



Control Number: 46958



Item Number: 7

Addendum StartPage: 0

B & D ENVIRONMENTAL, INC.

200 HARBOR CIRCLE
GEORGETOWN TEXAS 78633
PHONE NO (512) 264-9124
FAX NO. (512) 692-1967

EMAIL bretfenner@yahoo.com

June 5, 2017

Public Utility Commission
Central Records
1701 N. Congress P.O. Box 13326
Austin, Texas 78711-3326

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PUBLIC UTILITY COMMISSION
FILING CLERK

Re: Docket No. 46958 - Application of Dogwood Estates Water Company (Dogwood Estates) for a Rate/Tariff Change (Application)

In regards to Commission's Staff's recommendation on Sufficiency, please find the Application's following response to Staff's claimed deficiencies in the Application as submitted.

1. The System Operator total of \$ 24,510 listed in II-8(b) is the annual amount for this expense. A revised Schedule II-8 is included in Attachment 1 which corrects this item. No adjustment is necessary to Schedule I-1 as the total cost \$ 28,910 for Account 636: Contract work in the revenue requirement does not change.
2. As indicated in Schedule I-1, line13 of the Revenue Requirement Summary, the Applicant is not requesting the recovery of any employee benefits.
3. A revised Schedule III -2 Rate Base Summary can be found in Attachment 2 to correct other minor revisions in the Application. In addition, other revised schedules of the Application that are affected by this minor change and other minor changes in the Application are included in Attachment 2.
4. A revised V Schedule of Effective Federal Tax Rate can be found in Attachment 3 to reflect the other minor revisions in the Application. Other schedules revised due to the minor change can be found in Attachment 6.

5. The NARUC account numbers used and the description used in Attachment B of the Application are from the Commission's own publication "System of Accounts for Water and Wastewater Utilities - with 200 or more Connections."
6. A revised Schedule III - Water which correct the service life of the pump in question can be found in Attachment 4. All other schedules of the Application that required changes due to this minor mistake can be found in other Attachments to this response.
7. Please see the response to Item 6.
8. The last Rate/Tariff Change Application filed for Dogwood Estates was in 2001 as stamped dated on the utility's current approved tariff included with the Application. As indicated in the utility's current tariff the following information can be found:
 - a. Date of filing: March 25, 2001
 - b. Docket No. 33121-R
 - c. Obviously the agency would be the TCEQ as it had jurisdiction over investor owned utility's rates at that time.
 - d. Rate/Tariff Change Application was indicated by the "R" of the Application No.
 - e. A copy of the order approving the current rates is not available from the utility. However, given that the Commission has the records pertaining to this order, it should be available to the Commission's staff.
9. As indicated in Attachment C of the Application, The utility is proposing a rate structure that recovers less than the revenue requirement justified in the Application to reduce the economic impact of its customers. The owners of the utility lives in the community where the system is located and felt an increase to the fully justified revenue requirement would cause be too large an economic burden of some customers. Therefore, the utility is requesting a rate structure that recovers less than the fully justified revenue requirement and to institute the rate increase in a two-step phase over the next year.
10. Please see the response to item 9.
11. Dogwood Estates does not have an existing Pass through Adjustment Clause in its currently approved tariff. Include in the Application as part of the Notice of Proposed Rate Change to customers in the Application, the utility is requesting that a pass through adjustment clause be added to its proposed tariff. Also, the pass through rate fee to be approved for the \$0.03 per 1,000 gallons covers the Neches and Trinity Valley Groundwater Conservation District pumpage fee. This pumpage fee is a direct pass thru from the customer to the district and the utility does not

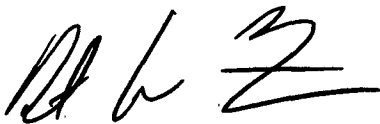
receive any compensation for the collection of this fee. The supporting information requested is included in Attachment 5. The pass thru rate fee requested was noticed in the Application even though this utility is a Class C utility and the Commission requires it to file a Class B Rate/Tariff Application, given that the Commission does not have a complete Rate/Tariff Change Application for Class C Utilities.

All of the issue address in the Staff's Recommendation on Sufficiency are minor in nature and results in a one cent change in the overall rates necessary to fully recover the justified revenue requirement in the Application. In Attachment 6 is a revised Schedule I-1 Revenue Requirement Summary of the Application which reflects all minor corrections noted by the Commission's staff. In addition, included in this attachment is a revised Attachment C - Alternative Rate Design which was included in the Application. Again, all the minor changes caused only a one cent change in the rates requested.

These changes had a de minimis affect on the rate structure and full justifiable revenue requirement as submitted in the Application. The rates requested and notice to customers in the Application will remain the same. Given that the utility is already requesting rates that under recover the revenue requirement to minimize the effects on its customer base, a revised notice to customers would only cause additional cost to and confusion to the utility's customers. This Application should be declared administrative complete and the rate structure as initially proposed in the Application and noticed to customers be immediately in effect.

Should you have any further questions concerning this application, please do not hesitate to contact me at (512) 264-9124.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bret W. Fenner', with a stylized flourish at the end.

Bret W. Fenner, P.E.
B & D Environmental, Inc.

Enclosures

Attachment 1

UTILITY NAME: Dogwood Estates Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-8 CONTRACT WORK
 FOR THE TEST YEAR ENDED: December 31, 2016

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

<u>Line No.</u>	<u>Account No.</u>	<u>Account Name</u>
7.	631, 635, 636	Contract work (non-capitalized engineering, testing, other)

II-7(a) Contract work

List the amount spent on contract work for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase.

Year	Amount
_____	\$ _____
_____	\$ _____
<u>2015</u>	\$ <u>28,553.00</u>
a. Test Year <u>2016</u>	\$ <u>28,910.00</u>
b. K & M Change	\$ <u>0.00</u> (to I-1, Column E, Line 7)
c. Adjusted Test year (a. + b.)	\$ <u>28,910.00</u> (to I-1, Column F, Line 7)

* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change:

II-8(b) Large Items:

Description	Amount	Date in service
System Operator	\$ 24,510.00	Annual

Attachment 2

UTILITY NAME: Dogwood Estates Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-2 RATE BASE SUMMARY
 FOR THE TEST YEAR ENDED: December 31, 2016

Line No.	Description	Amount	Reference
1.	Additions:		(From)
2.	Utility plant (Original Cost)	1,152,526	Schedule III-3, Line 50, Col D
3.	Construction work in progress	17,762	Schedule III-4, Line 5
4.	Materials and supplies	0	Schedule III-4, Line 8
5.	Working cash (capital)	27,785	Schedule III-5, Line 2
6.	Prepayments	0	Schedule III-4, line 8
7.	Other Additions	0	Add schedule
8.	TOTAL ADDITIONS (Add Lines 2 through 6)	1,198,073	
	Deductions:		
9.	Reserve for depreciation (Accumulated)	509,523	Schedule III-3, Col F, Line 50
10.	Advances for construction	0	Schedule III-8(a), Col F, Line 6
11.	Developer Contributions in aid of construction	0	Schedule III-8(b), Col G, Line 6
12.	Accumulated deferred income taxes	0	Schedule III-9(a), Line 3
13.	Accumulated deferred investment tax credits	0	Schedule III-9(b), Line 3
14.	Other Deductions	0	Add schedule
15.	TOTAL DEDUCTIONS (Add lines 9 through 14)	509,523	
16.	RATE BASE (Line 8, less Line 15)	688,550	

UTILITY NAME: <u>Dogwood Estates Water Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE III-1 REQUESTED RETURN FOR THE TEST YEAR ENDED: <u>December 31, 2016</u>
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RETURN ON RATE BASE: WATER

Line No		
1	Test year end rate base (from III-2, Line 16)	688,550
2	Requested ROR (Col G, Line 7 below)	9.91%
3	Return on rate base (Line 1 x Line 2)	68,235

Rate of Return:

A	B	C	D	E	F	G
Line No	Description	Amount	Percentage	Rate	Reference	Weighted Average Rate
			Amount from previous column divided by Line 6, Column C			$G=(E \times F)$
4	Equity (Rate base less Line 5, Column D)	563,640	0.818	11.0000%	Col E = Requested return on equity	9.0000%
5	Long Term Debt and Advances from associated companies from Schedule III-6	124,910	0.1825	5.0000%	Col E = From Sch. III-6, Column H, Line 9	0.91%
6	Total capitalization (Rate Base Sch III-2, Line 16)	688,550				
7	Return on rate base Col G, Line 6 rounded to nearest 0.01%				Line 4 + Line 5	9.91%

To Line 2 above

* ROE = Return on Equity

Attachment 3

UTILITY NAME: Dogwood Estates Water Company
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE
 FOR THE TEST YEAR ENDED: December 31, 2016

A	B	C	D
Line		Amount	Reference
1	Requested Return	68,235	Schedule III-1, Line 3 or II-1, line 34
2	Less: Synchronized Interest	6,266	Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16)
3	Requested taxable return	61,969	Line 1 minus Line 2
4	Income taxes at proposed rates	10,492	Line 17 below
5	Effective tax rate	17%	Line 4 divided by Line 3
6	Total gross up factor	1.25	1.0 divided by (1.0 minus line 5)
7	Grossed up federal income tax	12,590	Line 4 times line 6

To Sch I-1, Line 27

FEDERAL INCOME TAX CALCULATION:

Line No.	Tax Rate	Taxable Income	Tax Rate	Tax
		(Portion of Taxable Income in Level)		(C x D)
12	1st 50,000 of taxable income	50,000	15%	7,500
13	Next 25,000 of taxable income	25,000	25%	2,992
14	Next 25,000 of taxable income	25,000	34%	
15	Next 235,000 of taxable income	235,000	39%	
16	Over 335,000 of taxable income		34%	
17	Total before gross up		To Line 4	10,492

Attachment 4

Test Period Ends:			31-Dec-16								
NARUC Acct. No.	Item Description	Installation Date	Original Cost	Developer Customer CIAC	Service Life	Economic Life	Remaining Service Life	Annual Deprec. Expense	Total Accum. Deprec.	Net Book Value	
PLANT & EQUIPMENT											
307	Well #1 - Depth: 495 Ft.	15-May-70	\$4,509	\$0	50	47	3	\$90	\$4,220	\$289	
307	Well #1 - Depth: 495 Ft	23-Jul-73	\$5,207	\$0	50	44	6	\$104	\$4,540	\$667	
307	Well #2 - Depth: 508 Ft.	11-Jun-74	\$16,653	\$0	50	43	7	\$333	\$14,223	\$2,430	
307	Well #4 - Depth: 516 Ft.	28-Apr-69	\$3,908	\$0	50	48	2	\$78	\$3,739	\$169	
309	Well #1, Plant #1 Pump - 5 Hp	26-Feb-09	\$4,524	\$0	10	8	2	\$452	\$3,561	\$963	
310	Well #4, Pump - 25 HP	2-Jul-09	\$12,745	\$0	30	8	22	\$425	\$3,197	\$9,548	
314	Booster Pump - 15 HP, Plant #2	4-Sep-07	\$4,718	\$0	10	9	1	\$472	\$4,415	\$303	
314	Rebuilt Booster Pump	28-Jul-10	\$1,190	\$0	10	6	4	\$119	\$768	\$422	
316	Chlorination Equip. - Plant #1	7-Jun-10	\$1,964	\$0	20	7	13	\$98	\$647	\$1,317	
322	20,000 Gal. GST - Plant #1	1-Oct-70	\$2,896	\$0	50	46	4	\$58	\$2,688	\$208	
322	20,000 Gal. GST - Plant #1	1-Oct-82	\$8,547	\$0	50	34	16	\$171	\$5,875	\$2,672	
322	65,800 Gal. GST - Plant #2	27-Sep-93	\$17,256	\$0	50	23	27	\$345	\$8,055	\$9,201	
322	20,000 Gal. GST - Plant #3	15-May-70	\$4,509	\$0	50	47	3	\$90	\$4,220	\$289	
322	20,000 Gal. GST - Plant #2	19-Apr-85	\$128,892	\$0	50	32	18	\$2,578	\$82,002	\$46,890	
322	66,000 Gal. GST - Plant #4	1-Jul-00	\$18,469	\$0	50	17	33	\$369	\$6,116	\$12,353	
320	PST - 2400 Gal. Plant #1	1-Oct-70	\$1,952	\$0	50	46	4	\$39	\$1,812	\$140	
320	PST - 3000 Gal. Plant #2	1-Oct-74	\$3,093	\$0	50	42	8	\$62	\$2,623	\$470	
320	PST - 5000 Gal. Plant #4	1-Jul-00	\$13,133	\$0	50	17	33	\$263	\$4,349	\$8,784	
Totals:			\$254,165	\$0				\$6,147	\$157,048	\$97,117	

Dogwood Estates Water, Co.

Schedule III - Water

Test Period Ends:			31-Dec-16							
NARUC Acct. No.	Item Description	Installation Date	Original Cost	Developer Customer CIAC	Expected Service Life	Economic Life	Remaining Service Life	Annual Deprec. Expense	Total Accum. #/Deprec.	Net Book Value
DISTRIBUTION SYSTEM										
325	6" PVC Water Lines	1-Jul-93	\$94,977	\$0	50	24	26	\$1,900	\$44,796	\$50,181
325	4" PVC Water Lines	1-Jul-93	\$15,391	\$0	50	24	26	\$308	\$7,259	\$8,132
325	3" PVC Water Lines	1-Jul-93	\$524,534	\$0	50	24	26	\$10,491	\$247,396	\$277,138
325	2" PVC Water Lines	1-Jul-93	\$76,713	\$0	50	24	26	\$1,534	\$36,182	\$40,531
325	Bear Woods 3" Line Installed	23-Aug-07	\$2,939	\$0	50	9	41	\$59	\$552	\$2,387
325	Redbud Ct. 4" Line Installed (Since Last Rate Case)	21-Feb-08	\$5,680	\$0	50	9	41	\$114	\$1,010	\$4,670
314	Rebuilt Booster Pump	25-Jul-15	\$1,916	\$0	30	1	29	\$64	\$92	\$1,824
314	Booster Pump - 15 HP, Plant #2	23-May-16	\$1,226	\$0	30	1	29	\$41	\$25	\$1,201
314	Booster Pump - 7.5 HP, Plant #1	26-Oct-11	\$1,323	\$0	30	5	25	\$44	\$229	\$1,094
349	200 amp Switch & Fuse	11-Jul-16	\$1,179	\$0	10	0	10	\$118	\$56	\$1,123
349	SCADA System	2-May-16	\$74,864	\$0	20	1	19	\$3,743	\$2,499	\$72,365
316	Chlorine System	2-May-16	\$9,555	\$0	20	1	19	\$478	\$319	\$9,236
349	SCADA System Software	2-May-16	\$2,995	\$0	20	1	19	\$150	\$100	\$2,895
349	SCADA System Site Equipment	2-May-16	\$4,500	\$0	20	1	19	\$225	\$150	\$4,350
344	100 kW Generator	2-May-16	\$38,187	\$0	15	1	14	\$2,546	\$1,700	\$36,487
344	Auxiliary Generator	2-May-16	\$10,500	\$0	15	1	14	\$700	\$467	\$10,033
341	2006 Polaris Ranger	2-Apr-16	\$3,950	\$0	5	1	4	\$790	\$593	\$3,358
341	2009 Kubota Backhoe	12-May-15	\$23,906	\$0	5	2	3	\$4,781	\$7,868	\$16,038
341	18 Ft Utility Trailer	15-Jul-15	\$2,515	\$0	5	1	4	\$503	\$739	\$1,776
341	14 Ft Trailer for Ranger	15-Jul-15	\$1,511	\$0	5	1	4	\$302	\$444	\$1,067
Totals: Page 2			\$898,361	\$0				\$28,889	\$352,475	\$545,886
Totals: Page 1			\$254,165	\$0				\$6,147	\$157,048	\$97,117
Totals - Utility Water Plant:			\$1,152,526	\$0				\$35,036	\$509,523	\$643,003

Attachment 5

- i. The affected CCN number(s); 10823
- ii. A list of the affected subdivision(s), public water system name(s) and corresponding number(s) issued by the TCEQ, and the water quality system name(s) and corresponding number(s) issued by the TCEQ, if applicable; Dogwood Estates, Oak Manor and Wagontree Subdivisions (PWS #1070043)
- iii. A copy of the notice to the customers; Included in Application
- iv. Documentation supporting the stated amounts of any new or modified pass through cost; Included in this attachment
- v. Historical documentation of line loss for one year; Included in Schedule II-1(a) of the Application
- vi. All calculations and assumptions for any true-up of pass-through costs; No true-up is being requested in this Application.
- vii. The calculations and assumptions used to determine the new rates; and
Calculation: Adjusted Gallonage Rate $AG = \{G / (1 - L)\}$, Where:
AG = adjusted gallonage charge, rounded to nearest one cent;
G = New gallonage charge (per 1,000 gallons); \$ 0.03 per 1,000 gallons
L = line loss expressed in decimal format – No line loss adjustment is being requested in this pass thru fee
 $AG = \{\$ 0.03 / (1 - 0.0)\}$
 $AG = \{\$ 0.03 / 1.00\}$
 $AG = \$ 0.03$
- viii. A copy of the pages of the Applicant's tariff that contain the rates that will change if the application is approved. A copy of the utility's current tariff was included with the Application. A proposed Pass Through Adjustment Clause was included in the notice to customers and included in the Application.

NTVGCD Tax



NECHES & TRINITY VALLEYS GROUNDWATER CONSERVATION DISTRICT

PO Box 1387

914 S Belton St

Jacksonville, TX 75766

Ph: (903) 541-4845

Fax: (903) 541-4869

Email: office@ntvgcd.org

QUARTERLY PRODUCTION REPORT (in gallons)

Year: 2011 Quarter: 1
Months: Jan thru Mar

Dogwood Estates Water Co.

P.O. Box 1230

Athens, TX 75751

GALLONS

Well#1:	Meter Reading	<u>13943</u>	Total for Quarter:	<u>0</u>
Well#2:	Meter Reading	<u>98296</u>	Total for Quarter:	<u>5,824,000</u>
Well#3:	Meter Reading	<u>365977</u>	Total for Quarter:	<u>3,086,000</u>
Well#4:	Meter Reading		Total for Quarter:	
Well#5:	Meter Reading		Total for Quarter:	
Well#6:	Meter Reading		Total for Quarter:	
Well#7:	Meter Reading		Total for Quarter:	
Well#8:	Meter Reading		Total for Quarter:	
Well#9:	Meter Reading		Total for Quarter:	
Well#10:	Meter Reading		Total for Quarter:	

TOTAL PRODUCTION FOR QUARTER: 8,910,000

Total Production 8,910,000 Gal X 3 Cents per thousand gallons = Total Amount Due: \$ 267.30

Please calculate the Total Amount Due and submit the Production Report and Payment to Neches & Trinity Valleys Groundwater Conservation District.

▶▶▶ YOU WILL NOT RECEIVE AN INVOICE UNLESS REQUESTED ◀◀◀



NECHES & TRINITY VALLEYS GROUNDWATER CONSERVATION DISTRICT

PO Box 1387

914 S Bolton St

Jacksonville, TX 75766

Ph: (903) 541-4845

Fax: (903) 541-4869

Email: office@ntvgcd.org

QUARTERLY PRODUCTION REPORT (in gallons)

Dogwood Estates Water Co.
P.O. Box 1230
Athens, TX 75751

Year: 2016 Quarter: 2
Months: April thru June

		GALLONS
Well#1:	Meter Reading <u>13943</u>	Total for Quarter: <u>0</u>
Well#2:	Meter Reading <u>103211</u>	Total for Quarter: <u>4,915,000</u>
Well#3:	Meter Reading <u>—</u>	Total for Quarter: <u>—</u>
Well#4:	Meter Reading <u>394547</u>	Total for Quarter: <u>8,570,000</u>
Well#5:	Meter Reading _____	Total for Quarter: _____
Well#6:	Meter Reading _____	Total for Quarter: _____
Well#7:	Meter Reading _____	Total for Quarter: _____
Well#8:	Meter Reading _____	Total for Quarter: _____
Well#9:	Meter Reading _____	Total for Quarter: _____
Well#10:	Meter Reading _____	Total for Quarter: _____

TOTAL PRODUCTION FOR QUARTER: 13,485,000

Total Production 13,485,000 Gal X 3 Cents per thousand gallons = Total Amount Due: \$ 404.55

Please calculate the Total Amount Due and submit the Production Report and Payment to
Neches & Trinity Valleys Groundwater Conservation District WITHIN 30 DAYS.

▶▶▶ YOU WILL NOT RECEIVE AN INVOICE UNLESS REQUESTED ◀◀◀



NECHES & TRINITY VALLEYS GROUNDWATER CONSERVATION DISTRICT
PO Box 1387 914 S Bolton St Jacksonville, TX 75766
Ph: (903) 541-4845 Fax: (903) 541-4869 Email: office@ntvgcd.org

QUARTERLY PRODUCTION REPORT (in gallons)

Year: 2016 Quarter: 3
Months: July thru Sept

Dogwood Estates Water Co.
P.O. Box 1230
Athens, TX 75751

			GALLONS
Well#1:	Meter Reading	<u>13943</u>	Total for Quarter: <u>0</u>
Well#2:	Meter Reading	<u>110980</u>	Total for Quarter: <u>7,769,000</u>
Well#3:	Meter Reading		Total for Quarter:
Well#4:	Meter Reading	<u>403758</u>	Total for Quarter: <u>9,211,000</u>
Well#5:	Meter Reading		Total for Quarter:
Well#6:	Meter Reading		Total for Quarter:
Well#7:	Meter Reading		Total for Quarter:
Well#8:	Meter Reading		Total for Quarter:
Well#9:	Meter Reading		Total for Quarter:
Well#10:	Meter Reading		Total for Quarter:

TOTAL PRODUCTION FOR QUARTER: 16,980,000

Total Production 16,980,000 Gal X 3 Cents per thousand gallons = Total Amount Due: \$ 509.40

Please calculate the Total Amount Due and submit the Production Report and
Payment to Neches & Trinity Valleys Groundwater Conservation District
WITHIN 30 DAYS.

▶ ▶ ▶ YOU WILL NOT RECEIVE AN INVOICE UNLESS REQUESTED ◀ ◀ ◀



NECHES & TRINITY VALLEYS GROUNDWATER CONSERVATION DISTRICT
PO Box 1387 914 S Bolton St Jacksonville, TX 75766
Ph: (903) 541-4845 Fax: (903) 541-4869 Email: office@ntvgcd.org

QUARTERLY PRODUCTION REPORT (in gallons)

Year: 2016 Quarter: 3 4
Months: OCT thru DEC 2016

Dogwood Estates Water Co.
P.O. Box 1230
Athens, TX 75751

GALLONS

Well#1:	Meter Reading	Total for Quarter:	<u>2,043,000</u>
Well#2:	Meter Reading	Total for Quarter:	<u>5,567,000</u>
Well#3:	Meter Reading	Total for Quarter:	
Well#4:	Meter Reading	Total for Quarter:	<u>3,717,000</u>
Well#5:	Meter Reading	Total for Quarter:	
Well#6:	Meter Reading	Total for Quarter:	
Well#7:	Meter Reading	Total for Quarter:	
Well#8:	Meter Reading	Total for Quarter:	
Well#9:	Meter Reading	Total for Quarter:	
Well#10:	Meter Reading	Total for Quarter:	

TOTAL PRODUCTION FOR QUARTER: 11,327,000

Total Production 11,327,000 gal X 3 Cents per thousand gallons = Total Amount Due: \$ 339.81

Please calculate the Total Amount Due and submit the Production Report and
Payment to Neches & Trinity Valleys Groundwater Conservation District
WITHIN 30 DAYS.

▷▷▷ YOU WILL NOT RECEIVE AN INVOICE UNLESS REQUESTED ◀◀◀

Attachment 6

UTILITY NAME: <u>Dogwood Estates Water Company</u> SCHEDULES - CLASS B RATE/TARIFF CHANGE I-1 REVENUE REQUIREMENT SUMMARY PUC Docket No. 46958 Test Year End: December 31, 2016						
A	B	C	D	E	F=D+E	G
			Historical Test Year	K & M Changes	Adjusted Test Year	
Line No.	Acct. No.	Account Name				Reference/ Instructions
		Volume related expenses:				
1	610	Purchased water	0	0	0	Schedule II-3
2	615	Power Expense-production only	26,579	0	26,579	Schedule II-4
3	618	Other volume related expenses	1,521	(1,521)	0	Schedule II-5
4		Total volume related exp.	28,100	(1,521)	26,579	Add Lines 1-3
		Non-volume related expenses:				
5	601-1	Employee labor	0	0	0	Schedule II-6, Line 1
6	620	Materials	21,211	0	21,211	Schedule II-7
7	631-636	Contract work	28,910	0	28,910	Schedule II-8
8	650	Transportation expenses	9,901	0	9,901	Schedule II-9
9	664	Other plant maintenance	34,950	(1,179)	33,771	Schedule II-10
10		Total non-volume related exp.	94,972	(1,179)	93,793	Add Lines 5-9
		Admin. & general expenses:				
11	601-2	Office salaries	19,612	0	19,612	Schedule II-6, line 2
12	601-3	Mgmt. salaries	30,000	0	30,000	Schedule II-6, line 3
13	604	Employee pensions & benefits	0	0	0	Schedule II-11
14	615	Purchased power-Office only	0	0	0	Schedule II-4
15	670	Bad debt expense	343	0	343	Schedule II-12
16	676	Office services & rentals	6,000	0	6,000	Schedule II-13
17	677	Office supplies & expenses	9,992	0	9,992	Schedule II-14
18	678	Professional services	4,085	0	4,085	Schedule II-15
19	684	Insurance	18,912	0	18,912	Schedule II-16
20	666	Regulatory (rate case) expense	1,000	7,000	8,000	Schedule II-17
21	667	Regulatory expense (other)	3,916	0	3,916	Schedule II-18
22	675	Miscellaneous expenses	1,047	0	1,047	Schedule II-19
23		Total admin. & general expense	94,907	7,000	101,907	Add Lines 11-22
24		Total operating Expenses	217,979	4,300	222,279	Lines 4 + 10 + 23
25	403	Depreciation	42,214	(7,178)	35,036	Sch III-3, Col E, Line 50
26	408	Taxes Other than Income	11,753	0	11,753	Sch IV(b), Line 8
27	409/10	Income Tax Expense	0	12,590	12,590	Schedule V, Line 7
28		TOTAL EXPENSES	271,946	10,151	281,658	
29		TOTAL HISTORIC REVENUE	259,220			Sch I-2, Line 6
30		HISTORICAL TEST YEAR RETURN	(12,726)			Line 30 less Line 29
31		REQUESTED RETURN			68,235	Schedule III-1, Line 3
32		TOTAL REVENUE REQUIREMENT			349,893	Line 30 plus Line 34
33		REQUESTED ANNUAL REVENUE INCREASE		(to notice)	90,673	Line 32 less Line 29
34		PERCENTAGE INCREASE			3.7662	Line 36 divided by Line 33
35		LESS: OTHER REVENUES			8,400	Sch. II-3(b), Col. D, Line 8
36		Revenue for Rate Design		(to VI, line 1)	341,493	Line 33 minus Line 35

Attachment C - Alternative Water Rate Design

Dogwood Estates Water Company

Item	Cost	%	Fixed	%	Variable
Management Salaries	\$30,000	90	\$27,000	10	\$3,000
Contract Work	\$28,910	90	\$26,019	10	\$2,891
Office Salaries	\$19,612	90	\$17,651	10	\$1,961
Power Expense	\$26,579	0	\$0	100	\$26,579
Materials	\$21,211	50	\$10,606	50	\$10,606
Transportation	\$9,901	50	\$4,951	50	\$4,951
Other Plant Maintenance	\$33,771	50	\$16,886	50	\$16,886
Bad Debt expense	\$343	100	\$343	0	\$0
Office services & rental	\$6,000	100	\$6,000	0	\$0
Office Supplies	\$9,992	50	\$4,996	50	\$4,996
Professional Services	\$4,085	100	\$4,085	0	\$0
Insurance	\$18,912	100	\$18,912	0	\$0
Rate Case Expense	\$8,000	100	\$8,000	0	\$0
Miscellaneous	\$1,047	50	\$524	50	\$524
Regulatory Expense	\$3,916	50	\$1,958	50	\$1,958
Sub-total (Less F.I.T. & Return)	\$222,279		\$147,929		\$74,350
% of Total (Fixed + Variable)			66.55%		33.45%
Depreciation	\$35,036	100	\$35,036	0	\$0
Taxes Other than Income	\$11,753	100	\$11,753	0	\$0
Income Taxes Expense	\$12,590	100	\$12,590	0	\$0
Return	\$68,235	100	\$68,235	0	\$0
Less other Revenues	\$8,400	100	\$8,400	0	\$0
TOTAL	\$341,493		\$267,143		\$74,350

Test Year Customer Equivalents = 434
 Gallons Included in Minimum Bill = 0
 Total Test Year Gallons Billed = 40,646,133

Gallonge Charge

Variable Costs / (Total Test Year Gallons Billed / 1,000 gallons) = \$1.83 per 1,000 gal

Minimum Bill

Fixed Costs / 12 months / Test Year Customer Equivalents = \$51.29 per month

	Proposed Rate
Using Gallonge charge of	\$ 2.75 per 1,000 gallons
Yields a Minimum Bill of	\$ 44.11 per month

Minimum Bill = [Total Costs - (Gallonge charge * Gallons Billed / 1000)] / 12 months / Customer Equivalents

	Minimum Bill	
5/8" x 3/4" (standard)	\$ 44.11	
1" (multiply standard by 2.5)	\$ 110.28	Gallonge Rate \$ 2.75 per 1,000 gal
1 1/2" (multiply standard by 5.0)	\$ 220.55	
2" (multiply standard by 8.0)	\$ 352.88	
3" (multiply standard by 15.0)	\$ 661.65	
4" (multiply standard by 25.0)	\$ 1,102.75	
6" (multiply standard by 50.0)	\$ 2,205.50	