

## Attachment E.3 - Update 10062021

Addendum to Application for Transfer of Public Utility Franchise and for approval of rates

<b><u>Operating Budget</u></b>						
	Year 1	Year 2	Year 3	Year 4	Year 5	
<b><u>Operating revenue</u></b>						
Metered service revenue	\$ 40,006	\$ 94,666	\$ 105,598	\$ 105,598	\$ 105,598	
Flat rate service revenue	\$ 140,975	\$ 333,585	\$ 372,108	\$ 372,108	\$ 372,108	
EPA testing surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	
Re-connect fees	\$ 3,810	\$ 9,016	\$ 10,057	\$ 10,057	\$ 10,057	
Returned check charge	\$ 1,905	\$ 4,508	\$ 5,028	\$ 5,028	\$ 5,028	
Late payment charge	\$ 3,810	\$ 9,016	\$ 10,057	\$ 10,057	\$ 10,057	
Other operating revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total operating revenue</b>	<b>\$ 190,506</b>	<b>\$ 450,791</b>	<b>\$ 502,848</b>	<b>\$ 502,848</b>	<b>\$ 502,848</b>	
<b><u>Operating expenses</u></b>						
Total salaries and wages (employees only)	\$ -	\$ -	\$ -	\$ -	\$ -	
Outside labor expenses (non-employees)	\$ 115,200	\$ 115,200	\$ 115,200	\$ 115,200	\$ 115,200	
Administrative and office expense	\$ 24,800	\$ 24,800	\$ 24,800	\$ 24,800	\$ 24,800	
Maintenance and repair expense	\$ 11,904	\$ 11,904	\$ 11,904	\$ 11,904	\$ 11,904	
Purchased water	\$ -	\$ -	\$ -	\$ -	\$ -	
Purchased sewage treatment	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	
Electric power expense (exclude office)	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	
Chemicals expense	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	
Testing fees	\$ 1,488	\$ 1,488	\$ 1,488	\$ 1,488	\$ 1,488	
Transportation expense	\$ -	\$ -	\$ -	\$ -	\$ -	
Other operating expense	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total operation and maintenance expenses</b>	<b>\$ 199,892</b>	<b>\$ 199,892</b>	<b>\$ 199,892</b>	<b>\$ 199,892</b>	<b>\$ 199,892</b>	
Annual depreciation expense	\$ 38,927	\$ 39,219	\$ 40,679	\$ 40,679	\$ 40,679	
Property taxes paid on utility property	\$ 1,999	\$ 1,999	\$ 1,999	\$ 1,999	\$ 1,999	
Payroll taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
Franchise (gross receipts) tax	\$ 1,999	\$ 1,999	\$ 1,999	\$ 1,999	\$ 1,999	
Annual NCUC regulatory fee	\$ 2,059	\$ 2,059	\$ 2,059	\$ 2,059	\$ 2,059	
<b>Total operating expenses</b>	<b>\$ 244,875</b>	<b>\$ 245,167</b>	<b>\$ 246,628</b>	<b>\$ 246,628</b>	<b>\$ 246,628</b>	
<b><u>Income Taxes</u></b>						
State income taxes	\$ -	\$ 5,141	\$ 6,406	\$ 6,406	\$ 6,406	
Federal income taxes	\$ -	\$ 43,181	\$ 53,806	\$ 53,806	\$ 53,806	
Total income taxes	\$ -	\$ 48,322	\$ 60,212	\$ 60,212	\$ 60,212	
Net operating income (loss)	\$ (54,369)	\$ 157,302	\$ 196,009	\$ 196,009	\$ 196,009	
Interest expense	\$ 38,927	\$ 39,219	\$ 40,679	\$ 40,679	\$ 40,679	
<b>Net income (loss)</b>	<b>\$ (93,296)</b>	<b>\$ 118,083</b>	<b>\$ 155,329</b>	<b>\$ 155,329</b>	<b>\$ 155,329</b>	

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Oct 08 2021

**STATEMENT OF CASH FLOWS**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>PRE-TAX OPERATING INCOME (LOSS)</b>					
Total Operating Revenue	\$ 190,506	\$ 450,791	\$ 502,848	\$ 502,848	\$ 502,848
Operation and Maintenance Expenses	\$ 199,892	\$ 199,892	\$ 199,892	\$ 199,892	\$ 199,892
Taxes Other than Income	\$ 6,057	\$ 6,057	\$ 6,057	\$ 6,057	\$ 6,057
<b>Pre-Tax Operating Income (Loss)</b>	<b>\$ (15,442)</b>	<b>\$ 244,842</b>	<b>\$ 296,899</b>	<b>\$ 296,899</b>	<b>\$ 296,899</b>
<b>INCOME TAX CALCULATION</b>					
Pre-Tax Operating Income (Loss)	\$ (15,442)	\$ 244,842	\$ 296,899	\$ 296,899	\$ 296,899
CIAC					
Tax Depreciation	\$ 38,927	\$ 39,219	\$ 40,679	\$ 40,679	\$ 40,679
Interest Expense	\$ 38,927	\$ 39,219	\$ 40,679	\$ 40,679	\$ 40,679
Taxable Income (Loss)	\$ (93,296)	\$ 166,405	\$ 215,541	\$ 215,541	\$ 215,541
State Income Tax	\$ -	\$ 5,141	\$ 6,406	\$ 6,406	\$ 6,406
Federal Income Tax	\$ -	\$ 43,181	\$ 53,806	\$ 53,806	\$ 53,806
Total Income Taxes to be Paid	\$ -	\$ 48,322	\$ 60,212	\$ 60,212	\$ 60,212
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (15,442)</b>	<b>\$ 196,521</b>	<b>\$ 236,688</b>	<b>\$ 236,688</b>	<b>\$ 236,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Utility Plant	\$ 778,532	\$ 35,049	\$ -	\$ -	\$ -
Cash Bonds Posted	\$ 86,504	\$ 3,894	\$ -	\$ -	\$ -
CIAC					
Proceeds from Disposal of Utility Plant					
<b>Net Cash Used by Investing Activities</b>	<b>\$ 865,035</b>	<b>\$ 38,943</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from Short Term Debt					
Principal Repayment of Short Term Debt					
Proceeds from Long Term Debt	\$ 432,518	\$ 19,471	\$ -	\$ -	\$ -
Principal Repayment of Long Term Debt					
Interest Payment for Debt	\$ (38,927)	\$ (39,219)	\$ (40,679)	\$ (40,679)	\$ (40,679)
Proceeds from Equity	\$ 432,518	\$ 19,471	\$ -	\$ -	\$ -
Dividends Paid					
Funds Provided by Owner	\$ 54,369				
<b>Net Cash Provided by Financing Activities</b>	<b>\$ 880,478</b>	<b>\$ (276)</b>	<b>\$ (40,679)</b>	<b>\$ (40,679)</b>	<b>\$ (40,679)</b>
<b>Net Increase (Decrease in Cash)</b>	<b>\$ (0)</b>	<b>\$ 157,302</b>	<b>\$ 196,009</b>	<b>\$ 196,009</b>	<b>\$ 196,009</b>
<b>Cash Balance at Beginning of Year</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 157,302</b>	<b>\$ 353,311</b>	<b>\$ 549,319</b>
<b>Cash Balance at End of Year</b>	<b>\$ (0)</b>	<b>\$ 157,302</b>	<b>\$ 353,311</b>	<b>\$ 549,319</b>	<b>\$ 745,328</b>