

Divided by: 15% Line Loss Reciprocal
 Allowable Purchases/Production

85.00%
255,006,118

Purchased Water Cost per 1,000 Gal

Allowable Purchases	255,006,118
Multiplied by: Water Rate per 1,000 Gallons	\$ 1.570
Pro Forma Water Expense	<u>\$ 400,360</u>
Total Allowable Water Purchases	\$ 400,360
Less: Actual Test-period Expense	420,965
Pro Forma Adjustment	<u>\$ (20,605)</u>

(D) Insurance - General Liability/Vehicle: This adjustment reflects the cost of the current general liability premium less the amount reported during the test year.

KAoC All Lines Fund 07/01/11 - 07/01/12	\$ 10,161
Less: Reported Expense	9,642
Pro Forma Adjustment	<u>\$ 519</u>

(E) Insurance - Workers Compensation: This adjustment reflects the cost of the current workers compensation premium less the amount reported during the test year.

KAoC Workers Compensation Fund 07/01/11 - 07/01/12	\$ 5,344
Less: Test Year expense	4,962
Pro Forma Adjustments	<u>\$ 382</u>

(F) Insurance - Other: This adjustment reflects the cost of the current premium less the amount reported during the test year.

KAoC Enchroachment Bond 3/11/11 - 3/11/12	\$ 114
Less: Reported Expense	102
Pro Forma Adjustment	<u>\$ 12</u>

(G) Depreciation: This adjustment reflects a full-year of depreciation for items capitalized in 2010, items fully depreciated in the test year and depreciating items that were incorrectly expensed.

	Test Period		Cost	Life	Depreciation		Adjustment
	Dep	Exp			Expense		
(1) Normalized Depreciation (Full Year):							
High Pressure Switch	\$	4	\$ 869	40	\$ 22		18
Transmission & Dist Mains	\$	28	\$ 3,658	65	\$ 56		28
Meters & Installation	\$	300	\$ 23,993	40	\$ 600		300
Radio Read Meters	\$	1,229	\$ 98,318	40	\$ 2,458		1,229
Radio Read Cover Kits	\$	573	\$ 45,870	40	\$ 1,147		574
1" Radio Read Meters	\$	29	\$ 1,960	40	\$ 49		20
Radio Read Meters	\$	12	\$ 5,772	40	\$ 144		132
Crosscut Shredder	\$	31	\$ 160	3	\$ 53		22
HP Computer	\$	8	\$ 495	5	\$ 99		91
3 Telephones	\$	6	\$ 385	5	\$ 77		71
Computer Monitor	\$	-	\$ 206	5	\$ 41		41