

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 16

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	219,653.00	9,818.00	A	229,471.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale				0.00
Total Sales of Water	219,653.00	9,818.00		229,471.00
Other Water Revenues				
Forfeited Discounts				0.00
Miscellaneous Service Revenues	1,443.00			1,443.00
Rents from Water Property				0.00
Other Water Revenues	23.00			23.00
Total Other Water Revenues	1,466.00	0.00		1,466.00
Total Operating Revenues	221,119.00	9,818.00		230,937.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	54,293.00	-8,543.00	B	45,750.00
Salaries and Wages - Officers	7,200.00			7,200.00
Employee Pensions and Benefits	849.00	126.00	C	975.00
Purchased Water	96,110.00	10,000.00	D	106,110.00
Purchased Power	4,046.00			4,046.00
Fuel for Power Production				0.00
Chemicals				0.00
Materials and Supplies	21,973.00	15,000.00	E	36,973.00
Contractual Services	11,063.00			11,063.00
Water Testing	2,016.00			2,016.00
Rents				0.00
Transportation Expenses	2,846.00	3,000.00	F	5,846.00
Insurance	3,974.00			3,974.00
Regulatory Commission Expenses				0.00
Bad Debt Expense				0.00

Miscellaneous Expenses	1,617.00		1,617.00
Total Operation and Maintenance Expenses	205,987.00	19,583.00	225,570.00
Depreciation Expense	35,989.00		35,989.00
Amortization Expense			0.00
Taxes Other Than Income	12,182.00		12,182.00
Income Tax Expense			0.00
Total Operating Expenses	254,158.00	19,583.00	273,741.00
Utility Operating Income	-33,039.00	-9,765.00	-42,804.00

References

A. This adjustment is because the supplier for the district adjusted their wholesale rates in the middle of the test period in 2016. The district will also see increases in the purchase wholesale rate twice in 2017 and twice in 2018. The final wholesale rate that the district expects to pay its supplier for water is \$3.23/1000 gallons by July 2018. Because of these increases from the supplier the district has submitted Purchase Water Adjustments with the Commission every time the supplier increased and will increase the wholesale rate to the district. The adjustment in this reference reflects the most current increase in revenue the district will incur due to increase in water rates from the purchase water adjustments.

B. The adjustment to employee salaries is because in 2016 the district had a couple of part-time employees and the district currently does not have those employees working for the district and the district has no intention of hiring and new employees for the time being. So the adjustment is to adjust the salary of employees to reflect just the salaries of the 2 employees the district currently has and both are salary employees.

C. This adjustment is to take in effect that the district started offering retirement benefits in May 2016 and the adjustment reflects the total cost of that benefit to the district for a full year.

D. This adjustment coincides with reference A in which the supplier for the district raised its wholesale rate. This adjustment estimates the amount the expense will increase for purchasing water from the district's supplier.

E. The district chose to adjust the materials and supplies because in the near future the district plans to have radio read meters in place and it is estimated that this will add an additional \$15,000 expense each year to district that the district is not currently spending.

F. The district chose to adjust the transportation costs because the district wants to plan for the replacement of company vehicle. It is estimated the district will spend approximately \$20,000 to replace a vehicle and the district wants to spread that cost over 7 years and build in 3,000 a year to save for the replacement costs of a company vehicle.