

SECTION 1

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

MAR 18 2013

by
State Corporation Commission
of Kansas

In the Matter of the Application of)
Howison Heights, Inc., for Approval of)
the Commission to Make Certain)
Changes in its Rates for Water Service)

Docket No. 13-HHIW-570-RTS

APPLICATION AND SCHEDULES

MARCH 2013

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Howison)
Heights, Inc., for Approval of the Commission to)
Make Certain Changes in its Rates for Water)
Service)

Docket No. 13-HHIW-570-RTS

APPLICATION

COMES NOW the Applicant, Howison Heights, Inc. ("Howison" or "Applicant"), and pursuant to K.S.A. 66-1,230, 66-1,232, 66-1,233, and the Kansas Corporation Commission's ("Commission") Rules of Practice and Procedure, Rule 82-1-231b, states as follows:

1. Applicant is a corporation duly organized under the laws of the State of Kansas, and has its principal place of business at 1212 Meyer Drive, Salina, Kansas 67401.

2. All communications regarding this Application should be addressed to:

Timothy B. Howison
1212 Meyer Drive
Salina, Kansas 67401
timhowison.remax@yahoo.com

James G. Flaherty
Anderson & Byrd, LLP
216 S. Hickory, P. O. Box 17
Ottawa, Kansas 66067
jflaherty@andersonbyrd.com

3. Applicant is duly authorized to transact business in the State of Kansas, holds appropriate certificates from this Commission to transact business as a water public utility, and is now and has been engaged in the purchase, transmission, sale and distribution of water in the State of Kansas in accordance with the laws of said State and the Rules and Regulations of this Commission. Applicant provides retail water service to approximately 62 residential customers in Saline County, Kansas.

4. This rate case Application is based upon the schedules prepared by the Commission Staff in Docket No. 12-HHIW-382-RTS ("382 Docket"), plus adjustments made based upon Applicant's meeting with the Commission Staff on February 19, 2013. Those adjustments include providing a salary for Mr. Howison and recovery of rate case expense.

5. Applicant filed written notice of its intent to file this Application pursuant to K.A.R. 82-1-231b(b)(2)(A).

6. Applicant met with technical staff on February 19, 2013, pursuant to K.A.R. 82-1-231b(b)(2)(B).

7. Applicant has submitted a draft notice to the Commission Staff for approval that it intends to mail to its customers informing them of the filing of this Application and the date and time of the public meeting pursuant to K.A.R. 82-1-231b(b)(2)(C).

8. Water sold by Applicant is obtained from Applicant's own water wells.

9. Applicant has had only one rate increase in its 42 year history.

10. Presently effective rates do not produce sufficient revenues to cover the reasonable cost of Applicant's continued ability to render reasonably sufficient and efficient service. The existing retail water rates of Applicant are unjust and unreasonable in that its earnings are deficient. Applicant is proposing that the Commission set its rates based upon a cash flow/margin approach, which is what is included in the Staff schedules included in this filing. The proposed increase in rates will allow Applicant to provide adequate supplies of water, and continue to render the quality of service that the public requires. Therefore, Applicant proposes to adjust its rates in this proceeding to increase its revenues annually by \$48,702.00.

11. In compliance with the Commission Rules of Practice and Procedure, filed herewith and incorporated by reference are Exhibits and Schedules containing the following information:

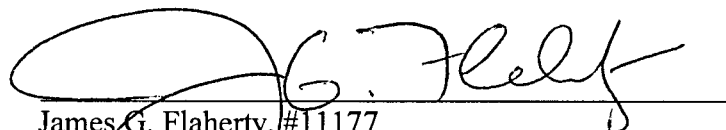
Section 1	Letter of Transmittal and Application
Section 2	Proposed Notice to Customers of Rate Increase and Notice of Meeting
Section 3	Schedules Prepared by Staff in 382 Docket with Additional Adjustments for Salary and Rate Case Expense
Section 3A	Support for Salary Amount
Section 3B	Support for Rate Case Expense
Section 4	Financial Statement (Letter from External Auditor)
Section 5	Proposed Tariff Sheets

12. In conjunction with this rate case Application, Howison has filed a Motion for Waiver of those rate case filing requirements which have been omitted from this filing in order to reduce rate case expense.

13. Also in conjunction with this rate case application, Howison has filed a Motion for Interim Rate Relief for the reasons set forth in that Motion.

14. Howison has reviewed the non-rate recommendations included at pages 13-16 of the Staff's Report and Recommendation filed in the 382 Docket and agrees to implement those recommendations within the next nine month period as recommended by Staff.

WHEREFORE, Applicant respectfully requests the Commission's approval to adjust rates to increase annual revenues by \$48,702.00; and such other necessary and proper relief as required to fulfill this Application.



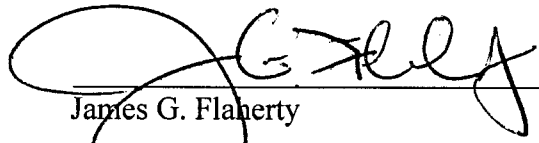
James G. Flaherty, #11177
ANDERSON & BYRD, LLP
 216 S. Hickory, P. O. Box 17
 Ottawa, Kansas 66067
 (785) 242-1234, telephone
 (785) 242-1279, facsimile
jflaherty@andersonbyrd.com
 Attorneys for Howison Heights, Inc.

VERIFICATION

STATE OF KANSAS)
)ss:
COUNTY OF FRANKLIN)

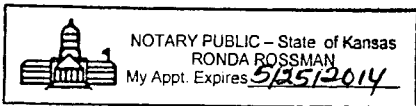
James G. Flaherty, of lawful age, being first duly sworn on oath, states:


That he is the attorney for Howison Heights, Inc., named in the foregoing Application, and is duly authorized to make this affidavit; that he has read the foregoing Application, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 18th day of March, 2013.





Notary Public

Appointment/Commission Expires:

**HOWISON HEIGHTS, INC.
ADJUSTMENT IN WATER RATES**

Howison Heights, Inc. filed an application with the Kansas Corporation Commission on March 15, 2013, requesting an adjustment in its water service rates.

The Company stated the new rates would produce an additional \$48,702.00 in annual revenues. The following table illustrates the approximate increase a customer would see in his/her monthly bill based on various amounts of water used:

<u>Gallons Used</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Increase</u>
6,000	\$33.00	\$70.19	\$37.19
12,000	\$53.00	\$97.39	\$44.39
20,000	\$69.00	\$125.64	\$56.64
30,000	\$89.00	\$152.71	\$63.71

The Company said the additional revenue is needed because existing rates, which have been in place for the past 18 years, do not produce sufficient funds to cover operating expenses.

The new rates would increase the minimum charge from \$25.00 to \$40.00 per month, plus the State of Kansas mandated Water Protection Fee of \$0.032 per 1,000 gallons of water used, plus the following commodity rate:

Usage from 1,000 - 9,999 gallons	\$5.00/1,000
Usage from 10,000 - 16,999 gallons	\$4.00/1,000
Usage from 17,000 - 24,999 gallons	\$3.00/1,000
Usage great than 25,000 gallons	\$2.35/1,000

Howison Heights, Inc. has requested the Kansas Corporation Commission approve the requested rate adjustment. Howison Heights, Inc. has also asked that the new rates go into effect on an interim basis subject to refund beginning April 1, 2013. Mr. Howison, President of Howison Heights, Inc. will host a public meeting on April 5, 2013, at 7:00 p.m., to discuss the proposed rate increase and to answer any questions. The meeting will be held at 415 E. Iron, Salina, Kansas.

In addition to contacting Howison Heights, Inc. at 785-825-6449 to obtain additional information concerning the public meeting and application, you may also contact the Kansas Corporation Commission's Office of Public Affairs and Consumer Protection at the following address:

Public Affairs and Consumer Protection Office
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604
Phone: 1-800-662-0027
Email: public.affairs@kcc.ks.gov

In the Matter of the Application of)
Howison Heights, Inc., for Approval of the) DOCKET NO. 12-HHIW-382-RTS
Commission to Make Certain Changes in its)
Rates for Water Service)

SCHEDULES

PREPARED BY

STAFF

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

HOWISON HEIGHTS, INC.
DOCKET NO. 12-HHIW-382-RTS

WEB EXHIBIT NO. 1

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SCHEDULE
NUMBER

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HOWISON HEIGHTS, INC.
STAFF REVENUE REQUIREMENT
FOR THE TEST YEAR ENDED DECEMBER 31, 2010
WITH HOWISON ADJUSTMENTS

Line No.	Description	Staff Adjusted in 382 Docket	Howison Adjusted	Staff Adjusted with Howison Adjustment
1	Staff Adjusted Test year Net Operating Expense	\$48,381	\$24,834 ¹	\$73,215
2	Operating Margin Requirement	8.0%	8.0%	8.0%
3	Operating Margin Required	3,870	1,987	5,857
4	Staff Adjusted Test Year Operating Margin	(16,239)	(-0-)	(-0-)
5	Revenue Increase/(Decrease) Requirement	20,108	26,821	46,929
6	Gross Up for Tax Expense	873	900	1,773
7	Pro Forma Revenue Requirement Increase/(Decrease)	\$20,981	\$27,721	\$48,702

¹Howison Adjustment No. 1, \$23,500 annual salary; Adjustment No. 2, \$4,000 rate case expense amortized over three years (\$1,334).

HOWISON HEIGHTS, INC.
STAFF ADJUSTED AND PRO FORMA OPERATING INCOME STATEMENT
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

DOCKET NO. 12-HHIW-382-RTS
SCHEDULE B-1
WEB EXHIBIT NO. 1

LINE NO.	DESCRIPTION	A APPLICANT JURISDICTIONAL PER BOOKS	B APPLICANT TEST YEAR ADJUSTMENTS	C APPLICANT ADJUSTED TEST YEAR	D STAFF TEST YEAR ADJUSTMENTS	E STAFF ADJUSTED TEST YEAR	F STAFF PRO FORMA ADJUSTMENTS	G STAFF PRO FORMA TEST YEAR
<u>OPERATING REVENUES:</u>								
1	SALE OF WATER	\$25,863		\$25,863	\$2,069	\$27,932	\$20,108	\$48,040
2	HOOKUP FEES	12,600		12,600	(8,400)	4,200		4,200
3	TOTAL REVENUES	\$38,463	\$0	\$38,463	(\$6,331)	\$32,132	\$20,108	\$52,240
<u>OPERATING EXPENSES:</u>								
4	AUTO	\$674	\$0	\$674	\$2,151	\$2,825		\$2,825
5	BANK FEES	465	0	465	(367)	98		98
6	CONTRACT LABOR	4,139	0	4,139	3,427	7,566		7,566
7	DEPRECIATION EXPENSE	10,337	0	10,337	(330)	10,007		10,007
8	INTEREST EXPENSE	41,400	0	41,400	(35,469)	5,931		5,931
9	LEGAL AND ACCOUNTING	575		575	65	640		640
10	MOWING	300	0	300	(100)	200		200
11	PERMITS AND FEES	1,978	0	1,978	(979)	999		999
12	POSTAGE	300		300	323	623		623
13	REPAIRS AND MAINTENANCE	5,832	0	5,832	(85)	5,747		5,747
14	SUPPLIES	5,077	0	5,077	646	5,723		5,723
15	UTILITY PROPERTY TAXES	4,488	0	4,488	(1,322)	3,166		3,166
16	UTILITIES	4,551		4,551	210	4,761		4,761
17	DONATIONS			0	85	85		85
18	TOTAL OPERATING EXPENSES	\$80,116	\$0	\$80,116	(\$31,745)	\$48,371		\$48,371
19	ADDITIONAL REVENUE FOR TAXES			\$0		\$0	\$873	873
20	LESS: TAX EXPENSE							(712)
21	LESS: TAX EXPENSE GROSS UP							(161)
22	NET OPERATING INCOME	(\$41,653)	\$0	(\$41,653)	\$25,414	(\$16,239)	\$20,981	\$3,870

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HOWISON HEIGHTS, INC.
 STAFF ADJUSTMENTS TO APPLICANT ADJUSTED INCOME STATEMENT
 FOR THE TEST YEAR ENDED DECEMBER 31, 2010

DOCKET NO. 12-HHIW-382-RTS
 SCHEDULE B - 2
 WEB EXHIBIT NO. 1

LINE NO.	DESCRIPTION	A STAFF ADJUSTED TEST YEAR	B STAFF ADJUSTMENT NO. 1	C STAFF ADJUSTMENT NO. 2	D STAFF ADJUSTMENT NO. 3	E STAFF ADJUSTMENT NO. 4	F STAFF ADJUSTMENT NO. 5	G STAFF ADJUSTMENT NO. 6	H STAFF ADJUSTMENT NO. 7	I STAFF ADJUSTMENT NO. 8
<u>OPERATING REVENUES:</u>										
1	SALE OF WATER	\$25,863	2,069							
2	HOOKUP FEES	12,600		(8,400)						
3	TOTAL REVENUES	\$38,463	2,069	(8,400)						
<u>OPERATING EXPENSES:</u>										
4	AUTO	\$674			2,151					
5	BANK FEES	465				(367)				
6	CONTRACT LABOR	4,139					3,427			
7	DEPRECIATION EXPENSE	10,337						(330)		
8	INTEREST EXPENSE	41,400							(35,469)	
9	LEGAL AND ACCOUNTING	575								65
10	MOWING	300								
11	PERMITS AND FEES	1,978								
12	POSTAGE	300								
13	REPAIRS AND MAINTENANCE	5,832								
14	SUPPLIES	5,077								
15	UTILITY PROPERTY TAXES	4,488								
16	UTILITIES	4,551								
17	DONATIONS	0								
18	TOTAL OPERATING EXPENSES	\$80,116	\$0	\$0	\$2,151	(\$367)	\$3,427	(\$330)	(\$35,469)	\$65
19	TAXES OTHER THAN INCOME TAXES	0								
20	INCOME TAXES - CURRENT & DEFERRED	0								
21	NET OPERATING EXPENSES	\$80,116	\$0	\$0	\$2,151	(\$367)	\$3,427	(\$330)	(\$35,469)	\$65
22	NET OPERATING INCOME	(\$41,653)	\$2,069	(\$8,400)	(\$2,151)	\$367	(\$3,427)	\$330	\$35,469	(\$65)

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HOWISON HEIGHTS, INC.
 STAFF ADJUSTMENTS TO APPLICANT ADJUSTED INCOME STATEMENT
 FOR THE TEST YEAR ENDED DECEMBER 31, 2010

DOCKET NO. 12-HHIW-382-RTS
 SCHEDULE B - 2
 WEB EXHIBIT NO. 1

LINE NO.	DESCRIPTION	J STAFF ADJUSTMENT NO. 9	K STAFF ADJUSTMENT NO. 10	L STAFF ADJUSTMENT NO. 11	M STAFF ADJUSTMENT NO. 12	N STAFF ADJUSTMENT NO. 13	O STAFF ADJUSTMENT NO. 14	P STAFF ADJUSTMENT NO. 15	Q STAFF ADJUSTMENT NO. 16	R STAFF ADJUSTMENT NO. 17
<u>OPERATING REVENUES:</u>										
1	SALE OF WATER									
2	HOOKUP FEES									
<hr/>										
3	TOTAL REVENUES									
<hr/>										
<u>OPERATING EXPENSES:</u>										
4	AUTO									
5	BANK FEES									
6	CONTRACT LABOR									
7	DEPRECIATION EXPENSE									
8	INTEREST EXPENSE									
9	LEGAL AND ACCOUNTING									
10	MOWING	(100)								
11	PERMITS AND FEES		(979)							
12	POSTAGE			323						
13	REPAIRS AND MAINTENANCE				(85)					
14	SUPPLIES					646				
15	UTILITY PROPERTY TAXES						(1,322)			
16	UTILITIES							210		
17	DONATIONS								85	
<hr/>										
18	TOTAL OPERATING EXPENSES	(\$100)	(\$979)	\$323	(\$85)	\$646	(\$1,322)	\$210	\$85	\$0
<hr/>										
19	TAXES OTHER THAN INCOME TAXES									
20	INCOME TAXES - CURRENT & DEFERRED									712
<hr/>										
21	NET OPERATING EXPENSES	(\$100)	(\$979)	\$323	(\$85)	\$646	(\$1,322)	\$210	\$85	\$712
<hr/>										
22	NET OPERATING INCOME	\$100	\$979	(\$323)	\$85	(\$646)	\$1,322	(\$210)	(\$85)	(\$712)

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HOWISON HEIGHTS, INC.
 STAFF ADJUSTMENTS TO APPLICANT ADJUSTED INCOME STATEMENT
 FOR THE TEST YEAR ENDED DECEMBER 31, 2010

DOCKET NO. 12-HHIW-382-RTS
 SCHEDULE B - 2
 WEB EXHIBIT NO. 1

LINE NO.	DESCRIPTION	S TOTAL ADJUSTMENTS	T STAFF ADJUSTED
<u>OPERATING REVENUES:</u>			
1	SALE OF WATER	\$2,069	\$27,932
2	HOOKUP FEES	(\$8,400)	\$4,200
3	TOTAL REVENUES	(\$6,331)	\$32,132
<u>OPERATING EXPENSES:</u>			
4	AUTO	\$2,151	\$2,825
5	BANK FEES	(\$367)	\$98
6	CONTRACT LABOR	\$3,427	\$7,566
7	DEPRECIATION EXPENSE	(\$330)	\$10,007
8	INTEREST EXPENSE	(\$35,469)	\$5,931
9	LEGAL AND ACCOUNTING	\$65	\$640
10	MOWING	(\$100)	\$200
11	PERMITS AND FEES	(\$979)	\$999
12	POSTAGE	\$323	\$623
13	REPAIRS AND MAINTENANCE	(\$85)	\$5,747
14	SUPPLIES	\$646	\$5,723
15	UTILITY PROPERTY TAXES	(\$1,322)	\$3,166
16	UTILITIES	\$210	\$4,761
17	DONATIONS	\$85	\$85
18	TOTAL OPERATING EXPENSES	(\$31,745)	\$48,371
19	TAXES OTHER THAN INCOME TAXES	\$0	\$0
20	INCOME TAXES - CURRENT & DEFERRED	\$712	\$712
21	NET OPERATING EXPENSES	(\$31,033)	\$49,083
22	NET OPERATING INCOME	\$24,702	(\$16,951)

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HOWISON HEIGHTS, INC.
EXPLANATION OF STAFF ADJUSTMENTS TO INCOME STATEMENT
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

DOCKET NO. 12-HHIW-382-RTS
SCHEDULE B-3
WEB EXHIBIT NO. 1

LINE NO. *****		INCREASE / (DECREASE) TO OPERATIONS *****
	<u>STAFF ADJUSTMENT NO. 1</u>	
1	SALE OF WATER	
2	To adjust water sales to equal the amounts on Howison Heights' monthly revenue work papers.	\$2,069
	<u>STAFF ADJUSTMENT NO. 2</u>	
3	HOOKUP FEES	
4	To adjust hookup fees to reflect the fees from one hookup per year.	(8,400)
	<u>STAFF ADJUSTMENT NO. 3</u>	
5	AUTO	
6	Adjustment needed to reflect auto expense based on the IRS' standard mileage rate for 2010.	2,151
	<u>STAFF ADJUSTMENT NO. 4</u>	
7	BANK FEES	
8	Adjustment required to reflect only monthly service charges for 2010.	(367)
	<u>STAFF ADJUSTMENT NO. 5</u>	
9	CONTRACT LABOR	
10	To reflect contract labor expense recorded in the Company's general ledger.	3,427
	<u>STAFF ADJUSTMENT NO. 6</u>	
11	DEPRECIATION EXPENSE	
12	To reflect depreciation expense based on the straight line method and on asset	(330)
13	lives approved in a prior Suburban Water rate case.	
	<u>STAFF ADJUSTMENT NO. 7</u>	
14	INTEREST EXPENSE	
15	To reflect interest expense based on the Company's rate base.	(35,469)
	<u>STAFF ADJUSTMENT NO. 8</u>	
16	LEGAL AND ACCOUNTING	
17	To reflect accounting expense billed to Howison Heights during the Test Year.	65

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HOWISON HEIGHTS, INC.
EXPLANATION OF STAFF ADJUSTMENTS TO INCOME STATEMENT
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

DOCKET NO. 12-HHIW-382-RTS
SCHEDULE B-3
WEB EXHIBIT NO. 1

LINE NO. *****		INCREASE / (DECREASE) TO OPERATIONS *****
	<u>STAFF ADJUSTMENT NO. 9</u>	
18	MOWING	
19	To reflect mowing expense recorded in the Company's general ledger.	(100)
	<u>STAFF ADJUSTMENT NO. 10</u>	
20	PERMITS AND FEES	
21	To reflect permits and fees expense recorded in Howison Heights' general ledger,	(979)
22	excluding a late payment fee related to the Company's property taxes.	
	<u>STAFF ADJUSTMENT NO. 11</u>	
23	POSTAGE	
24	To reflect postage expense incurred during 2010.	323
	<u>STAFF ADJUSTMENT NO. 12</u>	
25	REPAIRS AND MAINTENANCE	
26	To reflect repairs and maintenance expense recorded in the Company's general ledger.	(85)
	<u>STAFF ADJUSTMENT NO. 13</u>	
27	SUPPLIES	
28	To reflect supplies expense recorded in the Company's general ledger.	646
	<u>STAFF ADJUSTMENT NO. 14</u>	
29	UTILITY PROPERTY TAXES	
30	To reflect actual property taxes, sales tax, and safe water drinking fee for 2010.	(1,322)
	<u>STAFF ADJUSTMENT NO. 15</u>	
31	UTILITIES	
32	To reflect actual utilities expense based on monthly utility bills for 2010.	210
	<u>STAFF ADJUSTMENT NO. 16</u>	
33	DONATIONS	
34	To record 50% of the donations Howison Heights made during 2010.	85

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HOWISON HEIGHTS, INC.
EXPLANATION OF STAFF ADJUSTMENTS TO INCOME STATEMENT
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

DOCKET NO. 12-HHIW-382-RTS
SCHEDULE B-3
WEB EXHIBIT NO. 1

LINE
NO.

INCREASE / (DECREASE)
TO OPERATIONS

STAFF ADJUSTMENT NO. 17
35 INCOME TAXES - CURRENT & DEFERRED
36 To calculate current income taxes based upon Staff's adjustments

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HOWISON HEIGHTS, INC.
 DOCKET NO. 12-HHIW-382-RTS
 STAFF ADJUSTED AND PRO FORMA CALCULATION OF TAXABLE INCOME
 FOR THE TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	A	B	C	D	E	F	G
		APPLICANT JURISDICTIONAL PER BOOKS	APPLICANT TEST YEAR ADJUSTMENTS	APPLICANT ADJUSTED TEST YEAR	STAFF TEST YEAR ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	STAFF PRO FORMA ADJUSTMENTS	STAFF PRO FORMA TEST YEAR
1	NET OPERATING AND MAINTENANCE EXPENSES	\$80,116	\$0	\$80,116	(\$31,745)	\$48,371		\$48,371
2	ADD: INTEREST EXPENSE	0		0	0	0		0
3	MARGIN REQUIRED	\$80,116	\$0	\$80,116	(\$31,745)	\$48,371		\$48,371
4	O & M MARGIN PERCENTAGE	8%	8%	8%	8%	8%		
5	MARGIN REQUIRED	6,409	0	6,409	(2,540)	3,870	873	4,742
<u>STATE TAXABLE INCOME</u>								
	FROM	TO	TAX	RATE	AMOUNT OVER			
6	0	50,000	0	4.00%	0	155		190
7	50,000	999,999,999	2,000	7.00%	50,000	0		0
8	KANSAS INCOME TAX - CURRENT	\$0	\$0	\$0	\$0	\$155		\$190
9	TAXABLE FEDERAL INCOME	\$6,409	\$0	\$6,409	(\$2,540)	\$3,715		\$4,553
<u>FEDERAL TAXABLE INCOME</u>								
	FROM	TO	TAX	RATE	AMOUNT OVER			
10	0	50,000	0	15.00%	0	557		683
11	50,000	75,000	7,500	25.00%	50,000	0		0
12	75,000	100,000	13,750	34.00%	75,000	0		0
13	100,000	335,000	22,250	39.00%	100,000	0		0
14	335,000	10,000,000	113,900	34.00%	335,000	0		0
15	10,000,000	15,000,000	3,400,000	35.00%	10,000,000	0		0
16	15,000,000	18,333,333	5,150,000	38.00%	15,000,000	0		0
17	18,333,333	999,999,999		35.00%		0		0
18	FEDERAL INCOME TAX - CURRENT	\$0	\$0	\$0	\$557	\$557		\$683
19	STATE EFFECTIVE TAX RATE					4.00%		
20	FEDERAL EFFECTIVE INCOME TAX RATE					14.400000%		
21	TOTAL MARGINAL TAX RATE	0.395500	0.395500	0.395500	0.395500	0.184000		
22	1- TOTAL MARGINAL TAX RATE	0.604500	0.604500	0.604500	0.604500	0.816000		
23	NET TO GROSS MULTIPLIER					1.225490		
<u>SUMMARY OF INCOME TAXES - CURRENT AND DEFERRED</u>								
24	DEFERRED INCOME TAX	\$0	\$0	\$0	\$0	\$0		\$0
25	KS INCOME TAX - CURRENT	0	0	0	155	155		190
26	FED INCOME TAX - CURRENT	0	0	0	557	557		683
27	TOTAL INCOME TAXES - CURRENT AND DEFERRED	\$0	\$0	\$0	\$712	\$712		\$873

Howison Heights Water
12-SUBW-359-RTS
Income Statement
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 1

(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Howison's Revenue Requirement		Staff's Revenue Requirement	
1	Revenue from Sale of Water	25,863		27,932	
2	Revenue from Hookup Fees	12,600		4,200	
3	Total Revenue		38,463		32,132
4	Auto Expense	674		2,825	
5	Bank Fees	465		98	
6	Contract Labor	4,139		7,566	
7	Depreciation Expense	10,337		10,007	
8	Interest Expense	41,400		5,931	
9	Legal & Accounting	575		640	
10	Mowing	300		200	
11	Permits & Fees	1,978		999	
12	Postage	300		623	
13	Repairs & Maintenance	5,832		5,747	
14	Supplies Expense	5,077		5,723	
15	Utility Property Taxes	4,488		3,166	
16	Utilities Expense	4,551		4,761	
17	Donations	-		85	
18	Total Expense		80,116	48,372	
19	Margin Requirement of 8%	-		3,870	
20	Total				52,242
21	Income Tax Expense	-			873
22	Revenue Deficiency		<u>(41,653)</u>		<u>(20,983)</u>

Howison Heights Water
 12-SUBW-359-RTS
 Revenue by Customer

WEB Exhibit No. 2
 Part 2

For the Test Year Ending December 31, 2010

Volume of Water Used by Customers

Route	Jan. in 1,000 Gallons	Feb. in 1,000 Gallons	Mar. in 1,000 Gallons	Apr. in 1,000 Gallons	May in 1,000 Gallons	Jun in 1,000 Gallons	Jul in 1,000 Gallons	Aug in 1,000 Gallons	Sep in 1,000 Gallons	Oct in 1,000 Gallons	Nov in 1,000 Gallons	Dec in 1,000 Gallons	Total in 1,000 Gallons
1	6	4	0	6	2	0	0	5	3	3	4	4	37
2	3	7	2	3	4	3	4	4	2	2	3	3	40
3	8	15	9	8	10	11	14	14	11	10	13	13	136
4	6	4	4	4	4	6	6	5	6	3	5	5	58
5	5	6	0	1	6	5	6	4	5	4	5	5	52
6	3	4	1	4	3	17	28	22	6	4	12	3	107
7	4	14	8	9	9	9	12	12	8	8	11	9	113
8	5	3	3	3	5	5	6	3	4	4	5	5	51
9	5	3	2	4	4	18	45	24	54	64	151	18	392
10	5	12	5	13	13	26	31	28	20	16	16	8	193
11	6	7	6	6	10	10	8	7	8	5	5	8	86
12	4	3	0	4	4	15	17	31	10	5	7	4	104
13	6	7	6	7	6	6	7	7	6	9	6	6	79
14	5	4	2	0	3	7	7	8	4	3	4	5	52
15	5	3	7	3	5	4	5	4	3	3	4	6	52
16	4	4	3	4	4	5	5	4	5	4	8	0	50
17	6	4	4	8	0	18	71	46	73	35	7	5	277
18	6	4	6	6	7	5	8	8	1	4	5	5	65
20	4	4	1	6	2	5	6	5	4	3	4	4	48
21	4	3	0	6	27	36	42	49	48	30	2	3	250
22	4	4	1	5	3	17	20	6	5	5	2	5	77
23	6	5	4	7	6	7	8	16	7	5	5	5	81
24	3	2	0	0	1	4	3	4	3	2	3	3	28
25	5	4	2	3	3	4	5	3	4	2	2	3	40
26	6	6	5	5	7	8	8	7	6	7	8	7	80
27	6	4	1	26	5	8	12	13	5	4	7	5	96
28	7	4	1	6	8	9	10	9	6	6	6	4	76
29	4	1	2	2	0	0	7	4	4	3	0	7	34

Howison Heights Water
 12-SUBW-359-RTS
 Revenue by Customer

WEB Exhibit No. 2
 Part 2

For the Test Year Ending December 31, 2010

Volume of Water Used by Customers

Route	Jan. in 1,000 Gallons	Feb. in 1,000 Gallons	Mar. in 1,000 Gallons	Apr. in 1,000 Gallons	May in 1,000 Gallons	Jun in 1,000 Gallons	Jul in 1,000 Gallons	Aug in 1,000 Gallons	Sep in 1,000 Gallons	Oct in 1,000 Gallons	Nov in 1,000 Gallons	Dec in 1,000 Gallons	Total in 1,000 Gallons
30	0	0	0	0	1	2	0	2	0	0	4	0	9
31	4	4	5	4	4	4	4	4	4	3	4	4	48
32	5	5	5	4	7	6	5	5	7	2	1	7	59
33	6	3	0	0	2	8	3	4	5	4	2	6	43
34	7	5	5	7	0	17	13	9	5	3	5	5	81
35	5	4	0	2	14	54	66	51	34	47	24	11	312
36	10	17	8	21	0	9	12	26	14	9	11	10	147
37	5	4	3	1	6	10	8	10	6	5	5	6	69
38	8	31	12	8	16	13	13	11	8	8	10	12	150
39	5	4	4	6	6	8	11	9	4	4	7	6	74
40	8	10	6	8	8	10	10	8	7	5	7	9	96
41	5	7	5	5	14	11	18	16	18	3	6	0	108
42	4	9	4	5	5	4	4	3	6	4	5	5	58
43	5	4	3	8	6	7	20	11	9	5	4	6	88
44	7	8	2	6	2	2	2	0	6	68	19	3	125
45	0	0	0	0	0	11	17	12	28	23	13	0	104
46	0	0	0	0	3	76	73	101	53	40	0	0	346
47	0	0	0	0	0	0	0	0	0	0	0	0	0
48	4	27	0	0	0	0	0	0	0	0	0	0	31
49	0	20	5	11	9	16	17	12	11	8	9	9	127
52	5	0	2	3	2	6	23	4	4	2	4	4	59
56	6	3	0	14	18	26	22	22	6	15	5	5	142
57	5	2	0	7	4	3	2	2	2	2	2	3	34
58			0	0	0	4	0	0	1	0	0	0	5
59	6	3	0	6	0	5	24	12	4	2	5	3	70
65	6	4	4	7	6	7	8	11	8	6	6	6	79
66	0	0	0	0	0	0	0	0	0	0	3	2	5
69	5	3	2	4	4	4	4	4	5	4	3	6	48
70	5	3	2	3	4	4	5	5	3	3	2	5	44

Howison Heights Water
 12-SUBW-359-RTS
 Revenue by Customer

WEB Exhibit No. 2
 Part 2

For the Test Year Ending December 31, 2010

Volume of Water Used by Customers

Route	Jan. in 1,000 Gallons	Feb. in 1,000 Gallons	Mar. in 1,000 Gallons	Apr. in 1,000 Gallons	May in 1,000 Gallons	Jun in 1,000 Gallons	Jul in 1,000 Gallons	Aug in 1,000 Gallons	Sep in 1,000 Gallons	Oct in 1,000 Gallons	Nov in 1,000 Gallons	Dec in 1,000 Gallons	Total in 1,000 Gallons
71	3	6	2	25	26	16	22	23	27	21	15	3	189
72	3	1	2	3	2	3	4	2	1	0	4	0	25
78	3	3	2	1	0	0	4	2	5	30	4	3	57
80	6	3	2	2	3	36	68	57	7	11	9	5	209
82	6	7	7	13	8	17	21	16	8	10	10	7	130
84											4	1	5
85												5	5
86 Total	288	345	177	343	341	667	904	806	627	600	522	315	5,935
87 Howison Heights Revenues													
88 Staff Adjustment													

Howison Heights Water
 12-SUBW-359-RTS
 Revenue by Customer

WEB Exhibit No. 2
 Part 2

For the Test Year Ending December 31, 2010

Revenue From Water Sales

Route	Jan. Billing Dollars	Feb. Billing Dollars	Mar. Billing Dollars	Apr. Billing Dollars	May Billing Dollars	Jun Billing Dollars	Jul Billing Dollars	Aug Billing Dollars	Sep Billing Dollars	Oct Billing Dollars	Nov Billing Dollars	Dec Billing Dollars	Total Revenue
1	33	25	0	33	25	25	25	29	25	25	25	25	295
2	25	37	25	25	25	25	25	25	25	25	25	25	312
3	41	59	44	41	47	50	57	57	50	50	55	55	606
4	33	25	25	25	25	33	33	29	33	25	29	29	344
5	29	33	25	25	33	29	33	25	29	25	29	29	344
6	25	25	25	25	25	63	85	73	33	25	53	25	482
7	25	57	41	44	44	44	53	53	41	41	50	44	537
8	29	25	25	25	29	29	33	25	25	25	29	29	328
9	29	25	25	25	25	65	119	77	137	157	331	65	1,080
10	29	53	29	55	55	81	91	85	69	61	61	41	710
11	33	37	33	33	47	47	41	37	41	29	29	41	448
12	25	25	25	25	25	59	63	91	47	29	37	25	476
13	33	37	33	37	33	33	37	37	33	44	33	33	423
14	29	25	25	25	25	37	37	41	25	25	25	29	348
15	29	25	37	25	29	25	29	25	25	25	25	33	332
16	25	25	25	25	25	29	29	25	29	25	41	25	328
17	33	25	25	41	25	65	171	121	175	99	37	29	846
18	33	25	33	33	37	29	41	41	25	25	29	29	380
20	25	25	25	33	25	29	33	29	25	25	25	25	324
21	25	25	25	33	83	101	113	127	125	89	25	25	796
22	25	25	25	29	25	63	69	33	29	29	25	29	406
23	33	29	25	37	33	37	41	61	37	29	29	29	420
24	25	25	25	25	25	25	25	25	25	25	25	25	300
25	29	25	25	25	25	25	29	25	25	25	25	25	308
26	33	33	29	29	37	41	41	37	33	37	41	37	428
27	33	25	25	81	29	41	53	55	29	25	37	29	462
28	37	25	25	33	41	44	47	44	33	33	33	25	420
29	25	25	25	25	0	0	0	0	0	0	0	0	100

Howison Heights Water
12-SUBW-359-RTS
Revenue by Customer

WEB Exhibit No. 2
Part 2

For the Test Year Ending December 31, 2010

Revenue From Water Sales

Route	Jan. Billing Dollars	Feb. Billing Dollars	Mar. Billing Dollars	Apr. Billing Dollars	May Billing Dollars	Jun Billing Dollars	Jul Billing Dollars	Aug Billing Dollars	Sep Billing Dollars	Oct Billing Dollars	Nov Billing Dollars	Dec Billing Dollars	Total Revenue
30	0	0	0	0	25	25	37	33	25	25	25	37	232
31	25	25	29	25	25	25	25	25	25	25	25	25	304
32	29	29	29	25	37	33	29	29	37	25	25	37	364
33	33	25	25	25	25	41	25	25	29	25	25	33	336
34	37	29	29	37	25	63	55	44	29	25	29	29	431
35	29	25	25	25	57	137	161	131	97	123	77	50	937
36	47	63	41	71	25	44	53	81	57	44	50	47	623
37	29	25	25	25	33	47	41	47	33	29	29	33	396
38	41	91	53	41	61	55	55	50	41	41	47	53	629
39	29	25	25	33	33	41	50	44	25	25	37	33	400
40	41	47	33	41	41	47	47	41	37	29	37	44	485
41	29	37	29	29	57	50	65	61	65	25	33	25	505
42	25	44	25	29	29	25	25	25	33	25	29	29	343
43	29	25	25	41	33	37	69	50	44	29	25	33	440
44	37	41	25	33	25	25	25	25	33	165	67	25	526
45	0	0	25	25	25	50	63	53	85	75	55	0	456
46	25	25	25	25	25	181	175	231	135	109	25	25	1,006
47	25	83	25	25	25	25	25	25	25	25	25	25	358
48	0	0	0	0	0	0	0	0	0	0	0	0	0
49	25	69	29	50	44	61	63	53	50	41	44	44	573
52	29	25	25	25	25	33	75	25	25	25	25	25	362
56	33	25	25	57	65	81	73	73	33	59	29	29	582
57	29	25	25	37	25	25	25	25	25	25	25	25	316
58			25	25	25	25	25	25	25	29	25	25	254
59	33	25	25	33	25	29	77	53	25	25	29	25	404
65	33	25	25	37	33	37	41	50	41	33	33	33	421
66	25	25	25	25	25	25	25	25	25	25	25	25	300
69	29	25	25	25	25	25	25	25	29	25	25	33	316
70	29	25	25	25	25	25	29	29	25	25	25	29	316

Howison Heights Water
 12-SUBW-359-RTS
 Revenue by Customer

WEB Exhibit No. 2
 Part 2

For the Test Year Ending December 31, 2010

Revenue From Water Sales

Route	Jan. Billing Dollars	Feb. Billing Dollars	Mar. Billing Dollars	Apr. Billing Dollars	May Billing Dollars	Jun Billing Dollars	Jul Billing Dollars	Aug Billing Dollars	Sep Billing Dollars	Oct Billing Dollars	Nov Billing Dollars	Dec Billing Dollars	Total Revenue
71	25	33	25	79	81	81	73	75	83	71	59	25	710
72	25	25	25	25	25	25	25	25	25	25	25	0	275
78	25	25	25	25	25	25	25	25	29	89	25	25	368
80	33	25	25	25	25	101	165	143	37	50	59	29	717
82	33	37	37	55	41	63	71	61	41	47	62	37	585
84											25	25	50
85												29	29
86	1,744	1,903	1,638	2,020	2,022	2,786	3,295	3,064	2,601	2,540	2,413	1,906	27,932
87													25,863
88													<u>2,069</u>

Source: Monthly Meter Data Collection sheets for 2010 given to Staff in person by Tim Howison in Salina on January 11, 2012

Note: The purpose of this work paper is to calculate the amount of revenue Howison Heights Water earned during the Test Year that ended December 31, 2010 from selling water to its customers.

Note 1: Due to confidentiality, the customers' names have been removed from this worksheet.

File Name: Excel / Howison Heights Water / Howison Heights Water - Inc Stmt

Howison Heights Water
 12-SUBW-359-RTS
 Revenue from Hookup Fees
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 3

(a)	(b)	(c)	
Line No.	Description	Amount	
1	Hookup Fee Charge per Meter	4,200	
2	Multiply by the Number of Hookups in 2010	X 3	
3	Hookup Fee Income for 2010	12,600	(1)
4	Hookup Fee Charge per Meter	4,200	
5	Multiply by the Normal Number of Hookups in a Year	X 1	
6	Expected Amount of Hookup Fee Revenue in a Year	4,200	
7	Staff's Adjustment to Hookup Fee's	(8,400)	
8	Number of Meter Hookups Installed by Year		
9	2010	3	(2)
10	2011	0	(2)

(1) Source: Exhibit No. 6 of the Application

(2) Source: Telephone conversation with Tim Howison

Howison Heights Water
 12-SUBW-359-RTS
 Auto Expense
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 4

(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Check No.	Description		Auto	Tractor (Backhoe)
1		Number of Regular Trips to Howison Heights Water each Year	(1)	365	
2		Number of Trips to Read the Water Meters Each Year	(1)	12	
3		Number of Water Leaks Repaired Each Year	(1)	5	
4		Total Number of Trips per Year	(1)	<u>382</u>	
5		Miles Driven Round Trip	(1)	X 14	
6		Total Number of Business Miles Driven Each Year		<u>5,348</u>	
7		Multiply by Standard Mileage Rate	(2)	\$0.50	
8		Total Business Auto Mileage Expense		<u>\$2,674</u>	2,674
9	3556	6/23/2010 Mid Kansas Conoco Diesel fuel	(3)		45
10	3668	11/4/2010 Diesel Fuel Injection Maintenance	(3)		16
11	3675	11/8/2010 Rods IV Fuel	(3)		45
12	3693	11/24/2010 Rods IV Fuel	(3)		46
13		Staff's Auto Expense			<u>2,825</u>
14		Hosiwson Heights Auto Expense			674
15		Staff's Adjustment to Auto Expense			<u><u>2,151</u></u>

(1) Source: Tim Howison During Staff's on Site Visit on January 11, 2012

(2) Source: Master Tax Guide for 2010, paragraph 947

(3) Source: Bennington State Bank monthly bank statements

Howison Heights Water
 12-SUBW-359-RTS
 Bank Fees
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 5

(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Check No.	Date	Name of Vendor	Description	Amount
1		Jan. 2010	Bennington State Bank	Service Charge	6.67 (1)
3		Feb. 2010	Bennington State Bank	Service Charge	6.93 (1)
4		Mar. 2010	Bennington State Bank	Service Charge	6.91 (1)
5		Apr. 2010	Bennington State Bank	Service Charge	4.17 (1)
6		May 2010	Bennington State Bank	Service Charge	7.08 (1)
7		Jun. 2010	Bennington State Bank	Service Charge	4.55 (1)
8		Jul. 2010	Bennington State Bank	Service Charge	9.47 (1)
9		Aug. 2010	Bennington State Bank	Service Charge	8.40 (1)
11		Sep. 2010	Bennington State Bank	Service Charge	10.73 (1)
12		Oct. 2010	Bennington State Bank	Service Charge	10.08 (1)
14		Nov. 2010	Bennington State Bank	Service Charge	12.40 (1)
16		Dec. 2010	Bennington State Bank	Service Charge	10.58 (1)
17		Total Banking Fees			97.97
18		Howison Heights Bank Fees			465
19		Staff's Adjustment to Bank Fees			(367)

(1) Source: In Staff's on site visit to Salina on January 11, 2012, Tim Howison General gave Staff a copy of Howison Water's General Ledger.

(2) Source: August 2010 Bennington State Bank monthly bank statement

Howison Heights Water
12-SUBW-359-RTS
Contract Labor

WEB Exhibit No. 2
Part 6

For the Test Year Ending December 31, 2010

(a)	(b)	(c)	(d)	(e)
Line No.	Date	Check Number	Vendor	Amount
1	3/8/2010	4773	Campbell & Johnson	2,086
2	3/9/2010	4777	A-1 Well Service	2,556
3	6/4/2010	4842	Sid Young	200
4	6/19/2010	3554	Sid Young	200
5	10/21/2010	3604	Sid Young	200
6	10/26/2010	3613	Sid Young	100
7	10/28/2010	3617	Sid Young	150
8	11/5/2010	3670	Sid Young	150
9	11/20/2010	3688	Sid Young	100
10	12/10/2010		Sid Young	125
11	12/31/2010	AJE 3		1,700
12	Staff's Contract Labor Expense			<u>7,566</u>
13	Howison Heights Contract Labor Expense			<u>4,139</u>
14	Staff's Adjustment to Contract Labor			<u><u>3,427</u></u>

(1) Source: In Staff's on site visit to Salina on January 11, 2012, Tim Howison General gave Staff a copy of Howison Water's General Ledger.

Note: Check numbers beginning with a 3 were paid by Howison Heights checking account.
Check numbers beginning with a 4 were paid by some other checking account. It could be they were paid by Tim Howison's personal checking account.

Howison Heights Water
12-SUBW-359-RTS
Depreciation Expense
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 7

(a) Line No.	(b) Date Placed in Service	(c) - (f) Asset Balances				(g) Depr. Method	(h) Asset Life in Years	(i) Book Cost	(j) - (l) Accumulated Depreciation			(m) Net Book Value
		(c) Beg. Bal.	(d) Additions	(e) Retire-ments	(f) End. Bal.				(j) Beg. Accum. Depr.	(k) Cur. Yr. Depr. Exp.	(l) End. Accum. Depr.	
Description		(c) + (d) - (e)				(j) + (k)			(l) - (j)			
1	Land	1/1/1984	3,000		3,000			3,000	0		0	3,000
2	Land - Well	2/1/2002	1,000		1,000			1,000	0		0	1,000
3	Subtotal - Land		4,000	0	0			4,000	0	0	0	4,000
4	Water - Well	1/1/1984	52,000		52,000	S/L	30 (1)	52,000	45,067	1,733	46,800	5,200
5	Water - Well	7/1/1997	1,895		1,895	S/L	30 (1)	1,895	790	63	853	1,042
6	Well - #1	11/10/1998	5,251		5,251	S/L	30 (1)	5,251	1,940	175	2,115	3,136
7	Well - #2	8/1/1999	9,410		9,410	S/L	30 (1)	9,410	3,267	314	3,581	5,829
8	Pipe - 6 Inch	8/1/1999	13,628		13,628	S/L	30 (1)	13,628	4,732	454	5,186	8,442
9	Well - #3	1/16/2001	7,359		7,359	S/L	30 (1)	7,359	2,208	245	2,453	4,906
10	Well House	5/22/2001	25,182		25,182	S/L	30 (1)	25,182	7,205	839	8,044	17,138
11	Well House	10/31/2003	31,930		31,930	S/L	30 (1)	31,930	6,563	1,064	7,628	24,302
12	Well House	2/3/2005	13,902		13,902	S/L	30 (1)	13,902	2,240	463	2,703	11,199
13	Well Improve	1/1/2006	20,135		20,135	S/L	30 (1)	20,135	2,685	671	3,356	16,779
14	Cap. Improve	12/31/2007	5,675		5,675	S/L	30 (1)	5,675	378	189	568	5,108
15	Waterline	9/30/2008	21,500		21,500	S/L	30 (1)	21,500	896	717	1,613	19,887
16	Subtotal - Water Wells		207,867	0	0			207,867	77,970	6,929	84,899	122,968
17	Original Equip	1/1/1984	25,765		25,765	S/L	30 (1)	25,765	22,330	859	23,188	2,576
18	Pressure Tank	7/15/1995	2,130		2,130	S/L	15 (1)	2,130	2,059	71	2,130	0
19	Stand Pipe	9/15/1995	5,000	Not in Service	5,000	S/L	30 (1)	5,000	0	0	0	5,000
20	Stand Pipe	7/1/1997	10,000	Not in Service	10,000	S/L	30 (1)	10,000	0	0	0	10,000
21	Pump	12/23/1998	4,509		4,509	S/L	5 (2)	4,509	4,509	0	4,509	0
22	Pump - Well	8/4/2000	2,285		2,285	S/L	5 (2)	2,285	2,285	0	2,285	0
23	Pressure Tank	10/24/2000	1,600		1,600	S/L	15 (1)	1,600	978	107	1,084	516
24	Pump - Well	12/18/2000	2,482		2,482	S/L	5 (2)	2,482	2,482	0	2,482	0
25	Pump	10/31/2001	2,685		2,685	S/L	5 (2)	2,685	2,685	0	2,685	0
26	Computer	8/26/2004	1,158		1,158	S/L	5 (1)	1,158	1,158	0	1,158	0
27	Pump	1/17/2007	10,210		10,210	S/L	5 (2)	10,210	5,956	2,042	7,998	2,212
28	Subtotal - Equipment		67,824	0	0			67,824	44,441	3,079	47,520	20,304
29	Grand Total		279,691	0	0			279,691	122,411	10,007	132,419	147,272
30	Howison Heights Depreciation Expense									10,337		
31	Staff's Adjustment to Depreciation Expense									(330)		

(1) Source: Suburban Water Docket No. 07-SUBW-1352-RTS, Staff Adjustment No. 10

(2) Source: Tim Howison said that since Howison Heights Water does not have a standpipe in service, the water pumps wear out more quickly because they turn on and turn off so frequently. Since the water pumps turn off and on so much, it has been Tim's experience that the water pumps last about 5 years.

Source of Depreciation Information: Depreciation Schedule provided by Tim's public accounting firm Clubine & Rettele on Staff's on-site visit to Salina on 01/11/2012.

Howison Heights Water
12-SUBW-359-RTS

Interest Expense Based on Net Property, Plant and Equipment
For the Test Year Ending December 31, 2010

(a)	(b)	(c)	(d)
Line No.	Description	Amount	
1	Percentage of Bennington State Bank Debt to Howison Heights' Total Debt	57.9500%	(1)
2	Multiply by Interest Rate on Bennington State Bank's Debt	0.06	(2)
3	Weighted Average Interest Rate for Bennington State Bank Debt (Line 1 X Line 2)	0.034770	0.034770
4	Percentage of Central National Bank Debt to Howison Heights' Total Debt	42.0500%	(1)
5	Multiply by Interest Rate on Central National Bank Debt	0.0656	(3)
6	Weighted Average Interest Rate for Central National Bank Debt (Line 4 X Line 5)	0.027585	0.027585
7	Weighted Average Interest Rate for Howison Heights (Line 3 + Line 6)		0.062355
8	Multiply by the Assumption That 100% on the Total Capitalization of Howison Howison Heights Water was Provided by Debt		100.00%
9	Weighted Average Interest Rate for the Portion of Howison Heights' Capitalization That is Provided by Debt (Line 6 X Line 7)		0.062355
10	Multiply by Howison Height's Net Property, Plant and Equipment		95,110 (4)
11	Interest Expense Based on Net Property, Plant and Equipment (Line 7 X Line 8)		\$5,931
12	Howison Heights Interest Expense (principle and interest)		41,400
13	Staff's Adjustment to Interest Expense		(\$35,469)

(1) Source: Weighted Debt Percentage Calculation worksheet

(2) Source: A fax from Tim Howison, dated 01/18/2012, page 3 of 17, that lists the two loans Howison Heights Water has with Bennington State Bank.

(3) Source: A fax from Tim Howison, dated 01/18/2012, page 4 of 17, that lists the loan Howison Heights Water has with Central National Bank.

(4) Source: Exhibit No. 4 in the Application - Financial Statements compiled by Howison Heights' public accountants

Howison Heights Water
12-SUBW-359-RTS
Weighted Debt Percentage Calculation Worksheet
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 8 (a)

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Line	No.	Date	Name of Vendor	Description	Amount	Debt Applicable to Howison Heights	Percentage of Debt Applicable to Each Bank
	1		Bennington State Bank	Loan #1	217,811		(1)
	2		Bennington State Bank	Loan #2	8,940		(1)
	3		Total Bennington State Bank		226,751	226,751	57.95%
	4	8/10/2006	Central National Bank	Intitial Borrowing to build new well house in Big Valley, install pumps, pressure tanks, and new pipeline to connect the new well house to the existing water system	110,150		(2)
	5	1/17/2007	Central National Bank	A - 1 Well Service	10,210		(3)
	6	8/6/2007	Central National Bank	Miscellaneous Expense	2,222		(3)
	7	9/26/2007	Central National Bank	Expenses paid	9,112		(3)
	8	12/31/2007	Central National Bank	Larson Construction	5,675		(3)
	9	12/31/2010	Central National Bank	Outstanding Loan Balance at the end of 2010	275,000		(4)
	10	12/31/2007	Central National Bank	Less: Outstanding Balance at the end of 2007	(235,150)		(2)
	11	Sept. 2008	Central National Bank	Incremental Amt Borrowed	39,850		
	12	Sept. 2008	Central National Bank	Less: Amount Borrowed to pay for Interest Owed	(12,700)		(5)
	13			Portion of Sept. 2008 Loan Related to Water System	27,150		
	14		Total Central National Bank Applicable to Howison Heights Water		164,519	164,519	42.05%
						391,270	100.00%

Howison Heights Water
12-SUBW-359-RTS
Weighted Debt Percentage Calculation Worksheet
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 8 (a)

- (1) Source: A fax from Tim Howison, dated 01/18/2012, page 3 of 17, that lists the two loans Howison Heights Water has with Bennington State Bank.
- (2) Source: A fax from Tim Howison, dated 01/18/2012, page 8 of 8. January 1, 2007 balance with Central National Bank
- (3) Source: A fax from Tim Howison, dated 01/18/2012, page 3 of 3, Howison Heights column. Loan with Central National Bank.
- (4) Source: Single page that is a Loan Statement from Central National Bank for 2010
- (5) Source: A fax from Tim Howison, dated 01/18/2012, page 8 of 8. The \$12,700 amount was obtained from from Tim Howison in a telephone conversation on 01/19/2012.

Howison Heights Water
12-SUBW-359-RTS
Legal and Accounting Fees
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 9

(a)	(b)	(d)	(e)
Line			
No.	Date	Vendor	Amount
1	9/2/2010	Clubine & Rettle	640
2		Staff's Legal and Accounting Fees	640
3		Howison Heights Legal and Accounting Fees	575
4		Staff's Adjustment to Legal and Accounting Fees	<u>65</u>

Howison Heights Water
12-SUBW-359-RTS
Mowing Fees
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 10

(a)	(b)	(d)	(e)
Line No.	Date	Vendor	Amount
1	12/31/2010	Derick McPhillips	200
2		Staff's Mowing Fees	200
3		Howison Heights Mowing Fees	300
4		Staff's Adjustment to Mowing Fees	<u>(100)</u>

Howison Heights Water
 12-SUBW-359-RTS
 Permits and Fees
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 11

(a) Line No.	(b) Date	(c) Vendor	(d) Description	(e) Amount	
1	3/10/2010	Bartlett & West	Appraisal Fee	699	(1)
2	5/27/2010	Division of Water Resources	Water Use Report for 2009	150	(2)
3	9/8/2010	Kansas Department of Health and Environment	Well fee	150	(2)
4		Staff's Permits and Fees		999	
5		Howison Heights Permits and Fees		1,978	
6		Staff's Adjustment to Permits and Fees		(979)	

(1) Source: Tim Howison provided the General Ledger to Staff during an on-site visit in Salina on 01/11/2012. In a telephone conversation with Tim Howison on January 18, 2012, Tim said that the Central National Bank requires an appraisal update be performed on the water system every year.

(2) Source: General Ledger provided to Staff during an on-site visit to Salina on 01/11/2012.

Howison Heights Water
 12-SUBW-359-RTS
 Postage Expense
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 12

(a) Line No.	(b) Invoice Date	(c) Vendor	(d) Amount
1	7/7/2010	United States Postal Service	44
2	9/2/2010	United States Postal Service	28
3	10/19/2010	United States Postal Service	41
4	11/9/2010	United States Postal Service	30
5	11/12/2010	United States Postal Service	44
6		Total	187
7		General Ledger	300
8		Monthly Billing to Customers	322
9		Staff's Postage Expense	623
10		Howison Heights Postage Expense	300
11		Staff's Adjustment	323

Howison Heights Water
 12-SUBW-359-RTS
 Repairs & Maintenance Expense
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 13

(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Date	Check Number	Vendor	Description	Amount
1	1/5/2010	4737	A-1 Well Service	maintenance	1,000
2	3/9/2010	4775	Ginder Hydraulic	Hoses/Radiator	3,984
3	4/16/2010	4813	Miller's Diesel	Tractor	326
4	11/24/2010	3695	Mid Kansas Tool	Mowers	237
5	12/31/2010	AJE 3	Cash Expenses		200
6			Staff's Repairs and Maintenance Expense		5,747
7			Howison Heights Repairs and Maintenance Expense		5,832
8			Staff's Adjustment to Repairs and Maintenance		(85)

Source: General Ledger provided to Staff during an on-site visit to Salina on 01/11/2012.

Note: Check numbers beginning with a 3 were paid by Howison Heights checking account.

Check numbers beginning with a 4 were paid by some other checking account. It could be they were paid by Tim Howison's personal checking account.

Howison Heights Water
 12-SUBW-359-RTS
 Supplies Expense
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 14

(a)	(b)	(c)	(d)	(e)
Line No.	Invoice Date	Check Number	Vendor	Amount
1	1/13//2010	4739	Chemquest - Returned Check	(699)
2	4/9/2010	4804	Becker Tire	868
3	4/16/2010	4814	Salina Supply	74
4	4/17/2010	4816	Sutherlands	37
5	6/8/2010	4848	Chemquest	792
6	6/29/2010	3561	Salina Supply	94
7	9/23/2010	3638	Salina Concrete	252
8	10/21/2010	3605	Water Products	2,415
9	10/22/2010	3608	Mid Kansas Tool	292
10	10/26/2010	3612	Salina Supply	73
11	10/26/2010	3611	Water Products	672
12	11/2/2010	3665	Salina Supply	555
13	11/27/2010	3699	Orshein	39
14	12/22/2010	3719	Salina Supply	155
15	12/31/2010	AJE 3	Cash Expenses	106
16		Staff's Supplies Expense		<u>5,723</u>
17		Howison Heights Supplies Expense		<u>5,077</u>
18		Staff's Adjustment to Supplies Expense		<u><u>646</u></u>

Source: General Ledger provided to Staff during an on-site visit to Salina on 01/11/2012.

Note: Check numbers beginning with a 3 were paid by Howison Heights checking account.

Check numbers beginning with a 4 were paid by some other checking account. It could be they were paid by Tim Howison's personal checking account.

Howison Heights Water
 12-SUBW-359-RTS
 Property Tax, Sales Tax and Water Protection Fee
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 15

Line No.	Description		
1	Property Tax Owed to Saline County in 2010	1,993	(1)
2	Less: Property Tax Reported in Exhibit No. 8 of the Application	(4,488)	(2)
3	Adjustment to Reduce Property Taxes	<u> </u>	(2,495)
4	Add: Saline County Sales Tax on Water Sales for 2010		279 (3)
5	Add: Water Protection Fee for 2010		894 (3)
6	Staff's Adjustment to Property Taxes	<u> </u>	<u>(1,322)</u>

(1) Source: Fax from Stacey Harden of CURB dated January 17, 2012

(2) Source: Exhibit No. 8 of the Application

(3) Source: Staff prepared Property Tax, Sales Tax and Water Protection Fee work paper

Howison Heights Water
12-SUBW-359-RTS
Property Tax, Sales Tax and Water Protection Fee
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 15 (a)

(a)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
Route	Revenue From Water Sales												County	Water	Property	Total (p) + (q) + (r)	
	Jan. Billing Dollars	Feb. Billing Dollars	Mar. Billing Dollars	Apr. Billing Dollars	May Billing Dollars	Jun Billing Dollars	Jul Billing Dollars	Aug Billing Dollars	Sep Billing Dollars	Oct Billing Dollars	Nov Billing Dollars	Dec Billing Dollars	Total Revenue	Sales Tax Amount (o) * 1%			Protection Fee (q) * \$0.032
1	33	25	0	33	25	25	25	29	25	25	25	25	295	3	9		
2	25	37	25	25	25	25	25	25	25	25	25	25	312	3	10		
3	41	59	44	41	47	50	57	57	50	50	55	55	606	6	19		
4	33	25	25	25	25	33	33	29	33	25	29	29	344	3	11		
5	29	33	25	25	33	29	33	25	29	25	29	29	344	3	11		
6	25	25	25	25	25	63	85	73	33	25	53	25	482	5	15		
7	25	57	41	44	44	44	53	53	41	41	50	44	537	5	17		
8	29	25	25	25	29	29	33	25	25	25	29	29	328	3	11		
9	29	25	25	25	25	65	119	77	137	157	331	65	1,080	11	35		
10	29	53	29	55	55	81	91	85	69	61	61	41	710	7	23		
11	33	37	33	33	47	47	41	37	41	29	29	41	448	4	14		
12	25	25	25	25	25	59	63	91	47	29	37	25	476	5	15		
13	33	37	33	37	33	33	37	37	33	44	33	33	423	4	14		
14	29	25	25	25	25	37	37	41	25	25	25	29	348	3	11		
15	29	25	37	25	29	25	29	25	25	25	25	33	332	3	11		
16	25	25	25	25	25	29	29	25	29	25	41	25	328	3	11		
17	33	25	25	41	25	65	171	121	175	99	37	29	846	8	27		
18	33	25	33	33	37	29	41	41	25	25	29	29	380	4	12		
20	25	25	25	33	25	29	33	29	25	25	25	25	324	3	10		
21	25	25	25	33	83	101	113	127	125	89	25	25	796	8	25		
22	25	25	25	29	25	63	69	33	29	29	25	29	406	4	13		
23	33	29	25	37	33	37	41	61	37	29	29	29	420	4	13		
24	25	25	25	25	25	25	25	25	25	25	25	25	300	3	10		
25	29	25	25	25	25	25	29	25	25	25	25	25	308	3	10		
26	33	33	29	29	37	41	41	37	33	37	41	37	428	4	14		
27	33	25	25	81	29	41	53	55	29	25	37	29	462	5	15		
28	37	25	25	33	41	44	47	44	33	33	33	25	420	4	13		
29	25	25	25	25	0	0	0	0	0	0	0	0	100	1	3		
30	0	0	0	0	25	25	37	33	25	25	25	37	232	2	7		
31	25	25	29	25	25	25	25	25	25	25	25	25	304	3	10		
32	29	29	29	25	37	33	29	29	37	25	25	37	364	4	12		
33	33	25	25	25	25	41	25	25	29	25	25	33	336	3	11		
34	37	29	29	37	25	63	55	44	29	25	29	29	431	4	14		
35	29	25	25	25	57	137	161	131	97	123	77	50	937	9	30		
36	47	63	41	71	25	44	53	81	57	44	50	47	623	6	20		

Howison Heights Water
12-SUBW-359-RTS
Property Tax, Sales Tax and Water Protection Fee
For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
Part 15 (a)

(a)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
Route	Revenue From Water Sales												County Sales Tax Amount (o) * 1%	Water Protection Fee (o) * \$0.032	Property Tax	Total (p) + (q) + (r)	
	Jan. Billing Dollars	Feb. Billing Dollars	Mar. Billing Dollars	Apr. Billing Dollars	May Billing Dollars	Jun Billing Dollars	Jul Billing Dollars	Aug Billing Dollars	Sep Billing Dollars	Oct Billing Dollars	Nov Billing Dollars	Dec Billing Dollars					Total Revenue
37	29	25	25	25	33	47	41	47	33	29	29	33	396	4	13		
38	41	91	53	41	61	55	55	50	41	41	47	53	629	6	20		
39	29	25	25	33	33	41	50	44	25	25	37	33	400	4	13		
40	41	47	33	41	41	47	47	41	37	29	37	44	485	5	16		
41	29	37	29	29	57	50	65	61	65	25	33	25	505	5	16		
42	25	44	25	29	29	25	25	25	33	25	29	29	343	3	11		
43	29	25	25	41	33	37	69	50	44	29	25	33	440	4	14		
44	37	41	25	33	25	25	25	25	33	165	67	25	526	5	17		
45	0	0	25	25	25	50	63	53	85	75	55	0	456	5	15		
46	25	25	25	25	25	181	175	231	135	109	25	25	1,006	10	32		
47	25	83	25	25	25	25	25	25	25	25	25	25	358	4	11		
48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
49	25	69	29	50	44	61	63	53	50	41	44	44	573	6	18		
52	29	25	25	25	25	33	75	25	25	25	25	25	362	4	12		
56	33	25	25	57	65	81	73	73	33	59	29	29	582	6	19		
57	29	25	25	37	25	25	25	25	25	25	25	25	316	3	10		
58			25	25	25	25	25	25	25	29	25	25	254	3	8		
59	33	25	25	33	25	29	77	53	25	25	29	25	404	4	13		
65	33	25	25	37	33	37	41	50	41	33	33	33	421	4	13		
66	25	25	25	25	25	25	25	25	25	25	25	25	300	3	10		
69	29	25	25	25	25	25	25	25	29	25	25	33	316	3	10		
70	29	25	25	25	25	25	29	29	25	25	25	29	316	3	10		
71	25	33	25	79	81	81	73	75	83	71	59	25	710	7	23		
72	25	25	25	25	25	25	25	25	25	25	0	275	275	3	9		
78	25	25	25	25	25	25	25	25	29	89	25	25	368	4	12		
80	33	25	25	25	25	101	165	143	37	50	59	29	717	7	23		
82	33	37	37	55	41	63	71	61	41	47	62	37	585	6	19		
84											25	25	50	1	2		
85												29	29	0	1		
Total	1,744	1,903	1,638	2,020	2,022	2,786	3,295	3,064	2,601	2,540	2,413	1,906	27,932	279	894	1,993	3,166

Source of Billings: Monthly Meter Data Collection sheets for 2010 given to Staff in person by Tim Howison in Salina on January 11, 2012 multiplied by applicable tarified rate.

Note 1: Saline County Sales Tax Rate is 1%. Source: Kansas Department of Revenue

Note 2: Water Protection Fee is \$0.032. Source: Exhibit No. 2, Paragraph 7 of the Application

Note 3: Due to confidentiality, the customers' names have been removed from this worksheet.

Howison Heights Water
 12-SUBW-359-RTS
 Utility Expense

WEB Exhibit No. 2
 Part 16

For the Test Year Ending December 31, 2010

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.	Month	Account Number	Utility Dollar Amount	Account Number	Utility Dollar Amount	Total (d) + (f)
1	January	10187010	414	10656614	28	
2	February	10187010	351	10656614	28	
3	March	10187010	234	10656614	28	
4	April	10187010	203	10656614	28	
5	May	10187010	251	10656614	28	
6	June	10187010	356	10656614	28	
7	July	10187010	373	10656614	28	
8	August	10187010	529	10656614	28	
9	September	10187010	454	10656614	23	
10	October	10187010	476	10656614	23	
11	November	10187010	397	10656614	21	
12	December	10187010	409	10656614	23	
13	Staff's Utility Expense		<u>4,448</u>		<u>313</u>	<u>4,761</u>
14	Howison Heights Utility Expense					<u>4,551</u>
15	Staff's Adjustment to Utility Expense					<u><u>210</u></u>

Source: DS & O Utility Bill Summary given to Staff by Tim Howison on site on January 11, 2012

Howison Heights Water
 12-SUBW-359-RTS
 Donations
 For the Test Year Ending December 31, 2010

WEB Exhibit No. 2
 Part 17

(a)	(b)	(c)	(d)	(e)
Line No.	Check Number	Date	Name	Amount
1	3516	2/17/2010	Tyler Grace	25
2	3525	2/26/2010	Kevin Miller	65
3	3520	4/8/2010	South High School	50
4	3685	11/15/2010	Pack 20	30
5	Total Donations			170
6	Exclusion Percentage			50%
7	Staff's Adjustment to Donations			85

Source: General Ledger Cash account

Howison Heights Water, Inc.
12-HHIW-359-RTS

WEB Exhibit No. 2
Part 18

Revenue Comparison Based on Average Usage Using Current Rates, Proposed Rates, Ottawa #2, and the City of Salina
For the Test Year Ending December 31, 2010

	Howison Heights Current Water Rate for 8,000 Gallons (1)	Howison Heights Proposed Water Rate for 8,000 Gallons (2)	Ottawa 2 Rural Water District Rate for 8,000 Gallons (2)	City of Salina Water Rate for 8,000 Gallons (3)
Meter Charge				\$5
Water Rate Based on Volume				\$31 (4)
Customer Charge for Waste Water				\$7
Waste Water Rate Based on Volume				\$37 (5)
Monthly Cost to an Average Howison Heights Consumer Using 8,000 Gallons	\$41	\$80	\$63	\$79

(1) Source: Howison Heights' Tariff

(2) Source: Howison Heights' Application

(3) Source: Telephone conversation on January 23, 2012 with Lori in the City of Salina Water Department

(4) The water rate is \$3.88 per 1,000 gallons based on the customer's average water usage. If a customer exceeds its average water usage, the cost is \$4.61 for each 1,000 gallons in excess of the customer's average water usage.

(5) The waste water rate is \$4.61 per 1,000 gallons. The waste water rate remains the same regardless of waste water volume.

Howison Heights Water

WEB Exhibit No. 2

12-SUBW-359-RTS

Part 19

Revenue Comparison Based on Average Usage Using Current Rates, Proposed Rates, Ottawa #2, and the City of Salina
For the Test Year Ending December 31, 2010

Route	Volume of Water Used by Customers													Average Usage per Mon. in 1,000 Gallons
	Jan. in 1,000 Gallons	Feb. in 1,000 Gallons	Mar. in 1,000 Gallons	Apr. in 1,000 Gallons	May in 1,000 Gallons	Jun in 1,000 Gallons	Jul in 1,000 Gallons	Aug in 1,000 Gallons	Sep in 1,000 Gallons	Oct in 1,000 Gallons	Nov in 1,000 Gallons	Dec in 1,000 Gallons	Total in 1,000 Gallons	
1	6	4	0	6	2	0	0	5	3	3	4	4	37	3
2	3	7	2	3	4	3	4	4	2	2	3	3	40	3
3	8	15	9	8	10	11	14	14	11	10	13	13	136	11
4	6	4	4	4	4	6	6	5	6	3	5	5	58	5
5	5	6	0	1	6	5	6	4	5	4	5	5	52	4
6	3	4	1	4	3	17	28	22	6	4	12	3	107	9
7	4	14	8	9	9	9	12	12	8	8	11	9	113	9
8	5	3	3	3	5	5	6	3	4	4	5	5	51	4
9	5	3	2	4	4	18	45	24	54	64	151	18	392	33
10	5	12	5	13	13	26	31	28	20	16	16	8	193	16
11	6	7	6	6	10	10	8	7	8	5	5	8	86	7
12	4	3	0	4	4	15	17	31	10	5	7	4	104	9
13	6	7	6	7	6	6	7	7	6	9	6	6	79	7
14	5	4	2	0	3	7	7	8	4	3	4	5	52	4
15	5	3	7	3	5	4	5	4	3	3	4	6	52	4
16	4	4	3	4	4	5	5	4	5	4	8	0	50	4
17	6	4	4	8	0	18	71	46	73	35	7	5	277	23
18	6	4	6	6	7	5	8	8	1	4	5	5	65	5
20	4	4	1	6	2	5	6	5	4	3	4	4	48	4
21	4	3	0	6	27	36	42	49	48	30	2	3	250	21
22	4	4	1	5	3	17	20	6	5	5	2	5	77	6
23	6	5	4	7	6	7	8	16	7	5	5	5	81	7
24	3	2	0	0	1	4	3	4	3	2	3	3	28	2
25	5	4	2	3	3	4	5	3	4	2	2	3	40	3
26	6	6	5	5	7	8	8	7	6	7	8	7	80	7
27	6	4	1	26	5	8	12	13	5	4	7	5	96	8

Howison Heights Water
12-SUBW-359-RTS

WEB Exhibit No. 2
Part 19

Revenue Comparison Based on Average Usage Using Current Rates, Proposed Rates, Ottawa #2, and the City of Salina
For the Test Year Ending December 31, 2010

Route	Volume of Water Used by Customers													Average Usage per Mon. in 1,000 Gallons
	Jan. in 1,000 Gallons	Feb. in 1,000 Gallons	Mar. in 1,000 Gallons	Apr. in 1,000 Gallons	May in 1,000 Gallons	Jun in 1,000 Gallons	Jul in 1,000 Gallons	Aug in 1,000 Gallons	Sep in 1,000 Gallons	Oct in 1,000 Gallons	Nov in 1,000 Gallons	Dec in 1,000 Gallons	Total in 1,000 Gallons	
28	7	4	1	6	8	9	10	9	6	6	6	4	76	6
29	4	1	2	2	0	0	7	4	4	3	0	7	34	3
30	0	0	0	0	1	2	0	2	0	0	4	0	9	1
31	4	4	5	4	4	4	4	4	4	3	4	4	48	4
32	5	5	5	4	7	6	5	5	7	2	1	7	59	5
33	6	3	0	0	2	8	3	4	5	4	2	6	43	4
34	7	5	5	7	0	17	13	9	5	3	5	5	81	7
35	5	4	0	2	14	54	66	51	34	47	24	11	312	26
36	10	17	8	21	0	9	12	26	14	9	11	10	147	12
37	5	4	3	1	6	10	8	10	6	5	5	6	69	6
38	8	31	12	8	16	13	13	11	8	8	10	12	150	13
39	5	4	4	6	6	8	11	9	4	4	7	6	74	6
40	8	10	6	8	8	10	10	8	7	5	7	9	96	8
41	5	7	5	5	14	11	18	16	18	3	6	0	108	9
42	4	9	4	5	5	4	4	3	6	4	5	5	58	5
43	5	4	3	8	6	7	20	11	9	5	4	6	88	7
44	7	8	2	6	2	2	2	0	6	68	19	3	125	10
45	0	0	0	0	0	11	17	12	28	23	13	0	104	9
46	0	0	0	0	3	76	73	101	53	40	0	0	346	29
47	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	4	27	0	0	0	0	0	0	0	0	0	0	31	3
49	0	20	5	11	9	16	17	12	11	8	9	9	127	11
52	5	0	2	3	2	6	23	4	4	2	4	4	59	5
56	6	3	0	14	18	26	22	22	6	15	5	5	142	12
57	5	2	0	7	4	3	2	2	2	2	2	3	34	3
58			0	0	0	4	0	0	1	0	0	0	5	0
59	6	3	0	6	0	5	24	12	4	2	5	3	70	6

Howison Heights Water
12-SUBW-359-RTS

WEB Exhibit No. 2
Part 19

Revenue Comparison Based on Average Usage Using Current Rates, Proposed Rates, Ottawa #2, and the City of Salina
For the Test Year Ending December 31, 2010

Route	Volume of Water Used by Customers													Average Usage per Mon. in 1,000 Gallons
	Jan. in 1,000 Gallons	Feb. in 1,000 Gallons	Mar. in 1,000 Gallons	Apr. in 1,000 Gallons	May in 1,000 Gallons	Jun in 1,000 Gallons	Jul in 1,000 Gallons	Aug in 1,000 Gallons	Sep in 1,000 Gallons	Oct in 1,000 Gallons	Nov in 1,000 Gallons	Dec in 1,000 Gallons	Total in 1,000 Gallons	
65	6	4	4	7	6	7	8	11	8	6	6	6	79	7
66	0	0	0	0	0	0	0	0	0	0	3	2	5	3
69	5	3	2	4	4	4	4	4	5	4	3	6	48	4
70	5	3	2	3	4	4	5	5	3	3	2	5	44	4
71	3	6	2	25	26	16	22	23	27	21	15	3	189	16
72	3	1	2	3	2	3	4	2	1	0	4	0	25	2
78	3	3	2	1	0	0	4	2	5	30	4	3	57	5
80	6	3	2	2	3	36	68	57	7	11	9	5	209	17
82	6	7	7	13	8	17	21	16	8	10	10	7	130	11
84											4	1	5	4
85												5	5	5
Total	288	345	177	343	341	667	904	806	627	600	522	315	5,935	8

Source: Monthly Meter Data Collection sheets for 2010 given to Staff in person by Tim Howison in Salina on January 11, 2012

Note: The purpose of this work paper is to calculate the average volume of water each Howison Heights' customer uses each month. The average volume of water used will be used to calculate the cost of water comparison between Howison Heights, Ottawa #2, and the City of Salina.

Note 1: Due to confidentiality, the customers' names have been removed from this worksheet.

File Name: Excel / Howison Heights Water / Howison Heights Water - Inc Stmt

SUPPORT FOR SALARY

Attached are bids received by Howison Heights, Inc. from third parties to operate the Howison Water utility. These bids were used by Howison to support the wage and salary adjustment included in this rate filing.

Earles Engineering & Inspection, Inc.

CIVIL & STRUCTURAL ENGINEERS – SURVEYORS - CONSTRUCTION INSPECTION

115 W. Iron

Salina, Kansas 67401

211 N. Kansas

Liberal, Kansas 67901

Woman Owned Minority Firm

Phone: (785) 309-1060

Fax: (785) 309-1061

Phone: (620) 626-8912

Fax: (620) 626-5408

email:earlesinc@eareleseng.com

Howison Heights Inc.

1212 Meyer Drive

Salina, KS 67401

Attn.: Tim Howison

Re: Cost to Operate Water System

Mr. Howison;

This letter is written to give our estimate to operate your current water system. We understand there are;

- 3 wells
 - which will be required to be checked daily
- 63 water meters
 - To be read monthly
- Monthly billing to 63 customers
- Contract any repairs required
- Contract any leak repairs needed

The cost includes all estimated mileage and travel times to the sites.

We estimated the total yearly cost at \$29,535.00

We appreciate the opportunity to work with you.

EARLES ENGINEERING & INSPECTION, INC.

Peter W. Earles

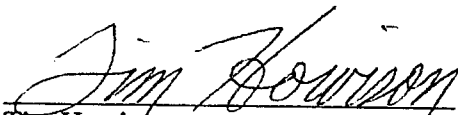
Peter W. Earles
C.E.O.

March 15, 2013

Reference to Office
Manager & Operator Costs:

I spoke to Mary Douglas of Saline RWD #2 yesterday. She would not give me anything in writing as to a proposal to run Howison Hgts, Inc. She said I would have to get that from the board of directors if they were interested. She did say that they, too, are a small system with 168 total hookups. Mary receives \$750/month to manage the office. Pat Weller, the Operator, received \$16,268 to run the system. The total of the two combined was \$25,268 currently. Pat Weller receives an additional \$15/hour for water breaks and additional time requirements.

Mary Douglas
785-536-4404


Tim Howison

RATE CASE EXPENSE

Estimated Rate Case Expense is \$4,000 amortized over a three year period or \$1,333.00 per year and is based upon the estimate Howison Heights, Inc. received from Anderson & Byrd, LLP.

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Howison Heights, Inc.
Salina, KS 67401

We have compiled the accompanying statements of assets, liabilities and equity - income tax basis of Howison Heights, Inc. (a S corporation) as of December 31, 2010 and 2009, and the related statements of revenue and expenses, retained earnings and cash flows - income tax basis for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, expenses, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Howison Heights, Inc..

Clubine & Rettele Chartered



February 7, 2011

HOWISON HEIGHTS, INC.
Salina, Kansas

Exhibit I

STATEMENTS OF ASSETS, LIABILITIES AND EQUITY
INCOME TAX BASIS
December 31, 2010 and 2009

ASSETS

	2010	2009
Current Assets		
Cash in bank	\$ 60.06	\$ 45.85
Accounts receivable	2,631.21	2,095.81
Total Current Assets	<u>2,691.27</u>	<u>2,141.66</u>
Property and Equipment		
Depreciable assets	279,690.99	279,690.99
Deduct - Accumulated depreciation	<u>(184,580.61)</u>	<u>(174,751.20)</u>
Total Property and Equipment	<u>95,110.38</u>	<u>104,939.79</u>
Totals	<u>\$ 97,801.65</u>	<u>\$ 107,081.45</u>

LIABILITIES AND EQUITY

Long-Term Liabilities		
N/P - Tim Howison	10,626.21	11,665.93
N/P - Bennington State Bank	221,743.91	225,877.04
N/P - Central National	93,500.00	93,500.00
Total Long-Term Liabilities	<u>325,870.12</u>	<u>331,042.97</u>
Stockholders' Equity		
Common stock	5,000.00	5,000.00
Add'l paid in capital	69,914.05	43,044.10
Retained Earnings - Exhibit III	<u>(302,982.52)</u>	<u>(272,005.62)</u>
Total Stockholders' Equity	<u>(228,068.47)</u>	<u>(223,961.52)</u>
Totals	<u>\$ 97,801.65</u>	<u>\$ 107,081.45</u>

See accompanying selected information and accountants' report.

HOWISON HEIGHTS, INC.
Salina, Kansas

Exhibit II

STATEMENTS OF REVENUES AND EXPENSES
INCOME TAX BASIS
For the Years Ended December 31, 2010 and 2009

	2010	2009
Revenue		
Water income	\$ 28,493.78	\$ 25,577.59
Hookup fee income	<u>12,600.00</u>	<u>8,400.00</u>
Total Revenue	<u>41,093.78</u>	<u>33,977.59</u>
Operating Expenses		
Auto	918.12	428.77
Bank fees	566.47	362.68
Contract labor	7,566.45	580.00
Depreciation	9,829.41	10,843.70
Interest expense	25,163.15	14,046.47
Legal & accounting	575.00	-
Meals	-	63.65
Mowing expense	200.00	-
Permits & fees	2,030.22	1,924.95
Postage	300.45	125.07
Repairs & maintenance	5,746.73	859.90
Supplies	5,758.53	4,394.64
Taxes	8,865.15	110.00
Utilities	<u>4,551.00</u>	<u>4,391.50</u>
Total Operating Expenses	<u>72,070.68</u>	<u>38,131.33</u>
Net Income (Loss)	<u>\$ (30,976.90)</u>	<u>\$ (4,153.74)</u>

See accompanying selected information and accountants' report.

HOWISON HEIGHTS, INC.
Salina, Kansas

Exhibit III

STATEMENTS OF RETAINED EARNINGS
INCOME TAX BASIS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Balance, beginning of period	\$ (272,005.62)	\$ (267,851.88)
Add - Net Income (Loss) - Exhibit II	<u>(30,976.90)</u>	<u>(4,153.74)</u>
Balance, end of period	<u>\$ (302,982.52)</u>	<u>\$ (272,005.62)</u>

See accompanying selected information and accountants' report.

HOWISON HEIGHTS, INC.
Salina, Kansas

Exhibit IV

STATEMENTS OF CASH FLOWS
INCOME TAX BASIS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 40,558.38	\$ 33,759.13
Cash paid to suppliers and others	(37,078.12)	(13,241.16)
Interest paid	(25,163.15)	(14,046.47)
Net Cash Provided (Used) by Operating Activities	<u>(21,682.89)</u>	<u>6,471.50</u>
Cash Flows From Investing Activities		
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities		
Proceeds from Additional Paid in Capital	26,869.95	1,716.94
Principal payments on long-term borrowing	(4,133.13)	(6,773.27)
Principal payments on stockholder loan	(1,039.72)	(1,374.05)
Net Cash Provided (Used) by Financing Activities	<u>21,697.10</u>	<u>(6,430.38)</u>
Net Increase (Decrease) in Cash	14.21	41.12
Cash at Beginning of Year	<u>45.85</u>	<u>4.73</u>
Cash at End of Period	<u>\$ 60.06</u>	<u>\$ 45.85</u>

RECONCILIATION OF NET INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Income (Loss) - Exhibit II	\$ (30,976.90)	\$ (4,153.74)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	9,829.41	10,843.70
Decrease (Increase) in accounts receivable	(535.40)	(218.46)
Total Adjustments	<u>9,294.01</u>	<u>10,625.24</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (21,682.89)</u>	<u>\$ 6,471.50</u>

See accompanying selected information and accountants' report.

HOWISON HEIGHTS, INC.
Salina, Kansas

SELECTED INFORMATION
Substantially All Disclosures Required by Generally Accepted Accounting
Principles Are Not Included
December 31, 2010 and 2009

1. A summary of some of the significant accounting policies of Howison Heights, Inc. is as follows:
 - A. The accompanying financial statements have been prepared on the accrual basis of accounting used for federal income tax purposes. Consequently, certain revenue and expenses are recognized in the determination of income in different reporting periods than they would be if the financial statements were prepared in conformity with generally accepted accounting principles. Although income tax rules are used to determine the timing of the reporting of revenues and expenses, non-taxable revenue and nondeductible expenses are included in the determination of net income.
 - B. If an expenditure results in an asset having an estimated useful life that extends beyond the year of acquisition, the expenditure is capitalized. Furniture, office equipment and leasehold improvements are recorded at cost.
 - C. All fixed assets purchased prior to January 1, 1981 were depreciated using the straight-line method of depreciation. All fixed assets purchased from January 1, 1981 to December 31, 1986, were depreciated using the accelerated cost recovery system method. All fixed assets purchased after January 1, 1987, are being depreciated using the modified accelerated cost recovery system with recovery periods ranging from 5 to 7 years.
2. The Corporation has elected to operate as a "S" corporation under the Internal Revenue Code. Therefore no income taxes have been accrued on these financial statements because all items of income and expense flow through to the stockholders.
3. Substantially all of the disclosures ordinarily included in financial statements are omitted.

Howison Heights, Inc.
 (Name of Issuing Utility)

Schedule WATER RATE

All customers in Saline County, Kansas Replacing: Index ____, Schedule _____, Sheet __ of __
 (Territory to which schedule is applicable) which was filed _____

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 1

RATE SCHEDULE

All rates include water tax of 3.2¢/1,000 gallons, plus application sales and other tax and fees, plus the following:

Gallons Used	Amount Due
Minimum Charge	\$40.00
1,000	45.00
2,000	50.00
3,000	55.00
4,000	60.00
5,000	65.00
6,000	70.00
7,000	75.00
8,000	80.00
9,000	85.00
10,000	89.00
11,000	93.00
12,000	97.00
13,000	101.00
14,000	105.00
15,000	109.00
16,000	113.00
17,000	116.00
18,000	119.00
19,000	122.00
20,000	125.00
21,000	128.00
22,000	131.00
23,000	134.00
24,000	137.00
25,000	140.00
26,000	142.35
27,000	144.70
28,000	147.05
29,000	149.40
30,000	151.75

Issued	<u>March</u>	<u>18</u>	<u>2013</u>
	Month	Day	Year
Effective	<u>Month</u>	<u>Day</u>	<u>Year</u>
	Month	Day	Year
By	<u>Signature</u>		<u>Title</u>
	Signature		Title

LAW OFFICES OF
ANDERSON & BYRD

A Limited Liability Partnership

JOHN L. RICHESON
JAMES G. FLAHERTY
R. SCOTT RYBURN
KEITH A. BROCK

216 S. HICKORY, P. O. BOX 17
OTTAWA, KANSAS 66067
(785) 242-1234, *Telephone*
(785) 242-1279, *Facsimile*
www.andersonbyrd.com

ROBERT A. ANDERSON
(1920-1994)
RICHARD C. BYRD
(1920-2008)

March 18, 2013

Sent by Facsimile
Original Mailed 3/18/13

Ms. Patrice Petersen-Klein
Executive Director
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, Kansas 66604-4027

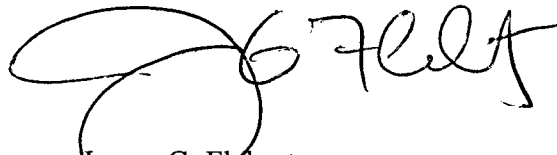
Re: Howison Heights, Inc.

Dear Ms. Petersen-Klein:

Please file the enclosed Application, Motion for Waiver, and Motion for Interim Rate Relief on behalf of Howison Heights, Inc. I would appreciate receiving a file stamped copy of this cover letter as well as a file stamped copy of the documents for my files. An envelope is included for your convenience.

Thank you for your assistance. If you have any questions, please call.

Sincerely,



James G. Flaherty
jflaherty@andersonbyrd.com

JGF:rr

Enclosure

cc: Niki Christopher
Holly Fisher
Judy Jenkins
Stacey Harden
Bill Baldry

Received
on

MAR 18 2013

by
State Corporation Commission
of Kansas