

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

January 3, 2024

RE: Docket Nos. W-1034, Sub 13

Dear Ms. Dunston:

On Friday December 29, 2023 we submitted an application and accompanying exhibits pursuant to N.C. Gen. Stat. § 62-130 *et seq.* for a request for an increase in water service rates on behalf of Water Resources, Inc. In reviewing this submission we have discovered that the first page of the form application was from an earlier draft and failed to set forth in response to question 8 the requested water service rates. In order to rectify this omission, please accept for filing this amended application as a replacement for the filing made on December 29, 2023.

Thank you for your attention to this matter

Sincerely,  
/s/ Edward S. Finley, Jr.  
Edward S. Finley, Jr.  
Counsel for Water Resources, Inc.

## CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Water Resources, Inc.'s Amended Application for Rate Increase was duly served upon parties of record either by depositing same in a depository of the United States Postal Service, first class postage prepaid, or by electronic delivery.

This the 3rd day of January, 2024.

Edward S. Finley, Jr.,  
/s/ Edward S. Finley, Jr.  
Edward S. Finley, Jr., PLLC  
2024 White Oak Rd.  
Raleigh, NC 27608  
919-418-4516  
edfinley98@aol.com

COUNSEL WATER  
RESOURCES, INC.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

APPLICATION FOR RATE INCREASE

INSTRUCTIONS

Notes or explanations placed in the margins of the application are acceptable. If additional space is needed, supplementary sheets may be attached. If any section does not apply, write "not applicable" or cross out the section.

APPLICANT

1. Trade name used for utility business Water Resources, Inc.
2. Name of owner (if different from trade name) \_\_\_\_\_
3. Business mailing address 6201 Fairview Road, Suite 200  
City and state Charlotte, NC Zip Code 28210
4. Business street address (if different from mailing address) \_\_\_\_\_
5. Business telephone number 704-643-9866
6. List the counties in which you provide water utility service Cabarrus County – Rocky River  
Mecklenburg County – River Walk
7. List the counties in which you provide sewer utility service: N/A

PROPOSED AND PRESENT RATES

	<u>Proposed Rates</u>	<u>Present Rates</u>
8. Metered Residential Service:		
Water:	<u>Rocky River \$54.01 Base \$15.04 Usage (per 1,000 gallons)</u>	<u>Rocky River \$11.20 Base \$3.10 Usage (per 1,000 gallons)</u>
	<u>River Walk Base \$48.69 \$17.50 Usage (per 1,000 gallons)</u>	<u>River Walk \$37.50 Base \$9.07 Usage (per 1,000 gallons)</u>
Sewer:	<u>N/A</u>	<u>N/A</u>
9. Flat Rate Residential Service:		
Water:	<u>N/A</u>	<u>N/A</u>
Sewer:	<u>N/A</u>	<u>N/A</u>
10. Nonresidential Service (explain):		
Water:	<u>N/A</u>	<u>N/A</u>
Sewer:	<u>N/A</u>	<u>N/A</u>
11. Tap-on fees:		
Water:	<u>Rocky River \$0; River Walk \$685</u>	<u>Rocky River \$0; River Walk \$685</u>
Sewer:	<u>N/A</u>	<u>N/A</u>

OTHER PROPOSED RATES

12. Finance charge for late payment: 1 %  
(NCUC Rule R12-9) specifies not more than one percent (1.0%) per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.)
13. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: Rocky River \$23.92 River Walk \$40.00
14. Reconnection charge if water service discontinued at customer's request: Rocky River \$23.92 River Walk \$40.00
15. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: N/A
16. Other charges: N/A
17. What date are the proposed rates to become effective? June 1, 2024
18. How long have the present rates been in effect? November 21, 2018 (Docket No. W-1034, Sub 8)

PROPOSED BILLING

19. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
20. Billing shall be for service (in advance or arrears) Arrears
21. Bills past due 30 days after the billing dates:  
(NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
22. Will regular billing be by written statement? (yes or no) Yes

**REVENUES AND EXPENSES**  
For 12 Months Ended December 31, 2022

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
1. Residential service (flat rate)	\$ _____	\$ <u>N/A</u>
2. Residential service (metered rate)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
3. Nonresidential service (flat rate)	\$ _____	\$ <u>N/A</u>
4. Nonresidential service (metered rate)	\$ _____	\$ <u>N/A</u>
5. Other revenues (describe in remarks below)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
6. Total Revenues (Lines 1 thru 5)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
7. Total salaries	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
8. Administrative and office expense (except salaries)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
9. Maintenance and repair expense (except salaries)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
10. Transportation expenses	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
11. Electric power for pumping	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
12. Chemicals for treatment	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
13. Testing fees	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
14. Permit fees	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
15. Purchased water/sewer treatment	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
16. Annual depreciation	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
17. Taxes: State income taxes	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
18. Federal income taxes	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
19. Gross receipts (or franchise tax)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
20. Property taxes	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
21. Payroll taxes	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
22. Other taxes-Regulatory Fee	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
23. Other expenses (describe in remarks below)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
24. Total Expenses (Lines 7 thru 23)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
25. Net Operating Income (Line 6 minus Line 24)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
26. Interest on debt during year	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>
27. Net Income (Line 25 minus Line 26)	<u>Exhibit I Sch 3(a),3(b)</u>	\$ <u>N/A</u>

Remarks

- 28. \_\_\_\_\_
- 30. \_\_\_\_\_
- 31. \_\_\_\_\_
- 32. \_\_\_\_\_

NUMBER OF CUSTOMERS SERVED  
(at end of month)

	<u>Water</u>			<u>Sewer</u>		
	<u>Flat Rate</u>	<u>Metered</u>	<u>Gallons Sold to</u>	<u>Flat Rate</u>	<u>Metered</u>	<u>Gallons Sold to</u>
<u>Month</u>	<u>Customers</u>	<u>Customers</u>	<u>Metered Custs.</u>	<u>Customers</u>	<u>Customers</u>	<u>Metered Custs.</u>
33. January See Exhibit A	_____	_____	_____	_____	_____	_____
34. February	See Exhibit A	_____	_____	_____	_____	_____
35. March	See Exhibit A	_____	_____	_____	_____	_____
36. April	See Exhibit A	_____	_____	_____	_____	_____
37. May	See Exhibit A	_____	_____	_____	_____	_____
38. June	See Exhibit A	_____	_____	_____	_____	_____
39. July	See Exhibit A	_____	_____	_____	_____	_____
40. August	See Exhibit A	_____	_____	_____	_____	_____
41. September	See Exhibit A	_____	_____	_____	_____	_____
42. October	See Exhibit A	_____	_____	_____	_____	_____
43. November	See Exhibit A	_____	_____	_____	_____	_____
44. December	See Exhibit A	_____	_____	_____	_____	_____

ORIGINAL COST OF UTILITY SYSTEM  
As of Year Ended December 31, 2022 (Date)

**Note:** List the total original cost to construct and establish the system, whether or not paid for by the Present Owner.

	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
1. Land and rights-of-way	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
2. Structures and site improvement	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
3. Wells	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
4. Pumping equipment	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
5. Treatment equipment	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
6. Storage tanks	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
7. Mains (excluding service connections)	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
8. Service connections	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
9. Meters (including spare meters)	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
10. Office furniture and equipment	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
11. Transportation equipment	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
12. Other utility property in service (describe in remarks below)	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
13. Total utility property in service (Lines 1 thru 12)	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
14. Less: accumulated depreciation	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
15. Less: accumulated tap fees and other contributions in aid of construction	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
16. Less: customer advances	Exhibit I Sch 2-1(a),2-1(b) \$	N/A
17. Net investment in utility property (Line 13 minus 14, 15, & 16)	Exhibit I Sch 2-1(a),2-1(b) \$	N/A

	<u>Balance at End of Year</u>	
	<u>Water</u>	<u>Sewer</u>
18. Construction work in progress	\$ N/A	\$ N/A
19. Property held for future use	\$ N/A	\$ N/A
20. Other (describe in remarks below)	\$ N/A	\$ N/A

Remarks

- 21. \_\_\_\_\_
- 22. \_\_\_\_\_
- 23. \_\_\_\_\_
- 24. \_\_\_\_\_

ANNUAL DEPRECIATION

- 25. If annual depreciation is claimed using a composite rate for the entire system, show composite rate used:  
Water: N/A  
Sewer: N/A
- 26. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used: Exhibit I, Schedule 2-1(a) and 2-1(b)

<u>Type of Equipment</u>	<u>Annual Depreciation Rate</u>	<u>Method Used (Straight Line, etc.)</u>	<u>Amount of Annual Depreciation</u>
Exhibit I, Schedule 2-1(a) and 2-1(b)	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

CONTRIBUTIONS IN AID OF CONSTRUCTION  
(Including Tap Fees)

- 1. Has the utility collected any gross-up on contributions in aid of construction (CIAC), such as contributed plant and tap fees, since the test year of its last rate case? (yes or no) No

EMPLOYEE SALARIES  
(Including Owner)

<u>Name</u>	<u>Duties</u>	<u>Salaries Paid During Year</u>	<u>Hours Worked During Year</u>
2. <u>Exhibit I Schedule 3-2</u>	_____	\$ _____	\$ _____
3. <u>Exhibit I Schedule 3-2</u>	_____	\$ _____	\$ _____
4. _____	_____	\$ _____	\$ _____

FINANCIAL INFORMATION

<u>Source of Loans (For Utility Purposes)</u>	<u>Interest Rates</u>	<u>Amount Unpaid End of Year</u>
5. <u>Dennis C. Abbott</u>	<u>0%</u>	<u>\$ 179,204</u>
6. <u>Western Alliance Bank</u>	<u>9.25%</u>	<u>\$ 35,000</u>
7. _____	_____	\$ _____

OTHER FINANCIAL INFORMATION

8. Stocks issued .....	\$ <u>0</u>
9. Accumulated (or retained) earnings or losses .....	\$ <u>(103,725)</u>
10. Cash on hand .....	\$ <u>38,729</u>
11. Accounts receivable .....	\$ <u>17,204</u>
12. Accounts payable .....	\$ <u>95,571</u>
13. Customer deposits on hand .....	\$ <u>0</u>
14. Materials and supplies .....	\$ <u>0</u>
15. Other investments .....	\$ <u>0</u>

FILING INSTRUCTIONS

- 16. Seven (7) copies of the application and exhibits shall be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. **Twenty-five (25) copies of a Class A or B utility company should be filed.** One of these copies **must** have original signature. (Applicants must make their copies if desired.) Class A and B utility companies are also required to file a written letter of intent to file a general rate case with the Commission thirty (30) days in advance of filing this application. Furthermore, Class A utility companies should file a NCUC Form W-1 along with this rate increase application form as required in Rule R1-17(12)(d).
- 17. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$500 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$250 filing fee. A Class C company (annual revenues less than \$200,000) requires a filing fee of \$100. **MAKE CHECK PAYABLE TO N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.**

SIGNATURE

- 18. Application shall be signed and verified by the Applicant.

*Dennis C. Abbott*  
Signature  
12/29/2023  
Date

- 19. (Typed or Printed Name) \_\_\_\_\_

personally appearing before me and being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 29<sup>th</sup> day of December, 2023  
*Meta B. Lockwood*  
Notary Public



6201 Fairview Rd., Ste 710 CU NC 28210  
Address  
My Commission Expires: 10/21/2028  
Date

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**INDEX TO EXHIBITS**  
For The Test Year Ended December 31, 2022

<u>LINE NO.</u>	<u>TITLE</u>	<u>SCHEDULE NO.</u>
1	RETURN ON ORIGINAL COST RATE BASE - ROCKY RIVER	1(a)
2	MARGIN ON OPERATING REVENUE DEDUCTIONS REQUIRING A RETURN - RIVER WALK	1(b)
3	CALCULATION OF GROSS REVENUE EFFECT FACTORS	1-1
4	ORIGINAL COST RATE BASE- ROCKY RIVER	2(a)
5	ORIGINAL COST RATE BASE- RIVER WALK	2(b)
6	CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE -ROCKY RIVER	2-1(a)
7	CALCULATION OF PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE - RIVER WALK	2-1(b)
8	CALCULATION OF CASH WORKING CAPITAL AND AVERAGE TAX ACCRUALS	2-2
9	NET OPERATING INCOME FOR A RETURN - ROCKY RIVER	3(a)
10	NETOPERATING INCOME FOR A RETURN - RIVER WALK	3(b)
11	ADJUSTMENT TO SERVICE REVENUES	3-1
12	ADJUSTMENT TO ADMINISTRATIVE AND OFFICE EXPENSE	3-2
13	ADJUSTMENT TO LEASE EXPENSE	3-3
14	ADJUSTMENT TO MAINTENANCE & REPAIR EXPENSE	3-4
15	ADJUSTMENT TO PROFESSIONAL FEES	3-5
16	ADJUSTMENT TO REGULATORY EXPENSE	3-6
17	CALCULATION OF INCOME TAXES - ROCKY RIVER	3-7(a)
18	CALCULATION OF INCOME TAXES- RIVER WALK	3-7(b)
19	CALCULATION OF REVENUE REQUIREMENT - ROCKY RIVER	4(a)
20	CALCULATION OF REVENUE REQUIREMENT - RIVER WALK	4(b)
21	CALCULATION OF OPERATING RATIOS - RIVER WALK	5

Exhibit I  
Schedule 1(a)

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**RETURN ON ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2022

**Rocky River**

Line No.	Item	Capitalization Ratio [1] (a)	Filed Amounts [2] (b)	Embedded Cost [3] (c)	Overall Cost Rate [4] (d)	Net Operating Income [5] (e)
<b><u>Company Present Rates:</u></b>						
1	Debt	50.00%	\$9,096 [2]	4.60% [1]	2.30%	\$418 [5]
2	Equity	50.00%	9,096 [2]	-954.67% [4]	-477.34%	(86,839) [6]
3	Total	<u>100.00%</u>	<u>\$18,192</u> [3]		<u>-475.04%</u>	<u>(\$86,421)</u> [7]
<b><u>Company After ProForma Adjustments:</u></b>						
4	Debt	50.00%	\$251,750 [2]	4.60% [1]	2.30%	\$11,581 [5]
5	Equity	50.00%	251,750 [2]	-43.38% [4]	-21.69%	(109,204) [6]
6	Total	<u>100.00%</u>	<u>\$503,500</u> [3]		<u>-19.39%</u>	<u>(\$97,623)</u> [7]
<b><u>Company Proposed Rates:</u></b>						
7	Debt	50.00%	\$251,750 [2]	4.60% [1]	2.30%	\$11,581 [8]
8	Equity	50.00%	251,750 [2]	9.80% [1]	4.90%	24,671 [8]
9	Total	<u>100.00%</u>	<u>\$503,500</u> [3]		<u>7.20%</u>	<u>\$36,124</u>

[1] Per Application  
 [2] Column (a) multiplied by Column (b).  
 [3] Exhibit I, Schedule 2, Column (c), Line 10.  
 [4] Column (e) divided by Column (b).  
 [5] Column (b) multiplied by Column (c).  
 [6] Line 3 minus Column (e), Line 1.  
 [7] Exhibit I, Schedule 3, Column (c), Line 30.  
 [8] Column (b) multiplied by Column (c).



**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**MARGIN ON OPERATING REVENUE DEDUCTIONS**  
**REQUIRING A RETURN**  
For The Test Year Ended December 31, 2022

Exhibit I  
Schedule 1(b)

**River Walk**

<u>Line No.</u>	<u>Item</u>	<u>Per Books</u> (a)	<u>After Proforma Adjustments</u> (b)	<u>Company Proposed Rates</u> (c)
1	Net operating income for a return	(\$5,744) [1]	(\$9,986) [4]	\$3,242 [6]
2	Operating revenue deductions requiring a return	<u>48,587</u> [2]	<u>45,034</u> [5]	<u>45,034</u> [7]
3	Return	<u>-11.82%</u> [3]	<u>-22.18%</u> [3]	<u>7.20%</u> [8]

- [1] Exhibit I, Schedule 3(b), Line 26, Column (a).
- [2] Exhibit I, Schedule 3(b), Line 16 + Line 17 + Line 18 + Line 19 + Line 20, Column (c).
- [3] Line 1 divided by Line 2.
- [4] Exhibit I, Schedule 3(b), Line 26, Column (c).
- [5] Exhibit I, Schedule 3(b), Line 16 + Line 17 + Line 18 + Line 19 + Line 20, Column (e).
- [6] Line 2 x Line 3.
- [7] Exhibit I, Schedule 3(b), Line 16 + Line 17 + Line 18 + Line 19 + Line 20, Column (e).
- [8] Per Company

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF GROSS REVENUE EFFECT FACTORS**  
For The Test Year Ended December 31, 2022

Line No.	Item	Capital Structure (a)	Cost Rates (b)	Retention Factor (c)	Gross Revenue Effect (d)
<b><u>Rate Base Factor:</u></b>					
1	Debt	50.00% [1]	4.60% [1]	0.998525 [2]	0.023034 [4]
2	Equity	50.00% [1]	9.80% [1]	0.769114 [3]	0.063710 [4]
3	Total	<u>100.00%</u>			<u>0.086744</u>
 <b><u>Net Income Factor:</u></b>					
4	Total revenue	1.000000			
5	Regulatory fee (L4 x .1475%)	0.001475			
6	Balance (L4 - L5)	<u>0.998525</u>			
7	State income tax (L6 x 2.5%)	0.024963			
8	Balance (L6 - L7)	0.973562			
9	Federal income tax (L8 X 21%)	0.204448			
10	Retention factor (L8 - L9)	<u>0.769114</u>			

- [1] Per Application.
- [2] Column (a), Line 6.
- [3] Column (a), Line 10.
- [4] Column (a) multiplied by Column (b) divided by Column (c).

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2022

**Rocky River**

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Company Books</u> (a)	<u>Pro Forma Adjustments</u> [2] (b)	<u>Company Proposed</u> [4] (c)
1	Plant in service	\$102,527 [1]	\$484,537 [3]	\$587,064
2	Accumulated depreciation	(71,039) [1]	(12,520) [3]	(83,559)
3	Net plant in service (L1 + L2)	31,487	472,017	503,505
4	Contributions in aid of construction (CIAC)	(13,295)	0	(13,295)
5	Cash working capital	0	13,963	13,963 [5]
6	Average tax accruals	0	(673)	(673) [6]
7	Original cost rate base (Sum of L3 thru L6)	<u>\$18,192</u>	<u>\$485,307</u>	<u>\$503,500</u>

- [1] Exhibit 1, Schedule 2-1, Line 20 + Line 25.  
 [2] Column (c) minus Column (a), unless otherwise footnoted.  
 [3] Exhibit I, Schedule 2-1, Line 36.  
 [4] Column (a) plus Column (b), unless otherwise footnoted.  
 [5] Exhibit I, Schedule 2-2, Line 2.  
 [6] Exhibit I, Schedule 2-2, Line 7.

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2022

**River Walk**

<u>Line No.</u>	<u>Item</u>	<u>Amount Per Company Books</u> (a)	<u>Pro Forma Adjustments</u> (b)	[2]	<u>Company Proposed</u> (c)	[4]
1	Plant in service	\$43,374	\$9,850	[1]	\$53,224	
2	Accumulated depreciation	(23,338)	(493)	[1]	(23,830)	
3	Net plant in service (L1 + L2)	<u>20,037</u>	<u>9,358</u>		<u>29,394</u>	
4	Contributions in aid of construction (CIAC)	(6,165)	0		(6,165)	
5	Cash working capital	0	4,869		4,869	[5]
6	Average tax accruals	<u>0</u>	<u>(670)</u>		<u>(670)</u>	[6]
7	Original cost rate base (Sum of L3 thru L6)	<u>\$13,872</u>	<u>\$13,557</u>		<u>\$27,428</u>	

[1] Exhibit 1, Schedule 2-1, Line 9 + Line 16.

[2] Column (c) minus Column (a), unless otherwise footnoted.

[3] Exhibit I, Schedule 2-1, Line 17.

[4] Column (a) plus Column (b), unless otherwise footnoted.

[5] Exhibit I, Schedule 2-2, Line 2.

[6] Exhibit I, Schedule 2-2, Line 7.

Exhibit I  
Schedule 2-1 (a)

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED  
DEPRECIATION, AND DEPRECIATION EXPENSE**  
For The Test Year Ended December 31, 2022

Line No.	Item	Rocky River		Service		Years in Service [3]	Annual Depreciation [4]	Accumulated Depreciation [5]
		Plant in Service [1]	Year Placed In Service [2]	Life In Years [2]	Years in Service [3]			
		(a)	(b)	(c)	(d)	(e)	(f)	
1	Land	\$3,000	[1] 1988	0	34.5	\$0	\$3,000	
2	Water system installed in 1988	14,600	[1] 1988	25	34.5	-	14,600	
3	Organizational costs	1,017	[1] 1993	25	29.5	-	1,017	
4	Meters, connections, etc.	4,425	[1] 1994	20	28.5	-	4,425	
5	Fence, storage tank	3,400	[1] 1994	25	28.5	-	3,400	
6	Meters, connections, etc.	5,321	[1] 1995	20	27.5	-	5,321	
7	McMillan Acres expansion	7,196	[1] 1995	25	27.5	-	7,196	
8	Meters, installation only	518	[1] 1996	20	26.5	-	518	
9	Pump	6,540	[1] 1996	10	26.5	-	6,540	
10	Meters, connections, etc.	874	[1] 1996	20	26.5	-	874	
11	Meters, installation only	390	[1] 1997	20	25.5	-	390	
12	Meters, connections, etc.	385	[1] 1998	20	24.5	-	385	
13	Meters, connections, etc.	206	[1] 2000	20	22.5	-	206	
14	Meters, connections, etc.	165	[1] 2001	20	21.5	-	165	
15	Clearing trees & stumps	2,360	[1] 2001	10	21.5	-	2,360	
16	Pumps	7,372	[1] 1999	10	23.5	-	7,372	
17	Pumps	6,508	[1] 2000	10	22.5	-	6,508	
18	Pumps	1,957	[1] 2001	10	21.5	-	1,957	
19	Water line and meter	2,509	[1] 2017	5	5.5	-	2,509	
20	<b>Sub Total Prior Rate Case Plant in Service</b>	<u>\$68,743</u>				<u>\$0.00</u>	<u>\$68,743.00</u>	
21	Pressure switch	1,787	2021	5	1.5	357	536	
22	Water meters	13,787	2022	15	0.5	919	460	
23	Meter & Ball Valve replacement	2,788	2022	7	0.5	398	199	
24	Pump repairs	15,421	2022	7	0.5	2,203	1,102	
25	Rocky River Plant Additions Since the Prior Rate Case (Sum of Lines 21 - 24)	<u>\$33,784</u>				<u>\$3,878</u>	<u>\$2,296</u>	
	<b>Post Year Plant Additions</b>							
26	Filter drain repair	2,419	2023	7	0.5	346	173	
27	Pump and motor replacement	11,761	2023	10	0.5	1,176	588	
28	Harrisburg Interrconnection	470,357	2023	20	0.5	23,518	11,759	
29	Total Post Test Year Plant Additions to Rocky River Plant (Sum of Lines 26 - 28)	<u>\$484,537</u>				<u>\$25,039</u>	<u>\$12,520</u>	
30	Total Rocky River Plant (Sum of Line 20 + Line 25+ Line 29)	<u>\$587,064</u>				<u>\$28,917</u>	<u>\$83,559</u>	

[1] Per Public Staff Chui Exhibit I, Schedule 2-1(a), Docket No. W-1034, Sub 8.  
 [2] Per Company Books, unless otherwise footnoted.  
 [3] Based on year placed in service using half year convention.  
 [4] Column (a) or Column (b) divided by Column (d), unless fully depreciated.  
 [5] Column (e) x Column (f) or Column (g), unless fully depreciated.

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF PLANT IN SERVICE, ACCUMULATED  
DEPRECIATION, AND DEPRECIATION EXPENSE**  
For The Test Year Ended December 31, 2022

**River Walk**

Line No.	Item	Plant in Service [1] (a)	Year Placed In Service [2] (b)	Service Life In Years [2] (c)	Years in Service [3] (d)	Annual Depreciation [4] (e)	Accumulated Depreciation [5] (f)
<b>River Walk</b>							
1	Water system installed in 2002	\$18,495 [1]	2002	30	20.5	\$617	\$12,638
2	35 gallon poly solution tank	91 [1]	2007	50	15.5	1.82	28
3	Chemical feed pump (installed)	665 [1]	2007	30	15.5	22.17	344
4	Meter spuds and meters	243 [1]	2007	30	15.5	8.10	126
5	Meter boxes	195 [1]	2010	30	12.5	6.50	81
6	Cut-off vales	177 [1]	2010	15	12.5	11.80	148
7	Meters	75 [1]	2010	30	12.5	2.50	31
8	Organizational costs	13,692 [1]	2011	20	11.5	684.60	7,873
9	<b>Sub Total Prior Rate Case Plant in Service (Sum of Lines 1-8)</b>	<u>\$33,633</u>				<u>\$1,354</u>	<u>\$21,268</u>
10	Pump rebuild	\$2,587	2021	5	1.5	\$517	\$776
11	Pump	1,450	2021	5	1.5	290	435
12	Pump install	888	2021	5	1.5	178	266
13	Pump repairs	551	2021	5	1.5	110	165
14	Booster pump	3,435	2022	5	0.5	687.04	344
15	Pancake compressor	830	2022	5	0.5	166.02	83
16	<b>Additions Since Prior Rate Case (Sum of Lines 10 - 15)</b>	<u>\$9,741</u>				<u>\$1,948</u>	<u>\$2,069</u>
<b>Reclassified from O&amp;M to River Walk Plant in Service</b>							
17	Clean & paint 2 tanks	9,850 [6]	2022	10	0.5	985	493
18	<b>Total Reclassified from O&amp;M to River Walk Plant Plant (Line 17)</b>	<u>9,850</u>				<u>985</u>	<u>493</u>
19	<b>Total River Walk Plant ( Sum of L9 + L16 + L18)</b>	<u>\$53,224</u>				<u>\$4,287</u>	<u>\$23,830</u>

- [1] Per Public Staff Chui Exhibit I, Schedule 21-(a), Docket No. W-1034, Sub 8.
- [2] Per Company Books, unless otherwise footnoted.
- [3] Based on year placed in service using half year convention.
- [4] Column (a) or Column (b) divided by Column (d), unless fully depreciated.
- [5] Column (e) x Column (f) or Column (g), unless fully depreciated.
- [6] Reclassified from Exhibit I, Schedule 3-4, Line 3, Column ( c).

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF CASH WORKING CAPITAL  
AND AVERAGE TAX ACCRUALS**  
For The Test Year Ended December 31, 2022

<u>Line No.</u>	<u>Item</u>	<u>Rocky River</u> (a)	<u>River Walk</u> (b)
<b><u>Cash Working Capital:</u></b>			
1	Total O&M expenses	\$111,704 [1]	\$38,953 [4]
2	Cash working capital (L1 x 1/8)	\$13,963	\$4,869
<b><u>Average Tax Accruals:</u></b>			
3	Property taxes	454 [2]	1,039 [5]
4	Average accrual (L3 x 1/2)	227	519
5	Payroll taxes	2,228 [3]	756 [6]
6	Average accrual (L5 x 1/5)	446	151
7	Average tax accruals (Line 4 + Line 6)	\$673	\$670

- [1] Exhibit I, Schedule 3(a), Column ( c), Line 17.  
 [2] Exhibit I, Schedule 3(a), Column ( c), Line 20.  
 [3] Exhibit I, Schedule 3(a), Column ( c), Line 21.  
 [4] Exhibit I, Schedule 3(b), Column ( c), Line 17.  
 [5] Exhibit I, Schedule 3(b), Column ( c) Line 20.  
 [6] Exhibit I, Schedule 3(b), Column ( c), Line 21.

Water Resources, Inc.  
Docket No. W-1034, Sub 13  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended December 31, 2022

Exhibit I  
Schedule 3(a)

**Rocky River**

Line No.	Item	Present Rates			Proposed Rates	
		Amount	Pro Forma	Company	Proposed	After Rate
		Per Company Books [1]	Adjustments	Filed Amount [8]	Increase	Increase [12]
		(a)	(b)	(c)	(d)	(e)
<b>Operating Revenues:</b>						
1	Service revenues	\$45,066	\$0	\$45,066	\$141,276	\$186,342
2	Miscellaneous revenues	23,763	(22,915) [2]	848	0	848
3	Uncollectible accounts	0	0	0	0	0
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<u>68,829</u>	<u>(22,915)</u>	<u>45,914</u>	<u>141,276</u>	<u>187,190</u> [13]
<b>Operating &amp; Maintenance Expenses:</b>						
5	Salaries	8,961	20,162 [3]	29,123		29,123
6	Administrative & Office Expenses	7,231	405 [4]	7,636	0	7,636
7	Maintenance & Repair expenses	15,796	(6,690) [5]	9,106	0	9,106
8	Contract Operator	29,412	0	29,412	0	29,412
9	Electric power	6,938	0	6,938	0	6,938
10	Water testing	3,433	0	3,433	0	3,433
11	Chemicals	3,516	0	3,516	0	3,516
12	Purchased Water	1,245	0	1,245		1,245
13	Insurance expense	2,199	0	2,199	0	2,199
14	Professional Services	48,465	(39,854) [6]	8,611		8,611
15	Miscellaneous expenses	1,681	0	1,681	0	1,681
16	Regulatory expenses	0	8,805 [7]	8,805	0	8,805
17	<b>Total O&amp;M expenses (Sum of L5 thru L16)</b>	<u>128,876</u>	<u>(17,172)</u>	<u>111,704</u>	<u>0</u>	<u>111,704</u>
<b>Depreciation and Taxes:</b>						
18	Depreciation expense	24,009	4,909	28,917 [9]	0	28,917
19	Amortization of CIAC	0	0	0	0	0
20	Property taxes	454	0	454	0	454
21	Payroll taxes	1,666	562	2,228 [10]	0	2,228
22	Other Taxes	166	0	166		166
23	Regulatory Fee	80	(12)	68 [11]	208	276 [11]
24	State income tax	0	0	0	797	797 [14]
25	Federal income tax	0	0	0	6,524	6,524 [15]
26	<b>Total depreciation and taxes (Sum of L18 thru L25)</b>	<u>26,375</u>	<u>5,458</u>	<u>31,833</u>	<u>7,529</u>	<u>39,362</u>
27	Total operating revenue deductions (L17 + L26)	<u>155,251</u>	<u>(11,714)</u>	<u>143,537</u>	<u>7,529</u>	<u>151,066</u>
28	Net operating income for a return (L4 - L27)	<u>(\$86,421)</u>	<u>(\$11,202)</u>	<u>(\$97,623)</u>	<u>\$133,747</u>	<u>\$36,124</u>

[1] Expenses Per Company 2022 General Ledger; Revenues per Company billing records.  
 [2] Exhibit I, Schedule 3-1, Column (b), Line 2.  
 [3] Exhibit I, Schedule 3-2, Column (b), Line 9.  
 [4] Exhibit I, Schedule 3-3, Column (b) Line 4.  
 [5] Exhibit I, Schedule 3-4, Column (b) Line 4.  
 [6] Exhibit I, Schedule 3-5, Column (b) Line 4.  
 [7] Exhibit I, Schedule 3-6, Column (d) Line 8.  
 [8] Column (a) + Column (b), unless otherwise footnoted.  
 [9] Exhibit I, Schedule 2-1(a), Column (e) Line 32.  
 [10] Exhibit I, Schedule 3-2, Line 8 x 7.65%.  
 [11] Based on Statutory Rate of 0.1475%.  
 [12] Column (c) + Column (d), unless otherwise footnoted.  
 [13] Exhibit I, Schedule 4(a), Column (c), Line 11.  
 [14] Exhibit I, Schedule 3-7(a), Line 11.  
 [15] Exhibit I, Schedule 3-7(a), Line 13.



Exhibit I  
Schedule 3(b)

Water Resources, Inc.  
Docket No. W-1034, Sub 13  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended December 31, 2022

**River Walk**

Line No.	Item	Present Rates			Proposed Rates		
		Amount	Pro Forma	Company	Proposed	After Rate	
		Per Company Books [1]	Adjustments	Filed Amount [7]	Increase	Increase [11]	
		(a)	(b)	(c)	(d)	(e)	[11]
<b>Operating Revenues:</b>							
1	Service revenues	\$42,807	\$0	\$42,807	\$14,161	\$56,968	
2	Miscellaneous revenues	120	(7,771) [2]	(7,651)	0	(7,651)	
3	Uncollectible accounts	0	0	0	0	0	
4	<b>Total operating revenues (Sum of L1 thru L3)</b>	<b>42,927</b>	<b>(7,771)</b>	<b>35,156</b>	<b>14,161</b>	<b>49,317</b>	[12]
<b>Operating &amp; Maintenance Expenses:</b>							
5	Salaries	3,039	6,838 [3]	9,877		9,877	
6	Administrative & Office Expenses	2,446	138 [4]	2,584	0	2,584	
7	Maintenance & Repair expenses	12,921	(9,850) [5]	3,071	0	3,071	
8	Contract Operator	9,974	0	9,974	0	9,974	
9	Electric	3,451	0	3,451	0	3,451	
10	Water testing	914	0	914	0	914	
11	Chemicals	1,192	0	1,192	0	1,192	
12	Purchased Water	0	0	0		0	
13	Insurance expense	746	0	746	0	746	
14	Professional Services	3,587	0	3,587		3,587	
15	Miscellaneous expenses	570	0	570	0	570	
16	Regulatory expenses	0	2,986 [6]	2,986	0	2,986	
17	<b>Total O&amp;M expenses (Sum of L5 thru L16)</b>	<b>38,841</b>	<b>111</b>	<b>38,953</b>	<b>0</b>	<b>38,953</b>	
<b>Depreciation and Taxes:</b>							
18	Depreciation expense	8,142	(3,855)	4,287 [8]	0	4,287	
19	Amortization expense	0	0	0	0	0	
20	Property taxes	1,039	0	1,039	0	1,039	
21	Payroll taxes	565	0	756 [9]	0	756	
22	Other Taxes	56	0	56	0	56	
23	Regulatory fee	27	25	52 [10]	21	73 [10]	
24	State income tax	0	0	0	104	104 [13]	
25	Federal income tax	0	0	0	850	850 [14]	
26	<b>Total depreciation and taxes (Sum of L18 thru L25)</b>	<b>9,829</b>	<b>(3,830)</b>	<b>6,190</b>	<b>975</b>	<b>7,165</b>	
27	Total operating revenue deductions (L17 + L26)	48,671	(3,719)	45,142	975	46,117	
28	Net operating income for a return (L4 - L27)	(\$5,744)	(\$4,052)	(\$9,986)	\$13,186	\$3,200	

[1] Expenses Per Company 2022 General Ledger; Revenues per Company billing records.  
 [2] Exhibit I, Schedule 3-1, Column (c), Line 2.  
 [3] Exhibit I, Schedule 3-2, Column (c), Line 9.  
 [4] Exhibit I, Schedule 3-3, Column (c), Line 4.  
 [5] Exhibit I, Schedule 3-4, Column (c), Line 3.  
 [6] Exhibit I, Schedule 3-7, Column (e), Line 8.  
 [7] Column (a) + Column (b), unless otherwise footnoted.  
 [8] Exhibit I, Schedule 2-1(b), Column (e), Line 19.  
 [9] Exhibit I, Schedule 3-2, Column (c), Line 8 x 7.65%  
 [10] Based on Statutory Rate of 0.1475%.  
 [11] Column (c) + Column (d).  
 [12] Exhibit I, Schedule 4(b), Column (c), Line 11.  
 [13] Exhibit I, Schedule 3-7(b), Line 11.

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**ADJUSTMENT TO MISCELLANEOUS REVENUES**  
For The Test Year Ended December 31, 2022

<u>Line No.</u>	<u>Item</u>	<u>Amounts</u>	<u>Rocky River</u>	<u>River Walk</u>
		(a)	(b)	(c)
1	Miscellaneous Revenues per Company	\$31,925	\$23,763	\$8,162
2	Adjustment to Remove Non-utility Miscellaneous Revenues	(30,687) [1]	(22,915)	(7,771)
3	Total Miscellaneous Revenues	<u>\$1,238</u>	<u>\$848</u>	<u>\$391</u>

[1] Non Utility income from Verizon for Tower placement.

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**ADJUSTMENT TO SALARY EXPENSE**  
For The Test Year Ended December 31, 2022

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> (a)	<u>Allocated Rocky River</u> (b)	<u>Allocated River Walk</u> (c)
<b>1</b>	<b>Test Year Salaries:</b>			
2	Office Manager / Bookkeeper	\$8,000 [1]	\$5,974	\$2,026
3	Owner / General Manager	<u>4,000 [1]</u>	<u>2,987</u>	<u>1,013</u>
4	Test Year Salaries	<u>\$12,000</u>	<u>\$8,961</u>	<u>\$3,039</u>
<b>5</b>	<b>On-Going Level of Salaries:</b>			
6	Office Manager / Bookkeeper	\$15,000	\$11,201	\$3,799
7	Owner / General Manager	<u>24,000</u>	<u>17,922</u>	<u>6,078</u>
8	Proforma Adjustment to Annualize Salaries (L6+ L7)	<u>\$39,000</u>	<u>\$29,123</u>	<u>\$9,877</u>
9	Proforma Adjustment for Salaries (L8-L4)	<u>\$27,000</u>	<u>\$20,162</u>	<u>\$6,838</u>

[1] Per General Ledger times the allocation percentage for each service area.

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**ADJUSTMENT TO ADMINISTRATIVE & OFFICE EXPENSES**  
For The Test Year Ended December 31, 2022

Line No.	Item	Total Amounts (a)	Allocated Rocky River [3] (b)	Allocated River Walk [3] (c)
1	Administrative & Office Expenses Per Books	\$9,677 [1]	\$7,231	\$2,446
Adjustments to Administrative & Office Expense:				
2	Annualized level of office rent	\$2,604 [2]	\$1,945	\$659
3	Amount of office rent in test year expenses	2,061 [1]	1,539	522
4	Adjustment to Administrative & Office for office rent expense (L2-L3)	\$543	\$405	\$138
5	Total Administrative & Office Expenses after pro forma adjustments (L1 + L4)	<u>\$10,220</u>	<u>\$7,636</u>	<u>\$2,584</u>

[1] Per Company 2022 General Ledger.

[2] Annualized office rent expense per Company \$217 per month x 12 months. Signed Office Lease Agreement to be filed once executed.

[3] Allocated between Rocky River & River Walk based on customer count.

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**ADJUSTMENT TO MAINTENANCE & REPAIR EXPENSES**  
For The Test Year Ended December 31, 2022

<u>Line No.</u>	<u>Item</u>	<u>Total Amount</u> (a)	<u>Rocky River</u> (b)	<u>River Walk</u> (c)
1	Maintenance & Repair Expense per Books	\$28,717 [1]	\$15,796	\$12,921
2	Reclassify to Plant In Service for Rocky River re: Harrisburg Interconnection	(6,690)	(6,690) [2]	-
3	Reclassify to Plant in Service for River Walk	(9,850)	-	(9,850) [2]
4	Total Adjustment to Maintenance & Repair Expense (L2 + L3)	<u>(16,540)</u>	<u>(6,690)</u>	<u>(9,850)</u>
5	Maintenance & Repair Expense after Pro Forma Adjustments (L1+L4)	<u>\$12,177</u>	<u>\$9,106</u>	<u>\$3,071</u>

[1] Per Company 2022 General Ledger.  
[2] Reclassify amounts to plant in service.

**Water Resources, Inc.**  
 Docket No. W-1034, Sub 13  
**ADJUSTMENT TO PROFESSIONAL FEES**  
 For The Test Year Ended December 31, 2022

Exhibit I  
 Schedule 3-5

Line No.	<u>Item</u>	Total Amount (a)	Direct Assign Rocky River (b)	Allocated Rocky River (c)	Allocated River Walk (d)
<b>Professional Services:</b>					
1	Legal Fees	\$50,770 [1]	\$39,854	\$8,151	\$2,764
2	Accounting	<u>746 [1]</u>	<u>0</u>	<u>557</u>	<u>189</u>
3	Sub Total - Professional Services	\$51,516	\$39,854	\$8,709	\$2,953
4	Adjustment to Reclassify Legal Fees to Plant in Service for Rocky River	<u>(39,854)</u>	<u>(39,854) [2]</u>	<u>0</u>	<u>0</u>
5	Professional Services	<u>\$11,662</u>	<u>\$0</u>	<u>\$8,709</u>	<u>\$2,953</u>

[1] Per Company 2022 General Ledger.

[2] Remove Legal fees related to Harrisburg Interconnection and reclassified to Plant in Service.

Exhibit I  
Schedule 3-6

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**ADJUSTMENT TO REGULATORY EXPENSE**  
For The Test Year Ended December 31, 2022

<u>Line No.</u>	<u>Item</u>	<u>Estimates</u> [1] (a)	<u>Total Amount</u> [2] (b)	<u>Allocated Rocky River</u> [4] (c)	<u>Allocated River Walk</u> [4] (d)
1	Consulting fees	\$15,000	\$15,000	\$11,201	\$3,799
2	Legal fees	20,000	20,000	14,935	5,065
3	Miscellaneous expenses (mailing customer notices, filing fee)	<u>371</u>	<u>371</u>	<u>277</u>	<u>94</u>
4	Total Regulatory Expenses (Sum of Lines 1 -3)	<u>\$35,371</u>	35,371	26,414	8,958
5	Amortization Period		<u>3</u> [3]	<u>3</u> [3]	<u>3</u> [3]
6	Regulatory Expense per Company (Line 4 / Line 5)		11,790	8,805	2,986
7	Test Year Regulatory Expense		<u>\$0</u> [1]	<u>\$0</u>	<u>\$0</u>
8	Adjustment to Regulatory Expense (Line 6 - Line 7)		<u>\$11,790</u>	<u>8,805</u>	<u>2,986</u>

[1] Based on Legal and Accounting Consultant Estimates - Estimates will be trued up to actuals.  
 [2] Column (a) + Column (b).  
 [3] Per Company.  
 [4] Allocated between each of the Company's service areas.

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended December 31, 2022

**Rocky River**

Line No.	Item	Per	After	Company
		Books [1]	Pro Forma Adjustments [2]	Proposed [3]
		(a)	(b)	(c)
1	Operating revenues	\$68,829	\$45,914	\$187,190
	Operating revenue deductions:			
2	Operating & maintenance expenses	128,876	111,704	111,704
3	Depreciation expense	24,009	28,917	28,917
4	Amortization of CIAC	0	0	0
5	Property taxes	454	454	454
6	Payroll taxes	1,666	2,228	2,228
7	Other taxes	166	166	166
8	Regulatory Fee	80	68	276
9	Interest expense	11,581	11,581	11,581
10	Total deductions (Sum of Lines 2 thru 9)	166,832	155,118	155,326
11	Taxable income (L1 - L10)	(98,002)	(109,204)	31,864
12	State income tax (L10 x 2.5%)	0	0	797
13	Federal taxable income after state income tax (L1 - L12)	(98,002)	(109,204)	31,067
14	Federal income tax (L13 x 21%)	0	0	6,524
15	Net amount (L11 - L12 - L14)	(98,002)	(109,204)	24,543
16	Add: Interest expense	11,581	11,581	11,581
17	Net income for a return (L15 + L16)	(\$86,421)	(\$97,623)	\$36,124

[1] Exhibit I, Schedule 3(a), Column (a).

[2] Exhibit I, Schedule 3(a), Column (c).

[3] Exhibit I, Schedule 3(a), Column (e).



**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF INCOME TAXES**  
For The Test Year Ended December 31, 2022

**River Walk**

<u>Line No.</u>	<u>Item</u>	Per Books (a)	[1]	After Pro Forma Adjustments (b)	[2]	Company Proposed (c)	[3]
1	Operating revenues	\$42,927		\$35,156		\$49,317	
	Operating revenue deductions:						
2	Operating & maintenance expenses	38,841		38,953		38,953	
3	Depreciation expense	8,142		4,287		4,287	
4	Amortization of CIAC	0		0		0	
5	Property taxes	1,039		1,039		1,039	
6	Payroll taxes	565		0		756	
7	Other Taxes	56		0		56	
8	Regulatory Fee	27		52		73	
9	Interest expense	0		0		0	
10	Total deductions (Sum of Lines 2 thru L9)	<u>48,671</u>		<u>44,330</u>		<u>45,163</u>	
11	Taxable income (L1 - L10)	<u>(5,744)</u>		<u>(9,175)</u>		<u>4,154</u>	
12	State income tax (L11 x 2.5%)	<u>0</u>		<u>0</u>		<u>104</u>	
13	Federal taxable income after state income tax (L1 - L12)	<u>(5,744)</u>		<u>(9,175)</u>		<u>4,050</u>	
14	Federal income tax (L13 x 21%)	<u>0</u>		<u>0</u>		<u>850</u>	
15	Net amount (L11 - L12 - L13)	<u>(5,744)</u>		<u>(9,175)</u>		<u>3,200</u>	
16	Add: Interest expense	<u>0</u>		<u>0</u>		<u>0</u>	
17	Net income for a return (L15 + L16)	<u><u>(\$5,744)</u></u>		<u><u>(\$9,175)</u></u>		<u><u>\$3,200</u></u>	

[1] Exhibit I, Schedule 3(b), Column (a).

[2] Exhibit I, Schedule 3(b), Column (c).

[3] Exhibit I, Schedule 3(b), Column (e).

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF REVENUE REQUIREMENT**  
For The Test Year Ended December 31, 2022

**Rocky River**

Line No.	<u>Item</u>	<b>Rate Base Method</b> (a)	Retention Factor (b)	Revenue Requirement (c)	<b>Operating Ratio Method</b> (d)	Retention Factor (e)	Revenue Requirement (f)
<b>Operating revenue deductions:</b>							
1	Operating & maintenance expenses	111,704			\$111,704		
2	Depreciation expense	28,917			28,917		
3	Amortization of CIAC	0			-		
4	Property taxes	454			454		
5	Payroll taxes	2,228			2,228		
6	Regulatory Fee	0			-		
7	Total operating revenue deductions	<u>\$143,303</u>	0.998525	\$143,515	<u>143,303</u>	0.9985250	\$143,515
<b>Net operating income for a return:</b>							
8	Debt service return	11,581	0.998525	11,598			
9	Equity return	24,671	0.769114	<u>32,077</u>	\$10,318	0.7691139	<u>13,415</u>
10	Revenue requirement			<u>\$187,190</u>			<u>\$156,930</u>
11	Company Requested Revenue Requirement			<u>\$187,190</u>			

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF REVENUE REQUIREMENT**  
For The Test Year Ended December 31, 2022

**River Walk**

Line No.	Item	Rate Base Method (a)	Retention Factor (b)	Revenue Requirement (c)	Operating Ratio Method (d)	Retention Factor (e)	Revenue Requirement [1] (f)
<b>Operating revenue deductions:</b>							
1	Operating & maintenance expenses	38,953			\$38,953		
2	Depreciation expense	4,287			\$4,287		
3	Amortization of CIAC	0			\$0		
4	Property taxes	1,039			\$1,039		
5	Payroll taxes	756			\$756		
6	Regulatory Fee	0			0		
7	Total operating revenue deductions	<u>\$45,034</u>	0.998525	\$45,101	<u>45,034</u>	0.9985250	\$45,101
<b>Net operating income for a return:</b>							
8	Debt service return	631	0.998525	632			
9	Equity return	1,344	0.769114	1,747	\$3,242	0.7691139	4,216
10	Revenue requirement			<u>\$47,480</u>			<u>\$49,317</u>
11	Company Requested Revenue Requirement			<u>\$49,317</u>			

**Water Resources, Inc.**  
Docket No. W-1034, Sub 13  
**CALCULATION OF OPERATING RATIOS**  
For The Test Year Ended December 31, 2022

**River Walk**

Line No.	Item	Present Rates (a)	After Pro Forma Rates (b)	Proposed Rates (c)
<b><u>Interest expense, regulatory fee, and income taxes included:</u></b>				
1	Gross operating revenues	\$42,927 [1]	\$35,156 [5]	\$49,317 [9]
2	Operating expenses	<u>48,671 [2]</u>	<u>45,142 [6]</u>	<u>46,117 [10]</u>
3	Operating ratios (L2 / L1)	<u>113.38%</u>	<u>128.41%</u>	<u>93.51%</u>
<b><u>Interest expense, regulatory fee, and income taxes excluded:</u></b>				
4	Gross operating revenues	\$42,900 [3]	\$35,104 [7]	\$48,290 [11]
5	Operating expenses	<u>48,644 [4]</u>	<u>45,090 [8]</u>	<u>45,090 [12]</u>
6	Operating ratios (L5 / L4)	<u>113.39%</u>	<u>128.45%</u>	<u>93.37%</u>

- [1] Exhibit I, Schedule 3, Line 4, Column (a).
- [2] Exhibit I, Schedule 3, Line 25, Column (a).
- [3] Exhibit I, Schedule 3, Line 4 - Line 21 - Line 22 - Line 23 , Column (a).
- [4] Exhibit I, Schedule 3, Line 25 - Line 21 - Line 22 - Line 23, Column (a).
- [5] Exhibit I, Schedule 3, Line 4, Column (c).
- [6] Exhibit I, Schedule 3, Line 25, Column (c).
- [7] Exhibit I, Schedule 3, Line 4 - Line 21 - Line 22 - Line 23, Column (c).
- [8] Exhibit I, Schedule 3, Line 25 - Line 21 - Line 22 - Line 23, Column (c).
- [9] Exhibit I, Schedule 3, Line 4, Column (e).
- [10] Exhibit I, Schedule 3, Line 25, Column (e).
- [11] Exhibit I, Schedule 3, Line 4 - Line 21 - Line 22 - Line 23, Column (e).
- [12] Exhibit I, Schedule 3, Line 29 - Line 21 - Line 22 - Line 23, Column (e).

Exhibit II

**Water Resources, Inc.**  
 Docket No. W-1034, Sub 13  
**RATE DESIGN**  
 For The Test Year Ended December 31, 2022

Line No.	<u>Item</u>	<u>Rocky River</u> (a)	<u>River Walk</u> (b)
1	Current Base Rate	\$11.20 [1]	\$37.50 [1]
2	Current Usage Rate	\$3.10 [1]	\$9.07 [1]
3	Proposed Base Rate	\$54.01 [2]	\$48.69 [6]
4	Proposed Usage Rate	\$15.04 [3]	\$17.50 [7]
<b>2022 Usage in Gallons</b>			
5	January	559,666 [4]	113,127 [4]
6	February	605,764 [4]	110,613 [4]
7	March	582,289 [4]	100,808 [4]
8	April	448,867 [4]	89,564 [4]
9	May	633,416 [4]	142,180 [4]
10	June	608,547 [4]	155,018 [4]
11	July	779,713 [4]	221,664 [4]
12	August	681,383 [4]	196,483 [4]
13	September	653,241 [4]	183,684 [4]
14	October	579,045 [4]	140,513 [4]
15	November	669,764 [4]	301,501 [4]
16	December	631,846 [4]	197,773 [4]
17	Total Annual Usage (Sum of Lines 5-16)	7,433,541	1,952,928
18	EOP Metered Customers	115 [4]	39 [4]
19	Annual Number of Metered Customer Billings (L18 x 12)	1,380	468
20	Revenue Requirement	\$186,342 [5]	\$56,968 [8]
21	Revenue Requirement to be Recovered from Base Rate (L20 x 40%)	\$74,537	\$22,787 [9]
22	Revenue Requirement to be Recovered from Usage (L20 - L21)	\$111,805	\$34,181

[1] NCUC Tariffed Rate Docket No. W-1034, Sub 8.  
 [2] Column (a), Line 21 divided by Line 19 Annual Metered Customer Billings.  
 [3] Column (a), Line 22 divided by Line 17 divided by 1,000.  
 [4] Water Resources billing records for Rocky River and River Walk Subdivisions.  
 [5] Service revenues for Rocky River, Exhibit I, Schedule 3, Line 1, Column ( e).  
 [6] Column (b), Line 21 divided by Line 19 Annual Metered Customer Billings.  
 [7] Column (b), Line 22 divided by Line 17 divided by 1,000.  
 [8] Service revenues for River Walk, Exhibit I, Schedule 3, Line 1, Column ( e).  
 [9] Assumption that 40% of the revenue requirement will be recovered through a base rate.

**Water Resources, Inc.**  
Docket No. W-1034 Sub 13  
**NUMBER OF CUSTOMERS SERVED**  
(at end of month)  
For the Year Ended December 31, 2022

Application  
Exhibit A

Month	Rocky River		River Walk	
	Metered Customers	Gallons sold to Metered Customers	Metered Customers	Gallons sold to Metered Customers
January	116	559,666	37	113,127
February	117	605,764	37	110,613
March	115	582,289	37	100,808
April	115	448,867	37	89,564
May	115	633,416	37	142,180
June	115	608,547	38	155,018
July	115	779,713	38	221,664
August	117	681,383	38	196,483
September	117	653,241	38	183,684
October	115	579,045	39	140,513
November	115	669,764	39	301,501
December	115	631,846	39	197,773

Source: Billing records for Rocky River and River Walk  
Gallons sold to Metered Customers = Usage Column