

Reference	Topic	Information Required for Water Rate Case	Location in Filing
R746-700-10		Test Period Information to Be Included With a General Rate Case Application.	
	Test Period	Various requirements for determining a test period for the rate case application	Application & Exhibit G
R746-700-50		A. General Information:	
	General Information	1. Most recent Division of Drinking Water certification/report.	N/A
		2. Certificate of Public Convenience and Need Number granted by the Commission and its date.	Exhibit D
		3. Date the utility started operation.	Exhibit D
		4. The number of connections approved and current area served, which may be shown by service area map.	Application & Exhibit A, E
		5. Ownership and officers.	Exhibit D
		6. Associated companies (if any).	Exhibit D
		7. A copy of its current tariff.	Exhibit B
		B. Engineering Information.	
	Engineering Information	1. Source of water supply	N/A
		2. Information for all Wells	N/A
		3. Mains and meters information	Exhibit E
		4. Reservoirs information	Exhibit E
		5. Storage capacity	Exhibit E
		6. Service deficiencies and remedies	Exhibit E
		7. Service quality	Exhibit E
		8. Additions or improvements in the last five years	Exhibit E, G
		9. Any anticipated additions or improvements	Exhibit E, G
		10. Efforts to encourage conservation	N/A
		C. Customer Connection Information	
	Customer Connection Information	1. Each connection identified by unique lot number or address	Exhibit F
		2. The date first put into service	Exhibit F
		3. Whether metered or unmetered.	Exhibit F
		4. Whether classified as residential or commercial	Exhibit F
		5. The water usage per month or billing cycle, showing minimum and overage gallons used	N/A
		6. The amount billed per month or billing cycle	Exhibit G
		7. The anticipated growth, showing minimum and overage gallons used	Exhibit G
		8. Water usage and billings projected for the next three years	N/A
		9. Information on any secondary/irrigation water system (the same information as C. 1, 2, 5, 6, 7 and 8 above).	N/A
		10. Identification whether secondary water is distributed through the culinary system.	N/A
		D. Accounting and Financial Data, which shall include the prior two complete years and current up to the date of general rate case application, unless otherwise specified:	
		1. Identification (contact information) for any accountant used by the utility.	See Exhibit G
		2. Copies of the General Ledger.	See Exhibit G
3. Copies of the Balance Sheet		See Exhibit G	
4. Copies of the Income Statement		See Exhibit G	
5. Pro Forma Income Statements, categorized by the National Association of Regulatory Utility Commissions, NARUC, System of Accounts, to include:		Exhibit G	
a. the prior two years of revenues and expenses, and		Exhibit G	
b. the projected revenues and expenses for the next three years, to include the Company's anticipated growth rate and requested rate increase.		Exhibit G	
6. A copy of the utility's check register		See Exhibit G	
7. Billing documentation/reports, tied back to the tariff rates		Exhibit G	
8. Information on the utility plant, including, but not limited to:		Exhibit G, H	
a. Acquisition date,		Exhibit G, H	
b. Acquisition price or cost,		Exhibit G, H	
c. Salvage value,	Exhibit G, H		

Accounting and Financial	d. Expected useful life,	Exhibit G, H	
	e. Annual depreciation amount per asset,	Exhibit G, H	
	f. Accumulated depreciation per asset and reconciled to the total accumulated depreciation amount to the most recent Annual Report. (If these amounts do not match the most recent Annual Report provide detailed explanations for any needed adjustments),	Exhibit G	
	g. If an asset was donated, the amount applied to Contribution in Aid of Construction per asset,	N/A	
	h. If donated, the accumulated amortization of the Contribution in Aid of Construction per asset and reconciled to the total accumulated amortization amount to the most recent Annual Report. (If these amounts do not match the most recent Annual Report provide detailed explanations for any needed adjustments), and	N/A	
	i. Projected future asset purchases for the next three years, providing the estimated acquisition date and price.	Exhibit E, G	
	9. Copies of tax returns for the prior two complete years,	Exhibit G	
	10. Information on all Notes Payable, Loans, and other Obligations, This will include all outstanding and those retired within the past two years, including:	Exhibit G	
	a. Interest rate,	Exhibit G	
	b. Beginning date,	Exhibit G	
	c. Date of last scheduled payment (the Loan pay-off date), and	Exhibit G	
	d. Amount of payment	Exhibit G	
	E. Customer Notice Information		
	Customer Notice	1. A copy of any notice sent to customers notifying them that the utility is seeking a rate increase.	Exhibit I

Customer Information

Description	2009		2010		2011		2012 (projected)		2013 (projected)		2014 (projected)	
	Total Year-End Customers	Effluent Collected (gals)	Total Year-End Customers	Effluent Collected (gals)	Total Year-End Customers	Effluent Collected (gals)	Total Year-End Customers	Effluent Collected (gals)	Total Year-End Customers	Effluent Collected (gals)	Total Year-End Customers	Effluent Collected (gals)

1 Wastewater Customers:

2 Residential - Connected Customers

3 Residential - Standby Customers

4 **Totals (Customers / Effluent Collected)**

119	6,120,410	119	5,410,212	129	6,249,791	130	6,298,239	132	6,395,135	134	6,492,031
111	0	111	0	0	0	64	0	76	0	80	0
230	6,120,410	230	5,410,212	129	6,249,791	194	6,298,239	208	6,395,135	214	6,492,031

Proposed Rate Schedule

Description	System Expense		Usage Expense	Standard Rate	Standby Rate	Special Assessment*
	Fixed Expenses	Capital Reserves	Usage Expense			
	all customers	all customers	connected customers	connected customers	unconnected customers	connected customers
Residential - Connected Customers	\$ 32.36	\$ 15.21	\$ 26.17	\$ 73.75	N/A	\$ 155.12
Residential - Standby Customers	\$ 32.36	\$ 15.21	N/A	N/A	\$ 47.57	N/A

* If the customer chooses the monthly payment option.

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Connection Fee \$ 5,000.00 one time fee per connection
 Hookup Fee \$ 300.00 one time fee per connection
 Turn On Fee \$ 100.00 per occurrence
 Late Fee 18% per annum on outstanding balance
 Special Assessment \$ 1,240.94 one time charge if monthly option not selected

Assets and Depreciation Schedule

NARUC Account Number	Description	Depreciation Rate Applied	Average Service Life (Years)	2010					2011				
				(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				Beginning Balance	Additions	Balance at end of Year	Annual Depreciation Expense for Year	Accum Depreciation through the end of Year	Beginning Balance	Additions	Balance at end of Year	Annual Depreciation Expense for Year	Accum Depreciation through the end of Year
Non-Depreciable													
353	Land and Land Rights			\$ 77,760	\$ -	\$ 77,760	N/A	N/A	\$ 77,760	\$ -	\$ 77,760	N/A	N/A
353.01	Water Rights			-	-	-	N/A	N/A	-	-	-	N/A	N/A
Depreciable													
354	Structures and Improvements (1986)	6.67%	15	7,000	-	7,000	-	(7,000)	7,000	-	7,000	-	(7,000)
354	Structures and Improvements (2006)	6.67%	15	58,289	-	58,289	(3,886)	(19,440)	58,289	-	58,289	(3,888)	(23,328)
355	Power Generation Equipment			-	-	-	-	-	-	-	-	-	-
360	Collecting Sewers - Force			-	-	-	-	-	-	-	-	-	-
361	Collecting Sewers - Gravity			-	-	-	-	-	-	-	-	-	-
362	Special Collecting Structures	3.33%	30	441,328	-	441,328	(9,650)	(321,328)	441,328	-	441,328	(14,696)	(336,024)
363	Service to Customers	3.33%	30	372,000	-	372,000	(8,775)	(284,109)	372,000	-	372,000	(12,388)	(296,497)
364	Flow Measuring Devices			-	-	-	-	-	-	-	-	-	-
365	Flow Measuring Installations			-	-	-	-	-	-	-	-	-	-
366	Reuse Services			-	-	-	-	-	-	-	-	-	-
367	Reuse Meters and Meter Installations			-	-	-	-	-	-	-	-	-	-
370	Receiving Wells			-	-	-	-	-	-	-	-	-	-
371	Pumping Equipment (1997)	6.67%	15	18,467	-	18,467	(1,231)	(17,234)	18,467	-	18,467	(1,232)	(18,466)
371	Pumping Equipment (2005)	6.67%	15	19,292	-	19,292	(1,286)	(7,716)	19,292	-	19,292	(1,287)	(9,003)
374	Reuse Distribution Reservoirs			-	-	-	-	-	-	-	-	-	-
375	Reuse Transmission and Distribution Systems			-	-	-	-	-	-	-	-	-	-
380	Treatment and Disposal Equipment			-	-	-	-	-	-	-	-	-	-
381	Plant Sewers			-	-	-	-	-	-	-	-	-	-
382	Outfall Sewer Lines			-	-	-	-	-	-	-	-	-	-
389	Other Plant and Miscellaneous Equipment			-	-	-	-	-	-	-	-	-	-
390	Office Furniture and Equipment			-	-	-	-	-	-	-	-	-	-
391	Transportation Equipment			-	-	-	-	-	-	-	-	-	-
392	Stores Equipment			-	-	-	-	-	-	-	-	-	-
393	Tools, Shop, and Garage Equipment			-	-	-	-	-	-	-	-	-	-
394	Laboratory Equipment			-	-	-	-	-	-	-	-	-	-
395	Power Operated Equipment	14.29%	7	15,625	-	15,625	-	(15,625)	15,625	-	15,625	-	(15,625)
396	Communication Equipment			-	-	-	-	-	-	-	-	-	-
397	Miscellaneous Equipment	6.67%	15	3,626	-	3,626	(242)	(2,178)	3,626	27,669	31,295	(2,087)	(4,265)
398	Other Tangible Equipment			-	-	-	-	-	-	-	-	-	-
TOTALS				\$ 1,013,387	\$ -	\$ 1,013,387	\$ (25,070)	\$ (674,630)	\$ 1,013,387	\$ 27,669	\$ 1,041,056	\$ (35,578)	\$ (710,208)
				101	104a	101		108	101	104a	101		108

* The Depreciation Rate is calculated based on the Averages Service Life and any applicable Net Salvage Value per R746-332

NARUC Account Number	Description	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	
		2012 (projected)					2013 (projected)					
		Beginning Balance	Additions	Balance at end of Year	Annual Depreciation Expense for Year	Accum Depreciation through the end of Year	Beginning Balance	Additions	Balance at end of Year	Annual Depreciation Expense for Year	Accum Depreciation through the end of Year	
	Non-Depreciable											
353	Land and Land Rights	\$ 77,760	\$ -	\$ 77,760	N/A	N/A	\$ 77,760	\$ -	\$ 77,760	N/A	N/A	
353.01	Water Rights	-	-	-	N/A	N/A	-	-	-	N/A	N/A	
	Depreciable											
354	Structures and Improvements (1986)	7,000	-	7,000	-	(7,000)	7,000	-	7,000	-	(7,000)	
354	Structures and Improvements (2006)	58,289	-	58,289	(3,888)	(27,216)	58,289	-	58,289	(3,888)	(31,104)	
355	Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	
360	Collecting Sewers - Force	-	-	-	-	-	-	-	-	-	-	
361	Collecting Sewers - Gravity	-	-	-	-	-	-	-	-	-	-	
362	Special Collecting Structures	441,328	-	441,328	(14,696)	(350,720)	441,328	-	441,328	(14,696)	(365,417)	
363	Service to Customers	372,000	3,000	375,000	(12,488)	(308,984)	375,000	6,000	381,000	(12,687)	(321,671)	
364	Flow Measuring Devices	-	-	-	-	-	-	-	-	-	-	
365	Flow Measuring Installations	-	-	-	-	-	-	-	-	-	-	
366	Reuse Services	-	-	-	-	-	-	-	-	-	-	
367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	-	-	-	
370	Receiving Wells	-	-	-	-	-	-	-	-	-	-	
371	Pumping Equipment (1997)	18,467	-	18,467	(1)	(18,467)	18,467	-	18,467	-	(18,467)	
371	Pumping Equipment (2005)	19,292	-	19,292	(1,287)	(10,290)	19,292	-	19,292	(1,287)	(11,576)	
374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	-	-	
375	Reuse Transmission and Distribution Systems	-	-	-	-	-	-	-	-	-	-	
380	Treatment and Disposal Equipment	-	-	-	-	-	-	-	-	-	-	
381	Plant Sewers	-	-	-	-	-	-	-	-	-	-	
382	Outfall Sewer Lines	-	-	-	-	-	-	-	-	-	-	
389	Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	
390	Office Furniture and Equipment	-	-	-	-	-	-	-	-	-	-	
391	Transportation Equipment	-	-	-	-	-	-	-	-	-	-	
392	Stores Equipment	-	-	-	-	-	-	-	-	-	-	
393	Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	
394	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	
395	Power Operated Equipment	15,625	-	15,625	-	(15,625)	15,625	-	15,625	-	(15,625)	
396	Communication Equipment	-	-	-	-	-	-	-	-	-	-	
397	Miscellaneous Equipment	31,295	14,500	45,795	(3,055)	(7,320)	45,795	-	45,795	(3,055)	(10,374)	
398	Other Tangible Equipment	-	-	-	-	-	-	-	-	-	-	
	TOTALS	\$ 1,041,056	\$ 17,500	\$ 1,058,556	\$ (35,414)	\$ (745,622)	\$ 1,058,556	\$ 6,000	\$ 1,064,556	\$ (35,613)	\$ (781,234)	
		101	104a	101		108	101	104a	101		108	

* The Depreciation Rate is calculated based on the Averages :

Revenue Requirement Calculations

Line No.	(a) Description	(b) Explanatory notes	(c) NARUC Account Number	Test Year			(g) Total Company 2012 Revenue Requirement
				(d) 12/31/2010 Income Statement (2010 Annual Report)	(e) Adjustments from 2010	(f) Adjusted Results of Operations for 2012 (d + e)	
1	REVENUES						
2	Flat Rate Revenues		521	31,416	2,904	34,320	115,043
3	Standby Fee Revenues		521	-	-	-	36,535
4	Measured Revenues		522	-	-	-	
5	Flat Rate Reuse Revenues - General Customers		540	-	-	-	
6	Measured Reuse Revenues		541	-	-	-	
7	Total Operating Revenue			31,416	2,904	34,320	151,860
8	EXPENSES						
9	<u>Operating Expenses:</u>						
10	Salaries & Wages - Office Employees	[1]	701	-	7,200	7,200	7,200
11	Salaries & Wages - Officers, Directors and Majority Stockholders		703	-	-	-	-
12	Employee Pensions & Benefits		704	-	-	-	-
13	Purchased Wastewater Treatment		710	-	-	-	-
14	Sludge Removal Expense		711	-	-	-	-
15	Purchased Power	[2]	715	2,573	2,827	5,400	5,400
16	Fuel for Power Production		716	-	-	-	-
17	Chemicals	[3]	718	-	150	150	150
18	Materials and Supplies	[4]	720	-	1,500	1,500	1,500
19	Contractual Services - Engineering	[5]	731	-	15,600	15,600	15,600
20	Contractual Services - Accounting	[6]	732	2,225	(725)	1,500	1,500
21	Contractual Services - Legal	[7]	733	-	4,000	4,000	4,000
22	Contractual Services - Management Fees	[8]	734	7,323	16,677	24,000	24,000
23	Contractual Services - Testing		735	-	-	-	-
24	Contractual Services - Other	[9]	736	43,324	(41,024)	2,300	2,300
25	Rental		741	-	-	-	-
26	Rental of Equipment		742	-	-	-	-
27	Transportation Expense		750	-	-	-	-
28	Insurance - Vehicle		756	-	-	-	-
29	Insurance - General Liability		757	-	-	-	-
30	Insurance - Worker's Compensation		758	-	-	-	-
31	Insurance - Other	[10]	759	2,663	7,362	10,025	10,025
32	Advertising Expenses		760	-	-	-	-
33	Regulatory Commission Expense - Amortization of Rate Case Expense	[11]	766	-	33,524	33,524	33,524
34	Regulatory Commission Expense - Other	[12]	767	-	-	-	-
35	Bad Debt Expense		770	-	-	-	-
36	Miscellaneous Expense	[13]	775	1,911	1,849	3,760	3,760
37	Total Operating Expenses			60,019	48,940	108,959	108,959
38	Operating Income Before Interest and Taxes			(28,603)		(74,639)	42,901
39	<u>Other Expenses</u>						
40	Depreciation Expense	[14]	403	25,070	10,344	35,414	-
41	Interest Expense	[15]	427	-	-	-	-
42	Federal Income Tax	[16]	409	-	212	212	212
43	State Income Tax	[17]	409	-	71	71	71
44	Other Tax	[18]	408	-	5,794	5,794	5,794
45	Total Other Expenses			25,070	16,420	41,490	6,076
46							
47	NET OPERATING INCOME			(53,673)	(16,420)	(116,130)	36,825
48							
49	RETURN ON RATE BASE						
50	Assets (Utility Plant in Service + Intangibles)			1,091,147	34,566	1,125,713	1,125,713
51	Accumulated Depreciation			(674,630)	-	(674,630)	(674,630)
52	Land and Land Rights and Water Rights			(77,760)	-	(77,760)	(77,760)
53	Depreciation Reserve	[19]		-	-	-	-
54	Contributions in Aid of Construction (CIAC)	[20]		(387,000)	-	(387,000)	(387,000)
55	Working Cash	[21]		7,400	6,034	13,433	13,433
56	Total Rate Base					13,433	13,433
57	Rate of Return					10.5%	10.5%
58	RETURN ON RATE BASE					1,411	1,411
59							
60	CAPITAL RESERVES						
61	Capital Reserve Account					35,414	
62	Capital Reserve Account - adjustment					-	
63	Capital Reserve Account					35,414	35,414
64							
65	TOTAL REVENUE REQUIREMENT						151,860
66							
67							
68	Allocation of Fixed and Usage Expenses						
69			O&M	Depreciation	Interest	Taxes	Return on RB
70	Allocate a portion as fixed expenses?		y	y	n	y	y
71	Total expenses from Above		108,959	-	-	5,794	1,411
72	Portion of Expenses allocated as Fixed Expenses:		68,129	-	-	5,794	1,411
73	Portion of Expenses allocated as Usage Expenses:		40,830	-	-	-	-

Allocation of Fixed and Usage Expenses						
	O&M	Depreciation	Interest	Taxes	Return on RB	Total
Allocate a portion as fixed expenses?	y	y	n	y	y	
Total expenses from Above	108,959	-	-	5,794	1,411	
Portion of Expenses allocated as Fixed Expenses:	68,129	-	-	5,794	1,411	75,334
Portion of Expenses allocated as Usage Expenses:	40,830	-	-	-	-	40,830

Revenue Requirement Calculation Explanatory Notes

Explanatory note	Description
[1]	See Test Year Projections
[2]	See Test Year Projections
[3]	See Test Year Projections
[4]	See Test Year Projections
[5]	See Test Year Projections
[6]	Annual recurring accounting fees incurred by Mountain Sewer.
[7]	Annual recurring legal fees incurred by Mountain Sewer unrelated to the rate case.
[8]	Management fee for Ray Bowden. This fee is expected to increase 5% annually.
[9]	See Test Year Projections
[10]	<p>\$1,455.50 (half of the property insurance expense) from the previously submitted exhibit has been removed as the property insurance policy covers both Mountain Sewer and Lakeview Water property. The estimated expense includes \$1,000 annually to cover individual liability insurance that the Company intends to purchase for its personnel.</p>
[11]	<p>Mountain Sewer has incurred legal costs to prepare, file, and pursue the general rate case (Docket No. 11-097-03), and to respond to the customers' Complaint (Docket No. 11-097-01). Because Mountain Sewer did not have an established reserve or sufficient operating funds to pay these costs, they will be repaid over a 60 month term at 6.0% interest to the respective legal firms. The monthly principal and interest payments related to these PSC proceedings are amortized over the 5-year term.</p>
[12]	<p>Mountain Sewer is not seeking to recover legal fees associated with the foral complaint filed by some of its customers or the fees involved with the transfer of the company to Valley Utility.</p>
[13]	See Test Year Projections
[14]	Mountain Sewer does not seek to recover the depreciation expense to recover the original cost of the sewer system.
[15]	<p>Mountain Sewer currently has one outstanding loan in the form of a line of credit from Bank of Utah. The company anticipates that this line of creit will be paid in full as part of the special assessment. The interest expense associated with this line of credit will also be recovered through the special assessment and is thus not included here.</p> <p>The original \$457,000 (plus accrued interest) loan that was used to finance the initail construction of the sewer system has been eliminated. Mountain Sewerentered into an agreement with Valley Enterprise Investment Co., LLC, to which the loan has been assigned, to obtain forgiveness of the \$457,000 loan in exhcnage for a promise to reserve system capacity sufficient to serve 66 undeveloped lots that Valley Enterprise owns in Mountain Sewer's service area.</p>
[16]	Predicted income taxes based on 15% federal and 5% state income tax rates.
[17]	See Test Year Projections
[18]	This is the amount paid to Weber County for property tax on Mountain Sewer's real property.
[19]	Reserves are collected and maintained in the Capital Reserve Account
[20]	The product of the connection fee of \$3,000 per connection times 129 connected customers.
[21]	45 days of cash needed for operating expenses.

Test Year Data - Profit & Loss (August 2011 through February 2012) & Projected Monthly P&L

	Explanatory Notes Correlation	Actual												Projected (Monthly)	
		11-Jul	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Totals		Average* 10
Income:															
Sewer Services			\$4,280.00	\$2,288.00	\$2,544.00	\$4,590.00	\$3,910.99	\$2,893.28	\$2,430.00	\$971.00	\$2,777.00	\$2,706.00	\$29,390.27	\$2,939.03	\$9,586.88
Standby Fees			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,044.62
Total Income			\$4,280.00	\$2,288.00	\$2,544.00	\$4,590.00	\$3,910.99	\$2,893.28	\$2,430.00	\$971.00	\$2,777.00	\$2,706.00	\$29,390.27	\$2,939.03	\$12,631.50
Expenses:															
Bank Service Charges	N/A		\$250.00					\$250.00					\$500.00	\$50.00	\$0.00
Clerical/Administration	[1]		\$696.00	\$710.00	\$623.67	\$523.35	\$455.04	\$489.20	\$678.31	\$557.06	\$599.95	\$672.49	\$6,005.07	\$600.51	\$600.00
Engineering Fees	[5]			\$2,080.00	\$1,958.75	\$1,117.00	\$960.00	\$960.00	\$1,160.00	\$960.00	\$1,170.00	\$1,200.00	\$11,565.75	\$1,156.58	\$1,300.00
Insurance Expense	[10]	\$9,025.23											\$9,025.23	\$752.10	\$835.44
Interest Expense	N/A							\$155.25		\$753.56	\$321.83	\$311.45	\$1,542.09	\$154.21	\$0.00
Maintenance/Contract Labor	see box below			\$4,917.50	\$1,428.24	\$800.00	\$25,300.00	\$4,200.00	\$0.00	\$140.00	\$2,072.50		\$38,858.24	\$3,885.82	\$437.50
Office Supplies	[4]		\$100.92	\$188.07								\$302.92	\$591.91	\$59.19	\$50.00
Professional Fees - Standard	[6], [7]														\$458.34
Professional Fees - Rate Case	[11]						\$26,749.00			\$23,251.00			\$50,000.00	\$5,000.00	\$2,793.67
Real Property Taxes	[15]					\$5,794.00							\$5,794.00	\$482.83	\$482.83
Power	[2]		\$534.19		\$757.18	\$99.52		\$126.20	\$274.17	\$277.38	\$292.35	\$223.84	\$2,584.83	\$258.48	\$450.00
Telephone & Internet Expense	[13]			\$30.09	\$46.48	\$116.80	\$82.55	\$82.54	\$47.20		\$131.20	\$81.99	\$618.85	\$61.89	\$80.00
Management Fee	[8]												\$0.00	\$0.00	\$2,000.00
Postage	[4]														\$75.00
Total Expenses		\$9,025.23	\$1,581.11	\$7,925.66	\$4,814.32	\$8,450.67	\$53,546.59	\$6,263.19	\$2,159.68	\$25,939.00	\$4,587.83	\$2,792.69	\$127,085.97	\$12,708.60	\$9,562.78
Net Income		(\$9,025.23)	\$2,698.89	(\$5,637.66)	(\$2,270.32)	(\$3,860.67)	(\$49,635.60)	(\$3,369.91)	\$270.32	(\$24,968.00)	(\$1,810.83)	(\$86.69)	(\$97,695.70)	(\$19,539.14)	\$3,068.72

* - note that the average values are generally calculated by dividing the total expenses incurred during the 10-month test period by 10, the insurance and property tax expenses, however covers the whole year so the totals are divided by 12 to obtain a monthly average

Maintenance/Contract Labor	Frequency	Annual Expense
Chemicals for weeds	[3] Summer	\$150.00
Sewer Pond Mowing	[9] Twice/year	\$400.00
Camera sewer lines	[13]	\$1,000.00
Lift Station Inspections	[13] Monthly	\$700.00
Sewer Manhole Repairs	[13]	\$100.00
Maintenance - Mitch Winegar	[9] Monthly	\$1,000.00
Mark Green (maintenance)	[9]	\$600.00
Day Labor	[9]	\$300.00
Misc.	[13]	\$1,000.00
Total Annual Expense		\$5,250.00
Monthly Expense		\$437.50

Allocation of System Expense			
Fixed System Fee		Monthly Usage Fee	
\$ -	0%	\$ -	0%
240.00	40%	360.00	60%
520.00	40%	780.00	60%
835.44	100%	-	0%
-	0%	-	0%
175.00	40%	262.50	60%
50.00	100%	-	0%
183.34	40%	275.00	60%
2,793.67	100%	-	0%
482.83	100%	-	0%
-	0%	450.00	100%
80.00	100%	-	0%
800.00	40%	1,200.00	60%
-		75.00	100%
\$ 6,160.28		\$ 3,402.50	

Special Assessment Calculations

Check #	Items completed	Memo	Cost
	Net operating loss (July 11-May 31, 2012)	From profit & loss (Test Year Projections)	\$ 97,695.70
1016	S&S Excavating	Install cleanouts/repair sewer lines	21,876.67
1039	ConRock	Material & equipment-billed turn-around	10,945.51
1037	S&S Excavating	2 manhole installations	16,723.62
1060	Great Basin Engineering	Grading & site improvements	1,115.25
	Total		\$ 148,356.75

Item	Remaining items to be done/paid	Memo	Cost
1	Replace discharge flanges in sump - Mitch Winegar (note 1)		\$ 12,700.00
2	Stainless Steel Screen		14,500.00
3	Upgrade alarm system		6,400.00
4	Rebuild Blowers		4,500.00
5	Rebuild Damage Blower Control Panel		1,156.00
6	Replace or repair airline valves		1,200.00
7	Drain upper pond, repair blowers		4,500.00
8	Refurbish old Fly gt pumps		790.00
9	Reroute storm water drainage manhole		1,000.00
10	Complete dump station Roto Mill materials		4,103.08
11	Past Due Accounting Fees to Lynn Wood		6,215.00
12	Line of Credit - financing charges (note 1)		250.00
13	Line of Credit - interest expense (note 2)		4,411.00
	Total - remaining items		\$ 61,725.08
	Total		\$ 210,081.83
	Professional Fees - Legal Fees for Rate Case (note 3)		\$ (50,000.00)
	Total for Special Assessment (excludes legal fees for rate case)		\$ 160,081.83
	Number of Active Connections		129
	Special Assessment per connection		\$ 1,240.94
	Number of months Special Assessment collected over		8
	Monthly Payment per connection		\$ 155.12

Note 1: This work has already been completed, but Mountain Sewer has not yet received invoices or paid for the work. Mountain Sewer notes that the work was completed for approximately \$11,000, which is less than the original estimate of \$13,000. However, unanticipated problems were discovered while replacing the east pump, resulting in approximately \$1,700 of additional costs.

Note 2: Mountain Sewer incurred a \$250 fee on three occasions upon disbursements of loan amounts. The first two fees (for a total of \$500) were incurred during the test period and are thus included in the net operating loss on the top line above. The third fee was incurred in June, after the test period, and is thus included separately here.

Note 3: Mountain Sewer paid \$1,542.09 in interest charges during the test period; those charges are included in the net operating loss on the top line above. This line includes interest actually paid and expected to be paid from June 2012 until the loan is due in June 2013. Interest is paid monthly. Mountain Sewer expects to pay off the loan upon maturity in June 2013.

Note 4: The \$50,000 of legal fees are amounts paid during the test period and included in the net operating loss above. As these fees will be amortized (see Exhibit G5) the fees are subtracted out on this line.

INCOME STATEMENT
 (Profit and Loss)

(a)	(b)	(c)	(e)	(f)	(g)	(h)	(h)
Description	Explanatory notes	NARUC Account Number	2010 Dollar Amounts	2011 Dollar Amounts	2012 Dollar Amounts (projected)	2013 Dollar Amounts (projected)	2014 Dollar Amounts (projected)
1 UTILITY OPERATING REVENUES							
2 <u>Operating Revenues:</u>			[A]				
3 Flat Rate Revenues	[1]	521	\$ 31,416	\$ -	\$ 84,772	\$ 116,812	\$ 118,582
4 Standby Fee Revenues	[2]	521	-	-	22,835	43,386	45,669
5 Measured Revenues		522	-	-	-	-	-
6 Flat Rate Reuse Revenues - General Customers		540	-	-	-	-	-
7 Measured Reuse Revenues		541	-	-	-	-	-
8 Total Operating Revenues:			31,416	-	107,606	160,198	164,252
9							
10 <u>Cost of Goods Sold:</u>							
11 Salaries & Wages - Office Employees		701	-	-	7,200	7,200	7,200
12 Salaries & Wages - Officers, Directors and Majority Stockholders		703	-	-	-	-	-
13 Employee Pensions & Benefits		704	-	-	-	-	-
14 Purchased Wastewater Treatment		710	-	-	-	-	-
15 Sludge Removal Expense		711	-	-	-	-	-
16 Purchased Power	[3]	715	2,573	-	5,400	5,670	5,954
17 Fuel for Power Production		716	-	-	-	-	-
18 Chemicals		718	-	-	150	150	150
19 Materials and Supplies		720	-	-	1,500	1,500	1,500
20 Contractual Services - Engineering		731	-	-	15,600	15,600	15,600
21 Contractual Services - Accounting		732	2,225	-	1,500	1,500	1,500
22 Contractual Services - Legal		733	-	-	4,000	4,000	4,000
23 Contractual Services - Management Fees	[4]	734	7,323	-	24,000	25,200	26,460
24 Contractual Services - Testing		735	-	-	-	-	-
25 Contractual Services - Other	[5]	736	43,324	-	2,300	2,415	2,536
26 Rental		741	-	-	-	-	-
27 Rental of Equipment		742	-	-	-	-	-
28 Transportation Expense		750	-	-	-	-	-
29 Insurance - Vehicle		756	-	-	-	-	-
30 Insurance - General Liability		757	-	-	-	-	-
31 Insurance - Worker's Compensation		758	-	-	-	-	-
32 Insurance - Other		759	2,663	-	10,025	10,025	10,025
33 Advertising Expenses		760	-	-	-	-	-
34 Regulatory Commission Expense - Amortization of Rate Case Expense	[6]	766	-	-	33,524	33,524	33,524
35 Regulatory Commission Expense - Other		767	-	-	-	-	-
36 Bad Debt Expense		770	-	-	-	-	-
37 Miscellaneous Expense		775	1,911	-	3,760	3,760	3,760
38 Total Cost of Good Sold:			60,019	-	108,959	110,544	112,209
39 GROSS PROFIT / (LOSS):			\$ (28,603)	\$ -	\$ (1,353)	\$ 49,654	\$ 52,043

(a)	(c)	(e)	(g)	(i)	(i)			
Line No.	Description	Explanatory notes	NARUC Account Number	2010 Dollar Amounts	2011 Dollar Amounts	2012 Dollar Amounts (projected)	2013 Dollar Amounts (projected)	2014 Dollar Amounts (projected)
40 <u>Other Expenses:</u>								
41 Depreciation Expenses			403	\$ 25,070	\$ 35,578	\$ 35,414	\$ 35,613	\$ 36,101
42 Amortization of Utility Plant Acquisition Adjustments			406	-	-	-	-	-
43 Amortization Expense			407	-	-	-	-	-
44 Taxes Other Than Income			408	-	-	5,794	5,794	5,794
45 Income Taxes			409	-	-	282	282	282
46 Provision For Deferred Income Taxes			410	-	-	-	-	-
47 Provision For Deferred Income Taxes- (CREDIT)			411	-	-	-	-	-
48 Investment Tax Credits			412	-	-	-	-	-
49 Allowance for Funds Used During Construction			420	-	-	-	-	-
50 Miscellaneous Non-Utility Expenses			426	-	-	-	-	-
51 Interest Expense	[6]		427	-	-	3,916	2,040	-
52 Balance Transferred From Income			435	-	-	-	-	-
53 Appropriations of Retained Earnings			436	-	-	-	-	-
54 Dividends Declared - Preferred Stock			437	-	-	-	-	-
55 Dividends Declared - Common Stock			438	-	-	-	-	-
56 Adjustments to Retained Earnings			439	-	-	-	-	-
57 Total Other Expenses:				25,070	35,578	45,406	43,729	42,177
58								
59								
60 <u>Other Income:</u>								
61 Interest and Dividend Income			419	-	-	-	-	-
62 Non-Utility Income			421	-	-	-	-	-
63 Guaranteed Revenues			530	-	-	-	-	-
64 Other Miscellaneous Wastewater Revenues - Connection Fees	[7]		536	3,000	-	5,000	10,000	10,000
65 Other Miscellaneous Wastewater Revenues - Special Assessment	[8]			-	-	60,031	100,051	-
66 Reuse Revenues from Other Systems			544	-	-	-	-	-
67 Total Other Income:				3,000	-	65,031	110,051	10,000
68								
69								
70 NET PROFIT / (LOSS):	[9]			\$ (50,673)	\$ (35,578)	\$ 18,271	\$ 115,976	\$ 19,866

Pro Forma Income Statement Explanatory Notes

Explanatory note	Description
[A]	The accounting for 2011 has not yet been completed due to delays in obtaining some of the financial information from the period before ownership of the company was transferred to Valley Utility.
[1]	Projected revenue based on implementation of new monthly rates for connected customers, assuming interim rates effective May 15, 2012. Includes capital reserves fee revenues.
[2]	Projected revenue based on implementation of new monthly rates for standby customers, assuming interim rates effective May 15, 2012. Includes capital reserves fee revenues.
[3]	Power costs expected to increase 5% annually due to rising power costs and increased power consumption from new system connections.
[4]	Management fee estimated to increase 5% annually.
[5]	Predicted costs for other contractual services (primarily system repairs and maintenance) estimated to increase 5% annually.
[6]	The Interest Expense is the obligation due on the Bank of Utah line of credit described in the special assessment. The line of credit would be paid off with proceeds from the special assessment collected over eight months. The interest rate on the line of credit is 2.990% per annum based on a year of 360 days. The expenses shows here assuming that the entire prinpial balance is paid off when the loan is due in June 2013.
[7]	Predictions based on one new connection in 2012 and two new connections each year for 2013 and 2014.
[8]	Anticipated the special assessment would be collect over three months in 2012 and five months in 2013.
[9]	The Net Profit includes the amounts to be set aside in the Capital Reserve Account (because capital reserves are not treated as an expense) plus the return on rate base.