# BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

)

)

)

) )

)

)

)

)

)

)





NOV 16 2011

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

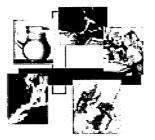
by State Corporation Commission of Kansas

Docket No. 12-SUBW-<u>359</u>-RTS

# APPLICATION,

# SCHEDULES AND

# TESTIMONY



November 2011

# SUBURBAN WATER COMPANY

Letter of Transmittal and Application

•

LAW OFFICES OF ANDERSON & BYRD

A Limited Liability Partnership

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

November 16, 2011

Robert A. Anderson (1920-1994) Richard C. Byrd (1920-2008)



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:

JOHN L. RICHESON

R. SCOTT RYBURN

KEITH A. BROCK

JAMES G. FLAHERTY

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<sub>(fr</sub>) Enclosure

# BEFORE THE STATE CORPORATION COMMISSION OF THE STATE 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

# 2011.11.16 16:14:57 Kan<del>gas Corpagatia</del>n Commission /S/Patrice Patersen-Kleth

# NOV 16 2011

by State Corporation Commission of Kansas

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. 155<sup>th</sup> Street, Basehor, Kansas 66007.

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

Mike Breuer, Treasurer Suburban Water Company 1216 N. 155<sup>th</sup> Street, P. O. Box 147 Basehor, Kansas 66007 <u>Mike@subwaterco.com</u> 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 <u>Greg12@sprynet.com</u>

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.

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.<sup>1</sup> 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

<sup>&</sup>lt;sup>1</sup>Suburban 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:

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

4

# **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 \_\_\_\_\_ day of November, 2011.

RY PUBLIC State of Kansas RONDA F Appt. Expires 512512014

Roude Rossnolo Notary Public

Appointment/Commission Expires:

General Information and Publicity

(Intentionally Omitted)

Rate Base and Return

# SECTION 3 SCHEDULE 1 Page 1 of 37

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

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

Plant Investment

### SECTION 4 SCHEDULE 1 PAGE 2 OF 37

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

Line					A Applicant risdictional		B pplicant est Year		C Applicant Adjusted
<u>No</u>	<u>Acct. No.</u>	Description	<u>Reference</u>	Ē	<u>Per Books</u>	Ad	<u>iustments</u>	R	ate Base
		Water Plant In Service							
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: Less:		<u>\$</u>	7,220,315	<u>\$</u>		\$	7,220,315
		Accumulated Provision for							
15		Depreciation and Amortization:		<u>\$</u>	(1,719,511)	<u>\$</u>		<u>\$</u>	( <u>1,719,511</u> )
16		Net Plant in Service before CIAC:		<u>\$</u>	5,500,804	<u>\$</u>		<u>\$</u>	5,500,804
17	271	Contribution in Aid of Construction - Net		<u>\$</u>	(3,494,730)	<u>\$</u>		<u>\$</u>	(3,494,730)
18		Net Plant in Service:		\$	2,006,074	<u>\$</u>		\$	2,006,074
15		Working Capital Less:		\$	<u> </u>	<u>\$</u>	174,082	<u>\$</u>	174,082
16		Advances for Construction & CIAC		<u>\$</u>	(3,494,730)	<u>\$</u>	-	<u>\$</u>	<u>(3,494,730</u> )
17		Total Rate Base:		<u>\$</u>	2,006,074	<u>\$</u>	174,082	\$	2,180,156

### SECTION 4 SCHEDULE 2 PAGE 3 OF 37

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

Line <u>No</u>	Acct. No.	Description	<u>Reference</u>	A Applicant Jurisdictional <u>Per Books</u>	B Applicant Test Year <u>Adjustments</u>	C Applicant Adjusted <u>Rate Base</u>	
		Water Plant In Service					
1 2 3 4 5 6 7 8 9 10	303 304 307 311 320 330 331 334 335 339	Land and Land Rights Structures and Improvements Wells and Springs Pumping Equipment Water Treatment Equipment Distribution Reservoirs & Standpipes Trans. & Dist. Mains Meters & Meter Installations Hydrants Other Plant & Misc. Equipment		\$ 55,460 \$ 272,732 \$ 17,452 \$ 142,226 \$ 8,067 \$ 846,892 \$ 4,705,373 \$ 551,326 \$ 317,261 \$ 25,267		\$ 55,460 \$ 272,732 \$ 17,452 \$ 142,226 \$ 80,67 \$ 846,892 \$ 4,705,373 \$ 551,326 \$ 317,261 \$ 25,267	
11 12 13	340 341 345	Office Furniture & Equipment Transporation Equipment Power Operated Equipment		\$ 76,666 \$ 139,695 \$ 61,898		\$ 76,666 \$ 139,695 \$ 61,898	
14		Total Water Plant in Service: Less: Accumulated Provision for		<u>\$ 7,220,315</u>		<u>\$ 7,220,315</u>	
15		Depreciation and Amortization:		<u>\$ (1,719,511</u> )	<u>\$</u>	<u>\$(1,719,511</u> )	
16		Net Plant in Service before CIAC:		<u>\$ 5,500,804</u>	<u>\$</u>	\$_5,500,804	
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:		\$ 2,006,074	<u>\$</u>	\$ 2,006,074	
19 20 21	F	Working Capital Adjustment: Adjusted Operating Expenses: Average Daily Cash Flow Requirement: orty-five Day Working Capital Requirement:			Adjustment \$ 174,082		

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

		А	В		С
		Applicant	pplicant	Α	pplicant
	-	risdictional	est Year		djusted
Line No.	Description	er Books	 justments		est 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	\$ 77,091	\$ 6,468	\$	83,559
	State Taxable Income Amount 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	 		\$	2,467
6	KANSAS INCOME TAX - CURRENT			\$	5,667
7	TAXABLE FEDERAL INCOME	\$ 77,091	\$ 6,468	\$	77,893
	FEDERAL TAXABLE INCOME				
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			\$	14,473
14	STATE MARGINAL TAX RATE				7.35%
15	FEDERAL MARGINAL TAX RATE				18.58%
16	SUMMARY OF INCOME TAXES - CURRENT				
17	KANSAS INCOME TAX - CURRENT			\$	5,667
18	FEDERAL INCOME TAX - CURRENT			\$	14,473
19	TOTAL INCOME TAXES - CURRENT			\$	_20,140

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

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

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

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

Capitalization and Cost of Capital

# 11/13/2011

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

Line <u>No</u>	Description	A Applicant Jurisdictional <u>Per Books</u>		B Applicant Test Year <u>Adjustments</u>	<u>Ca</u>	C Applicant Adjusted pital Structure	D Capitalization <u>Ratios</u>	E Cost of <u>Capital</u>	F Weighted Cost of <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	Contibuted 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>\$</u>	33,111		<u>\$</u>	33,111	<u>0.55%</u>	<u>0.00%</u>	<u>0.00%</u>
7	Total	\$	6,055,935		\$	6,055,935	<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

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

		Α	в	с	D	E	F		G Gallons per	H Total	Res	I . & Comm.	J Dist. # 10		K Dist#6	Un	L		M Total		N erage	Revenue	
Line		Unmetered	Dist # 10	Dist#6	Residential	Total	Water		Residential	Residential		ter Sales	Water Sale		Nater Sales		ter sales	w	ater Sales		l per	1.000	
<u>No</u>	Month	Usage	<u>Usaqe</u>	<u>Usaqe</u>	Usage	Consumed	Losses	Month	Customer	Customers	ļ	Dollars	Dollars		Dollars		Dollars		Dollars		tomer		
1	Jan-10	-	1,749	789	7,929	10,466	(3,101)		6,863	1,525		71,697					200	\$	78,974	\$ 5	51.79	\$ 7.55	
2	Feb-10	•	1,385	1,096	7,017	9,498	131	Feb-10	6,232	1,524		71,131	\$ 3,9	19 1	2,936	\$	•	\$	77,986	\$ 5	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	\$ 4,1	70 \$	2,996	\$	50	\$	76,666	\$ 5	50.27	\$ 8.14	
4	Apr-10	-	1,909	1,087	7,769	10,764	516	Apr-10	7,040	1,529	\$	76,745	\$ 5,4	22 \$	5 2,912	\$	-	\$	85,079	\$ 5	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	\$ 5,5	41 \$	3,145	\$	•	\$	90,393	\$ 5	59.20	\$ 7.84	
8	Jun-10	-	2,185	1,159	10,324	13,667	640	Jun-10	8,945	1,528	\$	96,031	\$ 6,2	16 \$	5 3,106	\$	-	\$	105,352	\$ e	8.95	\$ 7.71	
7	Jul-10	-	1,214	1,160	10,371	12,745	3,426	Jul-10	8,363	1,524	\$	96,059	\$ 3,4	49 5	3,109	5	-	\$	102,617	\$ E	57.33	\$ 8.05	
8	Aug-10	-	1,214	1,466	12,637	15,318	1,847	Aug-10	10,031	1,527	\$	114,274	\$ 3,4	49 5	3,929	\$	-	\$	121,651	\$ 7	9.67	\$ 7.94	
9	Sep-10	873	1,214	1,122	7,795	10,132	2,302	Sep-10	6,618	1,531	\$	75,283	\$ 3,4	49 5	3,006	\$	-	\$	81,738	\$ 5	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	\$ 4,6	51 \$	2,894	\$	6,873	\$	104,642	\$ e	58.30	\$ 8.52	
11	Nov-10	462	1,497	1,000	7,355	9,852	3,078	Nov-10	6,440	1,530	\$	76,429	\$ 4,2	43 5	2,680	\$	3,044	\$	86,396		6.47	\$ 8.77	
12	Dec-10	233	1,192	1,165	7,486	9,843	3,830	Dec-10	6,425	1,532	\$	74,430	\$ 3,3	55 S	3,123	\$	431	\$	81,350	\$ 5	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	\$ 52,8	48 5	35,950	\$	10,598	\$	1,092,845	\$ 5	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.	B4 S	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									Difference								
20	Rate of Use;		1.4		1.4	1.3									From								
					Test Year Revenues:		Test Year Water					Month	Gallons/Ho	ur i	Average								
					\$ 1,092,845		152,722					Jan-10		.2	(0.9)	5							
														-	(0.0)								

		From
Month	Gallons/Hour	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)

672

# SECTION 8 SCHEDULE 2 PAGE 8 of 37

# Suburban Water Company Jurisdictional Water Sales Analysis - Gallons

#### Suburban Water Company lumin die ti venues

Jurisdictional	water	Sales	Analysis	- 1	Revenue

		A	8		с	D	E		F Gallons per	G Total	H Total	Residential	Commercial	l Dist # 10	J Dist#6	Hydrant/unmetered	K L Average Revenue
Line <u>No</u>	Month	Unmetered <u>Usage</u>	Dist#10 <u>Usage</u>	Dist #6 <u>Usage</u>	Residential <u>Usage</u>	Total Consumed	Water Losses	Month	Residential <u>Customer</u>	Residential Customers	Water Sales <u>Dollars</u>	Water Sales <u>Dollars</u>	Water Sales Dollars	Water Sales <u>Dollars</u>	Water Sales Dollars	Water Sales Dollars	Bill per 1,000 Customer Gations
1	Jan-02	-	382,100		5,536,636	5,918,736	(954,220)	Jan-02	6,469	915				\$ 1,096.66	-		\$ 37.23 \$ 5.75
2	Feb-02	-	689,620 313,210		5,099,328 5,297,465	5,988,948 5,610,675	531,364 1,602,577	Feb-02 Mar-02	6,531 6,119		\$ 31,911.52 \$ 32,909.39			\$ 2,553.21 \$ 898.91	•		\$ 34.80 \$ 5.33 \$ 35.89 \$ 5.87
3	Mar-02 Apr-02	-	162,400		5,828,681	5,991,081	926,919	Apr-02	6,533		\$ 34,034.02			\$ 466.09	-		\$ 37.11 \$ 5.68
5	May-02	100,000	338,110		6,512,483	6,950,593	40,879	May-02	7,498		\$ 35,164.57			\$ 970.38	-		\$ 37.93 \$ 5.06
6	Jun-02	160,300	474,750		9,116,139	9,751,189	1,367,495	Jun-02	10,485		\$ 48,644.82			\$ 1,362.53	-		\$ 52.31 \$ 4.99
7	Jul-02	184,100	504,950		9,542,343	10,231,393	235,875	Jul-02	10,931		\$ 50,879.01			\$ 1,449.21	-		\$ 54.36 \$ 4.97
8	Aug-02	145.000 47,000	558,000 447,650		8,211,939 7,436,163	8,914,939 7,930,813	1,078,429 2,150,799	Aug-02 Sep-02	9,494 8,357		\$ 49,190.69 \$ 42,289.37			\$ 1,601.46 \$ 1,284.76	-		\$ 52.39 \$ 5.52 \$ 44.56 \$ 5.33
9 10	Sep-02 Oct-02	47,000	500,600		5,830,861	6,396,461	664,371	Oct-02	6,663		\$ 36,932.32			\$ 1,436.72			\$ 38.47 \$ 5.77
11	Nov-02	625,000	535,900		5,718,619	6,679,519	1,011,761	Nov-02	7,107		\$ 34,595.26			\$ 1,538.03	-		\$ 35.74 \$ 5.03
12	Dec-02	600,000	495,400		5,689,700	6,785,100	1,198,700	Dec-02	6.988	971	\$ 34,343.47			\$ 1,421.80	-		\$ 35.37 \$ 5.06
13	Sub-total	1,926,400	5,602,690		79,820,357	87,349,447	9,854,949	Totals:	7,767	937	\$ 464,955.84			\$ 16,079.76			\$ 41.34 \$ 5.32
14																	
15 16	Jan-03 Feb-03	-	582,050 515,700		6,237,711 6,007,136	6,819,761 6,522,838	846,635 1,028,730	Jan-03 Feb-03	6,959 6,622		\$ 37,215.19 \$ 35,894.47			\$ 1,670.48 \$ 1,480.06			\$ 37.97 \$ 5.46 \$ 36.44 \$ 5.50
10	Mar-03	150,000	634,050		4,878,711	5,662,761	3,038,371	Mar-03	5,737	300	\$ 31,085.52			\$ 1,819.72	-		\$ 31.49 \$ 5.49
18	Apr-03	250,000	547,600		6,189,344	6,986,944	689,504	Apr-03	7,050	991	\$ 37,071.29			\$ 1,571.61	-		\$ 37.41 \$ 5.31
19	May-03	2,000,000	756,450		6,754,146	9,510,598	1,162,249	May-03	9,587	992				\$ 2,171.01	-		\$ 40.22 \$ 4.19
20	Jun-03	3,143,700	449,100		7,048,950	10,641,750	(1,496,983)	Jun-03	10,706	994				\$ 1,288.92	-		\$ 43.65 \$ 4.08
21 22	Jul-03 Aug-03	3,820,300 1,803,430	644,800 509,000		12,382,200 11,086,005	16,847,300 13,398,435	1,294,378 529,117	Jul-03 Aug-03	16,830 13,149	1,001 1,019				\$ 1,850.58 \$ 1,460.83			\$ 70.42 \$ 4.18 \$ 59.93 \$ 4.56
22	Sep-03	1,300,000	607,600		7,682,592	9,590,192	466,504	Sep-03	9,338	1,027				\$ 1,743.81			\$ 43.20 \$ 4.63
24	Oct-03	800,000	467,400		6,359,052	7,626,452	361,124	Oct-03	7,390	1,032				\$ 1,341.44	-		\$ 37.16 \$ 5.03
25	Nov-03	800,008	365,900		6,314,398	7,460,298	466,462	Nov-03	7,165	1,044				\$ 1,050.13	-		\$ 36.73 \$ 5.13
26	Dec-03	500,000	257,750		5,261,381	6,019,131	466,937	Dec-03	5,620	1,071				\$ 739.74	-		<u>\$ 30.07</u> <u>\$ 5.35</u>
27 26	Sub-total	14,567,430	6,337,400		86,201,830	107,106,460	8,853,028	Totals:	8,835	1,010	\$ 509,360.93			\$ 18,188.33			\$ 42.02 \$ 4.76
29	Jan-04	1,000,000	226,500		4,572,719	5,799,219	1,430,733	Jan-04	5,375		\$ 34,943.40			\$ 650.06	-		\$ 32.38 \$ 6.03
30	Feb-04	250,000	1,300		5,920,287	6,171,587	413,593	Feb-04	5,714	1,080				\$ 3.73	-		\$ 35.13 \$ 6.15
31	Mar-04	850,000	16,130		4,066,570	4,932,700	1,251,168	Mar-04	4,546	1,085				\$ 46.29 \$ 1.235.82	-		\$ 29.51 \$ 6.49 \$ 37.20 \$ 6.06
32 33	Apr-04 May-04	1,000,000 500,000	430,600 368,700		5,232,359 6,000,021	6,662,959 6,868,721	1,520,237 805,159	Apr-04 May-04	6,135 6,244	1,086 1,100				\$ 1,235.82 \$ 1,058.17	-		\$ 37.20 \$ 6.06 \$ 37.76 \$ 6.05
34	Jun-04	500,000	221,650		6,676,179	7,397,829	2,338,431	Jun-04	6,707	1,103				\$ 636.14	-		\$ 39.91 \$ 5.95
35	Jul-04	000,000	308,900		6,564,941	6,873,841	3,444,363	Jul-04	6,283	1,094	\$ 42,338.58			\$ 886.54	-		\$ 38.70 \$ 6.16
36	Aug-04		495,100		8,681,205	9,176,305	(103,741)	Aug-04	8,128	1,129				\$ 1,420.94	-		\$ 47.11 \$ 5.80
37	Sep-04		422,750		7,408,046	7,830,796	2,868,716	Sep-04	6,899	1,135 1,141				\$ 1,213.29 \$ 622.93	-		\$ 41.01 \$ 5.94 \$ 36.85 \$ 6.10
38 39	Oct-04 Nov-04		210,750 173,550		6,680,199 5,798,581	6,890,949 5,972,131	1,681,975 1,319,073	Oct-04 Nov-04	6,039 5,135	1,163				\$ 498.09	-		\$ 31.26 \$ 6.09
40	Dec-04		10,900		6,000,605	6,011,505	946,939	Dec-04	5,134	1,171				\$ 232.00			\$ 32.44 \$ 6.32
41	Sub-total	4,100,000	2,886,830		73,601,712	80,588,542	17,916,646	Totals:	6,029		\$ 489,332.42			\$ 8,504.00			\$ 36.61 \$ 6.07
42		4,100,000	2,000,000														
43	Jan-05		-		6,237,590	6,237,590	318,158	Jan-05	5,327		\$ 39,424.14			\$ 232.00	-		\$ 33.67 \$ 6.32
44	Feb-05		-		5,958,536 5,638,683	5,958,536 5,781,533	868,728 699,535	Feb-05 Mar-05	5.041 4.879	1,182 1,185	\$ 38,127.45 \$ 35,831.34			\$ 232.00 \$ 354.98	-		\$ 32.26 \$ 6.40 \$ 30.24 \$ 6.20
45 46	Mar-05 Apr-05		142,850 328,300		8,818,559	9,146,859	(1,631,323)	Apr-05	4,879	1,105				\$ 887.22	-		\$ 30.24 \$ 6.20 \$ 47.35 \$ 6.18
47	May-05		412,950		7,597,930	8,010,680	2,725,840	May-05	6,721	1,192	\$ 49,640.70			\$ 1,130.17	-		\$ 41.64 \$ 6.20
48	Jun-05		319,450		8,841,140	9,160,590	2,187,730	Jun-05	7,546	1,214				\$ 861.82	-		\$ 47.09 \$ 6.24
49	Jul-05		390,950		10,300,085	10,691,035	3,765,931	Jul-05	8,678	1,232				\$ 1,067.03	-		\$ 52.91 \$ 6.10 • 61.43 \$ 5.06
50 51	Aug-05 Sep-05		442,350 380,250		12,414,750 8,219,118	12,857,100 8,599,368	(1,101,712) (704,092)	Aug-05 Sep-05	10,302 6,852	1,248 1,255				\$ 1,214.54 \$ 1,036.32	-		\$ 61.42 \$ 5.96 \$ 42.75 \$ 6.24
52	Oct-05		396,750		7,180,622	7,577,372	244,808	Oct-05	5,981	1,267				\$ 1,083.67	-		\$ 37.72 \$ 6.31
53	Nov-05		471,000		7,094,325	7,565,325	202,643	Nov-05	5,878	1,287	\$ 47,164.59			\$ 1,296.77	-		\$ 36.65 \$ 6.23
54	Dec-05		435,000		6,538,246	6,973,246	1,214,214	Dec-05	5,414	1,288	\$ 44,228.80			\$ 1,193.45	-		<u>\$ 34.34</u> <u>\$ 6.34</u>
55 56	Sub-total	-	3,719,850		94,839,584	98,559,434	8,790,460	Totals:	6,698	1,226	\$ 611,410.00			\$ 10,589.97			\$ 41.55 <b>\$</b> 6.20
57	Jan-06		465,050		7,117,735	7,582,785	664,607	Jan-06	5,860	1,294	\$ 47,323.30			\$ 1,279.69			\$ 36.57 \$ 6.24
58	Feb-06		422,350		6,873,980	7,296,330	658,034	Feb-06	5,613	1,300	\$ 46,227.69			\$ 1,157.14	-		\$ 35.56 \$ 6.34
59	Mar-06		481,500		6,734,815	7,216,315	1,831,181	Mar-06	5,555	1,299				\$ 1,326.91	-		\$ 34.76 \$ 6.26
60	Apr-06		408,950 410,350		8,352,321 9,231,896	8,761,271 9,642,246	785,821 784,542	Apr-06 May-06	6,683 7,383	1,311 1,306				\$ 1,118.69 \$ 1,122.70	•		\$ 41.51 \$ 6.21 \$ 45.39 \$ 6.15
61 62	May-06 Jun-06		410,350 464,600		12,128,900	9,642,246	(1,030,176)	Jun-06	9,519	1,323	\$ 75,597.41			\$ 1,278.40	-		\$ 57.14 \$ 6.00
63	Jul-06		453,000		12,926,539	13,379,539	5,748,669	Jul-06	10,037	1,333	\$ 80,116.49			\$ 1,245.11	-		\$ 60.10 \$ 5.99
64	Aug-06		554,700		13,749,884	14,304,584	(2,584,948)	Aug-06	10,464	1,367				\$ 1,536.99	-		\$ 61.31 \$ 5.86
65	Sep-06		313,110		9,549,475	9,862,585	2,216,459	Sep-06	7,300	1,351	\$ 62,087.13			\$ 843.63	-		\$ 45.96 \$ 6.30

#### Suburban Water Company Jurisdictional Water Sales Analysis - Gallons

Suburban Water Company Jurisdictional Water Sales Analysis - Revenues

		A	в		с	D	E		F	G	н			1	J		к	L
Line		Unmetered	Dist # 10	Dist #6	Residential	Total	Water		Gallons per Residential	Total Residential	Total Water Sales	Residential Water Sales	Commercial Water Sales	Dist. # 10 Water Sales	Dist. # 6 Water Sales	Hydrani/unmetered Water Sales	Bill per 1	evenue 1,000
<u>No</u> 66	Month Oct-06	Usage	<u>Usage</u> 184,310	<u>Usage</u>	<u>Usaqe</u> 8,595,963	Consumed 8,760,273	Losses 1,605,751	Month Oct-06	Customer 6,461	Customers 1,359	Dollars \$ 57.587.52	<u>Dollars</u>	Dollars	Dollars \$ 473.97	Dollars	Dollars		allons 6.56
67	Nov-06		60		6,889,375	6,889,435	3,760,701	Nov-06	5,044	1,366	\$ 49,119.16			\$ 232.00	-		\$ 35.96 \$	7.13
68 69	Dec-06 Sub-total	_	4,157,980		8,933,716 109,084,599	6,933,716 113,242,579	2,322,468	Dec-06 Totals:	5,046		\$ 49,466.86 \$ 710,189.97			\$ 232.00 \$ 11,847.23	-		\$ 36.00 \$ \$ 44.43 \$	7.13
70	000-1018		4,131,300		103,004,033	113,242,375	10,703,103	TOLDIS.	7,005	1,352	a /10,109.57			a 11,047.23			3 44.43 \$	0.27
71 72	Jan-07 Feb-07	38,000 21,350	490 6,300		7,181,379 6,685,820	7,219,869 6,713,470	588,993 679,699	Jan-07 Feb-07	5,336 4,944	1,353 1,358	\$ 51,271.24 \$ 48,689.73	50,842 47,877		\$ 232.00 \$ 232.00	-	100 494	\$ 37.89 \$ \$ 35.85 \$	7.10 7.25
73	Mar-07	-	26,750		6,570,217	6,596,967	946,885	Mar-07	4,812	1,371	\$ 47,776.69	47,453	\$ 31.97	\$ 232.00		60	\$ 34.85 \$	7.24
74 75	Apr-07 May-07	6,025	4,850 5,700		7,419,370 9,162,027	7,424,220 9,173,752	3,029,735 1,395,250	Apr-07 May-07	5,368 6,600	.,	\$ 52,823.57 \$ 62,558.94	52,507 62,210	\$ 84.27 \$ 56.31	\$ 232.00 \$ 232.00	-	- 60		7.12 6.82
76	Jun-07		7,050		9,846,520	9,653,570	1,297,807	Jun-07	7,058	1,396	\$ 66,968.36	66,527	\$ 30.81	\$ 232.00	-	179	\$ 47.97 \$	6.80
77 78	Jul-07 Aug-07		7,150 732,400		12,595,695 12,848,308	12,602,845 13,578,708	2,215,551 1,483,403	Jul-07 Aug-07	9,067 9,748	.,	\$ 81,708.23 \$ 71,756.63		\$ 87.43 \$ 71.83	\$ 232.00 \$ 733.53	-	-	\$ 58.78 \$ \$ 51.51 \$	
79	Sep-07		2,401,850		10,820,513	13,222,363	174,371	Sep-07	9,391	1,408	\$ 78,630.61	70,980	\$ 54.50	\$ 7,066.19	-	530	\$ 55.85 \$	5.95
80 81	Oct-07 Nov-07		543,450 1,346,800		7,913,649 7,426,175	8,457,099 6,774,975	359,454 1,020,209	Oct-07 Nov-07	5,960 6,184		\$ 56,942.19 \$ 56,981.04	55,309 53,113	\$ 128.63 \$ 51.73	\$ 1,504.70 \$ 3,818.04	-	-	\$ 40.13 \$ \$ 40.18 \$	6.73 6.49
82	Dec-07		1,613,200		7,283,739	8,896,939	1,488,728	Dec-07	6,243	1,425	\$ 56,635.60	51,986	\$ 34.94	\$ 4,574.88	-		\$ 39.74 \$	
		65,375	6,697,990		105,751,412	112,514,777	14,682,085	Totals:			\$ 732,742.83	\$ 711,144.79	\$ 816.67	\$ 19,319.34	:	\$ 1,462.03		
83	Jan-08		1,927,800		7,649,716	9,577,516	2,071,492	Jan-08	6,674	1,435				\$ 5,477.79	-	-		6.13
84 85	Feb-08 Mar-08	210,000 50,000	1,598,250 1,487,250		6,813,710 6,996,455	8,619,960 8,533,705	1,331,716 1,050,691	Feb-08 Mar-08	6,003 5,943			• • • • • • • • • • •		\$ 4,526.24 \$ 4,213.41	-	-		7.15 7.32
86	Apr-08	12,500	1,587,600		7,222,380	6,622,480	870,688	Apr-08	6,135	1,438	\$ 64,126.06	\$ 58,855.60	\$ 769.05	\$ 4,501.41			\$ 44.59 \$	7.27
67 66	May-08 Jun-08	191,500 187,000	1,347,250 1,750,850		9,434,791 9,618,484	10,973,541 11,556,334	870,115 2,569,478	May-08 Jun-08	7,610 7,942	1,442 1,455				\$ 3,811.61 \$ 4,969.94	-	-		7.07 6.89
89	Jul-08	15,000	1,947,700		11,903,605	13,868,305	1,061,723	Jul-08	9,472	1,464	\$ 97,101.86	\$ 88,360.45	\$ 1,745.51	\$ 5,534.90	-	1,461	\$ 66.33 \$	7.00
90 91	Aug-08 Sep-08	122,500	2,167,050 1,761,550		11,029,928 9,655,224	13,319,478 11,416,774	274,618 440,334	Aug-08 Sep-08	9,098 7,756	1,464 1,472		\$ 62,301.99 \$ 73,207.22		\$ 6,164.43 \$ 5,000.65	-	:		6.79 7.03
92	Oct-08		505,750		7,839,887	8,345,637	687,931	Oct-08	5,662	1,474	\$ 67,494.17	\$ 62,762.08	\$ 1,132.09	\$ 1,396.50	-	2,204	\$ 45.79 \$	8.09
93 94	Nov-08 Dec-08	500,000	193,400 78,900		6,925,415 7,936,495	7,118,815 8,517,395	46,741 5,063,681	Nov-08 Dec-08	4,804 5,739	1,482 1,484			\$ 878.32 \$ 801.21		-	- 515	\$ 39.85 \$ \$ 43.75 \$	
		1,288,500	16,351,350		103,028,090	120,667,940	16,339,208	Totals:			\$ 863,238.37	\$ 798,747.52	\$ 13,981.81	\$ 46,329.54		\$ 4,179.50		
95	Jan-09		1,942,950		7,461,969	9,404,919	618,993	Jan-09	6,312	1,490	\$ 67,393.37	\$ 60,899.39	\$ 972.71	\$ 5,521.27	-		\$ 45.23 \$	7 17
96	Feb-09		2,329,700	-	6,930,222	9,259,922	(124,806)	Feb-09	6,190	1,496	\$ 70,991.05	\$ 63,339.03	\$ 1,020.78	\$ 6,631.24		-	\$ 47.45 \$	7.67
97 98	Mar-09 Apr-09		2,696,300 2,434,150		7,058,696 7,184,173	9,754,996 9,618,323	(387,692) (96,153)	Mar-09 Apr-09	6,499 6,421	1,501 1,498		\$ 63,659.21 \$ 63,814.75	\$ 1,098.32 \$ 1,146.48	\$ 7,683.38 \$ 6,931.01		-		7.43 7.47
99 100	May-09 Jun-09		2,546,950 2,555,700	:	8,229,805	10,776,755	210,725	May-09 Jun-09	7,185	1,500			\$ 1,159.60	\$ 7,254.75	-	•	\$ 52.69 \$	
101	Jul-09		2,610,900		11,109,931 10,411,778	13,665,631 13,022,678	(483,251) 408,344	Jut-09	9,080 8,602	1,505 1,514			\$ 2,825.85 \$ 2,063.91	\$ 7,279.86 \$ 7,438.28	-	250	\$ 66.49 \$ \$ 62.24 \$	7.32 7.24
102 103	Aug-09 Sep-09		2,602,050 1,609,250	593,900	9,461,276 9,220,628	12,063,326 11,423,778	1,089,608 523,376	Aug-09 Sep-09	7,931 7,496				\$ 1,734.01 \$ 1,831.53	\$ 7,412.88	s 1,591.65	-	\$ 58.45 \$	7.37
104	Oct-09		1,227,260	299,050	7,232,809	8,759,119	1,299,307	Oct-09	5,736						\$ 1,340.00	\$ 247.85		7.52 8.00
105 106	Nov-09 Dec-09		1,147,700 1,189,900	276,650 280,500	7,468,730 7,411,611	6,893,060 8,682,011	225,756 3,115,267	Nov-09 Dec-09	5,816 5,817	1,529 1,527	\$ 72,179.16 \$ 71,095.29		\$ 1,155.04 \$ 2,353.84		\$ 741.42 \$ 1.340.00	s -	\$ 47.21 \$ \$ 46.56 \$	8.12
	50000	-	24,892,810	1,450,100	99,181,628	125,524,538	6,399,474	Totals:		1,021	\$ 944,200.42			\$ 70,783.18		\$ 718.85	3 40.00 A	0.00
107	Jan-10		1,748,700	768,650	7,928,822	10,466,172	(3,100,917)	Jan-10	6,863	1,525	\$ 78,973.90	\$ 69,162.89	\$ 2,533.65	\$ 4,963,77	\$ 2,113.59	\$ 200 no	\$ 51,79 <b>\$</b>	7.55
108 109	Feb-10 Mar-10		1,384,650 1,472,250	1,095,600	7,017,309 6,826,545	9,497,559	131,107 1,901,359	Feb-10 Mar-10	6,232 6,175		\$ 77,985.81	\$ 69,281.03	\$ 1,849.62	\$ 3,918.95	\$ 2,936.21	s -	\$ 51.17 \$	8.21
110	Apr-10		1,908,500	1,086,650	7,789,156	9,416,745 10,764,306	515,554	Apr-10	7.040		• •••••••••		\$ 421.25 \$ 1,524.27		\$ 2,996.11 \$ 2,912.22			8.14 7.90
111 112	May-10 Jun-10		1,949,700 2,184,900	1,173,450 1,158,850	8,410,547 10,323,702	11,533,697 13,667,452	2,192,089 639,724	May-10 Jun-10	7,553 8,945				\$ 1,240.64 \$ 2,041.47		\$ 3,144.85 \$ 3,105.72			7.84
113	Jul-10		1,214,390	1,160,000	10,371,066	12,745,456	3,426,104	Jul-10	8,363	1,524	\$ 102,617.12	\$ 93,867.64	\$ 2,191.81	\$ 3,448.87	\$ 3,108.80			7.71 B.05
114 115	Aug-10 Sep-10	673.000	1,214,390 1,214,390	1,465,950 1,121,800	12,637,362 7,795,338	15,317,702 11,004,528	1,847,166 1,428,944	Aug-10 Sep-10	10,031 7,188		\$ 121,651.39 \$ 81,738.02		\$ 4,136.78 \$ 1,734.13		\$ 3,928.75 \$ 3,006.42			7.94 7.43
116	Oct-10	500,000	1,643,200	1,079,750	9,557,756	12,780,706	(57,162)	Oct-10	8,342	1,532	\$ 104,641.63	\$ 68,701.91	\$ 1,511.91	\$ 4,660.98	\$ 2,893.73	\$ 6,873.10	\$ 68.30 \$	8.19
117 118	Nov-10 Dec-10	462,000	1,497,450 1,191,800	1,000,000	7,355,043 7,486,253	10,314,493 10,076,253	2,616,115	Nov-10 Dec-10	6,741 6,577	1,530 1,532					\$ 2,680.00 \$ 3,123.27		\$ 56.47 \$ \$ 53.10 \$	
	200.00	2,067,600	18,624,320	13,414,050	103,478,899	137,585,069	15,136,798	Totals:	0,011_	1,002		\$ 971,199.53			\$ 35,949.67		<u> </u>	3.07
119	Jan-11		1,177,150	1,326,300	8,061,505	10,564,955	1,430,617	Jan-11	6,919	1,527		\$ 76,731.60	\$ 2,306.93	\$ 5,332.42	\$ 3,554.48	s -	\$   57.27   \$	8.28
120 121	Feb-11 Mar-11		1,090,300 1,501,963	1,207,250 1,689,250	6,493,159 7,100,046	8,790,709 10,291,259	2,615,059 549,169	Feb-11 Mar-11	5,761 6,731				\$ 1,685.42 \$ 2,175.68		\$ 3,235.43 \$ 4,527.19		\$ 49.49 \$	8.59 8.02
121	Apr-11		1,375,622	1,203,300	7,693,712	10,272,634	880,290	Apr-11	6,714	1,529					\$ 4,527.19 \$ 3,224.84		\$ 55.75 \$	

SECTION 8 SCHEDULE 2 PAGE 10 of 37

Suburban Water Company	Suburban Water Company
Jurisdictional Water Sales Analysis - Gallons	Jurisdictional Water Sales Analysis - Revenues
Surscictional Water Sales Analysis - Galions	Juriscicuonal Water Sales Analysis - Revenues

		A	в		с	D	E		F	G	н			1	J		к	L
									Gallons per	Total	Total	Residential	Commercial	Dist. # 10	Dist # 6	Hydrant/unmetered	Average	Revenue
Line		Unmetered	Dist # 10	Dist #6	Residential	Total	Water		Residential	Residential	Water Sales	Water Sales	Water Sales	Water Sales	Water Sales	Water Sales	Bill per	1,000
No	Month	Usage	Usage	Usage	Usage	Consumed	Losses	Month	Customer	Customers	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Customer	Gallons
123	May-11		2,073,861	130	9,576,520	11,650,511	108,417	May-11	7,640	1,525	\$ 97,784.35	\$ 86,015.77	\$ 2,713.73	\$ 5,896.98	\$ 0.35	5 -	\$ 64,12	\$ 8,39
124	Jun-11		1,589,067	864,070	10,336,044	12,789,181	2,233,015	Jun-11	8,203	1,559	\$ 109,792.74	\$ 96,625.39	\$ 2,382,17	\$ 5,592,64	\$ 2.461.69	5 -	\$ 70.43	\$ 8.58
125	Jul-11		1,630,389	684,950	13,371,812	15,687,151	2,443,613	Jul-11	10,253	1,530	\$ 134,941.57	\$ 121,303,31	\$ 2,911.50	\$ 5,741.40	\$ 2,109.65			\$ 8.60
126	Aug-11	325,000	1,396,613	191,200	11,502,213	13,417,226		Aug-11	8,764	1,531	\$ 117,451.58	\$ 105,195.69	\$ 3,438.89	\$ 4,907.73	\$ 588.90	5 -		\$ 8.75

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

Line <u>No</u>	Test Year <u>Month</u>	A Water Pumped <u>Harper</u>	B Water Pumped <u>Moran</u>	C Water Purchased <u>KCKBPU</u>	D Total Pumped and <u>Bought</u>	E BPU as a Percent <u>of Total</u>		F Actual Cost of <u>BPU Water</u>		G st per Gallons	H Pumped Water <u>Costs</u>	l Cost per 1,000 <u>Gallons</u>	J 2010 Normailized Cost of <u>BPU water</u>
1 2 3	Jan-10 Feb-10 Mar-10	- - -	5,505 5,764 5,732	1,860 3,865 5,586	7,365 9,629 11,318	25.3% 40.1% 49.4%	\$	3,903.16 7,914.74 11,359.01	\$ \$ \$	2.10 2.05 2.03	\$ 4,529 \$ 4,742 \$ 4,716		\$  128.48 \$  461.41 \$  747.26
4 5 6 7	Apr-10 May-10 Jun-10 Jul-10	-	5,842 6,031 5,771	5,438 7,695 8,536	11,280 13,726 14,307 16,171	48.2% 56.1% 59.7%	\$ \$	11,062.62 15,578.64 17,262.60	\$ \$ \$	2.03 2.02 2.02	\$ 4,748	\$ 0.823 \$ 0.823	\$ 722.67 \$ 1,097.47 \$ 1,237.23
7 8 9 10	Aug-10 Sep-10 Oct-10	-	4,880 3,988 5,448 5,167	11,291 13,177 6,986 7,557	16,171 17,165 12,434 12,724	69.8% 76.8% 56.2% 59.4%	\$ \$	22,775.53 28,397.08 15,139.32 16,363.06	\$ \$ \$	2.02 2.16 2.17 2.17	\$ 3,281 \$ 4,482	\$ 0.823 \$ 0.823 \$ 0.823 \$ 0.823	\$    1,694.76 \$     159.97 \$     - \$     14.77
11 12 13	Nov-10 Dec-10 Totals:	- - -	6,145 6,181 66,454	6,785 7,492 86,268	12,930 13,673 152,722	52.5% 54.8% 56.5%	\$	14,710.04 17,327.13 181,792.93	\$ \$ \$	2.17 2.31 2.11	\$ 5,085	\$ 0.823 \$ 0.823 \$ 0.823	\$ (5.17) \$ (1,090.33) \$ 5,168.51
14 15			Test Year K(		Test-Year Cost Test Year	•		ljusted Test Year	per 1	,000 gal		_	
16 17 18 19			Moran Harper KCKBPU	44% 0% Sub-total 56%	66,454 - 66,454 86,268	44% 0%_ 56%		66,454 	\$ \$		Cost of Pumped	•	-
20 21			KCKBFU	Totals 100%	152,722	100%		152,722			Weighted Cost		later per 1,000 gallions 000 galions
22 23 24				-	Adjusted Test-Y Test Year			hased Water per 1,00 djusted Test Year	per 1	,000 gal	•		
25 26 27 28			Moran Harper KCKBPU	44% 0% 56%	66,454 - 66,454 86,268	44% 0%_ 56%		66,454 - 66,454 86,268	\$ \$		Cost of Pumped		00 gallons /ater per 1,000 gallions
29				Totals:	152,722			152,722			Weighted Cost		
30 31 32			KCKBPU 20	12 Rate Increa		'ear Cost of		hased Water per 1,0 diusted Test Year		lons ,000 gal			
33 34 35			Moran Harper	44% 0%	66,454 - 66,454	44% 0%		66,454 	\$		Cost of Pumped	Water per 1,0	00 gallons
36 37			KCKBPU	56% Totals:	86,268 152,722	56%		86,268 152,722			KCKBPU Cost of Weighted Cost of		/ater per 1,000 gaillons 000 gallons
38 39 40			KCKBPU 20	-		'ear Cost of		hased Water per 1,0 djusted Test Year		lons ,000 gal	_		
41 42 43 44			Moran Harper KCKBPU	44% 0%	66,454 	44% 0%		66,454 - 66,454	•		Cost of Pumped		-
44 45			NUKBPU	56% Totals:	86,268 152,722	56%		86,268 152,722	\$ \$		Weighted Cost		fater per 1,000 gallions 000 gallons

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

Line <u>No</u> 1	Month C	Sustomers	Water Purchased 1,000 Gallons <u>KCKBPU</u> per 1,000 gallo	Actual 2010 Cost of Purchased <u>Water</u> ns	2010 Normalized Cost of Purchased <u>Water</u> \$ 2.17	Diff in <u>Costs</u>	2011 formalized Cost of Purchased <u>Water</u> 2.31	Diff in <u>Costs</u>	N Pura	010 Total ormalized Cost of hased Water djustment	2012 Normalized Cost of Purchased <u>Water</u> \$ 2.45	Diff in <u>Costs</u>	2013 Normalized Cost of Purchased <u>Water</u> 2.63	Diff in <u>Costs</u>	T	ease Over est Year Cost of nased Water
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	Jui-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%

.

#### Suburban Water Company Normilized Adjustment for Water Sales Test Year Ending December 31, 2010

																Dist#6	Dist # 10					
			Residential	Ac	tual 2010	Ac	tual 2010				Normalized					Actual 2010		Normalized	Normalized	1	Dist#6	Dist # 10
			Commercial	Cust	tomer Chg.	Wa	ter Sales	Т	otal 2010		2011		rmalized	Dist#6	Dist # 10			2011	2011		rmalized	Normalized
Line	Test Year N		Water Sales		Charge		Charge		Water	۱	Water Sales		ter Sales	Test Year	Test Year		Charge	Water Sales			ter Sales	Water Sales
No	Month C	ustomers	1,000 Gallons	R	evenues	R	evenues_	F	Revenues		Revenues	Adj	ustments	Sales	Sales_	Revenues	Revenues	Dist#6	Dist # 10	Ad	ustments	Adjustments
1	Effective Feb	ruary 1, 200	9		\$17.67		\$6.82															
2	Effective Feb		0		\$20.00		\$7.33															
3	Effective Jun	e 1, 2011									\$7.86							\$3.08	\$3.52			
4	Jan-10	1,525	7,929	\$			54,075	\$	81,021		62,321		8,246	789	1,749		\$ 4,963.77			\$		\$ 1,191.65
5	Feb-10	1,524	7,017	\$	30,480		51,437	\$	81,917		55,156		3,719	1,096			\$ 3,918.95	\$ 3,374.45		\$	438.24	\$ 955.02
6	Mar-10	1,525	6,827	\$	30,500		50,039		80,539		53,657		3,618	1,118				\$ 3,443.29		\$	447.18	\$ 1,011.96
7	Apr-10	1,529	7,769	\$	30,580	\$	56,948	\$	87,528		61,066		4,118	1,087	1,909	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • •			\$	434.66	\$ 1,295.52
8	May-10	1,527	8,411	\$	30,540	\$	61,649	\$	92,189	\$	66,107	\$	4,458	1,173	1,950			\$ 3,614.23		\$	469.38	\$ 1,322.30
9	Jun-10	1,528	10,324	\$	30,560	\$	75,673	\$	106,233	\$	81,144	\$	5,472	1,159	2,185			\$ 3,569.26		\$	463.54	\$ 1,475.19
10	Jul-10	1,524	10,371	\$	30,480	\$	76,020	\$	106,500	\$	81,517	\$	5,497	1,160	1,214	\$ 3,108.80	\$ 3,448.87	\$ 3,572.80	\$ 4,274.65	\$	464.00	
11	Aug-10	1,527	12,637	\$	30,540	\$	92,632	\$	123,172	\$	99,330	\$	6,698	1,466	1,214	\$ 3,928.75	\$ 3,448.87	\$ 4,515.13	\$ 4,274.65	\$	586.38	\$ 825.78
12	Sep-10	1,531	7,795	\$	30,620	\$	57,140	\$	87,760	\$	61,271	\$	4,132	1,122	1,214	\$ 3,006.42	\$ 3,448.87	\$ 3,455.14	\$ 4,274.65	\$	448.72	\$ 825.78
13	Oct-10	1,532	9,558	\$	30,640	\$	70,058	\$	100,698	\$	75,124	\$	5,066	1,080	1,643	\$ 2,893.73	\$ 4,660.98	\$ 3,325.63	\$ 5,784.06	\$	431.90	\$ 1,123.08
14	Nov-10	1,530	7,355	\$	30,600	\$	53,912	\$	84,512	\$	57,811	\$	3,898	1,000	1,497	\$ 2,680.00	\$ 4,242.68	\$ 3,080.00	\$ 5,271.02	\$	400.00	\$ 1,028.34
15	Dec-10	1,532	7,486	\$	30,640	\$	54,874	\$	85,514	\$	58,842	\$	3,968	1,165	1,192	\$ <u>3,123.27</u>	\$ 3,365.47	\$ 3,589.43	\$ 4,195.14	\$	466.16	\$ 829.67
16	Totals:	-	103,479	\$	363,127	\$	754,457	\$	1,117,583	\$	813,344	\$	58,888	13,414	18,624	\$ 35,949.67	\$ 52,847.52	\$ 41,315.27	\$ 65,557.61	\$	5,365.60	\$ 12,710.09
										\$	1,176,471											
										\$	11.37											

## SECTION 8 SCHEDULE 4 PAGE 14 OF 37

Line <u>No</u>	<u>Month</u>	Water Pumped <u>Harper</u>	Water Pumped <u>Moran</u>	Water Purchased <u>KCKBPU</u>	Total Pumped and <u>Bought</u>	BPU as a Percent <u>of Total</u>	Cost of <u>BPU Water</u>	Cost per <u>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%		\$ 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%	•	\$ 2.05
17	Mar-03	530,000	7,023,700	1,147,432	8,701,132	13.2%		\$ 2.21
18	Apr-03	3,120	6,206,500	1,466,828	7,676,448	19.1%		\$ 1.78
19	May-03	1,315	8,346,000	2,325,532	10,672,847	21.8%		\$ 1.74
20	Jun-03	695	6,553,000	2,591,072	9,144,767	28.3%		\$ 1.73
21	Jul-03	1,247,370	11,025,500	5,868,808	18,141,678	32.3%		\$ 1.70
22	Aug-03	1,353,000	8,760,500	3,814,052	13,927,552	27.4%		\$ 1.71
23	Sep-03	1,276,500	7,264,000	1,516,196	10,056,696	15.1%		\$ 1.78
24	Oct-03	562,500	6,144,500	1,280,576	7,987,576	16.0%		\$ 1.80
25	Nov-03	885,500	5,943,000	1,118,260	7,946,760	14.1%		\$ 2.54
26	Dec-03	757,000	4,071,500	1,657,568	6,486,068	25.6%		\$ 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%		\$ 1.76
30	Feb-04	1,233,000	4,129,200	1,222,980	6,585,180	18.6%		\$ 1.80
31	Mar-04	663,000	4,349,500	1,171,368	6,183,868	18.9%		
32	Apr-04	3,120	6,058,000	2,122,076	8,183,196	25.9%	· ·	\$ 1.75
33	May-04	85,000	5,300,000	2,288,880	7,673,880	29.8%		\$ 1.74
34	Jun-04	647,000	7,223,000	1,866,260	9,736,260	19.2%	\$ 3,278.75	\$ 1.76

### SECTION 8 SCHEDULE 4 PAGE 15 OF 37

		Water	Water	Water	Total	BPU as		
Line		Pumped	Pumped	Purchased	Pumped and	a Percent	Cost of	Cost per
No	Month	Harper	Moran	KCKBPU	Bought	of Total	BPU Water	1,000 Gallons
35	Jul-04	647,000	7,223,000	2,448,204	10,318,204	23.7%		\$ 1.74
36	Aug-04	439,000	5,385,000	3,248,564	9,072,564	35.8%		\$ 1.72
37	Sep-04	594,000	6,837,500	3,268,012	10,699,512	30.5%		\$ 1.72
38	Oct-04	612,000	5,295,800	2,665,124	8,572,924	31.1%		\$ 1.72
39	Nov-04	564,964	4,278,036	2,448,204	7,291,204	33.6%		\$ 1.74
40	Dec-04	545,648	3,867,352	2,545,444	6,958,444	36.6%	· ·	\$ 1.74 \$ 1.73
40	Sub-totals:	6,033,732	65,363,188	27,108,268	98,505,188	27.5%		
42	Average:	548,521	5,449,672	2,299,556	8,297,749	27.5%	φ 47,221.25	φ 1.74
42	Avelage.	540,521	5,445,072	2,299,000	0,297,749	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%		\$ 1.71
49	Jul-05	529,536	8,214,954	5,712,476	14,456,966	39.5%		\$ 1.70
50	Aug-05	521,543	6,647,857	4,585,988	11,755,388	39.0%		\$ 1.71
51	Sep-05	531,545	4,100,955	3,262,776	7,895,276	41.3%		\$ 1.72
52	Oct-05	531,328	3,711,672	3,579,180	7,822,180	45.8%		\$ 1.72
53	Nov-05	531,126	4,232,874	3,003,968	7,767,968	38.7%		\$ 1.72
54	Dec-05	532,564	4,273,936	3,380,960	8,187,460	41.3%		\$ 1.72
55	Sub-totals:	6,351,500	59,560,690	41,437,704	107,349,894	38.6%		\$ 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%		\$ 1.72
59	Mar-06	663,210	5,203,790	3,180,496	9,047,496	35.2%		\$ 1.72
60	Apr-06	686,140	4,687,860	4,173,092	9,547,092	43.7%	· · ·	\$ 1.71
61	May-06	653,210	3,616,790	6,156,788	10,426,788	59.0%		\$ 1.70
62	Jun-06	645,210	4,774,790	6,143,324	11,563,324	53.1%		\$ 1.70
63	Jul-06	673,510	5,629,490	12,825,208	19,128,208	67.0%		\$ 1.68
64	Aug-06	793,000	4,526,000	6,400,636	11,719,636	54.6%		\$ 1.00 \$ 1.70
65	Sep-06	684,500	5,146,500	6,248,044	12,079,044	51.7%		\$ 1.70 \$ 1.70
66	Oct-06	721,500	5,185,500	4,479,024	10,386,024	43.1%		\$ 1.70 \$ 1.71
67	Nov-06	632,000	5,768,000	4,250,136	10,650,136	39.9%		\$ 1.71 \$ 1.71
68	Dec-06	669,400	5,102,600	3,484,184	9,256,184	37.6%		\$ 1.75
69	Sub-totals:	8,251,900	58,805,100	62,948,688	130,005,688		\$ 107,231.45	<u>\$ 1.75</u> \$ 1.70
00	oub totalo.	0,201,000	00,000,100	02,040,000	100,000,000	40.470	φ 107,201.40	ψ 1.70

## SECTION 8 SCHEDULE 4 PAGE 16 OF 37

								FAG	= 10 OF 37
		Water	Water	Water	Total	BPU as			
Line		Pumped	Pumped	Purchased	Pumped and	a Percent	Cost of	С	ost per
<u>No</u>	<u>Month</u>	<u>Harper</u>	<u>Moran</u>	<u>KCKBPU</u>	<u>Bought</u>	<u>of Total</u>	BPU Water	<u>1,00</u>	<u>0 Gallons</u>
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%		\$	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

## SECTION 8 SCHEDULE 4 PAGE 17 OF 37

		Water	Water	Water	Total	BPU as			
Line		Pumped	Pumped	Purchased	Pumped and	a Percent	Cost of	Co	st per
<u>No</u>	<u>Month</u>	<u>Harper</u>	<u>Moran</u>	<u>KCKBPU</u>	<u>Bought</u>	<u>of Total</u>	BPU Water	<u>1,000</u>	Gallons
101	Mar-09		4,245,000	5,122,304	9,367,304	54.7%		\$	1.98
102	Apr-09		4,237,550	5,284,620	9,522,170	55.5%		\$	1.98
103	May-09		4,229,300	6,758,180	10,987,480	61.5%		\$	1.98
104	Jun-09		5,264,800	7,917,580	13,182,380	60.1%		\$	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:						· ·		
	U								
110	Jan-10		5 504 070	1 960 976	7 266 266	25.3%	2 002 16	¢	2 40
113 114	Feb-10		5,504,979	1,860,276	7,365,255	40.1%	3,903.16 7,914.74	\$ ¢	2.10 2.05
114	Mar-10		5,763,750	3,864,916 5,586,064	9,628,666	40.1% 49.4%	11,359.01	\$	2.05
115	Apr-10		5,732,040	5,437,960	11,318,104	49.4%		\$ \$	2.03
117			5,841,900 6,031,110		11,279,860	40.2% 56.1%	11,062.62 15,578.64		2.03
117	May-10			7,694,676 8,536,176	13,725,786 14,307,176	50.1% 59.7%	15,578.64	\$	2.02
118	Jun-10 Jul-10		5,771,000 4,880,500	11,291,060	16,171,560	59.7% 69.8%	22,775.53	\$ \$	2.02
			3,988,100	13,176,768	17,164,868	76.8%	22,775.55	ъ \$	2.02
120	Aug-10					56.2%			
121	Sep-10		5,447,900	6,985,572	12,433,472	50.2% 59.4%	15,139.32	\$ ¢	2.17 2.17
122	Oct-10		5,166,500	7,557,044	12,723,544	59.4% 52.5%	16,363.06	\$ \$	2.17
123	Nov-10		6,145,500	6,785,108	12,930,608		14,710.04		
124	Dec-10		6,181,000	7,491,968	13,672,968	54.8%	17,327.13	<u>\$</u> \$	<u>2.31</u> 2.11
125	Sub-totals:		66,454,279	86,267,588	152,721,867		181,792.93	Φ	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

11/13/2011				Docket No	o. 12-SWC-				SCHE	CTION 8 EDULE 4 18 OF 37
N	ine <u>lo</u> 33	<u>Month</u> Jul-11	Water Pumped <u>Harper</u>	Water Pumped <u>Moran</u> 6,635,500	Water Purchased <u>KCKBPU</u> 11,495,264	Total Pumped and <u>Bought</u> 18,130,764	BPU as a Percent <u>of Total</u> 63.4%	Cost of <u>BPU Water</u> 26,490.13	<u>1,000 (</u>	t per <u>Gallons</u> 2.30
13 13 13 13 13	34 35 36 37 38	Aug-11 Sep-11 Oct-11 Nov-11 Dec-11		6,047,000	-	10,100,704	00.470	20,400.10	Ų	2.00
13	39	Sub-totals:	-		48,590,080			112,469.34	\$	2.31

# SECTION 8 SCHEDULE 5 PAGE 19 OF 37

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

# Line

# <u>No</u> 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):		<u>\$</u>	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		
		,		

# SECTION 8 SCHEDULE 5 PAGE 20 OF 37

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

Line <u>No</u>		12	YE 2/31/2010	YE 12/31/2009		YE 12/31/2008	
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):		6,596	<u>\$</u>	5,588	<u>\$</u>	2,659
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	\$	12,210	\$	3,863	\$	3,863
17	<del>-</del>						
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

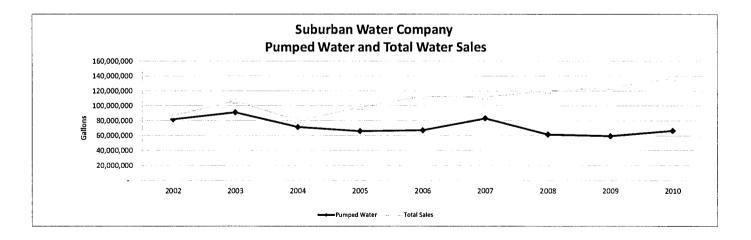
	2010			2009	2008		
Labor to operate and maintain well field Benefits and Labor Overhead @ 20%	Josh	Travis	Josh/Brett	Travis	Josh/Brett	Travis	
Ammonia & Chlorine per week	6	2					
Monitoring per week Tot hours to operate per week Wks per yr Hours per yr to change out/maint amm&chir	6 52 312	<u> </u>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

#### Docket No. 12-SWC-

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



.

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

#### SECTION 9 SCHEDULE 2 PAGE 24 OF 37

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

Line <u>No</u>			A Applicant Jurisdictional <u>Per Books</u>				C Applicant Adjusted Income Statement	
	Revenues:							
1 2 3 4	Sale of Water Unmetered Water Revenues Miscellaneous Revenues Wholesale Water Sales	\$ \$ \$ \$ \$ \$ \$	993,450 10,598 15,791 100,197	\$ \$ \$ \$	61,792 - - 18,076	<del>6) 69 69</del>	1,055,242 10,598 15,791 <u>118,273</u>	
5	Total Revenues	\$	1,120,036	\$	79,868	\$	1,199,904	
	Operating and Maintenance Expenses:							
6 7 8 9	Repair and Maintenance Purchased Water Cost Outside Services Salaries & Wages	\$ \$ \$ \$	9,959 181,793 175,751 311,936	\$ \$ \$ \$	- 35,272 (18,000) 67,024	\$ \$ \$ \$	9,959 217,065 157,751 378,960	
10 11	Meter Setting Cost Meter Reading Expense	\$ \$ \$	-	\$ \$	-	\$ \$	-	
12 13	Fire Hydrant Setting Cost Office Lease	\$	- 66,000	\$ \$	-	\$ \$	- 66,000	
14 15	Admin. & General Production Electric Cost	\$ \$	33,687 21,515	\$ \$	-	\$ \$	33,687 21,515	
16 17 18	Materials & Supplies Transportation Expenses Insurances	\$ \$ \$	20,506 32,013 17,187	\$ \$ \$	-	\$ \$ \$	20,506 32,013 17,187	
19 20	Regulatory Costs Rate Case Expense	\$	5,074	э \$ \$	- - 23,500	э \$ \$	5,074 23,500	
21 22	Utility Property Taxes Misc. Corp. Fees	\$ \$ \$	46,994 8,997	\$ \$	-	\$ \$	46,994 8,997	
23 24 25	Clean Drinking Water Fee Interest Expense Payroll Tax Expenses	\$ \$ \$	3,030 85,482 27,698	\$ \$ \$	-	\$ \$ \$	3,030 85,482 27,698	
26	Depreciation Expense	\$ \$	237,235	\$		ֆ <u>\$</u>	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)	

# Docket No. 12-SWC-

# SECTION 9 SCHEDULE 4 PAGE 25 OF 37

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

Line <u>No</u>	Description	Ju	A Applicant Jurisdictional <u>Per Books</u>				C Applicant Adjusted <u>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	<u>\$</u>	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

Line <u>No</u>			A Applicant Jurisdictional <u>Per Books</u>			C Applicant Adjusted Income Statement	
	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	<u>\$</u>	237,235	<u>\$</u>		<u>\$</u>	237,235
22	Total Operating & Maintenance Expense:	<u>\$</u>	1,284,857	<u>\$</u>	107,796	<u>\$</u>	1,392,653

Line

<u>No</u>

# SECTION 9 SCHEDULE 5 PAGE 27 OF 37

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

Adjustments

7 8 9 10	YE Purchased Water Adjustments: Gallons: 369,587 Average Water Cost per 1,000 Gallons: \$ 1.58 YE Customer Adjustment Water Costs:	\$ 585
11 12 13 14	Wholesale Water Purchase Adjustment: 2010, 2011 and 2012 Gallons: 135,517,269 Normalized Cost of Water - 2012 \$ 211,658 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	No	rmalized	Adjı	ustment
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-claaification 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

Line No.	Rate Case Expenses:					
1	Accounting	9	\$	15,000	100	Hours
2 3	Legal	9	\$	23,500	100	Hours
3	KCC Staff	9	\$	20,000	267	Hours
4	Public Hearing	9	\$	2,000		
5	Outside Consultant	9	\$	10,000		
	Totals	9	\$	70,500	467	\$ 151.07 cost per hour
6	Amoritized over three years	93	5	23,500		
7	Recover of Rate Case Expenses bas	ed	on	number	of custom	ers
8	Customers Months Years					
9	1,556 12 3	3 9	\$	1.26	per custon	ner per month for 3 years
10	Recover of Rate Case Expenses bas	ed	on	gallons	sold	
11	Annual Gallons Sold / 1000 Year	s		-		
12	135,517	3 9	\$	0.17	per 1,000 g	gallons sold
13	Proposed Cost per 1,000 gallons	S	\$	9.33		
14	Percent of current cost per 1,000			1.9%	added to tl	he cost of water for rate case expenses

SECTION 9 SCHEDULE 7 PAGE 29 OF 37

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

Line_No.	Normailzed Revnues Adjustment	Re	venues	Adj	ustment
1	Test Year Actual Water Sales Revenues	\$	754,457		
2	Normailized Test Year Water Sales Revenues	\$	813,344		
3	Test Year Normailzed 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

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

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

Allocation Basis

(Intentionally Omitted)

Annual Report

(Intentionally Omitted)

Additional Evidence (Future System Improvement)

.

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

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

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.



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

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

Audited Financial Statements

and Historical Financial Data for Suburban Water Company

# **Financial Statements**

For the Year Ended December 31, 2010

.....

.

# TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheet	2
Statement of Operations	3
Statement of Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12
Supplemental Information:	
Schedule of Operating Expenses	13

# LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301 Lawrence, Kansas 66044-2868 Phone: (785) 749-5050 Fax: (785) 749-5061 Website: www.lswwcpa.com David A. Lowenthal, CPA Patricia L. Webb, CPA Audrey M. Odermann, CPA

Abram M. Chrislip, CPA Caroline H. Eddinger, CPA Grant A. Huddin, CPA Brian W. Nyp, CPA

Memhers of American Institute and Kansas Society of Certified Public Accountants

#### 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 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, Wett & Odumann, P.A.

April 11, 2011

# BALANCE SHEET December 31, 2010

# ASSETS

CURRENT ASSETS Cash Accounts receivable - trade Inventory Prepaid expenses Total current assets	\$ 296,084 105,126 61,143 <u>6,643</u> 468,996
PROPERTY, PLANT AND EQUIPMENT Property, plant, and equipment, at cost Property, plant, and equipment, at cost (CIAC) Deduct accumulated depreciation and amortization Construction work in process Total property, plant, and equipment	4,330,885 2,889,429 [3,149,078] 10,000 4,081,236
OTHER ASSETS Note receivable - shareholder Deferred income taxes Total other assets	139,332 <u>39,482</u> 178,814
Total assets	<u>\$ 4,729,046</u>

# LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES Current maturities of long-term obligations Accounts payable Customer deposits Payroll liabilities Advances for construction Accrued interest Accrued real estate taxes Deferred income taxes	\$ 1,643,355 21,102 13,295 7,219 670,194 3,183 19,726 6,371
Total current liabilities	2,384,445
LONG-TERM LIABILITIES	
Long-term obligations, less current maturities	14,618
Total long-term liabilities	14,618
Total liabilities	2,399,063
STOCKHOLDER'S EQUITY	
Common stock, par value \$1 per share Authorized - 150,000 shares, issued - 19,600 shares, outstanding - 19,600 shares	19,600
Additional paid in capital	473,157
Contributions in aid of construction, net of accumulated	
amortization of \$964,229	1,925,200
Retained earnings (deficit)	[87,974]
Total stockholder's equity	2,329,983
Total liabilities and stockholder's equity	<u>\$ 4,729,046</u>

# STATEMENT OF OPERATIONS For the Year Ended December 31, 2010

	<u>Amount</u>	Percent <u>Of Sales</u>
SALES		
Unmetered water revenue	\$ 10,598	0.9%
Metered water revenue	1,109,442	98.7%
Miscellaneous service revenues	4,079	<u>0.4%</u>
Total sales	1,124,119	<u>100.0%</u>
COST OF SALES		
Purchased water	174,355	<u>15.5%</u>
Total cost of sales	174,355	<u>15.5%</u>
Gross profit	949,764	<u>84.5%</u>
OPERATING EXPENSES		
Personnel costs	339,635	30.2%
Other operating expenses	443,982	<u>39.5%</u>
Total operating expenses	783,617	<u>69.7%</u>
Net operating income		
before depreciation	166,147	14.8%
Depreciation expense	298,001	<u>26.5%</u>
Net operating income [loss]	[131,854]	<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	[917]	<u>-0.1%</u>
Total other income [expense]	19,993	<u>1.8%</u>
Net income before taxes	[111,861]	-10.0%
Deferred tax benefit	19,738	<u>1.8%</u>
NET INCOME [LOSS]	<u>\$ [92,123]</u>	<u>-8.2%</u>

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

		ommon Stock		dditional Paid-In <u>Capital</u>		ontributions In Aid Of Construction	Retained Earnings [Deficit]	-	Total
Balance, January 1, 2010	\$	19,600	\$	415 <b>,11</b> 8	\$	2,862,452	\$ [477,230]	\$	2,819,940
Prior period adjustment			_	58,039	_	[721,927]	 481,379	<u> </u>	[182,509]
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							 [92,123]	_	[92,123]
Balance, December 31, 2010	<u>\$</u>	19,600	<u>\$</u>	473,157	\$	1,925,200	\$ [87,974]	<u>\$</u>	2,329,983

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

# SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest

## \$ 85,312

#### NOTES TO THE FINANCIAL STATEMENTS December 31, 2010

## 1. 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 20<sup>th</sup> of each month. A 2% late fee is applied to payments received after the 20<sup>th</sup>.
- 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 fumishings	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.

## 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	 3,046
Long-term portion	\$ -

\$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.

## 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	 1,636,864
Long-term portion	\$ -

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

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

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.

\$ 14,618
 3,445
\$ 18,063

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

Year					
Ended	ded Principal		Interest		
December 31,	Amount		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		2,899	_	73	 2,973
Total	\$	18,064	\$	2,810	\$ 20,874

## 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.

#### 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		Total Purchase			
December 31,	December 31, Commitmer				
2011	\$	58,188			
2012		62,220			
2013		66,996			
2014	66,996				
2015	66,996				66,996
Thereafter		279,150			
Total Remaining Purchase Commitment	\$	600,546			

#### 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	 7,202
	 70,986
Deferred tax liabilities:	
Accelerated depreciation for tax purposes	 [37,875]
	\$ <u>33,111</u>
Included in accompanying financial statements in:	
Deferred income taxes - Other asset	\$ 39,482
Deferred income taxes - Current liability	 [6,371]
	\$ 33,111

# 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
	\$ [19,738]

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.

# 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:

			Total	ł	Refunds	Net	Advances
		De	velopment	t	hrough	Re	maining at
Date of		C	Contract	Dec	ember 31,	Dec	ember 31,
Development	Developer	E	Advance		2010		<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		17,367		-		17,367
		\$	949,318	\$	[279,124]	\$	670,194

#### 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.

## 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	Contributions	Retained	
	Paid-In	In Aid of	Eamings	
	Capital	Construction	[Deficit]	<u>Total</u>
Balance, January 1, 2010	<u>\$415,118</u>	\$ 2,862,452	<u>\$[477,230]</u>	\$2,800,340
Adjustments to equity:				
Reclassification of items previously				
recorded as contributions in				
aid of construction	58,039	[721,927]	66 <b>3,8</b> 88	-
Adjustment to properly record				
prior year's accrued real estate tax	-	-	[19,970]	[19,970]
Adjustment to prior year's deferred				
tax accounts	<u> </u>		[162,539]	[162,539]
Total adjustments to equity	58,039	[721,927]	481,379	[182,509]
Balance, January 1, 2010, Restated	\$473,157	\$ 2,140,525	<u>\$ 4,149</u>	\$2,617,831

# 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		339,635	<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	·	971	<u>0.2</u>	
Total other operating expenses		443,982	<u>36.9</u>	
Total operating expenses	<u>\$</u>	783,617	<u>68,1</u> %	

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

Line No.		CY 2001	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010
	Account Name										
	Gross Revenues:	¢ 400 700		¢ 500.044	¢ 540.070	¢ 505 074	¢ 000 055	¢ 000.075	¢ 000.077	f 000 040	£ 4 400 000
1 2	Water Sales	\$460,729	\$ 554,634	\$ 532,011	\$ 542,878	\$ 565,074	\$ 806,855	\$ 902,375	\$ 962,277	\$ 968,210	\$1,120,036
3	Total Gross Revenue	<u>\$460,<b>7</b>29</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	\$416,249	<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>\$(37<b>7</b>,7</u> 90)	<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 12 13	Other Income Non utility Income Interest Income	\$103,993	\$ 126,909	\$ 282,793	\$ 401,887 \$    1,232	\$ 355,313 \$ -	\$   491,494 \$    17,292	•	\$ 13,221 \$ -	\$ 6,322 \$ -	\$ 110,471 \$ -
14 15 16 17	Other Deductions Miscellaneous No utility Exp Interest Expense - Net Donations Penalties	\$ - \$ 26,124 \$ 100 \$ -	\$- \$27,410 \$936 \$29	\$ - \$ 27,997 \$ 514 \$ -	\$ - \$ 33,757 \$ - \$ -	\$ 11,474 \$ 44,746 \$ - \$ -	· · · · · · · · · · · · · · · · · · ·	\$ 22,267 \$ 54,896 \$ - \$ -	\$ 1,889 \$ 110,385 \$ - \$ -	\$- \$88,729 \$- \$-	\$- \$85,482 \$- \$-
18	Net Income (Loss)	<u>\$122,249</u>	<u> </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	F	Y (16 mos) 2008
1 2	Gross Revenues: Water Sales	\$	827,129	\$ ^	1,012,837	\$	629,364	\$	728,489	\$	825,779	\$	1,271,653
3	Total Gross Revenue	<u>\$</u>	827,129	<u>\$</u> ^	1,012,837	<u>\$</u>	629,364	\$	728,489	<u>\$</u>	825,779	<u>\$</u>	1,271,653
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	\$	792,622	<u>\$</u>	953,124	<u>\$</u>	617,988	\$	858,255	\$	1,026,128	<u>\$</u>	1,535,222
10	Net Operating Income (Loss)	\$	34,507	<u>\$</u>	59,713	<u>\$</u>	11,376	<u>\$</u>	(129,766)	<u>\$</u>	(200,349)	\$	(263,569)
11 12 13	Other Income Non utility Income Interest Income	\$ \$	-	\$ \$	-	\$ \$	39,404 10,231	\$ \$	23,007 6,563	\$ \$	5,112 5,704	\$	5803 12,743
14 15 16 17	Other Deductions Miscellaneous No utility Exp Interest Expense - Net Donations Penalties	\$ \$ \$ \$ \$	13,643 (29,717) - -	\$ \$ \$ \$	2,779 (24,495) - -	\$ \$ \$ \$	- (35,788) - -	\$ \$ \$ \$	(150) (45,034) - -	\$ \$ \$ \$	(3,372) (63,353) - -	\$ \$ \$	-20677 (148,648) - -
18	Net Income (Loss)	\$	18,433	\$	37,997	\$	25,223	\$	<u>(145,380</u> )	\$	(256,258)	\$	(414,348)

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

#### SECTION 16 SCHEDULE 2 PAGE 33 OF 37

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

			CY 2001	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010
Line No.	Assots	Account Name										
1 2	Assets	Utility Plant In Service Accumulated Deprecation and	\$ 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
3		Amortization	<u>\$ (397,093</u> )	<u>\$ (469,869</u> )	<u>\$ (542,860</u> )	<u>\$ (627,191</u> )	<u>\$ (746,506</u> )	<u>\$ (839,822</u> )	<u>\$ (1,002,913</u> )	<u>\$ (1,208,869</u> )	<u>\$ (1,482,636</u> )	<u>\$ (1,719,511)</u>
4		Net Utility Plant	<u>\$ 835,428</u>	<u>\$ 1,020,144</u>	<u>\$ 1,195,345</u>	<u>\$ 1,892,366</u>	<u>\$ 3,348,399</u>	<u>\$ 4,039,173</u>	<u>\$ 4,941,900</u>	\$ 5,610,097	<u>\$ 5,705,391</u>	<u>\$ 5,510,804</u>
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	· · · · · · ·	\$ 535	\$ 24	\$ 39,905	• • • • • • • •	\$ 63,460		\$ 81,964		\$ 103,647
7		Other Accounts Receivable	\$ 655,840	\$ 389,008	\$ 629,856	\$ 555,809	\$ 361,290	\$ 129,960	\$ 95,775	\$ 81,092		\$ 140,810
8 9		Inventory Deferred Income Taxes	\$ 14,652	\$ 535 ¢	\$2,158 \$-	\$ 3,480 \$ 61,400	\$ 5,796 \$ 55.073	\$ 79,524 \$ 72,703	\$ 83,744 \$ 99,252	\$ 39,828 \$ 169,832		
9 10		Unbilled Revenues	φ - \$ -	ф - С	ф - С	\$ 01,400 \$ -	\$ 33,073	\$ 72,703 \$ -	\$ <del>3</del> 5,252 \$ -	\$ 109,032	\$ 210,020	\$
10		Deposits	φ - \$ -	φ - \$ -	\$ 5,200	\$ 25,023	\$ 32,500	\$ 12,177	\$ 12,365	\$ <b>1</b> 9,340	\$ 15,073	\$ 6,643
12		Construction In Progress	\$ <u>-</u>	<u>\$</u>	<u>\$                                    </u>	<u>\$ -</u>	<u>\$                                    </u>	<u>\$ -</u>	<u>\$                                    </u>	<u>\$ -</u>	<u>\$ -</u>	\$ - \$ -
13		Total Assets	<u>\$ 1,523,941</u>	<u>\$ 1,437,293</u>	<u>\$ 1,941,549</u>	<u>\$ 2,800,645</u>	<u>\$ 4,091,311</u>	<u>\$ 4,637,523</u>	<u>\$_5,681,076</u>	<u>\$ 6,645,534</u>	\$ 6,521,860	\$ 6,158,613
14	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		\$ 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	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	\$	<u>\$ -</u>
20		Total Capital	<u>\$ 869,078</u>	<u>\$ 921,837</u>	<u>\$ 1,019,960</u>	<u>\$ 1,046,041</u>	<u>\$ 1,001,465</u>	<u>\$ 1,282,544</u>	<u>\$ 1,234,619</u>	<u>\$ 1,124,087</u>	<u>\$ 977,115</u>	\$ 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		\$ 13,770	\$ 12,821		\$ 13,295
25		Accrued Taxes	\$ -	\$-	\$ 17,400	\$ 87,000	\$ 96,744		\$ 59,227	\$ 51,092		
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	<u>\$ 63,257</u>	<u>\$ 104,507</u>	<u>\$ 306,481</u>	<u>\$ 1,161,564</u>	<u>\$ 1,364,471</u>	<u>\$ 1,620,792</u>	\$_2,817,828	\$ 3,506,553	<u>\$ 3,737,604</u>	\$ 3,494,730
29		Total Liabilities and Capital	<u>\$ 1,523,941</u>	\$ 1,437,293	<u>\$ 1,941,549</u>	\$ 2,800,645	\$ 4,091,311	\$ 4,637,523	\$_5,681,076	\$ 6,645,534	\$_6,521,860	<u>\$ 6,158,613</u>

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

				FY 2003		FY 2004		FY 2005		FY 2006		FY 2007	F	r (16 mos) 2008
<u>Line No.</u>		Account Name												
1	Assets	Utility Plant In Service Accumulated Deprecation and	\$ 1,7	706,893	\$	2,344,406	\$	3,105,227	\$	3,636,162	\$	5,549,753	\$	6,103,524
2 3		Accumulated Deprecation and Amortization	<u>\$</u> (7	726,548)	\$	(870,070)	<u>\$ (</u>	1,073,513)	\$	(1,286,784)	<u>\$</u>	(1,605,013)	<u>\$</u>	(2,169,775)
4		Net Utility Plant	<u>\$</u>	980,345	<u>\$</u>	1,474,336	\$	2,031,714	<u>\$</u>	2,349,378	<u>\$</u>	3,944,740	<u>\$</u>	3,933,749
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 71,826	\$	100,841 62214
7 8		Other Accounts Receivable	\$ 4 \$	486,508 1,823	\$ \$	709,240 3,186	\$ \$	- 5,265	\$ \$	- 10,513	э \$	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	\$	-	ŝ	-	\$	-	*	
11		Deposits	\$	-	\$	·	\$	7,500	\$	12,177	\$	12,365	\$	19,340
12		Construction In Progress	\$	30,317	<u>\$</u>	40,000	<u>\$</u>	433,908	<u>\$</u>	878,385	\$	202,869	<u>\$</u>	715,442
13		Total Assets	<u>\$ 1,</u>	546,673	\$	2,452,013	\$	2,983,369	\$	3,738,237	\$	4,913,404	<u>\$</u>	5,684,627
14	Liabilities	and Capital												
15		Common Stock Issued	\$	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	\$ \$	46 <b>1</b> ,014	\$ \$	204,756	\$ \$	(209,592)
19		Proprietary Capital	<u>\$</u>	-	<u>⊅</u>		<u>ə</u>		φ_		<u>\$</u>		φ	-
20		Total Capital	\$	690,234	<u>\$</u>	728,231	<u>\$</u>	753,454	<u>\$</u>	816,655	<u>\$</u>	639,474	\$	225,126
21		Long term Debt	\$	508,800	\$	707,017	\$	621,291	\$	1,216,990	\$	1,470,379	\$	1,700,900
22		Accounts Payable	\$	3,888	\$		\$	218,582	\$	381,325	\$	103,132	\$	176,871
23		Notes Payable	\$	69,520	\$	•	\$	71,347	\$	65,008	\$	-		
24		Customer Deposits	\$	4,900	\$	•	\$	5,945	\$	11,521	\$	13,600	\$	12,821
25		Accrued Taxes	\$	33,550	\$	,	\$	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>\$</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
29		Total Liabilities and Capital	<u>\$ 1,</u>	546,673	<u>\$</u>	2,452,013	\$	2,983,369	\$	3,738,237	\$	4,913,404	\$	5,684,627

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

Intentionally Omitted

.

Proposed Tariff Sheets

# Form RF THE STATE CORPORATION COMMISISON OF KANSAS

#### SUBURBAN WATER COMPANY

(Name of Issuing Utility) ENTIRE SERVICE TERRITORY

(Territory to which schedule is applicable)

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

Sheet 10 of 10 Sheets

Sheet

# **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		
Ву			Treasurer		
	Signature of	Title			

Index No.\_\_\_\_\_

Replacing Schedule

which was filed

SCHEDULE