

TCEQ DOCKET NOS. 2004-1671-UCR and 2004-1120-UCR

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SOAH DOCKET NOS. 582-05-2771 and 582-05-2770

CHIEF CLERKS OFFICE

APPLICATION BY AQUA UTILITIES, § BEFORE THE STATE OFFICE
 INC. AND AQUASOURCE §
 DEVELOPMENT COMPANY d/b/a §
 AQUA TEXAS, INC., TO CHANGE §
 THEIR WATER AND SEWER TARIFFS § OF
 AND RATES IN VARIOUS COUNTIES, §
 AND APPEAL OF RATE-MAKING §
 ACTIONS OF VARIOUS §
 MUNICIPALITIES DENYING §
 REQUESTED CHANGES TO WATER §
 AND SEWER TARIFFS AND RATES § ADMINISTRATIVE HEARINGS

**AQUA TEXAS' RESPONSE TO PROTESTANTS'
EXCEPTIONS TO THE PROPOSAL FOR DECISION**

TO THE HONORABLE COMMISSIONERS OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY:

Aqua Utilities, Inc. and Aqua Development, Inc., d/b/a Aqua Texas, Inc. ("Aqua Texas"), respectfully submit this Response to the Southeast and Southwest Region's ("Protestants") Exceptions to the Administrative Law Judges' ("ALJs") Proposal for Decision ("PFD") and in support thereof would show the following:

I. INTRODUCTION

On July 25, 2007, the Protestants presented their Exceptions to the PFD ("Protestants' Exceptions"). The Protestants' Exceptions essentially repeat the same claims they presented in their Closing Argument to the ALJs, which the ALJs uniformly rejected in the PFD. In the interest of brevity, Aqua Texas will not reargue at length its responses to the Protestants' claims. Instead, Aqua Texas will provide a brief response to each of the Protestants' complaints and will then direct the Commission to the responses it has made previously to those claims in other briefing.

III. AQUA TEXAS' RESPONSE TO THE PROTESTANTS' EXCEPTIONS

A. Aqua Texas has standing as an applicant [in response to Protestants' "Exceptions to the ALJs' 'IV. Aqua Texas' Standing as Applicant.'"]].

The Protestants allege that Aqua Texas lacked standing to present its Rate Change Application to the Commission. Protestants' Exceptions at 4-6. They specifically complain that Aqua Texas was required to "file a Sale, Transfer, Merger ("STM") Application" covering the systems owned by Aqua Utilities, Inc. and Aqua Development, Inc. before filing its application and that "Aqua Texas has no debt, equity or capital for which it could seek to recover in this case." Protestants Exceptions at 4. The ALJs correctly dismissed both of these claims. PFD at 10-13.

The Protestants' complaint regarding the alleged requirement of a STM application rehashes their arguments that the Commission rejected on certified questions presented by the ALJs.¹ The Commission rejected those arguments by answering "Yes" to "Certified Question No. 1: Does Chapter 13 of the Water Code allow two or more utilities wholly owned by the same parent company to file a single rate filing application to consolidate multiple systems under a single tariff?" Order on Certified Questions at 1-2. The Protestants' complaint is an improper attempt to challenge the Commission's Order on Certified Questions and should be rejected. The Commission has settled the issue of law in question against the Protestants.

Aqua America sought and received the Commission's approval under TEX. WATER CODE § 13.302 for its stock acquisition of Aqua Utilities, Inc. and Aqua Development, Inc. See Aqua Texas' Response to Closing Arguments at 38-40. Thereafter, Aqua Texas filed its Rate Change Application that covered systems owned by both Aqua Utilities, Inc. and Aqua Development, Inc.

¹ The Protestants' main argument on certified questions was that Aqua Texas' application for consolidated tariffs must be dismissed because those tariffs applied to multiple systems that had not been merged pursuant to an STM application. See Aqua Texas' Response Brief on Certified Questions at 6.

The ALJs correctly dismissed the Protestants' exception to Aqua Texas' standing based on the inapplicable requirement of an STM application. PFD at 10-13. The Commission should do likewise.

The Protestants' allegation that "Aqua Texas has no debt, equity or capital for which it could seek to recover in this case" is similarly unfounded. Protestants' Exceptions at 4. The ALJs found that this complaint "clearly fails." PFD at 10. Aqua Texas' explained at length in its Response to Closing Arguments that it holds all of the capital assets at issue in this rate case. Aqua Texas' Response to Closing Arguments at 36-38. Aqua Texas presented extensive evidence of its assets, and that evidence was reviewed and audited by TCEQ staff and Aqua Texas' experts. Its assets were confirmed by numerous TCEQ inspections, testimony, and TCEQ review of invoices supporting those assets.² The Commission should reject the Protestants' wholly unfounded complaint that Aqua Texas "has no debt, equity or capital for which it could seek to recover in this case," as did the ALJs. PFD at 10; *see also* Aqua Texas' Response to Closing Arguments at 36-38.

B. Aqua Texas satisfied the requirements of TEX. WATER CODE § 13.145 [in response to Protestants' "Exceptions to the ALJs' 'V. Consolidated Tariffs/Regionalization.'"]

The bulk of the Protestants' Exceptions challenge the ALJs conclusion that "Aqua Texas has satisfied the requirements of [TEX. WATER CODE §] 13.145 for establishing consolidated tariffs." PFD at 45; Protestants' Exceptions at 6-18. As the ALJs found, this is "the most significant issue in this matter." PFD at 13. It has therefore been the subject of extensive briefing by all of the parties. Aqua Texas presented uncontroverted evidence that, if applicable,³ it has satisfied the

² Tr. 1493, ln. 12 – 1497, ln. 2; 1499, ln. 4 – 18 (Gebhard – Feb. 19, 2007); Tr. 1230, ln. 2 – 11 (Loy – Feb. 16, 2007); Tr. 809, ln. 15 – 810, ln. 15; Tr. 814 ln. 15- 24 (Adhikari – Aug. 24, 2006); Tr. 769 ln. 14 – 770 ln. 7 (Pascua – Aug. 24, 2006); Tr. 1229 ln. 10 – 1231 ln. 12 (Loy – Feb. 16, 2007).

³ Aqua Texas has consistently maintained that TEX. WATER CODE § 13.145 is not applicable to its request for regional, rather than statewide, rates. *See* Aqua Texas' Closing Argument at 16-26; Aqua Texas'

requirements of TEX. WATER CODE § 13.145. *See* Aqua Texas' Closing Argument at 26-40; Aqua Texas Response to Closing Arguments at 3-8; Aqua Texas' Exceptions at 20-21. The ED agreed that Aqua Texas has satisfied the requirements of TEX. WATER CODE § 13.145, and recommended that Aqua Texas' request for regional rates be approved. ED's Closing Argument at 1-6; ED's Reply to Closing Briefs at 1-2. The ALJs, after thorough and careful analysis, correctly concluded that Aqua Texas satisfied the requirements of TEX. WATER CODE § 13.145. PFD at 45. Their analysis in the PFD is correct in every respect, and appropriately reconciles the mandate for regionalization with TEX. WATER CODE § 13.145's requirements. PFD at 13-45.

The Protestants' complaints concerning TEX. WATER CODE § 13.145 were uniformly rejected by the ALJs. *Id.* The Protestants' claim that Aqua Texas regionalized its systems "based on geography alone" ignores extensive evidence concerning the similarities and differences that underlie Aqua Texas' proposed regions. Protestants' Exceptions at 7; Aqua Texas' Closing Argument at 31-40 (reviewing evidence supporting the ALJs' conclusion that Aqua Texas satisfied TEX. WATER CODE § 13.145). Their claim that "[s]ystem facilities within the 'regions' are not substantially similar," fails for the same reason. Protestants' Exceptions at 10. In short, all of the Protestants' exceptions related to TEX. WATER CODE § 13.145 can be reduced to the complaint that the ALJs' conclusion that Aqua Texas satisfied its requirements is not supported by evidence. A review of the evidence indicates otherwise. *See* Aqua Texas' Closing Argument at 26-40; Aqua Texas Response to Closing Arguments at 3-8; Aqua Texas' Exceptions at 20-21. The Commission should therefore reject the Protestants' claims concerning TEX. WATER CODE § 13.145 and adopt the recommendation of the ALJs.

Exceptions at 20-21.

C. Aqua Texas presented test year data adjusted for known and measurable changes in its Application [in response to Protestants' "Exceptions to ALJs' Conclusions Regarding "Known and Measurable Changes"].

The Protestants further complain that "[t]he ALJ's erred in concluding that the use of 'budgeted numbers' was more reliable and/or appropriate than using 'Actual expenses' as a base for evaluating 'known and measurable changes.'" Protestants' Exceptions at 14. In the PFD, the ALJs concluded that Aqua Texas' decision to use 2004 budgeted numbers as the basis for making its known and measurable changes "was reasonable and resulted in a more accurate representation of the utility's actual expenses going forward." PFD at 14.

Aqua Texas presented its cost of service during its twelve-month 2003 test year, as adjusted for known and measurable changes, in its Rate Application. AT-A at 17, ln. 21 – 18, ln. 13 (Hugus Prefiled). The basis for those adjustments was Aqua Texas budgeted expense projections for 2004. AT-C at 8 ln. 22 - 9 ln. 11 (Scheibelhut Prefiled); *see also* Aqua Texas' Closing Argument at 45; Aqua Texas' Response to Closing Arguments at 28-30.⁴ Those adjustments resulted in a *net reduction* of Aqua Texas' claimed allowable expenses, thereby reducing its claimed cost of service and regulating rates.⁵

The Protestants' complaints regarding Aqua Texas' adjustments for known and measurable changes are confused, at best. Their citation to a decision in a case involving WaterCo., Inc. does

⁴ The reason for the adjustments was that the 2003 test year occurred during the transition from AquaSource to Aqua America, which was completed on July 31, 2003. *Id.* Due to this transition and differing accounting systems, Aqua Texas proposed adjustments for known and measurable changes caused by the transition. Tr. 56 ln. 20 - 25 (Hugus – Aug. 21, 2006); AT-C at 8 ln. 22 - 9 ln. 11 (Scheibelhut Prefiled); Tr. 281 ln. 22 - 23 (Scheibelhut - Aug. 22, 2006).

⁵ Aqua Texas' actual expense data for 2004 was practically identical to Aqua Texas' 2004 budgeted expenses, which formed the basis of its known and measurable changes: "In total, there proved to be a cost of service discrepancy of only approximately \$10 thousand in a \$12 million requested-rate increase." AT-A at 19, ln. 19 – 22 (Hugus Prefiled). *See also* PFD at 8.

little to clarify matters. They rely upon that decision for the proposition that “Commission rules clearly require that a proposed rate change be framed, primarily, in terms of expenses and circumstances during the period immediately *preceding* the date on which the application for proposed change was filed.” Protestants’ Exceptions at 15 (emphasis in original). Of course, the reason why allowable expenses are only “*primarily*” based on actual test year expenses is because those expenses should be adjusted for known and measurable changes that are projected to occur by necessity *after* the test year. 30 TEX. ADMIN. CODE § 291.31(b). If known and measurable changes occurred *during* the test year, they would be reflected in the test year expenses. The Protestants’ arguments and reliance on the WaterCo., Inc. decision evidences a fundamental misunderstanding of the use of known and measurable changes in ratemaking, and should be rejected.

In this case, the use of 2004 budget data as the basis for known and measurable changes resulted in a lower net cost of service and lower proposed rates. Relying on the 2004 budget data resulted in a \$2.3 million reduction in Aqua Texas’ test year operations and maintenance expenses and increased revenue of almost \$1.8 million over actual 2003 values. AT-F at 13, ln. 13 – 15 (Loy Prefiled). This effectively reduced Aqua Texas’ requested rate increase by over \$4 million annually. *Id.* at ln. 15 – 16. In other words, if Aqua Texas had relied upon its actual 2003 recorded revenue and expenses without adjustments for known and measurable changes, its requested rate increase would have been well over \$16 million annually total rather than the \$12 million annually requested. *Id.* at ln. 16 – 18. Thus, Aqua Texas properly used its 2004 budget data as the basis for its known and measurable changes, and its customers benefitted from that decision, as the ALJs concluded. PFD at 7-8. The Commission should therefore disregard the Protestants’ complaints with respect to that decision.

D. The ALJs correctly determined that settled systems should not be removed from rate setting data [in response to Protestants’ “Exceptions to ALJs’ VI. ‘Adjustments for Settled Customers.’”]

In its prefiled testimony and at hearing, the ED advocated removing asset and expense values attributable to settled systems for purposes of ratemaking. For the settled systems, the ED’s staff simply removed all elements of rate base and expenses from rate design. ED-B at 12, ln. 18 – 15, ln 16 (Adhikari Prefiled); Tr. 771, ln. 10 – 773, ln. 13 (Pascua – Aug. 24, 2006). The ALJs concluded that the removal of settled system assets and expenses was inappropriate because it “assume[d] that all settlements reached with customers would allow them to be removed from this [] case,” and the removal of systems “cuts against the regionalization that is at the heart of this case.” PFD at 46; *see also* Aqua Texas’ Closing Argument at 47-49; Aqua Texas’ Response to Closing Arguments at 24-25. In response to the PFD, the ED changed its position with respect to this issue. It re-included settled system data for the systems it previously removed both in its response to Order No. 49 and in its Exceptions. ED’s Exceptions at 3-4. For the reasons articulated by Aqua Texas, the ED and the ALJs, the Commission should adopt the ALJs determination that settled systems should not be removed for ratemaking purposes. PFD at 46; Aqua Texas’ Closing Argument at 47-49; Aqua Texas’ Response to Closing Arguments at 24-25; ED’s Exceptions at 3-4. Notably, the re-inclusion of settled systems by the ED resulted in *lower* not higher proposed rates, undermining the Protestants’ complaint that excluding settled systems is not “just and reasonable.” ED’s Exceptions at 3-4; Protestants’ Exceptions at 2-4.

E. Aqua Texas proved its revenue requirements [in response to Protestants’ “Exceptions to ALJs’ V. ‘Expense Disallowances.’”]

The Protestants dispute the ALJs’ conclusions regarding Aqua Texas’ revenue requirement. Protestants’ Exceptions at 19. Specifically, they allege that “Aqua Texas cannot prove an adequate

revenue requirement.” *Id.* Aqua Texas presented extensive evidence regarding its revenue requirement, which led the ALJs to dismiss this same complaint by the Protestants. PFD at 48-50; Protestants’ Closing Argument at 38-41; Aqua Texas’ Response to Closing Arguments at 36-38. The Commission should adopt the ALJs finding that “the evidence supports the conclusion that [Aqua Texas’] expenses . . . were for the purpose of providing utility service and did not need to be apportioned” as the Protestants contend. PFD at 49.

F. Aqua Texas proved its rate base [in response to Protestants’ “Exceptions to ALJs’ VIII. ‘Rate Base Issues.’”]

As with expenses, the Protestants complain that Aqua Texas failed to prove its requested rate base in this proceeding. Protestants’ Exceptions at 22-23. In short, they complain that the ED failed to “properly evaluate the application” because TCEQ staff failed to visit each of Aqua Texas’ 335 systems and verify whether every single asset Aqua Texas claimed as used and useful rate base was in place. *Id.* at 23. The standard the Protestants seek to impose is absurd and unworkable in a case of this magnitude. PFD at 60-61. Aqua Texas proved its net plant-in-service to be at least \$121,442,495 and its rate base to be at least \$105,936,003, as the ED concluded. *See Attachment A* (ED’s Rate Setting Data); *see also* Aqua Texas’ Response to Order No. 48; Aqua Texas’ Closing Argument at 40-44. In responding to this same complaint by the Protestants, the ALJs correctly noted that the Protestants’ claims regarding rate base “rely on innuendo, rather than evidence.” PFD at 60. The Commission should reject the Protestants’ exceptions concerning rate base, as did the ALJs. *Id.* at 60-61.

G. The ALJs proposed an appropriate 12% return on equity [in response to Protestants’ ‘Exceptions to the ALJ’s Rationale Regarding Rate of Return.’”]

The ALJs have proposed that Aqua Texas be allowed a 12% return on equity. PFD at 22. Both Aqua Texas and the ED presented evidence that a 12% return on equity, with an 8.44% overall

rate of return (reflecting a cost of debt of 4.87%, a return on equity of 12%, and a proposed 50/50 capital structure) was appropriate. Aqua Texas' Closing Argument at 44-45; Aqua Texas' Response to Closing Arguments at 20-24; ED's Closing Argument at 12; ED's Reply to Closing Briefs at 2-5. A 12% return on equity is consistent with the capital-intensive nature of providing water and sewer service versus other types of utility service and reflects an appropriate risk premium for Aqua Texas' capital investment. *Id.*; *see also* AT-A at 4, ln. 2 – 22 (Hugus Prefiled); ED-A at 19, ln. 14 – 21, ln. 3 (Pascua Prefiled); ED-EP-11, 15; ED-EP-3, 7; ED-EP-19, 23. AT-F at 18, ln. 12 – 14; 19, ln. 5 – 7; 22, ln. 11 – 15, ln. 15 (Loy Prefiled); AT-D at 14, ln. 21 – 15, ln. 8 (Freitag Prefiled). After extensive analysis, the ALJs correctly concluded that Aqua Texas is entitled to a 12% return on equity. PFD at 61-64. The Commission should adopt that recommendation.

H. The Protestants' proposed rate case expense disallowances are unfounded [in response to Protestants' "Exceptions to the ALJs X. 'Rate Case Expenses.'"].

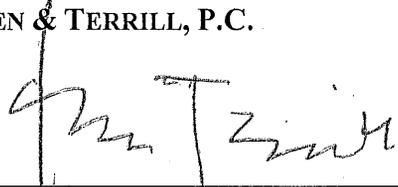
The Protestants wrongly contend that the ALJs' rate case expense findings are based upon "no credible evidence." Protestants' Exceptions at 24. Aqua Texas presented a significant volume of evidence related to rate case expenses over the course of a two day hearing on the subject. During that hearing, Aqua Texas presented the rate case expense testimony of *five witnesses*: Richard Hugus, Kurt Scheibelhut, Charles Loy, Thomas Gebhard and Paul Terrill. The ALJs concluded that Aqua Texas was entitled to recover its claimed rate case expenses (with certain disallowances) based on the testimony and evidence Aqua Texas presented. PFD at 65-76; *see also* Aqua Texas' Exceptions at 16-20 (addressing the ALJs proposed disallowances). The Protestants *failed to present any controverting evidence* concerning Aqua Texas' rate case expenses. PFD at 65. They instead claim that "no credible evidence" supports Aqua Texas' request, in the face of the testimony of five witnesses and extensive documentary evidence Aqua Texas presented. Protestants'

Exceptions at 24; Aqua Texas' Closing Argument at 62-66 (detailing Aqua Texas' rate case expense evidence). The Commission should reject the Protestants' unfounded complaints concerning rate case expenses, and adopt the PFD's recommendations with the modifications requested by Aqua Texas in its Exceptions to the PFD. *See* Aqua Texas' Exceptions at 16-20.

Respectfully submitted,

HAZEN & TERRILL, P.C.

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**ATTORNEYS FOR AQUA UTILITIES, INC.
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CERTIFICATE OF SERVICE

I hereby certify that on August 8, 2007, a true and complete copy of the foregoing was sent to the following by the indicated method:

Parties	Representative / Address	
STATE OFFICE ADMINISTRATIVE HEARINGS	Craig R. Bennett Travis Vickery Administrative Law Judges State Office of Admin. Hearings 300 West 15th Street Suite 502 Austin, TX 78701	<i>via fax: 475-4994</i>
SOAH Docket Clerk	Docket Clerk State Office of Admin. Hearings 300 West 15th Street, Suite 502 Austin, TX 78701	<i>via fax: 475-4994</i>
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Estates of Shady Hollow HOA; Comanche Cliffs HOA; Kerr and Kendall Counties Falling Water POA; The Reserve at Falling Water POA; Cypress Springs Estates POA; Kendall Pointe POA; Onion Creek Meadows POA	Sheridan Gilkerson Jackson Sjoberg McCarthy & Wilson L.L.P. 711 West 7th St. Austin Texas 78701	<i>via fax: 225-5565</i>
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Parties

Representative / Address

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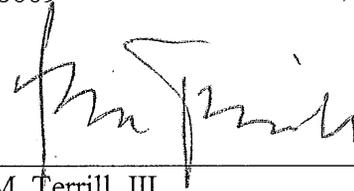
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Paul M. Terrill, III

AQUA TEXAS RESPONSE TO PFD'S PROPOSED RATE-SETTING DATA (ALL REGIONS)

Ln No.	COST OF SERVICE	NORTH		SOUTHEAST		SOUTHWEST		TOTAL		TOTAL
		Water	Wastewater	Water	Wastewater	Water	Wastewater	Water	Wastewater	Combined
1	Salaries and Wages (1)	\$1,461,349	\$87,511	\$1,220,685	\$471,011	\$1,377,130	\$190,482	\$4,059,164	\$749,004	\$4,808,168
2	Contract Labor (1)	\$607,711	\$28,102	\$537,787	\$500,717	\$589,831	\$132,351	\$1,735,329	\$661,170	\$2,396,499
3	Purchased Sewer Service (1)		\$35,064		\$611,064		\$132,209	\$0	\$778,337	\$778,337
4	Purchased Water (1)	\$251,863	\$0	\$131,276	\$0	\$326,676	\$0	\$709,815	\$0	\$709,815
5	Chemicals for Treatment (1)	\$121,365	\$11,546	\$138,312	\$41,639	\$63,065	\$39,759	\$322,742	\$92,944	\$415,686
6	Utilities (electricity) (1)	\$828,722	\$71,527	\$533,070	\$521,412	\$423,436	\$127,036	\$1,785,228	\$719,975	\$2,505,203
7	Repairs/maint/supplies (1)	\$242,371	\$8,031	\$189,272	\$30,031	\$200,583	\$20,036	\$632,226	\$58,098	\$690,324
8	Office Expense (1)	\$242,380	\$0	\$180,248	\$0	(\$31,066)	\$0	\$391,562	\$0	\$391,562
9	Accounting & Legal fees (1)	\$96,845	\$4,284	\$96,619	\$39,687	\$138,037	\$26,853	\$331,501	\$70,824	\$402,325
10	Insurance (1)	\$30,801	\$2,462	\$33,167	\$22,520	\$215,684	\$43,323	\$279,652	\$68,305	\$347,957
11	Miscellaneous (1)	\$837,533	\$54,082	\$716,548	\$368,288	\$991,911	\$202,994	\$2,545,992	\$625,364	\$3,171,356
Other Taxes:										
12	Payroll Taxes	\$106,286 (2)	\$5,679 (3)	\$105,839 (4)	\$52,897 (5)	\$69,327 (6)	\$14,142 (7)	\$281,453	\$72,718	\$354,170
13	Property and other taxes	\$173,938 (2)	\$5,710 (3)	\$988,868 (4)	\$70,514 (5)	\$327,922 (6)	\$25,264 (7)	\$1,490,728	\$101,488	\$1,592,216
14	Annual Depreciation (9)	\$1,439,811	\$103,626	\$1,153,116	\$1,045,227	\$975,053	\$272,529	\$3,567,980	\$1,421,382	\$4,989,362
15	Return (1)	8.440%	\$2,686,548	\$158,989	\$2,026,756	\$1,652,572	\$1,924,232	\$491,902	\$6,637,536	\$2,303,463
16	Income Taxes (8)	34.00%	\$1,383,979	\$74,190	\$1,044,086	\$851,325	\$991,271	\$253,404	\$3,419,337	\$1,178,919
17	Less: Other Revenues	(\$212,751) (2)	(\$2,532) (3)	(\$234,174) (4)	(\$24,594) (5)	(\$138,707) (6)	(\$6,182) (7)	(\$585,632)	(\$33,308)	(\$618,940)
18	Total Revenue Requirement	\$10,298,752	\$648,270	\$8,861,475	\$6,254,310	\$8,444,385	\$1,966,102	\$27,604,612	\$8,868,683	\$36,473,294
RATE BASE										
19	Utility Plant at Original Cost (9)	\$46,834,952	\$3,370,987	\$37,687,126	\$31,712,676	\$34,292,501	\$8,663,259	\$118,814,579	\$43,746,922	\$162,561,501
20	Less: Reserve for Depreciation (9)	(\$11,150,810)	(\$607,024)	(\$8,416,959)	(\$9,334,921)	(\$9,747,444)	(\$1,861,848)	(\$29,315,213)	(\$11,803,793)	(\$41,119,006)
21	Net Plant	\$35,684,142	\$2,763,963	\$29,270,167	\$22,377,755	\$24,545,057	\$6,801,411	\$89,499,366	\$31,943,129	\$121,442,495
Working Capital:										
22	12.5% of the Summation of Lines 1 thru 11 above	\$590,118	\$37,826	\$472,123	\$325,796	\$536,911	\$114,380	\$1,599,151	\$478,003	\$2,077,154
23	Average of Deferred Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Contributions in Aid (10)	(\$4,443,125)	(\$918,032)	(\$5,728,595)	(\$3,123,315)	(\$2,283,011)	(\$1,087,568)	(\$12,454,731)	(\$5,128,915)	(\$17,583,646)
25	Total Rate Base	\$31,831,135	\$1,883,757	\$24,013,695	\$19,580,236	\$22,798,957	\$5,828,223	\$78,643,786	\$27,292,217	\$105,936,003

FOOTNOTES:

(1) Amounts from Proposal For Decision, Partial Revenue Requirement Sheets, PFD at 80-82

(2) Amounts from ED's response to Order 48 - ED Data Sheet EP-5, Column (c)

(3) Amounts from ED's response to Order 48 - ED Data Sheet EP-6, Column (c)

(4) Amounts from ED's response to Order 48 - ED Data Sheet EP-3, Column (c)

(5) Amounts from ED's response to Order 48 - ED Data Sheet EP-4, Column (c)

(6) Amounts from ED's response to Order 48 - ED Data Sheet EP-1, Column (c)

(7) Amounts from ED's response to Order 48 - ED Data Sheet EP-2, Column (c)

(8) Income Tax calculation reflects methodology applied in the ED's response to Order 48, ED Data Sheets EP-1 thru EP-6

(9) Amounts from ED's response to Order 48 - ED Data Sheet KA-1, "After Prefile" lines

(10) Amounts from ED's response to Order 48 - ED Data Sheet KA-1, "After Prefile" lines, "Net Book Value" column minus "Staff Verified Original Cost" column

