

**SCHEDULE OF ADJUSTED OPERATIONS**  
**Cunningham Water District**

	<b>Test Year (2022)</b>	<b>Adjustments</b>	<b>Ref.</b>	<b>Pro Forma</b>
<b><u>Operating Revenues</u></b>				
Total Metered Sales	47,935	(2,709)	A	\$ 45,226
Other Water Revenues:				
Forfeited Discounts	-			-
Other Water Revenues	-			-
<b>Total Operating Revenues</b>	<b>47,935</b>			<b>\$ 45,226</b>
<b><u>Operating Expenses</u></b>				
Operation and Maintenance				
Salaries and Wages - Employees	-			-
Salaries and Wages - Officers	-			-
Purchased Power	2,477			2,477
Chemicals	4,610			4,610
Materials and Supplies	22,767	(15,061)	B	7,706
Contractual Services	22,520			22,520
Water Testing	2,872			2,872
Rental of Equipment	-			-
Transportation Expenses	-			-
Insurance	1,767			1,767
Bad Debt	-			-
Miscellaneous Expenses	5,087			5,087
<b>Total Operation and Mnt. Expenses</b>	<b>62,100</b>			<b>\$ 47,039</b>
Depreciation Expense	12,170	210	C	12,380
Taxes Other Than Income	-			-
<b>Total Operating Expenses</b>	<b>74,270</b>			<b>\$ 59,419</b>
<b>Net Utility Operating Income</b>	<b>(26,335)</b>			<b>(14,193)</b>

**REVENUE REQUIREMENTS**

<b>Pro Forma Operating Expenses</b>	<b>\$ 59,419</b>
Divided by: Operating Ratio	D 88%
Subtotal	67,521
Plus: Interest Expense	-
<b>Total Revenue Requirement</b>	<b>67,521</b>
Less: Other Operating Revenue	-
Interest Income	(4)
<b>Revenue Required From Sales of Water</b>	<b>67,518</b>
Less: Revenue from Sales with Present Rates	45,226
<b>Required Revenue Increase</b>	<b>\$ 22,292</b>
<b>Percent Increase</b>	<b>49.29%</b>

## **REFERENCES**

- A. The Current Billing Analysis results in pro forma retail sales revenue of \$45,226. This indicates a deduction of \$2,709 from reported Metered Sales is required.
- B. The amount reported for Materials and Supplies includes the total expenditure of \$16,735 for a major pump repair. Operating personnel indicate that this type of repair is required no more often than once every 10 years. Therefore, an adjustment of \$15,061 is applied to this expense category to amortize the pump repair over ten years.
- C. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges. See Table A.
- D. In cases where the utility has no long term debt the Operating Ratio method is accepted by the PSC to determine the Total Revenue Requirement. That is the situation for Cunningham Water District and therefore, the Operating Ratio method is applied here.

**Table A**  
**DEPRECIATION EXPENSE ADJUSTMENTS**  
**Cunningham Water District**

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Life</u>	<u>Pro forma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
Storage Building	various	\$ 3,432	20.0	\$ 172	37.5	92	\$ (80)
Well	11/06/17	13,485	20.0	674	30.0	450	(225)
Meters	01/01/04	1,485	20.0	74	40.0	37	(37)
Tank Improvements	08/31/21	89,469	20.0	4,473	20.0	4,473	0
Plant	01/01/97	178,818	50.0	3,576	37.5	4,768	1,192
Water Mains	various	159,985	varies	3,200	62.5	2,560	(640)
<b>TOTALS</b>				<b>\$ 12,170</b>		<b>\$ 12,380</b>	<b>\$ 210</b>

\* Includes only costs of assets that contributed to depreciation expense in the test year.