



October 27, 2005

Montana Public Service Commission
1701 Prospect Avenue
Helena, MT 59620

Subject: Letter of Transmittal of Utility Solutions, LLC Application to Implement Initial Rates for Wastewater Service in its Gallatin County, Montana Service Area

Utility Solutions hereby transmits its application for implementation of initial rates and charges for wastewater service in its Gallatin County, Montana service area. The total revenue requirement, as explained and supported in the accompanying testimony and exhibits, is \$199,187. This application is made under the Montana Code Annotated, Title 69, and the Commission's rules and regulations as contained in the Administrative Rules of Montana.

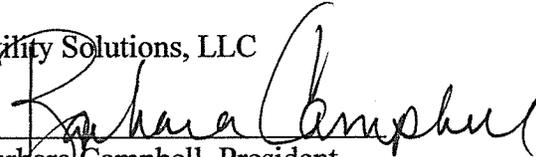
The following documents are herewith provided:

- a) 10 copies of the application for authority to implement initial rates, including applicable schedules from the minimum rate case filing standards for electric, gas, and private water utilities promulgated by the Commission.
- b) 10 copies of the prefiled direct testimony and exhibits of Ronald Woods

In addition to filing this application with the Commission, Utility Solutions has also provided three copies to the Montana Consumer Council's office. The Company has designated Ronald Woods, 355 Montana Avenue, Missoula, Montana 59802, telephone (406) 543-7806, as the person responsible for answering questions or for referring inquiries to the appropriate person.

Pursuant to the Commission's rules the Company has also requested interim rate relief in the amount of \$199,187. The Company requests that such interim rate relief be provided within thirty days of the filing of this Application.

Utility Solutions, LLC


Barbara Campbell, President
Double-Tree, Inc., Manager

D2005.11.164

MASTER RECORDED BY

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PUBLIC SERVICE
COMMISSION

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

In the Matter of the Application of)
Utility Solutions, LLC To Implement)
Initial Rates and Charges its Elk Grove)
Subdivision, Gallatin County, Montana)
Service Area.)

Docket No. D2005.11.164

APPLICATION

Comes Now, Utility Solutions, LLC, applicant in the above entitled proceeding (herein after "Applicant" or "Utility Solutions"), and respectfully shows the Commission as follows:

I

Applicant is a Montana Limited Liability Corporation duly authorized and doing business in the State of Montana as a public utility.

II

Applicant's full name and business address is Utility Solutions, LLC, PO Box 10098, Bozeman, MT 59719.

III

The following described rate schedules for wastewater service in Applicant's Elk Grove service area, located in Gallatin County, Montana, copies of which are attached as Appendix A, are the initial rates being filed with the Commission:

Utility Solutions

Schedule M – Metered Wastewater Rates

Schedule F – Monthly Flat Wastewater Rates

Schedule R – Special Rules of Service

IV

The proposed rates set forth in Appendix A are reasonable and just as they permit the Applicant to recover, in the rates it is permitted to charge its customers, the cost of providing wastewater service to those customers.

V

In support of this application and in accordance with the Commission's administrative rules, the Applicant files its prefiled testimony and exhibits.

VI

Utility Solutions requests interim approval of its Rate Schedule F under the provisions of the Commission's administrative rules.

VII

In support of this application Utility Solutions files concurrently herewith the prefiled testimony of Mr. Ronald Woods.

VIII

This application is submitted in accordance with the provisions of Title 69, Chapter 2 and pursuant to those provisions the Applicant is entitled to the relief sought herein.

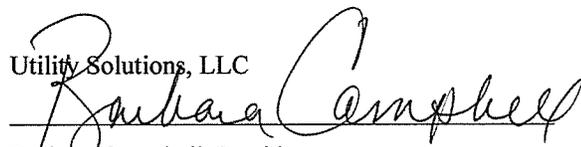
WHEREFORE, Applicant respectfully requests the following relief:

1. Interim approval of its Rate Schedule F.
2. Final approval of its Rate Schedule M, Rate Schedule F and Special Rules of Service.
3. Such other and further relief as the Commission deems equitable and just.

Dated this 27 day of Oct, 2005.

By

Utility Solutions, LLC


Barbara Campbell, President
Double-Tree, Inc., Manager

Public Service Commission of Montana

Utility Solutions

Sheet No. 1

METERED WASTEWATER SERVICE

Schedule M

Availability: For the Elk Grove Service Area Gallatin County, Montana for all purposes except resale.

Rate:

Applicable to all residential and small commercial customers.

Customer Charge \$14.06/per month

Quantity Charge

For all usage per 1000 gallons or fraction there of \$4.449/1000

The Customer Charge is applicable to all metered wastewater service. It is a readiness to serve charge which is added to the charge computed at the Quantity Rates for wastewater used during the month.

The Quantity Charge for residential customers will be calculated using the average monthly metered water usage occurring during the months of November, December and January, of each year. Rate changes will be effective for billings on and after March 1.

The Quantity Charge for commercial customers not having an irrigation requirement will be actual metered water usage during the month. Commercial customers having an irrigation requirement may be assessed in the same manner as provided residential customers subject to approval of the utility.

Issued: 10/27/05
(Date)

By: Barbara Campbell
(Signature of Officer of Utility)

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PUBLIC SERVICE COMMISSION

(Secretary)

Public Service Commission of Montana

Utility Solutions

Sheet No. 2

FLAT RATE WASTEWATER SERVICE

Schedule F

Availability: For the Elk Grove Service Area Gallatin County, Montana for all purposes except resale.

Rate:

Applicable to all residential and small commercial customers not provided service by meter.

| | | |
|-------------|-------|--------------------|
| Residential | | \$ 53.79/per month |
| Daycare | | \$ 80.10/per month |
| Commercial | | \$108.76/per month |

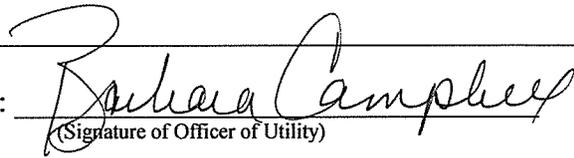
Issued: _____

(Date)

10/29/05

By: _____

(Signature of Officer of Utility)



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PUBLIC SERVICE COMMISSION

(Secretary)

Public Service Commission of Montana

Utility Solutions

Sheet No. 3

WASTEWATER SERVICE

Special Rules of Service

Schedule R

Consumer Deposits

Any new customer or customer that has been previously been disconnected for non-payment will be charged a deposit of approximately twice the average monthly billing. This amount will be refunded when the customer has paid the bill on time for 12 months or upon termination of service.

Unauthorized use of service

Unauthorized use of service is defined as any deliberate interference such as tampering with the Company's meter, connections, equipment, seals, procedure or records that result in a loss of revenue to the company. Unauthorized service is also defined as reconnection of service that has been terminated, without the company's consent.

Cost incurred to repair damage to company owned property installed on the customer's premise will be billed to the customer.

Charges for unauthorized use of service will be:

- a. time, material and transportation costs used in investigation or surveillance.
- b. estimated charge for wastewater
- c. on-premise time to correct situation.
- d. costs incurred to repair company owned property if any damage.

Reconnection of Service

Wastewater service disconnected for unauthorized use of service shall not be reconnected until the customer furnishes satisfactory evidence of compliance with the company's rules and conditions of service and paid all outstanding service charges.

Late payment fee

An account having a balance left unpaid 30 days after the bill date is subject to a 1.0% late payment charge.

Issued: 10/27/05
(Date)

By: Barbara Campbell
(Signature of Officer of Utility)

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PUBLIC SERVICE COMMISSION

(Secretary)

**BEFORE THE
MONTANA PUBLIC SERVICE COMMISSION**

**PREFILED DIRECT TESTIMONY
RONALD R. WOODS**

Q. Please state your name, business address and affiliation with Utility Solutions, LLC wastewater utility.

A. My name is Ronald R. Woods. My business address is 355 Montana Avenue, Missoula, Montana. I am a consultant retained by Utility Solutions to provide regulatory consulting services to its wastewater utility in connection with the filing of initial wastewater rates with the Montana Public Service Commission.

Q. Please give your educational background and job experience.

A. I attended Montana State University and Cochise College, Douglas Arizona, majoring in General Business. In 1974 I started my employment with the Montana Public Service Commission (MPSC or Commission) as an auditor in the Transportation Division. From January, 1980 to March, 1998 I was a rate analyst in the Commission's Utility Division. During my tenure as an analyst in the Utility Division I participated in the review and analysis of hundreds of public utility rate filings received from water utilities, sewer utilities, gas utilities and telecommunication companies. As an analyst I advised the Commission on the financial merits of cases, general and specific operating rules, and public policy. During my 23 years with the Commission I attended numerous continuing education classes and seminars relating to the regulation of public utilities.

Since leaving the Commission, I have participated in the filing of rate cases before the Montana Public Commission on behalf of Cenex Harvest States, Fairmont Hot Springs Resort, Miller Oil Company, and Utility Partners. Additionally, I have provided regulatory consulting services to the Montana Public Service Commission, Mountain Water Company, Circle H Ranch and North Ridge Water Company.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present financial exhibits and data supporting Utility

Solutions' application for implementation of initial rates.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring a number of tables and statements that comply with the Commission's rules, entitled "Data Furnished in Compliance with PSC Minimum Rate Case Filing Requirements". However, I have not prepared all of the tables and statements required under the Commission's minimum filing requirements. I did not prepare all of the required schedules because the information was either not available or did not pertain to the filing of an initial rate application. Also, I have prepared and will sponsor Exhibit No. ___ (RRW-1) as well as work papers in connection with my testimony.

Q. Please identify the tables and statements that you prepared in compliance with "Data Furnished in Compliance with PSC Minimum Rate Case Filing Requirements".

A. The following is a list of those tables and statements:

| | | |
|----------------------|----------------------|----------------------|
| | 38.5.156 Statement G | 38.5.172 |
| 38.5.123 Statement C | 38.5.157 Statement H | 38.5.176 Statement L |
| 38.5.133 Statement D | 38.5.165 Statement I | 38.5.178 |
| 38.5.141 Statement E | 38.5.146 Statement F | |

Q. Were these exhibits prepared by you or under your supervision?

A. Yes.

Q. What is the test period used by Utility Solutions for the application to implement initial rates?

A. The test period is the 12-month period ended December 31, 2004 adjusted for known and measurable changes. The test period financial and operating data, includes a mix of actual and calculated data. The actual data was obtained from the books and records of Utility Solutions the owner of the physical plant and the calculated data was determined as explained later in my testimony or exhibits.

Q. Will you explain why some of the data included in the financial and operating information is calculated?

A. Yes. This is Utility Solutions initial rate filing with the Commission and although it is presently providing service to customers within its service territory it has not achieved full customer subscription. For purposes of determining initial rates it is preferable to assume that utility services are fully subscribed. By making this assumption the need to calculate and

argue various and sundry used and useful percentages that may be applicable in determining rates using the existing customer base is avoided. Because full subscription to utility service is being assumed it is necessary to calculate some financial and operating data.

Q. Before commencing your technical testimony do you have some preliminary comments you would like to make regarding this rate presentation and the operations of Utility Solutions.

A. Yes. Utility Solutions will be providing service on both a monthly fee basis and on a contract basis. Utility Solutions will be providing service in its Elk Grove service area on a monthly fee basis under rates and charges approved and regulated by the Montana Public Service Commission. In its remaining service territory it will be providing service on a contract basis to subscribers of the Four Corners County Water and Sewer District (District). It is my understanding that at present the Commission is not exercising jurisdiction over the contracted District rates. Because the Commission has an interest in insuring that no cross subsidies will be occurring as a result of Utility Solutions providing service on a combination basis (monthly fee and contract), where applicable, the schedules in this filing provide the consolidated financial and operating information. As an aside it should be pointed out that for purposes of providing service within the District boundaries Utility Solutions has substantial plant investment remaining making it impossible to calculate an actual rate of return that may be achieved under the contract.

Additionally, Utility Solutions, through provisions contained in the acquisition contract, is constrained as to the total water and wastewater plant value it may assign to its Elk Grove service area. The contract provides that Utility Solutions may not assign more than \$1.5 million dollars of the acquisition costs to Elk Grove on a combined basis. Because the water system plant is dedicated solely to provision of service within the Elk Grove service area it was decided that it would be appropriate to determine that plant value first, and then impose any limitation on plant valuation to the wastewater facilities. As shown in the exhibits appended to Utility Solutions water rate filing the average plant value for the water system is \$993,677. This means that for purposes of determining wastewater rates in the Elk Grove service area Utility Solutions is limited to a wastewater plant value of no more than \$506,323,

exclusive of improvements occurring since the date of acquisition.

REVENUE REQUIREMENT

- Q. Please describe the first page in Exhibit No. __ (RRW-1)
- A. Page 1 is a computation of the test period Rate Base for Utility Solutions wastewater utility. The rate base is calculated by adding utility plant and cash working capital reduced by the reserve for depreciation. Total rate base for Utility Solutions wastewater utility is \$561,968.
- Q. Please describe the second page in Exhibit No. __ (RRW-1)
- A. Page 2 Column B shows the operating results under proposed rates. Under proposed rates revenues would be \$199,187 producing operating income of \$33,719 equal to a rate of return of 6.00%. Column C shows the reference for each item of data furnished in the rate case filing requirements.

Plant and Accumulated Depreciation

- Q. Please describe your computation of utility plant
- A. This is shown in filing requirement Section 38.5.123, Statement C. Page 1 of this schedule Columns C and D show the total company balances per books at December 31, 2003 and 2004, for the respective utility plant accounts. Page 2 of this schedule reflects the allocation of the various plant accounts to Utility Solutions designated service areas. Plant value for each of the service areas was assigned using the percentage relationship of total EDU's to EDU's in the respective service areas. The average plant balance as of December 31, 2004 for the Elk Grove service area shown on page 2 was used for computation of rate base on Page 1 of Exhibit No. __ (RRW-1). As indicated on this schedule the 2003 and 2004 Elk Grove plant values were decreased by \$33,217 to meet the requirements of the acquisition contract limiting total water and wastewater plant value to \$1.5 million.
- Q. Please describe your computation of accumulated depreciation.
- A. This is shown in filing requirement Section 38.5.133, Statement D. Columns D and E show the total wastewater utility balances of accumulated depreciation per books at December 31, 2003 and 2004. Columns G and H reflect the allocated depreciation per books for the Elk

Grove service area. Elk Grove was allocated 23.85% of the total accumulated depreciation per books at the end of each year. The percentage used to allocate the accumulated depreciation is the relationship of total average plant to average plant for the Elk Grove service area.

Q. Did you use the average accumulated depreciation balance for December 31, 2004 in your calculation of rate base on Page 1 of Exhibit __ (RRW-1)?

A. Yes.

Q. Please describe your calculation of working cash.

A. This calculation is shown in filing requirement Section 38.5.141, Statement E. Working cash is the cash required for operation as a result of billing for services at the end of the month in which the services are provided. Traditionally, utilities which bill after the fact are allowed a cash allowance of 12.5% of cash expenses. To calculate the working cash allowance operation and maintenance expenses and taxes other than income are added together. The total is then multiplied by 12.5% to arrive at total working cash. Working cash is reduced to reflect a credit for use of funds representing the accrual of property taxes prior to payment of the tax. The calculated net working cash allowance is \$15,265.

RATE OF RETURN

Q. Please describe your calculation of rate of return.

A. This is shown in data filing requirement Section 38.5.146, Statement F. This statement reflects actual capital structure and proposed cost of capital for Utility Solutions combined operations as of December 31, 2004.

In instances where a utility's actual capital structure is debt intensive (as is the case with Utility Solutions) the Commission for ratemaking purposes has typically used the actual capital structure.

The cost of debt of 6.00% proposed in this statement is the estimated cost that Utility Solutions will incur. A review of Utility Solutions outstanding debt instruments indicates

that all are tied to the “Prime Rate” as described in the Wall Street Journal. A review of those prime rates indicate that 6.00% is a reasonable estimate of that cost.

OPERATION AND MAINTENANCE EXPENSES

- Q. Please describe the statement on operation and maintenance expenses.
- A. Operation and maintenance expenses are shown in the filing requirement Section 38.5.156, Statement G. The total projected expenses for wastewater utility operation during a test year are shown in column B. Projected expenses for provision of wastewater service in the Elk Grove service area are shown in column C. The projected expenses for the Elk Grove service area, shown in column C, are explained in detail in Section 38.5.157.

PRO FORMA ADJUSTMENTS

- Q. Please describe the statement on adjustments to operation and maintenance expenses.
- A. Section 38.5.157, page 1, contains a summary of the pro forma adjustments to test period operation and maintenance expenses. Supporting detail and assumptions underlying the adjustments are detailed on pages 1 and 2 of this section.
- Q. Please explain the pro forma adjustments.
- A. Adjustment No. 1 on page 1 shows Utility Solutions calculated purchased power expense at present rates assessed by its service provider. Utility Solutions has calculated that, at full build out in its service territory, it will incur total purchased power expense for the wastewater utility of \$189,786. Assuming an equivalent domestic unit total of 1,349 Utility Solutions determined an average monthly purchased power cost of \$9.50 per unit. Utility Solutions then multiplied the average monthly power cost of \$9.50 times 349 equivalent users in the Elk Grove service area, to determine a cost of \$39,786.

Adjustment No. 2 reflects a projected operating cost of \$18,000 for wastewater utility chemicals. Utility Solutions has calculated that, at full build out in its service territory, it will incur total chemical costs of \$18,000, \$4,662 of these chemical costs have been allocated to the Elk Grove operation. This expense was allocated using an EDU ratio calculated by

dividing EDU's in the Elk Grove area by total EDU's.

Adjustment No. 3 reflects projected operating costs of \$17,000 for miscellaneous testing requirements imposed on the wastewater utility. Utility Solutions will be required by the Montana Department of Environmental Quality, the EPA and various other Agencies to run wastewater quality tests on its system. It is projected that these testing requirements will run \$17,000 annually. Utility Solutions has allocated this expense item based on equivalent domestic units in its service territory and determined the cost for the Elk Grove Service area to be \$4,403.

Adjustment No. 4 shows a projected total wastewater system cost of \$15,000 for material and supplies associated with repair and maintenance of the facilities at full build out. Utility Solutions has assigned \$5,000 of these costs to its Elk Grove service area, 1/3 to each of its 3 service territories.

Adjustment No. 5 shows Utility Solutions will be entering into a Management Services Agreement with Doubletree Inc. at a total cost of \$312,000 annually. The Management Services Agreement with Doubletree Inc. will cover management and labor related services for Utility Solutions' water and wastewater utilities. Utility Solutions has calculated that \$221,520 of this contract amount should be assigned to its wastewater utility operations. Using the EDU ratio the expense for the Elk Grove service area is \$57,374.

Adjustment No. 6 reflects Utility Solutions calculated office expense. At full build out in its service territory, this expense will total \$12,000 for its wastewater utility operation. Utility Solutions has allocated \$3,108 of these expenses to its Elk Grove service area based on the EDU ratio.

Adjustment No. 7 Utility Solutions has projected that on an annual basis it will incur Legal and Accounting fees totaling \$10,000. Utility Solutions has allocated \$2,590 of these

expenses to its Elk Grove service area based on the EDU ratio.

Adjustment No. 8 reflects Utility Solutions' projected insurance expense for its wastewater utility operations at a cost of \$18,000 annually. The Elk Grove service area has been assigned 1/3 of this cost or \$6,000.

Adjustment No. 9 reflects Utility Solutions calculation that, at full build out in its service territory, it will incur contracted service expenses totaling \$39,000. The services that Utility Solutions will be contracting are Sludge Disposal and Sewer Main Cleaning. Sludge disposal was allocated using the EDU ratio resulting in an annual cost to Elk Grove of \$7,770 ($\$30,000 \times .259 = \$7,770$). 1/3 of sewer cleaning expense was assigned to the Elk Grove service area at a cost of \$3,000.

DEPRECIATION AND AMORTIZATION

Q. Please describe the statement on depreciation and amortization expense.

A. Total wastewater utility depreciation and amortization expense for the test year is shown in Section 38.5.165, Statement I. The statement includes pro forma adjustments increasing total expenses by \$914. The adjustment to depreciation expense is the result of reflecting a full year's depreciation on office equipment and leasehold improvements. The allocated Elk Grove depreciation and amortization expense is shown in column E. The allocated Elk Grove expense was assigned based on the ratio of allocated plant in service, to total plant in service.

INCOME TAXES

Q. Please describe the statement on income taxes.

A. I have not included Section 38.5.169, Statement J, Income Taxes in this filing. I have not included this schedule because Utility Solutions will have sufficient Net Operating Loss carry forwards available to offset any income tax obligation that it may incur arising out of this filing.

COST OF SERVICE

- Q. Please describe the calculation of cost of service in Section 38.5.176.
- A. Section 38.5.176 is the schedules showing the allocation of the cost of service to the various customer classes. This section consists of 2 pages; the first page contains 2 charts the first chart shows the numbers used to develop the allocation percentages shown in the second. The allocation percentages in chart 2, in conjunction with the allocation percentage developed in column E on page 2, are used to develop the allocated customer class cost of service and rate derivation.

Page 2, column A, lines 4 through 6, lists the customer class. Columns B through H, lines 4 through 6 show the allocated customer class cost of service for each expense item, with the total class cost of service being shown in column I. The allocation factor for each of the expense categories in columns B through H is shown on line 9. Column J shows the proposed monthly flat rate charge to be assessed.

DERIVATION OF PROPOSED METERED RATES

- Q. Please describe the calculation of proposed metered rates, in Section 38.5.178.
- A. Page 1 of Section 38.5.178 shows the calculation of the Residential/Small Commercial monthly customer charge. This charge is calculated by adding the allocated customer account expense on Schedule 38.5.176 of \$11,698 to 1/3 of the "Other Costs" of \$122,868 \$130,316 and dividing by the annual number of billings in the customer class produces a customer cost of \$14.06 .

Page 2 shows the development of the usage rate for the Residential/Small Commercial. The usage charge for Residential/Small Commercial is calculated by adding the remaining 2/3 of the "Other Costs" of \$81,916 to the allocated pumping/treatment expense of \$64,621 and dividing by annual wastewater flows resulting in a usage charge of \$4.449 per thousand gallons.

Work Papers

Q. Please describe your work papers.

A. Utility Solutions water system is fully metered and on a prospective basis Utility Solutions' wastewater utility will have access to those meter readings for the purpose of establishing an average sewage flow for each of its customers. However, because we are assuming full occupancy in this rate filing it is necessary to project the annual wastewater flows that will occur in its Elk Grove service area. Work paper 1 uses an equivalent domestic unit (EDU) method to determine the wastewater flows in this service territory and for the various customer classes. The EDU assumes that the average residential customer uses 9,000 gallons per month for domestic household uses. EDU systems assign a percentage of use to other customer categories based on the 9,000 gallons per month domestic use equaling 1.0. The following are example EDU assignments for various customer types:

| | | | | | |
|-------------|----------|-------------|----------|--------|---------|
| Residential | 1.0 | Chalets | 1.0 | | |
| Condo 1 bd | .6 | Condo 2 bd | 1.0 | Hotel | .5/room |
| Dining Room | .06/seat | Coffee Shop | .06/seat | Lounge | 03/seat |

Q. Does this conclude your direct testimony?

A. Yes.

| | A | B | C | D |
|----|------------------------------|------------------|------------------|-------------|
| 1 | Rate Base Calculation | | | |
| 2 | | | Exhibit RRW-1 | Page 1 of 2 |
| 3 | | | | |
| 4 | <u>Description</u> | <u>Amount</u> | <u>Reference</u> | |
| 5 | | | | |
| 6 | Utility Plant | \$570,323 | Sec. 38.5.123 | |
| 7 | Working Cash | \$15,265 | Sec. 38.5.141 | |
| 8 | | | | |
| 9 | Subtotal | <u>\$585,588</u> | | |
| 10 | | | | |
| 11 | Less: | | | |
| 12 | Reserve for Depreciation | \$23,619 | Sec. 38.5.133 | |
| 13 | | | | |
| 14 | Total Rate Base | \$561,968 | | |

| | A | B | C | D |
|----|---------------------------|------------------------------------|---------------|---|
| 1 | Exhibit RRW-1 | | Page 2 of 2 | |
| 2 | | | | |
| 3 | <u>Description</u> | <u>At Proposed</u> <u>Rates</u> | Reference | |
| 4 | | | | |
| 5 | Operating Revenues | \$199,187 | Sec. 38.5.156 | |
| 6 | | | | |
| 7 | <u>Operating Expenses</u> | | | |
| 8 | O & M Expenses | \$133,693 | Sec. 38.5.156 | |
| 9 | | | | |
| 10 | Depreciation | \$26,078 | Sec. 38.5.165 | |
| 11 | | | | |
| 12 | Taxes other than Income | \$5,698 | Sec. 38.5.156 | |
| 13 | | | | |
| 14 | Income Taxes | <u>\$0</u> | Sec. 38.5.169 | |
| 15 | | | | |
| 16 | Total Deductions | \$165,468 | | |
| 17 | | | | |
| 18 | Operating Income | <u>\$33,719</u> | | |
| 19 | | | | |
| 20 | Rate Base | \$561,968 | Exh RRW-1 | |
| 21 | | | | |
| 22 | Return on Rate Base | 6.000% | Sec. 38.5.146 | |

| A | | B | C | D |
|-----------------------------------------------|-------------------------------------------------------|------------|--------------|--------------|
| 38.5.123 Statement C - Utility Plant Accounts | | | | |
| | | | Balance | Balance |
| | | In Service | 12/31/03 | 12/31/04 |
| 5 | Description | Date | Per Books | Per Books |
| 6 | *Site Setup and Preliminary Work | 8/8/2003 | \$55,710 | \$55,710 |
| 7 | *Sewer Main Installation | 8/8/2003 | \$111,412 | \$111,412 |
| 8 | *8410' of 8" SDR 35 PVC Sewer Pipe Material | 8/8/2003 | \$21,189 | \$21,189 |
| 9 | *1405" of 10" SCR 35 PVC sewer Pipe Material | 8/8/2003 | \$5,612 | \$5,612 |
| 10 | *2" Water Service Line to Waste Water Treatment Plant | 8/8/2003 | \$6,429 | \$6,429 |
| 11 | *8" Pressure Sewer Install 3 Pipes in Trench | 8/8/2003 | \$36,388 | \$36,388 |
| 12 | *8" Pressure Sewer Install Single Pipe Trm | 8/8/2003 | \$3,207 | \$3,207 |
| 13 | *8835' of 8" HDPE 100PSI Pipe Material | 8/8/2003 | \$45,565 | \$45,565 |
| 14 | *Additional HDPE Parts | 8/8/2003 | \$1,409 | \$1,409 |
| 15 | *Basic Manhole | 8/8/2003 | \$56,875 | \$56,875 |
| 16 | *Additional Manhole Depth | 8/8/2003 | \$9,506 | \$9,506 |
| 17 | *4" SDR 35 PVC Sewer Service Pipe | 8/8/2003 | \$92,486 | \$92,486 |
| 18 | *3"x4" SDR 35 WVE Gasketed | 8/8/2003 | \$9,996 | \$9,996 |
| 19 | Waste Water Treatment Plant Invoices | 8/8/2003 | \$578,149 | \$578,149 |
| 20 | Fluidyne Engineering Invoices | 8/8/2003 | \$510,322 | \$510,322 |
| 21 | Fluidyne Engineering Markup | 8/8/2003 | \$8,119 | \$8,119 |
| 22 | Unallocated Fluidyne Engineering | 8/8/2003 | \$74,623 | \$74,623 |
| 23 | Licenses and Permits | 8/8/2003 | \$168,028 | \$168,028 |
| 24 | Lot C-1 | 8/8/2003 | \$200,000 | \$200,000 |
| 25 | Easements | 8/8/2003 | \$300,000 | \$300,000 |
| 26 | Lot | 8/8/2003 | \$10,000 | \$10,000 |
| 27 | Easement | 1/1/2004 | | \$40,000 |
| 28 | Office Equipment | 11/15/2004 | | \$1,070 |
| 29 | Leasehold Improvements | 9/1/2004 | | \$11,794 |
| 30 | Organizational Costs | 8/8/2003 | | \$2,500 |
| 31 | Startup Costs | 8/8/2003 | | \$2,504 |
| 32 | | | | |
| 33 | Total Plant In Service | | \$ 2,305,025 | \$ 2,362,892 |
| 34 | | | | |
| 35 | | | | |
| 36 | Average Plant in Service | | \$ 2,333,958 | |
| 37 | | | | |
| 38 | *Source Dick Anderson Construction Invoices | | | |

| | A | B | C | D | E |
|----|-----------------------------------------------------------|------------------|-------------------------------------|-----------------------------------------|--------------------------------------|
| 41 | 38.5.123 Statement C - Utility Plant Accounts Page 2 of 2 | | | | |
| 42 | Wastewater Utility Plant Allocation by Service Area | | | | |
| 43 | | | | | |
| 44 | <u>Description</u> | <u>Total</u> | <u>Elk Grove</u> <u>12/31/03</u> | <u>Galactic Park</u> <u>12/31/03</u> | <u>North Star</u> <u>12/31/03</u> |
| 45 | Wastewater Treatment | \$1,189,590 | \$278,449 | \$113,294 | \$797,847 |
| 46 | Sewer System | \$437,409 | \$102,385 | \$41,658 | \$293,366 |
| 47 | Land | \$510,000 | \$119,376 | \$48,571 | \$342,052 |
| 48 | Office Equipment | | \$0 | \$0 | \$0 |
| 49 | Leasehold Improvements | | \$0 | \$0 | \$0 |
| 50 | Licenses and Permits | \$168,029 | \$39,331 | \$16,003 | \$112,696 |
| 51 | Organizational Costs | | | | |
| 52 | Start Up Costs | | | | |
| 53 | Total Allocated Plant by Service Area | \$2,305,028 | \$539,540 | \$219,526 | \$1,545,961 |
| 54 | Less Contract Limitation | | 33,217 | | |
| 55 | Elk Grove Plant Value | | 506,323 | | |
| 56 | | | | | |
| 57 | | | | | |
| 58 | <u>Total</u> | <u>Total</u> | <u>Elk Grove</u> <u>12/31/04</u> | <u>Galactic Park</u> <u>12/31/04</u> | <u>North Star</u> <u>12/31/04</u> |
| 59 | Wastewater Treatment | \$1,189,590 | \$278,449 | \$113,294 | \$797,847 |
| 60 | Sewer System | \$437,409 | \$102,385 | \$41,658 | \$293,366 |
| 61 | Land | \$550,000 | \$128,739 | \$52,381 | \$368,880 |
| 62 | Office Equipment | \$1,069 | \$250 | \$102 | \$717 |
| 63 | Leasehold Improvements | \$11,794 | \$2,761 | \$1,123 | \$7,910 |
| 64 | Licenses and Permits | \$168,029 | \$39,331 | \$16,003 | \$112,696 |
| 65 | Organizational Costs | \$2,500 | \$585 | \$238 | \$1,677 |
| 66 | Start Up Costs | \$2,504 | \$586 | \$238 | \$1,679 |
| 67 | Plant Improvements | \$114,455 | \$114,455 | | |
| 68 | Total Allocated Plant by Service Area | \$2,477,350 | \$667,540 | \$225,038 | \$1,584,772 |
| 69 | Less Contract Limitation | | 33,217 | | |
| 70 | Elk Grove Plant Value | | 634,323 | | |
| 71 | | | | | |
| 72 | Average Elk Grove Plant in Service | \$570,323 | | | |
| 73 | | | | | |

| A | | B | C | D | E | F | G | H | I | J |
|----------------------------------------------------------------|---------------------------------------------|-----------------|------------------|--------------------------------------|--------------------------------------|----------------------------------------|------------------------------------------------|------------------------------------------------|-----------------------------------------------------|-----------|
| 38.5.133 Statement D - Accumulated Depreciation - Amortization | | | | | | | | | | |
| 1 | | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | Description | In Service Date | Depreciable Life | Reserve Balance per Books 12/31/2003 | Reserve Balance per Books 12/31/2004 | Average 2004 per Books Reserve Balance | Allocated Elk Grove Reserve Balance 12/31/2003 | Allocated Elk Grove Reserve Balance 12/31/2004 | Average 2004 Elk Grove Depreciation Reserve Balance | |
| 6 | Wastewater Treatment | 8/8/2003 | 15 | \$33,044 | \$112,350 | \$72,697 | \$7,881 | \$26,797 | \$17,339 | 2391189 |
| 7 | Sewer System | 8/8/2003 | 25 | \$7,290 | \$24,786 | \$16,038 | \$1,739 | \$5,912 | \$3,825 | 0.2385102 |
| 8 | Land | 8/8/2003 | 25 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9 | Office Equipment | 11/15/2004 | 7 | \$0 | \$51 | \$26 | \$0 | \$12 | \$6 | \$6 |
| 10 | Leasehold Improvements | 9/1/2004 | 10 | \$0 | \$393 | \$94 | \$0 | \$94 | \$0 | \$0 |
| 11 | Licenses and Permits | 8/8/2003 | 15 | \$4,668 | \$15,870 | \$10,269 | \$1,113 | \$3,785 | \$2,449 | \$2,449 |
| 12 | Organizational Costs | 8/8/2003 | 5 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 | Start Up Costs | 8/8/2003 | 5 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 | | | | | | | \$10,733 | \$36,599 | | |
| 15 | Average 2004 Depreciation Reserve Elk Grove | | | | | | | | | \$23,619 |

| | A | B | C |
|----|-------------------------------------|-----------------|-----------|
| 1 | 38.5.141 Statement E - Working Cash | | |
| 2 | Working Cash | | |
| 3 | | | |
| 4 | Operation and Maintenance Exp | | \$133,693 |
| 5 | Other Taxes | | \$1,380 |
| 6 | Property Taxes | | \$4,318 |
| 7 | | | |
| 8 | Total | | \$139,390 |
| 9 | | | 12.50% |
| 10 | Gross Working Cash | | \$17,424 |
| 11 | | | |
| 12 | Less Property Tax Payment Lag | | |
| 13 | 1st Half | 2159 x 7 mo./12 | \$1,259 |
| 14 | 2nd Half | 2159 x 5mo./12 | \$900 |
| 15 | Total | | \$2,159 |
| 16 | | | |
| 17 | Net Working Cash | | \$15,265 |

| | A | B | C | D | E |
|---|--------------------------------------------|-------------|---------|-------|---------------|
| 1 | 38.5.146 Statement F -- Rate of Return | | | | |
| 2 | Utility Solutions Capital Structure | | | | |
| 3 | | | | | |
| 4 | <u>Description</u> | Amount | Ratio | Cost | Weighted Cost |
| 5 | Debt | \$5,514,428 | 100% | 6.00% | <u>6.000%</u> |
| 6 | | | | | |
| 7 | Total | \$5,514,428 | 100.00% | | 6.000% |

| | A | B | C | D |
|----|------------------------------------------------|--------------------------|----------------------------|--------------------------------|
| 1 | 38.5.156 Proforma Income Statement Page 1 of 1 | | | |
| 2 | | <u>Utility Solutions</u> | <u>Allocated Elk Grove</u> | |
| 3 | | <u>Pro forma</u> | | |
| 4 | <u>Description</u> | | | |
| 5 | | | | |
| 6 | <u>Revenue</u> | | | |
| 7 | Elk Gove | \$199,187 | \$199,187 | |
| 8 | Water District | \$343,145 | | |
| 9 | | | | |
| 10 | Total | \$542,332 | \$199,187 | \$561,968 |
| 11 | | | | 6.000% |
| 12 | <u>Pumping-Waterwater Treatment</u> | | | |
| 13 | Purchased Power | \$189,786 | \$39,786 | |
| 14 | Chemicals | \$18,000 | \$4,662 | |
| 15 | Miscellaneous Testing | \$17,000 | \$4,403 | |
| 16 | Materials and Supplies | \$15,000 | \$5,000 | |
| 17 | Contracted Services Sludge Disposal | \$30,000 | \$7,770 | \$10,770 |
| 18 | Contracted Services Sewer Cleaning | \$9,000 | \$3,000 | |
| 19 | | | | |
| 20 | Total | \$278,786 | \$64,621 | |
| 21 | | | | |
| 22 | <u>Customer Accounts & Service</u> | | | |
| 23 | | | | |
| 24 | Management Contract | \$221,520 | \$57,374 | |
| 25 | Office Expense | \$12,000 | \$3,108 | |
| 26 | Legal Fees/Accounting | \$10,000 | \$2,590 | |
| 27 | Insurance | \$18,000 | \$6,000 | |
| 28 | | | | |
| 29 | Total | \$261,520 | \$69,072 | \$133,693 |
| 30 | | | | |
| 31 | <u>Taxes Other than Income</u> | | | |
| 32 | Property Taxes | \$8,288 | \$4,318 | |
| 33 | PSC Tax | \$1,627 | \$598 | |
| 34 | MCC Tax | \$597 | \$219 | \$1,380 |
| 35 | DEQ PWSP | \$563 | \$563 | |
| 36 | | | | |
| 37 | Total | \$11,075 | \$5,698 | |
| 38 | | | | |
| 39 | Depreciation | \$109,336 | \$26,078 | |
| 40 | | | | |
| 41 | State Income Taxes | \$0 | \$0 | |
| 42 | Federal Income Tax | \$0 | \$0 | |
| 43 | | | | |
| 44 | | \$0 | \$0 | |
| 45 | | | | |
| 46 | Total Expenses | \$660,717 | \$165,468 | |
| 47 | | | | |
| 48 | Net Operating Income | -\$118,385 | \$33,719 | |
| 49 | | | | |
| 50 | | | | |
| 51 | | | | Utility Solutions Docket No. D |

| | A | B | C | D | E |
|----|--------------------------------------------------------------------------------|------------------------|--------------------------|----------------------------|----------|
| 1 | 38.5.157 Work Papers - Adjustments to Operating and Maint. Expense Page 1 of 2 | | | | |
| 2 | | | | | |
| 3 | | | <u>Utility Solutions</u> | <u>Allocated Elk Grove</u> | |
| 4 | Adjustment No. | | <u>Pro forma</u> | | |
| 5 | 1 | Purchased Power | \$189,786 | | \$39,786 |
| 6 | 2 | Chemicals | \$18,000 | | \$4,662 |
| 7 | 3 | Miscellaneous Testing | \$17,000 | | \$4,403 |
| 8 | 4 | Materials and Supplies | \$15,000 | | \$5,000 |
| 9 | 5 | Management Contract | \$221,520 | | \$23,434 |
| 10 | 6 | Office Expense | \$12,000 | | \$3,108 |
| 11 | 7 | Legal Fees/Accounting | \$10,000 | | \$2,590 |
| 12 | 8 | Insurance | \$18,000 | | \$4,000 |
| 13 | 9 | Contracted Services | \$30,000 | | \$10,770 |
| 14 | | Total Adjustments | \$531,306 | | \$97,753 |
| 15 | | | | | |
| 16 | | | | | |

| | A | B | C | D | E |
|----|----------|----------------------------------------------------------------------------------------------------------------------------------|-------------|---|---|
| 17 | | | | | |
| 18 | 38.5.157 | Work Papers - Adjustments to Operating and Maint. Expense | Page 2 of 2 | | |
| 19 | | | | | |
| 20 | No. 1 | <u>Purchased Power</u> | | | |
| 21 | | Utility Solutions has calculated that, at full build out in its service territory, it will incur total purchased | | | |
| 22 | | power expense for the sewer utility of \$189,786. Assuming an equivalent domestic unit total of 1,349 Utility | | | |
| 23 | | Solutions determined an average monthly purchased power cost of \$9.50 per unit. Utility Solutions then | | | |
| 24 | | multiplied the average monthly power cost of \$9.50 times 349 equivalent users in the Elk Grove service | | | |
| 25 | | area, to determine a cost of \$39,786. | | | |
| 26 | | | | | |
| 27 | No. 2 | <u>Chemicals</u> | | | |
| 28 | | Utility Solutions has calculated that, at full build out in its service territory, it will incur total chemical costs | | | |
| 29 | | of \$18,000. Utility Solutions has allocated this expense item based on equivalent domestic units in its service | | | |
| 30 | | territory and determined the cost for the Elk Grove Service area to be \$4,662 ($\$18000 * .259 = \$4,662$) | | | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | No. 3 | <u>Miscellaneous Testing</u> | | | |
| 34 | | Utility Solutions will be required by the Montana Department of Environmental Quality, the EPA and various other Agencies | | | |
| 35 | | to run water quality tests on its system. It is projected that these testing requirements will run \$17,000 annually. | | | |
| 36 | | Utility Solutions has allocated this expense item based on equivalent domestic units in its service territory and determined the | | | |
| 37 | | cost for the Elk Grove Service area to be \$4,403 ($349/1349 * \$17,000 = \$4,403$) | | | |
| 38 | | | | | |
| 39 | No. 4 | <u>Materials and Supplies</u> | | | |
| 40 | | Utility Solutions has calculated that, at full build out in its service territory, it will incur material and supply | | | |
| 41 | | costs totaling \$15,000. Utility Solutions has assigned \$5,000 of these costs to its Elk Grove service area | | | |
| 42 | | an amount equal to 1/3 for each of its 3 service areas. | | | |
| 43 | | | | | |
| 44 | No. 5 | <u>Management Contract</u> | | | |
| 45 | | Utility Solutions will be entering into a Management Services Agreement with Doubletree Inc. at a total cost | | | |
| 46 | | of \$312,000 annually. The Management Services Agreement with Doubletree Inc. will cover management | | | |
| 47 | | services for Utility Solutions' water and wastewater utilities. Utility Solutions has calculated that \$221,520 | | | |
| 48 | | of this contract amount should be assigned to its wastewater utility operations. Using the EDU ratio the expense | | | |
| 49 | | for the Elk Grove service area is \$57,374. ($\$221,520 * .259 = \$57,374$) | | | |
| 50 | | | | | |
| 51 | No. 6 | <u>Office Expense</u> | | | |
| 52 | | Utility Solutions has calculated that, at full build out in its service territory, it will incur office expenses totaling | | | |
| 53 | | \$12,000 for its wastewater utility operation. Utility Solutions has allocated \$3,108 of these expenses to its Elk Grove | | | |
| 54 | | service area based on the EDU ratio. ($\$12,000 * .259 = \$3,108$) | | | |
| 55 | | | | | |
| 56 | No. 7 | <u>Legal Fees/Accounting</u> | | | |
| 57 | | Utility Solutions has projected that on an annual basis it will incur Legal and Accounting fees totaling \$10,000. | | | |
| 58 | | Utility Solutions has allocated \$2,590 of these expenses to its Elk Grove service area based on the EDU ratio. | | | |
| 59 | | ($\$10,000 * .259 = \$2,590$) | | | |
| 60 | | | | | |
| 61 | No. 8 | <u>Insurance</u> | | | |
| 62 | | Utility Solutions' projected insurance expense for its water utility operations is \$18,000 annually. The Elk Grove | | | |
| 63 | | service area has been assigned 1/3 of this cost \$6,000 based on three service areas. | | | |
| 64 | | | | | |
| 65 | No. 9 | <u>Contracted Services</u> | | | |
| 66 | | Utility Solutions has calculated that, at full build out in its service territory, it will incur contracted service expenses | | | |
| 67 | | totaling \$39,000. The services that Utility Solutions will be contracting are Sludge Disposal and Sewer Main | | | |
| 68 | | Cleaning. Sludge disposal was allocated using the EDU ratio resulting in an annual cost to Elk Grove of \$7,770 | | | |
| 69 | | ($\$30,000 * .259 = \$7,770$). 1/3 of Sewer cleaning expense was assigned to the Elk Grove service area. | | | |
| 70 | | | | | |

| | A | B | C | D | E |
|----|----------------------------------------------------------|-----------------------|------------------|--------------------------------|------------------------------------------|
| 1 | 38.5.165 Statement I Depreciation - Amortization Expense | | | | |
| 2 | Depreciation Expense | | | | |
| | | | | <u>Allocated Elk Grove</u> | <u>Allocated Elk Grove Pro forma</u> |
| | | <u>04 Adjusted</u> | | <u>Depreciation</u> | <u>Depreciation</u> |
| 3 | <u>Description</u> | <u>Deprec Expense</u> | <u>Pro forma</u> | <u>Expense 04</u> | <u>Expense</u> |
| 4 | | | | | |
| 5 | Wastewater Treatment | \$79,306 | \$79,306 | \$18,915 | \$18,915 |
| 6 | Sewer System | \$17,496 | \$17,496 | \$4,173 | \$4,173 |
| 7 | Land | \$0 | \$0 | \$0 | \$0 |
| 8 | Office Equipment | \$25 | \$153 | \$6 | \$36 |
| 9 | Leasehold Improvements | \$393 | \$1,179 | \$94 | \$281 |
| 10 | Licenses and Permits | \$11,202 | \$11,202 | \$2,672 | \$2,672 |
| 11 | Organizational Costs | \$0 | \$0 | \$0 | \$0 |
| 12 | Start Up Costs | \$0 | \$0 | \$0 | \$0 |
| 13 | | | | | |
| 14 | Total Depreciation Expense | \$108,422 | \$109,336 | \$25,860 | \$26,078 |

38.5.172 Taxes Other than Income

| Line No. | Description | Proposed Rates |
|----------|----------------|----------------|
| 1 | Property Taxes | \$4,318 |
| 2 | a) PSC Tax | \$219 |
| 3 | b) MCC Tax | \$598 |
| 4 | | \$5,135 |

Notes

| | | | | |
|--------------------------------------|---------|---|--------------|--------------|
| a) <u>MCC tax Computed at 0.0011</u> | | | | |
| Present Rates | 0.0011 | x | \$199,187.00 | \$219 |
| Book Amount | | | | <u>\$0</u> |
| Adjustment | | | | <u>\$219</u> |
| b) <u>PSC Tax computed at 0.003</u> | | | | |
| Present Rates | 0.003 | x | \$199,187.00 | \$598 |
| Book Amount | | | | <u>\$0</u> |
| Adjustment | | | | <u>\$598</u> |
| | 340.815 | | | |

| A | B | C | D | E | F |
|----|---------------------------------------------------------------|-----------------------------------------|-------------------------------------|--------------------------------------|---|
| 1 | 38.5.176. Statement L - Allocated Cost of Service Page 1 of 2 | | | | |
| 2 | Utility Solutions Allocated Cost of Service | | | | |
| 3 | <u>Customer Description</u> | <u>Sewage Flow</u> in Gals | <u>Number of</u> <u>Billings</u> | <u>Service</u> <u>Connections</u> | |
| 4 | Residential - Domestic | 32,292,000 | 3588 | 299 | |
| 5 | Daycare Lot | 216,000 | 12 | 1 | |
| 6 | Commercial | 432,000 | 144 | 12 | |
| 7 | | | | | |
| 8 | Total All | 32,940,000 | 3744 | 312 | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | <u>Description</u> | <u>Sewage Flow</u> <u>Proportion</u> | <u>Billing</u> <u>Proportion</u> | <u>Services</u> <u>Proportion</u> | |
| 14 | Residential - Domestic | 98.03% | 95.83% | 95.83% | |
| 15 | Daycare Lot | 0.66% | 0.32% | 0.32% | |
| 16 | Commercial | 1.31% | 3.85% | 3.85% | |
| 17 | | | | | |
| 18 | Total | 100.00% | 100.00% | 100.00% | |

| A | B | C | D | E | F | G | H | I | J | K |
|----|------------------------------------------------------------|----------|---------------------|----------------------|------------------|-------------------------|------------------|-----------------------------|-----------|-----------|
| 1 | 38.5.176 Statement L Allocated Cost of Service Page 2 of 2 | | | | | | | | | |
| 2 | Customer Service | Pumping | Admin & General | Percent Variable Exp | Depreciation | Taxes Other than Income | Return | Total Class Cost-of-Service | Flat Rate | |
| 3 | \$11,698 | \$64,621 | \$57,374 | \$133,692 | \$26,078 | \$5,698 | \$33,719 | \$199,187 | | |
| 4 | \$11,210 | \$63,350 | \$54,983 | 96.90% | \$25,268 | \$5,521 | \$32,672 | \$193,005 | \$53.79 | per month |
| 5 | \$37 | \$424 | \$184 | 0.48% | \$126 | \$27 | \$163 | \$961 | \$80.10 | per month |
| 6 | \$450 | \$847 | \$2,207 | 2.62% | \$683 | \$149 | \$884 | \$5,221 | \$108.76 | per month |
| 7 | \$11,698 | \$64,621 | \$57,374 | 100.00% | \$26,078 | \$5,698 | \$33,719 | \$199,188 | | |
| 8 | | | | | | | | | | |
| 9 | Allocation Method | Billing | Services Proportion | | Percent Variable | Percent Variable | Percent Variable | | | |
| 10 | | Flow | | | | | | | | |
| 11 | | | | | | | | | | |

38.5.178 Derivation of Increase Rates Page 2 of 2

Computation of Usage Charge

| | |
|-------------------------------------------|---------------|
| Total Other Cost | \$ 122,868 |
| | <u>0.6667</u> |
| | \$ 81,916 |
| Pumping/Treatment Expense | \$ 64,621 |
| Total Cost Recovered through Usage Charge | \$ 146,537 |
| | |
| Total Cost Recovered through Usage Charge | \$ 146,537 |
| Divided by Metered M gals | 32,940 |
| Usage Rate per 1,000 gals | 4.449 |

| A | B | C | D | E | F | |
|----|----------------------------------------------------------|------------------------------------|------------------------|-------------------------|--------------------------|---------------------|
| 1 | | | | | Work paper 1 Page 1 of 1 | |
| 2 | Utility Solutions Annual Sewage Flow Calculation | | | | | |
| 3 | | | | | | |
| 4 | Customer Description | Annual Equivalent User Calculation | Number of Customers | Percent of Customers | Annual Gallons | Percent Annual Flow |
| 5 | Residential - Domestic | 3,588 | 299 | 95.83% | 32,292,000 | 98.03% |
| 6 | Daycare Lot | 24 | 1 | 0.32% | 216,000 | 0.66% |
| 7 | Commercial | 48 | 12 | 3.85% | 432,000 | 1.31% |
| 8 | | | | | | |
| 9 | Total | 3,660 | 312 | 100.00% | 32,940,000 | 100.00% |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | Utility Solutions Monthly Sewage Flow Calculation | | | | | |
| 16 | Residential Domestic Flow | Daycare Domestic Flow | Commercial Sewage Flow | Total Monthly Flow Gals | | |
| 17 | January | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 18 | February | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 19 | March | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 20 | April | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 21 | May | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 22 | June | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 23 | July | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 24 | August | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 25 | September | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 26 | October | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 27 | November | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 28 | December | 2,691,000 | 18,000 | 36,000 | 2,745,000 | |
| 29 | | | | | | |
| 30 | Total Gallons | 32,292,000 | 216,000 | 432,000 | 32,940,000 | |
| 31 | Total ccf | 43,171 | 289 | 578 | 44,037 | |