

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

STATE CORPORATION COMMISSION

JUL 30 2010



In the Matter of the Application of Suburban)
Water, Inc., d/b/a Suburban Water Company for)
Approval of a Purchase Water Adjustment (PWA))

Docket No. 10-SUBW-602-TAR

**DIRECT TESTIMONY
OF
STACEY HARDEN
ON BEHALF OF
THE CITIZENS' UTILITY RATEPAYER BOARD**

JULY 30, 2010

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1 **I. STATEMENT OF QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Stacey Harden and my business address is 1500 SW Arrowhead
4 Road, Topeka, KS 66604-4027.

5

6 **Q. By whom and in what capacity are you employed?**

7 A. I am employed by the Citizens' Utility Ratepayer Board ("CURB") as a
8 Regulatory Analyst.

9

10 **Q. Please describe your educational background.**

11 A. I received a Bachelors Degree in Business Administration from Baker University
12 in 2001. I received a Masters Degree in Business Administration from Baker
13 University in 2004.

14

15 **Q. Please summarize your professional experience.**

16 A. I joined the Citizens' Utility Ratepayer Board as a Regulatory Analyst in February
17 2008. Prior to joining CURB, I was the manager of a rural water district in
18 Shawnee County, Kansas for five years. I am currently an adjunct faculty member
19 at Friends University, where I am an undergraduate instructor in business courses
20 such as Data Development and Analysis, Financial Decision Making, Financial
21 Reporting of Debt & Equity, and Managerial Statistics.

22

23

1 **Q. Have you previously testified before the Commission?**

2 A. Yes. I previously offered testimony in KCC Docket Nos. 08-WSEE-1041-RTS,
3 10-KGSG-421-TAR, 10-EPDE-497-TAR, and 10-BHCG-639-TAR.

4
5 **II. PURPOSE OF TESTIMONY**

6 **Q. What is the purpose of your testimony?**

7 A. On March 19, 2010, Suburban Water, Inc., d/b/a Suburban Water Company
8 ("Suburban" or "company") filed an application with the Kansas Corporation
9 Commission ("KCC" or "Commission") requesting permission to implement a
10 purchased water cost adjustment ("PWA") to account for changes in the
11 wholesale rates charged to Suburban by the Kansas City, Kansas Board of Public
12 Utilities ("BPU"). In my testimony I will evaluate Suburban's proposed PWA
13 and provide recommendations for consideration by the Commission.

14
15 **III. SUMMARY OF CONCLUSIONS**

16 **Q. Please summarize your conclusions and recommendations.**

17 A. CURB has long opposed reimbursement ratemaking mechanisms like the
18 proposed PWA and recommends against approval. However, if the Commission
19 decides to grant Suburban's request for a PWA, I recommend the following
20 changes be made to the company's PWA:

- 21 • the Commission should place a cap on the amount of water losses that
22 can be recovered through the PWA mechanism,

- 1 • the Commission should exclude any recovery of administrative
2 expenses, including rate case expenses from the calculation of the
3 PWA,
- 4 • the Commission should allow only the known and measurable rate
5 increases being imposed by BPU through 2013 to be collected through
6 the PWA.
- 7 • the Commission should require the company to formally request a
8 change to its PWA is the purchased water rates change while the PWA
9 is in effect, and
- 10 • the Commission should require the PWA to be calculated on October 1
11 of each year, based upon the previous twelve month period ending on
12 September 30. The company should then file its proposed PWA with
13 the Commission by October 15 of each year. If approved, the PWA
14 would then be in effect from January 1 to December 31 of each year.
- 15 • the commission should require Suburban to submit a detailed report
16 that provides evidence in support of a projected PWA. During a true-
17 up period, the company should include evidence of the actual recovery
18 of revenues through the PWA. These reports should include, at
19 minimum, the total number of gallons pumped and purchased, the total
20 number of gallons sold to both retail and wholesale customers, and the
21 actual bill amounts paid to BPU for water purchases.

- the Commission should require Suburban to present evidence that wholesale customers are making a contribution to Suburban's operating costs.

IV. DISCUSSION OF THE ISSUES

A. Purchased Water Cost Adjustment

Q. Please describe the company's proposed purchased water cost adjustment ("PWA").

A. Suburban has requested Commission approval for a PWA to reflect the cost of water it purchases for resale to its customers. Once in place, the PWA would allow Suburban to forecast the amount of water that will be purchased during the forecasted year. Suburban would then develop an estimate of the cost of purchased water during the forecasted year. The estimated costs of the purchased water will include "the actual cost of the water, the cost and [sic] unaccounted for water, and any cost incurred in administering wholesale water contracts, including rate case expense incurred in intervention of any wholesale supplier's rate case, on behalf of Suburban and its customers."¹ This cost is then prorated to a per 1,000 gallon rate, based upon forecasted water sales during the same period.

Q. How much water does Suburban purchase from BPU annually?

A. Suburban currently purchases approximately sixty percent (60%) of the water

¹ March 19, 2010, KCC Docket No. 10-SUBW-602-TAR, Application at ¶ 6.

1 that it supplies to its retail and wholesale customers from BPU. In 2008 and 2009,
2 Suburban purchased 74,224,000 and 74,123,000 gallons of water from BPU,
3 respectively.²

4
5 **Q. What rate does BPU currently charge Suburban?**

6 A. BPU is currently charging Suburban \$1.77 per 1,000 gallons of water purchased,
7 in addition to a monthly customer charge of \$160.00 and a Unified Government
8 Payment in Lieu of Taxes (“PILOT”) fee of 12.9% of total water charges.

9
10 **Q. What is the BPU charge that was included in Suburban’s last rate case?**

11 A. In Suburban’s last rate filing in 2007 – Docket No. 07-SUBW-1352-RTS (“1352
12 Docket”) – the BPU charge was \$1.70 per 1,000 gallons. However, BPU has
13 increased the rate it charges to Suburban for its water supply several times.

14
15 **Q. What are the increased rates that BPU will charge Suburban?**

16 A. BPU recently announced its intention to increase the rate it charges to Suburban
17 by nearly 30% over the next five year period, starting in 2010. The BPU board
18 approved the first rate increase effective July 1, 2010, and will implement the
19 charge of \$1.90 per 1,000 gallons effective September 1, 2010. The second, third
20 and fourth rate increases were approved by the BPU board, but are contingent
21 upon final review by the Board. The approved rate increases create the following
22 monthly volume charges:

23

² Suburban Water’s response to KCC Staff Data Request 4.

- 1 • \$1.90 per 1,000 gallons – effective September 1, 2010
- 2 • \$2.05 per 1,000 gallons – effective January 1, 2011
- 3 • \$2.19 per 1,000 gallons – effective January 1, 2012
- 4 • \$2.37 per 1,000 gallons – effective January 1, 2013
- 5

6 **Q. Is Suburban incurring another rate increase in addition to the BPU cost of**
7 **water?**

8 A. Yes. The PILOT fee being charged by BPU has increased from 9.9% of
9 Suburban's total water bill in 2007, to 12.9% of Suburban's total water bill in
10 2010. The PILOT fee will be stepped down from 12.9% in 2010, to 11.9% in
11 2011, 10.9% in 2012, and 9.9% in 2013. However, these percentages are forecasts
12 and may change.

13
14 **Q. What is the PILOT fee?**

15 A. The PILOT fee – a payment-in-lieu of taxes – is assessed by the Unified
16 Government of Wyandotte County and requires BPU to pay a portion of its
17 revenue to the Unified Government of Wyandotte County for city operations and
18 programs.

19
20 **Q. Is Suburban requesting to collect the increased PILOT fee through its PWA**
21 **mechanism?**

22 A. Yes. Attached to my testimony as Exhibit SMH-1 is a spreadsheet provided by
23 Suburban witness Mr. Gregory L. Wilson, CPA, which shows the impact of the

1 PWA on water rates. In his calculations, Mr. Wilson applied the new PILOT
2 percentage to the incremental water rate increase, in each year's calculation of the
3 proposed PWA.
4

5 **Q. Is it appropriate to collect the PILOT in the PWA?**

6 A. No. The PILOT fee is similar to a tax that Suburban is passing onto its customers.
7 It is my opinion that charges, like taxes, should be accounted for in a separate line
8 item on the customer's bill. It is my understanding that the previous PILOT fee of
9 9.9% is was included as a cost of service in Suburban's last rate case. Because the
10 PILOT was originally considered a cost of service item, the PWA is not the
11 appropriate place to collect additional PILOT fees.
12

13 **Q. What are your general concerns about the company's proposed PWA?**

14 A. CURB has long opposed the implementation of true-up mechanisms that allow a
15 utility to collect a forecasted amount of revenue from its customers, before
16 spending a dime. The approval of this PWA is no different: it results in single-
17 issue rate making, where the company is allowed a dollar-for-dollar true-up and
18 recovery of costs associated with one component of the Company's overall
19 revenue requirement. In essence, Suburban would be allowed to increase rates
20 between rate cases, without a thorough review of its financial condition. This puts
21 the Commission in the unfortunate position of approving rate increases, without
22 being able to fully scrutinize the costs being recovered from customers.

1 Further, a PWA mechanism provides a disincentive to the utility to adopt
2 good management practices in order to control costs. With a PWA, Suburban has
3 no incentive to minimize its purchased water costs or to reduce other factors like
4 line losses, bad meters, or leaking hydrants, since it knows that such costs will be
5 fully recovered from customers.

6 In addition, the PWA rider would result in uncertainty for customers.
7 Suburban's customers are nearing the end of a three-year phase-in of a \$274,954
8 rate increase that was approved in the 1352 Docket. These constant rate increases
9 make it difficult for customers to anticipate their water bills or to assess the
10 accuracy of their bills. Adopting a PWA for Suburban would continue the trend of
11 annual rate increases for its customers – in fact, the proposed PWA will result in
12 an average **monthly** rate increase of \$4.96 by 2013.³

13
14 **Q. Do you have specific concerns about the company's proposed PWA?**

15 A. Yes, I do. I have specific concerns regarding the company's definition of
16 estimated costs included in the PWA, the company's request to include new water
17 supply rates in the PWA, and the calculation and effective dates of the PWA.

18
19 **Q. What are your concerns regarding the company's definition of estimated**
20 **costs?**

21 A. First, I am concerned about the inclusion of unaccounted for water losses in the
22 PWA. In its application, Suburban states that the estimated cost of water
23 purchased from BPU will "include the cost of water, the cost and [sic]

³ Exhibit SMH-1

1 unaccounted for water ...”⁴ Suburban later states that the unaccounted water loss
2 “will not exceed a limit to be calculated on the most recent 12-month period
3 ended June 30 or the established limit value, whichever is less.”⁵ My concern is
4 that allowing the company to recover a set amount for water losses will reduce the
5 company’s incentive to control costs and improve its distribution system. Further,
6 the application does not indicate what the “established limit value” is or how it
7 will be calculated. While I think that it is appropriate for the Commission to allow
8 the inclusion of small amount of water losses, it is my opinion that the
9 Commission should establish a cap for such charges. By placing a cap on the
10 amount that can be recovered for water losses through the PWA, the company
11 will have an incentive to reduce and control such losses.

12
13 **Q. Do you have another concern regarding the company’s definition of**
14 **estimated costs?**

15 **A.** Yes, I do. In its application, Suburban states that the estimated cost of water
16 purchased from BPU will include “any cost incurred in administering wholesale
17 water contracts, including rate case expense incurred in intervention of any
18 wholesale supplier’s rate case, on behalf of Suburban Water and its customers.”⁶
19 It is inappropriate to include such administrative expenses normally only
20 reviewed and recovered during a general rate case, in a monthly surcharge. The
21 Commission should exclude all references to administrative expenses, including
22 rate case expenses, from the company’s proposed PWA.

⁴ March 19, 2010, KCC Docket No. 10-SUBW-602-TAR, Application at ¶ 6.

⁵ *Id.*, at ¶ 8.

⁶ *Id.*, at ¶ 6.

1 **Q. What is your recommendation to the Commission regarding the company's**
2 **definition of estimated costs included in the PWA?**

3 A. The Commission should cap the amount of water losses that can be recovered
4 through the PWA. Allowing the company to collect an unrestricted charge
5 attributed to unaccounted for water reduces the company's incentive to reduce
6 those losses. In addition, the Commission should also exclude any recovery of
7 administrative expenses, including rate case expenses from the calculation of the
8 PWA. These types of expenses should only be recovered during a general rate
9 case.

11 **Q. Please discuss Suburban's request to include new water supply contracts in**
12 **its PWA.**

13 A. In its application, Suburban indicates that will "submit to this Commission, within
14 fifteen (15) days after execution, every water purchase contract together with a
15 statement of alternatives for obtaining the necessary water and the reasons for
16 selecting the alternatives embodied in the contract."⁷ Clearly Suburban anticipates
17 entering into new water supply contracts and are requesting that the PWA include
18 not only the water it purchases from BPU, but also any additional water that it
19 may purchase.

⁷ March 19, 2010, KCC Docket No. 10-SUBW-602-TAR, Application at ¶ 11.

1 **Q. Do you agree that Suburban's PWA should include water purchased from**
2 **suppliers other than BPU?**

3 A. No, I do not. With a PWA, Suburban has no incentive to minimize its purchased
4 water costs or to enter into contracts with more favorable terms since it knows
5 that such costs will be fully recovered from ratepayers. Further, given the nature
6 of Suburban's system, connecting to a new water supplier will involve a large
7 capital expenditure and some amount of lead time. Suburban should come back to
8 the Commission with such a project and the Commission can revisit allowing
9 supplier in addition to BPU at that time.

11 **Q. What is your recommendation to the Commission regarding the company's**
12 **request to include new water supply contracts in the PWA?**

13 A. The Commission should deny the company's request to include rates associated
14 with new water supply contracts in the PWA. The rate increases that will be
15 applied by BPU are known and measurable from the next three years. This unique
16 scenario can allow the rate impacts of the PWA to be forecasted more accurately
17 than when costs are unknown. If the Commission decides to approve Suburban's
18 proposed PWA, it should limit the scope of the PWA to include only the known
19 and measurable rates increases from BPU during 2011, 2012, and 2013.

1 **Q. Please discuss when Suburban will calculate its PWA and when it will be**
2 **effective.**

3 A. According to its application, Suburban’s approved PWA would be in effect during
4 a twelve month period from July 1 to June 30. However, Suburban also states
5 that the PWA will be calculated “annually on June 1, *and* each time a change or
6 changes occur in supplier rates or sources of supply... [*italics added*]”⁸

7

8 **Q. Should Suburban adjust its PWA each time a change occurs in supplier rates**
9 **or sources?**

10 A. No. If Suburban receives notice from BPU that wholesale water rates are being
11 increased, Suburban should present this information to the Commission and
12 request appropriate approval to increase the rate charged through its PWA.
13 Because BPU is required to give Suburban three months notice of any rate
14 increase, it is my opinion that Suburban would have ample time to seek
15 Commission approval for adjustments to its PWA.

16

17 **Q. Do you agree with Suburban’s proposed calculation date and effective date**
18 **of its proposed PWA?**

19 A. No, I do not. It is inappropriate to implement the PWA, which is the equivalent of
20 a water rate increase, during the highest usage time of the year. The PWA
21 proposed by Suburban is based upon annual estimates of water consumed and
22 purchased, which is applied as a volume charge to its customers. For a water
23 utility company like Suburban, the summer season is typically a peak usage

⁸ March 19, 2010, KCC Docket No. 10-SUBW-602-TAR, Application at Appendix A.

1 season. In 2008 and 2009, Suburban purchased more water in the month of July
2 than in any other single month.⁹ The months of August and September also show
3 increased consumption of water by Suburban's customers, which lead to an
4 increased amount of water to be purchased from BPU. Because Suburban's PWA
5 charge will be based upon estimates and assumptions, making it effective during a
6 peak water usage time could allow the company to over-recover revenues during
7 July and August, which would not be returned to ratepayers for almost twelve
8 months.

9
10 **Q. What would be a more appropriate calculation and effective date for**
11 **Suburban's PWA?**

12 A. Suburban's proposed PWA should be effective from January 1 to December 31,
13 each year. Suburban should calculate its PWA on October 1 of each year, and
14 submit an application seeking approval of a new PWA to the Commission by
15 October 15. The Commission Staff and CURB could then review the proposed
16 PWA charges and make recommendations to the Commission on December 1,
17 which would allow the Commission adequate time to review the proposed PWA
18 charges and make its ruling in time for the rates to be effective on January 1.

19
20 **Q. What information should Suburban present to the Commission for approval**
21 **of its PWA and during the true-up review?**

22 A. The Commission should require Suburban to submit a detailed report that
23 provides evidence in support of a projected PWA. During a true-up period, the

⁹ Suburban Water's response to KCC Staff Data Request 4.

1 company should include evidence of the actual recovery of revenues through the
2 PWA. These reports should include, at minimum, the total number of gallons
3 pumped and purchased, the total number of gallons sold to both retail and
4 wholesale customers, and the actual bill amounts paid to BPU for water
5 purchases.

6
7 **Q. Why is your timeline for calculation and approval of a PWA more**
8 **appropriate than the company's?**

9 A. For two reasons. First, the rate increases that BPU will apply to water purchased
10 by Suburban, have effective dates of January 1 to December 31 of 2011, 2012,
11 and 2013. It makes more sense that Suburban's PWA, intended to recover the
12 increased costs of purchased water, would follow the same effective dates.
13 Secondly, making a rate increase effective during a low water usage period like
14 January, will allow customers to react and make changes to their water
15 consumption before the peak summer season.

16
17 **Q. Do you have any final concerns regarding Suburban's request for a PWA?**

18 A. Yes. According to its 2009 annual report, Suburban sells water to Rural Water
19 Districts #6 and #10 for redistribution.¹⁰ However, it is unclear from its
20 application how these wholesale water sales will be affected by the PWA. Further,
21 there is no evidence in its application to support what, if any, PWA rate would be
22 charged to Suburban's wholesale customers.

23

¹⁰ Suburban Water's response to KCC Staff Data Request 4.

1 **Q. Should Suburban’s PWA be charged to all customers, including wholesale**
2 **customers?**

3 A. Yes. The proposed PWA would be charged to Suburban’s customers based on a
4 per 1,000 gallon charge. The water supplied to Suburban’s residential customers
5 is the same water that is supplied to its wholesale customers, which is a mix of
6 water pumped from wells and water purchased from BPU. Because there is no
7 distinction in the PWA on who the water is being sold to, the PWA should be
8 charged to all customers, residential, commercial, and wholesale customers.

9

10 **Q. What if the current agreement between Suburban and its wholesale**
11 **customers prohibits the implementation of a PWA?**

12 A. If the current agreement between Suburban and its wholesale customers prohibits
13 the implementation of a PWA, the gallons sold to those customers should be
14 removed from Suburban’s PWA calculation. For example, if Suburban forecasts
15 in 2011 it will purchase 50 million gallons of water from BPU – of which
16 approximately 10 million gallons is for wholesale customers – the PWA for
17 residential customers should be based upon 40 million gallons, not 50 million
18 gallons. At the end of the reporting period, the same type division should be
19 made. The actual gallons sold to wholesale customers should be removed from
20 the actual total water purchased from BPU, before determining the appropriate
21 true-up amount. This type of accounting will ensure that residential customers are
22 not subsidizing the PWA for water sold to Suburban’s wholesale customers.

23

1 **Q. Do you have a final concern about Suburban’s wholesale sales customers not**
2 **contributing to Suburban’s operating costs?**

3 A. Yes. In my review I was unable to quantify any contribution wholesale customers
4 are making towards Suburban’s operating costs. A wholesale customer should
5 pay the actual cost of water purchased from BPU on the wholesale customer’s
6 behalf, including any PILOT fees, and make some level of payment to offset
7 Suburban’s cost of operating the pipeline system that allows delivery of the
8 wholesale water. Without this contribution to operating cost by wholesale
9 customers, Suburban’s retail customer will be in the untenable position of
10 subsidizing the wholesale customers. Before a PWA is approved, the
11 Commission should require Suburban to present evidence that wholesale
12 customers are making a contribution to Suburban’s operating costs.

13

14 **Q. What is your recommendation to the Commission regarding Suburban’s**
15 **proposed PWA?**

16 A. CURB has long opposed reimbursement ratemaking mechanisms like the
17 proposed PWA and recommends against its approval. However, CURB believes
18 that the Commission may find that based on the uniqueness of the situation faced
19 by Suburban – it not economically feasible for Suburban, a company with less
20 than 1,500 customers, to apply for a general rate increase each time that it
21 experiences an increased rate in purchased water – a purchased water cost
22 adjustment is appropriate. If so, then:

- 1 • the Commission should place a cap on the amount of water losses that
2 can be recovered through the PWA mechanism,
- 3 • the Commission should exclude any recovery of administrative
4 expenses, including rate case expenses from the calculation of the
5 PWA,
- 6 • the Commission should allow only the known and measurable rate
7 increases being imposed by BPU through 2013 to be collected through
8 the PWA,
- 9 • the Commission should require the company to formally request a
10 change to its PWA is the purchased water rates change while the PWA
11 is in effect, and
- 12 • the Commission should require the PWA to be calculated on October 1
13 of each year, based upon the previous twelve month period ending on
14 September 30. The company should then file its proposed PWA with
15 the Commission by October 15 of each year. If approved, the PWA
16 would then be in effect from January 1 to December 31 of each year.
- 17 • the Commission should require Suburban to submit a detailed report
18 that provides evidence in support of a projected PWA. During a true-
19 up period, the company should include evidence of the actual recovery
20 of revenues through the PWA. These reports should include, at
21 minimum, the total number of gallons pumped and purchased, the total
22 number of gallons sold to both retail and wholesale customers, and the
23 actual bill amounts paid to BPU for water purchases.

1 • the Commission should require Suburban to present evidence that
2 wholesale customers are making a contribution to Suburban's
3 operating costs.

4

5 **Q. Does this conclude your testimony?**

6 **A. Yes.**

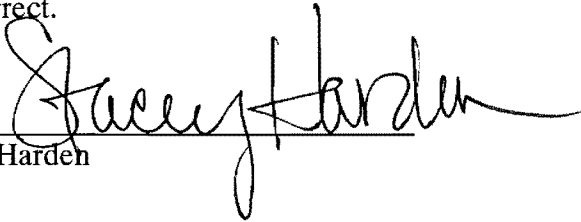
7

VERIFICATION

STATE OF KANSAS)
COUNTY OF SHAWNEE) ss:

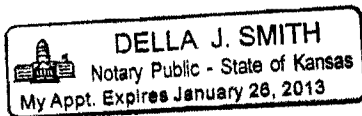
I, Stacey Harden, of lawful age, being first duly sworn upon her oath states:

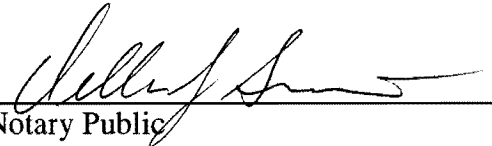
That she is a regulatory analyst for the Citizens' Utility Ratepayer Board, that she has read the above and foregoing document, and, upon information and belief, states that the matters therein appearing are true and correct.



Stacey Harden

SUBSCRIBED AND SWORN to before me this 29th day of July 2010.





Notary Public

My Commission expires: 01-26-2013.

7/28/2010

SECTION 8
SCHEDULE 4
PAGE 1 OF 1

Month	Water Purchased			PILOT	Cost of BPU Water		Total Cost per 1,000 Gallons		Current Cost of Water		KCK - BPU Proposed Annual Increases			
	KCKBPU	Customer Chg	Water Chg		BPU Water		1,000 Gallons		\$	1.77	2010	2011	2012	2013
											\$ 1.84	\$ 2.05	\$ 2.19	\$ 2.37
Jan-09	6,348,276	\$ 160.00	\$ 11,262.25	\$ 1,130.80	\$ 12,553.05		\$ 1.98		\$ 11,262.25		\$ 407.38	\$ 1,722.86	\$ 2,656.43	\$ 3,759.74
Feb-09	5,605,512	\$ 160.00	\$ 9,944.54	\$ 1,000.35	\$ 11,104.89		\$ 1.98		\$ 9,944.54		\$ 359.71	\$ 1,521.28	\$ 2,345.62	\$ 3,319.84
Mar-09	4,856,016	\$ 160.00	\$ 8,614.88	\$ 868.71	\$ 9,643.59		\$ 1.99		\$ 8,614.88		\$ 311.62	\$ 1,317.88	\$ 2,032.00	\$ 2,875.96
Apr-09	5,122,304	\$ 160.00	\$ 9,087.30	\$ 915.48	\$ 10,162.78		\$ 1.98		\$ 9,087.30		\$ 328.70	\$ 1,390.14	\$ 2,143.42	\$ 3,033.66
May-09	5,284,620	\$ 160.00	\$ 9,375.26	\$ 943.99	\$ 10,479.25		\$ 1.98		\$ 9,375.26		\$ 339.12	\$ 1,434.19	\$ 2,211.34	\$ 3,129.79
Jun-09	6,758,180	\$ 160.00	\$ 11,989.45	\$ 1,202.80	\$ 13,352.25		\$ 1.98		\$ 11,989.45		\$ 433.67	\$ 1,834.10	\$ 2,827.95	\$ 4,002.50
Jul-09	7,917,580	\$ 160.00	\$ 14,046.30	\$ 1,406.42	\$ 15,612.72		\$ 1.97		\$ 14,046.30		\$ 508.08	\$ 2,148.75	\$ 3,313.10	\$ 4,689.15
Aug-09	7,939,272	\$ 160.00	\$ 14,084.78	\$ 1,410.23	\$ 15,655.01		\$ 1.97		\$ 14,084.78		\$ 509.47	\$ 2,154.64	\$ 3,322.18	\$ 4,702.00
Sep-09	7,317,684	\$ 160.00	\$ 12,982.04	\$ 1,301.06	\$ 14,443.10		\$ 1.97		\$ 12,982.04		\$ 469.59	\$ 1,985.95	\$ 3,062.08	\$ 4,333.87
Oct-09	6,431,304	\$ 160.00	\$ 11,409.55	\$ 1,145.39	\$ 12,714.94		\$ 1.98		\$ 11,409.55		\$ 412.70	\$ 1,745.39	\$ 2,691.17	\$ 3,808.91
Nov-09	5,394,576	\$ 160.00	\$ 9,570.32	\$ 963.30	\$ 10,693.62		\$ 1.98		\$ 9,570.32		\$ 346.18	\$ 1,464.04	\$ 2,257.36	\$ 3,194.92
Dec-09	5,147,736	\$ 160.00	\$ 9,132.41	\$ 919.95	\$ 10,212.36		\$ 1.98		\$ 9,132.41		\$ 330.34	\$ 1,397.05	\$ 2,154.07	\$ 3,048.73
	74,123,060	\$ 1,920.00	\$ 131,499.08	\$ 13,208.48	\$ 146,627.56		\$ 1.98		\$ 131,499.08		\$ 4,756.55	\$ 20,116.27	\$ 31,016.72	\$ 43,899.07
PILOT Percentage:				9.9%			Percentage Increase:				3.6%	15.3%	23.6%	33.4%
							Cost per 1,000 Gallons				2010	2011	2012	2013
							Base Cost of Water per 1,000 gallons (Last Rate Case)				\$ 1.74	\$ 1.74	\$ 1.74	\$ 1.74
							Proposed Cost of Water per 1,000 gallons				\$ 1.84	\$ 2.05	\$ 2.19	\$ 2.37
							Increase in the Cost of Water per 1,000 gallons				\$ 0.10	\$ 0.31	\$ 0.45	\$ 0.63
							PILOT Percentage				12.9%	11.9%	10.9%	9.9%
							Increase in the Cost of Water With Pilot per 1,000 gallons				\$ 0.1109	\$ 0.3418	\$ 0.5018	\$ 0.6883
							Water Loss Percentage = 5.29%	56%			\$ 0.0033	\$ 0.0101	\$ 0.0149	\$ 0.0204
							Water Purchase Adjustment per 1,000 gallons				\$ 0.1142	\$ 0.3519	\$ 0.5167	\$ 0.7087
							Typical PWA using 7,000 gallons				\$ 0.80	\$ 2.46	\$ 3.62	\$ 4.96
							Typical Customer Using 7,000 gallons per Month							
							Minimum Water Charge 1,000 gallons				\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
							Water Charge 6,000 gallons				\$ 43.98	\$ 43.98	\$ 43.98	\$ 43.98
							Purchased Water Adjustment 7,000 gallons				\$ 0.80	\$ 2.46	\$ 3.62	\$ 4.96
							Cost of Water Before Fees and Taxes				\$ 64.78	\$ 66.44	\$ 67.60	\$ 68.94
							Water Protection Fee 7 3.2%				\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
							Sub-total				\$ 65.00	\$ 66.67	\$ 67.82	\$ 69.16
							Basehor Franchise Fee 5%				\$ 3.25	\$ 3.33	\$ 3.39	\$ 3.46
							Total Billing for 7,000 gallons				\$ 68.25	\$ 70.00	\$ 71.21	\$ 72.62

ANNUAL REPORT OF SUBURBAN WATER COMPANY, INC.YEAR ENDING 2008

SYSTEM NAME _____

PUMPING AND PURCHASED WATER STATISTICS

	Water Purchased For Resale (Omit 000's)	Water Pumped From Wells (Omit 000's)	Total Water Pumped and Purchased (Omit 000's) [(b) + (c)]	Water Sold To Customers (Omit 000's)
(a)	(b)	(c)	(d)	(e)
January.....	5,925	5,724	11,649	9,577
February.....	4,796	5,155	9,951	8,410
March.....	4,620	4,964	9,584	8,484
April.....	4,893	4,800	9,693	8,810
May.....	7,235	4,609	11,844	10,782
June.....	8,298	5,828	14,126	11,369
July.....	8,872	6,056	14,928	13,851
August.....	8,847	4,747	13,594	13,197
September.....	6,149	5,708	11,857	11,417
October.....	5,435	3,599	9,034	8,346
November.....	4,112	3,054	7,166	7,119
December.....	5,042	7,233	12,275	8,017
Total For Year	74,224	61,477	135,701	119,379

If water is purchased for resale, indicate the following:

Vendor Board of Public UtilitiesPoint of Delivery East Boundary Line

If water is sold to other water utilities for redistribution, list names of such utilities below:

District # 10

ANNUAL REPORT OF SUBURBAN WATER COMPANY, INC.

YEAR ENDING 12/31/2009

SYSTEM NAME _____

PUMPING AND PURCHASED WATER STATISTICS

(a)	Water Purchased For Resale (Omit 000's) (b)	Water Pumped From Wells (Omit 000's) (c)	Total Water Pumped and Purchased (Omit 000's) [(b) + (c)] (d)	Water Sold To Customers (Omit 000's) (e)
January.....	6,348	4,418	10,767	9,405
February.....	5,605	4,279	9,885	9,260
March.....	4,856	4,245	9,101	9,755
April.....	5,122	4,238	9,360	9,618
May.....	5,285	4,229	9,514	10,777
June.....	6,758	5,265	12,023	13,666
July.....	7,918	5,492	13,409	13,023
August.....	7,939	5,835	13,775	12,063
September.....	7,318	5,516	12,833	11,424
October.....	6,431	4,664	11,095	8,759
November.....	5,395	3,971	9,366	8,893
December.....	5,148	7,146	12,293	8,882
Total For Year.....	74,123	59,298	133,421	125,525

If water is purchased for resale, indicate the following:

Vendor **Board of Public Utilities**Point of Delivery **East Boundary Line**

If water is sold to other water utilities for redistribution, list names of such utilities below:

Rural Water District # 10Rural Water District # 6

CERTIFICATE OF SERVICE

10-SUBW-602-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was placed in the United States mail, postage prepaid, electronic service, or hand-delivered this 30th day of July, 2010, to the following:

JAMES G. FLAHERTY, ATTORNEY
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TOPEKA, KS 66604-4027
Fax: 785-271-3354
c.harrell@kcc.ks.gov
**** Hand Deliver ****

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Shonda Smith