

**SCHEDULE OF ADJUSTED OPERATIONS**  
**North Mercer Water District**

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Water Sales	\$ 1,971,576			\$ 1,971,576
Other Water Revenues:				
Forfeited Discounts	27,596			27,596
Misc. Service Revenues	22,512			22,512
Other Water Revenues	13,406			13,406
<b>Total Operating Revenues</b>	<b>\$ 2,035,090</b>	<b>0</b>		<b>\$ 2,035,090</b>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	428,981	46,269	a.	475,250
Salaries and Wages - Officers	15,300			15,300
Employee Pensions and Benefits	150,138	16,194	b.	166,332
Purchased Water	629,216			629,216
Purchased Power	23,274			23,274
Materials and Supplies	67,190			67,190
Contractual Services	39,225			39,225
Water Testing	15,650			15,650
Transportation Expenses	28,455			28,455
Insurance	36,346			36,346
Bad Debt Expense	5,054			5,054
Miscellaneous Expenses	34,340			34,340
Total Operation and Mnt. Expenses	1,473,169	62,463		1,535,632
Depreciation Expense	455,478	(70,246)	c.	385,232
Amortization Expense	2,815			2,815
Taxes Other Than Income	36,756	3,540	d.	40,296
<b>Total Operating Expenses</b>	<b>\$ 1,968,218</b>	<b>\$ (4,243)</b>		<b>\$ 1,963,975</b>
<b>Net Utility Operating Income</b>	<b>\$ 66,872</b>	<b>\$ 4,243</b>		<b>\$ 71,115</b>

**REVENUE REQUIREMENTS**

<b>Pro Forma Operating Expenses</b>	<b>\$ 1,963,975</b>
Plus: Avg. Annual Principal and Interest Pmts.	e. 472,088
Additional Working Capital	f. 90,419
<b>Total Revenue Requirement</b>	<b>2,526,482</b>
Less: Other Operating Revenue	(63,514)
Interest & Rental Income	(10,078)
<b>Revenue Required From Retail Rates</b>	<b>2,452,890</b>
Less: Revenue from Sales at Present Rates	(1,971,576)
<b>Required Revenue Increase</b>	<b>\$ 481,314</b>
<b>Percent Increase</b>	<b>24.41%</b>