



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

April 12, 2024

Ms. A. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1034, Sub 13 – Application by Water Resources, Inc., for Authority to Adjust and Increase Rates for Water Utility Service in Rocky River Plantation Subdivision in Cabarrus County and River Walk Subdivision in Mecklenburg County, North Carolina.

Dear Ms. Dunston,

Attached for filing on behalf of the Public Staff in the above-referenced dockets is the testimony and exhibit of Lynn Feasel, Public Utilities Regulatory Supervisor of the Water, Sewer, and Telecommunications Sections with the Accounting Division of the Public Staff – North Carolina Utilities Commission.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted
/s/ Gina Holt
Staff Attorney
gina.holt@psncuc.nc.gov

cc: Parties of Record

Executive Director
(919) 733-2435

Accounting
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Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
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Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

CERTIFICATE OF SERVICE

I certify that a copy of the Testimony and exhibits have been served on all parties of record or their attorneys, or both, in accordance with Commission Rule R1-39, by United States Mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 12th day of April, 2024.

Electronically submitted
/s/Gina Holt Staff Attorney

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-1034, SUB 13

In the Matter of)	
Application of Water Resources, Inc.,)	
for Authority to Adjust and Increase Rates)	TESTIMONY OF
for Water Utility Service in Rocky River)	LYNN FEASEL
Plantation Subdivision in Cabarrus County)	PUBLIC STAFF –
and River Walk Subdivision in)	NORTH CAROLINA
Mecklenburg County, North Carolina)	UTILITIES COMMISSION

April 12, 2024

1 **Q. Please state your name, business address, and present position.**

2 A. My name is Lynn Feasel. My business address is 430 North Salisbury
3 Street, Dobbs Building, Raleigh, North Carolina. I am the Public
4 Utilities Regulatory Supervisor of the Water, Sewer, and
5 Telecommunications Sections with the Accounting Division of the
6 Public Staff – North Carolina Utilities Commission (Public Staff).

7 **Q. Please state your qualifications and experience.**

8 A. My qualifications and experience are included in Appendix A.

9 **Q. What is the mission of the Public Staff?**

10 A. The Public Staff represents the concerns of the using and consuming
11 public in all public utility matters that come before the North Carolina
12 Utilities Commission (Commission). Pursuant to N.C. Gen. Stat. §
13 62-15(d), it is the Public Staff's duty and responsibility to review,
14 investigate, and make appropriate recommendations to the
15 Commission regarding the following utility matters: (1) retail rates
16 charged, service furnished, and complaints filed, regardless of retail
17 customer class; (2) applications for certificates of public convenience
18 and necessity; (3) transfers of franchises, mergers, consolidations,
19 and combinations of public utilities; and (4) contracts of public utilities
20 with affiliates or subsidiaries. The Public Staff is also responsible for
21 appearing before State and federal courts and agencies in matters
22 affecting public utility service.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to present the accounting and
3 ratemaking adjustments I am recommending, as well as those
4 recommended by other Public Staff witnesses, as a result of the
5 Public Staff's investigation of the application filed by Water
6 Resources, Inc. (WRI), for Authority to Adjust and Increase Rates for
7 Water Utility Service in Rocky River Plantation (Rocky River)
8 Subdivision in Cabarrus County, North Carolina, and River Walk
9 (River Walk) Subdivision in Mecklenburg County, North Carolina
10 (Application).

11 **Q. Please describe the scope of your investigation into the**
12 **Company's filings.**

13 A. My investigation includes a review of the Application, exhibits, and
14 testimony filed by the Company and an examination of the books and
15 records for the 12-month test year ended December 31, 2022, with
16 updates for certain items through December 31, 2023. The Public
17 Staff also conducted extensive discovery in this matter, including
18 auditing information provided by the Company in response to the
19 Public Staff's written and verbal data requests.

1 **Q. Please briefly describe the Public Staff's presentation of the**
2 **issues in this case.**

3 A. Each Public Staff witness will present testimony and exhibits
4 supporting his or her position and will recommend any appropriate
5 adjustments to the Company's proposed rate base and cost of
6 service for the test year. My exhibits reflect and summarize these
7 adjustments, as well as the adjustments I recommend.

8 **Q. Please provide a more detailed description of the organization**
9 **of your exhibits.**

10 A. Schedules 1a and 1b of Public Staff Accounting Exhibit I present the
11 return on original cost rate base under present rates, the Company's
12 proposed rates, and the Public Staff's recommended rates.

13 Schedules 1c and 1d of Public Staff Accounting Exhibit I present the
14 margin on operating revenue deductions requiring a return under
15 present rates, Company proposed rates, and the Public Staff's
16 recommended rates.

17 Schedules 2a and 2b of Public Staff Accounting Exhibit I, along with
18 their supporting schedules, present the original cost rate base.

19 Schedules 3a and 3b of Public Staff Accounting Exhibit I, along with
20 their supporting schedules, present the net operating income for a

1 return under present rates, Company proposed rates, and the Public
2 Staff's recommended rates.

3 Schedules 4a and 4b of Public Staff Accounting Exhibit I present the
4 calculation of revenue requirement.

5 Schedules 5a and 5b of Public Staff Accounting Exhibit I present a
6 summary of the revenue impacts from the Public Staff's adjustments
7 and the Public Staff's recommended revenue increase.

8 **Q. What conclusions have you reached as to the Company's rate
9 increase request for Rocky River?**

10 A. Based on the results of my investigation, Rocky River's original cost
11 rate base as of December 31, 2022, with updates for certain items
12 through December 31, 2023, is \$433,170. The test year level of
13 operating revenue deductions requiring a return is \$99,224. Based
14 on the foregoing, I utilized the rate base method to evaluate the
15 Company's proposed revenue requirement.

16 I calculated the gross revenue requirement using the overall rate of
17 return of 7.00% recommended by Public Staff Regulatory Analyst
18 Gregory J. Reger. The resulting total revenue requirement is
19 \$136,077, of which \$135,229 is attributed to service revenue and
20 \$848 is attributed to miscellaneous revenue. Therefore, the Public
21 Staff recommends that water service rates for Rocky River be set to

1 reflect a service revenue increase of \$92,377 based on the difference
2 between the recommended service revenue of \$135,229 and the
3 service revenue under the present rates of \$42,852 approved in
4 Docket No. W-1034, Sub 8 on November 21, 2018.

5 **Q. What conclusions have you reached as to the Company's rate**
6 **increase request for River Walk?**

7 A. Based on my investigation, River Walk's original cost rate base as of
8 December 31, 2022, with updates for certain items through
9 December 31, 2023, is \$24,160. The test year level of operating
10 revenue deductions requiring a return is \$34,850. Based on the
11 foregoing, and as allowed under N.C. Gen. Stat. § 62-133.1, I utilized
12 the operating ratio method to evaluate the Company's proposed
13 revenue requirement.

14 I calculated the gross revenue requirement using the margin on
15 operating revenue deductions requiring a return of 7.00%
16 recommended by Public Staff witness Reger. The resulting total
17 revenue requirement is \$38,073, of which \$37,682 is attributed to
18 service revenue, and \$391 is attributed to miscellaneous revenue.
19 Therefore, the Public Staff recommends that water service rates for
20 River Walk be set to reflect a service revenue increase of \$2,419
21 based on the difference between the recommended service revenue
22 of \$37,682 and the service revenue under the present rates of

1 \$35,263 approved in Docket No. W-1034, Sub 8 on November 21,
2 2018.

3 **Q. Does Public Staff Accounting Exhibit I reflect the adjustments**
4 **supported by other public staff witnesses?**

5 A. Yes. Public Staff Accounting Exhibit I reflects the following
6 adjustments supported by other Public Staff witnesses:

7 1. The recommendation of Public Staff witness Reger for the margin
8 on operating revenue deductions and the overall rate of return.

9 2. The recommendation of Public Staff Utilities Engineer Evan
10 Houser for the following items:

11 (a) Plant in service

12 (b) Maintenance and repairs;

13 (c) Contract operator;

14 (d) Electric;

15 (e) Testing;

16 (f) Chemicals; and

17 (g) Purchased water.

1 **Q. What adjustments will you discuss?**

2 A. I discuss the following recommended accounting and ratemaking
3 adjustments:

4 (a) Accumulated depreciation and depreciation expense;

5 (b) Accumulated amortization of CIAC and amortization of
6 CIAC expense;

7 (c) Cash working capital and average tax accrual;

8 (d) Miscellaneous revenues;

9 (e) Salaries and wages;

10 (f) Administrative and office expense;

11 (g) Insurance;

12 (h) Professional services;

13 (i) Miscellaneous expense;

14 (j) Rate case expense;

15 (k) Property tax;

16 (l) Payroll tax;

17 (m) Regulatory fee;

18 (n) State income tax; and

19 (o) Federal income tax.

1 **Plant in Service**

2 **Q. Please explain the adjustments to Plant in Service.**

3 **A.** The calculation begins with plant, accumulated depreciation, and net
4 plant based on the Company's actual per books plant in service and
5 accumulated depreciation amounts as of the period ending
6 December 31, 2023. I have then incorporated the plant adjustments
7 recommended by Public Staff witness Houser.

8 **Accumulated Depreciation and Depreciation Expense**

9 **Q. How have you adjusted accumulated depreciation and**
10 **depreciation expense?**

11 **A.** I calculated accumulated depreciation and depreciation expense to
12 reflect depreciation related to the adjusted plant balances stated
13 above as of December 31, 2023 for Rocky River and River Walk,
14 respectively.

15 Accumulated depreciation was calculated based on the service lives
16 recommended by Public Staff witness Houser and the year each
17 plant asset was placed in service, using the half-year convention
18 methodology. Depreciation expense reflects a single year's
19 depreciation.

1 **Accumulated Amortization of CIAC and Amortization of CIAC Expense**

2 **Q. How have you adjusted accumulated amortization and**
3 **amortization expense?**

4 **A.** I calculated accumulated amortization and amortization expense to
5 reflect amortization related to the contributions in aid of construction
6 (CIAC) as of December 31, 2023 for River Walk.

7 Accumulated amortization was calculated based on the service lives
8 recommended by Public Staff witness Houser and the year each
9 CIAC was collected, using the half-year convention methodology.
10 Amortization expense reflects a single year's amortization.

11 **Cash Working Capital and Average Tax Accruals**

12 **Q. Please describe your calculation of cash working capital and**
13 **average tax accruals.**

14 **A.** Cash working capital, net of average tax accruals, provides the
15 Company with the funds necessary to carry on its daily operations.
16 For both Rocky River and River Walk, I included one-eighth of total
17 adjusted operating and maintenance expenses as a measure of cash
18 working capital. Average tax accruals, calculated as one-fifth of
19 payroll tax plus one-half of property taxes, reflects the tax that the
20 Company collects in rates but does not pay to the government
21 agency every month. Since the Company has the use of this money

1 until it is paid to the government agency, this tax accrual is deducted
2 from rate base.

3 **Miscellaneous Revenues**

4 **Q. Please explain your adjustments to miscellaneous revenue.**

5 **A.** I corrected an error in the miscellaneous revenue reported on the
6 Company's Schedule 3(b) for River Walk to appropriately reflect the
7 adjusted miscellaneous revenue supported by the Company's
8 Schedule 3-1.

9 **Salaries and Wages**

10 **Q Please explain your adjustments to employee salaries and**
11 **wages.**

12 **A.** First, I reclassified personal phone reimbursement expense included
13 in salaries and wages to administrative and office expense, as this
14 business expense is not taxable for payroll purposes. Then, since
15 the Company included several variations of the number of hours
16 worked by an employee in its application as well as in a subsequent
17 response to a Public Staff data request, and the payroll stubs
18 provided by the Company did not include the number of hours the
19 employee worked; I took the median average of the number of hours
20 per the Company's variations based on the job description provided
21 by the Company. I then applied an hourly rate of \$20, an estimate of

1 the average pay for an employee performing similar tasks, to the
2 median 10 hours per week of work to calculate a representative
3 ongoing level of payroll expense for the employee. Although the
4 representative level I have included exceeds the amounts for which
5 the Company provided payroll stubs for the test year, I believe the
6 calculation to be a fair representation of payroll expense for the
7 employee given the Company's lack of supporting documentation
8 and inability to support the number of hours worked by the employee.
9 Based on the foregoing, I also recommend the Company keep time
10 records for employees going forward.

11 **Administrative and Office Expense**

12 **Q. Please explain your adjustments to administrative and office**
13 **expense.**

14 **A.** I adjusted administrative and office (A&G) expenses to: (1) remove
15 meals expense, (2) update business phone expenses, (3) include
16 personal phone reimbursement expense reclassified from salaries
17 and wages, (4) remove phone charges outside of test period, (5)
18 update postage meter expenses for which supporting documentation
19 was provided, (6) adjust office supplies based on a reasonable
20 estimation of costs to reflect an on-going level of expenses for a
21 small utility company, (7) update office rent to reflect the rent
22 increase to be effective June 1, 2023, (8) update A&G miscellaneous

1 expenses for which supporting documentation was provided, and
2 (10) remove late payment fees.

3 **Insurance Expense**

4 **Q. Please explain your adjustments to insurance expense.**

5 **A.** I updated the insurance expense to reflect the most current rates for
6 property and liability insurance.

7 **Professional Expense**

8 **Q. Please explain your adjustments to professional services.**

9 **A.** First, I corrected the professional fees error shown on the Company's
10 Schedule 3(a) and 3(b) for Rocky River and River Walk, respectively,
11 to reflect the adjusted professional fees supported by the Company's
12 Schedule 3-5. Additionally, I included a correction for an invoice,
13 which included an incorrect number of billing hours. Then, I removed
14 expenses that were outside of the test period as well as expenses
15 based on the recommendation of Public Staff witness Houser.
16 Finally, I reclassified professional expenses related to rate case
17 expense to rate case expense.

1 **Miscellaneous expense**

2 **Q. Please explain your adjustments to Miscellaneous.**

3 **A.** After reviewing the responses to Public Staff data requests, I updated
4 miscellaneous expenses to reflect the most recent interest expense
5 on the \$35,000 loan for a revolving line of credit with Western
6 Alliance Bank that satisfies the initial bond requirement set forth in
7 Docket No. W-1034, Sub 0.

8 **Rate Case Expense**

9 **Q. Please explain your adjustments to Rate case expense**

10 **A.** The Company included an estimated amount of regulatory expenses
11 in its application. I adjusted regulatory expenses to include the actual
12 rate case expenses and expenses reclassified to rate case expense,
13 and included an estimated amount for notices, printing envelopes,
14 and postage fees to be incurred after the evidentiary hearing. I then
15 amortized the calculated expenses over a five-year period based on
16 my analysis of the frequency of the Company's historic rate case
17 filings. Additionally, I recommend that if the Company's next rate
18 case filing exceeds the five-year amortization period, starting with the
19 date on which rates become effective in the present case, the
20 Company shall record any overcollection of rate case expense,
21 beginning the first month after the five-year amortization period ends,

1 in a regulatory liability account on a monthly basis. I further
2 recommend that the amounts be recorded in the regulatory liability
3 account and be returned to ratepayers with interest based on the
4 weighted average cost of capital, in a manner determined in the
5 Company's next rate case. Should the Company file for a rate case
6 before the expiration of the amortization period, any unrecovered
7 rate case expense balance will be added in the new rate case
8 expense and amortized over the number of years approved by the
9 Commission in that rate case.

10 **Property Taxes**

11 **Q. Please explain your adjustments to Property tax.**

12 **A.** I adjusted the property tax to exclude the property tax paid on a
13 former office space owned by WRI, which is no longer in use, and
14 the property tax paid for a well that is not in use based on the
15 recommendation of Public Staff witness Houser.

16 **Payroll Taxes**

17 **Q. Please explain your calculation of Payroll tax.**

18 **A.** Payroll taxes were updated based on the updated salaries and
19 wages, applying the most current statutory rates for FICA (7.65%),
20 SUTA (1.9%), and FUTA (0.6%), including a wage cap on FUTA of
21 \$7,000.

1 **Regulatory Fee**

2 **Q. How have you adjusted the regulatory fee?**

3 A. I applied the statutory rate of 0.1475% to the total operating revenues
4 under present rates, the Company's proposed rates, and the Public
5 Staff's recommended rates, respectively.

State And Federal Income Taxes

6 **Q. Please explain your calculation of state and federal income**
7 **taxes.**

8 **A.** State and federal income taxes were calculated based on the
9 statutory corporate rates for the level of income and expenses after
10 all Public Staff adjustments.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes, it does.

QUALIFICATIONS AND EXPERIENCE

LYNN FEASEL

I am a graduate of Baldwin Wallace University with a Master of Business Administration degree in Accounting. I am a Certified Public Accountant licensed in the State of North Carolina. Prior to joining the Public Staff, I was employed by Franklin International in Columbus, Ohio until June 2013. Additionally, I worked for ABB Inc. from September 2013 until October 2016. I joined the Public Staff as a Staff Accountant in November 2016, and I was promoted to Financial Manager in July 2022. Since joining the Public Staff, I have worked on rate cases involving water and sewer and natural gas companies, filed testimony and affidavits in various general rate cases, calculated quarterly earnings for Carolina Water Service, Inc. of North Carolina and Aqua North Carolina, Inc., calculated quarterly earnings for various natural gas companies, calculated refunds to consumers from AH4R and Progress Residential, and reviewed new franchise, transfer, and contiguous extension filings for multiple water and sewer companies.

Water Resources, Inc.
 Docket W-1034 Sub 13
RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 1a

Rocky River

Line No.	<u>Item</u>	Capitalization Ratio [1] (a)	Original Cost Rate Base (b)	Embedded Cost (c)	Overall Cost Rate [7] (d)	Net Operating Income (e)
<u>Present rates:</u>						
1.	Debt	50.00%	\$216,585 [2]	4.20% [1]	2.10%	\$9,097 [8]
2.	Equity	50.00%	216,585 [2]	-29.87% [6]	-14.94%	(64,685) [9]
3.	Total	<u>100.00%</u>	<u>\$433,170 [3]</u>		<u>-12.84%</u>	<u>(\$55,588) [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$216,585 [4]	4.20% [1]	2.10%	\$9,097 [8]
5.	Equity	50.00%	216,585 [4]	35.42% [6]	17.71%	76,720 [11]
6.	Total	<u>100.00%</u>	<u>\$433,170 [3]</u>		<u>19.81%</u>	<u>\$85,817 [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$216,585 [5]	4.20% [1]	2.10%	\$9,097 [8]
8.	Equity	50.00%	216,585 [5]	9.80% [1]	4.90%	21,225 [8]
9.	Total	<u>100.00%</u>	<u>\$433,170 [3]</u>		<u>7.00%</u>	<u>\$30,322</u>

[1] Provided by Public Staff Economic Analyst Reger.
 [2] Column (a) x Line 3, Column (b).
 [3] Public Staff Accounting Exhibit I, Schedule 2a, Line 10, Column (c).
 [4] Column (a) x Line 6, Column (b).
 [5] Column (a) x Line 9, Column (b).
 [6] Column (e) divided by Column (b).
 [7] Column (a) x Column (c).
 [8] Column (b) x Column (c).
 [9] Line 3 - Line 1, Column (e).
 [10] Public Staff Accounting Exhibit I, Schedule 3a, Line 28, Column (c).
 [11] Line 6 - Line 4, Column (e).
 [12] Public Staff Accounting Exhibit I, Schedule 3a, Line 28, Column (e).

Water Resources, Inc.
 Docket W-1034 Sub 13
RETURN ON ORIGINAL COST RATE BASE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 1b

River Walk

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)
<u>Present rates:</u>						
1.	Debt	50.00%	\$12,080 [2]	4.20% [1]	2.10%	\$507 [8]
2.	Equity	50.00%	12,080 [2]	0.59% [6]	0.30%	72 [9]
3.	Total	<u>100.00%</u>	<u>\$24,160 [3]</u>		<u>2.40%</u>	<u>\$579 [10]</u>
<u>Company proposed rates:</u>						
4.	Debt	50.00%	\$12,080 [4]	4.20% [1]	2.10%	\$507 [8]
5.	Equity	50.00%	12,080 [4]	138.76% [6]	69.38%	16,762 [11]
6.	Total	<u>100.00%</u>	<u>\$24,160 [3]</u>		<u>71.48%</u>	<u>\$17,269 [12]</u>
<u>Public Staff recommended rates:</u>						
7.	Debt	50.00%	\$12,080 [5]	4.20% [1]	2.10%	\$507 [8]
8.	Equity	50.00%	12,080 [5]	9.80% [1]	4.90%	1,184 [8]
9.	Total	<u>100.00%</u>	<u>\$24,160 [3]</u>		<u>7.00%</u>	<u>\$1,691</u>

[1] Provided by Public Staff Economic Analyst Reger.
 [2] Column (a) x Line 3, Column (b).
 [3] Public Staff Accounting Exhibit I, Schedule 2b, Line 10, Column (c).
 [4] Column (a) x Line 6, Column (b).
 [5] Column (a) x Line 9, Column (b).
 [6] Column (e) divided by Column (b).
 [7] Column (a) x Column (c).
 [8] Column (b) x Column (c).
 [9] Line 3 - Line 1, Column (e).
 [10] Public Staff Accounting Exhibit I, Schedule 3b, Line 28, Column (c).
 [11] Line 6 - Line 4, Column (e).
 [12] Public Staff Accounting Exhibit I, Schedule 3b, Line 28, Column (e).

Water Resources, Inc.
 Docket W-1034 Sub 13
**MARGIN ON OPERATING REVENUE DEDUCTIONS
 REQUIRING A RETURN**
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 1c

Rocky River

<u>Line No.</u>	<u>Item</u>	<u>Present Rates</u> (a)	<u>Company Proposed Rates</u> (b)	<u>Public Staff Proposed Rates</u> (c)
1.	Net operating income for a return	(\$55,588) [1]	\$85,817 [4]	\$6,946 [6]
2.	Operating revenue deductions requiring a return	<u>99,224</u> [2]	<u>99,224</u> [5]	<u>99,224</u> [7]
3.	Return	<u><u>-56.02%</u></u> [3]	<u><u>86.49%</u></u> [3]	<u><u>7.00%</u></u> [8]

[1] Public Staff Accounting Exhibit I, Schedule 3a, Line 28, Column (c).
 [2] Public Staff Accounting Exhibit I, Schedule 3a, Line 17 + Line 18 + Line 19 + Line 20 + Line 21 + Line 22, Column (c).
 [3] Line 1 divided by Line 2.
 [4] Public Staff Accounting Exhibit I, Schedule 3a, Line 28, Column (e).
 [5] Public Staff Accounting Exhibit I, Schedule 3a, Line 17 + Line 18 + Line 19 + Line 20 + Line 21 + Line 22, Column (e).
 [6] Line 2 x Line 3, Column (c).
 [7] Public Staff Accounting Exhibit I, Schedule 3a, Line 17 + Line 18 + Line 19 + Line 20 + Line 21 + Line 22, Column (g).
 [8] Provided by Public Staff Economic Analyst Reger.

Water Resources, Inc.
 Docket W-1034 Sub 13
**MARGIN ON OPERATING REVENUE DEDUCTIONS
 REQUIRING A RETURN**
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 1d

River Walk

<u>Line No.</u>	<u>Item</u>	<u>Present Rates</u> (a)	<u>Company Proposed Rates</u> (b)	<u>Public Staff Proposed Rates</u> (c)
1.	Net operating income for a return	\$579 [1]	\$17,269 [4]	\$2,439 [6]
2.	Operating revenue deductions requiring a return	<u>34,850 [2]</u>	<u>34,850 [5]</u>	<u>34,850 [7]</u>
3.	Return	<u>1.66% [3]</u>	<u>49.55% [3]</u>	<u>7.00% [8]</u>

[1] Public Staff Accounting Exhibit I, Schedule 3b, Line 28, Column (c).
 [2] Public Staff Accounting Exhibit I, Schedule 3b, Line 17 + Line 18 + Line 19 + Line 20 + Line 21 + Line 22, Column (c).
 [3] Line 1 divided by Line 2.
 [4] Public Staff Accounting Exhibit I, Schedule 3b, Line 28, Column (e).
 [5] Public Staff Accounting Exhibit I, Schedule 3b, Line 17 + Line 18 + Line 19 + Line 20 + Line 21 + Line 22, Column (e).
 [6] Line 2 x Line 3, Column (c).
 [7] Public Staff Accounting Exhibit I, Schedule 3b, Line 17 + Line 18 + Line 19 + Line 20 + Line 21 + Line 22, Column (g).
 [8] Provided by Public Staff Economic Analyst Reger.

Water Resources, Inc.
 Docket W-1034 Sub 13
ORIGINAL COST RATE BASE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 2a

Rocky River

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> [1] (b)	<u>Amount Per Public Staff</u> (c)
1	Plant in service	\$587,064	(\$65,463)	\$521,601 [2]
2	Accumulated depreciation	(83,559)	(1,699)	(85,258) [3]
3	Contributions in aid of construction	(13,295)	0	(13,295)
4	Accumulated amortization of CIAC	0	0	0
5	Customer advances	0	0	0
6	Net plant in service (Sum L1 + L5)	<u>490,210</u>	<u>(67,162)</u>	<u>423,048</u>
7	Customer deposits	0	0	0
8	Cash working capital	13,963	(3,123)	10,840 [4]
9	Average tax accruals	(673)	(46)	(719) [5]
10	Original cost rate base (Sum L6 + L9)	<u><u>\$503,500</u></u>	<u><u>(\$70,330)</u></u>	<u><u>\$433,170</u></u>

- [1] Column (c) - Column (a), unless otherwise noted.
 [2] Public Staff Accounting Exhibit I, Schedule 2-1a, Line 33, Column (a).
 [3] Public Staff Accounting Exhibit I, Schedule 2-1a, Line 33, Column (f).
 [4] Calculated as one-eighth of total O&M expenses.
 [5] Calculated as one-half of property tax plus one-fifth of payroll tax.

Water Resources, Inc.
 Docket W-1034 Sub 13
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED
 DEPRECIATION AND DEPRECIATION EXPENSE**
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 2-1a

Rocky River

Line No.	Item	Plant	Year	Life	Years	Annual	Accumulated
		In Service [1]	Acquired [1]		In Service [3]	Depreciation [4]	Depreciation [5]
		(a)	(b)	(c)	(d)	(e)	(f)
Plant in service per Sub 8 Rate Case:							
1	Land	\$3,000	1988	n/a	n/a	n/a	n/a
2	Water system installed in 1998	14,600	1988	25	35.50	0	14,600
3	Organizational costs	10,017	1993	25	30.50	0	10,017
4	Meters, connections, etc.	4,425	1994	20	29.50	0	4,425
5	Fence, storage tank	3,400	1994	25	29.50	0	3,400
6	Meters, connections, etc.	5,321	1995	20	28.50	0	5,321
7	McMillan Acres expansion	7,196	1995	25	28.50	0	7,196
8	Meters, installation only	518	1996	20	27.50	0	518
9	Pump	6,540	1996	10	27.50	0	6,540
10	Meters, connections, etc.	874	1996	20	27.50	0	874
11	Meters, installation only	390	1997	20	26.50	0	390
12	Meters, connections, etc.	385	1998	20	25.50	0	385
13	Meters, connections, etc.	206	2000	20	23.50	0	206
14	Meters, connections, etc.	165	2001	20	22.50	0	165
15	Clearing trees & stumps	2,360	2001	10	22.50	0	2,360
16	Pumps	7,372	1999	10	24.50	0	7,372
17	Pumps	6,508	2000	10	23.50	0	6,508
18	Pumps	1,957	2001	10	22.50	0	1,957
19	Water line and meter	2,509	2017	5	6.50	0	2,509
20	Total plant in service per Sub 8 proceeding (Sum L1 + L19)	<u>77,743</u>				<u>0</u>	<u>74,743</u>
Plant additions since Sub 8 rate case proceeding:							
21	Pressure switch	1,787 [2]	2021 [2]	5 [2]	2.50	357	894
22	Water meters	13,787 [2]	2022 [2]	15 [2]	1.50	919	1,379
23	Meter & ball valve replacement	2,788 [2]	2022 [2]	15 [2]	1.50	186	279
24	Pump repairs	0 [2]	2022 [2]	7 [2]	1.50	0	0
25	Total plant additions within test year (Sum L21 + L24)	<u>18,362</u>				<u>1,462</u>	<u>2,551</u>
Post Year Plant Additions							
26	Filter drain repair	2,419 [2]	2023 [2]	7 [2]	1.00	346	346
27	Pump and motor replacement	11,761 [2]	2023 [2]	10 [2]	1.00	1,176	1,176
28	Harrisburg interconnection	310,176 [2]	2023 [2]	50 [2]	1.00	6,204	6,204
29	Harrisburg interconnect meter	3,575 [2]	2023 [2]	15 [2]	1.00	238	238
30	Harrisburg Development Fee	97,965 [2]	2023 [2]	0 [2]	1.00	n/a	n/a
31	Total post test year plant additions (Sum L26 + L30)	<u>425,496</u>				<u>7,964</u>	<u>7,964</u>
32	Total plant additions since Sub 8 rate case proceeding (L25 + L31):	<u>443,858</u>				<u>9,426</u>	<u>10,515</u>
33	Total plant in service (L20 + L25 + L31)	<u>\$521,601</u>				<u>\$9,426</u>	<u>\$85,258</u>

[1] Approved from last rate case W-1034 Sub 8.
 [2] Provided by Public Staff Engineer Houser.
 [3] Calculated based on year placed in service using half year convention through 12/31/2023.
 [4] Column (a) divided by Column (c), unless fully depreciated.
 [5] Column (d) multiplied by Column (e), unless fully depreciated.

Water Resources, Inc.
 Docket W-1034 Sub 13
ORIGINAL COST RATE BASE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 2b

River Walk

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Application</u> (a)	<u>Public Staff Adjustments</u> [1] (b)	<u>Amount Per Public Staff</u> (c)
1	Plant in service	\$53,224	\$0	\$53,224 [2]
2	Accumulated depreciation	(23,830)	(3,571)	(27,401) [3]
3	Contributions in aid of construction	(6,165)	0	(6,165)
4	Accumulated amortization of CIAC	0	876	876 [4]
5	Customer advances	0	0	0
6	Net plant in service (Sum L1 + L5)	<u>23,229</u>	<u>(2,695)</u>	<u>20,534</u>
7	Customer deposits	0	0	0
8	Cash working capital	4,869	(1,065)	3,804 [5]
9	Average tax accruals	(670)	492	(178) [6]
10	Original cost rate base (Sum L6 + L9)	<u>\$27,428</u>	<u>(\$3,268)</u>	<u>\$24,160</u>

[1] Column (c) - Column (a).
 [2] Public Staff Accounting Exhibit I, Schedule 2-1b, Line 20, Column (a).
 [3] Public Staff Accounting Exhibit I, Schedule 2-1b, Line 20, Column (f).
 [4] Public Staff Accounting Exhibit I, Schedule 2-2b, Line 6, Column (f).
 [5] Calculated as one-eighth of total O&M expenses.
 [6] Calculated as one-half of property tax plus one-fifth of payroll tax.

Water Resources, Inc.
 Docket W-1034 Sub 13
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION
 AND DEPRECIATION EXPENSE**
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 2-1b

River Walk

Line No.	Item	Plant In Service [1] (a)	Year Acquired [1] (b)	Life [1] (c)	Years In Service [3] (d)	Annual Depreciation [4] (e)	Accumulated Depreciation [5] (f)
River Walk							
1	Water system installed in 2002	18,495	2002	30	21.50	617	13,255
2	35 gallon poly solution tank	91	2007	5	16.50	0	91
3	Chemical feed pump (installed)	665	2007	3	16.50	0	665
4	Meter spuds and meters	243	2007	30	16.50	8	134
5	Meter boxes	195	2010	30	13.50	7	88
6	Cut-off valves	177	2010	15	13.50	12	159
7	Meters	75	2010	30	13.50	3	34
8	Organizational costs	13,692	2011	20	12.50	665	8,558
9	Total plant in service per Sub 8 proceeding (Sum L1 + L8)	<u>33,633</u>				<u>1,330</u>	<u>22,983</u>
Plant additions since Sub 8 rate case proceeding:							
10	Pump rebuild	2,587 [2]	2021 [2]	7 [2]	2.50	370	924
11	Pump	1,450 [2]	2021 [2]	7 [2]	2.50	207	518
12	Pump install	888 [2]	2021 [2]	7 [2]	2.50	127	317
13	Pump repairs	551 [2]	2021 [2]	7 [2]	2.50	79	197
14	Booster pump	3,435 [2]	2022 [2]	7 [2]	1.50	491	736
15	Pancake compressor	830 [2]	2022 [2]	5 [2]	1.50	166	249
16	Total plant additions within test year (Sum L10 + L15)	<u>9,741</u>				<u>1,439</u>	<u>2,941</u>
Post Year Plant Additions							
17	Clean & paint 2 tanks	9,850 [2]	2022 [2]	10 [2]	1.50	985	1,478
18	Total post test year plant additions (L17)	<u>9,850</u>				<u>985</u>	<u>1,478</u>
19	Total plant additions since Sub 8 rate case proceeding (L16 + L18):	<u>\$19,591</u>				<u>\$2,424</u>	<u>\$4,418</u>
20	Total plant in service (L9 + L16 + L18):	<u>\$53,224</u>				<u>\$3,754</u>	<u>\$27,401</u>

[1] Approved from last rate case W-1034 Sub 8.
 [2] Provided by Public Staff Engineer Houser.
 [3] Calculated based on year placed in service using half year convention through 12/31/2023.
 [4] Column (a) divided by Column (c), unless fully depreciated.
 [5] Column (d) multiplied by Column (e), unless fully depreciated.

Water Resources, Inc.
 Docket W-1034 Sub 13

Public Staff
 Accounting Exhibit I
 Schedule 2-2b

**CALCULATION OF CIAC, ACCUMULATED
 AMORTIZATION AND AMORITZATION EXPENSE**
 For The Test Year Ended 2022

River Walk

Line No.	Item	Tap-on Fees [1] (a)	Year Acquired [1] (b)	Amortization Life In Years [1] (c)	Years In Service [2] (d)	Annual Amortization [3] (e)	Accumulated Amortization [4] (f)
1.	Tap fees 2018	(2,055)	2018	25	5.50	(82)	451
2.	Tap fees 2019	(685)	2019	25	4.50	(27)	122
3.	Tap fees 2020	(1,370)	2020	25	3.50	(55)	193
4.	Tap fees 2022	(1,370)	2022	25	1.50	(55)	83
5.	Tap fees 2023	(685)	2023	25	1.00	(27)	27
6.	Total CIAC (Sum L1 thru L5)	<u>(\$6,165)</u>				<u>(\$246)</u>	<u>\$876</u>

[1] Information provided by the Company.
 [2] Calculated based on year placed in service using half year convention through 12/31/2023.
 [3] Column (a) divided by Column (c), unless fully depreciated.
 [4] Column (d) multiplied by Column (e), unless fully depreciated.

Water Resources, Inc.
 Docket W-1034 Sub 13
NET OPERATING INCOME FOR A RETURN
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3a
 Page 1 of 2

Rocky River

Line No.	Item	Present Rates			Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Company Application (a)	Public Staff Adjustments [1] (b)	Amount Per Public Staff [2] (c)	Net Company Increase [16] (d)	Operations After Rate Increase [17] (e)	Net Public Staff Increase [20] (f)	Operations After Rate Increase [21] (g)		
Operating Revenues:										
1	Service revenues	\$45,066	(\$2,214)	\$42,852 [3]	\$164,532	\$207,384 [3]	\$92,377		\$135,229 [22]	
2	Miscellaneous revenues	848	0	848	0	848	0	848		
3	Uncollectibles	0	0	0	0	0	0	0		
4	Total operating revenues (Sum L1 + L3)	45,914	(2,214)	43,700	164,532	208,232	92,377	136,077 [23]		
Operating and Maintenance Expenses:										
5	Salaries and wages	29,123	(4,032)	25,091 [4]	0	25,091	0	25,091		
6	Administrative and office expense	7,636	(699)	6,937 [5]	0	6,937	0	6,937		
7	Maintenance & repair expense	9,106	(3,052)	6,054 [3]	0	6,054	0	6,054		
8	Contract Operator	29,412	0	29,412 [3]	0	29,412	0	29,412		
9	Electric Power	6,938	(727)	6,211 [3]	0	6,211	0	6,211		
10	Water Testing	3,433	(1,776)	1,657 [3]	0	1,657	0	1,657		
11	Chemicals	3,516	228	3,744 [3]	0	3,744	0	3,744		
12	Purchased water	1,245	14	1,259 [3]	0	1,259	0	1,259		
13	Insurance expense	2,199	147	2,346 [6]	0	2,346	0	2,346		
14	Professional Services	8,611	(7,466)	1,145 [7]	0	1,145	0	1,145		
15	Miscellaneous expenses	1,681	864	2,545 [8]	0	2,545	0	2,545		
16	Regulatory expense	8,805	(8,487)	318 [9]	0	318	0	318		
17	Total operating and maintenance expenses (Sum L5 + L16)	111,705	(24,986)	86,719	0	86,719	0	86,719		
Depreciation and Taxes:										
18	Depreciation expense	28,917	(19,491)	9,426 [10]	\$0	9,426	\$0	9,426		
19	Amortization expense - CIAC	0	0	0	0	0	0	0		
20	Property taxes	454	(0)	454 [11]	0	454	0	454		
21	Payroll taxes	2,228	231	2,459 [12]	0	2,459	0	2,459		
22	Other taxes	166	0	166	0	166	0	166		
23	Regulatory fee	68	(4)	64 [13]	243	307 [13]	136	201 [13]		
24	State income tax	0	0	0 [14]	2,490	2,490 [18]	689	689 [24]		
25	Federal income tax	0	0	0 [15]	20,394	20,394 [19]	5,642	5,642 [25]		
26	Total depreciation and taxes (Sum L18 + L25)	31,833	(19,264)	12,569	23,127	35,696	6,467	19,037		
27	Total operating revenue deductions (L17 + L26):	143,538	(44,250)	99,288	23,127	122,415	6,467	105,755		
28	Net operating income for return (L4 - L27)	(\$97,624)	\$42,036	(\$55,588)	\$141,405	\$85,817	\$85,910	\$30,322		

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Water Resources, Inc.
Docket W-1034 Sub 13
FOOTNOTES TO SCHEDULE 3
For The Test Year Ended 2022

Public Staff
Accounting Exhibit I
Schedule 3a
Page 2 of 2

Rocky River

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Houser.
- [4] Public Staff Accounting Exhibit I, Schedule 3-1, Line 4, Column (b).
- [5] Public Staff Accounting Exhibit I, Schedule 3-2, Line 3, Column (b).
- [6] Public Staff Accounting Exhibit I, Schedule 3-3, Line 3, Column (b).
- [7] Public Staff Accounting Exhibit I, Schedule 3-4, Line 7, Column (b).
- [8] Public Staff Accounting Exhibit I, Schedule 3-5, Line 3, Column (b).
- [9] Public Staff Accounting Exhibit I, Schedule 3-6, Line 6, Column (d).
- [10] Public Staff Accounting Exhibit I, Schedule 2-1a, Line 33, Column (e).
- [11] Public Staff Accounting Exhibit I, Schedule 3-7, Line 3, Column (b).
- [12] Public Staff Accounting Exhibit I, Schedule 3-8, Line 3, Column (b).
- [13] Line 4 multiplied by .1475%.
- [14] Public Staff Accounting Exhibit I, Schedule 3-9a, Column (a), Line 12.
- [15] Public Staff Accounting Exhibit I, Schedule 3-9a, Column (a), Line 14.
- [16] Column (e) minus Column (c), unless otherwise footnoted.
- [17] Column (c) plus Column (d), unless otherwise footnoted.
- [18] Public Staff Accounting Exhibit I, Schedule 3-9a, Column (b), Line 12.
- [19] Public Staff Accounting Exhibit I, Schedule 3-9a, Column (b), Line 14.
- [20] Column (g) minus Column (c), unless otherwise footnoted.
- [21] Column (c) plus Column (f), unless otherwise footnoted.
- [22] Column (g), L4-L2-L3.
- [23] Revenue requirement as calculated by the Public Staff.
- [24] Public Staff Accounting Exhibit I, Schedule 3-9a, Column (c), Line 12.
- [25] Public Staff Accounting Exhibit I, Schedule 3-9a, Column (c), Line 14.

Water Resources, Inc.
 Docket W-1034 Sub 13
NET OPERATING INCOME FOR A RETURN
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3b
 Page 1 of 2

River Walk

Line No.	Item	Present Rates		Company Proposed Rates			Public Staff Recommended Rates		
		Amount Per Company Application	Public Staff Adjustments [1]	Amount Per Public Staff [2]	Net Company Increase [18]	Operations After Rate Increase [19]	Net Public Staff Increase [22]	Operations After Rate Increase [23]	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Operating Revenues:									
1	Service revenues	\$42,807	(\$7,544)	\$35,263 [3]	\$21,700	\$56,963	\$2,419	\$37,682 [24]	
2	Miscellaneous revenues	(7,651)	8,042	391 [4]	0	391 [4]	\$0	391 [4]	
3	Uncollectibles	0	0	0	0	0	\$0	0	
4	Total operating revenues (Sum L1 + L3)	<u>35,156</u>	<u>498</u>	<u>35,654</u>	<u>21,700</u>	<u>57,354</u>	<u>2,419</u>	<u>38,073 [25]</u>	
Operating and Maintenance Expenses:									
5	Salaries and wages	9,877	(1,368)	8,509 [5]	0	8,509	0	8,509	
6	Administrative and office expense	2,584	(231)	2,353 [6]	0	2,353	0	2,353	
7	Maintenance & repair expense	3,071	(1,271)	1,800 [3]	0	1,800	0	1,800	
8	Contract Operator	9,974	0	9,974 [3]	0	9,974	0	9,974	
9	Electric	3,451	(405)	3,046 [3]	0	3,046	0	3,046	
10	Water Testing	914	743	1,657 [3]	0	1,657	0	1,657	
11	Chemicals	1,192	(256)	936 [3]	0	936	0	936	
12	Purchased water	0	0	0 [3]	0	0	0	0	
13	Other Expenses: Insurance Expense	746	49	795 [7]	0	795	0	795	
14	Other Expenses: Professional expenses	3,587	(3,199)	388 [8]	0	388	0	388	
15	Other expenses - Miscellaneous expense	570	293	863 [9]	0	863	0	863	
16	Regulatory expense	2,986	(2,878)	108 [10]	0	108	0	108	
17	Total operating and maintenance expenses (Sum L5 + L16)	<u>38,952</u>	<u>(8,522)</u>	<u>30,430</u>	<u>0</u>	<u>30,430</u>	<u>0</u>	<u>30,430</u>	
Depreciation and Taxes:									
18	Depreciation expense	4,287	(533)	3,754 [11]	0	3,754	0	3,754	
19	Amortization expense - CIAC	0	(247)	(247) [12]	0	(247)	0	(247)	
20	Property taxes	1,039	(1,016)	23 [13]	0	23	0	23	
21	Payroll taxes	756	78	834 [14]	0	834	0	834	
22	Other taxes	56	0	56	0	56	0	56	
23	Regulatory fee	73	(20)	53 [15]	32	85 [15]	4	56 [15]	
24	State income tax	104	(85)	19 [16]	541	560 [20]	60	79 [26]	
25	Federal income tax	805	(651)	154 [17]	4,436	4,590 [21]	495	649 [27]	
26	Total depreciation and taxes (Sum L18 + L25)	<u>7,120</u>	<u>(2,475)</u>	<u>4,645</u>	<u>5,009</u>	<u>9,655</u>	<u>559</u>	<u>5,204</u>	
27	Total operating revenue deductions (L17 + L26):	<u>46,072</u>	<u>(10,997)</u>	<u>35,075</u>	<u>5,009</u>	<u>40,085</u>	<u>559</u>	<u>35,634</u>	
28	Net operating income for return (L4 - L27)	<u>(\$10,916)</u>	<u>\$11,495</u>	<u>\$579</u>	<u>\$16,691</u>	<u>\$17,269</u>	<u>\$1,860</u>	<u>\$2,439</u>	

Water Resources, Inc.
Docket W-1034 Sub 13
FOOTNOTES TO SCHEDULE 3
For The Test Year Ended 2022

Public Staff
Accounting Exhibit I
Schedule 3b
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River Walk

- [1] Column (c) minus Column (a), unless otherwise footnoted.
- [2] Column (a) plus Column (b), unless otherwise footnoted.
- [3] Provided by Public Staff Engineer Houser.
- [4] Per company's financial records.
- [5] Public Staff Accounting Exhibit I, Schedule 3-1, Line 4, Column (c).
- [6] Public Staff Accounting Exhibit I, Schedule 3-2, Line 3, Column (c).
- [7] Public Staff Accounting Exhibit I, Schedule 3-3, Line 3, Column (c).
- [8] Public Staff Accounting Exhibit I, Schedule 3-4, Line 7, Column (c).
- [9] Public Staff Accounting Exhibit I, Schedule 3-5, Line 3, Column (c).
- [10] Public Staff Accounting Exhibit I, Schedule 3-6, Line 6, Column (e).
- [11] Public Staff Accounting Exhibit I, Schedule 2-1b, Line 20, Column (e).
- [12] Public Staff Accounting Exhibit I, Schedule 2-2b, Line 6, Column (e).
- [13] Public Staff Accounting Exhibit I, Schedule 3-7, Line 3, Column (c).
- [14] Public Staff Accounting Exhibit I, Schedule 3-8, Line 3, Column (c).
- [15] Line 4 multiplied by .1475%.
- [16] Public Staff Accounting Exhibit I, Schedule 3-9b, Column (a), Line 12.
- [17] Public Staff Accounting Exhibit I, Schedule 3-9b, Column (a), Line 14.
- [18] Column (e) minus Column (c), unless otherwise footnoted.
- [19] Column (c) plus Column (d), unless otherwise footnoted.
- [20] Public Staff Accounting Exhibit I, Schedule 3-9b, Column (b), Line 12.
- [21] Public Staff Accounting Exhibit I, Schedule 3-9b, Column (b), Line 14.
- [22] Column (g) minus Column (c), unless otherwise footnoted.
- [23] Column (c) plus Column (f), unless otherwise footnoted.
- [24] Column (g), L4-L2-L3.
- [25] Revenue requirement as calculated by the Public Staff.
- [26] Public Staff Accounting Exhibit I, Schedule 3-9b, Column (c), Line 12.
- [27] Public Staff Accounting Exhibit I, Schedule 3-9b, Column (c), Line 14.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO SALARIES AND WAGES
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-1

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> (a)	<u>Allocated Rocky River</u> (b)	<u>Allocated River Walk</u> (c)
1.	Salaries and wages per application	\$39,000	\$29,123	\$9,877
2.	Adjustment to reclassify personal phone reimbursement from salary to A&G expense	(900)	(672)	(228)
3.	Adjustment to update salaries till December 2023	<u>(4,500)</u>	<u>(3,360)</u>	<u>(1,140)</u>
4.	Salaries and wages per Public Staff (L1 + L2 + L3)	<u>33,600</u>	<u>25,091</u>	<u>8,509</u>
5.	Adjustment to salaries and wages (L4 - L1)	<u>(\$5,400)</u>	<u>(\$4,032)</u>	<u>(\$1,368)</u>

[1] Calculated by the Public Staff based on information provided by the Company.
 [2] Allocated by customer counts as of end of test year.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO ADMINISTRATIVE AND OFFICE EXPENSE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-2

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> [1] (a)	<u>Allocated Rocky River</u> [2] (b)	<u>Allocated River Walk</u> [2] (c)
1.	Administrative and office expense per application	\$10,220	\$7,636	\$2,584
2.	Adjustment to reflect actual and reasonable estimated administrative and office expense per supporting documentation	<u>(930)</u>	<u>(699)</u>	<u>(231)</u>
3.	Administrative and office expense per Public Staff (L1 + L2)	<u>9,290</u>	<u>6,937</u>	<u>2,353</u>
4.	Adjustment to Administrative and office expense (L3 - L1)	<u>(\$930)</u>	<u>(\$699)</u>	<u>(\$231)</u>

[1] Calculated by the Public Staff based on information provided by the Company.
 [2] Allocated by customer counts as of end of test year.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO INSURANCE EXPENSE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-3

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> [1] (a)	<u>Allocated Rocky River</u> [2] (b)	<u>Allocated River Walk</u> [2] (c)
1.	Insurance expense per application	\$2,945	\$2,199	\$746
2.	Adjustment to update insurance expense thorough December 2023	<u>196</u>	<u>147</u>	<u>49</u>
3.	Insurance expense per Public Staff (L1 + L2)	<u>3,141</u>	<u>2,346</u>	<u>795</u>
4.	Adjustment to insurance expense (L3 - L1)	<u>\$196</u>	<u>\$147</u>	<u>\$49</u>

[1] Calculated by the Public Staff based on information provided by the Company.
 [2] Allocated by customer counts as of end of test year.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO PROFESSIONAL EXPENSE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-4

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> [1] (a)	<u>Allocated Rocky River</u> [2] (b)	<u>Allocated River Walk</u> [2] (c)
1.	Professional expense per application	\$12,198	\$8,611	\$3,587
2.	Correction of professional expense per DR 3 response	(536)	98	(634)
3.	Recalculation of legal invoice on page 19	2,025	1,512	513
4.	Adjustment to remove non recoverable professional expense per supporting documentation	(10,399)	(7,766)	(2,634)
5.	Adjustment for miscellaneous rounding and cash	5	4	1
6.	Adjustment to re allocate professional expense to rate case expense per supporting documentation	<u>(1,759)</u>	<u>(1,314)</u>	<u>(445)</u>
7.	Professional expense per Public Staff (Sum thru L1 + L6)	<u>1,533</u>	<u>1,145</u>	<u>388</u>
8.	Adjustment to professional expense (L7 - L1)	<u>(\$10,665)</u>	<u>(\$7,466)</u>	<u>(\$3,199)</u>

[1] Calculated by the Public Staff based on information provided by the Company.
 [2] Allocated by customer counts as of end of test year.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO MISCELLANEOUS EXPENSE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-5

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> (a)	<u>Allocated Rocky River</u> (b)	<u>Allocated River Walk</u> (c)
1.	Micellaneous expense per application	\$2,251	\$1,681	\$570
2.	Adjustment to update Miscellaneous expense per supporting documentation	1,157	864	293
3.	Micellaneous expense per Public Staff (L1 + L2)	3,408	2,545	863
4.	Adjustment to Miscellaneous expense (L3 - L1)	\$1,157	\$864	\$293

[1] Calculated by the Public Staff based on information provided by the Company.
 [2] Allocated by customer counts as of end of test year.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO REGULATORY EXPENSE
 For The Test Year Ended XXXX

Public Staff
 Accounting Exhibit I
 Schedule 3-6

Line No.	<u>Item</u>	Actual Amounts [1] (a)	Adjustments [1] (b)	Total Amount [2] (c)	Allocated Rocky Water [5] (d)	Allocated River Walk [5] (e)
1.	Consulting fees			\$0	\$0	\$0
2.	Legal fees	1,759		\$1,759	1,314	445
3.	Miscellaneous costs (mailing customer notices, filing fee)		371	371	277	94
4.	Total Regulatory Expenses (Sum of Lines 1 -3)	1,759	371	2,130	1,591	539
5.	Amortization Period			5 [3]	5 [3]	5 [3]
6.	Regulatory Expense per Public Staff (Line 4 / Line 5)			426	318	108
7.	Regulatory Expense per Company			11,791 [4]	8,805 [4]	2,986 [4]
8.	Adjustment to Regulatory Expense (Line 6 - Line 7)			<u>(\$11,365)</u>	<u>(\$8,487)</u>	<u>(\$2,878)</u>

[1] Calculated by the Public Staff based on information provided by the Company.

[2] Column (a) + Column (b), unless otherwise noted.

[3] Public Staff recommended amortization period to realize the time gap between the last rate case and the current proceeding.

[4] Amount per Company application.

[5] Allocated between water and sewer operations based on customer counts recommended by Public Staff witness Houser.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO PROPERTY TAX EXPENSE
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-7

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> [1] (a)	<u>Allocated Rocky River</u> [2] (b)	<u>Allocated River Walk</u> [2] (c)
1.	Property tax expense per application	\$1,493	\$454	\$1,039
2.	Adjustment to update property tax expense per supporting documentation	<u>(1,016)</u>	<u>(0)</u>	<u>(1,016)</u>
3.	Property tax expense per Public Staff (L1 + L2)	<u>477</u>	<u>454</u>	<u>23</u>
4.	Adjustment to property tax expense (L3 - L1)	<u><u>(\$1,016)</u></u>	<u><u>(\$0)</u></u>	<u><u>(\$1,016)</u></u>

[1] Calculated by the Public Staff based on information provided by the Company.
 [2] Allocated by customer counts as of end of test year.

Water Resources, Inc.
 Docket W-1034 Sub 13
ADJUSTMENT TO PAYROLL TAX
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-8

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> (a)	[1]	<u>Allocated Rocky River</u> (b)	[2]	<u>Allocated River Walk</u> (c)	[2]
1.	Payroll tax per application	\$2,984		\$2,228		\$756	
2.	Adjustment of payroll taxes to updated salaries	<u>309</u>		231		78	
3.	Payroll tax per Public Staff (L1 + L2)	<u>3,293</u>		<u>2,459</u>		<u>834</u>	
4.	Adjustment to payroll tax (L3 - L1)	<u>\$309</u>		<u>\$231</u>		<u>\$78</u>	

[1] Calculated by the Public Staff based on information provided by the Company.
 [2] Allocated by customer counts as of end of test year.

Water Resources, Inc.
 Docket W-1034 Sub 13
CALCULATION OF INCOME TAXES
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-9a

Rocky River

Line No.	<u>Item</u>	Present Rates [1] (a)	Company Proposed Rates [2] (b)	Public Staff Recommended Rates [3] (c)
1	Operating revenue	\$43,700	\$208,232	\$136,077
	Operating revenue deductions:			
2	Total O&M expenses	86,719	86,719	86,719
3	Depreciation expense	9,426	9,426	9,426
4	Amortization expense	0	0	0
5	Property taxes	454	454	454
6	Payroll taxes	2,459	2,459	2,459
7	Other taxes	166	166	166
8	Regulatory fee	64	307	201
9	Interest expense	9,097	9,097	9,097
10	Total deductions (Sum of L2 thru L9)	<u>108,385</u>	<u>108,628</u>	<u>108,521</u>
11	Taxable income (L1 - L10)	<u>(64,685)</u>	<u>99,604</u>	<u>27,556</u>
12	State income tax (L11 x 2.50%)	<u>0</u>	<u>2,490</u>	<u>689</u>
13	Federal taxable income (L11 - L12)	<u>(64,685)</u>	<u>97,114</u>	<u>26,867</u>
14	Federal income tax (L13 x 21.00%)	<u>0</u>	<u>20,394</u>	<u>5,642</u>
15	Net amount (L13 - L14)	(64,685)	76,720	21,225
16	Add: interest expense	<u>9,097</u>	<u>9,097</u>	<u>9,097</u>
17	Net income for return (L15 + L16)	<u><u>(\$55,588)</u></u>	<u><u>\$85,817</u></u>	<u><u>\$30,322</u></u>

[1] Public Staff Accounting Exhibit I, Schedule 3a, Column (c).
 [2] Public Staff Accounting Exhibit I, Schedule 3a, Column (e).
 [3] Public Staff Accounting Exhibit I, Schedule 3a, Column (g).

Water Resources, Inc.
 Docket W-1034 Sub 13
CALCULATION OF INCOME TAXES
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 3-9b

River Walk

<u>Line No.</u>	<u>Item</u>	<u>Present Rates</u> [1] (a)	<u>Company Proposed Rates</u> [2] (b)	<u>Public Staff Recommended Rates</u> [3] (c)
1	Operating revenue	\$35,654	\$57,354	\$38,073
	Operating revenue deductions:			
2	Total O&M expenses	30,430	30,430	30,430
3	Depreciation expense	3,754	3,754	3,754
4	Amortization expense	(247)	(247)	(247)
5	Property taxes	23	23	23
6	Payroll taxes	834	834	834
7	Other taxes	56	56	56
8	Regulatory fee	53	85	56
9	Interest expense	0	0	0
10	Total deductions (Sum of L2 thru L9)	<u>34,902</u>	<u>34,935</u>	<u>34,906</u>
11	Taxable income (L1 - L10)	<u>752</u>	<u>22,419</u>	<u>3,167</u>
12	State income tax (L11 x 2.50%)	<u>19</u>	<u>560</u>	<u>79</u>
13	Federal taxable income (L11 - L12)	<u>733</u>	<u>21,859</u>	<u>3,088</u>
14	Federal income tax (L13 x 21.00%)	<u>154</u>	<u>4,590</u>	<u>649</u>
15	Net amount (L13 - L14)	579	17,269	2,439
16	Add: interest expense	<u>0</u>	<u>0</u>	<u>0</u>
17	Net income for return (L15 + L16)	<u>\$579</u>	<u>\$17,269</u>	<u>\$2,439</u>

[1] Public Staff Accounting Exhibit I, Schedule 3b, Column (c).
 [2] Public Staff Accounting Exhibit I, Schedule 3b, Column (e).
 [3] Public Staff Accounting Exhibit I, Schedule 3b, Column (g).

Water Resources, Inc.
 Docket W-1034 Sub 13
 CALCULATION OF REVENUE REQUIREMENT
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 4a

Rocky River

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement (f)
	Operating revenue deductions:						
1.	Total O&M and G&A expense	\$86,719			\$86,719		
2.	Depreciation expense	9,426			\$9,426		
3.	Amortization expense	0			\$0		
4.	Property taxes	454			\$454		
5.	Payroll taxes	2,459			\$2,459		
6.	Other taxes	166			\$166		
7.	Regulatory fee	0			\$0		
8.	Total operating revenue deductions	<u>\$99,224</u>	0.998525	\$99,370	<u>\$99,224</u>	0.998525	\$99,370
9.	Net operating income for return:						
10.	Debt service return	9,097	0.998525	9,110			
11.	Equity return:	21,225	0.769114	27,597	6,946	0.769114	9,031
	Revenue requirement			<u>\$136,077</u>			<u>\$108,401</u>
							\$136,077

Water Resources, Inc.
 Docket W-1034 Sub 13
 CALCULATION OF REVENUE REQUIREMENT
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 4b

River Walk

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement (f)
	Operating revenue deductions:						
1.	Total O&M and G&A expense	\$30,430			\$30,430		
2.	Depreciation expense	3,754			\$3,754		
3.	Amortization expense	(247)			(\$247)		
4.	Property taxes	23			\$23		
5.	Payroll taxes	834			\$834		
6.	Other taxes	56			\$56		
7.	Regulatory fee	0			\$0		
8.	Total operating revenue deductions	<u>\$34,850</u>	0.998525	\$34,901	<u>\$34,850</u>	0.998525	\$34,901
9.	Net operating income for return:						
10.	Debt service return	507	0.998525	508			
11.	Equity return:	1,184	0.769114	1,539	2,439	0.769114	3,172
	Revenue requirement			<u>\$36,948</u>			<u>\$38,073</u>
							\$38,073

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Water Resources, Inc.
 Docket W-1034 Sub 13
 CALCULATION OF GROSS REVENUE
 IMPACT OF PUBLIC STAFF ADJUSTMENTS
 For The Test Year Ended 2022

Public Staff
 Accounting Exhibit I
 Schedule 5a

Rocky River		
Line No.	<u>Item</u>	<u>Amount</u> [1]
1	Proposed increase / (decrease) in total revenues per Company	<u>\$141,276</u>
	<u>Difference in calculation of revenue requirement based on Company amounts:</u>	
2	Adjustment to capital structure from 50% to XX% for debt and from 50% to XX% for equity	0
3	Adjustment to debt rate from 4.6% to XX%	(1,008)
4	Adjustment to edquity rate from 9.8% to XX%	0
5	Adjust to plant in service	(5,547)
6	Accumulated depreciation	(144)
7	Contributions in aid of construction	0
8	Accumulated amortization of CIAC	0
9	Customer advances	0
10	Customer deposits	0
11	Cash working capital	(265)
12	Average tax accruals	(4)
13	Service revenues	2,214
14	Miscellaneous revenues	0
15	Uncollectibles	0
16	Salaries and wages	(4,038)
17	Administrative and office expense	(700)
18	Maintenance & repair expense	(3,056)
19	Contract Operator	0
20	Electric Power	(728)
21	Water Testing	(1,779)
22	Chemicals	228
23	Purchased water	14
24	Insurance expense	147
25	Professional Services	(7,477)
26	Miscellenaous expenses	865
27	Regulatory expense	(8,499)
28	Depreciation expense	(19,520)
29	Amortization expense - CIAC	0
30	Property taxes	(0)
31	Payroll taxes	231
32	Adjustment to include other taxes in the calculation of rev req	166
33	Adjustment to other taxes	0
34	Adjustment for return	0
35	Difference of return	<u>0</u>
36	Revenue impact of Public Staff adjustments	<u>(48,900)</u>
37	Recommended increase / (decrease) per Public Staff	<u><u>\$92,376</u></u>

[1] Calculated by the Public Staff.

Water Resources, Inc.
Docket W-1034 Sub 13
CALCULATION OF GROSS REVENUE
IMPACT OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended 2022

Public Staff
Accounting Exhibit I
Schedule 5b

Line No.	River Walk Item	Amount [1]
1	Proposed increase / (decrease) in total revenues per Company	<u>\$14,161</u>
	<u>Difference in calculation of revenue requirement based on Company amounts:</u>	
2	Adjustment to capital structure from 50% to XX% for debt and from 50% to XX% for equity	0
3	Adjustment to debt rate from 4.6% to XX%	0
4	Adjustment to equity rate from 9.8% to XX%	0
5	Adjust to plant in service	0
6	Accumulated depreciation	0
7	Contributions in aid of construction	0
8	Accumulated amortization of CIAC	0
9	Customer advances	0
10	Customer deposits	0
11	Cash working capital	0
12	Average tax accruals	0
13	Service revenues	7,544
14	Miscellaneous revenues	(8,042)
15	Uncollectibles	0
16	Salaries and wages	(1,370)
17	Administrative and office expense	(232)
18	Maintenance & repair expense	(1,272)
19	Contract Operator	0
20	Electric Power	(405)
21	Water Testing	744
22	Chemicals	(256)
23	Purchased water	0
24	Insurance expense	50
25	Professional Services	(3,203)
26	Miscellaneous expenses	293
27	Regulatory expense	(2,882)
28	Depreciation expense	(534)
29	Amortization expense - CIAC	(247)
30	Property taxes	(1,018)
31	Payroll taxes	78
32	Adjustment to include other taxes in the calculation of rev req	56
33	Adjustment to include return on other taxes in the calculation of rev req	5
34	Adjustment to other taxes	0
35	Adjustment for return	(932)
36	Difference of return	<u>(117)</u>
37	Revenue impact of Public Staff adjustments	<u>(11,741)</u>
38	Recommended increase / (decrease) per Public Staff	<u><u>\$2,420</u></u>

[1] Calculated by the Public Staff.