

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1314, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Pluris Webb Creek, LLC, 5950)
Berkshire Lane, Suite 800, Dallas, Texas,)
75225 for Authority to Adjust and Increase) NOTICE OF AFFIDAVIT
Rates for Sewer Utility Service in All Service)
Areas in Onslow County, North Carolina)

NOW COMES THE PUBLIC STAFF - North Carolina Utilities Commission,
by and through its Executive Director, Christopher J. Ayers, as constituted by
N.C. Gen. Stat. § 62-15, and gives notice that the Affidavit of:

Mary A. Coleman, Staff Accountant, Accounting Division
Public Staff - North Carolina Utilities Commission
430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

will be used in evidence at the hearing in this docket scheduled for
November 2, 2020, pursuant to N.C. Gen. Stat. § 62-68. The affiant will not be
called to testify orally and will not be subject to cross-examination unless an
opposing party or the Commission demands the right of cross-examination by
notice mailed or delivered to the proponent at least five days prior to the hearing,
pursuant to N.C. Gen. Stat. § 62-68.

THEREFORE, the Public Staff moves that the Affidavit of Mary A. Coleman
be admitted into evidence in the absence of notice pursuant to
N.C. Gen. Stat. § 62-68.

Respectfully submitted this the 25th day of September, 2020.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Dianna W. Downey
Chief Counsel

Electronically submitted
/s/ William E. H. Creech
Staff Attorney
zeke.creech@psncuc.nc.gov

430 North Salisbury Street - Dobbs Building
4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110

CERTIFICATE OF SERVICE

I certify I have this day served a copy of the foregoing Notice of Affidavit and Affidavit on each of the parties of record in this proceeding or their attorneys of record by causing a copy to be deposited in the United States Mail, postage prepaid, properly addressed to each or by electronic delivery upon agreement from the parties.

This the 25th day of September, 2020.

Electronically submitted
/s/ William E. H. Creech
Staff Attorney

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1314, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Pluris Webb Creek, LLC,)
5950 Berkshire Lane, Suite 800, Dallas,)
Texas, 75225 for Authority to Adjust and)
Increase Rates for Sewer Utility Service for)
All Services Areas in Onslow County, North)
Carolina)

**AFFIDAVIT
OF
MARY A. COLEMAN**

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Mary A. Coleman, after first being duly sworn, do depose and say:

I am a Staff Accountant with the Public Staff Accounting Division, 430 N. Salisbury Street, Raleigh, North Carolina, and represent the using and consuming public. I have a Bachelor of Accountancy degree from North Carolina State University and a Bachelor of Arts degree in Business Management from North Carolina State University. I joined the Public Staff on December 11, 2017.

The purpose of my affidavit is to present the accounting and ratemaking adjustments I am recommending as a result of my investigation of the levels of revenue, expenses, and investments filed by Pluris Webb Creek, LLC (Pluris or Company), in support of its requested increase in operating revenues.

The Company filed its application for a rate increase on April 27, 2020, based on the test year ended December 31, 2019. My investigation included a review of the Company's application, testimony, exhibits, updated materials, and

other data filed by the Company. I also conducted extensive discovery in this matter, including the review of numerous responses provided by the Company in response to Public Staff data requests.

Based on my investigation, the Company's original cost rate base at December 31, 2019, is \$6,132,257. The level of operating revenue deductions requiring a return (total operating expenses excluding regulatory fees and income taxes) is \$743,367. As allowed under N.C. Gen. Stat. § 62-133, I have used the rate base method to evaluate the Company's proposed revenue requirement.

Based on the results of my investigation, I conclude that the Company's proposed sewer revenues are not unreasonable and would not be unfair to its customers. Therefore, I recommend that the revenues as proposed by the Company be granted.

I made several adjustments to the Company's operating revenues, expenses, and investment levels. The adjustments are detailed in the attached Coleman Exhibit I. My exhibit also includes adjustments recommended to me by Public Staff witnesses Franklin and Lozier. The accounting and ratemaking adjustments which I am proposing and discuss relate to the following items:

1. Cost-free capital
2. Cash working capital
3. Average tax accruals
4. Regulatory fee
5. State and federal income taxes

Cost-free capital

In its *Order Revoking Webb Creek Water and Sewage, Inc.'s Franchise, Granting Certificate of Public Convenience and Necessity to Pluris Webb Creek, LLC, Continuing Interim Rates, Discharging Emergency Operator, and Requiring Customer Notice*, issued on March 26, 2019, in Dockets W-864, Sub 11, W-864, Sub 14, and Docket No. W-1314, Sub 1, the Commission stated:

“Given the level of Pluris’s investment in the existing WWTP and collection system, the fact that Pluris now owns the WWTP and will be responsible for demolishing it, the impact of the Webb Creek WWTP on other service areas in Onslow County (i.e., The Pines Development and general vicinity), and the Public Staff’s recommendation in these dockets, the Commission concludes that it is appropriate to disburse the \$100,000 proceeds from the forfeiture of Webb Creek’s bond security to Pluris. This funding will constitute cost-free capital for Pluris and will allow Pluris to recover some portion of the expenditures it has made in addressing issues in the Webb Creek wastewater system.”

Due to the circumstances set forth in the Commission’s Order, I made an adjustment to include the letter of credit proceeds of \$100,000 obtained by the Commission through forfeiture of Webb Creek Water and Sewage, Inc.’s bond security as cost-free capital, which will be a reduction to rate base.

Cash Working Capital

The Company did not provide an amount for this item on its application. Cash working capital provides the Company with the funds necessary to carry on the day-to-day operations of the Company. In my calculation, I have included 1/8 of operating and maintenance expenses as a measure of cash working capital.

Average Tax Accruals

The Company did not provide an amount for this item on its application.
I have calculated an amount for average tax accruals as one-fifth payroll taxes.

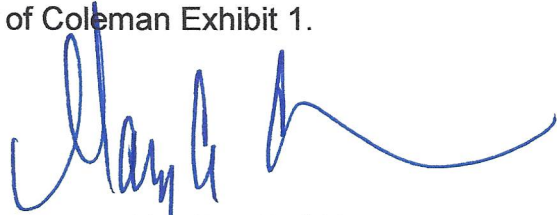
Regulatory Fee

I have calculated the regulatory fee to reflect the statutory rate of 0.13% applied to total operating revenues under present rates, Company proposed rates, and Public Staff recommended rates as shown on Schedule 3, Page 1.

State and Federal Income Taxes

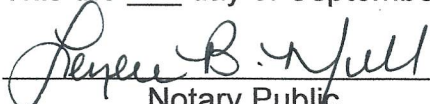
State and federal income taxes were calculated based on the statutory corporate rates for the level of income presented after all Public Staff adjustments. The State income tax rate is 2.5%, effective January 1, 2019, and Federal income tax is a flat 21% effective January 1, 2018. The calculation of state and federal income taxes is shown on Schedule 3-2 of Coleman Exhibit 1.

This completes my affidavit.



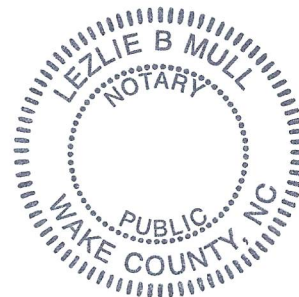
Mary A. Coleman

Sworn to and subscribed before me,
This the 25 day of September, 2020.



Notary Public

My Commission expires: July 16, 2022



INDEX TO PUBLIC STAFF COLEMAN EXHIBIT I

<u>LINE NO.</u>	<u>TITLE</u>	<u>SCHEDULE NO.</u>
1	RETURN ON ORIGINAL COST RATE BASE	1
2	ORIGINAL COST RATE BASE	2
3	CALCULATION OF CASH WORKING CAPITAL AND AVERAGE TAX ACCRUALS	2-1
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Pluris Webb Creek, LLC
Docket No. W-1314, Sub 4
RETURN ON ORIGINAL COST RATE BASE
For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 1

Line No.	Item	Capitalization Ratio [1] (a)	Original Cost Rate Base [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [7] (d)	Net Operating Income [8] (e)
Present Rates:						
1	Debt	55.32%	\$3,392,365 [2]	4.11% [1]	2.27%	\$139,426 [8]
2	Equity	44.68%	2,739,892.00 [2]	-9.31% [6]	-4.16%	(255,111) [9]
3	Total	<u>100.00%</u>	<u>\$6,132,257</u> [3]		<u>-1.89%</u>	<u>(\$115,685)</u> [10]
Company Proposed Rates:						
4	Debt	55.32%	\$3,392,365 [4]	4.11% [1]	2.27%	\$139,426 [8]
5	Equity	44.68%	\$2,739,892 [4]	8.98% [6]	4.01%	\$246,176 [11]
6	Total	<u>100.00%</u>	<u>\$6,132,257</u> [3]		<u>6.28%</u>	<u>\$385,602</u> [12]
Public Staff Recommended Rates:						
7	Debt	55.32%	\$3,392,365 [5]	4.11% [1]	2.27%	\$139,426 [8]
8	Equity	44.68%	2,739,892 [5]	9.00% [1]	4.02%	246,590 [8]
9	Total	<u>100.00%</u>	<u>\$6,132,257</u> [3]		<u>6.29%</u>	<u>\$386,016</u>

[1] Provided by Public Staff Financial Analyst Lozier.

[2] Column (a) multiplied by Column (b), Line 3.

[3] Coleman Exhibit I, Schedule 2, Column (c), Line 12.

[4] Column (a) multiplied by Column (b), Line 6.

[5] Column (a) multiplied by Column (b), Line 9.

[6] Column (e) divided by Column (b).

[7] Column (a) multiplied by Column (c).

[8] Column (b) multiplied by Column (c).

[9] Line 3 minus Line 1, Column (e).

[10] Coleman Exhibit I, Schedule 3, Column (c), Line 35.

[11] Line 6 minus Line 4, Column (e).

[12] Coleman Exhibit I, Schedule 3, Column (e), Line 35.

Pluris Webb Creek, LLC
Docket No. W-1314, Sub 4
ORIGINAL COST RATE BASE
For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 2

Line No.	Item	Amount Per Company's Update (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)
1	Plant in service	\$6,784,276	\$0	\$6,784,276
2	Accumulated depreciation	(242,905)	0	(242,905)
3	Net plant in service (L1 + L2)	6,541,371	0	6,541,371
4	Contributions in aid of construction (CIAC)	(54,000)	0	(54,000)
5	Accumulated amortization of CIAC	1,026	0	1,026
6	Pre-paid tap on fees	(128,898)	0	(128,898)
7	Customer deposits	(29,175)	0	(29,175)
8	Accumulated deferred income taxes (ADIT)	(164,156)	0	(164,156)
9	Cost-free capital	0	(100,000)	(100,000) [3]
10	Cash working capital	68,077	(626)	67,451 [4]
11	Average tax accruals	0	(1,362)	(1,362) [5]
12	Original cost rate base (Sum of L4 thru L11)	<u>\$6,234,245</u>	<u>(\$101,988)</u>	<u>\$6,132,257</u>

- [1] Column (c) minus Column (a), unless otherwise footnoted.
[2] Column (a) plus Column (b), unless otherwise footnoted.
[3] Per Final Order in Docket No. 1314 Sub 1.
[4] Coleman Exhibit I, Schedule 2-1, Line 2.
[5] Coleman Exhibit I, Schedule 2-1, Line 7.

Pluris Webb Creek, LLC
Docket No. W-1314, Sub 4
**CALCULATION OF CASH WORKING CAPITAL
AND AVERAGE TAX ACCRUALS**
For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 2-1

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
<u>Cash Working Capital:</u>		
1	Total O&M expenses	<u>\$539,607</u> [1]
2	Cash working capital (L1 x 1/8)	<u><u>\$67,451</u></u>
<u>Average Tax Accruals:</u>		
3	Property taxes	<u>0</u> [2]
4	Average accrual (L3 x 1/2)	<u>0</u>
5	Payroll taxes	<u>6,811</u> [3]
6	Average accrual (L5 x 1/5)	<u>1,362</u>
7	Total tax accrual (L4 + L6)	<u><u>\$1,362</u></u>

[1] Coleman Exhibit I, Schedule 3, Column (c), Line 24.

[2] Coleman Exhibit I, Schedule 3, Column (c), Line 28.

[3] Coleman Exhibit I, Schedule 3, Column (c), Line 29.

Pluris Webb Creek, LLC
Docket No. W-1314, Sub 4
NET OPERATING INCOME FOR A RETURN
For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 3
Page 1 of 2

Line No.	Item	Present Rates			Company Proposed Rates		Public Staff Recommended Rates		
		Amount Per Company's Update [1]	Public Staff Adjustments [2]	Amount Per Public Staff [4]	Net Company Increase [8]	Operations After Rate Increase [9]	Net Public Staff Increase [12]	Operations After Rate Increase [13]	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Operating Revenues:									
1	Service revenues	\$605,021	1,571	\$606,592 [3]	\$575,464	\$1,182,056 [3]	\$576,003	\$1,182,595 [14]	
2	Miscellaneous revenues	24,490	0	\$24,490	0	24,490	0	24,490	
3	Uncollectible accounts	(2,583)	0	(\$2,583)	0	(2,583)	0	(2,583)	
4	Total operating revenues (Sum of L1 thru L3)	626,928	1,571	\$628,499	575,464	1,203,963	576,003	1,204,502	
Operation & Maintenance Expenses:									
5	Salaries and wages	108,253	0	108,253	0	108,253	0	108,253	
6	Employee benefits	23,339	0	23,339	0	23,339	0	23,339	
7	Sludge removal expense	44,640	(6,000) [3]	38,640	0	38,640	0	38,640	
8	Purchased power	54,062	17,383 [3]	71,445	0	71,445	0	71,445	
9	Chemicals	7,977	0	7,977	0	7,977	0	7,977	
10	Materials & supplies (M&R)	15,758	(151) [3]	15,607	0	15,607	0	15,607	
11	Contract services - Engineering	0	0	0	0	0	0	0	
12	Contract services - Accounting	0	0	0	0	0	0	0	
13	Contract services - Legal	982	0	982	0	982	0	982	
14	Contract services - Management fees	128,732	0	128,732	0	128,732	0	128,732	
15	Contract services - Direct utility fees	36,534	0	36,534	0	36,534	0	36,534	
16	Contract services - Testing	31,208	(6,850) [3]	24,358	0	24,358	0	24,358	
17	Contract services - Other	6,719	0	6,719	0	6,719	0	6,719	
18	Rent expense	0	0	0	0	0	0	0	
19	Insurance - General liability	142	0	142	0	142	0	142	
20	Insurance - Workers compensation	176	0	176	0	176	0	176	
21	Insurance - Other	9,108	0	9,108	0	9,108	0	9,108	
22	Miscellaneous expenses	50,595	0	50,595	0	50,595	0	50,595	
23	Regulatory commission expense	17,000	0	17,000	0	17,000	0	17,000	
24	Total O&M expenses (Sum of L5 thru L23)	535,225	4,382	539,607	0	539,607	0	539,607	
Depreciation and Taxes:									
25	Depreciation expense	197,847	0	197,847	0	197,847	0	197,847	
26	Amortization of CIAC	(898)	0	(898)	0	(898)	0	(898)	
27	Franchise and other taxes	0	0	0	0	0	0	0	
28	Property taxes	0	0	0	0	0	0	0	
29	Payroll taxes	6,811	0	6,811	0	6,811	0	6,811	
30	Regulatory fee	850	(33)	817 [5]	748	1,565 [5]	749	1,566 [5]	
31	State income tax	0	0	0 [6]	7,990	7,990 [10]	8,004	8,004 [15]	
32	Federal income tax	0	0	0 [7]	65,439	65,439 [11]	65,549	65,549 [16]	
33	Total depreciation and taxes (Sum of L25 thru L32)	204,610	(33)	204,577	74,177	278,754	74,302	278,879	
34	Total operating revenue deductions (L24 + L33)	739,835	4,349	744,184	74,177	818,361	74,302	818,486	
35	Net operating income for a return (L4 - L34)	(\$112,907)	(\$2,778)	(\$115,685)	\$501,287	\$385,602	\$501,701	\$386,016	

Pluris Webb Creek, LLC

Docket No. W-1314, Sub 4

FOOTNOTES TO SCHEDULE 3

For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 3
Page 2 of 2

- [1] Coleman Exhibit I, Schedule 3-1, Column (I).
- [2] Column (c) minus Column (a), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Franklin.
- [4] Column (a) plus Column (b), unless otherwise footnoted.
- [5] Line 4 multiplied by 0.13%.
- [6] Coleman Exhibit I, Schedule 3-2, Column (a), Line 12.
- [7] Coleman Exhibit I, Schedule 3-2, Column (a), Line 14.
- [8] Column (e) minus Column (c), unless otherwise footnoted.
- [9] Column (c) plus Column (d), unless otherwise footnoted.
- [10] Coleman Exhibit I, Schedule 3-2, Column (b), Line 12.
- [11] Coleman Exhibit I, Schedule 3-2, Column (b), Line 14.
- [12] Column (g) minus Column (c), unless otherwise footnoted.
- [13] Column (c) plus Column (f), unless otherwise footnoted.
- [14] Revenue requirement as calculated by the Public Staff.
- [15] Coleman Exhibit I, Schedule 3-2, Column (c), Line 12.
- [16] Coleman Exhibit I, Schedule 3-2, Column (c), Line 14.

Pluris Webb Creek, LLC
Docket No. W-1314, Sub 4
**CALCULATION OF UPDATED NET OPERATING
INCOME FOR A RETURN**
For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 3-1
Page 1 of 2

Line No.	Item	PRO FORMA ADJUSTMENTS									
		Balance 12/31/19 (a)	[1] (b)	Legal [1] (b)	Travel [1] (c)	Salaries and Wages [1] (d)	Corporate Management [1] (e)	Direct Utility Expense [1] (f)	Rate Case Expense [1] (g)	Depreciation [1] (h)	[1] (i)
Operating Revenues:											
1	Service revenues	\$605,021	0	0	0	0	0	0	0	0	0
2	Miscellaneous revenues	24,490	0	0	0	0	0	0	0	0	0
3	Uncollectible accounts	(2,583)	0	0	0	0	0	0	0	0	0
4	Total operating revenues (Sum of L1 thru L3)	626,928	0	0	0	0	0	0	0	0	0
Operation & Maintenance Expenses:											
5	Salaries and wages	85,754	0	0	0	22,499	0	0	0	0	0
6	Employee benefits	23,339	0	0	0	0	0	0	0	0	0
7	Sludge removal expense	44,640	0	0	0	0	0	0	0	0	0
8	Purchased power	54,062	0	0	0	0	0	0	0	0	0
9	Chemicals	7,977	0	0	0	0	0	0	0	0	0
10	Materials & supplies (M&R)	15,758	0	0	0	0	0	0	0	0	0
11	Contract services - Engineering	0	0	0	0	0	0	0	0	0	0
12	Contract services - Accounting	0	0	0	0	0	0	0	0	0	0
13	Contract services - Legal	8,729	(7,747)	0	0	0	0	0	0	0	0
14	Contract services - Management fees	175,628	0	0	0	0	(46,896)	0	0	0	0
15	Contract services - Direct utility fees	35,313	0	0	0	0	0	1,221	0	0	0
16	Contract services - Testing	31,208	0	0	0	0	0	0	0	0	0
17	Contract services - Other	6,719	0	0	0	0	0	0	0	0	0
18	Rent expense	0	0	0	0	0	0	0	0	0	0
19	Insurance - General liability	142	0	0	0	0	0	0	0	0	0
20	Insurance - Workers compensation	176	0	0	0	0	0	0	0	0	0
21	Insurance - Other	9,108	0	0	0	0	0	0	0	0	0
22	Miscellaneous expenses	51,726	0	(1,131)	0	0	0	0	0	0	0
23	Regulatory commission expense	0	0	0	0	0	0	0	13,500	0	0
24	Total O&M expenses (Sum of L5 thru L23)	550,279	(7,747)	(1,131)	22,499	(46,896)	1,221	13,500	0	0	0
Depreciation and Taxes:											
25	Depreciation expense	44,750	0	0	0	0	0	0	0	0	152,490
26	Amortization of CIAC	(898)	0	0	0	0	0	0	0	0	0
27	Franchise and other taxes	0	0	0	0	0	0	0	0	0	0
28	Property taxes	0	0	0	0	0	0	0	0	0	0
29	Payroll taxes	6,811	0	0	0	0	0	0	0	0	0
30	Regulatory fee	850	0	0	0	0	0	0	0	0	0
31	State income tax	0	0	0	0	0	0	0	0	0	0
32	Federal income tax	0	0	0	0	0	0	0	0	0	0
33	Total depreciation and taxes (Sum of L25 thru L32)	51,513	0	0	0	0	0	0	0	0	152,490
34	Total operating revenue deductions (L24 + L33)	601,792	(7,747)	(1,131)	22,499	(46,896)	1,221	13,500	152,490		
35	Net operating income for a return (L4 - L34)	\$25,136	\$7,747	\$1,131	(\$22,499)	\$46,896	(\$1,221)	(\$13,500)	(\$152,490)		

[1] Per examination of the Company's financial records.
[2] Per Company's update filed on July 31, 2020.
[3] Sum of Column (b) thru Column (j)
[4] Column (a) plus Column (k)

Pluris Webb Creek, LLC
Docket No. W-1314, Sub 4
**CALCULATION OF UPDATED NET OPERATING
INCOME FOR A RETURN**
For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 3-1
Page 2 of 2

Line No.	Item	UPDATE ADJUSTMENTS				Proforma Balance [4]
		Rate Case Expense [2] (i)	Depreciation [2] (j)	Total Adjustments [3] (k)		
Operating Revenues:						
1	Service revenues	0	0	0		605,021
2	Miscellaneous revenues	0	0	0		24,490
3	Uncollectible accounts	0	0	0		(2,583)
4	Total operating revenues (Sum of L1 thru L3)	0	0	0		626,928
Operation & Maintenance Expenses:						
5	Salaries and wages	0	0	22,499		108,253
6	Employee benefits	0	0	0		23,339
7	Sludge removal expense	0	0	0		44,640
8	Purchased power	0	0	0		54,062
9	Chemicals	0	0	0		7,977
10	Materials & supplies (M&R)	0	0	0		15,758
11	Contract services - Engineering	0	0	0		0
12	Contract services - Accounting	0	0	0		0
13	Contract services - Legal	0	0	(7,747)		982
14	Contract services - Management fees	0	0	(46,896)		128,732
15	Contract services - Direct utility fees	0	0	1,221		36,534
16	Contract services - Testing	0	0	0		31,208
17	Contract services - Other	0	0	0		6,719
18	Rent expense	0	0	0		0
19	Insurance - General liability	0	0	0		142
20	Insurance - Workers compensation	0	0	0		176
21	Insurance - Other	0	0	0		9,108
22	Miscellaneous expenses	0	0	(1,131)		50,595
23	Regulatory commission expense	3,500	0	17,000		17,000
24	Total O&M expenses (Sum of L5 thru L23)	3,500	0	(15,054)		535,225
Depreciation and Taxes:						
25	Depreciation expense	0	607	153,097		197,847
26	Amortization of CIAC	0	0	0		(898)
27	Franchise and other taxes	0	0	0		0
28	Property taxes	0	0	0		0
29	Payroll taxes	0	0	0		6,811
30	Regulatory fee	0	0	0		850
31	State income tax	0	0	0		0
32	Federal income tax	0	0	0		0
33	Total depreciation and taxes (Sum of L25 thru L32)	0	607	153,097		204,610
34	Total operating revenue deductions (L24 + L33)	3,500	607	138,043		739,835
35	Net operating income for a return (L4 - L34)	(\$3,500)	(\$607)	(\$138,043)		(\$112,907)

Pluris Webb Creek, LLC
Docket No. W-1314, Sub 4
CALCULATION OF INCOME TAXES
For Test Year Ended December 31, 2019

Public Staff
Coleman Exhibit I
Schedule 3-2

Line No.	<u>Item</u>	Present Rates [1] (a)	Company Proposed Rates [3] (b)	Public Staff Recommended Rates [5] (c)
1	Operating revenue	\$628,499	\$1,203,963	\$1,204,502
	Operating revenue deductions:			
2	Operating & maintenance expenses	539,607	539,607	539,607
3	Depreciation expense	197,847	197,847	197,847
4	Amortization of CIAC	(898)	(898)	(898)
5	Franchise and other taxes	0	0	0
6	Property taxes	0	0	0
7	Payroll taxes	6,811	6,811	6,811
8	Regulatory fee	817	1,565	1,566
9	Interest expense	139,426 [2]	139,426 [4]	139,426 [6]
10	Total deductions (Sum of L2 thru L9)	<u>883,610</u>	<u>884,358</u>	<u>884,359</u>
11	Taxable income (L1 - L10)	<u>(255,111)</u>	<u>319,605</u>	<u>320,143</u>
12	State income tax (L11 x 2.5%)	<u>0</u>	<u>7,990</u>	<u>8,004</u>
13	Federal taxable income after state income tax (L1 - L12)	<u>(255,111)</u>	<u>311,615</u>	<u>312,139</u>
14	Federal income tax (L13 x 21%)	<u>0</u>	<u>65,439</u>	<u>65,549</u>
15	Net amount (L11 - L12 - L14)	(255,111)	246,176	246,590
16	Add: Interest expense	<u>139,426 [2]</u>	<u>139,426 [4]</u>	<u>139,426 [6]</u>
17	Net income for a return (L15 + L16)	<u>(\$115,685)</u>	<u>\$385,602</u>	<u>\$386,016</u>

- [1] Coleman Exhibit I, Schedule 3, Page 1, Column (c).
[2] Coleman Exhibit I, Schedule 1, Column (e), Line 1.
[3] Coleman Exhibit I, Schedule 3, Page 1, Column (e).
[4] Coleman Exhibit I, Schedule 1, Column (e), Line 4.
[5] Coleman Exhibit I, Schedule 3, Page 1, Column (g).
[6] Coleman Exhibit I, Schedule 1, Column (e), Line 7.