

Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)
Workpapers for Rate Adjustments to Revenue, Expense, Investment
and Reserve Accounts

Rate Base

	Balance <u>12/31/2019</u>	Proforma <u>Adjustments</u>		Proforma <u>Balance</u>
Utility plant in service	\$ 1,187,802	\$ 5,371,822	(A)	\$ 6,559,624
Land	250,050	(25,398)	(B)	224,652
Accumulated depreciation	(89,808)	(153,097)	(C)	(242,905)
Contributions in Aid of Construction (CIAC)	(54,000)	-		(54,000)
Accumulated amortization of CIAC	1,026	-		1,026
Prepaid tap-on fees	(128,898)	-		(128,898)
Customer deposits	(29,175)	-		(29,175)
ADIT	<u>(164,156)</u>	<u>-</u>		<u>(164,156)</u>
	972,841	5,193,327		6,166,168
Allowance for working capital (1)	<u>69,959</u>	<u>(1,882)</u>	(D)	<u>68,077</u>
 Rate Base	 <u>\$ 1,042,800</u>	 <u>\$ 5,191,445</u>		 <u>\$ 6,234,245</u>

(1) Working capital is based on the formula approach of 1/8 O&M expense

Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)
Workpapers for Rate Adjustments to Revenue, Expense, Investment
and Reserve Accounts

Proforma Adjustments to Rate Base

(A) <u>Utility Plant</u>	
<u>MBR Plant</u>	
Cost transferred from CWIP	\$ 4,884,070
Additional costs after CWIP transfer through 7/31/2020	202,781
Total construction adjustments to Utility plant	\$ 5,086,851
<u>AFUDC</u>	
Estimated AFUDC at time of completion	<u>\$ 82,094</u>
<u>Under-Recovery of Return as Emergency Operator</u>	
Calculation of under-recovery from provisional rates in place as Emergency Operator	<u>\$ 202,877</u>
Total proforma adjustments to Utility plant	<u>\$ 5,371,822</u>
(B) <u>Land</u>	
Removal of non-utility land	<u>\$ (25,398)</u>
(C) <u>Accumulated Depreciation</u>	
Total proforma adjustments to Utility plant	\$ 5,371,822
Depreciation rate (35 yrs)	<u>2.85%</u>
Depreciation on MBR plant	<u>153,097</u>
Total accumulated depreciation adjustments	<u>\$ 153,097</u>

**Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)**

**Workpapers for Rate Adjustments to Revenue, Expense, Investment
and Reserve Accounts**

Proforma Adjustments to Rate Base

(D) <u>Working Capital</u>	
Proforma O&M expense per Statement of operations & Revenue Requirement	\$ 544,619
Factor for formula working capital	<u>0.125</u>
Total proforma working capital	68,077
Test year working capital	<u>(69,959)</u>
Adjustment required	<u>\$ (1,882)</u>

Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)
Workpapers for Rate Adjustments to Revenue, Expense, Investment
and Reserve Accounts

Proposed Cost of Capital

<u>Pluris Webb Creek, LLC</u>	<u>Balance</u>	<u>Prorata</u>	<u>Prorata</u>	<u>Reconciled</u>
(A) <u>Capital Structure Reconciled to Rate Base</u>	<u>7/31/2020</u>	<u>Percent</u>	<u>Amount</u>	<u>to</u>
				<u>Rate Base</u>
Long term debt per Schedule 3(a)	\$ 2,921,423	55.97%	\$ 551,555	\$ 3,472,978
Equity per Schedule 3(a)*	2,297,755	44.03%	434,338	2,732,093
Customer deposits per balance sheet	<u>29,175</u>	<u>-</u>	<u>-</u>	<u>29,175</u>
 Total capital	 <u>\$ 5,248,353</u>	 <u>100.00%</u>	 <u>\$ 985,893</u>	 <u>\$ 6,234,245</u>
 (B) <u>Weighted Cost of Capital</u>			<u>Cost of</u>	<u>Weighted</u>
<u>Capital Structure (Pluris Webb Creek, LLC)</u>	<u>Balance</u>	<u>Percent</u>	<u>Each</u>	<u>Cost</u>
	<u>7/31/2020</u>	<u>Ratio</u>	<u>Percent</u>	
Long term debt per Schedule 3(a)	\$ 3,472,978	55.71%	4.04%	2.25%
Equity	2,732,093	43.82%	9.60%	4.21%
Customer deposits	<u>29,175</u>	<u>0.47%</u>	<u>8.00%</u>	<u>0.04%</u>
 Total Capital	 <u>\$ 6,234,245</u>	 <u>100.00%</u>	 <u>-</u>	 <u>6.50%</u>

(C) Return on Equity

The rate of return on equity is based on the current approved returns on equity granted for both Aqua and UI in recent rate cases.

* The construction loan required Pluris Webb Creek to fund the first \$2,000,000 of construction costs before draws would be funded by the bank. Pluris Holdings funded that amount and it is reflected on the Balance Sheet as intercompany; however, it more appropriately should be Equity so is added here for purposes of the Cost of Capital calculation.

** Loan will convert to fixed rate of 4.04%

Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)
Workpapers for Rate Adjustments to Revenue, Expense, Investment
and Reserve Accounts

Proforma Statement of Operations

	Balance 12/31/2019	Proforma Adjustments		Proforma Balance	Revenue Increase Adjustments		Requested Revenue Balance
Operating Revenue	\$ 629,511	\$ -		\$ 629,511	\$ 597,164		\$ 1,226,676
Operating Expenses:					<u>94.86%</u>		
Operation & Maintenance (O&M)	559,673	(15,054) (A)		544,619			544,619
Depreciation	44,750	153,097 (B)		197,847			197,847
Amortization of CIAC	(898)	-		(898)			(898)
Taxes Other Than Income	850	-		850	745 (D)		1,595
Income taxes	-	-		-	78,287 (C)		78,287
	<u>604,375</u>	<u>138,043</u>		<u>742,418</u>	<u>79,032</u>		<u>821,450</u>
Operating Income (Loss)	<u>\$ 25,136</u>	<u>\$ (138,043)</u>		<u>\$ (112,906)</u>	<u>\$ 518,132</u>		<u>\$ 405,226</u>
Rate Base	<u>\$ 1,042,800</u>			<u>\$ 6,234,245</u>			<u>\$ 6,234,245</u>
Rate of return	<u>2.41%</u>			<u>-1.81%</u>			<u>6.50%</u>

**Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)**

**Workpapers for Rate Adjustments to Revenue, Expense, Investment
and Reserve Accounts**

Adjustments to Proforma Statement of Operations

(A) O&M Expense

Adjustments to expenses

(1) Legal - Remove invoices for WCWS acquisition	\$ (7,747)
(2) Travel - Remove M Gallarda travel	(1,131)
(3) Salaries/Payroll Taxes/Benefits - Allocation of Regional Manager	22,499
(4) Corporate Management Expense - Reduction of expenses / Recalculation using actual customer count	(46,896)
(5) Direct Utility Expense - Recalculation using actual customer count	<u>1,221</u>

Total decrease in operating expenses (32,054)

Rate case expense

Estimated expense for this proceeding:

(1) Legal - Dan Higgins - 125 hours @ \$300 / hour	\$ 37,500
(2) Accounting - Dan Winters - 200 hours @ \$125 / hour	25,000
(3) Management Review - Maurice Gallarda - 100 hours @ \$175 / hour	17,500
(4) Notices, Printing envelopes, Postage, Travel and Miscellaneous	<u>5,000</u>

Total estimated rate case expense \$ 85,000

Annual amortization over 5 years 17,000

Total adjustments to O&M expense \$ (15,054)

(B) Depreciation expense

Proforma depreciation expense on MBR Plant (\$5,371,822 x 2.85%) \$ 153,097

Total accumulated depreciation adjustments \$ 153,097

Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)
Workpapers for Rate Adjustments to Revenue, Expense, Investment
and Reserve Accounts

Adjustments to Proforma Statement of Operations

(C) <u>Provision for Income Taxes</u>	
Requested utility Rate Base per Schedule 10(1)	\$ 6,234,245
Weighted cost of equity per Schedule 10(3)	<u>4.21%</u>
Net income after income taxes	262,462
Divide by factor to gross up to pre-tax net income (1)	<u>0.77025</u>
Net income before income taxes	<u>340,749</u>
Provision for income taxes	78,287
Test year income taxes	<u>-</u>
Adjustment required	<u>\$ 78,287</u>
(1) $1 - (\text{State income tax rate of } 2.50\% - (2.50 \times 21\%) + 21\%) =$	
$1 - (2.50\% - 0.525\% + 21\%) = 1 - 22.975\% = 77.025\%$	
(D) <u>Taxes Other than Income Taxes</u>	
Total revenue required	\$ 1,226,676
Public Utility Regulatory Fee tax rate (0.13%)	<u>0.0013</u>
Total on requested revenue	1,595
Test year fees	<u>(850)</u>
Adjustment required	<u>\$ 745</u>
Increase in revenue required to realize a 6.5% rate of return	<u>\$ 597,164</u>

**Pluris Webb Creek, LLC
 Application for Rate Increase
 Test Year Ended December 31, 2019
 (Updated as of 7/31/2020)**

**Workpapers for Rate Adjustments to Revenue, Expense, Investment
 and Reserve Accounts**

Present and Proposed Rates

		<u>Monthly</u>	
		<u>Present</u>	<u>Proposed</u>
		<u>Rates</u>	<u>Rates</u>
<u>Monthly Residential Flat Rates</u>			
All residential customers		\$ 37.69	\$ 73.47
 <u>Monthly Commercial Metered Rates</u>			
	Meter Size		
Base charge, zero usage (minimum charge)	< 1"	\$ 28.34	\$ 10.00
	1"	\$ 28.34	\$ 25.00
	1.5"	\$ 28.34	\$ 50.00
	2"	\$ 28.34	\$ 80.00
	3"	\$ 28.34	\$ 250.00
Usage charge per 1,000 gallons		\$ 9.04	\$ 16.50

Note: The proposed increase in revenues represents an increase of 94.86% as shown on Schedule 10(d). This increase was allocated to Residential and Commercial rates based on customers and usage for the Test Year. Proposed rates reflect a change from a flat commercial base rate to a rate by meter size.

Pluris Webb Creek, LLC
Application for Rate Increase
Test Year Ended December 31, 2019
(Updated as of 7/31/2020)

Detailed Monthly Income Statement for Each Month After Test Year

	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020
Income							
521 Flat Rate Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00
521.1 Residential - flat rate	49,816.13	49,960.49	50,394.56	49,529.68	49,684.20	49,861.40	50,338.78
Total 521 Flat Rate Revenues	\$ 49,816.13	\$ 49,960.49	\$ 50,394.56	\$ 49,529.68	\$ 49,684.20	\$ 49,861.40	\$ 50,338.78
522 Measured Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00
522.2 Commercial - measured	(441.44)	2,787.39	1,286.44	1,607.74	1,628.50	136.54	984.06
Total 522 Measured Revenues	\$ (441.44)	\$ 2,787.39	\$ 1,286.44	\$ 1,607.74	\$ 1,628.50	\$ 136.54	\$ 984.06
536 Other Sewer Revenues	815.69	1,730.97	(304.60)	282.00	369.45	60.00	(141.00)
Total Income	\$ 50,190.38	\$ 54,478.85	\$ 51,376.40	\$ 51,419.42	\$ 51,682.15	\$ 50,057.94	\$ 51,181.84
Gross Profit	\$ 50,190.38	\$ 54,478.85	\$ 51,376.40	\$ 51,419.42	\$ 51,682.15	\$ 50,057.94	\$ 51,181.84
Expenses							
403 Depreciation Expense	0.00	0.00	13,236.08	0.00	0.00	49,470.15	0.00
407 Amortization Exp - CIAC	0.00	0.00	(429.64)	0.00	0.00	(480.94)	0.00
408 Taxes Other Than Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
408.111 Property tax expense	0.00	0.00	0.00	0.00	0.00	0.00	2,123.28
408.112 Regulatory Return Expense	0.00	0.00	202.86	0.00	0.00	199.11	0.00
Total 408 Taxes Other Than Income	\$ -	\$ -	\$ 202.86	\$ -	\$ -	\$ 199.11	\$ 2,123.28
701.8 Salaries & Wages - WW	4,951.45	7,048.45	7,662.70	10,632.53	6,995.13	6,873.85	6,923.28
702.8 Payroll Taxes - WW	486.02	612.06	635.62	881.23	579.30	551.69	441.39
704.8 Employee Benefits - WW	1,510.74	1,913.68	1,774.05	1,877.71	1,891.24	(246.86)	(42.75)
711.5 Sludge Removal Expense	0.00	2,800.00	3,360.00	2,800.00	1,120.00	0.00	2,400.00
715 Purchase Power	4,826.26	5,069.93	5,447.19	5,742.79	4,849.09	6,598.10	8,522.71
718 Chemicals	0.00	1,441.76	0.00	0.00	1,676.21	6,943.80	5,488.53
720 Materials & Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
720.1 Repairs and Maintenance	0.00	757.62	855.02	474.54	951.44	1,415.85	3,696.34
720.6 Tools	102.88	281.36	112.29	137.43	367.38	0.00	585.02
Total 720 Materials & Supplies	\$ 102.88	\$ 1,038.98	\$ 967.31	\$ 611.97	\$ 1,318.82	\$ 1,415.85	\$ 4,281.36
732.8 Accounting/Tax Fees	0.00	0.00	0.00	0.00	2,625.00	0.00	0.00
733.8 Legal Fees	0.00	0.00	0.00	507.50	0.00	0.00	0.00
734.8 Corporate Management Fees	0.00	0.00	44,889.67	0.00	0.00	47,835.00	0.00
734.9 Direct Utility Fees	0.00	0.00	10,831.16	0.00	0.00	11,801.77	0.00
735 Contractual Services - Testing	425.00	1,700.00	3,400.00	1,700.00	1,800.00	0.00	3,450.00
736 Contractual Services - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
736.54 Meter readings	0.00	0.00	0.00	0.00	0.00	0.00	24.70
736.8 General & Admin	105.93	211.08	974.43	405.38	105.93	1,570.58	365.80
Total 736 Contractual Services - Other	\$ 105.93	\$ 211.08	\$ 974.43	\$ 405.38	\$ 105.93	\$ 1,570.58	\$ 390.50
742 Rent Equipment	0.00	0.00	0.00	0.00	317.98	508.63	0.00
757 Insurance - General Liability	0.00	0.00	30.50	0.00	0.00	9.44	0.00
759 Insurance - Other	0.00	0.00	2,447.80	0.00	0.00	3,503.00	0.00
775 Miscellaneous Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
775.1 Office Supplies	0.00	202.00	496.12	0.00	144.43	351.16	0.00
775.12 Automobile Expense	411.77	543.29	306.64	884.33	133.30	315.39	68.85
775.14 Telephone	210.47	159.82	159.82	159.64	131.41	142.69	0.00
775.15 Printing & Reproduction	0.00	178.96	180.29	1,094.13	178.34	177.99	786.03
775.5 Licenses and Permits	290.85	0.00	0.00	0.00	0.00	0.00	860.00
775.51 Utilities	680.85	805.41	794.03	822.30	800.89	456.47	1,541.33
775.53 Lab Charges	0.00	136.00	0.00	0.00	0.00	0.00	0.00
775.55 Bond Expense	0.00	0.00	600.00	0.00	0.00	600.00	0.00
775.81 Bank Charges	640.61	1,199.57	1,140.25	1,250.38	1,226.56	1,184.53	1,236.06
775.86 Meals and Entertainment	674.14	49.53	0.00	69.18	0.00	0.00	0.00
775.87 Loan fees	0.00	0.00	872.84	0.00	0.00	872.84	0.00
Total 775 Miscellaneous Expenses	\$ 2,908.69	\$ 3,274.58	\$ 4,549.99	\$ 4,279.96	\$ 2,614.93	\$ 4,101.07	\$ 4,492.27
Total Expenses	\$ 15,316.97	\$ 25,110.52	\$ 99,979.72	\$ 29,439.07	\$ 25,893.63	\$ 140,654.24	\$ 38,470.57
Net Operating Income	\$ 34,873.41	\$ 29,368.33	\$ (48,603.32)	\$ 21,980.35	\$ 25,788.52	\$ (90,596.30)	\$ 12,711.27
Other Income							
420 AFUDC Income	0.00	0.00	0.00	0.00	0.00	82,094.00	0.00
Total Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,094.00	\$ -
Other Expenses							
427 Interest Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
427.1 Loans	2,380.44	3,116.33	4,719.46	6,143.30	0.00	16,397.04	9,885.54
Total 427 Interest Expenses	\$ 2,380.44	\$ 3,116.33	\$ 4,719.46	\$ 6,143.30	\$ -	\$ 16,397.04	\$ 9,885.54
Total Other Expenses	\$ 2,380.44	\$ 3,116.33	\$ 4,719.46	\$ 6,143.30	\$ -	\$ 16,397.04	\$ 9,885.54
Net Other Income	\$ (2,380.44)	\$ (3,116.33)	\$ (4,719.46)	\$ (6,143.30)	\$ -	\$ 65,696.96	\$ (9,885.54)
Net Income	\$ 32,492.97	\$ 26,252.00	\$ (53,322.78)	\$ 15,837.05	\$ 25,788.52	\$ (24,899.34)	\$ 2,825.73