

BEFORE THE
STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

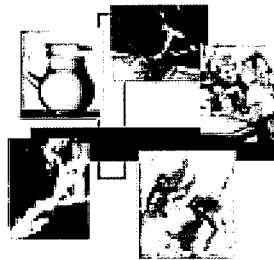
NOV 16 2011

by
State Corporation Commission
of Kansas

In the Matter of the Application of)
Suburban Water, Inc., d/b/a Suburban)
Water Company, for Approval of the)
Commission to Make Certain Changes in its)
Rates for Water Service, for Approval of an)
Amendment to a Contract for Sale of Water)
with Board of Public Utilities, an)
Administrative Agency of the Unified)
Government of Wyandotte County/Kansas)
City, Kansas ("BPU") and for Approval of a)
Purchase Water Adjustment ("PWA") Tariff)

Docket No. 12-SUBW-359-RTS

APPLICATION,
SCHEDULES AND
TESTIMONY



November 2011

SUBURBAN WATER COMPANY

Section 1

Letter of Transmittal and Application

LAW OFFICES OF
ANDERSON & BYRD

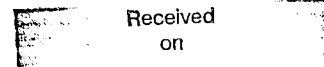
A Limited Liability Partnership

JOHN L. RICHESON
JAMES G. FLAHERTY
R. SCOTT RYBURN
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OTTAWA, KANSAS 66067
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ROBERT A. ANDERSON
(1920-1994)
RICHARD C. BYRD
(1920-2008)

November_16, 2011



NOV 16 2011

by
State Corporation Commission
of Kansas

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

Re: Suburban Water, Inc., d/b/a Suburban Water Company

Dear Ms. Petersen-Klein:

Please file the enclosed Application and Motion for Waiver on behalf of Suburban Water, Inc., d/b/a Suburban Water Company, in the above captioned matter. 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

James G. Flaherty
jflaherty@andersonbyrd.com

JGF:fr
Enclosure

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

NOV 16 2011

by
State Corporation Commission
of Kansas

In the Matter of the Application of Suburban Water, Inc.,)
d/b/a Suburban Water Company, for Approval of the)
Commission to Make Certain Changes in its Rates for)
Water Service, for Approval of an Amendment to a)
Contract for Sale of Water with Board of Public Utilities,)
an Administrative Agency of the Unified Government of)
Wyandotte County/Kansas City, Kansas("BPU") and for)
Approval of a Purchase Water Adjustment ("PWA") Tariff)

Docket No. 12-SUBW-359-RTS

APPLICATION

COMES NOW the Applicant, Suburban Water, Inc., d/b/a Suburban Water Company ("Suburban Water" or "Applicant"), and pursuant to K.S.A. 66-117, K.S.A. 66-1,230, 66-1,232, 66-1,233, the Kansas Corporation Commission's ("Commission") Rules of Practice and Procedure, Rule 82-1-231(b) and (c), and the Commission's Order issued in Docket No. 11-SUBW-448-RTS ("448 Docket"), 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 1216 N. 155th Street, Basehor, Kansas 66007.

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

Mike Breuer, Treasurer
Suburban Water Company
1216 N. 155th Street, P. O. Box 147
Basehor, Kansas 66007
Mike@subwaterco.com

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

Gregory L. Wilson, CPA
Twenty-First Century Mgmt. Consultants
P. O. Box 532
DeSoto, Kansas 66
Greg12@sprynet.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 1,500 residential and small commercial customers in Leavenworth County, Kansas. Applicant also provides wholesale water service to Rural Water District No. 10 and Rural Water District No. 6 in Leavenworth County, Kansas.

4. The test year for this filing is the adjusted twelve month period ending December 31, 2010.

5. Water sold by Applicant is obtained from Suburban Water's own water wells and from BPU under a long term water supply contract.

6. Suburban Water filed its last general rate case nearly five (5) years ago in Docket No. 07-SUBW-1352-RTS ("1352 Docket"), using a test period ending March 31, 2007.¹ Prior to that rate case, the last time Applicant filed for a general rate increase was in 2003 in Docket No. 05-SUBW-104-RTS.

7. Suburban Water is seeking to recover the increase in the normal cost of service items such as operating and maintenance expenses and payroll and employee benefit expenses, which have increased since March 2007. Suburban Water is also seeking to recover the 7.5% increase in the cost of water under its BPU water supply contract that will go into effect on January 1, 2012.

8. This rate case application also addresses the issues raised by the Commission in the 448 Docket with respect to Suburban Water's purchasing practices as it relates to its water supply.

9. 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

¹Suburban Water filed an application to recover an increase in its cost of water and the cost associated with the filing in Docket No. 11-SUBW-448-RTS in December 2010 ("448 Docket").

retail water rates of Applicant are unjust and unreasonable in that its earnings are deficient. Suburban Water is proposing that the Commission set its rates based upon a cash flow/margin approach, which has been prepared and which is being supported by Suburban Water's outside accountant. This approach was approved by the Commission in the 1352 Docket. 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 \$296,280.00.

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

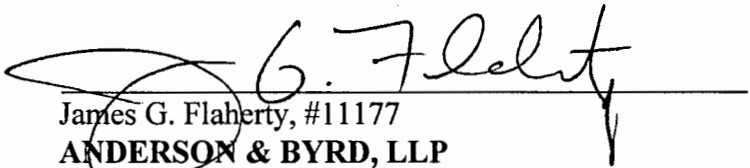
Section 1	Letter of Transmittal and Application
Section 2	General Information and Publicity (Intentionally Omitted)
Section 3	Rate Base and Return
Section 4	Plant Investment
Section 5	Accumulated Provision for Depreciation, Amortization and Depletion (See Line 15, Section 4, Schedule 1, Page 2 of 37)
Section 6	Working Capital (See Line 19, Section 4, Schedule 2, Page 3 of 37)
Section 7	Capitalization and Cost of Capital
Section 8	Financial and Operating Data (see also, Section 16)
Section 9	Test Year and Pro Forma Income Statements and Cash Flow/Margin Study
Section 10	Depreciation and Amortization (See Line 22, Section 9, Schedule 1, Page 23 of 37)
Section 11	Taxes (See Line 6, Section 3, Schedule 1, Page 1 of 37)
Section 12	Allocation Basis (Intentionally Omitted)
Section 13	Annual Report (Intentionally Omitted)
Section 14	Additional Evidence (Future System Improvements)
Section 15	Additional Evidence (BPU Contract Amendment)
Section 16	Audited Financial Statements
Section 17	Intentionally Omitted
Section 18	Proposed Tariff Sheets

11. In conjunction with this rate case application, Suburban Water has filed a Motion for Waiver of the rate case filing requirements contained in K.A.R. 82-1-231 in order to allow it to support its proposed rates by using a cash flow/margin approach as an alternative to the rate base/rate

of return approach in its rate case application. Schedules relating to the rate base/rate of return approach have been included in this filing for comparative purposes only. Suburban Water is not requesting a rate increase based upon the rate base/rate of return approach in this case.

12. Also included as part of this Application are the testimony and exhibits of Mr. Gregory L. Wilson, outside accountant, who supports the Applicant's cash flow/margin study and pro forma adjustments to the test year information, the steps Applicant has taken to address the issues raised by the Commission regarding Applicant's purchasing practices relating to its water supplies; Applicant's request for approval of an amendment to its contract with BPU and Applicant's renewed request to implement a purchased water adjustment. Also included as part of this Application is the testimony and report prepared by Mr. Gary Hanson, attorney with Stumbo Hanson LLP, who provides testimony relating to Suburban Water's purchasing practices relating to its water supplies, including testimony relating to the BPU PILOT issue.

WHEREFORE, Applicant respectfully requests the Commission's approval to adjust rates to increase annual revenues by \$296,280.00; to implement a purchased water adjustment tariff, to make effective the amendment to its contract with BPU; 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
Attorneys for Suburban Water, Inc.

VERIFICATION

STATE OF KANSAS)
)ss:
COUNTY OF FRANKLIN)

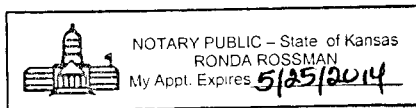
James G. Flaherty, of lawful age, being first duly sworn on oath, states:


That he is the attorney for Suburban Water, 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 16 day of November, 2011.





Notary Public

Appointment/Commission Expires:

Section 2

General Information and Publicity

(Intentionally Omitted)

Section 3

Rate Base and Return

**Suburban Water Company
Jurisdictional Revenue Deficiency
Test Year Ending December 31, 2010
Rate Base Approach**

<u>Line No</u>	<u>Description</u>	<u>Reference</u>	<u>A Applicant Jurisdictional Per Books</u>	<u>B Applicant Test Year Adjustments</u>	<u>C Applicant Adjusted</u>
1	Rate Base	Section 4, Sch. 2	\$ 2,006,074	\$ 174,082	\$ 2,180,156
2	Rate of Return	Section 7, Sch. 1	<u>4.20%</u>	<u>4.20%</u>	<u>4.20%</u>
3	Required Return on Rate Base		\$ 84,351	\$ 7,320	\$ 91,671
4	Test Year Operating Income	Section 9, Sch. 2	<u>\$ (164,821)</u>	<u>\$ (27,928)</u>	<u>\$ (192,749)</u>
5	Net Operating Income Deficiency (Excess):		<u>\$ 249,172</u>	<u>\$ 35,248</u>	<u>\$ 284,420</u>
6	Tax Expense (Section 17, Schedule 2)	Section 4, Sch. 4	\$ 32,869	\$ 9,318	\$ 23,551
7	Revenue Deficiency (Excess)		<u>\$ 282,041</u>	<u>\$ 44,566</u>	<u>\$ 307,971</u>
8	Rate Base Approach Revenue Requirement				
9	Applicant Adjusted Operating & Maintenance Expenses	Section 9, Sch. 2			\$ 1,392,653
10	Required Return on Rate Base	Section 3, Line 3			\$ 91,671
11	Tax Expense	Section 4, Sch 4			\$ 23,551
12	Revenue Requirement				<u>\$ 1,507,875</u>

Section 4

Plant Investment

**Suburban Water Company
Jurisdictional Rate Base
Test Year Ending December 31, 2010
Rate Base Approach**

<u>Line No</u>	<u>Acct. No.</u>	<u>Description</u>	<u>Reference</u>	<u>A Applicant Jurisdictional Per Books</u>	<u>B Applicant Test Year Adjustments</u>	<u>C Applicant Adjusted Rate Base</u>
		<u>Water Plant In Service</u>				
1	303	Land and Land Rights		\$ 55,460	\$ -	\$ 55,460
2	304	Structures and Improvements		\$ 272,732	\$ -	\$ 272,732
3	307	Wells and Springs		\$ 17,452	\$ -	\$ 17,452
4	311	Pumping Equipment		\$ 142,226	\$ -	\$ 142,226
5	320	Water Treatment Equipment		\$ 8,067	\$ -	\$ 8,067
6	330	Distribution Reservoirs & Standpipes		\$ 846,892	\$ -	\$ 846,892
7	331	Trans. & Dist. Mains		\$ 4,705,373	\$ -	\$ 4,705,373
8	334	Meters & Meter Installations		\$ 551,326	\$ -	\$ 551,326
9	335	Hydrants		\$ 317,261	\$ -	\$ 317,261
10	339	Other Plant & Misc. Equipment		\$ 25,267	\$ -	\$ 25,267
11	340	Office Furniture & Equipment		\$ 76,666	\$ -	\$ 76,666
12	341	Transporation Equipment		\$ 139,695	\$ -	\$ 139,695
13	345	Power Operated Equipment		\$ 61,898	\$ -	\$ 61,898
14		Total Water Plant in Service:		<u>\$ 7,220,315</u>	<u>\$ -</u>	<u>\$ 7,220,315</u>
		Less:				
		Accumulated Provision for Depreciation and Amortization:		<u>\$ (1,719,511)</u>	<u>\$ -</u>	<u>\$ (1,719,511)</u>
15						
16		Net Plant in Service before CIAC:		<u>\$ 5,500,804</u>	<u>\$ -</u>	<u>\$ 5,500,804</u>
17	271	Contribution in Aid of Construction - Net		<u>\$ (3,494,730)</u>	<u>\$ -</u>	<u>\$ (3,494,730)</u>
18		Net Plant in Service:		<u>\$ 2,006,074</u>	<u>\$ -</u>	<u>\$ 2,006,074</u>
15		Working Capital		<u>\$ -</u>	<u>\$ 174,082</u>	<u>\$ 174,082</u>
		Less:				
16		Advances for Construction & CIAC		<u>\$ (3,494,730)</u>	<u>\$ -</u>	<u>\$ (3,494,730)</u>
17		Total Rate Base:		<u>\$ 2,006,074</u>	<u>\$ 174,082</u>	<u>\$ 2,180,156</u>

**Suburban Water Company
Rate Base Adjustments
Test Year Ending December 31, 2010
Rate Base Approach**

<u>Line No</u>	<u>Acct. No.</u>	<u>Description</u>	<u>Reference</u>	<u>A Applicant Jurisdictional Per Books</u>	<u>B Applicant Test Year Adjustments</u>	<u>C Applicant Adjusted Rate Base</u>
		<u>Water Plant In Service</u>				
1	303	Land and Land Rights		\$ 55,460		\$ 55,460
2	304	Structures and Improvements		\$ 272,732		\$ 272,732
3	307	Wells and Springs		\$ 17,452		\$ 17,452
4	311	Pumping Equipment		\$ 142,226		\$ 142,226
5	320	Water Treatment Equipment		\$ 8,067		\$ 8,067
6	330	Distribution Reservoirs & Standpipes		\$ 846,892		\$ 846,892
7	331	Trans. & Dist. Mains		\$ 4,705,373		\$ 4,705,373
8	334	Meters & Meter Installations		\$ 551,326		\$ 551,326
9	335	Hydrants		\$ 317,261		\$ 317,261
10	339	Other Plant & Misc. Equipment		\$ 25,267		\$ 25,267
11	340	Office Furniture & Equipment		\$ 76,666		\$ 76,666
12	341	Transportation Equipment		\$ 139,695		\$ 139,695
13	345	Power Operated Equipment		\$ 61,898		\$ 61,898
14		Total Water Plant in Service:		\$ 7,220,315		\$ 7,220,315
		Less:				
15		Accumulated Provision for Depreciation and Amortization:		\$ (1,719,511)	\$ -	\$ (1,719,511)
16		Net Plant in Service before CIAC:		\$ 5,500,804	\$ -	\$ 5,500,804
17	271	Contribution in Aid of Construction - Net		\$ (3,494,730)	\$ -	\$ (3,494,730)
18		Net Plant in Service:		\$ 2,006,074	\$ -	\$ 2,006,074
		Working Capital Adjustment:			<u>Adjustment</u>	
19		Adjusted Operating Expenses:	\$ 1,392,653			
20		Average Daily Cash Flow Requirement:	\$ 3,868			
21		Forty-five Day Working Capital Requirement:			\$ 174,082	

**Suburban Water Company
Calculation of Taxable Income
For the Test Year Ended December 31, 2010
Operating Margin Approach**

Line No.	Description	A Applicant Jurisdictional Per Books	B Applicant Test Year Adjustments	C Applicant Adjusted Test Year
1	Net Operating and Maintenance Expenses	\$ 1,284,857	\$ 107,796	\$ 1,392,653
2	O & M Margin Percentage	6.0%	6.0%	6.0%
3	Margin Required	<u>\$ 77,091</u>	<u>\$ 6,468</u>	<u>\$ 83,559</u>
	<u>State Taxable Income</u>			
	From To Tax Rate Over			
4	0 50,000 0 6.40% 0			\$ 3,200
5	50,000 999,999 3,200 7.35% 50,000			<u>\$ 2,467</u>
6	KANSAS INCOME TAX - CURRENT			<u>\$ 5,667</u>
7	<u>TAXABLE FEDERAL INCOME</u>	<u>\$ 77,091</u>	<u>\$ 6,468</u>	<u>\$ 77,893</u>
	<u>FEDERAL TAXABLE INCOME</u>			
8	From To Tax Rate Over			\$ 7,500
9	0 50,000 0 15 % 0			\$ 6,973
10	50,000 75,000 7,500 25% 50,000			\$ -
11	75,000 100,000 13,750 34% 75,000			\$ -
12	100,000 335,000 22,250 39% 100,000			
13	FEDERAL INCOME TAX - CURRENT			<u>\$ 14,473</u>
14	STATE MARGINAL TAX RATE			<u>7.35%</u>
15	FEDERAL MARGINAL TAX RATE			<u>18.58%</u>
16	<u>SUMMARY OF INCOME TAXES - CURRENT</u>			
17	KANSAS INCOME TAX - CURRENT			\$ 5,667
18	FEDERAL INCOME TAX - CURRENT			<u>\$ 14,473</u>
19	TOTAL INCOME TAXES - CURRENT			<u>\$ 20,140</u>

**Suburban Water Company
Calculation of Taxable Income
For the Test Year Ended December 31, 2010
Rate Base Approach**

Line No.	Description	A Applicant Jurisdictional Per Books	B Applicant Test Year Adjustments	C Applicant Adjusted Test Year
1	Required Operating Margin - Rate Base	\$ 84,351	\$ 7,320	\$ 91,671
	<u>State Taxable Income</u>			
	From To Tax Rate Over			
4	0 50,000 0 6.40% 0			\$ 3,200
5	50,000 999,999 3,200 7.35% 50,000			\$ 3,063
6	KANSAS INCOME TAX - CURRENT			\$ 6,263
7	<u>TAXABLE FEDERAL INCOME</u>			\$ 85,408
	<u>FEDERAL TAXABLE INCOME</u>			-
	From To Tax Rate Over			
8	0 50,000 0 15 % 0			\$ 7,500
9	50,000 75,000 7,500 25% 50,000			\$ 6,250
10	75,000 100,000 13,750 34% 75,000			\$ 3,539
11	100,000 335,000 22,250 39% 100,000			\$ -
12				
13	FEDERAL INCOME TAX - CURRENT			\$ 17,289
14	STATE MARGINAL TAX RATE			7.35%
15	FEDERAL MARGINAL TAX RATE			20.24%
16	<u>SUMMARY OF INCOME TAXES - CURRENT</u>			
17	KANSAS INCOME TAX - CURRENT			\$ 6,263
18	FEDERAL INCOME TAX - CURRENT			\$ 17,289
19	TOTAL INCOME TAXES - CURRENT			\$ 23,551

Section 5

Accumulated Provision for Depreciation, Amortization and Depletion
(See Line 15, Section 4, Schedule 1, Page 2 of 37)

Section 6

Working Capital

(See Line 19, Section 4, Schedule 2, Page 3 of 37)

Section 7

Capitalization and Cost of Capital

**Suburban Water Company
Jurisdictional Capital Structure
Test Year Ending December 31, 2010
Rate Base Approach**

<u>Line No</u>	<u>Description</u>	<u>A</u> <u>Applicant</u> <u>Jurisdictional</u> <u>Per Books</u>	<u>B</u> <u>Applicant</u> <u>Test Year</u> <u>Adjustments</u>	<u>C</u> <u>Applicant</u> <u>Adjusted</u> <u>Capital Structure</u>	<u>D</u> <u>Capitalization</u> <u>Ratios</u>	<u>E</u> <u>Cost</u> <u>of</u> <u>Capital</u>	<u>F</u> <u>Weighted</u> <u>Cost of</u> <u>Capital</u>
1	Common Stock Equity	\$ 870,120		\$ 870,120	14.37%	15.00%	2.16%
2	Existing Long-Term Debt	\$ 1,639,910		\$ 1,639,910	27.08%	7.50%	2.03%
3	New Long-Term Debt	\$ 18,064		\$ 18,064	0.30%	6.24%	0.02%
4	Contributed Capital	\$ 3,494,730		\$ 3,494,730	57.71%	0.00%	0.00%
5	Advances for Construction	\$ -		\$ -	0.00%	0.00%	0.00%
6	Deferred Income Taxes	<u>\$ 33,111</u>		<u>\$ 33,111</u>	<u>0.55%</u>	<u>0.00%</u>	<u>0.00%</u>
7	Total	<u>\$ 6,055,935</u>		<u>\$ 6,055,935</u>	<u>100.00%</u>		<u>4.20%</u>
8	Interest Calculation						
9		Rate Base		\$ 2,180,156			
10		Weighted Cost of Debt	2.05%	\$ 44,684			

Section 8

Financial and Operating Data
(see also, Section 16)

Suburban Water Company
Jurisdictional Water Sales Analysis - Gallons
Test Year Ending December 31, 2010

Suburban Water Company
Jurisdictional Water Sales Analysis - Revenues
Test Year Ending December 31, 2010

Line No	Month	A Unmetered Usage	B Dist # 10 Usage	C Dist # 6 Usage	D Residential Usage	E Total Consumed	F Water Losses	Month	G Gallons per Residential Customer	H Total Residential Customers	I Res. & Comm. Water Sales Dollars	J Dist. # 10 Water Sales Dollars	K Dist # 6 Water Sales Dollars	L Unmetered Water sales Dollars	M Total Water Sales Dollars	N Average Bill per Customer	Revenue 1,000 Gallons
1	Jan-10	-	1,749	789	7,929	10,466	(3,101)	Jan-10	6,863	1,525	\$ 71,697	\$ 4,964	\$ 2,114	\$ 200	\$ 78,974	\$ 51.79	\$ 7.55
2	Feb-10	-	1,385	1,096	7,017	9,498	131	Feb-10	6,232	1,524	\$ 71,131	\$ 3,919	\$ 2,936	-	\$ 77,986	\$ 51.17	\$ 8.21
3	Mar-10	-	1,472	1,118	6,827	9,417	1,901	Mar-10	6,175	1,525	\$ 69,450	\$ 4,170	\$ 2,996	\$ 50	\$ 76,666	\$ 50.27	\$ 8.14
4	Apr-10	-	1,909	1,087	7,769	10,764	516	Apr-10	7,040	1,529	\$ 76,745	\$ 5,422	\$ 2,912	-	\$ 85,079	\$ 55.64	\$ 7.90
5	May-10	-	1,950	1,173	8,411	11,534	2,192	May-10	7,553	1,527	\$ 81,708	\$ 5,541	\$ 3,145	-	\$ 90,393	\$ 59.20	\$ 7.84
6	Jun-10	-	2,185	1,159	10,324	13,667	640	Jun-10	8,945	1,528	\$ 96,031	\$ 6,216	\$ 3,106	-	\$ 105,352	\$ 68.95	\$ 7.71
7	Jul-10	-	1,214	1,160	10,371	12,745	3,426	Jul-10	8,363	1,524	\$ 96,059	\$ 3,449	\$ 3,109	-	\$ 102,617	\$ 67.33	\$ 8.05
8	Aug-10	-	1,214	1,466	12,637	15,318	1,847	Aug-10	10,031	1,527	\$ 114,274	\$ 3,449	\$ 3,929	-	\$ 121,651	\$ 79.67	\$ 7.94
9	Sep-10	873	1,214	1,122	7,795	10,132	2,302	Sep-10	6,618	1,531	\$ 75,283	\$ 3,449	\$ 3,006	-	\$ 81,738	\$ 53.39	\$ 8.07
10	Oct-10	500	1,643	1,080	9,558	12,281	443	Oct-10	8,016	1,532	\$ 90,214	\$ 4,661	\$ 2,894	\$ 6,873	\$ 104,642	\$ 68.30	\$ 8.52
11	Nov-10	462	1,497	1,000	7,355	9,852	3,078	Nov-10	6,440	1,530	\$ 76,429	\$ 4,243	\$ 2,680	\$ 3,044	\$ 86,396	\$ 56.47	\$ 8.77
12	Dec-10	233	1,192	1,165	7,486	9,843	3,830	Dec-10	6,425	1,532	\$ 74,430	\$ 3,365	\$ 3,123	\$ 431	\$ 81,350	\$ 53.10	\$ 8.26
13	Totals:	2,068	18,624	13,414	103,479	135,517	17,204	Average:	7,392	1,528	\$ 993,450	\$ 52,848	\$ 35,950	\$ 10,598	\$ 1,092,845	\$ 59.61	\$ 8.06
14	Percentage:	1.5%	13.7%	9.9%	76.4%	101.5%	11.3%	Maximum:	10,031	4	\$ 9.60	\$ 2.84	\$ 2.68		\$ 8.06		
15	Average:		1,552	1,118	8,623	11,293		Rate of Use:		1.4							
16	Maximum:		2,185	1,466	12,637	15,318		Avg Hour:		10.1							
17	Rate of Use:		1.4	1.3	1.5	1.4		Max Hour:		13.5							
18	Avg Hour:		2.1	1.5	11.8	15.5		Rate of Use:		1.3							
19	Max Hour:		2.9	2.0	17.0	20.6											
20	Rate of Use:		1.4	1.3	1.4	1.3											

Test Year Revenues: \$ 1,092,845
Test Year Water 152,722

Month	Gallons/Hour	Difference From Average
Jan-10	9.2	(0.9)
Feb-10	9.3	(0.8)
Mar-10	8.3	(1.8)
Apr-10	9.8	(0.3)
May-10	10.2	0.0
Jun-10	12.4	2.3
Jul-10	11.2	1.1
Aug-10	13.5	3.4
Sep-10	9.2	(0.9)
Oct-10	10.8	0.7
Nov-10	8.9	(1.2)
Dec-10	8.6	(1.5)
Average:	10.1	(0.0)

Suburban Water Company
Jurisdictional Water Sales Analysis - Gallons

Suburban Water Company
Jurisdictional Water Sales Analysis - Revenues

Line No	Month	Suburban Water Company		Suburban Water Company		Suburban Water Company		Suburban Water Company		Suburban Water Company		Suburban Water Company		Suburban Water Company			
		A	B	C	D	E	F	G	H	I	J	K	L	K	L		
		Unmetered Usage	Dist # 10 Usage	Dist #6 Usage	Residential Usage	Total Consumed	Water Losses	Gallons per Residential Customer	Total Residential Customers	Total Water Sales Dollars	Residential Water Sales Dollars	Commercial Water Sales Dollars	Dist. # 10 Water Sales Dollars	Dist. # 6 Water Sales Dollars	Hydrant/Unmetered Water Sales Dollars	Average Bill per Customer	Revenue 1,000 Gallons
123	May-11		2,073,861	130	9,578,520	11,650,511	108,417	7,640	1,525	\$ 97,784.35	\$ 88,015.77	\$ 2,713.73	\$ 5,896.98	\$ 0.35	-	\$ 64.12	\$ 8.39
124	Jun-11		1,589,067	864,070	10,336,044	12,789,181	2,233,015	8,203	1,959	\$ 109,792.74	\$ 96,625.39	\$ 2,382.17	\$ 5,592.64	\$ 2,461.69	-	\$ 70.43	\$ 8.58
125	Jul-11		1,630,388	684,950	13,371,812	15,687,151	2,443,613	10,253	1,530	\$ 134,941.57	\$ 121,303.31	\$ 2,911.50	\$ 5,741.40	\$ 2,109.65	-	\$ 88.20	\$ 8.60
126	Aug-11	325,000	1,398,813	191,200	11,502,213	13,417,226		8,764	1,531	\$ 117,451.58	\$ 105,195.69	\$ 3,438.89	\$ 4,907.73	\$ 588.90	-	\$ 79.72	\$ 8.75

**Suburban Water Company
Jurisdictional Water Purchased & Pumped Analysis
Test Year Ending December 31, 2010**

Line No	Test Year Month	A Water Pumped Harper	B Water Pumped Moran	C Water Purchased KCKBPU	D Total Pumped and Bought	E BPU as a Percent of Total	F Actual Cost of BPU Water	G Cost per 1,000 Gallons	H Pumped Water Costs	I Cost per 1,000 Gallons	J 2010 Normalized Cost of BPU water
1	Jan-10	-	5,505	1,860	7,365	25.3%	\$ 3,903.16	\$ 2.10	\$ 4,529	\$ 0.823	\$ 128.48
2	Feb-10	-	5,764	3,865	9,629	40.1%	\$ 7,914.74	\$ 2.05	\$ 4,742	\$ 0.823	\$ 461.41
3	Mar-10	-	5,732	5,586	11,318	49.4%	\$ 11,359.01	\$ 2.03	\$ 4,716	\$ 0.823	\$ 747.26
4	Apr-10	-	5,842	5,438	11,280	48.2%	\$ 11,062.62	\$ 2.03	\$ 4,807	\$ 0.823	\$ 722.67
5	May-10	-	6,031	7,695	13,726	56.1%	\$ 15,578.64	\$ 2.02	\$ 4,962	\$ 0.823	\$ 1,097.47
6	Jun-10	-	5,771	8,536	14,307	59.7%	\$ 17,262.60	\$ 2.02	\$ 4,748	\$ 0.823	\$ 1,237.23
7	Jul-10	-	4,880	11,291	16,171	69.8%	\$ 22,775.53	\$ 2.02	\$ 4,015	\$ 0.823	\$ 1,694.76
8	Aug-10	-	3,988	13,177	17,165	76.8%	\$ 28,397.08	\$ 2.16	\$ 3,281	\$ 0.823	\$ 159.97
9	Sep-10	-	5,448	6,986	12,434	56.2%	\$ 15,139.32	\$ 2.17	\$ 4,482	\$ 0.823	\$ -
10	Oct-10	-	5,167	7,557	12,724	59.4%	\$ 16,363.06	\$ 2.17	\$ 4,251	\$ 0.823	\$ 14.77
11	Nov-10	-	6,145	6,785	12,930	52.5%	\$ 14,710.04	\$ 2.17	\$ 5,056	\$ 0.823	\$ (5.17)
12	Dec-10	-	6,181	7,492	13,673	54.8%	\$ 17,327.13	\$ 2.31	\$ 5,085	\$ 0.823	\$ (1,090.33)
13	Totals:	-	66,454	86,268	152,722	56.5%	\$ 181,792.93	\$ 2.11	\$ 54,675	\$ 0.823	\$ 5,168.51

Test Year KCKBPU Cost of Water

		Test-Year Cost of Water per 1,000 Gallons:				
		Test Year	Adjusted Test Year	per 1,000 gal		
14						
15						
16	Moran	44%	66,454	44%	66,454	\$ 0.82 Cost of Pumped Water per 1,000 gallons
17	Harper	0%	-	0%	-	
18	Sub-total		66,454		66,454	
19	KCKBPU	56%	86,268	56%	86,268	\$ 2.17 KCKBPU Cost of Purchased Water per 1,000 gallons
20	Totals		152,722		152,722	\$ 1.58 Weighted Cost of Water per 1,000 gallons
21		100%		100%		

KCKBPU 2011 Rate Increase

		Adjusted Test-Year Cost of Purchased Water per 1,000 Gallons				
		Test Year	Adjusted Test Year	per 1,000 gal		
22						
23						
24						
25	Moran	44%	66,454	44%	66,454	\$ 0.82 Cost of Pumped Water per 1,000 gallons
26	Harper	0%	-	0%	-	
27	Sub-total		66,454		66,454	
28	KCKBPU	56%	86,268	56%	86,268	\$ 2.31 KCKBPU Cost of Purchased Water per 1,000 gallons
29	Totals:		152,722		152,722	\$ 1.66 Weighted Cost of Water per 1,000 gallons

KCKBPU 2012 Rate Increase

		Adjusted Test-Year Cost of Purchased Water per 1,000 Gallons				
		Test Year	Adjusted Test Year	per 1,000 gal		
30						
31						
32						
33	Moran	44%	66,454	44%	66,454	\$ 0.82 Cost of Pumped Water per 1,000 gallons
34	Harper	0%	-	0%	-	
35	Sub-total		66,454		66,454	
36	KCKBPU	56%	86,268	56%	86,268	\$ 2.45 KCKBPU Cost of Purchased Water per 1,000 gallons
37	Totals:		152,722		152,722	\$ 1.74 Weighted Cost of Water per 1,000 gallons

KCKBPU 2013 Rate Increase

		Adjusted Test-Year Cost of Purchased Water per 1,000 Gallons				
		Test Year	Adjusted Test Year	per 1,000 gal		
38						
39						
40						
41	Moran	44%	66,454	44%	66,454	\$ 0.82 Cost of Pumped Water per 1,000 gallons
42	Harper	0%	-	0%	-	
43	Sub-total		66,454		66,454	
44	KCKBPU	56%	86,268	56%	86,268	\$ 2.63 KCKBPU Cost of Purchased Water per 1,000 gallons
45	Totals:		152,722		152,722	\$ 1.84 Weighted Cost of Water per 1,000 gallons

Suburban Water Company
Purchased Water Adjustment Analysis
Test Year Ending December 31, 2010

Line No	Test Year	Number of Customers	Water Purchased 1,000 Gallons KCKBPU	Actual 2010 Cost of Purchased Water	2010 Normalized Cost of Purchased Water	Diff in Costs	2011 Normalized Cost of Purchased Water	Diff in Costs	2010 Total Normalized Cost of Purchased Water Adjustment	2012 Normalized Cost of Purchased Water	Diff in Costs	2013 Normalized Cost of Purchased Water	Diff in Costs	Increase Over Test Year Cost of Purchased Water
1	Cost of purchased water per 1,000 gallons			\$ 2.17	\$ 2.17		\$ 2.31			\$ 2.45		2.63		
2	Jan-10	1,525	1,860	\$ 3,903.16	\$ 4,036.80	\$ 133.64	\$ 4,297.24	\$ 394.08	\$ 527.72	\$ 4,564.19	\$ 266.95	\$ 4,886.95	\$ 322.76	\$ 983.79
3	Feb-10	1,524	3,865	\$ 7,914.74	\$ 8,386.87	\$ 472.13	\$ 8,927.96	\$ 1,013.22	\$ 1,485.34	\$ 9,482.57	\$ 554.62	\$ 10,153.13	\$ 670.56	\$ 2,238.39
4	Mar-10	1,525	5,586	\$ 11,359.01	\$ 12,121.76	\$ 762.75	\$ 12,903.81	\$ 1,544.80	\$ 2,307.55	\$ 13,705.41	\$ 801.60	\$ 14,674.59	\$ 969.18	\$ 3,315.58
5	Apr-10	1,529	5,438	\$ 11,062.62	\$ 11,800.37	\$ 737.75	\$ 12,561.69	\$ 1,499.07	\$ 2,236.82	\$ 13,342.03	\$ 780.35	\$ 14,285.52	\$ 943.49	\$ 3,222.90
6	May-10	1,527	7,695	\$ 15,578.64	\$ 16,697.45	\$ 1,118.81	\$ 17,774.70	\$ 2,196.06	\$ 3,314.87	\$ 18,878.89	\$ 1,104.19	\$ 20,213.91	\$ 1,335.03	\$ 4,635.27
7	Jun-10	1,528	8,536	\$ 17,262.60	\$ 18,523.50	\$ 1,260.90	\$ 19,718.57	\$ 2,455.97	\$ 3,716.87	\$ 20,943.51	\$ 1,224.94	\$ 22,424.53	\$ 1,481.03	\$ 5,161.93
8	Jul-10	1,524	11,291	\$ 22,775.53	\$ 24,501.60	\$ 1,726.07	\$ 26,082.35	\$ 3,306.82	\$ 5,032.89	\$ 27,702.62	\$ 1,620.27	\$ 29,661.61	\$ 1,959.00	\$ 6,886.08
9	Aug-10	1,527	13,177	\$ 28,397.08	\$ 28,593.59	\$ 196.51	\$ 30,438.33	\$ 2,041.25	\$ 2,237.76	\$ 32,329.20	\$ 1,890.87	\$ 34,615.37	\$ 2,286.17	\$ 6,218.29
10	Sep-10	1,531	6,986	\$ 15,139.32	\$ 15,158.69	\$ 19.37	\$ 16,136.67	\$ 997.35	\$ 1,016.72	\$ 17,139.10	\$ 1,002.43	\$ 18,351.10	\$ 1,212.00	\$ 3,211.78
11	Oct-10	1,532	7,557	\$ 16,363.06	\$ 16,398.79	\$ 35.73	\$ 17,456.77	\$ 1,093.71	\$ 1,129.44	\$ 18,541.21	\$ 1,084.44	\$ 19,852.35	\$ 1,311.15	\$ 3,489.29
12	Nov-10	1,530	6,785	\$ 14,710.04	\$ 14,723.68	\$ 13.64	\$ 15,673.60	\$ 963.56	\$ 977.20	\$ 16,647.26	\$ 973.66	\$ 17,824.48	\$ 1,177.22	\$ 3,114.44
13	Dec-10	1,532	7,492	\$ 17,327.13	\$ 16,257.57	\$ (1,069.56)	\$ 17,306.45	\$ (20.68)	\$ (1,090.24)	\$ 18,381.54	\$ 1,075.10	\$ 19,681.40	\$ 1,299.86	\$ 2,354.27
14	Totals:		86,268	\$ 181,793	\$ 187,201	\$ 5,408	\$ 199,278	\$ 17,485	\$ 22,893	\$ 211,658	\$ 12,379	\$ 226,625	\$ 14,967	\$ 44,832 25%

<u>Line No</u>	<u>Month</u>	<u>Water Pumped Harper</u>	<u>Water Pumped Moran</u>	<u>Water Purchased KCKBPU</u>	<u>Total Pumped and Bought</u>	<u>BPU as a Percent of Total</u>	<u>Cost of BPU Water</u>	<u>Cost per 1,000 Gallons</u>
1	Jan-02	719,100	3,148,100	1,097,316	4,964,516	22.1%	\$ 2,151.26	\$ 1.96
2	Feb-02	1,137,500	4,321,400	1,061,412	6,520,312	16.3%	\$ 2,086.52	\$ 1.97
3	Mar-02	1,241,900	5,317,600	653,752	7,213,252	9.1%	\$ 2,101.42	\$ 3.21
4	Apr-02	1,147,400	4,835,600	935,000	6,918,000	13.5%	\$ 1,906.30	\$ 2.04
5	May-02	1,196,600	5,092,500	702,372	6,991,472	10.0%	\$ 1,700.77	\$ 2.42
6	Jun-02	1,196,400	7,952,800	1,969,484	11,118,684	17.7%	\$ 3,551.26	\$ 1.80
7	Jul-02	673,500	7,837,000	1,956,768	10,467,268	18.7%	\$ 3,700.97	\$ 1.89
8	Aug-02	518,800	7,910,500	1,564,068	9,993,368	15.7%	\$ 2,992.88	\$ 1.91
9	Sep-02	1,018,200	7,758,900	1,304,512	10,081,612	12.9%	\$ 2,524.86	\$ 1.94
10	Oct-02	741,100	5,527,600	792,132	7,060,832	11.2%	\$ 1,483.75	\$ 1.87
11	Nov-02	760,800	6,113,200	1,017,280	7,891,280	12.9%	\$ 2,916.00	\$ 2.87
12	Dec-02	747,700	4,936,000	2,300,100	7,983,800	28.8%	\$ 4,003.75	\$ 1.74
13	Sub-total	11,099,000	70,751,200	15,354,196	97,204,396	15.8%	\$ 31,119.74	\$ 2.03
14	Average:	924,917	5,895,933	1,279,516	8,100,366	15.8%		
15	Jan-03	480,000	6,025,500	1,160,896	7,666,396	15.1%	\$ 2,100.00	\$ 1.81
16	Feb-03	114,700	6,415,100	1,021,768	7,551,568	13.5%	\$ 2,093.75	\$ 2.05
17	Mar-03	530,000	7,023,700	1,147,432	8,701,132	13.2%	\$ 2,536.25	\$ 2.21
18	Apr-03	3,120	6,206,500	1,466,828	7,676,448	19.1%	\$ 2,611.25	\$ 1.78
19	May-03	1,315	8,346,000	2,325,532	10,672,847	21.8%	\$ 4,046.25	\$ 1.74
20	Jun-03	695	6,553,000	2,591,072	9,144,767	28.3%	\$ 4,490.00	\$ 1.73
21	Jul-03	1,247,370	11,025,500	5,868,808	18,141,678	32.3%	\$ 9,967.50	\$ 1.70
22	Aug-03	1,353,000	8,760,500	3,814,052	13,927,552	27.4%	\$ 6,533.75	\$ 1.71
23	Sep-03	1,276,500	7,264,000	1,516,196	10,056,696	15.1%	\$ 2,693.75	\$ 1.78
24	Oct-03	562,500	6,144,500	1,280,576	7,987,576	16.0%	\$ 2,300.00	\$ 1.80
25	Nov-03	885,500	5,943,000	1,118,260	7,946,760	14.1%	\$ 2,835.30	\$ 2.54
26	Dec-03	757,000	4,071,500	1,657,568	6,486,068	25.6%	\$ 4,029.23	\$ 2.43
27	Sub-total	7,211,700	83,778,800	24,968,988	115,959,488	21.5%	\$ 46,237.03	\$ 1.85
28	Average:	600,975	6,981,567	2,080,749	9,663,291	21.5%		
29	Jan-04	-	5,416,800	1,813,152	7,229,952	25.1%	\$ 3,190.00	\$ 1.76
30	Feb-04	1,233,000	4,129,200	1,222,980	6,585,180	18.6%	\$ 2,203.75	\$ 1.80
31	Mar-04	663,000	4,349,500	1,171,368	6,183,868	18.9%	\$ 2,117.50	\$ 1.81
32	Apr-04	3,120	6,058,000	2,122,076	8,183,196	25.9%	\$ 3,706.25	\$ 1.75
33	May-04	85,000	5,300,000	2,288,880	7,673,880	29.8%	\$ 3,985.00	\$ 1.74
34	Jun-04	647,000	7,223,000	1,866,260	9,736,260	19.2%	\$ 3,278.75	\$ 1.76

Line No	Month	Water Pumped Harper	Water Pumped Moran	Water Purchased KCKBPU	Total Pumped and Bought	BPU as a Percent of Total	Cost of BPU Water	Cost per 1,000 Gallons
35	Jul-04	647,000	7,223,000	2,448,204	10,318,204	23.7%	\$ 4,251.25	\$ 1.74
36	Aug-04	439,000	5,385,000	3,248,564	9,072,564	35.8%	\$ 5,588.75	\$ 1.72
37	Sep-04	594,000	6,837,500	3,268,012	10,699,512	30.5%	\$ 5,621.25	\$ 1.72
38	Oct-04	612,000	5,295,800	2,665,124	8,572,924	31.1%	\$ 4,613.75	\$ 1.73
39	Nov-04	564,964	4,278,036	2,448,204	7,291,204	33.6%	\$ 4,251.25	\$ 1.74
40	Dec-04	545,648	3,867,352	2,545,444	6,958,444	36.6%	\$ 4,413.75	\$ 1.73
41	Sub-totals:	6,033,732	65,363,188	27,108,268	98,505,188	27.5%	\$ 47,221.25	\$ 1.74
42	Average:	548,521	5,449,672	2,299,556	8,297,749	22.5%		
43	Jan-05	535,013	4,243,487	1,777,248	6,555,748	27.1%	\$ 3,130.00	\$ 1.76
44	Feb-05	532,120	4,056,380	2,238,764	6,827,264	32.8%	\$ 3,901.25	\$ 1.74
45	Mar-05	539,784	3,629,216	2,312,068	6,481,068	35.7%	\$ 4,023.75	\$ 1.74
46	Apr-05	529,634	4,194,366	2,791,536	7,515,536	37.1%	\$ 4,825.00	\$ 1.73
47	May-05	517,653	5,906,847	4,312,220	10,736,720	40.2%	\$ 7,366.25	\$ 1.71
48	Jun-05	519,654	6,348,146	4,480,520	11,348,320	39.5%	\$ 7,647.50	\$ 1.71
49	Jul-05	529,536	8,214,954	5,712,476	14,456,966	39.5%	\$ 9,706.25	\$ 1.70
50	Aug-05	521,543	6,647,857	4,585,988	11,755,388	39.0%	\$ 7,825.75	\$ 1.71
51	Sep-05	531,545	4,100,955	3,262,776	7,895,276	41.3%	\$ 5,612.50	\$ 1.72
52	Oct-05	531,328	3,711,672	3,579,180	7,822,180	45.8%	\$ 6,141.25	\$ 1.72
53	Nov-05	531,126	4,232,874	3,003,968	7,767,968	38.7%	\$ 5,180.00	\$ 1.72
54	Dec-05	532,564	4,273,936	3,380,960	8,187,460	41.3%	\$ 5,812.50	\$ 1.72
55	Sub-totals:	6,351,500	59,560,690	41,437,704	107,349,894	38.6%	\$ 71,172.00	\$ 1.72
56	Average:	529,292	4,963,391	3,453,142	8,945,825	38.2%		
57	Jan-06	747,820	5,028,180	2,471,392	8,247,392	30.0%	\$ 4,290.00	\$ 1.74
58	Feb-06	682,400	4,135,600	3,136,364	7,954,364	39.4%	\$ 5,401.25	\$ 1.72
59	Mar-06	663,210	5,203,790	3,180,496	9,047,496	35.2%	\$ 5,475.00	\$ 1.72
60	Apr-06	686,140	4,687,860	4,173,092	9,547,092	43.7%	\$ 7,133.75	\$ 1.71
61	May-06	653,210	3,616,790	6,156,788	10,426,788	59.0%	\$ 10,448.75	\$ 1.70
62	Jun-06	645,210	4,774,790	6,143,324	11,563,324	53.1%	\$ 10,426.25	\$ 1.70
63	Jul-06	673,510	5,629,490	12,825,208	19,128,208	67.0%	\$ 21,592.50	\$ 1.68
64	Aug-06	793,000	4,526,000	6,400,636	11,719,636	54.6%	\$ 10,856.25	\$ 1.70
65	Sep-06	684,500	5,146,500	6,248,044	12,079,044	51.7%	\$ 10,601.25	\$ 1.70
66	Oct-06	721,500	5,185,500	4,479,024	10,386,024	43.1%	\$ 7,645.00	\$ 1.71
67	Nov-06	632,000	5,768,000	4,250,136	10,650,136	39.9%	\$ 7,262.50	\$ 1.71
68	Dec-06	669,400	5,102,600	3,484,184	9,256,184	37.6%	\$ 6,098.95	\$ 1.75
69	Sub-totals:	8,251,900	58,805,100	62,948,688	130,005,688	48.4%	\$ 107,231.45	\$ 1.70

Line No	Month	Water Pumped Harper	Water Pumped Moran	Water Purchased KCKBPU	Total Pumped and Bought	BPU as a Percent of Total	Cost of BPU Water	Cost per 1,000 Gallons
70	Average:	682,189	4,888,811	5,497,936	11,068,936	46.2%		
71	Jan-07	77,510	6,180,000	1,551,352	7,808,862	19.9%	\$ 3,025.89	\$ 1.95
72	Feb-07	606,000	6,568,100	219,164	7,393,264	3.0%	\$ 1,695.57	\$ 7.74
73	Mar-07	0	6,647,600	898,348	7,545,948	11.9%	\$ 5,394.90	\$ 6.01
74	Apr-07	0	6,808,300	3,645,752	10,454,052	34.9%	\$ 6,877.92	\$ 1.89
75	May-07	0	6,529,900	4,039,200	10,569,100	38.2%	\$ 7,601.56	\$ 1.88
76	Jun-07	1,014,900	8,351,100	1,785,476	11,151,476	16.0%	\$ 3,456.50	\$ 1.94
77	Jul-07	1,077,100	8,148,600	5,592,796	14,818,496	37.7%	\$ 10,458.94	\$ 1.87
78	Aug-07	628,500	7,051,700	7,382,012	15,062,212	49.0%	\$ 13,749.68	\$ 1.86
79	Sep-07	14,000	7,075,700	6,307,136	13,396,836	47.1%	\$ 11,772.75	\$ 1.87
80	Oct-07	0	5,022,800	3,793,856	8,816,656	43.0%	\$ 7,150.32	\$ 1.88
81	Nov-07	0	5,695,500	4,099,788	9,795,288	41.9%	\$ 7,712.99	\$ 1.88
82	Dec-07	0	5,662,900	4,722,872	10,385,772	45.5%	\$ 9,036.10	\$ 1.91
83	Sub-totals:	3,418,010	79,742,200	44,037,752	127,197,962	34.6%	\$ 87,933.12	\$ 2.00
84	Average:							
85	Jan-08	0	5,724,100	5,924,908	11,649,008	50.9%	11291.97	\$ 1.91
86	Feb-08	0	5,155,500	4,796,176	9,951,676	48.2%	9173.67	\$ 1.91
87	Mar-08	0	4,964,000	4,620,396	9,584,396	48.2%	8843.79	\$ 1.91
88	Apr-08	0	4,800,500	4,892,668	9,693,168	50.5%	9354.76	\$ 1.91
89	May-08	0	4,609,000	7,234,656	11,843,656	61.1%	13749.99	\$ 1.90
90	Jun-08	0	5,827,500	8,298,312	14,125,812	58.7%	15746.16	\$ 1.90
91	Jul-08	0	6,056,000	8,872,028	14,928,028	59.4%	16822.86	\$ 1.90
92	Aug-08	0	4,747,500	8,846,596	13,594,096	65.1%	16775.14	\$ 1.90
93	Sep-08	0	5,707,800	6,149,308	11,857,108	51.9%	11713.11	\$ 1.90
94	Oct-08	0	3,598,600	5,434,968	9,033,568	60.2%	10372.5	\$ 1.91
95	Nov-08	0	3,053,800	4,111,756	7,165,556	57.4%	7889.22	\$ 1.92
96	Dec-08	0	7,232,800	6,348,276	13,581,076	46.7%	12553.05	\$ 1.98
97	Sub-totals:		61,477,100	75,530,048	137,007,148		\$ 144,286.22	\$ 1.91
98	Average:							
99	Jan-09		4,418,400	5,605,512	10,023,912	55.9%	\$ 11,104.89	\$ 1.98
100	Feb-09		4,279,100	4,856,016	9,135,116	53.2%	\$ 9,643.59	\$ 1.99

Line No	Month	Water Pumped Harper	Water Pumped Moran	Water Purchased KCKBPU	Total Pumped and Bought	BPU as a Percent of Total	Cost of BPU Water	Cost per 1,000 Gallons
101	Mar-09		4,245,000	5,122,304	9,367,304	54.7%	\$ 10,162.78	\$ 1.98
102	Apr-09		4,237,550	5,284,620	9,522,170	55.5%	\$ 10,479.25	\$ 1.98
103	May-09		4,229,300	6,758,180	10,987,480	61.5%	\$ 13,352.25	\$ 1.98
104	Jun-09		5,264,800	7,917,580	13,182,380	60.1%	\$ 15,612.72	\$ 1.97
105	Jul-09		5,491,750	7,939,272	13,431,022	59.1%	\$ 15,655.01	\$ 1.97
106	Aug-09		5,835,250	7,317,684	13,152,934	55.6%	\$ 14,443.10	\$ 1.97
107	Sep-09		5,515,850	6,431,304	11,947,154	53.8%	\$ 12,714.94	\$ 1.98
108	Oct-09		4,663,850	5,394,576	10,058,426	53.6%	\$ 10,693.62	\$ 1.98
109	Nov-09		3,971,100	5,147,736	9,118,836	56.5%	\$ 10,212.36	\$ 1.98
110	Dec-09		7,145,750	4,851,528	11,997,278	40.4%	\$ 9,889.09	\$ 2.04
111	Sub-totals:		59,297,700	72,626,312	131,924,012		\$ 143,963.60	\$ 1.98
112	Average:							
113	Jan-10		5,504,979	1,860,276	7,365,255	25.3%	3,903.16	\$ 2.10
114	Feb-10		5,763,750	3,864,916	9,628,666	40.1%	7,914.74	\$ 2.05
115	Mar-10		5,732,040	5,586,064	11,318,104	49.4%	11,359.01	\$ 2.03
116	Apr-10		5,841,900	5,437,960	11,279,860	48.2%	11,062.62	\$ 2.03
117	May-10		6,031,110	7,694,676	13,725,786	56.1%	15,578.64	\$ 2.02
118	Jun-10		5,771,000	8,536,176	14,307,176	59.7%	17,262.60	\$ 2.02
119	Jul-10		4,880,500	11,291,060	16,171,560	69.8%	22,775.53	\$ 2.02
120	Aug-10		3,988,100	13,176,768	17,164,868	76.8%	28,397.08	\$ 2.16
121	Sep-10		5,447,900	6,985,572	12,433,472	56.2%	15,139.32	\$ 2.17
122	Oct-10		5,166,500	7,557,044	12,723,544	59.4%	16,363.06	\$ 2.17
123	Nov-10		6,145,500	6,785,108	12,930,608	52.5%	14,710.04	\$ 2.17
124	Dec-10		6,181,000	7,491,968	13,672,968	54.8%	17,327.13	\$ 2.31
125	Sub-totals:		66,454,279	86,267,588	152,721,867		181,792.93	\$ 2.11
126	Average:							
127	Jan-11		6,599,500	5,396,072	11,995,572	45.0%	12,529.91	\$ 2.32
128	Feb-11		5,802,500	5,603,268	11,405,768	49.1%	13,004.16	\$ 2.32
129	Mar-11		6,232,000	4,608,428	10,840,428	42.5%	10,727.10	\$ 2.33
130	Apr-11		5,140,500	6,012,424	11,152,924	53.9%	13,940.66	\$ 2.32
131	May-11		5,374,000	6,384,928	11,758,928	54.3%	14,793.27	\$ 2.32
132	Jun-11		5,932,500	9,089,696	15,022,196	60.5%	20,984.11	\$ 2.31

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SECTION 8
SCHEDULE 4
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<u>Line No</u>	<u>Month</u>	<u>Water Pumped Harper</u>	<u>Water Pumped Moran</u>	<u>Water Purchased KCKBPU</u>	<u>Total Pumped and Bought</u>	<u>BPU as a Percent of Total</u>	<u>Cost of BPU Water</u>	<u>Cost per 1,000 Gallons</u>
133	Jul-11		6,635,500	11,495,264	18,130,764	63.4%	26,490.13	\$ 2.30
134	Aug-11		6,047,000	-				
135	Sep-11							
136	Oct-11							
137	Nov-11							
138	Dec-11							
139	Sub-totals:			48,590,080			112,469.34	\$ 2.31

**Suburban Water Company
Pumped Water Cost Calculation
Test Year Ending December 31, 2010**

Line No			
1	Pumped Water Costs;		
2	Production Electric Cost		\$ 12,540
3	Lab Testing & Water Treatment		\$ 8,789
4	Repairs & Maintenance		\$ 8,687
5	Well Repair & Monitoring Labor Costs		\$ 18,064
6	Amoritization of Well Depletion Costs (See Below):		\$ 6,596
7	Total Pumped Water Costs:		\$ 54,675
			\$ 0.82
8	Pumped Cost of Water per 1,000 Gallons		\$ 0.82
9	KCKBPU Cost of Water per 1,000 Gallons		\$ 2.11
10	Weighted Average Cost of Water per 1,000 Gallons		\$ 1.58
11	Well Depletion Costs:	20 Year	
12	Pumps	\$	10,257
13	Telemetry	\$	64,029
14	Chlorinators	\$	36,415
15	Wells	\$	9,001
16	Pump House	\$	12,210
17	Commercial Meters	\$	-
18	Capital Expenditures:	\$	131,912
19	Annual Amoritization	\$	6,596

**Suburban Water Company
Pumped Water Cost Calculation
Years ending 12/31/2010, 2009, 2008**

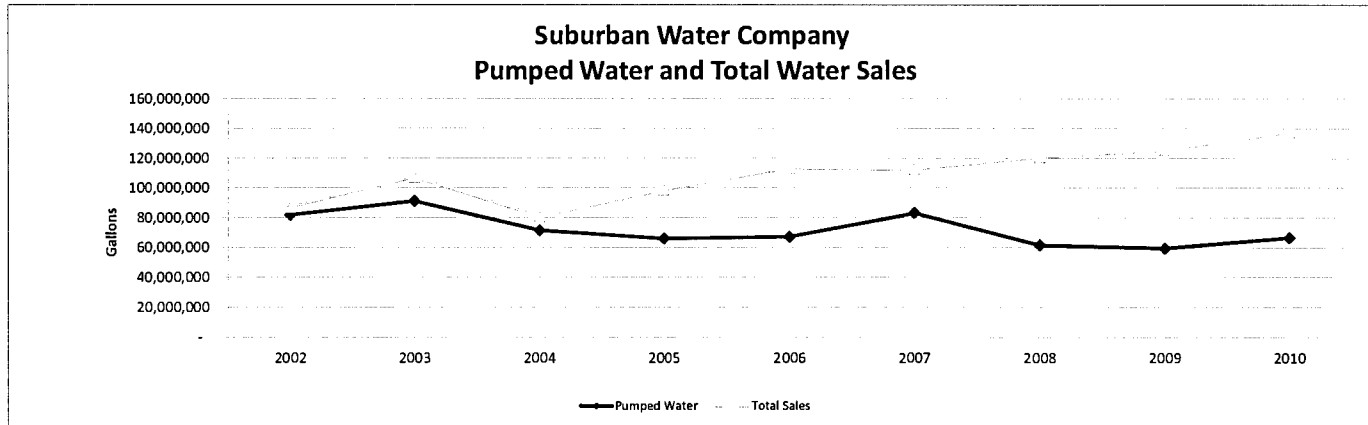
<u>Line No</u>		<u>YE</u> <u>12/31/2010</u>	<u>YE</u> <u>12/31/2009</u>	<u>YE</u> <u>12/31/2008</u>
1	Pumped Water Costs;			
2	Production Electric Cost	12,540	\$ 10,796	\$ 10,699
3	Lab Testing & Water Treatment	8,789	\$ 2,634	\$ 3,012
	Labor to operate and maintain well field	18,064	\$ 13,973	\$ 12,470
4	Repairs & Maintenance	8,687	\$ 17,171	\$ 7,466
5	Telemetry Expenses:			\$ 4,588
6	Amoritization of Well Depletion Costs (See Below):	<u>6,596</u>	<u>\$ 5,588</u>	<u>\$ 2,659</u>
7	Total Pumped Water Costs:	54,675	\$ 50,160	\$ 40,895
8	Pumped Cost of Water per 1,000 Gallons	\$ 0.82	\$ 0.85	\$ 0.67
9	KCKBPU Cost of Water per 1,000 Gallons			
10	Weighted Average Cost of Water per 1,000 Gallons			
11	Well Depletion Costs:	20 Year	20 Year	
12	Pumps	\$ 10,257	\$ 10,073	\$ 10,073
13	Telemetry	\$ 64,029	\$ 58,568	
14	Chlorinators	\$ 36,415	\$ 30,248	\$ 30,248
15	Wells	\$ 9,001	\$ 9,001	\$ 9,001
16	Pump House	<u>\$ 12,210</u>	<u>\$ 3,863</u>	<u>\$ 3,863</u>
17				
18	Capital Expenditures:	\$ 131,912	\$ 111,753	\$ 53,184
19	Annual Amoritization	\$ 6,596	\$ 5,588	\$ 2,659

**Suburban Water, Inc.
Well Field Labor Costs**

	2010		2009		2008	
	Josh	Travis	Josh/Brett	Travis	Josh/Brett	Travis
Labor to operate and maintain well field Benefits and Labor Overhead @ 20%						
Ammonia & Chlorine per week	6	2				
Monitoring per week		3				
Tot hours to operate per week	6	5				
Wks per yr	52	52				
Hours per yr to change out/maint amm&chl	312	260				
Est 8 hrs per wk for 20 wks ground maint @ well fld	160					
Total hours per year	472	260	472	260	472	260
hrly rate	\$ 19.20	\$ 34.62	\$ 14.40	\$ 27.60	\$ 13.20	\$ 24.00
		Total		Total		Total
Labor expenses related to operating/maint well fld	9,062.40	9,001.20	6,796.80	7,176.00	6,230.40	6,240.00
		18,063.60		13,972.80		12,470.40

**Suburban Water Company
Moran and Harper Well Field Analysis
For the Years 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 & 2010**

Moran Well Field													
<u>Line No.</u>	<u>Pump No.</u>	<u>Gallons 2001</u>	<u>Gallons 2002</u>	<u>Gallons 2003</u>	<u>Gallons 2004</u>	<u>Gallons 2005</u>	<u>Gallons 2006</u>	<u>Gallons 2007</u>	<u>Gallons 2008</u>	<u>Gallons 2009</u>	<u>Gallons 2010</u>	<u>Averages</u>	<u>Percentage Change</u>
1	Totals	72,551,000	70,751,200	83,724,800	65,363,188	59,560,690	58,805,100	79,742,200	61,477,100	59,297,700	66,454,279	67,772,726	-6.6%
Harper Well Field													
<u>Line No.</u>	<u>Pump No.</u>	<u>Gallons 2001</u>	<u>Gallons 2002</u>	<u>Gallons 2003</u>	<u>Gallons 2004</u>	<u>Gallons 2005</u>	<u>Gallons 2006</u>	<u>Gallons 2007</u>	<u>Gallons 2008</u>	<u>Gallons 2009</u>	<u>Gallons 2010</u>	<u>Averages</u>	<u>Percentage Change</u>
3	1	-	11,099,000	7,211,700	6,033,732	6,351,500	8,251,900	3,418,010	-	-	-	7,789,566	-29.8%
4	Total Pumped	72,551,000	81,850,200	90,936,500	71,396,920	65,912,190	67,057,000	83,160,210	61,477,100	59,297,700	66,454,279	71,949,122	-12.1%
5	KCKBPU Purchases		15,354,196	24,968,988	27,108,268	41,437,704	62,948,688	44,037,752	75,530,048	72,626,312	86,267,588	50,031,060	225.8%
6	Total Purchased & Pumped	72,551,000	97,204,396	115,905,488	98,505,188	107,349,894	130,005,688	127,197,962	137,007,148	131,924,012	152,721,867	121,980,183	25.5%
Water Sales - Gallons													
8	Residential		79,820,357	86,201,630	73,601,712	94,839,584	109,084,599	105,751,412	103,028,090	99,181,628	103,478,899	94,998,657	19.0%
9	Wholesale		5,602,690	6,337,400	2,886,830	3,719,850	4,157,980	6,697,990	16,351,350	26,342,910	32,038,370	11,570,597	106.5%
10	Unmetered		1,926,400	14,567,430	4,100,000	-	-	65,375	1,288,500	-	2,067,800	2,668,389	38.5%
11	Total		87,349,447	107,106,460	80,588,542	98,559,434	113,242,579	112,514,777	120,667,940	125,524,538	137,585,069	109,237,643	25.1%
Water Losses													
12			9,854,949	8,799,028	17,916,646	8,790,460	16,763,109	14,683,185	16,339,208	6,399,474	15,136,798	12,742,540	29.3%
13			10.1%	7.6%	18.2%	8.2%	12.9%	11.5%	11.9%	4.9%	9.9%	10.4%	



Section 9

Test Year and Pro Forma Income Statements and Cash Flow/Margin Study

Suburban Water Company
Jurisdictional Income Statement
Test Year Ending December 31, 2010
Operating Margin Approach

Line No	Description	A Applicant Jurisdictional Per Books	B Applicant Test Year Adjustments	C Applicant Adjusted Income Statement
1	Operating and Maintenance Expenses:			
2	Repair and Maintenance	\$ 9,959	\$ -	\$ 9,959
3	Purchased Water Cost	\$ 181,793	\$ 35,272	\$ 217,065
4	Outside Services	\$ 175,751	\$ (18,000)	\$ 157,751
5	Salaries & Wages	\$ 311,936	\$ 67,024	\$ 378,960
6	Meter Setting Cost	\$ -	\$ -	\$ -
7	Meter Reading Expense	\$ -	\$ -	\$ -
8	Fire Hydrant Setting Cost	\$ -	\$ -	\$ -
9	Office Lease	\$ 66,000	\$ -	\$ 66,000
10	Admin. & General	\$ 33,687	\$ -	\$ 33,687
11	Production Electric Cost	\$ 21,515	\$ -	\$ 21,515
12	Materials & Supplies	\$ 20,506	\$ -	\$ 20,506
13	Transportation Expenses	\$ 32,013	\$ -	\$ 32,013
14	Insurances	\$ 17,187	\$ -	\$ 17,187
15	Regulatory Costs	\$ 5,074	\$ -	\$ 5,074
16	Rate case Expenses	\$ -	\$ 23,500	\$ 23,500
17	Utility Property Taxes	\$ 46,994	\$ -	\$ 46,994
18	Misc. Corp. Fees	\$ 8,997	\$ -	\$ 8,997
19	Clean Drinking Water Fee	\$ 3,030	\$ -	\$ 3,030
20	Debt Service	\$ 85,482	\$ -	\$ 85,482
21	Payroll Tax Expenses	\$ 27,698	\$ -	\$ 27,698
22	Depreciation Expense	\$ 237,235	\$ -	\$ 237,235
24	Total Operating & Maintenance Expense:	<u>\$ 1,284,857</u>	<u>\$ 107,796</u>	<u>\$ 1,392,653</u>
25	Below the line corporate expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
26	Net Operating and Maintenance Expenses	<u>\$ 1,284,857</u>	<u>\$ 107,796</u>	<u>\$ 1,392,653</u>
27	O&M Margin Percentage	6.0%	6.0%	6.0%
28	Margin Required	<u>\$ 77,091</u>	<u>\$ 6,468</u>	<u>\$ 83,559</u>
30	Tax Expense (Section 17, Schedule 1)			<u>\$ 20,140</u>
31	Revenue Requirement	<u>\$ 1,361,948</u>	<u>\$ 114,264</u>	<u>\$ 1,496,352</u>
32	Current Operating Revenues	<u>\$ 1,120,036</u>	<u>\$ 79,868</u>	<u>\$ 1,199,904</u>
33	Operating Revenue Deficiency	<u>\$ (241,912)</u>	<u>\$ (34,396)</u>	<u>\$ (296,448)</u>

**Suburban Water Company
Jurisdictional Income Statement
Test Year Ending December 31, 2010
Rate Base Approach**

<u>Line No</u>	<u>Description</u>	<u>A Applicant Jurisdictional Per Books</u>	<u>B Applicant Test Year Adjustments</u>	<u>C Applicant Adjusted Income Statement</u>
Revenues:				
1	Sale of Water	\$ 993,450	\$ 61,792	\$ 1,055,242
2	Unmetered Water Revenues	\$ 10,598	\$ -	\$ 10,598
3	Miscellaneous Revenues	\$ 15,791	\$ -	\$ 15,791
4	Wholesale Water Sales	\$ 100,197	\$ 18,076	\$ 118,273
5	Total Revenues	\$ 1,120,036	\$ 79,868	\$ 1,199,904
Operating and Maintenance Expenses:				
6	Repair and Maintenance	\$ 9,959	\$ -	\$ 9,959
7	Purchased Water Cost	\$ 181,793	\$ 35,272	\$ 217,065
8	Outside Services	\$ 175,751	\$ (18,000)	\$ 157,751
9	Salaries & Wages	\$ 311,936	\$ 67,024	\$ 378,960
10	Meter Setting Cost	\$ -	\$ -	\$ -
11	Meter Reading Expense	\$ -	\$ -	\$ -
12	Fire Hydrant Setting Cost	\$ -	\$ -	\$ -
13	Office Lease	\$ 66,000	\$ -	\$ 66,000
14	Admin. & General	\$ 33,687	\$ -	\$ 33,687
15	Production Electric Cost	\$ 21,515	\$ -	\$ 21,515
16	Materials & Supplies	\$ 20,506	\$ -	\$ 20,506
17	Transportation Expenses	\$ 32,013	\$ -	\$ 32,013
18	Insurances	\$ 17,187	\$ -	\$ 17,187
19	Regulatory Costs	\$ 5,074	\$ -	\$ 5,074
20	Rate Case Expense	\$ -	\$ 23,500	\$ 23,500
21	Utility Property Taxes	\$ 46,994	\$ -	\$ 46,994
22	Misc. Corp. Fees	\$ 8,997	\$ -	\$ 8,997
23	Clean Drinking Water Fee	\$ 3,030	\$ -	\$ 3,030
24	Interest Expense	\$ 85,482	\$ -	\$ 85,482
25	Payroll Tax Expenses	\$ 27,698	\$ -	\$ 27,698
26	Depreciation Expense	\$ 237,235	\$ -	\$ 237,235
28	Total Operating & Maintenance Expense:	\$ 1,284,857	\$ 107,796	\$ 1,392,653
29	Below the line corporate expenses	\$ -	\$ -	\$ -
30	Net Operating Income	\$ (164,821)	\$ (27,928)	\$ (192,749)

**Suburban Water Company
 Reveune Adjustment
 Test Year Ending December 31, 2010
 Rate Base Approach**

<u>Line No</u>	<u>Description</u>	<u>A Applicant Jurisdictional Per Books</u>	<u>B Applicant Test Year Adjustments</u>	<u>C Applicant Adjusted Income Statement</u>
Revenues:				
1	Sale of Water	\$ 993,450		\$ 993,450
2	Adjustment in Revenues	\$ -	\$ 307,971	\$ 307,971
2	Unmetered Water Revenues	\$ 10,598	\$ -	\$ 10,598
3	Fire Hydrants Setting Fees	\$ 15,791	\$ -	\$ 15,791
4	Wholesale Water Sales	\$ 100,197	\$ -	\$ 100,197
5	Total Revenues	\$ 1,120,036	\$ 307,971	\$ 1,428,007

Suburban Water Company
Operating Expenses Adjustments
Test Year Ending December 31, 2010
Operating Margin Approach

<u>Line No</u>	<u>Description</u>	<u>A</u> <u>Applicant</u> <u>Jurisdictional</u> <u>Per Books</u>	<u>B</u> <u>Applicant</u> <u>Test Year</u> <u>Adjustments</u>	<u>C</u> <u>Applicant</u> <u>Adjusted</u> <u>Income Statement</u>
Operating and Maintenance Expenses:				
1	Repair and Maintenance	\$ 9,959	\$ -	\$ 9,959
2	Purchased Water Cost	\$ 181,793	\$ 35,272	\$ 217,065
3	Outside Services	\$ 175,751	\$ (18,000)	\$ 157,751
4	Salaries & Wages	\$ 311,936	\$ 67,024	\$ 378,960
5	Meter Setting Cost	\$ -	\$ -	\$ -
6	Meter Reading Expense	\$ -	\$ -	\$ -
7	Fire Hydrant Setting Cost	\$ -	\$ -	\$ -
8	Office Lease	\$ 66,000	\$ -	\$ 66,000
9	Admin. & General	\$ 33,687	\$ -	\$ 33,687
10	Production Electric Cost	\$ 21,515	\$ -	\$ 21,515
11	Materials & Supplies	\$ 20,506	\$ -	\$ 20,506
12	Transportation Expenses	\$ 32,013	\$ -	\$ 32,013
13	Insurances	\$ 17,187	\$ -	\$ 17,187
14	Regulatory Costs	\$ 5,074	\$ -	\$ 5,074
15	Rate Case Expense	\$ -	\$ 23,500	\$ 23,500
16	Utility Property Taxes	\$ 46,994	\$ -	\$ 46,994
17	Misc. Corp. Fees	\$ 8,997	\$ -	\$ 8,997
18	Clean Drinking Water Fee	\$ 3,030	\$ -	\$ 3,030
19	Interest Expense	\$ 85,482	\$ -	\$ 85,482
20	Payroll Tax Expenses	\$ 27,698	\$ -	\$ 27,698
21	Depreciation Expense	\$ 237,235	\$ -	\$ 237,235
22	Total Operating & Maintenance Expense:	<u>\$ 1,284,857</u>	<u>\$ 107,796</u>	<u>\$ 1,392,653</u>

**Suburban Water Company
Operating Expenses Adjustments
Test Year Ending August 31, 2003
Operating Margin Approach**

<u>Line No</u>				<u>Adjustments</u>
7	YE Purchased Water Adjustments:			
8		Gallons:	369,587	
9	Average Water Cost per 1,000 Gallons:	\$	1.58	
10	YE Customer Adjustment Water Costs:			\$ 585
11	Wholesale Water Purchase Adjustment: 2010, 2011 and 2012			
12		Gallons:	135,517,269	
13	Normalized Cost of Water - 2012	\$	211,658	
14	Wholesale Adjustment for Water Costs: (Section 8 Schedule 3 Page 1 of 2)			\$ 35,272
19	Rate Case Expense			
20		Total Expense	\$ 70,500	
21		Amortized Over Three Years		\$ 23,500
22	Normalized Wages, Salaries & Benefits	Per Books	Normalized	Adjustment
23	Account 601 Salaries & Wages Employees	\$ 194,298	\$ 225,877	\$ 31,579
24	Account 603 Salaries & Wages Officers	\$ 96,127	\$ 127,184	\$ 31,057
25	Account 604 Employee Pensions & Benefits	\$ 21,511	\$ 25,899	\$ 4,388
26	Total Payroll Normalization Adjustment	\$ 311,936	\$ 378,960	\$ 67,024
26	Re-claification of Outside Services			
27	Re-Classified Outside Services to Payroll	\$ 175,751	\$ 157,751	\$ (18,000)

**Suburban Water Company
Rate Case Expense Analysis
Test Year Ending December 31, 2010**

<u>Line No.</u>	<u>Rate Case Expenses:</u>					
1	Accounting		\$	15,000	100	Hours
2	Legal		\$	23,500	100	Hours
3	KCC Staff		\$	20,000	267	Hours
4	Public Hearing		\$	2,000		
5	Outside Consultant		\$	10,000		
	Totals		\$	70,500	467	\$ 151.07 cost per hour
6	Amoritized over three years		\$	23,500		
7	Recover of Rate Case Expenses based on number of customers					
8	Customers	Months	Years			
9	1,556	12	3	\$	1.26	per customer per month for 3 years
10	Recover of Rate Case Expenses based on gallons sold					
11	Annual Gallons Sold / 1000		Years			
12	135,517		3	\$	0.17	per 1,000 gallons sold
13	Proposed Cost per 1,000 gallons		\$	9.33		
14	Percent of current cost per 1,000			1.9%	added to the cost of water for rate case expenses	

**Suburban Water Company
Normalizd Revenues, Wholesale Revenues & Year-end Customers
Test Year Ending December 31, 2010**

<u>Line No.</u>	<u>Normalizd Revnues Adjustment</u>	<u>Revenues</u>	<u>Adjustment</u>
1	Test Year Actual Water Sales Revenues	\$ 754,457	
2	Normalizd Test Year Water Sales Revenues	\$ 813,344	
3	Test Year Normalizd Revenue Adjustments		\$ 58,888
4	Adjustment for Wholesale Sales:		
5	District # 10 and District # 6		\$ 18,076
6	Adjustment for Year-end Customers:		
7	Number of Customers:	4	
8	Average Gallons per Customers:	7,392	
9	Adjusted Gallons for YE Customers:	369,587	
10	Tariff Cost of Water (June 1, 2011)	\$7.86	\$ 2,905

Section 10

Depreciation and Amortization

(See Line 22, Section 9, Schedule 1, Page 23 of 37)

Section 11

Taxes

(See Line 6, Section 3, Schedule 1, Page 1 of 37)

Section 12

Allocation Basis

(Intentionally Omitted)

Section 13
Annual Report

(Intentionally Omitted)

Section 14

Additional Evidence
(Future System Improvement)

**Suburban Water Company
 Future System Improvements
 Test Year Ending December 31, 2010**

<u>Line No.</u>		<u>Amount</u>	<u>Priority</u>
1	Project No 1		
2	16 " Water Main	\$ 201,300	2
3	Project No 2		
4	12" Water Main	\$ 198,560	5
5	Project No 4A		
6	12" Water Main	\$ 210,900	2
7	Project No 4B		
8	16" & 12" Water Main	\$ 791,650	3
9	Project No 5		
10	8" Water Main	\$ 48,750	5
11	Project No 6		
12	10" Water Main	\$ 410,820	4
13	Project No 7		
14	8" Water Main	\$ 129,550	3
15	Project No 8		
16	8" Water Main	\$ 36,762	4
17	Project No 9		
18	8" Water Main	\$ 131,632	4
19	Project No 10		
20	8" Water Main	\$ 50,150	3
21	Project No 11		
22	8" Water Main	\$ 64,690	2
23	Project No 13		
24	12" Water Main	\$ 212,300	5
25	Water Supply & Water Quality Improvements		
26	Chemical Feed System, 70,000 Gallon		
27	Clearwell and High Speed Service Pumps	\$ 543,100	2
28	Total Future System Improvements	<u>\$ 3,030,164</u>	

Section 15

Additional Evidence
(BPU Contract Amendment)

THE CONTRACT AMENDMENT TO THE CONTRACT FOR WATER SERVICE DATED APRIL 6, 2000, BETWEEN BPU AND SUBURBAN WATER COMPANY AND IDENTIFIED IN MR. WILSON'S PREFILED TESTIMONY WILL BE FILED AS A LATE-FILED EXHIBIT TO SECTION 15 OF THIS RATE CASE APPLICATION UPON EXECUTION BY THE PARTIES.

INCLUDED AS PART OF THIS SECTION 15 IS A LETTER RECEIVED NOVEMBER 15, 2011, BY SUBURBAN WATER COMPANY FROM MR. JAMES EPP, MANAGER OF WATER OPERATIONS, ACTING CHIEF OPERATIONS OFFICER INDICATING BPU'S AGREEMENT IN PRINCIPLE WITH THE ITEMS PROVIDED IN THE AMENDMENT, AS IDENTIFIED IN MR. WILSON'S TESTIMONY.



**Kansas City
Board of Public Utilities**

540 Minnesota Avenue, Kansas City, Kansas 66101, 913 – 573- 9000

Mr. Ray Breuer
Suburban Water, Inc.
1216 North 155th
Basehor, KS 66007
November 14, 2011

Re: Proposed Contract Amendment

Dear Mr. Breuer:

The Board of Public Utilities is in the process of obtaining final review, edits and signatures for the proposed contract amendment sent by email from Mr. James Flaherty on November 14, 2011. The BPU will need additional time to complete the process. However, realizing that you are proceeding with the rate filing with the KCC, we do agree in principle with the items provided in the amendment.

Sincerely

A handwritten signature in black ink, appearing to read 'JEPP', written over a large, stylized, handwritten letter 'J'.

James Epp
Manager, Water Operations
Acting Chief Operations Officer
913-573-9830
jepp@bpu.com

Section 16
Audited Financial Statements
and Historical Financial Data for Suburban Water Company

SUBURBAN WATER, INC.
Basehor, Kansas

Financial Statements

For the Year Ended December 31, 2010

SUBURBAN WATER, INC.
Basehor, Kansas

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LOWENTHAL, WEBB & ODERMANN, P.A.

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Suburban Water, Inc.
Basehor, Kansas

We have audited the accompanying balance sheet of Suburban Water, Inc. (a Kansas corporation) as of December 31, 2010 and the related statements of operations, stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of and for the year ended December 31, 2009, were audited by other auditors whose report dated March 23, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suburban Water, Inc. as of December 31, 2010, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information presented on page 13 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lowenthal, Webb & Odermann, P.A.

April 11, 2011

SUBURBAN WATER, INC.
Basehor, Kansas

BALANCE SHEET
December 31, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 296,084
Accounts receivable - trade	105,126
Inventory	61,143
Prepaid expenses	<u>6,643</u>
Total current assets	<u>468,996</u>

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment, at cost	4,330,885
Property, plant, and equipment, at cost (CIAC)	2,889,429
Deduct accumulated depreciation and amortization	<u>[3,149,078]</u>
Construction work in process	10,000
Total property, plant, and equipment	<u>4,081,236</u>

OTHER ASSETS

Note receivable - shareholder	139,332
Deferred income taxes	<u>39,482</u>
Total other assets	<u>178,814</u>

Total assets \$ 4,729,046

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Current maturities of long-term obligations	\$ 1,643,355
Accounts payable	21,102
Customer deposits	13,295
Payroll liabilities	7,219
Advances for construction	670,194
Accrued interest	3,183
Accrued real estate taxes	19,726
Deferred income taxes	<u>6,371</u>
Total current liabilities	<u>2,384,445</u>

LONG-TERM LIABILITIES

Long-term obligations, less current maturities	<u>14,618</u>
Total long-term liabilities	<u>14,618</u>
Total liabilities	<u>2,399,063</u>

STOCKHOLDER'S EQUITY

Common stock, par value \$1 per share	19,600
Authorized - 150,000 shares, issued - 19,600 shares, outstanding - 19,600 shares	
Additional paid in capital	473,157
Contributions in aid of construction, net of accumulated amortization of \$964,229	1,925,200
Retained earnings (deficit)	<u>[87,974]</u>
Total stockholder's equity	<u>2,329,983</u>
Total liabilities and stockholder's equity	<u>\$ 4,729,046</u>

The accompanying notes are an integral part of these financial statements.

SUBURBAN WATER, INC.
Basehor, Kansas

STATEMENT OF OPERATIONS
For the Year Ended December 31, 2010

	<u>Amount</u>	<u>Percent Of Sales</u>
SALES		
Unmetered water revenue	\$ 10,598	0.9%
Metered water revenue	1,109,442	98.7%
Miscellaneous service revenues	<u>4,079</u>	<u>0.4%</u>
Total sales	<u>1,124,119</u>	<u>100.0%</u>
COST OF SALES		
Purchased water	<u>174,355</u>	<u>15.5%</u>
Total cost of sales	<u>174,355</u>	<u>15.5%</u>
Gross profit	<u>949,764</u>	<u>84.5%</u>
OPERATING EXPENSES		
Personnel costs	339,635	30.2%
Other operating expenses	<u>443,982</u>	<u>39.5%</u>
Total operating expenses	<u>783,617</u>	<u>69.7%</u>
Net operating income before depreciation	166,147	14.8%
Depreciation expense	<u>298,001</u>	<u>26.5%</u>
Net operating income [loss]	<u>[131,854]</u>	<u>-11.7%</u>
OTHER INCOME [EXPENSE]		
Interest and dividend income	5,363	0.5%
Realized gain [loss] on fixed assets	3,923	0.3%
System development charges	97,106	8.6%
Interest expense	[85,482]	-7.6%
Amortization of debt expense	<u>[917]</u>	<u>-0.1%</u>
Total other income [expense]	<u>19,993</u>	<u>1.8%</u>
Net income before taxes	[111,861]	-10.0%
Deferred tax benefit	<u>19,738</u>	<u>1.8%</u>
NET INCOME [LOSS]	<u>\$ [92,123]</u>	<u>-8.2%</u>

The accompanying notes are an integral part of these financial statements.

SUBURBAN WATER, INC.
Basehor, Kansas

STATEMENT OF STOCKHOLDER'S EQUITY
For the Year Ended December 31, 2010

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Contributions In Aid Of Construction</u>	<u>Retained Earnings [Deficit]</u>	<u>Total</u>
Balance, January 1, 2010	\$ 19,600	\$ 415,118	\$ 2,862,452	\$ [477,230]	\$ 2,819,940
Prior period adjustment	<u>-</u>	<u>58,039</u>	<u>[721,927]</u>	<u>481,379</u>	<u>[182,509]</u>
Balance, January 1, 2010, Restated	19,600	473,157	2,140,525	4,149	2,637,431
Contributions in aid of construction	-	-	71,329	-	71,329
Deduct rebate expirations previously recorded in contributions in aid of construction	-	-	[71,720]	-	[71,720]
Deduct current year amortization of contributions in aid of construction	-	-	[214,934]	-	[214,934]
Add net income (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>[92,123]</u>	<u>[92,123]</u>
Balance, December 31, 2010	<u>\$ 19,600</u>	<u>\$ 473,157</u>	<u>\$ 1,925,200</u>	<u>\$ [87,974]</u>	<u>\$ 2,329,983</u>

The accompanying notes are an integral part of these financial statements.

SUBURBAN WATER, INC.
Basehor, Kansas

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010

CASH FLOW FROM OPERATING ACTIVITIES	
Net income [loss]	\$ [92,123]
Adjustments to reconcile net income [loss] to net cash flows from operating activities	
Depreciation Expense	298,001
Amortization of loan costs	917
[Increase] decrease in:	
Accounts receivable - trade	[7,395]
Inventory	[561]
Prepaid expenses	7,055
Deferred income taxes	22,477
Increase [decrease] in:	
Accounts payable and accrued liabilities	[21,603]
Customer deposits	1,539
Payroll liabilities	2,130
Deferred income taxes	<u>[42,215]</u>
Net cash provided [used] by operating activities	<u>168,222</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in note receivable - shareholder	[58,676]
Expenditures for property, plant, and equipment	<u>[85,727]</u>
Net cash provided [used] by investing activities	<u>[144,403]</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Changes in advances for construction, net	[56,646]
Change in contributions in aid of construction, net	29,078
Proceeds from capital lease	19,130
Principal payments on long-term obligations	<u>[62,893]</u>
Net cash provided [used] by financing activities	<u>[71,331]</u>
Net increase in cash	[47,512]
Cash at beginning of year	<u>343,596</u>
Cash at end of year	<u>\$ 296,084</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	<u>\$ 85,312</u>
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The accompanying notes are an integral part of these financial statements.

SUBURBAN WATER, INC.
Basehor, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

I. Summary of Significant Accounting Policies

The following is a summary of the Company's significant accounting policies:

- A. *Organization.* The Company was organized on February 1, 1976 under the laws of the State of Kansas. On August 31, 2006, the board of directors and stockholders authorized the merger of the Company with Breuer, Inc. Previously, the Company was wholly owned subsidiary of Breuer, Inc. Effective September 1, 2006, Breuer, Inc. was merged into the Company and the stock of the Company was re-issued to the former owner of Breuer, Inc.

The company's primary line of business consists of water sales to commercial and residential customers in and around Leavenworth County, Kansas. The Company is subject to the rules and regulations of the National Association of Regulatory Utility Commissioners (NARUC) as a Class B Water Utility and to the Kansas Corporation Commission (KCC) as a Class C Water Utility.

- B. *Uniform System of Account.* The 1996 Water and Wastewater Uniform Systems of Accounts approved by NARUC requires Class B Water Utilities to present their financial statements in a manner that reflects a prescribed uniform numbered chart of accounts system.
- C. *Account Receivable – Trade.* The Company presents trade accounts receivable at face value. Accounts receivable are written off when they are determined to be uncollectible. Based on the ability to terminate service to customers with slow paying history, and the minimal amount of historical losses on the Company's accounts receivable, management has determined that the allowance for doubtful accounts at December 31, 2010 is zero. As of December 31, 2010, the balance of accounts receivable – trade was \$105,126. Accounts receivable payments are due on the 20th of each month. A 2% late fee is applied to payments received after the 20th.
- D. *Inventory.* Inventory is stated at lower of cost or market. Cost is determined on the "first-in, first-out" (FIFO) method. Inventory consisted of materials in the amount of \$61,143 at December 31, 2010.
- E. *Depreciation and Amortization.* Depreciation of property and equipment is computed using accelerated methods over the estimated useful lives of the assets. Estimated useful lives generally used in computing depreciation are:

Building and improvements	15 to 39 years
Equipment and furnishings	5 to 15 years
Vehicles	5 years
Water delivery equipment	15 years

Depreciation expense for the year ended December 31, 2010 was \$298,001.

- F. *Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. These include estimating the collectability of trade accounts receivable and the depreciable lives and residual values of property and equipment. Actual results could differ from those estimates.

SUBURBAN WATER, INC.
Basehor, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

I. Summary of Significant Accounting Policies (Continued)

G. *Income Taxes.* It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. At December 31, 2010, the Company believes it has appropriately accounted for any unrecognized tax benefits. To the extent the Company prevails in matters for which a liability for unrecognized tax benefit is established or is required to pay amounts in excess of the liability, the Company's effective tax rate in a given financial statement period may be affected.

II. Significant Group Concentration of Credit Risk

The Company maintains all of its cash deposits in a local financial institution, and is insured by the FDIC for up to \$250,000. The amount on deposit at that institution exceeded the federally insured limited by \$64,861 as of December 31, 2010.

Due to the nature of the Company's operations and the fixed locations of its water distribution systems, there is no ability to diversify its customer base geographically. It is limited to customers in its service area. Thus, the Company's trade receivables are concentrated geographically.

III. Construction Work in Progress

The Company constructs or oversees the construction of its water delivery system. Costs of projects are accumulated in a work in process account until the constructed item is placed in service. As of December 31, 2010, the balance of construction work in process was \$10,000.

IV. Customer Deposits

The Company has a policy to collect customer deposits from customers who are leasing properties. The Company has determined that the projected average of two months bills for their rental customer base is \$150 and, accordingly, charges each rental customer a \$150 deposit before service is made available. Under the regulations of the KCC, the Company is required to maintain a record of all deposits received from customers. As of December 31, 2010, the balance of customer deposits was \$13,295.

V. Loans and Obligations

Loans and obligations at December 31, 2010, consist of the following:

Note payable in monthly installments of principal and interest of \$609, with an interest rate of 7.1%. The note was initiated for and is collateralized by an excavator.

Total note payable	\$ 3,046
Deduct current portion	<u>3,046</u>
Long-term portion	<u>\$ -</u>

\$1.8 million construction note payable to Community National Bank with a variable interest rate of no less than 5.0% with all business assets pledged as collateral and subject to a debt service coverage ratio of at least 1.1 times and a requirement that total equity be no less than 35% of total assets. On December 31, 2010 total equity was 49.93% of total assets and the debt service coverage ratio was 2.03. The note is also personally guaranteed by the shareholder. The interest rate may change daily and is based on the New York Prime Rate as published in the Wall Street Journal. The interest rate is the Prime Rate plus 1.00 percent.

SUBURBAN WATER, INC.
Basehor, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

V. Loans and Obligations (Continued)

Note is payable in 36 payments, with 35 monthly payments of \$11,608 and a single "balloon payment" on the entire unpaid balance of principal and interest due November 19, 2011.

Total note payable	\$ 1,636,864
Deduct current portion	<u>1,636,864</u>
Long-term portion	<u>\$ -</u>

Approximate maturities for the construction note payable for the years following December 31, 2010 are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2011	\$ 1,636,864	\$ 72,426	<u>\$ 1,709,290</u>

Note payable in sixty monthly installments of principal and interest of \$372.94, with an interest rate of 6.24%. The note was initiated for and is collateralized by a 2010 GMC Canyon.

Total note payable	\$ 18,063
Deduct current portion	<u>3,445</u>
Long-term portion	<u>\$ 14,618</u>

Approximate maturities for the GMC note payable for the years following December 31, 2010 are as follows:

Year Ended December 31,	Principal Amount	Interest Amount	Total
2011	\$ 3,445	\$ 1,030	\$ 4,475
2012	3,666	809	4,475
2013	3,901	574	4,475
2014	4,152	323	4,475
2015	<u>2,899</u>	<u>73</u>	<u>2,973</u>
Total	<u>\$ 18,064</u>	<u>\$ 2,810</u>	<u>\$ 20,874</u>

VI. Related Party Transactions

During the year ended December 31, 2010, the Company entered into various transactions with related parties:

The Company leases office space from the shareholder. This is a month to month operating lease that provides for a monthly lease of \$5,500. Lease expense under this lease was \$66,000 for the year ended December 31, 2010, including \$280 that was payable to the shareholder at December 31, 2010.

The Company has made loans to shareholders totaling \$139,332. A promissory note with the shareholders calls for interest to be charged at the Applicable Federal Rate. That rate was 5% at the time the loan was originated.

SUBURBAN WATER, INC.
Basehor, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

VII. Commitments and Contingencies

The Company purchases water from the Kansas City, Kansas Board of Public Utilities to assist the Company in meeting peak water demands. The Company is committed to purchasing 2,160,224 gallons of water per month through June 30, 2020.

The estimated future minimum water purchases are as follows:

Year Ending <u>December 31,</u>	Total Purchase <u>Commitment</u>
2011	\$ 58,188
2012	62,220
2013	66,996
2014	66,996
2015	66,996
Thereafter	<u>279,150</u>
Total Remaining Purchase Commitment	<u>\$ 600,546</u>

VIII. Income Taxes

The Company accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Significant components of the Company's deferred tax assets and liabilities at December 31, 2010 are as follows:

	<u>2010</u>
Deferred tax assets:	
Future expenses deductible for tax purposes previously deducted for financial statement purposes	\$ 180
Future income recognized for financial statement purposes previously recognized for tax purposes	30,451
Federal general business tax credit carryforward	249
Federal tax net operating loss carryforward	32,904
State tax net operating loss carryforward	<u>7,202</u>
	<u>70,986</u>
Deferred tax liabilities:	
Accelerated depreciation for tax purposes	<u>[37,875]</u>
	<u>\$ 33,111</u>
Included in accompanying financial statements in:	
Deferred income taxes - Other asset	\$ 39,482
Deferred income taxes - Current liability	<u>[6,371]</u>
	<u>\$ 33,111</u>

SUBURBAN WATER, INC.
Basehor, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

VIII. Income Taxes (Continued)

Significant components of the provision for income taxes consist of the following:

Deferred income taxes:	
Excess of tax over [book] depreciation	\$ 1,089
Accrued expenses for financial statement purposes currently [not currently] deductible for income tax purposes	[48]
Deferred income for financial statement purposes not currently [currently] recognized for income tax purposes	[30,451]
Federal general business tax credit carryforward	[249]
Federal net operating loss carryforward	7,879
State net operating loss carryforward	2,042
	<u>\$ [19,738]</u>

The provision for income taxes differs from the amount computed at statutory rates to income before income taxes because the Company is subject to state income taxes, deferred income taxes are based on average tax rates, and a portion of meals and entertainment are not tax deductible.

At December 31, 2010, the Company had a federal net operating loss carry forward of \$219,356. This net operating loss carry forward can be used to offset taxable income and expires in 2029.

At December 31, 2010, the Company had a state net operating loss carry forward of \$211,833, which can be used to offset future taxable income. The net operating loss carry forward expires in 2019. At the time of expiration, it may be carried back for refund, if available.

SUBURBAN WATER, INC.
Basehor, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

IX. Advances for Construction

Advances for construction include advances by or on behalf of developers for construction which are to be refunded either wholly or in part. The contract agreements with the developers call for the developer to advance funds to the Company based on the estimated cost of materials and installation of the main service to the development. Final purchasers of the properties in the developments apply for connection and pay for the installation of the meter. The Company refunds portions of the original advance to the developers as meters are purchased. Any advances not refunded prior to the expiration of the refund period are reclassified as contributions in aid of construction.

Advances for construction as of December 31, 2010 is as follows:

<u>Date of</u> <u>Development</u>	<u>Developer</u>	Total Development Contract <u>Advance</u>	Refunds through December 31, <u>2010</u>	Net Advances Remaining at December 31, <u>2010</u>
01/20/06	South Glen	\$ 151,392	\$ [76,964]	\$ 74,428
02/20/06	Prairie Lake Estates Phase 3	162,771	[33,157]	129,614
09/05/06	Hidden Ridge	224,018	[53,157]	170,861
05/15/07	Cedar Falls	393,770	[115,846]	277,924
07/11/07	Estates of Cedar Lakes	<u>17,367</u>	-	<u>17,367</u>
		<u>\$ 949,318</u>	<u>\$ [279,124]</u>	<u>\$ 670,194</u>

X. Contributions in Aid of Construction

In accordance with NARUC guidelines, any amount of money or other property contributed to the Company which represents an addition or transfer to the capital of the Company, and which is utilized to offset the acquisition, improvement or construction costs of the Company's property, facilities, or equipment used to provide utility services to the public is classified as contributions in aid of construction.

Contributions that have been utilized to place in service depreciable property, plant, and equipment are amortized over a period equal to the estimated service life of the related contributed asset. A concurrent credit for the amortization is made against depreciation expense. Amortization of contributions in aid of construction for the year ended December 31, 2010 was \$214,934.

XI. Subsequent Events

Management has evaluated subsequent events through April 11, 2011, the date which the financial statements were available for issue. There have been no events which require disclosure.

SUBURBAN WATER, INC.
Basehor, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

XII. Equity Restatement

The Company has restated multiple categories of beginning equity for the year ended December 31, 2010. The effects of which are as follows:

	Additional Paid-In <u>Capital</u>	Contributions In Aid of <u>Construction</u>	Retained Earnings <u>[Deficit]</u>	<u>Total</u>
Balance, January 1, 2010	\$415,118	\$ 2,862,452	\$ [477,230]	\$2,800,340
Adjustments to equity:				
Reclassification of items previously recorded as contributions in aid of construction	58,039	[721,927]	663,888	-
Adjustment to properly record prior year's accrued real estate tax	-	-	[19,970]	[19,970]
Adjustment to prior year's deferred tax accounts	-	-	[162,539]	[162,539]
Total adjustments to equity	<u>58,039</u>	<u>[721,927]</u>	<u>481,379</u>	<u>[182,509]</u>
Balance, January 1, 2010, Restated	<u>\$473,157</u>	<u>\$ 2,140,525</u>	<u>\$ 4,149</u>	<u>\$2,617,831</u>

SUBURBAN WATER, INC.
Basehor, Kansas

Schedule of Operating Expenses
For the Year Ended December 31, 2010

Operating Expenses		
Personnel costs		
Salaries and wages - employees	\$ 194,299	13.7 %
Salaries and wages - officers	96,127	9.7
Payroll expenses	27,698	2.4
Employee benefits	<u>21,511</u>	<u>5.4</u>
Total personnel costs	<u>339,635</u>	<u>31.2</u>
Other operating expenses		
Purchase power	21,515	1.8
Materials and supplies	22,300	3.9
Accounting	27,000	2.8
Legal	35,666	0.9
Management fee	6,450	0.2
Lab testing	3,047	0.5
Contractual services - other	103,588	7.8
Lease expense	66,000	5.0
Rental equipment	822	0.2
Transportation	32,013	2.4
Business insurance	17,187	1.1
Advertising	2,208	0.0
Regulatory commission	5,074	0.9
Water resource conservation	3,030	0.3
Bad debt	2,258	0.0
Donations	1,475	0.2
Fees	8,997	0.6
Office expense	12,864	1.3
Repairs	9,137	0.5
Taxes - other	46,994	4.1
Utilities and telephone	6,210	1.4
Postage & delivery	9,176	0.8
Miscellaneous	<u>971</u>	<u>0.2</u>
Total other operating expenses	<u>443,982</u>	<u>36.9</u>
Total operating expenses	<u>\$ 783,617</u>	<u>68.1 %</u>

See independent auditor's report.

Suburban Water Company
KCC Annual Report - Income Statements
For the year Ending December 31, 2001, 2002 & 2003, 2004, 2005, 2006, 2007, 2008, 2009 & 2010

<u>Line No.</u>	<u>Account Name</u>	<u>CY 2001</u>	<u>CY 2002</u>	<u>CY 2003</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>
	Gross Revenues:										
1	Water Sales	\$ 460,729	\$ 554,634	\$ 532,011	\$ 542,878	\$ 565,074	\$ 806,855	\$ 902,375	\$ 962,277	\$ 968,210	\$ 1,120,036
2											
3	Total Gross Revenue	<u>\$ 460,729</u>	<u>\$ 554,634</u>	<u>\$ 532,011</u>	<u>\$ 542,878</u>	<u>\$ 565,074</u>	<u>\$ 806,855</u>	<u>\$ 902,375</u>	<u>\$ 962,277</u>	<u>\$ 968,210</u>	<u>\$ 1,120,036</u>
4	Operating Expense	\$ 334,922	\$ 517,258	\$ 577,968	\$ 783,550	\$ 729,121	\$ 1,092,082	\$ 646,050	\$ 755,073	\$ 750,528	\$ 883,664
5	Depreciation Expense	\$ 47,977	\$ 58,243	\$ 70,938	\$ 84,331	\$ 120,173	\$ 142,497	\$ 225,561	\$ 235,026	\$ 273,767	\$ 275,277
6	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250	\$ 2,542	\$ 3,000	\$ 917
7	Taxes Other Than Income	\$ 33,350	\$ 24,908	\$ 39,264	\$ 52,787	\$ 74,192	\$ 22,405	\$ 4,557	\$ 8,920	\$ 5,480	\$ 54,954
8	Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Total Operating Expense	<u>\$ 416,249</u>	<u>\$ 600,409</u>	<u>\$ 688,170</u>	<u>\$ 920,668</u>	<u>\$ 923,486</u>	<u>\$ 1,256,984</u>	<u>\$ 877,418</u>	<u>\$ 1,001,561</u>	<u>\$ 1,032,775</u>	<u>\$ 1,214,812</u>
10	Net Operating Income (Loss)	<u>\$ 44,480</u>	<u>\$ (45,775)</u>	<u>\$ (156,159)</u>	<u>\$ (377,790)</u>	<u>\$ (358,412)</u>	<u>\$ (450,129)</u>	<u>\$ 24,957</u>	<u>\$ (39,284)</u>	<u>\$ (64,565)</u>	<u>\$ (94,776)</u>
11	Other Income										
12	Non utility Income	\$ 103,993	\$ 126,909	\$ 282,793	\$ 401,887	\$ 355,313	\$ 491,494	\$ 4,281	\$ 13,221	\$ 6,322	\$ 110,471
13	Interest Income				\$ 1,232	\$ -	\$ 17,292	\$ -	\$ -	\$ -	\$ -
	Other Deductions										
14	Miscellaneous No utility Exp	\$ -	\$ -	\$ -	\$ -	\$ 11,474	\$ (150)	\$ 22,267	\$ 1,889	\$ -	\$ -
15	Interest Expense - Net	\$ 26,124	\$ 27,410	\$ 27,997	\$ 33,757	\$ 44,746	\$ 65,085	\$ 54,896	\$ 110,385	\$ 88,729	\$ 85,482
16	Donations	\$ 100	\$ 936	\$ 514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Penalties	\$ -	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Net Income (Loss)	<u>\$ 122,249</u>	<u>\$ 52,817</u>	<u>\$ 98,123</u>	<u>\$ (9,660)</u>	<u>\$ (36,371)</u>	<u>\$ (6,578)</u>	<u>\$ (47,925)</u>	<u>\$ (138,337)</u>	<u>\$ (146,972)</u>	<u>\$ (69,787)</u>

Suburban Water Company
KCC Annual Report - Income Statements
For Fiscal Years Ending August 31, 2003, 2004, 2005, 2006, 2007 & 2008

<u>Line No.</u>	Account Name	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY (16 mos) 2008
	Gross Revenues:						
1	Water Sales	\$ 827,129	\$ 1,012,837	\$ 629,364	\$ 728,489	\$ 825,779	\$ 1,271,653
2							
3	Total Gross Revenue	<u>\$ 827,129</u>	<u>\$ 1,012,837</u>	<u>\$ 629,364</u>	<u>\$ 728,489</u>	<u>\$ 825,779</u>	<u>\$ 1,271,653</u>
4	Operating Expense	\$ 674,577	\$ 795,452	\$ 401,048	\$ 632,671	701299	1067818
5	Depreciation Expense	\$ 106,595	\$ 143,522	\$ 204,669	\$ 262,452	\$ 369,657	\$ 546,119
6	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Taxes Other Than Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Income Taxes	\$ 11,450	\$ 14,150	\$ 12,271	\$ (36,868)	\$ (44,828)	\$ (78,715)
9	Total Operating Expense	<u>\$ 792,622</u>	<u>\$ 953,124</u>	<u>\$ 617,988</u>	<u>\$ 858,255</u>	<u>\$ 1,026,128</u>	<u>\$ 1,535,222</u>
10	Net Operating Income (Loss)	<u>\$ 34,507</u>	<u>\$ 59,713</u>	<u>\$ 11,376</u>	<u>\$ (129,766)</u>	<u>\$ (200,349)</u>	<u>\$ (263,569)</u>
11	Other Income						
12	Non utility Income	\$ -	\$ -	\$ 39,404	\$ 23,007	\$ 5,112	5803
13	Interest Income	\$ -	\$ -	\$ 10,231	\$ 6,563	\$ 5,704	\$ 12,743
	Other Deductions						
14	Miscellaneous No utility Exp	\$ 13,643	\$ 2,779	\$ -	\$ (150)	\$ (3,372)	-20677
15	Interest Expense - Net	\$ (29,717)	\$ (24,495)	\$ (35,788)	\$ (45,034)	\$ (63,353)	\$ (148,648)
16	Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Penalties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Net Income (Loss)	<u>\$ 18,433</u>	<u>\$ 37,997</u>	<u>\$ 25,223</u>	<u>\$ (145,380)</u>	<u>\$ (256,258)</u>	<u>\$ (414,348)</u>

Note: In 2008 Suburban Water, Inc. changed its fiscal year to a December 31 year end.

Suburban Water Company
KCC Annual Report - Balance Sheet
For the year Ending December 31, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 & 2010

<u>Line No.</u>	<u>Account Name</u>	<u>CY 2001</u>	<u>CY 2002</u>	<u>CY 2003</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>
Assets											
1	Utility Plant In Service	\$ 1,232,521	\$ 1,490,013	\$ 1,738,205	\$ 2,519,557	\$ 4,094,905	\$ 4,878,995	\$ 5,944,813	\$ 6,818,966	\$ 7,188,027	\$ 7,230,315
2	Accumulated Deprecation and										
3	Amortization	\$ (397,093)	\$ (469,869)	\$ (542,860)	\$ (627,191)	\$ (746,506)	\$ (839,822)	\$ (1,002,913)	\$ (1,208,869)	\$ (1,482,636)	\$ (1,719,511)
4	Net Utility Plant	\$ 835,428	\$ 1,020,144	\$ 1,195,345	\$ 1,892,366	\$ 3,348,399	\$ 4,039,173	\$ 4,941,900	\$ 5,610,097	\$ 5,705,391	\$ 5,510,804
5	Cash	\$ 11,996	\$ 27,071	\$ 108,966	\$ 222,662	\$ 274,788	\$ 240,526	\$ 398,134	\$ 643,381	\$ 343,596	\$ 296,084
6	Customer Accounts Receivable	\$ 6,025	\$ 535	\$ 24	\$ 39,905	\$ 13,465	\$ 63,460	\$ 49,906	\$ 81,964	\$ 93,070	\$ 103,647
7	Other Accounts Receivable	\$ 655,840	\$ 389,008	\$ 629,856	\$ 555,809	\$ 361,290	\$ 129,960	\$ 95,775	\$ 81,092	\$ 85,320	\$ 140,810
8	Inventory	\$ 14,652	\$ 535	\$ 2,158	\$ 3,480	\$ 5,796	\$ 79,524	\$ 83,744	\$ 39,828	\$ 60,582	\$ 61,143
9	Deferred Income Taxes	\$ -	\$ -	\$ -	\$ 61,400	\$ 55,073	\$ 72,703	\$ 99,252	\$ 169,832	\$ 218,828	\$ 39,482
10	Unbilled Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Deposits	\$ -	\$ -	\$ 5,200	\$ 25,023	\$ 32,500	\$ 12,177	\$ 12,365	\$ 19,340	\$ 15,073	\$ 6,643
12	Construction In Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Assets	\$ 1,523,941	\$ 1,437,293	\$ 1,941,549	\$ 2,800,645	\$ 4,091,311	\$ 4,637,523	\$ 5,681,076	\$ 6,645,534	\$ 6,521,860	\$ 6,158,613
Liabilities and Capital											
15	Common Stock Issued	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 19,600	\$ 19,600	\$ 19,600	\$ 19,600
16	Preferred Stock Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Other Paid in Capital	\$ 137,060	\$ 137,060	\$ 137,060	\$ 137,060	\$ 137,060	\$ 208,581	\$ 208,581	\$ 415,117	\$ 415,117	\$ 473,156
18	Retained Earnings	\$ 722,018	\$ 774,777	\$ 872,900	\$ 898,981	\$ 854,405	\$ 1,063,963	\$ 1,006,438	\$ 689,370	\$ 542,398	\$ 377,364
19	Proprietary Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Total Capital	\$ 869,078	\$ 921,837	\$ 1,019,960	\$ 1,046,041	\$ 1,001,465	\$ 1,282,544	\$ 1,234,619	\$ 1,124,087	\$ 977,115	\$ 870,120
21	Long term Debt	\$ 427,067	\$ 335,467	\$ 530,672	\$ 538,702	\$ 1,200,421	\$ 1,586,654	\$ 1,496,230	\$ 1,760,414	\$ 1,701,737	\$ 1,657,974
22	Accounts Payable	\$ 164,291	\$ 75,482	\$ 61,486	\$ 23,693	\$ 90,582	\$ 56,928	\$ 51,498	\$ 173,005	\$ 5,001	\$ 21,102
23	Notes Payable	\$ -	\$ -	\$ -	\$ (66,803)	\$ 327,583	\$ -	\$ -	\$ -	\$ -	\$ -
24	Customer Deposits	\$ 248	\$ -	\$ 5,550	\$ 10,448	\$ 5,042	\$ 12,821	\$ 13,770	\$ 12,821	\$ 11,756	\$ 13,295
25	Accrued Taxes	\$ -	\$ -	\$ 17,400	\$ 87,000	\$ 96,744	\$ 77,506	\$ 59,227	\$ 51,092	\$ 42,916	\$ 19,726
26	Other Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 5,003	\$ 278	\$ 7,904	\$ 17,562	\$ 45,731	\$ 81,666
27	Advances for Construction										
28	Contributions in Aid of Construction - Net	\$ 63,257	\$ 104,507	\$ 306,481	\$ 1,161,564	\$ 1,364,471	\$ 1,620,792	\$ 2,817,828	\$ 3,506,553	\$ 3,737,604	\$ 3,494,730
29	Total Liabilities and Capital	\$ 1,523,941	\$ 1,437,293	\$ 1,941,549	\$ 2,800,645	\$ 4,091,311	\$ 4,637,523	\$ 5,681,076	\$ 6,645,534	\$ 6,521,860	\$ 6,158,613

Suburban Water Company
KCC Annual Report - Balance Sheet
For Fiscal Years Ending August 31, 2003, 2004, 2005, 2006, 2007 & 2008

Line No.	Account Name	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY (16 mos) 2008
Assets							
1	Utility Plant In Service	\$ 1,706,893	\$ 2,344,406	\$ 3,105,227	\$ 3,636,162	\$ 5,549,753	\$ 6,103,524
2	Accumulated Deprecation and						
3	Amortization	<u>\$ (726,548)</u>	<u>\$ (870,070)</u>	<u>\$ (1,073,513)</u>	<u>\$ (1,286,784)</u>	<u>\$ (1,605,013)</u>	<u>\$ (2,169,775)</u>
4	Net Utility Plant	<u>\$ 980,345</u>	<u>\$ 1,474,336</u>	<u>\$ 2,031,714</u>	<u>\$ 2,349,378</u>	<u>\$ 3,944,740</u>	<u>\$ 3,933,749</u>
5	Cash	\$ 25,934	\$ 108,612	\$ 308,141	\$ 316,990	\$ 396,597	\$ 643,381
6	Customer Accounts Receivable	\$ 2,246	\$ 913	\$ 141,768	\$ 98,091	\$ 128,432	\$ 100,841
7	Other Accounts Receivable	\$ 486,508	\$ 709,240	\$ -	\$ -	\$ 71,826	62214
8	Inventory	\$ 1,823	\$ 3,186	\$ 5,265	\$ 10,513	\$ 57,323	\$ 39,828
9	Deferred Income Taxes	\$ 19,500	\$ 61,400	\$ 55,073	\$ 72,703	\$ 99,252	\$ 169,832
10	Unbilled Revenues	\$ -	\$ 54,326	\$ -	\$ -	\$ -	\$ -
11	Deposits	\$ -	\$ -	\$ 7,500	\$ 12,177	\$ 12,365	\$ 19,340
12	Construction In Progress	<u>\$ 30,317</u>	<u>\$ 40,000</u>	<u>\$ 433,908</u>	<u>\$ 878,385</u>	<u>\$ 202,869</u>	<u>\$ 715,442</u>
13	Total Assets	<u>\$ 1,546,673</u>	<u>\$ 2,452,013</u>	<u>\$ 2,983,369</u>	<u>\$ 3,738,237</u>	<u>\$ 4,913,404</u>	<u>\$ 5,684,627</u>
Liabilities and Capital							
15	Common Stock Issued	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 19,600	\$ 19,600
16	Preferred Stock Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Other Paid in Capital	\$ 137,060	\$ 137,060	\$ 137,060	\$ 345,641	\$ 415,118	\$ 415,118
18	Retained Earnings	\$ 543,174	\$ 581,171	\$ 606,394	\$ 461,014	\$ 204,756	\$ (209,592)
19	Proprietary Capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
20	Total Capital	<u>\$ 690,234</u>	<u>\$ 728,231</u>	<u>\$ 753,454</u>	<u>\$ 816,655</u>	<u>\$ 639,474</u>	<u>\$ 225,126</u>
21	Long term Debt	\$ 508,800	\$ 707,017	\$ 621,291	\$ 1,216,990	\$ 1,470,379	\$ 1,700,900
22	Accounts Payable	\$ 3,888	\$ 1,424	\$ 218,582	\$ 381,325	\$ 103,132	\$ 176,871
23	Notes Payable	\$ 69,520	\$ 60,220	\$ 71,347	\$ 65,008	\$ -	\$ -
24	Customer Deposits	\$ 4,900	\$ 9,423	\$ 5,945	\$ 11,521	\$ 13,600	\$ 12,821
25	Accrued Taxes	\$ 33,550	\$ 90,800	\$ 96,744	\$ 77,506	\$ 59,227	\$ 51,092
26	Other Liabilities	\$ -	\$ -	\$ 2,725	\$ 36,539	\$ 49,845	\$ 73,211
27	Advances for Construction						
28	Contributions in Aid of Construction - Net	<u>\$ 235,781</u>	<u>\$ 854,898</u>	<u>\$ 1,213,281</u>	<u>\$ 1,132,693</u>	<u>\$ 2,577,747</u>	<u>\$ 3,444,606</u>
29	Total Liabilities and Capital	<u>\$ 1,546,673</u>	<u>\$ 2,452,013</u>	<u>\$ 2,983,369</u>	<u>\$ 3,738,237</u>	<u>\$ 4,913,404</u>	<u>\$ 5,684,627</u>

Note: In 2008 Suburban Water, Inc. changed its fiscal year to a December 31 year end.

Section 17

Intentionally Omitted

Section 18
Proposed Tariff Sheets

SUBURBAN WATER COMPANY
(Name of Issuing Utility)

SCHEDULE _____

ENTIRE SERVICE TERRITORY
(Territory to which schedule is applicable)

Replacing Schedule _____ Sheet _____
which was filed _____

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

Sheet 10 of 10 Sheets

RATE SHEET

CUSTOMER CHARGE \$ 20.00 \$ 21.00 PER MONTH FOR THE FIRST 1,000 GALLONS OR LESS USED

PLUS, AN ADDITIONAL COMMODITY - CHARGE OF \$ 9.33 7.33 PER 1,000 FOR ALL GALLONS USED OVER THE INITIAL 1,000 GALLONS

Issued January 28 2008
Month Day Year

Effective February 1 2010
Month Day Year

By _____ Treasurer
Signature of Officer Title