

Wanship Water Company, LLC
 General Rate Case Increase
Adjustments to Expenses

Exhibit 2.3
 Docket No. 23-067-01
 9/27/2023

Expense Category	NARUC Acct Number	2022 Expenses per Records	2023 (Pro Forma) Projected Expenses	Division Adjustments	Adjusted Total Expenses [To Exhibit 2.2]
OPERATION AND MAINTENANCE EXPENSES (O&M)					
Operating Expenses					
Purchased Power (Electric)	610	\$ 1,340.37	\$ 1,400.00		\$ 1,400.00
Purchased Water (Water Rights)	615	2,970.50	3,000.00		\$ 3,000.00
Chemicals	618	-	-		\$ -
Other	600				\$ -
Salaries & Wages					
Office Employees	601				\$ -
Officers & Directors	603	-	6,000.00		\$ 6,000.00
Employee Pensions & Benefits	604	-	-		\$ -
FT System Operator	600	-			\$ -
PT System Operator	600	-			\$ -
Worker's Compensation	658	-	-		\$ -
Contractual Services					
Engineering	631	-	-		\$ -
Accounting	632	48.36	1,500.00		\$ 1,500.00
Legal	633	18,310.00	5,000.00	\$ (2,000.00)	\$ 3,000.00
Management Fees	634	-	750.00		\$ 750.00
Water Testing Fees	635	2,820.00	3,000.00		\$ 3,000.00
Billing	639				\$ -
Materials and Supplies	620				\$ -
System Repairs & Maintenance	637	6,356.48	7,000.00		\$ 7,000.00
Miscellaneous Repairs - Pump House	640	-	2,333.33		\$ 2,333.33
Miscellaneous Repairs - Pump House Upper Well	640	-	5,000.00		\$ 5,000.00
Install Pump and Equipment at the Upper Well	636	-	4,000.00		\$ 4,000.00
Certified Operator	640	4,800.00	4,800.00		\$ 4,800.00
Connection Expense	638				\$ -

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27	Rental					
28	Equipment	642				\$ -
29	Other - Building & Land	642	-	2,400.00		\$ 2,400.00
30	Transportation					
31	Transportation Expense	650	-	-		\$ -
32	Insurance - Vehicle	656	-	-		\$ -
33	Vehicle Maintenance	650				\$ -
34	Vehicle Registration Fees	650				\$ -
35	Fuel for Vehicles	650				\$ -
36	Other	650				\$ -
37	Insurance					
38	General Liability	657	992.09	1,000.00		\$ 1,000.00
39	Other	659				\$ -
40	Office					
41	Office Supplies	675	-	-		\$ -
42	Office Utilities	675	524.61	800.00		\$ 800.00
43	Office Equipment & Related Repairs	675				\$ -
44	Postage	675	-	100.00		\$ 100.00
45	Business Phone	675				\$ -
46	Software & Apps	675	19.26	300.00		\$ 300.00
47	Other - Customer Communications	675	320.00	500.00		\$ 500.00
48	Other - Office Expenses	675	148.00	200.00		\$ 200.00

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Miscellaneous					
Association/Membership Dues	675				\$ -
Conventions & Industry Meetings	675				\$ -
Regulatory Expense - Rate Case Expense	666				\$ -
Regulatory Commission Expense - Annual	667				\$ -
Water Resource Conservation Expense	668				\$ -
Bank Charges	675	356.00	300.00		\$ 300.00
Bad Debt Expense	670				\$ -
Other: Payment of Loan	675	12,779.39	11,121.72		\$ 11,121.72
Miscellaneous Expenses	675	-	500.00		\$ 500.00
Other	675				\$ -
TOTAL O&M FIXED EXPENSES		\$ 51,785.06	\$ 61,005.05	\$ (2,000.00)	\$ 59,005.05
ANNUAL RESERVE ACCOUNT FUNDING [From Exhibit 2.5]					
Annual Capital Reserve Account Funding	403	\$ -	\$ 5,000.00	\$ -	\$ 5,000.00
TOTAL ANNUAL RESERVE ACCOUNT FUNDING		\$ -	\$ 5,000.00	\$ -	\$ 5,000.00
RETURN on INVESTMENT (PROFIT) [From Exhibit 2.9]					
Return on Investment		\$ -	\$ -	\$ 752.90	\$ 752.90
TOTAL RETURN ON INVESTMENT		\$ -	\$ -	\$ 752.90	\$ 752.90
TAXES					
Property Tax	408	\$ 18.81	\$ 300.00		\$ 300.00
Projected Federal & State Inc. Tax [From Exhibit 2.10]	409	-	-	\$ 239.00	\$ 239.00
TOTAL TAXES		\$ 18.81	\$ 300.00	\$ 239.00	\$ 539.00
TOTALS:		\$ 51,803.87	\$ 66,305.05	\$ (1,008.10)	\$ 65,296.95

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Comments

This exhibit is the starting point in determining the expenses that the Division will recommend in this rate case. The Division first listed the **2022** expenses provided by the Company to get a historical baseline. Next, the Division listed the Company's projected expenses. The Division then reviewed and analyzed each line item for materiality and reasonableness. The Division made phone calls and sent emails to the Company as needed, requesting the invoices or other documentary evidence of many of the amounts claimed by the Company.

The Division's adjustments include reducing one expense and adding projected taxes and the Company's return on investment.

Please see below for a more detailed explanation of the adjustment recommended by the Division and other key figures.

Notes on Selected Expenses

Line 3, Operating Expenses – Purchased Water (Water Rights)

Grady stated, "We pump all our water; however, we have to pay Weber Basin Water and Wanship Ditch Co."

Line 8, Salaries & Wages – Officers & Directors

Grady stated, "We had not been paying anything for past owners or myself to run it, so right now, it's just a volunteer job. ... But this at least covers my time a little bit to do all the reports, answer calls, and run the company.... we would be hard-pressed to find anyone who would do it for this amount, so again, the number is low, but we are trying to keep the costs down so it's less impact on the customers."

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Line 15, Contractual Services - Accounting

Grady indicated, "We need to hire a bookkeeper. I am hopeful we can find someone who can just keep up on accounts payable and keep books in order, we also have to pay for CPA to do our tax returns. Just our tax return was \$750 paid this year 2023 for the tax year 2022. I HOPE we can find someone who can do books for a few hundred each quarter..... this number may be too low."

Line 16, Contractual Services - Legal

It appears as though legal fees were much higher during the transfer of assets (sale). Upon further discussion, to keep expenses as low as possible while maintaining adequate services, it is reasonable to budget \$3,000 per year for legal costs.

Line 21, Contractual Services - System Repairs & Maintenance

Grady's response regarding the 2021 \$16,510: "This was before my involvement. That number is directly from the 2021 P&L provided by the past owner, DeAnn, that P&L is part of the rate case file. The largest repair from this year was repairing a broken water line; see attached invoice with a detailed explanation for the amount of \$11,833.48. As I understand they did have to come back to do more, and the balance is standard repairs. At this time, DeAnn was only able to pay this bill via adding onto her loan from me; I gave her a check for \$12,000 to pay it. The remaining \$4,500 was made up of standard plumbing and pumping repairs. So far this year, we are at \$11,954 in repairs already. My guess is we are going to be \$10k min a year in repairs after we get the system in better condition." To keep expenses as low as possible while maintaining adequate services, Wanship only requested \$7,000 per year.

Line 22, Contractual Services - Miscellaneous Repairs - Pump House

The total amount to insulate and fix the pump house is \$7,000. It is amortized over three years for a total annual amount of \$2,333.33.

Line 23, Contractual Services - Miscellaneous Repairs - Pump House Upper Well

The total amount to construct an upper well pump house is \$35,000. It is amortized over seven years for a total annual amount of \$5,000.

Line 24, Contractual Services - Install Pump and Equipment at the Upper Well

The total amount to construct an upper well pump house is \$28,000. It is amortized over seven years for a total annual amount of \$4,000.

Line 57, Miscellaneous – Other: Payment of Loan

Monthly payments of principal and interest of \$926.81 x 12 = \$11,121.72. The amount borrowed is \$49,112.65, with interest set at 5% per annum, with 60 equal payments.

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