

**Docket 04-0610 New Landing Utility, Inc.
 Application for General Rate Increase
 Response to Staff's Request for Stipulation of Facts**

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
<u>Cost of Capital</u>	X	X	X
1. Do you agree with Staff's 8.38% recommended overall cost of capital for New Landing?	Disagree	No Opinion	
2. If you disagree with Staff's 8.38% cost of capital recommendation, please specify whether you agree or disagree with each of the following cost of capital components that Staff recommends in ICC Staff Exhibit 3.0, Schedule 3.1:			
a. Capital Structure comprising 56% debt and 44% equity	Disagree	Disagree	
b. 5.25% cost of debt for New Landing	Agree	Disagree	
c. 12.36% cost of equity for New Landing.	Agree	Disagree	
<u>Rules, Regulations, and Conditions of Service Tariffs</u>	X	X	X

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
3. Do you agree with Staff's various changes recommended to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for water and sewer service? (ICC Staff Exhibit 5.0, pp. 5-17)	Disagree	No Opinion	
4. Do you agree with Staff's recommendation that the Commission order the Company to file revised Rules, Regulations, and Conditions of Service tariffs for water and sewer service, within ten (10) days of the final Order, with an effective date of not less than ten (10) working days after the date of filing, for service rendered on and after their effective date, with individual tariff sheets to be corrected within that time period, if necessary? (ICC Staff Exhibit 5.0, p. 17)	Agree	No Opinion	
5. If you disagree with Staff's various changes recommended to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for <u>water and sewer service</u> , do you agree with Staff's various changes recommended to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for <u>water service</u> ? (ICC Staff Exhibit 5.0, pp. 5-12)	Disagree	No Opinion	

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
6. If you disagree with Staff's various changes recommended to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for <u>water service</u> , please specify whether you agree or disagree with each of the following changes that Staff recommends to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for water service:		No Opinion	
a. The deletion of Rule 8 (ICC Staff Exhibit 5.0, p. 5)	Agree	No Opinion	
b. The deletion of Rule 2(N) (ICC Staff Exhibit 5.0, p. 6)	No Opinion	No Opinion	
c. The deletion of Rule 10(D) (ICC Staff Exhibit 5.0, p. 6)	Agree	No Opinion	
d. The revision of Rule 13(B) as proposed in ICC Staff Exhibit 5.0, pp. 6-7	No Opinion	No Opinion	
e. The revision of Rule 14 as proposed ICC Staff Exhibit 5.0, p. 7	No Opinion	No Opinion	
f. The revision of Rule 17(F) as proposed in ICC Staff Exhibit 5.0, pp. 7-8	No Opinion	No Opinion	
g. The revision of Rule 21(A) as proposed in ICC Staff Exhibit 5.0, pp. 8-9	Agree	No Opinion	
h. The revision of Rule 22(A) as proposed in ICC Staff Exhibit 5.0, p. 9	Disagree	No Opinion	
i. The deletion of Rule 22(E) (ICC Staff Exhibit 5.0, pp. 9-11)	Disagree	No Opinion	

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
j. The revision of Rule 26(A) as proposed in ICC Staff Exhibit 5.0, pp. 11-12	Disagree	No Opinion	
7. If you disagree with Staff's various changes recommended to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for <u>water and sewer service</u> , do you agree with Staff's various changes recommended to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for <u>sewer service</u> ? (ICC Staff Exhibit 5.0, pp. 12-17)	Disagree	No Opinion	
8. If you disagree with Staff's various changes recommended to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for <u>sewer service</u> , please specify whether you agree or disagree with each of the following changes that Staff recommends to the Company's proposed Rules, Regulations, and Conditions of Service tariffs for sewer service:		No Opinion	
a. The deletion of the second sentence of Rule I(F) (ICC Staff Exhibit 5.0, p. 12)		No Opinion	
b. The deletion of Rule I(L) (ICC Staff Exhibit 5.0, p. 12)	No Opinion	No Opinion	
c. The revision of Rule IV(B) as proposed in ICC Staff Exhibit 5.0, pp. 12-13		No Opinion	

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
d. The revision of Rule IV(C) as prosed in ICC Staff Exhibit 5.0, pp. 13-14	Agree	No Opinion	
e. The deletion of Rule IV(F) (ICC Staff Exhibit 5.0, pp. 14-16)	Disagree	No Opinion	
f. The addition of Rule IV(F) as proposed in ICC Staff Exhibit 5.0, p. 16	Agree	No Opinion	
g. The revision of Rule IV(G) as proposed in ICC Staff Exhibit 5.0, p. 16	Agree	No Opinion	
h. The deletion of Rule IV(I) (ICC Staff Exhibit 5.0, p. 17)	Agree	No Opinion	
i. The deletion of Rule XII(D) (ICC Staff Exhibit 5.0, p. 17)	Agree	No Opinion	
<u>Proposed Capital Improvements</u>	X	X	X
9. Do you agree with Staff's opinion that it appears reasonable for the Company to renovate the water storage tank instead of replacing it with a new tank? (ICC Staff Exhibit 9.0, pp. 4-5)	Agree	No Opinion	
<u>Cost of Service and Rate Design</u>	X	X	X
10. Do you agree with Staff's rates as recommended for New Landing and presented on ICC Staff Exhibit 8.0, Schedule 8.01?	Disagree	No Opinion	

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
11. If you disagree with Staff's rate recommendations as indicated above, please specify whether you agree or disagree with each of the following rate components that Staff recommends in ICC Staff Exhibit 8.0, Schedule 8.01:		No Opinion	
a. Sewer billing units of 1, 920 (160 customers x 12 months)	Agree	No Opinion	
b. Elimination of the \$200 installation charge for water and sewer	Agree	No Opinion	
c. Elimination of the 33 cent outside meter reading charge for water and sewer	Agree	No Opinion	
d. Increasing the reconnection charge from \$10.00 to \$20.00 for water and sewer	Agree	No Opinion	
e. Establishing a NSF check charge of \$10.00 for water and sewer	Agree	No Opinion	
f. Maintaining availability charge at the present rate of \$4.50 per month for water and sewer	Disagree	No Opinion	
g. Disallowing a Rate 3, Side Yard Lot Charge for water and sewer	No Opinion	No Opinion	
h. Water billing units of 18,540 [(309 customers x average usage of 5,000 gallons per month) x 12 months]		No Opinion	
i. Single usage block for metered water customers set at \$2.81 per 1,000 gallons		No Opinion	

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
j. Monthly customer charge of \$10.00 per month for water		No Opinion	
k. Disallowing a surcharge to the water bill of \$7.50 per month		No Opinion	
l. Flat charge for sewer service of \$35.23 per month		No Opinion	
<u>Rate Base and Operating Income and Accounting Practices</u>	X	X	X
12. Do you agree with Staff's recommendations made in ICC Staff Exhibits 2.0-R and 7.0? ?	Disagree	See Below	Disagree
13. If you disagree with any Staff's recommendations, please specify whether you agree or disagree with each of the following recommendations made in ICC Staff Exhibits 2.0-R and 7.0:			
a. To determine the proper level of plant, accumulated depreciation, CWIP and depreciation expense for rate making purposes by starting with the values found to be appropriate in the Company's last rate order and adjusting for changes which the company could support with proper documentation.	Agree	Disagree	Disagree
b. To allocate 48% of land to sewer based on percentage of total plant.	Agree	No Opinion	No Opinion

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
c. To deny the Company's proposed \$75 per month main replacement charge to Lost Nation Lake subdivisions customers.	Disagree	Agree	Agree
d. To require, within three months after the Commission has issued an Order in this docket, New Landing to submit to the Commission's Manager of Accounting a system for maintaining continuing property records for approval.	Agree	Disagree- 3 months too long	Agree
e. To eliminate the Company's Materials and Supplies inventory for rate making purposes.	Agree	Agree	Agree
f. To calculate cash working capital as proposed in ICC Staff Exhibit 2.0-R, p. 9.	Disagree	Disagree	Disagree
g. To reclassify a charge to materials and supplies to repair cost due to a coding error (ICC Staff Exhibit 2.0-R, p. 9).	Agree	No Opinion	No Opinion
h. To adjust chemical expense as proposed in ICC Staff Exhibit 2.0-R, pp. 9-10.	Agree	Agree	Agree
i. To require that the Company begin accounting for chemicals by using the accrual method of accounting.	Agree	Agree	Agree
allow \$200 for water and \$200 for sewer for accounting services (ICC Staff Exhibit 2.0-R, p. 11).	Disagree	No Opinion	Agree
k. To eliminate expenses relating to legal services by Mr. Armstrong's law firm.	Disagree	Agree	Agree
l. To allow outside counsel law services amortized over 5 years for rate making purposes.	Disagree	Disagree	Disagree

Stipulated Facts	Applicant Agree/ Disagree	Attorney General Agree/ Disagree	POA Agree/ Disagree
m. To eliminate contract services-management expense.	Disagree	Agree	Agree
n. To normalize repair and maintenance expense for rate making purposes as proposed in ICC Staff Exhibit 2.0-R, p. 13.	Agree	Agree, to extent expenses are reasonable and prudent	Agree
o. To eliminate rent expense.	Disagree	Agree	Agree
p. To allow known and measurable legal fees for current rate case amortized over five years.	Disagree	Agree, to extent fees are reasonable and prudent	Agree
q. To eliminate late fee paid to the EPA.	Agree	Agree	Agree
r. To require the Company to more closely monitor the Company's rates so that changes in tariffs will be requested when it is necessary in order to maintain the Company's financial integrity and to provide safe and reliable service to its customers.	Agree	Agree	Agree
s. To allow the known and measurable cost for tank repair and maintenance for the year 2005, amortized over 10 years.	Disagree	Disagree	Disagree