have had these data reported since June 15, 1992.

For a more detailed description of how to identify The NASDAQ Market Tiers, see the NASDAQ National Market Indicator definition in the NASDAQ information history array described in the data definitions section.

DATA ACCURACY OF THE CRSP STOCK DATA

CRSP stock files are designed for research and educational use and have proven to be highly accurate. Considerable resources are expended in ongoing efforts to check and improve data quality both historically and in the current update. Data corrections to historical information are made as errors are identified and are detailed in the Release Notes that accompany each data cut.

Historical corrections to security data may result in changes to historical CRSP index returns and levels. In any given year, the calendar year-end stock database may ship as the standard "Z-Cut", as well as a second "X-Cut" if there have been substantial or significant corrections applied at year end. Both data cuts reflect corrections, however, the "Z-Cut" contains routine minor monthly corrections while the "X-Cut's" year-end data edits typically required more extensive research efforts and may hold a greater potential to impact the CRSP indexes.

DATA SOURCES

ORIGINAL CRSP MONTHLY DATABASE

- December 1925-January 1928: Commercial and Financial Chronicle, "Bank and Quotation Section"
- February 1928-December 1960: Bank and Quotation Record, an expansion of the Bank and Quotation Section.

The collection and initial correction of cash dividends in the original CRSP Monthly Database was performed as follows:

- 1937-1960: annual issues of Moody's, Standard and Poor's Dividend Records, or the annual section of the Standard Corporation Records were used, depending on which was in the University of Chicago Library
- 1926-1936: Moody's Quarterly Dividend Record

Since the only known complete file of this last publication was in Moody's New York offices, the data from the earlier period were recorded in the Moody's offices by trainees working for the research division of Merrill Lynch, Pierce, Fenner & Smith Inc.

PRE62 DATABASE

The primary source for the Pre62 daily data was The New York Times newspaper. In cases where the stock information was either missing from The New York Times or the available data were questionable, The Wall Street Journal Newspaper served as CRSP's secondary data source. For the years prior to 1933, CRSP compared distribution data from The New York Times and The Wall Street Journal with that in the original database. CRSP determined that The New York Times and The Wall Street Journal ex-date data were more complete and accurate than the original data. Based on these findings, CRSP made the decision to rely on The New York Times as the primary data source for distribution ex-date data from 1925 through 1933.

CRSP US STOCK & INDEX DATABASE

NYSE and NYSE MKT

- July 1962-September 1, 1972: daily price and dividend data provided by Standard & Poor's Price Tape and Punched Card Dividend Service
- July 1962-March 1987: High, low, and volume data provided by Interactive Data Services, Inc. (IDSI), a subsidiary of Interactive Data Corporation (IDC)
- September 1972-April 1987: Interactive Data Corporation (IDC)

The Standard & Poor's Price Tape and Punched Card Dividend Service was acquired by IDC.

- April 1987-September 1999: Interactive Data Services, Inc. (IDSI)
- 1999-present: Interactive Data Corporation

NYSE Arca

- March 2006-present: Interactive Data Corporation (IDC)

Coverage of companies with primary listings on NYSE Arca who have traded since 3/8/2006.

NASDAQ

- December 12, 1972-August 31, 1984: Interactive Data Corporation (IDC)
- November 1, 1982-present (with the exception of February 1986): National Association of Securities Dealers (NASD)
- November 1, 1982-August 31, 1984: Interactive Data Corporation (IDC) was used as a secondary source to NASD
- February 1986: Interactive Data Services, Inc. (IDSI)
- March 2004-present: Interactive Data Corporation used as secondary source

SIC Codes

Mergent was the primary source for SIC Code for NYSE, NYSE MKT & ARCA securities from 20010824 through 2009. IDC has always been a continuous alternate source of SIC codes, so no holes in coverage were introduced by the elimination of the Mergent data. The differences in codes resulting from our change in source did not impact the CRSP Indexes.

NAICS Codes

In the December 2009 Stock Database, CRSP removed NAICS codes provided by our source, Mergent, and replaced them with NAICS codes from Interactive Data Corporation. Mergent was CRSP's only source for NAICS beginning 20010824. The IDCI NAICS codes begin 20040610.

Journal of Economic Perspectives—Volume 15, Number 4—Fall 2001—Pages 157–168

GARCH 101: The Use of ARCH/GARCH Models in Applied Econometrics

Robert Engle

The great workhorse of applied econometrics is the least squares model. This is a natural choice, because applied econometricians are typically called upon to determine how much one variable will change in response to a change in some other variable. Increasingly however, econometricians are being asked to forecast and analyze the size of the errors of the model. In this case, the questions are about volatility, and the standard tools have become the ARCH/GARCH models.

The basic version of the least squares model assumes that the expected value of all error terms, when squared, is the same at any given point. This assumption is called homoskedasticity, and it is this assumption that is the focus of ARCH/GARCH models. Data in which the variances of the error terms are not equal, in which the error terms may reasonably be expected to be larger for some points or ranges of the data than for others, are said to suffer from heteroskedasticity. The standard warning is that in the presence of heteroskedasticity, the regression coefficients for an ordinary least squares regression are still unbiased, but the standard errors and confidence intervals estimated by conventional procedures will be too narrow, giving a false sense of precision. Instead of considering this as a problem to be corrected, ARCH and GARCH models treat heteroskedasticity as a variance to be modeled. As a result, not only are the deficiencies of least squares corrected, but a prediction is computed for the variance of each error term. This prediction turns out often to be of interest, particularly in applications in finance.

The warnings about heteroskedasticity have usually been applied only to cross-section models, not to time series models. For example, if one looked at the

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cross-section relationship between income and consumption in household data, one might expect to find that the consumption of low-income households is more closely tied to income than that of high-income households, because the dollars of savings or deficit by poor households are likely to be much smaller in absolute value than high income households. In a cross-section regression of household consumption on income, the error terms seem likely to be systematically larger in absolute value for high-income than for low-income households, and the assumption of homoskedasticity seems implausible. In contrast, if one looked at an aggregate time series consumption function, comparing national income to consumption, it seems more plausible to assume that the variance of the error terms doesn't change much over time.

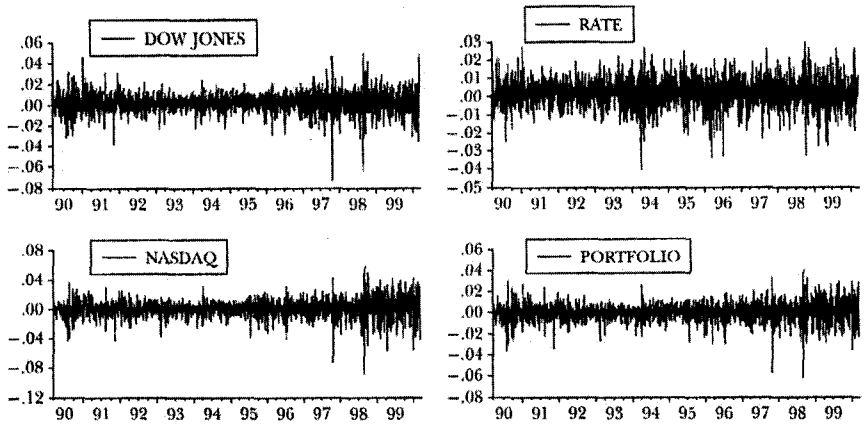
A recent development in estimation of standard errors, known as "robust standard errors," has also reduced the concern over heteroskedasticity. If the sample size is large, then robust standard errors give quite a good estimate of standard errors even with heteroskedasticity. If the sample is small, the need for a heteroskedasticity correction that does not affect the coefficients, and only asymptotically corrects the standard errors, can be debated.

However, sometimes the natural question facing the applied econometrician is the accuracy of the predictions of the model. In this case, the key issue is the variance of the error terms and what makes them large. This question often arises in financial applications where the dependent variable is the return on an asset or portfolio and the variance of the return represents the risk level of those returns. These are time series applications, but it is nonetheless likely that heteroskedasticity is an issue. Even a cursory look at financial data suggests that some time periods are riskier than others; that is, the expected value of the magnitude of error terms at some times is greater than at others. Moreover, these risky times are not scattered randomly across quarterly or annual data. Instead, there is a degree of autocorrelation in the riskiness of financial returns. Financial analysts, looking at plots of daily returns such as in Figure 1, notice that the amplitude of the returns varies over time and describe this as "volatility clustering." The ARCH and GARCH models, which stand for autoregressive conditional heteroskedasticity and *generalized* autoregressive conditional heteroskedasticity, are designed to deal with just this set of issues. They have become widespread tools for dealing with time series heteroskedastic models. The goal of such models is to provide a volatility measure—like a standard deviation—that can be used in financial decisions concerning risk analysis, portfolio selection and derivative pricing.

ARCH/GARCH Models

Because this paper will focus on financial applications, we will use financial notation. Let the dependent variable be labeled r_t, which could be the return on an asset or portfolio. The mean value m and the variance h will be defined relative to a past information set. Then, the return r in the present will be equal to the mean

Figure 1
Nasdaq, Dow Jones and Bond Returns



value of r (that is, the expected value of r based on past information) plus the standard deviation of r (that is, the square root of the variance) times the error term for the present period.

The econometric challenge is to specify how the information is used to forecast the mean and variance of the return, conditional on the past information. While many specifications have been considered for the mean return and have been used in efforts to forecast future returns, virtually no methods were available for the variance before the introduction of ARCH models. The primary descriptive tool was the rolling standard deviation. This is the standard deviation calculated using a fixed number of the most recent observations. For example, this could be calculated every day using the most recent month (22 business days) of data. It is convenient to think of this formulation as the first ARCH model; it assumes that the variance of tomorrow's return is an equally weighted average of the squared residuals from the last 22 days. The assumption of equal weights seems unattractive, as one would think that the more recent events would be more relevant and therefore should have higher weights. Furthermore the assumption of zero weights for observations more than one month old is also unattractive. The ARCH model proposed by Engle (1982) let these weights be parameters to be estimated. Thus, the model allowed the data to determine the best weights to use in forecasting the variance.

A useful generalization of this model is the GARCH parameterization introduced by Bollerslev (1986). This model is also a weighted average of past squared residuals, but it has declining weights that never go completely to zero. It gives parsimonious models that are easy to estimate and, even in its simplest form, has proven surprisingly successful in predicting conditional variances. The most widely used GARCH specification asserts that the best predictor of the variance in the next period is a weighted average of the long-run average variance, the variance

predicted for this period, and the new information in this period that is captured by the most recent squared residual. Such an updating rule is a simple description of adaptive or learning behavior and can be thought of as Bayesian updating.

Consider the trader who knows that the long-run average daily standard deviation of the Standard and Poor's 500 is 1 percent, that the forecast he made yesterday was 2 percent and the unexpected return observed today is 3 percent. Obviously, this is a high volatility period, and today is especially volatile, which suggests that the forecast for tomorrow could be even higher. However, the fact that the long-term average is only 1 percent might lead the forecaster to lower the forecast. The best strategy depends upon the dependence between days. If these three numbers are each squared and weighted equally, then the new forecast would be $2.16 = \sqrt{(1 + 4 + 9)/3}$. However, rather than weighting these equally, it is generally found for daily data that weights such as those in the empirical example of (.02, .9, .08) are much more accurate. Hence the forecast is $2.08 = \sqrt{.02*1 + .9*4 + .08*9}$.

To be precise, we can use h_t to define the variance of the residuals of a regression $r_t = m_t + \sqrt{h_t}\varepsilon_t$. In this definition, the variance of ε is one. The GARCH model for variance looks like this:

$$h_{t+1} = \omega + \alpha(r_t - m_t)^2 + \beta h_t = \omega + \alpha h_t \varepsilon_t^2 + \beta h_t.$$

The econometrician must estimate the constants ω, α, β; updating simply requires knowing the previous forecast h and residual. The weights are $(1 - \alpha - \beta, \beta, \alpha)$, and the long-run average variance is $\sqrt{\omega/(1 - \alpha - \beta)}$. It should be noted that this only works if $\alpha + \beta < 1$, and it only really makes sense if the weights are positive, requiring $\alpha > 0$, $\beta > 0$, $\omega > 0$.

The GARCH model that has been described is typically called the GARCH(1,1) model. The (1,1) in parentheses is a standard notation in which the first number refers to how many autoregressive lags, or ARCH terms, appear in the equation, while the second number refers to how many moving average lags are specified, which here is often called the number of GARCH terms. Sometimes models with more than one lag are needed to find good variance forecasts.

Although this model is directly set up to forecast for just one period, it turns out that based on the one-period forecast, a two-period forecast can be made. Ultimately, by repeating this step, long-horizon forecasts can be constructed. For the GARCH(1,1), the two-step forecast is a little closer to the long-run average variance than is the one-step forecast, and, ultimately, the distant-horizon forecast is the same for all time periods as long as $\alpha + \beta < 1$. This is just the unconditional variance. Thus, the GARCH models are mean reverting and conditionally heteroskedastic, but have a constant unconditional variance.

I turn now to the question of how the econometrician can possibly estimate an equation like the GARCH(1,1) when the only variable on which there are data is r_t. The simple answer is to use maximum likelihood by substituting h_t for σ^2 in the normal likelihood and then maximizing with respect to the parameters. An even

simpler answer is to use software such as EViews, SAS, GAUSS, TSP, Matlab, RATS and many others where there exist already packaged programs to do this.

But the process is not really mysterious. For any set of parameters ω, α, β and a starting estimate for the variance of the first observation, which is often taken to be the observed variance of the residuals, it is easy to calculate the variance forecast for the second observation. The GARCH updating formula takes the weighted average of the unconditional variance, the squared residual for the first observation and the starting variance and estimates the variance of the second observation. This is input into the forecast of the third variance, and so forth. Eventually, an entire time series of variance forecasts is constructed. Ideally, this series is large when the residuals are large and small when they are small. The likelihood function provides a systematic way to adjust the parameters ω, α, β to give the best fit.

Of course, it is entirely possible that the true variance process is different from the one specified by the econometrician. In order to detect this, a variety of diagnostic tests are available. The simplest is to construct the series of $\{\varepsilon_t\}$, which are supposed to have constant mean and variance if the model is correctly specified. Various tests such as tests for autocorrelation in the squares are able to detect model failures. Often a "Ljung box test" with 15 lagged autocorrelations is used.

A Value-at-Risk Example

Applications of the ARCH/GARCH approach are widespread in situations where the volatility of returns is a central issue. Many banks and other financial institutions use the concept of "value at risk" as a way to measure the risks faced by their portfolios. The 1 percent value at risk is defined as the number of dollars that one can be 99 percent certain exceeds any losses for the next day. Statisticians call this a 1 percent quantile, because 1 percent of the outcomes are worse and 99 percent are better. Let's use the GARCH(1,1) tools to estimate the 1 percent value at risk of a $1,000,000 portfolio on March 23, 2000. This portfolio consists of 50 percent Nasdaq, 30 percent Dow Jones and 20 percent long bonds. The long bond is a ten-year constant maturity Treasury bond.[1] This date is chosen to be just before the big market slide at the end of March and April. It is a time of high volatility and great anxiety.

First, we construct the hypothetical historical portfolio. (All calculations in this example were done with the EViews software program.) Figure 1 shows the pattern of returns of the Nasdaq, Dow Jones, bonds and the composite portfolio leading up to the terminal date. Each of these series appears to show the signs of ARCH effects in that the amplitude of the returns varies over time. In the case of the equities, it is clear that this has increased substantially in the latter part of the sample period. Visually, Nasdaq is even more extreme. In Table 1, we present some illustrative

[1] The portfolio has constant proportions of wealth in each asset that would entail some rebalancing over time.

Table 1
Portfolio Data

	NASDAQ	*Dow Jones*	*Rate*	*Portfolio*
Mean	0.0009	0.0005	0.0001	0.0007
Std. Dev.	0.0115	0.0090	0.0073	0.0083
Skewness	−0.5310	−0.3593	−0.2031	−0.4738
Kurtosis	7.4936	8.3288	4.9579	7.0026

Sample: March 23, 1990 to March 23, 2000.

statistics for each of these three investments separately and for the portfolio as a whole in the final column. From the daily standard deviation, we see that the Nasdaq is the most volatile and interest rates the least volatile of the assets. The portfolio is less volatile than either of the equity series even though it is 80 percent equity—yet another illustration of the benefits of diversification. All the assets show evidence of fat tails, since the kurtosis exceeds 3, which is the normal value, and evidence of negative skewness, which means that the left tail is particularly extreme.

The portfolio shows substantial evidence of ARCH effects as judged by the autocorrelations of the squared residuals in Table 2. The first order autocorrelation is .210, and they gradually decline to .083 after 15 lags. These autocorrelations are not large, but they are very significant. They are also all positive, which is uncommon in most economic time series and yet is an implication of the GARCH(1,1) model. Standard software allows a test of the hypothesis that there is no autocorrelation (and hence no ARCH). The test p-values shown in the last column are all zero to four places, resoundingly rejecting the "no ARCH" hypothesis.

Then we forecast the standard deviation of the portfolio and its 1 percent quantile. We carry out this calculation over several different time frames: the entire ten years of the sample up to March 23, 2000; the year before March 23, 2000; and from January 1, 2000, to March 23, 2000.

Consider first the quantiles of the historical portfolio at these three different time horizons. To do this calculation, one simply sorts the returns and finds the 1 percent worst case. Over the full ten-year sample, the 1 percent quantile times $1,000,000 produces a value at risk of $22,477. Over the last year, the calculation produces a value at risk of $24,653—somewhat higher, but not enormously so. However, if the 1 percent quantile is calculated based on the data from January 1, 2000, to March 23, 2000, the value at risk is $35,159. Thus, the level of risk apparently has increased dramatically over the last quarter of the sample. Each of these numbers is the appropriate value at risk if the next day is equally likely to be the same as the days in the given sample period. This assumption is more likely to be true for the shorter period than for the long one.

The basic GARCH(1,1) results are given in Table 3. Under this table it lists the dependent variable, PORT, and the sample period, indicates that it took the algorithm 16 iterations to maximize the likelihood function and computed stan-

Table 2
Autocorrelations of Squared Portfolio Returns

	AC	*Q-Stat*	*Prob*
1	0.210	115.07	0.000
2	0.183	202.64	0.000
3	0.116	237.59	0.000
4	0.082	255.13	0.000
5	0.122	294.11	0.000
6	0.163	363.85	0.000
7	0.090	384.95	0.000
8	0.099	410.77	0.000
9	0.081	427.88	0.000
10	0.081	445.03	0.000
11	0.069	457.68	0.000
12	0.080	474.29	0.000
13	0.076	489.42	0.000
14	0.074	503.99	0.000
15	0.083	521.98	0.000

Sample: March 23, 1990 to March 23, 2000.

Table 3
GARCH(1,1)

	Variance Equation			
Variable	*Coef*	*St. Err*	*Z-Stat*	*P-Value*
C	1.40E-06	4.48E-07	3.1210	0.0018
ARCH(1)	0.0772	0.0179	4.3046	0.0000
GARCH(1)	0.9046	0.0196	46.1474	0.0000

Notes: Dependent Variable: PORT.
Sample (adjusted): March 23, 1990 to March 23, 2000.
Convergence achieved after 16 iterations.
Bollerslev-Woodridge robust standard errors and covariance.

dard errors using the robust method of Bollerslev-Wooldridge. The three coefficients in the variance equation are listed as C, the intercept; ARCH(1), the first lag of the squared return; and GARCH(1), the first lag of the conditional variance. Notice that the coefficients sum up to a number less than one, which is required to have a mean reverting variance process. Since the sum is very close to one, this process only mean reverts slowly. Standard errors, *Z*-statistics (which are the ratio of coefficients and standard errors) and *p*-values complete the table.

The standardized residuals are examined for autocorrelation in Table 4. Clearly, the autocorrelation is dramatically reduced from that observed in the portfolio returns themselves. Applying the same test for autocorrelation, we now

Table 4
Autocorrelations of Squared Standardized Residuals

	AC	*Q-Stat*	*Prob*
1	0.005	0.0589	0.808
2	0.039	4.0240	0.134
3	−0.011	4.3367	0.227
4	−0.017	5.0981	0.277
5	0.002	5.1046	0.403
6	0.009	5.3228	0.503
7	−0.015	5.8836	0.553
8	−0.013	6.3272	0.611
9	−0.024	7.8169	0.553
10	−0.006	7.9043	0.638
11	−0.023	9.3163	0.593
12	−0.013	9.7897	0.634
13	−0.003	9.8110	0.709
14	0.009	10.038	0.759
15	−0.012	10.444	0.791

find the p-values are about 0.5 or more, indicating that we can accept the hypothesis of "no residual ARCH."

The forecast standard deviation for the next day is 0.0146, which is almost double the average standard deviation of 0.0083 presented in the last column of Table 1. If the residuals were normally distributed, then this would be multiplied by 2.327, because 1 percent of a normal random variable lies 2.327 standard deviations below the mean. The estimated normal value at risk = $33,977. As it turns out, the standardized residuals, which are the estimated values of $\{\varepsilon_t\}$, are not very close to a normal distribution. They have a 1 percent quantile of 2.844, which reflects the fat tails of the asset price distribution. Based on the actual distribution, the estimated 1 percent value at risk is $39,996. Notice how much this value at risk has risen to reflect the increased risk in 2000.

Finally, the value at risk can be computed based solely on estimation of the quantile of the forecast distribution. This has recently been proposed by Engle and Manganelli (2001), adapting the quantile regression methods of Koenker and Basset (1978) and Koenker and Hallock in this symposium. Application of their method to this data set delivers a value at risk = $38,228.

What actually did happen on March 24, 2000, and subsequently? The portfolio lost more than $1000 on March 24 and more than $3000 on March 27. The biggest hit was $67,000 on April 14. We all know that Nasdaq declined substantially over the next year. The Dow Jones average was much less affected, and bond prices increased as the Federal Reserve lowered interest rates. Figure 2 plots the value at risk estimated each day using this methodology within the sample period and the losses that occurred the next day. There are about 1 percent of times the value at risk is exceeded, as is expected, since this is in-sample. Figure 3 plots the same graph for the next year and a quarter, during

Figure 2
Value at Risk and Portfolio Losses In-Sample

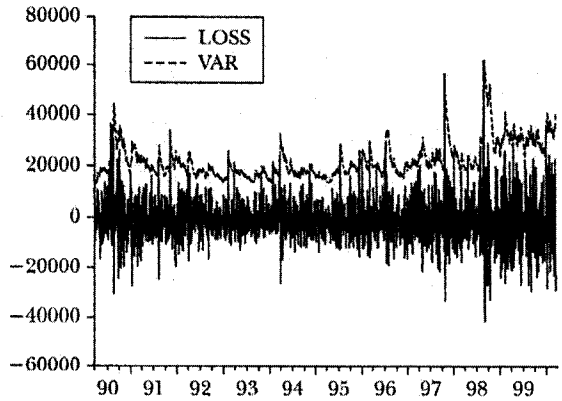
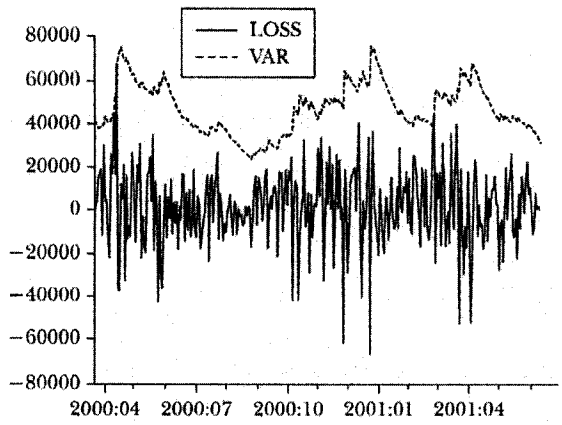


Figure 3
Value at Risk and Portfolio Losses Out of Sample



which the equity market tanks and the bond yields fall. The parameters are not reestimated, but the formula is simply updated each day. The computed value at risk rises substantially from the $40,000 initial figure as the volatility rises in April 2000. Then the losses decline, so that the value at risk is well above the realized losses. Toward the end of the period, the losses approach the value at risk again, but at a lower level. In this year and a quarter, the value at risk is exceeded only once; thus, this is actually a slightly conservative estimate of the risk. It is not easy to determine whether a particular value-at-risk number is correct, although statistical tests can be formulated for this in the same way they are formulated for volatilities. For example, Engle and Manganelli (2001) present a "dynamic quantile test."

Extensions and Modifications of GARCH

The GARCH(1,1) is the simplest and most robust of the family of volatility models. However, the model can be extended and modified in many ways. I will briefly mention three modifications, although the number of volatility models that can be found in the literature is now quite extraordinary.

The GARCH(1,1) model can be generalized to a GARCH(p,q) model—that is, a model with additional lag terms. Such higher-order models are often useful when a long span of data is used, like several decades of daily data or a year of hourly data. With additional lags, such models allow both fast and slow decay of information. A particular specification of the GARCH(2,2) by Engle and Lee (1999), sometimes called the "component model," is a useful starting point to this approach.

ARCH/GARCH models thus far have ignored information on the direction of returns; only the magnitude matters. However, there is very convincing evidence that the direction does affect volatility. Particularly for broad-based equity indices and bond market indices, it appears that market declines forecast higher volatility than comparable market increases do. There is now a variety of asymmetric GARCH models, including the EGARCH model of Nelson (1991), the TARCH model—threshold ARCH—attributed to Rabemananjara and Zakoian (1993) and Glosten, Jaganathan and Runkle (1993), and a collection and comparison by Engle and Ng (1993).

The goal of volatility analysis must ultimately be to explain the causes of volatility. While time series structure is valuable for forecasting, it does not satisfy our need to explain volatility. The estimation strategy introduced for ARCH/GARCH models can be directly applied if there are predetermined or exogenous variables. Thus, we can think of the estimation problem for the variance just as we do for the mean. We can carry out specification searches and hypothesis tests to find the best formulation. Thus far, attempts to find the ultimate cause of volatility are not very satisfactory. Obviously, volatility is a response to news, which must be a surprise. However, the timing of the news may not be a surprise and gives rise to predictable components of volatility, such as economic announcements. It is also possible to see how the amplitude of news events is influenced by other news events. For example, the amplitude of return movements on the United States stock market may respond to the volatility observed earlier in the day in Asian markets as well as to the volatility observed in the United States on the previous day. Engle, Ito and Lin (1990) call these "heat wave" and "meteor shower" effects.

A similar issue arises when examining several assets in the same market. Does the volatility of one influence the volatility of another? In particular, the volatility of an individual stock is clearly influenced by the volatility of the market as a whole. This is a natural implication of the capital asset pricing model. It also appears that there is time variation in idiosyncratic volatility (for example, Engle, Ng and Rothschild, 1992).

This discussion opens the door to multivariate modeling where not only the volatilities but also the correlations are to be investigated. There are now a large number of multivariate ARCH models to choose from. These turn out often to be difficult to estimate and to have large numbers of parameters. Research is continuing to examine new classes of multivariate models that are more convenient for fitting large covariance matrices. This is relevant for systems of equations such as vector autoregressions and for portfolio problems where possibly thousands of assets are to be analyzed.

Conclusion

ARCH and GARCH models have been applied to a wide range of time series analyses, but applications in finance have been particularly successful and have been the focus of this introduction. Financial decisions are generally based upon the tradeoff between risk and return; the econometric analysis of risk is therefore an integral part of asset pricing, portfolio optimization, option pricing and risk management. This paper has presented an example of risk measurement that could be the input to a variety of economic decisions. The analysis of ARCH and GARCH models and their many extensions provides a statistical stage on which many theories of asset pricing and portfolio analysis can be exhibited and tested.

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EPCOR Water Arizona, Inc.

Slope of the Contemporaneous Monthly Variance on the Previous Monthly Variance

from the PRPM™ Estimations for Ms. Ahern's Proxy Group

Company	Slope	Standard Error of the Slope	T-Statistic	Confidence Level
AWR	0.873	0.063	13.900	>99.99%
WTR	0.866	0.27	32.273	>99.99%
ARTNA	0.853	0.075	11.353	>99.99%
CWT	0.789	0.071	11.174	>99.99%
MSEX	0.801	0.075	10.693	>99.99%
SJW	0.907	0.034	26.425	>99.99%
YORW	0.826	0.056	14.781	>99.99%

Guastella
Rejoinder

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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

REJOINDER TESTIMONY
OF
JOHN F. GUASTELLA
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

REJOINDER TESTIMONY
OF
JOHN F. GUASTELLA
ON BEHALF OF
EPCOR WATER ARIZONA, INC.
MARCH 5, 2015

TABLE OF CONTENTS

INTRODUCTION 1

PURPOSE 1

ANALYSIS 2

EXECUTIVE SUMMARY

On February 9, 2015, I submitted rebuttal testimony that addressed certain depreciation issues raised by the Arizona Corporation Commission Staff ("ACC" or Commission") Staff and the Residential Utility Consumer Office ("RUCO"). Surrebuttal testimony has been submitted by both ACC Staff and RUCO that includes comments regarding my rebuttal testimony. Except that RUCO agreed with one of my observations that it needed to correct a calculation related to its Mohave Water rate base adjustment, it did not agree to make corrections to its adjustments for debit balances in accumulated depreciation or treatment of the depreciation expense on fully depreciated individual units of assets as a regulatory liability. The ACC Staff also did not agree to correct its rate base adjustment related to debit balances in accumulated depreciation for certain accounts. My rejoinder testimony herein provides further analysis of these issues.

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is John F. Guastella; I am President of Guastella Associates, LLC. My business address is 775 N. Highway A1A, Suite B103, Jupiter, Florida 33477.

Q. HAVE YOU PREVIOUSLY SUBMITTED REBUTTAL TESTIMONY IN THE PROCEEDING?

A. Yes, I submitted rebuttal testimony dated February 9, 2015.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the surrebuttal testimonies of the Arizona Corporation Commission ("ACC") Staff and the Residential Utility Consumer Office ("RUCO") witnesses to the extent that they address my rebuttal testimony as to specific depreciation issues.

Q. HAVE YOU REVIEWED THE TESTIMONIES OF MR. FRANK W. RADIGAN, MR. TIMOTHY J. COLEY, MR. JEFFREY MICHLIK ON BEHALF OF RUCO, AND MS. MARY J. RIMBACK ON BEHALF OF THE ACC STAFF?

A. Yes.

II. ANALYSIS

Q. AM I CORRECT THAT THE PRIMARY FOCUS OF YOUR REBUTTAL TESTIMONY AND THIS REJOINDER TESTIMONY IS THE DEPRECIATION ISSUES RAISED REGARDING DEBIT AND CREDIT BALANCES IN ACCUMULATED DEPRECIATION, AND THE PROPOSED REGULATORY LIABILITY TREATMENT OF DEPRECIATION EXPENSE RELATED TO

INDIVIDUAL ITEMS WITHIN A GROUP THAT WERE FULLY DEPRECIATED?

A. Yes.

Q. WOULD YOU ADDRESS THE OVERALL CONCEPTS REGARDING DEPRECIATION AND ACCOUNTING UNDER THE NARUC USOA IN RELATION TO THE TESTIMONIES OF ACC STAFF AND RUCO AS TO THEIR DEPRECIATION RECOMMENDATIONS?

A. Yes. The need for the recovery of the original cost of utility assets through depreciation allowances was recognized in the early years of the 1900s. In or around the 1920s, research by renowned experts, using something known as the Gombertz-Makeham formula for actuarial studies of people, developed studies in order to determine average service lives of groups of utility assets of a similar type. The goal was, and is today, to recover the cost of the assets over their average useful life in order to maintain intergenerational equity. At the University of Iowa, depreciation or survivor curves (Types L, S, R and O) were developed for various groups of assets, to which retirement data, if available, could be applied in order to establish average service lives for the utility assets being analyzed. Around the same time period, similar survivor curves were developed in New York. Ever since that time, the "Iowa Curves" or the New York "h-curves" have been used in depreciation studies. The term "average service lives" under the group method carries with it the concept of retirement dispersion (variation around the average service life). Retirement dispersion recognizes that nearly half of the items in a group last to an age less than the average service life, a few to an age equal to the average service life, and the rest last longer than the average service life.

Q. DID THE ACCOUNTING FOR THE RETIREMENT OF UTILITY ASSETS INCORPORATE THOSE DEPRECIATION AND RETIREMENT DISPERSION CONCEPTS?

A. Yes. The requirement to account for a retirement within a group by crediting utility plant and debiting accumulated depreciation by the original cost of individual assets being retired, until the group is fully depreciated, is consistent with those concepts, as reflected in the NARUC USOA.

Q. ARE THE PROPOSALS BY RUCO AND ACC STAFF TO REDUCE RATE BASE FOR DEFERRED DEBIT BALANCES CONSISTENT WITH THE DEPRECIATION CONCEPTS YOU DESCRIBED?

A. No. The accounting for retirements required under the NARUC USOA reflects the depreciation concepts using average service lives for groups of similar assets. Accordingly, the specific adjustments proposed by RUCO and ACC Staff not only violate the required accounting under the NARUC USOA, but also violate the concept of depreciation that has been accepted and implemented under the NARUC USOA for about 100 years.

Q. IS RUCO'S PROPOSAL TO ESSENTIALLY REVERSE THE DEPRECIATION OF INDIVIDUAL ASSETS THAT HAVE SURVIVED LONGER THAN THEIR AVERAGE SERVICE LIVES BY RECOMMENDING THAT THEY BE TREATED AS A REGULATORY LIABILITY CONSISTENT WITH THE DEPRECIATION CONCEPTS YOU DESCRIBE?

A. No. The continued accrual of depreciation of individual assets within a group, despite being fully depreciated, reflects the concept of the use of average service lives and retirement dispersions, as reflected in the required accounting under the NARUC USOA. I would repeat that the depreciation concepts I described have been accepted and used for

about 100 years throughout the country. They have been discussed in a number of NARUC Depreciation Committee reports and in books on utility accounting.

Q. HAVE RUCO OR ACC STAFF PROVIDED ANY ANALYSIS THAT SUPPORTS THEIR CONCEPT OF DEPRECIATION PRACTICES?

A. No. The effect of their proposed adjustments is not only to reduce the revenue requirement but to change the intended result of the required accounting under the NARUC USOA. The accounting under the NARUC USOA is designed to implement the depreciation and retirement dispersion concepts that were established by leaders in the field and widely accepted around the country. Moreover, the accounting under the NARUC USOA is required so that the utility's books reflect the net investment and basis for depreciation allowances to be used for rate setting. The adjustments by RUCO and ACC Staff reflect a different accounting, by reversing, for rate setting, the impact of accounting under the NARUC USOA. Such different accounting is, therefore, reflective of a different concept of depreciation, which neither RUCO nor ACC Staff have even identified, let alone supported as being better than the well-established and widely accepted depreciation concepts.

Q. BUT ON A GOING FORWARD BASIS, HASN'T THE COMPANY AGREED TO ACCOUNT FOR DEPRECIATION IN THE WAY THAT ACC STAFF HAS RECOMMENDED?

A. Yes, with respect to accounts that are fully depreciated in total, the Company agreed to no longer accrue depreciation on a prospective basis, which I have testified in rebuttal is an appropriate revision. I also noted that the booked depreciation did not have any adverse impact on the Company's customers and, therefore, requires no other revisions.

Q. DOES THE REBUTTAL TESTIMONY OF ANY OF THE RUCO OR ACC STAFF WITNESSES ADDRESS THE RETROACTIVE RATE SETTING ASPECT TO THEIR PROPOSED DEPRECIATION ADJUSTMENTS FOR DEBIT ACCUMULATED DEPRECIATION BALANCES OR TREATING DEPRECIATION OF INDIVIDUAL ASSETS THAT ARE FULLY DEPRECIATED AS A REGULATORY LIABILITY?

A. No. Debit balances in accumulated depreciation existed at the time of the Commissions' last rate decisions. Ms. Hubbard discusses this in her rejoinder testimony and has included a table that sets forth the amounts that were authorized by the Commission in the last rate decisions for each district in this case. In addition, the approved rates in those cases included specific allowances for depreciation expense. Accordingly, any booked depreciation expense since the last rate case, that has been greater than the depreciation allowance in the last case, is not included in the allowed revenue requirement or resultant existing rates charged to the customers. The additional depreciation accruals merely reduced net operating income and also increased accumulated depreciation and, therefore, reduced rate base which will translate in a reduction to the revenue requirement in this rate proceeding absent any adjustments by the Commission. As I have stated, there has been no adverse impact on the customers.

Q. MR. RADIGAN STATES IN HIS SURREBUTTAL TESTIMONY THAT THE UTILITY PRESENTED NO FACTS THAT "ABNORMAL" DEBIT ACCUMULATED DEPRECIATION BALANCES WERE CAUSED BY EARLY RETIREMENTS. DO YOU AGREE?

A. No. The ACC Staff has acknowledged that debit balances in accumulated depreciation were approved in prior cases. Moreover, the Company has identified specific retirements in response to numerous responses to data requests. The responses to those data requests identify specific retirements since the last Commission-authorized test year accumulated depreciation balances that are included in the current debit balances.

Q. WHAT IS THE IMPACT OF THE ACC STAFF'S AND RUCO'S PROPOSALS TO REMOVE DEBIT BALANCES IN ACCUMULATED DEPRECIATION ACCOUNTS FOR ALL OF THE DISTRICTS IN THIS CASE?

A. Table 1 below sets forth the ACC Staff's and RUCO's proposed adjustments to remove debit accumulated depreciation balances which include amounts previously-authorized in prior Commission decisions as discussed by Ms. Hubbard in her rejoinder testimony. In addition, the impacts on the Company's requested revenue increases in this case are also shown for each district.

Table 1. Revenue Requirement Impacts of Debit Accumulated Depreciation Balances

	ACC Staff's Adjustments		RUCO's Adjustments	
	Debit Balance Adjustments	Impact on Revenue Requirement @ 6.81%	Debit Balance Adjustments	Impact on Revenue Requirement @ 6.81%
Mohave Water	(279,644)	(31,459)	(289,512)	(32,569)
Paradise Valley	(1,416,773)	(157,712)	(1,387,956)	(154,505)
Sun City Water	(715,283)	(79,925)	(1,589,336)	(177,590)
Tubac Water	(1,877)	(210)	(16,051)	(1,798)
Mohave Wastewater	(413,326)	(46,433)	(446,699)	(50,182)
Total 5 Districts	(2,826,903)	(315,740)	(3,729,554)	(416,645)

Q. WHILE ACKNOWLEDGING THAT YOU PERFORMED A DEPRECIATION STUDY IN 2010 FOR THESE SYSTEMS ON THE BASIS OF COMPARATIVE DATA, BECAUSE OF INSUFFICIENT RETIREMENT DATA, MR. RADIGAN CLAIMS THAT A LACK OF PROOF REGARDING RETIREMENTS IS THE CAUSE OF THE INSUFFICIENT RETIREMENT DATA TO WHICH YOU REFER. IS THE ISSUE OF DEBIT BALANCES IN ACCUMULATED DEPRECIATION A FACTOR IN THE LACK OF SUFFICIENT RETIREMENT DATA?

A. No, the lack of retirement data is much broader that the specific debit balances in accumulated depreciation. I would note that even if there were sufficient retirement data, the debit balances in accumulated depreciation are the result of required accounting in accordance with the NARUC USOA. That required accounting would not and should not change by a depreciation study that establishes depreciation rates.

Q. DO YOU UNDERSTAND MR. RADIGAN'S TESTIMONY IN WHICH HE SURMISES A "TRICK" ISSUE SINCE "YOU CAN'T ACCRUE THE DEPRECIATION TO ACCOUNT FOR THE EARLY RETIREMENT IF THERE ARE NO ACCRUALS ON OTHER ASSETS IN THE ACCOUNT"?

A. No, retirements occur whether or not there are depreciation accruals.

Q. MR. RADIGAN FINISHES HIS SURREBUTTAL OF YOUR REBUTTAL TESTIMONY BY CONCLUDING THAT THE BOOKED DEPRECIATION RELATED TO FULLY DEPRECIATED ACCOUNTS IS MONEY THAT YOU AND THE COMPANY WANT TO KEEP. DOES HIS CONCLUSION REFLECT AN ACCURATE UNDERSTANDING OF THE RATE SETTING PROCESS?

A. No. The only costs ("money") the Company collects from the rates it charges its customers for water and wastewater service are the costs approved by the Commission. Until the next rate case, the increment of booked depreciation accruals that are higher than depreciation allowed for rate setting are not additional costs (or more money) that is collected. Instead, as I previously stated, the booked net operating income or return on investment is lower because the accrued depreciation is higher than allowed; and the accumulated depreciation is higher resulting in a lower future rate base. Thus, the customers actually benefit by the additional booked depreciation.

Q. WHAT DO YOU CONCLUDE FROM YOUR REVIEW OF THE SURREBUTTAL TESTIMONIES OF RUCO AND ACC STAFF?

A. Their surrebuttal testimonies regarding their proposed adjustments pertaining to debit accumulated depreciation balances caused by retirements, the majority of which have been previously approved in rate decisions by the Commission, and the depreciation on individual assets in a group that are fully depreciated, do not address the determinative rate setting principles. With the exception of the booked depreciation expense related to fully depreciated accounts, which had no adverse impact on customers, the Company complied with accounting requirements of the prescribed NARUC USOA. RUCO's and ACC Staff's proposed adjustments would, in effect, reverse the required accounting. Their adjustments are in conflict with depreciation practices and concepts that have been recognized and used for about 100 years throughout the country, and none of the witness even identifies, let alone justifies, the depreciation concept represented by their respective proposed adjustments. None of the witnesses addresses the retroactive ratemaking nature of their proposed adjustments.

Q. **DOES YOUR SILENCE ON ANY ISSUE RAISED BY ANY PARTY IN THEIR SURREBUTTAL TESTIMONY INDICATE YOUR ACCEPTANCE OF THEIR POSITION?**

A. No.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY AT THIS TIME?

A. Yes.

Mohave Wastewater
Rejoinder Schedules

Mohave Wastewater
Test Year Ended June 30, 2013
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1	Original Cost Rate Base	$	5,365,586
2			
3	Adjusted Operating Income	$	95,217
4			
5	Current Rate of Return		1.77%
6			
7	Required Operating Income	$	365,396
8			
9	Required Rate of Return		6.81%
10			
11	Operating Income Deficiency	$	270,180
12			
13	Gross Revenue Conversion Factor		1.6496
14			
15	Increase in Gross Revenue		
16	Requirement	$	445,700

17							
18	Customer		Present		Proposed		Dollar	Percent
19	Classification		Rates		Rates		Increase	Increase
20								
21	Residential	$	974,526	$	1,405,267	$	430,741	44.2%
22	Commercial	$	24,477	$	35,295		10,819	44.2%
23	Other Public Authority	$	8,822	$	12,721		3,899	44.2%
24	Effluent	$	44,578	$	44,578		-	0.0%
25	Other	$	(193)	$	48		241	-124.9%
26								
27	Total Water Revenues	$	1,052,210	$	1,497,910	$	445,699	42.4%
28								
29	Other Revenues	$	3,629	$	3,629	$	-	0.0%
30								
31	Total Revenues	$	1,055,840	$	1,501,539	$	445,699	42.2%

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46 Supporting Schedules:
47 B-1 Rejoinder
48 C-1 Rejoinder
49 H-1 Rejoinder
50 \2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls

Mohave Wastewater
Test Year Ended June 30, 2013
Summary of Fair Value Rate Base

Exhibit
Schedule B-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			Original Cost Rate Base
1			
2	Gross Utility Plant in Service	$	8,866,427
3			
4	Less:		
5			
6	Accumulated Depreciation		693,460
7			
8	Net Utility Plant in Service	$	8,172,966
9			
10	Less:		
11			
12	Advances in Aid of Construction	$	1,916,421
13			
14	Contribution in Aid of Construction -		
15	Net of Amortization		935,072
16			
17	Customer Meter Deposits		5
18	Deferred Income Taxes & Credits		62,236
19	Investment Tax Credits		-
20			
21			
22	Plus:		
23	Deferred Debits		89,523
24	Working Capital Allowance		16,831
25	Utility Plant Acquisition Adjustment		-
26			
27			
28	Total Rate Base	$	5,365,586
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	Supporting Schedules:		
42	B-2 Rejoinder		
43	B-5 Rejoinder		
44	B-3		
45	E-1		
46			
47			
48			
49			
50	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls		

Recap Schedules:
A-1 Rejoinder

Mohave Wastewater
Test Year Ended June 30, 2013
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Rejoinder
Page 1
Witness: Hubbard

Line No.		Company Rejoinder						
		[A] Rebuttal Adjusted End of Test Year	[B] ADJ SLH-4RJ Working Capital Adjustment	[C]	[D]	[E]	[F] Total Rejoinder Pro Forma Adjustments	[G] Rejoinder Adjusted End of Test Year
1	Gross Utility							
2	Plant in Service	$ 8,866,427					$ -	$ 8,866,427
3		-					-	-
4	**Less:**	-					-	-
5		-					-	-
6	Accumulated Depreciation	693,460					-	693,460
7								
8	Net Utility Plant							
9	in Service	$ 8,172,966	$ -	$ -	$ -	$ -	$ -	$ 8,172,966
10							-	
11	**Less:**						-	
12	Advances in Aid of						-	
13	Construction	1,916,421					-	1,916,421
14	Contributions in Aid of	-					-	-
15	Construction - Net	935,072					-	935,072
16		-					-	-
17		-					-	-
18	Customer Meter Deposits	5					-	5
19	Deferred Income Taxes	62,236					-	62,236
20	Investment Tax Credits	-					-	-
21	Regulatory Liabilities	-					-	-
22		-					-	-
23	**Plus:**	-					-	-
24	Deferred Debits	89,523					-	89,523
25	Working Capital Allowance	16,860	(29)				(29)	16,831
26	Utility Plant Acquisition Adjustment	-					-	-
27								
28	Total	$ 5,365,614	$ (29)	$ -	$ -	$ -	$ (29)	$ 5,365,585
29								
30	Supporting Schedules:							
31	B-3, B-5 Rejoinder							
32	E-1							
33								
34								
35	\2013 Mohave Wastewater Sch. A-F Re							

Mohave Wastewater
Test Year Ended June 30, 2013
Computation of Working Capital Allowance
Rate Base Adjustment SLH-4RJ

Exhibit
Schedule B-5 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1			
2	Cash Working Capital Requirement	$	(28,398)
3	Required Bank Balances[1]		-
4	Material and Supplies Inventories[1]		37,363
5	Prepayments[1]		7,866
6			
7	Total Working Capital Allowance	$	16,831
8			
9	Less Company amount in Rebuttal Filing	$	16,860
10			
11	Increase / (Decrease) to Working Capital Allowance	$	(29)
12			
13			
14	Increase / (Decrease) to Rate Base	$	(29)
15			
16			
17			
18			
19	[1] Calculated using thirteen-month averages.		
20			
21			
22			
23			
24			
25			
26			
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41			
42			
43	Supporting Schedules:	Recap Schedules:	
44	E-1	B-1 Rejoinder	
45			
46	Workpapers & Supporting Documents		
47	\ #9 B - Materials and Supplies Prepayments & Deferred Cost.xlsx		
48	\ Lead-Lag Workpapers		
49			
50	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls		

Mohave Wastewater
Test Year Ended June 30, 2013
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-6 Rejoinder
Page 1
Witness: Hubbard

Line No.	Description [a]	Test Year Adjusted Results [b]	Revenue Lag Days [c]	Expense Lag Days [d]	Net Lag Days [e] = [c] - [d]	Lead/ Lag Factor [f] = [e] / 365	Cash Working Capital Required [g] = [b] x [f]
1	OPERATING EXPENSES						
2	Labor	$ 267,164	41.140	30.633	10.507	0.029	$ 7,691
3	Fuel & Power	46,241	41.140	50.509	(9.369)	(0.026)	(1,187)
4	Chemicals	12,000	41.140	7.000	34.140	0.094	1,122
5	Waste Disposal	34,306	41.140	45.456	(4.316)	(0.012)	(406)
6	Intercompany Support Services	161	41.140	30.417	10.723	0.029	5
7	Corporate Allocation	54,476	41.140	30.420	10.720	0.029	1,600
8	Outside Services	33,865	41.140	42.457	(1.317)	(0.004)	(122)
9	Group Insurance	53,659	41.140	(10.716)	51.856	0.142	7,623
10	Regulatory Expense	11,993	41.140	-	41.140	0.113	1,352
11	Insurance Other Than Group	14,658	41.140	64.818	(23.678)	(0.065)	(951)
12	Customer Accounting	57,455	41.140	49.695	(8.555)	(0.023)	(1,347)
13	Rents	8,199	41.140	16.481	24.659	0.068	554
14	General Office Expense	20,403	41.140	29.563	11.577	0.032	647
15	Miscellaneous	(2)	41.140	25.018	16.122	0.044	(0)
16	Maintenance Expense	51,101	41.140	49.773	(8.633)	(0.024)	(1,209)
17							
18							
19	TAXES						
20	Property Taxes	$ 61,135	41.140	213.250	(172.110)	(0.472)	$ (28,827)
21	Taxes - Payroll	18,540	41.140	26.402	14.738	0.040	749
22	Taxes -Other	(6,148)	41.140	(131.290)	172.430	0.472	(2,904)
23	Income Tax	139,528	41.140	41.750	(0.610)	(0.002)	(233)
24							
25	Interest	137,359	41.140	74.500	(33.360)	(0.091)	(12,554)
26							
27							
28							
29							
30	WORKING CASH REQUIREMENT	$ 1,016,092					$ (28,398)
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42	Supporting Schedules:		Recap Schedules:				
43	C-1 Rejoinder		B-5 Rejoinder				
44							
45	Workpapers & Supporting Documents						
46							
47							
48							
49	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls						
50							

Mohave Wastewater
Test Year Ended June 30, 2013
Adjusted Test Year Income Statement

Exhibit
Schedule C-1 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Rebuttal Results	[B] Total Pro Forma Adjustments	[C] Test Year Rejoinder Results	[D] Proposed Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Sewer Revenues	$ 1,052,210	$ -	$ 1,052,210	$ 445,700	$ 1,497,910
3	Other Revenues	3,629	-	3,629	-	3,629
4		$ 1,055,839	$ -	$ 1,055,839	$ 445,700	$ 1,501,539
5						
6	**Operating Expenses**					
7	Labor	$ 268,572	$ (337)	$ 267,164	$ -	$ 267,164
8	Purchased Water	(0)	-	(0)	-	(0)
9	Fuel & Power	46,241	-	46,241	-	46,241
10	Chemicals	12,000	-	12,000	-	12,000
11	Waste Disposal	34,306	-	34,306	-	34,306
12	Intercompany Support Services	161	-	161	-	161
13	Corporate Allocation	58,694	-	54,476	-	54,476
14	Outside Services	34,425	(560)	33,865	-	33,865
15	Group Insurance	53,082	(148)	52,934	-	52,934
16	Pensions	725	-	725	-	725
17	Regulatory Expense	11,993	-	11,993	-	11,993
18	Insurance Other Than Group	14,658	-	14,658	-	14,658
19	Customer Accounting	53,827	-	54,723	2,733	57,455
20	Rents	8,199	-	8,199	-	8,199
21	General Office Expense	20,902	(83)	20,403	-	20,403
22	Miscellaneous	84	-	(2)	-	(2)
23	Maintenance Expense	51,102	(1)	51,101	-	51,101
24	Depreciation & Amortization	257,946	-	257,411	-	257,411
25	General Taxes-Property	53,660	-	53,660	7,475	61,135
26	General Taxes-Other	12,392	-	12,392	-	12,392
27	Income Taxes	(27,928)	428	(25,786)	165,313	139,527
28						
29	**Total Operating Expenses**	$ 965,040	$ (700)	$ 960,623	$ 175,520	$ 1,136,143
30	**Utility Operating Income**	$ 90,799	$ 700	$ 95,217	$ 270,180	$ 365,396
31	**Other Income & Deductions**					
32	Other Income & Deductions	$ -	$ -	$ -	$ -	$ -
33	Interest Expense	135,810	-	137,360	-	137,360
34	Other Expense	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-
36	**Total Other Income & Deductions**	$ (135,810)	$ -	$ (137,360)	$ -	$ (137,360)
37	**Net Profit (Loss)**	$ (45,011)	$ 700	$ (42,143)	$ 270,180	$ 228,037
38						
39						
40						
41						
42						
43						
44	Supporting Schedules:					Recap Schedules:
45	E-2 Revised					A-1 Rejoinder
46	C-2 Rejoinder					
47						
48						
49						
50	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls					

Mohave Wastewater
Test Year Ended June 30, 2013
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Adjusted Rebuttal Results	[B] ADJ SM-1RJ Property Tax (Page 2)	[C] ADJ SM-2RJ Federal and State Income Tax (Page 3)	[D] ADJ SM-3RJ Interest Synchronization (Page 4)	[E] ADJ SM-4RJ Remove Acquisition Costs (Page 5)	[F] Total Pro Forma Adjustments	[G] Test Year Adjusted Rejoinder Results	[H] Proposed Rate Increase	[I] Adjusted with Rate Increase
					COMPANY REJOINDER					
1	**Revenues**									
2	Sewer Revenues	$ 1,052,210					$ -	$ 1,052,210	$ 445,700	$ 1,497,910
3	Other Revenues	3,629					-	3,629		3,629
4		$ 1,055,839	$ -	$ -	$ -	$ -	$ -	$ 1,055,839	$ 445,700	$ 1,501,539
5										
6	**Operating Expenses**									
7	Labor	$ 267,501				$ (337)	$ (337)	$ 267,164		$ 267,164
8	Purchased Water	(0)					-	(0)		(0)
9	Fuel & Power	46,241					-	46,241		46,241
10	Chemicals	12,000					-	12,000		12,000
11	Waste Disposal & Other Utilities	34,306					-	34,306		34,306
12	Intercompany Support Services	161					-	161		161
13	Corporate Allocation	54,476					-	54,476		54,476
14	Outside Services	34,425				(560)	(560)	33,865		33,865
15	Group Insurance	53,082				(148)	(148)	52,934		52,934
16	Pensions	725					-	725		725
17	Regulatory Expense	11,993					-	11,993		11,993
18	Insurance Other Than Group	14,658					-	14,658		14,658
19	Customer Accounting	54,723					-	54,723	2,733	57,455
20	Rents	8,199					-	8,199		8,199
21	General Office Expense	20,485				(83)	(83)	20,403		20,403
22	Miscellaneous	(2)					-	(2)		(2)
23	Maintenance Expense	51,102				(1)	(1)	51,101		51,101
24	Depreciation & Amortization	257,411					-	257,411		257,411
25	General Taxes-Property	53,660	-				-	53,660	7,475	61,135
26	General Taxes-Other	12,392					-	12,392		12,392
27	Income Taxes	(26,214)		$ 428			428	(25,785)	165,313	139,528
28										
29	***Total Operating Expenses***	$ 961,322	$ -	$ 428	$ -	$ (1,128)	$ (700)	$ 960,623	$ 175,520	$ 1,136,143
30	**Utility Operating Income**	$ 94,517	$ -	$ (428)	$ -	$ 1,128	$ 700	$ 95,217	$ 270,180	$ 365,396
31	**Other Income & Deductions**									
32	Other Income & Deductions	$ -					$ -	$ -		$ -
33	Interest Expense	137,360			(1)		(1)	137,359		137,359
34	Other Expense	-					-	-		-
35	Gain/Loss Sale of Fixed Assets	-						-		-
36	**Total Other Income & Deductions**	$ (137,360)	$ -	$ -	$ 1	$ -	$ 1	$ (137,359)	$ -	$ (137,359)
37	**Net Profit (Loss)**	$ (42,843)	$ -	$ (428)	$ 1	$ 1,128	$ 700	$ (42,142)	$ 270,180	$ 228,037
38										
39										
40	Supporting Schedules:									
41	E-6									
42	Workpapers & Supporting Documents:									
43	\2013 Mohave Wastewater Sch. A-F F									

Recap Schedules:
C-1 Rejoinder

Mohave Wastewater
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM- 1RJ

Exhibit
Schedule C-2 Rejoinder
Page 2
Witness: Murrey

Line No.		[A] Property Tax Expense	[B] Property Tax Expense For Conversion Factor
1			
2	Adjust Property Taxes to Reflect Proposed Revenues:		
3			
4	Adjusted Revenues in Year Ended June 2013	$ 1,055,839	$ 1,055,839
5	Adjusted Revenues in Year Ended June 2013	1,055,839	1,055,839
6	Proposed Revenues	1,055,839	1,501,539
7	Average of Three Year's of Revenue	$ 1,055,839	$ 1,204,406
8	Average of Three Year's of Revenue, times 2	$2,111,679	$2,408,812
9	Add:		
10	Construction Work in Progress at 10%	21,457	21,457
11	Deduct:		
12	Net Book Value of Transportation Equipment	$ -	$ -
13			
14	Full Cash Value	$ 2,133,136	$ 2,430,269
15	Assessment Ratio (For 2015 per HB 2001 Sec 42-15001)	18.5%	18.5%
16	Assessed Value	$ 394,630	$ 449,600
17	Property Tax Rate	13.60%	13.60%
18			
19	Property Tax	53,660	61,135
20	Tax on Parcels	-	-
21			
22	Adjusted Test Year Property Taxes at Present Rates (Line 19+Line 20, Col [A])	$ 53,660	
23	AdjustedTest Year Property Taxes, Rebuttal	53,660	
24	Rejoinder Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder)	$ -	
25			
26	Adjusted Test Year Property Taxes at Proposed Rates (Line 19+Line 20, Col [B])		$ 61,135
27	Adjusted Test Year Property Taxes at Present Rates (Line 22, Col [A])		53,660
28	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)		$ 7,475
29			
30			
31			
32	CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 REJOINDER):		
33			
34	Increase in Property Tax Due to Increase in Revenue Requirement (Line 28)		$ 7,475
35			
36	Increase in Revenue Requirement (From Sch. A1 Rejoinder)		$ 445,700
37			
38	Increase in Property Tax Per Dollar Increase in Revenue (Line 34/Line 36)		1.68%
39			
40			
41			
42			
43			
44			
45			
46			
47			
48	Workpapers & Schedules		
49			
50	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls		

Mohave Wastewater
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-2RJ

Exhibit
Schedule C-2 Rejoinder
Page 3
Witness: Murrey

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase
1				
2	Calculation of Income Taxes at Proposed Rates			
3				
4				
5	Operating Income Before Inc. Taxes		$ 69,431	$ 504,924
6	Interest Expense		137,359	137,359
7	Arizona Taxable Income		$ (67,928)	$ 367,565
8				
9	Less Arizona Income Tax		$ (4,076)	$ 22,054
10	Arizona Income Tax Rate =	6.000%		
11				
12	Federal Income Before Taxes		$ (67,928)	$ 367,565
13	Less Arizona Income Taxes		(4,076)	22,054
14	Federal Taxable Income		$ (63,852)	$ 345,511
15				
16	FEDERAL INCOME TAXES:			
17				
18				
19				
20				
21				
22				
23	Federal Income Taxes	34.000%	$ (21,710)	$ 117,474
24				
25				
26	Total Income Tax		$ (25,785)	$ 139,528
27				
28	Tax Rate		37.96%	37.96%
29				
30	Effective Income Tax Rates			
31	State		6.000%	6.000%
32	Federal		31.96%	31.96%
33				
34				
35	Adjusted Test Year Income Taxes		$ (26,214)	
36	Increase in Income Taxes, Rejoinder		$ 428	
37				
38	Rejoinder Adjustment to Revenues and/or Expense		$ 428	
39				
40	Test Year Income Taxes, Rebuttal			$ (25,785)
41	Increase in Income Taxes			165,313
42				
43	Rejoinder Adjustment to Revenue and/or Expense			$ 165,313
44				
45				
46				
47				
48	Workpapers & Supporting Documents:			
49				
50	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls			

Mohave Wastewater
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-3RJ

Exhibit
Schedule C-2 Rejoinder
Page 4
Witness: Murrey

Line No.			
1	Interest Synchronization with Rate Base		
2			
3	Original Cost Rate Base (Sch. B-1 Rejoinder, Ln. 28)		$ 5,365,586
4	Weighted Cost of Debt from Schedule D-1 Rejoinder		2.56%
5	Synchronized Interest Expense		$ 137,359
6			
7	Test Year Interest Expense	$ 137,360	
8			
9	Adjusted Test Year Interest Expense		$ 137,360
10			
11	Increase/(Decrease) in Interest Expense		$ (1)
12			
13	Rejoinder Adjustment to Revenue and/or Expense		$ (1)
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
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41			
42			
43			
44			
45			
46			
47			
48	Workpapers & Supporting Documents:		
49			
50	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls		

Mohave Wastewater
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-4RJ

Exhibit
Schedule C-2 Rejoinder
Page 5
Witness: Murrey

Line No.

1 **Remove Acquisition Costs**

2 The Company is removing charges related to acquisition costs as identified in DR RUCO 30.10 (d).

District Four Factor = 0.01336

Line No.	Category	Account		Acquisition Costs	District Allocation
8	Labor	5223	Salary-Inter Dept. Operating	$ 25,216	$ 337
9	Outside Services	5227	Consulting Engineering	10,365	138
10	Outside Services	5681	Legal Fees	16,526	221
11	Outside Services	5250	Contractors and Consultants	15,011	200
12	Group Insurance	5233	Salary Transfers - Burdens	11,095	148
13	General Office Expense	5630	Parking	78	1
14	General Office Expense	5631	Vehicle Allowance	497	7
15	General Office Expense	5650	Airfare	3,360	45
16	General Office Expense	5651	Accommodation, Other Trav	1,469	20
17	General Office Expense	5652	Meals/Entertainment	781	10
18	Maintenance Expense	5633	Vehicle Fuel	62	1
19				$ 84,461	$ 1,128

22 Rejoinder Adjustment to Revenue/Expense $ (1,128)

48 Workpapers & Supporting Documents:

50 \2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls

Mohave Wastewater
Test Year Ended June 30, 2013
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3 Rejoinder
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.96%
2						
3	State Income Taxes					6.00%
4				Combined	37.96%	
5	Property Taxes	Effective Rate =	1.68%	One Minus Combined	62.04%	1.04%
6						
7	Bad Debt Expense	Effective Rate =	0.61%	One Minus Combined	62.04%	0.38%
8						
9	Total Tax Percentage					39.38%
10						
11	Operating Income % = 100% - Tax Percentage					60.62%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16						
17						
18	Operating Income %					1.6496
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
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38						
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40						
41						
42						
43	Supporting Schedules:				Recap Schedules:	
44					A-1 Rejoinder	
45						
46						
47						
48						
49						
50	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls					

Mohave Wastewater
Test Year Ended June 30, 2013
Summary of Cost of Capital
Total Company - EPCOR Water Arizona

Exhibit
Schedule D-1 Rejoinder
Page 1
Witness: Hubbard

Line No.	Item of Capital	End of Test Year Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	End of Projected Year Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 231,000,000	58.47%	4.29%	2.51%	$ 231,000,000	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 8,560,000	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 155,533,624	39.37%	10.55%	4.15%	$ 155,533,624	40.24%	10.55%	4.25%
6									
7	Totals	$ 395,093,624	100.00%		6.67%	$ 386,533,624	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls								

Mohave Wastewater
Test Year Ended June 30, 2013
Summary of Cost of Capital
Total Company - EPCOR Water Arizona

Exhibit
Schedule D-1 Rejoinder
Page 1
Witness: Hubbard

Line No.	Item of Capital	End of Test Year Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	End of Projected Year Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 231,000,000	58.47%	4.29%	2.51%	$ 231,000,000	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 8,560,000	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 155,533,624	39.37%	10.55%	4.15%	$ 155,533,624	40.24%	10.55%	4.25%
6									
7	Totals	$ 395,093,624	100.00%		6.67%	$ 386,533,624	100.00%		6.81%
8									
9									
10									
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19									
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22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls								

Mohave Wastewater
Test Year Ended June 30, 2013
Summary of Cost of Capital
Total Company - EPCOR Water Arizona
District Level - Mohave WasteWater - Proposed

Exhibit
Schedule D-1 Rejoinder
Page 2
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 3,137,105	58.47%	4.29%	2.51%	$ 3,206,578	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 116,249	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 2,112,231	39.37%	10.55%	4.15%	$ 2,159,007	40.24%	10.55%	4.25%
6									
7	Totals	$ 5,365,586	100.00%		6.67%	$ 5,365,586	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
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22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls								

Mohave Wastewater
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - Mohave Wastewater - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 1
Witness: Hubbard

At Parent Level

Line No.		End of Test Year Amount Outstanding	End of Test Year Annual Cost	End of Test Year Interest Rate	End of Projected Year Amount Outstanding	End of Projected Year Annual Cost	End of Projected Year Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	133,000,000	5,004,790	3.77%	133,000,000	5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	S-T Debt from EPCOR Utilities, Inc	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls						

Mohave Wastewater
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - Mohave Wastewater - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 2
Witness: Hubbard

Line No.		End of Test Year			End of Projected Year		
		Amount Outstanding	Annual Cost	Interest Rate	Amount Outstanding	Annual Cost	Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	$ 133,000,000	$ 5,004,790	3.77%	$ 133,000,000	$ 5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	Intercompany Payable	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Mohave Wastewater Sch. A-F Rejoinder (Oct2014 Direct).xls						

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial	Other Public Auth.
1	Sewer Revenues	$ 1,007,825	$ 974,526	$ 24,477	$ 8,822
2	Effluent Revenues	44,578	43,547	637	394
3	Revenue Annualizations	-	-	-	-
4					
5	Misc. Revenues[1]	3,629	3,602	25	3
6	Reconciliation H-1 to C-1[1]	(193)	(192)	(1)	(0)
7	Total Revenues	$ 1,055,840	$ 1,021,484	$ 25,137	$ 9,218
8					
9	Operating Expenses[2]	$ 675,338	$ 667,911	$ 4,427	$ 3,000
10	Depreciation and				
11	Amortization[2]	257,411	253,929	1,779	1,703
12	Property Tax[3]	53,660	51,914	1,278	468
13	Income Tax[4]	(25,785)	(33,330)	6,340	1,204
14	Total Operating Expenses	$ 960,623	$ 940,425	$ 13,823	$ 6,375
15	Operating Income	$ 95,217	$ 81,059	$ 11,314	$ 2,844
16	Interest Expense[5]	137,359	135,531	951	876
17	Net Income	$ (42,142)	$ (54,472)	$ 10,362	$ 1,968
18	Rate Base[6]	$ 5,365,586	$ 5,294,198	$ 37,165	$ 34,223
19	Return on Rate Base[7]	1.77%	1.53%	30.44%	8.31%
20					
21	**Percent of Total Customers**		99.24%	0.69%	0.07%
22					
23					
24					
25					
26					
27					

28 [1] Allocated based on customer counts.
29 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
30 [3] Property Taxes allocation based on Revenues.
31 [4] Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.
32 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
33 [6] Rate Base computations are shown on Schedule G-3, Page 1
34 [7] Operating Income Divided by Rate Base
35
36

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Proposed Rates by Class

Rejoinder Schedule G-2
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial	Other Public Auth.
1	Sewer Revenues	$ 1,453,283	$ 1,405,267	$ 35,295	$ 12,721
2	Effluent Revenues	44,578	44,240	308	31
3	Revenue Annualizations	-	-	-	-
4					
5	Misc. Revenues[1]	3,629	3,602	25	3
6	Reconciliation H-1 to C-1[1]	48	48	0	0
7	Total Revenues	$ 1,501,539	$ 1,453,156	$ 35,629	$ 12,754
8					
9	Operating Expenses[2]	$ 678,070	$ 670,623	$ 4,446	$ 3,002
10	Depreciation and				
11	Amortization[2]	257,411	253,929	1,779	1,703
12	Property Tax[3]	61,135	59,165	1,451	519
13	Income Tax[4]	139,528	126,751	10,250	2,526
14	Total Operating Expenses	$ 1,136,143	$ 1,110,468	$ 17,925	$ 7,750
15	Operating Income	$ 365,396	$ 342,688	$ 17,704	$ 5,005
16	Interest Expense[5]	137,359	135,531	951	876
17	Net Income	$ 228,037	$ 207,156	$ 16,752	$ 4,129
18	Rate Base[6]	$ 5,365,586	$ 5,294,198	$ 37,165	$ 34,223
19	Return on Rate Base[7]	6.81%	6.47%	47.64%	14.62%
20					
21	**Percent of Total Customers**		99.24%	0.69%	0.07%
22					
23					
24					
25					
26					
27					
28					
29					

30 [1] Allocated based on customer counts.
31 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
32 [3] Property Taxes allocation based on Revenues
33 [4] Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
34 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
35 [6] Rate Base computations are shown on Schedule G-3, Page 1
36 [7] Operating Income Divided by Rate Base
37

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial	Other Public Auth.
1					
2		Totals	Residential	Commercial	Other Public Auth.
3					
4	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Schedule G-5, Page 1)				
5	Commodity	$ 2,057,690	$ 2,010,100	$ 29,394	$ 18,196
6	Demand	2,749,191	2,729,640	3,910	15,640
7	Customer	558,704	554,457	3,861	386
8	Service	-	-	-	-
9	Meter	-	-	-	-
10	Total	$ 5,365,585	$ 5,294,198	$ 37,165	$ 34,223
11					
12					
13					
14	**Summary**				
15	Net Rate Base	$ 5,365,585	$ 5,294,198	$ 37,165	$ 34,223
16	% of Net Rate Base	100.00%	98.67%	0.69%	0.64%
17					
18					
19					
20					

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Present Rates

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.		Adjusted Per C-1	Residential	Commercial	Other Public Auth.	Totals
	Operation and Maintenance Expense (from Schedule G-6, Page 1)					
1	Commodity	$ 155,657	$ 152,057	$ 2,224	$ 1,376	$ 155,657
2	Demand	252,903	251,104	360	1,439	252,903
3	Customer	266,778	264,750	1,844	184	266,778
4	Service	-	-	-	-	-
5	Meter	-	-	-	-	-
6	Totals	$ 675,338	$ 667,911	$ 4,427	$ 3,000	$ 675,338
7						
8	Depreciaton Expense on Plant (from Schedule G-6, Page 2)					
9	Commodity	102,552	$ 100,180	$ 1,465	$ 907	$ 102,552
10	Demand	137,816	136,836	196	784	137,816
11	Customer	17,043	16,913	118	12	17,043
12	Service	-	-	-	-	-
13	Meter	-	-	-	-	-
14	Totals	$ 257,411	$ 253,929	$ 1,779	$ 1,703	$ 257,411
15						
16	Operation and Maintenance Expense and Depreciation Expense					
17	Commodity	$ 258,209	$ 252,237	$ 3,688	$ 2,283	$ 258,209
18	Demand	390,718	387,940	556	2,223	390,718
19	Customer	283,821	281,663	1,961	196	283,821
20	Service	-	-	-	-	-
21	Meter	-	-	-	-	-
22	Total	$ 932,748	$ 921,840	$ 6,206	$ 4,702	$ 932,748
23						
24	Total Expenses (excluding Income Tax and					
25	Property Taxes)	$ 932,748	$ 921,840	$ 6,206	$ 4,702	$ 932,748
26						
27	Property Taxes, Allocated on Schedules G-1 & G-2	$ 53,660				
28	Income Tax, Allocated on Schedules G-1 & G-2	(25,785)				
29	Total Expenses	**$ 960,623**				
30						

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Proposed Rates

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		At Proposed C-1	Residential	Commercial	Other Public Auth.	Totals
1						
2	Operation and Maintenance Expense (from Schedule G-6, Page 1)					
3	Commodity	$ 155,657	$ 152,057	$ 2,224	$ 1,376	$ 155,657
4	Demand	252,903	251,104	360	1,439	252,903
5	Customer	269,511	267,462	1,862	186	269,511
6	Service	-	-	-	-	-
7	Meter	-	-	-	-	-
8	Totals	$ 678,070	$ 670,623	$ 4,446	$ 3,002	$ 678,070
9						
10	Depreciaton Expense on Plant (from Schedule G-6, Page 3.2)					
11	Commodity	$ 102,552	$ 100,180	$ 1,465	$ 907	$ 102,552
12	Demand	137,816	136,836	196	784	137,816
13	Customer	17,043	16,913	118	12	17,043
14	Service	-	-	-	-	-
15	Meter	-	-	-	-	-
16	Totals	$ 257,411	$ 253,929	$ 1,779	$ 1,703	$ 257,411
17						
18	Operation and Maintenance Expense and Depreciation Expense					
19	Commodity	$ 258,209	$ 252,237	$ 3,688	$ 2,283	$ 258,209
20	Demand	390,718	387,940	556	2,223	390,718
21	Customer	286,553	284,375	1,980	198	286,553
22	Service	-	-	-	-	-
23	Meter	-	-	-	-	-
24	Total	$ 935,481	$ 924,552	$ 6,224	$ 4,704	$ 935,481
25						
26	Total Expenses (excluding Income Tax and					
27	Property Taxes)	$ 935,481	$ 924,552	$ 6,224	$ 4,704	$ 935,481
28						
29	Property Taxes, Allocated on Schedules G-1 & G-2	$ 61,135				
30	Income Tax, Allocated on Schedules G-1 & G-2	139,528				
31	Total Expenses	**$ 1,136,143**				
32						
33						
34						

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted Per B-2	Demand	Commodity	Customer
1					
2	**Rate Base**				
3	Plant minus (Accumulated Depreciation	$ 5,365,585	$ 2,749,191	$ 2,057,690	$ 558,704
4	Contributions in Aid of Construction				
5	Advances in Aid of Construction,				
6	Meter Deposits and Deferred Income Tax)				
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					

Mohave Wastewater District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer
1	**Intangible**								
2	351000	Organization	$ -	$ -	$ -	F-1	-	-	-
3	352000	Franchise	364	-	364	F-1	207	156	-
4	353000	Land	-	-	-	F-1	-	-	-
5	**Subtotal Intangible**		364		364		207	156	-
6									
7	**Collection Plant**								
8	353200	Land and Land Rights - Collection	$ -	$ -	$ -	F-1	$ -	$ -	$ -
9	354200	Structures and Improvements - Collection	196,581	7,259	189,323	F-1	107,914	81,409	-
10	360000	Collection Sewer Forced	5,385	(15,840)	21,224	F-1	12,098	9,127	-
11	361100	Collection Sewers Gravity	2,721,870	401,695	2,320,175	F-1	1,322,500	997,675	-
12	362000	Special Collecting Structures	138,063	18,829	119,234	F-1	67,963	51,271	-
13	363000	Customer Services	530,251	59,874	470,377	F-3	-	-	470,377
14	364000	Flow Measuring Devices	218,748	52,164	166,584	F-1	94,953	71,631	-
15	**Subtotal Collection Plant**		$ 3,810,898	$ 523,980	$ 3,286,918		$ 1,605,428	$ 1,211,112	$ 470,377
16									
17	**System Pumping Plant**								
18	355300	WW Power Generation Equipment Pumpin	-	-	-	F-1	-	-	-
19	370000	Receiving Wells	-	-	-	F-1	-	-	-
20	371100	WW Pumping Equipment Electric	82,445	51,888	30,557	F-1	17,417	13,139	-
21	371200	Manholes	-	-	-	F-1	-	-	-
22	**Subtotal System Plumping Plant**		$ 82,445	$ 51,888	$ 30,557		$ 17,417	$ 13,139	$ -
23									
24	**Reclaimed Water Distrbution Plant**								
25	366000	Reuse Services	$ -	$ -	$ -	F-1	$ -	$ -	$ -
26	367000	Reuse Meters And Installation	-	-	-	F-1	-	-	-
27	370000	Receiving Wells	-	-	-	F-1	-	-	-
28	374000	Reuse Distribution Reservoirs	-	-	-	F-1	-	-	-
29	375000	Reuse Trans. and Dist. System	-	-	-	F-1	-	-	-
30	**Subtotal Recalimed Water Dist Plant**		$ -	$ -	$ -		$ -	$ -	$ -
31									
32	**Treatment & Disposal Plant**								
33	354400	WW Structures & Improvements Treatment	$ 1,047,352	$ 153,109	$ 894,244	F-1	$ 509,719	$ 384,525	$ -
34	355400	WW Power Generation Equipment Treatme	142,907	(14,910)	157,817	F-1	89,956	67,861	-
35	380000	WW Treatment and Disposal Equipment	1,013,753	41,021	972,732	F-1	554,457	418,275	-
36	380050	WW TD Equipment Grit Removal	135,165	29,400	105,765	F-1	60,286	45,479	-
37	380100	WW TD Equipment Sed Tanks/Acc	336,115	(371,356)	707,471	F-1	403,258	304,212	-
38	380300	WW TD Equipment Sldge Dry/Filt	39,113	6,258	32,854	F-1	18,727	14,127	-
39	380500	WW TD Equipment Chemical Treatment Pl	232,909	50,934	181,976	F-1	103,726	78,250	-
40	380600	WW TD Equipment Other Disp	28,914	(1,235)	30,149	F-1	17,185	12,964	-
41	380625	WW TD Equipment Gen Treatment	1,818,565	168,530	1,650,035	F-1	940,520	709,515	-
42	380650	WW TD Equipment Influent Lift Station	-	-	-	F-1	-	-	-
43	381000	Plant Sewers	-	-	-	F-1	-	-	-
44	382000	Outfall Sewer Lines	-	-	-	F-2	-	-	-

Mohave Wastewater District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer
1	389100	WW Oth Plt & Misc Equip Intang	-	-	-	F-3	-	-	-
2	389600	WW Other P/E - CPS	3,549	59	3,490	F-4	873	-	2,618
3	**Subtotal Transmission and Distribution Plant**		$ 4,798,344	$ 61,810	$ 4,736,534		$ 2,698,707	$ 2,035,209	$ 2,618
4									
5	**General Plant**								
6	354500	WW Structures & Improvements General	$ -	$ -	$ -	F-1	$ -	$ -	$ -
7	335000	Hydrants	-	-	-	F-1	-	-	-
8	390000	Office Furniture & Equipment	-	-	-	F-4	-	-	-
9	390200	Computers and Software	10,496	1,961	8,535	F-4	2,134	-	6,401
10	391000	Transportation Equipment	-	-	-	F-4	-	-	-
11	392000	Stores Equipment	-	-	-	F-4	-	-	-
12	393000	Tools, Shop And Garage Equip	71,567	23,374	48,193	F-4	12,048	-	36,145
13	394000	Laboratory Equip	14,336	994	13,342	F-1	7,605	5,737	-
14	395000	Power Operated Equipment	16,703	3,916	12,787	F-4	3,197	-	9,590
15	396000	Communication Equip	26,322	22,930	3,391	F-4	848	-	2,544
16	397000	Miscellaneous Equipment	-	(9,824)	9,824	F-4	2,456	-	7,368
17	398000	Other Tangible Plant	-	-	-	F-4	-	-	-
18	**Subtotal General Plant**		$ 139,424	$ 43,351	$ 96,073		$ 28,288	$ 5,737	$ 62,048
19	**Total Direct Plant**		$ 8,831,474	$ 681,029	$ 8,150,445		$ 4,350,048	$ 3,265,354	$ 535,043
20									
21	**Allocated General Plant**								
22	399000	Allocated Corporate General Plant	34,952	11,286	23,666	F-3	-	-	23,666
23	399000	Reconcilation to PIS Balance	-	1,145	(1,145)	F-1	(653)	(492)	-
24	**Test Year Ended June 30, 2013**		$ 34,952	$ 12,431	$ 22,521		$ (653)	$ (492)	$ 23,666
25	Total Plant		$ 8,866,427	$ 693,460	$ 8,172,966		$ 4,349,395	$ 3,264,862	$ 558,710
26									
27	Contributions in Aid of Construction		(1,242,321)	307,248	(935,072)	F-1	(532,991)	(402,081)	-
28	Advances in Aid of Construction		(1,916,421)		(1,916,421)	F-1	(1,092,360)	(824,061)	-
29	Meter Deposits		(5)		(5)	F-3	-	-	(5)
30	Deferred Income Tax		(62,236)		(62,236)	F-1	(35,475)	(26,762)	-
31	Working Capital		16,831		16,831	F-1	9,594	7,237	-
32	Deferred Reg Assets/Liabilities		89,523		89,523	F-1	51,028	38,495	-
33									
34	Rounding				1				
35	Totals		$ 5,751,798	$ 1,000,709	$ 5,365,586		$ 2,749,191	$ 2,057,690	$ 558,704
36	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 5,365,586		$ 2,749,191	$ 2,057,690	$ 558,704
37	Fair Value Rate Base								
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Present Rates

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description	Adjusted per C-1	Demand	Commodity	Customer		
1	Labor	$ 267,164	$ 106,866	$ 53,433	$ 106,866		
2	Purchased Water	(0)	-	(0)	-		
3	Fuel & Power	46,241	-	46,241	-		
4	Chemicals	12,000	-	12,000	-		
5	Waste Disposal & Other Utilities	34,306	34,306	-	-		
6	Intercompany Support Services	161	64	32	64		
7	Corporate Allocation	54,476	21,791	10,895	21,791		
8	Outside Services	33,865	27,092	6,773	-		
9	Group Insurance	52,934	21,174	10,587	21,174		
10	Pensions	725	290	145	290		
11	Regulatory Expense	11,993	4,797	2,399	4,797		
12	Insurance Other Than Group	14,658	5,863	2,932	5,863		
13	Customer Accounting	54,723	-	-	54,723		
14	Rents	8,199	-	-	8,199		
15	General Office Expense	20,403	-	-	20,403		
16	Miscellaneous	(2)	-	-	(2)		
17	Maintenance Expense	51,101	30,661	10,220	10,220		
18	Depreciation & Amortization[1]	257,411	137,816	102,552	17,043		
19	General Taxes-Other	12,392	-	-	12,392		
20							
21							
22	Property Taxes, Allocated on Schedules G-1 & G-2						
23	Income Tax, Allocated on Schedules G-1 & G-2						
24							
25	Total	$ 932,748	$ 390,718	$ 258,209	$ 283,821	$ -	$ -
26							
27	**By Class[2]**						
28	Residential						
29	Commercial						
30	Irrigation						
31	Hydrant						
32	Totals						
33							
34	See Schedule G-7, page 2.2 for allocation factors.						
35	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 and 3.2						
36	[2] See Schedule G-5, page 1 for allocations by class.						
37							
38							

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Proposed Rates

Exhibit
Rejoinder Schedule G-6
Page 2
Witness: Bourassa

Line No.	Description	At Proposed Per C-1	Demand	Commodity	Customer		
1	Labor	$ 267,164	$ 106,866	$ 53,433	$ 106,866		
2	Purchased Water	(0)	-	(0)	-		
3	Fuel & Power	46,241	-	46,241	-		
4	Chemicals	12,000	-	12,000	-		
5	Waste Disposal & Other Utilities	34,306	34,306	-	-		
6	Intercompany Support Services	161	64	32	64		
7	Corporate Allocation	54,476	21,791	10,895	21,791		
8	Outside Services	33,865	27,092	6,773	-		
9	Group Insurance	52,934	21,174	10,587	21,174		
10	Pensions	725	290	145	290		
11	Regulatory Expense	11,993	4,797	2,399	4,797		
12	Insurance Other Than Group	14,658	5,863	2,932	5,863		
13	Customer Accounting	57,455	-	-	57,455		
14	Rents	8,199	-	-	8,199		
15	General Office Expense	20,403	-	-	20,403		
16	Miscellaneous	(2)	-	-	(2)		
17	Maintenance Expense	51,101	30,661	10,220	10,220		
18	Depreciation & Amortization[1]	257,411	137,816	102,552	17,043		
19	General Taxes-Other	12,392	-	-	12,392		
20							
21							
22	Property Taxes, Allocated on Schedules G-1 & G-2						
23	Income Tax, Allocated on Schedules G-1 & G-2						
24							
25	Total	$ 935,481	$ 390,718	$ 258,209	$ 286,553	$ -	$ -
26							
27	**By Class[2]**						
28	Residential						
29	Commercial						
30	Irrigation						
31	Hydrant						
32	Totals						
33							
34	See Schedule G-7, page 2.2 for allocation factors.						
35	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 and 3.2						
36	[2] See Schedule G-4, page 2 for allocations by class.						
37							
38							

Mohave Wastewater District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer
1	**Intangible**								
2	351000	Organization	$ -	0.000%	$ -	F-1	$ -	$ -	$ -
3	352000	Franchise	364	0.000%	-	F-1	-	-	-
4	353000	Land	-	0.000%	-	F-1	-	-	-
5	**Subtotal Intangible**		$ 364		$ -		$ -	$ -	$ -
6									
7	**Collection Plant**								
8	353200	Land and Land Rights - Collection	$ -	0.000%	$ -	F-1	$ -	$ -	$ -
9	354200	Structures and Improvements - Collection	196,581	3.333%	6,553	F-1	3,735	2,818	-
10	360000	Collection Sewer Forced	5,385	1.429%	77	F-1	44	33	-
11	361100	Collection Sewers Gravity	2,721,870	1.429%	38,884	F-1	22,164	16,720	-
12	362000	Special Collecting Structures	138,063	3.333%	4,602	F-1	2,623	1,979	-
13	363000	Customer Services	530,251	2.000%	10,605	F-3	-	-	10,605
14	364000	Flow Measuring Devices	218,748	6.667%	14,583	F-1	8,312	6,271	-
15	**Subtotal Collection Plant**		$ 3,810,898		$ 75,304	$ -	$ 36,878	$ 27,820	$ 10,605
16									
17	**System Pumping Plant**								
18	355300	WW Power Generation Equipment Pumping	-	0.000%	-	F-1	-	-	-
19	370000	Receiving Wells	-	0.000%	-	F-1	-	-	-
20	371100	WW Pumping Equipment Electric	82,445	5.000%	4,122	F-1	2,350	1,773	-
21	371200	Manholes	-	0.000%	-	F-1	-	-	-
22	**Subtotal System Plumping Plant**		$ 82,445		$ 4,122		$ 2,350	$ 1,773	$ -
23									
24	**Reclaimed Water Distrbution Plant**								
25	366000	Reuse Services	$ -	0.000%	$ -	F-1	$ -	$ -	$ -
26	367000	Reuse Meters And Installation	-	0.000%	-	F-1	-	-	-
27	370000	Receiving Wells	-	0.000%	-	F-1	-	-	-
28	374000	Reuse Distribution Reservoirs	-	0.000%	-	F-1	-	-	-
29	375000	Reuse Trans. and Dist. System	-	0.000%	-	F-1	-	-	-
30	**Subtotal Recalimed Water Dist Plant**		$ -		$ -		$ -	$ -	$ -
31									
32	**Treatment & Disposal Plant**								
33	354400	WW Structures & Improvements Treatment	$ 1,047,352	2.000%	$ 20,947	F-1	$ 11,940	$ 9,007	$ -
34	355400	WW Power Generation Equipment Treatment	142,907	3.333%	4,764	F-1	2,715	2,048	-
35	380000	WW Treatment and Disposal Equipment	1,013,753	5.000%	50,688	F-1	28,892	21,796	-
36	380050	WW TD Equipment Grit Removal	135,165	5.000%	6,758	F-1	3,852	2,906	-
37	380100	WW TD Equipment Sed Tanks/Acc	336,115	5.000%	16,806	F-1	9,579	7,226	-
38	380300	WW TD Equipment Sldge Dry/Filt	39,113	5.000%	1,956	F-1	1,115	841	-
39	380500	WW TD Equipment Chemical Treatment Plant	232,909	5.000%	11,645	F-1	6,638	5,008	-
40	380600	WW TD Equipment Other Disp	28,914	5.000%	1,446	F-1	824	622	-
41	380625	WW TD Equipment Gen Treatment	1,818,565	5.000%	90,928	F-1	51,829	39,099	-
42	380650	WW TD Equipment Influent Lift Station	-	0.000%	-	F-1	-	-	-
43	381000	Plant Sewers	-	0.000%	-	F-1	-	-	-
44	382000	Outfall Sewer Lines	-	0.000%	-	F-2	-	-	-

Mohave Wastewater District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer
1	389100	WW Oth Plt & Misc Equip Intang	$ -	0.000%	$ -	F-3	$ -	$ -	$ -
2	389600	WW Other P/E - CPS	3,549	3.333%	118	F-4	30	-	89
3	**Subtotal Transmission and Distribution Plant**		$ 4,798,344		$ 206,056		$ 117,414	$ 88,553	$ 89
4									
5	**General Plant**								
6	354500	WW Structures & Improvements General	$ -	0.000%	$ -	F-1	$ -	$ -	$ -
7	335000	Hydrants	-	0.000%	-	F-1	-	-	-
8	390000	Office Furniture & Equipment	-	0.000%	-	F-4	-	-	-
9	390200	Computers and Software	10,496	10.000%	1,050	F-4	262	-	787
10	391000	Transportation Equipment	-	0.000%	-	F-4	-	-	-
11	392000	Stores Equipment	-	0.000%	-	F-4	-	-	-
12	393000	Tools, Shop And Garage Equip	71,567	4.000%	2,863	F-4	716	-	2,147
13	394000	Laboratory Equip	14,336	4.000%	573	F-1	327	247	-
14	395000	Power Operated Equipment	16,703	5.000%	835	F-4	209	-	626
15	396000	Communication Equip	26,322	10.000%	2,632	F-4	658	-	1,974
16	397000	Miscellaneous Equipment	-	0.000%	-	F-4	-	-	-
17	398000	Other Tangible Plant	-	0.000%	-	F-4	-	-	-
18	**Subtotal General Plant**		$ 139,424		$ 7,953		$ 2,172	$ 247	$ 5,535
19	**Total Direct Plant**		$ 8,831,474		$ 293,435		$ 158,814	$ 118,393	$ 16,228
20	**Allocated General Plant**								
21	399000	Allocated Corporate General Plant	34,952		814	F-3	-	-	814
22	399000	Reconcilation to PIS Balance	-		-	F-1	-	-	-
23	**Test Year Ended June 30, 2013**		$ 34,952		$ 814		$ -	$ -	$ 814
24	**Total Plant**		$ 8,866,427		$ 294,249		$ 158,814	$ 118,393	$ 17,043
25									
26									
27	Less:	Contributions in Aid of Construction	$ (1,242,321)	3.21%	$ (39,902)	F-1	(22,744)	(17,158)	-
28		Advances in Aid of Construction	$ (1,916,421)			F-1	-	-	-
29		Meter Deposits	(5)			F-3	-	-	-
30		Deferred Income Tax	(62,236)			F-1	-	-	-
31		Working Capital	16,831			F-1	-	-	-
32		Deferred Reg Assets/Liabilities	89,523		3,064	F-1	1,746	1,317	-
33	Total		$ 5,751,798		$ 257,411		$ 137,816	$ 102,552	$ 17,043
34									
35									
36									
37									
38									

Mohave Wastewater District
Test Year Ended June 30, 2013
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Class	Demand	Commodity	Customer
1				
2	Class	Demand	Commodity	Customer
3	Residential	0.993	0.977	0.992
4	Apartment	-	-	-
5	Commercial	0.001	0.014	0.007
6	Other Public Authority	0.006	0.009	0.001
7				
8	Total	1.000	1.000	1.000
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
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23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34	SUPPORTING SCHEDULES			
35	G-7, page 3			

Mohave Wastewater District
Test Year Ended June 30, 2013
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant-in-Service. Accumulated Depreciation and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Factor	Demand	Commodity	Customer
1				
2	Factor	Demand	Commodity	Customer
3	F-1	0.57	0.43	
4	F-2	1.00		
5	F-3			1.00
6	F-4	0.25		0.75
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	Development of F-1 Allocation Factor			
26		MG	RATIO	DEMAND FACTOR
27		(a)	(b)	(c)
28	(1) Avg day	0.000215 G-7, page 3	1.00	1.00 1/(b)
29	(2) Max day	0.000374 G-7, page 3	1.74 Max day/Avg day	0.57 1/(b)
30				
31				

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.2
Witness: Bourassa

Line No.	Expense Type	Demand	Commodity	Customer
1				
2	Labor	0.40	0.20	0.40
3	Purchased Water	-	1.00	-
4	Fuel & Power	-	1.00	-
5	Chemicals	-	1.00	-
6	Waste Disposal & Other Utilities	1.00	-	-
7	Intercompany Support Services	0.40	0.20	0.40
8	Corporate Allocation	0.40	0.20	0.40
9	Outside Services	0.80	0.20	-
10	Group Insurance	0.40	0.20	0.40
11	Pensions	0.40	0.20	0.40
12	Regulatory Expense	0.40	0.20	0.40
13	Insurance Other Than Group	0.40	0.20	0.40
14	Customer Accounting	-	-	1.00
15	Rents	-	-	1.00
16	General Office Expense	-	-	1.00
17	Miscellaneous	-	-	1.00
18	Maintenance Expense	0.60	0.20	0.20
19	Depreciation & Amortization		See Schedule G-7, page 2.1	
20	General Taxes-Other	-	-	1.00
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				

Mohave Wastewater District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3
Witness: Bourassa

COMMODITY ALLOCATION FACTOR

	Class	(a) Total Gallons (MG) In Test Year	Percent Total
	Residential	77.5485	97.69%
	Commercial	1.1340	1.43%
	Other Public Authority	0.7020	0.88%
Totals		79.3845	100.00%

DEMAND ALLOCATION FACTOR

	Class	Average Daily Gallons (MG)	Demand Factor	Avg. Peak Day Demand (MG)	Percent of Total
	Residential	0.21246	1.75	0.37181	99.29%
	Commercial	0.00044	1.20	0.00053	0.14%
	Other Public Authority	0.00178	1.20	0.00213	0.57%
Totals		0.21468		0.37447	100.00%

CUSTOMER ALLOCATION FACTOR

	Class	Number of Customers	Percent of Total
	Residential	1,436	99.24%
	Commercial	10	0.69%
	Other Public Authority	1	0.07%
Totals		1,447	100.00%

Mohave Wastewater District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	Residential		$ 974,526	$ 1,405,267	$ 430,741	44.20%	92.30%	93.59%
2	Commercial (1 ERU)		2,036	2,936	900	44.20%	0.19%	0.20%
3	Commercial (3 ERU)		8,143	11,742	3,599	44.20%	0.77%	0.78%
4	Other Public Authority		8,822	12,721	3,899	44.20%	0.84%	0.85%
5	Large Commercial/Industrial		14,298	20,617	6,320	44.20%	1.35%	1.37%
6								
7	Effluent		44,578	44,578	-	0.00%	4.22%	2.97%
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38	Total Revenues Before Annualization		$ 1,052,403	1,497,862	$ 445,458	42.33%	99.67%	99.76%
39								
40								

Mohave Wastewater District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	Schedule
			Revenue Annualization						
5	Residential		$ -	$ -	-	0.00%	(0)	-	See Work Papers
6	Commercial (1 ERU)		-	-	-	0.00%	-	-	See Work Papers
7	Commercial (3 ERU)		-	-	-	0.00%	-	-	See Work Papers
8	Other Public Authority		-	-	-	0.00%	-	-	See Work Papers
9	Large Commercial/Industrial		-	-	-	0.00%	-	-	See Work Papers
41	Total Revenue Annualization		$ -	$ -	$ -	0.00%	(0)	-	

Mohave Wastewater District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Schedule
1	Subtotal Sewer Revenues	$ 1,052,403	$ 1,497,862	$ 445,458	42.33%	99.67%	99.76%	
2								
3								
4			-					
5	Subtotal Revenue Annualization	-	-	-	0.00%	0.00%	0.00%	
6	Total Sewer Revenues	$ 1,052,403	$ 1,497,862	$ 445,458.47	42.33%	99.67%	99.76%	
7	Misc. Revenues	$ 3,629	$ 3,629	-	0.00%	0.34%	0.24%	
8								
9	Reconciling Amount to GL	(193)	48	241	-124.87%	-0.02%	0.00%	
10	Total Sewer Revenues	$ 1,055,840	$ 1,501,539	$ 445,699	42.21%	100.00%	100.00%	
11								
12								
13								
14								
15								

Mohave Wastewater District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 6/30/2013	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	Residential	1,436	-	$ 56.55	$ 81.55	25.00	44.20%
2	Commercial (1 ERU)	3	-	$ 56.55	$ 81.55	25.00	44.20%
3	Commercial (3 ERU)	4	-	$ 169.65	$ 244.64	74.99	44.20%
4	Other Public Authority	1	-	$ 735.15	$ 1,060.09	324.94	44.20%
5	Large Commercial/Industrial	3	142,222	$ 397.16	$ 572.70	175.54	44.20%
6	Effluent	1	6,376,938	4,457.85	4,457.85	-	0.00%
7							
8	Subtotal	1,448					
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
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24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34	Total	1,448					
35							
36	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.						

Mohave Wastewater District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 6/30/2013	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	Residential	1,436	-	$ 56.55	$ 81.55	25.00	44.20%
2	Commercial (1 ERU)	3	-	$ 56.55	$ 81.55	25.00	44.20%
3	Commercial (3 ERU)	4	-	$ 169.65	$ 244.64	74.99	44.20%
4	Other Public Authority	1	-	$ 735.15	$ 1,060.09	324.94	44.20%
5	Large Commercial/Industrial	3	162,000	$ 442.25	$ 637.72	195.47	44.20%
6	Effluent	1	6,614,816	$ 4,624.14	$ 4,624.14	-	0.00%
7							
8	Subtotal	1,448					
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34	Total	1,448					
35							
36	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.						
37							

Mohave Wastewater District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Service Charge for:	Present Rates	Proposed Rates	Dollar Change
1				
2	Residential (per ERU)	$ 56.55	$ 81.55	$ 25.00
3	Commercial (per ERU)	56.55	81.55	25.00
4	Public Authority (per ERU)	56.55	81.55	25.00
5	Large Commercial	72.89	105.11	32.22
6				
7				
8				
9				

Line No.	Commodity Rates (per 1,000 gallons)	Block	Present Rate	Proposed Rate	Dollar Change
10					
11					
12	Residential (per ERU)	All gallons	$ -	$ -	$ -
13	Commercial (per ERU)	All gallons	$ -	$ -	$ -
14	Public Authority (per ERU)	All gallons	$ -	$ -	$ -
15	Large Commercial	All gallons	$ 2.2800	$ 3.29	$ 1.01
16					
17					
18	Effluent (per acre foot)		See Mohave Water	$ 227.79	
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					

Mohave Wastewater District
Changes in Representative Rate Schedules
Test Year Ended June 30, 2013

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.	Service Charges	Present Rates	Proposed Rates
1			
2			
3	Service Charges	Present Rates	Proposed Rates
4	Establishment of Service		$ 35.00
5	Regular Hours	$ 20.00	Remove
6	After Hours	$ 30.00	Remove
7	Re-establishment of Service (within 12 months)	(a)	(a)
8	Reconnection of Service (Delinquent)		$ 35.00
9	Regular Hours	$ 30.00	Remove
10	After Hours		Remove
11	NSF Check	$ 25.00	$ 25.00
12	Late Fee Charge, per month	(c)	1.50%
13	Deferred Payment, Per Month		1.50%
14	Deposit Requirements	(b)	(b)
15	Deposit Interest	(b)	(b)
16	After Hours Service Charge(d)	NT	$ 30.00
17			
18			
19			
20	(a) Months off system times minimum per ACC Rules R-14-603(D).		
21	(b) Per ACC Rules R14-2-603(B)		
22	(c) Per ACC Rules R14-2-608(F)		
23	(d) After hours service charge: After regular working hours, Saturdays, Sundays, and holidays if at the customer's		
24	request or for the customer's convenience.		
25			
26			
27			
28			
29			
30			
31	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
32	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
33	TAX. PER COMMISSION RULE 14-2-608(D).		
34			
35			
36			
37			

Mohave Wastewater District
Test Year Ended June 30, 2013
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.			
1			
2	**Non-refundable Service Line Charges**		
3			
4		Present	Proposed
5		Charge	Charge
6	Residential	Cost	Cost
7	Commercial	Cost	Cost
8	School	Cost	Cost
9	Muliple Dwelling	Cost	Cost
10	Mobile Home Park	Cost	Cost
11	Effluent	Cost	Cost
12			
13			
14	**Treatment Plant Availability Fee**		
15		Present	Proposed
16	Per New Connection	Charge	Charge
17	4 Inch	$ 785	$ 785
18	6 Inch	1,570	1,570
19	8 Inch	2,748	2,748
20			
21			
22			

Mohave Water
Rejoinder Schedules

Mohave Water
Test Year Ended June 30, 2013
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1	Original Cost Rate Base	$	23,495,177
2			
3	Adjusted Operating Income	$	454,732
4			
5	Current Rate of Return		1.94%
6			
7	Required Operating Income	$	1,600,022
8			
9	Required Rate of Return		6.81%
10			
11	Operating Income Deficiency	$	1,145,290
12			
13	Gross Revenue Conversion Factor		1.6519
14			
15	Increase in Gross Revenue		
16	Requirement	$	1,891,953

Line No.	Customer Classification	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
21	Residential	$ 4,750,534	$ 6,307,036	$ 1,556,502	32.8%
22	Commercial	1,231,245	1,507,266	276,021	22.4%
23	Other Public Authority	233,159	317,565	84,406	36.2%
24	Fire	35,756	44,097	8,342	23.3%
25	Declining Usage Adjustment	(117,698)	(151,016)	(33,317)	28.3%
27	Total Water Revenues	$ 6,132,996	$ 8,024,949	$ 1,891,953	30.8%
29	Other Revenues	$ 221,297	$ 221,297	$ -	0.0%
31	Total Revenues	$ 6,354,293	$ 8,246,246	$ 1,891,953	29.8%

46 Supporting Schedules:
47 B-1 Rejoinder
48 C-1 Rejoinder
49 H-1 Rejoinder
50 \2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls

Mohave Water
Test Year Ended June 30, 2013
Summary of Fair Value Rate Base

Exhibit
Schedule B-1 Rejoinder
Page 1
Witness: Hubbard

Line No.		Original Cost Rate Base
1		
2	Gross Utility Plant in Service	$ 46,684,824
3		
4	Less:	
5		
6	Accumulated Depreciation	15,887,818
7		
8	Net Utility Plant in Service	$ 30,797,006
9		
10	Less:	
11		
12	Advances in Aid of Construction	$ 7,012,710
13		
14	Contribution in Aid of Construction -	
15	Net of Amortization	481,135
16		
17	Customer Meter Deposits	8,257
18	Deferred Income Taxes & Credits	696,852
19	Investment Tax Credits	-
20	Regulatory Liabilities	(0)
21		
22	Plus:	
23	Deferred Debits	763,868
24	Working Capital Allowance	133,257
25	Utility Plant Acquisition Adjustment	-
26		
27		
28	Total Rate Base	$ 23,495,177
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Supporting Schedules:	
42	B-2 Rejoinder	
43	B-5 Rejoinder	
44	B-3	
45	E-1	
46		
47		
48		
49		
50	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls	

Recap Schedules:
A-1 Rejoinder

Mohave Water
Test Year Ended June 30, 2013
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Rejoinder
Page 1
Witness: Hubbard

Line No.		Company Rejoinder							
		[A] Rebuttal Adjusted End of Test Year	[B] ADJ SLH-4RJ Working Capital Adjustment	[C] ADJ SLH-5RJ Retire Inactive Wells	[D] ADJ SLH-6RJ Correct Test Year Deferred Debit Balance	[E]	[F]	[G] Total Rejoinder Pro Forma Adjustments	[H] Rejoinder Adjusted End of Test Year
1	Gross Utility								
2	Plant in Service	$ 46,731,131		$ (46,307)				$ (46,307)	$ 46,684,824
3		-							-
4	**Less:**	-							-
5		-							-
6	Accumulated Depreciation	15,934,125		(46,307)				(46,307)	15,887,818
7									
8	Net Utility Plant								
9	in Service	$ 30,797,006	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,797,006
10									
11	**Less:**								
12	Advances in Aid of								
13	Construction	7,012,710						-	7,012,710
14	Contributions in Aid of	-						-	-
15	Construction - Net	481,135						-	481,135
16									
17									
18	Customer Meter Deposits	8,257						-	8,257
19	Deferred Income Taxes	696,852						-	696,852
20	Investment Tax Credits	-						-	-
21	Regulatory Liabilities	(0)						-	(0)
22		-						-	-
23	**Plus:**	-						-	-
24	Deferred Debits	830,910			(67,042)			(67,042)	763,868
25	Working Capital Allowance	133,907	(650)					(650)	133,257
26	Utility Plant Acquisition Adjustment	-						-	-
27									
28	Total	$ 23,562,869	$ (650)	$ -	$ (67,042)	$ -	$ -	$ (67,692)	$ 23,495,177
29									
30	Supporting Schedules:								
31	B-3, B-5 Revised								
32	E-1								
33									
34									
35	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls								

Recap Schedules:
B-1 Rejoinder

Line No.

1 **Retire Inactive Wells**

2 In responding to data request number RUCO 32.01, it was determined that the following wells
3 need to be retired from the accounting records.
4
5

	ADWR Well ID	Asset # in OFA	In-Service Date		Original Cost
6					
7	Mohave Water				
8	55-603415	55108	1-Jan-47	$	3,100
9	55-603474	54951	1-Jan-59	$	9,500
10	55-603476	55007	1-Jan-60	$	1,500
11	55-603478			$	-
12	55-603479	54959	1-Jan-63	$	2,743
13					
14	Camp Mohave				
15	55-603416	55111	1-Jan-64	$	2,934
16					
17	Lake Mohave Highlands				
18	55-551125	55025	1-Jan-96	$	21,106
19					
20	Desert Foothills				
21	55-548414	54981	1-Jan-96	$	5,424
22					
23					
24	Total Inactive Wells in Account 307000			$	**46,307**
25					
26					
27	Total Adjustment to Accumulated Depreciation for Account 307000			$	46,307
28					
29					
30					
31	Increase / (Decrease) in Plant in Service				$ (46,307)
32					
33	Increase / (Decrease) in Accumulated Depreciation				$ (46,307)
34					
35	Increase / (Decrease) to Rate Base				$ -
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48	Workpapers and Supporting Documents				
49	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls				
50	\Mohave Inactive Wells.xlsx				

Line No.			
1	**Correct Test Year Deferred Debit Balance**		
2	Response to data request number STF BAB 12.2-Revised identified an adjustment to the test year		
3	Deferred Debit balance for Mohave Water that was not reflected in the Company's Oct. 14, 2014		
4	Revised filing or Rebuttal Filing. This adjustment corrects that oversight.		
5			
6	Removal of Deferred Debit Balance at 6/30/13 - Mohave Water	(67,042)	
7			
8			
9	Increase / (Decrease) in Deferred Debits		$ (67,042)
10			
11			
12	Increase / (Decrease) to Rate Base		$ (67,042)
13			
14			
15			
16			
17			
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21			
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23			
24			
25			
26			
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41			
42			
43			
44			
45	Workpapers and Supporting Documents		
46			
47			
48			
49	\STF BAB 12.2-Revised.doc		
50	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls		

Mohave Water
Test Year Ended June 30, 2013
Computation of Working Capital Allowance

Exhibit
Schedule B-5 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1			
2	Cash Working Capital Requirement	$	(12,922)
3	Required Bank Balances[1]		-
4	Material and Supplies Inventories[1]		110,557
5	Prepayments[1]		35,622
6			
7	Total Working Capital Allowance	$	133,257
8			
9	Less Company amount in Rebuttal Filing	$	133,907
10			
11	Increase / (Decrease) to Working Capital Allowance	$	(650)
12			
13			
14	Increase / (Decrease) to Rate Base	$	(650)
15			
16			
17			
18			
19	[1] Calculated using thirteen-month averages.		
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
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38			
39			
40			
41			
42			
43	Supporting Schedules:	Recap Schedules:	
44	E-1	B-1 Rejoinder	
45			
46	Workpapers & Supporting Documents		
47	\ #9 B - Materials and Supplies Prepayments & Deferred Cost.xlsx		
48	\ Lead-Lag Workpapers		
49			
50	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls		

Mohave Water
Test Year Ended June 30, 2013
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-6 Rejoinder
Page 1
Witness: Hubbard

Line No.	Description	Test Year Adjusted Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead/ Lag Factor	Cash Working Capital Required
	[a]	[b]	[c]	[d]	[e] = [c] - [d]	[f] = [e] / 365	[g] = [b] x [f]
1	OPERATING EXPENSES						
2	Labor	$ 1,381,651	41.140	30.633	10.507	0.029	$ 39,772
3	Purchased Water	26,831	41.140	113.080	(71.940)	(0.197)	(5,288)
4	Fuel & Power	546,720	41.140	50.442	(9.302)	(0.025)	(13,933)
5	Chemicals	10,916	41.140	7.000	34.140	0.094	1,021
6	Waste Disposal	7,886	41.140	32.095	9.045	0.025	195
7	Intercompany Support Services	950	41.140	30.417	10.723	0.029	28
8	Corporate Allocation	322,082	41.140	30.420	10.720	0.029	9,460
9	Outside Services	189,278	41.140	32.333	8.807	0.024	4,567
10	Group Insurance	424,417	41.140	(10.716)	51.856	0.142	60,297
11	Regulatory Expense	85,438	41.140	(33.098)	74.238	0.203	17,377
12	Insurance Other Than Group	101,045	41.140	64.901	(23.761)	(0.065)	(6,578)
13	Customer Accounting	661,670	41.140	49.826	(8.686)	(0.024)	(15,745)
14	Rents	16,923	41.140	39.565	1.575	0.004	73
15	General Office Expense	238,214	41.140	32.570	8.570	0.023	5,593
16	Miscellaneous	55,680	41.140	25.947	15.193	0.042	2,318
17	Maintenance Expense	377,155	41.140	45.634	(4.494)	(0.012)	(4,644)
18							
19							
20	TAXES						
21	Property Taxes	$ 180,382	41.140	213.250	(172.110)	(0.472)	$ (85,056)
22	Taxes - Payroll	85,375	41.140	26.402	14.738	0.040	3,447
23	Taxes -Other	64,454	41.140	(130.592)	171.732	0.470	30,326
24	Income Tax	610,973	41.140	41.750	(0.610)	(0.002)	(1,021)
25							
26	Interest	$ 603,209	41.140	74.500	(33.360)	(0.091)	$ (55,132)
27							
28							
29							
30							
31	WORKING CASH REQUIREMENT	$ 5,991,249					$ (12,922)
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43	Supporting Schedules:		Recap Schedules:				
44	C-1 Rejoinder		B-5 Rejoinder				
45							
46	Workpapers & Supporting Documents						
47							
48							
49							
50	\2013 Paradise Valley Water Sch. A-F.xls						

Mohave Water
Test Year Ended June 30, 2013
Adjusted Test Year Income Statement

Exhibit
Schedule C-1 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Rebuttal Results	[B] Total Pro Forma Adjustments	[C] Test Year Rejoinder Results	[D] Proposed Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Water Revenues	$ 6,168,480	$ -	$ 6,168,480	$ 1,891,953	$ 8,060,433
3	Other Revenues	221,297	-	221,297	-	221,297
4		$ 6,389,776	$ -	$ 6,389,776	$ 1,891,953	$ 8,281,729
5						
6	**Operating Expenses**					
7	Labor	$ 1,383,642	$ (1,991)	$ 1,381,651	-	$ 1,381,651
8	Purchased Water	26,831	-	26,831	-	26,831
9	Fuel & Power	546,720	-	546,720	-	546,720
10	Chemicals	10,916	-	10,916	-	10,916
11	Waste Disposal	7,886	-	7,886	-	7,886
12	Intercompany Support Services	950	-	950	-	950
13	Corporate Allocation	322,082	-	322,082	-	322,082
14	Outside Services	192,587	(3,309)	189,278	-	189,278
15	Group Insurance	418,599	(876)	417,723	-	417,723
16	Pensions	6,694	-	6,694	-	6,694
17	Regulatory Expense	85,438	-	85,438	-	85,438
18	Insurance Other Than Group	101,045	-	101,045	-	101,045
19	Customer Accounting	631,868	-	631,868	29,802	661,670
20	Rents	16,923	-	16,923	-	16,923
21	General Office Expense	238,703	(488)	238,214	-	238,214
22	Miscellaneous	55,680	-	55,680	-	55,680
23	Maintenance Expense	377,160	(5)	377,155	-	377,155
24	Depreciation & Amortization	1,293,668	-	1,293,668	-	1,293,668
25	General Taxes-Property	164,282	-	164,282	16,101	180,382
26	General Taxes-Other	149,829	-	149,829	-	149,829
27	Income Taxes	(92,977)	3,189	(89,788)	700,761	610,973
28						
29	**Total Operating Expenses**	$ 5,938,524	$ (3,480)	$ 5,935,045	$ 746,663	$ 6,681,708
30	**Utility Operating Income**	$ 451,252	$ 3,480	$ 454,732	$ 1,145,290	$ 1,600,022
31	**Other Income & Deductions**					
32	Other Income & Deductions	$ -	$ -	$ -	$ -	$ -
33	Interest Expense	603,209	(1,733)	601,477	-	601,477
34	Other Expense	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-
36	**Total Other Income & Deductions**	$ (603,209)	$ 1,733	$ (601,477)	$ -	$ (601,477)
37	**Net Profit (Loss)**	$ (151,958)	$ 5,213	$ (146,745)	$ 1,145,290	$ 998,545
38						
39						
40						
41						
42						
43						
44	Supporting Schedules:					Recap Schedules:
45	E-2 Revised					A-1 Rejoinder
46	C-2 Rejoinder					
47						
48						
49						
50	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls					

Mohave Water
Test Year Ended June 30, 2013
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Adjusted Rebuttal Results	[B] ADJ SM-1RJ Property Tax (Page 2)	[C] ADJ SM-2RJ Federal and State Income Tax (Page 3)	[D] ADJ SM-3RJ Interest Synchronization (Page 4)	[E] ADJ SM-4RJ Remove Acquisition Costs (Page 5)	[F] Total Pro Forma Adjustments (COMPANY REJOINDER)	[G] Test Year Adjusted Rejoinder Results	[H] Proposed Rate Increase	[I] Adjusted with Rate Increase
1	**Revenues**									
2	Water Revenues	$ 6,168,480					$ -	$ 6,168,480	$ 1,891,953	$ 8,060,433
3	Other Revenues	221,297					-	221,297		221,297
4		$ 6,389,776	$ -	$ -	$ -	$ -	$ -	$ 6,389,776	$ 1,891,953	$ 8,281,729
5										
6	**Operating Expenses**									
7	Labor	$ 1,383,642				$ (1,991)	$ (1,991)	$ 1,381,651		$ 1,381,651
8	Purchased Water	26,831					-	26,831		26,831
9	Fuel & Power	546,720					-	546,720		546,720
10	Chemicals	10,916					-	10,916		10,916
11	Waste Disposal	7,886					-	7,886		7,886
12	Intercompany Support Services	950					-	950		950
13	Corporate Allocation	322,082					-	322,082		322,082
14	Outside Services	192,587				(3,309)	(3,309)	189,278		189,278
15	Group Insurance	418,599				(876)	(876)	417,723		417,723
16	Pensions	6,694					-	6,694		6,694
17	Regulatory Expense	85,438					-	85,438		85,438
18	Insurance Other Than Group	101,045					-	101,045		101,045
19	Customer Accounting	631,868					-	631,868	29,802	661,670
20	Rents	16,923					-	16,923		16,923
21	General Office Expense	238,703				(488)	(488)	238,214		238,214
22	Miscellaneous	55,680					-	55,680		55,680
23	Maintenance Expense	377,160				(5)	(5)	377,155		377,155
24	Depreciation & Amortization	1,293,668					-	1,293,668		1,293,668
25	General Taxes-Property	164,282	-				-	164,282	16,101	180,382
26	General Taxes-Other	149,829					-	149,829		149,829
27	Income Taxes	(92,977)		$ 3,189			3,189	(89,788)	700,761	610,973
28										
29	**Total Operating Expenses**	$ 5,938,524	$ -	$ 3,189	$ -	$ (6,669)	$ (3,480)	$ 5,935,045	$ 746,663	$ 6,681,708
30	**Utility Operating Income**	$ 451,252	$ -	$ (3,189)	$ -	$ 6,669	$ 3,480	$ 454,732	$ 1,145,290	$ 1,600,022
31	**Other Income & Deductions**									
32	Other Income & Deductions	$ -					$ -	$ -		$ -
33	Interest Expense	603,209			(1,733)		(1,733)	601,477		601,477
34	Other Expense	-					-	-		-
35	Gain/Loss Sale of Fixed Assets	-						-		-
36	**Total Other Income & Deductions**	$ (603,209)	$ -	$ -	$ 1,733	$ -	$ 1,733	$ (601,477)	$ -	$ (601,477)
37	**Net Profit (Loss)**	$ (151,958)	$ -	$ (3,189)	$ 1,733	$ 6,669	$ 5,213	$ (146,745)	$ 1,145,290	$ 998,545
38										
39										
40										
41										
42										
43										
44	Supporting Schedules:									
45	E-6									
46	Workpapers & Supporting Documents:									

Recap Schedules:
C-1 Rejoinder

Mohave Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-1RJ

Exhibit
Schedule C-2 Rejoinder
Page 2
Witness: Murrey

Line No.		[A] Property Tax Expense	[B] Property Tax Expense For Conversion Factor
1			
2	Adjust Property Taxes to Reflect Proposed Revenues:		
3			
4	Adjusted Revenues in Year Ended June 2013	$ 6,389,776	$ 6,389,776
5	Adjusted Revenues in Year Ended June 2013	6,389,776	6,389,776
6	Proposed Revenues	6,389,776	8,281,729
7	Average of Three Year's of Revenue	$ 6,389,776	$ 7,020,427
8	Average of Three Year's of Revenue, times 2	$12,779,553	$14,040,855
9	Add:		
10	Construction Work in Progress at 10%	90,135	90,135
11	Deduct:		
12	Net Book Value of Transportation Equipment	$ -	$ -
13			
14	Full Cash Value	$ 12,869,687	$ 14,130,989
15	Assessment Ratio (For 2015 per HB 2001 Sec 42-15001)	18.5%	18.5%
16	Assessed Value	$ 2,380,892	$ 2,614,233
17	Property Tax Rate	6.90%	6.90%
18			
19	Property Tax	164,282	180,382
20	Tax on Parcels	-	-
21			
22	Adjusted Test Year Property Taxes at Present Rates (Line 19+Line 20, Col [A])	$ 164,282	
23	Adjusted Test Year Property Taxes, Rejoinder	164,282	
24	Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder, Col [BS])	$ -	
25			
26	Adjusted Test Year Property Taxes at Proposed Rates (Line 19+Line 20, Col [B])		$ 180,382
27	Adjusted Test Year Property Taxes at Present Rates (Line 22, Col [A])		164,282
28	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)		$ 16,101
29			
30			
31			
32	CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 REJOINDER):		
33			
34	Increase in Property Tax Due to Increase in Revenue Requirement (Line 28, Col [B])		$ 16,101
35			
36	Increase in Revenue Requirement (From Sch. A1 Rejoinder)		$ 1,891,953
37			
38	Increase in Property Tax Per Dollar Increase in Revenue (Line 34/Line 36)		0.85%
39			
40			
41			
42			
43			
44	Workpapers & Supporting Documents:		
45			
46			
47			
48			
49			
50	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls		

Mohave Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-2RJ

Exhibit
Schedule C-2 Rejoinder
Page 3
Witness: Murrey

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase
1				
2	Calculation of Income Taxes at Proposed Rates			
3				
4				
5	Operating Income Before Inc. Taxes		$ 364,944	$ 2,210,995
6	Interest Expense		601,477	601,477
7	Arizona Taxable Income		$ (236,533)	$ 1,609,518
8				
9	Less Arizona Income Tax		$ (14,192)	$ 96,571
10	Arizona Income Tax Rate =	6.000%		
11				
12	Federal Income Before Taxes		$ (236,533)	$ 1,609,518
13	Less Arizona Income Taxes		$ (14,192)	$ 96,571
14	Federal Taxable Income		$ (222,341)	$ 1,512,947
15				
16	FEDERAL INCOME TAXES:			
17				
18				
19				
20				
21				
22				
23	Federal Income Taxes	34.00%	$ (75,596)	$ 514,402
24				
25				
26	Total Income Tax		$ (89,788)	$ 610,973
27				
28	Tax Rate		37.96%	37.96%
29				
30	Effective Income Tax Rates			
31	State		6.00%	6.00%
32	Federal		31.96%	31.96%
33				
34				
35	Adjusted Test Year Income Taxes		$ (92,977)	
36	Increase in Income Taxes, Rejoinder		$ 3,189	
37				
38	Rejoinder Adjustment to Revenues and/or Expense		$ 3,189	
39				
40	Test Year Income Taxes, Rejoinder			$ (89,788)
41	Increase in Income Taxes			$ 700,761
42				
43	Rejoinder Adjustment to Revenue and/or Expense			$ 700,761
44				
45				
46	Workpapers & Supporting Documents:			
47				
48				
49				
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls			

Line No.			
1	**Interest Synchronization**		
2			
3			
4	Original Cost Rate Base (Sch. B-1 Rejoinder, Ln. 28)		$ 23,495,177
5	Weighted Cost of Debt from Schedule D-1 Rejoinder		2.56%
6	Synchronized Interest Expense		$ 601,477
7			
8	Test Year Interest Expense	$ 603,209	
9			
10	Adjusted Test Year Interest Expense		$ 603,209
11			
12	Increase/(Decrease) in Interest Expense		$ (1,733)
13			
14	Rejoinder Adjustment to Revenue and/or Expense		$ (1,733)
15			
16			
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47	Workpapers & Supporting Documents:		
48			
49			
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls		

Line No.

1 **Remove Acquisition Costs**

2 The Company is removing charges related to acquisition costs as identified in DR RUCO 30.10 (d).

				District Four Factor = 0.07896
Category	Account		Acquisition Costs	District Allocation
Labor	5223	Salary-Inter Dept. Operating	$ 25,216	$ 1,991
Outside Services	5227	Consulting Engineering	10,365	818
Outside Services	5681	Legal Fees	16,526	1,305
Outside Services	5250	Contractors and Consultants	15,011	1,185
Group Insurance	5233	Salary Transfers - Burdens	11,095	876
General Office Expense	5630	Parking	78	6
General Office Expense	5631	Vehicle Allowance	497	39
General Office Expense	5650	Airfare	3,360	265
General Office Expense	5651	Accommodation, Other Travel	1,469	116
General Office Expense	5652	Meals/Entertainment	781	62
Maintenance Expense	5633	Vehicle Fuel	62	5
			$ 53,265	$ 6,669

Rejoinder Adjustment to Revenue/Expense $ (6,669)

Workpapers & Supporting Documents:

\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls

Mohave Water
Test Year Ended June 30, 2013
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3 Rejoinder
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.96%
2						
3	State Income Taxes					6.00%
4				Combined	37.96%	
5	Property Taxes	Effective Rate =	0.85%	One Minus Combined	62.04%	0.53%
6						
7	Bad Debt Expense	Effective Rate =	1.58%	One Minus Combined	62.04%	0.98%
8						
9	Total Tax Percentage					39.47%
10						
11	Operating Income % = 100% - Tax Percentage					60.53%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16						
17						
18	Operating Income %					1.6519
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
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43	Supporting Schedules:					Recap Schedules:
44						A-1 Rejoinder
45						
46						
47						
48						
49						
50	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls					

Mohave Water
Test Year Ended June 30, 2013
Summary of Cost of Capital
Total Company - EPCOR Water Arizona

Exhibit
Schedule D-1 Rejoinder
Page 1
Witness: Hubbard

Line No.	Item of Capital	End of Test Year Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	End of Projected Year Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 231,000,000	58.47%	4.29%	2.51%	$ 231,000,000	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 8,560,000	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 155,533,624	39.37%	10.55%	4.15%	$ 155,533,624	40.24%	10.55%	4.25%
6									
7	Totals	$ 395,093,624	100.00%		6.67%	$ 386,533,624	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls								

Mohave Water
Test Year Ended June 30, 2013
Summary of Cost of Capital
Total Company - EPCOR Water Arizona
District Level -Mohave Water - Proposed

Exhibit
Schedule D-1 Rejoinder
Page 2
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 13,736,962	58.47%	4.29%	2.51%	$ 14,041,174	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 509,041	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 9,249,175	39.37%	10.55%	4.15%	$ 9,454,003	40.24%	10.55%	4.25%
6									
7	Totals	$ 23,495,177	100.00%		6.67%	$ 23,495,177	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
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26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls								

Mohave Water
Test Year Ended June 30, 2010
Cost of Long Term Debt
Test Year - - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 1
Witness: Hubbard

At Parent Level

Line No.		End of Test Year Amount Outstanding	End of Test Year Annual Cost	End of Test Year Interest Rate	End of Projected Year Amount Outstanding	End of Projected Year Annual Cost	End of Projected Year Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	133,000,000	5,004,790	3.77%	133,000,000	5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	S-T Debt from EPCOR Utilities, Inc	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls						

Mohave Water
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - Mohave Water - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 2
Witness: Hubbard

Line No.		End of Test Year Amount Outstanding	End of Test Year Annual Cost	End of Test Year Interest Rate	End of Projected Year Amount Outstanding	End of Projected Year Annual Cost	End of Projected Year Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	$ 133,000,000	$ 5,004,790	3.77%	$ 133,000,000	$ 5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	Intercompany Payable	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Mohave Water Sch. A-F Rejoinder (Oct2014 Direct).xls						

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Apartment	Commercial	Other Public Auth.
1	Water Revenues	$ 6,214,939	$ 4,259,442	$ 491,092	$ 1,231,245	$ 233,159
2	Fire Service Revenues	$ 35,756	33,151	603	1,821	180
3	Revenue Annualizations	(1,235)	(743)	(45)	(450)	3
4	Low Income Program Adjustment	35,483	35,483	-	-	-
5	Declining Usage	(114,235)	(78,451)	(8,987)	(22,531)	(4,265)
6	Misc. Revenues[1]	221,297	205,176	3,734	11,273	1,114
7	Reconciliation H-1 to C-1[1]	(2,229)	(2,067)	(38)	(114)	(11)
8	Total Revenues	$ 6,389,776	$ 4,451,991	$ 486,360	$ 1,221,245	$ 230,179
9						
10	Operating Expenses[2]	$ 4,566,883	$ 3,670,143	$ 194,380	$ 560,996	$ 141,364
11	Depreciation and					
12	Amortization[2]	1,292,510	955,187	77,517	205,306	54,500
13	Property Tax[3]	164,282	114,461	12,504	31,398	5,918
14	Income Tax[4]	(89,788)	(272,914)	61,581	121,509	36
15	Total Operating Expenses	$ 5,933,887	$ 4,466,877	$ 345,982	$ 919,210	$ 201,818
16	Operating Income	$ 455,889	$ (14,886)	$ 140,378	$ 302,035	$ 28,361
17	Interest Expense[5]	601,477	427,635	40,527	105,012	28,302
18	Net Income	$ (145,588)	$ (442,521)	$ 99,851	$ 197,023	$ 59
19	Rate Base[6]	$ 23,495,176	$ 16,704,487	$ 1,583,092	$ 4,102,033	$ 1,105,564
20	Return on Rate Base[7]	1.94%	-0.09%	8.87%	7.36%	2.57%
21						
22	**Percent of Total Customers**		92.72%	1.69%	5.09%	0.50%
23						
24						
25						
26						
27						
28						

29 [1] Allocated based on customer counts.
30 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
31 [3] Property Taxes allocation based on Revenues.
32 [4] Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.
33 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
34 [6] Rate Base computations are shown on Schedule G-3, Page 1
35 [7] Operating Income Divided by Rate Base
36
37

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Proposed Rates by Class

Line No.		Totals	Residential	Apartment	Commercial	Other Public Auth.
1	Water Revenues	$ 8,131,867	$ 5,689,101	$ 617,935	$ 1,507,266	$ 317,565
2	Fire Service Revenues	44,097	40,885	744	2,246	222
3	Revenue Annualizations	(1,534)	(1,016)	(50)	(473)	4
4	Low Income Program Adjustment	35,483	35,483	-	-	-
5	Declining Usage	(149,422)	(104,721)	(11,308)	(27,584)	(5,809)
6	Misc. Revenues[1]	221,297	205,176	3,734	11,273	1,114
7	Reconciliation H-1 to C-1[1]	(60)	(56)	(1)	(3)	(0)
8	Total Revenues	$ 8,281,729	$ 5,864,854	$ 611,054	$ 1,492,725	$ 313,096
9						
10	Operating Expenses[2]	$ 4,596,685	$ 3,697,774	$ 194,883	$ 562,514	$ 141,514
11	Depreciation and					
12	Amortization[2]	1,292,510	955,187	77,517	205,306	54,500
13	Property Tax[3]	180,382	127,741	13,309	32,513	6,819
14	Income Tax[4]	610,973	249,035	108,039	222,809	31,090
15	Total Operating Expenses	$ 6,680,550	$ 5,029,737	$ 393,748	$ 1,023,142	$ 233,923
16	Operating Income	$ 1,601,179	$ 835,117	$ 217,306	$ 469,583	$ 79,173
17	Interest Expense[5]	601,477	427,635	40,527	105,012	28,302
18	Net Income	$ 999,703	$ 407,482	$ 176,779	$ 364,571	$ 50,870
19	Rate Base[6]	$ 23,495,176	$ 16,704,487	$ 1,583,092	$ 4,102,033	$ 1,105,564
20	Return on Rate Base[7]	6.81%	5.00%	13.73%	11.45%	7.16%
21						
22	**Percent of Total Customers**		92.72%	1.69%	5.09%	0.50%
23						
24	**Indicated Monthly Minimums and Single-Tier Commody Rates for 5/8 x3/4 Inch Meter**					
25		Sched. G-8, pg 4A	Sched. G-8, pg 4B	Sched. G-8, pg 4C	Sched. G-8, pg 4D	Sched. G-8, pg 4E
26		All Classes	Residential	Apartment	Commercial	Other Public Auth.
27	Monthly Minimums	**$ 16.03**	$ 16.00	$ 13.17	$ 16.68	$ 21.40
28	Single-Tier Commodity Rate	**$ 2.378**	$ 2.494	$ 2.186	$ 2.131	$ 2.080
29						
30						

31 [1] Allocated based on customer counts.
32 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
33 [3] Property Taxes allocation based on Revenues
34 [4] Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
35 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
36 [6] Rate Base computations are shown on Schedule G-3, Page 1
37 [7] Operating Income Divided by Rate Base
38

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Apartment	Commercial	Other Public Auth.
1						
2						
3						
4	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Schedule G-5, Page 1)					
5	Commodity	$ 4,265,194	$ 2,965,914	$ 294,502	$ 790,877	$ 213,900
6	Demand	12,101,666	8,325,227	761,015	2,306,689	708,736
7	Customer	59,654	55,309	1,007	3,039	300
8	Service	5,082,538	3,564,911	477,000	873,963	166,663
9	Meter	1,986,124	1,793,126	49,569	127,465	15,964
10	Total	$ 23,495,176	$ 16,704,487	$ 1,583,092	$ 4,102,033	$ 1,105,564
11						
12						
13						
14	**Summary**					
15	Net Rate Base	$ 23,495,176	$ 16,704,487	$ 1,583,092	$ 4,102,033	$ 1,105,564
16	% of Net Rate Base	100.00%	71.10%	6.74%	17.46%	4.71%
17						
18						
19						
20						

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Present Rates

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.		Adjusted Per C-1	Residential	Apartment	Commercial	Other Public Auth.	Totals
	Operation and Maintenance Expense (from Schedule G-6, Page 1)						
1	Commodity	$ 1,162,447	$ 808,338	$ 80,264	$ 215,548	$ 58,297	$ 1,162,447
2	Demand	1,231,672	847,317	77,454	234,768	72,133	1,231,672
3	Customer	2,172,764	2,014,489	36,662	110,680	10,934	2,172,764
4	Service	-	-	-	-	-	-
5	Meter	-	-	-	-	-	-
6	Totals	$ 4,566,883	$ 3,670,143	$ 194,380	$ 560,996	$ 141,364	$ 4,566,883
7							
8	Depreciaton Expense on Plant (from Schedule G-6, Page 2)						
9	Commodity	207,377	$ 144,205	$ 14,319	$ 38,453	$ 10,400	$ 207,377
10	Demand	607,243	417,747	38,187	115,746	35,563	607,243
11	Customer	54,754	50,765	924	2,789	276	54,754
12	Service	196,348	137,719	18,427	33,763	6,439	196,348
13	Meter	226,788	204,751	5,660	14,555	1,823	226,788
14	Totals	$ 1,292,510	$ 955,187	$ 77,517	$ 205,306	$ 54,500	$ 1,292,510
15							
16	Operation and Maintenance Expense and Depreciation Expense						
17	Commodity	$ 1,369,825	$ 952,543	$ 94,583	$ 254,001	$ 68,697	$ 1,369,825
18	Demand	1,838,915	1,265,064	115,640	350,514	107,696	1,838,915
19	Customer	2,227,518	2,065,254	37,586	113,469	11,209	2,227,518
20	Service	196,348	137,719	18,427	33,763	6,439	196,348
21	Meter	226,788	204,751	5,660	14,555	1,823	226,788
22	Total	$ 5,859,393	$ 4,625,331	$ 271,897	$ 766,302	$ 195,864	$ 5,859,393
23							
24	Total Expenses (excluding Income Tax and						
25	Property Taxes)	$ 5,859,393	$ 4,625,331	$ 271,897	$ 766,302	$ 195,864	$ 5,859,393
26							
27	Property Taxes, Allocated on Schedules G-1 & G-2	$ 164,282					
28	Income Tax, Allocated on Schedules G-1 & G-2	(89,788)					
29	Total Expenses	**$ 5,933,887**					
30							

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Proposed Rates

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		At Proposed C-1	Residential	Apartment	Commercial	Other Public Auth.	Totals
1							
2	Operation and Maintenance Expense (from Schedule G-6, Page 1)						
3	Commodity	$ 1,162,447	$ 808,338	$ 80,264	$ 215,548	$ 58,297	$ 1,162,447
4	Demand	1,231,672	847,317	77,454	234,768	72,133	1,231,672
5	Customer	2,202,566	2,042,119	37,165	112,198	11,084	2,202,566
6	Service	-	-	-	-	-	-
7	Meter	-	-	-	-	-	-
8	Totals	$ 4,596,685	$ 3,697,774	$ 194,883	$ 562,514	$ 141,514	$ 4,596,685
9							
10	Depreciaton Expense on Plant (from Schedule G-6, Page 3.2)						
11	Commodity	$ 207,377	$ 144,205	$ 14,319	$ 38,453	$ 10,400	$ 207,377
12	Demand	607,243	417,747	38,187	115,746	35,563	607,243
13	Customer	54,754	50,765	924	2,789	276	54,754
14	Service	196,348	137,719	18,427	33,763	6,439	196,348
15	Meter	226,788	204,751	5,660	14,555	1,823	226,788
16	Totals	$ 1,292,510	$ 955,187	$ 77,517	$ 205,306	$ 54,500	$ 1,292,510
17							
18	Operation and Maintenance Expense and Depreciation Expense						
19	Commodity	$ 1,369,825	$ 952,543	$ 94,583	$ 254,001	$ 68,697	$ 1,369,825
20	Demand	1,838,915	1,265,064	115,640	350,514	107,696	1,838,915
21	Customer	2,257,320	2,092,884	38,089	114,988	11,359	2,257,320
22	Service	196,348	137,719	18,427	33,763	6,439	196,348
23	Meter	226,788	204,751	5,660	14,555	1,823	226,788
24	Total	$ 5,889,195	$ 4,652,961	$ 272,400	$ 767,820	$ 196,014	$ 5,889,195
25							
26	Total Expenses (excluding Income Tax and						
27	Property Taxes)	$ 5,889,195	$ 4,652,961	$ 272,400	$ 767,820	$ 196,014	$ 5,889,195
28							
29	Property Taxes, Allocated on Schedules G-1 & G-2	$ 180,382					
30	Income Tax, Allocated on Schedules G-1 & G-2	610,973					
31	Total Expenses	**$ 6,680,550**					
32							
33							
34							

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted Per B-2	Demand	Commodity	Customer	Meter	Service
1							
2	**Rate Base**						
3	Plant minus (Accumulated Depreciation	$ 23,495,176	$ 12,101,666	$ 4,265,194	$ 59,654	$ 1,986,124	$ 5,082,538
4	Contributions in Aid of Construction						
5	Advances in Aid of Construction,						
6	Meter Deposits and Deferred Income Tax)						
7							
8							
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22							

Mohave Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 34,004	$ -	$ 34,004	F-1	25,163	8,841	-	-	-
3	302000	Franchises	37,061	-	37,061	F-1	27,425	9,636	-	-	-
4	303100	Other Intangible Plant	-	-	-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		71,064		71,064		52,587	18,477	-	-	-
6											
7	**Source of Supply & Pumping Plant**										
8	303200	Land and Land Rights - Supply	$ 528,700	$ -	$ 528,700	F-1	$ 391,238	$ 137,462	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	2,351	(10)	2,361	F-1	1,747	614	-	-	-
10	304100	Structures and Improvements - Supply	475,826	220,832	254,994	F-1	188,695	66,298	-	-	-
11	304200	Structures and Improvements - Pumping	31,201	(225)	31,427	F-1	23,256	8,171	-	-	-
12	305000	Collecting and Impounding Res.	663,944	261,543	402,401	F-1	297,777	104,624	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	-	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	6,542,946	544,596	5,998,350	F-1	4,438,779	1,559,571	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	-	-	F-1	-	-	-	-	-
16	309000	Supply Mains	93,481	5,717	87,764	F-1	64,945	22,819	-	-	-
17	310000	Power Generation Equipment	50,355	15,586	34,769	F-1	25,729	9,040	-	-	-
18	311000	Pumping Equipment - Steam	409,521	11,448	398,074	F-1	294,575	103,499	-	-	-
19	311200	Pumping Equipment - Electric	2,782,895	1,852,565	930,331	F-1	688,445	241,886	-	-	-
20	311300	Pumping Equipment - Diesel	-	-	-	F-1	-	-	-	-	-
21	311400	Pumping Equipment - Hydraulic	-	-	-	F-1	-	-	-	-	-
22	311500	Pumping Equipment - Other	1,009	270	738	F-1	546	192	-	-	-
23	311530	Pumping Equipment - Water Treatment	-	-	-	F-1	-	-	-	-	-
24	**Subtotal Source of Supply & Pumping Plant**		$ 11,582,230	$ 2,912,321	$ 8,669,909		$ 6,415,733	$ 2,254,176	$ -	$ -	$ -
25											
26	**Water Treatment**										
27	303400	Land and Land Rights - Treatment	$ -	$ -	$ -	F-1	$ -	$ -	$ -	$ -	$ -
28	304300	Structures and Improvements - Treatment	47,846	19,748	28,098	F-1	20,793	7,306	-	-	-
29	320000	Water Treatment Plant	-	-	-	F-1	-	-	-	-	-
30	320100	Water Treatment Equipment - Non-media	96,932	117,495	(20,563)	F-1	(15,217)	(5,346)	-	-	-
31	320200	Water Treatment Equipment - Media	360,547	18,027	342,519	F-1	253,464	89,055	-	-	-
32	**Subtotal Water Treatment**		$ 505,325	$ 155,271	$ 350,055		$ 259,040	$ 91,014	$ -	$ -	$ -
33											
34	**Transmission and Distribution Plant**										
35	303500	Land and Land Rights - T&D	$ 9,609	$ -	$ 9,609	F-1	$ 7,111	$ 2,498	$ -	$ -	$ -
36	304400	Structures and Improvements - T&D	43,546	6,097	37,449	F-1	27,712	9,737	-	-	-
37	330000	Distribution Reservoirs & Standpipes	2,832,819	627,010	2,205,810	F-1	1,632,299	573,510	-	-	-
38	330100	Elevated Tank & Standpipes	-	3,569	(3,569)	F-1	(2,641)	(928)	-	-	-
39	330200	Ground Level Tanks	-	-	-	F-1	-	-	-	-	-
40	330300	Below Ground Tanks	-	-	-	F-1	-	-	-	-	-
41	331001	T&D Mains Not Classified	269,444	5,719	263,726	F-1	195,157	68,569	-	-	-
42	331100	T&D Mains 4in & less	12,008,818	6,473,604	5,535,214	F-1	4,096,059	1,439,156	-	-	-
43	331200	T&D Mains 6in to 8in	3,693,499	492,852	3,200,647	F-1	2,368,479	832,168	-	-	-
44	331300	T&D Mains 10in to 16in	1,484,810	52,751	1,432,059	F-1	1,059,724	372,335	-	-	-
45	331400	TD Mains 18in & Grtr	76,265	6,813	69,452	F-1	51,395	18,058	-	-	-
46	332000	Fire Mains	-	-	-	F-2	-	-	-	-	-

Mohave Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	333000	Services	7,853,908	2,767,241	5,086,666	F-3	-	-	-	-	5,086,666
2	334100	Meters	2,638,552	827,982	1,810,571	F-4	-	-	-	1,810,571	-
3	334200	Meter Installations	276,354	96,672	179,682	F-4	-	-	-	179,682	-
4	334300	Meter Vaults	-	-	-	F-4	-	-	-	-	-
5	335000	Hydrants	185,402	12,554	172,848	F-5	-	-	172,848	-	-
6	336000	Backflow Prevention Devices	-	-	-	F-1	-	-	-	-	-
7	339100	Other P/E-Intangible	-	-	-	F-1	-	-	-	-	-
8	339200	Other P/E-Supply	82,583	9,128	73,455	F-1	54,356	19,098	-	-	-
9	339500	Other P/E-TD	-	-	-	F-1	-	-	-	-	-
10	339600	Other P/E-CPS	186,826	32,654	154,172	F-1	114,087	40,085	-	-	-
11	**Subtotal Transmission and Distribution Plant**		$ 31,642,436	$ 11,414,646	$ 20,227,790		$ 9,603,737	$ 3,374,286	$ 172,848	$ 1,990,253	$ 5,086,666
12											
13	**General Plant**										
14	303600	Land and Land Rights	$ 47,358	$ -	$ 47,358	F-1	$ 35,045	$ 12,313	$ -	$ -	$ -
15	304500	Structures and Improvements - General	43,231	4,016	39,215	F-1	29,019	10,196	-	-	-
16	304600	Structures and Improvements - Offices	449,617	137,766	311,851	F-1	230,770	81,081	-	-	-
17	304620	Structures and Improvements - Leasehold	-	-	-	F-1	-	-	-	-	-
18	304700	Structures and Improvements - Sore,Shop,(	29,223	13,582	15,641	F-1	11,574	4,067	-	-	-
19	304800	Structures and Improvements - General	-	-	-	F-1	-	-	-	-	-
20	340100	Office Furniture & Equipment	101,669	(5,919)	107,588	F-6	26,897	-	80,691	-	-
21	340200	Computers & Software	109,956	(254,621)	364,578	F-6	91,144	-	273,433	-	-
22	340300	Computer Software	3,521	1,468	2,052	F-6	513	-	1,539	-	-
23	340310	Computer Software Mainframe	-	-	-	F-6	-	-	-	-	-
24	340325	Computer Software Customized	-	-	-	F-6	-	-	-	-	-
25	340330	Computer Software Other	-	-	-	F-6	-	-	-	-	-
26	340500	Other Office Equipment	-	-	-	F-6	-	-	-	-	-
27	341100	Transportation Equip Light Duty Truks	99,015	808,721	(709,706)	F-6	(177,426)	-	(532,279)	-	-
28	341200	Transportation Equip Heavy Duty Truks	72,088	29,241	42,847	F-6	10,712	-	32,135	-	-
29	341300	Transportation Equipment Autos	-	-	-	F-6	-	-	-	-	-
30	341400	Transportation Equipment Other	59,848	18,023	41,825	F-6	10,456	-	31,369	-	-
31	342000	Stores Equipment	1,420	1,529	(109)	F-6	(27)	-	(82)	-	-
32	343000	Tools and Work Equipment	221,156	209,262	11,894	F-1	8,801	3,092	-	-	-
33	344000	Laboratory Equipment	7,623	9,781	(2,158)	F-1	(1,597)	(561)	-	-	-
34	345000	Power Operated Equipment	171,959	192,293	(20,334)	F-1	(15,047)	(5,287)	-	-	-
35	346100	Communication Equipment Non-Telephone	188,877	86,199	102,679	F-1	75,982	26,696	-	-	-
36	346190	Remote Control & Instrument	880,737	44,939	835,798	F-1	618,490	217,307	-	-	-
37	346200	Communication Equipment Telephone	-	(10,833)	10,833	F-1	8,017	2,817	-	-	-
38	346300	Communication Equipment Other	5,111	(6,235)	11,346	F-1	8,396	2,950	-	-	-
39	347000	Structures and Improvements - Offices	-	-	-	F-1	-	-	-	-	-
40	348000	Structures and Improvements - Leasehold	-	-	-	F-1	-	-	-	-	-
41	**Subtotal General Plant**		$ 2,492,409	$ 1,279,211	$ 1,213,198		$ 971,720	$ 354,672	$ (113,194)	$ -	$ -
42	**Total Direct Plant**		$ 46,293,465	$ 15,761,449	$ 30,532,016		$ 17,302,818	$ 6,092,625	$ 59,654	$ 1,990,253	$ 5,086,666
43											

Mohave Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Allocated General Plant**										
2	399000	Allocated Corporate General Plant	391,360	126,369	264,990	F-1	196,093	68,897	-	-	-
	399000	NMVC Allocation	-	-	-	F-1	-	-	-	-	-
3	399000	Reconcilation to PIS Balance	-	-	-	F-1	-	-	-	-	-
4	**Test Year Ended June 30, 2013**		$ 391,360	$ 126,369	$ 264,990		$ 196,093	$ 68,897	$ -	$ -	$ -
5	Total Plant		$ 46,684,824	$ 15,887,818	$ 30,797,006		$ 17,498,910	$ 6,161,523	$ 59,654	$ 1,990,253	$ 5,086,666
6											
7	Contributions in Aid of Construction		(570,329)	89,194	(481,135)	F-1	(356,040)	(125,095)	-	-	-
8	Advances in Aid of Construction		(7,012,710)		(7,012,710)	F-1	(5,189,405)	(1,823,304)	-	-	-
9	Meter Deposits		(8,257)		(8,257)	F-7	-	-	-	(4,129)	(4,129)
10	Deferred Income Tax		(696,852)		(696,852)	F-1	(515,670)	(181,181)	-	-	-
11	Working Capital		133,257		133,257	F-1	98,610	34,647	-	-	-
12	Deferred Reg Assets/Liabilities		763,868		763,868	F-1	565,262	198,606	-	-	-
13											
14	Rounding		(1)		(1)	F-1	(1)	(0)	-	0	0
15	Totals		$ 39,293,800	$ 15,977,012	$ 23,495,176		$ 12,101,666	$ 4,265,194	$ 59,654	$ 1,986,124	$ 5,082,538
16	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 23,495,176		$ 12,101,666	$ 4,265,194	$ 59,654	$ 1,986,124	$ 5,082,538
17	Fair Value Rate Base										
18											
19											
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Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Present Rates

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description	Adjusted per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 1,381,651	$ 552,660	$ 276,330	$ 552,660	$ -	$ -	$ 1,381,651
2	Purchased Water	26,831	-	26,831	-	-	-	26,831
3	Fuel & Power	546,720	-	546,720	-	-	-	546,720
4	Chemicals	10,916	-	10,916	-	-	-	10,916
5	Waste Disposal	7,886	3,154	1,577	3,154	-	-	7,886
6	Intercompany Support Services	950	380	190	380	-	-	950
7	Corporate Allocation	322,082	128,833	64,416	128,833	-	-	322,082
8	Outside Services	189,278	151,422	37,856	-	-	-	189,278
9	Group Insurance	417,723	167,089	83,545	167,089	-	-	417,723
10	Pensions	6,694	2,678	1,339	2,678	-	-	6,694
11	Regulatory Expense	85,438	34,175	17,088	34,175	-	-	85,438
12	Insurance Other Than Group	101,045	40,418	20,209	40,418	-	-	101,045
13	Customer Accounting	631,868	-	-	631,868	-	-	631,868
14	Rents	16,923	-	-	16,923	-	-	16,923
15	General Office Expense	238,214	-	-	238,214	-	-	238,214
16	Miscellaneous	55,680	-	-	55,680	-	-	55,680
17	Maintenance Expense	377,155	150,862	75,431	150,862	-	-	377,155
18	Depreciation & Amortization[1]	1,292,510	607,243	207,377	54,754	226,788	196,348	1,292,510
19	General Taxes-Other	149,829	-	-	149,829	-	-	149,829
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 5,859,393	$ 1,838,915	$ 1,369,825	$ 2,227,518	$ 226,788	$ 196,348	$ 5,859,393
26								
27								
28	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 and 3.2							
29								
30								
31								
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-5, page 1 for allocations by class.							
36								
37								
38								

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Proposed Rates

Exhibit
Rejoinder Schedule G-6
Page 2
Witness: Bourassa

Line No.	Description	At Proposed Per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 1,381,651	$ 552,660	$ 276,330	$ 552,660	$ -	$ -	$ 1,381,651
2	Purchased Water	26,831	-	26,831	-	-	-	26,831
3	Fuel & Power	546,720	-	546,720	-	-	-	546,720
4	Chemicals	10,916	-	10,916	-	-	-	10,916
5	Waste Disposal	7,886	3,154	1,577	3,154	-	-	7,886
6	Intercompany Support Services	950	380	190	380	-	-	950
7	Corporate Allocation	322,082	128,833	64,416	128,833	-	-	322,082
8	Outside Services	189,278	151,422	37,856	-	-	-	189,278
9	Group Insurance	417,723	167,089	83,545	167,089	-	-	417,723
10	Pensions	6,694	2,678	1,339	2,678	-	-	6,694
11	Regulatory Expense	85,438	34,175	17,088	34,175	-	-	85,438
12	Insurance Other Than Group	101,045	40,418	20,209	40,418	-	-	101,045
13	Customer Accounting	661,670	-	-	661,670	-	-	661,670
14	Rents	16,923	-	-	16,923	-	-	16,923
15	General Office Expense	238,214	-	-	238,214	-	-	238,214
16	Miscellaneous	55,680	-	-	55,680	-	-	55,680
17	Maintenance Expense	377,155	150,862	75,431	150,862	-	-	377,155
18	Depreciation & Amortization[1]	1,292,510	607,243	207,377	54,754	226,788	196,348	1,292,510
19	General Taxes-Other	149,829	-	-	149,829	-	-	149,829
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 5,889,195	$ 1,838,915	$ 1,369,825	$ 2,257,320	$ 226,788	$ 196,348	**$ 5,889,195**
26								
27								
28	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 and 3.2							
29								
30								
31								
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-4, page 2 for allocations by class.							
36								
37								
38								

Mohave Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 34,004		$ -	F-1	$ -	$ -	$ -	$ -	$ -
3	302000	Franchises	37,061		-	F-1	-	-	-	-	-
4	303100	Other Intangible Plant	-		-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		$ 71,064		$ -		$ -	$ -	$ -	$ -	$ -
6											
7	**Source of Supply & Pumping Plant**										
8	303200	Land and Land Rights - Supply	$ 528,700	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	2,351	0.000%	-	F-1	-	-	-	-	-
10	304100	Structures and Improvements - Supply	475,826	2.500%	11,896	F-1	8,803	3,093	-	-	-
11	304200	Structures and Improvements - Pumping	31,201	2.000%	624	F-1	462	162	-	-	-
12	305000	Collecting and Impounding Res.	663,944	1.667%	11,066	F-1	8,189	2,877	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	0.000%	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	6,542,946	2.500%	163,574	F-1	121,044	42,529	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	0.000%	-	F-1	-	-	-	-	-
16	309000	Supply Mains	93,481	1.667%	1,558	F-1	1,153	405	-	-	-
17	310000	Power Generation Equipment	50,355	3.333%	1,679	F-1	1,242	436	-	-	-
18	311000	Pumping Equipment - Steam	409,521	4.000%	16,381	F-1	12,122	4,259	-	-	-
19	311200	Pumping Equipment - Electric	2,782,895	4.000%	111,316	F-1	82,374	28,942	-	-	-
20	311300	Pumping Equipment - Diesel	-	0.000%	-	F-1	-	-	-	-	-
21	311400	Pumping Equipment - Hydraulic	-	0.000%	-	F-1	-	-	-	-	-
22	311500	Pumping Equipment - Other	1,009	4.000%	40	F-1	30	10	-	-	-
23	311530	Pumping Equipment - Water Treatment	-	0.000%	-	F-1	-	-	-	-	-
24	**Subtotal Source of Supply & Pumping Plant**		$ 11,582,230		$ 318,133		$ 235,418	$ 82,714	$ -	$ -	$ -
25											
26	**Water Treatment**										
27	303400	Land and Land Rights - Treatment	$ -	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
28	304300	Structures and Improvements - Treatment	47,846	2.000%	957	F-1	708	249	-	-	-
29	320000	Water Treatment Plant	-	0.000%	-	F-1	-	-	-	-	-
30	320100	Water Treatment Equipment - Non-media	96,932	5.000%	(0)	F-1	(0)	(0)	-	-	-
31	320200	Water Treatment Equipment - Media	360,547	10.000%	36,055	F-1	26,680	9,374	-	-	-
32	**Subtotal Water Treatment**		$ 505,325		$ 37,012		$ 27,389	$ 9,623	$ -	$ -	$ -
33											
34	**Transmission and Distribution Plant**										
35	303500	Land and Land Rights - T&D	$ 9,609	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
36	304400	Structures and Improvements - T&D	43,546	2.000%	871	F-1	644	226	-	-	-
37	330000	Distribution Reservoirs & Standpipes	2,832,819	1.538%	43,582	F-1	32,251	11,331	-	-	-
38	330100	Elevated Tank & Standpipes	-	1.538%	-	F-1	-	-	-	-	-
39	330200	Ground Level Tanks	-	0.000%	-	F-1	-	-	-	-	-
40	330300	Below Ground Tanks	-	0.000%	-	F-1	-	-	-	-	-
41	331001	T&D Mains Not Classified	269,444	2.000%	5,389	F-1	3,988	1,401	-	-	-
42	331100	T&D Mains 4in & less	12,008,818	1.429%	171,555	F-1	126,950	44,604	-	-	-
43	331200	T&D Mains 6in to 8in	3,693,499	1.429%	52,764	F-1	39,046	13,719	-	-	-
44	331300	T&D Mains 10in to 16in	1,484,810	1.429%	21,212	F-1	15,697	5,515	-	-	-
45	331400	TD Mains 18in & Grtr	76,265	1.429%	1,089	F-1	806	283	-	-	-
46	332000	Fire Mains	-	0.000%	-	F-2	-	-	-	-	-

Mohave Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	333000	Services	$ 7,853,908	2.500%	$ 196,348	F-3	$ -	$ -	$ -	$ -	$ 196,348
2	334100	Meters	2,638,552	8.333%	219,879	F-4	-	-	-	219,879	-
3	334200	Meter Installations	276,354	2.500%	6,909	F-4	-	-	-	6,909	-
4	334300	Meter Vaults	-	0.000%	-	F-4	-	-	-	-	-
5	335000	Hydrants	185,402	2.000%	3,708	F-5	-	-	3,708	-	-
6	336000	Backflow Prevention Devices	-	0.000%	-	F-1	-	-	-	-	-
7	339100	Other P/E-Intangible	-	0.000%	-	F-1	-	-	-	-	-
8	339200	Other P/E-Supply	82,583	3.333%	2,753	F-1	2,037	716	-	-	-
9	339500	Other P/E-TD	-	0.000%	-	F-1	-	-	-	-	-
10	339600	Other P/E-CPS	186,826	3.333%	6,228	F-1	4,608	1,619	-	-	-
11	**Subtotal Transmission and Distribution Plant**		$ 31,642,436		$ 732,286		$ 226,027	$ 79,415	$ 3,708	$ 226,788	$ 196,348
12											
13	**General Plant**										
14	303600	Land and Land Rights	$ 47,358	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
15	304500	Structures and Improvements - General	43,231	2.500%	1,081	F-1	800	281	-	-	-
16	304600	Structures and Improvements - Offices	449,617	2.500%	11,240	F-1	8,318	2,923	-	-	-
17	304620	Structures and Improvements - Leasehold	-	0.000%	-	F-1	-	-	-	-	-
18	304700	Structures and Improvements - Sore,Shop,Gge	29,223	2.500%	731	F-1	541	190	-	-	-
19	304800	Structures and Improvements - General	-	0.000%	-	F-1	-	-	-	-	-
20	340100	Office Furniture & Equipment	101,669	4.500%	4,575	F-6	1,144	-	3,431	-	-
21	340200	Computers & Software	109,956	10.000%	10,996	F-6	2,749	-	8,247	-	-
22	340300	Computer Software	3,521	20.000%	409	F-6	102	-	307	-	-
23	340310	Computer Software Mainframe	-	0.000%	-	F-6	-	-	-	-	-
24	340325	Computer Software Customized	-	0.000%	-	F-6	-	-	-	-	-
25	340330	Computer Software Other	-	0.000%	-	F-6	-	-	-	-	-
26	340500	Other Office Equipment	-	0.000%	-	F-6	-	-	-	-	-
27	341100	Transportation Equip Light Duty Truks	99,015	20.000%	0	F-6	0	-	0	-	-
28	341200	Transportation Equip Heavy Duty Truks	72,088	14.286%	10,298	F-6	2,575	-	7,724	-	-
29	341300	Transportation Equipment Autos	-	0.000%	-	F-6	-	-	-	-	-
30	341400	Transportation Equipment Other	59,848	16.667%	9,975	F-6	2,494	-	7,481	-	-
31	342000	Stores Equipment	1,420	4.000%	(0)	F-6	(0)	-	(0)	-	-
32	343000	Tools and Work Equipment	221,156	4.000%	8,846	F-1	6,546	2,300	-	-	-
33	344000	Laboratory Equipment	7,623	4.000%	-	F-1	-	-	-	-	-
34	345000	Power Operated Equipment	171,959	5.000%	(0)	F-1	(0)	(0)	-	-	-
35	346100	Communication Equipment Non-Telephone	188,877	10.000%	18,888	F-1	13,977	4,911	-	-	-
36	346190	Remote Control & Instrument	880,737	10.000%	88,074	F-1	65,175	22,899	-	-	-
37	346200	Communication Equipment Telephone	-	10.000%	-	F-1	-	-	-	-	-
38	346300	Communication Equipment Other	5,111	10.000%	511	F-1	378	133	-	-	-
39	347000	Structures and Improvements - Offices	-	0.000%	-	F-1	-	-	-	-	-
40	348000	Structures and Improvements - Leasehold	-	0.000%	-	F-1	-	-	-	-	-
41	**Subtotal General Plant**		$ 2,492,409		$ 165,623		$ 104,797	$ 33,636	$ 27,189	$ -	$ -
42	**Total Direct Plant**		$ 46,293,465		$ 1,253,053		$ 593,631	$ 205,389	$ 30,897	$ 226,788	$ 196,348

Mohave Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Allocated General Plant**										
2	399000	Allocated Corporate General Plant	391,360		31,808	F-6	7,952	-	23,856	-	-
3	399000	Reconcilation to PIS Balance	-		221	F-1	163	57	-	-	-
4	**Test Year Ended June 30, 2013**		$ 391,360		$ 32,029		$ 8,115	$ 57	$ 23,856	$ -	$ -
5	**Total Plant**		$ 46,684,824		$ 1,285,082		$ 601,746	$ 205,446	$ 54,754	$ 226,788	$ 196,348
6											
7											
8	Less:	Contributions in Aid of Construction	$ (570,329)	2.74%	$ (15,600)	F-1	(11,544)	(4,056)	-	-	-
9		Advances in Aid of Construction	$ (7,012,710)			F-1	-	-	-	-	-
10		Meter Deposits	(8,257)			F-7	-	-	-	-	-
11		Deferred Income Tax	(696,852)			F-1	-	-	-	-	-
12		Working Capital	133,257			F-1	-	-	-	-	-
13		Deferred Reg Assets/Liabilities	763,868		23,029	F-1	17,041	5,988	-	-	-
14	Total		$ 39,293,801		$ 1,292,510		$ 607,243	$ 207,377	$ 54,754	$ 226,788	$ 196,348
15											
16											
17											
18											
19											

Mohave Water District
Test Year Ended June 30, 2013
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Class	Demand	Commodity	Customer	Meters	Services
1						
2	Class	Demand	Commodity	Customer	Meters	Services
3	Residential	0.688	0.695	0.927	0.903	0.701
4	Apartment	0.063	0.069	0.017	0.025	0.094
5	Commercial	0.191	0.185	0.051	0.064	0.172
6	Other Public Authority	0.059	0.050	0.005	0.008	0.033
7						
8	Total	1.000	1.000	1.000	1.000	1.000
9						
10						
11						
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32						
33						
34	SUPPORTING SCHEDULES					
35	G-7, page 3.1 to 3.3					

Mohave Water District
Test Year Ended June 30, 2013
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant-in-Service. Accumulated Depreciation and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Factor	Demand	Commodity	Customer	Meters	Services
1						
2	Factor	Demand	Commodity	Customer	Meters	Services
3	F-1	0.74	0.26			
4	F-2	1.00				
5	F-3					1.00
6	F-4				1.00	
7	F-5			1.00		
8	F-6	0.25		0.75		
9	F-7				0.50	0.50
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	Development of F-1 Allocation Factor					
26		MGD		RATIO		DEMAND FACTOR	
27		(a)		(b)		(c)	
28	(1) Avg day	4,863.08	G-7, page 3	1.00		1.00	1/(b)
29	(2) Max day	6,552.19	G-7, page 3	1.35	Max day/Avg day	0.74	1/(b)
30							
31							

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.2
Witness: Bourassa

Line No.	Expense Type	Demand	Commodity	Customer	Meters	Services
1						
2	Labor	0.40	0.20	0.40	-	-
3	Purchased Water	-	1.00	-	-	-
4	Fuel & Power	-	1.00	-	-	-
5	Chemicals	-	1.00	-	-	-
6	Waste Disposal	0.40	0.20	0.40	-	-
7	Intercompany Support Services	0.40	0.20	0.40	-	-
8	Corporate Allocation	0.40	0.20	0.40	-	-
9	Outside Services	0.80	0.20	-	-	-
10	Group Insurance	0.40	0.20	0.40	-	-
11	Pensions	0.40	0.20	0.40	-	-
12	Regulatory Expense	0.40	0.20	0.40	-	-
13	Insurance Other Than Group	0.40	0.20	0.40		
14	Customer Accounting	-	-	1.00	-	-
15	Rents	-	-	1.00	-	-
16	General Office Expense	-	-	1.00	-	-
17	Miscellaneous	-	-	1.00	-	-
18	Maintenance Expense	0.40	0.20	0.40	-	-
19	Depreciation & Amortization		See Schedule G-7, page 2.1			
20	General Taxes-Other	-	-	1.00	-	-
21						
22						
23						
24						
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32						
33						
34						
35						

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.1
Witness: Bourassa

COMMODITY ALLOCATION FACTOR

Meter Size	Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
5/8x3/4"	Residential	1,193,630	67.25%
5/8x3/4"	Apartment	9,112	0.51%
5/8x3/4"	Commercial	36,434	2.05%
5/8x3/4"	Other Public Auth.	2,053	0.12%
3/4"	Residential	728	0.04%
3/4"	Apartment	-	0.00%
3/4"	Commercial	-	0.00%
3/4"	Other Public Auth.	-	0.00%
1"	Residential	21,901	1.23%
1"	Apartment	12,656	0.71%
1"	Commercial	52,352	2.95%
1"	Other Public Auth.	2,403	0.14%
1-1/2"	Residential	-	0.00%
1-1/2"	Apartment	1,274	0.07%
1-1/2"	Commercial	689	0.04%
1-1/2"	Other Public Auth.	51	0.00%
2"	Residential	18,053	1.02%
2"	Apartment	80,686	4.55%
2"	Commercial	188,596	10.62%
2"	Other Public Auth.	51,374	2.89%
3"	Residential	-	0.00%
3"	Apartment	-	0.00%
3"	Commercial	11,722	0.66%
3"	Other Public Auth.	13,912	0.78%
4"	Residential	-	0.00%
4"	Apartment	4,098	0.23%
4"	Commercial	4,382	0.25%
4"	Other Public Auth.	3,662	0.21%
6"	Residential	-	0.00%
6"	Apartment	14,735	0.83%
6"	Commercial	34,962	1.97%
6"	Other Public Auth.	15,563	0.88%
8"	Residential	-	0.00%
8"	Apartment	-	0.00%
8"	Commercial	-	0.00%
8"	Other Public Auth.	-	0.00%
		-	0.00%
		-	0.00%
		-	0.00%
		-	0.00%
		-	0.00%
Totals		1,775,027	100.00%

Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
Residential	1,234,312	69.538%
Apartment	122,561	6.905%
Commercial	329,136	18.543%
Other Public Auth.	89,018	5.015%
Total	1,775,027	100.000%

DEMAND ALLOCATION FACTOR

Meter Size	Class	Avg. Daily Gallons (1,000's)	Demand Factor	Avg. Peak Demand (1,000's)	Percent of Total
5/8x3/4"	Residential	3,270.22	1.33	4,346.41	66.34%
5/8x3/4"	Apartment	24.96	1.14	28.40	0.43%
5/8x3/4"	Commercial	99.82	1.29	128.79	1.97%
5/8x3/4"	Other Public Auth.	5.62	1.52	8.54	0.13%
3/4"	Residential	1.99	2.24	4.46	0.07%
3/4"	Apartment	-	-	-	0.00%
3/4"	Commercial	-	-	-	0.00%
3/4"	Other Public Auth.	-	-	-	0.00%
1"	Residential	60.00	1.27	76.39	1.17%
1"	Apartment	34.67	1.34	46.35	0.71%
1"	Commercial	143.43	1.57	225.40	3.44%
1"	Other Public Auth.	6.58	2.20	14.49	0.22%
1-1/2"	Residential	-	-	-	0.00%
1-1/2"	Apartment	3.49	4.10	14.30	0.22%
1-1/2"	Commercial	1.89	1.46	2.77	0.04%
1-1/2"	Other Public Auth.	0.14	1.88	0.26	0.00%
2"	Residential	49.46	1.62	80.26	1.22%
2"	Apartment	221.06	1.18	260.12	3.97%
2"	Commercial	516.70	1.37	707.78	10.80%
2"	Other Public Auth.	140.75	1.27	179.41	2.74%
3"	Residential	-	-	-	0.00%
3"	Apartment	-	-	-	0.00%
3"	Commercial	32.11	1.64	52.56	0.80%
3"	Other Public Auth.	38.12	2.31	87.92	1.34%
4"	Residential	-	-	-	0.00%
4"	Apartment	11.23	1.16	13.06	0.20%
4"	Commercial	12.01	1.72	20.65	0.32%
4"	Other Public Auth.	10.03	1.99	19.98	0.30%
6"	Residential	-	-	-	0.00%
6"	Apartment	40.37	1.23	49.81	0.76%
6"	Commercial	95.79	1.16	110.96	1.69%
6"	Other Public Auth.	42.64	1.71	73.12	1.12%
8"	Residential	-	-	-	0.00%
8"	Apartment	-	-	-	0.00%
8"	Commercial	-	-	-	0.00%
8"	Other Public Auth.	-	-	-	0.00%
		-	-	-	0.00%
		-	-	-	0.00%
		-	-	-	0.00%
		-	-	-	0.00%
		-	-	-	0.00%
Totals		4,863.08		6,552.19	100.00%

Class	Avg. Peak Demand (1,000's)	Percent of Total
Residential	4,508	68.794%
Apartment	412	6.289%
Commercial	1,249	19.061%
Other Public Auth.	384	5.857%
Total	6,552	100.000%

(a) Includes customer and gallons sold annualization.

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.2
Witness: Bourassa

CUSTOMER ALLOCATION FACTOR

Meter Size	Class	Number of Meters	Percent of Total
5/8x3/4"	Residential	14,634	92.05%
5/8x3/4"	Apartment	66	0.42%
5/8x3/4"	Commercial	384	2.42%
5/8x3/4"	Other Public Auth.	18	0.11%
3/4"	Residential	4	0.03%
3/4"	Apartment	1	0.01%
3/4"	Commercial	-	0.00%
3/4"	Other Public Auth.	-	0.00%
1"	Residential	77	0.49%
1"	Apartment	53	0.33%
1"	Commercial	199	1.25%
1"	Other Public Auth.	11	0.07%
1-1/2"	Residential	-	0.00%
1-1/2"	Apartment	2	0.01%
1-1/2"	Commercial	3	0.02%
1-1/2"	Other Public Auth.	1	0.01%
2"	Residential	24	0.15%
2"	Apartment	143	0.90%
2"	Commercial	206	1.30%
2"	Other Public Auth.	46	0.29%
3"	Residential	-	0.00%
3"	Apartment	-	0.00%
3"	Commercial	13	0.08%
3"	Other Public Auth.	2	0.01%
4"	Residential	-	0.00%
4"	Apartment	2	0.01%
4"	Commercial	2	0.01%
4"	Other Public Auth.	1	0.01%
6"	Residential	-	0.00%
6"	Apartment	1	0.01%
6"	Commercial	3	0.02%
6"	Other Public Auth.	1	0.01%
8"	Residential	-	0.00%
8"	Apartment	-	0.00%
8"	Commercial	-	0.00%
8"	Other Public Auth.	-	0.00%
Totals		15,898	100.00%

Class	Number of Meters	Percent of Total
Residential	14,740	92.715%
Apartment	268	1.687%
Commercial	810	5.094%
Other Public Auth.	80	0.503%
Total	15,898	100.000%

SERVICES ALLOCATION FACTOR (b)

Meter Size	Class	Number of Services	Install-ation Cost	Dollar Weighted Number Services	Percent of Total
5/8x3/4"	Residential	14,634	445.00	6,512,167	89.46%
5/8x3/4"	Apartment	66	445.00	29,407	0.40%
5/8x3/4"	Commercial	384	445.00	170,991	2.35%
5/8x3/4"	Other Public Auth.	18	445.00	8,010	0.11%
3/4"	Residential	4	445.00	1,780	0.02%
3/4"	Apartment	1	445.00	445	0.01%
3/4"	Commercial	0	445.00	-	0.00%
3/4"	Other Public Auth.	0	445.00	-	0.00%
1"	Residential	77	495.00	38,321	0.53%
1"	Apartment	53	495.00	26,235	0.36%
1"	Commercial	199	495.00	98,423	1.35%
1"	Other Public Auth.	11	495.00	5,445	0.07%
1-1/2"	Residential	0	550.00	-	0.00%
1-1/2"	Apartment	2	550.00	1,100	0.02%
1-1/2"	Commercial	3	550.00	1,650	0.02%
1-1/2"	Other Public Auth.	1	550.00	550	0.01%
2"	Residential	24	830.00	20,128	0.28%
2"	Apartment	143	830.00	118,828	1.63%
2"	Commercial	206	830.00	171,049	2.35%
2"	Other Public Auth.	46	830.00	38,180	0.52%
3"	Residential	0	1,165.00	-	0.00%
3"	Apartment	0	1,165.00	-	0.00%
3"	Commercial	13	1,165.00	14,757	0.20%
3"	Other Public Auth.	2	1,165.00	2,330	0.03%
4"	Residential	0	1,670.00	-	0.00%
4"	Apartment	2	1,670.00	3,340	0.05%
4"	Commercial	2	1,670.00	3,340	0.05%
4"	Other Public Auth.	1	1,670.00	1,670	0.02%
6"	Residential	0	2,330.00	-	0.00%
6"	Apartment	1	2,330.00	2,330	0.03%
6"	Commercial	3	2,330.00	6,990	0.10%
6"	Other Public Auth.	1	2,330.00	2,330	0.03%
8"	Residential	0	3,262.00	-	0.00%
8"	Apartment	0	3,262.00	-	0.00%
8"	Commercial	0	3,262.00	-	0.00%
8"	Other Public Auth.	0	3,262.00	-	0.00%
Totals		15,898		$ 7,279,796	100.00%

Class	Dollar Weighted Number Services	Percent of Total
Residential	6,572,396	90.283%
Apartment	181,685	2.496%
Commercial	467,200	6.418%
Other Public Auth.	58,515	0.804%
Total	7,279,796	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.3
Witness: Bourassa

METER ALLOCATION FACTOR (b)

Meter Size		Number of Meters	Meter Cost	Weighted Dollars of Meters	Percent of Total
5/8x3/4"	Residential	14,634	155.00	2,268,283	68.00%
5/8x3/4"	Apartment	66	155.00	10,243	0.31%
5/8x3/4"	Commercial	384	155.00	59,559	1.79%
5/8x3/4"	Other Public Auth.	18	155.00	2,790	0.08%
3/4"	Residential	4	255.00	1,020	0.03%
3/4"	Apartment	1	255.00	255	0.01%
3/4"	Commercial	0	255.00	0	0.00%
3/4"	Other Public Auth.	0	255.00	0	0.00%
1"	Residential	77	315.00	24,386	0.73%
1"	Apartment	53	315.00	16,695	0.50%
1"	Commercial	199	315.00	62,633	1.88%
1"	Other Public Auth.	11	315.00	3,465	0.10%
1-1/2"	Residential	0	525.00	0	0.00%
1-1/2"	Apartment	2	525.00	1,050	0.03%
1-1/2"	Commercial	3	525.00	1,575	0.05%
1-1/2"	Other Public Auth.	1	525.00	525	0.02%
2"	Residential	24	1,890.00	45,833	1.37%
2"	Apartment	143	1,890.00	270,585	8.11%
2"	Commercial	206	1,890.00	389,498	11.68%
2"	Other Public Auth.	46	1,890.00	86,940	2.61%
3"	Residential	0	2,545.00	0	0.00%
3"	Apartment	0	2,545.00	0	0.00%
3"	Commercial	13	2,545.00	32,237	0.97%
3"	Other Public Auth.	2	2,545.00	5,090	0.15%
4"	Residential	0	3,645.00	0	0.00%
4"	Apartment	2	3,645.00	7,290	0.22%
4"	Commercial	2	3,645.00	7,290	0.22%
4"	Other Public Auth.	1	3,645.00	3,645	0.11%
6"	Residential	0	6,920.00	0	0.00%
6"	Apartment	1	6,920.00	6,920	0.21%
6"	Commercial	3	6,920.00	20,760	0.62%
6"	Other Public Auth.	1	6,920.00	6,920	0.21%
8"	Residential	0	9,688.00	0	0.00%
8"	Apartment	0	9,688.00	0	0.00%
8"	Commercial	0	9,688.00	0	0.00%
8"	Other Public Auth.	0	9,688.00	0	0.00%
Totals		15,898		########	100.00%

Class	Weighted Dollars of Meters	Percent of Total
Residential	2,339,522	70.140%
Apartment	313,038	9.385%
Commercial	573,550	17.195%
Other Public Auth.	109,375	3.279%
Total	3,335,485	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 1A
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				4,065	346,371	135,353
3	Fire and Misc. Revenues (From Sched G-2, page1)					(221,297)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					2,257,320	196,348	226,788
5	Property Taxes (From Sched. G-2, page 1)					180,382		
6	Income Taxes (From Sched. G-2, page 1)					610,973		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					2,831,444	542,719	362,141
8								
9	**Customer Charge**							
10	Number of Bills =	15,898	times 12 months			190,774		
11								
12	**Charge per Bill**					$ 14.84		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		19,956	times	12	months	239,475	239,475
17								
18	**Charge per Equivalent Meter**						$ 2.27	$ 1.51
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 14.84	
24	Charge per Equivalent Service Line						2.27	
25	Charge per Equivalent Meter						1.51	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 18.62	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 2A
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base 6.81%		824,720
4	Demand Expenses (From Schedule G-4, Page 2)		1,838,915
5			
6	Totals		2,663,635
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		239,475
9	Demand Charge for 5/8 Inch Meter		$ 11.12
10			
11			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
12				
13	5/8 Inch Meter	$ 11.12	1.0	$ 11.12
14	3/4 Inch Meter	11.12	1.5	16.68
15	1 Inch Meter	11.12	2.5	27.81
16	1 1/2 Inch Meter	11.12	5.0	55.61
17	2 Inch Meter	11.12	8.0	88.98
18	3 Inch Meter	11.12	16.0	177.97
19	4 Inch Meter	11.12	25.0	278.07
20	6 Inch Meter	11.12	50.0	556.14
21	8 Inch Meter	11.12	80.0	889.83
22	10 Inch Meter	11.12	115.0	1,279.13
23	12 Inch Meter	11.12	215.0	2,391.41

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 3A
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	290,670	4,065	346,371	135,353	824,720
4	Less: Miscellaneous Revenues			(221,297)			
5							
6	Expenses (From Sch. G-4. Page 2)		1,369,825	2,257,320	196,348	226,788	1,838,915
7	Property Taxes (From Sched. G-2, page 1)			180,382			
8	Income Taxes (From Sched. G-2, page 1)			610,973			
9	Total Revenue Requirement by function		1,660,494	2,831,444	542,719	362,141	2,663,635
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		1,775,027				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9355**				
12	Annualized Number of Bills			190,774			
13	Equivalent Meters and Service Lines				239,475	239,475	239,475
14	Customer Charge (line 9 divided by line 12)			$ 14.84			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 2.27	$ 1.51	$ 11.12
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 29.74
18							
19			5/8" Monthly	Meter	Demand		
20	Monthly Minimum		Minimum	Ratio	Charge		
21	5/8 Inch Meter		$ 29.74	1.0	$ 29.74		
22	3/4 Inch Meter		29.74	1.5	44.61		
23	1 Inch Meter		29.74	2.5	74.36		
24	1 1/2 Inch Meter		29.74	5.0	148.72		
25	2 Inch Meter		29.74	8.0	237.95		
26	3 Inch Meter		29.74	16.0	475.89		
27	4 Inch Meter		29.74	25.0	743.58		
28	6 Inch Meter		29.74	50.0	1,487.16		
29	8 Inch Meter		29.74	80.0	2,379.46		
30	10 Inch Meter		29.74	115.0	3,420.47		
31	12 Inch Meter		29.74	215.0	6,394.79		
32							
33							

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 4A
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 3,736,304	40%	$ 1,494,521	
7	Demand Costs	2,663,635	40%	1,065,454	
8	Commodity Costs	1,660,494	100%	1,660,494	
9	Total Costs to be Collected via Commodity			$ 4,220,470	
10	Gallons Sold			1,775,027	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 2.378**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 8,060,432	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(4,220,470)	
19	Balance to be Recovered through Monthly Minimum			$ 3,839,963	47.64%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			239,475	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 16.03**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 16.03	1.0	$ 16.03	
30	3/4 Inch Meter	16.03	1.5	24.05	
31	1 Inch Meter	16.03	2.5	40.09	
32	1 1/2 Inch Meter	16.03	5.0	80.17	
33	2 Inch Meter	16.03	8.0	128.28	
34	3 Inch Meter	16.03	16.0	256.56	
35	4 Inch Meter	16.03	25.0	400.87	
36	6 Inch Meter	16.03	50.0	801.75	
37	8 Inch Meter	16.03	80.0	1,282.80	
38	10 Inch Meter	16.03	115.0	1,844.02	
39	12 Inch Meter	16.03	215.0	3,447.52	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1B
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	6.81%				3,769	242,946	122,200
2	Misc. Revenues (From Sched G-2, page1)					(205,176)		
3	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					2,092,884	137,719	204,751
4	Property Taxes (From Sched. G-2, page 1)					127,741		
5	Income Taxes (From Sched. G-2, page 1)					249,035		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					2,268,253	380,665	326,951
7								
8	**Customer Charge**							
9	Number of Bills =	14,740	times 12 months			176,877		
10								
11	**Charge per Bill**					$ 12.82		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		15,028	times	12	months	180,332	180,332
16								
17	**Charge per Equivalent Meter**						$ 2.11	$ 1.81
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 12.82	
23	Charge per Equivalent Service Line						2.11	
24	Charge per Equivalent Meter						1.81	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 16.75	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2B
Witness: Bourassa

Line No.	DEMAND CHARGE:		
1			
2	Return on Rate Base 6.81%		567,358
3	Demand Expenses (From Schedule G-4, Page 2)		1,265,064
4			
5	Totals		1,832,422
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		180,332
8	Demand Charge for 5/8 Inch Meter		$ 10.16
9			
10		5/8" Demand	Meter	Demand
11	Demand Charge Per Equivalent	Charge	Ratio	Charge
12	5/8 Inch Meter	$ 10.16	1.0	$ 10.16
13	3/4 Inch Meter	10.16	1.5	15.24
14	1 Inch Meter	10.16	2.5	25.40
15	1 1/2 Inch Meter	10.16	5.0	50.81
16	2 Inch Meter	10.16	8.0	81.29
17	3 Inch Meter	10.16	16.0	162.58
18	4 Inch Meter	10.16	25.0	254.04
19	6 Inch Meter	10.16	50.0	508.07
20	8 Inch Meter	10.16	80.0	812.91
21	10 Inch Meter	10.16	115.0	1,168.56
22	12 Inch Meter	10.16	215.0	2,184.70

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3B
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	202,125	3,769	242,946	122,200	567,358
4	Less: Miscellaneous Revenues			(205,176)			
5							
6	Expenses (From Sch. G-4. Page 2)		952,543	2,092,884	137,719	204,751	1,265,064
7	Property Taxes (From Sched. G-2, page 1)			127,741			
8	Income Taxes (From Sched. G-2, page 1)			249,035			
9	Total Revenue Requirement by function		1,154,668	2,268,253	380,665	326,951	1,832,422
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		1,234,312				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9355**				
12	Annualized Number of Bills			176,877			
13	Equivalent Meters and Service Lines				180,332	180,332	180,332
14	Customer Charge (line 9 divided by line 12)			$ 12.82			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 2.11	$ 1.81	$ 10.16
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 26.91
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 26.91	1.0	$ 26.91
22	3/4 Inch Meter	26.91	1.5	40.36
23	1 Inch Meter	26.91	2.5	67.27
24	1 1/2 Inch Meter	26.91	5.0	134.55
25	2 Inch Meter	26.91	8.0	215.27
26	3 Inch Meter	26.91	16.0	430.55
27	4 Inch Meter	26.91	25.0	672.73
28	6 Inch Meter	26.91	50.0	1,345.46
29	8 Inch Meter	26.91	80.0	2,152.74
30	10 Inch Meter	26.91	115.0	3,094.57
31	12 Inch Meter	26.91	215.0	5,785.50
32				
33				

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4B
Witness: Bourassa

Line No.		Total Rev. Req.	%	Commodity Portion of Rev. Req.	
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
6	Customer, Service, and Meter Costs	$ 2,975,869	40%	$ 1,190,347	
7	Demand Costs	1,832,422	40%	732,969	
8	Commodity Costs	1,154,668	100%	1,154,668	
9	Total Costs to be Collected via Commodity			$ 3,077,985	
10	Gallons Sold			1,234,312	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 2.494**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 5,962,959	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(3,077,985)	
19	Balance to be Recovered through Monthly Minimum			$ 2,884,974	48.38%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			180,332	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 16.00**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 16.00	1.0	$ 16.00	
30	3/4 Inch Meter	16.00	1.5	24.00	
31	1 Inch Meter	16.00	2.5	40.00	
32	1 1/2 Inch Meter	16.00	5.0	79.99	
33	2 Inch Meter	16.00	8.0	127.99	
34	3 Inch Meter	16.00	16.0	255.97	
35	4 Inch Meter	16.00	25.0	399.95	
36	6 Inch Meter	16.00	50.0	799.91	
37	8 Inch Meter	16.00	80.0	1,279.85	
38	10 Inch Meter	16.00	115.0	1,839.79	
39	12 Inch Meter	16.00	215.0	3,439.61	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
APARTMENT CLASS

Exhibit
Rejoinder Schedule G-8
Page 1C
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	6.81%				69	32,507	3,378
2	Misc. Revenues (From Sched G-2, page1)					(3,734)		
3	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					38,089	18,427	5,660
4	Property Taxes (From Sched. G-2, page 1)					13,309		
5	Income Taxes (From Sched. G-2, page 1)					108,039		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					155,772	50,935	9,038
7								
8	**Customer Charge**							
9	Number of Bills =	268	times 12 months			3,219		
10								
11	**Charge per Bill**					$ 48.39		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		1,455	times	12	months	17,465	17,465
16								
17	**Charge per Equivalent Meter**						$ 2.92	$ 0.52
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 48.39	
23	Charge per Equivalent Service Line						2.92	
24	Charge per Equivalent Meter						0.52	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 51.83	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
APARTMENT CLASS

Exhibit
Rejoinder Schedule G-8
Page 2C
Witness: Bourassa

Line No.	DEMAND CHARGE:		
1			
2	Return on Rate Base 6.81%		51,863
3	Demand Expenses (From Schedule G-4, Page 2)		115,640
4			
5	Totals		167,503
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		17,465
8	Demand Charge for 5/8 Inch Meter		$ 9.59
9			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
10				
11				
12	5/8 Inch Meter	$ 9.59	1.0	$ 9.59
13	3/4 Inch Meter	9.59	1.5	14.39
14	1 Inch Meter	9.59	2.5	23.98
15	1 1/2 Inch Meter	9.59	5.0	47.95
16	2 Inch Meter	9.59	8.0	76.73
17	3 Inch Meter	9.59	16.0	153.45
18	4 Inch Meter	9.59	25.0	239.77
19	6 Inch Meter	9.59	50.0	479.54
20	8 Inch Meter	9.59	80.0	767.26
21	10 Inch Meter	9.59	115.0	1,102.94
22	12 Inch Meter	9.59	215.0	2,062.02

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
APARTMENT CLASS

Exhibit
Rejoinder Schedule G-8
Page 3C
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	20,070	69	32,507	3,378	51,863
4	Less: Miscellaneous Revenues			(3,734)			
5							
6	Expenses (From Sch. G-4. Page 2)		94,583	38,089	18,427	5,660	115,640
7	Property Taxes (From Sched. G-2, page 1)			13,309			
8	Income Taxes (From Sched. G-2, page 1)			108,039			
9	Total Revenue Requirement by function		114,653	155,772	50,935	9,038	167,503
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		122,561				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9355**				
12	Annualized Number of Bills			3,219			
13	Equivalent Meters and Service Lines				17,465	17,465	17,465
14	Customer Charge (line 9 divided by line 12)			$ 48.39			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 2.92	$ 0.52	$ 9.59
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						**$ 61.42**
18							
19			5/8" Monthly	Meter	Demand		
20	Monthly Minimum		Minimum	Ratio	Charge		
21	5/8 Inch Meter		$ 61.42	1.0	$ 61.42		
22	3/4 Inch Meter		61.42	1.5	92.12		
23	1 Inch Meter		61.42	2.5	153.54		
24	1 1/2 Inch Meter		61.42	5.0	307.08		
25	2 Inch Meter		61.42	8.0	491.33		
26	3 Inch Meter		61.42	16.0	982.66		
27	4 Inch Meter		61.42	25.0	1,535.40		
28	6 Inch Meter		61.42	50.0	3,070.80		
29	8 Inch Meter		61.42	80.0	4,913.28		
30	10 Inch Meter		61.42	115.0	7,062.84		
31	12 Inch Meter		61.42	215.0	13,204.44		
32							
33							

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
APARTMENT CLASS

Exhibit
Rejoinder Schedule G-8
Page 4C
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 215,745	40%	$ 86,298	
7	Demand Costs	167,503	40%	67,001	
8	Commodity Costs	114,653	100%	114,653	
9	Total Costs to be Collected via Commodity			$ 267,952	
10	Gallons Sold			122,561	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 2.186**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 497,901	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(267,952)	
19	Balance to be Recovered through Monthly Minimum			$ 229,948	46.18%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			17,465	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 13.17**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 13.17	1.0	$ 13.17	
30	3/4 Inch Meter	13.17	1.5	19.75	
31	1 Inch Meter	13.17	2.5	32.92	
32	1 1/2 Inch Meter	13.17	5.0	65.83	
33	2 Inch Meter	13.17	8.0	105.33	
34	3 Inch Meter	13.17	16.0	210.66	
35	4 Inch Meter	13.17	25.0	329.16	
36	6 Inch Meter	13.17	50.0	658.31	
37	8 Inch Meter	13.17	80.0	1,053.30	
38	10 Inch Meter	13.17	115.0	1,514.12	
39	12 Inch Meter	13.17	215.0	2,830.74	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1D
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				207	59,560	8,687
3	Misc. Revenues (From Sched G-2, page1)					(11,273)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					114,988	33,763	14,555
5	Property Taxes (From Sched. G-2, page 1)					32,513		
6	Income Taxes (From Sched. G-2, page 1)					222,809		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					359,244	93,323	23,241
8								
9	**Customer Charge**							
10	Number of Bills =	810	times 12 months			9,718		
11								
12	**Charge per Bill**					$ 36.97		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		2,948	times	12	months	35,372	35,372
17								
18	**Charge per Equivalent Meter**						$ 2.64	$ 0.66
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 36.97	
24	Charge per Equivalent Service Line						2.64	
25	Charge per Equivalent Meter						0.66	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 40.26	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2D
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base 6.81%		157,199
4	Demand Expenses (From Schedule G-4, Page 2)		350,514
5			
6	Totals		507,713
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		35,372
9	Demand Charge for 5/8 Inch Meter		$ 14.35

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
10				
11				
12				
13	5/8 Inch Meter	$ 14.35	1.0	$ 14.35
14	3/4 Inch Meter	14.35	1.5	21.53
15	1 Inch Meter	14.35	2.5	35.88
16	1 1/2 Inch Meter	14.35	5.0	71.77
17	2 Inch Meter	14.35	8.0	114.83
18	3 Inch Meter	14.35	16.0	229.66
19	4 Inch Meter	14.35	25.0	358.84
20	6 Inch Meter	14.35	50.0	717.68
21	8 Inch Meter	14.35	80.0	1,148.28
22	10 Inch Meter	14.35	115.0	1,650.66
23	12 Inch Meter	14.35	215.0	3,086.01

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3D
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	53,898	207	59,560	8,687	157,199
4	Less: Miscellaneous Revenues			(11,273)			
5							
6	Expenses (From Sch. G-4. Page 2)		254,001	114,988	33,763	14,555	350,514
7				32,513			
8	Income Taxes (From Sched. G-2, page 1)			222,809			
9	Total Revenue Requirement by function		307,899	359,244	93,323	23,241	507,713
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		329,136				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9355**				
12	Annualized Number of Bills			9,718			
13	Equivalent Meters and Service Lines				35,372	35,372	35,372
14	Customer Charge (line 9 divided by line 12)			$ 36.97			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 2.64	$ 0.66	$ 14.35
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 54.62
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 54.62	1.0	$ 54.62
22	3/4 Inch Meter	54.62	1.5	81.92
23	1 Inch Meter	54.62	2.5	136.54
24	1 1/2 Inch Meter	54.62	5.0	273.08
25	2 Inch Meter	54.62	8.0	436.93
26	3 Inch Meter	54.62	16.0	873.85
27	4 Inch Meter	54.62	25.0	1,365.39
28	6 Inch Meter	54.62	50.0	2,730.79
29	8 Inch Meter	54.62	80.0	4,369.26
30	10 Inch Meter	54.62	115.0	6,280.81
31	12 Inch Meter	54.62	215.0	11,742.39
32				
33				

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4D
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 475,808	40%	$ 190,323	
7	Demand Costs	507,713	40%	203,085	
8	Commodity Costs	307,899	100%	307,899	
9	Total Costs to be Collected via Commodity			$ 701,307	
10	Gallons Sold			329,136	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 2.131**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 1,291,420	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(701,307)	
19	Balance to be Recovered through Monthly Minimum			$ 590,113	45.69%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			35,372	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 16.68**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 16.68	1.0	$ 16.68	
30	3/4 Inch Meter	16.68	1.5	25.02	
31	1 Inch Meter	16.68	2.5	41.71	
32	1 1/2 Inch Meter	16.68	5.0	83.42	
33	2 Inch Meter	16.68	8.0	133.46	
34	3 Inch Meter	16.68	16.0	266.93	
35	4 Inch Meter	16.68	25.0	417.08	
36	6 Inch Meter	16.68	50.0	834.15	
37	8 Inch Meter	16.68	80.0	1,334.64	
38	10 Inch Meter	16.68	115.0	1,918.55	
39	12 Inch Meter	16.68	215.0	3,586.86	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
OTHER PUBLIC AUTHORITY

Exhibit
Rejoinder Schedule G-8
Page 1E
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base 6.81%					20	11,358	1,088
3	Misc. Revenues (From Sched G-2, page1)					(1,114)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					11,359	6,439	1,823
5	Property Taxes (From Sched. G-2, page 1)					6,819		
6	Income Taxes (From Sched. G-2, page 1)					31,090		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					48,175	17,796	2,911
8								
9	**Customer Charge**							
10	Number of Bills =	80	times 12 months			960		
11								
12	**Charge per Bill**					$ 50.18		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters	526	times	12	months		6,306	6,306
17								
18	**Charge per Equivalent Meter**						$ 2.82	$ 0.46
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 50.18	
24	Charge per Equivalent Service Line						2.82	
25	Charge per Equivalent Meter						0.46	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 53.47	

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
OTHER PUBLIC AUTHORITY

Exhibit
Rejoinder Schedule G-8
Page 2E
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
1			
2	Return on Rate Base	6.81%	48,300
3	Demand Expenses (From Schedule G-4, Page 2)		107,696
4			
5	Totals		155,996
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		6,306
8	Demand Charge for 5/8 Inch Meter		$ 24.74

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
12	5/8 Inch Meter	$ 24.74	1.0	$ 24.74
13	3/4 Inch Meter	24.74	1.5	37.11
14	1 Inch Meter	24.74	2.5	61.84
15	1 1/2 Inch Meter	24.74	5.0	123.69
16	2 Inch Meter	24.74	8.0	197.90
17	3 Inch Meter	24.74	16.0	395.80
18	4 Inch Meter	24.74	25.0	618.44
19	6 Inch Meter	24.74	50.0	1,236.89
20	8 Inch Meter	24.74	80.0	1,979.02
21	10 Inch Meter	24.74	115.0	2,844.84
22	12 Inch Meter	24.74	215.0	5,318.61

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
OTHER PUBLIC AUTHORITY

Exhibit
Rejoinder Schedule G-8
Page 3E
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	14,577	20	11,358	1,088	48,300
4	Less: Miscellaneous Revenues			(1,114)			
5							
6	Expenses (From Sch. G-4. Page 2)		68,697	11,359	6,439	1,823	107,696
7	Property Taxes (From Sched. G-2, page 1)			6,819			
8	Income Taxes (From Sched. G-2, page 1)			31,090			
9	Total Revenue Requirement by function		83,274	48,175	17,796	2,911	155,996
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		89,018				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9355**				
12	Annualized Number of Bills			960			
13	Equivalent Meters and Service Lines				6,306	6,306	6,306
14	Customer Charge (line 9 divided by line 12)			$ 50.18			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 2.82	$ 0.46	$ 24.74
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 78.20
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 78.20	1.0	$ 78.20
22	3/4 Inch Meter	78.20	1.5	117.31
23	1 Inch Meter	78.20	2.5	195.51
24	1 1/2 Inch Meter	78.20	5.0	391.02
25	2 Inch Meter	78.20	8.0	625.63
26	3 Inch Meter	78.20	16.0	1,251.26
27	4 Inch Meter	78.20	25.0	1,955.09
28	6 Inch Meter	78.20	50.0	3,910.19
29	8 Inch Meter	78.20	80.0	6,256.30
30	10 Inch Meter	78.20	115.0	8,993.44
31	12 Inch Meter	78.20	215.0	16,813.82
32				
33				

Mohave Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
OTHER PUBLIC AUTHORITY

Exhibit
Rejoinder Schedule G-8
Page 4E
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 68,882	40%	$ 27,553	
7	Demand Costs	155,996	40%	62,398	
8	Commodity Costs	83,274	100%	83,274	
9	Total Costs to be Collected via Commodity			$ 173,226	
10	Gallons Sold			83,274	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 2.080**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 308,153	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(173,226)	
19	Balance to be Recovered through Monthly Minimum			$ 134,927	43.79%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			6,306	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 21.40**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 21.40	1.0	$ 21.40	
30	3/4 Inch Meter	21.40	1.5	32.09	
31	1 Inch Meter	21.40	2.5	53.49	
32	1 1/2 Inch Meter	21.40	5.0	106.98	
33	2 Inch Meter	21.40	8.0	171.17	
34	3 Inch Meter	21.40	16.0	342.35	
35	4 Inch Meter	21.40	25.0	534.92	
36	6 Inch Meter	21.40	50.0	1,069.83	
37	8 Inch Meter	21.40	80.0	1,711.73	
38	10 Inch Meter	21.40	115.0	2,460.61	
39	12 Inch Meter	21.40	215.0	4,600.28	

Mohave Water District
Test Year Ended June 30, 2013
Comparison of Proposed Rates to Computed Costs
For a 5/8x3/4-Inch Residential Meter (With Required Operating Margin)

Exhibit
Rejoinder Schedule G-9
Page 1
Witness: Bourassa

Column Number-->		(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues									(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs	
1	-	$ 15.35	$ -	$ 15.35	$ 11.12	$ 14.84	$ 2.27	$ 1.51	0	$ 29.74	$ (14.39)
2	1,000	15.35	1.53	16.88	11.12	14.84	2.27	1.51	0.935	30.68	(13.80)
3	2,000	15.35	3.06	18.41	11.12	14.84	2.27	1.51	1.871	31.61	(13.20)
4	3,000	15.35	4.59	19.94	11.12	14.84	2.27	1.51	2.806	32.55	(12.61)
5	4,000	15.35	7.07	22.42	11.12	14.84	2.27	1.51	3.742	33.49	(11.06)
6	5,000	15.35	9.55	24.90	11.12	14.84	2.27	1.51	4.677	34.42	(9.52)
7	6,000	15.35	12.03	27.38	11.12	14.84	2.27	1.51	5.613	35.36	(7.98)
8	7,000	15.35	14.51	29.86	11.12	14.84	2.27	1.51	6.548	36.29	(6.43)
9	8,000	15.35	16.99	32.34	11.12	14.84	2.27	1.51	7.484	37.23	(4.89)
10	9,000	15.35	19.47	34.82	11.12	14.84	2.27	1.51	8.419	38.16	(3.34)
11	10,000	15.35	21.95	37.30	11.12	14.84	2.27	1.51	9.355	39.10	(1.80)
12	12,000	15.35	28.36	43.71	11.12	14.84	2.27	1.51	11.226	40.97	2.74
13	14,000	15.35	34.77	50.12	11.12	14.84	2.27	1.51	13.097	42.84	7.28
14	16,000	15.35	41.18	56.53	11.12	14.84	2.27	1.51	14.968	44.71	11.82
15	18,000	15.35	47.59	62.94	11.12	14.84	2.27	1.51	16.839	46.58	16.36
16	20,000	15.35	54.00	69.35	11.12	14.84	2.27	1.51	18.710	48.45	20.90
17	25,000	15.35	70.03	85.38	11.12	14.84	2.27	1.51	23.387	53.13	32.25
18	30,000	15.35	86.05	101.40	11.12	14.84	2.27	1.51	28.064	57.81	43.59
19	35,000	15.35	102.08	117.43	11.12	14.84	2.27	1.51	32.742	62.48	54.94
20	40,000	15.35	118.10	133.45	11.12	14.84	2.27	1.51	37.419	67.16	66.29
21	45,000	15.35	134.13	149.48	11.12	14.84	2.27	1.51	42.096	71.84	77.64
22	50,000	15.35	150.15	165.50	11.12	14.84	2.27	1.51	46.774	76.52	88.98
23	60,000	15.35	182.20	197.55	11.12	14.84	2.27	1.51	56.129	85.87	111.68
24	70,000	15.35	214.25	229.60	11.12	14.84	2.27	1.51	65.483	95.23	134.37
25	80,000	15.35	246.30	261.65	11.12	14.84	2.27	1.51	74.838	104.58	157.07
26	90,000	15.35	278.35	293.70	11.12	14.84	2.27	1.51	84.193	113.94	179.76
27	100,000	15.35	310.40	325.75	11.12	14.84	2.27	1.51	93.548	123.29	202.46

Mohave Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	$ 4,107,557	$ 5,500,316	$ 1,392,759	33.91%	64.28%	66.42%
2	3/4 Inch	Residential	2,149	2,674	525	24.43%	0.03%	0.03%
3	1 Inch	Residential	81,146	99,561	18,415	22.69%	1.27%	1.20%
4	1.5 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
5	2 Inch	Residential	68,590	86,550	17,960	26.19%	1.07%	1.05%
6	6 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
7		Subtotal	4,259,442	5,689,101	1,429,659	33.56%	66.66%	68.69%
8								
9	5/8x3/4 Inch	Apartment	$ 30,048	$ 37,630	$ 7,583	25.24%	0.47%	0.45%
10	3/4 Inch	Apartment	132	184	52	39.55%	0.00%	0.00%
11	1 Inch	Apartment	48,395	60,555	12,160	25.13%	0.76%	0.73%
12	1.5 Inch	Apartment	4,385	5,452	1,067	24.34%	0.07%	0.07%
13	2 Inch	Apartment	345,225	439,577	94,352	27.33%	5.40%	5.31%
14	4 Inch	Apartment	16,279	20,710	4,431	27.22%	0.25%	0.25%
15	6 Inch	Apartment	46,629	53,826	7,197	15.43%	0.73%	0.65%
16		Subtotal	$ 491,092	$ 617,935	$ 126,843	25.83%	7.69%	7.46%
17								
18	5/8x3/4 Inch	Commercial	$ 139,286	$ 174,587	$ 35,302	25.34%	2.18%	2.11%
19	3/4 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
20	1 Inch	Commercial	198,662	244,424	45,762	23.04%	3.11%	2.95%
21	1.5 Inch	Commercial	3,331	4,524	1,193	35.80%	0.05%	0.05%
22	2 Inch	Commercial	700,402	856,387	155,985	22.27%	10.96%	10.34%
23	3 Inch	Commercial	56,150	71,291	15,141	26.97%	0.88%	0.86%
24	4 Inch	Commercial	17,208	21,668	4,460	25.92%	0.27%	0.26%
25	6 Inch	Commercial	116,206	134,384	18,178	15.64%	1.82%	1.62%
26		Subtotal	$ 1,231,245	$ 1,507,266	$ 276,021	22.42%	19.27%	18.20%
27								
28	5/8 x3/4Inch	Other Public Authority	$ 6,154	$ 8,407	$ 2,254	36.62%	0.10%	0.10%
29	1 Inch	Other Public Authority	8,052	11,025	2,974	36.93%	0.13%	0.13%
30	1.5 Inch	Other Public Authority	754	1,048	294	38.96%	0.01%	0.01%
31	2 Inch	Other Public Authority	143,104	195,195	52,091	36.40%	2.24%	2.36%
32	3 Inch	Other Public Authority	29,822	40,396	10,574	35.46%	0.47%	0.49%
33	4 Inch	Other Public Authority	10,038	13,687	3,649	36.35%	0.16%	0.17%
34	6 Inch	Other Public Authority	35,236	47,807	12,571	35.68%	0.55%	0.58%
35		Subtotal	233,159	317,565	84,406	36.20%	3.65%	3.83%
36								
37	2 Inch	Fire	$ 870	$ 1,114	$ 244	28.06%	0.01%	0.01%
38	4 Inch	Fire	8,285	10,187	1,902	22.95%	0.13%	0.12%
39	6 Inch	Fire	7,299	8,865	1,566	21.46%	0.11%	0.11%
40	8 Inch	Fire	3,473	4,203	731	21.04%	0.05%	0.05%
41	Private Hydrant		15,829	19,728	3,899	24.63%	0.25%	0.24%
42								
43								
44								
45	Total Revenues Before Annualization		$ 6,250,694	$ 8,175,965	$ 1,925,271	30.80%	97.82%	98.72%

Mohave Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	Schedule
1				Revenue Annualization					
2									
5	5/8x3/4 Inch	Residential	$ (800)	$ (1,078)	(278)	34.78%	0	(435)	See Work Papers
6	3/4 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
7	1 Inch	Residential	(73)	(78)	(5)	6.83%	0	(24)	See Work Papers
8	1.5 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
9	2 Inch	Residential	130	140	11	8.34%	-	45	See Work Papers
10	6 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
11		Subtotal	$ (743)	$ (1,016)	(272)	36.66%	0	(414)	
12									
13	5/8x3/4 Inch	Apartment	$ (23.79)	$ (25)	(1.44)	6.03%	(0)	(8)	See Work Papers
14	3/4 Inch	Apartment	-	-	-	0.00%	-	-	See Work Papers
15	1 Inch	Apartment	-	-	-	0.00%	-	-	See Work Papers
16	1.5 Inch	Apartment	-	-	-	0.00%	-	-	See Work Papers
17	2 Inch	Apartment	(21)	(25)	(4)	17.99%	(0)	(9)	See Work Papers
18	4 Inch	Apartment	-	-	-	0.00%	-	-	See Work Papers
19	6 Inch	Apartment	-	-	-	0.00%	-	-	See Work Papers
20		Subtotal	$ (45)	$ (50)	(5)	11.63%	(0)	(17)	
21									
22	5/8x3/4 Inch	Commercial	$ 5	$ 7	2	37.22%	-	3	See Work Papers
23	3/4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
24	1 Inch	Commercial	(172)	(183)	(12)	6.86%	0	(57)	See Work Papers
25	1.5 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
26	2 Inch	Commercial	(280)	(299)	(19)	6.83%	0	(93)	See Work Papers
27	3 Inch	Commercial	(4)	3	6	-171.94%	(0)	4	See Work Papers
28	4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
29	6 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
30									
31		Subtotal	$ (450)	$ (473)	(23)	5.10%	0	(144)	
32									
33	5/8 x3/4Inch	Other Public Authority	$ -	$ -	-	0.00%	-	-	See Work Papers
34	1 Inch	Other Public Authority	-	-	-	0.00%	-	-	See Work Papers
35	1.5 Inch	Other Public Authority	-	-	-	0.00%	-	-	See Work Papers
36	2 Inch	Other Public Authority	-	-	-	0.00%	-	-	See Work Papers
37	3 Inch	Other Public Authority	-	-	-	0.00%	-	-	See Work Papers
38	4 Inch	Other Public Authority	-	-	-	0.00%	-	-	See Work Papers
39	6 Inch	Other Public Authority	-	-	-	0.00%	-	-	See Work Papers
40		Subtotal	$ -	$ -	-	0.00%	-	-	
41									
42									
43	2 Inch	Fire	$ 3	$ 4	1	34.78%	-	2	See Work Papers
44	4 Inch	Fire	-	-	-	0.00%	(0)	0	See Work Papers
45	6 Inch	Fire	-	-	-	0.00%	-	0	See Work Papers
46	8 Inch	Fire	-	-	-	0.00%	-	-	See Work Papers
47	Private Hydrant		-	-	-	0.00%	0	0	See Work Papers
48									
49	Total Revenue Annualization		$ (1,235)	$ (1,534)	$ (299)	24.26%	0	(573)	

Mohave Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Schedule
1								
2								
3	Subtotal Metered Revenues	$ 6,250,694	$ 8,175,965	$ 1,925,271	30.80%	97.82%	98.72%	
4								
5	Low Income Overcollection	35,483	35,483					
6	Declining Usage Adjustment	(114,235)	(149,422)	(35,187)	30.80%	-1.79%	-1.80%	Schedule H-1, page 4
7	Subtotal Revenue Annualization	(1,235)	(1,534)	(299)	24.26%	-0.02%	-0.02%	
8	Total Metered Revenues	$ 6,170,708	$ 8,060,492	$ 1,889,784	30.63%	96.02%	96.90%	
9	Misc. Revenues	$ 221,297	$ 221,297	-	0.00%	3.46%	2.67%	
10								
11	Reconciling Amount to GL	(2,229)	(60)	2,169	-97.31%	-0.03%	0.00%	
12	Total Water Revenues	$ 6,389,776	$ 8,281,729	$ 1,891,953	29.61%	99.44%	99.57%	
13								
14								
15								
16								

Mohave Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	14,634	6,800	$ 20.63	$ 29.36	8.73	42.33%
2	3/4 Inch	Residential	4	15,167	42.02	53.86	11.84	28.18%
3	1 Inch	Residential	77	23,601	80.90	103.14	22.24	27.49%
4	1.5 Inch	Residential	-	-	55.00	76.75	21.75	39.55%
5	2 Inch	Residential	24	61,883	215.65	284.89	69.24	32.11%
6	6 Inch	Residential	-	-	550.00	767.53	217.53	39.55%
7		Subtotal	14,740					
8								
9	5/8x3/4 Inch	Apartment	66	11,501	$ 33.90	$ 44.96	11.06	32.62%
10	3/4 Inch	Apartment	1	-	11.00	15.35	4.35	39.55%
11	1 Inch	Apartment	53	19,899	69.80	91.28	21.48	30.78%
12	1.5 Inch	Apartment	2	53,083	179.45	225.13	45.68	25.46%
13	2 Inch	Apartment	143	46,970	174.43	239.29	64.87	37.19%
14	4 Inch	Apartment	2	170,750	613.25	822.27	209.02	34.08%
15	6 Inch	Apartment	1	1,227,917	3,885.75	4,485.50	599.75	15.43%
16		Subtotal	268					
17								
18	5/8x3/4 Inch	Commercial	384	7,901	$ 25.54	$ 34.94	9.41	36.84%
19	3/4 Inch	Commercial	-	-	11.00	15.35	4.35	39.55%
20	1 Inch	Commercial	199	21,965	76.00	97.90	21.90	28.82%
21	1.5 Inch	Commercial	3	19,139	90.22	124.22	34.00	37.69%
22	2 Inch	Commercial	206	76,300	258.90	331.09	72.20	27.89%
23	3 Inch	Commercial	13	77,092	317.85	436.80	118.95	37.42%
24	4 Inch	Commercial	2	182,583	648.75	860.19	211.44	32.59%
25	6 Inch	Commercial	3	971,167	3,115.50	3,662.61	547.11	17.56%
26		Subtotal	810					
27								
28	5/8 x3/4Inch	Other Public Authority	18	9,505	$ 28.49	$ 38.92	10.43	36.62%
29	1 Inch	Other Public Authority	11	18,205	61.00	83.52	22.53	36.93%
30	1.5 Inch	Other Public Authority	1	4,250	62.82	87.29	24.47	38.96%
31	2 Inch	Other Public Authority	46	93,069	259.25	353.61	94.37	36.40%
32	3 Inch	Other Public Authority	2	579,667	1,242.59	1,683.18	440.59	35.46%
33	4 Inch	Other Public Authority	1	305,167	836.51	1,140.58	304.07	36.35%
34	6 Inch	Other Public Authority	1	1,296,917	2,936.33	3,983.88	1,047.55	35.68%
35		Subtotal	80					
36								
37	2 Inch	Fire						
38	4 Inch	Fire	7	3,346	$ 11.16	$ 14.29	3.13	28.06%
39	6 Inch	Fire	54	1,461	12.69	15.60	2.91	22.95%
40	8 Inch	Fire	36	1,030	16.90	20.52	3.63	21.46%
41	Private Hydrant		72	3,204	18.21	22.70	4.49	24.63%
42								
43		Total	16,067					
44								

45 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Mohave Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 x3/4Inch	Residential	14,634	5,000	$ 17.32	$ 24.90	7.58	43.77%
2	3/4 Inch	Residential	4	13,500	$ 37.02	$ 48.52	11.50	31.06%
3	1 Inch	Residential	77	11,000	47.74	65.66	17.92	37.53%
4	1.5 Inch	Residential	-	-	55.00	76.75	21.75	39.55%
5	2 Inch	Residential	24	40,000	161.60	222.00	60.40	37.38%
6	6 Inch	Residential	-	-	550.00	767.53	217.53	39.55%
7		Subtotal	14,740					
8								
9	5/8x3/4 Inch	Apartment	66	8,000	$ 25.72	$ 35.19	9.47	36.82%
10	3/4 Inch	Apartment	1	-	$ 11.00	$ 15.35	4.35	39.55%
11	1 Inch	Apartment	53	10,000	45.90	63.18	17.28	37.64%
12	1.5 Inch	Apartment	2	46,500	159.70	204.04	44.34	27.76%
13	2 Inch	Apartment	143	18,000	121.12	167.44	46.32	38.25%
14	4 Inch	Apartment	2	153,500	561.50	766.98	205.48	36.59%
15	6 Inch	Apartment	1	1,228,000	3,886.00	4,485.77	599.77	15.43%
16		Subtotal	268					
17								
18	5/8 x3/4Inch	Commercial	384	2,000	$ 14.68	$ 20.31	5.63	38.35%
19	3/4 Inch	Commercial	-	-	11.00	15.35	4.35	39.55%
20	1 Inch	Commercial	199	10,000	45.90	63.18	17.28	37.64%
21	1.5 Inch	Commercial	3	21,000	93.64	128.83	35.19	37.58%
22	2 Inch	Commercial	206	31,000	145.04	199.68	54.64	37.68%
23	3 Inch	Commercial	13	3,000	181.52	253.05	71.53	39.41%
24	4 Inch	Commercial	2	114,000	484.76	666.48	181.72	37.49%
25	6 Inch	Commercial	3	236,000	984.24	1,352.81	368.57	37.45%
26		Subtotal	810					
27								
28	5/8 x3/4Inch	Other Public Authority	18	-	$ 11.00	$ 15.35	4.35	39.55%
29	1 Inch	Other Public Authority	11	9,500	44.98	61.94	16.96	37.70%
30	1.5 Inch	Other Public Authority	1	4,000	62.36	86.67	24.31	38.99%
31	2 Inch	Other Public Authority	46	13,000	111.92	155.04	43.12	38.53%
32	3 Inch	Other Public Authority	2	240,000	617.60	840.81	223.21	36.14%
33	4 Inch	Other Public Authority	1	307,500	840.80	1,146.36	305.56	36.34%
34	6 Inch	Other Public Authority	1	1,314,000	2,967.76	4,026.25	1,058.49	35.67%
35		Subtotal	80					
36								
37								
38	2 Inch	Fire	7	-	$ 5.00	$ 5.99	0.99	19.78%
39	4 Inch	Fire	54	1,000	$ 11.84	$ 14.46	2.62	22.11%
40	6 Inch	Fire	36	1,000	$ 16.84	$ 20.45	3.61	21.41%
41	8 Inch	Fire	13	1,000	$ 21.84	$ 26.44	4.60	21.04%
42	Public Hydrant		72	2,000	$ 16.00	$ 19.72	3.72	23.23%
43								
44								
45		Total	16,080					
46								

47 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
48

Mohave Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Service Charge for:	Present Rates	Proposed Rates	Dollar Change
1	5/8x3/4 Inch - Residential - Low Income	$ 6.00	$ 9.21	$ 3.21
2	5/8x3/4 Inch - Residential*	11.00	15.35	4.35
2	5/8x3/4 Inch - Apartment, Commercial, Industial, OPA	11.00	15.35	4.35
3	3/4 Inch - Residential	11.00	15.35	4.35
3	3/4 Inch - Commercial, Industial	11.00	15.35	4.35
4	3/4 Inch - Apartment, OPA	NT	15.35	
4	1 Inch - All classes*	27.50	38.38	10.88
5	1 1/2 Inch - All classes	55.00	76.75	21.75
6	2 Inch - All classes	88.00	122.80	34.80
7	3 Inch - All classes	176.00	245.61	69.61
8	4 Inch - All classes	275.00	383.76	108.76
9	6 Inch - All classes	550.00	767.53	217.53
10	8 Inch - All classes	880.00	1,228.04	348.04
11	10 Inch - All classes	1,265.00	1,765.31	500.31
12	12 Inch - All classes	2,365.00	3,300.36	935.36
13				
14	**Monthly Fire Service Charges**			
15	2 Inch - Private Fire	5.00	5.99	0.99
16	4 Inch - Private Fire	10.00	11.98	1.98
17	6 Inch - Private Fire	15.00	17.97	2.97
18	8 Inch - Private Fire	20.00	23.96	3.96
19	10 Inch - Private Fire	25.00	29.94	4.94
20	Public Hydrants	12.32	14.76	2.44
21	Private Hydrants	12.32	14.76	2.44
22	Public Sprinkler Head	0.73	0.87	0.14
23				
24		**Present Rates**	**Proposed Rates**	
25				
26	Gallons In Minimum (All Meter Sizes and Classes)	-	-	
27				
28				

Line No.	Commodity Rates (per 1,000 gallons)	Block					Present Rate	Proposed Rate	Dollar Change
29									
30									
31	5/8x3/4 Inch Meter - Residential*	1	gallons to	3,000	gallons		$ 0.8800	$ 1.5300	$ 0.6500
32		3,001	gallons to	10,000	gallons		$ 1.8400	$ 2.4800	$ 0.6400
33			over	10,000	gallons		$ 3.0000	$ 3.2050	$ 0.2050
34									
35	5/8x3/4 Inch Meter - Apartment, Commercial**, Industrial	1	gallons to	10,000	gallons		$ 1.8400	$ 2.4800	$ 0.6400
36			over	10,000	gallons		$ 3.0000	$ 3.2050	$ 0.2050
37									
38	5/8x3/4 Inch Meter - Other Public Authority		All gallons				$ 1.8400	$ 2.4800	$ 0.6400
39									

40 * Includes Rio Residential customers
41 ** Includes BHC Veterans Memorial

Mohave Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block				Present Rate	Proposed Rate	Dollar Change
4	3/4 Inch Meter - Residential	1	gallons to	3,000	gallons	$ 0.8800	$ 1.5300	$ 0.6500
5		3,001	gallons to	10,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
6			over	10,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
8	3/4 Inch Meter - Commercial, Industrial	1	gallons to	10,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
9			over	10,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
11	3/4 Inch Meter - Apartment	1	gallons to	10,000	gallons	NT	$ 2.4800	
12			over	10,000	gallons	NT	$ 3.2050	
14	3/4 Inch Meter - Other Public Authority		All gallons			NT	$ 2.4800	
16	1 Inch Meter - Residential*, Apartment, Commercial, Industrial	1	gallons to	15,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
17			over	15,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
19	1 Inch Meter - Other Public Authority		All gallons			$ 1.8400	$ 2.4800	$ 0.6400
21	1 1/2 Inch Meter - Residential, Apartment, Commercial, Industrial	1	gallons to	30,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
22			over	30,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
24	1 1/2 Inch Meter - Other Public Authority		All gallons			$ 1.8400	$ 2.4800	$ 0.6400
26	2 Inch Meter -Residential, Apartment, Commercial, Industrial	1	gallons to	50,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
27			over	50,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
29	2 Inch Meter - Other Public Authority		All gallons			$ 1.8400	$ 2.4800	$ 0.6400
31	3 Inch Meter - Residential, Apartment, Commercial, Industrial	1	gallons to	100,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
32			over	100,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
34	3 Inch Meter - Other Public Authority		All gallons			$ 1.8400	$ 2.4800	$ 0.6400
36	4 Inch Meter - Residential, Apartment, Commercial, Industrial	1	gallons to	150,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
37			over	150,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
39	4 Inch Meter - Other Public Authority		All gallons			$ 1.8400	$ 2.4800	$ 0.6400

41 * Includes Rio Residenital customers

Mohave Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block			Present Rate	Proposed Rate	Dollar Change
4	6 Inch Meter - Residential, Apartment, Commercial, Industrial	1 gallons to	300,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
5		over	300,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
7	6 Inch Meter - Other Public Authority	All gallons			$ 1.8400	$ 2.4800	$ 0.6400
9	8 Inch Meter - Residential, Apartment, Commercial, Industrial	1 gallons to	500,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
10		over	500,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
12	8 Inch Meter - Other Public Authority	All gallons			$ 1.8400	$ 2.4800	$ 0.6400
14	10 Inch Meter - Residential, Apartment, Commercial, Industrial	1 gallons to	750,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
15		over	750,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
17	10 Inch Meter - Other Public Authority	All gallons			$ 1.8400	$ 2.4800	$ 0.6400
19	12 Inch Meter - Residential, Apartment, Commercial, Industrial	1 gallons to	1,400,000	gallons	$ 1.8400	$ 2.4800	$ 0.6400
20		over	1,400,000	gallons	$ 3.0000	$ 3.2050	$ 0.2050
22	12 Inch Meter - Other Public Authority	All gallons			$ 1.8400	$ 2.4800	$ 0.6400
24	Fire and Hydrant Water	All gallons			$ 1.8400	$ 2.4800	$ 0.6400
26	Effluent (per acre foot)	All gallons			$ 227.79	See Mohave WW	

		Present Rate*	Proposed Rate**
29	Low Income Program Discount Revenue Recovery		
30	Program Participation Limit (No. of Customers)		475
31	Estimated Annual Discounts		$ 34,999
32	Under(Over) Collections from previous years		$ -
33	Net Annual Discounts to be Recovered		$ 34,999
34	Highest Cost Commodity Rate Gallons Sold to Residential, Apartment, Commercial (in 1,000s)		609,633
35	Estimate of Low Income Surcharge on Highest Cost Commodity Rate (Residential, Apartment, Commercial Customers Only)	$ 0.2066	$ 0.0570

37 * Low Income Program details are noted in the Terms and Conditions section for General Water Rates. Upper tier rate for
38 residential and commercial customers is comprised of the approved rate listed in table above plus and additional $0.2066 for the
39 Low Income Surcharge.
40 ** Low Income Program details are noted in the Terms and Conditions section for General Water Rates. Upper tier rate for
41 residential and commercial customers is comprised of the approved rate listed in table above plus and additional $0.0580 for the
42 Low Income Surcharge.

Mohave Water District
Changes in Representative Rate Schedules
Test Year Ended June 30, 2013

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Line No.	Service Charges	Present Rates	Proposed Rates
4	Establishment or Reestablishment of Service		$ 35.00
5	Including Sewer Service	$ 25.00	Remove
6	Not Including Sewer Service	$ 20.00	Remove
7	Regular Hours	NT	Remove
8	After Hours	NT	Remove
9	Reconnection of Service (Delinquent)		$ 35.00
10	Regular Hours	$ 35.00	Remove
11	After Hours	$ 35.00	Remove
12	Meter Test (if correct)	$ 35.00	$ 35.00
13	Meter Reread (if correct)	$ 25.00	$ 25.00
14	NSF Check	$ 25.00	$ 25.00
15	Late Fee Charge, per month	1.50%	1.50%
16	Deferred Payment, Per Month	1.50%	1.50%
17	Deposit Requirements	(a)	(a)
18	Deposit Interest	(b)	(b)
19	After Hours Service Charge©	NT	$ 30.00

(a) Per ACC Rules R14-2-403(B) Residential - two times the average bill.
Non-residential - two and one-half times the estimated maximum bill.
(b) Interest per A.C.C. R-14-2-403(B)
(c) After hours service charge: After regular working hors, Saturdays, Sundays, and holidays if at the customer's request or for the customer's convenience.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-409D(5).

Mohave Water District
Test Year Ended June 30, 2013
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Refundable Meter and Service Line Installation Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
9	5/8 x 3/4 Inch	$ 370.00	$ 130.00	$ 500.00	$ 370.00	$ 130.00	$ 500.00
10	3/4 Inch	370.00	205.00	575.00	370.00	205.00	575.00
11	1 Inch	420.00	240.00	660.00	420.00	240.00	660.00
12	1 1/2 Inch	450.00	450.00	900.00	450.00	450.00	900.00
13	2 Inch / Turbine	580.00	945.00	1,525.00	580.00	945.00	1,525.00
14	2 Inch / Compound	580.00	1,640.00	2,220.00	580.00	1,640.00	2,220.00
15	3 Inch / Turbine	745.00	1,420.00	2,165.00	745.00	1,420.00	2,165.00
16	3 Inch / Compound	465.00	2,195.00	2,660.00	465.00	2,195.00	2,660.00
17	4 Inch / Turbine	1,090.00	2,270.00	3,360.00	1,090.00	2,270.00	3,360.00
18	4 Inch / Compound	1,120.00	3,145.00	4,265.00	1,120.00	3,145.00	4,265.00
19	6 Inch / Turbine	1,610.00	4,425.00	6,035.00	1,610.00	4,425.00	6,035.00
20	6 Inch / Compound	1,630.00	6,120.00	7,750.00	1,630.00	6,120.00	7,750.00
21	8 Inch & Larger	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

Paradise Valley Water
Rejoinder Schedules

Paradise Valley Water
Test Year Ended June 30, 2013
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1	Original Cost Rate Base	$	39,001,876
2			
3	Adjusted Operating Income	$	2,307,903
4			
5	Current Rate of Return		5.92%
6			
7	Required Operating Income	$	2,656,028
8			
9	Required Rate of Return		6.81%
10			
11	Operating Income Deficiency	$	348,125
12			
13	Gross Revenue Conversion Factor		1.6346
14			
15	Increase in Gross Revenue		
16	Requirement	$	569,054

17	Customer Classification	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
18					
19					
20					
21	Residential	$ 7,360,312	$ 7,817,281	$ 456,969	6.2%
22	Commercial	1,789,884	1,901,297	111,413	6.2%
23	Other Public Authority	20,936	22,223	1,287	6.1%
24	Other	451,778	455,902	4,125	0.9%
25	Decline Usage Adjustment	(24,494)	(29,233)	(4,740)	19.4%
26					
27	Total Water Revenues	$ 9,598,416	$ 10,167,470	$ 569,054	5.9%
28					
29	Other Revenues	$ 58,978	$ 58,978	$ -	0.0%
30					
31	Total Revenues	$ 9,657,394	$ 10,226,448	$ 569,054	5.9%

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46 Supporting Schedules:
47 B-1 Rejoinder
48 C-1 Rejoinder
49 H-1 Rejoinder
50 \2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls

Paradise Valley Water
Test Year Ended June 30, 2013
Summary of Fair Value Rate Base

Exhibit
Schedule B-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			Original Cost Rate Base
1			
2	Gross Utility Plant in Service	$	73,128,007
3			
4	Less:		
5			
6	Accumulated Depreciation		23,455,384
7			
8	Net Utility Plant in Service	$	49,672,623
9			
10	Less:		
11			
12	Advances in Aid of Construction	$	1,554,766
13			
14	Contribution in Aid of Construction -		
15	Net of Amortization		9,259,772
16			
17	Customer Meter Deposits		23,819
18	Deferred Income Taxes & Credits		212,749
19	Investment Tax Credits		39,646
20			
21			
22	Plus:		
23	Deferred Debits		397,156
24	Working Capital Allowance		22,849
25	Utility Plant Acquisition Adjustment		-
26			
27			
28	Total Rate Base	$	39,001,876
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	Supporting Schedules:		
42	B-2 Rejoinder		
43	B-5 Rejoinder		
44	B-3		
45	E-1		
46			
47			
48			
49			
50	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls		

Recap Schedules:
A-1 Rejoinder

Paradise Valley Water
Test Year Ended June 30, 2013
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Rejoinder
Page 1
Witness: Hubbard

Line No.		Company Rejoinder [A] Rebuttal Adjusted End of Test Year	[B] ADJ SLH-4RJ Working Capital Adjustment	[C]	[D]	[E]	[F] Total Rejoinder Pro Forma Adjustments	[G] Rejoinder Adjusted End of Test Year
1	Gross Utility							
2	Plant in Service	$ 73,128,007					$ -	$ 73,128,007
3		-					-	-
4	**Less:**	-					-	-
5		-					-	-
6	Accumulated Depreciation	23,455,384					-	23,455,384
7								
8	Net Utility Plant							
9	in Service	$ 49,672,623					$ -	$ 49,672,623
10								
11	**Less:**							
12	Advances in Aid of							
13	Construction	1,554,766					-	1,554,766
14	Contributions in Aid of	-					-	-
15	Construction - Net	9,259,772					-	9,259,772
16		-					-	-
17		-					-	-
18	Customer Meter Deposits	23,819					-	23,819
19	Deferred Income Taxes	212,749					-	212,749
20	Investment Tax Credits	39,646					-	39,646
21		-					-	-
22		-					-	-
23	**Plus:**	-					-	-
24	Deferred Debits	397,156					-	397,156
25	Working Capital Allowance	22,540	309				309	22,849
26	Utility Plant Acquisition Adjustment	-					-	-
27								
28	Total	$ 39,001,567	$ 309	$ -	$ -	$ -	$ 309	$ 39,001,876
29								
30	Supporting Schedules:							
31	B-3, B-5 Rejoinder							
32	E-1							
33								
34								
35	\2013 Paradise Valley Water Sch. A-F Rejoinc							

Paradise Valley Water
Test Year Ended June 30, 2013
Computation of Working Capital Allowance

Exhibit
Schedule B-5 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1			
2	Cash Working Capital Requirement	$	(180,858)
3	Required Bank Balances[1]		-
4	Material and Supplies Inventories[1]		159,515
5	Prepayments[1]		44,192
6			
7	Total Working Capital Allowance	$	22,849
8			
9	Less Company amount in Rebuttal Filing	$	22,540
10			
11	Increase / (Decrease) to Working Capital Allowance	$	309
12			
13			
14	Increase / (Decrease) to Rate Base	$	309
15			
16			
17			
18			
19	[1] Calculated using thirteen-month averages.		
20			
21			
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43	Supporting Schedules:	Recap Schedules:	
44	E-1	B-1 Revised	
45			
46	Workpapers & Supporting Documents		
47	\ #9 B - Materials and Supplies Prepayments & Deferred Cost.xlsx		
48	\ Lead-Lag Workpapers		
49			
50	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls		

Paradise Valley Water
Test Year Ended June 30, 2013
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-6 Rejoinder
Page 1
Witness: Hubbard

Line No.	Description	Test Year Adjusted Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead/ Lag Factor	Cash Working Capital Required
	[a]	[b]	[c]	[d]	[e] = [c] - [d]	[f] = [e] / 365	[g] = [b] x [f]
1	OPERATING EXPENSES						
2	Labor	$ 1,197,892	41.125	30.633	10.492	0.029	$ 34,433
3	Purchased Water	-	41.125	-	41.125	0.113	-
4	Fuel & Power	1,329,797	41.125	49.428	(8.303)	(0.023)	(30,250)
5	Chemicals	58,815	41.125	16.000	25.125	0.069	4,049
6	Waste Disposal	15,320	41.125	60.864	(19.739)	(0.054)	(828)
7	Intercompany Support Services	860	41.125	30.417	10.708	0.029	25
8	Corporate Allocation	291,760	41.125	30.420	10.705	0.029	8,557
9	Outside Services	230,421	41.125	51.273	(10.148)	(0.028)	(6,406)
10	Group Insurance	325,052	41.125	(10.716)	51.841	0.142	46,167
11	Regulatory Expense	66,802	41.125	(33.294)	74.419	0.204	13,620
12	Insurance Other Than Group	138,643	41.125	54.919	(13.794)	(0.038)	(5,239)
13	Customer Accounting	193,361	41.125	49.834	(8.709)	(0.024)	(4,614)
14	Rents	30,456	41.125	31.639	9.486	0.026	792
15	General Office Expense	122,889	41.125	34.304	6.821	0.019	2,297
16	Miscellaneous	92,390	41.125	30.349	10.776	0.030	2,728
17	Maintenance Expense	450,689	41.125	50.446	(9.321)	(0.026)	(11,509)
18							
19							
20	TAXES						
21	Property Taxes	$ 342,754	41.125	213.250	(172.125)	(0.472)	$ (161,634)
22	Taxes - Payroll	85,375	41.125	26.402	14.723	0.040	3,444
23	Taxes -Other	35,401	41.125	(129.466)	170.591	0.467	16,546
24	Income Tax	1,014,212	41.125	41.750	(0.625)	(0.002)	(1,737)
25							
26	Interest	$ 998,448	41.125	74.500	(33.375)	(0.091)	$ (91,296)
27							
28							
29							
30							
31	WORKING CASH REQUIREMENT	$ 7,021,338					$ (180,858)
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43	Supporting Schedules:		Recap Schedules:				
44	C-1 Rejoinder		B-5 Rejoinder				
45							
46	Workpapers & Supporting Documents						
47							
48							
49							
50	\2013 Paradise Valley Water Sch. A-F.xls						

Paradise Valley Water
Test Year Ended June 30, 2013
Adjusted Test Year Income Statement

Exhibit
Schedule C-1 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Rebuttal Results	[B] Total Pro Forma Adjustments	[C] Test Year Rejoinder Results	[D] Proposed Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Water Revenues	$ 9,598,416	$ -	$ 9,598,416	$ 569,054	$ 10,167,470
3	Other Revenues	58,978	$ -	58,978	-	58,978
4		$ 9,657,395	$ -	$ 9,657,395	$ 569,054	$ 10,226,448
5						
6	**Operating Expenses**					
7	Labor	$ 1,199,696	$ (1,804)	$ 1,197,892	$ -	$ 1,197,892
8	Purchased Water	-	-	-	-	-
9	Fuel & Power	1,329,797	-	1,329,797	-	1,329,797
10	Chemicals	58,815	-	58,815	-	58,815
11	Waste Disposal	15,320	-	15,320	-	15,320
12	Intercompany Support Services	860	-	860	-	860
13	Corporate Allocation	291,760	-	291,760	-	291,760
14	Outside Services	233,418	(2,997)	230,421	-	230,421
15	Group Insurance	321,965	(794)	321,171	-	321,171
16	Pensions	3,881	-	3,881	-	3,881
17	Regulatory Expense	66,802	-	66,802	-	66,802
18	Insurance Other Than Group	138,643	-	138,643	-	138,643
19	Customer Accounting	192,027	-	192,027	-	193,361
20	Rents	30,456	-	30,456	-	30,456
21	General Office Expense	123,332	(443)	122,889	-	122,889
22	Miscellaneous	92,394	(4)	92,390	-	92,390
23	Maintenance Expense	462,182	(11,493)	450,689	(11,493)	450,689
24	Depreciation & Amortization	1,547,531	-	1,547,531	-	1,547,531
25	General Taxes-Property	336,164	0	336,164	-	342,754
26	General Taxes-Other	120,776	-	120,776	-	120,776
27	Income Taxes	794,554	6,653	801,207	-	1,014,212
28						
29	**Total Operating Expenses**	$ 7,360,373	$ (10,881)	$ 7,349,492	$ (11,493)	$ 7,570,421
30	**Utility Operating Income**	$ 2,297,022	$ 10,881	$ 2,307,903	$ 580,546	$ 2,656,028
31	**Other Income & Deductions**					
32	Other Income & Deductions	$ -	$ -	$ -	$ -	$ -
33	Interest Expense	998,440	8	998,448	-	998,448
34	Other Expense	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-
36	**Total Other Income & Deductions**	$ (998,440)	$ (8)	$ (998,448)	$ -	$ (998,448)
37	**Net Profit (Loss)**	$ 1,298,581	$ 10,874	$ 1,309,455	$ 580,546	$ 1,657,580
38						
39						
40						
41						
42						
43						
44	Supporting Schedules:					Recap Schedules:
45	E-2 Revised					A-1 Rejoinder
46	C-2 Rejoinder					
47						
48						
49						
50	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls					

Paradise Valley Water
Test Year Ended June 30, 2013
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Adjusted Rebuttal Results	[B] ADJ SM-1RJ Property Tax (Page 2)	[C] ADJ SM-2RJ Federal and State Income Tax (Page 3)	[D] ADJ SM-3RJ Interest Synchronization (Page 4)	[E] ADJ SM-4RJ Remove Acquisition Costs (Page 5)	[F] ADJ SM-5RJ Update Tank Maintenance Expense (Page 6)	[G] Total Pro Forma Adjustments	[H] Test Year Adjusted Rejoinder Results	[I] Proposed Rate Increase	[J] Adjusted with Rate Increase
						COMPANY REJOINDER					
1	**Revenues**										
2	Water Revenues	$ 9,598,416						$ -	$ 9,598,416	$ 569,054	$ 10,167,470
3	Other Revenues	58,978						-	58,978		58,978
4		$ 9,657,395	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,657,395	$ 569,054	$ 10,226,448
5											
6	**Operating Expenses**										
7	Labor	$ 1,199,696				$ (1,804)		$ (1,804)	$ 1,197,892		$ 1,197,892
8	Purchased Water	-						-	-		-
9	Fuel & Power	1,329,797						-	1,329,797		1,329,797
10	Chemicals	58,815						-	58,815		58,815
11	Waste Disposal	15,320						-	15,320		15,320
12	Intercompany Support Services	860						-	860		860
13	Corporate Allocation	291,760						-	291,760		291,760
14	Outside Services	233,418				(2,997)		(2,997)	230,421		230,421
15	Group Insurance	321,965				(794)		(794)	321,171		321,171
16	Pensions	3,881						-	3,881		3,881
17	Regulatory Expense	66,802						-	66,802		66,802
18	Insurance Other Than Group	138,643						-	138,643		138,643
19	Customer Accounting	192,027						-	192,027	1,334	193,361
20	Rents	30,456						-	30,456		30,456
21	General Office Expense	123,332				(443)		(443)	122,889		122,889
22	Miscellaneous	92,394				(4)		(4)	92,390		92,390
23	Maintenance Expense	462,182					(11,493)	(11,493)	450,689		450,689
24	Depreciation & Amortization	1,547,531						-	1,547,531		1,547,531
25	General Taxes-Property	336,164	0					0	336,164	6,590	342,754
26	General Taxes-Other	120,776						-	120,776		120,776
27	Income Taxes	794,554		$ 6,653				6,653	801,207	213,005	1,014,212
28											
29	**Total Operating Expenses**	$ 7,360,373	$ 0	$ 6,653	$ -	$ (6,042)	$ (11,493)	$ (10,881)	$ 7,349,492	$ 220,929	$ 7,570,421
30	**Utility Operating Income**	$ 2,297,022	$ (0)	$ (6,653)	$ -	$ 6,042	$ 11,493	$ 10,881	$ 2,307,903	$ 348,125	$ 2,656,028
31	**Other Income & Deductions**										
32	Other Income & Deductions	$ -						$ -	$ -		$ -
33	Interest Expense	998,440			8			8	998,448		998,448
34	Other Expense	-						-	-		-
35	Gain/Loss Sale of Fixed Assets	-							-		-
36	**Total Other Income & Deductions**	$ (998,440)	$ -	$ -	$ (8)	$ -	$ -	$ (8)	$ (998,448)	$ -	$ (998,448)
37	**Net Profit (Loss)**	$ 1,298,581	$ (0)	$ (6,653)	$ (8)	$ 6,042	$ 11,493	$ 10,874	$ 1,309,455	$ 348,125	$ 1,657,580
38											
39											
40	Supporting Schedules:										
41	E-6										
42	Workpapers & Supporting Documents:										
43											
44	\2013 Paradise Valley Water Sch. A-F Rej										
45											Recap Schedules:
46											C-1 Rejoinder

Paradise Valley Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-1RJ

Exhibit
Schedule C-2 Rejoinder
Page 2
Witness: Murrey

Line No.		[A] Property Tax Expense	[B] Property Tax Expense For Conversion Factor
1			
2	**Adjust Property Taxes to Reflect Proposed Revenues:**		
3			
4	Adjusted Revenues in Year Ended June 2010	$ 9,657,395	$ 9,657,395
5	Adjusted Revenues in Year Ended June 2010	9,657,395	9,657,395
6	Proposed Revenues	9,657,395	10,226,448
7	Average of Three Year's of Revenue	$ 9,657,395	$ 9,847,079
8	Average of Three Year's of Revenue, times 2	$19,314,789	$19,694,158
9	Add:		
10	Construction Work in Progress at 10%	36,119	36,119
11	Deduct:		
12	Net Book Value of Transportation Equipment	$ -	$ -
13			
14	Full Cash Value	$ 19,350,908	$ 19,730,277
15	Assessment Ratio (For 2015 per HB 2001 Sec 42-15001)	18.5%	18.5%
16	Assessed Value	$ 3,579,918	$ 3,650,101
17	Property Tax Rate	9.39%	9.39%
18			
19	Property Tax	336,164	342,754
20	Tax on Parcels	-	-
21			
22	Adjusted Test Year Property Taxes at Present Rates (Line 19+Line 20, Col [A])	$ 336,164	
23	Rebuttal AdjustedTest Year Property Taxes	336,164	
24	Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder)	$ 0	
25			
26	Adjusted Test Year Property Taxes at Proposed Rates (Line 19+Line 20)		$ 342,754
27	Adjusted Test Year Property Taxes at Present Rates (Line 22, Col [A])		336,164
28	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)		$ 6,590
29			
30			
31			
32	CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 REJOINDER):		
33			
34	Increase in Property Tax Due to Increase in Revenue Requirement (Line 28, Col [B])		$ 6,590
35			
36	Increase in Revenue Requirement (From Sch. A1 Rejoinder)		$ 569,054
37			
38	Increase in Property Tax Per Dollar Increase in Revenue (Line 34/Line 36)		1.16%
39			
40			
41			
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43			
44	Workpapers & Supporting Documents:		
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50	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls		

Paradise Valley Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-2RJ

Exhibit
Schedule C-2 Rejoinder
Page 3
Witness: Murrey

Line No.				Test Year Adjusted Results		Adjusted with Rate Increase
1						
2	**Calculation of Income Taxes at Proposed Rates**					
3						
4						
5	Operating Income Before Inc. Taxes		$	3,109,110	$	3,670,240
6	Interest Expense			998,448		998,448
7	Arizona Taxable Income		$	2,110,662	$	2,671,792
8						
9	Less Arizona Income Tax		$	126,640	$	160,308
10	Arizona Income Tax Rate =	6.000%				
11						
12	Federal Income Before Taxes		$	2,110,662	$	2,671,792
13	Less Arizona Income Taxes			126,640		160,308
14	Federal Taxable Income		$	1,984,023	$	2,511,484
15						
16	FEDERAL INCOME TAXES:					
17						
18						
19						
20						
21						
22						
23	Federal Income Taxes	34.000%	$	674,568	$	853,905
24						
25						
26	Total Income Tax		$	801,207	$	1,014,212
27						
28	Tax Rate			37.96%		37.96%
29						
30	Effective Income Tax Rates					
31	State			6.000%		6.000%
32	Federal			31.96%		31.96%
33						
34						
35	Adjusted Test Year Income Taxes		$	794,554		
36	Increase in Income Taxes, Rejoinder		$	6,653		
37						
38	Rejoinder Adjustment to Revenues and/or Expense		$	6,653		
39						
40	Test Year Income Taxes, Rebuttal				$	801,207
41	Increase in Income Taxes					213,005
42						
43	Rejoinder Adjustment to Revenue and/or Expense				$	213,005
44						
45						
46						
47	Workpapers & Schedules					
48						
49	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls					
50						

Line No.			
1			
2	**Interest Synchronization with Rate Base**		
3			
4	Original Cost Rate Base (Sch. B-1 Rejoinder, Ln. 28)		$ 39,001,876
5	Weighted Cost of Debt from Schedule D-1 Rejoinder		2.56%
6	Synchronized Interest Expense		$ 998,448
7			
8	Test Year Interest Expense	$ 998,440	
9			
10	Adjusted Test Year Interest Expense		$ 998,440
11			
12	Increase/(Decrease) in Interest Expense		$ 8
13			
14	Rejoinder Adjustment to Revenue and/or Expense		$ 8
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47	Workpapers & Schedules		
48			
49	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls		
50			

Line No.

1

2 **Remove Acquisition Costs**

3 The Company is removing charges related to acquisition costs as identified in DR RUCO 30.10 (d).

4

5 District Four Factor =

6 0.07153

	Category	Account		Acquistion Costs	District Allocation
7					
8					
9	Labor	5223	Salary-Inter Dept. Operating	$ 25,216	$ 1,804
10	Outside Services	5227	Consulting Engineering	10,365	741
11	Outside Services	5681	Legal Fees	16,526	1,182
12	Outside Services	5250	Contractors and Consultants	15,011	1,074
13	Group Insurance	5233	Salary Transfers - Burdens	11,095	794
14	General Office Expense	5630	Parking	78	6
15	General Office Expense	5631	Vehicle Allowance	497	36
16	General Office Expense	5650	Airfare	3,360	240
17	General Office Expense	5651	Accommodation, Other Travel	1,469	105
18	General Office Expense	5652	Meals/Entertainment	781	56
19	Maintenance Expense	5633	Vehicle Fuel	62	4
20				$ 84,461	$ 6,042

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22
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24

25 Rejoinder Adjustment to Revenue/Expense $ (6,042)

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46 Workpapers & Schedules

47

48 \2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls

49
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Line No.

1 **Update Tank Maintenance Expense**
2 The Company is updating tank maintenance expense to the amount recommended by Staff.
3
4
5 Tank Maintenance Expense
6

7	Company Original Proposal - Adj SM#24	$ 185,851
8	*Company Rebuttal - Adj #SM-9R*	$ *(50,700)*
9	Tank Expense in Company Rebuttal	$ 135,151
10		
11		
12		
13	Staff's Surrebuttal Tank Maintenance Expense	$ 123,658
14		
15	Increase/ Decrease to Tank Maintenance Expense	$ (11,493)
16		
17	Rejoinder Adjustment to Revenue/Expense	$ (11,493)

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46 Workpapers & Schedules
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48 \2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls
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Paradise Valley Water
Test Year Ended June 30, 2013
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3 Rejoinder
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.96%
2						
3	State Income Taxes					6.00%
4				Combined	37.96%	
5	Property Taxes	Effective Rate =	1.16%	One Minus Combined	62.04%	0.72%
6						
7	Bad Debt Expense	Effective Rate =	0.23%	One Minus Combined	62.04%	0.15%
8						
9	Total Tax Percentage					38.82%
10						
11	Operating Income % = 100% - Tax Percentage					61.18%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16	Operating Income %					1.6346
17						
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43	Supporting Schedules:				Recap Schedules:	
44					A-1 Rejoinder	
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49						
50	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls					

Paradise Valley Water
Test Year Ended June 30, 2010
Summary of Cost of Capital
Total Company - EPCOR Water Arizona

Exhibit
Schedule D-1 Rejoinder
Page 1
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 231,000,000	58.47%	4.29%	2.51%	$ 231,000,000	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 8,560,000	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 155,533,624	39.37%	10.55%	4.15%	$ 155,533,624	40.24%	10.55%	4.25%
6									
7	Totals	$ 395,093,624	100.00%		6.67%	$ 386,533,624	100.00%		6.81%
8									
9									
10									
11									
12									
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30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls								

Paradise Valley Water
Test Year Ended June 30, 2010
Summary of Cost of Capital
Total Company - EPCOR Water Arizona
District Level - Paradise Valley Water - Proposed

Exhibit
Schedule D-1 Rejoinder
Page 2
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 22,803,287	58.47%	4.29%	2.51%	$ 23,308,279	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 845,005	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 15,353,584	39.37%	10.55%	4.15%	$ 15,693,598	40.24%	10.55%	4.25%
6									
7	Totals	$ 39,001,876	100.00%		6.67%	$ 39,001,876	100.00%		6.81%
8									
9									
10									
11									
12									
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28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls								

Paradise Valley Water
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 1
Witness: Hubbard

At Parent Level

Line No.		End of Test Year Amount Outstanding	End of Test Year Annual Cost	End of Test Year Interest Rate	End of Projected Year Amount Outstanding	End of Projected Year Annual Cost	End of Projected Year Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	133,000,000	5,004,790	3.77%	133,000,000	5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	S-T Debt from EPCOR Utilities, Inc	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls						

Paradise Valley Water
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - Paradise Valley Water - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 2
Witness: Hubbard

Line No.		End of Test Year			End of Projected Year		
		Amount Outstanding	Annual Cost	Interest Rate	Amount Outstanding	Annual Cost	Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	$ 133,000,000	$ 5,004,790	3.77%	$ 133,000,000	$ 5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	Intercompany Payable	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Paradise Valley Water Sch. A-F Rejoinder (Oct2014 Direct).xls						

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Turf	Commercial	Other Public Auth.
1	Water Revenues	$ 9,613,561	$ 7,360,312	$ 442,429	$ 1,789,884	$ 20,936
2	Fire Service Revenues	9,349	8,672	12	644	21
3	Revenue Annualizations	7,811	(3,299)	-	11,109	-
4	Declining Usage	(36,037)	(27,561)	(1,656)	(6,741)	(78)
5	Misc. Revenues[1]	58,978	54,709	74	4,060	135
6	Reconciliation H-1 to C-1[1]	3,732	3,462	5	257	9
7	Total Revenues	$ 9,657,394	$ 7,396,296	$ 440,863	$ 1,799,212	$ 21,023
8						
9	Operating Expenses[2]	$ 4,664,589	$ 3,561,956	$ 319,260	$ 775,343	$ 8,031
10	Depreciation and					
11	Amortization[2]	1,547,531	1,113,626	133,569	297,214	3,122
12	Property Tax[3]	336,164	257,457	15,346	62,629	732
13	Income Tax[4]	801,207	667,443	(45,810)	176,811	2,764
14	Total Operating Expenses	$ 7,349,492	$ 5,600,482	$ 422,365	$ 1,311,996	$ 14,649
15	Operating Income	$ 2,307,902	$ 1,795,813	$ 18,499	$ 487,216	$ 6,375
16	Interest Expense[5]	998,448	704,977	93,369	198,244	1,858
17	Net Income	$ 1,309,454	$ 1,090,836	$ (74,870)	$ 288,972	$ 4,517
18	Rate Base[6]	$ 39,001,876	$ 27,538,165	$ 3,647,226	$ 7,743,921	$ 72,564
19	Return on Rate Base[7]	5.92%	6.52%	0.51%	6.29%	8.78%
20						
21	**Percent of Total Customers**		92.76%	0.13%	6.88%	0.23%
22						
23						
24						
25						
26						
27						
28	[1] Allocated based on customer counts.					
29	[2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.					
30	[3] Property Taxes allocation based on Revenues.					
31	[4] Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.					
32	[5] Interest Synchronized Interest Expense. Allocation based on Rate Base					
33	[6] Rate Base computations are shown on Schedule G-3, Page 1					
34	[7] Operating Income Divided by Rate Base					
35						
36						

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Proposed Rates by Class

Line No.		Totals	Residential	Turf	Commercial	Other Public Auth.
1	Water Revenues	$ 10,187,371	$ 7,817,281	$ 446,570	$ 1,901,297	$ 22,223
2	Fire Service Revenues	9,332	8,657	12	642	21
3	Revenue Annualizations	8,276	(3,503)	-	11,779	-
4	Declining Usage	(38,185)	(29,270)	(1,671)	(7,161)	(83)
5	Misc. Revenues[1]	58,978	54,709	74	4,060	135
6	Reconciliation H-1 to C-1[1]	676	627	1	47	2
7	Total Revenues	$ 10,226,448	$ 7,848,501	$ 444,986	$ 1,910,664	$ 22,298
8						
9	Operating Expenses[2]	$ 4,665,923	$ 3,563,193	$ 319,262	$ 775,434	$ 8,034
10	Depreciation and					
11	Amortization[2]	1,547,531	1,113,626	133,569	297,214	3,122
12	Property Tax[3]	342,754	263,054	14,914	64,039	747
13	Income Tax[4]	1,014,212	836,506	(44,082)	218,548	3,241
14	Total Operating Expenses	$ 7,570,421	$ 5,776,379	$ 423,663	$ 1,355,235	$ 15,144
15	Operating Income	$ 2,656,027	$ 2,072,122	$ 21,323	$ 555,429	$ 7,154
16	Interest Expense[5]	998,448	704,977	93,369	198,244	1,858
17	Net Income	$ 1,657,579	$ 1,367,145	$ (72,046)	$ 357,185	$ 5,296
18	Rate Base[6]	$ 39,001,876	$ 27,538,165	$ 3,647,226	$ 7,743,921	$ 72,564
19	Return on Rate Base[7]	6.81%	7.52%	0.58%	7.17%	9.86%
20						
21	**Percent of Total Customers**		92.76%	0.13%	6.88%	0.23%
22						
23	**Indicated Monthly Minimums and Single-Tier Commody Rates for 3/4 Inch Meter**					
24		Sched. G-8, pg 4A	Sched. G-8, pg 4B	Sched. G-8, pg 4C	Sched. G-8, pg 4D	Sched. G-8, pg 4E
25		All Classes	Residential	Turf	Commercial	Other Public Auth.
26	Monthly Minimums	$ 31.29	$ 29.52	$ 217.97	$ 31.14	$ 13.89
27	Single-Tier Commodity Rate	$ 1.886	$ 1.966	$ 1.602	$ 1.731	$ 2.418
28						
29						

30 [1] Allocated based on customer counts.
31 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
32 [3] Property Taxes allocation based on Revenues
33 [4] Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
34 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
35 [6] Rate Base computations are shown on Schedule G-3, Page 1
36 [7] Operating Income Divided by Rate Base
37

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Turf	Commercial	Other Public Auth.
1						
2						
3						
4	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Schedule G-5, Page 1)					
5	Commodity	$ 11,190,192	$ 7,877,539	$ 947,032	$ 2,349,761	$ 15,860
6	Demand	23,775,372	16,259,143	2,681,125	4,797,571	37,534
7	Customer	809,471	750,880	1,013	55,721	1,857
8	Service	1,853,699	1,415,631	14,331	410,608	13,128
9	Meter	1,373,142	1,234,972	3,724	130,260	4,186
10	Total	$ 39,001,876	$ 27,538,165	$ 3,647,226	$ 7,743,921	$ 72,564
11						
12						
13						
14	**Summary**					
15	Net Rate Base	$ 39,001,876	$ 27,538,165	$ 3,647,226	$ 7,743,921	$ 72,564
16	% of Net Rate Base	100.00%	70.61%	9.35%	19.86%	0.19%
17						
18						
19						
20						

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Present Rates

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.		Adjusted Per C-1	Residential	Turf	Commercial	Other Public Auth.	Totals
	Operation and Maintenance Expense (from Schedule G-6, Page 1)						
1	Commodity	$ 1,930,568	$ 1,359,059	$ 163,385	$ 405,388	$ 2,736	$ 1,930,568
2	Demand	1,367,080	934,898	154,164	275,859	2,158	1,367,080
3	Customer	1,366,941	1,267,999	1,711	94,095	3,136	1,366,941
4	Service	-	-	-	-	-	-
5	Meter	-	-	-	-	-	-
6	Totals	$ 4,664,589	$ 3,561,956	$ 319,260	$ 775,343	$ 8,031	$ 4,664,589
7							
8	Depreciaton Expense on Plant (from Schedule G-6, Page 2)						
9	Commodity	405,371	$ 285,369	$ 34,307	$ 85,121	$ 575	$ 405,371
10	Demand	870,125	595,048	98,123	175,580	1,374	870,125
11	Customer	53,216	49,364	67	3,663	122	53,216
12	Service	95,471	72,909	738	21,147	676	95,471
13	Meter	123,349	110,937	335	11,701	376	123,349
14	Totals	$ 1,547,531	$ 1,113,626	$ 133,569	$ 297,214	$ 3,122	$ 1,547,531
15							
16	Operation and Maintenance Expense and Depreciation Expense						
17	Commodity	$ 2,335,939	$ 1,644,427	$ 197,692	$ 490,510	$ 3,311	$ 2,335,939
18	Demand	2,237,204	1,529,946	252,287	451,440	3,532	2,237,204
19	Customer	1,420,157	1,317,363	1,777	97,758	3,259	1,420,157
20	Service	95,471	72,909	738	21,147	676	95,471
21	Meter	123,349	110,937	335	11,701	376	123,349
22	Total	$ 6,212,120	$ 4,675,582	$ 452,829	$ 1,072,556	$ 11,153	$ 6,212,120
23							
24	Total Expenses (excluding Income Tax and						
25	Property Taxes)	$ 6,212,120	$ 4,675,582	$ 452,829	$ 1,072,556	$ 11,153	$ 6,212,120
26							
27	Property Taxes, Allocated on Schedules G-1 & G-2	$ 336,164					
28	Income Tax, Allocated on Schedules G-1 & G-2	801,207					
29	Total Expenses	**$ 7,349,492**					
30							

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Proposed Rates

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		At Proposed C-1	Residential	Turf	Commercial	Other Public Auth.	Totals
1							
2	Operation and Maintenance Expense (from Schedule G-6, Page 1)						
3	Commodity	$ 1,930,568	$ 1,359,059	$ 163,385	$ 405,388	$ 2,736	$ 1,930,568
4	Demand	1,367,080	934,898	154,164	275,859	2,158	1,367,080
5	Customer	1,368,275	1,269,237	1,712	94,187	3,140	1,368,275
6	Service	-	-	-	-	-	-
7	Meter	-	-	-	-	-	-
8	Totals	$ 4,665,923	$ 3,563,193	$ 319,262	$ 775,434	$ 8,034	$ 4,665,923
9							
10	Depreciaton Expense on Plant (from Schedule G-6, Page 3.2)						
11	Commodity	$ 405,371	$ 285,369	$ 34,307	$ 85,121	$ 575	$ 405,371
12	Demand	870,125	595,048	98,123	175,580	1,374	870,125
13	Customer	53,216	49,364	67	3,663	122	53,216
14	Service	95,471	72,909	738	21,147	676	95,471
15	Meter	123,349	110,937	335	11,701	376	123,349
16	Totals	$ 1,547,531	$ 1,113,626	$ 133,569	$ 297,214	$ 3,122	$ 1,547,531
17							
18	Operation and Maintenance Expense and Depreciation Expense						
19	Commodity	$ 2,335,939	$ 1,644,427	$ 197,692	$ 490,510	$ 3,311	$ 2,335,939
20	Demand	2,237,204	1,529,946	252,287	451,440	3,532	2,237,204
21	Customer	1,421,491	1,318,600	1,779	97,850	3,262	1,421,491
22	Service	95,471	72,909	738	21,147	676	95,471
23	Meter	123,349	110,937	335	11,701	376	123,349
24	Total	$ 6,213,454	$ 4,676,819	$ 452,831	$ 1,072,648	$ 11,156	$ 6,213,454
25							
26	Total Expenses (excluding Income Tax and						
27	Property Taxes)	$ 6,213,454	$ 4,676,819	$ 452,831	$ 1,072,648	$ 11,156	$ 6,213,454
28							
29	Property Taxes, Allocated on Schedules G-1 & G-2	$ 342,754					
30	Income Tax, Allocated on Schedules G-1 & G-2	1,014,212					
31	Total Expenses	**$ 7,570,421**					
32							
33							
34							

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted Per B-2	Demand	Commodity	Customer	Meter	Service	Totals
1								
2	**Rate Base**							
3	Plant minus (Accumulated Depreciation	$ 39,001,876	$ 23,775,372	$ 11,190,192	$ 809,471	$ 1,373,142	$ 1,853,699	$ 39,001,876
4	Contributions in Aid of Construction							
5	Advances in Aid of Construction,							
6	Meter Deposits and Deferred Income Tax)							
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Paradise Valley Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 1,831	(477,283)	$ 479,113	F-1	325,797	153,316	-	-	-
3	302000	Franchises	-	-	-	F-1	-	-	-	-	-
4	303100	Other Intangible Plant	-	-	-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		1,831	(477,283)	479,113		325,797	153,316	-	-	-
6											
7	**Source of Supply & Pumping Plant**										
8	303200	Land and Land Rights - Supply	$ -	$ -	$ -	F-1	$ -	$ -	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	-	-	-	F-1	-	-	-	-	-
10	304100	Structures and Improvements - Supply	158,547	986,421	(827,874)	F-1	(562,954)	(264,920)	-	-	-
11	304200	Structures and Improvements - Pumping	1,282,693	(70,795)	1,353,487	F-1	920,371	433,116	-	-	-
12	305000	Collecting and Impounding Res.	-	-	-	F-1	-	-	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	-	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	2,639,547	814,870	1,824,676	F-1	1,240,780	583,896	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	-	-	F-1	-	-	-	-	-
16	309000	Supply Mains	373,503	18,387	355,116	F-1	241,479	113,637	-	-	-
17	310000	Power Generation Equipment	230,827	8,677	222,150	F-1	151,062	71,088	-	-	-
18	310100	Power Generation Oher	554,631	157,986	396,646	F-1	269,719	126,927	-	-	-
19	311000	Pumping Equipment - Steam	-	-	-	F-1	-	-	-	-	-
20	311200	Pumping Equipment - Electric	3,893,762	1,116,616	2,777,146	F-1	1,888,459	888,687	-	-	-
21	311300	Pumping Equipment - Diesel	190	(62,413)	62,603	F-1	42,570	20,033	-	-	-
22	311400	Pumping Equipment - Hydraulic	-	-	-	F-1	-	-	-	-	-
23	311500	Pumping Equipment - Other	-	-	-	F-1	-	-	-	-	-
24	311530	Pumping Equipment - Water Treatment	358,319	39,546	318,773	F-1	216,766	102,007	-	-	-
25	**Subtotal Source of Supply & Pumping Plant**		$ 9,492,019	$ 3,009,295	$ 6,482,724		$ 4,408,252	$ 2,074,472	$ -	$ -	$ -
26											
27	**Water Treatment**										
28	303400	Land and Land Rights - Treatment	$ -	$ -	$ -	F-1	$ -	$ -	$ -	$ -	$ -
29	304300	Structures and Improvements - Treatment	20,737,611	2,410,288	18,327,323	F-1	12,462,580	5,864,743	-	-	-
30	320000	Water Treatment Plant	-	-	-	F-1	-	-	-	-	-
31	320100	Water Treatment Equipment - Non-media	10,628,951	8,353,934	2,275,017	F-1	1,547,011	728,005	-	-	-
32	320200	Water Treatment Equipment - Media	702,863	127,303	575,559	F-1	391,380	184,179	-	-	-
33	**Subtotal Water Treatment**		$ 32,069,425	$ 10,891,526	$ 21,177,899		$ 14,400,971	$ 6,776,928	$ -	$ -	$ -
34											
35	**Transmission and Distribution Plant**										
36	303500	Land and Land Rights - T&D	$ 8,324	$ 30	$ 8,294	F-1	$ 5,640	$ 2,654	$ -	$ -	$ -
37	304400	Structures and Improvements - T&D	23,764	3,825	19,939	F-1	13,559	6,381	-	-	-
38	330000	Distribution Reservoirs & Standpipes	2,400,280	516,355	1,883,925	F-1	1,281,069	602,856	-	-	-
39	330100	Elevated Tank & Standpipes	-	-	-	F-1	-	-	-	-	-
40	330200	Ground Level Tanks	-	-	-	F-1	-	-	-	-	-
41	330300	Below Ground Tanks	-	-	-	F-1	-	-	-	-	-
42	331001	T&D Mains Not Classified	3,911,448	(2,734,125)	6,645,572	F-1	4,518,989	2,126,583	-	-	-
43	331100	T&D Mains 4in & less	364,519	9,063	355,456	F-1	241,710	113,746	-	-	-
44	331200	T&D Mains 6in to 8in	5,987,202	3,166,751	2,820,451	F-1	1,917,907	902,544	-	-	-
45	331300	T&D Mains 10in to 16in	9,380,895	6,053,081	3,327,815	F-1	2,262,914	1,064,901	-	-	-
46	331400	TD Mains 18in & Grtr	547,004	56,120	490,885	F-1	333,802	157,083	-	-	-
47	332000	Fire Mains	14,058	1,471	12,588	F-2	12,588	-	-	-	-

Paradise Valley Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref	Demand	Commodity	Customer	Meters	Services
1	333000	Services	3,818,826	1,953,218	1,865,608	F-3	-	-	-	-	1,865,608
2	334100	Meters	1,426,812	195,794	1,231,018	F-4	-	-	-	1,231,018	-
3	334200	Meter Installations	177,916	23,882	154,034	F-4	-	-	-	154,034	-
4	334300	Meter Vaults	-	-	-	F-4	-	-	-	-	-
5	335000	Hydrants	1,368,179	525,547	842,632	F-5	-	-	842,632	-	-
6	335100	Hydrants replaced	16,118	161	15,956	F-5	-	-	15,956	-	-
7	336000	Backflow Prevention Devices	-	-	-	F-1	-	-	-	-	-
8	339100	Other P/E-Intangible	-	-	-	F-1	-	-	-	-	-
9	339200	Other P/E-Supply	-	-	-	F-1	-	-	-	-	-
10	339500	Other P/E-TD	-	-	-	F-1	-	-	-	-	-
11	339600	Other P/E-CPS	180,523	(573,501)	754,025	F-1	512,737	241,288	-	-	-
12	**Subtotal Transmission and Distribution Plant**		$ 29,625,869	$ 9,197,671	$ 20,428,198		$ 11,100,914	$ 5,218,036	$ 858,589	$ 1,385,052	$ 1,865,608
13											
14	**General Plant**										
15	303600	Land and Land Rights	$ -	$ -	$ -	F-1	$ -	$ -	$ -	$ -	$ -
16	304500	Structures and Improvements - General	26,113	(704)	26,817	F-1	18,236	8,581	-	-	-
17	304600	Structures and Improvements - Offices	-	-	-	F-1	-	-	-	-	-
18	304620	Structures and Improvements - Leasehold	0	-	0	F-1	0	0	-	-	-
19	304700	Structures and Improvements - Sore,Shop,(	4,629	(17,912)	22,542	F-1	15,328	7,213	-	-	-
20	304800	Structures and Improvements - General	(8,633)	(133,751)	125,118	F-1	85,080	40,038	-	-	-
21	340100	Office Furniture & Equipment	61,561	32,201	29,360	F-6	7,340	-	22,020	-	-
22	340200	Computers & Software	38,077	93,695	(55,618)	F-6	(13,905)	-	(41,714)	-	-
23	340300	Computer Software	37,405	181,341	(143,937)	F-6	(35,984)	-	(107,952)	-	-
24	340310	Computer Software Mainframe	-	-	-	F-6	-	-	-	-	-
25	340325	Computer Software Customized	-	-	-	F-6	-	-	-	-	-
26	340330	Computer Software Other	(6,528)	(9,129)	2,601	F-6	650	-	1,951	-	-
27	340500	Other Office Equipment	321	(14,473)	14,794	F-6	3,699	-	11,096	-	-
28	341100	Transportation Equip Light Duty Truks	(0)	20,414	(20,414)	F-6	(5,103)	-	(15,310)	-	-
29	341200	Transportation Equip Heavy Duty Truks	-	-	-	F-6	-	-	-	-	-
30	341300	Transportation Equipment Autos	(0)	13	(13)	F-6	(3)	-	(10)	-	-
31	341400	Transportation Equipment Other	194,854	88,624	106,231	F-6	26,558	-	79,673	-	-
32	342000	Stores Equipment	1,943	438	1,505	F-6	376	-	1,129	-	-
33	343000	Tools and Work Equipment	294,430	46,950	247,480	F-1	168,287	79,194	-	-	-
34	344000	Laboratory Equipment	17,620	7,630	9,989	F-1	6,793	3,197	-	-	-
35	345000	Power Operated Equipment	32,228	(43,446)	75,674	F-1	51,458	24,216	-	-	-
36	346100	Communication Equipment Non-Telephone	456,755	458,900	(2,145)	F-1	(1,459)	(686)	-	-	-
37	346190	Remote Control & Instrument	609,765	34,482	575,283	F-1	391,192	184,091	-	-	-
38	346200	Communication Equipment Telephone	-	-	-	F-1	-	-	-	-	-
39	346300	Communication Equipment Other	58,841	49,939	8,902	F-1	6,054	2,849	-	-	-
40	347000	Computer Software Customized	-	-	-	F-1	-	-	-	-	-
41	348000	Computer Software Other	-	-	-	F-1	-	-	-	-	-
42	**Subtotal General Plant**		$ 1,819,381	$ 795,210	$ 1,024,171		$ 724,597	$ 348,691	$ (49,118)	$ -	$ -
43	**Total Direct Plant**		$ 73,008,525	$ 23,416,420	$ 49,592,105		$ 30,960,531	$ 14,571,443	$ 809,471	$ 1,385,052	$ 1,865,608
44											

Paradise Valley Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.3
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref	Demand	Commodity	Customer	Meters	Services
1	**Allocated General Plant**										
2	399000	Allocated Corporate General Plant	119,482	38,964	80,519	F-1	54,753	25,766	-	-	-
3	399000	Reconcilation to PIS Balance	-	-	-	F-1	-	-	-	-	-
4	**Test Year Ended June 30, 2013**		$ 119,482	$ 38,964	$ 80,519		$ 54,753	$ 25,766	$ -	$ -	$ -
5	Total Plant		$ 73,128,007	$ 23,455,384	$ 49,672,623		$ 31,015,284	$ 14,597,209	$ 809,471	$ 1,385,052	$ 1,865,608
6											
7	Contributions in Aid of Construction		(18,123,893)	8,864,120	(9,259,772)	F-1	(6,296,645)	(2,963,127)	-	-	-
8	Advances in Aid of Construction		(1,554,766)		(1,554,766)	F-1	(1,057,241)	(497,525)	-	-	-
9	Meter Deposits		(23,819)		(23,819)	F-7	-	-	-	(11,909)	(11,909)
10	Deferred Income Tax/Invest Tax Credits		(252,395)		(252,395)	F-1	(171,629)	(80,767)	-	-	-
11	Working Capital		22,849		22,849	F-1	15,537	7,312	-	-	-
12	Deferred Reg Assets/Liabilities		397,156		397,156	F-1	270,066	127,090	-	-	-
13											
14	Rounding										
15	Totals		$ 53,593,140	$ 32,319,504	$ 39,001,876		$ 23,775,372	$ 11,190,192	$ 809,471	$ 1,373,142	$ 1,853,699
16	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 39,001,876		$ 23,775,372	$ 11,190,192	$ 809,471	$ 1,373,142	$ 1,853,699
17	Fair Value Rate Base										
18											
19											
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Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Present Rates

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description	Adjusted per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 1,197,892	$ 479,157	$ 239,578	$ 479,157	$ -	$ -	$ 1,197,892
2	Purchased Water	-	-	-	-	-	-	-
3	Fuel & Power	1,329,797	-	1,329,797	-	-	-	1,329,797
4	Chemicals	58,815	-	58,815	-	-	-	58,815
5	Waste Disposal	15,320	13,788	1,532	-	-	-	15,320
6	Intercompany Support Services	860	344	172	344	-	-	860
7	Corporate Allocation	291,760	116,704	58,352	116,704	-	-	291,760
8	Outside Services	230,421	184,337	46,084	-	-	-	230,421
9	Group Insurance	321,171	128,468	64,234	128,468	-	-	321,171
10	Pensions	3,881	1,553	776	1,553	-	-	3,881
11	Regulatory Expense	66,802	26,721	13,360	26,721	-	-	66,802
12	Insurance Other Than Group	138,643	55,457	27,729	55,457	-	-	138,643
13	Customer Accounting	192,027	-	-	192,027	-	-	192,027
14	Rents	30,456	-	-	30,456	-	-	30,456
15	General Office Expense	122,889	-	-	122,889	-	-	122,889
16	Miscellaneous	92,390	-	-	92,390	-	-	92,390
17	Maintenance Expense	450,689	360,551	90,138	-	-	-	450,689
18	Depreciation & Amortization[1]	1,547,531	870,125	405,371	53,216	123,349	95,471	1,547,531
19	General Taxes-Other	120,776	-	-	120,776	-	-	120,776
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 6,212,120	$ 2,237,204	$ 2,335,939	$ 1,420,157	$ 123,349	$ 95,471	**$ 6,212,120**
26								
27								
28								
29								
30								
31	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 through 3.3							
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-5, page 1 for allocations by class.							
36								
37								
38								

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Proposed Rates

Exhibit
Rejoinder Schedule G-6
Page 2
Witness: Bourassa

Line No.	Description	At Proposed Per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 1,197,892	$ 479,157	$ 239,578	$ 479,157	$ -	$ -	$ 1,197,892
2	Purchased Water	-	-	-	-	-	-	-
3	Fuel & Power	1,329,797	-	1,329,797	-	-	-	1,329,797
4	Chemicals	58,815	-	58,815	-	-	-	58,815
5	Waste Disposal	15,320	13,788	1,532	-	-	-	15,320
6	Intercompany Support Services	860	344	172	344	-	-	860
7	Corporate Allocation	291,760	116,704	58,352	116,704	-	-	291,760
8	Outside Services	230,421	184,337	46,084	-	-	-	230,421
9	Group Insurance	321,171	128,468	64,234	128,468	-	-	321,171
10	Pensions	3,881	1,553	776	1,553	-	-	3,881
11	Regulatory Expense	66,802	26,721	13,360	26,721	-	-	66,802
12	Insurance Other Than Group	138,643	55,457	27,729	55,457	-	-	138,643
13	Customer Accounting	193,361	-	-	193,361	-	-	193,361
14	Rents	30,456	-	-	30,456	-	-	30,456
15	General Office Expense	122,889	-	-	122,889	-	-	122,889
16	Miscellaneous	92,390	-	-	92,390	-	-	92,390
17	Maintenance Expense	450,689	360,551	90,138	-	-	-	450,689
18	Depreciation & Amortization[1]	1,547,531	870,125	405,371	53,216	123,349	95,471	1,547,531
19	General Taxes-Other	120,776	-	-	120,776	-	-	120,776
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 6,213,454	$ 2,237,204	$ 2,335,939	$ 1,421,491	$ 123,349	$ 95,471	**$ 6,213,454**
26								
27								
28								
29	See Schedule G-7, page 2.2 for allocation factors.							
30								
31								
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-4, page 2 for allocations by class.							
36								
37								
38								

Paradise Valley Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 1,831		$ -	F-1	$ -	$ -	$ -	$ -	$ -
3	302000	Franchises	-		-	F-1	-	-	-	-	-
4	303100	Other Intangible Plant	-		-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		$ 1,831		$ -		$ -	$ -	$ -	$ -	$ -
6											
7		**Source of Supply & Pumping Plant**									
8	303200	Land and Land Rights - Supply	$ -	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	-	0.000%	-	F-1	-	-	-	-	-
10	304100	Structures and Improvements - Supply	158,547	2.500%	(0)	F-1	(0)	(0)	-	-	-
11	304200	Structures and Improvements - Pumping	1,282,693	2.000%	25,654	F-1	17,445	8,209	-	-	-
12	305000	Collecting and Impounding Res.	-	0.000%	-	F-1	-	-	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	0.000%	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	2,639,547	2.500%	65,989	F-1	44,872	21,116	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	0.000%	-	F-1	-	-	-	-	-
16	309000	Supply Mains	373,503	1.667%	6,225	F-1	4,233	1,992	-	-	-
17	310000	Power Generation Equipment	230,827	3.333%	7,694	F-1	5,232	2,462	-	-	-
18	310100	Power Generation Equipment Other	554,631	3.333%	18,488	F-1	12,572	5,916	-	-	-
19	311000	Pumping Equipment - Steam	-	0.000%	-	F-1	-	-	-	-	-
20	311200	Pumping Equipment - Electric	3,893,762	4.000%	155,750	F-1	105,910	49,840	-	-	-
21	311300	Pumping Equipment - Diesel	190	4.000%	8	F-1	5	2	-	-	-
22	311400	Pumping Equipment - Hydraulic	-	0.000%	-	F-1	-	-	-	-	-
23	311500	Pumping Equipment - Other	-	0.000%	-	F-1	-	-	-	-	-
24	311530	Pumping Equipment - Water Treatment	358,319	4.000%	14,333	F-1	9,746	4,586	-	-	-
25	**Subtotal Source of Supply & Pumping Plant**		$ 9,492,019		$ 294,140		$ 200,015	$ 94,125	$ -	$ -	$ -
26											
27	**Water Treatment**										
28	303400	Land and Land Rights - Treatment	$ -	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
29	304300	Structures and Improvements - Treatment	20,737,611	2.000%	414,752	F-1	282,032	132,721	-	-	-
30	320000	Water Treatment Plant	-	0.000%	-	F-1	-	-	-	-	-
31	320100	Water Treatment Equipment - Non-media	10,628,951	5.000%	531,448	F-1	361,384	170,063	-	-	-
32	320200	Water Treatment Equipment - Media	702,863	10.000%	70,286	F-1	47,795	22,492	-	-	-
33	**Subtotal Water Treatment**		$ 32,069,425		$ 1,016,486		$ 691,211	$ 325,276	$ -	$ -	$ -
34											
35	**Transmission and Distribution Plant**										
36	303500	Land and Land Rights - T&D	$ 8,324	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
37	304400	Structures and Improvements - T&D	23,764	2.000%	475	F-1	323	152	-	-	-
38	330000	Distribution Reservoirs & Standpipes	2,400,280	1.538%	36,927	F-1	25,111	11,817	-	-	-
39	330100	Elevated Tank & Standpipes	-	0.000%	-	F-1	-	-	-	-	-
40	330200	Ground Level Tanks	-	0.000%	-	F-1	-	-	-	-	-
41	330300	Below Ground Tanks	-	0.000%	-	F-1	-	-	-	-	-
42	331001	T&D Mains Not Classified	3,911,448	2.000%	78,229	F-1	53,196	25,033	-	-	-
43	331100	T&D Mains 4in & less	364,519	1.429%	5,207	F-1	3,541	1,666	-	-	-
44	331200	T&D Mains 6in to 8in	5,987,202	1.429%	85,531	F-1	58,161	27,370	-	-	-
45	331300	T&D Mains 10in to 16in	9,380,895	1.429%	134,013	F-1	91,129	42,884	-	-	-
46	331400	TD Mains 18in & Grtr	547,004	1.429%	7,814	F-1	5,314	2,501	-	-	-
47	332000	Fire Mains	14,058	1.429%	201	F-2	201	-	-	-	-

Paradise Valley Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	333000	Services	$ 3,818,826	2.500%	$ 95,471	F-3	$ -	$ -	$ -	$ -	$ 95,471
2	334100	Meters	1,426,812	8.333%	118,901	F-4	-	-	-	118,901	-
3	334200	Meter Installations	177,916	2.500%	4,448	F-4	-	-	-	4,448	-
4	334300	Meter Vaults	-	0.000%	-	F-4	-	-	-	-	-
5	335000	Hydrants	1,368,179	2.000%	27,364	F-5	-	-	27,364	-	-
6	335100	Hydrants replaced	16,118	2.000%	322	F-5	-	-	322	-	-
7	336000	Backflow Prevention Devices	-	0.000%	-	F-1	-	-	-	-	-
8	339100	Other P/E-Intangible	-	0.000%	-	F-1	-	-	-	-	-
9	339200	Other P/E-Supply	-	0.000%	-	F-1	-	-	-	-	-
10	339500	Other P/E-TD	-	0.000%	-	F-1	-	-	-	-	-
11	339600	Other P/E-CPS	180,523	3.333%	6,017	F-1	4,092	1,926	-	-	-
12	**Subtotal Transmission and Distribution Plant**		$ 29,625,869		$ 600,921		$ 241,067	$ 113,349	$ 27,686	$ 123,349	$ 95,471
13											
14	**General Plant**										
15	303600	Land and Land Rights	$ -	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
16	304500	Structures and Improvements - General	26,113	2.500%	653	F-1	444	209	-	-	-
17	304600	Structures and Improvements - Offices	-	2.500%	-	F-1	-	-	-	-	-
18	304620	Structures and Improvements - Leasehold	0	0.000%	-	F-1	-	-	-	-	-
19	304700	Structures and Improvements - Sore,Shop,Gge	4,629	2.500%	116	F-1	79	37	-	-	-
20	304800	Structures and Improvements - General	(8,633)	2.500%	(216)	F-1	(147)	(69)	-	-	-
21	340100	Office Furniture & Equipment	61,561	4.500%	2,770	F-6	693	-	2,078	-	-
22	340200	Computers & Software	38,077	10.000%	(0)	F-6	(0)	-	(0)	-	-
23	340300	Computer Software	37,405	20.000%	(0)	F-6	(0)	-	(0)	-	-
24	340310	Computer Software Mainframe	-	20.000%	-	F-6	-	-	-	-	-
25	340325	Computer Software Customized	-	20.000%	-	F-6	-	-	-	-	-
26	340330	Computer Software Other	(6,528)	20.000%	(1,306)	F-6	(326)	-	(979)	-	-
27	340500	Other Office Equipment	321	6.667%	21	F-6	5	-	16	-	-
28	341100	Transportation Equip Light Duty Truks	(0)	0.000%	-	F-6	-	-	-	-	-
29	341200	Transportation Equip Heavy Duty Truks	-	0.000%	-	F-6	-	-	-	-	-
30	341300	Transportation Equipment Autos	(0)	0.000%	-	F-6	-	-	-	-	-
31	341400	Transportation Equipment Other	194,854	16.667%	32,476	F-6	8,119	-	24,357	-	-
32	342000	Stores Equipment	1,943	4.000%	78	F-6	19	-	58	-	-
33	343000	Tools and Work Equipment	294,430	4.000%	11,777	F-1	8,009	3,769	-	-	-
34	344000	Laboratory Equipment	17,620	4.000%	705	F-1	479	226	-	-	-
35	345000	Power Operated Equipment	32,228	5.000%	1,611	F-1	1,096	516	-	-	-
36	346100	Communication Equipment Non-Telephone	456,755	10.000%	0	F-1	0	0	-	-	-
37	346190	Remote Control & Instrument	609,765	10.000%	60,977	F-1	41,464	19,512	-	-	-
38	346200	Communication Equipment Telephone	-	10.000%	-	F-1	-	-	-	-	-
39	346300	Communication Equipment Other	58,841	10.000%	5,884	F-1	4,001	1,883	-	-	-
40	347000	Structures and Improvements - Offices	-	6.250%	-	F-1	-	-	-	-	-
41	348000	Structures and Improvements - Leasehold	-	0.000%	-	F-1	-	-	-	-	-
42	**Subtotal General Plant**		$ 1,819,381		$ 115,546		$ 63,934	$ 26,082	$ 25,530	$ -	$ -
43	**Total Direct Plant**		$ 73,008,525		$ 2,027,094		$ 1,196,228	$ 558,831	$ 53,216	$ 123,349	$ 95,471

Paradise Valley Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.3
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Allocated General Plant**										
2	399000	Allocated Corporate General Plant	119,482		8,540	F-1	5,807	2,733	-	-	-
3	399000	Reconcilation to PIS Balance	-		-	F-1	-	-	-	-	-
4	**Test Year Ended June 30, 2013**		$ 119,482		$ 8,540		$ 5,807	$ 2,733	$ -	$ -	$ -
5	**Total Plant**		$ 73,128,007		$ 2,035,634		$ 1,202,035	$ 561,564	$ 53,216	$ 123,349	$ 95,471
6											
7											
8	Less:	Contributions in Aid of Construction	$ (18,123,893)	2.80%	$ (506,902)	F-1	(344,693)	(162,209)	-	-	-
9		Advances in Aid of Construction	$ (1,554,766)			F-1	-	-	-	-	-
10		Meter Deposits	(23,819)			F-7	-	-	-	-	-
11		Deferred Income Tax	(252,395)			F-1	-	-	-	-	-
12		Working Capital	22,849			F-1	-	-	-	-	-
13		Deferred Reg Assets/Liabilities	397,156		18,799	F-1	12,783	6,016	-	-	-
14	Total		$ 53,593,140		$ 1,547,531		$ 870,125	$ 405,371	$ 53,216	$ 123,349	$ 95,471
15											
16											
17											
18											
19											

Paradise Valley Water District
Test Year Ended June 30, 2013
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Class	Demand	Commodity	Customer	Meters	Services
1						
2	Class	Demand	Commodity	Customer	Meters	Services
3	Residential	0.684	0.704	0.928	0.899	0.764
4	Apartment	0.113	0.085	0.001	0.003	0.008
5	Commercial	0.202	0.210	0.069	0.095	0.222
6	Other Public Authority	0.002	0.001	0.002	0.003	0.007
7						
8	Total	1.000	1.000	1.000	1.000	1.000
9						
10						
11						
12						
13						
14						
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31						
32						
33						
34	SUPPORTING SCHEDULES					
35	G-7, page 3					

Paradise Valley Water District
Test Year Ended June 30, 2013
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant-in-Service, Accumulated Depreciation, and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Factor	Demand	Commodity	Customer	Meters	Services
1						
2	Factor	Demand	Commodity	Customer	Meters	Services
3	F-1	0.68	0.32			
4	F-2	1.00				
5	F-3					1.00
6	F-4				1.00	
7	F-5			1.00		
8	F-6	0.25		0.75		
9	F-7				0.50	0.50
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

21	Development of F-1 Allocation Factor						
22		MGD		RATIO		DEMAND FACTOR	
23		(a)		(b)		(c)	
24	(1) Avg day	8,607.98	G-7, page 3	1.00		1.00	1/(b)
25	(2) Max day	12,537.54	G-7, page 3	1.46	Max day/Avg day	0.68	1/(b)

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.2
Witness: Bourassa

Line No.	Expense Type	Demand	Commodity	Customer	Meters	Services
1						
2	Labor	0.40	0.20	0.40	-	-
3	Purchased Water	-	1.00	-	-	-
4	Fuel & Power	-	1.00	-	-	-
5	Chemicals	-	1.00	-	-	-
6	Waste Disposal	0.90	0.10	-	-	-
7	Intercompany Support Services	0.40	0.20	0.40	-	-
8	Corporate Allocation	0.40	0.20	0.40	-	-
9	Outside Services	0.80	0.20	-	-	-
10	Group Insurance	0.40	0.20	0.40	-	-
11	Pensions	0.40	0.20	0.40	-	-
12	Regulatory Expense	0.40	0.20	0.40	-	-
13	Insurance Other Than Group	0.40	0.20	0.40	-	-
14	Customer Accounting	-	-	1.00	-	-
15	Rents	-	-	1.00	-	-
16	General Office Expense	-	-	1.00	-	-
17	Miscellaneous	-	-	1.00	-	-
18	Maintenance Expense	0.80	0.20	-	-	-
19	Depreciation & Amortization		See Schedule G-7, page 2.1			
20	General Taxes-Other	-	-	1.00	-	-
21						
22						
23						
24						
25						
26						
27						
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32						
33						
34						
35						

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.1
Witness: Bourassa

COMMODITY ALLOCATION FACTOR

Meter Size	Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
5/8x3/4"	Residential	490,255	15.60%
5/8x3/4"	Turf	-	0.00%
5/8x3/4"	Commercial	5,420	0.17%
5/8x3/4"	Other Public Auth.	50	0.00%
3/4"	Residential	6,372	0.20%
3/4"	Turf	-	0.00%
3/4"	Commercial	-	0.00%
3/4"	Other Public Auth.	-	0.00%
1"	Residential	1,317,392	41.93%
1"	Turf	-	0.00%
1"	Commercial	62,147	1.98%
1"	Other Public Auth.	2,125	0.07%
1-1/2"	Residential	146,889	4.68%
1-1/2"	Turf	-	0.00%
1-1/2"	Commercial	34,225	1.09%
1-1/2"	Other Public Auth.	-	0.00%
2"	Residential	250,903	7.99%
2"	Turf	-	0.00%
2"	Commercial	428,793	13.65%
2"	Other Public Auth.	2,278	0.07%
3"	Residential	-	0.00%
3"	Turf	13,622	0.43%
3"	Commercial	48,272	1.54%
3"	Other Public Auth.	-	0.00%
4"	Residential	-	0.00%
4"	Turf	63,566	2.02%
4"	Commercial	8,054	0.26%
4"	Other Public Auth.	-	0.00%
6"	Residential	-	0.00%
6"	Turf	188,714	6.01%
6"	Commercial	72,840	2.32%
6"	Other Public Auth.	-	0.00%
8"	Residential	-	0.00%
8"	Turf	-	0.00%
8"	Commercial	-	0.00%
8"	Other Public Auth.	-	0.00%
		-	0.00%
		-	0.00%
		-	0.00%
		-	0.00%
		-	0.00%
Totals		3,141,917	100.00%

DEMAND ALLOCATION FACTOR

Meter Size	Class	Avg. Daily Gallons	Demand Factor	Avg. Peak Demand (1,000's)	Percent of Total
5/8x3/4"	Residential	1,343.16	1.36	1,830.36	14.60%
5/8x3/4"	Turf	-	0.00	-	0.00%
5/8x3/4"	Commercial	14.85	1.52	22.55	0.18%
5/8x3/4"	Other Public Auth.	0.14	1.92	0.27	0.00%
3/4"	Residential	17.46	1.46	25.54	0.20%
3/4"	Turf	-	0.00	-	0.00%
3/4"	Commercial	-	0.00	-	0.00%
3/4"	Other Public Auth.	-	0.00	-	0.00%
1"	Residential	3,609.29	1.43	5,162.78	41.18%
1"	Turf	-	0.00	-	0.00%
1"	Commercial	170.27	1.35	229.55	1.83%
1"	Other Public Auth.	5.82	1.55	9.01	0.07%
1-1/2"	Residential	402.43	1.45	585.29	4.67%
1-1/2"	Turf	-	0.00	-	0.00%
1-1/2"	Commercial	93.77	1.51	141.40	1.13%
1-1/2"	Other Public Auth.	-	0.00	-	0.00%
2"	Residential	687.40	1.41	970.03	7.74%
2"	Turf	-	0.00	-	0.00%
2"	Commercial	1,174.78	1.39	1,629.68	13.00%
2"	Other Public Auth.	6.24	1.69	10.52	0.08%
3"	Residential	-	0.00	-	0.00%
3"	Turf	37.32	2.60	97.02	0.77%
3"	Commercial	132.25	1.95	257.71	2.06%
3"	Other Public Auth.	-	0.00	-	0.00%
4"	Residential	-	0.00	-	0.00%
4"	Turf	174.15	1.84	320.18	2.55%
4"	Commercial	22.07	1.33	29.33	0.23%
4"	Other Public Auth.	-	0.00	-	0.00%
6"	Residential	-	0.00	-	0.00%
6"	Turf	517.02	1.93	996.65	7.95%
6"	Commercial	199.56	1.10	219.69	1.75%
6"	Other Public Auth.	-	0.00	-	0.00%
8"	Residential	-	0.00	-	0.00%
8"	Turf	-	0.00	-	0.00%
8"	Commercial	-	0.00	-	0.00%
8"	Other Public Auth.	-	0.00	-	0.00%
		-	0.00	-	0.00%
		-	0.00	-	0.00%
		-	0.00	-	0.00%
		-	0.00	-	0.00%
		-	0.00	-	0.00%
Totals		8,607.98		12,537.54	100.00%

Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
Residential	2,211,809	70.397%
Turf	265,902	8.463%
Commercial	659,752	20.998%
Other Public Auth.	4,453	0.142%
Total	3,141,917	100.000%

Class	Peak Demand (1,000's)	Percent of Total
Residential	8,574	68.386%
Turf	1,414	11.277%
Commercial	2,530	20.179%
Other Public Auth.	20	0.158%
Total	12,538	100.000%

(a) Includes customer and gallons sold annualization.

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.2
Witness: Bourassa

CUSTOMER ALLOCATION FACTOR

Meter Size	Class	Number of Meters	Percent of Total
5/8x3/4"	Residential	2,121	44.24%
5/8x3/4"	Turf	3	0.06%
5/8x3/4"	Commercial	66	1.38%
5/8x3/4"	Other Public Auth.	3	0.06%
3/4"	Residential	27	0.56%
3/4"	Turf	-	0.00%
3/4"	Commercial	-	0.00%
3/4"	Other Public Auth.	-	0.00%
1"	Residential	1,981	41.32%
1"	Turf	-	0.00%
1"	Commercial	71	1.48%
1"	Other Public Auth.	2	0.04%
1-1/2"	Residential	161	3.36%
1-1/2"	Turf	-	0.00%
1-1/2"	Commercial	27	0.56%
1-1/2"	Other Public Auth.	-	0.00%
2"	Residential	157	3.27%
2"	Turf	-	0.00%
2"	Commercial	151	3.15%
2"	Other Public Auth.	6	0.13%
3"	Residential	-	0.00%
3"	Turf	1	0.02%
3"	Commercial	10	0.21%
3"	Other Public Auth.	-	0.00%
4"	Residential	-	0.00%
4"	Turf	1	0.02%
4"	Commercial	1	0.02%
4"	Other Public Auth.	-	0.00%
6"	Residential	-	0.00%
6"	Turf	1	0.02%
6"	Commercial	4	0.08%
6"	Other Public Auth.	-	0.00%
8"	Residential	-	0.00%
8"	Turf	-	0.00%
8"	Commercial	-	0.00%
8"	Other Public Auth.	-	0.00%
Totals		4,794	100.00%

Class	Number of Meters	Percent of Total
Residential	4,447	92.762%
Turf	6	0.125%
Commercial	330	6.884%
Other Public Auth.	11	0.229%
Total	4,794	100.000%

SERVICES ALLOCATION FACTOR (b)

Meter Size	Class	Number of Services	Install-ation Cost	Dollar Weighted Number Services	Percent of Total
5/8x3/4"	Residential	2,121	445.00	943,845	39.39%
5/8x3/4"	Turf	3	445.00	1,335	0.06%
5/8x3/4"	Commercial	66	445.00	29,370	1.23%
5/8x3/4"	Other Public Auth.	3	445.00	1,335	0.06%
3/4"	Residential	27	445.00	12,015	0.50%
3/4"	Turf	0	445.00	-	0.00%
3/4"	Commercial	0	445.00	-	0.00%
3/4"	Other Public Auth.	0	445.00	-	0.00%
1"	Residential	1,981	495.00	980,595	40.92%
1"	Turf	0	495.00	-	0.00%
1"	Commercial	71	495.00	35,145	1.47%
1"	Other Public Auth.	2	495.00	990	0.04%
1-1/2"	Residential	161	550.00	88,550	3.70%
1-1/2"	Turf	0	550.00	-	0.00%
1-1/2"	Commercial	27	550.00	14,850	0.62%
1-1/2"	Other Public Auth.	0	550.00	-	0.00%
2"	Residential	157	830.00	130,310	5.44%
2"	Turf	0	830.00	-	0.00%
2"	Commercial	151	830.00	125,330	5.23%
2"	Other Public Auth.	6	830.00	4,980	0.21%
3"	Residential	0	1,165.00	-	0.00%
3"	Turf	1	1,165.00	1,165	0.05%
3"	Commercial	10	1,165.00	11,650	0.49%
3"	Other Public Auth.	0	1,165.00	-	0.00%
4"	Residential	0	1,670.00	-	0.00%
4"	Turf	1	1,670.00	1,670	0.07%
4"	Commercial	1	1,670.00	1,670	0.07%
4"	Other Public Auth.	0	1,670.00	-	0.00%
6"	Residential	0	2,330.00	-	0.00%
6"	Turf	1	2,330.00	2,330	0.10%
6"	Commercial	4	2,330.00	9,320	0.39%
6"	Other Public Auth.	0	2,330.00	-	0.00%
8"	Residential	0	3,262.00	-	0.00%
8"	Turf	0	3,262.00	-	0.00%
8"	Commercial	0	3,262.00	-	0.00%
8"	Other Public Auth.	0	3,262.00	-	0.00%
Totals		4,794		$ 2,396,455	100.00%

Class	Dollar Weighted Number Services	Percent of Total
Residential	2,155,315	89.938%
Turf	6,500	0.271%
Commercial	227,335	9.486%
Other Public Auth.	7,305	0.305%
Total	2,396,455	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.3
Witness: Bourassa

METER ALLOCATION FACTOR (b)

Meter Size		Number of Meters	Meter Cost	Weighted Dollars of Meters	Percent of Total
5/8x3/4"	Residential	2,121	155.00	328,755	18.72%
5/8x3/4"	Turf	3	155.00	465	0.03%
5/8x3/4"	Commercial	66	155.00	10,230	0.58%
5/8x3/4"	Other Public Auth.	3	155.00	465	0.03%
3/4"	Residential	27	255.00	6,885	0.39%
3/4"	Turf	0	255.00	0	0.00%
3/4"	Commercial	0	255.00	0	0.00%
3/4"	Other Public Auth.	0	255.00	0	0.00%
1"	Residential	1,981	315.00	624,015	35.54%
1"	Turf	0	315.00	0	0.00%
1"	Commercial	71	315.00	22,365	1.27%
1"	Other Public Auth.	2	315.00	630	0.04%
1-1/2"	Residential	161	525.00	84,525	4.81%
1-1/2"	Turf	0	525.00	0	0.00%
1-1/2"	Commercial	27	525.00	14,175	0.81%
1-1/2"	Other Public Auth.	0	525.00	0	0.00%
2"	Residential	157	1,890.00	296,730	16.90%
2"	Turf	0	1,890.00	0	0.00%
2"	Commercial	151	1,890.00	285,390	16.25%
2"	Other Public Auth.	6	1,890.00	11,340	0.65%
3"	Residential	0	2,545.00	0	0.00%
3"	Turf	1	2,545.00	2,545	0.14%
3"	Commercial	10	2,545.00	25,450	1.45%
3"	Other Public Auth.	0	2,545.00	0	0.00%
4"	Residential	0	3,645.00	0	0.00%
4"	Turf	1	3,645.00	3,645	0.21%
4"	Commercial	1	3,645.00	3,645	0.21%
4"	Other Public Auth.	0	3,645.00	0	0.00%
6"	Residential	0	6,920.00	0	0.00%
6"	Turf	1	6,920.00	6,920	0.39%
6"	Commercial	4	6,920.00	27,680	1.58%
6"	Other Public Auth.	0	6,920.00	0	0.00%
8"	Residential	0	9,688.00	0	0.00%
8"	Turf	0	9,688.00	0	0.00%
8"	Commercial	0	9,688.00	0	0.00%
8"	Other Public Auth.	0	9,688.00	0	0.00%
Totals		4,794		$ 1,755,855	100.00%

Class	Weighted Dollars of Meters	Percent of Total
Residential	1,340,910	76.368%
Turf	13,575	0.773%
Commercial	388,935	22.151%
Other Public Auth.	12,435	0.708%
Total	1,755,855	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 1A
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				55,125	126,237	93,511
3	Misc. Revenues (From Sched G-2, page1)					(58,978)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					1,421,491	95,471	123,349
5	Property Taxes (From Sched. G-2, page 1)					342,754		
6	Income Taxes (From Sched. G-2, page 1)					1,014,212		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					2,774,604	221,708	216,860
8								
9	**Customer Charge**							
10	Number of Bills =	4,794	times 12 months			57,528		
11								
12	**Charge per Bill**					$ 48.23		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		11,297	times	12	months	135,558	135,558
17								
18	**Charge per Equivalent Meter**						$ 1.64	$ 1.60
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 48.23	
24	Charge per Equivalent Service Line						1.64	
25	Charge per Equivalent Meter						1.60	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 51.47	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 2A
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base 6.81%		1,619,103
4	Demand Expenses (From Schedule G-4, Page 2)		2,237,204
5			
6	Totals		3,856,307
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		135,558
9	Demand Charge for 5/8 Inch Meter		$ 28.45
10			
11		5/8" Demand	Meter	Demand
12	Demand Charge Per Equivalent	Charge	Ratio	Charge
13	5/8 Inch Meter	$ 28.45	1.0	$ 28.45
14	3/4 Inch Meter	28.45	1.5	42.67
15	1 Inch Meter	28.45	2.5	71.12
16	1 1/2 Inch Meter	28.45	5.0	142.24
17	2 Inch Meter	28.45	8.0	227.58
18	3 Inch Meter	28.45	16.0	455.16
19	4 Inch Meter	28.45	25.0	711.19
20	6 Inch Meter	28.45	50.0	1,422.38
21	8 Inch Meter	28.45	80.0	2,275.81
22	10 Inch Meter	28.45	115.0	3,271.48
23	12 Inch Meter	28.45	215.0	6,116.25

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 3A
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	762,052	55,125	126,237	93,511	1,619,103
4	Less: Miscellaneous Revenues			(58,978)			
5							
6	Expenses (From Sch. G-4. Page 2)		2,335,939	1,421,491	95,471	123,349	2,237,204
7	Property Taxes (From Sched. G-2, page 1)			342,754			
8	Income Taxes (From Sched. G-2, page 1)			1,014,212			
9	Total Revenue Requirement by function		3,097,991	2,774,604	221,708	216,860	3,856,307
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		3,141,917				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9860**				
12	Annualized Number of Bills			57,528			
13	Equivalent Meters and Service Lines				135,558	135,558	135,558
14	Customer Charge (line 9 divided by line 12)			$ 48.23			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 1.64	$ 1.60	$ 28.45
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 79.91
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 79.91	1.0	$ 79.91
22	3/4 Inch Meter	79.91	1.5	119.87
23	1 Inch Meter	79.91	2.5	199.78
24	1 1/2 Inch Meter	79.91	5.0	399.57
25	2 Inch Meter	79.91	8.0	639.31
26	3 Inch Meter	79.91	16.0	1,278.61
27	4 Inch Meter	79.91	25.0	1,997.84
28	6 Inch Meter	79.91	50.0	3,995.67
29	8 Inch Meter	79.91	80.0	6,393.07
30	10 Inch Meter	79.91	115.0	9,190.04
31	12 Inch Meter	79.91	215.0	17,181.39
32				
33				

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 4A
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity	
5		Rev. Req.	%	Portion of Rev. Req.	
6	Customer, Service, and Meter Costs	$ 3,213,171	40%	$ 1,285,269	
7	Demand Costs	3,856,307	40%	1,542,523	
8	Commodity Costs	3,097,991	100%	3,097,991	
9	Total Costs to be Collected via Commodity			$ 5,925,783	
10	Gallons Sold			3,141,917	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.886**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 10,167,470	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(5,925,783)	
19	Balance to be Recovered through Monthly Minimum			$ 4,241,687	41.72%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			135,558	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 31.29**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 31.29	1.0	$ 31.29	
30	3/4 Inch Meter	31.29	1.5	46.94	
31	1 Inch Meter	31.29	2.5	78.23	
32	1 1/2 Inch Meter	31.29	5.0	156.45	
33	2 Inch Meter	31.29	8.0	250.32	
34	3 Inch Meter	31.29	16.0	500.65	
35	4 Inch Meter	31.29	25.0	782.26	
36	6 Inch Meter	31.29	50.0	1,564.53	
37	8 Inch Meter	31.29	80.0	2,503.25	
38	10 Inch Meter	31.29	115.0	3,598.42	
39	12 Inch Meter	31.29	215.0	6,727.47	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1B
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	6.81%				51,135	96,404	84,102
2	Misc. Revenues (From Sched G-2, page1)					(54,709)		
3	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					1,318,600	72,909	110,937
4	Property Taxes (From Sched. G-2, page 1)					263,054		
5	Income Taxes (From Sched. G-2, page 1)					836,506		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					2,414,586	169,313	195,039
7								
8	**Customer Charge**							
9	Number of Bills =	4,447	times 12 months			53,364		
10								
11	**Charge per Bill**					$ 45.25		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		9,175	times	12	months	110,100	110,100
16								
17	**Charge per Equivalent Meter**						$ 1.54	$ 1.77
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 45.25	
23	Charge per Equivalent Service Line						1.54	
24	Charge per Equivalent Meter						1.77	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 48.56	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2B
Witness: Bourassa

Line No.	DEMAND CHARGE:		
1			
2	Return on Rate Base 6.81%		1,107,247
3	Demand Expenses (From Schedule G-4, Page 2)		1,529,946
4			
5	Totals		2,637,193
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		110,100
8	Demand Charge for 5/8 Inch Meter		$ 23.95
9			
10			
11	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
12	5/8 Inch Meter	$ 23.95	1.0	$ 23.95
13	3/4 Inch Meter	23.95	1.5	35.93
14	1 Inch Meter	23.95	2.5	59.88
15	1 1/2 Inch Meter	23.95	5.0	119.76
16	2 Inch Meter	23.95	8.0	191.62
17	3 Inch Meter	23.95	16.0	383.24
18	4 Inch Meter	23.95	25.0	598.82
19	6 Inch Meter	23.95	50.0	1,197.64
20	8 Inch Meter	23.95	80.0	1,916.22
21	10 Inch Meter	23.95	115.0	2,754.56
22	12 Inch Meter	23.95	215.0	5,149.83

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3B
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	536,460	51,135	96,404	84,102	1,107,247
4	Less: Miscellaneous Revenues			(54,709)			
5							
6	Expenses (From Sch. G-4. Page 2)		1,644,427	1,318,600	72,909	110,937	1,529,946
7	Property Taxes (From Sched. G-2, page 1)			263,054			
8	Income Taxes (From Sched. G-2, page 1)			836,506			
9	Total Revenue Requirement by function		2,180,888	2,414,586	169,313	195,039	2,637,193
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		2,211,809				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9860**				
12	Annualized Number of Bills			53,364			
13	Equivalent Meters and Service Lines				110,100	110,100	110,100
14	Customer Charge (line 9 divided by line 12)			$ 45.25			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 1.54	$ 1.77	$ 23.95
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 72.51
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 72.51	1.0	$ 72.51
22	3/4 Inch Meter	72.51	1.5	108.76
23	1 Inch Meter	72.51	2.5	181.27
24	1 1/2 Inch Meter	72.51	5.0	362.55
25	2 Inch Meter	72.51	8.0	580.08
26	3 Inch Meter	72.51	16.0	1,160.15
27	4 Inch Meter	72.51	25.0	1,812.74
28	6 Inch Meter	72.51	50.0	3,625.47
29	8 Inch Meter	72.51	80.0	5,800.76
30	10 Inch Meter	72.51	115.0	8,338.59
31	12 Inch Meter	72.51	215.0	15,589.53
32				
33				

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4B
Witness: Bourassa

Line No.		Total Rev. Req.	%	Commodity Portion of Rev. Req.	
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4					
5					
6	Customer, Service, and Meter Costs	$ 2,778,938	40%	$ 1,111,575	
7	Demand Costs	2,637,193	40%	1,054,877	
8	Commodity Costs	2,180,888	100%	2,180,888	
9	Total Costs to be Collected via Commodity			$ 4,347,340	
10	Gallons Sold			2,211,809	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.966**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 7,597,018	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(4,347,340)	
19	Balance to be Recovered through Monthly Minimum			$ 3,249,679	42.78%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			110,100	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 29.52**	
25					
26					
27					
28	Meter Size	5/8" Minimum	Meter Ratio	Monthly Minimum	
29	5/8 Inch Meter	$ 29.52	1.0	$ 29.52	
30	3/4 Inch Meter	29.52	1.5	44.27	
31	1 Inch Meter	29.52	2.5	73.79	
32	1 1/2 Inch Meter	29.52	5.0	147.58	
33	2 Inch Meter	29.52	8.0	236.13	
34	3 Inch Meter	29.52	16.0	472.25	
35	4 Inch Meter	29.52	25.0	737.89	
36	6 Inch Meter	29.52	50.0	1,475.78	
37	8 Inch Meter	29.52	80.0	2,361.26	
38	10 Inch Meter	29.52	115.0	3,394.31	
39	12 Inch Meter	29.52	215.0	6,345.88	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
TURF CLASS

Exhibit
Rejoinder Schedule G-8
Page 1C
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	6.81%				69	976	254
2	Misc. Revenues (From Sched G-2, page1)					(74)		
3	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					1,779	738	335
4	Property Taxes (From Sched. G-2, page 1)					14,914		
5	Income Taxes (From Sched. G-2, page 1)					(44,082)		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					(27,394)	1,714	588
7								
8	**Customer Charge**							
9	Number of Bills =	6	times 12 months			72		
10								
11	**Charge per Bill**					$ (380.47)		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		94	times	12	months	1,128	1,128
16								
17	**Charge per Equivalent Meter**						$ 1.52	$ 0.52
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ (380.47)	
23	Charge per Equivalent Service Line						1.52	
24	Charge per Equivalent Meter						0.52	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ (378.43)	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
TURF CLASS

Exhibit
Rejoinder Schedule G-8
Page 2C
Witness: Bourassa

Line No.	DEMAND CHARGE:		
1			
2	Return on Rate Base 6.81%		182,585
3	Demand Expenses (From Schedule G-4, Page 2)		252,287
4			
5	Totals		434,872
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		1,128
8	Demand Charge for 5/8 Inch Meter		$ 385.52
9			
10			
11	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
12	5/8 Inch Meter	$ 385.52	1.0	$ 385.52
13	3/4 Inch Meter	385.52	1.5	578.29
14	1 Inch Meter	385.52	2.5	963.81
15	1 1/2 Inch Meter	385.52	5.0	1,927.62
16	2 Inch Meter	385.52	8.0	3,084.20
17	3 Inch Meter	385.52	16.0	6,168.40
18	4 Inch Meter	385.52	25.0	9,638.12
19	6 Inch Meter	385.52	50.0	19,276.24
20	8 Inch Meter	385.52	80.0	30,841.98
21	10 Inch Meter	385.52	115.0	44,335.34
22	12 Inch Meter	385.52	215.0	82,887.81

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
TURF CLASS

Exhibit
Rejoinder Schedule G-8
Page 3C
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	64,493	69	976	254	182,585
4	Less: Miscellaneous Revenues			(74)			
5							
6	Expenses (From Sch. G-4. Page 2)		197,692	1,779	738	335	252,287
7	Property Taxes (From Sched. G-2, page 1)			14,914			
8	Income Taxes (From Sched. G-2, page 1)			(44,082)			
9	Total Revenue Requirement by function		262,185	(27,394)	1,714	588	434,872
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		265,902				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.9860**				
12	Annualized Number of Bills			72			
13	Equivalent Meters and Service Lines				1,128	1,128	1,128
14	Customer Charge (line 9 divided by line 12)			$ (380.47)			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 1.52	$ 0.52	$ 385.52
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						**$ 7.10**
18							
19			5/8" Monthly	Meter	Demand		
20	Monthly Minimum		Minimum	Ratio	Charge		
21	5/8 Inch Meter		$ 7.10	1.0	$ 7.10		
22	3/4 Inch Meter		7.10	1.5	10.64		
23	1 Inch Meter		7.10	2.5	17.74		
24	1 1/2 Inch Meter		7.10	5.0	35.48		
25	2 Inch Meter		7.10	8.0	56.77		
26	3 Inch Meter		7.10	16.0	113.54		
27	4 Inch Meter		7.10	25.0	177.40		
28	6 Inch Meter		7.10	50.0	354.80		
29	8 Inch Meter		7.10	80.0	567.69		
30	10 Inch Meter		7.10	115.0	816.05		
31	12 Inch Meter		7.10	215.0	1,525.66		
32							
33							

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
TURF CLASS

Exhibit
Rejoinder Schedule G-8
Page 4C
Witness: Bourassa

Line No.		Total Rev. Req.	%	Commodity Portion of Rev. Req.	
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
6	Customer, Service, and Meter Costs	$ (25,092)	40%	$ (10,037)	
7	Demand Costs	434,872	40%	173,949	
8	Commodity Costs	262,185	100%	262,185	
9	Total Costs to be Collected via Commodity			$ 426,097	
10	Gallons Sold			265,902	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.602**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 671,965	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(426,097)	
19	Balance to be Recovered through Monthly Minimum			$ 245,868	36.59%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			1,128	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 217.97**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 217.97	1.0	$ 217.97	
30	3/4 Inch Meter	217.97	1.5	326.95	
31	1 Inch Meter	217.97	2.5	544.92	
32	1 1/2 Inch Meter	217.97	5.0	1,089.84	
33	2 Inch Meter	217.97	8.0	1,743.75	
34	3 Inch Meter	217.97	16.0	3,487.49	
35	4 Inch Meter	217.97	25.0	5,449.21	
36	6 Inch Meter	217.97	50.0	10,898.41	
37	8 Inch Meter	217.97	80.0	17,437.46	
38	10 Inch Meter	217.97	115.0	25,066.35	
39	12 Inch Meter	217.97	215.0	46,863.18	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1D
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				3,795	27,962	8,871
3	Misc. Revenues (From Sched G-2, page1)					(4,060)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					97,850	21,147	11,701
5	Property Taxes (From Sched. G-2, page 1)					64,039		
6	Income Taxes (From Sched. G-2, page 1)					218,548		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					380,171	49,110	20,572
8								
9	**Customer Charge**							
10	Number of Bills =	330	times 12 months			3,960		
11								
12	**Charge per Bill**					$ 96.00		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters	1,972	times	12	months		23,658	23,658
17								
18	**Charge per Equivalent Meter**						$ 2.08	$ 0.87
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 96.00	
24	Charge per Equivalent Service Line						2.08	
25	Charge per Equivalent Meter						0.87	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 98.95	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2D
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base	6.81%	326,715
4	Demand Expenses (From Schedule G-4, Page 2)		451,440
5			
6	Totals		778,154
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		23,658
9	Demand Charge for 5/8 Inch Meter		$ 32.89
10			
11			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
12				
13	5/8 Inch Meter	$ 32.89	1.0	$ 32.89
14	3/4 Inch Meter	32.89	1.5	49.34
15	1 Inch Meter	32.89	2.5	82.23
16	1 1/2 Inch Meter	32.89	5.0	164.46
17	2 Inch Meter	32.89	8.0	263.13
18	3 Inch Meter	32.89	16.0	526.27
19	4 Inch Meter	32.89	25.0	822.29
20	6 Inch Meter	32.89	50.0	1,644.59
21	8 Inch Meter	32.89	80.0	2,631.34
22	10 Inch Meter	32.89	115.0	3,782.56
23	12 Inch Meter	32.89	215.0	7,071.74

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3D
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	160,019	3,795	27,962	8,871	326,715
4	Less: Miscellaneous Revenues			(4,060)			
5							
6	Expenses (From Sch. G-4. Page 2)		490,510	97,850	21,147	11,701	451,440
7				64,039			
8	Income Taxes (From Sched. G-2, page 1)			218,548			
9	Total Revenue Requirement by function		650,528	380,171	49,110	20,572	778,154
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		659,752				
11	Computed Commodity Rate (line 9 divided by line10)		$ **0.9860**				
12	Annualized Number of Bills			3,960			
13	Equivalent Meters and Service Lines				23,658	23,658	23,658
14	Customer Charge (line 9 divided by line 12)			$ 96.00			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 2.08	$ 0.87	$ 32.89
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 131.84
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 131.84	1.0	$ 131.84
22	3/4 Inch Meter	131.84	1.5	197.76
23	1 Inch Meter	131.84	2.5	329.60
24	1 1/2 Inch Meter	131.84	5.0	659.20
25	2 Inch Meter	131.84	8.0	1,054.72
26	3 Inch Meter	131.84	16.0	2,109.44
27	4 Inch Meter	131.84	25.0	3,296.00
28	6 Inch Meter	131.84	50.0	6,592.00
29	8 Inch Meter	131.84	80.0	10,547.20
30	10 Inch Meter	131.84	115.0	15,161.61
31	12 Inch Meter	131.84	215.0	28,345.61
32				
33				

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4D
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 449,853	40%	$ 179,941	
7	Demand Costs	778,154	40%	311,262	
8	Commodity Costs	650,528	100%	650,528	
9	Total Costs to be Collected via Commodity			$ 1,141,731	
10	Gallons Sold			659,752	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.731**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 1,878,536	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(1,141,731)	
19	Balance to be Recovered through Monthly Minimum			$ 736,804	39.22%
20					
21					Percent revenue recovery from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			23,658	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 31.14**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 31.14	1.0	$ 31.14	
30	3/4 Inch Meter	31.14	1.5	46.72	
31	1 Inch Meter	31.14	2.5	77.86	
32	1 1/2 Inch Meter	31.14	5.0	155.72	
33	2 Inch Meter	31.14	8.0	249.15	
34	3 Inch Meter	31.14	16.0	498.30	
35	4 Inch Meter	31.14	25.0	778.60	
36	6 Inch Meter	31.14	50.0	1,557.20	
37	8 Inch Meter	31.14	80.0	2,491.52	
38	10 Inch Meter	31.14	115.0	3,581.56	
39	12 Inch Meter	31.14	215.0	6,695.96	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
OTHER PUBLIC AUTHORITY CLASS

Exhibit
Rejoinder Schedule G-8
Page 1E
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				126	894	285
3	Misc. Revenues (From Sched G-2, page1)					(135)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					3,262	676	376
5	Property Taxes (From Sched. G-2, page 1)					747		
6	Income Taxes (From Sched. G-2, page 1)					3,241		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					7,241	1,570	661
8								
9	**Customer Charge**							
10	Number of Bills =	11	times 12 months			132		
11								
12	**Charge per Bill**					$ 54.85		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		56	times	12	months	672	672
17								
18	**Charge per Equivalent Meter**						$ 2.34	$ 0.98
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 54.85	
24	Charge per Equivalent Service Line						2.34	
25	Charge per Equivalent Meter						0.98	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 58.17	

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
OTHER PUBLIC AUTHORITY CLASS

Exhibit
Rejoinder Schedule G-8
Page 2E
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
1			
2	Return on Rate Base 6.81%		2,556
3	Demand Expenses (From Schedule G-4, Page 2)		3,532
4			
5	Totals		6,088
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		672
8	Demand Charge for 5/8 Inch Meter		$ 9.06
9			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
10				
11				
12	5/8 Inch Meter	$ 9.06	1.0	$ 9.06
13	3/4 Inch Meter	9.06	1.5	13.59
14	1 Inch Meter	9.06	2.5	22.65
15	1 1/2 Inch Meter	9.06	5.0	45.30
16	2 Inch Meter	9.06	8.0	72.47
17	3 Inch Meter	9.06	16.0	144.95
18	4 Inch Meter	9.06	25.0	226.48
19	6 Inch Meter	9.06	50.0	452.97
20	8 Inch Meter	9.06	80.0	724.75
21	10 Inch Meter	9.06	115.0	1,041.82
22	12 Inch Meter	9.06	215.0	1,947.76

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
OTHER PUBLIC AUTHORITY CLASS

Exhibit
Rejoinder Schedule G-8
Page 3E
Witness: Bourassa

Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum

Line No.			Commodity	Customer	Service	Meter	Demand
3	Return on Rate Base	6.81%	1,080	126	894	285	2,556
4	Less: Miscellaneous Revenues			(135)			
6	Expenses (From Sch. G-4. Page 2)		3,311	3,262	676	376	3,532
7	Property Taxes (From Sched. G-2, page 1)			747			
8	Income Taxes (From Sched. G-2, page 1)			3,241			
9	Total Revenue Requirement by function		4,391	7,241	1,570	661	6,088
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		4,453				
11	Computed Commodity Rate (line 9 divided by line10)		$ 0.9860				
12	Annualized Number of Bills			132			
13	Equivalent Meters and Service Lines				672	672	672
14	Customer Charge (line 9 divided by line 12)			$ 54.85			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 2.34	$ 0.98	$ 9.06
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 67.23

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 67.23	1.0	$ 67.23
22	3/4 Inch Meter	67.23	1.5	100.85
23	1 Inch Meter	67.23	2.5	168.08
24	1 1/2 Inch Meter	67.23	5.0	336.17
25	2 Inch Meter	67.23	8.0	537.87
26	3 Inch Meter	67.23	16.0	1,075.74
27	4 Inch Meter	67.23	25.0	1,680.84
28	6 Inch Meter	67.23	50.0	3,361.68
29	8 Inch Meter	67.23	80.0	5,378.69
30	10 Inch Meter	67.23	115.0	7,731.86
31	12 Inch Meter	67.23	215.0	14,455.22

Paradise Valley Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
OTHER PUBLIC AUTHORITY CLASS

Exhibit
Rejoinder Schedule G-8
Page 4E
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4				Commodity	
5		Total		Portion of	
		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 9,472	40%	$ 3,789	
7	Demand Costs	6,088	40%	2,435	
8	Commodity Costs	4,391	100%	4,391	
9	Total Costs to be Collected via Commodity			$ 10,615	
10	Gallons Sold			4,391	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 2.418**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 19,951	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(10,615)	
19	Balance to be Recovered through Monthly Minimum			$ 9,336	46.80%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			672	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 13.89**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 13.89	1.0	$ 13.89	
30	3/4 Inch Meter	13.89	1.5	20.84	
31	1 Inch Meter	13.89	2.5	34.73	
32	1 1/2 Inch Meter	13.89	5.0	69.46	
33	2 Inch Meter	13.89	8.0	111.14	
34	3 Inch Meter	13.89	16.0	222.28	
35	4 Inch Meter	13.89	25.0	347.32	
36	6 Inch Meter	13.89	50.0	694.63	
37	8 Inch Meter	13.89	80.0	1,111.41	
38	10 Inch Meter	13.89	115.0	1,597.66	
39	12 Inch Meter	13.89	215.0	2,986.92	

Paradise Valley Water District
Test Year Ended June 30, 2013
Comparison of Proposed Rates to Computed Costs
For a 5/8x3/4-Inch Residential Meter (With Required Operating Margin)

Exhibit
Rejoinder Schedule G-9
Page 1
Witness: Bourassa

Column Number-->		(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues									(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs	
1	-	$ 26.67	$ -	$ 26.67	$ 28.45	$ 48.23	$ 1.64	$ 1.60	0	$ 79.91	$ (53.24)
2	1,000	26.67	1.12	27.79	28.45	48.23	1.64	1.60	0.986	80.90	(53.11)
3	2,000	26.67	2.23	28.90	28.45	48.23	1.64	1.60	1.972	81.89	(52.98)
4	3,000	26.67	3.35	30.02	28.45	48.23	1.64	1.60	2.958	82.87	(52.85)
5	4,000	26.67	4.46	31.14	28.45	48.23	1.64	1.60	3.944	83.86	(52.72)
6	5,000	26.67	5.58	32.25	28.45	48.23	1.64	1.60	4.930	84.84	(52.59)
7	6,000	26.67	6.91	33.58	28.45	48.23	1.64	1.60	5.916	85.83	(52.25)
8	7,000	26.67	8.24	34.91	28.45	48.23	1.64	1.60	6.902	86.82	(51.91)
9	8,000	26.67	9.57	36.24	28.45	48.23	1.64	1.60	7.888	87.80	(51.56)
10	9,000	26.67	10.89	37.57	28.45	48.23	1.64	1.60	8.874	88.79	(51.22)
11	10,000	26.67	12.22	38.89	28.45	48.23	1.64	1.60	9.860	89.77	(50.88)
12	12,000	26.67	14.88	41.55	28.45	48.23	1.64	1.60	11.832	91.75	(50.19)
13	14,000	26.67	17.54	44.21	28.45	48.23	1.64	1.60	13.804	93.72	(49.51)
14	16,000	26.67	21.20	47.87	28.45	48.23	1.64	1.60	15.776	95.69	(47.82)
15	18,000	26.67	25.88	52.55	28.45	48.23	1.64	1.60	17.748	97.66	(45.11)
16	20,000	26.67	30.56	57.23	28.45	48.23	1.64	1.60	19.720	99.63	(42.41)
17	25,000	26.67	42.25	68.92	28.45	48.23	1.64	1.60	24.650	104.56	(35.65)
18	30,000	26.67	53.94	80.61	28.45	48.23	1.64	1.60	29.581	109.49	(28.89)
19	35,000	26.67	65.63	92.30	28.45	48.23	1.64	1.60	34.511	114.42	(22.12)
20	40,000	26.67	77.32	103.99	28.45	48.23	1.64	1.60	39.441	119.35	(15.36)
21	45,000	26.67	91.93	118.60	28.45	48.23	1.64	1.60	44.371	124.28	(5.68)
22	50,000	26.67	106.55	133.22	28.45	48.23	1.64	1.60	49.301	129.21	4.00
23	60,000	26.67	135.77	162.44	28.45	48.23	1.64	1.60	59.161	139.07	23.37
24	70,000	26.67	165.00	191.67	28.45	48.23	1.64	1.60	69.021	148.93	42.74
25	80,000	26.67	194.23	220.90	28.45	48.23	1.64	1.60	78.882	158.79	62.10
26	90,000	26.67	228.51	255.18	28.45	48.23	1.64	1.60	88.742	168.66	86.53
27	100,000	26.67	262.80	289.47	28.45	48.23	1.64	1.60	98.602	178.52	110.95

Paradise Valley Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	$ 1,554,527	$ 1,650,680	$ 96,152	6.19%	16.10%	16.14%
2	3/4 Inch	Residential	21,629	22,966	1,337	6.18%	0.22%	0.22%
3	1 Inch	Residential	4,267,673	4,532,932	265,259	6.22%	44.19%	44.33%
4	1.5 Inch	Residential	551,539	585,773	34,233	6.21%	5.71%	5.73%
5	2 Inch	Residential	964,943	1,024,930	59,987	6.22%	9.99%	10.02%
6	6 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
7								
8		Subtotal	7,360,312	7,817,281	456,969	6.21%	76.21%	76.44%
9								
10	5/8x3/4 Inch	Commercial	$ 30,488	$ 32,357	$ 1,869	6.13%	0.32%	0.32%
11	3/4 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
12	1 Inch	Commercial	165,693	176,000	10,307	6.22%	1.72%	1.72%
13	1.5 Inch	Commercial	96,445	102,435	5,990	6.21%	1.00%	1.00%
14	2 Inch	Commercial	1,127,180	1,197,381	70,200	6.23%	11.67%	11.71%
15	3 Inch	Commercial	135,386	143,811	8,426	6.22%	1.40%	1.41%
16	4 Inch	Commercial	22,397	23,791	1,394	6.22%	0.23%	0.23%
17	6 Inch	Commercial	212,295	225,523	13,227	6.23%	2.20%	2.21%
18								
19		Subtotal	$ 1,789,884	$ 1,901,297	$ 111,413	6.22%	18.53%	18.59%
20								
21	5/8x3/4 Inch	Other Public Authority	$ 1,003	$ 1,064	$ 61	6.07%	0.01%	0.01%
22	1 Inch	Other Public Authority	5,351	5,684	333	6.23%	0.06%	0.06%
23	2 Inch	Other Public Authority	14,583	15,475	892	6.12%	0.15%	0.15%
24								
25		Subtotal	$ 20,936	$ 22,223	$ 1,287	6.15%	0.22%	0.22%
26								
27	3 Inch	Turf	26,205	28,008	1,803	6.88%	0.27%	0.27%
28	4 Inch	Turf	112,344	120,155	7,811	6.95%	1.16%	1.17%
29	6 Inch	Paradise Valley Country Club	303,880	298,407	(5,472)	-1.80%	3.15%	2.92%
30	Private Fire		9,349	9,332	(17)	-0.18%	0.10%	0.09%
31								
32								
33								
34								
35								
36	Total Revenues Before Annualization		9,622,910	10,196,703	$ 573,794	5.96%	99.64%	99.71%
37								

Paradise Valley Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Revenue Annualization

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	Schedule
1									
2									
3									
4									
5	5/8x3/4 Inch	Residential	$ (420)	$ (447)	(26)	6.29%	1	(215)	See Work papers
6	3/4 Inch	Residential	$ (279)	$ (297)	(17)	6.26%	(1)	(130)	See Work papers
7	1 Inch	Residential	470	500	30	6.38%	(4)	194	See Work papers
8	1.5 Inch	Residential	(55)	(58)	(3)	4.76%	(4)	35	See Work papers
9	2 Inch	Residential	(3,014)	(3,201)	(188)	6.23%	(5)	(832)	See Work papers
10	6 Inch	Residential	-	-	-	0.00%	-	-	See Work papers
11									
12		Subtotal	$ (3,299)	$ (3,503)	(204)	6.19%	(13)	(950)	
13									
14	5/8x3/4 Inch	Commercial	$ -	$ -	-	0.00%	-	-	See Work papers
15	3/4 Inch	Commercial	-	-	-	0.00%	-	-	See Work papers
16	1 Inch	Commercial	331	352	21	6.21%	2	118	See Work papers
17	1.5 Inch	Commercial	610	648	37	6.14%	4	127	See Work papers
18	2 Inch	Commercial	1,822	1,936	114	6.26%	1	862	See Work papers
19	3 Inch	Commercial	3,835	4,076	241	6.28%	-	1,765	See Work papers
20	4 Inch	Commercial	-	-	-	0.00%	-	-	See Work papers
21	6 Inch	Commercial	(4,632)	(4,921)	(289)	6.23%	(1)	(1,671)	See Work papers
22					-				
23		Subtotal	$ 1,966	$ 2,090	124	6.32%	6	1,202	
24									
25									
26	*Rebuttal 6 Inch Meter Annualization Adjustment*		$ 9,143	9,689	545	5.96%	-	790	See Work papers
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39	Total Revenue Annualization		$ 7,811	$ 8,276	$ 465	5.96%	(7)	$ 1,043	
40									

Paradise Valley Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	
1	Subtotal Metered Revenues	$ 9,622,910	$ 10,196,703	$ 573,794	5.96%	99.64%	99.71%	
2								
3								
4	Declining Usage Adjustment	(36,037)	(38,185)	(2,149)	5.96%	-0.37%	-0.37%	H-1, page 4
5	Subtotal Revenue Annualization	7,811	8,276	465	5.96%	0.08%	0.08%	
6	Total Metered Revenues	$ 9,594,684	$ 10,166,794	$ 572,109.90	5.96%	99.35%	99.42%	
7	Misc. Revenues	58,978	58,978	-	0.00%	0.61%	0.58%	
8								
9								
10	Reconciling Amount to GL	3,732	676	(3,056)	-81.89%	0.04%	0.01%	
11	Total Water Revenues	$ 9,657,394	$ 10,226,448	$ 569,054	5.89%	100.00%	100.00%	
12								
13								

Paradise Valley Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	2,121	19,271	$ 52.30	$ 55.52	3.23	6.17%
2	3/4 Inch	Residential	27	20,006	$ 54.92	$ 58.31	3.38	6.16%
3	1 Inch	Residential	1,981	55,400	165.40	175.67	10.27	6.21%
4	1.5 Inch	Residential	161	75,854	261.89	278.13	16.24	6.20%
5	2 Inch	Residential	157	133,264	495.41	526.20	30.79	6.21%
6	6 Inch	Residential	-	-	930.00	986.27	56.27	6.05%
7		Subtotal	4,447					
8								
9	5/8x3/4 Inch	Commercial	66	6,843	$ 38.49	$ 40.85	2.36	6.13%
10	3/4 Inch	Commercial	-	-	26.16	27.74	1.58	6.03%
11	1 Inch	Commercial	71	72,975	192.60	204.58	11.98	6.22%
12	1.5 Inch	Commercial	27	106,556	298.32	316.85	18.53	6.21%
13	2 Inch	Commercial	151	236,295	601.62	639.07	37.46	6.23%
14	3 Inch	Commercial	10	387,558	1,032.39	1,096.59	64.20	6.22%
15	4 Inch	Commercial	1	671,167	1,866.44	1,982.59	116.15	6.22%
16	6 Inch	Commercial	4	1,520,633	4,287.46	4,554.57	267.11	6.23%
17								
18		Subtotal	330					
19								
20	5/8x3/4 Inch	Other Public Authority	3	1,389	$ 27.86	$ 29.55	1.69	6.07%
21	1 Inch	Other Public Authority	2	88,542	222.96	236.84	13.89	6.23%
22	2 Inch	Other Public Authority	6	31,639	202.54	214.93	12.40	6.12%
23								
24		Subtotal	11					
25								
26	3 Inch	Turf	1	1,135,167	$ 2,183.73	$ 2,333.96	150.23	6.88%
27	4 Inch	Turf	1	5,297,167	9,362.00	10,012.94	650.94	6.95%
28	6 Inch	Paradise Valley Country Club	1	15,726,167	25,323.32	24,867.28	(456.04)	-1.80%
29	Private Fire		71	615	10.96	10.94	(0.02)	-0.18%
30								
31								
32								
33		Total	4,862					
34								

35 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Paradise Valley Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 x3/4Inch	Residential	2,121	10,000	$ 36.65	$ 38.89	2.24	6.12%
2	3/4 Inch	Residential	27	6,000	$ 32.66	$ 34.65	1.99	6.08%
3	1 Inch	Residential	1,981	37,000	116.45	123.65	7.20	6.18%
4	1.5 Inch	Residential	161	40,000	163.29	173.34	10.05	6.15%
5	2 Inch	Residential	157	74,000	307.09	326.05	18.96	6.17%
6	6 Inch	Residential	-	-	930.00	986.27	56.27	6.05%
7		Subtotal	4,447					
8								
9	5/8 Inch	Commercial	66	3,000	$ 31.00	$ 32.89	1.89	6.09%
10	3/4 Inch	Commercial	-	-	26.16	27.74	1.58	6.03%
11	1 Inch	Commercial	71	25,000	99.05	105.15	6.10	6.16%
12	1.5 Inch	Commercial	27	52,500	192.92	204.82	11.91	6.17%
13	2 Inch	Commercial	151	132,000	398.24	422.93	24.69	6.20%
14	3 Inch	Commercial	10	27,500	330.28	350.38	20.10	6.09%
15	4 Inch	Commercial	1	649,000	1,815.46	1,928.41	112.95	6.22%
16	6 Inch	Commercial	4	306,000	1,526.70	1,620.44	93.74	6.14%
17								
18		Subtotal	330					
19								
20	5/8x3/4 Inch	Other Public Authority	3	1,000	$ 27.10	$ 28.74	1.64	6.07%
21	1 Inch	Other Public Authority	2	73,000	192.65	204.63	11.98	6.22%
22	2 Inch	Other Public Authority	6	13,500	167.17	177.34	10.17	6.09%
23								
24		Subtotal	11					
25								
26	3 Inch	Turf	1	1,013,500	$ 1,979.33	$ 2,115.25	135.92	6.87%
27	4 Inch	Turf	1	5,398,000	9,531.40	10,194.20	662.80	6.95%
28	6 Inch	Paradise Valley Country Club	1	17,473,500	28,049.16	27,537.13	(512.03)	-1.83%
29	Private Fire		71	-	10.00	10.00	-	0.00%
30								
31								
32								
33		Total	4,791					
34								

35 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
36

Paradise Valley Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Service Charge for:	Present Rates	Proposed Rates	Dollar Change
1	Meter Size (All Classes):			
2	5/8x3/4 Inch Residential Low Income		$ 16.00	
3	5/8x3/4 Inch	$ 25.15	26.67	$ 1.52
4	3/4 Inch	26.16	27.74	1.58
5	1 Inch	50.30	53.34	3.04
6	1 1/2 Inch	90.54	96.02	5.48
6	2 Inch	140.84	149.36	8.52
7	3 Inch	276.65	293.39	16.74
8	4 Inch	462.76	490.76	28.00
9	6 Inch	930.00	986.27	56.27
10	8 Inch	2,245.00	2,380.82	135.82
11	10 Inch	3,228.00	3,423.29	195.29
12	12 Inch	6,034.00	6,399.06	365.06
13	6 Inch Paradise Valley Country Club	790.50	838.33	47.83
14				
15	Private Fire Protection Service	10.00	10.00	-
16				
17		Present	Proposed	
18		Rates	Rates	
19	Gallons In Minimum (All Meter Sizes and Classes)	-	-	
20				
21				

Line No.	Commodity Rates (per 1,000 gallons)	Block				Present Rate	Proposed Rate	Dollar Change
22								
23								
24	5/8x3/4 Inch and 3/4 Inch Meter - Residential	1	gallon to	5,000	gallons	$ 1.0500	$ 1.1159	$ 0.0659
25		5,001	to	15,000	gallons	$ 1.2500	$ 1.3285	$ 0.0785
26		15,001	to	40,000	gallons	$ 2.2000	$ 2.3382	$ 0.1382
27		40,001	to	80,000	gallons	$ 2.7500	$ 2.9227	$ 0.1727
28			over	80,000	gallons	$ 3.2259	$ 3.4285	$ 0.2026
29								
30	5/8x3/4 Inch and 3/4 Inch Meter - Com., Ind.	1	gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
31			over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
32								
33	5/8x3/4 Inch and 3/4 Inch Meter - Other Public Authority		All gallons			$ 1.9500	$ 2.0725	$ 0.1225
34								
35	5/8x3/4 Inch and 3/4 Inch Meter - Turf		All gallons			$ 1.6800	$ 1.7976	$ 0.1176
36								
37								
38								
39								
40								
41								
42								
43								

Paradise Valley Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block				Present Rate	Proposed Rate	Dollar Change
1								
2	1 Inch Meter - Residential	1	gallon to	5,000	gallons	$ 1.0500	$ 1.1159	$ 0.0659
3		5,001	to	15,000	gallons	$ 1.2500	$ 1.3285	$ 0.0785
4		15,001	to	40,000	gallons	$ 2.2000	$ 2.3382	$ 0.1382
5		40,001	to	80,000	gallons	$ 2.7500	$ 2.9227	$ 0.1727
6			over	80,000	gallons	$ 3.2259	$ 3.4285	$ 0.2026
7								
8	1 Inch Meter - Com., Ind.	1	gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
9			over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
10								
11	1 Inch Meter - Other Public Authority		All gallons			$ 1.9500	$ 2.0725	$ 0.1225
12								
13	1 Inch Meter - Turf		All gallons			$ 1.6800	$ 1.7976	$ 0.1176
14								
15	1 1/2 Inch Meter - Residential	1	gallon to	5,000	gallons	$ 1.0500	$ 1.1159	$ 0.0659
16		5,001	to	15,000	gallons	$ 1.2500	$ 1.3285	$ 0.0785
17		15,001	to	40,000	gallons	$ 2.2000	$ 2.3382	$ 0.1382
18		40,001	to	80,000	gallons	$ 2.7500	$ 2.9227	$ 0.1727
19			over	80,000	gallons	$ 3.2259	$ 3.4285	$ 0.2026
20								
21	1 1/2 Inch Meter - Com., Ind.	1	gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
22			over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
23								
24	1 1/2 Inch Meter - Other Public Authority		All gallons			$ 1.9500	$ 2.0725	$ 0.1225
25								
26	1 1/2 Inch Meter - Turf		All gallons			$ 1.6800	$ 1.7976	$ 0.1176
27								
28	2 Inch Meter - Residential	1	gallon to	5,000	gallons	$ 1.0500	$ 1.1159	$ 0.0659
29		5,001	to	15,000	gallons	$ 1.2500	$ 1.3285	$ 0.0785
30		15,001	to	40,000	gallons	$ 2.2000	$ 2.3382	$ 0.1382
31		40,001	to	80,000	gallons	$ 2.7500	$ 2.9227	$ 0.1727
32			over	80,000	gallons	$ 3.2259	$ 3.4285	$ 0.2026
33								
34	2 Inch Meter - Com., Ind.	1	gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
35			over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
36								
37	2 Inch Meter - Com., Ind.	1	gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
38			over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
39								
40								

Paradise Valley Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block			Present Rate	Proposed Rate	Dollar Change
1							
2	2 Inch Meter - Other Public Authority	All gallons			$ 1.9500	$ 2.0725	$ 0.1225
3							
4	2 Inch Meter - Turf	All gallons			$ 1.6800	$ 1.7976	$ 0.1176
5							
6	3 Inch Meter - Residential	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
7		over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
8							
9	3 Inch Meter - Com., Ind.	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
10		over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
11							
12	3 Inch Meter - Other Public Authority	All gallons			$ 1.9500	$ 2.0725	$ 0.1225
13							
14	3 Inch Meter - Turf	All gallons			$ 1.6800	$ 1.7976	$ 0.1176
15							
16	4 Inch Meter - Residential	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
17		over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
18							
19	4 Inch Meter - Com., Ind.	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
20		over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
21							
22	4 Inch Meter - Other Public Authority	All gallons			$ 1.9500	$ 2.0725	$ 0.1225
23							
24	4 Inch Meter - Turf	All gallons			$ 1.6800	$ 1.7976	$ 0.1176
25							
26	6 Inch Meter - Residential	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
27		over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
28							
29	6 Inch Meter - Com., Ind.	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
30		over	-	gallons	$ 2.3000	$ 2.4444	$ 0.1444
31							
32	6 Inch Meter - Other Public Authority	All gallons			$ 1.9500	$ 2.0725	$ 0.1225
33							
34	6 Inch Meter - Turf	All gallons			$ 1.6800	$ 1.7976	$ 0.1176
35							
36	8 Inch Meter - Residential	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
37		over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444
38							
39	8 Inch Meter - Com., Ind.	1 gallon to	400,000	gallons	$ 1.9500	$ 2.0725	$ 0.1225
40		over	400,000	gallons	$ 2.3000	$ 2.4444	$ 0.1444

Paradise Valley Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block		Present Rate	Proposed Rate	
1						
2	8 Inch Meter - Other Public Authority	All gallons		$ 1.9500	$ 2.0725	$ 0.1225
3						
4	8 Inch Meter - Turf	All gallons		$ 1.6800	$ 1.7976	$ 0.1176
5						
6	10 Inch Meter - Residential	1 gallon to	400,000 gallons	$ 1.9500	$ 2.0725	$ 0.1225
7		over	400,000 gallons	$ 2.3000	$ 2.4444	$ 0.1444
8						
9						
10	10 Inch Meter - Com., Ind.	1 gallon to	400,000 gallons	$ 1.9500	$ 2.0725	$ 0.1225
11		over	400,000 gallons	$ 2.3000	$ 2.4444	$ 0.1444
12						
13	10 Inch Meter - Other Public Authority	All gallons		$ 1.9500	$ 2.0725	$ 0.1225
14						
15	10 Inch Meter - Turf	All gallons		$ 1.6800	$ 1.7976	$ 0.1176
16						
17	12 Inch Meter - Residential	1 gallon to	400,000 gallons	$ 1.9500	$ 2.0725	$ 0.1225
18		over	400,000 gallons	$ 2.3000	$ 2.4444	$ 0.1444
19						
20	12 Inch Meter - Com., Ind.	1 gallon to	400,000 gallons	$ 1.9500	$ 2.0725	$ 0.1225
21		over	400,000 gallons	$ 2.3000	$ 2.4444	$ 0.1444
22						
23	12 Inch Meter - Other Public Authority	All gallons		$ 1.9500	$ 2.0725	$ 0.1225
24						
25	12 Inch Meter - Turf	All gallons		$ 1.6800	$ 1.7976	$ 0.1176
26						
27	6 Inch Paradise Valley Country Club	All gallons		$ 1.5600 **	$ 1.5280	$ (0.0320)
28						
29	** Paradise Valley Country Club currently pays $1.428 per thousand per contract.					
30						
31						

Line No.	Low Income Program Discount Revenue Recovery*	Present Rate	Proposed Rate*
32			
33	Program Participation Limit (No. of Customers)		50
34	Estimated Annual Discounts		$ 9,600
35	Under(Over) Collections from previous years		$ -
36	Net Annual Discounts to be Recovered		$ 9,600
37	Highest Cost Commodity Rate Gallons Sold to Residential, Apartment, Commercial (in 1,000s)		770,615
38	Estimate of Low Income Surcharge on Highest Cost Commodity Rate (Residential, Apartment, Commercial Customers Only)		$ 0.0120
39			
40	* Low Income Program details are noted in the Terms and Conditions section for General Water Rates. Upper tier rate for		
41	residential and commercial customers is comprised of the approved rate listed in table above plus and additional $0.0130 for the		
42	Low Income Surcharge.		

Paradise Valley Water District
Changes in Representative Rate Schedules
Test Year Ended June 30, 2013

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Line No.	Service Charges	Present Rates	Proposed Rates
1			
2			
3	Service Charges	Present Rates	Proposed Rates
4	Establishment of Water Service		$ 35.00
5	Regular Hours	$ 20.00	Remove
6	After Hours	$ 40.00	Remove
7	Re-establishment of Service within 12 months	(a)	(a)
8	Reconnection of Water Service (Delinquent)		$ 35.00
9	Regular Hours	$ 30.00	Remove
10	After Hours	$ 60.00	Remove
11	Meter Test (if correct)	$ 15.00	$ 35.00
12	Meter Reread (if correct)	$ 10.00	$ 25.00
13	NSF Check	$ 12.00	$ 25.00
14	Late Fee Charge, per month	1.50%	1.50%
15	Deferred Payment		1.50%
16	Deposit Requirements	(b)	(b)
17	Deposit Interest	(c)	(c)
18	After Hours Service Charge(d)	NT	$ 30.00
19			
20			
21			
22			
23			
24	(a) Minimum charge times number of full months off the system. per Rule R14-2-403(D).		
25	(b) Per ACC Rules R14-2-403(B) Residential - two times the average bill.		
26	Non-residential - two and one-half times the estimated maximum bill.		
27	(c) Interest per A.C.C. Rule 14-2-403(B)		
28	(d) After hours service charge: After regular working hours, Saturdays, Sundays, and holidays if at the customer's		
29	request or for the customer's convenience.		
30			
31	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
32	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
33	TAX. PER COMMISSION RULE 14-2-409D(5).		
34			
35			

Paradise Valley Water District
Test Year Ended June 30, 2013
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Refundable Meter and Service Line Installation Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
9	5/8 x 3/4 Inch	$ 445.00	$ 155.00	$ 600.00	$ 445.00	$ 155.00	$ 600.00
10	3/4 Inch	445.00	255.00	700.00	445.00	255.00	700.00
11	1 Inch	495.00	315.00	810.00	495.00	315.00	810.00
12	1 1/2 Inch	550.00	525.00	1,075.00	550.00	525.00	1,075.00
13	2 Inch	830.00	1,045.00	1,875.00	830.00	1,045.00	1,875.00
14	3 Inch	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
15	4 Inch	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
16	6 Inch / Turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
17	Over 6 inch	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

Sun City Water
Rejoinder Schedules

Sun City Water
Test Year Ended June 30, 2013
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1	Original Cost Rate Base	$	26,605,694
2			
3	Adjusted Operating Income	$	1,117,156
4			
5	Current Rate of Return		4.20%
6			
7	Required Operating Income	$	1,811,848
8			
9	Required Rate of Return		6.81%
10			
11	Operating Income Deficiency	$	694,691
12			
13	Gross Revenue Conversion Factor		1.6408
14			
15	Increase in Gross Revenue		
16	Requirement	$	1,139,852

17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	$ 8,243,473	$ 9,150,692	$907,219	11.0%
22	Commercial	1,867,458	2,074,540	207,082	11.1%
23	Irrigation Sales	135,008	135,452	444	0.3%
24	Hydrants	21,074	22,802	1,728	8.2%
25	Declining Usage Adjustment	(119,482)	(96,103)	23,379	-19.6%
26					
27	Total Water Revenues	$ 10,147,531	$ 11,287,383	$ 1,139,852	11.2%
28					
29	Other Revenues	$ 162,387	$ 162,387	$ -	0.0%
30					
31	Total Revenues	$ 10,309,918	$ 11,449,771	$ 1,139,852	11.1%

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46 Supporting Schedules:
47 B-1 Rejoinder
48 C-1 Rejoinder
49 H-1 Rejoinder
50 \2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls

Sun City Water
Test Year Ended June 30, 2013
Summary of Fair Value Rate Base

Exhibit
Schedule B-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			Original Cost Rate Base
1			
2	Gross Utility Plant in Service	$	76,011,241
3			
4	Less:		
5			
6	Accumulated Depreciation		26,342,426
7			
8	Net Utility Plant in Service	$	49,668,815
9			
10	Less:		
11			
12	Advances in Aid of Construction	$	6,374,283
13			
14	Contribution in Aid of Construction -		
15	Net of Amortization		16,125,275
16			
17	Customer Meter Deposits		4,903
18	Deferred Income Taxes & Credits		1,014,247
19	Investment Tax Credits		-
20	Regulatory Liabilities		(1)
21			
22	Plus:		
23	Deferred Debits		392,361
24	Working Capital Allowance		63,227
25	Utility Plant Acquisition Adjustment		-
26			
27			
28	Total Rate Base	$	26,605,694
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	Supporting Schedules:		
42	B-2 Rejoinder		
43	B-5 Rejoinder		
44	B-3		
45	E-1		
46			
47			
48			
49			
50	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls		

Recap Schedules:
A-1 Rejoinder

Sun City Water
Test Year Ended June 30, 2013
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Rejoinder
Page 1
Witness: Hubbard

Line No.		Company Rejoinder							
		[A] Rebuttal Adjusted End of Test Year	[B] ADJ SLH-4RJ Working Capital Adjustment	[C] ADJ SLH-6RJ Reclassify Asset	[D]	[E]	[F]	[G] Total Rejoinder Pro Forma Adjustments	[H] Rejoinder Adjusted End of Test Year
1	Gross Utility								
2	Plant in Service	$ 76,011,241		$ -				$ -	$ 76,011,241
3		-						-	-
4	**Less:**	-						-	-
5		-						-	-
6	Accumulated Depreciation	26,280,898		61,528				61,528	26,342,426
7									
8	Net Utility Plant								
9	in Service	$ 49,730,343	-	(61,528)	-	-	-	(61,528)	$ 49,668,815
10									
11	**Less:**								
12	Advances in Aid of								
13	Construction	$ 6,374,283						-	$ 6,374,283
14	Contributions in Aid of	-						-	-
15	Construction - Net	16,125,275						-	16,125,275
16		-						-	-
17		-						-	-
18	Customer Meter Deposits	4,903						-	4,903
19	Deferred Income Taxes	1,014,247						-	1,014,247
20	Investment Tax Credits	-						-	-
21	Regulatory Liabilities	(1)						-	(1)
22								-	-
23	**Plus:**	$ -						-	$ -
24	Deferred Debits	392,361						-	392,361
25	Working Capital Allowance	62,681	546					546	63,227
26	Utility Plant Acquisition Adjustment	-						-	-
27									
28	Total	$ 26,666,677	$ 546	$ (61,528)	$ -	$ -	$ -	$ (60,983)	$ 26,605,694
29									
30	Supporting Schedules:								
31	B-3, B-5 Revised							Recap Schedules:	
32	E-1							B-1 Rejoinder	
33									
34									
35	\2013 Sun City Water Sch. A-F Rejoinder								

Line No.

1 **Reclassify Asset**

2

3 In the last Sun City Water rate case, Well 9.2 entries recorded to Structures and Improvements-
4 Pumping were ultimately reclassified as Structures and Improvements-Supply. This adjustment
5 corrects the accounting for that reclassification.

			Plant in Service	Accumulated Depreciation	Proposed Depreciation Rates	Depreciation Expense
14	**304100**	Structures & Improvements Supply	1,678,424	185,326	2.5%	41,961
16	**304200**	Structures & Improvements Pumping	(1,678,424)	(123,798)	2.0%	(33,568)
18		Increase or Decrease in Plant in Service	-			
20		Increase / Decrease Accumulated Depreciation		61,528		
22		Increase / Decrease in Rate Base		(61,528)		
24		Total Depreciation Expense				8,393
26		Depreciation Expense Included in Rebuttal Schedules				
27	**304100**	Structures & Improvements Supply				(2,462)
28	**304200**	Structures & Improvements Pumping				89,341
29		Total Depreciation Expense Included In Rebuttal Schedules				86,879
32		Increase / Decrease in Depreciation Expense				(78,486)
34		Increase / Decrease in Revenue / Expense				(78,486)

47 Workpapers and Supporting Documents
48 [SC AZ UPIS and Accum Dwld 2008-June 2013 Accrual Annalysis.xlsx
49
50 \2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls

Sun City Water
Test Year Ended June 30, 2013
Computation of Working Capital Allowance

Exhibit
Schedule B-5 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1			
2	Cash Working Capital Requirement	$	(122,839)
3	Required Bank Balances[1]		-
4	Material and Supplies Inventories[1]		117,539
5	Prepayments[1]		68,527
6			
7	Total Working Capital Allowance	$	63,227
8			
9	Less Company amount in Rebuttal Filing	$	62,681
10			
11	Increase / (Decrease) to Working Capital Allowance	$	546
12			
13			
14	Increase / (Decrease) to Rate Base	$	546
15			
16			
17			
18			
19	[1] Calculated using thirteen-month averages.		
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
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31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	Supporting Schedules:	Recap Schedules:	
44	E-1	B-1 Rejoinder	
45			
46	Workpapers & Supporting Documents		
47	\ #9 B - Materials and Supplies Prepayments & Deferred Cost.xlsx		
48	\ Lead-Lag Workpapers		
49			
50	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls		

Sun City Water
Test Year Ended June 30, 2013
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-6 Rejoinder
Page 1
Witness: Hubbard

Line No.	Description	Test Year Adjusted Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead/ Lag Factor	Cash Working Capital Required
	[a]	[b]	[c]	[d]	[e] = [c] - [d]	[f] = [e] / 365	[g] = [b] x [f]
1	OPERATING EXPENSES						
2	Labor	$ 1,699,230	41.235	30.633	10.602	0.029	$ 49,357
3	Purchased Water	-	41.235	-	41.235	0.113	-
4	Fuel & Power	1,560,999	41.235	48.669	(7.434)	(0.020)	(31,793)
5	Chemicals	34,194	41.235	54.941	(13.706)	(0.038)	(1,284)
6	Waste Disposal	4,661	41.235	31.063	10.172	0.028	130
7	Intercompany Support Services	1,396	41.235	30.417	10.818	0.030	41
8	Corporate Allocation	473,416	41.235	30.420	10.815	0.030	14,027
9	Outside Services	275,834	41.235	34.355	6.880	0.019	5,199
10	Group Insurance	495,732	41.235	(10.716)	51.951	0.142	70,558
11	Regulatory Expense	101,188	41.235	(37.316)	78.551	0.215	21,776
12	Insurance Other Than Group	288,791	41.235	72.688	(31.453)	(0.086)	(24,886)
13	Customer Accounting	818,571	41.235	49.828	(8.593)	(0.024)	(19,271)
14	Rents	45,805	41.235	13.376	27.859	0.076	3,496
15	General Office Expense	205,454	41.235	39.271	1.964	0.005	1,106
16	Miscellaneous	456,839	41.235	27.800	13.435	0.037	16,816
17	Maintenance Expense	205,739	41.235	46.886	(5.651)	(0.015)	(3,185)
18							
19							
20	TAXES						
21	Property Taxes	$ 452,071	41.235	213.250	(172.015)	(0.471)	$ (213,049)
22	Taxes - Payroll	121,105	41.235	26.402	14.833	0.041	4,921
23	Taxes -Other	97,801	41.235	(131.381)	172.616	0.473	46,252
24	Income Tax	691,860	41.235	41.750	(0.515)	(0.001)	(976)
25							
26	Interest	$ 681,106	41.235	74.500	(33.265)	(0.091)	$ (62,074)
27							
28							
29							
30							
31	WORKING CASH REQUIREMENT	$ 8,711,791					$ (122,839)
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43	Supporting Schedules:		Recap Schedules:				
44	C-1 Rejoinder		B-5 Rejoinder				
45							
46	Workpapers & Supporting Documents						
47							
48							
49	\Lead-Lag Workpapers FINAL.xlsx						
50	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls						

Sun City Water
Test Year Ended June 30, 2013
Adjusted Test Year Income Statement

Exhibit
Schedule C-1 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Rebuttal Results	[B] Total Pro Forma Adjustments	[C] Test Year Rejoinder Results	[D] Proposed Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Water Revenues	$ 10,147,531	$ -	$ 10,147,531	$ 1,139,852	$ 11,287,384
3	Other Revenues	$ 162,387	$ -	162,387	-	162,387
4		$ 10,309,919	$ -	$ 10,309,919	$ 1,139,852	$ 11,449,771
5						
6	**Operating Expenses**					
7	Labor	$ 1,702,156	$ (2,927)	$ 1,699,230	$ -	$ 1,699,230
8	Purchased Water	-	-	-	-	-
9	Fuel & Power	1,560,999	-	1,560,999	-	1,560,999
10	Chemicals	34,194	-	34,194	-	34,194
11	Waste Disposal	4,661	-	4,661	-	4,661
12	Intercompany Support Services	1,396	-	1,396	-	1,396
13	Corporate Allocation	473,416	-	473,416	-	473,416
14	Outside Services	280,698	(4,863)	275,834	-	275,834
15	Group Insurance	490,722	(1,288)	489,434	-	489,434
16	Pensions	6,298	-	6,298	-	6,298
17	Regulatory Expense	101,188	-	101,188	-	101,188
18	Insurance Other Than Group	288,791	-	288,791	-	288,791
19	Customer Accounting	814,520	-	814,520	4,051	818,571
20	Rents	45,805	-	45,805	-	45,805
21	General Office Expense	206,172	(718)	205,454	-	205,454
22	Miscellaneous	456,839	-	456,839	-	456,839
23	Maintenance Expense	205,746	(7)	205,739	-	205,739
24	Depreciation & Amortization	1,685,724	(78,486)	1,607,238	-	1,607,238
25	General Taxes-Property	436,016	-	436,016	16,054	452,071
26	General Taxes-Other	218,906	-	218,906	-	218,906
27	Income Taxes	232,696	34,107	266,803	425,056	691,860
28						
29	**Total Operating Expenses**	$ 9,246,944	$ (54,182)	$ 9,192,762	$ 445,161	$ 9,637,923
30	**Utility Operating Income**	$ 1,062,975	$ 54,182	$ 1,117,156	$ 694,691	$ 1,811,848
31	**Other Income & Deductions**					
32	Other Income & Deductions	$ -	$ -	$ -	$ -	$ -
33	Interest Expense	682,667	(1,561)	681,106	-	681,106
34	Other Expense	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-
36	**Total Other Income & Deductions**	$ (682,667)	$ 1,561	$ (681,106)	$ -	$ (681,106)
37	**Net Profit (Loss)**	$ 380,308	$ 55,743	$ 436,051	$ 694,691	$ 1,130,742
38						
39						
40						
41						
42						
43						
44	Supporting Schedules:					Recap Schedules:
45	E-2 Revised					A-1 Rejoinder
46	C-2 Rejoinder					
47						
48						
49						
50	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls					

Sun City Water
Test Year Ended June 30, 2013
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Adjusted Rebuttal Results	[B] ADJ SM-1RJ Property Tax (Page 2)	[C] ADJ SM-2RJ Federal and State Income Tax (Page 3)	[D] ADJ SM-3RJ Interest Synchronization (Page 4)	[E] ADJ SM-4RJ Remove Acquisition Costs (Page 5)	[F] ADJ SLH-7RJ Adj Depreciation for Asset Reclassification	[G] Total Pro Forma Adjustments	[H] Test Year Adjusted Rejoinder Results	[I] Proposed Rate Increase	[J] Adjusted with Rate Increase
						COMPANY REJOINDER					
1	**Revenues**										
2	Water Revenues	$ 10,147,531						$ -	$ 10,147,531	$ 1,139,852	$ 11,287,384
3	Other Revenues	162,387						-	162,387		162,387
4		$ 10,309,919	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,309,919	$ 1,139,852	$ 11,449,771
5											
6	**Operating Expenses**										
7	Labor	$ 1,702,156				$ (2,927)		$ (2,927)	$ 1,699,230		$ 1,699,230
8	Purchased Water	-						-	-		-
9	Fuel & Power	1,560,999						-	1,560,999		1,560,999
10	Chemicals	34,194						-	34,194		34,194
11	Waste Disposal and Other Utilites	4,661						-	4,661		4,661
12	Intercompany Support Services	1,396						-	1,396		1,396
13	Corporate Allocation	473,416						-	473,416		473,416
14	Outside Services	280,698				(4,863)		(4,863)	275,834		275,834
15	Group Insurance	490,722				(1,288)		(1,288)	489,434		489,434
16	Pensions	6,298						-	6,298		6,298
17	Regulatory Expense	101,188						-	101,188		101,188
18	Insurance Other Than Group	288,791						-	288,791		288,791
19	Customer Accounting	814,520						-	814,520	4,051	818,571
20	Rents	45,805						-	45,805		45,805
21	General Office Expense	206,172				(718)		(718)	205,454		205,454
22	Miscellaneous	456,839						-	456,839		456,839
23	Maintenance Expense	205,746				(7)		(7)	205,739		205,739
24	Depreciation & Amortization	1,685,724					(78,486)	(78,486)	1,607,238		1,607,238
25	General Taxes-Property	436,016	-					-	436,016	16,054	452,071
26	General Taxes-Other	218,906						-	218,906		218,906
27	Income Taxes	232,696		34,107				34,107	266,803	425,056	691,860
28											
29	**Total Operating Expenses**	$ 9,246,944	$ -	$ 34,107	$ -	$ (9,803)	$ (78,486)	$ (54,182)	$ 9,192,762	$ 445,161	$ 9,637,923
30	**Utility Operating Income**	$ 1,062,975	$ -	$ (34,107)	$ -	$ 9,803	$ 78,486	$ 54,182	$ 1,117,156	$ 694,691	$ 1,811,848
31	**Other Income & Deductions**										
32	Other Income & Deductions	$ -						$ -	$ -		$ -
33	Interest Expense	682,667			(1,561)			(1,561)	681,106		681,106
34	Other Expense	-						-	-		-
35	Gain/Loss Sale of Fixed Assets	-							-		-
36	**Total Other Income & Deductions**	$ (682,667)	$ -	$ -	$ 1,561	$ -	$ -	$ 1,561	$ (681,106)	$ -	$ (681,106)
37	**Net Profit (Loss)**	$ 380,308	$ -	$ (34,107)	$ 1,561	$ 9,803	$ 78,486	$ 55,743	$ 436,051	$ 694,691	$ 1,130,742
38											
39											
40	Supporting Schedules:										
41	E-6										
42	Workpapers & Supporting Documents:										
43	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2(										

Recap Schedules:
C-1 Rejoinder

Sun City Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-1RJ

Exhibit
Schedule C-2 Rejoinder
Page 2
Witness: Murrey

Line No.		[A] Property Tax Expense	[B] Property Tax Expense For Conversion Factor
1			
2			
3			
4	Adjust Property Taxes to Reflect Proposed Revenues:		
5			
6	Adjusted Revenues in Year Ended June 2013	$ 10,309,919	$ 10,309,919
7	Adjusted Revenues in Year Ended June 2013	10,309,919	10,309,919
8	Proposed Revenues	10,309,919	11,449,771
9	Average of Three Year's of Revenue	$ 10,309,919	$ 10,689,869
10	Average of Three Year's of Revenue, times 2	$20,619,837	$21,379,739
11	Add:		
12	Construction Work in Progress at 10%	18,237	18,237
13	Deduct:		
14	Net Book Value of Transportation Equipment	$ -	$ -
15			
16	Full Cash Value	$ 20,638,075	$ 21,397,976
17	Assessment Ratio (For 2015 per HB 2001 Sec 42-15001)	18.5%	18.5%
18	Assessed Value	$ 3,818,044	$ 3,958,626
19	Property Tax Rate	11.42%	11.42%
20			
21	Property Tax	436,016	452,071
22	Tax on Parcels	-	-
23			
24	Adjusted Test Year Property Taxes at Present Rates (Line 21+Line 22, Col [A])	$ 436,016	
25	AdjustedTest Year Property Taxes, Rebuttal	436,016	
26	Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder)	$ -	
27			
28	Adjusted Test Year Property Taxes at Proposed Rates (Line 21+Line 22, Col [B])		$ 452,071
29	Adjusted Test Year Property Taxes at Present Rates (Line 24, Col [A])		436,016
30	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)		$ 16,054
31			
32			
33			
34	CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 REJOINDER):		
35			
36	Increase in Property Tax Due to Increase in Revenue Requirement (Line 30, Col [B])		$ 16,054
37			
38	Increase in Revenue Requirement (From Sch. A1 Rejoinder)		$ 1,139,852
39			
40	Increase in Property Tax Per Dollar Increase in Revenue (Line 36/Line 38)		1.41%
41			
42			
43			
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56			
57			
58			
59	Workpapers & Supporting Documents:		
60	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls		

Sun City Water
Test Year Ended June 30, 2013
Income Statement RejoinderAdjustment SM-2RJ

Exhibit
Schedule C-2 Rejoinder
Page 3
Witness: Murrey

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase
1				
2				
3				
4	Calculation of Income Taxes at Proposed Rates			
5				
6				
7	Operating Income Before Inc. Taxes		$ 1,383,960	$ 2,503,707
8	Interest Expense		681,106	681,106
9	Arizona Taxable Income		$ 702,854	$ 1,822,602
10				
11	Less Arizona Income Tax		$ 42,171	$ 109,356
12	Arizona Income Tax Rate =	6.000%		
13				
14	Federal Income Before Taxes		$ 702,854	$ 1,822,602
15	Less Arizona Income Taxes		42,171	109,356
16	Federal Taxable Income		$ 660,683	$ 1,713,245
17				
18	FEDERAL INCOME TAXES:			
19				
20				
21				
22				
23				
24				
25	Federal Income Taxes	34.000%	$ 224,632	$ 582,503
26				
27				
28	Total Income Tax		$ 266,803	$ 691,860
29				
30	Tax Rate		37.96%	37.96%
31				
32	Effective Income Tax Rates			
33	State		6.000%	6.000%
34	Federal		31.96%	31.96%
35				
36				
37	Adjusted Test Year Income Taxes		$ 232,696	
38	Increase in Income Taxes, Rebuttal		$ 34,107	
39				
40	Rejoinder Adjustment to Revenues and/or Expense		$ 34,107	
41				
42	Test Year Income Taxes, Rebuttal			$ 266,803
43	Increase in Income Taxes			425,056
44				
45	Rejoinder Adjustment to Revenue and/or Expense			$ 425,056
46				
47				
48				
49	Workpapers & Supporting Documents:			
50	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls			

Sun City Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-3RJ

Exhibit
Schedule C-2 Rejoinder
Page 4
Witness: Murrey

Line No.			
1			
2			
3			
4	Interest Synchronization with Rate Base		
5			
6	Original Cost Rate Base (Sch. B-1 Rejoinder, Ln. 28)		$ 26,605,694
7	Weighted Cost of Debt from Schedule D-1 Rejoinder		2.56%
8	Synchronized Interest Expense		$ 681,106
9			
10	Test Year Interest Expense	$ 682,667	
11			
12	Adjusted Test Year Interest Expense		$ 682,667
13			
14	Increase/(Decrease) in Interest Expense		$ (1,561)
15			
16	Rejoinder Adjustment to Revenue and/or Expense		$ (1,561)
17			
18			
19			
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45			
46			
47			
48			
49	Workpapers & Schedules		
50	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls		

Sun City Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-4RJ

Exhibit
Schedule C-2 Rejoinder
Page 5
Witness: Murrey

Line No.

1 **Remove Acquisition Costs**
2 The Company is removing charges related to the acquisition costs as identified in DR RUCO 30.10 (d).
3
4 District Four Factor =
5 0.11607
6

7 Category	Account		Acquisition Costs	District Allocation
8 Labor	5223	Salary-Inter Dept. Operating	$ 25,216	$ 2,927
9 Outside Services	5227	Consulting Engineering	10,365	1,203
10 Outside Services	5681	Legal Fees	16,526	1,918
11 Outside Services	5250	Contractors and Consultants	15,011	1,742
12 Group Insurance	5233	Salary Transfers - Burdens	11,095	1,288
13 General Office Expense	5630	Parking	78	9
14 General Office Expense	5631	Vehicle Allowance	497	58
15 General Office Expense	5650	Airfare	3,360	390
16 General Office Expense	5651	Accommodation, Other Travel	1,469	171
17 General Office Expense	5652	Meals/Entertainment	781	91
18 Maintenance Expense	5633	Vehicle Fuel	62	7
19			$ 84,461	$ 9,803

20
21
22 Rejoinder Adjustment to Revenue/Expense $ (9,803)
23
24
25
26
27
28
29
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31
32
33
34
35
36
37
38 Workpapers & Supporting Documents:
39 \Depreciation Expense Adjustments - Staff vs Company.xlxs
40 \2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls

Sun City Water
Test Year Ended June 30, 2013
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3 Rejoinder
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.96%
2						
3	State Income Taxes					6.00%
4				Combined	37.96%	
5	Property Taxes	Effective Rate =	1.4085%	One Minus Combined	62.04%	0.87%
6						
7	Bad Debt Expense	Effective Rate =	0.36%	One Minus Combined	62.04%	0.22%
8						
9	Total Tax Percentage					39.05%
10						
11	Operating Income % = 100% - Tax Percentage					60.95%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16	Operating Income %					1.6408
17						
18						
19						
20						
21						
22						
23						
24						
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27						
28						
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30						
31						
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43	Supporting Schedules:					Recap Schedules:
44						A-1 Rejoinder
45						
46						
47						
48						
49						
50	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls					

Sun City Water
Test Year Ended June 30, 2013
Summary of Cost of Capital
Total Company - EPCOR Water Arizona

Exhibit
Schedule D-1 Rejoinder
Page 1
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 231,000,000	58.47%	4.29%	2.51%	$ 231,000,000	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 8,560,000	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 155,533,624	39.37%	10.55%	4.15%	$ 155,533,624	40.24%	10.55%	4.25%
6									
7	Totals	$ 395,093,624	100.00%		6.67%	$ 386,533,624	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls								

Sun City Water
Test Year Ended June 30, 2013
Summary of Cost of Capital
Total Company - EPCOR Water Arizona
District Level - Sun City Water - Proposed

Exhibit
Schedule D-1 Rejoinder
Page 2
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 15,555,592	58.47%	4.29%	2.51%	$ 15,900,080	59.76%	4.29%	2.56%
2									
3	Short-Term Debt	$ 576,432	2.17%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 10,473,669	39.37%	10.55%	4.15%	$ 10,705,615	40.24%	10.55%	4.25%
6									
7	Totals	$ 26,605,694	100.00%		6.67%	$ 26,605,694	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls								

Sun City Water
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 1
Witness: Hubbard

At Parent Level

Line No.		End of Test Year Amount Outstanding	End of Test Year Annual Cost	End of Test Year Interest Rate	End of Projected Year Amount Outstanding	End of Projected Year Annual Cost	End of Projected Year Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	133,000,000	5,004,790	3.77%	133,000,000	5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	S-T Debt from EPCOR Utilities, Inc	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls						

Sun City Water
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - Sun City Water - Proposed

Exhibit
Schedule D-2
Page 2
Witness: Hubbard

Line No.		End of Test Year Amount Outstanding	Annual Cost	Interest Rate	End of Projected Year Amount Outstanding	Annual Cost	Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	$ 133,000,000	$ 5,004,790	3.77%	$ 133,000,000	$ 5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	Intercompany Payable	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Sun City Water Sch. A-F Rejoinder (Oct 2014).xls						

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial	Other
1	Water Revenues	$ 10,245,940	$ 8,243,473	$ 1,867,458	$ 135,008
2	Fire Service Revenues	21,074	20,219	851	4
3	Revenue Annualizations	9,887	7,070	(11,438)	-
4	Low Income Program Adjustment	30,110	30,110	-	-
5	Declining Usage	(121,239)	(97,572)	(21,906)	(1,593)
6	Misc. Revenues[1]	162,387	155,799	6,560	28
7	Revenue Difference Com to Res Trnsfers	(24,880)	(23,871)	(1,005)	(4)
8	Reconciliation H-1 to C-1[1]	(13,360)	(12,818)	(540)	(2)
9	Total Revenues	$ 10,309,918	$ 8,322,410	$ 1,839,980	$ 133,440
10					
11	Operating Expenses[2]	$ 6,882,705	$ 5,851,176	$ 835,813	$ 195,716
12	Depreciation and				
13	Amortization[2]	1,607,238	1,359,796	198,085	49,357
14	Property Tax[3]	436,016	351,963	77,815	5,643
15	Income Tax[4]	266,803	76,906	239,524	(54,749)
16	Total Operating Expenses	$ 9,192,762	$ 7,639,841	$ 1,351,237	$ 195,967
17	Operating Income	$ 1,117,156	$ 682,570	$ 488,743	$ (62,527)
18	Interest Expense[5]	681,106	556,878	97,276	26,952
19	Net Income	$ 436,050	$ 125,692	$ 391,467	$ (89,479)
20	Rate Base[6]	$ 26,605,694	$ 21,753,035	$ 3,799,857	$ 1,052,802
21	Return on Rate Base[7]	4.20%	3.14%	12.86%	-5.94%
22					
23	**Percent of Total Customers**		95.94%	4.04%	0.02%
24					
25					
26					
27					
28					
29					
30	[1] Allocated based on customer counts.				
31	[2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.				
32	[3] Property Taxes allocation based on Revenues.				
33	[4] Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.				
34	[5] Interest Synchronized Interest Expense. Allocation based on Rate Base				
35	[6] Rate Base computations are shown on Schedule G-3, Page 1				
36	[7] Operating Income Divided by Rate Base				
37					
38					

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Proposed Rates by Class

Rejoinder Schedule G-2
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial	Other
1	Water Revenues	$ 11,360,685	$ 9,150,692	$ 2,074,540	$ 135,452
2	Fire Service Revenues	22,802	21,877	921	4
3	Revenue Annualizations	10,461	7,214	(12,558)	-
4	Low Income Program Adjustment	30,110	30,110	-	-
5	Declining Usage	(134,417)	(108,296)	(24,337)	(1,598)
6	Misc. Revenues[1]	162,387	155,799	6,560	28
7	Revenue Difference Com to Res Trnsfers	-	-	-	-
8	Reconciliation H-1 to C-1[1]	(2,257)	(2,165)	(91)	(0)
9	Total Revenues	$ 11,449,771	$ 9,255,231	$ 2,045,035	$ 133,886
10					
11	Operating Expenses[2]	$ 6,886,755	$ 5,855,062	$ 835,977	$ 195,716
12	Depreciation and				
13	Amortization[2]	1,607,238	1,359,796	198,085	49,357
14	Property Tax[3]	452,071	365,424	80,744	5,286
15	Income Tax[4]	691,860	424,420	316,189	(54,444)
16	Total Operating Expenses	$ 9,637,923	$ 8,004,702	$ 1,430,995	$ 195,915
17	Operating Income	$ 1,811,847	$ 1,250,529	$ 614,041	$ (62,030)
18	Interest Expense[5]	681,106	556,878	97,276	26,952
19	Net Income	$ 1,130,742	$ 693,651	$ 516,764	$ (88,981)
20	Rate Base[6]	$ 26,605,694	$ 21,753,035	$ 3,799,857	$ 1,052,802
21	Return on Rate Base[7]	6.81%	5.75%	16.16%	-5.89%
22					
23	**Percent of Total Customers**		95.94%	4.04%	0.02%
24					
25	**Indicated Monthly Minimums and Single-Tier Commody Rates for 5/8x3/4 Inch Meter**				
26		Sched. G-8, pg 4A	Sched. G-8, pg 4B	Sched. G-8, pg 4C	Sched. G-8, pg 4D
27		All Classes	Residential	Commercial	Other
28	Monthly Minimums	**$ 10.68**	$ 11.30	$ 12.37	$ 116.53
29	Single-Tier Commodity Rate	**$ 1.620**	$ 1.586	$ 1.292	$ 1.679
30					
31					

32 [1] Allocated based on customer counts.
33 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
34 [3] Property Taxes allocation based on Revenues
35 [4] Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
36 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
37 [6] Rate Base computations are shown on Schedule G-3, Page 1
38 [7] Operating Income Divided by Rate Base
39

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial	Other
1					
2					
3					
4	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Schedule G-5, Page 1)				
5	Commodity	$ 5,179,675	$ 4,029,180	$ 972,683	$ 177,811
6	Demand	11,992,118	9,022,739	2,106,286	863,093
7	Customer	1,524,713	1,462,857	61,594	262
8	Service	2,860,618	2,461,055	390,833	8,730
9	Meter	5,048,571	4,777,204	268,462	2,906
10	Total	$ 26,605,695	$ 21,753,035	$ 3,799,857	$ 1,052,802
11					
12					
13					
14	**Summary**				
15	Net Rate Base	$ 26,605,695	$ 21,753,035	$ 3,799,857	$ 1,052,802
16	% of Net Rate Base	100.00%	81.76%	14.28%	3.96%
17					
18					
19					
20					

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Present Rates

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.		Adjusted Per C-1	Residential	Commercial	Other	Totals
	Operation and Maintenance Expense (from Schedule G-6, Page 1)					
1	Commodity	$ 2,303,924	$ 1,792,183	$ 432,651	$ 79,091	$ 2,303,924
2	Demand	1,613,355	1,213,871	283,368	116,116	1,613,355
3	Customer	2,965,425	2,845,122	119,794	509	2,965,425
4	Service	-	-	-	-	-
5	Meter	-	-	-	-	-
6	Totals	$ 6,882,705	$ 5,851,176	$ 835,813	$ 195,716	$ 6,882,705
7						
8	Depreciaton Expense on Plant (from Schedule G-6, Page 2)					
9	Commodity	232,999	$ 181,246	$ 43,754	$ 7,999	$ 232,999
10	Demand	563,137	423,698	98,909	40,530	563,137
11	Customer	117,253	112,496	4,737	20	117,253
12	Service	165,237	142,157	22,575	504	165,237
13	Meter	528,612	500,199	28,109	304	528,612
14	Totals	$ 1,607,238	$ 1,359,796	$ 198,085	$ 49,357	$ 1,607,238
15						
16	Operation and Maintenance Expense and Depreciation Expense					
17	Commodity	$ 2,536,923	$ 1,973,429	$ 476,405	$ 87,089	$ 2,536,923
18	Demand	2,176,492	1,637,569	382,277	156,646	2,176,492
19	Customer	3,082,678	2,957,618	124,531	529	3,082,678
20	Service	165,237	142,157	22,575	504	165,237
21	Meter	528,612	500,199	28,109	304	528,612
22	Total	$ 8,489,942	$ 7,210,972	$ 1,033,898	$ 245,073	$ 8,489,942
23						
24	Total Expenses (excluding Income Tax and					
25	Property Taxes)	$ 8,489,942	$ 7,210,972	$ 1,033,898	$ 245,073	$ 8,489,942
26						
27	Property Taxes, Allocated on Schedules G-1 & G-2	$ 436,016				
28	Income Tax, Allocated on Schedules G-1 & G-2	266,803				
29	Total Expenses	**$ 9,192,762**				
30						

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Proposed Rates

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		At Proposed C-1	Residential	Commercial	Other	Totals
1						
2	Operation and Maintenance Expense (from Schedule G-6, Page 1)					
3	Commodity	$ 2,303,924	$ 1,792,183	$ 432,651	$ 79,091	$ 2,303,924
4	Demand	1,613,355	1,213,871	283,368	116,116	1,613,355
5	Customer	2,969,476	2,849,008	119,958	510	2,969,476
6	Service	-	-	-	-	-
7	Meter	-	-	-	-	-
8	Totals	$ 6,886,755	$ 5,855,062	$ 835,977	$ 195,716	$ 6,886,755
9						
10	Depreciaton Expense on Plant (from Schedule G-6, Page 3.2)					
11	Commodity	$ 232,999	$ 181,246	$ 43,754	$ 7,999	$ 232,999
12	Demand	563,137	423,698	98,909	40,530	563,137
13	Customer	117,253	112,496	4,737	20	117,253
14	Service	165,237	142,157	22,575	504	165,237
15	Meter	528,612	500,199	28,109	304	528,612
16	Totals	$ 1,607,238	$ 1,359,796	$ 198,085	$ 49,357	$ 1,607,238
17						
18	Operation and Maintenance Expense and Depreciation Expense					
19	Commodity	$ 2,536,923	$ 1,973,429	$ 476,405	$ 87,089	$ 2,536,923
20	Demand	2,176,492	1,637,569	382,277	156,646	2,176,492
21	Customer	3,086,729	2,961,505	124,695	530	3,086,729
22	Service	165,237	142,157	22,575	504	165,237
23	Meter	528,612	500,199	28,109	304	528,612
24	Total	$ 8,493,993	$ 7,214,858	$ 1,034,062	$ 245,073	$ 8,493,993
25						
26	Total Expenses (excluding Income Tax and					
27	Property Taxes)	$ 8,493,993	$ 7,214,858	$ 1,034,062	$ 245,073	$ 8,493,993
28						
29	Property Taxes, Allocated on Schedules G-1 & G-2	$ 452,071				
30	Income Tax, Allocated on Schedules G-1 & G-2	691,860				
31	Total Expenses	**$ 9,637,923**				
32						
33						
34						

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted Per B-2	Demand	Commodity	Customer	Meter	Service
1							
2	**Rate Base**						
3	Plant minus (Accumulated Depreciation	$ 26,605,695	$ 11,992,118	$ 5,179,675	$ 1,524,713	$ 5,048,571	$ 2,860,618
4	Contributions in Aid of Construction						
5	Advances in Aid of Construction,						
6	Meter Deposits and Deferred Income Tax)						
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Sun City Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 471	$ -	$ 471	F-1	330	141	-	-	-
3	302000	Franchises	-	-	-	F-1	-	-	-	-	-
4	303100	Other Intangible Plant	-	-	-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		471		471		330	141	-	-	-
6											
7	**Source of Supply & Pumping Plant**										
8	303200	Land and Land Rights - Supply	$ 268,738	$ (60)	$ 268,798	F-1	$ 188,158	$ 80,639	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	8,456	3,646	4,810	F-1	3,367	1,443	-	-	-
10	304100	Structures and Improvements - Supply	1,579,931	515,526	1,064,405	F-1	745,084	319,322	-	-	-
11	304200	Structures and Improvements - Pumping	2,788,639	256,219	2,532,420	F-1	1,772,694	759,726	-	-	-
12	305000	Collecting and Impounding Res.	314	139	175	F-1	122	52	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	-	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	3,812,341	1,684,935	2,127,406	F-1	1,489,184	638,222	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	-	-	F-1	-	-	-	-	-
16	309000	Supply Mains	787,835	56,753	731,082	F-1	511,758	219,325	-	-	-
17	310000	Power Generation Equipment	1,430,917	214,496	1,216,421	F-1	851,495	364,926	-	-	-
18	311000	Pumping Equipment - Steam	-	-	-	F-1	-	-	-	-	-
19	311100	Pumping Equipment - Other	4,473	428	4,044	F-1	2,831	1,213	-	-	-
20	311200	Pumping Equipment - Electric	11,150,383	5,265,102	5,885,282	F-1	4,119,697	1,765,584	-	-	-
21	311300	Pumping Equipment - Diesel	213,446	68,059	145,387	F-1	101,771	43,616	-	-	-
22	311400	Pumping Equipment - Hydraulic	16,219	1,919	14,300	F-1	10,010	4,290	-	-	-
23	311500	Pumping Equipment - Other	210,006	106,288	103,717	F-1	72,602	31,115	-	-	-
24	311530	Pumping Equipment - Water Treatment	35,035	3,540	31,495	F-1	22,046	9,448	-	-	-
25	**Subtotal Source of Supply & Pumping Plant**		$ 22,306,733	$ 8,176,990	$ 14,129,743		$ 9,890,820	$ 4,238,923	$ -	$ -	$ -
26											
27	**Water Treatment**										
28	303400	Land and Land Rights - Treatment	$ -	$ -	$ -	F-1	$ -	$ -	$ -	$ -	$ -
29	304300	Structures and Improvements - Treatment	126,815	37,923	88,892	F-1	62,224	26,668	-	-	-
30	320000	Water Treatment Plant	-	-	-	F-1	-	-	-	-	-
31	320100	Water Treatment Equipment - Non-media	881,710	373,405	508,305	F-1	355,813	152,491	-	-	-
32	320200	Water Treatment Equipment - Media	120,791	15,099	105,692	F-1	73,984	31,708	-	-	-
33	**Subtotal Water Treatment**		$ 1,129,315	$ 426,427	$ 702,889		$ 492,022	$ 210,867	$ -	$ -	$ -
34											
35	**Transmission and Distribution Plant**										
36	303500	Land and Land Rights - T&D	$ 10,493	$ 210	$ 10,283	F-1	$ 7,198	$ 3,085	$ -	$ -	$ -
37	304400	Structures and Improvements - T&D	34,162	6,676	27,486	F-1	19,240	8,246	-	-	-
38	330000	Distribution Reservoirs & Standpipes	5,621,435	745,411	4,876,024	F-1	3,413,217	1,462,807	-	-	-
39	330100	Elevated Tank & Standpipes	-	-	-	F-1	-	-	-	-	-
40	330200	Ground Level Tanks	88,434	13,900	74,535	F-1	52,174	22,360	-	-	-
41	330300	Below Ground Tanks	-	-	-	F-1	-	-	-	-	-
42	331001	T&D Mains Not Classified	1,128,335	34,429	1,093,907	F-1	765,735	328,172	-	-	-
43	331100	T&D Mains 4in & less	13,290,123	5,408,278	7,881,845	F-1	5,517,291	2,364,553	-	-	-
44	331200	T&D Mains 6in to 8in	4,576,963	358,605	4,218,358	F-1	2,952,851	1,265,507	-	-	-
45	331300	T&D Mains 10in to 16in	5,251,696	291,225	4,960,472	F-1	3,472,330	1,488,141	-	-	-
46	331400	TD Mains 18in & Grtr	152,237	39,673	112,564	F-1	78,795	33,769	-	-	-
47	332000	Fire Mains	0	11	(11)	F-2	(11)	-	-	-	-

Sun City Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	333000	Services	$ 6,609,463	$ 3,746,393	$ 2,863,070	F-3	$ -	$ -	$ -	$ -	$ 2,863,070
2	334100	Meters	6,145,033	1,892,211	4,252,822	F-4	-	-	-	4,252,822	-
3	334200	Meter Installations	660,094	(137,217)	797,310	F-4	-	-	-	797,310	-
4	334300	Meter Vaults	952	62	890	F-4	-	-	-	890	-
5	335000	Hydrants	2,941,652	1,135,598	1,806,054	F-5	-	-	1,806,054	-	-
6	336000	Backflow Prevention Devices	7,036	2,112	4,924	F-1	3,447	1,477	-	-	-
7	339100	Other P/E-Intangible	-	-	-	F-1	-	-	-	-	-
8	339200	Other P/E-Supply	-	-	-	F-1	-	-	-	-	-
9	339500	Other P/E-TD	523	345	178	F-1	125	53	-	-	-
10	339600	Other P/E-CPS	179,653	(62,895)	242,548	F-1	169,784	72,765	-	-	-
11	**Subtotal Transmission and Distribution Plant**		$ 46,698,285	$ 13,475,026	$ 33,223,259		$ 16,452,175	$ 7,050,937	$ 1,806,054	$ 5,051,023	$ 2,863,070
12											
13	**General Plant**										
14	303600	Land and Land Rights	$ 2,125	$ 98	$ 2,027	F-1	$ 1,419	$ 608	$ -	$ -	$ -
15	304500	Structures and Improvements - General	374,292	68,930	305,362	F-1	213,753	91,609	-	-	-
16	304600	Structures and Improvements - Offices	47,528	36,673	10,854	F-1	7,598	3,256	-	-	-
17	304620	Structures and Improvements - Leasehold	-	-	-	F-1	-	-	-	-	-
18	304700	Structures and Improvements - Sore,Shop,G	-	-	-	F-1	-	-	-	-	-
19	304800	Structures and Improvements - General	1,383,151	520,460	862,691	F-1	603,884	258,807	-	-	-
20	340100	Office Furniture & Equipment	779,242	234,635	544,606	F-6	136,152	-	408,455	-	-
21	340200	Computers & Software	223,286	(833,278)	1,056,564	F-6	264,141	-	792,423	-	-
22	340300	Computer Software	43,402	54,103	(10,701)	F-6	(2,675)	-	(8,026)	-	-
23	340310	Computer Software Mainframe	9,105	5,285	3,819	F-6	955	-	2,865	-	-
24	340325	Computer Software Customized	16,914	8,284	8,630	F-6	2,157	-	6,472	-	-
25	340330	Computer Software Other	-	-	-	F-6	-	-	-	-	-
26	340500	Other Office Equipment	3,854	(3,387)	7,241	F-6	1,810	-	5,431	-	-
27	341100	Transportation Equip Light Duty Truks	976,241	3,021,077	(2,044,836)	F-6	(511,209)	-	(1,533,627)	-	-
28	341200	Transportation Equip Heavy Duty Truks	54,958	64,356	(9,398)	F-6	(2,350)	-	(7,049)	-	-
29	341300	Transportation Equipment Autos	-	-	-	F-6	-	-	-	-	-
30	341400	Transportation Equipment Other	85,411	22,612	62,799	F-6	15,700	-	47,099	-	-
31	342000	Stores Equipment	20,135	13,981	6,154	F-6	1,539	-	4,616	-	-
32	343000	Tools and Work Equipment	376,007	119,200	256,807	F-1	179,765	77,042	-	-	-
33	344000	Laboratory Equipment	107,428	(5,932)	113,360	F-1	79,352	34,008	-	-	-
34	345000	Power Operated Equipment	151,899	114,136	37,763	F-1	26,434	11,329	-	-	-
35	346100	Communication Equipment Non-Telephone	218,768	453,077	(234,308)	F-1	(164,016)	(70,292)	-	-	-
36	346190	Remote Control & Instrument	396,434	118,762	277,672	F-1	194,371	83,302	-	-	-
37	346200	Communication Equipment Telephone	1,126	724	403	F-1	282	121	-	-	-
38	346300	Communication Equipment Other	174,797	85,981	88,816	F-1	62,171	26,645	-	-	-
39	347000	Structures and Improvements - Offices	10,219	1,942	8,277	F-1	5,794	2,483	-	-	-
40	348000	Structures and Improvements - Leasehold	-	-	-	F-1	-	-	-	-	-
41	**Subtotal General Plant**		$ 5,456,321	$ 4,101,720	$ 1,354,602		$ 1,117,026	$ 518,917	$ (281,342)	$ -	$ -
42	**Total Direct Plant**		$ 75,591,125	$ 26,180,162	$ 49,410,963		$ 27,952,373	$ 12,019,785	$ 1,524,713	$ 5,051,023	$ 2,863,070
43											
44											
45											

Sun City Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.3
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Allocated General Plant**										
2	399000	Allocated Corporate General Plant	569,612	183,927	385,685	F-1	269,980	115,706	-	-	-
3	399000	Youngtown Plnt	(149,497)	(22,008)	(127,489)	F-1	(89,242)	(38,247)	-	-	-
4	399000	Reconcilation to PIS Balance	-	344	(344)	F-1	(241)	(103)	-	-	-
5	**Test Year Ended June 30, 2013**		$ 420,115	$ 162,263	$ 257,852		$ 180,497	$ 77,356	$ -	$ -	$ -
6	Total Plant		$ 76,011,241	$ 26,342,425	$ 49,668,815		$ 28,132,870	$ 12,097,141	$ 1,524,713	$ 5,051,023	$ 2,863,070
7											
8	Contributions in Aid of Construction		(17,500,751)	1,375,475	(16,125,275)	F-1	(11,287,693)	(4,837,583)	-	-	-
9	Advances in Aid of Construction		(6,374,283)		(6,374,283)	F-1	(4,461,998)	(1,912,285)	-	-	-
10	Meter Deposits		(4,903)		(4,903)	F-7	-	-	-	(2,452)	(2,452)
11	Deferred Income Tax		(1,014,247)		(1,014,247)	F-1	(709,973)	(304,274)	-	-	-
12	Working Capital		63,227		63,227	F-1	44,259	18,968	-	-	-
13	Deferred Reg Assets/Liabilities		392,362		392,362	F-1	274,653	117,709	-	-	-
14											
15	Rounding				(1)						
16	Totals		$ 51,572,645	$ 27,717,901	$ 26,605,694		$ 11,992,118	$ 5,179,675	$ 1,524,713	$ 5,048,571	$ 2,860,618
17	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 26,605,694		$ 11,992,118	$ 5,179,675	$ 1,524,713	$ 5,048,571	$ 2,860,618
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Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Present Rates

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description	Adjusted per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 1,699,230	$ 679,692	$ 339,846	$ 679,692	$ -	$ -	$ 1,699,230
2	Purchased Water	-	-	-	-	-	-	-
3	Fuel & Power	1,560,999	-	1,560,999	-	-	-	1,560,999
4	Chemicals	34,194	-	34,194	-	-	-	34,194
5	Waste Disposal	4,661	4,195	466	-	-	-	4,661
6	Intercompany Support Services	1,396	558	279	558	-	-	1,396
7	Corporate Allocation	473,416	189,366	94,683	189,366	-	-	473,416
8	Outside Services	275,834	220,668	55,167	-	-	-	275,834
9	Group Insurance	489,434	195,774	97,887	195,774	-	-	489,434
10	Pensions	6,298	2,519	1,260	2,519	-	-	6,298
11	Regulatory Expense	101,188	40,475	20,238	40,475	-	-	101,188
12	Insurance Other Than Group	288,791	115,517	57,758	115,517	-	-	288,791
13	Customer Accounting	814,520	-	-	814,520	-	-	814,520
14	Rents	45,805	-	-	45,805	-	-	45,805
15	General Office Expense	205,454	-	-	205,454	-	-	205,454
16	Miscellaneous	456,839	-	-	456,839	-	-	456,839
17	Maintenance Expense	205,739	164,591	41,148	-	-	-	205,739
18	Depreciation & Amortization[1]	1,607,238	563,137	232,999	117,253	528,612	165,237	1,607,238
19	General Taxes-Other	218,906	-	-	218,906	-	-	218,906
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 8,489,942	$ 2,176,492	$ 2,536,923	$ 3,082,678	$ 528,612	$ 165,237	**$ 8,489,942**
26								
27								
28								
29	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 and 3.2							
30								
31								
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-5, page 1 for allocations by class.							
36								
37								
38								

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Proposed Rates

Exhibit
Rejoinder Schedule G-6
Page 2
Witness: Bourassa

Line No.	Description	At Proposed Per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 1,699,230	$ 679,692	$ 339,846	$ 679,692	$ -	$ -	$ 1,699,230
2	Purchased Water	-	-	-	-	-	-	-
3	Fuel & Power	1,560,999	-	1,560,999	-	-	-	1,560,999
4	Chemicals	34,194	-	34,194	-	-	-	34,194
5	Waste Disposal	4,661	4,195	466	-	-	-	4,661
6	Intercompany Support Services	1,396	558	279	558	-	-	1,396
7	Corporate Allocation	473,416	189,366	94,683	189,366	-	-	473,416
8	Outside Services	275,834	220,668	55,167	-	-	-	275,834
9	Group Insurance	489,434	195,774	97,887	195,774	-	-	489,434
10	Pensions	6,298	2,519	1,260	2,519	-	-	6,298
11	Regulatory Expense	101,188	40,475	20,238	40,475	-	-	101,188
12	Insurance Other Than Group	288,791	115,517	57,758	115,517	-	-	288,791
13	Customer Accounting	818,571	-	-	818,571	-	-	818,571
14	Rents	45,805	-	-	45,805	-	-	45,805
15	General Office Expense	205,454	-	-	205,454	-	-	205,454
16	Miscellaneous	456,839	-	-	456,839	-	-	456,839
17	Maintenance Expense	205,739	164,591	41,148	-	-	-	205,739
18	Depreciation & Amortization[1]	1,607,238	563,137	232,999	117,253	528,612	165,237	1,607,238
19	General Taxes-Other	218,906	-	-	218,906	-	-	218,906
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 8,493,993	$ 2,176,492	$ 2,536,923	$ 3,086,729	$ 528,612	$ 165,237	$ 8,493,993
26								
27								
28								
29	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 and 3.2							
30								
31								
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-4, page 2 for allocations by class.							
36								
37								
38								

Sun City Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 471	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
3	302000	Franchises	-	0.000%	-	F-1	-	-	-	-	-
4	303100	Other Intangible Plant	-	0.000%	-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		$ 471		$ -		$ -	$ -	$ -	$ -	$ -
6											
7		**Source of Supply & Pumping Plant**									
8	303200	Land and Land Rights - Supply	$ 268,738	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	8,456	0.000%	-	F-1	-	-	-	-	-
10	304100	Structures and Improvements - Supply	1,579,931	2.500%	4,748	F-1	3,323	1,424	-	-	-
11	304200	Structures and Improvements - Pumping	2,788,639	2.000%	3,645	F-1	2,552	1,094	-	-	-
12	305000	Collecting and Impounding Res.	314	1.667%	5	F-1	4	2	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	0.000%	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	3,812,341	2.500%	95,309	F-1	66,716	28,593	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	0.000%	-	F-1	-	-	-	-	-
16	309000	Supply Mains	787,835	1.667%	13,131	F-1	9,191	3,939	-	-	-
17	310000	Power Generation Equipment	1,430,917	3.333%	47,697	F-1	33,388	14,309	-	-	-
18	311000	Pumping Equipment - Steam	-	4.000%	-	F-1	-	-	-	-	-
19	311100	Pumping Equipment - Other	4,473	4.000%	179	F-1	125	54	-	-	-
20	311200	Pumping Equipment - Electric	11,150,383	4.000%	446,015	F-1	312,211	133,805	-	-	-
21	311300	Pumping Equipment - Diesel	213,446	4.000%	8,538	F-1	5,976	2,561	-	-	-
22	311400	Pumping Equipment - Hydraulic	16,219	4.000%	649	F-1	454	195	-	-	-
23	311500	Pumping Equipment - Other	210,006	4.000%	8,400	F-1	5,880	2,520	-	-	-
24	311530	Pumping Equipment - Water Treatment	35,035	4.000%	1,401	F-1	981	420	-	-	-
25	**Subtotal Source of Supply & Pumping Plant**		$ 22,306,733		$ 629,717		$ 440,802	$ 188,915	$ -	$ -	$ -
26											
27	**Water Treatment**										
28	303400	Land and Land Rights - Treatment	$ -	0.000%	$ -	F-1	-	-	-	-	-
29	304300	Structures and Improvements - Treatment	126,815	2.000%	2,536	F-1	1,775	761	-	-	-
30	320000	Water Treatment Plant	-	0.000%	-	F-1	-	-	-	-	-
31	320100	Water Treatment Equipment - Non-media	881,710	5.000%	44,085	F-1	30,860	13,226	-	-	-
32	320200	Water Treatment Equipment - Media	120,791	10.000%	12,079	F-1	8,455	3,624	-	-	-
33	**Subtotal Water Treatment**		$ 1,129,315		$ 58,701		$ 41,091	$ 17,610	$ -	$ -	$ -
34											
35	**Transmission and Distribution Plant**										
36	303500	Land and Land Rights - T&D	$ 10,493	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
37	304400	Structures and Improvements - T&D	34,162	2.000%	683	F-1	478	205	-	-	-
38	330000	Distribution Reservoirs & Standpipes	5,621,435	1.538%	86,484	F-1	60,539	25,945	-	-	-
39	330100	Elevated Tank & Standpipes	-	0.000%	-	F-1	-	-	-	-	-
40	330200	Ground Level Tanks	88,434	1.538%	1,361	F-1	952	408	-	-	-
41	330300	Below Ground Tanks	-	0.000%	-	F-1	-	-	-	-	-
42	331001	T&D Mains Not Classified	1,128,335	2.000%	22,567	F-1	15,797	6,770	-	-	-
43	331100	T&D Mains 4in & less	13,290,123	1.429%	189,859	F-1	132,901	56,958	-	-	-
44	331200	T&D Mains 6in to 8in	4,576,963	1.429%	65,385	F-1	45,770	19,616	-	-	-
45	331300	T&D Mains 10in to 16in	5,251,696	1.429%	75,024	F-1	52,517	22,507	-	-	-
46	331400	TD Mains 18in & Grtr	152,237	1.429%	2,175	F-1	1,522	652	-	-	-
47	332000	Fire Mains	0	1.429%	0	F-2	0	-	-	-	-

Sun City Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	333000	Services	$ 6,609,463	2.500%	$ 165,237	F-3	$ -	$ -	$ -	$ -	$ 165,237
2	334100	Meters	6,145,033	8.333%	512,086	F-4	-	-	-	512,086	-
3	334200	Meter Installations	660,094	2.500%	16,502	F-4	-	-	-	16,502	-
4	334300	Meter Vaults	952	2.500%	24	F-4	-	-	-	24	-
5	335000	Hydrants	2,941,652	2.000%	58,833	F-5	-	-	58,833	-	-
6	336000	Backflow Prevention Devices	7,036	6.670%	469	F-1	329	141	-	-	-
7	339100	Other P/E-Intangible	-	0.000%	-	F-1	-	-	-	-	-
8	339200	Other P/E-Supply	-	0.000%	-	F-1	-	-	-	-	-
9	339500	Other P/E-TD	523	3.333%	17	F-1	12	5	-	-	-
10	339600	Other P/E-CPS	179,653	3.333%	5,988	F-1	4,192	1,797	-	-	-
11	**Subtotal Transmission and Distribution Plant**		$ 46,698,285		$ 1,202,694		$ 315,009	$ 135,004	$ 58,833	$ 528,612	$ 165,237
12											
13	**General Plant**										
14	303600	Land and Land Rights	$ 2,125	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
15	304500	Structures and Improvements - General	374,292	2.500%	9,357	F-1	6,550	2,807	-	-	-
16	304600	Structures and Improvements - Offices	47,528	2.500%	1,188	F-1	832	356	-	-	-
17	304620	Structures and Improvements - Leasehold	-	0.000%	-	F-1	-	-	-	-	-
18	304700	Structures and Improvements - Sore,Shop,Gge	-	0.000%	-	F-1	-	-	-	-	-
19	304800	Structures and Improvements - General	1,383,151	2.500%	34,579	F-1	24,205	10,374	-	-	-
20	340100	Office Furniture & Equipment	779,242	4.500%	35,066	F-6	8,766	-	26,299	-	-
21	340200	Computers & Software	223,286	10.000%	22,329	F-6	5,582	-	16,746	-	-
22	340300	Computer Software	43,402	20.000%	0	F-6	0	-	0	-	-
23	340310	Computer Software Mainframe	9,105	20.000%	1,821	F-6	455	-	1,366	-	-
24	340325	Computer Software Customized	16,914	20.000%	3,383	F-6	846	-	2,537	-	-
25	340330	Computer Software Other	-	0.000%	-	F-6	-	-	-	-	-
26	340500	Other Office Equipment	3,854	6.667%	257	F-6	64	-	193	-	-
27	341100	Transportation Equip Light Duty Truks	976,241	20.000%	(0)	F-6	(0)	-	(0)	-	-
28	341200	Transportation Equip Heavy Duty Truks	54,958	14.286%	(2)	F-6	(1)	-	(2)	-	-
29	341300	Transportation Equipment Autos	-	0.000%	-	F-6	-	-	-	-	-
30	341400	Transportation Equipment Other	85,411	16.667%	14,235	F-6	3,559	-	10,676	-	-
31	342000	Stores Equipment	20,135	4.000%	805	F-6	201	-	604	-	-
32	343000	Tools and Work Equipment	376,007	4.000%	15,040	F-1	10,528	4,512	-	-	-
33	344000	Laboratory Equipment	107,428	4.000%	4,297	F-1	3,008	1,289	-	-	-
34	345000	Power Operated Equipment	151,899	5.000%	7,595	F-1	5,316	2,278	-	-	-
35	346100	Communication Equipment Non-Telephone	218,768	10.000%	0	F-1	0	0	-	-	-
36	346190	Remote Control & Instrument	396,434	10.000%	39,643	F-1	27,750	11,893	-	-	-
37	346200	Communication Equipment Telephone	1,126	10.000%	113	F-1	79	34	-	-	-
38	346300	Communication Equipment Other	174,797	10.000%	17,480	F-1	12,236	5,244	-	-	-
39	347000	Other P/E-Supply	10,219	6.250%	639	F-1	447	192	-	-	-
40	348000	Other P/E-TD	-	0.000%	-	F-1	-	-	-	-	-
41	**Subtotal General Plant**		$ 5,456,321		$ 207,824		$ 110,425	$ 38,979	$ 58,420	$ -	$ -
42	**Total Direct Plant**		$ 75,591,125		$ 2,098,937		$ 907,326	$ 380,508	$ 117,253	$ 528,612	$ 165,237
43											
44											
45											

Sun City Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.3
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciatior Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Allocated General Plant**										
2	399000	Allocated Corporate General Plant	569,612		46,268	F-1	32,387	13,880	-	-	-
3	399000	Youngtown Plnt	(149,497)			F-1	-	-	-	-	-
4	399000	Reconcilation to PIS Balance	-		-	F-1	-	-	-	-	-
5	**Test Year Ended June 30, 2013**		$ 420,115		$ 46,268		$ 32,387	$ 13,880	$ -	$ -	$ -
6	Total Plant		$ 76,011,241		$ 2,145,204		$ 939,714	$ 394,389	$ 117,253	$ 528,612	$ 165,237
7											
8											
9	Less:	Contributions in Aid of Construction	$ (17,500,751)	3.20%	$ (560,614)	F-1	(392,430)	(168,184)	-	-	-
10		Advances in Aid of Construction	(6,374,283)			F-1	-	-	-	-	-
11		Meter Deposits	(4,903)			F-7	-	-	-	-	-
12		Deferred Income Tax	(1,014,247)			F-1	-	-	-	-	-
13		Working Capital	63,227			F-1	-	-	-	-	-
14		Deferred Reg Assets/Liabilities	392,362		22,648	F-1	15,853	6,794	-	-	-
15	Totals		51,572,645		$ 1,607,238		$ 563,137	$ 232,999	$ 117,253	$ 528,612	$ 165,237
16											
17											
18											
19											
20											

Sun City Water District
Test Year Ended June 30, 2013
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Class	Demand	Commodity	Customer	Meters	Services
1						
2	Class	Demand	Commodity	Customer	Meters	Services
3	Residential	0.752	0.778	0.959	0.946	0.860
4		-	-	-	-	-
5	Commercial	0.176	0.188	0.040	0.053	0.137
6	Other	0.072	0.034	0.000	0.001	0.003
7						
8	Total	1.000	1.000	1.000	1.000	1.000
9						
10						
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32						
33						
34	SUPPORTING SCHEDULES					
35	G-7, page 3					

Sun City Water District
Test Year Ended June 30, 2013
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant-in-Service, Accumulated Depreciation, and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Factor	Demand	Commodity	Customer	Meters	Services
1						
2	Factor	Demand	Commodity	Customer	Meters	Services
3	F-1	0.70	0.30			
4	F-2	1.00				
5	F-3					1.00
6	F-4				1.00	
7	F-5			1.00		
8	F-6	0.25		0.75		
9	F-7				0.50	0.50
10						
11						
12						
13						
14						
15						
16						
17	Development of F-1 Allocation Factor					
18		MGD		RATIO		DEMAND FACTOR
19		(a)		(b)		(c)
20	(1) Avg day	11,280.89	G-7, page 3	1.00		1.00 1/(b)
21	(2) Max day	16,096.35	G-7, page 3	1.43	Max day/Avg day	0.70 1/(b)
22						
23						
24						
25						

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.2
Witness: Bourassa

Line No.	Expense Type	Demand	Commodity	Customer	Meters	Services
1						
2	Labor	0.40	0.20	0.40	-	-
3	Purchased Water	-	1.00	-	-	-
4	Fuel & Power	-	1.00	-	-	-
5	Chemicals	-	1.00	-	-	-
6	Waste Disposal	0.90	0.10	-	-	-
7	Intercompany Support Services	0.40	0.20	0.40	-	-
8	Corporate Allocation	0.40	0.20	0.40	-	-
9	Outside Services	0.80	0.20	-	-	-
10	Group Insurance	0.40	0.20	0.40	-	-
11	Pensions	0.40	0.20	0.40	-	-
12	Regulatory Expense	0.40	0.20	0.40	-	-
13	Insurance Other Than Group	0.40	0.20	0.40	-	-
14	Customer Accounting	-	-	1.00	-	-
15	Rents	-	-	1.00	-	-
16	General Office Expense	-	-	1.00	-	-
17	Miscellaneous	-	-	1.00	-	-
18	Maintenance Expense	0.80	0.20	-	-	-
19	Depreciation & Amortization		See Schedule G-7, page 2.1			
20	General Taxes-Other	-	-	1.00	-	-
21						
22						
23						
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Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.1
Witness: Bourassa

COMMODITY ALLOCATION FACTOR

Meter Size	Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
5/8x3/4"	Residential	1,623,696	39.43%
5/8x3/4"	Commercial	14,264	0.35%
3/4"	Residential	86,781	2.11%
3/4"	Commercial	3,759	0.09%
1"	Residential	72,361	1.76%
1"	Commercial	48,641	1.18%
1-1/2"	Residential	985,151	23.93%
1-1/2"	Commercial	147,972	3.59%
2"	Residential	419,117	10.18%
2"	Commercial	234,939	5.71%
3"	Residential	7,055	0.17%
3"	Commercial	57,288	1.39%
4"	Residential	-	0.00%
4"	Commercial	63,762	1.55%
6"	Residential	8,791	0.21%
6"	Commercial	202,600	4.92%
8"	Residential	-	0.00%
8"	Commercial	-	0.00%
2"	Irrigation	3,209	0.08%
6"	Raw	138,140	3.35%
		-	0.00%
		-	0.00%
Totals		4,117,527	100.00%

DEMAND ALLOCATION FACTOR

Meter Size	Class	Average Daily Gallons	Demand Factor	Average Peak Demand (1,000's)	Percent of Total
5/8x3/4"	Residential	4,448.48	1.22	5,410.21	33.61%
5/8x3/4"	Commercial	39.08	1.28	49.85	0.31%
3/4"	Residential	237.76	1.19	282.60	1.76%
3/4"	Commercial	10.30	1.86	19.20	0.12%
1"	Residential	198.25	1.46	290.33	1.80%
1"	Commercial	133.26	1.43	190.68	1.18%
1-1/2"	Residential	2,699.04	1.68	4,537.23	28.19%
1-1/2"	Commercial	405.40	1.59	645.14	4.01%
2"	Residential	1,148.27	1.33	1,531.66	9.52%
2"	Commercial	643.67	1.35	870.20	5.41%
3"	Residential	19.33	1.45	27.98	0.17%
3"	Commercial	156.95	1.31	205.06	1.27%
4"	Residential	-	0.00	-	0.00%
4"	Commercial	174.69	1.44	250.95	1.56%
6"	Residential	24.08	1.27	30.70	0.19%
6"	Commercial	555.07	1.07	596.07	3.70%
8"	Residential	-	0.00	-	0.00%
8"	Commercial	-	0.00	-	0.00%
2"	Irrigation	8.79	1.65	14.46	0.09%
6"	Raw	378.47	3.02	1,144.02	7.11%
		-	0.00	-	0.00%
		-	0.00	-	0.00%
Totals		11,280.89		16,096.35	100.00%

Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
Residential	3,202,953	77.788%
Commercial	773,224	18.779%
Other	141,349	3.433%
Total	4,117,527	100.000%

Class	Peak Demand (1,000's)	Percent of Total
Residential	12,111	75.239%
Commercial	2,827	17.564%
Other	1,158	7.197%
Total	16,096	100.000%

(a) Includes customer and gallons sold annualization.

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.2
Witness: Bourassa

CUSTOMER ALLOCATION FACTOR

Meter Size	Class	Number of Meters	Percent of Total
5/8x3/4"	Residential	18,784	82.31%
5/8x3/4"	Commercial	221	0.97%
3/4"	Residential	969	4.25%
3/4"	Commercial	16	0.07%
1"	Residential	403	1.77%
1"	Commercial	154	0.67%
1-1/2"	Residential	1,304	5.71%
1-1/2"	Commercial	285	1.25%
2"	Residential	431	1.89%
2"	Commercial	209	0.92%
3"	Residential	2	0.01%
3"	Commercial	25	0.11%
4"	Residential	-	0.00%
4"	Commercial	5	0.02%
6"	Residential	2	0.01%
6"	Commercial	7	0.03%
8"	Residential	-	0.00%
8"	Commercial	-	0.00%
2"	Irrigation	2	0.01%
6"	Raw	2	0.01%
6"	Public Interruptible	0	0.00%
Totals		22,821	100.00%

Class	Number of Meters	Percent of Total
Residential	21,896	95.943%
Commercial	922	4.040%
Other	4	0.017%
Total	22,821	100.000%

SERVICES ALLOCATION FACTOR (b)

Meter Size	Class	Number of Services	Install-ation Cost	Dollar Weighted Number Services	Percent of Total
5/8x3/4"	Residential	18,784	445.00	8,359,028	78.53%
5/8x3/4"	Commercial	221	445.00	98,493	0.93%
3/4"	Residential	969	445.00	431,205	4.05%
3/4"	Commercial	16	445.00	7,120	0.07%
1"	Residential	403	495.00	199,568	1.87%
1"	Commercial	154	495.00	76,106	0.72%
1-1/2"	Residential	1,304	550.00	717,017	6.74%
1-1/2"	Commercial	285	550.00	156,613	1.47%
2"	Residential	431	830.00	358,076	3.36%
2"	Commercial	209	830.00	173,401	1.63%
3"	Residential	2	1,165.00	2,330	0.02%
3"	Commercial	25	1,165.00	29,028	0.27%
4"	Residential	0	1,670.00	-	0.00%
4"	Commercial	5	1,670.00	8,350	0.08%
6"	Residential	2	2,330.00	4,660	0.04%
6"	Commercial	7	2,330.00	16,893	0.16%
8"	Residential	0	3,262.00	-	0.00%
8"	Commercial	0	3,262.00	-	0.00%
2"	Irrigation	2	830.00	1,660	0.02%
6"	Raw	2	2,330.00	3,689	0.03%
6"	Public Interruptible	0	2,330.00	777	0.01%
Totals		22,821		$ 10,644,013	100.00%

Class	Dollar Weighted Number Services	Percent of Total
Residential	10,071,883	94.625%
Commercial	566,003	5.318%
Other	6,126	0.058%
Total	10,644,013	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.3
Witness: Bourassa

METER ALLOCATION FACTOR (b)

Meter Size		Number of Meters	Meter Cost	Weighted Dollars of Meters	Percent of Total
5/8x3/4"	Residential	18,784	155.00	2,911,572	52.14%
5/8x3/4"	Commercial	221	155.00	34,307	0.61%
3/4"	Residential	969	255.00	247,095	4.42%
3/4"	Commercial	16	255.00	4,080	0.07%
1"	Residential	403	315.00	126,998	2.27%
1"	Commercial	154	315.00	48,431	0.87%
1-1/2"	Residential	1,304	525.00	684,425	12.26%
1-1/2"	Commercial	285	525.00	149,494	2.68%
2"	Residential	431	1,890.00	815,378	14.60%
2"	Commercial	209	1,890.00	394,853	7.07%
3"	Residential	2	2,545.00	5,090	0.09%
3"	Commercial	25	2,545.00	63,413	1.14%
4"	Residential	0	3,645.00	0	0.00%
4"	Commercial	5	3,645.00	18,225	0.33%
6"	Residential	2	6,920.00	13,840	0.25%
6"	Commercial	7	6,920.00	50,170	0.90%
8"	Residential	0	9,688.00	0	0.00%
8"	Commercial	0	9,688.00	0	0.00%
2"	Irrigation	2	1,890.00	3,780	0.07%
6"	Raw	2	6,920.00	10,957	0.20%
6"	Public Interruptible	0	6,920.00	2,307	0.04%
Totals		22,821		$ 5,584,412	100.00%

Class	Weighted Dollars of Meters	Percent of Total
Residential	4,804,397	86.032%
Commercial	762,972	13.663%
Other	17,043	0.305%
Total	5,584,412	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 1A
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				103,833	194,808	343,808
3	Misc. Revenues (From Sched G-2, page1)					(162,387)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					3,086,729	165,237	528,612
5	Property Taxes (From Sched. G-2, page 1)					452,071		
6	Income Taxes (From Sched. G-2, page 1)					691,860		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					4,172,105	360,045	872,420
8								
9	**Customer Charge**							
10	Number of Bills =	22,821	times 12 months			273,857		
11								
12	**Charge per Bill**					$ 15.23		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		36,031	times	12	months	432,368	432,368
17								
18	**Charge per Equivalent Meter**						$ 0.83	$ 2.02
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 15.23	
24	Charge per Equivalent Service Line						0.83	
25	Charge per Equivalent Meter						2.02	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 18.09	

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 2A
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base 6.81%		816,663
4	Demand Expenses (From Schedule G-4, Page 2)		2,176,492
5			
6	Totals		2,993,155
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		432,368
9	Demand Charge for 5/8 Inch Meter		$ 6.92
10			
11		5/8" Demand	Meter	Demand
12	Demand Charge Per Equivalent	Charge	Ratio	Charge
13	5/8 Inch Meter	$ 6.92	1.0	$ 6.92
14	3/4 Inch Meter	6.92	1.5	10.38
15	1 Inch Meter	6.92	2.5	17.31
16	1 1/2 Inch Meter	6.92	5.0	34.61
17	2 Inch Meter	6.92	8.0	55.38
18	3 Inch Meter	6.92	16.0	110.76
19	4 Inch Meter	6.92	25.0	173.07
20	6 Inch Meter	6.92	50.0	346.14
21	8 Inch Meter	6.92	80.0	553.82
22	10 Inch Meter	6.92	115.0	796.11
23	12 Inch Meter	6.92	215.0	1,488.38

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 3A
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	352,736	103,833	194,808	343,808	816,663
4	Less: Miscellaneous Revenues			(162,387)			
5							
6	Expenses (From Sch. G-4. Page 2)		2,536,923	3,086,729	165,237	528,612	2,176,492
7	Property Taxes (From Sched. G-2, page 1)			452,071			
8	Income Taxes (From Sched. G-2, page 1)			691,860			
9	Total Revenue Requirement by function		2,889,659	4,172,105	360,045	872,420	2,993,155
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		4,117,527				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.7018**				
12	Annualized Number of Bills			273,857			
13	Equivalent Meters and Service Lines				432,368	432,368	432,368
14	Customer Charge (line 9 divided by line 12)			$ 15.23			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 0.83	$ 2.02	$ 6.92
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 25.01
18							
19							

	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
20				
21	5/8 Inch Meter	$ 25.01	1.0	$ 25.01
22	3/4 Inch Meter	25.01	1.5	37.51
23	1 Inch Meter	25.01	2.5	62.52
24	1 1/2 Inch Meter	25.01	5.0	125.04
25	2 Inch Meter	25.01	8.0	200.06
26	3 Inch Meter	25.01	16.0	400.13
27	4 Inch Meter	25.01	25.0	625.20
28	6 Inch Meter	25.01	50.0	1,250.39
29	8 Inch Meter	25.01	80.0	2,000.63
30	10 Inch Meter	25.01	115.0	2,875.90
31	12 Inch Meter	25.01	215.0	5,376.68
32				
33				

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 4A
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 5,404,569	45%	$ 2,432,056	
7	Demand Costs	2,993,155	45%	1,346,920	
8	Commodity Costs	2,889,659	100%	2,889,659	
9	Total Costs to be Collected via Commodity			$ 6,668,635	
10	Gallons Sold			4,117,527	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.620**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 11,287,383	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(6,668,635)	
19	Balance to be Recovered through Monthly Minimum			$ 4,618,748	40.92%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			432,368	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 10.68**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 10.68	1.0	$ 10.68	
30	3/4 Inch Meter	10.68	1.5	16.02	
31	1 Inch Meter	10.68	2.5	26.71	
32	1 1/2 Inch Meter	10.68	5.0	53.41	
33	2 Inch Meter	10.68	8.0	85.46	
34	3 Inch Meter	10.68	16.0	170.92	
35	4 Inch Meter	10.68	25.0	267.06	
36	6 Inch Meter	10.68	50.0	534.12	
37	8 Inch Meter	10.68	80.0	854.60	
38	10 Inch Meter	10.68	115.0	1,228.48	
39	12 Inch Meter	10.68	215.0	2,296.73	

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1B
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	6.81%				99,621	167,598	325,328
2	Misc. Revenues (From Sched G-2, page1)					(155,799)		
3	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					2,961,505	142,157	500,199
4	Property Taxes (From Sched. G-2, page 1)					365,424		
5	Income Taxes (From Sched. G-2, page 1)					424,420		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					3,695,169	309,755	825,526
7								
8	**Customer Charge**							
9	Number of Bills =	21,896	times 12 months			262,747		
10								
11	**Charge per Bill**					$ 14.06		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		31,347	times	12	months	376,169	376,169
16								
17	**Charge per Equivalent Meter**						$ 0.82	$ 2.19
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 14.06	
23	Charge per Equivalent Service Line						0.82	
24	Charge per Equivalent Meter						2.19	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 17.08	

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2B
Witness: Bourassa

Line No.	DEMAND CHARGE:		
1			
2	Return on Rate Base	6.81%	614,448
3	Demand Expenses (From Schedule G-4, Page 2)		1,637,569
4			
5	Totals		2,252,017
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		376,169
8	Demand Charge for 5/8 Inch Meter		$ 5.99
9			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
10				
11				
12	5/8 Inch Meter	$ 5.99	1.0	$ 5.99
13	3/4 Inch Meter	5.99	1.5	8.98
14	1 Inch Meter	5.99	2.5	14.97
15	1 1/2 Inch Meter	5.99	5.0	29.93
16	2 Inch Meter	5.99	8.0	47.89
17	3 Inch Meter	5.99	16.0	95.79
18	4 Inch Meter	5.99	25.0	149.67
19	6 Inch Meter	5.99	50.0	299.34
20	8 Inch Meter	5.99	80.0	478.94
21	10 Inch Meter	5.99	115.0	688.47
22	12 Inch Meter	5.99	215.0	1,287.14

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3B
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	274,387	99,621	167,598	325,328	614,448
4	Less: Miscellaneous Revenues			(155,799)			
5							
6	Expenses (From Sch. G-4. Page 2)		1,973,429	2,961,505	142,157	500,199	1,637,569
7	Property Taxes (From Sched. G-2, page 1)			365,424			
8	Income Taxes (From Sched. G-2, page 1)			424,420			
9	Total Revenue Requirement by function		2,247,816	3,695,169	309,755	825,526	2,252,017
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		3,202,953				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.7018**				
12	Annualized Number of Bills			262,747			
13	Equivalent Meters and Service Lines				376,169	376,169	376,169
14	Customer Charge (line 9 divided by line 12)			$ 14.06			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 0.82	$ 2.19	$ 5.99
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 23.07
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 23.07	1.0	$ 23.07
22	3/4 Inch Meter	23.07	1.5	34.60
23	1 Inch Meter	23.07	2.5	57.67
24	1 1/2 Inch Meter	23.07	5.0	115.34
25	2 Inch Meter	23.07	8.0	184.55
26	3 Inch Meter	23.07	16.0	369.09
27	4 Inch Meter	23.07	25.0	576.71
28	6 Inch Meter	23.07	50.0	1,153.42
29	8 Inch Meter	23.07	80.0	1,845.47
30	10 Inch Meter	23.07	115.0	2,652.86
31	12 Inch Meter	23.07	215.0	4,959.69
32				
33				

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4B
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 4,830,450	40%	$ 1,932,180	
7	Demand Costs	2,252,017	40%	900,807	
8	Commodity Costs	2,247,816	100%	2,247,816	
9	Total Costs to be Collected via Commodity			$ 5,080,803	
10	Gallons Sold			3,202,953	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.586**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 9,330,284	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(5,080,803)	
19	Balance to be Recovered through Monthly Minimum			$ 4,249,481	45.55%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			376,169	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 11.30**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 11.30	1.0	$ 11.30	
30	3/4 Inch Meter	11.30	1.5	16.95	
31	1 Inch Meter	11.30	2.5	28.24	
32	1 1/2 Inch Meter	11.30	5.0	56.48	
33	2 Inch Meter	11.30	8.0	90.37	
34	3 Inch Meter	11.30	16.0	180.75	
35	4 Inch Meter	11.30	25.0	282.42	
36	6 Inch Meter	11.30	50.0	564.84	
37	8 Inch Meter	11.30	80.0	903.74	
38	10 Inch Meter	11.30	115.0	1,299.12	
39	12 Inch Meter	11.30	215.0	2,428.80	

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1C
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				4,195	26,616	18,282
3	Misc. Revenues (From Sched G-2, page1)					(6,560)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					124,695	22,575	28,109
5	Property Taxes (From Sched. G-2, page 1)					80,744		
6	Income Taxes (From Sched. G-2, page 1)					316,189		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					519,262	49,191	46,392
8								
9	**Customer Charge**							
10	Number of Bills =	922	times 12 months			11,063		
11								
12	**Charge per Bill**					$ 46.94		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters	4,611	times	12	months		55,332	55,332
17								
18	**Charge per Equivalent Meter**						$ 0.89	$ 0.84
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 46.94	
24	Charge per Equivalent Service Line						0.89	
25	Charge per Equivalent Meter						0.84	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 48.66	

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2C
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base 6.81%		143,438
4	Demand Expenses (From Schedule G-4, Page 2)		382,277
5			
6	Totals		525,715
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		55,332
9	Demand Charge for 5/8 Inch Meter		$ 9.50
10			
11			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
13	5/8 Inch Meter	$ 9.50	1.0	$ 9.50
14	3/4 Inch Meter	9.50	1.5	14.25
15	1 Inch Meter	9.50	2.5	23.75
16	1 1/2 Inch Meter	9.50	5.0	47.51
17	2 Inch Meter	9.50	8.0	76.01
18	3 Inch Meter	9.50	16.0	152.02
19	4 Inch Meter	9.50	25.0	237.53
20	6 Inch Meter	9.50	50.0	475.06
21	8 Inch Meter	9.50	80.0	760.10
22	10 Inch Meter	9.50	115.0	1,092.64
23	12 Inch Meter	9.50	215.0	2,042.76

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3C
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	66,240	4,195	26,616	18,282	143,438
4	Less: Miscellaneous Revenues			(6,560)			
5							
6	Expenses (From Sch. G-4. Page 2)		476,405	124,695	22,575	28,109	382,277
7				80,744			
8	Income Taxes (From Sched. G-2, page 1)			316,189			
9	Total Revenue Requirement by function		542,645	519,262	49,191	46,392	525,715
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		773,224				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.7018**				
12	Annualized Number of Bills			11,063			
13	Equivalent Meters and Service Lines				55,332	55,332	55,332
14	Customer Charge (line 9 divided by line 12)			$ 46.94			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 0.89	$ 0.84	$ 9.50
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 58.17
18							
19							

	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 58.17	1.0	$ 58.17
22	3/4 Inch Meter	58.17	1.5	87.25
23	1 Inch Meter	58.17	2.5	145.41
24	1 1/2 Inch Meter	58.17	5.0	290.83
25	2 Inch Meter	58.17	8.0	465.32
26	3 Inch Meter	58.17	16.0	930.65
27	4 Inch Meter	58.17	25.0	1,454.14
28	6 Inch Meter	58.17	50.0	2,908.27
29	8 Inch Meter	58.17	80.0	4,653.24
30	10 Inch Meter	58.17	115.0	6,689.03
31	12 Inch Meter	58.17	215.0	12,505.58
32				
33				

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4C
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 614,845	40%	$ 245,938	
7	Demand Costs	525,715	40%	210,286	
8	Commodity Costs	542,645	100%	542,645	
9	Total Costs to be Collected via Commodity			$ 998,869	
10	Gallons Sold			773,224	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.292**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 1,683,205	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(998,869)	
19	Balance to be Recovered through Monthly Minimum			$ 684,336	40.66%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			55,332	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 12.37**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 12.37	1.0	$ 12.37	
30	3/4 Inch Meter	12.37	1.5	18.55	
31	1 Inch Meter	12.37	2.5	30.92	
32	1 1/2 Inch Meter	12.37	5.0	61.84	
33	2 Inch Meter	12.37	8.0	98.94	
34	3 Inch Meter	12.37	16.0	197.89	
35	4 Inch Meter	12.37	25.0	309.20	
36	6 Inch Meter	12.37	50.0	618.40	
37	8 Inch Meter	12.37	80.0	989.43	
38	10 Inch Meter	12.37	115.0	1,422.31	
39	12 Inch Meter	12.37	215.0	2,659.11	

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
HYDRANT CLASS

Exhibit
Rejoinder Schedule G-8
Page 1D
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				18	595	198
3	Misc. Revenues (From Sched G-2, page1)					(28)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					530	504	304
5	Property Taxes (From Sched. G-2, page 1)					5,286		
6	Income Taxes (From Sched. G-2, page 1)					(54,444)		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					(48,639)	1,099	502
8								
9	**Customer Charge**							
10	Number of Bills =	4	times 12 months			47		
11								
12	**Charge per Bill**					$ (1,034.86)		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		72	times	12	months	867	867
17								
18	**Charge per Equivalent Meter**						$ 1.27	$ 0.58
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ (1,034.86)	
24	Charge per Equivalent Service Line						1.27	
25	Charge per Equivalent Meter						0.58	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ (1,033.02)	

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
HYDRANT CLASS

Exhibit
Rejoinder Schedule G-8
Page 2D
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
1			
2	Return on Rate Base	6.81%	58,777
3	Demand Expenses (From Schedule G-4, Page 2)		156,646
4			
5	Totals		215,422
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		867
8	Demand Charge for 5/8 Inch Meter		$ 248.47
9			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
10				
11				
12	5/8 Inch Meter	$ 248.47	1.0	$ 248.47
13	3/4 Inch Meter	248.47	1.5	372.70
14	1 Inch Meter	248.47	2.5	621.17
15	1 1/2 Inch Meter	248.47	5.0	1,242.34
16	2 Inch Meter	248.47	8.0	1,987.75
17	3 Inch Meter	248.47	16.0	3,975.50
18	4 Inch Meter	248.47	25.0	6,211.72
19	6 Inch Meter	248.47	50.0	12,423.44
20	8 Inch Meter	248.47	80.0	19,877.50
21	10 Inch Meter	248.47	115.0	28,573.91
22	12 Inch Meter	248.47	215.0	53,420.79

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
HYDRANT CLASS

Exhibit
Rejoinder Schedule G-8
Page 3D
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	12,109	18	595	198	58,777
4	Less: Miscellaneous Revenues			(28)			
5							
6	Expenses (From Sch. G-4. Page 2)		87,089	530	504	304	156,646
7	Property Taxes (From Sched. G-2, page 1)			5,286			
8	Income Taxes (From Sched. G-2, page 1)			(54,444)			
9	Total Revenue Requirement by function		99,198	(48,639)	1,099	502	215,422
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		141,349				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 0.7018**				
12	Annualized Number of Bills			47			
13	Equivalent Meters and Service Lines				867	867	867
14	Customer Charge (line 9 divided by line 12)			$ (1,034.86)			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 1.27	$ 0.58	$ 248.47
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ (784.55)
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ (784.55)	1.0	$ (784.55)
22	3/4 Inch Meter	(784.55)	1.5	(1,176.82)
23	1 Inch Meter	(784.55)	2.5	(1,961.37)
24	1 1/2 Inch Meter	(784.55)	5.0	(3,922.74)
25	2 Inch Meter	(784.55)	8.0	(6,276.38)
26	3 Inch Meter	(784.55)	16.0	(12,552.75)
27	4 Inch Meter	(784.55)	25.0	(19,613.68)
28	6 Inch Meter	(784.55)	50.0	(39,227.35)
29	8 Inch Meter	(784.55)	80.0	(62,763.76)
30	10 Inch Meter	(784.55)	115.0	(90,222.91)
31	12 Inch Meter	(784.55)	215.0	(168,677.61)
32				
33				

Sun City Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
HYDRANT CLASS

Exhibit
Rejoinder Schedule G-8
Page 4D
Witness: Bourassa

Line No.		Total Rev. Req.	%	Commodity Portion of Rev. Req.	
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
6	Customer, Service, and Meter Costs	$ (47,038)	40%	$ (18,815)	
7	Demand Costs	215,422	40%	86,169	
8	Commodity Costs	99,198	100%	99,198	
9	Total Costs to be Collected via Commodity			$ 166,552	
10	Gallons Sold			99,198	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 1.679**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 267,583	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(166,552)	
19	Balance to be Recovered through Monthly Minimum			$ 101,031	37.76%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			867	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 116.53**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 116.53	1.0	$ 116.53	
30	3/4 Inch Meter	116.53	1.5	174.79	
31	1 Inch Meter	116.53	2.5	291.32	
32	1 1/2 Inch Meter	116.53	5.0	582.65	
33	2 Inch Meter	116.53	8.0	932.23	
34	3 Inch Meter	116.53	16.0	1,864.47	
35	4 Inch Meter	116.53	25.0	2,913.23	
36	6 Inch Meter	116.53	50.0	5,826.46	
37	8 Inch Meter	116.53	80.0	9,322.34	
38	10 Inch Meter	116.53	115.0	13,400.87	
39	12 Inch Meter	116.53	215.0	25,053.80	

Sun City Water District
Test Year Ended June 30, 2013
Comparison of Proposed Rates to Computed Costs
For a 5/8x3/4-Inch Residential Meter (With Required Operating Margin)

Exhibit
Rejoinder Schedule G-9
Page 1
Witness: Bourassa

Column Number-->		(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues									(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs	
1	-	$ 10.20	$ -	$ 10.20	$ 6.92	$ 15.23	$ 0.83	$ 2.02	0	$ 25.01	$ (14.81)
2	1,000	10.20	0.73	10.93	6.92	15.23	0.83	2.02	0.702	25.71	(14.78)
3	2,000	10.20	2.09	12.29	6.92	15.23	0.83	2.02	1.404	26.41	(14.12)
4	3,000	10.20	3.45	13.65	6.92	15.23	0.83	2.02	2.105	27.11	(13.47)
5	4,000	10.20	5.08	15.28	6.92	15.23	0.83	2.02	2.807	27.82	(12.54)
6	5,000	10.20	6.71	16.91	6.92	15.23	0.83	2.02	3.509	28.52	(11.61)
7	6,000	10.20	8.34	18.54	6.92	15.23	0.83	2.02	4.211	29.22	(10.68)
8	7,000	10.20	9.97	20.17	6.92	15.23	0.83	2.02	4.913	29.92	(9.75)
9	8,000	10.20	11.60	21.80	6.92	15.23	0.83	2.02	5.614	30.62	(8.82)
10	9,000	10.20	13.23	23.43	6.92	15.23	0.83	2.02	6.316	31.32	(7.90)
11	10,000	10.20	15.03	25.23	6.92	15.23	0.83	2.02	7.018	32.03	(6.80)
12	12,000	10.20	18.63	28.83	6.92	15.23	0.83	2.02	8.422	33.43	(4.60)
13	14,000	10.20	22.65	32.85	6.92	15.23	0.83	2.02	9.825	34.83	(1.98)
14	16,000	10.20	26.67	36.87	6.92	15.23	0.83	2.02	11.229	36.24	0.63
15	18,000	10.20	30.69	40.89	6.92	15.23	0.83	2.02	12.632	37.64	3.25
16	20,000	10.20	34.71	44.91	6.92	15.23	0.83	2.02	14.036	39.04	5.87
17	25,000	10.20	44.77	54.96	6.92	15.23	0.83	2.02	17.545	42.55	12.41
18	30,000	10.20	54.82	65.01	6.92	15.23	0.83	2.02	21.054	46.06	18.95
19	35,000	10.20	64.87	75.06	6.92	15.23	0.83	2.02	24.563	49.57	25.49
20	40,000	10.20	74.92	85.11	6.92	15.23	0.83	2.02	28.072	53.08	32.04
21	45,000	10.20	84.97	95.17	6.92	15.23	0.83	2.02	31.581	56.59	38.58
22	50,000	10.20	95.02	105.22	6.92	15.23	0.83	2.02	35.090	60.10	45.12
23	60,000	10.20	115.12	125.32	6.92	15.23	0.83	2.02	42.108	67.12	58.20
24	70,000	10.20	135.22	145.42	6.92	15.23	0.83	2.02	49.126	74.13	71.29
25	80,000	10.20	155.33	165.52	6.92	15.23	0.83	2.02	56.144	81.15	84.37
26	90,000	10.20	175.43	185.62	6.92	15.23	0.83	2.02	63.162	88.17	97.46
27	100,000	10.20	195.53	205.73	6.92	15.23	0.83	2.02	70.179	95.19	110.54

Sun City Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	$ 4,085,232	$ 4,731,413	$ 646,181	15.82%	39.62%	41.32%
2	3/4 Inch	Residential	215,778	249,368	33,590	15.57%	2.09%	2.18%
3	1 Inch	Residential	223,219	248,753	25,534	11.44%	2.17%	2.17%
4	1.5 Inch	Residential	2,518,071	2,661,896	143,824	5.71%	24.42%	23.25%
5	2 Inch	Residential	1,156,154	1,213,683	57,530	4.98%	11.21%	10.60%
	3 Inch	Residential	17,210	17,437	227	1.32%	0.17%	0.15%
6	6 Inch	Residential	27,809	28,142	332	1.20%	0.27%	0.25%
7								
8		Subtotal	8,243,473	9,150,692	907,219	11.01%	79.96%	79.92%
9								
10	5/8x3/4 Inch	Commercial	$ 47,161	$ 54,254	$ 7,092	15.04%	0.46%	0.47%
11	3/4 Inch	Commercial	8,553	9,311	758	8.86%	0.08%	0.08%
12	1 Inch	Commercial	124,837	140,803	15,966	12.79%	1.21%	1.23%
13	1.5 Inch	Commercial	410,916	468,309	57,392	13.97%	3.99%	4.09%
14	2 Inch	Commercial	578,291	655,203	76,912	13.30%	5.61%	5.72%
15	3 Inch	Commercial	143,636	160,800	17,164	11.95%	1.39%	1.40%
16	4 Inch	Commercial	132,573	140,986	8,412	6.35%	1.29%	1.23%
17	6 Inch	Commercial	421,490	444,876	23,385	5.55%	4.09%	3.89%
18								
19		Subtotal	$ 1,867,458	$ 2,074,540	$ 207,082	11.09%	18.11%	18.12%
20								
21								
22		2 Inch Irrigation	$ 5,890	$ 6,199	$ 309	5.25%	0.06%	0.05%
23		Raw	129,086	129,215	129	0.10%	1.25%	1.13%
24		*Peoria - Public Interruptible*	33	38	5	16.40%	0.00%	0.00%
25								
26		Subtotal	$ 135,008	$ 135,452	$ 444	0.33%	1.31%	1.18%
27								
28								
29	3 Inch	Fire	$ 117	$ 126	$ 10	8.20%	0.00%	0.00%
30	4 Inch	Fire	6,762	7,317	555	8.20%	0.07%	0.06%
31	6 Inch	Fire	8,173	8,843	670	8.20%	0.08%	0.08%
32	8 Inch	Fire	1,681	1,819	138	8.20%	0.02%	0.02%
33		Private Hydrant - Peoria	4,340	4,696	356	8.20%	0.04%	0.04%
34		Subtotal	$ 21,074	$ 22,802	$ 1,728	8.20%	0.20%	0.20%
35								
36								
37	Total Revenues Before Annualization		10,267,013	11,383,486	1,116,473	10.87%	99.58%	99.42%
38								

Sun City Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	Schedule
				Revenue Annualization					
5	5/8x3/4 Inch	Residential	$ 86	$ 103	17	19.68%	(0)	63	See Work Papers
6	3/4 Inch	Residential	443	525	82	18.56%	-	319	See Work Papers
7	1 Inch	Residential	1,585	1,623	38	2.37%	0	824	See Work Papers
8	1.5 Inch	Residential	4,833	4,840	8	0.16%	0	2,429	See Work Papers
9	2 Inch	Residential	122	121	(1)	-0.53%	0	61	See Work Papers
10	3 Inch	Residential	-	-	-	0.00%	0	61	See Work Papers
11	6 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
13		Subtotal	$ 7,070	$ 7,214	144	2.03%	(0)	3,759	
15	5/8x3/4 Inch	Commercial	$ 1	$ 1	0	32.16%	0	1	See Work Papers
16	3/4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
17	1 Inch	Commercial	(169)	(174)	(6)	3.45%	-	(88)	See Work Papers
18	1.5 Inch	Commercial	(9,998)	(11,064)	(1,066)	10.66%	-	(5,741)	See Work Papers
19	2 Inch	Commercial	(143)	(145)	(1)	1.04%	(0)	(72)	See Work Papers
20	3 Inch	Commercial	(1,359)	(1,408)	(49)	3.61%	0	(709)	See Work Papers
21	4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
22	6 Inch	Commercial	230	232	2	1.04%	-	116	See Work Papers
23					-				
24		Subtotal	$ (11,438)	$ (12,558)	(1,120)	9.79%	0	(6,494)	
28	6 Inc Commercial Meter Annualization Adjustment		14,255	15,806	1,550	10.87%	-	116	See Work Papers
41	Total Revenue Annualization		$ 9,887	$ 10,461	$ 574	5.81%	(0)	(2,619)	

Sun City Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	
1								
2								
3	Subtotal Metered Revenues	$ 10,267,013	$ 11,383,486	$ 1,116,473	10.87%	99.58%	99.42%	
4				-	0.00%	0.00%	0.00%	
5	Low Income Program Adjustment	$ 30,110	$ 30,110	-	0.00%	0.29%	0.26%	
6	Declining Usage Adjustment	(121,239)	(134,417)	(13,178)	10.87%	-1.18%	-1.17%	Schedule H-1, page 4
7	Subtotal Revenue Annualization	9,887	10,461	574	5.81%	0.10%	0.09%	
8	Total Metered Revenues	$ 10,185,771	$ 11,289,640	$ 1,103,869	10.84%	98.80%	98.60%	
9	Misc. Revenues	162,387	162,387	-	0.00%	1.58%	1.42%	
10								
11	Revenue Difference Com to Res Trnsfers	(24,880)	-	24,880	-100.00%	-0.24%	0.00%	Work papers
12	Reconciling Amount to GL	(13,360)	(2,257)	11,103	-83.11%	-0.13%	-0.02%	
13	Total Water Revenues	$ 10,309,918	$ 11,449,771	$ 1,139,852	11.06%	100.00%	100.00%	
14								
15								
16								

Sun City Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	18,784	7,203	$ 17.35	$ 20.50	3.14	18.12%
2	3/4 Inch	Residential	969	7,436	17.67	20.88	3.21	18.15%
3	1 Inch	Residential	403	14,786	43.44	49.73	6.29	14.47%
4	1.5 Inch	Residential	1,304	62,818	160.89	168.86	7.97	4.95%
5	2 Inch	Residential	431	80,946	223.23	230.85	7.62	3.41%
6	3 Inch	Residential	2	293,958	717.09	726.55	9.46	1.32%
7	6 Inch	Residential	2	366,292	1,158.71	1,169.23	10.52	0.91%
8		Subtotal	21,896					
9								
10	5/8x3/4 Inch	Commercial	221	5,370	$ 16.07	$ 19.86	3.79	23.57%
11	3/4 Inch	Commercial	16	19,578	42.07	47.66	5.60	13.31%
12	1 Inch	Commercial	154	26,411	61.89	74.38	12.50	20.19%
13	1.5 Inch	Commercial	285	44,985	108.18	133.01	24.83	22.95%
14	2 Inch	Commercial	209	93,742	216.40	256.57	40.17	18.56%
15	3 Inch	Commercial	25	193,970	443.82	525.55	81.73	18.42%
16	4 Inch	Commercial	5	1,062,700	2,204.61	2,348.11	143.50	6.51%
17	6 Inch	Commercial	7	2,327,402	4,808.00	5,101.23	293.23	6.10%
18								
19		Subtotal	922					
20								
21		2 Inch Irrigation	2	133,708	$ 245.41	$ 258.30	12.89	5.25%
22		Raw	2	6,768,947	6,793.99	6,800.79	6.79	0.10%
23		Peoria - Public Interruptible	0	-	8.16	9.50	1.34	16.40%
24								
25		Subtotal	4					
26								
27	3 Inch	Fire	1	1,000	$ 9.73	$ 10.53	0.80	8.20%
28	4 Inch	Fire	58	1,001	9.73	10.53	0.80	8.20%
29	6 Inch	Fire	70	1,029	9.73	10.53	0.80	8.20%
30	8 Inch	Fire	10	1,000	14.01	15.16	1.15	8.20%
31		Private Hydrant - Peoria	44	-	8.22	8.89	0.67	8.20%
32								
33								
34		Total	23,004					
35								

36 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Sun City Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 x3/4Inch	Residential	18,784	6,000	$ 15.72	$ 18.54	2.82	17.95%
2	3/4 Inch	Residential	969	6,000	$ 15.72	$ 18.54	2.82	17.95%
3	1 Inch	Residential	403	7,000	30.21	35.46	5.25	17.39%
4	1.5 Inch	Residential	1,304	49,000	133.40	141.08	7.68	5.76%
5	2 Inch	Residential	431	54,000	169.62	178.78	9.17	5.40%
6	3 Inch	Residential	2	248,500	140.10	163.15	23.05	16.45%
7	6 Inch	Residential	2	362,500	1,151.17	1,162.40	11.24	0.98%
8		Subtotal	21,896					
9								
10	5/8 Inch	Commercial	221	1,000	$ 10.12	$ 12.00	1.87	18.52%
11	3/4 Inch	Commercial	16	4,000	14.21	17.40	3.19	22.44%
12	1 Inch	Commercial	154	10,000	35.51	43.49	7.98	22.48%
13	1.5 Inch	Commercial	285	20,000	71.02	86.99	15.97	22.48%
14	2 Inch	Commercial	209	50,000	138.16	171.58	33.43	24.20%
15	3 Inch	Commercial	25	73,000	239.53	294.56	55.03	22.97%
16	4 Inch	Commercial	5	922,500	1,925.67	2,066.28	140.61	7.30%
17	6 Inch	Commercial	7	1,169,000	2,503.24	2,772.61	269.37	10.76%
18								
19		Subtotal	922					
20								
21		2 Inch Irrigation	2	34,500	$ 120.89	$ 133.66	12.77	10.56%
22		Raw	2	4,130,000	4,145.28	4,149.43	4.15	0.10%
23		Peoria - Public Interruptible	0	-	8.16	9.50	1.34	16.40%
24								
25		Subtotal	4					
26								
27	3 Inch	Fire	1	1,000	$ 9.73	$ 10.53	0.80	8.20%
28	4 Inch	Fire	58	1,000	$ 9.73	$ 10.53	0.80	8.20%
29	6 Inch	Fire	70	1,000	$ 9.73	$ 10.53	0.80	8.20%
30	8 Inch	Fire	10	1,000	$ 14.01	$ 15.16	1.15	8.20%
31		Private Hydrant - Peoria	44	-	$ 8.22	$ 8.89	0.67	8.20%
32								
33								
34		Total	23,004					
35								

36 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
37

Sun City Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Service Charge for:	Present Rates	Proposed Rates	Dollar Change
1	Meter Size:			
2	5/8x3/4 Inch - Residenital Low Income	$ 4.38	$ 6.12	$ 1.74
3	5/8x3/4 Inch - Residenital, Commercial	8.76	10.20	$ 1.44
4	3/4 Inch - Residenital, Commercial	NT	10.20	
5	1 Inch - Residenital, Commercial	21.89	25.49	3.60
6	1 1/2 Inch - Residenital, Commercial	43.78	50.98	7.20
7	2 Inch - Residenital, Commercial	70.05	81.57	11.52
8	3 Inch - Residenital, Commercial	140.10	163.15	23.05
9	4 Inch - Residenital, Commercial	218.90	254.92	36.02
10	6 Inch - Residenital, Commercial	437.81	509.83	72.02
11	8 Inch - Residenital, Commercial	700.50	815.73	115.23
12				
13	2 Inch Irrigation	77.59	90.31	12.72
14	Public Interruptible - City of Peoria	8.16	9.50	1.34
15	Irrigation - Raw Water	-	-	-
16				
17	Monthly Service Charge for Fire Sprinkler			
18	3 Inch	9.73	10.53	0.80
19	4 Inch	9.73	10.53	0.80
20	6 Inch	9.73	10.53	0.80
21	8 Inch	14.01	15.16	1.15
22	10 Inch	20.14	21.79	1.65
23				
24	Private Hydrant Standby - Peoria	8.22	8.89	0.67
25				
26	Gallons In Minimum (All Meter Sizes and Classes)		-	-
27				
28				

Line No.	Commodity Rates (per 1,000 gallons)	Block	Present Rate	Proposed Rate	Dollar Change
29					
30					
31	5/8x3/4 Inch - Residential	1 gallons to 1,000 gallons	$ 0.7297	$ 0.7304	$ 0.0007
32		1,001 gallons to 3,000 gallons	$ 1.0702	$ 1.3602	$ 0.2900
33		3,001 gallons to 9,000 gallons	$ 1.3621	$ 1.6302	$ 0.2681
34		9,001 gallons to 12,000 gallons	$ 1.6539	$ 1.8002	$ 0.1463
35		over 12,000 gallons	$ 1.9896	$ 2.0102	$ 0.0206
36					
37	5/8x3/4 Inch - Commercial	1 gallons to 9,000 gallons	$ 1.3621	$ 1.8002	$ 0.4381
38		over 9,000 gallons	$ 1.9896	$ 2.0102	$ 0.0206
39					
40					

Sun City Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block				Present Rate	Proposed Rate	Dollar Change
1	3/4 Inch - Residential	1	gallons to	1,000	gallons	NT	$ 0.7304	
2		1,001	gallons to	3,000	gallons	NT	$ 1.3602	
3		3,001	gallons to	9,000	gallons	NT	$ 1.6302	
4		9,001	gallons to	12,000	gallons	NT	$ 1.8002	
5			over	12,000	gallons	NT	$ 2.0102	
6								
7	3/4 Inch - Commercial	1	gallons to	9,000	gallons	NT	$ 1.8002	
8			over	9,000	gallons	NT	$ 2.0102	
9								
10	1 Inch Meter - Residential	1	gallons to	1,000	gallons	$ 0.7297	$ 0.7304	$ 0.0007
11		1,001	gallons to	3,000	gallons	$ 1.0702	$ 1.3602	$ 0.2900
12		3,001	gallons to	9,000	gallons	$ 1.3621	$ 1.6302	$ 0.2681
13		9,001	gallons to	12,000	gallons	$ 1.6539	$ 1.8002	$ 0.1463
14			over	12,000	gallons	$ 1.9896	$ 2.0102	$ 0.0206
15								
16	1 Inch Meter - Commercial	1	gallons to	20,000	gallons	$ 1.3621	$ 1.8002	$ 0.4381
17			over	20,000	gallons	$ 1.9896	$ 2.0102	$ 0.0206
18								
19	1 1/2 Inch Meter - Residential	1	gallons to	1,000	gallons	$ 0.7297		
20		1,001	gallons to	3,000	gallons	$ 1.0702		
21		3,001	gallons to	9,000	gallons	$ 1.3621		
22		9,001	gallons to	12,000	gallons	$ 1.6539		
23			over	12,000	gallons	$ 1.9896		
24								
25	1 1/2 Inch Meter - Residential	1	gallons to	40,000	gallons		$ 1.8002	
26			over	40,000	gallons		$ 2.0102	
27								
28	1 1/2 Inch Meter - Commercial	1	gallons to	40,000	gallons	$ 1.3621	$ 1.8002	$ 0.4381
29			over	40,000	gallons	$ 1.9896	$ 2.0102	$ 0.0206
30								
31	2 Inch Meter - Residential	1	gallons to	1,000	gallons	$ 0.7297		
32		1,001	gallons to	3,000	gallons	$ 1.0702		
33		3,001	gallons to	9,000	gallons	$ 1.3621		
34		9,001	gallons to	12,000	gallons	$ 1.6539		
35			over	12,000	gallons	$ 1.9896		
36								
37	2 Inch Meter - Residential	1	gallons to	64,000	gallons		$ 1.8002	
38			over	64,000	gallons		$ 2.0102	
39								
40	2 Inch Meter - Commercial	1	gallons to	64,000	gallons	$ 1.3621	$ 1.8002	$ 0.4381
41			over	64,000	gallons	$ 1.9896	$ 2.0102	$ 0.0206

Sun City Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block				Present Rate	Proposed Rate	Dollar Change
1	3 Inch Meter - Residential	1	gallons to	1,000	gallons	$ 0.7297		
2		1,001	gallons to	3,000	gallons	$ 1.0702		
3		3,001	gallons to	9,000	gallons	$ 1.3621		
4		9,001	gallons to	12,000	gallons	$ 1.6539		
5			over	12,000	gallons	$ 1.9896		
6								
7	3 Inch Meter - Residential	1	gallons to	131,000	gallons		$ 1.8002	
8			over	131,000	gallons		$ 2.0102	
9								
10	3 Inch Meter - Commercial	1	gallons to	131,000	gallons	$ 1.3621	$ 1.8002	$ 0.4381
11			over	131,000	gallons	$ 1.9896	$ 2.0102	$ 0.0206
12								
13	4 Inch Meter - Residential	1	gallons to	1,000	gallons	$ 0.7297		
14		1,001	gallons to	3,000	gallons	$ 1.0702		
15		3,001	gallons to	9,000	gallons	$ 1.3621		
16		9,001	gallons to	12,000	gallons	$ 1.6539		
17			over	12,000	gallons	$ 1.9896		
18								
19	4 Inch Meter - Residential	1	gallons to	205,000	gallons		$ 1.8002	$ 1.8002
20			over	205,000	gallons		$ 2.0102	$ 2.0102
21								
22	4 Inch Meter - Commercial	1	gallons to	205,000	gallons	$ 1.3621	$ 1.8002	$ 0.4381
23			over	205,000	gallons	$ 1.9896	$ 2.0102	$ 0.0206
24								
25	6 Inch Meter - Residential	1	gallons to	1,000	gallons	$ 0.7297		
26		1,001	gallons to	3,000	gallons	$ 1.0702		
27		3,001	gallons to	9,000	gallons	$ 1.3621		
28		9,001	gallons to	12,000	gallons	$ 1.6539		
29			over	12,000	gallons	$ 1.9896		
30								
31	6 Inch Meter - Residential	1	gallons to	415,000	gallons		$ 1.8002	
32			over	415,000	gallons		$ 2.0102	
33								
34	6 Inch Meter - Commercial	1	gallons to	415,000	gallons	$ 1.3621	$ 1.8002	$ 0.4381
35			over	415,000	gallons	$ 1.9896	$ 2.0102	$ 0.0206
36								
37								
38								
39								
40								

Sun City Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block			Present Rate	Proposed Rate	
1							
2	8 Inch Meter - Residential	1 gallons to	1,000 gallons		$ 0.7297		
3		1,001 gallons to	3,000 gallons		$ 1.0702		
4		3,001 gallons to	9,000 gallons		$ 1.3621		
5		9,001 gallons to	12,000 gallons		$ 1.6539		
6		over	12,000 gallons		$ 1.9896		
7							
8	8 Inch Meter - Residential	1 gallons to	670,000 gallons			$ 1.8002	
9		over	670,000 gallons			$ 2.0102	
10							
11	8 Inch Meter - Commercial	1 gallons to	670,000 gallons		$ 1.3621	$ 1.8002	$ 0.4381
12		over	670,000 gallons		$ 1.9896	$ 2.0102	$ 0.0206
13							
14	3 Inch - Public Interuptible	All gallons			$ 1.1632	$ 1.1644	$ 0.0012
15							
16	Public Interuptible - Peoria	All gallons			$ 1.1632	$ 1.1644	$ 0.0012
17							
18	2 Inch Irrigation	All gallons			$ 1.2551	$ 1.2564	$ 0.0013
19							
20	Irrigation - Raw Water	All gallons			$ 1.0037	$ 1.0047	$ 0.0010
21							
22	Private Hydrant - Peoria	All gallons			$ 1.1400	$ 1.1411	$ 0.0011
23							
24							
25	Central Arizona Project - Raw Water	All gallons			$ 0.8480	$ 0.8488	$ 0.0008
26							
27							
28							
29	Low Income Program Discount Revenue Recovery				Present Rate*	Proposed Rate**	
30	Program Participation Limit (No. of Customers)					750	
31	Estimated Annual Discounts					$ 36,708	
32	Under(Over) Collections from previous years					$ -	
33	Net Annual Discounts to be Recovered					$ 36,708	
34	Highest Cost Commodity Rate Gallons Sold to Residential, Commercial (in 1,000s)					1,726,247	
35	Low Income Surcharge on Highest Cost Commodity Rate (Residential, Commercial Customers Only)				$ 0.0260	$ 0.0210	
36							
37	* Low Income Program details are noted in the Terms and Conditions section for General Water Rates. Upper tier rate for						
38	residential and commercial customers is comprised of the approved rate listed in table above plus and additional $0.0260 for the						
39	Low Income Surcharge.						
40	** Low Income Program details are noted in the Terms and Conditions section for General Water Rates. Upper tier rate for						
41	residential and commercial customers is comprised of the approved rate listed in table above plus and additional $0.0220 for the						
42	Low Income Surcharge.						

Sun City Water District
Changes in Representative Rate Schedules
Test Year Ended June 30, 2013

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Line No.	Service Charges	Present Rates	Proposed Rates
1			
2			
3			
4	Service Charges	Present Rates	Proposed Rates
5	Establishment or Re-establishment of Service		$ 35.00
6	Regular Hours	$ 30.00	Remove
7	After Hours	$ 40.00	Remove
8	Reconnection of Service (Delinquent)		$ 35.00
9	Regular Hours	$ 30.00	Remove
10	After Hours	$ 40.00	Remove
11	Meter Test (if correct)	$ 10.00	$ 35.00
12	Meter Reread (if correct)	$ 5.00	$ 25.00
13	NSF Check	$ 25.00	$ 25.00
14	Late Fee Charge, per month		1.50%
15	Deferred Payment, Per Month		1.50%
16	Deposit Requirements	(a)	(a)
17	Deposit Interest	(b)	(b)
18	After Hours Service Charge (c)		$ 30.00
19			
20			
21			
22			
23			
24			
25			
26			

27 (a) Per ACC Rules R14-2-403(B) Residential - two times the average bill.
28 Non-residential - two and one-half times the estimated maximum bill.
29 (b) Interest per A.C.C. R-14-2-403(B)
30 (c) After hours service charge: After regular working hors, Saturdays, Sundays, and holidays if at the customer's
31 request or for the customer's convenience.
32
33 IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM
34 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE
35 TAX. PER COMMISSION RULE 14-2-409D(5).
36
37

Sun City Water District
Test Year Ended June 30, 2013
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 6
Witness: Bourassa

Refundable Meter and Service Line Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
9	5/8 x 3/4 Inch	$ 370.00	$ 130.00	$ 500.00	$ 370.00	$ 130.00	$ 500.00
10	3/4 Inch	370.00	205.00	575.00	370.00	205.00	575.00
11	1 Inch	420.00	240.00	660.00	420.00	240.00	660.00
12	1 1/2 Inch	450.00	450.00	900.00	450.00	450.00	900.00
13	2 Inch / Turbine	580.00	945.00	1,525.00	580.00	945.00	1,525.00
14	2 Inch / Compound	580.00	1,640.00	2,220.00	580.00	1,640.00	2,220.00
15	3 Inch / Turbine	745.00	1,420.00	2,165.00	745.00	1,420.00	2,165.00
16	3 Inch / Compound	765.00	2,195.00	2,960.00	765.00	2,195.00	2,960.00
17	4 Inch / Turbine	1,090.00	2,270.00	3,360.00	1,090.00	2,270.00	3,360.00
18	4 Inch / Compound	1,120.00	3,145.00	4,265.00	1,120.00	3,145.00	4,265.00
19	6 Inch / Turbine	1,610.00	4,425.00	6,035.00	1,610.00	4,425.00	6,035.00
20	6 Inch / Compound	1,630.00	6,120.00	7,750.00	1,630.00	6,120.00	7,750.00
21	8 Inch & Larger	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

Tubac Water
Rejoinder Schedules

Tubac Water
Test Year Ended June 30, 2013
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1	Original Cost Rate Base	$	1,467,051
2			
3	Adjusted Operating Income	$	(55,408)
4			
5	Current Rate of Return		-3.78%
6			
7	Required Operating Income	$	99,906
8			
9	Required Rate of Return		6.81%
10			
11	Operating Income Deficiency	$	155,314
12			
13	Gross Revenue Conversion Factor		1.6447
14			
15	Increase in Gross Revenue		
16	Requirement	$	255,452

17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	$ 408,280	$ 610,622	$ 202,342	49.6%
22	Commercial	192,163	254,908	62,745	32.7%
23	Declining Usage Adjustment	(26,239)	(35,875)	(9,636)	36.7%
24					
25					
26					
27	Total Water Revenues	$ 574,204	$ 829,655	$ 255,451	44.5%
28					
29	Other Revenues	$ 4,990	$ 4,990	$ -	0.0%
30					
31	Total Revenues	$ 579,194	$ 834,645	$ 255,451	44.1%

32
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46 Supporting Schedules:
47 B-1 Rejoinder
48 C-1 Rejoinder
49 H-1 Rejoinder
50 \2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls

Tubac Water
Test Year Ended June 30, 2013
Summary of Fair Value Rate Base

Exhibit
Schedule B-1 Rejoinder
Page 1
Witness: Hubbard

Line No.			Original Cost Rate Base
1			
2	Gross Utility Plant in Service	$	6,381,120
3			
4	Less:		
5			
6	Accumulated Depreciation		1,932,115
7			
8	Net Utility Plant in Service	$	4,449,005
9			
10	Less:		
11			
12	Advances in Aid of Construction	$	1,952,127
13			
14	Contribution in Aid of Construction -		
15	Net of Amortization		1,030,362
16			
17	Customer Meter Deposits		517
18	Deferred Income Taxes & Credits		26,304
19	Investment Tax Credits		-
20			
21			
22	Plus:		
23	Deferred Debits		23,381
24	Working Capital Allowance		3,975
25	Utility Plant Acquisition Adjustment		-
26			
27			
28	Total Rate Base	$	1,467,051
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	Supporting Schedules:		
42	B-2 Rejoinder		
43	B-5 Rejoinder		
44	B-3		
45	E-1		
46			
47			
48			
49			
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls		

Recap Schedules:
A-1 Rejoinder

Tubac Water
Test Year Ended June 30, 2013
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Rejoinder
Page 1
Witness: Hubbard

Line No.		Company Rejoinder						
		[A] Rebuttal Adjusted End of Test Year	[B] ADJ SLH-4RJ Working Capital Adjustment	[C] ADJ SLH-5RJ Remove Arsenic Media	[D]	[E]	[F] Total Rejoinder Pro Forma Adjustments	[G] Rejoinder Adjusted End of Test Year
1	Gross Utility							
2	Plant in Service	$ 6,467,719		$ (86,599)			$ (86,599)	$ 6,381,120
3		-					-	-
4	**Less:**	-					-	-
5		-					-	-
6	Accumulated Depreciation	1,942,238		(10,123)			(10,123)	1,932,115
7								
8	Net Utility Plant							
9	in Service	$ 4,525,481	$ -	$ (76,476)			$ (76,476)	$ 4,449,005
10								
11	**Less:**							
12	Advances in Aid of							
13	Construction	1,952,127					-	1,952,127
14	Contributions in Aid of	-					-	-
15	Construction - Net	1,030,362					-	1,030,362
16		-					-	-
17		-					-	-
18	Customer Meter Deposits	517					-	517
19	Deferred Income Taxes	26,304					-	26,304
20	Investment Tax Credits	-					-	-
21	Regulatory Liabilities	-					-	-
22		-					-	-
23	**Plus:**	-					-	-
24	Deferred Debits	23,381					-	23,381
25	Working Capital Allowance	3,639	336				336	3,975
26	Utility Plant Acquisition Adjustment	-					-	-
27								
28	Total	$ 1,543,191	$ 336	$ (76,476)	$ -	$ -	$ (76,140)	$ 1,467,051
29								
30	Supporting Schedules:							
31	B-3, B-5 Revised							
32	E-1							
33								
34								
35	\2013 Tubac Water Sch. A-F Rejoinder (							

Line No.

1 **Remove Arsenic Media**

2

3 In the Tuba ACRM Step 1 proceeding $86,599 of media costs were disallowed, but they were not
4 removed from Account 320200. This adjustment reclassifies the engineering overhead and associated
5 accumulated depreciation allocated to Account 320200 to Account 320100 and adjusts the accumulated
6 depreciation account for the impacts of the reallocations and media removal.

7

		Plant in Service	Accumulated Depreciation	Proposed Depreciation Rates	Depreciation Expense
320100	Water Treatment Equipment Non-Media	162,716	25,030	5.0%	8,136
320200	WT Equip Filter Media	(249,315)	(35,153)	10.0%	(24,932)
	Increase or Decrease in Plant in Service	(86,599)			
	Increase / Decrease Accumulated Depreciation		(10,123)		
	Increase / Decrease in Rate Base				(76,476)
	Increase / Decrease in Depreciation Expense				(16,796)
	Increase / Decrease in Revenue / Expense				(16,796)

Workpapers and Supporting Documents
\Tubac Vessel and Media Assets.xlsx

\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls

Tubac Water
Test Year Ended June 30, 2013
Computation of Working Capital Allowance
Rate Base Adjustment SLH-1RJ

Exhibit
Schedule B-5 Rejoinder
Page 1
Witness: Hubbard

Line No.			
1			
2	Cash Working Capital Requirement	$	(878)
3	Required Bank Balances[1]		-
4	Material and Supplies Inventories[1]		-
5	Prepayments[1]		4,853
6			
7	Total Working Capital Allowance	$	3,975
8			
9	Less Company amount in Rebuttal Filing	$	3,639
10			
11	Increase / (Decrease) to Working Capital Allowance	$	336
12			
13			
14	Increase / (Decrease) to Rate Base	$	336
15			
16			
17			
18			
19	[1] Calculated using thirteen-month averages.		
20			
21			
22			
23			
24			
25			
26			
27			
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39			
40			
41			
42			
43	Supporting Schedules:	Recap Schedules:	
44	E-1	B-1 Rejoinder	
45			
46	Workpapers & Supporting Documents		
47	\ #9 B - Materials and Supplies Prepayments & Deferred Cost.xlsx		
48	\ Lead-Lag Workpapers		
49			
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls		

Tubac Water
Test Year Ended June 30, 2013
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-6 Rejoinder
Page 1
Witness: Hubbard

Line No.	Description	Test Year Adjusted Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead/ Lag Factor	Cash Working Capital Required
	[a]	[b]	[c]	[d]	[e] = [c] - [d]	[f] = [e] / 365	[g] = [b] x [f]
1	OPERATING EXPENSES						
2	Labor	$ 178,605	41.01	30.633	10.377	0.028	$ 5,078
3	Purchased Water	-	41.01	-	41.010	0.112	-
4	Fuel & Power	33,324	41.01	47.613	(6.603)	(0.018)	(603)
5	Chemicals	48,889	41.01	-	41.010	0.112	5,493
6	Waste Disposal	811	41.01	71.838	(30.828)	(0.084)	(68)
7	Intercompany Support Services	95	41.01	30.417	10.593	0.029	3
8	Corporate Allocation	32,313	41.01	30.420	10.590	0.029	938
9	Outside Services	26,538	41.01	33.772	7.238	0.020	526
10	Group Insurance	38,163	41.01	(10.716)	51.726	0.142	5,408
11	Regulatory Expense	7,261	41.01	(48.646)	89.656	0.246	1,784
12	Insurance Other Than Group	12,198	41.01	64.818	(23.808)	(0.065)	(796)
13	Customer Accounting	22,586	41.01	49.829	(8.819)	(0.024)	(546)
14	Rents	7,566	41.01	16.959	24.051	0.066	499
15	General Office Expense	25,712	41.01	33.084	7.926	0.022	558
16	Miscellaneous	6,593	41.01	25.186	15.824	0.043	286
17	Maintenance Expense	38,435	41.01	51.053	(10.043)	(0.028)	(1,058)
18							
19							
20	TAXES						
21	Property Taxes	$ 34,953	41.01	213.250	(172.240)	(0.472)	$ (16,494)
22	Taxes - Payroll	13,897	41.01	26.402	14.608	0.040	556
23	Taxes -Other	2,260	41.01	(135.814)	176.824	0.484	1,095
24	Income Tax	38,060	41.01	41.750	(0.740)	(0.002)	(77)
25							
26	Interest	$ 37,703	41.01	74.500	(33.490)	(0.092)	$ (3,459)
27							
28							
29							
30							
31	WORKING CASH REQUIREMENT	$ 605,962					$ (878)
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43	Supporting Schedules:		Recap Schedules:				
44	C-1 Rejoinder		B-5 Rejoinder				
45							
46	Workpapers & Supporting Documents						
47							
48							
49							
50	\2013 Paradise Valley Water Sch. A-F.xls						

Tubac Water
Test Year Ended June 30, 2013
Adjusted Test Year Income Statement

Exhibit
Schedule C-1 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Rebuttal Results	[B] Total Pro Forma Adjustments	[C] Test Year Rejoinder Results	[D] Proposed Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Water Revenues	$ 574,204	$ -	$ 574,204	$ 255,452	$ 829,656
3	Other Revenues	4,990	-	4,990	-	4,990
4		$ 579,194	$ -	$ 579,194	$ 255,452	$ 834,646
5						
6	**Operating Expenses**					
7	Labor	$ 178,805	$ (200)	$ 178,605	$ -	$ 178,605
8	Purchased Water	-	-	-	-	-
9	Fuel & Power	33,324	-	33,324	-	33,324
10	Chemicals	48,078	811	48,889	-	48,889
11	Waste Disposal	811	-	811	-	811
12	Intercompany Support Services	95	-	95	-	95
13	Corporate Allocation	32,313	-	32,313	-	32,313
14	Outside Services	26,870	(332)	26,538	-	26,538
15	Group Insurance	37,821	(88)	37,733	-	37,733
16	Pensions	430	-	430	-	430
17	Regulatory Expense	7,261	-	7,261	-	7,261
18	Insurance Other Than Group	12,198	-	12,198	-	12,198
19	Customer Accounting	21,926	-	21,926	660	22,586
20	Rents	7,566	-	7,566	-	7,566
21	General Office Expense	25,761	(49)	25,712	-	25,712
22	Miscellaneous	6,593	-	6,593	-	6,593
23	Maintenance Expense	38,435	(0)	38,435	-	38,435
24	Depreciation & Amortization	166,481	-	166,481	-	166,481
25	General Taxes-Property	30,506	(0)	30,506	4,447	34,953
26	General Taxes-Other	16,157	-	16,157	-	16,157
27	Income Taxes	(57,660)	689	(56,971)	95,031	38,060
28						
29	**Total Operating Expenses**	$ 633,771	$ 831	$ 634,601	$ 100,138	$ 734,739
30	**Utility Operating Income**	$ (54,577)	$ (831)	$ (55,408)	$ 155,314	$ 99,906
31	**Other Income & Deductions**					
32	Other Income & Deductions	$ -	$ -	$ -	$ -	$ -
33	Interest Expense	39,660	(1,957)	37,703	-	37,703
34	Other Expense	-	-	-	-	-
35	Gain/Loss Sale of Fixed Assets	-	-	-	-	-
36	**Total Other Income & Deductions**	$ (39,660)	$ 1,957	$ (37,703)	$ -	$ (37,703)
37	**Net Profit (Loss)**	$ (94,237)	$ 1,126	$ (93,111)	$ 155,314	$ 62,203
38						
39						
40						
41						
42						
43						
44	Supporting Schedules:					Recap Schedules:
45	E-2 Revised					A-1 Rejoinder
46	C-2 Rejoinder					
47						
48						
49						
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls					

Tubac Water
Test Year Ended June 30, 2013
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rejoinder
Page 1
Witness: Murrey

Line No.		[A] Test Year Adjusted Rebuttal Results	[B] ADJ SM-1RJ Property Tax (Page 2)	[C] ADJ SM-2RJ Federal and State Income Tax (Page 3)	[D] ADJ SM-3RJ Interest Synchronization (Page 4)	[E] ADJ SM-4RJ Remove Acquisition Costs (Page 5)	[F] ADJ SM-6RJ Update Chemical Expense (Page 6)	[G] ADJ SLH-7RJ Adj Depreciation for Removal of Arsenic Media	[H] Total Pro Forma Adjustments	[I] Test Year Adjusted Rejoinder Results	[J] Proposed Rate Increase	[K] Adjusted with Rate Increase
						COMPANY REJOINDER						
1	**Revenues**											
2	Water Revenues	$ 574,204							$ -	$ 574,204	$ 255,452	$ 829,656
3	Other Revenues	4,990							-	4,990		4,990
4		$ 579,194	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 579,194	$ 255,452	$ 834,646
5												
6	**Operating Expenses**											
7	Labor	$ 178,805				$ (200)			$ (200)	$ 178,605		$ 178,605
8	Purchased Water	-							-	-		-
9	Fuel & Power	33,324							-	33,324		33,324
10	Chemicals	48,078					811		811	48,889		48,889
11	Waste Disposal	811							-	811		811
12	Intercompany Support Services	95							-	95		95
13	Corporate Allocation	32,313							-	32,313		32,313
14	Outside Services	26,870				(332)			(332)	26,538		26,538
15	Group Insurance	37,821				(88)			(88)	37,733		37,733
16	Pensions	430							-	430		430
17	Regulatory Expense	7,261							-	7,261		7,261
18	Insurance Other Than Group	12,198							-	12,198		12,198
19	Customer Accounting	21,926							-	21,926	660	22,586
20	Rents	7,566							-	7,566		7,566
21	General Office Expense	25,761				(49)			(49)	25,712		25,712
22	Miscellaneous	6,593							-	6,593		6,593
23	Maintenance Expense	38,435				(0)			(0)	38,435		38,435
24	Depreciation & Amortization	183,277						(16,796)	(16,796)	166,481		166,481
25	General Taxes-Property	30,506	(0)						(0)	30,506	4,447	34,953
26	General Taxes-Other	16,157							-	16,157		16,157
27	Income Taxes	(64,034)		7,063					7,063	(56,971)	95,031	38,060
28												
29	**Total Operating Expenses**	$ 644,192	$ (0)	$ 7,063	$ -	$ (669)	$ 811	$ (16,796)	$ (9,591)	$ 634,601	$ 100,138	$ 734,739
30	**Utility Operating Income**	$ (64,998)	$ 0	$ (7,063)	$ -	$ 669	$ (811)	$ 16,796	$ 9,591	$ (55,408)	$ 155,314	$ 99,906
31	**Other Income & Deductions**											
32	Other Income & Deductions	$ -							$ -	$ -		$ -
33	Interest Expense	39,656			(1,953)				(1,953)	37,703		37,703
34	Other Expense	-							-	-		-
35	Gain/Loss Sale of Fixed Assets	-								-		-
36	**Total Other Income & Deductions**	$ (39,656)	$ -	$ -	$ 1,953	$ -	$ -	$ -	$ 1,953	$ (37,703)	$ -	$ (37,703)
37	**Net Profit (Loss)**	$ (104,655)	$ 0	$ (7,063)	$ 1,953	$ 669	$ (811)	$ 16,796	$ 11,544	$ (93,111)	$ 155,314	$ 62,203
38												
39												
40												
41												
42												
43												
44	Supporting Schedules:											
45	E-6											
46	Workpapers & Supporting Documents:											
47	\2013 Tubac Water Sch. A-F Rejoinder (O											
48												

Recap Schedules:
C-1 Rejoinder

Tubac Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-1RJ

Exhibit
Schedule C-2 Rejoinder
Page 2
Witness: Murrey

Line No.		[A]	[B]
1		Property Tax Expense	Property Tax Expense
2	Adjust Property Taxes to Reflect Proposed Revenues:		For Conversion Factor
3			
4	Adjusted Revenues in Year Ended June 2013	$ 579,194	$ 579,194
5	Adjusted Revenues in Year Ended June 2013	579,194	579,194
6	Proposed Revenues	579,194	834,646
7	Average of Three Year's of Revenue	$ 579,194	$ 664,344
8	Average of Three Year's of Revenue, times 2	$1,158,387	$1,328,689
9	Add:		
10	Construction Work in Progress at 10%	9,880	9,880
11	Deduct:		
12	Net Book Value of Transportation Equipment	$ -	$ -
13			
14	Full Cash Value	$ 1,168,268	$ 1,338,569
15	Assessment Ratio (For 2015 per HB 2001 Sec 42-15001)	18.5%	18.5%
16	Assessed Value	$ 216,130	$ 247,635
17	Property Tax Rate	14.11%	14.11%
18			
19	Property Tax	30,506	34,953
20	Tax on Parcels	-	-
21			
22	Adjusted Test Year Property Taxes at Present Rates (Line 19+Line 20, Col [A])	$ 30,506	
23	Adjusted Test Year Property Taxes, Rebuttal	30,506	
24	Adjustment to Revenue and/or Expense (To Sch C-2 Rejoinder, Col [BO])	$ (0)	
25			
26	Adjusted Test Year Property Taxes at Proposed Rates (Line 19+Line 20, Col [B])		$ 34,953
27	Adjusted Test Year Property Taxes at Present Rates (Line 22, Col [A])		30,506
28	Additional Property Taxes on Proposed Revenues (To Sch C-2 Rejoinder)		$ 4,447
29			
30			
31			
32	CALCULATION OF PROPERTY TAX FACTOR TO COMPUTE GROSS REVENUE CONVERSION FACTOR (SCH C-3 REJOINDER):		
33			
34	Increase in Property Tax Due to Increase in Revenue Requirement (Line 28, Col [B])		$ 4,447
35			
36	Increase in Revenue Requirement (From Sch. A1 Rejoinder)		$ 255,452
37			
38	Increase in Property Tax Per Dollar Increase in Revenue (Line 34/Line 36)		1.74%
39			
40			
41			
42			
43			
44	Workpapers & Supporting Documents:		
45			
46			
47			
48			
49			
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls		

Tubac Water
Test Year Ended June 30, 2013
Income Statement Rejoinder Adjustment SM-2RJ

Exhibit
Schedule C-2 Rejoinder
Page 3
Witness: Murrey

Line No.				Test Year Adjusted Results		Adjusted with Rate Increase
1						
2	Calculation of Income Taxes at Proposed Rates					
3						
4						
5	Operating Income Before Inc. Taxes		$	(112,379)	$	137,966
6	Interest Expense			37,703		37,703
7	Arizona Taxable Income		$	(150,082)	$	100,263
8						
9	Less Arizona Income Tax		$	(9,005)	$	6,016
10	Arizona Income Tax Rate =	6.00%				
11						
12	Federal Income Before Taxes		$	(150,082)	$	100,263
13	Less Arizona Income Taxes			(9,005)		6,016
14	Federal Taxable Income		$	(141,077)	$	94,247
15						
16	FEDERAL INCOME TAXES:					
17						
18						
19						
20						
21						
22						
23	Federal Income Taxes	34.00%	$	(47,966)	$	32,044
24						
25						
26	Total Income Tax		$	(56,971)	$	38,060
27						
28	Tax Rate			37.96%		37.96%
29						
30	Effective Income Tax Rates					
31	State			6.000%		6.000%
32	Federal			31.96%		31.96%
33						
34						
35	Adjusted Test Year Income Taxes		$	(57,660)		
36	Increase in Income Taxes, Rejoinder		$	689		
37						
38	Rejoinder Adjustment to Revenues and/or Expense		$	689		
39						
40	Test Year Income Taxes, Rebuttal				$	(56,971)
41	Increase in Income Taxes					95,031
42						
43	Rejoinder Adjustment to Revenue and/or Expense				$	95,031
44						
45						
46	Workpapers & Supporting Documents:					
47						
48						
49						
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls					

Line No.			
1	**Interest Synchronization**		
2			
3			
4	Interest Synchronization with Rate Base		
5			
6	Original Cost Rate Base (Sch. B-1 Rejoinder, Ln. 28)		$ 1,467,051
7	Weighted Cost of Debt from Schedule D-1 Rejoinder		2.57%
8	Synchronized Interest Expense		$ 37,703
9			
10	Test Year Interest Expense	$ 39,660	
11			
12	Adjusted Test Year Interest Expense		$ 39,660
13			
14	Increase/(Decrease) in Interest Expense		$ (1,957)
15			
16	Rejoinder Adjustment to Revenue and/or Expense		$ (1,957)
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
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43			
44			
45			
46			
47	Workpapers & Supporting Documents:		
48			
49			
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls		

Line No.

1 **Remove Acquisition Costs**

2 The Company is removing charges related to the acquisition costs as identified in DR RUCO 30.10 (d).

5 District Four Factor =
6 0.00792

	Category	Account		Acquistion Costs	District Allocation
9	Labor	5223	Salary-Inter Dept. Operating	$ 25,216	$ 200
10	Outside Services	5227	Consulting Engineering	10,365	82
11	Outside Services	5681	Legal Fees	16,526	131
12	Outside Services	5250	Contractors and Consultants	15,011	119
13	Group Insurance	5233	Salary Transfers - Burdens	11,095	88
14	General Office Expense	5630	Parking	78	1
15	General Office Expense	5631	Vehicle Allowance	497	4
16	General Office Expense	5650	Airfare	3,360	27
17	General Office Expense	5651	Accommodation, Other Travel	1,469	12
18	General Office Expense	5652	Meals/Entertainment	781	6
19	Maintenance Expense	5633	Vehicle Fuel	62	0
20				$ 84,461	$ 669

24 Rejoinder Adjustment to Revenue and/or Expense $ (669)

46 Workpapers & Supporting Documents:

49 \2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls

Line No.

1 **Update Chemical Expense**

2 The Company is updating chemical expense to address an error made in the calculation in Adj SM-31. In determining the pro forma adjustment, Adj SM-31 removed
3 $811 of test year water disposal expense in error. This pro forma is adjusting for that difference.

	Company Rebuttal	Company Rejoinder	Rejoinder Adjustment
14 Test Year Chemical Expense	$ 3,030	$ 3,030	$ -
15 Adj SM-3 Year End Annualization	(37)	(37)	-
16 Adj SM-19 Declining Usage	(105)	(105)	-
17 Adj SM-31 Amortize Media Replacement	(811)	-	811
18 Adj SM-31 Amortize Media Replacement	46,000	46,000	-
19 Adj SM-31 Amortize Media Replacement	50,856	50,856	-
20 Test Year Adjusted Results	98,934	99,745	811
22 Adj SM -7R Chemical Expense	$ (50,856)	(50,856)	-
23	$ 48,078	$ 48,889	$ 811
27 Rejoinder Adjustment to Revenue/Expense			$ 811

46 Workpapers & Supporting Documents:

49 \2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls

Tubac Water
Test Year Ended June 30, 2013
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3 Rejoinder
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.96%
2						
3	State Income Taxes					6.00%
4				Combined	37.96%	
5	Property Taxes	Effective Rate =	1.74%	One Minus Combined	62.04%	1.08%
6						
7	Bad Debt Expense	Effective Rate =	0.26%	One Minus Combined	62.04%	0.16%
8						
9	Total Tax Percentage					39.20%
10						
11	Operating Income % = 100% - Tax Percentage					60.80%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16	Operating Income %					1.6447
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
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39						
40						
41						
42						
43	Supporting Schedules:					Recap Schedules:
44						A-1 Rejoinder
45						
46						
47						
48						
49	\June 2013 Rolling 12 Months by BU.xlsx					
50	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls					

Tubac Water
Test Year Ended June 30, 2010
Summary of Cost of Capital
Total Company - EPCOR Water Arizona

Exhibit
Schedule D-1 Rejoinder
Page 1
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 231,761,134	58.55%	4.29%	2.51%	$ 231,761,134	59.84%	4.29%	2.57%
2									
3	Short-Term Debt	$ 8,560,000	2.16%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 155,533,624	39.29%	10.55%	4.15%	$ 155,533,624	40.16%	10.55%	4.24%
6									
7	Totals	$ 395,854,758	100.00%		6.67%	$ 387,294,758	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls								

Tubac Water
Test Year Ended June 30, 2010
Summary of Cost of Capital
Total Company - EPCOR Water Arizona
District Level - Tubac Water - Proposed

Exhibit
Schedule D-1 Rejoinder
Page 2
Witness: Hubbard

		End of Test Year				End of Projected Year			
Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	$ 858,915	58.55%	4.29%	2.51%	$ 877,898	59.84%	4.29%	2.57%
2									
3	Short-Term Debt	$ 31,724	2.16%	0.31%	0.01%	$ -	0.00%	0.31%	0.00%
4									
5	Stockholder's Equity	$ 576,413	39.29%	10.55%	4.15%	$ 589,153	40.16%	10.55%	4.24%
6									
7	Totals	$ 1,467,051	100.00%		6.67%	$ 1,467,051	100.00%		6.81%
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30	Supporting Schedules:		Recap Schedules:						
31	D-2 Rejoinder		A-1 Rejoinder						
32									
33									
34									
35	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls								

Tubac Water
Test Year Ended June 30, 2010
Cost of Long Term Debt
Test Year - - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 1
Witness: Hubbard

At Parent Level

Line No.		End of Test Year Amount Outstanding	End of Test Year Annual Cost	End of Test Year Interest Rate	End of Projected Year Amount Outstanding	End of Projected Year Annual Cost	End of Projected Year Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	133,000,000	5,004,790	3.77%	133,000,000	5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4	WIFA loan	761,134	29,973	3.94%	761,134	29,973	3.94%
5							
6	Totals	$ 231,761,134	$ 9,942,276	4.29%	$ 231,761,134	$ 9,942,276	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	S-T Debt from EPCOR Utilities, Inc	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls						

Tubac Water
Test Year Ended June 30, 2013
Cost of Long Term Debt
Test Year - Tubac Water - Proposed

Exhibit
Schedule D-2 Rejoinder
Page 2
Witness: Hubbard

Line No.		End of Test Year Amount Outstanding	End of Test Year Annual Cost	End of Test Year Interest Rate	End of Projected Year Amount Outstanding	End of Projected Year Annual Cost	End of Projected Year Interest Rate
1	Long-Term Debt						
2	10-Year EPCOR Water USA Note	$ 133,000,000	$ 5,004,790	3.77%	$ 133,000,000	$ 5,004,790	3.77%
3	30-Year EPCOR Water USA Note	98,000,000	4,907,513	5.02%	98,000,000	4,907,513	5.02%
4							
5							
6	Totals	$ 231,000,000	$ 9,912,303	4.29%	$ 231,000,000	$ 9,912,303	4.29%
7							
8							
9	Common Equity						
10	Common Stock	$ 522,880			$ 522,880		
11	Paid in Capital	184,882,920			184,882,920		
12	Retained Earnings	(29,872,177)			(29,872,177)		
13		$ 155,533,624		10.55%	$ 155,533,624		10.55%
14							
15							
16							
17	Short-Term Debt						
18	Intercompany Payable	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
19							
20							
21	Totals	$ 8,560,000	$ 26,536	0.31%	$ 8,560,000	$ 26,536	0.31%
22							
23							
24							
25	Supporting Schedules:		Recap Schedules:				
26	E-1		D-1 Rejoinder				
27							
28							
29	\EUSA TB By BU_131101_Sch E.xlsx						
30	\2013 Tubac Water Sch. A-F Rejoinder (OCT2014 Direct).xls						

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Present Rates by Class

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial
1	Water Revenues	$ 600,443	$ 408,280	$ 192,163
2	Fire Service Revenues	-	-	-
3	Revenue Annualizations	(4,914)	(3)	(4,911)
4	Declining Usage	(20,841)	(14,288)	(6,553)
5	Misc. Revenues[1]	4,990	4,268	722
6	Reconciliation H-1 to C-1[1]	(484)	(414)	(70)
7	Total Revenues	$ 579,194	$ 397,843	$ 181,351
8				
9	Operating Expenses[2]	$ 494,585	$ 395,423	$ 99,162
10	Depreciation and			
11	Amortization[2]	166,481	131,205	35,277
12	Property Tax[3]	30,506	20,954	9,552
13	Income Tax[4]	(56,971)	(67,809)	10,838
14	Total Operating Expenses	$ 634,602	$ 479,773	$ 154,828
15	Operating Income	$ (55,407)	$ (81,930)	$ 26,523
16	Interest Expense[5]	37,703	28,893	8,810
17	Net Income	$ (93,111)	$ (110,823)	$ 17,713
18	Rate Base[6]	$ 1,467,051	$ 1,124,260	$ 342,792
19	Return on Rate Base[7]	-3.78%	-7.29%	7.74%
20				
21	**Percent of Total Customers**		85.53%	14.47%
22				
23				
24				
25				
26				
27				
28	[1] Allocated based on customer counts.			
29	[2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.			
30	[3] Property Taxes allocation based on Revenues.			
31	[4] Income Tax from Schedule C-1, at present rates. Income Taxes allocated based on taxable income.			
32	[5] Interest Synchronized Interest Expense. Allocation based on Rate Base			
33	[6] Rate Base computations are shown on Schedule G-3, Page 1			
34	[7] Operating Income Divided by Rate Base			
35				
36				

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Returns at Proposed Rates by Class

Rejoinder Schedule G-2
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial
1	Water Revenues	$ 865,530	$ 610,622	$ 254,908
2	Fire Service Revenues	-	-	-
3	Revenue Annualizations	(6,506)	(11)	(6,495)
4	Declining Usage	(30,062)	(25,712)	(4,350)
5	Misc. Revenues[1]	4,990	4,268	722
6	Reconciliation H-1 to C-1[1]	693	593	100
7	Total Revenues	$ 834,645	$ 589,760	$ 244,885
8				
9	Operating Expenses[2]	$ 495,246	$ 395,988	$ 99,258
10	Depreciation and			
11	Amortization[2]	166,481	131,205	35,277
12	Property Tax[3]	34,953	24,698	10,255
13	Income Tax[4]	38,060	3,407	34,652
14	Total Operating Expenses	$ 734,740	$ 555,298	$ 179,442
15	Operating Income	$ 99,905	$ 34,462	$ 65,443
16	Interest Expense[5]	37,703	28,893	8,810
17	Net Income	$ 62,202	$ 5,569	$ 56,633
18	Rate Base[6]	$ 1,467,051	$ 1,124,260	$ 342,792
19	Return on Rate Base[7]	6.81%	3.07%	19.09%
20				
21	**Percent of Total Customers**		85.53%	14.47%
22				
23	**Indicated Monthly Minimums and Single-Tier Commody Rates for 5/8x3/4 Inch Meter**			
24		Sched. G-8, pg 4A	Sched. G-8, pg 4B	Sched. G-8, pg 4C
25		All Classes	Residential	Commercial
26	Monthly Minimums	**$ 40.44**	$ 43.18	$ 33.47
27	Single-Tier Commodity Rate	**$ 5.897**	$ 6.110	$ 5.344
28				
29				

30 [1] Allocated based on customer counts.
31 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 2.
32 [3] Property Taxes allocation based on Revenues
33 [4] Income Tax from Schedule C-1, at proposed rates. Income Taxes allocated based on taxable income
34 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
35 [6] Rate Base computations are shown on Schedule G-3, Page 1
36 [7] Operating Income Divided by Rate Base
37

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	Residential	Commercial
1				
2				
3				
4	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Sche			
5	Commodity	$ 150,329	$ 108,484	$ 41,845
6	Demand	630,499	510,371	120,127
7	Customer	86,157	73,690	12,467
8	Service	447,176	303,965	143,211
9	Meter	152,892	127,750	25,142
10	Total	$ 1,467,052	$ 1,124,260	$ 342,792
11				
12				
13				
14	**Summary**			
15	Net Rate Base	$ 1,467,052	$ 1,124,260	$ 342,792
16	% of Net Rate Base	100.00%	76.63%	23.37%
17				
18				
19				
20				

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Present Rates

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.		Adjusted Per C-1	Residential	Commercial	Totals
	Operation and Maintenance Expense (from Schedule G-6, Page 1)				
1	Commodity	$ 148,821	$ 107,396	$ 41,425	$ 148,821
2	Demand	168,140	136,105	32,035	168,140
3	Customer	177,624	151,922	25,702	177,624
4	Service	-	-	-	-
5	Meter	-	-	-	-
6	Totals	$ 494,585	$ 395,423	$ 99,162	$ 494,585
7					
8	Depreciaton Expense on Plant (from Schedule G-6, Page 2)				
9	Commodity	24,749	$ 17,860	$ 6,889	$ 24,749
10	Demand	105,570	85,456	20,114	105,570
11	Customer	3,984	3,408	577	3,984
12	Service	15,439	10,494	4,944	15,439
13	Meter	16,739	13,987	2,753	16,739
14	Totals	$ 166,481	$ 131,205	$ 35,277	$ 166,481
15					
16	Operation and Maintenance Expense and Depreciation Expense				
17	Commodity	$ 173,570	$ 125,256	$ 48,314	$ 173,570
18	Demand	273,710	221,561	52,149	273,710
19	Customer	181,608	155,330	26,278	181,608
20	Service	15,439	10,494	4,944	15,439
21	Meter	16,739	13,987	2,753	16,739
22	Total	$ 661,067	$ 526,628	$ 134,439	$ 661,067
23					
24	Total Expenses (excluding Income Tax and				
25	Property Taxes)	$ 661,067	$ 526,628	$ 134,439	$ 661,067
26					
27	Property Taxes, Allocated on Schedules G-1 & G-2	$ 30,506			
28	Income Tax, Allocated on Schedules G-1 & G-2	(56,971)			
29	Total Expenses	**$ 634,602**			
30					

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes - Proposed Rates

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		At Proposed C-1	Residential	Commercial	Totals
1					
2	Operation and Maintenance Expense (from Schedule G-6, Page 1)				
3	Commodity	$ 148,821	$ 107,396	$ 41,425	$ 148,821
4	Demand	168,140	136,105	32,035	168,140
5	Customer	178,284	152,487	25,797	178,284
6	Service	-	-	-	-
7	Meter	-	-	-	-
8	Totals	$ 495,246	$ 395,988	$ 99,258	$ 495,246
9					
10	Depreciaton Expense on Plant (from Schedule G-6, Page 3.2)				
11	Commodity	$ 24,749	$ 17,860	$ 6,889	$ 24,749
12	Demand	105,570	85,456	20,114	105,570
13	Customer	3,984	3,408	577	3,984
14	Service	15,439	10,494	4,944	15,439
15	Meter	16,739	13,987	2,753	16,739
16	Totals	$ 166,481	$ 131,205	$ 35,277	$ 166,481
17					
18	Operation and Maintenance Expense and Depreciation Expense				
19	Commodity	$ 173,570	$ 125,256	$ 48,314	$ 173,570
20	Demand	273,710	221,561	52,149	273,710
21	Customer	182,269	155,895	26,374	182,269
22	Service	15,439	10,494	4,944	15,439
23	Meter	16,739	13,987	2,753	16,739
24	Total	$ 661,727	$ 527,193	$ 134,534	$ 661,727
25					
26	Total Expenses (excluding Income Tax and				
27	Property Taxes)	$ 661,727	$ 527,193	$ 134,534	$ 661,727
28					
29	Property Taxes, Allocated on Schedules G-1 & G-2	$ 34,953			
30	Income Tax, Allocated on Schedules G-1 & G-2	38,060			
31	Total Expenses	**$ 734,740**			
32					
33					
34					

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted Per B-2	Demand	Commodity	Customer	Meter	Service
1							
2	**Rate Base**						
3	Plant minus (Accumulated Depreciation	$ 1,467,052	$ 630,499	$ 150,329	$ 86,157	$ 152,892	$ 447,176
4	Contributions in Aid of Construction						
5	Advances in Aid of Construction,						
6	Meter Deposits and Deferred Income Tax)						
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							

Tubac Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 567	$ -	$ 567	F-1	459	108	-	-	-
3	302000	Franchises	2,030	-	2,030	F-1	1,644	386	-	-	-
4	303100	Other Intangible Plant	-	-	-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		$ 2,597	$ -	$ 2,597		$ 2,104	$ 493	$ -	$ -	$ -
6											
7	**Source of Supply & Pumping Plant**										
8	303200	Land and Land Rights - Supply	$ 61,190	$ -	$ 61,190	F-1	$ 49,564	$ 11,626	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	50	-	50	F-1	41	10	-	-	-
10	304100	Structures and Improvements - Supply	25,292	10,361	14,931	F-1	12,094	2,837	-	-	-
11	304200	Structures and Improvements - Pumping	14,608	11,543	3,065	F-1	2,483	582	-	-	-
12	305000	Collecting and Impounding Res.	-	-	-	F-1	-	-	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	-	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	236,074	148,925	87,149	F-1	70,591	16,558	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	-	-	F-1	-	-	-	-	-
16	309000	Supply Mains	-	-	-	F-1	-	-	-	-	-
17	310000	Power Generation Equipment	20,225	2,629	17,596	F-1	14,253	3,343	-	-	-
18	311000	Pumping Equipment - Steam	-	-	-	F-1	-	-	-	-	-
19	311200	Pumping Equipment - Electric	279,401	211,048	68,353	F-1	55,366	12,987	-	-	-
20	311300	Pumping Equipment - Diesel	879	569	310	F-1	251	59	-	-	-
21	311400	Pumping Equipment - Hydraulic	-	-	-	F-1	-	-	-	-	-
22	311500	Pumping Equipment - Other	403,824	135,138	268,686	F-1	217,635	51,050	-	-	-
23	311530	Pumping Equipment - Water Treatment	-	-	-	F-1	-	-	-	-	-
24	**Subtotal Source of Supply & Pumping Plant**		$ 1,041,543	$ 520,213	$ 521,330		$ 422,278	$ 99,053	$ -	$ -	$ -
25											
26	**Water Treatment**										
27	303400	Land and Land Rights - Treatment	$ 50	$ -	$ 50	F-1	$ 41	$ 10	$ -	$ -	$ -
28	304300	Structures and Improvements - Treatment	302	21	281	F-1	227	53	-	-	-
29	320000	Water Treatment Plant	-	-	-	F-1	-	-	-	-	-
30	320100	Water Treatment Equipment - Non-media	1,858,903	412,766	1,446,137	F-1	1,171,371	274,766	-	-	-
31	320200	*Water Treatment Equipment - Media*	(0)	35,609	(35,609)	F-1	(28,844)	(6,766)	-	-	-
32	**Subtotal Water Treatment**		$ 1,859,255	$ 448,397	$ 1,410,858		$ 1,142,795	$ 268,063	$ -	$ -	$ -
33											
34	**Transmission and Distribution Plant**										
35	303500	Land and Land Rights - T&D	$ 422	$ (117)	$ 539	F-1	$ 437	$ 102	$ -	$ -	$ -
36	304400	Structures and Improvements - T&D	156	109	47	F-1	38	9	-	-	-
37	330000	Distribution Reservoirs & Standpipes	210,840	58,259	152,581	F-1	123,591	28,990	-	-	-
38	330100	Elevated Tank & Standpipes	-	-	-	F-1	-	-	-	-	-
39	330200	Ground Level Tanks	-	-	-	F-1	-	-	-	-	-
40	330300	Below Ground Tanks	-	-	-	F-1	-	-	-	-	-
41	331001	T&D Mains Not Classified	364,469	62,042	302,427	F-1	244,966	57,461	-	-	-
42	331100	T&D Mains 4in & less	886,119	410,163	475,956	F-1	385,524	90,432	-	-	-
43	331200	T&D Mains 6in to 8in	896,807	95,922	800,885	F-1	648,717	152,168	-	-	-
44	331300	T&D Mains 10in to 16in	37,161	3,971	33,189	F-1	26,883	6,306	-	-	-
45	331400	TD Mains 18in & Grtr	-	-	-	F-1	-	-	-	-	-
46	332000	Fire Mains	-	-	-	F-2	-	-	-	-	-

Tubac Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	333000	Services	$ 617,549	$ 170,114	$ 447,435	F-3	$ -	$ -	$ -	$ -	$ 447,435
2	334100	Meters	194,259	59,958	134,301	F-4	-	-	-	134,301	-
3	334200	Meter Installations	22,040	3,190	18,850	F-4	-	-	-	18,850	-
4	334300	Meter Vaults	-	-	-	F-4	-	-	-	-	-
5	335000	Hydrants	136,093	18,802	117,292	F-5	-	-	117,292	-	-
6	336000	Backflow Prevention Devices	-	-	-	F-1	-	-	-	-	-
7	339100	Other P/E-Intangible	-	-	-	F-1	-	-	-	-	-
8	339200	Other P/E-Supply	-	-	-	F-1	-	-	-	-	-
9	339500	Other P/E-TD	-	-	-	F-1	-	-	-	-	-
10	339600	Other P/E-CPS	461	8	453	F-1	367	86	-	-	-
11	**Subtotal Transmission and Distribution Plant**		$ 3,366,376	$ 882,421	$ 2,483,955		$ 1,430,524	$ 335,555	$ 117,292	$ 153,150	$ 447,435
12											
13	**General Plant**										
14	303600	Land and Land Rights	$ 2,755	$ -	$ 2,755	F-1	$ 2,232	$ 523	$ -	$ -	$ -
15	304500	Structures and Improvements - General	-	-	-	F-1	-	-	-	-	-
16	304600	Structures and Improvements - Offices	498	211	287	F-1	232	54	-	-	-
17	304620	Structures and Improvements - Leasehold	-	-	-	F-1	-	-	-	-	-
18	304700	Structures and Improvements - Sore,Shop,(	44,598	2,640	41,959	F-1	33,986	7,972	-	-	-
19	304800	Structures and Improvements - General	-	-	-	F-1	-	-	-	-	-
20	340100	Office Furniture & Equipment	5,453	2,546	2,907	F-6	727	-	2,180	-	-
21	340200	Computers & Software	1,336	5,104	(3,769)	F-6	(942)	-	(2,826)	-	-
22	340300	Computer Software	-	-	-	F-6	-	-	-	-	-
23	340310	Computer Software Mainframe	-	-	-	F-6	-	-	-	-	-
24	340325	Computer Software Customized	-	-	-	F-6	-	-	-	-	-
25	340330	Computer Software Other	-	-	-	F-6	-	-	-	-	-
26	340500	Other Office Equipment	-	-	-	F-6	-	-	-	-	-
27	341100	Transportation Equip Light Duty Truks	17,166	59,578	(42,412)	F-6	(10,603)	-	(31,809)	-	-
28	341200	Transportation Equip Heavy Duty Truks	-	-	-	F-6	-	-	-	-	-
29	341300	Transportation Equipment Autos	-	-	-	F-6	-	-	-	-	-
30	341400	Transportation Equipment Other	-	-	-	F-6	-	-	-	-	-
31	342000	Stores Equipment	0	(1,760)	1,761	F-6	440	-	1,320	-	-
32	343000	Tools and Work Equipment	22,179	5,510	16,669	F-1	13,502	3,167	-	-	-
33	344000	Laboratory Equipment	-	-	-	F-1	-	-	-	-	-
34	345000	Power Operated Equipment	-	-	-	F-1	-	-	-	-	-
35	346100	Communication Equipment Non-Telephone	1,932	1,570	362	F-1	293	69	-	-	-
36	346190	Remote Control & Instrument	-	-	-	F-1	-	-	-	-	-
37	346200	Communication Equipment Telephone	-	-	-	F-1	-	-	-	-	-
38	346300	Communication Equipment Other	659	508	151	F-1	122	29	-	-	-
39	347000	Tools and Work Equipment	-	-	-	F-1	-	-	-	-	-
40	348000	Laboratory Equipment	-	-	-	F-1	-	-	-	-	-
41	**Subtotal General Plant**		$ 96,576	$ 75,907	$ 20,669		$ 39,989	$ 11,815	$ (31,135)	$ -	$ -
42	**Total Direct Plant**		$ 6,366,348	$ 1,926,938	$ 4,439,410		$ 3,037,689	$ 714,979	$ 86,157	$ 153,150	$ 447,435
43											
44											
45											

Tubac Water District
Test Year Ended June 30, 2013
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.3
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1											
2											
3											
4											
5	**Allocated General Plant**										
6	399000	Allocated Corporate General Plant	14,772	4,770	10,002	F-1	8,102	1,900	-	-	-
7	399000	Reconcilation to PIS Balance	-	406	(406)	F-1	(329)	(77)	-	-	-
8	**Subtotal General Plant**		$ 14,772	$ 5,176	$ 9,596		$ 7,773	$ 1,823	$ -	$ -	$ -
9	Total Plant		$ 6,381,120	$ 1,932,114	$ 4,449,007		$ 3,045,463	$ 716,802	$ 86,157	$ 153,150	$ 447,435
10											
11	Contributions in Aid of Construction		(1,076,185)	45,823	(1,030,362)	F-1	(834,593)	(195,769)	-	-	-
12	Advances in Aid of Construction		(1,952,127)		(1,952,127)	F-1	(1,581,223)	(370,904)	-	-	-
13	Meter Deposits		(517)		(517)	F-7	-	-	-	(259)	(259)
14	Deferred Income Tax		(26,304)		(26,304)	F-1	(21,306)	(4,998)	-	-	-
15	Working Capital		3,975		3,975	F-1	3,220	755	-	-	-
16	Deferred Reg Assets		23,381		23,381	F-1	18,939	4,442	-	-	-
17					-						
18	Rounding		(1)		(1)						
19	Totals		$ 3,353,342	$ 1,977,937	$ 1,467,051		$ 630,499	$ 150,329	$ 86,157	$ 152,892	$ 447,176
20	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 1,467,051		$ 630,499	$ 150,329	$ 86,157	$ 152,892	$ 447,176
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22											
23											
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Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Present Rates

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description	Adjusted per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 178,605	$ 71,442	$ 35,721	$ 71,442	$ -	$ -	$ 178,605
2	Purchased Water	-	-	-	-	-	-	-
3	Fuel & Power	33,324	-	33,324	-	-	-	33,324
4	Chemicals	48,889	-	48,889	-	-	-	48,889
5	Waste Disposal	811	729	81	-	-	-	811
6	Intercompany Support Services	95	38	19	38	-	-	95
7	Corporate Allocation	32,313	12,925	6,463	12,925	-	-	32,313
8	Outside Services	26,538	21,231	5,308	-	-	-	26,538
9	Group Insurance	37,733	15,093	7,547	15,093	-	-	37,733
10	Pensions	430	172	86	172	-	-	430
11	Regulatory Expense	7,261	5,881	1,380	-	-	-	7,261
12	Insurance Other Than Group	12,198	9,881	2,318	-	-	-	12,198
13	Customer Accounting	21,926	-	-	21,926	-	-	21,926
14	Rents	7,566	-	-	7,566	-	-	7,566
15	General Office Expense	25,712	-	-	25,712	-	-	25,712
16	Miscellaneous	6,593	-	-	6,593	-	-	6,593
17	Maintenance Expense	38,435	30,748	7,687	-	-	-	38,435
18	Depreciation & Amortization[1]	166,481	105,570	24,749	3,984	16,739	15,439	166,481
19	General Taxes-Other	16,157	-	-	16,157	-	-	16,157
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 661,067	$ 273,710	$ 173,570	$ 181,608	$ 16,739	$ 15,439	**$ 661,067**
26								
27								
28	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 through 3.3							
29								
30								
31								
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-5, page 1 for allocations by class.							
36								
37								
38								

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Allocation of Expenses to Functions
At Proposed Rates

Exhibit
Rejoinder Schedule G-6
Page 2
Witness: Bourassa

Line No.	Description	At Proposed Per C-1	Demand	Commodity	Customer	Meters	Services	Totals
1	Labor	$ 178,605	$ 71,442	$ 35,721	$ 71,442	$ -	$ -	$ 178,605
2	Purchased Water	-	-	-	-	-	-	-
3	Fuel & Power	33,324	-	33,324	-	-	-	33,324
4	Chemicals	48,889	-	48,889	-	-	-	48,889
5	Waste Disposal	811	729	81	-	-	-	811
6	Intercompany Support Services	95	38	19	38	-	-	95
7	Corporate Allocation	32,313	12,925	6,463	12,925	-	-	32,313
8	Outside Services	26,538	21,231	5,308	-	-	-	26,538
9	Group Insurance	37,733	15,093	7,547	15,093	-	-	37,733
10	Pensions	430	172	86	172	-	-	430
11	Regulatory Expense	7,261	5,881	1,380	-	-	-	7,261
12	Insurance Other Than Group	12,198	9,881	2,318	-	-	-	12,198
13	Customer Accounting	22,586	-	-	22,586	-	-	22,586
14	Rents	7,566	-	-	7,566	-	-	7,566
15	General Office Expense	25,712	-	-	25,712	-	-	25,712
16	Miscellaneous	6,593	-	-	6,593	-	-	6,593
17	Maintenance Expense	38,435	30,748	7,687	-	-	-	38,435
18	Depreciation & Amortization[1]	166,481	105,570	24,749	3,984	16,739	15,439	166,481
19	General Taxes-Other	16,157	-	-	16,157	-	-	16,157
20								
21								
22	Property Taxes, Allocated on Schedules G-1 & G-2							
23	Income Tax, Allocated on Schedules G-1 & G-2							
24								
25	Total	$ 661,727	$ 273,710	$ 173,570	$ 182,269	$ 16,739	$ 15,439	**$ 661,727**
26								
27								
28								
29	[1] Depreciation allocation computed on Schedule G-6, Page 3.1 through 3.3							
30								
31								
32								
33								
34	See Schedule G-7, page 2.2 for allocation factors.							
35	See Schedule G-4, page 2 for allocations by class.							
36								
37								
38								

Tubac Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.1
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Intangible**										
2	301000	Organization	$ 567		$ -	F-1	$ -	$ -	$ -	$ -	$ -
3	302000	Franchises	2,030		-	F-1	-	-	-	-	-
4	303100	Other Intangible Plant	-		-	F-1	-	-	-	-	-
5	**Subtotal Intangible**		$ 2,597		$ -		$ -	$ -	$ -	$ -	$ -
6											
7		**Source of Supply & Pumping Plant**									
8	303200	Land and Land Rights - Supply	$ 61,190	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
9	303300	Land and Land Rights - Pumping	50	0.000%	-	F-1	-	-	-	-	-
10	304100	Structures and Improvements - Supply	25,292	2.500%	632	F-1	512	120	-	-	-
11	304200	Structures and Improvements - Pumping	14,608	2.000%	292	F-1	237	56	-	-	-
12	305000	Collecting and Impounding Res.	-	0.000%	-	F-1	-	-	-	-	-
13	306000	Lakes, Rivers, Other Intakes	-	0.000%	-	F-1	-	-	-	-	-
14	307000	Wells and Springs	236,074	2.500%	5,902	F-1	4,781	1,121	-	-	-
15	308000	Infiltration Galleries and Tunnels	-	0.000%	-	F-1	-	-	-	-	-
16	309000	Supply Mains	-	0.000%	-	F-1	-	-	-	-	-
17	310000	Power Generation Equipment	20,225	3.333%	674	F-1	546	128	-	-	-
18	311000	Pumping Equipment - Steam	-	0.000%	-	F-1	-	-	-	-	-
19	311200	Pumping Equipment - Electric	279,401	4.000%	11,176	F-1	9,053	2,123	-	-	-
20	311300	Pumping Equipment - Diesel	879	4.000%	35	F-1	28	7	-	-	-
21	311400	Pumping Equipment - Hydraulic	-	0.000%	-	F-1	-	-	-	-	-
22	311500	Pumping Equipment - Other	403,824	4.000%	16,153	F-1	13,084	3,069	-	-	-
23	311530	Pumping Equipment - Water Treatment	-	0.000%	-	F-1	-	-	-	-	-
24	**Subtotal Source of Supply & Pumping Plant**		$ 1,041,543		$ 34,865		$ 28,240	$ 6,624	$ -	$ -	$ -
25											
26	**Water Treatment**										
27	303400	Land and Land Rights - Treatment	$ 50	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
28	304300	Structures and Improvements - Treatment	302	2.000%	6	F-1	5	1	-	-	-
29	320000	Water Treatment Equipment	-	0.000%	-	F-1	-	-	-	-	-
30	320100	Water Treatment Equipment - Non-media	1,858,903	5.000%	92,945	F-1	75,286	17,660	-	-	-
31	320200	Water Treatment Equipment - Media	(0)	10.000%	(0)	F-1	(0)	(0)	-	-	-
32	**Subtotal Water Treatment**		$ 1,859,255		$ 92,951		$ 75,290	$ 17,661	$ -	$ -	$ -
33											
34	**Transmission and Distribution Plant**										
35	303500	Land and Land Rights - T&D	$ 422	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
36	304400	Structures and Improvements - T&D	156	2.000%	3	F-1	3	1	-	-	-
37	330000	Distribution Reservoirs & Standpipes	210,840	1.538%	3,244	F-1	2,627	616	-	-	-
38	330100	Elevated Tank & Standpipes	-	0.000%	-	F-1	-	-	-	-	-
39	330200	Ground Level Tanks	-	0.000%	-	F-1	-	-	-	-	-
40	330300	Below Ground Tanks	-	0.000%	-	F-1	-	-	-	-	-
41	331001	T&D Mains Not Classified	364,469	2.000%	7,289	F-1	5,904	1,385	-	-	-
42	331100	T&D Mains 4in & less	886,119	1.429%	12,659	F-1	10,254	2,405	-	-	-
43	331200	T&D Mains 6in to 8in	896,807	1.429%	12,812	F-1	10,377	2,434	-	-	-
44	331300	T&D Mains 10in to 16in	37,161	1.429%	531	F-1	430	101	-	-	-
45	331400	TD Mains 18in & Grtr	-	0.000%	-	F-1	-	-	-	-	-
46	332000	Fire Mains	-	0.000%	-	F-2	-	-	-	-	-

Tubac Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.2
Witness: Bourassa

Line No.	Account No.	Description	Adjusted Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	333000	Services	$ 617,549	2.500%	$ 15,439	F-3	$ -	$ -	$ -	$ -	$ 15,439
2	334100	Meters	194,259	8.333%	16,188	F-4	-	-	-	16,188	-
3	334200	Meter Installations	22,040	2.500%	551	F-4	-	-	-	551	-
4	334300	Meter Vaults	-	0.000%	-	F-4	-	-	-	-	-
5	335000	Hydrants	136,093	2.000%	2,722	F-5	-	-	2,722	-	-
6	336000	Backflow Prevention Devices	-	0.000%	-	F-1	-	-	-	-	-
7	339100	Other P/E-Intangible	-	0.000%	-	F-1	-	-	-	-	-
8	339200	Other P/E-Supply	-	0.000%	-	F-1	-	-	-	-	-
9	339500	Other P/E-TD	-	0.000%	-	F-1	-	-	-	-	-
10	339600	Other P/E-CPS	461	3.330%	15	F-1	12	3	-	-	-
11		**Subtotal Transmission and Distribution Plant**	$ 3,366,376		$ 71,453		$ 29,608	$ 6,945	$ 2,722	$ 16,739	$ 15,439
12											
13		**General Plant**									
14	303600	Land and Land Rights	$ 2,755	0.000%	$ -	F-1	$ -	$ -	$ -	$ -	$ -
15	304500	Structures and Improvements - General	-	0.000%	-	F-1	-	-	-	-	-
16	304600	Structures and Improvements - Offices	498	2.500%	12	F-1	10	2	-	-	-
17	304620	Structures and Improvements - Leasehold	-	0.000%	-	F-1	-	-	-	-	-
18	304700	Structures and Improvements - Sore,Shop,Gge	44,598	2.500%	1,115	F-1	903	212	-	-	-
19	304800	Structures and Improvements - General	-	0.000%	-	F-1	-	-	-	-	-
20	340100	Office Furniture & Equipment	5,453	4.500%	245	F-6	61	-	184	-	-
21	340200	Computers & Software	1,336	10.000%	(0)	F-6	(0)	-	(0)	-	-
22	340300	Computer Software	-	0.000%	-	F-6	-	-	-	-	-
23	340310	Computer Software Mainframe	-	0.000%	-	F-6	-	-	-	-	-
24	340325	Computer Software Customized	-	0.000%	-	F-6	-	-	-	-	-
25	340330	Computer Software Other	-	0.000%	-	F-6	-	-	-	-	-
26	340500	Other Office Equipment	-	0.000%	-	F-6	-	-	-	-	-
27	341100	Transportation Equip Light Duty Truks	17,166	20.000%	-	F-6	-	-	-	-	-
28	341200	Transportation Equip Heavy Duty Truks	-	0.000%	-	F-6	-	-	-	-	-
29	341300	Transportation Equipment Autos	-	0.000%	-	F-6	-	-	-	-	-
30	341400	Transportation Equipment Other	-	0.000%	-	F-6	-	-	-	-	-
31	342000	Stores Equipment	0	0.000%	-	F-6	-	-	-	-	-
32	343000	Tools and Work Equipment	22,179	4.000%	887	F-1	719	169	-	-	-
33	344000	Laboratory Equipment	-	0.000%	-	F-1	-	-	-	-	-
34	345000	Power Operated Equipment	-	0.000%	-	F-1	-	-	-	-	-
35	346100	Communication Equipment Non-Telephone	1,932	10.000%	193	F-1	156	37	-	-	-
36	346190	Remote Control & Instrument	-	0.000%	-	F-1	-	-	-	-	-
37	346200	Communication Equipment Telephone	-	0.000%	-	F-1	-	-	-	-	-
38	346300	Communication Equipment Other	659	10.000%	66	F-1	53	13	-	-	-
39	347000	Transportation Equipment Other	-	0.000%	-	F-1	-	-	-	-	-
40	348000	Stores Equipment	-	0.000%	-	F-1	-	-	-	-	-
41		**Subtotal General Plant**	$ 96,576		$ 2,519		$ 1,903	$ 432	$ 184	$ -	$ -
42		**Total Direct Plant**	$ 6,366,348		$ 201,787		$ 135,042	$ 31,662	$ 2,906	$ 16,739	$ 15,439
43											
44											
45											

Tubac Water District
Test Year Ended June 30, 2013
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 3.3
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciation Rate	Depr./Amort. Expense	Allocation Factor Ref.	Demand	Commodity	Customer	Meters	Services
1	**Allocated General Plant**										
2	399000	Allocated Corporate General Plant	14,772		1,078	F-5	-	-	1,078	-	-
3	399000	Reconcilation to PIS Balance	-		(192)	F-1	(155)	(36)	-	-	-
4	**Subtotal General Plant**		$ 14,772		$ 887		$ (155)	$ (36)	$ 1,078	$ -	$ -
5	**Total Plant**		$ 6,381,120		$ 202,674		$ 134,886	$ 31,626	$ 3,984	$ 16,739	$ 15,439
6											
7											
8	Less:	Contributions in Aid of Construction	$ (1,076,185)	3.45%	$ (37,134)	F-1	(30,078)	(7,055)	-	-	-
9		Advances in Aid of Construction	(1,952,127)		-	F-1	-	-	-	-	-
10		Meter Deposits	(517)		-	F-7	-	-	-	-	-
11		Deferred Income Tax	(26,304)		-	F-1	-	-	-	-	-
12		Working Capital	3,975		-	F-1	-	-	-	-	-
13		Deferred Reg Assets&Deferrals	23,381		941	F-1	762	179	-	-	-
14	Total Depreciation Expense		3,353,343		$ 166,481		$ 105,570	$ 24,749	$ 3,984	$ 16,739	$ 15,439
15											
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Tubac Water District
Test Year Ended June 30, 2013
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Class	Demand	Commodity	Customer	Meters	Services
1						
2	Class	Demand	Commodity	Customer	Meters	Services
3	Residential	0.809	0.722	0.855	0.836	0.680
4	Apartment	-	-	-	-	-
5	Commercial	0.191	0.278	0.145	0.164	0.320
6	Other Public Authority	-	-	-	-	-
7						
8	Total	1.000	1.000	1.000	1.000	1.000
9						
10						
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33						
34	SUPPORTING SCHEDULES					
35	G-7, page 3					

Tubac Water District
Test Year Ended June 30, 2013
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant-in-Service, Accumulated Depreciation, and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Factor	Demand	Commodity	Customer	Meters	Services
1						
2	Factor	Demand	Commodity	Customer	Meters	Services
3	F-1	0.81	0.19			
4	F-2	1.00				
5	F-3					1.00
6	F-4				1.00	
7	F-5			1.00		
8	F-6	0.25		0.75		
9	F-7				0.50	0.50
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20	Development of F-1 Allocation Factor					
21		MGD		RATIO		DEMAND FACTOR
22		(a)		(b)		(c)
23	(1) Avg day	205.41	G-7, page 3	1.00		1.00 1/(b)
24	(2) Max day	254.21	G-7, page 3	1.24	Max day/Avg day	0.81 1/(b)
25						

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.2
Witness: Bourassa

Line No.	Expense Type	Demand	Commodity	Customer	Meters	Services
1						
2	Labor	0.40	0.20	0.40	-	-
3	Purchased Water	-	1.00	-	-	-
4	Fuel & Power	-	1.00	-	-	-
5	Chemicals	-	1.00	-	-	-
6	Waste Disposal	0.90	0.10	-	-	-
7	Intercompany Support Services	0.40	0.20	0.40	-	-
8	Corporate Allocation	0.40	0.20	0.40	-	-
9	Outside Services	0.80	0.20	-	-	-
10	Group Insurance	0.40	0.20	0.40	-	-
11	Pensions	0.40	0.20	0.40	-	-
12	Regulatory Expense	0.81	0.19	-	-	-
13	Insurance Other Than Group	0.81	0.19			
14	Customer Accounting	-	-	1.00	-	-
15	Rents	-	-	1.00	-	-
16	General Office Expense	-	-	1.00	-	-
17	Miscellaneous	-	-	1.00	-	-
18	Maintenance Expense	0.80	0.20	-	-	-
19	Depreciation & Amortization		See Schedule G-7, page 2.1			
20	General Taxes-Other	-	-	1.00	-	-
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.1
Witness: Bourassa

COMMODITY ALLOCATION FACTOR

Meter Size	Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
5/8x3/4"	Residential	48,228	64.32%
5/8x3/4"	Commercial	4,422	5.90%
3/4"	Residential	-	0.00%
3/4"	Commercial	-	0.00%
1"	Residential	3,964	5.29%
1"	Commercial	5,462	7.28%
1-1/2"	Residential	-	0.00%
1-1/2"	Commercial	497	0.66%
2"	Residential	1,916	2.56%
2"	Commercial	9,197	12.27%
3"	Residential	-	0.00%
3"	Commercial	1,293	1.72%
4"	Residential	-	0.00%
4"	Commercial	-	0.00%
6"	Residential	-	0.00%
6"	Commercial	-	0.00%
8"	Residential	-	0.00%
8"	Commercial	-	0.00%
Totals		74,978	100.00%

Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
Residential	54,108	72.164%
Commercial	20,871	27.836%
Total	74,978	100.000%

DEMAND ALLOCATION FACTOR

Meter Size	Class	Daily Gallons (1,000's)	Demand Factor	Peak Demand (1,000's)	Percent of Total
5/8x3/4"	Residential	132.13	1.38	182.97	71.97%
5/8x3/4"	Commercial	12.11	1.62	19.62	7.72%
3/4"	Residential	-	0.00	-	0.00%
3/4"	Commercial	-	0.00	-	0.00%
1"	Residential	10.86	1.37	14.85	5.84%
1"	Commercial	14.96	1.37	20.48	8.05%
1-1/2"	Residential	-	0.00	-	0.00%
1-1/2"	Commercial	1.36	2.32	3.15	1.24%
2"	Residential	5.25	1.52	7.96	3.13%
2"	Commercial	25.20	0.00	-	0.00%
3"	Residential	-	0.00	-	0.00%
3"	Commercial	3.54	1.46	5.18	2.04%
4"	Residential	-	0.00	-	0.00%
4"	Commercial	-	0.00	-	0.00%
6"	Residential	-	0.00	-	0.00%
6"	Commercial	-	0.00	-	0.00%
8"	Residential	-	0.00	-	0.00%
8"	Commercial	-	0.00	-	0.00%
Totals		205.41		254.21	100.00%

Class	Peak Demand (1,000's)	Percent of Total
Residential	205.78	80.947%
Commercial	48.43	19.053%
Total	254.21	100.000%

(a) Includes customer and gallons sold annualization.

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.2
Witness: Bourassa

CUSTOMER ALLOCATION FACTOR

Meter Size	Class	Number of Meters	Percent of Total
5/8x3/4"	Residential	482	80.86%
5/8x3/4"	Commercial	52	8.69%
3/4"	Residential	-	0.00%
3/4"	Commercial	-	0.00%
1"	Residential	24	4.00%
1"	Commercial	18	3.02%
1-1/2"	Residential	-	0.00%
1-1/2"	Commercial	2	0.34%
2"	Residential	4	0.67%
2"	Commercial	14	2.35%
3"	Residential	-	0.00%
4"	Residential	-	0.00%
4"	Commercial	-	0.00%
6"	Residential	-	0.00%
6"	Commercial	-	0.00%
8"	Residential	-	0.00%
8"	Commercial	-	0.00%
Totals		596	100.00%

Class	Number of Meters	Percent of Total
Residential	509	85.530%
Commercial	86	14.470%
Total	596	100.000%

SERVICES ALLOCATION FACTOR (b)

Meter Size	Class	Number of Services	Install-ation Cost	Dollar Weighted Number Services	Percent of Total
5/8x3/4"	Residential	482	445.00	214,268	78.05%
5/8x3/4"	Commercial	52	445.00	23,029	8.39%
3/4"	Residential	0	445.00	-	0.00%
3/4"	Commercial	0	445.00	-	0.00%
1"	Residential	24	495.00	11,798	4.30%
1"	Commercial	18	495.00	8,910	3.25%
1-1/2"	Residential	0	550.00	-	0.00%
1-1/2"	Commercial	2	550.00	1,100	0.40%
2"	Residential	4	830.00	3,320	1.21%
2"	Commercial	14	830.00	11,620	4.23%
3"	Residential	0	1,165.00	-	0.00%
4"	Residential	0	1,670.00	-	0.00%
4"	Commercial	0	1,670.00	-	0.00%
6"	Residential	0	2,330.00	-	0.00%
6"	Commercial	0	2,330.00	-	0.00%
8"	Residential	0	3,262.00	-	0.00%
8"	Commercial	0	3,262.00	-	0.00%
Totals		596		$ 274,529	100.00%

Class	Dollar Weighted Number Services	Percent of Total
Residential	229,385	83.556%
Commercial	45,144	16.444%
Total	274,529	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study, Using Commodity-Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3.3
Witness: Bourassa

METER ALLOCATION FACTOR (b)

Meter Size		Number of Meters	Meter Cost	Weighted Dollars of Meters	Percent of Total
5/8x3/4"	Residential	482	155.00	74,633	56.56%
5/8x3/4"	Commercial	52	155.00	8,021	6.08%
3/4"	Residential	0	255.00	0	0.00%
3/4"	Commercial	0	255.00	0	0.00%
1"	Residential	24	315.00	7,508	5.69%
1"	Commercial	18	315.00	5,670	4.30%
1-1/2"	Residential	0	525.00	0	0.00%
1-1/2"	Commercial	2	525.00	1,050	0.80%
2"	Residential	4	1,890.00	7,560	5.73%
2"	Commercial	14	1,890.00	26,460	20.05%
3"	Residential	0	2,545.00	0	0.00%
3"	Commercial	0	2,545.00	1,060	0.80%
4"	Residential	0	3,645.00	0	0.00%
4"	Commercial	0	3,645.00	0	0.00%
6"	Residential	0	6,920.00	0	0.00%
6"	Commercial	0	6,920.00	0	0.00%
8"	Residential	0	9,688.00	0	0.00%
8"	Commercial	0	9,688.00	0	0.00%
Totals		596		$ 131,962	100.00%

Class	Weighted Dollars of Meters	Percent of Total
Residential	89,700	67.974%
Commercial	42,262	32.026%
Total	131,962	100.000%

(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 1A
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				5,867	30,452	10,412
3	Misc. Revenues (From Sched G-2, page1)					(4,990)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					182,269	15,439	16,739
5	Property Taxes (From Sched. G-2, page 1)					34,953		
6	Income Taxes (From Sched. G-2, page 1)					38,060		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					256,159	45,891	27,151
8								
9	**Customer Charge**							
10	Number of Bills =	596	times 12 months			7,146		
11								
12	**Charge per Bill**					$ 35.85		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		799	times	12	months	9,582	9,582
17								
18	**Charge per Equivalent Meter**						$ 4.79	$ 2.83
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 35.85	
24	Charge per Equivalent Service Line						4.79	
25	Charge per Equivalent Meter						2.83	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 43.47	

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 2A
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base	6.81%	42,937
4	Demand Expenses (From Schedule G-4, Page 2)		273,710
5			
6	Totals		316,647
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		9,582
9	Demand Charge for 5/8 Inch Meter		$ 33.05
10			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
11				
12				
13	5/8 Inch Meter	$ 33.05	1.0	$ 33.05
14	3/4 Inch Meter	33.05	1.5	49.57
15	1 Inch Meter	33.05	2.5	82.62
16	1 1/2 Inch Meter	33.05	5.0	165.23
17	2 Inch Meter	33.05	8.0	264.37
18	3 Inch Meter	33.05	16.0	528.74
19	4 Inch Meter	33.05	25.0	826.15
20	6 Inch Meter	33.05	50.0	1,652.30
21	8 Inch Meter	33.05	80.0	2,643.68
22	10 Inch Meter	33.05	115.0	3,800.29
23	12 Inch Meter	33.05	215.0	7,104.89

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 3A
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	10,237	5,867	30,452	10,412	42,937
4	Less: Miscellaneous Revenues			(4,990)			
5							
6	Expenses (From Sch. G-4. Page 2)		173,570	182,269	15,439	16,739	273,710
7	Property Taxes (From Sched. G-2, page 1)			34,953			
8	Income Taxes (From Sched. G-2, page 1)			38,060			
9	Total Revenue Requirement by function		183,807	256,159	45,891	27,151	316,647
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		74,978				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 2.4515**				
12	Annualized Number of Bills			7,146			
13	Equivalent Meters and Service Lines				9,582	9,582	9,582
14	Customer Charge (line 9 divided by line 12)			$ 35.85			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 4.79	$ 2.83	$ 33.05
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 76.52
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 76.52	1.0	$ 76.52
22	3/4 Inch Meter	76.52	1.5	114.77
23	1 Inch Meter	76.52	2.5	191.29
24	1 1/2 Inch Meter	76.52	5.0	382.58
25	2 Inch Meter	76.52	8.0	612.12
26	3 Inch Meter	76.52	16.0	1,224.25
27	4 Inch Meter	76.52	25.0	1,912.88
28	6 Inch Meter	76.52	50.0	3,825.77
29	8 Inch Meter	76.52	80.0	6,121.23
30	10 Inch Meter	76.52	115.0	8,799.26
31	12 Inch Meter	76.52	215.0	16,450.79
32				
33				

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
ALL CUSTOMER CLASSES

Exhibit
Rejoinder Schedule G-8
Page 4A
Witness: Bourassa

Line No.		Total Rev. Req.	%	Commodity Portion of Rev. Req.	
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4					
5					
6	Customer, Service, and Meter Costs	$ 329,201	40%	$ 131,680	
7	Demand Costs	316,647	40%	126,659	
8	Commodity Costs	183,807	100%	183,807	
9	Total Costs to be Collected via Commodity			$ 442,146	
10	Gallons Sold			74,978	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 5.897**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 829,655	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(442,146)	
19	Balance to be Recovered through Monthly Minimum			$ 387,509	46.71%
20					Percent revenue recovery from monthly mins
21					
22	Number of Equivalent 5/8 Inch Meter Billings			9,582	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 40.44**	
25					
26					
27					
28	Meter Size	5/8" Minimum	Meter Ratio	Monthly Minimum	
29	5/8 Inch Meter	$ 40.44	1.0	$ 40.44	
30	3/4 Inch Meter	40.44	1.5	60.66	
31	1 Inch Meter	40.44	2.5	101.10	
32	1 1/2 Inch Meter	40.44	5.0	202.21	
33	2 Inch Meter	40.44	8.0	323.53	
34	3 Inch Meter	40.44	16.0	647.06	
35	4 Inch Meter	40.44	25.0	1,011.03	
36	6 Inch Meter	40.44	50.0	2,022.07	
37	8 Inch Meter	40.44	80.0	3,235.31	
38	10 Inch Meter	40.44	115.0	4,650.75	
39	12 Inch Meter	40.44	215.0	8,694.88	

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1B
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	6.81%				5,018	20,700	8,700
2	Misc. Revenues (From Sched G-2, page1)					(4,268)		
3	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					155,895	10,494	13,987
4	Property Taxes (From Sched. G-2, page 1)					24,698		
5	Income Taxes (From Sched. G-2, page 1)					3,407		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					184,751	31,194	22,686
7								
8	**Customer Charge**							
9	Number of Bills =	509	times 12 months			6,112		
10								
11	**Charge per Bill**					$ 30.23		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		573	times	12	months	6,877	6,877
16								
17	**Charge per Equivalent Meter**						$ 4.54	$ 3.30
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 30.23	
23	Charge per Equivalent Service Line						4.54	
24	Charge per Equivalent Meter						3.30	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 38.06	

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2B
Witness: Bourassa

Line No.	DEMAND CHARGE:		
1			
2	Return on Rate Base	6.81%	34,756
3	Demand Expenses (From Schedule G-4, Page 2)		221,561
4			
5	Totals		256,317
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		6,877
8	Demand Charge for 5/8 Inch Meter		$ 37.27
9			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
10				
11				
12	5/8 Inch Meter	$ 37.27	1.0	$ 37.27
13	3/4 Inch Meter	37.27	1.5	55.91
14	1 Inch Meter	37.27	2.5	93.18
15	1 1/2 Inch Meter	37.27	5.0	186.36
16	2 Inch Meter	37.27	8.0	298.17
17	3 Inch Meter	37.27	16.0	596.35
18	4 Inch Meter	37.27	25.0	931.79
19	6 Inch Meter	37.27	50.0	1,863.58
20	8 Inch Meter	37.27	80.0	2,981.73
21	10 Inch Meter	37.27	115.0	4,286.24
22	12 Inch Meter	37.27	215.0	8,013.40

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3B
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	7,388	5,018	20,700	8,700	34,756
4	Less: Miscellaneous Revenues			(4,268)			
5							
6	Expenses (From Sch. G-4. Page 2)		125,256	155,895	10,494	13,987	221,561
7	Property Taxes (From Sched. G-2, page 1)			24,698			
8	Income Taxes (From Sched. G-2, page 1)			3,407			
9	Total Revenue Requirement by function		132,643	184,751	31,194	22,686	256,317
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		54,108				
11	Computed Commodity Rate (line 9 divided by line10)		$ **2.4515**				
12	Annualized Number of Bills			6,112			
13	Equivalent Meters and Service Lines				6,877	6,877	6,877
14	Customer Charge (line 9 divided by line 12)			$ 30.23			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 4.54	$ 3.30	$ 37.27
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 75.33
18							
19							

Line No.	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 75.33	1.0	$ 75.33
22	3/4 Inch Meter	75.33	1.5	113.00
23	1 Inch Meter	75.33	2.5	188.34
24	1 1/2 Inch Meter	75.33	5.0	376.67
25	2 Inch Meter	75.33	8.0	602.67
26	3 Inch Meter	75.33	16.0	1,205.34
27	4 Inch Meter	75.33	25.0	1,883.35
28	6 Inch Meter	75.33	50.0	3,766.70
29	8 Inch Meter	75.33	80.0	6,026.72
30	10 Inch Meter	75.33	115.0	8,663.41
31	12 Inch Meter	75.33	215.0	16,196.81
32				
33				

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
RESIDENTIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4B
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4				Commodity	
5		Total		Portion of	
6		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 238,631	40%	$ 95,452	
7	Demand Costs	256,317	40%	102,527	
8	Commodity Costs	132,643	100%	132,643	
9	Total Costs to be Collected via Commodity			$ 330,623	
10	Gallons Sold			54,108	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 6.110**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 627,591	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(330,623)	
19	Balance to be Recovered through Monthly Minimum			$ 296,969	47.32%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			6,877	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 43.18**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 43.18	1.0	$ 43.18	
30	3/4 Inch Meter	43.18	1.5	64.77	
31	1 Inch Meter	43.18	2.5	107.96	
32	1 1/2 Inch Meter	43.18	5.0	215.91	
33	2 Inch Meter	43.18	8.0	345.46	
34	3 Inch Meter	43.18	16.0	690.93	
35	4 Inch Meter	43.18	25.0	1,079.57	
36	6 Inch Meter	43.18	50.0	2,159.14	
37	8 Inch Meter	43.18	80.0	3,454.63	
38	10 Inch Meter	43.18	115.0	4,966.03	
39	12 Inch Meter	43.18	215.0	9,284.32	

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 1C
Witness: Bourassa

Line No.						Customer	Service	Meter
1	**CUSTOMER CHARGE:**							
2	Return on Rate Base	6.81%				849	9,753	1,712
3	Misc. Revenues (From Sched G-2, page1)					(722)		
4	Customer, Services and Meter Expenses (From Sch. G-4. Page 2)					26,374	4,944	2,753
5	Property Taxes (From Sched. G-2, page 1)					10,255		
6	Income Taxes (From Sched. G-2, page 1)					34,652		
7	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					71,408	14,697	4,465
8								
9	**Customer Charge**							
10	Number of Bills =	86	times 12 months			1,034		
11								
12	**Charge per Bill**					$ 69.06		
13	(Customer Revenue Requirement divided by Annualized Number of Bills)							
14								
15	**Service Line and Meter Charge**							
16	Equivalent 5/8 Meters		225	times	12	months	2,705	2,705
17								
18	**Charge per Equivalent Meter**						$ 5.43	$ 1.65
19								
20								
21	**CUSTOMER CHARGE:**							
22	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
23	Charge per Bill						$ 69.06	
24	Charge per Equivalent Service Line						5.43	
25	Charge per Equivalent Meter						1.65	
26	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
27	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 76.14	

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 2C
Witness: Bourassa

Line No.			
1	**DEMAND CHARGE:**		
2			
3	Return on Rate Base	6.81%	8,181
4	Demand Expenses (From Schedule G-4, Page 2)		52,149
5			
6	Totals		60,330
7	Total Revenue Requirement / Demand Component		
8	Equivalent Number of 5/8 Meters billings		2,705
9	Demand Charge for 5/8 Inch Meter		$ 22.30
10			

Line No.	Demand Charge Per Equivalent	5/8" Demand Charge	Meter Ratio	Demand Charge
11				
12				
13	5/8 Inch Meter	$ 22.30	1.0	$ 22.30
14	3/4 Inch Meter	22.30	1.5	33.45
15	1 Inch Meter	22.30	2.5	55.76
16	1 1/2 Inch Meter	22.30	5.0	111.52
17	2 Inch Meter	22.30	8.0	178.43
18	3 Inch Meter	22.30	16.0	356.85
19	4 Inch Meter	22.30	25.0	557.58
20	6 Inch Meter	22.30	50.0	1,115.16
21	8 Inch Meter	22.30	80.0	1,784.25
22	10 Inch Meter	22.30	115.0	2,564.86
23	12 Inch Meter	22.30	215.0	4,795.18

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 3C
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	**Single Tier Rate Design with All Customer and Demand Costs Recovered in the Monthly Minimum**						
2							
3	Return on Rate Base	6.81%	2,850	849	9,753	1,712	8,181
4	Less: Miscellaneous Revenues			(722)			
5							
6	Expenses (From Sch. G-4. Page 2)		48,314	26,374	4,944	2,753	52,149
7				10,255			
8	Income Taxes (From Sched. G-2, page 1)			34,652			
9	Total Revenue Requirement by function		51,164	71,408	14,697	4,465	60,330
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		20,871				
11	Computed Commodity Rate (line 9 divided by line10)		**$ 2.4515**				
12	Annualized Number of Bills			1,034			
13	Equivalent Meters and Service Lines				2,705	2,705	2,705
14	Customer Charge (line 9 divided by line 12)			$ 69.06			
15	Meter, Service Line & Demand Charge (line 9 divided by line 13)				$ 5.43	$ 1.65	$ 22.30
16	Total Monthly Minimum Charge for a 5/8 Inch Meter						
17	(Sum of Customer, Service, Meter and Demand Charge on lines 14 & 15)						$ 98.45
18							
19							

	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
21	5/8 Inch Meter	$ 98.45	1.0	$ 98.45
22	3/4 Inch Meter	98.45	1.5	147.67
23	1 Inch Meter	98.45	2.5	246.12
24	1 1/2 Inch Meter	98.45	5.0	492.23
25	2 Inch Meter	98.45	8.0	787.58
26	3 Inch Meter	98.45	16.0	1,575.15
27	4 Inch Meter	98.45	25.0	2,461.17
28	6 Inch Meter	98.45	50.0	4,922.35
29	8 Inch Meter	98.45	80.0	7,875.76
30	10 Inch Meter	98.45	115.0	11,321.40
31	12 Inch Meter	98.45	215.0	21,166.10
32				
33				

Tubac Water District
Test Year Ended June 30, 2013
Cost of Service Study Using Commodity / Demand Method
Computation Monthly Minimums and Commodity Charge
COMMERCIAL CLASS

Exhibit
Rejoinder Schedule G-8
Page 4C
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs Recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Commodity Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 90,570	40%	$ 36,228	
7	Demand Costs	60,330	40%	24,132	
8	Commodity Costs	51,164	100%	51,164	
9	Total Costs to be Collected via Commodity			$ 111,524	
10	Gallons Sold			20,871	
11					
12	Commodity Charge (per 1,000 gallons)(line 9 divided by line10)			**$ 5.344**	
13					
14	Revenue Requirement Collected via Monthly Minimum				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 202,064	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge (line 9)			(111,524)	
19	Balance to be Recovered through Monthly Minimum			$ 90,540	44.81%
20					Percent revenue recovery
21					from monthly mins
22	Number of Equivalent 5/8 Inch Meter Billings			2,705	
23					
24	Computed Monthly Minimum 5/8 Inch Meter (line 19 divided by line 22)			**$ 33.47**	
25					
26					
27		5/8"	Meter	Monthly	
28	Meter Size	Minimum	Ratio	Minimum	
29	5/8 Inch Meter	$ 33.47	1.0	$ 33.47	
30	3/4 Inch Meter	33.47	1.5	50.21	
31	1 Inch Meter	33.47	2.5	83.68	
32	1 1/2 Inch Meter	33.47	5.0	167.36	
33	2 Inch Meter	33.47	8.0	267.77	
34	3 Inch Meter	33.47	16.0	535.54	
35	4 Inch Meter	33.47	25.0	836.78	
36	6 Inch Meter	33.47	50.0	1,673.57	
37	8 Inch Meter	33.47	80.0	2,677.70	
38	10 Inch Meter	33.47	115.0	3,849.20	
39	12 Inch Meter	33.47	215.0	7,196.33	

Tubac Water District
Test Year Ended June 30, 2013
Comparison of Proposed Rates to Computed Costs
For a 5/8x3/4-Inch Residential Meter (With Required Operating Margin)

Exhibit
Rejoinder Schedule G-9
Page 1
Witness: Bourassa

Column Number-->		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues								(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs
1	-	$ 41.00	$ -	$ 41.00	$ 33.05	$ 35.85	$ 4.79	$ 2.83	0	$ 76.52	$ (35.51)
2	1,000	41.00	4.56	45.56	33.05	35.85	4.79	2.83	2.451	78.97	(33.40)
3	2,000	41.00	9.12	50.12	33.05	35.85	4.79	2.83	4.903	81.42	(31.30)
4	3,000	41.00	13.68	54.68	33.05	35.85	4.79	2.83	7.354	83.87	(29.19)
5	4,000	41.00	19.59	60.59	33.05	35.85	4.79	2.83	9.806	86.32	(25.73)
6	5,000	41.00	25.50	66.50	33.05	35.85	4.79	2.83	12.257	88.77	(22.27)
7	6,000	41.00	31.41	72.41	33.05	35.85	4.79	2.83	14.709	91.22	(18.81)
8	7,000	41.00	37.32	78.32	33.05	35.85	4.79	2.83	17.160	93.68	(15.35)
9	8,000	41.00	43.23	84.23	33.05	35.85	4.79	2.83	19.612	96.13	(11.90)
10	9,000	41.00	49.14	90.14	33.05	35.85	4.79	2.83	22.063	98.58	(8.44)
11	10,000	41.00	55.05	96.05	33.05	35.85	4.79	2.83	24.515	101.03	(4.98)
12	12,000	41.00	68.97	109.97	33.05	35.85	4.79	2.83	29.418	105.93	4.04
13	14,000	41.00	82.89	123.89	33.05	35.85	4.79	2.83	34.321	110.84	13.06
14	16,000	41.00	96.81	137.81	33.05	35.85	4.79	2.83	39.223	115.74	22.07
15	18,000	41.00	110.73	151.73	33.05	35.85	4.79	2.83	44.126	120.64	31.09
16	20,000	41.00	124.65	165.65	33.05	35.85	4.79	2.83	49.029	125.54	40.11
17	25,000	41.00	163.45	204.45	33.05	35.85	4.79	2.83	61.287	137.80	66.65
18	30,000	41.00	202.25	243.25	33.05	35.85	4.79	2.83	73.544	150.06	93.19
19	35,000	41.00	241.05	282.05	33.05	35.85	4.79	2.83	85.801	162.32	119.74
20	40,000	41.00	279.85	320.85	33.05	35.85	4.79	2.83	98.059	174.57	146.28
21	45,000	41.00	318.65	359.65	33.05	35.85	4.79	2.83	110.316	186.83	172.82
22	50,000	41.00	357.45	398.45	33.05	35.85	4.79	2.83	122.573	199.09	199.36
23	60,000	41.00	435.05	476.05	33.05	35.85	4.79	2.83	147.088	223.60	252.45
24	70,000	41.00	512.65	553.65	33.05	35.85	4.79	2.83	171.603	248.12	305.53
25	80,000	41.00	590.25	631.25	33.05	35.85	4.79	2.83	196.117	272.63	358.62
26	90,000	41.00	667.85	708.85	33.05	35.85	4.79	2.83	220.632	297.15	411.70
27	100,000	41.00	745.45	786.45	33.05	35.85	4.79	2.83	245.147	321.66	464.79

Tubac Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	$ 344,208	$ 526,598	$ 182,389	52.99%	59.43%	63.09%
2	3/4 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
3	1 Inch	Residential	42,770	55,708	12,938	30.25%	7.38%	6.67%
4	1.5 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
5	2 Inch	Residential	21,301	28,317	7,015	32.93%	3.68%	3.39%
6	6 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
7								
8		Subtotal	408,280	610,622	202,342	49.56%	70.49%	73.16%
9								
10	5/8x3/4 Inch	Commercial	$ 39,142	$ 55,520	$ 16,378	41.84%	6.76%	6.65%
11	3/4 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
12	1 Inch	Commercial	48,758	61,614	12,855	26.37%	8.42%	7.38%
13	1.5 Inch	Commercial	6,165	8,156	1,991	32.29%	1.06%	0.98%
14	2 Inch	Commercial	88,678	117,259	28,582	32.23%	15.31%	14.05%
15	3 Inch	Commercial	9,420	12,359	2,939	31.20%	1.63%	1.48%
16	4 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
17	6 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%
18								
19								
20		Subtotal	$ 192,163	$ 254,908	$ 62,745	32.65%	33.18%	30.54%
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38	Total Revenues Before Annualization		600,443	865,530	$ 265,087	44.15%	103.67%	103.70%
39								

Tubac Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	Schedule
			Revenue Annualization						
5	5/8x3/4 Inch	Residential	$ (31)	$ (52)	(21)	68.86%	-	(8)	See Work Papers
6	3/4 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
7	1 Inch	Residential	28	41	13	47.04%	(0)	6	See Work Papers
8	1.5 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
9	2 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
10	6 Inch	Residential	-	-	-	0.00%	-	-	See Work Papers
12		Subtotal	$ (3)	$ (11)	(8)	271.74%	(0)	(2)	
14	5/8x3/4 Inch	Commercial	$ (15)	$ (22)	(7)	47.04%	-	(3)	See Work Papers
15	3/4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
16	1 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
17	1.5 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
18	2 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
19	3 Inch	Commercial	(4,897)	(6,474)	(1,577)	32.21%	-	(912)	See Work Papers
20	4 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
21	6 Inch	Commercial	-	-	-	0.00%	-	-	See Work Papers
23					-				
24		Subtotal	$ (4,911)	$ (6,495)	(1,584)	32.25%	-	(915)	
41	Total Revenue Annualization		$ (4,914)	$ (6,506)	$ (1,592)	32.40%	(0)	(917)	

Tubac Water District
Test Year Ended June 30, 2013
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Schedule
1								
2								
3	Subtotal Metered Revenues	$ 600,443	$ 865,530	$ 265,087	44.15%	103.67%	103.70%	
4								
5								
6	Declining Usage Adjustment	(20,841)	(30,062)	(9,221)	44.25%	-3.60%	-3.60%	Schedule H-1, page 4
7	Subtotal Revenue Annualization	(4,914)	(6,506)	(1,592)	32.40%	-0.85%	-0.78%	
8	Total Metered Revenues	$ 574,688	$ 828,962	$ 254,274	44.25%	99.22%	99.32%	
9	Misc. Revenues	$ 4,990	$ 4,990	-	0.00%	0.86%	0.60%	
10								
11	Reconciling Amount to GL	(484)	693	1,178	-243.31%	-0.08%	0.08%	
12	Total Water Revenues	$ 579,194	$ 834,645	$ 255,452	44.10%	100.00%	100.00%	
13								
14								

Tubac Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	482	8,348	$ 53.57	$ 86.29	32.72	61.07%
2	3/4 Inch	Residential	-	-	$ 28.26	$ 41.00	12.74	45.09%
3	1 Inch	Residential	24	13,839	146.05	192.60	46.55	31.87%
4	1.5 Inch	Residential	-	-	165.19	205.01	39.82	24.11%
5	2 Inch	Residential	4	39,917	440.48	587.87	147.39	33.46%
6	6 Inch	Residential	-	-	1,647.55	2,050.10	402.55	24.43%
7		Subtotal	509					
8								
9	5/8x3/4 Inch	Commercial	52	7,126	$ 59.81	$ 87.39	27.58	46.12%
10	3/4 Inch	Commercial	-	-	28.26	41.00	12.74	45.09%
11	1 Inch	Commercial	18	25,287	196.73	267.12	70.39	35.78%
12	1.5 Inch	Commercial	2	20,708	256.87	339.82	82.95	32.29%
13	2 Inch	Commercial	14	54,744	506.13	684.40	178.27	35.22%
14	3 Inch	Commercial	0	258,600	1,839.54	2,444.02	604.48	32.86%
15	4 Inch	Commercial	-	-	826.06	1,025.05	198.99	24.09%
16	6 Inch	Commercial	-	-	1,647.55	2,050.10	402.55	24.43%
17								
18		Subtotal	86					
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33		Total	596					
34								

35 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Tubac Water District
Test Year Ended June 30, 2013
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2013	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 x3/4Inch	Residential	482	5,000	$ 42.10	$ 66.50	24.41	57.98%
2	3/4 Inch	Residential	-	-	$ 28.26	$ 41.00	12.74	45.09%
3	1 Inch	Residential	24	10,000	129.05	167.61	38.55	29.87%
4	1.5 Inch	Residential	-	-	165.19	205.01	39.82	24.11%
5	2 Inch	Residential	4	19,500	350.09	454.96	104.87	29.95%
6	6 Inch	Residential	-	-	1,647.55	2,050.10	402.55	24.43%
7		Subtotal	509					
8								
9	5/8 Inch	Commercial	52	2,000	$ 37.11	$ 54.02	16.91	45.55%
10	3/4 Inch	Commercial	-	-	28.26	41.00	12.74	45.09%
11	1 Inch	Commercial	18	8,000	120.20	154.59	34.39	28.61%
12	1.5 Inch	Commercial	2	18,500	247.10	325.45	78.35	31.71%
13	2 Inch	Commercial	14	27,500	385.51	507.04	121.53	31.52%
14	3 Inch	Commercial	0	252,000	1,797.12	2,392.80	595.68	33.15%
15	4 Inch	Commercial	-	-	826.06	1,025.05	198.99	24.09%
16	6 Inch	Commercial	-	-	1,647.55	2,050.10	402.55	24.43%
17								
18		Subtotal	86					
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33		Total	596					
34								

35 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
36

Tubac Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Dollar Change
1	Meter Size (All Classes):			
2	5/8x3/4 Inch Residential Low Income	NT	$ 24.60	
3	5/8x3/4 Inch	$ 24.70	41.00	16.30
4	3/4 Inch	24.70	41.00	16.30
5	1 Inch	74.10	102.51	28.41
6	1 1/2 Inch	144.38	205.01	60.63
6	2 Inch	230.53	328.02	97.49
7	3 Inch	461.00	656.03	195.03
8	4 Inch	722.00	1,025.05	303.05
9	6 Inch	1,440.00	2,050.10	610.10
10	8 Inch	2,305.00	3,280.16	975.16
11	10 Inch	3,220.00	4,715.23	1,495.23
12	12 Inch	6,208.00	8,815.43	2,607.43
13				
14				
15				
16	Gallons In Minimum (All Meter Sizes and Classes)	-	-	
17				
18				

Line No.	Commodity Rates (per 1,000 gallons)	Block				Present Rate	Proposed Rate	Dollar Change
19								
20								
21	5/8x3/4 Inch and 3/4 Inch Meter - Residential	1	gallons to	3,000	gallons	$ 1.90	$ 4.56	$ 2.66
22		3,001	gallons to	10,000	gallons	$ 3.00	$ 5.91	$ 2.91
23		10,001	gallons to	20,000	gallons	$ 4.00	$ 6.96	$ 2.96
24			over	20,000	gallons	$ 6.00	$ 7.76	$ 1.76
25								
26	5/8x3/4 Inch and 3/4 Inch Meter - Commercial	1	gallons to	20,000	gallons	$ 4.00	$ 6.51	$ 2.51
27			over	20,000	gallons	$ 6.00	$ 7.76	$ 1.76
28								
29	1 Inch Meter - Residential, Commercial	1	gallons to	35,000	gallons	$ 4.00	$ 6.51	$ 2.51
30			over	35,000	gallons	$ 6.00	$ 7.76	$ 1.76
31								
32	1 1/2 Inch Meter - Residential, Commercial	1	gallons to	85,000	gallons	$ 4.00	$ 6.51	$ 2.51
33			over	85,000	gallons	$ 6.00	$ 7.76	$ 1.76
34								
35	2 Inch Meter - Residential, Commercial	1	gallons to	150,000	gallons	$ 4.00	$ 6.51	$ 2.51
36			over	150,000	gallons	$ 6.00	$ 7.76	$ 1.76
37								
38	3 Inch Meter - Residential, Commercial	1	gallons to	175,000	gallons	$ 4.00	$ 6.51	$ 2.51
39			over	175,000	gallons	$ 6.00	$ 7.76	$ 1.76
40								
41								
42								
43								

Tubac Water District
Test Year Ended June 30, 2013
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.	Commodity Rates (per 1,000 gallons)	Block				Present Rate	Proposed Rate	Dollar Change
1	2 Inch Meter - Residential, Commercial	1	gallons to	150,000	gallons	$ 4.00	$ 6.51	$ 2.51
2			over	150,000	gallons	$ 6.00	$ 7.76	$ 1.76
3								
4	3 Inch Meter - Residential, Commercial	1	gallons to	175,000	gallons	$ 4.00	$ 6.51	$ 2.51
5			over	175,000	gallons	$ 6.00	$ 7.76	$ 1.76
6								
7	4 Inch Meter - Residential, Commercial	1	gallons to	250,000	gallons	$ 4.00	$ 6.51	$ 2.51
8			over	250,000	gallons	$ 6.00	$ 7.76	$ 1.76
9								
10	6 Inch Meter - Residential, Commercial	1	gallons to	350,000	gallons	$ 4.00	$ 6.51	$ 2.51
11			over	350,000	gallons	$ 6.00	$ 7.76	$ 1.76
12								
13	8 Inch Meter - Residential, Commercial	1	gallons to	900,000	gallons	$ 4.00	$ 6.51	$ 2.51
14			over	900,000	gallons	$ 6.00	$ 7.76	$ 1.76
15								
16	10 Inch Meter - Residential, Commercial	1	gallons to	1,500,000	gallons	$ 4.00	$ 6.51	$ 2.51
17			over	1,500,000	gallons	$ 6.00	$ 7.76	$ 1.76
18								
19	12 Inch Meter - Residential, Commercial	1	gallons to	2,250,000	gallons	$ 4.00	$ 6.51	$ 2.51
20			over	2,250,000	gallons	$ 6.00	$ 7.76	$ 1.76
21								
22						Present Rate	Proposed Rate*	
23	Low Income Program Discount Revenue Recovery							
24	Program Participation Limit (No. of Customers)						40	
25	Estimated Annual Discounts						$ 7,872	
26	Under(Over) Collections from previous years						$ -	
27	Net Discounts to be recovered						$ 7,872	
28	Highest Cost Commodity Rate Gallons Sold to Residential, Commercial (in 1,000s)						13,608	
29	Low Income Surcharge on Highest Cost Commodity Rate (Residential, Commercial Customers Only)						$ 0.5780	
30								
31								
32	* Low Income Program details are noted in the Terms and Conditions section for General Water Rates. Upper tier rate for							
33	residential and commercial customers is comprised of the approved rate listed in table above plus and additional $0.6810 for the							
34	Low Income Surcharge.							
35								
36								
37								
38								
39								
40								
41								
42								

Tubac Water District
Changes in Representative Rate Schedules
Test Year Ended June 30, 2013

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Service Charges	Present Rates	Proposed Rates
1			
2			
3	Service Charges	Present Rates	Proposed Rates
4	Establishment or Re-establishment of Water Service		$ 35.00
5	Regular Hours	$ 30.00	Remove
6	After Hours	$ 45.00	Remove
7	Reconnection of Water Service (Delinquent)		$ 35.00
8	Regular Hours	$ 30.00	Remove
9	After Hours	$ 45.00	Remove
10	Meter Test (if correct)	$ 10.00	$ 35.00
11	Meter Reread (if correct)	$ 5.00	$ 25.00
12	NSF Check	$ 25.00	$ 25.00
13	Late Fee Charge, per month	1.50%	1.50%
14	Deferred Payment	1.50%	1.50%
15	Deposit Requirements	(a)	(a)
16	Deposit Interest	(b)	(b)
17	After Hours Service Charge(c)	NT	$ 30.00
18			
19			
20			
21			
22			
23			

24 (a) Per ACC Rules R14-2-403(B) Residential - two times the average bill.
25 Non-residential - two and one-half times the estimated maximum bill.
26 (b) Interest per A.C.C. Rule 14-2-403(B)
27 (c) After hours service charge: After regular working hours, Saturdays, Sundays, and holidays if at the customer's
28 request or for the customer's convenience.
29
30
31 IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM
32 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE
33 TAX. PER COMMISSION RULE 14-2-409D(5).
34
35
36
37

Tubac Water District
Test Year Ended June 30, 2013
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Refundable Meter and Service Line Charges

Meter Size	Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
5/8 x 3/4 Inch	$ 445.00	$ 155.00	$ 600.00	$ 445.00	$ 155.00	$ 600.00
3/4 Inch	445.00	255.00	700.00	445.00	255.00	700.00
1 Inch	495.00	315.00	810.00	495.00	315.00	810.00
1 1/2 Inch	550.00	525.00	1,075.00	550.00	525.00	1,075.00
2 Inch / Turbine	830.00	1,045.00	1,875.00	830.00	1,045.00	1,875.00
2 Inch / Compound	830.00	1,890.00	2,720.00	830.00	1,890.00	2,720.00
3 Inch / Turbine	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
3 Inch / Compound	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
4 Inch / Turbine	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
4 Inch / Compound	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
6 Inch / Turbine	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
6 Inch / Compound	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
8 Inch & Larger	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

N/T = No Tariff

Tubac Water District
Test Year Ended June 30, 2013

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Arsenic Cost Recovery Charges

Residential	Present			Proposed		
Meter Size (All Classes)	Basic Service Charge	Commodity Rate per 1,000 gals	First Tier (gallons)	Basic Service Charge	Commodity Rate per 1,000 gals	First Tier (gallons)
5/8x3/4 Inch	$ 3.56	$ 0.4273	All gallons	$ -	$ -	All gallons
3/4 Inch	3.56	0.4273	All gallons	-	-	All gallons
1 Inch	10.68	0.4273	All gallons	-	-	All gallons
1 1/2 Inch	20.81	0.4273	All gallons	-	-	All gallons
2 Inch	33.23	0.4273	All gallons	-	-	All gallons
3 Inch	66.44	0.4273	All gallons	-	-	All gallons
4 Inch	104.06	0.4273	All gallons	-	-	All gallons
6 Inch	207.55	0.4273	All gallons	-	-	All gallons
8 Inch	332.22	0.4273	All gallons	-	-	All gallons
10 Inch	478.51	0.4273	All gallons	-	-	All gallons
12 Inch	894.76	0.4273	All gallons	-	-	All gallons

Commercial	Present			Proposed		
Meter Size (All Classes)	Basic Service Charge	Commodity Rate per 1,000 gals	First Tier (gallons)	Basic Service Charge	Commodity Rate per 1,000 gals	First Tier (gallons)
5/8x3/4 Inch	$ 3.56	$ 0.4273	All gallons	$ -	$ -	All gallons
3/4 Inch	3.56	0.4273	All gallons	-	-	All gallons
1 Inch	10.68	0.4273	All gallons	-	-	All gallons
1 1/2 Inch	20.81	0.4273	All gallons	-	-	All gallons
2 Inch	33.23	0.4273	All gallons	-	-	All gallons
3 Inch	66.44	0.4273	All gallons	-	-	All gallons
4 Inch	104.06	0.4273	All gallons	-	-	All gallons
6 Inch	207.55	0.4273	All gallons	-	-	All gallons
8 Inch	332.22	0.4273	All gallons	-	-	All gallons
10 Inch	478.51	0.4273	All gallons	-	-	All gallons
12 Inch	894.76	0.4273	All gallons	-	-	All gallons